



PRACTICE NOTE 01/2026

Legal Aid fee increase back payments – Solicitors’ Accounts Regulations 2014 (SAR 2014) accounting treatment (bulk receipts)

The Legal Services Agency (LSA) will shortly commence payment of additional sums arising from the revised legal aid fee arrangements, including the 16% increase backdated to 1 December 2024 (and other backdated elements for certain categories).

Most firms receive LSA payments directly into a client account. The Law Society recognises that the forthcoming back payments may comprise hundreds (or more) of individual matters and that posting each matter as an individual line item may be disproportionately time consuming.

This Notice confirms the Society’s expectations under the SAR 2014 and sets out a limited, one-off dispensation for the exceptional LSA back payment exercise only (including the 16% backdated increase and any associated backdated elements). The dispensation is provided to reduce the administrative burden created by the unusually high volume of individual items within each payment run and should not be taken as applying to routine or future LSA receipts.

1. Status of the back payments

The back payments are office monies (remuneration due to the solicitor). They may comprise professional fee, VAT (if applicable) and mileage/expenses (if applicable).

2. Receipt into client account and transfer to office (10 working day rule)

Where these office monies are received into a client account, firms must ensure the office monies are transferred to the office account promptly and in any event within 10 working days of receipt, in line with the SAR 2014.

3. Permitted bulk posting approach (one-off dispensation for LSA back payment exercise)

For the LSA back payment exercise, firms may adopt the following practical approach:

Client account bookkeeping

- Post the LSA back payment as one bulk receipt to a single dedicated client ledger opened specifically for this purpose (for example, “LSA Back Payments Control”).
- Post the matching bulk transfer from client account to office account (within 10 working days) against the same dedicated ledger, so that the balance is clearly shown and is promptly cleared.

Office account bookkeeping

- Record the bulk receipt in the office ledgers with a split between:
 - Professional fees (net)
 - VAT (for VAT registered firms)
 - Mileage/expenses (if applicable)

This approach avoids the need to post hundreds of individual matter lines in the accounting system, while still maintaining a clear audit trail.

4. Supporting records to retain

Firms should retain, with their accounting records for each payment run:

- The LSA remittance / payment notification (or equivalent report) identifying the individual matters and gross amounts making up the bulk payment; and
- A worksheet supporting the bulk split posted in the office books between fees, VAT, and mileage/expenses (and tying back to the bank lodgement).

Where the LAMS system allows users to drill down to the fee/VAT/mileage/expenses components for each matter only by opening individual lines, firms are not expected to save each individual drill-down provided:

- the remittance/report identifying the matters and gross amounts is retained; and
- the drill-down information remains available to be accessed if required (for example, in response to an auditor/regulatory query).

5. Queries

If you have queries on the above, please contact the Law Society via email Regulation@LawSoc-ni.org