# The Costs Lawyer profession in 2024



**Data to December 2024** 

**Costs Lawyer Standards Board** 



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## Introduction

The CLSB holds various types of data about the Costs Lawyer profession. We collect and analyse this data for a variety of purposes, such as:

- understanding the nature of our regulated community, including the service that Costs Lawyers provide, the challenges they face and how they interact with consumers and the public
- identifying areas of risk so that we can tailor our regulatory interventions accordingly
- monitoring the diversity of the profession and barriers to entry, promotion or inclusion
- supervising compliance with our regulatory rules
- sharing intelligence with other organisations, such as the Association of Costs Lawyers, to help with initiatives for the benefit of Costs Lawyers and the public.

#### Data we collect includes:

- information about the nature of Costs Lawyers' practice as part of their annual application for a practising certificate (the regulatory return)
- diversity statistics
- supervision and disciplinary information
- ad hoc information to help us fulfil our statutory obligations, such as opinions, feedback and predictions about market impacts.

The data we hold is <u>available on our website</u> or by <u>contacting us</u>. This report provides an annual summary of core metrics.

Throughout this report, data is presented in a series of tables. Unless otherwise indicated, the figures in the tables show the percentage of Costs Lawyers that fall into each relevant category. By way of example, in the table on the next page that provides statistics on the age profile of the profession, the figures indicate that 8.5% of Costs Lawyers were aged between 20 and 29 in 2017. If you have any questions about interpreting the data, please <u>contact us</u>.

# **About Costs Lawyers**

#### Age

The average age of Costs Lawyers has been similar for the last few years. The number of Costs Lawyers in the 20-29 age group was falling between 2019 and 2022 (in part due to the route of entry into the profession being closed 2017 to 2019) but has now increased for the second year running, and should continue to do so with the new CLPQ admitting students from 2023.

| Year | 20-29 | 30-39 | 40-49 | 50-59 | 60+  | Age not given/prefer not to say |
|------|-------|-------|-------|-------|------|---------------------------------|
| 2017 | 8.5   | 37    | 26    | 18    | 8    | 2.5                             |
| 2018 | 9.5   | 36.8  | 27.1  | 16.6  | 8.5  | 1.5                             |
| 2019 | 7.4   | 37.3  | 27.2  | 18.2  | 9.2  | 1.5                             |
| 2020 | 4.3   | 37.7  | 29    | 18.9  | 9    | 1                               |
| 2021 | 4.1   | 35.6  | 28.2  | 18.5  | 7.6  | 5                               |
| 2022 | 1.7   | 34.8  | 31.5  | 19.8  | 10.4 | 1.8                             |
| 2023 | 2.2   | 32.7  | 33    | 20    | 10.5 | 1.6                             |
| 2024 | 3.1   | 30.4  | 33.4  | 21.1  | 10.3 | 1.7                             |

## **Diversity**

Data relating to the diversity of the Costs Lawyer profession across a wide range of metrics is <u>available on our website</u>. An analysis of the data from our 2024 Survey will be published later this year.

# **About Costs Lawyers' practice**

### Organisation type

Since 2011, the number of Costs Lawyers in each type of practice has fluctuated year on year. Overall, the proportions of Costs Lawyers working for costs law firms and as sole practitioners have fallen, while the number working in firms regulated by the Solicitors Regulation Authority (SRA) has increased. Since 2018, more Costs Lawyers have been working in SRA regulated firms than any other type of organisation, although there has been a small but continuing increase in the percentage of Costs Lawyers working in costs law firms since 2020.

| Year | Unregulated costs law firm | Sole practitioner | SRA regulated firm | In-house | Not<br>currently<br>practising |
|------|----------------------------|-------------------|--------------------|----------|--------------------------------|
| 2011 | 53.8                       | 16.1              | 26.5               |          | γ                              |
| 2012 | 48.2                       | 17.4              | 31.0               |          |                                |
| 2013 | 42.0                       | 19.4              | 29.2               |          |                                |
| 2014 | 44.0                       | 17.8              | 34.3               |          |                                |
| 2015 | 41.0                       | 15.8              | 33.7               |          |                                |
| 2016 | 38.0                       | 17.7              | 37.2               |          |                                |
| 2017 | 43.1                       | 14.5              | 37.8               |          |                                |
| 2018 | 39.6                       | 14.1              | 41.0               |          |                                |
| 2019 | 39.7                       | 11.8              | 41.2               |          |                                |
| 2020 | 35.4                       | 13.6              | 47.0               | 3.0      |                                |
| 2021 | 39.3                       | 12.2              | 44.8               | 3.7      |                                |
| 2022 | 40.2                       | 11.3              | 44.5               | 3.9      |                                |
| 2023 | 40                         | 10.4              | 45.4               | 3.9      | 0.3                            |
| 2024 | 41.7                       | 9.7               | 44.7               | 3.9      | 0                              |

#### Notes:

- 1. In-house data is not available prior to 2020. Figures do not always total 100% because prior to 2020 data was not recorded for Costs Lawyers not working exclusively in one of the first three categories, and it was not obligatory for practitioners to provide this information.
- 2. Costs Lawyers were able to renew their practising certificate without currently practising for the first time in 2024.

#### **Practice areas**

We started collecting information about the types of costs services that Costs Lawyers provide in applications for a 2023 practising certificate, and current practice areas are shown on the Register of Costs Lawyers to allow us to track trends over time.

| Practice areas                         | Number of Costs Lawyers |      | Percentage of Costs Lawye |      |
|--|-------------------------|------|---------------------------|------|
|  | 2023                    | 2024 | 2023                      | 2024 |
| Costs management and budgeting         | 595                     | 634  | 90                        | 90   |
| Litigation funding                     | 267                     | 294  | 40                        | 42   |
| Personal injury or clinical negligence | 488                     | 542  | 74                        | 77   |
| disputes                               |                         |      |                           |      |
| Insolvency disputes                    | 100                     | 113  | 15                        | 16   |
| International disputes                 | 146                     | 171  | 22                        | 24   |
| Solicitor/client disputes              | 387                     | 432  | 58                        | 61   |
| Other civil litigation or ADR          | 376                     | 430  | 57                        | 61   |
| Court of protection                    | 225                     | 279  | 34                        | 40   |
| Family                                 | 101                     | 142  | 15                        | 20   |
| Crime                                  | 30                      | 39   | 5                         | 6    |
| Probate                                | 71                      | 109  | 11                        | 15   |
| Legal aid                              | 169                     | 200  | 25                        | 28   |
| Public sector                          | 95                      | 117  | 14                        | 17   |
| Tribunals                              | 121                     | 166  | 18                        | 24   |
| Higher courts                          | 215                     | 256  | 32                        | 36   |
| Litigants in person                    | 150                     | 188  | 23                        | 27   |
| Practice management                    | 142                     | 162  | 21                        | 23   |
| Other                                  | 387                     | 442  | 58                        | 63   |

## **Number of Organisations**

With applications for a 2023 practising certificate we also began asking Costs Lawyers to provide us with details of all the organisations in which they work, rather than just their primary place of practice. Current additional organisations are shown on the <u>Register of Costs Lawyers</u>.

| Costs Lawyers with one or more additional organisation |                     |                    |  |  |  |  |
|--|---------------------|--------------------|--|--|--|--|
| Year   | Number regulated at | Number with one or |  |  |  |  |
|  | 1 January           | more additional    |  |  |  |  |
|  |                     | organisation       |  |  |  |  |
| 2024   | 663                 | 13                 |  |  |  |  |
| 2025   | 704                 | 21                 |  |  |  |  |

#### Insurance

The CLSB collects data relating to the professional indemnity insurance policies held by Costs Lawyers working as sole practitioners or for costs law firms not regulated by the SRA. The minimum level of cover prescribed in the Practising Rules is £100,000.

Since 2014, the percentage of Costs Lawyers with higher levels of cover has been increasing. The percentage with cover of £2m or higher more than doubled between 2014 and 2022, with a significant rise in 2022. Almost half of all Costs Lawyers now have cover of £2m or more.

| Cover level        | 2014 | 2015 | 2016 | 2017 | 2018 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------|------|------|------|------|------|------|------|------|------|------|
| £100,000           | 22.1 | 17.5 | 18.6 | 16.0 | 10.6 | 10.1 | 9.8  | 9.4  | 8.6  | 8.7  |
| £100,001-£999,999  | 32.0 | 28.9 | 26.6 | 23.7 | 23.3 | 24.6 | 23.6 | 22.9 | 23.3 | 23.8 |
| £1,000,000-        | 24.9 | 25.8 | 25.1 | 26.5 | 29.4 | 26.5 | 27.0 | 21.1 | 21.2 | 18.8 |
| £1,999,999         |      |      |      |      |      |      |      |      |      |      |
| £2,000,000 or over | 20.4 | 28.0 | 29.5 | 33.9 | 37.1 | 38.8 | 39.7 | 46.6 | 46.8 | 48.7 |

Note: This data was not collected in 2019.

## Other legal regulation

Since 2021 the CLSB has asked Costs Lawyers whether they hold a current practising certificate from any other legal regulator. The numbers reported have been gradually increasing.

| Number regulated as       | 2021 | 2022 | 2023 | 2024 |
|---------------------------|------|------|------|------|
| Chartered legal executive | 13   | 16   | 22   | 22   |
| CILEx Practitioner        |      |      |      | 1    |
| Solicitor                 | 13   | 15   | 16   | 18   |
| Other                     | 1    | 1    | 2    | 2    |
| Total                     | 27   | 32   | 40   | 43   |

Note: The two practitioners in the "other" category are also regulated as a foreign lawyer by the Law Society of Scotland, and by the LSRA (Gibraltar).

### **Complaints**

The number of complaints made at first tier has been increasing over the last few years but the total number remains low, which could be explained by a variety of factors such as strong client satisfaction, high levels of informal resolution or a lack of awareness about how to complain. To mitigate against the possibility that a lack of understanding is a barrier to complaints, in 2021 we introduced a <u>supervision framework</u> for auditing Costs Lawyers' complaints procedures.

| Year | Number of first tier complaints made |
|------|--------------------------------------|
| 2015 | 6                                    |
| 2016 | 1                                    |
| 2017 | 3                                    |
| 2018 | 3                                    |
| 2019 | 5                                    |
| 2020 | 3                                    |
| 2021 | 4                                    |
| 2022 | 5                                    |
| 2023 | 8                                    |
| 2024 | 5                                    |

Similarly low levels of complaints are formally escalated to the second tier (namely the CLSB in relation to conduct complaints and the Legal Ombudsman in relation to service quality complaints and hybrid complaints relating to both service quality and conduct).

| Second tier complaints |                |        |               |              |  |  |  |
|------------------------|----------------|--------|---------------|--------------|--|--|--|
| Year                   | CLSB (Conduct) |        | Legal Ombudsm | an (Service) |  |  |  |
|                        | Number         | Number | Number        | Number       |  |  |  |
|                        | made           | upheld | made          | upheld       |  |  |  |
| 2011                   |                | 0      |               | 0            |  |  |  |
| 2012                   |                | 2      |               | 1            |  |  |  |
| 2013                   |                | 0      |               | 1            |  |  |  |
| 2014                   |                | 1      |               | 0            |  |  |  |
| 2015                   |                | 0      |               | 1            |  |  |  |
| 2016                   |                | 0      |               | 0            |  |  |  |
| 2017                   |                | 0      |               | 0            |  |  |  |
| 2018                   |                | 2      |               | 0            |  |  |  |
| 2019                   |                | 1      |               | 0            |  |  |  |
| 2020                   |                | 0      |               | 0            |  |  |  |
| 2021                   |                | 0      |               | 0            |  |  |  |
| 2022                   | 3              | 1      | 0             | 0            |  |  |  |
| 2023                   | 7              | 0      | 0             | 0            |  |  |  |
| 2024                   | 2              | 2      | 1             | 0            |  |  |  |

#### Notes:

- 1. Due to the time taken to investigate complaints the number upheld in any one year does not directly relate to the number made in the same year.
- 2. The above figures do not include complaints made about Costs Lawyers regulated by other legal regulator made to that regulator.

# **About Costs Lawyers' clients**

#### Sources of instructions

From 2020, we began to ask Costs Lawyers about the sources of their instructions as a proportion of total work. (Although we had asked questions about number of cases from different sources in the past, this data is not directly comparable.)

|        | Proportion of instructions from lay clients |       |       |       |       |  |  |  |
|--------|---|-------|-------|-------|-------|--|--|--|
|        | 2020  | 2021  | 2022  | 2023  | 2024  |  |  |  |
| 0%     | 80.77                                       | 80.79 | 79.73 | 81.46 | 82.00 |  |  |  |
| 1-10%  | 15.68                                       | 15.10 | 16.34 | 14.74 | 15.00 |  |  |  |
| 1-25%  | 1.78  | 1.76  | 1.82  | 1.61  | 1.14  |  |  |  |
| 26-50% | 1.18  | 1.17  | 0.61  | 0.73  | 0.71  |  |  |  |
| 51-75% | 0.00  | 0.00  | 0.30  | 0.44  | 0.43  |  |  |  |
| 76-90% | 0.15  | 0.15  | 0.15  | 0.00  | 0.00  |  |  |  |
| 91-99% | 0.30  | 0.29  | 0.00  | 0.29  | 0.14  |  |  |  |
| 100%   | 0.74  | 0.73  | 1.06  | 0.73  | 0.57  |  |  |  |

|        | Proportion of instructions from other legal service providers |       |       |       |       |  |  |
|--------|---|-------|-------|-------|-------|--|--|
|        | 2020  | 2021  | 2022  | 2023  | 2024  |  |  |
| 0%     | 22.34   | 26.54 | 18.91 | 20.88 | 13.43 |  |  |
| 1-10%  | 2.22  | 1.91  | 2.87  | 3.07  | 2.14  |  |  |
| 11-25% | 1.48  | 1.47  | 1.21  | 0.88  | 1.14  |  |  |
| 26-50% | 3.40  | 3.23  | 3.18  | 3.07  | 3.00  |  |  |
| 51-75% | 2.66  | 2.64  | 2.72  | 3.21  | 3.00  |  |  |
| 76-90% | 6.66  | 6.30  | 10.14 | 8.76  | 10.29 |  |  |
| 91-99% | 10.50   | 10.26 | 9.83  | 8.32  | 9.00  |  |  |
| 100%   | 50.74   | 47.65 | 51.13 | 51.82 | 58.00 |  |  |

|        | Proportion of instructions from corporate clients |       |       |       |       |  |  |
|--------|---|-------|-------|-------|-------|--|--|
|        | 2020  | 2021  | 2022  | 2023  | 2024  |  |  |
| 0%     | 71.75   | 72.87 | 65.51 | 69.34 | 68.43 |  |  |
| 1-10%  | 8.14  | 7.77  | 10.44 | 9.20  | 10.86 |  |  |
| 11-25% | 2.66  | 2.64  | 4.24  | 3.65  | 4.57  |  |  |
| 26-50% | 3.40  | 3.37  | 4.08  | 4.23  | 4.29  |  |  |
| 51-75% | 1.18  | 1.03  | 1.06  | 1.17  | 0.86  |  |  |
| 76-90% | 1.48  | 1.32  | 1.82  | 1.61  | 1.57  |  |  |
| 91-99% | 1.92  | 1.76  | 1.06  | 1.17  | 0.86  |  |  |
| 100%   | 9.47  | 9.24  | 11.8  | 9.64  | 8.57  |  |  |

From 2024 we collected data on instructions from any other clients, to improve data accuracy and our understanding of the source of instructions. Only two Costs Lawyers reported any instructions from other clients, one from a litigation funder, and one unknown.

Over half of all Costs Lawyers were instructed exclusively by other legal services providers, such as solicitors or barristers, and this proportion increased significantly in 2024. The proportion of Costs Lawyers doing no work at all for other legal services providers also fell significantly in 2024.

Less than 20% of Costs Lawyers received any instructions from lay (individual) clients in all bar one of the last five years. Of those who do accept such instructions only about 3% do more than 10% of their total workload for lay clients. However, a very small number of Costs Lawyers receive all their instructions from lay clients.

The small uplift in the percentage of Costs Lawyers receiving some instructions from corporate clients in 2022 has not been sustained, and over two thirds of Costs Lawyers still received no corporate instructions at all in 2023 or 2024.

In 2023 the CLSB began asking Costs Lawyers about the number and nature of instructions they expected to receive from lay clients during the year. Capturing this data on a prospective basis — that is, asking Costs Lawyers about the instructions they expected to receive during the year rather than asking them about the instructions they actually received during the previous year — allowed us to identify those Costs Lawyers who would be captured by our regulatory framework for providing or marketing services directly to consumers.

| Costs Lawyers expecting to provide or market services to |                            |  |  |  |  |
|--|----------------------------|--|--|--|--|
| consumers  |                            |  |  |  |  |
| Year   | Number Percentage of total |  |  |  |  |
| regulated at 1 Jan                                       |                            |  |  |  |  |
| 2024   | 66 9.98                    |  |  |  |  |
| 2025 59 8.43   |                            |  |  |  |  |

| Percentage of workload expected from consumers (of Costs Lawyers providing or marketing services to consumers only) |     |  |  |  |  |  |  |
|---|-----|--|--|--|--|--|--|
| Number of Costs Number of Costs   |     |  |  |  |  |  |  |
| Lawyers - 2024 Lawyers - 2025   |     |  |  |  |  |  |  |
| 100   | 0 1 |  |  |  |  |  |  |
| 99-76   | 0 1 |  |  |  |  |  |  |
| 51-75 0 0   |     |  |  |  |  |  |  |
| 26-50 3 3   |     |  |  |  |  |  |  |
| 11-25 3 3   |     |  |  |  |  |  |  |
| 1-10 42 51  |     |  |  |  |  |  |  |

Using the raw data reported we are able to calculate the percentage of the total workload of all regulated Costs Lawyers expected to come from direct consumer instructions. In both years to date the figure has been less than 1%.

| Year | Percentage of total Costs Lawyer workload from consumer instructions |  |  |
|------|--|--|--|
| 2024 | 0.68   |  |  |
| 2025 | 0.98   |  |  |

#### Legal aid

Between 2012 and 2020 the percentage of the profession undertaking exclusively legal aid work doubled from 2.5% to 5%. After decreases in 2021 and 2022, the percentage now seems to be slowly increasing again. However, the number of Costs Lawyers who do not undertake any legal aid work has increased significantly since 2012, almost doubling. This is likely to be driven by reforms and other pressures on legal aid more broadly.

|      | Proportion of workload comprising legal aid work |       |        |        |        |      |  |
|------|--|-------|--------|--------|--------|------|--|
| Year | 0%   | 1-25% | 26-50% | 51-75% | 76-99% | 100% |  |
| 2012 | 38.8   | 28.7  | 5.2    | 8.9    | 9.9    | 2.5  |  |
| 2013 | 46.7   | 23.4  | 4.7    | 7.9    | 8.3    | 2.9  |  |
| 2014 | 49.1   | 27.4  | 3.4    | 6.6    | 6.7    | 3.2  |  |
| 2015 | 49.8   | 23.7  | 5      | 1.6    | 6.3    | 4.1  |  |
| 2016 | 50.3   | 15.6  | 1.4    | 3.5    | 2.6    | 3.8  |  |
| 2017 | 56.1   | 20.8  | 3.4    | 2.4    | 5.9    | 2.1  |  |
| 2018 | 55.2   | 24.0  | 2.8    | 3.2    | 5.1    | 2.8  |  |
| 2019 | 51.3   | 22.3  | 3.0    | 3.1    | 4.3    | 3.7  |  |
| 2020 | 70.2   | 17.3  | 2.4    | 2.8    | 1.9    | 5.0  |  |
| 2021 | 71.4   | 16.7  | 2.3    | 2.2    | 0.7    | 4.7  |  |
| 2022 | 70.2   | 17.9  | 2.9    | 2.3    | 2.9    | 3.9  |  |
| 2023 | 71.7   | 15.3  | 3.5    | 1.8    | 3.2    | 4.5  |  |
| 2024 | 72.4   | 14.0  | 3.6    | 1.6    | 2.7    | 5.7  |  |

Note: Where years do not total 100%, some Costs Lawyers did not provide this information.

The practice areas table above shows us the number of Costs Lawyers listing legal aid as a practice area rose from 25% to 28% in the last year.

#### Pro bono work

The number of pro bono cases undertaken by Costs Lawyers rose between 2015 and 2019. In 2019 there were 97 pro bono cases in total, and 45 of these were dealt with by one Costs Lawyer; the next largest number of cases was just 6. The overall trend is likely to be explained by the changing nature of traditional work areas and the rise in litigants in person using the justice system generally.

| Year | Number of cases |
|------|-----------------|
| 2015 | 0               |
| 2016 | 4               |
| 2017 | 77              |
| 2018 | 61              |
| 2019 | 97              |

To better capture how the trend may be changing over time, from 2020 we asked Costs Lawyers to report on the percentage of their instructions that were pro bono. The figures are very similar for the three years, with only around 3% of Costs Lawyers doing any pro bono work at all.

| Proportion of workload comprising | % of the profession |      |      |      |      |
|-----------------------------------|---------------------|------|------|------|------|
| pro bono cases                    | 2020                | 2021 | 2022 | 2023 | 2024 |
| 0%                                | 97.2                | 97.2 | 97.1 | 96.6 | 97.3 |
| 1-25%                             | 2.7                 | 2.6  | 2.7  | 3.2  | 2.6  |
| 26-50%                            | 0.0                 | 0.0  | 0.0  | 0.0  | 0.1  |
| 51-75%                            | 0.0                 | 0.0  | 0.0  | 0.0  | 0.0  |
| 76-100%                           | 0.2                 | 0.2  | 0.2  | 0.1  | 0.0  |

We encourage all Costs Lawyers to engage with pro bono work and to consult our guidance for Costs Lawyers which was published in 2021.

#### Vulnerable clients

This data has been collected since 2016. Generally Costs Lawyers deal with very few vulnerable clients, which reflects the low number of instructions received directly from individual consumer clients.

From 2020 the data has been collected as a percentage of total instructions rather than an absolute number of instructions to improve comparability. The vast majority of Costs Lawyers do not deal with vulnerable clients at all, although two individual Costs Lawyers deal almost exclusively with vulnerable clients. The nature of vulnerabilities in 2024 included protected parties, lay clients, language difficulties, the elderly and children.

| Year | Number of          |  |
|------|--------------------|--|
|      | vulnerable clients |  |
| 2016 | 2                  |  |
| 2017 | 4                  |  |
| 2018 | 16                 |  |
| 2019 | 13                 |  |

| Proportion of vulnerable | % of the profession |      |      |      |      |
|--------------------------|---------------------|------|------|------|------|
| clients                  | 2020                | 2021 | 2022 | 2023 | 2024 |
| 0%                       | 98.5                | 98.5 | 97.7 | 97.5 | 98.0 |
| 1 – 25%                  | 1.0                 | 1.0  | 1.7  | 1.9  | 1.4  |
| 26 – 50%                 | 0.3                 | 0.3  | 0.5  | 0.4  | 0.3  |
| 51 – 75%                 | 0.0                 | 0.0  | 0.0  | 0.0  | 0.0  |
| 76 -100%                 | 0.2                 | 0.2  | 0.2  | 0.1  | 0.3  |