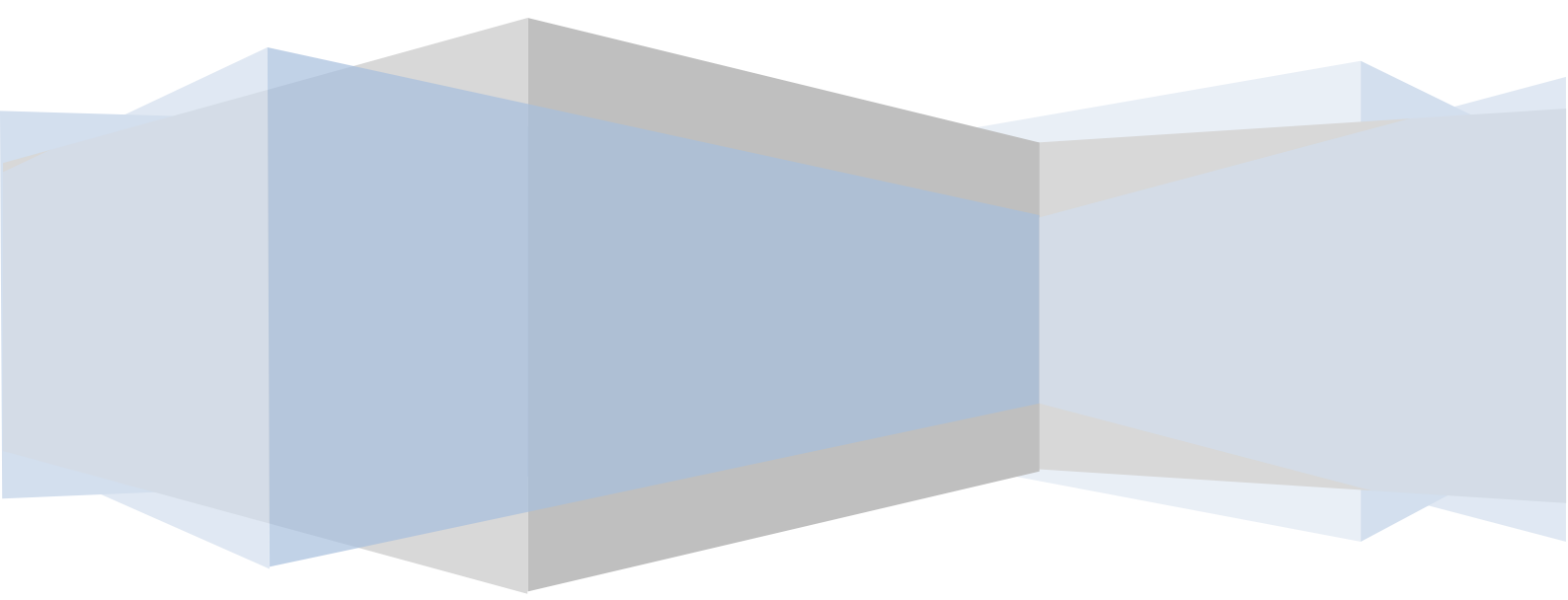




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with audited client feedback**

# UK Legal Market Trends, May 2015





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**This regular update is emailed free at the end of each month** to Legallybetter law firms and suppliers. It keeps you up-to-date on legal market trends, plus highlights selected survey and research data on the market.

**The update is produced by Legallybetter partner IRN Research,**  
a market research agency specialising in the legal services market.  
([www.irn-research.com](http://www.irn-research.com))

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## March 2015 Legal Market Turnover Growth at 6.4% according to ONS

Provisional March 2015 data from the ONS shows growth in the UK legal market of 6.4% compared to March 2014.

**Table 1: UK Legal Services Turnover March 2013-March 2015 (£m)**

	2013	2014	% change
March	2543.7	2707.1	+6.4%
April	2767.5	2757.2	+0.4%
May	2219.0	2161.2	-2.6%
June	2307.0	2430.7	+5.4%
July	2655.9	2575.7	-3.0%
August	2164.8	2219.1	+2.5%
September	2293.3	2495.8	+8.8%
October	2725.5	2911.0	+6.8%
November	2464.3	2491.3	+1.1%
December	2327.4	2643.1	+13.6%
	2014	2015	
January	2475.6	2556.6	+3.3%
February	2201.0	2414.2	+9.7%
March	2707.1	2880.9	+6.4%

*+ - Including patent/copyright agents, barristers at law, solicitors and other legal activities  
Note: monthly figures may have been revised from previous official statistics reports*

*Source: National Statistics/IRN Research*

## ONS Detailed Data on Turnover of Solicitors, Barristers, and Others

Following a Freedom of Information request from IRN Research, every quarter the ONS offers a further detailed breakdown of the above figures and splits turnover in the legal services sector into solicitors, barristers, and “other legal services” (led by patent and trade mark agents).

The latest figures for 2014 give an annual turnover figure for solicitors in the UK of £16.3bn, which is actually a decrease of 3.5% on their 2013 turnover figure of £16.9bn. We think this figure is just for UK turnover but we are trying to confirm this with the ONS but, even so, the decrease in revenue would reflect the opposite trends to all other surveys of the UK legal services market in 2014 which we have reported here in the last few months.

The ONS statistics also show 2014 turnover of £1.8bn for barristers (a decrease of 15% on the previous year and £11.9bn for other legal activities (an increase of 16.8%).



We will try to discover more about how the data is collected and definitions and let you know.

In the meantime you can download the data at:

<http://www.ons.gov.uk/ons/about-ons/business-transparency/freedom-of-information/what-can-i-request/published-ad-hoc-data/econ/may-2015/index.html>

## Large Scale Client Survey of almost 25,000 Client Experiences

One of the largest law firm client surveys has found customer service and communication are the most important drivers to future law firm growth.

Membership body LawNet's *The Customer Experience: Lessons for law firms* follows two years of research involving nearly 25,000 client experience questionnaires and 1,100 mystery shops across its member community.

While firms got the thumbs up from customers for technical expertise and positive outcomes, the research flagged up key areas for improvement. The most important areas highlighted by customers as having the potential to increase their satisfaction were speed of response, upfront clarity on timescales and fees combined with regular progress reporting, and fees updates.

The results show that the price quoted for a job is one of the least important factors in the decision to instruct a firm, with recommendation or previous contact being the most persuasive reasons, suggesting customer satisfaction is key to the future growth of firms: 29% used a law firm they have used before, 21% used a firm because of a recommendation, and 13% were drawn to the firm because of its location. Cost of the service was one of the least important factors when choosing a law firm mentioned by just 4%.

The research undertaken by LawNet is part of the network's Mark of Excellence, which requires network members to take part in mystery shopping and online customer surveying.

Free access to a 12-page White Paper based on the results is at:

<http://www.lawnet.co.uk/about-lawnet/excellence-mark/white-paper>

## Barrister Numbers Continue to Increase

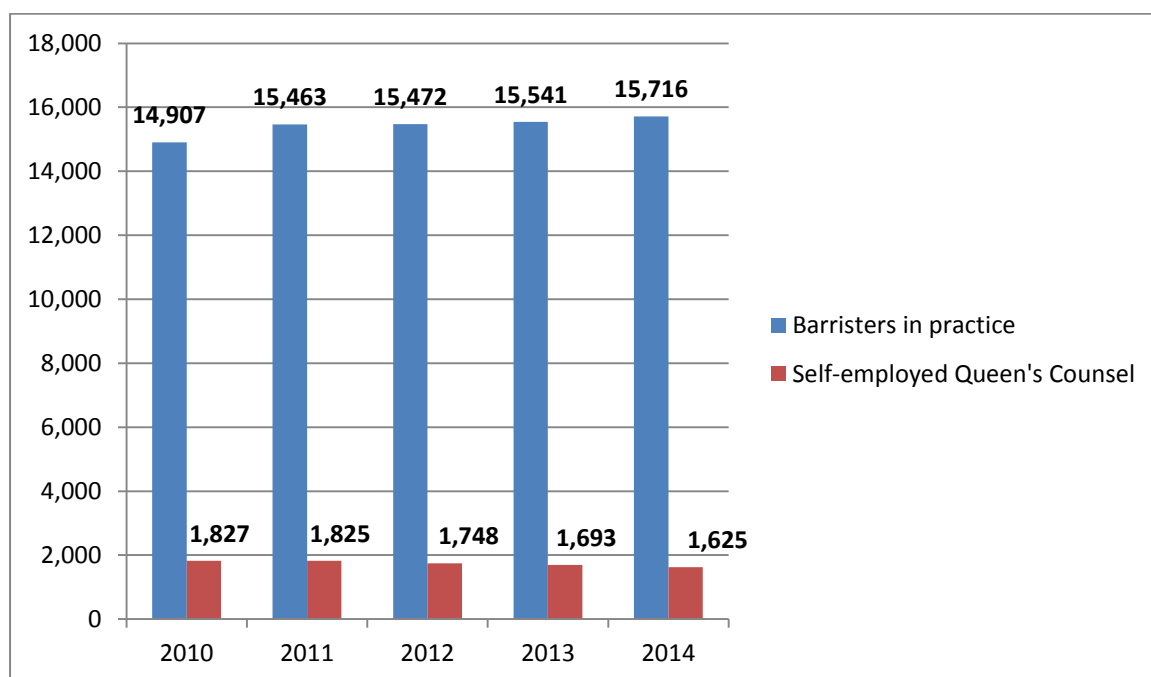
Latest figures from the Bar Standards Board show a continued year-on-year increase in the number of barristers in practice in England and Wales. In 2014, there were 15,716 barristers, increasing by 1.1% on the previous year.



In contrast, the number of self-employed Queen’s Counsel has fallen steadily since 2010. In 2014 there were 1,625 a decrease of over 200 since 2010.

From the end of April 2015 the Bar Standards Board has started to publish all statistical data on its website. Data tables will be regularly added and updated.

**Table 2: Barrister and Queen’s Counsel Numbers, 2010-2014**



Source:

<https://www.barstandardsboard.org.uk/media-centre/research-and-statistics/statistics/>

### Most Lawyers Like their Jobs, and have Ambitions to be a Partner

The *2015 Salary and Benefits Benchmark* report by legal recruiters Douglas Scott notes that just over half of all lawyers (56%) have job satisfaction: 18% are “very satisfied” and 38% “satisfied”. There are 24% that do not enjoy their job and the remaining 20% are sitting on the fence.

There are 69% that want to make partner, manager or business leader but only 22% think that they can achieve this with their existing employer. Nearly a third of all legal professionals (31%) have no partnership or business leadership aspirations. Work-life balance and stress are the primary reasons these lawyers are not aspiring to partnership, or other senior manager roles. Just under half (46%) of those without such ambitions cite flexibility and work-life balance considerations, while 37% say they did not want to experience the stress associated with the higher echelons of power within law firms.



Only 5% of nearly 2,000 respondents cited barriers to entry or the perception of a glass ceiling as their main reason, with little variation across the genders.

A large majority of those interviewed – 72% - are regularly working longer than their contracted hours.

There is a great deal more data on working trends, salaries, and data by region in the report which can be accessed free at:

<http://www.douglas-scott.co.uk/assets/downloads/Douglas-Scott-2015-salary-survey.pdf>

## Growing Enthusiasm for Litigation Funding

Can third party litigation funding provide access to justice and put claimants in a stronger bargaining position? Are worries about loss of case control and regulation exaggerated? A new report from Legal Week Intelligence and Vannin Capital examines the rise and popularity of litigation funding and what this means for the legal market. The report is the first in a series of reports that will be published twice a year.

As lawyers' understanding of third party funding grows, so does their willingness to use it, according to the results of a recent survey in the report. However, the survey, alongside targeted interviews of both in-house and private practice dispute resolution lawyers, suggests a gap remains between practitioners' theoretical willingness to use dispute resolution funding and its use in practice. The growing enthusiasm for third party funding shown by the survey participants seems primarily to emanate from a strong view that it can assist businesses of all sizes to bring claims.

Without innovative fee arrangements, of which funding is one among a number of options, small and medium sized businesses, and individuals, with strong claims are being priced out of the legal market, which is increasingly becoming the domain of entities with the deepest pockets and a corresponding willingness to risk the costs of litigation.

Some key results from feedback from 252 respondents:

- 73% said that third party funding can provide access to justice without imposing financial burdens on defendants.
- 49% of in-house respondents cite loss of control of the action as something they would be "very concerned" about but 52% of in-house counsel would consider litigation funding.
- 74% said that they would have altered their approach to a matter if they had known the other side was using funding.



The report can be downloaded free at:

[http://www.legalweek.com/digital\\_assets/8836/vannin\\_final\\_copy.pdf](http://www.legalweek.com/digital_assets/8836/vannin_final_copy.pdf)

## European 100 – The Latest Analysis of Europe’s Top Law Firms

It has been a record year for turnover growth in the leading law firms across Europe according to the *European 100*. Now in its sixth year, the *European 100* published by The Lawyer magazine ranks the largest 100 independent European firms by revenue and the 30 biggest international firms by their European headcount. There are various metrics such as leverage, female partnership proportion, and the report track the growth of the European 100 across the time period for which The Lawyer has data.

Key sections:

- Revenue, turnover and headcount data on the top 100 European firms, as well as in-depth profiles on the top 50 firms, plus their performance and future strategies.
- An overview of the health of the European legal market and its main jurisdictions, including Belgium, France, Germany, Italy, Russia and Spain.
- NEW for 2015: Profiles of a number of firms in the bottom 50 which stand out for their strategy or performance.

The full 80-page plus report costs £1,495 and can be purchased at:

<http://www.thelawyer.com/Analysis/Intelligence/European-100-2015>

## Work Place Density – Increasing for Accountants but not Lawyers

*Professional London* is a May 2015 report from property consultants CBRE which looks at workplace strategies amongst law firms, accountancy firms, and management consultants in London. It explores the issues associated with expansion alongside the need to keep costs under control. It expects a 12% in the legal workforce in London from now until 2019.

Its major conclusion is the accountancy and management consultancy firms exhibit “higher levels of agility” than law firms, i.e. they are more flexible in accommodating more people in the same workspace as the business grows. It notes that workplace densities for both accountancy firms and management consultancies are expected to increase to 1.75 people per desk by 2019 from 1.25 people now. In contrast, densities for most law firms are expected to stay at 1 person per desk. CBRE’s occupational profile of the 100 largest legal occupiers in London shows that the average area per fee earner is 490 sq feet.



The report notes that those in accountancy and consultancy are more likely to work some time at home, in a client's office, or in project teams but this is much less true of lawyers. Douglas Peniston, Operations Director, Fieldfisher states *"We considered everything but I think that hot-desking is a step too far for a legal practice. Compared to the big accountancy practices, our lawyers spend more time in the office than out with clients so there just isn't the same incentive to have fewer desks than people"*.

## ABS in May 2015 – Led by British Medical Association's Legal Business

Perhaps the most interesting ABS launch in May has been BMA Law, the legal services business offered by the British Medical Association (BMA) to its 154,000 members. The ABS has been set up in association with Cardiff-based NewLaw Solicitors. NewLaw handles the triage and decides who should deal with specific legal requests and, as well as NewLaw which deals mainly with personal injury and private client work, other legal work is being carried out by Mills & Reeve, Capital Law, DavidsonMorris (immigration work in London) and Wendy Hopkins Family Law Practice. BMA Law is an independent law firm established by the BMA and it operates on a not-for-profit basis – reinvesting any surpluses back into services for doctors.

Other ABS in May are:

- Ansons - a firm of solicitors in Staffordshire with offices in Cannock and Lichfield and providing a range of business and private client legal services.
- Fairplane UK Ltd – specialists in compensation for flight delays, cancellations. Works with a network of lawyers across Europe.
- Hebble Law Ltd – based in Halifax.
- Leasehold Law LLP
- Petheridge Bassra Solicitors Ltd – general practice law firm in Bradford which also has specialist areas, e.g. sports law, military claims, prison claims.
- Quality Solicitors Jackson Canter Ltd – general practice firm with 2 offices in Liverpool and 1 in Manchester.

## M&A Activity in the Legal Market in May

It is not a merger but big news this month comes from national law firm Gateley which has confirmed it will be the first law firm to float on the London Stock Exchange's AIM market in





a bid to "expand and diversify" its business. The firm has just announced that the listing will be on the 8<sup>th</sup> June with shares valued at 95p. It will have a market capitalisation of £100m.

The firm, which has offices in Birmingham, Leeds, Leicester, London, Manchester and Nottingham, as well as a branch in Dubai, converted to an alternative business structure (ABS) last year.

Here are the M&A deals in May:

- The agreement between Shakespeares and SGH Martineau, set to complete on 15th June 2015, will create Shakespeare Martineau, a new legal force employing 900 staff with an annual turnover of £75m.
- Cartwright King has merged with Garstangs Burrows Bussin (GBB) as part of its strategy to move into the North West. GBB has three offices in Bolton, Manchester, and London and the merger will boost Cartwright King's criminal law practice in particular. The merger will officially take place on the 1<sup>st</sup> July 2015.
- Blake Morgan, which has offices in Southampton, Portsmouth, Oxford and Reading, is set to join forces with Piper Smith Watton. The merger will take effect on 1st August, just over a year after Blake Morgan was created by the merger of Blake Laphorn with Morgan Cole. The merger with Piper Smith Watton will boost Blake Morgan's national presence with the addition of 12 partners, taking the total number of partners to 130. The firm will have a workforce of about 1,000 staff with an annual turnover of £78m.
- HCB Solicitors & Accountants has merged with Greater Manchester-based law firm Berry and Berry Law. HCB, which is headquartered in Solihull, has also purchased Stephens Wheeler Cooke & Sons and Bernard and Tomlin Solicitors in the South. The group, whose team now consists of more than 300 lawyers and chartered accountants, now has 23 UK offices.