

<b>To:</b>	Board	
<b>Date of Meeting:</b>	28 October 2010	<b>Item:</b> Paper (10) 78

<b>Title:</b>	Finance report: 1 April 2010 to 30 September 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 30 September 2010. A financial report is attached as **Appendix 1**.

### Points to note

2. As reported previously, 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 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. 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) **Office Costs** – expenditure is lower during the summer months. The budget is currently evenly phased throughout the year but this will be adjusted for 2011/12.
  - 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 impacts of the spending review is that we are unable to engage consultants to undertake work with a contract value of over £25k as consultancy work is one of the items that has been frozen by the Coalition Government. We have no plans to engage any consultants.

- f) **Depreciation costs** – this will change later in the year once we have fully implemented our new electronic document management system.
- g) **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 six-month period to 30 September 2010**

