

Meeting	OLC Board	Agenda Item No.	3
		Paper No.	98.1b
Date of meeting	26 September 2019	Time required	5 minutes

Title	Finance Report Month 5 2019/20
Sponsor	Brendan Arnold (Director of Corporate Services)
Status	OFFICIAL
To be communicated to:	Members and those in attendance

Executive summary
<p>The Key Points of Briefing are:</p> <ol style="list-style-type: none"> 1. This paper provides a report on the financial position at the end of month 5 (August) and a commentary on the key issues in the management accounts which are available in Appendix 1. 2. At the end of August 2019 an underspend is noted in the sum of £69,000. Additional recruitment of staff to the Operational Delivery Team is being organised to absorb these resources with the aim of achieving balance by the end of the financial year.
Recommendation/action required
Board is asked to NOTE the report.

9 September 2019

Finance report – month 5

1. Introduction

This paper provides an overview of the OLC's financial position at the end of month 5, and - as is usual practice - a commentary on the key issues in the management accounts (Appendix 1).

2. Period 5 Position

Gross Expenditure

At the end of month 5 LeO is indicating an underspend on Revenue for the year of £69k (1.4%) against the last reforecast at the end of June. The principal variations are as follows:

Budget Head	YTD Actual	YTD Budget	YTD P5 Variances Under(+) / Over (-) spend £000
Salary & staff costs	4,013	4,037	+24
Training	17	22	+5
Recruitment	24	34	+10
IT	399	410	+11
Depreciation	170	176	+6
Other costs	22	32	+10
Balancing other items	364	367	+3
Underspend at Period 5	5,009	5,078	+69

- The salary variance is analysed as follows:

Salary Budget Variance - breakdown	YTD P5 Variances Under(+) / Over (-) spend £000
Operational Delivery Team: timing issues compared with plan, insurance refund	+3
Executive – timing of starters & leavers	+4
Finance – early exit of temporary resource	+1
Bonus – underspend due to release of unused provision from previous year	+15
Minor variances	+1
Salary Underspend	+24

The next reforecast against the Budget will be reported in P7.

Income

Aside from the expenditure budgets LeO also receives *income* from the Levy, Case Fees and also Other Income. Income is in line with budget at this time

Capital Programme

The Capital Programme Budget in 2019/20 is £250,000. The first elements of capital expenditure have been incurred in July and at present the full budget is forecast to be spent in this financial year.

Next steps

Meetings are taking place monthly to ensure that expenditure remains in line with forecast and any variances are identified early and action taken accordingly.

Consultation with the business has begun to inform the preparation of the draft Budget for 2020-21.

Contents

- 1. Overall Position**
- 2. Cost Centre Analysis**
- 3. Spending Approvals Required**
- 4. Direct Legal**
- 5. Overheads only**

Legal Ombudsman: Consolidated Income & Expenditure, and Capital Expenditure
As At 31 August 2019

	Month			Year to Date				Full Year		
	Actual	Forecast	Variance	Actual	Forecast	Variance	Previous Yr	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income - Levy	885.9	928.6	(42.7)	4,501.8	4,603.9	102.14	4,208.5	11,312.4	11,302.8	9.6
Grant In Aid	-	-	-	-	-	0.00	-	-	-	-
Income - Case fees	88.4	86.8	1.6	443.6	412.8	30.80	362.8	1,033.6	1,043.2	(9.6)
Income - Other	11.0	11.2	(0.2)	63.6	61.3	2.29	78.5	139.5	134.0	5.5
Total Income	985.3	1,026.6	(41.3)	5,009.0	5,078.0	69.05	4,649.8	12,485.5	12,480.0	5.5
Staff Costs	794.1	826.8	32.7	4,053.8	4,092.6	38.78	4,267.6	10,016.7	9,953.8	(62.8)
Travel & Subsistence	0.7	0.7	(0.0)	5.8	5.9	0.12	6.2	10.5	8.5	(2.0)
Fees & Consultancy	19.7	23.8	4.0	132.2	135.6	3.41	97.5	310.1	289.4	(20.7)
IT & Telecoms	76.5	85.5	9.0	399.4	410.5	11.06	429.7	1,066.2	1,093.4	27.2
Premises & Facilities	57.8	54.8	(3.0)	265.5	264.8	0.66	291.9	647.1	650.6	3.5
Other costs	11.5	6.2	(5.3)	22.0	31.8	9.77	35.0	76.2	78.3	2.2
Total Cash Expenditure	960.4	997.8	37.4	4,878.6	4,941.1	62.48	5,127.9	12,126.7	12,074.0	(52.7)
Interest & Charges	(8.2)	(7.9)	0.3	(39.5)	(39.0)	0.51	(24.0)	(86.0)	(45.2)	40.9
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	33.1	36.7	3.6	170.0	176.0	6.00	172.4	437.7	444.0	6.4
Non Cash Expenditure	33.1	36.7	3.6	170.0	176.0	6.00	172.4	437.7	444.0	6.4
Total Revenue Expenditure before tax	985.3	1,026.6	41.3	5,009.0	5,078.0	69.00	5,276.3	12,478.4	12,472.9	(5.5)
Taxation	-	-	-	-	-	-	-	7.1	7.1	(0.0)
Total Revenue Expenditure	985.3	1,026.6	41.3	5,009.0	5,078.0	69.00	5,276.3	12,485.5	12,480.0	(5.5)
Capital Expenditure	-	7.9	7.9	1.1	10.0	8.9	33.5	250.0	250.0	-
Fixed Assets - IT	-	7.9	7.9	1.1	10.0	8.9	33.5	250.0	250.0	-
Fixed Assets - Premises	-	-	-	-	-	-	-	-	-	-

**Legal Jurisdiction: Income & Expenditure, and Capital Expenditure
As At 31 August 2019**

	Month			Year to Date				Full Year		
	Actual	Forecast	Variance	Actual	Forecast	Variance	Previous Yr	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income - Levy	885.9	928.6	(42.7)	4,501.8	4,603.9	(102.1)	4,208.5	11,312.4	11,302.8	9.6
Grant In Aid	-	-	-	-	-	-	-	-	-	-
Income - Case fees	88.4	86.8	1.6	443.6	412.8	30.8	306.0	1,033.6	1,043.2	(9.6)
Income - Other	11.0	11.2	(0.2)	63.7	61.3	2.4	78.5	139.5	134.0	5.5
Total Income	985.3	1,026.6	(41.3)	5,009.0	5,078.0	(69.0)	4,593.0	12,485.5	12,480.0	5.5
Staff Costs	794.1	826.8	32.7	4,053.8	4,092.6	38.8	3,891.2	10,016.7	9,953.8	(62.8)
Travel & Subsistence	0.7	0.7	(0.0)	5.8	5.9	0.1	5.8	10.5	8.5	(2.0)
Fees & Consultancy	19.7	23.8	4.0	132.2	135.6	3.4	97.3	310.1	289.4	(20.7)
IT & Telecoms	76.5	85.5	9.0	399.4	410.5	11.1	428.8	1,066.2	1,093.4	27.2
Premises & Facilities	57.8	54.8	(3.0)	265.5	264.8	(0.7)	281.1	647.1	650.6	3.5
Other costs	11.5	6.2	(5.3)	22.0	31.8	9.8	(259.4)	76.2	78.3	2.2
Total Cash Expenditure	960.4	997.8	37.4	4,878.6	4,941.1	62.5	4,444.8	12,126.7	12,074.0	(52.7)
Interest & Charges	(8.2)	(7.9)	0.3	(39.5)	(39.0)	0.5	(24.2)	(86.0)	(45.2)	40.9
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	33.1	36.7	3.6	170.0	176.0	6.0	172.4	437.7	444.0	6.4
Non Cash Expenditure	33.1	36.7	3.6	170.0	176.0	6.0	172.4	437.7	444.0	6.4
Total Revenue Expenditure before tax	985.3	1,026.6	41.3	5,009.0	5,078.0	69.0	4,593.0	12,478.4	12,472.9	(5.5)
Taxation	-	-	-	-	-	-	-	7.1	7.1	(0.0)
Total Revenue Expenditure	985.3	1,026.6	41.3	5,009.0	5,078.0	69.0	4,593.0	12,485.5	12,480.0	(5.5)

**Total Expenditure By Cost Centre
As At 31 August 2019**

		Month			Year to date				Full Year		
		Actual	Forecast	Variance	Actual	Forecast	Variance	Previous Yr	Forecast	Original Budget	Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CEO	101	31.1	34.6	3.5	171.3	174.4	3.1	168.5	429.8	444.4	14.6
Compliance								-			
Ombudsman team	201	80.4	75.6	(4.8)	401.8	388.7	(13.1)	285.9	920.7	756.3	(164.5)
Legal	202	12.9	17.3	4.4	95.8	98.4	2.6	65.9	222.7	213.0	(9.7)
External Affairs	203	15.9	15.9	0.0	71.4	79.7	8.3	58.7	188.5	201.1	12.6
Insight	204	-	-	-	3.8	3.8	-	12.0	26.4	28.4	2.0
Operational Transformation	205	17.0	18.0	1.0	79.0	77.9	(1.1)	43.8	201.8	173.5	(28.3)
Operations Hub	206	41.2	40.8	(0.4)	190.7	188.5	(2.2)	151.2	482.1	419.2	(62.9)
Operations Delivery	301	35.6	33.3	(2.3)	165.6	161.0	(4.6)	188.9	437.2	434.3	(2.9)
Resolution Centre	302	414.3	428.3	14.0	2,159.8	2,158.0	(1.8)	1,851.6	5,195.9	5,274.9	79.0
Assessment Centre											
RCT											
GCT	305	62.5	64.1	1.6	298.4	293.7	(4.6)	201.7	736.4	753.2	16.9
Legacy	307	-	-	-	-	-	-	375.8	-	-	-
CPD Course	403	-	-	-	-	-	-	(0.5)	-	-	-
Facilities	502	46.1	43.7	(2.4)	210.7	209.4	(1.3)	215.1	513.8	516.9	3.2
Finance	503	25.0	25.1	0.1	116.9	118.7	1.8	111.5	303.5	351.7	48.3
HR	504	38.6	38.7	0.1	196.2	191.7	(4.5)	176.5	479.4	484.3	4.9
IT & Telecoms	505	119.5	127.0	7.5	617.8	624.4	6.6	671.9	1,615.0	1,635.6	20.6
Recruitment	506	-	10.0	10.0	24.1	34.2	10.1	23.9	86.2	72.7	(13.6)
Corporate Overhead	507	10.7	10.5	(0.1)	5.8	53.9	48.1	52.4	90.0	126.5	36.5
Training	508	1.5	8.0	6.5	17.2	22.0	4.9	17.2	58.4	67.4	9.0
PMO	510	3.4	3.1	(0.3)	42.3	41.6	(0.7)	42.7	96.0	114.2	18.2
CMC	310	-	-	-	1.1	1.0	(0.1)	683.2	1.0	-	1.0
CMC Reapportionment	600	-	-	-	-	-	-	(271.0)	-	-	-
Office of the Chief Legal Ombudsman											
Research											
Modernising LeO											
Quality											
Total Cost excl. Reserves		955.6	993.9	38.3	4,869.5	4,921.1	51.6	5,126.8	12,084.9	12,067.6	-
Contingency		-	-	-	-	-	-	-	-	-	-
Provision for Doubtful Debts - Legal & cmc	100	4.8	4.0	(0.8)	9.1	20.8	11.7	0.3	48.8	48.0	(0.8)
Holiday Accruals											
		960.4	997.9	37.5	4,878.6	4,941.8	63.3	5,127.0	12,133.6	12,115.6	(18.0)
Interest & Charges	503	(8.1)	(7.9)	0.2	(39.5)	(39.0)	0.5	(23.2)	(85.8)	(45.2)	40.6
Depreciation	503	33.1	36.7	3.6	170.0	176.0	6.0	172.4	437.7	409.6	(28.1)
		985.3	1,026.6	41.3	5,009.0	5,078.8	69.8	5,276.3	12,485.5	12,480.0	(5.5)

Board Level Project Spending Authorisations

Year 2018-19
Reporting Month: As At 31 August 2019

New Approvals Cost Category	Description	Supplier	Contract Value
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None

Spend updates - for information only

The above represent requests for authorisation to spend which are in excess of the spend authorisations delegated to the executive

**Direct Legal: Income & Expenditure
As At 31 August 2019**

	Month			Year to Date				Full Year		
	Actual	Forecast	Variance	Actual	Forecast	Variance	Previous Yr	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income - Levy	885.9	928.6	(42.7)	4,501.8	4,603.9	(102.1)	4,208.5	11,312.4	11,302.8	9.6
Income - Set up Levy			-	-		-	-			-
Income - Case fees	88.4	86.8	1.6	443.6	412.8	30.8	306.0	1,033.6	1,043.2	(9.6)
Income - Other	11.0	11.2	(0.2)	63.6	61.3	2.3	78.5	139.5	134.0	5.5
Total Case Income	985.3	1,026.6	(41.2)	5,009.0	5,078.0	(69.0)	4,593.0	12,485.5	12,480.0	5.5
Staff Costs	573.7	593.6	19.8	2,974.5	2,961.4	(13.1)	2,821.3	7,185.0	7,102.7	(82.3)
Travel & Subsistence	-	0.1	0.1	0.5	0.5	(0.0)	1.9	0.9	0.6	(0.3)
Fees & Consultancy	2.5	4.9	2.3	26.1	31.8	5.7	11.5	64.8	57.0	(7.7)
IT & Telecoms	-	-	-	-	-	-	1.0	-	-	-
Premises, Facilities & Administration	10.7	10.7	0.0	50.0	49.8	(0.2)	64.5	124.6	128.2	3.6
Other costs	11.4	6.0	(5.4)	21.8	28.3	6.5	10.7	71.3	72.0	0.7
Corporate Cost Reapportionment	387.0	411.4	24.4	1,936.5	2,006.4	69.9	1,683.0	5,039.2	5,119.5	80.3
Total Cash Expenditure	985.3	1,026.6	41.3	5,009.4	5,078.2	68.8	4,593.9	12,485.7	12,480.0	(5.7)
Interest & Charges	(0.0)	-	0.0	(0.4)	(0.2)	0.2	(0.9)	(0.2)	-	0.2
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Non Cash Expenditure	-	-	-	-	-	-	-	-	-	-
Total Revenue Expenditure	985.3	1,026.6	41.3	5,009.0	5,078.0	69.0	4,593.0	12,485.5	12,480.0	(5.4)

Overheads & Corporate: Income & Expenditure
As At 31 August 2019

	Month			Year to Date				Full Year		
	Actual £'000	Forecast £'000	Variance £'000	Actual £'000	Forecast £'000	Variance £'000	Previous Yr £'000	Forecast £'000	Budget £'000	Variance £'000
Income - Levy	-	-	-	-	-	-	-	-	-	-
Income - Other	-	-	-	-	-	-	-	-	-	-
Total Income	-	-	-	-	-	-	-	-	-	-
Staff Costs	220.4	233.2	12.9	1,080.6	1,131.2	50.6	1,069.7	2,831.7	2,851.1	19.5
Travel & Subsistence	0.7	0.6	(0.1)	5.2	5.3	0.1	3.9	9.6	7.9	(1.7)
Fees & Consultancy	17.2	18.9	1.7	105.9	104.8	(1.1)	85.7	245.3	232.4	(12.9)
IT & Telecoms	76.5	85.5	9.0	399.4	410.5	11.1	427.8	1,066.2	1,093.4	27.2
Premises, Facilities & Administration	46.1	44.1	(2.0)	213.9	214.0	0.1	216.6	521.5	522.4	0.9
Other Costs	0.1	0.2	0.1	0.7	3.5	2.8	1.0	5.9	6.3	0.4
Reapportion to Jurisdictions	(386.0)	(411.4)	(25.4)	(1,936.5)	(2,006.4)	(69.9)	(1,954.0)	(5,039.2)	(5,119.5)	(80.3)
Total Cash Expenditure	(25.0)	(28.8)	(3.8)	(130.8)	(137.2)	(6.3)	(149.3)	(359.0)	(406.0)	(47.0)
Interest & Charges	(8.1)	(7.9)	0.2	(39.2)	(38.8)	0.4	(23.1)	(85.8)	(45.2)	40.6
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	33.1	36.7	3.6	170.0	176.0	6.0	172.4	437.7	444.0	6.4
Non Cash Expenditure	33.1	36.7	3.6	170.0	176.0	6.0	172.4	437.7	444.0	6.4
Total Revenue Expenditure before Tax	-	-	-	-	-	-	-	(7.1)	(7.1)	(0.0)
Taxation	-	-	-	-	-	-	-	7.1	7.1	(0.0)
Total Revenue Expenditure	-	-	-	-	-	-	-	-	-	-