

Meeting	OLC Board	Agenda Item No.	6
		Paper No.	97.5
Date of meeting	17 July 2019	Time required	5 Minutes

Title	Finance Report Month 3 2019/20
Sponsor	Brendan Arnold (Director of Corporate Services)
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 3. 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.

8 July 2019

Finance report – month 3

1. Introduction

This paper provides an overview of the OLC's financial position at the end of month 3, 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. Period 3 Position

Gross Expenditure

At the end of month 3 for Revenue LeO is reporting an underspend for the year to date of £117k (3.7%) against the budget. The principal variations are as follows:

	YTD Actual	YTD Budget	YTD P 3 Under(+)/Over(-) spend £000
Salary costs	2,449	2,513	64
Fees	82	70	-12
IT	227	272	45
Interest receivable	-23	-9	14
Balancing other items	282	289	7
	3,017	3,135	118

- Salary costs – (summary of notable variances)
 - Executive – underspend of 45k: savings from early recruitment of DCS (lower agency fees) and vacancy for temporary PA to Chief ombudsman for one month
 - Ombudsman – overspend of 49k: reflecting use of pool ombudsman for 3 months
 - Operations – underspend of £34k: reflecting vacancies for investigators / TL / L1s
 - GET – underspend of £7k reflecting vacancies for call handlers for 3 months.
 - Accounts – underspend of £7k: one month vacancy for an accountant

- HR – underspend 10k - life assurance / income protection “true up” for end of year actual numbers for prior year.
- Recruitment – 13k overspend as a result of timing differences
- Training – underspend of 10k as a result of budget timing differences
- Minor variances - £13k underspend
- Fees - overspend £12k as a result of legal fees for Judicial review work, and advice to the business
- Interest receivable – budgeted at lower values

At month 3 the official forecast remains the same as the budget, no changes have been made. It is currently expected that the year end spend will be in line with budget. Savings earlier in the year have been a mix of out of date budget allocation awaiting reforecast to show the timing change on spends and some genuine savings.

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. Capital budgeted for month 3 has not yet been confirmed as completed and will now slip into P4

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.

Finance Report

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 30 June 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	841.9	921.4	(79.5)	2,733.9	2,847.1	113.23	2,518.5	11,302.8	11,302.8	-
Grant In Aid	-	-	-	-	-	0.00	-	-	-	-
Income - Case fees	86.8	93.2	(6.4)	244.4	254.0	9.60	158.0	1,043.2	1,043.2	-
Income - Other	13.0	11.2	1.8	39.0	33.5	5.50	39.5	134.0	134.0	-
Total Income	941.7	1,025.8	(84.0)	3,017.3	3,134.6	117.33	2,716.0	12,480.0	12,480.0	-
Staff Costs	799.8	818.7	18.9	2,448.8	2,512.7	63.89	2,511.3	9,953.8	9,953.8	-
Travel & Subsistence	1.5	0.7	(0.9)	4.6	2.6	1.99	4.1	8.5	8.5	-
Fees & Consultancy	17.4	23.7	6.3	82.5	70.4	12.06	58.8	289.4	289.4	-
IT & Telecoms	44.9	90.5	45.6	227.2	271.6	44.47	255.2	1,093.4	1,093.4	-
Premises & Facilities	52.7	52.5	(0.2)	158.0	157.8	0.14	168.4	650.6	650.6	-
Other costs	0.2	6.2	6.0	16.7	18.9	2.16	13.0	78.3	78.3	-
Total Cash Expenditure	916.6	992.3	75.7	2,937.7	3,034.0	96.31	3,010.8	12,074.0	12,074.0	-
Interest & Charges	(9.2)	(3.4)	5.8	(22.9)	(8.3)	14.66	(14.6)	(45.2)	(45.2)	-
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	34.3	36.8	2.5	102.5	108.9	6.38	103.9	444.0	444.0	-
Non Cash Expenditure	34.3	36.8	2.5	102.5	108.9	6.38	103.9	444.0	444.0	-
Total Revenue Expenditure before tax	941.7	1,025.8	84.1	3,017.3	3,134.6	117.30	3,100.1	12,472.9	12,472.9	-
Taxation	-	-	-	-	-	-	-	7.1	7.1	-
Total Revenue Expenditure	941.7	1,025.8	84.1	3,017.3	3,134.6	117.30	3,100.1	12,480.0	12,480.0	-
Capital Expenditure	-	5.0	5.0	-	5.0	5.0	37.9	250.0	250.0	-
Fixed Assets - IT	-	5.0	5.0	-	5.0	5.0	37.9	250.0	250.0	-
Fixed Assets - Premises	-	-	-	-	-	-	-	-	-	-

**Total Expenditure By Cost Centre
As At 30 June 2019**

		Month			Year to date				Full Year		
		Actual £'000	Budget £'000	Variance £'000	Actual £'000	Budget £'000	Variance £'000	Previous Yr £'000	Forecast £'000	Original Budget £'000	Variance £'000
CEO	101	31.8	49.4	17.7	105.5	148.9	43.4	103.9	444.4	444.4	-
Ombudsman team	201	78.4	62.7	(15.8)	237.5	188.1	(49.4)	153.4	756.3	756.3	-
Legal	202	9.8	17.8	8.1	58.1	53.4	(4.7)	40.4	213.0	213.0	-
External Affairs	203	14.3	15.5	1.2	45.1	46.7	1.5	35.6	201.1	201.1	-
Insight	204	0.2	0.4	0.2	3.8	6.0	2.2	7.0	28.4	28.4	-
Operational Transformation	205	14.4	14.5	0.1	43.6	43.4	(0.2)	24.8	173.5	173.5	-
Operations Hub	206	37.6	34.9	(2.7)	106.9	104.8	(2.1)	88.6	419.2	419.2	-
Operations Delivery	301	27.9	31.3	3.4	96.8	104.6	7.8	111.8	434.3	434.3	-
Resolution Centre	302	416.8	432.6	15.7	1,290.1	1,324.4	34.3	1,083.6	5,274.9	5,274.9	-
GET	305	59.6	63.9	4.2	171.1	178.5	7.5	130.8	753.2	753.2	-
Legacy	307	-	-	-	-	-	-	225.7	-	-	-
CPD Course	403	-	-	-	-	-	-	(0.5)	-	-	-
Facilities	502	43.7	41.4	(2.3)	124.9	124.4	(0.4)	123.9	516.9	516.9	-
Finance	503	22.4	25.6	3.2	67.3	76.9	9.6	65.7	351.7	351.7	-
HR	504	41.1	39.9	(1.2)	114.3	122.2	7.9	106.4	484.3	484.3	-
IT & Telecoms	505	82.7	128.9	46.2	357.6	404.3	46.8	393.7	1,635.6	1,635.6	-
Recruitment	506	11.3	5.0	(6.3)	24.2	10.7	(13.6)	7.4	72.7	72.7	-
Corporate Overhead	507	10.5	10.5	0.1	32.9	31.6	(1.3)	39.6	126.5	126.5	-
Training	508	3.2	3.0	(0.2)	11.0	20.0	9.0	12.4	67.4	67.4	-
PMO	510	11.0	11.1	0.1	33.0	33.2	0.2	24.3	114.2	114.2	-
CMC	310	1.0	-	(1.0)	1.0	-	(1.0)	392.2	-	-	-
CMC Reapportionment	600	-	-	-	-	-	-	(165.2)	-	-	-
Office of the Chief Legal Ombudsman		-	-	-	-	-	-	-	-	-	-
Research		-	-	-	-	-	-	-	-	-	-
Modernising LeO		-	-	-	-	-	-	-	-	-	-
Quality		-	-	-	-	-	-	-	-	-	-
Total Cost excl. Reserves		917.7	988.3	70.6	2,924.7	3,022.0	97.3	3,005.7	12,067.6	12,067.6	-
Contingency		-	-	-	-	-	-	-	-	-	-
Provision for Doubtful Debts - Legal & cmc	100	(1.2)	4.0	5.2	12.8	12.0	(0.8)	4.5	48.0	48.0	-
Holiday Accruals		-	-	-	-	-	-	-	-	-	-
		916.5	992.3	75.8	2,937.5	3,034.0	96.5	3,010.2	12,115.6	12,115.6	-
Interest & Charges	503	(9.1)	(3.4)	5.7	(22.7)	(8.3)	14.4	(14.0)	(45.2)	(45.2)	-
Taxation	503	34.3	36.8	2.5	102.5	108.9	6.4	103.9	409.6	409.6	-
		941.7	1,025.7	84.0	3,017.3	3,134.6	117.4	3,100.1	12,480.0	12,480.0	-

Cashflow

	Month Actual £'000	Year to Date Actual £'000	Full year Forecast £'000
Expenditure	(941.7)	(3,017.3)	(12,480.0)
Income	941.7	3,017.3	12,480.0
Add Back Non Cash expenditure	34.3	102.5	409.6
Add back P&L on Asset disposals	-	-	-
Increase / (Decrease) in Creditors	233.1	(155.8)	(45.0)
(Increase) / Decrease in Debtors	(1,063.9)	6,660.9	8,769.2
Net Operating Cashflow	(796.5)	6,607.6	9,133.8
Purchase of IT Equipment & Software development	-	-	250.0
Purchase of Premises Equipment & leasehold Improvements	-	-	-
Proceeds	-	-	-
Cashflows from Investing Activities	-	-	250.0
Grant in Aid	-	-	-
Cashflow for the Period	(796.5)	6,607.6	9,383.8
Opening Bank Balance	15,998.3	8,594.2	8,594.2
Closing Bank Balance	15,201.9	15,201.9	17,978.0
Cash Movement	(796.4)	6,607.7	9,383.8

Balance Sheet

	Month Movement £'000	As At 30 June 2019 £'000	Full year Forecast £'000
Premises	(6.6)	428.7	369.7
IT Hardware & Software	(27.7)	500.5	470.3
Total Non Current Assets	(34.3)	929.2	840.0
Cash & Bank	(796.4)	15,201.9	17,978.0
Debtors	863.0	2,953.9	158.6
Prepayments	200.9	537.2	205.8
Total Current Assets	267.5	18,692.9	18,342.4
Total Assets	233.2	19,622.1	19,182.4
Creditors	(206.4)	(740.9)	(711.0)
Accruals	(12.6)	(946.9)	(861.2)
Lease Commitments	(14.1)	(197.6)	(264.9)
Total Current Liabilities	(233.2)	(1,885.4)	(1,837.1)
Net Current Assets	34.4	16,807.5	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
78.4	6.0	8.0	32.6	125.0
62.7%	4.8%	6.4%	26.1%	

Provision for doubtful debts

-36.55

Net trade debtors

88.45

Board Level Project Spending Authorisations

Year 2018-19
Reporting Month: As At 30 June 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 June 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	841.9	921.4	(79.5)	2,733.9	2,847.1	(113.2)	2,518.5	11,302.8	11,302.8	-
Income - Set up Levy	-	-	-	-	-	-	-	-	-	-
Income - Case fees	86.8	93.2	(6.4)	244.4	254.0	(9.6)	133.6	1,043.2	1,043.2	-
Income - Other	13.0	11.2	1.8	39.0	33.5	5.5	39.5	134.0	134.0	-
Total Case Income	940.7	1,025.8	(85.0)	3,017.3	3,134.6	(117.4)	2,691.6	12,480.0	12,480.0	-
Staff Costs	579.5	581.3	1.8	1,779.9	1,767.4	(12.6)	1,653.2	7,102.7	7,102.7	-
Travel & Subsistence	0.1	0.1	-	0.4	0.2	(0.3)	0.8	0.6	0.6	-
Fees & Consultancy	(6.4)	4.8	11.2	16.1	14.3	(1.8)	3.7	57.0	57.0	-
IT & Telecoms	-	-	-	-	-	-	1.0	-	-	-
Premises, Facilities & Administration	8.8	10.7	1.9	28.4	32.1	3.6	38.1	128.2	128.2	-
Other costs	0.0	6.0	6.0	16.3	18.0	1.7	(3.8)	72.0	72.0	-
Corporate Cost Reapportionment	358.8	423.0	64.2	1,176.4	1,302.8	126.4	999.3	5,119.5	5,119.5	-
Total Cash Expenditure	940.7	1,025.8	85.0	3,017.5	3,134.6	117.1	2,692.3	12,480.0	12,480.0	-
Interest & Charges	-	-	-	(0.2)	-	0.2	(0.7)	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Non Cash Expenditure	-	-	-	-	-	-	-	-	-	-
Total Revenue Expenditure	940.7	1,025.8	85.1	3,017.3	3,134.6	117.3	2,691.6	12,480.0	12,480.0	-

Overheads & Corporate: Income & Expenditure
As At 30 June 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	-	-	-	-	-	-	-	-	-	-
Income - Other	-	-	-	-	-	-	-	-	-	-
Total Income	-	-	-	-	-	-	-	-	-	-
Staff Costs	220.3	237.5	17.1	669.9	745.4	75.4	629.9	2,851.1	2,851.1	-
Travel & Subsistence	1.5	0.6	(0.9)	4.1	2.4	(1.7)	3.2	7.9	7.9	-
Fees & Consultancy	23.9	18.9	(4.9)	66.4	56.2	(10.2)	54.9	232.4	232.4	-
IT & Telecoms	44.9	90.5	45.6	227.2	271.6	44.5	253.3	1,093.4	1,093.4	-
Premises, Facilities & Administration	42.9	41.8	(1.1)	128.5	125.8	(2.7)	124.2	522.4	522.4	-
Other Costs	0.1	0.2	0.1	0.4	0.9	0.4	9.0	6.3	6.3	-
Reapportion to Jurisdictions	(358.8)	(423.0)	(64.2)	(1,176.4)	(1,302.8)	(126.4)	(1,164.4)	(5,119.5)	(5,119.5)	-
Total Cash Expenditure	(25.2)	(33.4)	(8.2)	(79.8)	(100.6)	(20.8)	(89.9)	(406.0)	(406.0)	-
Interest & Charges	(9.1)	(3.4)	5.7	(22.7)	(8.3)	14.4	(14.0)	(45.2)	(45.2)	-
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	34.3	36.8	2.5	102.5	108.9	6.4	103.9	444.0	444.0	-
Non Cash Expenditure	34.3	36.8	2.5	102.5	108.9	6.4	103.8	444.0	444.0	-
Total Revenue Expenditure before Tax	-	-	-	-	-	-	-	(7.1)	(7.1)	-
Taxation	-	-	-	-	-	-	-	7.1	7.1	-
Total Revenue Expenditure	-	-	-	-	-	-	-	-	-	-