

<b>To:</b>	Legal Services Board		
<b>Date of Meeting:</b>	25 April 2019	<b>Item:</b>	Paper (19) 21

<b>Title:</b>	Finance Report to 31 March 2019		
<b>Author / Introduced by:</b>	Rusere Shoniwa, Interim Director of Finance and Services		
<b>Status:</b>	Official		

<b>Summary:</b>
This paper summarises the financial results and position for the financial year ended 31 March 2019

<b>Recommendation:</b>
The Board is invited to <b>review</b> the Finance Report.

<b>Risks and mitigations</b>	
<b>Financial:</b>	There are no financial risks – this is a factual report
<b>Legal:</b>	There are no legal risks - this is a factual report
<b>Reputational:</b>	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.
<b>Resource:</b>	There are no resource risks - this is a factual report

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

<b>Freedom of Information Act 2000 (Fol)</b>		
Para ref	Fol exemption and summary	Expires
Para 6 (d)(ii)	Section 40: personal information	

## LEGAL SERVICES BOARD

<b>To:</b>	Legal Services Board		
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### Finance report to 31 March 2019

#### Purpose

1. This paper provides a brief commentary on the actual outturn against budget and forecast for the full year ended 31 March 2019. A financial report is attached (**Appendix 1**).

#### Recommendation

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

#### Key points

3. *Expenditure* for the year ended 31 March 2019 is **£3,719k** (March 2018 actual - £3,470k) against a budget of **£3,798k** (March 2018 budget - £3,848k) resulting in an underspend of **£79k** (March 2018 underspend- £378k).
4. The final outturn remains subject to audit and the Board will be updated in May of any further adjustments.
5. *The bank balance* at 31 March 2019 is £6.7m reflecting collection of the year-end levy billed in March to approved regulators of £3.4m.
6. Below is a commentary on variances greater than £10k against budget and last month's reported forecast. Although this is not a forward look, some inferences for 19/20 have been drawn where possible.
  - a) **Colleague costs:** The reported variances in appendix 1 are made up of:

	Note	£'000 Var against forecast Fav / (unfav)	£'000 Var against budget Fav / (unfav)
Fluctuation in annual leave accrual	(i)	(12)	-
Direct payroll	(ii)	-	30
Training	(iii)	-	22
Other		(1)	5
<b>Total</b>		<b>(13)</b>	<b>57</b>

- (i) *Forecast Variance (leave accrual):* The annual leave provision required an uplift of £12k at year-end due to an increase in head count, salary rates and the timing of a maternity leave (resulting in a

full year's annual leave accrual for one individual) which were not taken into account in the February forecast.

- (ii) *Budget variance (direct payroll)*: The direct payroll underspend of £30k represents only 1.3% of the total budgeted direct payroll cost of £2,247k included in colleague costs. This variance is therefore marginal and indicates that we are now operating at full budgeted capacity. This year's spend includes some unusual items not expected to recur next year such as a redundancy payment. There is therefore some inflationary headroom in the 19/20 budget but the coming year will be challenging.
- (iii) *Budget variance (training)*: The training budget has historically had a generous allocation and a portion of this budget will be re-allocated in 19/20 to areas that require an increased budget.

b) **LSB Board**: The reported variance in appendix 1 is made up of:

	Note	£'000 Var against forecast fav / (unfav)	£'000 Var against budget fav / (unfav)
Board members' fees	(i)	-	9
Travel expenses		(1)	4
Other			1
<b>Total</b>		<b>(1)</b>	<b>14</b>

- (i) *Budget Variance (Board members' fees)*: This is attributable to an unfilled lay member post and is not expected to recur in 19/20.

c) **Office costs**: The reported variance in appendix 1 is made up of:

	Note	£'000 Var against forecast fav / (unfav)	£'000 Var against budget fav / (unfav)
Structural underspend	(i)		16
Other		(2)	-
<b>Total</b>		<b>(2)</b>	<b>16</b>

- (i) *Budget Variance (structural)*: As commented on in earlier papers there has been a tendency to allocate more to this area than needed.

£13k of this underspend will be re-allocated in 19/20 to areas that have not been allocated sufficient budget.

- d) **Governance and support services:** The reported variance in appendix 1 is made up of:

	Note	£'000 Var against forecast fav / (unfav)	£'000 Var against budget fav / (unfav)
Consumer Panel recruitment	(i)	-	(6)
Professional advisers		-	(6)
Other		2	2
<b>Total</b>		<b>2</b>	<b>(10)</b>

- (i) *Budget variance (panel recruitment):* The original budget included recruitment of three Panel members in the year. This plan changed to four new panel members.
- (ii) *Budget variance (professional advisers):* This is attributable to an increase in fees charged by our pension advisers and unbudgeted spend on a communications consultant in Q4 [REDACTED].