LEGAL SERVICES AGENCY NORTHERN IRELAND

ANNUAL REPORT AND ACCOUNTS 2025-26

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ANNUAL REPORT AND ACCOUNTS 2025-26
For the year ended 31 March 2026

Laid before the Northern Ireland Assembly under section 11(3) (c) of the Government Resources and Accounts Act (Northern Ireland) 2001
by the Department of Justice
on 3 July 2026

This publication is available at www.lsani.gov.uk.

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CONTENTS **Page**

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PERFORMANCE REPORT

OVERVIEW

The purpose of this overview is to provide information to enable readers to understand the remit and purpose of the Legal Services Agency Northern Ireland (the Agency or LSA). The Overview includes:

- the Chief Executive's perspective on the performance of the Agency over the period;
- the purpose and activities of the Agency; and
- the key issues and risks that could affect the Agency in delivering its objectives.

FOREWORD BY THE CHIEF EXECUTIVE

I am pleased to present the Annual Report and Accounts of the Agency for the financial year ended 31 March 2026.

The Agency continues to facilitate access to justice for some of the most vulnerable in society by delivering timely and high-quality decisions and making prompt payment for services delivered to assisted individuals.

Given the range of individuals who received legal aid for a variety of different issues, the work of the Agency contributes to three Programme for Government priorities. The primary contribution is to the Safer Communities priority, but the Agency also contributes to the ending violence against women and girls and better support for children and young people with Special Educational Needs priorities.

While the volumes of bills received increased by 2.2% compared to 2024-25, the value of bills submitted was 0.5% lower than the previous year.

The Agency received an opening budget allocation for legal aid of £120.9m, including legacy inquest funding. This represented the highest budget allocation in the history of legal aid. The Agency made good use of the funding being available from the commencement of the financial year by delivering timely payments throughout the year and reducing the level of unassessed bills. The total cash spend on legal aid, including legacy inquests, was £120.0m (2024-25: £119.7m).

January 2026 saw the first widespread increase in remuneration rates since the introduction of the Agency's case management system, the Legal Aid Management System (LAMS), in 2019. This required significant changes to LAMS which were delivered in a timely manner. Unusually, there was a retrospective element to the new rates, which required the Agency to develop an innovative IT solution to calculate and pay further fees without disrupting the timely processing of payments or requiring practitioners to claim further fees. In the final quarter the value of additional payments made to cases which attracted the new fees was approximately £7m.

The Agency is performing strongly against our Corporate Plan 2025-2028 and delivered all its operational targets set in the 2025-26 Business Plan, except for one. The one target which was not delivered was in an area with a very small number of applications and was a result of 1 case being processed outside the timescale.

The Standards Assurance Unit (SAU) within the Department for Communities (DfC) delivers the error programme for the Agency under a Memorandum of Understanding (MoU). The Agency continued work to address error and fraud. The Agency's official error rate for 2025 was 3.0%, a decrease of 3.7 percentage points from 2024. Further refinements are planned to further improve the error rate in 2026-27.

The Future Overpayments Prevention work dealing with applicant error and fraud produced estimated savings of £124k against the 2024 figure of £105k. While the Agency has also continued to support the reduction of the practitioner fraud and error rate through guidance to practitioners, the practitioner error rate for 2025 increased to 7.7%, up 2.6 percentage points from 2024.

The Agency has also further enhanced the estimation of provisions and strengthened the inactivity controls in this area.

The Agency values its people and has been putting in place measures to address feedback from staff attitude surveys and identify appropriate training across the Agency.

Agency staff have continued to work with legal service providers and the wider justice system to facilitate access to justice. As part of this commitment the Agency continues to work with policy colleagues to support ongoing reforms to legal aid and other justice system initiatives. The Agency also continues to strengthen its relationships with external bodies and providers of legal services in a variety of ways including delivering awareness seminars.

On behalf of the Senior Management Team, I acknowledge the contribution of all the staff of the Agency during 2025-26 in delivering the Business Plan and responding to the challenging environment. We appreciate the support and dedication everyone in the Agency has shown to supporting and facilitating access to justice.

I also acknowledge the contribution of the Agency's Non-Executive Board members for their contribution throughout the year.

Paul Andrews
Chief Executive and Accounting Officer

STATEMENT OF PURPOSE AND ACTIVITIES

The role of the Legal Services Agency in Northern Ireland

The Agency supports the justice system and enables access to justice by administering publicly funded legal services impartially, effectively, and efficiently within the established governing legislative and policy framework.

The Agency works closely within the Department of Justice (DoJ) to achieve the Department's wider strategic objectives. It works in partnership with providers of services to enhance customer service delivery and to ensure that legal services are available to those who meet the statutory eligibility tests, which support those in greatest need.

The Agency decides on applications for civil legal services against the statutory financial and legal tests to determine whether an individual should receive support. The Courts are responsible for granting criminal legal aid for defendants in criminal cases. The Agency also makes payments to the legal profession for services provided under both the criminal legal aid and civil legal aid services schemes. The Agency seeks to process payments within appropriate timescales while operating within budgetary constraints.

As an Executive Agency within DoJ, the Agency operates under the direction and control of the Minister of Justice. However, the Chief Executive is also a Statutory Office Holder, as Director of Legal Aid Casework (the Director), with obligations to take decisions in relation to individual civil legal aid decisions in Northern Ireland, in accordance with the relevant legislative provisions and independent from any Ministerial or Departmental interference. As required by the Act, the Director prepares an Annual Report[1] setting out how the statutory duties were discharged.

[1] https://www.justice-ni.gov.uk/publications/director-legal-aid-casework-annual-reports

How we deliver

The Agency’s main deliverables include:

- deciding applications for civil legal services in respect of advice, assistance, and representation and authorising independent legal representation for applicants to enable them to enforce and protect their rights;
- deciding requests for civil and criminal authorities to include expert witnesses and interpreter/translator requests;
- assessing and paying bills received for civil and criminal legal aid;
- conducting internal reviews and redeterminations of decisions as necessary;
- operational delivery of interpreting services;
- supporting the independent civil legal services appeals function;
- investigating and tackling fraud and error;
- registering firms, solicitors and barristers who do legal aid work;
- maintaining and developing systems, procedures and relationships which support all of our key activities and the wider strategic aims of the DoJ;
- supporting the development and implementation of Legal Aid reform; and
- processing all business in a modern, digitally enabled and sustainable way to deliver a high-quality user focused service.

Our vision

The Agency’s Vision is to provide impartial and transparent access to legal aid in support of a fair, just and safe community.

Mission statement

To facilitate an effective justice system by:

- making timely, clear and consistent decisions on the grant of legal aid and the assessment of bills for services provided;
- providing timely and useful information, training and advice for users and providers of publicly funded legal services; and
- providing comprehensive and insightful analysis and advice in support of policy development.

Our values

All of us within the Agency seek to uphold the Northern Ireland Civil Service (NICS) values[2] of:

- Integrity: putting the obligations of public service above our own personal interests;
- Honesty: being truthful and open;
- Objectivity: basing advice and decisions on rigorous analysis of the evidence; and
- Impartiality: acting solely according to the merits of the case and serving equally well Ministers of different political persuasions.

Through displaying our values, we are committed to:

Leadership

To empower and develop our people to display the NICS values in the course of their work.

Making a difference

To facilitate access to justice and an effective justice system for those who could not otherwise defend themselves or assert their rights.

Our strategic aim

Our aim is to support the justice system and to facilitate access to justice by delivering timely and high-quality decisions and payments which secure value for money. As an Agency of the DoJ, the LSA operates under a Framework Document, which sets out the arrangements for the effective governance, financing and operation of the Agency.

[2] https://www.finance-ni.gov.uk/publications/nics-code-ethics

Our strategic objectives

The Agency's six strategic objectives for 2025-28 are outlined below.

1. Service Delivery – Make timely, clear and consistent decisions on the grant of legal aid and the assessment of bills for services provided;
2. Policy Development – Provide comprehensive and insightful analysis and advice in support of policy development relating to Legal Aid;
3. People – Support and equip our people to continue to improve their capacity and capability;
4. Systems Development – Enhancing our IT systems;
5. Governance & Accountability – Enhance governance and accountability of public funds; and
6. Communication – Provide timely and useful information, training and advice to users and providers of publicly funded services.

Going concern

In accordance with the Government Financial Reporting Manual, the financial statements for the Agency in respect of the financial year to 31 March 2026 are prepared on a going concern basis. The going concern basis is set out in Note 1.2 to the Accounts.

The Statement of Financial Position as at 31 March 2026 shows a net liability of £176.8m (31 March 2025: £179.0m). This reflects the inclusion of liabilities for legal aid provisions falling due in future years, which are to be financed by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from expenditure approved annually by the Northern Ireland Assembly to meet the Net Cash Requirement of the DoJ which funds the Agency. Under the Government Resources and Accounts Act 2001, no money may be drawn from the Fund by the Department other than required for the service of the specified year or retained in excess of that need. There is no reason to believe that the future approvals will not be forthcoming. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of the Agency's financial statements for 2025-26.

Equality

The Legal Services Agency in delivering its services seeks to promote equality of opportunity within the nine groups under Section 75 of the Northern Ireland Act 1998. Subject to statutory tests, the Agency’s services may also be available to individuals who are not resident in Northern Ireland but are involved in litigation in this jurisdiction.

The customers of the Agency are self-selecting, based on applications made by parties who seek the support of legal aid to be a party to legal proceedings. Applications are determined in accordance with statutory tests which typically involves a financial eligibility test and a legal merits test.

The Agency continued to refine guidance to staff during the year in order to enhance the consistency of assessments on the basis that staff are required to use an element of discretion in the assessment of many cases.

The Agency’s people

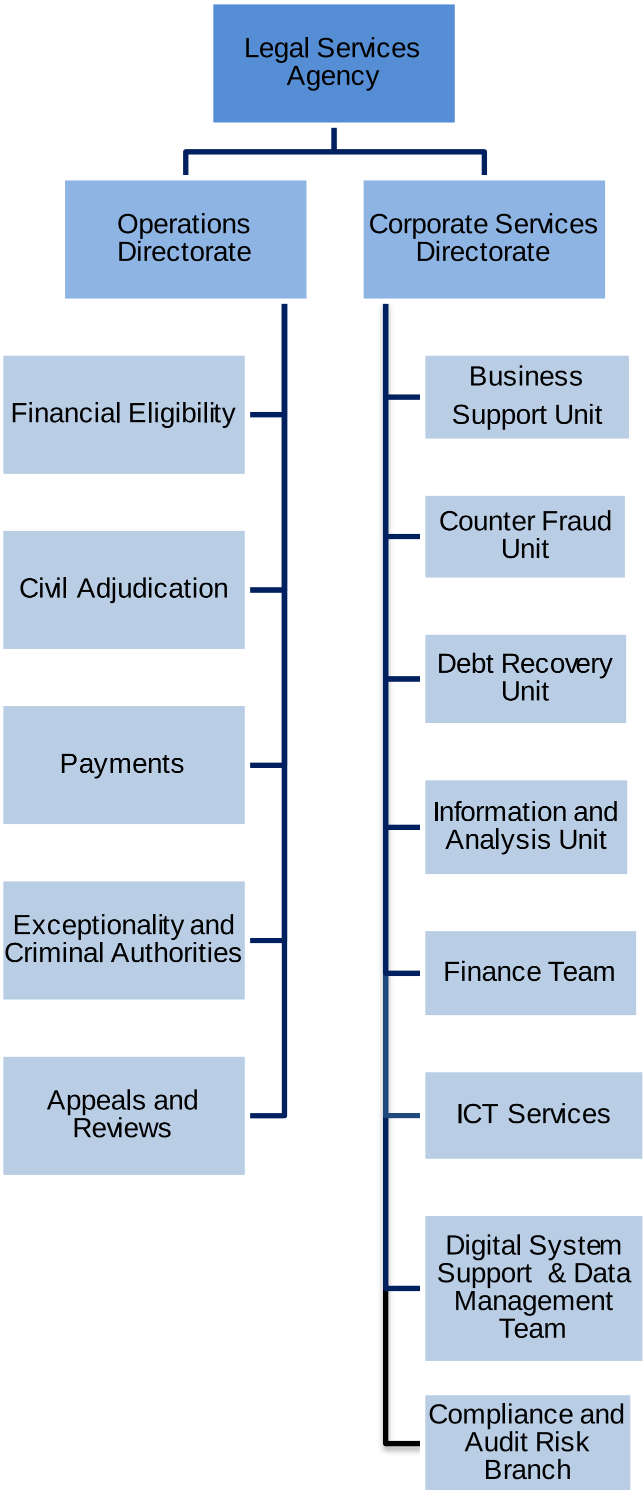
The Agency’s people are at the heart of everything we do, with approximately two thirds employed in front line services.

All of our staff continue to have access to the required technology to facilitate working from home and to support digital communications. The NICS Hybrid Working Policy, revised in September 2025, is fully embedded within the Agency.

Availability of permanent staff to fill vacancies continues to be a challenge for the Agency as supply of staff from promotion lists has not been available or sufficient to meet demand. As a result, a number of agency staff have been appointed and trained to fill vacancies as well as temporary promotions for existing staff. Vacancies for periods of time over the year have made it more challenging to meet our targets.

Organisational Structure

The work of the LSA in administering publicly funded legal services is taken forward under two Directorates: Operations and Corporate Services. The structure of the Agency is set out below along with an overview of the core work of each team.



Operations Directorate

The work of the Operations Directorate is taken forward across several business areas performing key functions in the assessment and payment of civil legal aid and the payment of criminal legal aid.

Assessment of financial eligibility

The Financial Eligibility Unit (FEU) is the point of entry for anyone applying for civil legal services. FEU assesses all applications to ensure the applicant's financial means fall within the legal scope of eligibility and to determine whether the applicant may be required to contribute towards their legal costs. Under a service level agreement with the Northern Ireland Courts and Tribunals Service, the FEU also conducts benefit checks to assist judicial determinations for criminal legal aid applications.

Civil adjudication

The Civil Adjudication Unit applies statutory tests to determine the legal merits of applications for civil legal aid. When an application meets the eligibility criteria, the scope of coverage is defined in a Legal Aid Certificate.

Once a Certificate is issued, adjudicators are responsible for determining subsequent amendment and authority requests from legal aid suppliers. These requests may include seeking approval to instruct barristers or expert witnesses to support the progression of court proceedings.

Payments

The Payments Unit is responsible for the assessment and payment of legally aided cases which are funded under the civil and criminal legislation. The Payments Unit must ensure accurate payment is made. A key consideration of the Payments Unit work is addressing error and fraud in the payment of legal aid.

Exceptionality and authorities

Exceptionality and Authorities Unit (EAU) make decisions and manage cases, which fall outside the scope of civil legal services and criminal standard fee remuneration rules. There are two types of cases: Exceptional Preparation in criminal cases and Exceptional Funding for cases, which cannot be funded within the scope of the normal legal aid arrangements.

The Exceptional Preparation rules cater for particularly complex, novel and unusual criminal cases. It allows representatives to receive additional payment in cases (based on a specific hourly grant) to ensure appropriate remuneration for cases deemed not to be appropriately remunerated under the standard criminal fee payment regime.

The Exceptional Funding operates on a statutory basis to consider applications, which would not otherwise fall within scope of the prescribed legal aid coverage. Typically funding under the Exceptional Funding arrangements involve cases, which engage breach of UN Convention of Human Rights or, where the proceedings relate to Inquest into the death of a member of the applicant's family.

The Team also deals with criminal authorities requests for the engagement of experts in cases, advice and assistance application verification and extensions where the initial advice and assistance has not been sufficient to provide appropriate advice and interpreter/translation requests for those who need them in ensuring they have fair access to justice. In October 2023, the assessment of the means and merits of advice and assistance applications which was previously conducted by the Financial Eligibility Unit transferred to EAU. In addition, they adjudicate on all requests for interpreters and translators across both civil and criminal schemes.

EAU are also responsible for the administration of the Agency's Future Overpayment Prevention Programme which forms part of the Agency's wider Counter Fraud and Error Strategy.

Appeals and reviews

The Appeals and Review Administration Unit provide the administrative support to the Civil Legal Services Appeal Panel, which is an independent appellate body appointed by the DoJ, responsible for determining appeals against LSA decisions in relation to Representation Higher (RH) cases. These appeals can be in relation to:

- whether to fund, or continue to fund, civil legal services for an individual by way of representation (higher Courts); and
- the level of representation authorised for that individual.

The Unit also manages internal appeal arrangements and deal with reviews of decisions in relation to refusal to grant a certificate of exceptionality, review of the number of hours granted under a certificate of exceptionality and redeterminations in relation to remuneration where a practitioner is dissatisfied with the level of remuneration assessed by the Agency.

Corporate Services Directorate

The Operations Directorate and wider Agency is supported by a range of Corporate Services functions:

Business Support Unit (BSU) - provides a range of services that support the functions of the Chief Executive and Board, as well as the Agency as a whole. These include providing secretariat services to the Board and Audit Committee, co-ordination of the Agency's response to Assembly Questions, Freedom of Information Requests, Subject Access Requests and complaints. The Team also covers areas such as Security, Procurement, Premises Management, Training, Health & Safety, and web & intranet site management.

The Records & Information Management team is part of BSU and it covers areas such as retention & disposal of records and the administration of Content Manager.

Counter Fraud Unit (CFU) - reviews and investigates referrals from within the Agency, other bodies or individuals alleging abuse of the legal aid system with a view to prevent and detect fraud. Historically this tends to be allegations about an assisted person's financial circumstances but also covers referrals in relation to suppliers of publicly funded legal services. The unit has also commenced work on a programme of data analysis to support fraud detection. The unit works closely with other Government bodies including the Police and Regulatory authorities. The responsibility for the culture and awareness of fraud also lies with the Unit.

Debt Recovery Unit - oversee the collection of monies due to the LSA, interpreting and assessing recoverability and taking action to recover or write off. A debtor may be an assisted person or the non-legally aided party in an action where the assisted person was successful. The debt payable to the Agency will have arisen as a result of a court order, legal aid contributions, a revoked legal aid certificate, or the application of the statutory charge.

Information and Analysis Unit - comprising independent statisticians outposted from the Northern Ireland Statistics and Research Agency (NISRA), the Unit leads in the development of management information and formal publication of Official Statistics. It also undertakes a range of analytical research for the Agency and the wider Department while providing statistical assurance in support of the LSA's extensive fraud and error workstream.

Finance Team - the finance function is supplied to the Agency under a shared service arrangement from the Department's Financial Services Division (FSD). The team's responsibilities include providing financial analysis, forecasts and advice to assist in the management of Agency budgets and providing financial accounting services to enable the Agency to meet its statutory financial reporting obligations. In addition, the Finance Team provides financial governance advice to ensure the Agency conforms to Managing Public Money NI (MPMNI).

ICT Services - the ICT function is also supplied as a shared service from the Department. ICT Services is responsible for managing the provision of infrastructure, desktop/laptop and connectivity, provision of ICT Support, delivery of IT projects and new technical solutions to support LSA and provision of IT security and technical advice within LSA. The team works closely with LAMS Support to ensure that LAMS remains secure, to provide technical expertise and to facilitate implementation of infrastructure changes.

LAMS Support Team - is responsible for the support and maintenance of LAMS and the delivery of citizen payment services ensuring the availability of the system for both the Agency and external users and its interfaces to other systems. The team are also responsible for delivering enhancements to the system to reflect legislative or policy changes and to improve efficiency, controls and governance within the system.

Data Management Team - is responsible for reviewing and progressing aged and inactive cases currently open, which are unlikely to attract a request for payment in the future and to establish which cases should be closed.

Compliance Audit and Risk Branch - co-ordinates all strands of error across the Agency including official, practitioner and applicant. A central part of its work involves identifying trends in official and practitioner error, pinpointing the root causes of recurring issues. Insights from these reviews are reported regularly to senior management and inform updates to the legal profession, operational guidance, training and process design. The team will also be responsible for the preparatory work for the future Statutory Registration Scheme. While the Scheme is not yet in operation, the Branch's existing analytical and engagement activity with the profession provides an early foundation for effective implementation when the Scheme is introduced.

Working with partners and providers

Legal aid is a vital part of Northern Ireland's justice system. The Agency works with a wide range of legal services providers and other justice partners and key stakeholders including but not limited to the Office of the Lady Chief Justice, the Judiciary, the Bar Council, the Law Society, the Guardian Ad Litem Agency, the Northern Ireland Courts and Tribunals Service, the Public Prosecution Service, the Police Service of Northern Ireland and voluntary sector organisations. Effective relationships with these stakeholders are central to achieving the Agency's objectives.

Over the last 12 months the Agency has proactively engaged in the following:

- stakeholder engagement with the Law Society and Bar Council monthly via the Operational Forum to maintain positive working relationships, ensure key information is exchanged on a timely basis, drive improvements in the submission of applications and bills through guidance and messaging, collaborate on measures to ensure that work to deal with the fraud and error qualification is understood and successfully communicated;
- stakeholder collaboration through a LAMS Change Forum with the profession to identify and facilitate change requests to enhance LAMS;
- supporting stakeholders through delivery of awareness sessions on new functionality and quality improvement;

- jointly presenting a number of Continuing Professional Development events organised by both the Law Society and Bar, including awareness sessions at the Institute;
- participating in Magistrates' and Family Courts working groups to ensure that the Agency supports the work of the Courts;
- engaging with the Enabling Access to Justice Division (EAJD) in DoJ to support in the development of legal policy. This included changes to our case management system and refinements to our administrative processes to deliver efficient and effective reforms;
- interfacing with the Courts to resolve issues in particular cases or improve data sharing;
- interacting with the Courts and Public Prosecution Service in relation to cases;
- collaborating with the Themis project to ensure that legal aid considerations are supported;
- participating in the Shadow Family Justice Board and the Shadow Civil Justice Council; and
- collaborating with the Law Society and Bar to address issues arising from cases conducted by legal firms which the Law Society intervened in under its regulatory powers.

The Agency has regular engagement with the organisations outlined above on key operational issues. Staff within the Agency maintain open contact with the supplier base to ensure the smooth running of the Agency. In addition, the Agency has established and maintains good networks and relationships with colleagues in other jurisdictions ensuring sharing of best practice and lessons learned.

Key risks and issues

The Agency relies on a well-embedded risk management process designed to identify and prioritise the risks to the achievement of the Agency's objectives, to evaluate the likelihood of those risks occurring and to limit the impact should they materialise. The Agency sets its risk appetite in determining what level of risk it is willing to accept and hence what level of mitigation is required. Both the risk appetite and the format of the risk register align to the approach adopted by the Department. Throughout 2025-26, the Agency has ensured that key and emerging risks have been clearly identified and escalated, with actions identified and implemented to mitigate those risks.

The Agency's key risk areas and the corresponding actions being taken are as follows:

1. Budget and Stakeholder Relationships – *the risk of insufficient/surplus resources (whether through surge/reduction in demand or no budget cover for new or increased fees) to process bills in a reasonable timeframe throughout the financial year resulting in deteriorating relationships with stakeholders*

The Agency's Monthly Operational Forum continued to operate effectively within Terms of Reference with the Bar Council and Law Society including financial position and payment KPIs.

Throughout the year, DoJ Officials met with Law Society and Bar representatives to brief them on budget and reform.

The Agency participated in EAJD reforms to address legal aid considerations. Following a legislative change to increase remuneration rates, the Agency developed an innovative IT solution to process retrospective additional payments amounting to approximately £7m to the legal profession in year.

The total opening 2025-26 budget for the Agency was £129.8m - approximately £20m more than the opening position for 2024-25 which continued the pattern of increasing opening budgets seen in recent years. This afforded £120.9m to the Legal Aid Fund (including Legacy Inquests). Despite being significantly more than prior years, the Agency faced uncertainty around the value and volume of bills both in respect of the increases in remuneration and the Crown Court Strike which commenced in January 2026. In addition, the Agency had to deal with the implications of a High Court decision that in certain circumstances exceptional preparation can be retrospective.

2. Fraud and error - *there is a risk of our systems being susceptible to error and fraud.* We continued a programme of official, applicant (Future Overpayment Prevention) and practitioner fraud and error testing, prevention and detection maintained in partnership with SAU.

The Compliance Audit and Risk Branch continued to co-ordinate and analyse all strands of error across the Agency including official, practitioner and applicant. Following error analysis, guidance was issued internally and externally to the legal profession and staff training provided to support in the reduction of fraud and error.

A Counter Fraud and Error Action Plan was developed to continue to meet the aims set out in our Strategy. Progress against the Plan is reported to the Audit and Risk Committee, and significant progress has been made to date with a number of the objectives fully completed.

Work on data analytics continued in order to detect fraud and error in the legal aid system with a number of targeted investigations and recovery of funds.

A number of LAMS changes were developed to assist in identifying/flagging potential errors and fraud to support in fraud prevention.

PERFORMANCE SUMMARY AND FORWARD LOOK

Performance summary

The Agency has:

- met or exceeded our service delivery KPIs with the exception of one, processing payments within appropriate timelines, significantly reducing unassessed bills;
- paid out the highest sum in the history of our legal aid scheme. This included 56.5k of additional payments with a value of approximately £7m as a result of a legislative change to increase remuneration rates;
- continued to address the official error rate. The Agency's official error rate for 2025 was 3.0%, a decrease 3.7 of percentage points from 2024.;
- continued the effective partnership working with the Department for Communities SAU who estimate the official, applicant and practitioner fraud and error rate within the legal aid system;
- continued with the Future Overpayment Prevention initiative in respect of applicant error which identified £124k future savings through the review of live legal aid certificates, and commenced a pilot of an internal future overpayment prevention;
- continued to support in the reduction of practitioner fraud and error through guidance to practitioners. Despite this the practitioner error rate for 2025 was 7.7%, an increase of 2.6 percentage points from 2024;
- continued to implement our Counter Fraud and Error Plan, including the increased work in data analytics to detect fraud and inappropriate claiming within the legal aid system, recouping funds where appropriate. This included an enhancement to LAMS to develop and implement a control to prevent error and fraud pre-payment;
- we continued to monitor old inactive cases and refine system functionality to implement a continual, system generated review, of inactive cases and enhance our calculation of provisions to improve the accuracy of our reported legal aid liabilities;
- delivered enhancements to our digital platform improving controls within the system in line with an agreed programme of change. This included an innovative change to process additional payments retrospectively as a result of a legislative changes to increase remuneration rates;

- released the Agency's Official Statistics for 2024-25[3];
- refined management information published on a monthly basis;
- revised our Supporting Our People Plan to address feedback from staff from the NICS People Survey which highlighted significantly improved results;
- supported the development and delivery of departmental reform projects, including production of data; and
- prepared and presented eight information sessions to practitioners to support better quality applications and claims for payments.

Forward look

We will publish shortly a Corporate Plan for the period 2025-2028 setting out our six strategic corporate objectives for the Agency which we will seek to achieve through the delivery of actions and targets in our Business Plan 2026-27.

During 2026-27 the Agency will continue to focus on service delivery, developing of our staff and improved communication and governance.

[3] https://www.justice-ni.gov.uk/articles/annual-statistics-legal-aid

PERFORMANCE ANALYSIS

The Agency has continued to strive to deliver the commitments included in its 2025-26 Business Plan and the six Strategic Objectives established to drive the Agency forward. The following sections summarise the Key Indicators, Performance Measurements and Progress of the Agency in delivering these targets in 2025-26.

Strategic Objective 1- Service Delivery: Make timely, clear and consistent decisions on the grant of legal aid and the assessment of bills for services provided.

Applications

Outcome	Measures[4] [5] [6] [7]	Progress at 31 March 2026
Deciding on applications for civil legal services and criminal exceptionality within key performance indicators.	**Non-Emergency** • For Representation Higher (RH) Courts - 90% in 12 weeks • For Representation Lower (RL) Courts - 95% in 12 weeks	Target Exceeded: 99.8% Processed in 12 Weeks. Target Exceeded: 100.0% Processed in 12 Weeks.
	• For Exceptional Funding - 95% in 2 weeks	Target Not Met: 87.5% Processed in 2 Weeks. Only 1 case was processed outside the timescale.
	Emergency • All service levels – 95% in 48 hours	Target Exceeded: 98.8% Processed in 48 hours.

Appeal Process

Processing applications for reviews and appeals of decisions within key performance indicators.	• Non-Civil Legal Services Appeals Panel (CLSAP) - 95% in 8 weeks • CLSAP (panel sitting cases only) - 95% in 8 weeks	Target Exceeded: 99.0% Processed in 8 Weeks. Target Exceeded: 100.0% Processed in 8 Weeks.

[4] The Agency will keep targets under review in view of demand
[5] Excludes requests that have had one or more queries raised during the assessment process
[6] Excludes migrated requests, including any cases that were retained within the LAMS 'bucket'
[7] Excludes individual requests that have been reopened on LAMS after the initial outcome

Strategic Objective 1- Service Delivery: Make timely, clear and consistent decisions on the grant of legal aid and the assessment of bills for services provided.

Payments [8] [9] [10] [11]

Outcome	Measures	Progress at 31 March 2026
Processing properly presented bills within key performance indicators to minimise payment timescales and maximize the available budget.	**To be assessing 95% of properly submitted bills by: 31 March 2026** • Criminal (all) – 6 weeks • Civil (all RH, RL Civil) – 7 weeks. • RL – Children's Order – 10 weeks. • Taxed (all) – 4 weeks.	Targets Exceeded: In 2025-26 95% of submitted bills were processed by: Criminal – 4 weeks and processing at 2 weeks by year end. Civil (all RH, RL Civil) – 4 weeks and processing at 2 weeks by year end. RL – Children's Order – 8 weeks and processing at 6 weeks by year end. Taxed (all) – 3 weeks and processing at 1 week by year end.

Authority Requests

Outcome	Measures	Progress at 31 March 2026
Process authority requests within KPIs	• First Authorities - 90% in 4 weeks. • Subsequent Authorities - 85% in 12 weeks.	Target Exceeded: 96.7% Processed in 4 Weeks. Target Exceeded: 99.8% Processed in 12 Weeks.

Amendment Requests

Outcome	Measures	Progress at 31 March 2026
Process amendment requests within KPIs	• Adjudication - 85% in 12 weeks.	Target Exceeded: 98.6% Processed in 12 Weeks.

[8] The Agency will keep targets under review in view of demand
[9] Excludes requests that have had one or more queries raised during the assessment process
[10] Excludes migrated requests, including any cases that were retained within the LAMS 'bucket'
[11] Excludes individual requests that have been reopened on LAMS after the initial outcome

Strategic Objective 1- Service Delivery: Make timely, clear and consistent decisions on the grant of legal aid and the assessment of bills for services provided.

Reviews

Outcome	Measures	Progress at 31 March 2026
Process reviews of decisions within KPIs	**Reviews Received from 1 April 2025** • Non-remuneration – 90% in 8 weeks. • Remuneration – 85% in 12 weeks.	Target Exceeded: 96.3% Processed in 8 Weeks. Target Exceeded: 98.5% Processed in 12 Weeks.

Other KPIs

Outcome	Measures	Progress at 31 March 2026
Support profession to improve quality of bills submitted.	• Provide guidance and training to assist practitioners in payment processes, including targeted sessions (by 31 March 2026).	Target Achieved. Two bespoke training events were delivered to Law Society and Bar members which focused on the submission of bills in civil family matters.
Support the Independent Appeals Process.	• Induct new CLSAP members (by 30 June 2025). • Maintain and build on current engagement with the Independent Panel by way of continuous, relevant and informative training to include facilitating 2 sessions per year (by 31 March 2026).	Targets Achieved. Members were formally appointed and fully inducted. Shadowing complete and members sitting in their own capacity since commencement of new rota (starting 5 of January 2026). Appraisals for the year completed. Full day training provided to new CLSAP members which has been the priority since appointments.

Strategic Objective 1- Service Delivery: Make timely, clear and consistent decisions on the grant of legal aid and the assessment of bills for services provided.

Debt

Outcome	Measures	Progress at 31 March 2026
Enhance our debt processes to maximize income collection.	• Conduct an analysis of rates of recovery and write off against additional costs incurred. (by 30 September 2025) • Streamline Statutory Charge process (by June 2025).	Targets Achieved. Analysis complete and draft report produced. Review completed and improvements identified. This has been passed to the policy division, EAJD to amend legislation. Legislation changes for new Statutory Charge process underway.

Strategic Objective 2 – Policy Development: Providing comprehensive and insightful analysis and advice in support of policy development relating to Legal Aid.

Outcome	Measures	Progress at 31 March 2026
Support the development and delivery of departmental projects, including legal aid reform, Themis and the Statutory Registration Scheme in accordance with Departmental priorities and timescales.	• Undertake bespoke analysis to inform or assist in modelling policy development, providing an evidence base for reform projects (by 31 March 2026). • Provide operational insight into policy development (by 31 March 2026). • Support development and implementation of departmental strategies and plans in relation to Sustainability and Climate Action (by 31 March 2026).	Targets Achieved. The Department is now progressing a wider programme to enhance access to justice which among other matters will examine means of enhancing legal service provision. The Registration Scheme is now being considered in that broader context. A range of analysis and information was provided over the course of the year to support the development of legal aid reforms. Workshops with the Themis Project Team were held and will continue throughout the next two years. Operational business intelligence is provided regularly in respect of legal aid reform, including impacts on processes and systems. Agency represented at DoJ Sustainability Working Group and Asset Management Board. A number of sustainability measures in place which have been documented and reported on.

Strategic Objective 3 – People: Support and equip our people to continue to improve capacity and capability.

Outcome	Measures	Progress at 31 March 2026
Facilitate and enhance staff skills and knowledge and develop leadership.	• Develop a workforce plan for operations to support a baseline for resource FTE requirements (by 30 April 2025). • Resource requirements /skills gaps identified and communicated to NICS HR (Ongoing). • Develop and deliver a Corporate Training Plan to improve performance (31 May 2025).	Targets Achieved. Workforce Plan was completed and presented at the May Board meeting. There were regular monthly meetings with the HR Business Partner throughout the year. Resource requirements and skills gaps were identified and escalated to NICS HR for action. Training Needs Analysis completed by business function as part of performance appraisals and each staff member had a Personal Development Plan agreed. Induction Programmes ongoing for all new staff, including business specific training. Microsoft Teams training provided for all staff.
Promote health and wellbeing.	• Seek delivery partners to present sessions to staff (by 30 September 2025).	Target Achieved. A number of NICS Well initiatives were circulated to staff throughout the year. An event was held to raise money for mental health charity Aware. Volunteers have also been sought for a Wellbeing Champion to assist the Agency with further initiatives next year.
Increase staff satisfaction scores through addressing staff feedback	• Seek and address feedback from staff through staff sessions (Bi-annually). • Hold Staff Engagement Forum to allow staff members voices to be heard (Quarterly).	Targets Achieved. The Directors held staff sessions in December. Feedback has been used to inform the new People Plan. The Staff Engagement Forum met six times over the year; April, June, September, November, January and March.

Strategic Objective 4 – Systems Development: Enhancing our IT systems

Outcome	Measures	Progress at 31 March 2026
Deliver programme of enhancements to LAMS to improve user experience, governance controls and support policy initiatives.	• Internal and external changes scoped through effective engagement, prioritised and issued to contractor for impact assessment (by 30 June 2025). • Develop agreed functionality to support and integrate with the Themis programme (by 31 March 2026). • Deliver priority changes and Programme of Change for 2025-2026 maximising the budget allocation (by 31 March 2026).	Targets Achieved. A number of internal and external changes have been scoped; impact assessed and deployed over the course of the year. These included changes identified throughout the year to support legal aid reform. A series of meetings and discussions held with Themis Project Team on processes and functionality. These will continue next year in line with Themis timelines. A number of priority changes were scoped, developed and deployed over the year. These included changes to support the new fees legislation and to flag instances where suppliers had submitted duplicate expense claims. Additional priority changes are under development, including enhancements to the quality assurance function.
Formally adopt our Digital Strategy	• Deliver Phase 1 of prioritised projects to enhance digital services (by 31 March 2026).	Target Achieved. Actions for the year were agreed with SMT in July. The final Strategy and associated plan was signed off by SMT in December.
Ensure provision of support services for our systems is in place	• Hold discussions with contractor on possible contract extension (by 31 December 2025).	Target Achieved. The Agency met with Central Procurement Division and Financial Services Division in respect of service continuity and work is ongoing.

Strategic Objective 5 – Governance & Accountability: Enhance governance and accountability of public funds

Outcome	Measures	Progress at 31 March 2026
Implement our Counter Fraud Strategy		Target Achieved.
	• Use data analytics to detect fraud and inappropriate claiming within the legal aid system, recouping funds where appropriate (by 31 March 2026).	The Counter Fraud Unit has continued using data analytics and has detected a number of cases where potential fraud/error has occurred which has resulted in a number of practitioners being the subject of investigation. Recovery of funds has been successful, and progress continues to be made.
	• Invest to Save – build our capacity and capability to reduce fraud within the legal aid system (by 30 September 2025).	The Agency continues to invest to save with investment in enhancements to LAMS to strengthen internal controls which were deployed on 18th September. Additional staff have been recruited to assist with the Data Analytics work and it is hopeful there will be an expansion of resources in the near future.
	• Implement Counter Fraud Action Plan (by 31 March 2026).	The Counter Fraud and Error Action Plan has been agreed for 2025-26. Progress against actions are presented to the Audit and Risk Committee on a quarterly basis.

Strategic Objective 5 – Governance & Accountability: Enhance governance and accountability of public funds

Outcome	Measures	Progress at 31 March 2026
Measure and reduce error within the legal aid system	• Reduce official error rate to no more than 5.5% (by 31 March 2026). • Support in reducing practitioner fraud and error through guidance to practitioners (Bi-annually). • Continuing with applicant fraud and error prevention strategies (by 31 March 2026): 1. Future Overpayment Prevention 2. Internal Applicant Eligibility Checks.	Target Achieved. The 2025 Official Error rate was estimated at 3.0%. This equates to a statistically significant reduction of 3.7 percentage points compared with 2024 (6.7%). Despite ongoing efforts to address practitioner fraud and error through guidance and communication on a regular basis throughout the year, the estimated rate in 2025 (7.7%) displayed an increase of 2.6 percentage points on 2024 (5.1%). It should be noted that Official and Practitioner estimates exclude expenditure covering both taxed cases and exceptional preparation. 2025 FOP savings have been estimated at £123,548 with associated Applicant Error estimated at £73,131. Following a refinement to the FOP sampling methodology, 2025 estimates now include cases where the Assisted Person is found to have had a break in benefit despite being on a passport benefit at the time of the initial grant.
Timely preparation and publication of our Annual Report and Accounts	• Annual Report and Accounts signed off within reporting deadline (by 31 July 2025). • Continue to review and refine inactivity settings by case nature/matter/tier (by 30 June 2025).	Targets Achieved. The Annual Report and Accounts were laid in the Assembly on 4th July 2025 within reporting deadline. The targets for inactivity trigger periods were reviewed and refined over the course of the year.

Strategic Objective 5 – Governance & Accountability: Enhance governance and accountability of public funds

Outcome	Measures	Progress at 31 March 2026
Improving the estimated value of our legal aid provisions	• Review and take final action on 95% of inactive cases within 120 days of flag (by 31 March 2026). • Refine average costs for Representation Higher (by 31 May 2025).	Targets Achieved. Target met. Final action on 95% or more cases within 120 days of flag in each month of the year. Average costs have been refined – splitting by County and High Court.

Strategic Objective 6 - Communication: Provide timely and useful information, training and advice to users and providers of publicly funded services

Outcome	Measures	Progress at 31 March 2026
Develop and deliver programme of awareness and training initiatives	• Run user surveys to inform improvements to our processes (by 30 September 2025). • Hold "How to Sessions" for our key stakeholders (Quarterly).	Targets Achieved. User Survey issued. Feedback will be used to enhance our Communications Action Plan. A suite of bespoke sessions were delivered to the Family Committee of the Law Society in quarter 3 in relation to RL, RH and Appeals and Reviews. In addition, a dedicated awareness event on the Domestic Abuse Waiver was delivered to a range of stakeholders in quarter 4. Two sessions were also delivered in relation to the submission of bills.
Publish Official Statistics	• First Release Summary Statistics 2024-25 (by 31 May 2025). • Annual Statistics 2024/25 (by 30 September 2025).	Targets Achieved. Statistical Bulletin 1/2025 "Legal Aid in Northern Ireland: Headline Statistics 2024/25" was published in HTML format, with an accompanying infographic, on 29 May 2025, via the LSA website. Statistical Bulletin 2/2025 "Legal Aid in Northern Ireland: Annual Statistics to March 2025" was published in HTML format, with an accompanying infographic on 30 September 2025, via the LSA website.

Strategic Objective 6 - Communication: Provide timely and useful information, training and advice to users and providers of publicly funded services

Outcome	Measures	Progress at 31 March 2026
Delivery of Enhanced Management Information	• Automate the compilation and distribution of monthly performance reports (Monthly). • Evaluate the usage of QLIK Apps and implement any new Management Information (MI) requirements (by 30 September 2025).	Targets Achieved. Design and production of Interactive version of operational performance report now complete. This version has also been streamlined to allow publication on the LSA website. During the first half of the 2025/26 financial year, the Information and Analysis Unit undertook a review and evaluation of existing management information delivered through Qlik applications. Two new operational KPI performance monitoring applications were developed to improve performance visibility and support more effective workload management. Further enhancements were also delivered across approximately 10 existing applications to better align reporting with day-to-day business needs.
Develop and implement a Communications Strategy	• Develop a Communications Strategy (by 30 April 2025). • Implement Action Plan Phase 1 (by 31 March 2026).	Targets Achieved. Communications Strategy approved April 2025. Actions in Phase 1 implemented.
Maintain effective group forums between the Agency and professional bodies	• Participation in forums and policy working groups and delivery of key outputs (by 31 March 2026).	Target Achieved. Ongoing engagement across DoJ leading to the provision of data outputs in-house, with Departmental policy colleagues and with the professional bodies to increase the evidence base whilst ensuring transparency. Operational Forum with the Law Society and Bar meets monthly to discuss performance. Change Forum established for enhancements to LAMS. Additional forum also established with the Family Bar. Ongoing engagement with the Family Bar Association and engagement stablished with the Family Committee of the Law Society NI.

Legal aid expenditure and applications granted

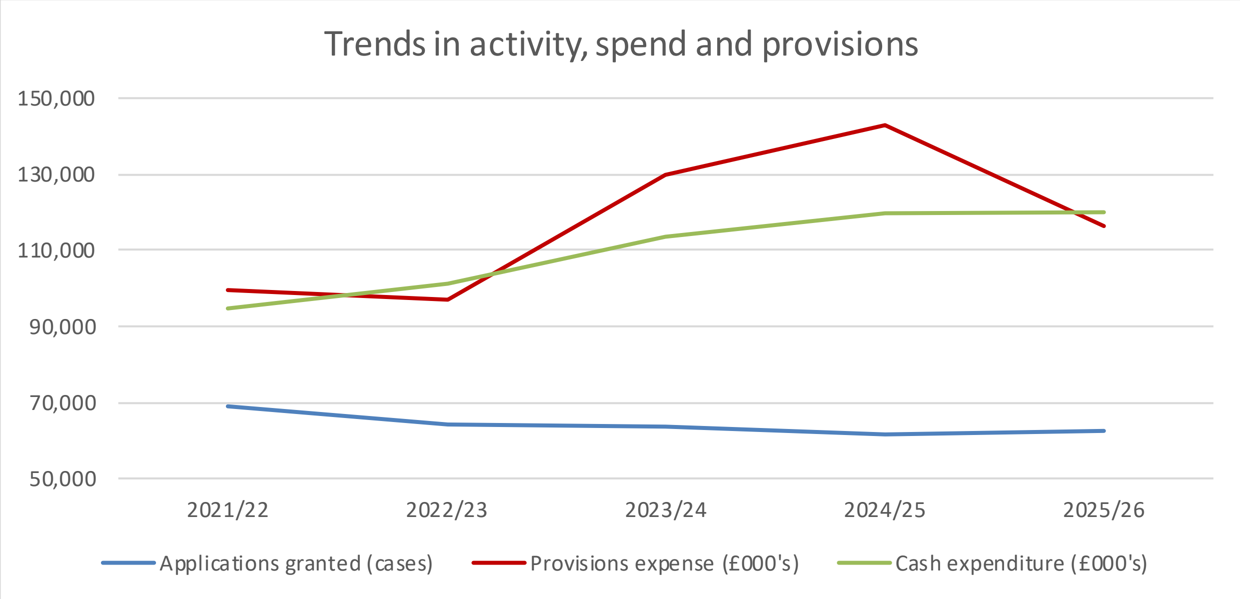
The cost of legal aid in any year is expressed in the Accounts as the 'provisions expense' and this charge, as set out under Note 12.1 to the Accounts, has two components in respect of cases:

- Provided in the year - the estimated costs in respect of cases for which certificates have been granted in the year and where opening costs for cases provided for in a previous period are increased; and
- Release of opening balance - revaluations in respect of cases provided in the previous year but against which average case costs estimates have varied in the current year.

In addition, Note 12.1 also refers to 'Provisions utilised in the year' and this reflects the actual cash expenditure against cases in year.

The provisions balance may vary materially from year to year and with it the corresponding movement in the provisions expense. The provisions expense has reduced from £143m in 2024-25 to £117m in 2025-26. Total legal aid cash expenditure in 2025-26 was £120.0m compared to £119.7m in 2024-25. The total opening 2025-26 budget for the Agency was £129.8m - approximately £20m more than the opening position for 2024-25 which continued the pattern of increasing opening budgets seen in recent years. This afforded £120.9m to the Legal Aid Fund (including Legacy Inquests). Through careful management of a range of issues including uncertainty around the value and volume of bills received and managing the impact of fee increases introduced in January 2026, after surrendering £0.6m in respect of Legacy Inquests due to reduced Legacy court activity, the Agency utilised its remaining Legal Aid budget in full. This meant a total Legal Aid cash spend of £120.0m (including Legacy Inquests) which helped to maintain the significant progress made in terms of payment timescales in 2024-25.

	2021-22	2022-23	2023-24	2024-25	2025-26
Applications granted (cases)	**68,962**	**63,976**	**63,881**	**61,573**	**62,627**
Provisions expense (£m)	**99.7**	**97.0**	**130.1**	**142.9**	**116.5**
Cash expenditure (£m) - termed 'provisions utilised in the year'	**94.7**	**101.3**	**113.5**	**119.7**	**120.0**



The Agency granted a total of 62,627 applications in 2025-26. This represents a 1.7% increase compared to the 61,573 applications granted in 2024-25.

Applications for legal aid are received across five levels of services: Advice and Assistance, Criminal, Exceptional Funding (in respect of Legacy Inquests) Representation Lower and Representation Higher (the court tier determining the distinction).

Statistics on legal aid grants and authorised expenditure are not directly comparable and should be treated separately. As legal aid cases can span several years, payments in one year may relate to applications approved in previous years. Likewise, not all grants made in a given year will result in payments within that same period.

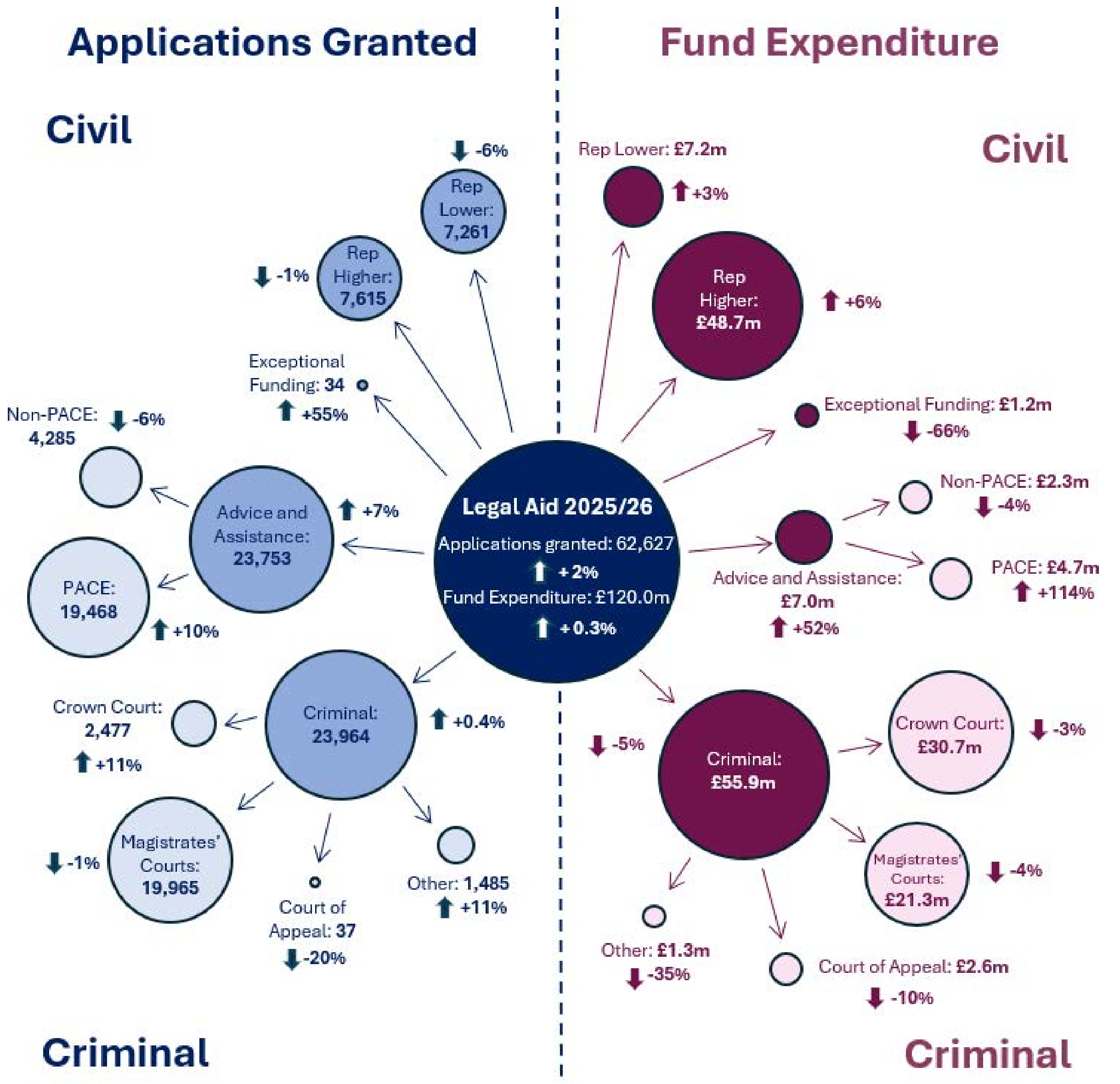
LAMS provides the Agency with greater visibility over total demand and the spread across level of service and practitioners. It enables the Agency to more effectively and equitably control the flow of payments and to reflect changes in the profile of the bills being submitted. The Agency actively contacted practitioners to resolve queries satisfactorily so enabling due payments to be released and ensuring adherence to performance targets.

The Agency's latest Official Statistics publication '[Legal Aid in Northern Ireland: Annual Statistics to March 2026](https://www.justice-ni.gov.uk/publications/legal-aid-northern-ireland-annual-statistics-march-2026)'[12] was released in May 2026. This sets out in detail the volume

[12] https://www.justice-ni.gov.uk/publications/legal-aid-northern-ireland-annual-statistics-march-2026

of business transacted by the Agency during 2025-26. A follow-up publication, looking at the utilisation of legal aid by applicants and provider types, is scheduled for release in Autumn 2026.

Applications granted and fund expenditure, by category of service, 2025-26



Footnotes:

1. Arrow and percentage denote difference to 2024/25, with direction and +/- symbol illustrating an increase or decrease.
2. Expenditure figures represent fund expenditure only and have been rounded for presentational purposes. Subsequently, totals may differ to a sum of sub-categories.

Financial review

The Agency's financial statements for 2025-26 are compared to the two previous financial years in the table below:

Statement of Comprehensive Net Expenditure	2025-26 £000	2024-25 £000	2023-24 £000
Total operating income	**(2,345)**	**(1,747)**	**(2,100)**
Staff costs	7,462	6,914	6,449
Purchase of goods and services	2,984	1,858	1,574
Depreciation and amortisation charges	1,446	1,369	1,298
Provision expense	116,729	142,944	130,127
Grants	27	10	10
Total operating expenditure	**128,648**	**153,095**	**139,458**
Finance expense	179	(1,723)	(7,705)
Notional costs	704	684	635
Net expenditure for the year including notional costs	**127,186**	**150,309**	**130,288**

Financial position

The total net liabilities of the Agency at 31 March 2026 were £176.8m (31 March 2025: £179.0m).

Cash flow

As detailed in the Statement of Cash Flows, the Agency's Net Assembly draw down in 2025-26 was £128.7m (2024-25: £129.0m) and the net decrease in cash and cash equivalents in the year was £0.765m (2024-25: an increase of £0.867m).

Financial risk

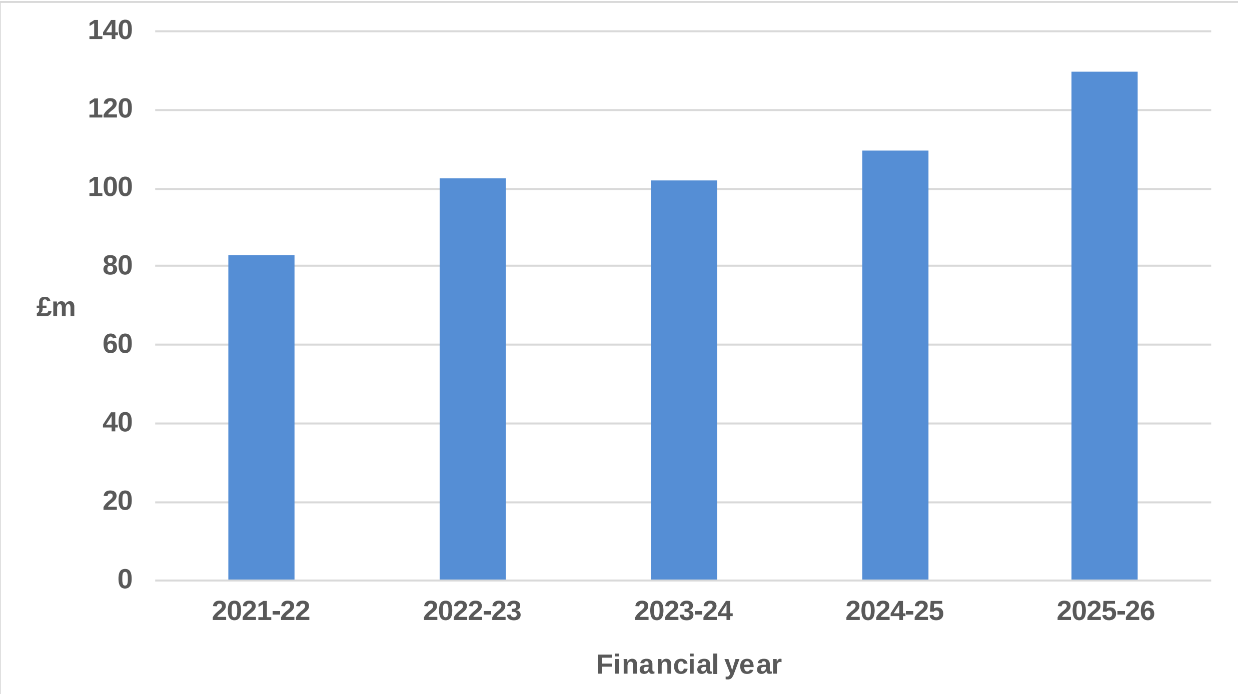
The Agency relies on the Department of Justice for funding and the risk to this funding is low. The Agency accounts for all transactions in sterling and has no borrowings. As such, the Agency is not exposed to any exchange rate or liquidity risk.

Long-term expenditure trends

The chart below shows the movement in the LSA opening baseline for non-ringfenced Resource DEL over the period 2021-22 to 2025-26.

As outlined in further detail below, the Finance Minister has proposed a Draft multi-year Budget covering the period 2026-27 to 2028-29 for Resource DEL. However, a Budget has not yet been agreed by the Executive. As a result, the chart below has not been updated beyond 2025-26.

Chart - LSA Non-Ringfenced Resource DEL opening baselines



2025-26 financial year

On 3 April 2025, in a Written Ministerial Statement, the Finance Minister set out the 2025-26 budgets for Northern Ireland departments which have been agreed by the Executive. The Written Ministerial Statement provided a non-ringfenced Resource DEL budget for the Department of £1,415.3m.

DoJ's non-ringfenced Resource DEL Budget was as follows:

- an opening baseline budget of £1,218.4m;
- an additional allocation of £137.7m, including £1.9m for NI Consolidated Fund judicial salaries;
- transformation funding of £5.4m;
- additional security funding for the PSNI of £37.8m; and
- funding for EPPOC of £16m (this is funding to be distributed across various departments and is not solely for the use of DoJ).

2026-27 to 2028-29

On 6 January 2026, the Finance Minister issued a Written Ministerial Statement to the Assembly outlining proposed Draft Budget allocations. These proposals covered Resource DEL for the three-year period 2026-27 to 2028-29. The Department's proposed Draft Budget allocations are illustrated below.

Proposed Resource DEL Draft Budget Allocations

Resource DEL	2026-27 £m	2027-28 £m	2028-29 £m
Proposed Departmental Budget Outcome	1,575.4	1,497.2	1,525.7
Proposed Autumn Budget - Indicative Allocation	10.0	6.5	-
Total Indicative Resource DEL allocation	**1,585.4**	**1,503.7**	**1,525.7**

Although the proposed Draft Budget was published for consultation, it has not yet been agreed by the Executive and therefore remains subject to change, including potential reductions given the pressures faced across all departments. Consequently, there is currently no Executive-agreed Budget in place for the 2026-27 financial year or beyond.

In the absence of an agreed Budget, DoF Permanent Secretary issued each departmental Accounting Officer with a Contingency Planning Envelope on 30 April 2026. These envelopes set out indicative Resource DEL funding levels for 2026-27 to support planning and affordability assessments pending agreement of a Budget by the Executive. Any Budget subsequently agreed by the Executive will supersede these arrangements.

Auditors

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland (“C&AG”), who heads the Northern Ireland Audit Office (NIAO) and is appointed by statute and reports to the Assembly. The C&AG and her staff are wholly independent of the Agency. The notional fee for the audit of the 2025-26 financial statements is £93,500 (2024-25: £88,900). In addition, £nil (2024-25: £1,382) was hard charged by NIAO to the Agency for audit work undertaken in respect of the National Fraud Initiative.

The C&AG may also undertake other statutory activities that are not related to the audit of the Agency’s financial statements, such as Value for Money (VFM) reports. No VFM reports on the Agency were undertaken during 2025-26.

Payment to suppliers

The Agency’s policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier. The Agency’s compliance with Prompt Payment is provided in the table below. Payments of programme costs for publicly funded legal services are exempt from the Better Payment Practice Code and are therefore not included.

	2025-26	**2024-25**
Total Invoices paid	551	447
Total invoices paid within 10 days	526	430
% of invoices paid within 10 days	**95.5%**	**96.2%**
Total invoices paid within 30 days	547	437
% of invoices paid within 30 days	**99.3%**	**97.8%**
Statutory penalties paid for late payments (£k)	–	–

Environmental and sustainability initiatives

The Climate Change Act NI 2022 sets a clear statutory target of net zero emissions by 2050 and places a number of duties on each NI department, with the Department of Agriculture, Environment and Rural Affairs (DAERA) named as the lead department in the Act.

Within DoJ, the Core Department leads on the strategic approach and launched an Outline Sustainability Strategy and associated action plan in Summer 2023. This sets out the Departments commitment to sustainable practices and supports us in meeting our obligations under the Climate Change Act (NI) 2022 and in contributing to the first NI Climate Action Plan 2023-2027. Departmental officials also sit on a cross departmental Strategic Oversight Group and Climate Action Plan Technical Advisory Group, both chaired by DAERA.

This sustainability report has been prepared in accordance with NI's Sustainability Reporting Guidance 2025-26, which is aligned with HMT sustainability reporting guidance and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. All information included in this sustainability report conforms to the normal public sector financial year of 1 April to 31 March.

Governance

The Agency's business plan includes an action to support development and implementation of departmental strategies and plans in relation to Sustainability and Climate Change. This is subject to regular monitoring, as performance against business plan targets is a standing agenda item for the LSA Board. The Agency is committed to processing its business in a modern, digitally enabled and sustainable way to deliver a high-quality user-focused service.

We do this in the following ways:

- The Agency currently occupies part of a leased building with a B-rated Energy Performance Certificate and continues to work with the landlord in considering ways to cut waste and promote efficient use of resources. As the lease on the building is due to expire next year, the Agency has recently commenced engagement with the Department's Estates and Sustainability Branch regarding options for future accommodation in line with the objectives of the DoJ Asset Management Plan 2024-2029 and the NICS Estates Strategy to maximise the use of the existing NICS estate.
- The Agency promotes the use of electronic correspondence where practicable and continues to realise cost and carbon savings arising from the introduction

and use of LAMS, which has significantly reduced the use of paper, postage and offsite storage.

- Staff avail of hybrid working and make extensive use of online meetings to help to reduce the need for staff travel and thereby reducing the Agency's carbon footprint.
- The work of the Civil Legal Services Appeals Panel (CLSAP) is predominantly conducted online.
- The Agency does not offer car parking to staff, as our location in Belfast City Centre provides opportunities to use public transport for travel to and from work.
- The Agency continues to promote recycling within the building and has separate waste recycling containers around the office which allows for the collection of office waste including paper; cardboard; plastic, metals, batteries and compostable items such as food waste, cups, napkins, food containers and cutlery.
- Waste recycling messaging is communicated to staff via screens, and we also continue to include sustainability and climate change messaging within the monthly Team Brief circulated to all staff.
- The Agency's main offices and meeting rooms have motion sensor lighting and signs have been placed in those rooms without motion sensor lighting to remind staff to switch off lights after they leave. The building features a modern air conditioning unit which helps reduce energy costs. A hot water bowser, which maintains an appropriate temperature, is available for staff in the kitchen thereby removing the need for kettles.
- All staff have access to multi-function devices (MFDs) which permit both electronic scanning of documents and double-sided printing for any physical copies that are currently required. MFD toner cartridges are recycled, and any redundant IT equipment is returned via IT Assist for appropriate decommissioning and recycling.
- In the specification of the "Framework for disposal services for IT equipment, electronic and electrical equipment", suppliers must have BS EN ISO 14001; 2015 - Environmental Management System accreditation (or equivalent) before being appointed to the framework. The framework specification also requires the following from suppliers. "All equipment that is not resold must be dismantled and

recycled/disposed in accordance with the relevant legislation including, but not limited to:
- o the Waste Electrical and Electronic Equipment Directive.
- o BS EN ISO 14001: 2015.

- The Agency's contracts over £30,000 continue to be managed centrally through Construction and Procurement Delivery within DoF. Sustainable development is factored into the establishment of all contracts.
- The Agency remains committed to securing products and services that are environmentally friendly and to the procurement of goods or services which comply with Article 6 of the Energy Efficiency Directive.
- DAERA, in partnership with DoF, has removed all unnecessary single-use plastic from the Government estate and a ban on the use of unnecessary single-use plastic across the Northern Ireland Civil Service (NICS) estate, is now in place.

The Agency is represented on the DoJ Asset Management Board, Sustainability Working Group and Premises Officer Forum feeding into the wider DoJ data collection exercises and the DoJ Sustainability Strategy and Action Plan.

Health and safety

The Agency is committed to providing staff with an environment that is, as far as possible, safe and free from risk to health. In line with this commitment, the Agency complied with the relevant legislation during the period, undertaking regular risk assessments. The Trade Union Side Health and Safety representative continues to be involved in any health and safety related issues.

A review of the general office risk assessment was carried out during the year, and Display Screen Equipment risk assessments to support both home and office-based working have been completed by staff.

The Agency's health and safety function is managed by the Business Support Unit and the arrangements in place enable the Agency to comply with its legal duties and responsibilities under the Health and Safety at Work Act 1974. Due to the reduced number of staff attending the office, the Agency has reviewed Fire Safety procedures including Personal Emergency Evacuation Plans and put in place training and a rota system for additional Fire Wardens and First Aiders.

Social and community issues

The Agency continues to develop its communications having developed a Communications Strategy, which is focused on the needs of the citizens, suppliers of legal services and other key stakeholders.

The Agency continues to work on the following areas:

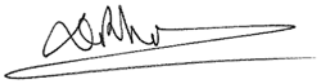
- practitioner familiarisation with and enhancements to LAMS and promotion of the LAMS Change Forum and change process for legal practitioners;
- delivery of awareness sessions to improve quality of requests; and
- communications to assist, improve and support the understanding of the assisted person as to their obligations when they accept and receive legal aid.

In addition, the Agency supports a range of projects being taken forward by DoJ.

Human rights

Civil servants have a statutory duty to consider a person's human rights when developing and delivering government policy and services. The Northern Ireland Human Rights Commission (NIHRC) interactive guide to human rights is available to staff in the Agency to ensure they have sufficient knowledge of human rights law and standards and the core principles through which human rights are realised. The guide is designed to increase human rights knowledge and strengthen the culture of human rights awareness and good practice within the Agency.

PERFORMANCE REPORT



Paul Andrews
Chief Executive and Accounting Officer
30 June 2026

ACCOUNTABILITY REPORT

The Accountability section of the Annual Report outlines how the Agency meets its key accountability requirements to the Assembly and ensures best practice with corporate governance norms and codes. The three sub-sections within the Accountability Report are outlined below.

i - Corporate Governance Report

The purpose of this section is to explain the composition and organisation of the Agency's governance structures and how they support the achievement of its objectives.

The Corporate Governance Report includes:

- Directors' Report;
- Non-Executive Members' Report;
- Statement of Accounting Officer's Responsibilities; and
- Governance Statement.

ii - Remuneration and Staff Report

This section sets out the Agency's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors as salary and pension entitlements.

In addition, the report provides information relating to remuneration and staff that the Assembly and other users see as key to accountability.

iii - Assembly Accountability and Audit Report

This section brings together the key Assembly accountability documents within the Annual Report and Accounts. It comprises:

- Other Assembly accountability disclosures; and
- Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

The Board

The Agency Board (the Board) was formally constituted on 1 April 2015 and oversees the work of the Agency. Its role is to lead the Agency's strategic planning and assist the Chief Executive, who is also the Accounting Officer, in meeting corporate governance responsibilities for the Agency. The Board follows Corporate Governance best practice.

Membership of the Board during 2025-26 was as follows:

Position	Member
Chief Executive	Paul Andrews (Chair)
Director of Operations	Judith Clarke
Director of Corporate Services	Kerry McGill
Non-Executive Member	Paul Mageean
Non-Executive Member	John McDaid

The Board operates as a collegiate forum, under the leadership of the Chief Executive, to manage the running of the Agency. Policy on civil legal services and criminal legal aid is not determined by the Agency; however, the Board may discuss policy in the context of analysing options for operational management and delivery. In the policy area, the Board operates in an advisory and consultative capacity, offering guidance when required.

The Chief Executive of LSA is responsible for the day-to-day operation of the Agency and the leadership and management of its staff. The Chief Executive is also currently the holder of the statutory office of Director of Legal Aid Casework (the Director). The Director operates under legislation and Ministerial guidance and directions when determining whether applications for civil legal services should be funded. The Director is independent from any Ministerial or Departmental interference in relation to individual applications for civil legal services.

The role of Non-Executive Members (NEMs) includes:

- providing strategic advice to the Board, contributing to decision-making and supporting the good corporate governance of LSA;
- using their experience to challenge and support the Board, acting corporately;
- ensuring that the Board obtains and considers all appropriate information; and
- notifying the Board of any matters that threaten the regularity, propriety or value for money with which LSA carries out its business.

All Board members are required to adhere to the Nolan Seven Principles of Public Life.

The Board and Accounting Officer are supported in their roles by the Audit and Risk Committee. This is a Committee of the Board with no executive powers but supports the Board in its responsibilities for issues of risk control and governance by reviewing the comprehensiveness, reliability and integrity of the assurances provided to the Board and the Accounting Officer.

As an Agency of the DoJ, the Agency operates under a Corporate Framework. The Framework Document sets out the arrangements for the effective governance, financing and operation of the Agency.

Board Members' interests

Details of company directorships, other significant interests or any potential conflicts of interest held by LSA Board Members are formally updated annually and reviewed at each Board Meeting. These are disclosed within the LSA Register of Interests which also covers staff and senior management and is formally updated annually in respect of them. Access to the Register of Interests may be gained by contacting enquiries@lsani.gov.uk. There were no disclosures necessary in respect of related party transactions between Board Members and the Agency as set out at Note 17 in the Accounts.

Application of Business Appointment Rules (BARs)

The NICS Standards of Conduct Policy, (Section 8 and Annexes 4) sets out the rules on the acceptance of outside business appointments, employment or self-employment for staff after they leave the NI Civil Service, including procedures to make staff aware of these rules and provides that the Permanent Secretary of the Department is responsible for the effective operation of the Business Appointment Rules within their Department. Further detail is available in the NICS Standards of Conduct Policy.

In compliance with Business Appointment rules, the Department is transparent in the advice given to individual applications for senior staff, including special advisers. Advice regarding specific business appointments has been published on the Department of Justice website.

During 2025-26 there were 3 staff exits from the Civil Service within LSA, with no applications from Senior Civil Servants.

Information assurance

There were no incidents of loss of information assets or personal data during 2025-26 which required to be reported to the Information Commissioner's Office.

Raising a Concern

As an Agency within the Department of Justice the Agency will follow the policies and procedures set down by the Department of Justice, including the DoJ Raising a Concern Whistleblowing Policy. There will be a Designated Officer in the DoJ, reporting to the Departmental Audit and Risk Committee responsible for the handling of concerns.

This policy:

- reassures DoJ staff that they can raise genuine concerns about potential wrongdoing, in confidence, through a clear internal reporting process, without putting their position at risk; and
- provides arrangements through which anyone who is not a member of staff (for example members of the public) can raise concerns about the proper conduct of public business by the Department or any of its Agencies.

Complaints

The Complaints Policy and Procedures regarding the administration of civil and criminal legal aid are designed by the Agency to address complaints regarding the quality of service provided by its officials. Its aim is to enhance and improve the level of service provided to customers. There were twelve Stage 1 complaints recorded by the Agency during 2025-26 (twelve during 2024-25). Of these, three complaints were upheld, two were partially upheld and six were not upheld (one remained in progress at the time of this report). An apology was issued on four occasions, and lessons learned were recorded and used as a training tool for staff. Two complaints were escalated to Stage 2, one of which was upheld. No complaints were referred to the Northern Ireland Public Services Ombudsman (NIPSO).

Complaints can be made to:

Legal Services Agency Northern Ireland
3rd Floor AIB Building
92 Ann Street
Belfast
BT1 3HH
Telephone: 028 9040 8888
E-mail: LSANIcomplaints@lsani.gov.uk

The Agency thoroughly investigates every complaint it receives, using a two-tier complaints procedure. The initial complaint gives the Agency the chance to review the way the matter was handled at a local level and put the situation right if possible. If an individual or provider is not content with the initial response, they can escalate their complaint, which will then be handled by either the Director with responsibility for the business area or, if appropriate, the Chief Executive. The Director or Chief Executive will oversee a further investigation of the complaint and review all previous actions and responses. Once both stages of the Agency's complaints procedure have been exhausted, the final recourse for the complainant is to refer the matter to the Office of the Northern Ireland Public Services Ombudsman under the Ombudsman (NI) Act 2016.

The Agency cannot investigate complaints about the representation received by recipients of legal aid. Complaints about the service or performance of solicitors and barristers must be referred to the appropriate professional body for investigation.

Fraud, anti-corruption and anti-bribery

The Agency is committed to the values of probity and accountability which foster a positive organisational culture. It is also committed to the elimination of any fraud within the Agency, to the rigorous investigation of any prima facie case, and, where fraud or other criminal acts are proven, to ensure that wrongdoers are dealt with appropriately. The Agency has a zero-tolerance approach towards acts of bribery and corruption by staff, associated persons and organisations.

Managing the risk of fraud and bribery is seen by the Agency in the context of managing a wider range of risks. The Agency promotes an anti-fraud and anti-bribery culture by encouraging management to create conditions in which staff members have neither the motivation nor the opportunity to commit fraud or either offer or accept bribes. Professional staff are the first line of defence against these issues, supported by the establishment and maintenance of carefully designed and consistently operated procedures. The introduction of LAMS is considered as reinforcing the audit trail around transactions so reducing the risk of fraud and bribery.

LSA recognises there is a need to maintain the awareness of staff at all levels to safeguard public resources against the risk of fraud and bribery and this forms part of the Agency culture and communications strategy. Mandatory fraud awareness training and fraud awareness sessions are completed by all staff annually.

The Agency has a Counter Fraud and Error Strategy and associated action plan. Performance against the action plan is presented to the Audit and Risk Committee quarterly. The Agency continues to seek opportunities to enhance its procedures in the area of prevention, detection and response to fraud with an emphasis upon procedures, controls and accountability from all staff in LSA. The Counter Fraud Unit has continued using data analytics and has detected a number of cases where potential fraud/error has occurred which has resulted in a number of practitioners being the subject of investigation. Recovery of funds has been successful, and progress continues to be made. To date, the Agency has recovered approximately £40k as a result of duplicate claims.

The Agency continues to invest to save with investment in enhancements to LAMS to strengthen internal controls which were deployed on 18 September. Additional staff have been recruited to assist with the Data Analytics work and it is hopeful there will be an expansion of resources in the near future.

During the period 1 April 2025 to 31 March 2026, LSA received 185 referrals (2024-25: 264) which were the subject of a fraud investigation.

All 185 cases were subject to a fraud investigation (2024-25 : 264) with 127 of these cases closed due to insufficient evidence to pursue a criminal investigation via the Police or the subject of the referral not being in receipt of Legal Aid at the time of investigation. The investigation into the remaining 58 cases is currently ongoing. 11 cases received prior to this reporting year remain under investigation which gives a current caseload of 69.

The categories under each heading in the tables below relate to the failure to fully declare the appropriate information or misrepresentation and relate to either the applicant or practitioner. The total referrals were as follows:

Number of cases received	**Earnings**	**Capital**	**Co-habiting**	**Property**	**False State-ment**	**Supplier**	**Other**	**Total**
2025-26	**105**	**23**	**14**	**0**	**1**	**38**	**4**	**185**
2024-25	122	35	23	-	3	75	6	**264**
2023-24	91	46	19	1	7	56	20	**240**
2022-23	114	55	35	4	10	28	15	**261**
2021-22	175	53	28	12	18	33	19	**338**

Of the 69 cases outstanding at 31 March 2026, these are being investigated for evidence of criminality and are categorised as:

Number of cases outstanding	**Earnings**	**Capital**	**Co-habiting**	**Property**	**False State-ment**	**Supplier**	**Other**	**Total**
At 31 March 2026	**34**	**11**	**3**	**0**	**0**	**21**	**0**	69
At 31 March 2025	37	15	6	-	1	34	-	93
At 31 March 2024	31	10	3	0	4	20	4	72
At 31 March 2023	12	7	5	1	3	9	-	37
At 31 March 2022	28	10	1	1	5	11	9	65

NON-EXECUTIVE MEMBERS' REPORT

Overview

The Agency has delivered strong performance against the 2025-26 Business Plan with all targets met or exceeded, with the exception of one KPI on non-emergency applications for exceptional funding. This area has a low number of applications and only one case was processed outside the timescale.

During 2025-26, the Agency received an opening budget allocation for legal aid of £120.9m, including legacy inquest funding - this represented the highest budget allocation in the history of legal aid. The total cash spend on legal aid, including legacy inquests, was £120.0m (2024-25: £119.7m) resulting in the Agency significantly improving payment timeframes and reducing unassessed bills. This cash spend also included 56.5k of additional payments with a value of approximately £7m as a result of a legislative change to increase remuneration rates.

The qualification to the accounts in respect of fraud and error was a key area of focus for the Board. Significant work has been undertaken in respect of this qualification. The Agency has continued work to address official, applicant and practitioner fraud and error in conjunction with the SAU who undertake independent reviews of cases to test payment accuracy and review applicants' ongoing entitlement to legal aid. Significant progress has been made in respect of official error in 2025-26. As a result of the dedication of staff and measures put in place to reduce official error, the rate for 2025 was 3.0%, a decrease of 3.7 percentage points from 2024.

Future Overpayments Prevention work dealing with applicant error and fraud produced estimated savings of £124k against the 2024 figure of £105k through the review of live legal aid certificates. The Agency also commenced a pilot involving internal work on future overpayment prevention.

The Agency has also continued to support the reduction of practitioner fraud and error through guidance to practitioners. The practitioner error rate for 2025 was 7.7%, up 2.6 percentage points from 2024. We welcome the work the Agency has put in place in respect of recoupments and data analysis to support fraud detection. This has resulted in a number of ongoing investigations and recoupments where necessary. A recent strategy on data analysis has been agreed to set the future direction of this work.

The Agency has also further enhanced the estimation of provisions to reflect the impact of legal aid reform and the remuneration changes.

The Senior Management Team has continued to promote and encourage collaborative working and improved communication and engagement within the Agency. This was evident with the NICS People Survey results showing significant improvement from the survey carried out in 2023. Further details on this are outlined at "Staff Engagement" Page 89. The Agency has recently updated its People Plan based on feedback from this survey and recent staff feedback.

It is positive to note that a number of staff have been successful in recruitment exercises over the year, however there were key vacancies which had not been filled by year end. Over the course of the year, to ensure delivery against demanding deadlines, the Agency used temporary promotions and recruitment agency staff to fill vacancies that were not able to be filled from merit lists.

We have continued to use our experience to challenge and support the Executive. As Non-Executive Members of the Agency Board we have provided strategic advice to the Board and have inputted to the business planning process and key risk analysis review.

Agency Board

The Agency Board met six times in 2025-26 with largely full attendance from members.

We thank the Management Team for its support throughout the year and look forward to the challenges ahead.

Audit and Risk Committee

The Audit and Risk Committee (ARC) consists of the two Non-Executive Members and an Inter-Departmental Finance Representative, Aideen O'Doherty. It met on four occasions this year and received ongoing reports from internal and external audit colleagues, counter fraud activity updates and finance reports. The Agency's Risk Register was presented at each Committee.

The ARC continued to monitor progress against the one remaining qualification to the accounts.

Conclusion

We would like to congratulate the management and all of the staff in the Agency for their efforts over this past year in maintaining a high level of service. The Senior Management Team is fully committed to the continuing journey to drive further improvement across the Agency, and we look forward to supporting them with this.

STATEMENT OF ACCOUNTING OFFICER’S RESPONSIBILITIES

Under section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance (DoF) has directed the Agency to prepare for each financial year a statement of Accounts in the form and on the basis set out in the Accounts Direction. The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

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

The Accounting Officer for the DoJ has designated the Chief Executive as Accounting Officer of LSA. The responsibilities of an Accounting Officer including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency’s assets, are set out in the Accounting Officer’s Memorandum issued by DoF and published in Managing Public Money Northern Ireland.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Agency’s auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

GOVERNANCE STATEMENT

1. Scope of responsibility

The Agency operates under the auspices of the DoJ. The relationship between the Agency and the DoJ is governed by a Framework Document. The Agency is responsible for applying statutory tests to determine whether an individual should receive civil legal services, assessing the appropriate remuneration and making the payment for the relevant legal services provided in a timely manner. While the judiciary is responsible for the grant of criminal legal aid, the Agency pays for the legal services provided. In addition to administering publicly funded legal services, the Agency supports the DoJ in its work to reform civil and criminal legal aid as part of the Enabling Access to Justice Reform Programme. The scope of the work undertaken by the Agency and the objectives set for each business area are contained in the annual Business Plan for LSA which is approved by the DoJ.

The Board of the Agency has a corporate responsibility for ensuring that the Agency fulfils the aims and objectives set by the DoJ and for ensuring the efficient and effective use of resources by the organisation.

2. Purpose of the governance framework

The Agency relies on its governance framework to enable it to exercise operational and strategic control over the operations of the organisation and to ensure that resources are effectively directed to deliver business objectives. It also provides a range of assurances that appropriate internal controls are in place and working effectively.

The Board considers it has complied with all the key principles of the Corporate Governance Code in terms of its composition, leadership remit, accountability, and risk management. The Board operates a Risk Management Policy and ensures that risks are clearly identified and managed in line with the DoJ's agreed risk appetite. A Register of Interests is maintained for Board members and the agenda for each Board and Audit and Risk Committee meeting commences with a formal declaration (and record) that attendees have no conflicts of interest. Good practice is complied with, as representatives from the Department are invited as observers to attend all Board and Audit and Risk Committee meetings. This arrangement ensures that both parties continue to be well informed as to the wide range of matters that may impact on the achievement of business objectives.

3. Governance framework

The key organisational structures which support the delivery of effective corporate governance in the Agency are the:

- LSA Board; and
- LSA Audit and Risk Committee.

These structures have been in place for the 2025-26 year and up to the date of approval of the annual report and accounts.

The Board

The Board provides a vital role in shaping and directing the organisation to ensure it is equipped to provide high-quality cost-effective services. The Board is responsible for business and corporate planning and reporting and oversight of the functions of LSA promoting the efficient, economic and effective use of resources.

The Board operates within the parameters of the Agency Framework Document and the agreed Terms of Reference. The Board ensures the Agency fulfils its aims and objectives and supports those set by the DoJ.

The emphasis for the Board in this period has been:

- establishing the strategic direction of the Agency within the policy and resources framework determined by DoJ;
- constructively challenging the Agency's Senior Management Team in their business planning, target setting and delivery of performance against agreed targets;
- identifying the corporate risks that may impact on the delivery of the Agency's objectives and refocusing existing risks in light of changing circumstances;
- ensuring that the statutory requirements for the use of public funds are complied with; and
- ensuring that the Board have scope and range of information required to drive evidence-based decision making and support the Accounting Officer and Senior Management Team in the management of the Agency.

Attendance by members is shown below for the six meetings of the Agency Board during 2025-26:

Position	Member	Attendance
Chief Executive	Paul Andrews	6/6
Director of Operations	Judith Clarke	5/6
Director of Corporate Services	Kerry McGill	6/6
Non-Executive Member	Paul Mageean	6/6
Non-Executive Member	John McDaid	6/6

Throughout the year the Board was content with the quality of data presented to enable them to fulfil the required aims and objectives.

The Audit and Risk Committee

The Audit and Risk Committee is responsible for supporting the Board and Accounting Officer by reviewing the comprehensiveness of assurances and assessing the reliability and integrity of these assurances.

It fulfils this responsibility by ensuring that appropriate arrangements are in place to provide the necessary assurances in terms of financial management, risk management, counter-fraud, and the work of the internal and external auditors.

Key work of the Audit and Risk Committee included:

- review of the annual financial statements and the Governance Statement, including the work and reporting of the external auditors;
- counter-fraud strategy and reporting;
- corporate risk management;
- internal audit planning and strategy, including review of plans for the in-coming year and current year audit reports and the annual assurance report;
- oversight of actions to address identified weaknesses and key risks; and
- review of public sector guidance issued by DoF, Public Accounts Committee reports and any relevant good practice initiatives.

Attendance by members is shown below for the four meetings of the Audit and Risk Committee held during 2025-26:

Position	Member	Attendance
Non-Executive Member	Paul Mageean	4/4
Non-Executive Member	John McDaid	4/4
Independent Member	Aideen O'Doherty – NI Civil Servant in Department of Health (from April 2025)	4/4

The following were also in attendance at all Audit and Risk Committee meetings: Chief Executive, Director of Corporate Services, Head of DoJ Internal Audit, representatives from NIAO and DoJ FSD.

4. Risk management and internal control

The Agency has a well embedded and robust risk management framework in place, with direct involvement of senior managers and staff. Oversight of this is the responsibility of the Audit and Risk Committee. The Agency's arrangements for effective risk management include:

- a risk management strategy which is directly aligned with that of the Department;
- an agreed risk appetite in line with the DoJ's policy;
- Corporate Risk Register to identify and escalate the risks threatening to impact upon the achievement of the Agency's objectives;
- Board review of corporate risks as a standing agenda item;
- Audit and Risk Committee agenda on risk management;
- structures in place to assess and report on information risk; and
- Stewardship Statements from managers, providing formal assurance on their management of risk for their respective business areas.

The Agency's system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to limit any impacts should they materialise. It is designed to manage risk within the parameters of the Agency's risk appetite, rather than attempting to eliminate all the risk of failure to achieve policies, aims and objectives. The system of internal control includes:

- the establishment and operation of an effective management structure;
- the establishment and operation of a Board and Committee structure, including an Audit and Risk Committee;
- a system of risk assessment and risk management;
- key management controls, including monitoring, supervision and segregation of duties;
- a scheme of delegation which delegates decision-making within set parameters;
- adherence to external legislation, government policies, directions or guidance;
- adherence to accountability reporting to the DoJ, including Stewardship reporting and information security returns;
- adherence to internal policies, and documented business procedures and processes;
- a bespoke system to support business processes and provide relevant management information;
- the provision of an internal audit service to support management and provide independent assurance;
- a dedicated counter-fraud team; and
- comprehensive and accessible Departmental raising a concern/whistleblowing arrangements.

5. Review of effectiveness of the governance framework

The Board and Audit and Risk Committee continually review the range, format, frequency and detailed content of the reports and assurances provided to each meeting. This process ensures that requirements are met in terms of providing timely and effective information to the relevant meeting to allow members to fulfil their governance responsibilities. The Audit and Risk Committee provides the Board with an update after each meeting setting out the work of the Committee and appropriate assurances for the relevant financial year. Both the Board and Audit and Risk Committee undertake self assessments annually and implement actions where appropriate.

The Agency has implemented a number of structures and processes to assist in the evaluation of the risk management and internal control framework:

- as the Agency's Accounting Officer, the Chief Executive has a responsibility to assure themselves that appropriate arrangements are in place within the Agency to help ensure the effective delivery of corporate governance, risk management and systems of internal controls;
- the Agency's risk management framework is based on the DoJs risk management framework which, in turn, reflects the guidance in the Treasury's Management of Risk - Principles and Concepts ("The Orange Book");
- the role of the Board is to support the Chief Executive in taking collective ownership of the Agency’s performance and strategic direction, and has responsibility for identifying, assessing and managing risk. The Corporate Risk Register is reviewed and updated as necessary at each monthly meeting;
- the Agency's Audit and Risk Committee is a sub-committee of the Board and its primary function is to test and challenge the assurances provided to and by the Accounting Officer, the way in which these assurances are developed and the systems and approaches on which the assurances are based. As such, the Committee will advise the Accounting Officer and the Board on the strategic processes for risk, control and governance, and assurances relating to the management of risk and corporate governance requirements; and
- independent assurance on the adequacy and effectiveness of the risk management and internal control framework is provided by DoJ's Internal Audit Unit. Internal Audit activity is normally based on the corporate risk register and targeted at areas of highest risk.

Internal Audit reporting

Internal Audit services for LSA are provided by DoF’s Group Internal Audit and Fraud Investigation Service. Internal Audit staff from DoF are assigned to deliver services to the DoJ Core Department and its agencies. Internal audit services represent an independent and objective appraisal of the Agency’s governance, risk management and internal control system. The Internal Audit opinion is based on internal audit activity carried out during 2025-26 and cumulative assurances derived from internal audit activity during the previous two years.

The overall internal audit opinion for 2025-26 concluded that the arrangements within LSA are satisfactory. There were six internal audits conducted during the period as below, all of which had a satisfactory opinion. There were no recommendations raised at Priority 1, i.e., of such seriousness that failure to implement the recommendation would be likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Area	Opinion 2025-26
Criminal and Civil Legal Aid - Work of SAU in relation to Official and Practitioner Error	Satisfactory
LSA Procurement & Contract Management	Satisfactory
LSA Creditor Payments	Satisfactory
Data Analytics	Satisfactory
Inactivity	Satisfactory
Future Overpayments Prevention	Satisfactory

Outstanding Internal Audit recommendations are closely monitored by the Agency, and the satisfactory resolution of recommendations is agreed with the Group Head of Internal Audit to allow them to be formally closed.

6. Significant internal control issues

Northern Ireland Audit Office - account qualification

The C&AG qualified the 2025-26 financial statements of LSA in respect of:

- LSA statistics estimating that official error resulted in £0.6m of overpayments and £1.3m of underpayments (£2.0m* in total). In addition, legal practitioner fraud and error resulted in an estimated £4.4m of overpayments and £0.6m of underpayments (£5.0m in total).
- limitations in the scope on the regularity of legal aid payments in the period as a result of the Agency being unable to provide sufficient appropriate evidence to satisfy NIAO that material fraud and error by legal aid applicants did not exist within legal aid expenditure.

**amounts do not total due to rounding*

The estimate for practitioner overpayments includes £1.5mn extrapolated error relating to non-compliance cases (files not received). When a file is not submitted, SAU classifies the full payment as overpayment error, which is included in the £4.4m practitioner overpayment error, however the Agency withholds payment on these cases and therefore payments had not been made from the legal aid fund at year end. Likewise, both official and practitioner estimates include extrapolated notional errors (£1.3m £0.3m respectively) which, by year end, did not materialise into actual errors in the legal aid fund.

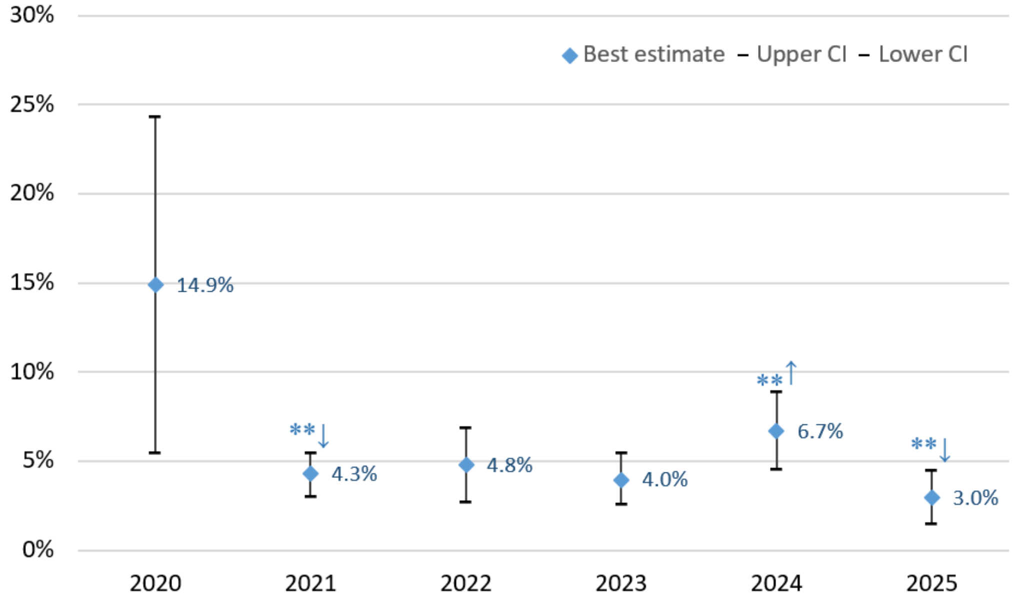
LSA has continued a significant work programme to address the qualification and has been taking this forward in conjunction with both DoJ and DfC. Details of the work to address the qualification are outlined below.

Regularity of expenditure

Official error

A MoU was established, from April 2017, with the SAU within DfC, to measure official error rates. While 2019 represented the first full year of testing under the agreed methodology there have been a number of refinements made to the sample that prevents direct comparison across all years. During 2020 taxed cases (and expenditure) were removed upon receipt of legal advice, meaning 2019 is not comparable with subsequent years and 2020 became the new benchmark for future years.

Estimated Official Error Rates, with Associated Confidence Intervals, 2020 to 2025



**indicates a statistically significant change on the previous year (at the 5% level).
↓ indicates direction of significant change.

Since 2023, following the introduction of practitioner fraud and error under a new common sample with official error, it has not been possible to include exceptional preparation payments (i.e. those that go beyond standard fees and require approved authority) due to logistical reasons as they follow a different, often prolonged, payment arrangement. In principle, the Agency would wish to include exceptionality expenditure within the common sample, but at this time a workable solution has not been identified. In addition, some practitioner errors that would have previously been attributed to official error are now, rightfully, attributed to the correct source. Comparisons between estimates post- and pre-2023 should be viewed in this light.

The 2025 rate of official error is estimated at 3.0% with associated confidence intervals of 1.5% to 4.5%, reducing to 2.9% (1.4% to 4.5%) when deemed errors are excluded. These estimates display a statistically significant reduction when compared with 2024 rates of 6.7% (4.6% to 8.9%) and 6.1% (4.2% to 8.1%) respectively.

Deemed errors are defined as instances where monitoring officers required further information to complete their review and where that information was not provided by the year end reporting date.

The estimated monetary value of errors behind these percentages are set out below.

2025	Estimated Monetary Value of Error (MVE)	Lower Confidence Interval (LCI)	Upper Confidence Interval (UCI)
Total error	£1,953,561	£975,328	£2,931,793
Overpayments	£641,820	£394,421	£889,219
Underpayments	£1,311,741	£359,098	£2,264,383
Total excluding deemed errors	£1,893,639	£915,819	£2,871,459

2024	Estimated Monetary Value of Error (MVE)	Lower Confidence Interval (LCI)	Upper Confidence Interval (UCI)
Total error	£4,439,837	£3,022,183	£5,857,492
Overpayments	£2,029,651	£1,080,204	£2,979,099
Underpayments	£2,410,186	£1,323,424	£3,496,948
Total excluding deemed errors	£4,047,568	£2,746,196	£5,348,940

For 2025, a sample of 783 cases (2024: 712) was independently assessed by the SAU under the common sample approach.

It should be noted that estimates of official error can include a number of notional under-/over- payments, identified by SAU at the point of testing. However, as these payments were processed in a timeframe in accordance with business arrangements and subsequently paid correctly and entirely before the end of the 2025 timetable, they resulted in no actual payment error to a practitioner or from the legal aid fund. Excluding these notional errors generates a rebased 2025 estimate of £611,403 (0.9%) with associated confidence intervals of £427,548 to £795,258 (0.7% to 1.2%). Comparative figures for 2024 are £4,114,046 (6.2%) with confidence intervals of £2,707,453 to £5,520,639 (4.1% to 8.3%).

Excluding both deemed and notional errors, the 2025 official error rate reduces to £546,384 (0.8%). This compares with £3,721,776 (5.6%) in 2024.

In those cases, in which the categorising officers identified an actual underpayment or overpayment, the Agency has a process to adjust the fees to address the incorrect errors. Underpayments due to the practitioner will be notified and an additional payment may be made under the case. Recoupments from the practitioner are likewise tracked against the case and will be offset within LAMS from future payments due to the same supplier under other cases or a debt raised.

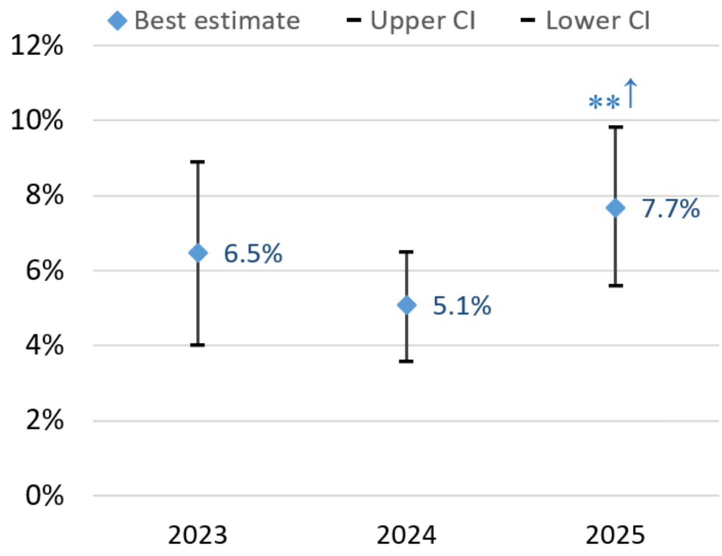
No recoupment is made of deemed errors as the accuracy or otherwise of the payment cannot be proved due to the lack of information. All eligible underpayments and overpayments identified as part of the SAU review process are processed in keeping with the Agency’s Fees Adjustment & Recoupment Policy.

LSA has a dedicated team to deal with the work arising from the error work programme. They respond to errors by providing information requested, analysing the source of the errors, identifying underlying issues and recommending remedial action to address. This may take the form of operational change whether through the ongoing revision to desk instructions, clarification of the interpretation of legislation and training.

Practitioner fraud and error

In January 2023, the Agency launched formal measurement of Practitioner Error and Fraud under a common sample approach with Official Error testing. Testing is carried out by SAU, reviewing both Agency and Practitioner files on sampled cases.

Estimated Practitioner Error and Fraud Rates, with Associated Confidence Intervals, 2023 to 2025



**indicates a statistically significant change on the previous year (at the 5% level).
↓ indicates direction of significant change.

The 2025 rate of practitioner fraud and error is estimated at 7.7% with associated confidence intervals of 5.6% to 9.8%, reducing to 5.3% (3.6% to 7.1%) when non-compliance errors are excluded. These estimates compare with 2024 rates of 5.1% (3.6% to 6.5%) and 3.8% (2.9% to 4.7%) respectively. The estimated monetary value of errors behind these percentages are set out below.

2025	Estimated Monetary Value of Error (MVE)	Lower Confidence Interval (LCI)	Upper Confidence Interval (UCI)
Total practitioner error	£4,974,530	£3,621,076	£6,327,983
Practitioner overpayments	£4,384,647	£2,686,426	£6,082,869
Practitioner underpayments	£589,882	£324,943	£854,822
Total excluding non-compliance errors	£3,443,281	£2,295,362	£4,591,201

2024	Estimated Monetary Value of Error (MVE)	Lower Confidence Interval (LCI)	Upper Confidence Interval (UCI)
Total practitioner error	£3,347,519	£2,387,065	£4,307,974
Practitioner overpayments	£2,230,666	£1,318,944	£3,142,388
Practitioner underpayments	£1,116,853	£748,900	£1,484,807
Total excluding non-compliance errors	£2,524,029	£1,910,974	£3,137,084

The estimate for practitioner overpayments in 2025 includes £1.5m extrapolated error (2024: £0.8m) relating to non-compliance cases (files not received). When a file is not submitted, SAU classifies the full payment as overpayment error, which is included in the £4.4m practitioner overpayment error (2024: £2.2m). However, the Agency withholds payment on these cases and therefore payments had not been made from the legal aid fund at year end.

Estimates of practitioner error and fraud also include a small number of notional errors, identified by SAU at the point of testing. However, as with official error, these payments were processed in accordance with business arrangements and resulted in no actual payment error to the practitioner or from the legal aid fund. Removing these notional errors generates a rebased 2025 estimate of £4,624,928 (7.2%) with associated confidence intervals of £3,284,630 to £5,965,226 (5.1% to 9.2%). Comparative figures for 2024 are £3,185,212 (4.8%) with confidence intervals of £2,233,607 to £4,136,817 (3.4% to 6.3%).

When both notional and non-compliance errors are excluded, the 2025 practitioner error rate reduces further to 5.1% (£3,269,046). This compares with 3.6% (£2,361,722) in 2024.

Where a practitioner overpayment is identified it is considered for recoupment under the Agency's revised Fees Adjustment Policy.

The following infographic summarises the headline findings of both official and practitioner error, from the 2025 common sample:

SUMMARY: Official and Practitioner Error in Legal Aid Payments

End of Year Report 2025

OFFICIAL

3.0%

↓3.7 percentage points on 2024

£1,953,561

↓£2,486,276 on 2024

2.9%

Excluding Deemed Errors
(insufficient evidence to verify)

PRACTITIONER

7.7%

↑2.6 percentage points on 2024

£4,974,530

↑£1,627,011 on 2024

5.3%

Excluding Non-Compliance
(files not received for testing)

Total Error

0.9%

£611,403

Excluding notional errors

0.8%

Excluding both notional and deemed errors

Rebased Error

7.2%

£4,624,928

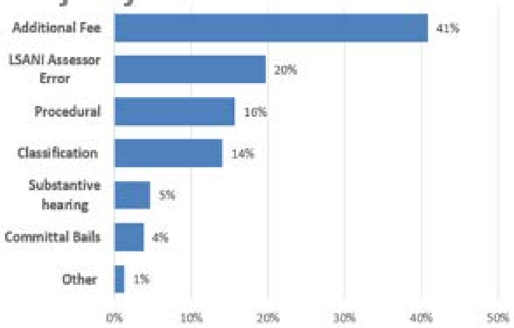
Excluding notional errors

5.1%

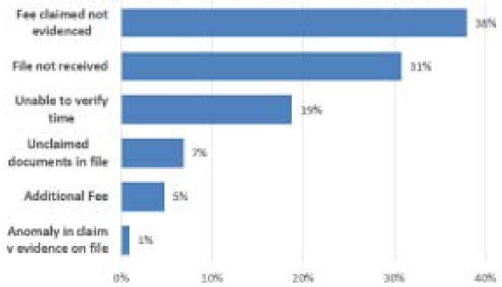
Excluding both notional and non-compliance errors

Causes of Total Error

Majority due to ‘Additional Fee’



Majority due to ‘Fee Claimed Not Evidenced’



Applicant fraud and error

Following an initial delay caused by Covid-19 restrictions, a methodology for addressing applicant fraud and error, commenced for its first full year of testing in January 2021. The major difference to official error testing is contained within the cases that are eligible for sampling. As applicant testing focuses on the financial eligibility of applicants, the majority of legal aid cases (and expenditure) were ruled out-of-scope.

Primarily, this covered civil cases where a financial eligibility test was not undertaken (including cases where the applicant was a minor or on a passport benefit for the duration of their case) and all criminal cases where LSA is not responsible for determining the financial eligibility of individuals. This should be considered when interpreting the figures quoted below.

In 2021, a sample of 500 cases was independently assessed by the SAU and the amount of legal aid estimated to have been paid incorrectly due to applicant fraud and error was projected at £1,321,698 (32.1%) over the review period. Looking at the confidence intervals, the true amount paid incorrectly is likely to lie within the range £809,533 to £1,833,863 (19.6% to 44.5%).

Over half of the fraud and error identified was due to non-compliance of applicants who were not compelled to take part in the review by SAU. When non-compliance is excluded, the amount of legal aid estimated to have been paid incorrectly reduces to £569,069 (13.8%) over the review period. Looking at the confidence intervals, the true amount paid incorrectly (excluding non-compliance) is likely to lie within the range £93,400 to £1,044,739 (2.3% to 25.3%).

2021	Estimated Monetary Value of Error (MVE)	Lower Confidence Interval (LCI)	Upper Confidence Interval (UCI)
Total applicant fraud and error	£1,321,698	£809,533	£1,833,863
Excluding non-compliance	£569,069	£93,400	£1,044,739

While testing for applicant fraud and error once a case is closed mirrored the approach taken in official error testing at the time and provides the best opportunity to get a true picture of continued financial eligibility, it also means the Agency has no power to compel applicant compliance.

In turn, while the methodology applied in 2021 provides an estimate of applicant fraud and error, the Agency is limited in the action it can take to reduce this rate, due to Assisted Persons not having to co-operate or provide information to the Agency once a case has closed.

For this reason, applicant fraud and error testing in this guise was suspended in 2022 and replaced with a review of live cases under the heading of Future Overpayment Prevention (see below). The 2021 figures outlined above, remain the official baseline for applicant fraud and error within legal aid expenditure.

Future Overpayment Prevention

In May 2022, SAU commenced testing of live cases to review ongoing financial eligibility of individuals who remain in receipt of civil legal aid under the Future Overpayment Prevention (FOP) work-stream, mitigating against the non-compliance issues encountered previously (in formal Applicant Fraud and Error testing), with the potential to revoke certificates and realise future savings. This approach not only allows incidents of fraud and error to be identified and monitored but also allows actions to be put in place to address and reduce future errors.

While it was envisaged that testing would focus solely on future savings, it became apparent that applicant error was being discovered alongside a FOP saving (in the period between when an applicant became no longer eligible for legal aid and cessation of their certificate). As these applicant error estimates are essentially a by-product of FOP sampling, they are not a representative or comprehensive estimate of total applicant error in legal aid expenditure, nor do they replace the applicant fraud and error baseline established in 2021.

A total of 346 cases were tested for potential FOP savings in 2025. From the results, it is estimated that £123,548 (2024: £104,899) was saved in future expenditure due to LSA taking action to revoke certificates where the applicant was found to be no longer financially eligible for legal aid or where they failed to comply with testing. In addition, the estimated amount of applicant error found in these cases was £73,131 (2024: £49,945).

A breakdown of these findings is presented in the following infographic:

SUMMARY: FOP and Applicant Error - 2025

Scope: estimates in this report cover two periods: (i) the period between the grant of legal aid and any undeclared changes to an applicant's circumstances meaning they are no longer financially eligible to receive legal aid (referred to as **applicant error**); and (ii) the period between an applicant becoming ineligible to receive legal aid and the anticipated length of time the case would have continued to run (referred to as **Future Overpayment Prevention (FOP)**).

Failure to co-operate: instances in which a recipient of legal aid did not engage with a request for information or did not provide the information needed to determine ongoing eligibility.

Future Overpayment Prevention (FOP): prevents the future overpayment of legal aid in cases where applicants are found to be no longer financially eligible (or who fail to comply with the investigation) through revocation of their legal aid certificate – meaning no further costs can be incurred against the fund.

Applicant error: occurs when an applicant fails to report a change in circumstances which affects their entitlement to legal aid (or fails to comply with the investigation) – this reflects the costs which have been improperly incurred through the failure of the assisted person to report a change in their financial circumstances at the time.

Cost attribution: the costs incurred in the period between an applicant's change in circumstances and the date of revocation (or from the date legal aid was granted in a case of non-compliance) are designated as applicant error.

Applicant error identified during FOP testing should **not be considered a comprehensive estimate of the total applicant error in legal aid expenditure**.

346 cases tested with estimated total cost: £1,148,549.

From this amount, the total FOP savings and applicant error have been estimated:

FOP Savings

Estimated £123,548 overpayment of legal aid funds prevented due to review of ongoing cases.
↑ 18% (+£18,650) on 2024.

A total of £70,141 of FOP savings was due to applicants being no longer eligible for legal aid.

Non-compliance accounted for an estimated FOP saving of £53,407.

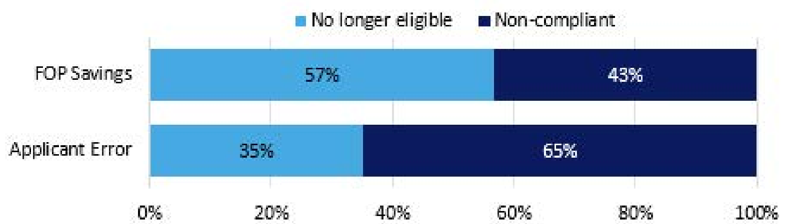
Applicant Error

Estimated £73,131 of applicant error identified during the review of ongoing cases.
↑ 46% (£23,186) on 2024.

The majority (£47,388) of the value of applicant error was due to applicant non-compliance.

A total of £25,744 of applicant error was due to applicants being no longer eligible for legal aid.

Percentage of Monetary Value by Outcome



7. Budget position and authority

The Budget Act (Northern Ireland) 2026, which received Royal Assent on 20 March 2026, together with the Northern Ireland Spring Supplementary Estimates 2025-26 which were agreed by the Assembly on 23 February 2026, provide the statutory authority for the Executive’s final 2025-26 expenditure plans. The Budget Act (Northern Ireland) 2026 also provides a Vote on Account to authorise expenditure by departments and other bodies into the early months of the 2026-27 financial year. The Department is currently operating under the authority provided by the Vote on Account which provides 45% of the 2025-26 financial year’s cash and resources. The cash and resource balance to complete for the remainder of 2026-27 will be authorised by the 2026-27 Main Estimates and the associated Budget Bill based on an agreed 2026-27 Budget.

In the event that this is delayed, then the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 will be used to authorise the cash, and the use of resources during the intervening period.

8. Accounting Officer statement of assurance

In providing my statement of assurance I am informed by a range of sources, including the work of the SAU, the Northern Ireland Courts and Tribunals Service, the Agency’s risk management framework, which was further revised in 2025-26, stewardship arrangements and reports from the internal and external auditors. Assurance is provided by DoF internal auditors in terms of the corporate shared services provided by each respective department to LSA.

Further assurances include the Annual Internal Audit Assurance Report and Opinion for 2025-26, which provides a satisfactory assurance rating in relation to internal control, risk management and corporate governance for the period.

I acknowledge the ongoing weaknesses identified, particularly the account qualification, but also note the significant steps taken during the period to address the issues highlighted. I consider that the overall system of internal control, governance and risk management, which are within the parameters of my control, are such as to provide satisfactory assurance to me in relation to the ability of the Agency to effectively discharge its governance responsibilities.

REMUNERATION AND STAFF REPORT

REMUNERATION REPORT

Remuneration policy

The pay remit for the Northern Ireland Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following approval of the 2025-26 Budget in the Assembly, on 19th May 2025, in which the Finance Minister outlined the overarching approach to public sector pay, the NI public sector pay policy guidance was published on 27 May 2025 in FD (DoF) 04/25.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The 2024 pay award, due from 1 August 2024, was paid in April 2025 for weekly paid staff and May 2025 for monthly paid staff. The 2025 pay award, due from 1 August 2025, was paid in August for weekly paid staff and September 2025 for monthly paid staff.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points from minimum to maximum, allowing progression towards the maximum based on performance and other eligibility criteria.

Service contracts

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made by exception to merit.

Unless otherwise stated, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in consideration of the individual receiving compensation as set out in the Civil Service Compensation Scheme[13].

[13] Civil Service Commissioners for Northern Ireland (nicscommissioners.org)

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the Agency.

[Audited information]

Single total figure of remuneration 2025-26

Officials and NEMs	Salary	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	2025-26 Total
	£000	£000	£000	£000
Paul Andrews Chief Executive	95-100	-	38	135-140
Kerry McGill Director of Corporate Services	75-80	-	34	110-115
Judith Clarke Director of Operations	75-80	-	59	135-140
Paul Mageean Non-Executive Member	5-10	0.1	-	5-10
John McDaid Non-Executive Member	5-10	0.3	-	5-10

** The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

Remuneration (including salary) and pension entitlements (continued)

[Audited information]

Single total figure of remuneration

Officials and NEMs	Salary £000	Benefits in kind (to nearest £100) £000	*Pension Benefits (to nearest £1,000) £000	2024-25 Total £000
Paul Andrews Chief Executive	90-95	-	36	125-130
Kerry McGill Director of Corporate Services	70-75	-	29	100-105
Judith Clarke Director of Operations	70-75	-	47	115-120
Daphne Johnston Non-Executive Member (until 31 July 2024)	0-5 FYE = 5-10	0.4	-	0-5
Paul Mageean Non-Executive Member	5-10	0.1	-	5-10
John McDaid Non-Executive Member (from 1 August 2024)	0-5 FYE = 5-10	0.1	-	0-5

FYE = full-year equivalent

** The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments. This report is based on accrued payments made by LSA and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Agency and treated by HMRC as a taxable emolument. The benefits in kind shown above are in respect of expenses incurred on LSA business including approved mileage claims, parking, taxis, flights, trains and accommodation. In line with revised guidance from HMRC for Non-Executive Members (NEMs) with effect from 1 April 2019, expenditure on benefits in kind has been grossed up for individual NEMs and PAYE/NIC rules applied in line with normal payroll procedures.

Fair pay disclosures

Pay ratios

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

[Audited information]

The banded remuneration of the highest-paid director in the Agency in the financial year 2025-26 was £95,000 to £100,000 (2024-25: £90,000 to £95,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2025-26	25th percentile	Median	75th percentile
Total remuneration (£)	28,094	31,097	38,990
Pay ratio	3.5:1	3.1:1	2.5:1

2024-25	25th percentile	Median	75th percentile
Total remuneration (£)	27,232	29,982	37,216
Pay ratio	3.4:1	3.1.:1	2.5:1

The 25th percentile, median and 75th percentile remuneration figures are based on annualised salaries for the last month of the financial year, adjusted for any non-consolidated payments made to staff during the year.

For 2025-26 and 2024-25, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2025-26, no employees received remuneration in excess of the highest paid director (2024-25, None).

Remuneration in 2025-26 ranged from £26,000 to £95,000-£100,000 (2024-2025: £26,000 to £90,000-£95,000).

Percentage change in remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

a) salary and allowances; and
b) performance pay and bonuses

of the highest paid director and of their employees as a whole.

The percentage changes in respect of the Agency are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year. The lower percentage increase in 2025-26 compared to the percentage increase in 2024-25 is due to a non-consolidated payment of £1,500 paid to all employees as part of the NICS 2024 pay award. No performance pay or bonuses were payable in these years.

Percentage change for:	**2025-26 v 2024-25**	**2024-25 v 2023-24**
Average employee salary and allowances	6.3%	11.88%
Highest paid director’s salary and allowances	5.4%	12.12%

Pension benefits - officials

[Audited information]

Officials	Accrued pension at pension age as at 31/3/26 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at *31/3/26 £000	CETV at **31/3/25 £000	Real increase in CETV £000	Employer contri-bution to partner-ship pension account (Nearest £100)
Paul Andrews*** Chief Executive	25-30	0-2.5	431	380	30	-
Kerry McGill Director of Corporate Services	15-20	0-2.5	231	201	17	-
Judith Clarke Director of Operations	20-25 plus 50-55 related lump sum	2.5-5 plus 2.5-5 related lump sum	484	410	47	-

** Or earlier on leaving*

*** Or later on joining*

**** Mr. Paul Andrews also has accrued benefits in the Principal Civil Service Pension Scheme (GB) and in the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Scheme, arising from previous employment in the NI Courts & Tribunals Service and in the NI Legal Services Commission, respectively, which are not included in the amounts disclosed above.*

No pension benefits are provided to the Non-Executive Members.

Northern Ireland Civil Service (NICS) pension schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the Classic, Premium, Classic Plus and Nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. Transitional protection measures introduced alongside these reforms meant any members who on 1 April 2012 were within 10 years of their normal pension age remained in their previous scheme arrangement (full protection) and those who were between 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

McCloud Judgement and 2015 Remedy

In 2018, the Court of Appeal found that the transitional protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps have been taken by the Department of Finance (DoF) to remedy this discrimination.

DoF has now made regulations which remedy the discrimination by:

- ensuring all active members are treated equally for future service as members of the reformed alpha scheme only from 1 April 2022; and
- providing each eligible member with options to have their pension entitlements for the period when the discrimination existed between 1 April 2015 and 31 March 2022 (the remedy period) retrospectively calculated under either the current (reformed) scheme rules, or the old (pre-reform) legacy rules which existed before 2015.

This means that all active NICS Pension Scheme members are in the same pension scheme, alpha, from 1 April 2022 onwards, regardless of age. This removes the discrimination going forwards in providing equal pension provision for all scheme members.

DoF is now implementing the second part of the remedy, which addresses the discrimination which was incurred by affected members between 1 April 2015 and 31 March 2022.

Eligible members with relevant service between 1 April 2015 and 31 March 2022 (the Remedy Period) will now be entitled to a choice of alternative pension benefits in relation to that period. i.e. calculated under the pre reformed PCSPS(NI) ‘Classic’, ‘Premium’ or ‘Nuvos’ rules or alternatively calculated under the reformed alpha rules. As part of this ‘retrospective’ remedy most active members will now receive a choice about their Remedy Period benefits at the point of retirement. This is known as the Deferred Choice Underpin (DCU). For those members who already have pension benefits in payment in relation to the Remedy Period, they will receive an Immediate Choice. There are a significant number of Immediate Choice Remediable Service Statement (RSS) packs to issue. This process involves complex calculations to provide members with individually tailored statements. Due to the complexity of the calculations and some prolonged work to finalise policy elements of the remedy, not all Immediate Choice packs have been able to be issued by the original regulatory timeline of 31 March 2025. The Scheme Manager has invoked the discretion allowed by the remedy legislation and has extended the timeline for issuing Immediate Choice RSS packs to 31 March 2027. The Pensions Regulator has been notified of this extension. Our priority remains to provide members with all the accurate information they need to make a choice. It can be noted that other Public Service Pension Schemes are also in a similar position. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at DoF Annual Reports and Accounts.

As part of the remedy involves rolling back all remediable service into the relevant legacy PCSPS(NI) arrangement for the 7-Year Remedy Period, the value of pension benefits for the 2025-26 pension disclosures for affected members continue to be based on the rolled back position.

Alpha

Alpha is a ‘Career Average Revalued Earnings’ (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

From 1 April 2015, all new entrants joining the NICS can choose between membership of alpha or joining a ‘money purchase’ stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

Information on the PCSPS(NI) - Closed Scheme

Staff in post prior to 30 July 2007 were eligible to be in one of three statutory based ‘final salary’ legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen between membership of Premium or joining the Partnership Pension Account.

New entrants who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years’ pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

Partnership Pension Account

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Annual Benefit Statements

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in Nuvos. Further details about the NICS pension schemes can be found at the website Civil Service Pensions (NI).

Pension Increases

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2025 was 3.8% and HM Treasury has announced that public service pensions will be increased accordingly from April 2026.

Employee Contribution Rates

Percentage rates for employee contributions were revised for all members from **1 July 2025** as a result of the Northern Ireland Civil Service Pension Scheme: Consultation on Scheme Yield / Member Contributions as shown below*:

Annualised Rate of Pensionable Earnings (Salary Bands) 1 April 2025 to 31 August 2025 **From**	**Annualised Rate of Pensionable Earnings (Salary Bands) 1 April 2025 to 31 August 2025** **To**	**Contribution rates – All members from 1 April 2025 to 30 June 2025**	***Contribution rates – All members from 1 July 2025**
£0	£27,091.99	4.6%	4.65%
£27,092.00	£61,645.99	5.45%	5.65%
£61,646.00	£165,793.99	7.35%	7.55%
£165,794.00 and above	-	8.05%	8.25%

Salary bands were also updated from 1 September 2025 as follows:

Annualised Rate of Pensionable Earnings (Salary Bands) 1 September 2025 onwards From	Annualised Rate of Pensionable Earnings (Salary Bands) 1 September 2025 onwards To	Contribution rates – All members
£0	£28,716.99	4.65%
£28,717.00	£65,343.99	5.65%
£65,344.00	£175,740.99	7.55%
£175,741.00 and above	-	8.25%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued 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, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. 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) Regulations 1996 (as amended).

HM Treasury provides the assumptions for discount rates for calculating CETVs payable from the public service pension schemes. On 27 April 2023, HM Treasury published guidance on the basis for setting the discount rates for calculating cash equivalent transfer values payable by public service pension schemes. In their guidance of 27 April 2023, HM Treasury advised that, with immediate effect, the discount rate adopted for calculating CETVs should be in line with the new SCAPE discount rate of 1.7.% above CPI inflation, superseding the previous SCAPE discount rate of 2.4% above CPI inflation. All else being the same, a lower SCAPE discount rate leads to higher CETVs. The HM Treasury Guidance of 27 April 2023 can be found at: Basis for setting the discount rates for calculating cash equivalent transfer values payable by public service pension schemes - GOV.UK. As at the year-end there have been no further changes to the SCAPE discount rate of 1.7% above CPI inflation since the HM Treasury guidance was published.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period (which therefore disregards the effect of any changes in factors).

Compensation for loss of office

There were no compensation benefits paid to any senior staff during the financial year.

STAFF REPORT

Staff costs

[Audited information]

Staff costs comprise:	Permanently Employed Staff	Others	2025-26 Total	2024-25 Total
	£000	£000	£000	£000
Wages and salaries	4,695	528	5,223	4,857
Social security costs	628	–	628	482
Other pension costs	1,611	–	1,611	1,575
Total costs	**6,934**	**528**	**7,462**	**6,914**

Of which:	**Note**	**2025-26 Total**	**2024-25 Total**
		£000	**£000**
Programme staff costs	3	7,462	6,914
Capital projects		–	–
Total costs		**7,462**	**6,914**

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Agency is unable to identify its share of the underlying assets and liabilities.

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2020 scheme valuation was completed by GAD in October 2023.

The outcome of this valuation was used to set the level of contributions for employers from 1 April 2024 to 31 March 2027.

The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. Reforms were made to the CCM which was applied to the 2020 scheme valuations and included the introduction of a reformed-scheme-only cost control mechanism which assesses just the costs relating to reformed schemes (alpha for the NICS) and introduced an economic check. Prior to the cost control mechanism reforms, legacy scheme (PCSPS(NI)) costs associated with active members were also captured in the mechanism. The reformed-scheme-only design and the economic check were applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The 2020 scheme valuation outcome was that the core cost cap cost of the scheme lies within the 3% cost cap corridor. As there is no breach of the cost control mechanism, there is no requirement for the Department of Finance to consult on changes to the scheme. Further information can be found on the Department of Finance website https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations.

For 2025-26, employers' contributions of £1,648,209 were payable to the NICS pension arrangements at a flat rate of 34.25% of pensionable pay, for all salaries (2024-25: £1,569,583 at 34.25%)

Employees can opt to open a Partnership Pension Account, a stakeholder pension with an employer contribution. Employers' contributions of £Nil (2024-25: Nil) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2024-25: 8% to 14.75%) of pensionable pay. The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £Nil, 0.5% (2024-25: £Nil, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

No individuals (2024-25: None) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2024-25: £nil).

Average number of persons employed

The average number of whole-time equivalent persons employed was as follows:

[Audited information]

	2025-26	2024-25
Operational staff	142	134
Staff engaged on capital projects	-	-
Total	**142**	**134**

Staff composition

The number of persons employed was as follows:

At 31 March 2026

	Female staff	Male Staff	Total Staff
LSA Board	2	3	5
Senior Civil Service	-	1	1
LSA Employees	78	64	142

At 31 March 2025

	Female staff	Male Staff	Total Staff
LSA Board	2	3	5
Senior Civil Service	-	1	1
LSA Employees	75	64	139

Managing attendance

The Agency had an overall sickness absence rate of 10.8 days lost per employee in 2024-25. Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2024-25” report at Sickness Absence in the Northern Ireland Civil Service 2024/25 | Northern Ireland Statistics and Research Agency.

The 2025-26 sickness absence data is not currently available and will be published later this year.

Equality, Diversity and Inclusion

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all. As part of this commitment, leadership and inclusion is a key pillar within the new five-year NICS People Strategy 2025-30 which launched in April 2025. The strategy was developed with a range of stakeholders including NICS staff networks and through its delivery the NICS aims to foster a culture of leadership, inclusivity and diversity that will help drive better outcomes for its workforce and the public it serves.

The NICS Diversity Champions Network comprises senior colleagues as designated Diversity Champions for each of the nine NICS departments, as well as four thematic leads for gender, race and ethnicity, disability and LGBTQ+. The network works in partnership with the NICS corporate HR function, People and Organisational Development and the seven NICS staff networks (LGBTQ+, Women, Disability, Race & Ethnicity, Cancer Support, Carers and Students), to develop and deliver actions to help promote and embed equality, diversity and inclusion across the Service.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. Further information is available in the Equality, Diversity and Inclusion Policy. A strategic HR policy renewal programme is underway as part of the new People Strategy to modernise NICS people policies, ensuring they are user-centric and have a positive impact on employee experience.

As part of the NICS’ efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of data. The statistics are available on the Northern Ireland Statistics and Research Agency (NISRA)'s website.

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. Although not a statutory requirement, the NICS also conducts a similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the NICS Workforce Review. The next review was submitted to the Equality Commission for Northern Ireland in 2025 and will be published in 2026. The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available on its website Department of Justice

Employment, training and advancement of disabled persons

The NICS is a lead partner of Employers for Disability NI (EFDNI) and is an accredited Disability Positive employer.

The NICS delivers an annual programme of communications and training on disability awareness and has policies in place to support inclusive workplaces. A review of the NICS reasonable adjustment policy and processes for in-work support, and for its recruitment selection and onboarding processes to deliver improvements was progressed in 2025 and will conclude in 2026/27. Colleagues with lived experience and external independent advocates have been stakeholders in the reasonable adjustment policy review.

The NICS is committed to the employment of Disabled people and offers work experience through its Work Experience Scheme for Disabled People, it has also participated in the previous two phases of the Department for Communities JobStart Scheme which aims to improve the employability and long-term employment prospects of those who face additional barriers to employment. The Civil Service will participate in phase three of the scheme during 2026/27 offering paid work placements to eligible benefit claimants aged 16-65 to address barriers to economic participation.

In order to encourage job applications from Disabled people, positive action advertising and targeted advertising alongside a programme of outreach are used. The NICS operates a Guaranteed Interview Scheme (GIS) which ensures a guaranteed number of Disabled applicants who meet the minimum essential eligibility criteria for the role they have applied for, are offered an interview. Further information can be found on the "Information for Disabled applicants" section of the NICS recruit website.

All selection panel members complete mandatory recruitment and selection training, and appointments to the NICS are made on merit on the basis of fair and open competition, adhering to the Recruitment Code.

Learning and development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

Development and delivery of generic staff training is centralised in NICSHR.[14] Training is delivered using a variety of learning delivery channels (including classroom delivery, on-line, and virtual classrooms), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS People Strategy 2025-30.

NICSHR L&D contributes to the delivery of the Strategy's three priorities:

- Skills and Capacity – Building capability and future-ready skills
- Experience and Environment – Creating inclusive, high-quality working environments
- Leadership and Inclusion – Developing leaders who collaborate and innovate

[14] NICSHR is the NICS' centralised human resources operational delivery function, falling under the responsibility of the Department of Finance

A portfolio of learning products is developed in consultation with customers and subject experts internally and externally, accessible by staff through the LInKS learning management system icon on all NICS desktops. The themes covered in our portfolio of training are:

- Policy and Government
- Leadership & Management
- Collaborative & Collective Working
- Innovation, Improvement & Transformation
- Health & Wellbeing
- Digital Skills Development

Employee consultation and Trade Union relationships

DOF is responsible for the NICS Trade Union Arrangements Policy. People & Organisational Development within DoF consults and/or negotiates with the NICS recognised trade unions on matters such as pay, promotion, and annual leave which are relevant across the NICS. Local issues relevant only to a particular office or area of work is handled by local managers, and branch trade union representatives, through agreed Local Whitley procedures/constitutions. Each department will have their own Departmental Whitley structure, to consider matters unique to individual departments and their agencies across business areas. Business areas may also have a Whitley arrangement in place dealing with issues specific to that business area.

Employee Relations

During 2025-26 the Agency published regular team briefs focused on keeping staff involved even when working from home. The SMT have held both remote and in person Agency-wide events to establish a sense of cohesion and provide an opportunity to thank and reassure staff. An event to highlight the Agency's key achievements during the 2025-26 financial year was held in June 2026.

LSA is represented on the DoJ Staff Engagement and Communication Forum. The purpose of the Forum is to provide a voice for staff to discuss issues and concerns and influence the future direction of the Department.

The Agency's internal Staff Engagement Forum aims to improve communications and engagement and to obtain staff views and feedback to enhance the way we engage.

Staff engagement

The NICS People Survey was conducted by NISRA in Spring 2025 across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey from 29th April to 23rd May 2025. For LSA there were 140 (2023: 140) staff invited to complete the survey, of which 84 (2023: 67) participated, a response rate of 60.0% (2023: 48%). The Employee Engagement Index (EEI) is the weighted average of the responses to the five employee engagement questions, and it ranges from 0% to 100%. LSA responses indicated an Employee Engagement Index of 58% (2023: 51%), compared to the NICS average of 56% (2023: 54%). The full survey can be accessed at https://www.finance-ni.gov.uk/publications/nics-people-survey-results. The next NICS People Survey is due to take place in 2027.

Staff turnover

The Agency's Departmental Turnover percentage (the total number of people that have left the Agency including those who have moved within the NICS) for 2025-26 is 5.4%, and it's General Turnover percentage (the people who have left the Agency and have not gone elsewhere in the NICS) is 2.3%. This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

	2025-26	**2024-25**
LSA Departmental Turnover Rate	5.4%	8.4%
LSA General Turnover Rate	2.3%	1.5%

Expenditure on consultancy

The Agency incurred no expenditure on consultancy during 2024-25 or 2025-26

Off-payroll payments

The Agency made no off-payroll payments in 2024-25 or 2025-26.

Reporting of Civil Service and other compensation schemes - exit packages

[Audited information]

There were no exit packages requiring disclosure during 2024-25 or 2025-26

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES

Regularity of Expenditure *[Audited information]*

Fraud and error

The Agency administers legal aid payments on behalf of DoJ. The complexity of the legislation, the degree of discretion and inherent risks associated with adjudication, assessment and payment of bills can result in inaccurate payments being made in a proportion of cases.

Legal aid expenditure therefore may not be applied for the purposes intended by the Assembly or conform to the authorities which govern them due to:

- Official error - where an error can be attributed to the actions or inactions of the Agency or the wider justice structure;
- Errors made by legal aid applicants and legal practitioners; and
- Fraud.

Overpayments are considered irregular as the expenditure has not been applied in accordance with the purposes intended by the Assembly. Underpayments resulting from official error are also considered to be irregular as the transactions have not been processed in accordance with the applicable legislation.

Estimates of both official error and practitioner fraud and error within individual sampled legal aid payments have been provided by the SAU, within the DfC, under a Memorandum of Understanding since 2019 and 2023 respectively. The following table summarises the estimated levels of overpayments and underpayments in legal aid expenditure resulting from both streams in the last two years:

Estimated Monetary Value of Error (MVE)		2025-26	2024-25
Official Error	Overpayments	£0.6m	£2.0m
Official Error	Underpayments	£1.3m	£2.4m
Practitioner Fraud and Error	Overpayments	£4.4m	£2.2m
Practitioner Fraud and Error	Underpayments	£0.6m	£1.1m

The estimate for practitioner overpayments in 2025 includes £1.5m extrapolated error (2024: £0.8m) relating to non-compliance cases (files not received). When a file is not submitted, SAU classifies the full payment as overpayment error, which is included in the £4.4m practitioner overpayment error (2024: £2.2m). However, the Agency withholds payment on these cases and therefore payments had not been made from the legal aid fund at year end. Likewise, 2025 estimates of both official and practitioner error include extrapolated notional errors of £1.3m and £0.3m respectively (2024: £0.3m and £0.2m) which, by year end, did not materialise into actual errors in the legal aid fund.

Estimates of applicant fraud and error within individual sampled legal aid payments have also been provided by the SAU, within the DfC, under a Memorandum of Understanding since 2021. The amount of legal aid estimated to have been paid incorrectly due to applicant fraud and error in 2021-22 was £1.3m. For the reasons outlined in Section 6 of the Governance Statement, applicant fraud and error testing in its former guise was suspended in 2022 and replaced with a review of live cases under the heading of Future Overpayment Prevention. The 2021-22 figure of £1.3m remains the official baseline for applicant fraud and error within legal aid expenditure.

Losses and special payments *[Audited information]*

During 2025-26, in line with relevant delegated limits the Agency secured appropriate approval to write-off 174 cases of irrecoverable bad debt totalling £541,864 (2024-25: 157 cases totalling £409,372).

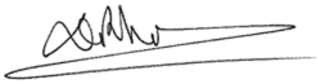
There was one special payment case to note that exceeded £300,000 in 2025-26 (2024-25: None).

Remote contingent liabilities *[Audited information]*

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37 Provisions, Contingent Liabilities and Contingent Assets, the Agency is required to report liabilities for which the likelihood of economic benefit in settlement is too remote to meet the definition of a contingent liability. The Agency has no such liabilities.

Note 16 provides further details regarding the contingent liabilities that are included within the financial statements.

ACCOUNTABILITY REPORT



Paul Andrews

Chief Executive and Accounting Officer

30 June 2026

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Legal Services Agency Northern Ireland ('Legal Services Agency' or 'the Agency') for the year ended 31 March 2026 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Legal Services Agency's financial statements is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Legal Services Agency Northern Ireland's affairs as at 31 March 2026 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Emphasis of Matter – Valuation of Legal Aid Model Provision

I draw attention to Note 12.1.3 of the financial statements, which describes the material valuation uncertainty associated with £151 million of the total legal aid provision of £187 million at 31 March 2026, which has been estimated using an average-cost methodology.

My opinion is not modified in respect of this matter.

Qualified opinion on regularity

In my opinion, except for the matters described in the Basis for qualified opinion on regularity section of my certificate, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for qualified opinion on regularity

My audit found material weaknesses in controls over fraud and error prevention and detection in respect of legal aid costs totalling £116.7 million:

- The Agency is required to pay legal aid costs in accordance with relevant legislation. During the year, the Agency estimated that official error resulted in £0.6 million of overpayments and £1.3 million of underpayments (£2.0 million in total). In addition, legal practitioner fraud and error resulted in an estimated £4.4 million of overpayments and £0.6 million of underpayments (£5.0 million in total). Where fraud and error give rise to overpayments or underpayments, the resulting transactions are not in accordance with the applicable legislation and are therefore irregular.
- The Agency was unable to provide sufficient appropriate evidence to enable me to conclude that a material amount of legal aid expenditure had not been claimed fraudulently or in error by legal aid applicants. I was unable to identify and perform any alternative audit procedures that would provide the necessary assurance in this area. Accordingly, the scope of my audit was limited in this respect, and I have been unable to form an opinion on whether, after excluding amounts arising from official error and practitioner fraud and error, the remaining legal aid expenditure was applied for the purposes intended by the Assembly and in accordance with the relevant authorities governing those transactions.

Basis for opinions

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

My staff and I are independent of the Legal Services Agency 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 have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

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

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

Other Information

The other information comprises the information included in the Annual Report other than the financial statements, the parts of the Accountability Report described in that report as having been audited and my audit certificate and report. The Accounting Officer is responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate I do not express any form of assurance conclusion thereon.

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

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001.

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In light of the knowledge and understanding of the Legal Services Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made or parts of the Remuneration and Staff

Report to be audited is not in agreement with the accounting records and returns; or

- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Except for the limitation in scope of my audit opinion described above, arising from the lack of sufficient appropriate audit evidence to assess fraud and error in legal aid funding granted to applicants, I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the applicable financial reporting framework; and
- assessing the Legal Services Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Legal Services Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Legal Services Agency through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included Legal Aid and Coroners' Court Act (Northern Ireland) 2014 and Access to Justice (Northern Ireland) Order 2003;
- making enquiries of management and those charged with governance on Legal Services Agency's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Legal Services Agency's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified

potential for fraud in the following areas: Legal aid expenditure and provisions and posting of unusual journals;

- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate, risk assessment of journals, reviewing the design and controls used in the valuation of legal aid provisions, and reviewing controls in place for reducing the levels of fraud and error in legal aid payments;
- addressing the risk of fraud as a result of management override of controls by:
    - performing analytical procedures to identify unusual or unexpected relationships or movements;
    - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
    - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
    - investigating significant or unusual transactions made outside of the normal course of business; and
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

A further description of my 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 certificate.

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

My report on the matters subject to qualification is included on pages 155 to 161 of the financial statements.

Dorinnia Carville

Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

3 July 2026

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2026

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

Statement of Comprehensive Net Expenditure	Note	2025-26 £000	2024-25 £000
Revenue from contracts with customers	5	–	–
Other operating income	5	(2,345)	(1,747)
Total operating income		**(2,345)**	**(1,747)**
Staff costs	3	7,462	6,914
Purchase of goods and services	3	2,984	1,858
Depreciation and amortisation charges	3	1,446	1,369
Provisions expense	3	116,729	142,944
Grants	3	27	10
Total operating expenditure		**128,648**	**153,095**
Net operating expenditure		**126,303**	**151,348**
Finance expense / (income)	3	179	(1,723)
Net expenditure for the year		**126,482**	**149,625**
Audit notional costs	3	94	89
Other notional costs	3	610	595
Total notional costs		**704**	**684**
Net expenditure for the year including notionals		**127,186**	**150,309**
Other comprehensive net expenditure			
Items that will not be reclassified to Net operating expenditure:			
net (gain) on revaluation of property, plant and equipment	6	(2)	–
net (gain) on revaluation of intangibles	7	–	(141)
Comprehensive net expenditure for the year		**127,184**	**150,168**

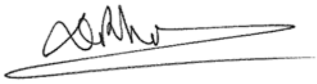
The notes on pages 105 to 153 form part of these Accounts.

Statement of Financial Position

As at 31 March 2026

This statement presents the financial position of the Agency. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

Statement of Financial Position	Note	31 March 2026 £000	31 March 2025 £000	31 March 2024 £000
Non-current assets				
Property, plant and equipment	6	55	87	141
Right of use assets	6,13.1	599	859	1,191
Intangible assets	7	3,646	4,605	5,259
Trade & other receivables	10	11,202	10,207	9,614
Total non-current assets		**15,502**	**15,758**	**16,205**
Current assets				
Trade and other receivables	10	264	303	284
Total current assets		**264**	**303**	**284**
Total assets		**15,766**	**16,061**	**16,489**
Current liabilities				
Trade and other payables	11	(4,610)	(3,540)	(4,535)
Provisions	12	(83,726)	(96,799)	(90,955)
Total current liabilities		**(88,336)**	**(100,339)**	**(95,490)**
Total assets less current liabilities		**(72,570)**	**(84,278)**	**(79,001)**
Non-current liabilities				
Provisions	12	(104,048)	(94,238)	(78,707)
Other payables	11	(155)	(442)	(719)
Total non-current liabilities		**(104,203)**	**(94,680)**	**(79,426)**
Total assets less total liabilities		**(176,773)**	**(178,958)**	**(158,427)**
Taxpayers' equity and other reserves				
General Fund		(177,610)	(180,052)	(159,606)
Revaluation Reserve		837	1,094	1,179
Total equity		**(176,773)**	**(178,958)**	**(158,427)**



Paul Andrews

Chief Executive and Accounting Officer **30 June 2026**

The notes on pages 105 to 153 form part of these Accounts.

Statement of Cash Flows

For the year ended 31 March 2026

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Agency during the reporting period. The statement shows how the Agency generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Agency. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Agency's future public service delivery.

Statement of Cash Flows	Note	2025-26 £000	2024-25 £000
Cash flows from operating activities			
Net expenditure for the year including notionals		(127,186)	(150,309)
Adjustment for non-cash transactions	4	118,871	142,977
(Increase)/decrease in trade and other receivables	10	(788)	(344)
Increase/(decrease) in trade and other payables	11	234	(51)
Use of provisions	12	(120,224)	(119,817)
Net cash outflow from operating activities		**(129,093)**	**(127,544)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(18)	-
Purchase of intangible assets		(116)	(200)
Net cash outflow from investing activities		**(134)**	**(200)**
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		128,665	128,953
Capital element of payments in respect of finance leases		(203)	(342)
Net financing		**128,462**	**128,611**
Net (decrease) / increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(765)	867
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities		-	10
Payments of amounts due to the Consolidated Fund		-	(10)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**(765)**	**867**
Cash and cash equivalents at the beginning of period	9	**(861)**	**(1,728)**
Cash and cash equivalents at the end of period	9	**(1,626)**	**(861)**

The notes on pages 105 to 153 form part of these Accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2025

This statement shows the movement in the year on the different reserves held by LSA, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of the Agency, to the extent that the total is not represented by other reserves and financing items.

Statement of Changes in Taxpayers' Equity	Note	General Fund (Restated) £000	Revaluation Reserve £000	Taxpayers' Equity (Restated) £000
Balance at 31 March 2024		**(159,606)**	**1,179**	**(158,427)**
Net Assembly Funding		128,953	-	128,953
Comprehensive net expenditure for the year		(150,309)	141	(150,168)
Auditor's remuneration	3	89	-	89
Other notionals	3	595	-	595
Transfer between reserves		226	(226)	-
Balance at 31 March 2025		**(180,052)**	**1,094**	**(178,958)**
Net Assembly Funding		128,665	–	128,665
Comprehensive net expenditure for the year		(127,186)	2	(127,184)
Auditor's remuneration	3	94	–	94
Other notionals	3	610	–	610
Transfer between reserves		259	(259)	–
Balance at 31 March 2026		**(177,610)**	**837**	**(176,773)**

The notes on pages 105 to 153 form part of these Accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2025-26 Government Financial Reporting Manual (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

1.1 Accounting convention

These Accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and certain financial assets and liabilities.

The Accounts are stated in sterling, which is the Agency's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£000).

1.2 Going concern

The Agency is an Executive Agency within DoJ having been established on 1 April 2015 upon the dissolution of the Northern Ireland Legal Services Commission (NILSC) under the Legal Aid and Coroners' Courts Act (Northern Ireland) 2014. The future financing of the Agency's activities is expected to be met by the DoJ from funds which are voted annually under the relevant Budget Act. The Agency takes the view that the going concern concept applies as long as the provisions of the Legal Aid and Coroners' Courts Act (Northern Ireland) 2014 remain extant.

1.3 Property, plant and equipment

Expenditure on property, plant and equipment of over £1,000 is capitalised. If material the grouping of a range of property, plant and equipment has also been undertaken in respect of some personal computers, printers, office furniture and equipment.

On initial recognition property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred. In compliance with IAS 16 Property, Plant and Equipment, subsequent expenditure on an asset which does not meet the criteria of enhancement or improvement is treated as revenue spend.

All property, plant and equipment are carried at fair value.

1.4 Intangible assets

Expenditure on the Agency’s digital Legal Aid (Case) Management System (LAMS) including supplier design and implementation costs and internal Agency project team staff salary costs, has been capitalised and classified as an intangible asset.

In addition, expenditure on computer software licenses lasting more than one year and costing more than £1,000 is capitalised and classified as intangible assets.

All intangible assets were carried at fair value to 31 March 2025 using the revaluation model, however in line with FReM as the revaluation model has been withdrawn, from the 1 April 2025 all intangible assets will be measured at cost. For all intangible assets held at the 1 April 2025 the carrying value at the 1 April 2025 will be considered the historical cost.

1.5 Revaluation Reserve

Upward revaluations are credited to the Revaluation Reserve and permanent reductions in the value of property, plant and equipment are charged to the Statement of Comprehensive Net Expenditure. Any subsequent revaluation of assets is credited to the Statement of Comprehensive Net Expenditure to the extent that it reverses previous revaluation decreases recognised as an expense.

1.6 Depreciation and amortisation

All property, plant and equipment and intangible assets are depreciated/amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are depreciated from the point when the asset is brought into use.

Estimated useful lives, which are reviewed regularly, are:

Asset category	**Useful Life**
Plant and machinery	3 - 25 years
Information technology	3 - 16 years
Intangible assets (software and licences)	1 - 10 years

Software licences are amortised over the shorter of the term of the licence and the useful economic life.

1.7 Realised element of depreciation from Revaluation Reserve

Depreciation is charged to expenditure on the revalued amount of property, plant and equipment. An element of depreciation therefore arises due to the increase in valuation and is in excess of the depreciation that would be charged on the historical cost of assets. The amount relating to this excess is a realised gain on disposal and is transferred from the Revaluation Reserve to the General Fund.

1.8 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment and intangible assets. VAT is recoverable on a Departmental basis.

1.9 Provisions

Provision is made for legal or constructive obligations, which are of uncertain timing or amount at the reporting date, on the basis of the best estimate of the expenditure required to settle the obligation.

Further details are contained in Notes 1.22 and 12 regarding the provisions for obligations to settle the costs incurred by the legal profession in providing legal advice and assistance to assisted persons that arise from the issue of certificates granting legal aid for specific cases.

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the general provision discount rates as set out by HM Treasury which varies by the term of the liability. HM Treasury issue nominal rates which do not take account of inflation, unlike real rates. Agencies are therefore required to separately inflate their cash flows. The relevant rates as shown in the table below:

	Term	Nominal Rate
Short-term	Up to 5 years	3.64%
Medium-term	5 to 10 years	4.22%
Long-term	10 to 40 years	5.32%

	Term	Inflation Rate
Year 1	Up to 1 year	2.50%
Year 2	Up to 2 years	2.00%
Into perpetuity	Beyond 2 years	2.00%

1.10 Contingent liabilities

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Agency discloses as contingent liabilities, potential future obligations arising from past obligating events where the existence of such obligations remain uncertain pending the outcome of future events outside the Agency’s control, unless their likelihood is considered to be remote.

In addition, the Agency discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted.

Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.11 Leases

In accordance with IFRS 16, the Agency as a lessee is required to recognise assets and liabilities for all leases (apart from the exemptions listed below).

Scope and exclusions

At inception of a contract, the Agency assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time. To assess whether a contract conveys the right to control the use of an identified asset, the Agency assesses whether:

- the contract involves the use of an identified asset;
- the Agency has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- the Agency has the right to direct how and for what purpose the asset is used for.

IFRS 16 has also been applied to leases with nil or nominal consideration, for example peppercorn leases, defined as lease payments significantly below market value. These assets are measured at current value in use or fair value on initial recognition.

When making the above assessments the Agency excludes two types of leases:

- low value assets, with an assessment performed on the underlying asset when new (these are determined to be in line with capitalisation thresholds); and
- leases with a lease term of 12 months or less.

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

Right of use assets

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease. The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property, plant and equipment assets.

The Agency applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (5.32% for leases recognised in 2026, 4.81% for those in 2025).

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Agency estimates of the amount expected to be payable under a residual value guarantee, or if the Agency changes its assessment of whether it will exercise a purchase, extension or termination option.

1.12 Third-party assets

Third-party assets are assets for which the Agency acts as custodian or trustee, but in which neither the Agency nor Government more generally has a direct beneficial interest. Third-party assets are not public assets and hence are not recorded in the primary financial statements.

Awards for damages to funded clients may be required by the Agency to offset any liability to the costs for legal aid. The Agency placed these funds on deposit until the liability, if any, was determined and any excess of damages paid to the funded client. These funds were accounted for as funds held on behalf of third parties and therefore only appear in the notes of these Accounts (see Note 19).

1.13 Financing

The Agency is primarily resourced by funding provided by DoJ that is approved by the Assembly through the annual Supply process. Resources are drawn down each month from the Department to meet expenditure requirements and are credited to the General Fund.

1.14 Classification of Income and Expenditure

The Statement of Comprehensive Net Expenditure for the Agency only includes programme income and expenditure.

Programme expenditure includes costs for publicly funded legal services, grants and other disbursements. The classification of income or expenditure as programme follows the definition set by DoF.

1.15 Income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Agency is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, the Agency identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods and services

Revenue from the sale of goods and services is recognised either:

- at the point in time when the customer obtains control of the goods, which is generally at the time of delivery; or
- over time as the services are rendered based on either a fixed price or an agreed rate.

Other operating income

Other operating income is income which relates directly to the operating activities of the Agency including:

Rental income - rent revenue from properties is recognised on a straight-line basis over the lease term.

Other income - other revenue is recognised when it is received or when the right to receive payment is established.

1.16 Staff costs

Under IAS19 (revised) *Employee Benefits*, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the costs of any untaken leave as at the reporting date.

1.17 Pension costs

From 1 April 2015, employees of the Agency are covered by the provisions of the NICS pension arrangements. These defined benefit schemes are unfunded. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the NICS pension arrangements. In respect of defined contribution schemes, the Agency recognises the contributions payable for the year.

Further details regarding pension schemes and costs are contained in the Remuneration and Staff Report.

1.18 Grants payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grants related to activity occurring over a specific time period, usually a financial year are recorded as expenditure for that period.

1.19 Notional charges

Notional charges, in respect of services received from DoJ, other government departments and agencies, are included to reflect the full economic cost of services.

1.20 Segmental reporting

Under the requirements of IFRS 8 *Operating Segments*, the Agency must disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business in which it engages and the economic environment in which it operates. 'Total Assets' are only required to be disclosed in reporting segments where total assets for segments are regularly reported to the Chief Operating Decision Maker. As total assets for segments are not regularly reported to the Chief Operating Decision Maker the Agency has adopted this option. This does not have a material impact on the Agency's financial statements. Full details of the reporting segments are contained within Note 2.

1.21 Financial Instruments

Recognition and de-recognition of financial assets and financial liabilities

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when the Agency becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Agency no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Financial assets

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term (held for trading) or if so, designated by management. Financial assets held in this category are initially recognised and subsequently measure at fair value, with changes in value recognised in the income statement in the line which most appropriately reflects the nature of the item or transaction.

Trade and other receivables

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest rate method less provisions for doubtful receivables. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents are as defined above net of outstanding bank overdrafts.

Impairment of financial assets

The Agency assesses at each reporting date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the Statement of Comprehensive Net Expenditure.

The impairment loss is measured as the difference between that asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is only reversed if it can be related objectively to an event after the impairment was recognised and is reversed to the extent that carrying value of the asset does not exceed its amortised cost at the date of reversal.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant.

In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar origin and risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. If a financial asset is deemed unrecoverable, the amount of the asset is reduced directly and the impairment loss recognised in the Statement of Comprehensive Net Expenditure to the extent a provision was not previously recognised.

Financial liabilities

Trade and other payables

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest rate method.

1.22 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Agency’s accounting policies. The Agency continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts are discussed below.

Legal aid provisions

The determination of provisions remains a key area where management's judgement is required. There are a number of key assumptions applied in the calculation of the provisions and full details are contained in Note 12.1.

Depreciation of property, plant and equipment and amortisation of intangible assets

Depreciation and amortisation is provided in the Accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.6.

Other than as noted above, no material accounting estimates or judgements were made by LSA in preparing these Accounts.

1.23 Accounting standards, amendments, interpretations or other updates that were issued and effective for the 2025-26 financial year

The Agency has considered those new Standards, interpretations and amendments to existing Standards which have been published and are mandatory for the Agency's accounting periods beginning on or after 1 April 2025 or later periods, but which the Agency has not adopted. The Agency considers that these are either not relevant or material to its operations.

1.24 Accounting standards, interpretations and amendments to published standards not yet effective

The Agency has considered those new Standards, interpretations and amendments to existing Standards which have been published but are not yet effective, nor adopted early for these Accounts. Other than as outlined below, the Agency considers that these are either not relevant or material to its operations.

Standard	IFRS 18 Presentation and Disclosure in Financial Statements
Effective date	1 January 2027
FReM application	Not before 2027-28
Description of revision	IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.
Comments	IFRS 18 will be adopted upon its effective date and applied in accordance with the interpretations and guidance set out in the FReM.

Standard	IFRS 19 Subsidiaries without Public Accountability: Disclosures
Effective date	1 January 2027
FReM application	Not before 2027-28
Description of revision	IFRS 19 Subsidiaries without Public Accountability: Disclosures allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 19 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.
Comments	IFRS 19 will be adopted upon its effective date and applied in accordance with the interpretations and guidance set out in the FReM.

1.25 Financial reporting - future developments

The Agency has considered the accounting initiatives identified by HM Treasury and Department of Finance covering potential changes and projects where standards, amendments or interpretations are in development. The Agency considers that these changes are either not relevant or material to its operations.

1.26 Prior Period Reclassifications and Restatements

Reclassification to separately disclosure the value of Right of Use (RoU) assets in the Statement of Financial Position (SoFP)

In line with DoF guidance, the Net Book Value of RoU Assets held by the Agency at each year end is now separately disclosed in the SoFP.

Reclassification of certain movements in legal aid provisions

Previously, the Agency disclosed only new legal aid provisions arsing within the current year within the *'provided in the year'* line within the provisions movement note. For provisions recognised in prior years, the increase in amounts provided and the write back of amounts not required were disclosed together within a separate *'remeasurement of opening balance'* line of the provisions movement note.

In line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, all increases to amounts provided in both the current and prior years are now disclosed within the *'provided in the year'* movement line and all reductions to the amounts provided in the current and prior years disclosed within the *'provisions not required written back'* movement line.

In accordance with IAS 8, prior year comparatives have been restated for the impact of both of the above matters to ensure comparability and consistency of financial information against the current reporting period. The overall impact of the above changes on comparative disclosures for prior years is shown below.

1.26 Prior Period Reclassifications and Restatements (continued)

Statement of Financial Position

As at 31 March 2024

	31 March 2024 (per Audited Accounts)	Separate Disclosure of RoU Assets	Reclassification the movement in Legal Aid provisions	1 April 2024 (Restated)
	£000	£000	£000	£000
Non-current assets				
Property, plant and equipment	1,332	(1,191)	–	141
Right of use assets	–	1,191	–	1,191
Intangible assets	5,259	–	–	5,259
Trade & other receivables	9,614	–	–	9,614
Total non-current assets	**16,205**	**–**	**–**	**16,205**
Current assets				
Trade and other receivables	284	–	–	284
Total current assets	**284**			**284**
Total assets	**16,489**	**–**	**–**	**16,489**
Current liabilities				
Trade and other payables	(4,535)	–	–	(4,535)
Provisions	(90,955)	–	–	(90,955)
Total current liabilities	**95,490**			**95,490**
Total assets less current liabilities	**(79,001)**	**–**	**–**	**(79,001)**
Non-current liabilities				
Provisions	(78,707)	–	–	(78,707)
Other payables	(719)	–	–	(719)
Total non-current liabilities	**(79,426)**			**(79,426)**
Total assets less total liabilities	**(158,427)**	**–**	**–**	**(158,427)**
Taxpayers' equity and other reserves				
General Fund	(159,606)	–	–	(159,606)
Revaluation Reserve	1,179	–	–	1,179
Total equity	**(158,427)**	**–**	**–**	**(158,427)**

1.26 Prior Period Reclassifications and Restatements (continued)

Statement of Financial Position

As at 31 March 2025

	31 March 2025 (per Audited Accounts)	Separate Disclosure of RoU Assets	Reclassification the movement in Legal Aid provisions	31 March 2025 (Restated)
	£000	**£000**	**£000**	**£000**
Non-current assets				
Property, plant and equipment	946	(859)	–	87
Right of use assets	–	859	–	859
Intangible assets	4,605	–	–	4,605
Trade & other receivables	10,207	–	–	10,207
Total non-current assets	**15,758**	**–**	**–**	**15,758**
Current assets				
Trade and other receivables	303	–	–	303
Total current assets	**303**	**–**	**–**	**303**
Total assets	**16,061**	**–**	**–**	**16,061**
Current liabilities				
Trade and other payables	(3,540)	–	–	(3,540)
Provisions	(96,799)	–	–	(96,799)
Total current liabilities	**(100,339)**			**(100,339)**
Total assets less current liabilities	**(84,278)**	**–**	**–**	**(84,278)**
Non-current liabilities				
Provisions	(94,238)	–	–	(94,238)
Other payables	(442)	–	–	(442)
Total non-current liabilities	**(94,680)**			**(94,680)**
Total assets less total liabilities	**(178,958)**	**–**	**–**	**(178,958)**
Taxpayers' equity and other reserves				
General Fund	(180,052)	–	–	(180,052)
Revaluation Reserve	1,094	–	–	1,094
Total equity	**(178,958)**	**–**	**–**	**(178,958)**

1.26 Prior Period Reclassifications and Restatements (continued)

Note 3. Programme expenditure

	2024-25 As previously stated £000	2024-25 Adjustment £000	2024-25 Restated £000
Provided in Year	111,201	97,273	208,474
Written back in year	31,743	(97,273)	(65,530)
	142,944	**–**	**142,944**

Note 12. Provisions for liabilities and charges

	2024-25 As previously stated £000	2024-25 Adjustment £000	2024-25 Restated £000
At 1 April 2024	169,662		169,662
Provided in the year	111,201	97,273	208,474
Remeasurement of opening Balance	31,743	(31,743)	–
Provisions not required written back	–	(65,530)	(65,530)
Provisions utilised in the year	(119,817)	–	(119,817)
Borrowing costs	(1,752)	–	(1,752)
Balance at 31 March 2025	**191,037**	**–**	**191,037**

2.0 Statement of Operating Expenditure by Operating Segment

The following operating segments are reported to the Agency Board for financial management purposes:

- **Civil legal services -** provides legal representation in civil court proceedings, primarily in the County Court and High Court and allows someone to obtain legal representation by a solicitor and barrister, either to bring or to defend a court case; and
- **Criminal legal aid -** provides legal representation by a solicitor and barrister to defend someone charged with criminal offences in a magistrates' court or Crown Court.

	Civil legal services £'000	Criminal legal aid £'000	2025-26 Total £'000
Gross expenditure	72,426	57,105	129,531
Income	(2,308)	(37)	(2,345)
Net expenditure	**70,116**	**57,068**	**127,186**

	Civil legal services £'000	Criminal legal aid £'000	2024-25 Total £'000
Gross expenditure	89,086	62,970	152,056
Income	(1,719)	(28)	(1,747)
Net expenditure	**87,367**	**62,942**	**150,309**

2.1 Reconciliation between Operating Segments and Statement of Financial Position

'Total Assets' are only required to be disclosed in reporting segments where total assets for segments are regularly reported to the Chief Operating Decision Maker. As total assets for segments are not regularly reported to the Chief Operating Decision Maker, the Agency has adopted this option. This does not have a material impact on the Agency's financial statements.

3. Programme expenditure

	Note	2025-26 £000	2024-25 £000
Staff costs*			
Wages and salaries		5,223	4,857
Social security costs		628	482
Other pension costs		1,611	1,575
		7,462	**6,914**
Purchase of goods and services			
Accommodation costs, maintenance and utilities		202	190
IT, communications and office services		20	15
Consumables, equipment and transport costs		5	8
Contracted out and managed services		534	514
Professional and consultancy costs		310	150
Client and programme operating costs		988	746
Rentals under operating leases		–	–
Staff related costs		62	40
Other costs		968	408
Auditor’s remuneration		–	1
Appeals Panel and Non-Executive Member costs		63	54
		3,152	**2,126**
Non-cash items			
Loss on disposal of non-current assets		-	–
Net decrease in impairment of trade receivables	10	(168)	(268)
		(168)	**(268)**
		2,984	**1,858**
Depreciation and amortisation charges			
Depreciation	6	384	386
Amortisation	7	1,062	983
		1,446	**1,369**
Provisions expense			
Provided in year	12	168,582	208,474
Written back in year	12	(51,853)	(65,530)
		116,729	**142,944**
Grants		**27**	**10**
Finance expense			
Interest payable and similar charges		19	29
Borrowing costs on provisions		160	(1,752)
		179	**(1,723)**
Programme expenditure excluding notional costs		**128,827**	**151,372**
Audit notional costs		94	89
Other notional costs		610	595
Total notional costs		**704**	**684**
Total Programme expenditure		**129,531**	**152,056**

** Further analysis of Staff costs is located in the Staff Report within the Accountability Report.*

4. Non-cash costs

	Note	2025-26 £000	2024-25 £000
Purchase of goods and services	3	(168)	(268)
Notional costs		704	684
Depreciation and amortisation	6, 7	1,446	1,369
Other provisions expense	12	116,729	142,944
Borrowing costs on provisions	12	160	(1,752)
		118,871	**142,977**

5. Income

	2025-26 £000	2024-25 £000
Revenue from contracts with customers	**-**	**-**
Other operating income		
Contributions and statutory charges	2,345	1,747
Grant income	-	-
	2,345	**1,747**
Total operating income	**2,345**	**1,747**

6. Property, plant and equipment

	Buildings £000	Plant and Machinery £000	Information Technology £000	2025-26 Total £000
Cost or valuation				
At 1 April 2025	1,661	119	89	1,869
Additions	72	18	–	90
Disposals	–	–	–	–
Revaluation released to SoCNE	–	–	–	–
Revaluation	–	7	–	7
At 31 March 2026	**1,733**	**144**	**89**	**1,966**
Depreciation				
At 1 April 2025	802	56	65	923
Charged in year	332	28	24	384
Disposals	–	–	–	–
Revaluation released to SoCNE	–	–	–	–
Revaluation	–	5	–	5
At 31 March 2026	**1,134**	**89**	**89**	**1,312**
Carrying amount at 31 March 2026	**599**	**55**	**–**	**654**
Carrying amount at 31 March 2025	859	63	24	946
Asset financing:				
Owned	–	55	–	55
Right of use	599	–	–	599
Carrying amount at 31 March 2026	**599**	**55**	**–**	**654**

*Refer to note 13 for further details on Right of Use assets

6. Property, plant and equipment (continued)

	Buildings £000	Plant and Machinery £000	Information Technology £000	2024-25 Total £000
Cost or valuation				
At 1 April 2024	1,661	119	89	1,869
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation released to SoCNE	-	-	-	-
Revaluation	-	-	-	-
At 31 March 2025	**1,661**	**119**	**89**	**1,869**
Depreciation				
At 1 April 2024	470	32	35	537
Charged in year	332	24	30	386
Disposals	-	-	-	-
Revaluation released to SoCNE	-	-	-	-
Revaluation	-	-	-	-
At 31 March 2025	**802**	**56**	**65**	**923**
Carrying amount at 31 March 2025	**859**	**63**	**24**	**946**
Carrying amount at 31 March 2024	1,191	87	54	1,332
Asset financing:				
Owned	–	63	24	87
Right of use	859	–	–	859
Carrying amount at 31 March 2025	**859**	**63**	**24**	**946**

*Refer to note 13.1 for further details on Right of Use assets

6. Property, plant and equipment (continued)

The Agency uses Producer Price Indices published by the Office for National Statistics (ONS) in order to apply indexation to the value of non-property assets at year-end. The December 2025 indices have been applied in 2025-26. In March 2025, ONS paused publication to review an issue with the chain-linking methodology affecting historical data from 2008 onwards.

ONS recommenced publication of the indices in October 2025, including revised historical series. In accordance with IAS 8 the fair value of assets is an accounting estimate, and retrospective restatements are not required for changes in accounting estimates. As such, no adjustments have been made to the prior-year comparative figures as a result of the changes to PPI, but the updated indices have been applied in determining the asset values for the current year-end.

7. Intangible assets

			2025-26
	Software licences £000	**Software £000**	**Total £000**
Cost or valuation			
At 1 April 2025	33	12,974	13,007
Additions	–	103	103
Disposals	(14)	–	(14)
Revaluation released to SoCNE	–	–	–
Revaluation	–	–	–
At 31 March 2026	**19**	**13,077**	**13,096**
Amortisation			
At 1 April 2025	29	8,373	8,402
Charged in year	1	1,061	1,062
Disposals	(14)	–	(14)
Revaluation released to SoCNE	–	–	–
Revaluation	–	–	–
At 31 March 2026	**16**	**9,434**	**9,450**
Carrying amount at 31 March 2026	**3**	**3,643**	**3,646**
Carrying amount at 31 March 2025	4	4,601	4,605

All intangible assets are owned by the Agency

7. Intangible assets (continued)

	Software licences £000	Software £000	2024-25 Total £000
Cost or valuation			
At 1 April 2024	32	12,366	12,398
Additions	–	188	188
Disposals	-	-	–
Revaluation released to SoCNE	-	-	–
Revaluation	1	420	421
At 31 March 2025	**33**	**12,974**	**13,007**
Amortisation			
At 1 April 2024	25	7,114	7,139
Charged in year	3	980	983
Disposals	-	-	–
Revaluation released to SoCNE	-	-	–
Revaluation	1	279	280
At 31 March 2025	**29**	**8,373**	**8,402**
Carrying amount at 31 March 2025	**4**	**4,601**	**4,605**
Carrying amount at 31 March 2024	**7**	**5,252**	**5,259**
Asset financing:			
Owned	4	4,601	4,605
Carrying amount at 31 March 2025	**4**	**4,601**	**4,605**
Asset financing:			
Owned	7	5,252	5,259
Carrying amount at 31 March 2024	**7**	**5,252**	**5,259**

All intangible assets are owned by the Agency

8. Financial instruments

IFRS 7 *Financial Instruments: Disclosures* requires disclosure that enables evaluation of the significance of financial instruments for the Agency's financial position and performance, the nature and extent of risks arising from financial instruments to which the Agency is exposed during the period and at the reporting date, and how the Agency manages those risks. As a result of the non-trading nature of its activities and the way in which agencies are financed, the Agency is not exposed to the degree of financial risk faced by business entities. The Agency has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change risks facing the Agency in undertaking its activities.

Classification of financial instruments

All LSA financial instruments are measured at amortised cost. The Agency's financial assets comprise trade and other receivables (Note 10) and cash and cash equivalents (Note 9). The Agency's financial liabilities comprise trade and other payables and accruals and deferred income (Note 11). The carrying value of these financial assets and liabilities, as disclosed in the notes to the Accounts, approximates to fair value because of their short maturities. The Agency recognises the components of net gain/loss through the Statement of Comprehensive Net Expenditure. Interest on financial instruments is recognised in finance costs under Programme Costs in Note 3 where applicable.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to pay for its obligation. The Agency is exposed to credit risk in relation to the carrying amounts of the trade receivables carried in the statement of financial position. The size of risk is reflected in the receivables impairment (Note 10).

Liquidity risk

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. The Agency's net revenue resource requirements are financed by resources voted annually by the Assembly, as is capital expenditure. The Agency is therefore not exposed to significant liquidity risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Agency's financial assets and liabilities carry nil or fixed rates of interest. The Agency is therefore not exposed to any interest rate risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency does not have the authority to manage currency risk through hedging.

9. Cash and cash equivalents

	2025-26 £000	2024-25 £000
Balance at 1 April	(861)	(1,728)
Net change in cash and cash equivalent balances	(765)	867
Balance at 31 March	**(1,626)**	**(861)**
The following balances at 31 March are held at:		
NI banking pool	(1,626)	(861)
Commercial banks and cash in hand	–	–
Balance at 31 March	**(1,626)**	**(861)**

Balances for Cash and cash equivalents are disclosed in the Statement of Financial Position as follows:

	Note	2025-26 £000	2024-25 £000
Current assets		–	–
Current liabilities	11	(1,626)	(861)
Total		**(1,626)**	**(861)**

10. Trade receivables, financial and other assets

	31 March 2026	31 March 2025	1 April 2024
	£000	£000	£000
Amounts falling due within one year:			
VAT	23	43	12
Trade receivables	97	115	155
Other receivables	3	3	3
Prepayments and accrued income	141	142	114
	264	**303**	**284**
Amounts falling due after one year			
Trade receivables	11,200	10,205	9,613
Other receivables	2	2	1
	11,202	**10,207**	**9,614**
Total	**11,466**	**10,510**	**9,898**

Trade receivables are stated net of the following impairment:

	Note	31 March 2026 £000	31 March 2025 £000	1 April 2024 £000
Gross trade receivables at 31 March		12,108	11,299	11,015
Less impairment of trade receivables:				
At 1 April		979	1,247	1,390
Increase in impairment during the year	3	257	324	301
Decrease in impairment during the year	3	(425)	(592)	(444)
Impairment at 31 March		**811**	**979**	**1,247**
Net trade receivables at 31 March		**11,297**	**10,320**	**9,768**

The majority of LSA's trade receivables balance falling due after one year is statutory charge debt which comes about by LSA invoking its right to recover the cost to the legal aid fund from property recovered in legal cases and is secured as a result of the charge placed. Commonly statutory charges are placed on land and property and although there is a high probability of recoverability as a result of the debt being secured, it can take many years before the Agency recovers this debt. This also means LSA has assessed that this type of debt does not need to be impaired.

11. Trade payables, financial and other liabilities

	Note	31 March 2026 £000	31 March 2025 £000	1 April 2024 £000
Amounts falling due within one year:				
Bank overdraft	9	1,626	861	1,728
Trade payables		317	423	349
Other payables		580	509	486
Accruals and deferred income		1,800	1,544	1,704
Current part of lease liabilities	13	287	203	268
		4,610	**3,540**	**4,535**
Amounts falling due after one year				
Leases	13	**155**	**442**	**719**
Total		**4,765**	**3,982**	**5,254**

12. Provisions for liabilities and charges

	Legal Aid £000	Litigation claims £000	Other £000	2025-26 Total £000
At 1 April 2025	190,531	289	217	191,037
Provided in the year	168,271	311	72	168,654
Provisions not required written back	(51,744)	(109)	–	(51,853)
Provisions utilised in the year	(120,049)	(175)	–	(120,224)
Borrowing costs	160	–	–	160
Balance at 31 March 2026	**187,169**	**316**	**289**	**187,774**

	Legal Aid £000	Litigation claims £000	Other £'000	2024-25 Restated Total £000
At 1 April 2024	169,131	314	217	169,662
Provided in the year	208,391	83	–	208,474
Provisions not required written back	(65,508)	(22)	–	(65,530)
Provisions utilised in the year	(119,731)	(86)	–	(119,817)
Borrowing costs	(1,752)	–	–	(1,752)
Balance at 31 March 2025	**190,531**	**289**	**217**	**191,037**

Analysis of expected timing of discounted cash flows

	Legal aid £000	Litigation claims £000	Other £000	2025-26 Total £000
Not later than one year	83,410	316	–	83,726
Later than one year and not later than five years	88,061	–	289	88,350
Later than five years	15,698	–	–	15,698
Balance at 31 March 2026	**187,169**	**316**	**289**	**187,774**

	Legal Aid £000	Litigation claims £000	Other £000	2024-25 Total £000
Not later than one year	96,510	289	-	96,799
Later than one year and not later than five years	79,774	–	217	79,991
Later than five years	14,247	–	-	14,247
Balance at 31 March 2025	**190,531**	**289**	**217**	**191,037**

12.1 Legal aid: £187.169m (2024-25: £190.531m)

The legal aid provisions can be further analysed as follows:

	Civil legal services	Criminal legal aid	2025-26 Total
	£000	£000	£000
At 1 April 2025	122,859	67,672	190,531
Provided in the year	97,518	70,753	168,271
Provisions not required written back	(31,393)	(20,351)	(51,744)
Provisions utilised in the year	(64,138)	(55,911)	(120,049)
Borrowing costs	(96)	256	160
Balance at 31 March 2026	**124,750**	**62,419**	**187,169**

	Civil legal services	Criminal legal aid	2024-25 Restated Total
	£000	£000	£000
At 1 April 2024	100,484	68,647	169,131
Provided in the year	133,497	74,894	208,391
Provisions not required written back	(48,629)	(16,879)	(65,508)
Provisions utilised in the year	(61,133)	(58,598)	(119,731)
Borrowing costs	(1,360)	(392)	(1,752)
Balance at 31 March 2025	**122,859**	**67,672**	**190,531**

Provisions utilised in the year contain £4.0m (£3.7m in 2024-25) of recoupments from legal aid practitioners in the main as a result of recoupments of interim payments on presentation of the final bill of costs.

12.1.1 Analysis of provisions by sub-categories

The tables below provide a detailed analysis of the sub-categories within both Civil Legal Services and Criminal Legal Aid.

Civil legal services

						2025-26
	Represen-tation Lower	Advice and Assistance	Represen-tation Lower (Children)	Represen-tation Higher	Exceptional Funding	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2025	814	1,260	6,598	109,282	4,905	122,859
Provided in the year	2,023	8,095	7,293	78,344	1,763	97,518
Provisions not required written back	(323)	(660)	(2,103)	(28,036)	(271)	(31,393)
Provisions utilised in the year	(1,722)	(6,974)	(5,465)	(48,785)	(1,192)	(64,138)
Borrowing costs	3	(1)	27	(134)	9	(96)
Balance at 31 March 2026	**795**	**1,720**	**6,350**	**110,671**	**5,214**	**124,750**

						2024-25 Restated
	Represen-tation Lower	Advice and Assistance	Represen-tation Lower (Children)	Represen-tation Higher	Exceptional Funding	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2024	1,069	2,087	6,547	83,273	7,508	100,484
Provided in the year	1,839	5,342	7,688	117,593	1,035	133,497
Provisions not required written back	(518)	(1,524)	(2,191)	(44,286)	(110)	(48,629)
Provisions utilised in the year	(1,572)	(4,641)	(5,412)	(46,038)	(3,470)	(61,133)
Borrowing costs	(4)	(4)	(34)	(1,260)	(58)	(1,360)
Balance at 31 March 2025	**814**	**1,260**	**6,598**	**109,282**	**4,905**	**122,859**

12.1.1 Analysis of provisions by sub-categories (continued)

Criminal legal aid

	Magistrates Court	Crown Court	Appeals, Bail and Extradition	Court of Appeal Criminal Appeals	2025-26 Total
	£000	£000	£000	£000	£000
At 1 April 2025	10,061	53,170	776	3,665	67,672
Provided in the year	24,991	41,482	2,047	2,233	70,753
Provisions not required written back	(5,000)	(14,361)	(510)	(480)	(20,351)
Provisions utilised in the year	(21,255)	(30,702)	(1,388)	(2,566)	(55,911)
Borrowing costs	44	196	(3)	19	256
Balance at 31 March 2026	**8,841**	**49,785**	**922**	**2,871**	**62,419**

	Magistrates Court	Crown Court	Appeals, Bail and Extradition	Court of Appeal Criminal Appeals	2024-25 Restated Total
	£000	£000	£000	£000	£000
At 1 April 2024	14,473	52,021	1,049	1,104	68,647
Provided in the year	23,477	43,320	2,525	5,572	74,894
Provisions not required written back	(5,748)	(10,254)	(796)	(81)	(16,879)
Provisions utilised in the year	(22,117)	(31,602)	(1,993)	(2,886)	(58,598)
Borrowing costs	(24)	(315)	(9)	(44)	(392)
Balance at 31 March 2025	**10,061**	**53,170**	**776**	**3,665**	**67,672**

12.1.2 How the figures are derived

The Agency estimates the value of unbilled 'live' cases each year to arrive at the amounts disclosed as a provision within the financial statements. 'Live' cases are deemed to be those that are ongoing, based on the information available to the Agency, and within the statutory time limits. A provisions model is used to estimate the volume of cases and costs required to settle any obligations at the end of the reporting period.

Summary position

The legal aid provisions at the reporting date can be summarised as follows:

	2025-26		2024-25	
	Volume of cases	£000	Volume of cases	£000
Cases costed at an average cost	47,985	151,498	53,780	146,496
Cases costed where an average cost is not applicable	782	35,671	1,151	44,035
Total	**48,767**	**187,169**	**54,931**	**190,531**

Volumes

The Agency's Legal Aid Management System (LAMS) came into operation on 1 July 2019. The auto-closure function within LAMS, which automatically closes cases when a set of predefined conditions have been satisfied, and the ongoing review of inactive cases have significantly cleansed the volume of cases and continue to do so as part of business as usual. As a result, the requirement for manual intervention and assumptions historically applied to the data reported from the system has reduced significantly for the purposes of calculating provisions.

In terms of inactive cases, an adjustment continues to be made but due to the significant progress made on old cases and the continual review and refinement of inactivity triggers, this adjustment now only needs to address those cases flagged through the inactivity prompt and outside 'normal' lifecycles.

Costs

There are two categories of costs applied to the volume of 'live' cases in LAMS at the end of the reporting period in order to calculate an estimated cost of the provision:

i. cases costed at an average cost

The provisions model extracts a volume of 'live' cases from LAMS per primary nature/matter and applies an average cost to each case to determine a provision value. After which any payments to date are deducted to calculate the remaining provision liability.

As part of the Legal Aid Reform Programme a range of new regulations were introduced on the 7th January 2026 to apply an increase to certain types of legal aid fees with an implementation date of 1 December 2024. In practice, this means that all eligible certificates granted from 1 December 2024 and which remain 'live' at the 31 March 2026, are valued in the provision at the average cost (as noted above) plus the relevant percentage fee uplift.

Furthermore, during 2025-26 the Lady Chief Justice announced a series of increases to fees in taxed cases. Similarly, this means that the cost of work done after the implementation dates are uplifted accordingly.

ii. cases costed where an average cost is not applicable

The majority of legal aid provisions are estimated using LAMS volumes and average costs, however other case types have been separately reviewed. There are three categories of cases which require segregation for review as the average cost methodology above is not applicable:

- **Exceptional Funding** - the Agency's Exceptionality and Criminal Authorities Team record and continuously monitor a list of Exceptional Funding cases. Each case is separately reviewed and costed by the Agency based on authorities granted less payments made to date.
- **Exceptionality** - the Agency's Exceptionality and Criminal Authorities record and continuously monitor a list of Exceptionality criminal cases. Each case is separately reviewed and costed by the Agency.
- **Court of Appeal** - the Taxing Master provides a list of the cases currently held along with the associated claimed and assessed value. This is reviewed by the Agency and the liability is calculated using the information provided.

Reporting

Average costs are calculated from information held on closed cases within LAMS. A report is produced detailing cases closed on the system and the value of all associated assessed payments. The suite of provision reports is continually being refined, improving the robustness of the methodology by ensuring that data is drawn directly from the system where possible and manual intervention is minimised.

12.1.3 Estimation Uncertainty

Due to the nature of legal aid cases and a number of uncertainties within the provision methodology, the ultimate cost of settling these liabilities may differ from the amounts estimated.

12.1.3a - Internal judgements made by management

The determination of provisions remains a key area where management judgement is required. There are a number of key assumptions applied in the calculation of average costs which are detailed below:

- Average costs in general – based on an analysis of historical payment values and volumes of closed cases, a series of average costs are calculated, primarily by primary nature within each legal aid level of service.
- Data underpinning average costs (all cases) – average costs are based on closed cases. Up to and including 2024–25, all closed cases since the inception of LAMS were included in average cost calculations. In 2025–26, the dataset was restricted to the most recent four years to improve the currency of the dataset used, therefore reducing the volume of data underpinning average cost estimates.
- Application of uplifts (non-taxed cases) – as set out in Note 12.1.2, legislative changes in 2025-26 introduced fee uplifts that impacted the Legal Aid Model. Until sufficient closed case data reflects the new fees, a manual uplift approach is applied to pre-uplifted non-taxed cases, resulting in two average cost rates per case category depending on the date of the legal aid certificate (pre- or post-1 December 2024). When combined with the four-year data restriction above, the effective dataset underpinning these average cost estimates is further reduced to 2 years and 8 months.
- Phasing of work done (taxed cases) – due to the legislative changes set out in note 12.1.2 and the Agency's lack of visibility of work in progress, uplifts applied to taxed cases (which apply from the date the work is undertaken rather than the certificate date) are estimated based on the assumption that work is performed evenly over the life of the case, from granting of certificate to the last court date. This may differ from the actual timing and value of work completed, and the subsequent bills received. Other related assumptions are informed by historical data held by the Agency.
- Outliers – while restricting the closed case population to four years is intended to improve data currency, it may still include cases with nil payments or payments significantly higher than typical levels. These can materially affect average costs, however management considers such cases to reflect normal business activity and are therefore retained within the model.

12.1.3b External factors

The determination of provisions can also be impacted by various factors outside of the control of management. These uncertainties include:

- Impact and timing of fees – as each case category has a different lifecycle from certificate being granted to case closure, the impact of new fee rates on closed cases will be gradual and the speed of impact will vary depending on case category.
- Timing of bill submission – the timing of payment of civil legal services and criminal legal aid is dependent on when solicitors or counsel submit their final bill after a case has concluded. The timing of submission is outside the direct control of the Agency, although there is a statutory obligation for claims to be submitted within three months, subject to extension under certain conditions.
- Longer-term settlements and discounting – while only a small proportion of provisions are expected to be paid more than five years after the reporting date, a degree of uncertainty remains in respect of these longer-tail claims. The Agency has discounted future cash flows to reflect their present value. Further detail is contained at Note 1.9.

12.2 Litigation claims: £0.316m (2024-25: £0.289m)

Provision has been made for legal costs associated with a number of Judicial Reviews and litigation cases brought against the Agency. The provision covers all known cases where it is considered that it is probable that the claim will be successful and the amount can be reliably estimated. The timing of the settlement of claims depends on the circumstances of each case.

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can extend as far back as 1998. The 2025–26 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020, reflecting an assessment of the possible extent of liability under the current legal framework: settlement remains subject to negotiation and resolution of outstanding uncertainties. There are still some significant elements of uncertainty around this estimate for a number of reasons including:

- Lack of agreement with claimants' legal representatives around how to treat data for years previous to 2011; and

- Ongoing negotiations with Trade Union and their legal representatives which will determine the final scope of settlement.

12.3 Other: £0.289m (2024-25: £0.217m)

Provision has been made for dilapidation costs or 'exit costs' which are payable by the Agency to the landlord at the end of its building lease. These costs are attributable to restoring the building to its original pre-lease state. Under IFRS 16, these costs have also been capitalised as part of the cost of the right-of-use asset.

13. Leases - Right of use assets

13.1 Non-current assets, as recorded in the Statement of Financial Position, include the following amounts for leased right of use assets:

	Buildings £000	2025-26 Total £000
Cost		
At 1 April 2025	1,661	1,661
Additions - new leases	–	–
Revaluations	–	–
Impairment / impairment reversals	–	–
Disposals	–	–
Remeasurement - existing leases	72	72
At 31 March 2026	**1,733**	**1,733**
Depreciation		
At 1 April 2025	802	802
Depreciation charge for the year	332	332
Impairment / impairment reversals	–	–
Disposals	–	–
Reclassifications	–	–
At 31 March 2026	**1,134**	**1,134**
Carrying amount at 31 March 2026	**599**	**599**
Carrying amount at 31 March 2025	859	859

	Buildings £000	2024-25 Total £000
Cost		
At 1 April 2024	1,661	1,661
Additions - new leases	–	–
Revaluations	–	–
Impairment / impairment reversals	–	–
Disposals	–	–
Remeasurement - existing leases	–	–
At 31 March 2025	**1,661**	**1,661**
Depreciation		
At 1 April 2024	470	470
Depreciation charge for the year	332	332
Impairment / impairment reversals	–	–
Disposals	–	–
Reclassifications	–	–
At 31 March 2025	**802**	**802**
Carrying amount at 31 March 2025	**859**	**859**
Carrying amount at 31 March 2024	1,191	1,191

13.2 Quantitative disclosures around lease - maturity analysis

	2025-26 £000	2024-25 £000
Buildings		
Not later than one year	296	222
Later than one year and not later than five years	156	452
Later than five years	–	-
	452	**674**
Less: interest element	(10)	(29)
Present value of lease obligations	**442**	**645**
Current portion	287	203
Non-current portion	155	442
	442	**645**

13.3 Quantitative disclosures around elements in the Statement of Comprehensive Net Expenditure

	2025-26 £000	2024-25 £000
Variable lease payments not included in lease liabilities	–	–
Sub-leasing income	–	–
Expense related to short-term leases	–	–
Expense related to low value leases (excluding short-term leases)	–	–
Total	–	–

13.4 Quantitative disclosures around cash outflows for leases

	2025-26 £000	2024-25 £000
Capital element of lease payments	203	342
Interest element of lease payments	19	28
Total cash outflow for leases	**222**	**370**

**Restated to include the interest element of lease payments not previously disclosed within this Note.*

14. Capital commitments

There were no contracted capital commitments at 31 March 2025 or 31 March 2026.

15. Other financial commitments

There were no contracted financial commitments at 31 March 2025 or 31 March 2026.

16. Contingent liabilities

The Agency has contingent liabilities as defined within IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Unless otherwise stated, the amount of each contingent liability cannot be determined with sufficient reliability.

Legal aid provisions

The Agency has determined having an open legal aid certificate as a minimum requirement for carrying a provision for a legal aid case. There remains significant uncertainty around the direction of travel of Legacy Inquests.| There are a number of Legacy Inquests for which a legal aid certificate may be granted at some point in the future. Too much uncertainty exists as to whether any future legal aid liability will arise, so it is not possible to determine the timing or financial impact at this stage; therefore, no allowance has been given for these in the figures included in Note 12.1.

Retrospectivity

Legal ruling in 2025-26 deemed the Agency was incorrect in its interpretation of the Crown Court Rules in refusing to make grants (and by extension payments) in matters where work was completed prior to the grant of Exceptional Preparation being made. In the 2025-26 financial year the Agency re-considered all known eligible cases for which it had previously assessed and refused in whole or in part and either confirmed its refusal or granted Exceptional Preparation. At the year end there may be eligible Exceptional Preparation cases not identified in the Agency's review. Too much uncertainty exists as to whether such cases will come to light or the value of such a potential liability therefore no allowance has been given for this in the figures included in Note 12.1.

New Refresher Fees

During the 2025-26 financial year the Minister announced a change to refresher fees. The terms of the direction are that with effect from 2 March 2026 those Crown Court cases which attract a refresher fee will be paid a new higher rate depending on the category of legal representative. These higher rates apply to the date the refresher is engaged and not the date the associated certificate is granted. Without visibility of cases until bills are presented this creates uncertainty for LSA around the degree to which this change has impacted live certificates at the year end both in terms of value and timing and as a result no allowance has been given for this in the figures included in Note 12.1. However, due to the proximity of the effective date to the year end, the small number of cases which will engage the fee due to the ongoing Crown Court strike, and the infrequency of refreshers it is not anticipated that the impact is material.

Public Sector Pensions - Injury to Feelings Claims

The Department of Finance (DoF) is a named Respondent in a class action affecting employers across the public sector and is managing claims on behalf of the Northern Ireland Civil Service (NICS) Departments. This is an extremely complex case with potential implications for the NICS and wider public sector. However, given the complexities, the cases are still at an early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of liability cannot be provided.

17. Related party transactions

The Agency is an Executive Agency of the Department of Justice. During the year, the Agency had various material transactions with the Core Department and Northern Ireland Courts and Tribunals Service (also an Executive Agency of the Department).

In addition, the Agency had various material transactions with other government departments and other central government bodies. Most of these transactions have been with the Department of Finance.

No senior manager, Non-Executive Member or other related party has undertaken any material transactions with the Agency during the year.

18. Fraud and error measurement

The Agency administers legal aid payments on behalf of the DoJ. Fraud and error can arise within assessment and payment from three potential sources: official, practitioner and applicant.

It is not possible to reassess every case, hence LSA has developed sampling and testing methodologies to cover all three sources. A representative sample of cases is reviewed, and the test results extrapolated in order to provide an estimate of the outcome within the full population. A level of statistical uncertainty, termed confidence limits, underpin the extrapolated estimates. The level of confidence within which the central estimates and range are produced is set at 95% which means the Agency can be 95% certain that the true value lies within the associated confidence intervals for each of the estimates produced.

Testing cases for practitioner error and fraud was introduced in January 2023 using a common sample approach with official error. This means that the same sampled cases are tested for both official and practitioner errors, allowing any observed errors to be attributed to the correct source.

Official error

An official is considered to be any member of LSA staff or any member of the wider justice structure, such as NI Courts and Tribunals Service staff recording the running of the case in court. Official error may result in an assisted person being incorrectly determined as being eligible to receive legal aid and/or may result in the wrong valuation being made of the amount they can reasonably be expected to contribute to the overall costs of the case. It may also occur as a result of the incorrect calculation being made of the payment due to a supplier. Official error usually occurs as a result of an official not applying the specific rules correctly or not taking into account all the circumstances applicable to an individual. The complexity of the legislation, the degree of discretion and the inherent risks associated with adjudication, assessment and payment of bills contribute to the difficulties in administering and hence to inaccurate payments being made in a proportion of cases.

The Agency has developed a strategic relationship with the SAU within DfC, who undertake testing on behalf of LSA under a Memorandum of Understanding. NISRA statisticians are responsible for the selection of monthly samples of cases from the calendar year and official error is identified within the individual payments by SAU through a comparison of LSA action against legislation and policy.

The Agency has established a dedicated Compliance Audit and Risk Branch to liaise with SAU in respect of the irregularities SAU detect and to provide any additional information requested. The branch provides management information for payments to senior management providing a breakdown of error by business activity/legal aid scheme deriving lessons learned to inform the interventions, process redesign and procedures to be adopted to address identified errors.

LSA's Compliance Audit and Risk Branch assign a category to each of the official errors identified (including incorrect, deemed error and part deemed/part error cases) based on feedback from SAU monitoring officers who conducted the review of all sampled cases. Statisticians within LSA's Information and Analysis Unit, then extrapolate the monetary value of total error and the error associated with each category.

Following legal advice received, only payments processed under The Civil Legal Services (Remuneration) Order (Northern Ireland) 2015 and The Criminal Legal Aid (Remuneration) Regulations 2013 are deemed eligible for testing. Cases where the final assessment of remuneration is subject to taxation have therefore been excluded from testing from 2020 onwards as they do not fall under the remit of this legislation.

The sample of cases reviewed for 2025 was 783. The associated year end results (for 2025) are set out below on the basis of the estimated monetary value of error (MVE), by category:

	Including Deemed Errors[1]			Excluding Deemed Errors[1]		
Category of Error - 2025	**Estimated MVE**	**% of Estimated MVE**	**% of Total Expenditure**	**Estimated MVE**	**% of Estimated MVE**	**% of Total Expenditure**
Additional Fee	£797,201	40.8%	1.2%	£797,201	42.1%	1.2%
LSANI Assessor Error	£383,753	19.6%	0.6%	£360,771	19.1%	0.6%
Procedural	£307,089	15.7%	0.5%	£307,089	16.2%	0.5%
Classification	£275,155	14.1%	0.4%	£278,008	14.7%	0.4%
Substantive hearing	£91,243	4.7%	0.1%	£91,243	4.8%	0.1%
Committal Bails	£73,728	3.8%	0.1%	£33,936	1.8%	0.1%
LSANI FEU Error	£11,192	0.6%	<0.05%	£11,192	0.6%	<0.05%
Travel starting point	£8,355	0.4%	<0.05%	£8,355	0.4%	<0.05%
LSANI Adjudication Error	£5,844	0.3%	<0.05%	£5,844	0.3%	<0.05%
Total[2]	**£1,953,561**	**100.0%**	**3.0%**	**£1,893,639**	**100.0%**	**2.9%**

Notes:

1. There can be more than one error identified within an individual case, including both overpayments and underpayments, and where this happens, these errors are combined to calculate the total error within that particular case.

On an individual case basis, overpayments and underpayments are netted which, while infrequent, can result in the total error for a case being greater when deemed errors are excluded, than when deemed errors are included. For example, if it was found that within one case an overpayment of £100 had been made incorrectly and a separate deemed error was also identified that resulted in a £50 underpayment, the total error for that case would be £50 (as the £100 overpayment and the £50 underpayment are netted). However, when deemed errors are excluded, the total error for the case would only include the £100 overpayment that was made incorrectly.

2. Totals may not sum due to rounding.

It should be noted that the overall estimate of official error in 2025 (£2.0m), as broken down in the table above, includes extrapolated notional errors of £1.3m which, by year end, did not materialise into actual errors in the legal aid fund.

At year-end, deemed errors are applied in instances where SAU monitoring officers required further information to complete their review and determine the accuracy of the payment, but it was not able to be provided by LSA prior to the pre-agreed year-end reporting date. While LSA contacted practitioners and encouraged them to provide the information required, responses were not always received and were outstanding in a number of cases at assessment cut-off.

The Agency expects the error rate to reduce over time as issues identified are addressed. The Agency is dedicated to continuous improvement in the error work programme through improved internal controls and the identification and implementation of interventions. Procedures and guidance continue to be reviewed to ensure responses to error are included. There is a lag to the full impact of interventions, as a case selected for testing after improvements have been introduced may include earlier payments made before the change took effect and in such cases the error will remain valid. It is likely to be in future years testing that the benefits of such actions are fully recognised.

The error details were also used to estimate the MVE broken down by overpayments and underpayments. Estimates for 2024 and 2025 are set out in Section 6 of the Governance Statement.

In those cases, in which SAU monitoring officers identified an actual underpayment or overpayment the Agency has a process to adjust the fees and make recoupments to address actual errors. No recoupment is made of deemed errors as the accuracy, or otherwise, of the payment cannot be proved due to the lack of information.

Practitioner error and fraud

As practitioner testing operates as part of a common sample with official error, the same strategic relationship applies with SAU under the same Memorandum of Understanding. Likewise, NISRA statisticians are responsible for deriving the common monthly samples throughout the year as well as extrapolating the results to produce independent annual estimates.

Practitioner fraud and error arises from the actions of members of the legal profession who carry out legal aid work. In this instance, a practitioner is considered to be a solicitor or barrister who has been involved in working an eligible legal aid case against which a payment has been made in the reporting year.

If randomly sampled, the associated payment is temporarily held by the Agency until the practitioner submits the full case file that is then shared with SAU for testing alongside the Agency's own file (for official error). SAU consider the application as well as the payment claim made by the practitioner for any evidence of potential of error or fraud which could result in the form of an overpayment or an underpayment. It is important to note that, as LSA assesses all applications and payments prior to approval much of the practitioner error is eliminated through this review process, so will not necessarily lead to an incorrect payment of public funds. As noted above, the common sample of cases reviewed in 2025 was 783.

The 2025 year-end estimates for practitioner error and fraud are set out below on the basis of the estimated monetary value of error (MVE), by category:

Category of Error[1] 2025	Estimated MVE	% of Estimated MVE	% of Total Expenditure
Fee claimed not evidenced	£1,887,531	37.9%	2.9%
File not received	£1,531,248	30.8%	2.4%
Unable to verify time	£933,985	18.8%	1.4%
Unclaimed documents in file	£341,144	6.9%	0.5%
Additional Fee	£236,047	4.7%	0.4%
Anomaly in claim v evidence on file	£44,574	0.9%	0.1%
Total[2]	**£4,974,530**	**100%**	**7.7%**

Notes:

1. There can be more than one error identified within an individual case, including both overpayments and underpayments, and where this happens, these errors are combined to calculate the total error within that particular case.

2. Totals may not sum due to rounding.

The estimates of practitioner error in the above table include £1.5m extrapolated error relating to non-compliance cases (file not received). When a file is not submitted, SAU classifies the full payment as overpayment error, which is included in the total £5.0m practitioner error. However, the Agency withholds payment on these cases and therefore payments had not been made from the legal aid fund at year end. Likewise, practitioner estimates include extrapolated notional errors of £0.3m which, by year end, did not materialise into actual errors in the legal aid fund.

Applicant fraud and error

Applicant fraud and error derives from the assisted persons who is, or was, in receipt of legal aid funding.

Following an initial delay due to Covid-19 restrictions, a methodology for measuring applicant fraud and error commenced in January 2021. This work was paused in 2022 and replaced with work to review the ongoing financial eligibility of assisted persons. This work is termed Future Overpayment Prevention (FOP) and testing commenced in May 2022.

While the year end results for 2021 remain the official baseline, a breakdown on the basis of the estimated monetary value of the fraud and error (MVE), by category is shown below.

Section 6 of the Governance Statement provides further details on the methodology for applicant fraud and error.

Category of Fraud and Error - 2021	All Fraud and Error: Estimated MVE	% of Total Estimated MVE	% of Total Expenditure	Excluding Non-Compliance: Estimated MVE	% of Total Estimated MVE	% of Total Expenditure
Non-Compliance - No Contact	£502,879	38.0%	12.2%	-	-	-
Out of Scope	£250,652	19.0%	6.1%	£250,652	44.0%	6.1%
Non-Compliance - Verification	£249,749	18.9%	6.1%	-	-	-
Undeclared Capital	£208,295	15.8%	5.1%	£208,295	36.6%	5.1%
Missing LAAO Case paper(s)	£104,206	7.9%	2.5%	£104,206	18.3%	2.5%
Other Applicant Error	£3,111	0.2%	0.1%	£3,111	0.5%	0.1%
Contributions Error	£2,514	0.2%	0.1%	£2,514	0.4%	0.1%
Other Applicant Fraud	£292	0.02%	0.01%	£292	0.1%	0.01%
Total[1]	£1,321,698	100%	32.1%	£569,069	100%	13.8%

Note 1. Totals may not sum due to rounding.

19. Third-party assets

Recovery from damages awarded to funded clients may be required by the Agency to offset any liability to the Legal Aid Fund. The Agency places these funds on deposit in interest bearing bank accounts until the liability to the Fund, if any, is determined. Any remaining balance of the damages awarded is refunded once the liability to the Fund has been settled. The amounts retained to cover any shortfall to the Fund are recorded in income as ‘Damages retained’. The movement on these third-party funds was as follows:

	2025-26 £000	2024-25 £000
At 1 April	19	-
Damages received	-	19
Interest received	-	-
	19	19
Less:		
Sums repaid to assisted persons	(19)	-
Damages retained	-	-
Balance at 31 March	**-**	19

These balances are not included within the Agency’s assets as they do not belong to the Agency.

20. Events after the reporting date

On the 3 June 2026 the Justice Minister in a Written Ministerial Statement announced that she had decided to accept in full all the recommendations of the Accelerated Review of Criminal Legal Aid. The announcement indicates that criminal fees will be increased by 8.66% for criminal legal aid certificates granted on or after 3 June 2026 for solicitors and a later date to be determined for barristers. Fees for exceptional preparation work will increase by 26.05%. These increases will also apply to certificates for civil legal services for solicitors and barristers granted on or after 3 June 2026 The increase does not apply to cases funded by legal aid as at 31 March 2026 and it is therefore regarded as a non-adjusting event occurring after the reporting date.

On the 18 June 2026 the Criminal Bar voted to end their strike and the Department will now issue a Direction establishing a Refresher Fee pilot which involves new fees for refresher days from 2 March 2026. This Refresher Fee pilot will see both a simplification and increase of individual fees. The increase is not reflective of a condition that existed as at 31 March 2026 and it is therefore regarded as a non-adjusting event occurring after the reporting date. A reliable estimate of its financial impact cannot be made at this time.

Date for authorisation of issue

The Accounting Officer authorised these financial statements for issue on 3 July 2026.

OTHER

ANNEX A - GLOSSARY OF TERMS

Acronym	Details
ARC	Audit and Risk Committee
BSU	Business Support Unit
C&AG	Comptroller and Auditor General
CLSAP	Civil Legal Services Appeal Panel
CTU	Compliance and Training Unit
DAERA	Department of Agriculture, Environment and Rural Affairs
DEL	Departmental Expenditure Limit
DfC	Department for Communities
DoF	Department of Finance
DoJ	Department of Justice
FEU	Financial Eligibility Unit
FTE	Full-time Equivalents
HMRC	HM Revenue and Customs
IAS	Internal Audit Services
KPI	Key Performance Indicator
LAAO	Legal Aid Assessment Office
LAMS	Legal Aid Management System
LCI	Lower Confidence Interval
LSA	Legal Services Agency
MoU	Memorandum of Understanding
MVE	Monetary Value of Error
NEM	Non-Executive Member
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
NISRA	NI Statistics and Research Agency
PAC	Public Accounts Committee
SAU	Standards Assurance Unit
SCS	Senior Civil Servant
SMT	Senior Management Team
TNA	Training Needs Analysis
UCI	Upper Confidence Interval
VFM	Value for Money

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Background

1. The Legal Services Agency Northern Ireland (LSANI or 'the Agency') is an executive agency of the Department of Justice (the Department), responsible for administering legal aid in Northern Ireland.

2. I have qualified my opinion on regularity on the annual accounts of the Northern Ireland Legal Services Commission (NILSC) and LSANI, each year since 2004, due to fraud and error in legal aid payments.

3. While progress has been made in recent years in addressing fraud and error, legal aid expenditure remains inherently susceptible to irregularity. Although the estimated level of official error in legal aid payments has reduced significantly during the year, it remains significant. In addition, the level of fraud and error in payments to legal practitioners remains material and has risen compared with the previous year.

4. Furthermore, I have been unable to obtain sufficient appropriate audit evidence to conclude that material levels of fraud and error by legal aid applicants have not occurred. Consequently, I have again qualified my regularity opinion on the 2025–26 financial statements of the Legal Services Agency Northern Ireland.

Purpose of the Report

5. I am required to examine, certify, and report upon the financial statements prepared by LSANI under the Government Resources and Accounts Act (Northern Ireland) 2001. This report explains the background to my qualifications on the LSANI Account for the year ended 31 March 2026.

6. I have qualified my regularity opinion due to:

    - statistics produced by LSANI estimating that £0.6 million of overpayments and £1.3 million of underpayments of legal aid (£2.0 million in total[14]) were made during the year due to official error, along with £4.4 million of overpayments and £0.6 million of underpayments (£5.0 million in total) due to legal practitioner fraud and error; and
    - limitation in the scope of my work arising from an inability to obtain sufficient, appropriate evidence to satisfy myself that material fraud and error by legal aid applicants did not exist within legal aid expenditure.

Qualified audit opinions on irregular legal aid expenditure

7. There are a number of reasons why legal aid expenditure may not be applied for the purposes intended by the Assembly or in accordance with the governing authorities:

    - official error (due to the actions or omissions of LSANI or the wider justice structure);
    - legal practitioner fraud and error; and
    - applicant fraud and error.

[14] Amounts do not total due to rounding.

Official error

8. The Department for Communities' (DfC) Standards Assurance Unit (SAU) undertook testing of a common sample[15] of 783 cases, randomly selected by statisticians from the Northern Ireland Statistics and Research Agency (NISRA). Each case related to a payment request from a legal practitioner authorised between January and December 2025 (the 2025 sample) and was assessed for compliance with the relevant legislative requirements. The results of this testing were used to estimate the level of official error and practitioner fraud and error in eligible 2025-26 legal aid payments.

9. The outcome of this work, as outlined in **Figure 1** below, indicates a significant reduction in over and underpayments due to official error, from £4.4 million in 2024-25 to £2.0 million in 2025-26.

10. The estimated rate of official error in 2025-26 is 3.0 per cent, a decrease of 3.7 percentage points compared with 2024-25, and the lowest estimate recorded under the current sampling approach. However, due to methodological changes introduced from 2023 to facilitate the adoption of a common sampling approach, estimates from 2023-24 onwards are not directly comparable with those produced in earlier years.

Figure 1: Levels of official error in legal aid payments

	2025-26 £million	2024-25 £million	2023-24 £million	2022-23 £million	2021-22 £million
Legal aid expenditure (accruals/ accounting basis)	116.7	142.9	130.1	97.0	99.7
Legal aid utilisation (cash/ payment basis)	120.0	119.7	113.5	101.3	94.7
Estimated level of overpayments due to official error	0.6	2.0	0.6	1.3	1.0
Estimated level of underpayments due to official error	1.3	2.4	1.5	1.2	0.9
Eligible expenditure for error rate calculation[16]	64.5	66.1	54.3	52.1	45.2
Official error rate	3.0%	6.7%	4.0%	4.8%	4.3%
Number of cases selected for testing by SAU[17]	783	712	544	756	911

[15] A sample that serves the purpose of estimating both official error AND legal practitioner fraud and error.

[16] The eligible expenditure used for calculating the error values will not align with annual expenditure as reported in LSANI's annual accounts. This is because error testing operates on a calendar year basis while the accounts report on the financial year. Taxed cases, exceptional preparation payments, and other smaller categories are also excluded.

[17] Lower case numbers were tested in 2023-24 due to SAU moving to a 'common sample' approach for estimating both official error AND legal practitioner fraud and error.

Source: LSANI Annual Report and Accounts 2021-22 to 2025-26

11. Overpayments are considered irregular as the expenditure has not been applied in accordance with the purposes intended by the Assembly. Underpayments resulting from official error are also considered to be irregular as the transactions have not been processed in accordance with the applicable legislation. Deemed errors[18] (as well as notional errors[19] for 2023-24 to 2025-26) are included within the over and under payments.

12. Over 40 per cent of reported official error arose from additional fees[20], while 20 per cent was attributable to LSANI assessor error. Procedural and classification errors accounted for 16 per cent and 14 per cent respectively, with the remaining 10 per cent comprising a range of other error types.

13. This year's results mark a significant improvement on 2024-25. LSANI previously explained that the higher level of error in 2024-25 (the 2024 sample) was largely attributable to a substantial volume of bills processed between January and March 2024, in order to utilise additional funding that had become available. It is therefore reassuring that the error rate has reduced significantly, reaching its lowest level in the past five years. I asked LSANI however what actions it is taking to reduce assessor, procedural, and classification errors, particularly in light of the range of legislative changes affecting legal aid rates that were introduced during the year, which came into effect at different times and under varying circumstances. The Agency told me that it will continue to analyse error on a monthly basis to put remedial actions in place to continue to drive down official error rates. Further enhancements to the Legal Aid Management System (LAMS) are also planned to strengthen internal controls.

14. These legislative changes were implemented by LSANI in January 2026 and therefore fall outside the scope of SAU's 2025 sample. The application of the associated uplifts will be subject to review by SAU in the 2026 sampling exercise and will be used to estimate the level of official error and practitioner fraud and error in eligible legal aid payments for 2026-27. I also note the Agency's intention to further develop its estimation methodology in 2026, including expanding the common sample population to include taxed cases, on a limited basis, within the scope of official error. I will keep developments in this area under review as part of my 2026-27 audit work.

Legal practitioner fraud and error

15. The nature of the legal aid scheme, under which payments are made directly to legal practitioners for services provided to applicants, gives rise to inherent difficulties for LSANI in verifying the appropriateness of those services and, in turn, in determining

[18] Deemed errors - further information was required to reach a conclusion on the appropriateness of the payment. Deemed to be an error until information is provided to show otherwise.

[19] Certain errors are considered by the Agency to be "notional", in that they may appear to be incorrect at the point in time of SAU testing but, by year-end, and through following embedded business processes, they did not result in an actual payment error to the practitioner or from the legal aid fund. These include Additional Fee, Classification, Substantive Hearing and Procedural errors.

[20] Additional Fees represent notional underpayments, identified by SAU at the time of testing, which were subsequently processed and paid correctly via additional fee payment requests, resulting in no actual error in the legal aid fund.

whether overpayments have been made.

16. In 2025-26, SAU also used the common sample to estimate the extent of legal practitioner fraud and error across the population. As shown in **Figure 2** below, there has been a notable increase compared with the previous two years following SAU's first use of the common sample in 2023-24 to estimate legal practitioner fraud and error. The estimated rate rose from 5.1 per cent in 2024-25 to 7.7 per cent in 2025-26. This equates to an increase in irregular over and underpayments from £3.3 million to £5.0 million, which is a cause for concern, particularly as estimated overpayments have doubled from £2.2 million in 2024-25 to £4.4 million in 2025-26.

Figure 2: Levels of legal practitioner fraud and error in legal aid payments

	2025-26 £million	2024-25 £million	2023-24 £million
Legal aid expenditure (accruals/ accounting basis)	116.7	142.9	130.1
Legal aid utilisation (cash/ payments basis)	120.0	119.7	113.5
Estimated level of overpayments due to legal practitioner fraud and error	4.4	2.2	2.2
Estimated level of underpayments due to legal practitioner fraud and error	0.6	1.1	1.3
Eligible expenditure for error rate calculation[16]	64.5	66.1	54.3
Practitioner fraud and error rate	7.7%	5.1%	6.5%
Number of cases selected for testing by SAU	783	712	544

Source: LSANI Annual Report and Accounts 2023-24 to 2024-25

17. I asked LSA to explain the reason for the increase. The Agency advised that, despite guidance issued throughout the year to practitioners on maintaining adequate records, there continues to be an absence of sufficient supporting evidence being kept on practitioners' files to support fee claims.

18. Analysis of practitioner fraud and error indicates that the most common issue, accounting for 38 per cent of cases, was the absence of supporting evidence for fee claims. A further 31 per cent of cases arose where files were not received, while in 19 per cent of cases the time claimed could not be verified. The remaining 12 per cent related to a range of other error types.

19. As in previous years, issues relating to inadequate documentation persist, with evidence indicating that it is becoming more prevalent and contributing more significantly to the estimated level of fraud and error. I therefore sought an update from LSANI on the actions it has taken to engage with legal practitioners to improve the quality and completeness of records maintained on case files, and to strengthen compliance with submission requirements. LSANI told me that they will continue apply the Fees Adjustment Policy for practitioner errors whereby, if Practitioners do not provide sufficient evidence, recoupment of fees may be considered. The Agency will continue to issue guidance to all legal aid practitioners on what constitutes sufficient evidence of work

undertaken and communicate with individual solicitors and barristers when errors have been identified on sampled cases to outline appropriate evidence requirements.

20. It is expected that, across the public service, payment of public money will be made only when the required levels of supporting documentation have been received. Therefore, I would encourage LSANI to continue to make improvements in this area, working with legal practitioners and strengthening their internal controls and procedures.

21. I understand that work on data analytics continued during the year to identify and address fraud and inappropriate claiming within the legal aid system, with funds recouped where appropriate. This included enhancements to the Legal Aid Management System (LAMS) to develop and implement a control designed to prevent duplicate claims from being paid. I will continue to monitor this area for further improvement.

22. As part of my wider considerations, I obtained a further update on the proposed introduction of a Statutory Registration Scheme (SRS), as provided for in *The Access to Justice (Northern Ireland) Order 2003*. While not a counter-fraud measure, I have previously reported that such a scheme would confer quality assurance powers on LSANI, enabling it to inspect the records of legal aid practitioners and provide greater assurance that publicly funded legal aid services deliver value for money.

23. The Department told me that the Registration Scheme continues to be considered in the context of the wider enabling access to justice programme now being progressed by the Department, and the related work to enhance legal service provision and alternative delivery models, with the aim of ensuring effective monitoring of service quality, providing assurance on value for money, establishing robust and transparent redress mechanisms, and enhancing assurance across each of these objectives.

24. The scheme ultimately, however, has yet to be implemented, some 20 years after the legislative framework was established. This delay undermines LSANI's ability to operate a robust quality assurance process, particularly in relation to detecting and addressing practitioner fraud and error. This position is disappointing in the context of SAU's findings and rising estimated legal practitioner fraud and error levels.

Limitation in scope arising an inability to obtain sufficient appropriate evidence.

Applicant fraud and error

25. Means-tested legal aid carries an inherent risk that assistance may be granted to individuals who are not eligible. This may arise where income details are misstated on the initial application, or where changes in financial circumstances during a case are not disclosed by the applicant.

26. In criminal cases, eligibility is determined by the court following LSANI's verification of whether an applicant is in receipt of the stated benefit or, where applicable, the court's assessment of the applicant's financial means. Where there is doubt regarding an applicant's means or the merits of the case, the court is under a legal obligation to resolve such doubt in favour of the applicant. Consequently, it is difficult to quantify the extent to which criminal legal aid is subject to detailed means assessment or confirmation of declared benefits.

27. In civil cases, by contrast, eligibility is assessed by solicitors and LSANI. The complexity of civil legal aid schemes, however, creates additional scope for fraud and error in determining eligibility.

28. My principal concerns in relation to eligibility are as follows:

- there is an inherent level of fraud within the benefits system which may impact legal aid payments, affecting both civil and criminal legal aid; and
- for applicants who are not in receipt of benefits, for example those employed or self-employed, eligibility assessments rely upon self-declarations made in application forms, supported by documentation such as payslips and accounts.

29. Applicant fraud and error testing was first undertaken by SAU in 2021 on cases that closed between January and December 2021. This work estimated that £1.3 million of legal aid payments were made incorrectly during 2021-22 because of applicant fraud and error. However, due to levels of non-compliance encountered when investigating closed cases, this testing approach was suspended and replaced by the Future Overpayment Prevention (FOP) workstream from 2022 onwards.

30. The FOP methodology considers the on-going financial eligibility of applicants in live cases, enabling testing to focus on cases where there is a statutory power of review and where action can be taken when fraud or error is identified. It typically supports a higher compliance rate, as applicants in live cases are more likely to respond and engage meaningfully in the process.

31. I note the Agency's Annual Report and Accounts outline the outcome of this exercise for 2025-26. Whilst the FOP approach represents a positive counter-fraud measure, the legislation precludes inclusion of high volume but low value cases within scope. As a consequence, the findings from the FOP process cannot be statistically extrapolated to the wider legal aid population and therefore cannot be used to develop an updated estimate of the level of applicant fraud and error for 2025-26. Accordingly, I have limited the scope of my audit opinion on the regularity of legal aid expenditure in 2025-26, as I have been unable to obtain sufficient appropriate audit evidence to conclude that a material level of legal aid expenditure has not been claimed fraudulently or in error by applicants.

32. Going forward, the Agency has indicated that it considers there may be merit in using the existing common sample approach (paragraph 8) for the first time to inform the assessment of applicant fraud and error. This reflects the fact that the common sample already assesses initial financial eligibility for 'Advice and Assistance' and 'Representation Lower' cases, and as stated above, there is no statutory basis to re-perform this assessment subsequently (paragraph 32). If feasible, this approach could reduce the extent of the limitation of scope relating to applicant fraud and error.

33. The Agency has therefore committed to working with SAU in the coming months to explore this further, with the aim of developing an enhanced methodology and improved level of reporting to ultimately reduce the existing assurance gap in respect of these cases. I would encourage the Agency to work with the SAU to determine the most effective testing of this area of fraud and error. These discussions will be extended to also consider whether further improvements to the methodology could enable FOP findings to be statistically extrapolated across 'Representation Higher' and 'Exceptional Funding' cases.

Conclusions

34. LSANI continues to work with DfC to estimate the levels of fraud and error in legal aid

expenditure and to develop an effective counter-fraud strategy. In respect of official error, LSANI has estimated £2.0 million of over and underpayments of legal aid, in 2025-26, which are therefore irregular. This reflects a decrease of £2.5 million compared with the previous year.

35. For the third consecutive year, LSANI has provided an estimate of over and underpayments to legal practitioners arising from fraud and error. For 2025-26, this is estimated at £5.0 million, representing an increase of £1.7 million compared with 2024-25. This expenditure is also irregular. My audit opinion for 2025-26 is qualified in this regard.

36. No updated estimate of applicant fraud and error for 2025-26 has been made available. Consequently, I have limited the scope of my audit opinion on the regularity of legal aid expenditure for 2025-26.

37. I will continue to monitor the LSANI's progress in strengthening its processes for measuring and reducing the level of fraud and error in legal aid payments.

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3 July 2026