

MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM FOR THE SCOTTISH LEGAL AID BOARD

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MANAGEMENT STATEMENT

1. INTRODUCTION

1.1 This document

1.1.1 This management statement and its associated financial memorandum (MS/FM) has been drawn up by the Scottish Government's Justice Directorate (the sponsor Directorate) in consultation with the Scottish Legal Aid Board (the Board).

1.1.2 Taken together, the management statement and financial memorandum set out the broad framework, within which the Board will operate, in particular:

- the rules and guidelines relevant to the exercise of the Board's functions, duties and powers;
- the conditions under which any public funds are paid to the Board;
- how the Board is to be held to account for its performance.

1.1.3 The financial memorandum sets out in greater detail certain aspects of the financial provisions that the Board is required to observe.

1.1.4 The MS/FM shall be reviewed by the sponsor Directorate normally at least every 2-3 years. However, the Board or the sponsor Directorate may propose amendments to the MS/FM at any time.

1.1.5 The Board, or the sponsor Directorate, may propose amendments to the MS/FM at any time. Any such proposals by the Board shall be considered in the light of the Scottish Ministers' policy aims, operational factors and the track record of the Board itself. The guiding principle shall be that the extent of flexibility and freedom given to the Board shall reflect both the quality of its internal controls and its operational needs. Subject to paragraph 1.1.6, the sponsor Directorate shall

determine what changes, if any, are to be incorporated in the MS/FM. Legislative provisions shall take precedence over any part of the MS/FM.

1.1.6 The sponsor Directorate shall resolve any question regarding the interpretation of this document after consultation with the Board. In the event of any disagreement as to the wording or meaning of any clauses within this document it is agreed that discussions will be entered into between the sponsor Directorate and the Board. In the unlikely event that the matter cannot be resolved, it will be referred to the Scottish Ministers for determination.

1.1.7 Copies of this document have been placed in the Scottish Parliament Reference Centre and published on the Scottish Government website. Copies will also be made available to members of the public on request. It will also be available through the Board's web site at <http://www.slab.org.uk/>.

1.2 Founding legislation; status of the Board

1.2.1 The Board is established under the Legal Aid (Scotland) Act 1986 (the Act) as a corporate body. The Act sets out the structure and main functions of the Board. The Board does not carry out its functions on behalf of the Crown.

1.3 Classification of the Board

1.3.1 For administrative purposes the Board is classified as an executive non-departmental public body (NDPB).

1.4 The functions, duties and powers of the Board

1.4.1 The Act charges the Board with the general function of ensuring that legal aid and advice and assistance are available in accordance with the Act and regulations, and administering the Scottish legal aid fund.

1.4.2 The Act also gives the Board the power to do anything:

(i) which it considers necessary or expedient for securing the provision of legal aid and advice and assistance in accordance with the legislation;

(ii) which is calculated to facilitate or is incidental to or conducive to the discharge of its functions.

1.4.3 The Act also gives the Board the power:

(i) to undertake any inquiry or investigation which the Board considers necessary or expedient in relation to the discharge of its functions; and

(ii) to give Scottish Ministers such advice as it may consider appropriate in relation to the provision of legal aid and advice and assistance in accordance with the Act.

2. AIM AND OBJECTIVES

2.1 Overall aim

2.1.1 The Scottish Ministers have approved the following overall aims in relation to the provision of legal aid:

(i) people should have appropriate access to legal services paid for out of the Legal Aid Fund, dependent upon the legislation, including Human Rights law, in force at the time of the request;

(ii) where appropriate people should make a contribution to the costs of the legal services they receive, based on ability to pay;

(iii) legal aid services should be developed in ways which are consistent with the Government's policy for the justice system generally;

(iv) publicly funded legal services should be of appropriate quality and waste and abuse should be avoided.

2.1.2 In pursuit of these aims, the Scottish Ministers and the Board will collaborate closely in the development of policy on legal aid and, in particular, the Scottish Ministers will:

- inform and where, in the opinion of the Scottish Ministers, it is appropriate encourage consultation with the Board as soon as is practicable about policy developments or new projects which will, or may, affect legal aid in general;
- consult the Board about proposals or initiatives which will, or may have an impact on the Board's role within legal aid or the Justice system;

2.1.3 The Board will similarly keep the Directorate informed of its key operational initiatives and consult the Directorate on initiatives that it is planning which will, or may, have an impact on legal aid policy or the level of legal aid expenditure.

2.1.4 The Board and the Directorate will hold regular planned meetings for the purpose of discussing the factors underlying the corporate plan, the Board's progress in achieving its objectives and targets, and any other issues of mutual importance.

2.2 Key objectives and targets

The sponsor Directorate determines the Board's performance framework in the light of the Scottish Ministers' wider strategic aims. The Board's objectives and key targets shall be agreed within the Board's corporate planning process.

2.2.1 The key performance targets relating to these objectives are to be set out in the Board's corporate and business plans (see Section 4 below).

2.2.2 The Board will deliver its services to the standards set out in its Corporate Plan which will be aligned to the National Performance Framework. The Board will regularly assess the level of customer satisfaction with those services and will ensure that it operates an effective procedure for handling complaints.

3. RESPONSIBILITIES AND ACCOUNTABILITIES

3.1 The Scottish Ministers

3.1.1 The Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities and performance of the Board. Their responsibilities include:

- approving the policy and performance framework within which the Board will operate, including strategic objective setting (as set out in this MS/FM);
- providing information to the Scottish Parliament about the Board as required;
- approving the budgets for the administration of the Board and the Legal Aid Fund, and securing the necessary Parliamentary authorisation
- agreeing the overall priorities and objectives which have been set each year with the Board;
- appointing the Chairman and members of the Board and for setting the terms and conditions of such appointments;
- approving the appointment of the Chief Executive;
- approving the terms and conditions for staff;
- laying copies of the Board's annual report and accounts before the Scottish Parliament;

- laying regulations before the Scottish Parliament under the Act.

3.1.2 The Scottish Ministers cannot, under the law, issue guidance relating to the consideration or disposal of applications for legal aid or advice and assistance or requests to the Board in connection with any case where legal aid or advice and assistance has been made available.

3.2 The Director General for Justice and Communities (The Portfolio Accountable Officer)

3.2.1 The Director General for Justice and Communities is appointed by the Principal Accountable Officer for the Scottish Administration (Permanent Secretary) as the Portfolio Accountable Officer for parts of the Scottish Government, including the sponsor Directorate. The responsibilities of a Portfolio Accountable Officer are set out in more detail in the Memorandum to Accountable Officers for Parts of the Scottish Administration – see Annex 1 of the section on Accountability in the Scottish Public Finance Manual (SPFM).

3.2.2 In particular, the Portfolio Accountable Officer shall ensure that:

- the Board's strategic aims and objectives support the Scottish Ministers' wider strategic aims;
- the financial and other management controls applied by the sponsor Directorate to the Board are appropriate and sufficient to safeguard public funds, and for monitoring the Board's compliance with those controls ("public funds" include not only any funds provided to the Board by the Scottish Ministers but also any other funds falling within the stewardship of the Board, including gifts, bequests and donations);
- the internal controls applied by the Board conform to the requirements of regularity, propriety and good financial management;

- any funding provided to the Board is within the overall scope and amount authorised for the portfolio by the Budget Act.

3.3 The Scottish Government Justice Directorate

3.3.1 Within the sponsor Directorate, the Access to Justice team is the sponsoring team for the Board. The team, in consultation as necessary with the Portfolio Accountable Officer, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of the Board, and the primary point of contact for the Board itself within the sponsor Directorate. The sponsoring team shall carry out its duties under a senior officer who shall have primary responsibility for overseeing the activities of the Board.

3.3.2 The sponsoring team shall advise the Scottish Ministers on:

- an appropriate Administration budget for the Board within the Scottish Ministers' overall public expenditure priorities and on appropriate performance targets for the Board after consulting the Board;
- an appropriate provision for the Fund, after consulting the Board;
- an appropriate framework of objectives and targets for the Board in light of the Scottish Ministers' wider strategic aims
- how well the Board is achieving its strategic objectives and whether it is delivering value for money;

3.3.3 In support of the Portfolio Accountable Officer the sponsoring team shall:

On performance and risk management

- monitor the Board's activities on a continuing basis through an adequate and timely flow of information from the Board on performance, budgeting, control

and risk management including early sight of the Board's Statement on Internal Control;

- address in a timely manner any significant problems arising in the Board, whether financial or otherwise, making such interventions in the affairs of the Board as the sponsor Directorate judges necessary and legislation allows;
- ensure that the activities of the Board and the risks associated with them are properly and appropriately taken into account in the Scottish Government's own risk assessment and management systems;
- ensure that appointments to the Board are made timeously and in accordance with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland.

On communication with the Board

- inform the Board of relevant Scottish Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to the Board as necessary and legislation allows;
- bring concerns about the activities of the Board to the attention of the Board, and require explanations and assurances from the Board that appropriate action has been taken.

3.4 The Chairman of the Board

3.4.1 The Chairman is appointed by Scottish Ministers. Appointments are normally part time and for a fixed term of four years, and are conducted in line with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland. The time

commitment of the Chairman is determined by Scottish Ministers in the light of Board requirements.

3.4.2 The Chairman of the Board is personally responsible to the Scottish Ministers for ensuring that the Board's policies and actions support the wider strategic policies of the Scottish Ministers and probity in the conduct of the Board's affairs. Formal communications between the Board and the Scottish Ministers shall normally be through the Chairman. The Chairman shall ensure that the other Board members are kept informed of such communications.

3.4.3 The Chairman has a particular responsibility for providing effective strategic leadership on the following matters in particular:

- formulating the Board's strategy for discharging its statutory duties;
- encouraging high standards of propriety and promoting the efficient and effective use of staff and other resources throughout the Board;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the responsible Ministers or sponsor Directorate;
- representing the views of the Board to the general public;
- reviewing the performance of the Chief Executive.

3.4.4 The Chairman should also

- ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;

- advise the Scottish Ministers of the needs of the Board when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise;
- assess the performance of individual Board members on an annual basis

3.4.5 The Chairman shall also ensure that Board Members are fully aware of the body's Code of Conduct approved by Scottish Ministers.

3.5 The Board's Members

3.5.1 The Board Members are appointed by Scottish Ministers. Appointments are normally part time and for a fixed term of four years, and are conducted in line with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland. Appointments may be terminated before the expiry of the fixed term. The appointment is renewable but there will be no automatic renewal or extension of the appointment beyond the initial term. The time commitment of the Members is determined by Scottish Ministers in the light of Board requirements.

3.5.2 Board members have corporate responsibility for ensuring that the Board complies with any statutory or administrative requirements for the use of public funds. Other important responsibilities of Board members are:

- ensuring that high standards of corporate governance are observed at all times;
- establishing the overall strategic direction of the organisation within the policy, planning and resources framework determined by the Scottish Ministers;
- ensuring that the Board operates within the limits of its statutory authority and any delegated authority agreed with its sponsor Directorate, and in accordance with any other conditions relating to the use of public funds;

- ensuring that, in reaching decisions, the Board takes into account any guidance issued by the sponsor Directorate;
- ensure that the Board receives and reviews regular financial information concerning the management of the Scottish Legal Aid Board; is informed in a timely manner about any concerns about the activities of Scottish Legal Aid Board; and provides positive assurances to the Directorate that appropriate action has been taken on such concerns;
- ensure that the Scottish Ministers are kept informed of any changes which are likely to impact on the strategic direction of the Board or on the attainability of its targets, and determine the steps needed to deal with such change;
- provide commitment and leadership in the development and promotion of Best Value principles throughout the organisation;
- demonstrate high standards of corporate governance at all times, including by setting up and using an independent audit committee - in accordance with the guidance on Audit Committees in the SPFM - to help the Board to address the key financial and other risks facing the Board. The Board is expected to assure itself on the effectiveness of the internal control and risk management systems.

3.5.3 Individual Board members shall act in accordance with their wider responsibility as Members of the Board – namely to:

- comply at all times with the Code of Conduct that is adopted by the Board and with the rules relating to the use of public funds, conflicts of interest and confidentiality;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to

promote their private interests or those of connected persons or organisations;

- comply with the Code of Conduct on the acceptance of gifts and hospitality, and of business appointments;
- act in good faith and in the best interests of the Board.

3.5.4 Members of the Board (including, of course, the Chairman) should not give the Chief Executive instructions which conflict with the latter's duties as the Board's Accountable Officer.

3.6 The Chief Executive

3.6.1 The Chief Executive of the Board is designated by the Principal Accountable Officer as the Board's Accountable Officer in accordance with sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000.

3.6.2 As the Board's Accountable Officer the Chief Executive is personally responsible for propriety and regularity in the management of the public funds (i.e. all funds falling within the stewardship of the Board) for which he has charge and for the day-to-day operations and management of the Board. He should act in accordance with the terms of this document and within the instructions and guidance in the SPFM and other instructions and guidance issued from time to time by Scottish Government. He must also act in accordance with the *Memorandum to Accountable Officers for Other Public Bodies* (Annex 2 of the section on Accountability in the SPFM).

3.6.3 The Accountable Officer has a duty to secure Best Value, which includes the concepts of good corporate governance, performance management and continuous improvement. Guidance to Accountable Officers on what their organisations should be able to demonstrate in fulfilment of their duties which make up a Best Value regime is included in the Best Value section of the SPFM.

3.6.4 As Accountable Officer the Chief Executive shall exercise the following specific responsibilities:

on planning, performance management and monitoring -

- establish, in agreement with the sponsor Directorate, the Board's corporate and business plans in the light of the Scottish Ministers' wider strategic aim[s];
- inform the sponsor Directorate of the Board's progress in helping to achieve the Scottish Ministers' policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the sponsor Directorate; that the sponsor Directorate is notified promptly of any overspend/underspend likely in Administration and that corrective action is taken or of any emerging trends on the Fund which may impact on forecast expenditure levels; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the sponsor Directorate in a timely fashion;
- establish a robust performance management framework which supports the achievement of the Board's aims and objectives as set out in the corporate and business plans; and which enables full performance reporting to the Board, the sponsor Directorate and the wider public.

on advising the Board -

- advise the Board on the discharge of its responsibilities as set out in this document and in any other relevant instructions and guidance that may be issued from time to time;

- advise the Board on the Board's performance compared with its aim[s] and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques as set out in the Green Book are followed as far as this is appropriate and practical;
- take action as set out in section 5 of the Memorandum to Accountable Officers for Other Public Bodies if the Board, or its Chairman, is contemplating a course of action which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;

on managing risk and resources -

- ensure that a system of risk management is embedded in the organisation to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure that all public funds made available to the Board [including any approved income or other receipts] are used for the purpose intended by the Parliament, and that such moneys, together with the Board assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the Board, including effective measures against fraud and theft;

- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained and that strategic human resource planning is related to the Board's objectives;

on accounting for the Board's activities -

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Scottish Ministers;
- sign a Statement of Accountable Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding the Board's system of internal control, for inclusion in the annual report and accounts;
- ensure that an effective complaints procedure is in place and made widely known;
- give evidence when summoned before Committees of the Scottish Parliament on the use and stewardship of public funds by the Board.

3.6.5 The Chief Executive may delegate the day-to-day administration of his/her Accountable Officer responsibilities to other employees in the Board. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

3.6.6 The Chief Executive is responsible for informing the Portfolio Accountable Officer about any complaints about the Board accepted by the Scottish

Public Services Ombudsman for investigation, and about the Board's proposed response to any subsequent recommendations from the Ombudsman.

4. PLANNING, BUDGETING AND CONTROL

4.1 The Corporate Plan

4.1.1 Consistent with the timetable for public spending reviews the Board will submit to the Directorate a draft of the Board's corporate plan covering the spending review period, and an annual update, which will comprise the operational plan and progress towards achieving the targets in the corporate plan, in the intervening years. The Board and the sponsor Directorate will agree with the issues to be addressed in the plan and the timetable for its preparation. The sponsor Directorate will assist the Board in facilitating exchanges with the Scottish Government and other agencies within the justice system whose actions have a bearing upon the process and costs of legal aid, so that these exchanges may inform the planning process.

4.1.2 The corporate plan will reflect the Board's statutory duties and, within those duties, the priorities set from time to time by the Scottish Ministers. The plan will be aligned to the National Performance Framework.

4.1.3 The corporate plan will set out:

- the Board's strategic objectives (aligned to the national performance framework) and associated key performance targets for the 3 forward years and its strategy for achieving these objectives;
- a complete list of the Board's key performance indicators for the current year, which are subject to review on an annual basis. It will also list the headline performance indicators for the previous financial year;
- a brief review of the Board's performance in the preceding financial year, and an estimate of performance in the current year;

- a forecast of expenditure and income taking account of guidance on resource assumptions and policies provided by the Directorate at the beginning of the planning round. These forecasts should represent the Board's best estimate of its available income;
- factors which may significantly affect the execution of the plan but which cannot be accurately forecast;
- other matters as agreed between the sponsor Directorate and the Board.

4.1.4 The main elements of the Corporate Plan – including the key performance targets – will be agreed between the sponsor Directorate and the Board in the light of the sponsor Directorate's decisions on policy and resources taken in the context of the Scottish Ministers' wider public expenditure plans and decisions.

4.2 The operational plan

4.2.1 The operational plan shall be updated annually by the Board to include key targets and milestones for the forthcoming year and the Board's systems shall enable a link to be established between the Budget and the Strategic Objectives as set out in the Corporate Plan. The operational plan for the year immediately ahead shall be consistent with the agreed corporate plan. A copy of the operational plan shall be submitted to the Directorate for information, and comment where considered necessary, prior to the beginning of the financial year. The operational plan may be updated throughout the year providing it remains consistent with the agreed corporate plan.

4.3 Publication of plans

4.3.1 The Board shall publish their corporate and intermediate corporate plans and make copies available to the Scottish Parliament and all other interested parties.

4.4 Reporting performance to the Directorate

4.4.1 The Board will operate management information and accounting systems which enable it to review its financial and non-financial performance against agreed budgets and targets in line with the corporate and operational plans.

4.4.2 Where the Board foresees or becomes aware of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the Administration budget or the Fund forecast, or to the objectives set out in the corporate or operational plans, the Board shall inform the sponsor Directorate.

4.4.3 The Board's performance against key targets will be reported to the Directorate on a three-monthly basis. Overall performance will be formally reviewed twice yearly by officials of the sponsor Directorate. The appropriate Scottish Minister will endeavour to meet the Board regularly to formally discuss the Board's performance, its current and future activities and any policy developments relevant to those activities.

4.4.4 The Board's performance against key targets will be reported in the Board's annual report and accounts [see Section 5 below].

4.5 Budgeting framework

4.5.1 The Board's budgeting framework is set out in the associated financial memorandum.

4.6 Internal audit

4.6.1 The Board will establish and maintain arrangements for internal audit in accordance with the objectives, standards, scope and practices set out in the Treasury's Government Internal Audit Standards (GIAS). The Board shall consult the sponsor Directorate to ensure that the latter is satisfied with the competence and

qualifications of the Head of Internal Audit and the requirements for approving appointment.

4.6.2 The Board shall set up an independent audit committee as a committee of its Board in accordance with the guidance on Audit Committees in the Scottish Public Finance Manual.

4.6.3 The Board shall arrange for periodic quality reviews of its internal audit in accordance with the GIAS. The sponsor Directorate shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, the sponsor Directorate reserves a right of access to carry out / commission independent reviews of internal audit in the Board.

4.6.4 The Scottish Government's internal audit service shall also have a right of access to all documents prepared by the Board's internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including the Board's Head of Internal Audit's opinion on risk management, control and governance shall be forwarded without delay to the sponsoring team who shall consult the Scottish Government's Head of Internal Audit as appropriate.

4.6.5 The Board shall forward to the sponsor Directorate an annual report on fraud and theft suffered by the Board; notify any unusual or major incidents as soon as possible; and notify any changes to its internal audit's terms of reference, its audit committee's terms of reference or its Fraud Policy and Fraud Response Plan.

5. EXTERNAL ACCOUNTABILITY

5.1 The annual report and accounts

5.1.1 After the end of each financial year the Board shall publish an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any subsidiary or joint venture under control of the Board.

5.1.2 The annual report and the accounts will comply with the accounting and disclosure requirements given in the Treasury document, "Government Financial Reporting Manual", as amended or augmented from time to time and any other guidance which Scottish Ministers may issue from time to time in respect of accounts which are required to give a true and fair view. The accounts shall be prepared in accordance with the relevant section of the Legal Aid Act and also with the Accounts Direction.

5.1.3 The annual report and the accounts will outline the Board's main activities and performance during the previous financial year and set out in summary form the Board's forward plans. Information on performance against any agreed key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.

5.1.4 The annual report and accounts shall be submitted in draft to the sponsor Directorate for comment by 30 September and the final version shall be laid by the Scottish Ministers before Parliament before 31 December.

5.1.5 The Board shall be responsible for the publication of the annual report and accounts, including on the Board's website and for making copies available. The annual report and accounts must not be published by the Board before they have been laid before Parliament by the Scottish Ministers.

5.2 External audit

5.2.1 The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, the Board's annual accounts and passes them to the Scottish Ministers who shall lay them before the Parliament, together with the Board's annual report. For the purpose of audit the AGS has a statutory right of access to documents and information held by relevant persons specified by an Order under section 24 of the Public Finance and Accountability (Scotland) Act 2000.

5.2.2 The Board shall instruct its auditors to send copies of the Auditor's report to those charged with governance (and correspondence relating thereto) and responses to the sponsor Directorate.

5.3 VFM / 3E examinations

5.3.1 The Public Finance and Accountability (Scotland) Act 2000 provides that the AGS may carry out examinations into the economy, efficiency and effectiveness with which the Board has used its resources in discharging its functions. For the purpose of these examinations the AGS has statutory access to documents and information held by relevant persons.

5.3.2 In addition, the Board shall provide, in conditions to grants and contracts, for the AGS to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the AGS to any other documents required by the AGS which are held by other bodies.

6. STAFF MANAGEMENT

6.1 Within the arrangements approved by the Scottish Ministers, as set out in the Legal Aid (Scotland) Act 1986, the Board will have responsibility for the recruitment, retention and motivation of its staff. The appointment of the Chief Executive, selected by the Board, will be subject to prior consultation with, and approval of, Scottish Ministers.

6.2 The Board will ensure that:

- The recruitment of staff is based on fair and open competition and in accordance with best practice in respect of equal-opportunities;
- Any significant changes in staff numbers or organisational structure which require additional grant-in-aid, or prevent significant savings to grant-in-aid being realised, must be approved in advance by the sponsor Directorate;

- the performance of staff at all levels is managed effectively and efficiently; they are satisfactorily appraised; and the Board's performance appraisal and promotion systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Board's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistleblowing procedures consistent with the Public Interest Disclosure Act are in place;
- a code of guidance for staff is in place based on the Cabinet Office document *Model Code for Staff of Executive Non-Departmental Public Bodies*.
- a safe and healthy working environment is maintained.

FINANCIAL MEMORANDUM

1. INTRODUCTION

1.1 This document

1.1.1 This financial memorandum, which accompanies the management statement for the Board, sets out in greater detail certain aspects of the financial framework within which the Board is required to operate.

1.1.2 The terms and conditions set out in the combined management statement and financial memorandum may be supplemented by guidelines or directions issued by the Scottish Ministers in respect of the exercise of any individual functions, powers and duties of the Board.

1.1.3 The Board shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as the Scottish Ministers may from time to time impose.

2. BUDGETING FRAMEWORK

The Board's resource and capital expenditure form part of the Scottish Government's "Resource DEL" and "Capital DEL" budget as allocated by HM Treasury.

2.1 Setting the annual budget

2.1.1 Each year, in the light of decisions by the Scottish Ministers on the Board's corporate plan the sponsor Directorate will send to the Board:

- A formal statement of the annual budgetary provision for Grant in Aid (GIA) allocated by the Scottish Ministers in the light of competing priorities across the Scottish Government;

- A formal statement of the provision made by Scottish Ministers for anticipated expenditure on the Legal Aid Fund;
- A statement of any planned change in policies affecting the Board.

2.1.2 The Board's annual operational plan will take account of its approved administration budgetary provision and of any forecast income. This will be linked to a budget of estimated payments and receipts together with a profile of expected expenditure/consumption of resources and of draw down required from the Scottish Government. A forecast of expected payments and receipts on the Legal Aid Fund will also be prepared.

2.1.3 Provision provided by the Scottish Ministers for the year in question will be included in the annual Budget Bill and will be subject to approval by the Parliament.

2.2 Budgetary provision

2.2.1 Once the Scottish Administration budget has been approved in a Budget Act [and subject to any restrictions imposed by Statute/ the Scottish Ministers/ the MS/FM] the Board will have authority to incur expenditure / consume resources without further reference to the sponsor Directorate, on the following conditions:

- the Board may not, without the Directorate's prior approval, re-allocate monies between the Administration and the Fund, nor to pay-related costs and other running costs (Groups A and B of Section 1 in Annex A) from capital (Group C of Section 1) nor to or from Appropriations-in-Aid (Group D of Section 1);
- otherwise provided the amount involved is less than £500,000, the Board may, without prior consultation with the sponsor Directorate, reallocate provision between Groups A and B of Section 1 in Annex A. The Board must, however, inform the sponsor Directorate of such changes at the next budget monitoring report stage, so that the necessary virement between Budgets can be arranged. Proposals for reallocation of amounts in excess of £500,000

shall require the prior consent of the sponsor Directorate. The sponsor Directorate's decision will be made, where possible, within 20 working days of the receipt of the Board's request for consent;

- it will be the responsibility of the Board to exercise in year control over its payroll;
- the Board will provide the sponsor Directorate with such information about its operations, performance, individual projects or other expenditure as the sponsor Directorate may reasonably require;
- the Board will notify the Directorate immediately and formally if it becomes apparent at any time that an overspend of the estimates of its GIA expenditure over the year, as agreed in the Budget Act for that year, is likely to occur;
- the Board will notify the Directorate if it is likely to underspend by more than the equivalent of 2 per cent of its funding for Administration;
- the Board should report immediately to the sponsor Directorate any cases where it discovers that it has inadvertently breached a delegated authority. In some cases the sponsor Directorate may be prepared to give approval after the event, if it is satisfied that it would have granted approval had it been approached properly in the first place and that the Board is taking steps to ensure that there is no recurrence. Where the sponsor Directorate cannot give such retrospective approval, it will inform the Board's external auditors.

2.2.2 The Board will also provide the sponsor Directorate with:

- a monthly financial statement in an agreed format shall be submitted to the Directorate, on the 5th working day of each following month, together with a revised forecast of the administration budget outturn for the year. Both statements shall be accompanied by an explanation of the key figures and

variances. Any financial reports submitted must be capable of aggregation or analysis within the Budget headings for Administration.

2.2.3 The Board will have authority to incur expenditure on the Legal Aid Fund, within the scope of the Act, without further reference to the sponsor Directorate, on the following condition:

- the Board will notify the Directorate immediately and formally if it is anticipated that expenditure on the Legal Aid Fund will be significantly more or less than provided in the agreed budget for that year.

2.2.4 The Board will also provide the Directorate with a regular update of the forecast of anticipated fund expenditure accompanied by an explanation of the key figures and variances together with a statement of the assumptions underpinning the forecast.

2.3 End-year flexibility

2.3.1 In principle the Scottish Government's end-year flexibility (EYF) arrangements allow for unused DEL budgetary provision to be carried forward, in part or in full, from one financial year to the next. However, given the many competing demands for resources the availability of EYF should be regarded as highly exceptional. The Board should therefore manage its use of DEL budgetary provision accordingly. The Board must at the earliest opportunity submit to the sponsor Directorate any proposals for carrying forward budgetary provision.

3. THE BOARD'S INCOME

3.1 Payments for Administration and to the Fund

3.1.1 Funds will be made available by the Directorate on receipt of an application by or on behalf of the Board, according to a schedule agreed annually between the Directorate and the Board, based on business need. Applications should take the

form of a written request signed by the Director of Corporate Services and Accounts or Financial Controller or other authorised signatory. The amount requested should not exceed the amount needed to meet anticipated liabilities within the next period.

3.1.2 Payments of due debts must not be delayed artificially to the following financial year where the expenditure is properly attributable to the current year. Subject to end year flexibility, grant not issued by the Directorate at the end of the financial year shall lapse.

3.1.3 Payments should not be paid out in advance of need. Cash balances (other than third party funds) accumulated during the course of the year shall therefore be kept to a minimum level consistent with the efficient operation of the Board.

3.2 Interest earned

3.2.1 Interest earned by the Board on cash balances may be used to provide additional spending power subject to it being included in the approved budget and not being required to be disbursed by statute to others than the Board.

3.3 Borrowing

3.3.1 Borrowing cannot be used to increase the Board's spending power. All borrowing by the Board shall be from the Scottish Ministers in accordance with the guidance in the Borrowing, Lending & Investment section of the SPFM.

3.4 Fees and charges

3.4.1 Fees or charges for any services supplied by the Board shall be determined in accordance with the Fees and Charges section of the SPFM.

3.5 Gifts, bequests and donations

3.5.1 The Board is free to retain any gifts, bequests or similar donations. These shall be treated as receipts that where appropriate increase spending power. [NOTE:

Donated assets do not attract a cost of capital charge, and a release from the donated assets reserve should offset depreciation in the operating cost statement.]

3.5.2 Before proceeding in this way the Board shall consider if there are any associated costs in doing so or any conflicts of interests arising. The Board shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

3.6 Receipts from sale of goods or services

3.6.1 Receipts from the sale of goods and services, rent of land, dividends may be used to provide additional spending power subject to them being included in the approved budget.

3.7 Unforecast changes in in-year income used to provide additional spending power

3.7.1 If the income from superannuation contributions and pension transfers in realised or expected to be realised in-year is less than estimated, the Board shall, unless otherwise agreed with the sponsor Directorate, ensure a corresponding reduction in its gross expenditure so that the authorised budget is not exceeded.

3.7.2 If the income from superannuation contributions and pension transfers in realised or expected to be realised in-year is more than estimated, the Board may apply to the sponsor Directorate to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. The sponsor Directorate shall consider such applications, taking account of competing demands for resources. If an application is refused, the excess income shall be returned to the Scottish Ministers.

3.7.3 Receipts from other unforecast changes may be used to provide additional spending power subject to them being included in the approved budget.

4. THE BOARD'S EXPENDITURE : GENERAL PRINCIPLES

The Scottish Public Finance Manual (SPFM)

Much of the guidance included in the SPFM is aimed primarily at the constituent parts of the Scottish Administration with other bodies to which the SPFM is applicable being required to ensure compliance with any specific provisions and arrange for procedures consistent with the guidance to be put in place. However, as a general rule **all** of the guidance included in the SPFM should be considered relevant and applicable to the Board **except** guidance that clearly has limited application and any provisions that would be inconsistent with statutory requirements. Notwithstanding the foregoing, reference is made below to sections of the SPFM which have direct relevance to the Board.

4.1 Delegated authority

4.1.1 The Board shall not, without prior approval of the sponsor Directorate, enter into any undertaking to incur any expenditure, which falls outside the specific limits on the Board's delegated authority as set out in the attached Annex C.

4.2 Appraisal and Evaluation

4.2.1 All expenditure proposals shall, so far as appropriate, be subject to the guidance in the Appraisal and Evaluation section of the SPFM.

4.3 Procurement

4.3.1 The Board's procurement policies, in respect of its administration budget, shall reflect relevant guidance in the Procurement section of the SPFM and in the Scottish Public Procurement Handbook. Procurement should be treated as a key component of achieving the Board's objectives, as well as a means of finding the most cost-effective method for securing the quality of assets and/or services. The Board shall also ensure that it complies with any relevant EU or other international procurement rules.

4.4 Competition

4.4.1 Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall. Proposals to let single-tender or restricted contracts above the relevant delegated limit in Annex C must be submitted to the sponsor Directorate for approval.

4.5 Value for money

4.5.1 Procurement by the Board of works, equipment, goods and services shall be based on value for money, i.e. quality (in terms of fitness for purpose) and delivery against price. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

4.6 Timeliness in paying bills

4.6.1 The Board shall pay all matured and properly authorised invoices in accordance with the guidance in the SPFM on [Expenditure and Payments](#). Legal aid accounts are excluded from this provision during the assessment stage and until the account is approved for payment.

4.7 Novel, contentious or repercussive proposals

4.7.1 The Board shall obtain the approval of the sponsor Directorate before:

- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the sponsor Directorate;

- making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required.

4.8 Risk management

4.8.1 The Board shall ensure that the risks, which it faces, are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Risk Management section of the SPFM.

4.8.2 The Board shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Fraud section of the SPFM.

4.8.3 The Board shall take reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

4.9 Fraud

4.9.1 When the Board suspects that it is the subject of fraud or attempted fraud, it shall ensure an investigation is carried out, either by investigating the matter itself or by passing it to the appropriate authorities.

4.9.2 On conclusion of the inquiry, the Board shall make such changes to its systems and procedures as are necessary to avoid the recurrence of the practices and, where Board officials have been involved, the Board shall take appropriate disciplinary action. Where sums of money have been obtained by fraud, the Board shall, where appropriate, take steps to secure repayment.

4.9.3 In respect of frauds affecting the administration budget, the Board shall establish and maintain a system for recording all discovered cases of fraud and for monitoring completion of appropriate legal, disciplinary and remedial action. In the

case of novel or unusual frauds (or suspected frauds), including any not readily detected by the standard controls in place or which might present an unanticipated risk elsewhere in the public sector, the Board shall notify the Directorate as soon as a fraud is suspected, and provide full details as soon as possible. The Board shall report the details of all frauds discovered to the sponsor Directorate in a yearly return.

4.9.4 In respect of frauds that contravene Section 35 of the Act or common law fraud involving the Scottish Legal Aid Fund, these will be reported to the sponsor Directorate through Audit Committee papers. Such frauds, which exceed £100K, will be separately advised to the sponsor Directorate if recovery is not possible.

4.10 Financial Control Systems

4.10.1 The Board shall ensure that it operates financial management systems which will safeguard the proper and efficient use of public funds. In particular these should include:

- a system of internal delegated authorities to commit resources;
- internal accounting and other control procedures which provide reasonable safeguards against theft, fraud or other irregularity, including the separation of duties;
- the maintenance of proper records of all losses (of cash, equipment and stores), gifts (both given and received) and special payments, whether within delegated authorities or not, and all losses sustained or special payments made shall be suitably recorded in the Statement of Accounts for each financial year.

4.10.2 These systems should be underpinned by written guidance to staff.

5. EXPENDITURE ON BOARD MEMBERS

5.1 Remuneration, allowances and expenses paid to Board Members (including any pension arrangements where these have been agreed, must comply with specific guidance on such matters issued by the Scottish Ministers.

6. EXPENDITURE ON STAFF

6.1 Staff costs

6.1.1 The Board is responsible for determining the number of staff required and the most appropriate organisational structure to deliver its remit economically, efficiently and effectively within the resources available to it, subject to the conditions contained in Paragraph 6 of the Management Statement. However, any significant changes in staff numbers or organisational structure which require additional grant-in-aid, or prevent savings to grant-in-aid being realised, must be approved in advance by the sponsor Directorate.

6.2 Pay and conditions of service

6.2.1 The Board shall submit to the sponsor Directorate for approval (normally annually unless a multi-year deal has been agreed) a pay remit within the terms and conditions set out in the Scottish Government's Public Sector Pay Guidance and negotiate a pay settlement within the terms of the subsequently agreed remit. Proposals on non-salary rewards must comply with the guidance in the Non-Salary Rewards section of the SPFM. The Board shall comply with the EU directive on contract workers "Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)". The terms and conditions of the Chief Executive are subject to a separate approval exercise.

6.3 Pensions, redundancy/compensation

6.3.1 Superannuation arrangements for staff are subject to the approval of the sponsor Directorate. The Board's staff shall normally be eligible for a pension

provided by a scheme approved by the sponsor Directorate, and to participate in an Additional Voluntary Contributions scheme approved by the sponsor Directorate.

6.3.2 Staff may opt out of the occupational pension scheme provided by the Board. However, the employer's contribution to any personal pension arrangement, including stakeholder pension, shall [normally] be limited to the national insurance rebate level.

6.3.3 Any proposal by the Board to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office (except for individual instances of ill health retirement), requires the approval of the sponsor Directorate. Proposals on severance payments must comply with the guidance in the Severance etc section of the SPFM.

6.3.4 Any pension costs (payments to pensioners, transfers out or lump sum payments) in excess of the agreed pension baseline will be funded by an increase in the Board's authorised administration budget.

7. NON-STAFF EXPENDITURE

7.1 Capital expenditure

7.1.1 Subject to being above the Board's capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised in accordance with the requirements of the Government's Financial Reporting Manual and the Board's agreed accounting policies.

7.1.2 Proposals for large-scale individual capital projects or acquisitions will normally be considered within the Board's corporate planning process and within the context of its long-term strategy. Any such project shall be subject to the guidance in the Major Investment section of the SPFM and, where appropriate, the Construction Procurement Manual published by the Scottish Government's Construction Advice and Policy Division. Individual capital projects or acquisitions are subject to specific delegated limits as indicated in Annex C.

7.2 Lending, guarantees, indemnities; contingent liabilities; letters of comfort

7.2.1 The Board shall not, without the sponsor Directorate's prior consent, lend money, charge any asset or security, give any guarantee - excluding a guarantee of a standard type given in the normal course of business - or indemnity or letter of comfort, or incur any other contingent liability (as defined in the Contingent Liabilities section of the SPFM), whether or not in a legally binding form.

7.3 Grant or loan schemes

7.3.1 Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme, shall be subject to prior approval by the sponsor Directorate, together with the terms and conditions under which such grant or loan is made. Guidance on a framework for the control of third party grants is included in the Grant & Grant-in-aid section of the SPFM. See also below under the heading Recovery of grant-financed assets.

7.4 Gifts made, write-offs, losses and special payments

7.4.1 Proposals for making gifts or other special payments outside the delegated limits in Annex C must have the prior approval of the sponsor Directorate. Any such proposals should address the considerations listed in the Losses & Special Payments section of the SPFM. Gifts by management to staff are subject to the guidance in the Non-Salary Rewards section of the SPFM.

7.4.2 The Accountable Officer, or other authorised officer on his behalf in his absence, has the authority to write-off losses as specified in Annex B.

7.5 Leasing

7.5.1 Prior approval from the sponsor Directorate must be secured for all property and finance leases. The Board must have capital DEL provision for finance leases

and other transactions, which are in substance borrowing. Before entering into any lease (including an operating lease) the Board must demonstrate that the lease offers better value for money than purchase.

7.6 Public Private Partnerships

7.6.1 The Board shall seek opportunities to enter into non-profit distributing public private partnerships where this would be more affordable and offer better value for money than conventional procurement. Where cash flow projections may result in delegated authority being breached the Board shall consult the sponsor Directorate. Any partnership controlled by the Board shall be treated as part of the Board in accordance with International Financial Reporting Standards. See also the guidance in the Public Private Partnerships section of the SPFM.

7.7 Subsidiary companies and joint ventures

7.7.1 The Board shall not establish subsidiary companies or joint ventures without the express approval of the sponsor Directorate. In judging such proposals the sponsor Directorate will have regard to the Scottish Ministers' wider strategic aims and objectives.

7.7.2 Any subsidiary company or joint venture controlled or owned by the Board shall be consolidated with it in accordance with International Financial Reporting Standards for public expenditure accounts purposes. Unless specifically agreed with the sponsor Directorate such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in the MS/FM.

7.8 Financial investments

7.8.1 The Board shall not make any investments without the prior approval of the sponsor Directorate, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Equity shares in ventures, which further the objectives of the Board, shall equally be subject to approval by the

Directorate unless covered by a specific delegation. The Board shall not invest in any venture of a speculative nature.

7.9 Unconventional financing

7.9.1 Unless otherwise agreed with the sponsor Directorate, the Board shall not enter into any unconventional financing arrangement.

7.10 Commercial insurance

7.10.1 The Board may only take out commercial insurance, without the prior approval of the sponsor Directorate, in accordance with the guidance in the Insurance section of the SPFM e.g. third party insurance required by the Road Traffic Acts. In the event of losses arising under the Scottish Government's policy of self-insurance the sponsor Directorate shall consider, on a case by case basis, whether or not it should make any additional resources available to the Board and/or agree adjustments to the targets in the corporate plan.

8. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

8.1 Register of assets

8.1.1 The Board shall maintain an accurate and up-to-date register of its fixed assets.

8.2 Disposal of assets

8.2.1 The Board shall dispose of assets which are surplus to its requirements and in accordance with its long-term estate strategy. Assets shall be sold for the best price, taking into account any costs of sale and in accordance with the guidance in the Disposal of Property, Plant & Equipment section of the SPFM. The Scottish Government's Property Advice Division should be notified of relevant proposed disposals of property at the earliest opportunity and at least 3 months prior to them

being advertised on the open market. Proceeds from the disposal of assets may be retained by the Board subject to them being included in the approved budget.

8.3 Recovery of grant-financed assets

8.3.1 Where the Board has financed expenditure on capital assets by a third party, the Board shall make appropriate arrangements to ensure that any such assets above an agreed value are not disposed of by the third party without the Board's prior consent. The Board shall therefore ensure that such conditions are sufficient to secure the repayment of its due share of the proceeds - or an appropriate proportion of them if the grant was for less than the whole cost of acquisition or improvement.

8.3.2 The Board shall also ensure that if the assets created by grants made by the Board cease to be used by the recipient of the grant for the intended purpose an appropriate proportion of the value of the asset shall be repaid to the Board.

9. Banking

9.1 The Board's Accountable Officer is responsible for ensuring that the Board's banking arrangements are consistent with the guidance in the Banking section of the SPFM. In particular, he/she shall ensure that the arrangements safeguard public funds and are carried out efficiently, economically and effectively.

Annex A

Section 1

GRANT-IN-AID, ADMINISTRATION COSTS - BOARD

Group A

1. Salaries (including payments to Reporters) and other related expenses
2. Superannuation
3. Pensions

Group B

4. Other running costs

Group C

5. Capital Expenditure.

Group D

6. Receipts which may be appropriations-in-aid

Section 2

GRANT-IN-AID, ADMINISTRATION COSTS - FUND

1 CIVIL LEGAL AID

Payments

- a. Fees

- b. Outlays
- c. Expenses
- d. Payments to solicitors for applications not approved
- e. Refunds of contributions to assisted persons
- f. Payments to assisted persons of interest on sums held on their behalf

Receipts

- g. Contributions by assisted person
- h. Expenses recovered
- i. Losses recovered
- j. Interest earned on deposits

2 CRIMINAL LEGAL AID

- a. Fees
- b. Outlays

3 CHILDREN'S SCHEME

Cases under S.29 of the Act

4 ADVICE AND ASSISTANCE

- a. Assistance by way of representation (ABWOR)
- b. Criminal Matters (excluding ABWOR)
- c. Civil Matters

Annex B

SCOTTISH LEGAL AID BOARD - LOSSES AND SPECIAL PAYMENTS

1. In the following cases the Board may abandon claims due to the Fund not exceeding £10,000 in any one instance:-

- i. where the debtor's address was unknown at the time the action was raised and has remained unknown until the conclusion of the action.
- ii. where the debtor has left his last recorded address and cannot be traced.
- iii. where the debtor is furth of Scotland, unless it is known the debtor is resident in England.
- iv. where the debtor was involved in proceedings against their spouse/co-habitee and pressure to pay may prejudice their reconciliation.
- v. where the debtor is liable to pay aliment and pressure to pay prejudices such aliment.
- vi. where the debtor is unable to deal with his financial affairs and the prospects of recovery are poor.
- vii. where the debtor has died and it is unlikely the debt can be recovered from his estate.
- viii. where the debtor has been imprisoned.
- ix. where, on account of the poor circumstances of the debtor, the prospects of recovery are poor.

- x. where the likely cost of pursuing payment is no longer reasonable in relation to the likelihood of success.
 - xi. where it is proposed to accept compromise offers to extinguish outstanding balances of contributions and/or expenses in order to avoid the expense of taxations etc.
2. All cases over £10,000 or, regardless of value, of a novel, unusual, contentious or fraudulent nature should be referred to the Directorate with the Board's recommendations. The Board shall provide quarterly reports to the Directorate (including nil returns) of all claims written off.
3. Provided the amount to be paid in respect of any case does not exceed £2,000 the Board may make ex-gratia payments where in good faith a solicitor or counsel provides advice for which the Board cannot make payment under the letter of the Act or Regulations; or where, as a result of the Board's fault a party is prejudiced, the Board may make an ex-gratia payment without prejudice, by way of compensation up to the said limit. Where the amount exceeds £2,000 the case should be referred to the Directorate with the Board's recommendations.
4. No ex-gratia payment is to be made in cases where the solicitor or other party was primarily responsible for the loss, or whatever, in respect of which they are claiming.

Annex C

SPECIFIC LIMITS ON DELEGATED AUTHORITY

Single Tender Contracts	£10k
Investment Projects	£1m
Acquisition of Assets	£1m
Grant/loan scheme	Level of Part V delegated funding
Claims waived or abandoned (SPFM category D) – (this includes irrecoverable debts)	£10k
Write off of losses (SPFM cat A,B&C))	£10k
Special Payments - e.g. ex-gratia payments (SPFM category E)	£2k
Others:	
Lending (per loan)	£5k (Note 1)
Leases (<i>Finance</i>)	£10k (Note 2)
Investments	Note 3

Note 1: Lending is restricted to employee related loans for travel season tickets.

Note 2: This figure refers to the total sum of the repayments under a single lease.

Note 3: SLAB are not authorised by the Act to make investments. However, third party funds may be held in an interest bearing account until the financial details of individual legal aid grants are fully concluded. Interest gained in this manner is disbursed to persons assisted by the Board or returned to the Scottish Government in accordance with determinations by the Scottish Ministers.