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The whole country waited in trepidation for the Treasury's comprehensive public spending review and none more so than those of us working in legal aid. It made no difference that this frontline service, costing little more than 0.3 per cent of all public expenditure, already delivers exceptional value; or that in the past five years, the number of people helped by the legal aid scheme nearly doubled whilst funding .for it hardly changed

With the prospect of rising unemployment, our experience shows that the incidence of issues such as domestic violence and mental health will grow, leading to a much greater demand for legal aid services. The net result therefore is an attack on the welfare of some of the most .vulnerable members of our society

The pronouncements also signalled a revolution in legal aid and it will be up to those of us working in the sector to rise to the challenge if we want to preserve our clients' access to justice. We can argue at the margins about a cut here and there or we can find ways to continue .to give our clients the voice they deserve in the legal system

A significant facet of this revolution will be an acceleration of the consolidation of legal aid businesses. However, the Law Society's recent successful judicial review of the Legal Service Commissions' (LSC) family law bid tender process (which heralded an overnight reduction from 2,400 to 1,200 family law legal aid firms) shows that this needs to be managed without the risk of decimating provision of legal aid services to the most vulnerable in society. There have also been statements from the LSC that the number of criminal law providers in London will be cut by 90 per cent. However, if the Government wants to achieve this kind of consolidation then it has to ensure that those firms that remain can meet the very immediate challenges of seeing their workload grow so substantially overnight. To many this would seem to offer these firms a financial bonanza but it could actually turn out to be a financial nightmare. Obtaining the working capital to fund the recruitment of new staff is not a given in an environment where bank funding is scarce – not least because banks themselves are concerned about the uncertain future of this sector. Couple this with the payment difficulties that firms experience and you have the recipe for a cash flow disaster. There is a real risk that consolidated firms will simply not be able to fund the provision of .legal aid services they are responsible to deliver - leaving the public denied access to justice and the system in a mess

Leaving aside the arguments of principle for and against this move, it must surely be the case that the costs and complications involved in operating this new approach outweigh the sums of money actually likely to be recovered from the assets of these clients. Several commentators have also pointed to other aspects of the expenditure on criminal cases that, if addressed, might prove more particularly fruitful in reducing costs, such as making the actual administration of the trials themselves more efficient and ensuring that the CPS is always fully prepared. And many of us question why 50 per cent of legal aid in the crown courts has to be consumed by one per cent of .cases

The Legal Services Act 2007 reformed the way in which legal services are regulated in England and Wales, allowing for the creation of Alternative Business Structures (ABS). These will enable law firms to explore new ways of organizing their businesses to be more cost-effective, permit different kinds of lawyers and non-lawyers to work together, and allow for external investment. Undoubtedly this will bring a ?revolution to the whole legal sector - but does it offer potential for legal aid firms to adapt to the challenges ahead

Despite a legal aid budget in the billions, firms operating in this sector are not usually spoken of in the same profitable tones as our brethren in private law firms. The potential to deliver returns on Investment through mergers (horizontal and vertical) in the legal aid sector is certainly not out of the question. It will require investors and partners who understand the nature of legal aid work but there are some, including those already involved in the provision of related services. and for those concerned about the maintenance of quality, I believe that those firms with a real passion for providing excellent legal aid work will be the most attractive to both clients and investors. There is a .catch though: we can't begin to explore the practicalities of ABS until the official launch date of October 6, 2011

In all of this, we must be careful to ensure that the use of alternative funding or new business models is not perceived to remove the need for all publicly funded legal aid. The profession has to be very clear about those that must remain publicly funded - for example, mental .health, crime, asylum and the protection of children

Those at risk of losing their liberty in mental health and criminal cases must be able to rely on the State's support and it is surely right to distinguish asylum seekers from those migrants seeking legal advice to advance their economic status, who ought to be asked to make a .contribution towards their legal costs

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