

<p>Title: Legal Aid Means Test Review - Civil IA No: MoJ022/2022 RPC Reference No: N/A Lead department or agency: Ministry of Justice (MoJ) Other departments or agencies: Legal Aid Agency (LAA)</p>	<h1>Impact Assessment (IA)</h1>
	<p>Date: 01/03/2022</p> <hr/> <p>Stage: Consultation</p> <hr/> <p>Source of intervention: Domestic</p> <hr/> <p>Type of measure: Secondary legislation</p> <hr/> <p>Contact for enquiries: legalaidmeanstestreview@justice.gov.uk</p>

Summary: Intervention and Options	RPC Opinion: N/A
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Cost of Preferred (or more likely) Option (in 2022 prices)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status Not a Regulatory Provision
N/A	N/A	N/A	

What is the problem under consideration? Why is government action or intervention necessary?

Entitlement to legal aid is means tested to focus taxpayer resources on those who need them most. The income and capital thresholds for legal aid eligibility have not been updated for more than a decade, meaning the proportion of the population eligible for legal aid has fallen year on year. Moreover, the legal aid means test as a whole needs updating in relation to a number of areas to ensure consistency with other government approaches to means testing. In response to these issues, the Means Test Review has proposed changes that would increase access to civil legal aid in England and Wales, so helping to ensure access to justice. Government intervention is required because the legal aid means test is governed by secondary legislation.

What are the policy objectives of the action or intervention and the intended effects?

The proposals represent a significant investment in our justice system which will create a means test which is fairer and protects access to justice in the short, medium and long term. This will help ensure individuals can access legal services when they need them. This can be measured by the proportion of the population which is eligible for legal aid, which we expect to increase under our proposals.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

The following options are assessed in this Impact Assessment:

- Option 0/do nothing: Continue with the existing test, including the thresholds and continuing to passport all recipients of Universal Credit (UC), as it is further rolled out.
- Option 1: Increase the income thresholds based on the amount of income people need to cover essential living costs. Stop passporting recipients of Universal Credit (UC) with earnings over £500 per month and redistribute the funding to increase the income and capital thresholds.

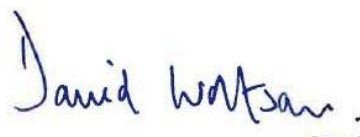
Any change to the means test requires regulation. We considered alternative non-legislative options but none met our policy aims. Due to the transition of the benefits regime from legacy benefits to UC, Option 1 is evaluated against two baselines. Baseline 1 is one where all benefit recipients are still on their legacy benefit while Baseline 2 is where all benefit recipients have been transitioned to UC. The following option summary sheets therefore assess the impact of Option 1 against both of the respective baselines. In reality, the current legal aid eligibility of the England and Wales population will lie somewhere between these two baselines.

Will the policy be reviewed? Yes If applicable, set review date: June 2022, when consultation responses have been received

Is this measure likely to impact on international trade and investment?	No			
Are any of these organisations in scope?	Micro N/A	Small N/A	Medium N/A	Large N/A
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: 0		Non-traded: 0	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options:

Signed by the responsible:



Date: 10 March 2022

Option 1, Baseline 1 Summary: Analysis & Evidence

Description: Increase the income thresholds for legal aid based on an assessment of the amount of income people need to cover essential living costs. Stop passporting all recipients of UC, and to only passport those with household earnings of up to £500 per month and redistribute the funding to increase the income and capital thresholds compared against a legacy baseline (Baseline 1)

FULL ECONOMIC ASSESSMENT

Price Base Year 2022	PV Base Year 2022	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: N/A
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant		Total Cost (Present Value)
Low					
High					
Best Estimate	2	2	55 - 80		N/A
Description and scale of key monetised costs by 'main affected groups'					
<ul style="list-style-type: none"> • There would be a steady state annual cost to the Legal Aid fund of £50m-£75m compared to Baseline 1. • There would be additional administration costs to the Legal Aid Agency (LAA) of around £0.8m per year. The LAA would need to process around 10,000 – 14,000 additional Civil Representation claims per year, and 30,000 – 46,000 provider-assessed Legal Help claims per year. • There would be a one-off cost to the LAA of implementing the necessary IT, training, and updating of guidance for civil legal aid, estimated at around £2m. This includes some costs relating to changes to the criminal means test which are difficult to disaggregate. • Providers would need to do additional administrative work for the additional volumes and complexity (in collecting evidence and process applications), along with other administrative burdens. This is estimated to cost around £3m. 					
Other key non-monetised costs by 'main affected groups'					
Civil legal aid providers who also conduct private civil work along with providers that exclusively undertake private work may see a reduction in the value of private work available to them, as some of their client base would now become eligible for legal aid when they were previously ineligible.					
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant		Total Benefit (Present Value)
Low					
High					
Best Estimate			55 - 80		N/A
Description and scale of key monetised benefits by 'main affected groups'					
Legal aid clients who currently pay contributions for civil representation would be very unlikely to pay contributions under this option. This would provide clients with a benefit off around £3m per year. Some clients would benefit if they previously paid their legal costs privately (as ineligible for legal aid) but now become eligible for contributory or non-contributory legal aid under this option. Civil legal aid providers would have access to a significant amount of additional legal aid work as a result of the changes, providing them with an estimated £50m-£75m of additional income.					
Other key non-monetised benefits by 'main affected groups'					
Under the current means test, some clients may represent themselves, decide not to pursue legal proceedings or seek out other methods of representation (such as pro bono support) due to being ineligible for legal aid. Under the new proposals, if they become eligible, they would benefit from having legal representation.					
Key assumptions/sensitivities/risks				Discount	N/A
The key assumptions/sensitivities/risks for the above estimates are presented below. For a full description, please refer to the Risks and Assumptions section of this IA.					
<ul style="list-style-type: none"> - Adults in the population who become eligible for legal aid would take it up at a similar rate to those who are of a similar age and sex and who have the highest capital/income to those already eligible. - Any changes that arise as a result of increased access to legal aid, is assumed to amount to a transfer between the LAA and legal aid providers and, as such, a net present value (NPV) is not included. 					

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: N/A	Benefits: N/A	Net: N/A	

Option 1, Baseline 2 Summary: Analysis & Evidence

Description: Increase the income thresholds for legal aid based on an assessment of the amount of income people need to cover essential living costs. Stop passporting all recipients of Universal Credit, and to only passport those with household earnings of up to £500 per month and redistribute the funding to increase the income and capital thresholds compared against a baseline where everyone on UC is passported (Baseline 2)

FULL ECONOMIC ASSESSMENT

Price Base Year 2022	PV Base Year 2022	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: N/A

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low				
High				
Best Estimate	2	1	4 - 10	N/A

Description and scale of key monetised costs by 'main affected groups'

- There would be a steady state annual cost to the Legal Aid fund of £2m - £8m compared to Baseline 2.
- There would be an additional administration cost to the Legal Aid Agency (LAA) as a result of this option of around £0.3m per year. The LAA would need to process around 100 less civil representation claims per year, and 10,000 – 16,000 provider-assessed legal help claims per year.
- There would also be a one-off cost to the LAA for implementing the necessary IT, training, and guidance changed for civil legal aid. This is estimated at around £2m.
- Providers would need to do additional administrative work for the additional volumes and complexity (in collecting evidence and process applications), along with other administrative burdens. This is estimated to cost around £2m.

Other key non-monetised costs by 'main affected groups'

Civil legal aid providers who also conduct private civil work, along with providers who exclusively undertake private work may see a reduction in the value of private work available to them, as some of their client base would now become eligible for legal aid when they were previously ineligible.

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low				
High				
Best Estimate			5 - 9	N/A

Description and scale of key monetised benefits by 'main affected groups'

Legal aid clients who currently pay contributions for civil representation would be very unlikely to pay contributions under this option. This would provide them with a benefit of around £1m per year. There would be clients who would benefit because they previously paid their legal costs privately (as ineligible for legal aid), but who would become eligible for contributory or non-contributory legal aid under this option. Civil legal aid providers would get a significant amount of additional work as a result of the changes, providing them with an estimated £4m - £8m of additional income.

Other key non-monetised benefits by 'main affected groups'

Under the current means test, some clients may represent themselves, decide not to pursue legal proceedings or seek out other methods of representation due to being ineligible for legal aid. Under this option, if they become eligible, they would benefit from having legal representation.

Key assumptions/sensitivities/risks	Discount rate	N/A
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The key assumptions/sensitivities/risks for the preferred option (Option 1) are presented below. For a full description, please refer to the Risks and Assumptions section of this IA.

- Adults in the population who become eligible for legal aid would take it up at a similar rate to those who are of a similar age and sex and who have the highest capital/income to those already eligible.
- Any changes that arise as a result of increased access to legal aid, is assumed to amount to a transfer between the LAA and legal aid providers and, as such, a net present value (NPV) is not included.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: N/A	Benefits: N/A	Net: N/A	

Evidence Base

Background

1. Access to justice is a fundamental principle underpinning the rule of law; and for access to justice to be effective, we must have a legal aid system which is accessible to those who need it. Legal aid is available in both civil and criminal cases. Civil legal aid encompasses legal representation, which is primarily certificated work (that is, provided via a legal aid certificate from the Legal Aid Agency), and controlled work for which means and merits decisions are delegated to providers. Controlled work includes legal help (advice and assistance before court), early legal advice, family mediation and some controlled legal representation (for certain particularly immigration and mental health matters).
2. Means testing has played a role in the legal aid system for a very long time, for good reasons; it is important to focus taxpayer resources on those who need them most, rather than on those who can afford to pay for private legal advice and representation.
3. The current civil means test came into force in 2001 and has two income tests with separate income thresholds for each. The gross income test is conducted first, followed by the disposable income test. The income and capital thresholds for legal aid eligibility have not been updated since 2009. This means that the proportion of the population eligible for legal aid is falling year on year. It also means that the thresholds for eligibility are worth less in real terms than at the time they were introduced, so individuals who are ineligible for legal aid are likely to have less money available to spend on legal services than they would have at the time the thresholds were introduced. It is important that the thresholds are set at the right level to help ensure individuals can access legal services when they need them.
4. Alongside income and capital thresholds, the passporting mechanism is an important element of the legal aid means test. It allows people in receipt of certain Department for Work and Pensions (DWP) means-tested benefits to be automatically deemed eligible for non-contributory legal aid on the basis of income (for civil legal aid they are still subject to a capital assessment).
5. Historically, out-of-work benefits have been used to passport individuals to receive legal aid, and thereby ensure that legal aid is targeted to those in most financial need. Passporting is used to assess legal aid eligibility so that financial information already collected from benefits recipients can in effect be used again, although the financial information itself is not shared – just the passporting status. This is an attempt to minimise the administrative burden for both households and government.
6. The legal help means test is an in-or-out test where applicants are either eligible for non-contributory legal aid or ineligible for legal aid. Whereas the civil representation test offers contributory legal aid, where applicants pay some of their costs, as well as non-contributory legal aid. As the income and capital tests have not been updated for a long time, the government has set up the Means Test Review.
7. The Means Test Review has considered the legal aid means tests in the round, including not only the income and capital thresholds for legal aid eligibility, but also wider eligibility criteria

in relation to means (including benefits passporting), and the income and capital contributions potentially payable towards the costs of representation in civil and family matters and at the Crown Court. As far as possible, we have revisited the existing rationales for our approach in these areas and further developed these where appropriate.

8. Improving legal aid eligibility would mean that individuals can resolve their legal problems while maintaining a basic standard of living. Individuals who at present narrowly fail the means test and can only access legal representation privately can face significant costs, as can those who have an unmet legal need. Often, those affected report having to forego a wide range of material and social necessities during the period in question. Alternatively, some decide not to take up their offer of legal aid, potentially dropping their case altogether or appearing as a litigant in person.
9. Additionally, increasing access to legal aid would increase legal aid spend, therefore potentially improving the viability of legal aid providers (most of which are SMEs) across England and Wales, particularly in locations and areas of legal aid practice which are currently undersupplied. This could mean that clients of legal aid would have better access to legal aid provision. However, as mentioned previously, it may also mean that legal practitioners have fewer private clients as some of those individuals would now be eligible for legal aid.
10. The Means Test Review has not considered the merits and interests of justice tests for legal aid eligibility, the legal aid fee schemes or which areas are in scope of legal aid.
11. This impact assessment (IA) covers the impacts of civil legal aid means test proposals, there is a separate IA that covers the criminal legal aid means test proposal impacts.

Rationale & Policy Objectives

12. The conventional economic approach to government intervention is based on efficiency or equity arguments. Government may consider intervening if there are strong enough failures in the way markets operate, for example monopolies overcharging debtors, or if there are strong enough failures in existing government interventions, such as outdated regulations generating inefficiencies. In all cases the proposed intervention should avoid generating a further set of disproportionate costs and distortions. Government may also intervene for reasons of equity (fairness) and for re-distributional reasons (e.g. reallocating resources from one group in society to another).
13. The underlying rationale for intervening in this market is for reasons of equity. It is the intention of the Means Test Review to implement a policy which treats people equally and deliver fair outcomes, whether they are in receipt of benefits or not, as well as ensuring that government resources are targeted at those who need it most, to deliver public value and economic efficiency.
14. The approach of the Means Test Review has been to look at each element of the legal aid means test and ensure that there is a robust rationale for where we set eligibility limits and make allowances and disregards to capital and income. This approach ensures we also achieve economic efficiency and value for money to the taxpayer, while achieving our equity objectives. The rationale for each policy element is set out in the consultation document. We have also stated that we will review the income and capital thresholds for legal aid (including

the earnings threshold for UC passporting, if implemented), with the first review within 3-5 years of the new means test coming into operation. This will help to ensure the means test secures access to justice in the long-term.

15. The associated policy objectives are to support access to justice by ensuring that legal aid is available to those who are most in need while also ensuring that those who are able to contribute towards their legal costs do so.
16. Greater access to legal aid in England and Wales can facilitate earlier resolution of legal problems, delivering improved outcomes for the client, their family and society as a whole. In helping to resolve a problem before it escalates or spirals into multiple related problems, the provision of legal aid services to more people can reduce downstream costs to central government, local government and other government agencies.
17. Our proposed reforms to passporting those on Universal Credit (UC) would also create a level playing field for benefit recipients and those in employment, incentivising work.

Affected Stakeholder Groups, Organisations and Sectors

18. The following groups would be most directly affected by the options assessed in this (IA):
 - Civil legal aid clients. This includes individuals in England & Wales who have a civil dispute or who are in need of advice and assistance in relation to a civil matter.
 - The Legal Aid Agency (LAA) which is responsible for administering the means test for legal aid and processing claims.
 - Civil legal aid providers, including private businesses and not-for-profit organisations such as law centres. Third sector organisations who provide advice on legal matters would also be affected.
 - Taxpayers, who ultimately fund the legal aid fund.

Options Under Consideration

19. The following options are assessed in this IA:
 - **Option 0/do nothing:** Continue with the existing test, including the thresholds and continuing to passport all recipients of UC, as it is further rolled out.
 - **Option 1:** Increase the income thresholds for legal aid based on an assessment of the amount of income people need to cover essential living costs. Stop passporting all recipients of UC, and to only passport those with household earnings of up to £500 per month and redistribute the funding to increase the income and capital thresholds.
20. Option 1 is preferred as it best meets the policy objectives.

Option 0/Do nothing

21. Under this option the existing test thresholds would remain, and all recipients of UC would be passported as it is further rolled out.
22. The income and capital thresholds for legal aid eligibility have not been updated since 2009. This means that the proportion of the population eligible for legal aid (not in receipt of UC) has fallen year on year. It also means that the thresholds for eligibility are worth less in real

terms than at the time they were introduced, so individuals who are ineligible for legal aid are likely to have less money available to spend on legal services than they would have at the time the thresholds were introduced.

23. There would also be an equity impact associated with the do nothing option as those in receipt of UC would be eligible for legal aid whereas those on similar incomes not in receipt of UC would not be. This is because UC is awarded to people on much higher incomes than our current eligibility limits are set.
24. Finally, under Option 0, fewer people would be able to access legal aid and are likely to be unable to afford legal services.

Option 1

25. Under this option, the following changes would be made to the civil legal aid means test:

- The gross and disposable income thresholds would be updated.
- The number of deductions applied in the means test would be increased.
- The £545 per month housing cost cap for single applicants would be removed.
- The capital thresholds for civil legal aid eligibility would be increased.
- Only those on UC with household earnings up to £500 per month would be passported.
- The contributions system would be updated.
- The number of types of income and capital disregarded from the income test would be increased.
- The number of legal matters for which non-means tested legal aid is available would increase.

26. The current civil legal aid means test income thresholds have not been updated in over a decade. Under Option 1, we are therefore proposing a significant increase to the gross and disposable income thresholds for civil legal aid and to standardise the equivalisation methodology for households (equivalisation is the process of adjusting income levels to take into account the size of a household).

27. Under Option 1, the number of deductions from the assessment of disposable income would be increased including pension contributions of up to 5% of earnings, student loan repayments from earned income and priority debt repayments.

28. At present, the civil means test deducts applicants' rent or mortgage as part of the disposable income assessment with an exception for applicants who have no partner or children, where there is a £545 monthly cap in place. We propose to remove this cap to ensure fairness.

29. The capital test assesses all of a person's capital, including savings and non-monetary capital such as property, unless it is specifically disregarded. Currently, the capital thresholds for civil legal aid eligibility are £3k and £8k and a £100k equity allowance is applied to client's property. We propose to increase the thresholds to £7k and £11k and to raise the equity allowance to £185k. Furthermore, we propose to disregard the full subject matter of dispute (instead up to £100k, as at present) and as part of the consultation we are

asking for opinions on an option to make the existing disregard for inaccessible capital mandatory and introduce a charging system on such assets.

30. For the purposes of this IA, we have estimated the cost of disregarding inaccessible capital, but we have not made any assumptions regarding the contributions that may be collected as a result of a potential charging order (as discussed in the main consultation document).
31. The current passporting mechanism, that was introduced as a temporary measure, is to passport all applicants on UC, although this fails to align outcomes for applicants in receipt of UC and applicants not in receipt of UC. Therefore, we propose to passport only those on UC with household earnings of up to £500 per month.
32. We propose an updated contributions system, increasing the percentage of a legal aid recipient's income paid in contributions (but starting contributions higher up the income distribution), but reducing the maximum payment period and introducing a minimum monthly contribution.
33. Option 1 also includes making some areas non-means tested that were previously means tested. These are; i) legal aid to parents and those with parental responsibility (PR) whose children are facing withdrawal/withholding of life-sustaining treatment, ii) applications for legal help in an inquest where there's a possible breach of the Human Rights Act or there is likely to be significant wider public interest, iii) under 18s for civil representation.
34. We plan to implement the changes to non-means tested areas first, followed by those to civil legal aid, followed by those for criminal legal aid. This would involve laying secondary legislation and changing the published guidance on means testing. Once the regulations have come into force, the LAA would be responsible for the ongoing delivery of means testing for legal aid.
35. Regarding the transitional arrangements, individuals who are granted contributory civil legal aid before the new changes are introduced would have the option to apply for a reassessment under the new rules once they are in force; this includes a reassessment of their liability to pay an income contribution. The outcome of any reassessment under the new rules would not apply retrospectively; this means that any contributions which fell due for payment or were paid under the pre-implementation rules are unaffected. If a client has benefitted from the pre-implementation rules on UC income passporting and/or the pensioner disregard, the pre-implementation rules regarding those two specific elements would continue to be applied on reassessment.

Cost and Benefit Analysis

36. This IA follows the procedures and criteria set out in the IA guidance and is consistent with the HM Treasury Green Book.
37. This IA identifies impacts on individuals, groups and businesses in England and Wales, with the aim of understanding what the overall impact to society would be from implementing the options considered. The government's approach to IAs place a strong emphasis on valuing the costs and benefits in monetary terms (including estimating the value of goods and services that are not traded). However, there are important aspects that cannot sensibly be monetised, which might include how the policy impacts differently on particular groups of society or changes in equity and fairness.

38. In IAs, the impacts of the options considered are normally compared to the 'do nothing' baseline. In this IA, however, two passporting baselines have been used to measure the impacts of Option 1, and the analysis in this section explores the impacts against both baselines. Paragraphs 51-58 explain in more detail why this approach has been used.
39. While it is normal to use real prices in IAs, in this IA the ongoing costs and benefits are presented on a steady state annual basis and are in nominal prices (for the price year 2021–22). Costs are not presented in real terms in legal aid primarily because fees are not increased in line with inflation and also due to the uncertainty around volumes, court sitting days and other related policies.
40. One-off digital costs are assumed to be incurred in the financial years 2022–23 and 2023–24 and are also presented in nominal prices.
41. No optimism bias (OB) is applied to any fund or administrative costs or benefits as the steady state range presented attempts to capture the uncertainty in the underlying modelling, but OB has been applied to the digital costs.
42. Unless otherwise stated, the quantitative estimates in this IA have been rounded as follows: financial estimates have been rounded to the nearest £100,000 for estimates below £1m, to the nearest £1m for estimates between £1m and £40m, and to the nearest £5m for estimates over £40m. Non-financial estimates have been rounded to the nearest 1,000 unless specified otherwise. This rounding methodology does not apply to figures quoted from legislation. The components in tables may not sum to the totals due to rounding.
43. Any changes that arise as a result of increased access to legal aid, is assumed to amount to a transfer between the LAA and legal aid providers and, as such, a net present value (NPV) is not included.
44. For the purposes of this IA, civil representation covers all types of representation certificates for civil non-family, family (such as private law) and domestic violence where a means test is applied.

Methodology

45. Estimating the impacts of means test changes is complex and uncertain. The Analytical Unit (DASD) in the MoJ have developed simulation models which provide the capabilities to estimate these impacts, including:
 - the change in legal aid fund spend
 - the change in legal aid volumes
 - an assessment of the adults and households in the population who would experience a change in legal aid eligibility outcome
46. The simulation models use both the Family Resources Survey (FRS) and DWP Policy Simulation Model data to provide an estimate of the future circumstances of households in England & Wales, including their financial and demographic characteristics. This data has been used to provide indicative estimates of the population's legal aid eligibility under the current means test.

47. Using LAA data of historic legal aid volumes, the model then calculates an estimate of the rate at which eligible people take up legal aid currently, depending on their age, sex and levels of income and capital. This gives us a baseline which we can assess changes to the legal aid means test against.
48. In order to model proposed changes to new income and capital criteria, we repeat a similar process to estimate the number of adults in the population who would become eligible for legal aid. The previously derived 'take up rate' calculations are then used to estimate how the newly eligible population would take up legal aid, and we also apply behavioural assumptions to people moving between contributory and non-contributory legal aid.
49. By applying average gross cost assumptions and estimates for the amount of contributions individuals would pay under the new test, we can further estimate the cost impacts to the legal aid fund, including income received.
50. As there are some policy changes that cannot be modelled using the above approach due to data limitations, alternative approaches have been applied in these instances to assess the cost and volume impacts. These alternative approaches do not allow us to provide detailed equalities breakdowns like in the above approach. For example, our analysis of proposed changes to non-means tested areas of legal aid and the impacts of deducting priority debt payments use bespoke methodologies. Annex B covers this in more detail.

The Baseline

51. In 2013 we introduced 'income passporting' for all UC recipients to the legal aid means test as an interim measure. This was because at the time only recipients of legacy passporting benefits were being rolled onto UC, and so including UC as a passporting benefit would have little to no impact.
52. However, this interim measure designed to replicate legacy benefits in the short term has become a longer-term position where many more claimants have moved onto UC, This includes those in work who would have been in receipt of housing benefit or tax credits, and would not have been previously income passported for legal aid purposes.
53. This is important to note when setting a baseline because, the current benefits system is in transition; moving the recipients of legacy benefits to UC. It is therefore difficult to set a fixed current baseline for the Means Test Review because the impact of passporting all recipients on UC (our current policy) is changing constantly.
54. As such, we have estimated eligibility against two baselines using population data based on 22/23 forecast financials. The first baseline assumes that the future world is still based on the legacy system of benefits and the second one assumes that UC is fully rolled out to everyone. The following summary should make this clear:

Baseline 1:

55. Assumes that all benefit recipients are still on their legacy benefit, and we therefore passport those who are entitled to income-based Job Seekers Allowance (JSA), income-based Employment and Support Allowance (ESA), Income Support (IS) and the Guarantee element of Pension Credit.

Baseline 2:

56. Assumes that all legacy benefit recipients are transitioned to UC (including legacy recipients of in-work benefits such as tax credits), and that all of these recipients are passported through the income test.
57. The first of these baselines demonstrates the 'benefit' to the population of the changes proposed to the legal aid means assessment, against our pre UC position; the second of these baselines demonstrates the impact of changes to the means test from a position where all individuals have already been transitioned to UC.
58. It should be noted that as, in reality, our baseline is somewhere between these two states, that the analysis against a legacy baseline (Baseline 1) will overestimate the number of those benefitting whereas assessing the impacts against a UC baseline (Baseline 2) will underestimate the number of those benefitting.

Option 1: Increase the income thresholds for legal aid based on an assessment of the amount of income people need to cover essential living costs. Stop passporting all recipients of Universal Credit (UC), and to only passport those with household earnings of up to £500 per month and redistribute the funding to increase the income and capital thresholds.

Baseline 1

59. As explained in the Baseline section above, it is extremely challenging to model the impacts of the proposed means test against a baseline which is consistent with who gets legal aid today, as this baseline is constantly shifting due to UC rollout. This section shows the impacts against Baseline 1, where we assume all benefit recipients are still on their legacy benefit, and we therefore passport those who are entitled to income-based Job Seekers Allowance (JSA), income-based Employment and Support Allowance (ESA), Income Support (IS) and the Guarantee element of Pension Credit.

Costs of Option 1:

Legal Aid Clients

60. A very small number of legal aid clients would bear additional costs as a result of Option 1. These costs would arise where a client's eligibility status changes from being eligible to ineligible, or from non-contributory to contributory legal aid. These clients would most likely experience such a change due to the changes to the pensioners disregard policy, where 60-65 year olds will no longer benefit from this disregard.

Civil Legal Aid Providers

61. There would be additional costs for civil legal aid providers for completing and submitting additional applications for assessment, although some of this extra administrative time may be paid for by the existing fee scheme (depending on the nature of the case), and the additional applications would result in additional clients for providers, and therefore additional revenue. The process to complete a means test application is significantly different between civil representation and legal help, since the means test is delegated to the provider for legal help cases.

62. We do not hold data on provider administrative work, but for the purposes of this IA we have derived an illustration of what the impacts may look like and we would welcome feedback regarding the assumptions and calculation made. This illustration suggests that the additional administrative costs may accrue to a total of £3m, but this should be seen in the context of increased legal aid payments due to the increased number of eligible applicants (60% of additional admin cost is estimated to be due to additional legal aid volumes). This illustration can be found in Annex A.
63. Civil legal aid providers who offer private work, along with providers who exclusively undertake private work may face a detrimental impact from Option 1 if their clients now take up legal aid instead such that either i) clients decide to use an alternative provider who offers legal aid, or ii) clients who would previously have paid privately would be entitled to legal aid, reducing the fee available to the provider.

The LAA

64. Under Option 1, the increase in the annual cost to the Legal Aid fund is expected to be £50m - £75m per annum, once in steady state. The range reflects the uncertainty in the estimates since it is a complex modelling problem with uncertain assumptions (especially regarding any estimates of how people would take up legal aid if they were to become eligible).
65. There would also be additional LAA administration costs as a result of this option, estimated to be £0.8m per year. The LAA would need to process an increased level of claims, anticipated to rise by 10,000 to 14,000 certificated claims per year, and around 30,000 to 46,000 legal help, mediation and telephone claims. There would be one-off costs to the LAA of around £2m to cover the civil IT changes required for the new means testing arrangements. For more granular cost analysis of Option 1, please see Table 4 below.

Benefits of Option 1:

Legal Aid Clients

66. A considerable number of people in the population who have a civil legal matter in scope of legal aid would benefit as a result of Option 1. This is because the impacts of Option 1 would result in them having a more beneficial outcome from the means test, e.g. their eligibility for legal aid may change from ineligible to eligible.
67. The extent to which people benefit would vary widely, some people who may have previously been ineligible for civil legal aid altogether would, under Option 1, become eligible for non-contributory legal aid, whereas other people may gain from making a small saving on the contributions they make.
68. By defining the people who gain to be those who move from being ineligible to eligible, or those who move from contributory legal aid to non-contributory, we estimate that around 10,000 to 14,000 people would benefit for civil representation cases and between 30,000 to 46,000 for legal help, annually. We estimate that between 600 and 900 clients will continue to contribute towards their legal aid but would pay a smaller monthly amount.
69. As a whole, the additional amount of Government funding towards their legal costs would increase by between £50m and £75m per year.

Civil Legal Aid Providers

70. Civil legal aid providers would receive an estimated between £50m - £75m per year for the additional work they would undertake.

Net Impact

71. Table 1a below shows the overall impact to the LAA fund for Option 1 under Baseline 1, for civil representation and legal help at steady state. These costs are broken down further in the ‘cost breakdown’ section of this analysis, paragraph 76 on.

Table 1a: Annual steady state additional spending by type of civil legal aid)

Type of LA	Cost Range*
Civil Representation	£35m - £50m
Legal Help	£15m - £25m
Total	£50m - £75m

**Costs are rounded to the nearest £5m*

Baseline 1: Further Analysis

Analytical Scope

72. It is extremely challenging to model the impacts of the proposed means test against a baseline which is consistent with who gets legal aid today, as this baseline is constantly shifting due to UC rollout. This section of the IA will explore; the impacts of changing the means test on the general population eligibility; the costs to the legal aid fund; and the individuals who would benefit or suffer a detrimental outcome from Option 1, at a population and legal aid volume level.

73. Further detailed analysis can be found in Annex B, which looks at the impacts on protected characteristics and other characteristics such as family type, housing tenure and household income. The impacts on the protected characteristics are also explored in more detail in the Equality Assessment for the Means Test Review.

Population Eligibility

74. Using the FRS population data, we can estimate the England and Wales adult population’s entitlement to legal aid under the current means test assuming that legacy benefits are in place (Baseline 1). Please note, we are not able to understand the populations impacts for the policies, as mentioned previously, where we have limited data (these can be found in more detail in Annex B). The tables below estimate the breakdown of eligibility for legally aided civil representation, by income and capital test outcome. Anyone who is entitled to non-contributory or contributory legally aided civil representation would also be entitled to non-contributory legal help.

Table 2a: The E&W adult population’s Civil Legal Aid eligibility under a legacy baseline (Baseline 1), rounded to the nearest %

	Capital Result			
Income Result	Non-Contributory	Contributory	Ineligible	Total
Non-Contributory	14%	0%	2%	16%
Contributory	4%	0%	1%	5%
Ineligible	29%	5%	45%	79%
Total	47%	6%	47%	100%

Table 2b: A summary of the E&W adult population’s Civil Legal Aid eligibility under a legacy baseline (Baseline 1), rounded to the nearest %

Eligibility outcome	% adult population
Non-Contributory	14%
Contributory	5%
Ineligible	82%
Total	100%

75. The analysis has also been replicated based on the proposed means test under Option 1 and is shown below in table 3. As can be seen, a far larger proportion of the population would become eligible for both non-contributory legal aid (20% vs 14%) and contributory legal aid (7% vs 5%). This is driven by a considerable number of changes, but most notably, the changes to the income and capital tests. In our baseline, only 47% of the population would pass the capital test without paying a contribution, whereas under Option 1 we estimate that 61% of the population would pass the capital test without paying a contribution. Similarly, 22% of individuals would pass the income test without paying a contribution compared to 16% previously.

Table 3a: The E&W adult population’s Civil Legal Aid eligibility under the Option 1 means test, rounded to the nearest %

	Capital Result			
Income Result	Non-Contributory	Contributory	Ineligible	Total
Non-Contributory	20%	0%	2%	22%
Contributory	7%	0%	2%	9%

Ineligible	34%	3%	32%	69%
Total	61%	3%	36%	100%

Table 3b: A summary of the E&W adult population's Civil Legal Aid eligibility under the Option 1 means test, rounded to the nearest %

Eligibility Outcome	% adult population
Non-Contributory	20%
Contributory	7%
Ineligible	73%
Total	100%

Cost Breakdown

76. Option 1 proposes a considerable number of changes to the civil means test. Below, we provide a breakdown of how the total Legal aid fund impacts are disaggregated between the different components of the means test changes.

77. Changes to one part of the means test can affect the impacts for other parts of the means test. Therefore, the table below is hierarchical, such that any components above another component are assumed to be already implemented. For example, when considering the impacts of changing the capital rules of the test, it is assumed that the proposed changes to the income thresholds part of the test have already been implemented.

Table 4: Steady state cost breakdown by means test component (£m, rounded to the nearest £1m)

Component	Civil Representation	Legal Help
Income test	27	16
Capital test	7	3
Contributions	1	0
Passporting	1	0
Inaccessible capital	5	0
Other non-means	1	0
I&A and U18s non-means	0	0

Total	41	20
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Please note that for this table we have rounded to the nearest £1m and have not applied ranges to each individual component. Therefore, the estimates are our best point estimates, but they do still hold considerable amounts of uncertainty, and totals may not add exactly due to rounding.

78. The table above shows that the proposed changes to the gross and disposable income tests have by far the most impact of all the changes (£27m for civil representation and £16m legal help). This is driven by the number of adults in the population that we estimate would become eligible as a result. In a similar way, but to a lesser extent, the increase in the capital thresholds and the equity disregard brings more people in the population into civil legal aid eligibility, resulting in an estimated cost of £10m.
79. Changes to the contributions policy have a fairly limited impact (£1m) due to the small proportion of people who take up legal aid and who are asked to pay contributions. In 2019/20, the LAA collected less than £2m in contributions from income. The modelling captures how an almost entirely new cohort of individuals would become entitled to contributory legal aid (due to the more generous income tests), and the impact of specific new contribution policies (such as the increased contribution rates and limited payment period of 24 months).
80. The passporting costs are driven by more people being passported through the income test compared to our Baseline 1 passporting arrangements. This is because passporting those on UC with up to £500 monthly earnings (and continuing to passport those who receive the Guarantee Credit element of Pension Credit) is more generous than passporting those on previously passported legacy benefits. Our population data suggests that around 4.5m adults in the population would be eligible to be passported from legacy benefits, whereas 5.1m adults in the population would be eligible for passporting through the Option 1 passporting proposal.
81. This is because some people who were previously entitled to housing benefit or tax credits and have now transitioned or will shortly transition to UC would be passported under the Option 1. A cohort of these individuals would benefit in eligibility as a result (since otherwise they would have had a contributory or ineligible determination from the full means test), resulting in an additional cost of £1m.
82. The impacts of the policy to disregard inaccessible assets are difficult to estimate, as we have limited data regarding the frequency of cases where this issue might arise. We anticipate that most beneficiaries of this policy would be victims of domestic abuse who have a jointly-owned property they cannot access. Our analysis suggests that the costs could be between £0 and £5m per year.

Individuals who see a beneficial or detrimental outcome from Option 1 under Baseline 1

83. Individuals could see a beneficial or detrimental impact to their eligibility (compared to their baseline eligibility), and this could vary by the amount too. For example, somebody who was ineligible for civil representation previously but would receive non-contributory legal aid under Option 1, would have a considerable saving to their legal costs (a significant cost to the legal aid fund), whereas other individuals may only have a small change to the amount of contributions they pay.

84. For the purposes of the analysis, we have defined those who see a beneficial or detrimental outcome based on whether their eligibility outcome has changed between receiving non-contributory, contributory or no legal aid. This means that somebody is said to have:
- benefitted if they previously were not eligible for legal aid, but under option 1 are entitled to non-contributory or contributory legal aid.
 - benefitted if they were previously entitled to contributory legal aid but under option 1 are entitled to non-contributory legal aid.
 - a detrimental outcome if they previously were eligible for non-contributory legal aid but under option 1 are entitled to contributory or no legal aid
 - a detrimental outcome if they previously were eligible to contributory legal aid but under option 1 are not entitled to legal aid.
85. We do not include the effects of changes to a contribution amount among those who remain within contributory legal aid. As a result of the above approach, it is likely that we are underestimating the number of people who would see a beneficial outcome against our set baseline, but we want to capture only those who have a significant change to their outcome, rather than include those who have smaller changes too.
86. Using the 2017/18 ¹Family Resource Survey and DWP Policy Simulation Models, we can estimate the impacts of Option 1 at a population level, and then an extra layer of analysis is required to calculate the legal aid impacts, and therefore these are more uncertain than the overall population estimates.
87. Table 5A shows that Option 1 would result in a significant number of people with a beneficial outcome rather than a detrimental one, relative to the legacy baseline. 12% of the population would stand to have a beneficial outcome, and this would be considerably higher if we looked at those who have reduced contributions. The tables show that nobody would be detrimentally impacted from Option 1 in the population, but as this is rounded and in reality, there would be a very small number of people who lose out. This is because the pensioners' capital disregard has been changed in order to align with wider Government policies, which would lead to some individuals between 60 and 65 years old having a worse eligibility outcome. However, there is a low take up of civil legal aid amongst this cohort.
88. Tables 5B and 5C show the volume impacts as a result of Option 1. In particular, we estimate that there would be an additional 12,000 civil representation certificates, and we estimate that there would be an additional 40,000 legal help cases from those who benefit. As for table 4 above, these estimates are rounded and are our best point estimates, but they do have considerable uncertainty around them.

¹ We recognise that the data is based on the population from a number of years ago (2017/18). This is because DWP need a significant amount of time to recalibrate the survey data to actual benefit income and to implement their forecasts on future policy (such as Universal Credit). We then use this data to feed into our models which are highly complex and takes time to analyse, we are therefore operating on a lag with respect to the time period of the data underpinning the analysis. However the financial data in the models are updated to the price year 22/23 and we do not think the annual population changes would be significant (although COVID-19 impacts on households might be considerable – but we would not be able to use reliable up to date data on this at this point).

Table 5A: Number of adults whose eligibility would change in the population (rounded to nearest 100,000)

	Benefit	Detriment	Total
Population	5,700,000	-	45,800,000
%	12%	0%	100%

Table 5B: Number of new civil representation volumes from individuals whose eligibility status would change (rounded to nearest 1,000)

	Benefit	Detriment	Total
Civil Representation volume change	12,000	-	12,000

Table 5C: Number of new legal help, mediation and telephone volumes from individuals who have had an eligibility change (rounded to nearest 1,000)

	Benefit	Detriment	Total
Legal Help volume change	40,000	-	40,000

89. We cannot accurately capture all the individuals who would benefit against Baseline 1 in this analysis. This is because we can only estimate the high-level impacts of some of the policies and not provide a deep understanding of the characteristics of individuals who would benefit. The individual changes that are not included are listed in detail in Annex B and C.

90. Further detailed analysis can be found in Annex B.

Baseline 2

91. As explained in the Baseline section above, it is extremely challenging to model the impacts of the proposed means test against a baseline which is consistent with who gets legal aid today, as this baseline is constantly shifting due to UC rollout. This section shows the impacts against Baseline 2, where we assume UC is fully rolled out and everyone on it is passported through the income test and will largely follow the same structure as the analysis against Baseline 1.

Costs of Option 1:

Legal Aid Clients

92. Some legal aid clients would bear a cost as a result of this option. This is because their eligibility for legal aid would be adversely affected by the changes. Our estimates suggest that the number of people who would see a detriment under this option is around 8,000 – 12,000 civil representation clients and 10,000 - 14,000 legal help clients, resulting in a

reduction of funding for this cohort of around £26m - £38m. The range reflects the uncertainty in the estimates since it is a complex modelling problem with uncertain assumptions (especially regarding estimates of how people would take up legal aid if they become eligible).

Civil Legal Aid Providers

93. As covered in the analysis against the Baseline 1, there would be administrative costs to providers. These would be less against a UC passporting baseline because the additional volumes would be lower. It is estimated that there would be an additional administrative cost of around £2m per year, some of which would be captured by the existing civil fee structure.

The LAA

94. Under Option 1, the increase in annual cost to the Legal Aid fund is expected to be £2m-£8m per annum, once in steady state. There would also be additional LAA administration costs as a result of this option. This is estimated to be £0.3m per year. The LAA would need to process an increased level of legal help claims, estimated between 10,000 to 16,000 claims per year, but slightly fewer civil representation certificates (around 100). There would be one-off costs to the LAA of around £2m to cover the IT changes required for the new means testing arrangements, but this includes changes to the criminal means test too which is difficult to disaggregate.

Benefits of Option 1:

Legal Aid Clients

95. Some existing and new clients would benefit as a result of Option 1. This is because the impacts of Option 1 would result in them having an improved outcome from the means test, whether they would be newly eligible to legal aid, or their contributions reduced following a reassessment under the new system. The number of civil representation certificates that would be newly created or where an existing recipient would benefit is estimated to be between 7,000 and 10,000, and for legal help, 20,000 to 30,000. Those who would benefit will receive an estimated additional legal aid spend of between £29m and £45m.

Civil Legal Aid Providers

96. Providers are expected to receive an increase in legal aid spend of around £4m - £8m per year for legal help cases.

Net Impact

97. Table 6 below shows the overall impact to the LAA fund for Option 1 against Baseline 2.

Table 6: Annual steady state additional spending by type of civil legal aid

	Estimated Cost
Civil Representation	-£3m to -£1m
Legal Help	£5m to £9m
Total	£2m to £8m

Baseline 2: Further Analysis

Analytical Scope

98. This section of the IA will explore; the impacts of changing the means test on the general population eligibility; the costs to the legal aid fund; and the individuals who would benefit or suffer a detrimental outcome from Option 1, at a population and legal aid volume level.
99. Further detailed analysis can be found in Annex C, which looks at the impacts on protected characteristics and other characteristics such as family type, housing tenure and household income. The impacts on the protected characteristics are also explored in more detail in the Equality Assessment for the Means Test Review.

Population Eligibility

100. This section explains the population eligibility under Baseline 2 (table 7a and 7b), and how it changes when we move to Option 1 (table 8a and 8b). Please note, we are not able to understand the populations impacts for the policies, as mentioned previously, where we have limited data (these can be found in more detail in Annex C). Table 7b shows that 20% of the population would be eligible for non-contributory legal aid under our UCAll baseline, similar to the 20% who would be eligible under Option 1.
101. Despite both rounding to 20%, when studying the unrounded details, it suggests that there would be more people entitled to non-contributory legal aid under Baseline 2 compared to under Option 1 (by 0.5% of the population).
102. Nevertheless, there would be a considerable increase in the number of people who would be entitled to contributory civil representation legal aid (also non-contributory for legal help), as 7% are entitled in our proposal against 2% under Baseline 2. This means that the total number of adults who would be eligible for legal aid would increase from 23% to 27% under Option 1.

Table 7a: The E&W adult population's Civil Legal Aid eligibility, rounded to the nearest %

	Capital Result			
Income Result	Non-Contributory	Contributory	Ineligible	Total
Non-Contributory	20%	1%	3%	24%
Contributory	1%	0%	1%	3%
Ineligible	25%	5%	44%	74%
Total	47%	6%	47%	100%

Table 7b: A summary of the E&W adult population's Civil Legal Aid eligibility under a UC All baseline, rounded to the nearest %

Eligibility outcome	% adult population
Non-Contributory	20%
Contributory	2%
Ineligible	77%
Total	100%

Table 8a: The E&W adult population's Civil Legal Aid eligibility, rounded to the nearest %

	Capital Result			
Income Result	Non-Contributory	Contributory	Ineligible	Total
Non-Contributory	20%	0%	2%	22%
Contributory	7%	0%	2%	9%
Ineligible	34%	3%	32%	69%
Total	61%	3%	36%	100%

Table 8b: A summary of the E&W adult population's Civil Legal Aid eligibility under the Option 1 means test, rounded to the nearest %

Eligibility outcome	% adult population
Non-Contributory	20%
Contributory	7%
Ineligible	73%
Total	100%

Individuals who have a beneficial or detrimental outcome from Option 1 under Baseline 2

103. For the following analysis, the definitions in paragraph 83 regarding how someone is defined as an individual who benefits and an individual who is detrimentally impacted are being used.

104. Table 9A shows that under Option 1 a significant number of people in the population would have a beneficial outcome rather than a detrimental one, although far fewer than compared to the legacy baseline (Baseline 1). Overall, 8% of the population would stand to benefit. This would be considerably higher if we included those who had reduced contributions.

Table 9A shows 5% of the population would be detrimentally impacted by Option 1. This is almost always because they are on UC and would no longer be entitled to non-contributory legal aid (since under Option 1, they would now be considered to have sufficient disposable income or capital to pay toward their own legal costs).

Table 9A: Number of adults whose eligibility has changed in the population

	Benefit	Detriment	Total
Population	3,800,000	2,200,000	45,800,000
%	8%	5%	

105. In tables 9B and 9C, we illustrate the volume impacts as a result of Option 1. It is estimated that there would be a reduction in civil representation certificates granted (a net 100 reduction), yet a net 13,000 increase in legal help volumes. This is because those who would benefit from UC passporting are distributed more amongst individuals who are asked to contribute, rather than those who fall above the upper disposable income threshold (threshold for legal help).

106. The net reduction in civil representation certificates is as a result of a behavioural assumption. The assumption is that those moving from non-contributory legal aid under UC passporting to having to make a contribution towards the cost of their case would be less likely to take up an offer of legal aid. We do not see a similar impact in legal help because legal help is non-contributory, therefore an increase in eligibility would result in an increase in volumes.

Table 9B: Number of civil representation volumes from individuals who have had an eligibility change (roundest to nearest 1,000).

	Benefit	Detriment	Total
CR affected individuals	7,000	- 7,000	-

Table 9C: Number of legal help, mediation and telephone volumes from individuals who have had an eligibility change

	Benefit	Detriment	Total
LH affected individuals	25,000	- 12,000	13,000

107. Similar to the analysis against Baseline 1, we cannot accurately capture all individuals who benefit against a UC baseline. This is because we can only estimate the high-level impacts of some of the policies, and not provide a deep understanding of the characteristics of individuals who benefit. These individual changes/policies are listed in detail in Annex C.

108. Further detailed analysis can be found in Annex C.

Assumptions, Risks and Sensitivity Analysis

109. The complexity of the eligibility models (which are used to estimate the impacts of the Means Test Review) means it would not be useful to document every assumption that underpins the model. Therefore, below we have captured the most significant assumptions:

	Assumption	Risk
Take-up rates	<p>The probability of an individual who was previously ineligible for legal aid who becomes eligible through Option 1 taking up legal aid, is estimated by identifying similar individuals in the population who are currently eligible and replicating their take-up rate. This is done by identifying individuals of similar age and sex, but who have the highest disposable income levels in the currently eligible population.</p> <p>Our data suggests that across civil and criminal legal aid, the age, sex and income of individuals are important characteristics to estimate how likely people are to take up legal aid.</p> <p>Case study:</p> <p>Consider an individual in the population who is male, 30-40, and was previously ineligible for legal aid through the income test but under option 1, would become entitled to contributory legal aid. To consider how likely this individual would be to require civil representation legal aid, we would look at the individuals who are male, 30-40 and are currently eligible to contributory band C (individuals who pay the highest rate of contributions) civil representation legal aid. Using the existing legal aid data and the population data, we can estimate the rate at which these individuals require civil representation legal aid.</p>	<p>There are risks that changing the means test rules would have behavioural impacts that are not captured in the analysis.</p>

	<p>Take-up rate adjustments are applied if somebody moves from contributory legal aid to non-contributory, or vice-versa. This is applied in an attempt to capture the behavioural impacts of people who may be unwilling to pay towards their legal costs. These are calculated by estimating the impact of individuals being asked to contribute in the current legal aid data.</p>	<p>There are risks that changing the means test may have behavioural impacts that are not captured in the analysis. For example, the proposed means test makes a more accurate assessment of people's ability to pay towards their contributions, and this may incentivise more people who are eligible to contributory legal aid to take it up</p>
<p>Case costs and duration</p>	<p>The civil representation models are disaggregated into means tested civil representation family, non-family and domestic violence matter level; the legal help models are disaggregated into legal help, mediation and telephone work. For each of these, the models use average cost and duration assumptions, which are critical for estimating contribution impacts. In reality, these costs and durations follow particular distributional trends, but the modelling does not have the capabilities of applying these nuances.</p>	<p>There is a risk that the case costs and durations do not capture the nuances as the modelling does not have the capability of applying the impacts of distributional trends of case costs and durations.</p>
<p>Data limitation</p>	<p>The model baseline uses LAA volume forecasts from 18/19. This was applied in an attempt to isolate and remove the impacts of passporting everybody on UC which has been far more substantial in more recent years. This is important because in a comparison between legal aid data and population data geared towards making an assessment of how likely people are to take up legal aid, both data sets will then be aligned because they are both based on data that is not largely affected by the interim policy to passport UC recipients. It also means that this modelling does not capture the impacts of more recent COVID-19 impacts on the population and legal aid volumes.</p>	<p>Our data on financial circumstances of households in the population is based on pre-Covid-19 survey data. The economic impacts of Covid-19 on households are multiple and uneven, creating considerable uncertainty as to whether our data remains reliable.</p>

<p>Family resource survey</p>	<p>The Family Resources Survey (FRS) is a continuous household survey which collects information on a representative sample of private households in the United Kingdom. It is therefore assumed that the sampling is representative of the England and Wales population.</p>	<p>We recognise that the data is based on the population from a number of years ago (2017/18). This is because DWP need a significant amount of time to recalibrate the survey data to actual benefit income and to implement their forecasts on future policy (such as Universal Credit). We then use this data to feed into our models which are highly complex and takes time to analyse, we are therefore operating on a lag with respect to the time period of the data underpinning the analysis. However the financial data in the models are uprated to the price year 22/23 and we do not think the annual population changes would be significant (although COVID-19 impacts on households might be considerable – but we wouldn't be able to use reliable up to date data on this at this point).</p>
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Sensitivity Analysis

110. We have identified above that one of the key assumptions of the modelling is how we estimate how many of those who are currently ineligible for legal aid would take it up if they become eligible. Our sensitivity analysis revolves around the uncertainty of this assumption.

111. To illustrate how this assumption may affect the impacts of the outputs of the model, we have chosen to estimate the cost impacts under the assumption that our current estimate has an error rate of 20%. Therefore, in the first sensitivity analysis scenario, we have uprated the take up rates for those that become newly eligible for legal aid under Option 1 by 20%, and for the second scenario we have downrated the same cohorts take-up rate by 20%. It should be noted that this will not affect off-model estimates such as domestic abuse injunctions, other non-means areas or debt deduction impacts etc.

Table 10: A summary of the Option 1 costs under sensitivity scenario 1 & 2 against a legacy baseline

Scenario	Total cost
Scenario 1 - 20% uprate	£9m
Scenario 2 - 20% downrate	-£9m

112. Table 10 shows that there is an estimated +/- £9m cost swing in the estimated cost when the take-up rate gets adjusted by +/- 20%. This range should not be used as a potential upper and lower bound of the impacts because there are many other assumptions that would need to be considered, let alone the uncertainties with the off-model analytical methodology/assumptions.

Wider impacts

Equalities

113. Analysis on the impacts on protected characteristics can be found in Annexes B and C and are explored in more detail in the Equality Assessment for the Means Test Review which has been published alongside this IA.

Regulatory Impacts

114. There are no wider impacts on regulation

International Trade Impacts

115. There would be no impacts of international trade as a result of our Option 1.

Monitoring and Evaluation

116. We will monitor the impact of the new means test using published data on volumes of legal aid cases and spending on legal aid. We will assess whether the objectives have been met through regular engagement with stakeholders to get feedback on the impact of the proposals. We will also continue to model the proportion of the population who are eligible for legal aid.

117. We are proposing to regularly review the income and capital thresholds for legal aid (including the earnings threshold for UC passporting, if implemented), with the first review within 3-5 years of the new means test coming into operation. That is, the first review would be published no earlier than 3 years and no later than 5 years after the new means test comes into operation.

118. This is a consultation IA so we will review Option 1 on the basis of responses received.

Annex A: Estimating Administrative Impact on Providers

119. As explained in paragraphs 61-63, there would be an additional administrative cost to providers due to; a) the need to process the additional number of means test applications, and b) the increase in complexity of some applications due to the need for further evidence or change in the nature of applications (i.e. passported vs non-passported).

120. In particular, some additional deductions are being proposed in the full means test which may require extra work for providers, such as calculating the appropriate deductions for pension contributions, student loans and priority debts. This would affect those applications that require a full disposable income assessment. By contrast, fewer civil legal aid applicants would need to be assessed on their capital because of the proposed changes to the capital passporting policy.

121. We provide an illustration below concerning how much Option 1 may cost providers from an administrative perspective, but the assumptions are based on very limited information. As part of the consultation, we are requesting feedback from civil legal aid providers on the calculations and assumptions used, so we can better understand the true impacts.

Assumptions used:

- average administration time for income and capital assessment = 60 minutes
- additional complexity time = 15 minutes
- administrative cost per hour = £28.60² per hour
- volume impacts³:

	Civil Representation	Legal Help
Current means tested certificates	40,000	140,000
Change in MT apps	13,000	40,000

122. Table 11 below now applies the above assumptions in a high-level calculation in order to estimate the monetary cost of all providers for completing the additional administrative work.

Table 11: Deriving the admin cost to providers, based on the above assumptions

	Civil Representation	Legal Help
(1) New apps MT time (mins)	975,000	3,000,000

² derived from the Annual Survey of Hours and Earnings 2021, median earnings of employees in a professional occupation, and applying a 30% uplift for overheads

³ Please note, volumes have been rounded heavily for simplicity and due to the inaccuracy of estimating the certificates that go through a means test.

(2) Increase in complexity of all MT certs (mins)	600,000	2,100,000
(3) Total time impact (mins)	1,575,000	5,100,000
(4) Total time impacts (hours)	26,300	85,000
Cost impact (£)	£800,000	£2,000,000

123. About 60% of the additional work for civil representation and legal help would come from new cases (by comparing the additional minutes from (1) compared to the sum of (1) and (2)), whereas the remaining 40% of work would come from additional complexities to the means test. For legal aid cases paid a fixed fee or hourly rates, providers are not explicitly paid for the time taken to undertake the means assessment. Because the new test is slightly more complex, this means that provider administrative costs for each application would increase under the new arrangements, without a respective increase in remuneration. Only in certain circumstances can administrative time be claimed for reporting the case information to the LAA.

Annex B: Supplementary Impact Analysis against Baseline 1

124. In accordance with our duties under section 149 of the Equalities Act 2010, an Equalities Assessment has been produced alongside this IA. The following analysis summarises the impact of Option 1 against on the financial eligibility of various protected characteristics. For more details see the accompanying Equalities Assessment.
125. The equalities analysis in this IA captures the proposed changes to the core civil representation and legal help means tests. This includes nearly all the changes to the income, capital, contributions and passporting rules.
126. It does not capture the changes around disregarding inaccessible capital, the means test for immigration & asylum cases and non-means legal aid, which is covered in the Means Test Review Equalities Assessment.
127. Furthermore, for the volume impacts of those who would benefit or have a detrimental outcome, volume have been rounded to the nearest 100 for civil representation and 1,000 for legal help.
128. It is not possible to estimate the equalities impacts of some components to the means test too, although these are fairly small impact items. These are explained in more detail below:

Priority Debt: The Family Resources Survey (the basis for our modelling) does not have data on adults who hold priority debts. This means we cannot identify which types of individuals hold priority debts.

Contested assets and inaccessible capital: Our data does not allow us to identify which households are likely to contest assets, and which households have inaccessible assets, and therefore we cannot identify the impact accurately.

Disregards for compensation, ex-gratia, damages payments and backdated benefits and backdated child maintenance: Similarly, we cannot identify the circumstances of the individuals who would have some of their income or capital disregarded because of the new changes to scope for what is disregarded. In addition, some provisions include a future-proofing element in relation to potential new schemes making payments in relation to personal harm. Therefore, we cannot estimate the scope or size of any such payments.

Impact on groups with protected characteristics

129. At a population level we estimate that ethnic minority individuals would be overrepresented among those that benefit from Option 1, with each cohort of non-white individuals expected to benefit more than white individuals (12%). Due to the size of the White cohort in the E&W population, in terms of absolute volumes, the majority of individuals who would benefit are White with (10,100 and 31,000 individuals who benefit for civil representation and legal help respectively).

Table 12A: Population eligibility impacts by ethnicity

Ethnicity	Benefit
White	12%
Mixed	15%
Asian	20%
Black/African	19%
Other	25%

Table 12B: Volume of civil representation cases with an eligibility impact by ethnicity

Ethnicity	Benefit
White	10,100
Mixed	200
Asian	1,400
Black/African	800
Other	300

Table 12C: Legal Help, Mediation & Telephone volume impacts by ethnicity

Ethnicity	Benefit
White	31,000
Mixed	1,000
Asian	5,000
Black/African	2,000
Other	1,000

130. There is a small difference in the percentage of men and women estimated to benefit, with 14% of women and 11% of men in the population benefitting. This feeds through to the civil representation volume estimates, with more females benefitting (9,300 vs 3,600), whereas the volumes of those who benefit are far more even (and more likely to be male) for legal help (19,000 vs 21,000). This is because the models take into account, by sex, the prevalence of individuals to take up civil representation and legal help legal aid.

Table 13A: Population eligibility impacts by sex

Sex	Benefit
Male	11%
Female	14%

Table 13B: Volume of civil representation cases with an eligibility impact by sex

Sex	Benefit
Male	3,600
Female	9,300

Table 13C: Legal Help, Mediation & Telephone volume impacts by sex

Sex	Benefit
Male	21,000
Female	19,000

131. Similarly, based on the FRS recording of disability (based on the core definition of disability in the Equality Act 2010) we can look at the population impacts for those who are and are not disabled. Table 14 shows that Option 1 is broadly proportional to those who are disabled, with about 13% of disabled people benefitting (in line with the whole population). Estimating the volume impacts for disability is difficult because we do not make adjustments to capture how disabled people are more or less likely to require legal aid. Therefore, since more people in the population are not disabled, the volume of those who would benefit and those who would see a detriment are more weighted towards those without a disability.

Table 14A: Population eligibility impacts by disability

Disability	Benefit
Yes	13%
No	12%

Table 14B: Volume of civil representation cases with an eligibility impact by disability

Disability	Benefit
Yes	3,600
No	9,300

Table 14C: Legal Help, Mediation & Telephone volume impacts by disability

Disability	Benefit
Yes	8,000
No	31,000

132. Option 1 would benefit younger adults, with 17% of the population of 16-30 year-olds benefitting. This tapers with age until the oldest group, the 60 and overs, of whom only 9% would benefit. This is likely to be driven by the proportion of each cohort that has below the median level of income, since older workers are more likely to be at their peak earnings than younger workers.

Table 15A: Population eligibility impact by age

Age band	Benefit	Detriment
16-30	17%	0%
31-40	16%	0%
41-50	14%	0%
51-59	10%	0%
60+	9%	0%

133. In addition to the above, our analysis has the capability to make robust estimates for how legal aid would be taken up by age group. This captures the existing prevalence of eligible individuals having a need for civil legal aid depending on their age. Table 15B illustrates that, despite more individuals in the population benefitting are 16-30 year olds, those aged 31-40 and 41-50 would be more likely to benefit in practice because they would be more likely to require civil representation legal aid and/or there are more of this cohort in the population. This is also the case with legal help, mediation and telephone cases for those aged 31-40. For both civil representation and legal help, there are relatively low number of individuals who benefit for the older population (over 50s).

Table 15B: Volume of civil representation cases with an eligibility impact by age group

Age Band	Benefit	Detriment
16-30	2,600	- 300
31-40	4,200	- 200
41-50	3,600	- 100

51-59	1,700	-
60+	800	- 100

Table 14C: Legal Help, Mediation & Telephone volume impacts by age group

Age Band	Benefit	Detriment
16-30	10,000	- 200
31-40	14,000	- 300
41-50	9,000	- 100
51-59	4,000	- 300
60+	3,000	- 100

Impact by Family Type

134. Option 1 includes a number of changes which would affect families in different ways, most notably the change in provisions for partners and dependents within the family, and the change to the gross income calculation to be fairer to larger families. Below we assess the aggregated impact of Option 1 at a population level and at a legal aid volume level.

135. Table 16A shows that the type of household that would benefit the most from the changes at a population level is those that have children (19% of couples with children benefit and 26% of lone parents would benefit, compared to an average of 13% for the whole population). This is likely to be driven by a number of things, but especially the equivalisation change in the gross income test. The families who would be less likely to benefit are pensioner couples or couples without children (7% & 6% respectively).

Table 16A: Household eligibility impacts by family type in the E&W population

Family Type	Benefit
Couple with children	19%
Couple without children	6%
Pensioner single	13%
Adult single	15%
Lone parent	26%
Pensioner couple	7%
Total	13%

136. Table 16B & 16C show the impact when presented at civil representation and legal help volume level. The tables show that the couples with children would benefit most (5,100 civil representation and 20,000 legal help), and additionally lone parents (3,400 civil representation and 9,000 legal help). Pensioners would benefit the least due to their low use of civil legal aid.

Table 16B: Volume of civil representation cases with an eligibility impact by family type

Family Type	Benefit
Couple with children	5,100
Couple without children	600
Lone parent	3,400
Single adult without children	3,200
Single pensioner	400
Pensioner couple	300

Table 16C: Civil Legal Help, Mediation & Telephone volume impacts by family type

Family Type	Benefit
Couple with children	20,000
Couple without children	5,000
Lone parent	9,000
Single adult without children	3,000
Single pensioner	1,100
Pensioner couple	1,000

Impact by Housing Tenure

137. There are a number of components of Option 1 that directly change the way in which housing circumstances of applicants are considered in the Means Test.

138. Firstly, the maximum rent/mortgage deduction of £545 would be removed, such that single people can deduct the entirety of their housing costs in the disposable income calculation. This would only benefit single people with rent or mortgage above £545, which is likely to be more prevalent in areas of the country where housing costs are more expensive (such as London).

139. The removal of the £100k cap in the mortgage disregard in 2021 was beneficial to those with mortgages, but this has not been accounted for in Option 1 as it is included in Baseline

1. We are proposing to raise the equity allowance from £100k to £185k, meaning that applicants can have a considerable amount of additional equity in their property before being made ineligible for legal aid. This is a key reason why people who own a property would benefit, whether it is owned outright or with a mortgage.

140. Table 17A shows that the group who most likely benefit from Option 1 in the population would be renters (vs homeowners), with no considerable difference between those who rent privately rather than through the council or housing association. Renters are likely to be those lower down the income scale, and therefore would benefit more greatly from the increase in the income thresholds. The least likely to benefit in the population would be those who own their property outright (only 7% of the cohort are estimated to benefit). This is likely to be because many of these individuals hold more than £185k equity in their property and would hence be ineligible for legal aid, whereas those who own their property with a mortgage are less likely to have so much equity.

Table 17A: Population household eligibility impacts by housing tenure

Tenure	Benefit
Rented from Council	22%
Rented from Housing Association	20%
Rented privately unfurnished	21%
Rented privately furnished	20%
Owned outright	7%
Owned with mortgage	11%

141. Tables 17B and 17C show the impacts at legal aid volume level for each of the different tenure types. In particular, it shows that the largest cohort of people that benefit would be those who own their property with a mortgage, but that is driven by the overall volume of people who fall into that cohort within the population (we estimate 29% of households own their property with a mortgage). Those who own their property outright are more likely to be older individuals, who typically have a smaller need for civil legal aid relative to younger or middle-aged adults.

Table 17B: Volume of civil representation cases with an eligibility impact by housing tenure

Tenure	Benefit	Households in population
Rented from Council	1,800	8%
Rented from Housing Association	2,000	9%

Rented privately unfurnished	3,300	15%
Rented privately furnished	700	5%
Owned outright	1,300	34%
Owned with mortgage	3,800	29%

Table 17C: Legal Help, Mediation & Telephone volume impacts by housing tenure

Tenure	Benefit
Rented from Council	4,000
Rented from Housing Association	4,000
Rented privately unfurnished	10,000
Rented privately furnished	3,000
Owned outright	4,000
Owned with mortgage	14,000

Impact by Household Income

142. Under Option 1, the proposed upper gross threshold would not provide legal aid to those with more than equivalised median earnings. Tables 18A-C below do not equivalise income as it is total household income that would be relevant, so we still see households with high income (i.e. >£50k) would still get legal aid because it has not been equivalised.

143. Table 18A below shows how individuals would benefit depending on their household income grouping. Most notably, those who have household annual income between £5k-£10k would be the most likely in the population to benefit from Option 1 (35%). Those with the lowest annual income (<£5k) would be likely to already to pass the means test, and therefore there is not much room for them to benefit, or they could be retired adults who are living off savings. As the income bands go up in value from £5k-£10k, the likelihood that the cohort in question would benefit tapers off, up to the highest banding (£50k+) where only 2% would be expected to benefit.

Table 18A: Population eligibility impacts by household income

Household income band	Benefit
0-5k	11%
5k-10k	35%
10k-20k	24%

20k-30k	18%
30k-40k	11%
40k-50k	6%
50k+	2%

144. Table 18B and 18C show the legal aid volume impacts by household income band. In particular, we can see that the income cohort that would benefit the most are households with £20k-£30k of income (4,200 civil representation volumes and 14,000 legal help), since more people in the population fall within this income band. Despite the very low proportion of over £50k of income that would benefit (1%), this cohort would still benefit by 700 and 3,000 civil representation and legal help respectively. The cohort with £0k - £5k household income see a very small volume impact because the number of people in the population that belong to these households is low.

Table 18B: Volume of civil representation cases with an eligibility impact by household income

Household income band	Benefit
0-5k	400
5k-10k	1,600
10k-20k	3,400
20k-30k	4,200
30k-40k	1,900
40k-50k	800
50k+	700

Table 18C: Legal Help, Mediation & Telephone volume impacts by household income

Household income band	Benefit
0-5k	-
5k-10k	1,000
10k-20k	9,000
20k-30k	14,000
30k-40k	8,000

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40k-50k	4,000
50k+	3,000

Annex C: Supplementary Impact Analysis against Baseline 2

145. In accordance with our duties under section 149 of the Equalities Act 2010, an Equalities Assessment has been produced alongside this IA. The following analysis summarises the impact of Option 1 against on the financial eligibility of various protected characteristics. For more details see the accompanying Equalities Assessment.
146. The equalities analysis in this impact assessment captures the proposed changes to the core civil representation and legal help means tests. This includes nearly all the changes to the income, capital, contributions and passporting rules.
147. It does not capture the changes around disregarding inaccessible capital, the means test for immigration and asylum cases and non-means legal aid, which is covered in the Means Test Review Equalities Assessment.
148. It is not possible to estimate the equalities impacts of some components to the means test too, although these are fairly small impact items. These are explained in more detail below:

Priority Debt: The Family Resources Survey (the basis for our modelling) does not have data on adults who hold priority debts. This means we cannot identify which types of individuals hold priority debts.

Contested assets and inaccessible capital: Our data does not allow us to identify which households are likely to contest assets, and which households have inaccessible assets, and therefore we cannot identify the impact accurately.

Disregards for compensation, ex-gratia, damages payments and backdated benefits and backdated child maintenance: Similarly, we cannot identify the circumstances of the individuals who would have some of their income or capital disregarded because of the new changes to scope for what is disregarded. In addition, some provisions include a future-proofing element in relation to potential new schemes making payments in relation to personal harm. Therefore, we cannot estimate the scope or size of any such payments.

Impact on groups with protected characteristics

149. At a population level, we estimate that ethnic minority individuals would be overrepresented as both individuals who benefit and those who have a detrimental impact from Option 1. We can see this from table 19A, since each of the non-white ethnicity cohorts have a large percentage, for both those who would benefit and those who have a detrimental outcome, than those who are White. The largest group of individuals who would benefit are those who identify as 'Other' (14% are set to benefit), whereas the largest cohort who would be to have a detrimental outcome are those that are Black/African (14%). As per the narrative on ethnicity impacts against the previous baseline, the absolute volumes are heavily weighted because of the fact that the E&W population is made up of more white individuals than ethnic minority individuals.

Table 19A: Population eligibility impacts by ethnicity

Ethnicity	Benefit	Detriment
White	8%	4%
Mixed	10%	6%
Asian	11%	9%
Black/African	9%	14%
Other	14%	8%

Table 19B: Volume of civil representation cases with an eligibility impact by ethnicity

Ethnicity	Benefit	Detriment
White	5,100	- 7,900
Mixed	100	- 200
Asian	600	- 1,000
Black/African	300	- 700
Other	100	- 200

Table 19C: Legal Help, Mediation & Telephone volume impacts by sex

Ethnicity	Benefit	Detriment
White	20,000	- 9,100
Mixed	-	- 100
Asian	3,000	- 1,700
Black/African	1,000	- 400
Other	1,000	- 200

150. There are a similar proportion of males and females expected to benefit from Option 1 at a population level (8% & 9% respectively), but a slightly larger percentage of women would have a detrimental outcome (6% vs 4%). Females are more likely both those to benefit and to suffer a detrimental impact, with 4,200 benefiting and 8,100 suffering a negative impact. In contrast, more males would stand to benefit from the legal help changes, with 14,000 benefiting vs 11,000 females and only 5,000 would have a negative impact vs 7,000 females.

Table 20A: Population eligibility impacts by sex

Sex	Benefit	Detriment
Male	8%	4%
Female	9%	6%

Table 20B: Volume of civil representation cases with an eligibility impact by sex

Sex	Benefit	Detriment
Male	2,100	- 2,000
Female	4,200	- 8,100

Table 20C: Legal Help, Mediation & Telephone volume impacts by sex

Sex	Benefit	Detriment
Male	14,000	- 5,000
Female	11,000	- 7,000

151. Based on the Family Resources Survey recording of disability (based on the core definition of disability in the Equality Act 2010) we can look at the population impacts for those who are and are not disabled. Table 21A shows that Option 1 would have a net impact that is more beneficial to those who are disabled (since 9% would benefit and 4% would have a worse outcome, vs 8% and 5% for non-disabled people). Estimating the volume impacts for disability is difficult because we do not make adjustments to capture how disabled people are more or less likely to require legal aid. Therefore, since the majority of the population are not disabled, the volume of those who would benefit and those who are negatively affected would be more likely to be within the non-disabled cohort.

Table 21A: Population eligibility impacts by disability

Disability	Benefit	Detriment
Yes	9%	4%
No	8%	5%

Table 21B: Volume of civil representation cases with an eligibility impact by disability

Disability	Benefit	Detriment
Yes	1,700	- 2,400
No	4,500	- 7,600

Table 21C: Legal Help, Mediation & Telephone volume impacts by disability

Disability	Benefit	Detriment
Yes	5,000	- 3,000
No	19,000	- 9,000

152. Option 1 would be less likely to have a detrimental impact for those who are aged 50+ (51-59 have 2% who suffer a negative impact, 60+ have 0%), due to the low proportion of this cohort who take up UC. Those who are aged 16-30 would have a net positive impact of around 12%, compared to those between 31-40 who would have a net negative impact of 12%. The volume tables capture the prevalence by individuals of age to be involved in civil proceedings. For civil representation, the age band with the largest number of individuals who benefit would be those who are aged 16-30 or 31-40 (1,600 set to benefit in each band), and those who are 31 - 40 would also be the age band most likely to have a negative impact (4,700). This is also this case for legal help, with 7,000 who would benefit and 6,000 would have a negative impact.

Table 22A: Population eligibility impact by age group

Age Band	Benefit	Detriment
16-30	12%	7%
31-40	8%	12%
41-50	6%	7%
51-59	7%	2%
60+	8%	0%

Table 22B: Volume of civil representation cases with an eligibility impact by age group

Age Band	Benefit	Detriment
16-30	1,600	- 2,200
31-40	1,600	- 4,700
41-50	1,400	- 2,700
51-59	900	- 400
60+	700	- 100

Table 22C: Legal Help, Mediation & Telephone volume impacts by age group

Age Band	Benefit	Detriment
16-30	7,000	- 2,000
31-40	7,000	- 6,000
41-50	5,000	- 2,000
51-59	3,000	- 1,000
60+	3,000	-

Impact by Family Type

153. Table 23A shows that there would be considerable differences in outcomes for different family types. Those who would suffer a detrimental impact would nearly always those on UC who have earnings over £500 but would not be eligible for non-contributory legal aid via the proposed full means test. 31% of lone parents and 13% of couples with children would be expected to have a worse outcome, compared to pensioners who would suffer a negligible detrimental impact because they are not in scope of UC. Those most likely to benefit in the population would be single adults, both pensioners (13%) and working-age adults (13%).

Table 23A: Household eligibility impacts by family type in the E&W population

Family Type	Benefit	Detriment
Couple with children	8%	13%
Couple without children	4%	1%
Pensioner single	13%	0%
Adult single	13%	2%
Lone parent	6%	31%
Pensioner couple	6%	0%

154. Tables 23B and 23C show the civil representation and legal help volume impacts by family types. As expected from the population tables, those who are more likely to see a detrimental impact would be those who have children (5,500 lone parent and 4,100 couples with children for civil representation, and 3,000 lone parents and 8,000 couples with children for legal help), although we estimate there would also be beneficiaries in this cohort with around 2,700 (2,100 + 600) parents benefitting from additional civil representation certificates and 10,000 (9,000 + 1,000) for legal help.

Table 23B: Volume of civil representation cases with an eligibility impact by family type

Family Type	Benefit	Detriment
Couple with children	2,100	- 4,100
Couple without children	400	- 100
Lone parent	600	- 5,500
Single adult without children	2,500	- 300
Female pensioner single	300	-
Male pensioner single	100	-
Pensioner couple	300	-

Table 23C: Legal Help, Mediation & Telephone volume impacts by family type

Family Type	Benefit	Detriment
Couple with children	9,000	- 8,000
Couple without children	4,000	-
Lone parent	1,000	- 3,000
Single adult without children	8,000	-
Female pensioner single	1,000	-
Male pensioner single	-	-
Pensioner couple	1,000	-

Impact by Household Tenure

155. Table 24A shows that the most likely group of individuals who would benefit from option 1 in the population would be renters, with no considerable difference between those who rent privately or through the council or housing association. These are likely to be those lower down the income scale who would benefit greatly from the increase in income thresholds. Unlike the legacy baseline case, these individuals are also most likely to have a detrimental outcome too (except those who rent a furnished property privately). This is driven by a lower prevalence of property ownership among UC recipients. This is seen in the relatively low number of people who suffer a detrimental impact (1% for those owned outright and 3% with a mortgage).

Table 24A: Population household eligibility impacts by housing tenure

Household Tenure	Benefit	Detriment
Rented from Council	13%	13%
Rented from Housing Association	11%	11%
Rented privately unfurnished	12%	11%
Rented privately furnished	16%	3%
Owned outright	6%	1%
Owned with mortgage	8%	3%

156. Tables 24B and 24C show the impacts at legal aid volume level for each of the different tenure types. In particular, it shows that those most likely to benefit would be people who own a property with a mortgage for both civil representation and legal help (2,500 and 10,000 respectively), despite the population percentages being relatively lower than renters (this is due to the low number of people who fall into the separate renter cohorts). The renter cohorts typically would have a net negative impact for civil representation, likely due to renters being more likely to receive UC, whereas for legal help, they would largely see a net positive impact. The cohort that would see the largest negative outcome are those who rent an unfurnished property privately (3,800 civil representation and 5,000 legal help cases would be detrimentally impacted).

Table 24B: Volume of civil representation cases with an eligibility impact by housing tenure

Household Tenure	Benefit	Detriment
Rented from Council	600	- 1,800
Rented from Housing Association	400	- 2,200
Rented privately unfurnished	1,200	- 3,800
Rented privately furnished	400	- 300
Owned outright	1,100	- 400
Owned with mortgage	2,500	- 1,500

Table 24C: Legal Help, Mediation & Telephone volume impacts by housing tenure

Household Tenure	Benefit	Detriment
Rented from Council	2,000	- 2,000

Rented from Housing Association	2,000	- 2,000
Rented privately unfurnished	6,000	- 5,000
Rented privately furnished	2,000	-
Owned outright	4,000	- 1,000
Owned with mortgage	10,000	- 2,000

Impact by Household Income

157. Table 25A below shows the benefit/detriment outcomes for individuals in the population based on their household income. Most notably, those who have a household annual income less than £20k would be much more likely to benefit as a result of Option 1 (11% of those between £0-£5k, 31% for those who with £10k-£20k and 19% for those with £10k-£20k). This is because under Option 1, there would be a considerable number of people not on UC who would benefit by passing the new raised income test, and many individuals on UC who may not be passported anymore, but still pass the income test (since their household income is low).

158. Those on higher incomes (>£20k) would have a net negative impact, driven by those individuals on UC on higher incomes who would not pass our new lower disposable income threshold (the £20k-£30k cohort have 11% of adults having a negative impact, 9% of those on a £30k-£40k household income and 5% on a £40k-£50k household income). Those on an income greater than 50k would be barely affected by Option 1, since it is very unlikely that anybody on this level of income would be entitled to UC or pass the income test.

Table 25A: Population eligibility impacts by household income

Household Income Band	Benefit	Detriment
0-5k	11%	1%
5k-10k	31%	0%
10k-20k	19%	4%
20k-30k	9%	11%
30k-40k	5%	9%
40k-50k	3%	5%
50k+	1%	1%

159. Tables 25B and 25C show the legal aid volume impacts by household income band. In a similar fashion to the population tables, we can see a clear divergence in impacts between the lowest and middle household income bands. The bands with the largest beneficiaries

would be those with household incomes between £5k and £30k for civil representation, and £10k and £30k for legal help. Those with incomes between £5k and £10k would benefit more in relation to civil representation, relatively, rather than legal help because the higher legal help threshold for non-contributory legal aid is likely to already provide legal help for those in this cohort. Those with the largest negative outcome for civil representation would be those who have between £20k-£30k (5,400) and £30k-£40k (2,100) household income, and similarly for legal help (3,000 and 5,000 respectively).

Table 25B: Volume of civil representation cases with an eligibility impact by household income

Household Income Band	Benefit	Detriment
0-5k	300	- 100
5k-10k	1,300	-
10k-20k	1,700	- 1,400
20k-30k	1,300	- 5,400
30k-40k	700	- 2,100
40k-50k	300	- 800
50k+	500	- 300

Table 25C: Legal Help, Mediation & Telephone volume impacts by household income

Household Income Band	Benefit	Detriment
0-5k	-	-
5k-10k	1,000	-
10k-20k	8,000	- 1,000
20k-30k	7,000	- 3,000
30k-40k	4,000	- 5,000
40k-50k	2,000	- 2,000
50k+	2,000	- 1,000