AUDIT AND RISK ASSURANCE COMMITTEE
("the Committee")
MINUTES
Meeting held on 28 September 2021
10:30 – 13:30 | by video-conference

Present: (Members)	Catharine Seddon	Chair
	Catherine Brown	
	Gary Kildare	
In attendance:	Matthew Hill	Chief Executive and Accounting Officer
	Stuart Hamill	Head, Finance and IT
	Jenny Prior	Corporate Governance Manager
	Holly Perry	Director, Enabling Services
	Ethan Fleming	Corporate Governance Manager (minutes)
	Steve Brooker	Head of Policy, Development and Research
Observing:	N/a	
Apologies	Michael Smyth	

Item 1
AUDIT AND RISK ASSURANCE FINANCE COMMITTEE MEETING

1. Members of the Committee met as a Board budget sub-group to consider the LSB's budget timetable/proposal for 2022/23.

2. Under its Terms of Reference, the Committee considers and scrutinises the draft LSB budget annually on behalf of the Board. Any recommendation to the Board would be subject to Ministry of Justice (MoJ) approval.

3. The Head, Finance and IT reported that the Board had requested for the planning of two scenarios. The first scenario was current budget increased for inflation which would be in line with the amount already proposed and agreed informally with the Ministry of Justice (MoJ). The second scenario was a stretch budget that delivered the maximum deployment of resource practical within the LSB's current structure and approach. This would likely be the current budget increased by 4% along with an inflation increase.

4. The Committee considered the paper and commented that:
    - Discussions with MoJ should emphasise the nature of LSB being levy funded and therefore a budget that was higher than the current year would have no impact on the MoJ as there was no Grant in Aid or other Exchequer funding.
    - The pay freeze combined with rising inflation introduced a risk of disaffected staff and higher than standard staff turnover. The Committee agreed this was a risk and LSB should think of creative ways to keep staff morale high in the absence of

pay rises. That there was a pay freeze across the whole public sector may also help to mitigate the risk of staff turnover.

- The initial sum budgeted for the annual conference appeared low and should be increased to reflect the most recent Board discussions.
- It was agreed that the increase in National Insurance Contributions, pay balance reviews, Curating the Strategy post and annual summit should be included as additional costs in the 2022/23 budget and not absorbed into existing budget lines.
- It was clarified that the proposed projects for the year would be presented at the November Board and not the October Board as detailed in the paper.

5. The Chair thanked the Head, Finance and IT for the paper. The Committee, subject to comments raised, would consider a further draft of the provisional budget proposal at its 5 November meeting, with a view to recommending the provisional budget to the full Board at its 30 November meeting.

6. The Committee **ENDORSED** the budget plan.