# AUDIT AND RISK ASSURANCE COMMITTEE

**("the Committee")**

**MINUTES**

Meeting held on 3 March 2021

10:30am | by Zoom

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| **Present:** (Members) | Catharine Seddon | Chair |
| | Catherine Brown | |
| | Marina Gibbs | |
| | Michael Smyth | |
| **In attendance:** | Matthew Hill | Chief Executive and Accounting Officer |
| | Steph North | Corporate Governance Manager (minutes) |
| | Holly Perry | Director, Enabling Services |
| | Stuart Hamill | Head, Finance and IT |

**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 updated budget proposal for 2021/22.

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, updated members that the MoJ had written to the Accounting Officer on 2 March 2021 (a copy of which had been shared with members), and within the letter had formally giving the LSB a mandate to use the LSB Reserves to fund the legacy PAYE liability (current estimate of £74k excluding potential penalties or interest) in the 2020/21 accounts as outlined in the 2019-20 Annual Report and Accounts. The MoJ had confirmed that this would be approved expenditure that would not have to be funded from future levy fees.

4. The MoJ had also clarified in the letter the position regarding access to these Reserves: in the future, Government Accounting rules around the annual allocation of income and expenditure budgets from HM Treasury meant that the funding of LSB activities using the LSB reserves would not be permissible without breaching the LSB's financial obligations without having a corresponding budget approved. In effect this meant that the LSB did not possess reserves in the usual sense of the term.

5. The Committee **considered** the proposed budget for 2021/22 and the following points were raised in discussion:
   - While it was disappointing not to be able to access the LSB reserves in future years, it was helpful to have gained clarity on the matter;

- The Committee raised concern about the commitment to absorbing workstreams arising from Competition and Markets Authority recommendations within the overall budget, and that while ARAC was content to endorse the figure consulted on in 2021/22, it would be important to flag at the earliest opportunity that there were budgetary implications for the financial year 2022/23 and beyond;
- In addition, it was noted that the budget proposal reflected spending on existing priorities. If new priorities emerged, existing resources may be insufficient which would warrant reconsideration of both budget and priorities;
- The Committee considered that adopting a real time management of both budget and business plan reflected an agile organisation able to adapt to accommodate new priorities – noting that a change of priorities was a strategic matter that should be considered by the full Board;
- The Committee noted the Executive's proposed recalibration of priorities which would see work on "simple legal products" rescheduled and signalled that it would be helpful to have the opportunity to discuss at the relevant board meeting.

6. The Chair thanked the Head, Finance and IT for the paper and the Committee **endorsed** the budget proposal to be considered by the Board.

Signed as an accurate record of the meeting

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Date

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SN 9 March 2021