

AUDIT AND RISK ASSURANCE COMMITTEE
(“the Committee”)
MINUTES

Meeting held on 1 October 2019
14:00 to 17:00 | One Kemble Street, London WC2B 4AN

Present: (Members)	Catharine Seddon Catherine Brown Marina Gibbs Michael Smyth John Ward	Chair (by phone) Independent Financial Adviser
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In attendance:	Matthew Hill Steph North Holly Perry Melanie Stewart	Chief Executive and Accounting Officer Corporate Governance Manager (minutes) Head of Corporate Services Head of Finance
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Item 1

AUDIT AND RISK ASSURANCE FINANCE COMMITTEE MEETING

1. Members of the Committee, with the Advisor John Ward in attendance, met as a Board budget sub-group to consider the LSB’s budget proposal for 2020/21.
2. Under its Terms of Reference, the Committee considers and scrutinises the draft LSB budget annually on behalf of the Board.
3. Following an introduction by the Head of Finance, members noted that a different approach to budget-setting had been taken with the key principle to reflect the resources required by the LSB to deliver its strategic and operational objectives. The executive acknowledged that there needed to be greater visibility of resourcing challenges and opportunities. It was anticipated that more resources would be required for statutory decisions work which was increasing both in volume and complexity. A case could be made to fund this resource from the levy, given that the applications were received directly from the regulators. The proposed budget supported the development of the next three-year strategy. Annex B of the paper set out a proposal for documenting budget holders’ responsibilities – in conjunction with HR these principles would be embedded across the organisation through performance management processes.
4. The Committee considered the proposed budget for 2020/21 and commented that:
 - It was important to establish a budget holder’s charter.
 - The proposal could make more explicit reference to value for money considerations.
 - Partnership funding was a potential option for investment, especially for legal tech and public legal education workstreams.
 - A specific fund to support co-funding would be a useful addition to the proposal. It was likely that collaborative working would be in the next business plan.

- It was important not to view underspend in budgets as good per se.
- The budget proposal was quite modest. Following a review of resource capacity and a new approach to business planning, it might be that in the future a case for higher funding could be made. In order to make the case for more resources, the LSB would need to understand that resources allocated to existing programmes were being used to their fullest capacity. There was currently no central process for capturing who was doing what across the organisation.
- It was welcomed that the MoJ had agreed that there could be flexibility between the pay and non-pay budgets.

5. The Chair thanked the Head of Finance for the paper, and welcomed positive engagement with the MoJ throughout the budget-planning process. The Committee, subject to comments raised, **endorsed** the draft budget to go be considered by the Board. The Board also **endorsed** the Budget Holder's Charter.

Signed as an accurate record of the meeting

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Date

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SN 2 October 2019