

Report to the Leader of the Council

Subject: Approval of Hourly Rates for providing Legal Services to other Public Authorities

Date: 30th March 2020

Author: Service Manager – Legal Services

Wards Affected

All wards

Purpose

To obtain Member approval for an increase in hourly rates for legal services provision to public authorities as set out in appendix 1 to this report.

Key Decision

This is not a key decision.

Recommendation(s)

THAT the Leader of the Council:

Approves the proposed hourly rates set out in appendix 1 to this report for the provision of legal services to other public authorities from 1st April 2020.

1 Background

- 1.1 As part of previously agreed income generation efficiency proposals, in early 2019, the Legal Services team launched Gedling Legal, to provide legal services for a fee, to other public authorities under the powers set out in the Local Authority (Goods and Services) Act 1970 ("the Act"). Hourly rates in relation to the provision of those services were agreed by the Leader of the Council in February 2019.
- 1.2 In the financial year 19/20, Gedling Legal has undertaken work for a variety

of public authorities including other Local Authorities and Parish Councils. The range of work undertaken has varied from litigation through to property and contract matters. The large proportion of work has come from Newark and Sherwood District Council and the team have had some excellent feedback from customers. In total, Gedling Legal received 28 instructions for work, including a request to deliver a training session to Parish Councils on GDPR. As a result of these instructions Gedling Legal received £20,000 in income, with just under £5,000 work in progress remaining. This amount combined with income generated from cost recovery work such as s.106 agreements and property work for the Council has generated a total income for 19/20 of £44,295 to Legal Services. This is slightly above the income generation efficiency target set for the service for 19/20.

- 1.3 Whilst the first year has been positive in terms of income, there have been periods during the year where capacity to deliver work to the Council and external customers has been strained. In particular, the non-contentious lawyers in the team who deal with contracts, property and planning work have received a greater proportion of external work than the litigation lawyers. Legal resource is currently under review in an effort to address these capacity issues, and in particular, now there is more clarity around where the demand for work falls, there is an opportunity to develop the non-contentious resource to grow Gedling Legal.
- 1.4 As part of the Gedling Legal work, it has become necessary to review the hourly rate being charged to external customers. Rates for 20/21 need to be considered in light of inflationary increases, increased national guideline rates and the rates offered by other authorities delivering similar services. In addition, whilst the hourly rates currently charged are well below the national rates for solicitors, our ability to charge lower hourly rates is one of the factors that appeals to other public authorities, so prices need to remain attractive to customers, whilst reflecting costs associated with the work to be undertaken and attracting some surplus.
- 1.5 The power to charge for the Service comes from the Act, but the charges must still be reasonable. Whilst the provision of the Service does generate income, the customers of the Service are other public authorities. The aim of the service is not to generate significant profits or compete with private sector firms, the aim is to generate income to meet efficiency targets to support the Council's functions and services.

2 Proposal

- 2.1 It is proposed, following consideration of the above factors that the hourly rate for the provision of legal services to other authorities be increased by approximately 10% in 20/21. The hourly rate, as before will vary depending on the experience of the lawyer of legal officer dealing with the matter, this is in line with national solicitors fees. This increase reflects increases in

costs of delivering the service, as well as market rates. The rates still remain below those of the private sector.

3 Alternative Options

- 3.1 Hourly rates could remain the same as last year, or be increased by a lower amount. This would not reflect inflationary increases or increases in operating costs. In order for the Service to operate, customers will need to have an understanding of the costs associated with the Service, the proposed rates at appendix 1 have been proposed following consultation with finance colleagues and having considered cost recovery, national rates and the rates of other authorities providing a similar service. They are considered reasonable.

4 Financial Implications

- 4.1 The Service needs to operate to ensure income is generated to meet efficiency targets and help sustain the legal service going forward. The proposed increased hourly rates of 10% (rounded up or down on individual rates) reflect cost recovery, increases in costs, and are reasonable. These rates will form the basis of fees agreed between the Team and their customers.

5 Appendices

- 5.1 Appendix 1 – Proposed Hourly Rates 20/21

6 Background Papers

- 6.1 Business Case – Income Generation for Legal Services

7 Reasons for Recommendations

- 7.1 To ensure transparency for customers using the service and to enable costs of the Service to be recovered, as well as contributing to the Team's budget efficiency targets.