

London Legal Support Trust

Centres of Excellence (COEx) Annual Review 2022

Report by Phil Jew Consultancy

1. Introduction

- 1.1. This report sets out and analyses the results of the annual survey of agencies supported by LLST under its COEx programme. It builds on the results of 2020 and 2021 surveys and compares findings and trends.
- 1.2. The review provides information on services provided, the on-going impact of Covid-19, staffing, governance, finance, funding, risk, and support needs to inform the Trust's programme in 2023. This year's review also looks at the impact of the cost-of-living crisis on services, staff, volunteers, and organisational finances.
- 1.3. The COEx annual survey was conducted in late 2022, with responses required by the deadline of 30 November. The survey was conducted using the on-line Survey Monkey tool and was split into three parts.
- 1.4. All 38 agencies that are part of the COEx programme responded.

2. Headline Findings

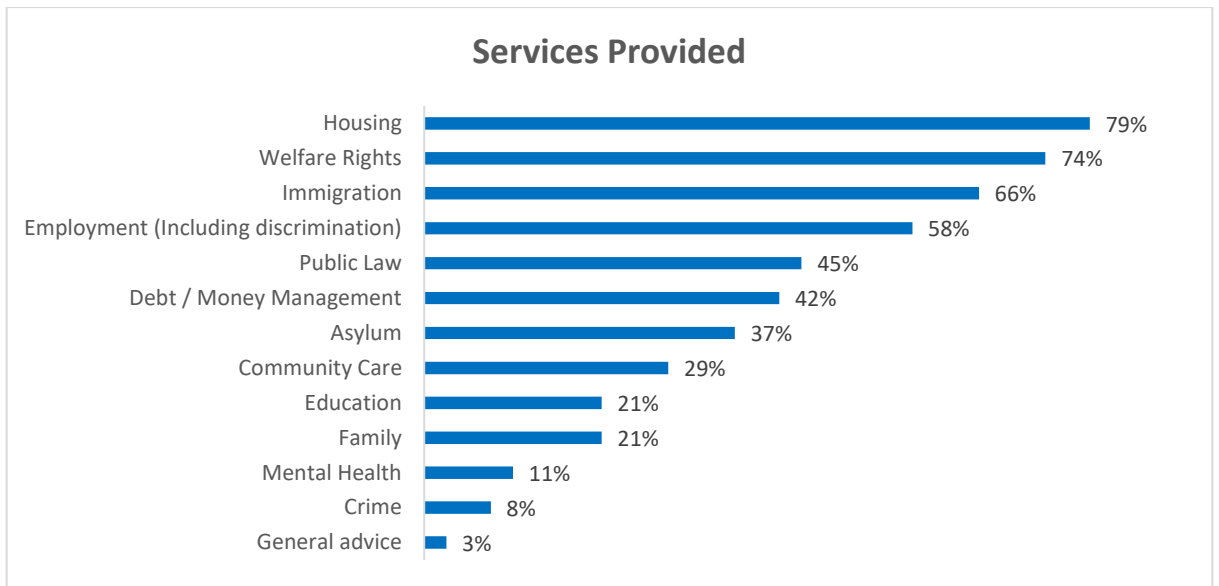
- 2.1. COEx agencies assisted **187,101 individuals** in the last full year for which figures were available – **an increase of 13,847 or 8% compared to 2021**.
- 2.2. The number of **cases or matters dealt with by COEx agencies increased by 6.5% from 146,993 in 2021 to 156,527 in 2022**. This is still lower than the 169,294 cases reported in 2020 – many of which will have been opened before the pandemic. There were **increases in mental health cases (up 76%) and family cases (up 80%) and falls in public law (down 32%), employment (down 22%) and welfare rights enquiries (down 10%)**.
- 2.3. **Telephone was again the main channel for advice (78% of enquiries)** since Covid-19 restrictions forced a shift away from in-person face-to-face provision in 2020. However, **face-to-face provision resumed in the year and rose from 5% in 2021 to 12% in 2022**.
- 2.4. **Covid-19** was a game-changer for COEx agencies and led to changes in service delivery and staffing arrangements, with most reporting the continuation of home-based or hybrid working arrangements. Many Covid-19 funding streams have now ended and funder priorities have now changed.
- 2.5. The **cost-of-living crisis**, right on the back of Covid-19, is sending demand to new highs. Client hardships, debt enquiries and calls for food and fuel vouchers and emergency funds are rising. This is placing new strains on COEx agencies and their

teams. They have had some short-term cost-of-living crisis related funding, but longer-term funding is not keeping pace with inflation.

- 2.6. Around **one third of COEx agencies ended the last financial year in deficit** and the same proportion are forecasting deficit at the end of the current year. Many reported concerns about pressures on and competition for funding and changing funder priorities.
- 2.7. Overall, **income for COEx agencies was £41,120,493 – a 2.3% reduction compared to 2021**. Trust and foundation income fell by over 16% from £19.5 to £16.3m but contract income increased by 29% from £6.6m to £8.5m. Legal aid income recovered a little as pandemic restrictions lifted.
- 2.8. There was a **slight fall in the number of staff and volunteers at COEx agencies** – with numbers falling to 90% of 2021 levels. The number of solicitors, caseworkers and advisers rose by 10% and management staff increased by 14%, but volunteer numbers were 63% of 2021 levels.
- 2.9. **Loss of staff and difficulty with recruiting staff is a rising risk** and now the most frequently reported one for COEx agencies. Despite the flexibility offered by remote and hybrid working, recruiting staff with the necessary skill and experience is a big problem for many COEx agencies.
- 2.10. Likewise, **staff wellbeing and burn out is also a rising risk**, mentioned by 84% of respondents. The pressures on staff due to the cost-of-living crisis, with wages not keeping pace with inflation and (London/Southeast) living costs and coping with the stresses and strains of clients is not helping with team morale, retention and recruitment.
- 2.11. The most mentioned **training and support needs** were around legal aid billing, wellbeing support for staff, GDPR, management skills for new/middle managers, governance updates for trustees, dealing with difficult clients and mental ill-health, impact measurement and evaluation, safeguarding and environmental policy development.

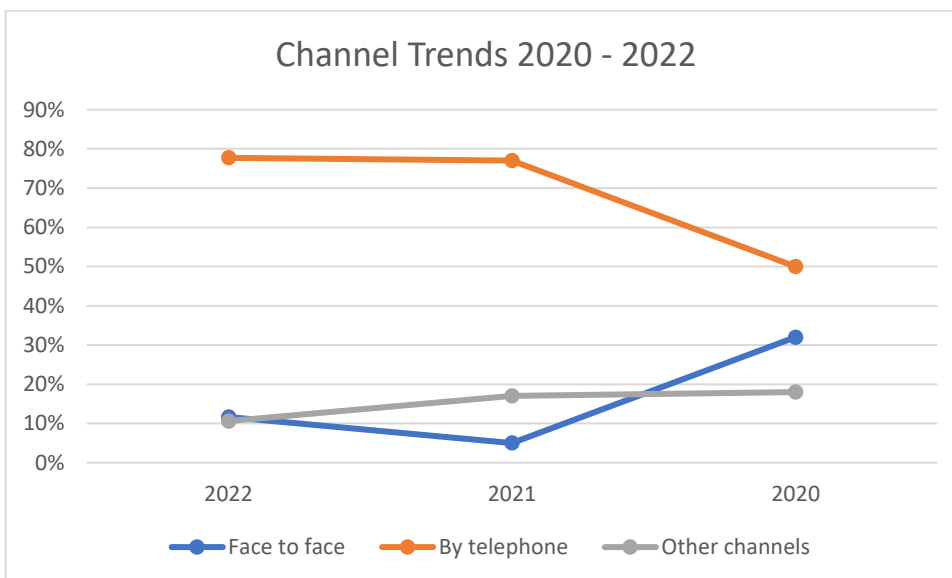
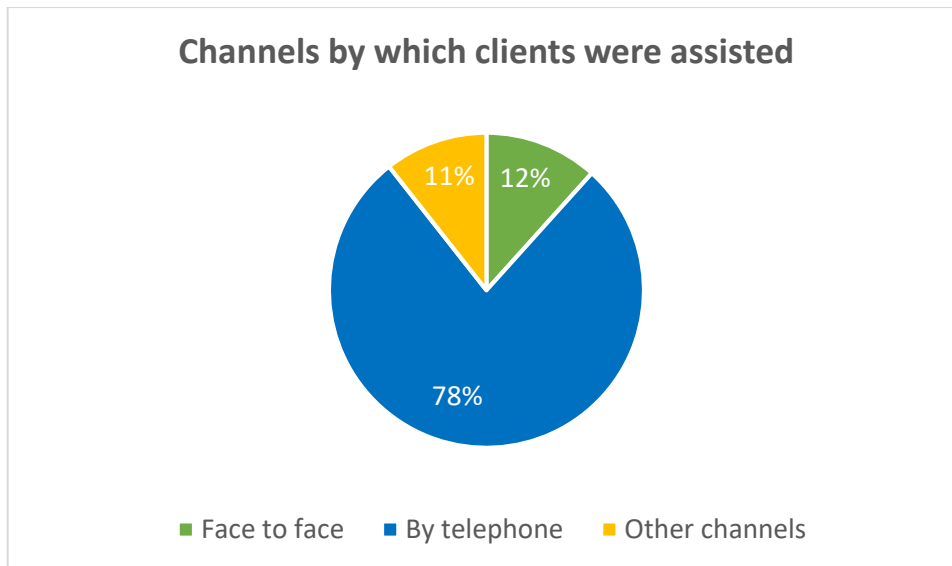
3. Services

- 3.1. The 38 COEx agencies provide a wide range of legal advice services. Housing, Welfare Rights, Immigration and Employment cases are dealt with by the majority of the cohort. The only real change in findings is that the number of agencies providing education advice rose from 4 in 2021 to 8 in 2022.



- 3.2. The cohort helped a total of **187,101 individuals** via a range of channels in the last full year for which data was available. This compares to 173,254 individuals reported in the 2021 survey and 176,006 individuals in 2020. So, client numbers rose by 8% between 2021 and 2022.
- 3.3. As pandemic restrictions came and went, the pattern of **delivery channel** changed. In the first survey we reported on, in 2020, 50% of individuals were helped by telephone and 31% face-to-face. Lockdown meant this changed to 77% of clients by telephone and just 5% face-to-face in 2021. Telephone remained the primary delivery channel in 2022, but face-to-face rose as restrictions were eased and fully lifted. Many agencies are unlikely to go back to the level of in-person service they provided pre-pandemic.

Channels		
Face to face	12%	20594
By telephone	78%	137190
Other channels	11%	18744
Channel not recorded		10573
Total		187101



3.4. Four agencies did not record the channel by which clients made initial contact or were advised. Their client numbers are included in the overall total but not individual channel totals.

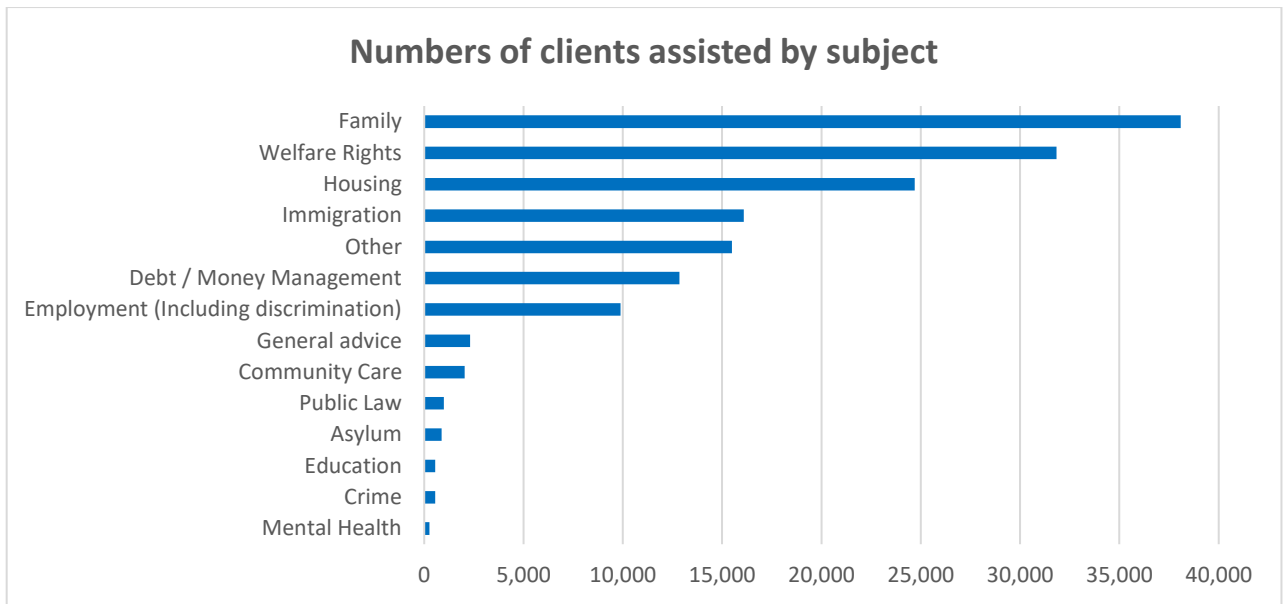
3.5. Other channels included:

- Email
- Video (Zoom/Teams – some agencies count these contacts under face-to-face)
- Messenger
- Webchat
- Letters
- Texts
- Information sheets
- Housing Possession Court Duty Scheme
- Website and webform
- Workshops

- WhatsApp

- 3.6. One agency reported 903,00 web site visitors – up from 773,000 in 2021. This figure has not been included in the channel figures or total number of clients.
- 3.7. The **main topics advised on** were Welfare Rights, Housing, Family, Other, Immigration, Debt/ Money Management and Employment (Including discrimination).
- 3.8. Compared to 2021 survey returns, there were marked increases in the number of clients assisted with family and mental health matters. Family cases increased from 21,115 in 2021 to 38,805 in 2022 – an 80% increase, making family top of the table. Mental health matters, though much smaller in number, also increased by 76% - from 151 in 2021 to 266 in 2022. This appears to reflect the continuing impact that pandemic has had on people’s wellbeing and home life.
- 3.9. Employment cases fell by 22% from 12,636 in 2021 to 9,883 in 2022. Public law cases fell by 32% (1,448 to 984) and welfare rights matters fell by 10% (35,565 to 31,841).

Client numbers by subject	%	<i>n.</i>
Mental Health	0.2%	266
Crime	0.3%	547
Education	0.4%	556
Asylum	0.6%	874
Public Law	0.6%	984
Community Care	1.3%	2042
General advice	1.5%	2316
Employment (Including discrimination)	6.3%	9883
Debt / Money Management	8.2%	12843
Other	9.9%	15495
Immigration	10.3%	16096
Housing	15.8%	24699
Welfare Rights	20.3%	31841
Family	24.3%	38085
		156527



3.10. The **total number of cases** dealt with was **156,527**. This represents a 6.5% increase compared with 146,993 cases reported in 2021. 169,294 cases were reported in 2020 when at least part of the reporting period for agencies would have been pre-pandemic. NB: The figure for cases is different from the individuals by channel figure given at 3.2 above because not all individuals assisted become a 'case'. However, an individual may have more than one case or matter that they are assisted with.

3.11. 'Other subjects listed by agencies were:

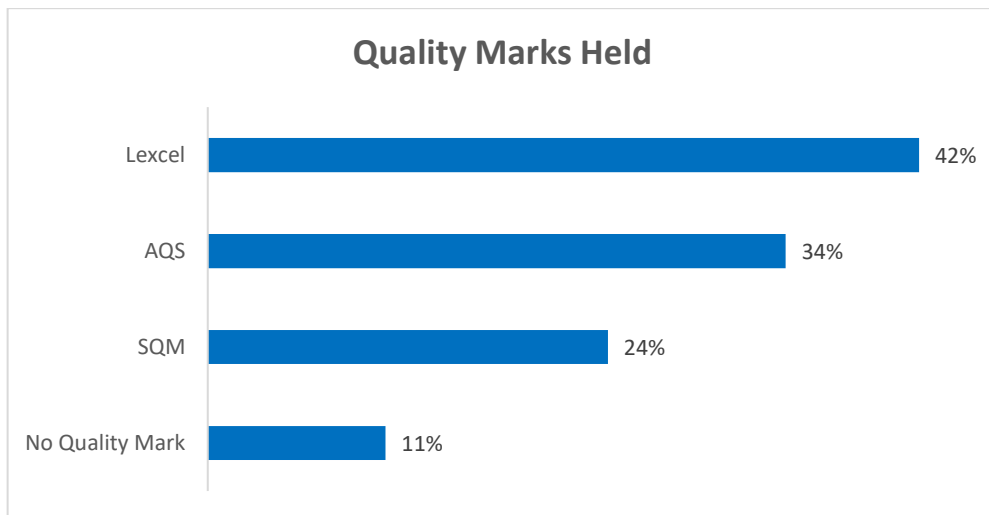
- Asylum support appeals
- Bail from immigration detention
- Civil legal
- Claims Against Public Authorities
- Consumer
- Crime
- Crisis Navigator
- Discrimination and hate crimes
- Emergency hardship support
- Immigration - statelessness only
- Info and advice
- In-work/means-tested benefits entitlements
- Participation and client engagement
- Policy & campaigns work
- Prison Law
- Private hire licencing
- Pro bono clinics offering employment, housing, general civil litigation, family, and tax advice.
- Pro bono clinics on Family, Consumer, small claim and litigation, Crime, PI, and Other

- Public Law when connected to Immigration or Housing
- Trafficking Compensation Claims
- Utilities & communications
- Windrush Compensation Scheme (2)
- Wrap around support

3.12. As noted in previous reports, the number of subject cases may be expected to exceed individual client numbers as most clients will present several often-linked issues or matters, which are recorded as separate cases or issues. However, the COEx cohort includes a variety of advice agencies working in different ways, scales and settings. Their recording practices vary, as do their definitions of a 'case'. Some caution should therefore be observed in using the figures reported above.

Quality standards

3.13. Lexcel remains the most popular quality mark for COEx members. Two more COEx agencies achieved the Lexcel standard in 2022 and two more achieved AQS.



Quality Marks Held	%	<i>n.</i>
Matrix Standard	0%	0
No Quality Mark	11%	4
SQM	24%	9
AQS	34%	13
Lexcel	42%	16

3.14. No agencies reported any serious concerns being raised at their last quality audit.

4. Covid-19 impact

4.1. The 2020 and 2021 surveys asked COEx agencies a series of questions about the impact of Covid-19. Responses showed a big impact on clients, demand, services, channels, staffing, volunteering and funding. The 2022 survey retained one overall question about Covid-19 impact: What long term impact is Covid-19 having on your organisation in terms of staffing, volunteer levels, service delivery, and funding?

- 4.2. The responses received give a snapshot of a sector that had to adapt rapidly and radically to frequently changing conditions. COEx agencies have made changes in services and staffing that they will probably not reverse. While Covid-19 restrictions were lifted in 2022 and in-person services have been able to resume, hybrid, multi-channel service offers, and staffing arrangements have been shown to work and offer flexibility to clients, staff, and volunteers.

“The service model, our staff and volunteers have been continually adapting and changing since March 2020. It has been challenging but we have developed a better model as a result - one which attempts to offer our service to as many people as possible, but which enables a longer interaction with [clients], a chance to pick up on safeguarding issues, and to prepare people more thoroughly for their appeal. We also have better quality oversight now, and have restructured our team to make it more robust, so we are not reliant on one key post to run the duty scheme.”

- 4.3. But not all agencies have been able to cope with the changing conditions. Agencies working in the immigration and asylum fields noted the challenges of changes in government policy and the circumstances of their client group.
- 4.4. COEx agencies have mixed experiences of the impact of the pandemic on staffing and volunteering levels and arrangements. For some, volunteer levels are now returning to pre-pandemic levels, but this is not a universal experience. Many agencies report a continuation of hybrid working arrangements but have welcomed the opportunity to reopen offices.

“We have been keen to return to office working for a significant proportion of the working week, as we feel that after such a long period working from home, the opportunities for team building and learning are essential, along with the need to ensure we have enough staff to open our offices to clients. Whilst this has been welcomed by some staff, others have been more reticent, particularly where they have enjoyed the flexibility of home working for childcare etc. or appreciate the peace and quiet. As a compromise, we have developed our model of hybrid working further and expect our staff to spend at least 1 day per week in the office, or more if there is a business need.”

“Whilst delivery of our services to our clients in the most appropriate way is prioritised, staff are offered hybrid working around that. This has assisted with staff morale and work life balance, but it also has meant we have had to adapt our management and supervision practices to ensure that staff are properly supported and have easy access to supervisors and managers.”

- 4.5. Recruitment and retention problems, mentioned elsewhere in this report, appear to have been exacerbated by the pandemic for some agencies.

“There is a national shortage of staff and we are undertaking 1-3 recruitment rounds for vacancies and receiving very few applicants, mainly of very poor quality.”

“We have found recruitment of staff (apart from Trainee solicitors) to be really difficult since the pandemic, we know that we are not the only organisation in this situation, but it continues to present a challenge.”

“The pandemic we think made people reflect on life and priorities, and there is a danger that we lose skills and experience. This makes it very important to focus on succession planning if we lose experienced members of staff. We are concerned about cost of living and renting in London for other members of staff in the coming years, and wish to maintain pay and conditions.”

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- 4.6. For others, remote working has enabled them to widen their recruitment pool.

“...our move to full remote working, and continuing to work in this way....has enabled us to widen our adviser recruitment pool to nationwide....However, continuing to work in this way does mean that a legacy of COVID is some of the downsides of operating a remote advice team: training and supervision can take more time when we are not working in the same room.”

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- 4.7. While the government has lifted restrictions, Covid-19 still poses a threat to advice service delivery.

“...the risk of Covid-19 outbreak in our team remains real: in April 2022 50% of our staff contracted Covid-19 at the same time which posed challenges for service delivery. We were able to manage this through remote working and fortunately most of the team were well enough to work remotely.”

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- 4.8. Many COEx agencies experienced an uplift in funding in 2020 and 2021 as additional pots of money were made available to help agencies respond to needs that resulted from the pandemic. But many of these streams came to an end in 2022 and it seems that some agencies saw a change in funder priorities and availability of funds as they emerged from Covid-19 conditions.

“...last year many funding streams did not open for longer-term/multi-year applications until quite close to the start of the financial year. This was

nerve wracking. This year they are open, but it's clear that many funders are changing priorities, in many good ways (e.g., prioritising organisations run by those with lived experience of the issue they are focusing on, which is an important priority). Although this is a very positive step, the change in such a high proportion of funder priorities at once risks a lack of stability for the medium sized organisations that are not community level and are not large enough to subcontract to small organisations. There is a risk that this instability leads to challenges in planning longer-term/well established specialist organisations shrinking, while the changes in funder priorities settle down. This is not specifically due to covid, though it is clear that many investments have shrunk due to the global and UK economy, so there is less funding to be distributed overall."

"We are finding that fund raising is much more difficult than it was during the pandemic. Sadly, this situation is now similar to before Covid-19 when fund raising was extremely challenging."

"Funding remains a problem - extra help during the prime COVID period was a life-saver but as that has, to a large extent, dropped off the future has again started to look precarious."

"There is an ongoing impact in terms of short-term nature of funds that were available in covid so this is still having an impact. It feels like we have run very fast to standstill."

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- 4.9. Agencies with legal aid contracts experienced significant drops in income during the pandemic. This is picking up but has not yet recovered:

"We have experienced a significant drop in our housing legal aid income. Whilst this is beginning to pick up it is not yet back to pre-pandemic levels."

- 4.10. Some COEx agencies limped out of the pandemic in need of a fundamental review of their service and staffing models.

"Whilst we did receive emergency Covid-19 grants we weren't able to capitalise on that with follow on funding. 2022-23 was a crucial year for us to have turned our charity around. In fact we entered the year having lost 43% of funding and having had to reorganise and reduce staffing by 38%....Covid-19 has....set the charity development back by 3 years. 83% of our volunteers left during the pandemic and did not return."

- 4.11. The impact of the pandemic on clients continues to be seen, combined of course with the cost-of-living crisis that developed as Covid-19 restrictions were being lifted and is now the primary driver of demand for many COEx agencies.

“We are seeing the effects of Covid-19 on our service users who suffered increased levels of debt and /or financial hardship through redundancy or short time working due to the pandemic. In particular, we have seen an increase in arrears and in the number of people presenting to us with arrears problems especially with rent arrears. Similarly, we are observing an increase in the number of possession proceedings. The number of cases we opened last year also increased significantly by 10%.”

5. The impact of the cost-of-living crisis

- 5.1. 2022 saw the cost-of-living, which had been rising since early 2021, hit a forty year high. The annual rate of inflation reached 11.1% in October 2022, the highest for 41 years¹. High inflation severely affected the affordability of goods and services for households. Many people were faced with having to choose between heating and eating, as food and fuel poverty more than tripled in a year. Energy prices increased by 400% in a year and 1,000% since 2019².
- 5.2. This crisis came on the back of the pandemic, which had already increased poverty and brought new groups of people into hardship.
- 5.3. In the 2022 we therefore added questions about the impact of this on demand, staff, and volunteers and on COEx organisations, financially.

Demand and the nature of enquiries

- 5.4. Many COEx agencies reported rising demand for advice, as clients struggled with rising costs. Agencies said that more clients were presenting with rent arrears and debts, unable to pay travel and postage costs and seeking foodbank and energy top-up vouchers and hardship fund payments.
- 5.5. Welfare benefit appears and PIP enquiries had increased for agencies providing advice in these areas. However, maximum benefit entitlements were often not sufficient for clients to make ends meet.
- 5.6. Some agencies also reported an increase in enquiries from people with disabilities and long-term health conditions.
- 5.7. The impact of the crisis varies according to the specialist area of work of the COEx agency of course. The following quotes from respondents give a flavour of the variety and commonality of experience.

¹ <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/#:~:text=The%20annual%20rate%20of%20inflation%20reached%2011.1%25%20in,Consumer%20goods%20and%20energy%20prices%20pushing%20inflation%20higher>

² <https://yougov.co.uk/topics/consumer/articles-reports/2022/08/25/cost-living-crisis-one-four-have-had-cut-essential>.

“We are working at more than full capacity and we are seeing an increased demand from more people, in both social and private housing, who are now facing possession proceedings for rent arrears due initially to the aftermath of Covid-19 and now due to the cost-of-living crisis.”

“We are experiencing a substantially increased demand for our services....a result of the impact of Covid-19 on people’s financial and housing circumstances. However, there has been another jump in the number of people we are advising from 1 April 2022....This is due to the cost of living crisis biting on our service users. This increased demand is due to people having insufficient money to pay for basic necessities and so we are seeing rising rent arrears and repossession actions and more people struggling or unable to pay for their rent, energy and other utilities, council tax and for other basic necessities. Debt levels are, of course, also rising and the number of people needing to go to food banks in this area has gone up as it has nationally.”

“Demand remains stubbornly high and in reality, the only factor that has any impact on client demand is our delivery capacity. We have seen more debt/income maximisation issues.”

“Demand has been increasing dramatically and now sits at a level which we cannot meet without further resources. During the height of the pandemic, we were receiving around 250-300 calls to our Adviceline each week....We are currently receiving over 500 calls every week, with some weeks reaching 700 calls. Complexity of cases has also increased, with many more clients seeking support in crisis and with multiple issues all needing immediate attention. For example clients seeking help with homelessness issues, who are also in severe debt, often caused at least in part by benefits issues which mean they have reduced income.”

“The cost-of-living crisis has had a significant impact on our clients. Many of our clients have no recourse to public funds or are on a very low income, and the costs of living crisis is adding significantly to the challenges these families already face. We continue to receive very high levels of referrals that outstrip our capacity significantly.”

“In Community Care we have seen a sharp increase in demand from service users for advice/representation because they cannot afford their care contributions.”

“There is an inequality crisis not a cost-of-living crisis for our clients. For our clients this has been a dire situation for years. Demand is high and we are unable to cope with requests for advice on s21 notices and other housing matters even if they are within scope for legal aid. Clients are more vulnerable and people who are enquiring are very stressed, and this is putting pressure on our triage members of staff and volunteers.”

“We are finding the cases we deal with and more complex and multi-faceted. We are also finding that there are more complaints from distressed people who cannot get help. For example, we don’t do debt work and we have had complaints because the person can’t get help anywhere.”

“We are getting more safeguarding alerts as callers tell us they want to end their life because of the desperation they feel. Triage is taking a lot longer because people have more issues to discuss, and many have mental health needs.”

“We recently carried out a survey on the impact of the cost of living on people that use our services 84% said that their household bills have increased and 92% said that the cost of their weekly shop for food and essentials had increased. These increases in costs have increased demand on our service for support with hardship grants, referrals to food banks and for food vouchers.”

“Those who enquire about our service primarily contact us about housing, immigration or family law issues. Interestingly most who enquire through our reception are working age adults, but those accessing our cost-of-living services are older, with a significant number who are over 75 and many who are retired.”

“In reality the impact is not yet being felt by the people we see who are already extremely disadvantaged. They have been badly impacted over the past 10 years by cuts to welfare benefits, insecure employment and cost of renting in London. Many of our clients have NRPF.”

“One of our caseworkers who helps administer hardship support for clients recently said: ‘I’ve used the hardship fund to top up someone’s phone so they can stay in touch with their caseworker, or they can access their universal credit journal. When you’re living in poverty you just can’t access or communicate with services – we need to address these practical things to be able to resolve people’s issues. We spend a lot of our hardship money on supermarket vouchers, gas, and electricity to make sure people have the basics sorted. From a well-being perspective, for vulnerable clients, getting a Sainsbury’s voucher means they’re ok for a week and can keep their head above water. It seems a small thing but really does help practically and emotionally.’”

Staff and volunteers

- 5.8. There are several ways in which the rise in the cost-of-living has affected paid staff and volunteers and at COEx agencies The most obvious for paid staff is that salaries are not keeping pace with inflation and the costs of travel, food, mortgages, and fuel. This is most acute for people at the lower end of salary scales and living in London.

- 5.9. There's a limit on what charities can afford by way of salary increases. Except for a few COEx agencies that have increased pay in line with inflation. Increases mentioned by respondents tended to be around 3.5% – 5% - substantially below inflation. Some COEx agencies have awarded one-off payments to staff to help with higher bills. Many are concerned about their ability to retain staff.

“Most staff are struggling with the cost of living. Some have told us they may need to move out of London because of the cost of housing. In these circumstances we are considering whether they can work remotely rather than lose good staff. We are finding that the cost of everything is increasing but grants remain the same.”

“We have not been able to offer staff a pay increase for three years and are unlikely to be able to this year either. This is impacting on our ability to recruit and retain good staff. We are aware that some staff are really struggling financially, and we are trying to find other ways we can help, we have recently started providing breakfasts in the office.”

“We are aiming to maintain pay rates in order to support staff but will need to find an additional £40,000 this year just to keep up with Public Sector pay scales.”

- 5.10. With more workforces working at home now, staff and volunteers are bearing the burden of higher energy costs – offset slightly by reduced travel costs. Where agencies pay a homeworking allowance, this may need to increase to cover higher bills. One agency mentioned making more office space available to enable staff and volunteers to come into the office and save on heating bills.

- 5.11. Volunteers are facing higher costs for travel and lunches while attending COEx agencies. Some agencies have increased allowances accordingly.

- 5.12. The crisis, following-on from the pandemic, is taking its toll on workforce wellbeing.

“Staff morale has become an increasing issue for us in recent months. We feel this is partly due to stretching ourselves to try to meet increased demand and partly because the options to help clients feel like they are reducing. Furthermore, clients are increasingly taking out their frustrations on our staff and volunteers because there are often no easy solutions to the problems they are facing. Whilst we are a supportive team, we must focus more on the wellbeing of our staff and volunteers in the coming months.”

“Internal discussions...revealed advisers' understandable despair, with comments along the lines of: "It's a completely untenable situation and, as an adviser, it's pretty soul-destroying when a person is already claiming all

the support available and simply can't make ends meet, and I've got nothing further to offer advice-wise.””

“Staff and volunteers are also having to handle more challenging situations with clients in desperate need and spend longer with clients which puts more pressure on them in terms of meeting their targets.”

Financial impact on the organisation

- 5.13. COEx agencies reported challenging times, financially, because of the cost-of-living crisis. Many were projecting deficits because of salary increases being higher than anticipated and energy bills soaring (offset by government energy bill relief for charities).
- 5.14. Rent increases were also anticipated by some respondents.
- 5.15. On the income side, some agencies had received (short-term) cost-of-living crisis funding. However, multi-year funding arrangements were now failing to cover costs. Some funders have generously increased funding to cover increased costs, but public funders have not done this. The value of local authority and legal aid funding has plummeted in real terms. And many fear that funding will be squeezed yet further and harder to obtain in future years.
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“On a positive note, we have been fortunate to have secured some additional cost of living crisis funding which has enabled us to increase our capacity. However, this is short-term funding and we will need further funding to address increased demand and longer term impacts of this crisis. Longer-term funding such as local authority funding does not increase in line with rising costs and legal aid rates have not increased for many years so even before the cost of living crisis we had this challenge but now the challenge is even bigger because of the rise in non-salary costs associated with running the organisation. This also means financially we have not been able to give staff a cost-of-living increase which could impact on staff morale and retention.”

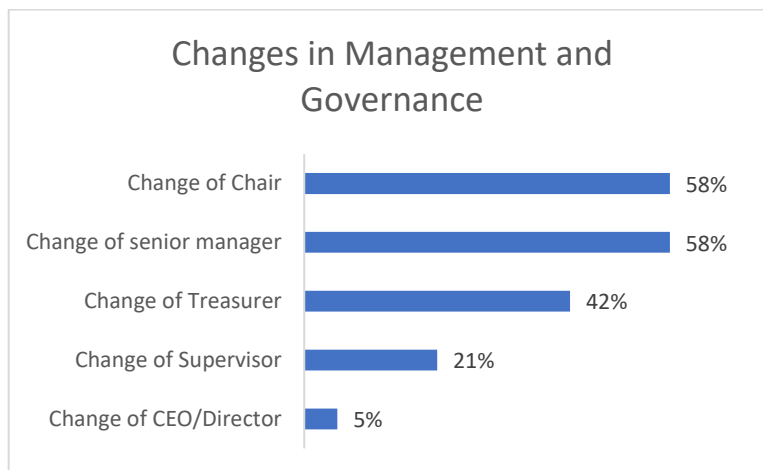
“Income wise we have had some very generous funders inform us that they have uplifted our grants to reflect rising inflation without any prompting. Staffing is by far our largest expenditure and the trustees have awarded a significant increase in staff salaries this year and forecast aiming to increase salaries again by 5% next year - this has a big impact on our overall expenditure and long-term sustainability - I estimate that if inflation had stayed around 1% we would have been able to employ three more staff for the same level of expenditure by the end of next year.”

“The two most immediate impacts have been in respect of energy and staffing costs...Our expenditure on lighting, heating and other utilities is now greater than many of our roles, not only limiting our ability to hire

new staff, but also consider further pay rises for existing staff...we had an over 100% per kWh unit increase....for context this amounted to a standard monthly energy bill increasing from £750 to £1,800 before dropping back after the cap was introduced in October 2022. Staff salary increases implemented in May 2022, and retrospectively applied to April 2022 saw the average salary increase rise by 8.83% for all except those in management roles. We are grateful to funders that have provided us with additional funding to assist us meeting these increasing costs, and we ourselves are making contingencies to reduce our operational office expenditure moving forward by downsizing the office space next year, as we have a break clause available.”

6. Leadership, staffing and governance

- 6.1. Respondents were asked about any significant management or governance changes in the last 12 months. 58% of respondents (16 agencies) had seen changes (slightly higher than in 2021 when 50% had).
- 6.2. The following changes were reported:



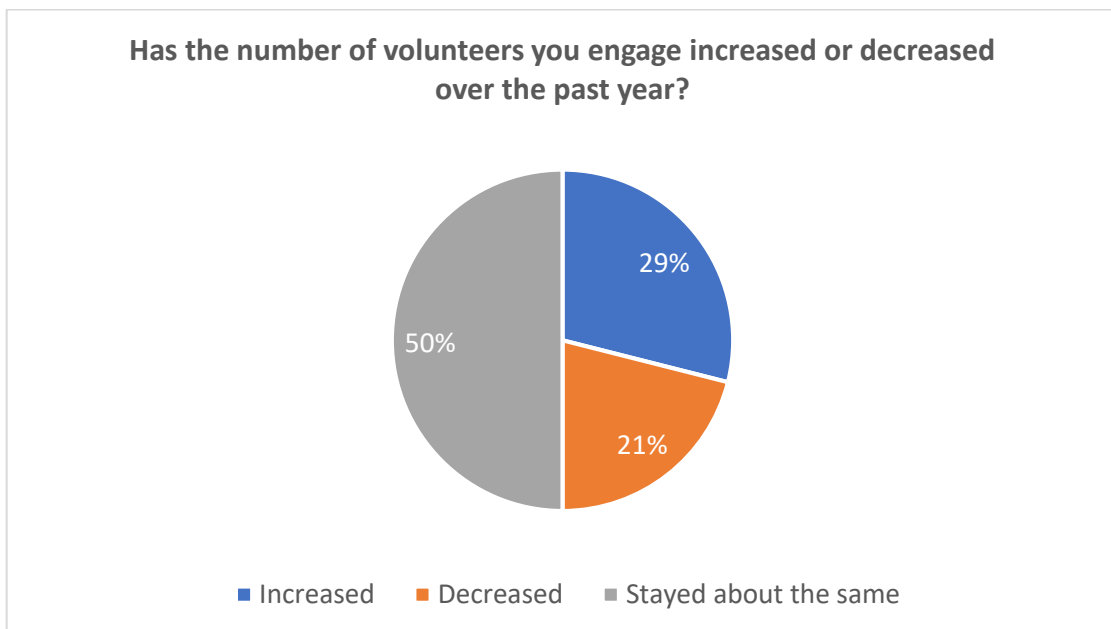
- 6.3. Only one agency had experienced a change of CEO in 2022 but 11 of the 38 had changes in senior manager and Chair positions and 8 had a change of Treasurer. The turnover of Treasurers increased from 11% in 2021 to 42% in 2022.
- 6.4. Changes at trustee level were far more common in 2022 with 27 COEx agencies (71%) losing trustees. Two thirds of respondents had managed to replace people who left the Board within the year.

Staff and volunteer roles and levels

- 6.5. COEx agencies employ and engage and average of 27 full time equivalent staff and volunteers per week – a fall from 30 on average in 2021. The average has increased from 22 in 2020. The total number of FTE staff and volunteers reported by agencies increased from 859 in 2020 to 1141 in 2021 and fell to 1026 in 2022.

Staff and volunteers engaged	Total number	Average	Range
Solicitors / Caseworkers / Advisors	462.1	12.2	2 to 49
Other frontline / service delivery staff	132.1	3.5	0 to 30
Admin and support Staff	87.1	2.3	0 to 6.6
Management staff	97.0	2.6	0 to 5.5
Volunteers (average FTE per week)	247.7	6.5	0 to 100
	1026.0	27.0	

6.6. 37 (97%) of COEx agencies engage volunteers. The Covid-19 related reduction in volunteer numbers, which had been experienced by 62% of respondents in 2020 and 53% in 2021 slowed in 2022, with 21% reporting a decrease. 79% of agencies reported that volunteer numbers stayed about the same or increased. The increases are all because of the lifting of Covid restrictions and the resumption of recruitment programmes. One agency did report that the cost-of-living crisis may have made people reluctant to volunteer, however.



6.7. Staff turnover averaged 22% across those agencies who had lost staff during the year. This was up from just over 10% across the cohort in 2020 and 15% in 2021. The range was 1-66%. So, the staff retention issue that many agencies have raised is illustrated by rising turnover figures. However, turnover may have been artificially reduced by the Covid-19 pandemic.

“9 staff have left in 12 months (8.4 FTE / 30.8 current total FTE). This level of turnover feels high to us - though hard to tell as we're growing. We think externally driven by Covid but at the same time we're finding it hard to recruit to some positions (basically all positions except paralegal/trainees for which there is so much demand that is hard to process).”

- 6.8. The most common reason for turnover, as previous surveys have found, was people simply finding new jobs. One agency noted that uncertainty above MaPS (Det Free London) contracts had led to staff leaving and another that conditions imposed by the funder led to Pension Wise staff departing.

Reasons for staff leaving		<i>n.</i>
Redundancy (loss of funding)	3%	1
Redundancy (restructuring)	16%	5
End of fixed-term contract	19%	6
Found new job	94%	29
Retirement	19%	6
Dismissal other than redundancy	6%	2
Ill-health/passed-away	10%	3

Governance

- 6.9. 30 COEx agencies (79%) have formal role profiles for Trustees. This has reduced from 31 in the 2021 survey. However, two that said they don't do have profiles for the Chair and Treasurer only.
- 6.10. 19 or half of respondents had carried out a Board skills audit in 2022. The other half had completed an audit in 2021, were planning one shortly or had had no changes in personnel at Board level.

Performance monitoring

- 6.11. 32 respondent agencies (84%) monitor staff performance against targets. Performance is monitored via billing and casework targets, time recording, calls answered data, supervision, and appraisal.

7. Risk, challenges, and plans

7.1. The table chart below shows the risks mentioned by respondent agencies.

Risk		n.
Loss of (key) staff and volunteers, difficulty recruiting and retaining	92%	35
Financial and funding: loss/reduction in funding/contracts, cashflow	89%	34
Staff wellbeing and burnout	84%	32
Inability to meet demand - expected increases	71%	27
Political reform, hostility and policy change	63%	24
IT infrastructure and keeping up with pace of digital change	47%	18
Premises: unsuitability, loss of	32%	12
Remote working: loss of learning, reduced quality	29%	11
Reduction in outreach and reach to most vulnerable people	24%	9
Covid-19 infections	21%	8
Not meeting funding/contract targets/requirements	18%	7
Governance and compliance	16%	6
Change of CMS	3%	1

7.2. Loss of staff and volunteers and difficulty in recruiting is now the risk mentioned most by COEx agencies. This risk has replaced financial and funding risks at the top of the table. Staff wellbeing and burnout has also risen steadily from 29% in 2020, to 79% in 2021 and up to 84% in the latest survey.

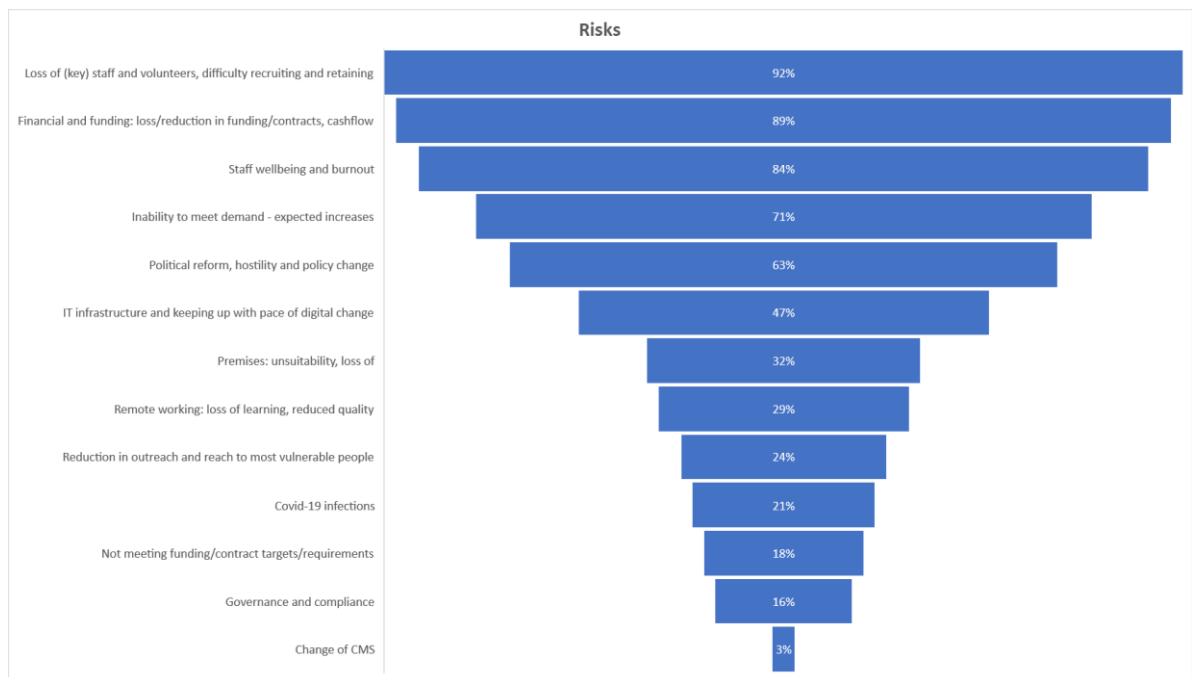
7.3. Also rising up the risk league table is political reform, hostility and policy change.

7.4. Inability to meet demand remains a risk for 71% of agencies – exacerbated by the cost-of-living crisis that developed during 2022.

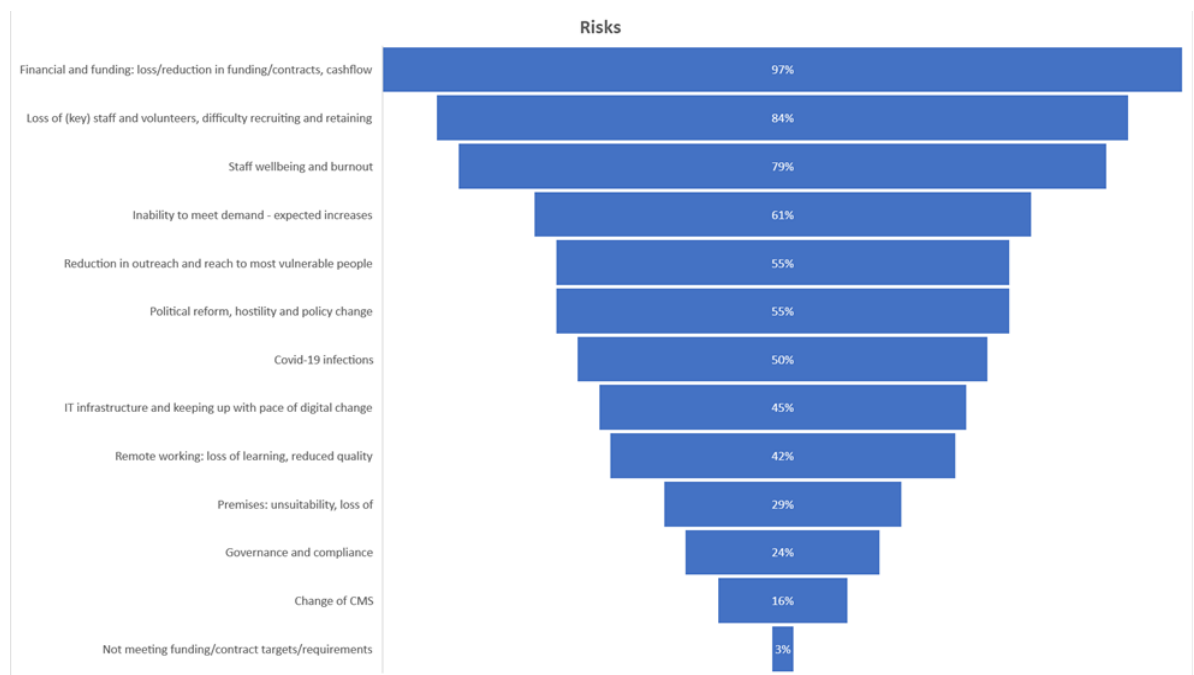
“Inability to meet demand has always been a risk but this has heightened over recent months.”

7.5. Falling in the table is the risk posed by Covid-19 infections, as restrictions have been removed, even though the pandemic is still with us. And as restrictions have been lifted reduced outreach and reach to the most vulnerable people has become less of a problem. Remote working arrangements have been retained by many agencies, post-Covid, but the potential risks (loss of learning and quality) are now reduced in prevalence.

Risks logged by COEx agencies in 2022



Risks logged by COEx agencies in 2021



7.6. Other risks mentioned by respondents were:

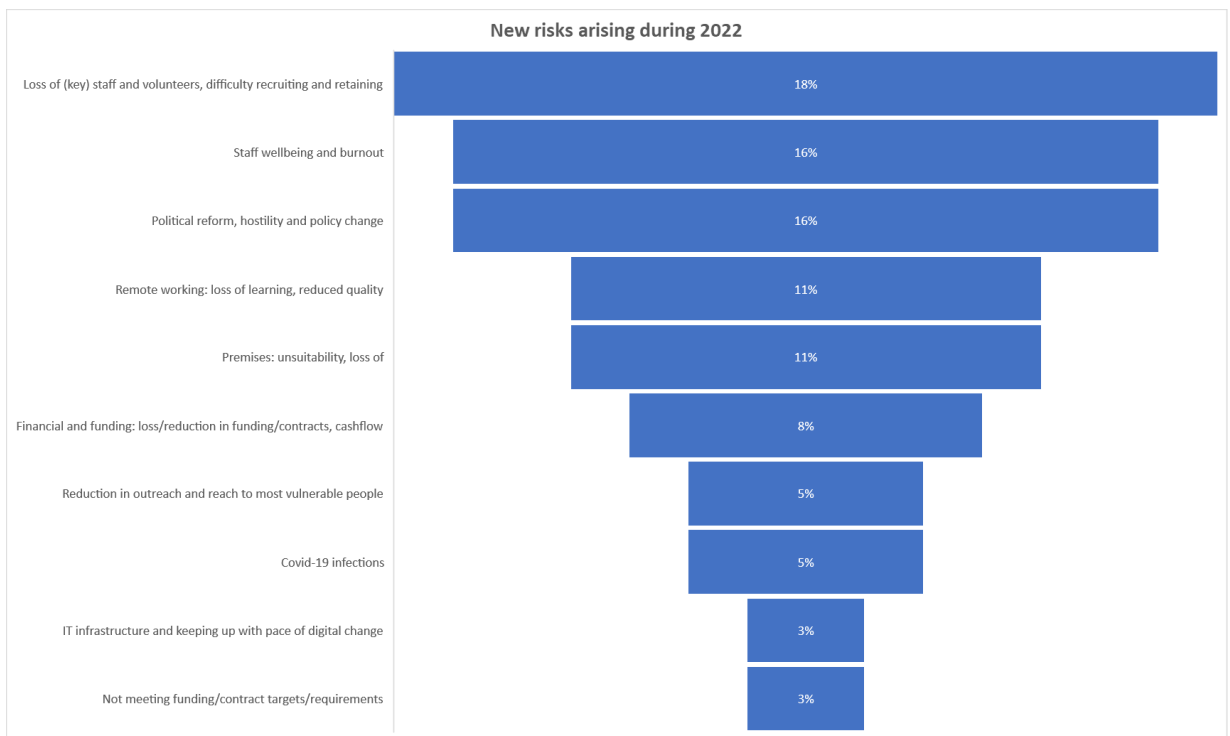
- Appeal levels remain low, not possible to increase the voices of those with lived experience of asylum support across the organisation
- Increased administration and management time and costs with hybrid working, organising staff team and facilities
- Lack of Social media presence
- Risks of managing community space /reputational risk if this goes wrong

“None of these are completely new over the last year. However, some have been particularly exacerbated during the pandemic, and as we emerge from it, such as remote working, staff wellbeing, financial risks and capacity to meet demand.”

7.7. We asked COEx agencies about new risks that had emerged during 2022. Seven agencies told us that the loss of staff and volunteers and difficulties with recruitment and retention were new on their registers. Staff wellbeing and burn-out risk was also new for six agencies, as was political reform, hostility, and policy change – reflecting the turbulent political year that was 2022. The emergence of these risks for some agencies accounts for their rise up the risk league table.

“Risks inherent in the community managed library /open public building have become more pronounced as the world has opened up after Covid”

7.8. New remote working, premises, financial, service reach, Covid-19 infections, IT, and contractual risks have also arisen for a few agencies during the year.



“Inability to meet demand has always been a risk but this has heightened over recent months.”

“Inflation could lead to unsustainable costs.”

7.9. We again asked agencies to state their top five risks in the year ahead. Financial and funding risks were mentioned by nearly all agencies at least once in their risk registers.

There is considerable concern amongst agencies about rising costs while funding sources are increasingly squeezed.

- 7.10. Staffing risks also featured in most risk registers. Recruitment and retention of staff and volunteers is proving difficult for many COEx agencies, particularly against a backdrop of tight finances, political hostility and policy change, the cost-of-living crisis and increasing demand. Low morale and burn-out were frequently mentioned risks.

“The impact of the pandemic has resulted in people choosing new life paths, but this has been compounded by the cost-of-living crisis and the risks outlined above. We are particularly concerned that as salaries in the social welfare sector cannot compete with private sector salaries, we may see more people leave, regardless of how much they enjoy the work.”

- 7.11. Some risks are specific to the agencies concerned and their fields of work. Maintaining Legal Aid is a challenge for many with contracts. Funding for strategic litigation is difficult to obtain. Some agencies have concerns about premises suitability and affordability. And others have identified information assurance risks.

“The cost-of-living crisis will impact client demand as more people face hardship linked to debt, with this also affecting wider issues such as housing as clients find it hard to meet rent payments. In some services we deliver there has been an exponential rise in client demand. To help address the increase in demand for social welfare legal assistance and support, we have recruited two caseworkers, with a third worker joining the legal team in January 2023. However, we expect the situation to escalate as more and more pressure is put on people trying to meet the basics, with competing financial demands across eating, heating, and housing. It is also having an adverse effect on clients and staff who are emotionally and mentally exhausted as a result of the pandemic and now the economic crisis.”

- 7.12. COEx agencies have detailed and imaginative plans to mitigate these risks. Teams are given access to counselling services and financial advice and workloads are carefully monitored. Agencies are trying to keep wages up with inflation, but this is a major challenge in a climate of funding pressures.

“...we have recently found a financial wellbeing provider called Bippit - we're using some of our reserves to fund them to provide staff with financial advice for 12 months to supplement the EAP LLST set up”

- 7.13. To address recruitment issues, agencies are focusing on training and developing existing staff to enable their progression. Some are offering trainee roles.

Strategic plans, successes, and challenges

7.14. We asked COEx agencies to tell us about their top three objectives and the challenges, problems and successes they have had.

7.15. Strategic objectives, successes and challenges tend to be specific to the agency concerned and are useful in planning and delivering any support that LLST may provide.

7.16. Common themes in the strategic objectives for COEx agencies were

- Increasing the capacity of advice, casework, and representation services.
- Increasing policy, research and campaign capacity and level of influence.
- Improving financial stability of the organisation.
- Changes and improvements to staffing and volunteering – improving retention, developing competency and restructuring.

7.17. Commonly mentioned successes were:

- Being able to stay open, increase advice services and restart face-to-face provision.
- Challenging government policy via lobbying and strategic litigation.

“The strategic litigation we initiated led to 4000 people being kept on support through the second wave of the pandemic and over the winter, until all government restrictions eased.”

“We remained open throughout the year and are seeing far more people face-to-face than we were able to do in the previous year. We also restarted our face-to-face outreach service (which was stopped throughout 2020/21). Service user numbers and cases were up about 10%”

7.18. Commonly mentioned problems and challenges were:

- Legal aid contracts – bureaucracy, unsustainability.
- Recruitment and retention of experience staff.
- Maintaining/increasing core funding.
- The impact of the cost-of-living crisis on clients, demand, staff, and volunteers.

“Legal aid is essential for our work...but in practice it makes an increasingly small contribution to our overall costs and is complex, bureaucratic, and administratively burdensome. It is financially unsustainable to operate the LAA contract for most areas of work.”

8. Finance and funding

Reserves, surpluses and deficits

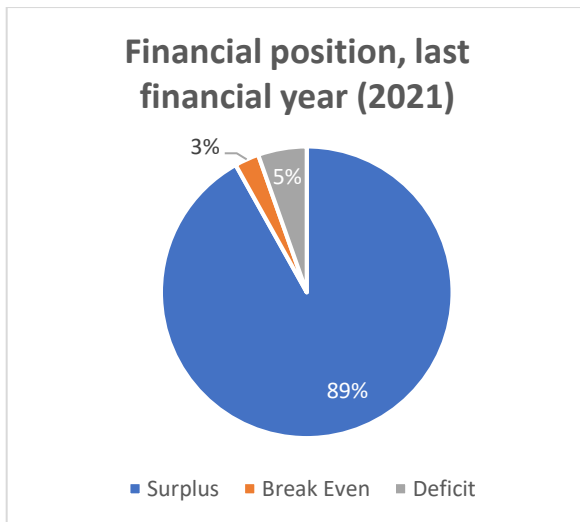
- 8.1. COEx agencies were asked to set out their **reserves** policies and state how much money they are currently holding in unrestricted reserves. Answers are useful when working with individual agencies but have not been analysed in detail or aggregated for this report. However, it is noted that 9 agencies (24%) of the cohort have free reserves levels below their policy requirement at the time of the survey. This is the same number as in the 2021 survey. The nine agencies were taking action to build up reserves. One noted that the pandemic had frustrated this action:

“We aimed to assign a proportion of our income from 2019/20 to building up reserves.... Unfortunately, our ability to do this was significantly inhibited by the pandemic, in particular due to a slowing down of being able to bring cases to a close and claim legal aid income. We have also found that our fundraising efforts were directed to urgent grants as a result of the pandemic. We are now starting to look at developing more multi-year grants for core costs to improve our financial resilience and are budgeting annually to set aside funding for reserves.”

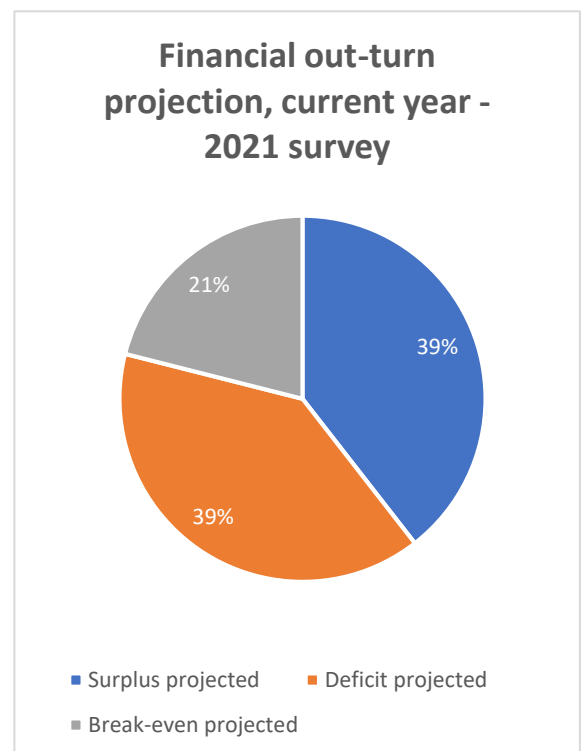
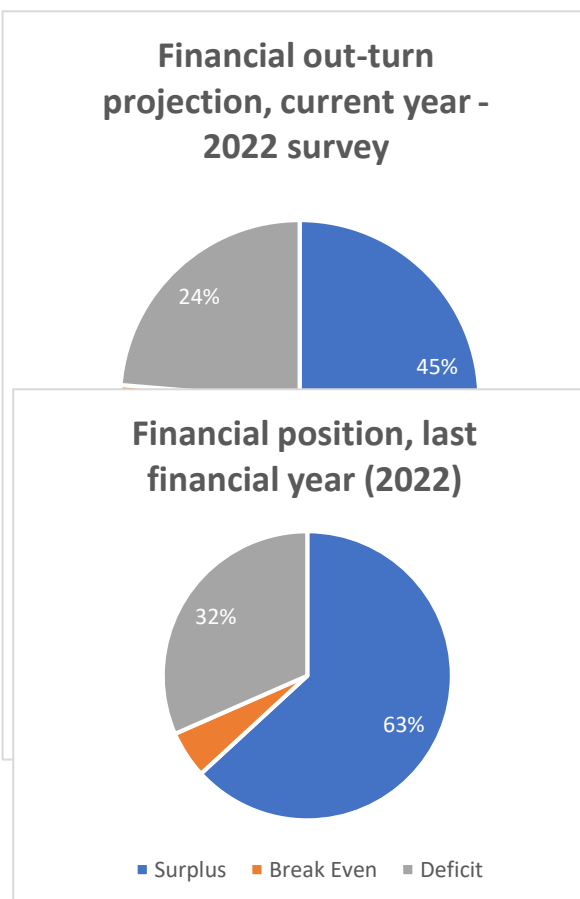
- 8.2. There is one agency in the COEx group that is a team within a larger organisation. The team itself does not hold reserves. Excluding this team, reserves held ranged from £17,000 to just over £1.5m, with an average of £362,000 per agency.
- 8.3. All but one (97%) of COEx agencies use **cashflow** projections to manage their finances. This year, five agencies were having cashflow problems, compared to just one in the previous two surveys. Cashflow difficulties are associated with agencies with legal aid contracts in particular, but delays in grant payments can also cause problems.

“We do not have regular cash flow difficulties but we do have them sometimes. There has been a particular problem with the [Legal Aid Agency – LAA] not paying on time. We have had particular problems with escape fees outstanding for nearly a year. We have been in contact with the LAA on this and they accept it is a problem on their part which they are sorting out. In addition some of our funders take some time to make grant payments and we have to eat into our reserves. It always seems to be a problem around December.”

- 8.4. Four COEx agencies said they owed money other than normal trading debts. **Money owed** was for a pension deficit, Legal Aid Agency payments on account and disbursements, premises and services charges and a mortgage.
- 8.5. There was a marked difference in **end of year financial positions** for COEx agencies in 2022, compared to the previous year. At the end of the last financial year, 24 (63%) of COEx agencies had a surplus. This was down from, when 89% in 2021 and 79% in 2020. Nearly one-third of agencies ended the last financial year with a deficit.



- 8.6. This deterioration may be associated with ending of the temporary boost in funds and reduction in some costs that agencies experienced during the height of the pandemic. Deficits ranged from £3000 to £247,000.
- 8.7. However, the outlook for agencies in 2022 is slightly better than 2021. Projections for the end of the current year show that 17 agencies (45%) are projecting a surplus and 9 (24%) to break even.
- 8.8. Those projecting a deficit had reduced from 15 (39%) in 2021 to 12 (32%). Seven of the 15 agencies that were projecting a deficit in the 2021 survey were also projecting a deficit in 2022.



- 8.9. The overall picture is that COEx agencies appear to have experienced a turbulent time during pandemic years. Nearly one-third of agencies had a deficit last year and the same proportion are projecting a deficit in the current financial year.

“[We] saw sustained growth and increased financial security across 2020-2021. This was a one-off anomaly (hardship funding during the pandemic) and expenditure was lower than planned (rent relief/salary underspends). We have not seen this increase in 2022 and are forecasting approx. £65,000 deficit, with some of our multi-year grants ending this year and next. We are exploring new prospects and renewing funding from previous supporters. We currently have a £600,000 fundraising target for 2023. Our increased reserves position (seven months) will be utilised to protect casework services in the short term whilst we pursue additional funding during a competitive funding environment.”

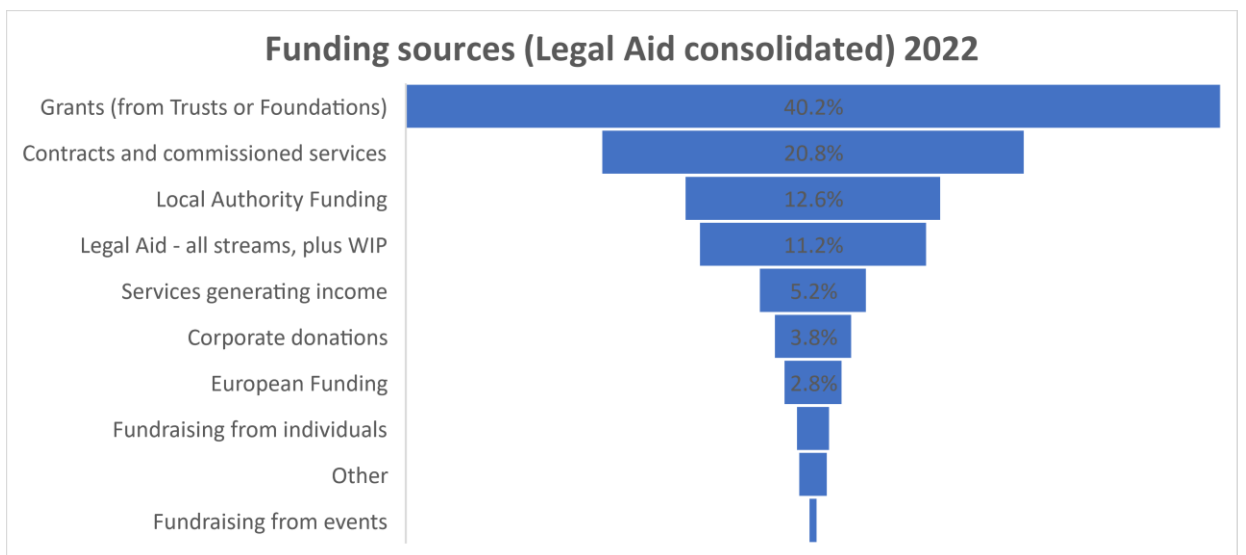
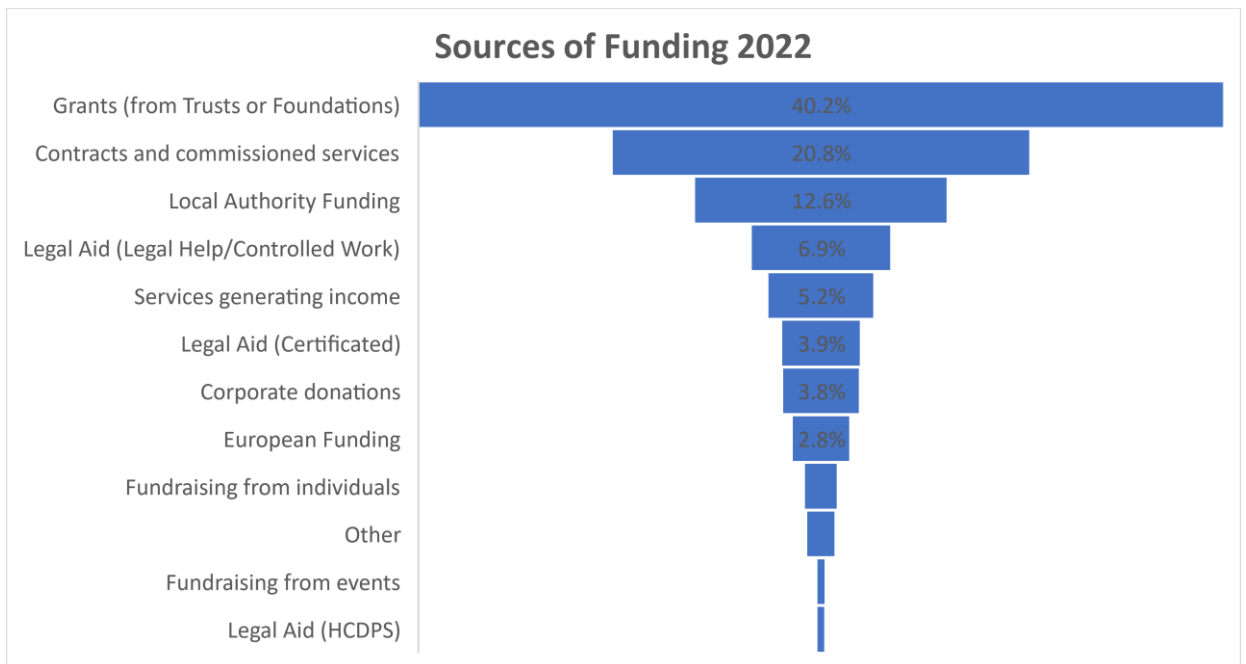
Financial planning and management skills

- 8.10. The percentage of agencies that believe they have the financial planning and management skills they need has fallen steadily between 2020 and 2022. Just three agencies felt they lacked these skills in 2020 – rising to six in 2021 and eight (21%) in 2022. Interestingly, six of the eight agencies lacking skills in 2022 were new to the list. One has consistently stated that it lacks the skills in all three annual surveys and for another this is their second year.
- 8.11. Some agencies lack sufficient financial management capacity to deal with the complexity of their finances and some are dependent on individuals and vulnerable if they leave
- 8.12. Only a few agencies listed training needs. Those stated were:
- Finance/financial planning for staff and trustees
 - Trustees’ financial responsibilities
 - Training on basic accountancy/overview of annual audit process/update on SORP/ latest financial requirements for charities

COEx agencies’ income

- 8.13. The total income in the last full financial year reported by COEx agencies was **£41,120,493**. This is a **£953,306 (2.3%) reduction in funding** compared to 2021 (£42,073,799). However, it is still substantially higher than the figure of £34,866,985 reported in 2020.
- 8.14. The income range was from £126,500 to £3.6 million. Average income per COEx agency was £1.08 million.

8.15. Income sources in 2022 are shown in the charts and table below. 23 agencies (61%) hold a contract with the Legal Aid Agency. The second chart consolidates all income from this source.

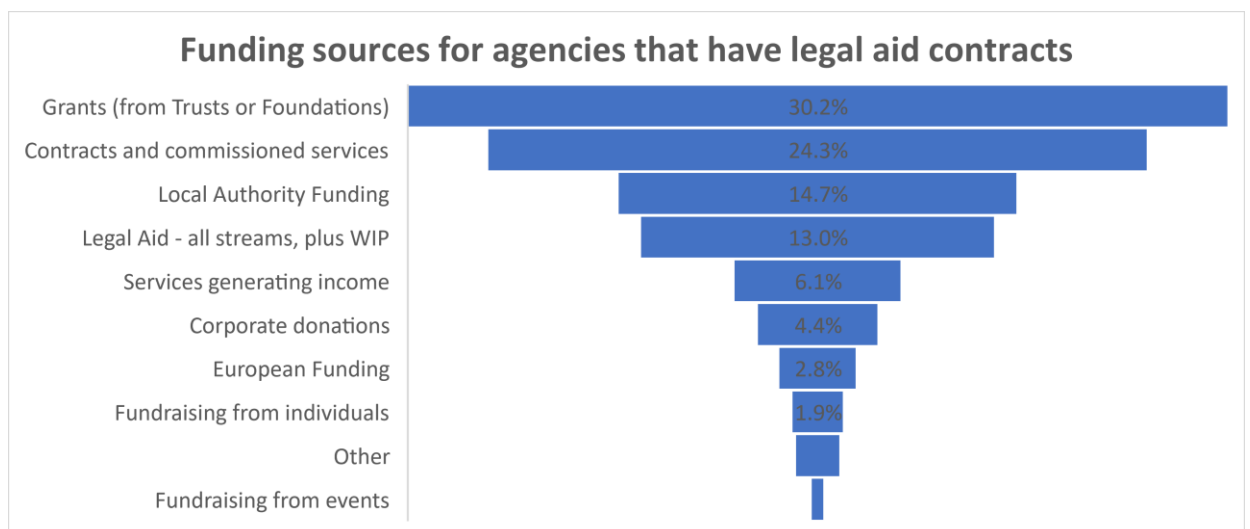


Funding source	%	Total	Average	Range from	Range to	Total number of COEx agencies funded
Grants (from Trusts or Foundations)	40%	£16,323,287	£429,560	£83,580	£1,504,458	38
Legal Aid (Legal Help/Controlled Work)	7%	£2,818,037	£140,902	£7,740	£766,277	20
Legal Aid (Certificated)	4%	£1,577,097	£83,005	£6,695	£266,378	19
Legal Aid (HCDPS)	0%	£141,311	£11,776	£10,296	£71,215	12
Local Authority Funding	13%	£5,107,333	£222,058	£2,000	£695,030	23
European Funding	3%	£1,147,105	£1,147,105	£1,147,105	£1,147,105	1
Contracts and commissioned services (e.g. Debt Free London, contract with the CCG etc)	21%	£8,456,163	£402,674	£22,239	£1,772,883	21
Services generating income (i.e. DBAs, CFAs, fixed fees)	5%	£2,130,753	£112,145	£853	£589,156	19
Fundraising from events	0%	£150,467	£13,679	£528	£79,982	11
Fundraising from individuals	2%	£648,809	£25,952	£150	£103,291	25
Corporate donations	4%	£1,537,195	£76,860	£1,000	£405,546	20
Other	1%	£559,232	£62,137	£8,000	£326,474	9

8.16. There was a similar spread of funding sources to those reported in 2020 and 2021. However, the following changes should be noted:

- A substantial 16% fall in funding from trusts and foundations: from £19.5m in 2021 to £16.3m in 2022.
- An increase of 29% in funding to deliver contracts from £6.6m in 2021 to nearly £8.5m in 2022.
- An increase in legal aid income, mainly accounted for by an increase of c.£634,000 for Legal Help/Controlled work.

8.17. For the 23 COEx agencies that have legal aid agency contracts, the pattern of funding sources is similar to the group as a whole, but a lower percentage of funding comes from trusts and foundations. Legal Aid income for the 23 agencies totalled £4,536,445 in 2022.



8.18. Other income for COEx agencies includes:

- Bank Interest
- Citizens Advice – Immigration Advice
- Citizens Advice Help to Claim
- Hosting
- Investments
- Investments
- Legacy
- London Citizens Advice Development Project
- Office rental
- Publications
- Support through Court – family solicitor
- Trading activities
- Training

8.19. As in 2020 and 2021, a substantial amount of funding was new. It has not been possible to put a figure on this as not all agencies have specified the sum. New sources of funding mentioned include the Legal Education Foundation Access to Justice Fund, Trust for London, Citizens Advice Innovation funding, GLA Advice in Community Settings funding, The GLA funded Cost of Living Crisis Prevention Project and a variety of other trusts and foundations.

8.20. 22 respondents (58%) expected income streams to stay the same in the next financial year. 12 (32%) did not expect this. Four did not know (11%). This represents a small improvement in confidence levels over 2021 survey results.

8.21. As usual, many COEx agencies' funding streams will be coming to an end in 2023. 87% of respondents (33) indicated this.

9. Help and support needs

Training and support

9.1. Agencies listed a variety of training and support needs. These have been grouped below under broad topic areas. Topics mentioned by more than one respondent are in bold.

Legal aid

- **Legal Aid Billing**
- Understanding Legal Aid for trustees

Staffing

- **Wellbeing support for advisers, caseworkers, managers - dealing with and avoiding burn-out**
- Effective hybrid working
- Recruitment good practice

Equality and diversity

- Equality, race, and diversity training
- Gender identity training

Data protection

- **GDPR/information security**

Finances

- Fundraising

Management, leadership, governance

- **Management and supervision skills for supervisors, new and middle managers**
- **Governance and Charity Commission updates for trustees**
- **Participatory governance**
- Managing grant-funded projects and finances

Policy and practice

- **Dealing with difficult/stressed clients and clients with mental health issues**
- Effective triaging and signposting
- Housing law and practice
- **Impact measurement, monitoring and evaluation**
- Making use of Teams
- Participatory and client led methodologies and practice
- **Safeguarding for staff and trustees - including digital safeguarding**
- Service development including hybrid delivery
- Going paperless
- Social media

Other

- Basic IT training for staff
- Effective use of MS Teams

The above list contains many suggestions that are a repeat of 2021 and 2020 requests. These include management of legal aid contracts, governance training/training for trustees, safeguarding, data protection and staff well-being support.

Other support from LLST

9.2. Respondents suggested that the following support could be provided by or procured by LLST. Some suggestions mirror those above on training. Again, the support mentioned by more than one agency appears in bold.

- Data management
- Digital case management systems
- Free/discounted space for client work and services – including restaurant locations to feed clients
- Going paperless
- HR support
- IT support
- Managing communications and media - including social media
- Mentoring for new supervisors
- Mentoring for specialist advisers
- Pro bono development
- Review or organisational policies
- Setting up an apprentice scheme
- Sharing policies and templates - to avoid reinvention
- Signposting to funding sources
- Support for energy costs
- **Assistance with environmental policy**
- Financial management systems
- **Legal Aid billing support and system/experience sharing**