

December 2020

Finance report – Month 9

Meeting	OLC Board	Agenda Item No.	5
		Paper No.	111.4
Date of meeting	28 January 2021	Time required	15 minutes

Title	Finance Report Month 9 2020/21
Sponsor	Michael Letters (Head of Finance)
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 9 (December) and an overview of the key issues in the management accounts which are shown below.2. Since the last board meeting, an interim budget has been approved and the tables in this paper have been updated to show this.3. To the end of December 2020, a revenue under-spend of £19,000 is noted against the revised budget.4. The full year forecast is for expenditure to be within the revised budget of £13.248m5. Case fee income remains a concern and is forecast to be £335,000 under budget reflecting operational performance through the year.
Recommendation/action required
Board is asked to NOTE the report.

1. Introduction

This paper provides an overview of the OLC's financial position at the end of Month 9 and a commentary on the key issues in the management accounts.

Whilst a significant amount of focus has been on preparing next year's budget this is dealt with in a separate paper as so is not referenced here.

2. Period 9 Year to Date Gross Expenditure position

At the end of Month 9 LeO is reporting a year-to-date underspend of £19k against the revised revenue expenditure budget. We are managing closely to the overall expenditure budget, but there are individual variations to be noted:

Staffing is £79k underspent – reflecting delays in recruiting to the new posts (£24k) and the effect of attrition..

£98k overspend on IT. Cost control of IT expenditure has been an issue, and ongoing work is being undertaken to improve this. Part of the overspend includes £40k of costs which are related to 2019/20 and were not accrued.

£60k. Interest is lower than budget as we are no longer getting any interest on our cash balances following the change to the base rates in March 2020.

£84k depreciation underspend. The full year cost of depreciation has been reduced following the adjustment to the useful life of the CMS system from 3 years to 5 years. This resulted in a large credit in December. This follows discussions with our external auditors.

3. Income & Expenditure, and Capital Expenditure

	Month				Year to Date				Full Year			
	Actual	Budget	Revised Budget	Variance	Actual	Budget	Revised Budget	Variance	Forecast	Budget	Revised Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income - Levy	948	946	999	(50)	9,185	8,701	8,948	237	11,984	11,545	11,984	-
Income - Case fees	64	93	93	(29)	552	839	839	(287)	783	1,118	1,118	(335)
Income - Other	13	12	12	1	117	109	109	8	145	145	145	(0)
Total Income	1,025	1,051	1,104	(79)	9,854	9,649	9,896	(42)	12,913	12,808	13,248	(335)
Staff Costs	869	832	882	13	7,860	7,673	7,938	79	10,562	10,141	10,647	85
Travel & Subsistence	-	1	0	0	0	5	1	1	-	7	1	1
Fees & Consultancy	10	24	26	16	208	215	219	11	285	314	313	28
IT & Telecoms	129	97	97	(32)	971	873	873	(98)	1,281	1,164	1,164	(117)
Premises & Facilities	66	64	64	(1)	569	579	579	10	764	772	772	8
Other costs	14	3	3	(11)	44	32	31	(13)	59	42	42	(17)
Total Cash Expenditure	1,089	1,021	1,073	(16)	9,652	9,378	9,642	(10)	12,951	12,440	12,939	(12)
Interest & Charges	(0)	(7)	(7)	(7)	(2)	(62)	(62)	(60)	(2)	(82)	(82)	(80)
Depreciation	(64)	37	32	96	204	333	288	84	276	443	383	107
Non Cash Expenditure	(64)	30	25	89	202	271	226	24	274	361	301	27
Total Revenue Expenditure before tax	1,025	1,051	1,098	73	9,854	9,649	9,868	14	13,225	12,801	13,241	16
Taxation	-	-	1	1	-	-	5	5	-	7	7	7
Total Revenue Expenditure	1,025	1,051	1,099	73	9,854	9,649	9,873	19	13,225	12,808	13,248	23
Surplus / Deficit	(0)	(0)	5	(5)	0	-	22	(22)	(312)	(0)	(0)	(312)
Capital Expenditure	(0)	59		59	63	149		85	220	250		30
Fixed Assets - IT	-	59		59	50	126		75	170	205		35
Fixed Assets - Premises	(0)	-		0	13	23		10	50	45		(5)

4. Income

The year to date invoicing of Case Fee Income is £552,000 vs the budget of £839,000 – an under recovery of £287,000. This is reflecting the current business performance and will lead to an increased final levy.

Projected case fee income, based on a forecast of 1356 closures in Q4 is for £783,000 – a full year deficit of £335,000.

5. Current Forecast

We are managing closely to the overall expenditure budget, and are forecasting a final position of £23,000 revenue expenditure underspend.

This reflects the full year position of the variances noted in section 2.

6. Capital Programme

The Capital Programme Budget for 2020/21 is £250,000. So far £63,000 has been spent, and the programme of work is being reviewed by the capital working group. A number of individual programmes are being progressed in January, and the forecast is for most of the budget to be spent by year end (c. £220,000 estimated).

7. Balance Sheet

Balance Sheet		As at 31 December 2020
		£'000
Premises		386
IT Hardware & Software		358
Total Non Current Assets		743
Cash & Bank		9,018
Debtors		9,292
Prepayments		457
Total Current Assets		18,767
Total Assets		19,511
Creditors		-705
Accruals		-776
Lease Commitments		-289
Total Current Liabilities		1,770
Net Current Assets		16,997
Net Assets		17,741
Retained Earnings		
Grant in Aid PY / Levy/ Reserves		-17,741
Reserves		-17,741

8. Aged Debtors

Trade debtors analysis

Current £'000	30 days £'000	60 days £'000	90 days + £'000	total £'000
34	18	13	87	153
22%	12%	9%	57%	

Provision for doubtful debts	-50
Net trade debtors	<u>103</u>

The total debt from case fees continues to decrease, although this has inevitably slowed as the easier debts have been collected. A number of MCOL claims are being processed this month (Money Claims On Line) in order to further reduce the aged debts.