



Annual Report and Accounts

For the year ended
31 March 2022

The Scottish Legal Aid Board

www.slab.org.uk

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Schedule 1 to the Legal Profession and Legal Aid (Scotland) Act 2007, December 2022.

2021-22 in Numbers

£118.2M
Legal aid cash spend (Fund)



£13.9M
Administration spend

£87M
Paid to solicitors and
solicitor advocates



165,731
grants of legal assistance
made

6%
Increase in account volumes
on previous year



348
Employees as at 31 March
(65% female, 35% male)

Summary of performance

Key Performance Indicators

We made 20 of our 33 KPIs more challenging.

We met or exceeded our KPIs for 95% of the time.

Freedom of Information

62 FOIs received.
90% responded to on time.
88% fully or partially disclosed information where we held data requested.

Complaints

32 received requiring investigation.
100% resolved.
88% responded to on time.
66% not upheld.
34% upheld/partially upheld.

Subject Access Requests

70 SARs received.
97% responded to on time.

Supplier invoices

94% of our administrative invoices (not legal aid accounts) paid within 10 days of receipt.

Going green

Carbon footprint reduced by 10 tCO2 on previous year's estimate.

Customer feedback

“Now living in a house in a nice area. Would not be here if not for them.” (CLAO client)

“I was kept well informed by my solicitor at all times.” (PDSO client)

Foreword from Chair and Chief Executive

The Chair's welcome

What has become clear as we slowly emerge from the shadow of the pandemic is that while some things have started to look and feel like they did before March 2020, many of the changes made to the justice sector and the way we work, at SLAB and more generally, are likely to remain.

“The external pressures faced by SLAB have been enormous as we work to ensure the effective administration of the legal aid schemes.”

The external pressures faced by SLAB have been enormous as we work to ensure the effective administration of the legal aid schemes.

With that in mind I would like to thank the staff at SLAB for all the hard work they have done both in terms of the day-to-day administration of legal aid but also in the way they have quickly adapted to the transition from predominant home working to beginning to test a range of hybrid working arrangements. Our aim is to capitalise on the benefits of both home and office working.

I would also like to thank those staff who continued to work in front line roles during the periods of Covid-19 restrictions in order to maintain essential services. This ranged from the delivery of legal advice and representation in the courts to the security and maintenance of SLAB



buildings, including the handling of paper mail.

Our Board has provided diligent scrutiny, insight and counsel over the last year for which I am very grateful. In April 2021 we welcomed new Board members Gerry Bann and Brigid Whoriskey who bring a wealth of experience and I look forward to working with them further.

We still have much to learn about future ways of working post Covid-19. Whilst new ways of working can be unsettling for an organisation trying to get to grips with them, they can also represent a number of opportunities well worth pursuing.

“The continued dispute between the legal profession and the Scottish Government over legal aid payment rates has meant we have had to change the priorities we are working on at times.”

The continued dispute between the legal profession and the Scottish Government over legal aid payment

rates has meant we have had to change the priorities we are working on at times. I am therefore very pleased that the Board has still seen great progress on a number of key projects.

Rules, regulations and guidance - important as they are - are only part of what makes publicly funded legal assistance work: close cooperation with our justice sector partners - whether the Scottish Government, the Scottish Courts and Tribunal Service, the Crown Office, the police, or, crucially, those solicitors and advocates providing frontline services - is a vital part of our work.

This is not without its challenges, but we will continue to participate in open and honest dialogue with our partners and inform the discussions that will shape the future of legal aid. We are committed to ensuring that legal aid works as best as it can for all concerned and not least those who need it most - those members of the public for whom access to justice would otherwise be denied.

Ray Macfarlane
Chair

Chief Executive's introduction

This year has seen a contrast between the delivery of our internal priorities - improving our administration of the legal aid system - and the external environment that has impacted on these internal priorities.

“We have continued to make good progress in this second year of our Corporate Plan 2020-23.”

We have continued to make good progress in this second year of our Corporate plan 2020-23. Our highest priority remains a major review of a range of our policies and operational processes with the aim of making them simpler, appropriately impact assessed and more closely aligned with both our values and our Board's approach to risk. We have published a number of new policy statements and guidance as well as publicly consulting on two of our most complex policy areas - the assessment of financial eligibility and the taxation standard in the assessment of legal aid accounts.

Customer service remains a key focus for us. During the year we developed a new customer service charter that clearly articulates how we set out to meet our customers' expectations in how we interact with them, but also what we expect from customers interacting with us. I am also pleased that we have performed very well against our performance benchmarks in what has been a turbulent year in many respects.



“Developments in the external environment have continued to have a significant impact on us this year.”

Developments in the external environment have continued to have a significant impact on us this year.

While Covid-19 related public health restrictions and impacts in general were less severe than in 2019-20, the pandemic still had a huge effect on us. Our staff had to keep the legal aid system operating whilst manoeuvring changing levels of public health restrictions, getting themselves and their families vaccinated and continuing to adapt to new ways of working with colleagues.

As we cautiously learn to live with Covid-19 and navigate a period of recovery for the justice system, we will continue to test models for how we work, including the mix between office and home working, ensuring that the health and safety of our staff and the service they offer to customers are paramount at all times.

“...the increase in payments to legal aid firms compared to 2020-21 is welcome, and

the increase in the number of applications that we are processing reflects an improvement in justice system capacity... ”

The pandemic has also continued to impact on firms delivering services supported by legal aid. As the justice system continues to roll out its *Recover, Renew, Transform* programme, the increase in payments to legal aid firms compared to 2020-21 is welcome, and the increase in the number of applications that we are processing reflects an improvement in justice system capacity: a strong indication of future business levels for firms, many of whose finances will have been hit by the combination of almost a decade of reducing business volumes followed by the massive disruption brought about by the pandemic.

We will continue in 2022-23 with our work to improve the legal aid schemes within the parameters of the current legal aid legislation and our current functions. Our corporate plan is partly focussed on us developing our organisation to increase our ability to respond to any future reforms to the system bought forward by the Scottish Government. I would hope that our next corporate plan can be informed by a much clearer sense of what that reform will be and when it will happen.

While there has been incremental change over the decades, our primary legislation itself dates from 1986: it is as old now as the 1950 scheme it replaced. The biggest innovation in 1986 was the establishment of SLAB to

take the administration of the system into the public sector: the legal aid system itself and the delivery model it supports are fundamentally unchanged from those of the 1950s.

The core shape of the legal aid system has not evolved to fully reflect many of the changes in the intervening decades, including: our understanding of client needs and the potential of joined up service delivery; demographic shifts within both society and the legal profession itself; changing expectations of work patterns and career development; the operation of the justice system; the long term reduction in crime and growth in alternatives to prosecution; the rights of suspects and the need for 24/7 services; the possibilities offered by new technology.

It is perhaps unsurprising in this context that the profession finds itself struggling with some of the mismatches between the way they are structured and operate, the strictures of the legal aid system, and the wider world in which both exist but perhaps no longer adequately reflect.

We also continue to be aware that the recent growth in business levels does not mean that the impacts of the last two years on the legal profession are over: there is some way to go before business levels or payments can be considered back to pre-Covid levels.

The impact of Covid-19 has no doubt exacerbated the challenges the legal profession was already facing, the pressures they are under and their fears about the future of the sector. It is against this backdrop that the past year has seen solicitors refusing

to deliver aspects of criminal legal assistance during the United Nations' Climate Change Conference (COP26) in Glasgow, followed by withdrawals in some places from duty solicitor rotas and a more widespread boycott of certain domestic abuse cases.

We were able to reduce the potential impacts of this action on those who need advice and the operation of the justice system, largely due to the extraordinary efforts of a small number of our employees, most notably our Public Defence Solicitors' Office and Solicitor Contact Line. Their commitment has been hugely appreciated by justice system partners and, most importantly, those in need of advice and representation. But reliance on such small teams to minimise the impact of widespread, coordinated and prolonged action has put significant pressure on them.

We know that the job of a solicitor is a tough one, requiring the balancing of a range of skills and significant challenges in terms of managing the pressures of business, dealing with vulnerable clients at particularly stressful times in their lives and coping with an ever changing justice landscape. These challenges will undoubtedly for many have been more intense over the last two years and will have been added to by a significant degree of anxiety, not only around the pandemic but also, for those in private practice, business survival when the justice system's ability to operate at anything like normal capacity has been massively diminished.

The combination of longer term trends and more recent pressures has led to an intense focus on fee levels.

But fees (both structures and levels) are just one part of a complex range of factors, trends and interactions that impact on the financial return, sustainability and suitability of one particular model for the delivery of this public service.

That model is at the core of the current legal aid system, but alongside the challenges faced by those delivering the service, the system is itself in urgent need of reform - it is overly complex, elements of it can be confusing and time-consuming for both applicants and solicitors and for SLAB to deliver; and this complexity makes aspects of it more costly to administer than need be.

Any solution that hopes to build a sustainable future for the legal aid system and those who deliver the services it supports has to address this complexity: simple answers to complex problems are appealing, but rarely successful.

"...there is massive potential for a more person-centred model, designed around the needs of users..."

As explored in the Scottish Government's 2019 consultation on legal aid reform, there is massive potential for a more person-centred model, designed around the needs of users to deliver easier access to a wider range of services, directed towards positive outcomes for individuals, communities and the justice system.

The transformational potential of additional or alternative systems and

the legislation required to deliver them need careful thought and will take time to deliver. The right solution - one that meets the needs of users and those who deliver the services they rely upon - must be informed by detailed analysis both of the problem and data that can illustrate it. But it also needs constructive dialogue in order to build a shared understanding of the issues and an informed approach to identifying what is likely to be a range of measures to address those issues.

We will continue to assist in both evidence gathering and contributing to discussion as required. I am keen that we should play our part in what I am convinced needs to be a collaborative approach to problem solving, clearly focused on fulfilling the purpose of legal aid: supporting the delivery of services to achieve positive outcomes for people with problems.

I want to end this foreword looking to the future, a future that will be shaped by a substantially new leadership team at SLAB. The last year has seen three new Directors take up post. Linda Ross is now our Director of Corporate Services, Adam Ford our Director of Operations and Paul Haran our Director of Client Legal Services. Marie-Louise Fox has moved from Operations to be our new Director of Strategic Development.

I look forward to working with them over the coming years to move SLAB onwards and upwards, building on the huge contributions made by their predecessors: Anne Dickson, Graeme Hill and Matthew Auchincloss, each of whom departed as SLAB Directors this year. I would like to put on record my personal thanks to them for their support, commitment and the positive impact each had over many years with SLAB. I wish them all the best in their future endeavours.

Colin Lancaster
Chief Executive and Accountable Officer

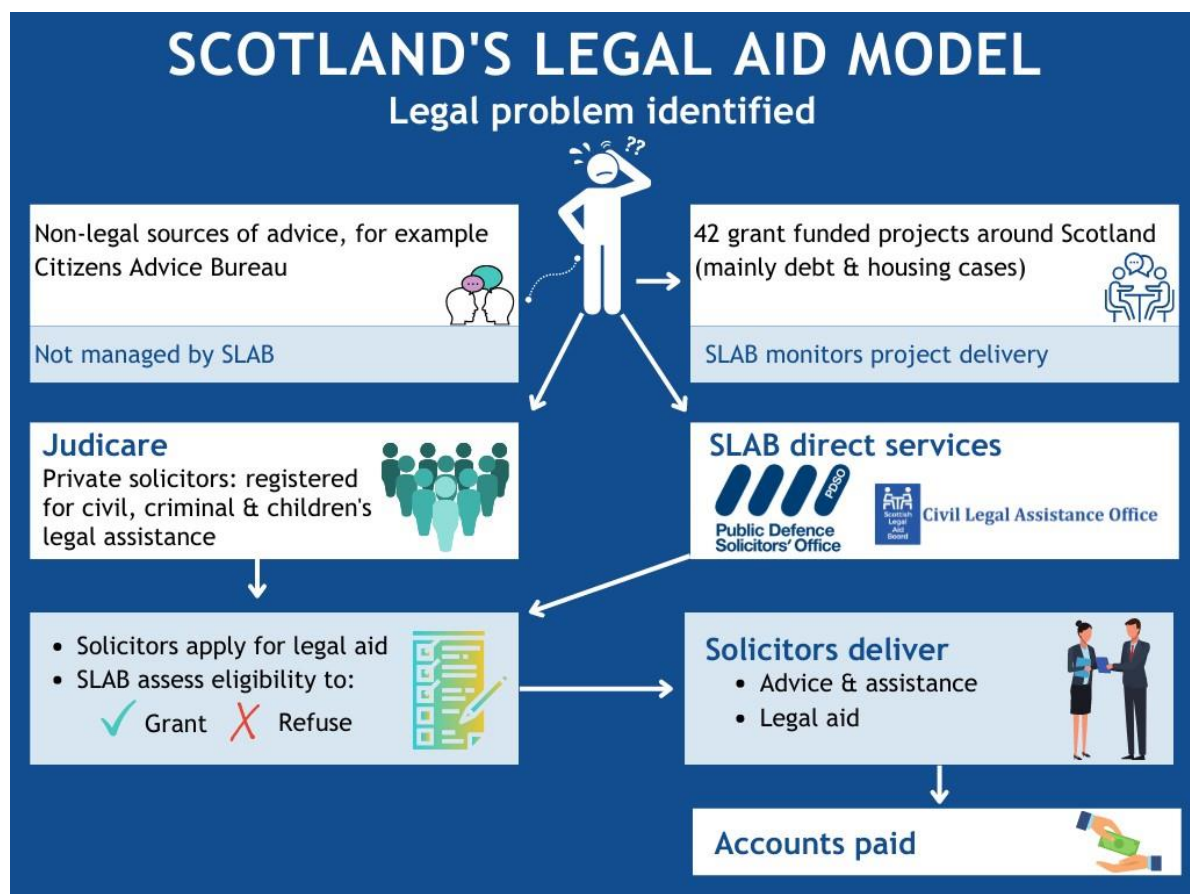
The importance of legal aid

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. 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.

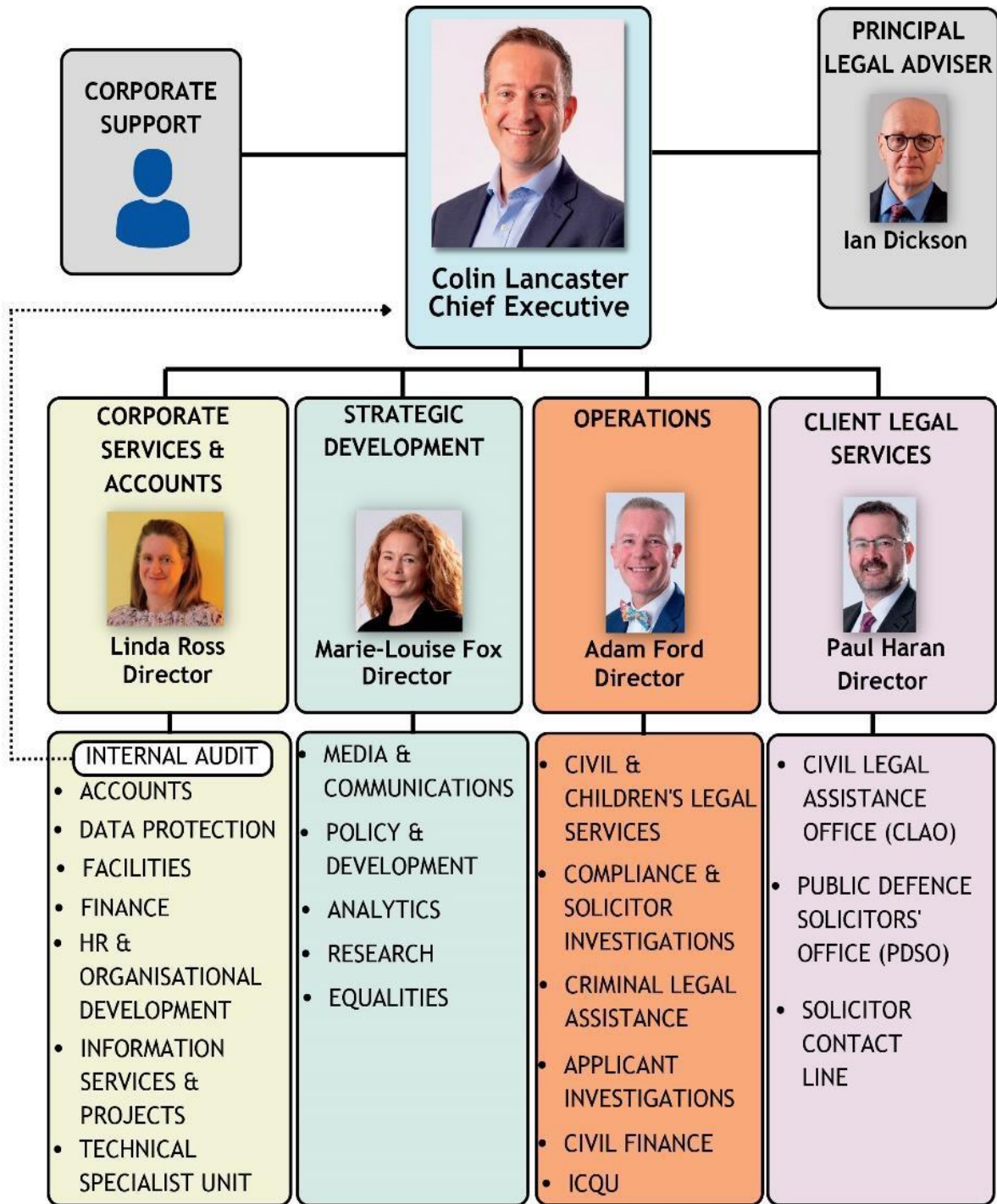
The nature of *judicare* funding is that it is unplanned and non-targeted. In any one year we pay for services delivered in that year and over previous years. Most expenditure is for cases which concluded in the year payment is made. Some cases can start and conclude in the same year, whilst others will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

We employ 348 staff. We are structured around four Directorates with 62% 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.

Our Organisational Structure



Performance Analysis

In this section of the report we set out:

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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.

Demand for legal assistance in 2021-22

The pandemic has disrupted the flow of applications and accounts on which we take decisions. This caused a decrease in overall volumes in 2020-21. We have seen this reverse to some extent in 2021-22, although we are yet to see business volumes return to pre-pandemic levels in several areas, particularly on civil legal aid.

Civil legal aid applications saw a 9% increase on the previous year. There were marked differences between family and non-family cases with family case applications staying static whereas non family case applications increased by 23%, driven by a 32% rise in applications for adults with incapacity cases - a knock on effect of adjustments to the guardianship process during the first year of the pandemic.

On criminal legal assistance, grants for criminal ABWOR (advice by way of representation) (primarily used for guilty pleas in summary cases) increased by 6%. Applications received for summary criminal legal aid increased by 15% whereas applications for solemn criminal legal aid saw a 2% increase - which follows the 12% increase the year before. These changes meant that summary applications remained 6% lower than 2019-20, whereas solemn applications were 15% higher.

Overall, volumes of accounts registered continued to be impacted by the restrictions necessitated by the on-going pandemic: although 6% higher than in 2020-21, the volume of accounts registered in 2021-22 remained 15% lower than 2019-20.

As 2021-22 progressed restrictions eased and subsequently the quarter on quarter comparisons of accounts registered against the pre-pandemic benchmark (2019-20) showed improvements from 17% lower in quarter 1 to 13% lower by quarter 4. This improvement accelerated towards the end of the year: the monthly volume of accounts registered in March 2022 was back to pre-pandemic levels.

As the pandemic has had a clear impact on the justice system, we have wanted to understand any impact that this has had on the accessibility and availability of legal aid. We assessed evidence which used key sources of data collected by SLAB during 2020-22. We also used the 'impact of the pandemic' solicitor surveys undertaken by the Law Society of Scotland during 2020-21.

This work concluded that the evidence does not suggest that access to legal aid overall has been significantly impacted by the pandemic at this point. Client surveys suggest that most of those whose cases began, or were on-going, during the pandemic had a broadly similar experience to those in earlier periods. There may be some differences underlying the overall experience, for example by geographic area, or for specific groups. We have also observed some differences in

the scale of reductions and rate of return to pre-Covid application levels by aid type and case type. While these trends appear largely to reflect specific adjustments that were made to manage the impact of the pandemic, such as the moratorium on evictions or extension of guardianships that would otherwise have required renewal, we will continue to monitor trends.

The Corporate Plan

2020 saw the launch of our new 2020-2023 Corporate Plan and our new, refocused strategic objectives. Our 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 redoubled our commitment to transparent decision making and started to build 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.

In this period (2020-23), we are 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


This year was the second 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 [Business Plan for 2021-22](#) 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](#). Further detail can be found later in the report.

We have three Strategic Objectives to deliver our Corporate Plan:

Strategic Objective 1

Deliver a high quality user focused service

OBJECTIVE 1     Scottish Legal Aid Board	
Project	Progress
Develop a SLAB customer service charter	On track
Review of template letters sent to applicants in civil legal aid	Delivered
Review our complaints handling procedure	Delivered
Tender for and deliver a new case management system for our Direct Legal Services	Delivered

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.

Customer service charter

We are in the final stages of implementing a customer service charter that sets out a range of customer service standards. The standards aim to increase the

transparency of our performance, better align our service delivery with our Values and better enable customers to hold us to account. The standards set out what customers can expect from us but also what we expect from them. This should ensure that we learn from any failings in our service and put them right. This draws together in one place access to information for our customers on:

- Our customer service standards;
- Support for customers that have additional communication support needs;
- An unacceptable behaviour policy;
- Performance indicators that we will report on publicly on a quarterly basis;
- How people can complain;
- How people can challenge our decisions.

With respect to equalities we are also piloting our process and guidance for employees to respond to requests for interpreting and translation where we are in direct contact with customers. This includes both written translations and telephone interpreting. We have prioritised the process for spoken language interpreting and translation due to demand. We are now working on our processes to respond to other requests for communication support including people with hearing and/or sight conditions. Information about an applicant's communication support needs will be gathered by solicitors as part of the application process and sent to us through legal aid online from September 2022 as part of a system re-design.

Review of template letters sent to applicants in civil legal aid

Following a review we established a project to improve the clarity and accessibility of the standard, template letters sent to applicants and any named opponent in a civil legal aid application. Among those who will benefit from this are people with a sight disability or whose first language is not English. Examples of the accessible features used are a larger font size, plain English and improved formatting and layout.

We launched 84 civil system letters with a major system deployment successfully implemented in March 2022. Feedback from our staff has been positive since the letters have been in use. We will seek feedback from our customers once all the template letters are in place, which will allow us to consider the full benefits delivered in due course.

Review of our complaints handling procedure

The focus of this project was to equality impact assess our complaints handling procedure and to improve the recording of complaints relating to equality issues. In April 2021, we adopted the standard template complaints policy advocated by the Scottish Public Services Ombudsman. We carried out an Equality Impact Assessment, the findings of which have demonstrated that the procedure has no impact on groups with protected characteristics.

We previously undertook to improve the collection of data on complaints that feature an equalities aspect - this is an important part of our action plan agreed with the Equality and Human Rights Commission. We produced guidance for our staff on how to recognise and record an equality related complaint - we will monitor the impact of this on equality complaints going forward.

Deliver a new case management system for our Client Legal Services

We delivered a new case management system to improve the quality and amount of case data collected, particularly across relevant protected characteristics, enhance the reporting on the data and communication about how the information is used. This should improve our ability to understand our customers and their needs.

The system will help us to provide excellent services efficiently in the following ways:

- the system for managing contacts makes it easier to keep people's data safe;
- cases can be organised and prioritised more easily;
- improved filing and organisation of correspondence and documents increases the service's efficiency;
- it will greatly improve our ability to extract and analyse data about our work, helping our solicitors to make day to day operational decisions and feeding into longer term plans about our services.





All active cases are now on the system and full implementation of our move to the new system is underway. Over the coming months we will seek to resolve any snagging issues, obtain any system changes that we require and adapt how we work to take full advantage of the new system.

We have standardised the equality data to be gathered in line with our policy on direct disclosure of equalities characteristics and care experience background from applicants, which in turn is based on equality questions used in the Scotland Census 2022. We are developing guidance in consultation with our solicitors in Client Legal Services to support them to gather this data from their clients.

Overall the new system is working well.

Strategic Objective 2

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

OBJECTIVE 2	
   	
Project	Progress
Further work on our Guidance on the Administration of Legal Aid Project (GALA) project - covering accounts, applications and financial eligibility	On track
Developing a new working environment in SLAB for post Covid-19	On track
Reviewing a range of our people policies	On track

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.

Further work on our Guidance on the Administration of Legal Aid Project (GALA) project - covering accounts, applications and financial eligibility

We continued to review a range of our policies and operational processes with the aim of making them simpler, more transparent, appropriately impact assessed and with a closer alignment to our Board’s approach to risk:

- We developed and published our first range of policies and guidance on eligibility for Children’s Legal Aid for proceedings under the Children’s Hearings (Scotland) Act 2011 incorporating the new Age of Criminal Responsibility (Scotland) Act 2019. This included policy statements, solicitor guidance and decision-makers’ guidance on eligibility for most children’s legal aid applicant types at the Sheriff Court.
- We continued to develop and publish policy statements, solicitor guidance and decision-makers’ guidance for criminal legal aid. This year we published conditions for criminal appeals, summary criminal legal aid and solemn criminal legal aid, court granted legal aid and automatic legal aid.

- We have developed another 25 decision sets covering decisions we take on applications for prior approval (previously sanctions) in civil, criminal and children's legal aid and will launch these in 2022-23.
- The application of financial eligibility assessment remains the most complex and challenging area. We continued to develop a suite of policies. We ran a consultation this year that has informed our approach to change for those areas where we are actively considering policy change, targeting discretionary allowance and self-employed/business resources.
- Following consultation, we concluded our extensive policy development work on the application of the taxation standards covering 25 decision sets for accounts assessment and commenced the writing of the guidance for solicitors and our decision-makers. There will be an interim release part way through the next year, the full release being scheduled for 2022-23.
- We developed policy statements on determining and collecting payments due from the assisted person at the end of a case (clawback and expenses).

We have completed an [equality impact assessment](#) for the review of taxation standards and accounts. We have reviewed relevant policies and have policy statements in place. Supporting decision-makers' guidance is being developed.

Developing a new working environment in SLAB post Covid-19

The work on this project was focused on planning for the return of our staff to the office post Covid-19 lockdowns in line with the ongoing changes to Scottish Government guidance on returning to the workplace.

We introduced the safe2go application across all our sites. The application allowed us to send data to the NHS test and trace service in the event of a Covid-19 outbreak. We procured laptops for all our staff to better facilitate working from home and improve data security.

We rolled out Microsoft Teams to all staff which has assisted with both collaboration and communication.

We carried out a consultation with staff on a Return to Work Policy and related guidance. We opened our head office at Thistle House in phases from September 2021. The policy was reviewed at three weekly intervals and a decision made whether to move to the next phase. The phases were based on priority categories relating to both our people's needs and the work they do, and to help manage capacity safely within the office. We continued to follow the Scottish Government guidance and put the policy on hold during periods of reviewed health restrictions.

A Health and Safety induction for all staff was introduced in recognition that staff would be returning to the office after such a long period away.

To ensure equality is embedded into projects such as this, we are upskilling our staff, prioritising our Facilities and Human Resources teams, on equality matters relevant to their areas of expertise. The majority of managers have now

completed an equality impact assessment workshop and the rest of the plan will be delivered by the end of December 2022.

Review of our people policies


This project is a significant part of our action plan with the Equality and Human Rights Commission. We are undertaking a programme of review of our people policies. We identified two streams of work: (1) policies which require fresh policy development work; and (2) policies which are fit for purpose which will be scheduled for further review and development.

To identify which policies would be allocated to each workstream, we first contracted with external consultants to consider all the policies. Following completion of this stage of the work, the policies and Equality Impact Assessments have been going through our internal review process. So far, three policies (recruitment and selection, pay and pay supplements, and managing absence) have been identified as the priority for Stream 1 policy development. In addition, any new policies will be allocated to Stream 1.

Where there are no policy changes, but minor changes to wording are needed or no change at all, the remaining policies are identified as Stream 2 (policies fit for purpose) and will be allocated a date for future full review. All policies are also being reviewed by a professional editor for accessibility, non-bias and inclusivity.

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

OBJECTIVE 3 	
Project	Progress
Gathering and use of applicant equality data	On track
Development of future grant funding policy	Deferred to 2022-23
Surveys and feedback work with solicitors and clients	Delivered
Incorporation of UNCRC considerations into legal aid	Deferred to 2022-23
Developing a workforce plan	Deferred to 2022-23

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 our 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.

Gathering and use of applicant equality data

This work is aimed at improving our equalities data monitoring collection within our legal aid online system so that equality evidence informs and improves our monitoring of the impact of the legal aid process.

This project had two tranches - the development of an applicant module in the Legal Aid Online system and engagement with the legal profession on the

importance of data collection with accompanying guidance for applicants and solicitors. We are on track to launch the applicant module in September 2022. The new module screens are live in the test environment where a user group of 25 firms have been invited to provide feedback on the usability of the new screens. We will also be posting videos that will be available to all users.

As solicitors play a key role in gathering equalities data from applicants, we have developed a communication strategy encouraging completion of the equalities data and supporting solicitors to do so. This has included articulating the reasons for collecting the data, how we use it in impact assessments, service design and policy development and the potential benefits to solicitors, their businesses and clients through improvement to their own service delivery. We have also directly engaged with solicitors on the potential barriers to collecting data and spoken to those who have successfully collected data so we can capture and share good practice.

Development of a future grant funding policy

This work was aimed at assisting the Scottish Government in setting a future direction for funding for advice services through their grant funding programme.

This project has not progressed as initially expected due to pressures on resources, both internally and within Scottish Government. All current grant funded projects have now been extended for 12 months under a ministerial determination and all renewed project governance and monitoring arrangements are in place.

The work on a grant funding strategy will therefore roll over to our 2022-23 business plan.

Surveys and feedback work with solicitors and clients

We ran four client surveys in 2021-22. The PDSO and private practice client surveys have been [published on our website](#). Comparisons with the previous surveys of these groups suggest that both PDSO and private practice clients have a largely positive experience of their solicitor, SLAB (for the few that have direct contact) and the system overall. The pandemic does not seem to have made a significant difference to this group, in respect of issues raised through the survey.

The CLAO client and contact survey, and the survey of civil legal aid applicants, were successfully completed in 2021-2022 and are both in the report drafting stage for full reporting later in 2022.

The civil legal aid client survey suggests that people found it somewhat harder to find a solicitor during the pandemic. However, satisfaction with the services provided by SLAB and their solicitor remained high. CLAO clients and contacts were generally positive about all aspects of their service from CLAO, although satisfaction levels are often somewhat less than for the previous survey in 2018. Differences are likely due to the pandemic, including the fact that more complex cases have been prioritised.

We also carried out a staff survey and this is being readied for publication to staff. There are notable improvements in feedback compared to the last survey.

Incorporation of United Nations Convention on the Rights of the Child considerations into legal aid

This work could not be progressed 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 intends that the Bill will be reconsidered by the Scottish Parliament by the end of 2022, but it remains unclear when it will receive Royal Assent and implementation can begin.

The Scottish Government's programme of implementation runs over a three-year period. Although the position on the legislation remains subject to further parliamentary procedure, some guidance for public bodies is now being produced and we will consider that as well as continue to network with other bodies about how they are considering the issues. This work will be carried over to our 2022-23 business plan.

Development of a workforce plan

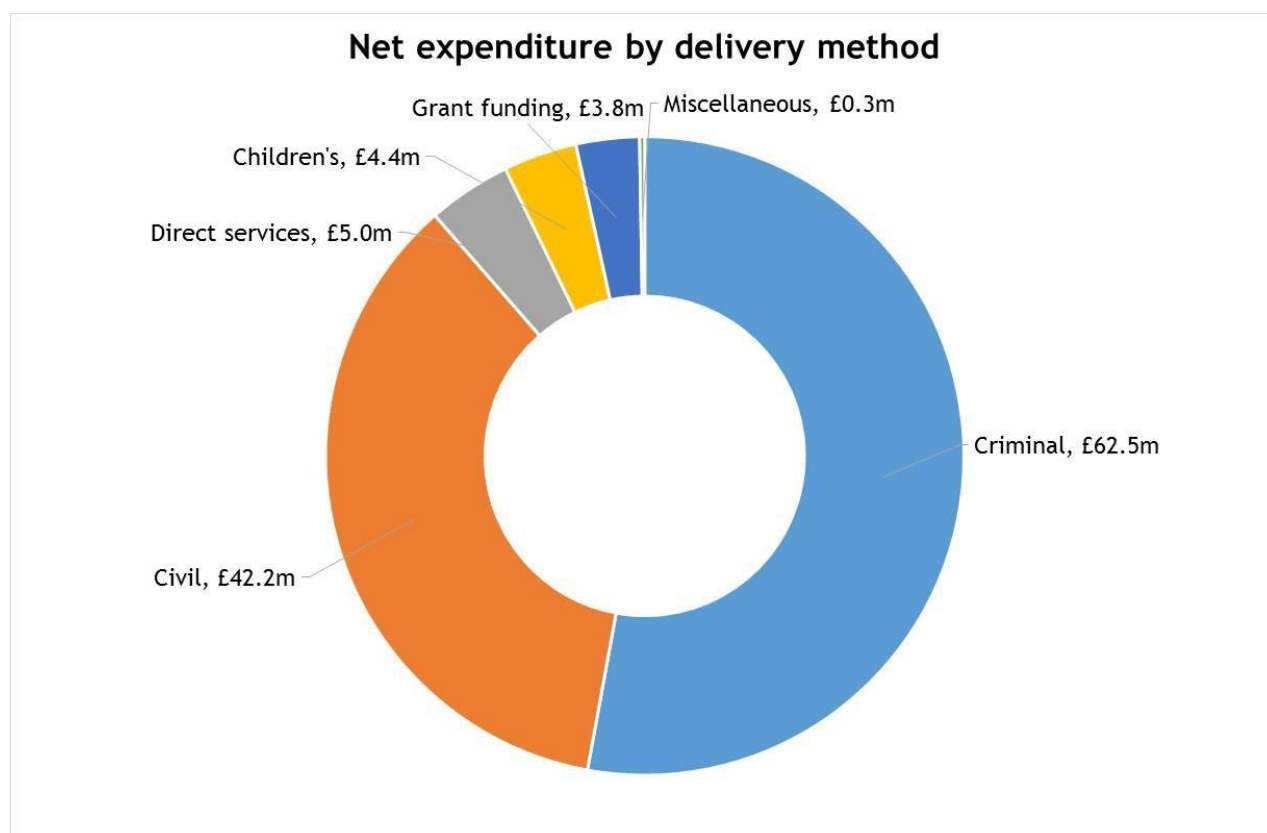
We were not able to progress this work as more resource than expected was required to work on the review of our people policies. This work will be carried over to our 2022-23 business plan.

Our financial performance

What legal aid funded in 2021-22

The graphics below detail 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 accruals basis.

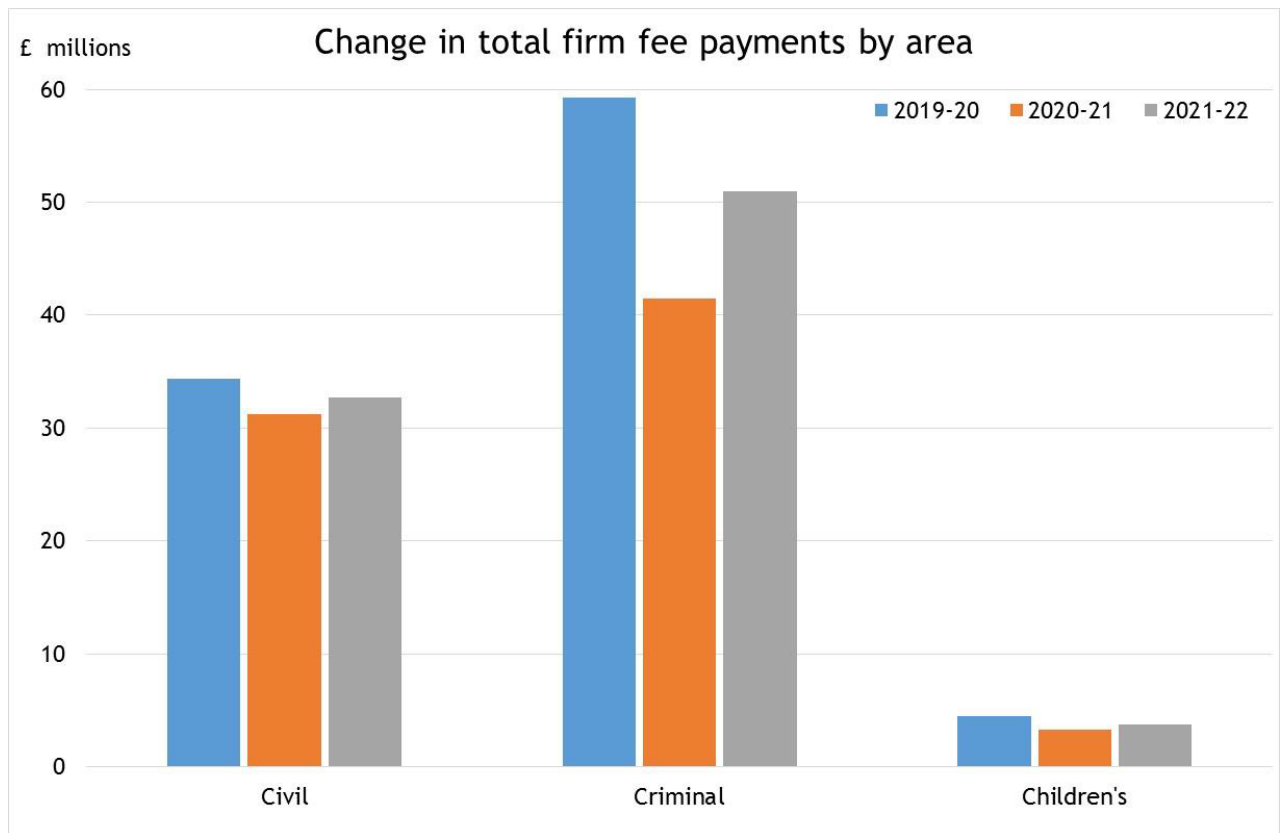
The total cost of legal assistance between April 2021 and March 2022 was £118.2 million. This was a 19% increase on the previous year. The partial recovery in expenditure has been driven primarily by increasing levels of activity in criminal legal assistance, the cost of which has increased by 29% to £62.5 million.



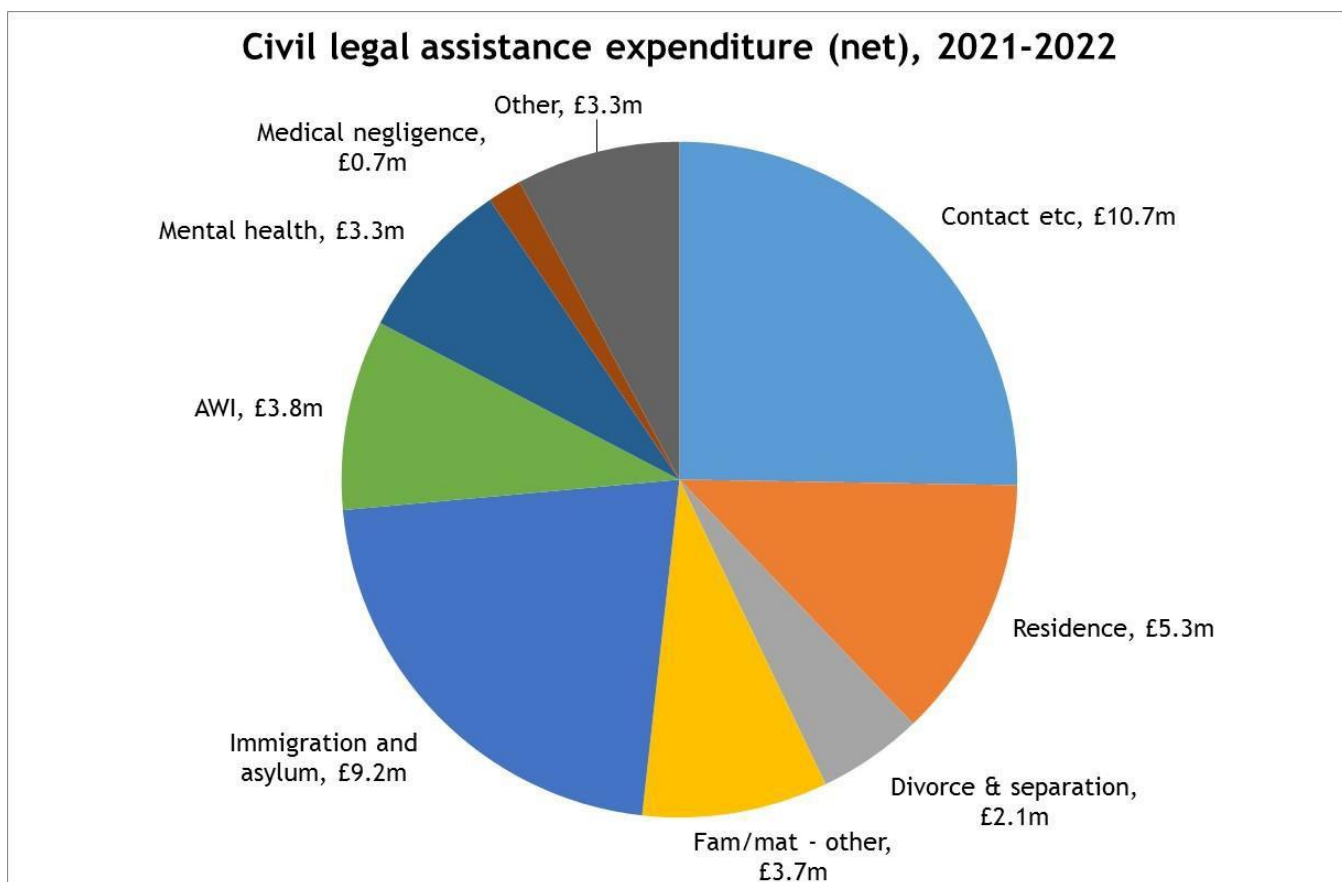
Although there remains a huge challenge ahead for the justice system in clearing the backlog of court cases caused by the Covid-19 pandemic, signs of recovery can be seen in the levels of payments made to solicitors.

For example, on criminal legal assistance, payments to solicitors and solicitor-advocates have increased by 23%. However, it should be recognised that payments to solicitors and solicitor-advocates across all aid types was still 89% of the amount paid in the pre pandemic year 2019-20.

Payments made to firms

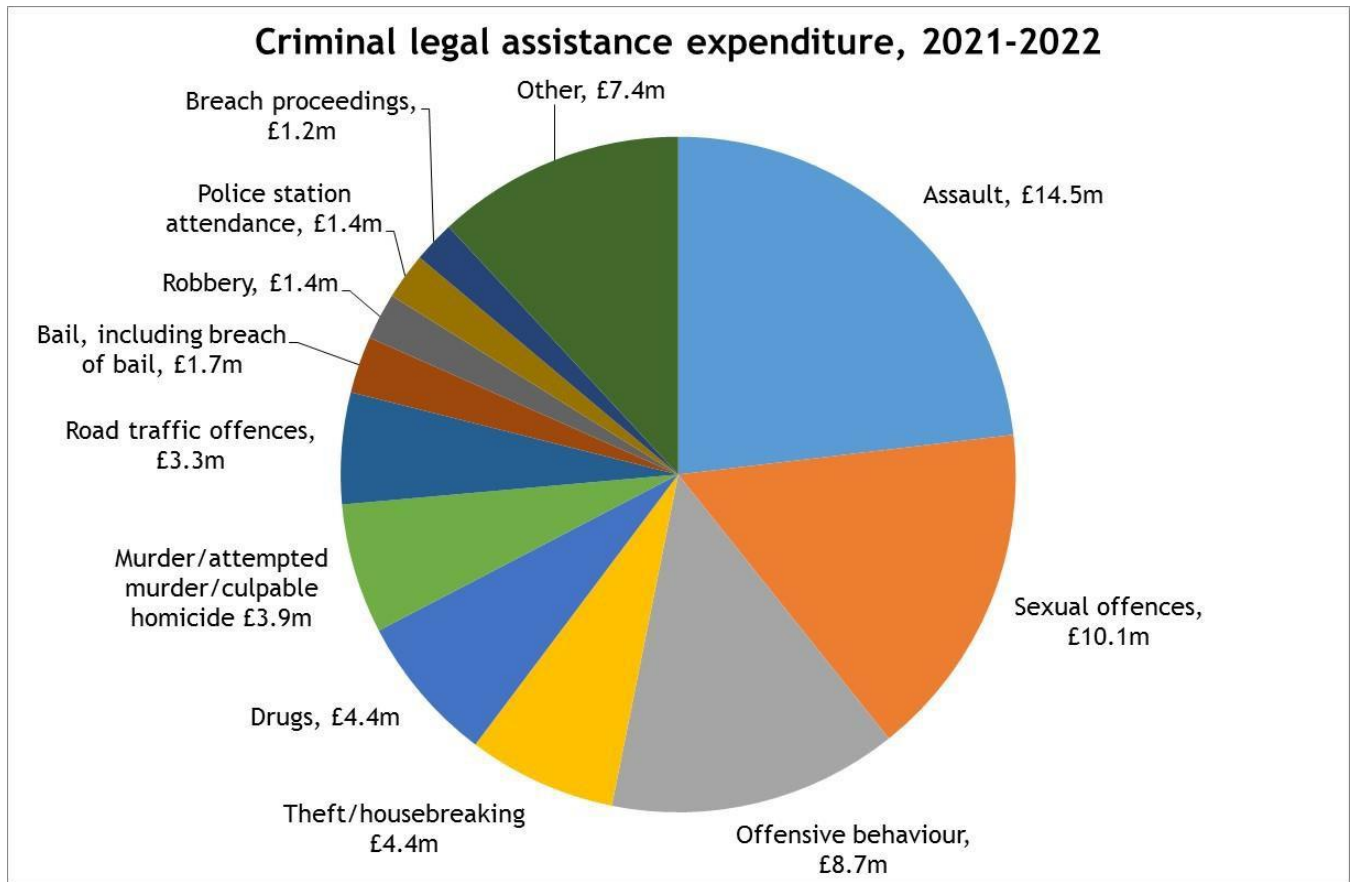


Civil Judicare



There was an 8% increase in net civil legal assistance expenditure on the previous year. Civil legal assistance continues to be dominated by family disputes which accounted for 56% of net expenditure. There were significant increases in net expenditure on contact cases (21%) and residence cases (25%). In non-family cases, those involving adults with incapacity saw a 26% increase in net expenditure.

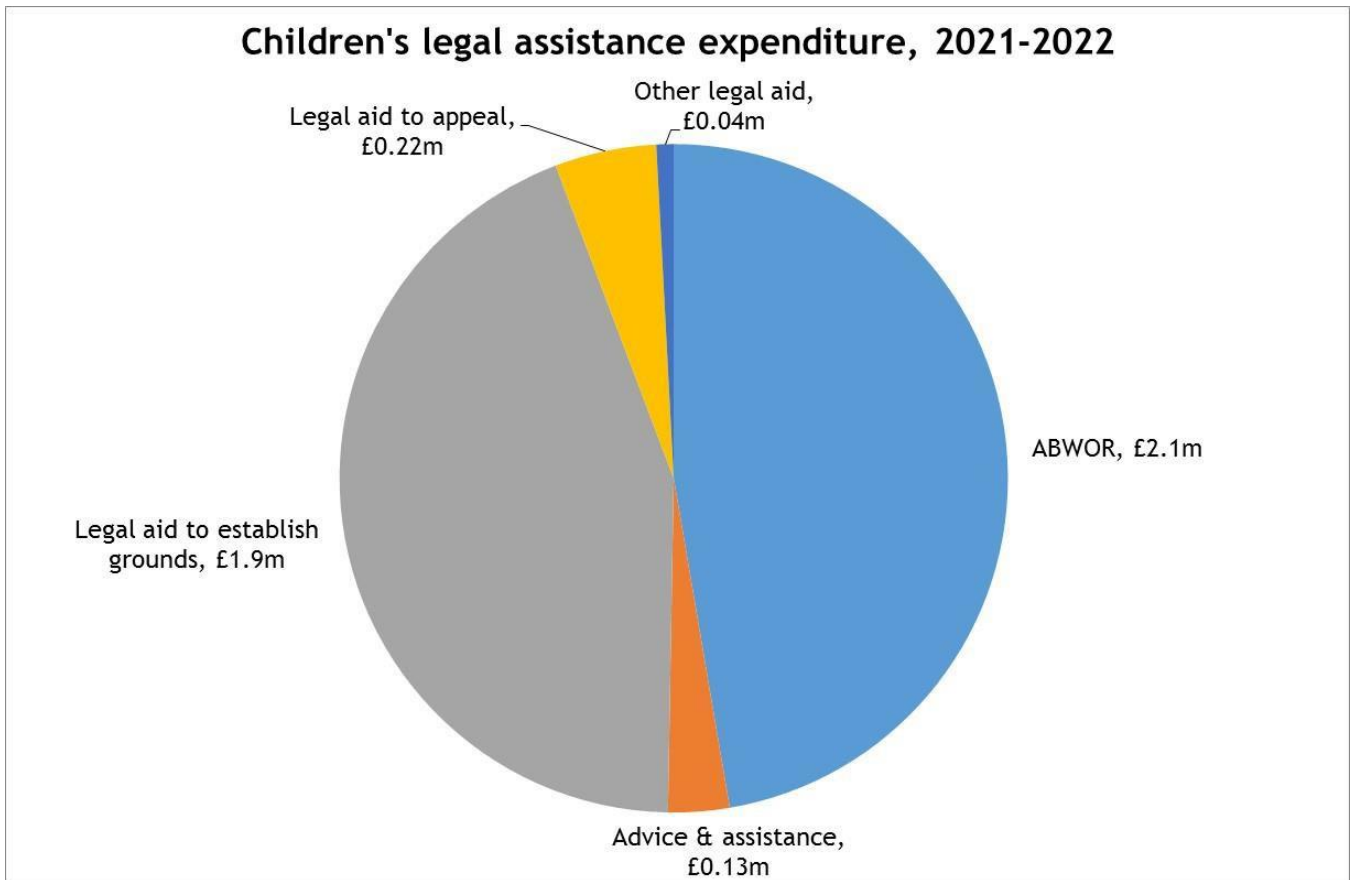
Criminal Judicare



There was a 29% increase in judicare expenditure on criminal legal assistance compared to the previous year. Expenditure on solemn criminal legal aid rose 49% to £29 million and expenditure on summary criminal legal aid rose 30% to £21 million.

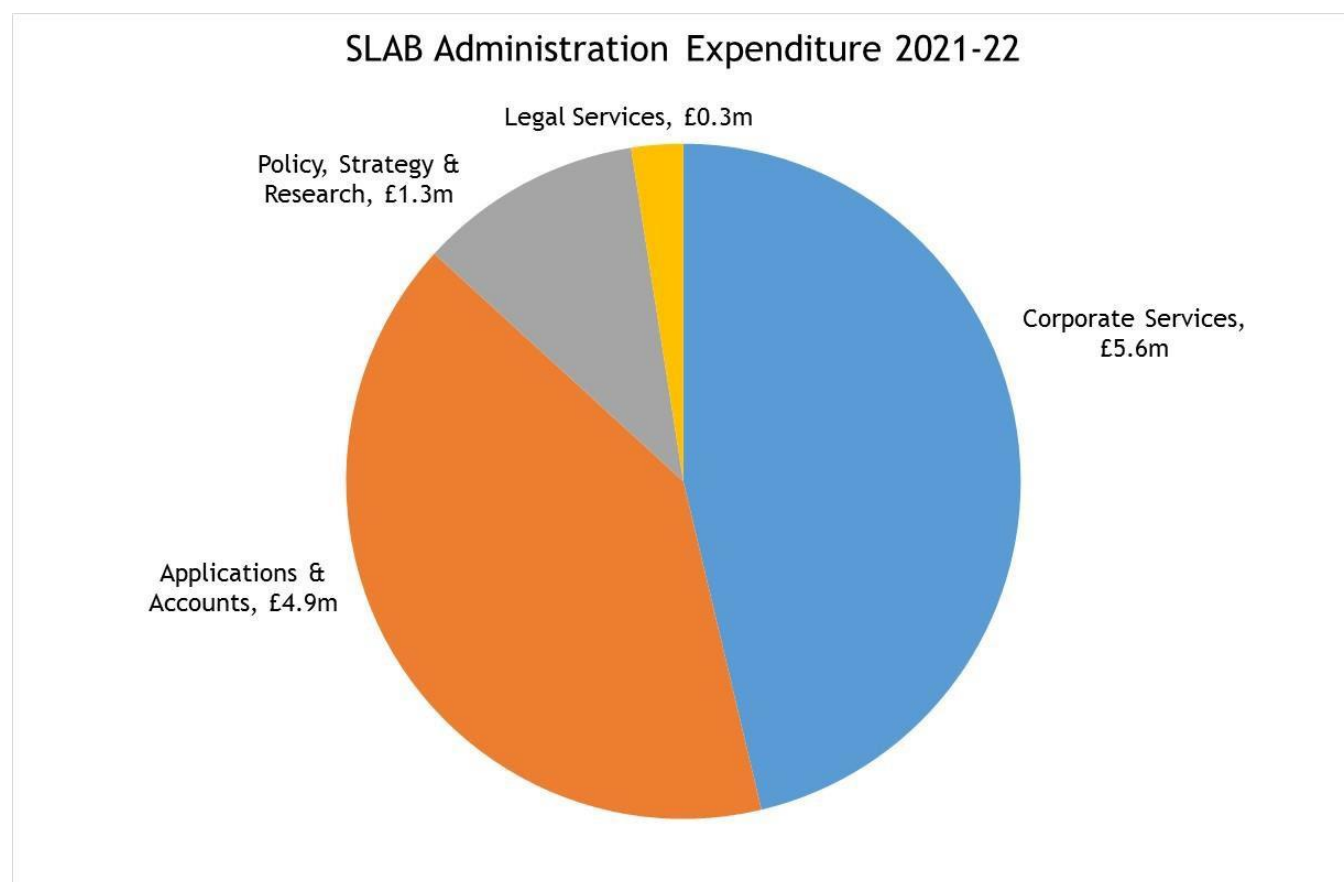
Assault and sexual offences cases accounted for nearly 40% of all expenditure. These cases also saw the most significant increases in expenditure on the previous year (35% and 55% respectively).

Children's Judicare



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.

How we spent our Administration budget in 2021-22



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 £13.9m, compared to £12.9m in 2020-21, as shown in the statement of cash flows on page 115 on the lines "Net cash outflow from operating activities" and "Net cash outflow from investing activities". Cash spent on the organisation's administration costs was broken down as follows:

Cash Spend	2021-22 £000	2020-21 £000
Staff costs	11,210	10,856
Running costs	2,572	1,817
Capital	80	244
Total administration spend	13,862	12,917

We continue to see 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 increased from 2020-21 due to the application of Scottish Government pay policy and the fulfilment of several vacancies which we had difficulty recruiting in 2020-21 (due to the effect of the pandemic). Running costs have increased as we were given the opportunity to purchase four years of Oracle licences, locking in 2021-22 prices.

A significant amount of administrative expenditure 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 SLAB's administrative budget had been fairly static for over 10 years and cost pressures, including inflation and the application of Scottish Government 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, SLAB's administrative budget was increased by £500k for 2021-22.

For 2022-23 we will receive another increase of £380k towards our staffing costs to assist with another year of Scottish Government pay policy and also increases to National Insurance costs for employers. In addition to this Scottish Government have included a large proportion of the funding required for our pensions cost in the published budget at the start of the year (£1,020k). Pension costs are always borne by Scottish Government however they are not normally in our published budget, rather transferred part way through the year at either autumn or spring budget review time. This change to when the funds are applied does not change SLAB's position. It does however reduce the pressure on Scottish Government to find these funds later in the year.

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 113 shows net operating costs, including pension costs, of £17.8m (2020-21: £17.3m).

Administration outturn v Scottish Government budget

SLAB 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 SLAB by the Scottish Government.

SoCNE (page 113)	Outturn	Budget	Variance
	£000	£000	£000
Staff and administrative costs (net of income)	11,274	12,880	1,606
Depreciation, amortisation plus loss on disposal	471	550	79
Pension scheme service and finance costs	6,029	6,500	471
Net operating costs	17,774	19,930	2,156

The staff and administrative costs variance is largely due to the Scottish Government's budget figure including £1.5m for cash payments we make in respect of the SLAB pension scheme (£1.8m benefits paid less £0.3m retained contributions). Under accounting rules, these 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 115.

For depreciation, the outturn is broadly in line with our own internal forecasts and last year's outturn albeit at a lower amount 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.

As mentioned previously Scottish Government funding for 2022-23 will contain an additional £380k for staff costs. This will relieve budgetary pressures and ensure we can afford Scottish Government pay policy increases however we will continue to look at efficiencies to reduce pressures in future years.

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.



Civil Applications

Four of the five KPIs saw more demanding benchmarks set for 2021-22. Performance remained high with all 12 months showing performance meeting or exceeding the five benchmarks.

KPI	Measure	2020-21		2021-22	
		Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
	Adults with incapacity				
1	Average Duration	23 days	12	17 days	12
2	Percent Granted	96%	12	Unchanged	12
	Other subject matters				
3	Average Duration	70 days	12	68 days	12
4	Percent Granted	63%	12	70%	12
5	Further Work	18%	12	14%	12

Criminal Applications

All three solemn criminal legal aid KPIs (6,7,8) remained unchanged as we were faced with a continuing elevated level of solemn work to deal with. Performance remained high with 11 of the 12 months showing performance meeting or exceeding all of the three benchmarks. In March 2022 performance for one of the indicators - % Further Work - did not. This was due to the ending of the pandemic restrictions and an increase in information for outstanding applications being received from solicitors.

Solemn Applications		2020-21		2021-22	
KPI	Measure	Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
6	Average Duration	5.1 days	12	Unchanged	12
7	Percent Granted	85%	12	Unchanged	12
8	Further Work	9%	12	Unchanged	11

In summary criminal legal aid, all three KPIs saw benchmarks that were more challenging than the previous year. Performance was high, especially in the first half of the year, with all 12 months showing performance meeting or exceeding all of the benchmarks.

Summary Applications		2020-21		2021-22	
KPI	Measure	Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
9	Average Duration	10 days	12	9 days	12
10	Percent Granted	78%	9	79%	12
11	Further Work	16%	11	15%	12

Children's Applications

Two of the three KPIs saw more demanding benchmarks set for 2021-22. Performance remained high with all 12 months showing performance meeting or exceeding all of the three benchmarks.

		2020-21		2021-22	
KPI	Measure	Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
12	Average Duration	8.0	12	7.5	12
13	Percent Granted	80%	12	81%	12
14	Further Work	10%	12	Unchanged	12

Civil Accounts

The three durations KPIs (1,2,3) and the paid in full KPI (4) were set more demanding benchmarks for 2021/22. The first two duration indicators - for A&A/ABWOR and legal aid¹ - met the new benchmarks in the first five months. However, in the second half of the year staff turnover led to an increase in assessment durations meaning that the tougher benchmarks were not met.

KPI	Measure	2020-21		2021-22	
		Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
1	Duration Civil A&A & ABWOR	22.1	12	19.0	5
2	Duration Civil legal aid	24.2	12	23.0	5
3	Duration Negotiations	50.6	12	42.0	12
4	Paid in full	63.2%	12	67.5%	12
5	Further work	14.1%	8	Unchanged	12

Criminal Accounts

Three KPIs were set more challenging benchmarks in 2021-22. Performance was high with seven of the nine KPIs meeting or exceeding their benchmarks for all 12 months.

KPI	Measure	2020-21		2021-22	
		Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
6	Duration Criminal A&A	9.6	12	9.0	12
7	Duration Criminal ABWOR Auto	6.4	12	6.2	12
8	Duration Criminal ABWOR Non auto	12.3	9	Unchanged	12
9	Duration Criminal Auto	6.4	12	Unchanged	12
10	Duration Criminal Non auto	12.7	11	Unchanged	12
11	Duration Solemn	18.1	12	Unchanged	11
12	Duration Negotiations	39.9	10	32.5	10
13	Paid in full	93.0%	9	Unchanged	12
14	Further work	4.5%	9	Unchanged	12

¹ Both of initial assessments

Children's Accounts

Four out of five were set more challenging benchmarks in 2021-22. Performance was high with four of the five KPIs meeting or exceeding their benchmarks for all 12 months.

KPI	Measure	2020-21		2021-22	
		Benchmark	Months benchmark met or exceeded	Benchmark	Months benchmark met or exceeded
15	Duration Children's A&A & ABWOR	23.0	12	17.0	12
16	Duration Children's legal aid	23.0	12	20.0	12
17	Duration Negotiations	31.4	8	29.0	9
18	Paid in full	35.3%	12	41%	12
19	Further work	35%	11	Unchanged	12

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.

Risks and issues concerning our strategic delivery and external factors

Events in the external environment have dominated our management of risks and issues this year.

Our current Corporate Plan sets out our objectives over the period 2020-23. This is primarily focused on the improvement of our internal operations. However, our ability to deliver the corporate plan is impacted by what is happening in the external environment, for example shifts in demand for legal aid or actions taken by others. In order to fulfil our statutory role to advise the Scottish Government and to facilitate access to legal assistance through our Client Legal Services, we adjusted the focus of our resources during the year to respond to external pressures.

Advising the Scottish Government

In 2021-22, the Scottish Government had ongoing discussions with the legal profession on legal aid remuneration and the profession's concerns about the sustainability of the sector generally. This led to action being taken by solicitors in withdrawing from delivering elements of legal assistance. The Scottish Government has responsibility for legal aid policy and decisions about legal aid fee levels. We assisted the Scottish Government to mitigate their risks by providing advice to the Government, providing evidence from our data to inform the dialogue and participation in the Expert Payment Panel. Our GALA project is also aimed at improving the operation of the current legal aid system, providing a smoother experience for solicitors and reducing the risk of solicitor disaffection with it.

Covid-19 Recovery

Collaboration with other bodies is crucial to us delivering our services. Although our collaboration with other justice bodies is constructive and generally effective, we still need to manage the risk that decisions taken and approaches adopted by other organisations within the justice system have an adverse impact on us or those that require legal aid services. This has been more acute over the last two years due to the pace and extent of change within the justice system as it responded to and sought to recover from the disruption caused by Covid-19, while at the same time pursuing reforms aimed at improving the operation of the system and the experience of those it affects.

During the year we assessed the potential impacts of piloting a new approach to summary criminal court procedure, and sought to ensure that the legal aid system could support changes in procedure and avoid the risk of delays or lack of legal aid provision. We mitigated the risks through our strategic and operational collaboration with justice bodies through the Justice Board, Criminal Justice Board, joint working groups on the Recover, Renew, Transform programme and operational intelligence sharing through the justice systems planning group.

IT Infrastructure

We are reliant on IT infrastructure to deliver our services and we need to manage the risk of our systems failing. The biggest risk to this is a cyber-attack. We have a range of building maintenance testing, cyber security testing and business continuity plan testing in place. We also achieved Cyber Essential Plus accreditation in April 2022. This effectively means we have met Scottish Government standards in mitigating the risk of cyber-attacks, the disruption to our operations they could cause and associated data losses. However, this is a constantly evolving threat and so a degree of risk will never be eliminated.

Covid-19 - Health and Safety

Although 2021-22 saw a general easing of Covid-19 restrictions, there remained a significant risk of the pandemic to our staff. This affected the continued provision of frontline services by our client legal services and required our staff to adapt to a different way of working. We managed this risk through our Designing a New Working Environment project. We carried out specific Covid-19 risk assessments and produced guidance for staff attending our offices or other premises in their roles e.g. courts, police stations. For staff working at home, we completed home working risk assessments and also implemented a programme of wellbeing assessments and guidance.

Risks and issues concerning our internal operations

We also faced a number of risks concerning our internal operations.

EHRC action plan

We reported last year that in June 2021 we had entered into an agreement with the Equality and Human Rights Commission under Section 23 of the Equality Act 2006. This involves SLAB delivering a jointly agreed action plan until late 2023. It is now a key objective for us to deliver against that action plan. We are mitigating any risk to delivery through oversight by an internal working group and reporting to our Executive Team and the Board. We submitted our second progress report to the EHRC in July 2022 - this showed delivery was on track.

Executive Team changes

We have experienced a significant amount of change this year in our Executive Team membership after two members retired and a third left the organisation to take up a judicial appointment. We had to manage the risk to our operations of Director vacancies impacting on the delivery of our objectives or the quality of our service. We managed this by formulating an effective recruitment campaign and temporarily reallocating senior management responsibilities, ensuring that there were clear lines of delegated authority while we recruited to fill the vacant posts.

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 of 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 a number 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.

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:

Executive Team	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.
Board and Committee members	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.
Business plan	Equalities work streams are a key factor in the delivery of our current business plan.
Equalities Project Group	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

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.

We have [published](#) the following equality impact assessments in the reporting period:

- Equality data gathering to support service delivery, decision making and strategic development
- System letters review
- Interests of Justice test for summary criminal proceedings
- Covid-19 operational changes
- Section 31 procedure

- Office move Inverness: Civil Legal Assistance Office and Public Defence Solicitors Office
- Shower refurbishment: Thistle House
- Return to Workplace Policy (Covid-19)
- Accounts Assessment
- Special Leave Policy
- Lifts replacement: Thistle House
- Information Systems Digital Standards
- Network and Desktop policy.

We have trained 47 out of 86 line managers on 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 EqlAs. The majority of this group has completed the EqlA workshop. Managers in our corporate services directorate were a key group prioritised due to their role in our Covid-19 recovery as detailed in our [Equality Outcomes Plan 2021-23](#) (work stream 9).

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.

Advising the Scottish Government

We have previously raised items with Scottish Government as reported in previous equality reports. We continue to keep a watching brief on those items and have no new items for this report.

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 SLAB increase the participation of equality groups. Our larger surveys include the proportionate collection of equality data.

Commissioned surveys of applicants for civil legal aid, applicants for criminal legal assistance, PDSO clients and both contacts and clients of CLAO were undertaken in 2021-22. Published research is available on our [website](#). We are currently developing further stakeholder research for commission in 2022-23. SLAB's biennial internal staff survey was also undertaken in 2021-22.

Payment of Suppliers

SLAB's payment policy for suppliers in respect of its administrative expenditure is to agree payment terms when placing orders for goods and services. SLAB's 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 subject to satisfactory performance by the supplier. SLAB 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 94% in 2021-22 (2020-21: 94%). Performance for paying these invoices within 30 days was 98% in 2021-22 (2020-21: 97%).

Environmental impact and sustainability

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 targets 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.

This CM Plan sets out our ambitions for SLAB 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 form 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 is that SLAB will have reduced its carbon emissions by 10% on a baseline of 2015. This equates to a figure of 42.6 tonnes CO₂e in 2015. The sixth year of our Carbon Management Plan concluded in March 2021. During this period we reduced our carbon footprint by 51.6% on the baseline year with a carbon footprint of 205.67 tonnes CO₂e, and we are therefore currently achieving our target. The majority of these savings came from reductions in our energy consumption, gas and electricity. As this period covered the Covid-19 pandemic 97.5% of our staff were homebased. A new emission source was introduced to cover this and accounted for 68.74 tonnes CO₂e of our overall emissions.

The Scottish Legal Aid Board is committed to applying the principles of responsible environmental management in all aspects of its business operations. Specifically, it is our policy to:

- 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



Colin Lancaster

Chief Executive and Accountable Officer

03 October 2022

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 39, 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 113 shows net liabilities of £139.7m (2020-21: £123.6m). 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 2022-23, 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 SLAB a 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 90 shows net liabilities of £87.7m (2020-21 £75.4m). 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 2022-23, 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 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 SLAB a 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.



The accountability report

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Directors' report

Board members

Name	Start date	Period of appointment to
Tim McKay	01-Apr-16	31-Mar-23
Ray Macfarlane (Chair)	01-Apr-10	31-Mar-24
Lesley Ward	01-Apr-16	31-Mar-24
Marieke Dwarshuis	01-Apr-16	31-Mar-23
Sarah O'Neill	01-Apr-16	31-Mar-24
David Sheldon KC	24-Jul-17	30-Sep-24
Stephen Humphreys	01-Apr-18	31-Mar-26
Raymond McMenemy	01-Apr-18	31-Mar-26
Brian Baverstock	01-Apr-18	31-Mar-26
Sheriff John Morris KC	01-Apr-18	31-Mar-26
Gerry Bann	01-Apr-21	31-Mar-25
Brigid Whoriskey	01-Apr-21	31-Mar-25

- Gerry Bann and Brigid Whoriskey were appointed as new members of the Board from 1 April 2021 to 31 March 2025
- Ray Macfarlane, Chair and Lesley Ward were reappointed from 1 April 2022 until 31 March 2024
- Sheriff John Morris KC, Brian Baverstock, Stephen Humphreys and Raymond McMenemy were reappointed from 1 April 2022 until 31 March 2026.

Register of Board members' interests

SLAB keeps a register of Board members' interests, which is on our website at www.slab.org.uk/corporate-information/our-people/board-members.

The Legal Aid (Scotland) Act 1986 requires the Board to include members of both the Law Society and the Faculty of Advocates. Details of related party transactions, including those with Board members are disclosed in notes 22 and 43.

Membership of Committees

During 2021-22, 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 2021-22 the Executive Team comprised:

Colin Lancaster	Chief Executive and Accountable Officer
Marie-Louise Fox	Director of Operations
Graeme Hill	Director of Corporate Services and Accounts
Anne Dickson	Director of Strategic Development (until October 2021)

Matthew Auchincloss	Director of PDSO (until October 2021)
Ian Dickson	Principal Legal Adviser
Paul Haran	Acting Director of PDSO (from December 2021)

Employee Sickness Absence

Total employee sickness absence for 2021-22 was 8.5 days per whole time equivalent (WTE) compared to 5.6 in 2020-21. The increase in absence overall is most likely due to the impact of Covid-19 preventative measures coming to an end with more opportunity for commonly spread illnesses to impact on staff. We have not yet reached pre-Covid levels (10.0 days).

During the pandemic, our employees have been able to enter authorised paid leave for the following Covid-19 reasons to help support health and wellbeing:

- Dependant care
- Self- isolation unable to work
- Shielding unable to work
- Covid-19 sickness
- Unable to work from home / no work
- Covid-19 Vaccination
- Covid-19 PCR testing
- Covid-19 Post vaccination sickness.

3.1 days per WTE were lost due to all of these Covid-19 reasons for the year (5.4 in 2020-21), the majority (60%) due to being unable to work from home (81% last year) followed by Covid-19 sickness 32%. The remaining 8% is split in small quantities across all other categories.

As might be expected, the majority of paid leave on the basis of being unable to work from home has related to roles dependent on access to workplaces - such as mailroom and facilities and our service based in Glasgow Sheriff Court, all of whom have now returned to the workplace.

We noticed an increase in Covid-19 sickness in the latter half of the year presumably due to the increased transmissibility of the Delta and Omicron variants.

We continue to take a proactive holistic approach to managing absence and supporting our employees' health and wellbeing, particularly during the challenges of the Covid-19 pandemic.

We have regular Wellbeing posts on a variety of topics and encourage staff to make more use of our employee assistance and occupational health support services. We have promoted awareness across our workforce particularly about: mental health, having supportive wellbeing conversations, stress and work-life balance, but also financial and physical wellbeing.

Results from a recent staff survey showed staff felt well informed and supported in terms of their wellbeing with 96% saying they knew where to raise concerns in relation to wellbeing.

Personal data related incidents

These are detailed in the Governance Statement.

Data security lapses

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

Audit

Audit Scotland carried out the audit of the organisation's accounts for the financial year ended 31 March 2022, covering both the Scottish Legal Aid Fund and the Scottish Legal Aid Board accounts. The agreed fee for this service was £46,080 (2020-21 £45,220), 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 accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the 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.

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 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 continued to operate its meetings remotely during 2021-22 whilst overseeing the organisation's approach to a suitable hybrid working model in the future. Meetings of the Board will take place using a hybrid model during 2022-23.

Two new Board Members, Brigid Whoriskey and Gerry Bann, were appointed from April 2021.

[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 are governed through its [Standing Orders](#) which the Board approves, and which are regularly reviewed.

Along with agendas and minutes of meetings, we publish on our website [a range of papers](#) considered at meetings of the Board. We also publish minutes of the Legal Assistance Policy Committee.

The SLAB Chief Executive and Directors attend Board meetings.

Board diversity and succession planning

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

Our current gender breakdown is 36% female and 64% male based on a survey of our Board members (92% response rate).

Our most recent recruitment round was in October 2020 where we had vacancies for a legal and non-legal member. We worked with Scottish Government to try and reach a diverse pool of potential applicants. In addition to our now established practice to advertise our Board positions with organisations that included those who could help us reach equality groups, our existing board members promoted the vacancies through the recording of their own experiences on our Board. While our actions influence the demographic of those who apply for Board member positions, the final appointment is a decision made by Scottish Ministers.

www.gov.scot/publications/gender-representation-public-boards-scotland-act-2018-statutory-guidance-2

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.

The Audit Committee 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 2021-22

Meeting	Board	Audit Committee	Policy Committee	Cases Committee	R&A Committee
Number of meetings	6	4	7	11	2

Meetings attended	Board	Audit Committee	Policy Committee	Cases Committee	R&A Committee
Ray Macfarlane	6	3	5	9	2
Tim McKay	6	4			
Brian Baverstock	6	4			2
Brigid Whoriskey	6	4		11	
Marieke Dwarshuis	5	4	6		
Sheriff John Morris KC	6			11	
Raymond McMenamin	5		7		
Stephen Humphreys	6		6		2
Sarah O’Neill	5		7		
Lesley Ward	5			11	
David Sheldon KC	6			9	
Gerry Bann	5		6		

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.

During 2021-22, Graeme Hill served as Director of Corporate Services and Accounts, Anne Dickson as Director of Strategic Development (to October 2021) and Matthew Auchincloss as Director of Public Defence Solicitors' Office (to September 2021). Marie-Louise Fox also served as Director of Operations throughout 2021-22, prior to taking up her new role as Director of Strategic Development in May 2022.

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.

In 2021-22 we launched a new policy review toolkit for our staff. This aims to help us clarify, review and develop policy in a structured way. We developed the toolkit to complement the Equality Impact Assessment process. The toolkit gives staff guidance on how to set key criteria for SLAB policies, ensuring they have clear policy objectives, a link between the policy objectives and the policy, how equalities impacts have been considered and how the impact of the policy will be monitored.

We also carried out a review of the governance arrangements surrounding our Executive Team business. This resulted in improvements being made to the way in which reports were made to the Team about key business developments. The reports now have a more specific focus on key elements of internal control and performance. 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 2021-22 can be found below.

Monitoring of our strategy and priorities

Our strategic objectives and key activity to deliver them are set 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 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 2021-22.

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.

Financial forecasting for Legal Aid Fund expenditure has continued to be a challenge in 2021-22 driven by the continued disruption to court business caused by Covid-19, which has led to significant backlogs in criminal business and changes in patterns of demand for civil help.

As a result, the whole system continues to remain very much out of equilibrium, and this is something that SLAB along with other justice agencies continues to assess and build into its financial modelling.

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 is driven by our 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 me as the Accountable Officer for internal audit matters and also 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 due in 2023.

Key internal audit work during 2021-22 included elements of our corporate governance framework. Audits included a review of our approach to best value, our controls on counter-fraud, our handling of requests for information under the Freedom of Information (Scotland) Act, our information governance arrangements generally and our governance of project management.

Best Value

The principles of best value are firmly 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 2021-22 which found our 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.

Risks are aligned to our strategic objectives and a fully refreshed set of corporate risks linked to our corporate plan was agreed by the Board in March 2021 along with a revised set of risk appetite statements. 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 Chief Executive and our Director of Corporate Services and Accounts).

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:

- Compliance with a range of our statutory duties;
- How the actions 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;
- Delivery of benefits from our highest priority projects;
- Prevention of fraud on the Legal Aid Fund;
- Our IT infrastructure.

Further detail about the risks that we managed during 2021-22 can be found in the Performance Report.

Information Governance and the General Data Protection Regulation

We have a Data Protection Officer 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 signed off by the SIRO.

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, a few minor data breaches did occur during 2021-22. 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 in the course of our business.

We reported three data breaches to the ICO during 2021-22. These all involved human error in the sending of electronic information to the wrong recipient. 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.

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. In 2020-21 we carried out a review of our anti-fraud, bribery and corruption policy and our whistleblowing policy.

Fraud risk was an active consideration through 2021-22 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.

Due to Covid-19, no criminal compliance audits were able to be carried out in 2020-21. As restrictions eased in 2021-22 and some firms' staff returned from furlough, from July 2021 we carried out some remote audits at our Thistle House office by collecting and returning material to firms' offices. More recently we have been able to undertake audits on-site returning to a pre-Covid structure of work.

Although activity is returning to normal, there have been significant challenges in organising audits with last minute cancellations due to Covid, and access to offices and availability of files being difficult at times. Audits are also taking longer as there are more applications and accounts to review. Audits are generally taking two days as opposed to one pre-Covid. However, we are confident that this will normalise in the period ahead as we get back to a routine cycle.

Our applicant investigation function carried out full investigations into the information provided by 620 legal aid applicants. Of the 574 cases that have concluded, 181 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.

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 and 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 me 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.

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 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 2022 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 63.

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	30-Jun-1997	01-Apr-2007	-	12 weeks
Marie-Louise Fox	01-Dec-2008	01-Oct-2012	-	12 weeks
Graeme Hill	01-Dec-2010	27-Nov-2012	15-Apr-2022	12 weeks
Anne Dickson	16-Apr-2012	01-Dec-2015	17-Oct-2021	12 weeks
Ian Dickson	04-Feb-2002	01-Feb-2013	-	12 weeks
Matthew Auchincloss	01-Nov-2003	01-Apr-2018	03-Oct-2021	12 weeks
Paul Haran	01-May-2003	01-Dec-2021	-	12 weeks
Linda Ross	25-Apr-2022	25-Apr-2022	-	12 weeks
Adam Ford	03-May-2022	03-May-2022	-	12 weeks

[*Roles of](#) directors can be found here

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, where appropriate, are made under the organisation's redundancy policy 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 £800 (with any pay progression capped at 1.5%) from 1 April 2021.

In 2021-22 all other members of the Executive Team’s salaries were uplifted, in accordance with Scottish Government’s pay policy, capped at £800, 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. 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 2021-22 (2020-21: 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 2021-22 and 2020-21 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.

	Salary 2021-22 £000	Salary 2020-21 £000	Pension benefits accrued 2021-22 £000	Pension benefits accrued 2020-21 £000	Single total remuneration 2021-22 £000	Single total remuneration 2020-21 £000
C Lancaster, Chief Executive,	120-125	115-120	14	46	130-135	160-165
M Fox, Director of Operations	90-95	90-95	10	43	100-105	135-140
G Hill, Director of Corporate Services and Accounts	90-95	90-95	18	30	110-115	120-125
¹ A Dickson, Director of Strategic Development	50-55	85-90	-	34	50-55	120-125
I Dickson, Principal Legal Advisor	90-95	90-95	8	30	100-105	120-125
² M Auchincloss, Director of PDSO	45-50	90-95	-	-	45-50	90-95
³ P Haran, Acting Director of PDSO	85-90	-	-	-	-	-

1. A Dickson retired in October 2021
2. M Auchincloss left SLAB October 2021 and was never a member of the pension scheme
3. P Haran was promoted to acting senior appointment in December 2021, due to the appointment being temporary, there is no CETV information for this post. Comparative salary information is not provided as the previous post did not qualify for publication.

Pension Benefits **

	Real increase in pension and related lump sum £000	Accrued pension at 31 March 2022 and related lump sum £000	Cash equivalent transfer value at 31 March 2022 £000	Cash equivalent transfer value at 31 March 2021 £000	Real increase in cash equivalent transfer value £000
C Lancaster, Chief Executive					
Pension	0.0-2.5	30-35			
Related lump sum	2.5-5.0	100-105			
Transfer value			665	614	40
M Fox, Director of Operations					
Pension	0.0-2.5	20-25			
Related lump sum	0.0-2.5	65-70			
Transfer value			400	368	26
G Hill, Director of Corporate Services and Accounts					
Pension	0.0-2.5	15-20			
Related lump sum	N/A	N/A			
Transfer value			308	272	33
I Dickson, Principal Legal Advisor					
Pension	0.0-2.5	25-30			
Related lump sum	0.0-2.5	75-80			
Transfer value			631	598	20

The pension benefits table above provides a breakdown of pension benefits for members of the Executive Team in 2021-22 and 2020-21 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 2022.

P Haran was an acting senior appointment from December 2021 to March 2022, A Dickson retired in the year and M Auchincloss was not enrolled in the scheme, as such there are no entries for these directors in relation to pension benefits or transfer values.

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:

	2021-22	2020-21
Band of highest paid director's remuneration (Chief Executive)	£120-125k	£115-120k
Remuneration at 25 th percentile	£24,850	£23,280
Median remuneration	£30,930	£29,940
Remuneration at 75 th percentile	£40,340	£39,540
25 th percentile ratio	4.9	5.1
Median ratio	4.0	3.9
75 th percentile ratio	3.0	3.0

The banded remuneration of the highest paid officer at SLAB in the financial year 2021-22 was £120-125k (2020-21: £115-120k). This was 4.0 times (2020-21: 3.9) the median remuneration of the workforce, which was £30,930 (2020-21: £29,940).

Figures are also shown for the 25th and 75th percentiles of the organisations workforce for the last 2 years. The figures show how SLAB have targeted those on lower incomes with pay policy.

The banded remuneration of the lowest paid employee at SLAB in the financial year 2021-22 was £20-25k (2020-21: £15-20k).

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 2021-22 was as follows:

Name	2021-22 £000	2020-21 £000
Ray Macfarlane (Chairman)	35-40	30-35
Tim McKay	10-15	5-10
Lesley Ward	10-15	5-10
Marieke Dwarshuis	10-15	5-10
Sarah O'Neill	10-15	5-10
David Sheldon KC	10-15	5-10
Brian Baverstock	10-15	5-10
Stephen Humphreys	10-15	5-10
Raymond McMenamin	10-15	5-10
Sheriff John Morris KC	10-15	5-10
Brigid Whoriskey	10-15	-
Gerry Bann	10-15	-
Rani Dhir MBE (until March 2021)	-	5-10

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 (2 days a week) for a fixed term, the current chairman's appointment began on 1st 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	
	2021-22 Average WTE	2020-21 Average WTE	2021-22 Average WTE	2020-21 Average WTE
Permanent staff	87	88	239	231
Other staff	2	2	3	5
	<u>89</u>	<u>90</u>	<u>242</u>	<u>236</u>
	£000	£000	£000	£000
Staff costs	<u>6,449</u>	<u>5,394</u>	<u>13,773</u>	<u>13,248</u>

Further detail can be found in notes 8, 9, 10, 11 and 30 to the accounts.

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 2021 to 31 March 2022 is published separately.

Employees can directly provide and update their information via 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 via an agency does not form part of our recruitment data.

As at 31 March 2022, 87% of our workforce have provided their equality information. This is a significant increase in disclosure from 76% in 2020-21 and 79% in 2019-20. However, our 'prefer not to say' percentages remain similar to those reported as at March 2021 (generally between 5-15%) apart from disability where 'prefer not to say' has reduced from 15-20% to 10-15%.

What our employee data tells us

The demographic of our workforce remains very similar to that reported as at March 2021. This 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 2021-22, 100% of maternity leavers returned to work. Of these, 20% requested a variation to their contractual hours on return to work and all were approved on a permanent basis.

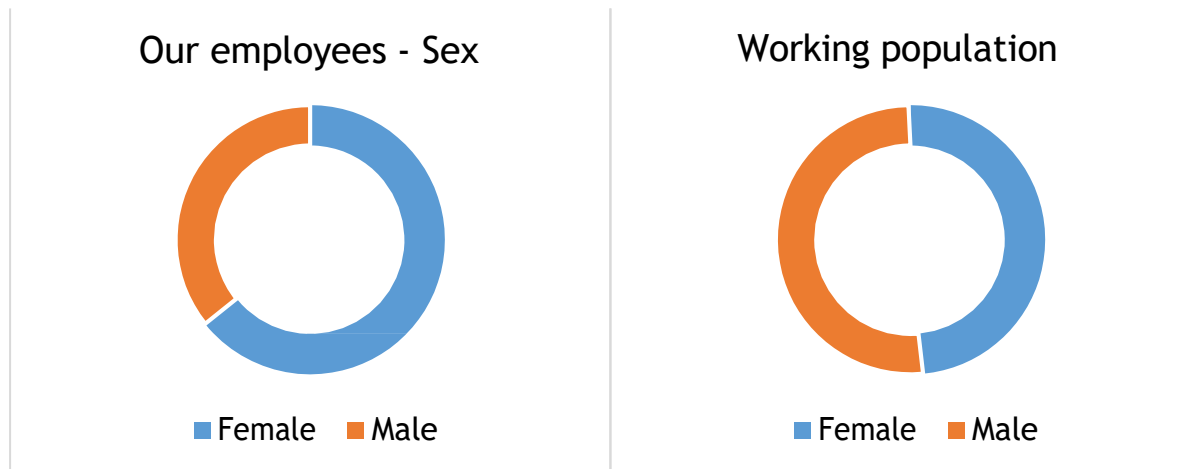
In 2021-22, 70% of employees on long term disability related absence leave returned to work and 30% remained absent in the reporting period. Note that these figures include employees who did not declare a disability, but who were supported in the context of requiring a reasonable adjustment.

Workforce distribution by protected characteristics

The following information provides a top-line breakdown of our 2021-22 employee data compared to the general Scottish population and working population of people in Scotland as published in the Scottish Survey Core Questions 2019².

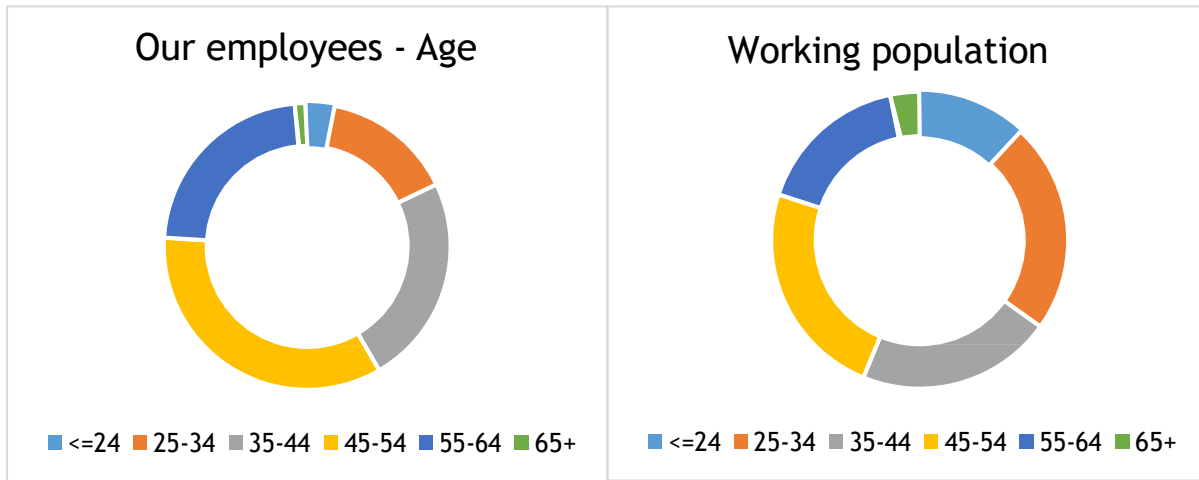
Note: we monitor data in relation to gender reassignment but do not publish it due to the risk of disclosure and identifying individuals. We continue to engage with staff about their lived experience and impact of our policies.

Sex: We have a 60-65% female and 35-40% 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.



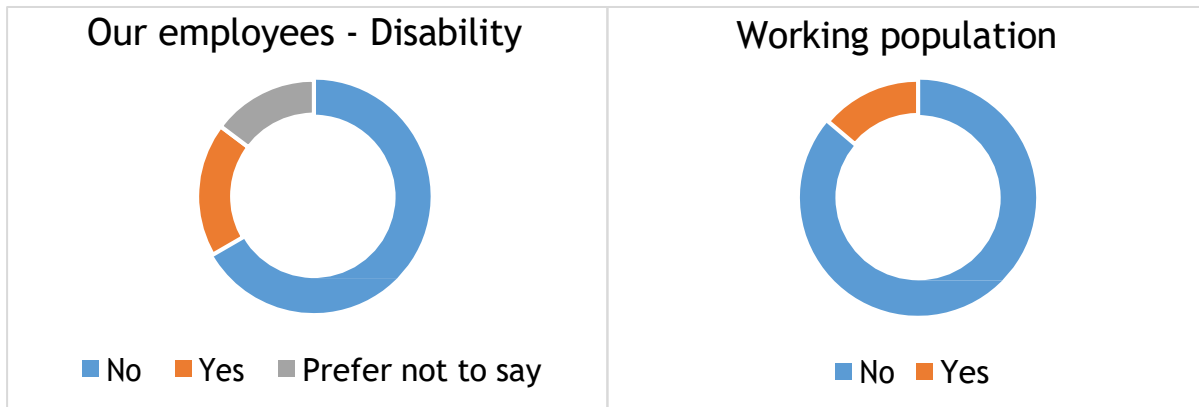
Age: The mean employee age continues to be 46 years. Our employees are clustered around the middle age ranges with fewer employees aged ≤24 years and 65+ years (both <5%). Around a third of our employees are aged 45-54 years (30-35%). Proportionally, our age demographic is similar to the 2019 Scottish population in employment. The main difference is across the lower age ranges where we have <5% aged ≤24 years and 10-15% aged 25-34 years compared to the 2019 Scottish population in employment which is 11.9% aged ≤24 years and 23% aged 25-34 years.

² www.gov.scot/publications/scottish-surveys-core-questions-2019/documents

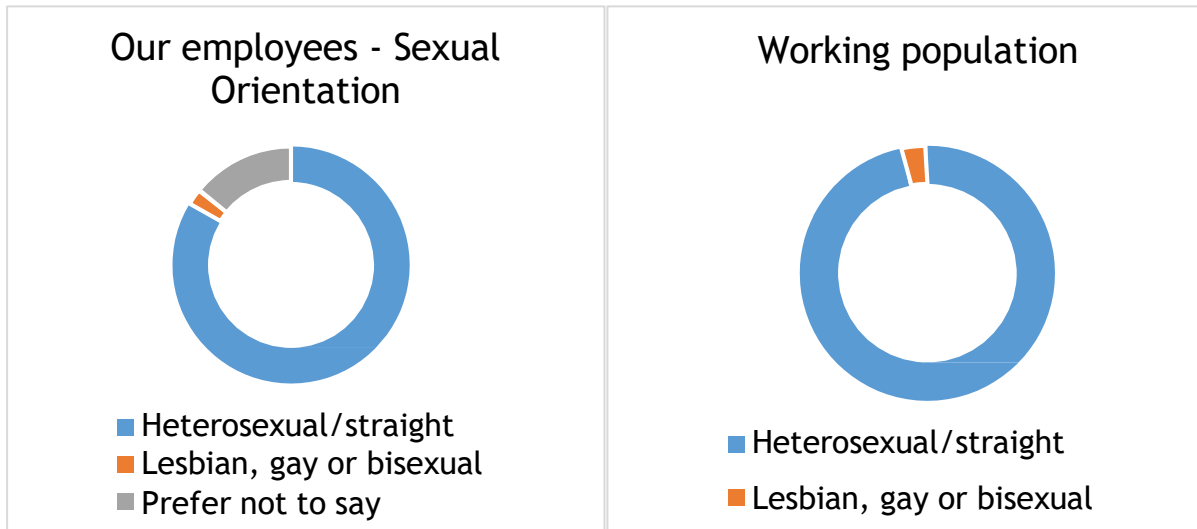


The data for the remaining protected characteristics below represents the 87% of our 312 employees who, at 31st March 2022, had completed their equality record. Non-complete records are excluded from the calculations, but we do include ‘prefer to say’ responses.

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 employment figure of 13.8 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. This has not changed since our October 2018 equality report. Representation in SLAB appears comparable to the 2019 Scottish population (2.9%) and people who are in employment (3.2%). However 10-15% continue to answer ‘prefer not to say’.

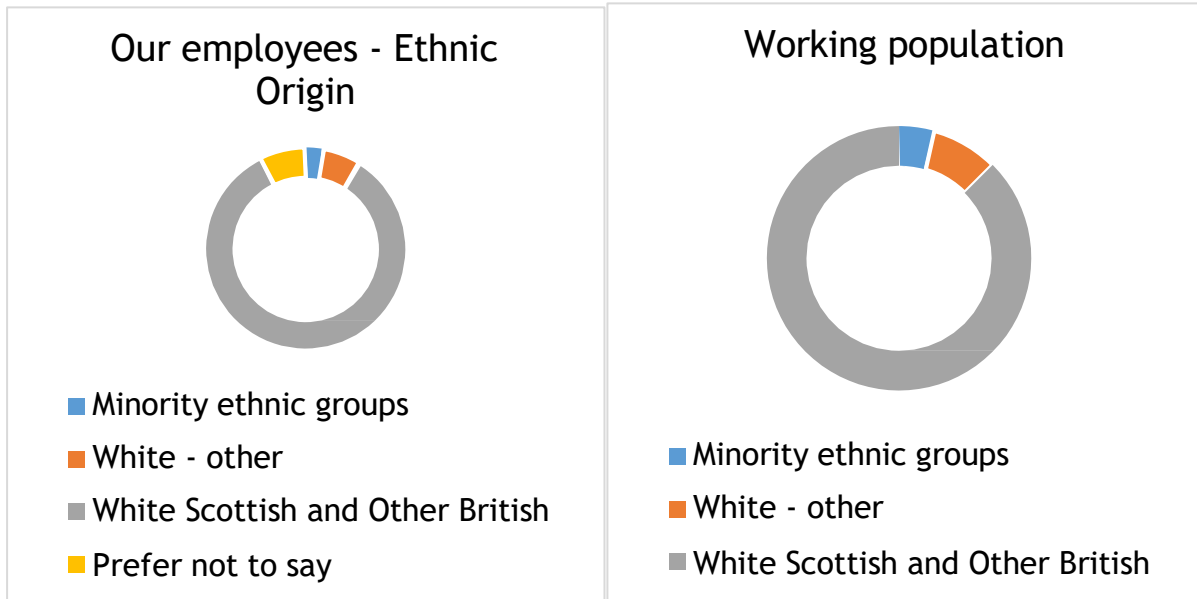


Ethnic Origin³: Our data tells us that our employee ethnic origin demographic is:

- 80-85% White Scottish and other British
- 5-10% White other
- <5% minority ethnic groups
- 5-10% selected prefer not to say

Our employee demographic is broadly comparable to the 2019 Scottish population. Our representation of people from a white ‘other’ group is similar to that reported in the 2019 Scottish population (6.8%) and for those in employment (8.2%).

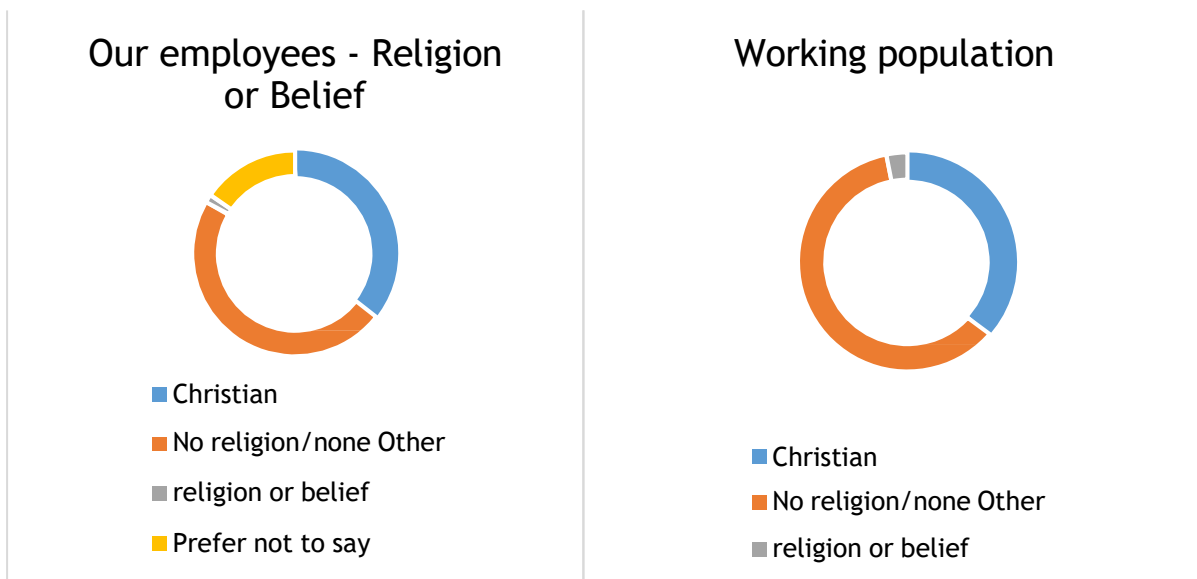
³ For the purposes of the analysis presented here, 'White other' includes 'Irish', 'Polish', 'Gypsy/Traveller', 'Roma', 'Showman/Showwoman' and 'other white ethnic groups'. 'Minority ethnic groups' includes 'Mixed or multiple ethnic groups', 'Asian, Scottish Asian or British Asian', 'African, Scottish African or British African', 'Caribbean or Black', 'Arab, Scottish Arab or British Arab' or any other ethnic groups. Reference has been made to the 'Data collection and publication - ethnic group: guidance' - www.gov.scot/publications/data-collection-publication-guidance-ethnic-group/pages/5



Religion or Belief: The number of employees identifying as Christian (35-40%) is lower than that reported for the 2019 Scottish population (42.5%) but comparable to those in employment (36.4%).

The percentage of SLAB employees declaring no religion (45-50%) is lower than the 2019 Scottish population (53.7%) and significantly lower than those in employment (60%).

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 15-20% which represents a gap in our knowledge.

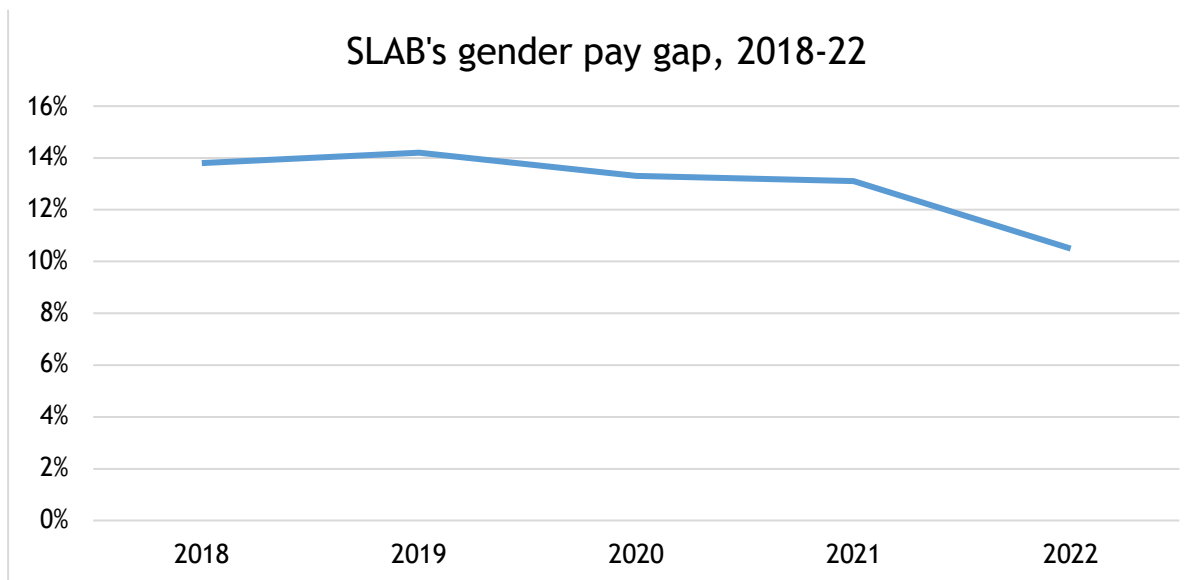


Gender pay gap

The gender pay gap is the percentage difference between male employees’ average hourly pay and female employees’ average hourly pay (both excluding overtime).

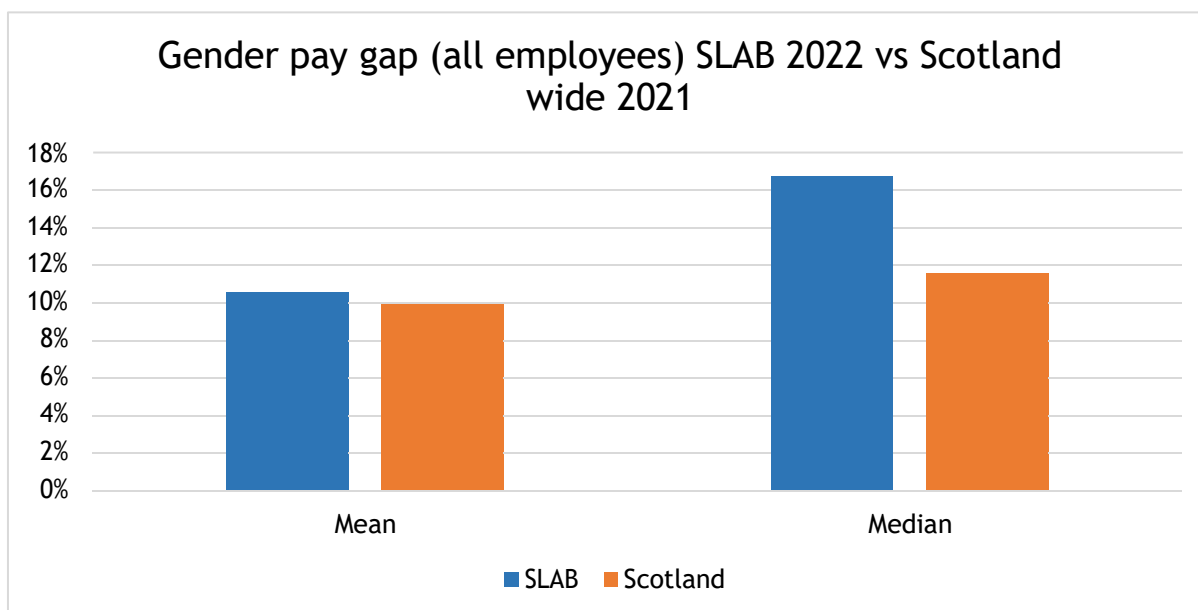
One of the aims of SLAB’s pay policy is to ensure pay is fair and non-discriminatory. We conduct an annual equal pay audit and apply our pay policy consistently and transparently.

In March 2022, SLAB’s mean gender pay gap for all staff (i.e. full time and part time) was 10.5%. Our mean gender pay gap continues to decrease from 13.1% reported in March 2021, 13.3% reported in March 2020, 14.2% reported in March 2019 and 13.8% reported in March 2018. Our median gender pay gap at March 2022 is 16.7% and is our first decrease in this figure since March 2018 when it was 18.3%.



The March 2022 gender pay gap statistics published by Close the Gap⁴ state that the 2021 mean gender pay gap for all employees in Scotland was 10.1% and the median pay gap in Scotland was 11.5%. The chart below shows that our mean pay gap is now comparable to the 2021 Scotland wide figure and our median pay gap remains higher.

⁴ www.closethegap.org.uk/content/resources/Gender-pay-gap-statistics-paper-2022.pdf



**The table below shows our female/male breakdown at 31 March 2022:

	Female Headcount	Male Headcount
Executive team	1	4
Senior Managers*	3	3
Other Employees	221	116
Total	225	123

*Senior managers' salaries are the equivalent of senior civil service level. In 2021-22 four senior managers were paid within the band £65-70k, one in £60-65k and one in £55-60k (2020-21: six senior managers were paid within the band £60-65k, and one in £55-60k).

How we use our employee equality data

We are using our equality data as part of the following projects⁵ committed to in equality outcomes plan 2021-23 and equality outcomes progress and mainstreaming report 2020. Most of this work is focused on a programme of people related policy review. The work we have done and are still to do includes:

Completed	Planned for 2022-23
Initial review of our people policies using our employee data to understand where there are equality impacts.	Prioritise a review of a subset of our people related policies including our recruitment policy and procedures.
Reviewed our people policies to be produced in a standardised format.	Use the Scottish Government’s minority ethnic recruitment toolkit to help review our recruitment policy and procedures.
Reviewed and implemented a revised Special Leave Policy.	Use the equality impact assessments to set out the range of indicators we need to monitor the impact of our policies including our pay gap figures.

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 is included in our corporate induction programmes for both employees and managers. The programme includes an 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 an unconscious bias e-learning from Skill Boosters.

All employees also attend a group discussion with our Corporate Policy Officer (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

⁵ As committed to in our Equality Outcomes Plan 2021-23 and our Equality outcomes progress and mainstreaming report October 2020.

- Mountains for All (a Scottish Government developed video on equality impact assessments).

Directors and Managers are responsible for building equalities learning and development into their departmental or individual employee needs. Examples of equality and diversity related events that have taken place since April 2021 to March 2022 include:

- HR have attended webinars on fertility awareness and on supporting employees throughout the Menopause
- One department attended a Neurodiversity Inclusion Awareness Workshop
- All managers were invited to attend a refresher webinar which was delivered by HeadTorch and focused on confidence in having supportive conversations.

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 Men's Health, Menopause, Eating Disorders and Cancer Awareness. In addition to this, we regularly share wellbeing webinars which are hosted by our employee assistance provider, First Psychology. We are continuing to engage with our wellbeing planning tool and conversation template. These support a structured discussion around health and wellbeing between our employees and their line manager, ensuring time and space is being made to focus on wellbeing and to agree when and what support is needed.

Employee sickness absence

Employee sickness absence is detailed on [page 53](#).

Scottish Living Wage

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

Exit packages **

There were no exit packages during the year.

Employee communication

News items are posted to our intranet on a daily basis, 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 news and intranet posts. This can be used to inform managers and staff during team briefing sessions.

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 & Safety at Work

SLAB have a Health and Safety Committee, Chaired by the Director of Corporate Services and Accounts, which meets quarterly and is comprised of members of staff from every area of the business 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.

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. Part one of our 2021-22 pay policy was implemented without delay in May 2021 with the final part being agreed by Scottish Government and implemented in February 2022. Pay policy details for 2022-23 were announced by Scottish Government in December 2021, discussions with the Trade Union have commenced and 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 2021-22 is shown below and has also been published on the SLAB website at www.slab.org.uk:

Headcount	50 to 1,500
Number of TU representatives	4
FTE number of TU representatives	4
Number of TU representatives that spent 0% working hours on facility	1

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	£13,507,577*
Total cost of facility time	£1,430
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 71 are on the accruals basis

Parliamentary accountability

The Scottish Legal Aid Board (“SLAB”) presents its accounts for the financial year ended 31 March 2022.

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 2021-22. 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 21 and 40. There are no contingent liabilities to disclose.

The Scottish Legal Aid Fund accounts show income of £8.9m 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 32 to the accounts. This is mainly derived from subletting space in our Thistle House head office to a number of different tenants.

A handwritten signature in blue ink, appearing to read 'Colin Lancaster'.

Colin Lancaster

Chief Executive and Accountable Officer

03 October 2022

Independent auditor's report

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Scottish Legal Aid Board for the year ended 31 March 2022 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 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Legal Aid (Scotland) Act 1986 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2022 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 2021/22 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

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 12 February 2021. The period of total uninterrupted appointment is two years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-

audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I 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 I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I 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

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my 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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to

detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing 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 my procedures are capable of detecting 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.

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. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my 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 my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am 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 part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has 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 part of the Remuneration and Staff Report.

My 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 my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I 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.

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

In my 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 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 I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my 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 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Esther Scoburgh

Esther Scoburgh CPFA
Senior Audit Manager
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

03 October 2022

Fund Financial Statements

In this section of the report we set out:

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Scottish Legal Aid Fund

Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

	Notes	2021-22 £000	2020-21 £000
Civil legal assistance			
Civil legal aid	3	28,613	30,818
Civil advice & assistance and advice by way of representation	3	19,499	21,644
Civil Legal Assistance Office	3	2,311	1,942
Grant funding	3	3,792	3,156
Gross civil legal assistance expenditure		<u>54,215</u>	57,560
Less operating income	4	(8,925)	(7,453)
Total net civil legal assistance expenditure		<u>45,290</u>	50,107
Criminal legal assistance			
Criminal legal aid	5	60,835	44,339
Criminal advice & assistance and advice by way of representation	5	10,779	11,359
Public Defence Solicitors' Office	5	3,761	3,052
Solicitor Contact Line & Glasgow Courts	5	1,631	1,195
Total criminal legal assistance expenditure		<u>77,006</u>	59,945
Children's legal assistance			
Children's legal aid	6	2,343	1,880
Children's advice & assistance	6	2,297	1,915
Total children's legal assistance expenditure		<u>4,640</u>	3,795
Other expenditure			
Contempt of court	7	161	38
Counsel Interest costs	2	100	-
Quality assurance costs	2	35	37
Advice Standards	2	108	101
Miscellaneous legal aid expenditure	2	29	28
Bad debt (including impairment charges)	12	1,658	178
Total other expenditure		<u>2,091</u>	382
Net operating costs before interest		<u>129,027</u>	114,229
Pension scheme finance costs	20	306	353
Net operating costs		<u>129,333</u>	114,582

Statement of Financial Position as at 31 March 2022

	Notes	2021-22 £000	2020-21 £000
Non-current assets			
Property, plant and equipment	13	68	52
Intangible assets	14	-	-
Trade and other receivables	15	6,674	8,923
Total non-current assets		6,742	8,975
Current assets			
Trade and other receivables	15	1,627	1,554
Cash and cash equivalents	16	4,757	2,701
Total current assets		6,384	4,255
Total assets		13,126	13,230
Current liabilities			
Trade and other payables	17	(1,951)	(2,228)
Provisions	19	(49,295)	(49,972)
Total current liabilities		(51,246)	(52,200)
Non-current assets less net current liabilities		(38,120)	(38,970)
Non-current liabilities			
Provisions	19	(19,346)	(11,965)
Pension scheme liability	20	(30,201)	(24,499)
Total non-current liabilities		(49,547)	(36,464)
Assets less liabilities		(87,667)	(75,434)
Taxpayers' equity			
General fund		(87,667)	(75,434)
Total taxpayers' equity		(87,667)	(75,434)

The Accountable Officer authorised these financial statements for issue on 3rd October 2022.



Colin Lancaster
Chief Executive and Accountable Officer

The notes on pages 94 to 111 form part of these accounts.

03 October 2022

Statement of Cash Flows for the year ended 31 March 2022

	Notes	2021-22 £000	2020-21 £000
Cash flows from operating activities			
Net operating cost before Scottish Government funding		(129,333)	(114,582)
Adjustments for non-cash items			
Depreciation on property, plant and equipment and amortisation of intangible assets	13 & 14	28	19
Loss on disposal of property, plant and equipment	13	6	-
Movements in working capital			
Decrease in trade and other receivables	15	2,175	440
(Decrease)/increase in trade and other payables	17	(278)	453
Movements in provisions			
(Decrease)/ Increase in provisions	19	6,705	12,451
Pension scheme service and finance costs	20	2,610	1,927
Payments in respect of pension scheme	20	(37)	(44)
Net cash outflow from operating activities		(118,124)	(99,336)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(49)	(31)
Net cash outflow from investing activities		(49)	(31)
Cash flows from financing activities			
Scottish Government funding and retained pension contributions		120,229	100,680
Net cash inflow from financing activities		120,229	100,680
Net decrease in cash and cash equivalents		2,056	1,313
Cash and cash equivalents as at 1 April	16	2,700	1,387
Cash and cash equivalents as at 31 March	16	4,756	2,700

Scottish Legal Aid Fund

Statement of Changes in Taxpayer's Equity for the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Balance at 1 April		(75,434)	(58,524)
Changes in taxpayers' equity			
Net cost of operations		(129,333)	(114,582)
Net movement on pension scheme	20	(3,129)	(3,008)
Total recognised income and expense		(132,462)	(117,590)
Funding from the Scottish Government		120,028	100,500
Retained pension contributions & transfers in		201	180
Total funding		120,229	100,680
Balance at 31 March		(87,667)	(75,434)

Notes to the Accounts for the year ended 31 March 2022

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 2021-22 *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

A number of new accounting standards and amendments made to existing standards come in to force in future accounting periods and have therefore not been applied for 2021-22. The new standards considered relevant to SLAB and the anticipated impact on the accounts are as follows:

IFRS 16 - Leases

This standard comes 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 become on balance sheet.

Impact of the new standard

We have assessed the impact IFRS16 would have had on the SoCNE and SoFP if it had been applied to our existing leases for the year ending 31st March 2022.

SoCNE impacts IFRS16	£k
Depreciation expected	110
Interest expense expected	10
IAS17 rental payments expected	(111)
Increased expenditure	9
SoFP impacts IFRS16	£k
Existing IAS17 operating leases - right of use asset	766
Right of use asset	766
Existing IAS17 operating lease - lease liability	(792)
Lease liability	(792)

Scottish Legal Aid Fund

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 19, 12 and 20 respectively to the accounts. Further information on sources of estimation and uncertainty can be found at note 25.

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

Scottish Legal Aid Fund

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 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.

1.11 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.

1.12 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.

1.13 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.

1.14 Short term employee benefits

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

1.15 Pension costs (Public Defence Solicitors' Office, Solicitor Contact Line, Glasgow Courts, Civil Legal Assistance Office staff)

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".

1.16 VAT

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

1.17 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 21).

1.18 Related party disclosures

Scottish Legal Aid Fund

Related party transactions are identified, considered and disclosed in line with the requirements of International Accounting Standard 24 “*Related party disclosures*” (note 22).

1.19 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 i.e. discharged, cancelled or expired.

1.20 Changes in estimation techniques

There have been no material changes in estimation techniques between 2020-21 and 2021-22.

Scottish Legal Aid Fund

2 Segmental Analysis

	Civil legal assistance £000	Criminal legal assistance £000	Children's legal assistance £000	Total £000
Legal aid				
Solicitors' fees	14,669	46,612	1,706	62,987
Advocates' fees	3,669	8,417	478	12,564
Solicitor advocates' fees	2	3,016	-	3,018
Outlays	10,089	2,790	159	13,038
Expenses paid to successful unassisted persons	184	-	-	184
	<u>28,613</u>	<u>60,835</u>	<u>2,343</u>	<u>91,791</u>
Advice & assistance and advice by way of representation				
Solicitors' charges	14,563	10,477	2,229	27,269
Outlays	4,936	302	68	5,306
	<u>19,499</u>	<u>10,779</u>	<u>2,297</u>	<u>32,575</u>
Civil Legal Assistance Office/Public Defence Solicitors' Office/Solicitor Contact Line				
Outlays	104	242	-	346
Salaries and wages	1,044	2,633	-	3,677
Social security costs	108	282	-	390
Pension scheme service costs	743	1,561	-	2,304
Accommodation	176	229	-	405
Audit fee	2	4	-	6
Rentals under operating leases	33	150	-	183
Depreciation, amortisation and loss on disposal	-	34	-	34
Other operating costs	101	257	-	358
	<u>2,311</u>	<u>5,392</u>	<u>-</u>	<u>7,703</u>
Grant funding	3,792	-	-	3,792
Total expenditure	<u>54,215</u>	<u>77,006</u>	<u>4,640</u>	<u>135,861</u>
Operating income	(8,925)	-	-	(8,925)
Net operating costs 2021-22	<u>45,290</u>	<u>77,006</u>	<u>4,640</u>	<u>126,936</u>
Net operating costs 2020-21	50,107	59,945	3,795	113,847

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

	£000
Segmental net operating costs	126,936
Contempt of court	161
Counsel Interest costs	100
Quality assurance costs	35
Advice Standards	108
Miscellaneous legal aid expenditure	29
Bad debt (including impairment charges)	1,658
Net operating costs before interest per statement of comprehensive net expenditure	<u>129,027</u>

3 Civil Legal Assistance Expenditure

	2021-22 £000	2020-21 £000
Civil legal aid		
Solicitors' fees	14,669	20,021
Advocates' fees	3,669	3,061
Solicitor advocates' fees	2	12
Outlays	10,089	7,626
	<u>28,429</u>	<u>30,720</u>
Expenses paid to successful unassisted persons	184	98
	<u>28,613</u>	<u>30,818</u>
Civil advice & assistance and advice by way of representation		
Solicitors' fees	14,563	16,826
Outlays	4,936	4,818
	<u>19,499</u>	<u>21,644</u>
Civil Legal Assistance Office		
Civil defence costs - outlays	104	34
Salaries and wages	1,044	897
Social security costs	108	87
Pension scheme service costs	743	723
Accommodation	176	89
Audit fee	2	2
Rentals under operating leases	33	48
Depreciation and amortisation	-	-
Other operating costs	101	62
	<u>2,311</u>	<u>1,942</u>
Grant funding	3,792	3,156
Gross civil legal assistance expenditure	<u>54,215</u>	<u>57,560</u>
Less operating income (see note 4)	<u>(8,925)</u>	<u>(7,453)</u>
Total net civil legal assistance expenditure	<u>45,290</u>	<u>50,107</u>

These figures include estimates of the value of work done for which payment is outstanding at 31 March 2022 (see note 19).

4 Civil Legal Assistance Income

	2021-22 £000	2020-21 £000
Contributions by assisted persons ¹	1,387	1,673
Expenses recovered ²	7,030	5,206
Amounts recovered out of property recovered or preserved by assisted persons ³	(63) ⁴	(22) ⁴
Amounts recovered from damages	571	596
Total operating income	<u>8,925</u>	<u>7,453</u>

¹Contributions 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.

Scottish Legal Aid Fund

²Expenses 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.

⁴Included 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 2021-22, including accrued interest, is £432k (2020-21: £450k).

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

5 Criminal Legal Assistance Expenditure

	2021-22 £000	2020-21 £000
Criminal legal aid		
Solicitors' fees	46,612	35,600
Advocates' fees	8,417	4,618
Solicitor advocates' fees	3,016	1,817
Outlays	2,790	2,304
	<u>60,835</u>	<u>44,339</u>
Criminal advice & assistance and advice by way of representation		
Solicitors' fees	10,477	11,050
Outlays	302	309
	<u>10,779</u>	<u>11,359</u>
Public Defence Solicitors' Office (PDSO)		
Criminal defence costs - outlays	222	150
Salaries and wages	1,703	1,625
Social security costs	191	182
Pension scheme service costs	1,030	648
Accommodation	223	127
Audit fee	3	3
Rentals under operating leases	150	121
Depreciation, amortisation and loss on disposal	34	19
Other operating costs	205	177
	<u>3,761</u>	<u>3,052</u>
Solicitor Contact Line & Glasgow Courts (SCL)		
Criminal defence costs - outlays	20	3
Salaries and wages	930	866
Social security costs	91	83
Pension scheme service costs	531	203
Accommodation	6	13
Audit fee	1	1
Other operating costs	52	26
	<u>1,631</u>	<u>1,195</u>
Total PDSO and SCL	<u>5,392</u>	<u>4,247</u>
Total criminal legal assistance expenditure	<u>77,006</u>	<u>59,945</u>

These figures include estimates of the value of work done for which payment is outstanding at 31 March 2022 (see note 19).

Scottish Legal Aid Fund

6 Legal Aid for Children

	2021-22 £000	2020-21 £000
Children's legal aid		
Solicitors' fees	1,706	1,501
Advocates' fees	478	236
Outlays	159	143
	<u>2,343</u>	<u>1,880</u>
Children's advice & assistance and ABWOR		
Solicitors' fees	2,229	1,819
Outlays	68	96
	<u>2,297</u>	<u>1,915</u>
Total children's legal assistance expenditure	<u>4,640</u>	<u>3,795</u>

These figures include estimates of the value of work done for which payment is outstanding at 31 March 2022 (see note 19).

7 Contempt of Court

	2021-22 £000	2020-21 £000
Solicitors' fees	144	30
Advocates' fees	6	2
Solicitor advocates' fees	3	4
Outlays	8	2
	<u>161</u>	<u>38</u>

These figures include estimates of the value of work done for which payment is outstanding at 31 March 2022

8 Public Defence Solicitors' Office (PDSO) Staff

	2021-22 £000	2020-21 £000
Staff costs		
Staff salaries and wages	1,668	1,625
Social security costs	191	182
Agency/temporary/contract	35	-
Pension scheme service costs	1,030	648
	<u>2,924</u>	<u>2,455</u>
	2021-22 Average WTE	2020-21 Average WTE
Staff numbers		
Operations and legal services	24	24
Administration and support functions	15	21
	<u>39</u>	<u>45</u>

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

Scottish Legal Aid Fund

9 Solicitor Contact line (SCL) and Glasgow Courts Staff

	2021-22 £000	2020-21 £000
Staff costs		
Staff salaries and wages	922	858
Social security costs	91	82
Agency/temporary/contract	8	8
Pension scheme service costs	531	203
	<u>1,552</u>	<u>1,151</u>
	2021-22 Average WTE	2020-21 Average WTE
Staff numbers		
Operations and legal services (SCL)	15	14
Administration and support services (GC)	2	3
Agency/temporary/contract	2	-
	<u>19</u>	<u>17</u>

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

	2021-22 £000	2020-21 £000
Staff costs		
Staff salaries and wages	1,043	866
Social security costs	108	87
Agency/temporary/contract	1	31
Pension scheme service costs	743	723
	<u>1,895</u>	<u>1,707</u>
	2021-22 Average WTE	2020-21 Average WTE
Staff numbers		
Operations and legal services	17	12
Administration and support functions	12	12
Agency/temporary/contract	-	2
	<u>29</u>	<u>26</u>

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

11 Advice Standards Staff

	2021-22 £000	2020-21 £000
Staff costs		
Staff salaries and wages	71	74
Social security costs	7	7
	<u>78</u>	<u>81</u>

Scottish Legal Aid Fund

	2021-22 Average WTE	2020-21 Average WTE
Staff numbers		
Administration and support functions	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

Advice Standards pensions and other benefits are payable out of the Scottish Legal Aid Fund account.

12 Bad Debt (including impairment charges)

	2021-22 £000	2020-21 £000
Irrecoverable amounts (including impairment charges)	<u>1,658</u>	<u>178</u>

The sums written off during the year were £0.3m (2020-21: £0.5m). The figures shown above are the overall movement in the provision which has increased this year by £1,372k (from £2,035k to, £3,407k) the £1,658k increase shown is the increase in provision of £1,372k plus the add-back for amounts utilised in the year of £286k.

13 Property, Plant & Equipment

	PC/ computer hardware £000
Cost or valuation	
Balance at 1 April 2021	105
Additions	49
Disposals	<u>(34)</u>
As at 31 March 2022	<u>120</u>
Depreciation	
Balance at 1 April 2021	53
Disposals	(28)
Provided during year	<u>27</u>
As at 31 March 2022	<u>52</u>
Net book value at 31 March 2022	<u>68</u>
Net book value at 31 March 2021	<u>52</u>

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

14 Intangible Assets

	Software £000
Cost or valuation	
Balance at 1 April 2021	23
Disposals	(10)
As at 31 March 2022	<u>13</u>
Amortisation	
Balance at 1 April 2021	23
Provided during year	-
Disposals	(10)
As at 31 March 2022	<u>13</u>
Net book value at 31 March 2022	<u>-</u>
Net book value at 31 March 2021	<u>-</u>

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

15 Trade & Other Receivables

	2022 £000	2021 £000
Bodies external to Government		
Contributions due from assisted persons	4,810	6,874
Expenses to be recovered	608	722
Amounts due out of property recovered or preserved by assisted persons	2,564	2,582
Prepayments and other debtors	319	299
	<u>8,301</u>	<u>10,477</u>
Amounts falling due in less than one year included above are:		
Bodies external to Government		
Contributions due from assisted persons	1,227	1,169
Expenses to be recovered	18	22
Amounts due out of property recovered or preserved by assisted persons	63	64
Prepayments and other debtors	319	299
	<u>1,627</u>	<u>1,554</u>
Amounts falling due after more than one year included above are:		
Bodies external to Government		
Contributions due from assisted persons	3,583	5,705
Expenses to be recovered	590	700
Amounts due out of property recovered or preserved by assisted persons	2,501	2,518
	<u>6,674</u>	<u>8,923</u>

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

Scottish Legal Aid Fund

	2022 £000	2021 £000
Balance as at 1 April	2,035	2,400
Increase in provision	1,658	178
Provision utilised in the year	(286)	(543)
As at 31 March	3,407	2,035

16 Cash & Cash Equivalents

	2022 £000	2021 £000
Cash at bank and in hand	3,335	1,577
Principal sums* (note 17)	1,364	1,066
Funds held under arrestment pending resolution (note 17)	57	57
	4,756	2,700

*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:

	2022 £000	2021 £000
Balance as at 1 April	1,066	1,031
Received during the year	2,690	985
Interest received during year	-	1
	2,690	986
Less:		
Sums repaid to assisted persons	1,818	352
Interest paid to assisted persons	3	2
Amounts recovered from damages received	571	597
Amounts transferred to fund	-	-
	2,392	951
Balance as at 31 March	1,364	1,066

17 Trade & Other Payables

	2022 £000	2021 £000
Bodies external to Government		
Accruals	236	148
Amounts due to solicitors and advocates	293	957
Principal sums (note 16)	1,364	1,066
Arrestments (note 16)	57	57
	1,950	2,228

18 Financial Instruments

	2022 £000	2021 £000
Financial assets		
Trade and other receivables (see note 15)	7,982	10,178
Cash	3,185	1,465
Financial liabilities		
Other - trade and other payables (see note 17)	(293)	(957)

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 note 12 for movements) based on the age of debts and experience of collecting overdue debts. The maximum exposure to credit risk at 31 March 2022 was £7,982k (31 March 2021: £10,178k). 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 (i.e. for which market data is unavailable) for the asset or liability. There has been no movement between hierarchy levels since the previous financial year.

19 Provisions for Liabilities & Charges

	2022 £000	2021 £000
Provision for amounts outstanding on granted legal aid cases		
As at 1 April	61,937	49,486
Additions and increase to provision	63,388	58,265
Amounts used in the period	(32,585)	(24,802)
Unused amounts reversed in the period	(24,099)	(21,012)
As at 31 March	68,641	61,937
Split between:		
Current liabilities	49,295	49,972
Non-current liabilities	19,346	11,965

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.

Scottish Legal Aid Fund

The Covid-19 pandemic continued to have a significant effect on the Scottish Courts system in 2021-22. The result for Legal Aid cases was an increase of time between the granting of applications and payment stages. Whilst current liabilities have remained broadly the same, liabilities falling due after 12 months have seen a significant increase.

20 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 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, 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 £201k (2020-21 £178k). 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 2022 by Buck Consultants, the agreed fee for this service was £9k. The major assumptions used by Buck Consultants were:

	31 March 2022	31 March 2021
Discount rate per annum	1.55%	1.25%
Revaluation of deferred pensions	2.90%	2.20%
Increases to pensions in payment	2.85%	2.20%
Long-term salary increases	See below	See below
Long-term inflation	2.90%	2.20%

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 3.10% to 31 March 2023, 4.30% from 1 April 2023 and 3.40% 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	
	2021-22	2020-21
Male - aged 60	87.1	87.1
Female - aged 60	89.4	89.4
Male - aged 40	88.9	88.9
Female - aged 40	90.9	90.8

Scottish Legal Aid Fund

Analysis of the amount charged to operating costs	2021-22	2020-21
	£000	£000
Current service cost (see notes 8, 9 & 10)	2,304	1,574
Finance charges on pension scheme liabilities	306	353
	<u>2,610</u>	<u>1,927</u>
Reconciliation of the liability in the scheme over the year:	2022	2021
	£000	£000
Scheme liability at the beginning of the year	24,499	19,608
Movement in year		
Current service cost	2,304	1,574
Benefits paid	(37)	(45)
Finance charge	306	353
Changes in financial assumptions	2,971	1,278
Changes in demographic assumptions	(38)	-
Actuarial (gain)/loss	196	1,731
	<u>30,201</u>	<u>24,499</u>

The pension liability is split between the Scottish Legal Aid Fund and the Scottish Legal Aid Board. The full liability is £181.6m (2020-21: £159,3m).

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

	2022	2021	2020	2019	2018
	£000	£000	£000	£000	£000
Defined benefit obligation	<u>30,201</u>	24,499	19,608	13,841	14,125
Experience adjustments on plan liabilities	<u>(196)</u>	<u>(1,731)</u>	<u>(171)</u>	<u>(224)</u>	<u>110</u>

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%	2,369
Long-term salary increases	+ 0.25%	1,030
Long-term inflation	+ 0.25%	1,371
Life expectancy	+1 year	983

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 2022, from 1.55% to 1.30% would therefore increase the pension scheme liability from £30,201k to £32,570k (an increase of £2,369k). The effect of changing the assumption in the opposite direction would be to reduce the liabilities by a similar amount.

21 Losses & Special Payments

	2021-22		2020-21	
	No of cases	£000	No of cases	£000
Write-off of bad debt	1,328	598	717	543
Special payments*	7	5	9	3
	<u>1,335</u>	<u>603</u>	<u>726</u>	<u>546</u>

* 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.

22 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. For 2021-22 there were no such transaction (2020-21 also nil).

23 Capital Commitments

No capital commitments existed at the end of reporting period.

24 Operating Leases

	2022		2021	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Total commitments, at 31 March, under operating leases are as follows:				
Leases expiring:				
In one year or less	37	-	25	-
between one and five years	399	-	495	-
in five years or more	-	-	-	-
	<u>436</u>	<u>-</u>	<u>520</u>	<u>-</u>

25 Assumptions about the Future & 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 2022 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 a number of 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 £2.4m, a change of +0.25% in the salary increase rate would result in an increase in liabilities of £1.0m, a change of +0.25% to the inflation assumption would result in an increase in liabilities of £1.4m and increasing the life expectancy assumptions by 1 year would result in an increase to liabilities of £1.0m.
Fund Provision	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 £1.9m from £68.6m to £70.5m. 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 £67.0m).
Bad Debts	At 31 March 2022 SLAB has a debtor balance (before provision) of £11.7m. A sample of debts reviewed suggests that an impairment of doubtful debts of £1.7m, taking the provision for doubtful debts to £3.4m, 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.

26 Contingent Liabilities

There are no contingent liabilities for Fund.

27 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.

Board Financial Statements

In this section of the report we set out:

Statement of Comprehensive NetExpenditure	113
Statement of Financial Position	114
Statement of Cash Flows	115
Statement of Changes in Taxpayer's Equity	116
Notes to the Accounts	117

Scottish Legal Aid Board

Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

	Notes	2021-22 £000	2020-21 £000
Expenditure			
Staff costs	30	13,773	13,248
Depreciation and amortisation	33 & 34	469	446
Loss on disposal of plant, equipment and intangibles	33 & 34	2	-
Other administrative expenses	31	2,439	1,987
Operating costs		16,683	15,681
Income			
Income from shared services	32	(583)	(547)
Net operating costs before interest		16,100	15,134
Pension scheme finance costs	39	1,674	2,202
Net operating costs		17,774	17,336

All income and expenditure is derived from continuing activities.

Statement of Financial Position as at 31 March 2022

	Notes	2021-22 £000	2020-21 £000
Non-current assets			
Property, plant and equipment	33	9,998	9,746
Intangible assets	34	21	48
Total non-current assets		<u>10,019</u>	<u>9,794</u>
Current assets			
Trade and other receivables	35	1,733	976
Cash and cash equivalents		267	760
Total current assets		<u>2,000</u>	<u>1,736</u>
Total assets		<u>12,019</u>	<u>11,530</u>
Current liabilities			
Trade and other payables	36	(328)	(300)
Total current liabilities		<u>(328)</u>	<u>(300)</u>
Non-current assets plus net current assets		<u>11,691</u>	<u>11,230</u>
Non-current liabilities			
Pension scheme liability	39	(151,434)	(134,839)
Total non-current liabilities		<u>(151,434)</u>	<u>(134,839)</u>
Assets less liabilities		<u>(139,743)</u>	<u>(123,609)</u>
Taxpayers' equity			
General fund		(146,796)	(130,046)
Revaluation reserve		7,053	6,437
Total taxpayers' equity		<u>(139,743)</u>	<u>(123,609)</u>

The Accountable Officer authorised these financial statements for issue on 3rd October 2022.



Colin Lancaster
Chief Executive and Accountable Officer

The notes on pages 117 to 126 form part of these accounts.

03 October 2022

Statement of Cash Flows for the year ended 31 March 2022

	Notes	2021-22 £000	2020-21 £000
Cash flows from operating activities			
Net operating cost before Scottish Government funding		(17,774)	(17,336)
Adjustments for non-cash items			
Depreciation on property, plant and equipment and amortisation of intangible assets	33 & 34	469	446
Loss on disposal of property, plant and equipment	33	2	-
Movements in working capital			
(Increase)/Decrease in trade and other receivables	35	(757)	(373)
Increase/(Decrease) in trade and other payables	36	28	92
Movements in provisions			
Pension scheme service and finance costs	39	6,029	6,268
Payments in respect of pension scheme	39	(1,779)	(1,770)
Net cash outflow from operating activities		(13,782)	(12,673)
Cash flows from investing activities			
Acquisition of property, plant and equipment	33	(77)	(224)
Purchase of intangible assets	34	(3)	(20)
Net cash outflow from investing activities		(80)	(244)
Cash flows from financing activities			
Scottish Government funding and retained pension contributions		13,369	12,910
Net cash inflow from financing activities		13,369	12,910
Net Increase/(Decrease) in cash and cash equivalents		(493)	(7)
Cash and cash equivalents as at 1 April		760	767
Cash and cash equivalents as at 31 March		267	760

Statement of Changes in Taxpayer's Equity
for the year ended 31 March 2022

	Notes	2022 General Fund £000	2022 Revaluation Reserve £000	2021 General Fund £000	2021 Revaluation Reserve £000
Balance at 1 April		(130,046)	6,437	(118,494)	6,455
Changes in taxpayers' equity					
Net cost of operations		(17,774)	-	(17,336)	-
Net movement on pension scheme	39	(12,345)	-	(7,126)	-
Revaluation reserve movement		-	616	-	(18)
Total recognised income and expense		(30,119)	616	(24,462)	(18)
Scottish Government grant in aid		12,880	-	12,422	-
Retained pension contributions & transfers in		489	-	488	-
Total funding		13,369	-	12,910	-
Balance at 31 March		(146,796)	7,053	(130,046)	6,437

Notes to the Accounts for the year ended 31 March 2022

28 Board - Accounting Policies

28.1 Basis of accounting

The accounts have been prepared in accordance with the accounting principles and disclosure requirements of the 2021-22 *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.

28.2 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.

28.3 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.

28.4 New accounting standards

A number of new accounting standards and amendments made to existing standards come in to force in future accounting periods and have therefore not been applied for 2021-22. The standards considered relevant to SLAB and the anticipated impact on the accounts are as follows:

IFRS 16 - Leases

This standard comes 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 become on balance sheet. Due to the low value of operating leases in SLAB’s Admin accounts, we do not expect the impact of this change to be significant.

28.5 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.

28.6 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 39 to the accounts. The scheme liability is calculated annually by SLAB’s actuary and the major assumptions are also disclosed in note 39.

28.7 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

Scottish Legal Aid Board

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 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.

28.8 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.

28.9 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 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.

28.10 Income and expenditure recognition

Scottish Legal Aid Board

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.

28.11 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.

28.12 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.

28.13 Short term employee benefits

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

28.14 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 (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".

28.15 VAT

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

28.16 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 40).

28.17 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 43).

28.18 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 i.e. discharged, cancelled or expired.

28.19 Changes in estimation techniques

There have been no material changes in estimation techniques between 2020-21 and 2021-22.

Scottish Legal Aid Board

29 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 & Accounts £000	Corporate Services & Accounts £000	Strategic Development £000	Total £000
Staff costs	3,511	272	4,384	1,251	9,418
Operating costs	34	24	2,311	70	2,439
Total expenditure	3,545	296	6,695	1,321	11,857
Income	-	-	(583)	-	(583)
Net operating costs 2021-22	3,545	296	6,112	1,321	11,274
Net operating costs 2020-21	3,506	333	5,481	1,302	10,622

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
Segmental net costs	11,274
Pension scheme service costs	4,355
Depreciation and amortisation	469
Loss on disposal	2
Net operating costs before interest per statement of comprehensive net expenditure	<u>16,100</u>

30 Staff

Staff costs	2021-22	2020-21
	£000	£000
Board members' emoluments	145	134
Staff salaries	8,386	8,173
Social security costs	849	805
Pension scheme service costs	4,355	4,066
Agency/temporary/contract	38	70
	<u>13,773</u>	<u>13,248</u>
Staff numbers	2021-22	2020-21
	Average WTE	Average WTE
Operations and legal services	152	141
Administration and support functions	87	90
Agency/temporary/contract	3	5
	<u>242</u>	<u>236</u>

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31 Other administrative expenses

	2021-22 £000	2020-21 £000
Accommodation	673	625
Audit fee	41	40
Staff related costs	200	111
Travel and subsistence	22	20
Postage, stationery and telephones	93	152
Office equipment and maintenance	991	806
External research	54	5
Corporate publications, leaflets and forms	4	2
Costs of operating leases	4	3
Other administrative costs	357	223
	<u>2,439</u>	<u>1,987</u>

32 Income from shared services

	2021-22 £000	2020-21 £000
Accommodation services provided to third parties	583	541
Income from shared services provided to third parties	-	6
	<u>583</u>	<u>547</u>

33 Property, plant & equipment

	Land £000	Buildings & Plant £000	Office Equip- ment & Furniture £000	PC/ computer hardware £000	Motor vehicles £000	Total £000
Cost or valuation						
Balance at 1 April 2021	1,725	7,743	219	1,100	35	10,822
Additions	-	-	25	52	-	77
Revaluation	55	245	-	-	-	300
Disposals	-	(6)	(58)	(160)	-	(224)
As at 31 March 2022	<u>1,780</u>	<u>7,982</u>	<u>186</u>	<u>992</u>	<u>35</u>	<u>10,975</u>
Depreciation						
Balance at 1 April 2021	-	22	173	846	35	1,076
Disposals	-	(6)	(58)	(158)	-	(222)
Revaluation adjustment	-	(316)	-	-	-	(316)
Provided during year	N/A	318	16	105	-	439
As at 31 March 2022	<u>-</u>	<u>18</u>	<u>131</u>	<u>793</u>	<u>35</u>	<u>977</u>
Net book value at 31 March 2022	<u>1,780</u>	<u>7,964</u>	<u>55</u>	<u>199</u>	<u>0</u>	<u>9,998</u>
Net book value at 31 March 2021	1,725	7,721	46	254	-	9,746

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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 revalued at 31 March 2022 as described in note 28.7.

34 Intangible assets

	Software £000
Cost or valuation	
Balance at 1 April 2021	1,069
Additions	3
Disposals	(1,011)
As at 31 March 2022	61
Amortisation	
Balance at 1 April 2021	1,021
Disposals	(1,011)
Provided during year	30
As at 31 March 2022	40
Net book value at 31 March 2022	21
Net book value at 31 March 2021	48

35 Trade & other receivables

	2022 £000	2021 £000
Bodies external to Government		
Trade receivables	69	129
Prepayments	1,663	847
	1,732	976

Management have assessed that there is no impairment in relation to the trade and other receivables balance. At 31 March 2022 none of the debt was past its due date

36 Trade & other payables

	2022 £000	2021 £000
Bodies external to Government		
Trade payables	5	3
Accruals	323	297
	328	300

37 Contingent liabilities

There are no contingent liabilities for Admin.

38 Financial Instruments

	2022 £000	2021 £000
Financial assets		
Trade and other receivables (see note 35)	69	129
Cash	267	760
Financial liabilities		
Other - trade and other payables (see note 36)	5	3

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.

39 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 £489k (2020-21: £488k). 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 2022 by Buck Consultants, the agreed fee for this service was £9k. The major assumptions used by Buck Consultants were:

Scottish Legal Aid Board

31 March 2022 31 March 2021

Discount rate per annum	1.55%	1.25%
Revaluation of deferred pensions	2.90%	2.20%
Increases to pensions in payment	2.85%	2.20%
Long-term salary increases	See below	See below
Long-term inflation	2.90%	2.20%

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 3.10% to 31 March 2023, 4.30% from 1 April 2023 and 3.40% 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	
	2021-22	2020-21
Male - aged 60	87.1	87.1
Female - aged 60	89.4	89.4
Male - aged 40	88.9	88.9
Female - aged 40	90.9	90.8

Analysis of the amount charged to operating costs	2021-22 £000	2020-21 £000
Current service cost (see note 30)	4,355	4,066
Finance charges on pension scheme liabilities	1,674	2,202
	<u>6,029</u>	<u>6,268</u>

Reconciliation of the liability in the scheme over the year:	2022 £000	2021 £000
Scheme liability at the beginning of the year	134,839	123,215
Movement in year		
Current service cost	4,355	4,066
Benefits paid	(1,779)	(1,770)
Finance charge	1,674	2,202
Changes in financial assumptions	12,063	8,224
Changes in demographic assumptions	(198)	-
Actuarial loss / (gain)	480	(1,098)
Scheme liability at end of the year	<u>151,434</u>	<u>134,839</u>

The pension liability is split between the Scottish Legal Aid Fund and the Scottish Legal Aid Board. The full liability is £181.6m (2020-21: £159.3m).

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

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Defined benefit obligation	<u>151,434</u>	<u>134,839</u>	<u>123,215</u>	<u>97,166</u>	<u>101,526</u>
Experience adjustments on plan liabilities	<u>(480)</u>	<u>1,098</u>	<u>(454)</u>	<u>(391)</u>	<u>(357)</u>

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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%	8,847
Long-term salary increases	+ 0.25%	2,623
Long-term inflation	+ 0.25%	6,393
Life expectancy	+1 year	4,966

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 2022, from 1.55% to 1.30% would therefore increase the pension scheme liability from £151,434k to £160,281k (an increase of £8,847k). The effect of changing the assumption in the opposite direction would be to reduce the liabilities by a similar amount.

40 Losses & special payments

	2021-22		2020-21	
	No of Cases	£000	No of Cases	£000
Losses	3	-	5	2
Special payments	-	-	-	-
	<u>3</u>	<u>-</u>	<u>5</u>	<u>2</u>

41 Capital commitments

No capital commitments existed at the end of reporting period

42 Operating Leases

Total commitments, at 31 March, under operating leases are as follows:	2022		2021	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Leases expiring:				
One year or less	-	-	-	-
between one and five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

44 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 2022 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 a number of 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 £8.8m, a change of +0.25% in the salary increase rate would result in an increase in liabilities of £2.6m, a change of +0.25% to the inflation assumption would result in an increase in liabilities of £6.4m and increasing the life expectancy assumptions by 1 year would result in an increase to liabilities of £5.0m.

45 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 the 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 (FReM) 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