

## Police Station Fixed Fees Post-Implementation Review

Assessing the impact of the introduction of police station fixed fees in January 2008

September 2010



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# 1. Executive Summary

## **Background and Introduction**

- 1.1. Since January 2008 criminal defence service providers working in the police station have been paid for their work under a system of fixed fees. These fees include all payment for cases where face-to-face advice is given to clients detained in police stations, including any travel and waiting time. Disbursements such as train tickets and experts' services which are reasonably incurred are paid for separately.
- 1.2. This review assesses the effect of the introduction of the scheme by framing key questions about value for money and the impact on providers. Comparing data from two sample years, before and after the introduction of the fixed fees, the review considers whether the objectives of the scheme have been met.

## **Analysis**

- 1.3. Under the police station fixed fee scheme the average total cost of cases decreased by 2% between the sample years. However, the number of cases increased by 6% and total expenditure on police station attendance increased by £6.8m a year.
- 1.4. Average costs fell by 6% in the main urban areas including London, where the fees were designed to make savings, and expenditure remained approximately the same between the two sample years. In rural areas average cost rose by 2% and expenditure by £7.1m.
- 1.5. As fixed fees harmonised the average cost of all cases, average expenditure has changed considerably by case type. Cases that were historically more expensive, such as homicide, saw reductions in average cost and those that were less expensive, such as drug offences, saw increases in average cost.
- 6.1. However, case mix did not change under the standard fee scheme, and there were the same proportion of cases by offence type and outcome in both sample years. This indicates that clients can expect to achieve the same case outcomes following the introduction of the fixed fee scheme as they did under a system of hourly rates.
- 1.6. The time spent on cases, as measured by average reported costs, dropped significantly under the scheme. This reduction was most marked for unproductive time such as travel and waiting, but average profit costs and disbursements also reduced significantly between the two sample years. Profit costs also represented a greater proportion of total claimed costs under fixed fees than the previous system of hourly rates.
- 1.7. Providers completing cases in both sample years gained and lost income in roughly equal proportions. Although care is needed in attributing all changes

in work and caseload between the two sample years to the introduction of the fixed fees, providers that increased their income under the scheme did so by completing more cases at a lower total cost than under the hourly rates.

- 1.8. While the same caveats apply to the equalities impact analysis, providers in London with majority Black Asian and Minority Ethnic (BAME) ownership and control appear to have gained under the scheme in relation to providers with majority white British ownership and control, and in rural areas these firms also seem to have benefited on average. In the other urban areas however, providers with majority BAME ownership and control appear to have seen a reduction in average income relative to providers with majority white British ownership and control.

## **Summary and conclusions**

- 7.1. Police station fixed fees have achieved their aim of controlling increases in average case costs for police station attendance. At the same time case mix has remained stable, and the scheme has therefore met its objective to improve value for money for the taxpayer.
- 7.2. As controlling average case costs does increase the predictability of expenditure for the Legal Services Commission (LSC) and income for providers, the scheme can also be considered to have achieved its objective of increased predictability of expenditure and income.
- 7.3. The National Audit Office has undertaken an independent assessment of the scheme and has confirmed that the fixed fees saved £7.5m in the financial year 2008/09.<sup>1</sup> The police station fixed fees scheme has therefore substantially met the £8m savings target, falling short by 6%.
- 7.4. Total inputs into cases as measured by reported case costs have fallen by 24%, and the proportion of providers' time spent on unproductive tasks such as travel and waiting has fallen.
- 7.5. This indicates that providers have been able to adapt in order to benefit from the police station fixed fee scheme. By reducing the inputs required in each case while increasing the cases that they complete, providers are able to increase profitability while delivering improved value for money for the taxpayer.
- 7.6. The fixed fee scheme has therefore met its objective of allowing providers an increased opportunity to identify innovative and efficient ways of working.
- 7.7. The equalities impact assessment completed for this review shows that the concerns raised in the final regulatory impact assessment that providers with majority BAME ownership and control would see a disproportionate negative impact have not been realised.

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<sup>1</sup> National Audit Office (HC 29, 2009) *The Procurement of Criminal Legal Aid in England and Wales by the Legal Services Commission*. London: TSO (p. 20) available at: [http://www.nao.org.uk/publications/0910/procurement\\_of\\_legal\\_aid.aspx](http://www.nao.org.uk/publications/0910/procurement_of_legal_aid.aspx)

- 7.8. In London providers with majority BAME ownership and control have seen their average caseload and income from police station work increase, while in the other urban areas where the fees were also reduced to make savings the reverse is true. While the number of providers in the LSRC sample with majority BAME ownership and control in rural areas was small, these firms also appear to have benefited on average from the introduction of police station fixed fees.
- 7.9. The police station fixed fees scheme has therefore substantially met all of its objectives. However, the savings realised from the scheme are slightly lower than the target amount, and lower than the scope for savings if case volumes had not increased.
- 7.10. The reduction in reported costs under the fixed fee scheme indicates that providers have made significant efficiencies in service delivery, above the level at which the savings target for the scheme was set.
- 7.11. The Ministry of Justice (MoJ) reduced some police station fixed fees in April 2010 in order to share the benefits from these efficiencies between providers and government. MoJ are currently considering how best to organise legal aid services for the future and this report will contribute to the evidence base for that work.

## 2. Background and Introduction

- 2.1. Since January 2008 defence solicitors working in the police station under legal aid in England and Wales have been paid a fixed fee for advising clients. The police station fixed fee scheme replaced the previous system of payment at hourly rates, where solicitors were paid separately for the time they spent giving advice, travelling to and from police stations, and waiting to see their clients.
- 2.2. The police station fixed fee scheme was introduced in the General Criminal Contract (January 2008). This contract was replaced by the Unified Contract (Crime) in July 2008 which did not make any significant changes to the police station scheme. However, in April 2010 following a Ministry of Justice (MoJ) consultation on funding reforms a number of the police station fixed fees were reduced.<sup>2</sup>
- 2.3. The current 2010 Standard Crime Contract came into force on 14 July 2010, and the MoJ are currently considering options for future changes to legal aid in order to make savings and ensure that the best possible value-for-money is achieved.
- 2.4. This review assesses the impact of the police station fixed fees from a standpoint approximately 18 months after the introduction of the scheme. Drawing on data held by the Legal Services Commission (LSC), it analyses the impact of the fees on value-for-money, providers, and working practices in the period following the change from remuneration at hourly rates.
- 2.5. There have been many changes in the wider criminal justice system, in the system of legal aid contracting, and in the context and discussion of legal aid reform since the scheme was introduced. This review attempts to isolate and examine those changes that can be reliably attributed to the police station fixed fee scheme, rather than provide an overarching explanation of all the changes since their introduction.
- 2.6. Because of this we have not considered how these wider changes might interact with the effects of the police station fixed fee scheme, or how the changes have played out in this context into the medium and long-term in 2010/11.

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<sup>2</sup> The contract amendment notice which gave effect to this change and sets out the background and process used is available from [www.legalservices.gov.uk](http://www.legalservices.gov.uk) > CDS > Crime contracts > Unified Contract (Crime) July 2008

## The legal aid reform programme

- 2.7. In 2005 the government published A Fairer Deal for Legal Aid, which set out an analysis of how legal aid spending had changed since the system was established in 1949, and a vision for procuring publicly funded legal services in the future.
- 2.8. To support this work the government commissioned Lord Carter of Coles to undertake an independent review of legal aid procurement. This review considered the means by which to deliver the government's vision for legal aid and published its final report, Legal Aid: a market based approach to reform, in July 2006.<sup>3</sup>
- 2.9. The key recommendation of the Carter review was that competition should be introduced into the legal aid market, but the review also recognised that interim measures would be necessary to prepare the market for competition. One of the interim measures Lord Carter recommended was that payment for criminal defence work in the police station should be based on fixed fees, which should include travel and waiting costs.
- 2.10. Lord Carter's final report proposed a system of police station fixed fees which he recommended be introduced by April 2007, as well as changes to the way that police station work was allocated and administered.
- 2.11. Following the publication of Lord Carter's final report, the government and the Legal Services Commission (LSC) published a consultation paper on his recommendations, Legal Aid: a sustainable future. The response to this consultation was published in November 2006 and, taking account of responses to the consultation, announced that the LSC would develop and consult on a new system of police station fixed fees, different to those proposed by Lord Carter.
- 2.12. The LSC published these new proposals in the consultation paper Police Station Reforms: Boundaries, Fixed Fees and New Working Arrangements in February 2007. The main difference from Lord Carter's earlier proposals was that the fees were set at a local police station scheme level rather than the larger Criminal Justice System (CJS) areas that the Carter review had used. The response to this consultation was published in July 2007 and announced that these scheme-based fees would be implemented in October 2007.
- 2.13. Following the announcement of the implementation of legal aid reforms, including the police station fixed fees, the Law Society and the Black Solicitors' Network issued judicial review proceedings against the LSC in July 2007, opposing the reforms and the proposal to amend legal aid contracts in order to adopt them.
- 2.14. While rejecting the challenge to the substance of the reforms, the High Court did raise concerns over the LSC's power to amend legal aid contracts. In

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<sup>3</sup> Lord Carter's review of legal aid procurement at [www.legalaidprocurementreview.gov.uk](http://www.legalaidprocurementreview.gov.uk)

response to this judgement the LSC issued a new six-month contract to provide criminal defence services, rather than amend the contract that was in effect at that time. The application process for these contracts took place in October 2007 and the introduction of the police station fixed fees was delayed until they came in to force in January 2008.

- 2.15. At the same time as the new criminal contract came into effect changes were made to the process for requesting publicly funded legal advice in the police station, so that all requests had to be made through the Defence Solicitor Call Centre (DSCC). This was intended to increase efficiency and improve management information about the operation of the service. In order to ensure that this procedure was followed payment for police station work was made contingent on providers recording a DSCC reference number for a case.
- 2.16. In April 2008 the Criminal Defence Service Direct (CDS Direct) telephone advice service was expanded to cover all telephone advice for less serious cases, such as drink driving and non-imprisonable offences.<sup>4</sup> This was designed to improve the quality and consistency of this service, and to make efficiency savings. The DSCC now refers all such cases to CDS Direct rather than to solicitors, who no longer provide telephone only advice in cases that do not require attendance.
- 2.17. To replace the six month contract let in January 2008 the LSC tendered for an 18 month criminal contract that began in July 2008, and was subsequently extended by six months and ended in July 2010. As part of this contract the requirement to record travel time under police station fixed fees was removed, and some minor alterations were made to a number of the fees in order to ensure consistency.
- 2.18. In April 2010 following a Ministry of Justice (MoJ) consultation on funding reforms a number of the police station fixed fees were reduced by amending the pay rates in the contract. The current 2010 Standard Crime Contract, which replaced the extended July 2008 contract, came into force on 14 July 2010.

### **The police station fixed fees scheme**

- 2.19. The police station fixed fees remunerate providers for all work done on a case, including time spent advising the client, travelling to and from the police station, waiting, and making telephone calls. Disbursements for experts' fees, travel costs, etc. are not included in the fees and are paid separately.

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<sup>4</sup> The expanded scope of the service had been trialled in February 2008 prior to implementation

- 2.20. Police stations are grouped together into schemes for administrative reasons. Each police station scheme has a separate fixed fee, and the fees are based on the historic average cost of cases arising from each particular scheme during the financial year 2006/07.<sup>5</sup> The fixed fees were calculated to be cost-neutral against this base year in most areas however, a saving of £8m a year was sought in urban areas.
- 2.21. Fees in London were reduced to save 40% (£3.2m) of the total savings target, with the remaining 60% (£4.8m) taken from other major urban areas. These are the CJS areas of Greater Manchester, Merseyside and the West Midlands, and the local authority areas of Brighton & Hove, Bristol, Cardiff, Derby & Erewash, Kingston upon Hull, Leeds & Bradford, Leicester, Nottingham, Portsmouth, Newcastle-upon-Tyne & Sunderland (including Gateshead, North Tyneside and South Tyneside), Sheffield, and Southampton.<sup>6</sup>
- 2.22. Hourly rates for police station work remain in the criminal contract and providers record the costs incurred on each case against these rates.<sup>7</sup> If the total cost of the case at these rates exceeds the exceptional case threshold for the police station scheme then the case is designated 'exceptional' and eligible for additional payment. Exceptional cases are paid at hourly rates for any work on the case above the exceptional case threshold, in addition to the relevant fixed fee.
- 2.23. A detailed description of the operation the police station fixed fee scheme including the fees and exceptional case limits is included in the specification of the 2010 Standard Crime Contract available from the LSC website at [www.legalservices.gov.uk](http://www.legalservices.gov.uk) > CDS > Crime Contracts.
- 2.24. The Integrated Criminal Bills Assessment Manual also contains information and guidance on the police station fixed fees scheme and is available from the LSC website at [www.legalservices.gov.uk](http://www.legalservices.gov.uk) > CDS > Guidance on fees and funding

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<sup>5</sup> The fees in the LSC consultation Police Station Reforms: Boundaries, Fixed Fees and New Working Arrangements were calculated using 2005/06 data as this was the most recent year for which data was available at the time. As the implementation of the fees was delayed data for 2006/07 became available and was used to recalculate the fees for implementation

<sup>6</sup> These are the same urban areas where the magistrates' court revised standard fees were implemented in April 2007.

<sup>7</sup> As noted above, since July 2008 providers have not been required to report travel time when claiming a fixed fee. See section 5 on data collection and methodology for more information on the reporting of case cost information

### 3. Terms of reference for the post-implementation review

- 3.1. This review assesses the operation of the police station fixed fee scheme, its performance against its objectives and the actual impact that it had in the period following its implementation.

#### **Objectives**

- 3.2. The objectives of this police station fixed fees review are to:
1. Review the operation of the police station fixed fee scheme in relation to the previous system of hourly rates, and against its objectives to:
    - Improve value for money for the taxpayer by reducing the amount of money spent on unproductive time such as travelling
    - Help maintain control of average case costs
    - Improve both certainty of expenditure for the LSC and certainty of income for providers; and
    - Allow providers an increased opportunity to identify innovative and efficient ways of working.
  2. Review the savings made from the scheme against the target saving of £8m from urban areas
  3. Consider the actual impact of the policy in relation to its anticipated impact as set out in the final regulatory impact assessment, and in particular whether there has been any impact on equality

#### **Approach**

- 3.3. This review frames key questions that need to be answered in order to evaluate the operation of the police station fixed fee scheme. Some of these questions explicitly address issues identified in the consultation response and impact assessment while others have been developed as issues have been identified and defined during the course of the review. Taken together the answers to these questions are intended to allow a robust assessment of the success of the scheme.
- 3.4. The key questions section of this document sets out the questions asked, and the data collection and methodology section then describes the evidence used to answer them. Analysis of this evidence is then presented for each question, and the summary and conclusions section of this document evaluates this analysis and draws conclusions about the success of the police station fixed fees scheme against its objectives. The data section of this document contains detailed data to support the analysis in this report.

## 4. Key questions

- 4.1. The key questions posed by this review are divided into two main types, those relating to value for money considerations, and those considering the impact of the scheme on providers. While the two sets of analysis overlap, considering the overall impact of the scheme and the effect at provider level together allows a fuller picture to emerge. This is considered further in the summary and analysis section of this document.

### **Improving value-for-money**

- 4.2. The key questions about value for money examine how much is spent on police station attendance and the services that this money buys.
- Q1. How have police station expenditure and average case costs changed since the introduction of police station fixed fees?
- Q2. How have expenditure and average costs changed in the main urban areas where the fees were designed to make savings and rural areas where they were not?
- Q3. Are expenditure and average cost changes uniform across case types?
- Q4. How has case mix changed?

### **Impact on providers and working practices**

- 4.3. The key questions about the effect of the scheme on providers examine how income from police station work and the characteristics of the work undertaken has changed, and how this differs between providers.
- Q5. How have providers' incomes changed under fixed fees?
- Q6. Have providers been able to improve their efficiency under the fixed fees?
- Q7. Has there been any differential impact on providers based on any of the equality strands?

## 5. Data collection and methodology

- 5.1. This review uses management information collected by the Legal Services Commission (LSC) to assess the impact of police station fixed fees on value-for-money, providers, and working practices.

### **Police station fixed fee data**

- 5.2. Criminal defence service providers working in the police station report details of completed cases to the LSC every month using an online form called a CDS6 contract work report form. This collects details of the case including claim type (in the case of police station attendance this will be a fixed fee), offence type and case outcome, the costs of the case broken down between profit costs, travel costs, waiting costs and disbursements, the police station where the case occurred, whether the case was dealt with by a duty solicitor, and the details of the client.<sup>8</sup>
- 5.3. Data reported through the CDS6 forms is entered into the LSC's Supplier Management System (SMS), which stores the data and generates payments to providers based on their reported work.<sup>9</sup> We have extracted two years of police station attendance claims for the purposes of this review.

### **Sample years**

- 5.4. In order to allow for a 'before and after' comparison of police station work data was extracted for the financial year 2006/07 and the calendar year August 2008 to July 2009. Throughout this report we have adopted the convention of referring to these sample years as 2006/07 and 2008-09 in order to make this distinction.
- 5.5. The financial year 2006/07 was selected as the 'before' year as it is the most recent full financial year when police station work was paid under hourly rates. Data for the financial year 2006/07 was also used to calculate the police station fixed fees that were implemented in January 2008, and so provides a robust baseline against which to evaluate the operation of the police station fixed fee scheme.
- 5.6. The calendar year August 2008 to July 2009 was selected as the 'after' year. The reason for using this period instead of the financial year 2008/09 is that began in March 2008, only 3 months after the implementation of the fixed fees. Data for this financial year would therefore include a number of cases completed and paid under the previous hourly rate system (see footnote 6 above). Using a 12 month period beginning 8 months after the introduction of the scheme increases the number of fixed fee cases in the sample and so helps to ensure the comparability of the 'before' and 'after' years.

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<sup>8</sup> The CDS6 contract work report form can be accessed at [www.legalservices.gov.uk](http://www.legalservices.gov.uk) > Criminal Defence Service > Forms

<sup>9</sup> The link between reported cases and payments is mediated by the Standard Monthly Payment (SMP) system, under which providers receive a standard amount related to their average case load rather than actual reported work in that month

- 5.7. As set out in the introduction to this document, we have not repeated the analysis using more recent data from the financial year 2009/10. This is because the purpose of this review is to assess the impact that the introduction of police station fixed fees had, and wider and more recent changes to legal aid and the criminal justice system will have had their own effects on value-for-money, providers and working practices. Using data that excludes these other factors as much as possible allows for a more robust comparison of the 'before' and 'after' sample years, meaning that changes in reported data can be more reliably attributed to the introduction of police station fixed fees.

### **Note on VAT**

- 5.8. The police station fixed fees were published inclusive of VAT in January 2008, and providers were required to reported VAT inclusive costs to the LSC when claiming. In April 2008 as part of a wider change in operational processes, the fees were re-published exclusive of VAT and providers required to claim at VAT exclusive rates, and to tick a box to indicate when VAT was applicable to the claim. On 1 December 2008 the VAT level changed from 17.5% to 15%.
- 5.9. As a result of these changes there is likely to be some inconsistency in the treatment of VAT in the reported data used in this review. We have taken account of this when comparing data from different years but some internal inconsistency may remain as claims in the same year were made under different VAT regimes.
- 5.10. All figures in this report are presented inclusive of VAT at the applicable rate.

### **Police station exceptional case data**

- 5.11. As set out above all police station cases are reported on the CDS6. When the total cost of the case exceeds the exceptional case limit the case is identified by SMS as exceptional. Once exceptional cases are identified by the system, providers must submit the case file to claim additional payment. Exceptional cases are then subject to individual assessment by LSC caseworkers who authorise additional payment and record this in SMS.
- 5.12. The expenditure figures used in this report therefore include exceptional cases. However, in order to allow for a more detailed assessment of the way that the exceptional case mechanism operated we have also examined data on exceptional cases separately. Data on cases at each stage of this process has been extracted for the period January 2008 (the beginning of the scheme) to September 2009 (the end of the 2008-09 sample year).

## **LSRC equalities data**

- 5.13. The Legal Services Research Centre (LSRC) has collected equality information from providers of legal aid services through an annual questionnaire, which is published in an annual equalities report.<sup>10</sup> LSRC have undertaken analysis based on LSC management information to support the analysis of the equality implications of the police station fixed fee scheme set out in this report.

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<sup>10</sup> See the LSRC website at [www.lsrc.org.uk](http://www.lsrc.org.uk)

## 6. Analysis

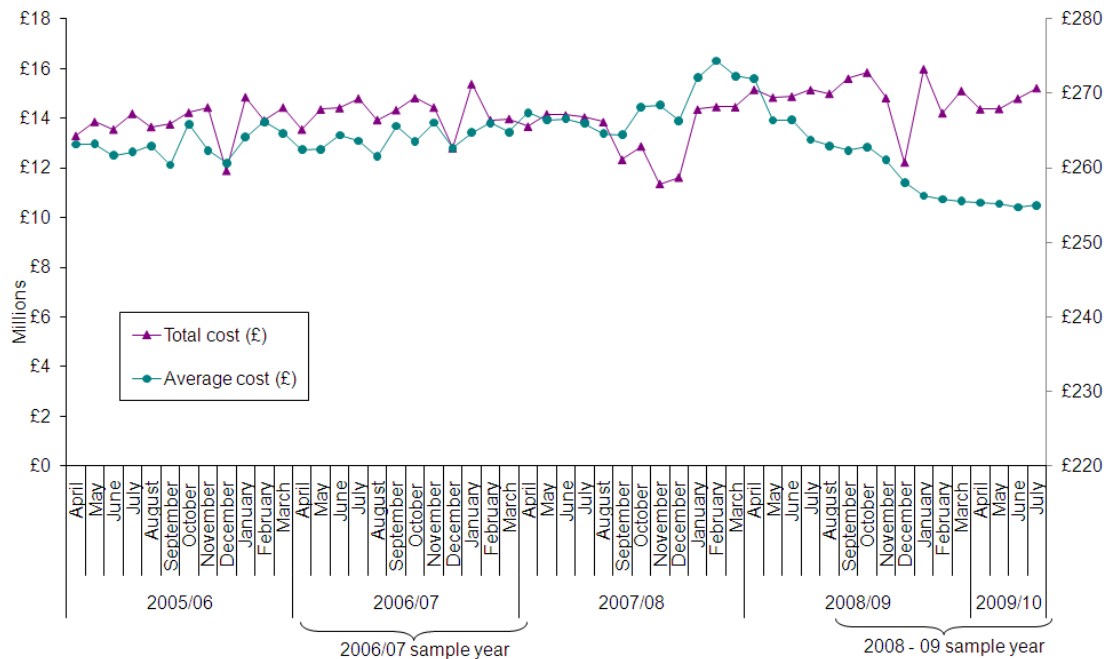
6.2. This section of the report describes and summaries the analysis undertaken to address each of the key questions identified by the review. More detailed supporting figures are contained in the data section of this report, and the results of the analysis are discussed in the summary and conclusions section which follows.

### Improving Value for Money

#### Q1. How have police station expenditure and average case costs changed since the introduction of police station fixed fees?

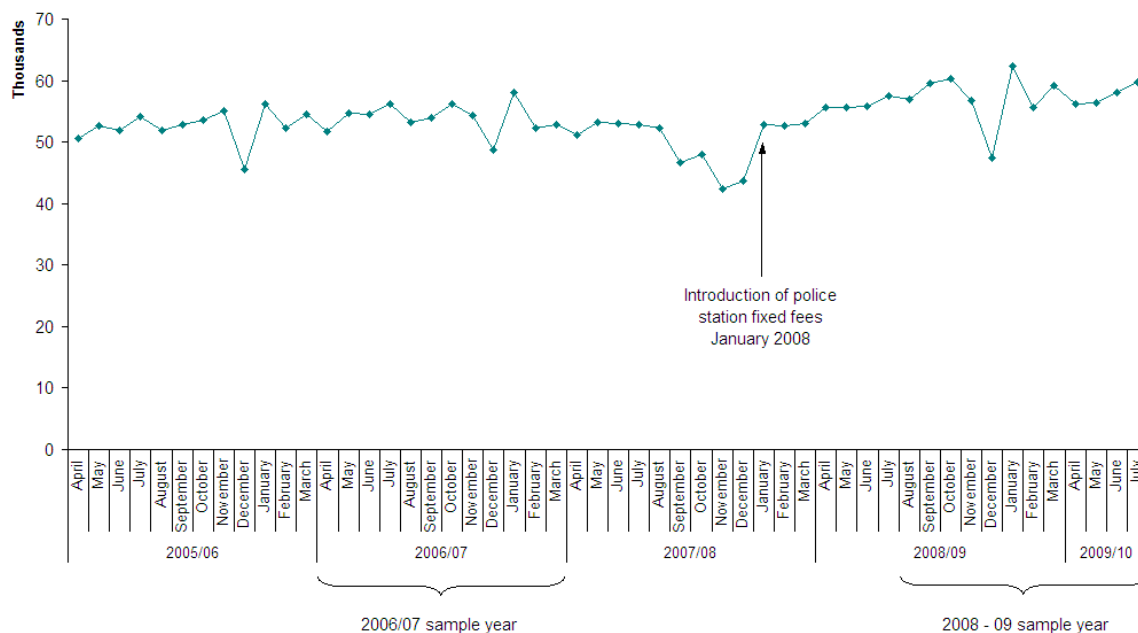
- 6.3. Total expenditure on police station attendance since 2005 has remained broadly stable, tending to increase slightly over time in cash terms, although figure 1 below shows this trend has not been uniform. Since the introduction of the police station fixed fees total expenditure has continued on this trajectory. However, average case costs have decreased under the scheme.
- 6.4. For example, in July 2008 a total of £15.1m was spent on police station attendance at an average cost of £264 a case. A year later in July 2009, when the fixed fees had been in effect for 18 months, a total of £15.2m was spent on police station attendance at an average cost of £255 a case.

Figure 1: Total police station attendance expenditure increased slightly, while average case costs have decreased since the introduction of fixed fees



- 6.5. Expenditure was also relatively stable between the two sample years, with police station attendance cases costing a total of £170.7m in 2006/07 and £177.6m in 2008-09 (a 4% rise).<sup>11</sup> The average total cost of cases fell by 2% from £264 to £258 between the two sample years.
- 6.6. Total expenditure has remained stable while average case costs have fallen because the volume of police station attendance cases has risen by 6% in total (42,000) between the two sample years.

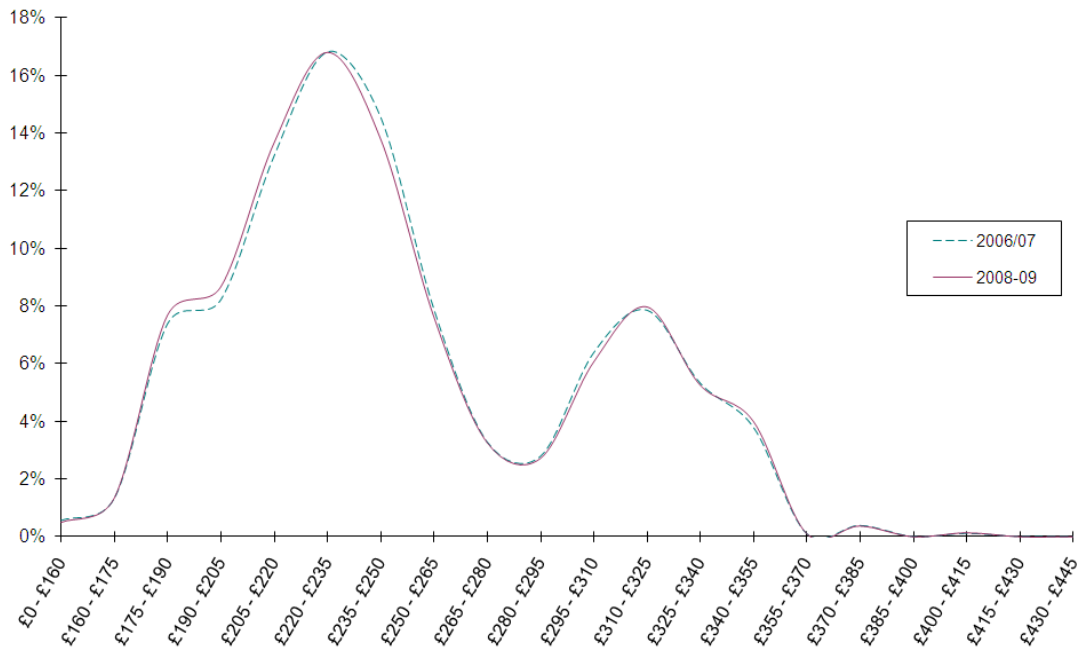
Figure 2: Police station attendance volumes have increased since the introduction of police station fixed fees



- 6.7. Average case costs are also linked to the location of cases, as the fixed fees are specific to local police station schemes. Where a greater proportion of cases occur in schemes with higher fees the average case cost will tend to increase, and where a greater proportion of cases occur in areas with lower fees the opposite will be true. However, as can be seen from figure 3 below, at a national level the distribution of police station cases across schemes has remained broadly the same, with the larger number of cases in 2008-09 being distributed across the schemes in the same way that cases were in 2006/07.
- 6.8. Data on case location is reported to the LSC by providers, and there is therefore scope for inaccurate coding of claims, which under a fixed fee system may result in incorrect fees being paid. We have contract management controls which are designed to prevent this, and will continue to develop mechanisms which ensure appropriate claiming.

<sup>11</sup> In real terms expenditure fell between the two sample years to £168.5m in 2008 –09 (a 1% fall). Real terms figures calculated using HM Treasury GDP deflator accessed at [http://www.hm-treasury.gov.uk/data\\_gdp\\_fig.htm](http://www.hm-treasury.gov.uk/data_gdp_fig.htm)

Figure 3: Proportion of cases by level of police station fee 2006/07 and 2008-09



### Exceptional cases

- 6.9. Between January 2008 and September 2009 a total of 5,066 police station cases were reported where the total costs exceeded the relevant police station exceptional case limit (less than 1% of all the police station cases reported in this period). These cases are therefore considered as exceptional and eligible for assessment for additional payment under the exceptional case mechanism. However, of these 5,066 cases only 2,397 (47%) had been submitted for assessment and had additional payments authorised.
- 6.10. A total of £1.5m was paid as fixed fees for these 5,066 exceptional cases, with an additional £1.8m being paid as exceptional amounts for those 2,397 cases that had been assessed. The total reported costs at hourly rates of all exceptional cases under the police station fixed fee scheme was £5.6m.
- 6.11. Overall therefore, exceptional cases cost £3.3m under the scheme, a £2.3m savings against the total cost of these cases at hourly rates.<sup>12</sup> The average reported cost of cases that were assessed as exceptional was £1, 050, and an average payment of £740 was made in addition to the fixed fee in these cases.

<sup>12</sup> As noted in the section on data collection and methodology, these expenditure figures are included in total expenditure as described above

- 6.12. The legal services commission continues to monitor the claiming of exceptional cases, including the significant proportion of cases where additional payment is not claimed.

**Q2. How have expenditure and average costs changed in the main urban areas where the fees were designed to make savings and in rural areas where they were not?**

- 6.13. Police station fixed fees were designed to make savings in the main urban areas,<sup>13</sup> and a large contribution to the savings from the scheme was intended to come from reductions to the fees in London, which accounts for a large proportion of the expenditure on police station advice.
- 6.14. While the total average cost of a case in London fell by £23 to £332 (a 7% drop) between the two sample years, an increase in case volumes of 9% over the same period resulted in expenditure remaining approximately the same (up by £310,000, or 1%).
- 6.15. In the other main urban areas where savings were sought average total case costs fell by £15 to £233 (a 6% drop), and expenditure remained approximately the same (down by £630,000 or 1%) between the two sample years despite a 5% rise in the number of cases over the same period.
- 6.16. In rural areas where savings were not sought average total case cost increased by 2% between the two sample years, from £240 to £245. The number of cases in these areas also rose by 13% and expenditure increased by 15%.
- 6.17. However, it is important to note that a number of cases (3%) in the 2006/07 sample year could not be matched to police station schemes and therefore defined as urban or rural.<sup>14</sup> While the number and value of these cases is small relative to police station attendance as a whole, the relative changes in volume and expenditure in rural areas identified here suggests that these unmatched cases may have occurred disproportionately in rural areas. These unmatched cases may therefore skew the urban/rural comparison between 2006/07 and 2008-09.
- 6.18. If we assume that all of the unmatched cases in 2006/07 were in rural areas, and compare this new figure with the 2008-09 sample, the increase in volume in rural areas is only 6% (in line with the increases in London and the other main urban areas). On this basis expenditure rose in rural areas by £7.1m (9%) between the sample year. Changes in average case costs in rural areas

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<sup>13</sup> See the background and introduction section of this report for a list of these areas. It is important to remember that the definition of an urban area is the list of 16 areas where magistrates' court revised standard fees were implemented in April 2007, and therefore far fewer areas are classified as 'urban' than other classification systems

<sup>14</sup> When the police station fixed fee scheme was introduced case reporting was changed so that there was a clear and validated link between police stations and the schemes where they are based. This was not in place during the sample year 2006/07 and as a result a relatively small number of cases cannot be mapped onto police station schemes.

were not affected by the inclusion of unmatched cases in the 2006/07 sample (a rise of 2% from £240 to £245).<sup>15</sup>

6.19. Overall then, in the areas where fixed fees were intended to make savings expenditure fell by £320,000 between the two sample years. Average total case costs in these areas fell by 6%, but this was offset by a 6% increase in case volumes. In rural areas, where the fees were not designed to make savings, average total case costs increased slightly by 2% and along with case volumes expenditure rose by £7.1m, accounting for the change in total national expenditure of £6.8m between the two sample years.

### **Q3. Are expenditure and average cost changes uniform across case types?**

6.20. The police station fixed fee scheme pays a single fee which applies to all case types, resulting in uniform average case costs. However, under the previous system of hourly rates (and so in the 2006/07 sample year) there were significant variations in cost by case (particularly offence) type. Because of this changes in expenditure on different case types vary, with cases that were historically more expensive being paid less and those that were cheaper being paid more.

6.21. Therefore, while total expenditure increased by £7.1m between the two sample years expenditure on homicide, sexual offences, robbery, fraud and driving offences fell in cash terms. Expenditure rose on other offence types, most notably for offences against the person, theft, public disorder offences and drug offences.

6.22. This redistribution of expenditure is also apparent from a comparison of average case costs. The average reduction in expenditure for all cases was 2%, while for homicide cases the reduction was 41%, and for sexual offences and robbery cases the reduction was 27%.

6.23. Similarly the reduction in average total cost for cases where the outcome was a charge, summons or reported for summons (9%), was higher than the average for all cases, while for some outcomes such as fixed penalty notices the average total cost increased significantly (by 29%).

6.24. The average total cost of cases dealt with by the duty solicitor dropped from £302 in 2006/07 to £268 (11%) in 2008-09, reflecting the historically higher cost of these cases.<sup>16</sup> In contrast the average total cost of cases dealt with by own solicitors rose from £240 to £251 (5%) between the two sample years, as the police station fixed fees harmonised average case costs.

6.25. The average total cost of cases where the client was a youth dropped by £13 (5%) to £253 between the two sample years, while the average total cost for a

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<sup>15</sup> This indicates that it is appropriate to treat these unmatched cases as rural as if their characteristics were significantly different from those cases matched as rural we would expect the average figures to change

<sup>16</sup> Higher hourly rates are claimable for solicitors working on duty solicitor cases

case where the client was an adult dropped by £6 (2%) to £258. This has resulted in the average total cost for youth cases falling slightly below that for adult cases in 2008-09, reversing the relationship in 2006/07.

#### **Q4. How has case mix changed?**

- 6.26. The proportion of cases by offence type did not change significantly between the two sample years. Against the background of an overall increase in case volumes the largest rises in case numbers were for drugs offences (which also saw the largest proportional change from 6% to 8% of all cases) and offences against the person.
- 6.27. The number of homicide, robbery, criminal damage and driving cases decreased between our sample years,<sup>17</sup> however as noted above the proportion of all cases that these offences make up has not changed significantly.
- 6.28. The proportion of cases by outcome code was also stable across the two sample years. The biggest changes in case mix were for cases where there were no further instructions (down from 7% to 5% of all cases) and where the outcome was charge, summons or reported for summons (up from 42% to 44%).
- 6.29. There were relatively large changes in the number of cases between the two sample years, for example, where a fixed penalty notice was issued (up by 57%) and cases where the client was not a suspect (down by 44%). However, both of these outcome codes represent a relatively small number of cases and as noted above the proportion of total cases that they represent did not change significantly between the sample years.
- 6.30. The number of cases dealt with by both the duty solicitor and own solicitors has increased, while the proportion split between them has remained stable.
- 6.31. The number of cases where the client was a youth dropped between the two sample years (by 1,700 or 5%), and the proportion of cases where the client was a youth dropped from 5.8% to 5.2%.
- 6.32. The above suggests that clients can expect to achieve the same case outcomes following the introduction of the fixed fee scheme as they did under a system of hourly rates.

#### **Impact on providers and working practices**

#### **Q5. How have providers' incomes changed under fixed fees?**

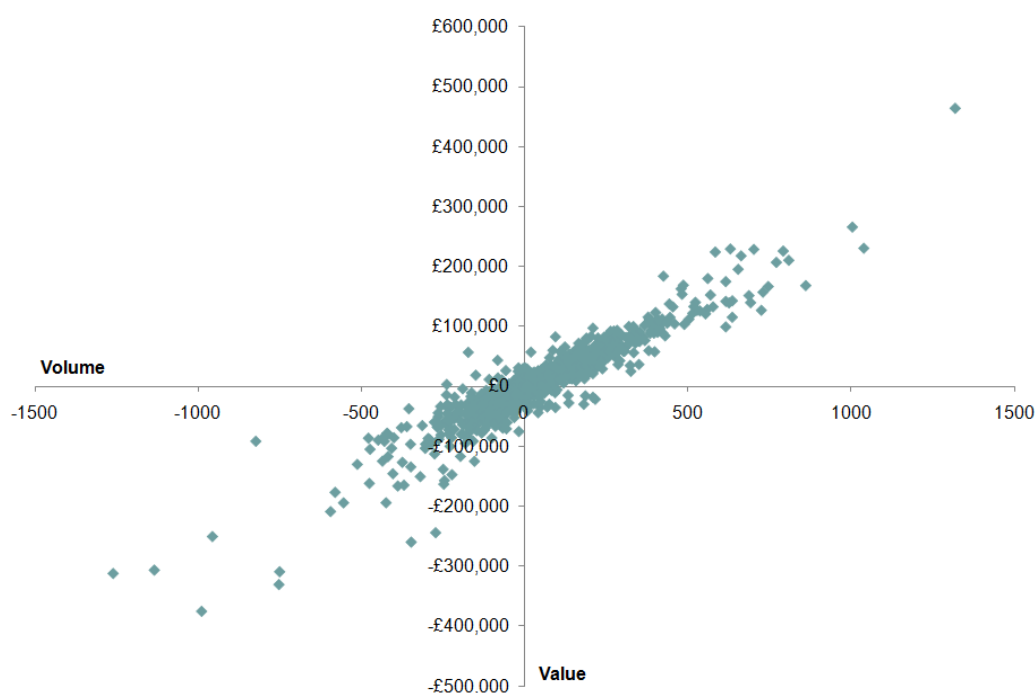
- 6.33. Providers' offices undertaking police station attendance work were paid an average of £70,000 for 265 cases in the 2006/07 sample year. In 2008-09 each office received an average of £81,000 (a 15% increase) for 314 cases (an 18% increase).
- 6.34. However, figures for average total income from police station cases are skewed by a relatively large number of providers that complete a small number of cases.

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<sup>17</sup> C.f. expenditure on these cases, noted at paragraph 6.19 above

- 6.35. Excluding smaller providers from the analysis shows that the 65% of providers that completing more than 100 cases in the 2006/07 sample year were paid an average of £102,000 for an average of 385 cases.
- 6.36. In the 2008-09 sample the 69% of providers completing more than 100 cases were paid an average of £112,000 (a 10% increase) for 433 cases (a 12% increase).
- 6.37. There were claims for police station attendance cases from 2,438 provider offices in the 2006/07 sample, and 2,196 in the 2008-09 sample. We were able to identify 1,949 office codes that were present in both samples,<sup>18</sup> and so carry out a direct comparison of how individual providers' income from police station attendance work has changed between the two sample years.
- 6.38. Those offices that were present in both samples completed an average of 321 cases in 2006/07 and 328 cases in 2008-09 (a 2% increase). They were paid an average of £79,000 for this work in 2006/07 and £84,000 in 2008-09 (a 6% increase).

Figure 4: Change in case volume and total cost for providers in both the 2006/07 and the 2008-09 samples



- 6.39. The distribution of solicitors' offices in figure 4 does not vary significantly based on whether they are in London or another main urban area, or in a rural area. However, the relationship between number of cases and income from the scheme inherent in a fixed fee is clear from the trend in the chart, with

<sup>18</sup> Some offices may be present in both samples but have been allocated a new office reference number, for example, following a merger with another firm. We have not been able to match such offices across both sample years

providers that increased the number of cases also tending to increase income from the scheme.

- 6.40. Overall, 55% of providers that were present in both samples received less payment for police station attendance in 2008-09 compared with 2006/07, and 57% completed less cases. As figure 5 below, illustrates however, there was no link between changes in average total payments for police station cases and contract size.

Figure 5: Changes in average total income per case were not linked to the number of cases completed in 2008-09



**Note:** The number of cases that providers that were present in both sample years completed in 2008-09 has been used to assign them to a contract size category in this chart.

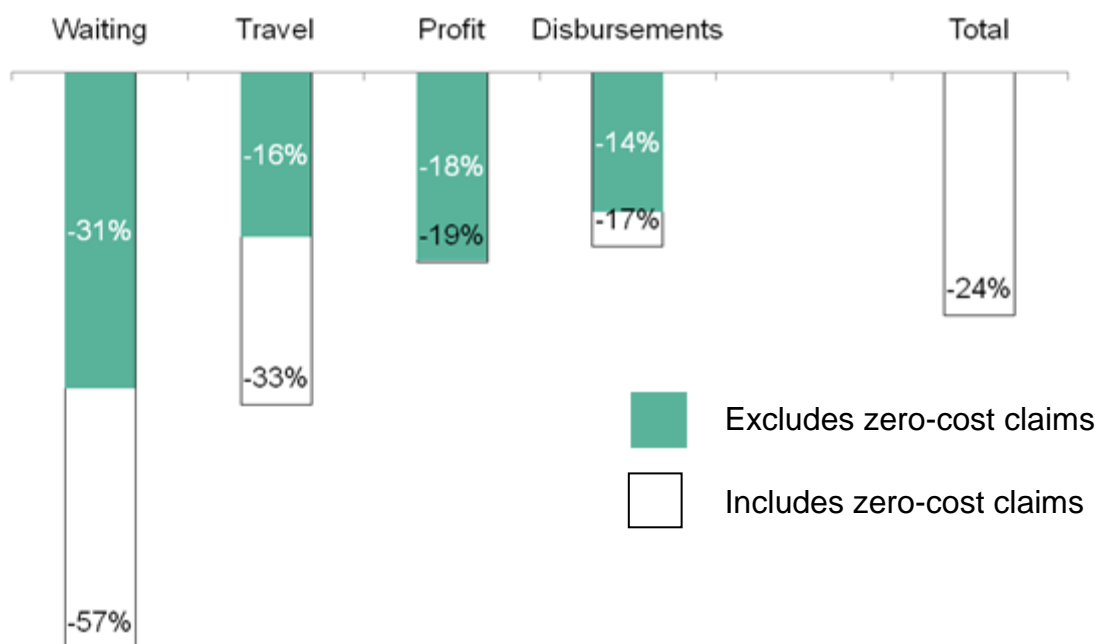
**Q6. Have providers been able to improve their efficiency under the fixed fees?**

- 6.41. In order to assess whether providers have been able to respond to the incentives and opportunities inherent in fixed fees to complete cases more efficiently, it is useful to examine the claims made for profit, travel and waiting costs as distinct from the payment made to providers (fixed fee and disbursements). While changes in reported costs might be driven by factors other than changes in efficiency, the time that providers spend working on cases as measured by the reported case costs does give a good indication of any changes in working practices and so a measure of efficiency.<sup>19</sup>

<sup>19</sup> Changes in reported costs might also be due, for example, to case characteristics changing or providers reporting time spent less diligently because there is no direct link with payment. These issues and the implications of the figures presented here are considered in more depth in the summary and recommendations section of this report

- 6.42. Figures for changes in average reported costs were influenced by the large number of cases in the 2008-09 sample with zero reported costs, especially for travel (28% of cases) and waiting (73% of cases). Therefore, we have considered both overall changes in average costs, and changes in average costs when cases with zero reported costs are excluded from both the 2006/07 and 2008-09 samples. This allows for a more robust comparison of the way that working practices (as distinct from the claiming practice of submitting a zero cost claim) may have changed.
- 6.43. Total reported costs fell by 19% between the two sample years. Average reported costs per case also fell more sharply than average expenditure per case, by 24% in total between 2006/07 and 2008-09. Waiting costs saw the biggest fall with average costs down 57%, and unsurprisingly average travel costs fell by 33%, as the requirement to report them was removed in July 2008 at the beginning of the 2008-09 sample year. Reported average profit costs (down by 19%) and disbursements (down by 17%) also reduced significantly.
- 6.44. Excluding cases with zero reported costs results in lower average reductions in reported costs however, the trend of significant reductions remains. On this basis waiting costs dropped by 31% between the sample years, and travel costs by 16%. The drop in profit costs is relatively unaffected by excluding zero cases, as there were relatively few cases where the reported profit costs were zero.

Figure 6: Reported costs have fallen sharply between the sample years, even when cases with zero costs are excluded

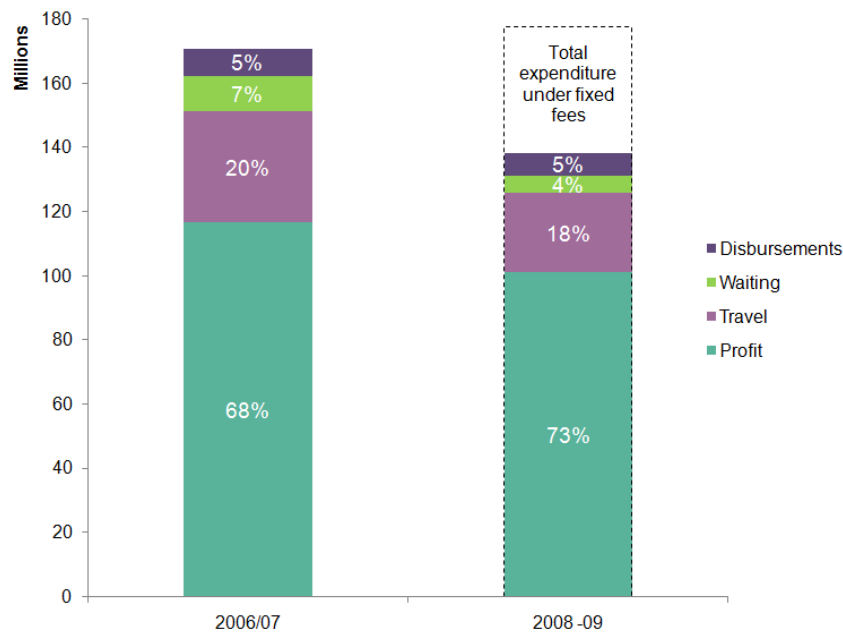


**Note:** It is not possible to show the average reported cost change for cases with non-zero claims for all four types of cost (Total on this chart). This is

because of the relatively small number of the cases in 2008-09, and the fact that the average cost profile of these cases was skewed towards more expensive cases.

- 6.45. These changes in average reported case costs were stable across all offence types and outcome codes, with the exception of conditional caution cases which saw a lower drop in average profit costs, and simple cautions and fixed penalty notices which saw a lower drop in average disbursement costs. Robbery cases also saw a larger average drop in profit costs claimed than other case types.
- 6.46. As a result of changes to reported cost the composition of claims also shifted between our sample years, with profit costs accounting for a larger proportion of the total amount claimed, while travel and waiting costs decreased relative to the total claimed.

Figure 7: Reported costs fell under fixed fees, while expenditure remained stable



**Note:** 2006/07 reported costs equal expenditure, as cases were paid at hourly rates. In 2008-09 the amount claimed was lower than the fixed fee value of the cases and 2008-09 actual expenditure is included here for comparison.

- 6.47. Changes in the composition of claims were stable across case types, with the exception of cases dealt with by the duty solicitor and cases where the client gave no further instructions, which had a lower proportion of profit costs and a higher proportion of travel costs on average than other cases.
- 6.48. In order to consider whether providers' have changed their working practices to minimise travel and waiting time we also examined the number of police

station schemes in which providers were providing advice before and after the introduction of police station fixed fees.

- 6.49. In the 2006/07 sample providers worked in an average of 10 schemes, and in the 2008-09 sample the average was also 10. However, many providers completed a small amount of work in some schemes, increasing the average figures.
- 6.50. The average number of schemes in which providers completed more than ten cases also remained stable between the two sample years (2.4 in 2006/07 compared with 2.5 in 2008-09).
- 6.51. In the single scheme that account for the largest proportion of their work, providers completed 72% of all their cases in 2006/07 and 73% in 2008-09).

**Q7. Has there been any differential impact on providers based on any of the equality strands?**

- 6.52. The final regulatory impact assessment that was published before the introduction of the police station standard fees identified a differential impact between providers that were owned and controlled by Black, Asian and Minority Ethnic (BAME) solicitors and those owned by white British solicitors. This was largely due to differences in waiting costs which the scheme sought to reduce. In order to assess whether the introduction of the scheme has had any differential impact in practice the results of the comparison of providers' 2006/07 income with 2008-09 figures has been matched against the Legal Services Research Centre (LSRC) equalities data.
- 6.53. It is important to note that this analysis compares actual total police station income across the two sample years, and so captures all changes in the market whether directly connected to the introduction of police station fixed fees or not. Care must be therefore be taken in attributing any changes specifically to the fee scheme rather than any other changes in the Criminal Justice System etc.
- 6.54. This analysis shows that in London, where there are the largest number of providers with BAME ownership and control, these providers have on average maintained their income from the police station scheme (up by £167 on average), while on average firms with majority white British ownership and control have seen a reduction in income (down £5,427 on average). In average percentage terms providers with majority white British ownership and control saw a 1.3% reduction in income and those with majority BAME ownership and control a 30% increase.
- 6.55. In London both providers with majority BAME and white British ownership and control saw similar average increases in case volumes (25 and 28) although the average percentage increase in case volumes was significantly higher for providers with majority BAME ownership and control (40% compared with 7% for providers with majority white British ownership and control).

- 6.56. In urban areas outside London however, the position was reversed in average income terms. Providers with majority BAME ownership and control saw a reduction of £5,159 in average income compared with an increase of £2,071 on average for providers with majority white British ownership and control. In average percentage terms however both majority BAME and white British owned and controlled providers saw increases in income (15% and 9% respectively, although the median percentage changes were -4% and -12% respectively, indicating that outliers affect the average figures).<sup>20</sup>
- 6.57. In urban areas other than London both providers with majority BAME and white British ownership and control saw similar average percentage increases in case volumes (19% and 21% respectively), although the increase in the number of cases completed on average by firms with majority BAME ownership and control was 15 compared to 25 for firms with majority white British ownership and control.
- 6.58. In rural areas both providers with majority BAME and white British ownership and control saw similar average percentage increases in income (46% and 38% respectively) however, providers with majority white British ownership and control saw larger average cash income increases (£9,286 compared to £980 for providers with majority BAME ownership and control).
- 6.59. In rural areas providers with majority BAME ownership and control completed on average 6 cases more in 2008-09 than in 2006/07, with an average percentage increase of 43%, compared with an average increase in the number of cases completed of 30 for providers with majority white British ownership and control that had an average percentage increase of 28% of cases.

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<sup>20</sup> These figures are averages of the individual impact figures for each provider. Large percentage increases for some firms have resulted in positive percentage impact figures, which are outweighed in the cash comparison by the large reductions in income experienced by others.

## 7. Summary and conclusions

- 7.12. Police station fixed fees achieved their aim of controlling increases in average case costs for police station attendance. In particular, average case costs reduced in the main urban areas where the fees were designed to make savings.
- 7.13. However, this constraint of average case cost increases was accompanied by an increase in the number of cases claimed. This increase in cases offset the reduction in average costs, resulting in an overall increase in expenditure of £7.1m between the sample years examined in this review.
- 7.14. If average case costs had declined but volumes had not risen between the two years police station attendance expenditure would have been £10.7m lower than actual expenditure in the sample year 2008-09.
- 7.15. However, in order to identify the financial impacts that are directly attributable to the fixed fee scheme it is important to consider its impact independently of the other factors that influence police station expenditure. The National Audit Office (NAO) have undertaken just such an independent assessment, and has confirmed that the fixed fees saved £7.5m in the financial year 2008/09.<sup>21</sup>
- 7.16. Therefore the police station fixed fees scheme can be seen to have substantially met the £8m savings target, falling short by 6%.
- 7.17. While controlling average case costs does increase the predictability of expenditure for the LSC and income for providers, the number of cases is also a major factor. However, the police station fixed fee scheme can be considered to have achieved its objective of increased predictability of expenditure and income, particularly as controlling case volumes was outside the scope of the scheme.
- 7.18. There are also clear indications that value for money has increased under the scheme. While average case costs have declined over the same period case mix has remained stable, with providers continuing to provide advice on the full range of offences and to achieve the same range of outcomes for clients.
- 7.19. The stability of case mix between the sample years therefore provides reassurance that any provider behaviour change has not been to the detriment of access to advice for clients, who can expect to achieve the same case outcomes following the introduction of the fixed fee scheme as they did under a system of hourly rates.
- 7.20. While there has been a reduction in the numbers of some serious offences such as homicide and related grave offences (down 12%) this reflects wider

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<sup>21</sup> National Audit Office (HC 29, 2009) *The Procurement of Criminal Legal Aid in England and Wales by the Legal Services Commission*. London: TSO (p. 20) available at: [http://www.nao.org.uk/publications/0910/procurement\\_of\\_legal\\_aid.aspx](http://www.nao.org.uk/publications/0910/procurement_of_legal_aid.aspx)

trends in the number of offences with homicide offences reducing by 17% between 2007/08 and 2008/09.<sup>22</sup>

- 7.21. The police station fixed fee scheme has therefore met its objective to improve value for money for the taxpayer.
- 7.22. The amount of money spent on unproductive time such as traveling and waiting has also fallen, making up 22% of reported costs in the sample year 2008-09 compared to 27% in 2006/07.
- 7.23. Overall, total inputs into cases as measured by reported case costs have fallen by 24%, and this reduction indicates that providers have also been able to adapt in order to benefit from the police station fixed fee scheme.
- 7.24. While a reduction in reported costs is to be expected with the changed incentives associated with a move from payments for outputs rather than inputs, we are confident that the scale of the reduction reflects a genuine change in provider behaviour and working practices.
- 7.25. While care is needed when attributing changes in providers' income and caseload over the two sample years to the fixed fees alone, it is clear that many providers have increased their income under the fixed fees.
- 7.26. Providers that have benefited from the fixed fees have done so by completing more police station cases while being paid a lower average cost than under the previous system of hourly rates. By reducing the inputs required in each case while increasing the cases that they complete, providers are able to increase profitability while delivering improved value for money for the taxpayer.
- 7.27. The fixed fee scheme has therefore met its objective of allowing providers an increased opportunity to identify innovative and efficient ways of working.
- 7.28. The equalities impact assessment completed for this review is based on the analysis of changes in providers' income, and so subject to the same caveats that make attributing all changes directly to the introduction of fixed fees problematic. However, it seems clear that the concerns raised in the final regulatory impact assessment that providers with majority BAME ownership and control would see a disproportionate negative impact have not been realised.
- 7.29. In London providers with majority BAME ownership and control have seen their average caseload and income from police station work increase, while in the other urban areas where the fees were reduced to make savings the reverse is true. While the number of providers in the LSRC sample with majority BAME ownership and control in rural areas was small, these firms also appear to have benefited on average from the introduction of police station fixed fees.

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<sup>22</sup>Home office statistical bulletin: Crime in England and Wales 2008/09 accessed at: <http://www.homeoffice.gov.uk/rds/pdfs09/hosb1109vol1.pdf>

- 7.30. The police station fixed fees scheme has therefore substantially met all of its objectives. However, the savings realised from the scheme were slightly lower than the target amount, and lower than the scope for savings if case volumes had not increased.
- 7.31. The reduction in reported costs under the fixed fee scheme indicates that providers have made significant efficiencies in service delivery, above the level at which the savings target for the scheme was set.
- 7.32. In April 2010 the MoJ reduced the police station fixed fees in some areas in order to share the benefits of these efficiencies between providers and government.
- 7.33. MoJ are currently considering how best to organise legal aid services for the future, in order to ensure that they remain sustainable in the context of continued pressure on public spending. The findings of this review of the impact of police station fixed fees will add to the evidence base for this work.

## 8. Data

- 8.1. This section of the report contains in more detail the data used in this review, and is intended to support readers in considering the analysis and recommendations set out in this report.

Figure A: Monthly police station attendance volume and cost, April 2005 – July 2009

Year	Month	Volume	Average cost (£)	Total cost (£)
2005/06	April	50,500	263	13,295,000
	May	52,700	263	13,864,000
	June	51,800	262	13,556,000
	July	54,100	262	14,190,000
	August	52,000	263	13,662,000
	September	52,900	260	13,763,000
	October	53,500	266	14,233,000
	November	55,000	263	14,442,000
	December	45,600	261	11,891,000
	January	56,200	264	14,853,000
	February	52,300	266	13,912,000
	March	54,600	264	14,437,000
Year total		631,200	263	166,099,000
2006/07	April	51,700	262	13,555,000
	May	54,700	263	14,359,000
	June	54,500	264	14,414,000
	July	56,100	264	14,800,000
	August	53,300	262	13,938,000
	September	54,000	265	14,333,000
	October	56,200	264	14,814,000
	November	54,300	266	14,439,000
	December	48,700	263	12,800,000
	January	58,100	265	15,380,000
	February	52,400	266	13,927,000
	March	52,800	265	13,982,000
Year total		646,700	264	170,741,000

Continued overleaf

Figure A: Monthly police station attendance volume and cost, April 2005 – July 2009

Year	Month	Volume	Average cost (£)	Total cost (£)
2007/08	April	51,100	268	13,673,000
	May	53,200	266	14,169,000
	June	53,000	267	14,125,000
	July	52,800	266	14,041,000
	August	52,400	264	13,853,000
	September	46,600	265	12,331,000
	October	48,000	268	12,870,000
	November	42,300	269	11,360,000
	December	43,600	267	11,624,000
	January	52,800	272	14,355,000
	February	52,700	274	14,457,000
	March	53,100	272	14,456,000
	Year total		601,500	268
2008/09	April	55,700	272	15,151,000
	May	55,700	266	14,839,000
	June	55,800	267	14,880,000
	July	57,400	264	15,141,000
	August	57,000	263	14,994,000
	September	59,500	262	15,601,000
	October	60,300	263	15,849,000
	November	56,800	261	14,819,000
	December	47,400	258	12,229,000
	January	62,400	256	15,980,000
	February	55,600	256	14,214,000
	March	59,100	256	15,105,000
	Year total		682,600	262
2009/10	April	56,300	255	14,368,000
	May	56,400	255	14,384,000
	June	58,100	255	14,796,000
	July	59,700	255	15,216,000
Year total (to end of 2008-09 sample)		230,400	255	58,764,000

**Note:** The Legal Services Commission (LSC) Supplier Management System (SMS) encountered several technical issues in November 2007. This was due in part to submissions or lines of information being rejected and a number of other issues around the reporting of cases. Consequently some submissions from the financial year 2006/07 may have been reported into the subsequent financial year 2007/08, making comparisons of total expenditure in financial years problematic.

Figure B: Total and average case costs 2006/07 and 2008-09

<b>Total expenditure</b>	<b>2006/07</b>	<b>2008-09</b>	<b>Change</b>	<b>%</b>
Total cost	£170,741,000	£177,554,000	£6,812,000	4%
Volume of cases	646,700	688,400	41,700	6%
Profit costs	£116,531,000	£100,951,000	-£15,580,000	-13%
Disbursements	£8,328,000	£7,353,000	-£975,000	-12%
Travel costs	£34,758,000	£24,928,000	-£9,830,000	-28%
Waiting costs	£11,125,000	£5,145,000	-£5,980,000	-54%
<b>Total reported costs</b>	<b>£170,741,000</b>	<b>£138,377,000</b>	<b>-£32,365,000</b>	<b>-19%</b>

<b>Average costs</b>	<b>2006/07</b>	<b>2008-09</b>	<b>Change</b>	<b>%</b>
Total cost	£264	£258	-£6	-2%
Profit costs	£180	£147	-£34	-19%
Disbursements	£13	£11	-£2	-17%
Travel costs	£54	£36	-£18	-33%
Waiting costs	£17	£7	-£10	-57%
<b>Total reported costs</b>	<b>£264</b>	<b>£201</b>	<b>-£63</b>	<b>-24%</b>

Figure C: Police station attendance total cost volume and average cost, by London urban and rural schemes

	Schemes	Total cost			Volume of cases			Average case cost		
		2006/07	2008 - 09	Change	2006/07	2008 - 09	Change	2006/07	2008 - 09	Change
<b>London</b>	32	£42,545,000	£42,856,000	£311,000	118,600	129,100	10,500	£359	£332	£27
<b>Urban</b>	44	£46,901,000	£46,270,000	£631,000	189,200	198,600	9,300	£248	£233	£15
<b>Rural</b>	169	£76,665,000	£88,425,000	£11,760,000	319,800	360,700	40,900	£240	£245	£5
<b>Unmatched*</b>	-	£4,630,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>245</b>	<b>£170,741,000</b>	<b>£177,554,000</b>	<b>£6,812,000</b>	<b>646,700</b>	<b>688,400</b>	<b>41,700</b>	<b>£264</b>	<b>£258</b>	<b>£6</b>

\* please see the note at paragraphs 6.14 and 6.15 for a discussion of how to interpret the unmatched figures and their impact on the savings.

Figure D: Case mix and average cost by offence code 2006/07 and 2008 – 09

Offence type	Case volume		% cases		Average total cost		
	2006/07	2008 - 09	2006/07	2008 - 09	2006/07	2008 - 09	Change
Offences against the person	179,800	192,600	28%	28%	£257	£256	-£1
Homicide and related grave offences	6,400	5,700	1%	1%	£621	£367	-£254
Sexual offences	29,200	29,600	5%	4%	£364	£265	-£99
Robbery	29,200	26,600	5%	4%	£372	£270	-£102
Burglary	54,700	58,800	8%	9%	£259	£248	-£12
Criminal damage	47,100	45,600	7%	7%	£220	£249	£28
Theft	115,200	121,400	18%	18%	£232	£253	£21
Fraud and forgery	27,300	28,900	4%	4%	£322	£285	-£37
Public order offences	48,300	52,900	7%	8%	£234	£253	£19
Drug offences	39,200	52,300	6%	8%	£277	£262	-£15
Driving and motor vehicle offences	31,900	27,300	5%	4%	£228	£254	£27
Other offences	38,500	41,500	6%	6%	£251	£262	£11
Terrorism	0	200	0%	0%	-	-	-
Anti-social behaviour orders	0	2,000	0%	0%	-	-	-
Sexual offender orders	0	500	0%	0%	-	-	-
Other prescribed proceedings	0	2,400	0%	0%	-	-	-
<b>Total</b>	<b>646,700</b>	<b>688,400</b>			<b>£264</b>	<b>£258</b>	<b>-£6</b>

Figure E: Case mix and average cost by outcome code 2006/07 and 2008 – 09

Outcome code	Case volume		% cases		Average total cost		
	2006/07	2008 - 09	2006/07	2008 - 09	2006/07	2008 - 09	Change
No further instructions	45,600	37,100	7%	5%	£246	£266	£20
Change of solicitor	21,500	19,000	3%	3%	£255	£260	£5
Client not a suspect	2,100	1,200	0%	0%	£245	£243	-£2
No further action	236,800	259,200	37%	38%	£254	£256	£1
Simple caution, reprimand, warning	59,300	61,700	9%	9%	£233	£259	£26
Charge, summons or reported for summons	273,300	301,400	42%	44%	£284	£259	-£25
Conditional caution	1,800	2,500	0%	0%	£239	£259	£20
Fixed penalty notice	3,600	5,600	1%	1%	£198	£255	£57
Invalid code	2,900	700	0%	0%	£300	£234	-£66
<b>Total</b>	<b>646,700</b>	<b>688,400</b>			<b>£264</b>	<b>£258</b>	<b>-£6</b>

Figure F: Average reported case costs by offence type 2006/07 and 2008-09

Offence type	Average costs 2006/07			Average costs 2008-09			Change		
	Profit	Travel	Waiting	Profit	Travel	Waiting	Profit	Travel	Waiting
Offences against the person	£175	£54	£16	£145	£37	£7	-17%	-32%	-56%
Homicide and related grave offences	£444	£99	£44	£365	£77	£27	-18%	-22%	-38%
Sexual offences	£264	£64	£20	£217	£45	£9	-18%	-30%	-52%
Robbery	£246	£76	£33	£180	£43	£13	-27%	-44%	-62%
Burglary	£181	£49	£16	£143	£31	£7	-21%	-37%	-56%
Criminal damage	£149	£47	£13	£126	£32	£6	-16%	-31%	-57%
Theft	£156	£49	£15	£127	£32	£7	-19%	-34%	-56%
Fraud and forgery	£215	£68	£24	£180	£46	£10	-16%	-32%	-56%
Public order offences	£161	£47	£14	£133	£32	£6	-18%	-31%	-56%
Drug offences	£188	£57	£19	£148	£37	£8	-21%	-36%	-59%
Driving and motor vehicle offences	£152	£50	£14	£129	£37	£6	-15%	-26%	-57%
Other offences	£171	£50	£17	£143	£37	£7	-17%	-27%	-58%
Terrorism	-	-	-	£872	£223	£108	-	-	-
Anti-social behaviour orders	-	-	-	£111	£25	£4	-	-	-
Sexual offender orders	-	-	-	£161	£40	£9	-	-	-
Other prescribed proceedings	-	-	-	£161	£40	£9	-	-	-
<b>Total</b>	<b>£180</b>	<b>£54</b>	<b>£17</b>	<b>£147</b>	<b>£36</b>	<b>£7</b>	<b>-19%</b>	<b>-33%</b>	<b>-57%</b>

**Note:** New offence codes for Terrorism, Anti-social behaviour orders, Sexual offender orders and Other prescribed proceedings were introduced in April 2007. Figures for these cases are therefore not available for 2006/07.

Figure G: Average reported case costs by outcome code 2006/07 and 2008-09

Outcome	Average costs 2006/07			Average costs 2008-09			Change		
	Profit	Travel	Waiting	Profit	Travel	Waiting	Profit	Travel	Waiting
No further instructions received from client	£160	£56	£18	£136	£38	£8	-15%	-32%	-53%
Change of solicitor	£175	£53	£17	£142	£35	£7	-19%	-33%	-55%
Client not a suspect/defendant on a criminal charge	£172	£51	£10	£127	£32	£4	-26%	-37%	-60%
No further action to be taken	£174	£52	£16	£144	£35	£7	-17%	-33%	-55%
Client released following reprimand / warning / caution	£157	£53	£14	£133	£39	£7	-15%	-26%	-52%
Client charged with / summoned for a criminal offence	£195	£55	£19	£154	£37	£8	-21%	-33%	-58%
Client released following conditional caution	£160	£53	£16	£154	£35	£5	-4%	-33%	-68%
Client released following issue of Fixed penalty notice	£133	£46	£10	£112	£34	£5	-16%	-26%	-55%
<b>Total</b>	<b>£180</b>	<b>£54</b>	<b>£17</b>	<b>£147</b>	<b>£36</b>	<b>£7</b>	<b>-19%</b>	<b>-33%</b>	<b>-57%</b>

## Equalities statistics

### London

Figure H: Average case volume and value change by ethnicity of ownership and control  
2006/07 to 2008-09

Ethnicity	Matched offices	% offices	Change 2009/07 to 2008-09			
			Average cases	% cases	Average value	% Value
White British	96	42%	27.49	7.41	-5426.74	-1.3
BAME	104	45%	24.69	39.59	166.63	29.53
Split	30	13%	-2.17	19.61	-12870.8	9.22

Figure I: Average case volume and value change by gender of ownership and control  
2006/07 to 2008-09

Gender	Matched offices	% offices	Change 2009/07 to 2008-09			
			Average cases	% cases	Average value	% Value
Male	151	65%	45.87	35.39	5014.89	27.4
Female	46	20%	6.74	2.25	-9053.15	-6.83
Split	34	15%	-54.15	20.39	-34120.28	5.45

Figure J: Average case volume and value change by number of ill/disabled managers 2006/07  
to 2008-09

Ill/disabled	Matched offices	% offices	Change 2009/07 to 2008-09			
			Average cases	% cases	Average value	% Value
No managers	231	99%	21.12	26.19	-4182.35	16.71
1 or more	3	1%	154	75.06	44076.69	82.33

## Urban areas

Figure K: Average case volume and value change by ethnicity of ownership and control  
2006/07 to 2008-09

Ethnicity	Matched offices	% offices	Change 2009/07 to 2008-09			
			Average cases	% cases	Average value	% Value
White British	314	83%	25.32	21.09	2071.25	15.39
BAME	49	13%	14.78	18.86	-5158.95	4.62
Split	16	4%	53.75	16.66	5299.23	2.91

Figure L: Average case volume and value change by gender of ownership and control 2006/07  
to 2008-09

Gender	Matched offices	% offices	Change 2009/07 to 2008-09			
			Average cases	% cases	Average value	% Value
Male	283	75%	29.71	24.77	2284.76	17.4
Female	43	11%	3.91	-1.05	-3468.43	-7.67
Split	52	14%	20.06	15.91	243.8	9.89

Figure M: Average case volume and value change by number of ill/disabled managers  
2006/07 to 2008-09

Ill/disabled	Matched offices	% offices	Change 2009/07 to 2008-09			
			Average cases	% cases	Average value	% Value
No managers	363	95%	25.59	21.28	1543	14.15
1 or more	18	5%	14.94	2.94	-4428.54	-3.71

## Rural areas

Figure N: Average case volume and value change by ethnicity of ownership and control  
2006/07 to 2008-09

Ethnicity	Matched offices	% offices	Change 2009/07 to 2008-09			
			Average cases	% cases	Average value	% Value
White British	644	92%	30	27.67	9285.28	37.94
BAME	30	4%	5.9	42.74	980.84	45.65
Split	25	4%	106.2	64.71	29596.61	82.6

Figure O: Average case volume and value change by gender of ownership and control  
2006/07 to 2008-09

Gender	Matched offices	% offices	Change 2009/07 to 2008-09			
			Average cases	% cases	Average value	% Value
Male	516	74%	36.84	27.64	10714.37	36.76
Female	76	11%	36.84	54.23	9677.16	57.95
Split	107	15%	2.45	20.21	4337.53	29.02

Figure P: Average case volume and value change by number of ill/disabled managers 2006/07  
to 2008-09

Ill/disabled	Matched offices	% offices	Change 2009/07 to 2008-09			
			Average cases	% cases	Average value	% Value
No managers	672	96%	30.2	29.95	9401.77	40.33
1 or more	31	4%	58.48	28.69	14041.73	36.06

## 9. Glossary

### **Cases**

For the purposes of this review a case is defined as a matter or investigation in respect of which a police station attendance is required, irrespective of how many attendances are required. A case includes all of the work undertaken on a matter. A case is therefore equivalent to a single police station fixed fee.

### **Claims**

A claim to the LSC for contract work may not cover the entire case, and so a case may generate more than one claim. The amount actually paid for a claim may be offset by previous transactions on the case.

### **Duty solicitor**

All police station schemes are covered at all times by a duty solicitor service. Clients can request advice from the solicitor who is on duty at the time and solicitors engaged in this way are known as 'duty solicitors'.

### **Own solicitor**

Clients detained at the police station may request advice from the solicitor on duty at the time (see duty solicitor). However, if a client prefers to receive advice from another solicitor or provider working in the area they can request them by name. Solicitors engaged on this basis are known as clients' 'own solicitors'.

### **Office**

Organisations providing criminal defence services inform the LSC of the number and location of their offices, from which they will be providing the service. Each office is assigned a unique code by the LSC and work completed from each office is generally reported separately.

### **Profit costs**

Time spent by providers working on a client's case, such as case preparation, writing letters and time spent giving face-to-face advice is reported as profit costs. For the avoidance of doubt, these costs represent revenue, not profit, for service providers.

### **Provider**

A provider is an organisation that delivers criminal defence services.

### **Travel costs**

Time spent travelling to and from the police station is reported to the LSC at an hourly rate to give travel costs.

### **Waiting costs**

Providers working in the police station may have to wait to see their clients, for interviews to take place etc. This time is reported to the LSC at an hourly rate to give waiting costs.

### **Disbursements**

Disbursements are costs incurred by a provider in the course of working on a case, such as train tickets or mileage, or experts' services procured on behalf of the client such as medical reports, forensic evidence analysis etc. These are reimbursed by the LSC according to rules set out in the criminal contract.

### **Total costs**

Total cost is the amount paid to providers and includes payment for work done on a case, disbursements and VAT.

## 10. Bibliography of LSC and Government publications

(Note: This bibliography is arranged in chronological order)

Department for Constitutional Affairs (Cm 6591, 2005) *A Fairer Deal for Legal Aid*. London: TSO

Lord Carter's Review of Legal Aid Procurement (2006) *Legal Aid: A market-based approach to reform*

Legal Services Commission & Department for Constitutional Affairs (2006) *Legal Aid: a sustainable future*

Legal Services Commission & Department for Constitutional Affairs (Cm 6993, 2006) *Legal Aid Reform: the Way Ahead*. London: TSO

Legal Services Commission (2006) *Market Stability Measures: A Consultation Paper*

Legal Services Commission (2007) *Police Station Reforms: Boundaries, Fixed Fees and New Working Arrangements: A consultation paper*

Legal Services Commission (2007) *Market Stability Measures – amendments to proposals for the allocation of Duty Solicitor Slots: A Consultation Paper*

Legal Services Commission (2007) *Police Station Reforms: Boundaries, Fixed Fees and New Working Arrangements: Consultation response*

Legal Services Commission (2007) *Duty Solicitor Slot Allocation from October 2007 (Police Station and Magistrates' Court Rotas: A Consultation Paper*

Ministry of Justice (CP 18/08, 2009) *Legal Aid: Funding Reforms*

Many of the documents listed above, as well as the current 2010 Standard Crime Contract, which contains detailed guidance on the police station fixed fees, can be accessed on the Legal Services Commission website at [www.legalservices.gov.uk](http://www.legalservices.gov.uk)

## 11. Further Information

As set out in the introduction to this document both the 2010 Standard Crime Contract and the Integrated Criminal Bills Assessment Manual contain detailed descriptions of the police station fixed fee scheme and can be accessed at [www.legalservices.gov.uk](http://www.legalservices.gov.uk) > CDS

For further information on this report and the Police Station Fixed Fees Post-Implementation Review, please contact:

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