Legal Aid Agency

Annual Report and Accounts
2025 to 2026



HC 692

Legal Aid Agency Annual Report and Accounts 2025 to 2026

For the period 1 April 2025 to 31 March 2026

Accounts presented to the House of Commons pursuant to section 7 of the Government Resources and Accounts Act 2000

Report presented to the House of Commons by Command of His Majesty

Ordered by the House of Commons to be printed on 17 November 2026

HC 692

OGL

© Crown copyright 2026

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit **nationalarchives.gov.uk/doc/open-government-licence/version/3**

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at **www.gov.uk/official-documents**

Any enquiries regarding this publication should be sent to us at Legal Aid Agency, 102 Petty France, London, SW1H 9AJ.

ISBN 978-1-5286-6741-8

E03629564 11/26

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd on behalf of the Controller of His Majesty's Stationery Office.

Contents

Performance Report 4

Statement from the Interim Chief Executive 5
Addendum to Interim Chief Executive's Introduction 7
Statement from the Non-Executive Board Chair 8
Performance Overview 10
Performance Analysis 21

Accountability Report 40

Corporate governance report 41
Directors' report 42
Statement of Accounting Officer's responsibilities 43
Governance statement 44
Remuneration and staff report 65
Remuneration policy 66
Staff report 74
Parliamentary Accountability and Audit Report 78

Financial Statements 85

Financial Statements of the Legal Aid Agency for the year ended 31 March 2026 86
Notes to the Financial Statements for the year ended 31 March 2026 93

Annexes 136

Annex A 137
Abbreviations 138
Glossary 140

Performance Report

Statement from the Interim Chief Executive

I am pleased to introduce the Legal Aid Agency's Annual Report and Accounts for 2025 to 2026.

The Legal Aid Agency (LAA) plays a vital role at the heart of the justice system. We administer legal aid in England and Wales so that people, including some of the most vulnerable in society, can obtain the advice, support and representation they need. This purpose guided us throughout an exceptionally challenging year and remained central to every decision we took.



The cyber-attack identified in April 2025 had a profound impact on the Agency and the people who depend on our services. Criminals gained unauthorised access to LAA systems and took personal information relating to people who had applied for legal aid and others whose information was held within those systems. We took affected systems offline to protect users and prevent further unauthorised access, causing significant disruption to the digital services through which legal aid is administered, and required colleagues to introduce contingency arrangements and manual workarounds so that legal aid could continue to be provided. A detailed overview of the attack and our response is given on pages 16-18.

Throughout the disruption, our priority was to maintain access to justice. Colleagues across the LAA worked as one Agency to introduce contingency arrangements, sustain essential services and support providers to continue delivering legal aid. Applications continued to be considered, claims and payments were processed through alternative arrangements, and providers received the support needed to maintain services for clients. This depended on close coordination between operational, contracting, finance, digital, commercial, legal and corporate teams, alongside the commitment of colleagues across the Ministry of Justice (MOJ) and the legal aid sector.

I am immensely proud of the professionalism, resilience and determination shown by colleagues throughout the year. They adapted quickly to new ways of working, made careful decisions in difficult circumstances and remained focused on the people and providers who rely on us. Our providers and representative bodies also played a vital role in maintaining access to justice during sustained disruption, and I am grateful for their flexibility, constructive engagement and shared commitment to public service.

While the cyber-attack inevitably shaped the year, it did not define the full breadth of our work. We implemented the 2025 Standard Crime Contract and developed more flexible contracting arrangements to support providers and strengthen the availability of legal aid services. We also worked closely with MOJ colleagues to prepare for the legal aid provisions within the Public Office (Accountability) Bill, developing the operational, contractual and digital arrangements needed to support implementation, subject to Parliamentary approval.

As services were restored, we began the longer-term work of recovery and transformation. This has included strengthening security and resilience, improving governance and assurance, and investing in the people, systems and capabilities needed to deliver a more modern legal aid service. We restored core services in a phased and controlled way, introduced new digital capabilities and secured significant investment to support recovery and move away from vulnerable legacy technology. These are important foundations for an accessible, trusted and sustainable service that delivers for clients, providers and taxpayers.

This progress reflects the contribution of the whole Agency. The delivery of legal aid is not the work of any one team or profession. It depends on people across the LAA bringing together operational expertise, professional judgement and a shared commitment to our purpose. The collaboration and innovation demonstrated during the year give me confidence that we can build on what we have learned, address the challenges that remain and emerge as a stronger and more resilient organisation.

Since July 2026, I have served as Interim Chief Executive. Having spent a number of years in senior roles across the Agency, I have seen first-hand the professionalism, expertise and commitment of our people and providers. That continuity proved particularly important during a year of significant disruption, helping us maintain focus on what matters most: ensuring that legal aid remained available to those who needed it.

I am pleased to welcome Helen Measures as the incoming Chief Executive. As I hand over to Helen, I do so with confidence. The Agency is moving forward with a clear sense of purpose, stronger partnerships and a shared commitment to building a more resilient and sustainable future for legal aid. While leadership changes, our mission remains constant. I know Helen will build on that strong foundation as the Agency enters its next chapter.

Finally, I want to thank colleagues across the LAA, the MOJ, wider government and the legal aid sector for everything they have done during this exceptional year. Their collective effort maintained an essential public service in the most difficult circumstances. It is through that same shared endeavour that we will continue to strengthen legal aid, creating an accessible and sustainable system that allows us to support swift access to justice and be a beacon for justice and the rule of law.



Lucy Jones
Interim Chief Executive and Accounting Officer
Legal Aid Agency
10 November 2026

Addendum to Interim Chief Executive's Introduction

Having taken up the position of Chief Executive on 26 October 2026, I want to acknowledge the dedication and hard work demonstrated by all staff across the LAA during another demanding year. I am also grateful for Lucy Jones' leadership as Interim CEO and the many years of leadership of the former CEO Jane Harbottle CBE. They are both tough acts to follow.



I look forward to working closely and collaboratively with colleagues at every level, and with the Board, Non-Executive Board Members (NEBM) and executive leadership team as we build on the progress achieved to date. Together, we will shape the next phase of the Agency's development and continue strengthening the impact we have and the services we deliver.

Helen Measures
Chief Executive and Accounting Officer
Legal Aid Agency
10 November 2026

Statement from the Non-Executive Board Chair



The role of the LAA Board is to challenge and support our Executive Leadership Team. The Board's focus during the period of this report has been on overseeing management of the operational and financial risks arising from the cyber-attack the Agency experienced in April 2025, and supporting development of the multi-year programme of investment which will modernise our systems, simplify our processes, and improve our ability to respond to future cyber threats. I wrote last year that the provision of legal aid relies upon the commitment and professionalism of everyone at the Agency and the thousands of barristers and solicitors who work tirelessly to support the needs of their often vulnerable clients. That has never been more true than this year, during which the Agency and providers needed to design and adopt contingency procedures to ensure that the legal aid system continued to operate, despite the loss of almost all digital capability. This would not have been possible without such a dedicated workforce and the agility and resilience of providers, who collaborated in testing circumstances to ensure that the legal aid system continued to function.

The only silver lining of the cyber-attack has been that the case for substantial investment in the Agency's digital systems and capabilities has been put beyond doubt. We have secured a substantial capital investment sum to be deployed over several years, on the back of which we have designed a programme for the replacement or material upgrade of all of our legacy systems. We will take this opportunity not just to replace old with new, but to simplify our processes, become more efficient, and make interacting with us easier for legal aid providers.

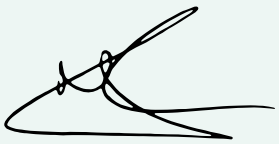
The year has been dominated by recovery from the cyber-attack, but we have been able to advance in other areas, too. My highlights from the year include:

- Working with providers, representative bodies and MOJ Policy colleagues to support the expansion of legal aid funding for inquests;
- Simplifying the terms and requirements of the civil legal aid contract, which will be renewed in 2028, by incorporating the changes made to the criminal contract last year;
- The Agency's contribution to securing an additional £92 million per year for criminal legal aid, and an £18 million increase for civil legal aid fees.

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, data security policies and how best to measure operational performance, among other corporate issues. My Non-Executive Board colleagues, Professor Suzanne Rab and Kenneth Gill, have stood down from their positions at the end of their terms, in December 2025 and July 2026, respectively. I thank both Suzanne and Ken for their insight and guidance both during and beyond formal Board meetings. We have welcomed to the Board two new Non-Executive members, Lisa Haythorne MBE and José Luis Carrizo, who bring legal and digital expertise, respectively. I look forward to working with the new Non-Executive team.

After stewarding the Agency through a very difficult year, our CEO, Jane Harbottle, left in July 2026 for a much-deserved Director-General level position at the Cabinet Office. Jane served the LAA, and its predecessor, the Legal Services Commission, for 26 years in total, of which seven years were as CEO. The Board is grateful to Jane for her dedication and outstanding leadership, not least during the challenging twelve months of the cyber-attack, and wish her every success in the future. Our incoming CEO, Helen Measures, has worked at HMCTS for eight years, rising to the position of National Services Director. Helen was previously Head of Performance, Risk and Compliance at the National Crime Agency, and a senior policy adviser at the Ministry of Justice. The Non-Executive directors look forward to supporting Helen's leadership of the Agency in the exciting years ahead of us.

This has not been the year we hoped for, and much of what we had hoped to achieve was deprioritised in face of the extraordinary circumstances of the cyber-attack. On behalf of the Board, I thank our management, staff, and legal aid providers for the determination and flexibility they showed in responding to that challenge. We now have the funding to greatly improve our systems and our service, in a secure and customer-centric way, and for that reason we can look to the years to come with optimism.



Nick Campsie
Lead Non-Executive Board Member
10 November 2026

Performance Overview

The performance overview summarises information about the LAA. It includes our purpose and Strategic Objectives (SO) and a summary of how we have performed during the year. You can find more detailed information on our performance on pages 21-29. Our services and performance measures were significantly disrupted throughout the year by a criminal cyber-attack, more detail can be read on pages 16-18.



Legal aid applications

We processed more than **340,000**[1] **applications for legal aid** (more than 380,000 in 2024 to 2025)

For the periods where performance data was available, **71.68%**[1] **of civil legal aid applications** were processed within **20 working days** except in the most complex cases (95% in 2024 to 2025)

99.77%[1] of criminal legal aid applications processed within **two working days** (100% in 2024 to 2025)



Processing / Delivery

We processed over **1.4 million bills**[2] (over 1.45 million in 2024 to 2025)

For the periods where performance data was available, **94.65%**[3] **of complete, accurate Civil bills** were paid within **20 working days**, just below the 95% target[2]

For Crime, **98.46%**[2] **of complete, accurate bills** were paid within **20 working days**, exceeding the 95% target[2]

1 Application volumes are based on published Legal Aid Statistics covering the full financial year. Processing performance is based on internal operational management information and is only available for April 2025 and December 2025 to March 2026 for Civil; April 2025 and October to March 2026 for Crime because of the cyber-attack. Consequently, the reported performance percentages relate only to those available reporting periods and should not be interpreted as full-year performance.

2 Billing volumes are based on published Legal Aid Statistics covering the full financial year. Processing performance is based on internal operational management information and is only available for December 2025 to March 2026 for Civil; June 2025 to March 2026 for Crime because of the cyber-attack. Consequently, the reported performance percentages relate only to those available reporting periods and should not be interpreted as full-year performance.

3 Prior-year comparison is unavailable, as the Bills KPI was split into Civil and Crime categories in 2025 to 2026.



Our people

Our average working days lost stands at **6.9 for the 12 months** to March 2026 compared with 6.5 for the same rolling period to March 2025

Over 51% of our people had no sickness absence during the 12 months to March 2026 (52% in 2024 to 2025)



Our people

Our staff engagement score **decreased by one percentage point to 70%** in the annual People Survey

With an **83% response rate** (84% in 2024 to 2025) we are confident this represents the experience of most of our people



Reputation

We answered over **115,000 phone calls** to our call centres (over 123,000 in 2024 to 2025) and **exceeded** all our customer service and correspondence **key performance indicator targets**

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 (including 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 21-29 of the Performance Analysis section.

These Strategic Objectives support the wider work of 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 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 MOJ. The LAA Chief Executive and Accounting Officer is supported by the LAA Board and LAA Executive Committee (LExCo).

We have around 1,243 members of staff, you can find details on the composition of our workforce on page 75. Details of our governance and management structure are in the governance statement on pages 44-64. The principal risks are given on page 30 and pages 55-59.

Our people

The success of the LAA is centred around the skill and commitment of our people. They are central to everything we deliver. We want to ensure our people are engaged in their work and feel included at every level, to enable them to perform to the best of their ability.

A focus on leadership, wellbeing, learning and development and inclusion were significant aspects of our People Plan during 2025 to 2026.

The LAA People Plan 2025 to 2026 sets out the approach for:

- Enhancing leadership and change capability: to ensure leaders at all levels are equipped and confident to lead through and deliver change effectively.
- Strengthening workplace relations: to maintain engagement, productivity and retention through improved employee relations and wellbeing.
- Embedding talent management: to enhance professional development, capability and performance.
- Streamlining recruitment: to have a faster and more efficient process.
- Increasing satisfaction with workplace benefits: to improve staff satisfaction, retention and wellbeing.

We also continued to support our people through:

- A centralised recruitment process that is compliant with the Civil Service and MOJ recruitment principles. We are committed to continually improving the recruitment process for both applicants and recruiting managers.
- A learning and development offer tailored to meet the needs of our staff. Alongside a diverse range of development programmes, this ensured our people had access to the right learning when they needed it.
- A zero-tolerance approach to bullying, harassment and discrimination, supported by our tackling unacceptable behaviour and active bystander training.
- Regular updates on the work of the LAA and future change through all-staff calls. We also celebrated the achievements of our people through our annual staff awards and monthly Chief Executive awards.
- Support for line managers and their teams through training sessions, including line manager wellbeing training and our Line Manager Fundamentals Programme, which supports new line managers in role by giving them the foundational skills and knowledge to grow and succeed as line managers.

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 2025 continue to show excellent levels of engagement. This demonstrates that the LAA continues to provide a positive working environment and has supported its people throughout the response to the cyber-attack. This is an important element of our plans to attract, develop and retain diverse and talented staff and build a high-performance culture that delivers for citizens.

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 enablers for achieving 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 and have been vital in our shared response to the cyber-attack. The LAA is grateful for their support this year.

Through meetings such as the Crime and Civil Contract Consultative Groups and the Provider Engagement Team, we ensure we have regular engagement on significant 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, our regular provider emails and via social media. 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) is the Legal Aid Agency's in-house criminal defence practice, providing high quality representation in the most serious, complex and sensitive cases across England and Wales. The PDS operates as a national criminal defence organisation delivering specialist advice, representation and advocacy from the police station through to the Crown Court and appellate jurisdictions. Our practitioners uphold the highest professional standards, ensuring that individuals, particularly those who are vulnerable or otherwise disadvantaged, receive fair, robust and expert defence services irrespective of their circumstances.

During 2025 to 2026 PDS Advocates received over 1,000 new instructions with an average of 188 case hearings per month. The total number of new cases opened by PDS Solicitors was 3,628 and 99.2% of duty solicitor calls were accepted by PDS Solicitors.

The PDS has four solicitor offices. The PDS also has an advocacy team, who conduct cases throughout England and Wales and can be instructed by any solicitor firm, as well as undertaking court appointee work. Our advocates are based nationwide meaning we are able to step in to prevent unnecessary adjournments, support unrepresented defendants and safeguard the rights of vulnerable individuals across England and Wales. By enabling cases to proceed without avoidable delay, and by delivering experienced litigation and advocacy, we contribute directly to the effective, efficient and fair operation of the criminal justice system.

Alongside this work, PDS lawyers share their experience of the criminal justice system to inform policy and change initiatives. Through the depth of our legal expertise, our commitment to continuous professional development and our role in supporting the wider defence community, the PDS contributes to the effective functioning of the criminal justice system and the promotion of access to justice.

Cyber Incident

Background

In April 2025, the LAA identified suspicious activity within our online systems. Subsequent investigation established that unauthorised access to systems had occurred over a period of time prior to detection, with evidence indicating that compromise began in late December 2024.

Following identification of the incident on 23 April 2025, the LAA activated its incident response arrangements, and worked in conjunction with the MOJ, the National Crime Agency (NCA) and the National Cyber Security Centre (NCSC). Structured major incident management governance arrangements were established, providing oversight and bringing together operational, digital, security, legal and data expertise to inform decisions.

As the scale and criminal nature of the attack became clearer, including the discovery on 16 May 2025 that the attack was more extensive than originally understood and that the group behind it had accessed a large amount of information relating to legal aid applicants, the decision was taken to take affected systems offline. This resulted in significant disruption to digital services that underpin the administration of legal aid.

The response to the cyber-attack relied on the commitment and resilience of legal aid providers, who continued to deliver services through a period of significant disruption. To maintain service delivery so that legal aid remained available and access to justice was preserved while systems were recovered and restored, contingency arrangements were introduced, ensuring providers continued to be paid for their work.

Contingency measures

These measures included:

- accepting urgent civil applications via email and prioritising cases based on urgency
- enabling providers to make determinations, supported by temporary changes to legislation
- introducing an average payment scheme to provide financial stability to providers, which paid over £394 million during the period of disruption
- maintaining criminal legal aid payments and introducing manual processes where required to ensure continuity

Contingency arrangements were developed and implemented with careful consideration of fraud, error and value for money risks, including the use of fraud risk assessments and Accounting Officer oversight. Where appropriate, LAA engaged extensively with HM Treasury. The contingency arrangements were kept under continuous review and adapted as the duration and impact of the incident became clearer.

Data impacts and restoration of services

The cyber-attack involved the exfiltration of a significant volume of data spanning a wide time period. This reflects the nature of legal aid records and retention requirements.

Understanding what data was stolen, and the individuals affected, has been time-consuming and complex. The LAA tracks cases, and identifies an individual in a case, but the LAA does not require individual records to be joined together. The LAA's digital estate comprises multiple systems and datasets, with no single, consolidated record for each individual. The exfiltrated data was predominantly incomplete, fragmented and unstructured and in some cases, contained limited identifying information. As a result:

- analysis has required specialist technical expertise and the development of new data tools
- the process of identifying affected individuals is iterative and subject to refinement
- it may not be possible to identify all individuals with complete certainty

The incident was reported to the Information Commission's Office (ICO) in April 2025, and the NCA is undertaking a criminal investigation into the cyber-attack. Monitoring arrangements remain in place to identify any potential dissemination of the data. To the best of our knowledge, none of the exfiltrated data has been published online, or on the dark web. We secured an interim injunction in May 2025 prohibiting the attackers from publishing, disclosing and sharing the data they stole.

Restoration and recovery

Restoration of services has been undertaken in a phased and controlled manner, supported by technical, security and risk assurance experts. This has required balancing the need to restore services quickly with the need to manage ongoing cyber risk, data integrity and service resilience.

Key stages in restoration included:

- restoration of internal access to critical crime systems from June 2025 to enable priority processing of legal aid applications, to maintain access to justice
- assessment of the cyber-attack to make informed decisions on which systems could be restored with added control measures; and which systems could not be restored, and therefore required replacements.
- introduction of a new identity and access management service for legal aid providers, Sign in to Legal Aid Services (SiLAS), in August 2025
- restoration of criminal application and billing services for providers, from September 2025
- restoration of civil systems for providers by December 2025
- launch of Submit a Bulk Claim (SaBC) in February 2026, providing a new digital route for providers to submit monthly Civil Legal Help, Crime Lower and Mediation claims, reducing reliance on contingency processes

By the end of the reporting period, all core digital legal aid services had been restored or replaced, and the majority of contingency measures impacting providers had been withdrawn.

At 31 March 2026, legal aid services were operating through restored or replacement digital services with strengthened security controls and enhanced monitoring compared with the pre-incident position. Residual risk remained, particularly across parts of the legacy estate, and further remediation, assurance and modernisation is required. The LAA continues to make progress in operational recovery, focusing on reducing the remaining contingency arrangements, restoring sustainable, digital capability for management information and returning all services to sustainable digital platforms. While critical services remain operational, several areas still rely on manual workarounds and interim solutions, meaning recovery remains an active organisational priority. Work is ongoing to identify options for areas not yet mapped for delivery to enable full recovery.

Looking ahead

Since the end of the financial year, the LAA has continued to move from restoration into recovery and transformation. Recovery activity is focused on reducing reliance on manual workarounds, clearing remaining operational impacts, improving resilience and strengthening the security posture of legal aid digital systems. This work is being taken forward alongside the wider transformation programme, which is moving the LAA away from legacy technology towards more secure, user-centred and sustainable services.

Learning from the cyber-attack has been incorporated into updated incident response arrangements, cyber-attack simulation exercises and future strategic planning. The cyber-attack has reinforced the importance of continued investment in resilience, security and modernisation, and these will remain central priorities as the LAA continues its recovery and transformation work in 2026 to 2027.

The LAA also continues to manage longer-term legal and financial implications arising from the cyber-attack, including litigation being pursued by individuals who believe their personal data may have been compromised. The LAA is taking a considered and evidence-based approach to these claims, informed by ongoing work to verify whether individual claimants' personal data was affected and, if so, how.

For more information on our governance see pages 44-64 and for the risk appetite see pages 55-59.

Spending Review

The work of the LAA has directly supported the priorities of the government through 2025 to 2026, 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 21-29.

Since the General Election, the LAA has fully engaged in the Spending Review (SR) 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.

The risk from digital systems, which had been captured in corporate risk reporting since 2018, 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 SR. 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.

The cyber-attack realised the risk of a major digital incident due to the fragility of the legacy legal aid technology estate and reinforced the need to accelerate transformation alongside recovery. Justice Digital secured an initial investment to begin stabilisation of the most at-risk systems and for transformation to introduce new systems prior to the discovery of the cyber-attack. Over the SR we have secured funding of over £200 million for transformation, recovery from the cyber-attack and for moving our legacy systems to a modern and safe technology platform. This investment has been essential to establish the foundations for transforming legal aid services and systems.

The total operational and digital spend on the incident was £18.8 million in the 2025 to 2026 financial year. There are also constructive losses of £1.9 million for the impairment of digital assets that were made obsolete following the cyber-attack as reported in the losses and special payments disclosure. Digital expenditure on system security, restoring impacted systems and implementing new services such as Sign in to Legal Aid Services make up the majority of these costs. A further £26 million has been allocated to 2026 to 2027 budgets for continued digital spend in this area and £3.6 million is also allocated for each of the next two years for Operational Recovery within the LAA.

Transformation and change

A single transformation portfolio oversees the delivery of all MOJ change and improvement activity that relates to legal aid. That includes policy change, service improvement and digital change.

Following the cyber-attack, the LAA maintained access to justice by implementing contingency and business continuity measures, while simultaneously focusing on restoring our digital services. Change activity was carefully managed to balance the need to restore and stabilise critical services with longer-term improvements, recognising the importance of service continuity for legal aid clients and providers, operational resilience, confidence in LAA systems and staff wellbeing. Working with providers and representative bodies, we prioritised:

- SiLAS as the sole sign on service for legal aid providers to access online services, with over 21,000 active user accounts as of 31 March 2026, which improves reliability and strengthens data quality, security and auditing controls.
- Bringing all our services back online, including the Client and Cost Management System (CCMS), so providers can submit applications and bills for processing. Where services were restored, they were restored using secure browsers to enable access while isolating users from vulnerabilities.
- Developing the SaBC payment system to support accurate provider payments for controlled work. All providers are onboarded; and as of 31 March 2026, SaBC has processed 99% of claims accrued while systems were offline.
- Securing an additional £92 million for criminal legal aid, in response to the Proposals for Solicitor Fee Scheme Reform consultation, meaning solicitors have received an overall funding uplift of 24% since the Criminal Legal Aid Independent Review (CLAIR).
- Increasing Civil legal aid fees for housing and immigration controlled work, an £18 million annual increase, alongside higher overnight accommodation rates for both crime and civil legal aid providers and experts.

During 2025 to 2026, the LAA worked with MOJ colleagues to prepare for implementation of the legal aid provisions within the Public Office (Accountability) Bill, commonly known as the Hillsborough law. These changes are intended to strengthen access to justice by helping bereaved families secure early legal advice and representation at inquests, thus supporting more effective participation and promoting equality of arms where public bodies are represented. Our preparatory work to ensure operational readiness included developing operational, contractual and digital plans to support delivery of the reforms, subject to Parliamentary approval. We continue to work closely with providers, representative bodies and MOJ Policy to support the expansion of legal aid funding for inquests.

We remain committed to modernising legal aid services through an ambitious transformation programme to deliver an accessible and trusted system that works for the people who need it and the providers who deliver it.

Dedicated funding underpins delivery of the transformation programme, building the confidence and capability to move decisively from legacy systems, to secure, user-centred services. Over the SR period we have secured additional funding of over £200 million for transformation, recovery from the cyber-attack and for moving our legacy systems to a modern and safe technology platform. The 2025 to 2026 financial year lays the groundwork for future acceleration of transformation by delivering improved data management (data stewardship), secure, reusable data stores and application programme interfaces; and strengthened authentication and authorisation. These foundations will enable services to be delivered more quickly, operated more safely and scaled more easily across categories of law.

To support an increasingly complex portfolio of transformation, policy and operational change, the LAA refreshed its governance arrangements. The previous Transformation and Change Committee (TCC) was replaced by a Design Authority and Portfolio Delivery Board, with the intention of improving visibility of portfolio-wide change, strengthening cross-organisational oversight and creating clearer accountability for design and delivery decisions. While these arrangements provided the framework for a more integrated approach to change governance, progress in embedding them and realising the anticipated improvements was significantly affected by the cyber-attack and the extensive organisational response that followed.

Our commitment to iterating services based on user feedback and ongoing investment in transformation is already being reflected in Apply for Criminal Legal Aid, where usability has been improved and Welsh language functionality has been expanded. Additionally, Apply for Civil Legal Aid has increased functionality to enable more case types to be submitted, facilitated greater transparency of means assessment calculations and outcomes and improved delegated function processes. This increased capability, in conjunction with changes to auto-enrol providers to the service means there are 6,479 users now using Apply for Civil Legal Aid and 60,758 applications were submitted between 1 April 2025 and 31 March 2026.

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 2025 to 2026

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.

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 LExCo, the LAA Board and MOJ Executive Committee.

While recovery from the cyber-attack will continue into 2026 to 2027, operational performance has recovered more quickly than initially anticipated. The LAA will continue to prioritise resources to clear work accumulated during the disruption while maintaining delivery of new applications and bills. Based on current performance trends, we expect operational performance to continue improving and remain broadly stable towards target levels during 2026 to 2027.



Strategic Objective 1

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

KPI: Service Delivery



Strategic Objective 2

Modernise our services, delivering value for money for taxpayers

KPI: Accuracy and accountability



Strategic Objective 3

Become a truly diverse and inclusive employer of choice

KPI: A responsive, diverse, learning organisation

Normal LAA KPI reporting was suspended following the cyber-attack, which disrupted many of the operational processes underpinning the KPI protocol and access to the data required to assess performance. Reporting resumed once the relevant processes and underlying data were sufficiently restored.

KPI performance for 2025 to 2026 was calculated in a way that reflected the impact of system outages and provided transparency over data quality and coverage. Where systems and intake processes were unaffected, year-end performance was calculated on a consistent basis with previous years, with any periods relying on manual data clearly disclosed. Where system data was unavailable, year-end performance was based only on the months for which reliable system data exists. For each KPI, we have stated the period covered and highlighted any resulting limitations on comparability.

The focus for the LAA was to:

- Maintain access to justice and ongoing operation of legal aid, this was prioritised throughout the incident to support the continued operation of the legal aid system.
- Implement robust contingency measures to maintain services while protecting public money. Within days of systems being taken offline, measures were in place to enable providers to continue delivering legal aid and to ensure that payments could continue to be made.

These measures included:

- accepting urgent civil applications via email and prioritising cases based on urgency
- enabling providers to make determinations in civil and criminal lower-risk cases, supported by temporary changes to legislation
- introducing a civil average payment scheme to provide financial stability to providers, which paid over £394 million during the period of disruption
- maintaining criminal legal aid payments and introducing manual processes where required to ensure continuity
- implementing the temporary waiver of civil income and capital contributions for new and existing cases following changes to legal aid regulations

These contingency arrangements were developed and implemented with careful consideration of fraud, error and value for money risks, including the use of fraud risk assessments and Accounting Officer oversight.

Alongside these contingency arrangements, the LAA implemented secure IT changes to recover and replace digital services safely and at pace, minimising disruption to case processing and payments. Services were brought back in a phased and controlled manner, balancing the need to restore access quickly with the need to manage the ongoing cyber risk. Significant stages in restoration included:

- restoration of internal access to critical crime systems from June 2025 to enable processing of criminal legal aid applications and payments
- introduction of SiLAS, in August 2025, a new secure identity and access management service, replacing the LAA Portal and enabling providers to access online services
- restoration of external access to criminal application and billing services from September 2025
- restoration of internal access to civil systems by September 2025
- full restoration of civil systems for providers by December 2025

In parallel, the LAA, together with MOJ, also assessed the impact of the data breach on affected individuals, following the exfiltration of a significant volume of data during the cyber-attack.

The data impacts and restoration of services is covered in more detail on pages 16-18. In addition, the following points have impacted restoration this year:

- Accelerated transformation and securing investment through the SR. Dedicated funding underpins delivery of the transformation programme, building the confidence and capability to move decisively from legacy systems, to secure, user-centred services.
- Uplifts to immigration and housing controlled work, generally early legal advice and some legal representation, came into effect in December 2025, injecting an additional £18 million into the civil legal aid sector each year. Licensed work fee uplifts have not yet been implemented. LAA system changes are required and we are working to introduce these as soon as possible following the LAA cyber-attack.

By the end of the reporting period all core legal aid services had been restored or replaced and the majority of contingency measures had been withdrawn. The LAA has transitioned from restoration into recovery, with a focus on clearing non-urgent casework backlogs arising from the period of disruption, unwinding remaining contingency processes and strengthening the security and resilience of its systems.

Key					
Measures achieved	Achieved	✓	Partially achieved	–	Missed	✗

Strategic Objective 1

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

KPI: for applications from our clients
Of our five performance measures, one met and exceeded its target

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

Not achieved, 71.68% this year. Performance based on five months of available system data. Prior year comparators are based on twelve months. During outage civil applications intakes were lower than usual. With the return of systems, intake levels increased significantly as 'missing' applications that were not seen during the outage began to materialise. This created additional pressure on performance targets and contributed to the recovery timeline. Performance could not be recovered to KPI target for year end.

95% in 2024 to 2025 (93% in 2023 to 2024).

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

Achieved, 99.77% this year. Performance based on seven months of available system data. Prior year comparators are based on twelve months.

100% in 2024 to 2025 (100% in 2023 to 2024).

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

Not achieved, 57.11% this year. Performance based on five months of available system data. Prior year comparators are based on twelve months.

89% in 2024 to 2025 (88% in 2023 to 2024).

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

Not achieved, 70.84% this year. Performance based on five months of available system data. Prior year comparators are based on twelve months.

82% in 2024 to 2025 (79% in 2023 to 2024).

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

Not achieved, 76.3% this year. Performance based on twelve months of manual data only. Prior year comparators are based on twelve months of a combination of manual and some system data.

88% in 2024 to 2025 (81% in 2023 to 2024).

KPI: for payments to our providers
We met and exceeded the target for one of our two performance measures

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



Not achieved, 94.65% civil bills this year. Performance based on four months of available system data. Prior-year comparison is unavailable, as the Bills KPI was split into Civil and Crime categories.

95% of complete, accurate, eligible crime bills paid within 20 working days (monies received in account by provider). Civil billing was suspended following the cyber-attack and replaced with an average civil billing process.



Achieved, 98.46% crime bills this year. Performance based on ten months of available system data. Prior-year comparison is unavailable, as the Bills KPI was split into Civil and Crime categories. Prior year comparators are based on twelve months.

99% combined in 2024 to 2025 (99% combined in 2023 to 2024).

KPI: for telephone services
Both measures were met and exceeded

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



Achieved, 81.82% based on 12 months of system data. System was not impacted by outage.

82% in 2024 to 2025 (87% 2023 to 2024).

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



Achieved, 89.25% based on 12 months of system data. System was not impacted by outage.

84% in 2024 to 2025 (85% in 2023 to 2024).

KPI: for correspondence
We met and exceeded the target for five of our seven performance measures

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



Achieved, 98% based on twelve months of data from LAA in-house complaints management tool. Record keeping was not impacted by system outage apart from 50 Tier 1 complaints that were responded to by additional resources brought in during the system outage. While responses were issued, these complaints were not tracked on the complaints spreadsheet, so we do not have visibility of response times or other details we normally capture.

100% in 2024 to 2025 (100% 2023 to 2024).

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

Achieved, 95% based on twelve months of data from LAA in-house complaints management tool. Record keeping was not affected by system outage.

100% in 2024 to 2025 (99% 2023 to 2024).



90% of MP correspondence within 20 working days.

Achieved, 99% based on twelve months of data from LAA in-house complaints management tool. Record keeping was not affected by system outage.

100% in 2024 to 2025 (100% 2023 to 2024).



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

Not achieved, 99% based on twelve months of data from LAA in-house monitoring and MOJ based tracking system. Record keeping was not affected by system outage.

100% in 2024 to 2025 (100% 2023 to 2024).



100% of Internal Review requests within 20 working days.

Achieved, 100% based on twelve months of data from LAA in-house monitoring and MOJ based tracking system. Record keeping was not affected by system outage.

100% in 2024 to 2025 (100% 2023 to 2024).



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

Not achieved, 95% based on twelve months of data from LAA in-house monitoring and MOJ based tracking system. Record keeping was not affected by system outage.

100% in 2024 to 2025 (99% 2023 to 2024).



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

Achieved, 100% based on twelve months of data from LAA in-house monitoring and MOJ based tracking system. Record keeping was not affected by system outage.

100% in 2024 to 2025 (100% 2023 to 2024).

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, 0.66% this year.

A **decrease** compared to 0.82% in 2024 to 2025 (0.68% in 2023 to 2024).

KPI: financial management

Deliver our services within our agreed legal aid Operations spend.

Achieved, LAA Operations 1.34% underspend at year end.

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

Not achieved, Legal aid Fund 2.96% overspend at year end.

Strategic Objective 3

Become a truly diverse and inclusive employer of choice

KPI: supporting our people to be productive and engaged

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

Achieved, 6.9 working days for the rolling 12-month period to March 2026, compared with 6.5 in 2024 to 2025 (5.2 for 2023 to 2024). For more detail on staff sickness, including comparison to the Civil Service benchmark, please see Figure 7 on page 76.

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

Achieved, 83% of responses were positive in the 2025 People Survey, an **increase** of one percentage point on 2024.

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

Not achieved, 58% of responses were positive, a **decrease** of two percentage points on 2024.

KPI: zero tolerance to bullying and harassment

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

Achieved, 56% of people who responded to this question in the 2025 People Survey, because they had experienced bullying and harassment, confirmed they had reported it, an **increase** of two percentage points on 2024.

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

Achieved, 50% of people who responded agreed they felt the culture in their area allowed this behaviour to continue in the 2025 People Survey, a **decrease** of three percentage points on 2024.

Decrease the percentage of people who declare they have experienced bullying and harassment.

Achieved, 3% of respondents in the 2025 People Survey said they had experienced bullying and harassment, a **decrease** of one percentage point compared to 4% in 2024.



KPI: representative of the people we serve

Reduce percentage of staff with no declaration of their ethnicity.

Achieved, 15.6% of our staff chose not to declare their ethnicity compared to 18% in 2024 to 2025.



Reduce percentage of staff with no declaration of their disability.

Achieved, 16.9% of staff chose not to declare their disability characteristics compared to 18% in 2024 to 2025.



Increase percentage of staff who declare they are from a diverse ethnic minority.

Achieved, 18.7% of our staff declared as being from a diverse ethnic minority compared to 17.7% in 2024 to 2025.



Increase percentage of staff who declare they have a disability.

Achieved, 22.4% of our staff have declared as having a disability compared to 21.4% in 2024 to 2025.

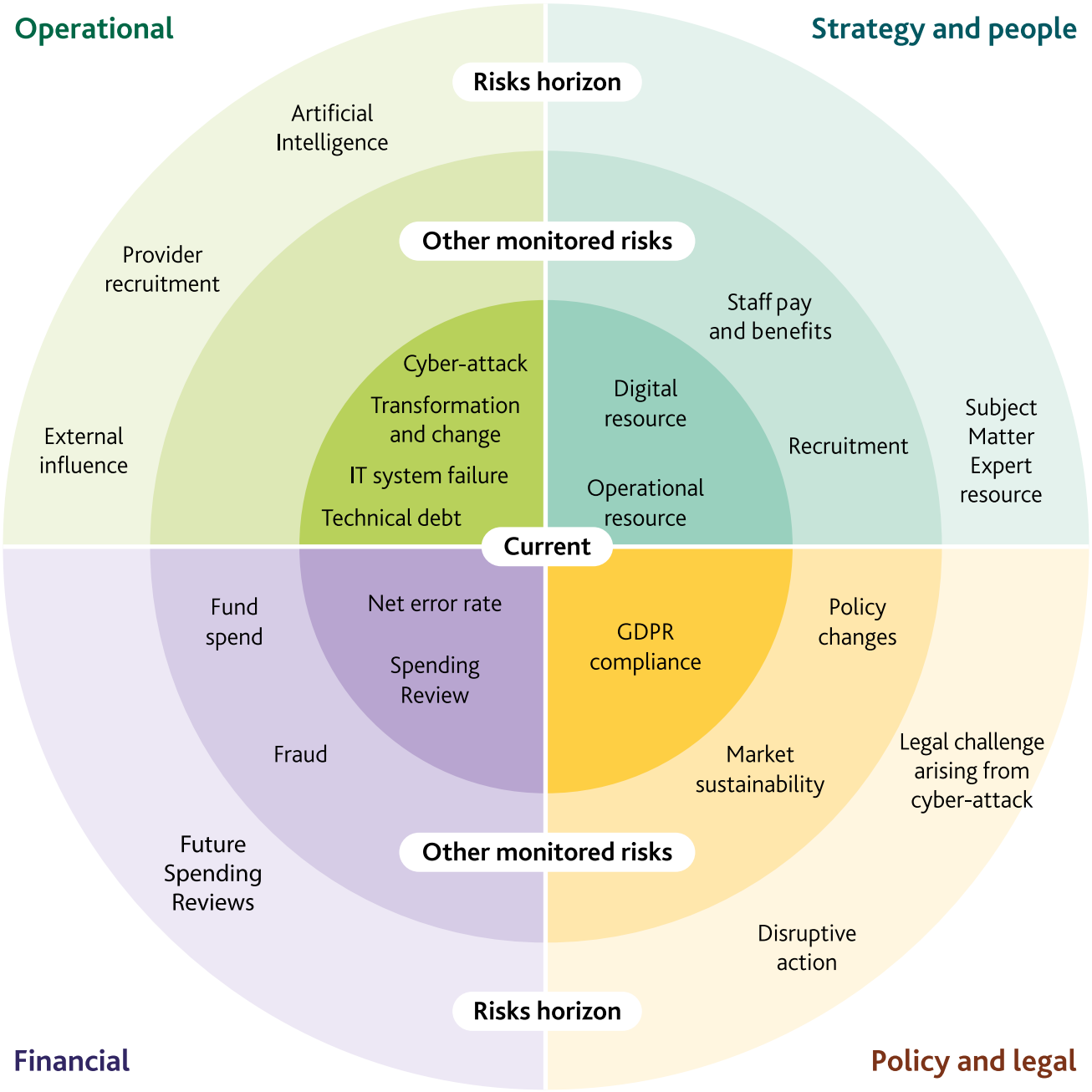


Risk position

Risk position at the end of quarter four of 2025 to 2026 and as we look to the future.

Further insight into our risk profile can be found in our governance section, pages 55-59.

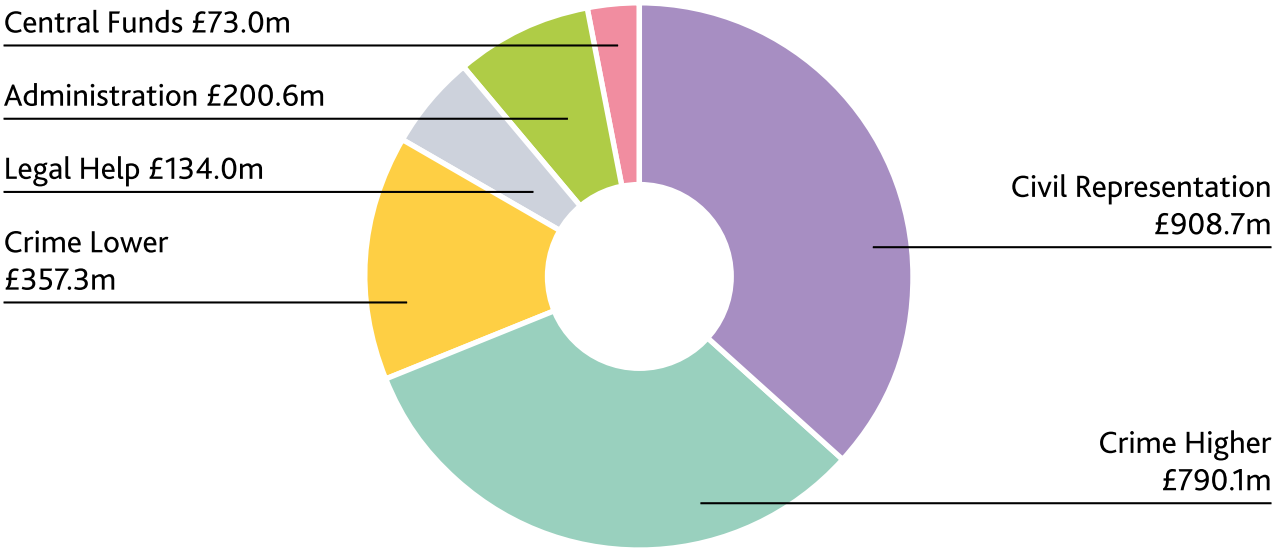
Figure 1. Risk position for 2025 to 2026



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 86-135. Note 2 to the financial statements on page 105 details the net operating costs for each of the segments below and notes 3-5 on pages 106-110 set out expenditure and income in detail. Figure 2 shows the largest movements, comparing 2025 to 2026 with 2024 to 2025, in legal aid spend by scheme.

Figure 2. Legal Aid Agency net expenditure, £2.5 billion. An increase of £63.3 million compared to the previous year.



- **Civil Representation £908.7 million (£861.7 million in 2024 to 2025).** Increased by 5.5% driven by increased provider activity paid out through the Average Payment Scheme[4] and through billing on the restored systems.
- **Crime Higher £790.1 million (£934.1 million in 2024 to 2025).** Decreased by 15.4% caused by the long term increase in the work in progress levelling out and seeing a small decrease, driven by data suggesting lower costs per case offsetting a rising caseload.
- **Crime Lower £357.3 million (£303.4 million in 2024 to 2025).** Increased by 17.8% driven by the introduction of a fee increase in December 2025, as well as a continued ramp up from the phasing in of previous fee increases and an upturn in police station work.
- **Legal Help £134.0 million (£129.0 million in 2024 to 2025).** Increased by 3.9%. Data remains limited following system restoration, however, continued growth in immigration over the year was expected and is believed to be driving this increase.
- **Administration: £200.6 million (£104.4 million in 2024 to 2025).** Increased by 92.1%. This mostly reflects an increase in legal provisions for ongoing litigation, along with 21.0% of the increase being for higher MOJ recharges for digital staff and technology costs due to the extra work undertaken in connection with the cyber-attack.
- **Central Funds £73.0 million (£67.7 million in 2024 to 2025).** Increased by 8.0% due to a rise in Civil Cross Examination activity and the introduction of a new translation and interpreters contract which applied inflationary pressures.

4 The average payment scheme was the contingency arrangement to ensure providers received payment for the civil legal aid work they continued to do during the system outage that followed the cyber-attack.

Significant items in the LAA's Statement of Financial Position

Provision for liabilities and other charges

The provisions for work in progress on funded cases are for work that has been completed by solicitors, barristers and advice agencies but has not yet been billed. Where starts data is available, 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. In areas where starts data is not recorded, the value of this work is estimated through historic case durations and expected spend in coming months. Where data is unavailable following the system outage (due to the cyber-attack), additional assumptions are introduced to account for the missing period.

The downward movement in this provision compared to the prior year is mostly driven by the Crime Higher scheme, due to data suggesting lower costs per case than previously assumed, offsetting the higher case volumes.

The increase in the provision for legal claims primarily relates to an estimate for ongoing litigation relating to the cyber-attack, although liability has not been established and is not accepted. There is also a related unquantified contingent liability disclosed for future potential claimants. There is significant estimation uncertainty given the early stage of this litigation. Further detail is provided in notes 1, 14 and 16 of the financial statements.

Trade and other payables

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 claims, which are treated as accruals.

The increase in trade and other payables is linked to higher levels of invoicing and payments on account following system restoration.

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.

The LAA provides for impairment of receivables based on historical cash collection experience and management assessment of likely recoveries, for each category of debt.

The increase in Trade and other receivables was primarily driven by prepayments in connection with Civil contingency arrangements, explained in the next section.

Prepayments and accruals under Civil contingency arrangements

The cyber-attack on LAA's systems resulted in the LAA's Client and Cost Management System (CCMS) being unavailable to legal aid providers from mid-May to November 2025. During the system outage, LAA implemented contingency arrangements to ensure providers received payment for the civil legal aid work they continued to do.

Since CCMS was brought back online, some providers have been able to provide their backlog of bills at a faster rate than expected, while others have not achieved that level. Where the combination of contingency payments, provider billing and standard payments on account claimed during 2025 to 2026 has taken a provider ahead of their normal billing point, the excess in contingency payments is accounted for as a contingency prepayment. Conversely, where providers are behind their normal billing point, the deficit in billing is accounted for as a contingency accrual. For further details on the civil representation contingency scheme and the contingency prepayment and accrual, see note 1c in the Notes to the Financial Statements.

Functional services model

Corporate and professional functions are provided to the LAA by MOJ and include: commercial, digital, finance, people, project delivery, property and security. These costs are referred to as 'notional recharge from MOJ' in the financial statements.

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 2025 to 2026, 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.

There was an increase in the recharge from MOJ for 2025 to 2026 due to the additional digital work undertaken as a result of the cyber-attack.

In addition to notional recharges, under the functional services model the MOJ develops the LAA's digital assets and transfers them to the LAA through intra-departmental adjustments to the General Reserve. In 2025 to 2026, almost 30% of the £26.4 million of intangible assets transferred related to new systems developed following the cyber-attack. The remainder related to other system developments such as Apply for Legal Aid and Civil Apply.

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 MOJ to contribute to the Greening Government Commitments (GGCs).

Our strategy for sustainability

MOJ's Climate Change and Sustainability Strategy[5] 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 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 work with the Government Property Agency and 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.

Environmental awareness

MOJ continues to engage with arm's length bodies in a structured manner on greening government, through the arm's length body Centre of Excellence Communications Forum. In addition, 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.

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

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.

Environmental sustainability reporting

Our progress against the 2025 GGCs is outlined in the following tables. The 2024 to 2025 non-financial indicators have been restated to reflect the full financial year up to March 2025. The data below shows our present position for 2025 to 2026 against a 2017 to 2018 baseline, using calendar year data available January 2025 to December 2025.

Greenhouse gas emissions

Table 1. Financial and non-financial indicators of greenhouse gas emissions against Scopes 1-3 for each year 2022-23 to 2025-26 against the 2017-18 baseline

Greenhouse gas emissions from buildings and travel[6]		2025-26	2024-25 restated	2023-24	2022-23	2017-18 baseline
Non financial indicators (tCO2e)	Gas – Scope 1 non-renewable energy	60	63	70	79	95
	Electricity – Scope 2 non-renewable energy	114	117	173	175	531
	Official business travel emissions – Scope 3	38	59	44	15	281
	Total emissions	**212**	**239**	**287**	**269**	**907**
Non financial indicators (MWh)	Gas – Scope 1 non-renewable energy	326	342	381	434	514
	Electricity – Scope 2 non-renewable energy	569	519	835	830	1,382
	Total energy	**895**	**861**	**1,216**	**1,264**	**1,896**
Financial indicators (£000)	Gross expenditure on energy[7]	-	401	307	238	210
	Expenditure on official business travel (UK only)	430	526	472	429	662
	Total	**430**	**927**	**779**	**667**	**872**

Gas usage decreased compared with last year, along with tCO2e electricity usage, which decreased. Emissions are calculated using the Defra conversion factors for the relevant period.

6 Emissions from buildings for 2025 to 2026 reporting year includes information from the following sites only: Brighton, Cardiff, Leeds, Liverpool, London (102 Petty France) and Swansea.

7 Energy consumption is no longer invoiced separately and therefore no financial information can be provided for 2025 to 2026.

Travel

Table 2. Travel output information for each year 2022-23 to 2025-26 against the 2017-18 baseline

Travel		2025-26	2024-25 restated	2023-24	2022-23	2017-18 baseline
Distance travelled (km 000)	Motor vehicle	203	280	286	314	464
	Rail	83	336	11	315	3,934
	Flight	-	1	3	23	111
	Total distance	**286**	**617**	**300**	**652**	**4,509**
Emissions (tCO2e)	Motor vehicle	34	47	43.63	54	85
	Rail	3	12	0.37	11	184
	Flight	-	0.07	0.49	3	13
	Total emissions	**37**	**59.07**	**44.49**	**68**	**282**

Overall travel emissions are lower than 2024 to 2025 with a reported decrease of 37% from the previous year.

Finite resource consumption

Table 3. Water consumption and supply costs for each year 2022-23 to 2025-26 against the 2017-18 baseline

Water[8,9]		2025-26	2024-25 restated	2023-24	2022-23	2017-18 baseline
Non financial information (m3)	Water consumption	1,754[10]	948	1,743	811	14,897
Financial information (£000)	Water supply costs[11]	-	5	14	24	21

Water usage during 2025 to 2026 is higher than 2024 to 2025 with a reported increase of 85% from the previous year.

8 Water data for 2025 to 2026 reporting year includes information from London (102 Petty France) only.

9 Previous reports stated that water data included London (102 Petty France) and Jarrow for the 2024 to 2025 reporting year, this has been corrected as the reporting period data only included London (102 Petty France).

10 This figure includes 85m3 to empty and refill sprinkler tank that needed relining in May 2025.

11 Water consumption is no longer invoiced separately and therefore no financial information can be provided for 2025 to 2026.

Paper

Table 4. Quantity of paper purchased for each year 2022-23 to 2025-26 against the 2017-18 baseline

Paper		2025-26	2024-25 restated	2023-24	2022-23	2017-18 baseline
Non financial information (A4 reams)	Paper purchased	535	645	676	756	3,849

Our paper consumption has continued to decrease, achieving an 86% reduction from the 2017 to 2018 baseline.

Waste minimisation and management

Table 5. Waste disposal for each year 2022-23 to 2025-26 against the 2017-18 baseline

Waste		2025-26	2024-25 restated	2023-24	2022-23	2017-18 baseline
Non financial information (tonnes)	Waste sent to landfill	-	-	-	6	148
	Waste incinerated for energy recovery	5	5	5	8	-
	Waste incinerated without energy recovery	-	-	7	-	-
	Recycled/reused	12	15	162	233	840
	Waste composted / food waste	1	1	1	1	-
	Total waste	**18**	**21**	**175**	**248**	**988**
Financial information (£000)	**Total**[12]	**-**	**8**	**14**	**24**	**27**

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

12 Waste consumption is no longer invoiced separately and therefore no financial information can be provided for 2025 to 2026.

In the future

Our sustainability strategy is to continue operating with 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 recommended 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. In addition, the LAA Board have oversight of the climate related emissions declared within this report.
- Risk Management: LAA Risk Management considers risks in an internal and external context, using a systematic approach which considers environmental and sustainability factors as part of the risk management process. Climate is not a principal risk within the LAA.

- Strategy: Climate is not a principal risk within the LAA because environmental risks are not expected to critically impact our ability to deliver our business operations or strategic objectives. 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.
- Methodology: Sustainability reporting methodology and emissions calculations are undertaken in accordance with the relevant Sustainability Reporting Guidance, using the government-published greenhouse gas conversion factors for the relevant reporting year. The figures provided therefore align with the applicable government sustainability reporting requirements.
- 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.

Signed for and on behalf of the Legal Aid Agency



Helen Measures
Chief Executive and Accounting Officer
Legal Aid Agency
10 November 2026

Accountability Report

Corporate governance report

The corporate governance report explains the composition and organisation of the LAA's governance structures and how these arrangements have supported the achievement of its objectives during the financial year 2025 to 2026.

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 2024 to 2025 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 LExCo 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 2025 to 2026.

Personal data incidents

Consideration was given to whether any incident involving personal data was likely to result in a risk to the rights and freedoms of individuals, such that it should be reported to the Information Commission's Office (ICO). In 2025 to 2026 one incident was considered to meet the criteria and was reported to the ICO.

The governance statement on pages 44-64 considers further information assurance and data security practices in the LAA. Details of the reportable incident are set out on pages 16-18.

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 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

The role of Chief Executive and Accounting Officer of the LAA transferred from Jane Harbottle CBE to Lucy Jones as Interim CEO on 31 July 2026. It then transferred from Lucy Jones to Helen Measures on 26 October 2026.

Introduction

This statement is my first, as both the Accounting Officer and Chief Executive for the LAA. As the new LAA Accounting Officer I have sought assurances from the previous Interim Chief Executive. I am able to provide the assurances contained in the Governance statement based on my induction process, which included meetings with the previous Interim Chief Executive, the NEBMs, the Executive Team and key stakeholders within the MOJ and wider criminal justice system. I remain responsible for maintaining a robust system of internal control that supports the successful delivery of the LAA's policies, aims and objectives, while safeguarding public funds and departmental assets. This is in accordance with the responsibilities assigned to me in HM Treasury's publication Managing Public Money. As Accounting Officer, I have taken all appropriate steps to make myself aware of any relevant audit information and to establish that the National Audit Office (NAO) 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 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 Public Service Ombudsman (PSO). 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 23 October 2025, Jane Harbottle as LAA CEO at the time gave evidence to the Public Accounts Committee (PAC) as part of its Ministry of Justice follow-up: Autumn 2025 inquiry. The PAC published the findings from this inquiry on 7 January 2026. The LAA has also supported the Justice Select Committee with its Access to Justice inquiry, providing written evidence and attending the committee on 2 July 2026.

Public 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 PSO through their local MP. Where suitable the LAA will engage directly with the PSO liaison officer to:

- discuss progress on individual cases
- provide updates on changes: for example, policy changes and potential impacts for the PSO
- ensure two-way sharing of best practice and constructive feedback
- deliver training to PSO 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 2025 to 2026, the LAA was notified of five referrals to the PSO, which is consistent with the volume received in 2024 to 2025.

Of the referrals, zero cases were accepted for a formal investigation. The PSO discontinued two of the five complaint referrals at the pre-investigation stage. Formal outcomes are pending in respect of the remaining cases. A further two cases were referred back to the LAA from the PSO as the complainant had not utilised the LAA's complaint process.

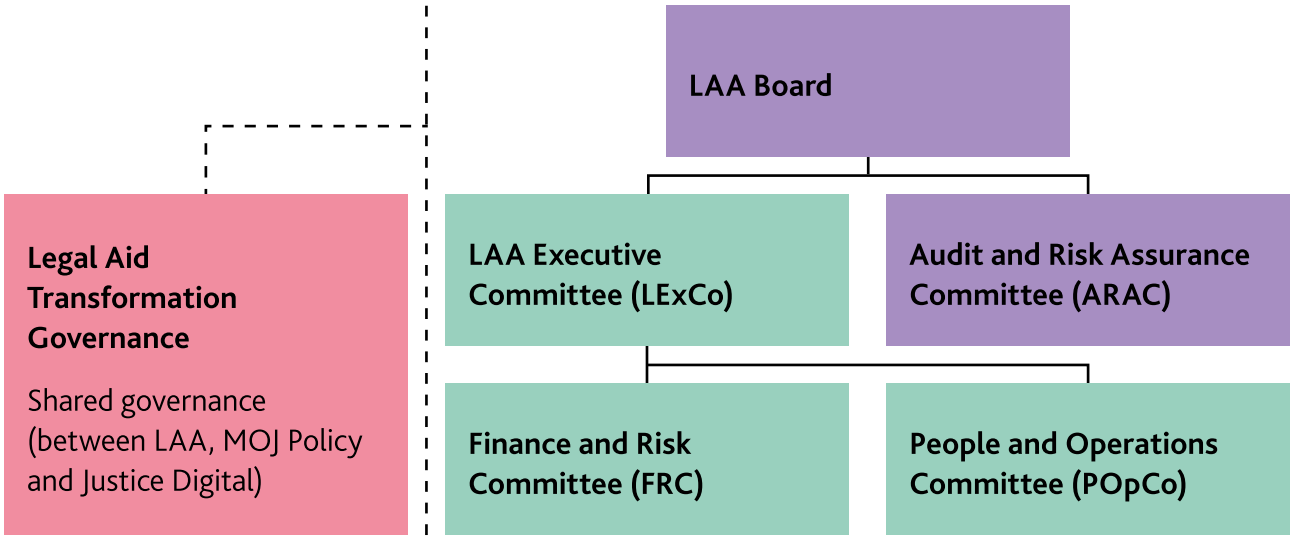
On conclusion of an investigation the LAA takes any necessary action to carry out the recommendations made by the PSO. This can inform changes to processes and ways of working, which will have a positive impact on the provision of public services in the future.

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 Executive Leadership Team in discharging our responsibilities. To improve the alignment and delivery of policy change, service improvement and digital change, a new shared governance structure has been introduced. The single Legal Aid Transformation Portfolio oversees and supports the delivery of all MOJ change and improvement that relates to the delivery of legal aid. This is not formally part of the LAA governance structure.

Governance structure

Figure 3. Governance structure organisational chart



Committee membership and attendance

This table details board members and standing invitees who have responsibility for the LAA throughout 2025 to 2026, their role and their attendance at LExCo and ARAC meetings.

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

Name and role	Sex	LAA Board	LExCo	ARAC
Board members				
Chief Executive, LAA				
Jane Harbottle CBE	F	Member	Chair	Invitee
Number attended out of eligible meetings		6 of 6	9 of 10	5 of 5
Deputy Chief Executive and Director of Transformation, LAA				
Hitesh Patel from 1 April 2025	M		Member	Invitee
Number attended out of eligible meetings		Invitee[13] 2 of 3 Member 2 of 2	9 of 10	3 of 5
Director of Finance				
Adrian Hannell	M	Member	Member	Invitee
Number attended out of eligible meetings		5 of 6	3 of 10[14]	5 of 5
Non-Executive Board Member – LAA Board Chair				
Nick Campsie	M	Chair		
Number attended out of eligible meetings		6 of 6		
Non-Executive Board Member – Financial				
Kenneth Gill	M	Member		Chair
Number attended out of eligible meetings		6 of 6		5 of 5
Non-Executive Board Member – Legal				
Professor Suzanne Rab to 31 December 2025	F	Member		Member
Number attended out of eligible meetings		4 of 4		4 of 4

13 Hitesh Patel was an Invitee to LAA Board from 1 April 2025 to 26 January 2026 and a Member of LAA Board from 27 January 2026.

14 In addition, 9 of 10 LExCo meetings were attended by Deputy Director of Finance as official representative of the Director of Finance, see Invitees to Board below.

Name and role	Sex	LAA Board	LExCo	ARAC
Lisa Haythorne MBE from 1 January 2026	F	Member		Member
Number attended out of eligible meetings		2 of 2		1 of 1
Non-Executive Board Member – Digital Transformation				
José Luis Carrizo from 1 January 2026	M	Member		Member
Number attended out of eligible meetings		2 of 2		1 of 1
Invitees to Board				
People and Operations Committee Chair				
Alistair Adan – Deputy Director, Head of Civil and Crime Case Management	M	Invitee	Member	Invitee
Number attended out of eligible meetings		6 of 6	9 of 10	4 of 5
People and Operations Committee Chair				
Lucy Jones – Deputy Director, Head of Corporate Services	F	Invitee	Member	Invitee
Number attended out of eligible meetings		6 of 6	9 of 10	4 of 5
LAA Finance and Risk Committee Chair				
David Thomas – Deputy Director, Head of Contract Management and Assurance	M	Invitee	Member	Invitee
Number attended out of eligible meetings		6 of 6	8 of 10	5 of 5
LAA Transformation				
Hannah Payne, Deputy Director, Head of Transformation (job share)	F	Invitee	Member	
Number attended out of eligible meetings		2 of 6	8 of 10	
Joanna Fiddian, Deputy Director, Head of Transformation (job share) to 18 December 2025	F	Invitee	Member	
Number attended out of eligible meetings		3 of 5	5 of 7	
Principal Legal Adviser to LAA				
Charlotte Hackett to 22 September 2025	F	Invitee	Member	
Number attended out of eligible meetings		2 of 2	4 of 5	
Director, MOJ Legal Advisers				
Kelby Harmes from 23 September 2025	M	Invitee		
Number attended out of eligible meetings		3 of 3		

Name and role	Sex	LAA Board	LExCo	ARAC
Deputy Director Service Development and Commissioning				
David Phillips	M	Invitee	Member	
Number attended out of eligible meetings		5 of 5	9 of 10	
Deputy Director Public Defender Service				
Malcolm Bryant	M		Member	
Number attended out of eligible meetings			10 of 10	
Deputy Director of Finance				
Joseph McHale	M	Invitee	Member	Invitee
Number attended out of eligible meetings		5 of 6	9 of 10	3 of 5
Digital Director				
Kamal Bal	M	Invitee		
Number attended out of eligible meetings		1 of 6		
Director Legal Aid, Legal Support and Dispute (job share)				
Farah Ziaulla	F	Invitee		
Number attended out of eligible meetings		3 of 5		
Clare MacDonald	F	Invitee		
Number attended out of eligible meetings		2 of 5		
Head of LAA Digital				
	M	Invitee	Member	
Number attended out of eligible meetings		2 of 6	2 of 10	
MOJ HR Director for LAA (Attended by MOJ Senior HR Business Partner for LAA)				
	F	Invitee	Member	
Number attended out of eligible meetings		5 of 5	8 of 10	
MOJ Legal Adviser				
	F		Invitee	
Number attended out of eligible meetings			5 of 5	

Committee roles and responsibilities

Legal Aid Agency Board

Name of committee	Legal Aid Agency Board
Chair	Chair of LAA Board and Lead Non-Executive Board member
Frequency	Bi-monthly There were six meetings of the LAA Board during 2025 to 2026.
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 • Deputy Chief Executive and Director of Transformation (from 27 January 2026) • Non-Executive Board Members (NEBM) • Director of Finance Invitees: • Chairs of the two committees: – People and Operations Committee: Deputy Director for Case Management and Deputy Director for Corporate Services – Finance and Risk Committee: Deputy Director for Contract Management and Assurance • Deputy Director, Head of Transformation (job share) • Deputy Director for LAA Finance • Deputy Director Service Development and Commissioning • Principal Legal Adviser • 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.

Key activities this year	During the year the Board has supported the executive team to navigate the LAA through the cyber-attack system restoration towards service recovery. The Board has focused on the performance and wellbeing of staff during a difficult period. The Board has taken assurance from the business-as-usual work of the internal audit conducted while recovery and restoration has progressed. 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 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 five meetings of ARAC during 2025 to 2026, including an Extraordinary ARAC meeting to approve the Annual Report and Accounts 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 2025 to 2026 the ARAC has continued to maintain oversight and challenge of the LAA's financial statements, error rate, data security and business continuity arrangements, while supporting the recovery from the cyber-attack. The ARAC also received 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.

LAA Executive Committee

Name of committee	LAA Executive Committee
Chair	Chief Executive
Frequency	Monthly There were 10 meetings of the LExCo during 2025 to 2026.
Role	The LExCo is the LAA's most senior executive committee and has overall management responsibility for the LAA. The LExCo 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 LExCo is made up of: • Chief Executive • Director of Transformation and Deputy 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 Adviser The LExCo maintains high-level oversight of the operational running of the LAA and is supported in its responsibilities by three 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 LExCo. **People and Operations Committee:** To provide constructive business-focused input, decision-making and assurance to the Board and LExCo that LAA is delivering on both its People Strategy and operational priorities. The committee monitors the implementation and effectiveness of the People Strategy and People Plan and reviews and challenges LAA performance, via KPIs and risk reporting. It facilitates effective implementation of MOJ people policies, ensuring the LAA is making transparent and fair decisions regarding its people.

Structure	**Finance and Risk Committee:** To support the LExCo 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 the approach to ensuring proactive error risk assessment within the organisation's transformation programme.
Key activities this year	**People and Operations Committee:** The committee focused on supporting staff wellbeing and monitoring stress levels during the cyber-attack. The committee reviewed performance while contingency processes were in place and supported changes to performance reporting while data was limited. The committee reviewed the 2025 People Survey results which saw the LAA engagement index drop by one percentage point to 70% which is still ahead of the Civil Service benchmark for 2025 of 65%. **Finance and Risk Committee:** The committee focused on supporting the LAA during the cyber-attack with the review of risk management processes and continued insight from the Risk and Assurance Working Group. The committee supported the business-as-usual assurance activities which continued while contingency, recovery and restoration work progressed. **Transformation and Change Committee:** The committee met once to agree to the disbandment of TCC and the formation of a new formal joint governance process with LAA Digital to cover all transformation work.

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, LExCo 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, 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.

Head of internal audit opinion

GIAA has provided an overall Moderate opinion on the framework of governance, risk management and control within the LAA for the year ended 31 March 2026. This reflects that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

The Moderate opinion reflects that, despite the exceptionally difficult operating environment in the LAA following the cyber-attack, the LAA responded well, developing contingency arrangements at speed and safely. LAA developed restoration and recovery plans and maintained a broadly effective core control framework. Although LAA faces significant short and medium-term risks, GIAA's opinion is that these are a direct result of the cyber-attack incident rather than significant weaknesses in LAA's framework of governance, risk management, and control. The Moderate opinion also reflects the fact that risks associated with LAA's legacy technology estate were identified, logged and escalated, though with some lessons identified through GIAA's work. Some funding was subsequently granted to stabilise those systems, which was intended to partially reduce the risk. The cyber-attack occurred while LAA and MOJ were part-way through the system stabilisation process.

Across the year, GIAA issued two Limited, and four Moderate opinions. GIAA also completed five advisory reviews, four pertaining directly to the incident and one involving Counter Fraud. Across all reviews, GIAA made four high-priority, 19 medium-priority, and 18 low-priority recommendations.

Risk management framework

Risk management is important for 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 MOJ's risk management framework, which underpins how we manage risk across the department.

Risk management process

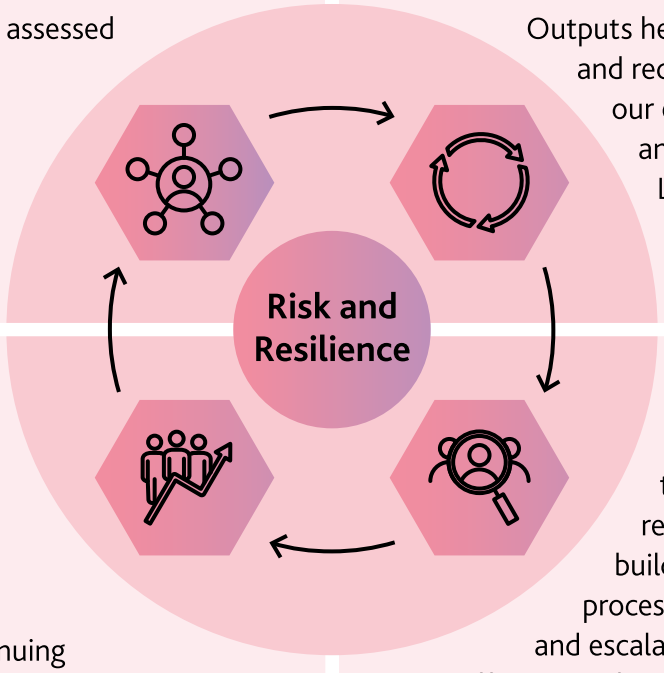
Figure 4. Risk management framework

Organisation

Each local senior management team has a risk log or register in place. Risks are identified, analysed and managed at team level, with links to our core operational objectives. Risks are escalated to the Agency's Corporate Risk Register and assigned a Senior Risk Owner where they are assessed as requiring executive-level management.

Process

Our Risk and Assurance Working Group meets each month, comprising representatives from across the LAA. Their analysis of risk for their areas alongside horizon-scanning is considered in the context of the Corporate Risk Register. Outputs help inform the thinking and recommendations of our executive committees and ultimately our LExCo on emerging and established corporate level risks.



Continuous Improvement

Considering best practice and seeking opportunities to improve our overall risk maturity is a continuing priority. We have engaged with our ARAC to seek feedback on existing processes and endorsement of proposed changes. During 2025 to 2026, we have focused on supporting the business in its understanding of corporate-level risks emerging from the cyber-attack, and refreshing the overall risk profile.

Reporting

We have continued to strengthen our reporting this year, building on existing processes of capturing and escalating risk to ensure effective and regular oversight at suitable levels within the LAA, as well as inputting to MOJ's Executive Committee quarterly. Following the cyber-attack, we have carried out a full corporate risk refresh, and reported on the evolving risk profile through both contingency and formal governance.

Significant risks and issues in 2025 to 2026

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, LExCo and Board have continued to review and challenge the progress made to manage the risks documented in the LAA's Corporate Risk Register, which focuses on the significant internal, external and strategic risks to the delivery of our objectives. Our headline corporate level risks across the year have been heavily influenced by the impacts of the cyber-attack, with certain risks emerging as a direct result and other, known risks evolving. Principal risks have included security, General Data Protection Regulation (GDPR) governance and compliance, regularity error, people (specifically around resource and wellbeing) 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).

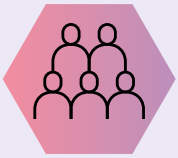
Our strategic objectives



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

Risk assessment and risk movement key

H High

M Medium

L Low

Increase

No change

Decrease

Key risk 1 Security and Information	Strategic objectives	Risk severity and direction of trend
Restoring systems impacted by the cyber-attack and reducing the risk of a further successful attack; improving the security posture of the LAA.		H ⊖

Since restoration post the cyber-attack, significant work has been undertaken to move beyond simply recovering services and towards strengthening the overall security posture of the LAA. Critical systems and services were progressively restored, contingency processes reduced, and a programme of security improvement established to address vulnerabilities exposed by the cyber-attack. This has included baseline security reviews across key services and infrastructure, enhanced security governance, improved access and data management controls, and increased compliance. The organisation has also initiated further Infrastructure and Application Penetration Testing and risk assessments across legacy systems to better understand and remediate security weaknesses, alongside strengthening Secure by Design practices for new and existing services.

In parallel, monitoring, threat detection and incident response capabilities have been enhanced through greater use of the Ministry of Justice Security Operations Centre, providing increased visibility of security events and improved organisational resilience. While considerable progress has been made, the residual risk remains high due to the age, complexity and legacy nature of a number of core LAA systems and technology components. Although compensating controls continue to reduce exposure, the long-term resolution of this risk will require sustained transformation and modernisation of the underlying technology estate, reducing reliance on legacy platforms and embedding security, resilience and compliance into future service design.

Key risk 2 Digital and Transformation	Strategic objectives	Risk severity and direction of trend
Reducing the level of technical debt and improving resilience and flexibility of digital services.		H ⊖

Since restoration, the LAA has established a transformation plan focused on stabilisation, security improvement, operational recovery and the delivery of key transformation priorities. In parallel, detailed planning is underway to provide a structured roadmap for modernising core services, reducing technical debt and improving the resilience, flexibility and maintainability of the digital estate. Alongside transformational activity, targeted investments are being made to strengthen security, address vulnerabilities and improve the reliability of existing systems. However, while these interventions reduce risk and improve resilience, a proportion of the underlying technical debt is rooted in legacy platforms and architecture. As a result, some areas of technical debt will remain until transformational changes are delivered and legacy services are replaced or substantially modernised. The overall trend is positive, with a clearer plan in place to progressively reduce technical debt over the next three years, while recognising that the full benefits will only be realised through sustained transformation and investment in the future digital estate.

Key risk 3 Finance	Strategic objectives	Risk severity and direction of trend
LAA Fund spend falling outside budget by year-end.		H 

Legal aid Fund expenditure is, by its demand-led nature, volatile and therefore difficult to forecast. The cyber-attack and subsequent implementation and unwinding of necessary contingencies, along with system outages creating a gap in standard data used for forecasting, has added to this challenge. There have also been pressures due to changes in Crown Court and family court behaviour, increasing uncertainty and making it more difficult to forecast 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 legal aid Fund risks and opportunities on a monthly basis, and seeks to identify mitigations to those risks where possible.

Key risk 4 Provider Capacity	Strategic objectives	Risk severity and direction of trend
Maintaining sufficient provision within the legal aid provider base to meet an uncertain demand.		M 

The LAA actively manages the provider base to address actual and potential gaps in provision. 'Always on' tendering for standard civil and crime contracts continues to support market entry and expansion, while market engagement activity helps identify and respond to emerging capacity pressures. Controlled work fee increases for Housing and Immigration became applicable from 22 December 2025, alongside criminal legal aid fee reforms, including police station fee reforms and increases to magistrates' court and prison law fees. The LAA has also continued to strengthen its understanding of provider capacity, workforce sustainability and future market resilience through engagement with providers, representative bodies and market analysis.

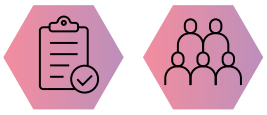
Although overall coverage has remained relatively stable, localised and category-specific pressures remain. In some areas of Housing and Debt legal aid, long-standing challenges in attracting and sustaining provision continue despite ongoing market engagement and targeted measures to encourage supply. The LAA has continued to mitigate the impact of the cyber-attack through close engagement with providers and representative bodies, supporting contingency arrangements to maintain payments and access to justice. The LAA also continues to monitor longer-term workforce sustainability risks, including demographic trends and recruitment challenges within key professional groups, which may affect future market capacity and resilience.

Key risk 5 Regularity Error	Strategic objectives	Risk severity and direction of trend
The complexity of legal aid means there is an inherent risk of error because of incorrect eligibility assessments or inaccurate payments.		H 

We have seen a reduction in the gross regularity error rate for payment accuracy for legal help to 0.50% (from 1.54% in 2024 to 2025) and for Crime Lower claims to 0.74% (from 2.21% in 2024 to 2025).

While we are pleased to see that the improvements demonstrate the effectiveness of embedding assurance and control activities within our process changes, the reduction in gross error has exceeded our expectations. A potential driver of this is the work that our Contract Management, Assurance, Digital and Policy teams have done over the past year, working closely with our providers, to develop and deliver the new SaBC system for Contract Work reporting. A key element of this work was the introduction of a new fee code designed to simplify claiming processes and improve the quality and accuracy of claim reporting. We have worked closely with providers to ensure that contingency processes and new claiming processes were developed with their input, and were well understood and prepared for.

We will undertake a programme of work throughout 2026 to 2027 to understand the impact that this has had on our regularity error position, and to ensure that we embed good practice to maintain the lower error position where we are able to demonstrate a clear causal link.

Key risk 6 People	Strategic objectives	Risk severity and direction of trend
Recruiting and retaining sufficient capable individuals to ensure continually effective service delivery.		H ↑

During 2025 to 2026, the LAA has taken a range of actions to support staff wellbeing and manage the increased people risks arising from the cyber-attack. The restoration of systems and ongoing use of some manual contingencies have placed sustained pressure on resource across multiple business areas, increasing risks linked to staff retention, wellbeing and stress. We have secured additional support through other government departments and agency staff, alongside activity to improve and streamline recruitment processes. The LAA has strengthened its wellbeing support offer through the introduction of work stress related absence reporting, line manager wellbeing training and wellbeing roadshows. Team stress risk assessments have taken place, and will continue, helping identify and mitigate local risks. Further targeted support has included Employee Assistance-led wellbeing sessions for the most impacted teams as well as financial wellbeing sessions. A workplace wellbeing group has built on the activity undertaken through team stress risk assessments to inform the organisational stress risk assessment and will support our forward plan to support the proactive identification, communication and management of stress-related risks.

Risk horizon

Our risk profile has been significantly impacted by the cyber-attack affecting our online digital services. Understanding our risks as we move towards full recovery of our services and transformation of our systems will be a focus during 2026 to 2027. In particular, ensuring the safe and secure delivery of services as we accelerate transformation 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.

Error rate (subject to audit)

Maintaining a low level of error has remained a priority in 2025 to 2026. Our gross error rate was 0.73% in 2025 to 2026 compared to 1.11% in 2024 to 2025. Addressing overpayments has helped reduce the most likely level of error to a net position of £15.4 million (0.66%) of expenditure compared to £18.6 million (0.82%) of expenditure in 2024 to 2025. We use a statistical random sampling technique and based on this we have 95% confidence that the actual net level of error in 2025 to 2026 is between 0.61% and 0.86% 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 2025 to 2026 our estimated underpayment was 0.07% of the total legal aid expenditure (compared to 0.07% in 2024 to 2025).

Specific issues to highlight this year

Gross error rate category	
Court Assessed claims	**Legal Help claims**
1.38%	**0.50%**
2025 to 2026 saw a decrease in our gross error rate for Court Assessed claims (1.57% in 2024 to 2025), which providers can alternatively decide to be assessed by the LAA.	This has reduced from 1.54% in 2024 to 2025 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 2026 to 2027.

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 LAA 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.

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 an established Prevent function, which supports colleagues widely across policy and digital transformation programmes. This year the Prevent function has been involved in both the response and recovery phases of the cyber-attack, producing mandatory fraud risk assessment for contingency payment schemes and contributing to the development of effective security controls as systems and platforms were restored. Alongside supporting the effective recovery from the cyber-attack, the fraud function has also embedded a new case management system and continues to develop capability to become increasingly data and intelligence led.

The LAA's counter-fraud activity during **2025 to 2026** was impacted by the **cyber-attack** while systems were unavailable. During this period the counter-fraud team focused on incident recovery workstreams and developing fraud preventative savings methodologies. This has seen a **noticeable increase in combined fraud and error recoveries and preservations.**

The total recovery or preservation of public funds for **2025 to 2026** was

£2,510,212

compared to

£1,118,327

in 2024 to 2025

In 2025 to 2026 the LAA continued to apply its risk-based approach to preventing, detecting and investigating suspected fraud, noting the limitations and constraints the cyber-attack brought.

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. The significant factor impacting greater financial recoveries and preservations in 2025 to 2026 was the loss of system access.

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 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.

The MOJ 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 is accessible to all staff on the intranet.

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 2025 to 2026 the LAA received no whistleblowing concerns.

Information assurance and data security

The LAA processes high volumes of personal data, primarily belonging to legal aid clients. We take information security 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.

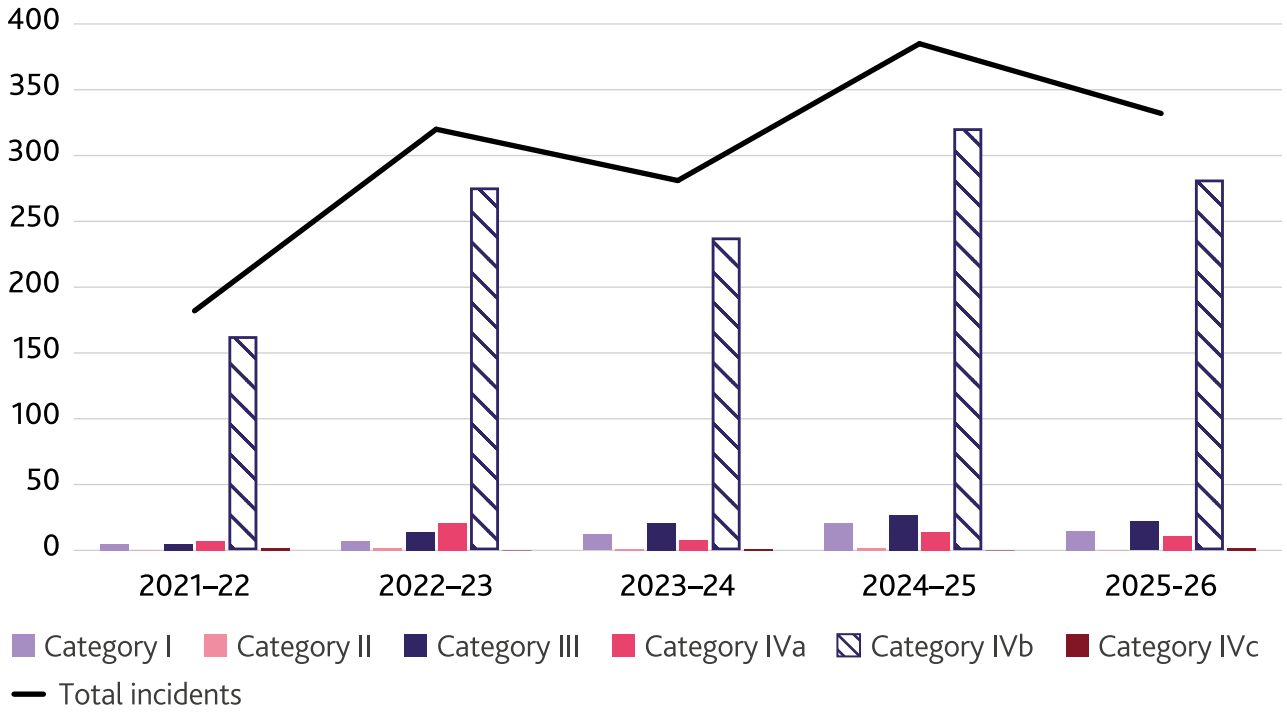
In 2025 to 2026, there were 332 personal data incidents reported. This represents a decrease of 53 (14%) on the previous year. The LAA consistently reports low numbers of incidents considering the large volume of transactions and data that the LAA processes.

There has been one high impact incident detected in 2025 to 2026 that met the threshold for reporting and was reported to the ICO. The reportable incident was the cyber-attack detected in April 2025 and is detailed on pages 16-18.

Table 7. Data incident numbers by category for each year 2021-22 to 2025-26

Category	Nature of incident	2021-22	2022-23	2023-24	2024-25	2025-26
I	Cyber Security	5	7	12	21	15
II	Personnel Security	0	2	1	2	0
III	Physical Security	5	14	21	27	22
IVa	Information Security – Loss or Theft	7	21	8	14	11
IVb	Information Security – Unauthorised Disclosure	163	276	238	321	282
IVc	Information Security – Other	2	0	1	0	2
Total		**182**	**320**	**281**	**385**	**332**

Figure 5. Personal data incidents by category: five-year period



Incident volumes have decreased this year and the impact of the cyber-attack detailed on pages 16-18 has resulted in a change in the nature of incidents experienced. Unauthorised disclosure incidents remained the most common incident type, but within this category the LAA experienced a significant decrease in incidents relating to disclosure involving LAA IT systems and a significant increase in disclosure incidents involving email. This reflects the move into sustained contingency processing arrangements during the year. The LAA will continue to develop appropriate remedial actions and process improvements to reduce the impact of incidents and the likelihood of incidents occurring.

In this reporting period, we responded to 245 Freedom of Information (FOI) requests, compared to 238 during 2024 to 2025. FOI requests require a response within 20 working days and we have a 100% target for compliance. This year, we have responded to 99% of FOI requests within 20 working days, a decrease on the 100% achieved during 2024 to 2025.

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-attack incident discovered at the beginning of the 2025 to 2026 financial year continues to be a significant challenge for the LAA and will be a focus of our restoration and transformation work and our risk management and assurance activity for 2026 to 2027.

Signed for and on behalf of the Legal Aid Agency



Helen Measures
Chief Executive and Accounting Officer
Legal Aid Agency
10 November 2026

Remuneration and staff report

The remuneration and staff report 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.

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 2025 to 2026 relate to the performance in 2024 to 2025 and the bonuses reported in 2024 to 2025 relate to the performance in 2023 to 2024.

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 8 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 2025) and the value of the individual's benefits at the end of the pension input period (31 March 2026), this also incorporates any increase to pensionable pay. Regulations specify a modification to the HMRC rules for this purpose, to value the benefits HM Treasury has advised pension schemes to use a multiplier of 20.

Non-Executive Board Members

Two NEBMs remained in post for 2025 to 2026 as part of their fixed term appointments. One NEBM left on 31 December 2025 at the end of their tenure. Two NEBMs joined on 1 January 2026.

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 14 and 15 on page 73.

Table 8. Senior employees in post during 2025 to 2026 – employment costs (subject to audit)

	2025-26					2024-25				
Executive Board Members	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)
Jane Harbottle CBE[15] Chief Executive	120-125	11	15-20	34	185-190	120-125	19.2	0-5	73	215-220
Adrian Hannell[16] Director of Finance	130-135	-	10-15	51	190-195	5-10 (FYE 125-130)	-	-	3	10-15
Hitesh Patel[17] Deputy Chief Executive and Director of Transformation	20-25 (FYE 125-130)	-	-	9	30-35	-	-	-	-	-

Note: FYE stands for full year equivalent.

15 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.

16 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.

17 Hitesh Patel joined LAA Board on 27 January 2026.

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

	2025-26		2024-25	
	Total amount of salary and fees	Bonus payments	Total amount of salary and fees	Bonus payments
	%	%	%	%
Employees[18]	4.2	54.3	3.0	-0.8
Highest paid director[19]	0.0	600.0	4.3	-80.0

Table 10. 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
2025-26	5.6:1	4.9:1	3.7:1
2024-25	6.0:1	5.0:1	3.9:1

Table 11. Lower quartile, median and upper quartile for total staff remuneration

Salary	2026	2025	2026	2025	2026	2025
	Lower quartile		Median		Upper quartile	
	£	£	£	£	£	£
Salary component	25,582	24,202	29,846	28,681	37,847	36,629
Total staff remuneration	**27,153**	**24,702**	**31,061**	**29,281**	**40,859**	**38,162**

The banded remuneration for the highest paid Executive Board Member in the LAA in the financial year 2025 to 2026 was £150-155,000 (2024 to 2025: £145-150,000). This was 4.9 times (2024 to 2025: 5.0) the median remuneration of the workforce, which was £31,061 (2024 to 2025: £29,281). The increase in median remuneration is mainly driven by the August 2025 pay award.

In 2025 to 2026, two staff members or contractors (2024 to 2025: two) received banded remuneration in excess of the highest paid Executive Board Member.

18 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.

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

Staff remuneration ranged from £20-25,000 to £195-200,000 (2024 to 2025: £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 2024 and August 2025, 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 5% and 3.25% respectively.

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

Table 12. 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
Adrian Hannell	10 March 2025	1	3
Hitesh Patel	27 January 2026	0	3

Civil Service pension benefits

Civil Service pensions

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 Remedy[20] 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.

The accrued pension benefits, 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 Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

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

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

Table 13. Executive Board Members – pension costs for the year ended 31 March 2026 (subject to audit)

	Total accrued pension and related lump sum at pension age as at 31 March 2026	Real movement in pension and related lump sum at pension age	CETV at 31 March 2026	CETV at 31 March 2025	Real increase in CETV
	£000	£000	£000	£000	£000
Jane Harbottle CBE	Pension 55-60 Lump sum nil	Pension 0-2.5 Lump sum nil	1,007	937	19
Adrian Hannell	Pension 30-35 Lump sum nil	Pension 2.5-5 Lump sum nil	438	383	34
Hitesh Patel	Pension 40-45 Lump sum nil	Pension 0-2.5 Lump sum nil	811	801	8

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 2025 to 2026. They will hold office until the end of the period for which they were appointed.

Employment costs – NEBMs

Table 14. NEBMs in post at 31 March 2026 – employment costs (subject to audit)

	2025-26		2024-25	
Non-Executive Board Member	Total amount of fees £000	All taxable benefits £000	Total amount of fees £000	All taxable benefits £000
Nick Campsie	10-15	-	10-15	-
Kenneth Gill[21] ARAC Chair	10-15	-	10-15	1.6
Suzanne Rab to 31 December 2025	5-10	-	5-10	-
Lisa Haythorne MBE from 1 January 2026	0-5 (FYE 5-10)	-	-	-
José Luis Carrizo from 1 January 2026	0-5 (FYE 5-10)	-	-	-

Employment contracts – NEBMs

Table 15. NEBMs – employment contracts

Non-Executive Board Member	Contract start date	Term served (years)
Nick Campsie	22 June 2023	3
Kenneth Gill	12 June 2023	3
Suzanne Rab	1 April 2019	7
Lisa Haythorne MBE from 1 January 2026	1 January 2026	0
José Luis Carrizo from 1 January 2026	1 January 2026	0

21 The remuneration includes £2,400 (2024 to 2025: £2,400) as Chair of the LAA ARAC.

Staff report

Staff costs

Table 16. Staff costs for the year ended 31 March 2026 (subject to audit)

	2025-26			2024-25		
	Permanently employed staff	Other	Total	Permanently employed staff	Other	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	46,544	617	47,161	43,195	306	43,501
Social security costs	6,043	-	6,043	4,346	-	4,346
Other pension costs	12,372	-	12,372	11,443	-	11,443
	64,959	**617**	**65,576**	**58,984**	**306**	**59,290**
Redundancy and early departures	142	-	142	-	-	-
Total	**65,101**	**617**	**65,718**	**58,984**	**306**	**59,290**

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 2025 to 2026, employer's contributions of £12,245,000 were payable to the PCSPS (2024 to 2025: £9,730,000) at a flat rate of 28.97% (2024 to 2025: 28.97%) 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 £127,000 (2024 to 2025: £109,000) were paid to one or more of a panel of appointed stakeholder pension providers.

Two people (2024 to 2025: one) retired early on ill health grounds; the total additional accrued pension liabilities in the year was £15,000 (2024 to 2025: £12,000).

Staff numbers

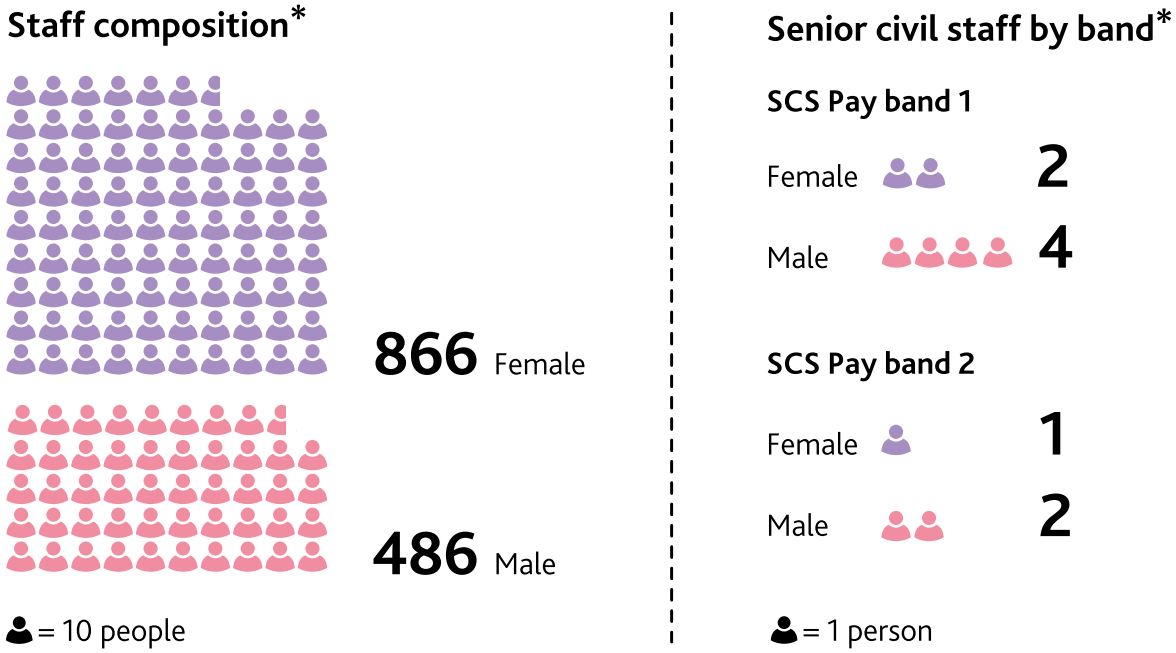
Table 17. Average number of persons employed (subject to audit)

	2025-26			2024-25		
	Permanently employed staff	Other	Total	Permanently employed staff	Other	Total
Directly employed	1,243	-	1,243	1,204	-	1,204
Other	-	7	7	-	2	2
Total	**1,243**	**7**	**1,250**	**1,204**	**2**	**1,206**

Table 18. Staff composition (not subject to audit)

	Male	Female
Staff composition	486	866

Figure 6. Directly employed staff composition and senior Civil Service staff by band



Note: 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 2025 Civil Service People Survey, 88% of those who took part (83% of total staff numbers) gave a positive response on the theme of Inclusion and Fair Treatment.

Our diversity and inclusion initiatives include:

- Inclusive practices relating to recruitment and employment of people with diverse characteristics, such as supporting workplace adjustments, a development programme for ethnic minority staff and ongoing Disability Confident Leaders Accreditation.
- A wellbeing programme which promotes awareness and signposts our people to support available, as well as enhanced training and data relating to workplace relations.
- Continuing to deliver against the Race Action Plan and Disability Action Plan, which have recently been developed into an overarching Inclusion Plan to further ensure that our diverse staff are engaged and supported to improve the service provided to citizens and legal aid providers.

Employment of disabled persons

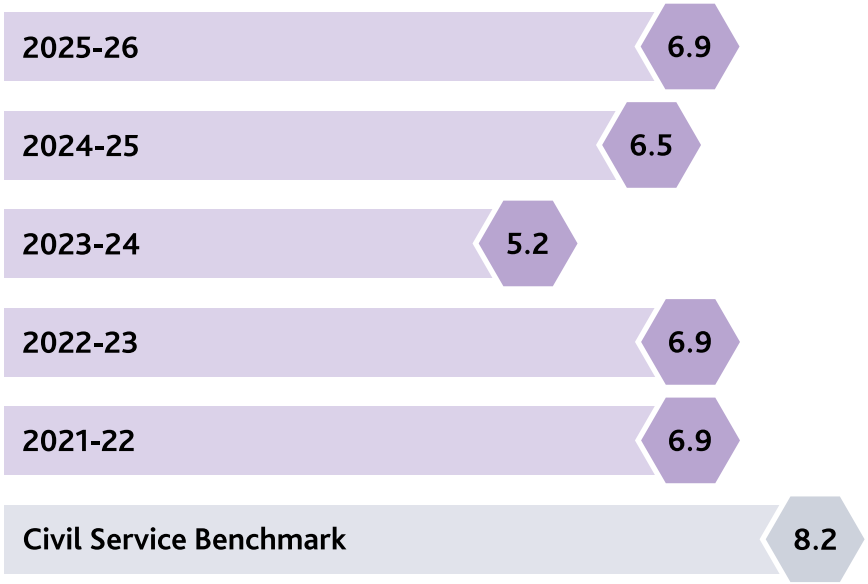
In line with the LAA's Disability Confident Leaders Accreditation we have continued to deliver against our commitment, ensuring our recruitment practices are inclusive for all, being open to learning from people's experiences and ensuring our staff have access to the right workplace adjustments when 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 and Operations Committee and for the LAA Workplace Wellbeing Group.

We continued to offer comprehensive wellbeing support, through clear and accessible information, events and initiatives. We also continued to embed our revised stress risk assessment process, enabling timely and focused wellbeing discussions for colleagues.

Figure 7. 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 19. Staff turnover (subject to audit)

	2025-26		2024-25	
	Turnover	Departmental turnover	Turnover	Departmental turnover
LAA	4.3%	6.0%	6.5%	8.5%

Table 20. Reporting of Civil Service and Other Compensation Schemes (subject to audit)

	2025-26			2024-25		
	Compulsory redundancies	Other departures	Total exit packages	Compulsory redundancies	Other departures	Total exit packages
	Number	Number	Number	Number	Number	Number
< £10,000	-	-	-	-	-	-
£10,000-£25,000	-	1	1	-	-	-
£25,001-£50,000	-	3	3	-	-	-
£50,001-£100,000	-	-	-	-	-	-
Total number	**-**	**4**	**4**	**-**	**-**	**-**
Total cost (£000)	**-**	**142**	**142**	**-**	**-**	**-**

Ill health retirement costs are met by the pension scheme and are not included in the table.

Consultancy costs

Expenditure on consultancy in 2025 to 2026 was nil (2024 to 2025: nil).

Off-payroll engagements

During the financial year 2025 to 2026, 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 about off-payroll engagements are shown in the off-payroll tables in Annex A.

Parliamentary Accountability and Audit Report

The purpose of the parliamentary accountability and audit report is to meet Parliamentary accountability and audit requirements.

Parliamentary accountability disclosures

This section has been subject to audit.

Losses and special payments

Table 21. Losses and special payments

	2025-26		2024-25	
	Volume	£000	Volume	£000
Cash losses	19	31	1	1
Write-offs	9,827	20,133	3,335	15,988
Special payments	78	32	46	66
Constructive losses	6	1,944	1	2,808
Total value of losses	**9,930**	**22,140**	**3,383**	**18,863**

Constructive losses include impairment of digital assets that were made obsolete following the cyber-attack. Four of those assets have a value of over £300,000, those being: Application Programming Interface development (£538,600), Corporate Information System development (£394,810), Evidence Migration (£377,160) and Integrations (£364,541).

Write-offs include £20.1 million of irrecoverable historic inactive debt. The bulk of this debt had previously been impaired and was statute barred.

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 Report 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 2026 there were no such remote contingent liabilities (31 March 2025: 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 2025 to 2026 are available on page 60.

Signed for and on behalf of the Legal Aid Agency



Helen Measures
Chief Executive and Accounting Officer
Legal Aid Agency
10 November 2026

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 2026 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 2026;
- 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 2026 and its net operating cost 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.

Emphasis of matter – cyber-attack litigation

I draw attention to the disclosures made in notes 1a and 16 of the financial statements concerning the estimate of claims for damages emanating from the recent cyber-attack. The Legal Aid Agency states that it is not possible to determine a reliable estimate for the potential legal claims disclosed as a contingent liability due to the significant uncertainty associated with them. My opinion is not modified in respect of this matter.

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 and Regularity of Public Sector Bodies in the United Kingdom (2024). 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 2024. 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 is 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 issued 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 issued 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 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 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, key performance indicators and performance incentives;
- 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 of fraud to all engagement team members 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 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
12 November 2026
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 2026

Legal Aid Agency
Statement of Comprehensive Net Expenditure for the year ended 31 March 2026

	Notes	2025-26 £000	2024-25 £000
Statutory charge interest		(3,522)	(4,010)
Income under the legal aid schemes	3	(33,725)	(49,086)
Other income		(294)	(194)
Total operating income		**(37,541)**	**(53,290)**
Expenditure under the legal aid schemes	4	2,293,819	2,342,705
Staff costs	5	65,718	59,290
Other operating expenditure	5	129,488	41,613
Depreciation, amortisation and impairment	4, 5	12,165	10,017
Total operating costs		**2,501,190**	**2,453,625**
Net operating costs		**2,463,649**	**2,400,335**
Other comprehensive expenditure			
Net gain on revaluation of intangibles	6	-	(11)
Net (gain)/loss on revaluation of property, plant and equipment	7	2	(5)
Total comprehensive net expenditure		**2,463,651**	**2,400,319**

All income and expenditure are derived from continuing operations.

The notes on pages 93-135 form part of these financial statements.

Legal Aid Agency
Statement of Financial Position at 31 March 2026

	Notes	31 March 2026 £000	31 March 2025 £000
Non-current assets			
Intangible assets	6	40,560	24,804
Property, plant and equipment	7	756	1,326
Right-of-use assets	8	4,071	4,340
Trade and other receivables	10	117,448	118,892
Total non-current assets		**162,835**	**149,362**
Current assets			
Trade and other receivables	10	155,740	37,593
Cash and cash equivalents	11	40,984	34,023
Total current assets		**196,724**	**71,616**
Total assets		**359,559**	**220,978**
Current liabilities			
Trade and other payables	12	(308,698)	(240,023)
Other financial liabilities	13	(1,244)	(1,347)
Provisions for liabilities and charges	14	(995,878)	(1,033,420)
Total current liabilities		**(1,305,820)**	**(1,274,790)**
Total assets less current liabilities		**(946,261)**	**(1,053,812)**
Non-current liabilities			
Other financial liabilities	13	(2,633)	(3,054)
Provisions for liabilities and charges	14	(75,095)	(593)
Total non-current liabilities		**(77,728)**	**(3,647)**
Total assets less liabilities		**(1,023,989)**	**(1,057,459)**

	Notes	31 March 2026 £000	31 March 2025 £000
Taxpayers' equity			
Revaluation reserve		1,533	2,128
General reserve		(1,025,522)	(1,059,587)
Total taxpayers' equity		**(1,023,989)**	**(1,057,459)**

The notes on pages 93-135 form part of these financial statements.

Signed for and on behalf of the Legal Aid Agency



Helen Measures
Chief Executive and Accounting Officer
Legal Aid Agency
10 November 2026

Legal Aid Agency
Statement of Cash Flows for the year ended 31 March 2026

	Notes	2025-26 £000	2024-25 £000
Cash flows from operating activities			
Net operating cost	2	(2,463,649)	(2,400,335)
Adjustments for notional and non-cash transactions	4, 5	134,975	44,423
Legal aid costs met by HMCTS		9,041	7,712
Intra-departmental balances settled via General reserves		(3,632)	(2,468)
(Increase)/decrease in trade and other receivables	10	(116,703)	16,091
Increase in trade and other payables	12	68,675	25,022
Decrease in other financial liabilities	13	(524)	(2,126)
Less repayments of principal on leases	8	972	1,962
Less lease additions and remeasurements	8	(448)	164
Utilisation of non-fund provisions	14	(135)	(49)
Movement in fund dilapidations provisions	14	(44)	36
Movement in work in progress provisions	14	(37,595)	75,861
Net cash outflow from operating activities		**(2,409,067)**	**(2,233,707)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	-	(145)
Net cash outflow from investing activities		**-**	**(145)**

	Notes	2025-26 £000	2024-25 £000
Cash flows from financing activities			
Supply funding from MOJ: revenue		2,417,000	2,217,855
Supply funding from MOJ: capital		-	145
Repayments of principal on leases	8	(972)	(1,962)
Net cash inflow from financing activities		**2,416,028**	**2,216,038**
Net increase/(decrease) in cash and cash equivalents in year	11	**6,961**	**(17,814)**
Cash and cash equivalents at the beginning of the year	11	34,023	51,837
Cash and cash equivalents at the end of the year	11	**40,984**	**34,023**

Prior year comparatives have been reclassified to separately disclose movements on immaterial provisions. The reclassification is required to clarify provisions movements.

The notes on pages 93-135 form part of these financial statements.

Legal Aid Agency
Statement of Changes in Taxpayers' Equity for the year ended 31 March 2026

	Note	General reserve £000	Revaluation reserve £000	Total £000
Balance at 1 April 2025		**(1,059,587)**	**2,128**	**(1,057,459)**
Comprehensive net expenditure for the year		**(2,463,649)**	**(2)**	**(2,463,651)**
Supply funding from MOJ: revenue		2,417,000	-	2,417,000
Supply funding from MOJ: capital		-	-	-
Non-cash adjustments				
Costs met by HMCTS		9,041	-	9,041
Intra-departmental adjustment		22,770	-	22,770
Notional recharge from MOJ	5	47,825	-	47,825
Notional external audit fee	5	485	-	485
Transfers from revaluation reserve		593	(593)	-
Balance at 31 March 2026		**(1,025,522)**	**1,533**	**(1,023,989)**

	Note	General reserve £000	Revaluation reserve £000	Total £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)**

The notes on pages 93-135 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2026

Note 1 – Statement of accounting policies

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2025 to 2026, 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 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). For further details on accounting treatment of civil representation scheme, refer to Note 1c.

Cyber-attack litigation

A provision has been recognised for the first time in 2025 to 2026 for legal claims relating to the cyber-attack identified in April 2025, and a contingent liability in respect of potential legal claims. No liability has been established or accepted.

Due to the considerable uncertainties (explained in notes 14 and 16), particularly given the litigation is at such an early stage, there is a significant risk that a highly material amount from the contingent liability will crystallise and be recognised within the provision balance in future financial years.

The estimates will continue to be refined in the future as more information becomes available. It is not possible to determine a reliable estimate for the potential legal claims due to the significant uncertainty associated with them.

Going concern
The LAA is an executive agency of the MOJ established under the 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 MOJ from funds which are voted annually under the relevant Appropriation Act. The LAA takes the view that the going concern concept applies as long as the provisions of the LASPO Act 2012 remain extant.

b) Changes in accounting policies and disclosures

New and amended standards adopted
IFRS 17 Insurance Contracts is applied from 1 April 2025, with a transition date of 1 April 2024. IFRS 17 sets out the principles for recognition, measurement, presentation and disclosure of insurance contracts within its scope. Per the FReM, for the purposes of applying IFRS 17, legislation and regulations, in isolation, are not equivalent to insurance contracts. The LAA has assessed the impact of IFRS 17 on its financial statements for 2025 to 2026, there is no material impact.

The FReM 2025 to 2026 includes additional updated guidance on valuations of property, plant and equipment. These amendments do not have a material impact on the LAA's financial statements.

There have been no other new or amended standards adopted in the financial year beginning 1 April 2025.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2025 and not early adopted
IFRS 18 Presentation and disclosure in financial statements is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The LAA will apply IFRS 18 in accordance with the FReM. The implementation date is not yet known for FReM bodies.

IFRS 19 Subsidiaries without public accountability disclosures allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 19 on the public sector is still being assessed, and a decision has not yet been taken on an implementation date.

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

c) Civil representation contingency scheme

Background and terms of the scheme
The cyber-attack on LAA's systems resulted in the LAA's Client and Cost Management System (CCMS) being unavailable to legal aid providers from mid-May to November 2025. Outside the outage, this system is used by providers to submit bills for civil representation legal aid work and by the LAA to assess and pay those claims.

Under the civil legal aid contracts with providers, the LAA has an obligation to assess and pay claims received from providers within specified time periods. In the absence of CCMS, the LAA was unable to fulfil this obligation. With HM Treasury agreement, the LAA therefore implemented contingency arrangements to ensure providers received payment for the civil legal aid work they continued to do throughout the systems outage.

Under these contingency arrangements, providers were able to voluntarily opt in, on a weekly basis, to receive a weekly payment based on an average of the last three full months of billing data available. On opting in, providers were required to confirm that, had CCMS been available, they would have submitted claims for the period that would have equalled or exceeded the contingency payment applied for. Providers were able to request a higher payment through an escalation route: these requests were subject to scrutiny and approval processes on an individual basis.

Under the terms of the contingency payment agreement, the providers also agreed that, once they were able to submit claims again, the LAA would begin recoupment of the payments. Contingency recoupments would commence two weeks after the LAA was in a position to consider case specific payments and would be on the basis of a quarter of an average week's payment until the full amount had been recouped. Recoupments would be done via debit note transaction, and the average week's payment on which the recoupment would be based would be calculated as the total value of contingency payments received by the provider divided by the number of weeks they received contingency payments and then divided by four.

The contingency recoupment schedule was designed on the assumption that providers would be able to bill at 125% of normal billing levels once CCMS became available to them again. The scheme was intended to ensure that throughout the contingency period and following LAA systems restoration, providers would receive payment for legal aid work carried out to the same timescales as under normal billing arrangements.

Providers are able to negotiate accelerated recoupment and/or make payments for recoupment to the LAA.

The contingency payment scheme was in operation from 4 June 2025 to 14 January 2026. Recoupments began 27 January 2026 and are estimated to finish by August 2028.

Accounting treatment
Contingency payments and recoupments are accounted for as expenditure under the legal aid schemes and disclosed separately in note 4 Expenditure under the legal aid schemes.

Under normal circumstances, providers are able to recover their incurred costs once a final bill has been submitted and assessed at the end of a case, or through a payment on account, which is claimable three months after the certificate has been issued and allows them to claim up to 80% of incurred costs to date. Work that has been completed but has not yet been billed is accounted for through the work in progress (WIP) provision. Providers do not receive payment in advance of carrying out work.

Since CCMS was brought back online for providers, some have been able to bill at in excess of the expected 125% level, while others have not achieved that level. Where the combination of contingency payments, provider billing and standard payments on account claimed during 2025 to 2026 has taken a provider ahead of their normal billing point, the excess in contingency payments is accounted for as a contingency prepayment within note 10, Trade and other receivables. Conversely, where providers are behind their normal billing point, the deficit in billing is accounted for as a contingency accrual within note 12, Trade and other payables. The net of these prepayments and accruals is an adjustment to expenditure under the legal aid schemes. All adjustments are capped at the level of contingency payments actually received.

The adjustments to recognise prepayments and accruals include an element of estimation. The key assumptions used are:

- the starting point for 'ordinarily billable work' in 2025 to 2026 is equivalent to billed spend during 2024 to 2025, unless actual claims in 2025 to 2026 (excluding contingency payments) exceed prior year billing
- reliable estimation and recognition of a prepayment or accrual is only possible where providers have historically stable billing patterns
- operational knowledge of providers with the largest balances in 2025 to 2026 is a more accurate guide to provider billable activity than prior year billing
- the absence of a contingency claim does not mean that a provider had no billable work during the contingency period

In recognition of the uncertainty inherent in the calculation, a sensitivity analysis has been carried out, with reasonable changes made to the key assumptions in the calculation. The impact of the following reasonable alternatives to these assumptions has been quantified:

- ordinarily billable work[22] forecast used in the calculation +/- 5% and +/- 10%
- a flex in the two billing stability statistics[23] used to adjust for infrequent or volatile billing patterns, including:
  - the billing stability index +/- 10%; and
  - the frequency of billing threshold +/- 12.5%

	Increase in net asset		(Decrease) in net asset	
Assumptions tested	**Assumption**	**£m**	**Assumption**	**£m**
Ordinarily billable work forecast[22]	-5%	18.0	+5%	(19.3)
Ordinarily billable work forecast[22]	-10%	34.5	+10%	(39.7)
Billing stability index[23]	+10%	(3.6)	-10%	(26.1)
Billing stability frequency[23]	-12.5%	-	+12.5%	-

Using these alternative assumptions, the net assets at 31 March 2026 could be higher by up to £30.9 million or lower by up to £65.8 million. This is a general order of magnitude, as there is a degree of interaction between the assumptions that might result in a different combined outcome.

22 Ordinarily billable work forecast: To calculate the contingency prepayment or accrual, it is necessary to estimate the 2025 to 2026 level of work that would have been billable, had it not been for the system outage. Civil Representation billing and spend drivers have remained relatively flat in recent years, indicating that an adjusted 2024 to 2025 position is a reasonable starting point. Given the inherent uncertainty, we have assumed a degree of variance in either direction.

23 Billing stability index and frequency: To adjust for the impact of volatile billing patterns, two statistics were derived based on provider billing patterns over the two years prior to the system outage. One is the standardised index, where a statistically accepted norm of 30% has been used. The second simply looks at the frequency of billing. The sensitivity analysis considers the inherent uncertainty in these measures.

d) 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
- intra-departmental income and expenditure transactions

e) 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.

f) 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 year.

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.

g) Expenditure

Expenditure 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

h) 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'.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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 IAS38 '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 one to 15 years. In accordance with IAS 38 'Intangible Assets', the LAA reviews the economic useful lives of its intangible assets each financial year.

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

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

Prior to 1 April 2024, intangible assets were revalued each year at the reporting date using relevant indices. Post 1 April 2024, following the FReM's withdrawal of the option to use the revaluation model for intangible assets, they are carried at cost less any accumulated amortisation and impairment losses. The carrying values at the transition date of 1 April 2024 are considered historical cost.

n) 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 Producer Price Indices (PPI) for Current Cost Accounting, published by the Office for National Statistics (ONS). This revaluation was not carried out for 2024 to 2025, due to the ONS flagging issues with their current and historic indices. Following the ONS's resolution of these issues, revaluation has recommenced at 31 March 2026. The effect of pausing revaluation was immaterial.

o) 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 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 IFRIC 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.

p) 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 – one to 15 years
- right-of-use assets – the life of the lease

q) 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.

r) Impairment of non-financial assets

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

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

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

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

s) 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.

t) 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 includes arrangements in place to pay less than contractual payments, fraud and bankruptcy or other indicators.

u) 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.

v) 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.

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

x) 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.

y) 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 year from the date of payment.

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

Note 2 – Segmental analysis

For the purpose of making operational decisions and reporting to the LAA Board, the LAA divides net operating costs into 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

Administration reflects the costs of running the LAA.

The following table presents the net operating cost by segment:

	2025-26 £000	2024-25 £000
Civil Representation	908,663	861,680
Legal Help	134,010	129,024
Crime Lower	357,276	303,401
Crime Higher	790,054	934,142
Central Funds	73,043	67,658
Total Legal Aid	**2,263,046**	**2,295,905**
Administration	200,603	104,430
Net operating costs	**2,463,649**	**2,400,335**

Note 3 – Income under the legal aid schemes

	2025-26 £000	2024-25 £000
Civil Representation		
Contributions by funded clients	512	3,126
Recoveries from damages and statutory charges	2,526	7,641
Total Civil Representation	**3,038**	**10,767**
Criminal cases		
Crown Court recoveries	30,236	38,100
Recovery of defence costs	-	34
Public Defender Service	451	185
Total criminal cases	**30,687**	**38,319**
Total	**33,725**	**49,086**

Note 4 – Expenditure under the legal aid schemes

	2025-26 £000	2024-25 £000
Civil Representation		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	679,057	889,654
Payments under contingency arrangements	393,862	-
Recoupments under contingency arrangements	(58,814)	-
Net amount prepaid under contingency arrangements	(91,357)	-
Provision for work in progress movement	(10,901)	(21,830)
Refund of contributions	222	1,093
Costs of successful unassisted parties	662	762
Movement in fair value reduction for statutory charge secured debt	869	694
Movement in fair value reduction for statutory charge interest debt	1,161	930
Debt impairment and write offs	1,996	4,092
Discount of debt	(1,737)	851
	915,020	**876,246**
Legal Help		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	123,854	121,373
Provision for work in progress movement	2,966	271
Direct services	6,729	6,901
Debt impairment and write offs	(5)	21
Discount of debt	(1)	2
	133,543	**128,568**

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

	2025-26 £000	2024-25 £000
Crime Lower		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	352,701	317,903
Provision for work in progress movement	(3,935)	(22,785)
Direct services and Public Defender Service	6,550	6,321
Dilapidations provision movement	(44)	36
Debt impairment and write offs	11	(89)
Discount of debt	-	(4)
	355,283	**301,382**
Crime Higher		
Solicitors' charges, counsel fees and disbursements (provided in year – note 14)		
Bills submitted in year	833,908	828,926
Provision for work in progress movement	(29,777)	115,874
Direct services and Public Defender Service	302	439
Debt impairment and write offs	8,308	17,546
Discount of debt	4,189	6,066
	816,930	**968,851**
Central Funds		
Central Fund expenditure (provided in year – note 14)		
Bills submitted in year	4,531	2,520
Defence cost orders awarded in Crown and magistrates' courts	44,819	42,785
Provision for work in progress movement	4,052	4,331
Interpreters and other	19,641	18,022
	73,043	**67,658**
Sub-Total	**2,293,819**	**2,342,705**
Depreciation expense	46	104
Total	**2,293,865**	**2,342,809**

Note 5 – Staff and other costs

	2025-26 £000	2024-25 £000
Staff costs		
Wages and salaries	47,161	43,501
Social security costs	6,043	4,346
Other pension costs	12,372	11,443
Non-cash early departure provisions	142	-
	65,718	**59,290**
Other operating expenditure		
Accommodation and related costs	3,195	2,841
Property rentals not falling within IFRS 16	99	169
Office, IT and service running costs	1,262	1,751
Staff and committee member related costs	672	693
Legal and professional costs	1,078	1,320
Service level agreements with HMCTS	85	85
Lease interest expense	75	99
Other administration costs	311	249
Non-cash costs		
Notional recharge from MOJ	47,868	33,747
Notional external audit fee	485	435
Movement in provision for legal claims and dilapidations	74,363	213
Loss on disposal of assets	(5)	11
	129,488	**41,613**

Note 5 – Staff and other costs (continued)

	2025-26 £000	2024-25 £000
Depreciation, amortisation and impairment charges		
Amortisation of intangibles	8,702	5,870
Depreciation of property, plant and equipment	366	139
Depreciation of right-of-use assets	1,107	1,096
Impairment of intangibles	1,944	2,808
	12,119	**9,913**
Total	**207,325**	**110,816**

Note 6 – Intangible assets

	Computer software	Assets under construction	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2025	92,614	-	92,614
Transfers from MOJ	-	26,402	26,402
Reclassifications	25,121	(25,121)	-
Disposals	(3,096)	-	(3,096)
Impairment	(1,534)	(1,281)	(2,815)
At 31 March 2026	**113,105**	**-**	**113,105**
Amortisation			
At 1 April 2025	67,810	-	67,810
Charged in year	8,702	-	8,702
Disposals	(3,096)	-	(3,096)
Impairment	(871)	-	(871)
At 31 March 2026	**72,545**	**-**	**72,545**
Net book value at 31 March 2026	**40,560**	**-**	**40,560**

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 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)
Revaluations	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**

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 2025	8,165	1,181	379	-	9,725
Reclassifications	-	(194)	-	-	(194)
Disposals	(8,097)	-	-	-	(8,097)
Revaluations	5	(453)	58	-	(390)
At 31 March 2026	**73**	**534**	**437**	**-**	**1,044**
Depreciation					
At 1 April 2025	8,098	86	215	-	8,399
Charged in year	10	289	67	-	366
Reclassifications	-	44	(31)	-	13
Disposals	(8,097)	-	(5)	-	(8,102)
Revaluations	1	(425)	36	-	(388)
At 31 March 2026	**12**	**(6)**	**282**	**-**	**288**
Net book value at 31 March 2026	**61**	**540**	**155**	**-**	**756**

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

Note 7 – Property, plant and equipment (continued)

	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**

Note 8 – Leases

Right-of-use leased assets

	2025-26 £000	2024-25 £000
Cost or valuation		
At 1 April	8,653	9,763
Additions and remeasurements	711	(164)
Reclassifications	194	(946)
Disposals	(206)	-
At 31 March	**9,352**	**8,653**
Depreciation		
At 1 April	4,313	3,048
Charged in year	1,153	1,150
Reclassifications	(13)	115
Disposals	(172)	-
At 31 March	**5,281**	**4,313**
Net book value at 31 March	**4,071**	**4,340**

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

Lease liabilities

	31 March 2026 £000	31 March 2025 £000
Not later than one year	1,331	1,472
Later than one year and not later than five years	1,909	1,564
Later than five years	811	1,490
Gross cash flows	**4,051**	**4,526**
Less interest element	(174)	(125)
Present value of obligations	**3,877**	**4,401**

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

Amounts recognised in the Statement of Comprehensive Net Expenditure

	2025-26 £000	2024-25 £000
Depreciation	1,153	1,150
Interest expense	76	94
Low value and short-term leases	99	169
Total	**1,328**	**1,413**

Amounts recognised in the Statement of Cash Flows

	2025-26 £000	2024-25 £000
Repayment of principal on leases	972	1,962
Interest expense	76	94
Total	**1,048**	**2,056**

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 2026, £85.0 million (31 March 2025: £90.5 million) of statutory charge debt was due, the principal of which carried a fixed rate of interest.

Money received by the LAA on behalf of funded clients is held on deposit until the case is concluded. Interest is paid to funded clients by reference to the London Inter Bank Offered Rate, at the rate of 0.5% per year 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 year 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 2026	31 March 2025
	£000	£000
Cash and cash equivalents	40,984	34,023
Trade and other receivables – current	155,740	37,593
Trade and other receivables – non-current	117,448	118,892
Trade and other payables – current	(308,698)	(240,023)
Lease liabilities – current	(1,244)	(1,347)
Lease liabilities – non-current	(2,633)	(3,054)
Total	**1,597**	**(53,916)**

As at 31 March 2026 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 2026 £000	31 March 2025 £000
Amounts recoverable within one year		
Statutory charge	4,032	4,276
Statutory charge interest	3,910	3,957
Contributions due from funded clients	280	330
Costs to be recovered	271	274
Damages	96	96
Recovery of defence costs	5,378	4,585
Amounts due from service providers	29,159	21,590
Prepayments under Civil contingency arrangements	110,067	-
Other prepayments and accrued income	86	150
Intra-departmental debtors	1,686	1,466
Other receivables	775	869
	155,740	**37,593**
Amounts recoverable later than one year		
Statutory charge	38,464	42,127
Statutory charge interest	39,852	41,374
Contributions due from funded clients	1,018	1,219
Costs to be recovered	1,052	1,079
Damages	252	255
Recovery of defence costs	36,810	32,838
	117,448	**118,892**
Total	**273,188**	**156,485**

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 year.

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 2.45% nominal and -0.55% and 0.35% in excess of RPI real until February 2030 and post February 2030 respectively (31 March 2025: 2.15% nominal and -0.85% 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.

Note 10 – Trade and other receivables (continued)

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

	31 March 2026 £000	31 March 2025 £000
Current		
Gross debt	229,952	119,953
Provision for impairment and cumulative fair value losses	(74,212)	(82,360)
	155,740	**37,593**
Non-current		
Gross debt	290,372	291,273
Provision for impairment and cumulative fair value losses	(172,924)	(172,381)
	117,448	**118,892**
Total	**273,188**	**156,485**

Note 10 – Trade and other receivables (continued)

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

	Gross receivables	Provision for impairment and cumulative fair value losses	31 March 2026 Total receivables	31 March 2025 Total receivables
	£000	£000	£000	£000
Fair value through the profit and loss				
Statutory charge (secured)	63,708	(22,458)	41,250	45,150
Statutory charge interest	60,254	(16,492)	43,762	45,331
Amortised cost				
Statutory charge (unsecured)	4,040	(2,794)	1,246	1,253
Contributions due from funded clients	9,213	(7,916)	1,297	1,549
Costs to be recovered	3,242	(1,919)	1,323	1,353
Damages	1,250	(902)	348	351
Recovery of defence costs	206,903	(164,715)	42,188	37,423
Amounts due from service providers	59,100	(29,940)	29,160	21,590
Prepayments under Civil contingency arrangements	110,067	-	110,067	-
Other prepayments and accrued income	86	-	86	150
Intra-departmental debtors	1,686	-	1,686	1,466
Other receivables	775	-	775	869
Total	**520,324**	**(247,136)**	**273,188**	**156,485**

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 2025	**66,004**	**90,481**	**156,485**
Repayment of gross fund debt	(26,681)	(16,369)	(43,050)
Write off of gross fund debt	(19,961)	(120)	(20,081)
New gross fund debt	164,327	12,087	176,414
Fair value adjustment of fund debt through Statement of Comprehensive net income	-	(1,067)	(1,067)
Impairment adjustment of fund debt through Statement of Comprehensive Net Expenditure	4,425	-	4,425
Movement in prepayments, accrued income, intra-departmental receivables and other receivables	62	-	62
At 31 March 2026	**188,176**	**85,012**	**273,188**

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

Financial risk identification and management

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

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

The size of the risk is reflected in the receivables impairment provision and cumulative fair value losses, which total £247.1 million (31 March 2025: £254.7 million).

The majority of the LAA's trade and other receivables are the result of a statutory charge: £85.0 million (31 March 2025: £90.5 million) out of a total receivables balance after impairment and excluding prepayments under Civil contingency arrangements of £163.1 million (31 March 2025: £156.5 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 2026.

There is no adjustment in the impairment of the LAA's receivables at 31 March 2026 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 models use historical recovery profiles by debt category to estimate the provision required against debt balances. The impairment models are underpinned by specific assumptions including: the life of debt, the expected remittance profiles and the discount rate is 2.45% nominal and -0.55% and 0.35% in excess of RPI real until February 2030 and post February 2030 respectively (31 March 2025: 2.15% nominal and -0.85% 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 cash flows +/- 10%
- discount rate +/-1% (this rate is set by HM Treasury)

Note 10 – Trade and other receivables (continued)

		Increase/(decrease) in net financial assets	
		31 March 2026	31 March 2025
Assumptions tested	**Assumption**	**£m**	**£m**
Income received	Evenly through the year	0.9	0.9
Expected cash inflows based on historic repayment profiles	+10%	6.5	8.8
Expected cash inflows based on historic repayment profiles	-10%	(12.0)	(9.4)
Discount rate	+1%	(10.8)	(10.5)
Discount rate	-1%	10.8	12.1
Highest change		**18.2**	**21.8**
Lowest change		**(22.8)**	**(19.9)**

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

Prepayments in respect of the Civil contingency arrangements are subject to significant estimation uncertainty. The assumptions within the estimation calculation, which also apply to accruals under those arrangements, are detailed within note 1c along with the impact of alternative assumptions.

Note 11 – Cash and cash equivalents

	2025-26	2024-25
	£000	**£000**
At 1 April	34,023	51,837
Net change in balances	6,961	(17,814)
At 31 March	**40,984**	**34,023**

The balances were held at:

	31 March 2026	31 March 2025
	£000	**£000**
Government Banking Service	30,245	30,819
Commercial banks	10,739	3,204
Total	**40,984**	**34,023**

Note 12 – Trade and other payables

	31 March 2026 £000	31 March 2025 £000
Amounts due to solicitors, counsel and advice agencies	159,677	121,664
Contribution refunds due to funded clients	3,106	2,995
Taxation and social security costs	1,223	959
Intra-departmental creditors	5,214	8,831
Other payables	12,463	8,753
Accruals for amounts due to solicitors, counsel and advice agencies	100,626	89,629
Accruals under Civil contingency arrangements	19,936	-
Other accruals	6,453	7,192
Total	**308,698**	**240,023**

All trade and other payables fall due within one year.

Note 13 – Other financial liabilities

	31 March 2026 £000	31 March 2025 £000
Lease liabilities – current	1,244	1,347
Lease liabilities – non-current	2,633	3,054
Total	**3,877**	**4,401**

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 claims	Dilapidations	Early departure costs	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2025	1,007,400	25,245	430	938	-	1,034,013
Provided in year	2,191,564	48,871	74,455	240	142	2,315,272
Utilised in year	(2,233,211)	(44,819)	(91)	(44)	-	(2,278,165)
Not required	-	-	(92)	(55)	-	(147)
At 31 March 2026	**965,753**	**29,297**	**74,702**	**1,079**	**142**	**1,070,973**
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)
At 31 March 2025	**1,007,400**	**25,245**	**430**	**938**	**-**	**1,034,013**

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 2025	274,608	54,918	27,809	650,065	1,007,400
Provided in year	911,847	126,820	348,766	804,131	2,191,564
Utilised in year	(922,748)	(123,854)	(352,701)	(833,908)	(2,233,211)
At 31 March 2026	**263,707**	**57,884**	**23,874**	**620,288**	**965,753**
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**

Note 14 – Provisions for liabilities and charges (continued)

The expected timings of discounted cash flows are as follows:

	Funded cases	Central Funds	Legal claims	Dilapidations	Early departure costs	Total
	£000	£000	£000	£000	£000	£000
Not later than one year	965,753	29,297	399	287	142	995,878
Later than one year and not later than five years	-	-	74,303	657	-	74,960
Later than five years	-	-	-	135	-	135
At 31 March 2026	**965,753**	**29,297**	**74,702**	**1,079**	**142**	**1,070,973**
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**

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 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 has 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 WIP 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.

Due to data issues following the system outage following the cyber-attack, the core data for the model only exists up to March 2025. Data from this point to the provision date has been estimated based on non-LAA data from the wider court system.

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.

In addition to the core model sensitivities, new sensitivities have been added to test the impacts of the new assumptions introduced to account for the lack of data following the LAA cyber-attack. These sensitivities are expected to be short term additions only and will be removed when the data allows for it.

Note 14 – Provisions for liabilities and charges (continued)

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

	Increase in net financial liability		(Decrease) in net financial liability	
Assumptions tested	**Assumption**	**£m**	**Assumption**	**£m**
Duration profile[24]	Max duration +1 year	18.9	Max duration -1 year	(18.9)
Final billing duration[25]	+15 days	0.9	-15 days	(0.9)
Average final bill value	+10%	28.2	-10%	(28.2)
Profile variance[26]	-10%	17.4	+10%	(18.3)
System outage assumptions[27]		45.8		(64.4)

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 2026 could be higher by up to +29.1% (£111.2 million) or lower by up to -34.2% (-£130.7 million).

24 Duration profile: 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 degree of variance can be seen in either direction.

25 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 quarter preceding the system outage, 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.

26 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.

27 System outage assumptions: Civil Representation has been the scheme most impacted by the system issues, with limited data over period for the contingency scheme has been in place. This generates several new unknown factors to the modelling that require assumptions. This includes the volume of Civil Representation certificates issued, final bills and pricing, all of which are flexed to test their impacts.

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.

Due to data limitations following the LAA cyber-attack, additional sensitivities have been run in the Crime Lower and Legal Help models. These account for the additional uncertainty introduced through necessary assumptions where normal data is unavailable.

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

	Increase in net financial liability		(Decrease) in net financial liability	
Assumptions tested	**Assumption**	**£m**	**Assumption**	**£m**
Forecast spend[28]	+1.9%	1.5	-7.7%	(6.2)
Case durations[29]	+6.6%	15.0	-7.4%	(16.9)
Price profiles[30]	+5.8%	4.6	-5.6%	(4.5)
System outage assumptions[31]	+0.8%	1.1	-0.2%	(0.2)

Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2026 could be higher by up to +9.8% (£22.2 million) or lower by up to -12.2% (-£27.8 million).

28 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.

29 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.

30 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.

31 System outage assumptions: Due to system outages, normal case starts data is not available for either the Legal Help, Mediation and Crime Lower Magistrates models. An assumption is made around the level of starts and closures over the outage period, which is flexed based on historic trends.

Crime Higher: valuation methodology

The Crime Higher Graduated Fee Scheme (GFS) 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 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.

Note that modelling in this area has seen only minor changes following the cyber-attack. Although the GFS billing system was down for a short while, it was restored quickly enough that data impacts could be handled within the existing model.

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.

	Increase in net financial liability		(Decrease) in net financial liability	
Assumptions tested	**Assumption**	**£m**	**Assumption**	**£m**
Price profiles[32]	+10.0%	54.6	-9%	(54.6)
Completion rates[33]	+2.5%	45.7	-6.6%	(39.8)
Case durations[34]	-10.0%	33.6	+10.0%	(36.3)
Transfers[35]	-20.0%	8.9	+20.0%	(8.9)
Uplift	-50.0%	0.7	+50.0%	(0.6)
System outage assumptions[36]	-	2.0	-	-

32 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.

33 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.

34 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.

35 Transfers: an adjustment has been applied to the provision model at year-end 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.

36 The Crime Higher model has been relatively unimpacted by the systems outage. However, there is believed to be a minor impact in the start dates on some cases. This is accounted for in the central WIP estimate, but a flex on this assumption is applied as a sensitivity.

Relatively small changes in these inputs could lead to a material difference in the WIP 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 2026 could be higher by up to +24.0% (£145.5 million) or lower by up to -23.2% (-£140.2 million).

Legal claims

Provision is made for costs associated with ongoing litigation where it is considered that an outflow of resources may be required. This includes a provision for legal claims relating to the cyber-attack identified in April 2025. This litigation is at an early stage and is subject to significant estimation uncertainty. The estimate, and the potential ranges indicated below, are based on existing claims and an assessment of potential damages and claimant costs although liability has not been established and is not accepted.

A number of assumptions have been applied in determining the provision, including primary uncertainties relating to the proportion of cases expected to fall within different categories of claim and their potential values. The estimate also reflects an assessment that a proportion of cases may not ultimately proceed and there is uncertainty regarding the likely outcome or timing of claims that do proceed.

These accounts recognise a provision of £74.3 million for the cyber-attack related litigation, being the point estimate on our assessment of potential damages and claimant costs. Subject to the significant estimation uncertainty we have noted and the fact that liability is not established or accepted, based on a range of possible outcomes, including claim value ranges and the flexing of sensitivities within our current modelling assumptions, the total costs could be in the range £39.8 million to £180.3 million for existing claims.

Given the inherent uncertainty the estimate will continue to be refined in the future as more information becomes available. The provision has not been discounted, as the impact of discounting is not material. A related contingent liability has also been disclosed. As we gain more certainty about these estimates the effect of the contingent liability crystallising may be material in future financial years.

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 2026 and 2035 as each lease expires.

Early departures

Provision is made for early departures under voluntary exit schemes when the exit is agreed, rather than when it takes place.

Note 15 – Commitments

	31 March 2026 £000	31 March 2025 £000
Not later than one year	159	157
Later than one year and not later than five years	204	358
Total	**363**	**515**

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

Note 16 – Contingent assets and liabilities

Contingent liabilities

A provision has been recognised for litigation relating to the cyber-attack on LAA systems identified in April 2025 (note 14), although liability has not been established and is not accepted. The provision is based on existing claims, however, there is considerable uncertainty around the total number of claims that may eventually be received leading to the recognition of a related unquantified contingent liability.

The unknown potential claimant population is further complicated as the exfiltrated data is fragmented and contains overlapping populations, meaning a consolidated count overstates the number of impacted individuals. The extent of unknowns when compounded with the uncertainty about the merit; likely case outcomes; timing; and potential claim values mean that an assessment of the possible outcomes or quantum cannot be reliably estimated and remains unquantified at the date of this disclosure. While unquantified, this contingent liability is potentially highly material. As we gain more certainty about these estimates the effect of the contingent liability crystallising may have a significant impact on the related provision balance in future financial years.

Contingent assets

At 31 March 2026 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 2025: one, 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 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.

Lisa Haythorne MBE, an NEBM since 1 January 2026, is Senior Solicitor at Derbyshire Law Centre. Since 1 January 2026, the LAA has processed legal aid bills from Derbyshire Law Centre for £26,000 (including VAT), with £8,000 unpaid at 31 March 2026.

Note 18 – Third-party assets

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

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

	31 March 2025	Gross inflows	Gross outflows	31 March 2026
	£000	£000	£000	£000
Damages[37]	575	426	(453)	548
Crown Court Means Test[38]	27,863	26,129	(22,380)	31,612
Total	**28,438**	**26,555**	**(22,833)**	**32,160**

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.

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

38 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.

Annexes

Annex A

Off-payroll engagements

Highly paid off-payroll worker engagements as at 31 March 2026, earning £245 per day or greater

Number of existing arrangements at 31 March 2026	1

	Less than one year	Between one and two years	Between two and three years	Between three and four years	Four or more years
Number that have existed, at time of reporting, for	-	-	-	-	1

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2026, earning £245 per day or greater

Number of temporary off-payroll workers engaged during the year ended 31 March 2026	1

	Not subject to off-payroll legislation	Subject to off-payroll legislation and determined as in-scope of IR35	Subject to off-payroll legislation and determined as out-of-scope of IR35	Number of engagements reassessed for compliance or assurance purposes during the year	Of which: Number of engagements that saw a change to IR35 status following review
Of which:	1	-	-	-	-

For any off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2025 and 31 March 2026

There were zero off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year.

There were eight individuals on payroll and off payroll that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year, this includes both on-payroll and off-payroll engagements.

Abbreviations

AO	Accounting Officer
ARAC	Audit and Risk Assurance Committee
CAFCASS	Children and Family Court Advisory and Support Service
CCMS	Client and Cost Management System
CCSU	Climate Change and Sustainability Unit
CETV	Cash equivalent transfer value
CFI	Counter Fraud and Intelligence
CLAIR	Criminal Legal Aid Independent Review
CPS	Crown Prosecution Service
Defra	Department for Environment, Food and Rural Affairs
DLAC	Director of Legal Aid Casework
FOI	Freedom of Information
FReM	Government Financial Reporting Manual
FYE	Full year equivalent
GDPR	General Data Protection Regulation
GFS	Graduated Fee Scheme
GGCs	Greening Government Commitments
GIAA	Government Internal Audit Agency
HM Treasury	His Majesty's Treasury
HMCTS	His Majesty's Courts and Tribunals Service
HMPPS	His Majesty's Prison and Probation Service
HMRC	His Majesty's Revenue and Customs
IAS	International Accounting Standard
ICO	Information Commission's Office
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
ISAs (UK)	International Standards on Auditing (UK)

KPI	Key Performance Indicator
LAA	Legal Aid Agency
LASPO	Legal Aid, Sentencing and Punishment of Offenders
LExCo	LAA Executive Committee
MOJ	Ministry of Justice
NAO	National Audit Office
NCA	National Crime Agency
NCSC	National Cyber Security Centre
NEBM	Non-Executive Board Member
ONS	Office for National Statistics
PAC	Public Accounts Committee
PCSPS	Principal Civil Service Pension Scheme
PDS	Public Defender Service
PPI	Producer Price Indices
PQ	Parliamentary Questions
PSO	Public Service Ombudsman
RPI	Retail Prices Index
SaBC	Submit a Bulk Claim
SiLAS	Sign in to Legal Aid Services
SCS	Senior civil servants
SO	Strategic objectives
SR	Spending Review
TCC	Transformation and Change Committee
TCFD	Task Force on Climate-related Financial Disclosures
VAT	Value Added Tax
WIP	Work in progress

Glossary

Term	Abbreviation	Definition
Accounting Officer	AO	A person appointed by HM Treasury or designated by a department to be accountable for the operations of an organisation and the preparation of its accounts. The appointee is, by convention, usually the head of a department or other organisation, or the Chief Executive of a non-departmental public body.
Assets		Assets can be either financial or non-financial: • financial assets include monetary gold, bank deposits, International Monetary Fund Special Drawing Rights, loans granted, bonds, shares, accounts receivable and the value of the government's stake in public corporations • non-financial assets consist of fixed capital (such as buildings and vehicles); stocks; land and valuables
Cash equivalent transfer value	CETV	The overall value, as calculated by an actuary, of an individual's pension entitlement. This is the anticipated cost of providing the pension throughout retirement.
Cash losses		Physical losses of cash and its equivalents which we have recorded receipt of (such as cheques, vouchers, credit cards and electronic transfers).
Constructive loss		A loss caused by a procurement action. For example, stores correctly ordered, delivered or provided, then paid for as correct, but later, perhaps because of a change of policy, they prove not to be needed or to be less useful than when the order was placed.
Executive agency		A public body which, while being a separate entity to its parent or sponsoring government department, is subject to significant control from the department and its ministers. Executive agencies usually have a narrow remit covering one policy area of the parent department.
Exfiltration		The theft or unauthorised extraction of data from a system or device.
Ex-gratia payments		Payments made when there is no legal obligation to do so. Ex-gratia payments go beyond statutory cover, legal liability or administrative rules.

Term	Abbreviation	Definition
Government Financial Reporting Manual	FReM	The HM Treasury technical guide to accounts preparation for government bodies: **www.gov.uk/government/collections/government-financial-reporting-manual-frem**
Impairments		Impairments are recorded where there is the permanent loss or write-off of the recoverable value of a fixed or current asset below the value recorded on the balance sheet in accounts. Impairments are a non-cash charge in the resource budget alongside the depreciation charge, but are separately identified.
International Financial Reporting Standards	IFRS	The set of financial reporting standards adopted by the government, as adapted by the FReM. IFRS comprise International Accounting Standards (IAS) and IFRS.
Managing Public Money		The HM Treasury guide for civil and other public servants containing the principles for dealing with public resources: **www.gov.uk/government/publications/managing-public-money**
National Audit Office	NAO	Office of the Comptroller and Auditor General, which audits accounts of government bodies and carries out value for money inspections within the bodies it audits: **www.nao.org.uk**
Other comprehensive income/expenditure		A section of the Statement of Comprehensive Net Expenditure which contains gains and losses which are not yet recognised in profit and loss (such as revaluations of non-current assets).
Payment on account		An interim payment made to a legal aid provider for civil representation work undertaken and costs incurred before a case has concluded and the final bill is assessed. It allows solicitors or counsel to recover part of their costs during long-running cases rather than waiting until the end.
Regularity		The principle that all consumption of resources should be made in accordance with the legislation authorising them, any applicable delegated authority and Managing Public Money.
Special payments		One off, exceptional payments that fall outside the normal range of planned agency activity. In many cases these are discretionary, the government is not legally required to make them, and they fall outside normal contractual, legislative or standard entitlements.
Spending Review	SR	A cross-government review of departmental aims and objectives and analysis of spending programmes which results in the allocation of multi-year budgetary limits.

Term	Abbreviation	Definition
Supply		The funds paid to the department by HM Treasury. The amount paid in the year is shown in the Statement of Changes in Taxpayers' Equity.
Write offs		The formal decision to remove an asset, debt or amount owed from the accounts because it is no longer considered recoverable or has lost its value.

ISBN 978-1-5286-6741-8

E03629564 11/26