

<b>To:</b>	Board	
<b>Date of Meeting:</b>	27 January 2011	<b>Item:</b> Paper (11) 08

<b>Title:</b>	Finance report: December 2010
<b>Workstream(s):</b>	All
<b>Author / presented by:</b>	Edwin Josephs, Director of Finance and Services edwin.josephs@legalservicesboard.org.uk / 020 7271 0084
<b>Status:</b>	Unclassified

<b>Summary:</b>
The paper summaries the financial position as at the end of December 2010.

<b>Risks and mitigations</b>	
<b>Financial:</b>	N/A
<b>FoIA:</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>Recommendation:</b>
The Board is invited to note and to comment on the Finance report.

## LEGAL SERVICES BOARD

<b>To:</b>	Board		
<b>Date of Meeting:</b>	27 January 2011	<b>Item:</b>	Paper (11) 08

### Finance report: December 2010

#### Recommendation

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

#### Introduction

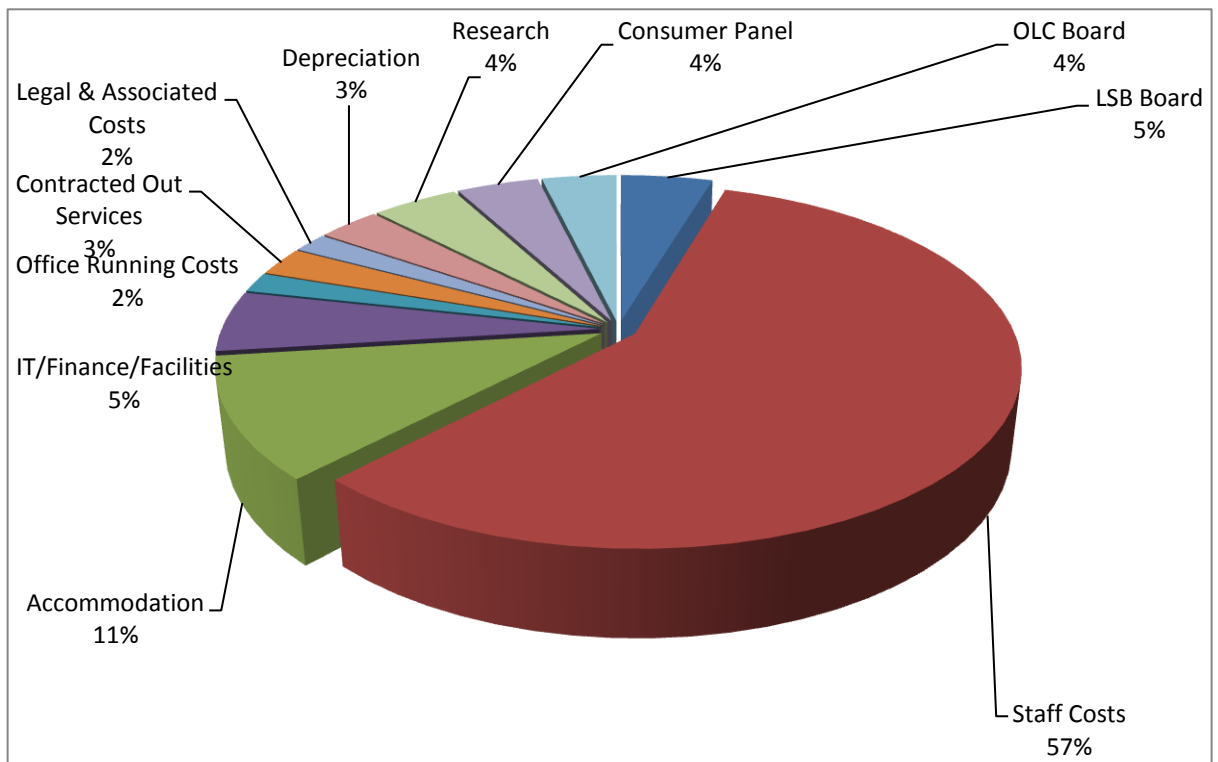
1. This paper provides a brief commentary about the period ending 31 December 2010. A financial report is attached (**Appendix 1**).

#### Points to note

2. It is probably unlikely now that the Ministry of Justice (**MoJ**) will provide formal written confirmation of our 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. 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 have been re-scheduled for 21 January; it is likely that this level of under-spend will continue to at least the early part of the new financial year.
  - b) **Staff Costs** – we remain one post below our approved establishment level. 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. This will reduce the levy costs on Approved Regulators.
  - c) **Accommodation Costs** – the under-spend 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. The Government’s decision to review the rationale for having two separate bodies, the Competition Commission and the Office of Fair Trading, may impact the LSB in future years, but most likely not until after 2013.
  - d) **Office Costs** – since its inception, LSB has taken advantage of the contract negotiated for the Ministry of Defence (**MoD**) for all of its general office costs. This means we can enjoy the same low prices for our relatively modest needs as commanded by the huge volumes procured by the MoD. We are constantly looking at ways to ensure that we operate in the most efficient manner that we can and in so doing reduce our routine costs.

- 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** – we have now fully implemented our electronic document and record management system. 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 nine-month period to 31 December 2010



10.01.11