

An Analysis of Urban vs Rural Cases

November 2006

Summary

The key points to extract from this analysis are:

- There is little variation in average case costs between rural and urban suppliers. Where these differences do occur, they are slightly more marked for NFPs than for solicitors, and suggest that the cost of cases is higher in urban areas.
- The only marked difference in the profile of clients served between rural and urban suppliers was the higher number of ethnic minority clients served by urban suppliers.
- There is no noticeable difference in the types of cases taken on by rural and urban suppliers, or in the relative costs of differing case types, when defined by matter type, end point and outcome.
- More tolerance work is conducted in rural areas than in urban. The difference in costs between tolerance and non-tolerance work varies, in terms of both magnitude and direction, across categories.
- There is a far higher degree of regional variation in costs for urban suppliers than for rural.

1. Introduction

The following analysis compares case costs for Urban and Rural Solicitors and Not for Profit agencies, and investigates how the following factors affect any differences:

- Client Profile
- Matter Type
- Outcome
- End Point
- Tolerance vs Non-Tolerance
- Use of Disbursements

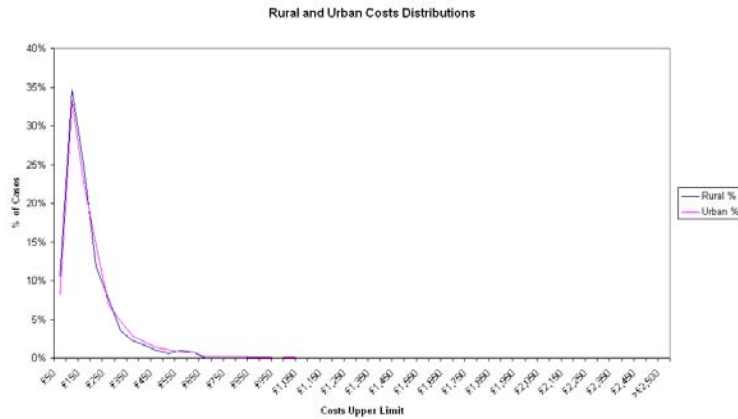
It also looks at regional variations in urban and rural case costs.

The analysis is based upon all Debt, Housing and Welfare Benefits data for the year 2005 – 2006.

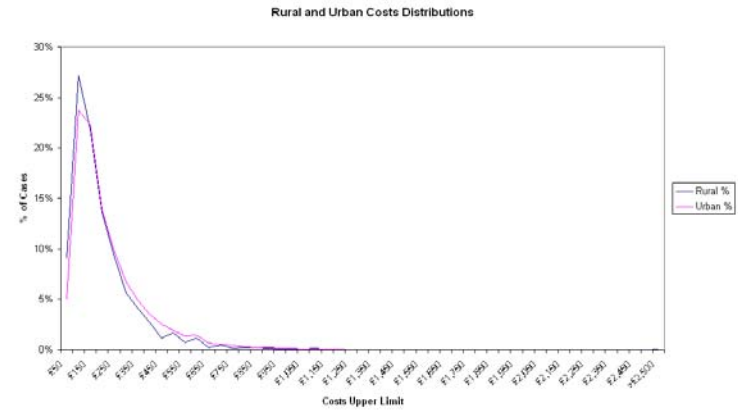
2. Costs Distributions & Average Costs

The charts below display the spread of profit costs for urban and rural suppliers:

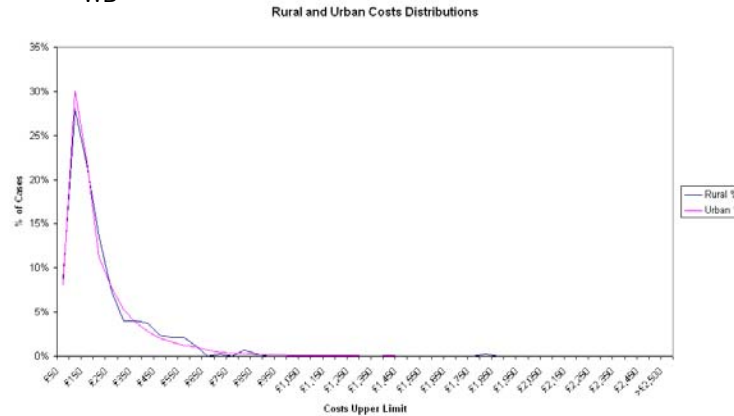
Solicitors: Debt



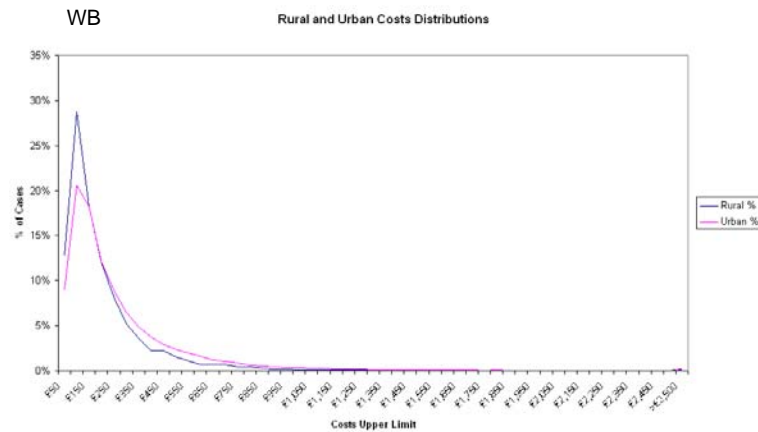
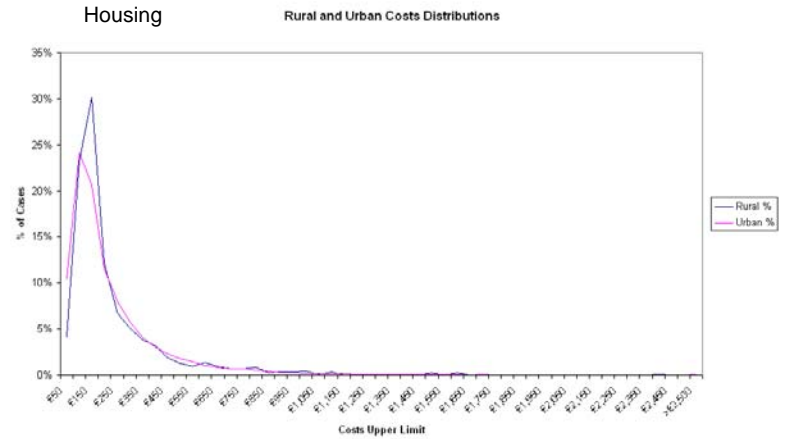
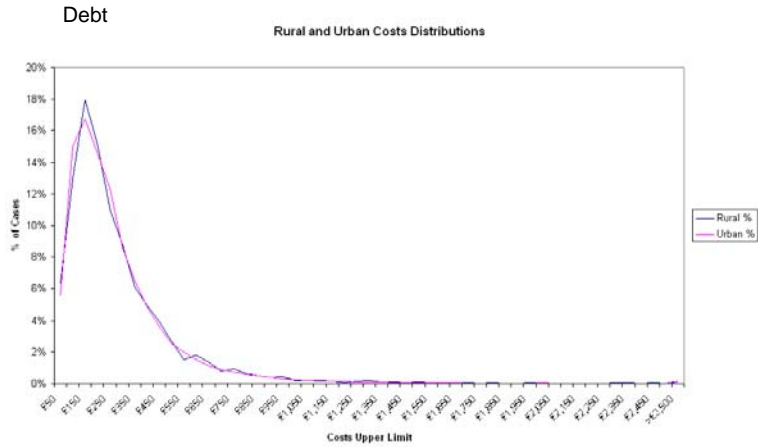
Housing



WB



NFPs:



These charts demonstrate very little variation overall in the distribution of costs for urban and rural Solicitors. For Housing NFP cases, there is a slight difference between the costs distributions, but this difference is evenly balanced at the lower end of the costs scale. For Welfare Benefits NFP cases, however, there is a marked difference between the two distributions, with urban cases clearly tending towards the upper end of the costs scale. The effect of this difference is highlighted in the tables below:

Solicitor Average Case Costs

	Average Costs	
	Urban	Rural
Debt	£153.23	£136.71
Housing	£200.63	£195.90
WB	£180.89	£177.92

NFP Average Case Costs

	Average Costs	
	Urban	Rural
Debt	£253.56	£260.72
Housing	£211.95	£212.85
WB	£241.61	£182.88

These tables show that, while the differences are very slight in most instances, urban cases, on average, cost more than their rural counterparts. The average differences in average costs are just 1.05% for solicitors, and 1.10% for NFPs.

3. Client Profile

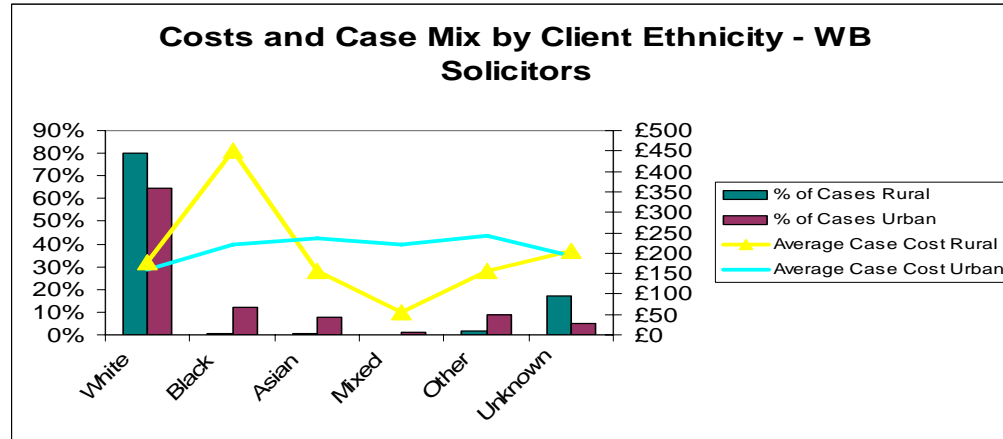
3.a) Client Ethnicity

The proportions of cases involving clients of differing ethnicities, and the average costs of these cases, were compared.

It was found that rural suppliers serve a significantly smaller number of non-white clients. In fact, there was only one instance of more than 1% of rural clients being either black, Asian or mixed race (this was for NFP welfare benefits cases, where 1.91% of rural clients were Asian). The small sample size means that it is difficult to draw definitive conclusions about case profiles.

Costs wise, it was found that the average costs for white clients were almost identical for rural and urban suppliers for all three categories of law. For non-white clients, there was variation in average costs, but there was no consistent pattern to this variation between categories.

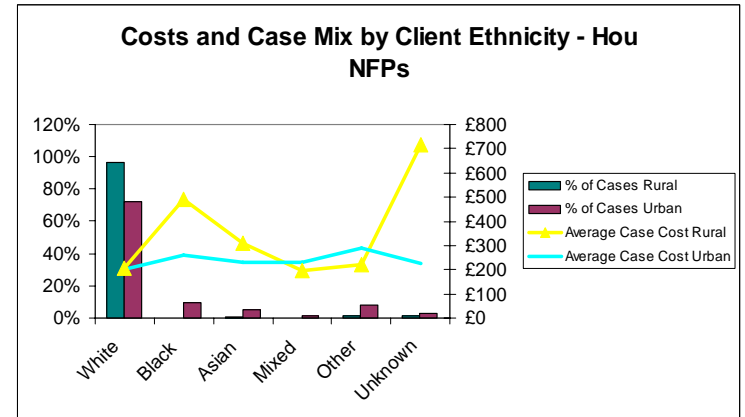
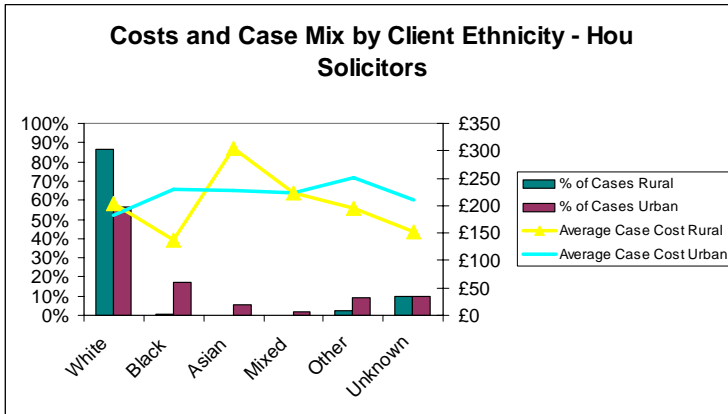
For welfare benefits, rural cases involving black clients were more expensive for both solicitors and NFPs, whereas those involving Asian or mixed race clients were cheaper. This is demonstrated in the chart below, which is similar for both solicitors and NFPs:



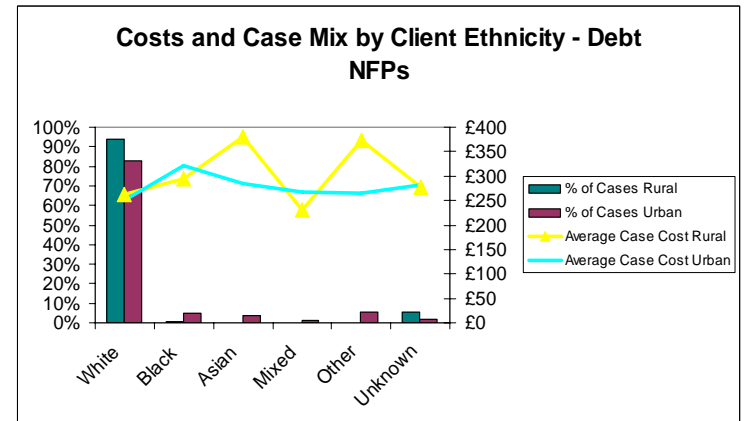
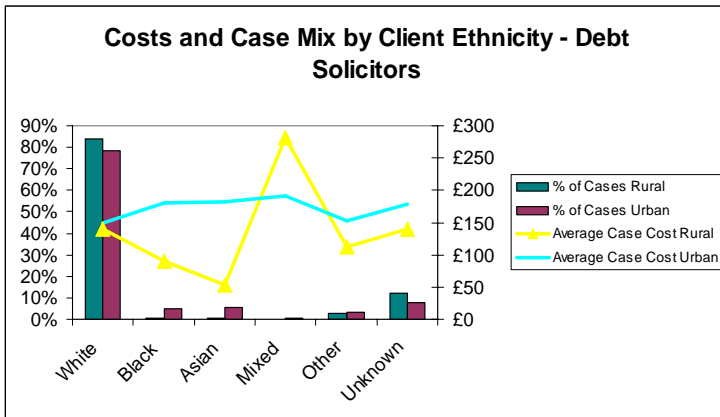
For housing and debt cases, there were no clear patterns to the variation in costs between rural and urban solicitors and NFPs, as demonstrated by the following charts:

Appendix F

Housing



Debt

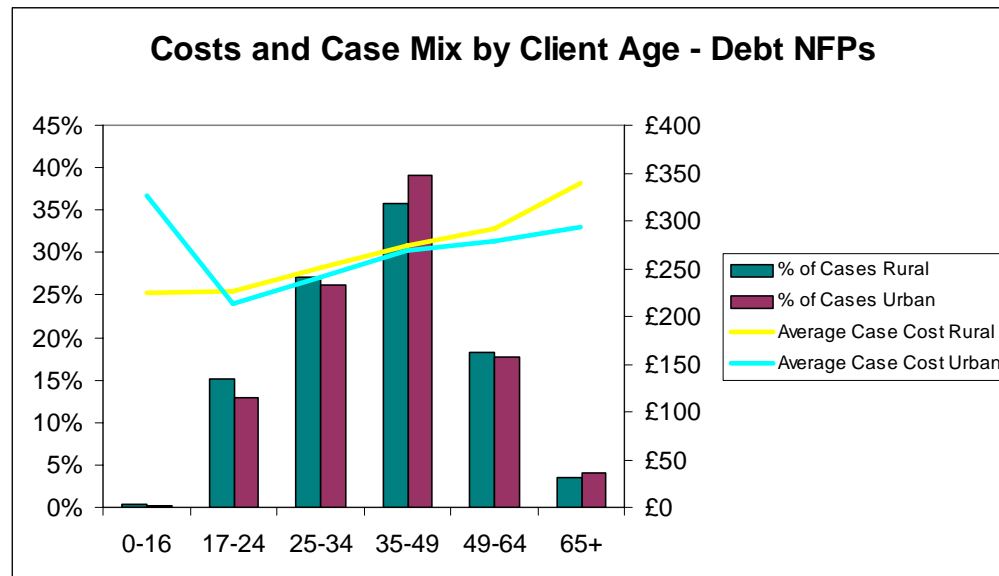


The almost negligible volume of cases involving ethnic minority clients for rural suppliers makes it impossible to draw any firm conclusions about the effect of client ethnicity on differences in costs between rural and urban cases, but the extremely close correlation between costs for cases involving white clients for all suppliers suggests that it is not a large factor.

3. B) Client Age

The proportions of cases involving clients of differing ages, and the average costs of these cases, were compared.

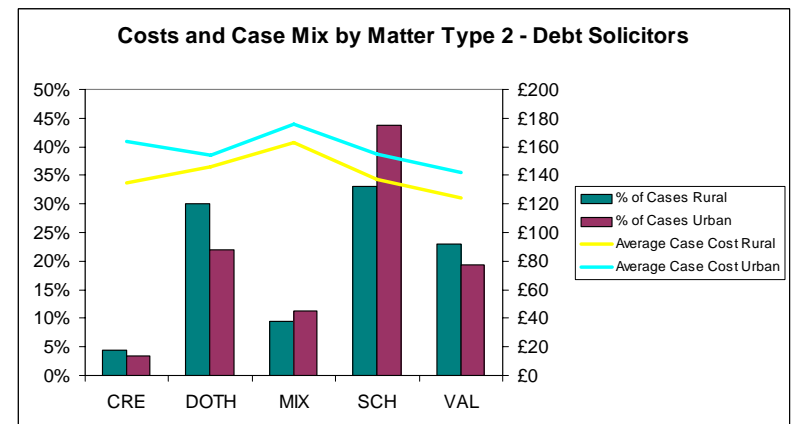
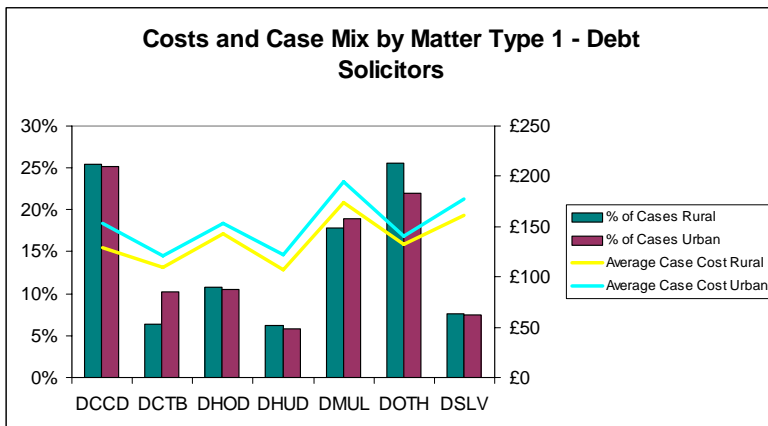
The results showed very little variation in the distribution and average costs of cases when compared to client age, with the one exception being that cases involving children were significantly more expensive for urban suppliers than rural. The very low numbers of cases involving children in the categories analysed means that it is not possible to draw any conclusions from this trend. The chart below is typical of all categories and supplier types:



4. Matter Type

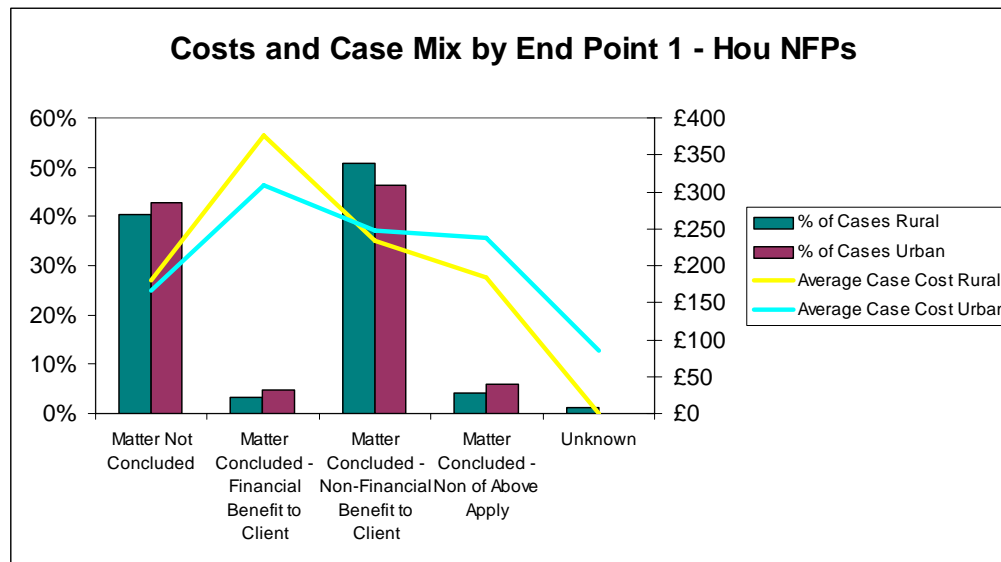
The proportions of cases involving differing matter types, and the average costs of these cases, were compared.

There were no significant differences in case mix between rural and urban suppliers – the case profiles were almost identical in all instances. Variations in average costs for each matter type reflected only the overall differences already highlighted. The charts below, showing debt solicitor cases, illustrate this point:



5. Outcome

Again, there was no significant difference in the profiles of case outcomes, and no evidence for differing outcomes contributing to differences in costs between urban and rural suppliers. The chart below, which again is typical of all categories and supplier types, illustrates this point:



6. Tolerance vs Non-Tolerance

The table below shows the proportions of solicitor cases conducted under tolerance, and the average costs of these cases as opposed to non-tolerance cases:

	Rural/Urban	% of Cases as Tolerance	Average Case Cost	
			Tolerance	Non-Tolerance
DEBT	Rural	8.31%	£150.31	£138.13
	Urban	6.75%	£160.53	£154.54
HOUSING	Rural	5.11%	£199.37	£198.50
	Urban	1.65%	£202.54	£202.27
WB	Rural	8.92%	£173.60	£183.52
	Urban	2.61%	£172.35	£182.33

The table shows that a higher proportion of tolerance cases are conducted by rural suppliers than urban, although this difference is not as marked in debt cases. In debt cases, non-tolerance work is less expensive. This difference, however, is almost non-existent in housing cases.

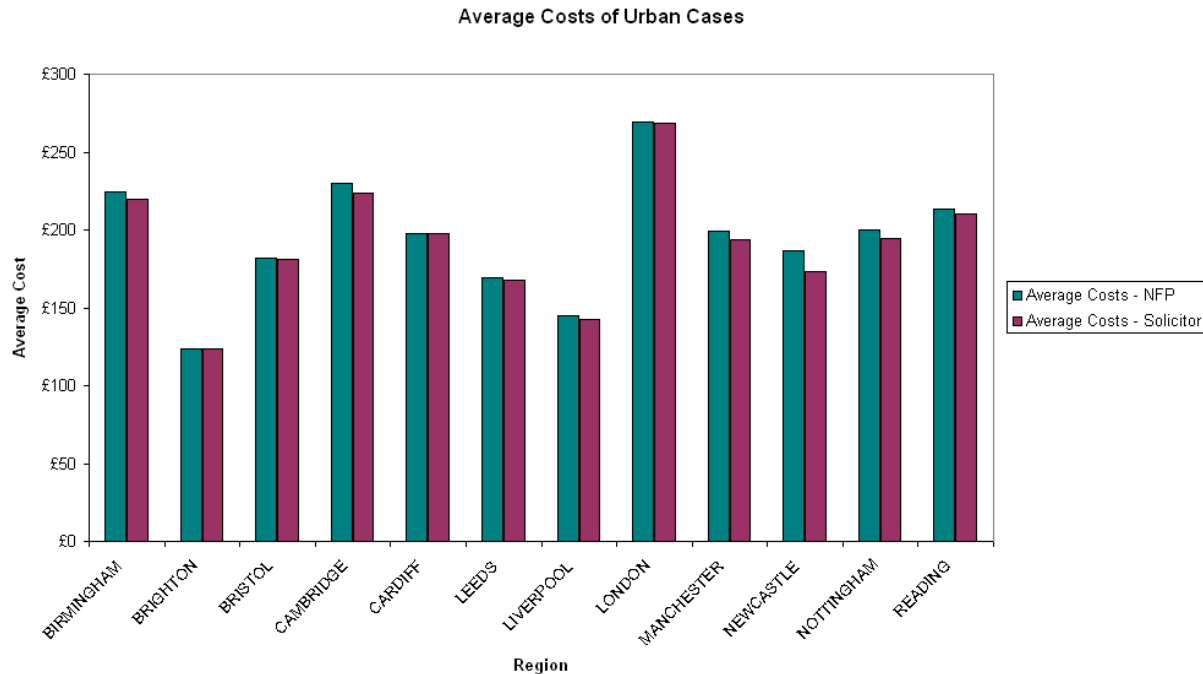
7. Use of Disbursements

The effect of the use of disbursements on average case costs was similar across all categories and types of supplier. The average sum of profit and counsel costs increased by between 40% and 150% in cases where disbursements were used for both rural and urban suppliers. The one anomaly was housing NFP cases, where rural costs actually decreased by 14% where disbursements were used.

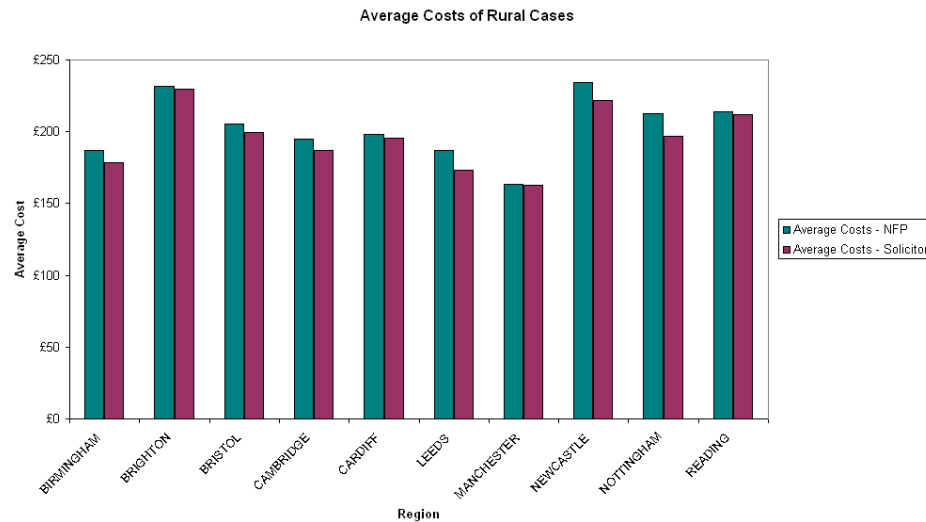
8. Regional Variation in Urban/Rural Costs

This section looks at variations in costs between urban and rural suppliers in different regions.

The chart below shows the average case costs, for debt, housing and welfare benefits cases, of suppliers in all bidzones with an urban coverage of 95% or over:



Producing the same data for cases in bidzones with an urban coverage of 50% or less, gives the following chart:



These charts show that there is regional variation in costs between suppliers in bidzones with similar degrees of urban coverage. The variation in urban bidzones is far greater than that in rural, ranging from £123 - £269 (a 119% difference) compared with £162 - £233 (a 43% difference). Even if London is excluded from the urban cases, the variation is 81%, which is still almost double the rural variation.