

# Preparing for fixed fees

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## **This workshop is:**

- **For organisations thinking about continuing to provide legal aid services**
- **NOT about the nitty-gritty of contract management**
- **Set against a background of LSC plans for CLACs/CLANs and Best Value Tendering**

# Introduction to fixed fees

**The standard fees for each matter will be:**

- **community care** £290
- **debt** £196
- **education** £296
- **employment** £225
- **housing** £171
- **welfare benefits** £164

# Introduction to fixed fees

## Costing your cases/matters:

- You will need to **COST** your cases
- In order to establish your average case cost for the fixed fee margin (more later)
- And when claiming payment for the case as an “exceptional case” rather than as a fixed fee

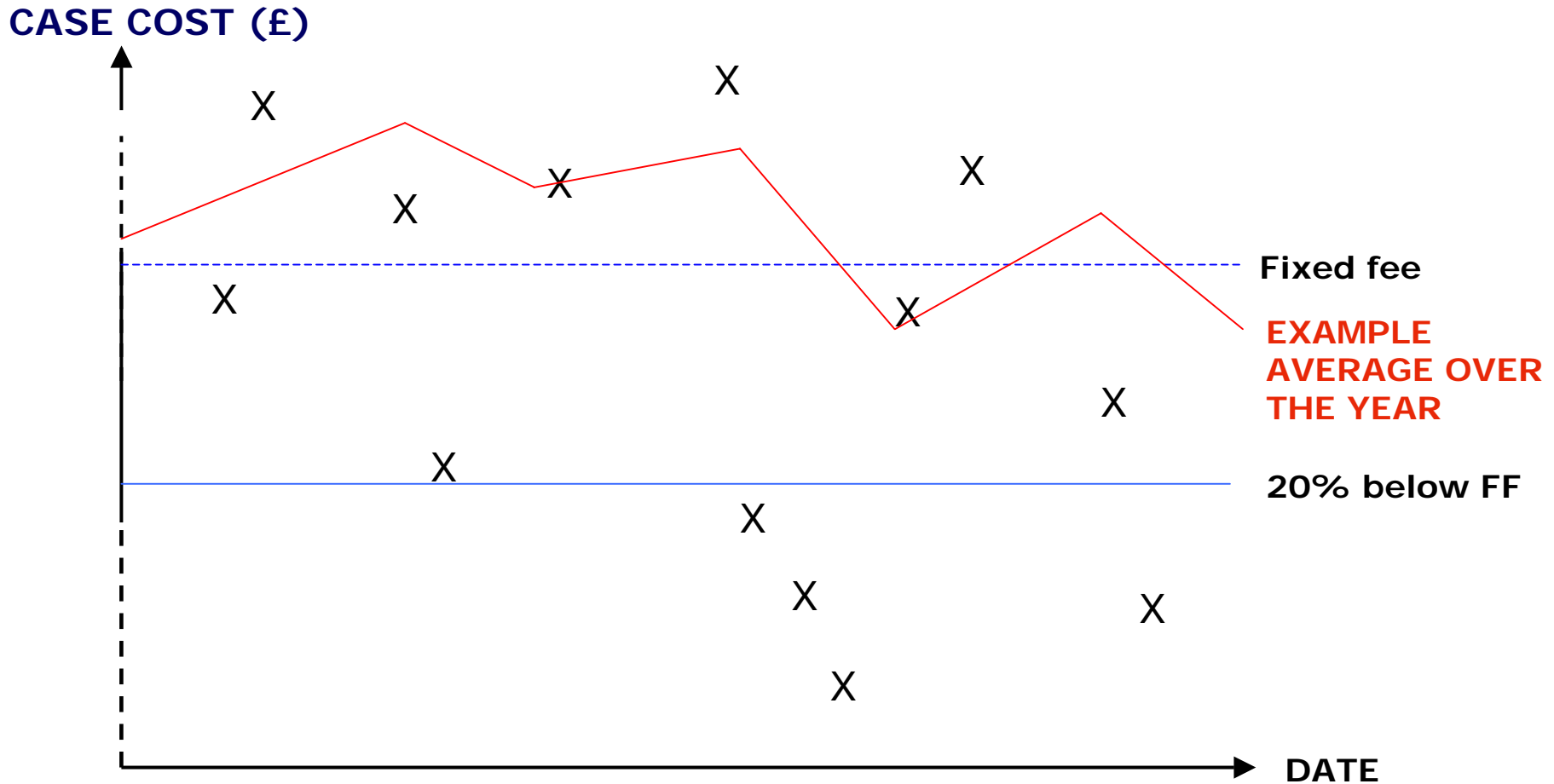
# Introduction to fixed fees

## Costing cases: debt & benefits

Activity	London	Non-London
Preparation, attendance, advocacy	£ <b>50.70</b> /hour	£ <b>47.80</b> /hour
Travel & waiting	£ <b>26.80</b> /hour	£ <b>26.80</b> /hour
Letters out & telephone calls	£ <b>3.90</b> /item	£ <b>3.75</b> /item

# Introduction to fixed fees

## Averaging your case/cost profile



# Introduction to fixed fees

## **Exceptional cases:**

- Cost of a closed case must be 3x or over the fixed fee for the subject category you are working in (in £'s)
- If case is exceptional, you will be paid total cost in £'s instead of a fixed fee
- LSC don't anticipate lots of them e.g. for 2005/06 LSC only estimated 3.79% of debt cases would have been classed as exceptional

# Introduction to fixed fees

## **Risks attached to exceptional cases:**

- LSC will assess some (or all) of them
- If LSC assess a case as worth less than threshold then you'll only get fixed fee
- KPIs and Preferred Supplier:
  - \* *must start 85% of allocated matter starts*
  - \* *maximum percentage reduction of claims on assessment that we (LSC) would expect to be made = 10%*

# Knowing where you stand

## Winner or loser? Calculation part I

- take number of cases closed last year by subject (or your estimate of what you will close next year)
- subtract any cases that would be exceptional cases
- add in level i cases for eligible clients that could be classed as matters
- multiply by fixed fee = ***£ earned on fixed fee cases over the year***

# Knowing where you stand

## Winner or loser? Calculation part II

- add estimated income from exceptional cases to give you total annual income from October 07
- this should give you estimate of total income from current caseload by subject

# Knowing what you might need to change

**The changes needed boil down into:**

□ *efficiencies*

and / or

□ *case mix*

# Making efficiencies – a few suggestions

- First-point means-assessment
- managing client expectations
- use of standard letters/technology
- streamlining admin
- use of travelling and waiting time
- not allowing cases to drift - tenacity
- licensed work where possible
- managing “no-shows”
- separate matters

*...you will probably have thought of others*

# Changing case mix – issues to consider

## Will making efficiencies be enough?

- *ASA research found that case lengths were linked to case types, client characteristics, outcomes and how much work you do on a case*
- **changing case mix should therefore change case lengths / cost too**

# Changing case mix – issues to consider

- *Equalities legislation*
- ***Draft Specification prohibits refusing work on basis of cost (2.41)***
- ***Also prohibits changing case mix but this “does not mean that you cannot take appropriate steps to undertake a mix of cases...which broadly reflect the types of cases arising in your bid zone” (7.14)***

# Changing case mix – issues to consider

**Some organisations will be able to change their LSC case mix by internally reorganising their work**

**i.e. allocating cases to other funding streams**

# Your current case mix

## However, some NfPs have whole-organisation priorities based on:

- *Making best use of staff skills e.g. legal, linguistic etc*
- *Prioritising most marginalised and/or most urgent need*
- *Targeting particular issues e.g. discrimination, or client groups*
- *Complementing the work of others*

# 6 months to get ready

## Start planning NOW

- ✓ A plan will involve identifying efficiencies, and changing case mix (**unpicking current arrangements**). In our view, will need to involve working closely with others in your local area
- ✓ Implementation - check that it is working. Develop parallel system of accounting and case management to check?

# Further help

## Other resources and support:

- **ASA road-shows**
- **CLS Support training**
- **Briefings and Bulletins**
- **Networks**
- **Internet forums and discussion areas**