



The Law Society Gazette

Reform of guideline hourly rates in shreds

28 July 2014 By Eduardo Reyes ([URL=/eduardo-reyes/3867.bio](http://www.lawgazette.co.uk/analysis/comment-and-opinion/why-guideline-rates-reform-was-doomed/5042420.article))

Topics: Civil justice, ([URL=/Civil justice/50.subject](http://www.lawgazette.co.uk/analysis/comment-and-opinion/why-guideline-rates-reform-was-doomed/5042420.article)) Costs, fees and funding ([URL=/Costs, fees and funding/58.subject](http://www.lawgazette.co.uk/analysis/comment-and-opinion/why-guideline-rates-reform-was-doomed/5042420.article))

A project to reform guideline hourly rates (GHRs) for civil litigation is in shreds following master of the rolls Lord Dyson's rejection of key recommendations made by a Civil Justice Council (CJC) committee.

In his official response to the committee's report, Dyson wrote: 'I have given very careful consideration to the recommendations for new rates, but regret that I cannot accept them.' The existing rates remain frozen: to raise them in line with inflation would be 'arbitrary', Dyson added.

GHRs guide summary and detailed assessment of costs in civil litigation.

The rates have become the accepted default figures for costs calculations, partly because they save firms the time and effort involved in calculating a figure for specific jobs. Relying on rates that are widely accepted by the other side and by the judiciary also provides some certainty.

The CJC's recommendations would have caused rates to fall by an average 5%.

However the figure masks much wider variations by category of lawyer. Depending on their location, lawyers who were eight years' PQE would have seen a rise of between 9%-18%. However the proposed rates would have been bad news for firms relying on large numbers of paralegals, whose guideline rates would have fallen by 13%-36%.

Firms in cities and towns outside of London would also have lost, and rural firms gained.

In his response published today Dyson criticised the 'poor evidential base' made available to the committee, including, 'a relatively small non-randomised survey' that was not 'a secure basis for determining what it costs solicitors to run their practices'.

The committee's call for further evidence through that survey generated just 148 replies.

Also persuasive was committee's own concerns, made clear in the report. Dyson wrote: 'It is plain from its report that these [recommendations] are put forward with considerable reservations.'

Law Society chief executive Desmond Hudson welcomed Dyson's announcement as 'a victory for common sense and for the Law Society'.

Chancery Lane, he said, had cooperated with the review through the provision of publicly available research data and by providing committee members. But, Hudson added: 'We expressed our concerns about both the relevance of the Law Society data being used in this way and the need for robust and relevant evidence.'

Dyson said that the CJC committee, chaired by Mr Justice Foskett (pictured), had done 'sterling work' despite the lack of evidence.

He proposed holding 'urgent discussions' with the Law Society and the government 'to see what steps can be taken to obtain evidence on which GHRs can reasonably and safely be based'.

A few of the committee's recommendations were accepted by Dyson: CILEx fellows will be eligible for grade A rates if they are eight-years qualified. Qualified costs lawyers will be eligible for grade B or C rates.

- Read Eduardo Reyes's blog on the decision ([URL=http://www.lawgazette.co.uk/analysis/comment-and-opinion/why-guideline-rates-reform-was-doomed/5042420.article](http://www.lawgazette.co.uk/analysis/comment-and-opinion/why-guideline-rates-reform-was-doomed/5042420.article))