

To:	Legal Services Board		
Date of Meeting:	29 November 2018	Item:	Paper (18) 62

Title:	Finance Report to 31 October 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 October 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
N/A	None	

LEGAL SERVICES BOARD

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Finance report to 31 October 2018

Purpose

1. This paper provides a brief commentary on the seven months ended 31 October 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 October is **£2,097k** (October 2017 - £1,920k) against a budget of **£2,178k** (October 2017 - £2,014k) resulting in an underspend of **£81k** (October 2017 - £94k).
4. *The bank balance* at 31 October 2018 is £4.8m.
5. A commentary on the more significant variances (reported in Appendix 1) is provided below. The commentary includes a discussion of the implications of these variances for end of year projections.
 - a) *Colleague costs*: Of the favourable variance reported of £51k, £36k relates to direct payroll cost. The remainder of the variance (£15k) is largely attributable to a timing difference between the pattern of the profiled budget and the actual spend in respect of training and recruitment costs. This £15k variance is therefore expected to reverse to a neutral position as the year progresses.

In relation to the direct payroll cost variance of £36k, a simple extrapolation of this variance to the end of the year would suggest a full-year forecast underspend of £62k. However, this headroom will be utilised through an interim contract extension for a regulatory policy associate, an interim short-term contract for an IT specialist to assist with the IT procurement project and a likely overlap of finance leads to ensure a proper hand-over from the interim finance director to a new financial controller. We therefore continue to expect the full year spend to be on budget.
 - b) *Accommodation costs*:

In the last report a full year underspend of £18k was forecast. This forecast underspend has been adjusted downwards to £10k after receipt in October from ORR of £8k of previously omitted management charges.

- c) *Office costs* – As discussed in the half year report to September, there has in the past been a tendency towards a small element of structural underspend in this area with the full-year forecast underspend expected to be around £12k by the end of this financial year. Approximately £8K of this underspend will be used to meet anticipated Q1 spend on board portal costs not included in this year's budget.
 - d) *Governance and Support Services* – The unfavourable variance of £5k is due mainly to a mismatch between the budget profiling of internal audit expenditure and the actual spend in the ledger which has been recorded as accruing evenly over the year. This is expected to reverse as the year progresses.
 - e) *Research* – The favourable variance of £12k is due to a mismatch between the budgeted profile of research expenditure and the actual pattern which is lagging behind the budget profile. Actual spend is expected to catch up with the profile as the year progresses.
7. *Summary:* We are on target to achieve performance within budget but this will be challenging.