

Meeting	OLC Board	Agenda Item No.	3
		Paper No.	99.2
Date of meeting	24 October 2019	Time required	5 minutes

Title	Finance Report Month 6 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 6 (September) and a commentary on the key issues in the management accounts which are available in Appendix 1. 2. At the end of September 2019 a revenue underspend of £130,000 is noted. There are a number of commitments which were to have been funded from the budget allocation in September which will be expensed in later periods. 3. These commitments include £20,000 for the Level 1 Ombudsman Training Programme, mandatory software upgrades (£30,000). The underspend of in the salary budget - as previously reported – is the subject of additional recruitment activities principally for the Operational Delivery Team. It is currently envisaged that balance will be achieved by the end of the financial year although a full forecasting exercise will take place at the close of Period 7.
Recommendation/action required
Board is asked to NOTE the report.

9 September 2019

Finance report – month 6

1. Introduction

This paper provides an overview of the OLC's financial position at the end of month 6, and - as is usual practice - a commentary on the key issues in the management accounts (Appendix 1).

2. Period 6 Position

Gross Expenditure

At the end of month 6 LeO is indicating an underspend on Revenue for the year of £130,000 (2.1%) against the last reforecast at the end of June. The principal variations are as follows:

Budget Head	YTD P6 Variances Under(+) / Over (-) spend £000
Salary & staff costs	+50
Training	+12
Recruitment	+15
IT	+28
Depreciation	+9
Other costs	+16
Balancing other items	0
Underspend at Period 5	+130

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 and at present significant ordering is commencing with the aim of delivering the full budget 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.

Contents

- 1. Overall Position**
- 2. Cost Centre Analysis**
- 3. Spending Approvals Required**
- 4. Direct Legal**
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Legal Ombudsman: Consolidated Income & Expenditure, and Capital Expenditure
As At 30 September 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	940.2	1,007.3	(67.0)	5,442.0	5,611.2	(169.2)	5,152.4	11,312.4	11,302.8	9.6
Grant In Aid	-	-	-	-	-	0.00	-	-	-	-
Income - Case fees	94.9	89.5	5.4	538.5	501.5	36.99	459.6	1,033.6	1,043.2	(9.6)
Income - Other	11.0	11.2	(0.2)	74.7	72.5	2.23	78.5	139.5	134.0	5.5
Total Income	1,046.1	1,107.9	(61.8)	6,055.2	6,185.2	(130.0)	5,690.5	12,485.5	12,480.0	5.5
Staff Costs	836.3	876.8	40.5	4,890.2	4,969.4	79.22	5,169.8	10,016.7	9,953.8	(62.8)
Travel & Subsistence	1.6	0.7	(1.0)	7.4	6.5	(0.8)	7.3	10.5	8.5	(2.0)
Fees & Consultancy	28.6	24.4	(4.2)	160.8	159.4	(1.4)	98.0	310.1	289.4	(20.7)
IT & Telecoms	101.4	118.9	17.5	500.8	529.4	28.6	532.3	1,066.2	1,093.4	27.2
Premises & Facilities	48.2	51.7	3.5	313.6	316.5	2.88	346.6	647.1	650.6	3.5
Other costs	4.7	6.2	1.5	26.7	38.0	11.25	35.0	76.2	78.3	2.2
Total Cash Expenditure	1,020.8	1,078.7	57.9	5,899.4	6,019.1	119.70	6,189.0	12,126.7	12,074.0	(52.7)
Interest & Charges	(8.1)	(7.6)	0.5	(47.6)	(46.6)	1.01	(30.7)	(86.0)	(45.2)	40.9
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	33.4	36.8	3.4	203.4	212.7	9.36	206.4	437.7	444.0	6.4
Non Cash Expenditure	33.4	36.8	3.4	203.4	212.7	9.36	206.4	437.7	444.0	6.4
Total Revenue Expenditure before tax	1,046.1	1,107.9	61.8	6,055.2	6,185.2	130.10	6,364.7	12,478.4	12,472.9	(5.5)
Taxation	-	-	-	-	-	-	-	7.1	7.1	(0.0)
Total Revenue Expenditure	1,046.1	1,107.9	61.8	6,055.2	6,185.2	130.10	6,364.7	12,485.5	12,480.0	(5.5)
Capital Expenditure	0.6	5.0	4.5	1.7	15.0	13.3	44.3	250.0	250.0	-
Fixed Assets - IT	0.6	5.0	4.5	1.7	15.0	13.3	44.3	250.0	250.0	-
Fixed Assets - Premises	-	-	-	-	-	-	-	-	-	-

**Legal Jurisdiction: Income & Expenditure, and Capital Expenditure
As At 30 September 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	940.2	1,007.3	(67.0)	5,442.0	5,611.2	(169.2)	5,152.4	11,312.4	11,302.8	9.6
Grant In Aid	-	-	-	-	-	-	-	-	-	-
Income - Case fees	94.9	89.5	5.4	538.5	501.5	37.0	393.2	1,033.6	1,043.2	(9.6)
Income - Other	11.0	11.2	(0.2)	74.7	72.5	2.2	78.5	139.5	134.0	5.5
Total Income	1,046.1	1,107.9	(61.8)	6,055.2	6,185.2	(130.0)	5,624.1	12,485.5	12,480.0	5.5
Staff Costs	836.3	876.8	40.5	4,890.2	4,969.4	79.2	4,730.1	10,016.7	9,953.8	(62.8)
Travel & Subsistence	1.6	0.7	(1.0)	7.4	6.5	(0.8)	6.8	10.5	8.5	(2.0)
Fees & Consultancy	28.6	24.4	(4.2)	160.8	159.4	(1.4)	97.7	310.1	289.4	(20.7)
IT & Telecoms	101.4	118.9	17.5	500.8	529.4	28.6	531.4	1,066.2	1,093.4	27.2
Premises & Facilities	48.2	51.7	3.5	313.6	316.5	2.9	335.7	647.1	650.6	3.5
Other costs	4.7	6.2	1.5	26.7	38.0	11.2	(253.3)	76.2	78.3	2.2
Total Cash Expenditure	1,020.8	1,078.7	57.9	5,899.4	6,019.1	119.7	5,448.4	12,126.7	12,074.0	(52.7)
Interest & Charges	(8.1)	(7.6)	0.5	(47.6)	(46.6)	1.0	(30.7)	(86.0)	(45.2)	40.9
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	33.4	36.8	3.4	203.4	212.7	9.4	206.4	437.7	444.0	6.4
Non Cash Expenditure	33.4	36.8	3.4	203.4	212.7	9.4	206.4	437.7	444.0	6.4
Total Revenue Expenditure before tax	1,046.1	1,107.9	61.8	6,055.2	6,185.2	130.0	5,624.1	12,478.4	12,472.9	(5.5)
Taxation	-	-	-	-	-	-	-	7.1	7.1	(0.0)
Total Revenue Expenditure	1,046.1	1,107.9	61.8	6,055.2	6,185.2	130.0	5,624.1	12,485.5	12,480.0	(5.5)

Total Expenditure By Cost Centre
As At 30 September 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	32.8	36.2	3.4	204.1	210.6	6.5	199.9		429.8	444.4	14.6
Compliance												
Ombudsman team	201	80.3	76.0	(4.3)	482.1	464.7	(17.4)	349.3		920.7	756.3	(164.5)
Legal	202	17.6	17.9	0.2	113.4	116.3	2.8	61.4		222.7	213.0	(9.7)
External Affairs	203	15.9	15.7	(0.3)	87.3	95.5	8.2	73.5		188.5	201.1	12.6
Insight	204	1.4	2.5	1.2	5.2	6.3	1.2	13.6		26.4	28.4	2.0
Operational Transformation	205	17.3	18.6	1.3	96.3	96.4	0.1	53.3		201.8	173.5	(28.3)
Operations Hub	206	42.3	45.4	3.0	233.0	233.8	0.8	194.5		482.1	419.2	(62.9)
Operations Delivery	301	35.7	56.6	20.9	202.1	216.6	14.5	223.0		437.2	434.3	(2.9)
Resolution Centre	302	440.0	435.2	(4.8)	2,599.2	2,592.2	(7.0)	2,251.3		5,195.9	5,274.9	79.0
Assessment Centre												
RCT												
GET	305	57.5	64.2	6.7	355.2	358.0	2.8	243.1		736.4	753.2	16.9
Legacy	307	-	-	-	-	-	-	451.2		-	-	-
CPD Course	403	-	-	-	-	-	-	(0.5)		-	-	-
Facilities	502	41.4	40.6	(0.8)	252.0	250.0	(2.1)	261.0		513.8	516.9	3.2
Finance	503	27.6	25.1	(2.5)	144.5	143.8	(0.7)	134.7		303.5	351.7	48.3
HR	504	44.7	40.7	(4.0)	240.9	232.4	(8.4)	210.4		479.4	484.3	4.9
IT & Telecoms	505	151.9	165.3	13.4	770.3	789.0	18.7	824.1		1,615.0	1,635.6	20.6
Recruitment	506	-	5.0	5.0	24.1	39.2	15.1	23.9		86.2	72.7	(13.6)
Corporate Overhead	507	8.7	10.5	1.8	14.6	64.5	49.9	63.2		90.0	126.5	36.5
Training	508	2.0	11.5	9.5	19.9	33.5	13.7	24.6		58.4	67.4	9.0
PMO	510	3.1	7.8	4.7	45.5	49.4	3.9	57.6		96.0	114.2	18.2
CMC	310	-	-	-	-	-	-	740.5		1.0	-	1.0
CMC Reapportionment	600	-	-	-	-	-	-	(263.8)		-	-	-
Office of the Chief Legal Ombudsman												
Research												
Modernising LeO												
Quality												
Total Cost excl. Reserves		1,020.2	1,074.8	54.5	5,889.4	5,992.1	102.7	6,189.5		12,084.9	12,067.6	-
Contingency		-	-	-	-	-	-	-		-	-	-
Provision for Doubtful Debts - Legal & cmc	100	0.6	4.0	3.4	9.7	24.8	15.1	(1.4)		48.8	48.0	(0.8)
Holiday Accruals												
		1,020.8	1,078.8	57.9	5,899.1	6,016.8	117.8	6,188.1		12,133.6	12,115.6	(18.0)
Interest & Charges	503	(8.1)	(7.6)	0.5	(47.3)	(46.4)	0.9	(29.9)		(85.8)	(45.2)	40.6
Depreciation	503	33.4	36.8	3.4	203.4	212.7	9.4	206.4		437.7	409.6	(28.1)
		1,046.1	1,107.9	61.8	6,055.2	6,183.1	128.0	6,364.7		12,485.5	12,480.0	(5.5)

Cashflow

	Month Actual £'000	Year to Date Actual £'000	Full year Forecast £'000
Expenditure	(1,046.1)	(6,055.2)	(12,485.5)
Income	1,046.1	6,055.2	12,485.5
Add Back Non Cash expenditure	33.5	203.4	437.7
Add back P&L on Asset disposals	-	-	-
Increase / (Decrease) in Creditors	(99.3)	(420.3)	(204.1)
(Increase) / Decrease in Debtors	(943.4)	4,055.2	9,787.7
Net Operating Cashflow	(1,009.1)	3,838.3	10,021.2
Purchase of IT Equipment & Software development	(0.6)	(1.7)	(250.0)
Purchase of Premises Equipment & leasehold Improvements	-	-	-
Proceeds	-	-	-
Cashflows from Investing Activities	(0.6)	(1.7)	(250.0)
Grant In Aid			
Cashflow for the Period	(1,009.7)	3,836.6	9,771.2
Opening Bank Balance	13,440.4	8,594.2	8,594.2
Closing Bank Balance	12,430.8	12,430.8	18,365.4
Cash Movement	(1,009.7)	3,836.6	9,771.2

Balance Sheet

	As At 30 September 2019		
	Month Movement £'000	As At 30 September 2019 £'000	Full year Forecast £'000
Premises	(6.6)	408.9	369.7
IT Hardware & Software	(26.3)	421.1	470.3
Total Non Current Assets	(32.9)	830.0	840.0
Cash & Bank	(1,009.7)	12,430.8	17,978.0
Debtors	951.9	5,589.4	158.6
Prepayments	(8.5)	507.5	205.8
Total Current Assets	(66.3)	18,527.6	18,342.4
Total Assets	(99.2)	19,357.6	19,182.4
Creditors	12.0	(477.9)	(711.0)
Accruals	101.2	(903.2)	(861.2)
Lease Commitments	(14.1)	(239.9)	(264.9)
Total Current Liabilities	99.2	(1,620.9)	(1,837.1)
Net Current Assets	32.9	16,906.7	16,505.3
Net Assets	0.0	17,736.7	17,345.3
Retained Earnings	(0.0)	-	-
Grant in Aid PY / Levy/ Reserves	-	(17,736.7)	(17,345.3)
Reserves	(0.0)	(17,736.7)	(17,345.3)

Trade debtors analysis

Current	30 days	60 days	90 days +	total
£'000	£'000	£'000	£'000	£'000
64.8	31.2	38.4	110.9	168.4
38.4%	18.5%	-22.8%	65.8%	

Provision for doubtful debts	-25.45
Net trade debtors	<u>142.98</u>

Board Level Project Spending Authorisations

Year 2018-19
Reporting Month: As At 30 September 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 30 September 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	940.2	1,007.3	(67.0)	5,442.0	5,611.2	(169.2)	5,152.4	11,312.4	11,302.8	9.6
Income - Set up Levy			-			-	-			-
Income - Case fees	94.9	89.5	5.4	538.5	501.5	37.0	393.2	1,033.6	1,043.2	(9.6)
Income - Other	11.0	11.2	(0.2)	74.7	72.5	2.2	78.5	139.5	134.0	5.5
Total Case Income	1,046.1	1,107.9	(61.8)	6,055.2	6,185.2	(130.0)	5,624.1	12,485.5	12,480.0	5.5
Staff Costs	600.0	626.3	26.3	3,573.3	3,587.7	14.4	3,424.7	7,185.0	7,102.7	(82.3)
Travel & Subsistence	0.2	0.1	(0.2)	0.8	0.6	(0.2)	1.9	0.9	0.6	(0.3)
Fees & Consultancy	5.9	4.9	(1.0)	32.1	35.6	3.5	(3.8)	64.8	57.0	(7.7)
IT & Telecoms	1.1	-	(1.1)	1.1	-	(1.1)	1.0	-	-	-
Premises, Facilities & Administration	7.5	10.7	3.2	58.0	60.5	2.5	72.8	124.6	128.2	3.6
Other costs	3.5	6.0	2.5	24.8	34.3	9.5	9.3	71.3	72.0	0.7
Corporate Cost Reapportionment	427.9	460.0	32.1	2,365.5	2,466.7	101.2	2,119.1	5,039.2	5,119.5	80.3
Total Cash Expenditure	1,046.1	1,107.9	61.8	6,055.6	6,185.4	129.8	5,625.0	12,485.7	12,480.0	(5.7)
Interest & Charges				(0.4)	(0.2)	0.2	(0.9)	(0.2)	-	0.2
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Non Cash Expenditure	-	-	-	-	-	-	-	-	-	-
Total Revenue Expenditure	1,046.1	1,107.9	61.8	6,055.2	6,185.2	130.0	5,624.1	12,485.5	12,480.0	(5.4)

Overheads & Corporate: Income & Expenditure
As At 30 September 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	236.4	250.5	14.2	1,318.3	1,382.7	64.4	1,305.4	2,831.7	2,851.1	19.5
Travel & Subsistence	1.4	0.6	(0.8)	6.6	6.0	(0.7)	4.9	9.6	7.9	(1.7)
Fees & Consultancy	22.7	18.9	(3.8)	128.6	123.7	(4.9)	101.5	245.3	232.4	(12.9)
IT & Telecoms	100.4	119.6	19.2	499.6	529.4	29.8	530.4	1,066.2	1,093.4	27.2
Premises, Facilities & Administration	41.6	41.0	(0.6)	255.5	254.9	(0.6)	262.9	521.5	522.4	0.9
Other Costs	0.0	0.2	0.2	0.7	3.7	3.0	1.1	5.9	6.3	0.4
Reapportion to Jurisdictions	(427.9)	(460.0)	(32.1)	(2,365.5)	(2,466.7)	(101.2)	(2,382.8)	(5,039.2)	(5,119.5)	(80.3)
Total Cash Expenditure	(25.4)	(29.1)	(3.8)	(156.1)	(166.4)	(10.3)	(176.5)	(359.0)	(406.0)	(47.0)
Interest & Charges	(8.1)	(7.6)	0.5	(47.3)	(46.4)	0.9	(29.9)	(85.8)	(45.2)	40.6
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	33.4	36.8	3.4	203.4	212.7	9.4	206.4	437.7	444.0	6.4
Non Cash Expenditure	33.4	36.8	3.4	203.4	212.7	9.4	206.4	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	-	-	-	-	-	-	-	-	-	-