

I.M. Tripathi pub

Bombay

DATED

May 1979



The Royal Commission on Legal Services

Chairman: Sir Henry Benson, GBE

FINAL REPORT

Volume Two

Surveys and Studies

Part B, Sections 14-23

*Presented to Parliament by Command of Her Majesty
October 1979*

LONDON
HER MAJESTY'S STATIONERY OFFICE
£11 net

(2 parts not sold separately)

SECTION 14

Earnings of Barristers' Clerks

A survey of the remuneration of barristers' clerks was conducted on behalf of the Commission by its consultants, Coopers & Lybrand, who submitted the report that follows in November 1977.

Contents	<i>paragraphs</i>
Introduction	14.1
Response to the survey	
Response rate	14.3
Conclusions on response rate	14.10
Background	
Role of the senior clerk	14.13
Sources of income	14.16
Age, sex and qualifications	14.17
Employment status	14.23
Methods of remuneration	14.25
Retirement	14.27
Gross and net incomes in 1976—senior clerks	
Accounting year-ends	14.30
Accounting policies	14.31
Tax position	14.32
Summary	14.33
Income by age	14.36
Income by seniority	14.38
Income by size of chambers	14.40
Income by method of remuneration	14.41
Conclusions on income	14.43
Delay in payment	14.47
Trend of incomes 1974 to 1976—senior clerks	14.49
Junior clerks	
Introduction	14.52
Summary	14.54
Pensions	14.59
The BCA survey	14.60

EARNINGS OF BARRISTERS' CLERKS

	<i>paragraphs</i>
Comparison with Bar survey	14.62
Summary and conclusions	
Response to the survey	14.64
Background	14.65
Senior clerks' income in 1975/76	14.73
Trends of incomes 1974 to 1976—senior clerks	14.78
Junior clerks	14.79
Annexes	<i>number</i>
Survey questionnaire	14.1
Barristers' Clerks' Association survey amongst junior clerks	14.2
Tables	<i>number</i>
Response to the questionnaire sent to senior clerks	14.1
Response by size of chambers	14.2
Age and sex of senior clerks	14.3
Seniority of senior clerks and average number of years spent as junior clerks	14.4
Academic qualifications of senior clerks	14.5
Contracts of employment of senior clerks by type of contract	14.6
Method of remuneration of senior clerks	14.7
Dates of accounting year-ends of senior clerks	14.8
Average gross and net income of senior clerks: 1975/76	14.9
Range of net income of senior clerks: 1975/76	14.10
Range of net income and average net income of senior clerks by age: 1975/76	14.11
Range of net income of senior clerks by seniority: 1975/76	14.12
Range of net income of senior clerks by number of principals: 1975/76	14.13
Average gross and net income of senior clerks by method of remuneration: 1975/76	14.14
Percentage of senior clerks' fees estimated to be outstanding at accounting year end: 1975/76	14.15
Trends in gross and net income of senior clerks: 1973/74 to 1975/76	14.16
Increase in net income of barristers and barristers' senior clerks: 1973/74 to 1975/76	14.17
Average payments to junior clerks: 1975/76	14.18
Age of junior clerks: 1976	14.19
Distribution of earnings of junior clerks by age: 1975/76	14.20
Range of earnings of junior clerks by age: 1975/76	14.21
Range of net income of barristers and barristers' clerks: 1975/76	14.22
Age of junior clerks: 1977	A.14.2.1
Age at which junior clerks finished full-time education	A.14.2.2

	<i>numbers</i>
Qualifications held by junior clerks	A.14.2.3
Distribution of earnings of junior clerks: April 1977	A.14.2.4
Aspects of employment of junior clerks	A.14.2.5
Extent to which junior clerks enjoy their job	A.14.2.6
Views of junior clerks on various aspects of their job	A.14.2.7
Age on first becoming a junior clerk	A.14.2.8
Method of introduction to job for junior clerks	A.14.2.9
Method of recruitment to job for junior clerks	A.14.2.10
Whether junior clerks had friends or relations in chambers	A.14.2.11

Introduction

14.1 The survey of the remuneration of senior and junior barristers' clerks was carried out with the assistance of the Barristers' Clerks' Association (BCA) and the officials of the BCA gave us their wholehearted cooperation in carrying out this survey. We also summarise in annex 14.2 information obtained by the BCA from a survey it conducted among junior clerks in April 1977.

14.2 Except where stated, the source of the figures in this report is the barristers' clerks' survey.

Response to the survey

Response rate

14.3 A questionnaire which sought information concerning the remuneration of senior and junior clerks was sent to all senior clerks shown on BCA records at the end of 1976. A copy of the questionnaire is attached as annex 14.1. There is one senior clerk to each set of chambers. We were told of one or two cases where a second clerk shared the senior clerk's remuneration, but none of these cases is included in the survey. In all 265 forms were sent out. A considerable effort was made by ourselves and the BCA to obtain replies and all senior clerks not replying were contacted. In the event replies were received from 156 senior clerks, or 59 per cent of the total.

14.4 However, 37 of the replies gave no information of earnings in 1976, mainly because they were recent appointments: 28 of the 37 replies were from recently appointed senior clerks who could not provide information of a full year's earnings as a senior clerk. The BCA also estimate that, of those clerks who did not reply, some 14 were recent appointments. If the response to the questionnaire is expressed as a proportion of the more established senior clerks, the position is as shown in Table 14.1.

TABLE 14.1

Response to the questionnaire sent to senior clerks

	Number of senior clerks
Questionnaires sent out	265
less recently appointed senior clerks	42
	<u>223</u>
Replies giving information on earnings in 1976	<u>119</u>
Response rate	53%

14.5 A response rate of 53 per cent is barely adequate to assume that the survey gives earnings representative of senior clerks as a whole, particularly because the total number of senior clerks is small, and as we show later because there is a wide variation in the level of net incomes. We therefore tested the response against the available information of those not replying, as follows.

14.6 First, a comparison was made of the response by the number of principals in each set of chambers. This is shown in Table 14.2.

TABLE 14.2

Response by size of chambers

Number of principals per chambers	Number of senior clerks		Response as % of total
	estimated total	response	
5 or less	14	4	29
6-10	39	23	59
11-15	70	41	59
16-20	67	40	60
All over 20	33	11	33
	<u>223</u>	<u>119</u>	<u>53</u>

Source: 1976 "Law List" and survey results.

14.7 It will be seen from this that the survey appears to be mainly deficient in replies from the very small and very large sets of chambers. However, the average number of principals per senior clerk shown by this survey (13.7 at April 1975) is reasonably close to the average number of principals per set of

chambers shown by the Senate's statistics (13.3 at September 1975). As would be expected, and as we show later, the higher incomes of senior clerks in the survey were earned in the larger sets of chambers.

14.8 Second, a comparison was made of the gross earnings of senior and junior clerks shown by this survey with the total amount shown in the Bar survey as paid to clerks by barristers, as follows:—

<i>Bar survey</i>	£
(a) The Bar survey asked barristers to give details of their expenses in 1974/75 and to state separately the amounts paid to clerks. From this it can be estimated that the average payment per set of chambers to senior and junior clerks in 1974/75 was	12,300
	<hr/> <hr/>
<i>Barristers' clerks' survey</i>	£
(b) The average gross income in 1974/75 as a clerk in chambers of senior clerks was	10,489
(c) The average payment per set of chambers made direct from chambers or principals to junior clerks in 1974/75 was	3,084
	<hr/> <hr/>
	13,573
	<hr/> <hr/>

14.9 It can be seen that the amount shown as received by clerks in the barristers' clerks' survey (£13,573) is greater than the amount shown as paid to clerks in the Bar survey (£12,300). This will partly be due to a difference in the periods covered; both surveys give information for accounting periods ending in 1974/75, but the barristers' clerks' year-ends were on the whole slightly later in 1974/75 (almost all of them being 31 December 1974 or 31 March or 5 April 1975) than the barristers' year-ends. However, the difference is too large for conclusions to be drawn as to the reliability of the barristers' clerks' survey; but if anything this comparison indicates that the earnings shown by the barristers' clerks' survey are not, on average, understated.

Conclusions on response rate

14.10 The results of the survey cannot be treated as completely representative of the barristers' clerks because:—

- (a) a large number of senior clerks were recent appointments who were not therefore able to provide information of their earnings;
- (b) a useable reply was obtained from only just over half of the remaining senior clerks.

14.11 The BCA pointed out to us that the recently appointed senior clerks, who could give no details of their earnings, would probably obtain below average earnings in their early years as senior clerks, and would therefore depress the

overall average earnings. Although these senior clerks could give no details of their incomes, they did give certain background information; this information indicates that their earnings probably would be lower than the average shown by this survey and given in paragraphs 14.33 to 14.35. For example, half of the new senior clerks were in chambers of ten or fewer principals, whereas only one-quarter of the senior clerks included in the analysis of income given below were in this category.

14.12 However, it does not appear to us, bearing in mind the other tests mentioned above, that the results of the survey can show a materially distorted view of the income of senior and junior clerks. Despite the relatively poor response the results provide a reasonable illustration of the levels of earnings.

Background

Role of the senior clerk

14.13 The senior clerk is the chief administrator in a set of chambers. He is responsible, with the help of a small staff, for organising the running of chambers, for the day-to-day management of the chambers and arrangements for each barrister in his chambers, and for all financial arrangements, from agreeing a fee with the client to keeping the financial records. The BCA had informed us that some of the typical day-to-day duties of a senior clerk will include:

- (a) Discussing with clients whether particular barristers are available for cases and accepting briefs from clients.
- (b) Suggesting, if requested, barristers from chambers who would be suitable and available for work in those cases where a client does not insist on a particular barrister.
- (c) Agreeing a fee or a fee rate with the client (that is usually the solicitor).
- (d) Arranging the time schedules for each barrister in chambers, whether in court, in conference or otherwise.
- (e) Arranging for the typing and delivery of documents, for example written opinions.
- (f) Preparing and despatching fee notes, and collecting the debts due to the barristers in chambers.
- (g) Keeping the books and records of the chambers or his principals.
- (h) Supervising and instructing the junior clerks and other staff in chambers.

14.14 It has also been put to us that most senior clerks see for themselves a wider responsibility to their set of chambers: a duty to encourage and support the growth of chambers, by advising heads of chambers on particular aspects affecting the long-term future of chambers; by arranging for work to be given to pupils and new barristers suitable to provide them with experience; and by maintaining contacts with solicitors and with the profession to attract work into the chambers. It has been said to us that a good senior clerk can have as much effect as his principals in building up a set of chambers.

14.15 In short, a senior clerk can have great influence over a set of chambers, and in most cases will be in a position of considerable authority and responsibility.

Sources of income

14.16 Some senior clerks in addition to acting for their chambers will also act as clerk to barristers who have judicial or quasi-judicial appointments. In the survey 103 senior clerks, or two-thirds of the respondents, reported that they had acted in 1975/76 as clerk to a recorder, chairman of tribunal, arbitrator or some other judicial or quasi-judicial office. Half of these clerks reported that they received no additional remuneration in respect of this work.

Age, sex and qualifications

14.17 We summarise in Table 14.3 the age and sex of the 154 senior clerks who gave this information.

TABLE 14.3
Age and sex of senior clerks

Age group	Male	Female	Total	
	number	number	number	%
25 or under	8	3	11	7
26-30	25	3	28	18
31-40	38	4	42	27
41-50	30	4	34	22
51-60	27	1	28	18
61-65	6	1	7	5
over 65	4	—	4	3
All ages	138	16	154	100

14.18 It will be noted from these tables that over half of the senior clerks in the survey were 40 years of age or less. This is not due to a rapid expansion in the number of chambers: between 1962 and 1974 there was a net gain in the number of chambers of only five, although since 1974 a further 20 chambers have been opened. There are few women senior clerks, although from the age structure shown above there would appear to be a few more women being appointed in recent years.

14.19 Senior clerks were also asked to state the number of years they had been a junior clerk as well as the number of years they had been a senior clerk. The replies are summarised in Table 14.4.

TABLE 14.4

Seniority of senior clerks and average number of years spent as junior clerks

Number of years as senior clerk	Number	Percentage	Average number of years spent as junior clerk
2 or less	49	31	10
3-5	20	13	10
6-10	30	19	12
11-20	36	24	13
21-30	16	10	14
over 30	5	3	7
All senior clerks	156	100	

14.20 The second column of Table 14.4 shows that almost one-third of the clerks had been a senior clerk for two years or less, and that almost two-thirds had been senior clerks for 10 years or less. However, it is clear from the final column that, in general, clerks start young in the profession and serve a long apprenticeship as junior clerks.

14.21 Senior clerks were asked to give their academic qualifications. We summarise the answers in Table 14.5.

TABLE 14.5

Academic qualifications of senior clerks

Age group	All respondents	No qualification stated	'O' level or equivalent	'A' level or equivalent	Degree
	number	number	number	number	number
30 or under	39	13	21	5	—
31-40	42	17	19	6	—
41-50	34	21	8	5	—
51 or over	39	28	4	6	1
All ages	154	79	52	22	1
Percentage of all respondents	100%	51%	34%	14%	1%

14.22 Almost two-thirds of the senior clerks aged 40 or less reported that they had obtained 'O' levels or higher; overall about half of the senior clerks had such qualifications. Many senior clerks noted that they had qualifications in other areas, for example shorthand or typing, or Royal Society of Arts certificates in commercial subjects.

Employment status

14.23 The BCA informed us that most senior clerks are taxed under schedule E (that is, as employees rather than as self-employed persons) but that they account for their own tax to the Inland Revenue. The BCA informed us that a few senior clerks are taxed under schedule D as self-employed persons. Simon's *Taxes* describes the employment and tax position of barristers' clerks as follows:—

The head of chambers may either leave the clerk to make his own terms with each of the several barristers in chambers, or he may himself make all the arrangements as regards the fixing of minimum remuneration from each barrister and may receive and pay over all the contributions. Each barrister may give a guarantee, either to the head of chambers or to the clerk himself, whereby he agrees that there shall be a minimum payment per annum for the clerk's services. In the event of the actual fees arising out of a barrister's work falling short of the estimated amount, the barrister concerned will have to make it good. The fees are paid to the barrister; the clerk has no right to any fee or remuneration from the barrister's clients, and they are merely customary gratuities which are, nevertheless, allowed on the taxation of costs in accordance with the approved scale. In the absence of any special arrangements a barrister must account to his clerk for any clerk's fees he may receive, and in case of default will be liable in an action for money had and received.

The position as regards income tax is not very clear. Where a pooling system is in operation it would seem that the clerk is for the purposes of assessment an employee of the "head of chambers". Where the method is one whereby the clerk makes his own bargain with each barrister, the position is less clear, . . . a barrister's clerk may be regarded as exercising an "employment" even where he is not employed by any one person. Alternatively the clerk may be treated as holding a number of separate employments each taxable under Schedule E . . . The practice of the Revenue is to assess all barrister's clerks under Schedule E. For the purposes of the PAYE system the clerk is regarded as his own employer, accounting direct to the Revenue. Whilst the application of the present income tax law to the remuneration of barristers' clerks would seem to present some intricate legal problems, the method actually followed would seem to be in the nature of a working compromise.

14.24 Senior clerks were asked whether they had a written, oral or implied contract of employment; the 152 responses to this question are summarised in Table 14.6.

TABLE 14.6
Contracts of employment of senior clerks by type of contract

Type	Number	Percentage
Written	38	25
Oral	58	38
Implied	56	37
All senior clerks	152	100

There did not appear from the survey to be any trend towards written contracts—the 38 senior clerks who said that they had written contracts were spread throughout the age groups. One quarter of the senior clerks who replied said

that their contract of employment (whether written, oral or implied) was with the heads of chambers only; it is assumed that the others regard themselves as contracted separately to each of the principals in chambers.

Methods of remuneration

14.25 Prior to the change to decimal currency in early 1971, barristers' fees were usually quoted in guineas. When a fee note was rendered a separate clerk's fee was added (for which there were, for certain courts, scales laid down) and in addition to this many senior clerks received by arrangement with their principal an additional fee, which was often one shilling in every guinea of the barrister's fee. After the change to decimal currency the Bar Council agreed to charge fees in pounds, and 5 per cent of the gross fee was regarded as the clerk's fee. The senior clerk may also receive further remuneration by arrangement with his principals. There is today no practice applicable to all cases, but in general a mixture of the fee system, payment by way of salary and agreements that the senior clerk will receive a minimum guaranteed remuneration; sometimes these methods operate at one and the same time in the case of the same individual. The methods of remuneration shown by the survey are set out in Table 14.7.

TABLE 14.7
Method of remuneration of senior clerks

Method of remuneration	Number of senior clerks	Percentage
5% of receipts	24	15
6% or 7% of receipts	26	17
8% or 9% of receipts	25	16
10% of receipts	66	42
Salary or combination of salary and percentage of receipts	15	10
All methods	156	100

Of the 141 senior clerks shown above as receiving a percentage of receipts, 24 said that they were guaranteed a minimum remuneration.

14.26 There was no apparent trend in methods of remuneration: 11 of the 28 very recently appointed senior clerks were guaranteed a minimum remuneration (usually combined with a percentage of receipts of 10 per cent) but this was generally low, varying from £1,300 per annum to £5,500 per annum. We consider later the relationship between net earnings and method of payment.

Retirement

14.27 Only 19 of the 156 senior clerks who replied reported that they had agreed a retiring age with their principals. With regard to senior clerks'

pensions: 54 clerks (35 per cent) reported that they (or chambers) had made no provision for their pension; 64 clerks (41 per cent) were members of the BCA scheme (see below) or had a pension arranged through chambers; and 38 clerks (24 per cent) had no employer's scheme but took out some form of self-employed retirement annuity.

14.28 The BCA pension scheme was revised as from November 1975 and 31 senior clerks (20 per cent) reported that they were members of the new scheme. This scheme is arranged on a money-purchase basis; under this type of scheme the contributions are fixed in advance (being in this case 5 per cent of salary by the clerk and 5 per cent by the employer) and the pension benefits are limited to those secured by the contributions. In contrast to this, pension schemes, in general, are usually arranged on a final salary basis; that is, the pension is based on salary in the last year or years before retirement. The total contribution rate of 10 per cent is also very low and will provide pension benefits substantially lower than most employed schemes. The BCA scheme is not in any event suitable for contracting-out of the new state scheme to be introduced in 1978 and clerks will therefore have to be contracted in to the state scheme in 1978, except those whom the Revenue agrees to treat as self-employed.

14.29 The average premium paid by the employer in respect of those senior clerks in schemes was £216, and the average premium paid by senior clerks who made their own arrangements was £536, which is substantially below the maximum permitted by the Inland Revenue of £1,500 or 15 per cent of net earnings.

Gross and net incomes in 1976—senior clerks

Accounting year-ends

14.30 Almost all of the 119 senior clerks who reported their incomes in 1975/76 had accounting year-ends of 31 March or 5 April 1976, as is shown by Table 14.8.

TABLE 14.8

Dates of accounting year-ends of senior clerks

Accounting year-ends	Number of replies
31 March or 5 April 1976	100
31 December 1975	3
Other year-ends falling in 1975/76	16
	119

Accounting policies

14.31 We were informed by the BCA that all senior clerks will account on a cash basis, that is, as with the Bar survey, the incomes represent net cash receipts in the accounting year.

Tax position

14.32 We have mentioned the tax position of barristers' clerks in paragraph 14.23 above. In the event of the barrister retiring, the clerk is still due his fees in respect of subsequent receipts by the barrister for his past practice and the clerk is taxed on them. However, on final retirement of the barristers' clerk, fees payable to him on the barrister's fees paid after the clerk's retirement are not regarded by the Inland Revenue as assessable to tax.

Summary

14.33 We summarise in Table 14.9 the average gross and net income in 1975/76 of the 119 senior clerks who gave information for this year.

TABLE 14.9**Average gross and net income of senior clerks: 1975/76**

	£
Gross income:	
from chambers	11,537
from other sources	86
	11,623
Less: Expenses:	
junior clerks and other staff	951
chambers expenses and sundry	390
	1,341
Net income	10,282

14.34 The net income shown in Table 14.9 is before making any provision for pensions. The gross income from "other" sources was in respect of fees as clerk to a recorder, chairman of tribunal, arbitrator or any other judicial or quasi-judicial office.

14.35 One particular feature of the reported net incomes was the wide range of net incomes of senior clerks, as shown in Table 14.10.

TABLE 14.10

Range of net income of senior clerks: 1975/76

	£	Ratio to median
Upper quartile	12,850	1.32
Median	9,770	1.00
Lower quartile	6,100	0.62
Average	10,282	1.05

In the following paragraphs we analyse the net earnings by age of the senior clerks, by their seniority as senior clerks, by the size of their chambers and by their method of remuneration.

Income by age

14.36 We analyse in Table 14.11 the ranges of senior clerks' incomes by age group and give the average net income in 1975/76.

TABLE 14.11

Range of net income and average net income of senior clerks by age: 1975/76

Age group	Average net income	Total		Percentage of senior clerks ¹					
				under £4,000	£4,000-£6,999	£7,000-£9,999	£10,000-£12,999	£13,000-£14,999	£15,000 or over
	£	number	%	%	%	%	%	%	%
25 or less	4,030	6	100	83	—	—	—	—	—
26-30	7,584	20	100	—	45	35	—	—	—
31-40	11,334	33	100	—	18	30	24	—	24
41-50	12,142	27	100	—	—	22	30	15	26
51-60	11,502	23	100	—	—	22	30	—	26
61-65	7,687	7	100	—	43	—	—	—	—
Over 65	9,186	3	100	—	—	—	—	—	—
All ages	£10,282	119	100	9	17	25	25	6	18

¹ Percentages have been omitted where there are only one or two clerks in a category.

14.37 Apart from those under 31 and over 60 there is no particular pattern shown here of earnings by age: the earnings in the age groups of 31 to 60 vary substantially, generally from £4,000 per annum to over £15,000 per annum, but average earnings are similar in each of these age groups.

Income by seniority

14.38 Table 14.12 compares earnings by seniority, that is by number of years as a senior clerk.

TABLE 14.12
Range of net income of senior clerks by seniority: 1975/76

Years as senior clerk	Total		Percentage of senior clerks ¹					
			Under £4,000	£4,000-£6,999	£7,000-£9,999	£10,000-£12,999	£13,000-£14,999	£15,000 or over
	number	%	%	%	%	%	%	%
1-5	40	100	20	40	20	10	—	10
6-10	27	100	—	—	30	33	—	22
11-20	33	100	—	9	27	27	9	24
21-30	15	100	—	—	27	33	—	20
Over 30	4	100	—	—	—	—	—	—
All senior clerks	119	100	9	17	25	25	6	18

¹ Percentages have been omitted where there are only one or two clerks in a category.

14.39 The table shows that the less experienced senior clerks in the survey formed most of those in the lower earnings brackets, that is under £7,000 per annum. However, with six or more years as a senior clerk, the range of earnings in the survey is generally widely spread, from about £7,000 upwards and the pattern does not change much with seniority.

Income by size of chambers

14.40 Table 14.13 shows that, as might be expected, net incomes were higher where there were more principals in the set of chambers.

TABLE 14.13
Range of net income of senior clerks by number of principals: 1975/76

Number of principals	Number of senior clerks		Net incomes of senior clerks in 1975/76		
	number	%	lower quartile	median	upper quartile
			£	£	£
1-5	4	4	—	—	—
6-10	23	19	3,475	4,527	10,022
11-15	41	43	7,133	8,918	11,906
16-20	40	34	9,295	11,527	13,353
over 20	11	9	—	16,250	—
All senior clerks	119	100	6,100	9,770	12,850

Income by method of remuneration

14.41 We summarise in Table 14.14, for the 119 senior clerks who gave details of their 1975/76 income, the average gross incomes, expenses and net incomes according to the method of remuneration.

TABLE 14.14

Average gross and net income of senior clerks by method of remuneration: 1975/76

Method of remuneration	Number of senior clerks		Gross income	Expenses	Net income	Net income as percentage of gross income
	number	%	£	£	£	£
5% of receipts	19	16	8,936	517	8,419	94
6% or 7% of receipts	21	18	9,685	220	9,465	98
8% or 9% of receipts	22	18	12,349	1,221	11,128	90
10% of receipts	48	40	13,747	2,254	11,493	84
Salary or combination of salary and percentage of receipts	9	8	8,719	1,115	7,604	87
	119	100	11,623	1,341	10,282	88

14.42 It will be noted that senior clerks with 8 per cent or more of gross receipts had, on average, higher expenses which partly offset their higher gross incomes, but that their net incomes, on average, were also higher. In the worst position were those senior clerks paid, or partly paid, by way of a salary, although there were only nine clerks in this category giving details of their income in the survey.

Conclusions on income

14.43 Most senior clerks are remunerated by way of a percentage of the receipts of their principals. The gross income of these clerks will therefore depend on what percentage is due to them and on the combined amount of the gross receipts of their principals; this will be a product of the number of principals for which they act and the level of the principals' incomes.

14.44 When net earnings were analysed by age bands there was, as we showed in paragraph 14.36 above, little variation in average net incomes between the ages of 31 and 60, although within each age band there was a wide spread of earnings. Table 14.12 shows a wide range of earnings when analysed by seniority.

14.45 The survey showed several methods of remuneration; a few senior clerks received a salary but most received a percentage of receipts, varying from 5 per cent to 10 per cent, combined in a few cases with a guaranteed minimum remuneration. Over half of the senior clerks in the survey received between 8 per cent and 10 per cent of receipts, and on average their earnings were higher than the other senior clerks.

14.46 However, the survey indicates that the key factor in determining the senior clerk's income is the level of chambers earnings, that is, the combined earnings of all the principals in the clerk's chambers. As we show in paragraph 14.40 above, the senior clerks' earnings were generally higher in the larger sets of chambers. The workload of the senior clerk will no doubt also increase with an increase in the number of barristers, and he will have the responsibility of managing a larger set of chambers.

Delay in payment

14.47 Senior clerks were asked to give an estimate of the amount of fees owing to them at the end of their 1975/76 accounting year. Most of the clerks found difficulty in answering this question and it is clear from the answers that a number of them are no more than broad assessments based on impression rather than calculation. Notwithstanding this the answers, summarised in Table 14.15, give some illustration of the degree to which clerks have to finance the delay in payment of their fees.

TABLE 14.15
Percentage of senior clerks' fees estimated to be outstanding at
accounting year end: 1975/76

Fees outstanding as percentage of gross receipts	Number of senior clerks providing estimates
0- 25%	6
26- 50%	22
57-100%	48
over 100%	23
	99

14.48 It will be seen from this table that most clerks answering this question reported that typically their fees were outstanding for between six months and one year. This is the period between the clerk booking the fees and receipt of his remuneration—although the date of booking the fees is likely to vary it will be a date before despatch of the barrister's fee note. The BCA informed us that it is usual for barristers to pay their senior clerks each quarter based on the barrister's receipts in the previous three months.

Trend of incomes 1974 to 1976—senior clerks

14.49 We summarise in Table 14.16 the trend in gross and net incomes over the period 1973/74 to 1975/76. For this purpose we have included in each year only those senior clerks who gave information for two consecutive years. This gives a more accurate reflection of the trend in incomes, but there are two points to bear in mind: first the number of clerks giving information for the earlier years was slightly less than those giving information for 1975/76, with the result that the figures are probably even less representative of all clerks than those for 1975/76 given earlier in this report; and second, the average incomes given here for 1975/76 are slightly different to those given in the previous paragraphs, because it is an average of a different number of clerks, and for the same reason two sets of figures are given in Table 14.16 for 1974/75.

TABLE 14.16

Trends in gross and net income of senior clerks: 1973/74 to 1975/76

	1973/74 to 1974/75 (102 senior clerks)		1974/75 to 1975/76 (107 senior clerks)	
	1973/74	1974/75	1974/75	1975/76
	£	£	£	£
Gross income	9,413	11,119	10,524	12,370
Expenses	885	1,156	1,074	1,467
Net income	8,528	9,963	9,450	10,903
Increases per annum:				
gross income	100	118	100	118
expenses	100	131	100	137
net income	100	117	100	115

14.50 The figures should be treated with some caution because, as we have said, the number of clerks giving information for these years was small. With this qualification in mind, the trend in incomes can be compared with that shown by the Bar survey of barristers' earnings. The comparison is set out in Table 14.17.

TABLE 14.17

Increase in net income of barristers and barristers' senior clerks: 1973/74 to 1975/76

	Increase in net income	
	1973/74 to 1974/75	1974/75 to 1975/76
QCs	15%	13%
Juniors	7%	not available
Senior clerks	17%	15%

Sources: Consultants' report on the survey of income at the Bar, 1976/77, Section 18, and survey data.

The net incomes included in the calculations for Table 14.17 are before deducting pension or sickness benefit insurance premiums.

14.51 Table 14.17 indicates that the senior clerks have in this period done slightly better than QCs and much better than junior barristers. This will probably be partly due to an increase in the number of principals in each set of chambers over the period, from an average of about 12½ in 1973/74 to just under 14 in 1975/76.

Junior clerks

Introduction

14.52 The survey showed that a typical set of chambers will include 14 principals, three or four pupils, a senior clerk, one or two junior clerks and a further assistant, for example a typist. Senior clerks were asked to give details of the current (end of 1976) salaries paid to junior clerks. Answers were given covering 172 junior clerks, 32 women and 140 men. As with the information above for senior clerks, the reliability of the data is qualified by the low response received. The BCA believe there are about 325 junior clerks in chambers in England and Wales; the survey covered 53 per cent of this total.

14.53 Although most junior clerks in the survey were paid by way of a fixed salary, about one-third of them were, like most senior clerks, paid a percentage of the principals' receipts, usually being a small percentage combined with a fixed salary.

Summary

14.54 The average net incomes in 1975/76 of junior clerks in the survey was £2,527, most of which was paid direct by chambers or principals, as Table 14.18 shows.

EARNINGS OF BARRISTERS' CLERKS

TABLE 14.18

Average payments to junior clerks: 1975/76

	Average payment to each junior clerk in 1975/76	
	£	%
By chambers	1,632	65
By members of chambers	309	12
By senior clerk	586	23
	2,527	100

4.55 Table 14.19 analyses the number of junior clerks included in the survey by age group.

TABLE 14.19

Age of junior clerks: 1976

Age group	Junior clerks	
	number	percentage
Under 19	54	32
19-21	33	19
22-30	64	37
Over 30	21	12
All junior clerks	172	100

14.56 In Table 14.20 we summarise the earnings of junior clerks by age. *

TABLE 14.20

Distribution of earnings of junior clerks by age: 1975/76

Age group	All junior clerks		Percentage of junior clerks			
			under £2,000	£2,000-£3,999	£4,000-£5,999	£6,000 or above
	number	%	%	%	%	%
Under 19	54	100	94	6	—	—
19-21	33	100	45	55	—	—
22-30	64	100	8	55	36	1
Over 30	21	100	14	33	29	24
All junior clerks	172	100	43	37	17	3

EARNINGS OF BARRISTERS' CLERKS

14.57 There are several points which can be made from an inspection of Tables 14.19 and 14.20.

- (a) Almost all the junior clerks in the survey were 30 years of age or less, and half of the clerks were 21 years of age or less.
- (b) Forty three per cent of the clerks earned less than £2,000 per annum; it is probable that a few of these, particularly the older clerks, work only part-time, but most of the others will only recently have started work in chambers.
- (c) Earnings increase with age but rarely go above £6,000 per annum; this point is confirmed by Table 14.21 which sets out the spread of income by age groups.

TABLE 14.21
Range of earnings of junior clerks by age: 1975/76

Age group	Lower quartile	Median	Upper quartile
	£	£	£
Under 19	1,092	1,300	1,500
19-21	1,560	2,000	2,575
22-30	2,500	3,500	4,116
Over 30	2,600	4,185	6,195
All junior clerks	1,456	2,100	3,500

14.58 Senior clerks were asked whether overtime payments were made to junior clerks; of those answering the question only 12 per cent reported that overtime was paid and 88 per cent reported that it was not paid.

Pensions

14.59 Few of the junior clerks in the survey were members of a pension scheme; 44 junior clerks (28 per cent) were members of the BCA or some other pension scheme, but the remainder, 72 per cent of the response, were not members of any pension scheme. This is to be expected given the young age of most of the junior clerks.

The BCA survey

14.60 In April 1977 the BCA conducted a questionnaire survey among junior clerks, seeking information on earnings, conditions of employment and job satisfaction. A summary of the results is attached as annex 14.2. The survey was carried out independently of the Royal Commission to provide information for the BCA, but the results are nevertheless of interest.

14.61 The response to the survey was, at about 45 per cent, slightly lower than that achieved by our survey among senior clerks. The income of junior clerks

shown by the BCA survey broadly corresponds with that shown by our survey. The BCA survey includes the following information not covered by our survey of senior clerks.

(a) *Qualifications*

Seventy seven per cent of the junior clerks had obtained GCE 'O' levels or higher academic qualifications (Table A14.2.3).

(b) *Job prospects*

Junior clerks were asked to rate their occupation between "very good" and "very poor" under several heads; the detailed replies are given in Table A14.2.7. The points on which there was a substantial majority view are:—

	Very good or good	Poor or very poor
Scope for initiative	87%	
Starting salary		88%
Long-term salary prospects	93%	
High degree of responsibility	94%	
Interest of work	88%	
Ease of movement to other occupations		67%

(c) *Introduction to job as junior clerk*

Sixty three per cent of the junior clerks reported that they were introduced to their job by personal contact and 24 per cent by a careers officer. Only 28 per cent of the junior clerks reported that they had had friends or relatives in chambers.

Comparison with Bar survey

14.62 In the survey of income at the Bar in 1974/75 barristers were asked to give details of their earnings in 1975/76 also, and to make estimates if precise information was not available. In Table 14.22 we compare barristers' and barristers' clerks' earnings for 1975/76.

14.63 It can be seen from this that the senior clerks earn more than the average of all junior barristers. However, the earnings of junior clerks are very low. As we showed in Table 14.4 above, the senior clerks in the survey had served for between seven and 14 years as junior clerks. It appears that junior clerks are willing to accept low remuneration for the prospect of an opportunity to become a senior clerk and earn much greater sums. However, there is in the Bar (particularly with junior barristers) and with the senior barristers' clerks a wide spread of earnings.

TABLE 14.22

Range of net income of barristers and barristers' clerks: 1975/76

	Net income before pension and sickness insurance provision			
	QCs	juniors	senior clerks	junior clerks
	£	£	£	£
Upper quartile	26,500	9,500	12,850	3,500
Median	19,400	6,100	9,770	2,100
Lower quartile	14,200	3,500	6,100	1,456
Average	21,500	7,300	10,282	2,527
Average: all barristers all clerks	£8,754		£5,683	
Numbers included in survey	202	1,757	119	172
Approximate percentage of total population	60%	62%	53%	53%

Sources: Survey of income at the Bar 1974/75, and survey data.

Summary and conclusions

Response to the survey

14.64 The response to the survey, at just over 50 per cent, was low but with the tests we have been able to carry out we doubt if the results give a materially distorted view of the income of barristers' clerks.

Background

14.65 The senior clerk is the chief administrator and responsible for organising the running of chambers. In most cases he will be in a position of considerable authority and responsibility.

14.66 A majority of the senior clerks acted as clerks to a judicial or quasi-judicial office as well as to chambers. Half of them received no additional remuneration for this, and the additional remuneration of the others was negligible.

14.67 Over half of the senior clerks in the survey were 40 years of age or less. The youth of the profession has not resulted from an intake of young clerks into new chambers, since there was only a net gain of five sets of chambers between 1962 and 1974. Almost one-third of the senior clerks in the survey had been a senior clerk for two years or less.

14.68 Most senior clerks start young in the profession and serve a long apprenticeship as junior clerks.

14.69 Only about half of the senior clerks in the survey reported that they had some 'O' level qualifications or above, although almost two-thirds of those under age 40 had such qualifications. Many of the others reported that they were qualified in other areas, for example shorthand and typing or commercial subjects.

14.70 Most senior clerks are regarded by the Inland Revenue as employees, but they account for their own tax. Only one-quarter of the senior clerks had written contracts of employment.

14.71 A few senior clerks receive a salary but most were remunerated by receiving a percentage of their principals' receipts, combined in a few cases with a guaranteed minimum remuneration. The percentage varied but over half of the senior clerks received between 8 per cent and 10 per cent of receipts. There was no apparent trend towards payment of senior clerks by salary.

14.72 Pension arrangements had been made by chambers for 41 per cent of the senior clerks; the others had no pension provision (35 per cent) or had arranged their own pensions on a self-employed basis (24 per cent). The chambers' schemes are unlikely to be adequate: the most common scheme, arranged by the BCA, provides very low pension benefits. It is probable that virtually all senior clerks will be contracted-in to the new state scheme starting in 1978.

Senior clerks' income in 1975/76

14.73 The accounts of senior clerks are prepared on a cash basis, that is their incomes represent net cash receipts in the accounting year. Almost all clerks had accounting year-ends of 31 March or 5 April.

14.74 The Inland Revenue do not assess to tax the receipts of a senior clerk in respect of the amount due to him on barristers' fees received after the clerk's retirement.

14.75 There was a wide range of net incomes (before pension provision) of senior clerks:—

	1975/76
	£
Upper quartile	12,850
Median	9,770
Lower quartile	6,100
Average	10,282

14.76 For senior clerks between 31 and 60 years of age there was little variation in average net incomes when analysed by age bands. There was no evident

pattern of higher earnings occurring for senior clerks with over five years' experience as senior clerk. But within these age and seniority bands there was a wide spread of earnings.

14.77 Barristers' senior clerks, like barristers, have to finance a long delay in the payment of their fees. But no reliable data were obtained to quantify this, probably because senior clerks did not have adequate records to answer the question.

Trend of incomes 1974 to 1976—senior clerks

14.78 From 1973/74 to 1975/76 barristers' senior clerks increased their incomes slightly more than QCs and much more than junior barristers. This is partly because the senior clerks were acting for a greater number of principals in 1975/76 than in 1973/74—the average number of principals per set of chambers increased from about $12\frac{1}{2}$ in 1973/74 to about 14 in 1975/76.

Junior clerks

14.79 Almost all the junior clerks in the survey were 30 years of age or less and half of them were 21 years of age or less. Most of them were paid by way of salary, but about one-third also received a small percentage of their principals' receipts.

14.80 The average net income of junior clerks in 1975/76 was £2,527; 43 per cent of the clerks earned less than £2,000 per annum and only 3 per cent earned £6,000 per annum or more.

14.81 The BCA survey among junior clerks showed that almost all junior clerks regarded their salaries as poor or very poor, but that they had interest in the work and believed that there were long-term salary prospects.

ANNEX 14.1

Survey questionnaire

(paragraph 14.3)

The questionnaire was sent to senior clerks and requested information about themselves and junior clerks in their chambers.

Senior Clerks 1.

Code Number

REMUNERATION OF SENIOR CLERKS

Please tick
if yes

1. Are you:—

(a)	(i) Qualified Member of the Barristers' Clerks' Association?	
	(ii) Associate Member of the Barristers' Clerks' Association?	
	(iii) Junior Member of the Barristers' Clerks' Association?	
	(iv) NON-member of the Barristers' Clerks' Association?	
(b)	Employed in Provincial Chambers?	

2. Please state your:—

(a)	(i) age	Years															
	(ii) sex tick box	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; text-align: center;">M</td> <td style="width: 50%; text-align: center;">F</td> </tr> </table>	M	F													
M	F																
(b)	academic qualifications (tick appropriate boxes):	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 50%; text-align: center;">Yes</th> <th style="width: 50%; text-align: center;">No</th> </tr> </thead> <tbody> <tr> <td>(i) university degree</td> <td></td> <td></td> </tr> <tr> <td>(ii) GCE 'A' level or equivalent</td> <td></td> <td></td> </tr> <tr> <td>(iii) GCE 'O' level or equivalent</td> <td></td> <td></td> </tr> <tr> <td>(iv) other (please state)</td> <td></td> <td></td> </tr> </tbody> </table>		Yes	No	(i) university degree			(ii) GCE 'A' level or equivalent			(iii) GCE 'O' level or equivalent			(iv) other (please state)		
	Yes	No															
(i) university degree																	
(ii) GCE 'A' level or equivalent																	
(iii) GCE 'O' level or equivalent																	
(iv) other (please state)																	

(c) number of years (to nearest whole year) in the profession, including war service:—

(i)	as Junior Clerk	Years
(ii)	as Senior Clerk	Years
(iii)	Total	Years

Senior Clerks 2.

(d) retiring age agreed with your principals, if so agreed ...

Years

3. (a) Is your contract of employment:—

Please tick

(i) written?	
(ii) oral?	
(iii) implied?	

(b) Is your contract of employment with your Head of Chambers only?

Please tick

Yes	No

4. *Methods of remuneration*

(a) Please enter below the main method by which you are paid. The answer required is the system agreed with your principals for calculating your gross remuneration.

(Complete one or more boxes)

(i) Fixed salary of

£

Yes	No

(ii) Clerks' Fees of 5% (tick box)

(iii) An additional contribution from principal to above, of

%

(iv) Other methods or conditions—please specify, showing details of amounts or percentages:

.....

.....

.....

.....

(b) If you have a minimum guaranteed remuneration, please state it.

£	per annum
---	-----------

EARNINGS OF BARRISTERS' CLERKS—ANNEX 14.1

Senior Clerks 3.

- (c) Do you pay certain Chambers' expenses out of your gross remuneration? Please tick
- | | | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-----|--|
| (i) No | ... | ... | ... | ... | ... | ... | ... | |
| (ii) Yes—voluntarily | ... | ... | ... | ... | ... | ... | ... | |
| (iii) Yes—as part of the terms of my engagement | ... | | | | | | | |

(If you do pay such expenses, they should be listed in Q6 below).

- (d) If you have been a Senior Clerk throughout the period 1970 to 1975 inclusive, please note below any variations in the basis of calculating your gross remuneration (other than those resulting from voluntary contributions to Chambers' account or other staff):—

Date..... Varied from:.....
to:

Date..... Varied from:.....
to:

Date..... Varied from:.....
to:

5. (a) Do you act as Clerk to a Recorder, Chairman of Tribunal, Arbitrator or any other judicial or quasi-judicial office? Please tick
- | | |
|-----|----|
| Yes | No |
| | |

- Please tick
- | | |
|-----|----|
| Yes | No |
| | |

- (b) If yes, do you receive any remuneration for such services?

- (c) If yes, please state the basis of calculating that remuneration:

.....

.....

.....

.....

6. *Net income for last three years*

Please show in the table below your income and business expenses for your last financial year and the previous two years. The figures at (g) below should agree with those assessed by the Inland Revenue as your net business emoluments:—

	<i>Last year ended / /19</i>	<i>The year before ended / /19</i>	<i>Two years before ended / /19</i>
	£	£	£
(a) <i>Gross income:</i>			
(i) as Clerk in Chambers			
(ii) as Clerk to a Recorder, Chairman of Tribunal, Arbitrator or any other judicial or quasi-judicial office			
<u>Less:</u>			
<i>Expenses paid out of gross income (including "voluntary payments"):</i>			
(b) Payments to Junior Clerks			
(c) Payments to other staff			
(d) Payments to Chambers' account			
(e) Other payments (please specify)			
.....			
.....			
.....			
.....			
(f) Total business expenses*			
(g) <u>Net income</u> ((a) less (f))			

*excluding personal pension premium, which should be given at Q9.

EARNINGS OF BARRISTERS' CLERKS—ANNEX 14.1

Senior Clerks 5.

7. *Size of Chambers*

Please state numbers as at the end of your last financial year and the three previous years:—

	<i>As at end last year / /19</i>	<i>One year before / /19</i>	<i>Two years before / /19</i>	<i>Three years before / /19</i>
Numbers of Principals				
Numbers of Pupils				
Numbers of Administrative staff (including self, juniors and typists)				

8. (a) What is your holiday entitlement per year (excluding statutory holidays)?
- (b) How many days did you take in 1975?

<i>Working days</i>

9. *Pensions*

(a) Do you:—

- (i) belong to the Barristers' Clerks' Association:
- 1976 pension scheme
- previous scheme
- (ii) have some other pension provision by your employer
- (iii) have a self-employed pension arrangement

Please tick	
<i>Yes</i>	<i>No</i>

If the answer to (i), (ii) or (iii) is yes,

(b) please state your pension premium paid in the last financial year:—

Senior Clerks 6.

	<i>Amount</i>	<i>Per cent of pensionable income</i>
	£	%
(i) by yourself 		
(ii) by Chambers, or your Principals 		

10. *Outstanding earnings*

Please give an approximate estimate of the net amount at present due to you "on the books":

£.....

11. *Other comments*

Please add any other information you consider relevant:

Junior Clerks 7.

Code Number

REMUNERATION OF JUNIOR CLERKS

(To be completed by Senior Clerks)

1. *Number of Junior Clerks*

Please state the number of Junior Clerks in your Chambers at the end of each of the last four years:—

	<i>At last year end / /19</i>	<i>One year before / /19</i>	<i>Two years before / /19</i>	<i>Three years before / /19</i>
(a) Qualified Member of the Barristers' Clerks' Association				
(b) Associate Member of the Barristers' Clerks' Association				
(c) Junior Member of the Barristers' Clerks' Association				
(d) NON-member of the Barristers' Clerks' Association				
(e) Total				

2. *Total gross remuneration of Junior Clerks*

(a) Please state for the last three complete accounting years of the chambers, the total gross remuneration (ie before tax and other deductions) of the Junior Clerks:—

Junior Clerks 8.

	<i>Last account- ing year ended / /19</i>	<i>One year before ended / /19</i>	<i>Two years before ended / /19</i>
	£	£	£
(i) Payable by Chambers			
(ii) Payable by members of Chambers ...			
(iii) Payable by Senior Clerks			
(iv) Total gross remuneration			

NOTE: Please complete line (iv) even if you are not able to provide its analysis over lines (i) to (iii).

(b) Please state the numbers of Junior Clerks paid by way of fixed salary and other methods:—

	<i>Number</i>
(i) Fixed salary	
(ii) Other methods	
(iii) Please specify the main "other methods":—	

3. *Income of individual Junior Clerks*

Please complete the table below of the current gross salary (from all sources) of Junior Clerks. Please complete one line for each clerk. No names are required.

EARNINGS OF BARRISTERS' CLERKS—ANNEX 14.1

Junior Clerks 9.

State whether 1st, 2nd, etc. Junior Clerk	Sex (mark M or F)	Age	Years as Junior Clerk	Current gross salary per annum	Tick if contracted out of state pension scheme	Current pension contributions per annum (other than state scheme)	
						by employer	by employee
		Years	Years	£		£	£

4. Working conditions

(a) What are the present standard weekly working hours in your Chambers?

Hours

Please tick

(b) Do Junior Clerks receive any payment for overtime worked?

Yes	No
-----	----

(c) What is the annual holiday entitlement for Junior Clerks?

Working days

Junior Clerks 10.

Please tick

		<i>Yes</i>	<i>No</i>
5. (a)	Has a retiring age been fixed for Junior Clerks? ...		
(b)	If yes, please state it		Years

6. *Pensions*

Please state the number of those who are members of:—

Number

(a)	The BCA 1976 pension scheme	
(b)	The previous BCA scheme	
(c)	Another pension scheme	
(d)	No pension scheme	

ANNEX 14.2

Barristers' Clerks' Association survey amongst junior clerks

Summary of results (paragraph 14.1)

Response

A14.2.1 On the 1st April 1977 the Barristers' Clerks' Association issued 325 questionnaire papers to all the known junior clerks in employment in barristers' chambers in England and Wales. Completed questionnaires were received from 145 junior clerks, a response rate of 45 per cent.

Age and sex

A14.2.2 Returns were obtained from 124 male clerks (86 per cent) and from 21 female clerks (14 per cent). The ages of the 144 respondents who gave this information are summarised in Table A14.2.1.

TABLE A.14.2.1
Age of junior clerks: 1977

Age group	Number	Percentage
16-18	39	27
19-21	33	23
22-25	34	24
26-30	20	14
31-39	11	8
40 or over	7	4
All junior clerks	144	100%

Education and qualifications

A14.2.3 Various questions were asked on these subjects, the answers for which are summarised in Tables A14.2.2 and A14.2.3.

TABLE A.14.2.2
**Age at which junior clerks
finished full-time education**

Age in years	Number	Percentage
15	23	16
16	72	50
17	32	22
18	16	11
20	1	1
All junior clerks	144	100%

TABLE A.14.2.3
Qualifications held by junior clerks

Qualifications obtained	Number	Percentage
'A' level or higher	10	7
'O' level	102	70
Other qualifications	16	11
No qualifications	18	12
All junior clerks	146	100%

Income

A14.2.4 The junior clerks were asked to give their current weekly income. The results, converted to an annual basis, are summarised in Table A14.2.4.

TABLE A.14.2.4
Distribution of earnings of junior clerks: April 1977

Earnings	Number	Percentage
Under £2,000	52	38
£2,000-£3,999	44	33
£4,000-£5,999	24	18
£6,000 or more	15	11
All junior clerks	135	100%

Seventy clerks (48 per cent) said that they received luncheon vouchers, usually of 15 pence per day.

Pension

A14.2.5 Sixteen clerks (11 per cent) said that they had a pension provided by chambers.

Conditions of employment

A14.2.6 Answers to the various questions on conditions of employment are summarised in Table A14.2.5.

TABLE A.14.2.5**Various aspects of employment of junior clerks**

Conditions	Junior clerks	
	number	percentage of total
Number of hours worked:		
31-35	5	3
36-40	42	29
41-45	64	44
46-50	29	20
over 50	5	4
All junior clerks	145	100%
Overtime:		
paid	8	6
unpaid	137	94
All junior clerks	145	100%
Work at home:		
yes	39	27
no	106	73
All junior clerks	145	100%
Holiday entitlement:		
less than 10 days	9	7
10-15 days	81	64
16-20 days	22	18
over 20 days	14	11
All junior clerks	126	100%
Views on BCA affiliating as a trade union:		
in favour	28	19
against	120	81
All junior clerks	148	100%

Job satisfaction

A14.2.7 The answers to the various questions on this subject are summarised in Tables A14.2.6 and A14.2.7.

TABLE A.14.2.6**Extent to which junior clerks enjoy their job**

	Percentage of junior clerks
Very much	52
Quite a lot	30
Fair amount	11
Not very much	5
Not at all	2
All junior clerks	100%

TABLE A.14.2.7**Views of junior clerks on various aspects of their job**

	All junior clerks	Very good	Good	Poor	Very poor
	%	%	%	%	%
Security of employment	100	27	34	27	12
Scope for creativity	100	16	46	28	8
Prospects of promotion on merit	100	19	51	24	4
Scope for initiative	100	48	39	10	—
Starting salary	100	1	9	37	51
Long-term salary prospects	100	56	37	3	1
Degree of responsibility	100	64	30	1	—
Ease of movement to alternative occupation	100	4	27	37	30
Value of work to community	100	19	53	22	5
Opportunity for using one's talents	100	35	49	10	3
Intrinsic interest of work	100	39	49	7	1
Opportunity of influencing events	100	17	45	17	8
Status	100	25	50	18	6

Previous employment and recruitment

A14.2.8 Thirty seven per cent of respondents said they had had some other employment before becoming junior clerks. Other information on recruitment is summarised in Tables A14.2.8 to A14.2.11.

EARNINGS OF BARRISTERS' CLERKS—ANNEX 14.2

TABLE A.14.2.8

Age on first becoming a junior clerk

Age in years	Number	Percentage
15	15	10
16	52	36
17	37	26
18	15	10
19 or more	26	18
All junior clerks	145	100%

TABLE A.14.2.9

Method of introduction to job for junior clerks

	Number	Percentage
Careers officer	32	24
Personal contact	85	63
Press advertisement	17	13
All junior clerks	134	100%

TABLE A.14.2.10

Method of recruitment to job for junior clerks

	Number	Percentage
By interview only	138	97
Entrance test	1	1
Combination of interview and entrance test	3	2
All junior clerks	142	100%

TABLE A.14.2.11

Whether junior clerks had friends or relations in chambers

	Number	Percentage
Yes	40	28
No	105	72
All junior clerks	145	100%

SECTION 15

Women in the Legal Profession

Contents	<i>paragraph</i>
Introduction	15.1
Training for the profession	
University entrants	15.3
University graduates	15.4
Solicitors	15.5
Barristers	15.6
Entrants to the legal profession	
Solicitors	15.9
Barristers	15.10
Age and seniority distribution of the profession	15.13
Representation of women in the legal profession	
Solicitors	15.15
Barristers	15.17
Remuneration	
Solicitors	15.18
Barristers	15.19
Legal executives	15.22
Articled clerks	15.24
Conclusions	15.25
Annex	<i>number</i>
Summary of data	15.1
Tables	<i>number</i>
Entrants (of UK domicile) to universities in England and Wales in 1977 taking a first degree	15.1
Under-graduates (of UK domicile) obtaining a degree at universities in England and Wales in 1977	15.2

University graduates (of UK domicile) in England and Wales in 1977 undertaking a full-time course of study for Bar examinations	15.3
Students intending to practise at the Bar taking Bar examinations in summer 1976	15.4
Number of students called to the Bar in 1975	15.5
Barristers commencing and ceasing practice	15.6
Views of women barristers on the advantages or disadvantages at the beginning of their career of being a woman	15.7
Age distribution of barristers	15.8
Seniority (four years in practice) of barristers	15.9
Average income of barristers (net of expenses and personal pension premium) by age	15.10
Average income of barristers (net of expenses and personal pension premium) by seniority	15.11
Average income of barristers (net of expenses and personal pension premium) by type of practice	15.12
Average annual salaries of members of the Institute of Legal Executives in 1976	15.13

Introduction

15.1 The position of women in the legal profession is discussed in paragraphs 35.8 to 35.30 of Volume I. This section draws together material from a number of surveys, such as the survey of income at the Bar 1976/77, the survey of solicitors' remuneration, a survey by the Institute of Legal Executives, and surveys by the Bar Students Working Party and the Trainee Solicitors Group. Some of the smaller surveys are not sufficiently substantial in content and methodology for their findings to stand on their own, but taken together they demonstrate the extent to which women participate in the practice of the legal profession.

15.2 A summary of data contained in paragraphs 15.3 to 15.24 is shown in the annex to this section.

Training for the profession

University entrants

15.3 In 1977 998 women out of a total of 2,658 students (domiciled in the United Kingdom) commenced courses of study for a law degree at universities in England and Wales. This is slightly more in percentage terms than the total of women students of all subjects entering universities in England and Wales in 1977. The figures for entrants to law and other courses normally leading to a professional occupation are set out in Table 15.1. These figures exclude students at polytechnics studying for an external LLB or a CNAA degree in law: in 1977 there were 1,448 entrants to such courses.

TABLE 15.1

Entrants (of UK domicile) to universities in England and Wales in 1977 taking a first degree

Subject	Total number of entrants	Women	
		number	%
Law	2,658	998	38
Other "professional" subjects:			
medicine	2,904	1,101	38
dentistry	733	235	32
veterinary science	208	69	33
accountancy	520	92	18
architecture	457	83	18
Total of all "professional" subjects	7,480	2,578	34
Total of all subjects	61,883	22,557	36

Source: Universities Statistical Record.

The increase in the proportion of women at university in recent years has occurred largely in those subjects which normally lead to the type of 'professional' career as indicated in Table 15.1.

TABLE 15.2

Undergraduates (of UK domicile) obtaining a degree at universities in England and Wales in 1977

Subject	Total number of graduates	Women	
		number	%
Law	2,441	733	30
Other "professional" subjects			
medicine	2,099	635	30
dentistry	621	199	32
veterinary science	117	33	28
accountancy	251	28	11
architecture	334	57	17
Total of all "professional" subjects	5,863	1,685	29
Total of all subjects	45,506	16,371	36

Source: Universities Statistical Record.

University graduates

15.4 The number of graduates (of UK domicile) obtaining a first degree in law at universities in 1977 in England and Wales was 2,441; of this number 30 per cent were women. This is shown in Table 15.2. Students graduating in 1977 would normally have started their studies in 1974 or earlier, when the percentage of women entrants for professional subjects was lower than the 1977 level of entrants.

Solicitors

15.5 No information is available as to the number of women entering training for the profession direct from school. In 1977 women represented 34 per cent of all graduates of UK domicile from universities in England and Wales who commenced training in the profession, excluding those with polytechnic degrees. This percentage is higher than the percentage of women obtaining law degrees in 1977 (30 per cent, see Table 15.2). Of the the non-law graduates commencing training for the profession in 1977, women represented 40 per cent.

Barristers

15.6 As can from Table 15.3, of the 262 law graduates in England and Wales in 1977 who began a course of full-time study for Bar examinations, 24 per cent were women. Comparison of this with the figure of 30 per cent shown in Table 15.2 as the proportion of women law graduates in 1977 indicates that fewer women law graduates than men intend to practise at the Bar. The proportion of women who graduated in other subjects and who began studying for the Bar was slightly higher (28 per cent).

TABLE 15.3
University graduates (of UK domicile) in England
and Wales in 1977 undertaking a full-time
course of study for Bar examinations

Subject of degree	Total number	Women	
		number	%
Law	233	55	24
Other subjects	29	8	28
All subjects	262	63	24

Source: Universities Statistical Record.

15.7 A survey conducted by the Bar Students Working Party of all students taking Bar examinations in summer 1976 (Part I and Part II), in which 21 per cent of the respondents were women, showed that the overwhelming majority of students, 94 per cent of men and 98 per cent of women, intended to enter pupillage and over half of these students had made arrangements for the first six months' pupillage. Slightly fewer women than men, 50 per cent compared

with 56 per cent, had made arrangements for pupillage but this relatively small difference does not suggest that women were finding it more difficult than men to obtain pupillage.

15.8 According to this survey, as can be seen from Table 15.4, a much higher proportion of women (75 per cent) than men (58 per cent) studying for Bar examinations intended to practise at the Bar of England and Wales. These percentages are affected by the low proportion of women Bar students from overseas countries.

TABLE 15.4
Students intending to practise at the Bar taking Bar
examinations in summer 1976

Intention	Women	Men	All students
	%	%	%
Intending to practise at the Bar of England and Wales	75	58	61
Intending to practise elsewhere	8	25	21
Not intending to practise/no answer	17	17	17
Total	100	100	100
Number in sample	114	426	540

Source: Survey of Bar students conducted by Bar Students Working Party, 1976/77.

Entrants to the profession

Solicitors

15.9 Women represented 26 per cent of those admitted to the Law Society between 1st December 1978 and 28th February 1979.

Barristers

15.10 The Commission has been permitted to examine records kept by the Bar Council relating to students called to the Bar and beginning practice. Table 15.5 shows that during 1975, 730 students of UK domicile were called to the Bar, of whom 124 (17 per cent) were women. By the end of January 1979, just over 50 per cent of the men and 33 per cent of the women had commenced practice. It is not known whether the lower percentage of women is due to failure to obtain a tenancy, better prospects elsewhere or for other reasons. There were 41 women (12 per cent) in the total of 347 barristers who had commenced practice by January 1979.

TABLE 15.5
Number of students called to the Bar in 1975

	Total number called in 1975 ¹	Commenced practice in			Total who had commenced practice by January 1979	
		1976	1977	1978	number	as % of those called in 1975
Women	124	4	27	10	41	33%
Men	606	60	182	64	306	50%
Total	730	64	209	74	347	48%

¹Students who were domiciled in the United Kingdom at the time of call and any others called, not of UK domicile, who subsequently commenced practice at the Bar of England and Wales.

Source: Unpublished statistics kept by the Bar Council.

15.11 Fewer women than men commence practice and a larger proportion of women cease practice in the ten years after call. The number of women who subsequently return to practice at the Bar is not known. Table 15.7 shows the number of barristers ceasing practice in the ten years following their call in 1965.

TABLE 15.6
Barristers commencing and ceasing practice

	Total numbers called in 1965 ¹	Number commencing practice	Those ceasing practice 1966-75	
			number	percentage of those commencing practice
Women	46	17	8	47%
Men	255	142	19	13%
Total	301	159	27	17%

¹ The footnote to Table 15.5 also applies to this table.

Source: Unpublished statistics kept by Bar Council.

15.12 A report of a sub-committee of the Bar Council in August 1978 entitled "Women at the Bar" contained the results of a survey of women barristers.

Table 15.7 gives the percentages of respondents who thought that being a woman might have made a difference at a particular career stage, and shows that the greatest effect is thought to be at the stage of obtaining a tenancy.

TABLE 15.7
Views of women barristers on the advantages or disadvantages at the beginning of their career of being a woman

Stage	Made no difference	Was an advantage	Was a disadvantage	All respondents to survey	
				%	number
Obtaining first six months' pupillage	71	6	23	100	153
Obtaining second six months' pupillage	69	7	24	100	147
Obtaining tenancy	36	8	56	100	157

Source: "Women at the Bar", a report by the Bar Council.

Age and seniority distribution of the profession

15.13 No information is available on the distribution of women solicitors by age or years since admission. Information in Table 15.8 below taken from the Survey of Income at the Bar 1976/77, shows that 56 per cent of women barristers at the Bar are aged under 30 compared with 37 per cent of men.

TABLE 15.8
Age distribution of barristers

Age in years	Women		Men		All barristers	
	number	%	number	%	number	%
Under 30	80	56	699	37	779	38
30-34	21	15	388	20	409	20
35-39	14	10	250	13	264	13
40-44	12	8	177	9	189	9
45-49	8	6	161	8	169	8
50 and over	9	6	221	12	230	11
All respondents	144	100	1,896	100	2,040	100

Source: Consultants' report on survey of income at the Bar 1976/77, Section 18.

15.14 Table 15.9 indicates that 49 per cent of women have less than three years' experience compared with 29 per cent of men.

TABLE 15.9
Seniority (full years in practice) of barristers

Seniority	Women		Men		All barristers	
	number	%	number	%	number	%
QCs:						
QC before 1974	1	0.5	149	8	150	7
QC on or after 1974	1	0.5	50	3	51	3
All QCs	2	1	199	10	201	10
Juniors:						
years in practice:						
3 years or less	71	49	547	29	618	30
4-8	39	27	546	29	585	29
9-15	16	11	349	18	365	18
Over 15	16	11	255	13	271	13
All juniors	142	99	1,697	90	1,839	90
All respondents	144	100	1,896	100	2,040	100

Source: Consultants' report on survey of income at the Bar 1976/77, Section 18.

Representation of women in the legal profession

Solicitors

15.15 The total number of women solicitors holding practising certificates increased from 619 (2.7 per cent) in 1967/78 to 2,130 (6.5 per cent) in 1976/77. The number of women solicitors in private practice with practising certificates was 1,769 (6.3 per cent) in 1976/77. The Equal Opportunities Commission submitted evidence which pointed out that the 1976 Law List showed that in 15 leading London firms of solicitors operating largely in the commercial field the total of 946 solicitors listed included 45 women (5 per cent). Also that in six leading London firms of solicitors specialising in trade union affairs there were two (3.5 per cent) women in a total of 58 solicitors listed. However, it must be remembered that the Law List showed only those solicitors holding practising certificates and that there is an unknown number of assistant solicitors, employed by private practice firms, whose work does not require them to hold a practising certificate.

15.16 During 1977/78 one woman was co-opted onto the Council of the Law Society, to become the sole woman member out of 70 Council members. There were no women on any of the committees of the Council in 1977/78.

Barristers

15.17 According to the Bar Council's subscriptions record, in October 1978 370 (8.7 per cent) of the total of 4,263 practising barristers were women and five out of a total of 404 were Queen's Counsel. In October 1977 out of 290 sets of chambers, 97 had no women members, and 106 had one woman member. The Senate of the Inns of Court and the Bar had no women officers, no women Inn representatives, one woman Bar representative and one woman member of a committee. The number of women benchers was also small; there were a total of six women benchers among the four Inns, of whom three were honorary benchers.

Remuneration**Solicitors**

15.18 No information is available as to the remuneration of women solicitors in private practice or working as solicitors in other employment.

Barristers

15.19 The survey of income at the Bar 1976/77 included 144 female and 1,896 male barristers. The majority of women in the survey were under 30 years of age. There were 64 women aged 30 or over. In each of the age groups shown in Table 15.10, their earnings were lower than those for male barristers; information was not collected in the survey of the volume or types of cases undertaken which might explain these differences.

TABLE 15.10
Average income of barristers (net of expenses and personal pension premium) by age

Age in years	Women		Men		All barristers	
	£	number	£	number	£	number
Under 30	3,067	80	3,962	699	3,870	779
30-34	4,171	21	7,901	388	7,709	409
35-39	5,373	14	10,237	250	9,979	264
40-44	8,800	12	11,234	177	11,080	189
45-49	5,620	8	13,091	161	12,737	169
50 and over	4,073	9	12,452	221	12,125	230
All respondents	4,137	144	8,039	1,896	7,764	2,040

Source: Consultants' report on the survey of income at the Bar 1976/77, Section 18.

15.20 Substantial differences between the average earnings of men and women barristers are apparent in relation to seniority. As can be seen from Table 15.11 during the first three years in practice the average annual earnings of women

WOMEN

and men were £2,370 and £2,764 respectively. The divergence increases in the period from 4 to eight years, when the earnings of women and men average £4,800 and £7,000 respectively; in the period from nine to 15 years men receive on average twice the annual income of women barristers; after more than 15 years in practice, women barristers receive significantly less on average than men.

TABLE 15.11
Average income of barristers (net of expenses and personal pension premium) by seniority

Full years in practice	Women		Men		All barristers	
	£	number	£	number	£	number
3 years or less	2,370	71	2,764	547	2,719	618
4-8	4,807	39	7,049	546	6,900	585
9-15	5,042	16	10,126	349	9,903	365
Over 15	7,405	16	9,709	255	9,573	271
All juniors	3,908	142	6,700	1,697	6,485	1,839
All barristers	4,137	144	8,039	1,896	7,764	2,040

Source: Consultants' report on the survey of income at the Bar 1976/77, Section 18.

TABLE 15.12
Average income of barristers (net of expenses and personal pension premium) by type of practice

Type of practice	Women		Men		All barristers	
	£	percentage of those in survey %	£	percentage of those in survey %	£	percentage of those in survey %
London Chancery and specialist	6,523	12	12,966	18	12,642	18
London family and common law	3,582	34	7,009	24	6,674	25
London criminal	3,514	23	6,159	14	5,868	15
Circuits	4,322	31	7,217	44	7,072	43
All barristers	4,137	100	8,039	100	7,764	100

Source: Consultants' report on the survey of income at the Bar 1976/77, Section 18.

15.21 It has been suggested that the lower average earnings of women barristers are due, in part at least, to the fact that women tend to develop practices predominantly involving matrimonial and criminal cases and not the more highly paid Chancery or specialist cases. Table 15.12 sets out the average net fees of men and women barristers in the four broad areas of practice. This shows that 57 per cent of women barristers included in the survey of income at the Bar 1976/77 were engaged mainly on family, common law and criminal work in London, compared with 38 per cent of men barristers. Twelve per cent of women barristers were engaged in London Chancery or specialist work, compared with 18 per cent of men. The earnings of women engaged in specialist work, were nevertheless substantially lower than those of men barristers engaged in similar work.

Legal executives

15.22 A remuneration survey was carried out by the Institute of Legal Executives in July 1976. The average salaries of men and women members of the Institute are shown in Table 15.13. Salaries for women are significantly lower in all categories; the difference is least for student members. Women represented 17 per cent of fellows, 35 per cent of associate members and 43 per cent of student members.

TABLE 15.13
Average annual salaries¹ of members of the
Institute of Legal Executives in 1976

Type of member	Women £	Men £	Total £
Fellows employed in private practice	3,100	4,100	4,000
Fellows employed by local authority or government department	4,600	5,200	5,100
Fellows employed in industry or commerce	3,500	5,300	5,200
Associate members	2,700	3,400	3,200
Student members	2,100	2,300	2,300
Average salary for all respondents	2,600	3,700	3,400
Number of respondents	636	2,186	2,822

¹The figures for average annual salaries have been rounded to the nearest £100.

Source: Survey by the Institute of Legal Executives.

15.23 The pattern of consistently lower salaries for women is the same regardless of length of service; women with 35 years of experience earned £3,300 on average, men, £4,650. As regards fringe benefits, women were less likely to have a car allowance and were less likely to be in a pension scheme; 40 per cent of those in the survey benefited from pension provisions compared with 71 per cent of the men in the survey. The precise nature of the pension arrangements was not examined in the survey.

Articled clerks

15.24 The survey of members conducted by the Trainee Solicitors Group in 1978 showed that men and women articled clerks were paid comparable rates. The men's average pay was nearly £41 per week and women's pay was £38.50 per week. There was a far greater variation in pay according to type of employment: for example, articled clerks employed in local government received, on average, twice that paid to those employed in private practice. Of the respondents in the survey, 30 per cent of those serving articles were women.

Conclusions

15.25 The information set out in this section indicates that the proportion of women commencing training to become solicitors is not significantly different from the proportion obtaining university degrees in law. The proportion of those commencing training for the Bar is lower. The number of women commencing practice at the Bar is well below the number of women students and represents no more than 12 per cent of all barristers commencing practice. The number of women at the Bar is further reduced by the high proportion of those who, having commenced practice, give it up in a relatively short time.

15.26 Representation of women in the governing bodies of the profession is small. In all cases where information is available the remuneration levels of women are below those of men.

ANNEX 15.1

Summary of data

(paragraph 15.2)

	Year	Women as % of total	Shown in
University entrants in law	1977	38	Table 15.1
University graduates in law	1977	30	Table 15.2
Solicitors			
Articled clerks	1978	30	Paragraph 15.24
Holding practising certificates:			
(a) in private practice	1976/77	6.3	Paragraph 15.15
(b) all	1976/77	6.5	Paragraph 15.15
Barristers			
Graduates studying for Bar exams	1977	24	Table 15.3
Students for Bar exams	1976	21	Paragraph 15.7
Students called to the Bar	1975	17	Paragraph 15.10
Barristers starting practice	1975-78	12	Paragraph 15.10
All practising barristers	1977	8.7	Paragraph 15.17

SECTION 16

Earnings of Solicitors and their Staff in Private Practice

A survey of the remuneration of solicitors in private practice was conducted by Data & Research Services Limited on the instructions of the Law Society. Technical advice on the design of the survey was provided by the Law Society's consultants, Dr W R Buckland and Peat, Marwick Mitchell & Co. The following report on the survey was prepared for the Commission by its consultants, Coopers & Lybrand, and submitted by them in November 1978.

Contents	<i>paragraph</i>
Introduction	16.1
The survey	
Conduct of the survey	16.6
Exclusion of small firms	16.7
Response rate	16.10
Conclusions on conduct of the survey	16.13
General information	
The size and structure of the profession	16.14
Distribution of response by location	16.20
Number of offices	16.22
Numbers of partners and staff	16.23
Payment for goodwill	16.28
Time sheets	16.30
Expense rates	16.32
Staff	
Salaries	16.39
Salaried partners and assistant solicitors	16.42
Articled clerks	16.45
Legal executives	16.48
Staff pension arrangements	16.53
Income, costs and profit	
Introduction	16.58
Accounting year-ends and response rate	16.59
Bases of accounting	16.63
Summary of income, costs and profit	16.65
Interest and amount held on clients' account	16.69

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

Net profit per partner	16.73
Trend in income, costs and profit	16.77
Pensions	16.81
Value of premises	16.83
Capital investment	
Summary of balance sheets	16.84
Adjustment for debtors and work-in-progress not recorded	16.85
Debtors	16.86
Work-in-progress	16.87
Capital investment by size of firm	16.90
Comparison of investment with net profit	16.92
Gross fees and profitability of categories of work	
Analysis of gross fees	16.95
Numbers of staff	16.96
Source of gross fees	16.102
Legal aid	16.109
Legal aid from classes of work	16.111
Total legal aid	16.113
Legal aid fund	16.115
Profitability of classes of work	16.119
Comparison of fee income with number of fee-earners	16.121
Comparison of contentious work with overall results	16.126
Comparison of conveyancing work with overall results	16.130
Legal aid—fees earned per fee-earner	16.136
Summary of conclusions	
The survey	16.139
General information	16.141
Staff	16.148
Income, costs and profit	16.151
Capital investment	16.162
Gross fees	16.166
Profitability of categories of work	16.170
Annexes	<i>number</i>
Survey questionnaire	16.1
The new state pension scheme	16.2
Statistical annex	16.3
Tables	<i>number</i>
Response rate by size of firm	16.1
Response rate to individual questions by size of firm	16.2
(a) Income, costs and profit	
(b) Analysis of gross fees by category of work	

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

Tables (continued)	<i>number</i>
Number of solicitors with practising certificates: 1965/66 and 1975/76	16.3
Distribution of solicitors by size of firm: 1965/66 and 1975/76	16.4
Distribution of firms and principals by size of firm: 1976	16.5
Response rate by geographical location of principal office	16.6
Distribution of the number of offices per firm	16.7
Average numbers of partners and staff per firm by size of firm: 1966 and 1976	16.8
Number of principals and staff in the profession: 1966 and 1976	16.9
Ratio of staff to partners by size of firm: 1966 and 1976	16.10
Incidence of payments for goodwill by size of firm	16.11
Incidence of time sheets by size of firm	16.12
Incidence of expense rates by size of firm	16.13
Time elapsed since calculation of expense rates by size of firm	16.14
Average hourly expense rates by size of firm	16.15
Salary ranges of fee-earning staff	16.16
Median salaries of salaried partners and assistant solicitors by size of firm	16.17
Salaries of salaried partners and assistant solicitors by year of admission	16.18
Median salaries of articled clerks by size of firm	16.19
Distribution of salaries of articled clerks by year articled	16.20
Median salaries of legal executives by size of firm	16.21
Distribution of salaries of legal executives by age	16.22
Salaries of legal executives: comparison between Law Society survey and ILEX survey	16.23
Incidence of pension arrangements for staff by size of firm	16.24
Distribution of accounting year-ends: 1975	16.25
Responses giving income, costs and profit in years	16.26
Response rate by size of firm for 1975 data	16.27
Accounting methods used by size of firm	16.28
Average income, costs and profit per firm: 1974-1976	16.29
Income, costs and profits as percentage of total income, by size of firm	16.30
Amounts held in clients' accounts: 1974-1976	16.31
Interested retained by solicitors: 1974-1976	16.32
Range of net profit per principal: 1974-1976	16.33
Median net profit per principal by size of firm: 1974-1976	16.34
Average net profit per principal by age: 1974-1976	16.35
Age distribution of principals: 1975 and 1976	16.36
Trend in income, costs and profit per principal: 1973-1976	16.37
Trend in fees, salaries, expenses and profits per principal: 1974-1976	16.38
Trend in net profit per principal by size of firm 1974-1976	16.39
Net assets per firm and per principal: 1975 and 1976	16.40
Allowance for debtors and work-in-progress	16.41
Allowance for debtors as percentage of gross fees	16.42
Allowance for work-in-progress as percentage of salary costs	16.43

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

<i>Tables (continued)</i>	<i>number</i>
Average capital investment per principal by size of firm	16.44
Average net profit and average capital investment by size of firm	16.45
Median salaries and net profit per principal: accounting year ending in 1976	16.46
Percentage of gross fees from contentious and non-contentious work by size of firm	16.47
Percentage of firms with any income from different categories of work	16.48
Percentage of gross fee income from different categories of work by size of firm	16.49
Percentage of gross fee income from conveyancing by size of firm: 1966 and 1975/76	16.50
Distribution of gross fee income from different categories of work by size of firm	16.51
Percentage of gross fee income from legal aid	16.52
Income from legal aid for different categories of work	16.53
Payments to the legal profession from central government (excluding the legal aid fund)	16.54
Payments to the legal profession from the legal aid fund: 1972/73—1976/77	16.55
Estimated total gross fee income from different categories of work	16.56
Percentages of fee income and fee-earners for contentious and non-contentious work	16.57
Percentages of fee income and fee-earners for different categories of work	16.58
Net profit per principal and percentage of gross fees from contentious work	16.59
Net profit per principal and percentage of gross fees from conveyancing	16.60
Percentage of fees from conveyancing by size of firm	16.61
Criminal work: fees earned per fee-earner by percentage of legally-aided work	16.62
Matrimonial work: fees earned per fee-earner by percentage of legally-aided work	16.63
Other litigation: fees earned per fee-earner by percentage of legally-aided work	16.64
Median salaries of staff	16.65
Percentage of staff in firms with ten or more partners	16.66
Income, costs and profit per firm: accounting year ending in 1976	16.67
Increase in net profit per principal: 1974–1976	16.68
Capital investment per principal: 1975 and 1976	16.69
Source of gross fees by category of work	16.70
Response rate: all acceptable replies to the questionnaire	16.71

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

<i>Tables (continued)</i>	<i>number</i>
Response rate: replies giving income and expenditure in calendar years	16.72
Response rate: replies giving analysis of gross fees	16.73
(a) Analysis of fee income between contentious/non-contentious work, in any year	
(b) Analysis of fee income and numbers of staff between contentious non-contentious work, in any year	
(c) Analysis of fee income over eight broad headings	
(d) Further analysis of fee income showing percentage of fees legally aided	
Estimate of total numbers of partners and staff	16.74
November 1976 salaries of full-time salaried partners and assistant solicitors by size of firm	16.75
November 1976 salaries of full-time salaried partners and assistant solicitors by year of admission	16.76
November 1976 salaries of articled clerks by size of firm	16.77
November 1976 salaries of articled clerks by year articled	16.78
November 1976 salaries of full-time legal executives by size of firm	16.79
November 1976 salaries of full-time legal executives by age	16.80
November 1976 salaries of consultants by size of firm	16.81
November 1976 salaries of consultants by year of admission	16.82
Income and expenditure accounts ending in 1974: average per firm	16.83
Income and expenditure accounts ending in 1974: total for all firms	16.84
Income and expenditure accounts ending in 1974: average per partner	16.85
Income and expenditure accounts ending in 1975: average per firm	16.86
Income and expenditure accounts ending in 1975: total for all firms	16.87
Income and expenditure accounts ending in 1975: average per partner	16.88
Income and expenditure accounts ending in 1976: average per firm	16.89
Income and expenditure accounts ending in 1976: total for all firms	16.90
Income and expenditure accounts ending in 1976: average per partner	16.91
Trend in income, costs and profit per firm	16.92
Trend in income, costs and profit per principal	16.93
1974 net profit per principal by age and size of firm	16.94
1975 net profit per principal by age and size of firm	16.95
1976 net profit per principal by age and size of firm	16.96
Ranges of net profit in 1976	16.97
Balance sheets ending in 1975: average per firm	16.98
Balance sheets ending in 1975: total for all firms	16.99
Balance sheets ending in 1975: average per partner	16.100
Balance sheets ending in 1976: average per firm	16.101
Balance sheets ending in 1976: total for all firms	16.102

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

Tables (<i>continued</i>)	<i>number</i>
Balance sheets ending in 1976: average per partner	16.103
Proportion of fee income from contentious and non-contentious work 1975/76	16.104
Source of gross fees 1975/76: proportion of firms with any income from various classes of work	16.105
Gross fee income from various categories of work: average per firm 1975/76	16.106
Estimated total gross fees of all firms from different categories of work: 1975/76	16.107
Dependence on legal aid: numbers of firms responding	16.108
Dependence on legal aid: total gross fees 1975/76 (legal aid and non-legal aid) of respondents	16.109
Gross fees and legal aid from various classes of work of firms responding	16.110
Percentage of fee income and percentage of fee-earners: contentious and non-contentious work: 1975/76	16.111
Variation in net profit per principal with amount of contentious work: 1975/76	16.112
Variation in net earnings per fee-earner with amount of contentious work: 1975/76	16.113
Variation in net profit per principal with amount of conveyancing work: 1975/76	16.114
Variation in net earnings per fee-earner with amount of conveyancing work: 1975/76	16.115

Figures

Variation in net profit per principal (all work) with proportion of contentious work, 1975/76—all firms	16.1
Variation in net earnings per fee-earner (all work) with proportion of contentious work, 1975/76—all firms	16.2
Variation in net profit per principal (all work) with proportion of conveyancing work 1975/76—all firms	16.3
Variation in net earnings per fee-earner (all work) with proportion of conveyancing work 1975/76—all firms	16.4

Annex

The new state pension scheme	A16.2.1
------------------------------	---------

Introduction

16.1 This section summarises the information obtained from the survey of remuneration conducted by the Law Society among firms of solicitors in England and Wales. The Law Society provided us with over 1,100 tables of data derived from the survey and we requested and obtained additional information where we

considered that the Law Society's tables did not provide us with the data required. We have prepared a statistical annex 16.3 to this report which sets out in detail the relevant data from the survey. In the main part of this report we provide a brief summary of the survey results.

16.2 This report was submitted to you in draft form on 3rd April 1978 and minor changes have now been made to it. In its final version, as in the draft, a number of adjustments have been made to the survey results to take account of such things as the variation in response rate between different sizes of firms. These are explained in the report.

16.3 The Law Society has submitted to the Commission a report on the survey as memorandum No. 5. The Law Society has told us that there are no differences in the figures shown by their memorandum No. 5 and this report of sufficient significance to affect the conclusions to be drawn and where differences arise they are mainly due to differences of presentation and interpretation.

16.4 This section does not include any comparisons of the remuneration of solicitors with other occupations, which is being dealt with in Section 20.

16.5 Unless otherwise stated, the source of data is from the results of the Law Society's remuneration survey.

The survey

Conduct of the survey

16.6 The survey was conducted by the Law Society by sending a questionnaire to all firms of solicitors from a list maintained by the London Insurance Brokers (LIB) for the purposes of the Law Society's compulsory insurance indemnity scheme. A copy of the questionnaire is given as annex 16.1 to this report. The consultants to the Royal Commission, Coopers & Lybrand and the Office of Manpower Economics (OME), were consulted on the design of the questionnaire. We suggested to the Law Society that it would be satisfactory if the survey was carried out by sending the questionnaire to a sample of the profession, but they wanted to send it to all firms as they doubted whether a sample would provide results representative of the profession. The Law Society in London and provincial law societies were responsible for ensuring that questionnaires were, where possible, completed and returned.

Exclusion of small firms

16.7 The LIB list of firms, used for the survey, was made up from the Law Society's 1975/76 records of practising certificates amended as insurance returns were received from firms. The LIB could not identify about 300 sole practitioners shown on the Law Society's records; it was assumed by the LIB

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

that this was because there were errors in the Law Society's records or because some sole practitioners ceased to take out a practising certificate rather than pay the indemnity insurance premiums.

16.8 Firms which disclosed to the LIB that their gross fee income was less than £5,000 per annum were charged a reduced insurance premium. These firms were dealt with separately by the LIB and were not included in the list of firms used for the survey. There are about 540 sole practitioners with gross fee incomes of less than £5,000 per annum and they are not included in the survey or the results shown in this report.

16.9 Most of the practitioners omitted probably work part-time; leaving them out of the survey is therefore desirable, so that the results reflect only full-time earnings.

Response rate

16.10 From a total of 6,421 firms, 4,230 replies were received, a response rate of 65.9 per cent which is satisfactory. The response from sole practitioners was, however, less than this, as can be seen from Table 16.1.

TABLE 16.1
Response rate by size of firm

Size of firm	Number of firms	Response	Response rate %
Sole practitioners	2,072	1,183	57.1
2 partners	1,699	1,036	61.0
3-4 partners	1,535	1,163	75.8
5-9 partners	897	698	77.8
10 or more partners	218	150	68.8
All firms	6,421	4,230	65.9

16.11 Although the response rate from the sole practitioners is probably adequate considered in isolation, the fact that they are under-represented in the total could distort figures produced from the survey for the whole profession. In giving figures in this report, we have, therefore, where possible, adjusted results for the whole profession for the variation in response; but in some instances this is not possible and where appropriate we note the effect of this.

16.12 The response to individual questions is lower than that given above, because a number of firms did not answer all the questions and because, for

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

the accounting questions, differences in accounting year-ends result in accounting information for any one year being less than a consolidation of all of the replies. The response rate to two important questions is shown in Table 16.2.

TABLE 16.2

Response rate to individual questions by size of firm

(a) *Income, costs and profit*

Accounting year ending	Response rate			
	1976 %	1975 %	1974 %	1973 %
Sole practitioners	29.4	39.7	37.4	13.4
2 partners	37.5	52.7	51.4	17.0
3-4 partners	46.0	69.4	68.4	24.5
5-9 partners	47.2	74.1	72.6	27.2
10 or more partners	44.5	65.1	66.5	22.5
All firms	38.5	55.9	54.4	19.2

(b) *Analysis of gross fees by category of work*

	Response rate %
Sole practitioners	28.3
2 partners	28.6
3-4 partners	37.9
5-9 partners	44.8
10 or more partners	45.0
All firms	33.5

It will be seen from Table 16.2 (a) that the number of replies giving 1974 and 1975 accounting data is reasonably good; the 1976 response is low, but probably adequate except for a lack of replies from sole practitioners. The number of replies giving 1973 data is too low to be of general use. The Law Society only asked for an analysis of gross fees where the information was available to firms; the low response rate is therefore to be expected. The response is too low to be accepted as statistically reliable, but is good enough to indicate a broad analysis of work for the whole profession. It should be noted that the analysis of gross income may tend to reflect the experience of the more efficient firms, which will have better records.

Conclusions on conduct of the survey

16.13 The survey was major task for the profession to undertake and, given the size of the task, the response received and information provided is good. The principal lack of information is of the profitability of different categories of work; some broad conclusions can be drawn from the survey information, but no accurate or detailed information can be obtained on this subject because most firms do not have this information available.

General information**The size and structure of the profession**

16.14 In Table 16.3 we show the number of solicitors issued with practising certificates by the Law Society in 1965/66 and 1975/76.

TABLE 16.3
Numbers of solicitors with practising certificates:
1965/66 and 1975/76

	1965/66	1975/76	Increase (decrease)	
	number	number	number	%
<i>In private practice (including employees)</i>				
Sole practitioners	2,987	2,895	(92)	(3)
In partnership	11,686	16,400	4,714	40
Assistant solicitors	3,367	6,223	2,856	85
Consultants or others	843	1,477	634	75
	18,883	26,995	8,112	43
<i>Not in private practice</i>				
Commerce and industry	677	952	275	41
Central government	47	336	289	615
Local government	1,672	2,370	698	42
Other	393	597	204	52
	2,789	4,255	1,466	53
Total number of practising certificates	21,672	31,250	9,578	44

Source: Law Society evidence, memorandum No. 3.

16.15 The points to note from this table are that:—

- (a) The number of sole practitioners has declined—but the number of assistant solicitors employed in private practice has increased substantially. This could indicate that young solicitors are obtaining employment in private practice rather than setting up on their own account.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

- (b) Well over 80 per cent of solicitors with practising certificates (87 per cent in 1965/66 and 86 per cent in 1975/76) are employed or self-employed in private practice.
- (c) The number of solicitors with practising certificates employed in central government has increased substantially, but there are still less than 400 solicitors so employed.

16.16 The distribution of the profession in 1975/76, shown by the Law Society and LIB records, is compared in Table 16.4 with the structure in 1965/66 shown by the report No. 54 of the National Board for Prices and Incomes (NBPI).

TABLE 16.4

Distribution of solicitors by size of firm: 1965/66 and 1975/76

	1965/66		1975/76	
	number of firms	%	number of firms	%
Sole practitioners	2,100	34.9	2,072	32.3
2 partners	2,003	33.2	1,699	26.4
3 or 4 partners	1,331	22.1	1,535	23.9
5 or more partners	591	9.8	1,115	17.4
All firms	6,025	100.0	6,421	100.0

Source: NBPI report No. 54 and LIB.

Excluded from Table 16.4 are the very low earning sole practitioners—that is, those with gross fees of £5,000 per annum or less—which are excluded from the LIB list, and the 300 sole practitioners which the LIB did not identify (see paragraphs 16.7 and 16.8 above). We have made an approximate adjustment to the NBPI 1965/66 figures to put them on the same basis.

16.17 Table 16.4 indicates that the expansion in the profession over the last ten years has resulted in an increase in the larger firms—that is, those with five or more partners; the number of these firms has almost doubled in the last ten years.

16.18 The distribution by size of firm is compared in Table 16.5 with the distribution of the number of principals in these firms.

16.19 While the number of firms with five or more partners is only 17.4 per cent of the total number of firms, Table 16.5 shows that the number of principals in these firms account for 44.9 per cent of the self-employed practising profession.

TABLE 16.5
Distribution of firms and principals by size of firm: 1976

	1976			
	Firms		Principals	
	number	%	number	%
Sole practitioners	2,072	32.3	2,072	10.7
2 partners	1,699	26.4	3,398	17.5
3-4 partners	1,535	23.9	5,208	26.9
5-9 partners	897	14.0	5,610	29.0
10 or more partners	218	3.4	3,087	15.9
All firms	6,421	100.0	19,375	100.0

Source: LIB.

Distribution of response by location

16.20 Statistics are not available of the distribution of all firms or all practising principals by location, but the response to the survey can be analysed as shown in Table 16.6.

TABLE 16.6
Response rate by geographical location of principal office

Location of principal office	Number of firms responding		Number of principals		Average number of principals per firm
	number	%	number	%	
Greater London	756	18	2,757	20	3.6
Rest of South East	936	22	2,965	22	3.2
North West and West Midlands	898	21	2,862	21	3.2
East Anglia	113	3	443	3	3.9
South West	441	10	1,376	10	3.1
The North	197	5	686	5	3.5
Yorkshire, Humberside and East Midlands	585	14	1,850	14	3.2
Wales	273	6	637	4	2.3
Location not stated	31	1	112	1	—
All regions	4,230	100	13,688	100	3.2

When account is taken of the slightly lower response rate from the smaller firms the average number of principals per firm is 3.0 as shown later (Table 16.8).

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

16.21 About 40 per cent of these firms, with just over 40 per cent of the number of practising principals, have their principal office in Greater London and the South East. The average size of firms is, as might be expected, large in Greater London, but is also above average in East Anglia and the North.

Number of offices

16.22 From the analysis in Table 16.7 of firms replying, it can be seen that most firms have only one office and that few firms operate from more than two offices.

TABLE 16.7

Distribution of the number of offices per firm

Number of offices	Number of firms	%
1	2,661	63
2	988	23
3	353	9
4 or more	228	5
All firms	4,230	100

Numbers of partners and staff

16.23 In Table 16.8 we show the average number of partners and staff per firm shown by this survey and compare it with the 1965/66 figures shown by the NBPI report No. 54.

16.24 The numbers in the "all firms" column will have increased from 1966 to 1976 because of the trend towards larger firms referred to in paragraphs 16.16–16.17 above. For example, although the total number of staff per firm increased from 13.9 in 1966 to 17.7 in 1976, the firms with less than five partners showed, on average, a decrease in the numbers of staff over this period. Two other points can be seen from Table 16.8:—

- (a) The number of assistant solicitors/salaried partners per firm increased substantially, but there was a slightly greater fall in the numbers of executive staff per firm.
- (b) the number of clerical staff increased in the larger firms, but changed little in the firms with less than five partners.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

TABLE 16.8

Average numbers of partners and staff per firm by size of firm:
1966 and 1976

		Average numbers per firm				
		all firms	sole practitioners	2 partners	3-4 partners	5 or more partners
Principals	1966	2.2	1.0	2.0	3.4	6.4
	1976	3.0	1.0	2.0	3.4	7.6
Assistant solicitors and salaried partners	1966	0.5	0.3	0.3	0.7	1.9
	1976	1.2	0.4	0.6	1.1	3.8
Articled clerks	1966	0.8	0.3	0.5	1.1	3.3
	1976	1.0	0.3	0.5	0.9	3.1
Executive staff ¹	1966	2.6	0.9	2.0	3.8	9.6
	1976	2.5	0.9	1.4	2.6	7.0
Clerical staff ¹	1966	7.8	3.7	6.4	11.0	25.3
	1976	10.0	3.5	6.2	11.3	26.3
Total principals and staff	1966	13.9	6.2	11.2	20.0	46.5
	1976	17.7	6.1	10.7	19.3	47.8

The 5 or more partner firms comprised in 1976:—

	5-9 partners	10 or more partners
Principals	6.3	13.5
Assistant solicitors and salaried partners	2.4	9.9
Articled clerks	2.2	7.1
Executive staff ¹	5.6	13.6
Clerical staff ¹	21.5	48.4
Total principals and staff	38.0	92.5

¹Part-time executive and clerical staff have been counted as $\frac{1}{2}$.

Source: NBPI Report No. 54.

16.25 Table 16.9 sets out the number of people estimated from the response to the survey to be employed full-time in private practice compared with 1966 figures shown in the NBPI report No. 54.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

TABLE 16.9

Number of principals and staff in the profession: 1966 and 1976

	1966	1976	
Number of firms	6,025	6,421	
<i>Number of principals and staff</i> ¹			
Profit sharing partners	14,400	19,247	} 20,627
Salaried partners	n/s ²	1,380	
Assistant solicitors	3,500	6,034	} 6,553
Consultants	n/s ²	519	
Articled clerks	5,100	6,321	
Executive staff	17,200	16,208	
Administrative clerical staff	52,500	64,907	
Total partners and staff	92,700	114,616	

¹ Figures adjusted to exclude sole practitioners referred to in paragraphs 16.7 and 16.8. Part-time executive and clerical staff counted as $\frac{1}{2}$.

² n/s—not separately stated in NPBI report.

Source: NBPI report No. 54.

16.26 In Table 16.10 we show the staff/partner ratio in 1966 and 1976.

16.27 In most categories given in this table the number of fee-earning and clerical staff per partner has decreased over the last ten years. In 1976 the ratio of fee-earning staff per partner increased steadily with the size of firm (except that the ratio for sole practitioners is high) but only reaches 2.27 fee-earning staff per partner in the firms with ten or more partners.

TABLE 16.10

Ratio of staff to partners by size of firm: 1966 and 1976

	Fee earning staff/partners		clerical staff/partners	
	1966	1976	1966	1976
Sole practitioners	1.46	1.55	3.66	3.47
2 partners	1.39	1.26	3.19	3.12
3-4 partners	1.66	1.36	3.24	3.31
5 or more partners	2.29	1.84	3.92	3.49
5-9 partners	1	1.64	1	3.44
10 or more partners	1	2.27	1	3.58
All firms	1.71	1.59	3.48	3.38

¹ Information not available.

Source: NBPI report No. 54.

Payment for goodwill

16.28 Firms were asked whether a payment for goodwill was required from the last appointed partner. Table 16.11 summarises the replies.

16.29 Between 25 per cent and 39 per cent of the small and medium sized firms required a payment for goodwill from their last appointed partner, but few of the firms with ten or more partners required such a payment.

TABLE 16.11
Incidence of payments for goodwill by size of firm

	Total	Payment not required	Payment required	Firms requiring payments as a % of total
	number of firms	number of firms	number of firms	%
Sole practitioners	228	159	69	30
2 partners	952	584	368	39
3-4 partners	1,143	776	367	32
5-9 partners	691	521	170	25
10 or more partners	150	129	21	14
Total responding to this question	<u>3,164</u>	<u>2,169</u>	<u>995</u>	31

Time sheets

16.30 Firms were asked whether time sheets are kept. The replies are summarised in Table 16.12.

TABLE 16.12
Incidence of time sheets by size of firm

	Number of firms responding	Not kept	Kept for all work	Kept for some work only
		%	%	%
Sole practitioners	1,042	52	13	35
2 partners	990	51	10	39
3-4 partners	1,137	43	12	45
5-9 partners	689	38	16	46
10 or more partners	149	21	37	42
Total responding to this question	<u>4,007</u>	46	13	41

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

16.31 It can be seen from this table that almost half of the firms keep no time sheets, and that although 54 per cent of firms said they kept time sheets, only 13 per cent of them kept time sheets for all fee-earning work. In the larger firms the position is better: 79 per cent of these firms keep time sheets, 37 per cent for all work and 42 per cent for some work only; in terms of number of partners and staff the proportion keeping time sheets would therefore be greater than the proportions shown in the table above.

Expense rates

16.32 Firms were asked whether they had a current expense rate, that is for billing purposes; the answers are summarised in Table 16.13.

TABLE 16.13
Incidence of expense rates by size of firm

	Total number	No expense rate		With expense rate	
		number	% of total	number	% of total
Sole practitioners	1,132	570	50	562	50
2 partners	1,008	519	51	489	49
2-4 partners	1,139	537	47	602	53
5-9 partners	685	279	41	406	59
10 or more partners	149	33	22	116	78
Total responding to this question	4,113	1,938	47	2,175	53

16.33 As might be expected over three-quarters of the larger firms have calculated expense rates; however, about half of the other firms have also calculated an expense rate.

16.34 Table 16.14 shows the periods of time over which the "current" expense rates were calculated.

TABLE 16.14
Time elapsed since calculation of expense rates by size of firm

	Within last 3 months	3-6 months	6-9 months	Over 9 months
	%	%	%	%
Sole practitioners	18	24	17	41
2 partners	23	25	15	37
3-4 partners	24	22	18	36
5-9 partners	30	26	13	31
10 or more partners	27	40	16	17
All firms	24	25	16	35

16.35 It is surprising that, in a period of inflation, the calculation of the expense rates was not kept more up to date. However, salaries will form the major part of expenses and many firms probably recalculate their expense rates following annual salary reviews.

16.36 Average expenses rates per hour were given as shown in Table 16.15.

TABLE 16.15
Average hourly expense rates by size of firm

	Partners	Assistant solicitors	Legal executives	Articled clerks
	£/hour	£/hour	£/hour	£/hour
Sole practitioners	13	12	9	7
2 partners	14	12	10	7
3-4 partners	15	12	10	7
5-9 partners	17	13	11	7
10-14 partners	21	16	13	9
15-19 partners	23	18	12	9
20 or more partners	38	24	21	10

16.37 Two points can be made from Table 16.15.

- Apart from the firms with ten or more partners, there is little variation in the staff expense rates between the various sizes of firms.
- The partners' rates increase gradually by size of firm, and the rates in the largest firms are substantially higher than in the other firms.

16.38 We do not have information as to the extent to which these expense rates are used by firms in billing or whether they are only regarded as a guide. The Law Society has pointed out in its pamphlet on expense rates, *The Expense of Time*, that it should not be regarded as the billing or charge-out rate, but only as the first step in deciding what is a fair fee to charge.

Staff

Salaries

16.39 The questionnaire asked firms to give details of individual salaries of all full-time fee-earning staff as at 1st November 1976. The questionnaire asked for the total of salary, bonus and commissions and "employers' contributions to pension and any other like payment made to the employee or on his behalf"; it is not clear how firms will have dealt with this last instruction, but it is unlikely to have significantly affected the results.

16.40 In the Table 16.16 we summarise the salaries for each group of employees: further detail is given in annex 16.3 Although the survey only asked for details of salaries of full-time staff, the figures for consultants must include a large

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

number of part-time consultants—the replies to the survey gave a total of 368 full-time consultants but 857 part-time consultants; from the total of 1,225, details of salaries were given for 945 consultants. There were no other significant numbers of part-time staff which could materially affect the data given on salaries.

TABLE 16.16
Salary ranges of fee-earning staff

	Number in survey	November 1976 salaries		
		7th decile	median	3rd decile
		£	£	£
Salaried partners and assistant solicitors	5,439	3,815	4,346	5,061
Articled clerks	4,431	1,370	1,635	2,015
Legal executives	8,129	3,003	3,692	4,402
Consultants	945	1,208	2,020	3,458

16.41 In the following paragraphs we summarise the salary data given for salaried partners and assistant solicitors, articled clerks and legal executives.

Salaried partners and assistant solicitors

16.42 We estimate that in 1976 there were, in total in the profession, some 7,414 salaried partners and assistant solicitors, comprising 1,380 salaried partners (19 per cent) and 6,034 assistant solicitors (81 per cent). Salary details were given in the survey for 5,439 persons, 73 per cent of the total in the profession.

16.43 Median salaries varied with the size of firm and are shown in Table 16.17.

TABLE 16.17
Median salaries of salaried partners and assistant solicitors by size of firm

	Number in response	November 1976 Median salary	Index of median salaries
		£	
All firms	5,439	4,346	100
Sole practitioners	437	4,200	97
2 partners	614	3,990	92
3-4 partners	1,191	4,028	93
5-9 partners	1,585	4,166	96
10 or more partners	1,612	5,262	121

There is little variation in the level of salaries by size of firm except, as might be expected, that higher salaries are generally paid in the large firms (that is with ten or more partners). Although there are comparatively few such firms, they account for between one-quarter and one-third of the total number of salaried partners and assistant solicitors.

16.44 Table 16.18 summarises the distribution of salaries by reference to the year of admission as salaried partners and assistant solicitors.

TABLE 16.18
Salaries of salaried partners and assistant solicitors by year of admission

	All	1974-1976	1971-1973	before 1971
Numbers of salaried partners and assistant solicitors in response:	5,321	2,997	1,211	1,113
November 1976 salary	%	%	%	%
£3,000 or less	8.1	9.8	2.4	10.0
£3,001 to £4,000	32.4	46.8	13.7	13.8
£4,001 to £5,000	28.6	30.6	32.0	19.4
£5,001 to £6,000	13.8	9.7	22.0	15.5
£6,001 to £8,000	10.8	2.6	22.5	20.2
over £8,000	6.3	0.5	7.4	21.1
	100.0	100.0	100.0	100.0
Median	£4,346	£3,980	£5,108	£5,390 (estimated)

Articled clerks

16.45 Details of salaries were given for 4,431 articled clerks, about 70 per cent of the total number in the profession in 1976. Table 16.19 shows that their median salaries varied with the size of firm.

TABLE 16.19
Median salaries of articled clerks by size of firm

	Number in response	November 1976 median salary	Index of median salaries
All firms	4,431	£ 1,635	100
Sole practitioners	303	1,548	95
2 partners	480	1,482	91
3-4 partners	1,037	1,516	93
5-9 partners	1,496	1,561	95
10 or more partners	1,115	2,276	139

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

16.46 Again the pattern is of higher salaries being paid in the larger firms with little difference in salaries between firms with less than ten partners. A further factor to consider in relation to the salaries of articulated clerks is the type and extent of training offered by firms and whether the cost of formal training and textbooks is paid by the employer. The survey did not provide information on this; practice no doubt varies but we would expect the larger firms to provide a greater amount of training without cost to the articulated clerk. On the other hand we would also expect articulated clerks to carry out a greater amount of fee-earning work in the larger firms.

16.47 We summarise in Table 16.20 the distribution of salaries of articulated clerks by reference to the year articles were taken out.

TABLE 16.20
Distribution of salaries of articulated clerks by year articulated

	All	Year articulated			before 1974
		1976	1975	1974	
Number of articulated clerks in response	4,337	1,786	1,521	555	475
November 1976 salary	%	%	%	%	%
£1,000 or less	8.1	11.9	6.1	4.7	4.0
£1,000 to £1,500	34.5	42.6	28.9	31.7	25.3
£1,501 to £2,000	28.6	24.2	31.4	31.9	32.2
£2,001 to £2,500	11.9	7.2	15.2	13.0	18.1
£2,501 to £3,000	9.8	11.6	7.6	9.0	10.9
over £3,000	7.1	2.5	10.8	9.7	9.5
	100.0	100.0	100.0	100.0	100.0
Median	£1,635	£1,498	£1,759	£1,755	¹

¹Not available

Legal executives

16.48 Salary details were given for 8,129 legal executives; this is 53 per cent of the estimated total number of "other fee-earners" (that is fee-earners other than partners, assistant solicitors, articulated clerks and consultants) but some of these "other fee-earners" may not be described by firms as legal executives. The Institute of Legal Executives (ILEX) had 6,166 fellows, 3,914 associate members and 5,031 student members in 1976 (Source: ILEX First Memorandum to the Commission).

16.49 Table 16.21 sets out the salaries paid to legal executives and shows how salaries varied with the size of the firm. It can be seen from Table 16.21 that, as with the other categories of staff, the firms with ten or more partners

paid the highest salaries; the firms with less than ten partners employed 83 per cent of the legal executives in the survey and the median salaries varied little between these firms.

TABLE 16.21
Median salaries of legal executives by size of firm

	Number in response	November 1976 median salary	Index
All firms	8,129	£ 3,692	100
Sole practitioners	685	3,482	94
2 partners	1,039	3,481	94
3-4 partners	2,179	3,542	96
5-9 partners	2,837	3,738	101
10 or more partners	1,389	4,238	115

16.50 Table 16.22 summarises the salaries of legal executives by age groups.

TABLE 16.22
Distribution of salaries of legal executives by age

	All	Under 26	26-30	31-35	36-45	46-55	56-65	Over 65
Number of legal executives in response	8,129	1,141	1,089	833	1,258	1,631	1,793	384
November 1976 survey	%	%	%	%	%	%	%	%
£2,000 or less	9.2	35.8	4.5	2.9	3.2	2.5	5.1	24.8
£2,001 to £3,000	22.1	42.2	28.8	16.3	19.2	15.8	15.7	21.9
£3,001 to £4,000	29.3	15.8	41.1	34.7	26.6	29.4	30.3	28.9
£4,001 to £5,000	22.7	4.3	19.8	28.7	28.2	28.0	25.9	16.1
£5,001 to £6,000	9.7	1.1	3.9	11.2	13.1	13.4	13.1	5.2
over £6,000	7.0	0.8	1.9	6.2	9.7	10.9	9.9	3.1
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	£3,692	£2,316	£3,422	£3,968	£4,062	£4,103	£3,999	£3,141

16.51 There are two particular points to note from Table 16.22:—

- There is a wide spread of legal executives by age, just under half being over 45 years of age.
- The survey gave information on 384 legal executives over the age of 65, one-quarter of them earning less than £2,000 per annum; however, they may well have been part-time.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

16.52 In July 1976 ILEX conducted a survey of the salaries of its members employed in private practice, local authority or government departments and in industry and commerce. The results of this survey cannot be relied upon because the response rate, of about 20 per cent, was too low and because the salaries were stated excluding bonus payments, which were made to over 30 per cent of those in the survey. With these qualifications, this survey can be compared with the Law Society survey as shown in Table 16.23.

TABLE 16.23
Salaries of legal executives: comparison between Law Society survey and ILEX survey

	Average £
Law Society survey	
November 1976 salaries, plus bonus and payments in kind, for legal executives	3,836
ILEX survey	
July 1976 salaries:	
Fellows employed in private practice	4,000
Associates	3,200
Students	2,300
Fellows employed in local authority or government department	5,100
Fellows employed in industry	5,200
All members in survey	3,400

Sources: Surveys by ILEX and Law Society

Staff pension arrangements

16.53 The survey gave the numbers of firms which had made pension arrangements for any of their staff and this is shown in Table 16.24.

TABLE 16.24
Incidence of pension arrangements for staff by size of firm

	Total reply		Arranged		Not arranged	
	number	%	number	%	number	%
Sole practitioners	1,149	100	241	21	908	79
2 partners	1,026	100	387	38	639	62
3-4 partners	1,149	100	689	60	460	40
5-9 partners	691	100	590	85	101	15
10 or more partners	149	100	142	95	7	5
All firms	4,164	100	2,049	49	2,115	51

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

16.54 As can be seen, most of the medium-sized and larger firms had made staff pension arrangements, but the majority of the sole practitioners and two partner firms had not.

16.55 The Social Security Pension Act 1975 provided for minimum pension provisions as from 6th April 1978. The concept of the new state scheme is that every employed person should, on retirement, receive pension benefits in two parts. :—

- (a) a flat rate pension corresponding to the present state old age pension (“the basic component”); plus
- (b) an earnings related pension which may be provided either by the state scheme (the “additional component”) or by a suitable occupational pension scheme. If the earnings related pension is not to be provided by the state, the occupational pension scheme must meet certain standards and can be “contract-out”.

Additional social security contributions are payable by employers and employees as from April 1978 in order to fund these benefits.

16.56 At annex 16.2 we give a figure illustrating the pensions which will be provided after maturity of the new state pension scheme, that is, after 20 years.

16.57 In considering the state scheme in the context of the lack of pension schemes in the firms covered by the Law Society survey, two points should be borne in mind.

- (a) The new state scheme does not deal with past service. For example, legal executives retiring in the ordinary course of the next 10 years will get little out of the state scheme.
- (b) According to the data from the Law Society survey the final earnings of a legal executive, for example, are about £4,000 a year. For twenty years or more service this would give him a state scheme pension of about 40 per cent. In general, good practice today is for pensions to represent 50 per cent of final earnings as a minimum, and two-thirds is becoming increasingly typical, for forty years’ service. A good employer who decides to contract into the state scheme will normally top up the state scheme for the higher paid by making supplementary arrangements. But anyone retiring in the near future will obtain little benefit from the new state scheme.

Income, costs and profit

Introduction

16.58 Firms were asked to give details of their income, costs and profit for the last three years for which audited accounts were available and the share of profits of each partner. In this section we summarise this information. The net profits given in this report represent gross fees and other professional income less professional expenses. The net profits are stated before a provision is made for principals' pensions, before charging interest on principal's capital investment and before tax. The net profits are therefore not directly comparable with earnings in other occupations. In particular, most employees, in addition to a gross salary, will be provided with a pension by the employer, will have no capital investment and may obtain other "fringe benefits". We discuss these points in our separate report on comparisons of earnings and, where possible, adjust the figures in that report to put them onto a comparable basis.

Accounting year-ends and response rate

16.59 Accounting information from the survey has been grouped under calendar years by reference to the date on which each firm's accounting year ended—so for example the figures for 1975 include the results of all those firms giving information for an accounting year which ended in the year to 31st December 1975. The accounting year-end dates of firms were spread throughout the year as shown in Table 16.25

TABLE 16.25

Distribution of accounting year-ends: 1975

Accounting year-end	%
November/December 1975	28
September/October 1975	12
July/August 1975	6
May/June 1975	13
March/April 1975	35
January/February 1975	6
	100

16.60 The highest number of responses relate to 1974 and 1975; the responses giving information for 1976 are lower because the questionnaire was sent out shortly after the end of that year. The response rates to the accounting questions are summarised in Table 16.26.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

TABLE 16.26
Responses giving income, costs and profit in years

	Accounting year ending in			
	1973	1974	1975	1976
Number of firms	1,235	3,494	3,591	2,473
Total number of firms in 1976	6,421	6,421	6,421	6,421
Response rate	19.2%	54.4%	55.9%	38.5%

16.61 The response rates for 1974 and 1975 are satisfactory; the response rate for 1976 is too low to be relied upon as wholly representative, but the results shown for that year appear reasonable in comparison with those for 1974 and 1975. The response rate for 1973 is too low to be reliable.

16.62 The response from sole practitioners was lower than that for the other firms, with the result that overall averages for all firms could, if no adjustment were made, be biased towards the larger firms. The response rate by size of firm for 1975 is shown in Table 16.27.

TABLE 16.27
Response rate by size of firm for 1975 data

	Number of firms in profession (1976)	Responses giving 1975 data	Response rate
	number	number	%
Sole practitioners	2,072	822	39.7
2 partners	1,699	896	52.7
3-4 partners	1,535	1,066	69.4
5-9 partners	897	665	74.1
10 or more partners	218	142	65.1
All firms	6,421	3,591	55.9

In giving overall averages in this section we have adjusted for the variation in response rate. However, the differences in terms of net profit per partner are not material.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

Bases of accounting

16.63 The accounting practices of firms vary and in particular firms will account for income in different ways, as follows:—

- (a) showing as income only cash receipts in an accounting year (cash basis); or
- (b) showing cash receipts and including as income bills delivered but unpaid (bills delivered basis) the result is to bring income into account earlier than under the cash basis; or
- (c) accounting for cash and bills delivered and also allowing for work done but not billed (work-in-progress basis) on this basis costs incurred for work done but unbilled at the year-end are carried forward as work-in-progress. A further complication is that practice will vary between firms as to the basis of valuing work-in-progress; the survey did not provide information on this point.

16.64 The different accounting methods used by firms in the survey are shown in Table 16.28.

TABLE 16.28
Accounting methods used by size of firm

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
	%	%	%	%	%	%
Cash basis	25	24	25	27	27	18
Bills delivered basis	32	29	32	33	32	31
Work-in-progress basis	43	47	43	40	41	51
Total	100	100	100	100	100	100

It will be seen that, apart from the firms with ten or more partners, the pattern is reasonably consistent. All three accounting methods are widely used, but it is perhaps surprising that so many firms (that is 43 per cent of the replies) account on the work-in-progress method. In a period of inflation, reported profits under the bills delivered and work-in-progress methods of accounting are likely to be higher than if the profits were reported on the cash basis of accounting.

Summary of income, costs and profit

16.65 In Table 16.29 we summarise the average income, costs and profit per firm for 1974 to 1976.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

TABLE 16.29

Average income, costs and profit per firm: 1974-1976

	1974		1975		1976	
	£	%	£	%	£	%
Gross fees	72,379	92.9	84,739	93.7	101,466	95.1
Deposit interest on clients' account (net of repayments)	3,323	4.3	3,301	3.6	2,947	2.8
Commissions	1,515	1.9	1,511	1.7	1,564	1.5
Other income	682	0.9	917	1.0	679	0.6
Total income	77,899	100.0	90,468	100.0	106,656	100.0
Gross salaries	28,476	36.5	33,038	36.5	38,415	36.0
Rent, rates and mortgage interest	4,252	5.5	5,505	6.1	6,627	6.2
Bank interest	542	0.7	609	0.7	637	0.6
Other expenses	14,565	18.7	17,204	19.0	22,504	21.1
Total expenses	47,835	61.4	56,356	62.3	68,183	63.9
Net profit per firm, before providing for principals' pensions, before interest on principals' capital and before tax	30,064	38.6	34,112	37.7	38,473	36.1

16.66 The points to note from this table are:—

- (a) While gross fees per firm increased from 1974 to 1976 other sources of income did not increase; gross fee income was 92.9 per cent of total income in 1974 and 95.1 per cent of total income in 1976.
- (b) Gross salaries increased at about the same rate as total income, representing 36.5 per cent of total income in 1974 and 1975 and 36.0 per cent of total income in 1976.
- (c) Other expenses increased faster than total income, representing 24.9 per cent of total income in 1974 but 27.9 per cent in 1976.
- (d) Net profit margins decreased each year from 38.6 per cent in 1974 to 36.1 per cent in 1976.

The NBPI report No. 54 showed an average net profit margin in 1966 of 41 per cent.

16.67 In Table 16.30 we summarise the data for 1975 showing the variation in income, costs and profit as a percentage of total income by size of firm.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

TABLE 16.30

Income, costs and profit as percentage of total income, by size of firm

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
	%	%	%	%	%	%
fees	93.7	94.2	93.2	93.1	93.3	94.9
interest on clients' account of repayments)	3.6	3.0	3.7	4.2	4.1	2.8
commissions	1.7	1.4	1.6	1.8	1.8	1.5
other income	1.0	1.4	1.5	0.9	0.8	0.8
	100.0	100.0	100.0	100.0	100.0	100.0
salaries	36.5	36.9	34.7	36.5	36.4	37.7
rents and mortgage interest	6.1	8.4	4.6	5.2	5.0	8.4
other interest	0.7	1.2	0.7	0.6	0.6	0.5
other expenses	19.0	20.5	20.3	18.6	19.1	18.0
other expenses	62.3	67.0	60.3	60.9	61.1	64.6
profit margin before tax and before charging interest on partners' capital and current accounts	37.7	33.0	39.7	39.1	38.9	35.4

8 The cost structures of the various sizes of firm are similar except for sole practitioners and the firms with ten or more partners. The net profit margins of these firms is lower than average mainly because accommodation costs (rent, rates and mortgage interest) are higher. This may reflect:—

for sole practitioners: poor space utilisation in relation to throughput;

for the larger firms: high rents and rates of central locations.

Interest and amount held on clients' account

69 In addition to giving the amounts retained from interest on clients' accounts, firms were asked to state the total balances held in clients' accounts at the end of each accounting year. We summarise in Table 16.31 the amounts held on clients' accounts at each year-end and the interest retained, net of amounts repaid to clients.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

TABLE 16.31

Amounts held in clients' accounts: 1974-1976

	Accounting year ending in:		
	1974	1975	1976
	£'000	£'000	£'000
Average per firm: amounts held in clients' accounts at year-end	103.1	117.2	118.4
interest retained in year	3.3	3.3	2.9
Total for all firms ¹ : amounts held in clients' accounts at year-end	662,200	753,100	760,400
interest retained in year	21,300	21,200	18,900
interest as percentage of amounts held	3.22%	2.81%	2.49%

¹ Grossed-up to include those firms not replying to survey.

16.70 It will be seen that while the total amounts held at year-ends increased—by 15 per cent from 1974 to 1976—the interest retained decreased.

16.71 Information is not available of the total interest received by solicitors on clients' accounts but only the interest retained net of amounts paid over to clients. Table 16.32 shows that the interest retained by firms as a percentage of total amounts held was in 1974-1976 about one-third of the rate of interest available to the general public on bank deposit accounts.

TABLE 16.32

Interest retained by solicitors: 1974-1976

	Accounting year ending in:		
	1974	1975	1976
	%	%	%
Estimate of average bank deposit interest rate available to general public	11.0	7.5	7.0
Interest retained by solicitors as a percentage of year-end balances on clients' accounts	3.22	2.81	2.49

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

It should be noted that the estimates are only approximate, because:—

- (a) the amounts held on clients' accounts will no doubt fluctuate substantially throughout the year, and information is only available of the year-end balances;
- (b) rates of interest also fluctuated considerably in the years concerned.

16.72 In summary, although the data are too inadequate to enable precise conclusions to be drawn, in broad terms it appears that the income retained by the profession from deposit interest on clients' accounts was about £21 million in 1974 and 1975 and some £19 million in 1976. The reduction from 1974 to 1976 was probably largely due to a fall in general interest rates over the period. Interest retained in 1976 was about 3 per cent of solicitors' total income in that year.

Net profit per partner

16.73 There was a considerable range of net profit shown by the survey varying with age and by size of firm. In Table 16.33 we show the range of net profits for all principals in the survey for 1974, 1975 and 1976. The relative earnings are remarkably similar in each year except for a small drop in the differential between the median and the highest decile.

TABLE 16.33

Range of net profit per principal: 1974-1976

	Accounting year ending in:					
	1974		1975		1976	
	£	ratio to median	£	ratio to median	£	ratio to median
Highest decile	18,544	2.02	20,206	1.95	22,701	1.94
3rd decile	12,146	1.32	13,593	1.31	15,224	1.30
Median	9,197	1.00	10,333	1.00	11,686	1.00
7th decile	6,752	0.73	7,694	0.74	8,862	0.76
Lowest decile	4,150	0.45	4,867	0.47	5,604	0.48
Average	10,817	1.18	11,968	1.16	13,581	1.16

16.74 In Table 16.34 we show how median net profit per principal varied with the size of firm.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

TABLE 16.34

Median net profit per principal by size of firm: 1974-1976

	Accounting year ending in:					
	1974		1975		1976	
	£	ratio to median	£	ratio to median	£	ratio to median
Sole practitioner	6,056	0.66	7,157	0.69	8,261	0.71
2 partners	7,433	0.81	8,325	0.81	9,887	0.84
3-4 partners	8,694	0.95	9,825	0.95	11,129	0.95
5-9 partners	9,976	1.08	11,267	1.09	12,444	1.06
10 or more partners	12,510	1.36	13,895	1.34	15,769	1.35
All firms	9,197	1.00	10,333	1.00	11,686	1.00

There is a clear pattern evident in each year of net profits per principal increasing with the size of firm; this may partly reflect an increase in capital investment per partner with increase in size of firm (see paragraph 16.91 below).

16.75 Average net profits per principal are analysed by age groups in Table 16.35.

TABLE 16.35

Average net profit per principal by age: 1974-1976

Age group	Accounting year ending in:		
	1974	1975	1976
	£	£	£
Under 31	6,094	7,328	8,592
31-35	7,924	9,596	11,543
36-40	10,916	12,774	14,812
41-45	12,008	13,545	16,204
46-50	13,169	14,585	16,370
51-55	13,276	14,426	16,063
56-60	12,147	13,426	15,072
61-65	11,771	12,593	13,558
over 65	9,927	10,207	10,894
All ages	10,817	11,968	13,581

The pattern shown here is of net profit increasing with age to about 50 years of age and then gradually decreasing until retirement.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

16.76 The number and proportion of principals in each age group in 1975 (for which the response rate is higher) and in 1976 are shown in Table 16.36.

TABLE 16.36
Age distribution of principals: 1975 and 1976

Age group	1975		1976	
	number	%	number	%
under 31	837	7.9	727	10.2
31-35	1,943	18.3	1,363	19.0
36-40	1,553	14.6	1,047	14.6
41-45	1,448	13.7	947	13.2
46-50	1,098	10.4	740	10.3
51-55	953	9.0	629	8.8
56-60	1,066	10.1	679	9.5
61-65	987	9.3	624	8.7
Over 65	709	6.7	409	5.7
All ages	10,594	100.0	7,165	100.0

Trend in income, costs and profit

16.77 In Table 16.37 we summarise the trend in income, costs and net profit per principal from 1973 to 1976. The change from year to year has been calculated only for those firms which gave information for two consecutive years. Because the response rate for 1973 was low the change from 1973 to 1974 shown below may not be representative.

TABLE 16.37
Trend in income, costs and profit per principal: 1973-1976

	Increase (decrease) per principal			Percentage of total income in 1976
	accounting year ending in:			
	1973 to 1974	1974 to 1975	1975 to 1976	
	%	%	%	%
Gross fees	2.7	14.9	23.3	95.1
Deposit interest	28.0	(3.0)	(10.5)	2.8
Total income	3.7	14.1	21.4	100.0
Gross salaries	12.9	14.2	19.8	36.0
Total expenses	12.2	16.1	25.8	63.9
Net profit	(8.4)	10.8	14.0	36.1

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

16.78 The gross fees, salaries, total expenses and net profits per principal are shown in Table 16.38 as indices, taking 1974 as 100; because of the low response rate we have omitted 1973.

TABLE 16.38
Trend in fees, salaries, expenses and profits per principal: 1974-1976

	Accounting year ending in:		
	1974	1975	1976
Gross fees	100	115	142
Gross salaries	100	114	137
Total expenses	100	116	146
Net profit	100	111	126
Retail Price Index	100	125	144

16.79 The trend shown by this table is that from 1974 to 1976 expenses increased more than gross fee income with the resulting effect on net profit per partner, which in this period increased by less than the rate of increase in gross salaries.

16.80 The change in net profit per principal from 1974 to 1976 for the various sizes of firm is shown in Table 16.39

TABLE 16.39
Trend in net profit per principal by size of firm: 1974-76

	Net profit per principal (1974 = 100)		
	accounting year ending in:		
	1974	1975	1976
Sole practitioners	100	119	114
2 partners	100	113	128
3-4 partners	100	108	127
5-9 partners	100	113	130
10 or more partners	100	107	127
All firms	100	111	126
Retail Price Index	100	125	144

The net profits of the sole practitioner were lower in 1976 than in 1975, but the larger firms have fared better.

Pensions

16.81 The net profit figures given above, as we have noted, are before any provision is made for capital investment, which we consider in the next section of this report, and before any provision for pensions. The survey did not ask firms what actual provision was made for pensions by principals, because the Law Society did not consider that this could reasonably be included in the questionnaire. In making comparisons with other occupations it is necessary to adjust for pensions, among another matters, and we do this in the separate report on comparisons of earnings.

16.82 There are, however, two points of interest from the survey regarding retirement:—

- (a) The 1975 results (the year for which the greatest number of replies was received) showed that there were over 700 principals in practice over the age of 65 and almost 1,000 aged 61-65, together comprising about 16 per cent of the total number of principals.
- (b) In the 4,230 firms which replied to the questionnaire there were employed 1,225 consultants, 368 full-time and 857 part-time. Over half the consultants in the survey were earning less than £2,000 per annum. It is possible that firms will employ retired partners as consultants and may be influenced to do so where the retired partner does not have an adequate pension. Over 80 per cent of the consultants in the survey were admitted as solicitors before 1946.

Value of premises

16.83 Firms will charge rent in their accounts for leased premises and may include the cost or value of owned premises in their balance sheets. But the rent charged or value shown in the accounts will, for many firms, be below current market values. Also, some firms will use premises owned by some or all of the partners for which no charge is made in the accounts. The information obtained from the survey on these points was poor although the data provided confirm that rents and balance sheet values are, in the opinion of the firms replying, below current values.

Capital investment

Summary of balance sheets

16.84 Firms were asked to give details of their balance sheets for their latest accounting year only; the answers are summarised in Table 16.40.

TABLE 16.40
Net assets per firm and per principal: 1975 and 1976

	Average per firm. accounting year ending in:		Average per principal. accounting year ending in:	
	1975	1976	1975	1976
	£	£	£	£
Goodwill	2,120	2,433	703	806
Freehold and leasehold property	6,079	7,430	2,015	2,462
Other fixed assets	5,796	7,282	1,921	2,413
Total fixed assets	13,995	17,145	4,639	5,681
Current assets:				
debtors	28,271	29,712	9,369	9,847
bank and cash	28,180	25,079	9,339	8,311
work-in-progress	15,319	15,974	5,077	5,293
	<u>71,770</u>	<u>70,765</u>	<u>23,785</u>	<u>23,451</u>
Current liabilities:				
bank overdraft	4,889	5,524	1,620	1,831
creditors	25,738	24,910	8,530	8,255
	<u>30,627</u>	<u>30,434</u>	<u>10,150</u>	<u>10,086</u>
Net current assets	41,143	40,331	13,635	13,365
Net assets	£55,138	£57,476	£18,274	£19,046
Partners' capital and current accounts, reserves and provision for tax	36,616	38,206	12,136	12,660
Adjustment for debtors and work-in-progress not recorded in books	15,800	16,533	5,236	5,479
Long-term loans from outside the partnership	2,722	2,737	902	907
	<u>£55,138</u>	<u>£57,476</u>	<u>£18,274</u>	<u>£19,046</u>

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

Of the replies received, 1,242 firms had a last accounting year ending in 1975 and 2,432 firms had a last accounting year ending in 1976; the accounting dates within these years also varied. It should be noted that because the results for 1975 and 1976 relate to different firms, the figures given in Table 16.40 cannot be taken as representing a trend over time.

Adjustment for debtors and work-in-progress not recorded

16.85 Firms which prepare accounts on a bills delivered basis or work-in-progress basis (some 75 per cent of the firms, as noted in paragraph 16.66 above) will include debtors in their balance sheets; the other firms (25 per cent of the total) will have amounts due to them at the year-end but because they prepare accounts on a cash basis they will show nothing for debtors in their balance sheets. The average figures for debtors given in the survey will therefore be understated to some extent. Similarly only the 43 per cent of firms accounting on a work-in-progress basis will include work-in-progress in their balance sheets and the average figure for work-in-progress in the survey will be understated. In the figures given above we have made broad adjustments to allow for debtors and work-in-progress unrecorded in the books of firms which are set out in Table 16.41.

TABLE 16.41
Allowance for debtors and work-in-progress

	Per firm		Per principal	
	Accounting year ending in:		accounting year ending in:	
	1975	1976	1975	1976
	£	£	£	£
Debtors:				
per survey, average recorded by 75% of firms	21,203	22,284	7,027	7,385
increase to 100% pro-rata (as shown in paragraph 16.84)	28,271	29,712	9,369	9,847
Work-in-progress:				
per survey, average recorded by 43% of firms	6,587	6,869	2,183	2,276
increase to 100% pro-rata (as shown in paragraph 16.84)	15,319	15,974	5,077	5,293

It can be seen that the average capital investment is substantial, and is mainly financed out of partners' capital and current accounts and by reserves—that is undrawn profits.

Debtors

16.86 The figure for debtors is compared approximately with gross fees in Table 16.42.

TABLE 16.42

Debtors as percentage of gross fees

	Average per principal. accounting year ending in:	
	1975	1976
Debtors/gross fees:		
gross fee income (100%)	£30,189	£35,883
debtors—adjusted as above	£9,369	£9,847
debtors as percentage of gross fees	31%	27%
equal to average credit period of	3·7 months	3·2 months

Work-in-progress

16.87 A similar calculation can be made of the level of work-in-progress, although it is even more approximate because:—

- (a) only 43 per cent of firms record work-in-progress in their books; and
- (b) the basis of valuing work-in-progress may differ from firm to firm.

16.88 The value of work-in-progress is estimated in Table 16.43, assuming that work-in-progress is valued at direct salary cost.

TABLE 16.43

Allowance for work-in-progress as percentage of salary costs

	Average per principal. accounting year ending in:	
	1975	1976
Gross salaries (100%)	£11,779	£13,587
Work-in-progress, adjusted as above	£5,077	£5,293
Work-in-progress as percentage of salary costs	43%	39%

16.89 This calculation broadly indicates that there is on average just under six months work not billed at the year-end.

Capital investment by size of firm

16.90 In the following paragraphs we show the average capital investment per principal by size of firm and compare it with the average net profits. The figures shown here are before the adjustments, referred to above, for debtors and work-in-progress unrecorded.

16.91 Table 16.44 shows that the average capital investment per partner was higher in the larger firms.

TABLE 16.44

Average capital investment per principal by size of firm

	Average per principal, accounting year ending in 1976		
	Net assets	Less outside loans	Partners' capital and current accounts and reserves
	£	£	£
Sole practitioners	11,112	933	10,179
Two partners	10,342	705	9,637
3-4 partners	11,241	653	10,588
5-9 partners	14,528	802	13,726
10 or more partners	25,975	2,081	23,894
All firms	13,567	907	12,660

Comparison of investment with net profit

16.92 In Table 16.45 we compare the average capital investment per principal in 1975 and 1976 with the average net profit per principal in those years.

TABLE 16.45

Average net profit and average capital investment by size of firm

	Accounting year ending in:					
	1975			1976		
	Average net profit per principal	Average capital investment per principal	Percentage profit/capital	Average net profit per principal	Average capital investment per principal	Percentage profit/capital
	£	£	%	£	£	%
Sole practitioners	8,641	10,103	86	7,881	10,179	77
2 partners	9,921	10,520	94	10,746	9,637	112
3-4 partners	11,034	11,646	95	12,348	10,588	117
5-9 partners	12,602	13,869	91	13,879	13,726	101
10 or more partners	18,003	16,342	110	22,345	23,894	94
All firms	12,147	12,136	100	13,626	12,660	108

16.93 The profits as a percentage of capital investment do not of course represent an appropriate measure of a principal's profits—which are a reward for his time and effort rather than a return on capital—but it is important to take account of the investment required in a comparison of net profits with profits or salaries in other occupations.

16.94 Although the level of investment varies with the size of firm it was, in 1975 and 1976, broadly equivalent to one year's net profits.

Gross fees and profitability of categories of work

Analysis of gross fees

16.95 Firms were asked to give the following analyses of gross fees.

- (a) An analysis of total fees between contentious work and non-contentious work. If firms did not have the actual analysis available, they were asked to make an estimate. Answers were given by 3,876 firms (60 per cent of the total number of firms of 6,421) and 64 per cent of the replies given were estimated.
- (b) An analysis of gross fees over eight categories of work—at the request of the Law Society this question was only required to be completed by firms which had the information already available. Answers were given by 2,154 firms, or 34 per cent of the total number of firms of 6,421. The response rate was slightly better from firms with five or more partners at about 45 per cent. This information from the survey must be treated with some caution in view of the low response rate.
- (c) A further analysis of gross fees between criminal, matrimonial and other litigation work giving also the percentage of those fees derived from legal aid. The response to this question was very low—1,480 firms provided an answer, 23 per cent of the total number of firms of 6,421.

It should be noted that because the response rates varied, slight differences occur between the analysis of gross fees provided by these questions but there are no substantial differences. Firms were asked to give an analysis of gross fee income for their last accounting year. Information was provided by firms whose last accounting years ended in both 1975 and 1976 and is referred to in this section as 1975–76 data. About two-thirds of the firms who gave the analysis of gross fees referred to in (b) above had a last accounting year ending in 1976. For the other firms, whose last accounting year ended in 1975, over half had December year-ends.

Numbers of staff

16.96 Firms were also asked to state the number of fee-earners, including partners, doing the work, in respect of:—

- (a) contentious and non-contentious business—that is corresponding to 16.95 (a) above; the response rate to this question was 55 per cent;
- (b) the eight categories of work referred to in 16.95(b) above; the response rate to this question was only 14 per cent.

16.97 The way this question was framed has the obvious difficulty that some fee-earners will carry out a variety of work falling under various of the analysis headings. Although the questionnaire, in one of the questions, instructed firms to “count each part-time fee-earner as half” this is unlikely to have been sufficient to eliminate the problem many firms will have found in answering the question. The problem of analysing numbers of fee-earners over eight categories of work is evident when there are, on average, only 7.7 fee-earners per firm, and when most firms appear, as we show later, to engage in all categories of work.

16.98 A further problem is that knowing the number of fee-earners engaged on particular areas of work is not of itself completely useful information, since it fails to distinguish between the various categories of fee-earners—from partners to articulated clerks—whose cost (that is salary or share of net profits) will vary substantially. For example in 1976 the median salaries and net profits per principal for all firms are shown in Table 16.46.

TABLE 16.46

**Median salaries and net profit per principal:
accounting year ending in 1976**

	£
Principal (net profit)	11,686
Assistant solicitor (salary)	4,346
Legal executive (salary)	3,692
Articled clerk (salary)	1,635

On the basis of cost therefore, an articulated clerk should count as only 44 per cent of the cost of a legal executive, or 14 per cent of the cost of a principal, but the survey results do not distinguish between them.

16.99 Apart from this the cost of fee-earners in the same category will vary substantially according to age, seniority and experience. For example, the salaries of all legal executives in the survey varied substantially—the lowest decile was £2,086 and the highest decile was £5,628, 170 per cent higher than the lower decile figure.

16.100 The only really appropriate method of obtaining data on the costs and profitability of classes of work is for all employees to record time spent each day; to reconcile the time charged to jobs to a standard weekly total of working hours (allowing for overtime); and for the time records to be analysed and summarised according to the grade of staff engaged on categories of work and their relative cost. For its 1966 report No. 54 the NBPI asked a sample of firms to keep time records and analysed the results to give broad information on the costs and profitability of classes of work. We suggested to the Law Society at the start of the survey that it would be appropriate to conduct a similar survey. However, the Law Society did not consider that such a survey would produce useable results and strongly doubted whether an adequate response would be obtained; it also considered that a survey on these lines would reduce the response it was likely to obtain from the rest of the remuneration survey.

16.101 Because of the qualifications noted above the results of this part of the survey should be treated with caution; having said this the results are of some interest and we give them in paragraphs 16.121 to 16.125 below with appropriate caveats. In relation to legal aid we give further information, based on the number of fee-earners, in paragraphs 16.136 to 16.138 below.

Source of gross fees

16.102 The respondents to the survey estimated that over 75 per cent of their gross fees came from non-contentious work; the details are set out in Table 16.47.

TABLE 16.47

Percentage of gross fees from contentious and non-contentious work
by size of firm

	Contentious	Non-contentious
	%	%
Sole practitioners	26.2	73.8
2 partners	22.7	77.3
3-4 partners	25.6	74.4
5-9 partners	26.3	73.7
10 or more partners	20.3	79.7
All firms	24.2	75.8

16.103 Almost all firms responding had some income from each of the eight categories of work over which they were asked to analyse their gross fees, as Table 16.48 shows; there was a total of 2,154 firms answering.

TABLE 16.48
Percentage of firms with any income from different categories of work

Category of work	Percentage of firms with any income
	%
Conveyancing	99
Probate, wills and trusts (probate)	96
Company and commercial (company)	69
Other non-contentious	79
Matrimonial	83
Crime	72
Personal injury	75
Other contentious	83

16.104 In Table 16.49 we show the average gross fee income from the eight categories of work and how the proportion of gross fee income from various categories of work varied on average with the size of firm.

TABLE 16.49
Percentage of gross fee income from different categories of work by size of firm

	Average gross fee income per firm	Proportion of total gross fee income 1975/76					
		all firms	sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
	£	%	%	%	%	%	%
Conveyancing	46,674	47.4	59.9	56.2	53.2	47.8	32.4
Probate	13,331	13.5	12.7	14.2	15.0	14.8	10.5
Company	12,288	12.5	3.7	3.8	5.3	7.8	32.2
Other non-contentious	4,267	4.3	3.2	4.9	3.7	4.6	4.7
Matrimonial	5,357	5.4	6.3	6.6	6.3	5.8	3.3
Crime	4,392	4.5	6.4	5.5	5.6	4.9	1.5
Personal injury	3,239	3.3	3.4	2.5	3.3	4.6	2.2
Other contentious	8,971	9.1	4.4	6.3	7.6	9.7	13.2
All categories of work	98,519	100.0	100.0	100.0	100.0	100.0	100.0

16.105 It can be seen that the profession derives almost half its fee income from conveyancing and that practices with up to four partners derive over half their fee income from conveyancing. The proportion of fee income from conveyancing shown by this survey is compared with the results of the NBPI 1966 survey in Table 16.50.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

TABLE 16.50
Percentage of gross fee income from conveyancing by size of firm:
1966 and 1975/76

	1966 ¹	1976
Sole practitioners	64.4	59.9
2 partners	61.4	56.2
3-4 partners	57.4	53.2
5 or more partners:		
central London	33.5	} 35.8
elsewhere	57.1	
All firms	55.6	47.4

¹ Source: NBPI report No. 54.

16.106 The present survey therefore confirms in general terms the importance to the profession of conveyancing income and how this decreases slightly from the sole practitioner to the 3-4-partner firms and is much lower for the larger firms—probably because of the different spread of work for large firms in London.

16.107 Except in the larger firms, no other category of work is anywhere near as important as conveyancing. In firms with ten partners or more, the gross fees from company and commercial work are about the same on average as the gross fees from conveyancing.

16.108 In Table 16.51 the gross fees of the different sizes of practice are expressed, for each of the eight categories of work, as proportions of the total gross fees of the respondents to the survey. Table 16.51 shows that over half of the total gross fees from conveyancing and 87 per cent of those from company and commercial work were earned by firms with five or more partners. Such firms accounted for 62 per cent of all gross fees.

TABLE 16.51
Distribution of gross fee income from different categories of work by size of firm

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
	%	%	%	%	%	%
Conveyancing	100	8	12	26	34	20
Probate	100	6	11	25	36	22
Company	100	2	3	8	19	68
Other non-contentious	100	5	11	19	34	31
Matrimonial	100	7	13	26	36	18
Crime	100	9	13	30	38	10
Personal injury	100	7	7	22	45	19
Other contentious	100	3	7	18	33	39
All categories of work	100	6	10	22	33	29

Legal aid

16.109 Firms were asked to estimate the percentage of gross fees from various sources that was derived from legal aid. Because it is based on estimates by firms, the survey results can only be approximate. In Table 16.52 we show the number of firms and their total gross fees (legal aid and other) grouped by the percentage of gross fees derived from legal aid.

TABLE 16.52
Percentage of gross fee income from legal aid

Percentage of gross fees derived from legal aid	Number of firms responding	Percentage of total	Total gross fees of firms responding (legal aid and other)	Percentage of total
		%	£'000	%
0- 10%	973	65.7	112,786	69.9
11- 20%	309	20.9	32,923	20.4
21- 30%	100	6.8	9,415	5.8
31- 40%	43	2.9	2,987	1.8
41- 50%	23	1.6	1,563	1.0
51- 60%	10	0.7	979	0.6
61- 70%	8	0.5	279	0.2
71- 80%	6	0.4	323	0.2
81- 90%	2	0.1	19	—
91-100%	6	0.4	135	0.1
	<u>1,480</u>	<u>100.0</u>	<u>161,409</u>	<u>100.0</u>

16.110 It can be seen from Table 16.52 that 65.7 per cent of the number of firms responding earned 10 per cent or less of their gross fees from legal aid, and that these firms accounted for 69.9 per cent of the total fee income of the respondents to the question. Only 55 firms, less than 4 per cent of the total number responding, reported receiving more than 40 per cent of their income from legal aid, and these firms accounted for just over 2 per cent of the total gross fees.

Legal aid from classes of work

16.111 In Table 16.53 we compare the gross fees and the firms' estimates of fees from legal aid for various categories of work.

16.112 As would be expected the bulk of legal aid is applied to criminal and matrimonial work and about three-quarters of gross fees for this work is derived

from legal aid. The proportion of fees for these categories of work derived from legal aid is higher for the sole practitioners, at just over 80 per cent of gross fees for this work, and lower for the firms with ten or more partners, at between 60 per cent and 70 per cent of gross fees for this work.

TABLE 16.53
Income from legal aid for different categories of work

	Number of firms responding	Total gross fees	Estimated total legal aid	Legal aid as percentage of gross fees
		£'000	£'000	%
Criminal, magistrates' courts	1,574	7,206.7	5,150.9	71.5
Criminal, Crown Court	1,307	3,695.6	2,947.2	79.7
Matrimonial, magistrates' courts	1,442	2,384.7	1,834.6	76.9
Matrimonial, divorce	1,805	9,502.9	5,907.9	62.2
Other High Court litigation	1,576	14,060.3	1,672.3	11.9
Other county court litigation	1,696	6,402.7	907.3	14.2

Total legal aid

16.113 Legal aid payments for civil legal aid and for criminal legal aid in magistrates' courts are paid through the legal aid fund and information is available of the amounts paid from the legal aid annual reports, to which we refer in paragraph 16.115 below.

TABLE 16.54
Payments to the legal profession from central government
(excluding the legal aid fund)

	1975/76
	£ million
Criminal prosecutions:	
higher courts	10.5
magistrates' courts	3.1
counsel's fees paid through Director of Public Prosecutions	1.8
other government departments to the Home Office	0.3
	15.7 ¹
Criminal defence:	
higher courts, legal aid payments to solicitors and counsel	18.4

¹ The figures are before deducting costs recovered from defendants of £0.7 million. A small proportion of the total represents defence costs.

Sources: Home Office memorandum to the Commission and "Criminal Statistics", 1976.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

TABLE 16.55

Payments to the legal profession from the legal aid fund: 1972/73-1976/77

	Solicitors ¹ (fees and disbursements)	Counsel ¹	Total
	£ million	£ million	£ million
1972/73			
Civil	14.8	2.2	17.0
Criminal in magistrates' courts	4.3	0.1	4.4
Legal advice	0.5	—	0.5
	19.6	2.3	21.9
1973/74			
Civil	15.4	2.2	17.6
Criminal in magistrates' courts	6.1	0.1	6.2
Legal advice and assistance	1.4	—	1.4
	22.9	2.3	25.2
1974/75			
Civil	18.8	2.8	21.6
Criminal in magistrates' courts	9.3	0.1	9.4
Legal advice and assistance	2.8	—	2.8
	30.9	2.9	33.8
1975/76			
Civil	23.8	3.1	26.9
Criminal in magistrates' courts	14.2	0.2	14.4
Legal advice and assistance	4.5	—	4.5
	42.5	3.3	45.8
1976/77			
Civil	30.2	3.8	34.0
Criminal in magistrates' courts	16.7	0.2	16.9
Legal advice and assistance	5.4	—	5.4
	52.3	4.0	56.3

¹ Allocation of payments between solicitors and counsel partly estimated.

Source: Law Society and Legal Aid Annual Reports.

16.114 Apart from payments from the legal aid fund other payments are made to the legal profession out of central government funds, in particular in respect of defence costs in the higher courts and prosecution costs. The

Home Office was not able to supply the Commission with an analysis of payments made, for example an analysis of payments between solicitors and counsel, because payments are assessed and paid locally by the staff of the courts concerned, and no central records are kept from which an analysis could be compiled. Total payments made by central government (excluding the legal aid fund) in 1975-76 are shown in Table 16.54.

Legal aid fund

16.115 Payments from the legal aid fund to solicitors and counsel are summarised in Table 16.55.

16.116 From the analysis of gross fees provided in the Law Society survey and the approximate response rate to this question, the total gross fee income of solicitors in 1975-76 is estimated in Table 16.56.

TABLE 16.56
Estimated total gross fee income from different categories of work

	£ million
Non-contentious:	
conveyancing	299.7
probate	85.6
company	78.9
other	27.4
	491.6
Contentious:	
matrimonial	34.4
crime	28.2
personal injury	20.8
other	57.6
	141.0
Total	632.6

16.117 After deducting an estimated £3.2 million for VAT, payments to solicitors from the legal aid fund in 1975/76 amounted to £39.3 million. This represents 6.2 per cent and 27.9 per cent respectively of the total gross fees and gross fees in respect of contentious business shown in Table 16.56.

16.118 In addition to payments from the legal aid fund, solicitors will receive legal aid fees from the Home Office in respect of defence costs in the higher courts and will also receive fees for acting in criminal prosecutions, as explained in paragraphs 16.113 and 16.114 above. The survey data on legal aid receipts cannot readily be reconciled with the information on total payments from

public funds. However, the evidence given above shows that payments from the legal aid fund represent a small proportion (about 6 per cent) of solicitors' total fee income but well over one-quarter of fee income from contentious work, concentrated on criminal and matrimonial work as shown in paragraph 16.111 above.

Profitability of classes of work

16.119 The profitability of classes of work can be examined from this survey in two ways:—

- (a) By a comparison of the gross fees from classes of work with the number of fee-earners engaged on that work as estimated by firms. We have noted our qualifications on this comparison in paragraphs 16.97 to 16.101 above, including the low response rate to the question and the difficulty firms would have had in analysing the number of fee-earners over eight categories of work.
- (b) By a comparison of the overall results of firms with various proportions of work—for example to see if those firms which carry out a high proportion of conveyancing work are more profitable than those firms which carry out a lower proportion of conveyancing work. This type of comparison has two particular problems:
 - (i) it depends on the proportions of work varying between firms; for example the survey showed that almost half the firms replying derived between 51 per cent and 70 per cent of their gross fees from conveyancing and a comparison of the results of these firms may not enable conclusions to be drawn of the influence of conveyancing on profitability; and
 - (ii) variations in profitability between firms may be due to a number of factors, which cannot be identified, other than the type of work undertaken.

16.120 Given these caveats, we summarise below the results of the survey.

Comparison of fee income with number of fee earners

16.121 In Table 16.57 we compare the proportions of gross fees from contentious and non-contentious work with the proportions of fee-earners engaged in such work.

16.122 Table 16.57 indicates that on average about one-quarter of the gross fees from the respondents came from contentious work but that over one-third of the number of fee earners were employed in earning those fees. On the face of it this may be taken to imply that contentious work is less profitable than non-contentious work. But it is possible that the fee-earners engaged on contentious work, although greater in number than the proportion engaged on non-contentious work, are more junior than the staff engaged on non-contentious work.

TABLE 16.57
Percentages of fee income and fee earners for contentious and non-contentious work

	Number of firms replying	Contentious work		Non-contentious work	
		fee income	fee earners	fee income	fee earners
Sole practitioners	860	% 26	% 36	% 74	% 64
2 partners	872	23	38	77	62
3-4 partners	1,038	26	37	74	63
5-9 partners	653	26	35	74	65
10 or more partners	143	20	28	80	72
All firms	3,566	24	36	76	64

16.123 In Table 16.58 we show the comparison between gross fees and number of fee earners for the eight categories of work. It should be noted that there was a very low response rate to this question.

TABLE 16.58
Percentages of fee income and fee earners for different categories of work

	Number of firms responding	Total fee income	Fee earners
Conveyancing	879	% 45.8	% 37.2
Probate	846	13.9	14.6
Company	655	12.0	6.8
Other non-contentious	697	4.6	8.0
Matrimonial	743	5.6	9.8
Crime	662	4.3	7.3
Personal injury	671	3.5	5.8
Other contentious	764	10.3	10.5
All categories of work		100.0	100.0

16.124 The main point to note from this comparison is that while 45.8 per cent of gross fees came from conveyancing, only 37.2 per cent of the fee-earners were engaged on the work. It is possible, as we have said, that the more senior (and therefore the more costly) fee-earners were engaged on conveyancing work.

16.125 Notwithstanding this, the overall impression is that the comparison confirms the finding of the NBPI in 1966 that conveyancing work is more profitable than the other classes of work, apart from company and commercial work which the table shows is the most profitable category of work.

Comparison of contentious work with overall results

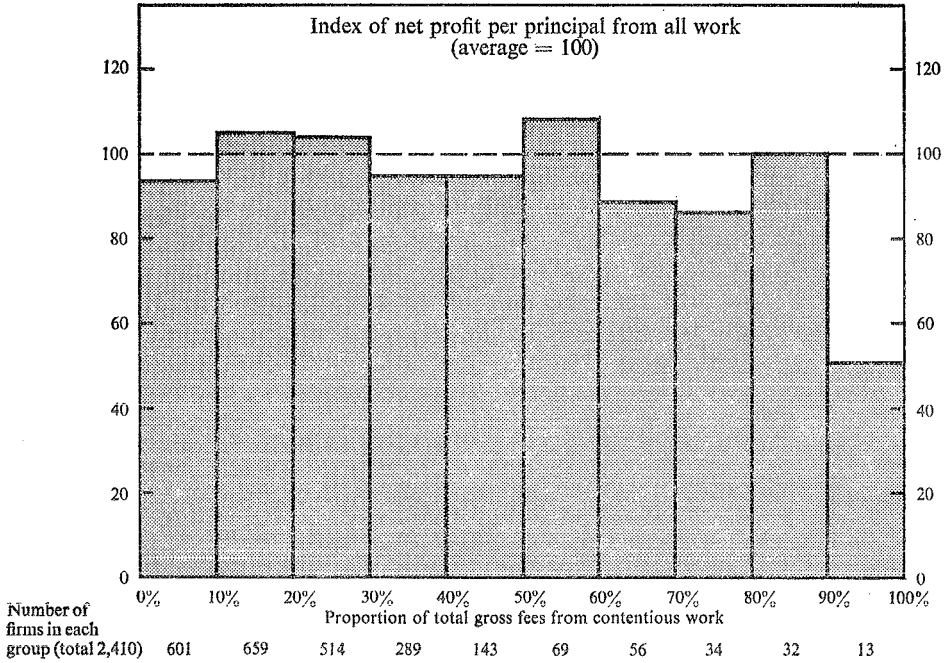
16.126 In Table 16.59 we show the variation in the net profit per principal, from all work, with the proportion of gross fee income in each firm from contentious work. Because Table 16.59 is lengthy and complex we set out the information for all firms in Figure 16.1. Further details are given in Table 16.112 in annex 16.3.

16.127 The average results for all firms, shown in Figure 16.1, are fairly evenly spread but perhaps show a slight fall in profits for the firms with a greater proportion of their fees coming from contentious work. There are no particular variations shown within the different size groups of firms, as set out in Table 16.59; in any event the number of firms included at the extreme ends of the scale is in many cases too low for reliable conclusions to be drawn.

TABLE 16.59**Net profit per principal and percentage of gross fees from contentious work**

Contentious fees as percentage of total gross fees	Number of firms	Ratio of net profit per principal (all work) to average					
		All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
0-10%	601	94	77	96	98	91	170
11-20%	659	105	96	107	97	99	103
21-30%	514	104	183	98	101	104	92
31-40%	289	95	90	106	108	100	67
41-50%	143	95	75	97	101	88	85
51-60%	69	108	94	103	128	104	95
61-70%	56	89	89	113	84	110	57
71-80%	34	87	119	78	92	108	—
81-90%	32	100	129	69	107	112	—
91-100%	13	51	68	21	—	59	—
		100	100	100	100	100	100
Total number of firms	2,410		638	602	668	410	92

FIGURE 16.1
Variation in net profit per principal (all work)
with proportion of contentious work, 1975/76
All firms



16.128 Similar comparisons can be made of the variation in “net earnings per fee-earner”—that is the average of total salaries plus total profits per fee-earner. Salaries and net profits amount, on average, to about 80 per cent of gross fee income. Net earnings per fee-earner can therefore be taken as an approximation of costs per fee-earner. In Figure 16.2 we show the variation in net earnings per fee-earner with the proportion of contentious fees.

16.129 The range in Figure 16.2 is again narrowly spread; no particular pattern is shown when the results are analysed by size of firm.

Comparison of conveyancing work with overall results

16.130 Similar tables and figures to those given above are set out below showing the variation in net profit per principal and net earnings per fee-earner with the proportion of gross fees derived from conveyancing work. In Figure 16.3 we set out the information for all firms. Further details are given in Table 16.114 in annex 16.3.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE

FIGURE 16.2
Variation in net earnings per fee earner (all work)
with proportion of contentious work, 1975/76
All firms

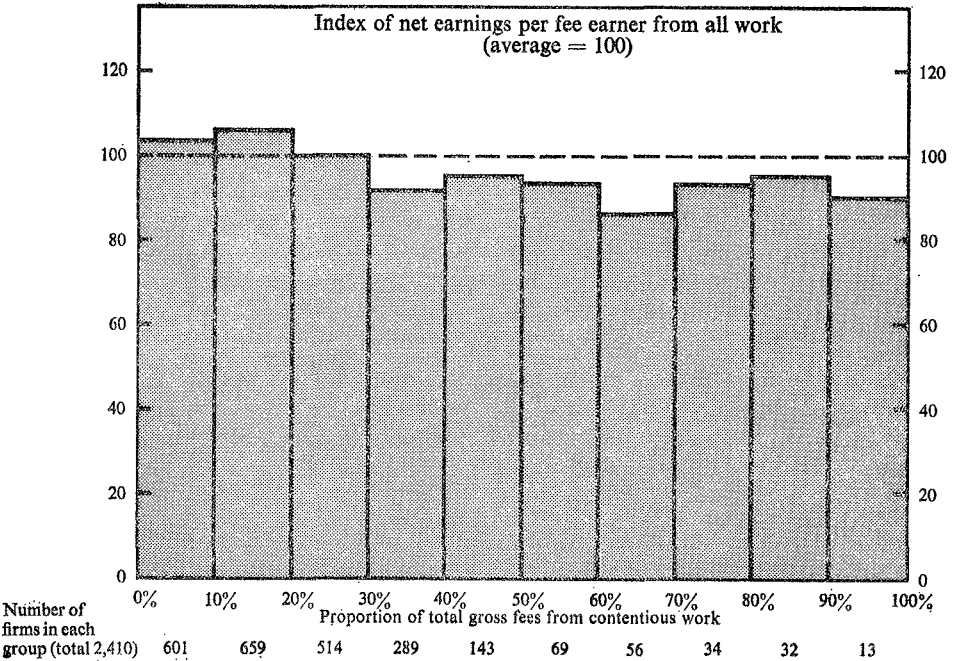
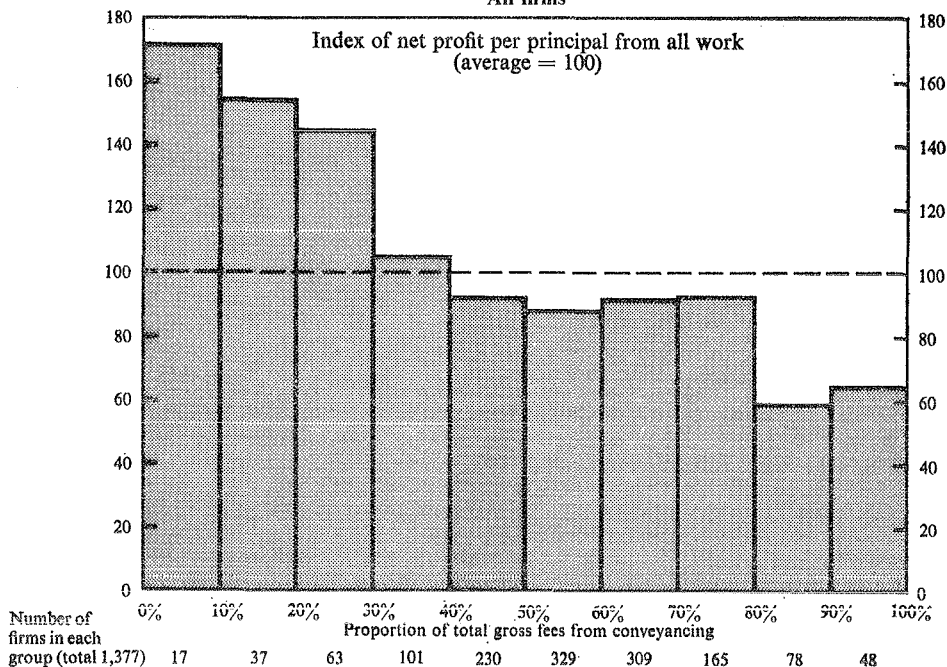


TABLE 16.60
Net profit per principal and percentage of gross fees from conveyancing

Conveyancing fees as percentage of total gross fees	Number of firms	Ratio of net profit per principal (all work) to average					
		All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
0-10%	17	171	49	100	66	112	168
11-20%	37	154	129	89	111	93	134
21-30%	63	145	133	113	102	113	144
31-40%	101	105	79	105	98	110	89
41-50%	230	93	74	102	109	97	70
51-60%	329	88	82	101	97	95	68
61-70%	309	92	80	105	108	101	93
71-80%	165	93	225	93	83	108	92
81-90%	78	59	71	74	74	53	—
91-100%	48	64	61	115	95	—	—
		100	100	100	100	100	100
Total number of firms	1,377		370	315	374	253	65

FIGURE 16.3
 Variation in net profit per principal (all work)
 with proportion of conveyancing work, 1975/76
 All firms



16.131 The surprising trend shown by Figure 16.3 is that average net profits for “all firms” were higher in the firms which did a lower proportion of conveyancing work. There are, however, very few firms in the 0 per cent to 20 per cent range and the 80 per cent to 100 per cent range mainly comprises sole practitioners and two partner firms, as Table 16.61 shows.

TABLE 16.61
 Percentage of fees from conveyancing by size of firm

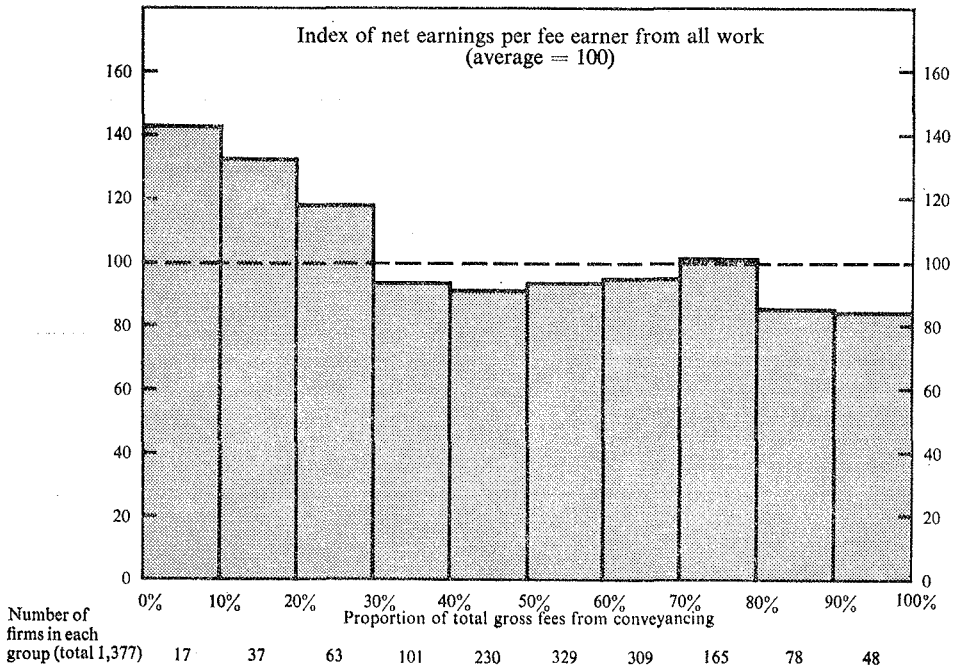
Conveyancing fees as percentage of total gross fees	Number of firms giving figures for table 16.60		
	sole practitioners and 2 partners	3-4 partners	5 or more partners
0-10%	9	3	5
11-20%	13	6	18
21-30%	22	14	27
31-40%	41	25	35
41-50%	89	63	78
51-60%	126	109	94
61-70%	166	95	48
71-80%	111	43	11
81-90%	65	11	2
91-100%	43	5	—
All firms	685	374	318

16.132 When the results are considered separately for each size group of firm, as set out in Table 16.60, no clear trends are shown except for the firms with ten or more partners; the number of firms in this size group, that is 65, is too small for the results to be reliable and there may well be some specialist firms included—for example firms which undertake a lot of company and commercial work—which distort the overall pattern.

16.133 This information does not therefore add to or detract from the impression (see paragraph 16.124 above) that conveyancing work is more profitable than other classes of work, apart from company and commercial work.

16.134 Figure 16.4 shows the variation in net earnings per fee-earner with the proportion of total fees derived from conveyancing work.

FIGURE 16.4
Variation in net earnings per fee earner (all work)
with proportion of conveyancing work, 1975/76
All firms



16.135 There is no clear pattern shown by this chart apart from the lower earnings per fee-earner at the top of the scale.

Legal aid—fees earned per fee-earner

16.136 The gross fees and number of fee-earners engaged on criminal matrimonial and other litigation work was given in the survey analysed by the proportion of gross fees derived, for each type of work, from legal aid. We summarise the results in Tables 16.62, 16.63 and 16.64.

TABLE 16.62
Criminal work: fees earned per fee-earner by percentage of legally-aided work

Percentage of criminal work legally-aided	Number of firms responding	Gross fees from criminal work		
		total	percentage earned by firms with 10 or more partners	Fees earned per fee-earner
		£'000	%	£
0%	22	94	67.8	2,460
1-10%	9	46	55.3	4,190
11-20%	13	105	—	3,760
21-30%	18	76	12.1	2,270
31-40%	18	129	—	3,090
41-50%	25	198	31.0	3,980
51-60%	41	266	3.8	3,890
61-70%	58	693	29.1	4,990
71-80%	66	812	11.0	5,840
81-90%	73	803	8.7	4,670
91-100%	88	1,268	5.9	6,140
All responding	431	4,490	13.5	4,845

TABLE 16.63
Matrimonial work: fees earned per fee-earner by percentage of legally-aided work

Percentage of matrimonial work legally-aided	Number of firms responding	Gross fees from matrimonial work		
		total	percentage earned by firms with 10 or more partners	Fees earned per fee-earner
		£'000	%	£
0%	21	186	67.5	5,240
1-10%	8	152	41.2	6,350
11-20%	14	108	19.3	3,110
21-30%	21	124	8.0	3,280
31-40%	30	226	28.1	4,460
41-50%	31	196	32.9	3,300
51-60%	76	744	4.0	3,940
61-70%	73	834	12.3	4,820
71-80%	100	1,186	22.8	4,950
81-90%	86	1,137	11.6	5,760
91-100%	53	407	15.7	3,990
All responding	513	5,300	17.8	4,637

TABLE 16.64

Other litigation: fees earned per fee-earner by percentage of legally-aided work

Percentage of other litigation work legally-aided	Number of firms responding	Gross fees from other litigation		
		total	percentage earned by firms with 10 or more partners	Fees earned per fee-earner
		£'000	%	£
0%	102	4,500	57.4	8,950
1-10%	145	3,614	32.6	5,050
11-20%	81	1,120	21.2	3,170
21-30%	51	790	20.8	3,000
31-40%	43	482	28.1	3,070
41-50%	20	188	37.1	2,970
51-60%	23	224	4.6	2,400
61-70%	19	154	25.9	2,350
71-80%	12	64	—	2,380
81-90%	2	10	—	1,140
91-100%	2	14	—	1,380
All responding	500	1,160	39.6	4,930

16.137 We have already noted our qualifications on the data relating to the "number of fee-earners doing the work" and as can be seen from the tables above the response to these questions was low.

16.138 However, for criminal work and to a lesser extent for matrimonial work (after excluding the small amount of work of which 10 per cent or less is legally-aided, which is largely carried out by firms with 10 or more partners and for which the fees earned are consequently high) it appears, broadly, that the ability to earn fees rises with the proportion of legally-aided work done. For other litigation, where less work is legally-aided, the opposite trend is shown. It can be seen from the other litigation table that the relatively small amount of total fees earned in those firms where the legally-aided proportion is high is associated with very low fee earnings per fee-earner; for these firms, fee earnings per fee-earner for other litigation are less than half the corresponding figures for criminal or matrimonial work. But for all firms responding, average fee earnings per fee-earner from all other litigation, both legally, aided and other, were slightly higher than the average fee earnings per fee-earner for criminal and matrimonial work.

Summary and conclusions

The survey

16.139 The survey was a major task for the profession and in the end a good response was received to the questionnaire. However, the response to certain questions, in particular the analysis of gross fees over classes of work, is too low to be accepted as statistically reliable.

16.140 The principal lack of information is of the profitability of different categories of work; some broad conclusions can be drawn from the survey information, but no accurate or detailed information can be obtained on this subject because most firms do not have this information available.

General information

16.141 The total number of solicitors with practising certificates has increased by 44 per cent in the last ten years to a total of 31,250 in 1976, but the number of sole practitioners has decreased. The number of assistant solicitors in private practice increased by 85 per cent over this period which could indicate that young solicitors are obtaining employment in private practice rather than setting up on their own account. Over 85 per cent of all solicitors are employed or self-employed in private practice.

16.142 The expansion of the profession over the last ten years has resulted in a doubling of the number of firms with five or more partners. In 1976 almost half of the self-employed principals were engaged in those firms.

16.143 Most firms operate from only one office and only a few firms operate from more than two offices. About 40 per cent of the firms, with just over 40 per cent of the practising principals, have their principal office in London and the south east.

16.144 The average number of principals and staff per firm in 1976 was 17.6, varying from 6.1 for sole practitioners to 47.8 for firms with five or more partners. The total number of principals and staff in the profession in 1976 was about 115,000. In 1976 there were, on average, less than two fee-earners to each principal in all sizes of firm except those with ten or more partners, where there were 2.27 fee-earners to each partner.

16.145 Between 25 per cent and 39 per cent of the small and medium sized firms required a payment for goodwill from their last appointed partner, but few of the firms with ten or more partners required such a payment.

16.146 Almost half the firms responding did not keep time sheets, and although 54 per cent of the firms said that they kept time sheets only 13 per cent of firms kept time sheets for all fee-earning work. In the larger firms the position is better: 79 per cent of these firms keep time sheets, 37 per cent for all work and 42 per

cent for some work only; in terms of number of partners and staff the proportion keeping time sheets would therefore be greater than the proportions shown in the table in paragraph 16.30.

16.147 Expense rates, for billing purposes, had been calculated by about three-quarters of the firms with ten or more partners, and about half of the other firms. Apart from the firms with ten or more partners, there is little variation in the staff expense rates between the various sizes of firms. The partners' rates increase gradually by size of firm, and the rates in the largest firms are substantially higher than in the other firms.

Staff

16.148 The survey gave good data on staff salaries at November 1976. The median salaries are shown in Table 16.65.

TABLE 16.65
Median salaries of staff

	Number in survey	November 1976 median salary
		£
Salaried partners and assistant solicitors	5,439	4,346
Articled clerks	4,431	1,635
Legal executives	8,129	3,692
Consultants	945	2,020

Although the survey asked for details about full-time staff, we believe that the salaries for consultants include a large number of part-time consultants.

16.149 The general pattern was that higher salaries were paid in the firms with ten or more partners, but there was little variation in the salaries paid in the other firms. The numbers of staff and the proportion employed in these firms are shown in Table 16.66.

TABLE 16.66
Percentage of staff in firms with ten or more partners

	All firms: number of staff in response	Percentage employed in firms	
		with less than ten partners	with ten or more partners
Salaried partners and assistant solicitors	5,439	% 70.4	% 29.6
Articled clerks	4,431	74.8	25.2
Legal executives	8,129	82.9	17.1

16.150 Just over half of the firms responding reported that they had made no pension arrangements for any of their staff. Most of the medium sized and larger firms had made pension arrangements for their staff, but 40 per cent of the three and four partner firms, 62 per cent of the two partner firms and 79 per cent of the sole practitioners had not. Anyone retiring in the next ten years or so may get little benefit from the new state pension scheme, to be introduced in April 1978, since it does not deal with past service.

Income, costs and profit

16.151 Satisfactory data on overall income, costs and profit were provided for 1974 and 1975; although fewer responses gave information for 1976, the results do not appear unreasonable in comparison with those for 1974 and 1975.

16.152 The response from sole practitioners was lower than that from the larger firms with the result that overall average figures would, if no adjustment were made, be biased towards the larger firms. In giving overall average figures we have therefore made an adjustment by weighting the results according to the number of firms, in each size group, in the profession in 1976.

16.153 The main items of income, costs and profit per firm in 1976 are shown in Table 16.67.

16.154 While gross fees per firm increased from 1974 to 1976, other sources of income did not; gross fee income was 92.9 per cent of total income in 1974 and 95.1 per cent of total income in 1976. Gross salaries increased at about the same rate as total income, but other expenses increased faster. The average net profit margin of firms decreased each year, from 38.6 per cent in 1974 to 36.1 per cent in 1976. In 1966 the average net profit margin was 41 per cent.

TABLE 16.67
Income, costs and profit per firm: accounting year ending in 1976

	Average per firm	Percentage of total income
	£	%
Gross fees	101,466	95.1
Total income	106,656	100.0
Salaries	38,415	36.0
Other expenses	29,768	27.9
Net profit per firm, before tax, before interest on partners' investment and before partners' pension provisions	38,473	36.1

16.155 Information is not available of the total interest received by solicitors on clients' accounts but only the interest retained net of amounts paid over to clients. The interest retained by firms as a percentage of total amounts held was

in 1974–1976 about one-third of the rate of interest available to the general public on bank deposit accounts. In broad terms it appears that the income retained by the profession from deposit interest on clients' accounts was about £21 million in 1974 and 1975 and some £19 million in 1976. The reduction from 1974 to 1976 was probably largely due to a fall in general interest rates over the period. Interest retained in 1976 was about 3 per cent of solicitors' total income in that year.

16.156 The median net profit per partner in 1976 was £11,686; the highest decile was £22,701 and the lowest decile £5,604. This relationship between high and low earnings changed little between 1974 and 1976. Median profits per principal in 1976 varied from £8,261 for sole practitioners to £15,769 for the firms with ten or more partners. The increase in net profits per principal with the size of firm may partly reflect an increase in capital investment per principal with an increase in size of firm.

16.157 When average net profits per principal were analysed into age groups there was shown a pattern of profits increasing with age to about 50 years of age and then gradually decreasing until retirement. The age of principals in the survey was evenly spread, with just over half being 45 years of age or less.

16.158 Net profits per principal increased by 26 per cent from 1974 to 1976. This is less than the increase in gross fees and expenses which is shown in Table 16.68.

TABLE 16.68
Increase in net profit per principal: 1974–76

	Increase 1974–76
	%
Gross fees	42
Gross salaries	37
Total expenses	46
Net profit	26
Retail prices	44

The net profits of the sole practitioners were lower in 1976 than in 1975, but the larger firms fared better.

16.159 The net profit figures are stated throughout the report before provision for partners' capital investment and before provision for partners' pensions. The survey did not ask firms what actual provision for pensions was made by partners. In our separate report on comparisons of earnings we make an adjustment for pensions.

16.160 In the response for 1975 there were 1,700 principals over the age of 60, about 16 per cent of the total number of principals. In the 4,230 firms which replied to the questionnaire there were 1,225 consultants, 368 full-time and 857 part-time, over half of them earning less than £2,000 per annum. Most of these consultants were admitted as solicitors before 1946.

16.161 The survey indicated that the charge in firms' accounts for rent or depreciation of offices will be below current market value, but the data provided was not sufficient for the shortfall to be quantified.

Capital investment

16.162 Many firms will not record debtors and work-in-progress in their accounts. If a broad adjustment is made to allow for amounts not recorded, the total capital investment per principal at the end of 1975 was £17,372 and at the end of 1976 £18,139. This investment is shown in Table 16.69.

16.163 The net current assets figure given in Table 16.69 includes about £6,500 per principal in 1976 (£7,700 in 1975) for bank balances, net of bank overdrafts. This presumably represents the working cash balance kept by firms; it is a substantial part of the total investment.

16.164 The investment per principal in the firms with ten or more partners was substantially higher than in the smaller firms and over double the average investment of firms with less than five partners.

TABLE 16.69
Capital investment per principal: 1975 and 1976

	Average per principal accounting year ending in:	
	1975	1976
	£'000	£'000
Fixed assets	4,639	5,681
Net current assets (adjusted for debtors and work-in-progress under-recorded)	13,635	13,365
	18,274	19,046
Less: Financed by long-term loans outside the partnership	902	907
	£17,372	£18,139

16.165 Although a return on capital employed is not an appropriate measure of a solicitor's net profits—which are a reward for time, effort and skills—it is important to allow for the investment when considering net profits in relation

to other incomes, by making a deduction for notional interest on the investment. The average capital investment per principal is broadly equivalent in amount to annual net profits.

Gross fees

16.166 The profession derives about three-quarters of its income from non-contentious work and almost half its income from conveyancing: the analysis given by firms responding is set out in Table 16.70.

TABLE 16.70
Source of gross fees by category of work

	Average gross fees per firm of respondents	Percentage of total
	£	%
Conveyancing	46,674	47.4
Probate, wills and trusts	13,331	13.5
Company and commercial	12,288	12.5
Other non-contentious	4,267	4.3
Matrimonial	5,357	5.4
Crime	4,392	4.5
Personal injury	3,239	3.3
Other contentious	8,971	9.1
All categories of work	98,519	100.0

The proportion of their fee income derived from conveyancing was almost 60 per cent, on average, for the sole practitioners; this reduced to just over 30 per cent for firms with ten or more partners, probably because of the inclusion in that category of large London firms. The larger firms also derived, on average, just over 30 per cent of their fee income from company and commercial work.

16.167 About two-thirds of the firms responding earned less than 10 per cent of their total gross fees from legal aid, and only 55 firms, less than 4 per cent of the total number responding, received more than 40 per cent of their fee income from legal aid.

16.168 Payments to solicitors from the legal aid fund in 1975/76, covering civil legal aid and criminal legal aid in magistrates' courts, totalled some £40 million; this represents about 6 per cent of the total fee income of the profession and about 28 per cent of the fee income from contentious work. However, between 60 per cent and 80 per cent of the fee income from criminal and matrimonial work was derived from legal aid.

16.169 Apart from payments from the legal aid fund, the legal profession obtains income from criminal prosecutions and from legal aid in the higher

courts—but information is not available as to the amounts paid to solicitors separate from the amounts paid to counsel. In 1975/76 total prosecution fees came to about £16 million and total legal aid in the higher courts totalled some £18 million.

Profitability of categories of work

16.170 The survey did not provide good data on the profitability of classes of work, but some illustrative information can be obtained from:—

- (a) A comparison of the gross fees from classes of work with the number of fee-earners engaged on that work as estimated by firms. But we have qualifications about this comparison because of the low response rate, the difficulty firms will have had in analysing the number of fee-earners in the firms over eight categories of work and because no distinction is made between the various types of fee-earner, from articulated clerk to principal.
- (b) A comparison of the overall results of firms to see if there is any material variation in net profits between firms whose gross fee income included a low proportion of contentious work and a high proportion of contentious work. A similar comparison was made by proportions of conveyancing work. However, variations in overall profitability may be due to a number of factors, which cannot be identified, other than the type of work undertaken.

16.171 The main point to note from the comparison of fees with number of fee-earners is that while 45.8 per cent of gross fees came from conveyancing only 37.2 per cent of the fee-earners were engaged on that work. It is possible that the more senior (and therefore the more costly) fee-earners were engaged on conveyancing work but the comparison tends to confirm the findings of the NBPI in 1966 that conveyancing work is more profitable than most other classes of work.

16.172 With the same caveats, the comparison of fees and fee-earners for other classes of work showed that company and commercial work is the most profitable category of work.

16.173 The comparisons of overall results with the proportions of income derived from contentious work and from conveyancing work gave no particular pattern or trend from which definite conclusions could be drawn as to the profitability of classes of work.

16.174 Data on the variation in fees earned per fee-earner with the percentage of work legally-aided was only provided by about 500 firms, and the results may therefore be biased. However, the information provided showed:—

- (a) for criminal work and to a lesser extent for matrimonial work, an increase in fees earned per fee-earner with an increase in the proportion of fees legally-aided;
- (b) the opposite trend for other litigation work.

ANNEX 16.1

Survey questionnaire

(paragraph 16.6)

LAW SOCIETY—SURVEY

01

Serial No.

Area

PART 'A' — CURRENT STRUCTURE

Answers should be accurate at 1st November 1976, except where otherwise stated.

If your firm has more than one office in England and Wales the records should be amalgamated for the purpose of this survey.

ALL RESPONSES TO MONEY FIGURES SHOULD BE GIVEN TO THE NEAREST WHOLE £.

1. How many separate offices constitute your firm's practice 8

2. How many profit-sharing partners are there (*Profit Sharing Partner - A partner with any entitlement to a share of the profits and not remunerated by salary only*). 10

3. How many other solicitors are there in the firm —

	Full-time	Part-time
Salaried partners	12 <input style="width: 20px; height: 15px;" type="text"/>	<input style="width: 20px; height: 15px;" type="text"/>
Assistant Solicitors	16 <input style="width: 20px; height: 15px;" type="text"/>	<input style="width: 20px; height: 15px;" type="text"/>
Consultants	20 <input style="width: 20px; height: 15px;" type="text"/>	<input style="width: 20px; height: 15px;" type="text"/>

4. (a) How many clerks are currently articled 24

- (b) Did you require a premium from any of them Yes No
26

- (c) If yes,
 - (i) Please state the amount of the most recent premium charged £
27

 - (ii) Is the premium returned to the articled clerk over or at the end of his service? Yes No
31

5. How many other fee earners 32

Full-time	Part-time
<input style="width: 20px; height: 15px;" type="text"/>	<input style="width: 20px; height: 15px;" type="text"/>

6. How many other staff (excluding cleaners) 38

Full-time	Part-time
<input style="width: 20px; height: 15px;" type="text"/>	<input style="width: 20px; height: 15px;" type="text"/>

7. (a) In what year was your last new profit-sharing partner appointed? 1 9
44

- (b) Did you require payment for goodwill? Yes No
46

- (c) Will you expect a payment for goodwill from the next partner? Yes No
47

Time Recording and Expense Rates

3. (a) Are any time-sheets maintained recording time spent on fee earning work by:-

(i) partners? Yes No 48

(ii) other fee earning staff? Yes No 49

(b) If so, is time recorded for all or some types of fee earning work? All Some 50

(c) Do you keep a full time recording system i.e. one which applies hours worked to expense rates and produces an overall figure for each matter? Yes No 51

(d) If yes, is this kept by computer? Yes No 52

(e) If you operate a computer system please indicate type —

- (i) Centre File 53
- (ii) Solicitors Law Stationery Society
- (iii) In-house own system
- (iv) Other outside system

9. Do you have current expense rates calculated according to (a) "The Expense of Time", or (b) some other basis.

(a) Yes No 54

(b) Yes No 55

How many months prior to 1st November 1976 were the rates calculated?

3 months 56 6 months 9 months 12 months or longer

What is the average expense rate to the nearest whole £1.00 and average number of chargeable hours of the following:-

	(a) Expense of Time		(b) Other	
	Average Expense Rate (per hour)	Average number of Chargeable hours per annum	Average Expense Rate (per hour)	Average number of Chargeable hours per annum
(a) Partners	<input type="checkbox"/> 7	<input type="checkbox"/>	<input type="checkbox"/> 13	<input type="checkbox"/>
(b) Salaried Partners & Assistant Solicitors	<input type="checkbox"/> 19	<input type="checkbox"/>	<input type="checkbox"/> 25	<input type="checkbox"/>
(c) Legal Executives — <i>A fellow or member of the Institute of Legal Executives</i>	<input type="checkbox"/> 31	<input type="checkbox"/>	<input type="checkbox"/> 37	<input type="checkbox"/>
(d) Articled Clerks	<input type="checkbox"/> 43	<input type="checkbox"/>	<input type="checkbox"/> 49	<input type="checkbox"/>

02

10. What annual salary do you pay the following full-time employees:
 (Please complete Year of Admission and Salary opposite in each case – names or other details are not required.
 The Total Numbers given in this question must agree with Totals given in Question 3 and Question 4a.
 Annual Salary/Gross Salary – Salary as at the 1st November, 1976 plus amounts paid in respect of bonus,
 commissions, employers contribution to pension and any other like payment made to the employee or on his
 behalf for the 12 months ending 31st October, 1976.

SALARIED PARTNERS AND ASSISTANT SOLICITORS

	Year of admission	Annual Salary
03	19 7	£
	19 14	£
	19 21	£
	19 28	£
	19 35	£
	19 42	£
	19 49	£
	19 56	£
	19 63	£
	19 70	£
04	19 7	£
	19 14	£
	19 21	£
	19 28	£

ARTICLED CLERKS

	Year Articled	Annual Salary
	19 35	£
	19 42	£
	19 49	£
	19 56	£
	19 63	£
	19 70	£
	19 7	£
05	19 14	£

CONSULTANTS

	Year of admission	Annual Salary
06	19 21	£
	19 28	£
	19 35	£
	19 42	£

LEGAL EXECUTIVES

	Age	Annual Salary
	49	£
	56	£
	63	£
	70	£
06	7	£
	14	£
	21	£
	28	£
	35	£
	42	£
	49	£
	56	£
	63	£
	70	£
07	7	£
	14	£

If you find you have insufficient room on this page – please photocopy this sheet as many times as you need and attach to the questionnaire before returning it.

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE—ANNEX 16.1

11. (a) Have you made pension arrangements for any of your staff? Yes No 09

(b) If 'yes' please put number of staff in appropriate box or boxes:

(i) Firm's own pension scheme	<table border="1" style="margin: 0 auto; width: 100px; height: 20px;"> <tr><td style="width: 10px;">8</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	8									
8											
(ii) Solicitors Clerks Pension Fund	<table border="1" style="margin: 0 auto; width: 100px; height: 20px;"> <tr><td style="width: 10px;">9</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	9									
9											
(iii) Other	<table border="1" style="margin: 0 auto; width: 100px; height: 20px;"> <tr><td style="width: 10px;">16</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	16									
16											

(c) Total amount paid by the firm in the last financial year in respect of:

(a) Pension premiums for current staff	<table border="1" style="margin: 0 auto; width: 150px; height: 20px;"> <tr><td style="width: 10px;">£</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	£																			
£																					
(b) Pensions for retired staff and dependants	<table border="1" style="margin: 0 auto; width: 150px; height: 20px;"> <tr><td style="width: 10px;">£</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	£																			
£																					

12. Are you actively looking for staff in any of the following grades:

Number of vacancies

Assistant Solicitors	<table border="1" style="margin: 0 auto; width: 50px; height: 20px;"> <tr><td style="width: 10px;">34</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	34									
34											
Legal Executives	<table border="1" style="margin: 0 auto; width: 50px; height: 20px;"> <tr><td style="width: 10px;">36</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	36									
36											

13. As between Contentious and Non-Contentious Business it is essential that you provide the following information in respect of the last accounting year for which audited accounts are available.

Is your reply actual (A) or estimated (E) please tick appropriate box —

In respect of each category what were the fees rendered

Non-Contentious	<table border="1" style="margin: 0 auto; width: 40px; height: 20px;"> <tr><td style="width: 10px;">A</td><td style="width: 10px;">E</td></tr> </table>	A	E	<table border="1" style="margin: 0 auto; width: 150px; height: 20px;"> <tr><td style="width: 10px;">£</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	£																		
A	E																						
£																							
	30	39																					
Contentious	<table border="1" style="margin: 0 auto; width: 40px; height: 20px;"> <tr><td style="width: 10px;">A</td><td style="width: 10px;">E</td></tr> </table>	A	E	<table border="1" style="margin: 0 auto; width: 150px; height: 20px;"> <tr><td style="width: 10px;">£</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	£																		
A	E																						
£																							
	47	40																					
TOTAL £		<table border="1" style="margin: 0 auto; width: 150px; height: 20px;"> <tr><td style="width: 10px;">56</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	56																				
56																							

14. Number of fee-earners including partners doing the work

Total at beginning of last accounting year for which audited accounts are available.

Total at end of that year 09

(a) Non-Contentious Business	<table border="1" style="margin: 0 auto; width: 100px; height: 20px;"> <tr><td style="width: 10px;">7</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	7										<table border="1" style="margin: 0 auto; width: 100px; height: 20px;"> <tr><td style="width: 10px;">11</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	11									
7																						
11																						
(b) Contentious Business	<table border="1" style="margin: 0 auto; width: 100px; height: 20px;"> <tr><td style="width: 10px;">15</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	15										<table border="1" style="margin: 0 auto; width: 100px; height: 20px;"> <tr><td style="width: 10px;">19</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	19									
15																						
19																						
TOTAL	<table border="1" style="margin: 0 auto; width: 100px; height: 20px;"> <tr><td style="width: 10px;">23</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	23										<table border="1" style="margin: 0 auto; width: 100px; height: 20px;"> <tr><td style="width: 10px;">27</td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td><td style="width: 10px;"> </td></tr> </table>	27									
23																						
27																						

NOTE — Please count each part-time fee-earner as half.

15. Where the information is available (e.g. on a computer or otherwise) please complete the following detailed analysis for the same period.

	Fees rendered	Number of fee-earners including partners doing the work
(a) Conveyancing	£ <input type="text"/>	<input type="text"/>
(b) Probate, Wills & Trusts	£ <input type="text"/>	<input type="text"/>
(c) Company & Commercial	£ <input type="text"/>	<input type="text"/>
(d) Other non-contentious work	£ <input type="text"/>	<input type="text"/>
(e) Matrimonial	£ <input type="text"/>	<input type="text"/>
(f) Crime	£ <input type="text"/>	<input type="text"/>
(g) Personal injury	£ <input type="text"/>	<input type="text"/>
(h) Other contentious work	£ <input type="text"/>	<input type="text"/>
TOTAL	£ <input type="text"/>	TOTAL <input type="text"/>

16. Where possible give the amount of the gross fees for your last accounting year for the following categories of work and what percentage in each category was funded by the Legal Aid Fund?

(Note – If for instance one half of your criminal (magistrates court) fees were received from the Legal Aid Fund put 50% in the right hand column.)

Is your reply actual (A) or estimated (E) – please tick appropriate boxes

	A	E	Fees Earned	% Legally Aided
(a) Criminal (Magistrates Court)	<input type="checkbox"/>	<input type="checkbox"/>	£ <input type="text"/>	<input type="text"/>
(b) Criminal (Crown Court)	<input type="checkbox"/>	<input type="checkbox"/>	£ <input type="text"/>	<input type="text"/>
(c) Matrimonial (Magistrates Court)	<input type="checkbox"/>	<input type="checkbox"/>	£ <input type="text"/>	<input type="text"/>
(d) Matrimonial (Divorce)	<input type="checkbox"/>	<input type="checkbox"/>	£ <input type="text"/>	<input type="text"/>
(e) Other High Court litigation	<input type="checkbox"/>	<input type="checkbox"/>	£ <input type="text"/>	<input type="text"/>
(f) Other County Court litigation	<input type="checkbox"/>	<input type="checkbox"/>	£ <input type="text"/>	<input type="text"/>

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE—ANNEX 16.1

PART 'B' — ACCOUNTS

N.B. If your firm has more than one office the accounts should be amalgamated for the purpose of this survey.

17. What is the latest period for which audited accounts are available? Give dates — From DAY MONTH YEAR (11)
 62 _____ 19 _____
 To 68 _____ 19 _____

18. Are your accounts prepared on —

a cash received 74

bills delivered, or

bills delivered and work in progress basis

19. For the last 3 complete accounting years for which audited accounts are available, please give the following information (ignore pence) —
 (Gross Fees — Includes any fees of any office that have been brought into the firm's accounts.)
 (Deposit Interest — Is the amount which the solicitor receives net after accounting to the clients for the sums properly due to them in respect of clients money on deposit.)

(a) Income (12)

	Last accounting year ended	One year before ended	Two years before ended
(i) Gross fees (excluding V.A.T., deposit interest & commissions) £	_____ / _____ / 19_____ 25	_____ / _____ / 19_____ 34	_____ / _____ / 19_____ 43
(ii) Deposit interest on client account £	_____ / _____ / _____ 52	_____ / _____ / _____ 57	_____ / _____ / _____ 63
(iii) Commissions - all other interest and investment income £	_____ / _____ / _____ 7	_____ / _____ / _____ 12	_____ / _____ / _____ 17
(iv) All other income £	_____ / _____ / _____ 22	_____ / _____ / _____ 27	_____ / _____ / _____ 32
Total Income £	_____ / _____ / _____ 37	_____ / _____ / _____ 45	_____ / _____ / _____ 53

(b) Expenditure

	Last accounting year ended	One year before ended	Two years before ended
(i) Gross salaries to include salaried partners salaries, Employer's contributions to National Insurance and staff pension schemes £	_____ / _____ / 19_____ 64	_____ / _____ / 19_____ 67	_____ / _____ / 19_____ 73
(ii) Rent or mortgage interest £	_____ / _____ / _____ 28	_____ / _____ / _____ 33	_____ / _____ / _____ 38
(iii) Rates £	_____ / _____ / _____ 43	_____ / _____ / _____ 48	_____ / _____ / _____ 53
(iv) Bank or other third party interest £	_____ / _____ / _____ 58	_____ / _____ / _____ 63	_____ / _____ / _____ 68
(v) All other expenditure £	_____ / _____ / _____ 7	_____ / _____ / _____ 12	_____ / _____ / _____ 17
Total expenses £	_____ / _____ / _____ 22	_____ / _____ / _____ 31	_____ / _____ / _____ 40

(c) Profits of firm, before tax and before charging interest on partners capital or current accounts (item (a) less item (b)) £

£	_____ / _____ / _____ 49	_____ / _____ / _____ 57	_____ / _____ / _____ 64
---	-----------------------------	-----------------------------	-----------------------------

20. Please enter below details of your assets and liabilities as shown in your balance sheet for the last accounting year only.

As at 19
71 DAY MONTH YEAR

(a) **Fixed Assets** (after allowing, where appropriate, for depreciation)

(i) Goodwill (if shown)	£	<input type="text"/>
(ii) Freehold and leasehold property	£	<input type="text"/>
(iii) Other fixed assets	£	<input type="text"/>
Total fixed assets	£	<input type="text"/>

(b) **Current Assets**

(i) Debtors	£	<input type="text"/>
(ii) Cash in hand and at bank	£	<input type="text"/>
(iii) Work in Progress	£	<input type="text"/>
Total current assets	£	<input type="text"/>

(c) **Current Liabilities**

(i) Bank overdraft	£	<input type="text"/>
(ii) Other Creditors	£	<input type="text"/>
Total current liabilities	£	<input type="text"/>

(d) **Total net assets** (items (a) and (b) minus (c))

£	<input type="text"/>
---	----------------------

(e) **Representing Capital Employed in the Business**

(i) Partners' capital and current a/c's	£	<input type="text"/>
(ii) Reserves not allocated to individual partners	£	<input type="text"/>
(iii) Long-term loans from outside the partnership e.g. mortgage of office premises	£	<input type="text"/>
(iv) Any taxation provision in the accounts	£	<input type="text"/>

(f) **Total (to agree with item (d))**

£	<input type="text"/>
---	----------------------

21. **Amounts held in Clients Accounts**

Please state the total balances held by the firm in clients accounts at the end of each of the last three accounting years:-

End of last accounting year	£	<input type="text"/>
-----------------------------	---	----------------------

End of one year earlier	£	<input type="text"/>
-------------------------	---	----------------------

End of two years earlier	£	<input type="text"/>
--------------------------	---	----------------------

EARNINGS OF SOLICITORS IN PRIVATE PRACTICE—ANNEX 16.1

22. Premises

If the freehold or long leasehold of any premises used by the firm are owned by some or all of the partners, please answer the following questions in respect of those premises.

- (a) What is the approximate current value of the premises £
- (b) What is the value (if any) shown in the balance sheet £
- (c) What rent, interest and/or depreciation is allowed in the profit and loss account £

23. Gross earnings for sole principals or partners for last three complete accounting years.

Please complete the table below. One line should be used for each person. No names are required.

(a) Principal, partners (excluding salaried partners) full-time throughout year —

AGE	Year of Admission	Amount of pretax profits earned including any partnership salary			Balances on capital and current account including Tax provision (if any) as shown in 20(e (iv))		
		Last A/c year	One year earlier	Two years earlier	Last A/c year	One year earlier	Two years earlier
	19						
	19						
	19						
	19						
	19						
	19						
	19						
	19						
	19						
	19						
	19						
	19						
	19						
	19						

(b) Other partners (not full-time) or who have not been with the firm for the whole of the relevant year and profit-sharing consultants.

	19						
	19						
	19						
	19						
	19						

(c) Pensions or annuities paid to retired partners or their dependants.

£

N.B. It is appreciated that a variety of annual pension provisions are made by partners which represent a deduction from share of profit. This aspect will be covered in a memorandum to the Commission.

Totals of (a), (b) and (c) above			Totals of (a) & (b) above		
£	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

← These totals must agree with 19(c) →

ANNEX 16.2

The new state pension scheme

(paragraph 16.56)

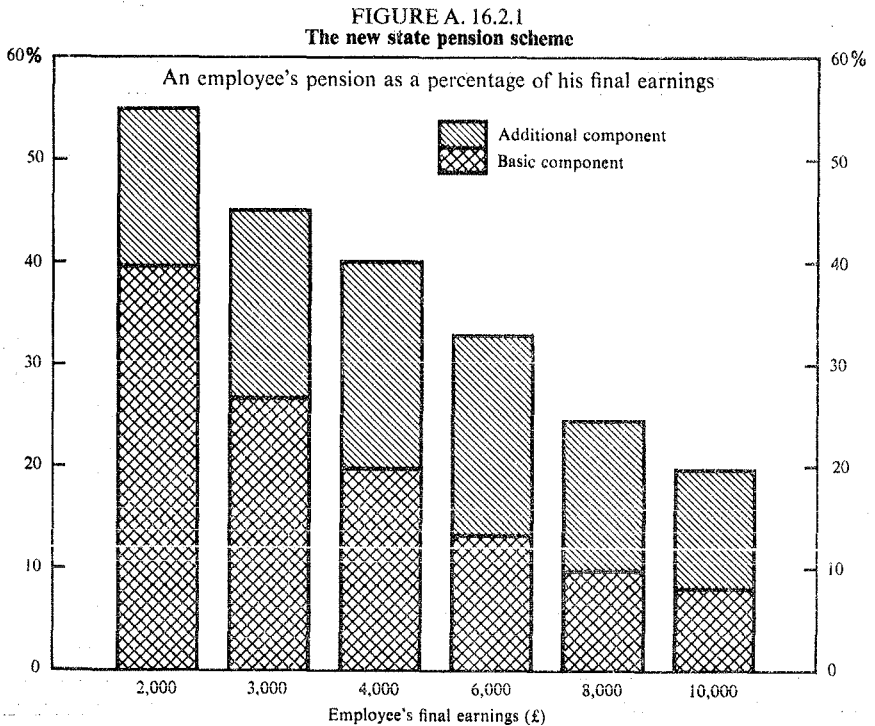


Figure A16.2.1 assumes that:—

- 1 The employee is single. A married couple, where the wife does not have an entitlement to a state pension of her own, will receive extra pension.
- 2 The employee has a state contribution record which is sufficiently complete to justify a full basic component state pension, currently £795.60 per annum (£15.30 per week).
- 3 The employee has contributed for at least 20 years to the new state additional pension scheme, and is thus entitled to the maximum additional component of 20/80ths (25 per cent) of earnings between the lower earnings limit and upper earnings limit. If contributions are paid for less than 20 years, the rate of accrual is one-eightieth for each year.
- 4 The lower earnings limit, currently £780 per annum (£15 per week), and the upper earnings limit, currently £5,460 per annum (£105 per week), increase at the same rate as national average earnings.
- 5 The employee's earnings increase at the same rate as national average earnings. If earnings increase at a faster rate than national average earnings (possibly due to promotion), the state pension will be at a lower percentage of final earnings than that shown by the chart. The opposite will occur if earnings increase at a slower rate than national average earnings.

ANNEX 16.3

Statistical annex

(paragraph 16.1)

TABLE 16.71

Response rate: all acceptable replies to the questionnaire

	Number of firms (1976)	Replies	Response rate
Sole practitioners	2,072	1,183	57.1
2 partners	1,699	1,036	61.0
3-4 partners	1,535	1,163	75.8
5-9 partners	897	698	77.8
10 or more partners	218	150	68.8
All firms	6,421	4,230	65.9

Source: Number of firms: London Insurance Brokers—the list of firms for sending out the questionnaire was based on the London Insurance Brokers' records kept for the Law Society's indemnity insurance scheme.

TABLE 16.72

Response rate: replies giving income and expenditure in calendar years

	Number of firms (1976)	Income and expenditure data for:							
		1976		1975		1974		1973	
		number	response rate %	number	response rate %	number	response rate %	number	response rate %
Sole practitioners	2,072	610	29.4	822	39.7	774	37.4	277	13.4
2 partners	1,699	637	37.5	896	52.7	874	51.4	289	17.0
3-4 partners	1,535	706	46.0	1,066	69.4	1,050	68.4	376	24.5
5-9 partners	897	423	47.2	665	74.1	651	72.6	244	27.2
10 or more partners	218	97	44.5	142	65.1	145	66.5	49	22.5
All firms	6,421	2,473	38.5	3,591	55.9	3,494	54.4	1,235	19.2

TABLE 16.73

Response rate: replies giving analysis of gross fees

(a) Analysis of fee income between contentious/non-contentious work, in any year

	Number of firms (1976)	Analysis of fee income					
		all		estimated		actual	
		number	response rate %	number	% of total	number	% of total
Sole practitioners	2,072	1,016	49.0	652	64	364	36
2 partners	1,699	921	54.2	603	65	318	35
3-4 partners	1,535	1,071	69.8	703	66	368	34
5-9 partners	897	664	74.0	384	58	280	42
10 or more partners	218	144	66.1	87	60	57	40
All firms	6,421	3,816	59.4	2,429	64	1,387	36

(b) Analysis of fee income and numbers of staff between contentious/non-contentious work, in any year

	Number of firms (1976)	Analysis of fee income and numbers of staff					
		all		fee income estimated		fee income actual	
		number	response rate %	number	% of total	number	% of total
Sole practitioners	2,072	860	41.5	545	63	315	37
2 partners	1,699	872	51.3	568	65	304	35
3-4 partners	1,535	1,038	67.6	684	66	354	34
5-9 partners	897	653	72.8	379	58	274	42
10 or more partners	218	143	65.6	86	60	57	40
All firms	6,421	3,566	55.5	2,262	63	1,304	37

TABLE 16.73 (contd.)

(c) Analysis of fee income over eight broad headings

	Number of firms (1976)	Number responding	Response rate
Sole practitioners	2,072	587	28.3
2 partners	1,699	486	28.6
3-4 partners	1,535	581	37.9
5-9 partners	897	402	44.8
10 or more partners	218	98	45.0
All firms	6,421	2,154	33.5

(d) Further analysis of fee income showing percentage of fees legally-aided

	Number of firms (1976)	Firms giving analysis of gross fees with percentage legally-aided	
		number	response rate %
Sole practitioners	2,072	378	18.2
2 partners	1,699	358	21.1
3-4 partners	1,535	421	27.4
5-9 partners	897	261	29.1
10 or more partners	218	62	28.4
All firms	6,421	1,480	23.0

TABLE 16.74
Estimate of total numbers of partners and staff¹

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms	6,421	2,072	1,699	1,535	897	218
Number of full-time partners and staff:						
Profit sharing partners	19,247	2,072	3,398	5,225	5,608	2,944
Salaried partners	1,380	183	182	287	363	365
Assistant solicitors	6,034	594	813	1,247	1,643	1,737
Consultants	519	70	98	143	161	47
Articled clerks	6,321	554	787	1,431	2,010	1,539
Other fee earners	15,320	1,675	2,214	3,758	4,781	2,892
Other staff	56,676	5,718	8,879	15,111	17,208	9,760
Total partners and staff—full-time	105,497	10,866	16,371	27,202	31,774	19,284
Part-time staff: (counted as $\frac{1}{2}$)						
Other fee earners	888	143	196	249	218	82
Other staff	8,231	1,462	1,706	2,181	2,098	784
Total	114,616	12,471	18,273	29,632	34,090	20,150

¹ Grossed-up to include those not responding.

Source: Total number of firms from London Insurance Brokers.

TABLE 16.75

November 1976 salaries of full-time salaried partners and assistant solicitors
by size of firm

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of salaried partners and assistant solicitors	5,439	437	614	1,191	1,585	1,612
Salaries at 1 November 1976:	£	£	£	£	£	£
Average	4,771	4,428	4,232	4,335	4,477	5,679
Highest decile	7,136	6,019	5,636	5,999	6,162	8,748
3rd decile	5,061	4,970	4,527	4,640	4,872	6,491
Median	4,346	4,200	3,990	4,028	4,166	5,262
7th decile	3,815	3,701	3,515	3,563	3,752	4,370
Lowest decile	3,179	2,977	2,991	3,023	3,250	3,526

TABLE 16.76

November 1976 salaries of full-time salaried partners and assistant solicitors by year of admission

Salary ranges	All		Year of admission											
			Three years 1974-76		Three years 1971-73		Ten years 1961-70		Ten years 1951-60		Five years 1946-50		Before 1946	
	number	%	number	%	number	%	number	%	number	%	number	%	number	%
£2,000 or less	71	1.3	15	0.5	8	0.7	15	2.2	6	3.5	5	5.7	22	13.0
£2,001 to £3,000	362	6.8	278	9.3	20	1.7	20	2.9	7	4.0	11	12.5	26	15.4
£3,001 to £4,000	1,722	32.4	1,402	46.8	166	13.7	60	8.8	35	20.1	17	19.3	42	24.8
£4,001 to £5,000	1,520	28.6	917	30.6	387	32.0	120	17.6	45	25.9	22	25.0	29	17.2
£5,001 to £6,000	732	13.8	292	9.7	267	22.0	125	18.3	20	11.5	15	17.1	13	7.7
£6,001 to £8,000	575	10.8	78	2.6	273	22.5	168	24.6	26	14.9	9	10.2	21	12.4
£8,001 to £10,000	221	4.1	7	0.2	73	6.0	102	15.0	22	12.6	7	7.9	10	5.9
£10,001 or more	118	2.2	8	0.3	17	1.4	72	10.6	13	7.5	2	2.3	6	3.6
All	5,321	100.0	2,997	100.0	1,211	100.0	682	100.0	174	100.0	88	100.0	169	100.0
Average	£ 4,771		£ 4,100		£ 5,492		£ 6,397		£ 5,679		£ 4,838		£ 4,520	
Highest decile	7,136		5,303		7,609		9,871		9,610		8,760		8,020	
3rd decile	5,061		4,452		6,042		7,590		6,546		5,322		5,043	
Median	4,346		3,980		5,108		6,050		4,983		4,550		3,996	
7th decile	3,815		3,531		4,517		5,010		4,223		3,610		3,095	
Lowest decile	3,179		3,047		3,835		3,832		3,323		2,430		1,945	

TABLE 16.77

November 1976 salaries of articulated clerks by size of firm

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of articulated clerks	4,431	303	480	1,037	1,496	1,115
Salaries at 1 November 1976:	£	£	£	£	£	£
Average	1,837	1,852	1,637	1,644	1,694	2,289
Highest decile	2,865	2,833	2,450	2,441	2,422	3,270
3rd decile	2,015	1,982	1,791	1,792	1,835	2,711
Median	1,635	1,548	1,482	1,516	1,561	2,276
7th decile	1,370	1,337	1,275	1,295	1,328	1,768
Lowest decile	1,028	997	970	989	1,026	1,320

TABLE 16.78

November 1976 salaries of articulated clerks by year articulated

Salary ranges	All		Year articulated													
			1976		1975		1974		1973		1972		1971		before 1971	
	number	%	number	%	number	%	number	%	number	%	number	%	number	%	number	%
£1,000 or less	350	8.1	212	11.9	93	6.1	26	4.7	11	3.7	7	6.8	1	2.9	0	0
£1,001 to £1,500	1,496	34.5	760	42.6	440	28.9	176	31.7	88	29.6	19	18.4	4	11.4	9	22.5
£1,501 to £2,000	1,239	28.6	432	24.2	477	31.4	177	31.9	101	34.0	36	35.0	7	20.0	9	22.5
£2,001 to £2,500	517	11.9	128	7.2	231	15.2	72	13.0	53	17.9	18	17.5	10	28.6	5	12.5
£2,501 to £3,000	426	9.8	208	11.6	116	7.6	50	9.0	22	7.4	13	12.6	6	17.1	11	27.5
£3,001 to £3,500	197	4.5	17	0.9	124	8.2	35	6.3	8	2.7	7	6.8	2	5.7	4	10.0
£3,501 or more	112	2.6	29	1.6	40	2.6	19	3.4	14	4.7	3	2.9	5	14.3	2	5.0
	4,337	100.0	1,786	100.0	1,521	100.0	555	100.0	297	100.0	103	100.0	35	100.0	40	100.0
	£		£		£		£		£		£		£		£	
Average	1,837		1,669		1,943		1,937		1,952		2,046		2,437		2,305	
Highest decile	2,865		2,639		3,055		3,031		2,797		3,042		3,800		3,300	
3rd decile	2,015		1,829		2,139		2,086		2,074		2,386		2,775		2,964	
Median	1,635		1,498		1,759		1,755		1,795		1,900		2,275		2,250	
7th decile	1,370		1,277		1,472		1,457		1,513		1,659		1,900		1,625	
Lowest decile	1,028		982		1,153		1,147		1,202		1,215		1,400		1,300	

TABLE 16.79

November 1976 salaries of full-time legal executives by size of firm

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of legal executives	8,129	685	1,039	2,179	2,837	1,389
Salaries at 1 November 1976:	£	£	£	£	£	£
Average	3,836	3,660	3,597	3,651	3,777	4,509
Highest decile	5,628	5,437	5,139	5,318	5,440	7,168
3rd decile	4,402	4,048	4,044	4,206	4,385	5,105
Median	3,692	3,482	3,481	3,542	3,738	4,238
7th decile	3,003	2,953	2,854	2,951	3,022	3,368
Lowest decile	2,086	2,009	2,044	2,008	2,091	2,318

TABLE 15.80

November 1976 salaries of full-time legal executives by age

Salary ranges	All ages		Under 26		26 to 30		31 to 35		36 to 45		46 to 55		56 to 65		Over 65	
	number	%	number	%	number	%	number	%	number	%	number	%	number	%	number	%
£2,000 or less	747	9.2	408	35.8	49	4.5	24	2.9	40	3.2	40	2.5	91	5.1	95	24.7
£2,001 to £3,000	1,796	22.1	482	42.2	314	28.8	136	16.3	242	19.2	257	15.8	281	15.7	84	21.9
£3,001 to £4,000	2,386	29.3	180	15.8	448	41.1	289	34.7	334	26.6	480	29.4	544	30.3	111	28.9
£4,001 to £5,000	1,842	22.7	49	4.3	214	19.8	239	28.7	356	28.2	457	28.0	465	25.9	62	16.1
£5,001 to £6,000	789	9.7	13	1.1	43	3.9	93	11.2	165	13.1	220	13.4	235	13.1	20	5.2
£6,001 to £8,000	404	5.0	9	0.8	20	1.8	47	5.6	95	7.6	107	6.6	115	6.4	11	2.9
£8,001 to £10,000	131	1.6	0	0	1	0.1	4	0.5	20	1.6	60	3.7	46	2.6	0	0
£10,001 or more	34	0.4	0	0	0	0	1	0.1	6	0.5	10	0.6	16	0.9	1	0.3
All	8,129	100.0	1,141	100.0	1,089	100.0	833	100.0	258	100.0	1,631	100.0	1,793	100.0	384	100.0
Average	£ 3,836		£ 2,451		£ 3,515		£ 4,072		£ 4,198		£ 4,341		£ 4,207		£ 3,179	
Highest decile	5,628		3,677		4,782		5,620		6,010		6,188		6,027		4,893	
3rd decile	4,402		2,785		3,923		4,542		4,778		4,815		4,718		3,820	
Median	3,692		2,316		3,422		3,968		4,062		4,103		3,999		3,141	
7th decile	3,003		1,879		2,993		3,399		3,390		3,475		3,388		2,329	
Lowest decile	2,086		1,305		2,345		2,602		2,498		2,594		2,523		1,360	

TABLE 16.81

November 1976 salaries of consultants by size of firm

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of consultants	945	79	147	251	331	137
Salaries at 1 November 1976:	£	£	£	£	£	£
Average	2,780	2,463	2,149	2,744	2,737	3,810
Highest decile	5,989	5,020	4,515	6,139	5,531	9,852
3rd decile	3,458	3,007	2,548	3,539	3,373	4,957
Median	2,020	1,800	1,787	1,987	2,047	3,006
7th decile	1,208	1,033	963	1,253	1,316	1,957
Lowest decile	503	498	392	513	504	774

TABLE 16.82

November 1976 salaries of consultants by year of admission

Salary ranges	All		Year of admission											
			three years 1974-76		three years 1971-73		ten years 1961-70		ten years 1951-60		five years 1946-50		before 1946	
	number	%	number	%	number	%	number	%	number	%	number	%	number	%
£2,000 or less	478	52.1	7	70.0	2	66.7	16	53.3	28	47.4	33	37.5	392	53.8
£2,001 to £3,000	139	15.1	0	0	0	0	2	6.7	9	15.2	16	18.2	112	15.5
£3,001 to £4,000	91	9.9	0	0	0	0	5	16.7	7	11.9	12	13.6	67	9.2
£4,001 to £5,000	84	9.2	1	10.0	0	0	1	3.3	3	5.1	11	12.5	68	9.3
£5,001 to £6,000	40	4.4	0	0	1	33.3	2	6.7	4	6.8	4	4.5	29	4.0
£6,001 to £8,000	47	5.1	0	0	0	0	3	10.0	6	10.2	5	5.7	33	4.5
£8,001 to £10,000	18	2.0	1	10.0	0	0	1	3.3	2	3.4	2	2.3	12	1.6
£10,001 or more	21	2.2	1	10.0	0	0	0	0	0	0	5	5.7	15	2.1
All	918	100.0	10	100.0	3	100.0	30	100.0	59	100.0	88	100.0	728	100.0
Average	2,780		3,430		2,733		3,043		3,010		3,523		2,682	
Highest decile	5,989		9,550		5,220		7,000		6,759		7,669		5,540	
3rd decile	3,458		2,050		5,160		3,850		3,959		4,110		3,301	
Median	2,020		1,983		2,000		2,025		2,500		2,900		2,000	
7th decile	1,208		1,550		1,040		1,300		1,017		1,995		1,160	
Lowest decile	503		150		980		550		572		786		488	

TABLE 16.83

Income and expenditure accounts ending in 1974: average per firm

	All ¹ firms	Sole practi- tioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms responding	3,494	774	874	1,050	651	145
<i>Averages per firm</i>	£	£	£	£	£	£
Gross fees	72,379	22,570	38,780	71,042	146,323	512,800
Deposit interest	3,323	790	1,791	3,718	7,781	18,221
Commissions	1,515	373	709	1,588	3,432	10,234
Other income	682	299	258	1,032	1,164	3,173
Total income	77,899	24,032	41,538	77,380	158,700	544,428
Gross salaries	28,476	9,045	14,559	27,536	58,510	204,655
Rent and interest	2,930	810	1,198	2,135	5,123	33,158
Rates	1,322	373	565	996	2,382	14,179
Bank interest	542	281	293	471	1,041	3,407
Other expenditure	14,565	5,390	7,978	14,501	29,811	90,829
Total expenses	47,835	15,899	24,593	45,639	96,867	346,228
Net profit ² per firm	30,064	8,133	16,945	31,741	61,833	198,200

¹ The figures in this column are adjusted for the response rate.

² The net profits shown in this report are before provision for principals' pensions, before charging interest on principals' capital investment and before tax. The net profits are therefore not directly comparable with earnings in other occupations. In particular most employees, in addition to a gross salary, will be provided with a pension by the employer, will have no capital investment and may obtain other "fringe" benefits. We discuss these points in the report on comparisons of earnings (reproduced at Section 20) and, where possible, adjust the figures in that report to put them onto a comparable basis.

TABLE 16.84

Income and expenditure accounts ending in 1974: total for all firms¹

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms (1976)	6,421	2,072	1,699	1,535	897	218
<i>Totals</i>	£'000	£'000	£'000	£'000	£'000	£'000
Gross fees	464,743	46,765	65,887	109,049	131,252	111,790
Deposit interest	21,339	1,637	3,043	5,707	6,980	3,972
Commissions	9,726	773	1,205	2,438	3,079	2,231
Other income	4,378	620	438	1,584	1,044	692
Total income	500,186	49,795	70,573	118,778	142,355	118,685
Gross salaries	182,843	18,741	24,736	42,268	52,483	44,615
Rent and interest	18,813	1,678	2,035	3,277	4,595	7,228
Rates	8,490	773	960	1,529	2,137	3,091
Bank interest	3,480	582	498	723	934	743
Other expenditure	93,523	11,168	13,555	22,259	26,740	19,801
Total expenses	307,149	32,942	41,784	70,056	86,889	75,478
Net profit ²	193,037	16,853	28,789	48,722	55,466	43,207

¹ Grossed-up to include those not responding.

² See note to Table 16.83.

TABLE 16.85

Income and expenditure accounts ending in 1974: average per partner

	All firms (adjusted for response)	All firms (not adjusted for response)	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of partners in response		11,021	851	1,680	3,238	3,606	1,646
<i>Average per partner</i>	£	£	£	£	£	£	£
Gross fees	26,772	26,819	20,528	20,175	23,037	26,416	45,174
Deposit interest	1,227	1,251	719	932	1,206	1,405	1,605
Commissions	563	571	339	369	515	620	902
Other income	247	250	272	133	334	209	279
Total income	28,809	28,891	21,858	21,609	25,092	28,650	47,960
Gross salaries	10,539	10,562	8,226	7,574	8,929	10,563	18,029
Rent and interest	1,107	1,094	736	623	692	925	2,921
Rates	498	493	339	294	323	430	1,249
Bank interest	197	194	255	153	153	188	300
Other expenditure	5,349	5,349	4,904	4,150	4,703	5,382	8,001
Total expenses	17,690	17,692	14,460	12,794	14,800	17,488	30,500
Net profit ¹ per partner	11,119	11,199	7,398	8,815	10,292	11,162	17,460

¹ See note to Table 16.83.

TABLE 16.86

Income and expenditure accounts ending in 1975: average per firm

	All ¹ firms	Sole practi- tioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms responding	3,591	822	896	1,066	665	142
<i>Averages per firm</i>	£	£	£	£	£	£
Gross fees	84,739	26,567	45,627	84,087	174,804	576,451
Deposit interest	3,301	852	1,792	3,756	7,637	17,303
Commissions	1,511	402	780	1,638	3,373	9,197
Other income	917	391	760	874	1,564	4,781
Total income	90,468	28,212	48,959	90,355	187,378	607,732
Gross salaries	33,038	10,406	16,977	32,946	68,198	229,289
Rent and interest	3,332	876	1,455	2,824	6,201	33,077
Rates	2,173	1,491	758	1,845	3,157	17,930
Bank interest	609	332	364	579	1,124	3,246
Other expenditure	17,204	5,793	9,950	16,793	35,719	108,916
Total expenses	56,356	18,898	29,504	54,987	114,399	392,458
Net profit ² per firm	34,112	9,314	19,455	35,368	72,979	215,274

¹ The figures in this column are adjusted for the response rate.² See note to Table 16.83.

TABLE 16.87

Income and expenditure accounts ending in 1975: total for all firms¹

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms (1976)	6,421	2,072	1,699	1,535	897	218
<i>Totals</i>	£'000	£'000	£'000	£'000	£'000	£'000
Gross fees	544,106	55,047	77,520	129,074	156,799	125,666
Deposit interest	21,197	1,765	3,045	5,765	6,850	3,772
Commissions	9,703	833	1,325	2,514	3,026	2,005
Other income	5,888	810	1,291	1,342	1,403	1,042
Total income	580,894	58,455	83,181	138,695	168,078	132,485
Gross salaries	212,136	21,561	28,844	50,572	61,174	49,985
Rent and interest	21,395	1,815	2,472	4,335	5,562	7,211
Rates	13,950	3,089	1,288	2,832	2,832	3,909
Bank interest	3,911	688	618	889	1,008	708
Other expenditure	110,469	12,003	16,905	25,777	32,040	23,744
Total expenses	361,861	39,156	50,127	84,405	102,616	85,557
Net profit ²	219,033	19,299	33,054	54,290	65,462	46,928

¹Grossed-up to include those not responding.²See note to Table 16.83.

TABLE 16.88

Income and expenditure accounts ending in 1975: average per partner

	All firms (adjusted for response)	All firms (not adjusted for response)	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of partners in response		11,609	886	1,757	3,417	3,851	1,698
<i>Average per partner</i>	£	£	£	£	£	£	£
Gross fees	30,189	30,188	24,648	23,268	26,233	30,186	48,207
Deposit interest	1,172	1,193	791	914	1,172	1,319	1,447
Commissions	538	545	373	398	511	582	769
Other income	322	315	362	387	272	270	400
Total income	32,221	32,241	26,174	24,967	28,188	32,357	50,823
Gross salaries	11,779	11,784	9,654	8,658	10,278	11,777	19,175
Rent and interest	1,387	1,193	812	742	881	1,701	2,766
Rates	767	734	1,383	387	576	545	1,499
Bank interest	213	209	308	185	181	194	271
Other expenditure	5,928	6,098	5,376	5,074	5,238	5,538	9,109
Total expenses	20,074	20,018	17,533	15,046	17,154	19,755	32,820
Net profit ¹ per partner	12,147	12,223	8,641	9,921	11,034	12,602	18,003

¹See note to Table 16.83.

TABLE 16.89

Income and expenditure accounts ending in 1976: average per firm

	All ¹ firms	Sole practi- tioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms responding	2,473	610	637	706	423	97
<i>Averages per firm</i>	£	£	£	£	£	£
Gross fees	101,466	29,621	54,604	99,529	200,742	754,691
Deposit interest	2,947	734	1,621	3,274	6,928	15,629
Commissions	1,564	409	900	1,695	3,286	9,701
Other income	679	230	437	743	1,393	3,453
Total income	106,656	30,994	57,562	105,241	212,349	783,474
Gross salaries	38,415	11,560	20,022	37,274	76,427	288,629
Rent and interest	4,356	1,137	1,862	3,152	7,444	50,155
Rates	2,271	515	936	1,678	3,966	26,557
Bank interest	637	345	381	640	1,176	3,165
Other expenditure	22,504	9,182	13,359	22,267	42,355	140,381
Total expenses	68,183	22,739	36,560	65,011	131,368	508,887
Net profit ² per firm	38,473	8,255	21,002	40,230	80,981	274,587

¹The figures in this column are adjusted for the response rate.

²See note to Table 16.83.

TABLE 16.90

Income and expenditure accounts ending in 1976: total for all firms¹

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms (1976)	6,421	2,072	1,699	1,535	897	218
Totals	£'000	£'000	£'000	£'000	£'000	£'000
Gross fees	651,513	61,375	92,772	152,777	180,066	164,523
Deposit interest	18,922	1,521	2,754	5,026	6,214	3,407
Commissions	10,041	847	1,529	2,602	2,948	2,115
Other income	4,363	477	742	1,141	1,250	753
Total income	684,839	64,220	97,797	161,546	190,478	170,798
Gross salaries	246,661	23,952	34,017	57,216	68,555	62,921
Rent and interest	27,969	2,356	3,164	4,838	6,677	10,934
Rates	14,580	1,067	1,590	2,576	3,558	5,789
Bank interest	4,089	715	647	982	1,055	690
Other expenditure	144,497	19,025	22,697	34,180	37,992	30,603
Total expenses	437,796	47,115	62,115	99,792	117,837	110,937
Net profit ²	247,043	17,105	35,682	61,754	72,641	59,861

¹Grossed-up to include those not responding.²See note to Table 16.83.

TABLE 16.91

Income and expenditure accounts ending in 1976: average per partner

	All firms (adjusted for response)	All firms (not adjusted for response)	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of partners in response		7,844	639	1,245	2,300	2,468	1,192
<i>Average per partner</i>	£	£	£	£	£	£	£
Gross fees	35,883	35,854	28,276	27,938	30,551	34,406	61,414
Deposit interest	1,037	1,050	701	829	1,005	1,187	1,272
Commissions	551	554	390	460	520	563	789
Other income	238	239	221	225	228	239	281
Total income	37,709	37,697	29,588	29,452	32,304	36,395	63,756
Gross salaries	13,587	13,571	11,036	10,244	11,442	13,099	23,487
Rent and interest	1,563	1,545	1,085	953	968	1,276	4,081
Rates	816	809	492	479	515	680	2,161
Bank interest	222	218	330	195	196	202	258
Other expenditure	7,895	7,823	8,764	6,835	6,835	7,259	11,424
Total expenses	24,083	23,966	21,707	18,706	19,956	22,516	41,411
Net profit ¹ per partner	13,626	13,731	7,881	10,746	12,348	13,879	22,345

¹See note to Table 16.83.

TABLE 16.92

Trend in income, costs and profit per firm

	1974 = 100		
	1974	1975	1976
Gross fees	100	119.0	149.6
Deposit interest	100	97.9	89.8
Commissions	100	99.4	109.0
Other income	100	123.2	137.5
Total income	100	118.0	146.5
Gross salaries	100	118.6	144.0
Rent, rates and mortgage interest	100	125.1	168.3
Bank interest	100	111.9	117.1
Other expenditure	100	123.4	162.3
Total expenses	100	120.0	151.9
Net profit¹ per firm	100	114.7	137.5

¹See note to Table 16.83.

TABLE 16.93

Trend in income, costs and profit per principal

	1974 = 100		
	1974	1975	1976
Gross fees	100	114.9	141.7
Deposit interest	100	97.0	86.8
Commissions	100	99.3	110.2
Other income	100	107.9	124.7
Total income	100	114.1	138.5
Gross salaries	100	114.2	136.8
Rent, rates and mortgage interest	100	132.6	149.3
Bank interest	100	113.7	120.2
Other expenditure	100	119.3	153.7
Total expenses	100	116.1	146.1
Net profit¹ per principal	100	110.8	126.3

¹See note to Table 16.83.

TABLE 16.94

1974 net profit¹ per principal by age and size of firm

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms responding	3,511	798	885	1,044	642	142
Average net profit per principal by age	£	£	£	£	£	£
Under 31	6,094	6,233	5,986	6,050	6,218	5,882
31-35	7,924	6,199	6,662	7,932	7,983	9,551
36-40	10,916	8,960	8,391	9,512	10,511	15,899
41-45	12,008	7,913	9,891	10,481	11,748	18,190
46-50	13,169	7,123	9,742	11,721	13,241	21,992
51-55	13,276	8,216	9,768	11,509	13,134	22,973
56-60	12,147	7,335	8,548	11,304	12,836	20,069
61-65	11,771	7,097	8,845	10,533	12,493	21,506
Over 65	9,927	5,277	8,187	9,033	11,245	17,267
All ages	10,817	7,265	8,517	9,794	10,988	16,813
Highest decile	18,544	13,457	15,084	16,523	18,327	34,147
3rd decile	12,146	8,698	9,914	11,303	12,738	17,168
Median	9,197	6,056	7,433	8,694	9,976	12,510
7th decile	6,752	4,161	5,519	6,604	7,493	9,604
Lowest decile	4,150	1,836	3,321	4,211	4,995	6,311

¹See note to Table 16.83.

TABLE 16.95

1975 net profit¹ per principal by age and size of firm

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms responding	3,557	839	891	1,051	640	136
Average net profit per principal by age	£	£	£	£	£	£
Under 31	7,328	6,332	6,648	7,486	7,552	7,252
31-35	9,596	8,088	8,044	9,296	9,734	11,684
36-40	12,774	11,070	9,804	11,175	12,553	18,139
41-45	13,545	10,009	11,405	11,814	13,408	19,942
46-50	14,585	8,103	11,524	12,854	14,755	23,603
51-55	14,426	9,546	10,489	12,634	14,698	24,242
56-60	13,426	7,728	9,434	12,603	14,456	22,045
61-65	12,593	7,564	9,766	11,319	13,462	22,770
Over 65	10,207	5,490	8,151	9,679	11,412	18,369
All ages	11,968	8,451	9,543	10,888	12,253	18,020
Highest decile	20,206	15,507	16,586	17,795	20,281	34,639
3rd decile	13,593	9,947	10,938	12,790	14,367	18,613
Median	10,333	7,157	8,325	9,825	11,267	13,895
7th decile	7,694	5,105	6,283	7,458	8,621	10,535
Lowest decile	4,867	2,437	3,937	4,893	5,642	7,039

¹See note to Table 16.83.

TABLE 16.96

1976 net profit¹ per principal by age and size of firm

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms responding	2,397	607	619	679	398	94
Average net profit per principal by age	£	£	£	£	£	£
Under 31	8,592	7,505	8,298	8,641	8,847	8,500
31-35	11,543	10,902	9,899	11,213	11,146	14,590
36-40	14,812	11,875	11,834	12,515	14,757	21,237
41-45	16,204	10,446	13,327	13,833	15,145	25,434
46-50	16,370	9,483	12,698	13,830	16,277	26,898
51-55	16,063	9,869	12,672	14,534	15,278	27,227
56-60	15,072	8,233	10,922	14,149	15,186	26,444
61-65	13,558	8,800	10,427	12,283	14,636	23,338
Over 65	10,894	6,134	8,986	11,127	11,493	17,794
All ages	13,581	9,555	11,108	12,246	13,469	21,123
Highest decile	22,701	17,550	18,928	19,885	21,559	39,715
3rd decile	15,224	11,596	13,016	14,150	15,808	23,233
Median	11,686	8,261	9,887	11,129	12,444	15,769
7th decile	8,862	5,511	7,354	8,678	9,739	11,727
Lowest decile	5,604	2,559	4,750	5,775	6,632	7,964

¹See note to Table 16.83.

TABLE 16.97
Ranges of net profit¹ in 1976

	Number of principals in survey							
	all firms	sole practitioners	2 partners	3-4 partners	5-9 partners	10-14 partners	15-19 partners	20 or more partners
Less than £5,500	739	190	187	197	140	23	1	1
£5,500- £7,449	875	97	196	286	232	56	8	0
£7,500-£10,499	1,664	121	287	570	510	145	31	0
£10,500-£12,499	1,029	62	157	307	354	123	22	4
£12,500-£15,499	1,273	73	178	409	445	130	26	12
£15,500-£20,499	1,172	56	138	336	452	129	46	15
£20,500-£25,499	502	27	53	106	213	67	23	13
£25,500-£30,499	262	8	19	60	81	42	18	34
£30,500-£35,499	68	1	8	10	9	15	0	25
£35,500 and over	235	6	9	20	17	21	30	132
	7,819	641	1,232	2,301	2,453	751	205	236

¹See note to Table 16.83.

TABLE 16.98

Balance sheets ending in 1975¹: average per firm

	All firms ²	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
	£	£	£	£	£	£
Goodwill	2,120	1,276	2,556	2,278	2,992	1,957
Freehold and leasehold property	6,079	2,938	3,558	4,881	15,744	24,239
Other fixed assets	5,796	2,661	3,358	6,426	11,548	26,500
Total fixed assets	13,995	6,875	9,482	13,585	30,284	52,696
<i>Current assets</i>						
Debtors	21,203	6,334	10,317	20,884	47,428	141,717
Cash and bank	28,180	9,111	16,472	38,927	63,408	80,043
Work-in-progress	6,587	2,160	4,085	5,480	12,827	50,283
	55,970	17,605	30,874	65,291	123,663	272,043
<i>Current liabilities</i>						
Bank overdraft	4,889	3,071	2,876	4,180	8,735	27,022
Creditors	25,738	9,034	14,719	33,822	56,887	85,283
	30,627	12,105	17,595	38,002	65,622	112,305
Net current assets	25,343	5,500	13,279	27,289	58,041	159,738
Net assets	39,338	12,375	22,761	40,874	88,325	212,434
Partners' capital and current account	28,848	8,907	18,080	33,620	66,284	114,670
Outside loans	2,722	1,059	1,505	2,428	5,120	20,226
Reserves, tax and other items	7,768	2,409	3,176	4,826	16,921	77,538
	39,338	12,375	22,761	40,874	88,325	212,434

¹It should be noted that because the results for 1975 and 1976 relate to different firms, the figures cannot be taken as representing a trend over time.

²The figures in this column are adjusted for the response rate.

TABLE 16.99

Balance sheets ending in 1975¹: total for all firms²

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms (1976)	6,421	2,072	1,699	1,535	897	218
Totals	£'000	£'000	£'000	£'000	£'000	£'000
Goodwill	13,612	2,644	4,360	3,497	2,684	427
Freehold and leasehold property	39,031	6,088	6,045	7,492	14,122	5,284
Other fixed assets	37,219	5,514	5,705	9,864	10,359	5,777
Total fixed assets	89,862	14,246	16,110	20,853	27,165	11,488
<i>Current assets</i>						
Debtors	136,147	13,124	17,529	32,057	42,543	30,894
Cash and bank	180,943	18,878	27,986	59,753	56,877	17,449
Work-in-progress	42,296	4,476	6,940	8,412	11,506	10,962
	359,386	36,478	52,455	100,222	110,926	59,305
<i>Current liabilities</i>						
Bank overdraft	31,391	6,363	4,886	6,416	7,835	5,891
Creditors	165,263	18,718	25,008	51,917	51,028	18,592
	196,654	25,081	29,894	58,333	58,863	24,483
Net current assets	162,732	11,397	22,561	41,889	52,063	34,822
Net assets	252,594	25,643	38,671	62,742	79,228	46,310
Partners' capital and current accounts	185,235	18,455	30,718	51,607	59,457	24,998
Outside loans	17,480	2,194	2,557	3,727	4,593	4,409
Reserves, tax and other items	49,879	4,994	5,396	7,408	15,178	16,903
	252,594	25,643	38,671	62,742	79,228	46,310

¹It should be noted that because the results for 1975 and 1976 relate to different firms, the figures cannot be taken as representing a trend over time.

²Grossed-up to include those not responding.

TABLE 16.100

Balance sheets ending 1975¹: average per partner

	All firms ²	Sole practitioner	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of partners in response	4,170	317	586	1,238	1,488	541
	£	£	£	£	£	£
Goodwill	703	1,139	1,270	690	499	166
Freehold and leasehold property	2,015	2,623	1,761	1,478	2,624	2,061
Other fixed assets	1,921	2,376	1,662	1,947	1,925	2,253
Total fixed assets	4,639	6,138	4,693	4,115	5,048	4,480
<i>Current assets</i>						
Debtors	7,027	5,655	5,106	6,326	7,905	12,050
Cash and bank	9,339	8,134	8,152	11,791	10,568	6,806
Work-in-progress	2,183	1,928	2,021	1,660	2,138	4,275
Total	18,549	15,717	15,279	19,777	20,611	23,131
<i>Current liabilities</i>						
Bank overdraft	1,620	2,741	1,423	1,266	1,456	2,298
Creditors	8,530	8,065	7,284	10,245	9,481	7,251
Total	10,150	10,806	8,707	11,511	10,937	9,549
Net current assets	8,399	4,911	6,572	8,266	9,674	13,582
Net assets	13,038	11,049	11,265	12,381	14,722	18,062
Partners' capital and current accounts	9,561	7,951	8,948	10,184	11,047	9,750
Outside loans	902	946	745	735	853	1,720
Reserves, tax and other items	2,575	2,152	1,572	1,462	2,822	6,592
	13,038	11,049	11,265	12,381	14,722	18,062

¹It should be noted that because the results for 1975 and 1976 relate to different firms, the figures cannot be taken as representing a trend over time.

²The figures in this column are adjusted for the response rate.

TABLE 16.101

Balance sheets ending in 1976¹: average per firm

	All firms ²	Sole practitioner	2 partners	3-4 partners	5-9 partners	10 or more partners
	£	£	£	£	£	£
Goodwill	2,433	1,430	1,970	2,827	4,153	5,732
Freehold and leasehold property	7,430	3,302	3,477	5,940	18,869	40,887
Other fixed assets	7,282	2,907	4,246	6,431	12,863	55,557
Total fixed assets	17,145	7,639	9,693	15,198	35,885	102,176
<i>Current assets</i>						
Debtors	22,284	5,723	9,672	20,654	44,438	198,289
Cash and bank	25,079	7,471	16,953	32,536	51,586	94,196
Work-in-progress	6,869	1,944	2,848	5,226	12,387	73,866
	54,232	15,138	29,473	58,416	108,411	366,351
<i>Current liabilities</i>						
Bank overdraft	5,524	2,722	2,561	5,979	10,625	31,052
Creditors	24,910	8,020	16,135	30,493	48,302	118,268
	30,434	10,742	18,696	36,472	58,927	149,320
Net current assets	23,798	4,396	10,777	21,944	49,484	217,031
Net assets	40,943	12,035	20,470	37,142	85,369	319,207
Partners' capital and current accounts	30,470	9,223	17,450	31,803	63,982	186,619
Outside loans	2,737	1,010	1,395	2,159	4,710	25,567
Reserves, tax and other items	7,736	1,802	1,625	3,180	16,677	107,021
	40,943	12,035	20,470	37,142	85,369	319,207

¹It should be noted that because the results for 1975 and 1976 relate to different firms, the figures cannot be taken as representing a trend over time.

²The figures in this column are adjusted for the response rate.

TABLE 16.102

Balance sheets ending in 1976¹: total for all firms²

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms (1976)	6,421	2,072	1,699	1,535	897	218
	£'000	£'000	£'000	£'000	£'000	£'000
Goodwill	15,624	2,963	3,347	4,339	3,725	1,250
Freehold and leasehold property	47,705	6,842	5,907	9,118	16,925	8,913
Other fixed assets	46,758	6,023	7,214	9,872	11,538	12,111
	110,087	15,828	16,468	23,329	32,188	22,274
<i>Current assets</i>						
Debtors	143,083	11,858	16,433	31,704	39,861	43,227
Cash and bank	161,034	15,480	28,803	49,943	46,273	20,535
Work-in-progress	44,103	4,028	4,839	8,022	11,111	16,103
	348,220	31,366	50,075	89,669	97,245	79,865
<i>Current liabilities</i>						
Bank overdraft	35,469	5,640	4,351	9,178	9,531	6,769
Creditors	159,947	16,617	27,413	46,807	43,327	25,783
	195,416	22,257	31,764	55,985	52,858	32,552
Net current assets	152,804	9,109	18,311	33,684	44,387	47,313
Net assets	262,891	24,937	34,779	57,013	76,575	69,587
Partners' capital and current account	195,651	19,110	29,648	48,818	57,392	40,683
Outside loans	17,576	2,093	2,370	3,314	4,225	5,574
Reserves, tax and other items	49,664	3,734	2,761	4,881	14,958	23,330
	262,891	24,937	34,779	57,013	76,575	69,587

¹It should be noted that because the results for 1975 and 1976 relate to different firms, the figures cannot be taken as representing a trend over time.

²Grossed-up to include those not responding.

TABLE 16.103

Balance sheets ending in 1976¹: average per partner

	All firms ²	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of partners in response	7,844	639	1,245	2,300	2,468	1,192
Goodwill	£ 806	£ 1,320	£ 995	£ 855	£ 707	£ 466
Freehold and leasehold property	2,462	3,049	1,757	1,798	3,211	3,327
Other fixed assets	2,413	2,684	2,145	1,946	2,189	4,521
Total fixed assets	5,681	7,053	4,897	4,599	6,107	8,314
<i>Current assets</i>						
Debtors	7,385	5,284	4,887	6,250	7,562	16,136
Cash and bank	8,311	6,898	8,565	9,846	8,779	7,665
Work-in-progress	2,276	1,795	1,439	1,582	2,108	6,011
	17,972	13,977	14,891	17,678	18,449	29,812
<i>Current liabilities</i>						
Bank overdraft	1,831	2,513	1,294	1,809	1,808	2,527
Creditors	8,255	7,405	8,152	9,227	8,220	9,624
	10,086	9,918	9,446	11,036	10,028	12,151
Net current assets	7,886	4,059	5,445	6,642	8,421	17,661
Net assets	13,567	11,112	10,342	11,241	14,528	25,975
Partners' capital and current accounts	10,098	8,516	8,816	9,624	10,888	15,186
Outside loans	907	933	705	653	802	2,081
Reserves, tax and other items	2,562	1,663	821	964	2,838	8,708
	13,567	11,112	10,342	11,241	14,528	25,975

¹It should be noted that because the results for 1975 and 1976 relate to different firms, the figures cannot be taken as representing a trend over time.

²The figures in this column are adjusted for the response rate.

TABLE 16.104
Proportion of fee income from contentious and non-contentious work 1975/76

	All firms		Sole practitioners		2 partners		3-4 partners		5-9 partners		10 or more partners	
Number of firms responding	3,816		1,016		921		1,071		664		144	
	£	%	£	%	£	%	£	%	£	%	£	%
Average gross fee income:												
contentious	26,499	24.2	7,686	26.2	12,333	22.7	24,803	25.6	52,192	26.3	143,971	20.3
non-contentious	82,863	75.8	21,688	73.8	42,086	77.3	71,992	74.4	146,207	73.7	564,047	79.7
	109,362	100	29,374	100	54,419	100	96,795	100	198,399	100	708,018	100
Percentage of replies where analysis of gross fees was estimated	64%		64%		65%		66%		58%		60%	

TABLE 16.105

Source of gross fees 1975/76:

Proportion of firms with any income from various classes of work

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms responding	2,154	587	486	581	402	98
	%	%	%	%	%	%
Proportion with income from:						
conveyancing	99	98	99	99	99	100
probate	96	90	98	99	99	98
company	69	50	65	76	86	98
other non-						
contentious	79	67	81	84	86	81
matrimonial	83	66	85	91	92	87
crime	72	51	70	84	86	71
personal injury	75	56	77	85	84	76
other contentions	83	64	85	90	94	96

TABLE 16.106

Gross fee income from various categories of work: average per firm 1975/76

	All firms		Sole practitioners		2 partners		3-4 partners		5-9 partners		10 or more partners	
	£	%	£	%	£	%	£	%	£	%	£	%
Conveyancing	46,674	47.4	15,868	59.9	28,911	56.2	51,062	53.2	97,556	47.8	237,449	32.4
Probate	13,331	13.5	3,367	12.7	7,340	14.2	14,372	15.0	30,185	14.8	77,300	10.5
Company	12,288	12.5	972	3.7	1,934	3.8	5,097	5.3	16,022	7.8	236,195	32.2
Other non-contentious	4,267	4.3	836	3.2	2,511	4.9	3,558	3.7	9,389	4.6	34,601	4.7
Matrimonial	5,357	5.4	1,676	6.3	3,409	6.6	6,014	6.3	11,937	5.8	24,056	3.3
Crime	4,392	4.5	1,695	6.4	2,856	5.5	5,409	5.6	10,096	4.9	10,864	1.5
Personal injury	3,239	3.3	902	3.4	1,273	2.5	3,137	3.3	9,341	4.6	16,246	2.2
Other contentious	8,971	9.1	1,159	4.4	3,249	6.3	7,310	7.6	19,661	9.7	95,996	13.2
All categories of work	98,519	100.0	26,475	100.0	51,483	100.0	95,959	100.0	204,187	100.0	732,707	100.0

TABLE 16.107

Estimated total gross fees of all firms¹
from different categories of work: 1975/76

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms (1976)	6,421	2,072	1,699	1,535	897	218
	£m	£m	£m	£m	£m	£m
Conveyancing	299.7	32.9	49.1	78.4	87.5	51.8
Probate	85.6	7.0	12.5	22.1	27.1	16.9
Company	78.9	2.0	3.3	7.8	14.4	51.4
Other non-contentious	27.4	1.7	4.3	5.5	8.4	7.5
Matrimonial	34.4	3.5	5.8	9.2	10.7	5.2
Crime	28.2	3.5	4.9	8.3	9.1	2.4
Personal injury	20.8	1.9	2.2	4.8	8.4	3.5
Other contentious	57.6	2.4	5.5	11.2	17.6	20.9
Total gross fees	632.6	54.9	87.6	147.3	183.2	159.6

¹Grossed-up to include those not responding.

TABLE 16.108

Dependence on legal aid: numbers of firms responding

Percentage of total gross fees derived from legal aid (1975/76)	Number and proportion of firms											
	All firms		Sole practitioners		2 partners		3-4 partners		5-9 partners		10 or more partners	
	number	%	number	%	number	%	number	%	number	%	number	%
0-10%	973	65.7	240	63.5	238	66.5	281	66.7	170	65.1	44	71.0
11-20%	309	20.9	69	18.2	67	18.7	92	21.9	65	24.9	16	25.8
21-30%	100	6.8	25	6.6	27	7.5	27	6.4	19	7.2	2	3.2
31-40%	43	2.9	15	4.0	13	3.6	12	2.9	3	1.2	—	—
41-50%	23	1.6	10	2.6	7	1.9	5	1.2	1	0.4	—	—
51-60%	10	0.7	4	1.1	1	0.3	2	0.5	3	1.2	—	—
61-70%	8	0.5	6	1.6	1	0.3	1	0.2	—	—	—	—
71-80%	6	0.4	3	0.8	2	0.6	1	0.2	—	—	—	—
81-90%	2	0.1	1	0.3	1	0.3	—	—	—	—	—	—
91-100%	6	0.4	5	1.3	1	0.3	—	—	—	—	—	—
All firms	1,480	100.0	378	100.0	358	100.0	421	100.0	261	100.0	62	100.0

TABLE 16.109

Dependence on legal aid: total gross fees 1975/76 (legal aid and non-legal aid) of respondents

Percentage of total gross fees derived from legal aid	Total gross fees and proportion of total gross fees											
	All firms		Sole practitioners		2 partners		3-4 partners		5-9 partners		10 or more partners	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
0-10%	112,786	69.9	6,159	56.1	11,865	64.9	26,493	65.8	36,034	68.0	32,235	82.9
11-20%	32,923	20.4	2,633	24.0	3,395	18.6	8,905	22.1	12,071	22.8	5,920	15.2
21-30%	9,415	5.8	847	7.7	1,614	8.8	2,507	6.2	3,726	7.0	721	1.9
31-40%	2,987	1.8	588	5.4	576	3.2	1,310	3.3	513	1.0	—	—
41-50%	1,563	1.0	195	1.8	579	3.2	689	1.7	99	0.2	—	—
51-60%	979	0.6	172	1.6	53	0.3	215	0.5	540	1.0	—	—
61-70%	279	0.2	147	1.3	64	0.3	68	0.2	—	—	—	—
71-80%	323	0.2	97	0.9	122	0.7	104	0.2	—	—	—	—
81-90%	19	—	16	0.1	3	—	—	—	—	—	—	—
91-100%	135	0.1	128	1.1	7	—	—	—	—	—	—	—
All firms	161,409	100.0	10,982	100.0	18,278	100.0	40,291	100.0	52,983	100.0	38,876	100.0

	Number of firms responding with answer in each category	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms responding		1,976	527	502	551	319	77
Percentage of replies estimated		72%	73%	73%	70%	72%	78%
		£'000	£'000	£'000	£'000	£'000	£'000
Criminal, magistrates' courts:	1,574						
gross fees		7,206.7	807.7	1,156.2	2,256.7	2,293.7	692.4
legal aid		5,150.9	661.9	838.1	1,651.0	1,573.0	426.9
(percentage of gross fees)		(71.5%)	(81.9%)	(72.5%)	(73.2%)	(68.6%)	(61.7%)
Criminal, Crown Court:	1,307						
gross fees		3,695.6	457.0	623.4	1,115.5	998.5	501.2
legal aid		2,947.2	400.8	506.8	909.1	787.1	343.4
(percentage of gross fees)		(79.7%)	(87.7%)	(81.3%)	(81.5%)	(78.8%)	(68.5%)
Matrimonial, magistrates' courts:	1,442						
gross fees		2,384.7	285.0	356.8	717.7	774.6	250.6
legal aid		1,834.6	230.0	271.3	562.4	586.9	184.0
(percentage of gross fees)		(76.9%)	(80.7%)	(76.0%)	(78.4%)	(75.8%)	(73.4%)
Matrimonial, divorce:	1,805						
gross fees		9,502.9	938.7	1,439.0	2,910.2	2,952.6	1,262.4
legal aid		5,907.9	639.3	954.0	1,860.4	1,781.2	673.0
(percentage of gross fees)		(62.2%)	(68.1%)	(66.3%)	(63.9%)	(60.3%)	(53.3%)
Other High Court litigation:	1,576						
gross fees		14,060.3	638.3	1,079.4	2,474.8	4,707.2	5,160.6
legal aid		1,672.3	142.7	241.3	487.3	527.3	273.7
(percentage of gross fees)		(11.9%)	(22.4%)	(22.4%)	(19.7%)	(11.2%)	(5.3%)
Other county court litigation:	1,696						
gross fees		6,402.7	489.1	851.5	1,777.3	2,200.0	1,084.8
legal aid		907.3	87.0	127.9	264.7	279.7	148.0
(percentage of gross fees)		(14.2%)	(17.8%)	(15.0%)	(14.9%)	(12.7%)	(13.6%)

TABLE 16.111

**Percentage of fee income and percentage of fee-earners:
contentious and non-contentious work: 1975/76**

	All firms	Sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
Number of firms responding	3,566	860	872	1,038	653	143
Proportion of gross fee income:	%	%	%	%	%	%
contentious	24	26	23	26	26	20
non-contentious	76	74	77	74	74	80
	100	100	100	100	100	100
Proportion of fee earners:						
contentious	36	36	38	37	35	28
non-contentious	64	64	62	63	65	72
	100	100	100	100	100	100

TABLE 16.112

Variation in net profit¹ per principal with amount of contentious work: 1975/76

Contentious fees as % of total gross fees	Number of firms responding	Net profit (all sources) per principal					
		all firms	sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
		£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)
0-10%	601	12,372 (94)	8,148 (77)	10,352 (96)	11,330 (98)	11,753 (91)	34,539 (170)
11-20%	659	13,800 (105)	10,176 (96)	11,611 (107)	11,228 (97)	12,690 (99)	21,005 (103)
21-30%	514	13,669 (104)	19,298 (183)	10,582 (98)	11,684 (101)	13,356 (104)	18,707 (92)
31-40%	289	12,478 (95)	9,493 (90)	11,432 (106)	12,463 (108)	12,892 (100)	13,682 (67)
41-50%	143	12,504 (95)	7,957 (75)	10,559 (97)	11,677 (101)	11,350 (88)	17,213 (85)
51-60%	69	14,186 (108)	9,940 (94)	11,188 (103)	14,826 (128)	13,414 (104)	19,236 (95)
61-70%	56	11,742 (89)	9,422 (89)	12,190 (113)	9,753 (84)	14,193 (110)	11,494 (57)
71-80%	34	11,485 (87)	12,526 (119)	8,484 (78)	10,652 (92)	13,907 (108)	—
81-90%	32	13,120 (100)	13,608 (129)	7,426 (69)	12,340 (107)	14,372 (112)	—
91-100%	13	6,730 (51)	7,168 (68)	2,269 (21)	—	7,638 (59)	—
All firms	2,410	13,179	10,551	10,830	11,585	13,853	20,318
		(100)	(100)	(100)	(100)	(100)	(100)

¹ See note to Table 16.83.

TABLE 16.113

Variation in net earnings per fee-earner with amount of contentious work: 1975/76

Contentious fees as % of total gross fees	Number of firms responding	Net earnings (all sources) per fee-earner					
		all firms	sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
		£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)
0-10%	601	10,292 (103)	8,361 (102)	9,436 (106)	10,025 (107)	8,848 (91)	16,196 (128)
11-20%	659	10,542 (106)	7,661 (94)	8,971 (100)	9,511 (102)	10,017 (103)	13,261 (105)
21-30%	514	9,963 (100)	10,422 (128)	8,749 (98)	9,052 (97)	9,863 (101)	12,104 (95)
31-40%	289	9,217 (92)	7,310 (89)	8,471 (95)	9,443 (101)	9,473 (97)	9,536 (75)
41-50%	143	9,441 (95)	6,737 (82)	9,214 (103)	8,486 (91)	9,363 (96)	11,303 (89)
51-60%	69	9,297 (93)	6,713 (82)	8,750 (98)	9,600 (103)	9,342 (96)	10,274 (81)
61-70%	56	8,622 (86)	7,200 (88)	7,176 (80)	7,406 (79)	10,336 (106)	10,008 (79)
71-80%	34	9,245 (93)	6,906 (84)	7,905 (89)	11,943 (128)	9,975 (103)	—
81-90%	32	9,510 (95)	7,300 (89)	11,728 (131)	9,174 (98)	10,434 (107)	—
91-100%	13	8,965 (90)	8,481 (104)	5,397 (60)	—	13,235 (136)	—
All firms	2,410	9,982	8,173	8,928	9,354	9,720	12,685
		(100)	(100)	(100)	(100)	(100)	(100)

TABLE 16.114

Variation in net profit¹ per principal with amount of conveyancing work: 1975/76

Conveyancing fees as % of total gross fees	Number of firms responding	Net profit (all sources) per principal					
		all firms	sole practitioners	2 partners	3-4 partners	5-9 partners	10 or more partners
		£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)
0-10%	17	23,477 (171)	5,524 (49)	10,280 (100)	7,682 (66)	14,986 (112)	34,537 (168)
11-20%	37	21,078 (154)	14,621 (129)	9,202 (89)	12,936 (111)	12,418 (93)	27,448 (134)
21-30%	63	19,908 (145)	15,171 (133)	11,645 (113)	11,903 (102)	15,085 (113)	29,645 (144)
31-40%	101	14,350 (105)	9,000 (79)	10,802 (105)	11,456 (98)	14,736 (110)	18,213 (89)
41-50%	230	12,816 (93)	8,416 (74)	10,520 (102)	12,674 (109)	12,924 (97)	14,467 (70)
51-60%	329	12,082 (88)	9,322 (82)	10,460 (101)	11,372 (97)	12,762 (95)	13,900 (68)
61-70%	309	12,576 (92)	9,042 (80)	10,858 (105)	12,655 (108)	13,478 (101)	19,157 (93)
71-80%	165	12,834 (93)	25,522 (225)	9,569 (93)	9,689 (83)	14,385 (108)	18,900 (92)
81-90%	78	8,069 (59)	8,102 (71)	7,689 (74)	8,668 (74)	7,066 (53)	—
91-100%	48	8,784 (64)	6,932 (61)	11,866 (115)	11,039 (95)	—	—
All firms	1,377	13,730	11,367	10,329	11,667	13,365	20,543
		(100)	(100)	(100)	(100)	(100)	(100)

¹ See note to Table 16.83.

TABLE 16.115

Variation in net earnings per fee-earner with amount of conveyancing work: 1975/76

Conveyancing fees as % of total gross fees	Number of firms responding	Net earnings (all sources) per fee-earner					
		all firms	sole practitioner	2 partners	3-4 partners	5-9 partners	10 or more partners
		£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)	£ (ratio)
0-10%	17	14,440 (143)	9,102 (111)	8,705 (98)	13,915 (149)	11,161 (114)	16,018 (126)
11-20%	37	13,476 (133)	6,250 (76)	6,349 (72)	8,920 (96)	10,320 (106)	16,230 (128)
21-30%	63	11,959 (118)	7,109 (87)	8,002 (91)	9,021 (97)	10,309 (106)	15,215 (120)
31-40%	101	9,554 (94)	7,387 (90)	8,811 (100)	8,673 (93)	9,464 (97)	10,848 (86)
41-50%	230	9,205 (91)	6,523 (80)	8,069 (91)	9,438 (101)	9,141 (94)	9,895 (78)
51-60%	329	9,535 (94)	6,435 (78)	9,192 (104)	9,046 (97)	10,085 (103)	10,314 (81)
61-70%	309	9,609 (95)	7,555 (92)	9,569 (108)	9,663 (104)	9,701 (99)	12,671 (100)
71-80%	165	10,226 (101)	14,869 (181)	8,810 (100)	9,466 (102)	9,990 (102)	9,704 (77)
81-90%	78	8,650 (85)	7,514 (92)	8,826 (100)	10,808 (116)	7,300 (75)	—
91-100%	48	8,470 (84)	7,979 (97)	8,828 (100)	8,878 (95)	—	—
All firms	1,377	10,123	8,205	8,840	9,326	9,768	12,670
		(100)	(100)	(100)	(100)	(100)	(100)

SECTION 17

Earnings of Solicitors and their Staff employed in Commerce and Industry

Contents	<i>paragraph</i>
Introduction	17.1
Conduct of the survey and response rate	17.3
Number of staff employed	17.6
Earnings at November 1976 of solicitors in survey	17.10
Pensions	17.16
Earnings of other staff in legal departments	17.19
Articled clerks	17.21
Annexes	<i>number</i>
Response rate by number of organisations	17.1 (a)
Number of solicitors in response	17.1 (b)
Salary distribution of employed solicitors in survey: November 1976	17.2
Information about earnings of employed solicitors used in the consultants' report on comparisons of earnings (Section 20)	17.3
Details of pension schemes for employed solicitors in survey	17.4
Fringe benefits given to employed solicitors by organisations in response	17.5
Salary distribution of legal executives and other staff equivalent to fee-earners in survey: November 1976	17.6
Tables	<i>number</i>
Number of legal staff employed by respondents to survey	17.1
Distribution of organisations by number of solicitors or barristers employed	17.2
Salary distribution of solicitors in survey: November 1976	17.3
Median salaries of solicitors in survey by year of admission: November 1976	17.4
Median salaries of solicitors in survey by number of years with employer: November 1976	17.5

Tables (continued)*number*

Salary distribution of legal executives and other staff in survey equivalent to fee earners: November 1976	17.6
Salary distribution of articulated clerks in survey: November 1976	17.7

Introduction

17.1 In 1977 the Law Society carried out a questionnaire survey among the members of its Commerce and Industry Group in order to obtain information on the earnings and related information of solicitors employed in commerce and industry. The detailed results of the survey were made available to the Commission and this section summarises the principal findings.

17.2 Membership of the Law Society's Commerce and Industry Group is open to individual solicitors who are members of the Law Society and are employed in commerce and industry. The Law Society does not have information on the total number of solicitors in commerce and industry; the membership of the Commerce and Industry Group was 1,150 in 1977 but the Law Society considers that there is a substantial number of commerce and industry solicitors who are not members. The number of members of the Commerce and Industry Group is approximately the same as the number of practising certificates issued by the Law Society to solicitors in commerce and industry and the Law Society considers that the members of the Group represent those employed in legal rather than managerial positions. Concerns employing Commerce and Industry Group members include a wide variety of public and private organisations in the United Kingdom, including many major industrial and commercial companies and public sector corporations and organisations.

Conduct of the survey and response rate

17.3 Organisations known by the Law Society to be employing Commerce and Industry Group members were asked to complete a questionnaire covering all solicitors employed by that organisation, whether or not those solicitors were themselves members of the Group. Answers were requested only in respect of solicitors working as full-time legal advisers and organisations were instructed to exclude solicitors working in some other capacity, such as line management.

17.4 Questionnaires were despatched in June 1977 to 516 organisations and usable replies were received from 195 organisations, 38 per cent of the number despatched. Details are given in annex 17.1 which shows that the usable replies were received from 168 private sector organisations and 27 public sector organisations. There were 665 solicitors in the response, and salary data was provided for 563 of them.

17.5 Given the lack of information about the total number of solicitors employed in commerce and industry and the low response rate of 38 per cent

from the organisations included in the survey, the results cannot be treated as representative of all solicitors employed in a legal position in commerce and industry. Nonetheless the results give an illustration of the earnings of a large number of solicitors employed as legal advisers in commerce and industry.

Number of staff employed

17.6 The survey sought information about the number of solicitors and other staff employed in a legal capacity by the organisations. Table 17.1 shows the total number of legal staff in the response, analysed by category of staff and between public and private sector organisations.

TABLE 17.1

Numbers of legal staff employed by respondents to survey

Category of staff	Public sector	Private sector	Total
Solicitors	190	475	665
Barristers	12	95	107
Legal executives and other staff equivalent to fee-earners	167	364	531
Articled clerks	15	27	42
Total	384	961	1,345
Number of organisations responding	27	168	195
Average number of staff per organisation:			
solicitors	7	3	3
other legal staff	7	3	3

17.7 Public sector legal departments were on average larger than those in the private sector; the average size in the public sector was seven solicitors and seven other legal staff compared with three solicitors and three other legal staff in the private sector.

17.8 Table 17.2 analyses the 195 organisations in the response by the number of solicitors and by the number of barristers employed.

17.9 It will be seen from Table 17.2 that about one-third of the organisations in the survey employed only one solicitor and about one-third of the organisations in the survey employed between three and nine solicitors. Only about one-quarter of the organisations in the survey employed a barrister, and few organisations employed more than two barristers.

TABLE 17.2

Distribution of organisations by number of solicitors or barristers employed

Number of solicitors or barristers employed	Number and proportion of organisations			
	employing solicitors		employing barristers	
	number	%	number	%
None	14	7	148	76
1	67	34	25	13
2	37	19	10	5
3 or 4	36	19	7	4
5 to 9	29	15	3	1
over 9	12	6	2	1
Total	195	100	195	100

Earnings at November 1976 of solicitors in survey

17.10 The questionnaire asked organisations to give gross salaries at 1st November 1976, to include amounts paid in respect of bonus and commission for the year to 31st October 1976, and to include the taxable value of any fringe benefits provided to an employee. Detailed salary information was provided in respect of 563 solicitors.

17.11 Annex 17.2 gives detailed information on the salary distribution of solicitors in the survey. The figures are summarised in Table 17.3.

17.12 Table 17.3 shows that median salaries were higher for those in the survey employed in the private sector in Greater London. Median salaries were otherwise generally similar; there was, however, a greater range of salaries in the private sector.

17.13 Table 17.4 shows median salaries of the solicitors in the survey by year of admission as a solicitor. The table shows that median salaries were highest for those in the survey with 16 to 25 years since admission as a solicitor; median salaries declined thereafter.

TABLE 17.3
Salary distribution of solicitors in survey: November 1976

	Public sector	Private sector	Both
Percentage of solicitors falling in salary band:	%	%	%
£6,000 or less	15.6	20.2	19.2
£6,001 to £8,000	39.9	27.2	30.0
£8,001 to £10,000	28.9	24.1	25.2
£10,001 to £12,000	11.7	13.3	13.0
£12,001 or more	3.9	15.2	12.6
	100.0	100.0	100.0
Median salaries:			
Greater London	£7,750	£8,629	£8,361
elsewhere	£7,667	£7,562	£7,584
Number of solicitors included	128	435	563

TABLE 17.4
Median salaries of solicitors in survey by year of admission:
November 1976

Years since admission at November 1976	Median salary	Numbers of solicitors
	£	
1974-1976	5,340	79
1971-1973	6,837	84
1961-1970	8,600	202
1951-1960	10,385	112
1946-1950	9,473	48
before 1946	7,920	27
Year of admission not given	—	11
All solicitors in survey	8,063	563

17.14 The distribution of earnings given in Table 17.4 has been used to derive information used in the consultants' report on comparisons of earnings (Section 20). Details are given in annex 17.3.

17.15 Table 17.5 shows median salaries by numbers of years with the employer. As might be expected, salaries were progressively higher according to the length of service up to 15 to 20 years service, but stabilised thereafter.

TABLE 17.5

**Median salaries of solicitors in survey by number of years with employer:
November 1976**

Number of years with employer	Median salary	Numbers of solicitors
Up to 3	£ 6,657	188
3-5	8,048	71
5-10	8,360	105
10-15	9,789	54
15-20	10,333	37
20-25	9,900	33
Over 25	10,300	39
Information not given	—	36
All solicitors in survey	8,063	563

Pensions

17.16 The questionnaire asked for information about pension schemes for employed solicitors and information was provided by 182 organisations. Of these, 181 provided a pension and one did not. A summary of the answers is set out in annex 17.4.

17.17 The most usual form of pension arrangement was a contributory pension based on final salary. The usual retirement age was 65 although a retirement age of 60 was more common in the public than the private sector. A widow's pension on death after retirement was usually provided. There were some non-contributory schemes in the private sector organisations in the response.

17.18 Organisations were asked about the types of fringe benefits provided to employed solicitors. The answers are summarised in annex 17.5. Altogether, 115 organisations (59 per cent) provided a car for the use of an employed solicitor, although in some organisations this did not apply to all of the solicitors employed. Subsidised canteen facilities or luncheon vouchers were provided by 149 firms (76 per cent). A wide range of other benefits was reported by organisations, the most common being paid subscriptions to health insurance schemes, assisted house purchase, and the provision of goods in kind or discounts on firms' goods.

Earnings of other staff in legal departments

17.19 Information was obtained through the survey about the salaries of staff other than lawyers employed in legal departments in the organisations. Details of the salaries of legal executives and other staff equivalent to fee-earners in private practice are given in annex 17.6 and summarised in Table 17.6.

TABLE 17.6

Salary distribution of legal executives and other staff in survey equivalent to fee-earners: November 1976

	Public sector %	Private sector %	Both %
Percentage of staff falling in salary ranges:			
£3,000 or less	2.4	21.3	16.2
£3,001 to £4,000	25.6	22.7	23.5
£4,001 to £5,000	33.6	19.6	23.3
£5,001 to £6,000	19.2	18.5	18.7
£6,001 or more	19.2	17.9	18.3
	100.0	100.0	100.0
Median salaries:			
Greater London	£4,900	£4,884	£4,889
Elsewhere	£4,432	£3,595	£3,861
Number in survey	125	352	477

17.20 Table 17.6 shows that median salaries were higher for those employed in Greater London, with similar median salaries in the public and private sectors. For those employed outside London, median salaries were greater in the public sector; there was, however, a much wider range of salaries paid by the private sector organisations in the survey.

Articled clerks

17.21 From the 195 organisations responding to the survey, 28 (14 per cent) employed articled clerks and a further 32 (16 per cent) said they took articled clerks from time to time. Most articled clerks were employed in the private sector.

17.22 Table 17.7 shows the distribution of salaries of the 42 articulated clerks in the survey.

TABLE 17.7
Salary distribution of articulated clerks in survey: November 1976

Salary band	Articled clerks in survey	
	number	%
£2,001 to £2,500	3	7.1
£2,501 to £3,000	11	26.2
£3,001 to £3,500	10	23.8
£3,501 to £4,000	5	11.9
£4,001 to £4,500	2	4.8
£4,501 to £5,000	3	7.1
£5,001 or more	8	19.0
Total	42	100.0
Median salary	£3,350	

ANNEX 17.1

(a) Response rate by number of organisations

(paragraph 17.4)

	Number of organisations		
	public sector	private sector	total
Usable replies:			
Greater London	12	96	108
Elsewhere	15	72	87
Total	27	168	195
Questionnaires sent out	50	466	516
Response rate	54%	36%	38%

(b) Numbers of solicitors in response

(paragraph 17.4)

	Number of employed solicitors		
	public sector	private sector	total
Greater London	149	319	468
Elsewhere	41	156	197
Total	190	475	665

ANNEX 17.2

Salary distribution of employed solicitors in survey: November 1976

(paragraph 17.11)

Salary band	Greater London			Elsewhere			All employed solicitors in response	% of total
	public sector	private sector	both	public sector	private sector	both		
£5,000 or less	3	23	26	4	19	23	49	8.7
£5,001 to £6,000	9	27	36	4	19	23	59	10.5
£6,001 to £8,000	36	70	106	15	48	63	169	30.0
£8,001 to £10,000	27	70	97	10	35	45	142	25.2
£10,001 to £12,000	7	41	48	8	17	25	73	13.0
£12,001 to £14,000	4	20	24	0	8	8	32	5.7
£14,001 to £16,000	1	14	15	0	2	2	17	3.0
£16,001 or more	0	19	19	0	3	3	22	3.9
Total	87	284	371	41	151	192	563	100.0
Median salary	£7,750	£8,629	£8,361	£7,667	£7,562	£7,587	£8,063	
Average salary	£8,080	£9,182	£8,924	£7,905	£7,932	£7,926	£8,584	

ANNEX 17.3

Information about earnings of employed solicitors used in the consultants' report on comparisons of earnings (Section 20)

(paragraph 17.14)

A.17.3.1 Median, upper quartile and highest decile earnings in 1976 calculated from the distribution of earnings given in Table 17.4 are:—

Median	£8,063
Upper quartile	£10,089
Highest decile	£12,919

A.17.3.2 Section 20 gives comparisons of earnings by age. The Law Society's survey of employed solicitors did not collect information about age, but a reasonable approximation is given by the year of admission, as follows:—

year of admission	approximate age in 1976	average earnings
1973–1976	25–29	£6,264
1961–1970	30–39	£8,957
1960 or earlier	40–65	£10,838

ANNEX 17.4

Details of pension schemes for employed solicitors in survey (paragraph 17.16)

Details	Number of organisations (out of 195 in response)	Number of solicitors (out of 665 in response)
Pension provided	180	657
Pension not provided	1	2
No answer to question	14	6
Contributory pension	148	548
Non-contributory pension	31	110
No answer to question	16	7
Pension calculation:		
final salary	142	516
average salary	28	58
other	9	77
no answer to question	16	14
Period of service eligibility:		
up to 6 months	123	410
6 months-1 year	34	134
more than 1 year	15	88
no answer to question	23	33
Widows' pension on death after retirement	174	641
No widows' pension	4	16
No answer to question	17	8
Lump sum on retirement	64	293
No lump sum	110	354
No answer to question	21	18
Retirement age:		
60	22	—
61-64	16	—
65	143	—
No answer to question	14	—

ANNEX 17.5

Fringe benefits given to employed solicitors by organisations in response

(paragraph 17.18)

Benefit	Number of organisations (out of 195 in response)
Car:	
provision of car	115
allowance for use of own car	8
other car schemes	2
Canteen facilities or luncheon vouchers	149
Health insurance schemes	36
Assisted house purchase	22
Goods in kind/discounts/staff shop	25
Life insurance/death benefit ¹	17
Accident insurance/invalidity pension	9
Home telephone expenses	10
Season ticket loan	9
Reduced price air/bus travel	8
Profit sharing schemes	5
Share purchase schemes	4
Sports club/country club subscription paid	6
Professional fees paid	4
Loans for educational purposes	3
Some other benefit	11

¹In addition it is probable that life insurance provision will be made under pension schemes so that most organisations will provide life cover for employees.

ANNEX 17.6

Salary distribution of legal executives and other staff equivalent to fee-earners in survey: November 1976

(paragraph 17.19)

Salary band	Greater London			Elsewhere			All staff in response	
	public sector	private sector	both	public sector	private sector	both	number	% of total
£3,000 or less	2	20	22	1	55	56	78	16.3
£3,001-£4,000	20	38	58	12	42	54	112	23.5
£4,001-£5,000	20	43	63	22	26	48	111	23.3
£5,001-£6,000	18	40	58	6	25	31	89	18.7
£6,001-£8,000	20	42	62	4	12	16	78	16.4
£8,001-£10,000	0	9	9	0	0	0	9	1.9
Total	80	192	272	45	160	205	477	100.0
Median salary	£4,900	£4,884	£4,889	£4,432	£3,595	£3,861	£4,437	
Average salary	£4,946	£4,938	£4,940	£4,468	£3,780	£4,002	£4,539	

SECTION 18

Earnings of Barristers in Private Practice

A survey of income at the Bar in England and Wales in 1976/77 was undertaken by Inbucon/AIC Management Consultants Limited, retained by the Senate of the Inns of Court and the Bar. The following report on the survey was prepared for the Commission by its consultants, Coopers & Lybrand, and submitted in October 1978.

Contents	<i>paragraphs</i>
Introduction	18.1
The survey	
Introduction	18.6
The questionnaire	18.7
Response rate	18.8
General information	
Numbers at the Bar and in the survey	18.14
Seniority and category of practice	18.19
Age and sex of barristers	18.20
Gross fees, expenses and net fees	
Introduction	18.23
Accounting year-end	18.24
Basis of accounting	18.25
Summary of average gross fees, expenses and net fees	18.26
Gross fees	18.32
Sources of gross fees	18.37
Gross fees from public funds	18.39
Expenses	18.43
Net fees	18.49
Pensions	18.55
Comparison of earnings	18.57
Trends in gross and net fees	
Introduction	18.58
Gross fees	18.59
Sources of gross fees	18.61
Expenses	18.63
Net fees	18.65
Trends by category of practice	18.70

Summary and conclusions	<i>paragraphs</i>
Response rate	18.71
Structure of the Bar	18.73
Gross fees, expenses and net fees	18.76
Pensions	18.84
Trends since 1974/75	18.85
 Annex	 <i>number</i>
Survey questionnaire	18.1
 Tables	
Response to the survey by estimated seniority of barristers at 1 October 1975	18.1
Response to the survey by seniority of barristers at 1 October 1977	18.2
Seniority of barristers: 1966 and 1977	18.3
Numbers of practising barristers and of sets of chambers: 1966 to 1977	18.4
Net annual increase in the number of practising barristers: 1966 to 1977	18.5
Category of practice by seniority of barristers	18.6
Age and seniority of barristers	18.7
Proportion of women by seniority of barristers responding to the survey	18.8
Average gross fees, expenses and net fees by seniority of barristers: 1976/77	18.9
Average gross fees, expenses and net fees: unadjusted and adjusted figures: 1976/77	18.10
Effect of loss makers on the average income of junior barristers	18.11
Range of gross fees by seniority of barristers: 1976/77	18.12
Estimated total gross fee income for 1976/77 by estimated seniority of barristers at 1 October 1975	18.13
Total gross fee income by category of practice: 1976/77	18.14
Median gross fees by seniority and category of practice: 1976/77	18.15
Proportions of total gross fees and of barristers by seniority of barristers: 1976/77	18.16
Total gross fees by source of fees: 1976/77	18.17
Source of gross fees by category of practice: 1976/77	18.18
Total gross fees from public and non-public funds by seniority of barristers: 1976/77	18.19
Percentage of gross fees from public funds by seniority of barristers: 1976/77	18.20
Percentage of gross fees from public funds by category of practice: 1976/77	18.21
Average expenses by seniority of barristers: 1976/77	18.22

Tables (continued)	<i>number</i>
Expenses as a percentage of gross fees by seniority of barristers: 1976/77	18.23
Expenses as a percentage of gross fees by category of practice: 1976/77	18.24
Average net fees as a percentage of gross fees by seniority of barristers: 1976/77	18.25
Range of net fees by seniority of barristers: 1976/77	18.26
Distribution of net fees, QCs and juniors: 1976/77	18.27
Average net fees by age and sex of barristers: 1976/77	18.28
Median net fees by seniority and category of practice: 1976/77	18.29
Payments made for pension provision by seniority of barristers: 1976/77	18.30
Average gross fees and Retail Price Index: changes between 1974/75 and 1976/77	18.31
Average gross fees by seniority of barristers and Retail Price Index: changes between 1974/75 and 1976/77	18.32
Source of gross fees: 1974/75 and 1976/77	18.33
Gross income from public funds: 1974/75 and 1976/77	18.34
Average expenses by seniority of barristers: 1974/75 and 1976/77	18.35
Percentage increase in expenses 1974/75 to 1976/77 by seniority of barristers	18.36
Average net fees: 1974/75 and 1976/77	18.37
Average net fees: 1972/73 to 1976/77	18.38
Net fees as a percentage of gross fees by seniority of barristers: 1974/75 and 1976/77	18.39
Percentage increase in average net fees by seniority of barristers: 1974/75 to 1976/77	18.40
Distribution of net fees: 1974/75 and 1976/77	18.41
Gross fees and net fees by category of practice: 1974/75 and 1976/77	18.42
Percentage of gross fees from public funds	18.43

Introduction

18.1 In March 1977 the Bar Council published the results of its survey of income at the Bar for 1974/75 on which we reported to the Royal Commission in April 1977. In order to provide more up-to-date information, the Bar has carried out a further survey which provides information on earnings in 1976/77.

18.2 In this report we summarise and comment on the results of the 1976/77 survey and show comparisons with the results of the 1974/75 survey.

18.3 We have reported separately on a comparison of the Bar's remuneration with other occupations which is therefore not dealt with in this report.

18.4 Unless otherwise stated, the source of data is from the results of the 1974/75 and 1976/77 surveys of income at the Bar.

18.5 We have shown a draft of this report to the Secretary of the Senate, who agreed that the facts in the draft report were fairly stated.

The survey

Introduction

18.6 The survey covered barristers who were in practice throughout the year to April 1977 (1976/77). We were consulted on the conduct of the survey: the procedures used followed those used for the 1974/75 survey and were satisfactory. We have been given the detailed results of the survey, copies of which the Bar has also provided to the Commission. The purpose of this report is to provide a brief summary of the results of the survey.

The questionnaire

18.7 The structure of the questionnaire used in the 1976/77 survey, a copy of which is attached as annex 18.1, was similar to that used in the 1974/75 survey. In an attempt to obtain an improved response rate to that obtained in the 1974/75 survey, the 1976/77 questionnaire was simplified by requesting less detailed information of categories of practice and sources of gross fees although in the event the response obtained was not as good as that for the 1974/75 survey. However, the 1976/77 survey requested details of the age and sex of the members, which were not requested in the 1974/75 survey.

Response rate

18.8 The questionnaires for the 1976/77 survey were despatched in January 1978. The original closing date for inclusion in the survey was 1 April 1978 but this was extended to 1 August 1978 in order to obtain more replies. As the completed questionnaires were received, they were checked by the consultants to the Bar to ensure that they had, so far as possible, been properly

completed and were valid for the purpose of the survey. Any queries were dealt with by the Secretary to the Senate who referred to the barristers concerned. The number of forms despatched and the number returned, rejected and processed can be summarised as follows:—

Forms despatched	4,076
	<hr style="border-top: 3px double black;"/>
Returns	2,107
Rejected:	
law reporters, academics, and other	
non-practising barristers	17
replies not covering a full year	50
	<hr style="border-top: 1px solid black;"/>
Processed	2,040
	<hr style="border-top: 3px double black;"/>

18.9 Forms were despatched to all barristers in practice at 1 October 1977, according to the Senate's records. Forms were therefore sent to a number of barristers who were not in practice throughout April 1976 to April 1977, the period covered by the survey. The questionnaire stated that it only applied to barristers who were in practice April 1976–April 1977.

18.10 Information is not available from the Senate's records of the numbers in practice throughout April 1976–April 1977 but only those in practice at 1 October in each year. The response to the survey represents 56 per cent of those in practice at 1 October 1975 and 53 per cent of those in practice at 1 October 1976. The 53 per cent compares with the response rate to the 1974/75 survey of 62 per cent. In considering these figures some allowance should be made for those listed on the Senate's records as practising but who were not in fact in full practice as barristers and were therefore outside the scope of the survey. No statistics are available for an allowance to be calculated but its effect would be to improve the response rate slightly.

18.11 In Table 18.1 we compare in detail the response to the survey with the numbers in practice at 1 October 1975. Barristers were asked to state in the questionnaire the number of years they had been in practice as at April 1976, and the answers have been used to analyse the data by two seniority bands for QCs and four seniority bands for juniors. Although the data are not available directly from the Senate's records, the Secretary of the Senate has estimated the numbers at the Bar in October 1975 under the same seniority categories. From this information the response rate obtained for the 1976/77 survey can be summarised by seniority categories, and is shown in Table 18.1.

18.12 It will be noted from Table 18.1 that for juniors with over 15 years' practice the estimated response rate was only 36 per cent. This response rate is

TABLE 18.1

**Response to the survey by estimated¹ seniority of barristers
at 1 October 1975**

	Numbers at Bar 1 October 1975	Response to survey	
		number	%
QCs: before 1974	273	150	55
in or after 1974	97	51	53
All QCs	370	201	54
Juniors: over 15 years	750	271	36
9-15	630	365	58
4- 8	1,000	585	59
3 or less	900	618	69
All juniors	3,280	1,839	56
All barristers	3,650	2,040	56

¹The breakdown by seniority is an estimate by the Secretary of the Senate.

too low to be considered as statistically representative and this should be borne in mind when figures are quoted and conclusions drawn for barristers within this seniority category. The estimated average response rate for the remaining categories of seniority is 61 per cent and the statistics relating to these categories may be considered to be representative, although the response rate is still about five percentage points less than that obtained for the 1974/75 survey.

18.13 Because the response was uneven between seniority categories average figures derived from the survey could be biased, in this case towards the less senior barristers where the response rate was on the whole greater. When giving average figures in this report for "all barristers", "all QCs" or "all juniors" we have therefore allowed for the uneven response rate by making appropriate adjustments to the average figures for these groups. In the event the adjustments required were not substantial, as can be seen from Table 18.10 below, and the uneven response rate did not therefore distort the overall results to a material degree.

General information

Numbers at the Bar and in the survey

18.14 The numbers at the Bar in October 1977 and the numbers responding to the survey are summarised in Table 18.2.

TABLE 18.2

Response to survey by seniority of barristers at 1 October 1977

	Total at Bar at 1 October 1977		Response to survey	
	number	%	number	%
QCs	384	9	201	10
Juniors ¹ :				
over 15 years	804	20	271	13
9-15	712	18	365	18
4- 8	1,150	28	585	29
3 or less	1,026	25	618	30
All juniors	3,692	91	1,839	90
All barristers	4,076	100	2,040	100

¹The seniority of juniors refers to years in practice, that is after completion of pupillage.

18.15 It can be seen from Table 18.2 that out of an estimated total membership of the Bar of 4,076 at October 1977, just under 10 per cent are QCs. It will also be noted that just over half the barristers had less than nine years in practice and that one-quarter of the Bar had less than four years in practice.

18.16 From their own statistics, the Bar informs us that by October 1977 there were 2,331 practising barristers of ten years call or less, being 57 per cent of the Bar, whereas ten years earlier there were 769, or 34 per cent of the Bar. Table 18.3 shows the increase in the numbers of barristers in these two seniority categories between 1966 and 1977.

TABLE 18.3

Seniority of barristers: 1966 and 1977

	1966	1977	Percentage increase 1966/77
Number of those with ten years' call or less	769	2,331	203%
Number of those with over ten years' call	1,470	1,745	19%
Number of barristers in practice	2,239	4,076	82%

Source: Senate submission No. 7 and 1977/78 annual statement, page 17.

18.17 This position has come about by a substantial expansion of the numbers at the Bar in the last ten years and in particular in the last five years. There has been an increase in the number of chambers and an increase in the numbers practising from each set of chambers: in 1966 there were on average about nine barristers in each set of chambers, in 1977 about 14; many sets have more than 14 members, with the larger sets of chambers having up to 30 members. Table 18.4 shows the increases in the numbers of practising barristers and sets of chambers from 1966 to 1977.

TABLE 18.4

Numbers of practising barristers and of sets of chambers: 1966 to 1977

Years to 30 September	Number of London chambers	Number of provincial chambers	Number of barristers in practice	Net annual increase in barristers in practice
1966	177	76	2,239	75
1967	171	74	2,333	94
1968	170	75	2,379	46
1969	172	76	2,448	69
1970	169	74	2,584	136
1971	168	83	2,714	130
1972	171	85	2,919	205
1973	173	90	3,137	218
1974	174	94	3,368	231
1975	181	93	3,646	278
1976	188	99	3,881	235
1977	193	102	4,076	195

Source: Senate 1977/78 annual statement page 57.

18.18 The net annual increase in the numbers in practice (the right hand column of Table 18.4) is the net figure of the numbers starting practice and the numbers ceasing to practice; details are shown in Table 18.5.

Seniority and category of practice

18.19 As might be expected, the weight of seniority lies in the London Chancery and specialist Bars; 38 per cent of all QCs in the response practise at these Bars against 15 per cent of all juniors. The opposite is the case in the circuits, the comparable figures were 28 per cent of QCs and 45 per cent of juniors. Table 18.6 gives the details.

Age and sex of barristers

18.20 As part of the 1976/77 survey barristers were asked to give details of their age and sex. The ages of those barristers responding are analysed by seniority in Table 18.7.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

TABLE 18.5

Net annual increase in the number of practising barristers: 1967 to 1977

Years to 30 September	Number started practice	Number ceased practice			Net increase
		under 10 years seniority	over 10 years seniority	total	
1967	206	(25)	(87)	(112)	94
1968	139	(31)	(62)	(93)	46
1969	137	(20)	(48)	(68)	69
1970	241	(33)	(72)	(105)	136
1971	222	(12)	(80)	(92)	130
1972	275	(21)	(49)	(70)	205
1973	321	(15)	(88)	(103)	218
1974	299	(38)	(30)	(68)	231
1975	354	(39)	(37)	(76)	278
1976	382	(41)	(106)	(147)	235
1977	326	(79)	(52)	(131)	195

Source: Senate 1977/78 annual statement, page 57.

TABLE 18.6

Category of practice by seniority of barristers

	Response to survey		Chancery and specialist	Family and common law	London criminal	Circuit
	number	%	%	%	%	%
QCs:						
before 1974	150	100	41	23	9	27
in or after 1974	51	100	28	33	8	31
All QCs	201	100	38	25	9	28
Juniors:						
over 15 years	271	100	21	20	13	46
9-15	365	100	17	27	12	44
4- 8	585	100	14	24	16	46
3 or less	618	100	13	26	17	44
All juniors	1,839	100	15	25	15	45
All responding	2,040	100	18	24	15	43

TABLE 18.7
Age and seniority of barristers

	Response to survey		Age as at 1 April 1976				
			under 30	30-39	40-49	50-59	60 and over
	number	%	%	%	%	%	%
QCs:							
before 1974	150	100	—	—	37	47	16
in or after 1974	51	100	—	6	78	14	2
All QCs	201	100	—	2	47	38	13
Juniors:							
over 15 years	271	100	—	10	58	21	11
9-15	365	100	—	81	16	3	—
4- 8	585	100	46	46	5	2	1
3 or less	618	100	82	13	3	1	1
All juniors	1,839	100	43	36	14	5	2
All responding	2,040	100	38	33	18	8	3

As can be seen from Table 18.7, 38 per cent of the respondents were under 30 years of age and more than 70 per cent of barristers responding were less than 40 years old.

TABLE 18.8
Proportion of women by seniority of barristers responding to survey

	Response to survey			
	total	male	female	female as percentage of total
	number	number	number	%
QCs:				
before 1974	150	149	1	1
in or after 1974	51	50	1	2
All QCs	201	199	2	1
Juniors:				
over 15 years	271	255	16	6
9-15	365	349	16	4
4- 8	585	546	39	7
3 or less	618	547	71	11
All juniors	1,839	1,697	142	8
All responding	2,040	1,896	144	7

18.21 According to the Bar's subscription records there were 258 women in practice in October 1975, being 7 per cent of practising barristers. Of those responding to the survey, 7 per cent were female, as Table 18.8 shows.

18.22 It will be seen from Table 18.8 that 110 of the 144 female barristers in the response (76 per cent) had been in practice for less than nine years.

Gross fees, expenses and net fees

Introduction

18.23 Set out in this part of the report is information on gross fees, expenses and net fees (that is gross fees less expenses but before provision for pensions, sickness insurance and national insurance contributions and before tax) earned by barristers during 1976/77. Comparisons with the 1974/75 survey are dealt with in the part of this report entitled "Trends in gross and net fees" (paragraphs 18.58 to 18.70).

Accounting year-end

18.24 The survey was concerned with financial years which ended in the year to 5 April 1977 (referred to as 1976/77). Just under half the barristers responding had an accounting year-end of 5 April, so more than half of the 1976/77 results cover a year which ended earlier than 5 April 1977.

Basis of accounting

18.25 Barristers' accounts are prepared on a cash basis—that is the gross fees for 1976/77 represent fees received in that year. The fees received in 1976/77 will be in respect of work done both in that year and in previous years. The Bar is unable to give us details of the average delay between doing and being paid for work, although we know it can be considerable; the Senate's impression is that it is approximately one year for the more senior practitioners and somewhat less in the junior categories.

Summary of average gross fees, expenses and net fees

18.26 Table 18.9 sets out the average gross fees, expenses and net fees (before provision for pensions, sickness insurance and national insurance contributions and before tax) by category of seniority.

18.27 The average figures given in Table 18.9 have been adjusted for the response rate as mentioned in paragraph 18.13 above. As will be appreciated, the averages for individual categories of seniority are not affected by the

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

TABLE 18.9

Average gross fees, expenses and net fees by seniority of barristers: 1976/77

	Gross fees	Expenses	Net fees	Number of barristers at 1st October 1977
	£	£	£	
QCs:				
before 1974	32,227	10,059	22,168	1
in or after 1974	26,233	8,188	18,045	1
All QCs	30,656	9,569	21,087	384
Juniors:				
over 15 years	15,611	5,316	10,295	804
9-15	15,788	5,264	10,524	712
4- 8	11,069	3,904	7,165	1,150
3 or less	4,856	2,087	2,769	1,026
All juniors	11,309	3,990	7,319	3,692
All barristers	13,270	4,555	8,715	4,076

¹Details of the seniority of QCs at 1 October 1977 are not available.

adjustment, but only averages for combinations of categories, that is "all QCs", "all juniors" and "all barristers". In Table 18.10 we compare the unadjusted figures with the figures as adjusted for the response rate.

18.28 In later paragraphs of this report we give only the average figures adjusted, where appropriate, for the response rate.

18.29 The figures given above include the results of 51 junior counsel who reported making a loss in 1976/77. The average loss of these barristers was £424 and almost all of them were in the 0-3 years seniority category. Excluding these loss makers from the averages results in only a small increase in the figures for "all juniors" and just less than a 10 per cent increase in the average for the most junior category, as shown in Table 18.11.

18.30 In giving average figures we consider it is appropriate to include the loss makers and we do so in this report. However, in calculating the deciles, quartiles and medians given later in this report the Bar has excluded the loss makers; the effect is to show slightly higher figures than would be the case of the loss makers were included, although the difference is unlikely to be material and can be ignored.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

TABLE 18.10

Average gross fees, expenses and net fees: unadjusted and adjusted figures: 1976/77

	Gross fees	Expenses	Net fees
	£	£	£
Unadjusted averages:			
all QCs	30,706	9,584	21,122
all juniors	10,587	3,771	6,816
all barristers	12,570	4,344	8,226
Averages adjusted for response rate, as Table 18.9:			
all QCs	30,656	9,569	21,087
all juniors	11,309	3,990	7,319
all barristers	13,270	4,555	8,715
Percentage change in net fees resulting from adjustment:			
all QCs			-0.2%
all juniors			+7.4%
all barristers			+5.9%

TABLE 18.11

Effect of loss makers on the average income of junior barristers

	All juniors		Juniors in practice for three years or less	
	number in response	average net fees	number in response	average net fees
		£		£
1976/77 averages, as adjusted for response rate:				
all respondents, including loss makers (Table 18.9)	1,839	7,319	618	2,769
excluding loss makers	1,788	7,423	572	3,029

18.31 In paragraphs 18.32 to 18.54 below we give further analyses and commentary on the fees and expenses for 1976/77.

Gross fees

18.32 We summarise in Table 18.12 the range of gross fees received during 1976/77 by those barristers responding. It can be seen from this table that there is a wide range of gross fee income at all levels.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

TABLE 18.12

Range of gross fees by seniority of barristers: 1976/77

	Number responding	Average	Upper decile	Median	Lower decile
	number	£	£	£	£
QCs:					
before 1974	150	32,227	50,228	29,186	16,158
in or after 1974	51	26,233	39,000	24,400	16,893
Juniors:					
over 15 years	271	15,611	27,505	14,635	6,672
9-15	365	15,788	24,131	14,311	8,514
4- 8	585	11,069	16,231	10,238	5,529
3 or less	618	4,856	8,983	4,501	1,257

18.33 The total gross fee income in 1976/77 of the respondents to the survey was £25.6 million. This suggests that the total gross fee income of the Bar in 1976/77 was about £48 million, as illustrated by Table 18.13.

TABLE 18.13

Estimated total gross fee income for 1976/77 by estimated¹ seniority of barristers at 1 October 1975

	1976/77 average gross fees	Number in practice at 1 October 1975	Estimated total gross fee income for 1976/77	
			£m	%
QCs:	£			
before 1974	32,227	220	7	15
in or after 1974	26,233	150	4	8
All QCs	29,797	370	11	23
Juniors:				
over 15 years	15,611	750	12	25
9-15	15,788	630	10	21
4- 8	11,069	1,000	11	23
3 or less	4,856	900	4	8
All juniors	11,309	3,280	37	77
All barristers	13,183	3,650	48	100

¹The breakdown by seniority is an estimate by the Secretary of the Senate.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

18.34 The total gross fee income in 1976/77 of the 2,040 barristers responding to the survey can be analysed by category of practice as set out in Table 18.14.

TABLE 18.14
Total gross fee income by category of practice: 1976/77

	Barristers responding		Average gross fees per barrister	Total gross fees of respondents	
	number	%	£	£'000	%
London Chancery and specialist	358	18	19,312	6,914	27
London family and common law	501	24	11,080	5,551	22
London criminal	300	15	9,769	2,931	11
Circuits	881	43	11,630	10,246	40
All responding	2,040	100	—	25,642	100

18.35 In Table 18.15 we compare the median gross fees by category of practice and by seniority.

TABLE 18.15
Median gross fees by seniority and category of practice: 1976/77

	London Chancery and specialist	London family and common law	London criminal	Circuits
	£	£	£	£
QCs:				
before 1974	36,108	29,520	23,703	25,651
in or after 1974	29,003	22,189	n/a	19,568
Juniors:				
over 15 years	19,321	13,583	15,097	14,079
9-15	18,574	13,776	12,958	14,302
4-8	12,627	9,001	8,878	11,261
3 or less	3,784	3,669	4,049	5,520
Numbers in response:				
QCs	76	51	18	56
juniors	282	450	282	825

It can be seen that, in all categories of seniority but the most junior, the London Chancery and specialist Bars had the highest median gross fees. For the other categories of practice the circuit barristers earned higher fees between 4-8 years seniority but did not maintain the same differential thereafter. QCs at the London criminal Bar had the lowest gross fees, but there are only 18 QCs of this category in the response.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

18.36 Gross fees can be analysed by seniority as shown in Table 18.16.

TABLE 18.16
Proportions of total gross fees and of barristers by seniority
of barristers: 1976/77

	Proportion of 1976/77 gross fees	Proportion of barristers
	%	%
QCs:		
before 1974	15	6
in or after 1974	8	4
All QCs	23	10
Juniors:		
over 15 years	24	21
9-15	21	17
4- 8	23	27
3 or less	9	25
All juniors	77	90
All barristers	100	100

Of the Bar's total gross fees for 1976/77, 68 per cent were earned by barristers who had been in practice for nine or more years, being almost half the total number of barristers in practice.

Sources of gross fees

18.37 The total gross fees of QCs and juniors responding to the survey are analysed over the sources of fees as shown in Table 18.17.

TABLE 18.17
Total gross fees by source of fees: 1976/77

	Total		QCs		Juniors	
	£'000	%	£'000	%	£'000	%
Criminal public funds	4,085	16	548	9	3,537	18
Criminal legal aid	5,318	21	890	14	4,428	23
Civil legal aid	2,402	9	164	3	2,238	11
Total from public funds	11,805	46	1,602	26	10,203	52
Non-public sources	13,836	54	4,570	74	9,266	48
Total fees	25,641	100	6,172	100	19,469	100

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

For those responding to the survey, only one-quarter of the fees earned by QCs were derived from public sources whilst more than half of juniors' fees were derived from public funds.

18.38 Table 18.18 gives an approximate analysis of the source of fees of those responding by the four different categories of practice.

TABLE 18.18

Source of gross fees by category of practice: 1976/77

	Total		London Chancery and specialist	London family and common law	London criminal	Circuit
	£m	%	%	%	%	%
Criminal public funds	4.1	100	1	9	30	60
Criminal legal aid	5.3	100	1	15	24	60
Civil legal aid	2.4	100	3	35	4	58
Total from public funds	11.8	100	1	17	22	60
Non-public sources	13.8	100	49	26	2	23
Total fees	25.6	100	27	22	11	40
Number of barristers in survey	2,040	100	18	24	15	43

Of the total barristers' fees derived from public funds, 60 per cent is for work done by the circuit barristers; nearly half of the fees derived from non-public sources is for work done by the London Chancery and specialist Bars.

Gross fees from public funds

18.39 From the answers of those responding to the survey, an approximation can be made of the total gross income of the profession from public funds, which is set out in Table 18.19. Barristers with less than nine years in the profession, being 52 per cent of the total membership of the Bar, received 31 per cent of total gross fees but 43 per cent of the fees paid out of public funds.

18.40 The proportion of total gross fees which those responding earned in 1976/77 from public funds is summarised in Table 18.20.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

TABLE 18.19

Total gross fees from public and non-public funds by seniority of barristers: 1976/77

	Number of barristers		Gross fees					
			total		public funds		non-public funds	
	number	%	£m	%	£m	%	£m	%
QCs:								
before 1974	220	6	7	15	2	9	5	20
in or after 1974	150	4	4	8	1	4	3	12
All QCs	370	10	11	23	3	13	8	32
Juniors:								
over 15 years	750	21	12	25	5	22	7	28
9-15	630	17	10	21	5	22	5	20
4- 8	1,000	27	11	23	7	30	4	16
3 or less	900	25	4	8	3	13	1	4
All juniors	3,280	90	37	77	20	87	17	68
All barristers	3,650	100	48	100	23	100	25	100

TABLE 18.20

Percentage of gross fees from public funds by seniority of barristers: 1976/77

	Gross fees from public funds as a percentage of total gross fees			
	total	criminal public funds	criminal legal aid	civil legal aid
	%	%	%	%
QCs:				
before 1974	23	7	14	2
in or after 1974	34	14	15	5
Juniors:				
over 15 years	41	18	13	10
9-15	46	19	17	10
4- 8	59	19	27	13
3 or less	66	15	37	14

This table shows that the dependency of barristers on public funds for their fees decreased with seniority; 66 per cent of gross fees earned by juniors with three years or less experience came from public funds while only 23 per cent for QCs before 1974. It can also be seen that the dependency of barristers for their fees

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

from criminal legal aid decreased with seniority. The proportion of gross fees from public prosecutions increased after three years in practice as a junior barrister.

18.41 Table 18.21 shows the percentage of gross fees derived from public funds for each category of practice, together with the net fee income for each category.

TABLE 18.21

Percentage of gross fees from public funds by category of practice: 1976/77

	QCs		Juniors	
	Gross fees from public funds as a percentage of total gross fees	median net fees	Gross fees from public funds as a percentage of total gross fees	median net fees
London Chancery and specialist	1.5	£ 23,905	2.8	£ 8,463
London family and common law	23.5	18,093	40.6	4,940
London criminal	77.2	17,610	91.7	4,785
Circuit	62.8	15,645	69.4	6,258
All barristers	26.0	18,356	52.4	5,928

18.42 There are only eighteen QCs in the response for the London criminal Bar and the figure in the table above should therefore be treated with caution. The QCs from the circuit Bars obtained 62.8 per cent of their gross fee income from public funds and had the lowest median net fees. For the juniors, the barristers at the London criminal Bar obtained almost all of their fees from public funds and earned the lowest net fees. The junior barristers at the circuit Bars earned higher net fees than the family, common law and criminal Bars, while obtaining a high proportion of their fees from public funds; the higher earnings early in practice at the circuit Bars is referred to in paragraph 18.54 below.

Expenses

18.43 The average expenses (excluding pension premiums, sickness insurance and national insurance contributions) of the barristers responding to the survey are set out in Table 18.22.

TABLE 18.22

Average expenses by seniority of barristers: 1976/77

	Average expenses			
	total	clerks	rent	other
	£	£	£	£
QCs:				
before 1974	10,059	2,798	3,733	3,528
in or after 1974	8,188	2,212	2,812	3,164
All QCs	9,569	2,644	3,492	3,433
Juniors:				
over 15 years	5,316	1,308	1,967	2,041
9-15	5,264	1,355	1,810	2,099
4- 8	3,904	956	1,282	1,666
3 or less	2,087	407	649	1,031
All juniors	3,990	962	1,366	1,662
All barristers	4,555	1,133	1,582	1,840

'Other' expenses comprise travel, subsistence, books, stationery, subscriptions and other incidental expenses. The figure for rent includes the contribution to other expenses of chambers. The amount for clerks may include an allowance for expenses paid by the clerk out of his gross remuneration; the arrangements made with clerks in this respect varies. Clerks' fees and rent together account for between 50 per cent and 65 per cent of total expenses and increase with seniority.

18.44 Approximately one-third of barristers' gross fees are applied in paying expenses, but this proportion increases to 43 per cent for the less senior barristers. This is shown in Table 18.23.

18.45 In submission number 7 to the Commission, the Senate said that 'Contributions from members of chambers are normally adjusted rateably, either according to the level of gross earnings or to seniority or to a combination of both. As a result, new entrants and low earners are almost invariably subsidised by the more senior members of the set.' This is borne out by Tables 18.22 and 18.23 which show that while rent accounts for a reasonably constant proportion of gross income, in absolute figures it increases substantially with seniority.

18.46 The submissions of the Inns of Court state that rent payable by barristers is less than the market rent charged to other professional tenants and often represents about two-thirds of the market rent. However, the Senate told us that the gap between the barristers' rents and market rents is being closed.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

TABLE 18.23

Expenses as a percentage of gross fees by seniority of barristers: 1976/77

	Average gross fees	Expenses as a proportion of average gross fees			
		total	clerks	rent	other
	£	%	%	%	%
QCs:	32,227	31	9	11	11
in or after 1974	26,233	31	8	11	12
All QCs	30,656	31	9	11	11
Juniors:					
over 15 years	15,611	34	8	13	13
9-15	15,788	33	9	11	13
4- 8	11,069	35	9	11	15
3 or less	4,856	43	9	13	21
All juniors	11,309	35	9	12	14
All barristers	13,270	34	8	12	14

18.47 Table 18.24 shows that expenses as a proportion of total gross fees are lowest for the London Chancery and specialist Bars.

TABLE 18.24

Expenses as a percentage of gross fees by category of practice: 1976/77

	Average expenses	Expenses as a percentage of gross fees			
		London Chancery and specialist	London family and common law	London criminal	Circuit
	£	%	%	%	%
QCs:					
clerks	2,644	9	8	10	9
rent	3,492	11	13	10	10
other	3,433	9	11	11	15
Total QCs	9,569	29	32	31	34
Juniors:					
clerks	962	8	8	9	8
rent	1,366	13	14	11	11
other	1,662	9	16	18	17
Total juniors	3,990	30	38	38	36

18.48 As might be expected, in comparison with solicitors the expenses of barristers represent a low proportion of their gross income. While barristers spend 30 per cent–40 per cent of their gross income on professional expenses, the Law Society's remuneration survey (see section 16) shows that firms of solicitors on average apply about 64 per cent of their gross income on expenses, about 36 per cent on staff salaries and the remaining 28 per cent on other expenses including accommodation.

Net fees

18.49 We set out in Table 18.25 the 1976/77 net fees (before provision for pensions, sickness insurance, national insurance contributions and tax) of those barristers responding to the survey, expressed as a proportion of gross fees.

TABLE 18.25
Average net fees as a percentage of gross fees by
seniority of barristers: 1976/77

	Net fees	Net fees as a percentage of gross fees
	£	%
QCs:		
before 1974	22,168	69
in or after 1974	18,045	69
All QCs	21,087	69
Juniors:		
over 15 years	10,295	66
9–15	10,524	67
4– 8	7,165	65
3 or less	2,769	57
All juniors	7,319	65
All barristers	8,715	66

18.50 Table 18.26 gives an indication of the spread in net fees by seniority. As was found to be the case for gross fees (paragraph 18.32) there is a wide range of net fees at each level of seniority. It should also be noted that the median net fees are substantially lower than the average net fees; the higher average figure is a reflection of the small number of exceptionally high earners.

18.51 Of the QCs responding to the survey, during 1976/77 90 per cent earned more than £10,000 (before providing for pensions etc. as explained in

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

TABLE 18.26
Range of net fees by seniority of barristers: 1976/77

	Number responding	Spread in net fees			
		average	upper decile	median	lower decile
		£	£	£	£
QCs:					
before 1974	150	22,168	35,437	20,058	9,766
in or after 1974	51	18,045	29,287	17,382	10,671
All QCs	201	21,087	33,603	18,356	9,786
Juniors:					
over 15 years	271	10,295	19,220	9,466	3,409
9-15	365	10,524	17,018	9,507	5,000
4-8	585	7,165	11,507	6,616	3,023
3 or less	618	2,769	5,775	2,648	576
All juniors	1,839	7,319	13,539	5,928	1,441
All barristers	2,040	8,715	17,515	6,643	1,587

paragraph 18.49 above) with 46 per cent earning in excess of £20,000. Some 21 per cent of juniors earned more than £10,000 but 43 per cent earned less than £5,000 and this is shown in Table 18.27.

TABLE 18.27
Distribution of net fees, QCs and juniors: 1976/77

Net fees	Range of net fees			
	all barristers		QCs	juniors
	number	%	%	%
Over £25,000	76	4	28	1
£20,000-£25,000	73	4	18	2
£15,000-£20,000	114	6	20	4
£10,000-£15,000	313	15	24	14
£7,500-£10,000	290	14	4	15
£5,000-£7,500	382	19	2	21
£4,000-£5,000	147	7	2	8
£3,000-£4,000	167	8	—	9
£2,000-£3,000	168	8	1	9
£1,000-£2,000	141	7	1	8
£500-£1,000	59	3	—	3
£250-£500	27	1	—	1
£1-£250	32	2	—	2
Losses	51	2	—	3
	2,040	100	100	100

18.52 Of those barristers responding to the survey, the peak of males' average net fees (before pensions, etc, as noted earlier) is reached between the ages of 50-54 as shown in Table 18.28.

TABLE 18.28

Average net fees by age and sex of barristers: 1976/77

Age	All	Male	Female
	£	£	£
65 and over	10,188	10,188	—
60-64	11,995	12,314	—
55-59	11,235	11,929	—
50-54	15,449	15,576	—
45-49	13,715	14,096	6,052
40-44	11,864	12,023	9,509
35-39	10,534	10,810	5,605
30-34	8,081	8,286	4,285
Under 30	3,970	4,064	3,146
All barristers ¹	8,226	8,520	4,349
Number responding	2,040	1,896	144

¹The figure for all barristers is not adjusted for the response rate.

²Figures have been omitted where there were few respondents.

18.53 There were only 29 female barristers in the response aged 40 or over: 80 per cent of the female barristers were under the age of 40 and of these almost 60 per cent had been in practice for less than four years. For the male barristers, 70 per cent were under 40 years old and of these 39 per cent had been in practice for less than four years. The lower earnings of female barristers shown in Table 18.28 therefore is partly a reflection of lower seniority. Further details are given in section 15.

18.54 For all levels of seniority apart from the most junior, the median net fees (before pensions, etc, as explained earlier) of those barristers responding was highest in the London Chancery and specialist Bars as shown in Table 18.29. The pattern shown in Table 18.29 is similar to that for gross fees referred to in paragraph 18.35 above: apart from the London Chancery and specialist Bars the highest earnings were achieved in the Circuit Bars for the first eight years of practice; the most senior juniors at the London criminal Bar had higher net fees than the Circuit or family and common law barristers but the London criminal and circuit QCs earned the lowest net fees.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

TABLE 18.29

Median net fees by seniority and category of practice: 1976/77

	All categories	London Chancery and specialist	London family and common law	London criminal	Circuit
	£	£	£	£	£
QCs:					
before 1974	20,058	25,009	19,452	16,799	16,599
in or after 1974	17,382	21,599	14,477	1	12,785
Juniors:					
over 15 years	9,466	13,718	8,805	10,233	9,016
9-15	9,507	12,096	8,825	8,059	9,052
4-8	6,616	8,690	5,603	5,073	7,153
3 or less	2,648	2,761	1,886	2,013	3,180

¹Figure omitted because of small number of respondents.

Pensions

18.55 The figures for net fees given in earlier paragraphs of this report have been before making provision for pensions. Barristers were asked to state the retirement annuity premiums paid and Table 18.30 summarises the answers.

TABLE 18.30

Payments made for pension provision by seniority of barristers: 1976/77

	Barristers paying no premiums		Average premium paid by the other barristers	Broad estimate of maximum RAP allowable for tax in 1976/77
	No.	% of total	£	£
QCs:				
before 1974	11	7	1,928	2,250
in or after 1974	13	25	1,712	2,250
Juniors:				
over 15 years	101	37	1,151	1,544
9-15	125	34	945	1,579
4-8	299	51	542	1,075
3 or less	524	85	333	415
All barristers	1,073	53	974	

18.56 As can be seen from Table 18.30, over half the barristers made no provision for their pensions and those who did paid less than the maximum allowable for tax. There is a slight increase over 1974/75 in the proportion of barristers paying a retirement annuity premium; in 1974/75 59 per cent of barristers paid no premium; in 1976/77 53 per cent paid no premium, as shown above. The average premium paid in 1974/75 was £620 and in 1976/77 £974, an increase reflecting higher premiums paid by the most senior barristers.

Comparison of earnings

18.57 Before a comparison of earnings can be made with other occupations it is necessary to adjust for a number of matters: in particular it is necessary to take account of pension contributions and benefits, especially where comparisons are made with employees provided with a pension by their employer. There are a number of other matters to take into account—for example capital investment and fringe benefits—before valid comparisons can be made: these matters are dealt with in our separate report on comparisons of earnings reproduced as section 20 of this volume.

Trends in gross and net fees

Introduction

18.58 In this part of the report comparisons are set out between the results of the 1976/77 survey with those of the 1974/75 survey.

Gross fees

18.59 The average gross fees of QCs and juniors between 1974/75 and 1976/77 increased by 17.7 per cent and 22.6 per cent respectively; the Retail Price Index (RPI) increased by 44 per cent during this period. This is shown in Table 18.31.

TABLE 18.31
Average gross fees and Retail Price Index:
changes between 1974/75 and 1976/77

	Average gross fees		
	1974/75	1976/77	percentage increase
QCs	£ 26,056	£ 30,656	% 18
Juniors	9,228	11,309	23
All barristers	10,951	13,270	21
Retail Price Index ¹	—	—	44 ¹

¹Averages for fiscal years.

18.60 Average gross fees for 1976/77 by seniority of barrister may be compared with their average gross fees for 1974/75. It can be seen from Table 18.32 that the rate of increase for QCs with two years or less standing and juniors with three years or less experience lagged behind the rate of increase of other barristers.

TABLE 18.32

Average gross fees by seniority of barristers and Retail Price Index: changes between 1974/75 and 1976/77

	Average gross fees		
	1974/75	1976/77	percentage increase
	£	£	%
QCs:			
more than 2 years	26,565	32,227	21
2 or less	25,178	26,233	4
Juniors:			
over 15 years	12,958	15,611	21
9-15	13,122	15,788	20
4- 8	8,733	11,069	27
3 or less	4,284	4,856	13
Retail Price Index ¹	—	—	44 ¹

¹Averages for fiscal years.

The very low increase for QCs of two years or less standing is probably a reflection of the wide variation in gross fees between individual barristers and the fact that there are only 51 barristers in the response for this category. The Bar considers that a more realistic trend in gross fees is shown by the figure for all QCs taken together—an increase of some 18 per cent from 1974/75 to 1976/77.

Sources of gross fees

18.61 Table 18.33 shows that, from 1974/75 to 1976/77 there was no material change in the source of barristers' fees although there was a slight increase in the proportion of fees derived from public funds.

TABLE 18.33

Source of gross fees: 1974/75 and 1976/77

All barristers	1974/75	1976/77
	%	%
Criminal public funds	16	16
Criminal legal aid	19	21
Civil legal aid	8	9
Total from public funds	43	46
Non-public sources	57	54
	100	100

18.62 From the results of the surveys a comparison can be made of the approximate total gross income of the profession from public funds in 1976/77 with the approximate income in 1974/75. From Table 18.34 it can be seen that between 1974/75 and 1976/77 only slight variations occurred in the distribution of fees earned from public sources between the categories of seniority of barristers.

TABLE 18.34

Gross income from public funds: 1974/75 and 1976/77

	Number of barristers October 1975		Gross public fund income of the profession			
			1974/75		1976/77	
	No.	%	£m	%	£m	%
QCs:						
more than 2 years	220	6	1.3	8	1.7	8
2 or less	150	4	1.0	6	1.4	6
Juniors:						
over 15 years	750	21	4.1	24	4.9	22
9-15	630	17	3.4	20	4.5	21
4-8	1,000	27	5.0	29	6.5	30
3 or less	900	25	2.2	13	2.9	13
All barristers	3,650	100	17.0	100	21.9	100

Expenses

18.63 We summarise in Table 18.35 the average expenses by seniority for 1974/75 and 1976/77.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

TABLE 18.35

Average expenses by seniority of barristers: 1974/75 and 1976/77

	1974/75				1976/77			
	total	clerks	rent	other	total	clerks	rent	other
	£	£	£	£	£	£	£	£
QCs	6,913	2,300	2,202	2,411	9,569	2,644	3,492	3,433
Juniors:								
over 15 years	3,946	1,119	1,335	1,492	5,316	1,308	1,967	2,041
9-15	4,127	1,169	1,312	1,646	5,264	1,355	1,870	2,099
4-8	2,895	794	874	1,227	3,904	956	1,282	1,666
0-3	1,509	334	431	744	2,087	407	649	1,031

18.64 Table 18.36 shows the percentage increase in expenses from 1974/75 to 1976/77.

TABLE 18.36

Percentage increase in expenses by seniority of barristers: 1974/75 to 1976/77

	Increase in expenses 1974/75 to 1976/77			
	total	clerks	rent	other
	%	%	%	%
QCs	38	15	59	42
Juniors: over 15 years	35	17	47	37
9-15	28	16	38	28
4-8	35	20	47	36
3 or less	38	22	51	39

Over this period the retail price index increased by 44 per cent. The increase in rent and other expenses is broadly in line with the RPI; clerks' fees have increased less because they are usually determined as a proportion of the barristers' gross fees.

Net fees

18.65 The average net fees (before pensions etc) of QCs and juniors between 1974/75 and 1976/77 increased by 10 per cent and 17 per cent respectively; as shown in Table 18.37 the RPI increased by 44 per cent during this period.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

TABLE 18.37

Average net fees and Retail Price Index: changes between 1974/75 and 1976/77

	Average gross fees		
	1974/75	1976/77	Percentage increase
	£	£	%
QCs	19,143	21,087	10
Juniors	6,242	7,319	17
All barristers	7,563	8,715	15
Retail Price Index ¹	—	—	44 ¹

¹Average for fiscal years.

18.66 In Table 18.38 an approximate trend in net fees is given over a longer period from estimated information given by barristers in the 1974/75 and 1976/77 surveys, although it should be noted that the figures are not adjusted for the response rate; we also doubt the reliability of the figures for 1975/76 for juniors, which are probably distorted by changes in seniority over 1974/75.

TABLE 18.38

Average net fees: 1972/73 to 1976/77

	Average net fees				Retail Price Index
	amount		index (1972/73=100)		
	QCs	juniors	QCs	juniors	
	£	£			
1972/73	15,800	5,100	100	100	100
1973/74	16,600	5,500	105	108	110
1974/75	19,100	5,900	121	116	130
1975/76 (estimated)	21,500	7,300	136	143	162
1976/77	21,100	7,000	134	137	187

18.67 Net fees as a proportion of gross fees for QCs decreased from 73 per cent in 1974/75 to 69 per cent in 1976/77 while the proportion for juniors has decreased from 69 per cent to 65 per cent as shown in Table 18.39. This drop reflects the fact that the rate of increase in gross fees has not kept pace with the rate of increase in expenses.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

TABLE 18.39

Net fees as a percentage of gross fees by seniority of barristers:
1974/75 and 1976/77

	Net fees as a percentage of gross fees	
	1974/75	1976/77
	%	%
QCs: more than 2 years	73	69
2 or less	74	69
all QCs	73	69
Juniors: over 15 years	70	66
9-15	69	67
4- 8	67	65
3 or less	66	57
all juniors	69	65

18.68 The comparison of responding barristers' average net fees (before pension etc) by seniority in Table 18.40 shows that the average net fees in 1976/77 for juniors with three years or less experience decreased as compared with 1974/75; during this period the RPI increased by 44 per cent.

TABLE 18.40

Percentage increase in average net fees by seniority of barristers:
1974/75 to 1976/77

	Average net fees		
	1974/75	1976/77	increase (decrease)
	£	£	%
QCs: more than 2 years	19,405	22,168	14
2 or less	18,691	18,045	(4)
Juniors: over 15 years	9,099	10,295	13
9-15	9,016	10,524	17
4- 8	5,877	7,165	22
3 or less	2,819	2,769	(2)

We commented in paragraph 18.60 that the analysis into two categories of QC is not regarded by the Bar as realistic for the purpose of showing the trend in fees.

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE

18.69 In Table 18.41 we show the ranges of net incomes in 1974/75 and 1976/77: for this table the retirement annuity premiums paid by barristers have been deducted from net fees.

TABLE 18.41
Distribution of net fees: 1974/75 and 1976/77

Net fees (less RAP)	1974/75		1976/77	
	number	%	number	%
Over £25,000	48	2	64	3
£20,000-£25,000	41	2	49	2
£15,000-£20,000	95	4	116	6
£10,000-£15,000	243	12	284	14
£7,500-£10,000	228	11	300	15
£5,000- £7,500	412	20	414	20
£4,000- £5,000	190	9	152	7
£3,000- £4,000	196	10	178	9
£2,000- £3,000	189	9	161	8
£1,000- £2,000	177	8	147	7
£500- £1,000	106	5	62	3
£250- £500	59	3	29	1
£1- £250	59	3	32	2
Losses	44	2	52	3
	2,087	100	2,040	100
Average net fees (less RAP)	£6,905		£7,764	
Median net fees (less RAP)	£5,230		£6,375	

Trends by category of practice

18.70 In Table 18.42 we show the change in median gross and net fees (before pension premiums, sickness insurance, national insurance contributions and tax) from 1974/75 to 1976/77 by category of practice.

TABLE 18.42
Gross fees and net fees by category of practice: 1974/75 and 1976/77

	Gross fees		Net fees	
	1974/75	1976/77	1974/75	1976/77
	£	£	£	£
London Chancery and specialist	10,607	15,342	7,398	10,863
London family and common law	} 7,155 ¹	9,002	} 4,713 ¹	5,513
London criminal		8,412		5,096
Circuit	8,378	10,651	5,431	6,653

¹Fees for London family and common law and for London criminal practices were not analysed separately in 1974/75.

Summary and conclusions

Response rate

18.71 The response rate for the 1976/77 survey was slightly lower than that for the 1974/75 survey. The response from juniors with over 15 years practice (36 per cent) was too low to be considered representative; the overall response rate for the remaining categories of seniority was 61 per cent which is adequate to accept the results of the survey as representative.

18.72 We have adjusted average figures for “all QCs”, “all juniors” and “all barristers” to take account of the fact that there was a better response from the younger barristers. The adjustments required were not substantial.

Structure of the Bar

18.73 QCs account for just under ten per cent of the membership of the Bar. At October 1977 just over half the barristers had less than nine years in practice and one-quarter of the Bar had less than four years in practice. Since 1966 the numbers of barristers with ten years call or less has more than trebled. There has been a tendency over this period for barristers to operate from a larger set of chambers: an average of nine barristers per set in 1966 and 14 in 1977.

18.74 The weight of seniority lies in the London Chancery and specialist Bars; they include 38 per cent of all QCs but only 15 per cent of all juniors. In the circuits there were 45 per cent of all juniors and 28 per cent of all QCs.

18.75 More than 70 per cent of the barristers responding to the survey were under 40 years of age, and 38 per cent were under 30 years of age. Female barristers account for about seven per cent of all practising barristers and the same proportion was obtained in the response to the survey. About three-quarters of the female barristers had been in practice for less than nine years.

Gross fees, expenses and net fees

18.76 The survey covered barristers' accounting years ended in the year to 5 April 1977. Just under half the barristers had an accounting year ending on 5 April. Barristers prepare their accounts on a cash basis; the gross fees therefore represent cash received in the accounting year.

18.77 The Senate considers that the delay between doing work and being paid for work is approximately one year for the more senior practitioners and somewhat less in the junior categories.

18.78 The average 1976/77 net fees of all barristers—after deducting professional expenses, but before providing for pensions, sickness insurance and national insurance contributions, and before tax—were £8,715. The median net fees were £6,643—substantially lower than the average which reflects the

small number of high earners. In many cases the median figure can be regarded as a better illustration of typical earnings than the average figure; the average figure covers the whole range of earnings and may give a distorted impression where a few exceptionally high or low figures are included in its calculation.

18.79 The 1976/77 median net fees—before pensions etc. as explained above—of QCs were £18,356; for juniors with nine or more years seniority the median net fees were about £9,500; for juniors with four to eight years seniority £6,616; and for juniors with three years or less in practice £2,648.

18.80 There was a wide range of earnings at all levels of seniority. The upper decile net fees for QCs were £33,603 and the lower decile £9,786; for juniors the upper decile was £13,539 and the lower decile £1,441.

18.81 The QCs in the response obtained about one-quarter of their fee income from public funds—public prosecution, criminal legal aid and civil legal aid—and the juniors obtained just over half their fee income from public funds. However, the London Chancery and specialist barristers obtained little of their income from public funds; the position for the other categories of practice was as set out in Table 18.43.

TABLE 18.43
Percentage of gross fees from public funds

	Percentage of 1976/77 gross fees from public funds	
	QCs	juniors
London family and common law	% 23.5	% 40.6
London criminal	77.2	91.7
Circuit	62.8	69.4

18.82 Median net fees for QCs were lowest on the circuit Bars, somewhat higher for the London criminal, family and common law Bars, and substantially higher for London Chancery and specialist. Median net fees for juniors were lowest at the London criminal, family and common law Bars, higher for the circuit barristers and substantially higher at the London Chancery and specialist Bars.

18.83 Professional expenses of barristers account for about one-third of gross fees. As might be expected, this is much lower than the percentage for solicitors shown by the Law Society's remuneration survey: that survey showed

that solicitors' expenses account for about 64 per cent of their gross income, about 36 per cent on staff salaries and the remaining 28 per cent on other expenses, including accommodation.

Pensions

18.84 Just over half the barristers paid no retirement annuity premium. Most of the senior QCs paid a premium, but of the QCs appointed in 1974 and later and juniors with over nine years in practice about one-third paid no retirement premium.

Trends since 1974-75

18.85 The average net fees of QCs between 1974/75 and 1976/77 increased by 10 per cent and for juniors by 17 per cent. Gross fees increased by more than this but were overtaken by the increase in expenses. Rent, chambers expenses and other professional expenses all increased substantially, broadly in line with the Retail Price Index which increased by 44 per cent over this period. The amount paid in clerks' fees did not increase so much, but was more in line with the increase in barristers' gross fees.

18.86 There was a slight change in the pattern of work from 1974/75 to 1976/77, with a small increase (from 43 per cent to 46 per cent) in the proportion of the profession's income derived from public funds.

ANNEX 18.1

Survey questionnaire

(with covering letter and instructions)

(paragraph 18.7)

The Chairman of the Bar
DAVID McNEILL QC

THE SENATE OF
THE INNS OF COURT AND THE BAR
11 SOUTH SQUARE
GRAY'S INN
LONDON WC1R 5EL

To: *Members of the Bar*

01-242 0082

Dear Member,

1st January 1978
E.2

REMUNERATION SURVEY 1976/77

Last year the Bar Council carried out a Remuneration Survey for 1974/5 and a two-thirds response was achieved.

We have now been asked by the Royal Commission to update the Survey to 1976/77. I quote from the letter which we have received:

“The Commission regards it as essential to obtain more recent information than that contained in the 1974/75 survey. We are particularly concerned to attempt an assessment of the effect of inflation on the expenses of the Bar. Though the fact of inflation is public knowledge, its incidence is not uniform and we need the best information we can get on this. We sympathise with the desire of the Bar to limit any further survey to absolute essentials. Because our over-riding concern is to obtain a good response, we would like to restrict the extent of the questionnaire as much as possible.”

Accordingly we have substantially simplified the Survey form.

You may well ask “Why should we be bothered with this all over again?” There are three answers:


- (i) the Commission has made a fair request;
- (ii) two years' entry of young barristers have had no opportunity of putting forward their earnings and expenses (and this may well be some 500 out of the total profession of about 4,000 whose financial difficulties are the most extreme);
- (iii) *the Bar Council's persistent efforts to obtain an increase in fees from public funds and an uplift of fee scales depends on the Bar being able to demonstrate that those whose livelihood is based on those fees receive a grossly inadequate return for their work.*

It is, I believe, slowly sinking in at Government level that this is so.

Privately paid fees are thought to have kept pace with inflation better than those publicly funded, as the market has dictated the proper rate. It is, however, just as important that those whose work is mainly privately paid should complete the forms, as only in this way can a balanced picture be given.

We must get a good response to this Survey: I hope for better than two-thirds. I have no doubt whatsoever but that the information is essential, not only for the Royal Commission but also for the struggle for higher fees. The arrangements are similar to last time and are fully explained: the same guarantee of confidentiality is given. You will be glad to know, however, that this time the cost of the Survey will be met by the Royal Commission.

I urge you to fill in the form and return it as soon as possible.



CONFIDENTIAL

BAR COUNCIL
 SURVEY OF INCOME AT THE BAR
 APRIL 1976 – APRIL 1977

Survey
 Code No.
 (To be inserted by the
 Consultant)

QUESTIONNAIRE

This Survey applies only to Barristers who were in practice April 1976 – April 1977

Please note 'Instructions for filling up the Questionnaire' attached

Please give your date of birth – year, month, day. 1 2 3
 (e.g. 1 November 1976 would be 1 2 3)

Please state if male or female Male 4 Female 5

1. Category of Practice. Please tick one box only. See Instruction 1.

London Chancery & London Specialist 6
 London Family & London Common Law 7
 London Criminal 8
 Circuit 9

2. Status April 1976. Please tick as appropriate.

Q.C. 10 Junior 11

3. Seniority as a Q.C. April 1976 – Date of Appointment.

Please tick one box as appropriate:—

Before April 1974 On or After April 1974
 12 13

4. If Junior, full years you had been in Practice as at April 1976.

Please tick as appropriate:—

3 years or under 4–8 years 9–15 years over 15 years
 14 15 16 17

EARNINGS OF BARRISTERS IN PRIVATE PRACTICE—ANNEX 18.1

5. Source of Gross Fees received excluding V.A.T. See Instruction 5.

Please fill all the boxes which follow on the form from the right.

Thus £7,466 should appear as

0	0	7	4	6	6
---	---	---	---	---	---

 NOT

7	4	6	6		
---	---	---	---	--	--

Tick this box if estimated (see Instruction 5)

Criminal Public Funds Prosecution	18	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>									<input type="checkbox"/>
Criminal Legal Aid	19	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>									<input type="checkbox"/>
Civil Legal Aid	20	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>									<input type="checkbox"/>
All Other Fees	21	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>									<input type="checkbox"/>

TOTAL GROSS FEES RECEIVED 1976–1977 (18 + 19 + 20 + 21) 22

--	--	--	--	--	--	--	--

6. Professional Expenses paid. See Instruction 6.

Clerks	23	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>									
Rent, including contribution to Chambers' Expenses	24	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>									
All other allowable expenses including travel, subsistence, etc.	25	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>									
PROFESSIONAL EXPENSES PAID 1976–1977 (23 + 24 + 25)	26	<table border="1" style="width: 100%; height: 20px;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>									

7. Personal Pension Premium
See Instruction 7 27

--	--	--	--	--	--	--	--

8. **TOTAL PROFESSIONAL EXPENSES PAID 1976–1977**
(including Personal Pension Premium i.e. 26 + 27) 28

--	--	--	--	--	--	--	--

9. Accounting Date if different from April 5th.
See Instruction 9 29

--	--	--	--	--	--	--	--

CONFIDENTIAL

BAR COUNCIL

SURVEY OF INCOME AT THE BAR
APRIL 1976 - APRIL 1977

INSTRUCTIONS FOR FILLING UP THE QUESTIONNAIRE

This Survey applies only to Barristers who were in practice April 1976-April 1977

Please fill in the questionnaire carefully. The subsequent report will depend on the completeness and accuracy of your return. When it is completed and returned, please inform your clerk that it has been done.

If you have any queries on the Questionnaire please refer to Sir Arthur Power, Secretary of the Senate of the Inns of Court and the Bar, 11 South Square, Gray's Inn, London WC1R 5EL (Telephone 01-242 0082).

All data relates to the year April 1976-April 1977.

For this survey you are asked to give your age and sex. This will enable tables to be produced by age and sex if that is considered necessary.

1. *Question 1 - Categories of Practice*

Please tick only one box alongside the category from which you obtain the majority of your practice. If you practise in more than one category this will be sufficiently apparent from your answers to Question 5. "London Specialist" includes Tax, Patent, Admiralty, Commercial, Building Contract, Planning and Local Government or Parliamentary.

2. *Question 2 - Status April 1976*

Please tick the appropriate box.

3. *Question 3 - Seniority as a Q.C. April 1976*

Please tick the box appropriate to your date of appointment.

4. *Question 4 - Years in Practice if a Junior as at April 1976*

Please tick the box appropriate to the number of full years (excluding pupillage) you had been in practice at the Bar at April 1976, not your seniority from call date if this is different.

5. *Question 5 - Source of Gross Fees Received, Excluding VAT.*

Please insert the amount of gross fees received from the particular category for your last accounting year (for tax purposes) ending before 6 April, 1977. In most cases this will be the year ending 5 April 1977. Some members of the Bar, however, have an accounting year for tax purposes which does not end on 5 April; in such cases the relevant year for the purposes of this question (relating to 1976/77 receipts) is the year which ends between 6 April, 1976 and 5 April, 1977. (See Question 9 of the Questionnaire.)

Please give a break-down of your receipts under the various categories shown. The value of your return will be greatly enhanced if you can do so. Total Gross Fees received can be taken direct from your tax return. Please ensure that this total is the correct sum of the other entries. If you are unable to give a break-down within 10 per cent of your gross fees between categories shown, you should make estimates to the best of your ability and should tick the "estimated" box at the end of the appropriate line.

6. *Question 6 – Professional Expenses Paid*

Under this heading please show all expenses allowable as deductible in compiling your professional profits for tax purposes in the same period for which you have shown your receipts above. Please give a break-down of your expenses under the various heads shown.

The amount opposite “clerks” should be the amount paid by you to your clerk or clerks (e.g. the amount shown on your profit and loss account). This may be more or less than the clerk’s total remuneration because he may receive a salary from chambers; he may pay back to chambers part of his receipts from his principal or he may bear part of chambers’ expenses.

“All other allowable expenses” should cover the following items:—

Travel, subsistence, car allowances.

Books, personal stationery, etc.

Circuit, Senate subscriptions, etc.

Accountancy.

Capital expenditure in respect of which capital allowances can be claimed for tax purposes in the relevant accounting period.

Incidental expenses including study allowance (if any).

Please ensure that “PROFESSIONAL EXPENSES PAID” reconciles with the sum of the individual items of expenditure.

7. *Question 7*

Show your total personal pension premium.

8. *Question 8*

This is simply the sum of the figure in 26 and 27.

9. *Question 9*

This information is to ensure that the survey is not biased by variations in accounting dates.

SECTION 19

Earnings of Barristers employed in Commerce, Finance and Industry

Contents

Introduction	<i>paragraph</i>
Income levels	19.1
Age distribution of incomes	19.4
Fringe benefits	19.5
	19.7
Annex	<i>number</i>
Information about earnings of employed barristers used in the consultants' report on comparisons of earnings (Section 20)	19.1
Tables	<i>number</i>
Distribution of incomes of employed barristers at 1 October 1976	19.1
Range of incomes of employed barristers by age at 1 October 1976	19.2
Details of pensions schemes for employed barristers at 1 October 1976	19.3
Fringe benefits of employed barristers other than pensions at 1 October 1976	19.4

Introduction

19.1 This section summarises the results of a survey of salaries of employed barristers at October 1976 which was conducted for the Bar Association for Commerce, Finance and Industry (BACFI) by Inbucon/AIC Management Consultants. Information derived from this survey was used in the report on comparisons of earnings in Section 20: details are given in annex 19.1. BACFI sponsor a remuneration survey biennially; the results of the 1978 survey were published in December 1978.

EARNINGS OF EMPLOYED BARRISTERS

19.2 Questionnaires were sent to all 576 members of BACFI, of which 236 were completed and returned. Details of remuneration given in four of the questionnaires were not usable; a further eight returns were excluded because the members were working overseas. BACFI considered that the survey was fairly representative of salaries earned by members employed in commerce and industry.

19.3 Respondents were asked to place their job in one of five categories of employment. Four of the five categories covering legal work were graded according to responsibility and nature of work, ranging from a head of a legal department in a substantial organisation responsible for several qualified lawyers (category 1) to a junior lawyer whose work is subject to a degree of supervision (category 4). The fifth category covered those who, whilst not in a legal job covered by categories 1-4, held a position for which legal qualification is either necessary or highly desirable. The remainder of the respondents (25 per cent of the total) were in non-legal jobs, almost two-thirds of them being chairmen, or managing or other directors.

Income levels

19.4 The distribution of incomes, by bands of income, of those who responded to the questionnaire is set out in Table 19.1; the median total income fell in the £9,000-£9,999 band. At the time of the previous survey (1974) the median total income band was £7,000-£7,999; by 1 October 1978 it had risen to £10,000-£11,999.

TABLE 19.1
Distribution of incomes of employed barristers at 1 October 1976

Income band	Number	Percentage of total
£		
3,000- 3,999	6	2.7
4,000- 4,999	6	2.7
5,000- 5,999	12	5.4
6,000- 6,999	23	10.2
7,000- 7,999	25	11.2
8,000- 8,999	22	9.8
9,000- 9,999	24	10.7
10,000-11,999	33	14.7
12,000-13,999	22	9.8
14,000-15,999	17	7.6
16,000 and over	34	15.2
All respondents	224	100.0

Age distribution of incomes

19.5 The range of incomes of employed barristers by age groups is set out in Table 19.2. It can be seen that incomes tend to increase with age up to the 50-54 age band. The highest earners were those in category 1, who were all aged 35 or over. The median earnings of this category (£13,446) were considerably higher than those of category 5 (£10,000) and nearly 2½ times those of the most junior group (category 4, median earnings £6,000) 81 per cent of whom were under age 35.

TABLE 19.2**Range of incomes of employed barristers by age at 1 October 1976**

Age group	Number	Lower quartile	Median	Upper quartile	Average
		£	£	£	£
under 25	4	—	—	—	3,772
25-29	28	5,075	6,000	6,790	6,089
30-34	23	6,435	7,250	8,505	7,809
35-39	21	7,200	9,000	10,000	8,845
40-44	33	9,135	11,000	13,000	11,260
45-49	46	8,625	11,032	15,133	13,076
50-54	33	9,600	12,500	16,449	14,241
55-59	24	8,500	10,025	12,088	11,197
60-64	12	—	15,750	—	15,917

19.6 An analysis of income by years since call showed that income increased with years since call for those up to 24 years after call, but declined for those who had been called 25 or more years earlier.

Fringe benefits

19.7 Details of the nature of the pension schemes for employed barristers are given in Table 19.3. All but eight respondents, four per cent of the total, were eligible for pensions.

19.8 Table 19.4 sets out details of fringe benefits, other than pension provision, received by employed barristers.

TABLE 19.3

Details of pension schemes for employed barristers at 1 October 1976

Detail	Number	Percentage of total
Eligible for pension	216	100
Contributory pension	142	66
Non-contributory pension	74	34
Pension calculated on:		
"final" salary ¹	201	93
average salary	11	5
other	4	2
Retirement age:		
men 65	139	71
60	41	21
other	16	8
women 60	17	85
55	3	15
Provision for widows:		
pension or lump sum on death in service	207	96
lump sum or pension ² on death after retirement	164	76

¹ Final salary includes pensions related to any combination of salaries paid in the last ten years of service.

² A lump sum death benefit other than merely a payment under guaranteed minimum pension provision or a widow's pension without any voluntary reduction in member's pension.

TABLE 19.4

Fringe benefits of employed barristers other than pensions at 1 October 1976

Benefit	Respondents	
	number	percentage
Number of respondents to question	220	100
Full use of company car	112	51
Subsidised housing	7	3
Assistance with house purchase	43	20
Free life assurance (up to 3 x salary)	48	22
(over 3 x salary)	52	24
Free medical insurance	90	41
Share option or share purchase schemes	26	12
Interest free or low interest loans	59	27

ANNEX 19.1

Information about earnings of employed barristers used in the consultants' report on comparisons of earnings (Section 20)

(paragraph 19.1)

A.19.1.1 Median and upper quartile earnings were calculated from the distribution of earnings given in Table 19.1. The highest decile earnings cannot be calculated from the information in the table. The figures are as follows:—

Median	£9,750
Upper quartile	£13,545

A.19.1.2 Average earnings of employed barristers in the age groups used in Section 20 have been derived from Table 19.2. The figures are as follows:—

Age group	Average earnings
25-29	£6,089
30-39	£8,303
40-65	£12,856

SECTION 20

Comparison of Earnings in the Legal Profession with Earnings Elsewhere

*This report was prepared at the request of the Commission by its consultants,
Coopers & Lybrand, and submitted in March 1979*

Contents

	<i>paragraph</i>
Introduction	20.1
Periods covered	20.8
Comparable occupations	
Introduction	20.11
Civil Service	20.14
Legal class of Civil Service	20.18
Other comparisons—professions	20.19
Employed barristers	20.20
Employed solicitors	20.21
Doctors in the National Health Service	20.22
Architects	20.23
Consulting engineers	20.25
Earnings in industry and commerce	20.26
Distinguishing between the self-employed and employees	
Position of the self-employed	20.29
Adjustments to earnings	20.32
Pensions	
Introduction	20.34
The self-employed	20.36
Distinguishing between RAP and pension funds	20.40
The effect of inflation	20.44
Estimates of the value of pension benefits to employees	20.47
Areas of sensitivity	20.51
Appointment to the Bench	20.53
Taxation, capital investment and fringe benefits	
Taxation	20.57
Capital investment	20.59

Taxation, capital investment and fringe benefits (cont.)	<i>paragraph</i>
Fringe benefits, other than pensions	20.67
Value of fringe benefits	20.72
Adjustments made in the comparisons	20.76
The comparisons	
Inland Revenue statistics	20.83
Earnings during training	20.85
Adjusted earnings	20.86
Median earnings in 1976/77	20.87
Earnings in 1976/77 by age bands	20.88
Higher earnings in 1976/77	20.92
Earnings in industry and commerce	20.93
Comparisons of QCs and judges	20.95
Movement in prices and earnings	20.97
Annexes	<i>number</i>
The value of superannuation schemes to various categories of employees—note by the Government Actuary's Department	20.1
Estimates of car costs (April 1977) and taxable benefit	20.2
Inland Revenue statistics note by Office of Manpower Economics	20.3
Sources of data used for comparisons of earnings—note by Office of Manpower Economics	20.4
Assumptions used for calculating tax	20.5
Median adjusted earnings in 1976/77	20.6
Adjusted earnings in 1976/77—averages for ages 25 to 29 approximately	20.7
Adjusted earnings in 1976/77—averages for ages 30 to 39 approximately	20.8
Adjusted earnings in 1976/77—averages for ages 40 to 65 approximately	20.9
Upper quartile adjusted earnings in 1976/77	20.10
Highest decile adjusted earnings in 1976/77	20.11
Calculation of earnings in industry and commerce	20.12
Tables	<i>number</i>
Incidence of fringe benefits	20.1
Fringe benefits by job, 1975	20.2
Examples of the benefit of a company car at April 1977 prices, at two levels of use	20.3
Adjusted earnings in industry and commerce, 1976/77—middle management and above	20.4
Higher decile adjusted earnings of QCs and business executives, 1976/77—before and after tax	20.5

Tables (continued)	<i>number</i>
Median adjusted earnings of QCs and judges, 1976/77— before and after tax	20.6
Median, upper quartile and highest decile earnings of QCs and judges, 1976/77	20.7
Movements in earnings of lawyers, civil servants and medical practitioners, and in all earnings and retail prices, 1973/74 to 1976/77	20.8
Value of superannuation benefits expressed as percentages of pay	A20.1.1
Salary scales—salary at age 60 as a multiple of salary at earlier ages	A20.1B.1
Typical public and private sector pension schemes	A20.1C.1
Professional earnings 1974, 1975 and 1976, from Inland Revenue statistics of Schedule D assessments	A20.3.1
Civil Service legal class—numbers in post at 1 April 1976 and proportion retiring, 1974 to 1976	A20.4.1
Civil Service administration group—numbers of HEOs (A), principals, and assistant secretaries and above in post at 1 January 1977	A20.4.2
Percentage of NHS consultants with distinction awards, 1976 and 1977, and age on allocation	A20.4.3
Calculation of percentage distribution of awards for all hospital doctors in a typical career	A20.4.4
Local Authorities National Council pay scales for Principal Officers (ranges 1 and 2): July 1977	A20.4.5
Figures	<i>number</i>
Median adjusted earnings in 1976/77	20.1
Average adjusted earnings in 1976/77 by approximate age groups	20.2
Upper quartile adjusted earnings in 1976/77	20.3
Highest decile adjusted earnings in 1976/77	20.4

Introduction

20.1 This report was prepared in conjunction with the Office of Manpower Economics, whose assistance we wish to acknowledge.

20.2 The report was first prepared in April 1978 and included a comparison of earnings in 1974/75. Since then, the Bar has carried out a further survey

of remuneration. The comparative earnings figures in the report have therefore been updated to show a comparison of earnings in 1976/77. In updating the April 1978 report, we have also taken account of comments made on it by the Bar and by the Law Society.

20.3 We acknowledge the assistance of the Government Actuary's Department, which provide an evaluation of pension schemes referred to in the report. The report also draws on the published results of surveys carried out by others who have willingly given their consent for the results to be included.

20.4 For the purposes of the Commission's enquiries, surveys have been carried out of the earnings of barristers, solicitors and barristers' clerks. The basic object of these enquiries was to establish the general level of earnings in these fields of legal services so that the Commission, and the general public, could satisfy themselves that:—

- (a) The earnings are adequate to attract and hold students of the right quality.
- (b) The earnings are adequate to attract and hold people of the right quality after qualification.
- (c) The earnings are not such that members of the public, either as taxpayers through the use of public funds or directly as citizens, are being exploited.

20.5 It is recognised that there are a number of factors other than remuneration which may attract or deter people from joining and remaining within a profession. And the concept implied by the third point, (c) above, is not capable of any precise definition. However, as a first stage it is relevant to establish how earnings in the legal profession compare with other occupations—as far as possible those occupations which carry comparable qualifications, responsibility and risk.

20.6 A direct comparison of income levels raises a number of difficulties, particularly where comparisons are between self-employed professions and employees. In broad terms the problems fall under three heads, which we consider in more detail later:—

- (a) First, the problem of assessing which occupations have comparable levels of skill, responsibility, experience and risk.
- (b) Second, the problem of putting earnings onto a like-for-like basis—comparing not just cash earnings but total remuneration after making appropriate adjustments for pensions, fringe benefits and capital requirements; these adjustments can be substantial.
- (c) Third, it is necessary to consider the taxation treatment of cash earnings and those other items forming part of the total remuneration, and, so far as practicable, to compare total remuneration after tax as well as before tax.

20.7 It should be recognised from the outset that there are some differences between occupations which cannot be quantified, either in terms of salary or saving in cost to the employee, for example differences in security of employment and differences in physical conditions of work. In setting out comparisons in this paper we have used what information is available with appropriate caveats, but even so the resultant figures should be seen as no more than illustrations and their interpretation must rely to a considerable degree on judgment.

Periods covered

20.8 The Law Society carried out a survey of the earnings of solicitors in private practice (see report at Section 16), which was completed in early 1978. The Bar has carried out two surveys of remuneration, the first covering earnings in 1974/75 and a second covering earnings in 1976/77 (see report at Section 18).

20.9 The 1976/77 earnings shown in this report comprise:—

(a) *Barristers in private practice*

The net receipts shown by their latest accounts made up to a date ending in the year to 5 April 1977. The accounts of barristers were made up to various dates in this year.

(b) *Solicitors in private practice as principals*

The net profits shown by the accounts of solicitors made up to a date ending in the year to 31 December 1976;

(c) *Salaries of employees used for comparison*

The principle adopted was to give average salaries ruling in the year to 5 April 1977. This involved us in calculating average salaries from the data available, and details of the calculations are given later.

20.10 It should be noted that the accounts of barristers, and to a lesser extent the accounts of solicitors, are prepared on a cash receipt basis—that is, they include as income cash received in a year without reference to the date the work was done. Therefore, in many cases, the fees will have been decided at a date some time before they are reflected in their accounts.

Comparable occupations

Introduction

20.11 In the context of comparing levels of remuneration, the principal feature of the two professions with which we are most concerned—barristers and solicitors—is that they engage in public practice as self-employed persons. Barristers act as self-employed principals throughout their career at the Bar. Prospective solicitors will be employed for a period of studentship in a solicitor's office and after qualification will normally continue for a short time as employees

in a solicitor's firm; the vast majority of those who stay in the profession will, however, engage in public practice as sole practitioners or in a partnership within a few years of qualifying.

20.12 A comparison of earnings of barristers and solicitors should in the first instance be made with other self-employed professions. There is, however, a lack of data on the earnings of other self-employed persons or professions other than that published by the Inland Revenue, to which we refer in paragraph 20.81 below. For example, the accounting profession is an obvious comparison with barristers and solicitors, but there is no reliable information available of earnings of self-employed principals in the profession. The comparisons we make later in this paper are therefore largely with the salaries of employees with the resulting practical problems of adjusting salaries onto a like-for-like basis referred to in the next section.

20.13 It would in theory be possible to attempt to identify, by job evaluation, a range of jobs which correspond in terms of skill, responsibility, experience and risk with the job of a practising barrister or a practising solicitor, but it is not practicable to do so. And in the end we believe that, with so many unquantifiable factors, the choice of appropriate comparable occupations is essentially a matter of judgment. But in order that the position of barristers and solicitors may be fairly judged, the choice of comparable occupations should be wide. In the following paragraphs we briefly describe the occupations available for comparison and the source of information on their remuneration. We also note, where appropriate, certain qualifications to be borne in mind when considering the level of incomes of certain of these occupations.

Civil Service

20.14 Earnings in the Civil Service are well documented and certain areas of the Civil Service provide a reasonable comparison with barristers and solicitors. For general administration grades in the non-industrial Civil Service up to the rank of assistant secretary, salary levels are negotiated on the basis of principles set out in the report of the Priestley Commission (Report of the Royal Commission on the Civil Service 1953-55, Cmnd. 9613, 1955) which recommended that "the primary principle for determining the pay of civil servants should be fair comparison with the current remuneration of outside staff employed on broadly comparable work, taking account of differences in other conditions of service". For grades above assistant secretary the salaries have, since 1971, been determined by government after receiving recommendations from the Review Board on Top Salaries (TSRB).

20.15 The TSRB in its Report No. 6 of December 1974 made recommendations as to the salaries of senior grades of the higher Civil Service, the judiciary, senior officers of the armed forces and chairmen and members of the boards of nationalised industries. This report included a discussion of the comparability of the "total remuneration package"—that is cash earnings plus the value of

superannuation and other benefits in kind—between jobs in the public and private sector. The TSRB took the view that direct comparison with the private sector must be the overriding principle for assessing pay levels for the top posts in nationalised industries, although adding that “we do not go so far as to suggest that it would be appropriate to reflect the highest levels outside”. But the TSRB saw difficulty in applying the principle of external comparison to the other groups with which they were concerned.

20.16 Their Report No. 6 stated that—“We are aware of the growing emphasis on comparability in other fields and in popular discussion. However, it appears to us that reliable assessments of comparability between different forms of occupation become increasingly difficult the nearer one approaches the top. Furthermore, the groups within our terms of reference differ so widely that comparability between them at the higher levels, or indeed between them and the outside world, is in some cases of questionable value”. One difficulty referred to in the report was that, in comparison with the private sector, the element of direct personal responsibility and of risk is considerably less in the Higher Civil Service.

20.17 This point should be borne in mind in considering the comparisons shown later in this paper. Two further points should be kept in mind: first, the TSRB reported that “It has long been the practice in this country to pay the most senior public servants less than is paid for posts of comparable responsibility in the private sector, and we believe that the great majority in the public services do not expect the highest level of monetary rewards that can be attained outside”. Second, the recommendations of the TSRB for the Higher Civil Service were not, with the advent of government pay policy, implemented in full; the TSRB second report on top salaries (Report No. 10, June 1978) stated that:—

... recommended salaries up to a level of £13,000 were implemented in full with effect from 1 January 1975, but recommended salaries above that level were paid in part only from that date, and a second stage equal to half the amount by which the recommended salary exceeded £13,000 or the existing salary if greater, was to have been paid from 1 January 1976: in practice, the payment of the second stage continues to be deferred. In these instances, it was decided that the recommended salaries would be used immediately for pension purposes.

Legal class of Civil Service

20.18 The remarks above also apply to the legal classes of the Civil Service, for which comparisons with the remuneration of barristers and solicitors are given later. But while the legal class of the Civil Service may be taken, on the face of it, to be a comparable alternative occupation to a barrister or solicitor, a further qualification is needed in making a comparison with their earnings. In evidence to the Royal Commission, the Treasury Solicitor confirmed that there had been difficulties in recruiting, particularly in recruiting experienced barristers or solicitors from private practice. He attributed this to a number of reasons, including the lack of attraction of the work and remuneration when compared with private practice.

Other comparisons—professions

20.19 We briefly describe below the other occupations available for comparison, the source of data on earnings in these occupations and any particular features of the method by which their earnings are determined.

Employed barristers

20.20 The Bar Association for Commerce Finance and Industry conducts a biennial survey of the salaries and fringe benefits of its members. These will be qualified barristers in salaried employment and will include people engaged in general management as well as in legal posts.

Employed solicitors

20.21 The survey of solicitors in practice provided information of the earnings of their employees, including qualified assistants. Salaries were given as at November 1976; details are given in our report on the Law Society remuneration survey, reproduced at Section 16. The Law Society also carried out a survey of the earnings of solicitors in commerce and industry. A report on this survey is to be found in Section 17.

Doctors in the National Health Service

20.22 The appropriate levels of fees are reviewed by the Review Body on Doctors' and Dentists' Remuneration. The information available to us is of the earnings, including private practice earnings, of general medical practitioners from Inland Revenue surveys. For hospital doctors employed full-time in the National Health Service, we have calculated earnings from salary scales, taking into account data on age distribution, career structure and the payment of distinction awards. There is no information available of the earnings of doctors engaged wholly in private practice.

Architects

20.23 The Royal Institute of British Architects (RIBA) conducts periodic surveys of the earnings of its members, including self-employed principals and salaried employees in private practice and elsewhere. In November 1977 the Monopolies and Mergers Commission reported on the supply of architects' services. As part of its enquiries the Monopolies Commission carried out a survey of practice profits in 1971, 1972 and 1973. This showed that there was a very wide spread of earnings per principal, varying in 1973 from a loss of £2,374 to a profit of £147,294. The 1973 average profits of £11,281 per principal were 65 per cent higher than the median earnings of £6,831 per principal, before allowance is made in either case for interest on principals' capital investment. The RIBA 1977 survey shows median earnings for architect principals of £8,587 before allowing for a return on partners' capital investment.

20.24 The Monopolies and Mergers Commission concluded that architects' incomes are particularly subject to fluctuations. This is supported by a RIBA survey in 1978 which showed that average net profit per principal in 1976/77 was lower than in 1972/73. We have therefore not included information on architects in the comparisons for 1976/77 which we give below.

Consulting engineers

20.25 The earnings of consulting engineering firms were examined by the Reddaway Inquiry in 1972. The inquiry included a survey of the net profit and capital employed of firms of consulting engineers which received more than half their fees from work in the United Kingdom—that is it excluded firms which specialised in overseas work. In 1971 there were some 250 consulting engineering firms which did not specialise in overseas work with about 1,000 partners in all. However, the latest figures shown by this survey are for accounting periods ending in 1971; since this is earlier than the period with which we are concerned the information cannot be used in the comparisons given later.

Earnings in industry and commerce

20.26 There is a substantial amount of information on the earnings of executives in industry and commerce from surveys conducted by various bodies and associations. A comprehensive survey is carried out each year by the British Institute of Management (BIM) and we have used data from the BIM surveys.

20.27 However, the wide range of jobs found in industry—varying considerably in skill and responsibility—is reflected in the wide spread of earnings shown by this, and other, surveys. It is therefore difficult to pick out appropriate or typical figures for comparison with barristers and solicitors. There is also a lack of suitable information of earnings by age—partly because the surveys cover a wide range of people and because it is not practicable to assume a typical career progression for employees in industry and commerce. A further difficulty is that, while there is comprehensive data available on salaries, and general information available of the incidence of other benefits (pensions, cars and other fringe benefits), there is less reliable data available on the value of these other benefits; but it is important to account for them in calculating total remuneration.

20.28 Although these problems are difficult to resolve we regard comparisons with remuneration in industry and commerce as being important. We have therefore used what appropriate data is available to include in the comparisons we give later.

Distinguishing between the self-employed and employees**Position of the self-employed**

20.29 As explained in the previous section of this report, the information we have available to compare with the legal profession is virtually all related to salaried employees rather than self-employed occupations. The self-employed differ from employees in a number of major respects, including provision of capital, job security, superannuation or pension provision, national insurance payments and benefits, and taxation. We therefore start by describing these differences, although many of them are not, as we shall show, capable of measurement in terms of remuneration.

20.30 There are other differences between various occupations, whether self-employed or salaried employees—differences in the required entry qualifications to various professions or occupations, differences in the length and intensity of training required and different requirements for continuing professional training or education after the main qualification has been obtained. Although we have chosen for comparison other occupations wholly or mainly with graduate entry, together with earnings in industry and commerce, some of these differences will still exist between the occupations we have chosen, but we do not believe that any direct allowance can be made for them. It is also important to consider the costs borne by a person in his period of training and we refer to this later.

20.31 We set out below a broad outline of the differences between a self-employed person and an employee, distinguishing between those matters which could, given adequate information, be quantified in money terms and those matters which, although often important, cannot by their nature be quantified in money terms. The purpose of the following list is to set out matters which should be considered in a comparison of remuneration between the self-employed and the employed, and in this context most of the differences appear to be disadvantages of self-employment. It should, however, be recognised that there are, no doubt, factors other than remuneration which attract people to an occupation; and, for example, people may be attracted to self-employment (where a choice exists of being employed or self-employed) for the greater independence, challenge and responsibility it appears to offer them.

	<i>Self-employed</i>	<i>Employed</i>
(a) <i>Quantifiable differences</i>		
(i) Pensions	As arranged by each individual; retirement annuities can be purchased out of net profits for which tax relief can be obtained—subject to certain limits (see paragraph 20.36). Self-employed persons are entitled to the present flat-rate old age pension.	Usually provided for by employer with or without contribution by employee; full tax relief is usually available for both contributions. From April 1978 employees, unless adequately covered by their employers' scheme, participate in the new state scheme. This will provide an earnings related pension, subject to upper and lower earnings limits, in addition to the flat-rate old age pension.

*Self-employed**Employed*

- | | | |
|-------------------------|--|---|
| (ii) Taxation | The self-employed will be assessed on their net profits. Tax is usually payable half-yearly on profits arising in an earlier period. | Most employees will be taxed on their income, as it arises, under the PAYE system. |
| (iii) Goodwill | A solicitor may start in practice by making a payment for goodwill and may receive something on ceasing to practise; however, the Law Society survey shows that goodwill payments are now rarely made. | |
| (iv) Capital investment | Virtually all self-employed people will have to invest cash before commencing their business or professional practice, and will have to continue to invest further capital as a result of inflation and business expansion. It may be possible to borrow part of the capital. Although it usually should be possible to withdraw or realise capital after retirement, the original cash amount will by then have been reduced in value by the effect of inflation. | There are little or no capital requirements for most employees. |
| (v) Fringe benefits | In principle the net profits of the self-employed person will be his total remuneration package. In practice some elements of his expenses may provide | Various benefits-in-kind may be provided to an employee in addition to his salary; in recent years they have formed an increasingly important part of the total |

Self-employed

Employed

direct or indirect benefits, such as the cost of a car, depending on the nature of the occupation.

remuneration package. Examples of the type of benefits often provided include:
 —a car
 —subsidised canteen or lunches
 —assistance with house purchase or loans for other purposes, at a reduced rate of interest
 —medical insurance
 —life insurance
 —subsidised housing
 —share option or purchase schemes

(b) *Differences which cannot be quantified in money terms*

(i) Security of employment

The self-employed person has no security of tenure. The professional earnings of a self-employed barrister or solicitor will depend on the work he does and the fee received for that work; a solicitor in partnership may in practice be able to rely on the work of his partners, but no doubt only for a short period.

Some security of tenure will be given to all employees, either by statute or under the terms of his employment. The degree of security will vary. Some employees will have contracts of employment providing employment for a fixed term with notice periods which will give rise to compensation in the event of termination before expiry of the contract.

(ii) Risk

Apart from the other matters in this list, the self-employed person is putting at risk the capital directly invested in his business and his personal assets.

The salaried employee usually has no direct capital investment.

	<i>Self-employed</i>	<i>Employed</i>
(iii) Redundancy	Should his business fail, the self-employed person will himself bear the loss.	If his employer's business should fail, an employee will normally be entitled to payment of outstanding earnings, as a preferential creditor, to redundancy payment and, if unemployed, he will be entitled to unemployment benefit.
(iv) Illness or incapacity	The self-employed person may, by paying a premium, be able to insure against sickness, but the cover available for a reasonable cost is likely to be limited and will not be deductible for tax. Any prolonged absence from his practice will do permanent damage to his future earnings.	An employee may be granted paid sickness leave by his employer and can otherwise obtain earnings related state sickness benefit.
(v) Responsibility for claims and damages	A practising professional adviser will be personally liable, usually without limit, for loss or damage attributed to his advice or actions. (Barristers may not be liable in a number of circumstances.) Insurance against such claims may be taken out, within limits, but a professional man cannot insure against damage to his professional reputation. As an example, recently there have been many cases of published criticism of professional people arising from Department of Trade enquiries.	An employee's career prospects may be damaged by claims on his employer attributed to the fault of the employee.

Self-employed

Employed

(vi) Professional disciplines and sanctions

All professional people, whether employed or self-employed, will be subject to professional disciplines and sanctions, although they are probably directed more towards the person in professional practice.

(vii) Holidays and leave. Hours and intensity of work

The surveys give information of earnings in each year, but information is not given of holidays taken or hours of work in the year. A person in practice on his own account will no doubt take holidays at times convenient to his practice, and will cease to earn fees in that period.

A salaried employee will be given stated annual holidays and terms of leave; most occupations provide for holidays with pay.

(viii) Control over earnings

A practice may be subject to controls over fees, for example through the operation of government price controls or, particularly for some legal services, because scales are set down for the payment of various classes of work. Legal fees may also be subject to taxation by the court. Beyond this a person may have freedom to set his fees, but subject to market pressures and to competition with others.

An employee may be subject to pay restraint from time to time in accordance with government policy. Within these limits his salary will be negotiated with his employer.

(ix) Maintenance of office and obligations to staff

A practice will require an office and staff. As an employer the professional practitioner assumes personal responsibility for obligations to his staff, for which he will have to provide, particularly for pensions but also for

An employee has no such obligations.

*Self-employed**Employed*

other statutory obligations. Their extent will depend on the size of the practice, that is the number of staff employed.

Adjustments to earnings

20.32 In paragraphs 20.34 to 20.80 we describe in more detail the quantifiable differences listed above, and show what adjustments we have made to earnings in respect of them.

20.33 The differences which by their nature are not capable of quantification in money terms, paragraph 20.31(b), taken together are no doubt the cause in many cases for apparent substantial variations in remuneration—but allowance for them can only be made by way of personal judgment rather than by any arithmetic calculations.

Pensions**Introduction**

20.34 We deal with pensions at some length in this report as they now constitute an appreciable proportion of the total remuneration package of most employed people. Moreover, at the higher income levels, tax regulations have the effect of creating disparities between the employed and self-employed. Similarly the effect of inflation in recent years has been to open up disparities.

20.35 In comparing earnings between groups of employees, and between employees and self-employed persons, it is therefore essential to make an adjustment for the value, however that can be defined or calculated, of the pension provision made by the employer. In this section we discuss the general differences between the position of an employee and a self-employed person; the method we have adopted for allowing for variations in pensions; and the broad assessments of the value of pensions in various jobs which have been made on our behalf by the Government Actuary's Department (GAD). In the end it should be recognised that a precise measurement cannot be made, and that certain factors cannot fully be quantified and allowed for.

The self-employed

20.36 A self-employed person can provide for his pension by the purchase of a retirement annuity, and within limits the retirement annuity premium (RAP) will be allowed as a deduction against his net profits (that is his business income less his business expenses) for tax purposes. Before 1956 the self-employed

COMPARISONS OF EARNINGS

could only provide for retirement out of taxed income. Since than a RAP has been allowable as a deduction against profits so long as it did not exceed the following limits:—

<i>Tax years</i>	<i>Maximum RAP deductible for tax</i>
1956/57 to 1970/71	The lower of 10 per cent of 'net relevant earnings' (that is, net profits less charges on income such as interest payments on a house mortgage) and £750
1971/72 to 1975/76	The lower of 15 per cent of net relevant earnings and £1,500
1976/77	The lower of 15 per cent of net relevant earnings and £2,250
1977/78 and 1978/79	The lower of 15 per cent of net relevant earnings and £3,000.

20.37 In the years with which we are concerned, the limit was the lower of 15 per cent of net relevant earnings and £3,000. A person with net relevant earnings of £20,000 or more in these years was therefore limited to a RAP of £3,000.

20.38 The pension obtained by the self-employed person will depend on:—

- (a) the amount of premium paid;
- (b) the period over which the premiums are paid;
- (c) the investment performance of the life office or offices with which the retirement annuity is taken out.

20.39 In contrast employees either make no contribution out of their salary (non-contributory schemes), as broadly for civil servants, or only a small contribution, typically 5 per cent of gross salary. In either case the balance is made up by the employer. Furthermore, both in the private and public sector the great majority of schemes carry a commitment for the pension to be based on final salary. For 40 years service in the Civil Service this is 50 per cent of final salary at age 60 together with a lump sum payment of three times the annual pension; in the private sector, schemes vary but typically for salaried staff the pension will be two-thirds final salary at age 65 for 40 years service, with an option usually available to commute part of this pension to a lump sum on retirement. From April 1978 a new state earnings-related pension scheme came into operation requiring contributions from the employer and employee, except in cases where employers' schemes are contracted-out—and only schemes which provide certain minimum standards may contract-out. We described the new state scheme in our report on the Law Society's remuneration survey at paragraph 16.55.

Distinguishing between RAP and pension funds

20.40 These differences can have a significant effect on relative pensions, as between the self-employed and the employed, according to an individual's pattern of earnings over his working life and the path of inflation. To understand the effect of these two factors it is necessary to understand how pension funds and RAP schemes operate. We give an outline in the following paragraphs.

20.41 In the case of a pension fund the actuary calculates the average annual contribution which the pension scheme will require to provide pensions based on final salary at retirement, having regard to the age structure of all employees in the scheme, the average salary progression and life expectation on retirement. In making this calculation he has to take into account the effect of inflation on salary structures and the interest that the pension fund will earn from its investments. The normal way of tackling this is to assume that in the long-term, and taking one year with another, investments will earn a small margin over and above the rate of inflation. The Government Actuary has assumed in his calculations for the Commission (paragraph 20.47) that were made in the second half of 1977, that in the long-term interest rates will exceed salary increases by $1\frac{1}{2}$ per cent and price increases by $3\frac{1}{2}$ per cent. But whatever assumptions are used to calculate the required annual contribution, the employee will not usually be affected—his share of the contribution will be fixed and his pension calculated by reference to his final salary. A deficiency in the scheme will in most cases be met by the employer—either by an increase in the employer's future contribution rate or by a lump sum payment from the employer to the pension fund.

20.42 RAP schemes operate on similar lines in that the annual premiums are invested by the life office and actuarial calculations are made as to annual pension on retirement. It is commonly assumed that the 10 per cent tax deductibility rule (see paragraph 20.36) was introduced (and later increased to 15 per cent) in order to enable the RAP to provide a pension broadly comparable on retirement to employee schemes. However there is some doubt whether it now does so; and to the extent that it does not, the self-employed (to obtain an equivalent pension) would have to make separate provision without a full deduction of the cost for tax purposes.

20.43 The position of the self-employed who earn more than the ceiling (that is £20,000 a year for tax year 1977/78) is rather worse. For example, the person with net relevant earnings of £25,000 for tax year 1977/78 could make a maximum RAP payment of £3,000 which is equivalent to 12 per cent of his earnings. In earlier years the RAP allowable for tax was lower, as shown by paragraph 20.36. His pension would be relatively very much less than that of a comparable person who was a member of a pension scheme.

The effect of inflation

20.44 There are two effects of inflation which give rise to important differences. First, the effect of a surge in the rate of inflation late in a person's working life.

In the case of the employee, to the extent that his salary is adjusted to the new level of prices his starting pension is also adjusted if it is tied to his final salary (as it usually is). The self-employed person is, however, in a very different position since his pension will depend on his past earnings before the inflationary surge. This factor has become particularly relevant in the past five years. For example, over this period inflation has exceeded the investment return from a typical RAP scheme by about six per cent per annum. Of course some RAP policies will have performed better than this and some worse; but as an illustration a self-employed person retiring in 1977 would typically have had his pension reduced, in real terms, by about one-third through the effect of inflation over the previous five years.

20.45 The second factor is the value of pensions after retirement. The self-employed receive on retirement an annuity which is fixed, that is it will not vary with the rate of inflation; if inflation is 10 per cent each year an annuity at age 75 would have only 39 per cent of the value it had at age 65. RAP policies are available which have a fixed element of inflation proofing, or where part of the pension can be commuted into a lump sum, but in these cases the initial annuity is much less. The sharpest contrast is with the public sector, covering some five million employees in the civil service, nationalised industries and other areas, all of which provide pensions linked to the retail price index, either by statute or by practice. Pensions in company schemes have also been subject to increases which have compensated to some degree for inflation—over three-quarters of the pension schemes included in the 1975 and 1977 surveys conducted by the National Association of Pension Funds gave post-retirement increases. But because a large proportion of these increases are discretionary—that is not automatically provided for in the terms of the scheme—comprehensive data is not available on the extent of the increases provided.

20.46 In making calculations for our purposes, the GAD has made certain broad assumptions as to the extent of post-retirement increases in order to account for them in assessing the value of the employers' superannuation payments (see paragraph 20.49(b) below). Of course no-one knows what the rate of inflation will be over the next 10, 20 or more years. The key point (which cannot be brought into the calculations) is that, under the public sector schemes, pensions are effectively guaranteed to keep pace with inflation; under private sector schemes increases in pensions after retirement age are generally made but at the discretion of the employer; the self-employed bears himself the whole risk of future inflation. A company (or the taxpayer for the public sector) protects its employees against inflationary risks; the self-employed person, in contrast, is on his own.

Estimates of the value of pension benefits to employees

20.47 In the comparative figures we show later in this paper we have increased the gross salary of employees by the estimated cost to the employer of providing for pensions. For this purpose we asked the GAD to calculate for us the annual

contribution rates (of employer and employee) as a percentage of salary needed to give the pension benefits for the different categories of employment selected for comparison. A copy of the GAD report is attached as annex 20.1. The calculations were made by GAD before we updated the comparative figures in this report from 1974/75 to 1976/77, but GAD told us that the results, although calculated to relate to 1974/75 earnings patterns, may be taken to relate also to 1976/77 earnings patterns without any significant error. We have therefore applied the GAD calculations to the updated figures.

20.48 In making these calculations, the GAD had to make certain broad assumptions as to the terms of the pension schemes and the average or usual career progression within the group considered. It was difficult for the GAD to choose assumptions when assessing the average pension contributions of executives in commerce and industry, because of the difficulties of assuming a typical career progression and because the terms of schemes will vary considerably. This is particularly the case with top management where discretionary arrangements are often made for pension benefits to be enhanced for those with less than the full period of service (often referred to as a top-hat arrangement).

20.49 The GAD made certain special assumptions to assess the value of superannuation of the private sector top management (see annex 20.1 appendix D). For other private sector management employees the GAD has assumed that the career pattern is the same as that for the Civil Service administration group. In making the calculations, the GAD also had to make certain long-term economic assumptions, the principal assumptions being:—

- (a) A rate of interest on investments exceeding general salary increases by $1\frac{1}{2}$ per cent and exceeding increases in prices by $3\frac{1}{2}$ per cent.
- (b) Pension increases after retirement in the private sector will fall short of price increases by $2\frac{3}{4}$ per cent—for example with price inflation of 10 per cent a year, the pension increases would be $7\frac{1}{2}$ per cent or three-quarters of the rate of inflation.

20.50 With regard to (a) and (b), the GAD has used the same assumptions as in its evidence in February 1977 to the Expenditure Committee of the House of Commons which was reviewing the Civil Service. In that evidence the GAD, referring to calculations made of pension benefits for determining salaries in the public sector, said that since it was considering people at present in active employment, whose superannuation benefits will be in payment many years into the future, it was necessary to take a long-term view and not to put excessive weight on short-term factors. Taking this into account the GAD assumed the rates noted above. Recently GAD has produced a further report 'Civil Service Pay Research—The 1979 Review of the Adjustment for Difference in Superannuation Benefits' in which it used rather different assumptions; in particular, the rate of interest on investments was assumed to exceed increases in prices by 3 per cent rather than by $3\frac{1}{2}$ per cent.

Areas of sensitivity

20.51 It should be recognised that the value of pensions, in particular the value of inflation-proofed pensions in the public sector, has recently been the subject of much public comment and debate. This is illustrated by the comments on the GAD evidence (see paragraph 20.50 above) by the actuarial adviser to the House of Commons Expenditure Committee, who considered that the assumptions made by the GAD understated the benefit of inflation-proofed pensions. We have added as appendix F to annex 20.1 the second memorandum of the actuarial adviser and the reply by the Government Actuary.

20.52 The doubt and debate arose at least in part because in recent years rates of interest in real terms have been negative—that is interest rates have been lower than the rate of inflation. However, the GAD has pointed out, as set out in the note to us given at annex 20.1, that the assumptions made are based on taking a long-term view and not putting excessive weight on short-term factors, and that it believes the assumptions are reasonable for a comparison of pension benefits for civil servants as a whole with schemes outside the Civil Service.

Appointment to the Bench

20.53 In 1974/75 over half of QCs between the ages of 55 and 65 were judges or held judicial appointments. Obtaining a judicial appointment is now financially important to a barrister. Members of the judiciary cannot continue to practise at the Bar nor do they return to practise at the Bar after retirement from the Bench. However, on appointment a judge in almost all cases immediately qualifies for a pension which rises to a maximum of one half of final salary after fifteen years service for most of the higher judiciary (twenty years for others) and is inflation-proofed after retirement in the same way as other public service pensions. The maximum age for retirement for a High Court judge is 75 years of age but earlier retirement is optional. For other judicial appointments the maximum retirement age is usually 72 years of age but again earlier retirement is possible.

20.54 A judicial appointment is particularly valuable in that, although earnings before tax are likely to be much lower than from the practice being given up at the Bar:—

- (a) The net of tax difference, due to high marginal rates of tax, is much lower than the difference in gross earnings.
- (b) The pension rights of a judicial appointment usually are obtained immediately on appointment and rise to a maximum after only 15 years.
- (c) The security of an inflation-proof pension is obtained in an era of unpredictable inflation.

20.55 We do not consider it would be appropriate to make any general adjustment to the earnings of barristers to reflect the possibility of a judicial

appointment. It would in any event be difficult to make assumptions as to the proportion of present barristers which will obtain a judicial appointment, because:—

- (a) although in the last few years a substantial proportion of silks has obtained judicial appointment, opportunities may be fewer in the future; and
- (b) longer-term prospects (unless there is a substantial expansion of the Bench) will be less than in the past due to the recent expansion of the Bar; in 1976 well over 50 per cent of barristers had been in practice for ten years or less.

20.56 In setting out the comparisons of earnings below we compare in paragraphs 20.93 and 20.94 the earnings of judges with QCs to illustrate the effect of a judicial appointment for the minority of barristers concerned. Although a number of judicial appointments are open to solicitors, the present practice is for the great majority of appointments, and all of the senior appointments, to go to barristers rather than solicitors.

Taxation, capital investment and fringe benefits

Taxation

20.57 The self-employed are taxed under different legislation from the employed and there are a number of differences in their treatment for tax. We have referred to the tax positions of the self-employed and employees regarding provision for pensions. Other principal differences are as follows:—

- (a) *Tax deductible expenses*
An employee may obtain a tax deduction for expenses “wholly exclusively and necessarily” incurred in the performance of his duties. A self-employed person is taxed on his net profits after deducting expenses ‘wholly and exclusively’ laid out for the purpose of his trade or profession.
- (b) *Personal benefits*
Benefits-in-kind given by an employer to employees earning over certain amounts may be taxable by reference to the cost to the employer or by reference to a notional scale or rate (see paragraphs 20.72–20.75).
- (c) *Termination payments*
Payments made to an employee on termination of his employment may be exempt from tax or may be taxable at a reduced rate.
- (d) *Assessment and payment of tax*
A self-employed person is assessed on profits arising in an accounting period ending in the previous tax year, subject to special provisions for the first and last years of a business. Tax is usually payable in two instalments, on 1 January in the year of assessment and on the following 1 July. An employed person pays tax on his income as it arises, usually under the PAYE system.

20.58 In calculating tax for the purpose of showing net of tax earnings in the comparisons we have used 1976/77 tax rates and allowances for employees and 1977/78 tax rates and allowances for the self-employed since these are the rates at which the earnings shown in this report would be taxed. We have included a married person's tax allowance but no other personal tax allowances. Changes between the tax rates for 1976/77 and 1977/78 make no material difference to the net of tax figures in the context of the broad comparisons we make.

Capital investment

20.59 A professional practice will require a certain amount of capital finance in order to operate. The main items it has to finance are work in progress and debtors (for example the delay between doing work and getting paid) and furniture and other fixed assets (including an office building if it is not rented) required in the business. On the other hand a practice may obtain part of this finance by a loan or overdraft from a bank or others.

20.60 The amount of capital which a person has to find depends on the size and scope of the business. The Law Society's remuneration survey shows that the average amount of capital invested by a solicitor in practice in 1976 was of the order of £12,660 per partner, but varied from an average of £10,179 for the sole practitioners to an average of £23,894 per partner for firms of solicitors with ten or more partners, before any allowance is made for the fact that some firms will not record debtors and work in progress in their accounts.

20.61 A barrister in practice will have to finance his practice for the period between doing work and receiving his fees. This period of delay at the Bar can be considerable—the Bar was not able to obtain statistically reliable information, but told us that the average period of delay could be one year or even longer for senior barristers and somewhat less for the others. A barrister will also have to provide finance for the initial cost of his furniture and equipment, library and court dress, and perhaps a motor car.

20.62 This requirement to finance his practice will affect a person in the following ways:—

- (a) It may be possible, particularly with a large and established professional practice, to borrow some part of the finance needed. Interest will be payable on the loan which in most cases will attract tax relief. The loan will usually have to be repaid over a term agreed with the lender, the cash for which will have to be found from net of tax income.
- (b) To the extent that a person cannot borrow to finance his business, he will have to provide the cash out of his own net of tax resources at the outset. This capital will have to be augmented as further cash is required

to finance the business by reason of inflation or expansion of the practice. The cash amount of the capital invested may be returned or released on retirement, but will have reduced in value because of the effect of inflation.

20.63 For the purpose of the comparisons shown later in this paper we have deducted interest from the net profits of solicitors. From the middle of 1973 until the early part of 1977 interest rates were generally high—Minimum Lending Rate for most of this period was above 11 per cent, and bank borrowings would be charged at a higher rate. For the purposes of the detailed 1976/77 comparisons we have used an interest rate of 13 per cent, which is probably about the average rate at which a practising solicitor could borrow in 1976/77. We have applied this interest rate to the capital investment shown by the Law Society's survey, except that provided by borrowings for which an interest charge will already be included.

20.64 In effect therefore, we have assumed that all of the capital required could have been borrowed at the rate of interest chosen. This may not fully recognise the problem of raising cash—that is, if all capital required could not be borrowed, and the cash required to repay borrowings—which will be an important consideration for solicitors in practice. On the other hand, the cost of providing capital out of private resources—as represented by the loss of income and capital gains from its investment—may be less than the estimated rate of interest on borrowing.

20.65 It would be appropriate to allow for interest on a barrister's net capital investment, net of any amounts written off against income. The Bar's survey of remuneration did not provide information on this point. But because the cash a barrister will have to provide for his initial capital costs—furniture, equipment, library and court dress and perhaps a car—is, in the context of the broad comparisons we make, probably not material, we have not made a provision for interest. It should be recognised, though, that for some barristers the capital investment could be substantial.

20.66 We have also made no specific allowance for the finance a barrister will require to support his practice in the period of delay before obtaining payment of his fees, that is, the investment in debtors and work in progress, for the following reason. The earnings shown for barristers by the Bar survey represent net cash receipts in the year concerned, that is cash received for fees less cash paid for expenses in the year. An adjustment for the investment in debtors and work in progress would only be appropriate if barristers' earnings were stated on an accruals basis, so that the earnings figures took account of the fees for work done but not received. There is no reliable data from which the earnings of barristers on an accruals basis could be calculated. In any event, we consider that the earnings of barristers on the present cash basis put them onto a basis which is broadly comparable with the earnings of other occupations shown for comparison in this report.

Fringe benefits, other than pensions

20.67 In addition to a salary and cash bonus, and provisions for pensions other benefits are commonly given to employees, particularly in commerce and industry. There is a saving of cost to an employee for facilities which he might otherwise have to pay for out of his salary and there can be tax benefits to the employee in receiving his remuneration in kind rather than in cash. It is nowadays of great importance to take account of fringe benefits, particularly when comparisons are made with business executives. The net profits of a self-employed person should exclude expenses incurred for personal, rather than business, benefit. In practice the self-employed could obtain some benefit from the use of a business car by sharing fixed costs (for example vehicle licence duty) with the business, which would otherwise be wholly borne by the individual in his private capacity. The same benefit of sharing costs is obtained by employees who are provided with cars by their employer, and we have, therefore, not allowed for it in any of our calculations.

20.68 The Royal Commission on the Distribution of Income and Wealth in its third report, dealing with Higher Incomes from Employment (the Diamond Report), dealt at length with the subject of fringe benefits. Drawing on various surveys of the incidence of fringe benefits, the report gave a table of which Table 20.1 overleaf is an extract.

20.69 The Diamond Commission concluded from their table that:—

The incidence of benefits varies according to the composition of the samples. These surveys tend to be composed of large and medium size companies. Not all the directors and managers covered by the surveys are in the higher income ranges, i.e. above £10,000 a year at 1974–75 prices. The table shows how the surveys differ in sample size. Subject to these qualifications, the surveys suggest that in the private sector the widespread benefits at the higher income levels are, for managing directors and senior general managers:

company cars (in the region of 90 per cent);

insurance, both life assurance (around 90 per cent)—normally in association with a superannuation scheme—and medical insurance (about 50 per cent);

subsidised lunches (about 60 per cent).

Other benefits such as share acquisition schemes, and reduced interest or interest free loans (which are prevalent mainly in the financial sector) can be of considerable financial advantage to their recipients. They are not so widespread as cars, insurance and subsidised lunches. The pattern of benefits displayed in the table is consistent with what we were told by the companies which gave us evidence on their individual practices. The OME survey (first two columns of Table 47 [shown in Table 20.1]) suggests that fringe benefits in private industry are more prevalent and more various than those in the nationalised industries.

TABLE 20.1

Incidence of fringe benefits

	Board members and senior executives (1973)		Managing directors and general managers (1975)	Directors and managers at all levels (1975)
	nationalised industries	private	private	private
Numbers of employees in sample	451	2,072	826	2,298 (directors) 21,892 (others)
	%	%	%	%
Sole use of company car:				
board	66.3	89.8	96	89 (directors)
senior executives	43.9	79.3		35 (others)
Subsidised lunches	na	na	61	—
Life insurance	na	na	87	94
Medical insurance	na	na	53	53 (directors) 42 (others)
Reduced interest, or interest free, loans other than for house purchase	0.4	10.0	na	12 (directors) 18 (all)
Assistance with house purchase	none	8.2	9	14 (all)
Subsidised housing	na	na		
Share purchase or option scheme	none	18.9	15	na
School fees assistance	na	na	na	4

na = figures are not available.

Source: Extract from table 47 of the third report of the Royal Commission on the Distribution of Income and Wealth, Cmnd. 6383.

20.70 The Diamond Report was only concerned with higher incomes from employment, that is, above £10,000 per annum at 1974/75 prices. Other surveys show that fringe benefits, in particular company cars and subsidised lunches, are widely spread throughout industry and commerce. An example is given in Table 20.2 taken from the Inbucon "Survey of Executive Salaries and Fringe Benefits", 1975.

20.71 More recent surveys (for example the British Institute of Management "Survey of Employee Benefits", 1978) indicate that the range and scope of fringe benefits has increased in the last few years.

TABLE 20.2

Fringe benefits by job, 1975

Job	Proportion of those in each job who receive:									
	full use of company car	car allowance	subsidised lunches	subsidised housing	assistance with house purchase	free life assurance		free medical insurance	share option scheme	share purchase scheme
						up to 3 × salary	exceeding 3 × salary			
	%	%	%	%	%	%	%	%	%	%
Managing directors	97.0	2.2	61.8	2.4	5.3	45.7	41.8	50.5	11.5	6.9
General managers	94.9	1.8	60.4	1.2	9.1	48.6	37.8	55.9	7.6	3.3
Company secretaries:										
private companies	76.7	9.7	68.0	1.0	9.7	62.1	26.2	52.4	2.9	2.9
public companies	77.1	8.5	74.6	0.8	7.6	46.6	34.7	45.8	8.5	8.5
all company secretaries	76.9	9.0	71.5	0.9	8.6	53.8	30.8	48.9	5.9	5.9
Personnel executives	61.9	15.2	68.4	1.2	8.4	57.1	26.3	40.2	4.3	5.5
Training executives	31.6	26.3	71.1	1.1	12.6	62.1	20.5	26.3	2.1	2.6
Financial executives	60.9	13.6	61.0	0.5	6.3	54.8	28.7	38.8	4.7	4.0
Cost accountants	24.1	20.1	62.2	0.4	5.0	65.5	15.8	27.7	1.8	2.2
Production executives:										
single works	64.7	12.0	54.5	3.8	4.6	54.8	26.2	37.1	4.4	3.2
several works	84.4	10.9	66.1	2.1	5.7	53.6	32.8	41.7	5.2	6.3
all production executives	69.1	11.8	57.1	3.4	4.8	54.5	27.7	38.2	4.6	3.9
Chief engineers	38.7	19.6	64.9	1.4	6.6	62.2	21.0	36.5	1.9	1.9
Production controllers	26.8	19.8	63.4	1.1	6.4	62.8	21.5	29.9	0.8	2.2
Heads of work study	17.7	25.6	65.9	—	5.5	64.0	18.3	24.4	1.2	0.6
Quality control executives	25.4	21.4	67.9	0.4	3.6	64.7	17.9	27.4	1.6	2.0
Distribution executives	38.8	15.3	61.6	0.4	5.1	62.7	17.6	28.6	2.7	3.1
Purchasing executives	39.5	17.6	65.6	0.9	4.8	62.6	19.9	30.7	1.6	3.5

Sales executives:										
all sales	93.9	2.5	61.1	0.8	6.6	52.0	34.3	46.0	6.1	3.8
home sales only	83.9	7.6	62.7	0.6	5.9	65.8	16.6	35.6	4.3	2.7
all sales executives	88.2	5.4	62.0	0.7	6.2	59.8	24.3	40.0	5.3	3.2
Export sales executives	70.3	7.6	68.3	—	9.0	62.8	24.1	37.9	1.4	1.4
Marketing executives	69.9	11.4	68.2	0.4	7.2	61.0	17.4	39.0	4.7	3.8
Heads of research & development:										
research only	71.7	11.3	64.2	—	7.5	45.3	24.5	47.2	3.8	1.9
development only	46.2	17.9	61.4	—	5.5	63.4	19.3	35.9	3.4	0.7
combined R. & D.	72.8	6.3	65.5	—	6.8	54.4	32.0	34.0	6.3	4.4
all R. and/or D.	63.1	11.1	63.9	—	6.4	56.4	26.5	36.4	5.0	2.7
Heads of data processing	40.7	16.3	72.9	0.5	7.2	62.0	21.3	40.3	3.6	2.3
All jobs	60.6	12.8	63.6	1.1	6.4	57.9	25.5	37.9	4.3	3.5

Source: Inbucon/AIC 'Survey of Executive Salaries and Fringe Benefits', 1975.

Value of fringe benefits

20.72 The Diamond Report described the difficulty of attaching a value, either in terms of cost to the employer or in terms of saving to the employee, to fringe benefits. The value of a fringe benefit to an employee may, as the Diamond Report says, be anywhere between zero and the increase in gross salary which the employee would require if he had to pay for the benefit himself out of taxed income. A further difficulty is that although the general incidence of fringe benefits is reasonably well documented, the value of a particular benefit can vary substantially from case to case—for example, in the case of a car it will depend on the type of car, the degree of its private use, and the extent to which the employee is required to make a contribution towards its running costs.

20.73 However, the increasing importance of fringe benefits as an alternative to an increase in cash salary is widely acknowledged, and we do not therefore consider it would be correct to present the comparative remuneration figures for business executives without making allowance for them, even though this requires a degree of estimation. It is also important to consider taxation in assessing the value of fringe benefits, because there can be an element of tax-free benefit to the employee arising because the tax assessable benefit is lower than the actual cost. The general tax position on fringe benefits is summarised below.

20.74 Employees earning over certain amounts (£2,000 per annum in 1974/75, £5,000 per annum in 1975/76 to 1977/78 and now £7,500 per annum) are taxable on the value of fringe benefits. The taxable value is generally taken as the cost to the employer. So far as a company car is concerned, the position is as follows:—

- (a) Prior to the Finance Act 1976, the benefit of a car was assessed, by reference to the proportion of business to private use, at $12\frac{1}{2}$ per cent of its capital cost, to cover interest and depreciation, plus running expenses paid by the employer.
- (b) In the Finance Act 1976 the annual charge of $12\frac{1}{2}$ per cent was increased to 20 per cent in respect of new cars where the use for business purposes is 'insubstantial', that is about 10 per cent or less, compared with private use. Where the car's use is more than 'insubstantial' the benefit is assessed at fixed sums, varying with the size, value and age of the car. These sums replace the 20 per cent per annum charge and include all expenses, for example running expenses borne directly by the employer. As an example, a car of more than 1800cc capacity, costing under £6,000 attracts when new an assessable benefit to the employee of £350.

20.75 So far as subsidised lunches are concerned the position is that, in most cases, the employee will not be taxable in respect of the benefit. This is because the benefit is not taxable if subsidised lunch facilities, or luncheon vouchers, are generally available to staff in the company concerned.

Adjustments made in the comparisons

20.76 Any adjustment to salaries to account for fringe benefits can only be made on the basis of broad and generalised estimates, with the purpose of illustrating their effect on remuneration rather than showing figures which are statistically accurate. However, the order of magnitude of the adjustment required can be judged from an illustration of the value of the benefit of a company car and subsidised lunches, as follows:—

(a) Company car

The Diamond Report quoted the costs in 1975 (running expenses, depreciation and interest) of three sizes of car assuming 10,000 miles per annum motoring. We have updated the figures in the Diamond Report to April 1977 prices as set out in detail at annex 20.2. We have taken two examples—(i) one-third private and two-thirds business use and (ii) two-thirds private and one-third business use. For calculating the taxable benefit we have applied the provisions of the Finance Act 1976. Details are shown in Table 20.3. The figures have been calculated assuming a gross salary of £5,000 per annum (with a car of 1800 cc) and a gross salary of £10,000 per annum (with a car of 3000–4500 cc).

TABLE 20.3

Examples of the benefit of a company car at April 1977 prices, at two levels of use

Gross salary	3,333 miles private 6,667 miles business				6,667 miles private 3,333 miles business			
	value of benefit		taxable benefit		value of benefit		taxable benefit	
	£	percentage of salary	£	percentage of value of benefit	£	percentage of salary	£	percentage of value of benefit
£10,000 ¹	918	9.2%	350	38.1%	1,837	18.4%	350	19.1%
£5,000 ²	393	7.9%	225	57.3%	786	15.7%	225	28.6%

¹Assumes car size 3,000–4,500 cc.

²Assumes car size 1,800 cc.

(b) Subsidised lunches

A notional allowance of £1 per working day for subsidised lunches, or say £250 per annum, represents $2\frac{1}{2}$ per cent of a gross salary of £10,000 and 5 per cent of a gross salary of £5,000. The benefit would in most cases not be taxable.

20.77 The illustration above gives the following range of figures:—

Company car: benefit equivalent to 7.9 per cent to 18.4 per cent of gross salary; 19 per cent to 57 per cent of the benefit taxable.

Subsidised lunches: benefit equivalent to $2\frac{1}{2}$ per cent to 5 per cent of gross salary; none of the benefit taxable.

20.78 The choice of a figure for fringe benefits to use in adjusting the comparisons is necessarily a matter of adjustment, but we consider that, bearing in mind the incidence of fringe benefits in industry and commerce and the figures given above, a notional allowance of 10 per cent of gross salary would not be unreasonable. In calculating figures net of tax we have assumed that one-half of the benefit will be taxable and one half will not. We have not included a notional adjustment to gross salary to allow for any tax-free benefit, that is, the 10 per cent is not intended to represent the increase in salary which an employee would require if he had to pay for the benefit himself out of taxed income.

20.79 It must be recognised that some people would, taking a conservative view, estimate the value of fringe benefits at a substantially lower figure than the 10 per cent of gross salary we have adopted, and the Office of Manpower Economics told us that they would prefer a lower figure for 1976/77. But, as we have said, it is difficult to arrive at a general figure where the extent and value of fringe benefits varies so much with individual circumstances, and in the end we doubt if the difference has much influence in the context of the comparisons we make.

20.80 The incidence of fringe benefits (other than pensions) in the other occupations we have chosen for comparison is as follows. The Local Government Group of the Law Society said in evidence to the Royal Commission that local government solicitors enjoy no fringe benefits apart from certain cases of loans advanced to cover the purchase of a car required for business use. There is also no doubt some degree of private use and therefore some benefit to the employee, but because we have no information of the extent of these loans or the degree of private use, we have ignored it. The Bar Association for Commerce, Finance and Industry survey of the earnings of barristers employed in commerce and industry showed that they obtained about the same fringe benefits as other senior executives in industry. The survey of earnings of solicitors employed in commerce and industry showed similar results. We have therefore added 10 per cent to the gross salaries of these groups. Apart from executives in commerce and industry none of the other groups of employees in our list of comparisons appear to obtain any material fringe benefit, other than pensions.

The comparisons

Inland Revenue statistics

20.81 Although information is available of professional earnings from the Inland Revenue statistics of Schedule D assessments it should be noted that:—

- (a) The Inland Revenue statistics include all assessments of whatever amount. There are therefore likely to be a large number of part-time earnings included.
- (b) The figures relate to all persons assessed under Schedule D in each profession and analyses are not available of earnings by age. Differences in average earnings between the professions may therefore be partly due to differences in the age structures in each profession.
- (c) The figures are not adjusted for the matters set out in earlier sections of this report—in particular the figures exclude a charge for pension premiums (RAP) and exclude a charge for interest on principals' capital investment.
- (d) As data of the earnings of individual solicitors is not available, the assumption has been made that all partners in a partnership have equal earnings.

20.82 Because it is not possible to make realistic adjustments for the matters set out above, and because the latest available Inland Revenue statistics in any event give the figures at a date sometime before the period with which we are concerned, we do not refer to the statistics in this report. However, we give at annex 20.3 a note by the Office of Manpower Economics showing the available figures at May 1979, together with a fuller note of the qualifications to the data.

Earnings during training

20.83 Information is not available to make detailed comparisons of the costs and income during training, but the position of a trainee barrister and solicitor can be compared with that of a trainee accountant and civil servant as follows:—

- (a) If a trainee barrister is assumed to be a graduate with a qualifying law degree, he will probably spend:—

one year at School of Law for the Part II bar examination; one year's pupillage, for the second six months of which he is entitled to do fee-earning work; thereafter he may practise and carry out fee-earning work, although his initial earnings will probably be very low.

During training the barrister will pay for his School of Law fees, examination and call fees, the cost of textbooks and incidental expenses, for example a wig and gown and dining fees. At 1976/77 prices the total costs could amount to almost £900.

- (b) A trainee solicitor, if he has a qualifying law degree, will take two-year articles; non law graduates would take four-year articles. A new solicitor cannot practise as a sole practitioner until three years after qualifying, although he may be admitted as a partner in a firm. The Law Society's remuneration survey showed that the November 1976 median salary of all articulated clerks included in the survey was £1,635. We understand that practice varies as to whether firms pay the training and examination costs of students.
- (c) A trainee chartered accountant with a qualifying degree will undertake a three-year training contract with a qualified chartered accountant. The median November 1976 salary for training contracts registered in 1976, published by the Institute of Chartered Accountants, was £2,050. Practice varies, but many firms will pay the training costs of students.
- (d) An administration trainee entrant in the Civil Service would have started, in January 1976, on a salary of £2,707; a person with three years' experience at that date—that is, about 25 years of age—should have reached a salary of £4,212.

Adjusted earnings

20.84 In the following paragraphs we set out comparisons of 1976/77 earnings adjusted, so far as reasonably possible, as described earlier in this report, for capital requirements, pensions and fringe benefits. The earnings after these adjustments are described as 'adjusted earnings' and details of the adjustments made are given in the annexes to this report. A note by the Office of Manpower Economics of the sources of information for the various occupations is given at annex 20.4. A note of the assumptions used for calculating tax is given at annex 20.5.

1976/77 median earnings

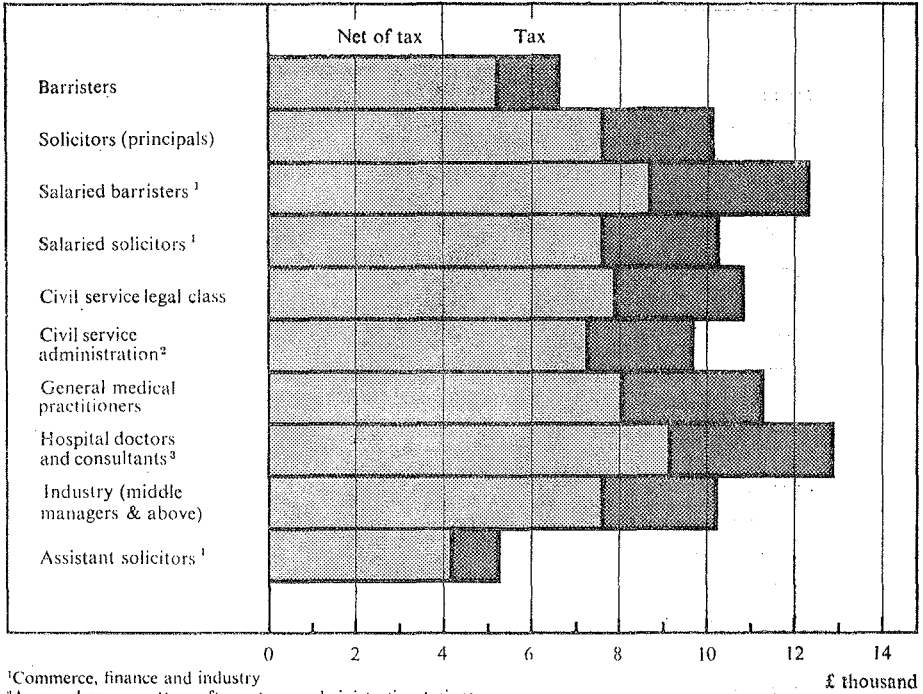
20.85 In Figure 20.1 below, we show the median adjusted 1976/77 earnings of barristers and solicitors in private practice, together with the other occupations available for comparison. Details of the adjustments made to the figures are given at annex 20.6.

Earnings in 1976/77 by age bands

20.86 A particular problem arises in comparing professional earnings in that there are often marked differences in career patterns—for example a barrister will start on very low earnings, but can, if he succeeds, earn high fees later in his career. But a general medical practitioner in the NHS, for example, will not increase his earnings much once he is established—that is, after about the age of 35.

20.87 The median earnings will also be affected by the age structure of a profession. For example, the survey of income at the Bar, 1976/77 showed that

FIGURE 20.1
Median adjusted earnings in 1976, 77



¹Commerce, finance and industry

²Assumed career pattern after entry as administration trainee

³Whole time, NHS

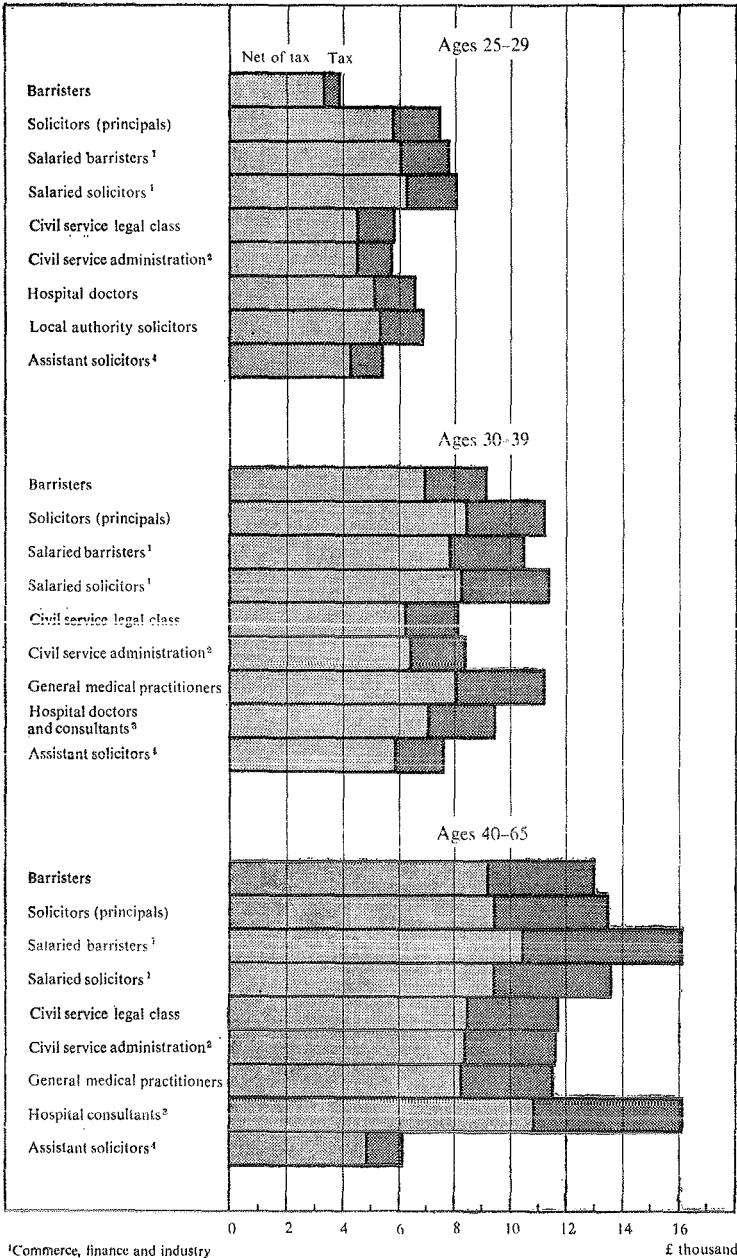
⁴Salaried partners and assistant solicitors in private practice

70 per cent of the barristers responding were less than 40 years of age and 38 per cent were less than 30 years of age. This is one reason why the median adjusted earnings of barristers showed on Figure 20.1 are comparatively low.

20.88 It is therefore valuable to compare earnings by age, but because the profile of earnings over a career will differ from occupation to occupation a comparison at any particular age will be distorted. For this reason we have made comparisons by three broad age groups—the first three to five years of a person's career (corresponding in most instances to ages 25 to 29), the next 10 years up to the age of about 39 and the remaining years from age 40 to retirement.

20.89 In Figure 20.2 below, we set out a comparison of average adjusted earnings in 1976/77 by these three age groups. Details of the amounts of the earnings and adjustments are given at annexes 20.7 to 20.9.

FIGURE 20.2
Average adjusted earnings in 1976/77
By approximate age groups



¹Commerce, finance and industry

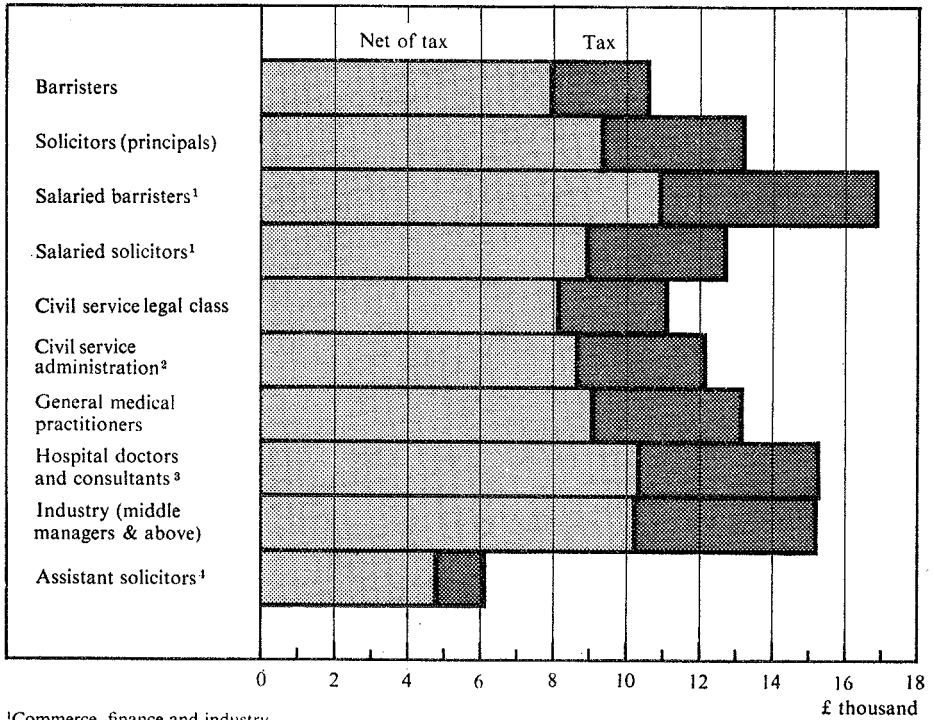
²Assumed career pattern after entry as administration trainee

³Whole time, NHS

⁴Salaried partners and assistant solicitors in private practice

£ thousand

Upper quartile adjusted earnings in 1976/77



¹Commerce, finance and industry

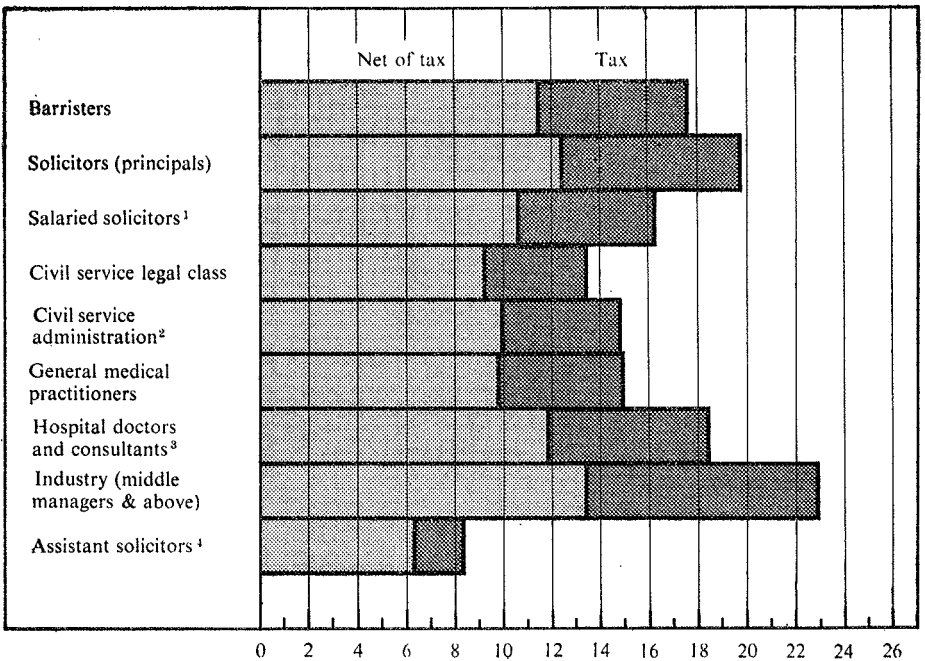
²Assumed career pattern after entry as administration trainee

³Whole time, NHS

⁴Salaried partners and assistant solicitors in private practice

FIGURE 20.4

Highest decile adjusted earnings in 1976/77



¹Commerce, finance and industry

²Assumed career pattern after entry as administration trainee

³Whole time, NHS

⁴Salaried partners and assistant solicitors in private practice

Higher earnings in 1976/77

20.90 Because it is likely to be a sensitive area, we pay special attention to high earnings and in Figures 20.3 and 20.4 we show the upper quartile and highest decile adjusted earnings in 1976/77 of the occupations which are available for comparison. Details are given at annexes 20.10 and 20.11. It should be noted that the analysis of the Law Society's remuneration survey did not provide quartiles, and that in these comparisons the third decile has been taken as the nearest available figure to the upper quartile.

Earnings in industry and commerce

20.91 We have noted that we regard earnings in industry and commerce as an important point of comparison with barristers and solicitors. However, because data is not available of earnings by age, and because no typical career progression could be assumed for industry and commerce, this comparison is not included in Figure 20.2 above. We have included median (Figure 20.1) upper quartile (Figure 20.3) and highest decile (Figure 20.4) adjusted earnings for a wide band of occupations—middle management and above—taken from the BIM survey. In Table 20.4 we give details of the composition of this group, taken from the BIM survey. At annex 20.12 we show details of the calculation of the adjusted earnings.

TABLE 20.4

Adjusted earnings in industry and commerce 1976/77:
middle management and above¹

	Adjusted gross earnings			Adjusted net of tax earnings		
	median	upper quartile	highest decile	median	upper quartile	highest decile
	£	£	£	£	£	£
Chief executive	21,810	30,216	38,157	13,374	16,558	19,258
Deputy chief executive	18,510	24,750	32,917	11,946	14,559	17,476
Other directors	15,522	21,181	27,379	10,577	13,120	15,594
Senior heads of function	11,943	15,696	18,602	8,597	10,452	11,728
Other heads of function	10,379	12,937	15,132	7,711	9,113	10,187
Senior management grade I	9,061	11,433	13,601	6,904	8,316	9,452
Senior management grade II	8,473	10,226	11,702	6,531	7,621	8,464
Middle management grade I	7,822	9,215	10,121	6,090	7,002	7,559
Middle management grade II	7,080	7,951	11,151	5,560	6,180	8,160
Middle management and above	10,232	15,256	22,975	7,624	10,246	13,486

¹The description of middle management and above is taken from the BIM 'National Management Salary Survey', 1977.

20.92 It may be helpful to give an illustration of the higher earnings in the legal profession with those in industry and commerce. In Table 20.5 we show the highest decile earnings of QCs and the equivalent adjusted earnings of several top business executives. Equivalent figures are not available for solicitors. The highest decile figure for QCs means that only 10 per cent of QCs, or about 30 or 40 QCs, will earn this amount or more. We have shown in this table against each group of business executives the numbers included in the BIM survey and we also show the number of QCs at the Bar in October 1977.

TABLE 20.5

Highest decile adjusted earnings of QCs and business executives, 1976/77:
before and after tax

	Number	Adjusted before tax	Adjusted net of tax
QCs	384	£ 33,603	£ 14,628
Industry and commerce:			
chief executive	354	38,157	19,258
deputy chief executive	239	32,917	17,476
other directors	1,300	27,379	15,594
combined		34,070	17,868

Comparisons of QCs and judges

20.93 In Table 20.6 we show a comparison of the median 1976/77 adjusted earnings of QCs and judges.

TABLE 20.6

Median adjusted earnings of QCs and judges, 1976/77:
before and after tax

	QCs	Judges
Net profit/salary before tax	£ 18,356	£ 13,052
Pension and national insurance contributions paid by employer	—	4,609 (32%)
Adjusted gross	18,356	17,661
Tax	6,543	5,629
Adjusted net of tax	11,813	12,032

20.94 The median, upper quartile and highest decile adjusted gross and net of tax earnings in 1976/77 for QCs and judges are shown in Table 20.7.

TABLE 20.7

Median, upper quartile and highest decile earnings of QCs and judges, 1976/77

	Adjusted gross		Adjusted net of tax	
	QCs	judges	QCs	judges
	£	£	£	£
Median	18,356	17,661	11,813	12,032
Upper quartile	26,245	18,481	13,999	12,504
Highest decile	33,603	25,827	15,251	16,134

Movement in prices and earnings

20.95 In the paragraphs 20.85 to 20.94 we have set out comparisons of earnings in 1976/77. In Table 20.8 we show, where information is available, the movement in prices and earnings from 1973/74 to 1976/77. It should be noted that, by reason of inflation, prices and earnings will have increased since 1976/77.

20.96 The indices given in Table 20.8 are of gross salaries and net profits and have not been adjusted for the matters described earlier in the report, for example, pensions, fringe benefits or capital investment.

TABLE 20.8

Movements in earnings of lawyers, civil servants and medical practitioners, and in all earnings and retail prices, 1973/74 to 1976/77

1974/75 = 100

	1973/74	1974/75	1975/76	1976/77
Barristers: QCs	87	100		100
juniors	93	100		117
All barristers	92 ¹	100		115
Solicitors (principals in private practice)		100	111	126
Salaried barristers in commerce, finance and industry		100	116	125
Civil service administration		100	121	124
General medical practitioners	91	100	135	137 ²
Weekly earnings ³	88	100	127	151
Retail prices ⁴	85	100	125	144

¹Estimated from survey data.

²Average intended net remuneration from fees and allowances plus threshold payments for 1974/75 (Seventh Report of the Review Body on Doctors' and Dentists' Remuneration, Cmnd. 6800).

³New earnings survey, mean full-time earnings of all men aged 21 or over in Great Britain.

⁴Index of Retail Prices (all items) average for fiscal year.

ANNEX 20.1

**The value of superannuation schemes to
various categories of employees****Note by the Government Actuary's Department
(paragraph 20.47)****Introduction**

A20.1.1 All barristers, and the great majority of solicitors, are self-employed; it is therefore necessary, when comparing their earnings with those of other groups in the community who are employed, to take account of benefits provided by employers in addition to salary. Commonly the most valuable of such benefits provided by employers is a superannuation scheme where the retirement and other benefits provided by the scheme are worth much more than the contributions, if any, paid by the employees. The Commission has asked this Department to submit a note on the value, to various groups of employees in whom the Commission is interested, of their superannuation schemes.

A20.1.2 By far the most common type of superannuation scheme today is the final salary scheme, where benefits are related to the employee's salary at or near retirement (or at death or exit from the scheme). In such a scheme the value of the benefits, and the level of contribution required from the employer and employee to support them, depends greatly on the progression of the employee's salary over his career. The steeper the salary progression, the greater the value of benefits based on final salary. To determine the value of such a scheme, the actuary must make an assumption as to the employee's salary progression. Other factors (apart from the benefit provisions of the scheme) which affect the value are the yield obtained on investment of contributions, the level of inflation as it affects salaries generally and the cost of living (where increases in pensions after retirement are linked to this), the age of retirement, rates of mortality, withdrawal from service, retirement on grounds of ill-health, etc.; the actuary has to make his assumptions about these factors also.

A20.1.3 To avoid over-burdening this note with detail, the groups of employees taken into account are defined in appendix A, their career and salary structures are considered in appendix B and their superannuation benefits in appendix C. In view of their particular importance, the economic assumptions are discussed below, but the other assumptions that have been made are described in appendix D.

The economic assumptions

A20.1.4 For the purpose of these calculations, it has been thought appropriate to use the same assumptions as to interest and inflation as were used by the Government Actuary in his memorandum of 25th February 1977 to the Expenditure Committee of the House of Commons on adjustment of pay research rates for differences in pension benefits (Appendix 50 of the Eleventh Report of that Committee). A copy of this is attached to this note as appendix E. In that memorandum he pointed out that, since he was considering people at present in active employment, whose superannuation benefits will be in payment many years into the future,

it was necessary to take a long-term view and not to put excessive weight on short-term factors. Taking this into account he assumed a rate of interest on investments exceeding inflationary increases in salary by $1\frac{1}{2}$ per cent (with separate allowance for normal salary progression with advancing age and responsibility) and exceeding inflationary increases in prices by $3\frac{1}{2}$ per cent. Pensions increases outside the public service (where such increases are linked to price movements under the Pensions (Increase) Acts) were assumed to fall short of price increases by $2\frac{1}{2}$ per cent. These assumptions all refer to long-term average rates per annum.

A20.1.5 The Government Actuary regarded these assumptions as reasonable for a comparison of pension benefits for civil servants as a whole with those in analogous employments outside the Civil Service. It is thought that management, especially the most senior management, in the private sector probably have more favourable pensions increase arrangements than the average private sector employee, but in all the circumstances (not the least being the lack of any definite information) it has been decided to adopt the above assumptions unchanged for the purposes of the present estimates made in this note.

A20.1.6 The assumptions do not rest on any definite estimate of future inflation rates; it is the difference between the various items which is important. If price inflation were to average five per cent over the future working life and retirement of the people we are considering, then the assumptions would imply average yields on investment of $8\frac{1}{2}$ per cent, salary inflation of 7 per cent and pensions increases outside the public service of $2\frac{1}{2}$ per cent—half the rate of price inflation. If, however, price inflation were to average 10 per cent the assumptions would imply yields on investment of $13\frac{1}{2}$ per cent, salary inflation of 12 per cent and pensions increases outside the public service of $7\frac{1}{2}$ per cent—three-quarters the rate of price inflation. The evidence available suggests that, even in the recent past, pensions increases in the private sector have covered, on average, half or more of price increases and there is good reason to expect this proportion to increase in the future, so the two examples above show that the assumptions that have been made do not depend on inflation falling to low levels in future.

The results of the calculations

A20.1.7 The results of the calculations are set out in Table A20.1.1. The value of superannuation is expressed in each case as a percentage of pay, and can be interpreted as the amount an employer should pay into a funded pension scheme throughout the employee's career in order to provide the benefits of the scheme. Pensions increases have been fully taken into account.

TABLE A20.1.1

Value of superannuation benefits expressed as percentages of pay

Group	Total value of superannuation	Employee contribution	Net value to employee
	%	%	%
Top civil servant	$22\frac{1}{4}$	$1\frac{1}{2}$	$20\frac{3}{4}$
Top private sector executive	$20\frac{3}{4}$	5	$15\frac{1}{2}$
Civil service administrator	21	$1\frac{1}{2}$	19 $\frac{1}{2}$
Private sector executive	$17\frac{1}{2}$	5	$12\frac{1}{2}$
Civil service lawyer	$20\frac{1}{4}$	$1\frac{1}{2}$	$18\frac{3}{4}$
Local authority lawyer	$20\frac{1}{4}$	6	$14\frac{1}{4}$
Private sector corporate lawyer	$16\frac{3}{4}$	5	$11\frac{3}{4}$
General medical practitioner	$17\frac{1}{2}$	6	$11\frac{1}{2}$
Hospital consultant	$22\frac{3}{4}$	6	$16\frac{3}{4}$

A20.1.8 In considering these figures, the following points should be noted:—

- (a) Tax relief for employee pension provision: employee contributions to pension schemes are fully tax-deductible in almost all cases, and employer contributions are not regarded as part of the employee's taxable earnings.
- (b) Tax relief to self-employed: there are Inland Revenue limits on the amount of a self-employed person's contributions for pension provision out of income that is tax-deductible; at present the limit is the lesser of 15 per cent of income and £3,000 per annum.
- (c) Deficiency contributions: many pension funds are now in deficiency and employers, as a result, are paying deficiency contributions into those funds. This, however, does not affect the figures in the table which represent the contribution necessary throughout a career to provide the benefits; they are therefore a full measure of the value of the superannuation benefits currently accruing to the employees concerned.

A20.1.9 Though these estimates are the best that we are able to make on the evidence available to us, it must be admitted that some of the assumptions are inevitably somewhat speculative and the results can therefore only be approximate.

The judiciary

A20.1.10 The Commission has also asked for information about the value of the superannuation benefits of the judiciary. We estimate that their value, again expressed as a percentage of pay, is 32 per cent for the higher judiciary and 27 per cent for magistrates (net of their own contributions). It should be pointed out that these figures are not directly comparable with the earlier figures in the table in paragraph 7, since they relate only to that part of the individual's career which is actually spent in the judiciary, whereas the other figures cover the whole careers of the groups concerned.

Government Actuary's Department
London SW1

8th November 1977

APPENDIX A

The various groups of employees

The Commission have stated their interest in groups of employees who could be considered as comparable to lawyers, or to specific categories of lawyers. The following groups have been considered in this note:—

1. Top civil servants. This group has been defined as equally weighted between civil servants who eventually achieve one of the three top grades—permanent secretary, deputy secretary and under secretary—giving an average 1975 salary of £15,000.
2. Top private sector management. This is a group assumed to be comparable to group 1 above, but see appendix D to this annex.
3. Civil Service administrators. This Group is a little broader than the former “elite” who entered the Civil Service in the assistant principal grade, but considerably narrower than the present graduate entry in the Administration Group who often enter posts previously occupied by former A-level entrants. The average career assumed is one representative of those in the principal grade at any time (top of salary scale in 1975 £7,450 plus London weighting of £465 where appropriate) with a substantial proportion achieving one or more promotions from that grade later in their career.
4. Private sector management. This group has been defined as those with a similar career in the private sector to the civil servants in group 3 above.
5. Civil Service legal class. This is a separate class within the Civil Service.
6. and 7. Local authority and private sector corporate lawyers. These two groups have been defined as comparable to group 5 above.
8. and 9. General medical practitioners and hospital consultant doctors in the National Health Service.

APPENDIX B

The career structure and salary progression of the various groups

There is only limited information available from which to determine the assumptions as to career and salary progression appropriate to the groups defined in appendix A. The most comprehensive information was from Civil Service and National Health Service statistics and from information about frequencies of promotions, salaries of the different grades, etc. has been constructed a salary scale that is thought to be reasonable for each of the public sector groups.

For the other groups, the assumptions that have been made are necessarily somewhat flimsily based. It has been assumed that middle managers in industry have roughly the same pattern of earnings as administrative civil servants over their career. (It must be emphasised that we are concerned here with the relative movement of salary from age to age, not with the absolute level of salaries which the Commission is of course investigating in some detail outside the context of superannuation.) There is a *prima facie* case for this assumption in that civil servants' salaries are based on comparability with analogous employments elsewhere and therefore the career patterns of earnings should be similar. By an extension of this argument, lawyers employed in industry and by local authorities have been assumed to have a similar pattern of salary progression to that in the Civil Service legal class. For top management, however, the theory of comparability is less valid—see appendix D.

Table A.20.1B.1 illustrates the assumptions that have been made for the different groups of the salary progression over a typical career. The figures exclude inflationary increases in salary which have been treated separately in the calculations.

TABLE A20.1B.1

Salary scales—salary at age 60 as a multiple of salary at earlier ages

Employee Group	Age			
	20	30	40	50
Top civil servant	5.3	2.5	1.7	1.2
Administrators and managers	3.5	2.2	1.7	1.2
Lawyers	2.9	2.1	1.5	1.2
Consultant doctors	5.3	3.2	1.6	1.1

APPENDIX C

The superannuation benefits of the various groups

Detailed information was available on the Principal Civil Service Pension Scheme, the Local Government Superannuation Scheme and the NHS Superannuation Scheme. Information on the schemes for managers and lawyers in private industry was much more limited, however, and their schemes are very much more varied than is the case in the public sector. The GAD surveys of occupational pension schemes do not separately cover management schemes and do not cover "top hat" schemes at all. The National Management Salary Surveys (published by Remuneration Economics in association with the British Institute of Management) although less detailed in their pension coverage than the GAD surveys, give probably the best picture available of pension schemes for management in industry (although again they do not treat "top hat" schemes in any detail) and a "typical" scheme for middle managers, and lawyers, in industry has been constructed from the information given in the 1975 survey.

Table A20.1C.1 sets out the main features of the benefits that have been assumed in this note, but see appendix D for top private sector management.

TABLE A20.1C.1
Typical public and private sector pension schemes

	Public sector ¹	Private sector ²
Pension fraction	1/80th	1/60th
Lump sum	3 x pension	commutation option
Final salary	last year's pay	average of last 3 years' pay
Widow's pension	one-half of husband's pension	one-third of husband's pension
Enhancement of pension on ill-health retirement	5 to 10 years	—
Lump sum on death in service	1 x salary, or 3 x ill-health pension	2½ x salary
Pensions increases	in line with prices	prices less 2½ %
Contributions by employees	1½ % (male civil servants) 6 % (doctors, etc.)	5 %

¹ except general practitioners who have a scheme based on career earnings.

² a typical scheme based on information from 1975 National Management Salary Survey and other sources.

APPENDIX D

The other assumptions made, including those for top management

The assumptions that have been made for mortality, retirement, etc. for the various groups are derived from the experience of civil servants in the past. There is no evidence that any of the groups concerned have a significantly different experience except perhaps in the pattern of retirement. Most private sector superannuation schemes have a retiring age of 65 for men, as compared to the minimum retiring age of 60 for civil servants, but against this must be set the fact that many of the special schemes for senior managers and executives have either a lower retirement age or no retirement age at all (members can retire when they have reached the end of their service contract). Since in addition, the Civil Service retiring age is very much a minimum age and many civil servants do not retire until well after age 60, it is not unreasonable to use the same retirement age pattern for all the groups, with an average age at retirement between 63 and 64.

Top management in the private sector

This group caused the most problems in the calculations. First, details about their "top hat" schemes are not readily available. Secondly, their career pattern is in general more broken-up than other groups, with quite frequent moves between companies when pension rights are often lost. Thirdly, it is thought that their salaries are in general higher than those of top civil servants. (For example, paragraph 28 of the Boyle Report (Cmnd. 5846) in December 1974 said "it has long been the practice in this country to pay the most senior public servants less than is paid for posts of comparable responsibility in the private sector.")

Frequent moves usually lower the value of superannuation since early years of service do not earn benefits based on high final salary, but, for top executives, this is very often compensated for by service later in their careers counting for "enhanced" benefits, that is with a higher rate of accrual of pension. The higher peak salary increases the value of the pension since it is based on final pay and it is also possible that better pensions increases are provided in "top hat" schemes than in private sector schemes generally. However, they also often have higher rates of contribution by members than other schemes. A somewhat arbitrary assumption has been made of the overall effect of all these factors to obtain the results for this group.

ADJUSTMENT OF PAY RESEARCH RATES FOR DIFFERENCES IN PENSIONS BENEFITS¹

Further Memorandum by the Government Actuary

Introduction

1. When I gave evidence to the Sub-Committee on 31 January, I agreed to submit a further memorandum setting out the basis and assumptions I would make if I were asked to review now the Deduction for superannuation benefits last calculated in 1973. The method used for calculating the deductions is described in the joint CSD/GAD paper of September 1976. In brief the difference in prospective superannuation benefits was evaluated and expressed as a percentage of salary, and from this the amount by which it was necessary to reduce civil servants' pay to offset this (the Deduction) was calculated.

2. The limitations of this memorandum must be made clear at the outset. The Deduction formed part of an integrated arrangement for determining salaries in the Civil Service which, as described in the above-mentioned paper and the earlier CSD paper, compares the remuneration of a civil servant currently doing a particular job with that of a person doing a comparable job elsewhere—the analogue. In this context, "remuneration" means pay plus fringe benefits, including in particular the prospective pension and associated benefits attaching to the job.

3. As has already been stated to the Sub-Committee in evidence from CSD and GAD, pensions are allowed for in civil servants' pay in three ways:

- (a) directly, in the case of male civil servants, through a 1½ per cent contribution for family benefits;
- (b) indirectly, as part of the pay research process, through the reduction made to the analogue rates to take account of outside employees' pension contributions. In making the comparisons which set the rates for civil servants the full amount of employees' contributions—typically some 5 or 6 per cent—is deducted, except only where the contribution also covers family benefits. In this case allowance is made for the contribution already made by civil servants.
- (c) indirectly, as part of the pay research process, through the further Deduction made from pay research rates to allow for differences in pensions benefits. This is the Deduction which was last calculated at 1½ per cent in 1973, on the basis of the Government Actuary's Department's advice at the time.

4. This memorandum deals only with the third deduction and therefore reviews only a very small part of the whole pay determination procedure at a time when that procedure is itself wholly suspended. Moreover, it is not in my power to review fully even this part of the superannuation adjustment, since I do not have any up-to-date information about the analogue schemes investigated in 1973, nor in particular about the pensions increases awarded in those schemes.

5. I can, however, set out the basis that I would consider it appropriate to use at this time regarding interest rates, salary inflation and price inflation were the pay research exercise to be repeated now, and describe how this would differ from that used in 1973. I can then give some indication, based on information regarding the practice of pension schemes in general, of the assumptions which might be made regarding pensions increases and the effect on the Deduction. In doing this I shall adopt the same basis approach as I did in 1973.

6. In 1973, it was found that superannuation benefits in the Civil Service were worth on average some 2½ per cent of salary more than superannuation benefits in comparable jobs elsewhere—the analogue jobs. The corresponding Deduction from Civil Service

¹ Appendix 50 to the Eleventh Report of the House of Commons Expenditure Committee on the Civil Service, HC535 (1976/77).

salaries was $1\frac{3}{4}$ per cent. Differences in pensions increases provisions alone were evaluated at some $1\frac{1}{2}$ per cent of salary (out of the total of $2\frac{1}{2}$ per cent of salary above) and if there had been no other differences in superannuation benefits the corresponding Deduction would have been calculated as $\frac{3}{4}$ per cent.

Interest and inflation bases

7. The principal elements entering into the calculation of contribution rates for civil servants are the assumed future relationships between interest rates and salary and price inflation; the absolute values of these rates are, for this purpose, far less important than their relative values. For example, the contribution rate on a basis of 8 per cent interest, 6 per cent salary inflation and 4 per cent price inflation (as used for the 1973 calculations) would be only very slightly affected by a change to, say, 14 per cent interest, 12 per cent salary inflation and 10 per cent price inflation.

8. In choosing the basis it is important to bear in mind the time scale to which it relates. The comparison is not concerned with former civil servants who are now retired. Pensions to civil servants now in post will be paid to them after their retirement and to their widows after their death and may still be in payment 50 years hence. Thus the assumptions underlying the basis should be those that appear likely as a long-term average rather than those expected to apply in the immediate future. Similarly, when using past experience as a guide, it seems appropriate to look back not at the last year or two but to the experience over a much longer period.

9. The basis should be that appropriate for assessing contributions to a funded pension scheme with similar benefits, as the absence of an invested fund backing the Civil Service pension scheme is a feature of Government finance which is not relevant to the question of comparative remuneration. At the present time I would use for this purpose a rate of interest exceeding inflationary increases in salary by $1\frac{1}{2}$ per cent*, and prices by $3\frac{1}{2}$ per cent; these are both long-term averages. This basis puts a higher value on Civil Service pension benefits than that used in 1973. It is based on a consideration of experience over a long period in the past and likely trends in the future, and represents the view that the present adverse relationship between inflation and the returns achieved on investments will not persist in the long term, but that a return to a positive margin of yield will occur. Indeed, experience suggests that higher positive returns than have now been assumed for the future have been far from unusual in the past. The basis also assumes that pay will rise in relation to prices, which has been the normal experience until the very recent past. For comparison with the 1973 basis the average gross rate of interest, over the time scale we are considering, would be taken as $8\frac{1}{2}$ per cent, which together with the assumptions above implies averages of 7 per cent for salary inflation and 5 per cent for price inflation. As explained in paragraph 7 above, similar results would be obtained by assuming 14 per cent interest, $12\frac{1}{2}$ per cent salary inflation and $10\frac{1}{2}$ per cent price inflation as the importance lies in the differences between the rates. Moreover, the continuation, at least for a few years, of higher rates of interest or inflation would not be inconsistent with the long-term averages assumed.

10. The Chairman of the Sub-Committee suggested that the experience of the last 50 years might be looked at as a guide to the future. In fact the figures available show that over the 50 years 1926–76 prices increased by an average of $4\frac{1}{4}$ per cent per annum. Turning to earnings, I do not have figures for 1926, but the average increase over 1924–76 was $6\frac{1}{4}$ per cent per annum. Apart from anything else, these averages, which include the heavy inflation of the last few years, show just how wide a gap there can be between a long-term average and the experience of a short period such as 1973–76.

11. The Chairman of the Sub-Committee also asked how the basis used for the present purpose related to that on which the terms for contracting-out of the national insurance

*Separate allowance is made for normal salary progression with advancing age and responsibility.

APPENDIX E

scheme are based. At best only a partial comparison can be made here, as post-retirement increases do not enter into contracting-out and so there was no necessity to allow for pensions increase or the rate of price increases when advising on the terms. Further, different considerations affecting the time scale apply to the two calculations. For the purpose of the calculations made for this paper, and for those in 1973, the cost of superannuation benefits is estimated in terms of a contribution rate payable throughout the whole period of service. For contracting-out, the contribution rebates are to apply for a fixed period of 5 years, i.e. up to 1983, at which time new calculations will be made for the contribution rebates during the next five-year period. Since the terms for contracting-out may then be changed and since employers may at any time reverse their election to contract-out, it was appropriate to put more emphasis on short-term factors in choosing the basis. The basis was stated at the time to be 9 per cent interest (c.f. $8\frac{1}{2}$ per cent interest in paragraph 9) and 8 per cent salary inflation (c.f. 7 per cent in paragraph 9), thus allowing for a margin of interest over pay inflation of 1 per cent (c.f. the margin of $1\frac{1}{2}$ per cent given in paragraph 9).

The assumptions regarding pensions increases

12. The question of what allowance to make for the difference in pensions increase between the Civil Service and the analogues is particularly difficult at the present time, quite apart from the lack of data referred to in paragraph 4 above. It is not simply a matter of putting into the calculations the rates of increase which analogue schemes award on pensions at the present time; the comparison is between post-retirement increases to pensions which will start to be paid in future to analogue employees now actively at work and to their widows and other dependants, and those which will then be awarded under the Pensions (Increase) Acts. In 1973 it was assumed that there would be a tendency among analogue employers ultimately to bring their pensions increase practice nearer to that provided by the Pensions (Increase) Acts. In the event there was not enough time between the passing of the 1971 Act and the onset of rapid inflation for a pattern to emerge of the likely behaviour of analogue employers in conditions of more moderate inflation. But I would still consider it unrealistic to assume that a substantial gap will continue indefinitely between the scale of increases granted in the Civil Service scheme and that in analogue schemes. Indeed, this view is reinforced by one new factor which has emerged since 1973. Under the Social Security Pensions Act 1975, part of the pensions provided by contracted-out schemes will be fully protected against inflation by the State scheme; if a scheme is not contracted-out, corresponding protection will be provided as part of the upper-tier benefits of the State scheme. In either case, therefore, pensioners will have at least part of their earnings-related benefits protected against inflation, and the employer (whether Civil Service or analogue) will only have the remainder to deal with.

13. Thus, on the basis that the Pensions (Increase) Acts will continue as they stand now, I would assume that there will in the long term be some narrowing of the gap between pensions increases in the analogue schemes and those under the Acts. However, employers will not have been able to make much progress towards this objective since 1973; indeed the gap has probably widened. Moreover, the possibility of fluctuations of inflation about the long-term average must be allowed for. It seems that in periods of high inflation employers will fall further behind the provisions of the Acts than had previously been expected. For these reasons, I would now assume a wider average divergence than I did then. It would be less difficult to arrive at an assumption of an average long-term divergence if there was some information on what the analogue schemes are doing now, information which I would require if the pay comparison arrangements were to be revived. A reasonable provisional assumption would be that the difference in the rates of pensions increases would average $2\frac{1}{2}$ per cent in the long term. In terms of the bases described in paragraph 9, this would imply a lead of interest rates over the rate of pensions increase in the analogue schemes of 6 per cent.

Conclusion

14. On the basis described above, the difference in value of the benefits on grounds of pensions increase alone is assessed at 3 per cent, leading to a Deduction of 2 per cent—about $1\frac{1}{4}$ per cent greater than the corresponding Deduction calculated on my 1973 basis (see paragraph 6). This is only a provisional conclusion. If a pay research exercise were to be conducted now, a fresh assessment would have to be made in the light of all the information then available.

Government Actuary's Department

25 February 1977

ADJUSTMENT OF PAY RESEARCH RATES FOR DIFFERENCES IN PENSION BENEFITS¹

**Second memorandum submitted by Mr Geoffrey Heywood,
actuarial adviser to the Sub-Committee**

1. Following the submission of my first memorandum dated 10 November 1976, a meeting of the Select Committee was held on 31 January 1977, at which the Government Actuary, Mr E A Johnston, and the Deputy Secretary of the Civil Service Department, Mr F G Burrett, were present. During the discussion the Government Actuary agreed that the deduction of $1\frac{3}{4}$ per cent of Civil Service salaries to allow for the difference in pension benefits between the Civil Service Scheme and the Analogue Scheme calculated in 1973 had in the event proved to be too small.

This percentage takes into account not only the increases in pensions after retirement, linked to the Retail Price Index (RPI), in the Civil Service Scheme, but also the other conditions affecting benefits in the Civil Service Scheme as compared with the Analogue Scheme. These are, for example:

- (a) Pension age
- (b) Method of calculating pensionable salary
- (c) The scale of benefits
- (d) Abatement of benefits to take account of National Insurance benefits
- (e) Benefits payable on death in service and after retirement
- (f) Ill-health benefits
- (g) Contributions payable for personal family benefits
- (h) Withdrawal benefits

The Government Actuary first arrived at a figure of $2\frac{1}{2}$ per cent of salaries and this was adjusted to a "true money rate" of $1\frac{3}{4}$ per cent of salaries, the actual calculations being set out in detail in paragraph 10 of the Document GC 64. The corresponding percentages limited to pension increases were stated to be $1\frac{1}{2}$ per cent and $\frac{3}{4}$ per cent respectively.

I would emphasise that these figures of $2\frac{1}{2}$ per cent and $1\frac{3}{4}$ per cent respectively allow not only for increases in pensions but also the difference in pension benefits generally.

2. In the above calculations the assumptions made by the Government Actuary may be summarised as follows:

	<i>Civil Service Scheme</i>	<i>Analogue Scheme</i>
Rate of interest	8%	8%
Rate of salary inflation	6	6
Rate of pension increase	4 (RPI)	$2\frac{1}{2}$

3. At the meeting on 31 January 1977 the Government Actuary agreed to submit a further memorandum and the purpose of this submission is to comment on his new assumptions and also to set out my own opinion as to what assumptions are appropriate in present day circumstances.

4. In his latest memorandum the Government Actuary has made the following assumptions:

	<i>Civil Service Scheme</i>	<i>Analogue Scheme</i>
Rate of interest	$8\frac{1}{2}$ %	$8\frac{1}{2}$ %
Rate of salary inflation	7	7
Rate of pension increase	5 (RPI)	$2\frac{1}{2}$

¹ Appendix 51 to the Eleventh Report of the House of Commons Expenditure Committee on the Civil Service, HC535 (1976/77).

APPENDIX F

Using the above assumptions he then arrives at a figure of 3 per cent of salaries which, adjusted to a "true money rate", becomes 2 per cent of salaries, but he states in paragraph 14 of his memorandum dated 25 February 1977 that these figures are in respect of increases in pensions after the time of retirement only and do not include other differences in pension benefits. They are not therefore strictly comparable to the widely quoted percentages of 2½ per cent and 1¾ per cent calculated in 1973 and referred to in paragraph 1.

5. In my first memorandum I gave figures indicating the wide range of results obtainable according to the assumptions made. In this memorandum after much consideration I set out the assumptions which I would make to calculate the required percentage at the present time. I agree with the Government Actuary that one must take a long term view. I also agree that the absolute rates of interest, salary inflation and pension increase assumed make little difference to the results, since it is the difference between these rates which is important. It also appears that in periods when the RPI is small, say 2½ per cent or 3 per cent, then the pension increase in the Analogue Scheme would either be very small or go by default on the principle of "de minimis". If the increases are at the very high rates which we have seen in recent years the increases in the Analogue Scheme would be less than half. In this connection I set out below a table which I have obtained from the National Association of Pension Funds giving the result of a survey which they carried out relating to pension increases over a period from December 1974 until October 1975. During this period the increases in the RPI on a 12 months basis was about 20 per cent for January 1975 on January 1974 and reached a peak of nearly 27 per cent for August 1975 on August 1974, falling to just below 26 per cent for October 1975 on October 1974. The results may be summarised as follows:

NUMBER OF SCHEMES

	Private sector				Public sector	Total
	No increase	Guaranteed percentage increase	No guaranteed increase	Total		
100 per cent of increase in RPI.	—	—	5	5 (6%)	11	16
70 to 99 per cent of increase in RPI.	—	4	14	18 (20%)	—	18
40 to 69 per cent of increase in RPI.	—	4	21	25 (28%)	—	25
10 to 39 per cent of increase in RPI.	—	18	15	33 (38%)	—	33
No increase	7	—	—	7 (8%)	—	7
	7	26	55	88 (100%)	11	99

The above table shows that during the above period, which indeed was exceptional and represented the highest increases in the RPI which we have seen, the average increase in pensions in the private sector, expressed as a percentage of the RPI, was about 47 per cent.

APPENDIX F

I have also had regard to the fact that increases in the Civil Service Scheme are as of right, whereas virtually all those in the private sector are *ex gratia*, and also the point made by the Government Actuary that with the introduction of the Social Security Pensions Act 1975 that part of pension provision representing the second tier pension, be it provided by the State or contracted out, will be indexed. Taking all in all, I would therefore make the following assumptions in determining the required percentages:

					<i>Civil Service Scheme</i>	<i>Analogue Scheme</i>
					%	%
Rate of interest	..	..	..	..	8½	8½
Rate of salary inflation	..	..	..	..	7	7
Rate of pension increase	..	..	..	..	6½ (RPI)	2½

6. The method adopted by the Government Actuary to determine the percentage differences to be applied to salaries is to calculate contribution rates for new entrants. I consider that this does not fully reflect the differences between the Civil Service Scheme and the Analogue Scheme, because the high rates of increase in the RPI which we have experienced in recent years impose liabilities on the Civil Service Scheme at the higher ages which to be met would require a higher contribution rate than that applicable to new entrants. If the new entrant contribution is assumed to be appropriate to all members a balance of liability will fall on the Government. It seems therefore more appropriate to examine the present population of Civil Servants and estimate a current actuarial valuation position.

7. We have carried out calculations on the bases and assumptions set out above and as a result the percentage difference which I would recommend as being appropriate to reflect the differences between the Civil Service Scheme and the Analogue Scheme, including not only increases in pensions after retirement but other differences in benefit as well, is 7 per cent. The corresponding figure expressed as a "true money rate" is 5 per cent. The application of the above percentages would, in my opinion, preserve equity between members in active service in the Civil Service Scheme and members in active service in the Analogue Scheme.

At Appendix A I set out a summary of all the above figures.

Geoffrey Heywood

Fellow of the Institute of Actuaries
 Fellow of the Faculty of Actuaries

5 April 1977

APPENDIX A
 SUMMARY OF RESULTS

	GA 1973	GA 1977	GH 1977
	Per cent	Per cent	Per cent
Rate of interest	8	8½	8½
Rate of inflation	6	7	7
Rate of increase in the RPI	4	5	6½
Rate of pension increase in the Analogue Scheme	2½	2½	2½
Total pension difference	2½	3*	7
TMR total pension difference	1½	2*	5

*Pension increase only.

ADJUSTMENT OF PAY RESEARCH RATES¹

Letter from Mr E A Johnston, CB, Government Actuary dated 22 April 1977

1. Thank you for letting us have sight of Mr Heywood's memorandum of 5 April.

2. I should like to make one or two comments of substance on Mr Heywood's second memorandum. But first of all I should make it clear that I did not agree during discussion that the deduction of $1\frac{3}{4}$ per cent of Civil Service salaries calculated in 1973 had in the event proved to be too small. What I did say (Q1570) was that a fresh assessment of this figure, made in the light of current circumstances, would differ, which is not the same thing.

3. On the substance of what Mr Heywood says I would not wish the Sub-Committee to think that I accept his conclusion that the application of a deduction of 5 per cent to "true money rates" would "preserve equity between members in active service in the Civil Service and members in active service in the analogue scheme".

4. Whilst professional opinions as to the proper assumptions to make regarding interest, salary inflation and pensions increases may differ, there are three major comments I would make on Mr Heywood's paper. Firstly, the assumption that in the long term (with which we are necessarily concerned) pay will increase faster than prices by no more than $\frac{1}{2}$ per cent a year is extremely low in the light of past experience.

5. Secondly, as he points out, the NAPF Survey (which I was aware of and had taken into account) was made at a time when increases in the Retail Price Index were the highest which we have yet seen. In these circumstances one would expect non-guaranteed pensions increases to fall their farthest behind the RPI. Thus one would expect the ultimate proportion of the RPI covered by pensions increases in the schemes covered by the Survey considerably to exceed the 47 per cent produced from the NAPF 1975 figure. The long-term assumptions made both by Mr Heywood and myself imply that inflation will ultimately be lower than it has been recently. Yet Mr Heywood's assumption of $2\frac{1}{2}$ per cent increases in analogue schemes while the Retail Price Index is increasing at $6\frac{1}{2}$ per cent per annum implies that in the long term only 38 per cent of price rises would be covered, well below the ratio shown in the NAPF Survey. My long-term assumptions implied a ratio of 50 per cent.

6. The third point arises from the comment in paragraph 5 of Mr Heywood's memorandum, that in periods when the RPI is increasing by no more than $2\frac{1}{2}$ or 3 per cent, pensions increases in the analogue schemes would either be very small (by implication very much smaller than $2\frac{1}{2}$ or 3 per cent) or go by default. But where schemes have become accustomed to giving some protection against inflation it seems likely that they would continue to do so even if inflation rates were much lower even if the intervals between increases were longer. Indeed, such circumstances might provide then with an opportunity to catch up with the Retail Price Index if they had fallen behind it previously. In any case, a number of schemes now have a built in guarantee, which may be 3 per cent or 5 per cent, and these would be obliged to give full protection when inflation was only 3 per cent or below.

7. A further point is that Mr Heywood's 5 per cent pay differential includes some allowances for differences other than in post-retirement increases between the pension schemes. Although these other differences would be allowed for if a full exercise were to be conducted, there is no up to date information about the analogue schemes which were investigated in 1973, and his figure therefore requires revision. Even then, the comparison of pension schemes is only meaningful in the context of a full comparison of all the terms

¹. Appendix 52 to the Eleventh Report of the House of Commons Expenditure Committee on the Civil Service, HC535 (1976/77).

APPENDIX F

of service, including pay and fringe benefits, which it has not of course been possible to conduct due to the suspension of the pay research method of determining Civil Service pay. These latter points are outside the actuary's brief, but must be borne in mind if the actuarial work is to be seen in its proper perspective.

8. If the Committee publish Mr Heywood's report, I would respectfully suggest that they consider publishing this letter along with it.

E A JOHNSTON,

22 April 1977

ANNEX 20.2

Estimate of car costs (April 1977) and taxable benefits
(paragraph 20.76)

1. Size of car	1,501–2,000 cc	2,001–3,000 cc	3,001–4,500 cc
2. Average cost	£3,146	£4,874	£8,646
<i>Costs (excluding petrol):</i>	£	£	£
3. Car licence and insurance	189	232	329
4. Depreciation (15%)	472	731	1,297
5. Running costs, except petrol (10,000 miles)	298	396	524
6. Interest at 7% per annum	220	341	605
7. Costs for 10,000 miles per annum	1,179	1,700	2,755
8. Taxable benefit under Finance Act 1976	225	350	350
9. Estimated benefit assuming one-third private use ($\frac{1}{3}$ of line 7)	393	567	918
10 Estimated benefit assuming two-thirds private use ($\frac{2}{3}$ of line 7)	786	1,133	1,837

Sources: Lines 3, 5 and 6 are taken from *Schedule of Estimated Running Costs*, AA Technical Services, April 1977.

Line 4 is also based on the *Schedule* but the rate of depreciation has been adjusted from $12\frac{1}{2}\%$ to 15% in keeping with the third report of the Royal Commission on the Distribution of Income and Wealth (Cmnd. 6383).

Inland Revenue statistics
Note by Office of Manpower Economics
(paragraph 20.82)

We give in Table A20.3.1 below information on professional earnings in 1974, 1975 and 1976, calculated from Inland Revenue statistics of Schedule D (Case II) assessments. The figures are difficult to interpret and do not agree with data from other sources for the following reasons:—

- (a) Earnings are allocated to headings appropriate to the sources of income as described for tax assessment purposes and these are not necessarily compatible with practising membership of professional bodies except that in the case of accountants the heading is defined as "Qualified accountants (chartered or incorporated)".
- (b) The figures take no account of professional earnings from salaried employment or fees chargeable under Schedule E. Thus the earnings may be part-time or part-year earnings, e.g. by the semi-retired or those setting up practice, or earnings subsidiary to those from salaried employment. For these reasons all earnings below £2,000 have been omitted but this is a very crude measure of the part-time earnings that should be excluded in comparing earnings between professions.
- (c) Though the number of partners in partnerships are known the individual partners' earnings are not known. The assumption therefore has to be made in excluding earnings under £2,000 that all partners in a partnership have equal earnings. In addition, separate data by size of partnership are not available for firms with five or more partners. All such partnerships earning less than £12,000 have normally been excluded since the average number of partners is about six.
- (d) There are no analyses by age nor data on retirement annuity premiums paid.
- (e) Because of the time-lags involved in making, amending and sometimes discharging Schedule D assessments all the assessments and amendments made in one year are treated as relating to the preceding year's income though in fact they will relate to different years. Moreover individuals may have different accounting years. Nevertheless the data relate broadly to income in the calendar years shown.

TABLE A20.3.1

**Professional earnings 1974, 1975 and 1976 from Inland Revenue statistics of
Schedule D assessments**

All those earning £2,000 p.a. or more including partnerships where the average partnership earnings are £2,000 p.a. or more¹

	Number			Average income (£)		
	1974	1975	1976	1974	1975	1976
Barristers	2,401	2,725	3,080	7,420	7,627	8,338
Solicitors	20,370	21,320	22,483	8,483	9,451	10,093
Accountants	15,778	16,604	18,066	6,879	7,699	8,708
Architects	8,120	7,947	7,730	8,532	8,411	8,840
Engineers	7,249	6,141	6,355	5,565	6,659	7,693
Doctors	28,697	30,162	31,517	5,577	6,710	7,605
Dentists	10,993	11,797	12,817	6,170	7,555	7,963

¹ Earnings of individual partners are not known.

ANNEX 20.4

Sources of data used for comparisons of earnings
Note by Office of Manpower Economics
 (paragraph 20.84)

General

A20.4.1 Where information on professional earnings or salaries was not available from published surveys and other sources, estimates of earnings at different ages and the median, quartile and decile earnings have been based on number of staff in post by grade and a range of pay scales and other relevant data. Notional career structures have been based on data supplied by the Government Actuary's Department and various statistics on numbers retiring by grade, to find the average grade on retirement. Information on earnings by age in certain surveys has been combined, weighted according to the numbers involved, to give earnings in the three age groups shown in this report.

Barristers and solicitors in private practice

A20.4.2 Barristers' earnings are taken from the survey of income at the Bar 1976/77. The earnings of solicitors and assistant solicitors in private practice are taken from the Law Society remuneration survey.

Salaried barristers in commerce, finance and industry

A.20.4.3 The Bar Association for Commerce, Finance and Industry remuneration survey, 1976. The survey includes members of the Association in legal and non-legal posts.

Salaried solicitors in commerce, finance and industry

A20.4.4 The Law Society survey of employed solicitors in commerce, finance and industry.

Civil service—legal class

A20.4.5 Earnings data for the legal class (ages 25–65) in the civil service have been estimated from data on:—

- (a) the numbers in post at 1.4.76: Civil Service Department;
- (b) proportion retiring 1974–1976: Civil Service Department;
- (c) Civil Service salary scales at 1.4.76 plus supplement of £313 *per annum*;
- (d) career progression by age: Government Actuary's Department.

The figures represented by (a) and (b) above are set out in Table A20.4.1.

TABLE A20.4.1

Civil Service legal class—numbers in post at 1 April 1976 and proportion retiring, 1974 to 1976

Grade	Numbers in post 1.4.76	Proportion retiring 1974–76
Legal assistant	307	%
Senior legal assistant	401	3
Assistant solicitor	185	32
Principal assistant solicitor (under secretary)	45	43
Solicitor (deputy secretary)	13	10
Permanent secretary	3	2
Total	954	100

COMPARISONS OF EARNINGS—ANNEX 20.4

A.20.4.6 A notional career was assumed as follows:—

Ages 25–29 legal assistant, age points on pay scale.

Age 30–39 legal assistant from ages 30 to 34 at age points on pay scale—and senior legal assistant ages 35–39 entry at 2nd point of pay scale.

Ages 40–65 senior legal assistant from ages 40–50. Assistant solicitor ages 51–65.

A20.4.7 Median, upper quartile and highest decile earnings were calculated from the numbers in each grade assuming an even distribution of numbers on each scale point except at the maximum.

A20.4.8 Details of the calculations are given at appendix A to this annex.

Civil Service administration

A20.4.9 Earnings data for the higher administration group in the civil service are not available. A typical career pattern for the civil service was prepared by the Government Actuary's Department based on entry as an administration trainee and retirement as an under secretary. Earnings were calculated on the assumption of entry at age 22 and promotion to higher executive officer (administration) (HEO (A)) at 25, as follows:—

	<i>Administration trainee</i>	<i>HEO (A)</i>	<i>Principal</i>	<i>Assistant secretary</i>	<i>Under secretary</i>
Age	22	25	33	44	52

A20.4.10 The numbers in post at 1.1.77 are given in Table A20.4.2.

TABLE A20.4.2

Civil Service administration group—numbers of HEOs(A), principals, and assistant secretaries and above in post at 1 January 1977

Head of Civil Service	3
Permanent secretary	19
2nd permanent secretary	23
Intermediate	3
Deputy secretary	144
Intermediate	34
Under secretary	565
Assistant secretary	1,197
Principal	4,366
HEO 'A'	292
	6,646
	6,646

Source: 'Civil Service Statistics', 1977.

A20.4.11 Details of the salary scales are given at appendix B to this annex.

General medical practitioners

A20.4.12 The figures for general medical practitioners are taken from a paper by the Working Party on Medical Statistics and are based on Inland Revenue data for samples of such doctors. The figures include medical practice income from all sources.

A20.4.13 No allowance has been made for interest on capital investment. In its Eighth Report (Cmnd. 7176) the Review Body on Doctors' and Dentists' Remuneration said about interest on doctors' capital investment: "the amount of capital outstanding, and hence the interest on capital invested, cannot be established. From the information that is available on capital allowances for equipment, we would not expect the amount to be significant."

Hospital doctors and consultants

A20.4.14 For hospital doctors and consultants a typical career structure was assumed, as follows. Details of the salary scales and calculations are given at appendix C to this annex.

A20.4.15 Ages 25–29: earnings data for hospital doctors below the age of 30 are not available. Entry for hospital doctors was assumed to be at the minimum of the House Officer scale at age 25. One year (or less) is normally spent as a House Officer before progression to the minimum of the Senior House Officer scale at age 26. A typical doctor spends two years as a Senior House Officer before entering the Registrar grade at the minimum of the scale at age 28. The average amount of Class A/B supplements paid in 1976–77 has been added to the average earnings for ages 25–29. These are not superannuable; they are paid in respect of hours of duty (on-call or at home) outside the basic 40-hour week.

A20.4.16 Ages 30–39: after entry at age 28 to the Registrar grade promotion to the Senior Registrar grade would normally occur at about age 31 with promotion to a consultant at an average age of 37. The average earnings between ages 30–36 attract Class A/B supplements at the rate of 33.6 per cent.

A20.4.17 Ages 40–65: the notional career of a consultant age 40–65 was assumed to include a distinction award at the B level as over a third of consultants retiring at age 65 hold a B award or higher. The average age on allocation of a C award is 49 years and a B award is 51 years (Health Department statistics).

A20.4.18 Median, upper quartile and highest decile earnings of hospital consultants—whole-time NHS—have been based on the proportion of consultants with distinction awards 1976–77 and the average age on allocation as in Table A20.4.3.

TABLE A20.4.3**Percentage of NHS consultants with distinction awards, 1976 and 1977, and age on allocation**

Award	Value of award plus maximum salary	Percentage with awards	Average age on allocation
		%	Years
A+ ¹	£21,378	1.0	58.4
A ¹	£18,798	3.5	55.5
B ¹	£15,450	10.1	51.1
C	£12,714	22.5	49.1

¹ Amounts shown for those award holders are as recommended by the Review Body on Doctors' and Dentists' Remuneration—as a result of contemporary pay policy the amounts actually paid were lower.

Source: Department of Health and Social Security.

A20.4.19 Over a 40 year career structure hospital doctors spend on average about 12 years before they become consultants. That part of the career spent as a consultant is therefore 28 years. The percentage distribution of awards for all hospital doctors in a typical career is therefore calculated as shown in Table A20.4.4.

Local authority solicitors

A20.4.20 Earnings data for local authority solicitors are not available. The figures shown are pay scales agreed by the Local Authorities National Joint Council on the assumption that trainee solicitors starting at age 25 normally spend three years as Principal Officer (range 1) and two years as Principal Officer (range 2). The earnings are based on the pay scales at July 1977 plus supplement of £312 per annum as shown in Table A20.4.5.

Industry and commerce

A20.4.21 Median, upper quartile and highest decile earnings are taken from the British National Management Salary Survey 1977, as shown at annex 20.12 to this report.

TABLE A20.4.4

Calculation of percentage distribution of awards for all hospital doctors in a typical career

Award	Percentage of consultants with awards		Percentage of all hospital doctors (typical career)
A+	0%–1%	$\times \frac{28}{40}$	0%–0.7%
A	1%–4.5%	„	0.7%–3.2%
B	4.5%–14.6%	„	3.2%–10.2%
C	14.6%–37.1%	„	10.2%–26.0%

Judges

A20.4.22 The source is the Review Body on Top Salaries; details of salary scales and calculations are given at appendix D. Percentile earnings for judges have been based on the structure of the judiciary in Great Britain at January 1978 and on salaries operative from either January 1975 or July 1975 (including supplements).

TABLE A20.4.5

Local Authorities National Joint Council pay scales for Principal Officers (ranges 1 and 2): July 1977

Principal Officer (range 1)		Principal Officer (range 2)	
age	scale pay	age	scale pay
	£		£
25	5,001	28	6,201
26	5,154	29	6,369
27	5,304		6,539
	× 7 increments to £6,369		× 7 increments to £7,719

Average for ages 25–29: £5,606.

Legal class in the Civil Service: salary scales

Age	Salary scale at 1.4.76 £	Number	Cumulative	% earning less than
1. Legal assistant				
25	4,289	30.7	30.7	—
26	4,438		61.4	3
27	4,581		92.1	6
28	4,721		122.8	10
29	4,882		153.5	13
30	5,028		184.2	16
31	5,172		214.9	19
32	5,343		245.6	23
33	5,520		276.3	26
34	5,756		307.0	29
		Average		
		30-39		
		£6,502		
2. Senior legal assistant				
35	7,263	25.0	332.0	32
36	7,568		357.0	35
37	7,914		382.0	38
38	8,250		407.0	40
39	8,500		432.0	43
40-50	8,750		276.0	708.0	45 median
		Average		
		40-65		
		£9,539		
3. Assistant solicitor				
51	9,033	13.2	721.2	74 upper quartile
52	9,678		734.4	76
53	10,323		747.6	77
54-65	11,000		145.4	893.0	79 highest decile
4. Principal assistant solicitor				
	12,000	45	938.0	94
5. Solicitor				
	14,000	13	951.0	99

Values of percentiles and superannuation benefits:

Median: £8,750 + (18½% superannuation £1,641 + Nat Ins £432) = £10,823.

Upper quartile: £9,033 + („ „ £1,694 + Nat Ins £432) = £11,159.

Highest decile: £11,000 + („ „ £2,062 + Nat Ins £432) = £13,494.

APPENDIX B

Administration group in the Civil Service (administration trainee entrant): salary scales

Age	Salary scale at 1.4.76	Grade and point	Number	Cumulative	% earning less than
	£				
25	4,213	HEO(A) ¹ 1st point	36.5	36.5	—
26	4,353	„ 2nd „	Average 25-29 £4,517	73.0	1
27	4,513	„ 3rd „		109.5	1
28	4,673	„ 4th „		146.0	2
29	4,833	„ 5th „		182.5	2
30-32	5,013	„ Max.		109.5	292.0
33	5,993	Principal 1st point	396.9	688.9	4
34	6,213	„ 2nd „	Average 30-39 £6,639	1,085.8	10
35	6,438	„ 3rd „		1,482.7	16
36	6,688	„ 4th „		1,879.6	22
37	6,938	„ 5th „		2,276.5	28
38	7,188	„ 6th „		2,673.4	34
39	7,463	„ 7th „	3,070.3	40	
40-43	7,763	„ Max.	1,587.7	4,658.0	46 median
44	8,650	Assistant secretary 1st point	149.6	4,807.6	70
45	9,200	Assistant secretary 2nd point	„	4,957.2	72
46	9,800	Assistant secretary 3rd point	Average 40-65 £9,369	5,106.8	75 upper quartile
47	10,400	Assistant secretary 4th point		5,256.4	77
48-51	11,000	Assistant secretary Max.	598.6	5,855.0	79
52-65	12,000	Under secretary	565	6,420.0	88 highest decile
	13,230	Intermediate pay point (lower)	34	6,454.0	97
	14,000	Deputy secretary	144	6,598.0	97
	15,100	Intermediate pay point (higher)	3	6,601.0	99

Values of percentiles and superannuation benefits:

Median: £7,763 + (19½% superannuation £1,514 + Nat Ins £432) = £9,709.

Upper quartile: £9,800 + („ „ £1,911 + Nat Ins £432) = £12,143.

Highest decile: £12,000 + („ „ £2,340 + Nat Ins £432) = £14,772.

¹Higher executive officer (administration).

Hospital doctors and consultants: salary scales and awards as recommended by the Doctors' and Dentists' Review Body at 1.4.76

Typical career based on average ages on promotion and on proportion of consultants with merit awards

Age	Salary scale at 1.4.1976	Averages in age bands	Grade	Notes
25	£ 3,171	ages 25-29	HO minimum	HO=House Officer
26	3,975	average £4,103	SHO minimum	SHO=Senior House Officer
27	4,218	+33.6% ¹	SHO 2nd point	
28	4,464	=£5,482	R minimum	R=Registrar
29	4,686		R 2nd point	
30	4,908		R 3rd point	
31	5,130	ages 30-36 average	SR minimum	SR=Senior Registrar
32	5,421	£5,724+33.6% ¹ =	SR 2nd point	
33	5,715	£7,647; for ages	SR 3rd point	
34	6,006	37-39 average	SR 4th point	
35	6,297	£8,427; ages 30-39	SR 5th point	
36	6,591	average £7,881	SR maximum	
37	7,848		Cons minimum	Cons=Consultant
38	8,322		„ 1st point	
39	9,111		„ 2nd point	
40	9,900		„ 3rd point	
41	10,689		„ maximum	
42	„		„ „	
43	„		„ „	
44	„		„ „	
45	„		„ „	
46	„		„ „	median 50%
47	„		„ „	
48	„		„ „	
49	12,714	ages 40-65	C award	upper quartile 74%
50	„	average £13,486	„ „	
51	15,450		B Award	highest decile 89.8%
52	„		„ „	Percentiles based on
53	„		„ „	percentage of hospital
54	„		„ „	doctors with awards.
55	„		„ „	99.3% earn less than A+
56	„		„ „	96.8% earn less than A
57	„		„ „	89.8% earn less than B
58	„		„ „	74.0% earn less than C
59	„	(£18,798)	A Award	96.8%
60	„		„ „	
61	„		„ „	
62	„	(£21,378)	A+ Award	
63	„		„ „	
64	„		„ „	

Values of percentiles and superannuation benefits:

Median:	£10,689+(16½% superannuation	£1,790+Nat. Ins. £432)=£12,911.
Upper quartile:	£12,714+(„ „	£2,130+Nat. Ins. £432)=£15,276.
Highest decile:	£15,450+(„ „	£2,588+Nat. Ins. £432)=£18,470.

¹Average of Class A/B supplements paid to junior hospital doctors (House Officers to Senior Registrars) for hours contracted in excess of 40 per week.

APPENDIX D

Judges: salary scales

The judiciary: Great Britain	Salary 1976/77	Number in post at 1.1.78	Cumu- lative	% earning less than
	£			
Lord Chief Justice (England and Wales)	23,050 ¹	1	570	99.8
Lords of Appeal in Ordinary, Master of the Rolls	21,175 ¹	10	569	98.1
Lord President, Court of Session	20,425 ¹	1	559	97.9
President of the Family Division	20,175 ¹	1	558	97.7
Lord Chief Justice (Northern Ireland)	19,550 ¹	1	557	97.5
Lord Justice of Appeal (England and Wales)	19,425 ¹	16	556	94.7
Lord Justice Clerk	19,300 ¹	1	540	94.6
High Court Judge	18,675 ¹	74	539	81.6 highest decile
Judges of the Court of Session	16,675 ¹	18	465	78.4
Lord Justice of Appeal (Northern Ireland), Puisne Judges	16,550 ¹	6	447	77.4
Recorder of London	15,352	1	441	77.2
President Lands Tribunal, Sheriff Principal of Lanarkshire	14,552	4	440	76.5
Chief National Insurance Commissioner	14,302	1	436	76.3
Common Serjeant	13,927	1	435	76.1
Member Lands Tribunal, National Insurance Commissioner, President of the Industrial Tribunals, Judge Advocate General, Sheriff Principal of the Lothians, Chairman of the Scottish Land Court, Recorder of Belfast	13,552	21	434	72.5 upper quartile
Circuit Judge, Master of the Court of Protection, County Court Judge, Sheriff A	13,052 ¹	313	413	17.5 median
Chief Metropolitan Magistrate	13,000	1	100	17.4
Senior and Chief Masters and Registrars, Regional Chairmen of Industrial Tribunals, Chairman Foreign Compensation Commission, Registrar Court of Criminal Appeals	12,556	11	99	15.4
Chairmen of Industrial Tribunals	11,802	19	88	12.1
Metropolitan Magistrates	11,750 ¹	38	69	5.4
Masters and Registrars of the Supreme Court	11,052	31	31	—
Total		570		

Values of percentiles and superannuation benefits:

Median: £13,052 + (32% superannuation £4,177 + Nat Ins £432) = £17,661.

Upper quartile: £13,552² + („ „ £4,497 + Nat Ins £432) = £18,481.

Highest decile: £18,675³ + („ „ £6,720 + Nat Ins £432) = £25,827.

¹Salaries for these grades were effective from 26 July 1975 (17 July 1975 for Chief Metropolitan Magistrates). Salaries for all other grades were effective from 1 January 1975 and include the proportion of the £208 pay supplement (£52) which was paid in the 1976-77 financial year.

²For superannuation purposes the salary is £14,052.

³For superannuation purposes the salary is £21,000.

ANNEX 20.5

Assumptions used for calculating tax

(paragraph 20.84)

Tax rates

A20.5.1 1976/77 tax rates have been used for employed persons, and 1977/78 tax rates for self-employed persons. This corresponds with the actual tax rates which would apply to the earnings in this report.

Allowances

A20.5.2 Personal allowances have in all cases been allowed for a married man with no children; the allowances were £1,085 in 1976/77 and £1,455 in 1977/78.

Pensions

A20.5.3 The tax of employees has been calculated after allowing a tax deduction for the pension contributions calculated by GAD. It has been assumed that the self-employed persons would pay the full RAP allowable for tax in 1977/78 (that is the lower of £3,000 or 15 per cent of net relevant earnings) and that net relevant earnings are equivalent to net profits.

Fringe benefits

A20.5.4 It has been assumed that half the estimated value of fringe benefits are subject to tax.

Interest payable

A20.5.4 Tax relief has been assumed on the notional deduction of interest on solicitors' capital investment.

Interest receivable

A20.5.5 Unearned income will attract an investment income surcharge. In 1977/78 the tax surcharge was 10 per cent on income between £1,501 and £2,000 and 15 per cent on income over £2,000. The small amounts of investment income surcharge which, on average, might be payable on interest retained by solicitors has been ignored in the calculation of tax.

Salaried barristers in commerce, finance and industry	9,750	—	1,578	975	12,303	(3,549)	8,754
Salaried solicitors in commerce, finance and industry	8,063	—	1,400	806	10,269	(2,639)	7,630
Civil service legal class	8,750	—	2,073	—	10,823	(2,919)	7,904
Civil service administration ²	7,763	—	1,946	—	9,709	(2,431)	7,278
General medical practitioners	9,740	— ³	1,552	—	11,292	(3,214)	8,078
Hospital doctors and consultants—whole-time NHS	10,689	—	2,222	—	12,911	(3,728)	9,183
Industry: middle management and above	8,000	—	1,432	800	10,232	(2,608)	7,624
Assistant solicitors ⁴	4,346	—	902	—	5,248	(1,065)	4,183

¹ Net profits are before providing for pensions and interest on principals' capital. All the figures in this column are before tax.

² Assumed career pattern after entry as an administration trainee.

³ In its Eighth Report (Cmnd. 7176) the Review Body on Doctors' and Dentists' Remuneration said about interest on doctors' capital investment: "the amount of capital outstanding, and hence the interest on capital invested, cannot be established. From the information that is available on capital allowances for equipment, we would not expect the amount to be significant".

⁴ Includes salaried partners.

**Adjusted earnings in 1976/77—averages for ages 25 to 29 approximately
(paragraph 20.89)**

		<i>Less</i>	<i>Add</i>	<i>Add</i>		<i>Less</i>	
	Salary or net profit ¹	Interest on capital employed	Super- annuation and national insurance paid by employer	Broad estimate of value of fringe benefits	Adjusted earnings	Tax	Adjusted net of tax earnings
	£	£	£	£	£	£	£
Barristers	3,970	—	—	—	3,970	(653)	3,317
Solicitors: principals	8,592	(1,117)	—	—	7,475	(1,666)	5,809
Salaried barristers in commerce, finance and industry	6,089	—	1,147	609	7,845	(1,752)	6,093
Salaried solicitors in commerce, finance and industry	6,264	—	1,184	626	8,074	(1,822)	6,252
Civil service legal class	4,582	—	1,260	—	5,842	(1,200)	4,642
Civil Service administration ²	4,517	—	1,276	—	5,793	(1,177)	4,616
Hospital doctors	5,482	—	1,119	—	6,601	(1,453)	5,148
Local authority solicitors	5,606	—	1,231	—	6,837	(1,465)	5,372
Assistant solicitors ³	4,500	—	934	—	5,434	(1,117)	4,317

¹ Net profits are before providing for pensions and interest on principals' capital. All the figures in this column are before tax.

² Assumed career pattern after entry as an administration trainee.

³ Includes salaried partners.

ANNEX 20.8
Adjusted earnings in 1976/77—averages for ages 30 to 39 approximately
(paragraph 20.89)

	Salary or net profit ¹	<i>Less</i> Interest on capital employed	<i>Add</i> Super- annuation and national insurance paid by employer	<i>Add</i> Broad estimate of value of fringe benefits	Adjusted earnings	<i>Less</i> Tax	Adjusted net of tax earnings
	£	£	£	£	£	£	£
Barristers	9,043	—	—	—	9,043	(2,133)	6,910
Solicitors: principals	12,963	(1,685)	—	—	11,278	(2,955)	8,323
Salaried barristers in commerce, finance and industry	8,303	—	1,408	830	10,541	(2,759)	7,782
Salaried solicitors in commerce, finance and industry	8,957	—	1,507	896	11,360	(3,104)	8,256
Civil service legal class	6,502	—	1,651	—	8,153	(1,878)	6,275
Civil service administration ²	6,639	—	1,727	—	8,366	(1,932)	6,434
General medical practitioners	9,658	— ³	1,543	—	11,201	(3,171)	8,030
Hospital doctors (consultants from age 37)	7,881	—	1,527	—	9,408	(2,357)	7,051
Assistant solicitors ⁴	6,397	—	1,200	—	7,597	(1,747)	5,850

¹ Net profits are before providing for pensions and interest on principals' capital. All the figures in this column are before tax.

² Assumed career pattern after entry as an administration trainee.

³ In its Eighth Report (Cmnd. 7176) the Review Body on Doctors' and Dentists' Remuneration said about interest on doctors' capital investment: "the amount of capital outstanding, and hence the interest on capital invested, cannot be established. From the information that is available on capital allowances for equipment, we would not expect the amount to be significant".

⁴ Includes salaried partners.

	Salary or net profit ¹	<i>Less</i> Interest on capital employed	<i>Add</i> Super- annuation and national insurance paid by employer	<i>Add</i> Broad estimate of value of fringe benefits	Adjusted earnings	<i>Less</i> Tax	Adjusted net of tax earnings
	£	£	£	£	£	£	£
Barristers	13,024	—	—	—	13,024	(3,728)	9,296
Solicitors: principals	15,545	(2,021)	—	—	13,524	(3,964)	9,560
Salaried barristers in commerce, finance and industry	12,856	—	1,943	1,286	16,085	(5,501)	10,584
Salaried solicitors in commerce, finance and industry	10,838	—	1,733	1,084	13,655	(4,202)	9,453
Civil service legal class	9,539	—	2,221	—	11,760	(3,346)	8,414
Civil service administration ²	9,369	—	2,259	—	11,628	(3,254)	8,374
General medical practitioners	10,034	— ³	1,586	—	11,620	(3,366)	8,254
Hospital consultants—whole-time NHS	13,486	—	2,691	—	16,177	(5,385)	10,792
Assistant solicitors ⁴	5,052	—	1,308	—	6,090	(1,300)	4,790

¹ Net profits are before providing for pensions and interest on principals' capital. All the figures in this column are before tax.

² Assumed career pattern after entry as an administration trainee.

³ In its Eighth Report (Cmnd. 7176) the Review Body on Doctors' and Dentists' Remuneration said about interest on doctors' capital investment: "the amount of capital outstanding, and hence the interest on capital invested, cannot be established. From the information that is available on capital allowances for equipment, we would not expect the amount to be significant".

⁴ Includes salaried partners.

ANNEX 20.10
Upper quartile adjusted earnings in 1976/77
(paragraph 20.90)

	Salary or net profit ¹	<i>Less</i> Interest on capital employed	<i>Add</i> Super-annuation and national insurance paid by employer	<i>Add</i> Broad estimate of value of fringe benefits	Adjusted earnings	<i>Less</i> Tax	Adjusted net of tax earnings
	£	£	£	£	£	£	£
Barristers	10,694	—	—	—	10,694	(2,726)	7,968
Solicitors: principals ²	15,224	(1,979)	—	—	13,245	(3,832)	9,413
Salaried barristers in commerce, finance and industry	13,545	—	2,023	1,354	16,922	(5,972)	10,950
Salaried solicitors in commerce, finance and industry	10,089	—	1,643	1,008	12,740	(3,752)	8,988
Civil service legal class	9,033	—	2,126	—	11,159	(3,072)	8,087
Civil service administration ³	9,800	—	2,343	—	12,143	(3,491)	8,652
General medical practitioners	11,399	— ⁴	1,743	—	13,142	(4,128)	9,014
Hospital doctors and consultants—whole-time NHS	12,714	—	2,562	—	15,276	(4,913)	10,363
Industry: middle management and above	12,101	—	1,945	1,210	15,256	(5,010)	10,246
Assistant solicitors ^{2,5}	5,061	—	1,039	—	6,100	(1,303)	4,797

¹ Net profits are before providing for pensions and interest on principals' capital. All the figures in this column are before tax.

² Third decile figures.

³ Assumed career pattern after entry as an administration trainee.

⁴ In its Eighth Report (Cmnd. 7176) the Review Body on Doctors' and Dentists' Remuneration said about interest on doctors' capital investment: "the amount of capital outstanding, and hence the interest on capital invested, cannot be established. From the information that is available on capital allowances for equipment, we would not expect the amount to be significant".

highest net adjusted earnings in 1976/77
(paragraph 20.90)

	Salary or net profit ¹	<i>Less</i> Interest on capital employed	<i>Add</i> Super- annuation and national insurance paid by employer	<i>Add</i> Broad estimate of value of fringe benefits	Adjusted earnings	<i>Less</i> Tax	Adjusted net of tax earnings
	£	£	£	£	£	£	£
Barristers	17,514	—	—	—	17,514	(6,071)	11,443
Solicitors: principals	22,701	(2,951)	—	—	19,750	(7,333)	12,417
Salaried solicitors in commerce, finance and industry	12,919	—	1,982	1,292	16,193	(5,542)	10,651
Civil service legal class	11,000	—	2,494	—	13,494	(4,200)	9,294
Civil service administration ²	12,000	—	2,772	—	14,772	(4,828)	9,944
General medical practitioners	12,992	— ³	1,926	—	14,918	(5,082)	9,836
Hospital doctors and consultants—whole-time NHS	15,450	—	3,020	—	18,470	(6,657)	11,813
Industry: middle management and above	18,403	—	2,732	1,840	22,975	(9,489)	13,486
Assistant solicitors ⁴	7,136	—	1,288	—	8,424	(2,037)	6,387

¹ Net profits are before providing for pensions and interest on principals' capital. All the figures in this column are before tax.

² Assumed career pattern after entry as an administration trainee.

³ In its Eighth Report (Cmnd. 7176) the Review Body on Doctors' and Dentists' Remuneration said about interest on doctors' capital investment: "the amount of capital outstanding, and hence the interest on capital invested, cannot be established. From the information that is available on capital allowances for equipment, we would not expect the amount to be significant".

⁴ Includes salaried partners.

ANNEX 20.12

Calculation of earnings in industry and commerce in 1976/77

(paragraph 20.91)

Number in survey	Position	Gross salary	Super-annuation and national insurance contributions paid by employer	Fringe benefits	Adjusted gross earnings	Tax	Adjusted net earnings
		£	£	£	£	£	£
354	Chief executive:						
	median	17,000	3,110	1,700	21,810	8,436	13,374
	upper quartile	23,685	4,162	2,369	30,216	13,658	16,558
	highest decile	30,000	5,157	3,000	38,157	18,899	19,258
239	Deputy chief executive:						
	median	14,376	2,696	1,438	18,510	6,564	11,946
	upper quartile	19,338	3,478	1,934	24,750	10,191	14,559
	highest decile	25,833	4,501	2,583	32,917	15,441	17,476
1,300	Other directors:						
	median	12,000	2,322	1,200	15,522	4,945	10,577
	upper quartile	16,500	3,031	1,650	21,181	8,061	13,120
	highest decile	21,429	3,807	2,143	27,379	11,785	15,594
1,332	Senior heads of function:						
	median	9,369	1,607	940	11,943	3,346	8,597
	upper quartile	12,460	1,990	1,246	15,696	5,244	10,452
	highest decile	14,833	2,286	1,483	18,602	6,874	11,728
2,344	Other heads of function:						
	median	8,120	1,447	812	10,379	2,668	7,711
	upper quartile	10,208	1,708	1,021	12,937	3,824	9,113
	highest decile	12,000	1,932	1,200	15,132	4,945	10,187
3,399	Senior management grade I:						
	median	7,044	1,313	704	9,061	2,157	6,904
	upper quartile	8,980	1,555	898	11,433	3,117	8,316
	highest decile	10,750	1,776	1,075	13,601	4,149	9,452
2,487	Senior management grade II:						
	median	6,564	1,253	656	8,473	1,942	6,531
	upper quartile	7,995	1,431	800	10,226	2,605	7,621
	highest decile	9,200	1,582	920	11,702	3,238	8,464
4,225	Middle management grade I:						
	median	6,033	1,186	603	7,822	1,732	6,090
	upper quartile	7,170	1,328	717	9,215	2,213	7,002
	highest decile	7,909	1,421	791	10,121	2,562	7,559
3,682	Middle management grade II:						
	median	5,427	1,110	543	7,080	1,520	5,560
	upper quartile	6,138	1,199	614	7,951	1,771	6,180
	highest decile	8,750	1,526	875	11,151	2,991	8,160
19,352	All positions listed above:						
	median	8,000	1,432	800	10,232	2,608	7,624
	upper quartile	12,101	1,945	1,210	15,256	5,010	10,246
	highest decile	18,403	2,732	1,840	22,975	9,489	13,486

Source: The description of position and the gross salaries given above are taken from the BIM "National Management Salary Survey", 1977.

SECTION 21

Local Authority Discretionary Awards to Law Students

Contents

	<i>paragraph</i>
Introduction	21.1
Availability of awards in general	21.2
Availability of awards to law students	21.4
College of Law Survey	21.10
Conclusions	21.12

	<i>number</i>
Local education authorities prepared to consider making discretionary awards for second or further qualifications	21.1
Local education authorities prepared to consider making discretionary awards to students for courses leading to Law Society or Bar examinations	21.2
Local education authorities: policies regarding awards to all students for courses leading to Law Society examinations in 1976/77	21.3
Discretionary awards to College of Law students on courses leading to Law Society examinations 1976/77	21.4

Introduction

21.1 This section summarises the information available from three surveys concerning the policies of local authorities in making discretionary awards to law students. It deals mainly with information obtained from the following two surveys:—

- (a) A survey by the Department of Education and Science (DES), the results of which are set out in a published report entitled *Discretionary Awards 1975/76 to 1977/78*. This deals generally with the policies of local authorities towards discretionary awards.

(b) An unpublished survey conducted by the Trainee Solicitors Group which was concerned with the availability of discretionary awards leading to Parts I and II of the Law Society examinations.

In addition, reference is made in this section to a survey conducted by the College of Law among its students.

Availability of awards in general

21.2 Under section 2 of the Education Act, 1962, full-value discretionary awards may be given by local education authorities for advanced full-time or sandwich courses, for which students taking courses for the Law Society examinations and Bar examinations are eligible. The amount and extent of the awards vary between local authorities but full-value awards carry a rate of grant designed to cover the full cost of the student's fees and maintenance, subject to deductions in respect of parents', spouse's or the student's own income.

21.3 The DES survey provides information about the policies of local authorities in making discretionary awards for some form of second or further qualification following success on an earlier course (for example to a graduate wishing to follow a vocational course). The figures are given in Table 21.1 which shows that a significant minority of authorities, 28 per cent in 1977/78, were not prepared to make awards to students in this category. The table also shows a fall in the total number of authorities prepared to consider applications for discretionary awards in respect of courses leading to second or further qualifications between 1975/76 and 1977/78.

TABLE 21.1

Local education authorities prepared to consider making discretionary awards for second or further qualifications

	Awards for second or further qualification		
	1975/76	1976/77	1977/78
	%	%	%
Authorities prepared to make awards for second or further qualifications	50	46	43
Authorities prepared to make awards for further qualifications, but only for post-graduate, professional or vocational courses	27	28	29
Total authorities prepared to make awards for further qualifications	77	74	72
Authorities not prepared to make such awards	23	26	28
Total	100	100	100

Source: *Discretionary Awards 1975/76 to 1977/78*, Department of Education and Science, January 1978.

Availability of awards to law students

21.4 Table 21.2 shows the percentage of local authorities in the DES survey who would consider making discretionary awards to students for courses leading to Law Society and Bar examinations. The figures set out in Table 21.2 relate to all applicants for discretionary awards and therefore include non-graduates as well as law and other graduates.

TABLE 21.2

Local education authorities prepared to consider making discretionary awards to students for courses leading to Law Society and Bar examinations

Examinations for which courses are intended	Authorities prepared to consider making discretionary awards		
	1975/76	1976/77	1977/78
	%	%	%
Law Society:			
Part I	97	98	93
Part II	98	98	96
Bar:			
Part I	91	91	86
Part II	98	98	96

Source: *Discretionary Awards 1975/76 to 1977/78*, Department of Education and Science, January 1978.

21.5 Table 21.2 shows that almost all the local authorities in the survey were prepared, in principle, to make discretionary awards to students studying for the professional examinations of the Bar or Law Society. However, graduates may have more difficulty than non-graduates in obtaining awards, since some local authorities will not consider making discretionary awards to graduates who wish to obtain a further qualification, as already shown by Table 21.1.

21.6 Two further points can be seen from Table 21.2. First, between 1975/76 and 1977/78 there was a slight decline in the percentage of authorities prepared to consider making awards for courses in law. Second, there was little variation in the proportion of authorities prepared to make discretionary awards to students studying for the Law Society examinations or Part II of the Bar examinations, but slightly fewer authorities were prepared to make awards for courses leading to Part I of the Bar examinations.

21.7 The second main survey with which this section is concerned was carried out by the Trainee Solicitors Group which wrote to all local authorities in England and Wales in 1977 to obtain information on their policies relating to discretionary awards and obtained replies from 93 local authorities. The results are summarised in Table 21.3.

TABLE 21.3

Local education authorities: policies regarding awards to all students for courses leading to Law Society examinations in 1976/77

	Percentage of authority awards to:		
	non-graduates	law graduates	non-law graduates
	%	%	%
For courses leading to the Law Society Part I examinations:			
prepared to give awards	85	81	42
not prepared to give awards	2	8	44
no reply	13	11	14
Total	100	100	100
For courses leading to the Law Society Part II examinations:			
prepared to give awards	86	88	86
not prepared to give awards	1	1	2
no reply	13	11	12
Total	100	100	100

Source: Trainee Solicitors Group, 1977 unpublished study of awards available for Law Society examinations.

21.8 Table 21.3 shows that, for courses leading to Part I of the Law Society examinations, most local authorities were prepared to make discretionary awards to non-graduates and to law graduates, but many fewer authorities were prepared to make discretionary awards to non-law graduates. For courses leading to Part II of the Law Society examinations, discretionary awards were given by most local authorities to graduates and non-graduates alike.

21.9 Certain additional information obtained from the Trainee Solicitors Group survey is listed below; corresponding information from the DES survey, referred to in paragraph 21.1(a), is given where it is available:—

- (a) Most local authorities were prepared to make awards for College of Law courses, but few authorities would usually only give awards for courses at polytechnics. The DES survey showed that in 1977/78 31 per cent of authorities were not prepared to make awards for courses at private establishments if similar courses were available in the public sector.
- (b) About three-quarters of authorities stated that the amount paid under discretionary awards for Law Society courses was the same as for mandatory awards for university courses. The remainder tended to make discretionary awards at slightly lower rates. This is consistent with the DES

survey which shows that, in 1977/78, one-third of all full value discretionary awards made under section 2 of the Education Act, 1962, were estimated to be at rates lower than those for mandatory awards. On average the amount allowed for maintenance in these awards made at a lower level was about three-quarters of that in mandatory awards.

- (c) One-third of authorities said they would be prepared to make awards to those wishing to study for the Law Society examinations by way of correspondence courses, and another third were prepared to consider such applications individually or if special circumstances existed.
- (d) About two-thirds of authorities treated applications from mature students in the same way as other applications. The remainder said they would consider applications individually or on merit and five authorities said that mature students were eligible for a special allowance. Only one authority said it did not make awards to those aged over forty. This is broadly consistent with information contained in the DES survey about local education authorities' policies on maximum age limits for discretionary awards applicants.

College of Law survey

21.10 The College of Law conducted a survey in 1976/77 among its own students, and obtained information as to the extent to which the students were successful in obtaining discretionary awards from local authorities. The figures are given in Table 21.4.

TABLE 21.4

Discretionary awards to College of Law students on courses leading to Law Society examinations 1976/77

Results of applications	Law Society examinations	
	Part I	Part II
	%	%
Application for award refused	33	17
Application for award approved	58	79
Application still to be decided	9	4
Total	100	100
Number of students making applications	266	973

Source: Survey of students conducted by the College of Law.

21.11 While earlier tables in this section have illustrated the extent to which local authorities are willing to consider making discretionary awards to students, Table 21.4 shows the extent to which students at the College of Law were successful in applications for awards in 1976/77. Table 21.4 shows that 33 per cent of students on courses leading to the Part I examinations of the Law Society had their application refused and 17 per cent of students on courses leading to the Part II examinations had their application refused. However, the survey does not give information on the reasons why awards were refused.

Conclusions

21.12 The surveys referred to in this section show that most local authorities are willing to consider making discretionary awards to students undertaking courses for the Law Society or Bar examinations. Graduate students may have more difficulty than non-graduates in obtaining awards since just over one-quarter of local authorities were not prepared to make awards to graduates taking courses leading to a further qualification. In particular the survey by the Trainee Solicitors Group showed that discretionary awards for courses leading to Part I of the Law Society examinations were not available to non-law graduates from about half the local authorities who replied to the survey; but most authorities made awards for this examination to non-graduates. And local authorities generally were willing to consider making awards to all classes of applicant for courses leading to Part II of the Law Society examination.

21.13 Although nearly all authorities were prepared to consider making awards for courses leading to Bar examinations, a few would not consider making awards for courses leading to the Part I examination, from which only graduates in law gain exemption.

21.14 The amount paid under discretionary awards was usually equivalent to the amount paid under mandatory awards for university courses, although a substantial minority of local authorities paid less for discretionary than for mandatory awards.

SECTION 22

Survey of Users and Non-users of Legal Services in Northern Ireland

This survey was undertaken for the Commission by the Social Research Division, Central Economic Service of the Northern Ireland Department of Finance, from whom further information may be obtained.

Contents

	<i>paragraph</i>
Introduction	22.1
Conduct of the survey	22.2
Response to the survey	22.4
The numbers using legal services	22.6
Use of lawyers' services in 1978	22.7
Use of lawyers' services before 1978	22.13
The sorts of people who use lawyers' services	
Age, sex and marital status	22.15
Household tenure	22.18
Socio-economic group	22.19
Region	22.20
Religion	22.21
Educational level	22.22
Profile of users	22.23
The matters on which people consulted lawyers	22.25
Type of matter by age and sex	22.29
Type of matter by marital status	22.31
Type of matter by socio-economic group and tenure group	22.32
Finding a lawyer	22.36
How non-users would find a solicitor	22.41
Satisfaction with solicitors' services	22.44
Reasons for dissatisfaction	22.48
Complaints against solicitors	22.49
Other topics of enquiry	
Matters which are not taken to solicitors	22.52
Attitudes towards solicitors	22.57
Awareness of legal aid	22.63

USERS' SURVEY: NORTHERN IRELAND

Annexes	<i>number</i>
Methodology and conduct of the survey	22.1
Survey questionnaire	22.2
Tables	<i>number</i>
Number of personal matters in which lawyers were consulted during 1978	22.1
Use of lawyers' services in 1978: by sex, age and marital status	22.2
Use of lawyers' services in 1978: by household tenure	22.3
Use of lawyers' services in 1978: by socio-economic group of household head	22.4
Use of lawyers' services in 1978: by religion	22.5
Profile of those using legal services in 1978	22.6
Profiles of users of legal services in Northern Ireland and England and Wales	22.7
Nature of matters about which lawyers were consulted in Northern Ireland and England and Wales	22.8
Profile of people consulting lawyers in 1978: by type of matter	22.9
Type of lawyer consulted: consultations in 1978	22.10
How those who were not main or sole users of lawyers' services in 1978 would find a solicitor	22.11
Satisfaction with solicitors' services by those consulting a solicitor in 1978	22.12
Satisfaction with solicitors' services (1978): by sex, age, tenure, socio-economic group and religious denomination	22.13
Matters arising in 1978 in which a solicitor was not consulted but might have been useful	22.14
Attitudes towards solicitors: by part use of solicitors' services	22.15
Awareness of legal aid	22.16
Fieldwork results	A22.1.1
Household size and tenure	A22.1.2
Sex, age and marital status	A22.1.3
Social class and religion	A22.1.4

Introduction

22.1 Section 8 of this volume gives the results of a survey carried out in England and Wales by Social and Community Planning Research into the use made of lawyers' services by the general public. This section gives the results of a similar survey in Northern Ireland carried out on behalf of the Commission by the Social Research Division, Central Economic Service of the Northern Ireland Department of Finance.

Conduct of the survey

22.2 The survey was carried out by interviews, in January and February 1979, at 1,092 households in Northern Ireland. The households were selected by the consultants using statistical techniques designed to ensure that the households were representative of the general population in Northern Ireland. Details of the methods used and the conduct of the survey are given in annex 22.1.

22.3 A questionnaire was completed in respect of each household, the answers to which form the basis of this section. A copy of the questionnaire used is given at annex 22.2. The questionnaire used was, as far as possible, the same as that used for the England and Wales survey by Social and Community Planning Research, in order to facilitate comparisons between the two surveys. It did not, however, duplicate all of the England and Wales survey questions and some additional questions were introduced in order to test statements made to the Commission about Northern Ireland.

Response to the survey

22.4 The survey sought information concerning the use of legal services by all of the 2,353 people aged 18 and over who lived in the 1,092 households at which interviews were carried out. A total of 1,193 people were directly interviewed at these households.

22.5 The consultants give comparisons, in annex 22.1, of various characteristics of those people in the survey with information available from the 1971 census of the population in Northern Ireland. The consultants comment that:—

- (a) the households in the survey included slightly more owner-occupied and slightly fewer rented from the Housing Executive and privately rented than census figures show existed in 1971;
- (b) the adults in the households surveyed closely resembled the general population in terms of sex and age but had a lower proportion of single people than the general population, as described by the 1971 census;
- (c) the group of people interviewed in the survey included a higher proportion of women, were rather older and included a lower proportion of single people than the general population in 1971;
- (d) a reasonably satisfactory sample appears to have been selected in terms of social class and religious affiliation.

Overall, the survey can be taken as reasonably representative of the general population in Northern Ireland.

The numbers using legal services

22.6 One of the objectives of the survey was to find out how many people aged 18 or over in Northern Ireland used the services of lawyers for help or advice in their personal affairs in 1978. The definitions of "lawyers", "lawyers' services"

and "personal affairs" were the same as those used in the England and Wales survey and can be found in paragraph 8.17 of this volume. Any matter on which a respondent had help or advice from a lawyer during 1978 was included in the survey, even where the lawyer started giving help or advice before 1978, or had not finished dealing with the matter by the end of the year.

Use of lawyers' services in 1978

22.7 Some 13 per cent of all the people aged 18 or over for whom information was obtained from the survey had made some use of lawyers' services for help or advice in their personal affairs during 1978. This corresponds to the 15 per cent in the England and Wales survey who had made use of lawyers' services in 1977 (paragraph 8.20).

22.8 As in England and Wales, most of those using the services of lawyers had consulted them about one matter only during the year studied, that is 1977 for England and Wales and 1978 for Northern Ireland. Details are given in Table 22.1.

TABLE 22.1

Number of personal matters in which lawyers were consulted during 1978

	All adults aged 18 and over in 1,092 households	Those using lawyers' services in 1978
Sample numbers	2,353	295
Number of matters of use during 1978:	%	%
none	87	—
1	11	87
2	1	9
3 or more	*	4

Percentages may not add to 100 because of rounding.

*more than zero but less than 0.5.

22.9 Eleven per cent of those using lawyers' services during 1978 were not the main contact between their household and the lawyer. Those who were not main users were, frequently, married women, consulting lawyers jointly with their husbands about such matters as conveyancing, making a will or winding up an estate.

22.10 Detailed questions about matters taken to solicitors were asked only of those 264 members of households who were the sole or main contact with the lawyer. To limit the length of interview, those who had used lawyers' services in more than two matters during 1978 were questioned in detail about the two most recent matters only.

22.11 Of the 264 people who had been sole or main contacts with lawyers, 14 per cent were main or sole contacts in two or more matters; the rest were main or sole contacts in one matter only. These figures imply a total of 13 personal matters on which lawyers give help or advice per hundred adults per year or 28 matters per hundred households per year. These figures correspond closely to those in the England and Wales survey and indicate that the level of use of lawyers' services in Northern Ireland is similar to that in England and Wales.

22.12 As mentioned in paragraph 22.6 above these figures include matters on which the lawyer started giving advice before 1978; 29 per cent of all matters were of this kind. The number of matters on which people started getting help or advice from a lawyer during 1978 is estimated to be nine per hundred adults or 20 per hundred households. Again, these figures correspond closely to those in the England and Wales survey.

Use of lawyers' services before 1978

22.13 It has been noted that in the years covered by the surveys (1977 in England and Wales and 1978 in Northern Ireland) the proportions of people using lawyers' services were similar. Information was also sought about the use of lawyers' services in earlier years. The answers show that in Northern Ireland about 44 per cent of adults have used lawyers' services at some time compared with 57 per cent in England and Wales.

22.14 There could be a number of explanations for the lower proportion of people in Northern Ireland who have used lawyers' services in the past. For example, use in earlier years may have been lower in Northern Ireland than in England and Wales; or use of solicitors in Northern Ireland may be confined to a smaller section of the population than in England and Wales.

The sorts of people who use lawyers' services

Age, sex and marital status

22.15 The incidence of use of lawyers' services during 1978 varied with age, sex and marital status. Details are given in Table 22.2.

22.16 At all ages, men were more likely to have used lawyers' services than women; in particular men were more likely to have been the main contact between the household and the lawyer. Incidence of use was fairly uniform at

TABLE 22.2
Use of lawyers' services in 1978: by sex, age and marital status

	Sample numbers	Sole or main contact with lawyer on some personal matter during 1978 (% of sample)
All adults	2,353	11
Sex: men	1,140	16
women	1,213	7
Age: 18-24	361	7
25-29	224	9
30-34	229	14
35-44	351	13
45-54	390	14
55-64	345	14
65+	453	9
Marital status:		
married	1,592	12
single	565	6
widowed/divorced/separated	196	22

13-14 per cent of adults at each age band between 30 and 64. This is in contrast with the pattern in England and Wales, where incidence was highest at ages 25-34 and declined steadily thereafter (see Table 8.4).

22.17 Analysed by marital status, incidence of use of legal services was highest among those who described themselves as widowed, divorced or separated, and lowest among single people.

Household tenure

22.18 As shown in Table 22.3 those who lived in owner-occupied accommodation were more likely to have made use of lawyers' services during 1978 than those living in rented accommodation. The difference is not as great, however, as in England and Wales (20 per cent and nine per cent respectively).

Socio-economic group

22.19 Each household in the survey was classified according to the present or last occupation of the head of the household. Table 22.4 gives the variation in incidence of use of lawyers' services by socio-economic group, excluding widows who have never had a job and others who gave insufficient information. It can be seen that those living in households where the household head followed a professional or managerial occupation were most likely to have made use of a

TABLE 22.3
Use of lawyers' services in 1978: by household tenure

	Sample numbers	Sole or main contact with lawyer on some personal matter in 1978 (% of sample)
All adults	2,353	% 11
Household tenure:		
owned outright	858	14
owned with a mortgage	400	13
rented from NI Housing Executive ¹	853	9
rented from private landlord	196	8

¹All publicly-owned housing in Northern Ireland is rented from the Housing Executive.

TABLE 22.4
Use of lawyers' services in 1978: by socio-economic group of household head

	Sample numbers	Sole or main contact with lawyer on some personal matter in 1978 (% of sample)
All adults	2,353	% 11
Socio-economic group of head of household:		
professional	103	18
employers and managers	188	21
intermediate and junior non-manual	319	10
skilled manual and own account workers	886	9
semi-skilled manual	599	10
unskilled manual	70	14

lawyer's services during 1978. People from households where the head of household was an unskilled worker were more likely to have used lawyers' services than were people from households where the head of household was in a skilled or semi-skilled [or unskilled] occupation or in a junior non-manual occupation.

Region

22.20 Ten per cent of people living in urban areas had been main or sole contacts from their households with lawyers during 1978, compared with 12 per cent of people from rural areas. There is some parallel with this in the England and Wales survey, where it was found that people in low density areas were more likely than others to consult lawyers (see Table 8.12).

Religion

22.21 Respondents were asked which religious group they belonged to, if any. This question was left to the end of the interview so that refusal to answer would not jeopardise the rest of the interview. The information is therefore available only for the 1,193 people who were interviewed, not for all household members. It can be seen from Table 22.5 that the sample of users, when analysed by religious denomination, conformed to the overall composition of the sample as a whole.

TABLE 22.5
Use of lawyers' services in 1978: by religion

	All respondents (weighted ¹ sample)	Sole or main contact in some personal matter in 1978
Sample numbers (unweighted)	1,193	264
	%	%
Roman Catholic	33	31
Protestant:		
Presbyterian	27	28
Church of Ireland	19	18
Methodist	4	6
other Protestant	3	4
Other religion	2	4
None/refusal	12	10

Percentages may not add to 100 because of rounding.

¹The 1,193 people interviewed were made up of 264 users of legal services and 929 people randomly selected from non-users in each household. Information about these two groups was weighted together in proportion to their numbers in the sample as a whole to give results representative of all adults in the households covered by the survey.

Educational level

22.22 The educational level of users, as measured by school leaving age and qualifications obtained, was close to that of the population as a whole. The only difference was that users were slightly more likely to have a degree than the rest of the adult population—five per cent as compared with three per cent.

Profile of users

22.23 Table 22.6 shows the distribution of all adults in the sample and of users of legal services by sex, age and household tenure. It confirms the inference that may be drawn from earlier tables, that users were more likely to be male, aged 30-64, and living in owner-occupied accommodation than were adults as a whole.

TABLE 22.6

Profile of those using legal services in 1978

	All adults	Used lawyers' services on some personal matter in 1978	Sole or main contact with lawyer on personal matter in 1978
Sample numbers	2,353	295	264
Sex: men	48	65	68
women	52	35	32
Age: 18-24	15	9	9
25-29	10	8	8
30-34	10	14	12
35-44	15	17	17
45-54	17	18	20
55-64	15	20	18
65+	19	15	16
Household tenure:			
owned	53	65	64
rented	45	33	34
other	2	2	2

Percentages may not add to 100 because of rounding.

22.24 Table 22.7 compares the profiles of users in Northern Ireland with users in England and Wales. It can be seen that the proportion of women among users of legal services was lower in Northern Ireland than in England and Wales. Users in Northern Ireland are likely to be older than in England and Wales, and are less likely to live in owner-occupied accommodation.

TABLE 22.7

Profiles of users of legal services in Northern Ireland and England and Wales

	Used lawyers' services on some personal matter	
	Northern Ireland 1978	England and Wales 1977
Sample numbers	295	2,370
Sex: men	% 65	% 53
women	35	47
Age: 18-24	9	10
25-29	8	14
30-34	14	15
35-44	17	20
45-54	18	17
55-64	20	12
65+	15	11
not stated		2
Household tenure: owned	65	74
rented	33	22
other	2	3

Percentages may not add to 100 because of rounding.

The matters on which people consulted lawyers

22.25 Detailed information was obtained about the two most recent matters on which a lawyer was consulted by the 264 people who were main or sole contacts between their households and a lawyer.

22.26 The kind of matters most commonly occurring were buying or selling a house or flat (18 per cent), seeking compensation for personal injury (15 per cent), dealing with the estate of a deceased person (15 per cent) and making or altering a will (eight per cent). Details are given in Table 22.8.

22.27 Although in Northern Ireland buying or selling a house or flat was, as in England and Wales, the single most common matter about which a lawyer was consulted, it accounted for a much smaller proportion of all matters—18 per cent as compared with 30 per cent in England and Wales. Consultations about compensation for personal injuries and motoring offences were relatively

more numerous in Northern Ireland than in England and Wales. Our data do not reveal to what extent if at all the higher figure for personal injuries is attributable to the events giving rise to the present state of emergency in Northern Ireland.

TABLE 22.8
Nature of matter about which lawyers were consulted in
Northern Ireland and England and Wales

	All matters about which lawyers were consulted	
	Northern Ireland 1978	England and Wales 1977
Sample numbers	301	2,026
	%	%
Buying or selling a house or flat	18	30
Other domestic property matters	8	5
Dealing with estate of deceased person	15	11
Making or altering a will	8	10
Divorce and other family problems	5	12
Motoring offences	7	4
Other offences	4	3
Compensation for personal injuries	15	7
Problems about faulty goods or services	2	2
Debt or hire purchase problems	1	3
Buying or selling a shop, farm or business	2	2
Tax or capital transfer problems	1	1
Other financial problems	2	2
Problems as landlord/tenant	3	2
Problems with neighbours	1	1
Problems about employment/dismissal	1	1
Problems about social security/welfare rights	1	*
Compensation for property damage due to Northern Ireland troubles	1	—
Other	5	7

Percentages may not add to 100 because of rounding.

*More than zero but less than 0.5.

22.28 Because the number of users interviewed in the Northern Ireland survey was much smaller than in the survey in England and Wales, detailed analysis by type of matter and age, socio-economic group and household tenure was not possible. Nevertheless, some broad conclusions could be drawn, and these are given below.

Type of matter by age and sex

22.29 The majority of people consulting lawyers were men for all but two types of matters: divorce and other family matters, where women made up 70 per cent of all those consulting lawyers in 1978, and making or altering a will, where women accounted for just over a half of those consulting lawyers.

22.30 For people aged under 25, a half of all consultations with lawyers concerned motor offences or compensation for personal injuries. At each age group between 25 and 65, conveying domestic property was the single most common matter about which a lawyer was consulted. After 65, people most commonly consulted their solicitor about making or altering a will. Other matters where the frequency of occurrence varied with age were winding up estates (relatively more common from age 35 onwards) and divorce and other family problems (most common in the 30-34 age group). In broad outline, this pattern was similar to that found in England and Wales in 1977. The major difference was in the under 25 age group, where the most common matter of consultation in England and Wales was domestic conveyancing.

Type of matter by marital status

22.31 Married people most commonly consulted a lawyer about conveyancing or other domestic property matters, and about compensation for personal injury. No particular pattern was evident for single people, who had a low rate of consultation overall. In paragraph 22.17 it was noted that widowed, divorced and separated people had a higher rate of consultation than either married or single people. Analysis of the rate of consultation for these groups by type of matter shows a direct link between type of matter and marital status. Widowed people had a high rate of consultation about making wills and winding up estates; divorced and separated people had a high rate of consultation about divorce and related family matters.

Type of matter by socio-economic group and tenure group

22.32 When the matters about which people consulted lawyers were classified according to the socio-economic group of the head of the household, the types of matter fell into three groups. The first group, where the rate of consultation was highest among those from households where the head of household followed a non-manual occupation, comprised domestic conveyancing and other domestic property matters. The second group, comprising motoring and other offences and making or altering a will, included those matters where the distribution by socio-economic group was similar to that among the population as a whole.

The third group of matters, where people consulting a solicitor came predominantly from households where the head was in a manual occupation, comprised only divorce and other family matters.

22.33 Consultations about conveyancing were relatively more common among people living in households owned and mortgaged. Consultations about other domestic property matters, making or altering a will and winding up estates were relatively most common among people living in households owned outright. People living in property rented from the Northern Ireland Housing Executive were more likely than other groups to consult lawyers about compensation for personal injury and motoring and other offences.

22.34 The survey gives information about the characteristics of people who consulted lawyers about property matters and those who consulted lawyers about other kinds of matters. Details are given in Table 22.9. Property matters were taken to include buying or selling a house or flat, other domestic property matters, winding up estates, making or altering a will, buying or selling a business, tax or capital transfer problems and other financial problems.

22.35 The table shows that people consulting lawyers about matters related to the ownership of property were, on average, older than either people consulting lawyers about other matters or than adults as a whole. They were also more likely than either group to come from a higher socio-economic group and to live in owner-occupied property. People consulting lawyers about matters not concerning property were on average younger than adults as a whole. It can be seen therefore that in respect of household tenure and socio-economic group, the profile of those consulting lawyers about matters not involving the ownership of property is closer to the profile of all adults than is the profile of those consulting solicitors about property-related matters.

Finding a lawyer

22.36 About one in five of those who were main or sole contacts with a lawyer in 1978 had first sought advice from a non-lawyer. This was fewer than in England and Wales where more than a quarter had sought advice or help from a non-lawyer. Most had sought advice from relatives outside the household or friends. Compared with England and Wales, a much smaller proportion of those seeking advice had consulted an official body or an organisation such as an advice bureau or a trade union. People from households where the head of household was in a manual occupation were more likely to have sought advice than people from other types of household.

22.37 As in England and Wales, the vast majority consulted a solicitor in private practice; consultations with solicitors or other lawyers elsewhere accounted for only five per cent of the total. Details are given in Table 22.10.

TABLE 22.9

Profile of people consulting lawyers in 1978: by type of matter

	Sole or main contacts with lawyers in 1978	All matters in which lawyers consulted in 1978		All adults in sample
		Matters ¹ concerning property	Other matters ¹	
Sample numbers:	264	164	137	2,353
Sex: men	% 68	% 68	% 72	% 48
women	32	32	28	52
Age: 18-24	9	2	20	15
25-34	20	18	22	19
35-44	17	15	20	15
45-54	20	21	18	17
55-64	18	24	12	15
65 and over	16	20	7	19
Socio-economic group of household head:				
professional, employer or manager	22	27	18	12
intermediate or junior non-manual, skilled manual and own account workers	12	16	9	14
semi-skilled and unskilled workers	31	31	30	38
other	26	15	38	28
other	8	10	4	8
Household tenure: owned	64	82	45	53
rented	34	16	55	45
other	2	2	1	2

Percentages may not add to 100 because of rounding.

¹These two columns together include 301 matters in which 264 people were sole or main contacts with a lawyer.

22.38 So far the report has referred to consultations with lawyers. Since 95 per cent of all consultations were with solicitors in private practice and many of the remainder were also with solicitors, subsequent references are to solicitors, rather than lawyers.

22.39 In just over half (52 per cent) of the 301 matters upon which solicitors were consulted, consultation was with solicitors who had never assisted anyone from that household before. Where the solicitors had been consulted before, in

28 per cent of all cases the first consultation was within the past five years. It would appear, as in Eng'and and Wales, that consultations with family solicitors of long standing account for a minority of all consultations. People from households where the head was in a manual occupation were less likely to have consulted a solicitor before than were people from other households.

TABLE 22.10

Type of lawyer consulted: consultations in 1978

Sample number	301
	%
A solicitor in private practice	95
A solicitor or other lawyer in a CAB	1
A solicitor or other lawyer in a law centre or legal advice centre	1
A solicitor or other lawyer working in a trade union	2
Other	1

22.40 People were asked how they came to choose the firm of solicitors that they used. Nearly two-thirds referred to some sort of informal personal recommendation, somewhat more than in the England and Wales survey (see Table 8.23). Among this group, however, the proportion who said that the solicitor or a member of his firm was a friend or acquaintance was lower than in England and Wales (seven per cent of all consultations as compared with 11 per cent in England and Wales).

How non-users would find a solicitor

22.41 A sample of those interviewed who had not used a solicitor in 1978 were asked how they would choose one. The answers are summarised in Table 22.11. A number mentioned several ways in which they might look for a solicitor, so that the percentages shown in Table 22.11 sum to more than 100 per cent.

22.42 A fifth said they would go to a solicitor used before 1978 by them or a member of their household. Nearly half would go to a solicitor used by friends, relatives, workmates or employers, or get a recommendation from them. Only 9 per cent did not know how to find a solicitor, a slightly higher proportion than the 6 per cent in England and Wales.

22.43 The ways in which non-users would seek legal advice are therefore similar to the ways in which users had chosen solicitors.

TABLE 22.11

How those who were not main or sole users of lawyers' services in 1978 would find a solicitor

	All who were not main or sole contacts with lawyers in 1978
Sample number	929
Go back to the solicitor used before 1978	21
Go to solicitor used previously by relatives or get relatives' recommendation	24
Get friends'/neighbours'/employers'/workmates' recommendation	27
Go to solicitor who is an acquaintance/personally known	7
Get recommendation of:	
citizens' advice bureau or other advice centre	3
trade union	*
social services department/other official body	1
Go to local one/one whose offices are convenient	*
Choose from telephone directory	5
Other answer	6
Don't know/not stated	9

*More than zero but less than 0.5.

For the reason given in paragraph 22.41, the percentages sum to more than 100.

Satisfaction with solicitors' services

22.44 Those interviewed were asked whether they were satisfied with the service they received from their solicitors. The replies to this question, and to a later question about complaints, are the subjective views of respondents; it was not feasible in a survey of this kind to provide any objective measure of quality of service. In 82 per cent of consultations with a solicitor in 1978, the client was fairly or completely satisfied with the way the solicitor handled the matter. The pattern of satisfaction corresponded closely with that in England and Wales. Details are given in Table 22.12.

22.45 Those who were somewhat or very dissatisfied with the services of their solicitor were more likely to be found among older people, those living in rented

property and Roman Catholics. People from households where the head followed an intermediate non-manual occupation or a skilled manual occupation were more likely to be satisfied than were those from professional and managerial households or from semi-skilled and unskilled manual households. Details are given in Table 22.13.

TABLE 22.12
Satisfaction with solicitors' services by those
consulting a solicitor in 1978

	Northern Ireland	England and Wales
All matters	301	2,064
	%	%
Completely satisfied	65	67
Fairly satisfied	17	17
Neither satisfied nor dissatisfied	2	3
Somewhat dissatisfied	8	7
Very dissatisfied	7	6
Not stated	1	*

*More than zero but less than 0.5.

22.46 These findings are in contrast with the England and Wales survey, where satisfaction did not appear to be related to household tenure and socio-economic group, and older people were less likely than average to be dissatisfied (see Table 8.32).

22.47 Level of satisfaction also varied with type of matter. People who had consulted a solicitor about conveyancing matters were more likely than average to have been satisfied; those who had consulted a solicitor about personal injury compensation or winding up estates were less likely than average to have been satisfied.

Reasons for dissatisfaction

22.48 Among the reasons given for dissatisfaction, it was most commonly said that the matter took too long or that the solicitor was slow. Other reasons commonly given were that the solicitor gave bad advice or the client disagreed with the action taken, or that the solicitor did not take enough interest in the matter or did not do enough. Complaints about the interest taken by the solicitor or about lack of communication with the client were less frequent than in England and Wales. There were no complaints about unprofessional behaviour or professional malpractice.

TABLE 22.13

Satisfaction with solicitors' services (1978): by sex, age, tenure, socio-economic group and religious denomination

	Sample	Fairly or completely satisfied	Neither/not stated	Somewhat or very dissatisfied
All matters	301	% 82	3	15
Sex: men	210	% 82	3	14
women	91	% 82	2	15
Age: 18-29	54	% 85	4	11
30-54	149	% 83	3	14
55 or over	98	% 81	2	17
Household tenure:				
owned	196	% 83	4	13
rented	101	% 80	2	18
Socio-economic group of head of household:				
professional, employer or manager	70	% 79	3	19
intermediate or junior non-manual skilled manual or own account workers	40	% 88	2	10
semi-skilled or unskilled workers	92	% 86	2	12
	77	% 79	3	18
Religion:				
Roman Catholic	87	% 75	7	18
Protestant	175	% 86	1	13

Percentages may not add to 100 because of rounding.

Complaints against solicitors

22.49 Those who had ever used solicitors' services were asked if at some time they had felt they had cause for complaint. Some 11 per cent said they had, the same proportion as England and Wales. Semi-skilled and unskilled workers, Roman Catholics, and people living in property rented from the Northern Ireland Housing Executive, were more likely than other groups to say they had at some time had cause for complaint.

22.50 The most common reason for complaint was that the solicitor gave bad advice or the client disagreed with the action he took. People also said that the matter took too long, or that the solicitor did not take enough interest in it.

22.51 Only one in five of people who said they had cause for complaint actually made a complaint last time. Those who made a complaint made up only two per

cent of people who had ever used solicitors' services. These proportions compare with one in three in England and Wales with cause for complaint, or four per cent of those who had ever used solicitors' services.

Other topics of enquiry

Matters which are not taken to solicitors

22.52 It was not possible within the context of this survey, administered by lay interviewers, to make any reliable assessment of which problems might have been helped by the services of a solicitor. Respondents were however asked about problems in which they recognised a solicitor's help or advice might have been useful, but which, in the event, had not been taken to a solicitor.

22.53 The questions about problems in which the respondent felt a solicitor might have been of use, but was not consulted, were asked of one adult randomly selected from each household, and of all users of legal services. The answers have been weighted together to give results representative of all adults in the survey.

22.54 Altogether five per cent of all adults had some problem during 1978 in which they thought the advice or assistance of a solicitor might have been of use but where a solicitor was not consulted. The corresponding figure in England and Wales was nine per cent. In most cases people identified one matter, only ten per cent of them mentioning more than one. Details of the nature of the matters are given in Table 22.14.

22.55 Three out of the four main types of matter about which solicitors were consulted in 1978, domestic conveyancing, dealing with the estate of someone who had died and seeking compensation for personal injuries, occurred less frequently among the list in Table 22.14. Problems about making or altering a will, problems with neighbours, problems about faulty goods and services, motoring offences and social security problems occurred more frequently than among matters actually taken to solicitors. This pattern is similar to that in England and Wales (see Table 8.54).

22.56 In matters where a solicitor's help might have been useful but was not sought, 36 per cent of people asked for help or advice from others outside their household. The reasons most commonly given for not seeking a solicitor's help was that the person was deterred by the cost of the solicitor's services.

Attitudes towards solicitors

22.57 The Northern Ireland survey included a question designed to probe respondents' attitudes towards solicitors. This question was not included in the England and Wales survey. It was included here because a number of

witnesses, in evidence to the Commission, said that people in Northern Ireland were not generally inhibited about seeking legal advice. Respondents were asked which of a pair of three attributes best described their feelings towards solicitors. Details are given in Table 22.15.

TABLE 22.14
Matters arising in 1978 in which a solicitor was not consulted but
might have been useful

	Matters in which a solicitor's help might have been useful but was not sought	Matters in which solicitor was consulted in 1978
Sample numbers (unweighted)	71	301
	%	%
Buying or selling a house or flat	5	18
Other domestic property matters	—	8
Dealing with state of deceased person	1	15
Making or altering a will	16	8
Divorce and other family problems	4	5
Motoring offences	13	7
Other offences	—	4
Compensation for personal injuries	1	15
Problems about faulty goods or services	14	2
Debt or hire purchase problems	2	1
Buying or selling a shop, farm or business	—	2
Tax or capital transfer problems	5	1
Other financial problems	5	2
Problems as landlord/tenant	5	3
Problems with neighbours	7	1
Problems about employment/dismissal	5	1
Problems about social security/welfare rights	13	1
Compensation for property damage due to Northern Ireland troubles	—	1
Other	5	5

Percentages may not add to 100 because of rounding.

TABLE 22.15

Attitudes towards solicitors: by past use of solicitors' services

Description of solicitors	All respondents (weighted sample) ¹	Respondents who had never used a solicitor	Respondents who had in the past consulted a solicitor
Sample numbers (unweighted)	1,193	587	606
	%	%	%
Efficient	63	55	73
Inefficient	7	5	10
Neither	5	3	7
Don't know	26	37	11
Approachable	67	57	81
Unapproachable	9	9	10
Neither	2	2	1
Don't know	22	32	7
Reasonably priced	27	18	39
Expensive	37	38	35
Neither	3	2	4
Don't know	33	41	22

Percentages may not add to 100 because of rounding.

¹The 1,193 people interviewed were made up of 264 users of legal services in 1978 and 929 people randomly selected from the remaining adults in each household. Information about these two groups was weighted together in proportion to their numbers in the households sampled as a whole to give results representative of all adults in the households covered by the survey.

22.58 A substantial proportion of people who had never consulted a solicitor felt unable to give an opinion about solicitors' efficiency, approachability or expense. For those who gave an opinion, contact with solicitors in the past did not seem to influence attitudes, except in relation to expense. Of those who gave an opinion, nearly two-thirds of people who had never used solicitors thought they were expensive, compared with less than a half of people who had in the past consulted a solicitor.

22.59 Only a small proportion of respondents thought that solicitors were inefficient or unapproachable. However, excluding those who did not give an opinion, more than half thought solicitors were expensive.

22.60 There was little variation between different groups in the survey in the proportions finding solicitors efficient or inefficient. The only factor producing

any substantial variation was religious denomination; ten per cent of Roman Catholics thought solicitors inefficient, compared with four per cent of Protestants.

22.61 People living in rural areas, manual workers and people living in rented property were more likely than the others to find solicitors unapproachable.

22.62 The proportion of respondents saying that they thought solicitors were reasonably priced rose with increasing age. Women, people living in property owned and mortgaged, people who had never consulted a solicitor and people living in property rented from the Housing Executive were particularly likely to say that solicitors were expensive.

TABLE 22.16
Awareness of legal aid

	All respondents ¹ (weighted sample)	
	Northern Ireland (1978)	England and Wales (1977)
Sample numbers (unweighted)	1,193	3,016
Heard of legal aid	% 69	% 84
Those thought to qualify:		
low income or examples of low income groups	40	62
anyone (advice only)	*	1
anyone (advice and action)	*	2
specific types of case	4	4
other	3	2
don't know	22	15
Not heard of legal aid	31	16

Percentages may not add to 100 because of rounding.

*More than zero but less than 0.5.

¹Replies by users and non-users of legal services weighted together in proportion to their numbers in the sample as a whole.

Awareness of legal aid

22.63 People were asked whether they had ever heard of the Legal Aid Scheme, and, if they had, in what circumstances people could qualify for legal aid. Altogether 69 per cent of respondents said they had heard of the scheme,

compared with 84 per cent in England and Wales. Details are given in Table 22.16. Only 40 per cent knew the scheme was for people of low income or gave examples of low income people who might qualify, compared with 62 per cent in England and Wales.

22.64 Awareness of the Legal Aid Scheme was higher among people who lived in urban areas, in households where the head of household followed a non-manual occupation and among those who had at some time in the past consulted a solicitor. People over 65, widowed people and those whose education had been completed before the age of 15 were less likely than others to say they had heard of legal aid.

ANNEX 22.1

Methodology and conduct of the survey

*Technical note by the Social Research Division of the Northern Ireland
Department of Finance.*

(paragraph 22.2)

Sampling

A22.1.1 A two-stage sample design was used, stratified by area and population density. The area stratification divided Northern Ireland into three sub-regions. The sub-regions were based on District Council boundaries and the regions created were:

- (a) The Belfast District Council area (the Belfast sub-region);
- (b) The remainder of the eastern part of the province covering most of the counties of Antrim and Down and part of Armagh (the eastern sub-region); and
- (c) The remainder of Northern Ireland (the western sub-region).

The population density stratification factors were those which divided the wards within each of the three sub-regions into three equal groups. Thus three strata were created within each of the three sub-regions giving nine strata in all.

A22.1.2 The first stage in sampling was ward selection which was done by probability proportional to size (as measured by the number of domestic rateable units in each ward). The second stage in sampling was the selection of addresses using the Valuation List as a sampling frame. The sample design meant that within strata the number of addresses selected per ward was the same since the wards were selected with probability proportional to size. Each address in Northern Ireland had therefore an equal probability of selection.

A22.1.3 Addresses within wards were chosen from the Valuation List taking a random start and a constant sampling interval. A total of 72 wards were selected yielding an overall total of 1,507 possible addresses.

Fieldwork

The interviewers' task

A22.1.4 Interviewers were instructed to complete an interview with a member or members of each private household of the addresses selected. In the interview the interviewer had to seek information on any use of legal services during 1978 by any adult member of the household (aged 18 or over). Interviewers were also to interview at each address a randomly selected person who might or might not have made use of legal services during this period. In other words a sample of non-users was to be interviewed as well as all identified users. For certain questions on the questionnaire only the head of household or spouse could answer. It was thus necessary for the interviewer to call back to see him or her if this person was not available on the initial interview.

A22.1.5 Overall there were three different types of people whom interviewers contacted at the household address. These were a user, a non-user, and the head of household (or spouse); of course the head of household might be the user or selected non-user. Non-users were selected on a random basis to ensure that first contacts at a household were not the only people interviewed as there is evidence that first contacts are a biased sample of the total population.

Fieldwork organisation

A22.1.6 Fieldwork on the survey was carried out by a total of 64 interviewers. The initial intention was that briefing of interviewers should take place during the first two weeks of January 1979. Three out of eight planned briefings were held when a combination of severe petrol shortage and extremely inclement weather forced a delay. Briefings did not recommence until 17 January and finished on 24 January. Because of time restraints field work had to conclude on 9 February—there was thus a maximum of only three weeks for the interviewers. As a result the planned sample size of 2,000 households was reduced to 1,500.

A22.1.7 This reduction in sample size does not however affect the validity of the results. As can be seen from the sample structure description later in this paper, the characteristics of the informant group reflect the population of Northern Ireland quite closely.

Results of fieldwork

A22.1.8 The results of fieldwork are shown in Table A22.1.1. Overall response rate was almost 80 per cent. Twenty seven households complete at least part of the interview schedule but either a user schedule (five cases) or a non-user schedule (22 cases) was not completed. In 88 households both a user and a non-user interview was completed. In 12 cases two user interviews were completed and in one case two non-users.

Composition of households

A22.1.9 In the 1,092 households where acceptable interviews were carried out, there were in total 2,353 people aged 18 or over. The total number of people from whom data was collected was 1,193.

TABLE A22.1.1**Fieldwork Results**

	Number	%
Possible addresses	1,507	
Derelict, Vacant, etc.	135	
Total occupied (possible interviews)	1,372	100
Less: refused	85	6.2
other non-contact	168	12.2
Total not interviewed	253	18.4
Total households interviewed	1,119	81.6
Total incomplete interviews	27	2.0
Total completed household inter-views	1,092	79.6

User response

A22.1.10 If it appeared that a person had been the sole or main contact between his or her household and a lawyer over any personal matter during 1978, interviewers were instructed to complete a user questionnaire with a person about the matter. A limit of two was set on the number of contacts which would be discussed with any one respondent. Where a person had been the main or sole contact with a lawyer over three or more matters, the questionnaire investigated only the first two in which he or she had dealings with a lawyer during 1978.

A22.1.11 The screening data obtained indicated that user questionnaires should have been completed with 269 people about 323 matters. In fact they were completed with 264 people (98 per cent of the indicated total) about 301 matters (93 per cent of the indicated total)—11 individuals had experienced three or more contacts in the year).

Response by non-users

A22.1.12 In each household one person was randomly sampled. The interviewer was instructed to contact this person and complete a non-user questionnaire with him or her (obviously assuming that the identified person was not a user). Of the 2,353 people aged 18 or over identified in households where successful interviews were carried out, 2,067 had been neither main nor sole contacts with lawyers during 1978 and screening information was obtained for them. Of these people interviews were completed with 929 (44.9 per cent).

A22.1.13 The samples studied were therefore 264 users, 929 non-users from 1,092 households; in 88 households both a user and a non-user were interviewed and in 12 two users were seen. In one household two non-users were interviewed.

Weighting of non-user responses

A22.1.14 In connection with the weighting of non-users, since only one non-user per household was interviewed, and all users identified were interviewed, users and non-users did not have the same chance of selection for interview. A further related complication was the fact that a non-user in a six adult household obviously did not have the same chance of selection as a non-user in a two adult household.

A22.1.15 To compensate it was necessary to weight non-users' responses when combining results of those questions which both users and non-users were asked (Q24-Q36). Accordingly non-user replies (in households greater than one) were weighted by the factor:—

non-user response \times number of adults in household.

Each non-user response was therefore weighted according to household size. A limit of five was set on the weighting factor so that any households with five or more adults were weighted similarly. A household of 10 adults was weighted in the same way as a household of six adults (weighting factor five).

A22.1.16 User replies were not weighted since theoretically they had a 100 per cent chance of selection. On the other hand, households where both users and non-users were interviewed had the non-users weighted differently from those where only a non-user was contacted. Those households where both a user and non-user were interviewed had the non-user response weighted by the factor:—

non-user response \times (number of adults in household — number of users in household).

When all weighting was complete the total number of responses used for analysis was 2,165 compared to an unweighted total of 1,193. The fact that the weighted total (2,165) does not

equal the total number of adults in the sample (2,353) is due to several complications: in particular all families of five or more adults were weighted by the same factor (5) so those in families of more than five are not totally counted.

Sample structure

Households

A22.1.17 The comparison between the households covered in the survey and those characterising the entire province in the 1971 census is given in Table A22.1.2. Households sampled included slightly more owner-occupied and slightly fewer privately rented than census figures show existed in 1971.

TABLE A.22.1.2
Household size and tenure

	All households in sample	NI Census 1971
	%	%
Tenure:		
owner-occupied	53	} 46
—mortgage	17	
—owned outright	36	
rented		
—Housing Executive	37	35
—private	8	18
other (including not obtained)	2	1
Number of persons in household (all ages)		
1 person	18	15
2 people	28	25
3 people	15	18
4 people	17	16
5 people	10	11
6 or more people	12	15

Demographic characteristics

A22.1.18 Table A22.1.3 compares the sex, age and marital status of all adults in the households sampled and, among those, of all respondents to the detailed questionnaire, with figures for the Northern Ireland population as a whole taken from the 1971 census. Details for respondents have been weighted together in the manner described in paragraphs A22.1.15–16.

A22.1.19 The adults in the households sampled closely resembled the general population in terms of sex and age, but included a slightly higher proportion of married people and a correspondingly lower proportion of single people. The group of people interviewed were slightly older, and included a higher proportion of women, and a higher proportion of married, widowed, divorced and separated people, than the general population.

TABLE A22.1.3
Sex, age and marital status

	All adults in households sampled	All respondents (weighted)	NI Census 1971
	%	%	%
Sex: male	48	45	49
female	52	55	51
Age: 18-34	35	29	36
35-64	46	50	47
65 and over	19	21	17
Marital status:			
married	68	69	64
single	24	18	27
widowed/divorced/ separated	8	12	9

Socio-economic factors

A22.1.20 The social class and religious affiliation of the sample and the total population are shown in Table A22.1.4. A reasonable satisfactory sample appears to have been selected in terms of these characteristics.

TABLE A22.1.4
Social class and religion

	All adults in households sampled	All respondents (weighted)	NI Census 1971
	%	%	%
Social class ¹ :			
I	4	4	2
II	23	22	20
III+	11	11	16
III-	27	27	26
IV	25	25	23
V (including not obtained)	11	11	13
Religion:			
Roman Catholic	31	33	31
Protestant	54	53	54
other (including none and not disclosed)	15	14	15

Percentages may not add to 100 because of rounding.

¹ Since the social classification of the Northern Ireland Census is based on the Registrar General's Classification of Occupations, all three social class breakdowns given use the same definition.

ANNEX 22.2

Survey Questionnaire

(paragraph 22.3)

LEGAL SERVICES SURVEY 1979

Case Number

Questionnaire number for this household

- Urban 1
- Rural 2

Interviewer's Name

Question Number	Notes and Explanations

1. THE INFORMATION AT Q.1 MAY BE OBTAINED FROM ANY HOUSEHOLD MEMBER AGED 18 OR OVER.

(a) First I'd like to check what people aged live with you in this household.

LIST IN ORDER GIVEN BY INFORMANT

Person Number	Relationship to Head of Household	Sex		Age last birthday	Marital status					Employment status				
					M.	S.	Wid.	Div.	Sep.	Working		Not working	Student	
										Full time (31+ hrs a week)	Part time 10-30 hrs a week			
		M	F											
1	Head of Household	1	2								1	2	3	4
2		1	2								1	2	3	4
3		1	2								1	2	3	4
4		1	2								1	2	3	4
5		1	2								1	2	3	4
6		1	2								1	2	3	4
7		1	2								1	2	3	4
8		1	2								1	2	3	4

No. of persons aged under 18 in household

Total no. of persons in household

INTERVIEWER CHECK

If informant is head of household or spouse, continue overleaf at Q.2.

If informant is not head of household or spouse, skip to page 5.

Also arrange to return to interview HOH/spouse for information on household ownership and occupation of HOH.

OFFICE USE ONLY

Col. 7	Col. 8	Cols. 9 & 10	Col. 11	Col. 12	Cols. 13 & 14	Cols. 15 & 16

	QUESTIONS	Codes	Skip to
2. (a)	INFORMATION AT Q.2 and Q.3 MAY BE OBTAINED FROM HEAD OF HOUSEHOLD OR HOUSEWIFE ONLY FOR ALL HOUSEHOLDS:		
	Do you	Col 17	
	own this accommodation outright	1	
	own this accommodation on a mortgage	2	
	rent this accommodation from the Housing Executive	3	
	rent it furnished from a private landlord	4	
	rent it unfurnished from a private landlord	5	
Other (specify)	6	Q.2(b)	
(b)	For how many years have you lived at this address?	Col 18	
	under 1 year	1	
	1 but under 2 years	2	
	2 but under 3 years	3	
	3 but under 4 years	4	
	4 but under 5 years	5	
	5 but under 10 years	6	
	10 years or more	7	Go to Interviewer check

Interviewer check: ask only *one* of these two sets of questions, for HOH or his spouse.
Do not ask both sets.

Head of Household		Wife of HOH	
		INFORMANT IS HOH—DNA A	Go to Interviewer check
3. INTERVIEWER: IS INFORMANT IN PAID EMPLOYMENT FOR MORE THAN 10 HOURS A WEEK (Q.1)		4. Is (HOH) in paid employment for more than 10 hours a week?	
Yes —	1	Yes —	1
No —	2	No —	2
	Go to (b) Ask (a)		Go to (b) Ask (a)
IF NO		IF NO	
(a) Have you ever been in paid employment for more than 10 hours a week?		(a) Has (HOH) ever been in paid employment for more than 10 hours a week?	
Yes —	1	Yes —	1
No —	2	No —	2
	See Interviewer check		Go to Interviewer check
(b) What is your job called (ie present or last job for more than 10 hours a week)?		(b) What is 's (HOH's) job called (ie present or last job for more than 10 hours a week)?	
(c) What <i>do/did</i> you actually do in your job?		(c) What <i>does/did</i> (HOH) actually do in that job?	
IF MORE THAN ONE ACTIVITY UNDERLINE MAIN ACTIVITY		IF MORE THAN ONE ACTIVITY UNDERLINE MAIN ACTIVITY	
(d) Self-employed ...	1	(d) Self-employed	1
Manager	2	Manager	2
Foreman	3	Foreman	3
Other employee ...	4	Other employee ...	4
	Ask (i) Go to (e)		Ask (i) Go to Interviewer check
IF SELF-EMPLOYED OR MANAGER		IF SELF-EMPLOYED OR MANAGER	
(i) Number of employees in establishment: 25 or more A		(i) Number of employees in establishment: 25 or more A	
1-24 B		1-24 B	
None C		None C	
			Go to Interviewer check
(e) What <i>does/did</i> the (part of) firm you work(ed) for make or do?			
IF MORE THAN ONE ACTIVITY, UNDERLINE MAIN ONE	Go to Interviewer check		

Col 19

Col 20

Col 21

Col 22

Col 23

Col 24

	Questions	Codes	Skip to
	<p>Interviewer Check:</p> <p>Insert "person number" of informant here</p> <p>(From first column, question 1)</p> <p style="text-align: right;">Person Number</p> <div style="border: 1px solid black; width: 60px; height: 30px; margin-left: auto;"></div>	Col 25	
5.	<p>I am going to ask some questions about any dealings of any sort you may have had with solicitors or other lawyers <i>last year</i>, during 1978. SHOW CARD A. These are the sorts of people and the sorts of matters I mean:</p> <p>(a) During 1978, did any solicitor or other lawyer do any work for you, start doing any work, or give help or advice of any sort? (Please include anything that started earlier and carried on into 1978).</p> <p style="text-align: right;">Yes — 1 No — 2</p> <p>(b) During 1978, did anyone else <i>outside this household</i> get any help or advice from a solicitor or other lawyer on your behalf, or have anything done by one on your behalf?</p> <p style="text-align: right;">Yes — 1 No — 2</p> <p>(c) <i>If Yes to (a) or (b) ask (c) or (d) of that person</i> In any of these matters, were you acting as an employee <i>on behalf of your employer</i>?</p> <p style="text-align: right;">Yes — 1 No — 2</p> <p>(d) (Excluding matters where you were acting on behalf of your employer) on how many separate matters did you have advice or help from a solicitor or other lawyer during 1978?</p> <p style="text-align: right;">Number of matters ...</p> <div style="border: 1px solid black; width: 60px; height: 30px; margin-left: auto;"></div>	<p>Col 26</p> <p>Col 27</p> <p>Col 28</p> <p>Col 29</p>	<p>Go to (b)</p> <p>Go to (d)</p> <p>Q.6</p>
6.	<p>Interviewer Check:</p> <p>Is informant the head of household or his spouse?</p> <p style="text-align: right;">Yes — No —</p>	<p>Col 30</p> <p>1 2</p>	<p>Q.7 Q.8</p>

Questions		Codes	Skip to																																																																																
7.	<p>(a) Did anyone else in this household, apart from yourself, have any solicitor or other lawyer do any work for them, start doing any work, or give help or advice of any sort during 1978? (Please include anything that started earlier and carried on into 1978).</p> <p>RECORD ANSWERS TO QUESTION 7 (a) to (d) ON GRID UNDER RELEVANT PERSON NUMBER.</p> <p>(b) During 1978, did anyone else <i>outside this household</i> get any help or advice from a solicitor or other lawyer on any adult member of the household's behalf, or have anything done by one on their behalf?</p> <p>IF YES TO (a) OR (b) ASK (c) OF THAT PERSON.</p> <p>(c) In any of these matters, was he/she acting as an employee <i>on behalf of his/her employer</i>?</p> <p>(d) (Excluding matters where he/she was acting on behalf of his/her employer) on how many separate matters did he/she have advice or help from a solicitor or other lawyer during 1978?</p>																																																																																		
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="8" style="text-align: center;"><i>Person number (from H/H Grid)</i></th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8</th> </tr> </thead> <tbody> <tr> <td>(a) Yes</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td rowspan="2">Total number of other users</td> <td rowspan="2">Col 31</td> </tr> <tr> <td>No</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> </tr> <tr> <td>(b) Yes</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td rowspan="2">Total number getting other's help</td> <td rowspan="2">Col 32</td> </tr> <tr> <td>No</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> </tr> <tr> <td>(c) Yes acted for employer</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> <td rowspan="2">Total number acting for employer</td> <td rowspan="2">Col 33</td> </tr> <tr> <td>No did not</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> <td>2</td> </tr> <tr> <td>(d) Number of personal matters</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Total number of matters</td> <td>Col 34</td> </tr> </tbody> </table>	<i>Person number (from H/H Grid)</i>								1	2	3	4	5	6	7	8	(a) Yes	1	1	1	1	1	1	1	Total number of other users	Col 31	No	2	2	2	2	2	2	2	(b) Yes	1	1	1	1	1	1	1	Total number getting other's help	Col 32	No	2	2	2	2	2	2	2	(c) Yes acted for employer	1	1	1	1	1	1	1	Total number acting for employer	Col 33	No did not	2	2	2	2	2	2	2	(d) Number of personal matters								Total number of matters	Col 34		Q.8
<i>Person number (from H/H Grid)</i>																																																																																			
1	2	3	4	5	6	7	8																																																																												
(a) Yes	1	1	1	1	1	1	1	Total number of other users	Col 31																																																																										
No	2	2	2	2	2	2	2																																																																												
(b) Yes	1	1	1	1	1	1	1	Total number getting other's help	Col 32																																																																										
No	2	2	2	2	2	2	2																																																																												
(c) Yes acted for employer	1	1	1	1	1	1	1	Total number acting for employer	Col 33																																																																										
No did not	2	2	2	2	2	2	2																																																																												
(d) Number of personal matters								Total number of matters	Col 34																																																																										
	<p>IF ANY OTHER PERSON HAS USED LEGAL SERVICES DURING 1978, ARRANGE TO INTERVIEW THAT PERSON.</p>																																																																																		
8.	<p><i>Interviewer Check:</i></p> <p>Has informant made use of any legal services during 1978? (See Question 5 (a) and 5 (b)).</p> <p>Yes ———</p> <p>No ———</p>	Col 35	Q.11 Q.9																																																																																

	Questions	Codes	Skip to
9.	<p><i>Interviewer Check:</i></p> <p>Go to "Selection of non-users" grid and find out which non-user in this household is to be interviewed. Is informant the selected non-user?</p> <p style="text-align: right;">Yes — No —</p>	<p>Col 36</p> <p>1 2</p>	<p>Go to interviewer check on page 16 → Q 10</p>
10.	<p><i>Interviewer Check:</i></p> <p>That is all I want to ask you. Thank you very much for your help. (If others are to be interviewed, arrange with this person to call back.) Which of the following call-back visits will be necessary?</p> <p style="text-align: center;">CODE ALL THAT APPLY</p> <p>HOH/spouse for household and employment details ... 1 Other user(user) in household to be interviewed ... 2 Other non-user in household to be interviewed ... 3 No call-backs necessary ... 4</p> <p>Either interview appropriate people during first visit, if available, or arrange to call back. Ensure that if more than one questionnaire has to be returned from the same household, all schedules are clipped and returned together.</p>	<p>Cols 37-40</p>	<p>Q.11</p>
	<p>Having dealt with a few household characteristics, and discovered that you have used a solicitor (lawyer) during 1978, I would like to ask you a few more questions about your contacts with the solicitor (lawyer).</p>		
11.	<p>(a) On the matter on which you had help or advice from a solicitor (lawyer) most recently, was any other member of your household who lives with you now involved in any way? RECORD BELOW:</p> <p style="padding-left: 40px;">(a) Other H/H member was involved ... 1 No other H/H member was involved ... 2</p> <p>(b) IF YES TO (a) Which of the people in this household now was the person most closely in contact with the solicitor (lawyer) about this matter? Was it you or was it someone else?</p> <p style="padding-left: 40px;">(b) This person was main contact ... 3 Other H/H member was main contact ... 4</p>	<p>Col 41</p> <p>Col 42</p>	<p>Q.11(b) Go to interviewer check</p> <p>Go to interviewer check</p> <p>Go to interviewer check</p>
	<p><i>Interviewer Check:</i></p> <p>IF 1 MATTER ONLY FOR THAT PERSON AT Q.5 (d) SKIP TO NEXT INTERVIEWER CHECK. IF 2+ MATTERS ASK Q.12 IF THIS IS A CALL-BACK FOR A USER, CHECK NUMBER OF MATTERS AT Q. 7 (d) ON ORIGINAL HOUSEHOLD QUESTIONNAIRE.</p>		

	<i>Questions</i>	<i>Codes</i>	<i>Skip to</i>
12.	<p>(a) On the matter on which you had help or advice from a solicitor (lawyer) next most recently, was any other member of your household who lives with you now involved in any way?</p> <p>(a) Other H/H member was involved 1</p> <p>No other H/H member was involved 2</p> <p>(b) IF YES TO (a) Which of the people in this household now was the person most closely in contact with the solicitor (lawyer) about this matter? Was it you or was it someone else?</p> <p>(b) This person was main contact 3</p> <p>Other H/H member was main contact 4</p>	<p>Col 43</p> <p>Col 44</p>	<p>Q.12 (b) Go to inter- viewer check</p> <p>Go to inter- viewer check</p> <p>Go to inter- viewer check</p>
	<p><i>Interviewer Check:</i></p> <p>MAIN CONTACT IDENTIFIED BY CODES 2 OR 3 IN ABOVE QUESTIONS (11 & 12)</p> <p>Only main users are asked Questions 13–23.</p> <p>If person being interviewed is not main user, arrange to contact main user and interview if he/she is a member of this household.</p> <p>Main user 1</p> <p>Not main user 2</p>	<p>Col 45</p>	<p>Q.13 Go to inter- viewer check</p>
	<p><i>Interviewer Check:</i></p> <p>Go to selection of non-users grid to see if this person should be interviewed. To this person</p> <p>Selected non-user 1</p> <p>Not selected non-user 2</p>		<p>Go to inter- viewer check on Page 17</p> <p>Return to Q.10 and finish</p>
13.	<p>No. of matters recorded at Q.5 (d)</p> <p>IF THIS IS A CALL-BACK FOR A USER, CHECK NUMBER OF MATTERS AT Q.7 (d) ON ORIGINAL HOUSEHOLD QUESTIONNAIRE.</p>	<p>Col 47</p> <div style="border: 1px solid black; width: 40px; height: 40px; margin: 10px auto;"></div>	<p>Q.14</p>

		Questions			Codes	Skip to
		SHOW CARD A				
14.	(a)	Now I would like to ask you for some more details about the matter(s) you mentioned on which you had help or advice from a solicitor (lawyer) last year. What was the most recent about? PROBE FULLY.				
		<i>If 2+ matters, repeat for 2nd matter. If 3+ matters, then ask:</i>				
		What were the other matters about? Anything else?				
		(Code as many as apply)				
			<i>Most recent</i>	<i>2nd most recent</i>	<i>Other matters</i>	
		Buying or selling a house or flat	1	1	1	→ Q.14(b)
		Making a will	2	2	2	
		Dealing with the estate of someone who has died	3	3	3	
		Matrimonial or family problems (divorce etc)	4	4	4	Most recent
		Social security or welfare rights problems	5	5	5	Cols 48-49
		Problems about employment, dismissal etc	6	6	6	
		Problems about faulty goods or services	7	7	7	|
		Debt or hire purchase problems	8	8	8	
		Landlord and tenant problems	9	9	9	2nd most recent
		Problems with neighbours ...	10	10	10	
		Compensation for personal injuries	11	11	11	Cols 50,51
		Motoring offences	12	12	12	
		Other offences or criminal charges	13	13	13	|
		Tax or capital transfer problems	14	14	14	
		Other financial problems ...	15	15	15	Other matters
		Compensation for property damage due to N Ireland troubles	16	16	16	Cols 52-53
		Other (specify below)	17	17	17	
	(b)	If informant answers "Buying or selling a house or flat" then ask:				
		Were you:—			Col 54	
		Buying a house or flat ... ..	...	...	...	1
		Selling a house or flat ... ..	...	...	...	2
		Both ... ..	...	...	...	3
		Other (specify) ... ..	...	...	...	4
						Q.15

	Questions	Codes	Skip to
15.	SHOW CARD C There are various places where solicitors and other lawyers work and can be consulted. When you first had advice or help from a solicitor (lawyer) about the most recent matter* in 1978, where was he working?		
		Most Recent	2nd Most Recent
		Col 55	Col 56
	On his own or in a partnership or firm of solicitors In a law centre In a Citizens Advice Bureau In a Trade Union In the AA or RAC Somewhere else (specify)	1 2 3 4 6 7	1 2 3 4 6 7
	*If 2+ matters, repeat for 2nd most recent.		Q.16
16.	Now About (matter mentioned as most recent in Q.14)	Col 57	
	(a) Before the solicitor (lawyer) was consulted, did you get any help or advice of any sort about the matter from anyone outside your household?		
	Yes —	1	Q.16 (b)
	No —	2	Q.17
	(b) Who helped you or gave you advice? Anyone else? PROBE TO NO.		
	CODE ALL THAT APPLY	Cols 58-65	
	Friends or workmates	1	
	Relatives outside household	2	
	Citizens Advice Bureau	3	
	Local advice centre	4	
Local authority department	5		
Priest/clergy	6		
Police	7		
Other (specify)	8	Q.16 (c)	
(c) Did..... (HELPERS/ADVISERS) ever suggest you might get help or advice from a solicitor (lawyer) about this matter?	Col 66		
Yes —	1	Q.16(d)	
No —	2	Q.17	
(d) IF YES TO (c) AND 2 + ADVISERS MENTIONED AT (b) Who was it who suggested this? (Specify)	Col 67		
		Q.17	
17.	When was the solicitor (lawyer) first consulted about this matter?	Cols 68-69	
	Month		
	WRITE IN MONTH.....AND CODE	Cols 70-71	
	Year		
			Q.18

Month			Year		
		1	9		

Questions		Codes	Skip to
18. (a)	Had that solicitor (lawyer) ever been consulted before about other matters concerning you or other members of your present household?	Col 72	
	Yes —	1	Q.18(b)
	No —	2	Q.18(c)
(b)	IF YES to (a) When was he <i>first</i> consulted about <i>any</i> matter concerning you or other members of your present household?	Col 73	
	Before 1960	1	Q.19
	1960-1964	2	
	1965-1969	3	
	1970-1973	4	
	1974	5	Q.18(c)
	1975	6	
	1976	7	
	1977	8	
	1978	9	
	IF NO TO Q.18 (a) OR 1974-1978 (CODES 5-9) AT Q.18(b) ASK (c).		
(c)	How did that particular solicitor (lawyer) come to be chosen (originally)? PROBE	Cols 74-75	
	Solicitor had worked previously for relatives or friends ...	1	
	Recommended by friends or neighbours	2	
	Recommended by relatives	3	
	Recommended/mentioned/on list held by:		
	estate agent	4	
	building society	5	
	citizens advice bureau	6	
	trade union	7	
	other recommendation (specify)	8	
	solicitor/member of solicitor's firm was friend/acquaintance	9	
	office is convenient/near house or work	10	
	other (specify)	11	

	<i>Questions</i>	<i>Codes</i>	<i>Skip to</i>
19.	<p>Overall, taking everything into account, were you satisfied or dissatisfied with the way the solicitor (lawyer) handled the matter?</p> <p>(a) IF SATISFIED: Completely satisfied or just fairly satisfied? IF DISSATISFIED: Were you very dissatisfied or just somewhat dissatisfied?</p> <p>Completely satisfied 1 Fairly satisfied 2</p> <p>Somewhat dissatisfied 4 Very dissatisfied 5 Neither satisfied nor dissatisfied 3</p> <p>(b) IF SOMEWHAT OR VERY DISSATISFIED AT (a) Can you tell me what you were dissatisfied with? PROBE FULLY AND RECORD ANSWER FULLY.</p>	<p>Col 76</p> <p>1 2 4 5 3</p> <p>Col 77</p>	<p>Go to inter-viewer check Q.19 (b) Go to inter-viewer check Q.19 (b) Go to inter-viewer check</p> <p>Go to inter-viewer check</p>
	<p><i>Interviewer Check:</i> If only 1 matter Go to Question 24 If more than 1 matter continue overleaf at Question 20 ...</p>		<p>Q.24 Q.20</p>
	<p>Case number</p> <p>Questionnaire number for this household</p> <p>Card number</p>	<p>Cols 1-4</p> <p>Col 5</p> <p>Col 6</p>	
20.	<p>(a) Ask all mentioning 2 or more matters. Now about (matter mentioned as 2nd most recent). Before the solicitor (lawyer) was consulted, did you get any help or advice of any sort about the matter from anyone outside your household?</p> <p style="text-align: right;">Yes — No —</p> <p>IF YES TO (a) ASK (b) AND (c)</p>	<p>Col 7</p> <p>1 2</p>	<p>Q.20(b) Q.21</p>

	Questions	Codes	Skip to												
(b)	Who helped you or gave you advice? Anyone else? PROBE TO NO. CODE ALL THAT APPLY Friends or workmates 1 Relatives outside household 2 Citizens Advice Bureau 3 Local advice centre 4 Local authority department 5 Priest/clergy 6 Police 7 Other (specify) 8	Cols 8-15	Q.20(c)												
(c)	Did (HELPERS/ADVISERS) ever suggest you might get help or advice from a solicitor (lawyer) about this matter? Yes — 1 No — 2	Col 16	Q.20(d) Q.21												
(d)	IF YES TO (c) AND 2+ ADVISERS MENTIONED AT (b) Who was it who suggested this? (Specify)	Col 17	Q.21												
21.	When was the solicitor (lawyer) first consulted about this matter? Month WRITE IN MONTH & CODE <table border="1" style="display: inline-table; vertical-align: middle;"> <tr> <td colspan="3">Month</td> <td colspan="3">Year</td> </tr> <tr> <td></td><td></td><td>1</td> <td>9</td><td></td><td></td> </tr> </table> Year	Month			Year					1	9			Cols 18-19 Cols 20-21	Q.22
Month			Year												
		1	9												
22.	(a) Had that solicitor (lawyer) ever been consulted before about other matters concerning you or other members of your present household? Yes — 1 No — 2	Col 22	Q.22 (b) Q.22(c)												
(b)	IF YES TO (a) When was he first consulted about any matter concerning you or other members of your present household? Before 1960 1 1960-1964 2 1965-1969 3 1970-1972 4 1973 5 1974 6 1975 7 1976 8 1977 9	Col 23	Q.23 Q.22(c)												

	<i>Questions</i>	<i>Codes</i>	<i>Skip to</i>
	IF NO TO Q.22 (a) or 1973-1978 (CODES 5-9) AT Q.22 (b) ASK (c)	Cols 24-25	
(c)	How did that particular solicitor (lawyer) come to be chosen (originally) PROBE		
	Solicitor had worked previously for relatives or friends ...	1	} Q.23
	Recommended by friends or neighbours	2	
	Recommended by relatives	3	
	Recommended/mentioned/on list held by:		
	estate agent	4	
	building society	5	
	citizens advice bureau	6	
	trade union	7	
	other recommendation		
	(specify)	8	
	Solicitor/member of solicitor's firm was friend/acquaintance	9	
	Office is convenient/near house or work	10	
	Other (specify)	11	
23.	(a) Overall, taking everything into account, were you satisfied or dissatisfied with the way the solicitor (lawyer) handled the matter? IF SATISFIED: Completely satisfied or just fairly satisfied? IF DISSATISFIED: Were you very dissatisfied or just somewhat dissatisfied?	Col 26	
	Completely satisfied	1	} Go to interviewer check
	Fairly satisfied	2	
	Somewhat dissatisfied	4	} Q.23(b) Q.23(b) Go to interviewer check
	Very dissatisfied	5	
	Neither satisfied nor dissatisfied	3	
(b)	IF SOMEWHAT OR VERY DISSATISFIED AT (a) Can you tell me what you were dissatisfied with? PROBE FULLY AND RECORD ANSWER FULLY	Col 27	} Go to interviewer check
	<i>Interviewer Check:</i> This person is:	Col 28	
	Selected non-user	1	} Q.24(a) Q.24(d)
	User	2	
24.	SHOW CARD 'B' <i>Introduction for non-user:</i>		
(a)	I would just like to check, during 1978 did you consult a solicitor (lawyer) on any of these matters?	Col 29	
	Yes —	1	} Q.24(b) Q.24(c)
	No —	2	
(b)	If YES to Q.24 (a) treat as a user and skip back to Q.1 and complete full user questionnaire.		
(c)	If NO, ask:— Could you look at this card and tell me, were there any matters that arose during 1978 on which a solicitor (lawyer) could have given you help or advice, but you did not in fact contact one? For example, did you have any problems with neighbours on which a solicitor (lawyer) could have given you help or advice? RECORD ON LIST BELOW.		

	<i>Questions</i>	<i>Codes</i>	<i>Skip to</i>																																										
(d)	<p><i>Introduction for user:</i> I have already asked about occasions when you got help from a solicitor/lawyer. I would also like to ask you about any other matters that arose during 1978 on which a solicitor/lawyer <i>could</i> have given you help or advice, but you did not in fact contact one? For example: did you have any problems with neighbours on which a solicitor/lawyer <i>could</i> have given you help or advice?</p> <p>RECORD ON LIST BELOW:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td>Buying or selling a house or flat</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Making a will</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Dealing with the estate of someone who has died</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Matrimonial or family problems (divorce etc)</td> <td style="text-align: right;">4</td> </tr> <tr> <td>Social security or welfare rights problems</td> <td style="text-align: right;">5</td> </tr> <tr> <td>Problems about employment, dismissal, etc.</td> <td style="text-align: right;">6</td> </tr> <tr> <td>Problems about faulty goods or services</td> <td style="text-align: right;">7</td> </tr> <tr> <td>Debt or hire purchase problems</td> <td style="text-align: right;">8</td> </tr> <tr> <td>Landlord and tenant problems</td> <td style="text-align: right;">9</td> </tr> <tr> <td>Problems with neighbours</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Compensation for personal injuries</td> <td style="text-align: right;">11</td> </tr> <tr> <td>Motoring offences</td> <td style="text-align: right;">12</td> </tr> <tr> <td>Other offences or criminal charges</td> <td style="text-align: right;">13</td> </tr> <tr> <td>Tax or capital transfer problems</td> <td style="text-align: right;">14</td> </tr> <tr> <td>Other financial problems</td> <td style="text-align: right;">15</td> </tr> <tr> <td>Compensation for property damage due to N Ireland troubles</td> <td style="text-align: right;">16</td> </tr> <tr> <td>Other (specify below)</td> <td style="text-align: right;">17</td> </tr> <tr> <td>No matters at all</td> <td style="text-align: right;">18</td> </tr> </table> <p><i>Interviewer check:</i></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td>No matters at all at Q. 24</td> <td style="text-align: right;">1</td> </tr> <tr> <td>One matter mentioned at Q. 24</td> <td style="text-align: right;">2</td> </tr> <tr> <td>More than one matter at Q. 24</td> <td style="text-align: right;">3</td> </tr> </table>	Buying or selling a house or flat	1	Making a will	2	Dealing with the estate of someone who has died	3	Matrimonial or family problems (divorce etc)	4	Social security or welfare rights problems	5	Problems about employment, dismissal, etc.	6	Problems about faulty goods or services	7	Debt or hire purchase problems	8	Landlord and tenant problems	9	Problems with neighbours	10	Compensation for personal injuries	11	Motoring offences	12	Other offences or criminal charges	13	Tax or capital transfer problems	14	Other financial problems	15	Compensation for property damage due to N Ireland troubles	16	Other (specify below)	17	No matters at all	18	No matters at all at Q. 24	1	One matter mentioned at Q. 24	2	More than one matter at Q. 24	3	<p>Cols 30-31</p> <p>Cols 32-33</p> <p>Cols 34-35</p> <p>Cols 36-37</p> <p>Cols 38-39</p> <p>Col 40</p> <p>1</p> <p>2</p> <p>3</p>	<p>Go to inter-viewer check</p> <p>Q.26</p> <p>Q.24(f)</p> <p>Q.24(e)</p>
Buying or selling a house or flat	1																																												
Making a will	2																																												
Dealing with the estate of someone who has died	3																																												
Matrimonial or family problems (divorce etc)	4																																												
Social security or welfare rights problems	5																																												
Problems about employment, dismissal, etc.	6																																												
Problems about faulty goods or services	7																																												
Debt or hire purchase problems	8																																												
Landlord and tenant problems	9																																												
Problems with neighbours	10																																												
Compensation for personal injuries	11																																												
Motoring offences	12																																												
Other offences or criminal charges	13																																												
Tax or capital transfer problems	14																																												
Other financial problems	15																																												
Compensation for property damage due to N Ireland troubles	16																																												
Other (specify below)	17																																												
No matters at all	18																																												
No matters at all at Q. 24	1																																												
One matter mentioned at Q. 24	2																																												
More than one matter at Q. 24	3																																												
(e)	<p>If more than one matter ask, Which of these was the most recent matter? <i>(Code direct from previous list)</i></p>	<p>Cols 41-42</p>																																											
(f)	<p>If informant answers "Buying or selling a house or flat" then ask: Were you:—</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td>Buying a house or flat</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Selling a house or flat</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Both</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Other (specify)</td> <td style="text-align: right;">4</td> </tr> </table>	Buying a house or flat	1	Selling a house or flat	2	Both	3	Other (specify)	4	<div style="border: 1px solid black; width: 40px; height: 20px; margin-bottom: 5px;"></div> <p>Col 43</p>	<p>Q.24(f)</p> <p>Q.25</p>																																		
Buying a house or flat	1																																												
Selling a house or flat	2																																												
Both	3																																												
Other (specify)	4																																												
25. (a)	<p>ASK ALL SAYING YES TO Q. 24 Now about.....(matter mentioned at Q.24 (c) or Q.24 (d)): Did you in fact get any help or advice of any sort about this matter from anyone outside your household?</p> <p style="text-align: right;">Yes —</p> <p style="text-align: right;">No —</p> <p>, IF YES TO (a) ASK (b) AND (c)</p>	<p>Col 44</p> <p>1</p> <p>2</p>	<p>Q.25(b)</p> <p>Q.25(d)</p>																																										

	Questions	Codes	Skip to
(b)	Do you have any other feelings towards solicitors (lawyers) which you feel are not covered by these descriptions? Yes ——— No ———	Col 60	Q.26(c) Q.27
		1 2	
(c)	Could you tell me what they are? PROBE FULLY—RECORD ANSWER FULLY.	Col 61	Q.27
27.	<i>Interviewer Check:</i> If Informant replies "inefficient", "unapproachable", or any other negative aspect in Q.26 (c) (but <i>not</i> if reply is "expensive") then ask: Why was that? PROBE FULLY—RECORD ANSWER FULLY.	Cols 62-63	Q.28
28.	ASK ALL		
(a)	Apart from anything you may have mentioned already, <i>before</i> last year (1978), have you yourself ever had help or advice from a solicitor (lawyer) about any matter? Yes ——— No ———	Col 64	Q.28(c) Q.28(b)
		1 2	
(b)	IF NO TO (a) Before 1978, has anyone ever got help or advice from a lawyer (solicitor) for you, on your behalf? Yes ——— No ———	Col 65	Q.28(c) Non-user Q.32
		1 2	
(c)	IF YES TO (a) OR (b) When was the last time this happened? IF MORE THAN ONE YEAR GIVEN, TAKE MOST RECENT.	Col 66-7	
		1 9	
(d)	IF 1973 OR EARLIER AT (c) SKIP TO Q.29 IF 1974 OR LATER ASK (d) SHOW CARD B What was the matter about?	Col 68-9	
	Buying or selling a house or flat 1		
	Making a will 2		
	Dealing with the estate of someone who has died 3		
	Matrimonial or family problems, divorce, etc 4		
	Social security or welfare rights problems 5		
	Problems about employment, dismissal, etc 6		
	Problems about faulty goods or services 7		
	Debt or hire purchase problems 8		
	Landlord and tenant problems 9		
	Problems with neighbours 10		
	Compensation for personal injuries 11		
	Motoring offences 12		
	Other offences or criminal charges 13		
	Tax or capital transfer problems 14		
	Other financial problems 15		
	Compensation for property damage due to N Ireland troubles 16		
	Other (specify) 17		Q.29

USERS' SURVEY: NORTHERN IRELAND—ANNEX 22.2

	<i>Questions</i>	<i>Codes</i>	<i>Skip to</i>								
29.	<p>ASK ALL USERS/AND ALL SAYING YES TO 28 (a) OR 28 (b)</p> <p>(a) Have you personally ever felt you had cause for complaint against a solicitor (lawyer) for unsatisfactory work? Yes ——— 1 No ——— 2</p> <p>(b) IF YES TO (a) When did this happen (last)?</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 20px; text-align: center;">1</td> <td style="width: 20px; text-align: center;">9</td> <td style="width: 20px;"></td> <td style="width: 20px;"></td> </tr> </table>	1	9			<p>Col 70</p> <p>Col 71-72</p>	<p>Q.29(b) Q.32</p> <p>Q.30</p>				
1	9										
30.	<p>ASK ALL WHO HAVE HAD CAUSE FOR COMPLAINT (YES TO 29 (a))</p> <p>On the last occasion you felt you had cause for complaint, what was this complaint about? PROBE FULLY—RECORD ANSWER FULLY.</p>	Col 73	Q.31								
31.	<p>(a) Did you do anything about this complaint? (complaint recorded at Q.24) Yes ——— 1 No ——— 2</p> <p>IF NO TO (a) ASK (b)</p> <p>(b) Why did you not do anything about this complaint? PROBE AND RECORD ANSWER FULLY.</p> <p>IF YES TO (a) ASK (c)</p> <p>(c) To whom did you complain? CODE AS MANY AS APPLY</p> <table style="margin-left: 40px;"> <tr> <td>to the solicitor or his partnership</td> <td style="text-align: center;">1</td> </tr> <tr> <td>to the Law Society</td> <td style="text-align: center;">2</td> </tr> <tr> <td>to an MP</td> <td style="text-align: center;">3</td> </tr> <tr> <td>to someone else (specify)</td> <td style="text-align: center;">4</td> </tr> </table>	to the solicitor or his partnership	1	to the Law Society	2	to an MP	3	to someone else (specify)	4	<p>Col 74</p> <p>Col 75</p> <p>Col 76</p>	<p>Q.31(c) Q.31(b)</p> <p>Q.32(a)</p>
to the solicitor or his partnership	1										
to the Law Society	2										
to an MP	3										
to someone else (specify)	4										
32.	<p>ASK ALL</p> <p>(a) Have you ever heard of the Legal Aid Scheme? Yes ——— 1 No ——— 2</p> <p>(b) IF YES TO (a) Can you tell me under what circumstances people qualify for legal aid? PROBE FULLY—RECORD ANSWER FULLY.</p>	<p>Col 77</p> <p>Col 78</p>	<p>Q.32(b) Q.33</p> <p>Q.33</p>								
33.	<p>ASK ALL</p> <p>If you wanted to get help or advice from a solicitor now, how would you choose one? PROBE FULLY—RECORD ANSWER FULLY.</p>	Col 79	Q.34								

	Questions	Codes	Skip to
	<p><i>Interviewer complete all numbers from first page of questionnaire.</i></p> <p>Case number</p> <p>Questionnaire number for this household</p> <p>Card number</p>	<p>Cols 1-4</p> <p>Col 5</p> <p>Col 6</p>	
34.	<p>Before finishing, I would like to ask you one or two questions about yourself.</p> <p>Firstly, at what age did you complete continuous full-time education?</p> <p>14 or under</p> <p>15-16</p> <p>17 and over</p> <p>still attending</p>	<p>Col 7</p> <p>1</p> <p>2</p> <p>3</p> <p>4</p>	Q.35
35.	<p>Do you have any educational qualifications?</p> <p>CODE ALL THAT APPLY</p> <p>University degree</p> <p>Other <i>professional</i> qualification Certificate (Diploma)</p> <p>'A' Levels</p> <p>'O' Levels</p> <p>CSE</p> <p>Other (specify)</p> <p>None</p>	<p>Cols 8-14</p> <p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p>	Q.36
36. (a)	<p>Do you belong to any particular religious denomination or group?</p> <p>Yes</p> <p>No</p> <p>Refusal</p>	<p>Col 15</p> <p>1</p> <p>2</p> <p>3</p>	Q.34(b) Go to interviewer check
(b)	<p>What denomination is that?</p> <p>Roman Catholic</p> <p>Presbyterian</p> <p>Church of Ireland</p> <p>Methodist</p> <p>Other Protestant</p> <p>Other</p>	<p>Col 16</p> <p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p>		Go to interviewer check
37.	<p><i>Interviewer Check: DO NOT ASK Q.37-Q.38 BUT CODE NEVERTHELESS</i></p> <p>Apart from informant, has anyone else at this household had any dealings with solicitors or lawyers during 1978?</p> <p>(YES at QUESTION 7 (a) or 7 (b) (PAGE 2) or if it has emerged during the course of this interview):</p> <p>Yes _____</p> <p>No _____</p>	<p>Col 17</p> <p>1</p> <p>2</p>	Q.38 Q.39

	<i>Questions</i>	<i>Codes</i>	<i>Skip to</i>
38.	(a) Have you arranged to interview this extra person?	Col 18	
	Yes —	1	Q.39
	No —	2	Q.38(b)
	(b) Specify why an interview cannot be arranged.	Col 19	Q.39
39.	ADDRESS TO ALL. That is all I want to ask you. Thank you very much for your help.		END INTERVIEW AND GO TO "OUTCOME"
	OUTCOME	Col 20	
	All contacts in this household completed	1	FINISH (a)
	Other informants to be contacted	2	
(a)	Which of the following are still to be contacted? CODE ALL THAT APPLY	Col 21	
	Call back for details which only HOH/spouse can give (Questions 2-4 + 7)	1	
	Call back to interview user(s)	2	
	Call back to interview non-user(s)	3	
			FINISH

Questions

Codes Skip to

	<p>THIS PAGE SHOULD ONLY BE COMPLETED FOR EXTRA INTERVIEWS AT ANY HOUSEHOLD. Person number of person to be interviewed.</p> <p>(See household grid on first questionnaire administered at this household)</p>	<div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto;"></div>	
<p>..</p> <p>2</p>	<p>Is the person to be interviewed: a user of legal services</p> <p>a selected non-user of legal services</p> <p>HOH/spouse for household/employment details only ...</p>	<p>1</p> <p>2</p> <p>3</p>	<p>ask all questions (start at Q. 11)</p> <p>ask non-user questions (start at Q. 24)</p> <p>ask questions 2-4+7</p>

SECTION 23

Earnings of Barristers in Northern Ireland

Contents	<i>paragraph</i>
General information	
Introduction	23.1
Response to the survey	23.2
General background	23.5
Income, costs and profits	
Accounting year-ends	23.9
Estimates included	23.10
Bases of accounting	23.11
Gross fees, expenses and net fees	23.12
Legal aid	23.14
Expenses	23.15
Pensions	23.17
Sickness benefit insurance	23.18
Distribution of net income	23.19
The trend in gross fees, expenses and net fees	23.20
Comparison of net fees with the Bar in England and Wales	23.21
Tables	<i>number</i>
Response rate analysed by seniority of respondents	23.1
Size of the Northern Ireland Bar	23.2
Gross fee income at the Northern Ireland Bar— extent of estimated data	23.3
Average income at the Northern Ireland Bar in 1974/75	23.4

Sources of gross fee income at the Northern Ireland Bar	23.5
Payments made to solicitors and counsel in Northern Ireland for civil and criminal legal aid: 1972/73 to 1975/76	23.6
Average expenses (excluding pension premiums and sickness benefit insurance) of barristers in Northern Ireland	23.7
Extent of pensions provision made by barristers in Northern Ireland	23.8
Extent and cost of sickness benefit insurance cover taken out by barristers in Northern Ireland	23.9
Distribution of the net income of the barristers in the survey: 1972/73 to 1974/75	23.10
The trend in gross fees, expenses and net fees at the Northern Ireland Bar: 1972/73 to 1975/76	23.11
Net fees of barristers in Northern Ireland and in England and Wales: 1974/75	23.12

General information

Introduction

23.1 This paper summarises the information obtained from the survey of income at the Northern Ireland Bar, 1974/75. The survey was conducted by the General Council of the Bar of Northern Ireland by questionnaire. The Commission and its consultants discussed and agreed with the General Council the method of conducting the survey and the analyses of the results required.

Response to the survey

23.2 In 1976 questionnaires were despatched to all barristers who were members of the Northern Ireland Bar at April 1974, 84 in all, and acceptable returns were received from 56 per cent of all QCs and 60 per cent of all junior counsel. This is very similar to the response rate achieved by the Bar in England and Wales for its 1974/75 remuneration survey.

23.3 The response rate can be analysed by seniority as shown in Table 23.1. It will be seen that the response rate for QCs is biased towards the senior QCs; no appropriate adjustment can be made to the data available to correct this bias. The results for QCs reported in this paper should therefore be considered with this bias in mind. The response from junior counsel is reasonably well spread.

23.4 The overall response rate was 60 per cent from a total of 16 QCs and 68 junior counsel at the Bar in April 1974. The results should therefore be seen as approximate rather than as precise figures.

TABLE 23.1

Response rate analysed by seniority of respondents

	Total at Bar (April 1974): number	Response to survey: number	Response rate %
QCs:			
before 1972	11	8	73
in or after 1972	5	1	20
	16	9	56
Juniors: ¹			
over 15 years	1	0	—
9-15	8	5	63
4-8	21	12	57
3 or less	38	24	63
All juniors	68	41	60
All barristers	84	50	60

¹The seniority of juniors refers to years in practice—that is after completion of pupillage.

General background

23.5 There has been a substantial expansion of the junior categories of the Northern Ireland Bar over the last ten years, as Table 23.2 shows.

TABLE 23.2

Size of the Northern Ireland Bar

	Barristers in practice		
	1968	April 1974	1978
QCs	24	16	23
Juniors	36	68	120
Total	60	84	143

Sources: Inn of Court of Northern Ireland and survey data.

23.6 It will be seen from Table 23.1 that, at April 1974, 59 barristers (70 per cent) had had less than nine years in practice and 38 barristers (45 per cent) less than four years in practice, compared with 52 per cent and 25 per cent respectively at the Bar in England and Wales.

23.7 Apart from the age structure, a number of other features which distinguish the Northern Ireland Bar from the Bar in England are as follows:—

- (a) barristers operate from the Bar Library in Belfast, which has a small administrative staff; there are no chambers and no barristers' clerks; many barristers, especially those of some standing, also practise from their own homes where they can hold consultations and have libraries sufficient to enable them to do most of their paper work;
- (b) specialisation by type of work is rare for Northern Ireland barristers;
- (c) at the time of the survey there was no compulsory period of pupillage, although it was almost always carried out in practice and has been compulsory since May 1978; since 1976 barristers have not been allowed to charge a fee for pupillage;
- (d) since 1968 barristers have been obliged to take out insurance against professional negligence.

23.8 In its memorandum to the Commission the General Council of the Bar of Northern Ireland said that the present situation of barristers in Northern Ireland is exceptional and that the rewards presently available are therefore only transient.

Income, costs and profits

Accounting year-ends

23.9 The survey was concerned with the barristers' financial years which ended in the year to 5th April 1975, referred to in the tables in this section as 1974/75. Most accounting years ended on 5th April 1975, but 35 per cent of the barristers responding reported having a different accounting year-end, and consequently a significant proportion of the 1974/75 results relate to periods ending earlier than 5th April 1975. Barristers were asked to include an estimate of their results for 1975/76 but few had precise information of their earnings in this period.

Estimates included

23.10 Barristers were asked to analyse their gross fee income in 1974/75 over nine types of work and, if necessary, to estimate the analysis. The proportion of estimated answers was very high, as shown by Table 23.3.

Bases of accounting

23.11 Barristers' accounts were all prepared on a cash basis, that is the gross fee income for 1974/75 represents cash received in that year. This cash will be in respect of work done both in 1974/75 and in previous years. The Bar were unable to obtain details of the delay between doing and being paid for work.

TABLE 23.3

Gross fee income at the Northern Ireland Bar
— extent of estimated data

Source of fees	Number of barristers responding	Percentage of responses estimated %
Criminal public funds prosecution	42	12
Criminal legal aid	38	42
Civil legal aid	36	81
Private criminal prosecution and defence	32	69
Private aid and arbitration fees	42	57
Judicial fees	4	50
Overseas work	1	100
Miscellaneous fees	16	56

Gross fees, expenses and net fees

23.12 Table 23.4 summarises the average income of QCs and juniors in 1974/75.

TABLE 23.4

Average income at the Northern Ireland Bar in 1974/75

	QCs £	Juniors £	All barristers £
Gross fees	19,964	7,327	9,601
Expenses	3,227	1,730	2,000
Net fees	16,737	5,597	7,601
Pension and sickness insurance, payments made in year	(802)	(176)	(287)
Net income	15,935	5,421	7,314
Number in sample	9	41	50

23.13 The average gross fees of the respondents can be analysed by source, as is shown in Table 23.5. Juniors rely to a greater extent than QCs on fees from public funds though the discrepancy between them is significantly less than in England and Wales and all barristers responding had some income from public sources. However, by comparison with England and Wales, income from public funds is a smaller proportion of total income.

TABLE 23.5

Sources of gross fee income at the Northern Ireland Bar

	Average gross fees ¹ 1974/75			
	QCs		juniors	
	£	%	£	%
Public funds:				
criminal prosecution	3,965	19.9	1,696	23.1
criminal legal aid	1,905	9.5	907	12.4
civil legal aid	92	0.5	271	3.7
total public funds	5,962	29.9	2,874	39.2
Private funds:				
criminal prosecution and defence	176	0.9	612	8.4
civil and arbitration fees	12,437	62.3	3,238	44.2
total private	12,613	63.2	3,850	52.6
Other sources:				
judicial or quasi-judicial ap- pointments, work outside the UK, and miscellaneous fees	1,389	6.9	603	8.2
Total gross fees	19,964	100.0	7,327	100.0

¹Some responses were estimates—see Table 23.3.

Legal aid

23.14 Table 23.6 summarises the total payments made in Northern Ireland to solicitors and counsel for civil and criminal legal aid. It will be noted that there was a substantial increase in criminal legal aid payments from 1972/73 to 1975/76. In May 1973, to avoid hardship, a system was introduced whereby interim or advance payments on account were made to solicitors and counsel on account of work done in completed major cases in advance of the drawing up of detailed assessment. The amounts shown in the last line of Table 23.6 is the total of advances made in the year less amounts recovered on final settlement of accounts—it therefore represents the increase each year in the total funds devoted to payments on account.

TABLE 23.6

Payments made to solicitors and counsel in Northern Ireland for civil and criminal legal aid: 1972/73 to 1975/76

	1972/73 £'000s	1973/74 £'000s	1974/75 £'000s	1975/76 £'000s
Civil legal aid: solicitors' and counsels' fees and disbursements	199	185	243	297
Criminal legal aid: counsels' fees	61	113	213	213
solicitors' fees	105	150	223	279
disbursements of solicitors and counsel	6	16	37	41
payments on account to solicitors and counsel	—	113	34	49
	172	392	507	582
Total legal aid	371	577	750	879

Sources: Reports of the Incorporated Law Society of Northern Ireland on legal and criminal proceedings (reports 7 to 10), and legal aid scheme (reports 8 to 11).

Expenses

23.15 The professional expenses of the Bar in Northern Ireland amount to some 21 per cent of gross fees compared with some 31 per cent for the Bar in England and Wales. Part of the reason for this is the differences in the organisation of the Bar in the respective areas. In Northern Ireland the Bar is organised round the Bar Library in Belfast. There are no chambers and no barristers' clerks, the cost of which together accounts for almost 60 per cent of the professional expenses incurred by members of the Bar in England and Wales. In their place there is, in Northern Ireland, a library subscription which amounts to about 8 per cent of total expenses.

23.16 The average expenses (excluding pension premiums and sickness benefit insurance) of the barristers are set out in Table 23.7. Although the average expenses of QCs are considerably higher than those of junior counsel, they are lower when expressed as a percentage of gross fees.

Pensions

23.17 In the previous paragraphs expenses have been quoted excluding amounts paid in respect of personal pension premiums and sickness benefit insurance premiums. Table 23.8 sets out the amounts paid as personal pensions premium. It shows that the great majority of barristers paid no retirement annuity premium and that most, if not all, QCs did not pay the then maximum premium allowable for tax (the lesser of £1,500 and 15 per cent of net earnings).

TABLE 23.7

Average expenses (excluding pension premiums and sickness benefit insurance)
of barristers in Northern Ireland

Item	QCs		Juniors	
	£	percentage of gross fees	£	percentage of gross fees
Premium—professional liability insurance	68	0.3	35	0.5
Library subscriptions	381	1.9	120	1.6
Travel and subsistence	1,061	5.3	658	9.0
All other expenses	1,717	8.6	917	12.5
Total	3,227	16.1	1,730	23.6

TABLE 23.8

Extent of personal pension provision made by barristers in Northern Ireland

	Barristers paying no premium		Average premium of those paying a premium
	number	percentage of barristers	£
QCs	3	33	1,075
Juniors	33	80	832
Total	36	72	936

Sickness benefit insurance

23.18 A barrister's earnings will cease during absence from work due to sickness although he will still receive some fees in respect of work done previously. For this reason barristers were asked to state the premium they pay for sickness benefit insurance. The details are set out in Table 23.9. The premiums paid by the few barristers who pay anything at all are low. It would appear that benefits under the policies only commence after the barrister has been out of practice due to sickness for a period of six months or more.

TABLE 23.9

Extent and cost of sickness benefit insurance cover taken out by barristers in Northern Ireland

	Barristers paying no sickness insurance		Average premium paid by others
	number	percentage of all barristers	£
QCs	1	11	96
Juniors	32	78	56
Total	33	66	75

Distribution of net income

23.19 We set out in Table 23.10 the distribution of net incomes of the barristers in the survey. Net incomes for this purpose represent gross fees, professional expenses and after deducting pension and sickness insurance premiums paid in the year. It can be seen from this table that in 1974/75 28 per cent of all barristers earned less than £2,000 and 52 per cent earned less than £5,000. Only 4 per cent earned over £20,000. But it should be noted that the response rates for 1972/73 and 1973/74 are too low to be accepted as reliable.

TABLE 23.10

Distribution of the net income¹ of the barristers in the survey: 1973/74 to 1974/75

Net fees £	1972/73 %	1973/74 %	1974/75 %
0-2,000	22	14	28
2,000-5,000	36	30	24
5,000-10,000	24	24	16
10,000-20,000	18	30	28
Over 20,000	—	2	4
	100	100	100
Number of barristers	33	37	50

¹Net fees less pension and sickness insurance premiums.

The trend in gross fees, expenses and net fees

23.20 The trend in barristers' average gross fees, expenses and net fees is summarised in Table 23.11. The figures for juniors should be viewed with some

caution because the response rates vary from year to year, and are low for 1972/73 (35 per cent) and 1973/74 (41 per cent). However, in broad terms it appears that barristers' net fees have increased faster than the increase in prices in the United Kingdom.

TABLE 23.11

The trend in gross fees, expenses¹ and net fees at the Northern Ireland Bar 1972/73 to 1975/76

	1972/73 £	1973/74 £	1974/75 £	Estimated 1975/76 £
QCs:				
gross fees	11,900	14,800	20,000	24,400
expenses ¹	(2,000)	(2,400)	(3,300)	(3,900)
net fees	9,900	12,400	16,700	20,500
Index of QCs' net fees (1972/73=100)	100	125	169	207
Juniors:				
gross fees	5,000	6,900	7,300	8,900
expenses ¹	(1,100)	(1,500)	(1,700)	(1,900)
net fees	3,900	5,400	5,600	7,000
Index of juniors' net fees (1972/73=100)	100	138	143	179
Retail Price Index (UK)	100	109	127	157

¹Expenses exclude payments for retirement annuity and sickness benefit insurance premiums.

Comparison of net fees with the Bar in England and Wales

23.21 Table 23.12 sets out the 1974/75 net fees shown by this survey and the survey by the Bar in England and Wales. In considering this table it should be particularly noted that:—

- (a) the figure for Northern Ireland QCs is biased towards the more senior QCs;
- (b) the junior Bar in Northern Ireland comprises a greater proportion of young barristers than the Bar in England and Wales;
- (c) the Bar in Northern Ireland believes that present levels of income are exceptionally high and cannot be expected to continue at this level.

EARNINGS OF BARRISTERS IN NORTHERN IRELAND

TABLE 23.12

Net fees¹ of barristers in Northern Ireland and in England and Wales: 1974/75

	Average net fees ¹	
	Northern Ireland £	England and Wales £
QCs	16,737	19,143
Juniors	5,597	5,889

¹Before deducting pensions and sickness insurance.

Sources: Consultants' report on the survey of income at the Bar 1976/77, Section 18, and survey data.