

**Minutes of a meeting of the Finance Committee (“the Committee”) held on 3
March 2026 at 13.00 by Teams**

Present: Lizzie Peers, Chair
(Members) Clare Brown
Gary Kildare
Marta Phillips, Independent co-opted member

In attendance:

Richard Orpin, CEO
Femi Otukoya, Head, Finance and IT
Heather McLoughlin, Corporate Governance Manager (for minutes)
Matilda Quiney, Director, Corporate Services
Danielle Viall, General Counsel

Observing

Richard Lloyd, Lead Review of Public Bodies Review
Kate Pellatt (Ministry of Justice)

Item 01 - Proposal for the LSB 2026/27 budget

01. The Head of Finance, IT and Procurement introduced the item and invited the Committee to consider three budget options: the option consulted on, an option reflecting consultation feedback, and a further variation arising from ongoing business plan development.
02. The Committee was reminded that the budget being proposed differed from that consulted on in Autumn 2025. The budget reflected the wider context of increased regulatory oversight responsibilities following the collapse of PM Law and the continued close engagement with the SRA.
03. The Committee discussed the suitability of the proposed budget envelope. Some questioned the rationale for presenting a reduced budget of 0.5%, noting that earlier modelling had suggested midcase and uppercase options of 1.7% and 3.8%. The Executive explained that the proposed reduced budget of 0.5% reflected savings in the accommodation move, but that developments since consultation had caused us to reassess the position.
04. The Committee considered whether it would be preferable to present a more realistic higher figure upfront rather than risk returning to seek additional levy funding in response to litigation pressures.

05. The Committee discussed the unpredictability of litigation costs. It was noted that although expected litigation relating to one matter had not materialised, other cases had arisen in year, and the organisation was preparing for potential future litigation. The increased capacity within the legal team was highlighted as a mitigating factor to reduce unplanned litigation costs.
06. The Committee was reminded that LSB could not hold a formal contingency fund for litigation costs under MoJ rules. Instead, LSB had to recover costs through the levy as required. The Committee discussed the external environment and the likelihood of continued or increased litigation over the next three years.
07. The Committee was assured that LSB was now engaged in more regular dialogue with MoJ regarding budget planning.
08. The Committee also queried whether projected internal and external audit costs were realistic; it was confirmed that discussions with providers were underway and that any pressure could be managed through contingency.
09. The Committee asked that the Executive, when presenting the proposed budget to the Board, provide positive, neutral and negative consultation responses to support its consideration of the budget. (Action)
10. The Committee suggested that a clearer multi-year approach, identifying efficiencies and demonstrating how costs would evolve over time, would strengthen the budget narrative. It was agreed that additional material would be provided to the Board to support this wider framing
11. The Committee reflected on the importance of connecting the budget to the business plan, work programme and expected organisational impact. The Committee suggested that a clearer multi-year approach, identifying efficiencies and demonstrating how costs would evolve over time, would strengthen the budget narrative. It was agreed that additional material would be provided to the Board to support this wider framing. (**Action**)
12. The need for sufficient flexibility and financial headroom to respond to emerging pressures was emphasised. It was noted that the business plan already recognised this context and that the legal budget had been carefully reviewed; further emphasis would be added to the Board paper. (**Action**)
13. Organisational efficiency was discussed and it was noted that labour costs formed the majority of expenditure. A bottom-up review had identified areas

for potential improvement, including natural staffing turnover. It was expected that the ongoing technology efficiency review would produce recommendations that could be implemented to improve efficiency.

14. The Committee reiterated the importance of ensuring MoJ remained informed and engaged throughout the process.
15. The Committee recommended to include a 0% uplift option or the mid-case budget for the Board's approval.

Item 02 - Finance Report

16. The Head, Finance, IT and Procurement introduced the item. The Committee discussed the following:
 - The negative spend on fuel and utilities and confirmation that the reduction in spend was due to the licence-fee model at Redman Place.
 - On training and development, it was confirmed that the underspend was partly due to timing issues and partly the result of uncertainty in the early part of the financial year while budget discussions with the MoJ were ongoing. Spending had been deliberately paused during this period, contributing to the projected year-end underspend. It was noted that there would be a more organisational wide approach to training and development in 2026/27 to mirror the People Plan.
17. The Committee noted the finance report.