

THE 10% CUT TO LEGAL AID FEES:

With no excesses to trim, vulnerable Law Centre clients will lose out

BRIEFING FROM THE LAW CENTRES FEDERATION

On 3rd October the amount of legal aid fees paid to advice providers for civil legal advice was cut by 10%. This cut in payments – at a time of increasing costs – is causing severe difficulties for providers, and Law Centres in particular. Many not-for-profit organisations and private practice solicitors simply do not have excesses that would absorb this cut. This would push them to cut services, and leading vulnerable clients to lose out.

What the Cut Means

The 10% cut to the fixed fees will affect all legal advice providers with legal aid contracts. It is in effect a unilateral amendment by the Ministry of Justice of providers' terms of contract. This is questionable considering that many of these agencies are not-for-profit organisations.

Not-for-profit advice organisations have no profit margin that could absorb a 10% fee cut. They devote all of their resources to service delivery. Cutting fixed fees would have the direct result of immediate reductions in staffing and therefore a reduction in the number of people helped.

Decimating fees would have a knock-on effect on legal advice: it would make legal aid work no longer viable for many of its current providers. This squeeze would inevitably lead some organisations to insolvency and others to give up their legal aid contract – leaving vulnerable clients in the lurch.

Law Centres Particularly Disadvantaged

Law Centres specialise in social welfare law. Each year they help around 120,000 people with in-depth legal casework that many other advice agencies are unable to provide. They are particularly dependent on legal aid.

The 10% cut will burn an £800,000 hole in Law Centres' budgets – a net loss that they would find hard to sustain. The loss would hit Law Centres particularly hard because they are already disadvantaged by the way in which the civil legal aid fixed fees were calculated since their introduction in 2007.



The calculation reflects the average costs of a case dealt with by private practice solicitors firms. It does not take into account the average duration of Law Centres' cases, which take longer to complete. For example, the fixed fee for a housing case in private practice assumes an average case length of 192 minutes. The average length of a housing case in a Law Centre is around 275 minutes – around 43% longer than in private practice.

Why the Difference?

Law Centres' cases take longer to complete due to a combination of the requirements of the case and the needs of the client. Law Centres often act for individuals who have already been turned away by private practice firms or other not for profit advice providers. In many cases clients are referred to a Law Centre by the first provider they contact because of the complexity of the legal work needed. These are normally clients with social or mental health problems (including alcohol and drug abuse issues) or people with communication or educational difficulties. These are people whose circumstances are such that it is incredibly difficult for them to present their case or obtain the evidence they need.

At a Loss

Left out of the fee calculation, Law Centres already operate at a loss under the fixed fee scheme. This state of affairs is not sustainable, given that funding from other sources such as local authorities is being reduced as well.

Private practice providers can offer services at private market rates to subsidise their legal aid work. However, Law Centres are precluded from charging for services and so rely on donations and other grant funding. Most grant funding is restricted to specific projects and therefore cannot be used to supplement or subsidise the Law Centre's legal aid work.

The 10% fee reduction is not “trimming fat” but cutting services – just at a time of economic difficulty, when demand for them grows daily. Law Centre clients come to us as a last resort. They have nowhere else to go if we turn them away. The fee cut will not save money but simply force client problems and costs to government elsewhere.

How You Can Help

Lord Bach has tabled a negative motion, that the Community Legal Service (Funding) (Amendment No. 2) Order 2011 (SI 2011/2066), laid before the House on 24 August, be annulled. The motion will be debated in the House of Lords at 7.30pm on Wednesday, 26th October. **Please support Lord Bach's negative motion. This will reinstate the 10% that were cut.**