

Meeting	OLC Board	Agenda Item No.	7
		Paper No.	105.6
Date of meeting	29 June 2020	Time required	15 minutes

Title	Finance Report Month 2 2020/21
Sponsor	Michael Letters (Financial Controller)
Status	OFFICIAL
To be communicated to:	Members and those in attendance

Executive summary
<ol style="list-style-type: none"> 1. This paper provides a report on the financial position at the end of Month 2 (May) and an overview of the key issues in the management accounts which are shown at Appendix 1. 2. To the end of May 2020, a revenue underspend of £63,000 is noted due to timing of expenditure. Monthly forecasting will seek to understand and minimise timing differences. 3. There has been a significant impact on the performance of the organisation due to Covid19. This is not apparent from the accounts since this is not increasing our expenditure, but reducing what we deliver against our budget. We are assessing the cost of lost productivity, and will report this for Q1. This may also have an impact on case fee income, but it is too early to determine this. 4. It is currently expected that LeO will deliver a balanced budget in 2020/21 and a month by month forecast has been developed to monitor this.
Recommendation/action required
Board is asked to NOTE the report.

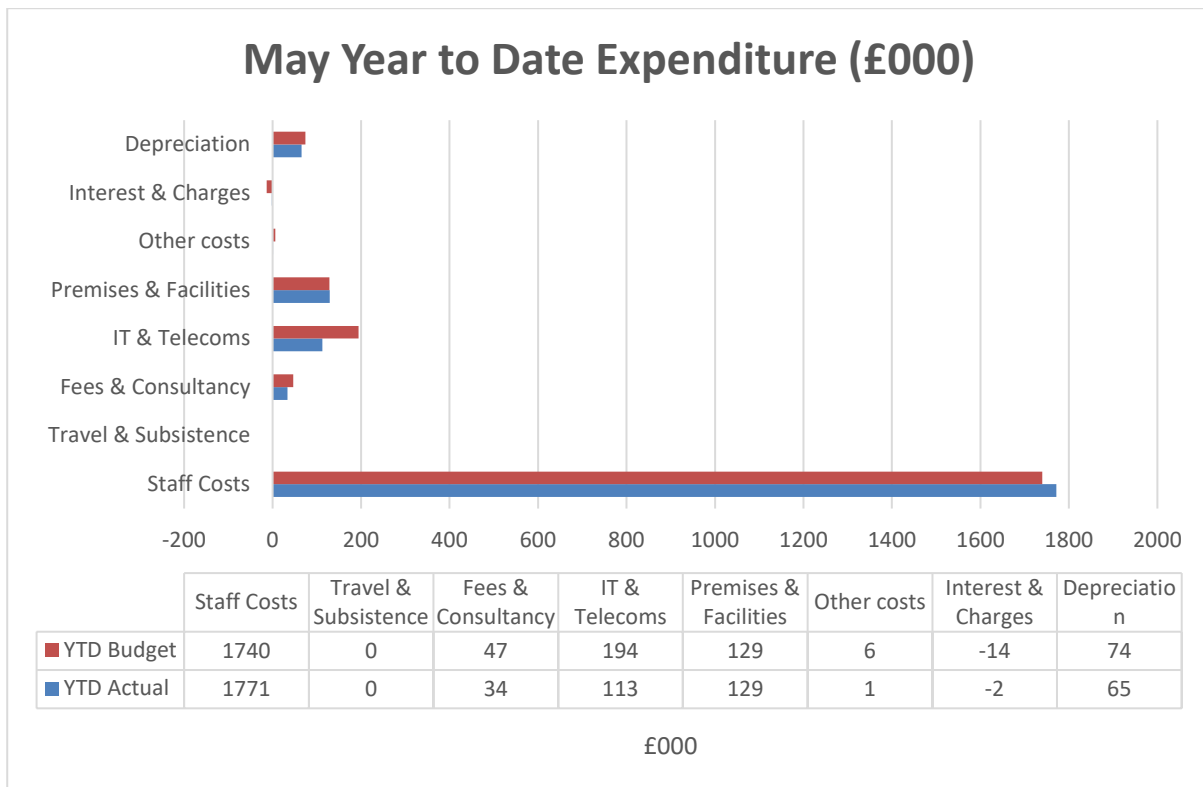
Finance report – Month 2

1. Introduction

This paper provides an overview of the OLC’s financial position at the end of Month 2 and a commentary on the key issues in the management accounts.

2. Period 2 Gross Expenditure

At the end of Month 2 LeO is reporting a year-to-date underspend of £63,000 against the revenue budget.



The principal variations are as follows:

Staff costs are overspent by £32,000 year to date. This is principally driven by the use of pool ombudsmen (£16,000) and FSR temporary staff (£14,000). Both of these issues have been addressed and so this will not be a recurring issue.

There is a significant underspend in IT and Telecoms of £81,000. There are a number of delays caused to the commencement of IT projects such as CRM enhancements due to Covid19 related working issues. These projects are now underway, and so the overall IT expenditure is currently expected to meet the full year budget. Traditionally IT expenditure in LeO has reflected an S-curve expenditure profile.

3. Income & Expenditure, and Capital Expenditure

	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	(993)	(983)	(11)	(1,985)	(1,965)	(20)	(1,892)	(11,545)	(11,545)	-
Grant In Aid	-	-	-	-	-	-	-	-	-	-
Income - Case fees	(36)	(93)	57	(103)	(186)	84	(158)	(1,118)	(1,118)	-
Income - Other	(22)	(12)	(10)	(24)	(24)	0	(26)	(145)	(145)	-
Total Income	(1,052)	(1,088)	36	(2,112)	(2,176)	63	(2,076)	(12,808)	(12,808)	-
Staff Costs	887	870	18	1,771	1,740	32	1,649	10,141	10,141	-
Travel & Subsistence	-	-	-	-	-	-	3	7	7	-
Fees & Consultancy	12	23	(11)	34	47	(13)	65	314	314	-
IT & Telecoms	56	97	(41)	113	194	(81)	182	1,164	1,164	-
Premises & Facilities	63	64	(1)	129	129	1	105	772	772	-
Other costs	0	3	(3)	1	6	(5)	17	42	42	-
Total Cash Expenditure	1,019	1,058	(39)	2,049	2,115	(67)	2,021	12,440	12,440	-
Interest & Charges	-	(7)	7	(2)	(14)	12	(14)	(82)	(82)	-
Depreciation	33	37	(4)	65	74	(9)	68	443	443	-
Non Cash Expenditure	33	30	3	64	60	3	54	361	361	-
Total Revenue Expenditure before tax	1,052	1,088	(36)	2,112	2,176	(63)	2,076	12,801	12,801	-
Taxation	-	-	-	-	-	-	-	7	7	-
Total Revenue Expenditure	1,052	1,088	(36)	2,112	2,176	(63)	2,076	12,808	12,808	-
Capital Expenditure	12	19	7	19	27	7	-	250	250	-
Fixed Assets - IT	12	19	7	19	27	7	-	205	205	-
Fixed Assets - Premises	-	-	-	-	-	-	-	45	45	-

4. Expenditure by Cost Centre

		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
CEO	101	33	37	(4)	66	74	(8)	74	445	445	-
Ombudsman team	201	63	53	10	139	105	34	159	630	630	-
Legal	202	18	17	1	30	34	(3)	48	205	205	-
External Affairs	203	13	12	1	30	23	6	31	146	146	-
Insight	204	2	3	(0)	5	5	(0)	4	36	36	-
Operational Transformation	205	16	21	(5)	31	42	(11)	29	254	254	-
Operations Hub	206	42	40	2	83	81	2	69	512	512	-
Operations Delivery	301	37	37	(0)	73	74	(1)	69	442	442	-
Resolution Centre	302	475	462	13	941	924	18	873	5,403	5,403	-
GET	305	71	74	(3)	141	148	(6)	111	887	887	-
Legacy	307			-			-		-	-	-
CPD Course	403			-			-		-	-	-
Facilities	502	51	53	(2)	106	106	(0)	81	635	635	-
Finance	503	28	49	(22)	71	99	(27)	45	438	438	-
HR	504	50	39	11	97	79	18	86	475	475	-
IT & Telecoms	505	99	141	(42)	198	282	(84)	275	1,691	1,691	-
Corporate Overhead	507			-			-	22	126	126	-
Training	508	14	11	3	21	21	0	8	-	-	-
PMO	510	8	9	(1)	16	17	(2)	22	104	104	-
				-			-				-
Total Cost excl. Reserves		1,019	1,056	(37)	2,049	2,112	(63)	2,007	12,430	12,430	-
Provision for Doubtful Debts	100	(0)	1	(2)	(0)	3	(3)	14	17	17	-
		1,019	1,058	(39)	2,049	2,115	(67)	2,021	12,447	12,447	-
Interest & Charges	503	-	(7)	7	(2)	(14)	12	(14)	(82)	(82)	-
Depreciation	503	33	37	(4)	65	74	(9)	68	443	443	-
		1,052	1,088	(36)	2,112	2,176	(63)	2,076	12,808	12,808	-

5. Income

The year to date invoicing of Case Fee Income is £103,000 vs the budget of £186,000 – an under recovery of £83,000. This is reflecting the current business performance that is seeing 50-60% of typical output.

6. Current Forecast

At this stage, it is expected that LeO will meet its full year budget.

7. Capital Programme

The Capital Programme Budget for 2020/21 is £250,000. The programme is being delivered by a capital working group and the budget phasing established to ensure that the programme can be closely managed. So far £19,000 has been spent on Covid19 related expenditure (IT and office equipment for home working) against a budget of £22,000.

8. Balance Sheet

A balance sheet is not provided at period 2 due to the on-going resolution of standard annual accounts process.

We will publish the balance sheet in the period 3 report – this will be updated with the final year-end adjustments.

9. Other Issues

- a. The 2020-21 budget has been uploaded into Sage.
- b. Delegation Letters are being prepared for budget managers at the present time.