



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Sir Robert Neill MP
Justice Committee Chair
House of Commons
London
1 Horse Guards Road
London
SW1A 0AA

5 May 2020

Dear Sir Robert,

COVID-19 IMPACT ON LEGAL SECTOR

1. Thank you for your letter of 8 April highlighting the impact of the Covid-19 coronavirus outbreak on the legal professions. As the minister responsible for spending on the Justice system, I am responding on behalf of the Chancellor.
2. The government recognises the importance of the work of the legal professions in enabling access to justice across the country, and my officials are working closely with their counterparts in the Ministry of Justice and Legal Aid Agency to understand and mitigate the impact of Covid-19 on the sector.
3. In response to Covid-19, the government is making sure that people and businesses have access to the support they need as quickly as possible. We have announced unprecedented support for business and workers to protect them against the current economic emergency including an initial £330 billion of guarantees – equivalent to 15% of UK GDP.
4. The financial support schemes announced by the Chancellor should be accessible to firms in the legal sector who are experiencing reduced demand during this period. These are the Coronavirus Business Interruption Loan Scheme (CBILS), the Coronavirus Large Business Interruption Loan Scheme (CLBILS) and the Coronavirus Financing Facility (CFF). These schemes are designed to provide financial support to firms of all sizes facing cash-flow issues as a result of Covid-19.



5. CBILS covers small and medium sized enterprises with turnover of less than £45m, allowing them to access up to £5m for up to six years to ease cashflow issues. Following concerns highlighted by other sectors on lenders requesting personal guarantees to access these loans, the Chancellor has banned such requests on loans under £250,000. The CLBILS is designed to provide support to businesses with a turnover between £45m and £500m, with a limit of up to £25m of support. The CFF is available for larger firms with an investment grade credit position, and offers funding to businesses through the purchasing of commercial paper. More information on eligibility and implementation of these schemes can be found on the covid-19 support for businesses website.

6. In addition to these sources of financial support, the government has announced other schemes which are available to firms in the legal professions. The Coronavirus Job Retention Scheme is designed to help firms to keep people in employment without a financial burden through this period. This scheme will be open for a minimum of three months initially and will be extended for longer if necessary. We will review this in May.

7. For workers in the legal sector who are self-employed, the Self-Employed Income Support Scheme is available to provide grants worth 80% of trading profits up to a maximum of £2,500 per month. The Chancellor has set the threshold for this scheme at £50,000 to ensure that it is targeted most at those in need. 95% of those who make the majority of their income from self-employment will be eligible for the scheme.

8. Beyond these schemes, the government has made a series of further announcements to support businesses and individuals through this crisis. The Chancellor is deferring Value Added Tax (VAT) payments for the next quarter so UK VAT registered businesses will not need to pay any VAT due alongside their normal VAT return from now through to the end of June. In addition to this, the government has committed a £7bn boost to the welfare system through Universal Credit, and has arranged for three month mortgage holidays for those financially impacted by the crisis.

9. Furthermore, solicitors or barristers in the not for profit sector may be able to benefit from the additional funding announced by the Chancellor for frontline charities.



Part of this was £370m made available to small and medium-sized charities, including through a grant to the National Lottery Community Fund for those in England.

10. Finally, your letter highlighted the measures already put in place by the Ministry of Justice (MoJ) and the Legal Aid Agency (LAA) to support the sector. These include provisions for interim payments and hardship payments. The LAA have streamlined processes to make access to these claims faster and more efficient. My officials are working closely with counterparts at MoJ and LAA to ensure access to justice now and in the future, and will continue to do so as we work through our further economic response to this crisis.

11. I am copying this letter to Robert Buckland QC MP, the Secretary of State for Justice, and Mel Stride MP, Chair of the Treasury Committee.

Best wishes,

A handwritten signature in black ink that reads 'Steve Barclay'.

RT HON STEVE BARCLAY MP

Justice Committee

House of Commons, London SW1A 0AA

Tel: 0207 219 8196 email: justicecom@parliament.uk

Website: www.parliament.uk/justicecttee

Rt hon. Rishi Sunak MP

Chancellor of the Exchequer

HM Treasury

By email only

Cc: Rt hon. Robert Buckland QC MP; Mel Stride MP, Chair, Treasury Committee

8 April 2020

Dear Rishi

The Justice Committee yesterday took evidence from the Lord Chancellor and Secretary of State for Justice, during which session various questions were raised relating to the long-term viability of sections of the legal professions owing to the diminution of court-related work, including legally aided proceedings resulting from the Covid-19 coronavirus outbreak.

It was clear that the Lord Chancellor and officials in his Department and in agencies such as the Legal Aid Agency are working hard on finding solutions to the immediate cash flow problems faced by both solicitors and barristers in both the private practice and not-for-profit sectors of those professions. It is also apparent, however, that there is a substantial potential risk to access to justice for court users who require legal advice, including some of the most vulnerable people in our society when it comes to family, civil and criminal cases.

In a submission to our Committee, the Bar Council reports:

The Bar Council has conducted a survey which shows that 67% of criminal chambers cannot survive three to six months without financial aid and 90% cannot survive 12 months, without additional financial support. 60% of criminal sets have already furloughed clerks or other staff, and more are likely to. The situation could not be much bleaker for a profession that is essential to upholding the rule of law and access to justice for the public.

In addition to that, the Bar Council notes that junior practitioners, with little track record to demonstrate earnings, and those returning from parental or caring leave to the profession recently will be particularly vulnerable. Similar issues face solicitors, particularly those who have worked in the family, civil and criminal legal-aided sector. Since those cohorts represent both valuable diversity within the legal professions and the future of those professions, this has particularly alarming implications for future access to justice, one of the foundations and jewels of our democratic society.

We are aware, of course, that financial pressures from all sectors of the economy will press upon the Treasury in the weeks, months and years to come, but write to support whatever efforts the Lord Chancellor will be making to secure necessary additional funding to ensure the viability of firms and individual practitioners whose work has, in the words of one of our Members, 'dropped off a cliff' in the past three weeks.

The assistance package already announced by the Ministry of Justice and the Legal Aid Agency is welcome, including expansion of the scope and relaxing the evidence requirements for hardship payments in crown court cases; aligning legal aid fees for First Tier Tribunal immigration and asylum appeals with HMCTS' move to an online system for these cases; halting pursuit of debts owed to the Agency.

We would hope that other such schemes as providing, for example, monthly average incomes to those who can demonstrate a track record in providing routine legally aided services might be considered carefully.

And we would hope that the Treasury will be sympathetic to the further proposals the Lord Chancellor has committed to developing in consultation with the industry as necessary requests for future funding are made.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Neill', with a large, stylized initial 'R'.

Sir Robert Neill MP

Chair

Justice Committee