



GHR Review proceeds despite industry concerns

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Guideline hourly rates have been top of the agenda for the costs world following the announcement that a CJC working group had been tasked with conducting a review. The working group's report has now been published and can be found [here](#).

The working group requested data from judges and industry bodies during last autumn. In response to that request FOIL and other bodies raised a number of concerns - both in relation to the evidential base being used for the review and the timing of the review, coming amidst the pandemic and whilst there is other significant change underway, not least the Whiplash reforms.

HF believes the major flaw in the review remains the decision to ignore the impact of modern working methods and in particular the exacerbation and acceleration of that by COVID-19 and changing working methods. For example how many firms truly work from central London as opposed to working from home but their stated office being central London?

The working group decided that analysis of the costs and profit associated with running law firms could not be adequately assessed and therefore looked for an alternative approach. That alternative approach was to rely on the sums awarded by cost judges.

Unfortunately such an approach was in our opinion flawed, and was only ever going to result in the rates being increased. Costs judges are not routinely provided with evidence of a law firm's profit and loss and therefore have no way of seeing the financial impact of more efficient working methods on the top and bottom line.



This inevitable outcome can now be seen in the working group's proposed figures:

	GRADE A	GRADE B	GRADE C	GRADE D
LONDON 1	£512 (25.2%)	£348 (17.6%)	£270 (19.5%)	£186 (34.8%)
LONDON 2	£373 (17.8%)	£289 (19.5%)	£244 (25%)	£139 (10.4%)
LONDON 3	£282 (13.7%)	£232 (15.8%)	£185 (11.9%)	£129 (7%)
NATIONAL 1	£261 (20.2%)	£218 (13.5%)	£178 (10.7%)	£126 (6.8%)
NATIONAL 2	£255 (26.78%)	£218 (23.2%)	£177 (21.3%)	£126 (13.5%)

There is also a strong case for there being no material change to the rates allowed in catastrophic injury cases. The rates allowed in those cases have always had little to do with the guideline rates. With the working group expressly rejecting a simple inflationary increase model there is no justification for significant increases on the rates currently allowed in such cases.

Paul McCarthy will provide more detailed analysis of the recommendations, the likely impact and the opportunities presented through HFTV in the coming days. The consultation on these proposals is now open until 31/03/21 and can be found [here](#).

If anyone would like to discuss the recommendations or the consultation please contact Paul McCarthy.



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