



# Annual Report and Accounts

For the year ended  
31 March 2023

The Scottish Legal Aid Board

[www.slab.org.uk](http://www.slab.org.uk)

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Laying reference: SG/2023/184

## The Performance Report

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## 2022-23 in numbers

**£135M**

Legal aid cash spend (Fund)



**£13.8M**

Administration spend

**£99.6M**

Paid to solicitors and solicitor advocates



**162,100**

grants of legal assistance made

**14%**

Increase in cash spend (Fund)



**376**

Employees as at 31 March (66% female, 34% male)

## Summary of performance

### Key Performance Indicators

We made six of our 33 KPIs more challenging.

We met or exceeded our KPIs 81% of the time.

### Freedom of Information

100 FOIs received.

98% responded to on time.

85% fully or partially disclosed information where we held data requested.

### Complaints

38 received requiring investigation.

100% resolved.

87% responded to on time.

55% not upheld.

45% upheld/partially upheld.

### Subject Access Requests

85 SARs received.

100% responded to on time.

### Supplier invoices

95% of our administrative invoices (not legal aid accounts) paid within 10 days of receipt.

### Customer feedback

“ I really felt like they were on my side. They were absolutely fantastic! I couldn't praise them enough. (CLAO client) ”

“ I am very grateful for their help. I feel they went above and beyond to help me. This gave me confidence the situation would be resolved and made it less stressful. (PDSO client) ”

## A word from the Chair and Chief Executive

### The Chair's welcome

That well known expression, 'may you live in interesting times' has never seemed more apt. This last year has provided us with new challenges, most notably around the cost of our energy and living costs in general.

Although it feels like we are all being tested it is the most vulnerable in our society that suffer the most. Some, in addition to struggling to manage increasing household bills, may also be facing debt and housing problems for the first time, or may come into contact with the criminal justice system.



Ray Macfarlane

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### Legal aid plays a vital role in helping those who find themselves in such difficult circumstances.

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Challenging economic conditions have had other effects, particularly in relation to the legal profession. Throughout 2022-23 we saw further action from the legal profession over the level of legal aid fee rates set by the Scottish Government and agreed by Parliament.

The boycott action taken by the profession as part of this dispute had an immediate and direct impact on us, with our PDSO and SCL teams having to step in to deliver advice and representation where private solicitors had withdrawn their services. We were also closely involved in supporting the Scottish Government in the negotiations which resulted in a number of fee increases and a significant programme of fee reform. This conclusion to the dispute meant that the year finished in a more settled position than it started.

Disputes such as these divert our resources away from our priorities and can also disrupt the justice system and those that rely on it to access justice. They also illustrate the challenges for both us and the profession in working with a dated and inflexible legal aid system - and the importance of making progress with the next stages of legal aid reform.

I want to thank the staff across SLAB for their hard work this year, many of whom have gone beyond the call of duty. They have embraced the huge changes in the way we have worked in previous years as we have transitioned to a hybrid working environment. As a result, we have now significantly reduced our physical footprint in our main office in Edinburgh.

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### This not only brings benefits from flexible working and environmental perspectives but will also assist financially as we move into a new period of public sector expenditure challenges.

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We have also established new, more modern and efficient offices for our Public Defence Solicitors' Office in Dundee, building upon a similar move for the Civil Legal Assistance Office and PDSO in Inverness in 2021.

I must also take the time to express my thanks to two of our Board members who completed their terms on the Board on 31 March. Tim McKay and Marieke Dwarshuis were first appointed in

# Performance Report

April 2016 and served two terms on the Board. They brought an enormous amount of knowledge and experience to their roles and have made invaluable contributions to the work of the Board and its committees. I wish them well in their future endeavours.

This year also marked the end of a corporate planning cycle which saw several notable achievements in relation to our public sector equalities duties, changes in the way we manage risk and the launch of our Customer Service Policy.

While we have always maintained the highest standards of customer service, this is the first time we have clearly set out the service our customers can expect from us and the behaviour we expect from our customers, which should make what can be a stressful process for the public easier and more transparent to deal with.

I want to end on a note of optimism. Despite the many challenges in this last year, SLAB has demonstrated its ability to adapt quickly and ensure the efficient and smooth running of the legal aid system as it stands. This is due in no small measure to the resilience and dedication of our staff across all departments.

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**But legal aid is not just SLAB: it relies on the commitment of legal aid solicitors, our partners in government, and the justice sector.**

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In challenging times, it can be easy to forget that we all ultimately strive towards the same goals but I have no doubt that we will continue to work together to ensure access to justice for those most affected by these “interesting times”.

**Ray Macfarlane**

## Chief Executive's overview of the year

This report sets out the wide range of activity that we have delivered this year in pursuit of our corporate objectives, which aim to improve our service, support and develop our staff, and ensure that the legal aid system operates as well as it can within its current statutory framework.

This year marks the third and final year of our Corporate Plan 2020-23. That Plan has covered a period unlike any other, and I am delighted with the focus we have been able to maintain on making strong progress against our corporate objectives and the projects that deliver them.



Colin Lancaster

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**We now move into 2023-24 with a new three year Corporate Plan, with a refreshed purpose, vision and mission, and new corporate objectives.**

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Given the scale of the major projects we are currently in the midst of, it is right that we continue the previous plan's focus on improving our customers' experience of the current legal aid system while we seek to shape a better, more responsive and user-focused system for the future and prepare the organisation for any role in that system that Ministers require of us.

Despite all that the last few years has thrown at it, the current system continues to provide much-needed and often life-changing support to thousands of people across Scotland each year. But far from being complacent, we see reform as key to ensuring that legal aid fulfils its potential to make a major contribution to the Scottish Government's vision for justice and the improved outcomes it envisages. That improvement is both necessary and, with legislative change hopefully on the horizon, achievable.

With a constructive and collaborative approach, SLAB is keen to play its part alongside the Scottish Government, the legal profession, and other stakeholders in shaping a legal aid system that is better able to respond to current and future patterns of demand and the public's justified expectations of a modern, accessible service.

One of the challenges to be addressed in any redesign of the system is to ensure that legal aid delivery remains a sustainable commercial prospect for private sector providers, who form its bedrock. Continued discontent with legal aid remuneration from sections of the legal profession has again this year resulted in disruption, both for those in need of help and the wider justice system.

The action taken by private criminal solicitors across the country saw our small team providing duty solicitor services in additional areas, covering holiday courts, and taking on an increasing number of court appointments.

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**Coming straight on the back of the disruption of the pandemic and the personal and professional challenges to which it gave rise, for the Public Defence Solicitors' Office (PDSO) this has probably been the most testing period in its history.**

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# Performance Report

I would like to put on public record my personal thanks to everyone in both PDSO and the Solicitor Contact Line (SCL) for their hard work and forbearance in this past year as they sought to ensure that unrepresented accused received the help they needed. I know that this appreciation has also been expressed by our Board, Scottish Ministers, senior Government officials and members of the Judiciary.

More broadly, I would also like to commend the continuing flexibility and commitment of the team across SLAB. During the year we engaged extensively on the development of our new hybrid working model and I'm pleased to say that we have been able to take on board many of the ideas generated by this process. This has enabled us to adopt a forward looking and flexible approach to where our staff work, making much more efficient use of our head office space and in turn letting us extend a warm Thistle House welcome to a number of other public bodies. This makes good economic and environmental sense for us, for them and for the wider public sector estate.

During the year, we worked closely with the Scottish Government to assist them with formulating proposals and the necessary changes to legislation and our internal systems to give effect to a range of fee reforms and a further 10.2% uplift in fees that was seen by the profession as sufficient to bring the most recent dispute to an end. Building on the fee increases in 2019, 2021 and 2022, that brings the total increase since 2019 to over 25%.

The dispute and its potential impact on those seeking help was a concern for the Scottish Parliament's Criminal Justice Committee. In response to these concerns, the Minister wrote to the Committee enclosing a range of data and other information about the history of fee negotiations, the clear links between trends in crime, court business, legal aid expenditure and the numbers of solicitors conducting work supported by legal aid, and the challenges in recruitment and retention reported by the legal profession.

This type of evidence does not get regular or significant exposure, yet without it the important debate about what is actually a very complex and nuanced series of interconnected issues risks being over-simplified. Important though it undoubtedly is, remuneration is not the only issue worthy of attention, and nor is it the root cause of or solution to every other issue. I fear that the constant barrage of negative messages about it risks putting off the potential legal aid lawyers of tomorrow who are crucial to the future of the system.

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**With all the focus on fees, insufficient attention is given to the other factors that shape the profession's experience, and so contribute to their undoubtedly strong sense of frustration and disillusionment.**

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Where these feelings crystallise into the kind of action, we saw throughout 2022, the need to mitigate impacts diverts time and resource away from the identification, development, and implementation of workable solutions to what may be legitimate but almost certainly multifaceted concerns.

My hope is that these concerns can start to be addressed in the best interests of both the people of Scotland and dedicated hard working legal aid providers through the work that has now begun to take forward the recommendations of the expert payment panel on legal aid payments. This will provide the constructive, evidence informed approach needed to address the question of remuneration structures and levels.

# Performance Report

We are committed to working closely with government and profession to take this work forward: it is important both in its own right and as a shared statement as to the value of collaboration, dialogue, and data. This is needed not only to ensure that the current system continues to operate successfully to the benefit of those in need of the support it offers, but also as we work with government, the profession, and other stakeholders to explore options for legal aid reform.

Legal aid is just one part of a rich but complex, and at times inconsistent, pattern of provision. There is no mechanism for connecting need, demand and supply, or of targeting resources at priority issues, or securing a consistent level of services in any given place or for a particular type of problem. Legal aid should be a means to resolve problems and not a specialist subject in itself.

It would be truly remarkable if a system designed over 70 years ago was able to respond effectively to the range of problems we see today or encompass what we have learned about patterns of need, user focus, and trauma-informed joined up models of service delivery. That kind of change needs new primary legislation, and I am hopeful that will be forthcoming soon.

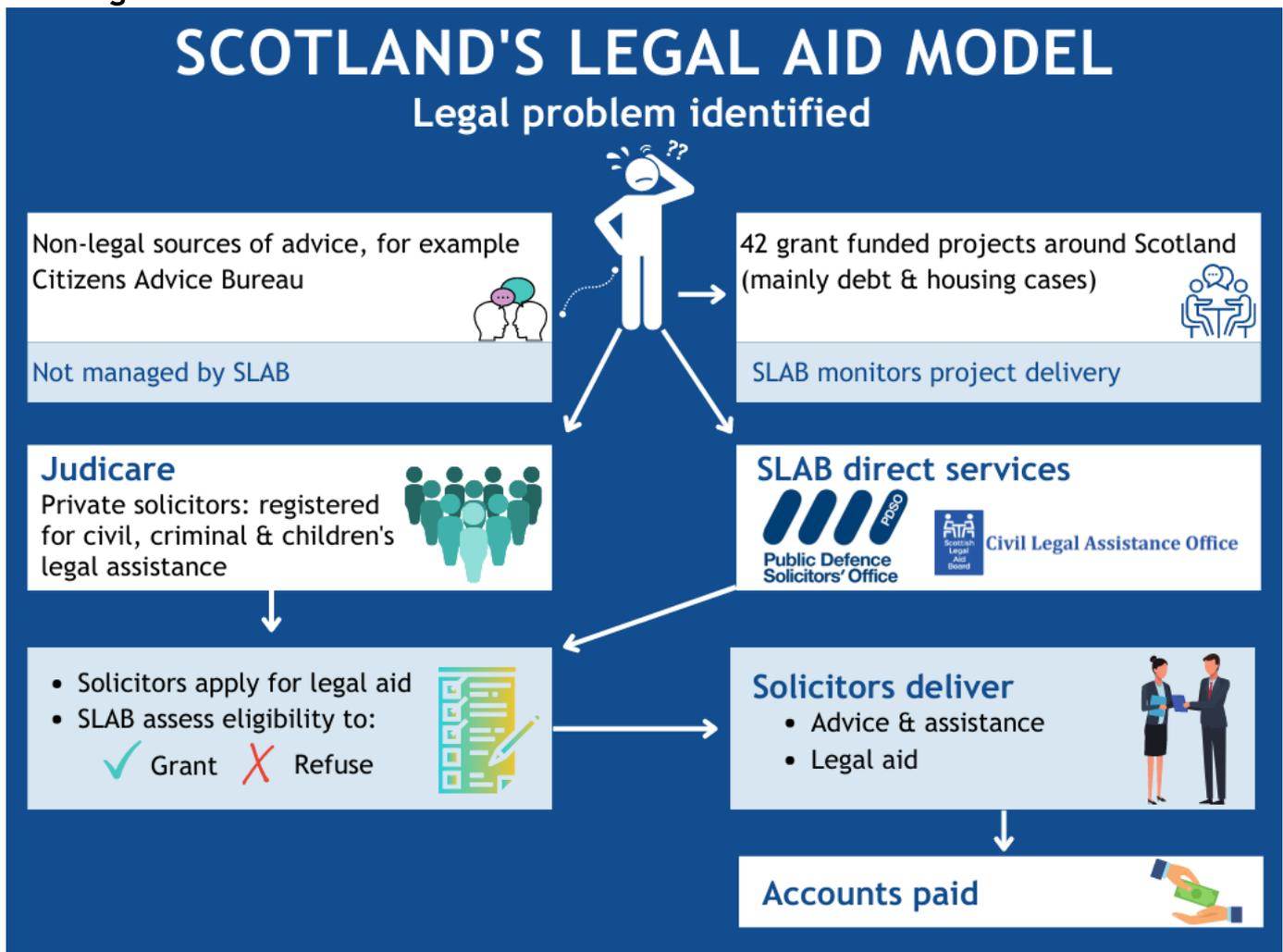
**Colin Lancaster**

## Overview - the importance of legal aid

Legally aided services perform an important public function, at both individual case and collective levels.

At an individual level, services paid for by legal aid enable people to enforce or protect their rights, resolve disputes, and defend themselves when the state and others take action against them. It also allows people to use the remedies, processes, and facilities the law provides to manage their personal affairs and relationships. At the collective level, the ability to use the law to challenge the power wielded by the state or others in a position of authority supports the rule of law and provides a firm foundation for a society based on civil, political, social, and human rights.

## How legal aid works



The Scottish Legal Aid Board (SLAB) is the national funding body for most solicitor and advocate delivered publicly funded legal services. SLAB is a Non-Departmental Public Body (NDPB) of the Scottish Government and was established in 1987. The Scottish Government is responsible for the overall direction of legal aid policy which finds expression in rules and regulations which form an extensive and complex body of legal aid legislation.

Legal aid in Scotland is primarily designed around case-by-case funding for services provided by solicitors and others instructed by them, such as advocates and experts. This is known as judicare. Most services paid for through the Legal Aid Fund are delivered by judicare through the private sector. The third sector and our own in-house legal services also deliver case-by-case services but on a much smaller scale.

# Performance Report

Finally, a small amount of funding provides direct grants for projects to deliver targeted legal and advice services. The Legal Aid Fund also finances the quality assurance schemes we manage. Legal aid funding pays for solicitors, advocates, and other necessary services to help people resolve problems by negotiation or in a court or tribunal.

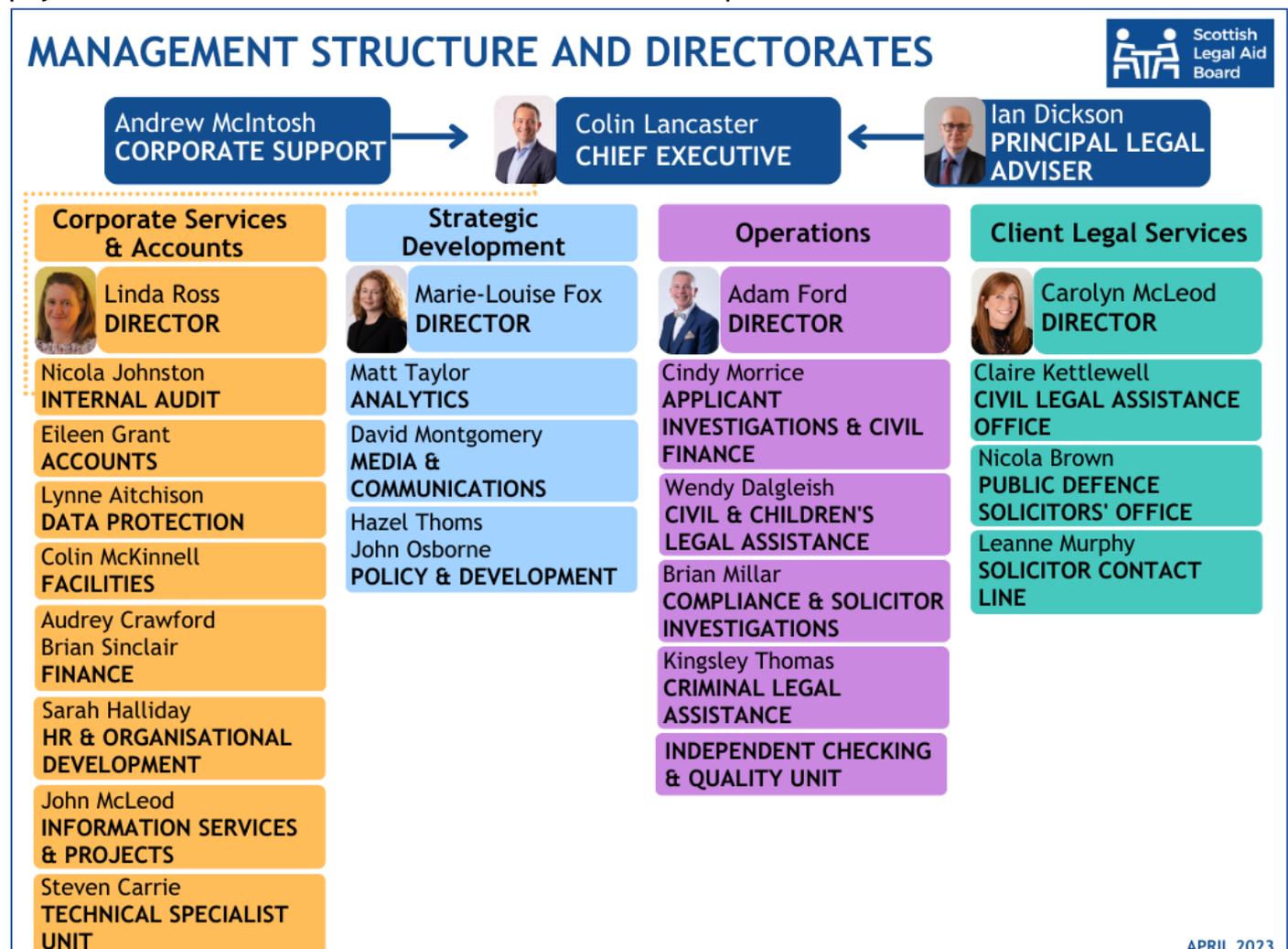
Funding for legal aid cases is demand led. This means that decisions on eligibility and payment are made irrespective of any budgetary provision and the Scottish Government must make funding available if required to pay for services covered by the legal aid schemes, even if this is higher than expected in some years. In other years, demand may be less than expected. These are not savings that SLAB makes or holds or can use in any other way.

The nature of judicare funding is that it is unplanned and non-targeted. In any one year we pay for services delivered in that year and over previous years. Most expenditure is for cases which concluded in the year payment is made. Some cases can start and conclude in the same year, whilst others will span one or more financial years.

Our primary purpose is to manage access to legal aid funding. We assess eligibility for legal aid and check accounts submitted for payment by solicitors and advocates. The rules we apply in doing so are set by the Scottish Parliament.

## Our organisational structure

We employ 376 staff. We are structured around four Directorates with just over 160 of our staff involved in the assessment of legal aid applications in the Operations Directorate and the payment of solicitor and advocate accounts in the Corporate Services and Accounts Directorate.



APRIL 2023

# Performance Report

## Our Strategic Objectives

We have three strategic objectives:

**DELIVER** → **EMBED** → **ENGAGE**

**1**

**Deliver a high quality user focussed service**

**2**

**Embed ways of working across the organisation that enhance the quality, consistency and transparency of our decisions and delivery**

**3**

**Engage with users and delivery partners across the legal aid and justice system to inform good design of our system and services**

## Summary Performance

The [performance analysis section of this report](#) gives a detailed breakdown of our performance during the last 12 months.

In summary, we continue to see volumes returning to post Covid-19 levels and have seen significant progress in clearing the backlog caused by the pandemic.

Our payments of Legal Aid have increased accordingly as we meet the increased demand. In addition to this we continue to make progress to deliver our strategic objectives.

# Performance Report

## The risks and issues we faced

SLAB faces a range of risks and issues which reflect our role as a funder, managing statutory based schemes, an employer, and a public body with responsibility for public funds. Our management of risk is about managing events that might occur that will:

- prevent or divert us from delivering our strategic objectives or statutory functions
- affect our ability to discharge our responsibilities to our staff, our customers or the wider public.

Our risks are grouped into five themes with each theme having a number of risk appetite scenarios linked to them:



Strategic delivery risks are those that threaten our ability to deliver the three objectives set out in our Corporate Plan. Governance risks relate to our statutory obligations and reputation as the delivery body for legal aid and as an employer.

Operational delivery risks are concerned with our operational performance, customer service and our policy framework.

Financial sustainability and performance risks are those regarding our management of the Legal Aid Fund and our administrative funding.

External environment risks are those in relation to the threats from the external environment such as cyber-attacks.

We have continued to seek improvements in our management of risk.

In January 2023 we delivered two training sessions for our staff responsible for managing risks, facilitated by an external trainer. The first session covered risk management theory and the second covered the practical application of that theory to SLAB specific situations.

# Performance Report

Earlier in the year, our Internal Audit function reported on a piece of work it had carried out, which looked at the effectiveness of our risk management framework. We will implement the findings of this in 2023-24.

During the year we dealt with several risks to the delivery of our objectives. The key risks are detailed in the table below.

Risk Category	Risk description and consequence	Risk appetite	Mitigation	End Year Summary
Delivery of Strategic Objectives	<ul style="list-style-type: none"> <li>Withdrawal of solicitors from aspects of legal assistance through disruptive action.</li> <li>Diversion of resources, pressure on employed solicitors, people unable to access sols</li> </ul>	We have a low risk appetite for policies and procedures elsewhere in the public sector disrupting delivery of our strategic objectives	<ul style="list-style-type: none"> <li>Advice to Scottish Government</li> <li>Providing evidence from our data that can influence public debate</li> <li>input into Scottish Government Expert Payment Panel</li> <li>Use of employed solicitors in line with Scottish Government instructions</li> </ul>	We saw a decrease in the exposure to this risk as the year finished and the Scottish Government introduced regulations that both revised and enhanced payment arrangements across all legal aid types.
Delivery of Strategic Objectives	<ul style="list-style-type: none"> <li>Decisions taken in other areas of the justice or wider public sector have a detrimental impact on us</li> <li>Diversion or inefficient use of resources, reputational damage</li> </ul>	We have a low risk appetite for policies and procedures elsewhere in the public sector disrupting delivery of our strategic objectives	<ul style="list-style-type: none"> <li>Management of working relationships with SG and justice partners</li> <li>Awareness raising about the range of ways in which legal aid can be impacted by public sector policy decisions</li> <li>Input into wider measures that might impact on legal aid</li> </ul>	There were no material changes to this risk across the year. The justice landscape is complex with reforms often being multi-faceted. We have managed this through relationship management and joint working, and we finished the year with the risk at a comfortable level compared to our risk appetite.
Delivery of our statutory obligations	<ul style="list-style-type: none"> <li>Failure to deliver equalities action plan underpinning Section 23 Agreement with the EHRC</li> </ul>	We have a low appetite for non-compliance with our public sector equality duty	<ul style="list-style-type: none"> <li>Internal oversight of progress at senior level</li> <li>Progress reporting to EHRC</li> </ul>	At the end of 2022-23 we were on track for delivery following a third progress report having been made.

# Performance Report

	<ul style="list-style-type: none"> <li>• Reputational damage, legal challenge</li> </ul>			
Delivery of our statutory obligations	<ul style="list-style-type: none"> <li>• Health and wellbeing of SLAB staff compromised due to pressures of work</li> <li>• Harm to staff, Legal challenge, reputation damage</li> </ul>	We have a low appetite for risks in relation to the health and safety of our staff	<ul style="list-style-type: none"> <li>- Regular monitoring of health and wellbeing through structured management conversations</li> <li>- collation and promotion of materials to encourage self-management of wellbeing</li> <li>- access to direct support (such as counselling, therapy)</li> <li>- proactive steps to reduce pressures where within our control, and influencing others where pressures are caused externally</li> </ul>	The scope of this risk changed for us during the year. It had previously been focused on the specific risks to our staff of delivering direct services during and immediately after the Covid-19 pandemic. As the risk from this subsided, we focused our attention on wellbeing issues focused on our PDSO staff in relation to increased workloads through managing the impact of private solicitor withdrawals. This also included the challenges associated with our staff continuing to adapt to new ways of working post Covid-19.

# Performance Report

## Performance analysis

This section of the Annual Report provides a summary of what we delivered this year. It summarises where legal aid expenditure went, the progress we made against our delivery plan and describes the main risks that we faced. It also shows how we performed against our performance benchmarks.

## Supply and demand in legal assistance in 2022-23

### Grants of legal assistance

Total grants of legal assistance fell only slightly by 2% to 162,100.

On criminal legal assistance, grants of criminal ABWOR (assistance by way of representation), primarily used for guilty pleas in summary cases, increased by 6%. Grants of summary criminal legal aid decreased by 3% to 35,800 which is 13% lower than in the pre-pandemic year of 2019-20. Grants of solemn criminal legal aid decreased slightly by 2% to 12,100 which is still 9% higher than the pre-pandemic year 2019-20.

On civil legal assistance, grants of full civil legal aid decreased by 3% to 13,100. This continues the general downward trend in recent years. Total grants of advice and assistance fell only slightly by 2% to 43,600. However, this represents a 29% fall in this type of assistance in the last five years. The 2% fall also masks some significant changes within case types with family cases (for example child contact, protective orders) falling by 12%.

As with last year, there was a marked difference between family and non-family matters. In family matters, applications for civil legal aid fell 9% to 8,100 and grants of civil legal aid were down 12% at 6,500. Applications for non-family matters increased by 9% to 7,600 and grants for non-family matters increased 9% to 6,700. This is the first year in which the number of non-family civil legal aid certificates is larger than that of family cases.

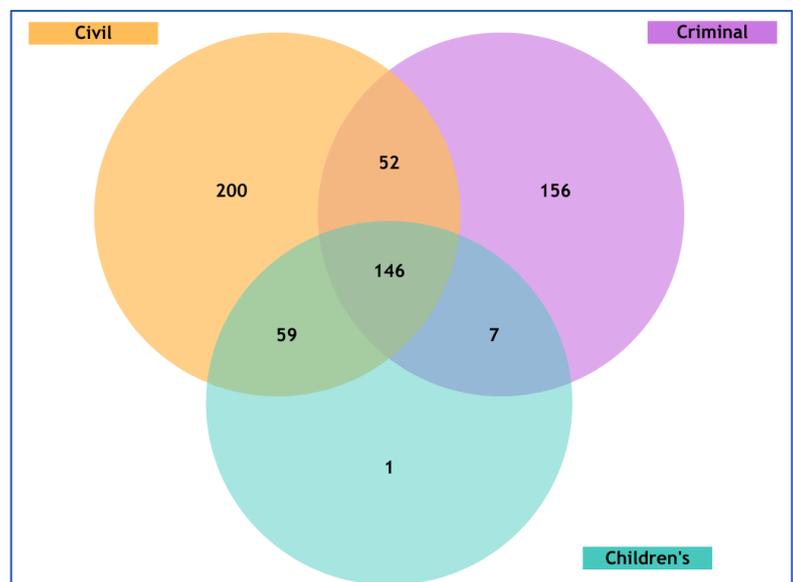
The largest component of non-family cases was adults with incapacity cases where the number of grants grew by 11% to 5,800. This is likely part of a displacement due to adjustments made to the guardianship process during the pandemic, but this has also been a growing area of practice for a number of years.

The number of children's advice and assistance grants decreased 10% to 2,500 and grants of children's ABWOR, decreased 2% to 4,100. Grants of children's legal aid cases decreased 16% to 1,500.

### Supply of legal assistance

There were 621 solicitor firms in 2022-23 that submitted one or more legal aid applications.

There was considerable specialism in the market. Of the 621 firms, 156 firms delivered criminal legal aid only, and 200 firms delivered civil legal aid only. 146 firms delivered all types of legal assistance.



# Performance Report

In addition to specialism, there was significant concentration in the market with a smaller percentage of busier firms dealing with the lion's share of business:

- 20% of all firms dealt with nearly 65% of all legal aid applications; conversely, 60% of firms dealt with just 14% of all legal aid applications.
- 20% of firms delivering civil legal aid dealt with 57% of all civil legal aid grants and this 20% of firms dealt with an average of 93 grants of civil legal aid; 22% of the remaining firms dealt with an average of two cases.
- 20% of firms delivering summary criminal legal aid dealt with nearly 60% of all summary criminal grants and this 20% of firms dealt with an average of 323 cases per year; 21% of the remaining firms dealt with an average of six cases.

## The Corporate Plan

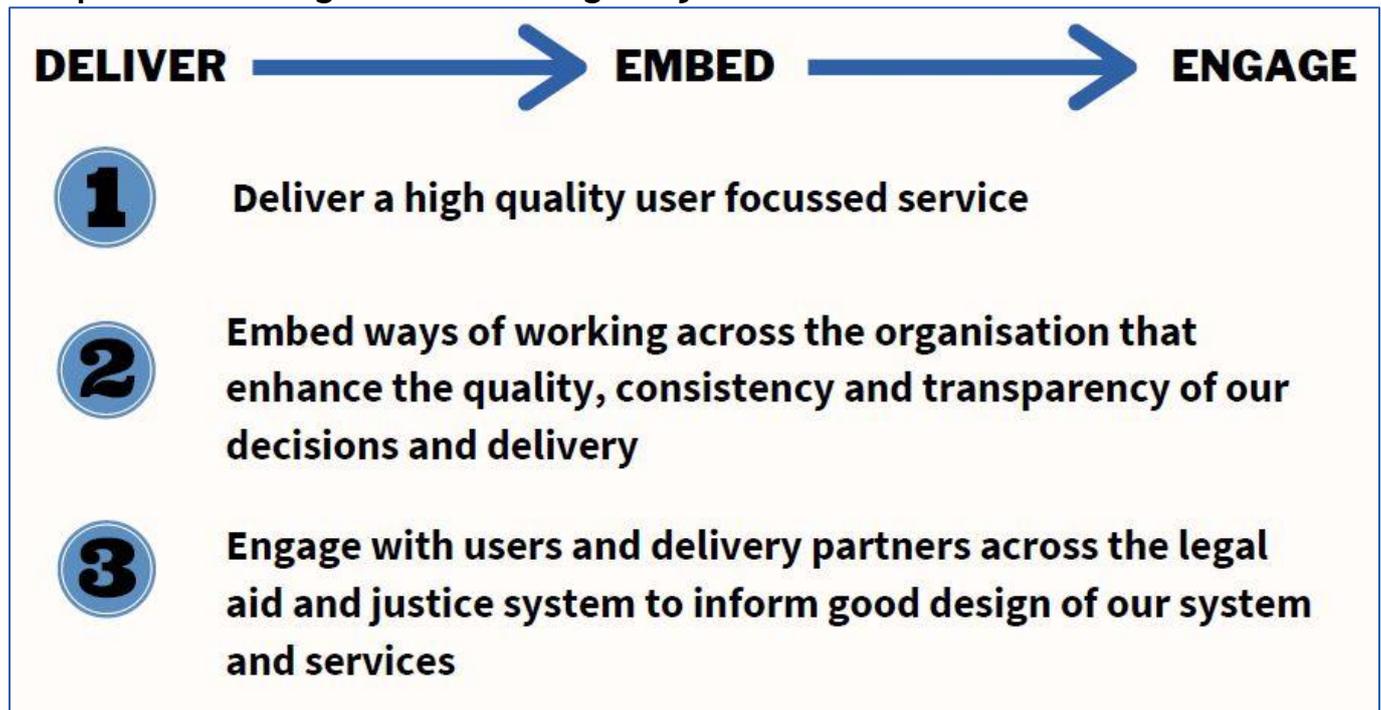
This year was the third year of our three year Corporate Plan for 2020-23. The Plan is built on the themes of transforming how we manage legal aid and being prepared for any future reforms that the Scottish Government may wish to bring forward.

Our 2020-23 Corporate Plan and Equalities Outcomes plan are aligned, meaning that several projects and work streams contribute to the delivery of our strategic objectives and our equality outcomes. Over the course of our previous corporate plan, we focused on identifying and implementing changes which would improve our management of the legal aid system.

We have reassessed our appetite for risk and articulated a clear set of guiding values. Flowing from this, we have continued our commitment to transparent decision making and are building a clear framework to guide decision making on applications and accounts through our Guidance on the Administration of Legal Aid (GALA) project and consulting with the public, legal profession, and our justice partners where we propose change.

We are also continuing our improvement work and progressing activity agreed with Scottish Government which furthers the broad aims of the Legal Aid Review.

## Our performance against our strategic objectives



# Performance Report

Our [Business Plan for 2022-23](#) included the delivery of a number of corporate projects in the corporate plan. A number of the projects also helped us deliver against our [equalities outcomes](#).

## Strategic Objective 1

Deliver a high quality user focused service.

This objective is about building the delivery of our services around an understanding of what applicants for legal assistance need. We are developing specific policies and plans with our users in mind, including applicants, solicitors, and advocates.

Project	Progress
Refreshing business plans for CLAO and PDSO	Deferred
Delivery of the EHRC action plan	On track

### Refreshing business plans for PDSO and CLAO

**Deferred - this will now be delivered in 2023-24**

We have not been able to deliver this project as originally envisaged due to significant changes within the year in senior resource and structuring of the Client Legal Services network. Paul Haran, the previous Director of Client Legal Services left the business in September 2022 to be replaced by Carolyn McLeod in February 2023. In addition, there were several internal staffing changes with new heads of both PDSO and CLAO appointed in November 2022 and February 2023 respectively.

Even in the absence of the resourcing challenges, the PDSO came under significant pressure in the year to assist the justice system in dealing with solicitor withdrawals in the delivery of aspects of criminal legal assistance. Now that the resourcing position is more settled, attention will focus on reviewing the CLAO, PDSO and SCL delivery models which will form a part of the new Corporate Business Plan in 2023-24.

### Delivery of the EHRC Action Plan

**Ongoing and on track**

The section 23 agreement we entered with the Equality and Human Rights Commission in July 2021 is due to end in July 2023. As part of that agreement, we set out an action plan to further embed equality into our policies and processes across the organisation. Our third progress report to the EHRC was submitted on 23 January 2023. All our reports were made on time during the year and were well received.

# Performance Report

## Strategic Objective 2

We embed ways of working across the organisation that enhance the quality, consistency and transparency of our decisions and delivery.

This objective is about improving the consistency and transparency of our decision making, meaning that it will be easier for people to anticipate and understand our decisions.

Project	Progress
GALA: Accounts, applications and financial eligibility	On track
Designing a New Working Environment	Delivered
Review of people policies	Delayed

### Guidance on the Administration of Legal Aid: Accounts, applications, and financial eligibility Ongoing and on track

This project involves the review of our decision making on legal aid applications and accounts.

The size and complexity of this project required close management through regular re-planning exercises. We also needed to assess the impact of operational resource availability on the scope and timeline of work, balancing the need for priority project work and managing business as usual.

We made good progress during the year and continue to learn and develop how we do this work. This involved lots of collaboration between our staff. We have begun to achieve greater consistency across legal aid types and ensured we are clear about the links between what we approve and what we can pay for.

There were a significant number of outputs delivered during the year. In September we published the first release of impact assessed policies, decision-makers' guidance, and legal aid guidance for accounts assessment. In November we published the largest group of decision-sets across civil, criminal and children's legal assistance: Prior Approval (including retrospective where applicable) for counsel, experts, unusual work, and unusually large expenditure.

### Designing a New Working Environment (DANWE)

#### Delivered

After closing the initial phase of the Covid-19 DANWE project with our offices reopening in a safe and timely manner, we moved onto a new phase focusing on designing a new working

# Performance Report

environment. The objectives have been to optimise business efficiency and effectiveness, to trial different ways of working and workspaces, and to identify the types of support and technology available to help with collaboration and meetings. In addition, we wanted to develop a new flexible working policy, as well as guidance for staff and support choices that sustain business needs, individual wellbeing, and personal preference where possible and appropriate.

A pilot to condense office space on to one main floor (the second floor) was carried out between September and November 2022, and feedback was sought from staff throughout. The pilot was successful and well received by staff.

The DANWE project closed in April 2023 and the focus shifted to our long-term approach.

## Review of people policies

**Delayed - this will now be delivered by December 2023**

This project has been impacted by resourcing challenges during the year.

The previous Head of Human Resources and Organisational Development retired in October 2022 and was replaced in December 2022.

We are committed to a full review of policies to be carried out in 2023, thereafter moving to a regular review cycle. While the plan is ambitious, it is deliverable with strong commitment now in place to achieve deadlines.

## Strategic Objective 3

**We engage with users and delivery partners across the legal aid and justice system to inform good design of our system and services.**

This objective is about both how we engage with users and delivery partners, and how this informs our own decisions about how we deliver our service and the advice we provide to Scottish Government about the future direction of the legal aid system.

In doing so we both reflect and pursue the themes in the review of legal aid and the Scottish Government's subsequent consultation.

Alongside the specific activities set out below, work under this objective includes our review of approach to financial assessment, making more explicit the rules for assessment of accounts, and working with others to develop advice for Scottish Government on fee and eligibility structures, which are both fair and easier to understand and operate.

## OBJECTIVE 3



Scottish  
Legal Aid  
Board

Project	Progress
Incorporation of the UNCRC into Scots Law	Not delivered
Develop a workforce plan	On track
Supporting Scottish Government's follow up to the Payment Panel	On track
Supporting the development and delivery of Scottish Government's fee reforms	Delivered

### Incorporation of the United Nations Convention of the Rights of the Child into Scots Law **Not delivered - outwith our control**

This work could not be progressed in 2021-22 as the Supreme Court ruled in October 2021 that certain parts of the UNCRC (Incorporation) (Scotland) Bill fell out with the competence of the Scottish Parliament. Ministers announced in October that the Bill would not become law in the form which the Parliament agreed, but that they remained committed to the incorporation of the UNCRC to the maximum extent possible as soon as practicable.

The Scottish Government had intended that the Bill would be reconsidered by the Scottish Parliament by the end of 2022. However, the First Minister's 'Vision for Scotland' announced in April 2023 now includes a commitment to pass it by 2026.

### Develop a workforce plan

#### **Ongoing and on track - will be carried forward into 2023-24**

The progress of this work was affected by changes in personnel and continued uncertainty over the direction of legal aid reform.

However, this work now has a renewed focus with a new Director and Head of Human Resources appointed from December 2022.

### Supporting the Scottish Government's follow up to the Payment Panel

#### **Ongoing and on track**

The scope of this work in 2023-24 will change as we take up a role in the Research Advisory Group. The focus of this work was for the Scottish Government to agree a research specification

# Performance Report

with the Legal Aid Payment and Remuneration Review Development Research Project which includes membership from the legal profession.

This is a Scottish Government led piece of work and it was our role to advise them on it and attend relevant meetings. We did this and considered the research specification to be improved as a direct result. We advised on good practice in handling research projects, the data that we can provide and data that would be needed, what outputs to seek, and general handling and communication issues.

Our advice was well received and accepted by Scottish Government throughout the year.

Overall timescales for the work are not clear at this stage. We expect to be invited to sit on the RAG and will continue to contribute during 2023-24.

## Supporting the development and delivery of the Scottish Government's fee reforms

### Delivered

This is a Scottish Government led piece of work and it was our role to advise them on it. We consider we did this successfully during the year.

The Legal Aid and Advice and Assistance (Miscellaneous Amendments) (Scotland) (No.2) Regulations 2023 came into force on 29 April 2023. The regulations introduced revised and enhanced payment arrangements in respect of solemn legal aid and summary criminal fixed fees which will deliver an overall increase in fees payable for these cases of 10.25%, all other criminal fees by 10.2%, all civil and children's fees by 10.2%, and solemn criminal fees for cases charged under schedule 1 (the current payment arrangements) by 3.3%.

To complement those fee increases, there will also be increased initial expenditure limits for cases under advice and assistance, and ABWOR in most cases increases to the duty session limits.

We provided advice to Scottish Government on the development and cost of these regulations and developed the necessary internal system changes to give effect to the fee changes. This has also included detailed briefings on the content and benefits of the packages. The regulations have also been accompanied by a series of SLAB roadshows across the country where the detail of the fee changes are presented to the legal profession.

Our advice has been well received and accepted by Scottish Government throughout the year.

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**As noted in the Chief Executive's overview, the next 12 months will see the implementation of a new Corporate Plan "We now move into 2023-24 with a new three year Corporate Plan, with a refreshed purpose, vision and mission, and new corporate objectives."**

**We expect backlogs to continue to clear and performance to continue to improve.**

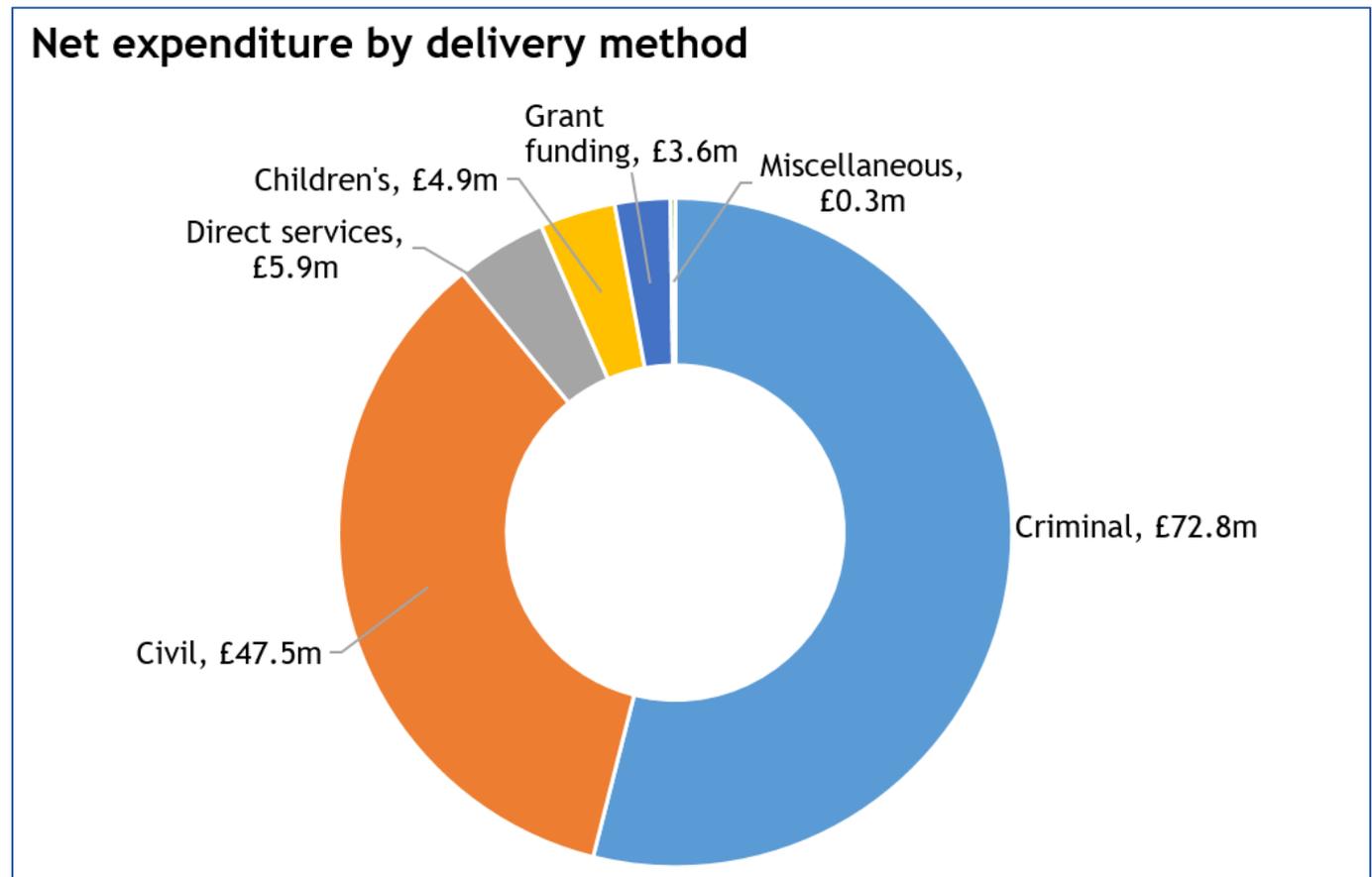
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## Our financial performance

### What legal aid funded in 2022-23

The chart below details cash spend for the legal aid fund, as cash is the basis on which funding is received from the Scottish Government. The figures may be different to those detailed in the financial statements as these are compiled on an accrual basis.

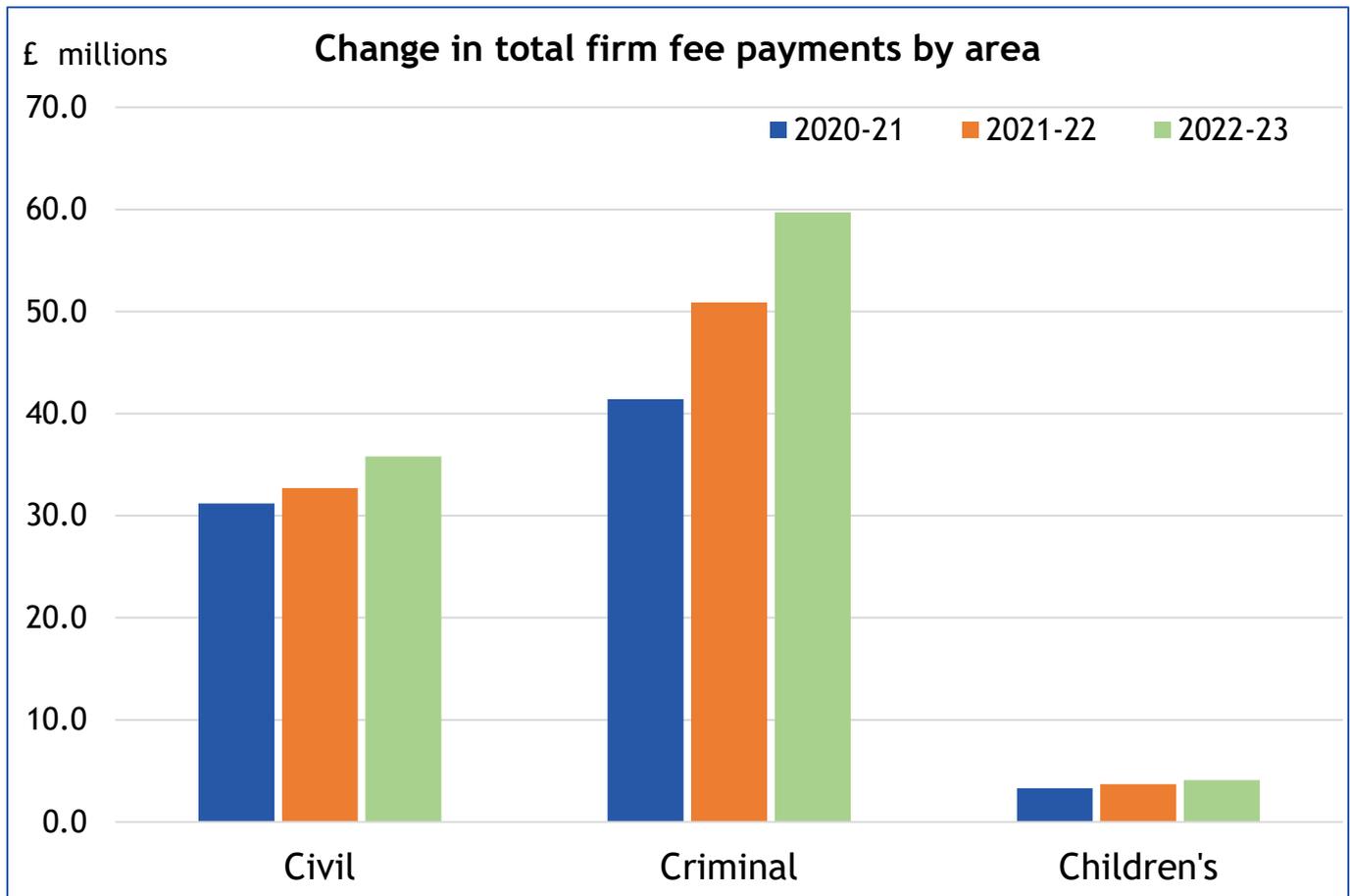
The total cost of legal assistance between April 2022 and March 2023 was £135 million. This was a 14% increase on the previous year and a 36% increase on the pandemic year of 2020-21. The increase in expenditure has been driven by the increase in cases paid across civil legal aid (+9%), summary criminal legal aid (+15%) and solemn criminal legal aid (+13%). In addition, fees across all types of legal assistance were subject to a 5% increase from 1 April 2022. There was also a decrease of 13% in contributions and expenses collected in civil legal aid cases.



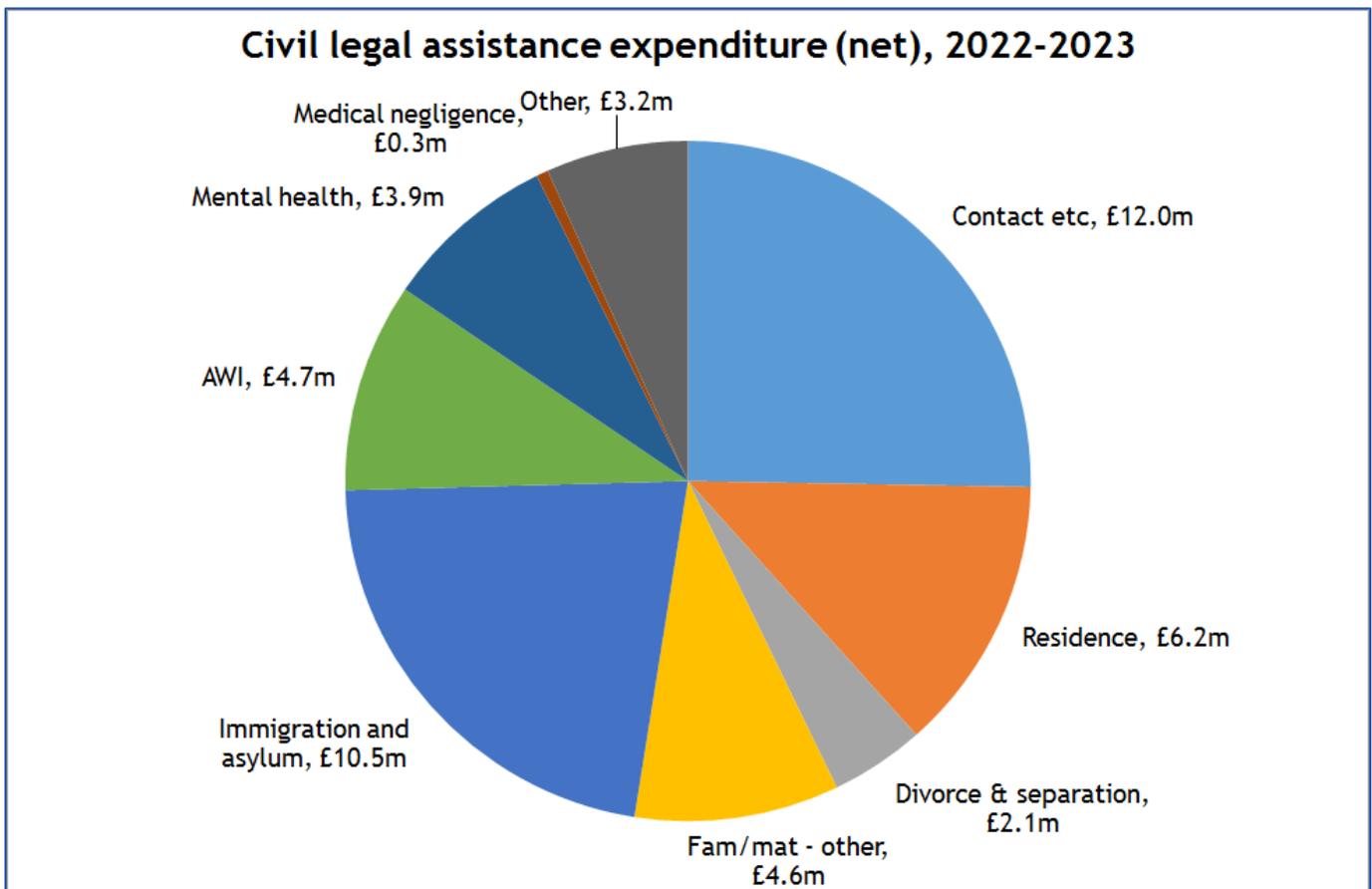
We have continued to see progress made in clearing the backlog of court cases caused by the Covid-19 pandemic. As well as cases paid, this has manifested itself in the level of payments made to the legal profession. Payments to solicitors and solicitor advocates were £99.6 million, a 14% increase on the previous year and a 31% increase on the pandemic year of 2020-21. Payments to advocates were £13.4 million, a 6% increase on the previous year and a 70% increase on the pandemic year of 2020-21.

Payments to solicitors and solicitor-advocates across all aid types were £1.3 million higher than in the pre-pandemic year 2019-20.

## Payments made to firms



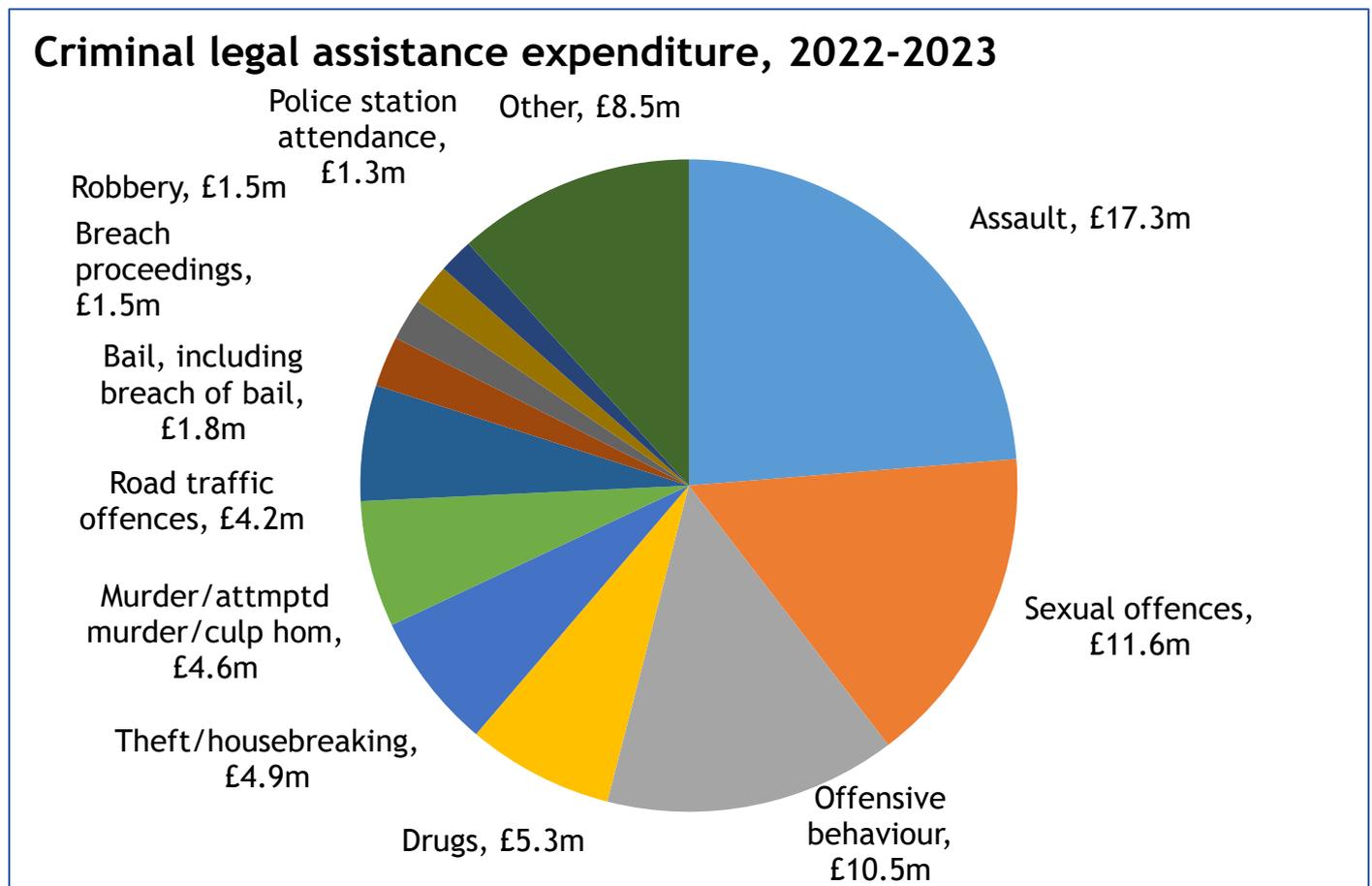
## Civil judicare



There was a 13% increase in net civil legal assistance expenditure on the previous year. Family disputes accounted for 53% of net expenditure.

On legal aid there were significant increases in net expenditure for the second year running on contact cases (13%) and residence cases (17%). In non-family legal aid cases, those involving adults with incapacity represented 10% of all net expenditure with a 23% increase on the previous year.

## Criminal judicare



Expenditure on criminal legal assistance has seen a continued upward trend.

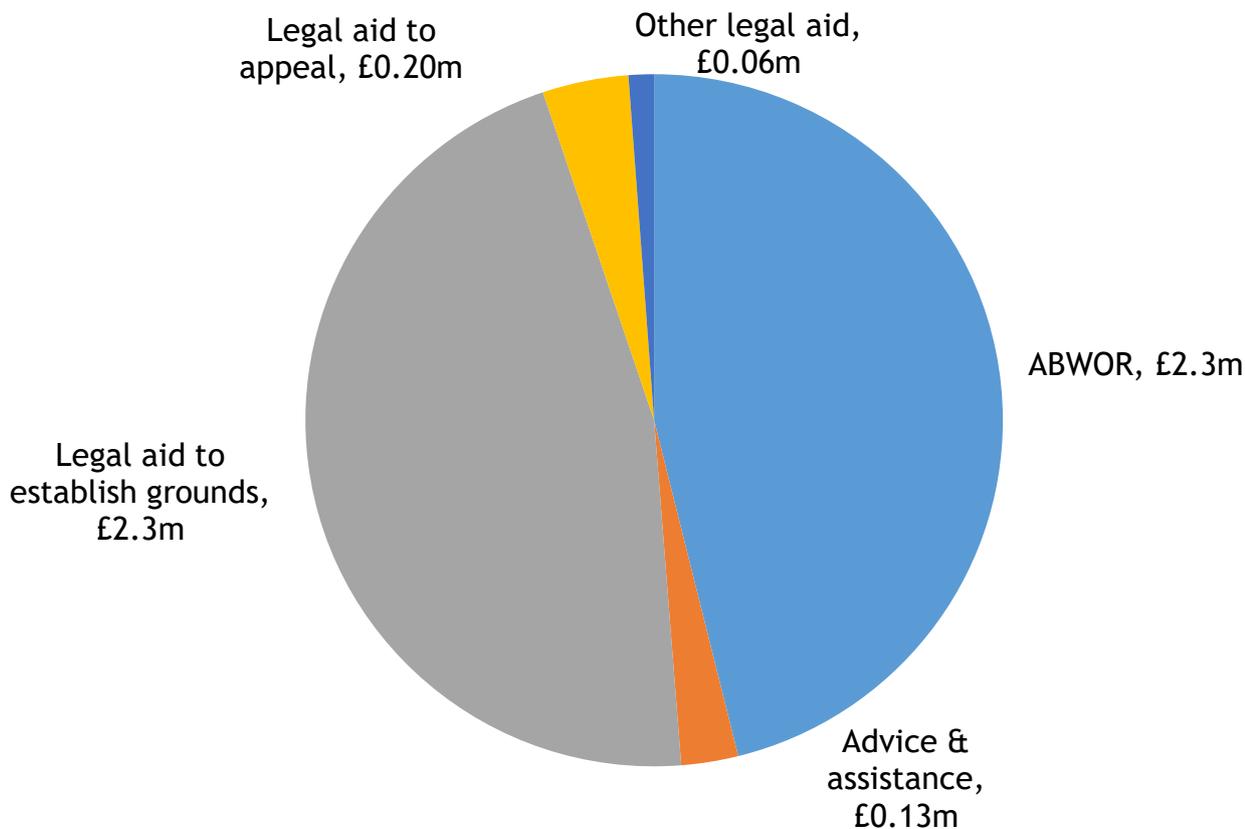
There was a 16% increase in judicare expenditure on criminal legal assistance compared to the previous year. Expenditure on solemn criminal legal aid rose 16% to £34 million and expenditure on summary criminal legal aid rose 28% to £27 million.

Expenditure was 48% higher than the pandemic year of 2020-21 and a 2% increase on the pre-pandemic year.

Assault, sexual offences, and offensive behaviour cases accounted for 54% of all expenditure. These cases also saw significant increases in expenditure on the previous year (20%, 15% and 21% respectively).

## Children's judicare

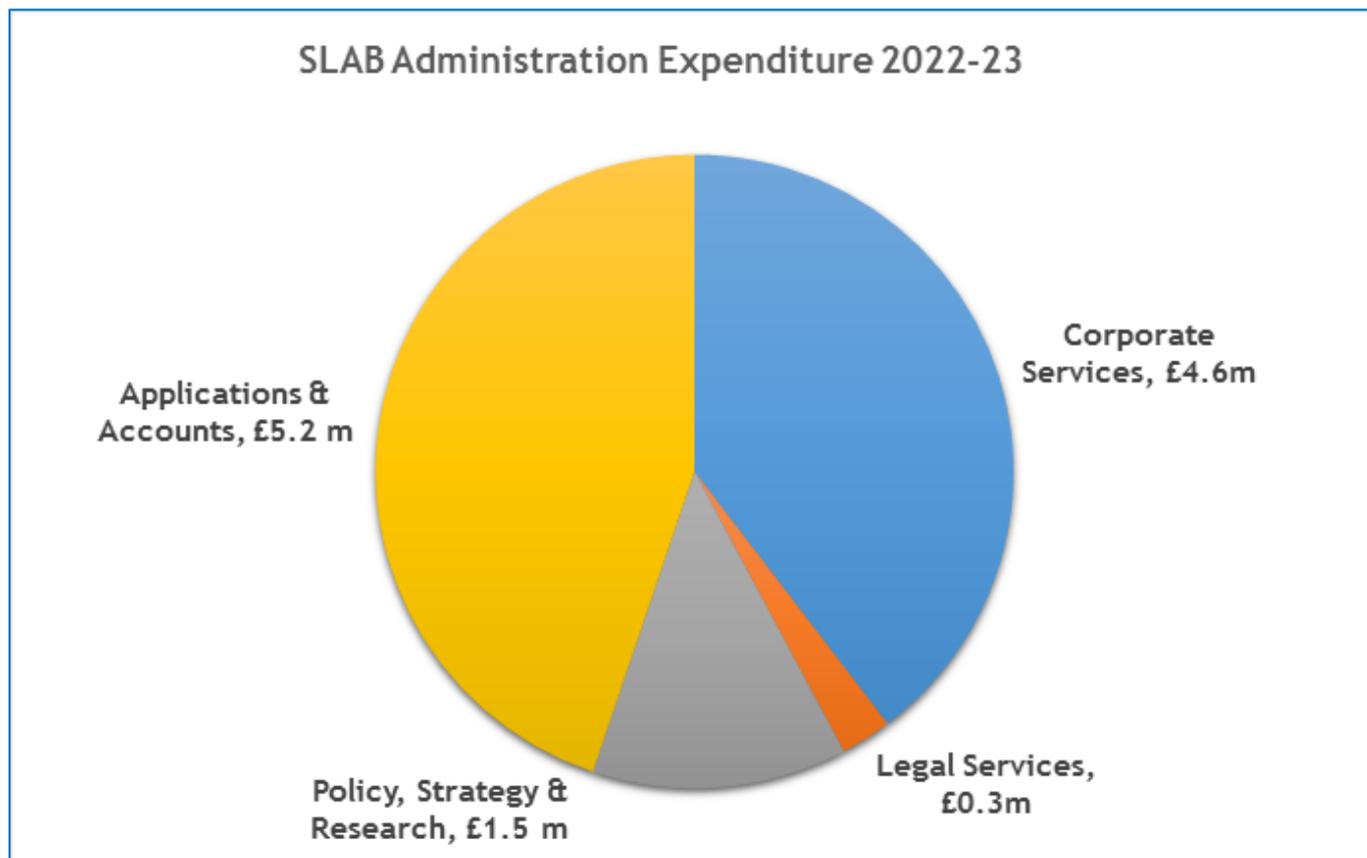
### Children's legal assistance expenditure, 2022-2023



Children's legal assistance was predominantly made up of ABWOR, which is used for solicitors to represent children and adults at a children's hearing, and legal aid which is used for hearings in the sheriff court should the statement of grounds made at a children's hearing not be accepted.

# Performance Report

## How we spent our Administration budget in 2022-23



Our administration budget is distributed across three main Directorates and a central team comprising the office of the Principal Legal Advisor which provides legal support and advice across the organisation. Our main costs are related to activity in assessing the applications and accounts we receive and corporate services to support the organisation. This includes our own in house technical team to support and develop our Legal Aid Online platform as the main interface with solicitors for application and account processing.

SLAB's administration costs are funded through grant-in-aid from the Scottish Government. Unlike the Legal Aid Fund, the Administrative budget is capped. On a cash basis, net expenditure of the Scottish Legal Aid Board was £13.8m, compared to £13.9m in 2021-22, as shown in the statement of cash flows on page 105. Cash spent on the organisation's administration costs was broken down as follows:

Cash Spend	2022-23 £000	2021-22 £000
Staff costs	12,145	11,210
Running costs	1,527	2,572
Capital	78	80
<b>Total administration spend</b>	<b>13,750</b>	<b>13,862</b>

For the third year running, we've had a high volume of retirements from long serving senior staff which (due to our pension scheme being unfunded) causes staff costs to increase. In addition to pensions, staff costs are increased from 2021-22 due to the application of Scottish Government pay policy. Running costs are reduced as we had experienced high cost in the prior

# Performance Report

year when we were given the opportunity to purchase four years of Oracle licences, locking in 2021-22 prices.

A significant amount of administrative expenditure (£5.2m) is directed at ensuring that all legal aid expenditure is in accordance with prevailing statutory provisions, regulations, fee tables and taxation standards. This is achieved through assessment of solicitors' and advocates' accounts and determination of applications, only granting those that meet the statutory tests, and also measures to minimise fraud and abuse. We have made significant efforts to constrain administration costs whilst ensuring that fund expenditure continues to properly reflect both the intentions of Parliament and the nature and level of demand by eligible people for services that are within scope.

Until 2020-21 our administrative budget had been fairly static for over 10 years and cost pressures, including inflation and the application of SG pay policy, had to be met through efficiency gains and reducing staff numbers where possible. During this period, workloads increased, and the Scottish Government gave SLAB additional responsibilities which impacted our resource base and living within these budgets had become extremely challenging. Despite these pressures we continued to deliver improvements to our operational performance and maintain appropriate controls over fund expenditure. Our ability to do so has been due to achievement of efficiencies centred on themes of digitisation and online services, improved procurement, asset/space management and the relocation of our main premises in 2015. Our efforts, whilst effective, reached their limits in 2020-21 and, in recognition of this, our administrative budget was increased by £500k for 2021-22 and further increased by £1,400k (£1,020k of which was added specifically to cover increased pensions costs) in 2022-23.

Funding will increase again in 2023-24 with an addition of £1,200k to help cover increased pay and pension costs. This will relieve budgetary pressures and ensure we can afford SG pay policy increases however we will continue to look at efficiencies to reduce pressures in future years.

The financial statements are prepared on an accruals basis, which results in accounting adjustments to the cash spend. These adjustments comprise depreciation, disposal and purchase of assets, movements on accruals, prepayments, and provisions. Once such adjustments are made, the statement of comprehensive net expenditure on page 103 shows net operating costs, including pension costs, of £19.4m (2021-22: £17.8m).

## Administration outturn v Scottish Government budget

We are required to manage our financial outturn against an agreed Scottish Government budget. The following table compares the outturn from the Scottish Legal Aid Board's accounts to the budget allocated to us by the Scottish Government.

SoCNE (page 103)	Outturn £000	Budget £000	Variance £000
Staff and administrative costs (net of income)	11,758	14,185	2,427
Depreciation, amortisation plus loss on disposal	474	550	76
Pension scheme service and finance costs	7,186	6,500	(686)
<b>Net operating costs</b>	<b>19,418</b>	<b>21,235</b>	<b>1,817</b>

The staff and administrative costs variance is largely due to the Scottish Government's budget figure including £1.8m for cash payments we make in respect of the SLAB pension scheme (£2.1m benefits paid less £0.3m retained contributions). Under accounting rules, these

# Performance Report

payments aren't included in the net operating costs shown in the outturn figures above although they are included in the Statement of Cash Flows on page 105.

Depreciation outturn is broadly in line with our own internal forecasts and last year's outturn albeit marginally lower than the Scottish Government's budget allocation. Pension scheme service and finance costs are calculated by our actuary and are only available after the end of the financial year. These costs are difficult to forecast accurately, and an estimated charge was budgeted.

## Our operational performance

To assess performance in applications we use the following key performance indicators (KPIs):

- Time to take the first decision (First decision average duration)
- The percent of applications we can grant first time (First decision % granted)
- The level of rework that is required (% First decision with subsequent further work).

The equivalent KPIs in accounts are:

- Time to pay an initial account (Average calendar days to bank)
- The percent of accounts we pay in full (% paid in full)
- The level of negotiation that is required (Ratio of negotiations to initial assessments).

Our performance across these indicators, compared to last year is set out below.

The performance figure is presented as the number of months that we either met or bettered the benchmark.

## In 2022-23 we had 33 Key Performance Indicators (KPIs)

We met or bettered the performance benchmark for:

16

of our KPIs in 12 months of the year

2

of our KPIs in 11 months of the year

3

of our KPIs in 10 months of the year

5

of our KPIs in 9 months of the year

1

of our KPIs in 8 months of the year

# Performance Report

## Civil Applications

Three of the five KPIs saw more demanding benchmarks set for 2022-23. Performance remained high with all 12 reporting periods showing performance meeting or exceeding all the five benchmarks. The Performance figure is presented in the tables below as the Number of Periods Better or Met out of 12.

KPI	Measure	2021-22		2022-23	
		Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
<b>Adults with incapacity</b>					
1	Average Duration	17 days	12	Unchanged	12
2	Percent Granted	96%	12	Unchanged	12
<b>Other subject matters</b>					
3	Average Duration	68 days	12	67 days	12
4	Percent Granted	70%	12	72%	12
5	Further Work	14%	12	12%	12

## Criminal Applications

All three Solemn benchmarks (KPIs 6, 7, 8) remained unchanged. Durations (KPI 6) and Grant Rate (KPI 7) saw good performance for more than half the year. There were high levels of further work required, largely due to additional activity on older cases that had been subject to pandemic related court delays, therefore KPI8 did not meet the benchmark for the whole year.

<b>Solemn Applications</b>		2021-22		2022-23	
KPI	Measure	Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
6	Average Duration	5.1 days	12	Unchanged	7
7	Percent Granted	85%	12	Unchanged	7
8	Further Work	9%	11	Unchanged	0

In Summary all three KPIs remained unchanged - they had seen more challenging benchmarks set in the previous year. Performance was high with most reporting periods showing performance meeting or exceeding the benchmarks.

<b>Summary Applications</b>		2021-22		2022-23	
KPI	Measure	Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
9	Average Duration	9 days	12	Unchanged	9
10	Percent Granted	79%	12	Unchanged	10
11	Further Work	15%	12	Unchanged	8

# Performance Report

## Children's Applications

All three benchmarks remained unchanged. Performance remained high with all 12 reporting periods showing performance meeting or exceeding all three benchmarks.

Children's Applications		2021-22		2022-23	
KPI	Measure	Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
12	Average Duration	7.5 days	12	Unchanged	12
13	Percent Granted	81%	12	Unchanged	12
14	Further Work	10%	12	Unchanged	12

## Civil Accounts

Civil Negotiations was set a more demanding benchmark for 2022-23 moving from 42 to 30 days and met or exceeded this for 75% of the time. Overall performance was mixed but more than half of periods met or exceeded the benchmark.

		2021-22		2022-23	
KPI	Measure	Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
1	Duration Civil A&A and ABWOR	19	5	Unchanged	4
2	Duration Civil legal aid	23	5	Unchanged	0
3	Duration Negotiations	42	12	Unchanged	9
4	Paid in Full	67.5%	12	Unchanged	12
5	Further Work	42	12	30	9

## Criminal Accounts

One KPI was set a more challenging benchmark in 2022-23. Performance was high with five of the nine KPIs meeting or exceeding their benchmarks for all 12 periods, and the remaining four KPIs met or exceeded for the majority of the time.

		2021-22		2022-23	
KPI	Measure	Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
6	Duration Criminal A&A	9	12	8	12
7	Duration Criminal ABWOR Auto	6.2	12	Unchanged	10
8	Duration Criminal ABWOR Non-auto	12.3	12	Unchanged	10
9	Duration Criminal Auto	6.4	12	Unchanged	12
10	Duration Criminal Non-auto	12.7	12	Unchanged	12
11	Duration Solemn	18.1	11	Unchanged	12
12	Duration Negotiations	32.5	10	Unchanged	12
13	Paid in Full	93%	12	Unchanged	9
14	Further Work	4.5%	12	Unchanged	11

# Performance Report

## Children's Accounts

One KPI was set a more challenging benchmark in 2022-23 after four out of the five were set more challenging benchmarks in 2021-22. Performance was high with 50 of the 60 reporting periods across the KPIs combined meeting or exceeding their benchmarks.

KPI	Measure	2021-22		2022-23	
		Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
15	Duration Children's A&A and ABWOR	17.0	12	Unchanged	11
16	Duration Children's legal aid	20.0	12	Unchanged	6
17	Duration Negotiations	29.0	9	Unchanged	9
18	Paid in Full	41%	12	55%	12
19	Further Work	35%	12	Unchanged	12

## Anti-corruption and anti-bribery

SLAB is committed to conducting its business in an honest and ethical manner, in accordance with the Bribery Act 2010, SLAB operate governance by implementing and enforcing robust policies to guard against illegal behaviour. We act openly in relation to all our dealings with colleagues and suppliers.

As an organisation we will not tolerate any form of bribery or corruption and we expect individuals, firms, and organisations we work with to uphold and adopt this approach. In the event of misconduct being identified, we will seek reimbursement/payment of funds and report the behaviour to the appropriate authority.

There are further details about fraud, corruption, and bribery in the [Governance Statement](#).

## Social, community and human rights issues

Legal aid supports access to justice for those people who are unable to pay for it on their own. It can deliver life changing assistance to people in need, ensuring that human and social rights are protected and enforceable. Legal aid makes an important contribution to the Scottish Government's purpose and aligns with its values, and in particular respect for the rule of law. Legal aid can also support several of the National Outcomes, including supporting respect, protection, and fulfilment of human rights and freedom from discrimination; contributing to inclusive, empowered, resilient and safe communities; tackling poverty and reducing inequality. Our grant funding programmes also ensure that a range of help is available when people face difficulties with interrelated issues such as money, debt, and housing.

In terms of our own workforce, we continually review policies and practices around areas such as equalities, dignity at work, working conditions and recruitment. We support the work of our employees' Charity Committee and employee volunteering. We also actively support trainees and work placements.

SLAB also ensures that all employees are paid the Scottish Living Wage, having gained Living Wage Accreditation in 2015/16.

# Performance Report

## Equality and diversity

Mainstreaming is the process of thinking about equality in day-to-day decision making and applying it to our daily practices. The main ways that we achieve this are described below.

### Leadership, governance and business planning

Commitment by leaders and senior management is a key factor in our mainstreaming approach. Our corporate equality work is governed through the following mechanisms:

<b>Executive Team</b>	Chaired by our Chief Executive this group reviews progress on work to achieve our equality outcomes and actions relating to equality impact assessments. All departmental reports to the Executive Team highlight equality impacts on policy areas as appropriate.
<b>Board and Committee members</b>	Receive an annual report on our equalities work as part of our business plan update. Board and committee papers provide decision makers with an update on equality as appropriate to the paper topic.
<b>Business plan</b>	Equalities work streams are a key factor in the delivery of our current business plan.
<b>Equalities Project Group</b>	Chaired by our Director of Strategic Development, this group monitors our corporate work on equality, leads on policy specific projects including external equality projects (with other justice organisations), and quality assures all equality impact assessments.

### Equality impact assessments (EqIA)

Our equality impact assessment template and guidance ensure we mitigate negative equality impacts and maximise positive equality impacts of new and current policies or projects.

A full listing of all the 16 equality impact assessments we have published in the reporting period is available in the [Equalities and diversity section](#) of our website.

We have trained 81% of our managers in undertaking equality impact assessments as part of our work to improve the quality of our equality impact assessments and expertise across the organisation. We have prioritised the training of head of services and managers since they primarily complete EqIAs. Most of this group has completed an EqIA workshop.

### Procurement process and award criteria

We continue to follow the Scottish Government's [Procurement Journey](#). Our equality impact assessment toolkit helps policy owners to record any equality requirements that should be included in any tender process. We also have our own procurement policy in place and have recently completed the EqIA as well.

### Stakeholder feedback

Stakeholder engagement forms a big part of our research activity. Research helps us to collect evidence where there are known inequalities or explore differences in experience and can help us increase the participation of equality groups.

As part of the development of our new Equality Outcomes Plan 2023-26, we have engaged with stakeholders to ask them for their help in shaping our equality outcomes. Their input provided us with valuable insights and highlighted areas for further consideration.

# Performance Report

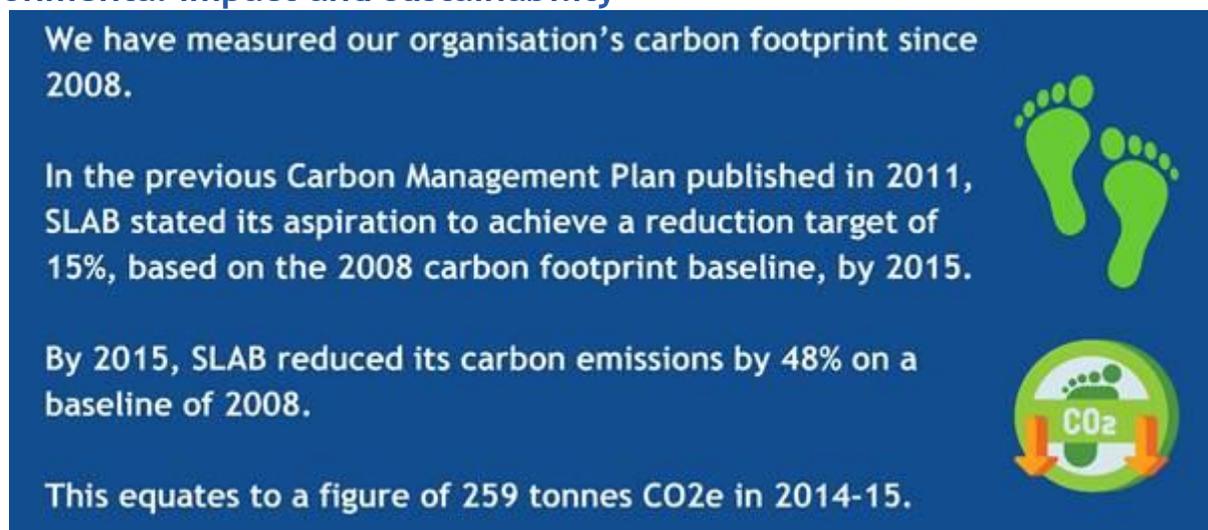
## Payment of Suppliers

Our payment policy for suppliers in respect of its administrative expenditure is to agree payment terms when placing orders for goods and services.

Our standard payment terms are 30 calendar days and where other terms are agreed, these will usually be shorter. We aim to ensure that suppliers are aware of our terms and strive to comply with these subjects to satisfactory performance by the supplier. The organisation is committed to meeting the Scottish Government's aspiration of paying small business administration service suppliers within 10 days.

SLAB's performance for paying administrative invoices within 10 days was 95% in 2022-23 (2021-22: 94%). Performance for paying these invoices within 30 days was 98% in 2022-23 (2021-22: 98%).

## Environmental impact and sustainability



The infographic is set against a dark blue background. It features four lines of white text on the left and two green icons on the right. The top icon is a pair of footprints, and the bottom icon is a circular emblem with a footprint and the text 'CO2' and '48%'.

We have measured our organisation's carbon footprint since 2008.

In the previous Carbon Management Plan published in 2011, SLAB stated its aspiration to achieve a reduction target of 15%, based on the 2008 carbon footprint baseline, by 2015.

By 2015, SLAB reduced its carbon emissions by 48% on a baseline of 2008.

This equates to a figure of 259 tonnes CO2e in 2014-15.

The organisation established a new **Carbon Management Plan** (CM Plan) which targeted its asset use and planned reductions in 2016. A new baseline year of April 2015 to March 2016 was therefore set to measure the performance of our new building at Thistle House.

The CM Plan set out our ambitions and a roadmap for progress. Reducing carbon emissions is not just about our commitment to the environment. The same processes we use to identify carbon emissions reduction will also identify and realise financial savings through improved efficiency in the procurement and operation of our buildings and transport. The actions outlined within the plan formed part of our efficiency plan to reduce consumption and provide value for money.

The plan was produced in conjunction with the Carbon Trust and Keep Scotland Beautiful - Sustainable Scotland Network. The fundamental aim was that SLAB will have reduced its carbon emissions by 10% on a baseline of 2015. This equated to a figure of 42.6 tonnes CO2e in 2015. The seventh and final year of our Carbon Management Plan concluded in March 2022. During this period, we reduced our carbon footprint by 45.7% on the baseline year with a carbon footprint of 231 tonnes CO2e, and we therefore achieved our target. Most of these savings came from reductions in our energy consumption, gas and electricity. As this period covered the Covid-19 pandemic, 95% of our staff were homebased. A new emission source was introduced to cover this and accounted for 69.8 tonnes CO2e of our overall emissions.

SLAB is committed to applying the principles of responsible environmental management in all aspects of its business operations. Specifically, it is our policy to:

# Performance Report

- Continually improve the energy efficiency of our premises, to reduce both energy consumption and emissions
- Focus on waste minimisation by introducing techniques to recover and re-use office materials
- Work with suppliers to eliminate packaging, materials and components which generate waste
- Manage the disposal of waste to minimise environmental harm
- Inform and educate all our employees on environmental issues relevant to SLAB
- Continually improve our environmental standards, by setting objectives and targets and reviewing them annually
- Allocate environmental responsibility at director and management level.

It is the responsibility of all personnel of SLAB to work in partnership to maintain and improve our environment.

Sustainable procurement is promoted through using and purchasing low emission vehicles, taking leases over longer periods, or leasing second hand items such as photocopiers, thereby reducing both cost and environmental impact. Sustainability is formally considered as part of every tender process.

Our Environmental Impact and Sustainability report is available at:  
[sustainablecotlandnetwork.org/reports/the-scottish-legal-aid-board](https://sustainablecotlandnetwork.org/reports/the-scottish-legal-aid-board).

During 2023-24 we will continue to measure our carbon footprint and develop a new Carbon Management Plan.

## The basis of going concern

### Scottish Legal Aid Board

In line with the Government Financial Reporting Manual, issued annually by HM Treasury, these annual accounts are required to reflect International Accounting Standard 19 “Employee benefits”. This requires entities to recognise, in their accounts, the costs, assets and liabilities of pension schemes.

As explained in note 40, pensions and other benefits are payable out of grant-in-aid and are met as they fall due. However, the accounts have been prepared in line with International Accounting Standard 19 “Employee benefits” and include an actuarial valuation of the pension scheme liability. As a result, the statement of financial position on page 104 shows net liabilities of £56.8m (2021-22: £139.7m). This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the organisation’s other sources of income, will be met by future funding from the Scottish Government. This is because, under the normal conventions applying to Scottish Government control over income and expenditure, such grant-in-aid may not be paid in advance of need.

Funding for 2023-24, taking into account the amounts required to meet SLAB’s liabilities falling during that year, has already been included in the Scottish Government’s estimates for that year, which have been approved by the Scottish Parliament, and for future years there is no reason to believe that the Scottish Government’s full sponsorship and parliamentary approval will not be forthcoming.

The Scottish Government has given us written assurance that there are no plans to change the existing arrangements, where they fund SLAB’s administrative costs, including the provision for net pension costs, through grant-in-aid. Further, they state that there are no plans to wind up the organisation, and that if this was ever to become a possibility, then the liabilities falling due under the pension scheme would be a matter which the Scottish Government would require to recognise through the legislation that was considered by Parliament.

### Scottish Legal Aid Fund

SLAB estimates the value of unbilled live cases each year to arrive at the amounts disclosed within the accounts as a provision. The amount is an estimate of the expenditure required to settle any obligation at the end of the reporting period following the requirements of International Accounting Standard 37 “Provisions, contingent liabilities and contingent assets”.

In estimating the provision, SLAB has adopted prudent measurement techniques based on the latest data available. No income is anticipated for cases that may successfully recover costs.

As a result of this and the inclusion of pension liabilities, the Scottish Legal Aid Fund statement of financial position on page 80 shows net liabilities of £69.8m (2021-22 £87.7m). This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the organisation’s other sources of income, will be met by future funding from the Scottish Government. This is because, under the normal conventions applying to Scottish Government control over income and expenditure, such grants may not be paid in advance of need.

Funding for 2023-24, taking into account the amounts required to meet SLAB’s liabilities falling during that year, has already been included in the Scottish Government’s estimates for that year, which have been approved by the Scottish Parliament. The Scottish Government has given SLAB a written assurance that they will continue to provide funding for future sums due to any

# Performance Report

solicitor or counsel out of the Legal Aid Fund, in accordance with arrangements set out in the Legal Aid (Scotland) Act 1986, which creates a statutory obligation for payment. The Scottish Government has also given us written assurance on funding future pension costs as detailed above.

## Conclusion

Accordingly, it is considered appropriate to adopt a going concern basis for both the Scottish Legal Aid Fund and the Scottish Legal Aid Board in the preparation of these financial statements.



**Colin Lancaster**

Chief Executive and Accountable Officer

Sep 18, 2023

## The Accountability Report

In this section we cover:

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# Accountability Report

## Director's report

### Board members



<b>Tim McKay</b>	<b>Marieke Dwarshuis</b>	<b>Ray Macfarlane (Chair)</b>	<b>Lesley Ward</b>
<b>Started:</b> 01.04.16	<b>Started:</b> 01.04.16	<b>Started:</b> 01.04.10	<b>Started:</b> 01.04.16
<b>Appointment to:</b> 31.03.23	<b>Appointment to:</b> 31.03.23	<b>Appointment to:</b> 31.03.24	<b>Appointment to:</b> 31.03.24



<b>Sarah O'Neill</b>	<b>David Sheldon KC</b>	<b>Gerry Bann</b>	<b>Brigid Whoriskey</b>
<b>Started:</b> 01.04.16	<b>Started:</b> 24.07.17	<b>Started:</b> 01.04.21	<b>Started:</b> 01.04.21
<b>Appointment to:</b> 31.03.24	<b>Appointment to:</b> 30.09.24	<b>Appointment to:</b> 31.03.24	<b>Appointment to:</b> 31.03.24



<b>Stephen Humphreys</b>	<b>Raymond McMenemy</b>	<b>Brian Baverstock</b>	<b>Sheriff John Morris KC</b>
<b>Started:</b> 01.04.18	<b>Started:</b> 01.04.18	<b>Started:</b> 01.04.18	<b>Started:</b> 01.04.18
<b>Appointment to:</b> 31.03.26	<b>Appointment to:</b> 31.03.26	<b>Appointment to:</b> 31.03.26	<b>Appointment to:</b> 31.03.26

# Accountability Report

## Register of Board Members interests

We keep a register of Board members' interests available on our website along with biographies: [www.slab.org.uk/corporate-information/our-people/board-members](http://www.slab.org.uk/corporate-information/our-people/board-members).

## Membership of Committees

During 2022-23, committee membership comprised:

### Legal Assistance Policy Committee

Raymond McMenamin (Convenor)

Sarah O'Neill

Marieke Dwarshuis

Gerry Bann

Stephen Humphreys

Ray MacFarlane

Colin Lancaster (Chief Executive)

### Legal Services Cases Committee

Lesley Ward - Convener

David Sheldon KC

Sheriff John Morris KC

Ray Macfarlane

Brigid Whoriskey

Ian Dickson, Principal Legal Adviser

Marie-Louise Fox, Director of Operations

### Audit Committee

Tim McKay - Convener

Brian Baverstock

Brigid Whoriskey

Marieke Dwarshuis

*Ray Macfarlane attends but is not a member.*

### Remuneration and Appointments Committee

Brian Baverstock - Convener

Ray Macfarlane

Stephen Humphreys

### Legal Services Sub-Committee

The following legal professionals are members:

David Nicol

Denise Loney

Andrew Pollock

Eileen Sumpter

## Membership of the Executive Team

During 2022-23 the Executive Team comprised:

<b>Colin Lancaster</b>	Chief Executive and Accountable Officer
<b>Marie-Louise Fox</b>	Director of Operations (April 2022) Director of Strategic Development (started May 2022)
<b>Adam Ford</b>	Director of Operations (started May 2022)
<b>Graeme Hill</b>	Director of Corporate Services and Accounts (retired April 2022)
<b>Linda Ross</b>	Director of Corporate Services and Accounts (started April 2022)
<b>Paul Haran</b>	Director of Client Legal Services (April 2022 - September 2022)
<b>Carolyn McLeod</b>	Director of Client Legal Services (started February 2023)
<b>Ian Dickson</b>	Principal Legal Adviser

## Personal data related incidents

These are detailed in the Governance Statement.

# Accountability Report

## Data security lapses

There were no major data security lapses in the year. Please see the 'Significant internal control issues' section of the Governance Statement.

## Audit

Mazars LLP carried out the audit of the organisation's accounts for the financial year ended 31 March 2023, covering both the Scottish Legal Aid Fund and the Scottish Legal Aid Board accounts. The agreed fee for this service was £60,170 (2021-22 £46,080), which relates solely to the provision of statutory audit services.

## Representations

The Accountable Officer and the Board members who held office at the date of approval of these accounts confirm that, so far as they are each aware, there is no relevant audit information of which the organisation's auditors are unaware; and the Accountable Officer and each of the Board members have taken all the steps that he/she ought reasonably to have taken to make himself/herself aware of any relevant audit information and to establish that the organisation's auditors are aware of that information.

## Statement of Accounting Officer's responsibilities

The Legal Aid (Scotland) Act 1986 ("the Act"), as amended by the Public Finance and Accountability (Scotland) Act 2000, states that the Scottish Legal Aid Board must prepare a statement of accounts for each financial year in the form and on the basis determined by Scottish Ministers and set out in the account's direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Scottish Legal Aid Fund and the Scottish Legal Aid Board and of its income and expenditure, statement of financial position and cash flows for the financial year.

In preparing the accounts the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual, and in particular must:

- observe the accounts direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies consistently
- make judgements and estimates reasonably
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and show and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the organisation will continue to operate.

The Accountable Officer also confirms that the annual report and accounts as a whole are fair, balanced, and understandable, taking personal responsibility for the annual report and accounts and the judgments required for determining that they are fair, balanced, and understandable.

The Scottish Government has designated the Chief Executive of SLAB as the Accountable Officer for the organisation. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which he is answerable, for keeping proper records and for safeguarding SLAB's assets are set out in the *Memorandum to Accountable Officers for Other Public Bodies*.

The Chief Executive is responsible for the maintenance and integrity of the corporate and financial information, including that published on SLAB's website.

The Accountable Officer also confirms that, as far as they are aware, there is no relevant audit information of which the entity's auditors are unaware, and that they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

# Accountability Report

## Governance Statement

The Accountable Officer has responsibility for maintaining a sound system of internal control that supports our policies, aims and objectives. They are also responsible for safeguarding the public funds and assets assigned to SLAB, in accordance with the responsibilities set out in the [Memorandum to Accountable Officers for Other Public Bodies](#).

## Governance Framework

SLAB is a Non-Departmental Public Body sponsored by the Scottish Government's Justice Directorate. The broad governance framework within which we operate, including the key roles and responsibilities which underpin the relationship between us and the Scottish Government, are set out in a Joint Framework Agreement ([The Governance and Accountability Framework Document](#)). The Scottish Government will be reviewing this document during 2023-24.

## The Board

Our Board comprises the Chair, Ray Macfarlane, and 11 other non-executive members. The role of the Board is to shape and set our strategic direction. It also sets our risk appetite and risk management framework and provides oversight and scrutiny of the organisation's operational and financial performance. This includes the delivery of efficiency and best value.

The Board operated its business with a combination of in person, remote and hybrid meetings during 2022-23 whilst overseeing the organisation's approach to a suitable hybrid working model in the future. The Board discussed the preferred model going forward and agreed to continue with this model which gives flexibility and reduces the risk of members being unable to attend due to work commitments.

Ray Macfarlane, Stephen Humphries, Brian Baverstock, John Morris, Raymond McMenamin and Lesley Ward were all reappointed for between two and four years from April 2022.

[Biographies](#) of our Board Members are available on our website.

The Board reserves to itself a range of decision making powers and delegates others to the Chief Executive through a Delegated Authority Matrix. Membership of the Board comes from a range of public and private sector backgrounds, including solicitors and advocates. Members are appointed by Scottish Ministers.

Business at the Board and its Committees is governed through its [Standing Orders](#) which the Board approves, and which are periodically reviewed. Along with agendas and minutes of meetings, we [publish a range of papers](#) considered at meetings of the Board on our website. We also publish minutes of the Legal Assistance Policy Committee.

The Chief Executive and Directors attend Board meetings.

## Board diversity and succession planning

It is widely recognised that diversity on Boards, and in organisational leadership, encourages innovative thinking and leads to better decision making and governance. It is therefore important that we look at sex and wider diversity at Board level across the protected characteristics, and in the skills and experiences our board members bring to SLAB.

The 2022-23 gender breakdown was 36% female and 64% male based on a survey of members (92% response rate). There were no appointments of new board members in 2022-23.

# Accountability Report

## Standing Committees

The Board has four Standing Committees:

### Audit Committee

The Board has established an Audit Committee to support it in its responsibilities on risk, governance, and assurance.

It advises the Board and the Accountable Officer on the effectiveness of the internal control system. This includes considering risk matters at each meeting, approving, and monitoring the annual programme of internal audit work, and scrutinising financial management and the annual report and accounts.

Membership of the Committee can be found in the [Director's Report](#).

### Legal Assistance Policy Committee

The Legal Assistance Policy Committee advises the Board on the development and implementation of operational policies which inform internal decision-making guidance on registration, applications and accounts, and external guidance for solicitors and applicants.

The Committee also acts as a review mechanism for cases that are decided at the Legal Services Cases Committee at first instance.

Membership of the Committee can be found in the [Director's Report](#).

### Legal Services Cases Committee

The Legal Services Cases Committee considers sensitive, high profile, high value or other specified types of case either at first instance or on review. The Committee also calls on the experience of co-opted members who are not members of the Board and external to SLAB.

Membership of the Committee can be found in the [Director's Report](#).

### Remuneration and Appointments Committee

The Remuneration and Appointments Committee considers pay policy and the remuneration and performance of the Chief Executive and Executive Team.

Membership of the Committee can be found in the [Director's Report](#).

### Board member attendance during 2022-23

Meeting	Board	Audit Committee	Policy Committee	Cases Committee	R&A Committee
Number of meetings	6	4	4	10	2

Meetings attended	Board	Audit Committee	Policy Committee	Cases Committee	R&A Committee
Ray Macfarlane	6	4	4	10	2
Tim McKay	5	3			
Brian Baverstock	4	4			2
Brigid Whoriskey	6	4		9	
Marieke Dwarshuis	6	4	2		

# Accountability Report

Sheriff John Morris KC	5			9	
Raymond McMenamin	5		4		
Stephen Humphreys	5		4		2
Sarah O'Neill	6		3		
Lesley Ward	6			9	
David Sheldon KC	4			8	
Gerry Bann	5		3		

Further information about the remits of the Standing Committees is included in the **Standing Orders**.

## The Executive Team



Our Executive Team comprises the Chief Executive, four Directors and the Principal Legal Advisor.

The Executive Team meets on a weekly basis. Its role is to assist the Chief Executive in his decision making functions. The role also involves day to day oversight of the administration of the legal aid schemes, including implementation of the Corporate Plan, managing risk, developing operational and corporate policies, and managing our finances. **Biographies** of the Executive Team are available on SLAB's website.

### System of governance and internal control

Our system of internal control is based on identification and treatment of risks to the delivery of our aims and objectives, plus effective decision making. Decision making across the organisation is framed by reference to our Delegated Authority Matrix. The matrix documents the limits of post holders' authority in specified areas, including operational decision-making and incurring of expenditure.

### Features of our system of internal control

#### Continuous improvement

We take a continuous improvement approach to corporate governance and our annual programme of work generally includes initiatives to review and improve specific areas of our internal control framework. In so doing we are regularly assessing our compliance with generally accepted best practice principles.

# Accountability Report

In addition, our internal audit function plays an important role in auditing elements of our corporate governance arrangements. Detail of the audits carried out in 2022-23 can be found below.

## Monitoring of our strategy and priorities

Our strategic objectives and key activity to deliver them are set out in our [Corporate Plan](#) for 2020-23. Progress against each of the Corporate Plan's annual programmes of work is monitored by the Executive Team and [reported to the Board](#) on a quarterly basis.

## Accountability for governance

The [governance and accountability framework](#) document, based on the Scottish Government document for use across all NDPBs, sets out the broad framework within which we operate and defines key roles and responsibilities which underpin the relationship between us and the Scottish Government. We are held accountable against this framework through regular accountability and corporate governance meetings with our sponsor department in the Scottish Government.

## Operational performance

Operational performance is measured through our SLAB Operational Performance Overview Report (SOPOR).

The data is scrutinised by managers and Directors to focus on what matters most to legal aid applicants and their solicitors. The SOPOR sets challenging but achievable performance benchmarks across the different types of legal aid applications and accounts. These benchmarks are approved by the Board annually.

Performance data is considered by the Executive Team on a monthly basis and is considered by the Board at each of its meetings. In line with SLAB's corporate value on transparency, [quarterly data from the SOPOR](#) was published on our website throughout 2022-23.

## Financial management

The Scottish Government sets a budget for our administration. We allocate that budget internally based on activity required to deliver our core functions and our strategic priorities. That budget allocation is discussed with, and approved by, the Board. We carry out quarterly budget reviews of expenditure and the Board is presented with papers detailing our financial position on a quarterly cycle to enable oversight of our financial performance.

Although the Scottish Government allocates a budget for the Legal Aid Fund, expenditure for legal aid cases is uncapped. We carry out a forecasting exercise at the start of each financial year based on analysis of previous trends in legal aid demand and discussions with partner bodies in the justice system to understand the impact of trends and pressures within the wider justice system, partners' plans, and future justice system reform on legal aid expenditure. We review and update this forecast during the year and discuss this with the Board.

Reports from our financial accountants on our financial position are considered monthly by the Executive Team.

## Internal audit

We have an internal audit service that reports on a day to day basis to the Director of Corporate Services and Accounts. Our programme of audit work is risk based and driven by our

# Accountability Report

consideration of risk generally and specifically by the risks that are managed via our corporate and functional risk registers.

The programme of internal audit work is approved by the Audit Committee. The Head of Internal Audit is responsible to the Accountable Officer for internal audit matters and has direct access to the Chair of the Audit Committee. The Head of Internal Audit reports on a quarterly basis to the Audit Committee. This includes the scrutiny of progress against implementing recommendations from internal audit reports.

The operation of our internal audit function was independently reviewed in 2019 through an External Quality Assessment of Conformance to the Public Sector Internal Audit Standards. The review was completed by CIPFA. The next review is planned for 2023-24.

Key internal audit work during 2022-23 included elements of our corporate governance framework. Audits included a review of the Delegated Authority Matrix and the way in which we manage planning and oversight of our strategic and business planning. The management of our Board and Committee business was also scrutinised. Key functions of the business were audited with reports being completed on our research, data analytics and client legal services departments.

## **Best Value**

The principles of best value are embedded across all areas of our business, rather than being confined to specific projects and initiatives. A report on how we have delivered the best value principles is submitted to the Board annually. An internal audit of our approach to delivering best value was carried out in 2022-23 which found our alignment with the principles of best value to be satisfactory.

## **Risk management**

We have a risk management framework which was subject to a major review in 2018. The framework sets out how we manage risk, and the different roles and responsibilities in the risk management cycle. The framework includes a corporate risk register which sets out our biggest and cross organisation risks, and functional risk registers which include operational risks. The framework includes the Board's risk appetite in several areas which drives our response to the risks that we face. The framework sets out a delegation chain of responsibility from the Board down to junior members of staff.

Risks are aligned to our strategic objectives and a refreshed set of corporate risks linked to our new corporate plan was presented to the Audit Committee in June 2022. Our work in developing the Board's approach to risk appetite has included improving the link between risk appetite and the operational management of risk.

The corporate risk register is reviewed on a regular basis by the Executive Team at every meeting of the Audit Committee and by the Board twice a year. Functional risks are discussed between managers and their directors and are also a feature of managerial reporting to meetings of the Executive Team. If risks increase or decrease in their severity or coverage, they are considered for escalation or de-escalation to or from the relevant register. Consideration of risk issues on a regular basis has also continued through our Corporate Governance and Risk Group (attended by our Director of Corporate Services and Accounts).

# Accountability Report

The Executive Team, Audit Committee and the Board considered a range of corporate risks during the year. The key risks that we actively managed related to:

- Major failures in our IT or estates infrastructure;
- Delivery of our Public Sector Equality Duty;
- How the actions or decisions of external parties (Scottish Government and justice partners) might impact on the delivery of our objectives;
- How shifts in the legal aid market (changes in supplier numbers or supplier action) might divert our resources;
- Health and wellbeing of our staff.

In addition to this, standard papers presented to the Board provide assurance from the delegation chain within the organisation about our resources, our responses to risks in policy and operational matters, and the extent to which budgets and performance targets are being met.

We delivered a comprehensive training course for our staff that manage risks in January 2023. We are currently reviewing our risk management framework again, which will draw on findings from an internal audit consultancy report carried out this year. The review will be considered by the Audit Committee in August 2023.

Further detail about the risks that we managed during 2022-23 can be found in the [Performance Report](#).

## Information Governance and the General Data Protection Regulation

We have a Data Protection Officer (DPO) who reports to the Senior Information Risk Owner (SIRO) who is a director, providing access to senior management. Staff awareness training is undertaken, supported with a Cyber Security Stay Safe online course, and this forms part of our induction process for all new staff.

Any data breaches are recorded and investigated by the DPO, and all actions are discussed with senior management such as the Principal Legal Adviser.

We process significant amounts of personal data in the discharge of our functions, some of which is highly sensitive. The extent of manual personal data processing brings with it the risk of data breaches arising from human error. As a result, minor data breaches did occur during 2022-23. Data breaches of a serious nature would be reported to the Audit Committee and/or the Board.

The current number of breaches recorded is small when compared to the amount of correspondence, and personal data, that we deal with during our business. We reported eight data breaches to the ICO during 2022-23. These all involved human error and involved the sending of electronic information to the wrong recipient, correspondence posted to the wrong address, a misplaced client file, and unreacted representations being sent to an applicant's solicitor. Based on the small number of people affected and the action that we had taken as a result of the breaches, the ICO did not consider it necessary to take any further action.

# Accountability Report

## **Fraud, corruption and bribery**

Our organisation continues to consider its fraud risk environment within the context of its commitment to a counter fraud culture. This consideration encompasses ongoing development of measures to increase fraud awareness and minimise exposure to fraud risk.

Fraud risk was an active consideration through 2022-23 on both our corporate and functional risk registers. Specific papers covering our key roles in managing fraud by applicants and solicitors in the use of the Legal Aid Fund were considered by our Audit Committee.

We have two functions that contribute to our counter fraud work through compliance audits of firms carrying out criminal legal assistance, and the provision of assurance as to applicants' eligibility for legal assistance.

Our applicant investigation function carried out full investigations into the information provided by 855 legal aid applicants. This was a 37% increase on the previous year. Of the 854 cases that have concluded, 366 investigations resulted in action being taken, including refusal of some applications, reassessment of others or the termination of ongoing grants. In the remaining cases there was satisfactory assurance provided that the grants of assistance could continue.

Our Assisted Persons Investigations (API) staff undertook training provided by The Chartered Institute of Public Finance and Accountancy (CIPFA) this year. The Accredited Counter Fraud Specialist (ACFS) course is one of the few counter fraud related training programmes available which includes Scottish legislative and legal requirements. It is a professional qualification and the core syllabus is set by the Counter Fraud Professional Accreditation Board (CFPAB).

Our Complaints and Investigations team carried out 102 audits of criminal legal aid firms this year. As a result of this and other proactive work, £235k was requested from firms where there appeared to be an error or breaches of regulations.

There were no reported instances of fraud involving our staff.

## **Reviewing the system of internal control**

The Accountable Officer is responsible for reviewing the effectiveness of the system of internal control. Their review is informed by:

- management information received by the Executive Team
- the assessment and management of risk through a recently revised and improved risk management framework
- the controls that exist over planned expenditure, the regular reporting of actual expenditure and regular review of budgets and forecasts
- the managers within SLAB who are responsible for developing and maintaining the internal control framework
- the work of the internal auditors who submit, to the Accountable Officer and SLAB's Audit Committee, regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control, together with recommendations for improvement
- the recommendations and advice from the Audit Committee on matters within its remit
- comments made by the external auditors in their management letter and other reports.

# Accountability Report

Our Head of Internal Audit seeks assurance over the system of internal control. This is obtained by conducting a series of audit engagements, considering the results of the previous reviews carried out, discussion with management, review of risk profiles and through membership of our Corporate Governance and Risk Group.

Annually, Directors certify to the Accountable Officer that they have reviewed and are content with the assurances provided by their managers; that they are satisfied that the controls are working; and that there are no significant matters in their area of responsibility which would require to be raised specifically in the Statement of Internal Control. The outcome of this process is shared with the Executive Team and the Audit Committee. The Chief Executive has received this assurance for the year 2022-23. The Head of Internal Audit has issued an Assurance Statement to the Accountable Officer which provides their opinion on the adequacy and effectiveness of the internal control system and the extent to which it can be relied on. Their opinion is that our internal controls are satisfactory. Nothing has been identified that would warrant the Accountable Officer not signing this Governance Statement. The external auditors also report to the Accountable Officer, the Audit Committee, and to the Board, any internal control issues that they identify during their normal audit activities.

The Audit Committee is content with the various assurances being provided to support this Governance Statement.

Our system of internal control accords with Scottish Government guidance and has been in place in the organisation for the year ended 31 March 2023, and up to the date of approval of the annual report and accounts.

## **Significant internal control issues**

There were no significant control issues identified this year, nor any planned actions arising from previous years against which the Accountable Officer is required to report.

## **Personal data related incidents**

There were no personal data related incidents other than the reported data breaches on page 49.

# Accountability Report

## Remuneration and staff report

The sections of this report marked with \*\* are covered by the audit opinion.

The Scottish Legal Aid Board determines the pay and conditions for staff in accordance with the Scottish Government's Public Sector Pay Policy for Staff Pay Remits.

The Scottish Government Public Sector Pay Policy sets the parameters for public sector pay increases for a range of public bodies in Scotland, including the Scottish Legal Aid Board.

SLAB is required to seek approval from the Scottish Government for its proposals within these parameters and then negotiate detailed pay settlements with trade unions and staff.

### Remuneration and Appointments Committee

SLAB's Remuneration and Appointments Committee considers appointment and remuneration of the organisation's senior staff and takes an overview of remuneration issues, including annual pay policy (issued by the Scottish Government), pension policies and related matters.

### Executive Team

Appointments of senior management are on a permanent basis in accordance with individual contracts:

Name	Employment start date	Senior Appointment start date	Employment End date	Notice period
Colin Lancaster	June 1997	April 2007	-	12 weeks
Marie-Louise Fox	December 2008	October 2012	-	12 weeks
Linda Ross	April 2022	April 2022	-	12 weeks
Adam Ford	May 2022	May 2022	-	12 weeks
Carolyn McLeod	February 2023	February 2023	-	12 weeks
Ian Dickson	February 2002	February 2013	-	12 weeks
Paul Haran	May 2003	December 2021	September 2022	-
Graeme Hill	December 2010	November 2012	April 2022	-

The current Executive Team have a minimum pensionable retirement age of 60 for members of the Legal Aid (Scotland) Pension Scheme before 1 October 2008; otherwise it is 65 years of age. All contracts include notice periods as indicated above.

Termination payments are made under the organisation's redundancy policy, where appropriate, which allows either for a redundancy payment or a retirement pension and lump sum if a member of the Legal Aid (Scotland) Pension Scheme, subject to satisfying age and service-related criteria.

The Chief Executive's performance is appraised by the Chairman in consultation with the Remuneration and Appointments Committee. In accordance with the Scottish Government's pay policy for senior appointments. The Chief Executive (Colin Lancaster) was eligible to receive a pay increase up to £500 (with any pay progression capped at 1.5%) from 1 April 2022.

In 2022-23 all other members of the Executive Team's salaries were uplifted by 3.25%, in accordance with Scottish Government's pay policy, plus progression (if applicable) subject to satisfactory performance. Bonus arrangements for members of the Executive Team are similar to those of staff and they are eligible for non-consolidated performance payments for higher than satisfactory performance.

# Accountability Report

Their performance is appraised by the Chief Executive under the organisation's Performance Management system which applies to all staff. No bonus payments were made in 2022-23 (2021-22: nil), in accordance with Scottish Government's pay policy for staff which continues to reflect the ongoing financial and budgetary stance.

## Remuneration \*\*

The following table provides a breakdown of remuneration for members of the Executive Team in 2022-23 and 2021-22 and has been audited by the organisation's auditors.

In line with the Financial Reporting Manual, the value of pension benefits accrued during the year in the table below is calculated as the real increase in pension multiplied by 20, plus the real increase in lump sum less the contributions made by the individual.

The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. The Executive Team received no benefits in kind.

Employee	Salary 2022-23 £000	Salary 2021-22 £000	Pension benefits accrued 2022-23 £000	Pension benefits accrued 2021-22 £000	Single total remuneration 2022-23 £000	Single total remuneration 2021-22 £000
C Lancaster	120-125	120-125	-**	14	120-125	130-135
M Fox	95-100	90-95	-**	10	95-100	100-105
L Ross*	75-80	-	21	-	95-100	-
A Ford*	75-80	-	16	-	90-95	-
C McLeod*	5-10	-	-	-	5-10	-
I Dickson	95-100	90-95	-**	8	95-100	100-105
<i>All Directors below this line left SLAB's employ between 2021 and 2023 - see table above for movements in 2022-23</i>						
P Haran*	40-45	85-90	-	-	40-45	85-90
G Hill*	0-5	90-95	-	18	0-5	110-115
A Dickson	-	50-55	-	-	-	50-55
M Auchincloss	-	45-50	-	-	-	45-50

\* the table above shows actual earnings in the year however, directors marked with \* started after 1 April or left partway through the year. Their equivalent (12 month) salaries would have been in the following brackets: LR 85-90, AF 85-90, CM 85-90, PH 80-85, and GH 90-95.

\*\* due to changes in the pension liability (caused by changes in actuarial assumptions), several directors have negative Pension benefits accrued. As per the FReM, these are capped at £0 for the purpose of this table.

# Accountability Report

## Pension benefits \*\*

Employee	Real increase/ (decrease) in pension & related lump sum £000	Accrued pension at 31 March 2023 & related lump sum £000	Cash equivalent transfer value at 31 March 2023 £000	Cash equivalent transfer value at 31 March 2022 £000	Real increase/ (Decrease) in cash equivalent transfer value £000
<b>C Lancaster, Chief Executive</b>					
Pension	(0.0-2.5)	35-40			
Related lump sum	(5.0-7.5)	105-110			
Transfer value			714	665	(12)
<b>M Fox, Strategic Development Director</b>					
Pension	(0.0-2.5)	20-25			
Related lump sum	(0.0-2.5)	70-75			
Transfer value			444	400	9
<b>L Ross, Corporate Services and Accounts Director</b>					
Pension	0.0-2.5	0-5			
Related lump sum	N/A	N/A			
Transfer value			19	-	24
<b>A Ford, Operations Director</b>					
Pension	0.0-2.5	0-5			
Related lump sum	N/A	N/A			
Transfer value			13	-	18
<b>I Dickson, Principal Legal Advisor</b>					
Pension	(0.0-2.5)	25-30			
Related lump sum	(0.0-2.5)	80-85			
Transfer value			680	631	(9)

The pension benefits table above provides a breakdown of pension benefits for members of the Executive Team in 2022-23 and 2021-22 and has been audited by the organisation's auditors. Pension figures are calculated to normal retirement age, unless the individual is older, in which case it is calculated to 31 March 2023.

The negative benefits accrued and CETV values for directors who have been in place for longer than 12 months are in line with this year's significant decrease in pension liability. This has been caused by a change in one of the assumptions used by our Actuary in the calculation (the discount rate per annum has increased from 1.55% to 4.15%). Please see notes 21 and 40 of the Financial Statements for further details.

# Accountability Report

## Cash Equivalent Transfer Value (CETV)

This 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 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 pension benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the SLAB Pension Scheme and for which the organisation has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated 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 CETV

This reflects the increase in CETV effectively funded by the employer. It does not take account of the increase in accrued pension due to inflation or 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.

## Pay Multiples \*\*

The Scottish Legal Aid Board is required to disclose the relationship between the remuneration of the highest-paid officer in the organisation and those in the 25th, 50th (median) and 75th percentiles of the organisation's workforce:

Pay Multiples	2022-23	2021-22
Band of highest paid director's remuneration (Chief Executive)	£120-125k	£120-125k
Remuneration at 25th percentile	£25,470	£24,850
Median remuneration	£32,480	£30,930
Remuneration at 75th percentile	£42,160	£40,340
25th percentile ratio	4.8	4.9
Median ratio	3.8	4.0
75th percentile ratio	2.9	3.0

The banded remuneration of the highest paid officer at SLAB in the financial year 2022-23 was £120-125k (2021-22: £120-125k). This was 3.8 times the median remuneration of the workforce (2021-22: 4.0), which was £32,480 (2021-22: £30,930).

Figures are also shown for the 25th and 75th percentiles of the organisation's workforce for the last two years. The ratios have fallen due to another year of pay policy targeting those on lower incomes. The average overall increase for staff members was 5% and for the highest paid director the increase was 0.4%.

# Accountability Report

The banded remuneration of the lowest paid employee at SLAB in the financial year 2022-23 was £20-25k (2021-22: £20-25k).

Remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind and severance payments. It does not include pension benefits accrued in the year, employer pension contributions and the cash equivalent transfer value of pensions.

## Board members \*\*

The remuneration for the Chairman and other Board members is determined by the Scottish Government, applying the Public Sector Pay Policy for Senior Appointments.

The Chairman formally assesses the performance of Board members annually against criteria as agreed between the Chairman and the Scottish Government. The current criteria include: commitment/contribution; team working; ability to constructively challenge within the Board; contribution to strategy/policy formulation; and specific areas of contribution.

Remuneration (excluding any accrued pension benefits) of the Board members for 2022-23 was as follows:

Name	2022-23 £000	2021-22 £000
Ray Macfarlane (Chairman)	35-40	35-40
Tim McKay	10-15	10-15
Lesley Ward	10-15	10-15
Marieke Dwarshuis	10-15	10-15
Sarah O'Neill	10-15	10-15
David Sheldon KC	10-15	10-15
Brian Baverstock	10-15	10-15
Stephen Humphreys	10-15	10-15
Raymond McMenamin	10-15	10-15
Sheriff John Morris KC	10-15	10-15
Brigid Whoriskey	10-15	10-15
Gerry Bann	10-15	10-15

Board members including the Chairman are not members of the organisation's pension scheme.

Appointment of the Chairman by the Scottish Government is on a part time basis (two days a week) for a fixed term, and the current chairman's appointment began on 1 April 2016. Board members are appointed by the Scottish Government.

Scottish Ministers may terminate Board appointments, giving three months' notice in writing prior to the intended date of termination, where appropriate.

## Staff Numbers & Costs \*\*

The breakdown of staff numbers and costs are as follows:

	Scottish Legal Aid Fund		Scottish Legal Aid Board	
	2022-23 average WTE	2021-22 average WTE	2022-23 average WTE	2021-22 average WTE
Permanent staff	95	87	242	239
Other staff	-	2	2	3

# Accountability Report

<b>Total</b>	95	89	244	242
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Staff costs</b>	7,221	6,449	14,885	13,773

Further detail can be found in notes 8, 9, 10, 11 and 31 to the accounts.

## Scottish Living Wage

In 2015 we obtained the Scottish Living Wage accreditation to demonstrate our public commitment to the Living Wage and tackling in-work poverty in Scotland. We continue this commitment to pay our employees at least the Scottish Living Wage.

## Exit packages \*\*

There were no exit packages during the year.

## Employee communication

News items are posted regularly to our intranet, ranging from Executive Team updates and internal developments to justice sector news and social club updates. A weekly update email is sent to all staff with a summary of the previous week's intranet posts, solicitor updates and job vacancies. This can be used to inform managers and staff during team briefing sessions. Managers receive a Monday Bulletin with details of scheduled meetings and events as well as a summary of the previous week's Executive Team meeting.

We conduct periodic employee opinion surveys to obtain staff views on issues such as communications, training and development, management practices, and quality of service. A joint consultative committee of management and union representatives meets regularly.

## Health and Safety at Work

We have a Health and Safety Committee, chaired by the Director of Corporate Services, which meets quarterly and is comprised of staff members from across the organisation as well as representatives of the trade union and Facilities Management. The group reviews and proactively raises health and safety concerns and topics for discussion.



## Employee Information & Equal Pay

### How we gather and present our employee data

We gather information on employees and people who apply to work with us across all relevant protected characteristics; age, sex, sexual orientation, disability, religion or belief, race (including ethnic origin and national identity), gender reassignment, and pregnancy and maternity. Our full recruitment and employee equality monitoring information for the period 1 April 2022 to 31 March 2023 is published separately.

Employees can directly provide and update their information through self-service access to our Human Resources systems. We publish data in percentage bands to ensure individuals cannot be identified.

Our online recruitment system is hosted by an external supplier and is where we gather equality information about people who apply to work with us. The data we receive when recruiting through an agency does not form part of our recruitment data. As at 31 March 2023, 87% of our workforce have provided their equality information. This is the same level of disclosure as reported for 2021-22, but a significant increase in disclosure from the 76% figure in 2020-21.

# Accountability Report

However, we have seen small decreases in our 'prefer not to say' percentages across national identity, ethnic origin, sexual orientation, religion or belief, gender reassignment, disability, and care experience, with the 'prefer not to say' rate less than 15% (of those choosing to answer) for all these categories.

## What our employee data tells us

The demographic of our workforce remains similar to that reported as at March 2022. The largest shifts (as percentages of total staff) were in the 'white majority' ethnic origin category (+3%); the 35-44 year old age category (+2%); and 'no religion or belief' category (+3%). Other than in the 'prefer not to say' categories, the largest decreases were in the ethnic origin category of 'white minority' (-2%), and in the 45-54 year old category (-2%). The lack of more significant changes reflects our ongoing and continuing low levels of turnover.

We have found that the numbers of relevant employees are too small across the following areas to allow us to form any definite conclusions with regards to differences between equality groups:

- Numbers of employees involved in a new grievance, disciplinary action and/or dismissal
- Number of employees appraised as 'not fully effective' or 'regularly fall below requirements'
- Number of employees taking paternity or shared parental leave.

In 2022-23, 100% of maternity leavers returned to work. Of these, 60% requested a variation to their contractual hours on return to work and all were approved on a permanent basis.

In 2022-23, 83% of employees on long term disability related absence leave returned to work and 17% remained absent in the reporting period. Note that these figures include employees who did not declare a disability, but who were supported in the context of requiring a reasonable adjustment.

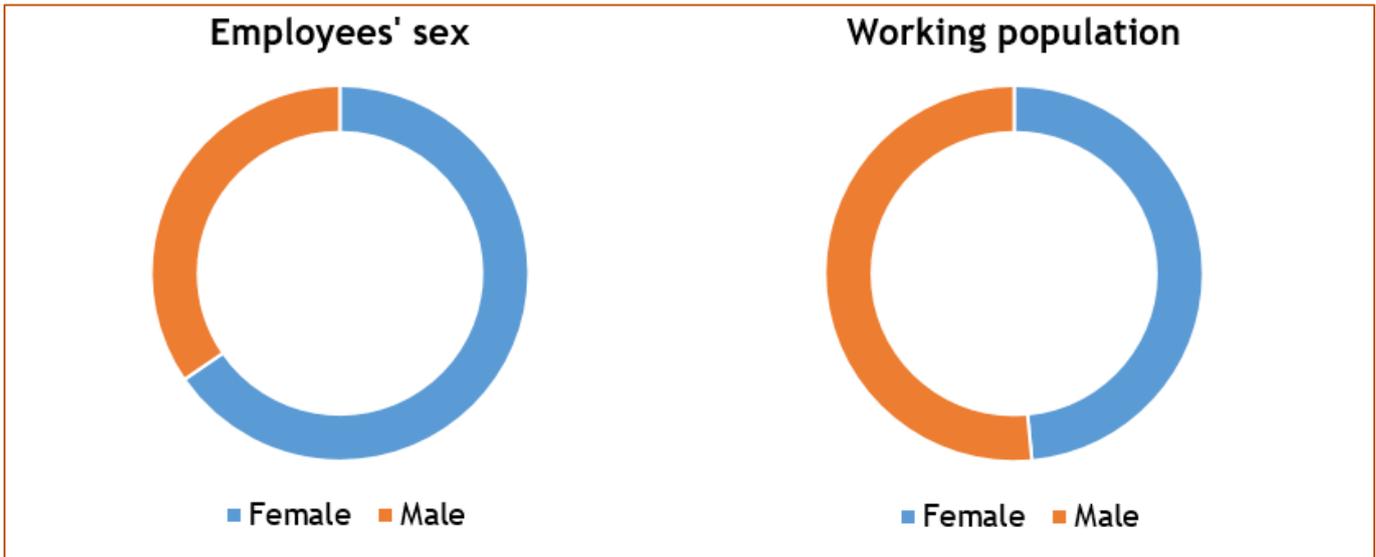
## Workforce distribution by protected characteristics

The following information provides a top line breakdown of our 2022-23 employee data compared to the general Scottish population and working population of people in Scotland, as published in the Scottish Survey Core Questions 2019.

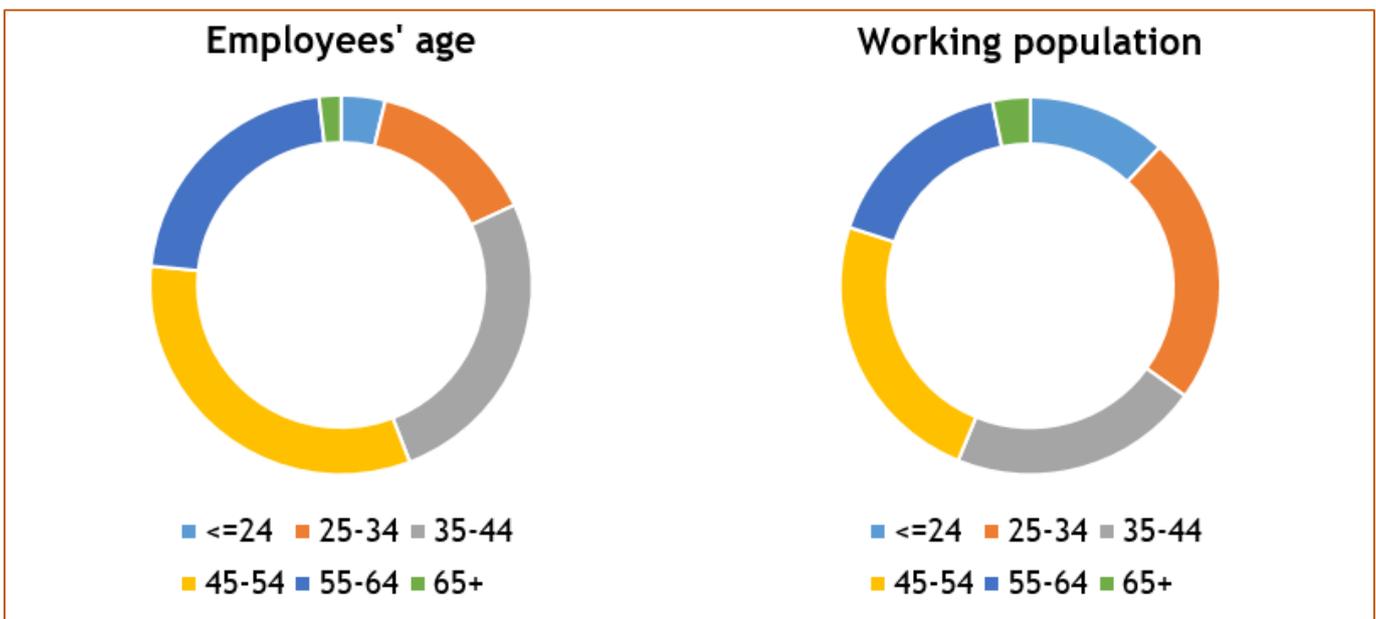
**Note:** We monitor data in relation to gender reassignment but do not publish it due to the risk of disclosure and identifying individuals. We continue to engage with staff about their lived experience and impact of our policies.

**Sex:** We have a 65-70% female and 30-35% male breakdown. The 2019 population data shows that in the general population 52% were female and 48% were male and of those in employment, 48.5% were female and 51.5% were male.

# Accountability Report



**Age:** The mean employee age is now 45 years, compared to 46 in the previous year. Our employees are clustered around the middle age ranges with fewer employees aged  $\leq 24$  years and 65+ years (both  $< 5\%$ ). Around a third of our employees are aged 45-54 years (30- 35%). Proportionally, our age demographic has a number of similarities to the 2019 Scottish population in employment: the main difference is across the lower age ranges where  $< 5\%$  of our staff are aged  $\leq 24$  years and 10-15% are aged 25-34 years, compared to the 2019 Scottish population in employment, for which the figures are 11.9% aged  $\leq 24$  years and 23% aged 25-34 years. The percentage of our staff aged 45-54, in contrast, is higher than that in the 2019 Scotland population in employment (30-35%, compared to 20-25%).

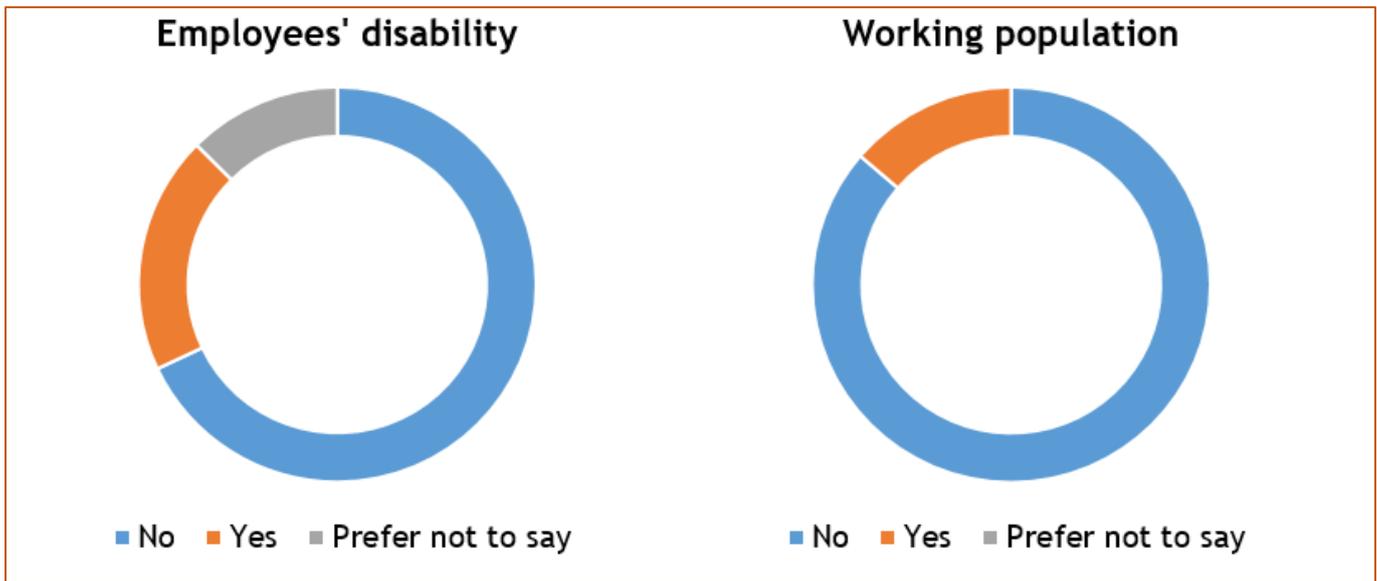


The data for the remaining protected characteristics below represents the 87% of our employees who, at 31st March 2023, had completed their equality record. Non-complete records are excluded from the calculations, but we do include 'prefer not to say' responses.

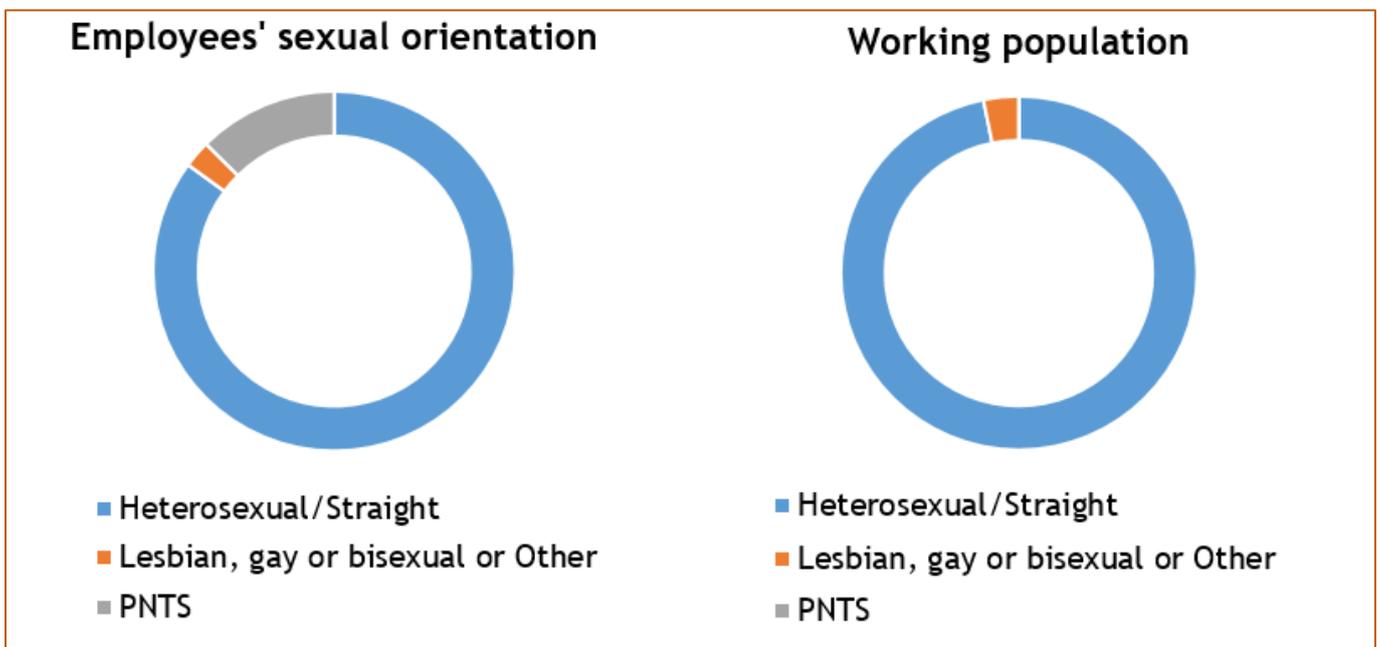
**Disability:** 15-20% of employees who completed their equality record declared a disability or long-term health condition. This level remains higher than the 2019 Scottish population in

# Accountability Report

employment figure of 13.7%, but lower than the 25.9% of people with a disability in the general population.



**Sexual orientation:** <5% of employees identify as lesbian, gay, bisexual, or other/unsure. LGB and 'Other' representation appears comparable to the 2019 general Scottish population (2.9%) and the population of people who are in employment (3.2%). Whilst 10-15% of staff continue to answer 'prefer not to say', the specific percentage has decreased slightly since last year.



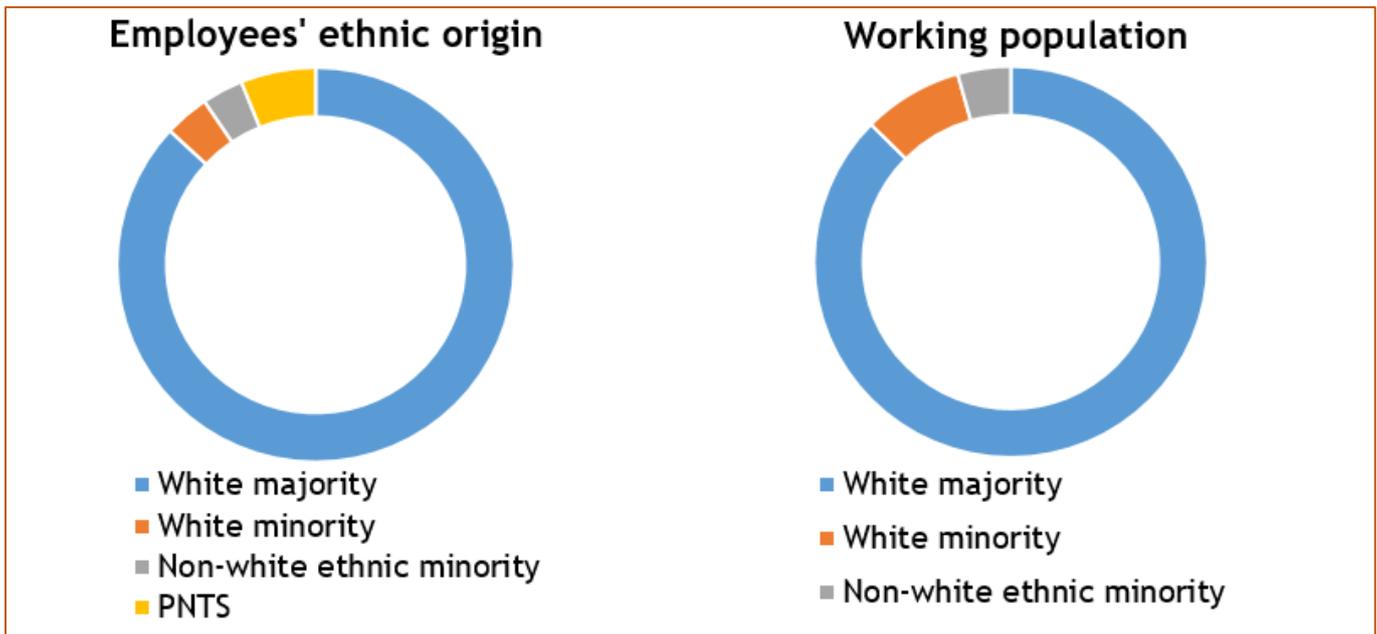
**Ethnic Origin:** Our data tells us that our employee ethnic origin demographic is:

- 85-90% White Scottish and other British
- <5% White minority
- <5% minority ethnic groups
- 5-10% selected prefer not to say.

Our employee demographic is broadly comparable to the 2019 Scottish population, except in the 'White - minority' group, which is underrepresented compared to the Scottish in work

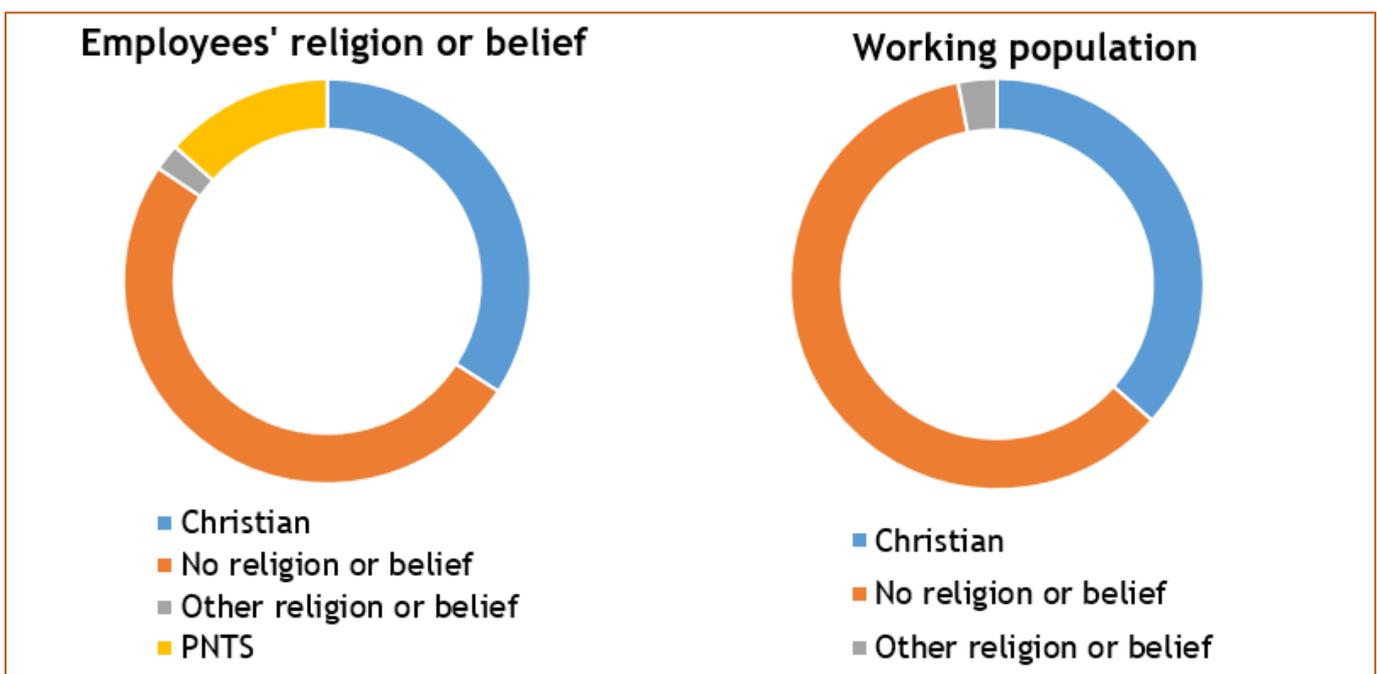
# Accountability Report

population. Since the previous report, 'white - minority' has moved from 5-10% of our staff complement to <5%.



**Religion or Belief:** The number of employees identifying as Christian (30-35%) is lower than that reported for the 2019 Scottish population (42.5%) but broadly comparable to those in employment (36.4%).

The percentage of employees declaring no religion (50-55%) is in line with the 2019 Scottish population (53.7%) but significantly lower than those in employment (60%). This is the same position as previous years. The number of employees identifying with other religions (collating Buddhist, Hindu, Muslim, and others, for example Jewish) is <5%, in line with both the 2019 national profile and for those in employment (3.1%). Our 'prefer not to say' figure remains relatively high at 10-15%, though again, this figure has reduced slightly since we last reported.



# Accountability Report

## Gender pay gap

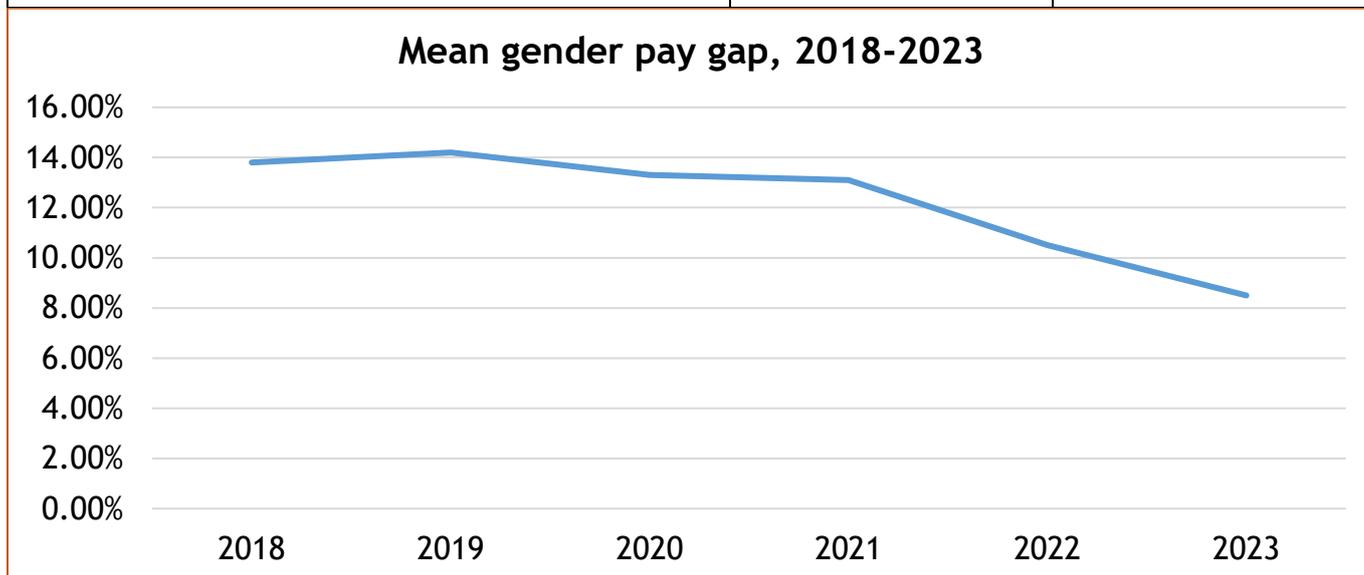
As a listed public authority, we are required to publish information every two years on the percentage difference between male employees' average hourly pay and female employees' average hourly pay (both excluding overtime). This is our gender pay gap.



One of the key strategic aims of our pay policy is to work towards making sure that pay is fair and non-discriminatory. We conduct an annual equal pay audit and apply our pay policy consistently and transparently.

In March 2023, our mean gender pay gap for all staff (full time and part time) was 8.5%. This figure shows that our mean gender pay gap continues to follow a downward trend: this is a slight decrease from 10.5% as at March 2022, and 13.1% reported for March 2021.

	Median hourly pay	Mean hourly pay
Male staff	£20.51	£19.99
Female staff	£16.88	£18.29



Our median gender pay gap at March 2023 is 17.7%. This is a slight increase on the previous year, when the figure was 16.7%, but remains lower than the 2021 figure of 18.3%.

The 2022 mean gender pay gap for all employees in Scotland (using ONS/ASHE data) was 11.0%: again, higher than our own mean gender pay gap. However, the median pay gap in Scotland was 12.2%, or over 5% lower than our figure.

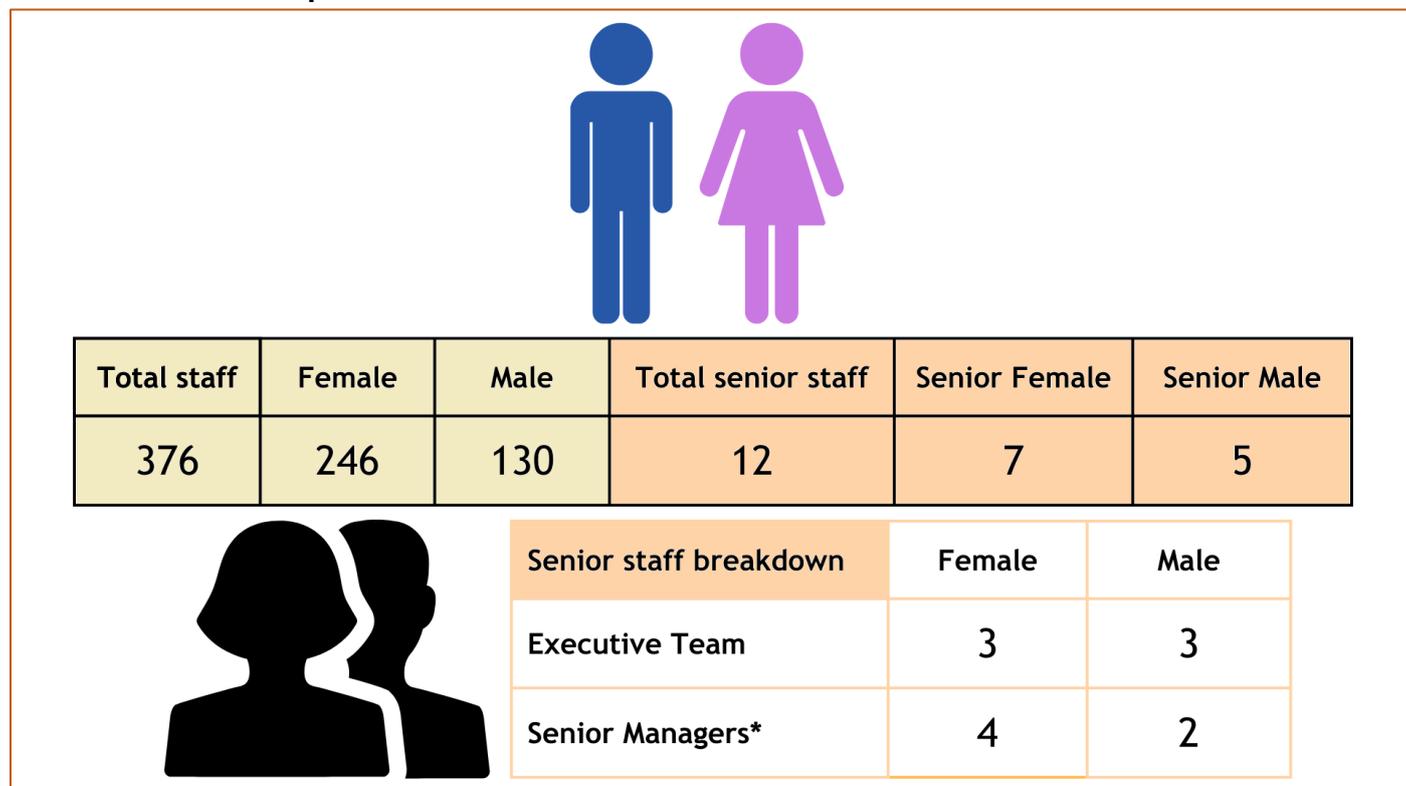
Our mean pay gap is also lower than the 2022 UK figure (14.9%), but again, slightly higher than the median figure (13.9%).

In 2019, we undertook analysis to investigate the potential causes of our pay gap and assessed that the clustering of female employees in the lower grades, and disproportionate number of male staff in higher grades (albeit there is still a female majority at higher grades), continue to be key drivers in the pay gap. For example, at March 2023 the median grade for female staff was Grade 4 and for males Grade 5.

# Accountability Report

We will seek to create the conditions for narrowing the pay gaps through our equality outcomes 2023-2026.<sup>1</sup>

## Our female/male split as at 31 March 2023



\*Senior managers' salaries are the equivalent of senior civil service level. In 2022-23 three senior managers were paid within the band £60-75k, one in £65-70k and two in £70-75k (2021-22): four senior managers were paid within the band £65-70k, one in £60-65k and one in £55-60k.

### Disability pay gap

The disability pay gap shows the difference in the average hourly rate of pay between disabled and non-disabled employees in an organisation, expressed as a percentage of non-disabled employee earnings. This is calculated using the same calculation methodology as for gender pay gap reporting.

	Median hourly pay	Mean hourly pay
Staff declaring a disability/long-term health condition	£17.26	£20.79
Staff without a disability/long-term health condition	£19.83	£21.27

Our mean disability pay gap is 2.3%. Our median disability pay gap is 12.9%. This is marginally better than the most recent ONS figures for the UK (2021), when the median disability pay gap was 13.8%. It also compares favourably to Scotland's 2021 disability pay gap specifically, which was 18.5%. Employees who answered 'prefer not to say', or who have not disclosed any information with regards to disability are excluded from the above calculations.

<sup>1</sup> Our equality outcomes plan is published on our website at [www.slab.org.uk/corporate-information/how-we-work/equalities-and-diversity/](http://www.slab.org.uk/corporate-information/how-we-work/equalities-and-diversity/)  
 Scottish Legal Aid Board - Annual Report 2022-23

# Accountability Report

## Ethnicity pay gap

For the purposes of calculating our ethnicity pay gap, we have combined the ‘white - minority’ and ‘non-white minority ethnic’ groups for comparison against the ‘white majority’ group. At present, the numbers of staff in the minority groups are too low to allow for further disaggregation.

Whilst we appreciate that combining two groups in this way could potentially obscure some differences in experience (in particular, any difference between white and non-white employees), our view is that it is nonetheless helpful to undertake at least some form of ethnicity pay gap calculation. If our staff demographics change over time in a way which would facilitate a more detailed calculation of the ethnicity pay gap, we will do so: however, for our 2022-23 data, this is not possible.

	Median hourly pay	Mean hourly pay
White majority staff	£19.07	£21.22
White - minority and non-white minority ethnic staff	£17.65	£18.49

Our mean ethnicity pay gap is 12.9%. **Our median ethnicity pay gap is lower than the mean at 7.4%.** (This contrasts with both the gender and disability pay gaps, where the mean is the lower figure). The most recent Scotland data is for 2019, at which point the median pay gap reported by the ONS was 10.3%, somewhat higher than ours. However, the 2019 median ethnicity pay gap for the UK was 2.3%.<sup>2</sup> Employees who answered ‘prefer not to say’, or who have not disclosed any information with regards to ethnicity, are excluded from the above calculations.

## Occupational segregation and equal pay

### Equal pay statement

We are committed to the principle of equality of opportunity in employment and believe that employees should receive equal pay for equal value of work within the organisation, regardless of their age, disability, ethnicity or race, gender reassignment, marital or civil partnership status, beliefs, religion or belief, sex or sexual orientation. We understand the right to equal pay between women and men, encompassing all aspects of pay and contractual terms and conditions, is a legal right under the Equality Act 2010. In addition, the Equality Act 2010 (specific duties) (Scotland) Regulations requires us to take the following steps:

- a. Publish gender pay gap information using the specific calculation set out in the regulations.
- b. Publish a statement on equal pay between men and women: persons who are disabled and persons who are not; and persons who fall into a minority racial group and persons who do not, to be updated every four years.
- c. Publish information on occupational segregation among its employees, being the concentration of men and women; persons who are disabled and persons who are not; and persons who fall into a minority racial group and persons who do not, to be updated every four years.

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<sup>2</sup> It is important to bear in mind that the ONS figures are based on the difference between the median hourly earnings of the ‘White or White British’ as the reference group and other ethnic groups as the comparator. As noted earlier, we have combined ‘white - minority’ and ‘non-white minority ethnic’ groups for comparison against ‘White - majority’, meaning a direct comparison is not possible.

# Accountability Report

We recognise that in order to achieve equal pay for employees doing the same or broadly similar work, work rated as equivalent, or work of equal value, we should operate a pay system which is transparent, based on objective criteria and free from unlawful bias.

In line with the General Duty of the Equality Act 2010, our objectives are to:

- Eliminate unfair, unjust or unlawful practices and other discrimination that impact on pay equality
- Promote equality of opportunity and the principles of equal pay throughout the workforce
- Promote good relations between people sharing different protected characteristics in the implementation of equal pay.

We will:

- Review this policy, statement and action points with trade unions and professional organisations as appropriate, every two years and provide a formal report within four years;
- Inform employees as to how pay practices work and how their own pay is determined;
- Provide training and guidance for managers and for those involved in making decisions about pay and benefits and grading decisions;
- Examine our existing and future pay practices for all our employees, including part-time workers, those on fixed term contracts or contracts of unspecified duration, and those on pregnancy, maternity or other authorised leave;
- Undertake regular monitoring of the impact of our practices in line with the requirements of the Equality Act 2010;
- Consider, and where appropriate, undertake a planned programme of equal pay reviews in line with guidance to be developed in partnership with the workforce.

Responsibility for implementing this policy is held by the Chief Executive. Enquiries or complaints related to equal pay can be raised with line manager or Human Resources department in the first instance.

## Vertical segregation

We publish our policy on equal pay and information on occupational segregation every three years in line with our corporate plan and equality outcomes reporting cycles.

Vertical segregation concerns the clustering of equality groups at particular levels of the grade structure. Where an equality group is absent from a particular level, or overrepresented at another, further analysis may be required to explore the potential reasons for this

The information we publish is specifically with regards to women and men; people who have a disability and those who do not; and people from minority ethnic communities and those who are not. However, our view is that small populations in some protected characteristic groups make detailed analysis and the publication of the subsequent conclusions regarding race and disability inappropriate.

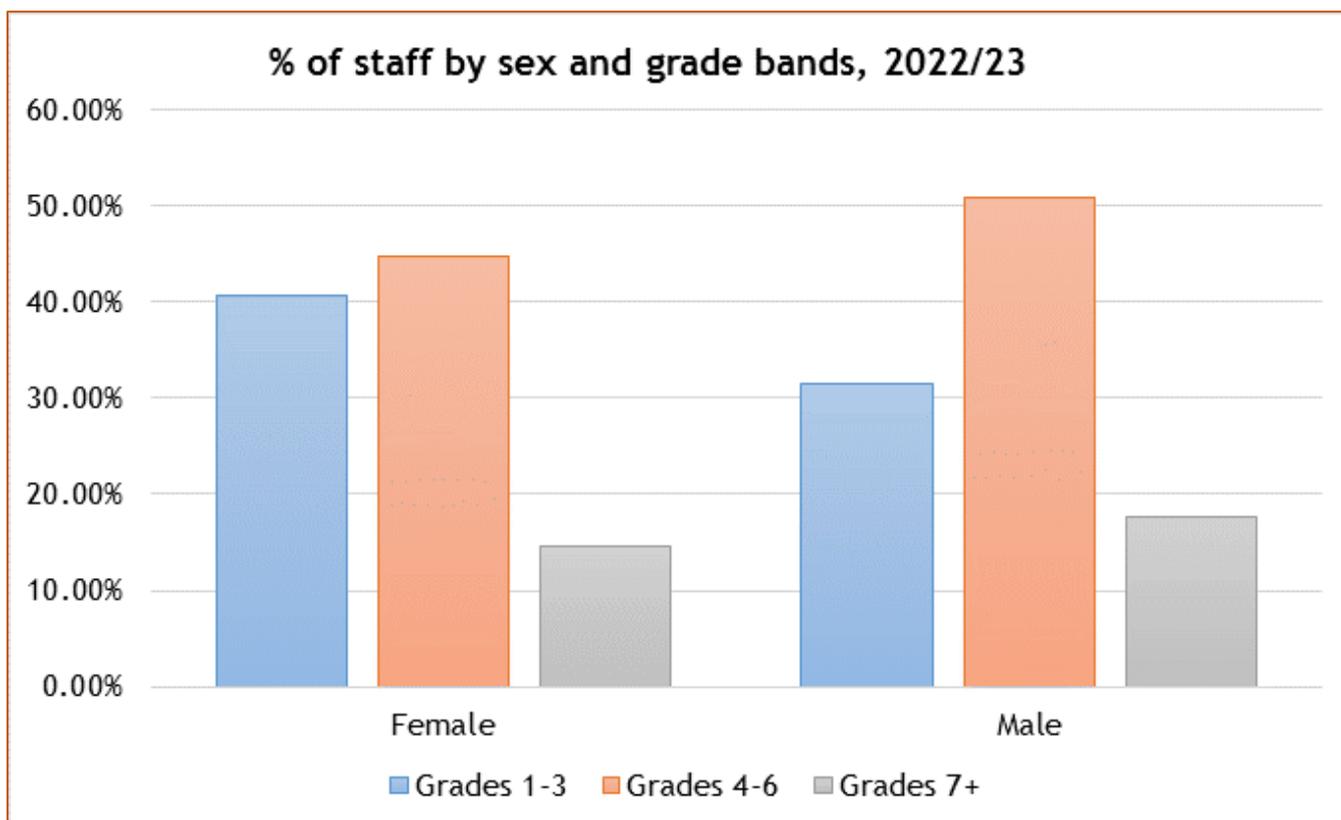
## Sex

Female employees form a majority of total employees at each of our three grade bands, including the most senior grades (7+). However, the size of this majority is greatest in the lower paid band (Grades 1-3) at 70-75%, compared to 60-65% in the two higher paid bands. This pattern is the same as previously reported.

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In terms of vertical segregation, 40-45% of all female employees are employed at Grades 1-3 compared to only 30-35% of all male employees. Male employees continue to be somewhat underrepresented at the lower-middle grades within the organisation.

In particular, <5% and 5-10% of male staff are employed at Grades 3 and 4 respectively, compared to 15-20% of female staff being employed in each of those bands. There is also a sizeable gap at Grade 5, with 25-30% of male employees at this grade, but only 15-20% of female employees. At senior grades, 10-15% of all female employees are employed at Grade 7+, compared to 15-20% of all male employees.



Whilst the median grade for female staff is Grade 4, for males, the median is Grade 5.

Since our last report on vertical segregation in 2020, there has been a slight shift in the distribution of female employees, with a decrease in the percentage of female staff employed at Grades 1-3 and increases at both Grades 4-6 and 7+. In contrast, the percentage of men employed at Grades 1-3 has increased somewhat, with a decrease in the percentage employed at Grade 4-6. However, there has also been a slight increase in the percentage of male staff employed at Grade 7+. Notwithstanding some positive change, the proportion of men employed at both Grades 4-6 and Grade 7+ remains higher than for women.

## Disability <sup>3</sup>

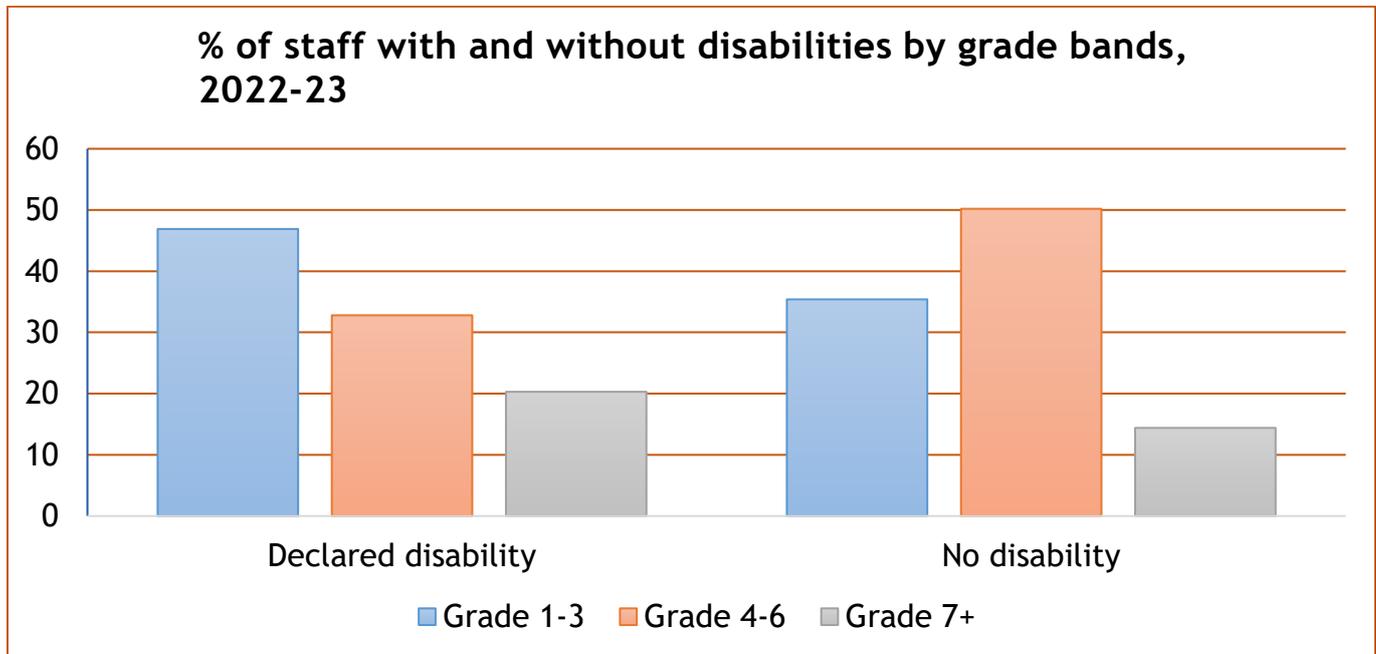
The percentage band figure for employees with a disability who are employed at Grade 7+ is now 20-25%, an increase from the 15-20% previously reported. However, the percentage of employees with a disability who are employed at Grades 1-3 is now 45-50%: again, increasing on 2019-20. This is considerably higher than the proportion of employees who do not have a disability employed at those grades (35-40%). There has also been a shift at Grades 4-6: whilst in

<sup>3</sup> NB - The figures in this section (and the following section on race) are based on the number of staff who disclosed their equalities information (on a disclosure rate of 87%).

# Accountability Report

2019-20, 40-45% of staff declaring a disability were employed at these grades, in 2022-23, that figure has reduced to 30-35%, in contrast to 50-55% of staff who did not declare a disability.

The graph below illustrates the contrast in vertical segregation by disability status for the current year's reporting. The most obvious difference is that whilst Grades 1-3 is the largest category for employees declaring a disability, for those not declaring a disability, the largest category is Grade 4-6.



At grade bands 1-3, the percentage of total employees declaring a disability is 20-25%, whilst the percentage at Grade 7+ is 25-30%. This compares with the overall rate of declared disability amongst SLAB employees of 15-20%. For context, 15-20% of our employees declare having a disability. As such, in both the top and bottom bands, the staff declaring a disability are over-represented. In contrast, within the middle grades (4-6), only 10-15% of staff declared a disability, meaning they are under-represented at this level.

## Race

The small number of staff in minority ethnic origin groups make it difficult to identify significant trends or contrasts with regards to vertical segregation.

## Horizontal segregation

Horizontal segregation concerns the clustering of equality groups into specific job types. We have looked at differences across our Directorates and separated out the Public Defence Solicitors' Office (PDSO), the Civil Legal Assistance Office (CLAO), and the Solicitor Contact Line (SCL).

## Sex

Looking at horizontal segregation by sex, our data shows that whilst the Operations and Corporate Services directorates are broadly in line with our total figures (that is, approximately two out of three employees in these directorates are female), there are slight variations within other parts of the organisation.

Key variations are:

# Accountability Report

- The Strategic Development directorate has a lower than average proportion of female employees (45-50%), which makes it the only area in which male staff comprise the majority of employees
- The Client Legal Services directorate, in contrast, has a higher proportion of female staff, at 70-75%, compared to the 65-70% overall figure, and within that, the greatest difference can be seen within CLAO, where >95% of staff are female (that is, around 30% higher than the overall organisation figure).

## Disability

Looking at horizontal segregation by disability, our data shows that the percentage of staff reporting disabilities in Corporate Services and Accounts; Operations and Client Legal Services; and Strategic Development are very much in line with the overall figure of 15-20%.

In contrast, the percentage of staff in both CLAO and PDSO reporting a disability is somewhat higher, at 25-30%. However, the rate in SCL is much lower, at 5-10% (notwithstanding a much higher PNTS rate for that particular team).

## Race

As already noted, the small number of staff in minority ethnic origin groups make it difficult to identify significant trends or contrasts.

## How we use our employee equality data

We gather and use equality to inform and shape our people policies, our equality strategy, and to comply with our statutory duties.

As part of our people strategy, we have committed to reviewing all our HR policies. We have a program to update three policies per quarter over the next year.

We have currently completed three policy updates for Managing Sickness Absence, Recruitment and Selection, and Pay. We have used our staff equalities data to inform the policy objectives.

The policy objectives are designed to align with our values, corporate objectives, and our equalities outcomes. Each policy also has a supporting EqIA which has also been informed by our equalities data. In addition, with the implementation of each policy we are committed to using our equality data to assess the ongoing impact.

## Our People

### The way we train our staff

Our people are vital to the delivery of a high quality service. As such, we provide support and encouragement to employees to develop their skills and knowledge throughout their career at SLAB.

All employees have access to our Learning Management System (LMS) containing a suite of free equality and diversity e-learning courses and resources.

Equality and diversity are included in our corporate induction programmes for both employees and managers. The programme includes internally developed e-learning on Mental Health Awareness.

All newly promoted managers attend a HeadTorch Aware Mental Health Workshop. The workshop had a variety of practical, interactive exercises and discussion groups that stimulate the thinking and sharing of ideas and opinions.

The manager induction programme also includes unconscious bias e-learning from Skill Boosters.

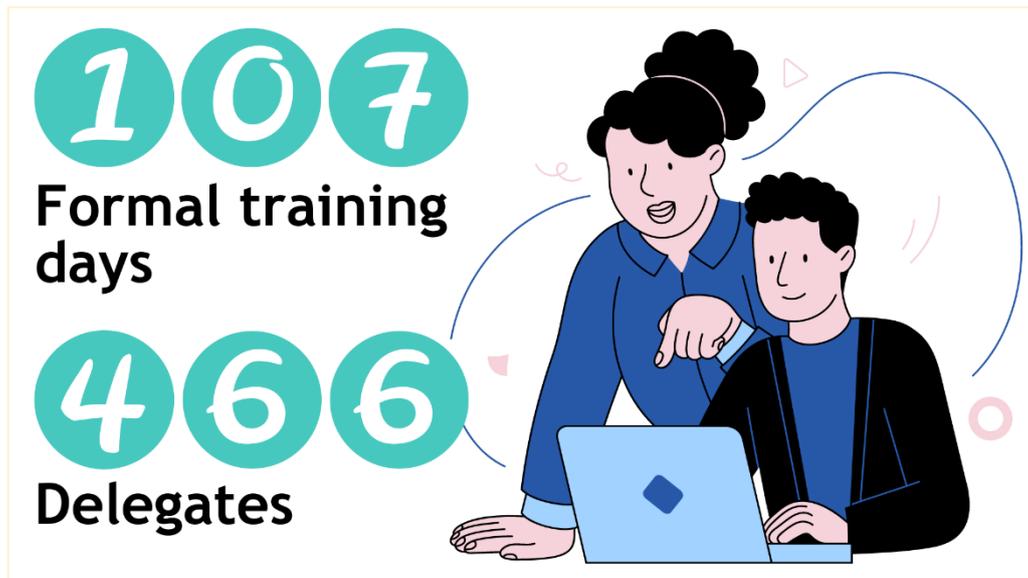
All employees also attend a corporate induction on equality and diversity with our Policy Officers (Equalities) after completion of seven core equality online learning modules:

- Working with the Equality Act
- Disability Etiquette
- Challenging Behaviour
- Mental Health at Work
- Cultural Awareness
- Transgender Awareness (all developed by Skill Boosters), and
- Mountains for All (a Scottish Government developed video on equality impact assessments).

We also offer Equality Impact Assessment workshops, which are primarily aimed at managers, however they are open to anyone who is involved in completing Equality Impact Assessments, or would like a reminder, or would like to understand the process of completing an Equality Impact Assessment.

To date, 81% of managers who were offered the workshop have completed it.

## Training to deliver



Training courses included: Risk management, train the trainer, neurodiversity awareness, call handling, mental health awareness, CPD for solicitors, fraud prevention, and internal corporate induction training sessions.

The level of engagement with training varies across the organisation but engagement with development overall is high, which is a positive indicator for us.

## Workshops and wellbeing support

Directors and Managers are responsible for building equalities related learning and development into their departmental or individual employee training plans. Examples of equality and diversity related events that have taken place since April 2022 to March 2023 include:

- Roll out of Assisting Vulnerable Clients workshops to 121 delegates
- 10 new line managers attended a Mental Health Awareness workshop which was delivered by Headtorch and focused on how to have supportive conversations with colleagues about Mental Health
- Internal CPD sessions for Solicitors focusing on the Mental Health Provision and Public Sector Equality Duty
- Internal Equality Impact Assessment training sessions
- Continuation of the roll out Equality and Diversity training in our corporate induction includes courses on; Mental Health Awareness, Disability Etiquette, Working within the Equality Act, Cultural Awareness, Transgender Awareness, Mental Health at Work and Equality Impact Assessment 'Mountains for All'.

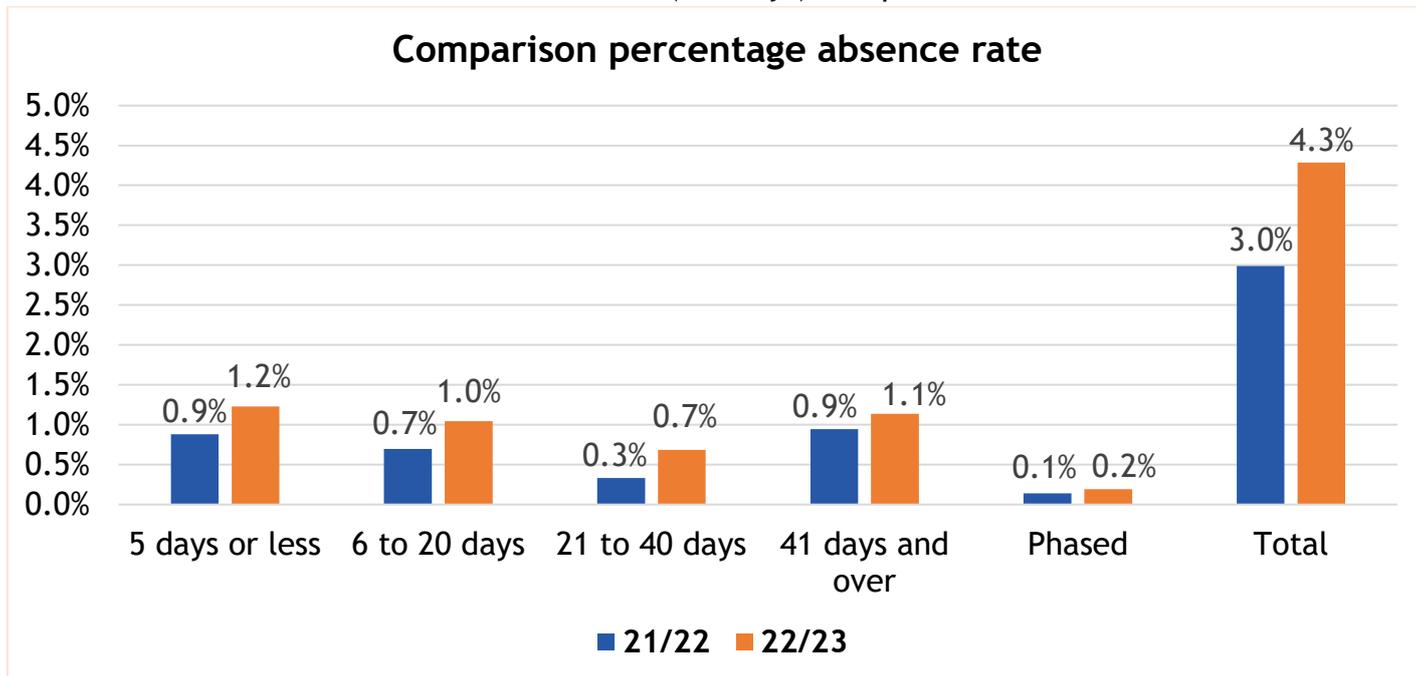
We have continued to provide employees with information and top tips on how to look after their wellbeing through our Wellbeing Wednesday articles which are shared on our intranet. The articles over the last year have covered loneliness, the cost of living and Time to Talk day 2023.

We are continuing to offer support through wellbeing conversations and wellness actions plans while also encouraging our employees to seek further support through our Employee Assistance Provider, First Psychology.

# Accountability Report

## Employee sickness absence

The absence rate is 4.3% which equates to 10.7 days lost by Whole Time Equivalent (WTE). This is an increase from 21-22 where we had 3.0% (7.5 days) lost per WTE.



3.1% of the absences lasted longer than seven days which we currently class as long term absence and requires certification from a medical practitioner, compared to 2.1% last year.

The increase in short term absence, while not yet possible to compare with published comparators, is in line with Chartered Institute of Personnel and Development (CIPD) findings, suggesting a post Covid-19 impact following removal of self-isolation, and increase in general circulation of people and bugs. Absences of more than 41 days affect 4% of our total staff but makes up 40% of the certified long term absence and 26.5% of the total absence.

Analysis of actual cases suggests we are seeing several complex cases where access to treatment has been delayed. We are exploring with our occupational health suppliers how we can support to expedite treatment in particular cases where this would support the resolution of the sickness absence.

Our absence rates are high when compared to the Scottish Government who are sitting at 3.6% absences for the year to December 2022 (SLAB is at 4.3%). The top three identified reasons for absence within SLAB are:

- psychological, domestic, personal stress (16% of total hours lost/3.8% of instances)
- psychological/anxiety/depression (15.9% of total hours lost/4% of instances)
- Cold and flu (9.4% of total hours lost/13.9% of instances).

When comparing this to the self-reported results on wellbeing (January 2023 staff survey on future ways of working), 85% of staff said that they were able to maintain good mental health and 86% rated their mental health as good or very good.

We currently have good use of Occupational Health in place through Integral. We also use First Psychology to provide counselling for staff, and Headtorch mental health awareness training for managers to support them with managing staff absence.

# Accountability Report

We are introducing a new HR policy, Managing Sickness Absence, to provide managers and staff with guidance and training on how to proactively manage employees who may be experiencing poor mental health.

## Trade Union Relationships

Trade Unions play an important role in the modern workplace and there are considerable benefits to both employers and employees when organisations and unions work well together. The Scottish Legal Aid Board is committed to working in partnership with our recognised trade union. This commitment is demonstrated through our bargaining framework and is supported by an ongoing recognition agreement with our recognised trade union, GMB.

In the year, regular and planned discussions were held around pay and contracts, leading to positive outcomes. Our pay negotiations began in early 2022 however these were delayed due to changes in pay policy by Scottish Government. This led to the pay award being agreed by Scottish Government and implemented in December 2022 but backdated to April 2022.

Pay policy details for 2023-24 were announced by Scottish Government in March 2023 and discussions with the trade union have commenced. We hope to receive approval and implement the policy in one step within the coming months.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year, and within the annual report. The Cabinet Office published supporting guidance on 2 June 2018 which has clarified the data which should be disclosed within the annual report and accounts.

Data for 2022-23 is shown below and has been published on [www.slab.org.uk](http://www.slab.org.uk):

<b>Headcount</b>	<b>50 to 1,500</b>
Number of TU representatives	3
FTE number of TU representatives	3
Number of TU representatives that spent 0% working hours on facility	0
Number of TU representatives that spent 1-50% working hours on facility time	3
Number of TU representatives that spent 51-99% working hours on facility time	0
Number of TU representatives that spent 100% working hours on facility time	0
SLAB total paybill	£14,612,911*
Total cost of facility time	£2,190
Percentage of pay spent on facility time	0.01%
Percentage of total paid facility time spent on paid Trade Union activities	0

\*This is Fund and Admin combined on a cash basis, the figures on page 56 are on the accruals basis.

# Accountability Report

## Parliamentary accountability

The Scottish Legal Aid Board (“SLAB”) presents its accounts for the financial year ended 31 March 2023.

The organisation is a Non-Departmental Public Body set up in 1987 under the Legal Aid (Scotland) Act 1986 and is accountable to Scottish Ministers. A key objective for the organisation is to operate within its administration budget and to manage the Legal Aid Fund. Separate accounts have been prepared for the Scottish Legal Aid Fund and for the administrative income and expenditure of the Scottish Legal Aid Board.

The accounts have been prepared in a form directed by Scottish Ministers in accordance with section 5 (2) of the Legal Aid (Scotland) Act 1986, as amended by the Public Finance and Accountability (Scotland) Act 2000, and the Government Financial Reporting Manual 2022-23. In all material respects expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by Scottish Ministers.

Details of losses and special payments are disclosed in accounts notes 22 and 41. There are no contingent liabilities to disclose.

The Scottish Legal Aid Fund accounts show income of £8.5m as disclosed in note 4 to the accounts. This mainly comprises contributions made towards the cost of Legal Aid from assisted persons and expenses recovered from opponents. The Scottish Legal Aid Board accounts show income of £0.6m as disclosed in note 33 to the accounts. This is mainly derived from subletting space in our Thistle House head office to a number of different tenants.



**Colin Lancaster**

Chief Executive and Accountable Officer

Sep 18, 2023

## Independent auditor's report

Independent auditor's report to the members of Scottish Legal Aid Board, the Auditor General for Scotland, and the Scottish Parliament.

### Report on the audit of the financial statements

#### Opinion on the financial statements

We have audited the financial statements in the annual report and accounts of Scottish Legal Aid Board for the year ended 31 March 2023 under the Legal Aid (Scotland) Act 1986. The financial statements for the Scottish Legal Aid Fund comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and Notes to the accounts, including significant accounting policies. For the Scottish Legal Aid Board, the financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and Notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted, and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2023 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and
- have been prepared in accordance with the requirements of the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

#### Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

# Accountability Report

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

## Risks of material misstatement

We report in our separate Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

## Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body'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 there is an intention to discontinue the body's operations.

## Auditor's responsibilities for the audit of the financial statements

Our 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 an auditor's report that includes our 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 decisions of users taken based on these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the central government sector to identify that the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures can detect irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

# Accountability Report

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Reporting on regularity of expenditure and income

### Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Reporting on other requirements

### Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

### Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

# Accountability Report

## Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers.

## Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

## Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

## Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Tom Reid*

Tom Reid (Audit Director)  
For and on behalf of Mazars LLP

Mazars LLP, 100 Queen Street, Glasgow, G1 3DN.

27 September 2023

## The Fund Financial Statements

In this section we cover:

<a href="#"><u>Statement of comprehensive net expenditure for the year ended 31 March 2023</u></a>	79
<a href="#"><u>Statement of financial position as at 31 March 2023</u></a>	80
<a href="#"><u>Statement of cash flows for the year ended 31 March 2023</u></a>	81
<a href="#"><u>Statement of changes in taxpayer's equity for the year ended 31 March 2023</u></a>	82
<a href="#"><u>Notes to the Accounts for the year ended 31 March 2023</u></a>	83

[\*\*Statement of Comprehensive Net Expenditure for the year ended 31 March 2023\*\*](#)

# Fund Statements

	Notes	2022-23 £000	2021-22 £000
<b>Civil legal assistance</b>			
Civil legal aid	3	31,689	28,613
Civil advice & assistance and advice by way of representation	3	22,033	19,499
Civil Legal Assistance Office	3	2,377	2,311
Grant funding	3	3,616	3,792
<b>Gross civil legal assistance expenditure</b>		<b>59,715</b>	<b>54,215</b>
Less operating income	4	(8,458)	(8,925)
<b>Total net civil legal assistance expenditure</b>		<b>51,257</b>	<b>45,290</b>
<b>Criminal legal assistance</b>			
Criminal legal aid	5	61,033	60,835
Criminal advice & assistance and advice by way of representation	5	11,338	10,779
Public Defence Solicitors' Office	5	4,386	3,761
Solicitor Contact Line & Glasgow Courts	5	1,695	1,631
<b>Total criminal legal assistance expenditure</b>		<b>78,452</b>	<b>77,006</b>
<b>Children's legal assistance</b>			
Children's legal aid	6	2,542	2,343
Children's advice & assistance	6	2,355	2,297
<b>Total children's legal assistance expenditure</b>		<b>4,897</b>	<b>4,640</b>
<b>Other expenditure</b>			
Contempt of court	7	157	161
Counsel Interest costs	2	-	100
Quality assurance costs	2	159	35
Advice Standards	2	115	108
Miscellaneous legal aid expenditure	2	47	29
Bad debt (including impairment charges)	12	729	1,658
<b>Total other expenditure</b>		<b>1,207</b>	<b>2,091</b>
<b>Net</b>			
<b>Net operating costs before interest</b>		<b>135,813</b>	<b>129,027</b>
Pension scheme finance costs	21	467	306
<b>Net operating costs</b>		<b>136,280</b>	<b>129,333</b>

## Statement of Financial Position as at 31 March 2023

# Fund Statements

	Notes	2022-23 £000	2021-22 £000
<b>Non-current assets</b>			
Property, plant and equipment	13	65	68
Intangible assets	14	-	-
Right of use assets	15	932	-
Trade and other receivables	16	5,973	6,674
<b>Total non-current assets</b>		<b>6,970</b>	<b>6,742</b>
<b>Current assets</b>			
Trade and other receivables	16	1,611	1,627
Cash and cash equivalents	17	2,475	4,757
<b>Total current assets</b>		<b>4,086</b>	<b>6,384</b>
<b>Total assets</b>		<b>11,056</b>	<b>13,126</b>
<b>Current liabilities</b>			
Trade and other payables	18	(2,265)	(1,951)
Right of use lease liabilities	15	(137)	-
Provisions	20	(42,185)	(49,295)
<b>Total current liabilities</b>		<b>(44,587)</b>	<b>(51,246)</b>
<b>Non-current assets less net current liabilities</b>		<b>(33,531)</b>	<b>(38,120)</b>
<b>Non-current liabilities</b>			
Right of use lease liabilities	15	(805)	-
Provisions	20	(23,588)	(19,346)
Pension scheme liability	21	(11,924)	(30,201)
<b>Total non-current liabilities</b>		<b>(36,317)</b>	<b>(49,547)</b>
<b>Assets less liabilities</b>		<b>(69,848)</b>	<b>(87,667)</b>
<b>Taxpayers' equity</b>			
General fund		(69,848)	(87,667)
<b>Total taxpayers' equity</b>		<b>(69,848)</b>	<b>(87,667)</b>

The Accountable Officer authorised these financial statements for issue on 18 September 2023.



**Colin Lancaster**

Chief Executive and Accountable Officer

Sep 18, 2023

The notes on pages 83 to 101 form part of these accounts.

# Fund Statements

## Statement of Cash Flows for the year ended 31 March 2023

	Notes	2022-23 £000	2021-22 £000
<b>Cash flows from operating activities</b>			
Net operating cost before Scottish Government funding		(136,280)	(129,333)
<b>Adjustments for non-cash items</b>			
Depreciation on property, plant and equipment and amortisation of intangible assets	13 & 14	35	28
Depreciation on right of use assets	15	148	-
Loss on disposal of property, plant and equipment	13	-	6
<b>Movements in working capital</b>			
Decrease in trade and other receivables	16	718	2,175
(Decrease)/increase in trade and other payables	18	315	(278)
<b>Movements in provisions</b>			
(Decrease)/ Increase in provisions	20	(2,869)	6,705
Pension scheme service and finance costs	21	3,070	2,610
Payments in respect of pension scheme	21	(193)	(37)
<b>Net cash outflow from operating activities</b>		<b>(135,056)</b>	<b>(118,124)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	13	(32)	(49)
Right of use assets acquired	15	(1,080)	-
<b>Net cash outflow from investing activities</b>		<b>(1,112)</b>	<b>(49)</b>
<b>Cash flows from financing activities</b>			
Scottish Government funding and retained pension contributions		132,944	120,229
Right of use lease financing	15	943	-
<b>Net cash inflow from financing activities</b>		<b>133,887</b>	<b>120,229</b>
Net decrease in cash and cash equivalents		(2,282)	2,056
Cash and cash equivalents as at 1 April	17	4,756	2,700
<b>Cash and cash equivalents as at 31 March</b>	<b>17</b>	<b>2,475</b>	<b>4,756</b>

## Statement of Changes in Taxpayer's Equity for the year ended 31 March 2023

	Notes	2023 £000	2022 £000
<b>Balance at 1 April</b>		<b>(87,667)</b>	<b>(75,434)</b>
<b>Changes in taxpayers' equity</b>			
Net cost of operations		(136,280)	(129,333)
Net movement on pension scheme	21	21,154	(3,129)
<b>Total recognised income and expense</b>		<b>(115,126)</b>	<b>(132,462)</b>
Funding from the Scottish Government		132,730	120,028
Retained pension contributions & transfers in		214	201
<b>Total funding</b>		<b>132,944</b>	<b>120,229</b>
<b>Balance at 31 March</b>		<b>(69,849)</b>	<b>(87,667)</b>

## Notes to the Accounts for the year ended 31 March 2023

### 1 Fund - accounting policies

#### 1.1 Basis of accounting

The accounts have been prepared in accordance with the accounting principles and disclosure requirements of the 2022-23 Government Financial Reporting Manual (FReM). Without limiting the information given, the accounts follow generally accepted accounting practices as defined in International Financial Reporting Standards (IFRS) as adopted by the United Kingdom and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context and in accordance with the Accounts Direction given by Scottish Ministers. The accounting policies selected have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account, where material, for the revaluation of property, plant and equipment and intangible assets to fair value as determined by the relevant accounting standard. However, given the short useful economic lives and low values of property, plant and equipment and intangible assets, these assets are disclosed on a depreciated historical cost basis, which is used as a proxy for fair value.

#### 1.3 Corresponding amounts

Corresponding amounts are shown for the primary financial statements and for the notes to the accounts. Where corresponding amounts are not directly comparable with the amount shown in the current financial year, International Accounting Standard 1 “*Presentation of Financial Statements*” requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

#### 1.4 New accounting standards

There are no new accounting standards or amendments to existing standards which come in to force in future accounting periods and would materially affect the SLAB Fund accounts.

#### 1.5 Funding

Most of the expenditure of the Scottish Legal Aid Fund is met from funds advanced by the Scottish Government within an approved allocation. Cash drawn down to fund expenditure within this approved allocation is credited to the general fund. All income that is not classed as funding is recognised in the period in which it is receivable. Funding for the acquisition of general property, plant and equipment received from the Scottish Government is credited to the general fund.

#### 1.6 Principal risks and uncertainties

The principal risks and uncertainties in the Scottish Legal Aid Fund accounts relate to the estimation techniques used to calculate the value of unbilled live cases disclosed in the accounts as a provision, the bad debt estimation and pension liabilities as detailed in notes 20, 12 and 21 respectively to the accounts. Further information on sources of estimation and uncertainty can be found at note 26.

#### 1.7 Property, plant and equipment (PPE)

Property, plant and equipment is capitalised at the cost of acquisition and installation.

The Government Financial Reporting Manual provides for entities to elect to adopt a depreciated historical cost basis as a proxy for fair value for assets that have short useful lives or low values (or both). For depreciated historical cost to be considered as a proxy for fair value, the useful life must be a realistic reflection of the life of the asset and the depreciation method used must provide a realistic reflection of the consumption of that asset class. Given

that property, plant and equipment held by the Scottish Legal Aid Fund is of low value and has a short useful economic life, there is no revaluation of property, plant and equipment.

The threshold for capitalisation of property, plant and equipment is £5,000; however, individual items of property, plant and equipment whose cost falls below the threshold but are of a similar nature are grouped and capitalised, where the value of the group exceeds the capitalisation threshold.

Subsequent costs are included in the carrying amount of the item of property, plant and equipment or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Scottish Legal Aid Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive net expenditure during the financial year in which they are incurred.

## 1.8 Depreciation

Depreciation is provided on all property, plant and equipment on a straight line basis, at rates calculated to write-off the re-valued cost, less estimated residual value, of each asset over its expected useful life as follows:

- office equipment and non-standard furniture: 5 years
- personal computer hardware and integral software: 3 years
- motor vehicles: 3 years
- other computer hardware: 5 years.

Property, plant and equipment in the course of construction are not depreciated until the asset is brought into use.

## 1.9 Intangible assets

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of International Accounting Standard 38. The standard defines future economic benefit as “revenue from the sale of products or services, cost savings or other benefits resulting from the use of the asset by the entity”.

Given the short useful lives and low values of intangible assets, the Scottish Legal Aid Fund has elected to adopt a depreciated historical cost basis as a proxy for fair value for intangible assets. When capitalising internally generated intangible assets, such as in-house developed software, directly attributable costs, including staff costs and staff-related costs, are capitalised. On first time-adoption there has been no retrospective capitalisation of internally generated assets because of the inability to apportion historic cost information to specific intangible assets.

Intangible assets are amortised over the shorter term of the length of life of licence and its useful economic life. Intangible assets in the course of construction are not amortised until the asset is brought into use.

## 1.10 Right of use assets - IFRS16

IFRS16 came into effect for public sector bodies for accounting periods beginning after 1 April 2022. The distinction between finance and operating leases is removed and all leases with 12 or more months to run become on balance sheet.

Previously leases were classified as either ‘operating’ or ‘finance’ leases based upon the assessment of the risks and rewards being incidental to ownership of the underlying asset.

# Fund Statements

Under IFRS 16 SLAB recognises assets where we consider we have exclusive right to use the asset (right-of-use assets) and the lease liability on the balance sheet.

At transition, lease liabilities have been measured at the cost of the remaining lease payments at 1 April 2022. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The right-of-use asset is subsequently depreciated, in the same way as other assets of the same type, using a straight-line method over the lease term. Right-of-use assets will be periodically reviewed to account for potential impairment and any material re-measurement of the lease liability.

## 1.11 Income and expenditure recognition

Income and expenditure is accounted for in the year to which it relates and not when cash payments are made or received. Where income and expenditure has been recognised but cash has not been received or paid, a receivable or payable for the corresponding amount is recorded in the Statement of Financial Position. For expenditure, only invoices over £500 are accrued or prepaid.

### IFRS 15 - Revenue from contracts with customers

IFRS 15 adapted for the public sector came into effect from 1 January 2019. Due to the unusual nature of The Scottish Legal Aid Fund, all income from client contributions and awards of expenses are deemed to derive from a non-exchange contract and, as such, are not party to the guidance in relation to income recognition in line with performance objectives.

The Scottish Legal Aid Fund's primary function is to assess applications and grant legal aid funding, we deem all obligations to have been met once legal aid has been granted.

## 1.12 Grant Funding

SLAB administers grant funding programmes on behalf of the Scottish Government who provide ring fenced funding. The Scottish Government funding is included in the DEL (Delegated Expenditure Limit) budget for SLAB.

## 1.13 Operating leases

Rentals applicable to operating leases are charged to the statement of comprehensive net expenditure on a straight-line basis over the period of the lease.

## 1.14 Provisions for liabilities and charges

The liability to pay accounts resulting from work performed up to and including 31 March is calculated based on the number of outstanding legal aid certificates and estimates of cost and time since the certificate was issued. The amount of the provision falling due within twelve months is shown within current liabilities; the amount of the provision falling due in over twelve months is shown in non-current liabilities. The nature of our provision does not lend itself to regular repayments and, as such, present value is not utilised in the calculation.

## 1.15 Short term employee benefits

Short term employee benefits (such as accrued holiday pay) are valued and, if material, included in current liabilities.

## 1.16 Pension costs (SLAB Client Legal Services)

The Legal Aid (Scotland) Pension Scheme 1988 (as amended) is an unfunded pension scheme providing benefits based on pensionable pay. The liabilities of the scheme are reported separately from those of the Board. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The amounts charged to the statement of

comprehensive net expenditure represent both the service cost (i.e. the cost of the additional benefits earned as a result of employees' service in the current year) and the finance charge for the year arising from the interest on the scheme notional liabilities, in line with the requirements of International Accounting Standard 19 "*Employee benefits*".

## 1.17 VAT

The organisation is not registered for VAT and all costs are shown inclusive of irrecoverable VAT.

## 1.18 Losses and special payments

Operating expenditure includes certain losses which would have been made good through insurance cover had the Scottish Legal Aid Fund not been bearing its own risks. Losses and special payments are disclosed separately in a note to the accounts (note 22).

## 1.19 Related party disclosures

Related party transactions are identified, considered and disclosed in line with the requirements of International Accounting Standard 24 "*Related party disclosures*" (note 23).

## 1.20 Financial instruments

The classification of financial assets is determined on initial recognition and comprises only receivables with fixed or determinate payments. Financial assets include trade and other receivables and cash at bank in the statement of financial position. Receivables are recognised at fair value less any provision for non-recovery, which is charged to the statement of comprehensive net expenditure. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or been substantially transferred from the Fund.

Financial liabilities are classified at the point of initial recognition and comprise trade and other payables. Financial liabilities are valued at fair value and derecognised when they have been extinguished, that is discharged, cancelled or expired.

## 1.21 Changes in estimation techniques

There have been no material changes in estimation techniques between 2021-22 and 2022-23.

# Fund Statements

## 2 Segmental analysis

	Civil legal £000	Criminal legal £000	Children's legal £000	Total £000
<b>Legal aid</b>				
Solicitors' fees	16,984	44,335	1,777	63,096
Advocates' fees	3,057	9,842	607	13,506
Solicitor advocates' fees	19	3,601	-	3,620
Outlays	11,552	3,255	158	14,965
Expenses paid to successful unassisted persons	77	-	-	77
<b>Total</b>	<b>31,689</b>	<b>61,033</b>	<b>2,542</b>	<b>95,264</b>
<b>Advice &amp; assistance and advice by way of representation</b>				
Solicitors' charges	16,789	11,028	2,257	30,074
Outlays	5,244	310	98	5,652
<b>Total</b>	<b>22,033</b>	<b>11,338</b>	<b>2,355</b>	<b>35,726</b>
<b>Client Legal Services</b>				
Outlays	111	212	-	323
Salaries and wages	1,043	3,021	-	4,064
Social security costs	113	346	-	459
Pension scheme service costs	847	1,756	-	2,603
Accommodation	111	273	-	384
Audit fee	2	5	-	7
Rentals under operating leases	15	44	-	59
Depreciation, amortisation & loss on disposal	-	35	-	35
Right of use depreciation	17	131	-	148
Right of use interest	1	8	-	9
Other operating costs	117	250	-	367
<b>Total</b>	<b>2,377</b>	<b>6,081</b>	<b>-</b>	<b>8,458</b>
<b>Grant funding</b>	<b>3,616</b>	<b>-</b>	<b>-</b>	<b>3,616</b>
<b>Total expenditure</b>	<b>59,715</b>	<b>78,452</b>	<b>4,897</b>	<b>143,064</b>
Operating income	(8,458)	-	-	(8,458)
<b>Net operating costs 2022-23</b>	<b>51,257</b>	<b>78,452</b>	<b>4,897</b>	<b>134,606</b>
Net operating costs 2021-22	45,290	77,006	4,640	126,936

The following items, which it is either impossible or impractical to allocate between reportable segments, are required to reconcile the total segment measures to respective amounts included in the financial statements:

# Fund Statements

	£000
Segmental net operating costs	134,606
Contempt of court	157
Counsel Interest costs	-
Quality assurance costs	159
Advice Standards	115
Miscellaneous legal aid expenditure	47
Bad debt (including impairment charges)	729
<b>Net operating costs before interest per statement of comprehensive net expenditure</b>	<b>135,813</b>

## 3 Civil legal assistance expenditure

	2022-23 £000	2021-22 £000
<b>Civil legal aid</b>		
Solicitors' fees	16,984	14,669
Advocates' fees	3,057	3,669
Solicitor advocates' fees	19	2
Outlays	11,552	10,089
<b>Total</b>	<b>31,612</b>	<b>28,429</b>
Expenses paid to successful unassisted persons	77	184
<b>Total</b>	<b>31,689</b>	<b>28,613</b>
<b>Civil advice &amp; assistance and advice by way of representation</b>		
Solicitors' fees	16,789	14,563
Outlays	5,244	4,936
<b>Total</b>	<b>22,033</b>	<b>19,499</b>
<b>Civil Legal Assistance Office</b>		
Civil defence costs - outlays	111	104
Salaries and wages	1,043	1,044
Social security costs	113	108
Pension scheme service costs	847	743
Accommodation	111	176
Audit fee	2	2
Rentals under operating leases	15	33
Depreciation and amortisation	-	-
Right of use depreciation	17	-
Right of use interest	1	-
Other operating costs	117	101
<b>Total</b>	<b>2,377</b>	<b>2,311</b>
<b>Grant funding</b>	<b>3,616</b>	<b>3,792</b>
<b>Gross civil legal assistance expenditure</b>	<b>59,715</b>	<b>54,215</b>
Less operating income (see note 4)	(8,458)	(8,925)
<b>Total net civil legal assistance expenditure</b>	<b>51,257</b>	<b>45,290</b>

These figures include estimates of the value of work done for which payment is outstanding at 31 March 2023 (see note 20).

## 4 Civil legal assistance income

	2022-23 £000	2021-22 £000
Contributions by assisted persons <sup>1</sup>	1,387	1,387
Expenses recovered <sup>2</sup>	5,979	7,030
Amounts recovered out of property recovered or preserved by assisted persons <sup>3</sup>	102	(63) <sup>4</sup>
Amounts recovered from damages	990	571
<b>Total operating income</b>	<b>8,458</b>	<b>8,925</b>

<sup>1</sup> Contributions by assisted persons is shown net of any refunds. Amongst the reasons refunds may arise are:

- the financial circumstances of the assisted person having changed;
- the total cost of the case being less than the contribution; *or*
- the cost of a case having been fully recovered from a third party.

<sup>2</sup> Expenses recovered are shown net of any adjustments, which may arise because the legal aid account has been taxed (re-assessed) by the Auditor of Court.

<sup>3</sup> Included in the amounts recovered out of property recovered or preserved by assisted persons are sums relating to assets over which SLAB has taken a standard security. Under certain circumstances, SLAB will securitise assets such as property until the debt is repaid. Any outstanding sum will attract interest at 8% a year, unless the rate is adjusted by an Act of Sederunt, until the balance is settled. The total value of securitised assets for 2022-23, including accrued interest, is £435k (2021-22: £432k).

<sup>4</sup> The negative value has been caused by low values in the year being entirely offset by reversing accounting entries from the prior year.

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## 5 Criminal legal assistance expenditure

	2022-23 £000	2021-22 £000
<b>Criminal legal aid</b>		
Solicitors' fees	44,335	46,612
Advocates' fees	9,842	8,417
Solicitor advocates' fees	3,601	3,016
Outlays	3,255	2,790
<b>Total</b>	<b>61,033</b>	<b>60,835</b>
<b>Criminal advice &amp; assistance and advice by way of representation</b>		
Solicitors' fees	11,028	10,477
Outlays	310	302
<b>Total</b>	<b>11,338</b>	<b>10,779</b>
<b>Public Defence Solicitors' Office (PDSO)</b>		
Criminal defence costs - outlays	197	222
Salaries and wages	2,066	1,703
Social security costs	240	191
Pension scheme service costs	1,153	1,030
Accommodation	273	223
Audit fee	4	3
Rentals under operating leases	44	150
Depreciation, amortisation and loss on disposal	35	34
Right of use depreciation	131	-
Right of use interest	8	-
Other operating costs	235	205
<b>Total</b>	<b>4,386</b>	<b>3,761</b>
<b>Solicitor Contact Line &amp; Glasgow Courts (SCL)</b>		
Criminal defence costs - outlays	15	20
Salaries and wages	955	930
Social security costs	107	91
Pension scheme service costs	603	531
Accommodation	-	6
Audit fee	1	1
Other operating costs	14	52
<b>Total</b>	<b>1,695</b>	<b>1,631</b>
<b>Total PDSO and SCL</b>	<b>6,081</b>	<b>5,392</b>
<b>Total criminal legal assistance expenditure</b>	<b>78,452</b>	<b>77,006</b>

These figures include estimates of the value of work done for which payment is outstanding at 31 March 2023 (see note 20).

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## 6 Legal aid for children

	2022-23 £000	2021-22 £000
<b>Children's legal aid</b>		
Solicitors' fees	1,777	1,706
Advocates' fees	607	478
Outlays	158	159
<b>Total</b>	<b>2,542</b>	<b>2,343</b>
<b>Children's advice &amp; assistance and ABWOR</b>		
Solicitors' fees	2,257	2,229
Outlays	98	68
<b>Total</b>	<b>2,355</b>	<b>2,297</b>
<b>Total children's legal assistance expenditure</b>	<b>4,897</b>	<b>4,640</b>

These figures include estimates of the value of work done for which payment is outstanding at 31 March 2023 (see note 20).

## 7 Contempt of court

	2022-23 £000	2021-22 £000
Solicitors' fees	136	144
Advocates' fees	12	6
Solicitor Advocates' fees	5	3
Outlays	4	8
<b>Total</b>	<b>157</b>	<b>161</b>

These figures include estimates of the value of work done for which payment is outstanding at 31 March 2023.

## 8 Public Defence Solicitors' Office (PDSO) Staff

	2022-23 £000	2021-22 £000
<b>Staff costs</b>		
Staff salaries and wages	2,039	1,668
Social security costs	240	191
Agency/temporary/contract	27	35
Pension scheme service costs	1,153	1,030
<b>Total</b>	<b>3,459</b>	<b>2,924</b>
	<b>2022-23 Average WTE</b>	<b>2021-22 Average WTE</b>
<b>Staff numbers</b>		
Operations and legal services	29	24
Administration and support functions	18	15
<b>Total</b>	<b>47</b>	<b>39</b>

Public Defence Solicitors' Office pensions and other benefits are payable out of the Scottish Legal Aid Fund account.

## 9 Solicitor Contact Line (SCL) and Glasgow Courts Staff

	2022-23 £000	2021-22 £000
<b>Staff costs</b>		
Staff salaries and wages	955	922
Social security costs	106	91
Agency/temporary/contract	-	8
Pension scheme service costs	603	531
<b>Total</b>	<b>1,664</b>	<b>1,552</b>
	<b>2022-23 Average WTE</b>	<b>2021-22 Average WTE</b>
<b>Staff numbers</b>		
Operations and legal services (SCL)	17	15
Administration and support services (GC)	3	2
Agency/temporary/contract	-	2
<b>Total</b>	<b>20</b>	<b>19</b>

Solicitor Contact Line and Glasgow Courts pensions and other benefits are payable out of the Scottish Legal Aid Fund account.

## 10 Civil Legal Assistance Office (CLAO) Staff

	2022-23 £000	2021-22 £000
<b>Staff costs</b>		
Staff salaries and wages	1,031	1,043
Social security costs	113	108
Agency/temporary/contract	11	1
Pension scheme service costs	847	743
<b>Total</b>	<b>2,002</b>	<b>1,895</b>
	<b>2022-23 Average WTE</b>	<b>2021-22 Average WTE</b>
<b>Staff numbers</b>		
Operations and legal services	15	17
Administration and support functions	11	12
<b>Total</b>	<b>26</b>	<b>29</b>

Civil Legal Assistance Office pensions and other benefits are payable out of the Scottish Legal Aid Fund account.

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## 11 Advice Standards Staff

	2022-23 £000	2021-22 £000
<b>Staff costs</b>		
Staff salaries and wages	87	71
Social security costs	9	7
<b>Total</b>	<b>96</b>	<b>78</b>
	<b>2022-23 Average WTE</b>	<b>2021-22 Average WTE</b>
<b>Staff numbers</b>		
Administration and support functions	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

## 12 Bad Debt (including impairment charges)

	2022-23 £000	2021-22 £000
Irrecoverable amounts (including impairment charges)	729	1,658

The sums written off during the year were £1.0m (2021-22: £0.3m). The figures shown above are the overall movement in the provision which has decreased this year by £289k (from £3,407k to, £3,118k) the £729k increase shown is the decrease in provision of £289k plus the add-back for amounts utilised (written off) in the year of £1,018k.

## 13 Property, Plant & Equipment

	PC/computer hardware £000
<b>Cost or valuation</b>	
Balance at 1 April 2022	120
Additions	32
Disposals	(1)
<b>As at 31 March 2023</b>	<b>151</b>
<b>Depreciation</b>	
Balance at 1 April 2022	52
Disposals	(1)
Provided during year	35
<b>As at 31 March 2023</b>	<b>86</b>
<b>Net book value at 31 March 2023</b>	<b>65</b>
Net book value at 31 March 2022	68

These assets relate to the operation of the Public Defence Solicitors' Office and Civil Legal Assistance Office.

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## 14 Intangible Assets

	Software £000
<b>Cost or valuation</b>	
Balance at 1 April 2022	13
Disposals	-
<b>As at 31 March 2023</b>	<b>13</b>
<b>Amortisation</b>	
Balance at 1 April 2022	13
Provided during year	-
Disposals	-
<b>As at 31 March 2023</b>	<b>13</b>
<b>Net book value at 31 March 2023</b>	<b>-</b>
Net book value at 31 March 2022	-

These assets relate to the operation of the Public Defence Solicitors' Office, Civil Legal Assistance Office, and Solicitor Contact Line.

## 15 Right of use Assets - IFRS16

<b>Cost or Valuation</b>	<b>£000</b>
Amounts recognised at transition on 1 April 2022	914
Additions	166
<b>As at 31 March 2023</b>	<b>1,080</b>
<b>Depreciation</b>	<b>£000</b>
Provided in year	(148)
Disposals	-
<b>As at 31 March 2023</b>	<b>(148)</b>
<b>Net Book Value as at March 2023</b>	<b>932</b>
<b>Lease Liability 2022-23</b>	<b>£000</b>
Amounts recognised at transition on 1 April 2022	(899)
Additions	(166)
Interest charge	(9)
Repayments made	132
<b>As at 31 March 2023</b>	<b>(942)</b>
Due within 1 year	(137)
Due after more than 1 year	(805)
<b>Total</b>	<b>(942)</b>

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## 16 Trade & Other Receivables

	2023 £000	2022 £000
<b>Bodies external to Government</b>		
Contributions due from assisted persons	4,410	4,810
Expenses to be recovered	402	608
Amounts due out of property recovered or preserved by assisted persons	2,396	2,564
Prepayments and other debtors	376	319
<b>Total</b>	<b>7,584</b>	<b>8,301</b>

*Amounts falling due in less than one year included above are:*

<b>Bodies external to Government</b>		
Contributions due from assisted persons	1,140	1,227
Expenses to be recovered	30	18
Amounts due out of property recovered or preserved by assisted persons	65	63
Prepayments and other debtors	376	319
<b>Total</b>	<b>1,611</b>	<b>1,627</b>

*Amounts falling due after more than one year included above are:*

<b>Bodies external to Government</b>		
Contributions due from assisted persons	3,270	3,583
Expenses to be recovered	372	590
Amounts due out of property recovered or preserved by assisted persons	2,331	2,501
<b>Total</b>	<b>5,973</b>	<b>6,674</b>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Balance as at 1 April	3,407	2,035
Increase in provision	729	1,658
Provision utilised in the year	(1,018)	(286)
<b>Bad Debt impairment allowance as at 31 March</b>	<b>3,118</b>	<b>3,407</b>

## 17 Cash & Cash Equivalents

	2022-23 £000	2021-22 £000
Cash at bank and in hand	1,346	3,335
Principal sums* (note 18)	1,071	1,364
Funds held under arrestment pending resolution* (note 18)	58	57
<b>Total</b>	<b>2,475</b>	<b>4,756</b>

\* Principal sums consist of damages and other money recovered on behalf of assisted persons. They are held in an interest bearing account until all the financial transactions for a case are concluded. Once the net liability to the Legal Aid Fund can be settled, the remaining balance due will be transferred to the assisted person.

The movement in the account during the year was as follows:

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	2022-23 £000	2021-22 £000
<b>Balance as at 1 April</b>	<b>1,364</b>	<b>1,066</b>
Received during the year	740	2,690
Interest received during year	5	-
<b>Total</b>	<b>745</b>	<b>2,690</b>
<b>Less:</b>		
Sums repaid to assisted persons	46	1,818
Interest paid to assisted persons	2	3
Amounts recovered from damages received	991	571
Amounts transferred to fund	-	-
<b>Total</b>	<b>1,038</b>	<b>2,392</b>
<b>Balance as at 31 March</b>	<b>1,071</b>	<b>1,364</b>

## 18 Trade & Other Payables

	2023 £000	2022 £000
<b>Bodies external to Government</b>		
Accruals	144	236
Amounts due to solicitors and advocates	992	293
Principal sums (note 17)	1,071	1,364
Arrestments (note 17)	58	57
<b>Total</b>	<b>2,265</b>	<b>1,950</b>

## 19 Financial Instruments

	2023 £000	2022 £000
<b>Financial assets</b>		
Trade and other receivables (see note 16)	7,208	7,982
Cash	1,198	3,185
<b>Financial liabilities</b>		
Other - trade and other payables (see note 18)	(992)	(293)

The Fund is exposed to credit, liquidity, and market risk. Management believes that liquidity and market risks are low. Other than interest bearing current accounts, the Fund has no interest bearing assets or liabilities, substantially eliminating the impact of changes in interest rates, and is not exposed to foreign exchange rates.

### Expected credit loss

Trade and other receivables are primarily due from individuals, which exposes the Fund to credit risk. Credit risk is the financial loss to the Fund if an individual fails to repay their contribution or other monies due. The Fund operates a debt management process, including monitoring and escalation procedures to recover monies outstanding. Where material, a provision recognising SLAB's expected credit loss is made for non-recovery (see notes 12 and 16 for movements) based on the age of debts and experience of collecting overdue debts. The maximum exposure to credit risk at 31 March 2023 was £7,208k (31 March 2022: £7,982k).

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Financial assets are carried at amortised cost (net of any provision for non-recovery) as an approximation of fair value.

## Fair Value Hierarchy

Financial assets are assessed as Level 3 instruments in the fair value hierarchy meaning, Inputs are unobservable (that is, market data is unavailable) for the asset or liability. There has been no movement between hierarchy levels since the previous financial year.

## 20 Provisions for Liabilities & Charges

	2023 £000	2022 £000
<b>Provision for amounts outstanding on granted legal aid cases</b>		
As at 1 April	68,641	61,937
Additions and increase to provision	60,454	63,388
Amounts used in the period	(39,092)	(32,585)
Unused amounts reversed in the period	(24,230)	(24,099)
<b>As at 31 March</b>	<b>65,773</b>	<b>68,641</b>
<b>Split between:</b>		
Current liabilities	42,185	49,295
Non-current liabilities	23,588	19,346

The organisation estimates the value of unbilled live cases each year to arrive at the amounts disclosed within the accounts as a provision. The amount is an estimate of the expenditure required to settle any obligation at the end of the reporting period following the requirements of International Accounting Standard 37 "*Provisions, contingent liabilities and contingent assets*". In estimating the provision, the organisation has adopted prudent measurement techniques based on the latest data available. No income is anticipated for cases that may successfully recover costs.

In the prior 2 years (2020-21 and 2021-22) the pandemic caused an increase of time between the granting of legal aid applications and the payment stages which, in turn, caused an increase to this provision. We are starting to see this backlog clear and the net provision is decreasing in value despite a year on year increase to agreed legal aid fees.

## 21 Pension Arrangements

SLAB operates a contributory defined benefit pension scheme. The Legal Aid (Scotland) Pension Scheme 1988 (as amended) sets out the conditions for entitlement and determines the rate at which benefits are payable. The scheme is set up under paragraph 8(3) of Schedule 1 to the Legal Aid (Scotland) Act 1986 which gives SLAB power to make rules to provide pensions, allowances or gratuities for its employees. The scheme is administered on behalf of the organisation by the Scottish Public Pensions Agency, an Executive Agency of Scottish Government at a cost of £36,240 per annum.

From 1st October 2010 the scheme was split into two sections, the Pre October 2010 section for existing members and the Post October 2010 section for new members. The Pre October 2010 section calculates pension benefits on the best year's pensionable pay in the last three years of

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service whilst the Post October 2010 section uses an average of the best three years' consecutive pensionable pay in the last 10 years.

Although SLAB operates a single scheme for all staff, the income, costs and liabilities are apportioned between staff funded by the Scottish Legal Aid Fund, the Public Defence Solicitors' Office, Civil Legal Assistance Office and Solicitor Contact Line staff; and staff funded from the Scottish Legal Aid Board's Grant-in-Aid.

There being no assets held, the scheme is unfunded. The pensions and other benefits are met as they fall due. Scheme members pay contributions at a rate of 6% of pensionable remuneration. Contributions from Public Defence Solicitors' Office, Civil Legal Assistance Office, and Solicitor Contact Line staff were £211k (2021-22 £201k). These contributions, along with transfers from other schemes, are used to offset expenditure.

An actuarial valuation of the scheme was carried out as at 31 March 2023 by Buck Consultants, the agreed fee for this service was £10,500. The major assumptions used by Buck Consultants were:

	31 March 2023	31 March 2022
Discount rate per annum	4.15%	1.55%
Revaluation of deferred pensions	2.40%	2.90%
Increases to pensions in payment	2.40%	2.85%
Long-term salary increases	See below	See below
Long-term inflation	2.40%	2.90%

In line with government policy, the measure of inflation used in the scheme is the Consumer Prices Index ('CPI'). The assumption adopted for salary increases is 5.0% to 31 March 2024, 3.80% from 1 April 2024 and 2.90% from February 2030 onwards.

Mortality assumptions are determined based on standard mortality tables. The assumptions are based on the Continuous Mortality Investigation Bureau's tables as recommended by our actuary, and imply the following life expectancy:

Life expectancy in years	2022-23	2021-22
Male - aged 60	87.1	87.1
Female - aged 60	89.5	89.4
Male - aged 40	89.0	88.9
Female - aged 40	91.0	90.9

Analysis of the amount charged to operating costs	2022-23 £000	2021-22 £000
Current service cost (see notes 8, 9 & 10)	2,603	2,304
Finance charges on pension scheme liabilities	467	306
<b>Total</b>	<b>3,070</b>	<b>2,610</b>

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Reconciliation of the liability in the scheme over the year	2023 £000	2022 £000
Scheme liability at the beginning of the year	30,201	24,499
<b>Movement in year</b>		
Current service cost	2,603	2,304
Benefits paid	(192)	(37)
Finance charge	467	306
Changes in financial assumptions	(21,262)	2,971
Changes in demographic assumptions	(104)	(38)
Actuarial (gain)/loss	211	196
<b>Scheme liability at the end of the year</b>	<b>11,924</b>	<b>30,201</b>

The pension liability is split between the Scottish Legal Aid Fund and the Scottish Legal Aid Board. The full liability is £80.5m (2021-22: £181.6m).

Amounts for the current and previous four years are as follows:

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Defined benefit obligation	11,924	30,201	24,499	19,608	13,841
Experience adjustments on plan liabilities	(211)	(196)	(1,731)	(171)	(224)

The defined benefit obligation has been calculated by our actuary using the major assumptions detailed above. Estimation of the net liability depends on a number of complex judgements which are sensitive to changes. The effect on net pensions of changes in the major assumptions are detailed in the table below:

Assumption	Change in Assumption	Change in Pension Scheme Liability £000
Discount rate per annum	-0.25%	932
Long-term salary increases	+0.25%	413
Long-term inflation	+0.25%	531
Life expectancy	+1 year	389

This table shows the impact of changing each assumption in isolation, with all the other assumptions remaining unchanged. A 0.25% decrease in the discount rate assumption at 31 March 2023, from 4.15% to 3.90% would therefore increase the pension scheme liability from £11,924k to £12,856k (an increase of £932k). The effect of changing the assumption in the opposite direction would be to reduce the liabilities by a similar amount.

## 22 Losses & Special Payments

	2022-23		2021-22	
	No of cases	£000	No of cases	£000
Write-off of bad debt	983	1,024	1,328	598
Fruitless payments	3	1	-	-
Special payments*	7	2	7	5
<b>Total</b>	<b>993</b>	<b>1,027</b>	<b>1,335</b>	<b>603</b>

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\* There are cases where, in good faith, a solicitor or counsel provides advice for which SLAB cannot pay under the letter of the Act or Regulations. There are also cases where an error is made by SLAB. In such cases, the organisation may make an ex-gratia payment, without prejudice, of compensation up to an agreed limit.

## 23 Related Party Disclosures

The Scottish Legal Aid Board is a Non-Departmental Public Body funded by grant-in-aid from the Scottish Government. During the year, the organisation had a number of other transactions with the Scottish Courts Service.

Sometimes SLAB have Board members (who were active legal aid practitioners) that transact with the organisation. All such transactions arise from providing legal aid to assisted persons in the normal course of their profession, via their firms. The amounts detailed include outlays and VAT but do not include amounts paid for work carried out, on behalf of other firms, as an Edinburgh agent. During the year, the organisation entered into transactions of a value greater than £1,000 with the following related parties.

	2022-23 £000	2021-22 £000
G Bann* (Board Member and Partner at Adams Whyte Solicitors)	1,331	1,065**

\* Values shown are total earnings for Adams Whyte Solicitor Firm.

\*\* Previous years notes to the accounts showed no value for related party, this was an oversight which has now been rectified.

## 24 Capital Commitments

No capital commitments existed at the end of reporting period.

## 25 Operating Leases

Total commitments, at 31 March, under operating leases are as follows:

	2023		2022	
	Land & buildings £000	Other £000	Land & buildings £000	Other £000
<b>Leases expiring:</b>				
In one year or less	19	-	37	-
Between one and five years	-	-	399	-
In five years or more	-	-	-	-
<b>Total</b>	<b>19</b>	<b>-</b>	<b>436</b>	<b>-</b>

The significant reduction from the prior year is down to the implementation of IFRS16, all leases qualifying as right of use assets are now shown under note 15. The leases included as operating leases are those with contracts ending within the next 12 months.

## 26 Assumptions about the future and other major sources of uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be predicted with certainty, actual results may differ materially.

The items in our accounts as at 31 March 2023 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Pension Liability</b>	Estimation of the net liability depends on several complex judgements which are sensitive to changes. These include the discount rate used, the rate at which salaries are predicted to increase, inflation rates and life expectancy. A firm of actuaries is contracted to conduct an actuarial valuation of SLAB's scheme and provide expert, certified advice about the assumptions to be applied.	The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a change of -0.25% in the discount rate assumption would result in an increase in the pensions liability of £0.9m, a change of +0.25% in the salary increase rate would result in an increase in liabilities of £0.4m, a change of +0.25% to the inflation assumption would result in an increase in liabilities of £0.5m and increasing the life expectancy assumptions by one year would result in an increase to liabilities of £0.4m.
<b>Fund Provision</b>	The major assumption in calculating the fund provision is the average maximum case duration. This is estimated based on experience of past events and trends but is subject to change.	The impact of changing the maximum case duration percentage by +0.5% would increase the provision liability by £1.5m from £65.8m to £67.3m. The impact of changing the assumption in the opposite direction would be to reduce the liability by a similar amount (£1.6m reducing the liability to £64.2m).
<b>Bad Debts</b>	At 31 March 2023 SLAB has a debtor balance (before provision) of £10.7m. A sample of debts reviewed suggests that an impairment of doubtful debts of £1.8m, taking the provision for doubtful debts to £3.1m, would be appropriate. However, in the current economic climate, this figure could change.	We are unable to calculate what the effect would be of choosing a bigger sample as the outcome of the test depends largely on which debts are reviewed and the sample chosen is random.

## 27 Contingent Liabilities

There are no contingent liabilities for Fund.

## 28 Events after the end of the Reporting Period

No events have occurred since the end of the reporting period and the time these accounts were signed that would materially affect the information provided.

## The Board Financial Statements

In this section we cover:

<a href="#"><u>Statement of comprehensive net expenditure for the year ended 31 March 2023</u></a>	103
<a href="#"><u>Statement of financial position as at 31 March 2023</u></a>	104
<a href="#"><u>Statement of cash flows for the year ended 31 March 2023</u></a>	105
<a href="#"><u>Statement of changes in taxpayer's equity for the year ended 31 March 2023</u></a>	106
<a href="#"><u>Notes to the Accounts for the year ended 31 March 2023</u></a>	107

# Board Financial Statements

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

	Notes	2022-23 £000	2021-22 £000
<b>Expenditure</b>			
Staff costs	31	14,885	13,773
Depreciation and amortisation	34 & 35	471	469
Loss on disposal of plant, equipment and intangibles	34 & 35	3	2
Other administrative expenses	32	2,366	2,439
<b>Operating costs</b>		<b>17,725</b>	<b>16,683</b>
<b>Income</b>			
Income from shared services	33	(636)	(583)
Net operating costs before interest		17,089	16,100
Pension scheme finance costs	40	2,331	1,674
Interest Receivable		(2)	-
<b>Net operating costs</b>		<b>19,418</b>	<b>17,774</b>

All income and expenditure is derived from continuing activities.

# Board Financial Statements

## Statement of Financial Position as at 31 March 2023

	Notes	2022-23 £000	2021-22 £000
<b>Non-current assets</b>			
Property, plant and equipment	34	9,609	9,998
Intangible assets	35	13	21
<b>Total non-current assets</b>		<b>9,622</b>	<b>10,019</b>
<b>Current assets</b>			
Trade and other receivables	36	1,482	1,733
Cash and cash equivalents		945	267
<b>Total current assets</b>		<b>2,427</b>	<b>2,000</b>
<b>Total assets</b>		<b>12,049</b>	<b>12,019</b>
<b>Current liabilities</b>			
Trade and other payables	37	(252)	(328)
<b>Total current liabilities</b>		<b>(252)</b>	<b>(328)</b>
<b>Non-current assets plus net current assets</b>		<b>11,797</b>	<b>11,691</b>
<b>Non-current liabilities</b>			
Pension scheme liability	40	(68,607)	(151,434)
<b>Total non-current liabilities</b>		<b>(68,607)</b>	<b>(151,434)</b>
<b>Assets less liabilities</b>		<b>(56,810)</b>	<b>(139,743)</b>
<b>Taxpayers' equity</b>			
General fund		(63,863)	(146,796)
Revaluation reserve		7,053	7,053
<b>Total taxpayers' equity</b>		<b>(56,810)</b>	<b>(139,743)</b>

The Accountable Officer authorised these financial statements for issue on 18 September 2023. The notes on pages 107 to 117 form part of these accounts.



**Colin Lancaster**

**Chief Executive and Accountable Officer**

Sep 18, 2023

# Board Financial Statements

## Statement of Cash Flows for the year ended 31 March 2023

	Notes	2022-23 £000	2021-22 £000
<b>Cash flows from operating activities</b>			
Net operating cost before Scottish Government funding		(19,418)	(17,774)
<b>Adjustments for non-cash items</b>			
Depreciation on property, plant and equipment and amortisation of intangible assets	34 & 35	471	469
Loss on disposal of property, plant and equipment	34	3	2
<b>Movements in working capital</b>			
(Increase)/Decrease in trade and other receivables	36	251	(757)
Increase/(Decrease) in trade and other payables	37	(76)	28
<b>Movements in provisions</b>			
Pension scheme service and finance costs	40	7,186	6,029
Payments in respect of pension scheme	40	(2,089)	(1,779)
<b>Net cash outflow from operating activities</b>		<b>(13,672)</b>	<b>(13,782)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	34	(78)	(77)
Purchase of intangible assets	35	-	(3)
<b>Net cash outflow from investing activities</b>		<b>(78)</b>	<b>(80)</b>
<b>Cash flows from financing activities</b>			
Scottish Government funding and retained pension contributions		14,428	13,369
<b>Net cash inflow from financing activities</b>		<b>14,428</b>	<b>13,369</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>		<b>678</b>	<b>(493)</b>
<b>Cash and cash equivalents as at 1 April</b>		<b>267</b>	<b>760</b>
<b>Cash and cash equivalents as at 31 March</b>		<b>945</b>	<b>267</b>

# Board Financial Statements

## Statement of Changes in Taxpayer's Equity for the year ended 31 March 2023

	Notes	2023 General Fund £000	2023 Revaluation Reserve £000	2022 General Fund £000	2022 Revaluation Reserve £000
<b>Balance at 1 April</b>		<b>(146,796)</b>	<b>7,053</b>	<b>(130,046)</b>	<b>6,437</b>
<b>Changes in taxpayers' equity</b>					
Net cost of operations		<b>(19,418)</b>	-	<b>(17,774)</b>	-
Net movement on pension scheme	40	<b>87,923</b>	-	<b>(12,345)</b>	-
Revaluation reserve movement		-	-	-	616
<b>Total recognised income and expense</b>		<b>68,505</b>	-	<b>(30,119)</b>	616
Scottish Government grant in aid		<b>13,818</b>	-	<b>12,880</b>	-
Retained pension contributions & transfers in		<b>610</b>	-	<b>489</b>	-
<b>Total funding</b>		<b>14,428</b>	-	<b>13,369</b>	-
<b>Balance at 31 March</b>		<b>(63,863)</b>	<b>7,053</b>	<b>(146,796)</b>	<b>7,053</b>

## Notes to the Accounts for the year ended 31 March 2023

### 29 Board - accounting policies

#### 29.1 Basis of accounting

The accounts have been prepared in accordance with the accounting principles and disclosure requirements of the 2022-23 Government Financial Reporting Manual (FRM). Without limiting the information given, the accounts follow generally accepted accounting practices as defined in International Financial Reporting Standards (IFRS) as adopted by the United Kingdom and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context and in accordance with the Accounts Direction given by Scottish Ministers. The accounting policies selected have been applied consistently in dealing with items considered material in relation to the accounts.

#### 29.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account, where material, for the revaluation of property, plant and equipment and intangible assets to fair value as determined by the relevant accounting standard. However, given the short useful economic lives and low values IT equipment, furniture and intangible assets, these assets are disclosed on a depreciated historical cost basis, which is used as a proxy for fair value.

#### 29.3 Corresponding amounts

Corresponding amounts are shown for the primary financial statements and for the notes to the accounts. Where corresponding amounts are not directly comparable with the amount shown in the current financial year, International Accounting Standard 1, "Presentation of financial statements", requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

#### 29.4 New accounting standards

There are no new accounting standards or amendments to existing standards which come in to force in future accounting periods that would materially affect the SLAB Board accounts.

#### 29.5 Funding

Most of the expenditure of the Scottish Legal Aid Board is met from funds advanced by the Scottish Government within an approved allocation. Cash drawn down to fund expenditure within this approved allocation is credited to the general fund. All income that is not classed as funding is recognised in the period in which it is receivable. Funding for the acquisition of general property, plant and equipment received from the Scottish Government is credited to the general fund.

#### 29.6 Principal risks and uncertainties

The principal risks and uncertainties in the Scottish Legal Aid Board accounts relate to the estimation of the Pension Scheme liability as disclosed in note 40 to the accounts. The scheme liability is calculated annually by SLAB's actuary and the major assumptions are also disclosed in note 40.

#### 29.7 Property, plant and equipment (PPE)

##### Property - Land and buildings

Land and buildings are carried at fair value. Fair value is assessed by performing a full valuation at least every five years, and an interim valuation in year three. Interim valuations are also carried out in the intervening years where it is deemed likely that there has been a material

# Board Financial Statements

change in value. The valuations are carried out by professionally qualified valuers, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards, in so far as those standards are consistent with the FReM.

A full valuation was last undertaken at 31 March 2022 by District Valuers of the Valuation Office Agency, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards, acting in the capacity of external valuers.

## Plant and Equipment

Plant and equipment is capitalised at the cost of acquisition and installation. The Government Financial Reporting Manual provides for entities to elect to adopt a depreciated historical cost basis as a proxy for fair value for assets that have short useful lives or low values (or both). For depreciated historical cost to be considered as a proxy for fair value, the useful life must be a realistic reflection of the life of the asset and the depreciation method used must provide a realistic reflection of the consumption of that asset class.

The threshold for capitalisation of plant and equipment is £5,000; however, individual items of plant and equipment whose cost falls below the threshold but are of a similar nature are grouped and capitalised, where the value of the group exceeds the capitalisation threshold.

Subsequent costs are included in the carrying amount of the item of plant and equipment or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Scottish Legal Aid Board and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the statement of comprehensive net expenditure during the financial year in which they are incurred.

## 29.8 Depreciation

Depreciation is provided on all property, plant and equipment on a straight line basis, at rates calculated to write-off the re-valued cost, less estimated residual value, of each asset over its expected useful life as follows:

- buildings: 40 years
- plant and equipment: 2 - 15 years
- personal computer hardware and integral software: 3 years
- other computer hardware: 5 years
- office equipment and non-standard furniture: 5 years
- motor vehicles: 3 years.

Depreciation is not applied until an asset becomes operational. Property, plant and equipment in the course of construction is not depreciated until the asset is brought into use.

Land is regarded as having an unlimited useful life and is therefore not depreciated.

## 29.9 Intangible assets

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of International Accounting Standard 38. The standard defines future economic benefit as “revenue from the sale of products or services, cost savings or other benefits resulting from the use of the asset by the entity”.

# Board Financial Statements

Given the short useful lives and low values of intangible assets, the Scottish Legal Aid Board has elected to adopt a depreciated historical cost basis as a proxy for fair value for intangible assets.

When capitalising internally generated intangible assets, such as in-house developed software, directly attributable costs, including staff costs and staff-related costs, are capitalised. On first time-adoption there has been no retrospective capitalisation of internally generated assets because of the inability to apportion historic cost information to specific intangible assets.

Intangible assets are amortised over the shorter term of the length of life of licence and its useful economic life. Intangible assets in the course of construction are not amortised until the asset is brought into use.

## 29.10 Income and expenditure recognition

Income and expenditure is accounted for in the year to which it relates and not when cash payments are made or received. Where income and expenditure has been recognised but cash has not been received or paid, a receivable or payable for the corresponding amount is recorded in the Statement of Financial Position. For expenditure, only invoices over £500 are accrued or prepaid.

## 29.11 Operating leases

Rentals applicable to operating leases are charged to the statement of comprehensive net expenditure on a straight-line basis over the period of the lease.

## 29.12 Provisions for liabilities and charges

Provisions for liabilities and charges are based on realistic and prudent estimates of the expenditure required to settle future legal or constructive obligations, arising from past events that exist at the statement of financial position date.

## 29.13 Short term employee benefits

Short term employee benefits (such as accrued holiday pay) are valued and, if material, included in current liabilities.

## 29.14 Pension costs

The Legal Aid (Scotland) Pension Scheme 1988 (as amended) is an unfunded pension scheme providing benefits based on pensionable pay. The liabilities of the scheme are reported separately from those of the Fund. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The amounts charged to the statement of comprehensive net expenditure represent both the service cost (that is, the cost of the additional benefits earned as a result of employees' service in the current year) and the finance charge for the year arising from the interest on the scheme notional liabilities, in line with the requirements of International Accounting Standard 19 "Employee benefits".

## 29.15 VAT

The organisation is not registered for VAT and all costs are shown inclusive of irrecoverable VAT.

## 29.16 Losses and special payments

Operating expenditure includes certain losses which would have been made good through insurance cover had the Scottish Legal Aid Board not been bearing its own risks. Losses and special payments are disclosed separately in a note to the accounts (note 41).

## 29.17 Related party disclosures

Related party transactions are identified, considered and disclosed in line with the requirements of International Accounting Standard 24 “Related party disclosures” (note 44).

## 29.18 Financial instruments

The classification of financial assets is determined on initial recognition and comprises only receivables with fixed or determinate payments. Financial assets include trade and other receivables and cash at bank in the statement of financial position. Receivables are recognised at fair value less any provision for non-recovery, which is charged to the statement of comprehensive net expenditure. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or been substantially transferred from the organisation.

Financial liabilities are classified at the point of initial recognition and comprise trade and other payables. Financial liabilities are valued at fair value and derecognised when they have been extinguished, that is discharged, cancelled or expired.

## 29.19 Changes in estimation techniques

There have been no material changes in estimation techniques between 2021-22 and 2022-23.

# Board Financial Statements

## 30 Segmental analysis

These divisions are the basis on which the Scottish Legal Aid Board monitors its operations and upon which decisions are made by SLAB.

	Operations £000	Legal Services £000	Corporate Services & Accounts £000	Strategic Development £000	Chief Exec Office £000	Total £000
Staff costs	3,660	236	4,695	985	454	10,030
Operating costs	48	6	2,274	29	9	2,366
<b>Total expenditure</b>	<b>3,708</b>	<b>242</b>	<b>6,969</b>	<b>1,014</b>	<b>463</b>	<b>12,396</b>
Income	-	-	(636)	-	-	(636)
<b>Net operating costs 2022-23</b>	<b>3,708</b>	<b>242</b>	<b>6,333</b>	<b>1,014</b>	<b>463</b>	<b>11,760</b>
Net operating costs 2021-22	3,545	296	6,112	898	423	11,274

Reconciliation of the total segment measures to respective amounts included in the financial statements includes the following items, which it is either impossible or impractical to allocate between reportable segments:

	£000
<b>Segmental net costs</b>	<b>11,760</b>
Pension scheme service costs	4,855
Depreciation and amortisation	471
Loss on disposal	3
<b>Net operating costs before interest per statement of comprehensive net expenditure</b>	<b>17,089</b>

## 31 Staff

Staff costs	2022-23 £000	2021-22 £000
Board members' emoluments	-	145
Staff salaries	9,083	8,386
Social security costs	947	849
Pension scheme service costs	4,855	4,355
Agency/temporary/contract	-	38
<b>Total</b>	<b>14,885</b>	<b>13,773</b>

Board members' emoluments are now included with staff salaries

Staff numbers	2022-23 Average WTE	2021-22 Average WTE
Operations and legal services	146	152
Administration and support functions	96	87
Agency/temporary/contract	2	3
<b>Total</b>	<b>244</b>	<b>242</b>

# Board Financial Statements

## 32 Other administrative expenses

	2022-23 £000	2021-22 £000
Accommodation	729	673
Audit fee	53	41
Staff related costs	161	200
Travel and subsistence	22	22
Postage, stationery and telephones	110	93
Office equipment and maintenance	1,033	991
External research	15	54
Corporate publications, leaflets and forms	4	4
Costs of operating leases	5	4
Other administrative costs	234	357
<b>Total</b>	<b>2,366</b>	<b>2,439</b>

## 33 Income from shared services

	2022-23 £000	2021-22 £000
Accommodation services provided to third parties	636	583
Income from shared services provided to third parties	-	-
<b>Total</b>	<b>636</b>	<b>583</b>

## 34 Property, plant & equipment

	Land £000	Buildings & Plant £000	Office equipment and furniture £000	PC/computer hardware £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>						
Balance at 1 April 2022	1,780	7,982	186	992	35	10,975
Additions	-	-	50	28	-	78
Revaluation	-	-	-	-	-	-
Disposals	-	-	(6)	(31)	-	(37)
<b>As at 31 March 2023</b>	<b>1,780</b>	<b>7,982</b>	<b>230</b>	<b>989</b>	<b>35</b>	<b>11,016</b>
<b>Depreciation</b>						
Balance at 1 April 2022	-	18	131	793	35	977
Disposals	-	-	(6)	(28)	-	(34)
Revaluation adjustment	-	-	-	-	-	-
Provided during year	N/A	338	21	105	-	464
<b>As at 31 March 2023</b>	<b>-</b>	<b>356</b>	<b>146</b>	<b>870</b>	<b>35</b>	<b>1,407</b>
<b>Net book value at 31 March 2023</b>	<b>1,780</b>	<b>7,626</b>	<b>84</b>	<b>119</b>	<b>0</b>	<b>9,609</b>
Net book value at 31 March 2022	1,780	7,964	55	199	-	9,998

# Board Financial Statements

Property, Plant and Equipment includes SLAB's head office building, Thistle House. Whilst title to this property remains with Scottish Ministers, the Scottish Government transferred full operational, and management rights and responsibilities, to SLAB who have full use of the building on an ongoing basis and are responsible for all property management, maintenance and running costs. Thistle House was last revalued at 31 March 2022 as described in note 29.7.

## 35 Intangible assets

	Software £000
<b>Cost or valuation</b>	
Balance at 1 April 2022	61
Additions	-
Disposals	(23)
<b>As at 31 March 2023</b>	<b>38</b>
<b>Amortisation</b>	
Balance at 1 April 2022	40
Disposals	(23)
Provided during year	7
<b>As at 31 March 2023</b>	<b>24</b>
<b>Net book value at 31 March 2023</b>	<b>14</b>
Net book value at 31 March 2022	21

## 36 Trade and other receivables

	2023 £000	2022 £000
<b>Bodies external to Government</b>		
Trade receivables	157	69
Prepayments	1,324	1,663
<b>Total</b>	<b>1,481</b>	<b>1,732</b>

Management have assessed that there is no impairment in relation to the trade and other receivables balance. At 31 March 2023 none of the debt was past its due date.

## 37 Trade & other payables

	2023 £000	2022 £000
<b>Bodies external to Government</b>		
Trade payables	16	5
Accruals	236	323
<b>Total</b>	<b>252</b>	<b>328</b>

## 38 Contingent liabilities

There are no contingent liabilities for Admin.

## 39 Financial Instruments

	2023 £000	2022 £000
<b>Financial assets</b>		
Trade and other receivables (see note 36)	157	69
Cash	945	267
<b>Financial liabilities</b>		
Other - trade and other payables (see note 37)	16	5

The organisation is exposed to credit, liquidity and market risk, but management believe that these risks are low. Trade and other receivables and trade and other payables are those arising during SLAB's routine business. Other than an interest paying current account, the organisation has no interest-bearing assets or liabilities, substantially eliminating the impact of changes in interest rates, and is not exposed to foreign exchange rates. Financial instruments are carried at cost as an approximation of fair value.

## 40 Pension arrangements

SLAB operates a contributory defined benefit pension scheme.

The Legal Aid (Scotland) Pension Scheme 1988 (as amended) sets out the conditions for entitlement and determines the rate at which benefits are payable. The scheme is set up under paragraph 8(3) of Schedule 1 to the Legal Aid (Scotland) Act 1986 which gives the organisation power to make rules to provide pensions, allowances or gratuities for its employees. The scheme is administered on behalf of the organisation by the Scottish Public Pensions Agency, an Executive Agency of Scottish Government at a cost of £36,240 per annum.

From 1st October 2010 the scheme was split into 2 sections, the Pre-October 2010 section for existing members and the Post October 2010 section for new members. The Pre-October 2010 section calculates pension benefits on the best year's pensionable pay in the last three years of service whilst the Post October 2010 section uses an average of the best three years' consecutive Pensionable Pay in the last 10 years.

Although SLAB operates a single scheme for all staff, the income, costs and liabilities are apportioned between staff funded by the Scottish Legal Aid Fund, presently Public Defence Solicitors' Office, Solicitor Contact Line and Civil Legal Assistance Office staff, and staff funded from the Scottish Legal Aid Board's grant-in-aid. This disclosure, therefore, relates to staff other than Public Defence Solicitors' Office, Solicitor Contact Line and Civil Legal Assistance Office staff.

There being no assets held, the scheme is unfunded. The pensions and other benefits are met as they fall due from grant-in-aid. Scheme members pay contributions of 6% of pensionable salaries amounting to £505k (2021-22: £489k). These contributions, along with any transfers from other schemes, are used to offset SLAB's grant-in-aid expenditure up to a limit of £250k. Excess receipts are surrendered to the Scottish Government, and excess expenditure on pensions, including transfers out of the scheme over £327k, is met by the Scottish Government.

An actuarial valuation of the scheme was carried out as at 31 March 2023 by Buck Consultants, the agreed fee for this service was £10,500. The major assumptions used by Buck Consultants were:

# Board Financial Statements

	31 March 2023	31 March 22
Discount rate per annum	4.15%	1.55%
Revaluation of deferred pensions	2.40%	2.90%
Increases to pensions in payment	2.40%	2.85%
Long-term salary increases	See below	See below
Long-term inflation	2.40%	2.90%

In line with government policy, the measure of inflation used in the scheme is the Consumer Prices Index ('CPI'). The assumption adopted for salary increases is 5.00% to 31 March 2024, 3.80% from 1 April 2024 and 2.90% from February 2030 onwards.

Mortality assumptions are determined based on standard mortality tables. The assumptions are based on the Continuous Mortality Investigation Bureau's tables as recommended by our actuary, and imply the following life expectancy:

Life expectancy in years	2022-23	2021-22
Male - aged 60	87.1	87.1
Female - aged 60	89.5	89.4
Male - aged 40	89.0	88.9
Female - aged 40	91.0	90.9

Analysis of the amount charged to operating costs	2022-23 £000	2021-22 £000
Current service cost (see note 30)	4,855	4,355
Finance charges on pension scheme liabilities	2,331	1,674
<b>Total</b>	<b>7,186</b>	<b>6,029</b>

Reconciliation of the liability in the scheme over the year:	2023 £000	2022 £000
Scheme liability at the beginning of the year	151,434	134,839
<b>Movement in year</b>		
Current service cost	4,855	4,355
Benefits paid	(2,090)	(1,779)
Finance charge	2,331	1,674
Changes in financial assumptions	(87,828)	12,063
Changes in demographic assumptions	(600)	(198)
Actuarial loss/(gain)	505	480
<b>Scheme liability at end of the year</b>	<b>68,607</b>	<b>151,434</b>

The pension liability is split between the Scottish Legal Aid Fund and the Scottish Legal Aid Board. The full liability is £80.5m (2021-22: £181.6m). Amounts for the current and previous four years are as follows:

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Defined benefit obligation	68,607	151,434	134,839	123,215	97,166
Experience adjustments on plan liabilities	(505)	(480)	1,098	(454)	(391)

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The defined benefit obligation has been calculated by our actuary using the major assumptions detailed above. Estimation of the net liability depends on a number of complex judgements which are sensitive to changes.

The effect on net pensions of changes in the major assumptions are detailed in the table below:

Assumption	Change in Assumption	Change in Pension Scheme Liability £000
Discount rate per annum	-0.25%	3,881
Long-term salary increases	0.25%	1,102
Long-term inflation	0.25%	2,842
Life expectancy	+1 year	2,304

This table shows the impact of changing each assumption in isolation, with all the other assumptions remaining unchanged. A 0.25% decrease in the discount rate assumption at 31 March 2023, from 4.15% to 3.90% would therefore increase the pension scheme liability from £68,607k to £72,488k (an increase of £3,881k). The effect of changing the assumption in the opposite direction would be to reduce the liabilities by a similar amount.

## 41 Losses & special payments

	2022-23		2021-22	
	No of cases	£000	No of cases	£000
Losses	10	3	3	-
Special payments	-	-	-	-
<b>Total</b>	<b>10</b>	<b>3</b>	<b>3</b>	<b>-</b>

## 42 Capital commitments

No capital commitments existed at the end of reporting period.

## 43 Operating Leases

Total commitments, at 31 March, under operating leases as follows:	2023		2022	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
<b>Leases expiring:</b>				
One year or less	-	-	-	-
between one and five years	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 44 Related party transactions

The Scottish Legal Aid Board is a Non-Departmental Public Body funded by Grant-in-Aid from the Scottish Government. During the year, the organisation had a number of other transactions with government departments and other Non-Departmental Public Bodies, including the Department of Work and Pensions, the Scottish Public Service Ombudsman, the Scottish Court and Tribunals

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Service, the Judicial Appointments Board, the Office of the Chief Investigating Officer, the Scottish Parliamentary Standards Commissioner, and the Scottish Public Pensions Agency.

## 45 Assumptions about the future and other major sources of uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be predicted with certainty, actual results may differ materially.

The items in SLAB's accounts as at 31 March 2023 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pension Liability	Estimation of the net liability depends on several complex judgements which are sensitive to changes. These include the discount rate used, the rate at which salaries are predicted to increase, inflation rates and life expectancy. A firm of actuaries is contracted to conduct an actuarial valuation of SLAB's scheme and provide expert advice about the assumptions to be applied.	The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a change of -0.25% in the discount rate assumption would result in an increase in the pensions liability of £3.9m, a change of +0.25% in the salary increase rate would result in an increase in liabilities of £1.1m, a change of +0.25% to the inflation assumption would result in an increase in liabilities of £2.8m and increasing the life expectancy assumptions by 1 year would result in an increase to liabilities of £2.3m.

## 46 Events after the reporting period

No events have occurred since the end of the reporting period and the time these accounts were signed that would materially affect the information provided.

# Direction by Scottish Ministers



## THE SCOTTISH LEGAL AID BOARD

### DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of Section 5(2) of the Legal Aid (Scotland) Act 1986, hereby give the following direction.
2. In accordance with Section 5(1) of the Legal Aid (Scotland) Act 1986, the Scottish Legal Aid Board has a duty to prepare a separate statement of accounts in respect of the Scottish Legal Aid Fund (the Fund) and the administration of the Fund (the Board). The statement of accounts, of both the Fund and the Board, for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 13 June 2002 is hereby revoked.

*Michelle H Brannan*

Signed by the authority of the Scottish Ministers

Dated 13 December 2005