

# GENERAL COUNSEL OUTSOURCING LESS LEGAL WORK THAN A YEAR AGO

*Posted on 05/05/2017*



Category: [Archive](#)



## **New research shows that in-house legal department budgets in Spain and Portugal have largely remained the same, but general counsel have reduced their use of external counsel**

The majority of in-house legal departments in Spain and Portugal are outsourcing less work to external law firms than they did a year ago, according to new research.

A survey of in-house lawyers in Iberia – conducted by Iberian Lawyer – revealed that 61 per cent are outsourcing less of their legal department's work to law firms than they were 12 months previously. However, though most general counsel are passing less work to external lawyers, the picture when it comes to in-house legal department budgets is mixed, the survey showed. Nearly half (48 per cent) of in-house lawyers who responded to the survey said there had been no change to their department's budget in the last year. However, 26 per cent said their department's budget had got

smaller, though the same proportion said their budget was smaller than a year ago. The most common reason cited for in-house legal departments having smaller budgets was the business in general having less money and therefore being forced to be more prudent. A total of 66 per cent of the respondents who said their department's budget was smaller than a year ago cited the reason as being that their organisation has "financial constraints and has less money than it did previously". However, 25 per cent of this group said the budget was smaller because their in-house department was bigger and therefore they were less reliant on external help.

With regard to general counsel who report having a bigger budget for their department than they did one year ago, the most commonly-cited reason is that they need more help from external lawyers. A total of 81 per cent of in-house lawyers with bigger budgets said it was because their organisation had a "greater need for external legal advice". Meanwhile, 19 per cent of this group said their budget was bigger because their in-house legal department was smaller and therefore they needed more external help. It is worth noting that not a single respondent agreed with the statement that the reason they had a bigger budget was because law firms were increasing their fees.

### Hourly rate declining

The vast majority of in-house legal departments outsource less than a third of their legal work. The survey showed that 85 per cent of in-house lawyers in Spain and Portugal pass less than 30 per cent of their legal work to law firms. Only 2 per cent of respondents said they outsource the majority (more than 50 per cent) of their legal work to external lawyers.

The survey also confirms that, in general, the use of the hourly rate is in decline. Nearly half (47 per cent) of respondents said that, compared to one year ago, a smaller proportion of their budgets were now spent in the form of hourly rates. However, 13 per cent of respondents said they were spending a larger proportion of their budgets in the form of hourly rates. Nearly two-thirds (63 per cent) of in-house lawyers said they spent no more than 30 per cent of their budgets in the form of hourly rates.

A total of 46 in-house lawyers who are members of the Iberian Lawyer In-House Club at leading companies in Spain and Portugal participated in the study, which took the form of an online survey conducted in March 2017.

#### How big are in-house legal department budgets in Iberia?

General counsel at organisations in Spain and Portugal were asked to reveal the size of their legal department's budget for expenditure on external legal advice

Size of budget	Proportion of respondents quoting this figure
Less than €500,000	50%
€500,000 to €600,000	9%
€600,000 to €700,000	9%
€700,000 to €800,000	6%
€900,000 to €1m	4%
€1m to €2m	2%
€2m to €3m	7%
€3m to €4m	2%
€4m to €5m	2%
More than €10m	9%

## Spain

What hourly rates do clients pay for legal services?

As part of its fees research, *Iberian Lawyer* asked in-house lawyers in Spain what hourly rates they pay for legal services in different practice areas. The table below details the highest hourly rates survey participants paid by practice area:

Administrative/Public Law	€400-€500
Banking & Finance	More than €500
Capital Markets	More than €500
Corporate/M&A	More than €500
Dispute Resolution	More than €500
EU & Competition	More than €500
Employment	€400-€500
Intellectual Property	€400-€500
Projects & Energy	More than €500
Real Estate	€300-€400
Restructuring & Insolvency	€400-€500
TMT	€300-€400
Tax	More than €500

## Portugal

What hourly rates do clients pay for legal services?

As part of its fees research, *Iberian Lawyer* asked in-house lawyers in Portugal what hourly rates they pay for legal services in different practice areas. The table below details the highest hourly rates survey participants paid by practice area:

Administrative/Public Law	€200-€300
Banking & Finance	€400-€500
Capital Markets	More than €500
Corporate/M&A	€400-€500
Dispute Resolution	€200-€300
EU & Competition	€200-€300
Employment	€100-€200
Intellectual Property	€100-€200
Projects & Energy	€200-€300
Real Estate	€100-€200
Restructuring & Insolvency	€100-€200
TMT	€300-€400
Tax	More than €500