



Legal Aid
Agency

Annual Report and Accounts 2024 to 2025



HC 1276

Legal Aid Agency Annual Report and Accounts 2024 to 2025

For the period 1 April 2024 to 31 March 2025

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Performance Report



Statement from the Chief Executive



I am pleased to introduce the Legal Aid Agency's (LAA) Annual Report and Accounts for the 2024 to 2025 financial year. This year has been marked by significant achievements and transformative changes across various operational areas.

I am really proud of the work we do at the LAA. Our core purpose is to administer the legal aid systems in England and Wales to help people access the crucial services they need to deal with their legal problems. We work at the heart of the justice system, providing a vital public service and supporting some of the most vulnerable in our society. Across the LAA and through working with others we have both the responsibility and the means to make a real difference by delivering swift access to justice for those who need it most.

Improving access to justice

We continued working closely with our Ministry of Justice (MOJ) colleagues to make changes to legal aid policy, this included supporting the launch of the Domestic Abuse Protection Orders (DAPO) pilot, which helps vulnerable people get faster access to justice, support and protection. We also updated how we make payments for police station and youth court work, in line with the response to the MOJ's Crime Lower Consultation.

We successfully rolled out our new service for processing criminal legal aid applications, Apply for Criminal Legal Aid.

We processed 95% of applications for civil legal aid in 20 working days, against a target of 85% and we continue improving our processes and systems for our service users. Exceptional and complex casework has also seen extensive effort across the team to provide a quality service. We processed 82% of exceptional and complex case applications and emergency applications in 25 working days, only narrowly meeting our target of 80%. We also processed 88% of exceptional case funding applications in 25 working days, against a target of 85%.

The Public Defender Service (PDS) continued to represent clients through advice, representation and advocacy and exceeded its target for accepting duty solicitor calls that are offered, achieving an excellent 99% response rate. In the last year the PDS employed six pupil barristers and four trainee solicitors as part of a new training programme.

Operational improvements and innovation

We continued overhauling our procurement approach by introducing 'always on', allowing organisations to apply for contracts or expand the scope of their services at any time, not just during fixed tender windows. The procurement exercise for the Standard Crime Contract began in September 2024 under 'always on' and provides more flexibility for bidders during the application process. The contract will run for ten years from 1 October 2025, double the typical term of previous contracts. During this period the full benefits of 'always on' will be available to new and existing contract holders. 'Always on' was fully introduced to the Standard Civil Contract in December 2024. These changes, along with updated supervision ratios, aim to make it easier for providers to join, reduce administrative burdens, and encourage innovation.

The LAA is collaborating with MOJ Policy to improve how we handle legal aid contract procurement, particularly concentrating on provider office requirements, which represent a significant business overhead, set by the LAA. The tender for the Standard Crime Contract announced our intention to review office requirements. In its consultation in January 2025, MOJ Policy sought views on office requirements for civil legal aid providers. The LAA will work with MOJ Policy and in consultation with stakeholders to determine what if any changes should be made. The Civil Legal Advice specialist contracts, a wholly remote service, will allow the successful provider to decide their own office requirements.

We made payments 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 throughout the year consistently surpassed this target for both crime and civil payments. We have also maintained excellent levels of service delivery for processing legal aid applications, ensuring that we process 100% of applications for criminal legal aid within two working days.

As well as addressing error to ensure we manage public money effectively, the LAA had targets during 2024 to 2025 for debt recovery of £6.2 million for unsecured civil debt and £24.7 million for cash and secured crime debt. We consider recovery of 95% of the debt targets to be a successful outcome and we exceeded this with an overall recovery level of 111%. This comprised of a 96% recovery rate for civil debt and a 115% recovery rate for crime debt.

We secured extra funding to improve our services and move away from outdated systems. We have a set of shared aims to transform the delivery of legal aid along with policy and digital colleagues concentrating on the user experience, productivity, sustainability and security.

Cyber attack and response

I would like to acknowledge that we have been responding to a cyber attack that was detected in April 2025, with investigations determining that systems were breached from December 2024. This has been a very challenging time for the agency and the dedicated providers who work with us. We have confirmed that some provider information was accessed, including bank account numbers and sort codes. With respect to legal aid clients, we know that personal data which may have included contact details and addresses, dates of birth, national insurance numbers, criminal history, employment status and some LAA case-specific financial data, was accessed. In some instances, information about the partners of legal aid applicants may be included in the compromised data. I would like to thank colleagues across LAA and our partners for their tireless dedication to the vital services we provide, professionalism and speed reacting to this. More detail on the attack can be found on page 65.

I would also like to express my thanks to colleagues across MOJ and experts at the National Crime Agency, the Government Cyber Coordination Centre and the National Cyber Security Centre for their continued support and guidance during this incident. We have learnt important lessons through responding to this criminal attack over the last few months and my departmental colleagues and I are ensuring that lessons are captured and learnt from.

Looking ahead

As the focus on the LAA moves to the new reporting year, it is important that I acknowledge the challenges that lie ahead as a result of the criminal attack on our systems. Following restoration of systems there will be a period of recovery in which we will need to provide the best possible service for the public that we can while emerging from contingency measures. We will continue to work proactively with our providers in order to do this. I remain optimistic that recovery will result in the long-needed development of more resilient, user-friendly and streamlined services, creating a solid foundation for future transformation.



Jane Harbottle CBE

Chief Executive and Accounting Officer
Legal Aid Agency
8 October 2025

Statement from the Non-Executive Board Chair



The role of the LAA Board is to challenge and support our Executive Leadership Team (ELT). The board's focus during the period of this report has been on developing a funded plan to address the agency's legacy technology challenges and finding ways to simplify the legal aid journey for solicitors and barristers. I am pleased with the progress the agency has made during the year towards both these goals and, more generally, towards its overall objective of enabling eligible citizens to obtain the support they need, when they need it and to do so through a process which is as straightforward and accessible as possible.

The provision of legal aid relies upon the commitment, hard work and professionalism of everyone at the agency and the thousands of barristers and solicitors who work tirelessly, in often difficult circumstances, to support the needs of their often vulnerable clients. The regulations governing legal aid are complicated, with an associated burden in terms of administration. Added to this, the agency's digital systems are old and difficult to maintain and update in keeping with the significant policy reforms which have been made and continue to be made in legal aid. The board's task is to work with ministers and LAA management to chart a course, not just for the agency, but for the legal aid schemes at large, to a simplified and more efficient model of approving and paying for legal aid.

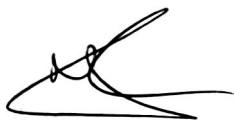
That goal is realistic only because of the dedication of LAA staff and legal aid providers across England and Wales, whose belief in the importance of legal aid to a well-functioning legal system motivates them to go the extra mile. Despite the challenges presented by our aged digital systems, our staff succeeded again this year in meeting or exceeding our operational targets, including making 95% of payments due to providers within 20 working days and approving 90% of high-cost family counsel case plans. This was achieved while keeping our net error ratio below 1%. The board is conscious that the attention to detail that enables this immaterial rate of error can be a source of frustration to overburdened legal aid providers. Regrettably, this is unavoidable, however, conscious of the challenges providers face, and determined to do what we can to make their lives easier, we are committed to finding ways to reduce administrative burdens where possible.

My highlights from the year include:

- the development of the new, simpler, crime contract, which commences on 1 October 2025, has made a significant contribution to our aim of removing barriers to entry and allowing providers greater flexibility. The new crime contract is underpinned by the 'always on' procurement feature which has already enabled both civil and crime providers greater flexibility to expand their operations and tender for work in new areas during the life of the contract. The supporting procurement process has also been simplified and streamlined to reduce the impact on providers
- significant progress towards securing a multi-year funding schedule to rehabilitate or replace the agency's outdated technology and systems
- the announcement of £92 million investment for Criminal Legal Aid Solicitors, which aims to deliver justice for victims, and create a more sustainable sector

The board met formally six times this year. Our focus has largely been as described above, but we have also discussed market capacity and sustainability, the agency's financial performance, and our updated People Plan, 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. We have begun the process to recruit two new board members, whom I look forward to welcoming in due course.

Unfortunately, the new financial year began under challenging circumstances, with a cyber attack detected in April, as a result of which we have disabled the majority of our digital systems. Our business continuity arrangements, while not perfect, have performed well, thanks to the extraordinary efforts of our staff, and the patience of legal aid providers. This incident has emphasised the criticality of timely and adequate investment in the agency's technology and systems, which will continue to be the board's principal focus in the year to come.



Nick Campsie

Lead Non-Executive Board Member

8 October 2025

Performance Overview

The performance overview summarises information about the agency. It includes our purpose and strategic objectives and a summary of how we have performed during the year. You can find more detailed information on our performance on pages 18-29.



We processed more than 380,000 applications for legal aid (more than 360,000 in 2023 to 2024)

95% of civil legal aid applications were processed within 20 working days except in the most complex cases (93% in 2023 to 2024)

100% of criminal legal aid applications processed within two working days (100% in 2023 to 2024)

Processing / Delivery



We processed over 1.45 million bills (over 1.3 million in 2023 to 2024)

99% of complete, accurate bills were paid within 20 working days, exceeding the 95% target (99% in 2023 to 2024)

Processing / Delivery



Our average working days lost stands at 6.5 for the 12 months to March 2025 more than 5.2 for the same rolling period in March 2024

Over 52% of our people had no sickness absence during the 12 months to March 2025 (57% in 2023 to 2024)

Our people



Our staff engagement score increased by one percentage point to 71% in the annual People Survey. With an 84% response rate (87% in 2023 to 2024) we are confident this represents the experience of most of our people

Our people



We answered over 123,000 phone calls to our call centres (over 130,000 in 2023 to 2024), and exceeded all our customer service and correspondence Key Performance Indicator targets

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:

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 18-29 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 organisational structure

The LAA is an executive agency of the MOJ. The LAA's role is to commission and administer legal aid services in England and Wales, taking account of the relevant provisions of the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012 and the policy and strategy set by ministers and the MOJ. The LAA Chief Executive and Accounting Officer is supported by the LAA Board and the Executive Leadership Team.

We have around 1,200 members of staff, you can find details on the composition of our workforce on page 76. Details of our governance and management structure are in the governance statement on pages 44-65. The principal risks are given on page 30 and pages 55-61.

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, tools 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 2024 to 2025 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 the needs of our staff 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 are committed to continually improve the recruitment process for both the applicant and the recruiting manager.

We have continued our zero tolerance to bullying, harassment and discrimination and delivering our Tackling Unacceptable Behaviour and Bystander Training.

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 have embedded a Line Managers Fundamentals Programme to support new line managers in role and have introduced Line Managers Wellbeing Training. 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 2024 continue to show an 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, barristers, 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 and the Legal Aid Practitioners Group. We also work with other government departments and arm's length bodies including His Majesty's Courts and Tribunals Service (HMCTS), the Crown Prosecution Service (CPS) and 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 9,000 subscribers, LinkedIn and our two X 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 – CAFCASS Cymru.

Director of Legal Aid Casework

The LASPO Act 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 2012, 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.

Spending Review

The work of the LAA has directly supported the priorities of the government through 2024 to 2025, ensuring that all funding and activity has been in line with the requirements of ministers of the previous and current administrations. The LAA's performance against those priorities is set out in the Performance Analysis section of this report on pages 18-29.

Since the General Election, the LAA has fully engaged in the Spending Review process. To ensure that this approach has fully considered government priorities and the strategic challenges of delivering legal aid, the LAA has worked in partnership with MOJ across Strategy, Policy and Digital to agree a shared approach to investment, transformation and efficiency. This resulted in a clear case for urgent action to address the chronic underinvestment in technology, combined with multiple policy changes over many years, that led to a digital architecture of over 100 system components that are low value for money and high risk.

Justice Digital secured initial investment of £10.5 million (for 2024 to 2025) and over £20 million (for 2025 to 2026) to begin stabilisation of the most at-risk systems and for transformation to introduce new systems. The LAA secured £2 million for staffing resource to support working with Justice Digital to maximise the impact of our Spending Review investment.

The risk from digital systems materialised with the cyber attack that was detected in April 2025, with investigations determining that systems were breached from December 2024 and the impact of this will inform our approach to allocations as part of phase 2 of the Spending Review. We expect to accelerate the delivery of a more secure, adaptable and efficient service for legal aid that will support the government to achieve its goals for the justice system and provide an improved service for both those in need of legal aid and those providing legal aid services.

Transformation and change

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

We successfully rolled out our new service for processing applications, Apply for Criminal Legal Aid. As of 6 August 2024 this service receives all criminal legal aid applications. Now that initial functionality is in place, we are continuing to work with LAA Digital to iterate and improve the service, including adding search functionality and showing outcome decisions on the provider dashboard.

We continue to invest in the Apply for Civil Legal Aid service. 205 providers are now using it with over 38,105 applications successfully submitted on the new service so far. We look forward to continuing to develop capabilities to allow public law applications through the service, as well as onboarding more firms to process applications through the service.

LAA awarded a replacement Crown Court Means Testing (CCMT) debt collection and enforcement contract to Advantis Credit Ltd. in August 2024 following a competitive procurement exercise. The new contract went live on 3 February 2025 after replacing the legacy process with an Application Programming Interface (API) built to modern technical specifications and data security standards.

We implemented a number of legal aid policy changes during 2024 to 2025. The established Criminal Legal Aid Advisory Board (CLAAB) published their first annual report on 14 November 2024, which was also presented to the Lord Chancellor. The MOJ responded to the Crime Lower consultation, which concluded in early 2024, announcing an increase of £24 million per annum for police stations and youth courts. A statutory instrument was laid on 14 November 2024 and came into force on 6 December 2024 to bring these changes into effect. A further announcement was made on 19 December 2024 of an additional £92 million per annum investment for Criminal Legal Aid Solicitors.

In addition, the Domestic Abuse Protection Order (DAPO) was launched on 27 November 2024 as a pilot in three geographical locations: Greater Manchester and three boroughs of South London (Bromley, Croydon and Sutton) and with the British Transport Police. The new orders bring together and build upon the strongest elements of existing protective measures, into one flexible and powerful order which covers all types of domestic abuse. The policy is cross-jurisdictional, meaning it can be heard in any court setting and permits victims, the police and selected third parties to apply for the orders. While the policy is led by the MOJ and Home Office, the LAA provides access to justice by ensuring legal aid funding is available for both victims and respondents of a DAPO (subject to eligibility). Innovative, flexible orders such as this provide swifter access to justice, support and protection for some of the most vulnerable in society and supports the government's commitment to reduce violence against women and girls. Next year, we will continue to support the DAPO pilot as it expands into additional areas and works towards national rollout.

The government has allocated over £20 million in 2025 to 2026 to stabilise LAA digital systems and transform legal aid. This will be critical to support our response to the cyber attack that was detected in April 2025, with investigations determining that systems were breached from December 2024, as we work to restore systems and create a modern, user-friendly and resilient service at pace.

Performance Analysis

This section provides a detailed view of how we performed against our business plan priorities and main performance indicators this reporting year as well as our risk position and sustainability report.

Our year in focus

In our twelfth 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 2024 to 2025

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 2024 to 2025 Business Plan commitments. We published an updated LAA Strategy in February 2023 supporting delivery of our strategic enablers:

- 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 ELT, the LAA Board and the MOJ Executive Committee.

As a result of the cyber attack, we anticipate significant disruption to performance against objectives for 2025 to 2026. As we restore services and recover from the attack we will prioritise resources to process work resulting from the incident and deployment of contingency measures, alongside new intakes of applications and bills as we aim to return to target performance levels.

Key			
Measure achieved	Achieved		Partially achieved  Missed 

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 23)

- Ensure all service targets for 2024 to 2025 are met
- Policy reforms for implementation in 2023 to 2024 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 page 25)

- Continue delivery of new Apply service for both Apply for Civil Legal Aid and Apply for Criminal Legal Aid
- 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
 - progress in implementing the remaining phases of the Means Test Review, starting with the accelerated measures

Strategic Objective 3



Become a truly diverse and inclusive employer of choice

KPI: A responsive, diverse, learning organisation

Milestones (for details of milestones in full please see pages 28-29)

- 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

Our six performance measures were met and exceeded

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

Achieved, 95% this year.

An **increase** on 93% in 2023 to 2024 (93% in 2022 to 2023).



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

Achieved, 82% this year.

An **increase** on 79% in 2023 to 2024 (79% in 2022 to 2023).



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

Achieved, 100% this year.

Maintaining the 100% delivered in 2023 to 2024 (100% in 2022 to 2023).



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

Achieved, 88% this year.

An **increase** on 81% in 2023 to 2024 (83% in 2022 to 2023).



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

Achieved, 89% this year.

An **increase** on 88% in 2023 to 2024 (86% in 2022 to 2023).



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

Achieved, 94% this year.

An **increase** on 90% in 2023 to 2024 (92% in 2022 to 2023).



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).



Achieved, 99% this year.

Maintaining the 99% delivered in 2023 to 2024 (99% in 2022 to 2023).

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



Achieved, 100% this year.

Maintaining the 100% delivered in 2023 to 2024 (100% in 2022 to 2023).

KPI: for telephone services.

Our three measures were met and exceeded

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



Achieved, 79% this year.

A **decrease** on 87% delivered in 2023 to 2024 (91% in 2022 to 2023).

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



Achieved, 85% this year.

Maintaining the 85% delivered in 2023 to 2024 (82% in 2022 to 2023).

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



Achieved, 99% this year.

An **increase** on the 98% delivered in 2023 to 2024 (99% in 2022 to 2023).

KPI: for correspondence.

Our seven measures were met and exceeded

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



Achieved, 100% this year.

Maintaining the 100% delivered in 2023 to 2024 (99% in 2022 to 2023).

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



Achieved, 100% this year.

Maintaining the 99% delivered in 2023 to 2024 (99% in 2022 to 2023).

90% of MP correspondence within 20 working days.



Achieved, 100% this year.

Maintaining the 100% delivered in 2023 to 2024 (100% in 2022 to 2023).

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



Achieved, 100% this year.

Maintaining the 100% delivered in 2023 to 2024 (100% in 2022 to 2023).

100% of Internal Review requests within 20 working days.



Achieved, 100% this year.

Maintaining the 100% delivered in 2023 to 2024 (100% in 2022 to 2023).

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



Achieved, 100% this year.

An **increase** on 99% delivered in 2023 to 2024 (99% in 2022 to 2023).

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



Achieved, 100% this year.

Maintaining the 100% delivered in 2023 to 2024 (100% in 2022 to 2023).

Milestones	Were the milestones met?
Ensure all service targets for 2024 to 2025 are met to support the effective operation of the justice system.	Met. All service targets across applications, payments and customer service meeting or exceeding targets in both civil and crime.
Policy reforms for implementation in 2024 to 2025 are delivered through revised business processes and digital development ensuring continued, effective delivery of all legal aid services.	Met. All policy reforms were implemented on time during 2024 to 2025, including the accelerated measures of Means Test Review and the introduction of Domestic Abuse Protection Orders and Notices (both in November 2024).
Our Public Defender Service will provide access to justice for clients through continual coverage of services that meet their needs.	Met. 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 99% response rate.
Run tenders to support provision of legal aid services including: • Standard Civil Contract and Housing Loss Prevention Advice Service (HLPAS) with contracts in place for September 2024 • Standard Crime Contract tender launch September 2024 with tender activity completed and contracts in place for October 2025	Met. The 2024 Standard Civil Contract now operates under the 'always on' approach. As a result, new bids are being processed through to contract award within weeks. The procurement process for the 2025 Standard Crime Contract commenced as planned. Improvements include a ten-year term, halving tender frequency, and the introduction of 'always on' to simplify the tender process and operation of the contract.

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%.



Achieved, 0.82% this year.

An **increase** in error compared to 0.68%
in 2023 to 2024 (0.96% in 2022 to 2023).

KPI: financial management

Deliver our services within our
agreed legal aid Admin spend.



Achieved.

Monitor our legal aid Fund spend
to inform future planning and
engagement with His Majesty's
Treasury (HM Treasury).



Achieved.

Milestones	Were the milestones met?
Continue delivery of new Apply service: - all criminal legal aid applications will be processed through our new Apply for Criminal Legal Aid service by Autumn 2024. - Apply for Civil Legal Aid functionality will expand to include other case types by year end (March 2025)	Met. Service mandated from August 2024 and legacy service turned off in October 2024. All Crime applications received via Apply for Criminal Legal Aid from October 2024. Met. One case type (special Children's Act) released with the second (Public Law Family) going live in March 2025.
The LAA will run a new tender for the 2024 Standard Civil Contract 2024 in December 2024. It includes 'always on' procurement which means organisations can apply to join the contract at any time and existing providers can bid to expand their services during the life of the contract. This approach aligns with the tender for the 2025 Standard Crime Contract.	Met. The 2024 Standard Civil Contract commenced in December 2024 resulting in a successful move to an 'always on' procurement process.
Continue to make progress in implementing the remaining phases of the Means Test Review, starting with the accelerated measures.	Met. The previous government's Means Test Review accelerated measures were successfully implemented on 20 November 2024. The LAA will work collaboratively with the MoJ to implement any further policy changes to the civil and criminal legal aid means tests.
Begin to stabilise and transform the systems and processes used to deliver legal aid as part of a multi-year approach to improve the experience for service users, increase operational efficiency and improve system flexibility and security.	In progress. Funding for 2024 to 2025 has been used to begin to stabilise LAA legacy technology, laying the groundwork for future transformation. Three systems have been targeted initially with user operational research informing future design to support improved experience for service users.

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.



Achieved, 6.5 working days this year, which is less than 5.2 in 2023 to 2024 (6.9 for 2022 to 2023) (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.



Achieved, 82% of responses were positive in the 2024 People Survey, an increase of two percentage point on 2023.

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

Achieved, 60% of responses were positive, an **increase** of one percentage point on 2023.

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.



Not achieved. The number of staff who answered PNTS has **remained** at **4%** (4% in 2023). Further detail from this KPI was redacted because it was below the anonymity threshold and therefore the result can not be published to ensure the anonymity of respondents.

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



Partially achieved. The result of this KPI was redacted because it was below the anonymity threshold and therefore the result can not be published to ensure the anonymity of respondents.

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.



Partially achieved. The result of this KPI was redacted because it was below the anonymity threshold and therefore the result can not be published to ensure the anonymity of respondents.

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



Partially achieved. The result of this KPI was redacted because it was below the anonymity threshold and therefore the result can not be published to ensure the anonymity of respondents.

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 10% during the year.



Not achieved. 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.



Not achieved. 37% of our staff are male and 63% of our staff are female.

Not achieved. 17.7% in 2024 to 2025 declared as being from a diverse ethnic minority across the LAA, against a target of 18% or above, with further analysis by grade to drive further equality where needed (17% in 2023 to 2024).



21% or above of our people declared as having a disability across the LAA with further analysis by grade to drive further equality where needed.



Achieved, 21% of our staff have declared as having a disability (20% in 2023 to 2024).

Milestones	Were the milestones met?
Build line manager capabilities to support employee wellbeing, productivity, and address any workplace issues effectively, and consistently.	Met. As part of the Workforce Wellbeing Improvement Plan, interactive training sessions have been delivered to line managers to build capability and increase confidence and consistency of approach in supporting employee wellbeing. The delivery of a Line Managers Fundamentals programme designed to equip LAA colleagues with the foundational skills and knowledge to grow and succeed as line managers.
We will identify actions to improve staff experience so that we are able to recruit and retain the people we need to deliver our services effectively.	Met. Tackling unacceptable behaviours and bystander training has been rolled out and is now part of line managers continued professional development offering. 92% of our recruitment panels were diverse in terms of gender and up to 87% were diverse in terms of either ethnicity or disability. A successful pilot for case management entry level roles to simplify the application process was implemented.
Design and implement learning interventions tailored to address specific business needs to include a talent management strategy and embedding the Operational Delivery Profession (ODP).	Partially met. Captured learning needs from departments across the agency, particular needs have been identified that have included, for example, pension awareness. Rising Together Programme has been approved for ongoing delivery. This addresses an ongoing issue of a lack of visible leaders at higher grades for ethnic minority colleagues. ODP skills framework and associated career development opportunities were promoted across the agency this year.

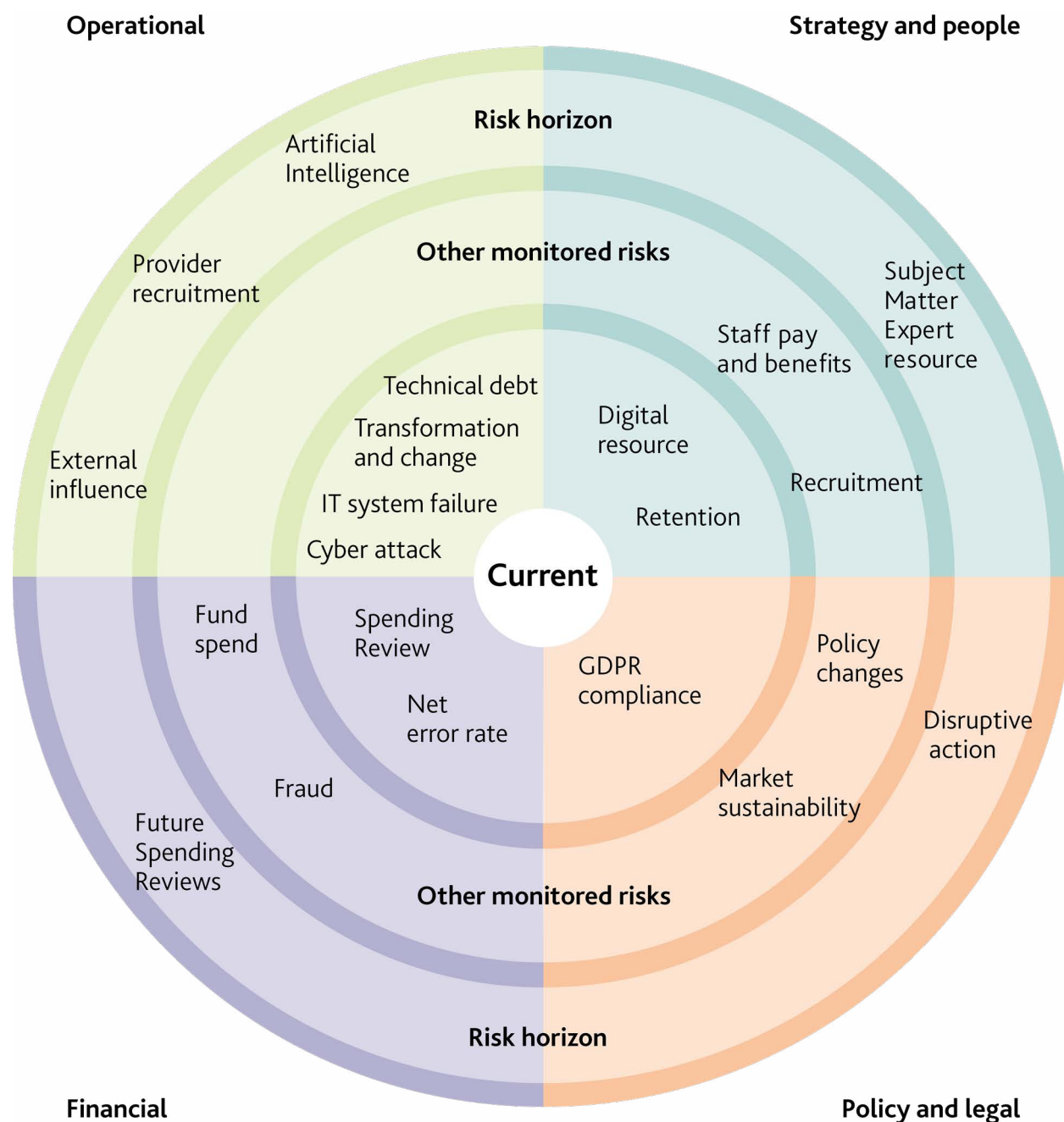
Milestones	Were the milestones met?
Increase the number and range of directly recruited apprentices and provide a framework for their development.	Partially met. Apprenticeship promotion and support were a focus for the agency this year and this will continue next year. A cross-government apprenticeship trailblazer group, undertaking a review of the Level 3 Public Service Operational Delivery Officer standard and preparing the agency for implementation for entry level caseworker roles was also an area of focus.
Develop and communicate a comprehensive and strategic workforce plan for the LAA that meets future workforce needs and demand for our services.	Partially met. Workforce plans are in place across the agency to ensure capacity to deliver operational needs, areas of workforce risk have been identified. Development of a strategic workforce plan is underway to ensure the agency has the right workforce to deliver agency transformation.

Risk position

Risk position at the end of quarter four of 2024 to 2025 and as we look to the future.

Further insight into our risk profile can be found in our governance section, pages 44-66.

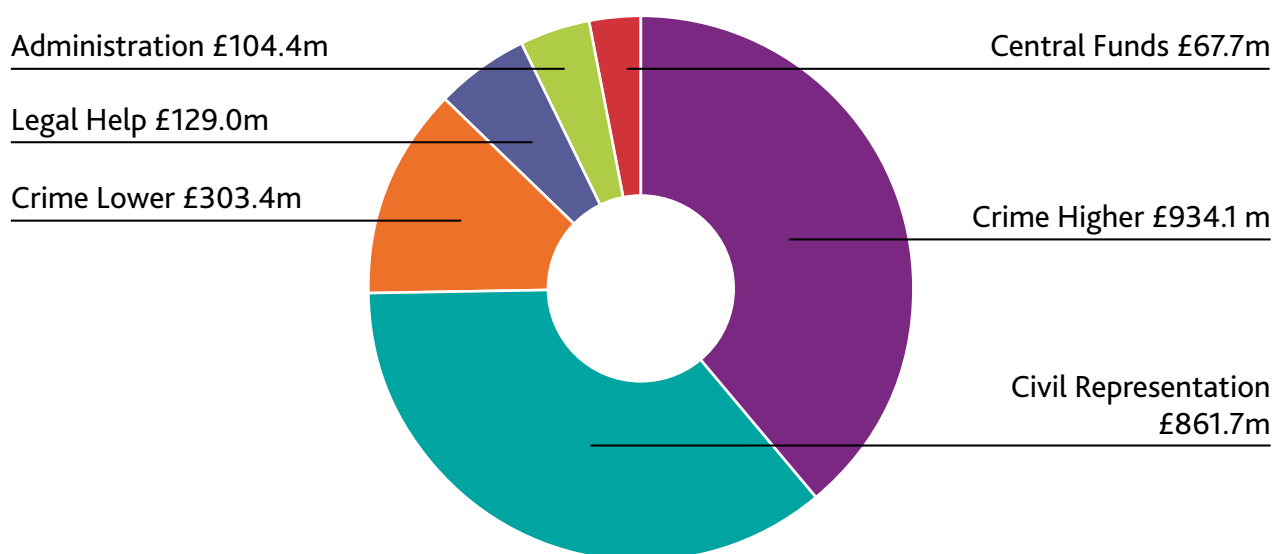
Figure 1. Risk position for 2024 to 2025



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 89-134. Note 2 to the financial statements on page 107 details the net operating costs for each of the segments below and notes 3-5 on pages 108-111 set out expenditure and income in detail. Figure 2 shows the largest movements, comparing 2024 to 2025 with 2023 to 2024, in legal aid spend by scheme.

Figure 2. Legal Aid Agency net expenditure, £2.4 billion. An increase of £114 million compared to previous year



- Crime Higher £934.1 million (£867.3 million in 2023 to 2024)**
 Increased by 7.7% caused by increased billing volumes within the graduated fee schemes along with smaller increases in prices
- Civil Representation £861.7 million (£841.7 million in 2023 to 2024)**
 Increased by 2.4% caused primarily by an increase in spend across the non-family areas, with the largest increases seen in Mental Health and Community Care
- Crime Lower £303.4 million (£306.5 million in 2023 to 2024)**
 Decreased by 1.0% due to increases in spend on police work, offset against reductions in work in progress

- Legal Help £129.0 million (£124.5 million in 2023 to 2024)**
 Increased by 3.6% due to higher activity across legal help contract work
- Administration: £104.4 million (£89.9 million in 2023 to 2024)**
 Increased by 16.1% caused by increases in staff costs and in recharges for digital technology
- Central Funds £67.7 million (£56.2 million in 2023 to 2024)**
 Increased by 20.5% due to increases in cross examination of witnesses and intermediaries

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.

Functional reform

Corporate and professional functions are provided to the LAA by MOJ and include: commercial, digital, finance, people, project delivery, property and security.

Government functions have been working together to set and embed the use of functional standards. Functional standards exist to create a coherent, effective and mutually understood way of doing business within central government organisations. These standards are mandated for use across central government and provide a stable basis for assurance, risk management and capability improvement. Throughout 2024 to 2025, the functions' understanding of the requirements of their cross government functional standards has matured. All functions are currently participating in an ongoing programme of continuous improvement and engagement.

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:

MOJ's **Climate Change and Sustainability Strategy**¹ sets out the department'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.

In addition to the MOJ's Climate Change and Sustainability Strategy, the LAA also has a Location Strategy, which is expected to transform the way the government estate supports public service delivery by:

- improving the experience of the workplace for civil servants
- enabling increased working across departmental boundaries within the public sector
- supporting moves from London to the nations and regions of the UK
- taking a locality planning approach to optimise the government estate, and working with local authorities to embed our contribution to place-making
- responding to the changes in ways of working as a result of reduced office capacity
- improving the sustainability and condition of the estate

Our strategic objective for the year ahead is to continue to collaborate with the Government Property Agency and the MOJ Property Directorate to deliver access to cost-effective, high-quality office accommodation that meets the necessary compliance standards, supports hybrid working and improves sustainability.

1 For more information see: www.gov.uk/government/publications/climate-change-and-sustainability-strategy-moj



Environmental awareness

MOJ has begun engaging Arm's Length Bodies 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 adaptation

LAA is working to increase its resilience to climate change in line with MOJ's **Climate Change Adaptation Strategy**.² LAA continues to work in line with the MOJ's commitments under the Third National Adaptation Programme (NAP3).



Digitisation

The vast majority of our data, files and case evidence are already handled digitally. We are continuing to further reduce our reliance on paper, by offering improved collaboration tools for staff to allow more efficient 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.

2 For more information see: www.gov.uk/government/publications/climate-change-adaptation-strategy-moj

Environmental sustainability reporting

Our progress against the 2025 GGCs is outlined in the following tables. The 2023 to 2024 non financial indicators have been restated to reflect the full financial year up to March 2024. The data below shows our present position for 2024 to 2025 against a 2017 to 2018 baseline, using calendar year data available January 2024 to December 2024.

Greenhouse gas emissions

Table 1. Financial and non-financial indicators of greenhouse gas emissions against Scopes 1-3 for each year 2021-22 to 2024-25 against the 2017-18 baseline

Greenhouse gas emissions from buildings and travel ³		2024 -25	2023-24 restated	2022 -23	2021 -22	2017-18 baseline
Non-financial indicators (tCO ₂ e)	Gas – Scope 1 non-renewable energy	65	70	79	125	95
	Electricity – Scope 2 non-renewable energy	125	173	175	168	531
	Official business travel emissions – Scope 3	51	44	15	31	281
	Total	241	287	269	324	907
Non-financial indicators (MWh)	Gas – Scope 1 non-renewable energy	354	381	434	682	514
	Electricity – Scope 2 non-renewable energy	602	835	830	791	1,382
	Total	956	1,216	1,264	1,473	1,896
Financial indicators (£000)	Gross expenditure on energy	401	307	238	226	210
	Expenditure on official business travel (UK only)	526	472	429	152	662
	Total	927	779	667	378	872

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

3 Emissions from buildings for 2024 to 2025 reporting year includes information from the following sites only: Brighton, Jarrow, Leeds, London (102 Petty France) and Swansea.

Travel

Table 2. Travel output information for each year 2021-22 to 2024-25 against the 2017-18 baseline

Travel		2024-25	2023-24 restated	2022-23	2021-22	2017-18 baseline
Distance travelled (km 000)	Motor vehicle	277	286	314	-	464
	Rail	253	11	315	710	3,934
	Flight	1	3	23	1	111
	Total distance	531	300	652	711	4,509
Emissions (tCO ₂ e)	Motor vehicle	42.34	43.63	54	-	85
	Rail	8.97	0.37	11	25	184
	Flight	0.01	0.49	3	-	13
	Total emissions	51.32	44.49	68	25	282

Overall travel emissions have decreased 82% from the baseline year 2017-18.

Finite resource consumption

Table 3. Water consumption and supply costs for each year 2021-22 to 2024-25 against the 2017-18 baseline

Water ⁴		2024-25	2023-24 restated	2022-23	2021-22	2017-18 baseline
Non-financial information m ³	Water consumption	563	1,743	811	866	14,987
	Water supply costs	5	14	24	21	21

Water usage during 2024 to 2025 is lower than 2023 to 2024 with a reported decrease of 68% from the previous year.



⁴ Water data for 2024 to 2025 reporting year includes information from the following sites only: Jarrow and London (102 Petty France).

Paper

Table 4. Quantity of paper purchased for each year 2021-22 to 2024-25 against the 2017-18 baseline

Paper		2024 -25	2023-24 restated	2022 -23	2021 -22	2017-18 baseline
Non-financial information (A4 reams)	Paper purchased	641	676	756	460	3,849

Our paper consumption has continued to decrease, achieving a 83% reduction from the 2017-18 baseline.

Waste minimisation and management

Table 5. Waste disposal for each year 2021-22 to 2024-25 against the 2017-18 baseline

Waste		2024 -25	2023-24 restated	2022 -23	2021 -22	2017-18 baseline
Non-financial information (tonnes)	Waste sent to landfill	-	-	6	-	148
	Waste incinerated for energy recovery	5	5	8	16	-
	Waste incinerated without energy recovery	-	7	-	-	-
	Recycled / reused	19	162	233	46	840
	Waste composted / food waste	-	1	1	2	-
	Total waste	24	175	248	64	988
Financial information (£000)	Total	8	14	24	64	27

Previous reporting, including the 2023 to 2024 report, gave waste figures with units of cubic metres, this should have been reported in tonnes and has now been corrected.

We continue to divert our waste from landfill. Further progress in digital working and paper reduction has continued to support reductions in total waste.

In the future

Our sustainability strategy is to continue operating 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 with 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.

Task Force on Climate-related Financial Disclosures

LAA has reported on climate-related financial disclosures consistent with HM Treasury's Task Force on Climate-related Financial Disclosures (TCFD) aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. LAA does not consider climate to be a principal risk, and has therefore complied with the TCFD recommendations and recommendations disclosures around:

- Governance: The paper templates for each of the LAA's formal, senior governance forums include a mandatory section relating to sustainability, which requests confirmation that the GGCs and sustainability have been considered, ensuring that this has fed into the development of proposals and the senior decision-making process.
- Risk Management: Horizon risk scanning carried out with the ELT during 2024 to 2025 considered risks in an internal and external context, including via PESTLE analysis (Political, Economic, Sociological, Technological, Legal and Environmental factors), a systematic approach which considers environmental and sustainability factors as part of the risk management process.
- Metrics and Targets: Environmental and sustainability data has been disclosed in tables 1 to 5 on pages 35-37.

The LAA plans to provide recommended disclosures for Strategy in future reporting periods in line with the central government implementation timetable. The LAA organisational strategy was developed with consideration of environmental factors and risks. The organisation's approach to modernising services is resilient to potential climate change scenarios.

Signed for and on behalf of the Legal Aid Agency

A handwritten signature in black ink, reading 'J Harbottle'. The signature is fluid and cursive, with a large initial 'J'.

Jane Harbottle CBE

Chief Executive and Accounting Officer
Legal Aid Agency

Accountability Report



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 to 2024 and 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 46-48. 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 2024 to 2025.

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 2024 to 2025 no breaches were considered to meet the criteria and were reported to the ICO.

The governance statement on pages 44-66 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 (FReM) 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 FReM 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 fifth, 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 is 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 of the work carried out on my behalf in that role.

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 quarterly meetings with an MOJ-wide complaints forum and the Cross-Government Complaints Forum. This provides an opportunity to work collaboratively to continually improve the complaints handling service.

During 2024 to 2025, the LAA was notified of four referrals to the PHSO, which is consistent with the volume received in 2023 to 2024.

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

Two further cases referred in the previous financial year were concluded at primary investigation stage on the basis the LAA agreed to consider a financial remedy in respect of maladministration identified.

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.

Governance structure



Committee membership and attendance

This table details board members and standing invitees who have responsibility for the LAA throughout 2024 to 2025, their role and their attendance at ELT and ARAC meetings.

Table 6. Committee membership and attendance for Board, ELT and ARAC

Name and role	Sex	LAA Board	ELT	ARAC
Board members				
Chief Executive, LAA				
Jane Harbottle CBE	F	Member	Chair	Invitee
Number eligible to attend		6	11	4
Number attended		6	9	4
Director of Finance (Attended by Deputy Director of Finance as official representative of the Director of Finance, see Invitees to Board below)				
Caroline Patterson to 9 March 2025	F	Member	Member	Invitee
Number eligible to attend		5	10	4
Number attended		4	0	3
Adrian Hannell from 10 March 2025	M	Member	Member	Invitee
Number eligible to attend		1	1	0
Number attended		1	0	0
Non-Executive Board Member – LAA Board Chair				
Nick Campsie	M	Chair		
Number eligible to attend		6		
Number attended		6		
Non-Executive Board Member – Financial				
Kenneth Gill	M	Member		Chair
Number eligible to attend		6		4
Number attended		6		4
Non-Executive Board Member – Legal				
Professor Suzanne Rab	F	Member		Member
Number eligible to attend		6		4
Number attended		6		4
Invitees to Board				
Operations Committee Chair				
Alistair Adan – Deputy Director, Head of Civil and Crime Case Management	M	Invitee	Member	
Number eligible to attend		6	11	
Number attended		6	9	

Name and role	Sex	LAA Board	ELT	ARAC
People Committee Chair				
Martha Blom-Cooper – Deputy Director, Head of Corporate Services to 4 July 2024	F	Invitee	Member	
Number eligible to attend		2	4	
Number attended		2	3	
Lucy Jones – Deputy Director, Head of Corporate Services from 5 July 2024	F	Invitee	Member	
Number eligible to attend		5	8	
Number attended		4	7	
LAA Finance and Risk Committee Chair				
David Thomas – Deputy Director, Head of Contract Management and Assurance	M	Invitee	Member	Invitee
Number eligible to attend		6	11	4
Number attended		6	10	4
LAA Transformation and Change Committee Co-Chairs				
Hannah Payne, Deputy Director, Head of Transformation (job share)	F	Invitee	Member	
Number eligible to attend		6	11	
Number attended		4	7	
Joanna Fiddian, Deputy Director, Head of Transformation (job share)	F	Invitee	Member	
Number eligible to attend		6	11	
Number attended		5	9	
Principal Legal Advisor to LAA				
Charlotte Hackett	F	Invitee	Member	
Number eligible to attend		6	11	
Number attended		5	10	
Deputy Director Service Development and Commissioning				
David Phillips	M	Invitee	Member	
Number eligible to attend		6	11	
Number attended		6	10	
Deputy Director Public Defender Service				
Malcolm Bryant	M		Member	
Number eligible to attend			11	
Number attended			11	

Name and role	Sex	LAA Board	ELT	ARAC
Deputy Director of Finance				
Joseph McHale	M	Invitee	Member	Invitee
Number eligible to attend		6	11	4
Number attended		6	9	4
Digital Director				
Kamal Bal from 10 July 2024	M	Invitee		
Number eligible to attend		4		
Number attended		2		
Director Legal Aid, Legal Support and Dispute (job share)				
Farah Ziaulla from 16 August 2024	F	Invitee		
Number eligible to attend		4		
Number attended		2		
Claire MacDonald from 16 August 2024	F	Invitee		
Number eligible to attend		4		
Number attended		0		
Head of LAA Digital				
1: to 29 July 2024	F	Invitee	Member	
Number eligible to attend		2	4	
Number attended		2	2	
2: from 29 July 2024 to 5 November 2024	M	Invitee	Member	
Number eligible to attend		1	2	
Number attended		1	1	
3: from 6 November 2024	M	Invitee	Member	
Number eligible to attend		3	5	
Number attended		1	3	
MOJ HR Director for LAA (Attended by MOJ Senior HR Business Partner for LAA)				
From 1 February 2024	F	Invitee	Member	
Number eligible to attend		6	11	
Number attended		4	9	

Committee roles and responsibilities

Legal Aid Agency Board

Name of committee	Legal Aid Agency Board
Chair	Lead Non-Executive Board Member
Frequency	Bi-monthly There were six meetings of the LAA Board during 2024 to 2025.
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.
Structure	The LAA Board is made up of: Members: • Chief Executive • Non-Executive Board Members (NEBMs) • Director of Finance Invitees: • Chairs of the four committees: – Operations Committee: Deputy Director for Case Management – People Committee: Deputy Director for Corporate Services – Finance and Risk Committee: Deputy Director for Contract Management and Assurance – Transformation and Change Committee: Deputy Director, Head of Transformation (job share) • Deputy Director for LAA Finance • Deputy Director Service Development and Commissioning • Principal Legal Advisor • Director of Digital • Deputy Director for LAA Digital • Director Legal Aid, Legal Support and Dispute Resolution (job share) • LAA HR Business Partner There have been changes to the individual Board members during the year.

Name of committee	Legal Aid Agency Board
Key activities this year	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. The Shadow Board has continued to be a successful forum for colleagues to learn about decision-making at Board level and has added an extra layer of challenge and support to the Board. New Shadow Board members, including chairs, have been recruited to allow more staff the opportunity to get involved.

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 2024 to 2025.
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.
Structure	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 2024 to 2025 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 to the business throughout the financial year.

Executive Leadership Team

Name of committee	Executive Leadership Team
Chair	Chief Executive
Frequency	Monthly There were 11 meetings of the ELT during 2024 to 2025.
Role	The ELT is the LAA's most senior executive committee and has overall management responsibility for the LAA. The ELT takes 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.
Structure	The ELT is made up of: • Chief Executive • Deputy Director for Corporate Services • Deputy Director for Case Management • Deputy Director for Contract Management and Assurance • Deputy Director for Commissioning and Service Development • Deputy Director Head of Transformation (job share) • Deputy Director for Public Defender Service • Deputy Director for LAA Finance • Deputy Director for LAA Digital • LAA HR Business Partner • Principal Legal Advisor The ELT maintains high-level oversight of the operational running of the LAA and is supported in its responsibilities by four sub-committees. These committees were created to facilitate deeper, focused discussions on specific issues as well as completing tasks or taking decisions delegated from the ELT. As part of a wider review of senior governance, the ELT took the decision to merge the formerly separate Operations and People Committees into a single forum. This brings the LAA governance structure into line with other parts of government where there is an operational focus and reflects that our people are integral to our operational delivery. The newly merged Committee first met in March 2025. 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. To review and challenge LAA performance, including via key performance indicators and risk reporting.

Name of committee	Executive Leadership Team
Structure	People Committee: To provide business-focused assurance to the Board and ELT that LAA is delivering on its People Strategy, identifying and addressing associated risks on behalf of the 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 LAA is making transparent and fair decisions regarding its people. Finance and Risk Committee: To support the ELT and ARAC, particularly through scrutinising risk management and corporate assurance matters via risk deep-dives, reviews of corporate assurance activity and progress on Government Internal Audit Agency (GIAA) audit recommendations as well as focus sessions on topics such as provider risk management, the organisational budgeting cycle and of the approach to ensuring proactive error risk assessment within the organisation's transformation programme. Transformation and Change Committee (TCC): To provide clear 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.
Key activities this year	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. People Committee: The 2024 People Survey saw the LAA engagement index increase by one percentage point to 71%. The committee focused on the learning and development offer to staff, tailored to individual needs and business need. Finance and Risk Committee: The committee continued its emphasis on improving risk insight and challenge with the support of the Risk and Assurance Working Group and continued to proactively review and advise operational teams on further strengthening risk management and escalation. Transformation and Change Committee: TCC played a critical role in resolving blockers to transformational delivery. TCC championed cross-agency collaboration, laying the groundwork for integrated service design and shared accountability across LAA, Digital, and Policy, providing the strategic foundation for evolving transformation governance.

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 (GIAA), which provides me with independent assurance over the effectiveness of my organisation's governance, risk management and control environment.

The MOJ carried out a review of the LAA between August and November 2024 as part of the government's Public Bodies Review Programme. This review, conducted in line with Cabinet Office Public Bodies Review Guidance,⁵ was carried out to provide assurance that:

- LAA's functions remain useful and necessary
- LAA is effective, efficient and aligned to government priorities
- LAA is well governed and properly accountable for what it does

A stage 1 review concluded that the LAA and the MOJ were compliant with the majority of Cabinet Office good practice indicators for departments and public bodies. Areas of strong compliance with good practice indicators included outcome for citizens, financial management and transparency.

Two areas for improvement were identified and the review team has made proportionate recommendations to address the areas where a need for improvement has been identified.

As well as reviewing organisational purpose and identifying areas for improvement, the stage 1 review considered whether the LAA and the MOJ would benefit from wider exploration of the areas where improvement is needed. At this stage, the review team was satisfied that a further in-depth review is not required.

Head of internal audit opinion

During the course of the audit programme in 2024 to 2025 five audits were rated as Moderate or Substantial (one Substantial and four Moderate) and one was rated as Limited. There were three further advisory audits. Of the 29 audit recommendations agreed with management, one was high priority, 16 were medium and 12 were low priority. The trend towards Substantial and Moderate opinions is consistent with previous years.

5 For more information see: www.gov.uk/government/publications/public-bodies-review-programme/guidance-on-the-undertaking-of-reviews-of-public-bodies

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 2024 to 2025 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 2024 to 2025

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: legacy technology (including system failure and cyber security), General Data Protection Regulation (GDPR) governance and compliance, regularity error, recruitment and retention (including within digital teams), 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 (SO).

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

Table 7

Key						
Strategic Objective	SO1		SO2		SO3	
Risk assessment	High		Medium		Low	
Risk movement	Increase		No change		Decrease	

Description	Key activities and headlines	Risk severity and direction of trend
Security and Information 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.   	Throughout 2024 to 2025, 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 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. Despite our efforts, the cyber attack initiated in December 2024 and detected in April 2025 led to a potentially significant extraction of data over the course of the attack and major service disruption. The work we had done to manage this risk in 2024 to 2025 has been a valuable part of our response and our ongoing work to safely restore services.	 

Description	Key activities and headlines	Risk severity and direction of trend
Digital and Transformation Reducing the level of technical debt and improving resilience and flexibility of digital services.	LAA Digital was allocated £10.5 million in 2024 to 2025 to begin stabilisation activity aimed at mitigating the significant risks associated with the legacy technology estate. This funding allowed foundational work to progress, such as system discovery, options analysis, proof-of-concept testing and development of costed plans. These activities were essential precursors to replacement and modernisation, which will continue with further investment in 2025/26, including delivery of a new Identity and Access Management system to replace the vulnerable LAA Portal. Key activity during 2024 to 2025 includes: • removing reliance on a legacy system for monthly payment load • releasing and stabilising the 'Check if you can get Legal Aid' service • expanding the scope of Apply for Criminal Legal Aid and Apply for Civil Legal Aid to handle more application types • reducing technical debt in Apply for Criminal Legal Aid through infrastructure improvements • initiating stabilisation work on Contracted Work and Administration and Oracle database dependencies • developing a costed plan for Identity and Access Management replacement Although these steps improved LAA Digital's readiness to modernise, they did not substantially reduce the residual risk during 2024 to 2025. Legacy systems continued to present high levels of technical debt and cyber exposure. The preparatory work undertaken, however, has positioned the agency to accelerate risk reduction in 2025 to 2026 through funded delivery of new platforms and targeted recruitment of specialist capability. We secured Transformation funding and kicked off our delivery roadmap in April 2025, including procurement of suppliers and setup of delivery teams. This programme will remove dependency on critical legacy systems including the Client and Cost Management System within three years, modernising and securing £2.2 billion annual payments and moving 1.2 million claims and 118,000 applications onto modern, compliant, secure and user centred services.	

Description	Key activities and headlines	Risk severity and direction of trend
Finance LAA Fund spend falling outside budget by yearend 	Legal Aid Fund expenditure is, by its demand-led nature, volatile and therefore difficult to forecast. Pressures in the Crown Court and family court have led to changing behaviour, increasing the uncertainty in these areas and making it more difficult to forecast spend accurately. 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 comprehensive risk management process that assesses all LAA Fund risks and opportunities on a monthly basis, and seeks to identifying mitigations to those risks where possible.	 
Provider Capacity Maintaining sufficient provision capacity to meet an uncertain demand. 	The LAA actively manages the provider base, taking decisive action to address actual or potential gaps in provision. For example, 'always on' tendering has been introduced to the standard civil and crime contracts to streamline the application process and remove unnecessary barriers to entry and expansion. Alongside that the typical term for crime contract has been doubled reducing business overheads and encouraging investment in service delivery. At a systemic level, there is sufficient coverage in place. However, there are locations and categories of law where it is more difficult to access services. Maintaining supply using operational levers alone is challenging. For that reason, the LAA provided advice to MOJ policy and ministers that contributed to changes including crime fee increases and travel time remuneration for crime duty schemes with low numbers of providers and for fee uplifts in both housing and immigration by increasing the minimum hourly rate or a 10% uplift, whichever is greater, the first of such increases since 1996. In March 2025, a provider survey was launched to offer further market insights and will inform both MOJ policy and the LAA's approach. Since detection of the cyber attack in April 2025 (initiated in December 2024), the LAA has continued to prioritise the consideration and mitigation of the impacts on legal aid providers. The LAA has taken steps to ensure that contingency measures support providers to maintain cash flow and provide public access to justice. This will support ongoing management of this risk in 2025 to 2026.	 

Description	Key activities and headlines	Risk severity and direction of trend
Regularity Error The complexity of legal aid means there is an inherent risk of error because of incorrect eligibility assessments or inaccurate payments. 	The level of error is subject to continual scrutiny and active management as part of our stewardship responsibilities. As application and payment processes adapt to policy and administrative developments, our priority remains to reduce error in a stable and sustainable manner, which is achieved through close engagement with providers and collaboration across contract management, case management, finance and digital functions, to address root causes, reinforce internal controls, and ensure provider compliance. During the past year, this approach has delivered measurable improvements. In particular, our contract management team has worked with immigration providers to enhance the quality and accuracy of claims reporting and our case management team has refined review processes relating to Court Assessed bills. As a result, the net regularity error rate for legal help reduced to 0.00% (compared with 1.19% in 2023 to 2024) and for Court Assessed bills reduced to 1.31% (compared with 2.32% in 2023 to 2024). These reductions demonstrate the effectiveness of our targeted interventions and have contributed to the maintenance of an overall low error rate across our operations. In response to the cyber attack that was detected in April 2025, with investigations determining that systems were breached from December 2024, the LAA has deployed a range of contingency measures including the use of average payments for civil legal aid providers and a waiver of client contributions for civil legal aid. All measures have been subject to a fraud risk assessment and subject to agreement with HM Treasury. The necessary contingency measures implemented to ensure the essential ongoing access to justice increase the risk of regularity error, which will continue to be closely monitored and managed. Contingency measures have been introduced in a targeted way to ensure we maintain the best overall control of public money.	⊖ M

Description	Key activities and headlines	Risk severity and direction of trend
People and Capability Recruiting and retaining sufficient capable individuals to ensure continually effective service delivery.  	During 2024 to 2025, the LAA has taken significant steps to strengthen its approach to retention, building on the insights from the April 2024 Retention Risk Deep Dive and the Government Internal Audit Agency's (GIAA) recommendations. The agency retention plan has provided a clear framework for action, with a focus on improving line management capability, embedding development conversations, and enhancing the induction experience. Targeted interventions have been introduced in areas with higher turnover, such as case management and the PDS, including workforce planning, apprenticeship expansion, and a review of pay and reward for specialist roles. Improvements in data collection and reporting are underway to support better visibility of retention trends, and progress is being monitored through the People Committee. The cyber attack that was detected in April 2025, with investigations determining that systems were breached from December 2024, has created a significant pressure on our people and will continue to do so once services are restored and recovery is in progress. The LAA will draw on support across MOJ from those with experience of our systems and focus on staff wellbeing to help manage this risk in 2025 to 2026.	 

Risk horizon

Our risk profile has been significantly impacted by the cyber security incident affecting our online digital services. Understanding our risks as we move towards the restoration of our systems will be a key focus during 2025 to 2026. In particular, ensuring the safe and secure return of system functionality as services are gradually restored will be a priority. We anticipate increased internal pressures in relation to resource as we process work generated during system downtime, which has not been processed in the regular way. We expect these challenges will also impact our provider base as services are restored.

Error rate (subject to audit)

Maintaining a low level of error has remained a priority in 2024 to 2025. Our gross error rate was 1.11% in 2024 to 2025 compared to 1.02% in 2023 to 2024. Addressing overpayments has helped reduce the most likely level of error to a net position of £18.6 million (0.82%) of expenditure compared to £14.7 million (0.68%) of expenditure in 2023 to 2024. We utilise a statistical random sampling technique and based on this we have 95% confidence that the actual net level of error in 2024 to 2025 is between 0.15% and 1.49% of legal aid spend. To ensure a cost-effective focus of resource, this exercise identifies both error and potential fraud with appropriate cases being referred for fraud investigation. 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 2024 to 2025 our estimated underpayment was 0.07% of the total legal aid expenditure (compared to 0.15% in 2023 to 2024).

Specific issues to highlight this year

 Net error rate category	
Court Assessed claims  1.31% 2024 to 2025 saw a decrease in our net error rate for Court Assessed claims (2.32% in 2023 to 2024), which providers can alternatively decide to be assessed by the LAA.	Legal Help claims  0.00% This has reduced from 1.19% in 2023 to 2024 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 2025 to 2026.

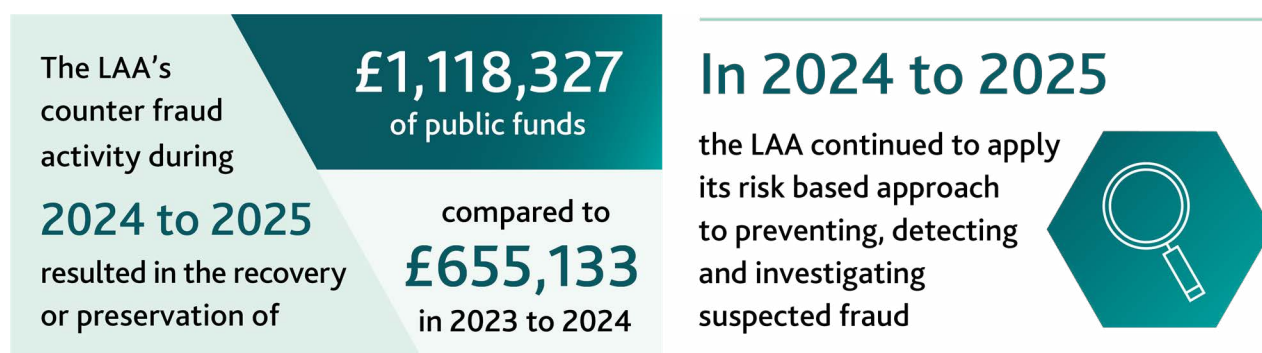
Fraud, bribery and corruption

The LAA is committed to countering fraud, understanding fraud risks, strengthening fraud and error controls and to designing out fraud and error as the Agency continues to transform its digital infrastructure. Our culture is one of awareness, understanding and responsibility.

Counter Fraud continues to be a mainstay of corporate governance providing regular insights and updates in respect of fraud and error trends and incidents. We are members of the Public Sector Fraud Authority's Community of Practice network and collaborate widely with other government departments and public sector bodies in the field to share best practice, explore opportunities to share information and support learning and development.

This year we have continued to explore opportunities to improve our use of data and identify new sources of third-party information. Data matching is a priority workstream to aid fraud detection and we have been increasingly integrating the work between fraud and error to identify opportunities to strengthen preventative workstreams and enhance the Agency's understanding of regularity risks.

Where possible we engage with law enforcement agencies or prosecuting authorities to prosecute fraud against the legal aid fund, and we work closely with LAA colleagues and regulatory bodies to support disruption activity using sanctions if and where appropriate. We have embedded a Prevent function, which is supporting colleagues widely across policy and digital transformation programmes, and we have revised the Agency's Enterprise Fraud Risk Assessment. Since the cyber attack, our approach to fraud risk assessment has been critical to decisions on contingency measures and restoration of services.



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.

Health and Safety

We are committed to protecting the safety and security of all LAA staff. We work closely with the Government Property Agency and apply the standards, advice and guidance from the Health and Safety Executive, Crown Premises Fire Safety Inspectorate, and public health agencies.

In 2023 to 2024, the GIAA audited LAA health and safety regulatory compliance providing a Moderate rating and recommended some areas for attention.

In line with Health and Safety Executive expectations, we have been concentrating on work-related stress. Alongside that, we have been addressing our responsibilities for staff working long and unsocial hours, and those who drive for work reasons.

The LAA health and safety committee meets quarterly and includes trade union representation. A report on health and safety is provided to LAA ARAC each quarter.

Whistleblowing

I can confirm that the MOJ policy and procedure for whistleblowing applies to all LAA staff.

MOJ implemented a comprehensive whistleblowing policy in 2021. The policy sets out effective routes and processes in place to enable an individual to raise a concern about suspected wrongdoing, risk or malpractice that affects a wider group of individuals in a supportive and protective environment. The policy was refreshed in April 2024 to improve clarity and better define roles and responsibilities. The policy is accessible to all staff on the intranet.

In response to feedback from assurance activities, MOJ's People and Capability Directorate has strengthened awareness of the whistleblowing policy across the department through continuous improvement activities. MOJ has engaged with and promoted the cross-government 'Speak Up' campaign and appointed a senior civil servant whistleblowing champion. Additional nominated officers, who provide an independent route to raise a whistleblowing concern and impartial advice to the individual, have been recruited and trained.

The MOJ is part of a cross-government network of HR professionals working to enhance whistleblowing arrangements across government departments and improve the experience of whistleblowers.

In 2024 to 2025 the LAA received no whistle blowing concerns.

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 Directorate and the LAA ARAC challenge our performance on incident management providing direction and oversight.

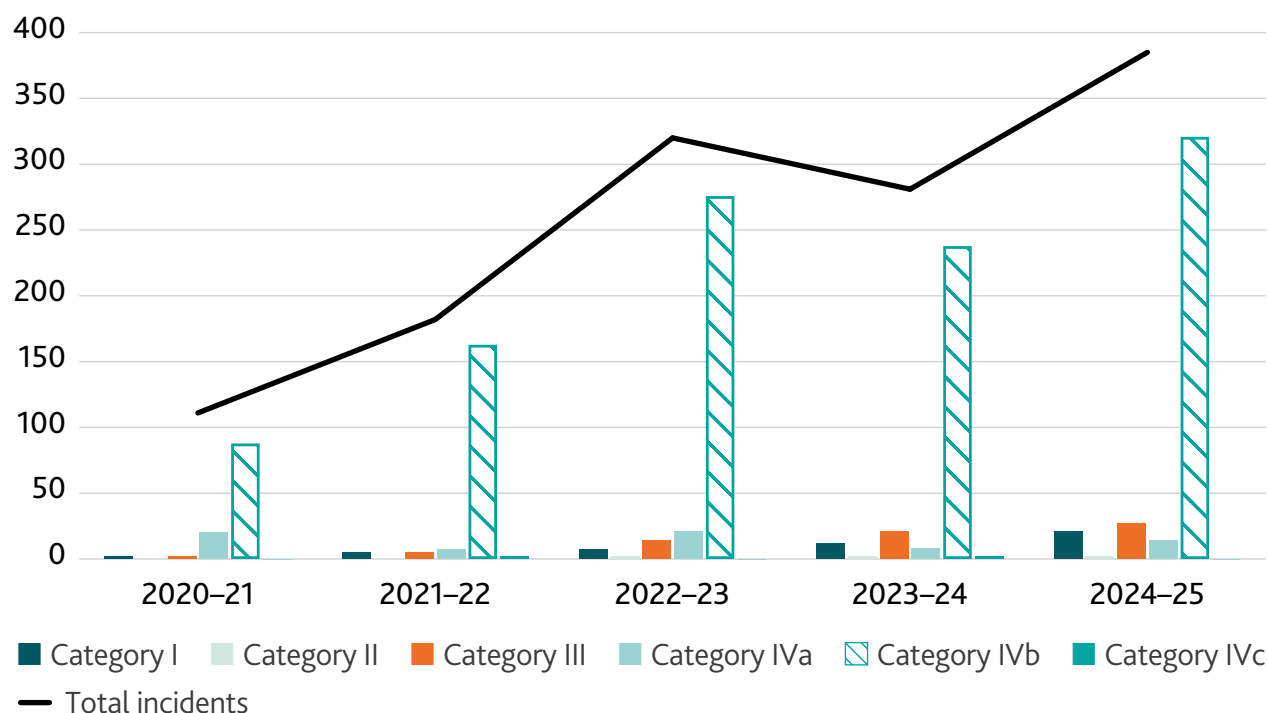
In 2024 to 2025, there were 385 personal data incidents reported. This represents an increase of 104 (37%) on the previous year. The LAA consistently reports low numbers of incidents considering the large volume of transactions and data that the LAA processes.

In this reporting period, we responded to 238 Freedom of Information (FOI) requests, compared to 282 during 2023 to 2024. FOI requests require a response within 20 working days, and we have a 100% target for compliance. This year, we have responded to 100% FOI requests within 20 working days, maintaining the 100% achieved during 2023 to 2024.

There have been no high impact incidents detected in 2024 to 2025 that met the threshold for reporting and were reported to the ICO. The cyber attack detected in April 2025 was reported to the ICO and our investigation into the attack has shown that systems were breached from December 2024 with data being exfiltrated from January 2025. Our annual reports show the year in which an incident was identified and reported, therefore the cyber attack detected in April will be formally recorded as an incident in the Annual Report and Accounts for 2025 to 2026.

Table 8. Data incident numbers by category for each year 2020-21 to 2024-25

Category	Nature of incident	2020-21	2021-22	2022-23	2023-24	2024-25
I	Cyber security incidents	1	5	7	12	21
II	Personal or personnel security incidents	-	-	2	1	2
III	Physical security incidents	2	5	14	21	27
IVa	Information security incidents – loss or theft of an information asset	20	7	21	8	14
IVb	Information security incidents – unauthorised disclosure of an information asset	88	163	276	238	321
IVc	Information security incidents – other incidents relating to information assets	-	2	-	1	-
Total		111	182	320	281	385

Figure 3. Personal data incidents by category: five-year period

Incident volumes have increased this year and the majority of this increase is concentrated in unauthorised disclosure incidents. 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.

Cyber attack and response

The LAA has continued to manage risks in relation to its systems and digital services throughout 2024 to 2025. On 23 April 2025, the LAA became aware of a cyber attack on its online digital services that was initiated in December 2024. We took immediate action to bolster the security of the system, working closely with digital and security MOJ colleagues and experts at the National Crime Agency, the Government Cyber Coordination Centre and the National Cyber Security Centre. We alerted the Information Commissioner's Office and informed all legal aid providers that some of their details had been compromised.

On 16 May 2025, we learned that the cyber attack was more extensive than originally thought and that the attackers had accessed a large amount of information relating to legal aid applicants. Our investigation into the attack has shown that systems were breached from December 2024, with data being exfiltrated from January 2025. We believe a significant amount of personal data was downloaded, including data from those who applied for legal aid through our digital service between 2007 and 16 May 2025. In some instances, information about the partners of legal aid applicants may be included in the compromised data. In line with advice from the National Cyber Security Centre, the LAA took its online services down.

There are no indications that other parts of the justice system have been impacted and we believe that the breach is contained to the LAA's systems. The LAA has also carried out work to assure ourselves that the data underlying these financial statements is unaffected by the incident.

Due to the unprecedented scale of the cyber attack and its profound impact on our operations, we have had to completely rethink the way we administer legal aid without the support of our digital systems across all key business areas. We have put in place contingency plans to ensure that those most in need of legal support can continue to access the help that they need, and to provide financial support to legal aid providers. Helplines are in place to support legal aid clients and legal aid providers. As we work to restore services and to recover from this serious attack, data security is central to all decisions that are being made, to ensure that we continuously reduce the risks of future attacks.

This is an ongoing issue, and our investigation and mitigating action continue. The LAA continues to keep legal aid clients and providers informed.

The significance of this attack cannot be overstated, it has required us to rethink our entire approach to work while it has been necessary to operate without our digital systems. As we look ahead to 2025 to 2026, the repercussions will cause considerable disruption throughout the coming year as we move from contingency plans to restore systems and recover our services. We anticipate that next year's Annual Report and Accounts will set the scene for ongoing challenges and adaptations, and we expect to provide further updates on our response and recovery.

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 pleased that the MOJ review of the LAA confirmed we were compliant with the majority of Cabinet Office good practice indicators, and note that our Head of Internal Audit has provided a 'Moderate' opinion. We have taken steps to strengthen our risk management process and improve our alignment to MOJ risk reporting. 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.

The cyber security incident discovered at the beginning of the 2025 to 2026 financial year continues to be a significant challenge for the agency and will be a focus of our restoration and transformation work, and our risk management and assurance activity for 2025 to 2026.

Signed for and on behalf of the Legal Aid Agency

A handwritten signature in black ink, reading 'J Harbottle', with a large, stylized initial 'J'.

Jane Harbottle CBE

Chief Executive and Accounting Officer

Legal Aid Agency

8 October 2025

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 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 2024 to 2025 relate to the performance in 2023 to 2024 and the bonuses reported in 2023 to 2024 relate to the performance in 2022 to 2023.

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 9 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 2024) and the value of the individual's benefits at the end of the pension input period (31 March 2025), 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 2024 to 2025 as part of their fixed period appointments. Recruitment is underway for two NEBMs.

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

If an 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 15 and 16 on page 75.

Table 9. Senior employees in post during 2024-25 – employment costs (subject to audit)

Executive Board Members	2024-25					2023-24				
	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonus payments	Pensions 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	Pensions related benefits (to nearest £1,000)	Total (to nearest £1,000)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Jane Harbottle CBE⁶ Chief Executive	120-125	19.2	0-5	73	215-220	115-120	15.8	10-15	46	185-190
Caroline Patterson⁷ Director of Finance	115-120 (FYE 120-125)	-	10-15	69	195-200	60-65 (FYE 115-120)	-	-	31	90-95
Adrian Hannell⁸ Director of Finance	5-10 (FYE 125-130)	-	-	3	10-15	45-50 (FYE 120-125)	-	0-5	59	105-110

Note: FYE stands for full year equivalent.

- 6 Jane Harbottle CBE has a dual workplace agreement, the costs illustrate the taxable 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. She served on the LAA Board from 18 September 2023 to 9 March 2025.
- 8 Adrian Hannell is remunerated by the MOJ Core Department and is not an LAA staff member. He joined the LAA Board on 10 March 2025.

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

	2024-25		2023-24	
	Total amount of salary and fees	Bonus payments	Total amount of salary and fees	Bonus payments
	%	%	%	%
Employees ⁹	3.0	-0.8	5.7	46.7
Highest paid director ¹⁰	4.3	-80.0	9.3	0.0

Table 11. 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
2024-25	6.0:1	5.0:1	3.9:1
2023-24 ¹¹	6.2:1	5.1:1	3.9:1

Table 12. Lower quartile, median and upper quartile for total staff remuneration

	2025	2024	2025	2024	2025	2024
	Lower quartile		Median		Upper quartile	
	£	£	£	£	£	£
Salary component	24,202	22,940	28,681	27,250	36,629	35,040
Total staff remuneration	24,702	23,140	29,281	27,762	38,162	36,254

9 The percentage change is calculated using the total for all employees on an annualised basis, excluding the highest paid director, divided by the full time equivalent number of employees.

10 The percentage change is calculated using the mid-point of the band of each of salary and allowances and bonus paid.

11 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 page 70 of this report.

The banded remuneration for the highest paid Executive Board Member in the LAA in the financial year 2024 to 2025 was £145-150,000 (2023 to 2024: £140-145,000). This was 5.0 times (2023 to 2024: 5.1) the median remuneration of the workforce, which was £28,681 (2023 to 2024: £27,250). The increase in median remuneration is mainly driven by the August 2024 pay award.

In 2024 to 2025, two staff members or contractors (2023 to 2024: two) received banded remuneration in excess of the highest paid Executive Board Member.

Staff remuneration ranged from £20-25,000 to £195-200,000 (2023 to 2024: £20-25,000 to £195-200,000).

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 (CETV) of pensions.

In August 2023 and August 2024, pay awards were implemented in accordance with the Cabinet Office's Civil Service pay remit guidance, with departments permitted to make average pay awards of up to 4.5% and 5% respectively. Additionally, across the Civil Service, in August 2023 staff below Senior Civil Service grades received a non-consolidated payment of £1,500.

Pay ratios have reduced slightly due to a reduction in the non-salary total remuneration of the highest paid director.

Table 13. Executive Board Members – employment contracts

Executive Board Members	Contract start date	Term served (years)	Notice period (months)
Jane Harbottle CBE	1 April 2016	8	3
Caroline Patterson	18 September 2023	1	3
Adrian Hannell	10 March 2025	0	3

Civil Service pension benefits

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – **classic**, **premium**, and **classic plus** provide benefits on a final salary basis, while **nuvos** provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and **alpha** are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the **partnership** pension account.

In **alpha**, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to **alpha** from the PCSPS had 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 accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of **classic**, **premium**, and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. The pension figures in this report show pension earned in PCSPS or **alpha** – as appropriate. Where a member has benefits in both the PCSPS and **alpha**, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to **alpha**. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members (the 'McCloud judgment').

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The Public Service Pensions Remedy¹² is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of **alpha** from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

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

The accrued pension benefits, Cash Equivalent Transfer Value (CETV) and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the **alpha** scheme for the period from 1 April 2015 to 31 March 2022.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Master trust. 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).

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

Table 14. Executive Board Members – pension costs for the year ended 31 March 2025 (subject to audit)

	Total accrued pension and related lump sum at pension age as at 31 March 2025	Real movement in pension and related lump sum at pension age	CETV at 31 March 2025	CETV at 31 March 2024	Real increase in CETV
	£000	£000	£000	£000	£000
Jane Harbottle CBE	Pension 50-55 Lump sum nil	Pension 2.5-5 Lump sum nil	937	828	58
Caroline Patterson	Pension 25-30 Lump sum 60-65	Pension 2.5-5 Lump sum 2.5-5	513	442	44
Adrian Hannell	Pension 25-30 Lump sum nil	Pension 0-2.5 Lump sum nil	383	381	2

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.

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.

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 Members

NEBMs were part-time and their role involved a commitment of 20 days per year during 2024 to 2025. They will hold office until the end of the period for which they were appointed.

Employment costs – NEBMs

Table 15. NEBMs in post at 31 March 2025 – employment costs (subject to audit)

Non-Executive Board Member	2024-25		2023-24	
	Total amount of fees	All taxable benefits	Total amount of fees	All taxable benefits
	£000	£000	£000	£000
Nick Campsie	10-15	-	5-10	-
Kenneth Gill ¹³ ARAC Chair	10-15	1.6	5-10	2.2
Suzanne Rab	5-10	-	5-10	-

Employment contracts – NEBMs

Table 16. NEBMs – employment contracts

Non-Executive Board Member	Contract start date	Term served (years)
Nick Campsie	22 June 2023	2
Kenneth Gill	12 June 2023	2
Suzanne Rab	1 April 2019	6

13 The remuneration includes £2,400 (2023 to 2024: £2,400) as Chair of the LAA ARAC.

Staff report

Staff costs

Table 17. Staff costs for the year ended 31 March 2025 (subject to audit)

	2024-25			2023-24		
	Permanently employed staff	Other	Total	Permanently employed staff	Other	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	43,195	306	43,501	40,961	215	41,176
Social security costs	4,346	-	4,346	4,122	-	4,122
Other pension costs	11,443	-	11,443	9,782	-	9,782
Total	58,984	306	59,290	54,865	215	55,080

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 2024 to 2025, employer's contributions of £11,328,000 were payable to the PCSPS (2023 to 2024: £9,730,000) at a flat rate of 28.97% (2023 to 2024: a range of four rates from 26.6% to 30.3%) of pensionable pay. The scheme's actuary reviews employer contributions every four years following the full scheme valuation. The salary bands and contribution rates were revised for 2024 to 2025 and will remain unchanged until 2026 to 2027. 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 £115,000 (2023 to 2024: £109,000) were paid to one or more of a panel of appointed stakeholder pension providers.

One person (2023 to 2024: one) retired early on ill health grounds; the total additional accrued pension liabilities in the year was £12,000 (2023 to 2024: £19,000).

Staff numbers

Table 18. Average number of persons employed (subject to audit)

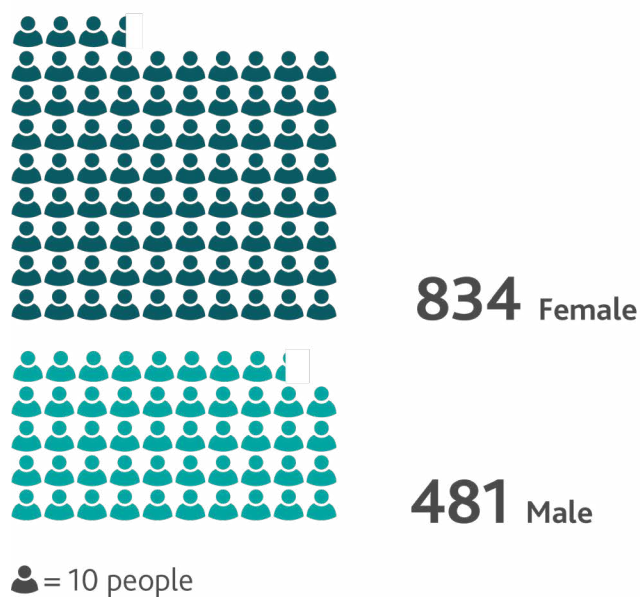
	2024-25			2023-24		
	Permanently employed staff	Other	Total	Permanently employed staff	Other	Total
Directly employed	1,204	-	1,204	1,142	-	1,142
Other	-	2	2	-	1	1
Total	1,204	2	1,206	1,142	1	1,143

Table 19. Staff composition (not subject to audit)

	Male	Female
Staff composition	481	834

Figure 4. Staff composition and senior Civil Service staff by band

Staff composition*



Senior civil staff by band*

SCS Pay band 1

Female 3

Male 4

SCS Pay band 2

Female 1

Male 1

1 icon = 1 person

*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 2024 Civil Service People Survey, 88% of those who took part (84% of total staff numbers) gave a positive response on the theme of Inclusion and Fair Treatment.

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 2024 to 2025 included:

- reviewed our line managers training offer in line with our workforce challenges and agency needs, which included launching our Line Managers Fundamentals Programme designed to equip LAA colleagues with the foundational skills and knowledge to grow and succeed as line managers
- delivered a Workforce Wellbeing Improvement Plan, which included interactive training sessions delivered to line managers to build capability and increase confidence and consistency of approach in supporting employee wellbeing
- continued to deliver against the Race Action Plan, and launched our 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

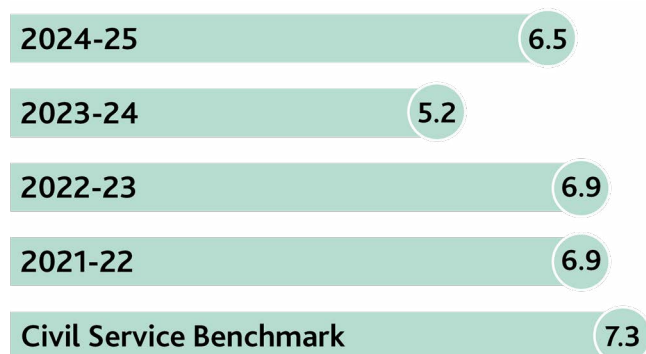
A key focus of the LAA People Plan was activity aimed at supporting LAA to become a truly diverse and inclusive employer of choice. This included improving the way we recruit, making improvements for candidates and the business, and ensuring fair, consistent, and transparent use of reward and recognition.

Employment of disabled persons

In line with the LAA's Disability Confident Leaders Accreditation 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. 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 Workplace Wellbeing 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 line managers wellbeing training 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 5. 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 as outlined in our LAA Retention Plan. 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 20. Staff turnover

	2024-25		2023-24	
	Turnover	Departmental turnover	Turnover	Departmental turnover
LAA	6.5%	8.5%	6.3%	8.6%

There were no exit packages in 2024 to 2025 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 2024 to 2025 was nil (2023 to 2024: nil).

Off-payroll engagements

During the financial year 2024 to 2025, 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.

Parliamentary accountability disclosures

This section has been subject to audit.

Losses and special payments

Table 21. Losses and special payments

	2024-25		2023-24	
	Volume	£000	Volume	£000
Cash losses	1	1	-	-
Write offs	3,335	15,988	8,378	14,742
Special payments	46	66	19	117
Constructive loss	1	2,808	-	-
Total value of losses	3,383	18,863	8,397	14,859

During the year LAA have assessed that further recovery action on a number of provider debts is not appropriate, due to, for example, provider bankruptcy, and have therefore written off the remaining debt balances. These mainly relate to Payments on Account for which final bills have not been received and where we either cannot confirm whether the work has been done, or the provider has recovered costs from other parties. In 2024 to 2025 there were seven write offs in excess of £300,000, as follows: £1,921,000, £968,000, £819,000, £786,000, £528,000, £407,000 and £399,000 (2023 to 2024: none).

Additionally, one recovery of defence costs order debt of £668,000 has been written off, as our assessment is that the debtor has insufficient assets to justify further recovery action (2023 to 2024: none).

Following the government's introduction of the Border Security, Asylum and Immigration Bill in January 2025, LAA has impaired £2,808,000 of digital capital expenditure in relation to work undertaken to prepare for the implementation of the Illegal Migration Act 2023.

During 2012 to 2015, a legal aid provider made fraudulent claims. Following identification of the fraud, improved controls were put in place. These include all providers being subject to an annual risk assessment, and, unless deemed low risk, an annual file audit. The largest providers are also subject to additional levels of scrutiny in proportion with their annual claims. Stewardship arrangements include working closely with providers and collaborating across our contract management, finance and digital teams to strengthen internal controls and provider compliance. LAA contract managers have access to provider activity reports and risk data which allow them to identify patterns in claiming, enabling faster identification and exploration of potential risk areas.

The LAA vigorously pursued recovery of the fraudulent claims, including through a private prosecution, which found in the LAA's favour, appointment of enforcement solicitors, freezing orders on assets, and a worldwide asset search.

In 2024 to 2025, following the conclusion of legal and recovery action, LAA has recognised a loss of £22,136,000. LAA has also recognised a loss of £3,404,000 in respect of debts owed by the provider in relation to other legally aided work where final bills were not received and we cannot confirm whether the work has been done. The cost of the fraudulent activity was expensed when it occurred, between 2012 and 2015, and therefore does not appear in note 4 of the financial statements or in the table above, while the cost of the unbilled activity, less the amount already provided for as impaired, has been expensed in 2024 to 2025.

Potential loss

The LAA's Counter Fraud and Intelligence (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 2025 there were no such remote contingent liabilities (31 March 2024: 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 2024 to 2025 are available on page 60.

Signed for and on behalf of the Legal Aid Agency



Jane Harbottle CBE

Chief Executive and Accounting Officer, Legal Aid Agency
8 October 2025

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 2025 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 2025;
- 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 2025 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;
 - 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

13 October 2025

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 2025

Legal Aid Agency Statement of comprehensive net expenditure for the year ended 31 March 2025

		2024-25	2023-24
	Notes	£000	£000
Statutory charge interest		(4,010)	(4,330)
Income under the legal aid schemes	3	(49,086)	(33,996)
Other income		(194)	-
Total operating income		(53,290)	(38,326)
Expenditure under the legal aid schemes	4	2,342,705	2,228,394
Staff costs	5	59,290	55,080
Other operating expenditure	5	41,613	34,308
Depreciation, amortisation and impairment	4,5	10,017	6,790
Total operating costs		2,453,625	2,324,572
Net operating costs		2,400,335	2,286,246
Other comprehensive expenditure			
Net (gain)/loss on revaluation of intangibles	6	(11)	(276)
Net (gain)/loss on revaluation of property, plant and equipment	7	(5)	(6)
Total comprehensive net expenditure		2,400,319	2,285,964

All income and expenditure are derived from continuing operations.

The notes on pages 96-134 form part of these financial statements.

Legal Aid Agency

Statement of financial position at 31 March 2025

		31 March 2025	31 March 2024
	Notes	£000	£000
Non-current assets			
Intangible assets	6	24,804	21,766
Property, plant and equipment	7	1,326	316
Right-of-use assets	8	4,340	6,715
Trade and other receivables	10	118,892	121,453
Total non-current assets		149,362	150,250
Current assets			
Trade and other receivables	10	37,593	51,123
Cash and cash equivalents	11	34,023	51,837
Total current assets		71,616	102,960
Total assets		220,978	253,210
Current liabilities			
Trade and other payables	12	(240,023)	(215,001)
Other financial liabilities	13	(1,347)	(928)
Provisions for liabilities and charges	14	(1,033,420)	(957,230)
Total current liabilities		(1,274,790)	(1,173,159)
Total assets less current liabilities		(1,053,812)	(919,949)
Non-current liabilities			
Other financial liabilities	13	(3,054)	(5,599)
Provisions for liabilities and charges	14	(593)	(722)
Total non-current liabilities		(3,647)	(6,321)
Total assets less liabilities		(1,057,459)	(926,270)

		31 March 2025	31 March 2024
	Notes	£000	£000
Taxpayers' equity			
Revaluation reserve		2,128	2,591
General reserve		(1,059,587)	(928,861)
Total taxpayers' equity		(1,057,459)	(926,270)

The notes on pages 96-134 form part of these financial statements.

Signed for and on behalf of the Legal Aid Agency



Jane Harbottle CBE

Chief Executive and Accounting Officer

Legal Aid Agency

8 October 2025

Legal Aid Agency
Statement of cash flows
for the year ended 31 March 2025

		2024-25	2023-24
	Notes	£000	£000
Cash flows from operating activities			
Net operating cost	2	(2,400,335)	(2,286,246)
Adjustments for notional and non-cash transactions	4,5	44,423	36,028
Legal aid costs met by HMCTS		7,712	6,790
Intra-departmental balances settled via General Reserves		(2,468)	(3,281)
Decrease in trade and other receivables	10	16,091	1,540
Increase in trade and other payables	12	25,022	3,996
Decrease in other financial liabilities	13	(2,126)	(600)
Less repayments of principal on leases	8	1,962	1,342
Less lease additions and remeasurements	8	164	(149)
Less movements in payables relating to items not passing through the Statement of comprehensive net expenditure	7	-	387
Movement in legal aid provisions	14	75,848	97,264
Net cash outflow from operating activities		(2,233,707)	(2,142,929)
Cash flows from investing activities			
Purchase of intangible assets	6	-	(128)
Purchase of property, plant and equipment	7	(145)	(8)
Net cash outflow from investing activities		(145)	(136)

		2024-25	2023-24
	Notes	£000	£000
Cash flows from financing activities			
Supply funding from MOJ: revenue		2,217,855	2,147,343
Supply funding from MOJ: capital		145	(343)
Repayments of principal on leases	8	(1,962)	(1,342)
Net cash inflow from financing activities		2,216,038	2,145,658
Net increase/(decrease) in cash and cash equivalents in year	11	(17,814)	2,593
Cash and cash equivalents at the beginning of the year	11	51,837	49,244
Cash and cash equivalents at the end of the year	11	34,023	51,837

Prior year comparatives have been reclassified to separately disclose costs met by HMCTS, which were previously shown as cash supply funding received from MOJ.

The reclassification is required as no cash flows to or from the LAA for these costs.

The notes on pages 96-134 form part of these financial statements.

Legal Aid Agency

Statement of changes in taxpayers' equity for the year ended 31 March 2025

		General reserve	Revaluation reserve	Total
	Notes	£000	£000	£000
Balance at 1 April 2024		(928,861)	2,591	(926,270)
Comprehensive net expenditure for the year		(2,400,335)	16	(2,400,319)
Supply funding from MOJ: revenue		2,217,855	-	2,217,855
Supply funding from MOJ: capital		145	-	145
Non-cash adjustments				
Costs met by HMCTS		7,712	-	7,712
Intra-departmental adjustment		9,236	-	9,236
Notional recharge from MOJ	5	33,747	-	33,747
Notional external audit fee	5	435	-	435
Movement in reserves				
Transfers from revaluation reserve		479	(479)	-
Balance at 31 March 2025		(1,059,587)	2,128	(1,057,459)

		General reserve	Revaluation reserve	Total
	Notes	£000	£000	£000
Balance at 1 April 2023		(826,637)	2,775	(823,862)
Net operating cost for the year	2	(2,286,246)	-	(2,286,246)
Supply funding from MOJ: revenue		2,147,343	-	2,147,343
Supply funding from MOJ: capital		(343)	-	(343)
Other comprehensive expenditure				
Net gain on revaluation	6, 7	-	282	282
Non-cash adjustments				
Costs met by HMCTS		6,790	-	6,790
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		(928,861)	2,591	(926,270)

Prior year comparatives have been reclassified to separately disclose costs met by HMCTS, which were previously disclosed within funding received from MOJ.

The notes on pages 96-134 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2025

Note 1 – Statement of accounting policies

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2024 to 2025, under the direction issued by HM Treasury under the Government Resources and Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Legal Aid Agency (LAA) for the purpose of giving a true and fair view has been selected. The particular 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).

Going concern

The LAA is an executive agency of the Ministry of Justice (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

Changes in accounting policies and interpretations, and new and amended standards adopted

The 2025-26 FReM withdraws the option under IAS 38, 'Intangible assets', to remeasure intangible assets using the revaluation model from 1 April 2025. With permission from HM Treasury, LAA is adopting this adaptation early, with the change applied prospectively with a transition date of 1 April 2024. Carrying values at the transition date are now considered historical cost.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2024 and not early adopted

IFRS 17 'Insurance Contracts' is being applied in the FReM from 1 April 2025 (with limited options for early adoption), with a transition date of 1 April 2024. IFRS 17 sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17 and replaces the previous standard IFRS 4 'Insurance Contracts'.

Per the FReM, for the purposes of applying IFRS 17, legislation and regulations, in isolation, are not equivalent to insurance contracts.

LAA has assessed the estimated impact of IFRS 17 on its financial statements through a review of contracts which could meet the definition of insurance contracts, and through a review of provisions, contingent assets and liabilities. The LAA does not consider that implementation of IFRS 17 will have a material impact on its financial statements for 2025-26.

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 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 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 MOJ of:

- transfers of property, plant and equipment and intangible assets
- 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

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 International Accounting Standard (IAS) 19 'Employee Benefits'.

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 MOJ represents the LAA's usage of corporate services.

The notional audit fee represents the cost of the annual external audit performed by the National Audit Office 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 criteria is recognised as an expense as incurred.

The useful lives of internally developed software range from 1 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. Such 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.

Prior to 1 April 2024, intangible assets were revalued each year at the reporting date using Producer Price Indices (PPI) for Current Cost Accounting, published by the Office for National Statistics (ONS).

From 1 April 2024, LAA is early adopting the FReM's withdrawal of the option to use the revaluation model for intangible assets. The carrying values at the transition date of 1 April 2024 are considered historical cost, and assets are not revalued at the reporting date.

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 ONS. This revaluation has not been carried out for 2024 to 2025, due to ONS flagging issues with their current and historic indices.¹⁴ Prior years' revaluations have been immaterial, both in-year and cumulatively, and the effect of pausing revaluation for 2024 to 2025 is also immaterial.

14 For more information see: www.ons.gov.uk/news/statementsandletters/pausingofproducerpricespublications

n) Leases

Scope and exclusions – LAA as lessee

In accordance with IFRS 16 'Leases', contracts, or parts of contracts, which 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 the above 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 and is applied to leases that commence or are remeasured in that year.

Where the lease includes extension or termination options, the lease payments will be for the non-cancellable period together with any extension or termination options the LAA is reasonably certain to either exercise or not 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
- lease incentives received
- incremental costs of obtaining the lease
- costs of restoring the site at the end of the lease

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.

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.

Estimates and judgements

The LAA has determined lease terms by assessing the level of certainty as to whether termination or extension options will be exercised.

The LAA has determined that the cost model is a reasonable proxy for fair value, because the rents payable are aligned to open market rates.

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 in order 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 Derecognition.

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. The LAA applies the simplified model and recognises lifetime expected credit losses.

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

For the purpose of making operational decisions and reporting to the LAA Board, the LAA divides net operating costs into two segments: Legal Aid 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:

		2024-25	2023-24
	Notes	£000	£000
Legal Aid			
Civil Representation		861,680	841,749
Legal Help		129,024	124,537
Crime Lower		303,401	306,494
Crime Higher		934,142	867,330
Central Funds		67,658	56,189
Total Legal Aid		2,295,905	2,196,299
Administration		104,430	89,947
Net operating costs		2,400,335	2,286,246

Note 3 – Income under the legal aid schemes

	2024-25	2023-24
	£000	£000
Civil Representation		
Contributions by funded clients	3,126	3,041
Recoveries from damages and statutory charges	7,641	7,164
	10,767	10,205
Criminal cases		
Crown Court recoveries	38,100	23,570
Recovery of defence costs	34	19
Public Defender Service	185	202
	38,319	23,791
Total	49,086	33,996

Note 4 – Expenditure under the legal aid schemes

	2024-25	2023-24
	£000	£000
Civil Representation		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	889,654	855,219
Provision for work in progress movement	(21,830)	(2,639)
Refund of contributions	1,093	351
Costs of successful unassisted parties	762	489
Movement in fair value reduction for statutory charge secured debt	694	1,135
Movement in fair value reduction for statutory charge interest debt	930	1,207
Debt impairment and write offs	4,092	430
Discount of debt	851	(104)
	876,246	856,088
Legal Help		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	121,373	110,220
Provision for work in progress movement	271	7,187
Direct services	6,901	6,752
Debt impairment and write offs	21	(19)
Discount of debt	2	(1)
	128,568	124,139

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

	2024-25	2023-24
	£000	£000
Crime Lower		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	317,903	295,089
Provision for work in progress movement	(22,785)	4,484
Direct services and Public Defender Service	6,321	5,143
Dilapidations provision movement	36	-
Debt impairment and write offs	(89)	(37)
Discount of debt	(4)	(2)
	301,382	304,677
Crime Higher		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	828,926	776,331
Provision for work in progress movement	115,874	96,528
Direct services and Public Defender Service	439	319
Debt impairment and write offs	17,546	10,858
Discount of debt	6,066	3,265
	968,851	887,301
Central Funds		
Central Fund expenditure (provided in year – note 14)		
Bills submitted in year	2,520	673
Defence cost orders awarded in Crown and magistrates' courts	42,785	46,489
Provision for work in progress movement	4,331	(7,817)
Interpreters and other	18,022	16,844
	67,658	56,189
Sub-Total	2,342,705	2,228,394
Depreciation expense	104	94
Total	2,342,809	2,228,488

Note 5 – Staff and other costs

	2024-25	2023-24
	£000	£000
Staff costs		
Wages and salaries	43,501	41,176
Social security costs	4,346	4,122
Other pension costs	11,443	9,782
	59,290	55,080
Other operating expenditure		
Accommodation and related costs	2,841	2,197
Property rentals not falling within IFRS 16	169	101
Office, IT and service running costs	1,751	1,001
Staff and committee member related costs	693	543
Legal and professional costs	1,320	1,218
Service level agreements with HMCTS	85	83
Lease interest expense	99	44
Other administration costs	249	405
Non-cash costs		
Notional recharge from MOJ	33,747	28,908
Notional external audit fee	435	330
Movement in provision for legal costs and dilapidations	213	(522)
Loss on disposal of assets	11	-
	41,613	34,308
Depreciation, amortisation and impairment charges		
Amortisation of intangibles	5,870	5,268
Depreciation of property, plant and equipment	139	179
Depreciation of right-of-use assets	1,096	1,249
Impairment of intangibles	2,808	-
	9,913	6,696
Total	110,816	96,084

Note 6 – Intangible assets

	Computer software	Assets under construction	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2024	91,841	(42)	91,799
Transfers from MOJ	1,960	9,745	11,705
Reclassifications	6,895	(6,895)	-
Disposals	(8,094)	-	(8,094)
Impairment	-	(2,808)	(2,808)
Revaluation	12	-	12
At 31 March 2025	92,614	-	92,614
Amortisation			
At 1 April 2024	70,033	-	70,033
Charged in year	5,870	-	5,870
Disposals	(8,094)	-	(8,094)
Revaluations	1	-	1
At 31 March 2025	67,810	-	67,810
Net book value at 31 March 2025	24,804	-	24,804

The revaluation reserve of £2,128,000 at 31 March 2025 includes £2,113,000 (31 March 2024: £1,958,000) 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 2023	86,876	146	87,022
Additions	6	122	128
Transfers from MOJ	-	3,562	3,562
Reclassifications	3,872	(3,872)	-
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
Revaluations	811	-	811
At 31 March 2024	70,033	-	70,033
Net book value at 31 March 2024	21,808	(42)	21,766

Note 7 – Property, plant and equipment

	Information technology	Building fitout	Furniture and equipment	Assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2024	8,096	305	335	-	8,736
Additions	69	-	76	-	145
Reclassifications	-	946	-	-	946
Disposals	-	-	(31)	-	(31)
Transfers from MOJ	-	-	(1)	-	(1)
Revaluations	-	(70)	-	-	(70)
At 31 March 2025	8,165	1,181	379	-	9,725
Depreciation					
At 1 April 2024	8,096	156	168	-	8,420
Charged in year	2	120	67	-	189
Reclassifications	-	(115)	-	-	(115)
Disposals	-	-	(20)	-	(20)
Revaluations	-	(75)	-	-	(75)
At 31 March 2025	8,098	86	215	-	8,399
Net book value at 31 March 2025	67	1,095	164	-	1,326

For 2024 to 2025, Furniture and equipment has been separately classified as either Building fitout or Furniture and equipment, as appropriate.

Additions include nil capital accruals at 31 March 2025 (31 March 2024: nil).

The revaluation reserve of £2,128,000 at 31 March 2025 includes £15,000 (31 March 2024: £633,000) 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 2023	8,004	579	479	9,062
Additions	-	8	-	8
Transfers	-	42	-	42
Disposals	-	-	(479)	(479)
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

Note 8 – Leases

Right-of-use leased assets

	2024-25	2023-24
	£000	£000
Cost or valuation		
At 1 April	9,763	9,653
Additions and remeasurements	(164)	149
Transfers	-	205
Reclassifications	(946)	-
Disposals	-	(244)
At 31 March	8,653	9,763
Depreciation		
At 1 April	3,048	2,043
Charged in year	1,150	1,249
Reclassifications	115	-
Disposals	-	(244)
At 31 March	4,313	3,048
Net book value at 31 March	4,340	6,715

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

Note 8 – Leases (continued)

Lease liabilities

	31 March 2025	31 March 2024
	£000	£000
Not later than one year	1,472	928
Later than one year and not later than five years	1,564	5,599
Later than five years	1,490	-
Gross cash flows	4,526	6,527
Less interest element	(125)	(44)
Present value of obligations	4,401	6,483

An analysis of discounted cashflows relating to lease liabilities, between current and non-current, is presented in note 13.

Amounts recognised in the Statement of comprehensive net expenditure

	2024-25	2023-24
	£000	£000
Depreciation	1,150	1,249
Interest expense	94	47
Low value and short-term leases	169	101
Total	1,413	1,397

Amounts recognised in the Statement of cash flows

	2024-25	2023-24
	£000	£000
Repayment of principal on leases	1,962	1,295
Interest expense	94	47
Total	2,056	1,342

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 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 established 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 2025, £90.5 million (31 March 2024: £95.3m) 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 2025	31 March 2024
	£000	£000
Cash and cash equivalents	34,023	51,837
Trade and other receivables – current	37,593	51,123
Trade and other receivables – non-current	118,892	121,453
Trade and other payables – current	(240,023)	(215,001)
Lease liabilities – current	(1,347)	(928)
Lease liabilities – non-current	(3,054)	(5,599)
Total	(53,916)	2,885

As at 31 March 2025 there were no financial guarantees or third-party obligations, other than amounts held as damages on deposit and Crown Court Means Test contributions, that increased the credit risk of the financial assets set out above.

Note 10 – Trade and other receivables

	31 March 2025	31 March 2024
	£000	£000
Amounts recoverable within one year		
Statutory charge	4,276	6,288
Statutory charge interest	3,957	4,998
Contributions due from funded clients	330	994
Costs to be recovered	274	285
Damages	96	100
Recovery of defence costs	4,585	5,255
Amounts due from service providers	21,590	25,739
Prepayments and accrued income	150	163
Intra-departmental debtors	1,466	3,394
Other receivables	869	3,907
	37,593	51,123
Amounts recoverable later than one year		
Statutory charge	42,127	44,391
Statutory charge interest	41,374	41,256
Contributions due from funded clients	1,219	3,337
Costs to be recovered	1,079	1,094
Damages	255	257
Recovery of defence costs	32,838	31,118
	118,892	121,453
Total	156,485	172,576

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 2.15% nominal and -0.85% and 0.05% in excess of RPI real until February 2030 and post February 2030 respectively (31 March 2024: 2.05% nominal and -1.05% and -0.05% 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.

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

	31 March 2025	31 March 2024
	£000	£000
Current		
Gross debt	119,953	145,598
Provision for impairment and cumulative fair value losses	(82,360)	(94,475)
	37,593	51,123
Non-current		
Gross debt	291,273	274,255
Provision for impairment and cumulative fair value losses	(172,381)	(152,802)
	118,892	121,453
Total	156,485	172,576

Note 10 – Trade and other receivables (continued)

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

	31 March 2025			31 March 2024
	Gross receivables	Provision for impairment and cumulative fair value losses	Total receivables	Total receivables
	£000	£000	£000	£000
Fair value through the profit and loss				
Statutory charge (secured)	67,547	(22,397)	45,150	49,031
Statutory charge interest	60,814	(15,483)	45,331	46,254
Amortised cost				
Statutory charge (unsecured)	4,109	(2,856)	1,253	1,648
Contributions due from funded clients	23,052	(21,503)	1,549	4,330
Costs to be recovered	5,149	(3,796)	1,353	1,379
Damages	2,563	(2,212)	351	357
Recovery of defence costs	194,069	(156,646)	37,423	36,373
Amounts due from service providers	51,438	(29,848)	21,590	25,739
Prepayments and accrued income	150	-	150	163
Intra-departmental debtors	1,466	-	1,466	3,395
Other receivables	869	-	869	3,907
Total	411,226	(254,741)	156,485	172,576

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 2024	77,291	95,285	172,576
Repayment of gross fund debt	(49,244)	(8,911)	(58,155)
New gross fund debt	53,597	4,888	58,485
Fair value adjustment of fund debt through Statement of Comprehensive net income	-	(781)	(781)
Impairment adjustment of fund debt through Statement of Comprehensive Net Expenditure	(10,660)	-	(10,660)
Movement in prepayments, accrued income, intra-departmental receivables and other receivables	(4,980)	-	(4,980)
At 31 March 2025	66,004	90,481	156,485

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 £254.7 million (31 March 2024: £247.3 million).

The majority of the LAA's trade and other receivables are the result of a statutory charge: £90.5 million (31 March 2024: £95.3 million) out of a total receivables balance after impairment of £156.5 million (31 March 2024: £172.6 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 2025.

There is no adjustment in the impairment of the LAA's receivables at 31 March 2025 to reflect the potential future impact of current economic circumstances. Based on the experience from previous recessions we do not consider any economic downturn would 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 2.15% nominal and -0.85% and 0.05% in excess of RPI real until February 2030 and post February 2030 respectively (31 March 2024: 2.05% nominal and -1.05% and -0.05% in excess of RPI real until February 2030 and post February 2030 respectively).

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 2025	31 March 2024
		Increase/(decrease) in net financial assets	
Assumptions tested	Assumption	£m	£m
Income received	Evenly through the year	0.9	1.2
Expected cash inflows based on historic repayment profiles	+10%	8.8	9.1
Expected cash inflows based on historic repayment profiles	-10%	(9.4)	(9.3)
Discount rate	+1%	(10.5)	(10.0)
Discount rate	-1%	12.1	11.9
Highest change		21.8	22.2
Lowest change		(19.9)	(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

	2024-25	2023-24
	£000	£000
At 1 April	51,837	49,244
Net change in balances	(17,814)	2,593
At 31 March	34,023	51,837

The balances were held at:

	31 March 2025	31 March 2024
	£000	£000
Government Banking Service	30,819	28,254
Commercial banks	3,204	23,583
Total	34,023	51,837

Note 12 – Trade and other payables

	31 March 2025	31 March 2024
	£000	£000
Amounts due to solicitors, counsel and advice agencies	121,664	72,970
Contribution refunds due to funded clients	2,995	2,065
Taxation and social security costs	959	902
Intra-departmental creditors	8,831	22,567
Other payables	8,753	8,852
Accruals for amounts due to solicitors, counsel and advice agencies	89,629	101,422
Other accruals	7,192	6,223
Total	240,023	215,001

All trade and other payables fall due within one year. Prior year accruals have been reclassified as either accruals due to solicitors, counsel and advice agencies, or other accruals. This reclassification is intended to improve the relevance and understandability of the information provided.

Note 13 – Other financial liabilities

	31 March 2025	31 March 2024
	£000	£000
Lease liabilities – current	1,347	928
Lease liabilities – non-current	3,054	5,599
Total	4,401	6,527

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 2024	935,870	20,914	230	938	957,952
Provided in year	2,229,386	47,116	249	-	2,276,751
Utilised in year	(2,157,856)	(42,785)	(49)	-	(2,200,690)
Not required and written back	-	-	-	-	-
At 31 March 2025	1,007,400	25,245	430	938	1,034,013
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

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 2024	296,252	54,647	50,780	534,191	935,870
Reclassified	186	-	(186)	-	-
Provided in year	867,824	121,644	295,118	944,800	2,229,386
Utilised in year	(889,654)	(121,373)	(317,903)	(828,926)	(2,157,856)
At 31 March 2025	274,608	54,918	27,809	650,065	1,007,400
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

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	1,007,400	25,245	430	345	1,033,420
Later than one year and not later than five years	-	-	-	470	470
Later than five years	-	-	-	123	123
At 31 March 2025	1,007,400	25,245	430	938	1,034,013

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

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 provision: valuation methodology

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.

Civil Representation provision: sensitivity analysis

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 ¹⁵	Max duration +1 year	18.5	Max duration -1 year	(18.5)
Final billing duration ¹⁶	+15 days	0.9	-15 days	(0.9)
Average final bill value	+15%	31.7	-15%	(25.6)
Profile variance ¹⁷	-15%	17.0	+15%	(17.9)

- 15 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 1 year. We have assumed a this degree of variance can be seen in either direction.
- 16 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.
- 17 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 2025 could be higher by up to +18.3% (£68.1 million) or lower by up to -16.9% (-£62.9 million).

Legal Help, Crime Lower, Crime Higher non-Graduated Fee Scheme and Central Funds provisions: sensitivity analysis

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:

Assumptions tested	Increase in net financial liability		(Decrease) in net financial liability	
	Assumption	£m	Assumption	£m
Forecast spend ¹⁸	2.7%	1.9	-8.7%	(6.1)
Case durations ¹⁹	6.6%	13.3	-7.7%	(15.8)
Price profiles ²⁰	3.9%	3.5	-3.0%	(2.7)

18 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.

19 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.

20 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 2025 could be higher by up to +9.1% (£18.7 million) or lower by up to -12.0% (-£24.6 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 ²¹	+10.0%	57.1	-10.0%	(57.1)
Completion rates ²²	+2.5%	54.2	-2.5%	(49.0)
Case durations ²³	-10.0%	45.6	+10.0%	(47.1)
Transfers ²⁴	-20.0%	10.6	+20.0%	(10.6)

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 2025 could be higher by up to +26.4% (£167.5 million) or lower by up to -25.8% (-£163.8 million).

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- 21 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.
- 22 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.
- 23 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.
- 24 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 2025 and 2035 as each lease expires.

Note 15 – Commitments

	2024-25	2023-24
	£000	£000
Not later than one year	157	132
Later than one year and not later than five years	358	424
Total	515	556

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 one contingent asset 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 this asset (31 March 2024: two, unquantified).

Note 17 – Related party transactions

The LAA is an executive agency of MOJ, which is regarded as a related party. During the year the LAA had various material transactions with MOJ. The LAA has also had various material transactions with His Majesty's Courts and Tribunals Service (HMCTS), an agency of 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 2024 to 2025 no board members or other related parties have undertaken any transactions with the LAA (2023 to 2024 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 2024	Gross inflows	Gross outflows	31 March 2025
	£000	£000	£000	£000
Damages ²⁵	1,120	566	(1,111)	575
Crown Court Means Test ²⁶	23,352	24,933	(20,422)	27,863
Total	24,472	25,499	(21,533)	28,438

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 two events to report:

- the LAA's online digital services have been subject to a cyber attack
- as a result, those services were taken down and are gradually being restored, with contingency arrangements in place as at the date these financial statements are authorised for issue

Cyber attack

On 23 April 2025, the LAA became aware of a cyber attack on our online digital services, through which legal aid providers log their work and make claims for payment. On discovery of the attack, external experts were appointed to carry out an investigation into the incident. Evidence of data exfiltration activities was identified, but no evidence of data modification activities was found. The LAA has carried out extensive work to assure ourselves that the data underlying these financial statements is unaffected by the incident.

Response and contingency arrangements

On 16 May 2025, we learned that the cyber attack was more extensive than originally thought and that the attackers had accessed a large amount of information relating to legal aid applicants. Customer facing and internal processing systems were therefore taken down and, while some systems have since been restored or part-restored, contingency measures remain in place.

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

26 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.

Contingency measures include the payment (on provider opt-in) of temporary average payments for Civil Representation work that would otherwise be due for payment, and enhanced delegations to providers to enable applications for civil and criminal legal aid to be processed without significant delay. Where appropriate, Parliamentary or HM Treasury approval has been obtained prior to the implementation of these measures.

We have reviewed the impact of these measures on our assets and liabilities at 31 March 2025 and our results for 2024 to 2025. As a result of this review, three intangible assets have been disposed of as at 31 March 2025: these assets will not be brought back online, and are being replaced with new, more secure, applications. The disposed of assets were fully amortised at 31 March 2025, and therefore there is no financial loss to report in 2024 to 2025. No other impact on the 2024 to 2025 financial statements has been identified.

The LAA has worked to ensure that those most in need of legal support can continue to access the help that they need, and to provide financial support to legal aid providers. The contingency measures in place will impact on the results reported for 2025 to 2026, however, we are at present unable to estimate the financial effect. We have received pre-action letters in relation to possible claims for damages as a result of the cyber attack.

