

To:	Board
Date of Meeting:	13 July 2011
Item:	Paper (11) 58

Title:	Finance report: May 2011
Workstream(s):	All
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Status:	Unclassified

Summary:
The paper summaries the financial position as at the end of May 2011.

Risks and mitigations
Financial: N/A.
FoIA: N/A.
Legal: N/A.
Reputational: N/A.
Resource: N/A.

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

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

LEGAL SERVICES BOARD

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Finance report: May 2011

Recommendation

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

Introduction

1. This paper provides a brief commentary about the period ending 31 May 2011. A financial report is attached (**Appendix 1**).

Points to note

2. An analysis of the cumulative variances reveals:
 - a) **LSB Board costs** – reimbursed expenses are slightly lower than forecast and Members are reminded to make any claims promptly via the Board Secretary.
 - b) **Staff Costs** – we remain one post below our approved establishment level. We have implemented both the recruitment freeze and pay freeze that apply to civil servants; although we are not civil servants, we are complying with the 'spirit' of the Government's spending restrictions as announced at the end of May 2010.
 - c) **Accommodation Costs** – these have been forecast with more accuracy now that we can draw on a reasonable period of operating. In line with general economic conditions, we expect upward pressure on utility costs throughout the year. The new managing agents of Victoria House, Jones Lang La Salle, have been proactive in trying to secure forward contracts for utilities without the need to provide deposits. Some of the anticipated price increase will be counteracted by greater efficiency and the introduction of smart metering to monitor usage.
 - d) **Office Costs** – since its inception, LSB has taken advantage of the contract negotiated for the Ministry of Defence (**MoD**) for all of its general office costs. This means we can enjoy the same low prices for our relatively modest needs as commanded by the huge volumes procured by the MoD. We are constantly looking at ways to ensure that we operate in the most efficient manner that we can and in so doing reduce our routine costs. Colleagues have been successful at securing best value travel costs by ensuring that planned travel is booked sufficiently far in advance to secure discounted fares.
 - e) **Contracted Out costs** – these comprise an accrual for the costs of both internal and external audit as well as professional advice received by our pension advisers. One of the additional impacts of the spending restrictions is that we are unable to engage consultants to undertake work with a contract value of over £20k as consultancy work is one of the items that have been frozen by the Government. We have no plans to engage any consultants.
 - f) **Depreciation costs** – this is fully in line with our forecasts.