



# **LESSONS THE LEGAL SECTOR CAN LEARN FROM THE PANDEMIC**

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# INTRODUCTION - HOW THE LEGAL SECTOR WAS AFFECTED BY THE CORONAVIRUS PANDEMIC

The coronavirus pandemic has brought with it challenges and successes across all industries and the legal sector was no exception.

Going into 2020, businesses faced many challenges. They needed to ensure sustainable and profitable growth with Brexit looming over them, build a culture attractive to new talent and invest in the right technologies to build and maintain a competitive advantage.

And then, in March, the coronavirus pandemic hit, disrupting plans further as companies focused on keeping themselves going during a lengthy period of uncertainty.

Paula Rhone-Adrien, a leading UK Barrister, said: *"Since the emergence of COVID-19, the legal sector, like others, was initially paralysed by the government's lockdown restrictions. However, within weeks the legal sector realised that as much as the government needed people to socially distance themselves, their legal problems did not retreat. In fact, the inertia led to even bigger, more costly problems.*

*"The major trend over the last year has been the way in which Lawyers are expected to work remotely. Lawyers were forced to complete 10-day trials across Zoom; advise clients on multi-million-pound contracts across Microsoft Teams; and assist new clients while sitting at home around drying washing."*

However, these unprecedented circumstances offered businesses a chance to do things differently, providing an opportunity to fast track a change in working culture.

Daniel Harris, Principal Legal Recruitment Consultant at Interlink Recruitment, said: *"If anything, the pandemic has helped with the success of the legal sector. Many firms are thriving under the conditions, expanding into new practice areas and locations. Certain areas have blown up in terms of workplace and recruitment activity, for example, insolvency and conveyancing. However, it is hard to tell how long this increase in activity may last as the market conditions continue to change."*

As a result of the pandemic, positive changes are expected in areas such as work/life balance, hybrid working, use of office space, diversity and inclusion, mental health, staff development and investment in digital technologies.

Those that build on the work initiated in their immediate response to the pandemic and embrace the possible innovations will emerge stronger, positioning themselves as organisations that can look to the future with confidence.



## STRONG REBOUND IN TURNOVER OF LEGAL SERVICES

Data from the Office for National Statistics (ONS) Monthly Business Survey<sup>1</sup> shows that the annual turnover of legal services in the UK in 2020 remained flat at £36.8 million - the same amount as 2019. The turnover of all UK services fell by 14%, from £2,274.8 billion in 2019 to £1,957.3 billion in 2020.

However, figures for March 2021 released by the ONS<sup>2</sup> showed a record high for levels of revenue within the legal sector. The strong rebound that saw turnover rise to an all-time high of £4.06 billion compared to February's £3.1 billion represents a 30% increase in revenue.

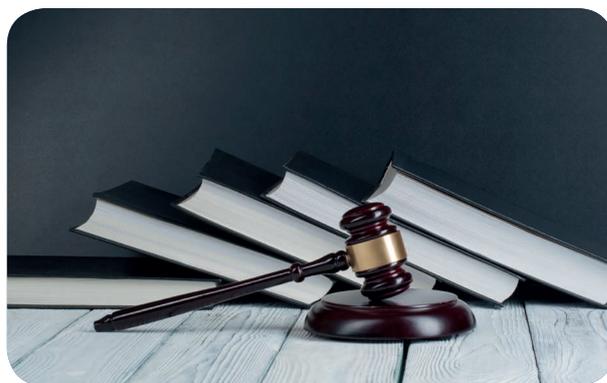
While March and April are generally the most prosperous months for UK law firms as they approach their financial year-ends, these figures beat the previous record of £3.57 billion set in December 2020 and are 19.8% higher than for March last year.

Overall, the rate of growth exhibited by the legal industry managed to outpace that of the combined UK services sector, which grew by 24.2% month-on-month to £196.8 billion.



## IMMIGRATION AND CIVIL LITIGATION HIT HARDEST BY COVID-19

Demand for legal services declined by 4.3%, rebounding strongly in the second quarter of 2020, according to LexisNexis's Gross Legal Product (GLP) Index<sup>3</sup>. Immigration and civil litigation were the two areas of legal practice hit hardest by the pandemic. The index, which studies changes in demand for legal services, showed a 47% decline in demand for immigration work, while civil litigation suffered a 35% drop.



Employment litigation, which declined by 4.9% and family litigation, where the decline was less than 1% were separated from the rest of civil litigation, which saw demand sharply fall as the stay on property repossessions stopped all activity.

Furthermore, despite a property boom caused by the stamp duty land tax holiday, overall demand for property work fell by 13% during the year.

The practice areas that grew fastest during the pandemic were risk and compliance, which were up almost 22% and commercial, up by almost 11%. While private client and family law both saw growth by 2.2% and 2.7% consecutively. There was a 75% increase in wills enquiries as many people reacted to the pandemic by focusing on end-of-life planning, while applications and total disposed cases for domestic violence shockingly grew by over 20%.

<sup>1</sup> <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/monthlybusinesssurveyymbsturnoverofservicesindustries>

<sup>2</sup> <https://www.globallegalpost.com/big-stories/uk-legal-industry-turnover-surges-to-new-record-63667328/>

<sup>3</sup> <https://www.legalfutures.co.uk/latest-news/immigration-and-civil-litigation-hit-hardest-by-covid-19>

## PRACTISING LEGAL PROFESSIONALS AND FIRMS HAVE REMAINED STEADY

The Legal Services Board (LSB) compiled data<sup>1</sup> from various sources that suggested the legal services sector overall has remained broadly stable during the coronavirus pandemic.

The data compares the number of Solicitors, Costs Lawyers, Licensed Conveyancers, Notaries, Probate Practitioners, Intellectual Property Lawyers and Chartered Legal Executives who registered to practise before the start of the pandemic with the number registered since the pandemic.

While some parts of the sector have faced difficulties over the last 12 months, LSB's data indicates that overall numbers of regulated Lawyers have not significantly changed and are in line with trends that existed before the pandemic.

Data from the Solicitors Regulation Authority (SRA)<sup>2</sup> shows that the number of practising regulated Solicitors in England and Wales increased by 4% from 148,284 in March 2020 to 154,170 in March 2021.



Over the same period, the number of regulated law firms<sup>3</sup> in England and Wales fell by 1.9%, from 10,205 to 10,011. This is in line with a steady fall in firm numbers from a peak of 11,403 in June 2012.

Tamara Chorokhova, Legal Recruitment Consultant at Interlink Recruitment, said: "It is not a surprise that the number of regulated Solicitors has not changed significantly and that number is unlikely to change over the next couple of years.

*"After the initial lockdown, which sent every sector into a panic, the legal field probably bounced back the strongest and has remained so into 2021. In relation to legal recruitment, it has been busier for us now than prior to 2020.*

*"Yes, there have been significant difficulties, particularly for more junior staff, with Paralegals and Legal Secretaries being made redundant and new graduates facing even more competition to secure training contracts and pupillages. But across the legal spectrum, the work has increased and the demand for talented Solicitors and Barristers has risen immensely and continues to do so.*

*"I predict we will see a talent gap in the coming years, as the demand of talented newly qualified candidates outweighs who is on the market due to legal practice courses and training contracts being postponed because of the pandemic."*

1 <https://legalservicesboard.org.uk/news/lbs-shares-data-on-the-broadly-stable-health-of-the-legal-services-sector-following-covid-19>

2 [https://www.sra.org.uk/sra/how-we-work/reports/statistics/regulated-community-statistics/data/population\\_solicitors/](https://www.sra.org.uk/sra/how-we-work/reports/statistics/regulated-community-statistics/data/population_solicitors/)

3 [https://www.sra.org.uk/sra/how-we-work/reports/statistics/regulated-community-statistics/data/solicitor\\_firms/](https://www.sra.org.uk/sra/how-we-work/reports/statistics/regulated-community-statistics/data/solicitor_firms/)

# LESSON 1 - REMOTE WORKING IS A POSSIBILITY FOR THE LEGAL SECTOR

The legal sector along with industries around the world had to adapt to their circumstances when the pandemic hit, with many adjusting to mass remote working - a completely new style of working for Solicitors - and trusting workers to perform their jobs at the same high standard at home as they did in the office.

Despite the legal sector often being seen as a sector that is behind the times, firms leapt to the challenge, providing employees with the necessary tools to enable home working. This was an extremely costly feat for many firms where desktop computers are a common sight, as employees didn't have the luxury of having a work laptop.

*82% of UK legal directors said their biggest challenge when it came to supporting home working was connectivity*

Supplying laptops, desktops, additional screens and other hardware was a costly but necessary endeavour; however, not everyone was so fortunate. Some 17% of legal employees<sup>1</sup> have been using their personal laptop or desktop computer while working from home, which left highly sensitive data at risk to nefarious criminals.

While there were initial teething problems, lockdown has converted many legal sector professions by establishing that working from home can be reconciled with the requirement of the job. Some 77% of employees said that, despite lockdown, they are able to work effectively from home.

Remote working has proven to be a hit within the legal sector and wider industries and many law firms are reacting accordingly to give lawyers more flexibility within their roles. Jack Tierney, Legal Recruitment Consultant at Interlink Recruitment, said: *"The coronavirus pandemic has made the legal sector rapidly realise that adapting to remote working was far more straightforward than first believed, with law firms continuing to grow during the peak of the pandemic. It has been an eye opener to the legal industry with the pleasant surprise of how easy and beneficial adapting to remote working was for many firms."*

The majority of UK employees (82%) want to continue working from home at least one day a week, suggesting that the future of working could see a much more flexible approach in relation to office working. However, 71% of UK employees still believe that their company should retain an office, citing team culture, collaboration, meeting and socialisation as reasons for them staying.



<sup>1</sup> <https://www.mobliciti.com/how-remote-working-has-impacted-the-legal-sector-in-2020-covid-19-pandemic/>

For employers, allowing employees to work remotely may mean that personnel can be recruited from a wider pool of talent due to geographical location not being an eliminating factor. It also means that where existing employees are combined into cross-disciplinary and cross-border teams, those teams can work together more smoothly and efficiently.

This doesn't mean that all law firms should shut up shop and take on remote working full time, as there are still many benefits of spending time face to face with colleagues and clients. For instance, ad-hoc conversations with colleagues can lead to collaborative problem solving and input into case-specific questions, while meeting clients in person facilitates networking and relationship building.

Remote working is therefore not a way to avoid a return to the office but a viable option to provide greater flexibility to the profession in future.

Tierney said: *"There is still a need for a traditional office setting that helps Junior Lawyers grow and develop with the guidance of more senior members, which just cannot be replicated remotely. I believe that, going forward, the legal industry will continue to benefit from some aspects of remote working but the reopening of office settings will be a warm welcome to most."*



## SUMMARY

*Remote working is a possibility for the legal sector to allow employees flexibility in their work; however, there is still a need for a traditional office setting. This is especially important to help junior legal professionals with their development.*

## LESSON 2 - TECHNOLOGY IS ESSENTIAL FOR THE FUTURE OF THE LEGAL INDUSTRY

The coronavirus pandemic has pushed forward technological advances that were not previously a priority for the legal sector and demonstrated how essential it can be for the profession.

Legal professionals were given the ability to work from remote locations, while firms have managed to maintain business as usual through seminars, training events and business development through virtual platforms. They have also been able to leverage process automation and make long-term improvements to everyday operations. Meanwhile, the judiciary ensured that access to justice was largely maintained via virtual hearings and trials.

The legal industry has proven how quickly it can adopt new technologies when left with no other option. Daniyal Aziz, Head of the International Desk at Interlink Recruitment, said: *"The world's top law firms happen to be among the most cash-strapped businesses in the world and the top 30 law firms in the UK are definitely embracing legal tech at a much faster pace than the rest."*

*"The start of the pandemic saw law firms invest heavily to allow their staff to work from home as not all firms were prepared for this. The legal tech industry has been growing at a steady rate of 6% year on year, although I suspect the rate of growth from 2020 to 2021 will be a lot higher."*

Implementing legal tech within a law firm can be a long and costly process, which needs to be

handled with care. Lawyers cannot escape the fourth industrial revolution, as every business sector must adopt new tech to become more efficient and produce a better value proposition to their clients.

Some of the more recent technological developments being harnessed by law firms include the use of cloud-based infrastructures, automated processing and chatbots. This adoption of technology has resulted in law firm employees collaborating more than ever before, according to [LexisNexis's Marketing & Business Development Report](#). In 2019, 42% of respondents identified collaboration as a top challenge, whereas only 31% noted this in the 2021 report.

Although it is undeniable that law tech is gaining traction as a whole, this market is still immature in terms of the fields of digital disruption, compared to fintech where the regulatory and funding alignment is more advanced.

As the role of technology continues to expand in the legal sector, the question now is where do the limitations lie? For areas such as family or criminal law, remote hearings are unlikely to be a permanent replacement for in-person attendance at court. In addition, parts of court hearings and trials, like advocacy and cross-examination, are arguably less effective remotely.

### SUMMARY

*Technology is here to stay and it must be embraced by the legal industry to ensure it doesn't get left behind, remains competitive and continues to offer premium services to clients. The pandemic has proven that technological innovation can be taken on rapidly and we know that the legal sector is more than capable of doing this successfully to benefit practitioners, clients and the judiciary alike.*

## LESSON 3 - YOUNG LEGAL PROFESSIONALS HAVE SUFFERED AS A RESULT OF THE PANDEMIC

As lockdown continues to ease, plenty of challenges still lie ahead for the legal sector - and tragically, it's likely that the junior staff will feel the brunt of them. Workplace development and mentorship, networking and work experience opportunities have all suffered as a result of the pandemic.

Prior to the pandemic, if a partner needed help with a project, they would easily be able to hand work to a junior associate; however, it's not so simple anymore. Video-calls and file-sharing can be more trouble than they're worth, meaning partners are increasingly just doing things themselves. This results in young legal professionals who have managed to keep their position missing out on work and the learning involved with it.

Workplace development and mentorship are also casualties of the pandemic, as junior staff and trainees have missed out on more than 12 months of professional socialisation by not being able to build new contacts and relationships at events.

Communication has also shifted from informative to functional - with management checking to see how things are going rather than teaching and guiding. Also, with company communication scheduled screen-to-screen, there's less opportunity for learning 'on the fly' or watercooler advice that would happen naturally in an office environment when people are around each other.

Zoe Alexander, Legal Recruitment Consultant at Interlink Recruitment, said: *"The pandemic has particularly affected recent law graduates who have arrived at an already competitive industry with a lot more competition than usual due to many legal candidates with experience, such as Junior Legal Secretaries, Legal Assistants and Paralegals, being made redundant. This will be largely due to many young legal professionals being the last one in and, therefore, the first ones out when it comes to cuts."*

Many training programmes that were lined up for the year have been postponed or cancelled. While efforts were made to shift training online, the newness of virtual learning means that progress is slow and careers have stalled.

Alexander added: *"A lot of young professionals are struggling to obtain training contracts that will lead them on their journey to become a Lawyer, as many law firms have put their training contracts on hold due to focusing on more vital things to help their firm survive. This also applies to some firms being less willing to give internal promotions, despite their staff deserving it, due to making many financial cuts."*

*"However, despite these downfalls, vacancies for junior legal staff have begun to increase over the last few months, including graduate-entry level positions. This should give some hope to young legal professionals who have had to endure a tough year."*

### SUMMARY

*As offices continue to open up, it is important that law firms increasingly reopen training contracts and provide its junior staff with development opportunities.*

## LESSON 4 - THE PANDEMIC HAS QUESTIONED THE RELEVANCY OF OFFICES

The threat of COVID-19 in 2020 was an unprecedented threat. But pandemics aren't new, they just appear to be increasing in frequency and their impact can be devastating - medically, economically and socially - on a global scale.

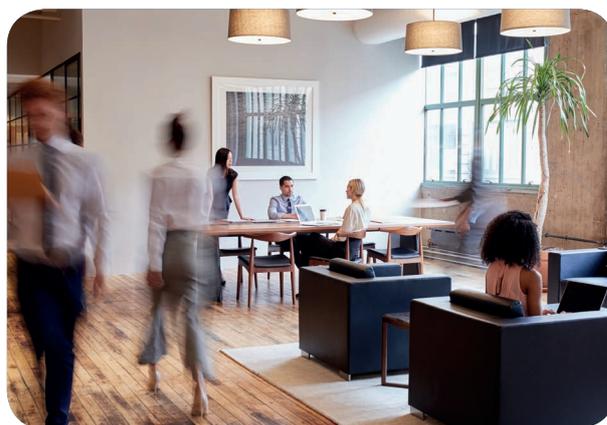
Just as the 1918 Spanish flu changed our approach to social welfare and working practices, coronavirus will seismically shift what we do and how we do it. However, in the years between these pandemics, we have had a digital revolution that will continue to impact and shape our workplaces and business strategies.

Over the last 12 months, we have realised that we do not have to be in the office to be back at work. However, working from home all the time has proven that there is no substitute for certain areas of work, such as face-to-face interaction with colleagues and on-the-job learning. Most organisations are already implementing or are planning to introduce blended working practices, is this an option for the legal sector?

Working from home has completely altered our workplace paradigm and COVID-19's legacy will be the rise of a blended work practice. Matt Blaydon, Building Consultancy Expert at Matthews & Goodman, explains the concept of blended work practices. Every organisation will create a blended work practice tailored to their own:

- Culture
- Employees' wellbeing, concerns and requests
- Physical distancing protocols
- Business model - e.g. what percentage of your workload requires close supervision best served by attendance in an office

- Cost reduction strategies - e.g. reducing the size of head office and creating satellite hubs (affording shorter and cheaper commutes for staff)



If organisations intend to evolve their physical distancing protocols, what are their options and how will their use of their workplace change? Perhaps:

- Fewer desks and more break-out areas for collaboration, spontaneous meetings, etc.
- Agile desking will replace dedicated workstations, i.e. employees only come in if they have client, supplier or 'sensitive' internal meetings
- A more campus/concierge approach to workplace design - more 'coffee shop' areas and quiet zones/focus rooms
- Smaller office floor places will replace trophy head offices
- Multi-occupancy workplaces (such as serviced offices) will lose their lustre for health reasons
- The paperless office will finally become a reality
- Office will become more domesticated and, to accommodate increased working from home, homes will need dedicated 'work' areas

Blaydon said: *"Working from home is good in theory but less viable in practice as, for many, their office, IT, bandwidth, connection speeds and furniture are far superior in the office than their working from home options. Companies such as Twitter and BT, are allowing employees to work from home permanently and Mark Zuckerberg believes that within 10 years, 50% of Facebook's employees will be working from home.*

*"But what do all these companies have in common? Rather than expecting their employees to fund their own IT and workspace requirements, they are being provided with the correct equipment to do their jobs just as - or potentially even more so - productively remotely."*

Technology will enable organisations to meet their productivity and cost management goals, while also helping to meet their employees' professional and personal expectations. Each organisation will have a unique mix of blended work practices, enabled by technology and determined by their own culture, philosophy and financial resources.

Jonathan Thomas, Head of Operations at Interlink Recruitment, said: *"The pandemic has questioned the relevancy of offices over the last 12 months; however, we've also seen many examples of growing law firms acquiring further national and international offices. While many are heading*

*towards a more remote/digitised way of working, I see strong supporting arguments for both strategies."*

Lockdowns triggered firms to close their office space, adapt and become flexible with home working to ensure business continuity. As much of the market adapted well, law firms saw technology play a pivotal role in maintaining quality and control of service remotely, rather than the physical control factors that come with having an active office presence. This, therefore, presented an opportunity from a commercial aspect to better control spend on unnecessary facilities.

From an employee perspective, this would mean no more commuting, which allowed employees to be more productive as they were able to convert commuting into billable client time, making for a more proactive working week.

Speaking of her own experiences, Barrister Paula Rhone-Adrien, said: *"Working remotely has certainly opened up the ability for me to do more. As a working mother of three, there is no such thing as part time. However, working remotely means that I can fulfil a day in court and still find time (occasionally) to balance the work/life seesaw.*



*"The legal sector acknowledges the loss of women in the profession with between 10-15 years' experience and flexible working is constantly touted as a panacea to this problem. We have been forced to trial it and while it may not be the complete answer to the problem it could go some way now that children are back in school."*

On the other hand, many rapidly growing law firms that are in the midst of national and global expansion are acquiring office space to

add local focus with collaboration and synergy opportunities, while also offering flexible and remote working - the best of both worlds.

Thomas said: *"I feel there has been a heavy shift in the legal sector to offer flexible working to support employees and remain competitive in attracting talent. However, there will always be a need for an office presence as remote/home working isn't an option for everyone."*

## SUMMARY

*It is important for law firms to consider their office space in relation to their needs and goals to not only ensure flexible working is provided to employees and they are staying competitive, but also from a business performance perspective. It would seem most firms are looking for a hybrid solution to offer the best of both worlds.*



## CONCLUSION - WHAT DOES THE FUTURE HOLD FOR THE LEGAL SECTOR?

Looking to the future, the legal sector is expected to have healthy growth in 2021, following into 2022. The strong performance experienced by the UK legal industry, even during a pandemic, proves the sector is more resilient than most.

In the long run, lockdown has provided a number of benefits as it forced law firms to re-evaluate their business operations and introduce cost-cutting measures. Technological adoption accelerated and firms took the plunge to implement remote working.

Barrister Paula Rhone-Adrien said: *"Clients certainly expect their Lawyer to be easily accessible now. While there was an administrative wall before, which essentially meant Lawyers operated*

*between 8.30am and 5.00pm, clients now expect their Lawyer to be able to service their request for assistance quickly via email, over the phone, on WhatsApp, or via a five-minute Zoom."*

As a result, the legal profession that has emerged out the other side of the pandemic is stronger, more agile and more resilient than the one that entered it.

Harris said: *"The legal industry has proven quick to adapt, with firms taking on technologies such as video call in replacement of face-to-face meets, as well as remote working becoming the norm. In response, many Lawyers are happy for this change, rather than being stuck in the office."*





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