

<b>To:</b>	Board	
<b>Date of Meeting:</b>	24 March 2010	<b>Item:</b> Paper (10) 26

<b>Title:</b>	Finance report: February 2010	
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<b>Status:</b>	Unclassified	


### Recommendation

The Board is invited **to note** the report.

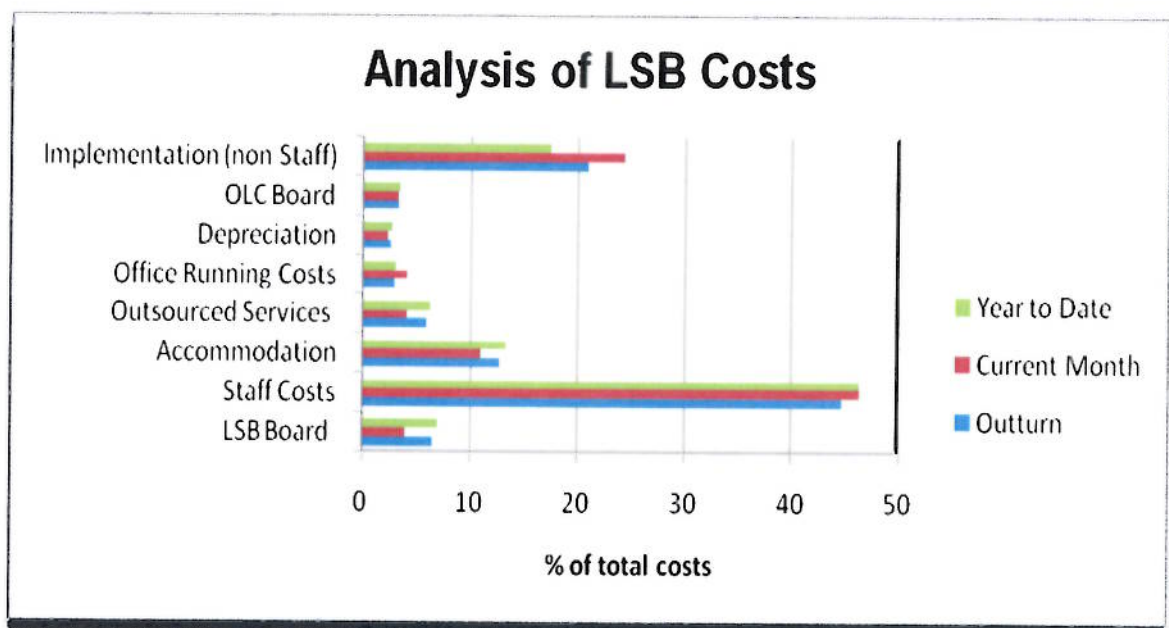
### Introduction

1. This Paper provides a brief commentary about the period ending 28 February 2010. A financial report is attached as **Appendix 1**.

### Points to note

2. 
3. An analysis of the favourable variances reveals:
  - a) **LSB Board costs** – this reflects the fact that the Board currently has one position vacant. Board Members should submit all claims for expenses as soon as possible after the meeting to ensure that these are accounted for in the correct financial year.
  - b) **Staff costs** – we are welcoming four new colleagues in March and one at the start of April. This means that we will be carrying three permanent vacancies into the new financial year.
  - c) **Accommodation costs** – these are largely in line with budget forecasts and include rent, business rates, service charges and utilities. These costs are mostly fixed each month; the variable elements reflect actual utility costs and service charges, instead of quarterly forecasts. We anticipate that balancing charges at the end of March will reduce the current under-spend.
  - d) **Outsourced services** – these comprise the work undertaken by the Competition Commission for LSB as part of the shared services agreement. This also includes additional work which is not covered by the support agreement, e.g. attendance offsite to assist remote users and installation of new software etc.
  - e) **Office running costs** – consists of travelling expenses, catering, cleaning, postage and couriers, internal and external audit fees, publications, subscriptions, training and so on.

- f) **Depreciation costs** – this equates to a ‘usage charge’ of the equipment and furniture and fittings that we have and is calculated with reference to the original purchase cost and an estimate of its useful life.
- g) **Legal Ombudsman (LeO) costs** – although the fees paid to LeO Board Members are fixed claims for expenses, they are not received on a monthly basis and this has the effect of distorting the actual position. Both LeO and LSB Board Members are encouraged to claim for any expenses on a monthly basis. Although the position in primary legislation is complicated, we are exploring the scope for getting LeO to pay as much of its own Board Members’ costs as possible. MoJ has indicated that this should also apply to the Board Members’ fees and we are discussing how this could be implemented for the new financial year.
- h) **Implementation costs** – although the majority of these were incurred by MoJ prior to January 2008, this is also the area where the one-off charges for initial recruitment, legal advice and research costs will be shown. We have undertaken a significant programme of research and all of the related field work will have been completed by the middle of March. The final reports will be completed shortly.
4. The table below shows the proportion of each *spend grouping* analysed by Year to Date, Current Month and Forecast Outturn. This demonstrates how the proportion spent on each category is changing as LSB becomes more established.



11.03.10