

To:	Board	
Date of Meeting:	30 September 2010	Item: Paper (10) 67

Title:	Finance report: 1 April 2010 to 31 August 2010	
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Status:	Unclassified	

Recommendation

The Board is invited to note the report.

Introduction

1. This paper provides a brief commentary about the period ending 31 August 2010. A financial report is attached as **Appendix 1**.

Points to note

2. As reported at the last Board meeting, the Ministry of Justice (**MoJ**) has still not provided formal written confirmation of the budget allocation for 2010/11. We continue to rely on the assurances which have been given by both the MoJ sponsor team and MoJ finance staff that the LSB should work on the basis that its allocation will be as stated in the Business Plan – i.e. £4,931k.
3. We are still seeking clarification from the sponsor team as to which of the announcements made by the Coalition Government, in regards to spending, are applicable to the LSB. In the absence of this certainty, we are complying with the spirit of what has been said and working on the basis that, as the LSB is classed as a public sector body, the spending restrictions apply in full to the LSB.
4. The main impact of these on the LSB are:
 - the recruitment and salary freeze
 - the use of consultants
 - the ban on printed publications
 - the additional work that has been required to be undertaken by the Corporate Director and the Director of Finance and Services to meet information requests from the MoJ, HM Treasury and the Cabinet Office to determine what further spending restrictions should apply, e.g. removing the LSB website and showing information on the MoJ corporate site.
5. An analysis of the cumulative variances reveals:
 - a) **LSB Board costs** – this reflects the fact that the Board has two positions vacant from the start of the financial year. The MoJ is in the process of recruiting one

new Non Lay Member, but it is likely that this level of under-spend will continue to at least the end of the year.

- b) **Staff Costs** – we remain one post below our approved establishment level. We will use this flexibility to ensure that our resources are used where they can most benefit the LSB.
- c) **Accommodation Costs** – this reflects the rent free period that the LSB negotiated with the Competition Commission and is shown equally throughout the year.
- d) **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. We are unable to engage consultants to undertake work with a contract value of over £25k, but, other than in relation to the education and training review, we have no plans to do so.
- e) **Depreciation costs** – this will change later in the year once we have fully implemented our new electronic document management system.
- f) **Consumer Panel** – the current under-spend reflects the proposed workplan for the Panel, with more costs being incurred later in the financial year.

Chart showing the composition of LSB expenditure for the five-month period to 31 August 2010

