

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)	Impact Assessment (IA)			
	Date: 25/05/2023			
	Stage: Response			
	Source of intervention: Domestic			
	Type of measure: Secondary legislation			
	Contact for enquiries: legalaidmeanstestreview@justice.gov.uk			

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
N/A	N/A	N/A	Not a Regulatory Provision

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 that need it 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 has fallen year on year. Moreover, the legal aid means test needs updating in a number of areas in order to better align with other government departments, for example, to reflect the position on Universal Credit as more individuals transition onto it from legacy benefits. Following the Means Test Review, the government intends to implement new changes to the legal aid means test that will increase access to 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 policy objective is to ensure that the means test is fair, efficient, and sustainable. This will help to ensure that individuals are able to obtain legal services when they need them, securing access to justice. This can be measured by the proportion of the population, which is eligible for legal aid, which we expect to increase under our policies.

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 for legal aid based on an assessment of the amount of income people need to cover essential living costs. Adopt the OECD modified scale to account for different household compositions. Stop passporting all recipients of UC, other than those with household earnings below £500 per month and victims of domestic violence on UC applying for protective orders. Redistribute the funding to increase the income and capital thresholds. Introduce a lone parent allowance alongside the OECD modified scale and UC earnings threshold.

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: 3-5 years after implementation

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 SELECT SIGNATORY: _____ Date: _____

Summary: Analysis & Evidence

Option 1, Baseline 1

Description: Increase income thresholds for civil legal aid based on a new assessment of the amount households need to cover essential living costs. Only passport UC recipients with monthly household earnings of up to £500, or who are victims of domestic violence seeking protective orders. Increase the income and capital thresholds compared against a legacy baseline (Baseline 1). Introduce a lone parent allowance alongside the new income and UC earnings thresholds.

FULL ECONOMIC ASSESSMENT

Price Base Year 2023	PV Base Year 2023	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)		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low				
High				
Best Estimate	2	2	65-95	N/A

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

- There will be a steady state annual cost to the Legal Aid fund of £60m-£90m compared to Baseline 1.
- There will be additional administration costs to the Legal Aid Agency (LAA) of around £1m per year. The LAA will need to process around 13,000 – 19,000 additional Civil Representation claims per year, and 34,000 – 50,000 provider-assessed Legal Help claims per year.
- There will 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 £3m. This includes some costs relating to changes to the criminal means test which are difficult to disaggregate.
- Providers will 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 £4m pa.

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 have a reduction in the value of private work available to them, as some of their client base will 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			70-105	N/A

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

- Legal aid clients who currently pay contributions for civil representation will be very unlikely to pay contributions under this option. This will provide clients with a benefit of around £12m - £18m per year. Some clients will benefit if they previously paid their legal costs privately (as ineligible for legal aid) but have now become eligible for contributory or non-contributory legal aid under this option.
- Civil legal aid providers will have access to a significant amount of additional legal aid work as a result of the changes, providing them annually with an estimated £60m - £90m 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 policies, if they become eligible, they will benefit from having legal representation.

Key assumptions/sensitivities/risks	Discount rate (%)	N/A
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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.

- Adults in the population who become eligible for legal aid will 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 are 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	

Summary: Analysis & Evidence

Option 1, Baseline 2

Description: Increase income thresholds for civil legal aid based on a new assessment of the amount households need to cover essential living costs. Only passport UC recipients with monthly household earnings of up to £500, or who are victims of domestic violence seeking protective orders. Increase the income and capital thresholds compared against a legacy baseline (Baseline 1). Introduce a lone parent allowance alongside the new income and UC earnings thresholds.

FULL ECONOMIC ASSESSMENT

Price Base	PV Base Year 2023	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
Year 2023	Year 2023		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	2	15-27	N/A

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

- There will be a steady state annual cost to the Legal Aid fund of £13m - £24m compared to Baseline 2.
- There will be an additional administration cost to the Legal Aid Agency (LAA) as a result of this option of around £0.4m per year. The LAA will need to process around 3,000 – 5,000 additional civil representation claims per year, and 13,000 – 19,000 additional provider-assessed legal help claims per year.
- There will 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 £3m.
- Providers will 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 will 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			16 - 30	N/A

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

- Legal aid clients who currently pay contributions for civil representation will now be very unlikely to do so under this option, providing them with a benefit of around £3m - £5m per year. Some clients will benefit if they previously paid their legal costs privately (as they were ineligible for legal aid), but under this option are now eligible for contributory or non-contributory legal aid.
- Civil legal aid providers will get a significant amount of additional work as a result of the changes, providing them annually with an estimated £13m - £25m 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 will benefit from having legal representation.

Key assumptions/sensitivities/risks	Discount rate
	N/A

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 will 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 are 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

A. Background

1. Access to justice is a fundamental principle underpinning the rule of law. For society to adhere to the principle of access to justice, we must have a legal aid system which is accessible to those who need it. It is for this reason that legal aid is available in both civil and criminal cases, subject to assessment of financial eligibility, known as a means test.
2. Means testing has played a role in the legal aid system for a very long time, for good reason; it is important to focus taxpayer resources on those who need legal aid the most, rather than on those who can afford to pay for private legal advice and representation.
3. Assessment of financial eligibility for legal aid requires a calculation of individuals' means. Two types of financial resource may be assessed to determine eligibility: income (gross annual income and disposable annual income) and disposable capital assets (e.g. savings.) If these are above a given threshold, the applicant may not be eligible for legal aid or they may be asked to pay a financial contribution towards their legal support. The exact nature of the financial assessment conducted depends on whether civil or criminal legal support is required.
4. This Impact Assessment (IA) covers the impacts of civil legal aid means test policies. There is a separate IA that addresses the criminal legal aid means test policy impacts.

The Civil Legal Aid Means Test

5. 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).
6. The current civil legal aid means test came into force in 2001 and has two income tests with separate income thresholds for each, along with a capital test. The gross income test is conducted first, followed by the disposable income test, and finally any necessary assessment of capital.
7. For civil representation, the means test offers both non-contributory legal aid and contributory legal aid, where applicants pay towards some of their legal costs from their income and/or disposable capital. The approach differs for civil legal help, where the means test is an in-or-out test whereby applicants are either eligible for non-contributory legal aid or ineligible for legal aid.
8. Another key feature of the civil legal aid means test is the passporting mechanism. This mechanism 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.

9. Historically, 'out-of-work benefits' have been used to passport individuals through the means tests, giving automatic eligibility to ensure that legal aid is targeted at those in greatest 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.
10. In 2013, income passporting for all Universal Credit (UC) recipients was introduced as an interim measure, until a new scheme for passporting UC recipients could be devised. 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 had little to no additional impact on the number of applicants being passported.

The Means Test Review

11. Through the Means Test Review, we have undertaken a comprehensive reassessment of the criminal and civil legal aid means tests. The Review was brought about through a need to update the eligibility framework for legal aid, to bring it into line with the modern context.
12. The income and capital thresholds for both civil and criminal legal aid have not been updated (increased in value) for more than a decade. This means that the proportion of the population of England and Wales 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 had 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.
13. Moreover, updates to the means test are required in order to bring the approach to means testing into line with the priorities of other government departments. The growing number of individuals transitioning from legacy benefits onto Universal Credit (UC) necessitates reconsidering the approach to means testing these individuals.
14. In light of these issues, in our 2019 Legal Support Action Plan we committed to reviewing the legal aid eligibility framework. As a result, the Means Test Review consultation was published in 2022.
15. The 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, the Review has revisited the existing rationales for our approach in these areas and further developed these where appropriate. The Review did not consider the merits and interests of justice tests for legal aid eligibility, the legal aid fee schemes or the scope of the legal aid system.
16. Improving eligibility for legal aid will mean that individuals can obtain legal advice to help resolve their legal problems, whilst 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 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.

17. Increasing access to legal aid will increase volumes of 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.
18. Whilst the consultation was open, the cost of living and inflation increased materially compared to the preceding years. This was a consistent theme in many of the responses. The original proposals establishing a cost of living allowance (COLA) were based on the Office of National Statistics (ONS) Living Costs and Food survey data, as it provided a comprehensive analysis of average household spending and is used across government, including DWP who use it to assess benefits levels. Once available, we will review the next iteration of this survey data, and will consider the thresholds prior to their implementation.
19. However, we note that legal aid means testing policy is subject to the fiscal pressures which currently apply across government. This means that we are not able to commit to uprating the thresholds prior to implementation. Whilst we will seek to ensure that the new means test properly reflects the typical cost of living, we will be required to make a decision about the threshold levels implemented in the context of wider budgetary decision making.

B. Rationale & Policy Objectives

Rationale

20. 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).
21. The principal rationale for government intervention is equity. It is the intention of the Means Test Review to implement a policy which treats people equally and delivers 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 best public value.
22. A further rationale is to achieve economic efficiency and value for money for the taxpayer. The Means Test Review looked at each element of the legal aid means test to ensure that there is a robust rationale for where we set eligibility limits and make allowances and disregards to capital and income. The rationales for each policy element are set out in the Means Test Review consultation (2022) and response (2023) documents.

Policy objectives

23. 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. The Means Test Review also consolidated assessment practises and aligned processes across criminal and civil legal aid as far as possible.
24. Greater access to civil 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.

C. Affected Stakeholder Groups, Organisations and Sectors

25. The following groups will 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 will also be affected.
 - **Taxpayers,** who ultimately fund the Legal Aid Fund.

D. Options Under Consideration

26. 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. Adopt the OECD modified scale to account for different household compositions. Stop passporting all recipients of UC, other than those with household earnings below £500 per month and victims of domestic violence on UC applying for protective orders. Redistribute the funding to increase the income and capital thresholds. Introduce a lone parent allowance alongside the OECD modified scale and UC earnings threshold.
27. Option 1 is preferred as it best meets the policy objectives.

Option 0/Do nothing

28. Under this option the existing test thresholds will remain, and all recipients of UC will be passported as it is further rolled out.

29. As the income and capital thresholds for legal aid eligibility have not been updated for more than a decade, the proportion of the population eligible for legal aid (not in receipt of UC) will continue to fall. It will also mean that the thresholds for eligibility will continue to be worth less in real terms than at the time they were introduced, so individuals who are ineligible for legal aid will have less money available to spend on legal services for civil matters than they would have at the time the thresholds were introduced.
30. There is an equity impact associated with Option 0. This is because UC can be awarded to people with income in excess of our current eligibility thresholds, meaning that UC recipients will be eligible for legal aid where non-UC recipients on similar incomes are not.
31. In summary, under Option 0 fewer people will be able to access legal aid, and more people who are ineligible for legal aid will be unable to afford legal services.

Option 1

32. Under this option, the following changes will be made to the civil legal aid means test:
 - The gross and disposable income thresholds will be updated.
 - The number of deductions applied in the means test will be increased.
 - The Organisation for Economic Co-operation and Development (OECD) modified equivalisation scale will be used to account for different household compositions.
 - The £545 per month housing cost cap for single applicants will be removed.
 - A lone parent allowance of 70% of an adult allowance, currently set at £315 per month, will be introduced for lone parent households.
 - The capital thresholds for civil legal aid eligibility will be increased.
 - Only those on UC with household earnings under £500 per month will be passported, with the exception of victims of domestic violence receiving UC, who will continue to be passported when applying for protective orders.
 - The contributions system will be updated.
 - The number of types of income and capital disregarded from the income test will be increased.
 - The number of legal matters for which non-means tested legal aid is available will increase.
33. The current civil legal aid means test income thresholds have not been updated in over a decade. Under Option 1, we will implement 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).
34. Under Option 1, the number of deductions from the assessment of disposable income will be increased including pension contributions of up to 5% of earnings, student loan repayments from earned income and priority debt repayments.
35. 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 a £545 monthly cap is in place. We will remove this cap to ensure fairness.

36. During the consultation process respondents highlighted concerns that, the combination of the OECD Modified Scale and an earnings threshold for legal aid applicants in receipt of UC would have an adverse impact on lone-parent families when compared to couples with children. In light of this we will introduce a lone parent allowance which will be set at 70% of an adult allowance, or £315. This is designed to recognise the additional costs a single parent family faces, when compared to a couple with children.
37. 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 eligibility thresholds for civil legal aid are £3,000 and £8,000, and a £100,000 equity allowance is applied to client's property. We will increase the thresholds to £7,000 and £11,000 and raise the equity allowance to £185,000. Furthermore, we will disregard the full subject matter of a dispute (instead of just up to £100,000, as is the current approach). We are also widening the existing disregard for inaccessible capital and introducing a charging system on such assets.
38. 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 response document).
39. The current passporting mechanism, introduced as a temporary measure, is to passport all applicants on UC. This fails to align outcomes for applicants in receipt of UC and applicants not in receipt of UC. Therefore, under this option we will only passport those on UC with household earnings of under £500 per month, with the exception of recipients suffering from domestic violence, who will continue to be passported when applying for protective orders.
40. We will update the contributions system, increasing the percentage of a legal aid recipient's income paid in contributions (but starting contributions higher up the income scale). We are also reducing the maximum payment period and introducing a minimum monthly contribution.
41. 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 is a possible breach of rights under the European Convention on Human Rights (ECHR) (within the meaning of the Human Rights Act 1998), or there is likely to be significant wider public interest; and iii) under 18s for civil representation.
42. 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 will involve laying secondary legislation and changing the published guidance on means testing. Once the regulations have come into force, the LAA will be responsible for the ongoing delivery of means testing for legal aid. Details of the implementation plans are described in chapter 8 of the consultation response document.
43. Regarding the transitional arrangements, individuals who are granted contributory civil legal aid before the new changes are introduced will 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 will not apply retrospectively. This means that any contributions which fell due for payment or were paid under the pre-implementation rules will be 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 will continue to be applied on reassessment.

E. Cost and Benefit Analysis

44. This IA follows the procedures and criteria set out in the IA guidance and is consistent with the HM Treasury Green Book.
45. This IA identifies impacts on individuals, groups and businesses in England and Wales, with the aim of understanding what the overall impact to society will 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.
46. 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 61-66 explain in more detail why this approach has been used.
47. 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.
48. One-off digital costs are assumed to be incurred in the financial years 2023-24 and 2024-25 and are also presented in nominal prices.
49. No optimism bias (OB) is applied to any legal aid 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.
50. 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.
51. 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.

52. 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

53. Estimating the impacts of Option 1 is complex and uncertain. In order to assess the options discussed in this IA, MoJ analysts 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 will experience a change in legal aid eligibility outcome
54. 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.
55. 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.
56. In order to model the changes to new income and capital criteria, we repeat a similar process to estimate the number of adults in the population who will become eligible for legal aid. The previously derived 'take up rate' calculations are then used to estimate how the newly eligible population will take up legal aid, and we also apply behavioural assumptions to people moving between contributory and non-contributory legal aid.
57. By applying average gross cost assumptions and estimates for the amount of contributions individuals will pay under the new test, we can further estimate the cost impacts to the legal aid fund, including income received.
58. As there are some elements of Option 1 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 changes to non-means tested areas of legal aid and the impacts of deducting priority debt payments use bespoke methodologies. Annex B of the consultation document covers this in more detail.

The Baseline

59. As noted in the Background section, in 2013 we introduced 'income passporting' for all UC recipients to the legal aid means test as an interim measure, until a new scheme for passporting UC recipients could be devised. 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 had little to no additional impact on the number of applicants being passported.

60. However, this interim measure, which was 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 previously have been income passported for legal aid purposes.
61. This is important to note when setting a baseline because the benefits system is currently in transition, with recipients of legacy benefits being moved on 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.
62. As such, we have estimated eligibility against two baselines using 2017/18 population data updated to 22/23 forecast financials, which is the most up-to-date DWP data we hold. The first baseline is 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:** This baseline 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:** This baseline 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.
63. The first of these baselines demonstrates the 'benefit' to the population of the changes 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.
64. 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 victims of domestic violence on UC applying for protective orders. Redistribute the funding to increase the income and capital thresholds. Introduce a lone parent allowance alongside the OECD modified scale and UC earnings threshold.

Baseline 1

65. This section shows the impacts of Option 1 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 guaranteed element of Pension Credit.

Costs of Option 1

Legal Aid Clients

66. A small number of legal aid clients will bear additional costs as a result of Option 1. These costs will arise where a client's eligibility status changes from being eligible to ineligible, or from non-contributory to contributory legal aid. These clients will 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

67. There will be additional costs for civil legal aid providers for completing and submitting additional applications for assessment, as (unlike for civil representation) the means test is delegated to providers for legal help cases. However, 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 will result in additional clients for providers, and therefore additional revenue.

68. We do not hold data on provider administrative work, but for the purposes of this IA we have derived an illustration of what these impacts may look like. This illustration suggests that the additional administrative costs may accrue to a total of £4m per year, but this should be seen in the context of increased legal aid payments due to the increased number of eligible applicants (60% of the additional administrative cost is estimated to be due to additional legal aid volumes). This illustration can be found in Annex A.

69. 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 will be entitled to legal aid, reducing the fee available to the provider.

The LAA

70. Under Option 1, the increase in the annual cost to the Legal Aid fund is expected to be £60m - £90m 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 will take up legal aid if they were to become eligible).

71. There will also be additional LAA administration costs as a result of Option 1, which are estimated to be £1m per year. The LAA will need to process an increased level of claims, anticipated to rise by 13,000 to 19,000 certificated claims per year, and around 34,000 to 50,000 legal help, mediation and telephone claims. There will also be one-off costs to the LAA of around £3m 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

72. A considerable number of people in the population who have a civil legal matter in scope of legal aid will benefit as a result of Option 1. This is because the impacts of Option 1 will

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.

73. The extent to which people benefit will vary widely: some people who may have previously been ineligible for civil legal aid altogether will, 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.
74. Looking at those who will benefit by moving from ineligible to eligible, it is estimated that around 9,000 to 14,000 people will benefit annually for civil representation cases and 34,000 to 50,000 for legal help. A further 4,000 to 6,000 clients are expected to benefit from having their contributions reduced, by around £12m-£18m per annum. Overall, the additional steady state Legal Aid Fund spend on clients expected to benefit from Option 1 is estimated to be £60m - £90m per annum.

Civil Legal Aid Providers

75. Civil legal aid providers will receive additional steady state income estimated between £60m-£90m per year for the additional work they will undertake.

Net Fund Impact

76. Table 1 below shows the overall additional LAA fund spend 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, starting at paragraph 83.

Table 1: Annual steady state additional fund spend by type of civil legal aid under Option 1 (Baseline 1)

Type of LA	Cost Range*
Civil Representation	£45m - £65m
Legal Help	£15m - £25m
Total	£60m - £90m

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

Baseline 1: Further Analysis

Analytical Scope

77. 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 will benefit or suffer a detrimental outcome from Option 1, at a population and legal aid volume level.
78. 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

79. Using the FRS population data, we can estimate the England and Wales adult population's entitlement to legal aid under the current means test (Option 0) assuming that legacy benefits are in place (Baseline 1). Please note, we are not able to understand the populations impacts for those aspects of Option 1, as mentioned previously, where we

have limited data (these impacts 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 will also be entitled to non-contributory legal help.

Table 2A: The E&W adult population’s Civil Legal Aid eligibility under Option 0 (Baseline 1), rounded to the nearest %

Income Result	Capital Result			Total
	Non-Contributory	Contributory	Ineligible	
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 Option 0 (Baseline 1), rounded to the nearest %

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

80. This analysis has also been completed for the means test under Option 1, with the results included below in tables 3A and 3B. As can be seen, a far larger proportion of the population will become eligible for both non-contributory legal aid (21% vs 14%) and contributory legal aid (7% vs 5%). This is driven by a considerable number of changes, but, most notably, by the changes to the income and capital tests. In our baseline, only 47% of the population will pass the capital test without paying a contribution, whereas under Option 1 we estimate that 61% of the population will pass the capital test without paying a contribution. Similarly, 23% of individuals will pass the income test without paying a contribution compared to 16% under Option 0.

Table 3A: The E&W adult population’s Civil Legal Aid eligibility under Option 1 (Baseline 1), rounded to the nearest %

Income Result	Capital Result			Total
	Non-Contributory	Contributory	Ineligible	
Non-Contributory	21%	0%	2%	23%
Contributory	7%	0%	2%	9%
Ineligible	34%	2%	32%	68%
Total	61%	2%	36%	100%

Table 3B: A summary of the E&W adult population’s Civil Legal Aid eligibility under Option 1 (Baseline 1), rounded to the nearest %

Eligibility Outcome	% adult population
Non-Contributory	21%
Contributory	7%
Ineligible	72%
Total	100%

Cost Breakdown

81. As described above, 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.
82. 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 have already been implemented. For example, when considering the impacts of changing the capital rules of the test, it is assumed that the changes to the income thresholds part of the test have already been implemented.

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

Component	Civil Representation	Legal Help
Income	36	18
Capital	7	3
Contributions	2	0
Passporting (excluding DA injunctions)	1	0
DA inaccessible capital	5	0
DA passporting injunctions	3	0
Other non-means	1	0
IA & U18s	0	0
Total	53	21

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.

83. Table 4 above shows that the changes to the gross and disposable income tests have by far the most impact of all the changes (£36m for civil representation and £18m legal help). This is driven by the number of adults in the population that we estimate will 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.
84. Changes to the contributions policy have a fairly limited impact (£2m) 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 will 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).
85. The passporting costs are driven by more people being passported through the income test compared to our Option 0 passporting arrangements. This is because passporting those on UC with less than £500 in 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 will be eligible to be passported from legacy benefits, whereas 5.1m adults in the population will be eligible for passporting through the Option 1 passporting policy.

86. The above occurs because some people who were previously entitled to housing benefit or tax credits and have now transitioned or will shortly transition to UC will be passported under Option 1. A cohort of these individuals will 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.
87. 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 will 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 have a beneficial or detrimental outcome from Option 1 under Baseline 1

88. 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 will receive non-contributory legal aid under Option 1, will 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.
89. For the purposes of the analysis below, we have defined those who have 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.
90. We do not include the effects of changes to a contribution amount among those who remain within contributory legal aid in this analysis. As a result of the above approach, it is likely that we are underestimating the number of people who will have 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.

91. Using the 2017/18¹ Family Resource Survey and DWP Policy Simulation Models, we can estimate the impacts of Option 1 at a population level, and then although an extra layer of analysis is then required to calculate the legal aid impacts. Therefore, these legal aid estimates are more uncertain than the overall population estimates.
92. Table 5A shows that Option 1 will result in a significant number of people with a beneficial outcome rather than a detrimental one, relative to the legacy baseline. 14% of the population will stand to have a beneficial outcome, and this will be considerably higher if we looked at those who have reduced contributions. The tables show that nobody will be detrimentally impacted from Option 1 in the population, but as this is rounded, in reality, there are likely to be a very small number of people who will see a detrimental impact. This is because the pensioners' capital disregard has been changed in order to align with wider Government policies, which will lead to some individuals between 60-65 years old having a worse eligibility outcome. However, this impact is expected to be small as there is a low take up of civil legal aid amongst this cohort.
93. Tables 5B and 5C show the volume impacts as a result of Option 1. In particular, we estimate that there will be an additional 16,000 civil representation certificates, and we estimate that there will be an additional 42,000 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. The increase in case volumes have been presented as a range elsewhere in this IA to reflect this uncertainty.

Table 5A: Number of adults whose eligibility will change in the population under Option 1 (Baseline 1), rounded to nearest 100,000

	Benefit	Detriment	Total
Population	6,200,000	-	45,800,000
%	14%	0%	100%

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

	Benefit	Detriment	Total
Civil Representation volume change	16,000	-	16,000

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

	Benefit	Detriment	Total*
Legal Help volume change	42,000	-	42,000

*Total doesn't match quoted figures due to rounding

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 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 would not be able to use reliable up to date data on this at this point).

94. We cannot accurately capture all the individuals who will 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 will benefit. The individual changes that are not included are listed in detail in Annex B and C.
95. Further detailed analysis can be found in Annex B.

Baseline 2

96. As explained in the Baseline section above, it is extremely challenging to model the impacts of Option 1 against a baseline which is consistent with who gets legal aid today, as this baseline is constantly shifting due to the ongoing roll out of UC. 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. The analysis below largely follows the same structure as the analysis against Baseline 1.

Costs of Option 1

Legal Aid Clients

97. Some legal aid clients will bear a cost as a result of Option 1. This is because their eligibility for legal aid will be adversely affected by the changes. Our estimates suggest that the number of people who will see a detriment under this option is around 3,000 – 5,000 civil representation clients and 7,000 – 11,000 legal help clients, resulting in a reduction of funding for this cohort of around £16m - £25m per annum in steady state. The range reflects the uncertainty in the estimates since it is a complex modelling problem with uncertain assumptions (especially regarding estimates of how people will take up legal aid if they become eligible).

Civil Legal Aid Providers

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

The LAA

99. Under Option 1, the increase in annual cost to the Legal Aid fund is expected to be £13m - £24m per annum, once in steady state. There will also be additional LAA administration costs as a result of this option. This is estimated to be £0.4m per year. The LAA will need to process an increased level of claims, estimated to increase by 13,000 to 19,000 for legal help and 3,000 to 5,000 for civil representation. There will be one-off costs to the LAA of around £3m to cover the IT changes required for the new means testing arrangements, but this includes changes arising from amendments to the criminal means test too which are difficult to disaggregate.

Benefits of Option 1

Legal Aid Clients

100. Looking at clients who benefit by moving from ineligible to eligible, it is estimated that 5,000 to 8,000 people will benefit annually for civil representation cases and 20,000 to 31,000 for legal help. A further 1,000 to 2,000 clients are expected to benefit from having their contributions reduced, by around £3m - £5m per annum. The additional steady state fund spend on clients who will benefit overall is estimated to be £31m - £46m per annum.

Civil Legal Aid Providers

101. Providers are expected to receive an increase in steady state income of around £13m - £25m per year for the additional work they will undertake.

Net Fund Impact

102. 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 under Option 1 (Baseline 2)

Type of LA	Cost Range
Civil Representation	£7m - £13m
Legal Help	£6m - £11m
Total	£13m - £24m

Baseline 2: Further Analysis

Analytical Scope

103. 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 number of individuals who will benefit or suffer a detrimental outcome from Option 1, at a population and legal aid volume level.
104. 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

105. This section explains the population eligibility under Baseline 2, Option 0 (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 will be eligible for non-contributory legal aid under Baseline 2, which is similar to the 21% who will be eligible under Option 1.
106. There will be a considerable increase in the number of people who will be entitled to contributory civil representation legal aid (also non-contributory for legal help), as 7% are entitled under Option 1 (8B) compared to 2% under Baseline 2 (7B). This means that the total number of adults who will be eligible for legal aid will increase from 22% to 28% under Option 1.

Table 7A: The E&W adult population's Civil Legal Aid eligibility under Option 0, rounded to the nearest % (Baseline 2)

Income Result	Capital Result			Total
	Non-Contributory	Contributory	Ineligible	
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 Option 0, rounded to the nearest % (Baseline 2)

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 under Option 1, rounded to the nearest % (Baseline 2)

Income Result	Capital Result			Total
	Non-Contributory	Contributory	Ineligible	
Non-Contributory	21%	0%	2%	23%
Contributory	7%	0%	2%	9%
Ineligible	34%	2%	32%	68%
Total	61%	2%	36%	100%

Table 8B: A summary of the E&W adult population's Civil Legal Aid eligibility under Option 1, rounded to the nearest % (Baseline 2)

Eligibility Outcome	% adult population
Non-Contributory	21%
Contributory	7%
Ineligible	72%
Total	100%

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

107. For the following analysis, the definitions in paragraph 91 regarding how someone is defined as an individual who benefits and an individual who is detrimentally impacted are being used.
108. Table 9A shows that under Option 1 a significant number of people in the population will have a beneficial outcome rather than a detrimental one, although far fewer than under Baseline 1. Overall, 9% of the population will stand to benefit. This will be considerably higher if we included those who will have reduced contributions. Table 9A shows 4% of the population will be detrimentally impacted by Option 1. This is almost always because they are on UC and will no longer be entitled to non-contributory legal aid (since under Option

1, they will 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 under Option 1 (Baseline 2)

	Benefit	Detriment	Total
Population	3,900,000	-1,900,000	45,800,000
%	9%	4%	

109. In tables 9B and 9C, we illustrate the volume impacts as a result of Option 1. It is estimated that there will be an increase in civil representation certificates granted (a net 4,000 increase), and a net 16,000 increase in legal help volumes. This is because those who will 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).
110. The smaller increase in civil representation certificates compared to legal help 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. As mentioned in paragraph 110, legal aid clients expected to detriment will almost always be those on UC who will no longer be eligible for non-contributory legal aid.

Table 9B: Number of civil representation volumes from individuals who have had an eligibility change under Option 1 (Baseline 2), rounded to nearest 1,000.

	Benefit	Detriment	Total
Civil Representation volume change	8,000	-4,000	4,000

Table 9C: Number of legal help, mediation and telephone volumes from individuals who have had an eligibility change under Option 1 (Baseline 2)

	Benefit	Detriment	Total
Legal Help volume change	25,000	-9,000	16,000

111. 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.
112. Further detailed analysis can be found in Annex C.

Assumptions, Risks and Sensitivity Analysis

113. The complexity of the eligibility models (which are used to estimate the impacts of the Means Test Review) means it will not be useful to document every assumption that underpins the analysis in this IA. 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: Consider an individual in the population that is male, 30-40, and was previously ineligible for legal aid through the income test but under option 1, will become entitled to contributory legal aid. To consider how likely this individual will be to require civil representation legal aid, we will 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 will 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 new 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 will 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>

Sensitivity Analysis

114. 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 will take it up if they become eligible. Our sensitivity analysis revolves around the uncertainty of this assumption.
115. 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 key legal aid take up assumptions could be 20% higher or lower. 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

116. 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 will need to be considered, let alone the uncertainties with the off-model analytical methodology/assumptions.

Wider impacts

Equalities

117. 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

118. There are no wider impacts on regulation.

International Trade Impacts

119. There will be no impacts of international trade as a result of our Option 1.

Monitoring and Evaluation

120. 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 policies. We will also continue to model the proportion of the population who are eligible for legal aid.

121. We are planning to regularly review the income and capital thresholds for legal aid (including the earnings threshold for UC passporting, if implemented) post implementation, with the first review within 3-5 years of the new means test coming into operation. That is, the first review will be published no earlier than 3 years and no later than 5 years after the new means test is implemented. This will help to ensure the means test secures access to justice in the long-term.

Annex A: Estimating Administrative Impact on Providers

122. As explained in paragraphs 69-71, there will 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).

123. In particular, some additional deductions are being planned for 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 will affect those applications that require a full disposable income assessment. By contrast, fewer civil legal aid applicants will need to be assessed on their capital because of the changes to the capital passporting policy.

124. 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 requested feedback from civil legal aid providers on the calculations and assumptions used, to help us better understand the true impacts. The majority of providers shared the view that the administrative burden will not be reduced or may even be increased. However, they did mention that some proposals specifically removing the means test for certain groups or passporting certain clients, would help reduce some administrative burden.

125. Assumptions used:

- average administration time for income and capital assessment = 60 minutes
- additional complexity time = 15 minutes
- administrative cost per hour = £29.00² per hour
- volume impacts³:

	Civil Representation	Legal Help
Current means test certificates	40,000	140,000
Change in MT apps	16,000	42,000

126. 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)	1,200,000	3,150,000
(2) Increase in complexity of MT apps (mins)	600,000	2,100,000
(3) Time impact (mins)	1,800,000	5,250,000
(4) Time impacts (hours)	30,000	88,000
Cost impact (£)	£0.9m	£2.6m

² Derived from the Annual Survey of Hours and Earnings 2022, 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.

127. About 63% of the additional work for civil representation and legal help will come from new cases (by comparing the additional minutes from (1) compared to the sum of (1) and (2)), whereas the remaining 37% of work will 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 will 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

128. 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 Baseline 1 on the financial eligibility of the various protected characteristics. For more details see the accompanying Equalities Assessment.
129. The equalities analysis in this IA captures the planned 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.
130. 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.
131. Furthermore, for the volume impacts of those who will benefit or have a detrimental outcome, volume have been rounded to the nearest 100 for civil representation and 1,000 for legal help.
132. 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 will 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

133. At a population level we estimate that ethnic minority individuals will be overrepresented among those that benefit from Option 1, with each cohort of non-white individuals expected to benefit more than white individuals (12% - Table 12A). Due to the size of the white cohort in the E&W population, in terms of absolute volumes, the majority of individuals expected to benefit are white with (13,000 and 33,000 individuals expected to benefit for civil representation and legal help respectively – Tables 12B and 12C).

Table 12A: Population eligibility impacts by ethnicity under Option 1 (Baseline 1)

Ethnicity	Benefit
White	12%
Mixed	17%
Asian	20%
Black/African	22%
Other	25%

Table 12B: Volume of civil representation cases with an eligibility impact by ethnicity under Option 1 (Baseline 1)

Ethnicity	Benefit
White	13,000
Mixed	300
Asian	1,600
Black/African	1,100
Other	400

Table 12C: Legal Help, Mediation & Telephone volume impacts by ethnicity under Option 1 (Baseline 1)

Ethnicity	Benefit
White	33,000
Mixed	1,000
Asian	5,000
Black/African	2,000
Other	1,000

134. There is a small difference in the percentage of men and women estimated to benefit, with 15% of women and 12% of men in the population benefitting (Table 13A). This feeds through to the civil representation volume estimates, with more females benefitting (12,800 vs 3,700, Table 13B), whereas the volumes of those who benefit are even for legal help (21,000 vs 21,000, Table 13C). 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 under Option 1 (Baseline 1)

Sex	Benefit
Male	12%
Female	15%

Table 13B: Volume of civil representation cases with an eligibility impact by sex under Option 1 (Baseline 1)

Sex	Benefit
Male	3,700
Female	12,800

Table 13C: Legal Help, Mediation & Telephone volume impacts by sex under Option 1 (Baseline 1)

Sex	Benefit
Male	21,000
Female	21,000

135. 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 14A shows that Option 1 is broadly proportional to those who are disabled, with about 14% 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 will benefit and those who will see a detriment are more weighted towards those without a disability (seen in Tables 14B and 14C).

Table 14A: Population eligibility impacts by disability under Option 1 (Baseline 1)

Disability	Benefit
Yes	14%
No	13%

Table 14B: Volume of civil representation cases with an eligibility impact by disability under Option 1 (Baseline 1)

Disability	Benefit
Yes	4,400
No	12,100

Table 14C: Legal Help, Mediation & Telephone volume impacts by disability under Option 1 (Baseline 1)

Disability	Benefit
Yes	8,000
No	34,000

136. Option 1 will benefit younger adults, with 18% of the population of 16–30-year-olds benefitting (Table 15A). This tapers with age until the oldest group, the 60 and overs, of whom only 9% will 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 under Option 1 (Baseline 1)

Age band	Benefit
16-30	18%
31-40	18%
41-50	16%
51-59	10%
60+	9%

137. In addition to the above, our analysis has the capability to make robust estimates for how legal aid will 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 16-30 year olds in the general population benefitting, those aged 31-40 and 41-50 will be more likely to benefit in practice because they will 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 (Table 15C) 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 under Option 1 (Baseline 1)

Age Band	Benefit
16-30	3,300
31-40	5,800
41-50	4,700
51-59	1,800
60+	800

Table 15C: Legal Help, Mediation & Telephone volume impacts by age group under Option 1, (Baseline 1)

Age Band	Benefit
16-30	10,000
31-40	15,000
41-50	10,000
51-59	4,000
60+	3,000

Impact by Family Type

138. Option 1 has a number of changes which will 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. Furthermore, the addition of the lone parent allowance has greatly reduced the imbalance of detrimentally impacted lone parents compared to couples with children. Below we assess the aggregated impact of Option 1 at a population level and at a legal aid volume level.

139. Table 16A shows that the type of family that will benefit the most from the changes at a population level are those that have children (19% of couples with children benefit and 47% of lone parents will benefit, compared to an average of 15% for the whole population). This is likely to be driven by a number of things, but especially the equalisation change in the gross income test. The families who will 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 under Option 1 (Baseline 1)

Family Type	Benefit
Couple with children	19%
Couple without children	6%
Pensioner single	13%
Single Adult without children	15%
Lone parent	47%
Pensioner couple	7%
Total	15%

140. Table 16B & 16C show the impact when presented at civil representation and legal help volume level. The tables show that the couples with children will benefit most (5,100 civil representation and 20,000 legal help), and additionally lone parents see a great benefit (6,900 civil representation and 9,000 legal help). Pensioners will 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 under Option 1 (Baseline 1)

Family Type	Benefit
Couple with children	5,100
Couple without children	600
Lone parent	6,900
Single adult without children	3,200
Single pensioner	400
Pensioner couple	300

Table 16C: Legal Help, Mediation & Telephone volume impacts by family type under Option 1 (Baseline 1)

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	1,000
Pensioner couple	1,000

Impact by Housing Tenure

141. 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.
142. Firstly, the maximum rent/mortgage deduction of £545 will be removed, such that single people can deduct the entirety of their housing costs in the disposable income calculation. This will only benefit single people with rent or mortgage above £545.
143. 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 will 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 will benefit, whether it is owned outright or with a mortgage.

144. Table 17A shows that the group who most likely benefit from Option 1 in the population will 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 will benefit more greatly from the increase in the income thresholds. The least likely to benefit in the population will 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 will 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 under Option 1 (Baseline 1)

Tenure	Benefit
Rented from Council	25%
Rented from Housing Association	23%
Rented privately unfurnished	24%
Rented privately furnished	21%
Owned outright	7%
Owned with mortgage	12%

145. 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 will 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 under Option 1 (Baseline 1)

Tenure	Benefit	Households in Population
Rented from Council	2,400	8%
Rented from Housing Association	2,900	9%
Rented privately unfurnished	4,600	15%
Rented privately furnished	900	5%
Owned outright	1,400	34%
Owned with mortgage	4,300	29%

Table 17C: Legal Help, Mediation & Telephone volume impacts by housing tenure under Option 1 (Baseline 1)

Tenure	Benefit
Rented from Council	4,000
Rented from Housing Association	5,000
Rented privately unfurnished	11,000
Rented privately furnished	3,000
Owned outright	5,000
Owned with mortgage	15,000

Impact by Household Income

146. Under Option 1, the new upper gross threshold will not provide legal aid to those with more than equivalised median earnings. Tables 18A-C below do not equivalise individuals income as it is total household income that will be relevant, so we still see households with high income (i.e. >£50k) will still get legal aid because it has not been equivalised.
147. Table 18A below shows how individuals will benefit depending on their household income grouping. Most notably, those who have household annual income between £5k-£10k will be the most likely in the population to benefit from Option 1 (35%). Those with the lowest annual income (<£5k) will 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 will benefit tapers off, up to the highest banding (£50k+) where only 2% will be expected to benefit.

Table 18A: Population eligibility impacts by household income under Option 1 (Baseline 1)

Household income band	Benefit
0-5k	12%
5k-10k	35%
10k-20k	25%
20k-30k	22%
30k-40k	12%
40k-50k	6%
50k+	2%

148. Table 18B and 18C show the legal aid volume impacts by household income band. In particular, we can see that the income cohort that will benefit the most are households with £20k-£30k of income (6,500 civil representation volumes and 16,000 legal help), since more people in the population fall within this income band. Despite the very low proportion of over £50k of income that will benefit (2%), this cohort will 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 under Option 1 (Baseline 1)

Household income band	Benefit
0-5k	400
5k-10k	1,600
10k-20k	4,200
20k-30k	6,500
30k-40k	2,200
40k-50k	800
50k+	700

Table 18C: Legal Help, Mediation & Telephone volume impacts by household income under Option 1 (Baseline 1)

Household income band	Benefit
0-5k	-
5k-10k	1,000
10k-20k	9,000
20k-30k	16,000
30k-40k	9,000
40k-50k	4,000
50k+	3,000

Annex C: Supplementary Impact Analysis against Baseline 2

149. 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.
150. The equalities analysis in this impact assessment captures the 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.
151. 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.
152. 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 will 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

153. At a population level, we estimate that ethnic minority individuals will 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 will benefit and those who have a detrimental outcome, than those who are white. The largest group of individuals who will benefit are those who identify as 'Other' (14% are set to benefit), whereas the largest cohort who will have a detrimental outcome are those that are black/African (12%). 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 under Option 1 (Baseline 2)

Ethnicity	Benefit	Detriment
White	8%	3%
Mixed	10%	5%
Asian	11%	8%
Black/African	9%	12%
Other	14%	6%

Table 19B: Volume of civil representation cases with an eligibility impact by ethnicity under Option 1 (Baseline 2)

Ethnicity	Benefit	Detriment
White	5,600	-5,400
Mixed	100	-100
Asian	700	-800
Black/African	300	-400
Other	100	-100

Table 19C: Legal Help, Mediation & Telephone volume impacts by sex under Option 1 (Baseline 2)

Ethnicity	Benefit	Detriment
White	20,000	-7,000
Mixed	-	-100
Asian	3,000	-2,000
Black/African	1,000	-200
Other	1,000	-200

154. There are a similar proportion of males and females expected to benefit from Option 1 at a population level (8% & 9% respectively), and men and women will have an equal detrimental outcome (4% vs 4%), shown in Table 20A. The volumes for civil representation are far more over-weighted to females for both those who will benefit and those who will have a detrimental impact, with 4,700 benefiting and 5,000 having a negative impact (Table 20B). In contrast, Table 20C shows more males will stand to benefit from the legal help changes, with 14,000 benefiting vs 11,000 females but women have less chance of a negative impact (5,000 men have a negative impact compared to 4,000 females).

Table 20A: Population eligibility impacts by sex under Option 1 (Baseline 2)

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

Table 20B: Volume of civil representation cases with an eligibility impact by sex under Option 1 (Baseline 2)

Sex	Benefit	Detriment
Male	2,100	-1,900
Female	4,700	-5,000

Table 20C: Legal Help, Mediation & Telephone volume impacts by sex under Option 1 (Baseline 2)

Sex	Benefit	Detriment
Male	14,000	-5,000
Female	11,000	-4,000

155. 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 will have a net impact that is more beneficial to those who are disabled (since 10% will benefit and 3% will have a worse outcome, vs 8% and 4% 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 will benefit and those who are negatively affected will be more likely to be within the non-disabled cohort.

Table 21A: Population eligibility impacts by disability under Option 1 (Baseline 2)

Disability	Benefit	Detriment
Yes	10%	3%
No	8%	4%

Table 21B: Volume of civil representation cases with an eligibility impact by disability under Option 1 (Baseline 2)

Disability	Benefit	Detriment
Yes	1,800	-1,700
No	5,000	-5,200

Table 21C: Legal Help, Mediation & Telephone volume impacts by disability under Option 1 (Baseline 2)

Disability	Benefit	Detriment
Yes	5,000	-2,000
No	20,000	-7,000

156. Table 22A shows that, Option 1 will be less likely to have a detrimental impact for those who are aged 50+ (51-59 have 1% 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 will have a net positive impact of around 6%, compared to those between 31-40 who will have a net negative impact of 2%. The Tables 22B and 22C 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 will be those who are aged 16-30 or 31-40 (1,700 set to benefit in 16-30 band and 1,800 set to benefit in the 31-40 band), and those who are 31 - 40 will also be the age band most likely to have a negative impact (3,300). This is also this case for legal help, with 7,000 who will benefit and 5,000 will have a negative impact.

Table 22A: Population eligibility impact by age group under Option 1 (Baseline 2)

Age band	Benefit	Detriment
16-30	12%	6%
31-40	8%	10%
41-50	7%	5%
51-59	7%	1%
60+	8%	0%

Table 22B: Volume of civil representation cases with an eligibility impact by age group under Option 1 (Baseline 2)

Age Band	Benefit	Detriment
16-30	1,700	-1,500
31-40	1,800	-3,300
41-50	1,600	-1,700
51-59	1,000	-300
60+	700	-100

Table 22C: Legal Help, Mediation & Telephone volume impacts by age group under Option 1 (Baseline 2)

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

Impact by Family Type

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

Table 23A: Household eligibility impacts by family type in the E&W population under Option 1 (Baseline 2)

Family Type	Benefit	Detriment
Couple with children	8%	13%
Couple without children	4%	1%
Pensioner single	13%	0%
Single Adult without children	13%	2%
Lone parent	9%	13%
Pensioner couple	6%	0%

158. 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 will be those who have children (2,300 lone parent and 4,100 couples with children for civil representation, and 700 lone parents and 7,500 couples with children for legal help), although we estimate there will also be beneficiaries in this cohort with around 3,800 (2,100 + 1,100) parents benefitting from additional civil representation certificates and 11,000 (9,000 + 2,000) for legal help.

Table 23B: Volume of civil representation cases with an eligibility impact by family type under Option 1 (Baseline 2)

Family Type	Benefit	Detriment
Couple with children	2,100	-4,100
Couple without children	400	-100
Lone parent	1,100	-2,300
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 under Option 1 (Baseline 2)

Family Type	Benefit	Detriment
Couple with children	9,000	-8,000
Couple without children	4,000	-400
Lone parent	2,000	-700
Single adult without children	8,000	-300
Female pensioner single	1,000	-
Male pensioner single	-	-
Pensioner couple	1,000	-

Impact by Household Tenure

159. Table 24A shows that the most likely group of individuals who will benefit from option 1 in the population will 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 will 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 2% with a mortgage).

Table 24A: Population household eligibility impacts by housing tenure under Option 1 (Baseline 2)

Tenure	Benefit	Detriment
Rented from Council	13%	10%
Rented from Housing Association	11%	7%
Rented privately unfurnished	13%	8%
Rented privately furnished	16%	3%
Owned outright	7%	1%
Owned with mortgage	9%	2%

160. 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 will be people who own a property with a mortgage for both civil representation and legal help (1,200 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 will have a net negative impact for civil representation, likely due to renters being more likely to receive UC, whereas for legal help, they will largely see a net positive impact. The cohort that will see the largest negative outcome are those who rent an unfurnished property privately (2,600 civil representation and 4,000 legal help cases will be detrimentally impacted).

Table 24B: Volume of civil representation cases with an eligibility impact by housing tenure under Option 1 (Baseline 2)

Tenure	Benefit	Detriment
Rented from Council	600	-1300
Rented from Housing Association	500	-1300
Rented privately unfurnished	1,300	-2600
Rented privately furnished	400	-200
Owned outright	1,200	-300
Owned with mortgage	2,800	-1200

Table 24C: Legal Help, Mediation & Telephone volume impacts by housing tenure under Option 1 (Baseline 2)

Tenure	Benefit	Detriment
Rented from Council	2,000	-2000
Rented from Housing Association	2,000	-1000
Rented privately unfurnished	6,000	-4000
Rented privately furnished	2,000	-
Owned outright	4,000	-1000
Owned with mortgage	10,000	-2000

Impact by Household Income

161. 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 will 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 will be a considerable number of people not on UC who will 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).

162. Those on higher incomes (>£30k) will have a net negative impact, driven by those individuals on UC on higher incomes who will not pass our new lower disposable income threshold (the £30k-£40k household cohort have 8% having a negative impact and 4% on a £40k-£50k household income). Those on an income greater than 50k will 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 under Option 1 (Baseline 2)

Household income band	Benefit	Detriment
0-5k	11%	1%
5k-10k	31%	0%
10k-20k	19%	2%
20k-30k	10%	7%
30k-40k	6%	8%
40k-50k	3%	4%
50k+	1%	1%

163. 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 will 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 will 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 will be those who have between £20k-£30k (3,400) and £30k-£40k (1,900) household income, and similarly for legal help (2,000 and 4,000 respectively).

Table 25B: Volume of civil representation cases with an eligibility impact by household income under Option 1 (Baseline 2)

Household income band	Benefit	Detriment
0-5k	400	-100
5k-10k	1,300	-
10k-20k	1,800	-500
20k-30k	1,600	-3,400
30k-40k	800	-1,900
40k-50k	300	-700
50k+	600	-300

Table 25C: Legal Help, Mediation & Telephone volume impacts by household income under Option 1 (Baseline 2)

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