



# **CAAV FEES SURVEY**

**2022**

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## 1. INTRODUCTION

- 1.1 The annual CAAV Fees Survey records the approach of members to fee charging in terms of both the different methods used for different types of work and the quantum applied. The overall result is a series of tables showing the ranges of fees that are charged out for partners/directors, qualified valuers and unqualified trainees.
- 1.2 The CAAV started the annual Fees Survey after the Government withdrew its support for Ryde's Scale in 2002, to investigate other bases of charging, including time and quantum meruit. Fees for compensation claims continue to give rise to debate as some acquiring authorities offer their own versions of a scale fee, none of which have any statutory authorisation or other objective standing in the marketplace. Attempts to impose standard rates on a market risk action and fines under competition legislation; the Competition and Markets Authority imposed substantial fines on estate agency practices in both 2017 and 2018 for colluding over fees.
- 1.3 Respondents are asked to identify which category of valuer undertakes what types of compulsory purchase and compensation work; it is hoped that the responses to this question will prove useful in furthering the debate on professional fees in compensation claims.
- 1.4 In collecting data about fees and ancillary issues, the Fees Survey is principally aimed at those CAAV members in private practice, either as sole traders or with a firm, who charge fees for their services, whether to claimants or acquirers. Members who are employed by estates, local authorities and other bodies tend to be outside the scope of this Survey as they do not generally charge external fees.
- 1.5 Figures given as percentages in the responses will not always add up to 100 due to rounding and due to the fact that there can be multiple answers to some questions.
- 1.6 187 questionnaires were returned covering 843 fee earners in offices throughout the country. This is a reverse in the trend for declining returns of more recent years. This is the second year respondents had the option to complete an online survey as an alternative to a hard copy paper form. 117 (62.5%) respondents completed the online survey, with the remaining 70 (37.5%) completing the paper form.

**Table 1: Number of returns and fee earners covered**

| Year                | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| Returns             | 187  | 172  | 86   | 106  | 160  | 131  | 124  | 182  | 137  | 150  |
| Fee earners covered | 843  | 1508 | 417  | 690  | 1321 | 795  | 1099 | 993  | 807  | 936  |

- 1.7 Of those returned, it was found that:
- 50% of responses were made on behalf of a company, 33% on behalf of an individual, and 17% on behalf of an office.
  - 55% of respondents said that their firm had more than one office.

- 56% of responses represented the fee charging methods of a company, 24% of the individual, 21% that of the office.

## 2. FEES BASES USED

2.1 The first question looked at what particular bases members use when calculating fees. They were given a choice of five bases:-

- 1) Time basis
- 2) Flat rate
- 3) Conditional fee
- 4) Percentage fee
- 5) Ryde's Scale – standard or with a percentage uplift

2.2 The question then asked respondents to state which bases they used "most often" or "occasionally" for the following list of twenty different areas of work:

- |                                     |                        |
|-------------------------------------|------------------------|
| ➤ Arbitration                       | ➤ Professional advice  |
| ➤ Basic Payment Scheme              | ➤ Property management  |
| ➤ Compulsory purchase work          | ➤ Property purchase    |
| ➤ Development and option agreements | ➤ Property sales       |
| ➤ Entitlement trading               | ➤ Rent reviews         |
| ➤ Environmental schemes             | ➤ Residential lettings |
| ➤ Expert witness                    | ➤ Stocktaking          |
| ➤ Landlord and tenant               | ➤ Telecoms             |
| ➤ Planning consultancy              | ➤ Utilities schemes    |
|                                     | ➤ Valuations           |

2.3 Table 2.1 shows the most common basis used and Table 2.2 shows the basis used occasionally for each of the above areas of work. The average results for the previous five years are shown beneath for comparison and the results show a significant degree of consistency.

2.4 The percentages given refer to responses to that particular question and are rounded to the nearest whole number. Not all respondents answered every question.

2.5 Time is the most commonly used fee basis for most types of work. The most commonly used alternative is a percentage fee, most commonly used for

- property management (60%)
- property purchases (56%)
- property sales (94%) and
- residential lettings (67%)

2.6 Valuation work is done either on a time basis or flat fee, with the split being close to 50:50.

2.7 It is noted that a time basis is the most commonly used method of charging fees for both compulsory purchase work (82%) and utilities schemes (68%).

**Table 2.1: Fee basis most commonly used**

|                                   |              | <i>Time basis</i> | <i>Flat rate fee</i> | <i>Conditional fee</i> | <i>Percentage fee</i> | <i>Ryde's Scale</i> |
|-----------------------------------|--------------|-------------------|----------------------|------------------------|-----------------------|---------------------|
| Arbitration                       | 2022         | <b>97%</b>        | 2%                   | 2%                     | 0%                    | 0%                  |
|                                   | 5 yr average | 99%               | 1%                   | 0%                     | 0%                    | 0%                  |
| BPS                               | 2022         | <b>61%</b>        | 38%                  | 0%                     | 2%                    | 0%                  |
|                                   | 5 yr average | 67%               | 30%                  | 2%                     | 1%                    | 0%                  |
| Compulsory purchase work          | 2022         | <b>82%</b>        | 0%                   | 0%                     | 0%                    | 18%                 |
|                                   | 5 yr average | 76%               | 1%                   | 0%                     | 0%                    | 23%                 |
| Development and option agreements | 2022         | <b>46%</b>        | 20%                  | 9%                     | 25%                   | 0%                  |
|                                   | 5 yr average | 49%               | 16%                  | 9%                     | 26%                   | 1%                  |
| Entitlement trading               | 2022         | <b>35%</b>        | 32%                  | 0%                     | 34%                   | 0%                  |
|                                   | 5 yr average | 27%               | 34%                  | 1%                     | 37%                   | 1%                  |
| Environmental Schemes             | 2022         | <b>81%</b>        | 18%                  | 0%                     | 2%                    | 0%                  |
|                                   | 5 yr average | 79%               | 16%                  | 1%                     | 3%                    | 0%                  |
| Expert witness                    | 2022         | <b>92%</b>        | 7%                   | 1%                     | 0%                    | 0%                  |
|                                   | 5 yr average | 92%               | 7%                   | 0%                     | 0%                    | 0%                  |
| Landlord and tenant               | 2022         | <b>91%</b>        | 5%                   | 0%                     | 4%                    | 0%                  |
|                                   | 5 yr average | 87%               | 7%                   | 0%                     | 6%                    | 0%                  |
| Planning consultancy              | 2022         | <b>91%</b>        | 8%                   | 1%                     | 0%                    | 0%                  |
|                                   | 5 yr average | 87%               | 11%                  | 1%                     | 1%                    | 0%                  |
| Professional advice               | 2022         | <b>97%</b>        | 3%                   | 0%                     | 0%                    | 0%                  |
|                                   | 5 yr average | 96%               | 4%                   | 0%                     | 0%                    | 0%                  |
| Property management               | 2022         | 24%               | 15%                  | 1%                     | <b>60%</b>            | 0%                  |
|                                   | 5 yr average | 21%               | 12%                  | 0%                     | 66%                   | 1%                  |
| Property purchase                 | 2022         | 36%               | 5%                   | 3%                     | <b>56%</b>            | 0%                  |
|                                   | 5 yr average | 34%               | 8%                   | 3%                     | 55%                   | 0%                  |
| Property sales                    | 2022         | 1%                | 3%                   | 2%                     | <b>94%</b>            | 0%                  |
|                                   | 5 yr average | 3%                | 3%                   | 3%                     | 90%                   | 0%                  |
| Rent reviews                      | 2022         | <b>85%</b>        | 6%                   | 1%                     | 8%                    | 0%                  |
|                                   | 5 yr average | 85%               | 5%                   | 1%                     | 9%                    | 0%                  |
| Residential lettings              | 2022         | 15%               | 16%                  | 2%                     | <b>67%</b>            | 0%                  |
|                                   | 5 yr average | 8%                | 20%                  | 3%                     | 69%                   | 0%                  |
| Stocktaking                       | 2022         | <b>53%</b>        | 47%                  | 0%                     | 0%                    | 0%                  |
|                                   | 5 yr average | 47%               | 52%                  | 0%                     | 1%                    | 0%                  |
| Telecoms                          | 2022         | <b>75%</b>        | 14%                  | 3%                     | 1%                    | 7%                  |
|                                   | 5 yr average | 71%               | 18%                  | 2%                     | 3%                    | 6%                  |
| Utilities schemes                 | 2022         | <b>68%</b>        | 1%                   | 1%                     | 0%                    | 30%                 |
|                                   | 5 yr average | 62%               | 3%                   | 1%                     | 0%                    | 34%                 |
| Valuations                        | 2022         | <b>49%</b>        | 46%                  | 3%                     | 2%                    | 0%                  |
|                                   | 5 yr average | 50%               | 47%                  | 1%                     | 2%                    | 0%                  |

2.8 Table 2.2 below shows that a flat rate fee is the most usual alternative method of charging. Other alternatives are:

- Time basis, which is occasionally used for property management; utilities schemes; stocktaking and valuations
- Ryde's Scale, which is occasionally used for compulsory purchase work and utilities schemes.

2.9 Conditional and percentage fees continue to be used only occasionally.

**Table 2.2: Fee basis used occasionally**

|                                   |              | <i>Time basis</i> | <i>Flat rate fee</i> | <i>Conditional fee</i> | <i>Percentage fee</i> | <i>Ryde's Scale</i> |
|-----------------------------------|--------------|-------------------|----------------------|------------------------|-----------------------|---------------------|
| Arbitration                       | 2022         | 19%               | <b>75%</b>           | 6%                     | 0%                    | 0%                  |
|                                   | 5 yr average | 13%               | 74%                  | 8%                     | 1%                    | 0%                  |
| BPS                               | 2022         | 44%               | <b>51%</b>           | 3%                     | 3%                    | 0%                  |
|                                   | 5 yr average | 32%               | 62%                  | 1%                     | 4%                    | 1%                  |
| Compulsory purchase work          | 2022         | 34%               | 7%                   | 3%                     | 3%                    | <b>54%</b>          |
|                                   | 5 yr average | 27%               | 10%                  | 0%                     | 3%                    | 59%                 |
| Development and option agreements | 2022         | 27%               | <b>30%</b>           | 19%                    | 25%                   | 0%                  |
|                                   | 5 yr average | 30%               | 25%                  | 19%                    | 25%                   | 1%                  |
| Entitlement trading               | 2022         | 24%               | <b>55%</b>           | 2%                     | 20%                   | 0%                  |
|                                   | 5 yr average | 28%               | 48%                  | 5%                     | 19%                   | 0%                  |
| Environmental Schemes             | 2022         | 27%               | <b>63%</b>           | 3%                     | 7%                    | 0%                  |
|                                   | 5 yr average | 19%               | 70%                  | 2%                     | 8%                    | 1%                  |
| Expert witness                    | 2022         | 25%               | <b>75%</b>           | 0%                     | 0%                    | 0%                  |
|                                   | 5 yr average | 17%               | 81%                  | 3%                     | 0%                    | 0%                  |
| Landlord and Tenant               | 2022         | 19%               | <b>62%</b>           | 5%                     | 14%                   | 0%                  |
|                                   | 5 yr average | 16%               | 68%                  | 2%                     | 14%                   | 0%                  |
| Planning consultancy              | 2022         | 12%               | <b>72%</b>           | 12%                    | 3%                    | 0%                  |
|                                   | 5 yr average | 17%               | 69%                  | 9%                     | 4%                    | 0%                  |
| Professional advice               | 2022         | 15%               | <b>82%</b>           | 1%                     | 1%                    | 0%                  |
|                                   | 5 yr average | 7%                | 87%                  | 4%                     | 2%                    | 0%                  |
| Property management               | 2022         | <b>42%</b>        | 31%                  | 1%                     | 25%                   | 0%                  |
|                                   | 5 yr average | 44%               | 39%                  | 1%                     | 16%                   | 0%                  |
| Property purchase                 | 2022         | 29%               | 29%                  | 11%                    | <b>30%</b>            | 0%                  |
|                                   | 5 yr average | 42%               | 27%                  | 9%                     | 22%                   | 0%                  |
| Property sales                    | 2022         | 24%               | <b>62%</b>           | 9%                     | 5%                    | 0%                  |
|                                   | 5 yr average | 27%               | 57%                  | 8%                     | 6%                    | 0%                  |
| Rent reviews                      | 2022         | 25%               | <b>52%</b>           | 5%                     | 18%                   | 0%                  |
|                                   | 5 yr average | 18%               | 64%                  | 4%                     | 14%                   | 0%                  |
| Residential lettings              | 2022         | 21%               | <b>56%</b>           | 0%                     | 23%                   | 0%                  |
|                                   | 5 yr average | 26%               | 55%                  | 2%                     | 17%                   | 1%                  |

|                   |              | <i>Time basis</i> | <i>Flat rate fee</i> | <i>Conditional fee</i> | <i>Percentage fee</i> | <i>Ryde's Scale</i> |
|-------------------|--------------|-------------------|----------------------|------------------------|-----------------------|---------------------|
| Stocktaking       | 2022         | <b>53%</b>        | 44%                  | 2%                     | 2%                    | 0%                  |
|                   | 5 yr average | 57%               | 39%                  | 0%                     | 4%                    | 0%                  |
| Telecoms          | 2022         | 30%               | <b>54%</b>           | 2%                     | 11%                   | 4%                  |
|                   | 5 yr average | 32%               | 49%                  | 3%                     | 8%                    | 8%                  |
| Utilities schemes | 2022         | <b>44%</b>        | 12%                  | 2%                     | 5%                    | 38%                 |
|                   | 5 yr average | 39%               | 17%                  | 1%                     | 2%                    | 42%                 |
| Valuations        | 2022         | <b>52%</b>        | 44%                  | 1%                     | 3%                    | 0%                  |
|                   | 5 yr average | 51%               | 41%                  | 2%                     | 6%                    | 0%                  |

### 3. ACTUAL CHARGE-OUT RATES

3.1 This part of the survey records the typical minimum and maximum charge-out rates for partners/directors, qualified valuers and unqualified trainees, in an attempt to gauge the range of fees being charged according to professional experience.

3.2 Table 3 shows the results of this year's survey. For each category it shows the average minimum and maximum hourly rates reported, with the 2021 figures included for comparison, and then the absolute and percentage changes since 2021 and finally the absolute minimum and maximum figures recorded.

**Table 3: Charge-out rates for different levels of staff (2021 figures in italics)**

|                       | Partners/Directors |                | Qualified Valuers (>5 years PQE) |                | Qualified Valuers (2 to 5 years PQE) |                |
|-----------------------|--------------------|----------------|----------------------------------|----------------|--------------------------------------|----------------|
| Number                | 150 ( <i>155</i> ) |                | 85 ( <i>86</i> )                 |                | 67 ( <i>70</i> )                     |                |
|                       | Minimum            | Maximum        | Minimum                          | Maximum        | Minimum                              | Maximum        |
| Average hourly rate   | £153.39            | £207.14        | £139.16                          | £180.42        | £119.91                              | £150.28        |
|                       | <i>£140.44</i>     | <i>£193.20</i> | <i>£128.69</i>                   | <i>£168.65</i> | <i>£110.13</i>                       | <i>£136.86</i> |
| Actual change         | £12.95             | £13.94         | £10.47                           | £11.77         | £9.78                                | £13.42         |
|                       | <i>£5.76</i>       | <i>£5.24</i>   | <i>£2.57</i>                     | <i>£4.65</i>   | <i>£4.30</i>                         | <i>£2.86</i>   |
| Change, as percentage | 9.22%              | 7.22%          | 8.14%                            | 6.98%          | 8.88%                                | 9.81%          |
|                       | <i>4.28%</i>       | <i>2.79%</i>   | <i>2.04%</i>                     | <i>2.83%</i>   | <i>4.06%</i>                         | <i>2.13%</i>   |
| Absolute min/max rate | £35                | £350           | £50                              | £250           | £40                                  | £200           |
|                       | <i>£50</i>         | <i>£400</i>    | <i>£40</i>                       | <i>£275</i>    | <i>£45</i>                           | <i>£200</i>    |

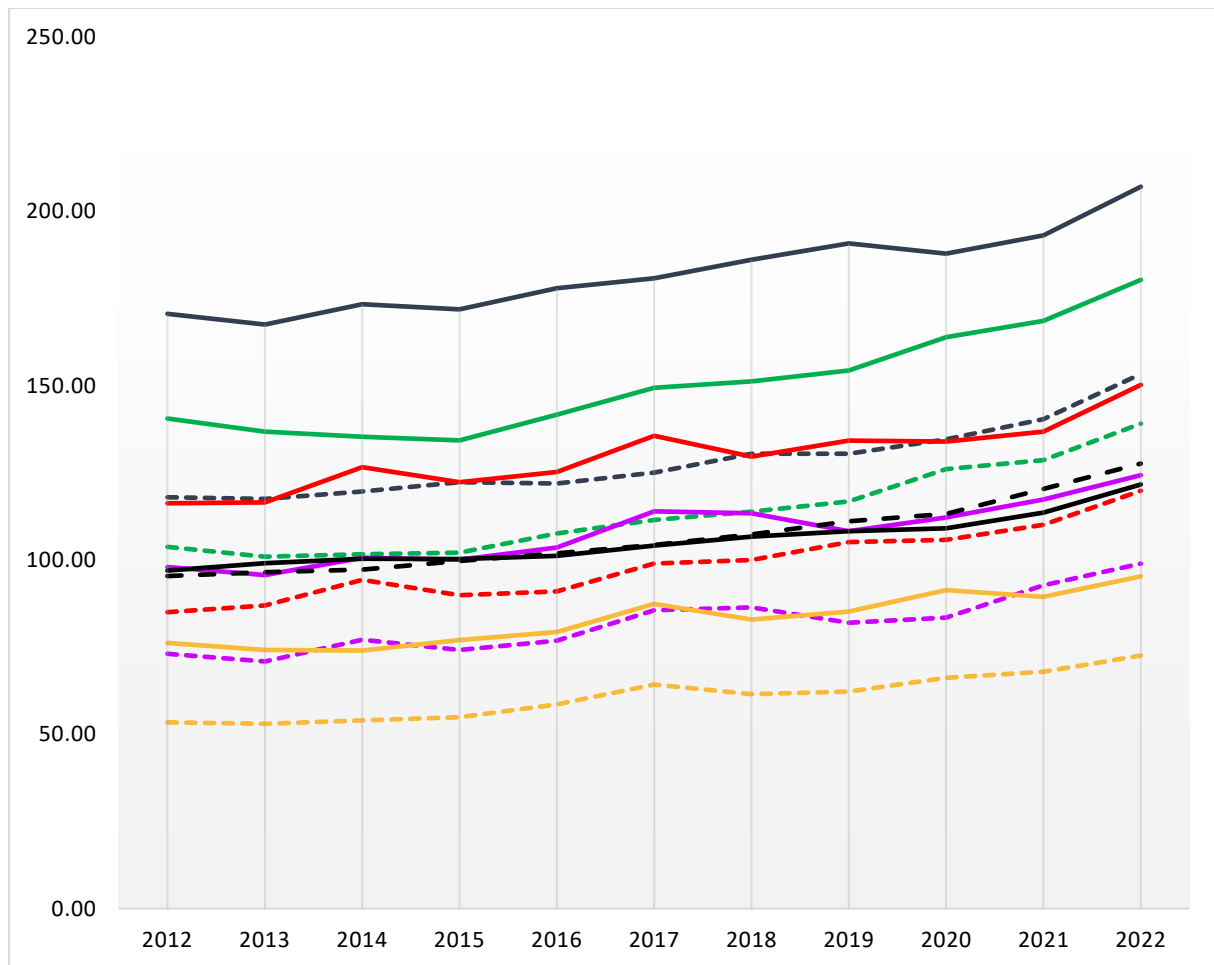
|                       | Qualified Assistants (up to 2 years PQE) |                | Unqualified Trainees |               |
|-----------------------|--|----------------|----------------------|---------------|
| Number                | 61 ( <i>66</i> )                         |                | 83 ( <i>83</i> )     |               |
|                       | Minimum                                  | Maximum        | Minimum              | Maximum       |
| Average hourly rate   | £99.00                                   | £124.38        | £72.61               | £95.36        |
|                       | <i>£92.79</i>                            | <i>£117.41</i> | <i>£67.95</i>        | <i>£89.49</i> |
| Actual change         | £6.21                                    | £6.97          | £4.66                | £5.87         |
|                       | <i>£9.29</i>                             | <i>£5.14</i>   | <i>£1.70</i>         | <i>-£1.92</i> |
| Change, as percentage | 6.69%                                    | 5.94%          | 6.86%                | 6.56%         |
|                       | <i>11.1%</i>                             | <i>4.58%</i>   | <i>2.57%</i>         | <i>-2.1%</i>  |
| Absolute min/max rate | £40                                      | £175           | £25                  | £40           |
|                       | <i>£20</i>                               | <i>£175</i>    | <i>£25</i>           | <i>£150</i>   |













3.3 The results in Table 3 show increases in rates for all categories of professional experience, at a time of higher inflation in the wider economy. The most notable increases are generally in the average minimum rates for all categories but seen more sharply for those with 2 years or more experience through to Partners/Directors, all with increases around

8 to 9%. 24 (16%) of the respondents indicated that the minimum charge for a Director/Partner was £200/hour or more.

3.4 Chart 1 plots the average maximum and minimum rates for all types of fee earners over the last ten years. It also shows the CPI All Index rate (black line) and the Average Weekly Earnings Index (black dashed line), both indexed to 100 as at 2015. It can be seen that changes in average charge out rates over time tend to keep up with changes in the CPI and AWEI.

**Chart 1: Changes in average fee rates 2012 - 2022**



|                            |   |  |   |
|----------------------------|---|--|---|
| Partner £ max              |  | Partner £ min                                  |  |
| Qualified >5 £ max         |  | Qualified >5 £ min                             |  |
| Qualified 2-5 £ max        |  | Qualified 2-5 £ min                            |  |
| Qualified <2 £ max         |  | Qualified <2 £ min                             |  |
| Trainee £ max              |  | Trainee £ min                                  |  |
| CPI indexed to 100 at 2015 |  | Average Weekly Earnings indexed to 100 at 2015 |  |



#### 4. OFFICE ORGANISATION

4.1 The survey continues to assess the use of time recording systems in offices and approaches to spreading overheads over instructions.

4.2 85.5% of respondents used a time recording system in 2022.

**Table 4.1: Proportion of respondents using a time recording system**

| 2022  | 2021  | 2020  | 2019  | 2018  | 2017  | 2016  | 2015  | 2014  |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 85.5% | 87.3% | 87.2% | 87.7% | 78.1% | 86.2% | 85.1% | 83.5% | 84.7% |

4.3 As in previous years, members continue to use a variety of time recording systems, with 28% using Excel spreadsheets and 19% using a paper-based system. 36% reported using off-the-shelf systems including apps, web-based systems and electronic diaries. The use of bespoke systems was again lower than historic trends, possibly due to the availability and variety of off-the-shelf systems.

**Table 4.2: Use of time recording systems**

|               | 2022 | 2021 | 2020 | 2019 | 2018  | 2017  | 2016  | 2015  |
|---------------|------|------|------|------|-------|-------|-------|-------|
| Paper based   | 19%  | 20%  | 29%  | 29%  | 31.6% | 37.6% | 31.8% | 35.9% |
| Bespoke       | 16%  | 15%  | 12%  | 21%  | 25.7% | 19.7% | 21.8% | 30.1% |
| Excel         | 28%  | 26%  | 32%  | 26%  | 22.8% | 20.5% | 24.5% | 22.9% |
| Off-the-shelf | 36%  | 39%  | 27%  | 24%  | 19.9% | 22.2% | 21.8% | 11.1% |

4.4 82% of respondents spread their overheads across instructions (84% in 2021, 84% in 2020, 79% in 2019 and 2018, 80% in 2017, 2016 and 2015, 79% in 2014 and 2013).

4.5 The main reasons given for not apportioning overheads to an instruction included that it was already accounted for in the hourly rate or spread over core management fees, as well as market pressure being a factor and the need to price work competitively. A number of responses also indicated that they offer discounted fees for long-standing clients. Others stated that, as sole practitioners working from home, they had minimal overheads.

## 5. COMPENSATION AND COMPULSORY PURCHASE WORK

5.1 The questions in this section were comprehensively overhauled in 2016 in order to generate more detailed information about which practitioners are undertaking compulsory purchase and utilities work and on what fee bases. Additional questions were asked for the first time this year (2022) to identify what proportion of respondents acted for claimants or acquirers and whether any of the respondents only carried out either CPO or utility work to the exclusion of the other.

5.2 Almost all respondents indicated that they carried out some compulsory purchase work and/or utilities claims. All those that carried out CPO work also undertook utility schemes. However, 31 (19%) respondents carried utility schemes work but did not do CPO work. Of all those that responded, some will do this work frequently while others may only deal with occasional cases. The overwhelming majority (97%) of respondents predominantly acted for claimants, with only 4 (3%) acting for acquirers.

**Table 5.1: Proportion of respondents carrying out compulsory purchase and utilities work**

|                     | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------|------|------|------|------|------|------|
| Compulsory purchase | 69%  | 74%  | 81%  | 80%  | 75%  | 79%  |
| Utilities           | 81%  | 89%  | 94%  | 97%  | 91%  | 96%  |

5.3 The figures in Table 5.1 for 2021 and 2022 could suggest that the proportion of respondents involved in this work has started falling which would be consistent with anecdotal reports but it is probably too early to tell.

5.4 **Fee Basis** – Respondents were then asked about the basis on which fees were charged for different elements of this work most often and occasionally. The fee bases listed were:

1. Time and expenses basis
2. Flat rate fee
3. Ryde's Scale, with or without an uplift
4. Acquirer's own fee scale

5.5 Table 5.2 shows the basis most commonly used in 2022 for each of the different elements of compensation work, with the five-year average figure for comparison. A time basis was used by more than three-quarters of those undertaking compulsory purchase inquiry work, pre-entry matters and project management. In this and last years' report, more reported using the time basis for preparation and negotiation of claims.

**Table 5.2: Bases of fees for compulsory purchase work – most often used**

|   |                | Time basis   | Flat rate fee | Ryde's Scale (incl uplift) | Acquirer's Scale |
|---|----------------|--------------|---------------|----------------------------|------------------|
| Compulsory purchase inquiry / examination | 2022           | <b>80.0%</b> | 1.7%          | 14.8%                      | 3.5%             |
|   | <i>Average</i> | 82.6%        | 1.2%          | 13.5%                      | 2.7%             |
| Pre-entry matters                         | 2022           | <b>83.1%</b> | 2.3%          | 10.0%                      | 4.6%             |
|   | <i>Average</i> | 80.4%        | 3.5%          | 10.9%                      | 5.0%             |

|                                      |                |              |      |       |      |
|--------------------------------------|----------------|--------------|------|-------|------|
| Project management during the scheme | 2022           | <b>85.4%</b> | 1.6% | 8.9%  | 4.1% |
|                                      | <i>Average</i> | 82.6%        | 1.4% | 11.2% | 4.8% |
| Preparation of the claim             | 2022           | <b>69.4%</b> | 1.5% | 20.9% | 8.2% |
|                                      | <i>Average</i> | 67.6%        | 0.9% | 25.3% | 6.4% |
| Negotiation of the claim             | 2022           | <b>66.9%</b> | 2.3% | 22.6% | 8.3% |
|                                      | <i>Average</i> | 66.5%        | 1.0% | 26.2% | 6.2% |

5.6 Table 5.3 shows the results for the fee bases used occasionally for different elements of compensation work. Ryde's Scale (usually with an uplift) and the acquirer's own scale were the bases most frequently selected.

**Table 5.3: Bases of fees for compulsory purchase work – occasionally used**

|   |                | Time basis | Flat rate fee | Ryde's Scale | Acquirer's Scale |
|---|----------------|------------|---------------|--------------|------------------|
| Compulsory purchase inquiry / examination | 2022           | 28.1%      | 15.6%         | 25.0%        | <b>31.3%</b>     |
|   | <i>Average</i> | 17.0%      | 22.4%         | 36.3%        | 24.3%            |
| Pre-entry matters                         | 2022           | 23.1%      | 20.5%         | 24.4%        | <b>32.1%</b>     |
|   | <i>Average</i> | 20.9%      | 20.1%         | 34.0%        | 24.9%            |
| Project management during the scheme      | 2022           | 21.1%      | 14.1%         | <b>32.4%</b> | <b>32.4%</b>     |
|   | <i>Average</i> | 19.2%      | 20.0%         | 34.9%        | 26.0%            |
| Preparation of the claim                  | 2022           | 26.8%      | 6.1%          | <b>36.6%</b> | 30.5%            |
|   | <i>Average</i> | 25.2%      | 10.6%         | 38.7%        | 25.3%            |
| Negotiation of the claim                  | 2022           | 28.9%      | 2.4%          | <b>38.6%</b> | 30.1%            |
|   | <i>Average</i> | 26.4%      | 8.6%          | 38.7%        | 26.3%            |

5.7 Ryde's Scale itself has not been reviewed since 1996 and the range of uplifts now applied varies from nil to 75%. 47% of respondents indicate that they use Ryde's scale at some point. These respondents were asked which uplift – if any – they used and the answers are presented in Table 5.4 (*NB Previous years' reports showed a percentage of the total number of respondents, even if they no longer used Ryde's*). As in recent previous years, the most often used uplift is 30%, used most often in 2022 by just over 40% of respondents answering this question and used occasionally by approximately a third. That 30% uplift was selected by 49% of respondents in 2021; 28% of respondents in 2020; 31% of respondents in both 2019 and 2018; 30% in 2017; 34% in 2016; 53% in 2015; 20% in 2014; and 46% in 2013. For comparison, data from the ONS show that both mean and median hourly earnings across the economy have slightly more than doubled between 1997 and 2022 (1996 was not available on the same basis).

**Table 5.4: Uplifts to Ryde's Scale**

|              | No uplift | 20%   | 25%   | 30%          | 40%   | 50%   | Other |
|--------------|-----------|-------|-------|--------------|-------|-------|-------|
| Most often   | 2.4%      | 11.9% | 14.3% | <b>41.7%</b> | 4.8%  | 19.1% | 6.0%  |
| Occasionally | 3.4%      | 17.0% | 6.8%  | <b>35.6%</b> | 10.2% | 15.3% | 11.9% |

- 5.8 **Hourly Rates** – The Survey asks about the hourly rates typically agreed for different categories of valuer when a time and expenses basis was used for compensation work and the answers are shown in Table 5.5.

**Table 5.5: Hourly rates typically agreed for compensation work (2021 rates in brackets)**

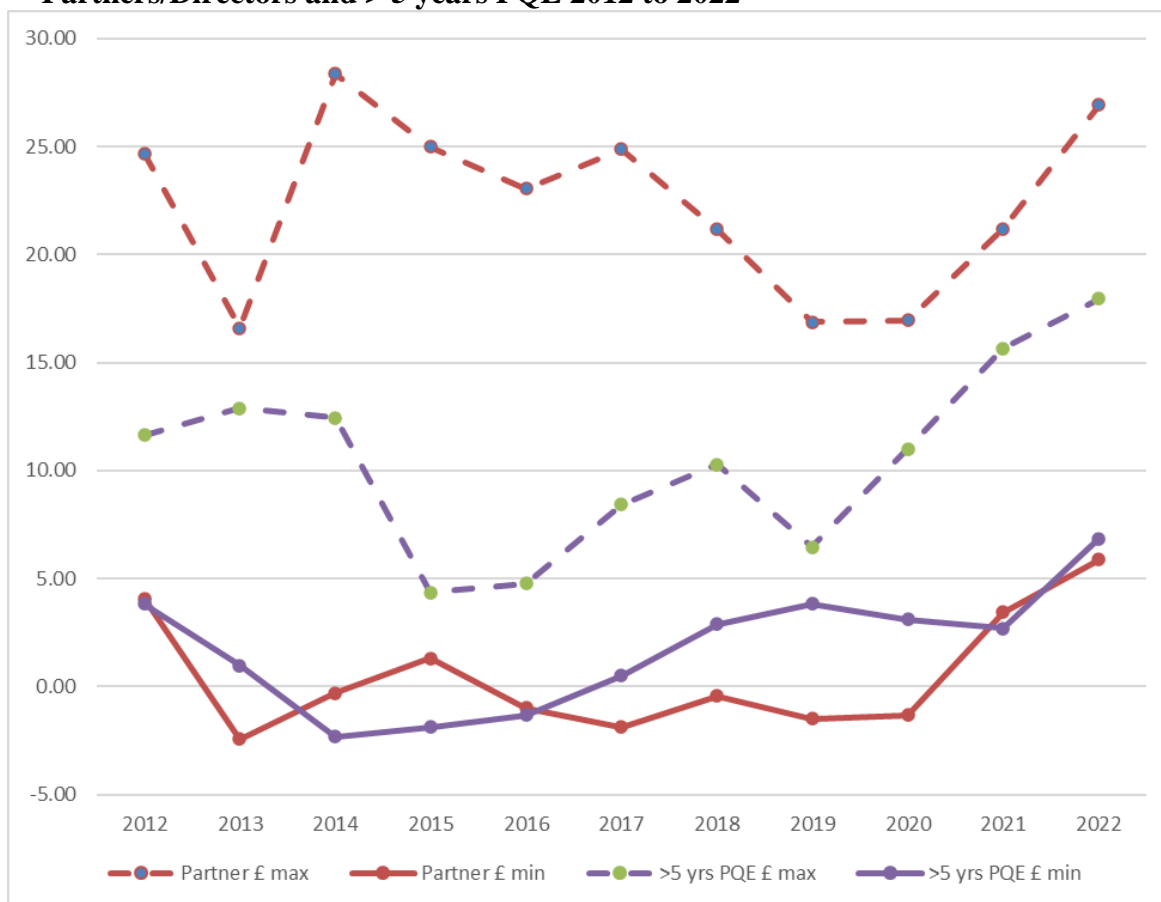
|                               | Average minimum | Average maximum |
|-------------------------------|-----------------|-----------------|
| Partners/directors            | £148 (£137)     | £180 (£172)     |
| Qualified Valuers (>5 yrs)    | £132 (£126)     | £162 (£153)     |
| Qualified Valuers (2 – 5 yrs) | £114 (£103)     | £141 (£131)     |
| Qualified Valuers (<2 yrs)    | £95 (£89)       | £116 (£113)     |
| Unqualified Trainees          | £80 (£67)       | £99 (£86)       |

- 5.9 As shown in Table 5.6, the average maximum rates recorded for compulsory purchase work are generally, like last year and 2020, lower than those for all work in question 3. Rates for partners/directors and those with more than 5 years PQE are at an average maximum of £180 and £162 per hour respectively, as opposed to £207 and £180 per hour respectively for all types of work; that represents an hourly rate that is 13% less for partners/directors and 10% less for those with more than 5 years PQE. Chart 2 illustrates how the average maximum charge out rates for these more senior types of valuers carrying out other work has exceeded that of compensation work over the past 10 years.
- 5.10 That distinction fades away for those with less experience and the minimum charge out rates for compulsory purchase work are more closely aligned with rates for all work across all categories of valuer, being only 6% less for those qualified valuers with up to 5 years' experience. The average maximum rates for unqualified trainees are slightly more for compulsory work at £99 per hour than all work at question 3 at £95 per hour.

**Table 5.6: Difference in average hourly rates between compensation and other work**

|                                      | CPO / Utility | Other work | Difference (£) | Difference (%) |
|--------------------------------------|---------------|------------|----------------|----------------|
| <b>Partners / Directors</b>          |               |            |                |                |
| Max average hourly rate              | £180.21       | £207.14    | −£26.93        | −13.0%         |
| Min average hourly rate              | £147.52       | £153.39    | −£5.87         | −3.8%          |
| <b>Qualified Valuers (&gt;5 yrs)</b> |               |            |                |                |
| Max average hourly rate              | £162.46       | £180.42    | −£17.96        | −10%           |
| Min average hourly rate              | £132.32       | £139.16    | −£6.84         | −4.9%          |
| <b>Qualified Valuers (2 – 5 yrs)</b> |               |            |                |                |
| Max average hourly rate              | £140.53       | £150.28    | −£9.75         | −6.5%          |
| Min average hourly rate              | £114.36       | £119.91    | £5.55          | −4.6%          |
| <b>Qualified Valuers (&lt;2 yrs)</b> |               |            |                |                |
| Max average hourly rate              | £115.55       | £124.38    | −£8.83         | −7.1%          |
| Min average hourly rate              | £94.81        | £99.00     | −£4.19         | −4.2%          |
| <b>Unqualified Trainees</b>          |               |            |                |                |
| Max average hourly rate              | £99.40        | £95.36     | £4.04          | 4.2%           |
| Min average hourly rate              | £79.55        | £72.61     | £6.94          | 9.6%           |

**Chart 2: How much other work charge out rates exceed CPO charge out rates for Partners/Directors and > 5 years PQE 2012 to 2022**



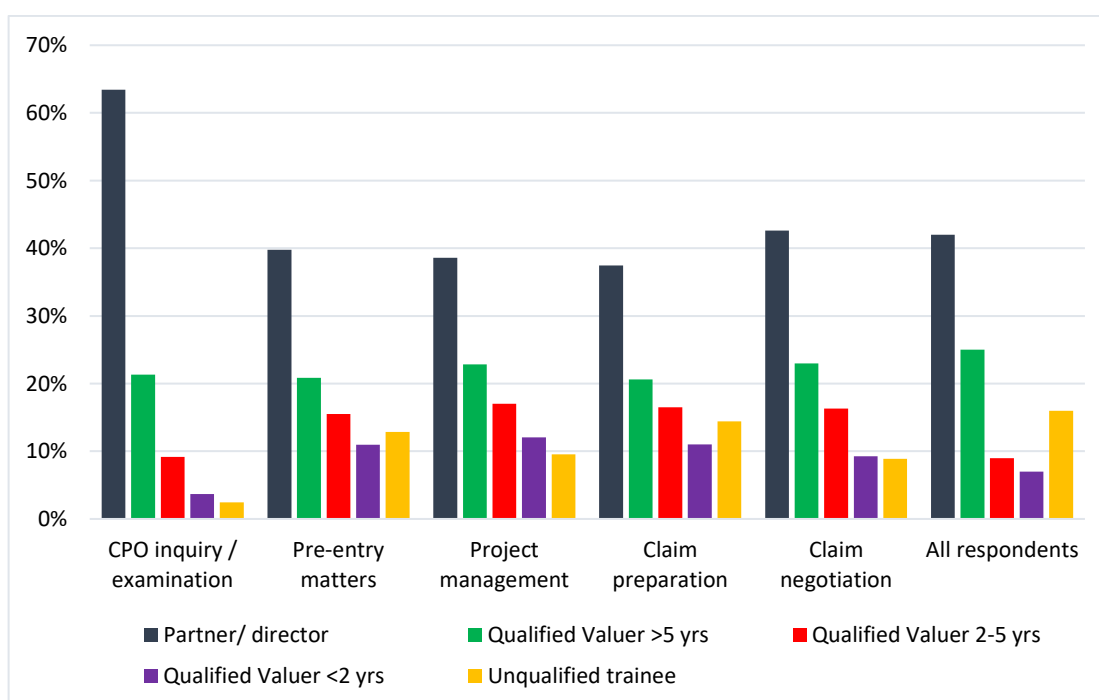
- 5.11 The general position of rates being lower for compulsory purchase work may, in part, reflect difficulties in agreeing commercial hourly rates with acquiring authorities, but it may also indicate that work of this nature does not always justify the highest rates and that senior valuers adjust their charges accordingly.
- 5.12 Fees for compensation claims continue to give rise to debate as some acquiring authorities offer their own versions of a scale fee, none of which have any statutory authorisation or other objective standing in the marketplace. Attempts to impose standard rates on a market risk action and fines under competition legislation; the Competition and Markets Authority imposed substantial fines on estate agency practices in both 2017 and 2018 for colluding over fees.
- 5.13 Following the principles of the compensation code, what hourly rate is “reasonable” will vary; factors, including supply and demand (increasing infrastructure work has seen acute shortages in resources in many areas), geographical variations, the size of the valuers practice and whether or not overheads are embedded in the hourly rate or not will all have a bearing. Case law makes the starting point that claimants are entitled to their reasonable professional costs in responding to the statutory imposition of land being acquired compulsorily.

5.14 **Who Does The Work?** – The Survey next asked which categories of practitioner were undertaking the different elements of compensation work. The answers are reported as percentages in Table 5.7 and in Chart 3, showing a marked consistency from year to year.

**Table 5.7: Which categories of valuer undertake different elements of compensation work? (5 year average figures in italics)**

|                              | Partner/<br>director | Qualified<br>Valuer<br>> 5 yrs | Qualified<br>Valuer<br>2-5 yrs | Qualified<br>Valuer<br>< 2 yrs | Unqualified<br>trainee |
|------------------------------|----------------------|--------------------------------|--------------------------------|--------------------------------|------------------------|
| CPO inquiry /<br>examination | 63%                  | 21%                            | 9%                             | 4%                             | 2%                     |
| <i>5 year average</i>        | <i>59%</i>           | <i>25%</i>                     | <i>8%</i>                      | <i>4%</i>                      | <i>4%</i>              |
| Pre-entry matters            | 40%                  | 21%                            | 16%                            | 11%                            | 13%                    |
| <i>5 year average</i>        | <i>39%</i>           | <i>23%</i>                     | <i>15%</i>                     | <i>12%</i>                     | <i>11%</i>             |
| Project<br>management        | 39%                  | 23%                            | 17%                            | 12%                            | 10%                    |
| <i>5 year average</i>        | <i>37%</i>           | <i>24%</i>                     | <i>16%</i>                     | <i>12%</i>                     | <i>11%</i>             |
| Claim preparation            | 37%                  | 21%                            | 16%                            | 11%                            | 14%                    |
| <i>5 year average</i>        | <i>35%</i>           | <i>22%</i>                     | <i>15%</i>                     | <i>13%</i>                     | <i>15%</i>             |
| Claim negotiation            | 43%                  | 23%                            | 16%                            | 9%                             | 9%                     |
| <i>5 year average</i>        | <i>42%</i>           | <i>25%</i>                     | <i>15%</i>                     | <i>11%</i>                     | <i>7%</i>              |

**Chart 3: Status and experience profile of those dealing with compensation work compared to all respondents**



- 5.15 The data shows that most compensation work is undertaken by those with more than 5 years of post-qualification experience and those at partner or director level undertake the most work in all categories. This reflects the age and experience profile of all respondents: there are fewer practitioners with less than 2 years post qualification experience than there are with 2 – 5 years' experience and significantly fewer of both of those than there are practitioners with more than 5 years of experience.
- 5.16 The results reflect the fact that of the group of respondents that undertakes compensation and utilities work, many are in small businesses with few fee-earning staff:
- 52% were in an office with fewer than 5 fee earners
  - 47% employed no staff with less than 5 years' experience.

In these smaller businesses, work has to be undertaken by whoever is available to do it and who may therefore have often been there for some years. As note above, the average hourly rates of senior professionals for compensation work is commonly below that for all other work.

**Table 5.8 Respondents working in small businesses**

|                                     | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------------------------------|------|------|------|------|------|
| Fewer than 5 fee earners            | 52%  | 58%  | 60%  | 61%  | 68%  |
| No staff with < 5 years' experience | 47%  | 41%  | 44%  | 40%  | 32%  |

- 5.17 **Disputes Over Fees** – 51% of respondents reported that they had experienced disputes over fees in 2022 (53% in 2021, 46% in 2020, 50% in 2019, 45% in 2018, 50% in 2017 and 2016, 38% in 2015, 37% in 2014).

**Table 5.9 The nature of the dispute over fees**

| Problem                | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|------------------------|------|------|------|------|------|------|
| Basis of fee           | 27%  | 33%  | 26%  | 31%  | 31%  | 36%  |
| Hourly rate            | 48%  | 47%  | 44%  | 39%  | 37%  | 44%  |
| Number of hours billed | 25%  | 20%  | 28%  | 25%  | 21%  | 19%  |
| Other*                 |      |      | 3%   | 5%   |      |      |

\*including delays in paying fees and proposals to change the fee basis.

- 5.18 The incidence of disputes could appear to have increased from about 2016. The 5-year averages for the period 2007-2011 and 2012-2016 were both around 38% but the 2017-2021 average increased to 49%, remaining there for 2022. Reaching an agreement on an hourly rate is the most common area of dispute, making up almost half of the responses. It could simply be that the latter is an inevitable consequence of the greater use of a time and expenses basis in compensation work.
- 5.19 The majority of disputes were with an acquirer or an acquirer's agent, representing 87% of the responses, with the remainder being a dispute with the instructing client.

5.20 **Dispute Resolution** – Finally, respondents were asked how these difficulties were resolved. Of those who answered the question:

- 68% said that issues were resolved by negotiation (77% in 2021, 64% in 2020, 67% in 2019; 64% in 2018; 79% in 2017; 72% in 2016),
- None used mediation or ADR (None in 2021 or 2020; 1 in 2019; 0 in 2018)
- One used a formal complaints procedure (None in 2021 or 2020; 2 in 2019)
- None were resolved through the courts or tribunal system (None in 2021; 1 in 2020)
- 31% said that the dispute remained unresolved at the time of the survey (23% in 2021, 33% in 2020, 28% in 2019; 34% in 2018; 18% in 2017; 21% in 2016)

5.21 Negotiation remains the preferred route to resolve fees disputes, with very few using mediation or more formal routes. This suggests that members are reluctant to escalate disputes to more formal channels, perhaps because of the cost implications or a lack of experience in doing so. It is also worth noting that the dispute is technically between the claimant and the acquiring authority and the agent has no direct recourse to take a dispute over fees to ADR on their own account.



## 6.0 CONCLUSIONS

- 6.1 The 2022 Fees Survey confirms that a time basis remains the most widely used basis for charging fees for most types of work commonly encountered by members. A percentage fee is still most commonly used for property management, property sales and purchases and residential lettings.
- 6.2 Average maximum and minimum charge-out rates per hour increased from those in 2021.
- 6.3 Around three-quarters of those respondents carrying out compulsory purchase or utilities work are using a time and expenses basis most often for that work. This is the ninth consecutive year where that has been the case and it represents a significant shift in the basis of charging for such work from the position a decade ago.
- 6.4 Where Ryde's Scale is used as a basis for fees, an uplift of 30% remains the most common but ranging from nil to 75%.
- 6.5 Average maximum hourly rates for compulsory purchase and compensation work charged by senior practitioners remain lower than their overall charge out rates. This may in part reflect the rates agreed with acquiring authorities, but it could also in part reflect the fact that the work involved might not always justify the highest charge out rates.
- 6.6 Most compensation work is carried out by practitioners with more than 5 years post-qualification experience, with the majority of this work done by those at partner and director level. There are fewer less experienced valuers to undertake this work. In other fora, members have reported difficulty in recruiting less experienced staff to work in this area, which is sometimes seen as complex, stressful and unrewarding. That is seen to point to an accumulating problem with the expectation of increased activity for infrastructure which requires the proper and efficient assessment of compensation for those affected.
- 6.7 Disputes over fees in compensation work appear to be a regular frustration, with the most common type of dispute being with an acquirer or an acquirer's agent over the claimant's agent hourly rate.
- 6.8 The proportion of offices using a time recording system, justifying the time charged, was 85.5%. Some of the remainder will be in practices for which a time recording system will not be relevant.