

Meeting	OLC Board	Agenda Item No.	5
		Paper No.	119.4
Date of meeting	31 March 2022	Time required	15 minutes

Title	Financial Report – February Month End
Sponsor	Michael Letters (Head of Finance)

Executive Summary

This paper shows the current full year financial forecast underspend against budget, along with key financial reporting for assurance.

Financial Forecast

Staff costs are currently forecast to be £714k (from **£778k**) underspent (6.1%).

Non-Staff costs are also forecast to be underspent by £65k resulting in an overall forecast underspend of **£779k (was £860k)**.

Financial Reporting

The Income and Expenditure and Balance Sheets are provided for assurance.

Board should note the following:

Case Fee Debtors - The aged debt position is at a stable, and low, level.

Payment of Creditors - Average payment days are 28 days year to date, compared to 39 days last year.

Recommendation/action required

Board is asked to note this report

Financial Report

1. Income Forecast

Case Fee income is forecast to be £260k under budget reflecting the vacancies and consequent performance challenges in operations, but also the fact that early interventions are not generating case fees.

2. Staff Cost Forecast

Staff costs are forecast to be **underspent by £714k (6.2%)**.

This reflects the large level of vacancies and challenges in recruitment which have been reporting throughout the year.

There has been a movement in the month of **£64k**:

- The annual leave accrual forecast is estimated to increase by £40k but this is subject to change. £35k of the increase reflects an increase within the agreed rules, and £5k is to allow for exceptional circumstances.
- £4k increase in the estimate for March staff awards
- There is a £22k increase in the final cost of the TMP recruitment campaign against that forecast.

There may be additional recruitment costs for the Cardiff hub if this can be delivered in March.

3. Non-Staff Costs

Non-Staff costs are forecast to be **underspent by £65k**.

This is a £17k movement from the £82k underspend forecast last month; :

- a. Year end accounting adjustment decreasing the dilapidation provision calculation by £8k
- b. £25k estimate for annual report design; this is a provisional figure which will be updated once procurement is finalised. This work will happen in the new year but will be accrued for in 2021/22 since it relates to the 2021/22 annual report.

Overall Forecast Underspend £779k (5.4%)

4. Capital

Capital is currently forecast to come in under budget at £141k.

As a result of losses of legal staff, then CMS upgrades around judicial work processes have not occurred.

This forecast excludes the additional meeting room Pods in Edward House which are no longer forecast to be delivered and installed in March, but assumes that the IT room work will have commenced. This work has been held up by global demand for building products, and in particular office pods as hybrid working solutions are adopted by many organisations.

5. Financial Reporting

a. Income & Expenditure to 31 January 2022

	Month			Year to Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income - Levy	1,245	1,122	123	11,421	12,120	(699)	12,626	13,141	(515)
Income - Case fees	71	106	(35)	855	1,093	(238)	940	1,200	(260)
Income - Other	13	12	1	144	132	12	140	144	(4)
Total Income	1,329	1,240	89	12,419	13,344	(925)	13,706	14,485	(779)
Staff Costs	1,063	1,000	(64)	9,847	10,667	821	10,853	11,567	714
Travel & Subsistence	-	1	1	0	7	6	-	7	7
Fees & Consultancy	48	25	(23)	308	303	(5)	387	328	(59)
IT & Telecoms	118	115	(3)	1,198	1,265	66	1,296	1,380	84
Premises & Facilities	45	54	9	458	590	133	507	644	137
Other costs	9	4	(4)	93	50	(44)	93	54	(39)
Total Cash Expenditure	1,283	1,198	(85)	11,904	12,881	977	13,136	13,980	844
Interest & Charges	(1)	0	1	3	5	1	5	5	-
Depreciation	47	42	(6)	512	459	(53)	565	500	(65)
Non Cash Expenditure	47	42	(4)	515	463	(52)	570	505	(65)
Total Revenue Expenditure before tax	1,329	1,240	(89)	12,419	13,344	926	13,706	14,485	779
Taxation	-	-	-	0	-	(0)	-	-	-
Total Revenue Expenditure	1,329	1,240	(89)	12,419	13,344	925	13,706	14,485	779
Surplus / Deficit	-	-	-	-	0	-	-	0	-
Capital Expenditure	1	21	20	131	229	98	141	250	109
Fixed Assets - IT	0	10	10	112	115	3	112	125	13
Fixed Assets - Premises	0	10	10	19	115	95	29	125	96
Fixed Assets - Lease (IFRS 16)	-	-	-	744	-	-	744	-	-

b. Balance Sheet as at 31 January 2022

Balance Sheet	As at 28 February
	2022 £'000
Premises	859
IT Hardware & Software	351
Total Non Current Assets	1,210
Cash & Bank	7,537
Debtors	11,391
Prepayments	105
Total Current Assets	19,033
Total Assets	20,243
Creditors	(721)
Accruals	(1,030)
Lease Commitments	(755)
Total Current Liabilities	(2,506)
Net Current Assets	16,527
Net Assets	17,737
Retained Earnings	
Grant in Aid PY / Levy/ Reserves	(17,737)
Reserves	(17,737)

c. Aged Debtors as at 28 February 2022

Trade debtors analysis

Current £'000	30 days £'000	60 days £'000	90 days + £'000	total £'000
39	12	3	14	66.9
58%	18%	4%	20%	

Provision for doubtful debts	-21
Net trade debtors	46

Aged debts (over 60 days) remain at a low level (£17k).

d. Trade Creditors – Days to Pay

The challenges of remote working had a significant impact on the timeliness of paying purchase invoices in 2020-21.

There is a commitment to reducing the average payment days and ensuring that the internal processes around authorising of invoices are followed in a timely manner which has driven significant improvements.

days to pay	2020/21	Q1	Q2	Q3	Jan	Feb
average payment days	39	29	28	27	26	29
% of invoices paid on time	34%	46%	65%	64%	80%	74%