



## REMUNERATION COMMITTEE

### REPORT ON THE RECOMMENDATIONS OF THE NBA NATIONAL REMUNERATION COMMITTEE

#### 1. INTRODUCTION

- 1.1. The NBA, Lagos Remuneration Committee (the Committee) was constituted with a mandate (among others) to recommend an appropriate remuneration scheme for legal services in the Branch. This mandate coincided with the mandate of the NBA National Remuneration Committee that was up by the Olumide Akpata led National Executive Committee of the NBA (the National Remuneration Committee). Given this overlapping of mandates, the Committee expected that the work and recommendations of the National Remuneration Committee will have profound implications for the work of the Committee and decided to wait for the report of the National Remuneration Committee. This was in recognition of the national application of the work of the National Remuneration Committee and the need for the Branch to align with the national body on this important issue.
- 1.2. The National Remuneration Committee issued a Report on 24 January 2022 and the Report was considered by the National Executive Council of the NBA (NEC) on its meeting of 17 March 2022. NEC constituted a White Paper Committee to review the Report and harmonise divergent views on the recommendations and map out modalities for implementation. The White Paper Committee issued a report which was adopted by NEC on 9 June 2022. The Committee has studied the Reports of the National Remuneration Committee and the White Paper Committee and hereby provide a summary of the key recommendations.

#### 2. SUMMARY OF THE NATIONAL REMUNERATION COMMITTEE REPORT

##### 2.1. Fees and Charges for Lawyers

- 2.1.1. The National Remuneration Committee conducted a survey to determine the nature of fee earning legal services and the billing methods adopted by lawyers. The survey found that litigation is the highest fee earning service generating 46% of legal fees with commercial agreements as the least fee earner, generating only 3% of legal fees. The survey also found that the most frequently used billing method is percentage fees with 44% and fixed fees with 33%.
- 2.1.2. The National Remuneration Committee also did a cross jurisdictional analysis of six (6) other jurisdictions (Ghana, Uganda, Rwanda, New Zealand, Australia, and the United Kingdom) to understand how lawyers bill for legal services in those jurisdictions. The

Committee understands from this study that while legal fees are regulated in some jurisdictions, others apply a market-based system to allow charges to be determined by agreement between legal practitioners and clients.

- 2.1.3. In addition, the National Remuneration Committee analysed the current legal regime on fees and charges and found it inadequate, restricted, outdated, and ineffective. This unsatisfactory legal regime underscored the need for the promulgation of a new legal regime of fees and charges.
- 2.1.4. Based on the survey, the cross jurisdictional study, and the analysis of the extant legal regime on fees and charges, the National Remuneration Committee proposed the Legal Practitioners (Remuneration and Scale of Charges) Order, 2021 (New Scale).
- 2.1.5. The New Scale prescribes the categorisation of states into bands and prescribes charges according to the state Bands, with Band 1 having the lowest prescribed charges and Band 3 having the highest. This means that legal practitioners in the country are required to charge according to their state band. While states are yet to be designated into the different bands for the purpose of implementing the New Scale, we note that the National Remuneration Committee has established state bands for the implementation of the Recommended Minimum Remuneration for Lawyers (to be discussed below). Lagos is categorised (alongside Abuja) into the highest band (Band 1) for the recommendations on minimum remuneration. For scale of charges, the Committee believes that Lagos will also be placed in the highest categorisation (i.e., Band 3). Therefore, the charges that will most likely apply to the Branch are those under Band 3. The Scale for Band 3 is set out in Appendix 1 to this Report.

### **Enforcement**

- 2.1.6. Different enforcement mechanisms are proposed for litigation and property transactions. For litigation, The Remuneration Committee proposes the filing of charges in court during litigation by legal practitioners to the parties. The charges are to be taxed by the taxing officer upon the conclusion of the litigation. The taxation order makes recommendations for costs based on the actual amounts charged to the clients.
- 2.1.7. This option is inspired by the Rules Court which empower a Judge to order cost on a full indemnity basis. Therefore, the thinking is that the filing of the costs charged by a legal practitioner will enable the Judge to award costs to indemnify the winning party and this is expected to incentivise legal practitioners to charge the recommended fees.
- 2.1.8. The White Paper Committee rejected the recommendation which requires lawyers to disclosure fees to Court for the purpose of enforcement and concluded that the prescribed criteria for charging fees for litigation are sufficient.
- 2.1.9. For property transactions, two options are prescribed. The first option is for client to pay the fees to the legal practitioner who then submits the agreement to the local branch of the NBA



for authentication. The branch, upon verifying that the individual submitting the agreement is a qualified legal practitioner and the letter of engagement between the legal practitioner and the client, affixes a seal or stamp on the agreement upon the payment of a fee representing 5% of the amount charged by the legal practitioner.

2.1.10. The second option is for the client to pay the fees to the local branch and provide the legal practitioner. The legal practitioner submits the evidence of payment, the agreement and the terms of engagement to the branch, who, after verification, deducts the 5% fees, remits the balance to the legal practitioner and affixes a seal or stamp on the agreement.

2.1.11. The White Paper Committee found that the first option is easy to evade and rejected it. The White Paper Committee proposed a modification of the second option to the effect that payments of the fees should be made to an escrow account to be monitored by the NBA branch and the state tax authority. The payment is made in the name of the instructed lawyer and the tax authority deducts withholding tax on the payment. After the NBA and tax authority deductions, the fees are remitted to the lawyer.

2.1.12. The White Paper Committee also recommended an NBA-wide enforcement.

## **2.2. Remuneration for Lawyers**

2.2.1. The National Remuneration Committee commissioned a survey which found that 33% of lawyers in Nigeria earn below N70,000 while 23% of lawyers have no fixed remuneration. The survey also found that the average cost of living for lawyers across the different regions of the country ranges from N84,565 to N144,091.

2.2.2. In addition, the survey also found that majority of lawyers in Nigeria favour the prescription of an enforceable minimum remuneration for lawyers. Based on the survey, the National Remuneration Committee has prescribed minimum remuneration for lawyers. For this purpose, four (4) bands comprising the 36 states of the federation and the FCT have been created and we note that Lagos is in Band 1 of the categorisation.

### **Standard minimum wages for lawyers in Band 1**

Category of lawyers	Amount (N)
0-4 years PQE	120,000
5-10 actual work experience (30% increase from the standard wage for lawyers of 0-4 years PQE)	156,000



2.2.3. An alternative minimum remuneration structure is also proposed for employers who may not be able to pay the standard minimum wage. This structure comprises profit sharing which shall not be less than 5% of the fees received from a particular which the lawyer worked on and not less than 40% of any work introduced by the lawyer, part-time work, appearance fees and pay per work.

2.2.4. This alternative remuneration structure is to be accompanied by the following Alternative Minimum Wage Scale.

Category of lawyers	Amount (N)
0-4 years	96,000
5-10 years' work experience	124,800

2.2.5. In addition to the Minimum Wage, the National Remuneration Committee recommended that letters of employment should be issued to employees before or on commencement of employment specifying:

- a. Monthly and annual salary.
- b. Pension contribution of employer and employee (where the Firm has 15 lawyers or more or if the Firm agrees to pay pension where it has less than 15 employees).
- c. HMO to which the employee is to be registered with (where the Firm is required to register its employees with an HMO). Where the firm is not statutorily required to register its employees with a HMO, a mandatory enrolment with the NBA health insurance scheme is recommended.
- d. Any other benefits due to the employee in cash or in kind.

2.2.6. The National Remuneration Committee has recommended and NEC has approved the establishment of a standing Remuneration Committee with the mandate to review the standard and alternative remuneration structures every two (2) years and recommend amendments to the Remuneration Scales, receive and investigate petitions on violations of the prescribed minimum wage and refer meritorious petitions to the LPDC and set up a whistleblowing system to enable lawyers make anonymous reports against their employers on the breach of their minimum wage obligations. We note that the Y. C. Maikyau led National Executive Committee of the NBA has constitution a Remuneration Committee to drive the implementation of the Report issued by the erstwhile Remuneration Committee and as modified by the White Paper Committee.

2.2.7. The prescribed standard and alternative minimum wage scales are only applicable to lawyers in the law firms and the National Remuneration Committee has proposed that the NBA engages with relevant government agencies and non-governmental organisations for a special wage scale for lawyers in the civil service and in non-governmental organisation.





### **Implementation/Enforcement**

- 2.2.8. Two enforcement approaches are proposed: (a) self-enforcement; and (b) enforcement by a regulatory authority.
- 2.2.9. Under the self-enforcement approach, a prospective employee will be prohibited from accepting an employment with a law firm or other employer where the remuneration is below the prescribed minimum wage. It is recommended that a breach of this prohibition should be treated as an infamous conduct to be tried and punished by the LPDC.
- 2.2.10. The following recommendations are made for enforcement by a regulatory authority:
- a. Amendment of the Legal Practitioners Act (LPA) to make it mandatory for employers to issue letters of employment to employees before or on commencement of employment.
  - b. Amend the LPA to provide for minimum wage.
  - c. Set up structures within the NBA to recommend, regulate and enforce the minimum wage and compliance with statutory obligations.
  - d. Amend the Rules of Professional Conduct to make the payment of the prescribed minimum wage mandatory for law firms.
  - e. Establishment of a whistleblowing system.

### **Punishment for breach of the minimum wage and conditions of service**

- 2.2.11. It is recommended that failure to comply with the minimum wage should constitute an offence under the LPA and RPC and that the LPDC should be empowered to impose the following punishments upon conviction:
- a. Order the payment of the shortfall between the minimum wage and the amount actually paid to the employee.
  - b. Order the payment of interest at the rate of 10% per annum on the shortfall between the minimum wage and the amount actually paid or a flat fee per day from the date of default to the date of payment of the outstanding remuneration.
  - c. Reporting the offending lawyer or law firm to the Legal Practitioners Privileges Committee with a view to rejecting the application of such lawyer or any lawyer practising with such law firm aspiring to the rank of Senior Advocate of Nigeria, Judge or Notary Public.
  - d. Recommend that no Letter of Good Standing should be issued by the NBA or a branch of the NBA to a defaulting employer until (a) and (b) are complied with.
- 2.2.12. While the implementation of the prescribed minimum wage in the long run is dependent on the amendment of the LPA and RPC, the National Remuneration Committee has recommended some interim measures of implementation by the NBA, including:
- a. The announcement of the Standard Minimum Wage and Alternative Minimum Wage structure with a 60-day window for lawyers and law firms to commence compliance.



- b. Publication of the list of compliant firms immediately after the expiration of the 60-day window.

2.2.13. The White Paper Committee recommended 1 January 2023 as the date for full compliance by law firms with the recommendations by the National Remuneration Committee and the date was adopted by NEC.

### **3. CONCLUSION**

3.1. As noted by the National Remuneration Committee and the White Paper Committee, implementation of the recommendations on remuneration for lawyers and the Scale of Fees depends to a large extent on the amendment of the LPA. However, we recommend the following measures for the implementation of the recommendations on remuneration in the interim.

3.1.1. Adopt the NEC resolutions which adopted the recommendations of the National Remuneration Committee and the White Paper Committee.

3.1.2. Publish the remuneration scales as recommended by the National Remuneration Committee and the White Paper Committee in the Branch.

3.1.3. Publish a list of compliant law firms after 1 January 2023 and every three months thereafter.

3.1.4. Resolve and ensure that letters of good standing are not issued to any lawyer (in the case of sole practitioner) or partner in a law firm (in the case of a partnership) who fails to comply with the prescribed remuneration scales.

3.1.5. Mandate the Remuneration Committee of the Branch to co-ordinate the implementation of the resolutions.

3.2. We acknowledge that the work of the present National Remuneration Committee which has been mandated to drive the implementation of the NEC resolutions are likely to impact the measures we have recommended above. Therefore, where necessary, the Branch will need to finetune the interim measures of implementation to align with changes that the National Remuneration Committee may introduce.

**Dated this 10<sup>th</sup> day of October 2022**

**Dayo Idowu**  
**Chairman**

**Agbada S. Agbada**  
**Secretary**



### Appendix 1

**NB: The White Paper Committee accepted the minimum prescribed charges but rejected the prescription of a maximum fee. It was recommended that the maximum fees should be left to be determined by market forces and agreement between the lawyer and his client. It was also recommended where an assignor and assignee are represented by one lawyer, the minimum the fees should be 10% of the value of the transaction. In addition, it was recommended that where a tenancy or lease agreement is prepared by the lessor's lawyer and reviewed by the lessee's lawyer, a lump sum fee of 10% of the value of the transaction should be paid to the lawyers. The Scale of Charges was adopted with these modifications.**

#### SCALE OF CHARGES AND FEES FOR BAND 3

<b>Consultation Fees</b>	Post qualification experience (PQE)	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 yeas PQE or less	30,000	300,000
	Legal Practitioners with over 10 years PQE	200,000	7,500,000
	Senior Advocates of Nigeria (SANs)	500,000	20,000,000
<b>Issuing Legal Opinions</b>			
<b>Issuing Legal Opinions</b>	PQE	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 yeas PQE or less	100,000	1,000,000
	Legal Practitioners with over 10 years PQE	400,000	10,000,000
	SANs	2,000,000	30,000,000
<b>Incorporation</b>			
<b>Incorporation</b>	PQE	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 yeas PQE or less	100,000	400,000



	Legal Practitioners with over 10 years PQE	200,000	800,000
	SANs	500,000	2,000,000
<b>CIVIL LITIGATION<sup>1</sup></b>			
<b>Labour Disputes</b>	PQE	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 years PQE or less	400,000	4,000,000
	Legal Practitioners with over 10 years PQE	700,000	17,500,000
	SANs	3,000,000	30,000,000
<b>Contractual Disputes</b>	PQE	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 years PQE or less	500,000	5,000,000
	Legal Practitioners with over 10 years PQE	700,000	17,500,000
	SANs	3,000,000	30,000,000
<b>Maritime and Aviation Disputes</b>	PQE	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 years PQE or less	600,000	6,000,000
	Legal Practitioners with over 10 years PQE	800,000	20,000,000
	SANs	4,000,000	40,000,000
	PQE	Minimum (N)	Maximum (N)

<sup>1</sup> Before Courts of first instance





<b>Energy and Mining Disputes</b>	Legal Practitioners of 9 yeas PQE or less	700,000	7,000,000
	Legal Practitioners with over 10 years PQE	9,000,000	22,500,000
	SANs	4,000,000	40,000,000
<b>Miscellaneous Disputes<sup>2</sup></b>			
	PQE	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 yeas PQE or less	600,000	9,000,000
	Legal Practitioners with over 10 years PQE	800,000	24,000,000
	SANs	4,000,000	6,000,000
<b>Criminal Litigation</b>			
<b>Bail Applications</b>	PQE	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 yeas PQE or less	150,000	2,000,000
	Legal Practitioners with over 10 years PQE	250,000	7,500,000
	SANs	750,000	20,000,000
<b>Misdemeanours</b>			
	PQE	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 yeas PQE or less	300,000	3,000,000
	Legal Practitioners with over 10 years PQE	500,000	12,500,000
	SANs	2,000,000	20,000,000
<b>Felonies</b>			
	PQE	Minimum (N)	Maximum (N)

<sup>2</sup> To be applied in non-property litigation where a specific scale has not been provided



	Legal Practitioners of 9 yeas PQE or less	400,000	4,000,000
	Legal Practitioners with over 10 years PQE	600,000	15,000,000
	SANs	3,000,000	30,000,000
<b>Appeals</b>			
<b>High Court</b>	PQE	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 yeas PQE or less	600,000	9,000,000
	Legal Practitioners with over 10 years PQE	800,000	24,000,000
	SANs	4,000,000	60,000,000
<b>Sharia Court of Appeal<sup>3</sup></b>	PQE	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 yeas PQE or less	600,000	9,000,000
	Legal Practitioners with over 10 years PQE	800,000	24,000,000
	SANs	4,000,000	60,000,000
<b>Court of Appeal</b>	PQE	Minimum (N)	Maximum (N)
	Legal Practitioners of 9 yeas PQE or less	700,000	10,500,000
	Legal Practitioners with over 10 years PQE	1,000,000	30,000,000
	SANs	6,000,000	90,000,000

<sup>3</sup> We note that Customary Court of Appeal is omitted. But it is expected that this scale will equally apply to Customary Courts of Appeal



<b>Supreme Court</b>	PQE		Minimum (N)		Maximum (N)	
	Legal Practitioners of 9 yeas PQE or less		800,000		12,000,000	
	Legal Practitioners with over 10 years PQE		1,500,000		45,000,000	
	SANs		7,000,000		105,000,000	
<b>PROPERTY TRANSACTIONS</b>						
<b>Assignments, Conveyances or Mortgages</b>						
<b>Assignee's or Mortgagee's legal practitioner</b>	Property value or mortgage value of less than N50m		Property value or mortgage value of N50m – N100m		Property value or mortgage value of more than N100m	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
<b>Conveyancing and Assignments</b>	8%	10%	N4m for the first N50m and 5% of every subsequent amount up to N100m	N4m for the first N50m and 8% of every subsequent amount up to N100m	N6.5m for the first N100m and 3% of every subsequent amount	N6.5m for the first N100m and 5% of every subsequent amount
<b>Mortgages</b>	4%	6%	N2m for the first N50m and 3% of every subsequent amount up to N100m	N2m for the first N50m and 5% of every subsequent amount up to N100m	N4.5m for the first N100m and 2% of every subsequent amount	N4.5m for the first N100m and 4% of every subsequent amount
<b>Assignor's or mortgagor's legal practitioner</b>	Scale of charges for reviewing the draft agreement shall be one half of the amount payable to the assignee's or mortgagee's legal practitioner.					



<b>Leases and Tenancies</b>						
<b>Lessor's or landlord's legal practitioner</b>	Annual rental value of less than N5m		Annual rental value of N5m – N10m		Annual rental value of more than N10m	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
<b>Concluding the lease/tenancy agreement</b>	8%	10%	N500,000 for the first N5m and 5% of every subsequent amount to up N10m	N500,000 for the first N5m and 6% of every subsequent amount to N10m	N850,000 for the first N5m and 5% of every subsequent amount up to N10m	N850,000 for the first N5m and 6% of every subsequent amount
<b>Tenancy disputes, including actions for recovery of premises</b>	20%	30%	N1m for the first N5m and 17.5% of every subsequent amount up to N10m	N1m for the first N5m and 25% of every subsequent amount up to N10m	N2.350m for the first N10m and 15% of every subsequent amount	N2.350m for the first N10m and 15% of every subsequent amount
<b>The lessee's or tenant's legal practitioner</b>	Scale of charges for reviewing the draft agreement shall be one half of the amount payable to the lessor's or landlord's legal practitioner					
<b>HOURLY RATES AND MISCELLANEOUS<sup>4</sup> FOR BAND 3</b>						
PQE	Minimum (N)		Maximum (N)			
Associates and legal practitioners of 0-6 years PQE	30,000		120,000			
Senior Associates (or legal practitioners of 6-12 years PQE)	120,000		200,000			

<sup>4</sup> This scale is to be applied in other matters where a scale has not been provided, including in commercial contracts.





Partners	200,000	300,000
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**OTHER MATTERS NOT PROVIDED FOR IN THE SCALE**

Legal practitioners may charge a fair and reasonable amount for legal services not provided for in the Scale.



## **Appendix 2**

### **Members of the Remuneration Committee**

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|------------------------------|---|-----------------------|
| 1. Dayo Idowu                | - | Chairman              |
| 2. Folabi Kuti, SAN          | - | Alternate Chairman    |
| 3. Agbada S. Agbada          | - | Secretary             |
| 4. Christiana Akinyemi       | - | Member                |
| 5. Ayokunle Adetula          | - | Member                |
| 6. Basiru Ramoni             | - | Member                |
| 7. Chimezie Onwuama          | - | Member                |
| 8. Ifeoma Ben                | - | Member                |
| 9. Hussain Tijani            | - | Member                |
| 10. Mary Ajayi               | - | Member                |
| 11. Nasir Salau              | - | Member                |
| 12. Ndubuisi Hartford Obiora | - | Member                |
| 13. Nnenna Ozioma Ukpai      | - | Member                |
| 14. Nonso Anyasi             | - | Member                |
| 15. Olumide Osundolire       | - | Member                |
| 16. Uloaku Ekwegh            | - | Member                |
| 17. Omotayo Ogunbiade        | - | Member                |
| 18. Ikechukwu Uwanna         | - | Ex-Officio            |
| 19. Nta Ekpiken              | - | Consultant/Ex-Officio |

