

# Housing Legal Aid Provision - the Impact of Extending Fixed Recoverable Costs

Rupert Hawke and Vicky Ling for the Legal Aid Practitioners Group

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### Introduction

The cost of litigation raises barriers to accessing justice. In civil litigation in England and Wales parties to civil litigation need to budget to fund at least their own legal costs, unless they meet the scope, means and merits tests and are eligible for legal aid. In addition, the winning party is generally entitled to recover their costs from the losing party (although people in receipt of legal aid are protected from this to a significant extent). Legal aid fees are set by the government and are considerably lower than the fees lawyers can charge private paying clients which are set at market rates. To date, when a legally aided client is successful, their lawyers do not make a claim on the legal aid fund; but are entitled to recover their fees from the losing party at market rates (known as 'inter partes' costs). This represents an important source of income, particularly to organisations providing legal advice and representation on housing cases.

For some time it has been Government policy to try to control the costs of civil litigation in order to promote access to justice. In March 2019, the Ministry of Justice (MOJ) opened a consultation on its proposals to extend fixed recoverable costs (FRCs). FRCs set out the amount of legal costs (in £) that can be recovered by the winning party at different stages of litigation, from pre-issue to the court hearing. This would replace inter partes costs referred to above. The aim of FRCs is to ensure that legal costs remain both certain and proportionate. In September 2021, the MOJ published a consultation response<sup>1</sup> proposing to extend FRCs to legal aid cases; but which was based on very little empirical evidence in relation to the impact on legal aid providers.

<sup>1</sup> https://consult.justice.gov.uk/digital-communications/fixed-recoverable-costs-consultation/

This report has been commissioned by the Legal Aid Practitioners Group (LAPG) to provide a detailed analysis of the MOJ's response to the consultation 'Extending Fixed Recoverable Costs in Civil Cases: The Government Response' (the response) and specifically the effect the proposals will have on the ability of organisations to deliver housing legal aid on behalf of the government.

The government acknowledged that the impact on Housing Legal Aid has been raised by respondents in the consultation; but commented that this was in general terms and supporting data was not provided<sup>3</sup>. We welcome the government's acknowledgement of practitioners' concerns and that they would continue to bear them in mind<sup>4</sup>. In order to assist the government by providing more information, LAPG commissioned this survey and analysis of the impact of FRCs on legal aid Housing practitioners.

We believe the report demonstrates that the reforms would result in significant reductions in income for legal aid providers with a resulting detrimental effect on their ability to deliver legal aid. We hope that this data will assist the government to review its proposals and ask the Rules Committee to provide an exemption from FRCs in respect of legal aid housing cases.

### About Hawke Legal

Hawke Legal consultancy is headed by Rupert Hawke who leads a team of legal management experts working in the legal sector. Rupert is a qualified accountant and prior to starting Hawke Legal spent 12 years as FD/MD with a national law firm with significant legal aid contracts. Rupert has undertaken numerous projects on the effects of changes to legal aid fees and structures and the resulting effects on the provision of criminal and civil legal aid. Vicky Ling has worked on several previous reports into the impact of policy changes on legal aid practitioners with Andrew Otterburn.

We were assisted in producing this report by many legal aid practitioners and would like to thank them and staff at LAPG for their support.

# **Executive summary**

The Government plans to extend FRCs to all civil cases in the fast track up to a value of £100,000. That would include legally aided housing cases and disrepair cases conducted under conditional fee arrangements (CFAs). Whilst the Government's intention is an attempt to extend access to justice via the implementation of FRCs to limit legal costs for both claimants and defendants, we believe that, despite its previous consultation, the government is unaware of the potentially catastrophic financial effect the proposed FRC structure would have on legal aid providers that could lead to a collapse of legal aid in the housing category of law.

The response noted that there was little in way of detailed evidence to support adverse effects of FRCs on legal aid providers<sup>5</sup>. This report is based on empirical data and illustrates the adverse impact the proposed changes would have on organisations delivering housing legal aid. The consequence

<sup>3</sup> Op Cit para 3.8

<sup>&</sup>lt;sup>2</sup> Ibid

<sup>&</sup>lt;sup>4</sup> Op Cit para 26.3

<sup>&</sup>lt;sup>5</sup> Ibid

would be that many citizens who would be eligible for legal aid would be denied access to justice due to lack of legal aid practitioners.

#### We found that:

- The overall effect of the change from inter partes costs under the current scheme to FRCs would significantly reduce the income of legal aid providers.
- On average around a quarter of income of legal aid providers who undertook the survey would be affected by the change to FRCs.
- On a sample of 131 typical cases, we identified a fall in average fees (excluding counsel's fees) from £10,583 per case to £5,588 a fall of 47%.
- The average income of a Law Centre or other not-for-profit housing legal aid provider would fall by 20% as a result of these proposals.
- The average income of a private practice housing legal aid provider would fall by 23% as a result of these proposals.
- Under the extended FRC scheme, in many typical cases, no additional fee would be payable for Counsel's fees.<sup>6</sup> It is unlikely that legal aid solicitors firms and not-for-profit agencies would be able to change the traditional approach to representation required to manage this change because the reduction in their fees would make the work unviable as their profit margins are too small.
- It should be borne in mind when considering the findings of this report that impacts are likely to be magnified as the Court system works through the backlog of cases and higher volumes of work are processed.
- It appears likely that the reduction in viability caused by FRCs would lead to solicitors firms and not-for-profit organisations closing their housing departments. This in turn would reduce economies of scale, so that central overheads would not be able to be absorbed by other departments. This could lead to some legal aid providers ceasing to practise altogether.
- In a minority of cases under the FRC proposals, legal aid fees could exceed inter partes fees. In this situation legal aid providers would choose to be paid from the legal aid fund rather than defraying cost to the fund by claiming from the opponent. This would also create a conflict between solicitor and client in some cases, as unless the legal aid provider can recover their fees, the statutory charge applies and the client will not keep all their damages.
- The provision of legal aid housing under the FRC proposals would become unsustainable if the proposals are implemented unamended.
- Legal aid Housing cases are not simply damages cases. None of the cases reviewed in the report
  were pure damages claims and 56% of cases resulted in repairs being ordered by the Court. We
  believe that this distinguishes Housing legal aid cases from other cases where FRCs may be
  appropriate.

<sup>•</sup> Gunder FRC band 3 (the band for possession claims and disrepair claims unless particularly complex) counsel's fees would not be claimable in addition to the FRC, they would have to be paid from the fixed figure. An additional fee would only be payable if a case went to trial. There is no provision for payment to counsel if a case were to settle prior to trial when counsel had been appointed. The instructing organisation would still be obliged to pay counsel's fees and their overall income in these cases would reduce by 85%-87%.

## Data collection

### **England and Wales data**

The minutes of the Legal Aid Agency Civil Contracts Consultative Group on 19 January 2022 provided the following overall statistics on costs claims in Housing disrepair cases. It should be noted that the Covid-19 pandemic had a significant impact on Housing cases coming to Court as the Court system was badly affected by the pandemic during 2020 and 2021.

It should be borne in mind when considering the findings of this report that impacts are likely to be magnified as the Court system works through the backlog of cases and higher volumes of work are processed.

Financial	Number of cases where costs were	Value of payments where costs were met
year	met by the opponent	by the opponent
2018-19	1,130	11,823,354
2019-20	997	10,901,887
2020-21	674	8,271,572

The Law Society analysed data from the <u>Legal Aid Agency directory of providers</u> (February 2021) and the <u>Office of National Statistics</u> (2021) and found that in England and Wales:

- almost 40% of the population of England and Wales do not have a housing legal aid provider in their local authority area, a figure that has grown by around 2% since 2019
- only 39% of the population have access to more than one provider in their local authority area

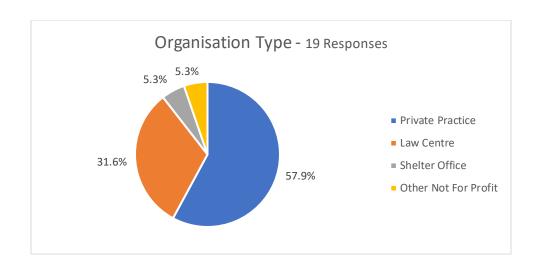
### Data from our survey

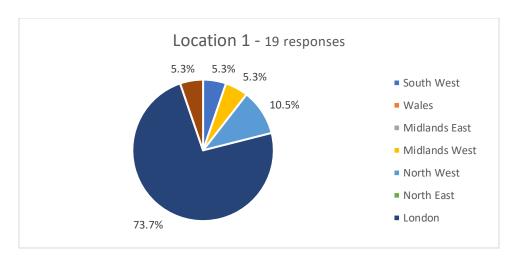
In order to demonstrate the impact at individual firm/not-for-profit provider level via a sizeable sample, we invited 30 such providers to complete a questionnaire regarding their organisation (provider type, location, turnover), and financial information on up to 10 housing cases undertake through legal aid or as a CFA. 19 organisations responded, a response rate of 63%.

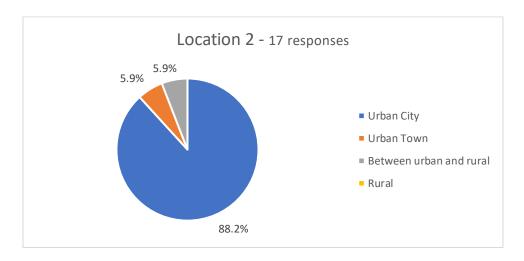
In our survey nearly 3 out of 4 respondents were situated in London, which is consistent with Law Society research<sup>7</sup> showing that most legal aid housing providers are in London. 84.2% of all respondents to our survey were London and North West based organisations.

19 respondents provided information on the amounts of work undertaken that would be affected by the proposed changes with FRCs compared to turnover as a whole (see Appendix 3).

<sup>&</sup>lt;sup>7</sup> https://www.lawsociety.org.uk/campaigns/legal-aid-deserts/housing







## Aggregate data – all respondents

The tables below shows the total turnover for organisations that provided turnover information, analysed by type of organisation (Law Centres / NFPs - 6, Private Practices - 5).

On average around a quarter of the income of legal aid providers who undertook the survey would be affected by the changes to FRCs proposed.

Organisation type - all	Organisation Turnover	Housing Department	Estimated income affected by FRCs	% income affected by FRCs
Law Centres / Other Not For				
Profits (Total)	2.6m	1m	614,000	20%
Private Practices (Total)				
	19m	7.5m	4.9m	23%

### Ranges and average inter partes fees of respondent organisations

- Inter partes Solicitors fees range: £667 £40,000 (average £10,583)
- Inter partes Counsel fees range: £0 £20,000 (average cost where Counsel used £4,476)

# The sample

The 19 respondents provided 131 cases with the required information which allowed comparison of current fees against fees under the FRC proposals.

Case Type	Number analysed
Legal Aid	96
CFA	35
Total	121

Overall damages in the 131 examples ranged from £0 - £29,383

### The importance of additional remedies in Housing legal aid cases

In order to qualify for legal aid, disrepair must be causing a serious risk of harm to the claimant and/or their family. It is important to note that legal aid Housing cases are not simply damages cases, they frequently include additional remedies. In the sample of 131 cases, none of them were pure damages claims and 56% of cases resulted in repairs being ordered by the Court. We believe that this distinguishes Housing legal aid cases from other cases where FRCs may be appropriate.

Additional Remedy other than damages?	Number
Yes - Declaration	7
Yes - Other Injunction	10
Yes - Works of Repair	73
No	41
Total	131

## Impact on income if Housing legal aid is replaced with FRCs

Appendix 4 (p.20) provides a table with the costs information on 131 legal aid cases compared to the changes in costs based on the FRC proposals.

The overall effect of the change from inter partes costs under the current scheme to FRCs would significantly reduce the income of legal aid providers. When considering the effect on each case in the sample, of the 131 cases, there were only 8 instances when costs would be higher under the FRC proposals (6%).

In addition, we believe it is clear that overall, the FRC proposals are not designed to cover legally aid Housing cases which can be legally complex and frequently require use of counsel before and at trial. The response from the government suggested solicitors would adapt and have less reliance on counsel. However, in our experience and that of the respondents to the survey, this is often not feasible in terms of technical expertise. We believe counsel would not be available to undertake the work at rates offered (likely to have to be in the region of a 5<sup>th</sup> of what is currently paid). In addition, the impact of FRCs on solicitors firms and not-for-profit organisations would mean that they would have to withdraw from the work altogether.

### Impact on the legal aid fund and solicitor/client conflict

In the sample of 131 cases, there were 96 legal aid cases. Of these there were 41 (43%) where the notional legal aid fees were higher than the FRC costs under band 3 (after counsel fees are considered). Legal aid providers are under a contractual duty to preserve the legal aid fund and recover fees from opponents<sup>8</sup>. If legal aid fees exceed inter partes fees, then legal aid providers will choose to be paid from the legal aid fund rather than defraying cost to the fund by claiming from the opponent.

This would also create a conflict between solicitor and client in some cases, as unless the legal aid provider can recover their fees, the statutory charge applies and the client will not keep all their damages.

We consider that the evidence we have gathered below demonstrates that provision of legal aid housing under the extended FRC proposals would become unsustainable.

### Fees reductions (excluding counsel)

In order to show whether there was any reduction in the income of legal aid organisations, average income was analysed under the current scheme. We used the sample of 131 cases and excluded the cost of using external counsel (whose expertise is required in most cases).

We also show the same cases re-analysed and substituting the income which would be generated if FRCs are implemented as proposed:

Average - current fees	10,583
Average – fees FRC proposals	5,588
Reduction	4,995

<sup>&</sup>lt;sup>8</sup> Standard Civil Contract Specification 2018 para 6.57

% fall	47%
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### Fees reductions (including counsel)

The government is continuing to implement Sir Rupert Jackson's recommendations, published in July 2017<sup>9</sup>, by extending FRC in civil litigation cases in England and Wales. The proposals for FRCs allocate cases into four bands. Under FRC band 3 (the band for possession claims and disrepair claims unless particularly complex) counsel's fee would not be claimable in addition to the FRC, it would be deducted from the fixed figure. If a band 3 case goes to trial, an extra advocacy fee would be payable. In many cases this would traditionally be paid to counsel instructed to provide advocacy rather than a solicitor doing their own advocacy. Under FRC there is no provision for payment to counsel if a case settles prior to trial when counsel has been appointed. The organisation instructing counsel would be obliged to pay their fees even though they would receive no additional payment.

Appointing counsel at current rates (per the sample) and comparing all fees received currently against fees under FRCs (including advocacy for trials), would not be financially viable for organisations providing housing legal aid. The government believes that FRCs would drive behaviour change in both solicitors and counsel to deliver services at lower cost. However, our findings in relation to the reduction in fees for solicitors' firms and not-for-profit organisations indicate that they will have to withdraw from this area of work altogether.

Cases where counsel appointed - sample size 87		
Average current fees including fees for counsel	16,284	
Average fees - FRC proposals after counsel costs	2,018	
Reduction	14,266	
% fall	88%	

The advocacy fees included for trials is far less than counsel would historically have charged as shown below:

Average counsel fee per sample vs trial counsel fee under Band 3 FRC - sample size 19 cases		
Average current counsel fee 6,443		
Average costs - FRC proposals after counsel costs	946	
Reduction	5,497	
% fall	85%	

<sup>9</sup> https://www.judiciary.uk/wp-content/uploads/2017/07/fixed-recoverable-costs-supplemental-report-online-2-1.pdf

### Effect on income at each stage under FRC band 3

It may be useful to consider the effect at each stage under Band 3 of the FRC in terms of reductions, to identify where the largest reductions are. We provide a summary below. See <a href="appendix 5">appendix 5</a> for a full analysis.

	Sample Size
Pre-Issue £1,001 - £5,000	16
Pre-Issue £5,001 - £10,000	2
Pre-Issue £10,001 - £25,000	4
Post-Issue, Pre-Allocation	18
Post-Allocation, Pre-Listing	19
Post-Listing, Pre-Trial	53
Trial	19

Summary of % fall in costs at each stage of Band 3

Stage Reached under FRC Band 3	% fees reduction excluding Counsel costs	% fees reduction including Counsel costs
Pre-Issue £1,001 - £5,000	65%	
Pre-Issue £5,001 - £10,000	49%	
Pre-Issue £10,001 - £25,000	63%	71%
Post-Issue, Pre-Allocation	18%	63%
Post-Allocation, Pre-Listing	24%	64%
Post-Listing, Pre-Trial	45%	80%
Trial		92%

The overall fall in inter-partes fees being reduced under FRC's without considering counsel fees is 47%.

Counsel often need to be appointed because of legal complexity and it is not possible to tell at an early stage whether a matter will go to trial. When considering the cost of counsel fees, assuming external counsel is used as is usual in typical cases, the total drop in fees for solicitors firms and not-for-profit organisations is **88%**.

Under the proposed FRC's. where counsel is appointed in the sample used here, 17 out of 87 matters would be undertaken at a loss for the provider once counsel is paid.

# Impact on the sustainability of Housing Legal Aid providers

Our analysis has been able to identify the proportion of income of participating providers that would be affected by the introduction of FRCs. We can couple this with the data demonstrating the reduction in income for providers per the proposals to gain an overall view on the affect the changes would have on the ability for legal practices to deliver legal aid.

The Law Society's Management Section Benchmarking Survey 2021 found that its members produced a profit of 6.9% once all overheads had been deducted <sup>10</sup>. The firms which belong the to the Law Management Section are those which are run along more commercial lines and there is low representation of legal aid firms. We can reasonably suggest that legal aid providers make even less profit or surplus from the work as shown by recent studies, for example the Westminster Commission on Legal Aid <sup>11</sup> and Sir Christopher Bellamy QC's independent review of criminal legal aid <sup>12</sup>. Even assuming a 6.9% profit or surplus, we can show that application of FRCs to legal aid Housing work would produce significant losses.

The tables below illustrate the effect on the profitability (or surplus) on legal aid providers if the external costs of counsel used and the advocacy fees paid under FRC's (where applicable) were not changed by provider behaviour.

LAW CENTRE	(£'000)
Average turnover	444
Assumed margin 6.9%	31
Income affected by FRCs	102
Reduction caused by FRCs (76%)	82
Amended margin with FRCs	-51

PRIVATE PRACTICE FIRM	(£'000)
Average turnover	3,802
Assumed margin 6.9%	262
Income affected by FRCs	989
Reduction caused by FRCs (80%)	791
Amended profit with FRCs	-529

 $<sup>^{10}</sup>$  LMA Benchmarking Survey 2021, The Law Society and Hazlewoods LLP

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\_data/file/1041117/clar-independent-review-report-2021.pdf

<sup>&</sup>lt;sup>11</sup> Inquiry into the Sustainability and Recovery of the Legal Aid Sector, October 2021 <a href="https://lapg.co.uk/wp-content/uploads/The-Westminster-Commission-on-Legal-Aid WEB.pdf">https://lapg.co.uk/wp-content/uploads/The-Westminster-Commission-on-Legal-Aid WEB.pdf</a>

The government response suggested further utilisation of solicitors and in-house counsel to replace the cost of external counsel. In our experience, and that of the respondents to the survey, this is often not feasible and does not consider additional resource required (and hence additional cost) for the work external counsel would have done. Even if such difficulties and related costs were not considered in the equation, FRCs would still have severely adverse consequences as the tables show below, where external counsel costs are omitted:

LAW CENTRE	(£'000)
Average turnover	444
Assumed margin 6.9%	31
Income affected by FRCs	102
Reduction caused by FRCs (88%)	90
Amended margin with FRCs	-59

PRIVATE PRACTICE	(£'000)
Average turnover	3,802
Assumed margin 6.9%	262
Income affected by FRCs	989
Reduction caused by FRCs (88%)	870
Amended margin with FRCs	-608

### **Analysis excluding Counsels fees**

LAW CENTRE	(£'000)
Average turnover	444
Assumed margin 6.9%	31
Income affected by FRCs	102
Reduction caused by FRCs (47%)	48
Amended margin with FRCs	-17

PRIVATE PRACTICE	(£'000)
Average turnover	3,802
Assumed margin 6.9%	262
Income affected by FRCs	989
Reduction caused by (47%)	465
Amended margin with FRCs	-203

#### Wider implications for the legal aid sector

It appears likely that the reduction in viability caused by FRCs would lead to solicitors firms and not-for-profit organisations closing their housing departments. This in turn would reduce economies of scale, so that central overheads would not be able to be absorbed by other departments. This could lead to some legal aid providers ceasing to practise altogether.

# Summary of conclusions

- The overall effect of the change from inter partes costs under the current scheme to FRCs would significantly reduce the income of legal aid providers.
- On average around a quarter of income of legal aid providers who undertook the survey would be affected by the change to FRCs.
- On a sample of 131 typical cases, we identified a fall in average fees (excluding counsel's fees) from £10,583 per case to £5,588 a fall of 47%.
- The average income of a Law Centre or other not-for-profit housing legal aid provider would fall by 20% as a result of these proposals.
- The average income of a private practice housing legal aid provider would fall by 23% as a result of these proposals.
- Under the extended FRC scheme, in many typical cases, no additional fee would be payable for Counsel's fees.<sup>13</sup> It is unlikely that legal aid solicitors firms and not-for-profit agencies would be able to change the traditional approach to representation required to manage this change because the reduction in their fees would make the work unviable as their profit margins are too small.
- It should be borne in mind when considering the findings of this report that impacts are likely to be magnified as the Court system works through the backlog of cases and higher volumes of work are processed.
- It appears likely that the reduction in viability caused by FRCs would lead to solicitors firms and not-for-profit organisations closing their housing departments. This in turn would reduce economies of scale, so that central overheads would not be able to be absorbed by other departments. This could lead to some legal aid providers ceasing to practice altogether.
- In a minority of cases under the FRC proposals, legal aid fees could exceed inter partes fees. In this situation legal aid providers would choose to be paid from the legal aid fund rather than defraying cost to the fund by claiming from the opponent. This would also create a conflict between solicitor and client in some cases, as unless the legal aid provider can recover their fees, the statutory charge applies and the client will not keep all their damages.

<sup>• 13</sup> Under FRC band 3 (the band for possession claims and disrepair claims unless particularly complex) counsel's fees would not be claimable in addition to the FRC, they would have to be paid from the fixed figure. An additional fee would only be payable if a case went to trial. There is no provision for payment to counsel if a case were to settle prior to trial when counsel had been appointed. The instructing organisation would still be obliged to pay counsel's fees and their overall income in these cases would reduce by 87%-89%.

- The provision of legal aid housing under the FRC proposals would become unsustainable if the proposals are implemented unamended.
- Legal aid Housing cases are not simply damages cases. None of the cases reviewed in the report
  were pure damages claims and 56% of cases resulted in repairs being ordered by the Court. We
  believe that this distinguishes Housing legal aid cases from other cases where FRCs may be
  appropriate.

### Appendix 1

The extracts below have been taken from the Government's response to the consultation to extending FRCs, which indicate that the MOJ lacks important data. Emphasis added.

22.1 The Government has considered the limited additional data/evidence that it was presented with in responses to the consultation, and is grateful to respondents for this. *However, based on the evidence received, which was limited in nature and based upon broad suppositions rather than statistical data, it does not judge that it needs to make any amendments to the proposals on extending FRC at this stage.* The Government notes that a revised IA on the FRC proposals has been prepared, for publication with this response.

26.1 As we have seen in the analysis of responses to Question 9, and to other questions in our consultation paper, some respondents expressed concern that the extension of FRC could lead to the withdrawal from the market of some legal aid practices that would no longer be able to cross-subsidise their work through the recovery of higher costs. This, they argued, could adversely impact the ability of claimants to find a legal aid solicitor, which could in turn adversely affect certain groups that disproportionately bring certain categories of cases, such as housing claims.

26.2 It is the Government's view that, in controlling and reducing costs per claim, FRC would drive beneficial behaviour changes among legal services providers. The time and effort expended on a case would more closely correspond to the fixed costs attached to it, incentivising the more efficient allocation of appropriate resources. Furthermore, the Government has not been provided with any concrete evidence to suggest that the FRC as proposed would have any adverse effect on a particular party's ability to obtain legal representation for certain categories of cases.

# **FRC Questionnaire**

### **Email**

Organisation Information

### Organisation type

Private practice Law centre Shelter office Other not for profit

### Location 1

South West Wales Midlands East Midlands West North West North East London Other South East

### Location 2

Urban - city Urban - town Between urban and rural Rural

Total income/turnover of organisation/branch

Total income/turnover attributable to the department that does housing law?

Total income/turnover attributable to cases that would be affected by FRC (est.)

Optionally, please let us have any general comments you wish to share about FRCs as they would affect your organisation

### Case 1

### Case type

Legal Aid

### CFA

# Damages (£amount or N/A)

# Was there an additional remedy other than damages?

Nο

Yes - works of repair

Yes - other injunction

Yes - declaration

I/P Profit Costs net

I/P Csl Fee net

LA profit costs net

# Stage reached (pre-issue split by damages amount)

Pre-issue £1001- £5000
Pre-issue £5001 - £10,000
Pre-issue £10,001 - £25,000
Pre-issue no damages
Post issue/pre allocation
Post issue/pre listing
Post listing/pre-trial
Trial

Any brief case comments (optional)

APPENDIX 3 – Table of respondents – Total incomes and proportions affected by FRCs

Organisation Type	Organisation Turnover (£'000)	Housing Department (£'000)	Estimated income affected by FRC's (£'000)
Law Centre	No response	No response	No response
Law Centre	250	150	50
Other Not For Profit	1,131	255	250
Law Centre	477	287	119
Private Practice	No response	No response	No response
Private Practice	No response	No response	No response
Private Practice	4,000	3,800	3,300
Private Practice	11,000	1,400	700
Private Practice	No response	2,169	723
Private Practice	1,731	513	No response
Private Practice	1,210	1,058	121
Private Practice	1,300	1,100	800
Law Centre	479	105	65
Law Centre	67	55	10
Private Practice	No response	No response	No response
Law Centre	262	200	120
Private Practice	1,500	163	25
Shelter Office	No response	No response	No response

# APPENDIX 4 – Summary of cost information sample cases compared to costs under FRC proposals

Case Type	Damages (£)	Additional Remedy other than damages?	I/P profit costs net (£)	I/P Counsel fees net (£)	(£)	Legal Aid Profit Costs net (£)	Stage Reached	Fixed Costs (under Band 3) (£)	+ London rate (£)	Damages proportion allowed (£)	Total Costs before counsel fees (£)	Reduction for Counsel Fee (£)	Advocacy Fee (£)	Final Costs (after counsel costs) (£)	% change in fees under FRC's
I a mail A ini			11.000	Ψ.	16.000	F00	Trial		F 225	70	Ψ.	7	F 222	7	Ψ.
Legal Aid Legal Aid	5,000	Yes - works of repair	11,000 7,500	5,000	16,000 7,500		Trial Pre-issue £1,001 - £5,000	4,742 1,053	5,335 1,185			-5,000 0	533	943 2,060	
Legal Aid		Yes - declaration	30,000	10,000	40,000		Post-issue / pre trial	4,742	5,335			-10,000		-4,665	
Legal Aid	5,500	Yes - works of repair	6,500	0	6,500		Pre-issue £5,001 - £10,000	2,055	2,312			0	0	2,374	
Legal Aid	4,309	Yes - works of repair	5,078	1,075	6,153		Post-issue / pre listing	3,712	4,176	1,077	5,253	-1,075	0	4,178	-32%
Legal Aid	7,500	Yes - works of repair	23,280	7,191	30,471	6,007	Post-issue / pre trial	4,742	5,335	1,875	7,210	-7,191	0	19	-100%
Legal Aid		No	5,788	900	6,688		Post-issue / pre allocation	2,914	3,278		3,278	-900	0	2,378	
Legal Aid		Yes - works of repair	17,280	3,272	20,552		Post-issue / pre trial	4,742	5,335			-3,272		3,381	
Legal Aid		No	2,475	2,025	4,500		Post-issue / pre allocation	2,914	3,278		3,278	-2,025		1,253	
Legal Aid		No	4,321	1,179	5,500		Post-issue / pre trial	4,742	5,335	2 500	5,335	-1,179 0	0	4,156	
Legal Aid		Yes - works of repair Yes - works of repair	15,388 21,160	7,580	15,388 28,740		Post-issue / pre trial	4,742 4,742	5,335 5,335	3,600 2,700		-7,580		8,935 1,211	
Legal Aid Legal Aid		Yes - works of repair	6,109	2,800	8,909		Post-issue / pre trial	4,742	5,335			-2,800		3,510	
Legal Aid	10,000		7,596	2,039	9,635		Post-issue / pre trial	4,742	5,335			-2,039		6,296	
Legal Aid		Yes - works of repair	15,985	3,456	19,441		Post-issue / pre trial	4,742	5,335			-3,456		3,589	
Legal Aid		Yes - works of repair	10,184	4,530	14,714		Post-issue / pre trial	4,742	5,335			-4,530		3,055	
Legal Aid		Yes - works of repair	8,082	560	8,642	6,184	Post-issue / pre trial	4,742	5,335	1,217	6,552	-560	0	5,992	-31%
Legal Aid	3,535	No	5,690	4,287	9,977	2,791	Post-issue / pre listing	3,712	4,176	884	5,060	-4,287	0	773	-92%
Legal Aid		Yes - works of repair	5,818	2,940	8,758		Post-issue / pre listing	3,712	4,176			-2,940		2,686	
Legal Aid		No	4,493	2,898	7,391		Post-issue / pre listing	3,712	4,176		4,176	-2,898		1,278	
Legal Aid		No	3,274	4,323	7,597		Post-issue / pre allocation	2,914	3,278		3,278	-4,323		-1,045	
Legal Aid		Yes - works of repair	3,699	2,430	6,129		Post-issue / pre trial	4,742	5,335			-2,430		4,645	
Legal Aid Legal Aid		No No	14,886 1,691	6,914 1,165	21,800 2,857		Post-issue / pre trial Post-issue / pre trial	4,742 4,742	5,335 5,335		5,335 5,335	-6,914 -1,165		-1,579 4,169	
CFA AIG		Yes - works of repair	18,194	2,683	20,876		Post-issue / pre trial	4,742	5,335			-2,683		6,447	
CFA		Yes - works of repair	12,366	2,083	12,366		Post-issue / pre trial	4,742	5,335			-2,083	0	6,685	
CFA		Yes - works of repair	9,781	0	9,781		Post-issue / pre trial	4,742	5,335			0	0	5,626	
CFA		Yes - works of repair	14,475	4,956	19,431		Post-issue / pre trial	4,742	5,335			-4,956		2,929	
CFA		Yes - works of repair	11,730	1,648	13,378		Post-issue / pre trial	4,742	5,335			-1,648		5,637	
CFA	6,500	Yes - works of repair	13,132	651	13,783	0	Post-issue / pre allocation	2,914	3,278	1,300	4,578	-651	0	3,927	-72%
CFA	17,500		16,287	0	16,287		Post-issue / pre listing	3,712	4,176			0	0	8,551	
CFA		Yes - works of repair	20,422	0	20,422		Post-issue / pre trial	4,742	5,335			0	0	8,335	
CFA		Yes - works of repair	14,556	275	14,831		Post-issue / pre listing	3,712	4,176			-275		9,851	
CFA		Yes - works of repair	15,772	0	15,772		Post-issue / pre trial	4,742	5,335			0	0	6,985	
Legal Aid		Yes - works of repair	16,500	786	17,286		Post-issue / pre trial	4,742	5,335			-786	0	7,369	
CFA CFA		Yes - works of repair Yes - works of repair	3,364 4,799	0	3,364 4,799		Post-issue / pre allocation Pre-issue £1,001 - £5,000	2,914 1,053	2,914 1,053		3,314 1,053	0	0	3,314 1,053	
CFA		Yes - works of repair	2,664	0	2,664		Pre-issue £1,001 - £5,000	1,053	1,053			0	0	1,316	
CFA		Yes - works of repair	3,229	0	3,229		Pre-issue £1,001 - £5,000	1,053	1,053			0	0	1,272	
CFA		Yes - works of repair	2,556	0	2,556		Pre-issue £1,001 - £5,000	1,053	1,053			0	0	1,193	
CFA		Yes - works of repair	2,306	0	2,306		Pre-issue £1,001 - £5,000	1,053	1,053			0	0	1,281	
CFA		Yes - works of repair	3,431	0	3,431	0	Pre-issue £1,001 - £5,000	1,053	1,053	175	1,228	0	0	1,228	-64%
CFA	500	Yes - works of repair	1,996	0	1,996		Pre-issue £1,001 - £5,000	1,053	1,053		1,141	0	0	1,141	
CFA		Yes - works of repair	4,973	0	4,973		Pre-issue £1,001 - £5,000	1,053	1,053			0	0	1,298	
CFA		Yes - works of repair	4,048	0	4,048		Pre-issue £1,001 - £5,000	1,053	1,053			0	0	1,674	
Legal Aid		Yes - declaration	7,962	1,900	9,862		Post-issue / pre listing	3,712	4,176		4,176	-1,900		2,276	
Legal Aid		Yes - works of repair	23,986	19,500	43,486			4,742	5,335			-19,500		-7,459	
Legal Aid CFA	7,000	Yes - works of repair	26,000 7,496	11,500 4,875	37,500 12,371		Post-issue / pre trial Post-issue / pre listing	4,742 3,712	5,335 4,176			-11,500 -4,875		-1,022 1,051	
Legal Aid		Yes - declaration	10,850	4,416	15,266		Post-issue / pre trial	4,742	5,335		5,335	-4,416		919	
CFA		Yes - works of repair	25,684	10,424	36,108		Post-issue / pre trial	4,742	5,335			-10,424		-2,389	
Legal Aid	6,750		5,481	3,720	9,201		Post-issue / pre allocation	2,914	3,278			-3,720		908	
CFA	15,000	Yes - works of repair	21,661	5,262	26,923		Post-issue / pre listing	3,712	4,176			-5,262	0	2,664	-90%
CFA	4,800	Yes - works of repair	4,151	0	4,151	0	Pre-issue £1,001 - £5,000	1,053	1,185		1,185	0	0	1,185	
CFA		Yes - works of repair	23,099	0	23,099		Post-issue / pre trial	4,742	5,335			0	0	8,785	
CFA		Yes - works of repair	11,669	0	11,669		Post-issue / pre listing	3,712	4,176		6,713	0	0	6,713	
CFA		Yes - works of repair	10,097	0	10,097		Pre-issue £1,001 - £5,000	1,053	1,185		1,990	0	0	1,990	
Legal Aid		Yes - works of repair	15,008	1,215	16,223		Post-issue / pre trial	4,742	5,335			-1,215	0	6,730	
CFA CFA		Yes - works of repair Yes - works of repair	14,846 6,698	0	14,846 6,698		Post-issue / pre trial Pre-issue £1,001 - £5,000	4,742 1,053	5,335 1,185			0	0	7,285 1,710	
CFA		Yes - works of repair	6,315	0	6,315		Pre-issue £1,001 - £5,000 Pre-issue £1,001 - £5,000	1,053	1,185			0	0	1,710	
Legal Aid		Yes - works of repair	5,204	0	5,204		Post-issue / pre listing	4,742	5,335			0	0	6,445	
CFA		Yes - works of repair	4,262	0	4,262		Pre-issue £5,001 - £10,000	2,055	2,312			0	0	3,062	
Legal Aid		No	5,354	0	5,354		Post-issue / pre trial	4,742	4,742		4,742	0	0	4,742	
Legal Aid		No	6,758	0	6,758		Trial	4,742	4,742		4,742	0	533	5,275	
Legal Aid		No	7,993	0	7,993		Post-issue / pre trial	4,742	4,742			0	0	4,742	
Legal Aid		Yes - other injunction	22,426	0	22,426			4,742	4,742			0		13,991	
Legal Aid		Yes - other injunction	32,315	0	32,315			4,742	4,742			0	756	8,108	
Legal Aid		Yes - other injunction	3,300	0	3,300		Post-issue / pre allocation	2,914	2,914			0		3,814	
Legal Aid		Yes - other injunction	11,997	0	11,997		Post-issue / pre trial	4,742	4,742			0	0	5,042	
Legal Aid		Yes - other injunction	7,513	0	7,513			4,742	4,742			0	756	6,848	
Legal Aid		No	822	0	822		Post-issue / pre allocation	2,914	2,914		2,914	0	0	2,914	
Legal Aid		No dedaration	3,900	10,000	3,900		Post-issue / pre trial	4,742	4,742			10,000	0	4,742	
Legal Aid		Yes - declaration No	4,000	10,000 2,293	14,000		Post-issue / pre trial	4,742	4,742			-10,000 -2,293		-5,258 1 //10	
Legal Aid Legal Aid		No	1,527 2,500	7,560	3,820 10,060		Post-issue / pre listing Post-issue / pre trial	3,712 4,742	3,712 4,742			-2,293 -7,560		1,419 -2,818	
		Yes - declaration	5,332	6,872	12,204		Post-issue / pre trial	4,742	4,742			-6,872		-2,818	
		. co - ucuai attuti	3,332	0,072			· oscissue / pre trial	4,/42							-11/70
Legal Aid Legal Aid		Yes - declaration	780	1.166	1.946	0	Post-issue / pre allocation	2,914	2,914	0	2,914	-1.166	0	1.748	-10%
Legal Aid Legal Aid Legal Aid	0	Yes - declaration No	780 10,934	1,166 9,741	1,946 20,675		Post-issue / pre allocation Post-issue / pre trial	2,914 4,742	2,914 4,742			-1,166 -9,741		1,748 -4,999	

Additional Remedy other than damages?	I/P profit costs net (£)	I/P Counsel fees net (£)	Total I/P fees net (£)	Legal Aid Profit Costs net (£)	Stage Reached	Fixed Costs (under Band 3) (£)	+ London rate (£)	Damages proportion allowed (£)	Total Costs before counsel fees (£)	Reduction for Counsel Fee (£)	Advocacy Fee (£)	Final Costs (after counsel costs) (£1)	% change in fees under FRC's
No	4,045	2,250	6,295		Post-issue / pre trial	4,742				-2,250	0	2,492	-60%
Yes - declaration	2,361	1,439	3,800		Post-issue / pre listing	3.712					0		
Yes-works of repair	9,961	1,439	11,251		Post-issue / pre-trial	4,742	-,-		-,	-1,439		-,	
Yes - works of repair	10,011	1,727	11,738		Trial	4,742					533		
Yes - works of repair	17,651	2.970	20.621		Trial	4,742					756		
		955	7,399	-	Post-issue / pre trial	4,742			-	,	0.70	-	-35%
Yes - works of repair Yes - works of repair	6,444 21.099	2,878	23,977		Trial	4,742	-,					-,	
Yes - works of repair	7,678	2,870	10.560	_	Post-issue / pre listing	3,712							
Yes-other injunction	6,070	3,750	9,820		Post-issue/ pre listing	3,712				-2,002	0	-,	
No	9,583	1,972	11,555		Post-issue / pre allocatio	,	,		,				
						-				-	0	-,	
Yes - works of repair	12,700	3,023	15,723		Post-issue / pre listing Trial	3,712					533	-,	
Vacaska af sanais	7,469	5,531	13,000			4,742			-,		0		
Yes - works of repair	9,026	4,127	13,153	-	Post-issue / pre trial	4,742	-		_		0	-,	
Yes - works of repair Yes - works of repair	10,740	2,210 2,841	12,950 12,876	-	Post-issue / pre trial	4,742			6,306 6,130		0	-,	
	10,035				Post-issue / pre trial		-			,	_	-,	
No	4,403	1,716	6,119		Post-issue / pre allocatio		-,		-,	-1,716	0	-,	
Yes - works of repair	11,500	3,300	14,800	-	Post-issue / pre trial	4,742		-,		-3,300		-,	
Yes - works of repair	8,190	1,798	9,988		Post-issue / pre trial	4,742				-1,798	0	-	
Yes - works of repair	9,851	3,660	13,511		Post-issue / pre trial	4,742				,	0	-	
Yes - works of repair	9,851	2,715	12,566	-	Post-issue / pre allocatio		,	,	,	-2,715	0	,	
Yes - works of repair	6,643	2,526	9,169		Post-issue / pre listing	3,712					0	-,	
Yes - works of repair	6,745	2,911	9,657	,	Post-issue / pre allocatio				4,623	-2,911	0	-,	
Yes - works of repair	5,150	3,518	8,668		Post-issue / pre listing	3,712	,	,		,		,	
Yes - works of repair	2,450	0	2,450	-	Pre-issue £1,001 - £5,000	1,053			-,			-,	
Yes - works of repair	6,000	2,500	8,500	-	Post-issue / pre allocatio	-	-	-	-	-2,500	0	-	
Yes - works of repair	20,000	8,000	28,000		Post-issue/ pre trial	4,742				-8,000		-,	
Yes - works of repair	34,700	11,300	46,000		Trial	4,742						-,	
No	22,700	3,480	26,180		Post-issue/ pre trial	4,742				-3,480	0	-	
Yes-other injunction	14,600	6,800	21,400	_	Trial	4,742	-	-		-6,800	1,816		
No	2,234	3,309	5,543	5,543		4,742				,	756	-	
No	34,208	7,813	42,020	,		4,742		-,	8,209	-,	1,140	-,	
Yes - works of repair	10,000	2,000	12,000		Pre-issue £10,001 - £25,0					,	0	-,	
Yes-other injunction	25,000	10,000	35,000		Trial	4,742							
Yes - works of repair	10,000	0	10,000		Pre-issue £10,001 - £25,0	,	,		,			,	
Yes-other injunction	24,000	9,000	33,000	1,000		4,742	-,	,		-9,000	1,140	-,	
Yes - works of repair	7,500	0	7,500		Pre-issue £10,001 - £25,0				-,			-,	
No	24,000	9,000	33,000		Trial	4,742			-	,	,		
Yes - works of repair	8,000	0	8,000		Pre-issue £10,001 - £25,0		-		-,	0		-,	
Yes-other injunction	25,000	10,000	35,000		Post-issue/ pre trial	4,742				-10,000	0	-,	
No	40,000	20,000	60,000		Trial	4,742				-20,000	533		
Yes - works of repair	25,000	8,000	33,000	0	Post-issue/ pre trial	4,742		4,500	9,835	-8,000	0	-,	
No	6,856	2,304	9,160	3,266	Post-issue/ pre trial	4,742	5,335			-2,304	0	-,	
No	8,671	3,413	12,083	2,080	Post-issue/ pre trial	4,742	5,335	0	5,335	-3,413	0	-,	-84%
No	3,600	0	3,600		Post-issue/ pre allocatio						_	-,	
No	7,904	6,671	14,575		Post-issue/ pre trial	4,742	,		,	-6,671	0	,	
No	10,159	6,560	16,719	-	Post-issue/ pre trial	4,742	-	0	-,	-6,560	0	-,	
No	2,750	2,038	4,788	1,963	Post-issue/ pre allocatio	n 2,914	3,278	0	3,278	-2,038	0	1,240	-74%
No	6,180	4,228	10,408	3,071	Post-issue/ pre trial	4,742	5,335	0	5,335	-4,228	0	1,107	-89%
No	1,620	1,713	3,333	1,549	Post-issue/ pre listing	3,712	4,176	0	4,176	-1,713	0	2,463	-26%
No	667	0	667	649	Post-issue/ pre allocatio	n 2,914	3,278	1,000	4,278	0	0	4,278	542%
No	861	0	861	71	Pre-issue £1,001 - £5,000	1,053	1,185	424	1,609	0	0	1,609	87%

# Appendix 5 - Analysis showing the stage of the case where the fee reduction would have most impact

### Pre-Issue £1,001 - £5,000

Pre-Issue £1,001 - £5,000 Sample of 16 cases (exc Counsel costs)	
Average current fees	4,255
Average fees - FRC proposals	1,486
Reduction	2,769
% fall	65%

No matters in this category required counsel.

### Pre-Issue £5,001 - £10,000

Pre-Issue £5,001 - £10,000 Sample of 2 cases (exc Counsel costs)	
Average costs - current fees	5,381
Average costs - FRC proposals	2,718
Reduction	2,663
% fall	49%

No matters in this category required counsel.

# Pre-Issue £10,001 - £25,000

Pre-Issue £10,001 - £25,000 Sample of 4 cases (exc Counsel costs)	
Average costs - current fees	8,875
Average costs - FRC proposals	3,241
Reduction	5,634

Pre-Issue £10,001 - £25,000 Sample of 4 cases (inc Counsel costs and any advocacy fee under FRC)	
Average costs - current fees	9,375
Average costs - FRC proposals (less counsel fees paid by supplier)	2,741

63%

6,634

71%

### Post-Issue, Pre-Allocation

Reduction

% fall

% fall

Post-Issue, Pre-Allocation Sample of 18 cases (exc Counsel costs)	
Average costs - current fees	4,712
Average costs – FRC proposal	3,875
Reduction	837
% fall	18%

Post-Issue, Pre-Allocation Sample of 18 cases (inc Counsel costs and any advocacy fee under FRC)	
Average costs - current fees	6,264
Average costs - FRC proposals (less counsel fees paid by supplier)	2,324
Reduction	3,940
% fall	63%

# Post-Allocation, Pre-Listing

Post-Allocation, Pre-Listing Sample of 19 cases (exc Counsel costs)	
Average costs - current fees	7,877
Average costs - FRC proposals	6,001
Reduction	1,876
% fall	24%

Post-Allocation, Pre-Listing Sample of 19 cases (inc Counsel costs and any advocacy fee under FRC)	
Average costs - current fees	10,227
Average costs - FRC proposals (less counsel fees paid by supplier)	3,651
Reduction	6,576
% fall	64%

# Post-Listing, Pre-Trial

Post-Allocation, Pre-Listing Sample of 53 cases (exc Counsel costs)	
Average costs - current fees	12,406
Average costs - FRC proposals	6,804
Reduction	5,602
% fall	45%

Post-Allocation, Pre-Listing Sample of 53 cases (inc Counsel costs and any advocacy fee under FRC))	
Average costs - current fees	16,036
Average costs - FRC proposals (less counsel fees paid by supplier)	3,173
Reduction	12,863
% fall	80%

## Trial

Post-Allocation, Pre-Listing Sample of 19 cases (inc Counsel costs and any advocacy fee under FRC)	
Average costs - current fees	26,449
Average costs - FRC proposals (less counsel fees paid by supplier)	2,158
Reduction	24,291
% fall	92%