

Annual Report and Accounts 2008-2009

LBRO
Local Better Regulation Office





Local Better Regulation Office

Annual Report and Accounts 2008-2009

Annual Report presented to Parliament by the Secretary of State for Business Innovation and Skills in pursuance of Paragraph 12(5) of Schedule 1 of the Regulatory Enforcement and Sanctions Act 2008 and Accounts presented to Parliament by the Secretary of State for Business Innovation and Skills on behalf of the Comptroller and Auditor General in pursuance of Paragraph 13(6) of Schedule 1 of the Regulatory Enforcement and Sanctions Act 2008.

Ordered by the House of Commons to be printed on 14 July 2009

HC 771
London: The Stationery Office
Price: £14.35

Local Better Regulation Office © Copyright 2009

The text in this document (excluding the Royal Arms and departmental logos) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as the copyright of the Local Better Regulation Office and the title of the document specified. Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

ISBN: 9780102960594



Contents



Foreword	7
Setting the scene	9
Introduction	10
Performance	13
Strategy overview	21
Perspectives	22
Remuneration report	27
Financial Statements for the period 1 October 2008 to 31 March 2009:	
Board members	30
Statement of LBRO's and Chief Executive's responsibilities	32
Statement on Internal Control	33
The certificate and report of the Comptroller and Auditor General to the Houses of Parliament	37
Net expenditure account	39
Balance sheet	40
Cash flow statement	41
Notes to the financial statements for the six month period ended 31 March 2009	42
Annex 1: Restated prior period financial statements	56

Tables:

1	Staff related costs	46
2	Average numbers of persons employed	47
3	Administrative expenses	47
4	Programme delivery within administrative expenses	48
5	Grant in aid	48
6	Sundry income	49
7	Tangible assets	50
8	Intangible assets	51
9	Debtors and other current assets	52
10	Cash and cash equivalents	52
11	Creditors and other current liabilities	52
12	Operating leases	53
13	Finance leases	53
14	Intra-government balances	55
15	Reconciliation of deficit for the period to general reserves	55

List of acronyms:

BCC	British Chamber of Commerce
BERR	Department for Business, Enterprise and Regulatory Reform
BRC	British Retail Consortium
BRE	Better Regulation Executive
CBI	Confederation of British Industry
CIEH	Chartered Institute of Environmental Health
CLG	Department for Communities and Local Government
IDeA	Improvement and Development Agency
LACoRS	Local Authorities Coordinators of Regulatory Services
TSI	Trading Standards Institute



Foreword



Both in these challenging times and more generally, local authority regulatory services have a vital role to play in supporting economic prosperity and protecting the public. The Local Better Regulation Office (LBRO) drives the regulatory reform agenda at community level, supporting effective performance in environmental health, fire safety, licensing and trading standards. Although 2008-09 was our first full year of operation, some major initiatives are already beginning to bear fruit.

Of most significance was our work to test and refine the framework of the Primary Authority scheme prior to its introduction on 6 April 2009. It provides businesses with the opportunity to form statutory partnerships with local authorities, giving them greater confidence to invest and grow. Businesses in the scheme have access to a single source of trusted authoritative regulatory advice that draws on a detailed understanding of their operations and applies regardless of where individual stores, factories or offices are based or where products are sold. By 2011, it is expected that hundreds of companies will be in a partnership, saving business an estimated £48 million per year.

Among the many other milestones were:

- the launch of our Trading Places scheme to build the commercial awareness of regulatory services officers;
- the formation of the world-class coalition of professional and representative bodies, including the national regulators, to improve the system and reduce burdens on local authorities;
- the identification and promotion of best practice that makes a real difference for local communities affected by alcohol misuse;
- the issue of our draft advice and guidance for consultation aimed at helping local authorities in England and Wales in recession and beyond; and
- the publication of our Mapping Report, establishing for the first time how local regulation operates in practice.

While working to deliver our statutory responsibilities, we continued to develop as an organization, in terms of our stakeholder engagement, internal procedures and forward thinking – on subjects such as risk and co-production.

Finally, we would like to thank everybody who assisted us in 2008-09.

A handwritten signature in black ink, appearing to read 'Clive Grace', with a long horizontal flourish underneath.

Clive Grace,
Chair,
LBRO

3 July 2009

A handwritten signature in black ink, appearing to read 'Graham Russell', with a long horizontal flourish underneath.

Graham Russell,
Chief Executive,
LBRO



Setting the scene



Who checks whether the air is clean, food is fit to eat, workplaces are safe and companies trade fairly? In the UK, these essential tasks are undertaken by regulatory services of around 500 local authorities. These include three distinct types of body: councils in all their forms (borough, county, district and unitary), fire and rescue authorities, and port health authorities – although in practice there is considerable overlap between them.

The scope and focus of regulatory services varies according to local priorities and community needs. However, the underlying aim of these services is to contribute to both economic prosperity and consumer protection. In relation to its mission to improve the regulation of business at a local level, LBRO focuses on four services: environmental health, fire safety, licensing and trading standards, which all work with local companies through advice, support and enforcement, applying their professional expertise to key issues.

Local authority regulatory services operate in a complex environment. They work in partnership with organizations at local, regional and national levels – such as health bodies, police forces and government agencies – to tackle cross-cutting issues of anti-social behaviour, social exclusion and climate change. They focus on delivering better outcomes to achieve healthy, safe, green and prosperous communities.

There are many examples of how regulatory services are working with partners to address the most commonly sought local outcomes, issues as diverse as childhood obesity, serious crime and reducing carbon emissions. These include:

- contributing to support for business by providing tailored advice on regulatory matters, targeting areas for vigilance, suggesting deterrent activity, and developing solutions to local priorities;
- responding to citizens' needs during difficult economic conditions by providing financial and debt management advice and targeting loan sharks, working through specialist illegal money lending teams and with the police;
- supporting individuals to access opportunities in employment and reduce long-term worklessness by improving the health, safety and wellbeing of employees;
- improving the health of the nation and supporting a healthy start for young children through food sampling, nutritional education and advice to food producers; and
- building safer and stronger local communities through responsible licensing, education, advice and targeted enforcement, to reduce illegal sales of alcohol and tackle nuisance, anti-social behaviour and alcohol-fuelled violence.



Introduction



Established as a government-owned limited company in 2007, LBRO became an executive non-departmental public body (NDPB) following the commencement of the Regulatory Enforcement and Sanctions Act on 1 October 2008.

We are accountable to the Department for Business, Enterprise and Regulatory Reform (BERR) through the Better Regulation Executive (BRE), operating in the light of its Public Service Agreement targets for 2008-11, which are to:

- raise the productivity of the UK economy;
- deliver the conditions for business success in the UK; and
- improve the economic performance of all English regions and reduce the gap in economic growth rates between regions.

Our mission under the Act is to improve the local regulation of business by environmental health, licensing, fire safety and trading standards services, and we deliver this through our three strategic objectives. These are to:

- support the improvement of local authority regulatory services;
- deliver consistency across council boundaries, primarily through the Primary Authority scheme; and
- enhance the local regulatory system.

We pursue these objectives through a series of linked programmes. Collaborative delivery is at the heart of our approach: initiatives are shaped and launched in partnership with relevant stakeholders. During 2008-09, over 200 UK local authorities were engaged with our projects, including 93 per cent of the unitaries and counties in England and Wales. We encourage the achievement of excellence via continuous sector-led self-assessment and development.

Values

As an organization, we are:

- outcome-focused;
- evidence-based;
- creative;
- challenging; and
- supportive.

Vision

Originally articulated in our Strategy 2008-11, our vision is based on securing positive demonstrable differences for our stakeholder groups. We will measure our success in terms of the improvements we envisage for each, which are summarized as follows:

For businesses:

- Legislation is simpler to understand.
- Streamlined procedures save time and money.
- Access to expert advice about regulatory issues is readily available.
- Burdens on the law-abiding are reduced.
- Companies have a greater say in local regulation.
- Many businesses benefit from working in close partnership with their local authority.

For communities:

- People are better protected from rogue traders.
- Consumers express more satisfaction with the service they receive and their voice is heard in local regulation.
- Proper consideration is given to the health and safety of employees.
- Local environments are more valued by those living or working there.

For local authority regulatory services:

- Legislation is easier to advise on and apply.
- Common frameworks and streamlined procedures save time and money.
- Self-assessment and development are the rule, with reference to a single standard of excellence.
- A partnership approach to working with businesses is common and there are fewer upheld appeals against sanctioning decisions.

For national regulators and other partners:

- Policy goals are achieved through the active engagement of national and local regulators in a cohesive system.
- Communications with local authorities are open, direct and consistent.
- Clear relationships exist with local authority regulatory services.

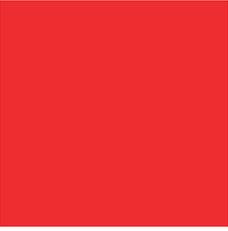
Remit and functions

Our specific brief is to reduce red tape for law-abiding businesses, to allow greater focus on tackling the rogue traders who harm vulnerable people and damage our communities, while maintaining or even enhancing the current levels of public and environmental protection. We work to make it easier for local authorities to advise on and apply the rules, and simpler for businesses to understand them.

The powers granted to us in the Regulatory Enforcement and Sanctions Act 2008 are our basis for action. Our six key statutory functions are to:

- operate the Primary Authority scheme;
- advise the Government on local regulation;
- issue guidance to local authorities;
- manage the list of national enforcement priorities;
- encourage innovation and good practice; and
- develop formal partnerships with national regulators.

While we have a remit that covers the whole of the UK, its extent varies, so we liaise with the devolved administrations to ensure our work in Wales, Scotland and Northern Ireland is appropriate to the unique constitutional position of each. For example, our engagement with businesses in Scotland is informed by our attendance at the Regulatory Review Group, while in Northern Ireland our activities are guided by the Statement of Intent agreed by the local authorities and the Assembly.



Performance



Support service improvement

Targets for 2008-11

- 85% of businesses state regulatory services understand their business
- There is an increase in the percentage of businesses that see regulatory services as fair and helpful
- 50% of local authority regulatory services are actively engaged in Local Area Agreements
- There is demonstrable progress in performance against the National Enforcement Priority indicators

Anticipated annual benefits attributable to LBRO activity: £8.6 million

Progress to date:

We are developing a variety of tools to support regulatory services on their individual improvement journeys. We identified, evaluated and promoted best practice, encouraging innovation through programme funding, and greater collaboration both within and between local authorities. We directly supported the new English unitaries in the approach to their launch on 1 April 2009, to help them deliver coordinated and consistent regulatory services from the outset. We also established four pilot groups to explore opportunities for regional working by environmental health and trading standards services, to gain robust data on the costs and benefits.

We helped councils to equip regulatory services' officers with the skills and capabilities to drive and deliver change. We sponsored the attendance of 19 candidates at strategic leadership courses run with LACoRS and KBA Solutions. The feedback from the participants was extremely positive. We also commissioned CIEH and TSI to conduct research into the strengths and weaknesses of the leadership development options open to those in regulatory services, to find the best way forward.

The Retail Enforcement Pilot was set up in 2004 to encourage councils to fund new ways of reducing the burdens on law-abiding businesses. Clusters of regulatory services cooperate more closely over a 12 month period, to better coordinate inspection and enforcement activities and focus resources on higher-risk companies. Responsibility for managing the pilot was transferred to LBRO from the BRE in September 2008. We provided support and guidance to the 24 participating councils, and conducted 35 interviews with them to capture the lessons learned, which were then shared at group meetings. The wider dissemination of the findings is planned, with accompanying case studies.

We issued advice on the blending of national and community concerns. Regulatory services must address the specific needs of their areas but also need to be an effective part of the UK legal system. This dual responsibility can present challenges. In 2007, to clarify what it saw as the most important issues, the Government first published the national enforcement priorities, for councils to use when allocating resources to meet the expectations of their communities and businesses. These are, for England, air quality, alcohol licensing, food hygiene, fair trading, workplace health and animal health. Updating this list as appropriate and preparing a list for Wales are two of LBRO's statutory responsibilities. We assessed the approaches of seven councils to the national enforcement priorities, highlighting key findings and examples of good practice in an interim report. Our final report is now on our website.

As another important strand of our work, we published informal advice. We issued our draft guidance aimed at helping local authorities in England and Wales in recession and beyond widely for consultation. This was written for leaders, elected members, chief executives and service directors and explained the principles they should take into account when considering the contribution their regulatory services can make to local economic prosperity and business growth. The first half of the document introduces the better regulation principles and suggests approaches to improvement. The second half makes specific practical proposals for ways in which councils can harness the potential of their regulatory services. Our final advice and guidance – Better Local Regulation: Supporting Businesses Towards Recovery – is widely supported and now on our website.

Spotlight 1: Trading Places

Our Trading Places scheme builds the commercial awareness of regulatory services' officers through intensive two-day study courses at leading UK companies. It was launched in March 2009 after extensive testing and evaluation, involving placements at Asda, B&Q, Sainsbury's, Tesco, Thomas Cook and Total. As well as being a great practical learning experience, it gives valuable insight into how businesses are run and the challenges they can face in abiding by the rules.

The scheme is open to all environmental health, fire safety, licensing and trading standards officers working in local authorities, as well as businesses from any sector. It is endorsed by the BCC, BRC, CBI, CIEH and TSI.

Fostering understanding between regulatory services and the companies they monitor brings benefits for both parties, by strengthening working relationships and promoting a partnership approach to achieving compliance.

Sir Philip Hampton: *"I had the pleasure of meeting the participants on the first Trading Places pilot. I am immensely pleased that LBRO is launching this initiative to break down barriers, build a new relationship between the regulators and the regulated, and make our regulatory system work better for all concerned."*

Spotlight 2: Beacon local authorities

The Beacons scheme is a competition that highlights the achievements of local authorities delivering excellent front-line services in order to encourage learning and development. It is managed by IDeA on behalf of CLG and its categories are selected annually and reflect Government priorities.

We sponsored the 'Cutting Red Tape' category in 2008-09. The shortlist contained several examples of how regulatory services can give effective support to law-abiding businesses, through risk-based and innovative approaches to inspection and enforcement that simplify the way they undertake their responsibilities. They also demonstrate how a focus on outcomes can deliver local solutions to local circumstances, providing wider benefits to communities, the economy and the environment.

The winning councils were announced in March 2009: Cambridgeshire, Bexley and Westminster. We are now working with them to share best practice.

Sadiq Khan MP, Transport Minister: *"The Beacons are about showcasing the very best in service delivery, and in this, their final year, we really have seen some exceptional examples, from outstanding work to build cohesive communities to building quality homes for the future. Each and every one of the shortlisted authorities are delivering the real improvements that matter most to the people they serve, a real achievement in these tough economic times."*

Spotlight 3: Alcohol

The regulation of the sale of alcohol was transferred to local licensing authorities by the Licensing Act 2003. A key finding of a Government review of the Act was that it could be better used in conjunction with supporting interventions as part of a coherent strategy to achieve wider outcomes.

We commissioned research to evaluate local authority initiatives across the UK to reduce underage sales and prevent alcohol getting into the hands of the under 18s. The approaches ranged from zero tolerance to an educational programme involving school children and parents. Our aim was to identify best practice for wider dissemination.

In all the case studies, the active involvement of regulatory services – sometimes in tandem with the police – improved the relationship between councils and businesses. Due to related issues such as intimidation and violence, licensees often view themselves as victims of underage sales, and where they are supported gain a feeling of collaboration towards a common aim. Our report is now available.

John Peerless, Head of Trading Standards, Brighton and Hove Council: *"We welcome the evaluation results. It demonstrates that encouraging compliance rather than punitive action is preferable and welcomed by business. It was interesting to note that our focused approach on potential problem premises has led to a lack of understanding about our supportive approach by the wider licensed business community. We will have to review and if necessary revise this approach to ensure we are more visible to all licensed premises."*

Deliver consistency

Targets for 2008-11

- 95% of businesses that seek a Primary Authority relationship are successful
- 400 Primary Authority partnerships exist, covering at least 200 businesses
- 80% of businesses and local authorities that are within a Primary Authority partnership report satisfaction
- 85% of Primary Authority businesses report that the advice they receive from local authorities is very or fairly consistent

Anticipated annual benefits attributable to LBRO activity: £4.3-£9.5 million

Progress to date:

Effective local regulation requires confidence and mutual trust. Businesses should be able to rely on the environmental health, fire safety, licensing and trading standards advice received from local authorities, in the knowledge that it is expert opinion, applicable across the UK, and a secure basis for investment and operational decisions. The Primary Authority scheme – which commenced on 6 April 2009 – drives and supports progress towards this outcome. Its operation is a statutory responsibility of LBRO. Our role is to register partnerships, issue guidance and resolve disputes.

For the first time, companies have the right to form a statutory partnership with a single local authority, which then provides robust and reliable advice for other councils to take into account when carrying out inspections or dealing with non-compliance. The scheme builds on the foundation created by voluntary home and lead authority initiatives, but entails a fundamental shift in the nature of the relationship between the regulated and the regulator – bringing benefits to both parties.

The principles of the Primary Authority scheme are set out in the Regulatory Enforcement and Sanctions Act 2008. We worked with 13 major retailers and pilot local authorities to test and refine the framework and to confirm that it was fit for purpose and capable of meeting changing needs in the years ahead. We helped the participants draw up initial agreements and inspection plans. Together with the IT supplier SciSys, we also developed the secure website needed for registering partnerships and facilitating dialogue between councils.

In December 2008, we issued our draft guidance on the scheme for consultation, setting out the structure of how we proposed it would operate. This was sent to all the local authorities in the UK, all the fire and rescue authorities in England, and many other stakeholders including business and consumer organizations. A workshop held in London in January 2009 also gave the opportunity for attendees to discuss its contents. A separate consultation led by BERR took place in parallel on the secondary legislation that spelt out the legal detail.

During March 2009, we published our Primary Authority Guidance, and to help local authorities prepare for the introduction of the scheme, we staged 13 regional road shows attended by over 90 per cent of UK local authorities. These included presentations on conducting inspections, accessing the secure database, taking enforcement actions and initiating our determinations process.

Primary Authority went live supported by a bespoke public sector IT system delivered on time and on budget.

Spotlight 4: Primary Authority – The key aspects

1. Regardless of its size, any company operating across council boundaries has the right to form a partnership with a single local authority in relation to regulatory compliance. These agreements can cover all regulatory legislation, or specific functions such as food safety or petroleum licensing.
2. A central register of the partnerships, held on a secure database, provides an authoritative reference source for businesses and councils.
3. If a company cannot find an appropriate partner, it can ask LBRO to find a suitable local authority for it to work with.
4. A primary authority provides robust and reliable advice on compliance that other councils must take into account, and may produce a national inspection plan at the request of the business, to coordinate activity.
5. Before other councils impose sanctions on a company, including formal notices and prosecutions, they must contact the primary authority to see whether the actions are contrary to appropriate advice it has previously issued. This requirement to consult is waived if consumers or workers are at immediate risk.
6. Where the authorities cannot agree, the issue can be referred to LBRO for a ruling, which is made within 28 days.
7. The question of resourcing the partnership is up to the councils and businesses concerned. Where necessary, a primary authority can recover the costs of providing its premium service.
8. The scheme applies throughout the UK, but with regard to relevant powers in each of the devolved areas.

Keith House, Council Leader, Eastleigh Borough Council: *“The Borough Council and B&Q have worked closely to help develop this important project and partnership. Now we are among the first to sign up to the Primary Authority scheme which will mean better coordination of local inspections and simplify regulatory advice between councils and companies operating across more than one local authority area.”*

Enhance the system

Targets for 2008-11

- 10% reduction in the actual burdens on local authority regulatory services
- There is access to better data and intelligence leading to better outcomes
- There is access to performance data enabling sector-led improvement
- There is better visibility of local authority regulatory services' impact, with links to wider outcomes to support policy, priority and budgetary decision-making processes

Anticipated annual benefits attributable to LBRO activity: £3.9 million

Progress to date:

The landscape in which we operate is complicated. To achieve our purpose, engagement is essential. We started work with our partners to create a common standard of excellence, both in order to help local authorities consider their current performance and to provide the yardstick for measuring progress. By improving the quality of the communications they receive, an underlying aim is to encourage more evidence-based policy making.

Our approach to improvement is underpinned by the LACoRS Peer Review process and existing accreditation schemes. It is also informed by our world-class coalition, the members of which are listed on the following page. It receives crucial input from our reference panel, comprising a cross-section of regulatory services' officers.

To drive the enhancement process, we launched a wide-ranging programme of research and evaluation. We published our first Mapping Report, which establishes for the first time a clear picture of how local regulation operates in practice. It clarifies the complex relations between the many organizations encountered in the terrain, showing how their functions complement, overlap and occasionally contradict. By fostering common understanding, it helps all those involved with local regulation to work towards improvement.

We also commissioned a major survey of business and consumer perceptions and initiated our national threats project. This is studying how local authorities tackle problems that cross council boundaries, typified by animal diseases, internet scams and illegal imports. The research tests the extent to which the targeting of resources on such areas may currently be restricted, even where this is in the interests of business and consumers. Our work in this area is guided by an expert panel.

Better law brings benefits to all. Under LBRO's statutory role to provide both proactive and reactive advice to the Government on existing local regulation, we gave constructive feedback on the Health and Safety Review, the Consumer Law Review, and the Anderson Review of Guidance. These reports, with their developing consensus on the need for assured advice to business and the promotion of a broad skills base for regulatory services' officers, are helping to shape our programme delivery.

Spotlight 5: World class coalition and reference panel members

- Animal Health Agency
- Audit Commission
- Better Regulation Executive
- Chartered Institute of Environmental Health
- Chief Fire Officers' Association
- Department for Communities and Local Government
- Environment Agency
- Food Standards Agency
- Gambling Commission
- Health and Safety Executive
- Institute of Licensing
- Local Authorities Coordinators of Regulatory Services
- National Measurement Office
- Office of Fair Trading
- Trading Standards Institute

Councils represented on panel: Barnsley, Birmingham, Brighton, Buckinghamshire, Cambridgeshire, Cannock Chase, Ceredigion, Chelmsford, City of London, Cornwall, Coventry, Derbyshire, Dundee City, Essex, East Hampshire, Hertfordshire, Monmouthshire, Newham, North Norfolk, North West Leicestershire, Southampton, Suffolk, Torfaen, Westminster, Wigan, Worcestershire

Spotlight 6: Excellence in local authority regulatory services

This is the cornerstone of our initiative to clarify and simplify the system within which regulatory services operate. The core aim is to create a common framework that is agreed and shared by local authorities, national regulators and central government, sharpening the focus on self-improvement and what matters in terms of outcomes.

The framework is being piloted through the Regulatory Services Peer Challenge project. It will be used by up to 60 regulatory services to conduct self-assessment during 2009. The resulting improvement plans will then be reviewed by a team of three peers from other councils, including an elected member from the IDeA Peer Clearing House. We are part-funding this initiative, in tandem with CLG.

Derek Allen, Executive Director, LACoRS: *“Local government has promoted self-assessment and peer challenge as key drivers for improvement and we are pleased that this important tool that has been developed and tested by councils is now available for their regulatory services.”*

Spotlight 7: Work with chief executives and elected members

Local authorities have a responsibility to drive the creation of vibrant and prosperous communities where people want to live and work. It is clear that regulatory services can be instrumental in achieving this end. Maximizing their effectiveness, however, requires ongoing engagement with those who make strategic decisions relating to the setting of priorities and the allocation of resources. High level recognition and appreciation of the value of regulatory services are critical for them to play a full and integral part in meeting the broader needs of their communities.

In collaboration with LACoRS and other regulatory bodies, we are coordinating efforts to make council chief executives and elected members more aware of the significant potential of regulatory services to contribute to local government priorities in areas such as crime and health, in addition to fulfilling their core role of supporting economic prosperity while safeguarding consumer protection. To this end, we are working with both the Local Government Association and the Society of Local Authority Chief Executives.

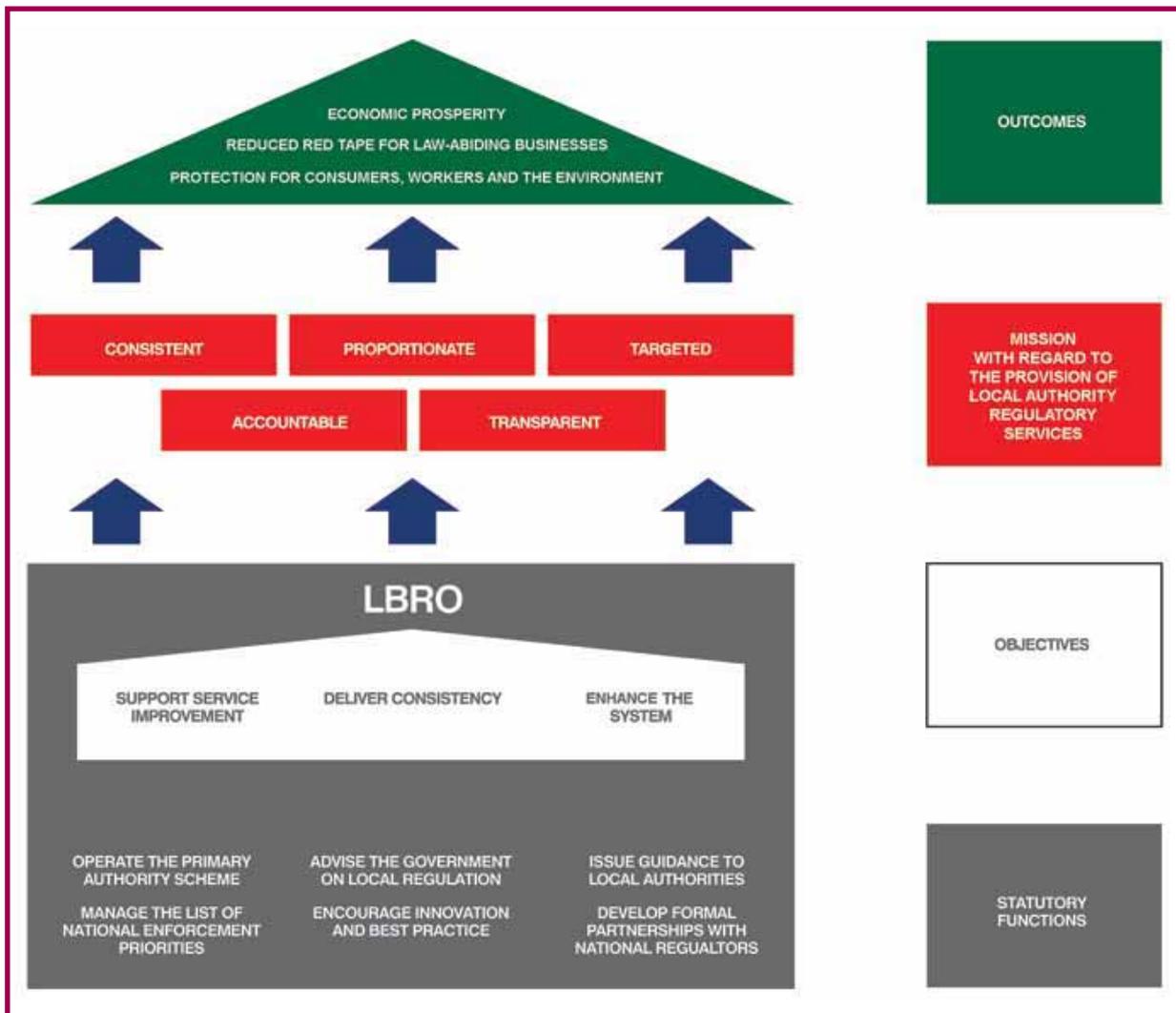
Trish Haines, President, SOLACE: *“I view the creation of LBRO as a very positive development. Local authorities stand to benefit from its brief to reduce the regulatory burden on compliant businesses and to target resources more effectively in order to promote fairness and to influence behaviour. LBRO support for effective local regulation will result in time and cost savings, in terms of service delivery, and will underpin the important link between better local regulation and economic prosperity.”*



Strategy overview



The diagram below summarizes the building blocks of our strategy, and how they fit together.





Perspectives



Context

In the delivery of our remit, it is essential that our initiatives are fully compatible with the bigger picture. Although regulatory services can deliver verifiable improvements, from a financial perspective they account for slightly less than 1 per cent of UK local authority expenditure. Our work to reduce red tape for law-abiding businesses forms an integral part of the activity undertaken by councils to increase the prosperity of their communities. This greater task is multi-faceted; there is no one correct way forward.

The general measures that local authorities should take to assist business have been articulated in fine detail elsewhere. In summary, the need is to foster the creation, survival and development of companies, by encouraging investment, innovation and productivity, and promoting procurement opportunities.

It is said that local government is about a sense of place: a profound understanding of what defines an area. Perhaps this should be complemented by a sense of time: a grasp of the importance of current matters in the context of the future. Although tackling the downturn is the immediate priority, significant rewards may derive in the long run by focusing now on areas such as environmental sustainability and communications infrastructure.

Management commentary

LBRO was initially incorporated as a government-owned limited company, but following the commencement of the Regulatory Enforcement and Sanctions Act on 1 October 2008, now operates as an executive NDPB, accountable to BERR through the BRE.

The organization is governed by an independent Board with extensive experience of business, consumer issues, national regulation, advocacy and local government. Its nine members together provide leadership and act as ambassadors. The executive of LBRO is a highly skilled, close-knit team that delivers the Board's vision and strategy, supplying the information required to inform its decision making. Personnel are divided into resource pools. From this perspective, the operational functions of strategy, policy, research and engagement can be envisaged as four spokes of a wheel, with the support centre and corporate services at the hub. To pursue our broad agenda, we also routinely work with associates and other external contractors, with expertise in relevant fields.

Our activities during 2008-09 are reviewed in the performance section on pages 13 to 20. As a small organization with multiple programmes, effective risk management is crucial to the delivery of our three strategic objectives, listed in the introduction on page 10. In particular, it is important that risks are correctly identified and evaluated as early as possible. An organizational culture of risk awareness is promoted, with managers responsible for encouraging good practice with their own teams, and the Board taking overall responsibility for risk management and the setting of risk appetite.

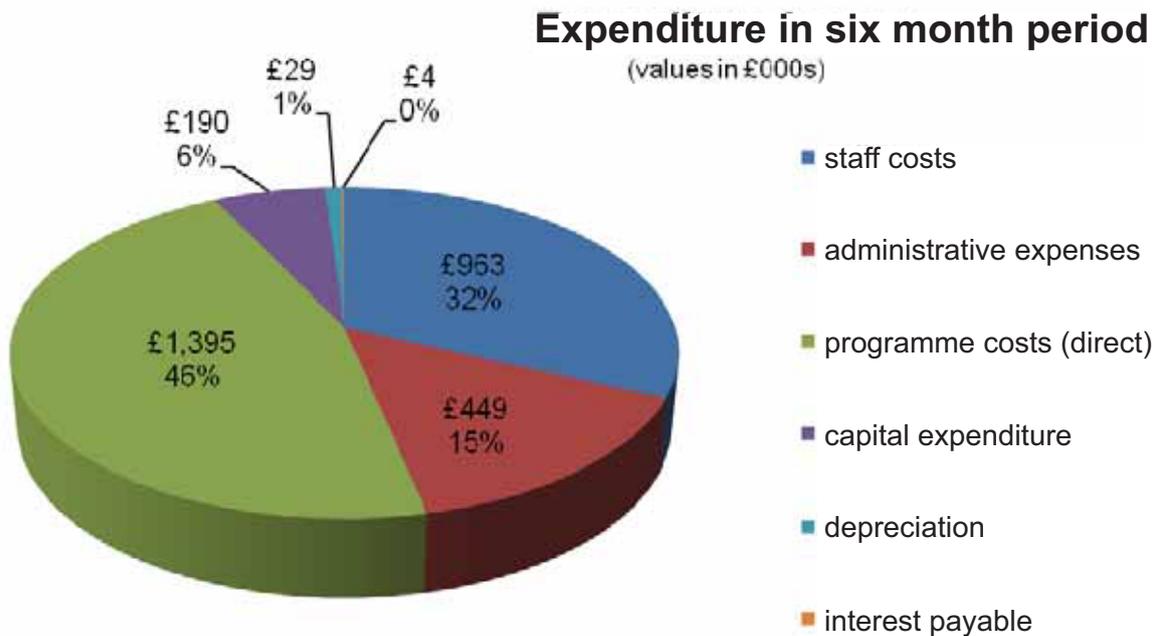
Further details on our approach to risk are given in the Statement on Internal Control, on pages 33 to 36. This also provides information on data handling. LBRO had no personal data related incidents during 2008-09.

We recognize our ethical responsibilities and are committed to creating and maintaining an environment that will not compromise the abilities and needs of future generations. With this in mind, we are working towards a sustainability programme that will ensure best practice when disposing of materials and in the development and application of our energy and waste management controls. Our approach will reflect the Government's vision of sustainability wherever possible. We will monitor the effectiveness of our control measures and our environmental impact through external consultations and internal audits, while creating a culture of continuous improvement.

LBRO receives the majority of its income as 'grant in aid' from BERR. In 2008-09, the allocation was £4.4 million, £1,621,401 being received in the six month period to 30 September 2008, and £2,778,600 in the six month period from 1 October 2008. The combined total finances the delivery of our strategic objectives.

The accounts have been prepared in accordance with the Accounts Direction given by the Secretary of State for Business, Enterprise and Regulatory Reform with the consent of HM Treasury in accordance with the Regulatory and Enforcement Sanctions Act 2008. The Act requires the first NDPB accounts to be produced and audited for the period commencing 1 October 2008. LBRO has engaged the National Audit Office under a letter of understanding to provide assurance on the period 1 April to 30 September 2008. The net expenditure account, balance sheet and cash flow statement relevant to this first six month period are included in Annex 1 to this report. This annex does not form part of these accounts.

The deficit for the six month period to 31 March 2009 amounted to £2,836,600. An amount of £189,600 was spent on fixed assets, the main asset being the creation of the Primary Authority database, which will be further developed during 2009-10. The chart below shows the expenditure for the year analysed by type.



The balance sheet at 31 March 2009 shows net assets of £179,200, represented by the general reserve.

Governance

Board:

The overall direction of LBRO is the responsibility of its Board. As of 31 March 2009, this had nine members: eight non-executive (including the Chair) and one ex-officio (the Chief Executive). All abide by the HM Treasury Code of Best Practice for Board Members of Public Bodies, and the Nolan principles of standards in public life.

Collectively, the Board provides expertise on each of the four key areas of governance:

- leadership and capability;
- performance and control;
- risk management; and
- scrutiny.

It also plays a significant role in stakeholder engagement, representing LBRO at a senior level. Individually, members focus on specific areas of work, providing challenge and guidance where required:

	Portfolios:	Date of appointment:
Clive Grace, Chair		1 June 2007
Robin Dahlberg	Best Practice	1 September 2007
Uday Dholakia OBE	SMEs, Europe and Diversity	1 September 2007
Michael Gibson CBE	Scotland and Northern Ireland	1 September 2007
Ann Hemingway CBE	Wales	1 September 2007
Robert Leak	World-class	1 September 2007
Rebecca Marsh	SMEs, Europe and Diversity	1 September 2007
David Thurston	Primary Authority	1 September 2007

The Board meets formally several times a year. The first annual public meeting of LBRO will be held in Birmingham during September 2009.

Executive:

Delivery of the strategic direction set by the Board and the leadership and the control of day-to-day operations are the responsibility of the senior management team, which as of 31 March 2009 had six members:

Graham Russell	Chief Executive
Jane Martin	Deputy Chief Executive / Director of Policy and Engagement
Sarah Smith	Director of Performance and Delivery
Carol Brady	Project Director
Loris Strappazon	Head of Board Support and Strategy
Richard Wilson	Head of Resources and Corporate Services

During the period 1 April 2008 to 1 October 2008, when LBRO was a government-owned limited company, the Chair and the Head of Board Support and Strategy were appointed directors, with the latter also fulfilling the role of company secretary.

Audit Committee:

Various matters relating to accounting procedures, financial reporting, internal controls and risk management are the responsibility of the Audit Committee. This operates in accordance with its terms of reference and the HM Treasury Audit Committee Handbook. It meets formally at least four times a year. As of 31 March 2009, it had three members:

Robin Dahlberg	Board Member / Chair
Ann Hemingway	Board Member
Robert Leak	Board Member

The Committee invites other attendees from the executive (including the Accounting Officer and Head of Resources and Corporate Services), the sponsor, internal audit and National Audit Office.

Overall:

In relation to governance, LBRO is informed both by the management statement agreed with BERR – which sets out the broad operational framework – and its individual policies. Brief profiles of the members of the Board and senior management team are provided on our website www.lbro.org.uk, plus our register of interests.

Loris Strappazon, the Head of Board Support and Strategy, stepped down in March 2009 and was replaced by Wendy Rimmer.

Policy statements

We have developed corporate policies in a number of key areas. In general, these:

- explain our underlying approach;
- clarify the key aspects of compliance;
- specify roles and responsibilities; and
- identify the main reporting procedures.

Complaints:

We aim to resolve all complaints quickly. We will acknowledge them within five working days of receipt and respond to the complainant where possible in 10, identifying actions we have taken or will take as a consequence. If a complaint cannot be addressed in this timeframe the complainant will be advised of any delay, kept informed of progress, and told when a full reply can be expected. Where a complainant remains dissatisfied, a complaint may be referred first to the Chief Executive for consideration, then the Board, and ultimately the Parliamentary and Health Service Ombudsman.

Equality and diversity:

We are committed to equal opportunity and diversity for all staff and potential staff. We will not discriminate on grounds of gender, race, ethnic or national origin, disability, religion or belief, sexual orientation, marital/civil partnership status, or age. Assessment for recruitment, selection, training and career progression purposes is based entirely on an individual's ability and suitability for the work. We are committed to providing all staff with opportunities to maximize their skills and achieve their potential, offering flexible working arrangements wherever possible. We are also committed to promoting equality of opportunity for people with disabilities, adjusting work arrangements where reasonable. We encourage a diverse workforce and aim to provide a working environment where all staff at all levels are valued and respected and where discrimination, bullying and harassment are not tolerated.

Freedom of information:

We are committed to the principles of freedom of information. Under the Freedom of Information Act 2000 there is a general right of access to the information we hold, promoting greater openness and accountability, and facilitating a better understanding of what we do and how we spend public money. We affirm our recognition of the public's 'right to know' and will operate an access regime on the presumption that information is open unless there is a valid reason to restrict access (due to an exemption under the Act).

Health and safety:

Our aim is to act positively and proactively to prevent injury, ill health, damage and loss arising from our activities, in addition to complying fully with the Health and Safety at Work Act 1974. Our policy is to maintain a safe environment, extending to plant and equipment; working, emergency and reporting procedures; staff awareness, training and supervision; and evaluation. All staff are consulted on an ongoing basis on matters to do with their health and safety at work. There are also designated and qualified fire marshals and first aiders.

Sickness:

With regard to sickness absence, the percentage of working days lost in 2008-09 was 0.9 per cent or two days per employee. This compares favourably to the public sector average of nine days per annum per employee.

Payment of suppliers:

We aim to comply with all current Government payment of creditor targets, including the new ten day rule. During the period of the accounts we undertook a sample survey which showed that the average payment period was 13 working days. The outsourced payment service provider was unable to provide detailed performance statistics.

Auditors

The financial statements have been audited by the Comptroller and Auditor General. The cost of the statutory audit was £14,000. The auditors also undertook a discretionary audit of the net expenditure account, balance sheet and cash flows for the first six month period included as an annex to this report. The cost of this work was £5,000.

As accounting officer, so far as I am aware, there is no relevant audit information of which the auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that LBRO's auditors are aware of that information.



Remuneration report



Remuneration policy

LBRO's remuneration policy for senior managers is part of the pay policy for the organisation as a whole.

Salary and other terms and conditions for each grade of the organisation's staff is set:

- to reflect the need to recruit, maintain and motivate suitably qualified people to exercise their different responsibilities;
- reward people equitably for their contribution to the fulfilment of the organisation's objectives; and
- in accordance with the Government's target.

The Chief Executive's remuneration is set in accordance with the principles set out above. The remuneration of the Chief Executive is subject to approval from the Department for Business, Enterprise and Regulatory Reform.

Service contracts

Appointments of LBRO's senior managers are made on merit and on the basis of fair and open competition.

Unless otherwise stated below, the senior managers covered by this report hold full time appointments as officers of LBRO. The exception is Wendy Rimmer, who was appointed on 16 March 2009 on a two-year secondment from the Health and Safety Executive. The period of notice for termination is three months.

Remuneration paid to the Chief Executive, Directors and Board members during the period is shown in the table that follows. This information is subject to audit.

The Executive officers listed below are on three-month notice periods. Non-executive directors are on fixed-term contracts of two or three years, with the exception of the Chair on a five year contract.

Salary

'Salary' includes basic salary and any other allowance to the extent that it is subject to UK taxation. No bonuses have been paid in the period of the accounts.

A bonus, and any consolidated pay increase, is set by the Board, who review the Chief Executive's performance against the objectives set at the start of the year.

Directors' bonuses are based on the outcomes of their annual appraisals and guidance contained in the Government's Pay Remit.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HMRC as a taxable emolument. No Board member or Directors incurred any benefits in kind during this period.

Pension benefits are provided through the Civil Service Pension (CPS) arrangements and all Directors are members of the Principal Civil Service Pension scheme. Directors may be in one of two 'average salary' defined benefit schemes (Nuvos and Partnership). The schemes are unfunded, with the cost of benefits met by monies voted by Parliament each year.

Non-executive directors are not eligible for pension scheme arrangements.

Further details are contained in the notes to the financial statements and further details about the Civil Service Pension arrangements can be found at the website (www.civilservice.gov.uk/pensions/index.aspx)

Remuneration report - six month period ended 31 March 2009

figures in £s		date of appointment	salary	pension contribution	bonus ⁽⁵⁾	total for period
Executive						
Chief executive	Graham Russell	3/9/07	46,013	11,647	-	57,660
Director	Jane Martin	1/10/07	35,787	9,059	-	44,846
Director	Carol Brady	1/10/07	33,231	7,653	-	40,884
Director	Sarah Smith	29/10/07	33,231	7,653	-	40,884
Head	Loris Strappazzon ⁽¹⁾	6/8/07 to 31/3/09	30,830	6,829	-	37,659
Head	Wendy Rimmer ⁽¹⁾	16/3/09	2,547	591	-	3,138
Head	Richard Wilson	29/10/07	28,119	6,476	-	34,595
Non-executive						
Chair	Clive Grace ⁽²⁾	1/6/07	25,000	-	-	25,000
Board member ⁽³⁾	Robin Dahlberg	1/9/07	12,500	-	-	12,500
Board member ⁽³⁾	Uday Dholakia	1/9/07	12,500	-	-	12,500
Board member ⁽³⁾	Michael Gibson	1/9/07	12,500	-	-	12,500
Board member ⁽³⁾	Ann Hemingway	1/9/07	12,500	-	-	12,500
Board member ⁽³⁾	Robert Leak ⁽⁴⁾	1/9/07	12,500	-	-	12,500
Board member ⁽³⁾	Rebecca Marsh	1/9/07	12,500	-	-	12,500
Board member ⁽³⁾	David Thurston	1/9/07	12,500	-	-	12,500

Note:

(1) secondees

(2) 80 days a year from June 08

(3) paid for up to 40 days a year

(4) emolument paid to employer, London Borough of Enfield

(5) no bonuses paid to date for the six month period to 31 March 2009

Pension Entitlements

The pension entitlements shown in the table below are those that would be paid annually on retirement based on service to 31 March 2009 and include the value of added years paid for by members of the CPS. Members of the pension scheme have the option to pay Additional Voluntary Contributions but no one in the table currently exercises this option.

Pension entitlements – six month period ended 31 March 2009

	salary band	real increase in accrued pension benefits at age 60	accrued pension at age 60 at 31 March 2009 and related lump sum	CETV at 1 October 2008	CETV at 31 March 2009	real increase in CETV as funded by employer
	£000	£000	£000	£000	£000	£000
Executive						
Graham Russell	90-95	42.5-45 lump sum N/A	45-50 lump sum N/A	22	447	241
Jane Martin	70-75	0-2.5 lump sum N/A	20-25 lump sum N/A	282	304	4
Carol Brady	65-70	0-2.5 lump sum N/A	0-5 lump sum N/A	14	20	5
Sarah Smith	65-70	15-17.5 lump sum N/A	15-20 lump sum N/A	9	117	50
Richard Wilson	55-60	0-2.5 lump sum N/A	0-5 lump sum N/A	12	19	5

Cash Equivalent Transfer Value

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total actuarial service as a public servant, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service scheme and for which the CS Vote has received a transfer commensurate to the additional pension liabilities being assumed. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

The real increase in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The two large increases in value are the result of the transfer of previous local government pension schemes into the Civil Service Pension scheme during the six month period and the corresponding increase in liability.



Graham Russell,
Accounting Officer and Chief Executive,
LBRO

3 July 2009



**Financial Statements
for the period
1 October 2008 to
31 March 2009**



Board members

Non-Executive Directors

Dr Clive Grace

Chair from 1 June 2007 for a five year term



Robert Leak

Appointed 1 September 2007 for a two year term



Robin Dahlberg

Chair of the Audit Committee.

Appointed 1 September 2007 for a two year term



Michael Gibson

Appointed 1 September 2007 for a three year term



Rebecca Marsh

Appointed 1 September 2007 for a three year term



David Thurston

Appointed 1 September 2007 for a two year term



Ann Hemingway

Appointed 1 September 2007 for a three year term



Uday Dholakia

Appointed 1 September 2007 for a three year term



Chief Executive

Graham Russell



Registered address

2nd Floor East
The Axis
10 Holliday Street
Birmingham
B1 1TG

External Auditors

National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Statement of LBRO's and Chief Executive's responsibilities

Under paragraphs 13 (2) and 13 (3) of Schedule 1 of the Regulatory Enforcement and Sanctions Act 2008, LBRO is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the consent of HM Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of LBRO's state of affairs at the year end and of its income and expenditure, recognized gains and losses, and cash flows for the financial year.

In preparing the accounts LBRO is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statement; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the body will continue in operation.

The Accounting Officer for Cabinet Office has designated the Chief Executive as the Accounting Officer for LBRO. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding the Authority's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in Managing Public Money.

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of LBRO's policies, aims and objectives, while safeguarding the public funds and LBRO's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

I am accountable to the Board for ensuring effective arrangements for the management of risk. The Board has overall responsibility for determining LBRO's system of internal control, reviewing its effectiveness, and annually reviewing the risk policy and strategy. The Audit Committee, a Board sub-committee, advises me on the adequacy of the audit arrangements and on the assurances received in respect of risk management and internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritize the risks to the achievement of LBRO's policies, aims and objectives, to evaluate the likelihood of those risks happening and the impact should they occur, and to manage them efficiently, effectively and economically. The system of internal control has been in place in LBRO for the period ended 31 March 2009 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to handle risk

As Accounting Officer I act as risk champion for LBRO. My role is to ensure robust and effective risk management, and this underpins all policies and procedures. The planning and budgeting process is used to set objectives, agree actions, and allocate resources, with progress assessed regularly. Key risks are monitored and controlled via a comprehensive reporting structure. Decisions to rectify problems are made at regular meetings of the senior management team and the Board.

The Board is responsible for minimizing LBRO's exposure to risk and driving the culture of risk management. The Head of Resources and Corporate Services is responsible for ensuring that appropriate measures to identify, score, monitor and control risk are in place, effective and fit for purpose. Managers are required to report progress towards managing risks by achieving related deliverables on a regular basis. This helps to embed risk management as part of a proactive risk management system.

The risk and control framework

Risk management is handled effectively at LBRO. A guiding policy clarifies the approach and identifies the main reporting procedures. At Board level, corporate risks are reviewed, opportunities are identified and control mechanisms are assessed. Responsibility cascades throughout the organization, with staff managing specific risks that could affect the achievement of their objectives and targets. Programme leaders create and maintain their own risk registers. A Programme Management Board scrutinises the programme risks. Risks identified as common to a number of programme areas or of sufficient significance are considered for inclusion within the corporate risk register.

LBRO does not operate a risk-averse culture. To deliver its challenging agenda, risks need to be taken. However, I require them to be properly evaluated and managed appropriately. In doing so, I expect a balanced response.

The key elements of LBRO's risk and control framework are as follows:

- Risks are managed in line with best practice.
- There is a systematic process for identifying, monitoring and controlling major risks faced by LBRO in the delivery of its objectives and agenda.
- Residual risks are identified, and action plans created to mitigate them.
- Risks are added to the corporate and local registers from a variety of sources.
- Reviews are staged periodically with risk owners to assess the relevance of risks, and the strength and adequacy of their control measures.
- Financial and management procedures and guidelines will be clearly documented.
- Budgeting systems and financial reporting are reviewed by and agreed with the Audit Committee.
- Regular reports on all significant issues are provided to the Board.

Information risk

Whilst LBRO possesses little information that is personal or protected it takes information risk seriously and looks after its records to protect the individual and for the public good.

LBRO has undertaken a data handling review in conjunction with the sponsor department, BERR, and commissioned a Risk Management and Accreditation Document Set. These have identified a number of actions that LBRO is working to complete in the first quarter of 2009/10. This includes obtaining training for recently appointed Information Asset Owners and completing the suite of ICT policies, the information risk policy being a key component in this. This policy will be reviewed on an annual basis or as information risks change. Information security measures are already in place to protect the organisation's information assets from external unlawful penetration. These measures are shortly to be independently tested once the new Primary Authority database system reaches an appropriate development stage.

There have been no incidents formally reported to the Information Commissioners Office to date, and no recorded or reported mishandling of personal protected data during the period. The organisation will shortly be undertaking a formal assessment of information risks, the Primary Authority database being its main focus in order to assess its level and robustness of security, which are a vital part of the system specification.

LBRO will continue to respond positively to Government directions on this matter, working closely with the sponsor department.

Internal Audit reporting

LBRO has contracted with the sponsor department's Internal Audit service to provide assurance to the organisation and its stakeholders. During the year to 31 March 2009 the Internal Audit service has undertaken a number of reviews, which are summarised in the table below:

Internal audit	Opinion	Management response
Financial systems	Fundamental weaknesses in control	Recommendations accepted and new financial system introduced for 1 April 2009
Risk management	Risk and control environment generally sound	Risk appetite set by Board
Governance	A strong risk and control environment is in place	No actions required
Relationship management	A strong risk and control environment is in place	No actions required
Performance management systems	Significant weaknesses in control	Performance indicators more fully developed and included in Corporate Plan
Management information systems	Risk and control environment generally sound	Approach has been refined
Service level agreements	Significant weaknesses in control	Provision of financial services no longer outsourced
Policies and procedures	Risk and control environment generally sound	Central register of policies to be produced

As a young organisation, LBRO has invested significant resources in establishing sound systems of governance and control. This has included responding positively to findings and recommendations from our internal audit reports, the most significant being to replace the outsourced payment provider with an in-house finance system.

Internal audit concluded that “based on the above and taking into account LBRO’s solid service delivery performance to its key stakeholders, overall, we can provide an opinion of Improvement Required on the design adequacy and effectiveness of the system of internal control operating within the LBRO during the financial year 2008-09. During the course of the audit work that has contributed to this opinion, management was advised of control issues that needed to be addressed and actions agreed to remedy them. Since that time we have noted management’s commitment to completing these actions as soon as practicable.”

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by numerous sources, notably the work of the independent internal auditors, the executive managers within LBRO who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and in other reports.

I am advised on the implications of the results of the reviews by the Board and Audit Committee. Where they consider necessary, they will advise me on mechanisms and action plans to address identified weaknesses and continuously improve the system. I will ensure that these are written and adopted as appropriate.

Any system of internal control is subject to development, and I believe LBRO’s engaged and positive response to audit recommendations makes it stronger. This leads me to conclude that LBRO has a framework of risk management, governance and control which provides reasonable assurance regarding the effective achievement of its objectives.



Graham Russell,
Chief Executive and Accounting Officer,
LBRO

3 July 2009

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Local Better Regulation Office (LBRO) for the six months ended 31 March 2009 under the Regulatory Enforcement and Sanctions Act 2008. These comprise the Net expenditure account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective Responsibilities of LBRO, Chief Executive and Auditor

LBRO and its Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements in accordance with the Regulatory Enforcement and Sanctions Act 2008 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of LBRO's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Regulatory Enforcement and Sanctions Act 2008 and Secretary of State directions made thereunder. I report to you whether, in my opinion, the information which comprises the Perspectives section included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In addition, I report to you if LBRO has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects LBRO's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of LBRO's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and considered whether it is consistent with the audited financial statements. This other information comprises the remaining sections of the Annual Report and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of Audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by LBRO and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the LBRO's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Regulatory Enforcement and Sanctions Act 2008 and directions made thereunder by the Secretary of State, of the state of LBRO's affairs as at 31 March 2009 and of its deficit and cash flows for the six months then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Regulatory Enforcement and Sanctions Act 2008 and directions made thereunder by the Secretary of State; and
- information, which comprises the Perspectives section included within the Annual Report, is consistent with the financial statements.

Opinion on regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road, Victoria, London SW1W 9SS

11 July 2009

Net expenditure account

	<i>notes</i>	6 months to 31 Mar 09 £
expenditure		
staff costs	3	(963,299)
depreciation	8, 9	(29,473)
administrative expenses	4	(1,843,984)
total expenditure		(2,836,756)
income		
sundry receipts	7	4,348
total income		4,348
net expenditure before interest and cost of capital		(2,832,408)
cost of capital		(7,292)
interest payable		(3,632)
net expenditure after interest and cost of capital		(2,843,332)
reversal of cost of capital		7,292
deficit for the period	23	(2,836,040)

There were no recognised gains or losses in the period other than those included in the net expenditure account.

All of the organisation's activities are classed as continuing.

The notes on pages 42 to 55 form part of these financial statements.

Balance Sheet

		31 March 2009	
	<i>notes</i>	£	£
fixed assets			
tangible assets	8	360,331	
intangible assets	9	34,715	
total fixed assets			395,046
current assets			
debtors	12	174,886	
cash at bank and in hand	13	466,492	
total current assets			641,378
current liabilities			
creditors (amounts falling due within one year)	14	(821,965)	
total current liabilities			(821,965)
net current assets			
			(180,587)
total assets less current liabilities			
			214,459
non-current liabilities			
creditors (amounts falling due after more than one year)	14	(35,271)	
assets less liabilities			179,188
taxpayers' equity			
general reserve	23		179,188
			179,188

(Balances at 30 September 2008 are included in the restated prior period balance sheet at Annex 1, which are excluded from the statutory accounts.)

The notes on pages 42 to 55 form part of these financial statements.

These financial statements were approved by the Board of LBRO on 2 June 2009 and signed on its behalf by:



Graham Russell,
Chief Executive and Accounting Officer,
LBRO

3 July 2009

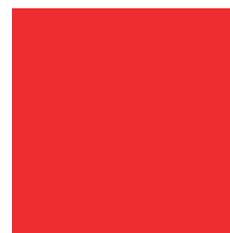
Cash flow statement

	<i>notes</i>	6 months to 31 Mar 09 £
net cash flows from operating activities		
net deficit before cost of capital and interest		(2,832,408)
increase in debtors	12	(91,960)
increase in creditors	14	390,629
depreciation charge		29,473
net cash outflow from operating activities		(2,504,266)
returns on investment and servicing of finance		
interest payment		(3,632)
net cash outflow from investment and servicing of finance		(3,632)
capital expenditure		
proceeds from disposal of fixed assets		–
acquisition of fixed assets	8	(152,904)
acquisition of intangible assets	9	(36,689)
net cash outflow from capital expenditure		(189,593)
financing		
total grant in aid received from BERR	6	2,778,599
net cash inflow from financing		2,778,599
increase in cash and cash equivalents in the period		81,108
cash and cash equivalents at the beginning of the period		385,384
cash and cash equivalents at the end of the period	13	466,492

The notes on pages 42 to 55 form part of these financial statements.



Notes to the financial statements for the six month period ended 31 March 2009



1 Statement of accounting policies

A. General principles

The financial statements summarise the Local Better Regulation Office's (LBRO) transactions for the six month period ended 31 March 2009.

LBRO commenced trading on 3 September 2007 as a wholly government-owned company, pending the Regulatory and Enforcement Sanctions Act's progression through the legislative process. The passing of the Act dissolved the LBRO company and established LBRO as a non-departmental public body (NDPB) on 1 October 2008. The Act requires LBRO to produce statutory accounts with effect from this date, this being the first such set of accounts.

The financial statements have been prepared in accordance with the 2008/09 Government Financial Reporting Manual (FReM)¹ issued by HM Treasury. The accounting policies contained in the FReM apply Financial Reporting Standards (FRS) as adapted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of LBRO for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by LBRO are described below. They have been applied consistently in dealing with items that are considered material in relation to the accounts.

B. Basis of accounting

The financial statements have been prepared under the historical cost convention.

C. Going concern

The financial statements have been prepared on a going concern which assumes that LBRO will continue to operate. The validity of this assumption is dependent upon the continuance of support from LBRO's sponsor, the Department for Business, Enterprise and Regulatory Reform (BERR), and in obtaining future funding confirmation for 2010-11 and beyond. Funding from BERR for 2009-10 is confirmed as £4.1 million.

¹ web site – www.financial-reporting.gov.uk

For accounting purposes it has been assumed that LBRO will exist in NDPB form for the foreseeable future, in deliverance of its functions as set out in the Regulatory and Enforcement Sanctions Act.

D. Government grants

Income consists primarily of grant in aid from BERR. Grants applied for the purchase of fixed assets are held on the balance sheet in the general reserve and are offset by depreciation charges that match the expected useful economic lives of the asset.

E. Tangible fixed assets

All fixed assets are initially recorded at cost.

Items of equipment costing less than £2,500 are charged to expenditure in the year of purchase.

Fixed assets are capitalised at cost of acquisition, plus any costs such as installation and commissioning directly attributable to bringing them into a working condition.

Permanent offices, furniture and information communications technology equipment were established in January 2008 and included at cost. Revaluations will be undertaken by the end of 2012-13, in accordance with the 'Appraisal and Valuation Standards' of the Royal Institution of Chartered Surveyors (RICS).

F. Intangible assets

All intangible assets are initially recorded at cost.

Items of equipment costing less than £2,500 are charged to expenditure in the year of purchase.

Software licences are amortised on a straight-line basis over an expected economic life of 5 to 7 years.

G. Depreciation

Depreciation is provided on all tangible fixed assets from the date of acquisition.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, on a straight-line basis over the useful expected economic life of that asset as follows:

Leasehold improvements	over period of lease – 10 years
Furniture and fittings	5 to 10 years
IT equipment	3 to 5 years
IT systems	5 to 7 years

H. Capital charge

A charge, reflecting the cost of capital utilised by LBRO, is included in the Expenditure Account. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amounts of all assets less liabilities, except for:

- a. property, plant and equipment and intangible assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
 - additions at cost
 - disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal)
 - impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure)
 - depreciation of property, plant and equipment and amortisation of intangible assets
- b. cash balances with the Office of HM Paymaster General (OPG), where the charge is nil.
- c. intra-departmental balances.

I. Research

Expenditure on research is written off in the year in which it is incurred.

J. Finance leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the assets have passed to LBRO, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of the future obligations under the leases are included as liabilities on the balance sheet. The interest element of the rental obligation is charged to the net expenditure account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

K. Operating leases

Rentals paid under operating leases are charged to the net expenditure account on a straight line basis over the lease term.

L. Pensions

Past and present employees are covered by the provisions of the Civil Service Pension schemes which are described in note 3a. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. LBRO recognises the expected costs of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution element of the schemes, LBRO recognises the contributions payable for the year.

M. Value Added Tax

LBRO is not eligible to be registered for VAT purposes. Irrecoverable VAT is, therefore, charged to the relevant expenditure category or included in the capitalised cost of fixed or intangible assets.

Notes to the net expenditure account

2. Analysis of net expenditure by segment

LBRO activity is not subject to segmentation.

3. Staff numbers and related costs

These are the direct costs of the executive staff employed by LBRO during the year, inclusive of salary payments, national insurance, employer's pension contributions and agency staff. They exclude recruitment and travel costs, which are included under other costs.

a. Staff costs

Table 1: Staff related costs

(figures in £s)	6 months to 31 March 2009				Total
	board members	staff with a permanent or fixed-term contract	secondees	other staff on short-term temporary contracts	
wages and salaries	104,162	502,241	54,297	123,143	783,843
social security costs	10,367	43,922	5,005	–	59,294
other pension costs	–	108,074	12,088	–	120,162
total	114,529	654,237	71,390	123,143	963,299

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but LBRO is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For the period from 1 October 2008, employers' contributions of £111,912 were payable to the PCSPS at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2009). The contribution rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employers' contributions were paid to appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. No employer contributions were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

b. Average number of persons employed

Table 2: Average numbers of persons employed

	2008/09		
	total	permanent staff	others
Chief Executive/Senior Management Team	6	5	1
policy and administration staff	21	18	3
total average numbers	27	23	4

4. Other expenditure

Table 3: Administrative expenses

(figures in £s)	6 months to 31 Mar 09
direct programme expenditure	1,395,261
travel and subsistence	101,762
accommodation costs	93,618
personnel costs	73,350
professional fees	67,293
external auditors remuneration – statutory audit	14,000
external auditors remuneration – discretionary audit	5,000
internal auditors remuneration	11,241
other supplies and services	82,459
total other costs	1,843,984

5. Programme spend

The purpose of LBRO is to deliver programmes (supported by the administrative costs of operating the organisation) in pursuit of four main objectives. Direct spend on these programmes is shown below:

Table 4: Programme delivery within administrative expenses	
(figures in £s)	6 months to 31 Mar 09
Support Service Improvement	
Best Practice and Guidance	67,696
Leadership and Dissemination and Embedding of Better Regulation Principals	217,823
Efficient and Effective Service Delivery	292,108
Culture, Business & Commercial Awareness	74,122
	651,749
Directly Deliver Consistency	
Primary Authority	368,335
	368,335
Improve The System	
World Class Local-authority Regulatory System	191,168
Advice and Policy	–
Strategy and Evidence	93,236
Engagement	90,773
	375,177
total programme spend	1,395,261

Additionally, a number of permanent staff and some secondees are employed to directly deliver some of these programmes as a significant element of their roles. The element of staff costs that can be directly attributed to programme delivery over this period is £181,400. This equates to total direct spend of £1,576,700, or 61% of the Grant In Aid applied towards net revenue expenditure (see note below).

6. Grant in aid

The total amount of external sponsor support from BERR is shown below:

Table 5: Grant in aid	
(figures in £s)	6 months to 31 Mar 09
received in the year from BERR	2,778,599
	2,778,599
less: applied towards purchase of fixed and intangible assets	(189,593)
	2,589,006

7. Sundry income

Table 6: Sundry income

(figures in £s)	6 months to 31 Mar 09
reimbursement of costs – Better Regulation Executive	2,328
reimbursement of costs – Northern Ireland Public Sector Enterprises Ltd	2,020
	4,348

Notes to the balance sheet

8. Property, plant and equipment

Table 7: Tangible assets				
(figures in £s)	leasehold improvements	IT equipment	furniture and fittings	total
gross cost or valuation				
at 1 October 2008	70,301	128,802	74,697	273,800
additions	–	152,904	–	152,904
disposals	–	–	–	–
reclassifications	–	–	–	–
revaluations	–	–	–	–
balance at 31 March 2009	70,301	281,706	74,697	426,704
depreciation				
at 1 October 2008	4,687	25,462	8,725	38,874
charged in period	3,514	18,167	5,818	27,499
disposals	–	–	–	–
reclassifications	–	–	–	–
revaluations	–	–	–	–
accumulated depreciation 31 March 2009	8,201	43,629	14,543	66,373
net book value at 31 March 2009	62,100	238,077	60,154	360,331
net book value at 30 September 2008	65,614	103,340	65,972	234,926
asset financing:				
owned	62,100	192,572	60,154	314,826
finance leased	–	45,505	–	45,505
net book value at 31 March 2009	62,100	238,077	60,154	360,331

9. Intangible assets

Table 8: Intangible assets

(figures in £s)	software licences finance system	software licences customer relation management system	total
gross cost or valuation			
at 1 October 2008	–	–	–
additions	16,947	19,742	36,689
disposals	–	–	–
reclassifications	–	–	–
revaluations	–	–	–
balance at 31 March 2009	16,947	19,742	36,689
amortisation			
at 1 October 2008	–	–	–
charged in period	–	1,974	1,974
disposals	–	–	–
reclassifications	–	–	–
revaluations	–	–	–
accumulated amortisation 31 March 2009	–	1,974	1,974
net book value at 31 March 2009	16,947	17,768	34,715
net book value at 30 September 2008	–	–	–
asset financing:			
owned	16,947	17,768	34,715
net book value at 31 March 2009	16,947	17,768	34,715

10. Impairments

There have been no asset impairments.

11. Inventories

LBRO does not hold items for resale or material stocks of publications.

12. Debtors and other current assets

Table 9: Debtors and other current assets	
(figures in £s)	31 Mar 09
amounts falling due within one year:	
debtors	4,348
other debtors	6,005
prepayments and accrued income	164,533
total amounts falling due within one year:	174,886
amounts falling due after more than one year:	
debtors	–
other debtors	–
prepayments and accrued income	–
total amounts falling due after more than one year:	–
total debtors & other current assets	174,886

13. Cash and cash equivalents

Table 10: Cash and cash equivalents	
(figures in £s)	31 Mar 09
balance at 1 October 2008	385,384
net change in cash & cash equivalents	81,108
balance at 31 March 2009	466,492
the following balances at 31 March were held at:	
Office of HM Paymaster General	466,492
commercial banks & cash in hand	–
short term investments	–
balance at 31 March 2009	466,492

14. Creditors and other current liabilities

Table 11: Creditors and other current liabilities	
(figures in £s)	31 Mar 09
amounts falling due within one year:	
creditors	262,728
accruals and deferred income	520,045
current part of finance leases	39,192
total amounts falling due within one year:	821,965
amounts falling due after more than one year:	
other creditors, accruals and deferred income	–
finance leases	35,271
total amounts falling due after more than one year:	35,271
total creditors & other current liabilities	857,236

15. Provisions for liabilities and charges

LBRO does not currently make any provisions.

16. Capital commitments

The only capital scheme continuing past 31 March 2009 is development of the Primary Authority database system. The pilot (phase one) commenced on 6 April 2009. At 31 March 2009 there were no contracted capital commitments with the software developer although work on specifying phase two is scheduled to begin in early 2009/10.

17. Commitments under leases

Operating leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

Table 12: Operating leases	
(figures in £s)	2008/09
Obligations under operating leases comprise:	
Buildings:	
expiring within one year	–
expiring after one year but not more than five years	–
expiring thereafter	73,455
	73,455
Other:	
expiring within one year	–
expiring after one year but not more than five years	59,177
expiring thereafter	–
	59,177

Finance leases

Obligations under finance leases are as follows.

Table 13: Finance leases	
(figures in £s)	2008/09
Obligations under finance leases comprise:	
Other:	
rentals due within one year	39,906
rentals due after one year but within five years	35,271
rentals due thereafter	–
	75,177

18. Related-party transactions

The organisation is an executive non-departmental public body, sponsored and owned by the Department for Business, Enterprise and Regulatory Reform (BERR), a part of government. The relationship is managed through the Better Regulation Executive (BRE).

These bodies are regarded as a related party with which LBRO has had various material transactions during the period. During the period LBRO received £2,778,600 grant in aid for the period October 2008 to March 2009 from its controlling related party BERR. An amount of £6,500 was due to BERR for secondee costs at the period end and is included within trade creditors.

In addition, LBRO has had a small number of transactions with other government departments and other central government bodies.

LBRO is working on Memorandum of Understanding with five national regulators to improve the system in which they interact with local authority regulatory services. Transactions for the provision of secondees took place with the Office of Fair Trading (OFT) and Health and Safety Executive, with respective amounts of £17,300 and £3,400 due to these organisations at 31 March 2009, and included within trade creditors.

No board member, key manager or other related parties has undertaken any material transactions with LBRO during the period.

19. Post balance sheet events

There are no reportable post balance sheet events. The accounts were authorised for issue by the Accounting Officer on 11 July 2009, the date the accounts were certified.

On Friday 5 June 2009, the Government announced the creation of a new Department for Business, Innovation and Skills (BIS) by merging the Department for Business, Enterprise and Regulatory Reform (BERR) and the Department for Innovation, Universities and Skills (DIUS). From this date, BIS will take over the work previously undertaken by BERR.

20. Losses and special payments

There are no reportable special payments for the period ended 31 March 2009.

21. Intra-government balances

The table below shows intra-government creditor balances.

Table 14: Intra-government balances		
(figures in £s)	amounts falling due within one year:	amounts falling due after more than one year:
	31 Mar 09	31 Mar 09
balances with other central government bodies	57,412	–
balances with local authorities	200,312	–
balances with NHS Trusts	–	–
balances with public corporations and trading funds	–	–
<i>subtotal: intra-governmental balances</i>	257,724	–
balances with bodies external to government	564,241	35,271
total creditors at 31 March	821,965	35,271

Intra-government debtor balances of £4,348 with central government bodies are shown in Table 6 and Table 9. A pre-payment of £23,643 for business rates to a local authority is included with Table 9.

22. Financial instruments

LBRO's resources are met through grant in aid from the sponsor department, BERR. LBRO has no powers to borrow money or to invest surplus funds. Other than financial assets and liabilities which are generated by day-to-day operational activities, LBRO holds no financial instruments.

23. Reconciliation of deficit for the period to general reserve

Table 15: Reconciliation of deficit for the period to general reserves		
(figures in £s)	<i>note</i>	6 months to 31 Mar 09
surplus brought forward		236,629
receipt of grant in aid	6	2,778,599
deficit for the period		(2,836,040)
net deficit for the period		(57,441)
surplus carried forward		179,188



Annex 1:
**Restated prior period
financial statements**



Restatement of the periods May 2007 to March 2008 and April to September 2008 from Company Act format to FReM format

Net expenditure account		
	6 months to 30 Sep 08 £	11 months to 31 Mar 08 £
expenditure		
staff costs	(978,823)	(903,182)
depreciation	(26,531)	(12,343)
administrative expenses	(606,490)	(616,866)
total expenditure	(1,611,844)	(1,532,391)
income		
sundry receipts	–	–
total income	–	–
net expenditure before interest and cost of capital	(1,611,844)	(1,532,391)
cost of capital	(3,905)	(2,229)
interest payable	(4,486)	(1,685)
net expenditure after interest and cost of capital	(1,620,235)	(1,536,305)
reversal of cost of capital	3,905	2,229
deficit for the period	(1,616,330)	(1,534,076)

This page does not form part of the statutory financial statements.

Restatement of the periods May 2007 to March 2008 and April to September 2008 from Company Act format to FReM format

Balance sheet		
	30 Sep 08 £	31 Mar 08 £
fixed assets		
tangible assets	234,926	254,564
intangible fixed assets	–	–
total fixed assets	234,926	254,564
current assets		
debtors	82,926	7,275
cash and cash equivalents	385,384	428,670
total current assets	468,310	435,945
current liabilities		
creditors (amounts falling due within one year)	(411,313)	(384,488)
total current liabilities	(411,313)	(384,488)
net current liabilities	56,997	51,457
total assets less current liabilities	291,923	306,021
non-current liabilities		
creditors (amounts falling due after more than one year)	(55,294)	(74,463)
assets less liabilities	236,629	231,558
taxpayers' equity		
general reserve	236,629	231,558
	236,629	231,558

This page does not form part of the statutory financial statements.

Restatement of the periods May 2007 to March 2008 and April to September 2008 from Company Act format to FReM format

Cash flow statement		
	6 months to 30 Sep 08 £	11 months to 31 Mar 08 £
cash flows from operating activities		
net deficit before cost of capital and interest	(1,611,844)	(1,532,391)
increase in debtors	(75,651)	(7,275)
increase in creditors	7,656	458,952
depreciation charge	26,531	12,343
net cash outflow from operating activities	(1,653,308)	(1,068,371)
returns on investment and servicing of finance		
interest payment	(4,486)	(1,685)
net cash outflows from investment and servicing of finance	(4,486)	(1,685)
capital expenditure		
acquisition of fixed assets	(6,893)	(266,908)
net cash outflow from capital investment	(6,893)	(266,908)
financing		
total grant in aid received from BERR	1,621,401	1,765,634
net cash flows from financing	1,621,401	1,765,634
increase/(decrease) in cash in the year	(43,286)	428,670
cash and cash equivalents at the beginning of the period	428,670	–
cash and cash equivalents at the end of the period	385,384	428,670

This page does not form part of the statutory financial statements.

For further information please contact:

Wendy Rimmer
 Head of Board Support and Strategy
 Local Better Regulation Office
 The Axis
 10 Holliday Street
 Birmingham
 B1 1TG

0121 226 4000
 wendy.rimmer@lbro.org.uk
 www.lbro.org.uk

Printed in the UK by The Stationery Office Limited
 on behalf of the Controller of Her Majesty's Stationery Office

ID 6164733 07/09 432007 19585

Printed on paper containing 75% recycled fibre content minimum



information & publishing solutions

Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: customer.services@tso.co.uk

Textphone: 0870 240 3701

The Parliamentary Bookshop

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/General enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: bookshop@parliament.uk

Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other Accredited Agents

Customers can also order publications from:

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

Tel 028 9023 8451 Fax 028 9023 5401

ISBN 978-0-10-296059-4



9 780102 960594