



Legal Aid
Agency

Annual Report and Accounts 2023-24



HC 97

Legal Aid Agency Annual Report and Accounts 2023-24

For the period 1 April 2023 to 31 March 2024

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Performance Report



Chief Executive's statement



I am pleased to introduce the Legal Aid Agency's (LAA) Annual Report and Accounts for the 2023-24 financial year.

The LAA is an integral part of the justice system, and our services are relied upon by thousands of people across England and Wales to deliver justice outcomes that matter to them. Over the last year the dedication and hard work of colleagues at the LAA and our partners in the justice system has ensured that provision of legal aid, and the delivery of our services, is of the highest level for all our users.

We have continued to deliver our vital services while responding to fast-moving policy changes, exceeding our payment target, making funding decisions in a timely manner, maintaining our resolute focus on error and progressing our digital journey. I am proud of all that we have achieved.

We have processed 93% of applications for civil legal aid in 20 working days, against a target of 85% and we continue to improve our processes and systems for our service users. Exceptional and complex casework has also seen extensive effort across the team to deliver a quality service. We processed 79% of exceptional and complex case applications and emergency applications in 25 working days, only narrowly missing our target of 80%. We also processed 81% of Exceptional Case Funding applications in 25 working days, against a target of 85%. The team has continued work started during 2022-23 to look at internal processes and speed up service delivery. Recent performance is consistently stronger, and we start the 2024-25 reporting year in a positive position to reinforce improvements and deliver a high level of service.

Payments were made accurately and on time throughout the year, with 99% of complete, accurate, eligible bills paid within 20 working days, against a target of 95%. We have maintained excellent levels of service delivery for processing legal aid applications, ensuring that 100% of applications for criminal legal aid are processed within two working days.

We have maintained a strong focus on how we manage public money, through our efforts to reduce payments made in error, and to proactively detect and prevent fraud. In 2023-24, our overall net error rate was 0.68%. This has been managed closely through the year under the leadership of our Finance and Risk Committee. Identifying further opportunities to reduce the likelihood of fraud and error will continue to be a priority focus for us during 2024-25.

As well as addressing error to ensure we manage public money effectively, the LAA had targets for debt recovery during 2023-24 of £11.2 million for unsecured civil debt and £21.6 million for cash and secured crime debt. We consider recovery of 95% of the debt targets to be a successful outcome and exceeded this with an overall recovery level of 105%. This comprised of a 90% recovery rate for civil debt and 113% for crime.

The Public Defender Service (PDS) has continued to represent clients through advice and representation and advocacy and has exceeded its target for accepting duty solicitor calls that are offered, achieving an excellent 98% response rate.

This year, the work of the LAA and the Ministry of Justice (MOJ) was scrutinised during the National Audit Office's review of the Government's management of legal aid. This was followed by a Public Accounts Committee hearing, which provided the opportunity to explain how we work closely with the MOJ to ensure that legal aid provides access to justice for those who need it, commission and work with the provider market and ensure value for money for taxpayers.

The LAA has continued to work closely with providers and policy colleagues in the MOJ to further progress the aims of the Criminal Legal Aid Independent Review (CLAIR), including through the established Criminal Legal Aid Advisory Board. This has included implementing an increased fixed fee for cases where pre-recorded cross-examination of a witness takes place under section 28 of the Youth Justice and Criminal Evidence Act 1999, and a fixed fee for additional case preparation for trials and cracked trials.

The LAA is fundamentally reviewing its approach to contracting and procurement. One of the aims is to remove unnecessary barriers to entry to legal aid work. In March 2023, for the first time, the LAA allowed bids from new entrants and existing providers who wanted to expand their services from September 2023 under the 2018 Standard Civil Contract. This was followed up in the tender for the 2024 Standard Civil Contract with an explicit statement that there would be additional opportunities beyond the initial tender to bid to offer or expand services. Therefore, firms will no longer have to wait up to five years to offer legal aid services if they missed out in the initial tender round. The focus for 2024-25 will shift towards embedding and expanding this principle within the 2025 Standard Crime Contract.

Over the last year we have continued to prepare for and deliver significant policy changes including implementing the first phase of the Means Test Review (MTR), removing or reducing financial eligibility tests for under 18s. Alongside this, we have worked with stakeholders to identify and trial new ways of working to simplify processes to improve our service to clients and providers more efficiently. We have invested in improving our digital systems with a new service, 'Check if your client qualifies', going live for all civil cases in August 2023 to support the efficient assessment of eligibility. We have also developed a new service for applying for criminal legal aid, Crime Apply, with nearly all providers onboarded by year end, which is on track for full roll out by September 2024 alongside the replacement of all criminal legal aid forms with new digital solutions.

Our people are at the heart of our organisation and are key to us achieving excellence. Over the course of the reporting year we strengthened our learning and development offer to staff to support them to be effective in their roles. Our 2023 People Survey engagement score was 70%, an increase on our 2022 level of engagement and higher than the Civil Service average. This reflected the positive impact of our focus on leading our people through the significant scale of change over the last year. Our focus is to ensure that our diverse workforce remains highly engaged and have the tools and support they need to maintain our excellent level of service and transform our delivery.

We continue to recruit and retain great people with diverse backgrounds, skills and perspectives to ensure we are representative of the citizens we serve and are best placed to provide the highest quality service we possibly can.

In June 2023 Nick Campsie was appointed LAA Board Chair. This is the first time we have had a Non-Executive Board Member (NEBM) as Chair and I am grateful to Nick for his collaboration and support since taking up post. Following the conclusions of their respective second terms we said goodbye to NEBMs, Calum Mercer, former Audit Risk and Assurance Committee (ARAC) Chair and Deep Sagar, former Commercial NEBM. Kenneth Gill was appointed NEBM ARAC Chair in June 2023. I would like to thank Calum and Deep for their valuable contributions over the course of their terms with the agency and all our NEBMs for their support and engagement across another demanding year.

We will continue to work closely with our Justice Digital colleagues to stabilise and modernise our digital systems to facilitate policy change and improve our services for clients and providers. Indeed, collaboration is central to what we do and I would like to thank colleagues across the ministry – policy, legal, finance teams in addition to the solicitors, barristers and agencies who work with us to deliver such important work.

I am proud of the achievements of the LAA this year and going forward I am confident in our ability to provide an excellent service for the public that we serve.

A handwritten signature in black ink that reads "J Harbottle". The signature is written in a cursive style with a large, looping initial "J".

Jane Harbottle

Chief Executive and Accounting Officer

Legal Aid Agency

22 July 2024

From the Lead Non-Executive Board Member



During my first year as LAA Board Chair, I have visited several LAA offices around the country and been struck each time by the dedication of our staff and the legal firms they work with, and the life-changing impact legal aid has. I am pleased with the impact the Board has had this year, and optimistic that the agency is on track to deliver an improved service for taxpayers, legal aid providers and their clients.

The task of disbursing legal aid is highly complex. Although taxpayers fund legal aid, it is provided by a nationwide network of private sector legal firms and some not-for-profit organisations.

The means test governing entitlement to legal aid is intricate, the fee schemes that govern how legal aid providers are paid are complicated, and the agency's digital systems require investment. Board meetings provide an opportunity for our senior management team to step back from the day-to-day challenges of operating in that environment and think about longer term priorities. The Board's focus this year has been on simplifying what the agency does, and to provide legal aid to those who need it more quickly, easing the administration for providers and providing better value for taxpayers.

I have been impressed by the dedication and energy of our legal aid providers, who help often vulnerable citizens in difficult circumstances to access justice. I have appreciated the candour with which legal aid providers have described the challenges they confront and look forward to working collaboratively with them to improve the services we offer to providers and their clients.

A sample of some of the initiatives the Board have worked with management on this year includes:

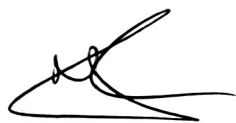
A scheme piloted in conjunction with 11 solicitor firms tested whether timely guidance from the agency on complex means tests might increase their ability to submit applications 'right first time'; reducing costs for both providers and the agency and simplifying the process for legal aid applicants. Based on positive feedback from participating firms, we will now look to expand the scheme further.

The agency has sought views from firms and representative bodies about how we might improve the contracts with firms and the associated tender process while maintaining quality standards. The aim is to reduce the burden on providers, give them more flexibility about how they carry out their work and reduce the barriers to entry to the market or expansion. The proposals that have been identified in this process for the next standard crime contract include a doubling of the term to ten years and introduce the ability for new providers to join at any point between the contract start and the penultimate year, rather than solely at the initial tender.

The agency's systems have not kept pace with technological change over many years and have struggled to accommodate several rounds of complex regulatory changes. We welcome the decision to allocate additional funds in 2024-25 to help stabilise our legacy digital systems. While far from curative of the agency's digital challenges, it will enable us to start moving in the right direction. In the coming 12 months the Board will work with the agency's management and MOJ colleagues to agree the multi-year investment programme necessary to remediate our technology and systems.

The Board met formally six times this year. Our focus has largely been as described above, but we have also discussed the agency's risk tolerance, People Plan and litigation, amongst other corporate issues. I thank my fellow Non-Executive Board Members Kenneth Gill and Professor Suzanne Rab for their insight and guidance provided beyond formal Board meetings. Calum Mercer and Deep Sagar, former Non-Executive Audit Risk and Assurance Committee Chair and Board Member respectively, concluded their terms of appointment in 2023, the Board is grateful for their contribution to the agency.

Working for the LAA is rewarding but rarely easy. Our staff are asked to arbitrate quickly on complex questions with high stakes. Introducing an independent Chairman for the first time has inevitably created additional demands. I commend our CEO, Jane Harbottle, and her management team for rising to that challenge and look forward to working together in the year to come.



Nick Campsie

Lead Non-Executive Board Member

22 July 2024

Headline performance for 2023-24



We processed more than **360,000** applications for legal aid (more than 350,000 in 2022-23)

93% of civil legal aid applications were processed within 20 working days except in the most complex cases (93% in 2022-23)

100% of criminal legal aid applications processed within two working days (100% in 2022-23)

Processing / Delivery



We processed over **1.3 million** bills (over 1.25 million in 2022-23)

99% of complete, accurate bills were paid within 20 working days, exceeding the **95%** target (99% in 2022-23)

Processing / Delivery



Our Average Working Days lost stands at **5.2** for the 12 months to March 2024 less than 6.9 for the same rolling period in March 2023

Over **57%** of our people had no sickness absence during the 12 months to March 2024 (48% in 2022-23)

Our people



Our staff engagement score increased by two percentage points to **70%** in the annual People Survey. With an **87%** response rate (85% in 2022-23) we are confident this represents the experience of most of our people

Of the Civil Service organisations that participated, the LAA was in the Top 10 for highest engagement score

Our people



We answered over **130,000** phone calls to our call centres, and exceeded all our customer service and correspondence Key Performance Indicator targets (over 120,000 in 2022-23)

Reputation

About the Legal Aid Agency

Our purpose: Working with others to achieve excellence in the delivery of legal aid

Our work to administer legal aid is essential to the fair, efficient and effective operation of the civil, family and criminal justice systems and we have worked closely with legal providers and the wider MOJ to achieve this. Our purpose has been at the heart of all our day-to-day decision-making and our work to improve legal aid services. The engagement and commitment of our staff is crucial to achieving this.

LAA Vision

To support swift access to justice, through working with others to achieve excellence in the delivery of legal aid.

LAA Mission

Work with providers of our services to ensure fair, prompt and effective access to civil and criminal legal aid and advice in England and Wales. We work across the whole of the justice system to make sure our services meet the needs of everyone who uses them, including the most vulnerable in our society.

Our work is underpinned by our three Strategic Objectives (SO):

Strategic Objective 1



Deliver access to justice through legal aid services that meet the needs of our users

Strategic Objective 2



Modernise our services, delivering value for money for taxpayers

Strategic Objective 3



Become a truly diverse and inclusive employer of choice

Further detail on our Strategic Objectives can be found on pages 16-26 of the Performance Analysis section.

These Strategic Objectives support the wider work of the MOJ, linking to the department's strategic outcome of providing swift access to justice.

This provides the direction that supports our work to improve and modernise the LAA, securing value for money for the taxpayer and ensuring that our people have the right skills and tools to carry out their roles.

Our people

The success of the LAA is centred around the skill and commitment of our people. They are central to everything we deliver and a focus this year has been on ensuring they have the skills, digital systems and leadership they need to do their role effectively.

A focus on leadership, wellbeing, learning and development and inclusion were key aspects of our People Plan during 2023-24 to enable our staff to perform to the best of their ability. We want to ensure our people are engaged in their work and feel included at every level to enable our staff to perform to the best of their ability.

Our learning and development (L&D) offer was tailored to meet our hybrid approach to work and alongside development programmes ensured our people had access to the right learning when they needed it. Working collaboratively with other agencies we ensured a diverse range of opportunities were available throughout the year for all our people.

Over the last two years we have ensured compliance with the Civil Service and MOJ recruitment principles and reduced the overall time taken to hire someone from the advert going live. This was critical to ensure we could meet additional demands on new policy initiatives such the Means Test Review (MTR).

A priority has been our zero tolerance to bullying, harassment and discrimination and delivering our Tackling Unacceptable Behaviour Action Plan. Appointing executive level sponsors and delivering training for leaders have been just two of the actions put in place to encourage our people to report instances so we can tackle them robustly.

We supported our managers throughout the year through training sessions, one to one support and delivered regular updates on the work of the agency and future change through all-staff calls. We celebrated the achievements of our people through our staff awards and through the monthly CEO awards.

We continue to strive to make the LAA a great place to work, recruiting and retaining the best people, increasing diversity at higher grades and delivering against our People Plan. The People Survey results for 2023 showed a 2% increase in engagement, building on previously high engagement scores. This ensures the LAA continues to provide a positive working environment, a key element of our plans to retain staff.

Our partners

As a critical part of the justice system in England and Wales, we work with a wide range of providers of legal services covering many different business models. These include sole practitioners, large multi-office businesses and not-for-profit organisations. Some provide advice and specialise in a specific area of law, while others deliver work in many different categories of law. We recognise that delivery, evaluation and collaboration are key enablers for achieving the MOJ's strategic outcome.

We work with stakeholders across the justice system. These include the Law Society and Bar Council, both the Family and Criminal Justice Boards, the Solicitors Regulation Authority, Legal Aid Practitioners Group, His Majesty's Courts and Tribunals Service (HMCTS) and the Crown Prosecution Service (CPS). We also work with other government departments, including the Home Office. Our relationships with our providers are central to the work of the LAA.

Through meetings such as the Crime and Civil Contract Consultative Groups and the Provider Engagement Team, we ensure we have regular engagement on key operational issues and opportunities with the main representative bodies. Our contract managers and case management staff work closely with our provider-base on a daily basis to ensure the smooth running of our contracts and the processing of applications and bills.

We communicate with our partners across a number of channels, including our GOV.UK page, the LAA bulletin, which goes to almost 10,000 subscribers, LinkedIn and our two X (formerly Twitter) channels. These channels work effectively to ensure providers are kept up to date on time-critical changes, system or policy updates and ensuring good responses to tenders.

Engagement in Wales

The LAA, through strategic working groups, maintains links with the Welsh Government, in recognition of the devolved administration.

We work directly with stakeholder groups, for example, the Criminal and Family Justice Boards for Wales, as well as specific Welsh stakeholders including Children and Family Court Advisory and Support Service – CAF/CASS Cymru.

Director of Legal Aid Casework

The Legal Aid, Sentencing and Punishment of Offenders Act (LASPO) 2012 ensured that the decision-making process for legal aid applications remained independent from ministers. The role of Director of Legal Aid Casework (DLAC), which was created by the LASPO Act, has responsibility for making decisions on individual applications for legal aid. The LAA's Chief Executive undertakes this role, in practice delegating decision-making to LAA caseworkers and providers. The LAA Board supports the DLAC to make sure that robust practices are in place to maintain the independence of the decision-making process. The DLAC publishes a separate annual report setting out how the functions have been carried out over the financial year.

The Public Defender Service

The Public Defender Service (PDS) provides defence, advice and representation for legally aided defendants, in all types of criminal cases from the police station to the higher courts. The PDS has four solicitor offices across England and Wales. PDS advocates conduct cases throughout the country and can be instructed by any solicitor firm or legally aided defendant. The PDS has a client-centred approach to criminal defence and has developed specialisms in working with vulnerable clients and providing prison law advice. The PDS continues to retain its Lexcel accreditation demonstrating its high standard of technical expertise and client service in criminal law. PDS lawyers share their experience of the criminal justice system to inform related policy and change initiatives. The PDS continues to embrace digital solutions to represent clients virtually, alongside advising and representing in person.

Transformation and change

We continue to work to modernise our digital infrastructure and reduce reliance on outdated systems.

We have continued to develop our new service for processing applications, Apply for Criminal Legal Aid. This new service for criminal legal aid applications was launched in July 2023 to a limited number of legal aid providers. 100% of providers have since been onboarded to the new service and over 4,200 applications have successfully come through the service so far. We expect the service to be able to accept all criminal legal aid applications by September 2024.

We continue to invest in the Apply for Civil Legal aid service. 140 providers are now using it to submit applications in domestic abuse and section 8 cases and over 28,000 applications have successfully come through the new service so far. We look forward to continuing to develop capabilities to allow special Children Act 1989 applications through the service, as well as onboarding more firms to process applications through the service.

The 'Check if your client qualifies' (CCQ) tool launched in public beta in August 2023. This is a new eligibility tool for all legal aid providers, to support them in assessing client eligibility for civil legal aid in both controlled and certificated work. We have continued to work closely with HMCTS to support the rollout of the Common Platform, which is now available in 100% of Magistrates' courts and Crown Courts in England and Wales. More than 255,000 applications and more than 165,000 bills have been processed so far as a result of our connection with the new platform.

We have continued to implement a number of legal aid policy changes during 2023-24, including:

- Progress has continued on the Criminal Legal Aid Independent Review (CLAIR), including through the established Criminal Legal Aid Advisory Board. A new fixed fee has been implemented for cases where pre-recorded cross-examination of a witness takes place under section 28 of the Youth Justice and Criminal Evidence Act 1999, as well as a fixed fee for additional case preparation in cracked and trial matters.
- MTR phase 1 Statutory Instrument was laid in parliament on 4 July 2023. Changes came into force in August and September 2023. The means test was removed for applicants under 18 applying for civil legal representation, criminal advice and advocacy assistance; legal representation for parents of children facing withdrawal of life-sustaining treatment proceedings; and legal help for inquests involving a possible breach of European Convention on Human Rights (ECHR) rights or significant wider public interest.

Next year, we will continue to engage proactively with providers to ensure we support them in using new services and consider their feedback when developing products. We will continue to work closely with MOJ, using our knowledge and insight to help deliver policy changes in the justice system.

Performance Analysis

Our year in focus

In our eleventh year as an executive agency we have continued to deliver service and process improvements, positively impacting on timeliness and accuracy of decisions and payments. This was achieved while continuing to deliver strong performance against our Strategic Objectives and operational targets.

Performance against our Strategic Objectives in 2023-24

The commitments associated with our Strategic Objectives have been monitored through the LAA's performance management framework, which includes Key Performance Indicators (KPI) that measure significant elements of our day-to-day work.

The performance management framework also measures key milestones in relation to the delivery of the LAA 2023-24 Business Plan commitments. We published an updated LAA Strategy in February 2023 supporting delivery of our objectives:

- user-centred
- right decisions, first time
- simplified and sustainable
- a responsive, diverse, learning organisation

Throughout the year the results were reported to, and scrutinised by, the Executive Leadership Team (ELT), the LAA Board and the MOJ Executive Committee.

Strategic Objective 1



Deliver access to justice through legal aid services that meet the needs of our users

KPI: Service Delivery

Milestones (for details of milestones in full please see page 20)

- Ensure all service targets for 2023-24 are met
- Policy reforms for implementation in 2023-24 are delivered
- Our PDS will provide access to justice for clients through continual coverage of services that meet their needs
- Run tenders to secure criminal and civil legal aid providers and consult on contract changes to support the ongoing provision of legal aid services

Strategic Objective 2



Modernise our services, delivering value for money for taxpayers

KPI: Accuracy and accountability

Milestones (for details of milestones in full please see pages 22-23)

- Continue delivery of new Apply service for both Civil and Crime Apply
- We will provide operational guidance to help with:
 - Phase 2 of the government’s response to the Criminal Legal Aid Independent Review (CLAIR)
 - The Review of Civil Legal Aid (RoCLA)
 - Check if your client qualifies (CCQ) – our new service for checking whether clients qualify for legal aid will be released to all providers
 - MTR – we will implement phase 1 and prepare for implementation of further phases
 - Introduce a data toolkit to build staff capability and confidence in working with data

Strategic Objective 3



Become a truly diverse and inclusive employer of choice

KPI: Financial Management

Milestones (for details of milestones in full please see page 26)

- Refresh and continue to deliver our Tackling Unacceptable Behaviour Action Plan
- Improve and update our approach to change
- Enhance the capability of our people

Strategic Objective 1



Deliver access to justice through legal aid services that meet the needs of our users



KPI: for applications from our clients

This year four of our six performance measures were met and exceeded

85% of applications for civil legal aid (end-to-end) within 20 working days.

20 working days

93% this year.

Maintaining the 93% in 2022-23 (94% in 2021-22).

90% of applications for criminal legal aid within 2 working days.

2 working days

100% this year.

Maintaining the 100% delivered in 2022-23 (100% in 2021-22).

80% of applications for civil amendments (excluding exceptional and complex cases) processed end-to-end in 20 working days.

20 working days

88% this year.

An **increase** on 86% in 2022-23 (86% in 2021-22).

80% of exceptional and complex cases applications in 25 working days.

25 working days

79% this year.

Maintaining the 79% in 2022-23 (82% in 2021-22).

85% of applications for exceptional case funding in 25 working days.

20 working days

81% this year.

A **decrease** on 83% in 2022-23 (85% in 2021-22).

90% of civil application appeals (excluding exceptional and complex cases) that do not need an external adjudicator to be processed within 20 working days.

20 working days

90% this year.

A **decrease** on 92% in 2022-23 (90% in 2021-22).

KPI: for payments to our providers

Both performance measures were met and exceeded

95% of complete, accurate, eligible bills paid within 20 working days (monies received in account by provider).



99% this year.

Maintaining the 99% delivered in 2022-23 (99% in 2021-22).

95% of civil billing appeals that do not need an external adjudicator to be processed within 20 working days.



100% this year.

Maintaining the 100% delivered in 2022-23, the year this measure was introduced.

KPI: for telephone services

Our three measures were met and exceeded

75% of crime calls to our customer services unit answered within five minutes.



87% this year.

A **decrease** on 91% delivered in 2022-23 (92% in 2021-22).

75% of civil calls to our customer services unit answered within five minutes.



85% this year.

An **increase** on 82% delivered in 2022-23 (83% in 2021-22).

90% of duty solicitor calls offered to the PDS to be accepted.



98% this year.

A **decrease** on the 99% delivered in 2022-23 (99% in 2021-22).

KPI: for correspondence

Six of our seven measures were met and exceeded

90% of first tier (initial) complaints within 20 working days.



100% this year.

An **increase** on 99% delivered in 2022-23 (99% in 2021-22).

90% of second tier (unresolved at first tier) complaints within 20 working days.



99% this year.

Maintaining the 99% delivered in 2022-23 (100% in 2021-22).

90% of MP correspondence within 20 working days.



100% this year.

Maintaining the 100% delivered in 2022-23 (100% in 2021-22).

100% of Freedom of Information Act requests within 20 working days.



100% this year.

Maintaining the 100% delivered in 2022-23 (100% in 2021-22).

100% of Internal Review requests within 20 working days.



100% this year.

Maintaining the 100% delivered in 2022-23 (100% in 2021-22).

100% of Data Protection Act 2018 requests within 30 calendar days.



99% this year.

Maintaining the 99% delivered in 2022-23 (99% in 2021-22).

90% of Parliamentary Questions (PQ) responded to within 48 hours (named day PQs within 24 hours).



100% this year.

Maintaining the 100% delivered in 2022-23 (this was introduced as a published measure in 2022-23).

Milestones	Were the milestones met?
<p>Ensure all service targets for 2023-24 are met to support the effective operation of the justice system.</p>	<p>Five of our seven service based key performance indicators were met for 2023-24.</p>
<p>Policy reforms for implementation in 2023-24 are delivered through revised business processes and digital development ensuring continued, effective delivery of all legal aid services.</p>	<p>Met. Process and digital change required to allow policy changes delivered or planned for, during 2023-24. This included Criminal Legal Aid Independent Review (CLAIR) and MTR phase 1 work.</p>
<p>Our PDS will provide access to justice for clients through continual coverage of services that meet their needs.</p>	<p>Met. We continue to deliver a full range of quality services within the criminal defence market, from advice and representation at the police station and magistrates' courts through to advocacy in the higher courts.</p>
<p>Run tenders to secure criminal and civil legal aid providers and consult on contract changes to support the provision of legal aid funded services including:</p> <ul style="list-style-type: none"> • 2018 Standard Civil Contract extension • Start tender activity for 2024 standard civil contracts • Housing Loss Prevention Advice Service • Asylum and immigration services 	<p>Met. The Standard Civil Contract 2018 was extended to the end of August 2024. New providers were able to bid and existing providers could bid to expand their offer as well as confirming their intention to maintain their current services.</p> <p>The tender for the Standard Civil Contract 2024 began in September 2023. It included a provision to offer opportunities at regular intervals for new entrants to tender to deliver services under the 2024 Contract and for existing Providers to tender for additional work in categories of law or from additional offices. The aim was to remove unnecessary barriers to entry. This was used for the first time in March 2024 when an additional Civil 2024 procurement was opened for all categories of law including Immigration and Asylum and the Housing Loss Prevention Advice Service.</p> <p>Contract changes to support the provision of legal advice to those subject to the Illegal Migration Act were implemented including remote provision of advice under the Detained Duty Advice Scheme.</p>

Strategic Objective 2



Modernise our services, delivering value for money for taxpayers



KPI: accuracy and accountability

Minimise our net error rate, ensuring it remains below 1%.

0.68%

0.68% this year.

A **decrease** in error compared to 0.96% in 2022-23 (0.77% in 2021-22).

KPI: financial management

Deliver our services within our agreed legal aid Admin spend.



Monitor our legal aid Fund spend to inform future planning and engagement with HM Treasury.



KPI: modernising and transforming our services

Continued delivery of our new digital crime and civil services

20% of crime applications submitted are made through Apply by year end.



6.4% this year.

Although this target was missed, by year end 68% of providers were onboarded to the Crime Apply service and functionality within the service increased to allow 58% of applications to be submitted.

32% of civil applications submitted are made through Apply by year end.



11.3% this year.

This is the percentage of civil applications that were made through Apply at November 2023. Civil Apply was turned off between December and April 2024.

Milestones	Were the milestones met?
<p>Continued delivery of new Apply service:</p> <ul style="list-style-type: none"> • Civil Apply – processing of civil legal aid applications will be expanded to further areas of law, special Childrens Act 1989, Public Law and Housing. • Crime Apply – replacement for CRM14 and CRM15 eForms begins testing with a small group of providers and caseworkers in summer 2023 with extra features to be added by early 2024. 	<p>Not met. Civil Apply. Special Children Act 1989 nor further matter types have been released due to delays caused by:</p> <ul style="list-style-type: none"> • Linked case functionality required for special Children Act 1989 and other matter types. Development of this functionality was complex and prevented special Children Act 1989 from being delivered as planned. • Civil Apply digital team were directed to prioritise addressing the issues that caused the service to be paused in early December 2023. • Digital resource for Civil Apply reduced by 50% in December 2023 to support priority work for the development of Crime Apply. <p>Met. Crime Apply. The Crime Apply service was tested with a small group of providers in Summer of 2023. At year end, 68% of providers have been onboarded to the Crime Apply service and functionality increased to 58%. On track for 100% of providers onboarded by end of April 2024 and 100% functionality by end of July 2024.</p>
<p>We will provide operational guidance to help with:</p> <ul style="list-style-type: none"> • phase 2 of the government’s response to the Criminal Legal Aid Independent Review (CLAIR) focused on fee scheme and billing system reform • the Review of Civil Legal Aid (RoCLA) 	<p>Met. Fee scheme changes implemented for CLAIR. The LAA has shared operational perspectives, data and intelligence with MOJ officials as part of the research and analysis stage of RoCLA.</p>

Milestones	Were the milestones met?
<p>Check if your client qualifies (CCQ) – our new service for checking whether clients qualify for legal aid will be released to all providers.</p>	<p>Met. Our new CCQ tool for civil legal aid was released in August 2023, making it easier for legal aid providers to assess eligibility for legal aid.</p>
<p>MTR – we will implement phase 1 and prepare for implementation of further phases.</p>	<p>Met. Phase 1 MTR changes for criminal and civil legal aid went live in August 2023.</p>
<p>Introduce a data toolkit to build staff capability and confidence in working with data by July 2023.</p>	<p>Met. The data toolkit to support Contract Managers was introduced by July 2023. It has been reviewed and a Case Management toolkit is now in development. This work complements the 'One Big Thing' initiative for 2023 focused on data skills in the Civil Service.</p>

Strategic Objective 3



Become a truly diverse and inclusive employer of choice



KPI: supporting our people to be productive and engaged

Monitor our average working days lost through sickness at 7.0 working days per year or less.



5.2 working days this year, which is less than 6.9 in 2022-23 (6.9 for 2021-22) (the figure is based on the previous rolling 12-month period).

Increase the percentage of people who are able to access the right learning and development opportunities when they need to.



80% of responses were positive in 2023, an increase of one percentage point on 2022.

Increase the percentage of people who consider that learning and development activities they have completed in their organisation are helping them develop their career.

59% of responses were positive, an **increase** of three percentage points on 2022.

KPI: zero tolerance to bullying and harassment

Reduce the number of our people who answer 'prefer not to say' (PNTS) to the bullying and harassment question in the annual People Survey.



The number of staff who answered PNTS has **remained** at **4%** (4% in 2022).

Increase the number of people who report bullying and harassment having said they have experienced it.



In the 2023 People Survey 4% of people said they had experienced bullying and harassment, a **decrease** of two percentage points on 2022. **50%** (58% in 2022) of people who said they had experienced bullying and harassment went on to formally report it. This means that reporting of bullying and harassment has **decreased** and those who PNTS whether they reported it has **increased** to **16%** (7% in 2022).

KPI: zero tolerance to bullying and harassment (continued)

Increase the number of our people who feel that their bullying and harassment report was dealt with effectively.



This has **decreased** by 14 percentage points to **21%**. However, PNTS responses, those who felt their bullying and harassment report was not dealt with effectively **increased** to **21%**.

Decrease the amount of our people who feel the culture in their area allows this behaviour to continue.



This has **remained** the same at **50%**. The percentage of PNTS has **decreased** from **26%** in 2022 to **24%** in 2023.

KPI: representative of the people we serve

Increase the level of our ethnicity and disability declaration reporting each year by reducing the percentage of staff with no positive declaration, from 14% to 10% during the year.



16% of our staff chose not to declare their ethnicity and **18%** chose not to declare their disability characteristics. The level of staff not making declarations has increased and we have not met our targets.

50/50 split between male and female staff across the LAA with further analysis by grade to drive further equality where needed.



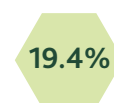
37% of our staff are male and **63%** of our staff are female.

14% or above of our people declared as being from a diverse ethnic minority across the LAA with further analysis by grade to drive further equality where needed.



16.6% of our staff chose to declare as being from a diverse ethnic minority (15.6% in 2022-23).

16% or above of our people declared as having a disability across the LAA with further analysis by grade to drive further equality where needed.



19.4% of our staff have declared as having a disability (17.8% in 2022-23).

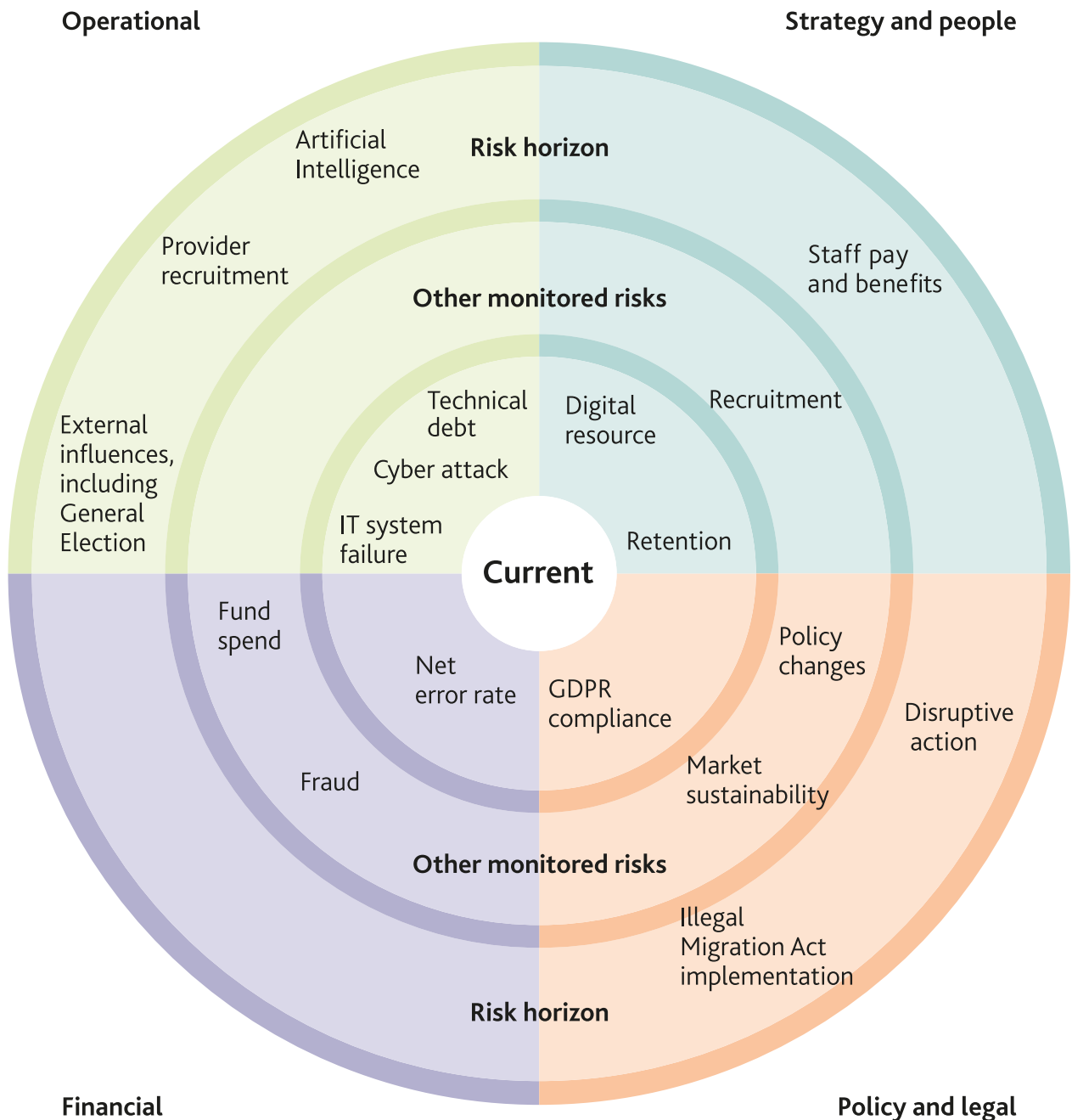
Milestones	Were the milestones met?
<p>Refresh and continue to deliver our 'Tackling Unacceptable Behaviour Action Plan'. This involves delivering training to all our people and linking in with the MOJ Professional Behaviours Unit to:</p> <ul style="list-style-type: none"> • raise awareness of their offer • improve understanding of the support available 	<p>Met. We have developed Line Managers training and Bystanders training and begun the delivery to our teams. We will continue this roll-out during 2024-25.</p>
<p>Improve and update our approach to change to:</p> <ul style="list-style-type: none"> • involve our people in key decisions through strong, visible leadership • deliver opportunities to learn more about change and understand its impacts 	<p>Met. We successfully rolled out Let's Talk About staff engagement sessions focused on change. We saw an improvement in our annual People Survey scores for change. We have delivered learning to enhance change skills across the teams and will continue to commit to this development during 2024-25.</p>
<p>Enhance the capability of our people, ensuring clear career pathways and a comprehensive offer to ensure we are fit for the future through delivery of our Capability and Career Commitments.</p>	<p>Met. We provide a comprehensive learning offer to our staff, including the newly launched Capability Unlocked Programme. We also offer development programmes to enable better representation across the staff grades including our newly introduced Rising Together Programme. We will focus on supporting professional development and talent management in 2024-25.</p>

Risk position

Risk position at the end of Q4 2023-24 and as we look to the future.

Further insight into our risk profile can be found in our governance section, pages 42-63.

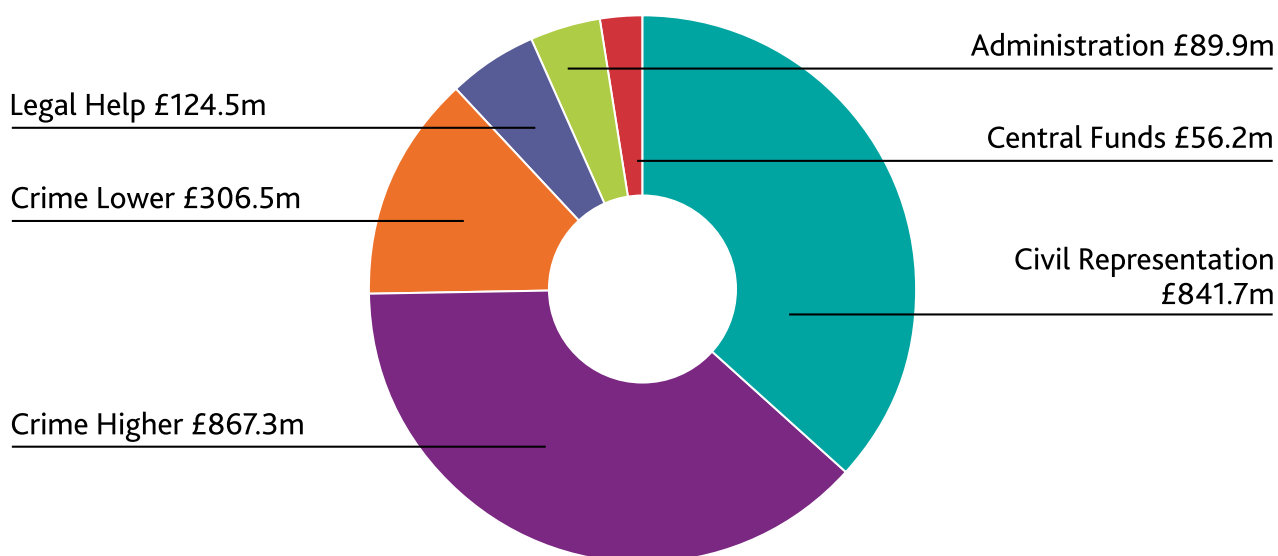
Figure 1. Risk position for 2023-24



Financial management commentary

This section provides commentary on our performance during the past year and supports the financial statements. The financial statements are set out from pages 90-135. Note 2 to the financial statements on page 108 details the net operating costs for each of the segments below and notes 3-5 set out expenditure and income in detail. Figure 2 shows the largest movements, comparing 2023-24 to 2022-23, in legal aid spend by scheme.

Figure 2. Legal Aid Agency net expenditure, £2.3 billion. An increase of £218 million compared to previous year



Civil Representation £841.7 million (£897.6 million in 2022-23)
Decreased by 6.2% driven primarily by a reduction in spend associated with public family cases in the Family Court

Crime Higher £867.3 million (£644 million in 2022-23)
Increased by 34% driven by increased case volumes and durations and a skew towards more complex, and therefore more expensive, court disposals

Crime Lower £306.5 million (£272.7 million in 2022-23)
Increased by 12.4% due to increased volumes of work in the Magistrates' Court and for police station attendance

Legal Help £124.5 million (£104.3 million in 2022-23)
Increased by 19.4% driven by increasing amounts of work in the Immigration and Asylum Tribunal

Administration: £89.9 million (£89.7 million in 2022-23)
Increased by 0.2% driven by increases in staff costs offset by reductions in recharges for digital technology

Central Funds £56.2 million (£59.7 million in 2022-23)
Decreased by 5.9% due to a reduction in spend associated with private prosecutions and cross examination of vulnerable witnesses

Significant items in the LAA's Statement of Financial Position

Provision for liabilities and other charges

This is for work that has been completed by solicitors, barristers and advice agencies but has not yet been billed. The value of this work in progress is estimated by taking the number of cases that have been reported as started and estimating the activity that has taken place using historical profiles of case costs and durations for each individual scheme of legal aid. The majority of the remaining liabilities of the LAA are for bills received but not yet processed, which are treated as trade payables, and any unpaid work reported in Payment on Account (POA) claims, which are treated as accruals.

Trade and other receivables

This includes money due from legal aid providers and clients who have received legal aid, with the majority being due under a statutory charge. Statutory charges arise when legally aided clients successfully gain or retain an asset as a result of the legal assistance they receive. In these circumstances the client must repay the cost of their legal aid. If the client has insufficient disposable assets to repay the legal aid, the LAA gains security over the debt by registering a formal charge over the relevant asset. The Lord Chancellor is entitled to defer enforcement of this charge and to accrue interest against this debt at 8% simple interest until such time that the claimant is able to repay the debt. The debt will either be recovered when the asset is sold, or before if the client has the means to repay it sooner. Clients are encouraged to repay the debt as soon as they are able to minimise interest charges.

Sustainability report

We are committed to creating a sustainable, effective and efficient estate that provides value for money for the taxpayer, reduces our environmental impact and allows transformation of the way civil servants work. We recognise that sustainability is a key enabler for the MOJ to contribute to the Greening Government Commitments (GGCs).

Our strategy for sustainability focuses on:

The sustainable operations strategy sets out the MOJ's aims and objectives for improving the sustainability of its estate and operations, in line with the GGCs. It links to various other strategies covering carbon, water, waste (circular economy), nature and biodiversity, single-use plastics and sustainable procurement.



Environmental awareness

MOJ has begun engaging Arm's Length Bodies (ALB) in a structured manner on greening government, through the ALB Centre of Excellence Communications Forum. In addition, the MOJ's Climate Change and Sustainability Unit (CCSU) also offers support by way of technical subject matter experts in all areas covered by the GGCs (such as waste, water, net zero carbon) and associated strategies and policies.

Waste minimisation and recycling are well-practised within our day-to-day operations. We also promote responsible procurement and waste management practices. The Department for Environment, Food and Rural Affairs (DEFRA) provides details of Government Buying Standards for a range of products. As part of all tendering activity where they apply, the requirements of the Government Buying Standards are mandated by us.



Climate change awareness

The MOJ's CCSU continues to manage and review high-risk buildings and sites. This highlights premises susceptible to the effects of climate change, such as temperature, flooding and other adverse climatic conditions. The climate change risk assessments will allow us to plan for greater operational resilience to extreme events and long-term changes in climate.



Digitisation

The vast majority of our data, files and case evidence is already handled digitally. We are continuing to further reduce our reliance on paper, by offering improved collaboration tools for staff to allow more efficient, flexible working. In addition, we are looking at long-term requirements around the need for physical letters and court documents that will soon become more detailed and reportable.

Environmental sustainability reporting

Our progress against the 2025 GGCs is outlined in this table. The 2022-23 non-financial indicators have been restated to reflect the full financial year up to March 2023. The data below shows our present position for 2023-24 against a 2017-18 baseline, using calendar year data available January 2023 to December 2023. The non-financial data for 2017-18 in the tables below are based on the updated baseline data approved by DEFRA. The 2022-23 non-financial data have been restated to show the full financial year up to March 2023.

Greenhouse gas emissions

Table 1. Financial and non-financial indicators of greenhouse gas emissions against Scopes 1-3 for each year 2017-18 to 2023-24

Energy ¹		2023 -24	2022-23 restated	2021 -22	2020 -21	2019 -20	2018 -19	2017-18 restated
Non-financial indicators (tCO ₂ e)	Gas – Scope 1 non-renewable energy	72	79	125	79	135	85	95
	Electricity – Scope 2 non-renewable energy	173	175	168	204	259	107	531
	Electricity – Scope 2 renewable energy ²	–	–	–	–	5	77	–
	Official business travel emissions – Scope 3	4	15	31	74	147	174	281
	Total	249	269	324	357	546	443	907

1 Energy data for 2023-24 reporting year includes information from the following sites only: Brighton, Jarrow, Leeds, London (102 Petty France) and Swansea.

2 Previous reports showed values for renewable energy that referred to grid-supplied green tariff. This does not align with GGCs reporting, which makes no allowance for green tariffs in the carbon reporting. The table has therefore been updated to show on-site generated renewable energy, with the original figures now merged with the electric figures.

Energy		2023 -24	2022-23 restated	2021 -22	2020 -21	2019 -20	2018 -19	2017-18 restated
Non-financial indicators (MWh)	Gas – Scope 1 non-renewable energy	397	434	682	430	428	463	514
	Electricity – Scope 2 non-renewable energy	793	830	791	785	931	348	1,382
	Electricity – Scope 2 renewable energy ³	–	–	–	–	18	252	–
	Total	1,190	1,264	1,473	1,215	1,377	1,063	1,896
Financial indicators (£000)	Gross expenditure on energy	307	238	226	162	278	108	210
	Expenditure on official business travel (UK only)	472	429	152	45	638	642	662
	Total	779	667	378	207	916	750	872

Electricity and gas usage decreased compared with last year. Emissions are calculated using the DEFRA factors for the relevant period.

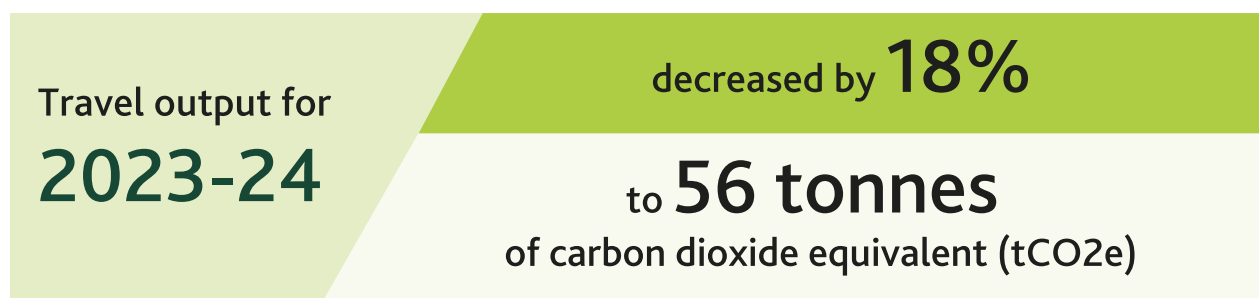
3 Previous reports showed values for renewable energy that referred to grid-supplied green tariff. This does not align with GGCs reporting, which makes no allowance for green tariffs in the carbon reporting. The table has therefore been updated to show on-site generated renewable energy, with the original figures now merged with the electric figures.

Travel

Table 2. Travel output information for each year 2017-18 to 2023-24

Travel ⁴		2023 -24	2022-23 restated	2021 -22	2020 -21	2019 -20	2018 -19	2017-18 restated
Output information (km 000)	Motor vehicle	309	314	–	324	437	415	464
	Rail	96	315	710	411	1,623	2,131	3,934
	Flight	4	23	1	11	18	33	111
	Total	409	652	711	746	2,078	2,579	4,509
Output information (tCO ₂ e)	Motor vehicle	52	54	–	56	77	75	85
	Rail	3	11	25	17	67	94	184
	Flight	1	3	–	–	2	5	13
	Total	56	68	25	73	146	174	282

Overall travel emissions have decreased 80% from the baseline year 2017-18.



4 We now have access to grey fleet (motor vehicle) data through the Single Operating Platform (SOP) HR system. We have restated 2022-23 travel data accordingly.

Finite resource consumption

Table 3. Water consumption and supply costs for each year 2017-18 to 2023-24

Water ⁵		2023 -24	2022-23 restated	2021 -22	2020 -21	2019 -20	2018 -19	2017-18 restated
Non-financial information (cubic metres)	Water consumption	1,895	811	866	1,762	1,891	3,496	14,897
Financial information (£000)	Water supply costs	14	24	21	24	22	5	21

Note, the baseline 2017-18 water consumption data includes total LAA water usage and has no information on site level to explain significant decrease in usage.

Water usage during 2023-24 is higher than 2022-23.

Paper

Table 4. Quantity of paper purchased for each year 2017-18 to 2023-24

Paper		2023 -24	2022-23 restated	2021 -22	2020 -21	2019 -20	2018 -19	2017-18 restated
Non-financial information (A4 reams)	Paper purchased	671	756	460	515	2,679	3,226	3,849

Our consumption of paper has shown a decrease this year (note, all shown as reams as per GGCs target).

Waste minimisation and management

Waste disposal for
2023-24

has decreased by **42%**
to **143m³**

⁵ Water data for 2023-24 reporting year includes information from the following sites only: Jarrow and London (102 Petty France). Water data across 2023-24 and 2022-23 had issues with series of estimated and actual billing, these figures were calculated by averaging the reconciliation figures for the period.

Table 5. Waste disposal for each year 2017-18 to 2023-24

Waste		2023 -24	2022-23 restated	2021 -22	2020 -21	2019 -20	2018 -19	2017-18 restated
Non-financial information (cubic metres)	Waste sent to landfill	2	6	–	–	1	162	148
	Waste incinerated for energy recovery	10	8	16	6	7	–	–
	Waste composted	0.4	1	2	1	2	–	–
	Waste recycled/reused	131	233	46	70	121	691	840
	Total	143.4	248	64	77	131	853	988
Financial information (£000)	Total	14	24	64	66	41	26	27

We continue to divert our waste from landfill. Further progress in digital working and paper reduction should help to reduce this waste stream in the future.

Going forward

Our sustainability strategy is to continue operating closely with the MOJ's CCSU towards the GGCs. Together, we will continue to:

- Reduce greenhouse gas emissions
- Improve our waste management
- Further reduce water consumption
- Buy more sustainable and efficient products and services

The aim of achieving the best long-term minimum environmental impact. Our Sustainability Team and Facilities Management continue to find ways for us to reduce our carbon footprint through facilities upgrades.

We continue to explore opportunities offered by improved ways of working, through digital working and the better use of technology.

We will explore further estates improvements within the LAA location strategy and explore further opportunities to share space with other government departments. This will further reduce our accommodation energy needs.

We are committed to creating a sustainable, effective and efficient estate that provides value for money for the taxpayer, reduces our environmental impact and enables transformation.

Signed for and on behalf of the Legal Aid Agency



Jane Harbottle

Chief Executive and Accounting Officer
Legal Aid Agency

Task Force on Climate Related Disclosures (TCFD)

The climate-related financial disclosure within this Annual Report and Accounts is consistent with HM Treasury's UK public sector TCFD-aligned disclosure guidance. In line with the central government timetable, this Annual Report and Accounts complies with the TCFD recommended disclosures around:

- governance – recommended disclosures Board's oversight and management's role
- metrics and targets – recommended disclosure emissions reporting.

Accountability Report



The
Royal
Courts
of
Justice

Corporate governance report

Introduction

The LAA Framework Document sets out the arrangements for governance, accountability, financing, staffing and operations. This was revised to align to current Cabinet Office standards in 2023-24 and the new version can be viewed in full at:

www.gov.uk/government/organisations/legal-aid-agency/about/our-governance

As Chief Executive and Accounting Officer for the LAA, I am responsible for the LAA's use of resources in carrying out its functions as set out in the LAA Framework Document. Managing Public Money as issued by HM Treasury also sets out the responsibilities of an Accounting Officer.

As Accounting Officer, I am personally responsible for safeguarding the public funds for which I have charge, for ensuring propriety and regularity in the handling of public funds and for day-to-day operations and management of the LAA. In addition, I must ensure that the LAA as a whole is run in accordance with standards in terms of governance, decision-making and financial management.

My report outlines the governance arrangements in place to manage risks to the achievement of the LAA's agreed objectives and targets and to provide effective oversight and control over its resources and assets. It includes:

- Directors' report
- Statement of the Accounting Officer's responsibilities
- Governance statement

Directors' report

The composition of the LAA Board, the Audit and Risk Assurance Committee (ARAC) and the ELT are detailed on pages 45-48. Together they are responsible for setting the LAA's strategic direction and monitoring performance against agreed objectives.

Statement of directors' interests

Non-Executive Board Members (NEBM) conflicts of interest are considered as part of the appointment process and members are required to declare any directorships and conflicts of interest on appointment. Declarations of interest are requested before all meetings of board members. All board members are also required to declare any previously undisclosed conflicts of interest. There have been no conflicts of interest identified during 2023-24.

Personal data incidents

Consideration was given to whether any incident involving personal data was so serious it should be reported to the Information Commissioner's Office (ICO). In 2023-24 no breaches were considered to meet the criteria and were reported to the ICO.

The governance statement on pages 42-44 considers further information assurance and data security practices in the LAA.

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the LAA to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the LAA and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FRoM) and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FRoM have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The Principal Accounting Officer of the MOJ has designated the Chief Executive as Accounting Officer of the LAA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the LAA's assets, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, 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 the LAA's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance statement

Introduction

This statement is my fourth, as both the Accounting Officer and Chief Executive for the LAA. I remain responsible for maintaining a robust system of internal control that supports the successful delivery of the LAA's policies, aims and objectives, while safeguarding public funds and departmental assets. This is in accordance with the responsibilities assigned to me in HM Treasury's publication *Managing Public Money*. As Accounting Officer, I have taken all appropriate steps to make myself aware of any relevant audit information and to establish that the National Audit Office (NAO) are aware of that information. To the best of my knowledge there is no relevant audit information of which the auditors are unaware. Additionally, I continue to perform the role of Director of Legal Aid Casework (DLAC), which is designated to me by the Lord Chancellor. I undertake the DLAC role in practice by delegating decision-making to LAA caseworkers and providers. As DLAC, I am supported by the LAA's Board in ensuring that robust practices are in place to maintain an independent decision-making process for granting legal aid. My DLAC Annual Report provides a summary.

Relationship with Parliament

The LAA is subject to scrutiny from Parliament. This includes the Public Accounts Committee, the Justice Select Committee and the Parliamentary and Health Service Ombudsman (PHSO). The MOJ, and the LAA as an integral part of the department, have continued to work across the justice system to share best practice and identify and implement efficiencies that improve the service we provide to our users. On 25 March 2024 the value for money from Legal Aid was scrutinised by the Public Accounts Committee. The Committee published a report on 24 May 2024.

Parliamentary and Health Service Ombudsman

The LAA has in place a two-tier complaints procedure providing a process for complaints to be reviewed objectively before a complainant decides whether to refer their matter to the PHSO through their local MP. Where suitable the LAA will engage directly with the PHSO liaison officer to:

- discuss progress on individual cases
- provide updates on changes: for example, policy changes and potential impacts for the PHSO
- ensure two-way sharing of best practice and constructive feedback
- deliver training to PHSO staff on various LAA topics and issues

The LAA has regular meetings with an MOJ-wide complaints forum as the themes and working relationships are similar. This provides an opportunity to work collaboratively to continually improve the complaints handling service.

During 2023-24, the LAA was notified of 11 referrals to the PHSO, which is consistent with the volume received in 2022-23.

Of the referrals, zero cases were accepted for a formal investigation. The PHSO discontinued six of the 11 complaint referrals at the pre-investigation stage. Formal outcomes are pending in respect of the remaining five cases.

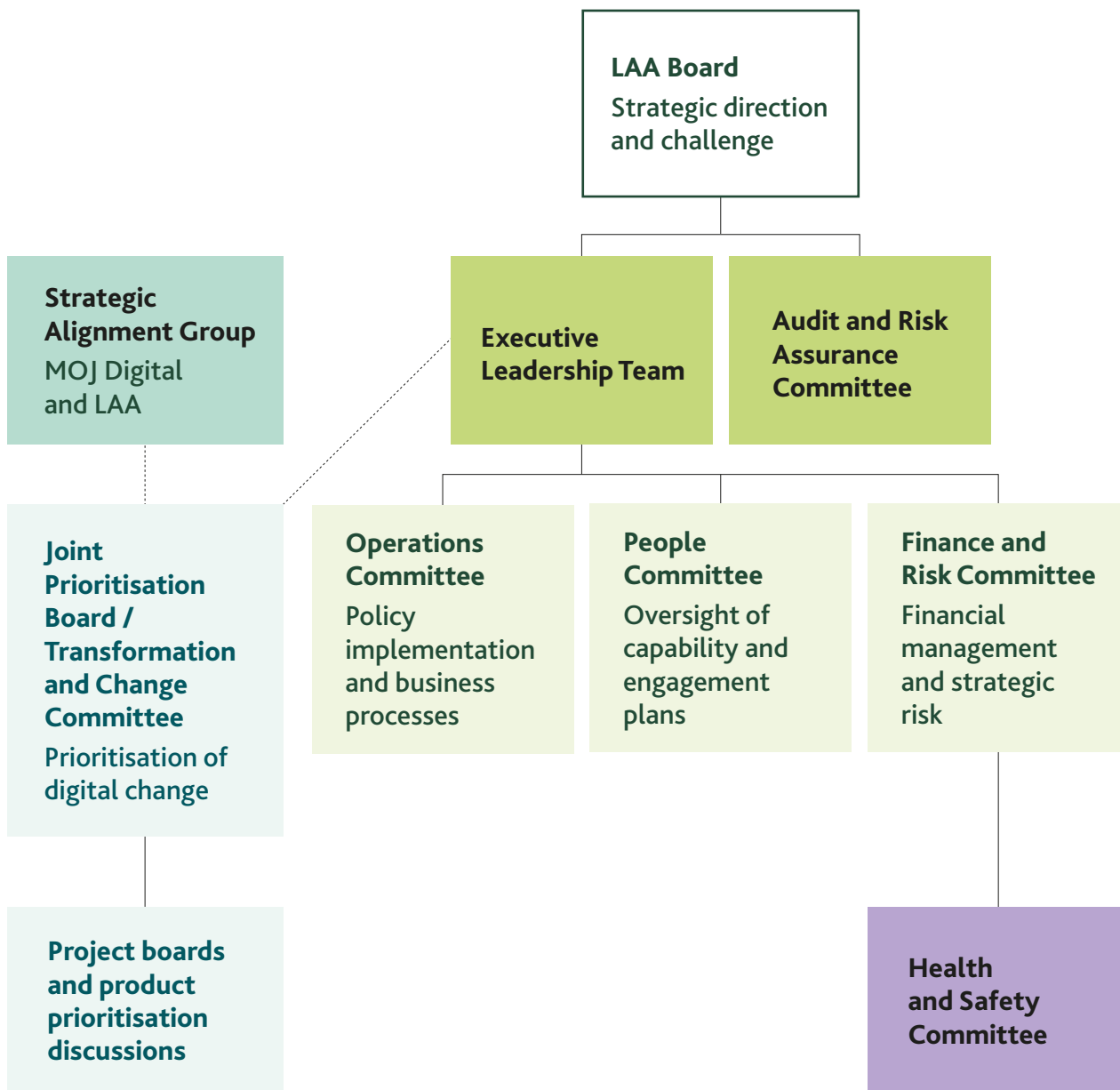
On conclusion of an investigation the LAA takes any necessary action to carry out the recommendations made by the PHSO. This can inform changes to processes and ways of working, which will have a positive impact on the provision of public services in the future.

Governance framework

The governance structure reflects the principles of HM Treasury best practice guide 'Corporate Governance in Central Government Departments: Code of Good Practice', to the extent it applies to an executive agency.

The governance structure has continued to work effectively and as intended, providing strong support to me as Accounting Officer and the wider ELT in discharging our responsibilities. I have introduced improvements to better integrate digital-related activity into the LAA governance structure by bringing these closer to the LAA Board and ELT. In summer 2024, the Joint Prioritisation Board moved to become one of the ELT committees and was renamed as Transformation and Change Committee.

Governance structure



Committee membership and attendance

This table details board members and standing invitees who have responsibility for the LAA throughout 2023-24, their role and their attendance at ELT and ARAC meetings.

Name and role	Sex	LAA Board	ELT	ARAC
Board members				
Chief Executive, LAA				
Jane Harbottle	F	Chair	Chair	Invitee
Number eligible to attend		2	12	4
Number attended		2	12	4
		Member		
Number eligible to attend		4		
Number attended		4		
Director of Finance (Attended by Deputy Director of Finance as official representative of the Director of Finance, see Invitees to Board below)				
Lorna Maden to 8 May 2023	F	Member	Member	Invitee
Number eligible to attend		1	2	1
Number attended		0	0	0
Adrian Hannell from 9 May 2023 to 17 September 2023	M	Member	Member	Invitee
Number eligible to attend		3	6	2
Number attended		4	1	2
Caroline Patterson from 18 September 2023	F	Member	Member	Invitee
Number eligible to attend		3	7	2
Number attended		2	0	1
Principal Legal Advisor to LAA				
Rachel Aaron to 8 May 2023	F	Member	Member	
Number eligible to attend		0	1	
Number attended		0	1	
Charlotte Hackett from 9 May 2023	F	Member	Member	
Number eligible to attend		2	11	
Number attended		2	10	
		Invitee		
Number eligible to attend		4		
Number attended		3		

Name and role	Sex	LAA Board	ELT	ARAC
LAA Operations Committee Co-Chair				
Alistair Adan – Deputy Director, Head of Civil and Crime Case Management	M	Member	Member	
Number eligible to attend		2	12	
Number attended		2	11	
		Invitee		
Number eligible to attend		4		
Number attended		4		
LAA Operations Committee Co-Chair				
Samantha Milton – Deputy Director, Head of Exceptional and Complex Cases to 1 January 2024	F	Member	Member	
Number eligible to attend		2	9	
Number attended		2	7	
		Invitee		
Number eligible to attend		2		
Number attended		0		
LAA Finance and Risk Committee Chair				
David Thomas – Deputy Director, Head of Contract Management and Assurance	M	Member	Member	Invitee
Number eligible to attend		2	12	4
Number attended		2	11	3
		Invitee		
Number eligible to attend		4		
Number attended		4		
Deputy Director, Head of Transformation				
Hannah Payne	F	Member	Member	
Number eligible to attend		2	12	
Number attended		0	10	
		Invitee		
Number eligible to attend		4		
Number attended		1		

Name and role	Sex	LAA Board	ELT	ARAC
Joanna Fiddian	F	Member	Member	
Number eligible to attend		2	12	
Number attended		2	10	
		Invitee		
Number eligible to attend		4		
Number attended		3		
LAA People Committee Chair				
Lucy Jones – Deputy Director, Head of Corporate Services to 23 June 2023	F	Member	Member	
Number eligible to attend		1	2	
Number attended		1	2	
Martha Blom-Cooper – Deputy Director, Head of Corporate Services from 10 July 2023	F	Member	Member	
Number eligible to attend		0	9	
Number attended		0	8	
		Invitee		
Number eligible to attend		4		
Number attended		4		
Non-Executive Board Member – LAA Board Chair				
Nick Campsie from 22 June 2023	M	Chair		Member
Number eligible to attend		5		2
Number attended		5		2
Non-Executive Board Member – Financial				
Kenneth Gill from 12 June 2023	M	Member		Chair
Number eligible to attend		5		3
Number attended		5		3
Non-Executive Board Member – Legal				
Professor Suzanne Rab	F	Member		Member
Number eligible to attend		6		4
Number attended		6		4

Name and role	Sex	LAA Board	ELT	ARAC
Non-Executive Board Member – Commercial				
Deep Sagar to 31 May 2023	M	Member		Member
Number eligible to attend		1		1
Number attended		1		1
Invitees to Board				
Deputy Director of Finance				
1: to 16 June 2023	F	Invitee	Member	Invitee
Number eligible to attend		1	2	1
Number attended		1	1	1
2: from 16 June 2023 to 19 September 2023	M	Invitee	Member	Invitee
Number eligible to attend		1	3	1
Number attended		1	3	1
3: from 16 June 2023	M	Invitee	Member	Invitee
Number eligible to attend		3	10	3
Number attended		3	9	3
Head of LAA Digital				
1: to 24 March 2024	M	Invitee	Member	
Number eligible to attend		6	12	
Number attended		3	8	
2: from 25 March 2024	F	Invitee	Member	
Number eligible to attend		0	1	
Number attended		0	1	
MOJ HR Director for LAA (Attended by MOJ Senior HR Business Partner for LAA)				
1: to 30 January 2024	F	Invitee	Member	
Number eligible to attend		5	10	
Number attended		3	8	
2: from 1 February 2024	F	Invitee	Member	
Number eligible to attend		1	2	
Number attended		0	2	

Committee roles and responsibilities

Legal Aid Agency Board

Name of committee	Legal Aid Agency Board
Chair	Chair of LAA Board and Lead Non-Executive Board member
Frequency	Bi-monthly There were six meetings of the Board and an Extraordinary Board meeting to approve the Annual Report and Accounts during 2023-24.
Role	The LAA Board supports the Accounting Officer and other senior officials in directing the business of the LAA. The Board is ultimately responsible for providing advice on the governance and strategic direction of the LAA. Some responsibilities of the Board are delegated to its committees, which are set out in the following tables.
Responsibilities	<ul style="list-style-type: none"> • Chief Executive • Non-Executive Board Members (NEBMs) • Principal Legal Adviser • Director of Finance • Chairs of the three committees: <ul style="list-style-type: none"> – Operations Committee: Deputy Director for Case Management and Deputy Director for Exceptional and Complex Cases – Finance and Risk Committee: Deputy Director for Contract Management and Assurance – People Committee: Deputy Director for Corporate Services • Deputy Director Transformation • Deputy Director for Finance <p>There have been changes to the individual board members.</p>
Key activities this year	<p>During the year the Board has reviewed key aspects of LAA's operational performance focusing on operational performance, digital and service transformation, finances and risks. The Board has taken assurance from the work of internal audit that effective controls are in operation. The Board focused heavily on strategic priorities and the programme of strategic options to simplify legal aid and make the system more sustainable; monitoring progress against plans.</p> <p>The Shadow Board continues to be a successful forum for colleagues to learn about decision-making at Board level and to understand the rationale and work behind decisions and provides an extra layer of challenge and support to the Board. New Shadow Board members have been recruited to expand the opportunity and experience for more staff.</p>

Audit and Risk Assurance Committee

Name of committee	Audit and Risk Assurance Committee
Chair	Finance Non-Executive Board Member
Frequency	Quarterly There were four meetings of ARAC and an Extraordinary ARAC meeting to approve the Annual Report and Accounts during 2023-24.
Role	The ARAC advises the Board collectively on issues of risk, control and governance, using its professional expertise in financial, legal and commercial matters to challenge and support the LAA.
Responsibilities	The committee is made up of NEBMs, who are also members of the LAA Board. They do not have any executive responsibilities.
Key activities this year	During 2023-24 the ARAC has continued to maintain strong oversight and challenge of the LAA's financial statements, error rate, data security and business continuity arrangements, receiving assurance reports from management and internal and external audit. In exercising their duties and accountabilities both the Board and ARAC have provided significant support, challenge and guidance throughout the financial year.

Executive Leadership Team

Name of committee	Executive Leadership Team
Chair	Chief Executive
Frequency	Monthly There were 12 meetings of ELT during 2023-24.
Role	The ELT is the senior committee and has overall management responsibility for the LAA. The ELT take decisions on the strategy for, and management of, the LAA, including the future capability and capacity of the LAA to meet departmental and government reform plans and the strategic management of corporate level risks.

Name of committee	Executive Leadership Team
Responsibilities	<p>The ELT maintains high-level oversight of the operational running of the LAA and is supported in its responsibilities by three committees and one shared committee with the Digital team (hosted in MOJ). That shared committee moved to become one of the three ELT committees in Summer 2023, making a total of four committees. These committees were created to facilitate deeper, focused discussions on specific issues as well as the completion of tasks delegated from the ELT.</p> <ul style="list-style-type: none"> • Operations Committee: To take decisions on implementing policy proposals and on the optimisation of business processes to deliver legal aid efficiently and effectively, including the interface with providers. It will review and challenge performance not limited to external KPIs and oversee the management of operational risks. • Finance and Risk Committee: In 2023-24, the Finance and Risk Committee has continued to support the ELT and ARAC, particularly through scrutinising risk management and corporate assurance matters. This scrutiny has primarily been through a rolling programme by our Risk Working Group of reviews of departmental risk management a review of corporate assurance activity and progress on audit recommendations and deep dives on topics such as provider risk management, the organisational budgeting cycle, cyber risk assessment of LAA systems and of the approach to ensuring proactive error risk assessment within the organisation's transformation programme. • People Committee: The People Committee provides business focused assurance to the Board and ELT that LAA is delivering on its People Strategy, identifying and addressing risks on behalf of ELT and ensuring the LAA meets its Public Sector Equality Duty responsibilities. The committee monitors the implementation and effectiveness of the People Strategy and annual People Plan. It facilitates effective implementation of MOJ people policies, ensuring the agency is making transparent and fair decisions regarding its people. • Joint Prioritisation Board (JPB) / Transformation and Change Committee (TCC): In summer 2023, our forum for oversight, prioritisation and implementation of digital change moved to be wholly integrated into LAA governance, and was renamed from JPB to TCC. This improved governance provides clearer lines of accountability and escalation to the ELT. The TCC is chaired by the LAA Head of Transformation and includes membership from LAA Digital, Transformation and Operational teams to improve collaboration, prioritisation and delivery.

Name of committee	Executive Leadership Team
Key activities this year	<ul style="list-style-type: none"> • Operations Committee: The committee continued its work on how best to carry out policies, operate digital changes and improve business processes to deliver legal aid efficiently. This included a keen focus on the effect of any changes on legal aid stakeholders. Operations Committee reviewed and challenged performance, holding business areas to account to deliver improvements. • Finance and Risk Committee: This year the committee has continued its emphasis on improving risk insight and challenge through the Risk Working Group and continued to proactively review and advise operational teams on further strengthening risk management and escalation. • People Committee: The 2023 People Survey saw the LAA engagement index increase by two percentage points to 70%. The LAA remains one of the highest scoring departments in MOJ. The committee focused on the learning and development offer to staff, tailored to individual needs and business need. • Joint Prioritisation Board (JPB) / Transformation and Change Committee (TCC): A particular achievement for 2023-24 was the change from JPB to TCC and the move to be wholly integrated into LAA Governance structure. This has provided clearer lines of accountability and escalation to ELT, a more focused membership and improved collaboration, prioritisation and delivery of transformation and change across the agency.

Internal control framework

The system of internal control is designed to manage risk to an acceptable level, rather than to eliminate all risk in relation to achieving its policies, aims and objectives. Based on the LAA's assurance framework I am reasonably assured of the effectiveness of the system of internal control.

As explained in our operating model above, I am assisted in the stewardship of the LAA's resources and management of its risks by the Board, ELT and committee chairs. I receive written assurance from my deputy directors on the effectiveness of risk management and control in the form of annual assurance declarations.

In addition, the MOJ as part of a functional leadership framework, provides us with a suite of digital, financial and HR systems, policies and expertise that are applied where relevant. Each function provides an MOJ-wide assessment against the relevant standard and frameworks. There are formal governance and assurance mechanisms in place across MOJ and between functions and the LAA.

I also receive an internal audit service from the Government Internal Audit Agency, which provides me with independent assurance over the effectiveness of my organisation's governance, risk management and control environment.

Head of internal audit opinion

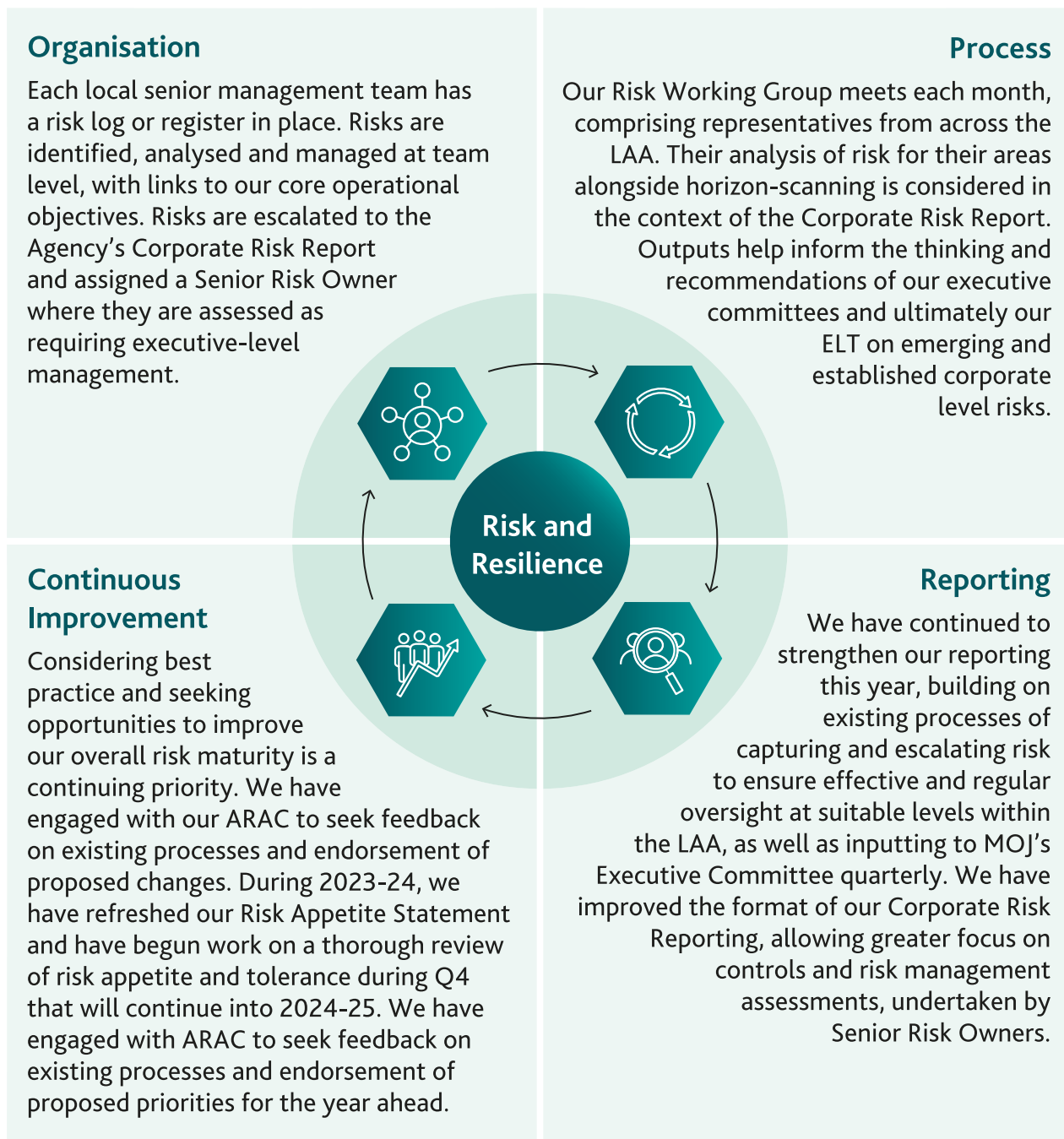
During the course of the audit programme in 2023-24 eight audits were rated as Moderate or Substantial (one Substantial and seven Moderate) and two were rated as Limited. There was one further advisory audit. Of the 51 audit recommendations agreed with management, none was high priority. The trend towards Substantial and Moderate opinions is consistent with previous years.

Based on the work completed throughout the course of the year, his knowledge of the LAA and attendance at the ARAC, the Head of Internal Audit has provided a 'Moderate' opinion with some improvements required to enhance the adequacy and effectiveness of the agency's framework of governance, risk management and control. Management action continues to be monitored by LAA Corporate Assurance and reported on to the ARAC.

Risk management framework

Risk management is key to good governance; it aids the development and achievement of our strategy, our performance and our decision-making. As an executive agency of MOJ, we continue to align with the 'Orange Book: Management of Risk – Principles and Concepts', as well as the MOJ's risk management framework, which underpins how we manage risk across the department. During 2023-24 we have made significant progress against our commitment to increase our overall levels of risk maturity within the agency.

Risk management process






Significant risks and issues in 2023-24

As an organisation we have continued to manage ongoing and inherent risks to the delivery of our Strategic Objectives, building on our existing risk management framework to strengthen processes and allow for the identification of emerging risks as well as the effective and thorough assessment and interrogation of existing risks and issues. The ARAC, ELT and Board have continued to review and challenge the progress made to manage the risks documented in the LAA's Corporate Risk Report, which focuses on the key internal, external and strategic risks to the delivery of our objectives. Our headline corporate level risks across the year have included: General Data Protection Regulation (GDPR) governance and compliance, legacy technology (including system failure and security), net error rate, recruitment and retention and the sustainability of the legal aid market.







The table on the following pages sets out further detail on risks that have been managed at a corporate level over the last year, with accompanying narrative on key actions and links to our Strategic Objectives.







Our strategic objectives:









SO1		Deliver access to justice through legal aid services that meet the needs of our users
SO2		Modernise our services, delivering value for money for taxpayers
SO3		Become a truly diverse and inclusive employer of choice

Key						
Strategic Objective	SO1		SO2		SO3	
Risk severity	High		Medium		Low	
Direction of trend	Increase		No change		Decrease	

Description	Key activities and headlines	Risk severity and direction of trend
<p>Digital</p> <p>Reducing the level of technical debt and improving resilience and flexibility of digital services.</p>	<p>The migration of the CCMS Oracle application 'CCMS E-Business Suite' to Amazon Web Services cloud improved System stability, prompting a slight decrease in the likelihood of both the Legacy Technology and System Failure risks.</p> <p>Additional investment funding requested for 2024-25 to implement further stabilisation initiatives, following the recommendations made by an independent review of legacy systems by a professional services consulting firm.</p> <p>Progress on developing Crime and Civil Apply, allowing more types of applications to be submitted through the services.</p> <p>Two professional services contracts implemented successfully to supplement existing digital delivery teams, these services will be expanded next year to further increase developer and technical architecture capacity and capabilities.</p> <p>The management of Risk in LAA Digital has matured this year due to improvements in cross-departmental engagement and consultation, analysis and control planning maturity, and deeper collaboration.</p>	

Description	Key activities and headlines	Risk severity and direction of trend
<p>Security and Information</p> <p>Reducing the likelihood of a cyber security attack, together with keeping our information secure and enabling better information practice. Improving compliance with GDPR and other legislation.</p> 	<p>Throughout 2023-24, our understanding of the nature and extent of our data protection and cyber security risks has improved. This is in the context of heightened levels of risk from external threats of exposure to loss of personal or sensitive data. Our legacy services have many different support models and commercial arrangements and rely on different underlying technology. The complexity of our digital estate, together with the large volumes of sensitive information, makes reducing risk in this area challenging. We strengthened corporate governance and engagement with MOJ Security and Justice Digital to inform resourcing decisions, prioritisation of remedial work, and escalation of risks to MOJ Finance, Performance and Risk Committee where appropriate. Overall, the management of risks in this area remained challenging but improving.</p>	 
<p>Finance</p> <p>LAA Fund spend falling outside budget by year-end.</p> 	<p>Legal Aid Fund expenditure is, by its demand-led nature, volatile and therefore difficult to forecast. Increased uncertainty in the Crown, Civil and Family courts due to ongoing recovery from issues introduced during the pandemic has increased this difficulty in recent years. We have continued to use established governance processes to monitor spend, identify, and analyse uncertainties as well as manage anticipated fund variances. We have a strong risk management process embedded in our governance, and this continues to provide an effective control to our management of Fund expenditure.</p>	 

Description	Key activities and headlines	Risk severity and direction of trend
<p>Provider Capacity</p> <p>Maintaining sufficient provision capacity to meet an uncertain demand.</p> 	<p>The LAA actively manages the provider-base taking action within its control to address actual or potential gaps in provision. For example, the LAA put in place arrangements for providers outside the South West to advise clients who do not have access to a local provider. The provider capacity risk has received corporate-level oversight throughout the year. The LAA has engaged with MOJ Policy colleagues and ministers to outline challenges and agree options to maintain service provision.</p> <p>At a systemic level, there is sufficient coverage in place. However, there are areas where it is more difficult to access services. Maintaining supply using operational levers alone is challenging.</p>	 
<p>Regularity Error</p> <p>The complexity of legal aid means there is an inherent risk of error because of incorrect eligibility assessments or inaccurate payments.</p> 	<p>The level of error is continually scrutinised and managed as part of our stewardship arrangements. Our application and payment processes are subject to ongoing policy and administrative changes. In response to these changes we continue to focus on reducing error in a stable and sustainable way by working closely with our providers and collaborating across our contract management, case management, finance and digital teams, to identify and address root causes and strengthen both internal controls and provider compliance. The effectiveness of this work is demonstrated through our net regularity error rate, which we are maintaining at a low rate.</p>	 

Description	Key activities and headlines	Risk severity and direction of trend
<p>People and Capability</p> <p>Recruiting and retaining sufficient capable individuals to ensure continually effective service delivery.</p>  	<p>During 2023-24 we have implemented new strategies in our recruitment process which have improved our success rate, including streamlining entry level roles, increasing visibility of management roles, and improving language and accessibility of job advertisements.</p> <p>A Workforce Plan has been introduced within the operational directorate, which enables them to review resourcing, forecast requirements and understand future resource needs ensuring we can deliver policy changes and core services. An audit of retention identified data as the priority to understanding and mitigating our risks. Early progress had been made on this ahead of a Retention Risk deep dive planned for April 2024.</p> <p>Overall, the recruitment risks are well managed and controlled and management of our retention risk is improving.</p>	 
<p>Property</p> <p>Failure to maintain an estate that is compliant, operational, environmentally sensitive and efficient.</p>  	<p>We now share space at the majority of our sites with other government departments. We have seen reduced risks in terms of health and safety, security, and service level agreement compliance. These reductions, driven by improved control effectiveness and risk management, culminated in the de-escalation of our Facilities Management risk from corporate-level oversight in October 2023 to be managed at local level.</p> <p>The LAA works closely with the MOJ Property Team and the Government Property Agency to highlight key risks, gaps in Service Level Agreement performance and to emphasise key improvements required in preparation for the next contract review.</p>	 

Risk horizon

Looking ahead to 2024-25 we anticipate pressures with LAA Digital resource to continue and we will need to ensure GDPR remediation work, issues relating to our legacy technology, and the safety of our data and systems are appropriately prioritised, while remaining committed to the modernisation of our services. We will continue to consider risks in the context of the delivery of our core organisational objectives, and so anticipate an ongoing, though evolving, focus on recruitment and retention, the sustainability of the legal aid market and the potential for disruptive action.

Error rate

Maintaining a low level of error has remained a priority in 2023-24. Our gross error rate was 1.02% in 2023-24 compared to 1.26% in 2022-23. Addressing overpayments has helped reduce the most likely level of error to a net position of £14.7 million (0.68%) of expenditure compared to £17.8 million (0.96%) of expenditure in 2022-23. Based on the statistical sampling techniques used, we have 95% confidence that the actual level of net error in 2023-24 is between 0.44% and 0.91% of legal aid spend. As well as identifying instances where providers have been paid more than is reasonably justified, our testing reviews also identify instances where there have been underpayments. In 2023-24 our estimated underpayment was 0.15% of the total legal aid expenditure (compared to 0.13% in 2022-23).

Specific issues to highlight this year



Net error rate category

Court Assessed claims

2.32%

2023-24 saw a decrease in our net error rate for Court Assessed claims (2.57% in 2022-23), which providers can alternatively decide to be assessed by the LAA.

Legal Help claims

1.19%

This has reduced from 1.72% in 2022-23 following an emphasis on improvements for assessments, training and guidance, and our continuing work with providers to identify improvements through contract management activity. This will continue to be a focus area into 2024-25.

Fraud, bribery and corruption

Counter fraud updates are a regular item at FRC and ARAC meetings. We raise awareness of fraud, bribery and corruption for LAA employees through presentations, workshops, intranet articles, newsletters and provision of advice on specific projects and transformation programmes. The Counter Fraud and Investigations (CFI) Team run a series of counter fraud presentations across the operational delivery business areas. We also promote mandatory biannual counter fraud refresher e-learning and hold bespoke events in support of International Fraud Awareness Week.

We are part of the Public Sector Fraud Authority's Community of Practice network and work collaboratively with them. We maintain close working relationships with the Department of Work and Pensions, Solicitors Regulation Authority and other wider stakeholders to collect intelligence and share data to prevent, detect, investigate and prosecute fraud. Where possible we engage with law enforcement agencies, prosecuting authorities and the CPS to prosecute fraud against the legal aid fund.

We continue to explore opportunities to make better use of available data and to identify new sources of data from external stakeholders. Data matching is an important area of work to highlight potential fraud risks, provide assurance, support operational decision-making and case adoption thresholds. It also supports justification for further investigation where appropriate and can signpost to evidential opportunities to support enforcement action and recover monies lost to fraud. We seek to innovate and enhance proactive fraud detection and prevention capabilities within the Agency and work with subject matter experts within the department to maximise our opportunities in this space.

The LAA works closely with the MOJ Counter Fraud Centre of Expertise and our counter fraud peers within the broader MOJ and we strive to meet the requirements set out in the Government Functional Standard for Counter Fraud, Bribery and Corruption.



Note: Annual figures for financial recoveries or preservations as a result of fraud investigations will vary from year to year. There are many variable factors with any fraud investigation, examples being the fund take of a provider, the available evidence and the identification of monies that can be attributed to fraud. The timeline for recoveries will also be influenced by a provider's ability to repay or the outcome of civil and or criminal proceedings.

Whistleblowing

I can confirm that the MOJ policy and procedure for whistleblowing (raising a concern) applies to all LAA staff. That provides guidance on the process for raising a whistleblowing concern (including public interest disclosures) and advice on the protection afforded to an individual who raises a concern. The policy is accessible to all staff on the intranet. It provides reassurance that concerns will be investigated promptly and professionally.

The policy has been updated and steps have been taken to raise awareness and strengthen the ways that disclosures are managed.

In 2023-24 no matters were raised and at 1 April 2024 there were no open investigations.

Information assurance and data security

The LAA processes high volumes of personal data belonging to legal aid clients. We take information security very seriously and direct our people to complete mandatory training on their responsibilities for handling information and ensure data protection policies and procedures are in place. We work with Justice Digital on the protection of data held on digital systems.

All incidents are investigated to ensure that root causes are identified and strengthen our policies and systems. In addition, both MOJ Security and Information Group and the LAA ARAC challenge our performance on incident management providing direction and oversight.

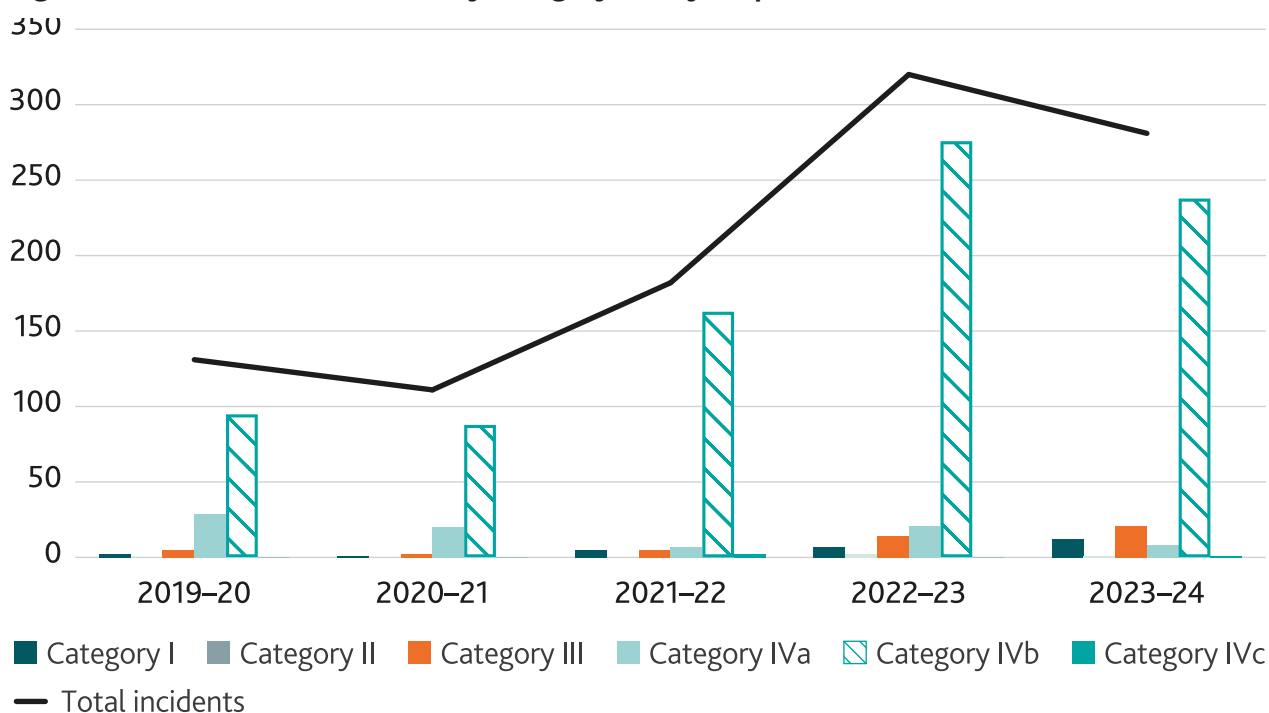
In 2023-24, there were 281 personal data incidents reported. This represents a decrease of 39 (12%) on the previous year. The LAA consistently reports low numbers of incidents considering the large volume of transactions and data that the LAA processes.

There have been no high impact incidents in 2023-24 that met the threshold for reporting and was reported to the ICO.

Table 6. Data incident numbers by category between years 2021-22, 2022-23 and 2023-24

Category	Nature of incident	2021-22	2022-23	2023-24
I	Cyber security incidents	5	7	12
II	Personal or personnel security incidents	–	2	1
III	Physical security incidents	5	14	21
IVa	Information security incidents – loss or theft of an information asset	7	21	8
IVb	Information security incidents – unauthorised disclosure of an information asset	163	276	238
IVc	Information security incidents – other incidents relating to information assets	2	–	1
Total		182	320	281

Figure 2. Personal data incidents by category: five-year period



Incident volumes have decreased this year. Unauthorised disclosure of items of correspondence or documents to an incorrect recipient remain LAA’s most common incident type. Of these incidents, many have their root cause outside the LAA, for example, when the LAA is provided with an incorrect address. The LAA will continue to develop appropriate remedial actions and process improvements to reduce the impact of incidents and the likelihood of incidents occurring.

Conclusion

I am confident this statement provides a comprehensive account of the governance, risk management and control arrangements we have embedded within the LAA. I am particularly pleased that our Head of Internal Audit has provided a ‘Moderate’ opinion and recognised this as an improvement compared to last year. We have taken steps to strengthen our risk management process including the establishment of the Risk Working Group and have completed comprehensive effectiveness reviews of the ARAC and each of the ELT committees. The success of these arrangements is due to the people and processes in place, which have ensured the LAA has met its business objectives and continues to be a supportive and innovative place to work as reflected in our Civil Service People Survey results.

Signed for and on behalf of the Legal Aid Agency

Jane Harbottle
 Chief Executive and Accounting Officer
 Legal Aid Agency
 22 July 2024

Remuneration and staff report

This section summarises the LAA's policy on remuneration of Executive Board Members, NEBMs and staff. It also provides detail of actual costs and contractual arrangements.

The remuneration and staff report has been prepared in accordance with the requirements of the FReM as issued by HM Treasury.

The Prime Minister sets the remuneration policy of Senior Civil Servants (SCS) following independent advice from the Senior Salaries Review Body. The salaries of LAA Executive Board members were set following discussions between the Permanent Secretary of the MOJ and directors general in accordance with the rules of the Civil Service management code.

The LAA does not have a Remuneration Committee. The key functions of a Remuneration Committee are dealt with through the MOJ Workforce Committee. The MOJ Workforce Committee is chaired by the Permanent Secretary and attended by all directors general and chief executives of His Majesty's Prison and Probation Service (HMPPS), HMCTS and the LAA. The committee meets on a monthly basis to manage talent, capability and people resources. In addition, the committee is responsible for ensuring the LAA has a workforce that is the right size, has the right skills, is well managed, properly motivated and correctly deployed.

The tables in this report have been subject to audit by the external auditor, the Comptroller and Auditor General (C&AG), appointed under the Government Resources and Accounts Act 2000.

Remuneration policy

Executive Board Members

Service contracts

The Constitutional Reform and Governance Act 2010 requires civil servant appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances where appointments may be made otherwise.

The Executive Board Members covered by this report hold appointments that are open ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at: www.civilservicecommission.independent.gov.uk/

Performance process

SCS follow the Cabinet Office guidelines that incorporate the SCS Performance Management Framework. There were two 'formal' Performance Management Review (PMR) discussions in the year and then regular one-to-one meetings to monitor progress and ensure that all objectives were still relevant. The performance measures for each member of the Executive Board have been met.

Total amount of salary and fees

Salary and allowances cover both pensionable and non-pensionable amounts and include: gross salaries; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; or other allowances to the extent that they are subject to UK taxation and any ex-gratia payments. It does not include amounts that are a reimbursement of expenses directly incurred in the performance of an individual's duties.

All taxable benefits

Taxable benefits include all benefits in kind and taxable cash benefits. The monetary value of benefits in kind covers any benefits provided by the employer and treated by His Majesty's Revenue and Customs (HMRC) as a taxable emolument. Benefits recognised relate to travel and subsistence. The benefits in kind stated for Executive Board Members and NEBMs are estimates, the final values are to be agreed between the LAA and HMRC and are paid using a Pay As You Earn Settlement Agreement.

Bonus payments

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2023-24 relate to the performance in 2022-23 and the bonuses reported in 2022-23 relate to the performance in 2021-22.

All pension related benefits

Section 229 of the Finance Act 2004 determines the maximum annual level of pension savings that can be accrued under a defined benefit arrangement before any taxation is charged. The amount of savings shown in Table 7 is the increase in the value of the individual's promised benefits over the pension input period (which is the financial year for the LAA). Any increase is the difference between the value of the individual's benefits at the start of the pension input period (1 April 2023) and the value of the individual's benefits at the end of the pension input period (31 March 2024), this also incorporates any increase to pensionable pay. Regulations specify a modification to the HMRC rules for this purpose, in order to value the benefits HM Treasury has advised pension schemes to use a multiplier of 20.

Non-Executive Board Members

All NEBMs remained in post for 2022-23 as part of their fixed period appointments. One NEBM stepped down from their post on 28 February 2023 and one NEBM left on 31 May 2023 at the end of their fixed term. Recruitment is currently in progress for new NEBMs.

NEBMs are not members of the Principal Civil Service Pension Scheme (PCSPS) and were not entitled to any other benefits or remuneration.

If a NEBM appointment was terminated for reasons other than the expiry of their term, the Secretary of State for Justice could determine that compensation was payable based on the nature of the termination and the length of the term remaining.

Details in relation to NEBMs' service terms, benefits or remuneration are included in Tables 13 and 14 on page 75.

Table 7. Senior employees in post during 2023-24 – employment costs (subject to audit)

Executive Board Members	2023-24					2022-23				
	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonus payments	Pension related benefits (to nearest £1,000)	Total (to nearest £1,000)	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonus payments	Pension related benefits (to nearest £1,000)	Total (to nearest £1,000)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Jane Harbottle⁶ Chief Executive	115-120	15.8	10-15	n/a	140-145	105-110	15.2	10-15	9	140-145
Caroline Patterson⁷ Director of Finance from 18 September 2023	60-65 (FYE 115-120)	–	–	n/a	60-65 (FYE 115-120)	–	–	–	–	–
Rachel Aaron⁸ Principal Legal Advisor to the LAA to 8 May 2023	5-10 (FYE 75-80)	–	0-5	n/a	5-10 (FYE 75-80)	–	–	–	–	–
Alistair Adan⁹ Deputy Director, Head of Civil and Crime Case Management to 31 July 2023	25-30 (FYE 80-85)	–	0-5	n/a	30-35 (FYE 85-90)	75-80	3.5	0-5	20	100-105

6 Jane Harbottle has a dual workplace agreement, the costs illustrate the benefit in kind for all travel to and from dual workplace locations.

7 Caroline Patterson is remunerated by the MOJ Core Department and is not an LAA staff member.

8 Rachel Aaron is remunerated through the Government Legal Department.

9 Alistair Adan has a dual workplace agreement, the costs illustrate the benefit in kind for all travel to and from dual workplace locations.

Executive Board Members	2023-24					2022-23				
	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonus payments	Pension related benefits (to nearest £1,000)	Total (to nearest £1,000)	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonus payments	Pension related benefits (to nearest £1,000)	Total (to nearest £1,000)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Joanna Fiddian Deputy Director, Head of Transformation (job share to 31 July 2023)	15-20 (FYE 55-60)	–	0-5	n/a	15-20 (FYE 55-60)	55-60	–	0-5	17	75-80
Charlotte Hackett¹⁰ Principal Legal Advisor to the LAA from 9 May 2023 to 31 July 2023	15-20 (FYE 80-85)	–	0-5	n/a	20-25 (FYE 85-90)	–	–	–	–	–
Adrian Hannell¹¹ Director of Finance from 9 May 2023 to 17 September 2023	45-50 (FYE 120-125)	–	0-5	n/a	50-55 (FYE 120-125)	–	–	–	–	–
Lucy Jones Deputy Director, Head of Corporate Services to 23 June 2023	15-20 (FYE 80-85)	–	5-10	n/a	25-30 (FYE 90-95)	75-80	–	5-10	11	95-100

10 Charlotte Hackett is remunerated through the Government Legal Department.

11 Adrian Hannell is remunerated by the MOJ Core Department and is not directly employed by the LAA.

Executive Board Members	2023-24					2022-23				
	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonus payments	Pension related benefits (to nearest £1,000)	Total (to nearest £1,000)	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonus payments	Pension related benefits (to nearest £1,000)	Total (to nearest £1,000)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Lorna Maden ¹² Director of Finance to 8 May 2023	10-15 (FYE 115-120)	–	–	n/a	10-15 (FYE 115-120)	115-120	–	–	(22)	90-95
Samantha Milton Deputy Director, Head of Exceptional and Complex Cases to 31 July 2023	20-25 (FYE 60-65)	–	–	n/a	20-25 (FYE 60-65)	65-70	–	–	(1)	65-70
Hannah Payne Deputy Director, Head of Transformation (job share to 31 July 2023)	15-20 (FYE 50-55)	–	0-5	n/a	15-20 (FYE 55-60)	50-55	–	0-5	–	50-55
David Thomas Deputy Director, Head of Contract Management and Assurance to 31 July 2023	25-30 (FYE 80-85)	–	5-10	n/a	35-40 (FYE 90-95)	75-80	–	–	14	90-95

Accrued pension benefits for directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy¹³.

¹² Lorna Maden is remunerated by the MOJ Core Department and is not directly employed by the LAA.

¹³ For more information see: www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

Fair pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the salary of the highest paid Executive Board Members in their organisation and the median earnings of the organisation's workforce.

Table 8. Annual percentage change from the previous year in total salary and bonus of highest paid director and employees

	2023-24		2022-23 restated	
	Total amount of salary and fees	Bonus payments	Total amount of salary and fees	Bonus payments
	%	%	%	%
Employees ¹⁴	5.7	46.7	3.8	-3.3
Highest paid director ¹⁵	9.3	0.0	3.0	266.7

Table 9. Ratio between highest paid director's total remuneration and employees in the lower quartile, median and upper quartile

Financial Year	Lower quartile	Median	Upper quartile
2023-24 ¹⁶	6.2:1	5.1:1	3.9:1
2022-23	6.0:1	5.1:1	3.7:1

Table 10. Lower quartile, median and upper quartile for total staff remuneration

Salary	2024	2023	2024	2023	2024	2023
	Lower quartile		Median		Upper quartile	
	£	£	£	£	£	£
Salary component	22,940	21,775	27,250	25,827	35,040	35,420
Total staff remuneration	23,140	21,975	27,762	26,127	36,254	35,952

14 Employees total salary and fees and bonuses is the total for all the employees of the LAA.

15 Percentage changes have been calculated based on the 2023-24 employment costs in Table 7 on pages 67-69 for Executive Directors.

16 The pay ratios are calculated using total remuneration costs for the Executive Directors and employees. The total salary and fees of the Executive Directors are detailed on pages 67-69 of this Report.

The banded remuneration for the highest paid Executive Board Member in the LAA in the financial year 2023-24 was £140-145,000 (2022-23: £130-135,000). This was 5.1 times (2022-23: 5.1) the median remuneration of the workforce, which was £27,250 (2022-23: £25,827). These increases in banding and ratio are mainly driven by increases in bonus payments and benefits in kind.

In 2023-24, two staff members or contractors (2022-23: five) received banded remuneration in excess of the highest paid Executive Board Member.

Staff remuneration ranged from £20-25,000 to £195-200,000 (2022-23: £15-20,000 to £185-190,000).

Total remuneration included salary, non-consolidated performance related pay and benefits in kind. It did not include employer pension contributions and the Cash Equivalent Transfer Value of pensions.

In 2020-21, following approval from Cabinet Office and HM Treasury, a three-year pay deal was implemented for MOJ including LAA employees. The three-year pay deal runs from 1 August 2020 until 31 July 2023, years one and two were implemented in September and October 2021 respectively (and backdated), year three was implemented in August 2022.

The implementation of the pay award in 2022 increased staff remuneration against the highest paid director and reduced the ratio against all quartiles.

The LAA believes that the median pay ratio is consistent with the agency's pay, reward and retention policies. The base salaries of all employees, including the Executive Directors, are set with reference to a range of factors including market practice, experience and performance in role.

Table 11. Executive Board Members – employment contracts

Executive Board Members	Contract start date	Term served (years)	Notice period (months)
Jane Harbottle	1 April 2016	7	3
Caroline Patterson	18 September 2023	–	3

Rachel Aaron, Alistair Adan, Joanna Fiddian, Charlotte Hackett, Adrian Hannell, Lucy Jones, Lorna Maden, Samantha Milton, Hannah Payne and David Thomas left the Board in 2023-24.

Civil Service pension benefits

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced, the Civil Servants and Others Pension Scheme or **Alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher).

From that date all newly appointed civil servants and the majority of those already in service joined **Alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**Classic**, **Premium** or **Classic Plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**Nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **Classic**, **Premium**, **Classic Plus**, **Nuvos** and **Alpha** are increased annually in line with Pensions Increase legislation.

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into sometime between 1 June 2015 and 1 February 2022.

Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report, see below).

All members who switch to **Alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **Alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **Alpha** as appropriate. Where the official has benefits in both the PCSPS and **Alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**Partnership** pension account).

Contribution rates

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **Classic**, **Premium**, **Classic Plus**, **Nuvos** and **Alpha**.

Benefits in **Classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement.

For **Premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **Classic**, there is no automatic lump sum.

Classic Plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **Classic** and benefits for service from October 2002 worked out as in **Premium**.

In **Nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation.

Benefits in **Alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **Partnership** pension account is an occupational defined contribution pension arrangement, which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **Classic**, **Premium**, **Classic Plus**, 65 for members of **Nuvos** and the higher of 65 or State Pension Age for members of **Alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **Alpha** as appropriate. Where the official has benefits in both the PCSPS and **Alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Table 12. Executive Board Members – pension costs for the year ended 31 March 2024 (subject to audit)

	Total accrued pension and related lump sum at pension age as at 31 March 2024	Real movement in pension and related lump sum at pension age	CETV at 31 March 2024	CETV at 31 March 2023	Real increase in CETV
	£000	£000	£000	£000	£000
Rachel Aaron	n/a	n/a	n/a	n/a	n/a
Alistair Adan	n/a	n/a	n/a	n/a	n/a
Joanna Fiddian	n/a	n/a	n/a	n/a	n/a
Charlotte Hackett	n/a	n/a	n/a	n/a	n/a
Adrian Hannell	n/a	n/a	n/a	n/a	n/a
Jane Harbottle	n/a	n/a	n/a	n/a	n/a
Lucy Jones	n/a	n/a	n/a	n/a	n/a
Lorna Maden	n/a	n/a	n/a	n/a	n/a
Samantha Milton	n/a	n/a	n/a	n/a	n/a
Hannah Payne	n/a	n/a	n/a	n/a	n/a
Caroline Patterson	n/a	n/a	n/a	n/a	n/a
David Thomas	n/a	n/a	n/a	n/a	n/a

Accrued pension benefits for directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy.¹⁷

Cash Equivalent Transfer Value

A 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. A CETV 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 benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued because of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement that the member has transferred to the Civil Service pension arrangements.

¹⁷ For more information see: www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2023, this guidance will be used in the calculation of 2023-24 CETV figures.

Real increase in Cash Equivalent Transfer Value

This reflects the increase in CETV that is funded by the employer. It does not include 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.

Non-Executive Board Member

NEBMs were part-time and their role involved a commitment of 20 days per year during 2023-24. They will hold office until the end of the period for which they were appointed.

Employment costs – NEBMs

Table 13. NEBMs in post at 31 March 2024 – employment costs (subject to audit)

Non-Executive Board Member	2023-24		2022-23	
	Total amount of fees	All taxable benefits	Total amount of fees	All taxable benefits
	£000	£000	£000	£000
Nick Campsie	8.0	–	–	–
Kenneth Gill ¹⁸ ARAC Chair	8.3	2.2	–	–
Suzanne Rab	8.0	–	8.0	–

Employment contracts – NEBMs

Table 14. NEBMs – employment contracts

Non-Executive Board Member	Contract start date	Term served (years)
Nick Campsie	22 June 2023	3
Kenneth Gill	12 June 2023	3
Suzanne Rab	1 April 2019	4

18 The remuneration includes £2,400 (2022-23: £nil) as Chair of the LAA ARAC.

Staff report

Staff costs

Table 15. Staff costs for the year ended 31 March 2024 (subject to audit)

	2023-24			2022-23		
	Permanently employed staff	Other	Total	Permanently employed staff	Other	Total
	£000	£000	£000	£000	£000	£000
Salaries and wages	40,961	215	41,176	35,667	336	36,003
Social security costs	4,122	–	4,122	3,714	–	3,714
Other pension costs	9,782	–	9,782	9,021	–	9,021
	54,865	215	55,080	48,402	336	48,738
Less recoveries in respect of outward secondments	–	–	–	–	–	–
Redundancy and early departures	–	–	–	–	–	–
	54,865	215	55,080	48,402	336	48,738
Fees to Non-Executive Board Members	26	–	26	27	–	27
Total	54,891	215	55,106	48,429	336	48,765

The PCSPS is an unfunded multi-employer defined benefit scheme in which the LAA is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2020. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation www.civilservicepensionscheme.org.uk

For 2023-24, employer's contributions of £9,730,000 were payable to the PCSPS (2022-23: £8,997,000) at one of four rates in the range 26.6% to 30.3% (2022-23: 26.6% to 30.3% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following the full scheme valuation. The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £109,000 (2022-23: £89,000) were paid to one or more of a panel of appointed stakeholder pension providers.

One person (2022-23: nil) retired early on ill health grounds, the total additional accrued pension liabilities in the year amounted to £19,000 (2022-23: nil).

Staff numbers

Table 16. Average number of persons employed (subject to audit)

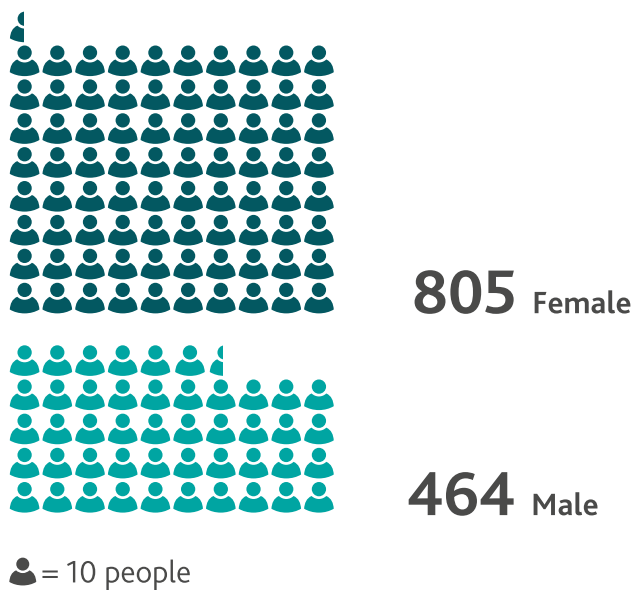
	2023-24			2022-23		
	Permanently employed staff	Other	Total	Permanently employed staff	Other	Total
Directly employed	1,142	–	1,142	1,090	–	1,090
Other	–	1	1	–	3	3
Total	1,142	1	1,143	1,090	3	1,093

Table 17. Staff composition (not subject to audit)

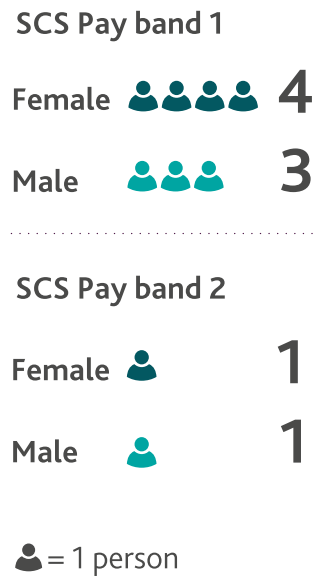
	Male	Female
Staff composition	464	805

Figure 3. Staff composition and senior Civil Service staff by band

Staff composition*



Senior civil staff by band*



*These numbers include the membership of the executive leadership and exclude functional leadership staff

Diversity and Inclusion

We continue to promote an inclusive environment, to attract and retain talent and build a high-performance culture that delivers for citizens. In the 2023 Civil Service People Survey, 87% of those who took part (87% of total staff numbers) gave a positive response on the theme of Inclusion and Fair Treatment. Of the 106 Civil Service organisations that took part this was the fourth highest score achieved.

Through inclusive practices and action plans relating to race and disability we continue to build an inclusive culture. The LAA wellbeing programme promotes awareness and signposts and signposting our people to support available.

Some of our key activities during 2023-24 included:

- Delivered a number of deep dives into the Equality Act 2010 protected characteristics, including Gender, Race and Pregnancy/Maternity. Papers presented to the LAA People Committee outlined the position within the organisation for each characteristic regarding data, staff feedback, activity and issues, identifying any gaps to address.
- Delivered learning events for managers on the correct application of organisational policies linked to protected characteristics, including the use of disability leave.
- Continued to deliver against the LAA Race Action Plan, and Disability Action Plan, including commissioning a new development programme for ethnic minority staff and supporting the roll-out of the MOJ workplace adjustment service. These are important to ensure that our diverse staff group are supported to improve the service provided to citizens and providers.
- Continued to deliver the actions in the LAA Tackling Unacceptable Behaviour Action Plan.

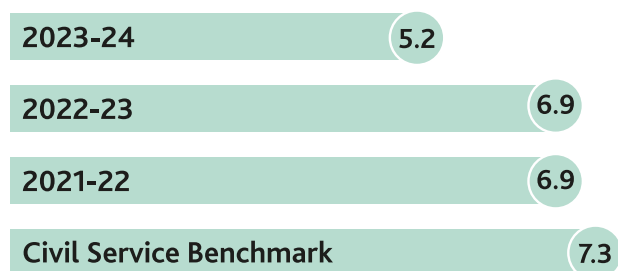
A key focus of the LAA People Plan was activity aimed at supporting LAA to become a truly diverse and inclusive employer of choice. This included improving the way we recruit, making improvements for candidates and the business, and ensuring fair, consistent, and transparent use of reward and recognition.

Employment of disabled persons

In line with the LAA's Disability Confident Leaders Accreditation, which has been successfully renewed during March 2024 for a further 3 years, we have continued to deliver against our commitment, ensuring our recruitment practices are inclusive for all, being open to learning from people's experiences and ensuring our staff have access to the right workplace adjustments when they need them. In the past year we have reviewed our job adverts, updated our candidate information pack, increased the use and availability of reasonable adjustments during the recruitment process and encouraged the use of workplace passports.

Sickness absence data (not subject to audit)

Absence is a key area of focus for both our People Committee and for the LAA Stress and Mental Health Group. A rolling wellbeing programme, regular wellbeing events and support for our people from dedicated staff ensures accessibility and clarity of the offer. A range of support is available and key events such as Stress Awareness Month are used to raise awareness and encourage discussion. We have continued to implement a revised stress risk assessment allowing our people to have focused and supportive discussions when they need them.

Figure 4. Sickness absence data (average number of sick days)**Staff turnover**

The LAA continues to monitor turnover rates and support initiatives to maintain a healthy level of turnover. The annual Civil Service People Survey helps us to understand our people's experience of working in the LAA and take appropriate action to improve effectiveness, including where turnover becomes problematic. 'Departmental Turnover' includes transfers of staff within the Civil Service. These are excluded from 'Turnover'.

Table 18. Staff turnover

	2023-24		2022-23	
	Turnover	Departmental turnover	Turnover	Departmental turnover
LAA	8.6%	6.3%	6.3%	8.3%

There were no exit packages in 2023-24 or the year before.

Redundancy and other departure costs have been agreed in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the LAA has agreed early retirements, the additional costs are met by the LAA and not by the Civil Service Pension Scheme. Ill health retirement costs are met by the pension scheme and are not included in the table.

Consultancy costs

Expenditure on consultancy in 2023-24 was nil (2022-23: nil).

Off-payroll engagements

During the financial year 2023-24, the LAA has reviewed off-payroll engagements where we are required to consider intermediaries, (IR35), legislation using HMRC guidance and online status indicator. We have advised our contracting body of the outcome of the status determinations so that, where appropriate, tax deductions are made at source from payments made in respect of the engagement with the LAA. Further details of off-payroll engagements in the LAA can be found in the MOJ departmental resource accounts. An MOJ-wide review of contracted-out service contracts was carried out during 2022-23 and a small number of these were identified as including elements of resource.

Contracted out service arrangements operating with resource elements may lead to a liability for employment taxes and Value Added Tax (VAT) where this has been recovered in error. No LAA contracts including elements of resource were identified as a result of this review.

Parliamentary accountability disclosures

This section has been subject to audit.

Losses and special payments

Table 19. Losses and special payments

	2023-24		2022-23	
	Volume	£000	Volume	£000
Write-offs	8,378	14,742	4,280	8,860
Special payments	19	117	52	99
Total value of losses	8,397	14,859	4,332	8,959

In accordance with Managing Public Money, individual losses over £300,000 are separately disclosed.

There were no supplier balances written off over £300,000 (2022-23: two).

Potential loss

The LAA's Counter Fraud and Investigations (CFI) team lead on investigations into cases of suspected fraud by provider firms and individual clients. Cases of suspected criminal fraud will be reported to the police via Action Fraud. Client cases that relate to other benefits will be referred to the Department for Work and Pensions. Some cases may lead to a subsequent criminal prosecution in the courts, supported by CFI, but in many cases the CFI team will work with other internal stakeholders to take appropriate and proportionate enforcement action to recover monies assessed as being claimed fraudulently. Any monies that cannot be recovered will be classed as a loss in future Accounts.

Remote contingent liabilities

As required by Managing Public Money, in addition to contingent liabilities disclosed in accordance with International Accounting Standard (IAS) 37 in note 16 to the Accounts, the LAA is required to disclose, for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of transfer of economic benefit is remote. As at 31 March 2024 there were no such remote contingent liabilities (31 March 2023: none).

Regularity of expenditure

We are a custodian of taxpayer funds and have a duty to Parliament to ensure the regularity and propriety of our activities and expenditure. We manage public funds in line with HM Treasury's Managing Public Money. The importance of operating with regularity and the need for efficiency, economy, effectiveness and prudence in the administration of public resources to secure value for public money, is the responsibility of our Accounting Officer whose responsibilities are also set out in Managing Public Money. They include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable. As part of our stewardship arrangements, our Core Testing team assesses the level of error in Legal Aid payments and recoveries. Further details on their findings for 2023-24 are available on pages 58 and 60.

Signed for and on behalf of the Legal Aid Agency

A handwritten signature in black ink, reading 'J Harbottle', with a large, elegant flourish at the end.**Jane Harbottle**

Chief Executive and Accounting Officer
Legal Aid Agency
22 July 2024

The certificate and report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Legal Aid Agency for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Legal Aid Agency's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Legal Aid Agency's affairs as at 31 March 2024 and its net operating costs for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 [Audit of Financial Statements of Public Sector Entities in the United Kingdom \(2022\)](#). My responsibilities under those standards are further described in the [Auditor's responsibilities for the audit of the financial statements](#) section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's [Revised Ethical Standard 2019](#). I am independent of the Legal Aid Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Legal Aid Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Legal Aid Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Legal Aid Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Legal Aid Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Legal Aid Agency or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Legal Aid Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Legal Aid Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive as Accounting Officer anticipates that the services provided by the Legal Aid Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Legal Aid Agency's accounting policies;
- inquired of management, the Legal Aid Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Legal Aid Agency's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Legal Aid Agency's controls relating to the Legal Aid Agency's compliance with the Government Resources and Accounts Act 2000, Managing Public Money, Civil Legal Aid Regulations, Criminal Legal Aid Regulations and the Legal Aid, Sentencing and Punishment of Offenders Act 2012, and other relevant pieces of legislation stipulating legal aid fees;
- inquired of management, the Legal Aid Agency's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Legal Aid Agency for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Legal Aid Agency's framework of authority and other legal and regulatory frameworks in which the Legal Aid Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Legal Aid Agency. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, employment law, tax legislation and the relevant pieces of legislation stipulating Legal Aid fees.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

23 July 2024

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial Statements



Financial statements of the Legal Aid Agency for the year ended 31 March 2024

Legal Aid Agency Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

		2023-24	2022-23
	Notes	£000	£000
Statutory charge interest		(4,330)	(4,353)
Income under the legal aid schemes	3	(33,996)	(31,778)
Other income		–	–
Total operating income		(38,326)	(36,131)
Expenditure under the legal aid schemes	4	2,228,394	2,008,576
Staff costs	5	55,080	48,765
Other operating expenditure	5	34,308	40,438
Depreciation, amortisation and impairment	5	6,790	6,381
Total operating costs		2,324,572	2,104,160
Net operating costs		2,286,246	2,068,029
Other comprehensive expenditure			
Net (gain)/loss on revaluation of intangibles	6	(276)	(627)
Net (gain)/loss on revaluation of property, plant and equipment	7	(6)	79
Net loss/(gain) on revaluation of right of use asset	8	–	–
Total comprehensive net expenditure		2,285,964	2,067,481

All income and expenditure are derived from continuing operations.

The notes on pages 97-135 form part of these financial statements.

Legal Aid Agency Statement of Financial Position at 31 March 2024

		31 March 2024	31 March 2023
	Notes	£000	£000
Non-current assets			
Intangible assets	6	21,766	23,070
Property, plant and equipment	7	316	918
Right-of-use assets	8	6,715	7,610
Trade and other receivables	10	121,453	121,365
Total non-current assets		150,250	152,963
Current assets			
Trade and other receivables	10	51,123	52,751
Cash and cash equivalents	11	51,837	49,244
Total current assets		102,960	101,995
Total assets		253,210	254,958
Current liabilities			
Trade and other payables	12	(215,001)	(211,005)
Other financial liabilities	13	(928)	(928)
Provisions for liabilities and charges	14	(957,230)	(859,894)
Total current liabilities		(1,173,159)	(1,071,827)
Total assets less current liabilities		(919,949)	(816,869)
Non-current liabilities			
Other financial liabilities	13	(5,599)	(6,199)
Provisions for liabilities and charges	14	(722)	(794)
Total non-current liabilities		(6,321)	(6,993)
Total assets less liabilities		(926,270)	(823,862)

		31 March 2024	31 March 2023
	Notes	£000	£000
Taxpayers' equity			
Revaluation reserve		2,591	2,775
General reserve		(928,861)	(826,637)
Total taxpayers' equity		(926,270)	(823,862)

The notes on pages 97-135 form part of these financial statements.

Signed for and on behalf of the Legal Aid Agency



Jane Harbottle

Chief Executive and Accounting Officer

Legal Aid Agency

22 July 2024

Legal Aid Agency
Statement of Cash Flows
for the year ended 31 March 2024

		2023-24	2022-23
	Notes	£000	£000
Cash flows from operating activities			
Net operating cost	2	(2,286,246)	(2,068,029)
Adjustments for notional and non-cash transactions		36,028	39,745
Intra-departmental balances settled via general reserves		(3,281)	(1,504)
(Increase)/decrease in trade and other receivables	10	1,540	7,158
Increase/(decrease) in trade and other payables	12	3,996	8,700
Less movement in lease trade payables		–	–
Increase/(decrease) in financial liabilities	13	(600)	1,719
Less repayments of principal on leases		1,342	1,880
Less lease additions	8	(149)	(3,658)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		387	297
Movement in provisions		97,264	122,965
Net cash outflow from operating activities		(2,149,719)	(1,890,727)
Cash flows from investing activities			
Purchase of intangible assets	6	(128)	(1)
Purchase of property, plant and equipment	7	(8)	(332)
Net cash outflow from investing activities		(136)	(333)
Cash flows from financing activities			
Supply funding from MOJ: revenue		2,154,133	1,905,245
Supply funding from MOJ: capital		(343)	36
Repayments of principal on leases	8	(1,342)	(1,880)
Net cash inflow from financial activities		2,152,448	1,903,401

		2023-24	2022-23
	Notes	£000	£000
Net increase/(decrease) in cash and cash equivalents in year	11	2,593	12,341
Cash and cash equivalents at the beginning of the year		49,244	36,903
Cash and cash equivalents at the end of the year	11	51,837	49,244

The notes on pages 97-135 form part of these financial statements.

Legal Aid Agency
Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2024

		Revaluation reserve	General reserve	Total
	Notes	£000	£000	£000
Balance at 1 April 2023		2,775	(826,637)	(823,862)
Net operating cost for the year	2	–	(2,286,246)	(2,286,246)
Supply funding from MOJ: revenue		–	2,154,133	2,154,133
Supply funding from MOJ: capital		–	(343)	(343)
Other comprehensive expenditure				
Net gain on revaluation	6, 7, 8	282	–	282
Non-cash adjustments				
Intra-departmental adjustment		–	528	528
Notional recharge from MOJ	5	–	28,908	28,908
Notional external audit fee	5	–	330	330
Movement in reserves				
Transfers from revaluation reserve		(466)	466	–
Balance at 31 March 2024		2,591	(928,861)	(926,270)

		Revaluation reserve	General reserve	Total
	Notes	£000	£000	£000
Balance at 1 April 2022		2,625	(697,003)	(694,378)
Net operating cost for the year	2	–	(2,068,029)	(2,068,029)
Supply funding from MOJ: revenue		–	1,905,245	1,905,245
Supply funding from MOJ: capital		–	36	36
Other comprehensive expenditure				
Net gain on revaluation	6, 7, 8	548	–	548
Non-cash adjustments				
Intra-departmental adjustment		–	(632)	(632)
Notional recharge from MOJ	5	–	33,058	33,058
Notional external audit fee	5	–	290	290
Movement in reserves				
Transfers from revaluation reserve		(398)	398	–
Balance at 31 March 2023		2,775	(826,637)	(823,862)

The notes on pages 97-135 form part of these financial statements.

Notes to the financial statements for the period ended 31 March 2024

Note 1 – Statement of accounting policies

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FRoM) 2023-24, under the direction issued by HM Treasury under the Government Resources and Accounts Act 2000. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the circumstances of the LAA for the purpose of giving a true and fair view has been selected. The accounting policies adopted by the LAA are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

a) Basis of preparation

The financial statements are presented in Sterling rounded to the nearest thousand (£000) unless otherwise stated. The financial statements have been prepared under the historical cost convention, modified to account for the revaluation of certain financial assets and liabilities.

Significant judgements and sources of estimation

The preparation of financial statements requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period.

The estimates and associated assumptions included within the financial statements are based on data held by the LAA, historical experience and various other factors. These are believed to provide a reasonable basis on which the carrying values of assets and liabilities that are not readily apparent from other sources can be estimated.

The key areas in which management make estimations are intangible assets (note 6), trade and other receivables (note 10) and provisions for liabilities and charges (note 14). These notes contain further information about the nature of the estimates.

Going concern

The LAA is an executive agency of the MOJ established under the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012 to commission, procure and pay for legal aid services from providers (solicitors, barristers, mediators and the not-for-profit sector).

The future financing of the LAA's activities is expected to be met by the MOJ from funds, which are voted annually under the relevant Appropriation Act. The LAA takes the view that the going concern concept applies as long as the provisions of the LASPO Act 2012 remain extant.

b) Changes in accounting policies and disclosures

New and amended standards adopted

There have been no new or amended standards adopted in the financial year beginning 1 April 2023.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2023 and not early adopted

IFRS 17 'Insurance Contracts' requires a discounted cash flow approach to accounting for insurance contracts. The EU adopted the standard in November 2021, but the Financial Reporting Advisory Board has agreed to delay the mandatory adoption of the standard until 2025-26 and should be included in the 2025-26 FReM at the earliest. Early adoption of IFRS 17 may be permitted on a case-by-case basis as agreed with HM Treasury. To assess the impact of the standard, the LAA will review contracts which meet the definition of insurance contracts.

The LAA does not consider that any other new or revised standard or interpretation will have a material impact.

c) General reserve

Supply funding

Supply funding received from the MOJ is credited to the general reserve within the Statement of Changes in Taxpayers' Equity upon receipt of funds. The LAA receives supply funding from the MOJ periodically throughout the year and it is accounted for on a cash basis.

Intra-departmental adjustment

Intra-departmental adjustments relate to the settlement between the LAA and the MOJ of:

- transfers of property, plant and equipment
- intercompany purchase and sale transactions

d) Segmental analysis

Operating segments are determined in accordance with IFRS 8 'Operating Segments' based on what information is presented for decision making purposes to the LAA Board.

e) Income

The LAA's income includes:

- contributions from funded clients
- costs recoverable from funded clients or others
- recoveries from damages and statutory charges
- Crown Court recoveries
- recoveries of defence costs
- income from the Public Defender Service
- administration income

Income is recognised at the point when it is probable that the economic benefits associated with funding a case would flow to the LAA.

The majority of income relates to the reimbursement of legal aid spend, and we consider the legislation under which charges and recoveries are made to constitute a contract: this income is within the scope of, and accounted for under, IFRS 15 'Revenue from contracts with customers'.

Recoveries from damages and statutory charges

Statutory charges and damages arise when legally aided clients successfully gain or retain an asset or damages as a result of the legal assistance they receive. In these circumstances the client must repay the cost of their legal aid. If the client has insufficient disposable assets to repay the legal aid, the LAA gains security over the debt by registering a formal charge over the relevant asset.

Amounts are accounted for as income when they have been assessed as owing to the LAA, in accordance with the five-step model set out in IFRS 15 'Revenue from contracts with customers'.

Statutory charge interest receivable

Under the Legal Aid Act 1974, the Legal Aid Act 1988, the Access to Justice Act 1999, and the LASPO Act 2012, where funded clients have recovered or preserved property rather than obtaining damages, recoverable costs may be secured by a charge against the property. Under the Community Legal Service (Financial) Regulations 2000 as amended by the Community Legal Service (Financial) (Amendment) Regulations 2005 and the Civil Legal Aid (Statutory Charge) Regulations 2013, some of these debts are interest bearing debts which have interest due on the outstanding principal balance at 8% per annum.

Crown Court Means Testing

Income from Crown Court Means Testing is recovery of legal aid costs relating to criminal cases. The LAA is only entitled to this income when an applicant is convicted. The income is recognised at a point in time, on conclusion of a case. At this point the LAA has satisfied its obligation to provide legal aid services, and the outcome of the case and the amount the client is required to reimburse the LAA for legal aid costs are known.

f) Expenditure

Expenditure (notes 4 and 5) comprises sums payable, including:

- the estimated value of work completed by legal aid service providers not yet billed
- expenditure under the legal aid schemes which includes services provided to funded clients
- refunds of contributions to funded clients
- costs awarded to other parties and other costs associated with the provision of legal advice and assistance
- other operating expenditure which includes the cost of staff and the administrative costs of running the LAA

g) Employee benefits

The LAA accrues for the expected cost of the annual leave entitlement of its employees in accordance with IAS 19 'Employee Benefits'. The LAA estimates this accrual by calculating the average value of outstanding leave across each pay band which is then used to provide an extrapolated total.

h) Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded defined benefit scheme of which the LAA is unable to recognise its share of underlying assets and liabilities. In accordance with the FReM, the LAA accounts for this as a defined contribution scheme. The LAA recognises contributions payable to defined contribution schemes as an expense in the year in which it is incurred, and the legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

i) Notional recharges

The notional recharge from the MOJ represents the LAA's usage of corporate services.

The notional audit fee represents the cost of the annual external audit performed by the NAO on behalf of the Comptroller and Auditor General.

j) Accounting for Value Added Tax

Irrecoverable Value Added Tax (VAT) is charged to the relevant expenditure category or, if appropriate, capitalised with additions to non-current assets. Income and expenditure are otherwise shown net of VAT.

k) Assets under construction

Assets under construction are valued at historical cost within property, plant and equipment and intangible assets as appropriate, and are not depreciated or amortised. An asset ceases to be classified as an asset under construction when it is ready for use. Its carrying value is then removed from assets under construction and transferred to the respective asset category. Depreciation or amortisation is then charged on the asset in accordance with the stated accounting policy.

Expenditure is capitalised where it is directly attributable to bringing an asset into working condition, such as external contractor costs and relevant employee costs.

l) Intangible assets

Intangible assets comprise internally developed computer software (including assets under construction) and purchased software licences.

Development costs that are directly attributable to the design and testing of identifiable and unique software products, such as external contractor costs and relevant employee costs, are recognised as intangible assets when they meet the criteria of the FReM, which has been adapted from IAS 38 'Intangible Assets'. Other expenditure that does not meet this criterion is recognised as an expense as incurred.

The useful lives of internally developed software range from one to 10 years. In accordance with IAS 38 'Intangible Assets', the LAA reviews the economic useful lives of its intangible assets each financial year.

Purchased software licenses are recognised when it is probable that future service potential will flow to the LAA and the cost of the license can be measured reliably. These licences are initially measured at cost. Purchased software licenses are amortised over the license period.

The LAA applies a capitalisation threshold for intangible assets of £10,000.

Subsequent to initial recognition, intangible assets, excluding assets under construction, are restated to fair value. As no active market exists for the LAA's intangible assets, fair value is assessed as replacement cost less any accumulated amortisation and impairment losses.

Intangible assets are revalued at each reporting date using Producer Price Indices (PPI) for Current Cost Accounting, published by the Office for National Statistics.

m) Property, plant and equipment

Property, plant and equipment assets costing more than the capitalisation threshold of £10,000 are treated as capital assets. Where an item costs less than the capitalisation threshold but forms part of an asset or grouped asset, whose total value is greater than the capitalisation level, the item is treated as a capital asset.

Property, plant and equipment is restated at fair value each year by indexation up to the year end using PPI for Current Cost Accounting, published by the Office for National Statistics.

n) Leases

Scope and exclusions – LAA as lessee

In accordance with IFRS 16 'Leases', contracts, or parts of contracts, that convey the right to control the use of an asset for a period of time are accounted for as leases.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, incorporating both the right to obtain substantially all the economic benefits from the asset and to direct its use. If so, the relevant part of the contract is treated as a lease.

As adapted by the FReM, IFRS 16 has been applied to leases with nil or nominal (that is, significantly below market value) consideration and arrangements for accommodation between government departments.

When making these assessments, the LAA excludes two types of leases. Firstly, those relating to low value items, which it considers as those where the underlying asset would have a cost of less than £10,000 when new, provided those items are not highly dependent on or integrated with other items. Secondly, contracts whose term (comprising the non-cancellable period together with any extension options the LAA is reasonably certain to exercise and any termination options the LAA is reasonably certain not to exercise) is less than twelve months.

Initial recognition – LAA as lessee

At the commencement of a lease the LAA recognises a right-of-use asset and a lease liability.

The lease liability is measured at the value of the remaining lease payments, discounted either by the interest rate implicit in the lease, or where this is not readily determinable, the LAA's incremental rate of borrowing. This rate is advised annually by HM Treasury (3.51 for leases recognised in 2023, 4.72 for those in 2024). Where the lease includes extension or termination options, the lease payments will be for the non-cancellable period together with any extension options the LAA is reasonably certain to exercise and any termination options the LAA is reasonably certain not to exercise.

In the event that a lease contract has expired but the LAA remains in occupation pending negotiations for a renewed term, the lease term has been measured as the estimated time until the new contract will be agreed.

The measurement of lease payments excludes any VAT payable, and irrecoverable VAT is expensed at the point it falls due in line with IFRS Interpretations Committee 21 Levies. Where the Government Property Agency passes on the cost of VAT payable to a head landlord, but has not opted to tax the property, the VAT cost passed on is not expensed: it is included in the lease liability and right-of-use asset value.

The right-of-use asset is measured at the value of the lease liability, adjusted for:

- any lease payments made before the commencement date
- any lease incentives received
- any incremental costs of obtaining the lease
- any costs of removing the asset and restoring the site at the end of the lease.

However, where the lease requires nil or nominal consideration (usually referred to as a 'peppercorn' lease), the asset will instead be measured at its existing use value, with the difference between the carrying amount of the right-of-use asset and lease liability treated as notional income (or on transition, a credit to the General Fund).

Subsequent measurement – LAA as lessee

The lease liability will be adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments are reappraisals of the probability of the options given by the existing lease contract, for example, where we no longer expect to exercise an extension option; modifications are changes to the lease contract. Reassessments and modifications are accounted for by discounting the revised cash flows: using a revised discount rate where the LAA becomes or ceases to be reasonably certain to exercise or not exercise an extension or termination option, or the lease is modified to amend the non-cancellable period, change the term of the lease, change the consideration or the scope; or at the existing discount rate where there is a movement in an index or rate that will alter the cash flows, or the amount payable under a residual value guarantee changes.

After initial recognition, the right-of-use asset will be measured using the fair value model. The LAA considers that the cost model (measurement by reference to the lease liability) is a reasonable proxy for fair value, in the case of non-property leases, and for property leases of less than five years or with regular rent reviews. For other leases, the asset will be carried at a revalued amount.

The value of the asset will be adjusted for subsequent amortisation and impairment, and for reassessments and modifications of the lease liability as described above. Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised in expenditure.

Expenditure for each financial year includes interest on the lease liability and a straight-line amortisation charge on the right-of-use asset over the life of the lease, together with any impairment of the right-of-use asset and any change in variable lease payments, that was not included in the measurement of the lease payments during the period in which the triggering event occurred. Rental payments in respect of leases of low value items, or with a term under twelve months, are also expensed.

Finance and other leases – LAA as lessor

Where the LAA acts as a lessor, the arrangement will be assessed to determine whether it constitutes a finance lease, being where the risks and rewards incidental to ownership of an underlying asset are substantially transferred to the lessee. For these leases, the asset is derecognised and a receivable is recognised, with accrued interest being treated as income over its life. For all other leases rental income is recognised on a straight-line basis.

Estimates and judgements

Where a lease is embedded in a contract for services, the amount to be recognised as the right-of-use asset and lease liability should be the stand-alone price of the lease component only. Where this is not readily observable, a determination will be made by reference for other observable data, such as the fair value of similar assets or price of contracts for similar non-lease components.

The LAA has determined the lease term by assessing the level of certainty as to whether termination or extension options will be exercised. In making these judgements, reliance has been placed on the professional judgement of estates staff, supported by information on corporate asset management plans, other business strategies, investment already made in the underlying asset, ongoing business needs and market conditions.

The LAA has determined that the cost model is a reasonable proxy for fair value in most cases, because the rents payable are in line with open market rates. In the case of longer leases where there are not regular rent reviews, there is a greater chance of divergence between cost and fair value, hence a professional revaluation is appropriate.

The LAA leases various non-property assets. It has determined that, at the present time, all non-property leases which are not individually low value are immaterial. Consequently, no non-property leases have been recognised in these accounts.

o) Depreciation and amortisation

Except for assets under construction, depreciation or amortisation is provided on all non-current assets on a straight-line basis to write off the cost of assets over their estimated useful lives as follows:

- Fixtures and fittings – five years
- Furniture and equipment – three to five years
- Information technology – three to five years
- Computer software – three to 15 years
- Right-of-use assets – the life of the lease

p) Revaluation

When an asset's carrying amount increases as a result of a revaluation, the increase is recognised in the Statement of Comprehensive Net Expenditure to the extent that it reverses a revaluation decrease of the same asset previously recognised here. Any remaining increase is credited directly to the revaluation reserve in the Statement of Changes in Taxpayers' Equity. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is restated to the revalued amount of the asset.

The revalued element, representing the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Net Expenditure and depreciation based on the asset's original cost, is transferred from the revaluation reserve to the general reserve each year.

q) Impairment of non-financial assets

At each reporting date, the LAA reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the fair value of the asset is estimated to determine the extent of the impairment loss.

Impairments that reflect a permanent diminution in the value of an asset, as a result of a clear consumption of economic benefit or service potential, are charged directly to the Statement of Comprehensive Net Expenditure, with any remaining revaluation reserve balance released to the general reserve.

When an asset's carrying amount decreases (other than as a result of a permanent diminution), the decrease is recognised in the revaluation reserve to the extent that a balance exists in respect of the asset. Decreases in excess of the revaluation surplus are charged to the Statement of Comprehensive Net Expenditure.

Any reversal of an impairment charge is recognised in the Statement of Comprehensive Net Expenditure to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised here. The remaining amount is recognised in the revaluation reserve.

r) Financial instruments – assets

The LAA's financial assets comprise cash and cash equivalents, and trade and other receivables.

The LAA's receivables are accounted for under IFRS 9 'Financial Instruments' and IFRS 13 'Fair Value Measurement'. Gains and losses are disclosed within note 4, expenditure under legal aid schemes.

Assets measured at fair value

Statutory charge and interest receivables are measured at fair value through the profit or loss in accordance with IFRS 13, as they are not solely payments of principal and interest, and therefore do not meet the tests set out in IFRS 9.

IFRS 13 applies the consideration of the three hierarchies set under the standard for determining fair value. This is explained in note 9. The practical application of IFRS 13 with reference to the LAA's assets is explained in note 10, including detail regarding key assumptions which support the most significant fair value estimates set out in note 10.

Assets measured at amortised cost

The LAA recognises an impairment for expected credit losses on financial assets measured at amortised cost under IFRS 9 'Financial instruments'. This includes receivables from legal aid providers and clients who are not subject to the statutory charge. Subsequent to initial recognition, at fair value, these assets are carried at amortised cost using the effective interest rate method, less any impairment. Any interest receivable or loss arising on impairment is recognised in the Statement of Comprehensive Net Expenditure.

The LAA derecognises a financial asset only when the contractual rights to the cash flows for the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

s) Impairment of financial assets

For assets held at amortised cost, IFRS 9 requires the LAA to recognise at amortised cost and to then recognise expected credit losses based on historic experience and adjusted for reasonable and supportable forward-looking information such as management's assessment of likely recoveries. This assessment may be of individual assets (individual impairment) or of a portfolio of assets (collective impairment). An assessment of collective impairment is made of financial assets with similar risk characteristics. For these assets, the LAA's previous experience of losses in each portfolio is used to estimate the degree of impairment on that asset class.

Where such an estimate is made, impairment provisions are made to reduce the carrying value of financial assets accordingly. LAA applies the simplified model as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Further detail on the valuation models used to generate these estimates and the actual impairments against the LAA's receivables is included in note 10 to these financial statements.

Default is determined by reference to one or more missed contractual payments but also include arrangements in place to pay less than contractual payments, fraud and bankruptcy or other indicators.

t) Cash and cash equivalents

Cash and cash equivalents comprise bank balances held with commercial banks including those administered through the Government Banking Service, with original maturities of three months or less.

u) Financial instruments – liabilities

Initial recognition and measurement

The LAA's financial liabilities comprise trade and other payables. These are initially measured at fair value, which is their transaction price. They are subsequently valued at amortised cost, but this has nil impact due to their short maturities. The LAA is not empowered to borrow money.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Liabilities measured at fair value

An analysis of fair values of financial instruments and further details of how they are measured is provided in financial risk identification and management (note 9) to these financial statements.

v) Provisions

Provisions represent liabilities of uncertain timing or amount. Provisions are recognised when the LAA has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and for which a reliable estimate can be made for the amount of the obligation. Provisions reflect the best estimate of the expenditure required to settle the obligation. Where the effect is material, the estimated cashflows are discounted. The effect of discounting is charged directly to the Statement of Comprehensive Net Expenditure.

Amounts outstanding on funded cases

The LAA recognises its liability to pay for work completed by legal aid providers at the reporting date but not yet billed. Estimates for each legal aid scheme, including Civil Representation, Civil Legal Help, Crime Higher and Crime Lower are produced using available data and statistical modelling techniques. The assumptions used by management in producing these estimates are described in note 14, provisions for liabilities and charges.

Provision for amounts outstanding in relation to privately funded cases (Central Funds)

Under the terms of the Prosecution of Offences Act 1985, acquitted defendants who have applied for legal aid and been found ineligible may, in limited circumstances, obtain an order from the Crown Court to recover their costs. The LAA estimates the value of unbilled costs to arrive at the amount disclosed in the financial statements as a provision. The amount is an estimate of the expenditure required to settle any obligation at the reporting period end date.

Dilapidations of leasehold property

Provision is made for estimated dilapidation costs on leasehold buildings. The provision has been estimated with reference to the condition and location of the buildings and the requirements of the relevant lease.

Legal costs

Provisions are made for costs when it is probable that an outflow of resources will be required to settle a current obligation.

w) Contingent assets and liabilities

A contingent asset is a potential asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LAA. A contingent asset is disclosed where an inflow of economic benefits is probable.

A contingent liability is disclosed when the likelihood of a payment is less than probable, but more than remote. In addition to contingent liabilities disclosed in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', the LAA discloses, for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities, where the likelihood of transfer of economic benefit is remote, as required by Managing Public Money.

x) Third-party assets

Deposit accounts for funded clients

Awards for damages to funded clients are initially payable to the LAA. The LAA places these funds on deposit until the final costs of a case have been calculated, when any excess of contributions and damages is paid to the funded client. These funds are accounted for as assets held on behalf of third parties and are therefore not recognised in the Statement of Financial Position.

Awards for damages paid to the LAA attract interest after a qualifying period.

Crown Court Means Testing

Contributions may be payable to the LAA towards the cost of Crown Court proceedings in those cases that have been subject to means testing. The LAA places these funds on deposit and accounts for them as funds held on behalf of third parties, therefore they are not recognised in the Statement of Financial Position. Once the final judgment and costs have been determined, if the applicant is found guilty, the value of the funds up to the cost limit are due to the LAA. If the applicant is found not guilty, contributions paid to the LAA are refunded including interest calculated at 2% per annum from the date of payment.

The movement in third-party funds is reported in third-party assets (note 18) to these financial statements.

y) Events after the reporting period

In accordance with the requirements of IAS 10 'Events after the Reporting Period', events are considered up to the date on which the financial statements are authorised for issue, which is interpreted as the date of the certificate and report of the Comptroller and Auditor General.

Note 2 – Segmental analysis

The LAA divides net operating costs into three segments for making operational decisions and reporting to the LAA Board: Legal Aid Fund, Central Funds and Administration.

The Legal Aid Fund is further subdivided into:

- **Civil Representation** – legal aid in relation to representation by barristers and solicitors in civil cases that could go to court
- **Legal Help** – legal aid in relation to advice and support provided for a legal issue
- **Crime Lower** – legal aid in relation to representation of those accused of criminal offences at police stations and Magistrates’ Courts
- **Crime Higher** – legal aid in relation to representation in Crown Courts, the Court of Appeal and the Supreme Court

Central Funds reflects spend on orders made to acquitted defendants who have privately funded their legal representation, while Administration reflects the costs of running the LAA.

The following table presents the net operating cost by segment:

	2023-24	2022-23
	£000	£000
Legal Aid Fund		
Civil Representation	841,749	897,614
Legal Help	124,537	104,298
Crime Lower	306,494	272,728
Crime Higher	867,330	643,999
Central Funds	56,189	59,659
Administration	89,947	89,731
Net operating costs	2,286,246	2,068,029

Note 3 – Income under the legal aid schemes

	2023-24	2022-23
	£000	£000
Civil Representation		
Contributions by funded clients	3,041	3,621
Recoveries from damages and statutory charges	7,164	6,167
	10,205	9,788
Criminal cases		
Crown Court recoveries	23,570	21,678
Recovery of defence costs	19	–
Public Defender Service income	202	312
	23,791	21,990
Total	33,996	31,778

Note 4 – Expenditure under the legal aid schemes

	2023-24	2022-23
	£000	£000
Civil Representation		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	855,219	837,864
Provision for work in progress movement	(2,639)	74,246
Refund of contributions	351	725
Costs of successful unassisted parties	489	796
Movement in fair value reduction for statutory charge secured debt	1,135	(225)
Movement in fair value reduction for statutory charge interest debt	1,207	1,001
Debt impairment and write-offs	430	(4,156)
Discount of debt	(104)	1,340
	856,088	911,591
Legal Help		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	110,220	97,972
Provision for work in progress movement	7,187	1,772
Direct services	6,752	4,899
Debt impairment and write-offs	(19)	(718)
Discount of debt	(1)	(26)
	124,139	103,899

Note 4 – Expenditure under the legal aid schemes (continued)

	2023-24	2022-23
	£000	£000
Crime Lower		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	295,089	252,654
Provision for work in progress movement	4,484	14,253
Direct services and Public Defender Service	5,143	4,195
Debt impairment and write-offs	(37)	(125)
Discount of debt	(2)	(3)
	304,677	270,974
Crime Higher		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	776,331	617,076
Provision for work in progress movement	96,528	29,092
Direct services and Public Defender Service	319	267
Debt impairment and write-offs	10,858	13,841
Discount of debt	3,265	2,178
	887,301	662,454
Central Funds		
Central Fund expenditure (provided in year – note 14)		
Bills submitted in year	673	
Defence cost orders awarded in Crown and magistrates' courts	46,489	42,424
Provision for work in progress movement	(7,817)	3,268
Interpreters and other	16,844	13,966
	56,189	59,658
Subtotal	2,228,394	2,008,576
Depreciation expense	94	95
Total	2,228,488	2,008,671

Note 5 – Staff and other costs

	2023-24	2022-23
	£000	£000
Staff costs		
Wages and salaries	41,176	36,030
Social security costs	4,122	3,714
Other pension costs	9,782	9,021
	55,080	48,765
Other operating expenditure		
Accommodation and related costs	2,197	2,216
Property rentals not falling within IFRS 16	101	253
Office, IT and service running costs	1,001	1,711
Staff and committee member related costs	543	736
Legal and professional costs	1,218	1,141
Service level agreements with HMCTS	83	106
Lease interest expense	44	119
Other administration costs	405	539
Non-cash costs		
Notional recharge from MOJ	28,908	33,058
Notional external audit fee	330	290
Movement in provision for legal costs and dilapidations	(522)	269
Loss on disposal of assets	–	–
	34,308	40,438
Depreciation, amortisation and impairment charges		
Amortisation of intangibles	5,268	5,028
Depreciation of property, plant and equipment	179	108
Amortisation of right-of-use assets	1,249	1,150
	6,696	6,286
Total	96,084	95,489

Note 6 – Intangible assets

	Computer software	Assets under construction	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2023	86,876	146	87,022
Reclassifications	3,872	(3,872)	–
Additions	6	122	128
Disposals	–	–	–
Transfers from MOJ	–	3,562	3,562
Revaluations	1,087	–	1,087
At 31 March 2024	91,841	(42)	91,799
Amortisation			
At 1 April 2023	63,954	–	63,954
Charged in year	5,268	–	5,268
Disposals	–	–	–
Revaluations	811	–	811
At 31 March 2024	70,033	–	70,033
Net book value at 31 March 2024	21,808	(42)	21,766

The Revaluation Reserve of £2,591,000 at 31 March 2024 includes £1,958,000 (31 March 2023: £2,148,000) relating to intangible assets.

All intangible assets are owned by the LAA.

Note 6 – Intangible assets (continued)

	Computer software	Assets under construction	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2022	83,549	146	83,695
Reclassifications	870	(870)	–
Additions	1	–	1
Disposals	80	–	80
Transfers from the MOJ	–	870	870
Revaluations	2,376	–	2,376
At 31 March 2023	86,876	146	87,022
Amortisation			
At 1 April 2022	57,095	–	57,095
Charged in year	5,028	–	5,028
Disposals	80	–	80
Revaluations	1,749	–	1,749
At 31 March 2023	63,952	–	63,952
Net book value at 31 March 2023	22,924	146	23,070

Note 7 – Property, plant and equipment

	Information technology	Furniture and equipment	Assets under construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2023	8,004	579	479	9,062
Reclassifications	–	–	–	–
Additions	–	8	–	8
Disposals	–	–	(479)	(479)
Transfers	–	42	–	42
Revaluations	92	11	–	103
At 31 March 2024	8,096	640	–	8,736
Depreciation				
At 1 April 2023	8,004	140	–	8,144
Charged in year	–	179	–	179
Revaluations	92	5	–	97
At 31 March 2024	8,096	324	–	8,420
Net book value at 31 March 2024	–	316	–	316

There were no capital accruals included at 31 March 2024 (31 March 2023: £479,000).

The revaluation reserve of £2,591,000 at 31 March 2024 includes £633,000 (31 March 2023: £627,000) relating to property, plant and equipment.

All property, plant and equipment are owned by the LAA.

Note 7 – Property, plant and equipment (continued)

	Information technology	Furniture and equipment	Assets under construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2022	7,785	309	787	8,881
Reclassification	–	319	(319)	–
Additions	–	24	11	35
Revaluations	219	(73)	–	146
At 31 March 2023	8,004	579	479	9,062
Depreciation				
At 1 April 2022	7,785	21	–	7,806
Disposals	–	–	–	–
Charged in year	–	113	–	113
Revaluations	219	6	–	225
At 31 March 2023	8,004	140	–	8,144
Net book value at 31 March 2023	–	439	479	918

Note 8 – Leases

Right-of-use leased assets

	2023-24	2022-23
	£000	£000
Cost or valuation		
At 1 April	9,653	5,995
Additions	149	3,658
Transfers	205	–
Disposals	(244)	–
Remeasurement	–	–
At 31 March	9,763	9,653
Amortisation		
At 1 April	2,043	787
Charged in year	1,249	1,256
Disposals	(244)	–
Reclassifications	–	–
At 31 March	3,048	2,043
Net book value at 31 March	6,715	7,610

LAA's right-of-use leased assets are all building leases.

Note 8 – Leases (continued)

Lease liabilities

	31 March 2024	31 March 2023
	£000	£000
Not later than one year	928	928
Later than one year and not later than five years	5,599	3,895
Later than five years	–	2,548
Gross cash flows	6,527	7,371
Less interest element	(44)	(244)
Present value of obligations	6,483	7,127

Amounts recognised in the Statement of Comprehensive Net Expenditure

	2023-24	2022-23
	£000	£000
Depreciation	1,249	1,256
Interest expense	47	122
Low value and short-term leases	101	253
Total	1,397	1,631

Amounts recognised in the Statement of Cash Flows

	2023-24	2022-23
	£000	£000
Repayment of principal on leases	1,295	1,758
Interest expense	47	122
Total	1,342	1,880

Note 9 – Financial risk identification and management

IFRS 7 'Financial Instruments: Disclosures', requires disclosure of the role that financial instruments have had during the year in creating or changing risk an entity faces in carrying out its business.

As the cash requirements of the LAA are met through funding provided by the MOJ, which is itself funded through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The LAA is exposed to minimal market, liquidity or interest rate risk: exposure to financial risk is mainly in respect of credit risk in relation to receivables.

The LAA's financial risk management process seeks to enable the early identification, evaluation and effective management of key financial risks facing the LAA. Systems have been put in place to review and reflect changes in the legal aid market and the LAA's activities.

Liquidity risk

As stated above, the LAA is exposed to minimal liquidity risk. All material financial liabilities fall due within 12 months.

Interest rate risk

The LAA is not exposed to significant interest rate risk.

At 31 March 2024, £95.3 million (31 March 2023: £94.0 million) of statutory charge debt was due, the principal of which carried a fixed rate of interest.

Money received by the LAA on behalf of funded clients is held on deposit until the case is concluded. Interest is paid to funded clients by reference to the London Inter Bank Offered Rate, at the rate of 0.5% per annum less the rate payable on damages on deposit in the general account.

Money received by the LAA in relation to Crown Court Means Test contributions is held until the final judgement and costs of the case have been determined. Refunds of contributions are paid to applicants that have been found not guilty including interest calculated at 2% per annum from the date of contribution receipt by the LAA. The balance of contribution monies is held as cash.

Credit risk

Credit risks arise from the LAA's financial assets, which comprise cash and cash equivalents, trade and other receivables and other financial assets.

The LAA's exposure to credit risk arises from potential default of a counterparty on their contractual obligations resulting in financial loss to the LAA. The LAA is exposed to credit risk when dealing with funded clients, suppliers and from certain financing activities.

Fair values

In accordance with IFRS 9 each financial asset is classified at initial recognition, or at the point of first adoption of IFRS 9, into one of three categories:

- financial assets at fair value through profit and loss
- financial assets at fair value through other comprehensive income
- financial assets at amortised cost

For assets at amortised cost, the amortised cost balance is reduced where appropriate by an allowance for amounts which were considered to be impaired or uncollectible.

Financial liabilities are classified into one of two categories:

- financial liabilities at fair value through profit and loss
- financial liabilities at amortised cost

The LAA considers that the carrying amounts for cash and cash equivalents, trade payables and other liabilities approximate to their fair value due to the short-term maturities of these instruments.

Cash and cash equivalents comprise bank balances held with commercial banks, including those administered through the Government Banking Service, with original maturities of three months or less.

An explanation of the treatment of receivables is provided in note 10, trade and other receivables.

The carrying value of financial assets and liabilities is as follows:

	31 March 2024	31 March 2023
	£000	£000
Cash and cash equivalents	51,837	49,244
Trade and other receivables – current	51,123	52,751
Trade and other receivables – non-current	121,453	121,365
Trade and other payables – current	(215,001)	(211,005)
Lease liabilities – current	(928)	(928)
Lease liabilities – non-current	(5,599)	(6,199)
Total	2,885	5,228

As at 31 March 2024 there were no financial guarantees or third-party obligations, other than amounts held as damages on deposit and Crown Court means contributions, that increased the credit risk of the financial assets set out above.

Note 10 – Trade and other receivables

	31 March 2024	31 March 2023
	£000	£000
Amounts recoverable within one year		
Statutory charge	6,288	6,338
Statutory charge interest	4,998	5,042
Contributions due from funded clients	994	959
Costs to be recovered	285	315
Damages	100	108
Recovery of defence costs	5,255	5,081
Amounts due from service providers	25,739	28,813
Prepayments and accrued income	163	201
Intra-departmental debtors	3,394	4,877
Other receivables	3,907	1,017
	51,123	52,751
Amounts recoverable later than one year		
Statutory charge	44,391	43,544
Statutory charge interest	41,256	40,782
Contributions due from funded clients	3,337	4,420
Costs to be recovered	1,094	1,088
Damages	257	254
Recovery of defence costs	31,118	31,277
	121,453	121,365
Total	172,576	174,116

Under the Legal Aid Act 1974, the Legal Aid Act 1988, the Access to Justice Act 1999 and the LASPO Act 2012, where funded clients have recovered or preserved property rather than obtaining damages, recoverable costs may be secured by a charge against the property. Under the Community Legal Service (Financial) Regulations 2000 as amended by the Community Legal Service (Financial) (Amendment) Regulations 2005 and the Civil Legal Aid (Statutory Charge) Regulations 2013, some of these debts are interest bearing debts which have interest due on the outstanding balance at 8% per annum.

The income for statutory charge, statutory charge interest, contributions due from funded clients and recovery of defence costs are initially recognised under IFRS 15 'Revenue from Contracts with Customers'.

Valuation

The valuation of trade and other receivables includes an element of estimation.

The LAA provides for impairment of receivables based on historical cash collection experience and management assessment of likely recoveries, for each category of debt. This analysis is also used to inform the expected cash flows for trade and other receivables which are measured at fair value.

Trade and other receivables have been discounted over the period from the reporting date to the expected date of collection, to reflect the effect of the time value of money. This has a material impact on their present value. Each class of receivable is discounted over periods commensurate with historical cash flow patterns, at a rate of 2.05% nominal and (-1.05% and -0.05%) in excess of RPI real until February 2030 and post February 2030 respectively (31 March 2023: 1.9% nominal and (-1.1% and -0.2%) in excess of RPI real until February 2030 and post February 2030 respectively).

The LAA uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities
- **Level 2:** other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- **Level 3:** techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

All of the financial assets and liabilities measured at fair value fall within level 3.

Note 10 – Trade and other receivables (continued)

Gross and net receivables balances, grouped by expected timing of recovery, are as follows:

	31 March 2024	31 March 2023
	£000	£000
Current		
Gross debt	145,598	138,704
Provision for impairment and cumulative fair value losses	(94,475)	(85,953)
	51,123	52,751
Non-current		
Gross debt	274,255	283,223
Provision for impairment and cumulative fair value losses	(152,802)	(161,858)
	121,453	121,365
Total	172,576	174,116

Note 10 – Trade and other receivables (continued)

Gross and net receivables balances, grouped by component, are as follows:

	31 March 2024			31 March 2023
	Gross receivables £000	Provision for impairment and cumulative fair value losses £000	Total receivables £000	Total receivables £000
Fair value through the profit and loss				
Statutory charge (secured)	71,061	(22,030)	49,031	48,170
Statutory charge interest	61,323	(15,069)	46,254	45,824
Amortised cost				
Statutory charge (unsecured)	4,141	(2,493)	1,648	1,712
Contributions due from funded clients	25,403	(21,073)	4,330	5,379
Costs to be recovered	5,190	(3,811)	1,379	1,403
Damages	2,526	(2,169)	357	362
Recovery of defence costs	177,140	(140,767)	36,373	36,358
Amounts due from service providers	65,605	(39,866)	25,739	28,813
Prepayments and secured income	163	–	163	201
Intra-departmental debtors	3,395	–	3,395	4,877
Other receivables	3,907	–	3,907	1,017
Total	419,854	(247,278)	172,576	174,116

Note 10 – Trade and other receivables (continued)

The movement in receivables in the financial year was as follows:

	Held at amortised cost	Held at fair value through the profit and loss	Total
	£000	£000	£000
At 1 April 2023	80,122	93,994	174,116
Repayment of gross fund debt	(44,349)	(7,992)	(52,341)
New gross fund debt	49,213	5,228	54,441
Fair value adjustment of fund debt through Statement of Comprehensive net income	(2,923)	(2,578)	(5,501)
Increase in impairment of fund debt through Statement of Comprehensive Net Expenditure	(3,522)	6,633	3,111
Movement in prepayments, accrued income, intra-departmental receivables and other receivables	(1,250)	–	(1,250)
At 31 March 2024	77,291	95,285	172,576

Receivables held at fair value through profit and loss include both interest and non-interest bearing secured statutory charge debt, all other receivables are held at amortised cost.

Financial risk identification and management

The LAA has an inherent risk within trade and other receivables, as these are not predisposed to straightforward cash collections.

The LAA recognises this risk and mitigates it in the case of statutory charge debts, where enforcement of the debt may be deferred, by securing land charges and using active credit management policies to recover unsecured debts. In some cases the debt collection activities are outsourced to commercial debt collectors.

The size of the risk is reflected in the receivables impairment provision and cumulative fair value losses which total £247.3 million (31 March 2023: £247.8 million).

The majority of the LAA's trade and other receivables are the result of a statutory charge: £95.3 (31 March 2023: £94.0 million) out of a total receivables balance after impairment of £172.6 million (31 March 2023: £174.1 million).

A high proportion of these are secured on property and settlement is deferred until the property is sold. Secured statutory charge debt is measured under IFRS 13 and reductions in carrying value are classed as fair value adjustments rather than impairments.

The LAA provides for impairment of receivables based on historical cash collection experience and management assessment of likely recoveries, for each category of debt. This analysis is also used to inform the expected cash flows for trade and other receivables which are measured at fair value. This assumes that future performance will be reflective of past performance and there will be no significant change in the payment profile or recovery rates within each identified group of receivables. To address the risk that this assumption is incorrect, the LAA undertakes a rollback review to compare previous estimated repayment profiles with the actual experience in subsequent years, to assess the accuracy of the profile and resulting impairment, adjusting assumptions where required. There have been no material adjustments to the assumptions as a result of this review at 31 March 2023.

There is no adjustment in the impairment of the LAA's receivables at 31 March 2024 to reflect the potential future impact of current levels of inflation. Based on the experience from previous recessions we do not consider this will have a material impact on the fair value of receivables, and in particular secured debt, recognised in these accounts. The impact of a recession has historically resulted in a delay in the cash receipts on secured debt, due to the impact on the property market and delays to property sales which result in the repayment of the debt.

The impact of a 10% reduction in cash receipts across both secured and unsecured debt is shown below.

The LAA's impairment model uses historical recovery profiles by debt category to estimate the provision required against debt balances. The impairment model is underpinned by specific assumptions including: the life of debt, the expected remittance profiles, and the discount rate is 2.05% nominal and -1.05% and -0.05% in excess of RPI real until February 2030 and post February 2030 respectively (2022-23: 1.9% nominal and -1.3% real).

The impact of the following reasonable possible alternatives to these assumptions has been considered:

- cash received evenly throughout the year rather than at the end of the year
- predicted cash receipts used to calculate the impairment provision cashflows +/- 10%
- discount rate +/- 1% (this rate is set by HM Treasury)

Note 10 – Trade and other receivables (continued)

		31 March 2024	31 March 2023
		Increase/(decrease) in net financial assets	
Assumptions tested	Assumption	£m	£m
Income received	Evenly through the year	1.2	2.4
Expected cash inflows based on historic repayment profiles	+10%	9.1	9.7
Expected cash inflows based on historic repayment profiles	-10%	(9.3)	(10.3)
Discount rate	+1%	(10.0)	(9.1)
Discount rate	-1%	11.9	10.5
Highest change		22.2	22.6
Lowest change		(19.3)	(19.3)

Assumptions are reviewed annually and changed if management believe alternative assumptions are a better reflection of the underlying trends.

Note 11 – Cash and cash equivalents

	2023-24	2022-23
	£000	£000
At 1 April	49,244	36,903
Net change in balances	2,593	12,341
At 31 March	51,837	49,244

The balances were held at:

	31 March 2024	31 March 2023
	£000	£000
Government Banking Service	28,254	37,031
Commercial banks	23,583	12,213
Total	51,837	49,244

Note 12 – Trade and other payables

	31 March 2024	31 March 2023
	£000	£000
Amounts due to solicitors, counsel and advice agencies	72,970	70,841
Contribution refunds due to funded clients	2,065	2,048
Taxation and social security costs	902	842
Intra-departmental creditors	22,567	8,582
Other payables	8,852	7,831
Accruals for solicitors, counsel and advice agencies	107,645	120,861
Total	215,001	211,005

All trade and other payables fall due within one year.

Note 13 – Other financial liabilities

	31 March 2024	31 March 2023
	£000	£000
Lease liabilities – current	928	928
Lease liabilities – non-current	5,599	6,199
Total	6,527	7,127

Further information on lease liabilities and the related right-of-use assets is provided in note 8.

Note 14 – Provisions for liabilities and charges

	Funded cases	Central Funds	Legal costs	Dilapidations	Total
	£000	£000	£000	£000	£000
At 1 April 2023	830,311	28,731	353	1,293	860,688
Provided in year	2,142,418	38,672	–	97	2,181,187
Utilised in year	(2,036,859)	(46,489)	(53)	–	(2,083,401)
Not required and written back	–	–	(70)	(452)	(522)
At 31 March 2024	935,870	20,914	230	938	957,952
At 1 April 2022	710,947	25,463	107	1,206	737,723
Provided in year	1,924,930	45,692	281	252	1,971,155
Utilised in year	(1,805,566)	(42,424)	(35)	(165)	(1,848,190)
Not required and written back	–	–	–	–	–
At 31 March 2023	830,311	28,731	353	1,293	860,688

Provisions for work in progress on funded cases, by scheme category, are as follows:

	Civil Representation	Legal Help	Crime Lower	Crime Higher	Total
	£000	£000	£000	£000	£000
At 1 April 2023	298,891	47,460	46,296	437,664	830,311
Provided in year	852,580	117,407	299,573	872,858	2,142,418
Utilised in year	(855,219)	(110,220)	(295,089)	(776,331)	(2,036,859)
At 31 March 2024	296,252	54,647	50,780	534,191	935,870
At 1 April 2022	224,643	45,687	32,043	408,574	710,947
Provided in year	912,112	99,745	266,907	646,166	1,924,930
Utilised in year	(837,864)	(97,972)	(252,654)	(617,076)	(1,805,566)
At 31 March 2023	298,891	47,460	46,296	437,664	830,311

Note 14 – Provisions for liabilities and charges (continued)

The expected timings of discounted cash flows are as follows:

	Funded cases	Central Funds	Legal costs	Dilapidations	Total
	£000	£000	£000	£000	£000
Not later than one year	935,870	20,914	230	216	957,230
Later than one year and not later than five years	–	–	–	598	598
Later than five years	–	–	–	124	124
At 31 March 2024	935,870	20,914	230	938	957,952
Not later than one year	830,311	28,731	353	499	859,894
Later than one year and not later than five years	–	–	–	584	584
Later than five years	–	–	–	210	210
At 31 March 2023	830,311	28,731	353	1,293	860,688

Funded cases

The LAA funds legal aid across four main schemes: Civil Representation, Legal Help, Crime Higher and Crime Lower. At any point in time there will be unbilled costs for each of these schemes, pertaining to live cases. The value of unbilled work and costs is estimated each year using complex models and based on the latest data available. The resulting work in progress (WIP) provisions are estimates of the expenditure required to settle any obligation in existence at the end of the reporting period. As per IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', WIP liabilities are recognised as provisions, rather than as payables, due to the estimation uncertainty.

As all liabilities for funded cases are expected to be settled within the next 12 months, no discounting of provisions for the time value of money is applied.

In recognition of the uncertainty inherent in estimates, a sensitivity analysis is performed for each major class of funded WIP provision. Reasonable changes are made to the key assumptions in the models and the impact on the final WIP balance calculated. Assumptions have been changed to either represent those which would have been used by the model based on historical data trends or flexed by a percentage that is considered appropriate by management to show the impact on the provision. For each assumption which is being analysed for sensitivity, only that assumption is changed: if two or more assumptions are changed at one time, the actual sensitivity of a change in assumption is obscured because of the potential interaction between the assumptions.

Overarching assumptions

Underlying the estimates of liabilities for unbilled work across all of the legal aid funding schemes, and Central Funds, is the modelling assumption that costs accrue at a constant rate throughout the lifetime of cases. This is a simplifying modelling assumption. In reality, it is accepted that costs are generally concentrated towards the beginning and the end of legal matters. The LAA have demonstrated, however, that over a sufficiently large population of cases, this concentration of costs averages out to be equivalent to the assumption used within the modelling, that costs accrue at a constant rate.

Civil Representation: sensitivity analysis

The Civil Representation work in progress provision is calculated on a case-by-case basis using past patterns of activity, with multiple potential duration and cost outcomes. The calculations are segmented between the different expenditure streams and between different milestones in a case's lifecycle. The model estimates activity to the next financial event in each expenditure stream, reflecting the business realities of billing timing.

The reasonable alternative assumptions below have been arrived at by observing the maximum historical high and low points within the actual source data of the respective models, adjusted for projected future trends.

The impact of the following reasonable alternatives to these inputs has been quantified:

Assumptions tested	Increase in net financial liability		(Decrease) in net financial liability	
	Assumption	£m	Assumption	£m
Duration profile ¹⁹	Max duration +1 year	20.4	Max duration -1 year	(20.4)
Final billing duration ²⁰	+15 days	0.9	-15 days	(0.9)
Average final bill value	+15%	46.8	-15%	(45.2)
Profile variance ²¹	-15%	20.7	+15%	(31.0)

19 Duration profile: In order to estimate the provision, profiles outlining the timing and magnitude of costs on civil representation cases are calculated. There is a degree of uncertainty in the calculation of these profiles, particularly due to the inherent time lag. We therefore make the assumption that the level of variance could be equal to the variance if this year's profile was extended by one year.

20 Final billing durations: It can take some time for Legal Aid providers to compile and submit their bills to us once work has completed on a case. The estimate of the provision assumes that the average delay will be equivalent to that seen in the preceding quarter, however, this does vary to a small degree over time. We therefore make the assumption that this delay could vary by up to 15 days in either direction.

21 Profile variance: In estimating the provision, we have made an adjustment to calculated billing profiles to account for recent changes in value and billing duration. These adjustments are based on emerging trends and therefore are subject to some uncertainty, which this variance represents.

The above inputs are case data driven, with an overlay of management judgement, for example choosing the number of years' historical case data to use in creating historical profiles. It should be noted the inherent sensitivity of the civil representation WIP provision is such that relatively small percentage movements in the above inputs could lead to the estimate crystallising at a materially different amount. All assumptions are reviewed periodically to ensure they remain appropriate.

Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2024 could be higher by up to +21.8% (£88.8 million) or lower by up to -24.0% (-£97.5 million).

Legal Help, Crime Lower and Central Funds Provisions

The LAA uses complex valuation models to estimate the value of unbilled amounts on live cases. Each assumption within the provision models has been identified, a reasonable change identified and the impact on the final WIP balance calculated. Assumptions have been changed to either represent those which would have been utilised by the model based on historical data trends or flexed by a percentage that is considered appropriate by management to show the impact on the provision. For each assumption that is being analysed for sensitivity, only that assumption is changed. If two or more assumptions are changed at one time, the actual sensitivity of a change in assumption is obscured because of the potential interrelation of the assumptions. Where no override to the model has been made, sensitivity of that assumption has been manually applied where appropriate.

Based on the analysis completed, the following sensitivities are to be disclosed:

Legal Help, Crime Lower and Central Funds: sensitivity analysis

Assumptions tested	Increase in net financial liability		(Decrease) in net financial liability	
	Assumption	£m	Assumption	£m
Forecast spend ²²	2.3%	1.4	-10.2%	(6.5)
Case durations ²³	7.7%	13.9	-10.2%	(18.4)
Price profiles ²⁴	5.6%	4.3	-4.9%	(3.8)

22 Forecast spend: only for those estimates driven by forecast expenditure. There is an inherent level of uncertainty in the expenditure forecast used to derive the provision estimate. The potential level of variance is derived through an assessment of the accuracy of prior forecasts in the relevant area.

23 Case duration: there is a degree of uncertainty in assuming that case durations and billing delays will follow historical patterns, as they vary to a small degree over time. Sensitivity to this assumption has been reflected through assuming that durations could be as high as the maximum 3-month mean from the preceding 12-month period, or as low as the minimum 3-month mean from the preceding 12-month period.

24 Price profiles: there is a degree of uncertainty in assuming that future prices will follow historical patterns, as prices vary to a small degree over time. The sensitivity analysis considers that prices could vary by as much as the maximum monthly variance from the mean over the preceding 12-month period, or that they could take a value derived as the mean of a longer or shorter period.

Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2024 could be higher by up to +10.9% (£19.7 million) or lower by up to -15.9% (-£28.7 million).

Crime Higher: valuation methodology

The Crime Higher Graduated Fee Scheme WIP estimates are calculated by considering cohorts of case starts and modelling their progress through the legal aid system, considering when the case completes, when the work is done on the case and the different types of bills that may be incurred in order to reflect the way the scheme operates as closely as possible. A separate calculation is then done to estimate the amount that has already been paid on these cases through interim payments.

Crime Higher: sensitivity analysis

Below are the reasonable alternative scenarios modelled. These relate to the flexing of certain assumptions, such as the number of cases expected to close or the amount of time a case takes to go through the system.

Assumptions tested	Increase in net financial liability		(Decrease) in net financial liability	
	Assumption	£m	Assumption	£m
Price profiles ²⁵	+10.0%	47.0	-10.0%	(47.0)
Completion rates ²⁶	+2.5%	44.4	-2.5%	(40.1)
Case durations ²⁷	-10.0%	40.2	+10.0%	(40.4)
Transfers ²⁸	-20%	8.1	+20%	(8.1)

Relatively small changes in these inputs could lead to a material difference in the work in progress realised. Assumptions are reviewed annually to ensure they remain appropriate.

Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2024 could be higher by up to +26.7% (£139.7 million) or lower by up to -25.9% (-£135.6 million).

25 Price profiles: there is a degree of uncertainty in assuming that future prices will follow historical patterns, as prices vary to a small degree over time. The sensitivity analysis considers that prices could vary by as much as 10% in either direction.

26 Completion rates: a number of representation orders never attract a bill, and so do not close. The model uses historical data to determine the likely proportion that these cases represent of the live case population. There is inherent uncertainty in assuming that the proportion will be similar to that seen historically, which this sensitivity represents. The proportion is flexed by 2.5% in either direction, representing the variance that we see in the proportion over time.

27 Case durations: the estimate of the provision assumes that average case durations will be consistent with those seen in recent prior periods, however, durations do vary to a small degree over time. We therefore make the assumption that durations could vary by up to 10% in either direction.

28 Transfers: an adjustment has been applied to the provision model at Q4 to account for the fact that a proportion of subsequent payments relate to transferred cases, rather than redeterminations. This sensitivity assumes that the proportion of subsequent claims that fall into this category could vary by as much as 20% from historical levels.

Legal costs

Provision is made for legal costs associated with ongoing litigation, where it is probable that an outflow of resources will be required to settle a current obligation.

Dilapidations

Provision is made for estimated dilapidation costs on leasehold buildings. The provision has been estimated with reference to the condition and location of the buildings and the requirements of the relevant lease. The costs of the dilapidations provisions are expected to be incurred between 2024 and 2029 as each lease expires.

Note 15 – Commitments

	2023-24	2022-23
	£000	£000
Not later than one year	132	32
Later than one year and not later than five years	424	–
Later than five years	–	–
Total	556	32

Commitments include property rentals not falling within IFRS 16 and other non-property contracts.

Note 16 – Contingent assets and liabilities

At 31 March 2024, the LAA has two contingent assets in relation to costs orders from legal proceedings. While recovery continues to be pursued, due to the uncertainty over the recoverable value it is not considered practicable to quantify these assets (31 March 2023: two with a total value of £29 million).

Note 17 – Related party transactions

The LAA is an executive agency of the MOJ, which is regarded as a related party. During the year the LAA had various material transactions with the MOJ. The LAA has also had various material transactions HMCTS, an agency of the MOJ, relating to work provided by HMCTS on behalf of the LAA.

In addition, the LAA has had a number of transactions with other government departments and central government bodies. The most significant of these transactions have been with HMRC and PCSPS.

During 2023-24 no board members or other related parties have undertaken any transactions with the LAA (2022-23: no transactions). Compensation paid to management, including taxable benefits, is disclosed in the Remuneration and Staff Report.

Note 18 – Third-party assets

The LAA holds awards for damages and Crown Court Means Test contributions on behalf of funded clients (see note 1x).

The total third-party assets held as cash by the LAA are summarised below:

	31 March 2023	Gross inflows	Gross outflows	31 March 2024
	£000	£000	£000	£000
Damages ²⁹	1,658	707	(1,245)	1,120
Crown Court Means Test ³⁰	18,396	20,893	(15,937)	23,352
Total	20,054	21,600	(17,182)	24,472

Note 19 – Events after the reporting period

In accordance with the requirements of IAS 10 'Events after the Reporting Period', events are considered up to the date on which the financial statements are authorised for issue, which is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

There are no subsequent events to report.

29 The LAA receives awarded damages awaiting the final settlement of a case and contributions from clients towards legal costs.

30 The LAA receives contributions towards costs awaiting the final judgment and calculation of the total costs of the case. The outcome of the case will determine whether the third-party asset transfers to the LAA or is returned to the third party.

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