

Meeting	OLC Board	Agenda Item No.	7
		Paper No.	96.6
Date of meeting	24 June 2019	Time required	5 Minutes

Title	Finance Report Month 2 2019/20
Sponsor	Emma Cartwright, Head of Finance
Status	OFFICIAL
To be communicated to:	Members and those in attendance

Executive summary
This paper provides a report on the provisional financial position at the end of month 2. The paper provides a commentary on the key issues in the management accounts which are available in Appendix 1 .
Recommendation/action required
Board is asked to NOTE the report.

11 June 2019

Finance report – month 2

1. Introduction

This paper provides an overview of the OLC's financial position at the end of month 2, and - as is usual practice - a commentary on the key issues in the management accounts (**Appendix 1**).

The figures reflect the budget prepared by departments in for 2019-2020.

2. Provisional Outturn

Gross Expenditure

At the end of month 2 for Revenue LeO is reporting an underspend for the year to date of £33k (1.8%) against the budget. The principal variations are as follows:

	YTD actual	YTD Budget	YTD P 2 Under(-)/Over(+) spend £000
Salary costs	1,629	1,671	-42
Fees	44	29	15
Interest receivable	-14	-5	-9
Balancing other items	417	414	3
	2,076	2,109	-33

- Salary costs – (summary of notable variances)
 - Executive – underspend of 29k: savings from early recruitment of DCS (lower agency fees) and vacancy for temporary PA to Chief ombudsman for one month
 - Ombudsman – overspend of 33k: reflecting use of pool ombudsman for 2 months
 - Operations – underspend of £19k: reflecting vacancies for investigators / TL / L1s
 - Accounts – underspend of £5k: one month vacancy for an accountant
 - HR – underspend 10k - life assurance / income protection “true up” for end of year actual numbers for prior year.

- Fees overspend £16k: – increase in provision for fees to deal with judicial reviews
- Interest receivable – budgeted at lower values

At month 2 the official forecast remains the same as the budget, no changes have been made.

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. We are currently working on the website program and gathering data for the digital projects. No capital is budgeted in months 1&2.

Next steps

The Annual Report and Accounts 2018/19 (ARA) are now completed and the External Audit taken place.

Reforecast 1 is currently being prepared for reporting at P4 in accordance with the MoJ timetable.

Appendix 1

Finance Report

Contents

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

**Legal Ombudsman: Consolidated Income & Expenditure, and Capital Expenditure
As At 31 May 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	953.9	962.9	(9.1)	1,892.0	1,925.8	33.76	1,647.1	11,302.8	11,302.8	-
Grant In Aid	-	-	-	-	-	0.00	-	-	-	-
Income - Case fees	85.6	82.0	3.6	157.6	160.8	3.20	100.8	1,043.2	1,043.2	-
Income - Other	13.0	11.2	1.8	26.0	22.3	3.64	38.5	134.0	134.0	-
Total Income	1,052.4	1,056.1	(3.7)	2,075.6	2,108.9	33.32	1,786.4	12,480.0	12,480.0	-
Staff Costs	828.7	849.6	20.9	1,649.0	1,694.0	45.00	1,634.6	9,953.8	9,953.8	-
Travel & Subsistence	1.5	1.3	(0.3)	3.0	1.9	1.13	2.7	8.5	8.5	-
Fees & Consultancy	39.5	23.4	(16.1)	65.1	46.7	18.31	29.3	289.4	289.4	-
IT & Telecoms	96.4	90.5	(5.9)	182.3	181.1	1.17	162.3	1,093.4	1,093.4	-
Premises & Facilities	55.6	52.5	(3.1)	105.2	105.3	0.07	130.7	650.6	650.6	-
Other costs	5.2	6.2	1.0	16.5	12.7	3.88	11.4	78.3	78.3	-
Total Cash Expenditure	1,027.0	1,023.5	(3.5)	2,021.1	2,041.7	20.59	1,971.0	12,074.0	12,074.0	-
Interest & Charges	(9.3)	(3.7)	5.6	(13.7)	(4.9)	8.83	(9.5)	(45.2)	(45.2)	-
Contingency	-	-	-	-	-	0.00	8.4	-	-	-
Depreciation	34.6	36.3	1.6	68.2	72.1	3.90	69.4	444.0	444.0	-
Non Cash Expenditure	34.6	36.3	1.6	68.2	72.1	3.90	77.8	444.0	444.0	-
Total Revenue Expenditure before tax	1,052.4	1,056.1	3.7	2,075.6	2,108.9	33.30	2,039.3	12,472.9	12,472.9	-
Taxation	-	-	-	-	-	0.00	-	7.1	7.1	-
Total Revenue Expenditure	1,052.4	1,056.1	3.7	2,075.6	2,108.9	33.30	2,039.3	12,480.0	12,480.0	-
Capital Expenditure	-	-	-	-	-	0.00	37.9	250.0	250.0	-
Fixed Assets - IT	-	-	-	-	-	-	37.9	250.0	250.0	-
Fixed Assets - Premises	-	-	-	-	-	-	-	-	-	-

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

	Month			Year to Date				Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Previous Yr	Forecast	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income - Levy	953.9	962.9	(9.1)	1,892.0	1,925.8	(33.8)	1,647.1	11,302.8	11,302.8	-
Grant In Aid	-	-	-	-	-	-	-	-	-	-
Income - Case fees	85.6	82.0	3.6	157.6	160.8	(3.2)	76.4	1,043.2	1,043.2	-
Income - Other	13.0	11.2	1.8	26.0	22.3	3.6	38.5	134.0	134.0	-
Total Income	1,052.4	1,056.1	(3.7)	2,075.6	2,108.9	(33.3)	1,762.0	12,480.0	12,480.0	-
Staff Costs	828.8	849.6	20.8	1,649.0	1,694.0	45.0	1,488.3	9,953.8	9,953.8	-
Travel & Subsistence	1.5	1.3	(0.3)	3.0	1.9	(1.1)	2.7	8.5	8.5	-
Fees & Consultancy	39.5	23.4	(16.1)	65.1	46.7	(18.3)	29.2	289.4	289.4	-
IT & Telecoms	96.4	90.5	(5.9)	182.3	181.1	(1.2)	162.4	1,093.4	1,093.4	-
Premises & Facilities	55.6	52.5	(3.1)	105.2	105.3	0.1	127.0	650.6	650.6	-
Other costs	5.2	6.2	1.0	16.5	12.7	(3.9)	(115.9)	78.3	78.3	-
Total Cash Expenditure	1,027.1	1,023.5	(3.6)	2,021.1	2,041.7	20.6	1,693.7	12,074.0	12,074.0	-
Interest & Charges	(9.3)	(3.7)	5.6	(13.7)	(4.9)	8.8	(9.5)	(45.2)	(45.2)	-
Contingency	-	-	-	-	-	-	8.4	-	-	-
Depreciation	34.6	36.3	1.6	68.2	72.1	3.9	69.4	444.0	444.0	-
Non Cash Expenditure	34.6	36.3	1.6	68.2	72.1	3.9	77.8	444.0	444.0	-
Total Revenue Expenditure before tax	1,052.4	1,056.1	3.7	2,075.6	2,108.9	33.3	1,762.0	12,472.9	12,472.9	-
Taxation	-	-	-	-	-	-	-	7.1	7.1	-
Total Revenue Expenditure	1,052.4	1,056.1	3.7	2,075.6	2,108.9	33.3	1,762.0	12,480.0	12,480.0	-

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

		Month			Year to date				Full Year		
		Actual £'000	Forecast £'000	Variance £'000	Actual £'000	Forecast £'000	Variance £'000	Previous Yr £'000	Forecast £'000	Original Budget £'000	Variance £'000
CEO	101	28.3	50.1	21.7	73.8	99.5	25.7	66.8	444.4	444.4	-
Compliance											
Ombudsman team	201	83.3	62.7	(20.6)	159.1	125.4	(33.7)	94.4	756.3	756.3	-
Legal	202	30.7	17.5	(13.2)	48.3	35.5	(12.8)	19.8	213.0	213.0	-
External Affairs	203	15.6	16.2	0.6	30.8	31.1	0.3	23.7	201.1	201.1	-
Insight	204	1.2	2.8	1.7	3.6	5.7	2.0	4.6	28.4	28.4	-
Operational Transformation	205	14.6	14.5	(0.1)	29.2	28.9	(0.3)	15.4	173.5	173.5	-
Operations Hub	206	34.8	34.9	0.1	69.3	69.9	0.6	55.4	419.2	419.2	-
Operations Delivery	301	34.4	36.6	2.2	68.9	73.3	4.4	76.7	434.3	434.3	-
Resolution Centre	302	428.9	438.2	9.4	873.3	891.8	18.5	695.6	5,274.9	5,274.9	-
Assessment Centre											
RCT											
GET	305	59.4	60.2	0.8	111.4	114.7	3.3	98.5	753.2	753.2	-
Legacy	307	-	-	-	-	-	-	149.7	-	-	-
Data and Information											
CPD Course	403	-	-	-	-	-	-	-	-	-	-
Facilities	502	43.0	41.4	(1.6)	81.2	83.0	1.8	101.7	516.9	516.9	-
Finance	503	24.9	25.6	0.7	44.9	51.3	6.4	44.8	351.7	351.7	-
HR	504	41.4	42.5	1.1	73.2	82.3	9.1	70.7	484.3	484.3	-
IT & Telecoms	505	143.6	137.7	(5.9)	274.8	275.4	0.6	249.8	1,635.6	1,635.6	-
Recruitment	506	13.2	-	(13.2)	13.0	5.7	(7.3)	(0.4)	72.7	72.7	-
Corporate Overhead	507	12.4	10.5	(1.8)	22.4	21.1	(1.3)	29.1	126.5	126.5	-
Training	508	4.1	17.0	12.9	7.9	17.0	9.1	10.2	67.4	67.4	-
PMO	510	11.0	11.1	0.1	22.0	22.1	0.1	16.2	114.2	114.2	-
CMC	310	-	-	-	-	-	-	261.8	-	-	-
CMC Reapportionment	600	-	-	-	-	-	-	(111.8)	-	-	-
Office of the Chief Legal Ombudsman											
Research											
Modernising LeO											
Quality											
Total Cost excl. Reserves		1,024.7	1,019.5	-5.1	2,007.1	2,033.7	26.6	1,972.6	12,067.6	12,067.6	-
Contingency		-	-	-	-	-	-	-	-	-	-
Provision for Doubtful Debts - Legal & cmc	100	2.4	4.0	1.6	14.0	4.0	(10.0)	6.2	48.0	48.0	-
Holiday Accruals											
		1,027.1	1,023.5	(3.5)	2,021.0	2,037.7	16.6	1,978.8	12,115.6	12,115.6	-
Interest & Charges	503	(9.3)	(3.7)	5.6	(13.6)	(4.9)	8.7	(8.8)	(45.2)	(45.2)	-
Depreciation	503	34.6	36.3	1.6	68.2	72.1	3.9	69.4	409.6	409.6	-
Taxation											
		1,052.4	1,056.1	3.7	2,075.6	2,104.9	29.3	2,039.3	12,480.0	12,480.0	-

Cashflow

	Month Actual £'000	Year to Date Actual £'000	Full year Forecast £'000
Expenditure	(1,052.4)	(2,075.6)	(12,480.0)
Income	1,052.4	2,075.6	
Add Back Non Cash expenditure	34.6	68.2	
Add back P&L on Asset disposals	-	-	
Increase / (Decrease) in Creditors	(14.9)	(389.0)	
(Increase) / Decrease in Debtors	(967.5)	7,724.9	
Net Operating Cashflow	(947.8)	7,404.1	
Purchase of IT Equipment & Software development	-	-	
Purchase of Premises Equipment & leasehold Improvements	-	-	
Proceeds	-	-	
Cashflows from Investing Activities	-	-	
Grant In Aid	-	-	
Cashflow for the Period	(947.8)	7,404.1	-
Opening Bank Balance	16,946.1	8,594.2	
Closing Bank Balance	15,998.3	15,998.3	
Cash Movement	(947.8)	7,404.1	-

Balance Sheet

	Month Movement £'000	As At 31 May 2019 £'000	Full year Forecast £'000
Premises	(6.6)	435.3	
IT Hardware & Software	(28.0)	528.3	
Total Non Current Assets	(34.6)	963.5	
Cash & Bank	(947.8)	15,998.3	
Debtors	967.5	2,091.0	
Prepayments	-	336.1	
Total Current Assets	19.7	18,425.3	
Total Assets	(14.9)	19,388.8	
Creditors	8.8	(534.5)	
Accruals	(39.4)	(934.3)	
Lease Commitments	45.4	(183.5)	
Total Current Liabilities	14.8	(1,652.3)	
Net Current Assets	998.0	17,736.6	
Net Assets	963.4	18,700.1	
Retained Earnings	(963.4)	-	
Grant in Aid PY / Levy/ Reserves	-	(18,700.1)	
Reserves	(963.4)	(18,700.1)	

Trade debtors analysis

Current	30 days	60 days	90 days +	total
£'000	£'000	£'000	£'000	£'000
7.6	10.4	21.3	18.1	57.4
13.3%	18.1%	37.0%	31.6%	

Provision for doubtful debts

-40.95

Net trade debtors

16.45

Board Level Project Spending Authorisations

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

New Approvals Cost Category	Description	Supplier	Contract Value
--------------------------------	-------------	----------	----------------

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 May 2019**

	Month			Year to Date				Full Year		
	Actual £'000	Budget £'000	Variance £'000	Actual £'000	Budget £'000	Variance £'000	Previous Yr £'000	Forecast £'000	Budget £'000	Variance £'000
Income - Levy	953.9	962.9	(9.1)	1,892.0	1,925.8	(33.8)	1,647.1	11,302.8	11,302.8	-
Income - Set up Levy	-	-	-	-	-	-	-	-	-	-
Income - Case fees	85.6	82.0	3.6	157.6	160.8	(3.2)	76.4	1,043.2	1,043.2	-
Income - Other	13.0	11.2	1.8	26.0	22.3	3.7	38.5	134.0	134.0	-
Total Case Income	1,052.4	1,056.1	(3.7)	2,075.6	2,108.9	(33.3)	1,762.0	12,480.0	12,480.0	-
Staff Costs	602.4	590.1	(12.3)	1,199.4	1,186.1	(13.4)	1,080.9	7,102.7	7,102.7	-
Travel & Subsistence	0.4	0.1	(0.4)	0.4	0.1	(0.3)	0.4	0.6	0.6	-
Fees & Consultancy	18.7	4.8	(14.0)	22.5	9.5	(13.0)	(3.9)	57.0	57.0	-
IT & Telecoms	-	-	-	-	-	-	2.0	-	-	-
Premises, Facilities & Administration	8.5	10.7	2.2	19.6	21.4	1.7	25.3	128.2	128.2	-
Other costs	5.1	6.0	0.9	16.2	12.0	(4.2)	(4.5)	72.0	72.0	-
Corporate Cost Reapportionment	417.4	444.6	27.2	817.5	879.8	62.3	662.4	5,119.5	5,119.5	-
Total Cash Expenditure	1,052.4	1,056.2	3.7	2,075.7	2,108.9	33.2	1,762.6	12,480.0	12,480.0	-
Interest & Charges	-	-	-	(0.1)	-	0.1	(0.6)	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Non Cash Expenditure	-	-	-	-	-	-	-	-	-	-
Total Revenue Expenditure	1,052.4	1,056.2	3.8	2,075.6	2,108.9	33.3	1,762.0	12,480.0	12,480.0	-

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

	Month			Year to Date				Full Year		
	Actual £'000	Budget £'000	Variance £'000	Actual £'000	Budget £'000	Variance £'000	Previous Yr £'000	Forecast £'000	Budget £'000	Variance £'000
Income - Levy	-	-	-	-	-	-	-	-	-	-
Income - Other	-	-	-	-	-	-	-	-	-	-
Total Income	-	-	-	-	-	-	-	-	-	-
Staff Costs	226.4	259.5	33.1	449.6	507.9	58.3	407.2	2,851.1	2,851.1	-
Travel & Subsistence	1.1	1.2	0.1	2.7	1.8	(0.9)	2.3	7.9	7.9	-
Fees & Consultancy	20.8	18.6	(2.1)	42.6	37.2	(5.3)	33.1	232.4	232.4	-
IT & Telecoms	96.4	90.5	(5.9)	182.3	181.1	(1.2)	160.5	1,093.4	1,093.4	-
Premises, Facilities & Administration	47.1	41.8	(5.3)	85.6	83.9	(1.6)	101.8	522.4	522.4	-
Other Costs	0.1	0.2	0.1	0.3	0.6	0.3	0.4	6.3	6.3	-
Reapportion to Jurisdictions	(417.4)	(444.6)	(27.2)	(817.5)	(879.8)	(62.3)	(774.2)	(5,119.5)	(5,119.5)	-
Total Cash Expenditure	(25.4)	(32.7)	(7.3)	(54.5)	(67.2)	(12.7)	(68.9)	(406.0)	(406.0)	-
Interest & Charges	(9.3)	(3.6)	5.7	(13.6)	(4.9)	8.7	(8.8)	(45.2)	(45.2)	-
Contingency	-	-	-	-	-	-	8.4	-	-	-
Depreciation	34.6	36.3	1.6	68.2	72.1	3.9	69.4	444.0	444.0	-
Non Cash Expenditure	34.6	36.3	1.6	68.2	72.1	3.9	77.7	444.0	444.0	-
Total Revenue Expenditure before Tax	-	-	-	-	-	-	-	(7.1)	(7.1)	-
Taxation	-	-	-	-	-	-	-	7.1	7.1	-
Total Revenue Expenditure	-	-	-	-	-	-	-	-	-	-