



# Independent Review of the Hourly Rate in Northern Ireland

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# KEY OBJECTIVES & SCOPE

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To provide an independent, commercial assessment of the Hourly Rate used in Northern Ireland

1. Review and Assessment of the Historical Hourly Rate
2. Legal Market Overview
3. Detailed Research across the Profession
4. Independent Recommendations

# Context of The Independent Review

£ **£102** £  
**PER HOUR**

Current hourly rate for  
taxation of solicitor's costs,  
as set in 2014

**131**  
**FIRMS**

out of 448 firms responded to BDO's  
anonymous survey  
(response rate of approx. 30%)

## Over 10 years since last review and since then...

- Inflationary Increases
- Cost of Living Crisis
- Changes to the Legal Market, including increased Regulation, Technology and Competition
- Persistent Underfunding
- Risk of Legal Aid Deserts

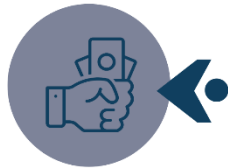
## Evidence Based Findings based on:

- Survey of the Profession
- Follow up Interviews /Verification of Accounts x 15
- Independent Feedback from LSNI Members
- Meetings with Key Stakeholders



## **CALCULATION 1 - CORE SURVEY**

Based on information from the 131 responses to the anonymous survey and calculated the average overhead cost applicable to an Equity Partner, Salaried Partner and Solicitor.



## **CALCULATION 2 - FEE EARNER**

Based on overhead data from the 131 responses and applied to the average number of fee earners.



## **CALCULATION 3 - VERIFIED ACCOUNTS**

Based on overhead data from face-to-face interviews with 15 firms, using actual accounts and the average overhead cost applicable to Equity Partners, Salaried Partners and Solicitors.



## **CALCULATION 4 - MARKET INDICES**

A range of market indices models were applied to the 2014 Hourly Rate to consider the cumulative impact that inflation/cost increases would have over the last 10 years.



## **CALCULATION 5 - REVISED CHARGEABLE HOURS**

Comments from interviewees regarding the use of one sole rate for all grades of staff were assessed. From research across the profession, working habits have changed in the last decade and the main rationale for this is the increased time spent by Partners dealing with other firm matters, including enhanced regulation, AML Reporting etc.

# Summary of Findings & Core Recommendations



Method	1. SURVEY	2. FEE EARNERS	3 VERIFIED ACCOUNTS	4 MARKET INDICES	5 REVISED CHARGEABLE HOURS
Hourly Rate Calculated	£151.17	£157.40	£151.54	£155.28	£174.68
Average of Survey Data Calculations	£153.37				
Average of all 5 Calculations	£158.01				

- Recommendation of an Hourly Rate of between £150-£160
- Represents a 50-60% uplift on the current Hourly Rate
- But still 15-30% lower than UK rates
- Represents a fair rate that is corroborated via market factors and also analysed against actual accounts data.



Hourly Rate viewed by many as the foundation on which legal fees are measured



Recommendation that Index Linking is applied to the Rate every year going forward



SPPI Index considered to be the most appropriate and relevant rate



Consideration for evidence-based fee reviews in the future should the circumstances across the profession/market dictate that a review would be just and appropriate.



# QUESTIONS?



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