

Final Regulatory Impact Assessment: Family and Family Mediation Fee Schemes

INDEX

❖ Introduction	Page 2
❖ Purpose and intended effect	Page 2
❖ Consultation	Page 7
❖ Analysis of options	Page 10
❖ Financial impacts of Care Proceedings Scheme	Page 16
❖ Financial impacts of Family Help	Page 18
❖ Financial impacts of Mediation Fee Scheme	Page 20
❖ Equity and fairness	Page 21
❖ Impact on clients	Page 28
❖ Impact on provider groups	Page 34
❖ Impact on staff employed by legal aid providers	Page 41
❖ Additional impact tests and assessment	Page 42
❖ Monitoring, review and recommendation	Page 43
Appendix A: Care Proceedings Scheme Further Impact Analysis	Page 47
Appendix B: Family Help Further Impact Analysis	Page 54

1. Introduction

1.1 This document provides a final regulatory impact assessment (“RIA”) further to the consultation paper, *Legal Aid Reform: Family and Family Mediation Fee Schemes*, for proposals to be implemented from 1st October 2007 as follows:

- Care Proceedings Graduated Fee Scheme
- Family Help - Private Fee Scheme
- Family Mediation Fee Scheme
- Amendments to the Funding Code to create a new ‘Family Help’ integrated level of service and support introduction of the family fee schemes above

1.2 RIAs for the remainder of the changes to civil and family fees to be implemented from 1st October 2007, as set out in *Legal Aid Reform: the Way Ahead* are published in separate documents as follows:

- Tailored Fixed Fee (“TFF”) Replacement Scheme: final RIA published December 2006, available from the LSC website www.legalservices.gov.uk
- Immigration and Asylum graduated fees scheme: final RIA published early March 2007, available from the LSC website www.legalservices.gov.uk
- Mental Health fee scheme: final RIA published June 2007.

1.3 Although the RIAs consider the impact of proposals on a scheme-by-scheme basis, we will also publish an analysis of the “whole provider” impact showing the cumulative impacts of all civil and family proposals on providers of legal aid services as soon as possible.

2. Title of Proposal

2.1 The proposals are contained in the document: *Family and Family Mediation Fee Schemes from October 2007* this follows on from the re-consultation: *Legal Aid Reform: Family and Family Mediation Fee Schemes*

3. Purpose and Intended Effect

3.1 Objectives

Legal Aid Reform: the Way Ahead

3.1.1 The proposals are intended to create:

- A more open and responsive market, with risks shared between provider and purchaser;

- incentives for swift conclusions and minimal costs to other parties; and
- a diverse and competitive market of lawyers and others offering quality publicly funded advice and advocacy services.

Additional objectives of the family fee schemes and Funding Code changes

3.1.2 The LSC vision for family legal aid, as set out in our Family Strategy, is:

- To ensure our clients have access to quality services which meet their needs
- To work with providers who provide quality, value for money and client focused services
- To deliver a sustainable scheme within the budget available demonstrate positive outcomes for clients and real value to Government in terms of effective financial control and improved value for money.

3.1.3 In addition we need:

- Schemes that are effective in preparing the market for best-value tendering without pre-empting it. We need to move towards structures that pay the same amount for the kind of work undertaken regardless of who undertakes it, while leaving the detailed decisions about what kind of assistance it is appropriate and cost-effective to provide, and when to provide it, to individual providers.
- To allow us to live within our budget.
- To devolve as many decisions as possible to the providers about what work is appropriate to be undertaken for clients, but we need to ensure that the most critical work is always done and is always financially viable.
- To encourage the growth of family mediation, incentivise high rates of conversion from assessment meetings to mediations, allow for appropriate assessment/diagnosis of client need and reward the reaching of agreed proposals that are embodied in written agreements.
- To take a more holistic approach to the provision of family legal services by combining Legal Help, Help with Mediation and General Family Help in order to encourage early and amicable dispute resolution and reduce incentives to resort to court litigation.

3.2 Background

- 3.2.1 *A Fairer Deal for Legal Aid*¹, published in July 2005, set out the Government's long-term strategy for legal aid. The paper highlighted a number of areas in which the current system needs to be modernised. The paper identified the need to rebalance spending between civil and criminal legal aid, as well as various problems with the current system. A critical element of the strategy was a detailed examination of the way the Government purchases legal aid services. To this end, *A Fairer Deal* announced that Lord Carter of Coles would be commissioned to conduct an independent review into legal aid procurement. Lord Carter's remit was to deliver a system that would achieve maximum value for money, whilst ensuring quality and the fairness of the justice system.
- 3.2.2 Lord Carter published his final report on 13 July 2006, recommending a move towards competition to reward good quality, efficient practitioners by providing them with the opportunity to grow through access to increased volumes of work.² The then DCA and LSC simultaneously published a joint consultation paper, *Legal aid: a sustainable future*, proposing the introduction of fixed fees as a transitional step to enable providers to prepare for future competition³. Consultation ran until 12th October 2006.
- 3.2.3 On 28 November 2006 the DCA and LSC published an analysis of responses to *Legal aid: a sustainable future*, together with a paper setting out next steps (*Legal Aid Reform: the Way Ahead*). This included the final Tailored Fixed Fee (TFF) Replacement Scheme and detailed future intentions around other schemes due for implementation in October: a re-consultation on family fees and plans for publication of revised final mental health and immigration fee schemes.
- 3.2.4 On 1 March 2007 the LSC and DCA published a strategy for family legal aid, *Making Legal Rights a Reality for Children and Families*, along with two further consultation papers, one on family fee schemes and the other on changes to the Funding Code. Subsequent to this consultation on family fees: *Legal Aid Reform: Family and Family Mediation Fee Schemes* a formal response to the consultation, including the final family fee schemes has been produced by the LSC in the document: *Family and Family Mediation Fee Schemes from October 2007*. This RIA accompanies the final family fee schemes contained in that document.

¹ Department for Constitutional Affairs, *A Fairer Deal for Legal Aid* (2005)

² Lord Carter of Coles, *Legal Aid: A market-based approach to reform* (2006)

³ Department for Constitutional Affairs and Legal Services Commission, *Legal Aid: a sustainable future* (2006)

3.3 Rationale for Government Reform

General

- 3.3.1 The general rationale for reforming the legal aid system has been set out in the previous papers listed above. Key drivers include the need to improve quality of advice and representation for clients, to maintain a sustainable, effective and efficient provider base, to improve value for money for the taxpayer and to contain legal aid spending within a finite budget.
- 3.3.2 The Government has concluded that it is essential to move towards a competitive market as soon as practicable, so that the market can determine the best price of providing services. It has also concluded that fixed fees provide the best way to manage the transitional period, both to prime the market and stabilise spending.
- 3.3.3 The specific changes considered within this impact assessment represent the first step towards achieving the Government's objectives. Taking a staged approach to implementation will give providers more opportunity to improve efficiency and restructure their businesses to take advantage of the opportunities that competition will offer, and will ensure sustainability both in the transitional period and in the long term.

3.4 Rationale for fees changes

Family and Family Mediation Fee Schemes

- 3.4.1 The LSC intends to apply national fees for all providers (both solicitor and NfP) wherever possible. The rationale for setting national, rather than regional fees is as follows:
- It is our view that appropriate local prices will be best set by competition. Existing differentials do not necessarily reflect a best value price. For example we would expect prices in some high cost areas where there are many providers to reduce after competition; this could include providers moving from other lower cost areas.
 - Current price differentials between London/non London or indeed between other regions cannot, under an hourly rates system, be said to reflect different overheads for providers in different parts of the country. This is because the differentials in cost per case are largely a feature of the length of time the provider spends on the case.
 - The distribution of case costs within regions tends to be almost as wide as the distribution between regions. In other words, there are very cheap and very expensive providers in every region, but the proportions vary.

- 3.4.2 We therefore propose to introduce national fees for initial advice in family cases (Levels 1 and 2 in Family Help and Care Proceedings) and national standard fees in family mediation cases.
- 3.4.3 A national fee is the starting point but we have reviewed each level of the family scheme to determine what the impact on supply might be. Whilst we do not want to maintain the current price differentials in the longer term, it is important that we maintain enough supply to provide sustainable access during the transition to competition.
- 3.4.4 In family, the impact of setting national fees at the legal representation level (i.e. beyond initial advice) could in our view, have an unacceptable effect on access in the short term because of the current profile of supply. Family firms would tend to be heavily reliant on their income from legal representation. Increasing a caseload to make up for any losses will also require more resource for firms than at the Legal Help level – and will be more difficult to do because of lower demand and eligibility.
- 3.4.5 We are therefore proposing that the fees at Level 3 (legal representation) should be based on four geographic regions merging the boundaries of existing LSC offices. This reduces the amount of variation of costs compared to a national fee. In addition to this, there is less deviation within the supra regional distributions than there is in many equivalent regional distributions. The supra regions are:
- Southern: incorporating London, Brighton, Reading and Bristol
 - Midlands: incorporating Birmingham, Nottingham and Cambridge
 - Northern: incorporating Newcastle, Leeds, Liverpool and Manchester
 - Wales
- 3.4.6 In public law, this produces an acceptable distribution of providers who would potentially increase or decrease their legal aid income across all regions, including London.
- 3.4.7 The difference of average costs between London and non-London, and the variation of costs within London is however much greater in private than in public family law. Therefore in order to ensure that we maintain a reasonable balance of supply, in addition to the national fee at Level 2, we have increased fees for London providers at Level 2 by 16% in private family cases. We consider this as a transitional measure to maintain supply; we do not consider the current high price of London cases as necessarily justifiable –we would expect London prices to come down either through competition or because of our drive to ensure that cases settle at an early stage.
- 3.4.8 The fees proposed help ensure that legal aid remains financially viable for a majority of providers and cases. It will also help the LSC to

become more operationally efficient, and will contribute to achieving savings to administrative costs for providers and the LSC.

4. Consultation

4.1 Publication of the final family fee schemes follows the six week re-consultation on the family fee schemes contained in *Legal Aid Reform: Family and Family Mediation Fee Schemes*, which also included proposals for a new family mediation fees scheme and changes to the Funding Code.

4.1.2 The initial proposals for a Care Proceedings Graduated Fee Scheme and Family Help - Private Scheme were contained in the consultation paper: *Legal aid: a sustainable future*, published jointly by the then DCA and LSC on 13 July 2006, with consultation running until 12 October 2006.

4.1.3 As part of this initial consultation, the Minister responsible for Legal Aid, Vera Baird, met approximately 1,000 solicitors, barristers, and other legal aid practitioners through over 25 face-to-face meetings across 11 different cities to encourage practitioners to take part in the consultation process, and to listen to their views. In addition, the LSC held fourteen information events for providers of legal aid services across England and Wales during the consultation. These were divided into civil and crime events. Senior managers at the LSC also met with stakeholder representative bodies, and individual providers to discuss the proposals.

4.1.4 The DCA and LSC received 2,372 written responses to the *Legal aid: a sustainable future* consultation, the highest response on record at the LSC for a consultation exercise. 1,441 responded to the sections on family fees.

4.1.5 The family fee schemes proposed in *Legal Aid Reform: Family and Family Mediation Fee Schemes* were informed by feedback received on the previous consultation and from discussions with practitioners and representative bodies. Proposals for revised mediation fees were discussed in some detail with representative bodies prior to the publication of the six week consultation *Legal Aid Reform: Family and Family Mediation Fee Schemes*. 187 responses were received to this consultation.

4.2 Impact of Consultation

4.2.1 The LSC carefully considered all responses to both consultation papers published, as a result of which we accepted that some changes to the detail of the proposals were necessary. A full analysis of the issues raised on the most recent consultation is contained in the paper

Analysis of consultation responses: Family and Family Mediation Fee Schemes, available on our website. (www.legalservices.gov.uk)

4.2.2 Our response to that consultation including details of the final family and mediation fee schemes, is set out in *Family and Family Mediation Fee Schemes from October 2007*, which can be accessed via the LSC Website. A summary of how we have amended the schemes in response to concerns raised in the most recent consultation exercise is set out below:

Care Proceedings Scheme	
Concern	Revision to proposals
Proposal to pay half the fee where there is a transfer of solicitor will deter providers from taking on clients who have transferred.	Where a client transfers solicitor, if the costs on the case are at or exceed the standard fee the full standard fee will be payable. If costs are below the standard fee half the fee will be payable. If costs reach the exceptional limit they will be paid on hourly rates.
Concern that proposal to pay providers half the fee where a client drops out of a case during Level 3 or joins a case part way through proceedings will place too great a financial risk on providers and deter them from taking on such clients.	Where clients drop out of a case during Level 3 or join care proceedings part way through the process the full fee will be payable.

Family Help – private	
Concern	Revision to proposals
Divorce fee too low and does not take into account complexities such as foreign elements.	Divorce fee increased. Exceptional cases will be permitted in divorce only cases where costs reach three times the fee or more.
Child abduction cases should be excluded from the scheme given they will almost always be exceptional.	Child abduction cases will be excluded from the scheme at Level 2.
Inclusion of counsel costs in the fee will have a detrimental impact on junior barristers in particular, and create additional work for solicitors through the need to negotiate fees with counsel.	We think it more appropriate to take more time to make a final decision on proposed private Level 3 fees. As we are not announcing our final approach at this stage, Level 3 fees will not be implemented from October 2007. We will consult on proposals around the final hearing, covering solicitor and counsel's fees later this year. Our firm intention remains to move towards a system that would pay the same amount for the same work –whether or not a solicitor or counsel carried it out.
Proposal to pay half the fee where there is a transfer of solicitor will deter providers from taking on clients who have transferred.	As we will only be introducing Controlled Work Levels 1 and 2 in October 2007, the full fee will be payable where a client transfers solicitor.
Level 3a finance fee does not properly reflect the work involved in preparing for the Financial Dispute Resolution hearing.	Level 3 will not be introduced in October 2007.
Level 3 children should commence at the	Level 3 will not be introduced in October

issue of proceedings to reflect court practice and enable providers to go on record.	2007, but the end of Level 2 children will be brought forward to the point before issue of proceedings. Where proceedings are issued it will be covered by a certificate under Family Help (Higher).
Mediation referral point in children cases too late – once adversarial step of issue of proceedings has taken place will mean mediation is less likely to be successful.	Redefining the end point for Level 2 children cases means that mediation must now be considered prior to the issue of proceedings.
Concern, primarily from mediators, that Help with Mediation no longer exempt from statutory charge.	Amendment to application of statutory charge at Level 2 – where a case ends at Level 2 and is not exceptional the charge will not apply.

Mediation	
Concern	Revision to proposals
The current funding arrangements for direct consultation with children are inappropriate.	The fee for Child Only multi session cases has been increased to reflect additional work that may be carried out in consulting directly with children.

4.2.3 The revised fee schemes are set out at 6.5, 6.6. and 6.7.

4.3 Regulatory Impact Assessments

4.3.1 The LSC also received comments on the draft RIA published as part of the *Legal Aid Reform: Family and Family Mediation Fee Schemes* consultation. One of the most common concerns expressed was that the data used to calculate the financial impact on providers was flawed and that no consideration had been given to the subsequent impact on access to legal aid. The data used to calculate both the fees and their impacts is based on data reported by providers. This RIA will examine the financial impact on providers. In devising the proposals we have aimed for a sufficient proportion of providers' income to increase nationally to help ensure access to advice. For those providers whose income is likely to decrease under the schemes, we will also look at the proportions by which it will decrease as an indication of whether it would be viable for them to continue this work. We do not anticipate widespread issues around access to advice as a result of these fee schemes, but where issues do arise, we intend to hold bid rounds to ensure sufficient provision. We recognise that the whole civil reform impacts will also be important in determining sufficient future supply and aim to publish this data soon after all final civil and family fee schemes have been published.

4.3.2 Concerns about the impact on the schemes for providers in particular regions were also raised and this RIA will examine these issues. In discussions around the schemes, Resolution asked that the RIA examine the impact on providers in more detail, analysing areas such as legal aid income and bid zones. We have not included an analysis

of impacts by bid zone in this document but recognise that this detail will be required to help inform any future bid rounds.

- 4.3.3 The Family Law Bar Association (FLBA) voiced particular concerns that the draft RIA did not fully consider the impact on the Bar – this RIA will examine the impact on counsel as far as possible. However, as we are not implementing Level 3 in October and as such counsel will continue to be paid under Family Graduated Fees (FGFs), we do not expect this stage of the private family scheme implementation to have a significant impact.
- 4.3.4 Although the draft RIA did not show a significant difference in the impact on majority BME owned firms as compared to majority white owned firms, one respondent felt that the concerns of BME providers had not been fully acknowledged. This RIA will examine the impact on majority BME owned firms, BME fee earners and BME clients.
- 4.3.5 In response to the mediation fee proposals, there was concern about the potential adverse impact on NfP providers and some respondents felt that there had been insufficient distinction in the draft RIA between the impact on for profit and NfP providers. In response to this concern, this RIA will consider the financial impacts of the mediation fee scheme split by for profit and NfP providers.

5. Options

5.1 The following options are possible:

Option 1: Do nothing

Option 2: Delay making any further changes to the schemes until we are in a position to move straight to competition

Option 3: A phased approach using the introduction of graduated fees, alignment of fee structures for family mediation, and amendments to the Funding Code to pave the way for future competition.

6. Sectors Affected – Costs, Disbenefits, Risks and Benefits

6.1 Sectors and Groups

- Client users of legal aid funded services
- Providers of legal aid funded services
- Employees of providers of legal aid funded services
- Counsel

- Experts
- The LSC and Ministry of Justice
- Partners in the wider justice system, for example HMCS, other funders of legal services such as local authorities
- Suppliers of software systems to legal aid providers
- Costs draftsmen

6.2 Analysis of Costs and Disbenefits, Risks and Benefits

Option 1: Do nothing

6.2.1 Costs, disbenefits and risks:

- The main costs, disbenefits and risk of doing nothing would be failure to control increases in legal aid expenditure.
- The cost of family legal aid has risen disproportionately to the increases in volumes since 2002/03. Spending on public law childcare cases has risen the most, with increases in counsel's fees, disbursements and solicitors' costs all above inflation.
- Between 2004/05 and 2005/06 the volume of Special Children Act cases rose by 6.5% and the cost of these cases rose by 21.6%. Over the same period the volume of private law cases rose by only 1.9% compared to a cost increase of 7.4%.
- Such increases are not sustainable, and we must control further growth in the expenditure on family cases.
- Paying NfPs and solicitor providers on a different basis for what should be the same services should not continue. The alignment of fees for mediation work is supported by the recommendations of the NAO in its Report *Legal aid and mediation for people involved in family breakdown*.
- There will be no, or lower incentives for providers to improve their efficiency and prepare for competition.
- If current increases in average costs per case are not controlled through fixed fees then the only alternative within budget would be to make direct cuts in services to clients.
- The LSC would not be able to become more operationally efficient, or achieve the savings to administrative costs associated with fixed fees.

6.2.2 Benefits:

- There would be no transition costs.
- Providers are already familiar with the current schemes for solicitors and NfPs

6.2.3 Given that the disbenefits of this approach outweigh the benefits, this option is not recommended.

Option 2: Delay making any further changes to the scheme until we are in a position to move straight to competition

6.2.4 Costs, disbenefits and risks:

- We could delay implementation of fees schemes and Funding Code changes until we are able to set prices for services through competition. However, if current increases in average costs per case are not controlled through fixed fees then the only alternative within budget would be to make direct cuts in services to clients.
- There will be no, or lower incentives for providers to improve their efficiency and prepare for competition.

6.2.5 Benefits:

- Transition costs would be deferred
- Providers are already familiar with the current schemes for solicitors and NfPs.

6.2.6 We have a clear mandate to control future cost increases, and this approach does not achieve this in the short to medium term. The impact of this approach would hit clients most heavily given that we could be forced to remove services currently within scope in order to achieve budget stability. We also consider that the risks involved in moving straight to tendering, without the preparation of fixed fees, are too great. Therefore, this option is not recommended

Option 3: Phased approach to implementation

6.2.7 Costs, disbenefits and risks:

- The combined administrative cost to the LSC of the remaining work to introduce all the civil and family fee schemes from 1st October 2007 is estimated to be £750k.
- The financial impact on providers of the schemes will vary depending on the types of work undertaken and current average

costs. A headline analysis of the financial impacts on providers is set out at 6.3 below. The impact on different types of providers is considered in the section on Equity and Fairness.

- A key risk for the LSC and clients of a procurement system based on fixed fees and ultimately competition is that quality of service and outcomes of some cases may be adversely affected by some providers seeking to maximise profits. The LSC will manage this risk by requiring providers to meet quality standards, by monitoring a range of key performance indicators and by taking action where necessary, including terminating contracts.
- A system of fixed fees also requires providers to take a more active approach to managing cases, to ensure that overall amounts paid reflect work done even though individual cases may cost more or less to complete. The LSC will promote effective risk sharing through the operation of escape mechanisms such as remuneration by hourly rates in exceptional cases.

6.2.8 Benefits:

- Graduated fee schemes for all providers will be fairer, more consistent, simpler to administer and understand, and will provide greater certainty and predictability in funding and payment for the LSC and providers.
- The scheme will allow providers to innovate to improve the efficiency with which they provide their services, thereby increasing their ability to profit from civil legal aid work and enabling them to prepare for future competition to ensure a sustainable future.
- The move to fixed fees will allow more clients to be helped – by providing a purchasing mechanism that encourages this and by restricting cost increases per case which have to be funded within a fixed budget.
- Moving to graduated fees will also help the LSC to become more operationally efficient, and will contribute to achieving savings to administrative costs for providers and the LSC.
- The scheme will improve risk sharing between the LSC and providers.

6.2.9 This option is recommended because it will better prepare the provider base for future competition and the focus on outputs will enable us to achieve value for money and help more clients. Whilst risks around quality exist with this option, we intend to manage this through provider profiling and in tandem with the preferred supplier scheme.

6.3 Option 3: Headline analysis of impact on sectors and groups identified

6.3.1 The LSC has a statutory duty to fund legal advice services throughout England and Wales. As such our key consideration when assessing the impact of the schemes has to be around ensuring access to these services and that priority legal needs are met. This means that of all those groups identified at section 6.1, the emphasis of this RIA will be on the impact of the schemes on clients, particularly specific groups in line with equality legislation, and service providers. However, this section sets out headline impacts on other sectors and groups affected by the proposals.

Counsel

6.3.2 We anticipate that the impact of both the Care Proceedings and Family Help – Private schemes on counsel will be neutral given that we are not, at this stage, implementing any changes to how counsel are currently paid for this work, apart from at Level 2 private family where counsel would only be used in a small number of cases.

Experts

6.3.3 It is anticipated that as disbursements will be paid separately outside of the schemes, there will be a neutral impact on experts.

LSC and Ministry of Justice

6.3.4 A legal aid impact test is included at section 11 of this document. In terms of administrative impacts it is anticipated that the schemes will result in some simplification of processes for LSC staff and will contribute to future savings in administrative spend, recommended by Lord Carter's Review.

Partners in wider justice system

6.3.5 HMCS will be affected by the proposals in that a number of public law family cases that presently go to the court for taxation will now be covered by a standard fee and as such will not require court assessment. In public family work the reduction of cases within the scope of the scheme, based on 2005/06 data, is estimated to be from 12,772 cases assessed by the courts to 3,737 cases. However, this is only an indicator given that it assumes historical behaviour will continue under the new fee scheme. Whilst this will therefore result in some loss in revenue, it will free up judicial resource to undertake greater priority work. We are discussing these impacts with HMCS.

6.3.6 The Family Justice Council has expressed some concern that the schemes will result in a reduction in firms undertaking family legal aid work, which it argued in care proceedings cases will result in increased

problems around conflict of interest and more unrepresented clients causing delays to the courts. One of our key concerns in assessing the impacts of the schemes is that there is sufficient access to legal aid services. Section 6.4 of this document focuses on the financial impact on service providers. Whilst a minority of firms might withdraw from legal aid work as a result of fixed fee schemes, a majority of providers are likely to gain financially from the schemes and some will take on more cases to help ensure adequate supply. Where this assumption is not realised, bid rounds will be held to ensure that access to services is maintained.

Software providers

6.3.7 The new family fee schemes will require amendments to provider software. Discussions have taken place with software vendors around the extent of these amendments and timescales for their implementation, and will continue following the publication of final fee schemes.

Costs draftsmen

6.3.8 The move to fixed fees is likely to have an adverse impact on costs draftsmen given that fewer cases will require detailed bills to be drawn up. However, the decision not to implement proposals around family private proceedings work (Level 3) in October 2007 will mean the cost draftsmen will not be as significantly affected in the short term. In the Care Proceedings Scheme, provision for exceptional cases means a number of cases will escape fixed fees and be paid on hourly rates as at present. Whilst in order to secure increased control of the civil legal aid budget we intend to bring further family work within a fixed fee regime in the future, currently, all private family Certificated Work and a proportion of public law children work remains outside the scope of the scheme.

6.4 Option 3: Financial impact on service providers

6.4.1 The financial impact on providers of the family and mediation fees schemes will vary depending on the types of work undertaken and current average costs. It is important that providers consider the new schemes on the basis of what they will receive as a whole organisation, across all categories of work. We aim to publish information on whole civil reform impacts soon after all final civil and family fee schemes have been published. Graduated fees should be seen as a tool for encouraging efficiency, and this means looking at providers' overall caseload, instead of how the fee applies in any one particular case.

6.4.2 However, any comparisons need to be treated with caution as they assume that providers will spend exactly the same amount of time on cases as they did in the past, and that they will conduct exactly the same number and type of cases. Changes to these assumptions would

impact on the assessment. It may, for example, be open to providers to increase the numbers of cases undertaken, which would increase their legal aid income overall. Equally some providers may make efficiency savings in a fixed fee environment.

6.4.3 Additionally, we acknowledge that fees are based on 2005/06 data and that there will have been changes in 2006/07. The LSC will as part of its assessments as to where bid rounds need to be run look at the affects of those changes.

6.5 Care Proceedings Scheme

6.5.1 Total Fund spend in 2005/06 for care proceedings work was £204m, with 2,391 organisations billing cases.

6.5.2 The fees have been calculated to be cost neutral overall based on 2005/06 expenditure within our parameters of plus or minus 2.5%.

6.5.3 Half of the funding for Level 2 is additional money introduced on the basis that in the future this will result in a reduction in the number of cases heard at court, or a narrowing of issues, which reduces costs.

6.5.4 A proportion of costs have been removed for the calculations as advocacy costs, which will continue to be remunerated under hourly rates until the introduction of a family litigator fee scheme. The proportions for each party type are shown in the following table.

Party	% of Costs Removed for Advocacy
Child	32.02
Parent	21.95
Joined Party	24.85

6.5.5 Exceptional cases are those that cost three times the fee or more for levels 1 and 2, and two times the fee or more for level 3. The costs of these cases have also been removed for calculations.

Fees

Level 1 – Initial advice

National (excluding VAT)
£144

Level 2 – Negotiation

National (excluding VAT)
£347

Levels 3 - Full Representation (Excluding VAT)

Party	Court	No. of Clients	Midlands	North	South	Wales
Child	Other	1	£2,405	£1,972	£2,761	£2,695
Child	Other	2+	£3,608	£2,958	£4,142	£4,043
Child	High	1	£3,199	£2,623	£3,672	£3,584
Child	High	2+	£4,799	£3,935	£5,508	£5,376
Joined Party	Other		£1,276	£986	£1,482	£1,606
Joined Party	High		£1,697	£1,311	£1,971	£2,136
Parent	Other	1	£3,156	£2,621	£3,589	£3,250
Parent	Other	2	£3,945	£3,276	£4,486	£4,063
Parent	High	1	£4,197	£3,486	£4,773	£4,323
Parent	High	2	£5,246	£4,358	£5,966	£5,404

6.5.6 Financial impact by region is set out below. In this and in the subsequent tables, if providers undertook the same work on the same cases, as in 2005/06, they would have seen these changes in income.

Region	Current No of Providers	% of Providers Whose Income Would Increase	% of Providers Whose Income Would Decrease	Current Volume of Cases	% of Cases Conducted by Providers Whose Income Would Increase	% of Cases Conducted by Providers Whose Income Would Decrease
BIRMINGHAM	274	64.60%	35.40%	3608	66.38%	33.62%
BRIGHTON	173	61.85%	38.15%	1874	61.42%	38.58%
BRISTOL	304	56.91%	43.09%	3147	61.11%	38.89%
CAMBRIDGE	266	60.15%	39.85%	3305	54.92%	45.08%
CARDIFF	246	61.38%	38.62%	2759	59.88%	40.12%
LEEDS	263	65.40%	34.60%	4344	71.34%	28.66%
LIVERPOOL	73	71.23%	28.77%	1037	70.20%	29.80%
LONDON	337	53.12%	46.88%	5033	48.02%	51.98%
MANCHESTER	345	56.52%	43.48%	3939	43.77%	56.23%
NEWCASTLE	205	77.56%	22.44%	3411	81.38%	18.62%
NOTTINGHAM	212	57.08%	42.92%	2827	60.95%	39.05%
READING	164	68.29%	31.71%	1618	79.54%	20.46%
Total	2862	61.43%	38.57%	36902	61.49%	38.51%

6.5.7 61% of providers overall would increase their income under the scheme. There are no regions in which a majority of providers' incomes would decrease.

6.5.8 In Manchester though, only 44% of cases are dealt with by providers whose income would increase and in London, 48%. However, an analysis of the proportion of cases undertaken by providers shows that two thirds of cases in Manchester and three quarters in London are the responsibility of providers whose income is expected to either increase or decrease by less than 5%. Therefore, the level of reduction in income for many of those providers in these two regions whose income

would not increase, based on 2005/06 behaviour, is small and indicates no significantly detrimental impact on cases.

6.5.9 Further analysis of the impacts of the Care Proceedings fee scheme can be found at Appendix A. This includes a detailed analysis of the proportion by which providers income would increase or decrease by region, and a comparison of the proportion of cases undertaken against the proportion by which providers income would increase or decrease.

6.6 Family Help Scheme

6.6.1 The fees have been calculated based on the complete range of costs that include Level 3 and "Level 4" (final hearing) which will not be implemented, until 2008.

6.6.2 The fees have been calculated to be cost neutral when all the fees have been implemented, based on 2005/06 expenditure. The cases starting before Levels 3 and 4 of the scheme are introduced will operate under standard fees for Controlled Work and hourly rates for Certificated Work.

6.6.3 The scheme blends previous Legal Help and General Family Help boundaries and the Level 2 payments have been calculated using budget from both funds.

6.6.4 Exceptional cases are those that cost three times the fee or more for levels 1 and 2 combined. The costs of these cases have also been removed for calculations.

6.6.5 A number of issues occurred when attempting to model the impacts of Levels 1 and 2 only, these are documented in Appendix B alongside an explanation of the methodology used to deal with these issues. This means that the impacts have had to be calculated in a different way to the other schemes.

Fees

Level 1 – Initial advice

National (excluding VAT)
£94

Divorce - Petitioner

National (excluding VAT)
£159

Level 2 – Children (Excluding VAT)

	Fee	Settlement Fee
London	£256	£153
Non – London	£221	£132

Level 2 – Finance (Excluding VAT)

	Fee	Settlement Fee[^]
London	£268	£161
Non - London	£231	£139

* Claimable in addition to the Level 2 fee

The regional provider impacts are set out below:

Region	Current No of Providers	% of Providers Whose Income Would Increase	% of Providers Whose Income Would Decrease	Current Volume of Cases	% of Cases Conducted by Providers Whose Income Would Increase	% of Cases Conducted by Providers Whose Income Would Decrease
BIRMINGHAM	245	58.37%	41.63%	23925	76.60%	23.40%
BRIGHTON	157	53.50%	46.50%	11427	74.19%	25.81%
BRISTOL	320	54.38%	45.63%	22840	65.87%	34.13%
CAMBRIDGE	252	57.94%	42.06%	22141	68.15%	31.85%
CARDIFF	255	53.73%	46.27%	17067	73.18%	26.82%
LEEDS	254	63.78%	36.22%	29868	65.27%	34.73%
LIVERPOOL	83	53.01%	46.99%	7662	75.69%	24.31%
LONDON	293	44.03%	55.97%	21543	66.97%	33.03%
MANCHESTER	346	54.91%	45.09%	26868	67.93%	32.07%
NEWCASTLE	193	71.50%	28.50%	17308	78.47%	21.53%
NOTTINGHAM	206	65.53%	34.47%	20064	66.19%	33.81%
READING	164	53.05%	46.95%	12356	71.65%	28.35%
Total	2768	56.54%	43.46%	233069	69.99%	30.01%

6.6.6 Overall, 57% of providers would increase their income under the proposals, and these providers would conduct 66% of cases. Whilst a minority of providers' income would increase in London, the proportion of cases undertaken by providers whose income would increase is 67%. In all regions, a majority of cases would be undertaken by providers whose income would increase under the scheme.

6.6.7 Further analysis of the impacts of the Family Help fee scheme, including an analysis of the percentage of increase and decrease in income providers can expect to find under the scheme, can be found at Appendix B.

6.7 Family mediation

6.7.1 Total Fund spend in 2005/06 for mediation work was £13.6m, with 198 providers holding Family Mediation Contracts.

6.7.2 Financial impact by region is set out below. The LSC conducted data research based on the volumes of work undertaken by providers in 2005/06 to project what the providers' incomes might be using the proposed new remuneration structure compared to the current arrangements.

	Current no. of providers	No of providers whose income would have increased	No of providers whose income would have decreased	No providers whose income would have remained the same	% of providers whose income would have increased	% providers whose income would have decreased	% providers whose income remain the same
Birmingham	14	8	6	0	57.14%	42.86%	0.00%
Brighton	13	10	3	0	76.92%	23.08%	0.00%
Bristol	22	13	9	0	59.09%	40.91%	0.00%
Cambridge	22	16	4	2	72.73%	18.18%	9.09%
Cardiff	15	11	4	0	73.33%	27.67%	0.00%
Leeds	27	21	6	0	77.78%	22.22%	0.00%
Liverpool	4	4	0	0	100.00%	0.00%	0.00%
London	18	8	8	2	44.44%	44.44%	11.11%
Manchester	13	10	3	0	76.92%	23.08%	0.00%
Newcastle	7	5	2	0	71.43%	28.57%	0.00%
Nottingham	29	24	5	0	82.76%	17.24%	0.00%
Reading	14	10	4	0	71.43%	28.57%	0.00%
Total	198	139	55	4	70.20%	27.78%	2.02%

6.7.3 Out of 198 providers, 139 (70%) would see an increase in their income, under the proposals. The 4 suppliers who will neither gain nor lose will essentially gain, as they are not currently undertaking any work at the moment in which to gauge any decrease/increase in their income.

6.7.4 The table below examines the impacts split by NfP and for profit (FP) providers

Schedule Payment Limit Change based on 2005/06 reported work	Total Number of Services	NFP providers	FP providers
-£30,000 - £49,000	9	9	0
-£20,000 - £29,000	10	10	0
-£15000 - £19,999	10	10	0
-£10,000 - £14,999	15	15	0
-£5,000 - £9,999	9	9	0
-£0 - £4,999	1	1	0
No Change	4	0	4
£0 - £4,999	78	2	76
£5,000 - £9,999	25	1	24
£10,000 - £14,999	12	0	12
£15000 - £19,999	10	3	7
£20,000 - £29,000	10	1	9
£30,000 - £49,000	5	0	5

6.7.5 There is a significant number of NfP mediation providers who might receive less income compared to the previous financial year. This is because under the scheme, the LSC would not continue to give them the fixed annual payment.

6.7.6 The LSC recognises that some NfP providers may choose to withdraw from their Mediation contracts. However, the LSC cannot continue to justify paying different rates to NfP providers for effectively the same type of work conducted by the for profit providers; especially since NfP providers have already been given a 3-year transitional period to adjust to this new proposal. NfP providers may not see their income decrease if they are able to exercise efficiency savings.

7. Equity and Fairness: Race Equality, Disability Equality, Gender Equality, and Rural Impact

7.1 Our Duties:

Race Equality

7.1.1 Public authorities in Britain have a legal duty to promote race equality. This means that they must have due regard to how they will:

- Eliminate unlawful racial discrimination
- Promote equal opportunities
- Promote good relations between people from different groups.

7.1.2 The LSC is also under a specific duty to conduct race equality impact assessments of its policies in relation to the public duty to promote race equality and within this, to identify whether there is a differential and adverse impact on particular racial groups.

Disability Equality

7.1.3 The Disability Equality Duty came into force on 4 December 2006. The LSC has published a Disability Equality Scheme, which is available at our website www.legalservices.gov.uk. This sets out the actions that the LSC will be taking to promote disability equality for legal service providers and the clients they serve, and our staff.

7.1.4 When carrying out our functions, the LSC must have due regard to the duties placed upon us by the Disability Discrimination Act 2005. These are to:

- Promote equality of opportunity between disabled people and other people
- Eliminate discrimination that is unlawful under the Disability Discrimination Act
- Eliminate harassment of disabled people that is related to their disabilities
- Promote positive attitudes towards disabled people
- Encourage participation by disabled people in public life
- Take steps to take account of disabled people's disabilities, even where that involves treating disabled people more favourably than other people

7.1.5 From 4 December 2006, LSC is also under a specific duty to conduct disability equality impact assessments of its policies in relation to the public duty to promote disability equality and within this, to identify whether there is a differential and adverse impact on disabled people and other people.

Gender Equality

7.1.6 The Equality Act of 2006 places a statutory duty on all public authorities, when carrying out their functions, to have due regard to the need:

- To eliminate unlawful discrimination and harassment
- To promote equality of opportunity between men and women

This general duty will come into effect on 6 April 2007.

- 7.1.7 From 6 April 2007, the LSC is also under a specific duty to conduct gender equality impact assessments of its policies in relation to the public duty to promote gender equality and within this, to identify whether there is a differential and adverse impact on people of different genders.

Rural Proofing

- 7.1.8 Public authorities also need to take account of rural circumstances and needs (Rural White Paper, 2000). Rural proofing states that policy makers should systematically:

- Consider whether their policy is likely to have a different impact in rural areas, because of particular rural circumstances or needs;
- Make a proper assessment of those impacts, if they are likely to be significant;
- Adjust the policy, where appropriate, with solutions to meet rural needs and circumstances.

- 7.1.9 Where appropriate, the LSC also considers the rural impacts of its policies to identify whether there is a differential and adverse impact on rural areas.

7.2 Current Position

- 7.2.1 Black and minority ethnic (BME) groups, people with disabilities, people of different genders, and people living and/or working in rural communities will have an interest in any changes to the legal aid scheme, as the owners and/or managers of solicitor firms and not for profit agencies providing legal aid services, as employees of those organisations, as barristers and experts providing services to contracted organisations and as clients of legal aid services.

- 7.2.2 Research conducted by the Legal Services Research Centre (LSRC) in 2006, to be published in a forthcoming report, has provided information on the ethnicity, gender, age and disability profile of providers of legal aid services, their employees and their clients based on the results of diversity monitoring forms completed by 44.7% of providers with legal aid contracts, and data from the LSC corporate information system. In 2007 the LSC will also publish its 4th Equality Annual Report, which provides information on a number of areas including numbers of clients assisted in different groups. Headline data from both reports is set out below, together with other data collated for this impact assessment.

7.2.3 Clients of legal aid services

- We are able to provide data showing the number of Legal Help matters completed by ethnicity of the legal aid client and category of law. The figures do not include the 48,062 (6.4%) of matters where the ethnicity of the applicant was unknown.

Legal Help matters completed by category of law and ethnicity of client

Categories of law	White %	BME %	Total
	2005/06	2005/06	2005/06
Family	87.7	12.3	259,247

Legal Help matters completed by region and ethnicity of client⁴

- The table below shows the regional variations in Legal Help matters completed for white and BME clients.

Region	White %	BME %	Total
	2005/06	2005/06	2005/06
Birmingham	65.7	34.3	62,839
Brighton	82.9	17.1	28,904
Bristol	88.9	11.1	51,864
Cambridge	78.3	21.7	46,890
Cardiff	90.8	9.2	43,405
Leeds	75.6	24.4	61,418
Liverpool	87.3	12.7	33,736
London	26.1	73.9	175,482
Manchester	76.2	23.8	68,990
Newcastle	85.3	15.6	48,902
Nottingham	79.2	20.8	46,985

⁴ This table discounts 46,018 or 6.6% of legal help matters completed where the ethnicity of the legal aid client was not known.

Reading	77.2	22.8	29,047
TOTAL	66.2	33.8	698,462

Legal Help matters completed by category of law and disability status of client

- The table below shows percentages of Legal Help matters completed for disabled and not disabled clients in 2005/06.

Category of law	Disabled %	Not disabled %	Unknown %	Total number
Family	3.8	58.7	37.5	281,571

7.2.4 Providers of legal aid services

- 11.2% of solicitors' offices with legal aid contracts had BME majority managerial control (9.2% of offices with a civil contract). 9.1% of NfPs with civil specialist level contracts have BME majority managerial control. This varies by region, with far higher rates of BME majority managerial control in London, and West Midlands.
- The proportion of providers with majority-disabled control is very low. 2.4% of NfPs with a civil specialist contract have majority disabled managerial control. 0.7% of solicitor offices with a contract (crime or civil) have majority disabled managerial control (7 offices in the sample).
- 17.4% of offices with a civil contract have female majority managerial control. 49.7% of NfPs with civil contracts have female majority managerial control. There is less regional variation in respect of gender.

7.2.5 Staff employed by legal aid providers, and volunteers

- According to the LSRC 2006 survey, 13% of solicitor fee earners working within solicitors' firms holding civil legal aid contracts were BME (1,050 solicitors out of a total 8,093 covered by the survey). It is not possible however to determine how many of those solicitors were working on legal aid cases, as opposed to privately funded ones. 63% of the offices undertaking civil legal aid work contained no BME solicitors. 6.8% of the offices contained no white solicitor fee earners. A majority of offices with BME majority managerial control contained a majority of BME employees.
- According to the LSRC 2006 survey, 19.5% of paid employees working within NfPs holding civil legal aid contracts were BME (757

out of a total of 3,878 covered by the survey). It is not possible however to determine how many of those employees were working on legal aid cases, as opposed to cases funded from other sources. 47.1% of the organisations undertaking civil legal aid work contained no BME paid employees. 2.3% of the organisations contained no white paid employees. 242 NfP organisations covered by the survey with civil legal aid contracts had volunteers. Of these, 92 (38.0%) contained no BME volunteers and 17 (7.0%) contained no white volunteers. The 242 NfPs holding contracts contained 4,582 volunteers – an average of 18.9 per organisation. Of these volunteers 705 (15.5%) were BME.

- 3% of solicitors and 22.4% of NfP providers covered by the survey reported one or more solicitors or paid employees as long term ill or disabled.
- Females make up the majority of paid employees and volunteers in NfPs (74.9%) compared to 47.5% of solicitor fee earners.

7.2.6 Draft regulatory impact assessment, summary of responses and amendments to proposals

Preliminary assessment

Our assessment of the impact of the Care Proceedings Scheme, Family Help – Private Scheme, and Mediation Fee Scheme as published in the draft RIA for the consultation paper *Legal Aid Reform: Family and Family Mediation Fee Schemes* was as follows:

Care proceedings scheme

- The initial modelling of the financial impact of this scheme showed that under national fees 61% of providers would see an increase in their income, with 39% of providers seeing a decrease.
- Of those firms for which the LSC holds data, 46% of White British owned firms' income increased, compared with 42% BME owned providers, and 38% of providers with split White British & BME ownership. The impacts were therefore relatively evenly split between different managerially controlled groups.
- In terms of the impacts of the schemes on clients from different ethnic backgrounds, the draft RIA assessed that a majority of all ethnic groups, with the exception of the Other category would be served by providers whose fees would increase under the scheme.

Family Help – Private

- The preliminary assessment was that 59% of providers would increase their publicly funded income as a result of the proposals, and 41% would experience a decrease.
- The impact of the proposals on majority ownership by ethnicity was shown to be evenly split.
- In terms of the impacts of the schemes on clients from different ethnic backgrounds, the draft RIA assessed that a majority of all ethnic groups would be served by providers whose fees would increase under the scheme.

Family Mediation

- Assessment on proposals contained in the consultation indicated that 70% of providers would increase their publicly funded income as a result of the proposals.
- The draft impact assessment showed that the number of majority owned BME and 'split' mediation providers were small, but the proportion between the providers who might incur a decrease in income and providers who might incur an increase in income was quite evenly distributed.
- An analysis of the impact on clients by ethnicity showed that nationally, White British clients were marginally more likely to be served by providers who would have increased their income. However over half of BME clients would be served by providers who would have increased their income.

7.2.7 Summary of responses to draft RIA and diversity issues raised

- A summary of the responses to the draft RIA and other diversity issues is set out at section 4.3 of this paper. Few responses raised specific issues around diversity and those that did tended to focus on the impact on certain regions and rural areas. The Law Society expressed concerns at the lower fees proposed for providers in the North and Midlands. The North Wales Resolution Regional Committee argued that proposals would have a detrimental impact on North Wales, which would affect both bilingual clients and those in rural areas.
- The only substantive concerns raised around the impact on ethnicity were in the Family Justice Council's response. It argued that the fee schemes failed to acknowledge the concerns of BME providers. However, few of their concerns were based directly on information contained in the draft RIA.

8 Impact assessment of new schemes

We have modelled the impact of option 3 only.

8.1 Impact on Clients

8.1.1 We believe that generally our proposals will be beneficial to clients of legal aid services. In particular paying for disbursements separately will not discourage providers from using expert services where necessary, for example, to assist clients with disabilities. The impact varies under the different schemes, as set out below, further analysis can be found at Appendices A and B. It is important to remember that the fees paid to providers for undertaking legal aid work will not directly impact on clients, aside from the amendments to the operation of the statutory charge in Private Family cases at Level 2. The impact for clients comes from their ability to continue to access legally aided services.

Care Proceedings Scheme

Ethnicity

Region	Current number of claims reported						% Reported served by providers whose income is expected to increase					
	White	Black	Asian	Mixed Race	Other	Unknown	White	Black	Asian	Mixed Race	Other	Unknown
London	2024	796	237	147	285	1007	47%	50%	50%	55%	38%	54%
Non-London	19290	323	434	236	490	2446	78%	80%	76%	84%	67%	82%
Total	21314	1119	671	383	775	3453	54%	49%	50%	53%	47%	47%

- The table above examines the ethnic breakdown of clients historically served by providers whose income is expected to increase. We have set out a comparison between London and the other regions combined because in regions outside London there is a smaller BME population and the numbers in some regions are so low as to make the analysis meaningless. For example, in Brighton for those claims where ethnicity was recorded, only two claims reported were serving Asian clients.
- Overall under the scheme, a slightly higher proportion of white and mixed race clients would be served by clients whose income would increase. Nationally, it is a reasonably even split by ethnicity between those who are served by providers whose income would increase and those served by providers whose income would decrease, but a slightly higher proportion of black and other clients would be served by providers whose income would decrease.
- The black and Asian clients served in London account for 60% of the total volume of black and Asian clients, meaning that the impacts on London black and Asian clients are a huge factor in comparison with the slight national difference between black and Asian and white clients. It must be stressed, however, that within London a higher

proportion of black and Asian than white clients are served by providers who might expect to see an increase in their income.

Disability

We are not able to produce data for disability for the whole of care proceedings work. We have been able to undertake an analysis for Legal Help work, which is set out below.

Region	Current Number of Claims Reported			% Reported Served by Providers whose Income is expected to Increase			% Reported Served by Providers whose Income is expected to Decrease		
	Disabled	Non-Disabled	Unknown	Disabled	Non-Disabled	Unknown	Disabled	Non-Disabled	Unknown
Birmingham	72	851	611	61.11%	72.62%	53.85%	38.89%	27.38%	46.15%
Brighton	48	480	296	77.08%	67.08%	73.99%	22.92%	32.92%	26.01%
Bristol	85	677	686	56.47%	64.99%	50.29%	43.53%	35.01%	49.71%
Cambridge	91	787	525	58.24%	58.70%	50.86%	41.76%	41.30%	49.14%
Cardiff	77	838	591	68.83%	61.46%	61.42%	31.17%	38.54%	38.58%
Leeds	94	1053	869	74.47%	72.93%	71.46%	25.53%	27.07%	28.54%
Liverpool	25	288	198	88.00%	71.88%	78.28%	12.00%	28.13%	21.72%
London	110	1100	615	56.36%	45.64%	51.87%	43.64%	54.36%	48.13%
Manchester	97	835	697	39.18%	48.98%	47.63%	60.82%	51.02%	52.37%
Newcastle	69	1057	624	72.46%	77.67%	83.01%	27.54%	22.33%	16.99%
Nottingham	91	830	460	70.33%	70.36%	51.74%	29.67%	29.64%	48.26%
Reading	44	551	272	84.09%	66.42%	80.15%	15.91%	33.58%	19.85%
Total	903	9347	6444	64.01%	64.34%	60.89%	35.99%	35.66%	39.11%

- The impacts are shown to be evenly shared between disabled and non-disabled clients.
- We have also produced data for age, which is contained in the detailed impact analysis data at Appendix A. There is a known correlation between increasing age and increasing likelihood of disability, particularly over the age of 50. The relative proportions of clients of different ages served by providers whose fees increase or decrease are fairly equal, indicating a neutral impact by age.

Gender

We are not able to produce data on gender for the whole of care proceedings work. However, we have been able to undertake an analysis of Legal Help work, which is set out below.

Region	Current Number of Claims Reported		% Reported Served by Providers whose Income is expected to Increase		% Reported Served by Providers whose Income is expected to Decrease	
	Male	Female	Male	Female	Male	Female
Birmingham	473	1061	63.64%	65.03%	36.36%	34.97%
Brighton	272	552	75.00%	67.75%	25.00%	32.25%
Bristol	474	974	59.07%	56.78%	40.93%	43.22%
Cambridge	430	973	59.07%	54.27%	40.93%	45.73%
Cardiff	486	1020	66.46%	59.61%	33.54%	40.39%
Leeds	648	1368	67.90%	74.49%	32.10%	25.51%
Liverpool	180	331	79.44%	72.81%	20.56%	27.19%
London	549	1276	48.45%	48.35%	51.55%	51.65%
Manchester	511	1118	47.95%	47.76%	52.05%	52.24%
Newcastle	592	1158	80.41%	78.84%	19.59%	21.16%
Nottingham	490	891	63.47%	64.53%	36.53%	35.47%
Reading	293	574	69.62%	72.65%	30.38%	27.35%
Total	5398	11296	63.86%	62.58%	36.14%	37.42%

- This table appears to suggest that the impacts are evenly shared between the two gender groups. It should be noted, however, that the gender indicator within the data used to source this information is somewhat unreliable. We will improve the recording of gender data in the future so we are able to better monitor our functions in accordance with the Equality Act and to ensure there is no disproportionate impact of the fees in practice. We have no reason at present to consider any such impact likely.

Family Help

Ethnicity

Region	Current Number of Claims Reported						% Reported Served by Providers Whose Income Would Increase					
	White	Black	Asian	MRace	Other	Unknown	White	Black	Asian	MRace	Other	Unknown
BIRMINGHAM	23407	673	2259	263	697	3440	73%	64%	59%	70%	64%	64%
BRIGHTON	11952	109	198	85	435	2595	69%	62%	77%	54%	62%	63%
BRISTOL	24866	251	198	122	386	4710	60%	64%	58%	69%	69%	67%
CAMBRIDGE	20942	372	563	143	370	6659	67%	60%	56%	69%	56%	59%
CARDIFF	17026	76	170	51	323	4759	68%	68%	56%	75%	56%	67%
LEEDS	31668	544	2328	180	1117	3697	66%	60%	61%	62%	66%	66%
LIVERPOOL	8226	57	80	52	458	1163	65%	74%	68%	65%	42%	57%
LONDON	11666	4982	3010	671	3172	5190	67%	65%	64%	67%	50%	60%
MANCHESTER	24958	330	1539	141	667	8493	62%	52%	57%	62%	60%	61%
NEWCASTLE	18117	73	311	46	401	3131	79%	74%	71%	80%	69%	70%
NOTTINGHAM	19461	358	1051	139	447	4089	70%	56%	47%	58%	59%	61%
READING	12412	270	795	91	625	2345	69%	65%	64%	57%	76%	72%
Total	224701	8095	12502	1984	9098	50271	68%	63%	60%	66%	58%	63%

- The impacts show a majority of clients from all ethnic backgrounds would be served by providers whose income is expected to increase under the scheme. However, fewer clients from Asian and other ethnic backgrounds are likely to be served by providers whose income would increase.
- It should be noted though that these national trends are not necessarily reflected at a regional level. For example, over a third of Asian clients served are based in London, where a higher proportion of Asian clients are anticipated to be served by providers increasing their income under the scheme.

Disability

Region	Current Number of Claims Reported			% Reported Served by Providers Whose Income Would Have Increased			% Reported Served by Providers Whose Income Would Have Decreased		
	Not			Not			Not		
	Disabled	Disabled	Unknown	Disabled	Disabled	Unknown	Disabled	Disabled	Unknown
BIRMINGHAM	855	14348	8722	73%	74%	66%	27%	26%	34%
BRIGHTON	491	7298	3638	71%	68%	65%	29%	32%	35%
BRISTOL	1072	13201	8567	53%	59%	57%	47%	41%	43%
CAMBRIDGE	885	12467	8789	69%	64%	68%	31%	36%	32%
CARDIFF	574	9893	6600	60%	63%	75%	40%	37%	25%
LEEDS	946	16605	12317	69%	69%	60%	31%	31%	40%
LIVERPOOL	256	4431	2975	55%	57%	75%	45%	43%	25%
LONDON	825	13522	7196	71%	62%	65%	29%	38%	35%
MANCHESTER	827	13989	12052	70%	59%	62%	30%	41%	38%
NEWCASTLE	456	10430	6422	84%	80%	76%	16%	20%	24%
NOTTINGHAM	914	13472	5678	60%	70%	59%	40%	30%	41%
READING	518	8047	3791	71%	70%	64%	29%	30%	36%
Total	8,619	137,703	86,747	67%	66%	65%	33%	34%	35%

- We have analysed the impact on disability of the Family Help – Private scheme at Legal Help. The table above shows that nationally there are no discernible differences in impact between disabled and non-disabled clients under the scheme.
- We have also produced data for age, which is included at Appendix B. The relative proportions of clients of different ages served by providers whose fees increase or decreases are fairly equal, indicating a neutral impact by age.

Gender

We have analysed the impacts of the scheme by gender based on Legal Help data.

Region	Current Number of Claims Reported		% Reported Served by Providers Whose Income Would Have Increased		% Reported Served by Providers Whose Income Would Have Decreased	
	Male	Female	Male	Female	Male	Female
	BIRMINGHAM	7,159	16,754	70%	71%	30%
BRIGHTON	2,992	8,428	66%	67%	34%	33%
BRISTOL	6,792	16,046	58%	57%	42%	43%
CAMBRIDGE	5,980	16,161	67%	65%	33%	35%
CARDIFF	5,271	11,786	69%	67%	31%	33%
LEEDS	9,045	20,813	64%	66%	36%	34%
LIVERPOOL	2,413	5,241	63%	64%	37%	36%
LONDON	6,638	14,884	65%	63%	35%	37%
MANCHESTER	8,650	18,218	61%	61%	39%	39%
NEWCASTLE	5,421	11,887	78%	79%	22%	21%
NOTTINGHAM	6,184	13,850	66%	66%	34%	34%
READING	3,381	8,975	69%	68%	31%	32%
Total	69,926	163,043	66%	66%	34%	34%

- This table appears to suggest that the impacts are evenly shared according to gender. It should be noted, however, that the gender indicator within the data used to source this information is somewhat unreliable. We will improve the recording of gender data in the future so we are able to better monitor our functions in accordance with the Equality Act and to ensure there is no disproportionate impact of the fees in practice. We have no reason at present to consider any such impact likely.

Family Mediation

Ethnicity

Region	Current Number of Claims Reported			% Reported Served by Providers Who Would Have Increased Their Income			% Reported Served by Providers Who Would Have Decreased Their Income		
	White British	BME	Unknown	White British	BME	Unknown	White British	BME	Unknown
BIRMINGHAM	2,518	245	266	38.09%	33.06%	7.89%	61.91%	66.94%	92.11%
BRIGHTON	2,477	132	48	71.38%	52.27%	6.25%	28.62%	47.73%	93.75%
BRISTOL	3,282	186	41	78.64%	85.48%	80.49%	21.36%	14.52%	19.51%
CAMBRIDGE	2,099	114	33	70.22%	70.18%	100.00%	29.78%	29.82%	0.00%
CARDIFF	1,901	72	139	57.13%	29.17%	94.96%	42.87%	70.83%	5.04%
LEEDS	3,023	147	89	71.42%	53.74%	95.51%	28.58%	46.26%	4.49%
LIVERPOOL	359	2	22	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
LONDON	921	580	100	24.86%	41.38%	2.00%	75.14%	58.62%	98.00%
MANCHESTER	1,796	116	15	70.66%	82.76%	86.67%	29.34%	17.24%	13.33%
NEWCASTLE	778	23	70	53.86%	39.13%	98.57%	46.14%	60.87%	1.43%
NOTTINGHAM	2,583	140	25	74.53%	65.00%	88.00%	25.47%	35.00%	12.00%
READING	2,797	231	99	42.62%	57.14%	5.05%	57.38%	42.86%	94.95%
Total	24,534	1,988	947	62.85%	53.27%	46.46%	37.15%	46.73%	53.54%

- Nationally, White British clients are marginally more likely to be served by providers who would have increased their income. However over half of BME clients are served by providers who would have increased their income. There is some variation at a regional level. At a regional level, the variation is most marked in Brighton, Cardiff, Leeds and Newcastle, however it must be borne in mind that the volumes of BME clients in these regions are low. Equally where the proportion of BME clients is higher the opposite is actually true, as in Bristol, London, Manchester and Reading.

Disability

- Our analysis shows that disabled clients are more likely to have been served by providers who would have increased their income.

Regions	Number of Disabled clients	% Reported Served by Providers Who Would Have Increased Their Income	% Reported Served by Providers Who Have Decreased Their Income
Birmingham	97	49.48%	50.52%
Brighton	82	63.41%	36.59%
Bristol	124	75.00%	25.00%
Cambridge	92	75.00%	25.00%
Cardiff	60	75.00%	25.00%
Leeds	51	49.02%	50.98%
Liverpool	4	100.00%	0.00%
London	41	39.02%	60.98%
Manchester	71	92.96%	7.04%
Newcastle	25	72.00%	28.00%
Nottingham	82	85.37%	14.63%
Reading	56	28.57%	71.43%
Total	785	66.50%	33.50%

Gender

- Unlike other legal aid providers, mediation services will see both parties to a dispute. In the majority of cases, this will include both a male and a female client. Therefore, it is assumed that there is no disproportionate impact on the gender of clients who access mediation services that experience an increase or services that experience a decrease in income under these proposals.

8.2 Impact on provider groups

Care Proceedings Scheme

The tables below show the number of providers by managerial control whose fees would increase or decrease under the Care Proceedings Scheme. We have split this data between providers based in London and those in the rest

of the country given that previous analysis of equalities data has often shown a difference in impact on London. Since equal opportunity information is provided on a voluntary basis, the ethnicity tables below are based on a sample of 109 providers in London and 913 providers outside London.

Ethnicity of majority managerial control for firms that see an increase and a decrease in income is shown in the tables below.

London	Ethnicity of majority managerial control			Total
	White British	BME	Split	
Number & % of providers whose income would have decreased	36 47.4%	10 43.5%	5 50.0%	51 46.8%
Number & % of providers whose income would have increased	40 52.6%	13 56.5%	5 50.0%	58 53.2%
Total	76 100.0%	23 100.0%	10 100.0%	109 100.0%

- The table shows that the impacts of the proposals are evenly split between the different groupings of managerial control.⁵

Regions outside London	Ethnicity of majority managerial control			Total
	White British	BME	Split	
Number & % of providers whose income would have decreased	330 38.0%	5 20.0%	6 31.6%	341 37.3%
Number & % of providers whose income would have increased	539 62.0%	20 80.0%	13 68.4%	572 62.7%
Total	869 100.0%	25 100.0%	19 100.0%	913 100.0%

- This table shows that a higher proportion of BME owned firms were likely to increase their income under the scheme. However, the number of BME firms in the sample is low. A simple chi-square test shows that there is no significant difference by ethnicity between White British and BME managerially controlled firms.⁶

⁵ Conducting a simple chi-squared test on this 3X2 table indicated that there were no significant differences in ethnicity of majority managerial control between those whose fees would increase and those whose fees would decrease; ($\chi^2_{(2)} = .15, p = .93$).

⁶ Conducting a simple chi-squared test on this 3X2 table indicated that there were no significant differences in ethnicity of majority managerial control between those whose fees would increase and those whose fees would decrease; ($\chi^2_{(2)} = 3.63, p = .16$).

The tables below show the gender of managerial control for firms that experience an increase and decrease in income. Since equal opportunity information is provided on a voluntary basis, the table below is based on a sample of 110 providers in London and 912 providers outside of London.

London	Gender of majority managerial control			Total
	Male control	Female control	Split control	
Number & % of providers whose income would have decreased	26 44.8%	18 52.9%	8 44.4%	52 47.3%
Number & % of providers whose income would have increased	32 55.2%	16 47.1%	10 55.6%	58 52.7%
Total	58 100.0%	34 100.0%	18 100.0%	110 100.0%

- The table shows that there is no significant difference in impacts in London according to gender of managerial control.⁷

Regions outside London	Gender of majority managerial control			Total
	Male control	Female control	Split control	
Number & % of providers whose income would have decreased	233 37.0%	57 40.7%	49 34.5%	339 37.2%
Number & % of providers whose income would have increased	397 63.0%	83 59.3%	93 65.5%	573 62.8%
Total	630 100.0%	140 100.0%	142 100.0%	912 100.0%

- The table shows that there is no significant difference in impacts in regions outside of London according to gender.⁸

The table below shows the disability status of majority managerial control firms that experience an increase and decrease in income. Since equal opportunity information is provided on a voluntary basis, the table below is

⁷ Conducting a simple chi-squared test on this 3X2 table indicated that there were no significant differences in gender of majority managerial control between those whose fees would increase and those whose fees would decrease; $\chi^2_{(2)} = .64$, $p = .73$ ns. male and female owned firms equally experienced an increase and decrease in income.

⁸ Conducting a simple chi-squared test on this 3X2 table indicated that there were no significant differences in gender of majority managerial control between those whose fees would increase and those whose fees would decrease; $\chi^2_{(2)} = 1.19$, $p = .55$

based on a sample of 928 providers. We did not hold any data on ill or disabled owned firms in London so the table below examines regions outside of London only.

	Disability status of majority managerial control			Total
	Ill or disabled	Non-ill or disabled	Split	
Number & % of providers whose income would have decreased	1 20.0%	343 37.5%	2 25.0%	346 37.3%
Number & % of providers whose income would have increased	4 80.0%	572 62.5%	6 75.0%	582 62.7%
Total	5 100.0%	915 100.0%	8 100.0%	928 100.0%

- 80.0% of ill or disabled managerial controlled firms won their cases, while 62.5% of non-ill or disabled managerial controlled firms did. However, there were only 5 ill or disabled managerial controlled firms in this sample. There was therefore shown to be no significant difference between those providers whose income would increase and those whose income would decrease according to the disability status of those with managerial control.⁹

Urban/Rural

Region	Current % of Providers			% of Providers Whose Income Would Increase			% of Providers Whose Income Would Decrease		
	Rural	Urban	Unknown	Rural	Urban	Unknown	Rural	Urban	Unknown
BIRMINGHAM	7.66%	77.01%	15.33%	47.62%	67.77%	57.14%	52.38%	32.23%	42.86%
BRIGHTON	8.67%	76.88%	14.45%	66.67%	62.41%	56.00%	33.33%	37.59%	44.00%
BRISTOL	33.88%	61.18%	4.93%	50.49%	58.60%	80.00%	49.51%	41.40%	20.00%
CAMBRIDGE	18.05%	73.31%	8.65%	58.33%	59.49%	69.57%	41.67%	40.51%	30.43%
CARDIFF	28.05%	64.23%	7.72%	56.52%	62.66%	68.42%	43.48%	37.34%	31.58%
LEEDS	7.22%	79.47%	13.31%	57.89%	69.38%	45.71%	42.11%	30.62%	54.29%
LIVERPOOL	0.00%	89.04%	10.96%	N/A	70.77%	75.00%	N/A	29.23%	25.00%
LONDON	0.00%	80.71%	19.29%	N/A	52.94%	53.85%	N/A	47.06%	46.15%
MANCHESTER	6.09%	77.97%	15.94%	71.43%	56.88%	49.09%	28.57%	43.12%	50.91%
NEWCASTLE	6.83%	83.90%	9.27%	78.57%	75.58%	94.74%	21.43%	24.42%	5.26%
NOTTINGHAM	14.62%	78.77%	6.60%	48.39%	56.89%	78.57%	51.61%	43.11%	21.43%
READING	6.10%	83.54%	10.37%	50.00%	70.80%	58.82%	50.00%	29.20%	41.18%
Total	12.26%	75.96%	11.77%	55.84%	62.56%	59.94%	44.16%	37.44%	40.06%

- The impact on rural providers varies little from that on urban providers.

⁹ Conducting a simple chi-squared test on this 3X2 table indicated that there were no significant differences ; $\chi^2_{(2)} = 1.17, p = .55$

Family Help

The tables below show the number of providers by managerial control whose fees would increase or decrease under the Family Help Scheme. We have split this data between providers based in London and those in the rest of the country given that previous analysis of equalities data has often shown a difference in impact on London. Since equal opportunity information is provided on a voluntary basis, the tables below on ethnicity are based on a sample of 108 providers in London and 966 providers in other regions.

London	Ethnicity of majority managerial control			Total
	White British	BME	Split	
Number & % of providers whose income would have decreased	37 52.9%	19 63.3%	5 62.5%	61 52.9%
Number & % of providers whose income would have increased	33 47.1%	11 36.7%	3 37.5%	47 47.1%
Total	70 100.0%	30 100.0%	8 100.0%	108 100.0%

- The table shows that there are no significant differences in the impacts of the proposals between the different ethnic groupings of managerial control in London.¹⁰

Regions outside London	Ethnicity of majority managerial control			Total
	White British	BME	Split	
Number & % of providers whose income would have decreased	359 39.0%	16 66.7%	9 42.9%	379 39.2%
Number & % of providers whose income would have increased	562 61.0%	8 33.3%	12 57.1%	587 60.8%
Total	921 100.0%	24 100.0%	21 100.0%	966 100.0%

- The difference in the impact on income between White British and BME owned firms is marginally significant. This is as a consequence of BME majority managed firms being more likely to suffer a negative impact.

¹⁰ Conducting a simple chi-squared test on this 3X2 table indicated that there were no significant differences in ethnicity of majority managerial control between those whose fees would increase and those whose fees would decrease; ($\chi^2_{(2)} = 1.07, p = .59$).

However, the number of BME majority managed firms in the sample is low so we cannot reach any definitive conclusions.¹¹

The tables below show the gender of managerial control for firms that experience an increase and decrease in income. Since equal opportunity information is provided on a voluntary basis, the table below is based on a sample of 109 providers in London and 960 providers outside of London.

London	Gender of majority managerial control			Total
	Male control	Female control	Split control	
Number & % of providers whose income would have decreased	33 55.9%	16 53.3%	11 55.0%	56 51.4%
Number & % of providers whose income would have increased	26 44.1%	14 46.7%	9 45.0%	53 48.6%
Total	59 100.0%	30 100.0%	20 100.0%	109 100.0%

- The table shows that there is no significant difference in impacts in London according to gender of managerial control.¹²

Regions outside London	Gender of majority managerial control			Total
	Male control	Female control	Split control	
Number & % of providers whose income would have decreased	272 40.7%	58 40.6%	52 35.1%	377 39.3%
Number & % of providers whose income would have increased	397 59.3%	85 59.4%	96 64.9%	583 60.7%
Total	669 100.0%	143 100.0%	148 100.0%	960 100.0%

- The table shows that there is no significant difference in impacts outside London according to gender of managerial control.¹³

¹¹ Conducting a simple chi-squared tests on this 3X2 table indicated a difference in the impact on White British and BME owned firms; ($\chi^2_{(2)} = 7.57, p = .02$)

¹² Conducting a simple chi-squared test on this 3X2 table indicated that there were no significant differences in gender of majority managerial control between those whose fees would increase and those whose fees would decrease; ($\chi^2_{(2)} = .05, p = .97$)

¹³ Conducting a simple chi-squared test on this 3X2 table indicated that there were no significant differences in gender of majority managerial control between those whose fees would increase and those whose fees would decrease; ($\chi^2_{(2)} = 1.59, p = .45$).

The tables below shows the disability status of majority managerial control firms that experience an increase and decrease in income. Since equal opportunity information is provided on a voluntary basis, the table below is based on a sample of 979 providers. We did not hold any data on ill or disabled owned firms in London so the table below examines regions outside of London only.

	Disability status of majority managerial control			Total
	Ill or disabled	Non-ill or disabled	Split	
Number & % of providers whose income would have decreased	2 50.0%	383 39.6%	3 37.5%	384 39.2%
Number & % of providers whose income would have increased	2 50.0%	584 60.4%	5 62.5%	8 60.8%
Total	4 100.0%	967 100.0%	8 100.0%	979 100.0%

- Whilst all ill or disabled managerially controlled firms would experience an increase in income, the sample is too small to reach any definitive conclusions. Statistically, the difference in impact on disabled and non disabled managerially controlled firms was not shown to be significant.¹⁴

Urban/Rural

Region	Current % of Providers			% of Providers Whose Income Would Increase			% of Providers Whose Income Would Decrease		
	Rural	Urban	Unknown	Rural	Urban	Unknown	Rural	Urban	Unknown
BIRMINGHAM	8.57%	91.43%	0.00%	57.14%	58.48%	N/A	42.86%	41.52%	N/A
BRIGHTON	6.37%	92.99%	0.64%	20.00%	56.16%	0.00%	80.00%	43.84%	100.00%
BRISTOL	32.50%	67.50%	0.00%	51.92%	55.56%	N/A	48.08%	44.44%	N/A
CAMBRIDGE	19.44%	80.56%	0.00%	71.43%	54.68%	N/A	28.57%	45.32%	N/A
CARDIFF	28.24%	71.76%	0.00%	48.61%	55.74%	N/A	51.39%	44.26%	N/A
LEEDS	7.87%	89.37%	2.76%	80.00%	61.67%	85.71%	20.00%	38.33%	14.29%
LIVERPOOL	0.00%	100.00%	0.00%	N/A	53.01%	N/A	N/A	46.99%	N/A
LONDON	0.00%	99.66%	0.34%	N/A	43.84%	100.00%	N/A	56.16%	0.00%
MANCHESTER	6.94%	87.57%	5.49%	58.33%	55.12%	47.37%	41.67%	44.88%	52.63%
NEWCASTLE	7.77%	92.23%	0.00%	60.00%	72.47%	N/A	40.00%	27.53%	N/A
NOTTINGHAM	12.62%	87.38%	0.00%	57.69%	66.67%	N/A	42.31%	33.33%	N/A
READING	6.71%	93.29%	0.00%	36.36%	54.25%	N/A	63.64%	45.75%	N/A
Total	12.72%	86.27%	1.01%	55.68%	56.83%	57.14%	44.32%	43.17%	42.86%

¹⁴ Conducting a simple chi-squared test on this 3X2 table indicated that there were no significant differences in disability of majority managerial control between those whose fees would increase and those whose fees would decrease; ($\chi^2_{(2)} = .19, p = .91$).

- Overall the impacts are evenly shared by rural and urban providers. Regionally, however, there are areas where a lower proportion of rural providers increase their income (Brighton, Cardiff, Newcastle, Nottingham). The reverse is true for Cambridge, Leeds and Manchester, where a lower proportion of urban providers increase their income.

Family mediation

We were able to match 106 (53%) providers on ethnicity of majority managerial control based on the research conducted by LSRC. This is shown on the table below.

Ethnicity of majority managerial control	Providers whose income would decrease	Providers whose income would increase	Providers whose income would see no change	Total
White British	34	62	1	97
	35.1%	63.9%	1.0%	100.0%
BME	2	3	0	5
	40.0%	60.0%	.0%	100.0%
Split	2	2	0	4
	50.0%	50.0%	.0%	100.0%
Total	38	67	1	106
	35.8%	63.2%	.9%	100.0%

For ethnicity, of the 106 providers, 97 (91.5%) had white British majority managerial control, 5 (4.7%) had BME majority managerial control and 4 (3.8%) had 'split' managerial control.

There was no evidence of significant differences in 'change' between different ethnicities of managerial control¹⁵, though it should be noted that numbers of BME and 'split' managed organisations in the sample are low.

Whilst the number of BME and 'split' providers are small, it shows that the proportions between the providers who might incur a decrease in income and providers who might incur an increase in income is quite evenly distributed.

Urban/Rural

Of those services classified as having their main office in a rural location 5 services will experience a decrease in income and 11 services will experience an increase under the new payment arrangements.

There are 111 (56%) mediation providers who offer outreach work to various rural locations from their offices. The number of rural outreach locations offered by the providers varies from 1 to 16¹⁶.

¹⁵ Using an exact chi-squared test to examine any potential differences gave; $\chi^2_4 = 0.48$, $p = 0.88$. The p-value would need to be less than 0.05 for the test to provide significant evidence that 'change' and ethnicity were not independent of each other.

Although some providers may choose to withdraw from providing mediation services, the outreach work would sufficiently cover most rural areas.

8.3 Impact on staff employed by legal aid providers

We anticipate that the fees schemes will also have an impact on staff employed by legal aid providers. However this will be driven by the impact on firms as a whole, and the sustainability of the proposals for the individual provider.

Care Proceedings Scheme

The table below sets out the impacts of the scheme on fee earners, based on where information is held on the 2,375 solicitor offices. This information is reported anonymously and cannot be linked to individual providers.

	Status of fee earner				
	White British	BME	Female	Male	Disability
Number & % fee earners at providers whose fees would have decreased	3,498 37.9%	364 38.3%	2,337 35.9%	1,342 34.2%	26 23.9%
Number & % fee earners at providers whose fees would have increased	5,725 62.1%	586 61.7%	4,168 64.1%	2,558 65.9%	83 76.2%
Total	9,223 100.0%	950 100.0%	6,505 100.0%	3,930 100.0%	109 100.0%

- It is not possible to ascertain how many of the fee earners work exclusively on legal aid work. However, the figures would seem to indicate that there is no significant variation between the impact on White British and BME fee earners, although this is based on a relatively small number of BME fee earners. There also seems to be little impact on fee earners according to gender. The disability data would seem to suggest that there is a positive impact on disabled fee earners but as this is based on a small number for which data is held, we cannot draw any definitive conclusions.

Family Help

The table below sets out the impacts of the scheme on fee earners, based on where information is held on the 2,375 solicitor offices. This information is reported anonymously and cannot be linked to individual providers.

¹⁶ The majority (but not all) of outreach locations are in rural areas.

	Status of fee earner				
	White British	BME	Female	Male	Disability
Number & % fee earners at providers whose fees would have decreased	4,587 42.20%	641 51.78%	3,460 45.14%	2,158 45.79%	72 57.14%
Number & % fee earners at providers whose fees would have increased	6,282 57.80%	597 48.22%	4,205 54.86%	2,555 54.21%	54 42.86%
Total	10,869 100.00%	1,238 100.00%	7,665 100.00%	4,713 100.00%	126 100.00%

- It is not possible to ascertain how many of the fee earners work exclusively on legal aid work. However, the figures would seem to indicate that there is a slight variation between the impact on White British and BME fee earners, although this is based on a relatively small number of BME fee earners. There seems to be little impact on fee earners according to gender. The disability data would seem to suggest, in contrast to Care Proceedings scheme, there is a negative impact on disabled fee earners but as this is based on a small number for which data is held, we cannot draw any definitive conclusions.

9. Small Firms Impact Test

9.1 The majority of providers of legal and advice services are small organisations. The Law Society, the Legal Aid Practitioners' Group, the Advice Services Alliance and other representative bodies with whom the LSC consults represent their interests.

9.1.1 The economic research supporting the Carter Report suggests that many smaller organisations should be able to compete on a cost basis with larger providers in the short-term. The research does however suggest that over the longer term smaller organisations may struggle to remain sustainable, because, for example, they face problems recruiting qualified staff. The period of transition will allow such organisations to either grow and/or address issues of sustainability.

10. Competition Assessment

10.1 Having applied the Cabinet Office's competition filter test to the market for legally aided services in England and Wales, the LSC anticipates the proposals, which represent the first steps towards managed competition, will have only a limited impact on the market. However, we anticipate that as we move to rollout the remainder of Lord Carter's reforms the impact on markets, particularly at the regional, sub-regional and category of work level will become more significant. The LSC will

consider this in more detail as part of the proposals for best value tendering.

11. Legal Aid Impact Test

- 11.1 The test is to maintain budget neutrality for Care Proceedings cases, and family mediation cases based on 2005/06 spend per case for the work covered by the schemes. The Family Help fees have been calculated to be cost neutral when all the fee levels have been implemented, based on 2005/06 expenditure.

12. Compensatory Simplification

- 12.1 The Cabinet Office has published interim guidance on compensatory simplification, to be applied when producing regulatory impact assessments. The interim guidance requires government bodies to actively look for opportunities to simplify or remove existing requirements when they want to introduce new regulation, and to assess both the extent to which the simplification proposal(s) will offset the cost of the new regulatory measure and the impact of removing the existing provision.
- 12.2 The fees schemes are based on fixed fees systems, which will be clearer, simpler and easier to understand and administer.
- 12.3 The LSC therefore anticipates that the proposals will make a positive contribution to the Government's objectives to simplify and reduce the burdens of regulatory systems.

13. Enforcement, sanctions and monitoring

- 13.1 The LSC will monitor the performance of providers using a range of key performance indicators and management information. This will flag up where there is a need to investigate issues further. The LSC will take action where necessary, including terminating contracts.

14. Implementation and delivery

- 14.1 The Family and Mediation fee schemes will apply to all cases started on or after 1st October 2007. The LSC will deliver training to providers on the details of the fee schemes in the summer of 2007.

15. Post Implementation Review

- 15.1 The LSC will monitor and evaluate the impact of the scheme post implementation and report on findings in accordance with our statutory duties and the LSC Equality Scheme.

16. Summary and Recommendation

16.1 After full consideration the LSC recommends taking a phased approach to implementation (option 3) for the proposals.

17. Declaration and Publication

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs

Signed:

Date:

Minister's name, title & department: Vera Baird QC MP, Parliamentary Under-Secretary of State, Ministry of Justice

Contact point for enquiries and comments:

Melena Ward
Legal Services Commission
Head Office
12 Roger Street
London WC1N 2JL

Tel: 020-7759 1134

Fax: 020-7759 1469

E-mail: melena.ward@legalservices.gov.uk

Appendices:

Appendix A: Care proceedings Scheme – Further impact analysis

Appendix B: Family Help – Further impact analysis

Appendix A: Care Proceedings Scheme – Further impact analysis

Financial Impacts

The table below shows the expected financial impacts of the scheme.

Region	Predicted Over/Underspend	As a % of Total Spend
BIRMINGHAM	£420,632.10	+4.6%
BRIGHTON	£49,583.37	+0.9%
BRISTOL	£382,041.95	+4.2%
CAMBRIDGE	£22,594.51	+0.2%
CARDIFF	£201,831.39	+3.3%
LEEDS	£269,151.51	+2.7%
LIVERPOOL	£79,240.23	+3.6%
LONDON	-£151,052.60	-0.8%
MANCHESTER	-£242,396.65	-2.5%
NEWCASTLE	£609,341.75	+10.8%
NOTTINGHAM	£102,211.61	+1.5%
READING	£286,989.86	+5.6%
Total	£2,030,169.04	+2.1%

Overall, if all our assumptions were correct, we could expect to spend around 2.1% more under the scheme, with 10 of the 12 LSC regions seeing an overall increase in funding.

Distribution of Anticipated Changes in Income

The table below shows the proportion of providers, both regionally and overall, who we anticipate will increase/decrease their income by the proportions given.

% Increase/Decrease in Income	Proportion of Providers												Total
	BIRMINGHAM	BRIGHTON	BRISTOL	CAMBRIDGE	CARDIFF	LEEDS	LIVERPOOL	LONDON	MANCHESTER	NEWCASTLE	NOTTINGHAM	READING	
Greater than -100% up to and including -90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Greater than -90% up to and including -80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Greater than -80% up to and including -70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Greater than -70% up to and including -60%	0.36%	0.00%	0.33%	0.00%	0.00%	0.38%	1.37%	0.00%	0.29%	0.00%	0.00%	0.00%	0.17%
Greater than -60% up to and including -50%	0.36%	1.73%	0.66%	1.13%	1.22%	0.38%	0.00%	0.59%	0.87%	0.00%	0.94%	2.44%	0.84%
Greater than -50% up to and including -40%	0.73%	2.31%	1.97%	1.50%	2.03%	2.66%	4.11%	2.97%	1.74%	2.93%	0.94%	1.83%	2.03%
Greater than -40% up to and including -30%	4.01%	2.31%	4.93%	3.01%	3.25%	3.80%	1.37%	3.86%	4.06%	0.49%	3.30%	5.49%	3.53%
Greater than -30% up to and including -20%	3.65%	2.89%	3.95%	2.63%	6.10%	4.56%	5.48%	6.23%	5.22%	0.98%	4.72%	4.27%	4.30%
Greater than -20% up to and including -10%	8.76%	10.98%	10.20%	7.89%	6.91%	6.46%	4.11%	8.61%	9.57%	6.83%	11.32%	5.49%	8.42%
Greater than -10% up to and including -5%	6.93%	7.51%	8.22%	9.40%	7.72%	4.56%	2.74%	7.72%	11.30%	3.41%	8.02%	4.88%	7.41%
Greater than -5% up to and including -4%	0.73%	2.31%	1.97%	2.63%	2.03%	2.28%	2.74%	3.26%	1.45%	0.98%	2.36%	0.61%	1.96%
Greater than -4% up to and including -3%	2.19%	0.58%	2.96%	2.63%	1.63%	1.14%	1.37%	2.97%	3.77%	2.44%	2.36%	1.83%	2.34%
Greater than -3% up to and including -2%	2.55%	3.47%	1.64%	0.75%	2.03%	3.04%	1.37%	3.86%	1.16%	1.46%	2.83%	0.00%	2.10%
Greater than -2% up to and including -1%	2.19%	3.47%	2.63%	4.14%	3.25%	3.04%	2.74%	2.97%	1.74%	1.46%	1.42%	1.22%	2.55%
Greater than -1% up to and including 0%	3.65%	0.58%	5.92%	6.39%	2.85%	3.04%	5.48%	5.04%	3.19%	3.41%	5.66%	6.71%	4.30%
Greater than 0% up to and including 5%	7.66%	7.51%	10.53%	10.53%	6.50%	15.21%	13.70%	9.79%	10.72%	5.85%	8.49%	12.80%	9.82%
Greater than 5% up to and including 10%	6.93%	5.78%	4.93%	7.52%	5.28%	9.89%	4.11%	8.31%	5.80%	7.80%	4.72%	7.32%	6.71%
Greater than 10% up to and including 20%	11.68%	15.03%	10.20%	10.90%	8.94%	12.55%	10.96%	10.09%	8.99%	13.17%	12.74%	11.59%	11.15%
Greater than 20% up to and including 30%	6.57%	5.20%	6.25%	6.77%	4.07%	5.32%	4.11%	3.56%	4.35%	10.73%	8.49%	4.88%	5.80%
Greater than 30% up to and including 40%	4.74%	5.78%	5.92%	3.38%	6.91%	2.28%	6.85%	3.26%	4.64%	8.29%	2.83%	5.49%	4.79%
Greater than 40% up to and including 50%	2.92%	3.47%	4.61%	1.88%	3.25%	3.04%	4.11%	2.37%	2.32%	3.41%	2.83%	4.27%	3.07%
Greater than 50% up to and including 60%	3.65%	3.47%	0.66%	2.26%	1.22%	2.28%	2.74%	0.89%	4.93%	4.39%	2.83%	1.83%	2.55%
Greater than 60% up to and including 70%	2.92%	1.73%	1.97%	2.26%	3.66%	1.90%	1.37%	3.26%	1.74%	2.93%	1.42%	2.44%	2.38%
Greater than 70% up to and including 80%	1.46%	1.16%	1.97%	0.75%	2.85%	1.90%	0.00%	0.59%	0.87%	4.88%	2.36%	0.61%	1.64%
Greater than 80% up to and including 90%	2.55%	1.16%	0.99%	1.50%	2.44%	1.90%	1.37%	2.08%	2.61%	0.98%	0.94%	2.44%	1.82%
Greater than 90% up to and including 100%	1.82%	1.16%	0.33%	1.50%	1.63%	0.38%	2.74%	0.59%	1.45%	1.95%	0.00%	2.44%	1.19%
Greater than 100% up to and including 200%	8.03%	8.09%	3.95%	7.14%	8.94%	4.94%	12.33%	5.04%	5.22%	7.32%	3.77%	5.49%	6.22%
Greater than 200% up to and including 300%	1.09%	1.16%	1.97%	1.13%	3.66%	2.66%	2.74%	1.19%	1.45%	2.44%	3.77%	3.05%	2.06%
Greater than 300% up to and including 400%	1.09%	0.58%	0.33%	0.38%	1.22%	0.00%	0.00%	0.59%	0.00%	0.98%	0.00%	0.00%	0.45%
Greater than 400%	0.73%	0.58%	0.00%	0.00%	0.41%	0.38%	0.00%	0.30%	0.58%	0.49%	0.94%	0.61%	0.42%

The next table shows the proportion of cases for which providers whose income is expected to alter by the proportions given are currently responsible.

Proportion of Cases for which Providers are Responsible													
Provider % Increase/Decrease in Income	BIRMINGHAM	BRIGHTON	BRISTOL	CAMBRIDGE	CARDIFF	LEEDS	LIVERPOOL	LONDON	MANCHESTER	NEWCASTLE	NOTTINGHAM	READING	Total
Greater than -100% up to and including -90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Greater than -90% up to and including -80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Greater than -80% up to and including -70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Greater than -70% up to and including -60%	0.03%	0.00%	0.03%	0.00%	0.00%	0.02%	0.19%	0.00%	0.03%	0.00%	0.00%	0.00%	0.02%
Greater than -60% up to and including -50%	0.03%	0.16%	0.06%	0.12%	0.11%	0.02%	0.00%	0.04%	0.08%	0.00%	0.07%	0.19%	0.07%
Greater than -50% up to and including -40%	0.06%	0.21%	0.35%	0.30%	0.40%	0.39%	0.68%	0.38%	0.20%	0.35%	0.07%	0.25%	0.29%
Greater than -40% up to and including -30%	1.52%	0.37%	0.95%	0.73%	1.30%	0.71%	0.48%	0.77%	1.24%	0.03%	1.13%	3.09%	0.97%
Greater than -30% up to and including -20%	1.25%	1.12%	1.11%	1.48%	3.19%	1.57%	1.74%	2.03%	2.18%	0.41%	1.17%	0.93%	1.56%
Greater than -20% up to and including -10%	7.12%	8.96%	9.28%	5.84%	4.75%	3.61%	1.93%	7.13%	8.07%	4.28%	7.11%	5.69%	6.32%
Greater than -10% up to and including -5%	7.12%	12.38%	10.26%	16.22%	10.62%	6.15%	4.34%	14.27%	22.04%	5.01%	9.23%	4.14%	10.94%
Greater than -5% up to and including -4%	0.67%	2.51%	5.75%	3.24%	3.70%	2.60%	4.82%	3.83%	4.32%	0.32%	2.97%	1.24%	2.99%
Greater than -4% up to and including -3%	4.82%	1.33%	2.61%	5.14%	0.87%	1.34%	4.44%	7.11%	7.08%	2.67%	5.31%	1.30%	4.01%
Greater than -3% up to and including -2%	4.05%	4.32%	1.33%	0.79%	7.00%	5.78%	2.03%	7.25%	1.83%	1.79%	5.41%	0.00%	3.82%
Greater than -2% up to and including -1%	3.02%	6.78%	2.89%	7.23%	4.49%	3.73%	7.14%	5.11%	4.98%	1.14%	0.74%	0.74%	3.93%
Greater than -1% up to and including 0%	3.94%	0.43%	4.26%	3.99%	3.70%	2.74%	2.03%	4.05%	4.19%	2.61%	5.84%	2.90%	3.60%
Greater than 0% up to and including 5%	10.98%	13.93%	16.62%	13.74%	10.44%	20.63%	16.20%	14.44%	14.27%	7.89%	12.42%	28.49%	14.51%
Greater than 5% up to and including 10%	14.36%	7.31%	6.51%	9.98%	9.10%	14.64%	6.75%	13.43%	5.59%	16.86%	4.95%	12.24%	10.72%
Greater than 10% up to and including 20%	19.37%	17.02%	11.12%	15.76%	13.19%	20.10%	18.13%	11.11%	7.57%	15.74%	22.57%	14.03%	15.10%
Greater than 20% up to and including 30%	5.35%	5.76%	10.07%	5.96%	2.94%	4.95%	4.15%	2.05%	3.71%	8.97%	12.59%	4.26%	5.78%
Greater than 30% up to and including 40%	4.38%	7.42%	4.42%	1.51%	4.10%	2.90%	11.48%	1.39%	5.28%	15.54%	1.34%	7.05%	4.89%
Greater than 40% up to and including 50%	1.97%	2.61%	6.51%	0.54%	6.23%	2.76%	2.80%	1.57%	1.29%	2.76%	2.87%	3.71%	2.79%
Greater than 50% up to and including 60%	2.99%	0.91%	0.83%	1.66%	0.94%	1.27%	2.80%	0.44%	2.51%	3.14%	0.67%	0.74%	1.56%
Greater than 60% up to and including 70%	0.97%	0.69%	0.86%	1.30%	3.30%	0.64%	1.06%	1.05%	0.69%	3.64%	0.18%	4.70%	1.44%
Greater than 70% up to and including 80%	0.50%	0.43%	1.21%	0.39%	1.96%	1.22%	0.00%	0.16%	0.13%	1.79%	0.88%	0.06%	0.77%
Greater than 80% up to and including 90%	1.77%	0.27%	0.48%	0.64%	1.85%	0.67%	1.64%	0.40%	0.76%	1.03%	0.35%	0.80%	0.84%
Greater than 90% up to and including 100%	0.72%	0.48%	0.22%	0.24%	0.80%	0.09%	1.16%	0.10%	0.46%	0.85%	0.00%	0.19%	0.39%
Greater than 100% up to and including 200%	2.55%	4.32%	1.56%	2.69%	3.99%	1.17%	3.57%	1.31%	1.19%	2.64%	1.10%	2.60%	2.13%
Greater than 200% up to and including 300%	0.28%	0.16%	0.38%	0.12%	0.83%	0.23%	0.19%	0.32%	0.15%	0.29%	0.88%	0.31%	0.34%
Greater than 300% up to and including 400%	0.08%	0.05%	0.06%	0.12%	0.11%	0.00%	0.00%	0.10%	0.00%	0.12%	0.00%	0.00%	0.06%
Greater than 400%	0.06%	0.05%	0.00%	0.00%	0.04%	0.02%	0.00%	0.02%	0.10%	0.03%	0.07%	0.06%	0.04%

This table shows that although a majority of cases in Manchester and London are not currently under the responsibility of providers whose income is expected to increase, two thirds of cases in Manchester, and three quarters in London, are the responsibility of providers whose income is expected to either increase or to decrease by less than 5%.

Client Demographics

A) Client Ethnicity

	Current Number of Claims Reported						% Reported Served by Providers whose Income is expected to Increase						% Reported Served by Providers whose Income is expected to Decrease					
Region	White	Black	Asian	Mixed Race	Other	Unknown	White	Black	Asian	Mixed Race	Other	Unknown	White	Black	Asian	Mixed Race	Other	Unknown
London	2024	796	237	147	285	1007	47%	50%	50%	55%	38%	54%	53%	50%	50%	45%	62%	46%
Non-London	19290	323	434	236	490	2446	78%	80%	76%	84%	67%	82%	22%	20%	24%	16%	33%	18%
Total	21314	1119	671	383	775	3453	54%	49%	50%	53%	47%	47%	46%	51%	50%	47%	53%	53%

B) Client Age

Region	Current Number of Claims Reported							% Reported Served by Providers whose Income is expected to Increase							% Reported Served by Providers whose Income is expected to Decrease						
	0-16	17-24	25-34	35-49	50-64	65+	Unknown	0-16	17-24	25-34	35-49	50-64	65+	Unknown	0-16	17-24	25-34	35-49	50-64	65+	Unknown
BIRMINGHAM	1289	601	1000	900	185	36	2	68%	69%	66%	66%	67%	75%	100%	32%	31%	34%	34%	33%	25%	0%
BRIGHTON	547	319	567	501	86	11	0	60%	60%	61%	64%	62%	73%	N/A	40%	40%	39%	36%	38%	27%	N/A
BRISTOL	919	468	882	928	162	23	3	64%	60%	62%	61%	60%	74%	100%	36%	40%	38%	39%	40%	26%	0%
CAMBRIDGE	1094	548	962	836	161	32	1	56%	57%	55%	55%	53%	50%	0%	44%	43%	45%	45%	47%	50%	100%
CARDIFF	745	467	875	711	159	27	1	52%	59%	61%	61%	65%	74%	0%	48%	41%	39%	39%	35%	26%	100%
LEEDS	1174	792	1292	1116	220	38	2	67%	71%	71%	69%	73%	76%	0%	33%	29%	29%	31%	27%	24%	100%
LIVERPOOL	346	142	294	295	74	9	0	55%	77%	66%	71%	69%	56%	N/A	45%	23%	34%	29%	31%	44%	N/A
LONDON	1857	579	1233	1542	278	55	5	46%	51%	50%	49%	50%	45%	20%	54%	49%	50%	51%	50%	55%	80%
MANCHESTER	1385	636	1110	1032	165	40	5	32%	46%	45%	48%	48%	65%	20%	68%	54%	55%	52%	52%	35%	80%
NEWCASTLE	917	638	1032	924	179	17	2	84%	81%	82%	84%	78%	88%	50%	16%	19%	18%	16%	22%	12%	50%
NOTTINGHAM	884	520	799	751	148	20	1	59%	63%	62%	61%	63%	75%	100%	41%	37%	38%	39%	37%	25%	0%
READING	564	240	478	405	67	11	0	90%	78%	79%	72%	82%	91%	N/A	10%	22%	21%	28%	18%	9%	N/A
Total	11721	5950	10524	9941	1884	319	22	59%	63%	62%	62%	63%	67%	41%	41%	37%	38%	38%	37%	33%	59%

There is no particular age group that is affected more severely by the fee schemes.

Appendix B: Family Help – Further impact analysis

Fees for October 2007

Issues

- Historically, Legal Help claims have been reported as 'Children', 'Finance' or 'Children and Finance'. That reporting was done under a system where the reporting had no consequences for any practical outcomes. In the new scheme, reporting a case as 'Children and Finance' will lead to a payment that is around twice that of reporting either 'Children' or 'Finance' alone.

This risk has been managed through the assumption that, rather than only 20% of cases being reported as both 'Children and Finance', it is assumed that, in response to the new scheme rules and fees themselves, suppliers may report 50% of cases as both 'Children and Finance'.

- Impacts had previously been modelled separately for Legal Help and Certificated Work, and a composite impact deduced by combining the two. Altering our modelling approach to ascertain impacts based on a combination of legal help and Certificated Work altered impacts.

As part of our modelling process, a proportion of all providers' legal help budgets has been removed to fund level 2 work. The proportion removed, and in turn distributed into level 2, was dependent solely upon the region in which the provider was based and the type of case; no provider characteristics were considered.

This led to inconsistencies when modelling impacts. In reality differences in provider case mix and behaviour implied that there are a proportion of providers who currently conduct less, or incur less cost on, cases under a certificate that would be funded at level 2 under the fee scheme. Apportioning these providers the same budget from full rep for level 2 as other providers would mean that they would appear to be doing far worse under the scheme than is actually the case, and vice versa.

We have therefore taken these provider differences into account when modelling impacts by considering the actual cost for each provider of cases reported under a certificate that would be funded at level 2.

Reassessing the impacts in this way means that we have a more accurate idea of the impacts of levels 1 and 2 only,

nullifying the fact that we have transferred money in from full rep work to fund level 2.

- o Isolating and interpreting the impacts of only implementing Levels 1 and 2.

As the data used to inform the fee calculations was cases claimed in 05/06, either at Legal Help or billed as a certificate. Naturally these cases are, for the most part, not the same clients progressing through the two levels of service.

Within the data, we have a number of providers who have only billed Certificated Work during 0506. This will be due to License only contracts or firms who have now left legal aid, but are still closing and billing a small number of cases. This is heightened by the recent work on recouping POAs.

For these providers, we have moved the money from their Level 2 Certificated Work, but we do not have Level 1 or 2 fees to balance this money against, therefore they would appear to be losing by 100% when looking at Level 1 and 2 impacts only. As this will clearly not reflect reality, we have excluded these firms from the impact calculations.

We have limited the providers used in this analysis to those who have an active Unified Contract for 07/08.

Impacts of the Proposals

Financial Impacts

The table below shows the expected financial impacts of the scheme.

Region	Predicted Over/Underspend	As a % of Total Spend
BIRMINGHAM	+£575,673	6.0%
BRIGHTON	+£230,073	5.0%
BRISTOL	+£333,943	3.3%
CAMBRIDGE	+£580,183	6.3%
CARDIFF	+£500,104	7.6%
LEEDS	+£480,103	4.1%
LIVERPOOL	+£96,189	3.3%
LONDON	-£264,509	-2.8%
MANCHESTER	+£744,173	7.4%
NEWCASTLE	+£955,589	15.9%
NOTTINGHAM	+£674,356	8.0%
READING	+£181,018	3.5%
Total	+£5,086,894	5.4%

Appendix B

Overall, if all our assumptions were correct, we could expect to spend around 5.4% more at this level of work under the scheme, with 11 LSC regions seeing an overall increase in funding. However, taken across the scheme as a whole i.e. including Certificated Work, which we would expect to decrease, we would not expect expenditure to increase beyond the 2.5% parameter.

Appendix B

Client Demographics

B) Client Ethnicity

Region	Current Number of Claims Reported						% Reported Served by Providers Whose Income Would Increase					% Reported Served by Providers Whose Income Would Decrease						
	White	Black	Asian	MRace	Other	Unknown	White	Black	Asian	MRace	Other	Unknown	White	Black	Asian	MRace	Other	Unknown
BIRMINGHAM	23407	673	2259	263	697	3440	73%	64%	59%	70%	64%	64%	27%	36%	41%	30%	36%	36%
BRIGHTON	11952	109	198	85	435	2595	69%	62%	77%	54%	62%	63%	31%	38%	23%	46%	38%	37%
BRISTOL	24866	251	198	122	386	4710	60%	64%	58%	69%	69%	67%	40%	36%	42%	31%	31%	33%
CAMBRIDGE	20942	372	563	143	370	6659	67%	60%	56%	69%	56%	59%	33%	40%	44%	31%	44%	41%
CARDIFF	17026	76	170	51	323	4759	68%	68%	56%	75%	56%	67%	32%	32%	44%	25%	44%	33%
LEEDS	31668	544	2328	180	1117	3697	66%	60%	61%	62%	66%	66%	34%	40%	39%	38%	34%	34%
LIVERPOOL	8226	57	80	52	458	1163	65%	74%	68%	65%	42%	57%	35%	26%	33%	35%	58%	43%
LONDON	11666	4982	3010	671	3172	5190	67%	65%	64%	67%	50%	60%	33%	35%	36%	33%	50%	40%
MANCHESTER	24958	330	1539	141	667	8493	62%	52%	57%	62%	60%	61%	38%	48%	43%	38%	40%	39%
NEWCASTLE	18117	73	311	46	401	3131	79%	74%	71%	80%	69%	70%	21%	26%	29%	20%	31%	30%
NOTTINGHAM	19461	358	1051	139	447	4089	70%	56%	47%	58%	59%	61%	30%	44%	53%	42%	41%	39%
READING	12412	270	795	91	625	2345	69%	65%	64%	57%	76%	72%	31%	35%	36%	43%	24%	28%
Total	224701	8095	12502	1984	9098	50271	68%	63%	60%	66%	58%	63%	32%	37%	40%	34%	42%	37%

The impacts are evenly shared between all ethnic groups, with the exception that a smaller proportion of black or Asian clients are likely to be seen by a provider whose income is expected to increase.

Appendix B

C) Client Age

Legal Help Region	Current Number of Claims Reported							% Reported Served by Providers Whose Income Would Increase							% Reported Served by Providers Whose Income Would Decrease						
	0-16	17-24	25-34	35-49	50-64	65+	Unknown	0-16	17-24	25-34	35-49	50-64	65+	Unknown	0-16	17-24	25-34	35-49	50-64	65+	Unknown
BIRMINGHAM	158	3696	10890	12913	2597	474	11	63%	71%	70%	70%	71%	70%	91%	37%	29%	30%	30%	29%	30%	9%
BRIGHTON	111	1583	5160	6845	1442	218	15	69%	67%	69%	67%	69%	65%	0%	31%	33%	31%	33%	31%	35%	100%
BRISTOL	244	3287	9971	13758	2815	436	22	50%	63%	63%	61%	59%	59%	68%	50%	37%	37%	39%	41%	41%	32%
CAMBRIDGE	134	3235	9950	12837	2436	446	11	60%	64%	65%	65%	66%	63%	55%	40%	36%	35%	35%	34%	37%	45%
CARDIFF	158	3157	7760	9028	1977	293	32	56%	68%	68%	67%	67%	61%	41%	44%	32%	32%	33%	33%	39%	59%
LEEDS	361	5524	14187	15708	3189	535	30	62%	66%	67%	66%	65%	62%	53%	38%	34%	33%	34%	35%	38%	47%
LIVERPOOL	190	1058	3276	4279	1064	166	3	63%	69%	63%	62%	62%	67%	33%	37%	31%	37%	38%	38%	33%	67%
LONDON	163	2955	9629	12914	2425	585	20	72%	66%	62%	63%	62%	62%	40%	28%	34%	38%	37%	38%	38%	60%
MANCHESTER	419	4712	12699	14657	3099	521	21	49%	62%	62%	61%	61%	64%	29%	51%	38%	38%	39%	39%	36%	71%
NEWCASTLE	101	3321	7796	8689	1867	290	15	73%	76%	78%	77%	78%	74%	80%	27%	24%	22%	23%	22%	26%	20%
NOTTINGHAM	182	3215	8885	10858	2051	344	10	69%	67%	67%	68%	67%	67%	80%	31%	33%	33%	32%	33%	33%	20%
READING	149	1848	5651	7295	1357	230	8	62%	73%	70%	68%	68%	71%	88%	38%	27%	30%	32%	32%	29%	13%
Total	2370	37591	105854	129781	26319	4538	198	60%	67%	67%	66%	66%	65%	52%	40%	33%	33%	34%	34%	35%	48%

The impact is evenly spread among all age groups in all regions.

Appendix B

Distribution of Anticipated Changes in Income

The table over shows the proportion of providers, both regionally and overall, who we anticipate will increase/decrease their income by the proportions given.

% Increase/Decrease in Income	Proportion of Providers											Total	
	BIRMINGHAM	BRIGHTON	BRISTOL	CAMBRIDGE	CARDIFF	LEEDS	LIVERPOOL	LONDON	MANCHESTER	NEWCASTLE	NOTTINGHAM		READING
Greater than -100% up to and including -90%	9.39%	10.19%	2.50%	4.76%	7.06%	4.33%	13.25%	18.09%	3.76%	2.07%	0.49%	11.59%	6.83%
Greater than -90% up to and including -80%	0.82%	3.18%	0.94%	0.40%	3.92%	0.00%	4.82%	1.71%	0.58%	0.00%	0.49%	2.44%	1.34%
Greater than -80% up to and including -70%	2.45%	3.82%	3.75%	2.78%	2.35%	0.39%	1.20%	3.41%	1.45%	0.52%	0.00%	0.61%	2.02%
Greater than -70% up to and including -60%	1.63%	4.46%	2.81%	1.59%	4.31%	1.18%	0.00%	2.39%	2.89%	0.52%	0.00%	4.27%	2.28%
Greater than -60% up to and including -50%	1.63%	1.91%	5.94%	3.57%	1.57%	1.57%	3.61%	6.83%	3.18%	0.00%	0.49%	2.44%	2.96%
Greater than -50% up to and including -40%	4.08%	1.27%	4.69%	0.40%	5.10%	1.97%	4.82%	1.71%	4.05%	3.11%	1.46%	2.44%	2.96%
Greater than -40% up to and including -30%	3.67%	5.10%	4.06%	2.78%	5.10%	2.36%	2.41%	3.07%	5.49%	3.11%	3.88%	5.49%	3.94%
Greater than -30% up to and including -20%	6.94%	3.82%	6.88%	4.76%	4.71%	8.27%	2.41%	6.48%	7.80%	4.66%	5.83%	5.49%	6.07%
Greater than -20% up to and including -10%	4.49%	5.10%	7.19%	9.52%	5.49%	8.27%	9.64%	6.83%	7.51%	5.70%	8.25%	4.27%	6.86%
Greater than -10% up to and including -5%	3.67%	3.82%	3.44%	4.76%	3.14%	3.94%	3.61%	2.39%	3.76%	4.15%	7.28%	5.49%	4.01%
Greater than -5% up to and including -4%	1.22%	2.55%	1.25%	2.38%	0.39%	0.00%	0.00%	1.02%	2.02%	0.00%	1.94%	0.00%	1.16%
Greater than -4% up to and including -3%	0.82%	0.00%	0.31%	1.98%	0.78%	0.79%	0.00%	0.34%	0.58%	0.52%	1.46%	0.00%	0.69%
Greater than -3% up to and including -2%	0.00%	1.27%	0.31%	1.59%	1.18%	1.57%	0.00%	0.34%	0.00%	1.04%	0.97%	0.61%	0.72%
Greater than -2% up to and including -1%	0.00%	0.00%	0.94%	0.40%	0.78%	1.18%	1.20%	1.02%	1.16%	2.59%	0.49%	0.61%	0.87%
Greater than -1% up to and including 0%	0.82%	0.00%	0.94%	0.40%	0.39%	0.39%	0.00%	0.68%	1.16%	0.52%	1.46%	1.83%	0.76%
Greater than 0% up to and including 5%	3.67%	1.91%	2.81%	3.57%	3.53%	3.94%	2.41%	3.75%	2.89%	3.11%	3.40%	3.05%	3.25%
Greater than 5% up to and including 10%	4.49%	5.73%	1.88%	5.95%	2.75%	6.69%	6.02%	3.07%	4.34%	5.18%	4.85%	4.27%	4.37%
Greater than 10% up to and including 20%	4.90%	7.01%	6.88%	10.32%	4.71%	11.42%	6.02%	7.17%	7.80%	11.40%	12.62%	7.93%	8.16%
Greater than 20% up to and including 30%	11.02%	5.73%	7.81%	11.51%	6.27%	8.66%	6.02%	3.07%	5.49%	12.44%	8.74%	4.88%	7.62%
Greater than 30% up to and including 40%	7.35%	5.10%	6.56%	6.35%	4.31%	9.45%	6.02%	3.75%	7.80%	4.15%	11.65%	4.27%	6.50%
Greater than 40% up to and including 50%	4.90%	3.82%	5.00%	5.16%	8.24%	5.51%	2.41%	6.83%	4.34%	4.66%	7.77%	4.27%	5.46%
Greater than 50% up to and including 60%	4.08%	5.10%	4.38%	4.76%	3.14%	5.12%	6.02%	3.75%	4.34%	5.70%	1.94%	4.27%	4.26%
Greater than 60% up to and including 70%	4.49%	4.46%	4.38%	3.57%	3.14%	3.15%	4.82%	3.07%	3.47%	3.11%	3.40%	5.49%	3.76%
Greater than 70% up to and including 80%	3.27%	1.27%	2.19%	1.59%	1.57%	1.57%	2.41%	2.05%	2.89%	6.74%	2.91%	4.27%	2.64%
Greater than 80% up to and including 90%	2.45%	2.55%	3.13%	0.79%	1.96%	1.18%	1.20%	1.02%	2.31%	5.18%	0.49%	3.05%	2.10%
Greater than 90% up to and including 100%	4.49%	0.64%	2.50%	1.98%	2.75%	1.18%	1.20%	1.37%	2.31%	2.07%	1.94%	0.61%	2.06%

Appendix B

Greater than 100% up to and including 200%	3.27%	10.19%	5.94%	1.98%	9.02%	5.51%	6.02%	4.78%	6.07%	7.77%	5.34%	6.10%	5.82%
Greater than 200% up to and including 300%	0.00%	0.00%	0.63%	0.40%	1.96%	0.39%	2.41%	0.00%	0.29%	0.00%	0.49%	0.00%	0.47%
Greater than 300% up to and including 400%	0.00%	0.00%	0.00%	0.00%	0.39%	0.00%	0.00%	0.00%	0.29%	0.00%	0.00%	0.00%	0.07%
Greater than 400%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The next table shows the proportion of cases for which providers whose income is expected to alter by the proportions given are currently responsible.

Provider % Increase/Decrease in Income	BIRMINGHAM	BRIGHTON	BRISTOL	CAMBRIDGE	CARDIFF	LEEDS	LIVERPOOL	LONDON	MANCHESTER	NEWCASTLE	NOTTINGHAM	READING	Total
Greater than -100% up to and including -90%	0.09%	0.04%	0.04%	0.02%	0.15%	0.03%	0.01%	0.06%	0.03%	0.00%	0.00%	0.13%	0.05%
Greater than -90% up to and including -80%	0.08%	0.75%	0.17%	0.00%	0.87%	0.00%	1.25%	0.31%	0.11%	0.00%	0.01%	0.30%	0.22%
Greater than -80% up to and including -70%	0.56%	1.14%	0.93%	0.31%	0.73%	0.06%	0.08%	1.61%	0.52%	0.06%	0.00%	0.22%	0.52%
Greater than -70% up to and including -60%	0.66%	1.64%	1.19%	0.32%	1.65%	0.36%	0.00%	0.80%	0.68%	0.21%	0.00%	1.77%	0.72%
Greater than -60% up to and including -50%	1.03%	1.66%	3.20%	1.39%	0.88%	0.90%	2.10%	3.93%	1.15%	0.00%	0.14%	1.09%	1.45%
Greater than -50% up to and including -40%	2.18%	0.48%	2.69%	0.22%	3.90%	1.43%	0.89%	1.95%	1.97%	1.27%	0.79%	1.36%	1.67%
Greater than -40% up to and including -30%	2.15%	3.80%	2.60%	1.93%	4.37%	1.89%	1.55%	1.76%	3.31%	2.07%	3.65%	3.29%	2.64%
Greater than -30% up to and including -20%	7.85%	3.13%	5.43%	3.75%	3.74%	10.70%	2.08%	7.43%	7.76%	2.65%	7.79%	4.14%	6.23%
Greater than -20% up to and including -10%	2.56%	3.85%	9.47%	11.06%	3.21%	9.73%	9.46%	4.45%	5.91%	6.81%	8.80%	3.49%	6.76%
Greater than -10% up to and including -5%	3.51%	4.87%	4.75%	5.01%	3.00%	5.38%	4.58%	3.16%	5.12%	4.32%	7.19%	7.53%	4.82%
Greater than -5% up to and including -4%	1.15%	2.80%	1.14%	1.64%	0.26%	0.00%	0.00%	1.19%	2.86%	0.00%	1.31%	0.00%	1.09%
Greater than -4% up to and including -3%	1.14%	0.00%	0.07%	2.60%	0.43%	0.51%	0.00%	0.18%	1.01%	0.10%	2.21%	0.00%	0.80%
Greater than -3% up to and including -2%	0.00%	1.65%	0.20%	2.90%	1.99%	1.34%	0.00%	3.92%	0.00%	0.12%	0.87%	1.29%	1.21%
Greater than -2% up to and including -1%	0.00%	0.00%	1.24%	0.22%	1.36%	2.16%	2.31%	1.14%	0.97%	2.99%	0.28%	1.49%	1.14%
Greater than -1% up to and including 0%	0.45%	0.00%	1.02%	0.47%	0.28%	0.24%	0.00%	1.13%	0.68%	0.92%	0.76%	2.24%	0.68%
Greater than 0% up to and including 5%	5.19%	1.30%	1.89%	6.17%	3.02%	6.91%	4.06%	4.60%	3.57%	6.12%	3.69%	1.80%	4.31%
Greater than 5% up to and including 10%	5.77%	8.03%	1.49%	7.09%	2.78%	7.02%	7.88%	3.80%	5.61%	3.66%	5.72%	5.06%	5.20%
Greater than 10% up to and including 20%	4.58%	7.95%	6.81%	12.67%	6.00%	16.25%	6.20%	12.56%	9.86%	20.85%	14.81%	12.75%	11.25%
Greater than 20% up to and including 30%	16.81%	9.20%	12.02%	14.28%	7.05%	9.50%	7.73%	4.54%	6.49%	17.26%	10.59%	4.41%	10.29%
Greater than 30% up to and including 40%	9.29%	7.65%	7.93%	9.21%	3.19%	9.02%	15.00%	5.23%	7.65%	3.60%	11.38%	6.05%	7.80%
Greater than 40% up to and including 50%	5.82%	4.03%	6.80%	5.49%	12.46%	4.92%	8.86%	12.85%	4.91%	3.86%	9.56%	3.84%	6.89%
Greater than 50% up to and including 60%	5.79%	9.09%	5.88%	6.14%	3.40%	4.47%	8.55%	7.76%	5.70%	6.10%	1.27%	6.91%	5.60%
Greater than 60% up to and including 70%	5.72%	7.25%	4.02%	3.87%	4.90%	2.03%	5.89%	4.14%	4.72%	2.76%	3.07%	6.82%	4.27%
Greater than 70% up to and including 80%	3.22%	1.28%	2.32%	0.85%	2.23%	1.70%	3.01%	2.14%	3.94%	6.39%	3.12%	6.99%	2.95%
Greater than 80% up to and including 90%	2.60%	3.45%	5.44%	0.61%	4.18%	0.39%	1.62%	3.41%	4.97%	3.32%	0.22%	6.50%	2.93%
Greater than 90% up to and including 100%	7.79%	1.82%	4.24%	0.70%	3.43%	0.49%	1.53%	1.62%	2.73%	1.40%	1.16%	0.47%	2.43%
Greater than 100% up to and including 200%	4.03%	13.14%	6.90%	0.98%	20.20%	2.53%	5.22%	4.33%	7.72%	3.15%	1.59%	10.04%	6.00%

Appendix B

Greater than 200% up to and including 300%	0.00%	0.00%	0.11%	0.09%	0.25%	0.04%	0.14%	0.00%	0.03%	0.00%	0.02%	0.00%	0.05%
Greater than 300% up to and including 400%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.01%
Greater than 400%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%