

SLAB Commentary on Segmentation Tables Produced

Purpose

1. This paper is a companion piece to the Excel workbook, Legal Aid Payments 2018-19, which is disaggregated to geographical areas, aid types and some work types. The commentary is structured around each tab in the workbook.
2. The data and this commentary has been produced to assist the Panel in its task to assess and agree an evidence based process and methodology that would underpin a future review of payment structures and fee levels for legal services provided by solicitors and advocates to assisted persons.
3. This data supports a high level conclusion that the current system produces different business models in different geographical areas and for different types of work. This then is the current pattern of supply which will be impacted by refreshed payment structures and fee levels. The current models might be expected to change depending on Government objectives on future payment structure and level - which would flow from Ministerial priorities (e.g. preference for local supply, or hub and spokes models for some areas of law/ geographies).
4. This segmentation approach can be refined to identify the baseline supply which might be impacted by any specific Government objective.

Table 1: Aid Group Payment Figures by Local Authority

Description:

5. Figures show the total solicitor (including solicitor-advocates) fees paid to practitioners based in the local authority area. The total fee expenditure was £80.1 million ex VAT. The total income for the area is divided by the number of practitioners which gives the average income per practitioner. As the figures are based on payments solicitors from CLAO, PDSO or SCL are excluded.
6. This structure is then repeated for each of the 3 main types of legal assistance: Civil; Criminal and Children's.
7. The legal assistance type sum columns sum to the total sum column. The prac (practitioner) count columns do not sum to the total as an individual practitioner may be active across multiple assistance types so to sum the columns would double count these individuals. Similarly the average columns cannot be summed to the total average.
8. The colour scaled shading of the average columns is scaled within the column - i.e. 4 different scales. Note these are Excel generated and do not reflect any

positive or negative views on the numbers. They are simply indicative of a scale.

Observations:

9. North Lanarkshire has the highest average total income at £45,529. Next is Highland (£45 K) and Renfrewshire (£44,514).
10. **Civil** - West Lothian has the highest average civil income at £27 K, Glasgow is second at £23 K and Highland third at £23 K.
11. The lowest areas for civil income are Eileanan Siar £895, East Renfrewshire £4950 and Argyll & Bute £5334. Shetland had no civil income practitioners.
12. **Criminal** - Aberdeenshire has the highest income at £72 K. Renfrewshire is second at £67 K, Highland is also high at £61 K. The lowest areas are Orkney & Eileanan Siar on £6 and £13 K respectively but they only have 4 practitioners combined.
13. In **Children's** Eileanan Siar and Shetland had no practitioners located there receiving payment for children's legal assistance. Orkney, East Lothian, Argyll & Bute and Borders all have very low numbers. Aberdeenshire is high but with few practitioners. Next are the large urban areas of Edinburgh and Glasgow.

Key points:

14. There appears to be a general pattern of rural areas having lower average incomes although this pattern can be thrown off with small practitioner numbers. Grampian and Highland have high average criminal income.

Table 2: Aid Group Payment Figures by Segment

Description:

15. The aim of segmentation is to divide a market into understandable segments. The aim is to maximise internal homogeneity and maximise external heterogeneity. In other words the segments should share some characteristics and be clearly differentiated.
16. There are many different ways in which we can segment the legal aid market. The approach below uses legal aid area of work and size of income combined with geographic area. It is designed to be generally descriptive. If a more specific objective is defined then the segmentation approach can be refined, either in advance of the panel's conclusion of work and recommendations of options, or once this has concluded.
17. The initial 5 way segmentation of practitioners was defined based on which legal assistance areas they received payment in (based on payments made in 2018-19):
 - A. 100% Criminal
 - B. 100% Civil
 - C. Both Civil & Criminal but not Children's
 - D. All 3 aid groups
 - E. Misc/Remainder = Civil + Children's; Crim + Children's; Children's only.
18. One quarter (25%) of all practitioners are in segment A - i.e. they do only criminal work. The average income is £55,230. The segment is responsible for 37% of all fees.
19. Just under 1/4 of the segment receive less than £5 K income from legal assistance. And 19% receive more than £100 K.
20. Segment B - only civil comprise 40% of all practitioners. The average income is the lowest at £14,322. Fifty-six percent of the group which is 22% of all practitioners receive less than £5 K income. Two percent of the group receive more than £100 K.
21. There are 101 sole criminal practitioners who receive over £100 K income. But there are only 18 sole civil practitioners who receive over £100 K income. Fifteen of these are located in Glasgow & Edinburgh.

22. Segment C - both civil and criminal comprise 9% of all practitioners. The average income is £39638. Fifteen percent of the group receive less than £5 K income. Ten percent of the group receive more than £100 K.
23. Segment D - Everything comprises 14% of all practitioners. The average income is the highest of the 5 main segments at £62163. Three percent of the group receive less than £5 K income. Eighteen percent of the group receive more than £100 K.
24. 56 practitioners do all 3 areas and receive over £100 K. 25 are in Glasgow, 3 in Edinburgh, 4 in Fife and 8 in Dundee.
25. Segment E - the remainder (practitioners who do just Children's or civil & Children's or criminal & Children's) comprise 12% of all practitioners. Their average income is £39497. Seventeen percent of the group receive less than £5 K income. Seven percent of the group receive more than £100 K.

Key points:

26. Most practitioners do either just civil or just criminal legal assistance and not both. Most practitioners receive very little income from legal aid. Almost one third (32%) receive less than £5,000 income from legal aid and earn 1% of all fees. Another 26% receive between 5 and 25 K and earn 10% of fees.
27. Conversely 74% of all fees are earned by just 27% of practitioners who earn more than £50,000 per year with an average fee income of £101,000. If all fees were concentrated on this 27% (589 practitioners) then average fee income would increase 35% to £136,000.

Table 3: Segment Income by Area

28. Glasgow has a smaller proportion of practitioners doing just criminal compared with the average - 19% vs 25%. And a slightly higher proportion doing just civil.
29. Edinburgh has more sole criminal practitioners than Glasgow earning 50-100 K and over 100 K. Edinburgh has very few who do just Civil & Crim or Everything.
30. Fife has more sole Criminal, fewer sole Civil and more who do both Civ/Crim and Everything. In fact almost 3 times as many Everything as Edinburgh - 34 vs 12.
31. Dundee has very few sole criminal practitioners but more sole civil practitioners. There are also more practitioners doing both civil & criminal and also more practitioners doing everything.
32. North Lanarkshire also has more sole Criminal, and fewer sole Civil. Slightly more Civil & Criminal and fewer who do Everything.
33. Aberdeen has a high % who are sole criminal = 36%. They have the same % overall who are sole civil (40%) - but none of them earn more than 25 K. There are slightly more practitioners doing both Civil & Criminal and their earnings are concentrated in the higher brackets. There is a smaller proportion doing Everything - only 6% vs 43% nationally. And fewer numbers in Misc.
34. Highland has 15 sole criminal practitioners which is a larger proportion (34%) than the average (26%). Six of them earn over 100 K - this is by far the largest proportion in Scotland. There is a smaller % doing everything. Although the 2 practitioners doing everything have high incomes.
35. Argyll & Bute has a low number of sole criminal practitioners. 11 (50%) sole civil most on less than 5 K. 2 practitioners earning both civil & criminal. 5 (23%) doing all 3 areas & 1 misc.
36. East Lothian has 1 sole criminal practitioner who earned between £50 & £100 K. There are 13 sole civil practitioners - most of whom who earn less than 25 K. No-one does both Civil & Criminal but not Children's (segment C). There are 3 practitioners who do all 3 areas and they have high earnings over 50 & over 100 K & 1 misc.

Key points:

37. Many different structures of supply have developed across the country. Edinburgh, Aberdeen, North Lanarkshire & Highland have higher numbers of criminal specialists. Edinburgh also has a higher number of civil specialists but a lower number of multi-area practitioners. North Lanark has a lower number of civil specialists and a higher number of multi-area practitioners.
38. Glasgow has a lower number of sole criminal and a high number of high earning civil specialists.

Table 4: Civil LAR Groups

39. There were 1613 solicitors paid for civil work in 2018-19. Solicitor earnings within civil legal assistance were grouped into 7 areas:

AWI = Adults with Incapacity
 Dmgs = Reparation inc medical negligence
 FamRel = Family/relationship issues inc contact, divorce, residence, etc.
 IAJR = Immigration asylum judicial review
 Ment = Mental health
 Other = Other
 SocWel= Social welfare

40. The numbers of practitioners working in these different groups is this.

Num civil groups worked	Num pracs	Percent
1	660	41
2	341	21
3	229	14
4	211	13
5	131	8
6	31	2
7	10	0.6
Total	1613	100

41. Most practitioners work in just one or two areas. The most popular area is family/relationships where 68% of practitioners work. Second is Other and third is SocWel. The highest average income is in IAJR at £20,582.

Total	£28,301		1613		£17,546
Area	Total value of this work £000s	Percent of total value	Count of pracs doing this work	Percent of pracs doing this work	Avg prac income in this area
FamRel	£14,184	50%	1104	68%	£12,848
Other	£1,277	5%	765	47%	£1,669
SocWel	£1,749	6%	577	36%	£3,032
AWI	£2,021	7%	563	35%	£3,589
Dmgs	£2,392	8%	367	23%	£6,517
IAJR	£5,166	18%	251	16%	£20,582
Ment	£1,513	5%	157	10%	£9,634

Table 5: Civil LAR Groups Count by Area

42. In Aberdeen 70% of practitioners work in just one area. Similarly 66% of civil practitioners in Edinburgh work in just one area. Whereas in the Borders practitioners are more likely to do 2 or 3 different areas.

Table 6: Civil Group Payment Figures by Local Authority - Sols earnings ex VAT

43. The highest average number of groups worked is in the Borders at 3.2 per practitioner. South Ayrshire averages 3 and Stirling 2.9.

44. At the other end Edinburgh is 1.5 and Midlothian is 1.6. Eileanan Siar is lowest at 1.3 but very little work is involved.

45. Edinburgh has a lower total average income per practitioner. But most of the individual LAR group average incomes are higher.

46. Glasgow has a very high level of IAJR income, lower avg level of FamRel income.

47. IAJR v concentrated in Glasgow. 13 councils' practitioners do no work in this field.

48. Seven councils' practitioners receive no income for mental health work - predominantly rural areas: Angus, Renfrewshire, Orkney Islands, Aberdeenshire, Moray, Midlothian, Eileanan Siar.

49. Three councils' practitioners have the vast majority of mental health work: Fife, Glasgow, Edinburgh.