

# Statement to parliament: Controlling the costs of defamation cases

The Government is committed to controlling the costs of civil litigation while allowing appropriate cases to proceed. Part 2 of the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012 reformed the operation of no win no fee conditional fee agreements in order to address the high costs of civil litigation. In particular, section 44 of the LASPO Act provided that the lawyer's success fee would no longer be recoverable from the losing party. This provision came into effect for the majority of cases in April 2013 but was delayed in respect of defamation and privacy claims pending the outcome of the Leveson Inquiry. The then Coalition Government accepted the Leveson recommendation that there should be a costs protection regime in place for defamation and privacy claims, before commencing the LASPO Act conditional fee agreement reforms. It consulted on a draft bespoke costs protection regime in 2013. In the event, there was opposition to the detail of that regime, and the then Coalition Government did not implement the proposal.

Having considered the responses to the consultation, the Government has now decided on a different approach that will further control the costs of these cases and will also give effect to our legal obligations under the MGN v UK judgment of the European Court of Human Rights in 2011. In the MGN case, the court concluded that the obligation for the defendant to pay a 100% 'success fee' to the claimant was disproportionate, and that the conditional fee agreements regime was therefore in breach of the defendant's rights under Article 10 (freedom of expression) of the European Convention on Human Rights.

The Government will therefore now commence section 44 of the LASPO Act in relation to defamation and privacy cases. However, the Government will keep in place, at least for the time being, the existing costs protection regime. This means that after the event insurance premiums will remain recoverable for these cases. After the event insurance covers the risks of having to pay the other side's costs in unsuccessful cases.

This approach – of abolishing recoverability of the conditional fee agreement success fee, but retaining it for the after the event insurance premium – will protect access to justice, since parties with good cases can still benefit from recoverable after the event insurance in respect of adverse costs; after the event insurance discourages weaker cases as these are unlikely to be insured. This provision will come into force for new cases on 6 April 2019.

The Government has also published today its response to the 2013 consultation, ['Costs protection in defamation and privacy claims: the Government's proposals'](#).

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# Press release: First progress report of commissioners at Northamptonshire county council published

- Report sets out action by Commissioners to stabilise the council
- Government grants council's request to use £70 million capital receipts

The [first progress report](#) from the Commissioners sent in to rebuild Northamptonshire county council after serious failings were uncovered has been published today (29 November 2018).

The document re-affirms the seriousness of the financial situation at the council following an independent report by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the series of measures the Commissioners have implemented to restore balance to the budget, deliver savings and bring about cultural change.

In the report the Commissioners Tony McArdle and Brian Roberts outline their priorities to stabilise the council. This focuses on financial recovery, the re-creation of a corporate centre, engagement with residents and local partners and sets out the next steps they will take.

The Commissioners' findings include:

- the "dysfunction" at Northamptonshire council has resulted in some services lacking resilience and "active, engaged and capable leadership" is paramount in carrying the local authority through its difficulties
- positive cultural changes have started to take effect at the council as a result of the appointment of new senior staff, including a new Chief Executive and a new Finance Director
- local stakeholders including residents, councillors and MPs have been consulted on the changes they are implementing to restore the council to a "proper set of operating principles" which can continue into the potential new unitary organisations

Communities Secretary the Rt Hon James Brokenshire MP said:

Clearly, the situation in Northamptonshire is very serious. I am grateful to the Commissioners for uncovering the council's true financial position and the robust steps they have taken to improve

its financial management and governance.

Since this report, Northamptonshire county council has taken the positive step of agreeing the Stabilisation Plan and made significant progress appointing a new Chief Executive and a new Finance Director which has instilled a positive cultural change.

There is still much to do, but I fully support their resolve to ensure the people of Northamptonshire receive the efficient, effective and sustainable services they deserve.

A [Stabilisation Plan](#), published last month, sets out the approach for addressing the £35 million unfunded deficit from the last financial year (2017/18) and a detailed plan on how to balance this year's budget (2018/19). Measures included freezing all non-essential spending with funding allocated against a 'hierarchy of need' in core spending areas.

The government has granted the council's request to use £70 million of capital receipts to help balance its books. This significant step – called capitalisation dispensation – will help the council to reduce its deficit and put it on a more sustainable financial footing.

The Commissioners are due to be in place until 31 March 2021 and will continue to update the Secretary of State every 3 months on progress.

View the [full report along with the Secretary of State's response](#).

The capitalisation direction allows Northamptonshire county council to use its capital receipts to rebuild its revenue reserves and manage the financial risks to the stabilisation plan presented by the Commissioners to the Secretary of State.

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# Press release: Northamptonshire local government shake-up proposal



Ministers are seeking evidence on proposals to shake-up the way local government operates in Northamptonshire as part of a public consultation launched today (29 November 2018).

Seven councils in the county have submitted a proposal to the Communities Secretary the Rt Hon James Brokenshire MP to replace the current 2-tier system of local government with 2 new unitary authorities.

If implemented, this would see one unitary authority covering the area of Daventry, Northampton and South Northamptonshire while the another would oversee Corby, East Northamptonshire, Kettering and Wellingborough.

Communities Secretary the Rt Hon James Brokenshire MP said:

I'm determined to ensure the people of Northamptonshire receive the very best public services from local authorities which are well-connected, make best use of public funds and give people more choice over how their communities are run.

I look forward to hearing views on the proposals from the people of Northamptonshire.

The Secretary of State also announced today that he proposes to delay elections in Northamptonshire due in May 2019 until May 2020. This follows a request from all of the 8 Northamptonshire councils to do so and will be done as soon as practically possible.

View the [consultation](#).

Responses must be received by 25 January 2019.

Published 29 November 2018

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## **Press release: Northamptonshire local government shake-up proposal**

A consultation has been published seeking views on the reorganisation of local government in Northamptonshire.