

Meeting	OLC Board	Agenda Item No.	5
		Paper No.	100.4
Date of meeting	28 November 2019	Time required	5 minutes

Title	Finance Report Month 7 2019/20
Sponsor	Brendan Arnold (Director of Corporate Services)
Status	OFFICIAL
To be communicated to:	Members and those in attendance

Executive summary
<p>The Key Points of Briefing are:</p> <ol style="list-style-type: none"> 1. This paper provides a report on the financial position at the end of month 7 (October) and an overview of the key issues in the management accounts which are available in Appendix 1. 2. At the end of October 2019 a revenue underspend of £186,000 is noted. There are a number of commitments which include £20,000 for the Level 1 Ombudsman Training Programme and £25,000 for improvements to CMS but these have yet to be expensed. 3. The underspend of £85,000 in salary budgets - as previously reported – is the subject of additional recruitment activities principally for the Operational Delivery Team and the current tranche has identified an unprecedented 27 individuals who are being taken forward to the final stage of the Assessment Centre. Overall the salary budget underspend is just £5,000 within Operational Delivery. 4. It remains the case that budget managers continue to report that overall balance will be achieved by the end of the financial year but this will be kept under review.
Recommendation/action required
Board is asked to NOTE the report.

28 November 2019

Finance report – month 7

1. Introduction

This paper provides an overview of the OLC's financial position at the end of month 7. The key issues in the management accounts (Appendix 1).

2. Period 7 Position

Gross Expenditure

At the end of month 7 LeO is indicating an underspend on Revenue for the year to date of £186,000 compared with £130,000 at the end of September. The principal variations are as follows:

Budget Head	YTD P7 Variances Under(+) / Over (-) spend £000
Salary & staff costs	+84
Training	+11
Recruitment	+21
IT	+43
Depreciation	+15
Other costs	+12
Underspend vs. Expenditure Budgets P7	+186

The next report against the Budget will be for P8.

Income

Aside from the expenditure budgets LeO also receives *income* from the Levy, Case Fees and also Other Income. The variances against Case Fees and Other Income are ahead of budget at this time.

Capital Programme

The Capital Programme Budget in 2019/20 is £250,000. The first elements of capital expenditure in the sum of £9,600 have now been incurred and goods and services in the region of £85,000 will be ordered by 22nd November 2019. The intention is to consume the full budget in this financial year.

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 31 October 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	902.4	967.7	(65.3)	6,344.3	6,578.8	(234.5)	6,010.6	11,312.4	11,302.8	9.6
Grant In Aid	-	-	-	-	-	-	-	-	-	-
Income - Case fees	97.6	88.0	9.6	636.0	589.6	46.4	618.8	1,033.6	1,043.2	(9.6)
Income - Other	11.0	11.2	(0.2)	85.7	83.7	2.1	117.5	139.5	134.0	5.5
Total Income	1,011.0	1,066.8	(55.9)	7,066.1	7,252.1	(186.0)	6,746.9	12,485.5	12,480.0	5.5
Staff Costs	820.6	859.3	38.7	5,712.0	5,828.7	116.7	6,070.7	10,016.7	9,953.8	(62.8)
Travel & Subsistence	2.0	0.7	(1.3)	9.4	7.2	(2.2)	8.3	10.5	8.5	(2.0)
Fees & Consultancy	24.2	23.8	(0.4)	185.0	183.1	(1.8)	113.2	310.1	289.4	(20.7)
IT & Telecoms	79.7	92.9	13.2	579.3	622.3	42.9	624.3	1,066.2	1,093.4	27.2
Premises & Facilities	58.1	51.9	(6.1)	372.8	368.4	(4.4)	411.0	647.1	650.6	3.5
Other costs	1.9	6.7	4.9	27.4	44.7	17.3	45.7	76.2	78.3	2.2
Total Cash Expenditure	986.4	1,035.2	48.8	6,885.8	7,054.4	168.5	7,273.2	12,126.7	12,074.0	(52.7)
Interest & Charges	(9.1)	(7.3)	1.8	(56.7)	(53.9)	2.8	(36.9)	(86.0)	(45.2)	40.9
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	33.6	38.9	5.3	237.0	251.7	14.6	244.5	437.7	444.0	6.4
Non Cash Expenditure	33.6	38.9	5.3	237.0	251.7	14.6	244.5	437.7	444.0	6.4
Total Revenue Expenditure before tax	1,011.0	1,066.8	55.8	7,066.1	7,252.1	185.9	7,480.8	12,478.4	12,472.9	(5.5)
Taxation	-	-	-	-	-	-	-	7.1	7.1	(0.0)
Total Revenue Expenditure	1,011.0	1,066.8	55.8	7,066.1	7,252.1	185.9	7,480.8	12,485.5	12,480.0	(5.5)
Capital Expenditure	7.7	38.0	30.3	9.4	90.7	81.3	75.7	250.0	250.0	-
Fixed Assets - IT	7.7	30.0	22.3	9.4	48.2	38.8	72.8	250.0	250.0	-
Fixed Assets - Premises	-	8.0	8.0	-	42.5	42.5	2.9	-	-	-

**Legal Jurisdiction: Income & Expenditure, and Capital Expenditure
As At 31 October 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	902.4	967.7	(65.3)	6,344.3	6,578.8	(234.5)	6,010.6	11,312.4	11,302.8	9.6
Grant In Aid	-	-	-	-	-	-	-	-	-	-
Income - Case fees	97.6	88.0	9.6	636.0	589.6	46.4	534.8	1,033.6	1,043.2	(9.6)
Income - Other	11.0	11.2	(0.2)	85.7	83.7	2.1	117.5	139.5	134.0	5.5
Total Income	1,011.0	1,066.8	(55.9)	7,066.2	7,252.1	(185.9)	6,662.9	12,485.5	12,480.0	5.5
Staff Costs	820.6	859.3	38.7	5,712.0	5,828.7	116.7	5,589.1	10,016.7	9,953.8	(62.8)
Travel & Subsistence	2.0	0.7	(1.3)	9.4	7.2	(2.2)	7.7	10.5	8.5	(2.0)
Fees & Consultancy	24.2	23.8	(0.4)	185.0	183.1	(1.8)	112.8	310.1	289.4	(20.7)
IT & Telecoms	79.7	92.9	13.2	579.3	622.3	42.9	623.4	1,066.2	1,093.4	27.2
Premises & Facilities	58.1	51.9	(6.1)	372.8	368.4	(4.4)	397.9	647.1	650.6	3.5
Other costs	1.9	6.7	4.9	27.4	44.7	17.3	(275.6)	76.2	78.3	2.2
Total Cash Expenditure	986.4	1,035.2	48.8	6,885.8	7,054.4	168.5	6,455.3	12,126.7	12,074.0	(52.7)
Interest & Charges	(9.1)	(7.3)	1.8	(56.7)	(53.9)	2.8	(36.9)	(86.0)	(45.2)	40.9
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	33.6	38.9	5.3	237.0	251.7	14.6	244.5	437.7	444.0	6.4
Non Cash Expenditure	33.6	38.9	5.3	237.0	251.7	14.6	244.5	437.7	444.0	6.4
Total Revenue Expenditure before tax	1,011.0	1,066.8	55.8	7,066.1	7,252.1	186.0	6,662.9	12,478.4	12,472.9	(5.5)
Taxation	-	-	-	-	-	-	-	7.1	7.1	(0.0)
Total Revenue Expenditure	1,011.0	1,066.8	55.8	7,066.2	7,252.1	185.9	6,662.9	12,485.5	12,480.0	(5.5)

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

		Month			Year to date				Full Year			
		Actual	Forecast	Variance	Actual	Forecast	Variance	Previous Yr	Forecast	Original Budget	Variance	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
CEO	101	31.6	36.2	4.6	235.7	246.8	11.1	228.8		429.8	444.4	14.6
Compliance												
Ombudsman team	201	75.8	76.0	0.2	557.8	540.7	(17.2)	428.0		920.7	756.3	(164.5)
Legal	202	17.4	18.2	0.7	130.8	134.4	3.6	78.7		222.7	213.0	(9.7)
External Affairs	203	18.1	17.0	(1.1)	105.4	112.4	7.0	88.0		188.5	201.1	12.6
Insight	204	2.5	2.5	0.0	7.6	8.8	1.2	18.1		26.4	28.4	2.0
Operational Transformation	205	16.1	30.3	14.2	112.4	126.7	14.3	65.9		201.8	173.5	(28.3)
Operations Hub	206	35.7	41.1	5.4	268.7	275.0	6.2	224.7		482.1	419.2	(62.9)
Operations Delivery	301	37.2	36.6	(0.6)	239.6	254.2	14.7	276.1		437.2	434.3	(2.9)
Resolution Centre	302	427.5	428.2	0.8	3,027.0	3,020.4	(6.6)	2,633.6		5,195.9	5,274.9	79.0
Assessment Centre												
RCT												
GET	305	58.8	64.2	5.4	414.0	422.2	8.2	295.5		736.4	753.2	16.9
Legacy	307	-	-	-	-	-	-	530.9		-	-	-
CPD Course	403	-	-	-	-	-	-	(0.5)		-	-	-
Facilities	502	41.5	40.8	(0.7)	293.5	290.7	(2.7)	309.3		513.8	516.9	3.2
Finance	503	30.8	25.3	(5.5)	175.2	169.0	(6.2)	157.6		303.5	351.7	48.3
HR	504	47.8	40.7	(7.0)	288.6	273.2	(15.5)	247.6		479.4	484.3	4.9
IT & Telecoms	505	121.9	140.8	18.9	891.5	929.7	38.3	965.8		1,615.0	1,635.6	20.6
Recruitment	506	3.9	10.0	6.1	28.0	49.2	21.3	23.8		86.2	72.7	(13.6)
Corporate Overhead	507	7.2	10.5	3.3	21.8	75.0	53.2	74.0		90.0	126.5	36.5
Training	508	9.0	5.0	(4.0)	28.9	38.5	9.7	25.7		58.4	67.4	9.0
PMO	510	3.2	7.8	4.6	48.7	57.2	8.5	71.9		96.0	114.2	18.2
CMC	310	-	-	-	-	1.0	1.0	817.9		1.0	-	1.0
CMC Reapportionment	600	-	-	-	-	-	-	(293.1)		-	-	-
Office of the Chief Legal Ombudsman												
Research												
Modernising LeO												
Quality												
Total Cost excl. Reserves		985.9	1,031.2	45.3	6,875.2	7,025.3	150.1	7,268.2		12,084.9	12,067.6	17.3
Contingency		-	-	-	-	-	-	-		-	-	-
Provision for Doubtful Debts - Legal & cmc	100	0.5	4.0	3.5	10.2	28.8	18.6	4.1		48.8	48.0	(0.8)
Holiday Accruals												
Total		986.4	1,035.2	48.8	6,885.3	7,054.0	168.7	7,272.2		12,133.6	12,115.6	(18.0)
Interest & Charges	503	(9.1)	(7.3)	1.8	(56.3)	(53.7)	2.6	(36.0)		(85.8)	(45.2)	40.6
Depreciation	503	33.6	38.9	5.3	237.0	251.7	14.6	244.5		437.7	409.6	(28.1)
Total		1,011.0	1,066.8	55.8	7,066.0	7,252.0	185.9	7,480.8		12,485.5	12,480.0	(5.5)

Cashflow

	Month Actual £'000	Year to Date Actual £'000	Full year Forecast £'000
Expenditure	(1,011.0)	(7,066.0)	(12,485.5)
Income	1,011.0	7,066.1	12,485.5
Add Back Non Cash expenditure	33.6	237.0	437.7
Add back P&L on Asset disposals	-	-	-
Increase / (Decrease) in Creditors	(22.8)	(443.1)	(204.1)
(Increase) / Decrease in Debtors	(835.6)	3,219.6	9,787.7
Net Operating Cashflow	(826.2)	3,012.1	10,021.2
Purchase of IT Equipment & Software development	(7.7)	(9.4)	(250.0)
Purchase of Premises Equipment & leasehold Improvements	-	-	-
Proceeds	-	-	-
Cashflows from Investing Activities	(7.7)	(9.4)	(250.0)
Grant In Aid			
Cashflow for the Period	(833.9)	3,002.7	9,771.2
Opening Bank Balance	12,430.8	8,594.2	8,594.2
Closing Bank Balance	11,596.9	11,596.9	18,365.4
Cash Movement	(833.9)	3,002.7	9,771.2

Balance Sheet

	Month Movement £'000	As At 31 October 2019 £'000	Full year Forecast £'000
Premises	(6.6)	402.3	369.7
IT Hardware & Software	(17.9)	403.2	470.3
Total Non Current Assets	(24.5)	805.5	840.0
Cash & Bank	(833.9)	11,596.9	17,978.0
Debtors	943.3	6,532.7	158.6
Prepayments	(107.7)	399.8	205.8
Total Current Assets	1.8	18,529.3	18,342.4
Total Assets	(22.8)	19,334.8	19,182.4
Creditors	9.6	(468.3)	(711.0)
Accruals	(32.2)	(935.4)	(861.2)
Lease Commitments	45.4	(194.4)	(264.9)
Total Current Liabilities	22.8	(1,598.1)	(1,837.1)
Net Current Assets	24.5	16,931.2	16,505.3
Net Assets	(0.0)	17,736.7	17,345.3
Retained Earnings	-	-	-
Grant in Aid PY / Levy/ Reserves	-	(17,736.7)	(17,345.3)
Reserves	-	(17,736.7)	(17,345.3)

Trade debtors analysis

Current	30 days	60 days	90 days +	total
£'000	£'000	£'000	£'000	£'000
73.6	38.0	31.2	69.7	212.4
34.6%	17.9%	14.7%	32.8%	

Provision for doubtful debts	-25.95
Net trade debtors	186.48

Board Level Project Spending Authorisations

Year 2019-20
Reporting Month: As At 31 October 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 October 2019**

	Month			Year to Date				Full Year		
	Actual £'000	Forecast £'000	Variance £'000	Actual £'000	Forecast £'000	Variance £'000	Previous Yr £'000	Forecast £'000	Budget £'000	Variance £'000
Income - Levy	902.4	967.7	(65.3)	6,344.3	6,578.8	(234.5)	6,010.6	11,312.4	11,302.8	9.6
Income - Set up Levy			-			-	-			-
Income - Case fees	97.6	88.0	9.6	636.0	589.6	46.4	534.8	1,033.6	1,043.2	(9.6)
Income - Other	11.0	11.2	(0.2)	85.7	83.7	2.1	117.5	139.5	134.0	5.5
Total Case Income	1,011.0	1,066.8	(55.9)	7,066.1	7,252.1	(186.0)	6,662.9	12,485.5	12,480.0	5.5
Staff Costs	596.5	599.2	2.7	4,169.6	4,187.0	17.4	4,053.4	7,185.0	7,102.7	(82.3)
Travel & Subsistence	0.1	0.1	(0.0)	0.8	0.6	(0.2)	2.0	0.9	0.6	(0.3)
Fees & Consultancy	4.9	4.9	(0.0)	37.0	40.5	3.5	(1.3)	64.8	57.0	(7.7)
IT & Telecoms	-	-	-	-	-	-	1.0	-	-	-
Premises, Facilities & Administration	12.5	10.7	(1.9)	71.8	71.1	(0.7)	86.5	124.6	128.2	3.6
Other costs	1.7	6.0	4.4	26.6	41.4	14.8	16.2	71.3	72.0	0.7
Corporate Cost Reapportionment	395.4	446.0	50.6	2,760.7	2,911.7	151.0	2,506.0	5,039.2	5,119.5	80.3
Total Cash Expenditure	1,011.0	1,066.8	55.8	7,066.5	7,252.3	185.8	6,663.8	12,485.7	12,480.0	(5.7)
Interest & Charges	-	-	-	(0.4)	(0.2)	0.2	(0.9)	(0.2)	-	0.2
Contingency	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Non Cash Expenditure	-	-	-	-	-	-	-	-	-	-
Total Revenue Expenditure	1,010.9	1,066.8	55.9	7,066.1	7,252.1	186.0	6,662.9	12,485.5	12,480.0	(5.4)

Overheads & Corporate: Income & Expenditure
As At 31 October 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	-	-	-	-	-	-	-	-	-	-
Income - Other	-	-	-	-	-	-	-	-	-	-
Total Income	-	-	-	-	-	-	-	-	-	-
Staff Costs	224.2	260.0	35.8	1,542.2	1,641.7	99.5	-	2,831.7	2,851.1	19.5
Travel & Subsistence	1.9	0.6	(1.3)	8.5	6.6	(2.0)	1,534.4	9.6	7.9	(1.7)
Fees & Consultancy	19.3	18.9	(0.4)	147.9	142.6	(5.3)	5.7	245.3	232.4	(12.9)
IT & Telecoms	79.7	92.9	13.2	579.3	622.3	42.9	114.1	1,066.2	1,093.4	27.2
Premises, Facilities & Administration	45.5	41.2	(4.3)	301.0	296.2	(4.8)	622.5	521.5	522.4	0.9
Other Costs	0.2	0.7	0.5	0.9	4.4	3.5	311.4	5.9	6.3	0.4
Reapportionment to Jurisdictions	(395.4)	(446.0)	(50.6)	(2,760.7)	(2,911.7)	(151.0)	1.3	(5,039.2)	(5,119.5)	(80.3)
Total Cash Expenditure	(24.5)	(31.7)	(7.1)	(180.7)	(197.9)	(17.2)	(2,798.0)	(359.0)	(406.0)	(47.0)
Interest & Charges	(9.1)	(7.3)	1.8	(56.3)	(53.7)	2.6	(208.6)	(85.8)	(45.2)	40.6
Contingency	-	-	-	-	-	-	(35.9)	-	-	-
Depreciation	33.6	38.9	5.3	237.0	251.7	14.6	-	437.7	444.0	6.4
Non Cash Expenditure	33.6	38.9	5.3	237.0	251.7	14.6	244.5	437.7	444.0	6.4
Total Revenue Expenditure before Tax	-	-	-	-	-	-	-	(7.1)	(7.1)	(0.0)
Taxation	-	-	-	-	-	-	-	7.1	7.1	(0.0)
Total Revenue Expenditure	-	-	-	-	-	-	-	-	-	-