

To:	Legal Services Board	
Date of Meeting:	26 November 2015	Item: Paper (15) 68

Title:	Finance Report to 31 October 2015	
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Status:	Official	

Summary:
This paper summarises the financial position as at the end of October 2015.

Recommendation(s):
The Board is invited to note and to comment on the Finance Report.

Risks and mitigations	
Financial:	There are no financial risks – this is a factual report
Legal:	There are no legal risks- this is a factual report
Reputational:	The LSB needs to be seen as effective in managing funds at its disposal. The Board needs to satisfy itself that this is the case. The Executive also consider how it has used its funds on a monthly basis and will take any necessary action as a result of this review.
Resource:	There are no resource risks- this is a factual report

Consultation	Yes	No	Who / why?
Board Members:		✓	N/A- routine update and commentary
Consumer Panel:		✓	
Others:	N/A		

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
N/A	None	

LEGAL SERVICES BOARD

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Finance report for October 2015

Purpose

1. This paper provides a brief commentary about the period ending 31 October 2015. A financial report is attached (**Appendix 1**).

Recommendation

2. The Board is invited to note and to comment on the Finance report.

Points to note

3. The MoJ has recently appointed a new Permanent Secretary, Richard Heaton, who is understandably keen to show HMT that spending at both departmental and Arm's Length Body level is being efficiently controlled and well managed. To this end Richard Heaton has implemented a series of 'emergency spend controls' for the rest of this year and these have been made mandatory on all bodies associated with MoJ - the core department and its sponsored bodies - irrespective of how they are funded.
4. The LSB is classified as a 'central government body' by the Office for National Statistics and so it is subject to these controls and consequently its funds are classed as 'public money' and so the LSB is subject to these new controls.
5. These new controls are not optional and the LSB has no room for manoeuvre. It will continue to work with MoJ sponsors and corporate finance to try to minimise the impact on its operations and the controls have been implemented from the start of November.
6. There will be little impact on actual costs although they will have an impact on diversion of senior management time in providing *business cases* for some elements of the LSB's core operations and spending.
7. Richard Moriarty, as Accounting Officer, has reaffirmed his determination, as set out in an email to all colleagues and ARAC members, that as an organisation the LSB will continue to be held up as a high performing organisation which is known for delivering what it sets out to do in an efficient and cost effective manner as it can.
8. This report covers the first seven months of the year and spending is largely in line with expectations and forecasted variances.
9. *Overall position* –spending to the end of October is £1,931,437 against a budget of £2,052,336 resulting in an underspend of £120,899 (£71,288 in 2014).
10. *Cash position* - following supplier, legal, HMRC and salary payments in September, the funds held in the bank have decreased from £5.05m to £4.76m.

11. The executive continue to manage their costs carefully, seeking opportunities for reduction where possible and to drive ongoing efficiency. In year underspends are as a result of careful management particularly of running costs.
12. An analysis of the main spending headings reveals:
 - a) **Board Costs** – The term of office of two members expired at the end of October 2015. Board Members will be aware that the process to identify and appoint new members has not been completed and that this has been drawn to the attention of the Lord Chancellor. The Act does allow for any decisions of the Board made while there are vacancies to the Board to remain valid. Our sponsor team are doing what they can to achieve a positive outcome but this is an issue for many NDPBs of the MoJ.
 - b) **Staff Costs** – A new Chief Executive, Neil Buckley, has been appointed and he will take up his role early in 2016. A replacement for the Legal Advisor was appointed and Nicola Tysoe takes up this role in November.
 - c) **Accommodation Costs** – The LSB has an agreement with the Office for Rail and Road to occupy some of their office space until 24 December 2019. There is an outstanding rent review due on the whole building, which is being managed by the Civil Aviation Authority on behalf of all of the building tenants (including the Government Legal Department and the Medical Research Council). The Executive have allocated funds to cover the likely increase. There has been no progress in bringing this matter to a conclusion in October.
 - d) **Legal and Associated Costs** - Now that the outcome of the appeal to the Supreme Court on QASA has been published, upholding our original decision, we are seeking to recover costs up to the maximum available under the Protective Costs Orders, issued by the various courts. These monies will be returned to the whole profession. The current month shows a credit against copying charges from our solicitors following our challenge on their appropriateness

EJ 10.11.15