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Urgent costs reviews if hourly rates are cut

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Cuts to paralegals' guideline hourly rates (GHR), reported by the *Gazette* last week, will prompt an urgent review of law firms' approach to costs and staffing, leading practitioners predicted this week.

John Bramhall (pictured), president of the 1,500-member London Solicitors Litigation Association, told the *Gazette* that if the rates involve substantial reductions for paralegals, 'the current drive to hire paralegals in place of more qualified staff may be brought to a swift halt'.

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GHRs apply to summary judgment for the purposes of recovery of costs from the losing party in civil litigation. The rates are also used much more widely because of their acceptance by the courts.

'Many use the GHR as a failsafe,' Sue Nash, chair of the Association of Costs Lawyers, said. A change in the rates 'should encourage firms to look more closely at expense rates'.

Richard Burcher, chairman of pricing and costs consultants Burcher Jennings, was critical of the principles used to reach guideline rates. 'I continue to be dismayed at the simplistic, clumsy, myopic and one-dimensional approach that continues to be taken to this issue,' he said.

A 'clear articulation of the need to take a granular and nuanced approach to pricing legal work and not simply rely on time billing' is, Burcher urged, available in the principles set out in Civil Procedure Rule 44.4 and The Solicitors (Non-Contentious Business) Remuneration Order 2009.

Burcher said that both could help by 'determining what constitutes a fair and reasonable fee from the point of view of both the client and the practitioner'.

Master of the rolls Lord Dyson is expected to make a decision on the rates, based on the report of a Civil Justice Council committee, shortly.