LEGAL SERVICES BOARD

Meeting: Legal Services Board meeting

Date: 16 September 2025

Item: Paper (25) 44

Title: Finance Report to 31 July (Month 4) 2025

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Status: Official

Purpose

1. This paper reports on the LSB's financial performance for the first 4 months of the financial year 2025/26 (April to July 25).

2. We were notified on 2 September that our revised budget had been approved by the Lord Chancellor. We are now reporting against the revised revenue budgeted expenditure of **£5.715m** and capital budgeted expenditure of **£724k** for the full year. This constitutes an 8.4% uplift on prior year budget.

3. A high-level summary of the budget is attached for reference at Appendix A

Expenditure

4. *Overview:* Expenditure for the year to date to 31st July is £1.707m against the budgeted expenditure of £1.819m for the same period. This is a year-to-date underspend of £112k which is a 6.2% variance. The underspend is mainly driven by staff costs and external legal costs being lower than forecast at this time of the year.
5. *Colleague costs (*Staffing – payroll, training etc): There is an underspend of £36k (2.9%) on staff costs due to a recruitment lag, and a year-to-date underspend on staff training. This is due, in part, to the additional caution we have exercised while we awaited formal budget approval from MoJ. This is unlikely to extrapolate to year end as there is training planned for later in the year.
6. Legal costs £**70k** (£**10**k underspend) – There was an expected reduced activity and billing in the summer months with a possibility of this increasing in the autumn period.
7. Accommodation – An underspend of £37k, this is mainly due to lower costs relating to the office move as we have actively sought to achieve further efficiencies as part of the licence negotiations and related activity.
8. Lower variance across other budget headings.

Re-forecast

9. We have now re-forecasted against the revised budget and Annex 1 shows the revised forecast year end position against the revised budget. The reforecast incorporates the 3.25% pay award, in line with civil service expectations, and other in year developments. This shows that we are currently forecast to end the year with an underspend of around £200k (i.e. 3.6%) within the revised budget. This will be reviewed monthly as the year progresses.
10. The forecast underspend is predominantly due to lower accommodation cost relating to LSBs new offices as we have sought to extract maximum value for money from the move. In addition, depreciation costs are now expected to be lower than originally forecast since the new accommodation is covered by a licence as opposed to a lease (both have different accounting treatments).

Risks and Opportunities

11. Previous risks:
    - Risk around budget not being approved. This is now eradicated as we now have MoJ budget approval.
    - The risk around LSB office accommodation has now been eradicated as we have now signed a licence.
12. Opportunities:
    - We have already taken advantage of the opportunity to reduce our accommodation costs, as reflected in this paper, and will continue to seek future opportunities as we negotiate service contracts etc in the new location

Recommendation

13. The Board is invited to note the content of this report and the summary Finance table (Annex 1).

Annex

Annex A: Year to date, 31 July 2025 (period 4) Management Accounts Summary

Financial:	*The LSB must demonstrate effective management of its funds. This monthly report facilitates regular Board scrutiny of LSB's financial management and decision-making in relation to allocation of resources.*

Freedom of Information Act 2000 (FoI)		
Para ref	**FoI exemption and summary**	**Expires**

N/A	None	N/A