

Interest on Lawyers' Client Accounts Scheme **consultation: LAPG response**

Executive Summary

1. LAPG is strongly opposed to the Ministry of Justice's (MoJ) proposed Interest on Lawyers' Client Accounts (ILCA) scheme for reasons that we set out below. Crucially, the current proposal represents a significant and unexplained departure from the model discussed with representative bodies over the last two years. By abandoning those established parameters, the Government has undermined the collaborative process and missed an opportunity to create the consensus required for such a fundamental shift in the treatment of client funds.
2. The legal aid sector in England and Wales is in a state of extreme fragility, as evidenced by the Government's own [2024 Review of Civil Legal Aid](#). Introducing additional financial or administrative burdens at this juncture risks a potential breakdown of service provision in many regions. Anecdotal evidence shared by our members indicates that a number of the firms that will be affected include those working with extremely vulnerable client groups, such as victim-survivors of domestic abuse. Beyond specific practice areas, the overarching concern remains that legal aid, whether in mental health, community care, or private family law, serves as the crucial safety net for the most vulnerable members of society. The current provider base is already so depleted that it lacks the resilience to absorb further fiscal or administrative shocks.
3. We contend that in a system already defined by "legal aid deserts" and razor-thin margins, any additional risk to provider viability is a risk too far. The potential for even a marginal number of further provider closures represents a disproportionate threat to the rule of law and to access to justice. For a relatively modest gain to the public purse, the government risks a systemic collapse that would leave the most marginalized citizens without any recourse to the law.
4. It is our belief that the scheme as proposed is unfit for purpose, lacking both a clear mandate for its implementation, and robust evidence to support it. The consultation fails to identify the statutory authority for what amounts to a sector-specific tax. Furthermore, there is an absence of essential financial modelling, including assessments of administration and compliance costs for firms and financial institutions.
5. We submit that such a proposal would have serious consequences for access to justice and legal aid firms specifically. Provider firms have indicated that the removal of interest on client accounts would compel many of those firms to offset that loss by charging private clients higher legal fees, which cannot be in the public interest. This will particularly affect vulnerable clients, reduce cross-subsidisation of legal

aid, undermine their capacity to offer pro bono services, and risk exacerbating existing legal aid deserts.

6. The scheme also raises major regulatory, operational and practical concerns. Legal aid firms are already subject to a stringent and industry-funded regulatory framework governing client money, including obligations to account to clients for a fair sum of interest. The proposed scheme risks creating conflicts with these professional duties and imposing disproportionate administrative burdens on firms and banks. In many cases it will be difficult to differentiate reserved legal activities that would be subject to ILCA, from non-reserved activities.
7. The justice system is an essential public service that should be funded through general taxation, not indirectly through the appropriation of client money. We are particularly concerned by the structure proposed as the funds are not ring-fenced for access to justice but will instead be paid into a general Ministry of Justice fund. This contradicts wider government commitments to growth and reducing regulatory burdens on providers. The proposed scheme risks further damage to an already hollowed-out legal aid infrastructure.

Introduction and Context

8. Legal Aid Practitioners Group (LAPG) is a membership body supporting those who carry out legal aid work in England and Wales. Our members are private practice firms, not for profit organisations, barristers, costs lawyers and legal aid policy specialists. Our members carry out all areas of civil and criminal legal aid work and cover the whole range of business models from smaller, niche and/or sole principal firms, charities and other not-for-profits, to many of the largest providers of legal aid services.
9. In preparing this response we undertook consultation with our members and practitioners on our Advisory Committee, which is made up of legal aid providers, barristers, costs drafts people and practice managers. We put a call for evidence out to our membership and have included feedback gathered through that process below. We have also called upon our broad experience of policy work and research about the legal aid scheme and our extensive engagement with the LAA and MOJ on all legal aid contracting and policy issues as a Contract Consultee body and member of various engagement groups.
10. LAPG welcomes the opportunity to respond to this consultation; however, we do so with significant reservations regarding the substance of the proposal, evidence upon which it is based and the process by which it has been brought forward. This current iteration represents a marked and unexplained departure from the models discussed with representative bodies over several years. This has undermined the collaborative dialogue established to protect the stability of the legal aid and justice sector and ensure that MOJ policy is formulated with due consideration of the views of legal

service providers and their representatives. We also note the language of the consultation implies that the decision to implement such a scheme has already been made and only the mechanism by which that decision will be implemented is being consulted on.

11. Given the fundamental flaws in the scheme's design and its potential for systemic harm, our response does not address every individual question posed in the consultation document. Instead, we have focused our response on the core issues most critical to our membership and the clients they serve: specifically, the existential threat this poses to some members of what has been acknowledged by government as a fragile legal aid infrastructure already beset by widespread "legal aid deserts."
12. Finally, we note that other groups such as The Law Society have set out background detail around ILCA schemes in other jurisdictions. We have had sight of their response and endorse the summary on ILCA schemes set out in paragraphs 14-25 inclusive.

We set out our position on the proposals in further detail below.

Critical concerns

1. Procedural Deficiencies and Breach of Consultation Principles

13. We raise a formal objection regarding the conduct of this consultation. Under the [Cabinet Office Consultation Principles \(2018\)](#), government departments are bound by specific standards to ensure that public engagement is meaningful and robust. The current exercise fails to meet these standards in three critical areas:

13.1 Failure to Provide Sufficient Information (Principle C): The Principles state that departments must *"give enough information to ensure that those consulted understand the issues and can give informed responses."* This consultation fails to provide, inter alia, a validated impact assessment regarding the administrative costs to firms or the specific impact on the legal aid sector.

13.2 Failure to Target Vulnerable Groups (Principles F & G): The Principles require departments to consider the *"full range of people, business and voluntary bodies affected"* and to tailor consultations to the needs of particular groups. The MoJ has failed to properly consider or consult the demographic of small high-street firms and legal aid providers for whom this policy poses an existential threat. This is despite a series of roundtable meetings held in 2025 during which the specific concerns of this demographic and the potential financial impact that they faced was highlighted. It should also be noted that those roundtable meetings were held to discuss the potential creation of an

ILCA scheme in very general terms, without reference to any of the specific elements of the government's current proposals. Engagement with legal aid providers in 2025 was set in the context of raising for funds that would be used to support and promote access to justice, not paid into a general MOJ fund. This in turn leads to concerns about the likely impact on the vulnerable clients who rely on legal aid providers.

2. Departures from International Models

14. While we acknowledge that ILCA schemes operating in other jurisdictions have delivered positive outcomes, we posit that the current MoJ proposal bears little resemblance to the collaborative systems in operation in other jurisdictions. Government plans also differ markedly from the model that has been under consideration as part of engagement to date, such as with the Legal Support Strategy Delivery Group, over the past year.
15. The success of ILCA schemes depends on the support of two key stakeholders: the legal profession and commercial banks. In some jurisdictions, such as the US, we are told by our colleagues at The Law Society that professional bodies have been highly supportive of ILCA schemes, and in some of the researched jurisdictions, professional bodies play a major role in distributing funds. There are, however, significant differences in a number of those jurisdictions to our own justice system, and those differences require careful consideration. Each scheme is bespoke to the system in which it operates and cannot simply be transplanted across to England and Wales. The government is aware that the Centre for Socio-Legal Studies is currently conducting research around the potential applicability of international comparators to England & Wales. We are strongly of the view that government should wait until that research project has concluded and the evidence base mentioned below (from para 21) has been obtained before proceeding further with any proposal.
16. A primary concern lies in the proposed governance structure: the scheme would be administered directly by the MOJ, rather than by an independent body. Furthermore, unlike existing models, there is no requirement for the 'hypothecation' of these funds. Rather than being ring-fenced to support access to justice or legal aid, the proposal suggests these monies will be absorbed into the MOJ's general budget. Without a formal commitment to reinvest these funds into the justice system, the scheme lacks clear public interest utility.
17. The proposal that law firms should report directly to the MOJ as the scheme administrator presents a significant risk to commercial confidentiality and the established separation of regulatory and executive functions. While we acknowledge the Government's stated intent to minimise the "compliance burden" by leveraging existing reporting practices, we strongly contend that the MOJ is not an appropriate recipient of this material.

18. The Solicitors Regulation Authority (SRA) operates on a risk-based oversight model. Under current frameworks, firms are only required to submit qualified accountant's reports when a significant breach of the SRA Accounts Rules has occurred, or where systemic weaknesses pose a direct risk to client funds.
19. Sensitive Disclosures: These reports inherently contain granular, sensitive data regarding a firm's internal controls, financial health, and specific instances of non-compliance.
20. Risk of Disclosure: Mandating the sharing of such reports with a government department (the MOJ) effectively discloses commercially sensitive internal data to a third party that does not have a primary regulatory mandate over the firm's operations. There is a fundamental difference between reporting to an independent regulator (the SRA) and reporting to a government department that also acts as a primary "purchaser" of legal services (via the Legal Aid Agency) and a policy-maker.

3. Lack of evidence base

21. To our knowledge, there has been no robust assessment of interest rates, administrative costs, or the long-term viability of the £20 threshold mentioned, and we hold significant concerns regarding the robustness of the data used to formulate the proposals. While the MOJ cites research by Pye Tait Consulting ("Research to explore law firms use of interest on general (undesignated) client accounts" June 2024) suggesting 94% of firms would be unaffected, we note that this study utilised a limited sample size that may not be representative or include sufficient data around smaller or high street providers and/or legal aid providers.
22. In March 2024 there were 2,055 legal aid providers¹ and 9,291 SRA regulated firms as of April 2024 (around the time the Pye Tait research was conducted). At that time, legal aid providers accounted for approximately 22% of all SRA-regulated firms (2,055 out of 9,291)². For the research to be considered representative or robust, a proportionate number of these firms should have been surveyed. The current data provides no clarity on whether this threshold was met. Firms providing legal aid services operate under significantly different financial constraints than those providing private or mixed-practice services; however, the consultation's data fails to acknowledge this distinction.
23. Crucially, neither the survey questions nor the resulting conclusions distinguish between the economic models of legal aid and private providers. Consequently, the

¹ Ministry of Justice, 'Legal aid statistics England and Wales bulletin Oct to Dec 2023' (GOV.UK, 28 March 2024) <<https://www.gov.uk/government/statistics/legal-aid-statistics-quarterly-october-to-december-2023/legal-aid-statistics-england-and-wales-bulletin-oct-to-dec-2023#official-statistics-legal-aid-provider-contracts>> accessed 23 February 2026.

² https://www.sra.org.uk/sra/research-publications/regulated-community-statistics/data/solicitor_firms/ (accessed 23 February 2026)

research fails to explain or mitigate the specific, potentially catastrophic impacts an ILCA scheme would have on the viability of legal aid practices. The findings themselves suggest a potential bias toward Top 50/100 commercial firms, compared to firms providing consumer legal services or access to justice work, where the administration of client funds is a critical operational component.

24. More recent data ([NatWest, October 2025](#))³ suggests that interest income represents a median of 21% of profits per equity partner for SME firms.
25. A further concern with the current proposal is the total absence of a cost-benefit analysis regarding the scheme's implementation. The MOJ has projected potential revenue from client interest but has failed to account for the substantial operational overheads required to collect it.

4. Sustainability and Operational Impact

26. We believe that the proposed scheme is likely to be unsustainable for the following reasons:

21.1 **Impact on Legal Aid Providers:** For many firms, particularly those in the legal aid sector, this interest constitutes a vital cross-subsidy (see further our answer to Q24 and 25 below). Removing it without a comprehensive financial assessment will have direct and adverse consequences for providers and consumers. It may lead to providers folding altogether, exacerbating the "advice desert" crisis. At the very least it is likely to lead to a reduction in legal aid services and the potential for costs to be shifted to private paying consumers.

Data submitted to the Solicitors Regulation Authority's consultation⁴ on consumer protection in 2024 suggested that between 5% and 10% of UK law firms (about 900 at the upper estimate) will suffer either 'financial failure or serious financial consequences' without the uplift from client receipts. In at least 5% of firms more than 80% of profits arose from interest income in 2024, the data suggested.

21.2 **Disproportionate administrative cost:** The cost to banks and firms to administer this scheme, specifically in distinguishing between regulated and non-regulated income, will potentially outweigh the small amounts gained. We understand from our colleagues within The Law Society that there is no appetite amongst the commercial banks to undertake this type of work.

³ <https://www.natwest.com/business/insights/sector-trends/professional-and-business-services/uk-law-firms-key-trends-in-profitability.html> (accessed 9 February 2026)

⁴ <https://www.sra.org.uk/sra/consultations/consultation-listing/holding-client-money/>

5. Outcome of the Scheme

27. **Diversion to General Expenditure:** Unlike international schemes where funds are ring-fenced for public interest initiatives, this proposal suggests a diversion to the MOJ "bottom line." Without a dedicated, independent fund, this proposal risks becoming a mechanism for central government to offset core justice spending rather than providing additional support for access to justice and the effective functioning of the legal aid scheme.
28. **Regulatory Conflict and Lawfulness:** The scheme presents a direct conflict with [Rule 7.1 of the SRA Accounts Rules 2019](#), under which solicitors are professionally mandated to account to their clients for a 'fair sum of interest'. By mandating the transfer of a majority of client interest (75%) before a client has had the opportunity to decide on its allocation, the government makes it impossible for firms to satisfy their regulatory duty to their clients. This represents "taxation by stealth" rather than a voluntary or professional-led initiative.
29. **A contribution by the Profession:** We note the Lord Chancellor's argument that a well-functioning legal system benefits all of us within the legal profession. However, we submit that it is disingenuous to imply that the legal profession does not already make a substantial contribution towards the justice system. Solicitors already provide the foundational funding for the SRA, the Legal Ombudsman, contribute heavily through court fees and undertake a significant amount of work pro bono. Unlike other essential sectors, such as medicine, where doctors are not expected to fund patient care, this scheme places an unfair burden on legal providers to subsidise state responsibilities. This is especially true of civil legal aid providers, the vast majority of whom have not received an uplift in fees since 1996.

Legal Aid Practitioners Group
9 March 2026

Responses to Consultation Questions

LAPG's view is that the ILCA scheme should not proceed. Our answers to the consultation questions should be read in that context.

Accounts in Scope:

- 1. Do you have any views on the proposed scope of the scheme?**
- 2. Aside from reserved legal activities, is there other work undertaken by legal service providers that includes holding client money? Should this be in or out of scope of the scheme?**
- 3. Are there other account types used for holding client money that should be in scope of the scheme?**
- 4. Are there any types of individual account used for holding client money that should not be included in scope of an ILCA scheme? And why?**

Interest remitted on individual accounts:

- 5. We propose that the scheme retains a higher proportion of interest generated on pooled client accounts (75–100 percent), and a lower rate of 50 percent of interest on individual client accounts. Do you have any comments on these rates?**

Treatment of remaining interest:

- 6. Do you foresee any difficulties with keeping in place the existing rules on client interest, for the interest not secured by the scheme?**

Client interest expectations:

- 7. For legal work undertaken on your behalf as a client, have you received (or are you expecting to receive) interest on your funds?**
- 8. If yes to the previous question, how much interest have you received/are expecting to receive?**
- 9. Are there any impacts of the proposed scheme on clients that we have not considered?**

As we set out under 'Sustainability and Operational Impact' (above at paragraph 21) the scheme is likely to increase legal costs for clients and adversely affect vulnerable clients,

particularly those trying to access legal aid services. The consultation has not adequately considered these impacts.

Section 2: Scheme requirements, process, and impacts

Requirements on firms:

- 10. For legal service providers: how easy or difficult do you find it currently to open pooled or individual client accounts?**
- 11. For client account providers (including Third Party Managed Account providers): are there any benefits or challenges foreseen with introducing banking products with the specified criteria proposed?**
- 12. For client account providers: Would you be able to offer client accounts that could automatically transfer the appropriate amount of interest to the scheme? How would they work?**
- 13. By what process should a “comparable rate” of interest on client accounts be determined?**
- 14. We propose that interest is credited to client accounts, and collected by the scheme, periodically (such as monthly or quarterly). What should that frequency be?**
- 15. Are there other account criteria for the accounts that would be recommended to make the scheme work as intended?**

Firm flowchart:

- 16. Do you foresee any practical difficulties with the proposed process for legal service providers?**
- 17. Do you have any suggestions for changes that could improve how the model works for legal service providers?**
- 18. Do you have any other thoughts on the intended scheme process for legal service providers?**

Impact on legal service providers

- 19. At your firm, how much interest is typically generated on a single client’s funds including:**

- a. On one client's funds in a pooled client account; and b. On one client's funds in an individual client account.

20. What proportion of your firm's turnover is client account interest?

21. What does your firm currently do with client account interest?

22. How would the scheme, as proposed, affect your firm?

23. What indirect/administrative costs may the scheme place on your firm and how can we limit them?

Impact on legal aid providers

24. Does your firm conduct legal aid work?

25. If yes to the previous question: a. What proportion of your firm's turnover is derived from legal aid work? b. Would the proposed scheme impact your provision of legal aid services, and to what extent?

Is it our understanding that the proposal would disproportionately impact legal aid and high street firms which already operating on very thin margins. Many providers already find legal aid work unsustainable, and this impact on their bottom lines may further exacerbate already widespread legal aid deserts. Evidence gathered from our members, including a number of family law firms, indicates that the financial strain of the proposed ILCA scheme may force providers to reduce the number of legal aid cases that the firms undertake in private family law. Since domestic abuse cases are among the few remaining areas within the scope of legal aid in private family law, any reduction in provider capacity directly threatens the safety of vulnerable victim-survivors. Such an outcome would diametrically oppose the Government's stated mission to halve violence against women and girls within a decade. By destabilising the firms that provide the essential legal 'front line' for victims of abuse, this scheme risks undermining a core cross-government priority for the sake of short-term fiscal gain.

As part of the preparation of our response to this consultation, we put out a call for evidence to our member organisations across England and Wales. We include some responses from a variety of practice areas below. We have amalgamated responses to this question, including responses to the question: 'Please provide any other comments about the proposed scope, structure or purpose of the proposed ILCA scheme.'

Private practice law firm with contracts in Community Care, Mental Health and Public law.

“We are already operating on shoestring funds and this would only impact tight margins even further.”

“We will have less money available to pay staff and therefore less fee earners available to carry out legal aid work.”

Small family firm (5 FTE) undertaking a mix of private and legal aid work.

“We hold some client money from time to time. It generates some interest. Because we carry out a mix of private and legal aid work introducing such a scheme will reduce our income and thus mean we will have to increase our costs to our private clients”

“For private clients it will make the service more unaffordable and thus lead to more self-representing”

“Poorly thought out. For those firms who only undertake legal aid work it will be one more cost that they are expected to absorb”

Consultant working with Legal Aid firms:

“A number of the firms I work with have added transactional work such as conveyancing, Wills and Probate to their services in order to ensure they remain profitable overall and so can continue legal aid work. In recent years, higher interest rates have produced useful income from client balances held for short periods of time and so individually not worth the admin of repaying to clients. If this was to be sequestered by the government, there is a high risk that some of these firms will withdraw from legal aid services.”

“Legal aid clients are from the most disadvantaged groups within society, often facing multiple discriminations and with no alternative to scarce legal aid services. The knock on effects from an ILCA scheme would be very likely to reduce access to justice still further.”

“Removing this source of income from firms is likely to result in an increase in private fees, which will exclude more people from legal advice and representation. It is undesirable in principle. At the very least, firms providing legal aid services should be exempt from the proposals in order to protect the legal aid supplier base.”

Private practice law firm with a legal aid contract in crime (1 FTE in legal aid)

“Criminal legal aid work has been severely underfunded for years. Despite the recent increases it continues to operate on the boundaries of profitability. The lack of Crown Court cases completing and payment arriving has put further unwanted

stress on the firm. Interest on our client account provides a valuable source of income for us.”

“We may struggle to continue to justify doing legally aided work.”

“If the Justice system needs investment, this is a matter for Government to provide via taxation. Successive Governments have failed to do so at increasing cost. Any required investment should come from taxation, not an unjustified raid on client account interest, when it threatens the continued work of some firms.”

A Private firm with legal aid contracts in Crime, Family, Modern Slavery and Prison Law (18 FTE)

“It will have a serious impact. The private client work subsidises loss-making legal aid work. In some years especially over Covid and since the LAA issues, the interest earned on client account was the difference between a loss-making year and a profit making. In order to recover this loss if ILCA went ahead we'd likely scale back on Legal Aid work.”

“Put simply we will have to triage work and decline to accept lower-paying or high demand Legal Aid work like those with vulnerabilities. We will scale back staff and have reduced capacity to take on new work.”

“The proposals are fundamentally flawed. First, it is the wrong time. Interest rates are on a downward trend again, so this will be an ever diminishing pot of funding. It will create administrative overheads on top of those we already have in running a client account. It is likely to be undone by many firms accounting contractually for all interest to their clients, thus reducing their admin overheads. Firms may choose to cease holding client funds. If it must go ahead it should exclude all firms with legal aid contracts who are on wafer-thin margins anyway, and have a de minimus threshold of say 100k per annum, under which nothing is payable.”

A private practice law firm with legal aid contracts in crime and family (7FE):

“Our profit margins are small and the interest raised from the client accounts helps us to remain financially viable and props up legal aid work”

“If we can't continue to offer legal aid work then the more vulnerable members of the community will suffer as they will not be able to afford legal representation. It will increase legal aid deserts which are already in place in the rural area we are based in.”

A private practice law firm with a legal aid contract in crime (29 FTE):

“This is another layer of bureaucracy that private practices could do without. There will obviously be an impact due to reporting and running the scheme. It is also common practice and it is taught, that any client monies placed on a separate designated deposit account for that client belongs solely to that client and the practice does not keep any of it, so therefore, the clients will be disadvantaged from this in the long run if the proposal goes ahead. It is yet another form of stealth taxation.”

A private practice law firm with legal aid contracts in family, crime and immigration and asylum (16 FTE)

“It would make our ability to sustain legal aid work impossible as the interest on our client account enables us to retain a profit margin”

“We may need to stop doing the least remunerative legal aid work such as immigration and private law children/domestic abuse.”

A private practice law firm with legal aid contracts in family and crime (35 FTE)

“Monies received as interest provides a valuable source of income and enables us to maintain our position as a full service High Street firm. Inevitably if the stream of income disappears or is significantly reduced, then we would have to look at reducing the amount of less profitable work that we do and the starting point for that would inevitably be legally aided work”

“We have a strong probate team. Beneficiaries will be denied monies earned on their inheritance that they have already had to wait for and potentially had to self-fund tax payments etc. In the wider sense, if we did have to shift our focus away from publicly funded work, we would be unable to offer that service at a time when Firms are already exiting legally aided work. We rely on the overall income of the LLP to maintain our full service offering.”

“It will give a further level of regulatory compliance in an already heavily regulated profession. It does not take into account the significant steps we have to take and the cost of this, to ensure compliance with SRA Accounts rules. This level of obligation will still be present but will have to be almost entirely funded by other income”

A private practice law firm with legal aid contracts in family and crime (10 FTE)

“The legal aid departments operate on a shoestring budget. We are a service provider and as such are unlikely to be profitable. Client account interest comes from private work largely done by other departments. It is used for cash flow and the day-to-day costs of running a firm. It helped keep us afloat during COVID and the recent LAA data breach.”

“Private fee departments are likely going to have to charge more for the work they do to make up the deficit from a lack of client account interest. If the firm is less profitable/not profitable then services like family and crime will be the first to go. There will be no one left to represent clients in these areas of practice.”

“The MoJ want us to take on all of the risk of a client account and holding client money but take no benefit or payment for this. Their proposal will see us hand over client account interest to them which will go into a black hole like the "victim" surcharge has done. Firms will simply go under which benefits no one and certainly not the access to justice.”

Freelance legal aid and compliance consultant:

“Most of my clients are already barely sustainable and most (if not all) already have to subsidise legal aid from either grant funding (for NfPs) or from non-legal aid income (for law firms). I can see no moral or economic justification for levying this tax on them (or their clients).”

A private practice law firm with legal aid contracts in family and crime (22 FTE)

“The scheme would have a profound impact upon profitability. The interest on client account funds currently bolster our profitability making it viable that we continue to provide hugely underpaid legal aid work. Our family law practice in particular may not sustain if the scheme is put in place unless there is a significant shift in fees for family legal aid work.”

“The scheme takes further from practitioners without any evidenced benefits. At a high street, legal aid firm level, we continue to be squeezed in every direction making the cost effectiveness impractical. High street law firms, serving low / average income clients cannot continue to sustain cuts and reductions in profits in a way that essentially gives rise to year on year losses.”

Section 3: Scheme Administration

26. Do you envisage circumstances in which you would need the scheme administrator to assist you?

27. For client account providers: what are your views on the two proposed models for managing scheme interest: multiple administrator accounts across institutions versus a single central account?

28. We propose that the Ministry of Justice initially administers the scheme. Do you think there is a more suitable organisation to take on this role in future, and why?

29. Do you have any other comments on the proposed roles of the scheme administrator?

Section 4: Monitoring and enforcement

30. What reporting activity do you already undertake on client accounts and client account interest?

31. How might we ensure that an approach to monitoring and enforcement is proportional and effective?

Your views are important:

32. What do you consider to be the proposed ILCA scheme's equalities impacts on individuals with protected characteristics (if any)?

Legal aid providers assist some of the most marginalised and vulnerable individuals and communities in England and Wales. By its very definition (as illustrated by the statutorily defined list of cases in scope) the legal aid scheme is designed to assist those with a range of protected characteristics, such as those with health and disability issues. The scheme also assists those who are fleeing violence and abuse, human trafficking, torture, inhumane and degrading treatment, those in poor and unsuitable housing, those who are homeless, those in debt, those in detention, those facing care proceedings, and those who have suffered or even died at the hands of or in the care of public bodies. By virtue of the legal aid means test, the scheme is also designed to assist those in the lowest socio-economic deciles.

Any government proposal which directly or indirectly undermines the sustainability and accessibility of the legal aid scheme also has a direct equalities impact on individuals with protected characteristics. We would argue strongly that as this proposal has the potential to undermine the financial sustainability of legal aid providers, then the government should carry out a much more detailed and robust analysis of potential equalities impacts before considering whether to proceed with an ILCA scheme. If the decision is taken to introduce such a scheme, careful consideration must be given to how the impact on legal aid providers (and therefore their clients) could be mitigated, such as through targeted financial support for providers or an exemption from the scheme.

33. Is there further evidence (including data, or case studies in other jurisdictions) you can share that could inform our equality analysis for the proposed scheme?

The MOJ is already in possession of detailed demographic data about those who access legal aid services. The MOJ is also well aware of the financial precarity of the legal aid provider base through its own recent reviews of both criminal and civil legal aid. As part of both of those review processes the MOJ carried out research and data collection exercises, including reviewing external research, which demonstrated with absolutely

clarity that significant measures need to be taken to improve the sustainability of providers, not undermine them by introducing ill-conceived proposals such as this.

34. Are there forms of mitigation in relation to equality impacts that we should consider?

Increase legal aid fees, reduce administrative overheads and improve LAA processing and decision-making to make legal aid work more financially viable. In doing so the MOJ might create a provider base that is not reliant on cross-subsidisation and is capable of absorbing the cost and loss of income that would result from the introduction of an ILCA scheme.