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| <b>To:</b>              | Legal Services Board |                            |
| <b>Date of Meeting:</b> | 26 November 2014     | <b>Item:</b> Paper (14) 71 |

|                                |   |  |
|--------------------------------|---|--|
| <b>Title:</b>                  | Finance Report to 31 October 2014   |  |
| <b>Author / Introduced by:</b> | Edwin Josephs, Director of Finance and Services<br><a href="mailto:edwin.josephs@legalservicesboard.org.uk">edwin.josephs@legalservicesboard.org.uk</a> / 020 7271 0084 |  |
| <b>Status:</b>                 |   |  |

|   |  |
|---|--|
| <b>Summary:</b>   |  |
| This paper summarises the financial position as at the end of October 2014. |  |

|  |  |
|--|--|
| <b>Recommendation(s):</b>  |  |
| The Board is invited to <b>note</b> and to <b>comment</b> on the Finance Report. |  |

|                              |       |
|------------------------------|-------|
| <b>Risks and mitigations</b> |       |
| <b>Financial:</b>            | N/A   |
| <b>Legal:</b>                | N/A / |
| <b>Reputational:</b>         | N/A / |
| <b>Resource:</b>             | N/A / |

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

| <b>Freedom of Information Act 2000 (Fol)</b> |                           |         |
|--|---------------------------|---------|
| Para ref                                     | Fol exemption and summary | Expires |
| N/A  | None                      |         |

## LEGAL SERVICES BOARD

|                         |                      |              |               |
|-------------------------|----------------------|--------------|---------------|
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### Finance report for October 2014

#### 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 October 2014. A financial report is attached (**Appendix 1**).
2. This report covers the first month of the year and spending is largely in line with expectations and forecasted variances.
3. *Overall position* – spending to the end of October is £1,997,451 against a budget of £2,068,739 resulting in an underspend of £71,288 (£29,784 in 2013).
4. *Cash position* - following supplier, legal, HMRC and salary payments in October, the funds held in the bank have decreased from £4.92m to £4.46m.

#### Points to note

5. An analysis of the main spending headings reveals:
  - a) **Board Costs** – The Board is still operating with one position vacant. The reduction in costs from this has been offset by a higher level of travel costs as a direct consequence of the fact that Board Members are drawn from areas which are not exclusively London-centric.
  - b) **Staffing Costs** – During the month two colleagues took up their role at the LSB and two left. Recruitment for these roles is already underway.
  - c) **Accommodation Costs** – We continue to make savings at our new premises at One Kemble Street. We are now occupying less space than when in Victoria House, but no longer have a dedicated large meeting room facility within our office space. When needed we hire rooms from our landlord, the Office of Rail Regulation and this provides better value for money.
  - d) **Outsourced Services** – Our outsourced arrangements for IT continue to be effective. Preparations for the refreshing our IT infrastructure, having derived nearly 6 years of use from equipment with a normal useful life of three to four years, are progressing on schedule.
  - e) **Legal and Associated Costs** - The legal costs include the actual amounts paid to the end of October. Although the Court of Appeal found in our favour on costs as well as the substantive issue on the QASA judicial review on 30 October, the position is currently shown as 'over budget' as the exact position on whether there is a repayment and its timing will not be known until we know if the claimants will be granted leave to appeal to the Supreme Court and the outcome of the detailed cost assessment that would be necessary following the Appeal Court decision. If leave is granted, the uncertainty could persist well into 2015-16 or even further.



## Legal Services Board

## Financial Report for the period 1 April 2014 to 31 October 2014

|   | /----- Current Month -----\<br>Oct-14 |            |          |          | /-----Cumulative Totals -----\<br>to the end of October 2014 |              |           |          |
|---|---------------------------------------|------------|----------|----------|--|--------------|-----------|----------|
|   | Actual                                | Budget     | Variance | %        | Actual   | Budget       | Variance  | %        |
| <b>LSB Board</b>                            | 15                                    | 17         | 1        | 8        | 108  | 117          | 8         | 7        |
| <b>Staff Costs</b>                          | 199                                   | 203        | 4        | 2        | 1,276  | 1,320        | 43        | 3        |
| <b>Accommodation</b>                        | 25                                    | 25         | 1        | 4        | 163  | 178          | 15        | 8        |
| <b>Outsourced Services &amp; IT Costs</b>   | 7                                     | 10         | 2        | 22       | 53   | 69           | 16        | 23       |
| <b>Office Running Costs</b>                 | 6                                     | 9          | 3        | 31       | 35   | 49           | 14        | 28       |
| <b>Governance &amp; Support Services</b>    | 7                                     | 4          | -3       | -87      | 32   | 34           | 2         | 5        |
| <b>Legal &amp; Associated Costs</b>         | 45                                    | 44         | 0        | -1       | 101  | 70           | -31       | -44      |
| <b>Depreciation</b>                         | 3                                     | 3          | 0        | 0        | 21   | 21           | 0         | 0        |
| <b>Research &amp; Professional Services</b> | 0                                     | 0          | 0        | 0        | 16   | 16           | 0         | 0        |
| <b>Consumer Panel</b>                       | 16                                    | 15         | -1       | -9       | 108  | 104          | -4        | -3       |
| <b>OLC Board</b>                            | 12                                    | 13         | 1        | 9        | 84   | 92           | 7         | 8        |
| <b>Total Costs</b>                          | <b>336</b>                            | <b>343</b> | <b>7</b> | <b>2</b> | <b>1,997</b>   | <b>2,069</b> | <b>71</b> | <b>3</b> |

Figures are shown in £000s although the exact amounts are used when calculating variances and totals, which means that some totals may appear not to add up correctly