

To:	Legal Services Board		
Date of Meeting:	23 January 2019	Item:	Paper (19) 06

Title:	Finance Report to 31 December 2018		
Author / Introduced by:	Rusere Shoniwa, Interim Director of Finance and Services		
Status:	Official		

Summary:			
This paper summarises the financial results and position as at the end of December 2018			

Recommendation:			
The Board is invited to review the Finance Report.			

Risks and mitigations			
Financial:	There are no financial risks – this is a factual report		
Legal:	There are no legal risks - this is a factual report		
Reputational:	The LSB must demonstrate effective management of its funds. This report facilitates Board scrutiny of LSB's financial management and decision-making in relation to allocation of resources.		
Resource:	There are no resource risks - this is a factual report		

Consultation	Yes	No	Who / why?
Board Members:		✓	N/A- routine update and commentary
Consumer Panel:		✓	
Others:	N/A		

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
Para 5(c) and Para 6	Section 43(2): information likely to prejudice the commercial interests of any person	

LEGAL SERVICES BOARD

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Finance report to 31 December 2018

Purpose

1. This paper provides a brief commentary on the nine months ended 31 December 2018. A financial report is attached (**Appendix 1**).

Recommendation

2. The Board is invited to **review** the Finance report.

Points to note

3. *Cumulative expenditure* to the end of December is **£2,727k** (December 2017 - £2,500k) against a budget of **£2,822k** (December 2017 - £2,619k) resulting in an underspend of **£95k** (December 2017 - £119k).
4. *The bank balance* at 31 December 2018 is £4.169m.
5. Below is a commentary on the more significant variances (reported in Appendix 1) and the potential implications for the year-end projection.
 - a) *Colleague costs*: At the end of October a favourable variance of £51k was reported. The predicted contraction in that variance is borne out by the cumulative reported favourable variance of £18k to the end of December which is made up of:

	£'000 Fav / (unfav)
Direct payroll	17
Training	17
Recruitment	(16)
Total	18

The cumulative direct payroll variance to date is not expected to increase in the last quarter of the financial year. The full year forecast is expected to be within budget with headroom of less than £15k.

The cumulative training variance to date is expected to decrease in the last quarter of the financial year with the full year forecast of £10k below budget.

Although recruitment costs are £16k over budget at the end of Q3, this reported overspend is attributable to a mismatch in the budget profiling against actual spend. Provided no further unexpected events occur in

recruitment, this will reverse by year end to a budget neutral position with total spend expected to be on budget.

- b) *LSB Board*: A favourable variance is emerging as a new lay member post which was budgeted to be filled in October has not been filled and will not be filled until the new financial year. Some travel underspend is also contributing to the variance but is expected to reverse. The full year forecast underspend is estimated to be around £9k.
- c) *Accommodation costs*: The estimated full year forecast underspend remains at £10k subject to an emerging contingency relating to lease exit costs.

[REDACTED]

- d) *Office costs* – The full-year forecast underspend has not changed since the last report and is expected to be around £12k.
- e) *Governance and Support Services* – Actual spend on consumer panel recruitment and internal audit is lagging behind budget by £9k and £2k respectively causing this favourable variance of £11k up to the end of Q3. This is expected to reverse in Q4 with the full year forecast expected to be on budget.
- f) *Research* – The favourable variance of £34k is due to a mismatch between the budgeted profile of research expenditure and the actual pattern which is lagging behind the budget profile. Most of the activity will take place in Q4 when actual spend is expected to catch up with the budget profile.

6. *Summary*: We are on target to achieve performance within budget but this will be challenging. [REDACTED]

[REDACTED]