

To:	Board	
Date of Meeting:	30 November 2010	Item: Paper (10) 93

Title:	Finance report: October 2010
Workstream(s):	All
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Status:	Unclassified

Summary:
The paper summaries the financial position as at the end of October 2010

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: October 2010

Recommendation

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

Introduction

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

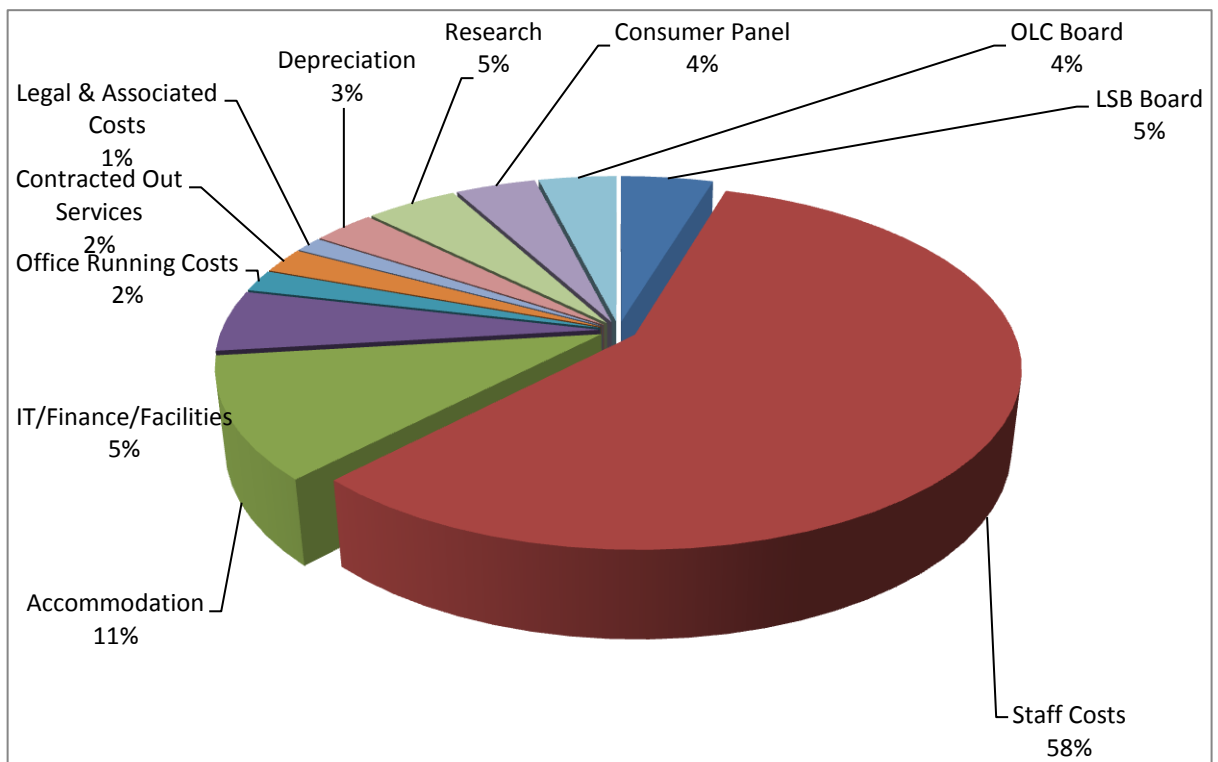
Points to note

2. As reported previously, 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 MoJ sponsor team and MoJ finance staff that LSB should work on the basis that its allocation will be as stated in the Business Plan – i.e. £4,931k.
3. We have raised this issue with MoJ and the Director of Finance has provided a verbal assurance that a letter of budget delegation will be sent shortly.
4. An analysis of the cumulative variances reveals:
 - a) **LSB Board costs** – MoJ is in the process of recruiting one new Non-Lay Board Member and interviews are scheduled for 3 December; 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 LSB. 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. As a consequence, we have under-spent on this budget.
 - c) **Accommodation Costs** – this reflects the rent free period that LSB negotiated with the Competition Commission and is shown equally throughout the year. We continue to derive good value for money from our relationship and contractual arrangements with the Competition Commission.
 - 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 in 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 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 has been frozen by the 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. The training of colleagues is on track and, at the time of writing, the system is due to ‘go live’ in the week commencing 22 November. This will enable us to structure our document files more appropriately and help us to respond to Freedom of Information requests and Parliamentary Questions more efficiently. The system will also avoid multiple copies of the same files and so reduce data storage requirements.
- 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 seven-month period to 31 October 2010



15.11.10