
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations prescribe the requirements with which an agreement between a client and his or her representative must comply so as to enable it to be a damages-based agreement relating to an employment matter under section 58AA of the Courts and Legal Services Act 1990.

Regulation 2 specifies the requirements of the agreement.

Regulation 3 specifies the information that must be given before an agreement can be made.

Regulation 4 specifies that additional causes of action can be added to the agreement by written and signed amendment.

Regulation 5 provides that the amount of the payment, including VAT, must not be greater than 35% of the sum ultimately recovered by the client. “Payment” is defined in regulation 1.

Regulation 6 states that the terms and conditions of an agreement that provide for the termination of the agreement must comply with the following: if the agreement is ended then the representative cannot charge more than his or her costs and expenses for the work done in respect of the client’s claim or proceedings; the client may not end the agreement at particular stages; the representative may not end the agreement unless the client has been or is being unreasonable; nothing in regulation 6 prevents a party from exercising a right under the general law of contract to terminate the agreement, for example for misrepresentation or fundamental breach.

An impact assessment has been prepared for these Regulations and can be requested by writing to the Ministry of Justice Private Funding Branch at: privatefundingbranch@justice.gsi.gov.uk