

LEGAL EXCELLENCE, INTERNATIONALLY RENOWNED

UK LEGAL SERVICES 2020



About TheCityUK

TheCityUK is the industry-led body representing UK-based financial and related professional services. In our 10th anniversary year, we continue to champion and support the success of the ecosystem, and thereby our members, promoting policies in the UK, across Europe and internationally that drive competitiveness, support job creation and ensure long-term economic growth. The industry contributes over 10% of the UK's total economic output and employs more than 2.3 million people, with two thirds of these jobs outside London. It is the largest tax payer, the biggest exporting industry and generates a trade surplus exceeding that of all other net exporting industries combined. It also makes a real difference to people in their daily lives, helping them save for the future, buy a home, invest in a business and protect and manage risk.

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LEGAL SERVICES
EMPLOY

350,000

PEOPLE, TWO THIRDS OF
WHOM ARE OUTSIDE LONDON



37,632

DISPUTES WERE RESOLVED
BY ALTERNATIVE
DISPUTE RESOLUTION
IN THE UK

LEGAL SERVICES
CONTRIBUTED



£22.2BN

TO UK ECONOMY IN 2018



THERE ARE OVER

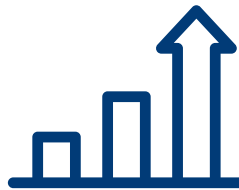
200

FOREIGN LAW FIRMS
WITH OFFICES IN THE UK

THE REVENUE OF THE UK'S
LARGEST 100 LAW FIRMS
GREW BY A STRONG 6% TO

£27.8BN

IN 2019



ENGLISH LAW IS USED IN



40%

OF ALL GLOBAL
CORPORATE ARBITRATIONS



77%

OF CASES IN THE
COMMERCIAL COURT
WERE INTERNATIONAL
IN NATURE IN 2019

THE UK RANKS SECOND



GLOBALLY
FOR LEGAL SERVICES
FEE REVENUE

LEGAL SERVICES'
TRADE SURPLUS NEARLY
DOUBLED OVER THE
PAST 10 YEARS FROM



FOREWORD

Against the backdrop of Covid-19, 2020 has been a challenging year for people, communities and industries across the world. For its part, the UK's legal services sector has shown agility, resilience and has reinforced its status as an important national asset. The sector has acted as a trusted adviser, helping businesses and governments to negotiate the Covid-19 crisis, while the country's judicial institutions have shown great agility in quickly rolling out remote video technology to undertake hearings.

Covid has provoked a health emergency and an economic crisis of an unprecedented scale. The road to economic recovery is therefore likely to be a long one. The UK-based financial and related professional services industry is determined to play its part in the nation's economic recovery – supporting customers, businesses and communities up and down the country.

This year's Legal Services report underscores the vital contribution that UK legal services makes to the financial and related professional services ecosystem and the wider economy. The sector generates 1.2% of UK gross value added (GVA) and employs over 350,000 people across the country, two-thirds of whom are based outside London.

The UK's status as host to the most international legal sector in the world is underlined by its substantial trade surplus, worth nearly £6bn in 2019, almost double its value a decade ago. Each of the world's top 50 law firms by revenue listed in this year's report, have an office in London. The primacy of English law - the leading choice of governing law for, and resolving disputes in, cross-border trade and investment - remains a strong driver of the sector's success. Some 27% of the world's 320 legal jurisdictions use English common law.

The UK's world-leading dispute resolution services, whether through litigation, arbitration or mediation, give parties from across the globe confidence that their commercial disputes will be resolved swiftly, predictably and fairly. In 2019, some 77% of cases heard in the Commercial Court were international in nature along with 82% in the Patents Court and 62% in the competition list.

TheCityUK's work on behalf of the legal sector is taken forward by our Legal Services Group, chaired by James Palmer of Herbert Smith Freehills. It considers how the provision of legal services can best respond to global economic drivers, and how the UK's legal services sector can maintain and build upon its global competitiveness and international standing.

This year is the 10th anniversary of TheCityUK and also of our Legal Services report. We know the report is often used by senior representatives in the London offices of overseas law firms to demonstrate the value of further investment, and for promotional purposes by the UK's missions and posts abroad. It is regularly drawn upon for legal services-related submissions to government and we are very grateful for the Ministry of Justice's support for our report over the years, and in making available senior ministers for our events. Our report demonstrates that the continued success of the legal services sector is critical to the ongoing competitiveness of the broader financial services ecosystem and remains a key driver in making the UK an attractive place in which to do business.

Miles Celic

Chief Executive Officer, TheCityUK



KEY FINDINGS

Legal services in the UK

- The UK remains a world-leading centre of legal excellence and a destination of choice for international legal services and the resolution of legal disputes. London leads the way on international law, but other UK cities such as Belfast, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester and Newcastle are highly renowned for both their legal services expertise and their contribution to the UK's legal training and education sector.
- In the midst of dealing with its own Covid-19 induced difficulties, the UK-based legal services sector has played a key role in helping businesses in the UK and across the world negotiate the crisis, providing advice as trusted advisers and assisting firms to reorganise their affairs accordingly.
- The UK's legal services sector employs 350,000 people, two thirds of whom are outside London. Major centres of legal services employment include Manchester (with 14,000 in employment), Birmingham, Bristol and Leeds (9,000 each), and Glasgow, Edinburgh and Liverpool (7,000 each). The sector contributed £22.2bn to the UK economy in 2018, equivalent to 1.2% of GVA, and posted a trade surplus of £5.9bn in 2019.
- Total revenue from legal activities in the UK was £36.8bn in 2019. Much of this was generated by the top 100 UK law firms, who netted nearly £28bn in 2019/20. The majority of large firms saw an increase in revenue, with only ten firms in the top 100 firms recording decreases in revenue for the year 2019/20 and none in the top 25.
- The UK's legal sector is also a significant contributor to the UK's public finances. TheCityUK's research estimates that the total tax contribution of the legal and accounting sector to the UK public finances in 2018 was £19.1bn. We also estimate that for every £100 of UK turnover made by UK legal and accountancy firms, an amount equivalent to £38.40 is paid in taxes.¹
- The UK's legal services sector continues to lead the way in changing the practice of law. Non-lawyers have been able to own and manage legal services businesses in the UK since the Legal Services Act 2007. More than 700 of England and Wales' 10,000 law firms are now operating as alternative business structures. This liberalisation has brought increased investment in the sector as alternative legal services providers (ALSs) grow and partner with law firms, boosting technology adoption and strengthening client offerings.
- Alongside strong growth in private practice, there have been further increases in the number and proportion of solicitors working in-house in England and Wales. More than 22% of all practising certificate holders, totalling nearly 29,500, worked in the in-house sector in 2019, up from 16% a decade earlier. Scotland has seen a similar trend, with 31% of the profession working in-house in 2019, up from 22% in 2010.
- The sector is recognising the potential value of LawTech. Law firms are continuing to innovate and are finding ways to reduce administration costs, improve economies of scale, and allocate labour more efficiently within firms. These innovations are of benefit to clients who can achieve greater value as well as benefit from the fact that legal advisers can devote even more time to providing them with quality advice.

The UK's position internationally

- The UK is the largest legal services market in Europe (valued at £36.8bn in 2019) and is second only to the US globally. It accounts for a third of Western European legal services

¹ TheCityUK, Total tax contribution study for UK legal and accounting activities. (July 2019). available at: <https://www.thecityuk.com/assets/2019/Report-PDFs/070ca1ac22/Total-tax-contribution-for-UK-legal-and-accounting-services.pdf>

fee revenue and around 5% of global legal services fee revenue (which totalled about \$760bn in 2019). The UK is home to a wide range of international law firms with more than 200 foreign law firms from around 40 jurisdictions now operating in the country and all of the world's top 50 law firms having an office in London.

- The UK's position in legal services is helped by the international prestige of English common law, which forms the basis of the legal systems for some 27% of the world's 320 jurisdictions. Meanwhile, the UK's reputation as the leading centre for international dispute resolution is a strong driver for commercial parties to frequently opt for their contracts to be governed by English law.
- The UK's international standing is reflected by the following indicators:
 - Four of the 20 largest law firms, based on number of lawyers in 2019/20, have their main base of operations in the UK.
 - Four of the top 20 revenue generating law firms are based in the UK.
 - All of the top 50 law firms by revenue have an office in London.
 - The largest international law firms in London have between 45% and 65% of their lawyers abroad, and many other London-based firms have between 10% and 20% of lawyers overseas.
 - There are more than 10,000 practising certificate holders from England and Wales who are working abroad. This figure has risen 80% in the last decade.
- The Bar is renowned for the quality of its advocacy. More than 2,000 members of the Bar of England and Wales now receive instructions from abroad, earning £367m from these instructions.² Bar Council figures show that the number of barristers who act for clients located abroad has more than doubled between 2009 and 2019 (999 to 2,052).³ Many barristers specialise in international commercial law, and the UK's judiciary has facilitated the growth of this sector by establishing the Business and Property Courts, which includes the civil courts and lists of the High Court including the Commercial Court, the Technology and Construction Court and the Chancery Division.
- London's reputation as a leading global centre for international dispute resolution through the courts is underlined by the fact that in 2019, over 1,000 claims were issued in the Commercial Court, of which 77% involved at least one party whose address is outside England and Wales and 43% were cases where all parties involved were international.
- London is also seen as the world's preferred centre for arbitration. The number of civil disputes resolved through arbitration, mediation and adjudication in the UK exceeded 37,000 in 2019.
- UK-based law firms continue to grow their presence in both developed and emerging markets. This international growth is driven by corporate clients, who increasingly expect law firms to serve as their trusted adviser whenever necessary, regardless of location and time zone.
- Legal services are an integral part of the financial and related professional services ecosystem that makes the UK one of the world's leading international financial centres. Major firms are drawn to London to access this breadth of services, seek advice from world-class legal and advisory firms, raise finance, and insure their businesses in the UK. The health of UK legal services is therefore intrinsically linked to the health of the broader ecosystem in which it is situated.

² Bar Mutual Investment Fund figures

³ *ibid*

COVID-19

Since the publication of our 2019 Legal Services report, the world has been in the grips of Covid-19. The pandemic has brought about a dramatic reduction in economic activity which has been more pronounced in some industries than others.

Within legal services, there have been varying levels of impact. For example, junior barristers who work in criminal law and are self-employed have faced a particularly difficult time, whereas demand for specialists in employment law and business restructuring has continued to be strong throughout the period of the pandemic.

In the midst of dealing with its own Covid-19 induced difficulties, the UK legal services sector has played a key role in helping businesses in the UK and across the globe negotiate the crisis, providing advice as trusted advisers and assisting clients to understand what financial support is available to them and helping them to reorganise their affairs accordingly.

TheCityUK has prioritised its legal services engagement with key government stakeholders during this period around the challenges unique to legal services provision that Covid-19 has created. We have also remained in close contact with the Law Society of England and Wales and the Bar Council of England and Wales to support critical initiatives they – and others – have put in place to support the sector more widely. We will continue to pursue these activities over the coming months.

Legal services firms within our membership have made a very strong pro bono resource contribution to our work on the recapitalisation of UK SMEs post-Covid. TheCityUK's recapitalisation project, in collaboration with EY, involved over 200 financial experts from across 50 financial and related professional services firms, and was developed in consultation with HM Treasury, the Bank of England and the Financial Conduct Authority, as well as business trade associations representing a wide spectrum of businesses sectors and sizes.

The pandemic has also reduced the availability of some of the data we use to formulate our statistics, which has meant that we have been unable to include some of the information we typically would. However, the majority of the content usually incorporated in this report has been included and we fully intend to reinstate all of our normal content in future editions. It is worth highlighting that many of the statistics in this year's report are from 2019, so they do not reflect the impact of the pandemic. The 2020 figures that will provide an insight into the impact of the pandemic will feature in next year's edition.

ENGLISH LAW AND UK LEGAL SERVICES POST-BREXIT

With the UK having now left the EU, it is particularly important that European and other international commercial parties continue to understand the benefits of using English law and continue to call upon the expertise of the UK's legal services sector. The UK must remain the jurisdiction of choice for international legal services and dispute resolution.

The benefits of choosing English law and England and Wales as a jurisdiction have not changed. Factors such as its flexibility, stability, predictability, track-record of being accepted by business, strong and independent judiciary and reputation as a centre for excellence will continue to endure.

With respect to English law and its standing in Europe post-Brexit, the government has taken steps to ensure choice of law and jurisdiction clauses will continue to be upheld in the EU. On choice of law, the EU regime on applicable law in cross-border contracts, Rome I, has been incorporated into English law so English courts will continue to apply these rules. EU courts will also continue to apply Rome I, so the choice of English law in a contract will not be affected by Brexit. On jurisdiction, the UK has legislated to ratify the Hague Convention on the Choice of Court Agreements in its own right. Under the Hague Convention, exclusive jurisdiction clauses in favour of the courts of contracting states and resulting judgments will be recognised by other Contracting States, including the EU.

The decision in the 2020 Supreme Court case *Enka v Chubb* has served to further solidify the use of English law and jurisdiction in arbitration clauses. While the UK has been subject to the European Union treaties, English courts have been prevented from issuing injunctions to restrain parties from pursuing court proceedings in EU States, even in breach of arbitration agreements. In *Enka v Chubb*, the Supreme Court found that, irrespective of the law governing an agreement to arbitrate in England, (and irrespective of the law governing the substantive obligations of the contract), the English courts are able to issue an anti-suit injunction to restrain foreign proceedings brought in breach of the agreement to arbitrate in England.

TheCityUK is working with European and UK stakeholders to secure the highest possible future market access provisions in EU Member States for our members. We also continue to be a strong advocate for the UK's accession to the Lugano Convention, which provides for recognition and enforcement of judgments for both EU and EFTA states. We are active participants in the work of the International Law Committee, established by a former Lord Chancellor and Lord Chief Justice to report to government and other interested parties on the future relationship with the EU and trading with other markets.

THECITYUK AND LEGAL SERVICES

TheCityUK continues to focus on maintaining the international competitiveness of the UK's legal services sector. We do this by building and maintaining strong relationships with senior government, regulatory and industry stakeholders under the auspices of our Legal Services Group.

TheCityUK's Legal Services Group brings together industry leaders to provide thought leadership on the development of legal sector policy and regulation for the UK legal services sector. The group is Chaired by James Palmer, Chair and Senior Partner at Herbert Smith Freehills.

Domestically, we look to further build on the UK's already strong reputation as a leading global centre for international legal services and dispute resolution, a reputation which underpins the country's position as a world-leading financial centre. Internationally, we work with both the UK and overseas governments at central, regional and local levels, to promote and share the wealth of expertise in UK-based firms, the importance of the sector as a foundation for growth and build further on its value as an export commodity.

This work is supported through our contributions to the most important and influential government and industry groups including the International Law Committee, the Professional Business Services Council (PBSC) and its various sub-groups and the Department for International Trade's Professional Services Trade Advisory Group, among many others. Our work on these committees operates alongside our programme of ongoing bilateral and multilateral engagement with HM Government, MPs, the Ministry of Justice and other senior stakeholders.

In 2020, we have continued to work with stakeholders to promote a future relationship with the EU that delivers the best possible mutual market access after the end of the transition period. Central to this work, we have been advocating for a robust framework for the mutual recognition of professional qualifications (MRPQ) and the importance of continued cross-border recognition and enforcement of judgments from UK jurisdictions in the EU, and vice versa, after the end of the transition period. We have stressed with EU stakeholders the mutual importance of their support for the UK's accession to the Lugano Convention, which provides for recognition and enforcement of judgments for EU Member States as well as Iceland, Liechtenstein, Norway, and Switzerland.

While the shape of the UK's future relationship with the EU is important, it is also essential to ensure that UK legal services remain competitive and gain better access to markets outside the EU. TheCityUK continues to promote UK legal services in a range of jurisdictions, creating both new export markets and building deeper links with existing markets. The Legal Services Group has worked closely alongside the Ministry of Justice and other relevant departments on issues related to international trade, helping to develop government positions on trade talks underway with the US, Australia and New Zealand as well as those concluded with Japan.

LEGAL SERVICES IN THE UK

The UK remains the leading global centre for international legal services and dispute resolution. The country is renowned for the expertise, consistency and incorruptibility of its justice system, and the esteemed standing of its legal education and training facilities serve to draw in high-calibre global talent. Many global law firms are based in London and the UK's offering is further supplemented by a range of domestic and international providers offering choice and value in cities such as Belfast, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester and Newcastle.

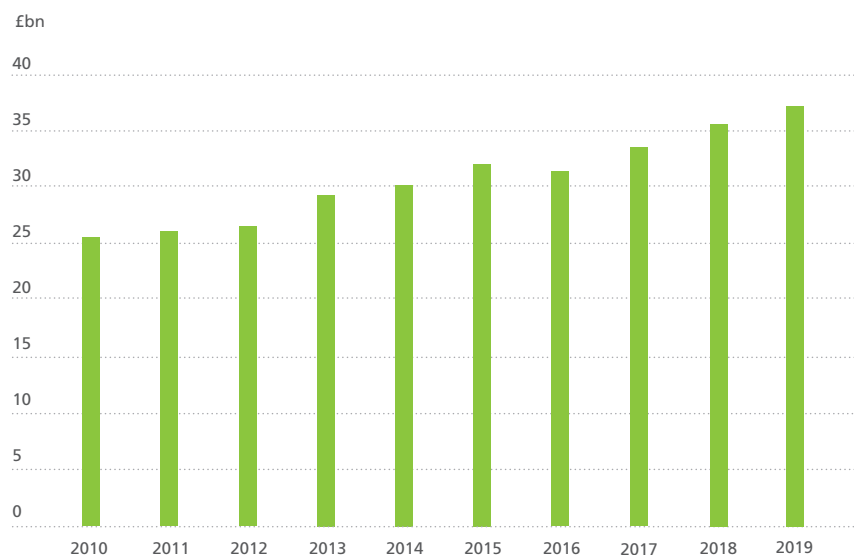
While this report provides a wealth of data demonstrating the strength of the UK's legal services sector, it is important to remember that the economic contribution of the sector goes far beyond revenue. Legal services (particularly English law and the strength of England and Wales as a legal jurisdiction) facilitate a wide range of business activities and provide an essential framework of law and justice that underpins all commercial transactions. The UK's legal sector framework has both a multiplying and an enabling effect for business growth and stability, and offers expertise to support all other parts of the economy. In particular, the success of the broader financial and related professional services ecosystem is driven by the UK's world-leading legal sector.

UK legal activities revenue

Revenue generated by legal activities in the UK has trended strongly upwards in the past decade and increased by a substantial 3.9% year-on-year in 2019 to £36.8bn (up 44% since 2010).⁴

Figure 1: Revenue generated by legal activity in the UK

Source: Office for National Statistics



UK law firm fee revenue and key market trends

Despite the final quarter of these year-end figures taking account of the economic downturn caused by the global pandemic for many of these firms, revenue for the UK's top 100 firms (ranked by revenue) rose by 6% to £27.8bn in 2020, a figure which has more than doubled over the past decade (this figure stood at £13.7bn in 2010). The

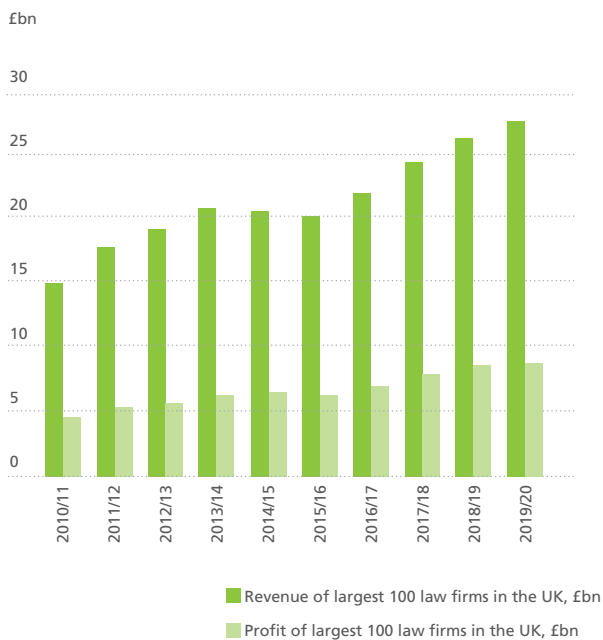
⁴ Office for National Statistics, 'Turnover of legal activities, January 2010 to June 2020', (12 August 2020), available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/adhocs/12138turnoveroflegalactivitiesjanuary2010tojune2020>

revenue of the top 25 firms rose by 5% to £21.7bn which now accounts for almost 80% of the revenue of the top 100 firms. The top 10 firms’ £15.9bn collective turnover for 2020 is higher than that earned by the entire top 100 in 2010 (£13.67bn).

In 2020, firms ranked 26-50 also showed resilience, experiencing a 10% increase in average revenues and an increase in total revenues of nearly £300m to £3.7bn. While merger activity has been one of the drivers for growth in this segment of the top 100 firms over recent years, it was the addition to the group of listed firms Ince Group and Slater and Gordon which accounted for much of this year’s growth.

Figure 2: Revenue and profit of the largest 100 law firms in the UK

Source: Legal Business



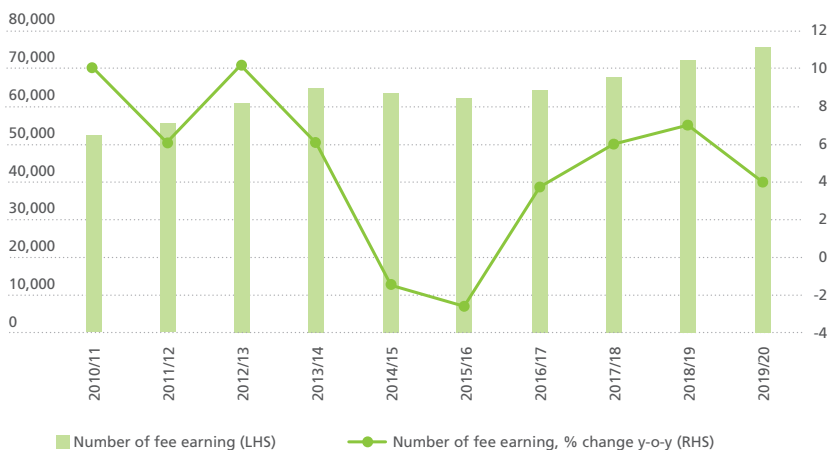
In-house legal teams continue to grow in the UK. This is particularly visible across highly-regulated sectors such as financial services, pharmaceuticals and telecoms. In England and Wales, more than 22% of all practising certificate holders, or some 29,500, worked in-house in 2019, up from 16% a decade earlier. The Law Society believes the official number registered in-house is an underestimate as a significant number of the 18,246 recorded as not attached to an organisation will be working in-house at locations they do not identify.⁵ According to the Law Society of Scotland, almost one third of Scottish solicitors work in-house. Many larger in-house teams have created their own litigation, regulatory and compliance capability. Major UK financial institutions are known to have in-house litigation teams consisting of between 15 and 40 people.

The UK’s top 100 law firms have continued to increase headcount in the past year with year-on-year growth of 7% and total headcount (including partners) now exceeding 75,000.

⁵ The Law Society, 'Annual Statistics Report 2019', (October 2020), available at: <https://www.lawsociety.org.uk/topics/research/annual-statistics-report-2019>

Figure 3: Largest 100 UK-based law firms, total fee-earning headcount

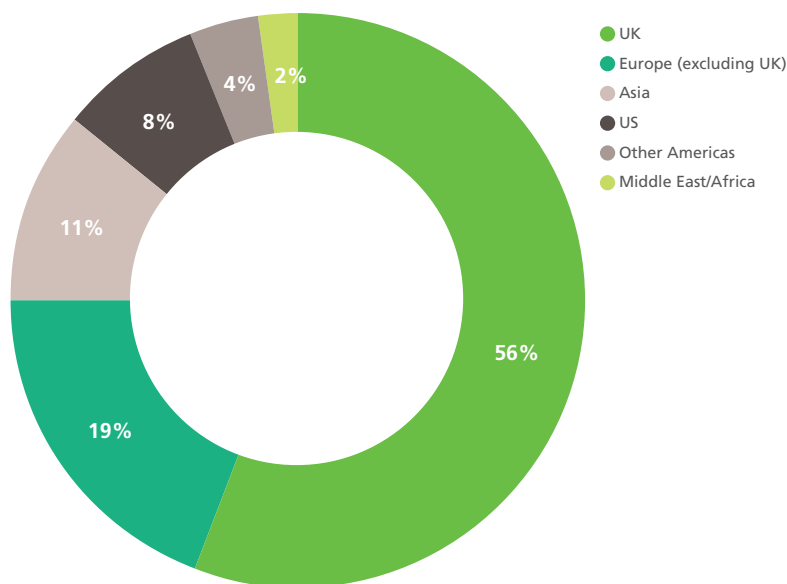
Source: Legal Business



The UK's position as a hub for international commerce and law is exemplified by the top 100 UK firms continuing to build their international practices with 44% of the lawyers employed by these firms currently being based overseas. While the overall percentage based overseas is the same as we saw three years ago, the geographical distribution has slightly altered. Europe remains the leading region for lawyers from top 100 firms with 19% based there (down from 21% in 2018). Asia and the US follow with 11% (no change) and 8% (up from 7%) respectively, followed by 'Other Americas' 4% (up from 3%) and Middle East and Africa 2% (no change).

Figure 4: Geographical distribution of lawyers in largest 100 UK law firms (% share, 2019-20)

Source: Legal Business



Structure and regulation of UK legal services

The UK legal profession is divided into two branches: solicitors and barristers (advocates in Scotland). The judiciary is drawn from both branches. Solicitors provide 'first line' legal advice. While solicitors serving their local communities are often in a general practice, solicitors serving businesses tend to specialise in a particular area of law, for example, finance or real estate.

Barristers (advocates in Scotland) provide specialist legal advice, with particular expertise in drafting and advocacy work. Many are qualified in other jurisdictions, have knowledge of other systems of law and can advise on complex international matters.

The regulatory differences between solicitors and barristers/advocates are diminishing, but solicitors typically provide a continuous service to clients, while barristers/advocates provide specialist legal advice on points of law or strategy, and present cases before courts, arbitrations or other tribunals.

In England and Wales, barristers, who are independent practitioners, typically share premises with other barristers in chambers, which specialise in one or more legal fields. There are approximately 1,700 senior barristers known as Queen's Counsel (QCs), a globally recognised badge for excellence in advocacy. Lawyers and clients from other jurisdictions can instruct barristers directly, without using a UK law firm, in a range of transactions and disputes.

Many barristers are also members of specialist bar associations, which provide further education for their members and represent their interests. The Bar Council is the representative body for all barristers in England and Wales. In Scotland, an advocate performs the same function as a barrister. There are currently around 460 advocates and they are all members of the Faculty of Advocates based in Parliament House in Edinburgh.

In Northern Ireland, approximately 650 barristers, including 110 QCs operate as an independent referral bar from the Bar Library in central Belfast, having been admitted in the first instance to the Inn of Court of Northern Ireland which is located in the adjacent Royal Courts of Justice. Barristers in this jurisdiction provide a range of advanced legal services in advocacy and dispute resolution.

The Legal Services Act 2007 created the Legal Services Board to ensure that legal services regulation in England and Wales is carried out in the public interest and puts consumer interests first. The Board oversees eleven legal regulators and the Office for Legal Complaints, which handles consumer complaints about lawyers. The two largest of these eleven legal regulators are the Solicitors Regulation Authority, who regulate solicitors and their firms, and, the Bar Standards Board, which regulates barristers and specialised legal services businesses.

In Scotland, the Law Society of Scotland regulates solicitors, solicitor advocates, Notaries Public and a small number of conveyancing practitioners and executry practitioners. Advocates are regulated by the Faculty of Advocates. The Scottish Legal Complaints Commission provides a single point of contact for all complaints against legal practitioners operating in Scotland.

The Law Society of Northern Ireland is a professional body, which also acts as the regulatory authority governing the professional conduct of solicitors while the Bar Council of Northern Ireland regulates barristers in the region.

LawTech, Alternative Legal Service Providers, and the future of law

Legal services has been traditionally characterised as a relatively conservative market. While law firms continue to adopt new technologies, a tried and trusted firm operating model has largely endured. However, new technologies (or LawTech) are disrupting the market. LawTech has the potential to lower the cost of litigation, improve the efficiency of the court system, and drive innovation. While many of the LawTech solutions currently available tend to focus on tackling routine and administrative work, entrepreneurs are looking to achieve more fundamental transformations using machine learning and artificial intelligence.

Some of the areas LawTech tools encompass include:

- **Contract review:** LawTech tools can read and analyse legal agreements, extracting useful data, and checking them against current law.
- **Legal data research:** Research and litigation prediction systems can analyse data held by a law firm or in-house team, or else examine large numbers of relevant cases and statutes, to produce actionable insights for users.
- **Intelligent interfaces:** Interactive web-based question and answer systems can teach clients how to complete basic legal documents.

The UK has become a global hub for LawTech, the global market for which is now worth \$15.9bn.⁶ It benefits from a highly developed legal market, a technology talent pipeline, a competitive tax system, a liberal regulatory regime and the recognition of the importance of innovation by government.

Investment in UK LawTech has tripled in the last two years, with starts ups and scale ups in UK LawTech now attracting a total of £290m in investment and employing nearly 4,500 people.⁷

The Financial Times ranked the 30 most innovative law firms in Europe in 2020 and UK-based firms made up the top nine places and thirteen of the top fifteen.⁸ The UK is home to 44% of all LawTech start-ups in the EU, almost twice its share of the European legal services market.⁹ This rapid development is the result of an extensive network of 'tech labs' created by law firms, universities and other corporate organisations including financial services businesses.

In one prominent example, Barclays has transformed its London Eagle Lab into a hub for LawTechs which aims to encourage co-working and mentoring, and bring together LawTech entrepreneurs.

Similarly, the Law Society of Scotland launched its LawscotTech programme in 2018, aiming to stimulate legal technology innovation to deliver practical benefits for those working in the justice and legal sectors and their clients. The Society also launched a new accreditation in legal technology to help drive excellence and standards in the legal technology profession.

Many law firms are investing in LawTech by setting up their own legal services centres to ensure more efficient management of routine work and deliver value to clients. These

⁶ Legal Insights Europe, 'Legaltech Startup Report 2019—A Maturing Market', (October 2019), available at: <https://blogs.thomsonreuters.com/legal-uk/2019/10/18/a-new-report-legaltech-startup-report-2019-a-maturing-market/>

⁷ Tech Nation, 'Plans announced for UK Lawtech R&D Sandbox' available at: <https://technation.io/news/plans-for-lawtech-rd-sandbox/>

⁸ Financial Times, 'Innovative Layers: Europe', (October 2020), available at: <https://www.ft.com/content/3a2e9899-2b64-429f-9fa8-878123f3cb84>

⁹ Thompson Reuters, 'Investment in UK's Legaltech Sector More than Doubled to £61m in 2018', (October 2019), available at: <https://www.thomsonreuters.com/en/press-releases/2019/october/investment-in-uks-legaltech-sector-more-than-doubled-to-61m-in-2018.html>

centres are providing employment across the UK; many are based in the North of England, Scotland and Northern Ireland. For example, Hogan Lovells has a centre in Birmingham; Ashurst has one in Glasgow; and Berwin Leighton Paisner, Freshfields Bruckhaus Deringer and Latham & Watkins have centres in Manchester.

The UK government continues to foster a policy environment that supports LawTech. In 2018, Lord Keen of Elie QC, the then Advocate General for Scotland and Ministry of Justice spokesperson for the House of Lords, convened an industry-led and government-supported UK LawTech Delivery Panel to identify policies that will support innovation in legal services. Further to this, in 2019 the government announced it will provide £2m to support the LawTech Delivery Panel's work and to embrace the opportunities of LawTech, drive innovation and help the UK legal sector to grow.¹⁰

In May 2020, the LawTech Delivery Panel announced the 'LawTechUK Vision' and work programme which is an initiative to help accelerate the digital transformation of the UK's legal sector. The centrepiece of the Vision will be the development of a new LawTech Sandbox – a development and testing environment modelled on the pioneering regulatory sandbox in financial services, encouraging tech businesses, experts and public bodies to come together to innovate and establish new products and frameworks that reinvent service delivery and benefit businesses and wider society.

Another contributing factor to innovation in the UK legal sector has been the liberalisation of the types of business structure which legal services firms can adopt. Whereas most jurisdictions bar non-lawyers from involvement in legal services firms, the UK's Legal Services Act 2007 permits Alternative Business Structures (ABS), business models that allow investment, ownership and management by non-lawyers. A 2019 study by Thomson Reuters found that the value of the global Alternative Legal Service Provider (ALSP) market in 2017 was around \$10.7bn up from \$8.4bn in 2015 and that approximately 40% of law firms are currently using an ALSP for at least one type of service.¹¹

Opening up the sector to non-lawyers has helped law firms secure external funding: an analysis published in 2016 identified £510m of external investment in the UK legal sector.¹² This additional funding illustrates how ABS firms have been able to contribute to LawTech growth.

The entry of the 'Big Four' accounting firms (Deloitte, EY, KPMG and PwC) into legal services has the potential to shake up the established order of the sector. In 2018, Deloitte became the last of the Big Four to receive its ABS license. Globally, the Big Four's legal divisions are already considerable. PwC has more than 3,500 lawyers operating in 90 countries, while Deloitte has 2,500 lawyers in 85 countries, KPMG more than 2,700 in 80 countries and EY more than 2,100 in 80 countries. In the UK alone, PwC has a headcount of 350 and revenues of around £85m which would place it inside the UK's top 50 law firms by revenue. EY has around 85 UK lawyers while KPMG has approximately 100, with UK revenues of roughly £15m and £20m respectively. Deloitte's recent acquisition of tech and digital media law firm Kemp Little means it now has around 35 partners and 150 lawyers in its UK legal division.

As these relatively recent market entrants evolve, law firms are having to consider whether to change their operating models. Law firms are increasingly turning to mergers and acquisitions to build scale, deepen specific practice experience and enter new geographical

BELFAST AS LAWTECH HUB

Belfast has emerged as a leading centre for legal innovation. It hosts LawTechs such as Axiom, iManage and BRIEFED as well as legal services centres for Allen & Overy, Baker McKenzie and Herbert Smith Freehills. Belfast benefits from a strong talent pipeline with almost 3000 STEM graduates and 700 law graduates from its universities each year and in 2020 Ulster University's innovation centre launched a new Corporate Law and Computing LLM/MSc covering topics including professional software development, data science, business intelligence, and how these can be practically applied to day-to-day legal practice. The Northern Ireland Executive, industry and academia have worked together to ensure the region's skills base meets the needs of employers and government-backed initiatives under the region's Assured Skills guarantee have provided further incentives for employers to move to Belfast.

¹⁰ Ministry of Justice, 'Legal services and LawTech bolstered with £2 million of government funding', (June 2019), available at: <https://www.gov.uk/government/news/legal-services-and-lawtech-bolstered-with-2-million-of-government-funding>

¹¹ Thomson Reuters, 'Alternative legal services providers', (April 2019), available at: <https://legal.thomsonreuters.com/content/dam/ewp-m/documents/legal/en/pdf/reports/alsp-report-final.pdf>

¹² Arden Partners, 'Strategic research on investment in the UK legal sector', (July 2018), available at: <http://www.arden-partners.com/media/1352/strategic-research-on-external-and-corporate-investment-in-the-uk-legal-sector.pdf>

markets. There have been 156 publicly-reported mergers involving UK-based law firms in the Lawyer 100 rankings since 2011 and 74 involved a UK firm merging with a firm in another jurisdiction.¹³

Diversity and inclusion in legal services

Across the sector, law firms, chambers, in-house teams and the judiciary are eager to draw upon the diversity of talent available in the UK. By some measures, diversity in the legal profession is well established but, as is the case across financial and related professional services, there is still much work to do and the sector is working hard to address historical imbalances.

In England and Wales, Law Society figures show that in 2019, women with practising certificates outnumbered men by over 4,500 (up from 2,000 in 2018) while representation of Black, Asian and minority ethnic groups (BAME) among practising certificate holders rose to 17.5% (up from 16.9% in 2018).¹⁴ Solicitors Regulation Authority (SRA) data shows that women make up 49% of all lawyers in law firms (compared to 47% of overall UK workforce); while BAME lawyers represent 21% of the workforce in law firms, up 7% from 2014 (and compared to 13% of overall UK workforce). Meanwhile, 3% of solicitors identify as lesbian, gay or bi-sexual (LGB).¹⁵

Law Society of Scotland figures show that 54% of the more than 12,200 practising solicitors in Scotland are women, making up more than two thirds of the country's practising lawyers under the age of 40.¹⁶

Bar Council and Bar Standards Board figures show that in 2019, women made up 38% of practising barristers in England and Wales and 55% of pupils, while BAME individuals make up 13% of practising barristers.¹⁷ Judiciary figures show that in 2020, 32% of court judges and 47% of tribunal judges were female, and 8% of court judges and 12% of tribunal judges were BAME.¹⁸

One challenge in addressing diversity is that the senior levels of law firms and chambers continue to be less diverse than the industry average. Only 33% of partners, and 16.2% of QCs, are women.¹⁹ Furthermore, this trend is more marked in the UK's 100 largest law firms where only 29% of partners are women and only 6% of partners are BAME. For equity partners the figures are 24% female and 4% BAME (Figure 5).

¹³ Jomati, 'UK Law Firm Mergers', (October 2020), available at: <http://jomati.com/uk-mergers>

¹⁴ The Law Society, 'Annual Statistics Report 2019', (October 2020), available at: <https://www.lawsociety.org.uk/topics/research/annual-statistics-report-2019>

¹⁵ Solicitors Regulation Authority, 'Law firm diversity', (December 2019), available at: [sra.org.uk/solicitors/resources/diversity-toolkit/diversity-toolkit/](https://www.sra.org.uk/solicitors/resources/diversity-toolkit/diversity-toolkit/)

¹⁶ Law Society of Scotland, 'Equality and diversity research', (December 2019), available at: <https://www.lawscot.org.uk/research-and-policy/equality-and-diversity/research/>

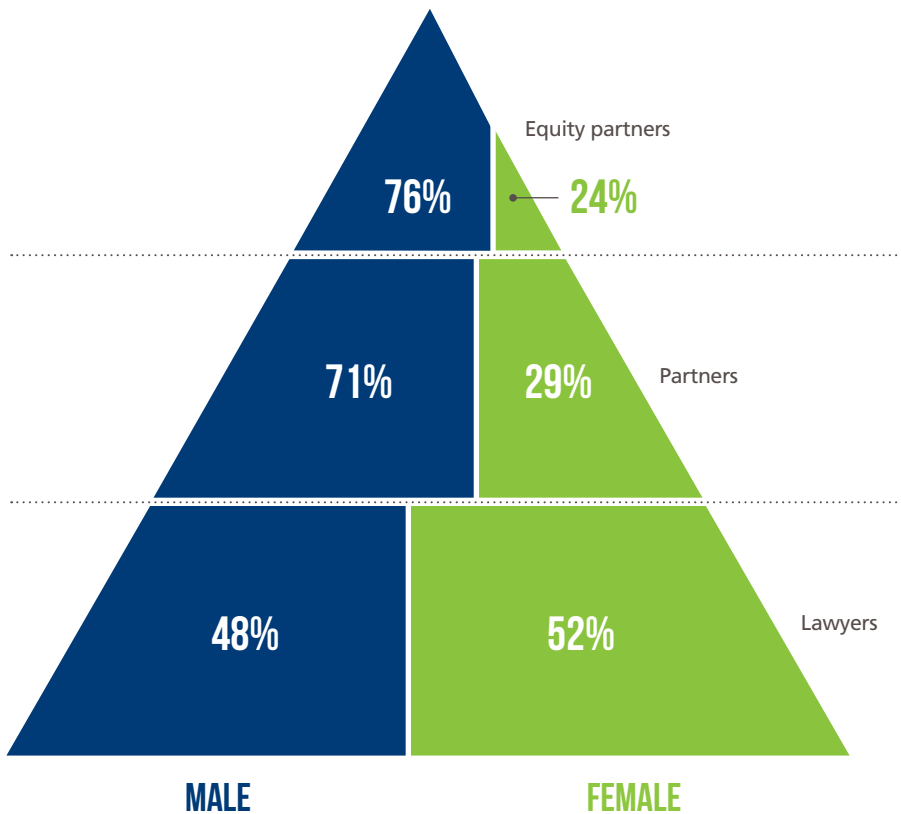
¹⁷ Bar Council of England and Wales, 'Report on Diversity at the Bar 2019', (January 2020), available at: <https://www.barstandardsboard.org.uk/uploads/assets/912f7278-48fc-46df-893503eb729598b8/Diversity-at-the-Bar-2019.pdf>

¹⁸ Diversity of the judiciary: Legal professions, new appointments and current post-holders 2020 (September 2020), available at: <https://www.gov.uk/government/statistics/diversity-of-the-judiciary-2020-statistics>

¹⁹ Bar Council of England and Wales, 'Report on Diversity at the Bar 2019', (January 2020), available at: <https://www.barstandardsboard.org.uk/uploads/assets/912f7278-48fc-46df-893503eb729598b8/Diversity-at-the-Bar-2019.pdf>

Figure 5: Diversity in the UK's 100 largest law firms

Source: Legal Business



The Law Society of England and Wales ran a project on ‘Women in Leadership in Law’ to promote gender equality at all levels of the profession. To better understand the key issues that affect women working in law, it conducted a survey collating qualitative and quantitative data on women in the legal profession and published a report in 2019, ‘Influencing for Impact: The need for gender equality in the legal profession’, outlining findings and recommendations. The report found that female lawyers do not uniformly occupy leadership roles commensurate with their qualifications and experience. The research also found that perceptions of unconscious bias is the main barrier for career progression and that a significant disparity in pay still exists between female lawyers and their male colleagues who perform similar roles.

Another challenge the profession faces is ensuring that talented people from all backgrounds can enter the sector. At the moment, lawyers are disproportionately likely to come from relatively privileged backgrounds. SRA figures show that 21% of solicitors attended fee paying schools, compared with just 7% of the general population.²⁰ Partners are more likely to have attended fee paying schools (23%), and privately educated lawyers are more frequent still at law firms that mostly do corporate work (46%).

The sector is working hard to address this imbalance. In 2019, 21 legal services organisations (plus the Big Four accountancy firms) appeared in the Top 75 Social Mobility Employer Index, a list of the top 75 employers that took the most action to progress talent

²⁰ Solicitors Regulation Authority, ‘How diverse is the legal profession’, (March 2020), available at: <https://www.sra.org.uk/sra/equality-diversity/key-findings/diverse-legal-profession/>

from all backgrounds. The list, compiled by the Social Mobility Foundation, recognised firms for initiatives such as outreach programmes and objective recruitment systems and career progression policies. Legal services organisations that ranked highly include Baker McKenzie, the Ministry of Justice, Linklaters, Bryan Cave Leighton Paisner, DWF, DLA Piper, Herbert Smith Freehills, Freeths, Brodies, Allen & Overy, Clifford Chance, Slaughter and May, Shoosmiths, Eversheds Sutherland, Mayer Brown Pinsent Masons, Hogan Lovells, Burges Salmon, Freshfields Bruckhaus Deringer and Simmons & Simmons.²¹

In 2016 as part of its work on fair access to the profession, the Law Society of Scotland established the Lawscot Foundation, a charity that supports academically talented students from less-advantaged backgrounds in Scotland through their legal education journey. Combining financial support with professional mentoring, the Foundation is now supporting its fourth cohort of students through university.

International practice of barristers and advocates

The Bar Council of England and Wales and its International Committee undertake many initiatives to help barristers develop an international practice and to increase their practice rights abroad. The Bar Council plays an active part in the work of the most important multinational lawyers' organisations and has built strong relationships with foreign lawyers' associations and Bars, both in legal business development and rule of law advancement.

The Commercial Bar Association (COMBAR) was formed in 1989 to bring together barristers who focus on international and commercial law. COMBAR represents approximately 1,600 members and 38 leading barristers' chambers, who specialise in fields such as international trade, shipping and aviation, banking and financial services, insurance, reinsurance, commodity transactions, international arbitration, insolvency, oil and gas/energy law, private international law and EU law. COMBAR members have been instructed to appear as advocates or experts in 40 international arbitration centres and courts in 25 jurisdictions globally.

Barristers have created further specialist associations, such as:

- The Chancery Bar Association (for practitioners with specialised knowledge of trusts, taxation, pensions, financial services, insolvency, patents and corporate law)
- The Technology and Construction Bar Association (for barristers specialising in disputes arising from the technology and construction sectors)
- The Criminal Bar Association (for those concerned with commercial and business fraud)
- The Intellectual Property Bar Association (for specialists in intellectual property)
- The Property Bar Association (for specialists in property law).

Barristers develop highly specialised expertise in their areas of practice. In addition to international court-based advocacy, they are often instructed as arbitration advocates or arbitrators around the globe as well as in all other forms of ADR.

The main services offered by barristers include:

- **Advocacy and litigation:** Barristers can appear in most UK and many foreign domestic courts, as well as before international tribunals, including the International Court of Justice and the International Criminal Court.
- **Legal advice:** Barristers may be instructed to give advice on any matter of UK, European or international law. They also frequently appear as expert witnesses on such laws in overseas courts and arbitration proceedings.

²¹ Social Mobility Foundation, 'Top 75 UK employers for social mobility revealed', (October 2019), available at: <https://www.socialmobility.org.uk/2019/10/top-75-uk-employers-for-social-mobility-revealed/>

- **Arbitration:** London is a major centre for international arbitration, the International Chamber of Commerce and the London Court of International Arbitration being two of the most frequently used arbitration bodies. Many barristers and UK-based law firms have developed considerable expertise in the area and they are prominent in all major arbitration centres around the world.
- **Advocates in Scotland:** Advocates can be instructed in a range of courts and tribunals in Scotland and the UK Supreme Court. They may also be instructed in arbitrations and other forms of alternative dispute resolution. Advocates can give advice, orally or in writing, on any matter of Scots or European law.

International legal services firms in London

London is one of the leading global centres for international financial services. The co-location and clustering effect of banking, insurance, fund management and other financial services help to underpin its position as a major centre for international legal services and consolidate its status as the world's most preferred centre for dispute resolution.

The UK legal market has an extensive history of being open and welcoming to international law firms. Today there are more than 200 foreign law firms based in the UK from over 40 jurisdictions. US firms have a particularly established presence in the UK, around 100 are based in the country, and London is the main European hub for most of them. Initially US firms based in London tended to focus on helping European clients to access the US market, and US clients access the European market, however, now around half of the foreign firms in the UK offer a full-service English law capability. Many of these firms derive a considerable percentage of their revenue from their offices in London. The largest non-UK firms ranked by London fee-earners on this list include Baker McKenzie, Bryan Cave Leighton Paisner and Latham & Watkins (Figure 6).²²

Figure 6: The largest offices of non-UK law firms in London, 2019/20

Source: Legal Business

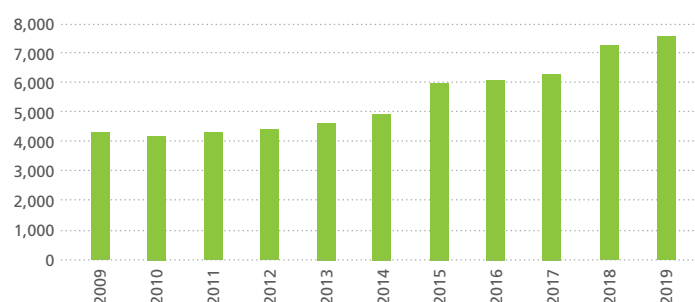
	London fee-earners	Of which English qualified	Other qualified
Baker McKenzie	548	466	82
Bryan Cave Leighton Paisner	490	427	63
Latham & Watkins	448	362	86
Dentons	438	395	43
White & Case	415	385	30
Reed Smith	380	360	20
Kirkland & Ellis	340	267	73
Mayer Brown	261	227	34
Weil, Gotshal & Manges	195	180	15
Jones Day	181	179	2
Dechert	161	139	22
Milbank, Tweed, Hadley & McCloy	159	132	27

²² Legal Business, 'Global London 2020 (April 2020) Main table', available at: <https://www.legalbusiness.co.uk/global-london/global-london-2020-main-table/>

The headcount of the largest 50 foreign law firms in London reached a record 7,434 in 2019 (Figure 7). This was up 4% from 7,150 in the previous year. The total number of partners grew to a new high of 2,066 (from 2,013 in 2018). This year foreign-qualified lawyers in the largest 50 non-UK law firms based in the UK stands at 1,011 (down from a record 1,341 in 2019).²³

Figure 7: Total headcount of fee earners (50 largest overseas law firms in London)

Source: Legal Business



The continued presence of large international law firms helps explain London's prominence as a global legal hub.

International law firms in London feature prominently in rankings of the largest global firms (Figure 21). US firms have traditionally been more focussed on their domestic market given the greater scale of the US economy. However, with continued merger activity combined with the pressure to expand internationally, it is becoming more common for leading US firms to have between 25 and 40% of their lawyers based outside the US.

International law firms in London are leading advisers on deals which take place in the world's international capital markets. They offer a wide range of services, including advising on M&A, securities, project finance, tax and intellectual property. Other smaller firms are world leaders in their own niche practices, providing deep sector-specific experience. An area where the UK has led global practice is maritime law, where a combination of professional expertise and a high-quality Admiralty Court has ensured that the UK continues to be the world's leading centre for the international maritime community.

²³ TheCityUK calculations based on Legal Business, 'Global London 2020 – Main table', available at: <https://www.legalbusiness.co.uk/global-london/global-london-2020-main-table/>

RANGE OF INTERNATIONAL LEGAL SERVICES

The biggest areas of practice of law firms in the UK include corporate work, banking and capital markets. Property and dispute resolution have gained in importance in recent years, although the extent of each law firm's involvement in the various areas of practice will vary. The main areas of international work undertaken by law firms in the UK include:

- **Corporate finance:** joint ventures, M&A, equity issues, corporate re-organisations, management buyouts, company law.
- **Other corporate and commercial law:** aviation, shipping, commodities, competition, IT and digital media, telecoms, media and entertainment.
- **Banking/project finance:** bank lending, debt rescheduling, project finance, public private partnerships, securitisation, aircraft and ship finance, World Bank and EBRD projects work.
- **International capital markets:** equity issues, asset securitisation, privatisation, derivative products, and eurobonds.
- **Tax:** corporate tax (and personal tax planning where there is no private client department), stamp duty, VAT.
- **Trade law:** The World Trade Organization, international commercial law on trade in goods and services, trade and intellectual property, cross-border transactions, and trade disputes.
- **Dispute resolution:** arbitration, mediation and litigation.
- **Insurance and reinsurance:** advising on claims and related litigation and arbitration.
- **Property:** sales and leasing of commercial property, property finance, property development, construction, environmental law, town and country planning.
- **Intellectual property:** patents, trademarks, copyrights, confidentiality.
- **Product liability:** liability along the chain of manufacture of any product for damage caused by that product.
- **Employment/pensions:** implications of M&A, establishment and maintenance of pension schemes, contracts of employment, immigration advice.
- **Public international law:** relates to the handling of legal issues affected by international jurisdictions such as the International Court of Justice.
- **Private client:** family law, probate, tax planning, trusts.
- **Competition:** anti-trust law, monopolies, mergers, cartels and abuse of a dominant position.
- EU Law.

Legal services across the UK

The UK is the major global hub for international legal, financial and other related professional services. Within the UK, London stands out as a world leading international financial centre, but other cities such as Edinburgh and Glasgow in Scotland; Birmingham, Bristol, Leeds, Manchester and Newcastle in England; Cardiff in Wales; and Belfast in Northern Ireland are also important centres for the UK's legal industry.

The UK legal services sector directly employs 350,000 people, two thirds of whom are located outside London (Figure 11). The sector provides continuous education, training and apprenticeships to develop the skills of its employees on an ongoing basis. Legal

services jobs are highly skilled and distributed across the whole country, with clusters of expertise which attract investment and drive growth.

This sector is highly flexible and regularly adapts to client needs. Lawyers in Scotland, for example, have developed expertise in energy law to service the 2,000 companies operating in the UK's energy sector. The North West of England is the largest legal hub outside of London and firms based there are benefiting from growing practice areas in maritime and environmental law.

Figure 8: Largest UK law firms, by revenue, 2019/20

Source: Legal Business

	Firm name	Location	Total revenue (£m)
1	DLA Piper	International	2,111.5
2	Clifford Chance	International	1,803
3	Hogan Lovells	International	1,755
4	Allen & Overy	International	1,692.3
5	Linklaters	International	1,639.7
6	Freshfields Bruckhaus Deringer	International	1,521
7	Norton Rose Fulbright	International	1,493
8	CMS	International	1,243
9	Herbert Smith Freehills	International	989.9
10	Eversheds Sutherland	International	942.7
11	Bryan Cave Leighton Paisner	International	679.4
12	Slaughter and May	London	667
13	Ashurst	International	644
14	Clyde & Co	International	627
15	Gowling WLG	International	505.6
16	Pinsent Masons	International	495.5
17	Simmons & Simmons	International	390
18	Bird & Bird	International	380.1
19	Womble Bond Dickinson	International	372.5
20	Taylor Wessing	International	365.6
21	DWF	National	297.2
22	Addleshaw Goddard	International	287.5
23	Osborne Clarke	International	282
24	Fieldfisher	London	275
25	Irwin Mitchell	National	269.3
26	DAC Beachcroft	National	258
27	Kennedys	International	238
28	Macfarlanes	London	237.7
29	Withers	International	219.7
30	Stephenson Harwood	London	213
31	HFW	London	195.2
32	Slater and Gordon	National	192.2
33	Mishcon de Reya	London	188.3
34	Watson Farley & Williams	London	182.6

35	Travers Smith	London	160.9
36	Charles Russell Speechlys	London	159.2
37	Shoosmiths	National	154.2
38	Mills & Reeve	National	114.1
39	RPC	London	110.1
40	Gately	Birmingham	109.8
41	Trowers & Hamlins	London	106.2
42	Burges Salmon	Bristol	104.9
43	BLM	National	104.1
44	Weightmans	National	103.4
45	Freeths	Midlands	102.8
46	TLT	Bristol	98.8
47	Ince	London	98.5
48	Keoghs	Bolton	98.4
49	Penningtons Manches Cooper	London	93
50	Hill Dickinson	Liverpool	86

Figure 9: Largest UK law firms outside London, 2019/20

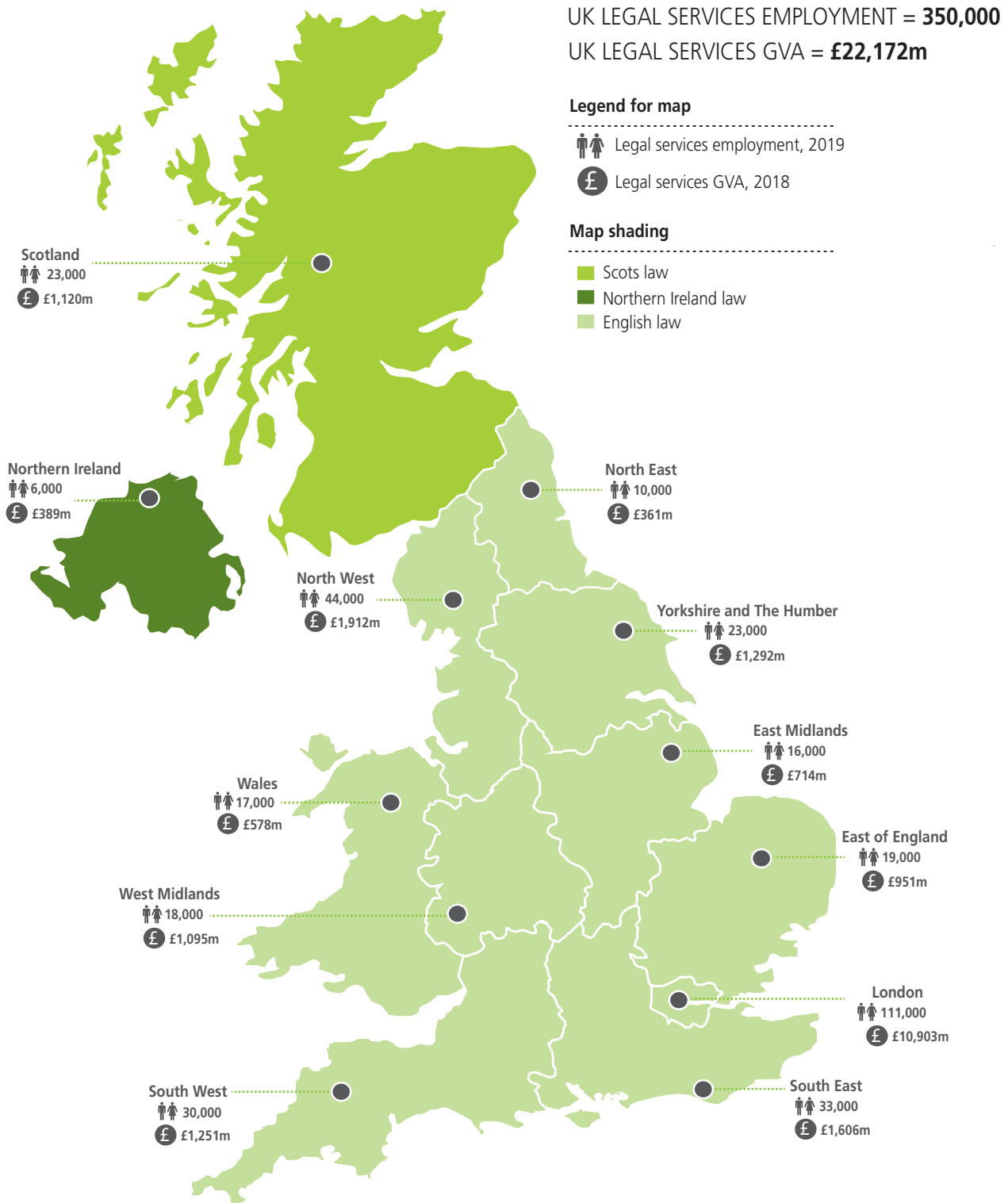
Source: Legal Business

Note: The table excludes firms identified by Legal Business as 'national'

	Firm name	Location	Total revenue (£m)
1	Gately	Birmingham	109.8
2	Burges Salmon	Bristol	104.9
3	Freeths	Midlands	102.8
4	TLT	Bristol	98.8
5	Keoghs	Bolton	98.4
6	Hill Dickinson	Liverpool	86
7	Brodies	Scotland	82
8	Browne Jacobson	Nottingham	80.9
9	Shakespeare Martineau	Birmingham	70.7
10	Burness Paull	Scotland	60.5
11	Birketts	Ipswich	58.4
12	Shepherd and Wedderburn	Scotland	56.9
13	Walker Morris	Leeds	55
14	Clarke Willmott	Bristol	51.7
15	Bevan Brittan	Bristol	51
16	JMW	Manchester	47.6
17	Foot Anstey	Exeter	46.5
18	Ashfords	Exeter	44.8
19	Veale Wasbrough Vizards	Bristol	40.3
20	Michelmores	Exeter	40.2
21	Cripps Pemberton Greenish	South East	39
22	Royds Withy King	Bath	38.3
23	Ward Hadaway	Newcastle	37.8
24	Brabners	Liverpool	36.3
25	Minster Law	York	35.6

Figure 10: Legal services across the UK

Source: Office for National Statistics, Nomis, TheCityUK estimates



The scale of the contribution that legal services makes across the nations, regions and cities of the UK is further illustrated by the table below (Figure 11).

Figure 11: The employment and GVA contribution of legal services across the UK

Source: Office for National Statistics, Nomis, TheCityUK estimates

	Legal services employment in selected nations/regions/cities, 2019	Legal services GVA in selected nations/regions/cities 2018, (£m)
East Midlands	16,000	714
Nottingham	3,500	123
Leicester	1,500	146
Northampton	1,000	86
East of England	19,000	951
Cambridge	2,000	227
Norwich	1,500	56
Ipswich	1,000	57
Chelmsford	1,000	45
Peterborough	900	83
Watford	800	148
Southend-on-Sea	600	24
St Albans	500	99
London	111,000	10,903
North East	10,000	361
Newcastle	4,000	143
Sunderland	500	18
North West	44,000	1,912
Manchester	14,000	531
Liverpool	7,000	159
Bolton	1,250	51
Salford	800	80
Chester	800	28
Stockport	600	70
Warrington	500	128
Northern Ireland	6,000	389
Belfast	3,124	203
Scotland	23,000	1,120
Edinburgh, City of	7,000	382
Glasgow, City of	7,000	300
Aberdeen, City of	1,500	306
Fife	700	76

South East	33,000	1,606
Guildford	1,500	144
Southampton	1,500	98
Reading	1,250	266
Brighton and Hove	1,250	66
Milton Keynes	1,000	192
Oxford	1,000	85
Crawley	600	53
South West	30,000	1,251
Bristol	9,000	292
Exeter	2,250	79
Bournemouth	1,250	57
Gloucester	700	50
Swindon	500	149
Poole	400	33
Wales	17,000	578
Cardiff	6,000	147
Swansea	1,500	49
West Midlands	18,000	1,095
Birmingham	9,000	439
Coventry	700	79
Yorkshire and The Humber	23,000	1,292
Leeds	9,000	460
Sheffield	4,000	138
Bradford	900	119
York	900	90
Halifax	350	35

DISPUTE RESOLUTION IN LONDON AND THE UK

The swift, predictable and just resolution of commercial disputes is critical to business. The Business and Property Courts in London provides state-of-the-art courtrooms and a network of support services, including LawTech solutions, interpreters, transcribers, and IT providers. Initiatives such as the Financial List, Shorter and Flexible Trials Schemes, and the Disclosure Pilot are all aimed at improving the culture of litigation for the benefit of national and international court users.

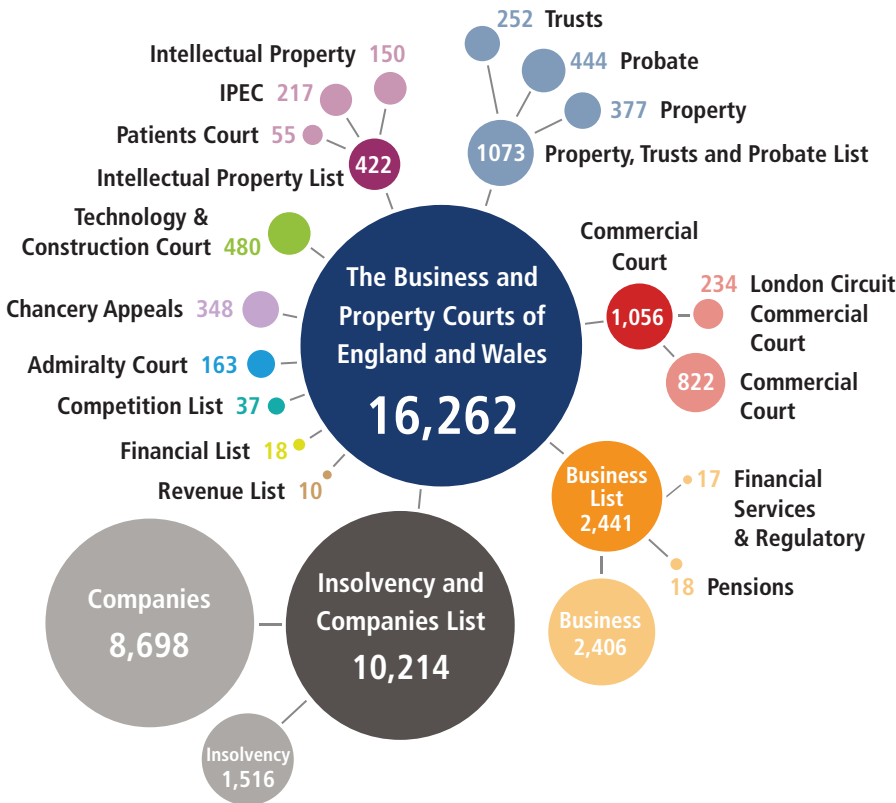
Courts-based dispute resolution

London’s Rolls Building houses the Business and Property Courts, the world’s biggest business, property and commercial court which includes all the specialist jurisdictions of the High Court dealing with commercial disputes.

One of the founding principles of the Business and Property Courts is that no case should be too large to be heard in centres across England and Wales. As well as in London, cases can be heard in courts in Birmingham, Bristol, Cardiff, Leeds, Liverpool, Manchester and Newcastle. The process of issuing a case across the Business and Property Courts is digital and can be completed entirely online.

Figure 12: Cases issued by list, January – December 2019

Source: Civil Justice statistics quarterly: January to December 2019 © Crown copyright
 Note: includes only cases issued in the Rolls Building, London.



International work in the Business and Property Courts

In 2019, 16,262 cases were issued in the Business and Property Courts in England and Wales. This included 10,214 cases in the Insolvency and Companies Court and 4,829 cases in the rest of the Chancery Division, 1,056 cases in the Commercial Court, 480 cases in the Technology and Construction Court, 348 Chancery appeals and 18 cases in the Financial List.

In 2020, the number of cases issued to the end of June has been 5,983, with 3,317 cases in the Insolvency and Companies Court and 1,831 cases in the rest of the Chancery Division 602 in the Admiralty and Commercial Court, 233 in the Technology and Construction Court, 154 Chancery appeals and 19 cases in the Financial List.

The Business and Property Courts continue to attract high numbers of international users, most notably in the Commercial Court, Competition List, Financial List and Intellectual Property List. In 2019, 77% of cases in the Commercial Court were international in nature. In the year to the end of June 2019, 77% of cases in the Commercial Court have been international in nature, 82% in the Patents Court and 62% in the competition list.²⁴

A technology-enabled justice system

Technological developments in the legal sector globally have gathered pace during 2020. Covid-19 has forced many courts to use remote video technology to undertake hearings. In the Business and Property Courts, 85% of business has continued unaffected through the pandemic, with many cases (including interim hearings and trials) moving swiftly, indeed almost instantaneously, from face-to-face to remote or hybrid hearings.

The Business and Property Courts, and the civil justice system as a whole, have thus been presented with an opportunity to consider ways of doing things differently and with a further incentive to move fast to develop online dispute resolution across the civil justice system. Work is underway to look at ways of conducting litigation online, with interactive sessions between judges, lawyers and the parties throughout and mediation available at every stage to cater for the parties' changing appetite for compromise. There is no reason why even the most complex and high-profile cases shouldn't be amenable to resolution more quickly, at lower cost and more efficiently with the help of legal technology.

The common law is well-adapted for use in e-justice and online courts and - taking developments in FinTech, smart contracts, artificial intelligence, (AI), LawTech and RegTech together - well-placed to provide the underlying legal foundation to the new technologies without new legislation.

We have learnt that hearings can be live-streamed and digitally transcribed with papers transmitted and displayed digitally. But the opportunity also now exists to consider more radical reform. For example, does the process need to consist of statement of claim, defence, reply, witness statements, experts' reports, face-to-face trial, and eventually judgment? Pleadings in big cases are lengthy and costly and often never referred to at trial. Might the whole process be directed instead, as for online dispute resolution, at identifying and then resolving the factual and legal issues that separate the parties? And even if the large and complex cases ultimately result in a face-to-face trial to resolve the final issue, unnecessary time and expense will have been saved in conducting the initial preparatory hearings online.

Of course, reforms will only work if the public and national and international business

²⁴ Further details on the different types of case issued in the Business and Property Courts, including those with an international nature can be found at www.gov.uk/government/statistics.

have confidence in them. But businesses do not want to spend money and valuable time on dispute resolution. A more streamlined flexible process would surely attract the support of litigating parties.

The expansion of online dispute resolution for an ever-larger cross-section of cases should also give rise to a change in culture. Lawyers and litigants would get used to starting and progressing cases digitally. And the greater flexibility available as a result of judges, lawyers and the parties being able to communicate online at all stages of a case would have the additional benefit of reducing the need for the prescriptive rules under which we now operate.

Without losing any of the enormous benefits of the UK's existing system – the expertise and incorruptibility of its judges and the flexibility of the common law – the time has now come to take a clear, holistic look at the way in which the civil justice system can be further improved for those seeking the resolution of their disputes.

Financial List Test Case Scheme

In July 2020, the first trial in *FCA v ARCH* [2020] EWHC 2448 (Comm) was held under the Financial List Test Scheme in the Business and Property Courts. That Scheme is designed to help resolve market issues to which immediately relevant English law guidance is needed, without the need for a cause of action between the parties.

This case related to the estimated 370,000 policyholders who suffered significant losses during the pandemic and whose insurance policies included a business interruption clause relating to disease and denial of access as a result of public authority closures or restrictions.

The test case was brought by the FCA against a group of insurers and addressed the difficult legal questions as to the meaning of various clauses in the commonly used insurance wording under which claims might be made for Covid losses. Centring on a representative sample of policies issued by eight insurers, the FCA argued that the definitions of 'disease' and 'denial of access' provided cover for the pandemic.

The judgment of the Divisional Court, delivered in September 2020, was that most, though not all, of the disease clauses and some of the denial of access clauses in the sample provided cover, the latter depending on how the business was affected by the Government response to the pandemic.

The test case, heard and decided to an expedited timetable under the Scheme, has removed the need for policyholders to resolve a number of the key issues individually with their insurers and provided a quick and efficient solution to legal uncertainty in the business interruption insurance market. An appeal was leapfrogged to the Supreme Court and heard in November 2020.

Patents Court

The Patents Court has continued its ground-breaking work in the area of patents and other science-oriented intellectual property work. Judgments handed down in the Patents Court are often of international significance, not only because they concern international users but also because they set industry standards that are followed or replicated elsewhere. Eighty-two per cent of cases heard in the Patents Court in 2019 involved at least one international party.

CASE STUDY: Astellas v Akebia, Otsuka and Fibrogen [2020] EWHC 866 (Pat)

This was a case between two major Japanese pharmaceuticals groups and concerned six patents for treatments for anaemia owned by Fibrogen and exclusively licensed to Astellas.

The case included discussion of certain important principles of patent law. In his judgment, Lord Justice Arnold dealt with:

- The balance to be struck between claim amendments and 'equivalence', deciding that a claim limited to save its validity cannot then use the doctrine of equivalents to extend the scope of its protection.
- A summary of the case law on the three types of insufficiency in the specification of a patent - classical, Biogen and uncertainty.
- A consideration of what can be considered common general knowledge.

The judge also gave guidance on the proper instruction of experts and use of sequential expert evidence in such cases, and the need for a technical primer in cases of considerable complexity.

More broadly, the case is a good example of the scientific proficiency of the judges of the Patents Court in the UK, and their ability to handle some of the most difficult technical cases in the world, making that court an attractive forum for major international life sciences companies to litigate.

The Technology and Construction Court

The number of cases issued in the Technology and Construction Court (TCC), and its volume of business, continues to rise inexorably, from 395 in 2018 to 480 in 2019, and 356 up to the end of September 2020.

TCC international cases usually comprise large group actions for sums in the billions of dollars. Other jurisdictions such as Brazil, Chile, Zambia and Nigeria are involved, often with a UK parent as an 'anchor defendant'.

The TCC also hears a growing number of procurement challenges, which combine judicial review applications in the Administrative Court with a separate Part 7 challenge in the TCC under the relevant regulations, often based on European Directives. These cases are heard by TCC judges who also sit in the Administrative Court and hear both sets of proceedings together. Depending upon the subject matter, trials of such claims are often heard very quickly. One example was the Eurotunnel challenge to the emergency Short Straits Contracts for cross-channel services (*Channel Tunnel Group Ltd v Secretary of State for Transport and others* [2019] EWHC 419 (TCC), which was expedited to take into account the original EU Exit date of 31 March 2019. The claim form for that case was issued in early February 2019 and listed for a trial in March 2019 with a decision promised within one week of that hearing. The whole life of that action would have been less than 7 weeks, though in the event it settled the night before the trial was to start.

The subject matter of TCC cases is often international arbitrations and practitioners in the area are experienced in appearing at both kinds of hearing. Adjudication enforcements are also frequently heard within a very short time scale in the TCC.

Alternative dispute resolution

Alternative dispute resolution (ADR) provides a way of resolving disputes between parties without going to court. Arbitration is a form of ADR that allows contracting parties to choose a neutral venue where their disputes are settled. The UK is a global leader in international arbitrations. More of these take place in London than in any other city in the world:

London is the preferred seat of arbitration. In a survey carried out by White & Case and Queen Mary University, in which respondents were asked to indicate their favourite arbitration seat (and allowed to indicate five preferences), London emerged as the clear favourite with 64% naming it (compared to 53% for Paris, the next most-popular seat). The primary factor driving the selection of a seat is its reputation and recognition. 97% of respondents indicate that international arbitration is their preferred method of dispute resolution, either on a stand-alone basis (48%) or in conjunction with ADR (49%).²⁵

During 2020, TheCityUK sought leave to intervene in a Supreme Court case which had implications for the attractiveness of London as a seat of arbitration. The case *Enka Insaat Ve Sanayi A.S. (Respondent) v OOO Insurance Company Chubb (Appellant)* UKSC 2020/0091 concerned whether, if an arbitration agreement provides for arbitration in England, that is enough for the English courts to issue an injunction preventing a party to that agreement from pursuing proceedings in some other jurisdiction, whether or not any arbitration has been commenced in England. Although we were not granted leave to intervene in the case, on the point on which we had applied to do so, all five members of the Court upheld the position that we were advocating, namely that irrespective of the law governing an agreement to arbitrate in England, (and irrespective of the law governing the substantive obligations of the contract), the English courts are able to issue an anti-suit injunction to restrain foreign proceedings brought in breach of the agreement to arbitrate in England.²⁶ The decision means that an agreement to arbitrate in London is supported by the courts being willing to prevent a party to that agreement from commencing court proceedings elsewhere, further increasing London's attractiveness as a seat of arbitration.

The inaugural London International Disputes Week was held in May 2019. This four-day event explored the future of international dispute resolution and celebrated the heritage of London as a leading centre for handling international disputes, through a programme of interactive sessions and networking events. The event looked at how and where future disputes are likely to arise and identified ways in which London can adapt to these developments to ensure it remains the world's leading centre for dispute resolution. The second London International Disputes week will be held during the week of 10 May, 2021.

Meanwhile, the Scottish Government, Law Society of Scotland, Royal Institute of Chartered Surveyors in Scotland, Faculty of Advocates, Chartered Institute of Arbitrators (Scottish Branch), Scottish Arbitration Centre, Scottish Mediation Network and the Scottish Courts and Tribunal Service have formed a collaboration partnership to promote all forms of dispute resolution in Scotland. The partnership seeks to make it as easy as possible for parties in a dispute to navigate the different routes to dispute resolution. This non-competitive collaboration demonstrates the strength of Scotland as a dispute resolution destination of choice where the jurisdiction puts the efficiency of choice for the parties at the heart of its approach. Edinburgh will also play host to the delayed International Council for Commercial Arbitration (ICCA) World Congress in September 2021, led by the Scottish Arbitration Centre with support from the Scottish Government and the Partnership.

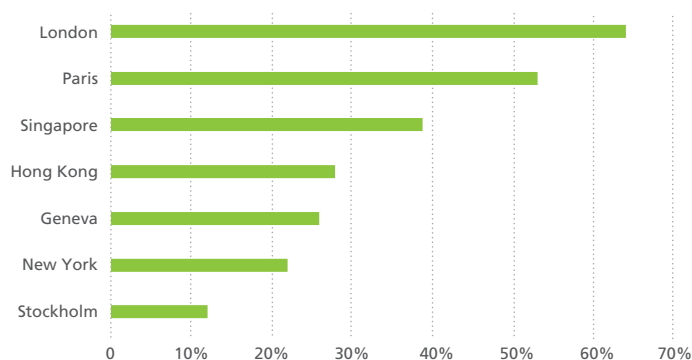
²⁵ Queen Mary University of London and White & Case, '2018 International Arbitration Survey: The Evolution of International Arbitration', (2018), p.9., available at: <https://www.whitecase.com/sites/whitecase/files/files/download/publications/qmul-international-arbitration-survey-2018-18.pdf>

²⁶ UK Supreme Court 2020, 'Enka Insaat Ve Sanayi AS v OOO Insurance Company Chubb', (October 2020), available at: <https://www.supremecourt.uk/cases/docs/uksc-2020-0091-judgment.pdf>

Figure 13: Preferred seat of arbitration, 2018

Source: Queen Mary University of London/White & Case International Arbitration Survey

Note: The question posted to survey respondents was: "What are your or your organisation's most preferred seats [of arbitration]?"



When choosing whether to resolve a dispute with ADR, claimants have a variety of requirements they may consider when deciding on the location of the arbitration or mediation. Some of the elements which make London the leading destination for ADR include:

- Arbitration and ADR framework provided by the Arbitration Act 1996 and the Arbitration (Scotland) Act 2010 which governs how awards are enforced and provides limited grounds for challenging the award.
- Flexibility in procedures developed by dispute resolution organisations.
- Neutral forum for resolving disputes between international parties.
- Confidentiality of proceedings.
- Party autonomy in language and law.
- Depth of expertise in larger complex cases as practitioners understand the commercial issues involved. Expertise in the UK may be derived from specialist dispute resolution organisations, individual arbitrators and mediators, expert witnesses as well as international law firms and barristers that provide specialist advice and advocacy.
- A well-respected judiciary and appropriately resourced courts system which provides vital support for a well-functioning arbitration and ADR sector.
- Availability of suitable venues and supporting services, such as interpreters, translators, stenographers and IT services.

In the UK, ADR services continue to be provided across a range of activities and sectors at a domestic and international level. The total number of commercial and civil disputes resolved through arbitration, mediation and adjudication totalled over 37,500 in 2019. Around 30,000 of these were domestic and more than 7,000 mostly international (Figure 14).

Figure 14: Arbitrations, mediations and adjudications in the UK
(Number of referrals, appointments or cases submitted)

	2009	2011	2013	2015	2016	2017	2018	2019
Mostly international								
London Maritime Arbitrators Association	2,511	2,050	1,759	1,813	1,720	1,496	1,561	1,756
London Court of International Arbitration	272	224	290	326	303	285	317	395
Lloyd's Open Form	122	106	61	50	48	54	53	35
ICC Int. Court of Arbitration (UK seated)	73	62	70	70	65	73	72	115
Centre for Effective Dispute Resolution	400	600	691	838	1042	1072	793	4,635
Ad hoc arbitrations ²⁷	300	300	300	300	300	300	300	300
TOTAL INTERNATIONAL	3,678	3,342	3,171	3,397	3,478	3,100	3,096	7,236
Mostly UK domestic								
Royal Institution of Chartered Surveyors	8,917	5,004	4,462	4,512	5,100	4,635	4,897	3,702
Centre for Effective Dispute Resolution	3,500	4,000	4,500	4,792	7,401	13,869	24,055	17,775
Adjudication Society	1,730	1,064	1,282	1,500	1,511	1,533	1,685	1,905
Other mediations ²⁸	4,668	6,440	6,653	6,574	6,608	6,515	6,562	5,564
Trade associations ²⁹	500	500	500	500	500	500	500	500
TOTAL DOMESTIC	17,878	17,008	17,397	17,878	21,120	27,052	37,699	30,446
TOTAL	21,556	20,350	20,568	21,275	24,598	30,152	40,795	37,632

Main ADR organisations and services in London and the rest of the UK include:

London Court of International Arbitration (LCIA): The LCIA received 395 requests for arbitration in 2019. The proportion of banking and finance arbitrations under the LCIA Rules continued to rise in 2019, representing 32% of cases, up from 29% of cases in 2018 and 24% in 2017.

International Chamber of Commerce (ICC): For the International Court of Arbitration, London was the most popular global seat in 2019 with 115 of the 869 new arbitration cases filed under the ICC Rules of Arbitration seated there. ICC arbitrations were seated across 116 cities in 62 countries in 2019.

London Maritime Arbitrators Association (LMAA): Set up in 1960 to serve the local London maritime broking community, the LMAA has grown organically from a small association of members to the leading arbitration body used by maritime communities worldwide, notably those in China, Korea, Greece and the UK, but also in many others. The LMAA has over 750 members in 40 countries and serves users of maritime arbitration around the world. Over the 20 plus years during which the Association has collected limited statistics from its arbitrating members, the results have indicated, on average, 2,500 to 3,000 new appointments per year, relating to approximately 1,500 new arbitrations per year and resulting in approximately 500 awards per year. LMAA arbitration remains the forum of choice for dispute resolution across the maritime spectrum and usage is expanding, increasingly being seen, for example, in related industry areas such as trade, commodities and off-shore. Together with the other providers of international arbitration in London, the LMAA assists London in maintaining its position as the leading centre worldwide for international arbitration, offering its services to the myriad parties who choose to have their disputes resolved in London.

Lloyd's Standard Form of Salvage Agreement (Lloyd's Open Form (LOF)): The LOF has been in use for over a hundred years, providing a framework for determining the amount

of remuneration to be awarded to salvors for their services in saving property at sea and minimising or preventing damage to the environment. Originating in the late 1800s, it is today the most widely used international salvage agreement of its kind. In 2019 Lloyd's was notified of salvage services being rendered under LOF in 35 cases. About 75% of LOF cases are settled amicably between the parties, with the remaining cases proceeding to arbitration in London in front of an independent arbitrator appointed by Lloyd's.

The Centre for Effective Dispute Resolution (CEDR): In 2019/20 a total of 22,410 cases were handled by CEDR, which included 1,591 commercial mediations, 51 arbitrations and 20,768 adjudications (the vast majority of the latter two were conducted as paper-based processes rather than through hearings). Once again, the majority of small claims that came to CEDR used Adjudicative processes whereas the larger cases (with an average quantum of claim of £1m plus) used Mediation. Some of the busiest sectors for CEDR were Telecommunications, Travel & Aviation, Construction (including House Building), Healthcare (including Clinical Negligence), Utilities and Energy. In the current financial year CEDR also believes that Banking and Finance disputes as well as Workplace and Employment disputes will be significant in potential case numbers.

The Royal Institution of Chartered Surveyors (RICS): From October 2019 to 30 September 2020 RICS Dispute Resolution Service were appointed to 3,702 disputes. The decline from 2018 is primarily due to commercial businesses being closed from March to July during the UK lockdown caused by Covid-19, which had a knock-on effect on the number of rent reviews that would normally have taken place during this period.

The Adjudication Society: 1,905 disputes were reported in 2018/19 to the Adjudication Society, which promotes the use of adjudication in the resolution of construction disputes. Other bodies, including CEDR, The Chartered Institute of Arbitrators, RICS and the Royal Institute of British Architects, nominate adjudicators to resolve disputes in construction and engineering.

The Scottish Arbitration Centre: The Centre promotes domestic and international arbitration under the Arbitration (Scotland) Act 2010 and Scotland as a place to resolve disputes. The Centre has an independent arbitral appointments committee, which can make appointments in ad hoc cases and its arbitration suites provide an attractive forum for dispute resolution. It is also home to the International Centre for Energy Arbitration (ICEA), an energy arbitration project between the Centre and the Centre for Energy, Petroleum and Mineral Law and Policy (CEPMLP) at the University of Dundee, which is focussed on research and the development of dispute systems for the energy sector.

The Resolution Centre: The Bar of Northern Ireland opened the Resolution Centre in 2018 to provide a bespoke ADR facility to meet the needs of barristers, solicitors and clients. The Resolution Centre provides a unique environment, custom designed to achieve conciliation and consensus.

The Commodity Markets: The UK is also home to a number of international commodity markets and trade associations, each with its own standard contracts, arbitration rules and tribunals. Every year these associations administer several hundred arbitrations arising from international trade and arbitrations under these bodies are usually held in London under English law. Examples include the London Metal Exchange (LME), the Grain and Feed Trade Association (GAFTA), the Federation of Oils, Seeds and Fats Associations Ltd (FOSFA) the International Cotton Association (ICA), the British Coffee Association (BCA) and the Refined Sugar Association (RSA).

The legal services sector enables economic growth throughout the UK by providing an

CONTRIBUTION TO THE UK ECONOMY

infrastructure of law and justice that facilitates commerce and drives the international competitiveness of the UK as an attractive place in which to do business. The UK's strong legal framework also contributes to fostering stronger financial institutions across the whole country which further propels wider economic growth. The UK's legal services industry also brings direct benefits that can be measured in terms of Gross Value Added (GVA), employment and net exports.

GVA: The output of UK legal services was £22.2bn, or 1.2% of total UK GVA in 2018. This includes legal representation of one party's interests against another party in civil and criminal cases, whether or not it occurred in courts. It includes advice in a range of areas, from corporate transactions to labour law, patents, trademarks and copyright as well as the activities of arbitrators, notaries and bailiffs. This covers retail work (including conveyancing and wills), and social welfare work (including immigration, discrimination and human rights). The main exclusions in the ONS definition are the activities of the law courts, and lawyers employed by non-legal firms whose activity would be credited to the sector of their employer.³⁰

In 2020, the Law Society conducted research with KPMG to assess the gross economic and social contribution of the legal sector in terms of GVA, which estimates the contribution made by legal professionals who work in other sectors of the economy (e.g. legal professionals working in-house within corporates or in public institutions). The study concluded that in 2018, the legal services sector contributed £59.93bn of GVA to the UK economy.³¹

Employment: The number of people employed and self-employed in legal services in the UK is around 350,000 according to ONS data. Around two thirds of these jobs are outside London.

Solicitors in private practice include those employed by law firms and independent practitioners: recently, there has been a growth in in-house practitioners employed in the private sector. Some in-house legal teams have taken on more routine legal work as they can perform this more cost-effectively than external legal advisers.

The 2020 Law Society and KPMG research also estimated employment figures including the contribution made by legal professionals who work in other sectors of the economy and found that in 2018, the legal services sector supported approximately 552,000 FTE employees in the UK,³² comprised of an estimated:

- 358,000 direct FTE employees employed in the legal services sector, of which:
 - 225,000 FTEs were employed in the 'Legal activities' sector
 - 133,000 FTEs were employed as legal professionals in sectors other than the 'Legal activities' sector.
- 150,000 indirect FTE employees employed in the UK legal services sector's supply chain.
- 43,000 induced FTE employees supported through the spending of the UK legal services sector's direct and indirect employees' spending of wages within the UK economy.

Further data from the Law Society of England and Wales shows that the in-house sector is

³⁰ TheCityUK calculations based, Office for National Statistics, 'UK businesses: activity, size and location 2018', (3 October 2018), available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

³¹ Law Society and KPMG, 'Contribution of the UK legal services sector to the UK economy', (January 2020), available at: <https://www.lawsociety.org.uk/topics/research/contribution-of-the-uk-legal-services-sector-to-the-uk-economy-report>

³² Ibid.

home to more than 22% of working solicitors (those attached to organisations) in 2019, up from 20% a decade earlier.³³ In Scotland, the figures over a similar period are 31% and 22% respectively. The majority of in-house solicitors work in the private sector, with many concentrated in the financial services sector. The number of solicitors employed in private practice in law firms in England and Wales was 95,028 in 2019. This figure does not include lawyers employed in the UK who are qualified in another jurisdiction.

Figure 15: Practising certificate holders in England and Wales

Source: Law Society of England & Wales, Annual Statistics Report

Number of solicitors in England and Wales			
	Total private practice	Total non-private practice	Total
2011	87,973	33,960	121,933
2012	87,768	41,010	128,778
2013	86,840	40,836	127,676
2014	90,306	40,076	130,382
2015	91,062	42,305	133,367
2016	91,166	45,010	136,176
2017	93,155	46,469	139,624
2018	93,825	49,342	143,167
2019	95,028	51,925	146,953

Law firms in Scotland and Northern Ireland employ around 8,000 and 2,300 solicitors respectively.

Traineeships and graduate intake: According to the Law Society of England and Wales, the number of training contracts offered totalled 6,344 in the 12 months to 31 July 2019, a 9.2% increase on the previous year.

³³ The Law Society, 'Annual Statistics Report 2019', (October 2020), available at: <https://www.lawsociety.org.uk/topics/research/annual-statistics-report-2019>

Figure 16: UK law firms ranked by number of training contracts offered, 2020/21

Source: Legal Cheek

Linklaters	100
Clifford Chance	95
Allen & Overy	85
Slaughter and May	80
Freshfields Bruckhaus Deringer	80
CMS	79
DLA Piper	70
Pinsent Masons	68
Herbert Smith Freehills	60
Addleshaw Goddard	50
Eversheds Sutherland	50
Hogan Lovells	50
Irwin Mitchell	50
White & Case	50
Clyde & Co	45
Norton Rose Fulbright	45
Accutrainee	40
Ashurst	40
Dentons	40
Bryan Cave Leighton Paisner	35

Barristers and advocates: The number of barristers in independent practice in England and Wales totalled 16,982 in 2019.³⁴ In Scotland there are around 460 advocates, and in Northern Ireland around 650 barristers.

Number of firms: ONS figures show that the legal services market in the UK comprised 33,510 firms in 2019/20, with 30,765 in England and Wales, 1,745 in Scotland and 1,000 in Northern Ireland.³⁵ In England and Wales, solicitors form the largest single group of providers (around 33.2% of all entities).³⁶ These firms compete with a range of other legal professionals to differing extents. Within reserved work, these include barristers, notaries, legal executives, law costs draftsmen, trade mark attorneys, licensed conveyancers and patent attorneys; within unreserved work, these include the wider legal services market delivered by unregulated providers such as will writers.

Exports of legal services: Legal services consistently generate a trade surplus, making a strong contribution to the UK's overall services trade surplus. The sector provides vital support to UK and multinational firms and is especially helpful when organisations seek to develop a presence in new international markets and structure multijurisdictional projects.

³⁴ Bar Standards Board <https://www.barstandardsboard.org.uk/news-publications/research-and-statistics/statistics-about-the-bar/practising-barristers.html>

³⁵ Office for National Statistics, 'UK businesses: activity, size and location 2020', (29 September 2020), available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/ukbusinessactivitysizeandlocation/2020>

³⁶ TheCityUK calculations based on Solicitors Regulation Authority, 'Regulated population statistics', (September 2020), available at: https://www.sra.org.uk/sra/how-we-work/reports/statistics/regulated-community-statistics/data/solicitor_firms/

Legal services exports are generated from many sources: law firms, including those originating in the UK, and international firms with an office in the UK; barristers and advocates providing services to foreign clients; and legal services provided by lawyers employed by other organisations, which are not themselves legal entities:

- Exports from solicitors firms were estimated at £6,661m in 2019
- Exports generated by barristers totalled £147m in 2019
- Exports generated from lawyers in other organisations totalled around £151m in 2019, of which a large proportion was due to activities of patent agents. The remainder is largely attributable to internal billings related to legal services provided by companies to their overseas subsidiaries.³⁷

Taking account of imports (mainly related to billings of UK businesses from law firms based overseas) of £1,098m, net exports of UK legal services stood at £5,861m in 2019 (Figure 17), an increase of 11.4% on last year.^{38 39}

Figure 17: Net exports of UK legal services (£m)

Source: Office for National Statistics

	EXPORTS	IMPORTS	NET EXPORTS
2010	3,851	726	3,125
2011	3,858	774	3,084
2012	4,313	785	3,528
2013	4,653	834	3,819
2014	5,082	902	4,180
2015	5,093	838	4,255
2016	5,543	872	4,671
2017	5,957	955	5,002
2018	6,272	1,011	5,261
2019	6,959	1,098	5,861

³⁷ Office for National Statistics, 'UK Balance of Payments - The Pink Book', (30 October 2020), available at: <https://www.ons.gov.uk/releases/ukbalanceofpaymentsthepinkbook2020>

³⁸ Ibid

³⁹ TheCityUK calculations based on Solicitors Regulation Authority, 'Regulated population statistics', (September 2020), available at: https://www.sra.org.uk/sra/how-we-work/reports/statistics/regulated-community-statistics/data/solicitor_firms/

THE UK'S POSITION INTERNATIONALLY

Research on the global legal services market indicates that it was worth approximately \$760bn in 2019.⁴⁰ The UK is the largest market in Europe and accounts for around a third of Western European legal services fee revenue.⁴¹

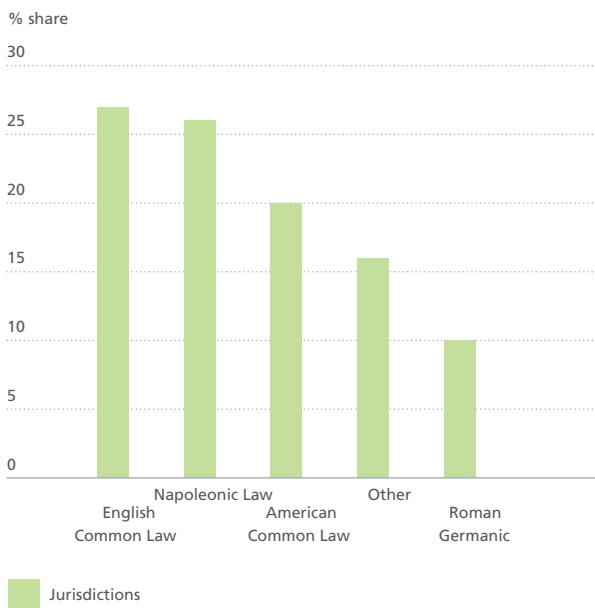
The revenue of the world's largest 100 law firms (ranked by revenue) grew by 4.7% in 2019/20 to \$119.6bn. Fifty-one of the world's top 100 firms now turn over more than \$1bn, compared to 45 last year.⁴²

The number of lawyers employed by the world's largest 200 law firms increased by 8% to a record 231,558 in 2019/20. Seventy of these firms had 1,000 or more lawyers, compared with 57 firms last year.⁴³

The popularity of English law strengthens the position of UK-based law firms and independent legal practitioners. Contracting parties are free to enter a jurisdiction clause to decide where disputes over contractual obligations will be determined. Many parties opt for their agreements to be governed by English law. It is the most widely-used legal system, covering 27% of the world's 320 legal jurisdictions. American common law is by contrast used by around 20% of the world's jurisdictions (Figure 18).⁴⁴

Figure 18: Comparison of global legal systems

Source: Wood



40 ResearchAndMarkets.com, 'Legal Services Global Market Opportunities And Strategies To 2023', (November 2019), available at: <https://www.researchandmarkets.com/reports/4856601/>

41 TheCityUK calculations based on Cision PR Newswire, 'Legal Services Global Market Report 2018', (23 July 2018), available at: <https://www.prnewswire.com/news-releases/legal-service-global-market-report-2018-300685002.html>

42 Law.com, 'The 2020 Global 200', (September 2020), available at: <https://www.law.com/international-edition/2020/09/21/the-2020-global-200-ranked-by-revenue/>

43 Law.com, 'The 2020 Global 200', (September 2020), available at: <https://www.law.com/international-edition/2020/09/21/the-2020-global-200-ranked-by-head-count/>

44 Sweet & Maxwell, 'English Common Law is the most widespread legal system in the world', (November 2008), available at: <https://www.sweetandmaxwell.co.uk/about-us/press-releases/061108.pdf>

English law is by some distance the most widely-used foreign law in fast growing Asian markets. A 2019 survey of more than 600 legal practitioners and in-house counsel who engage in cross-border transactions in Asia conducted by the Singapore Academy of Law found that English law remains the most popular choice of governing law in contracts. It was selected as the most frequently used governing law by 43% of respondents and was often used in transactions with little or no other link to the UK.⁴⁵

The global prominence of English and Welsh law as the preferred law for international business means the global demand for solicitors qualified in England and Wales is high and many choose to work overseas. The latest statistics available from the Law Society suggest the number of England and Wales solicitors working overseas total around 6,500 (Figure 19).

Figure 19: Distribution of England and Wales solicitors working in foreign jurisdictions, 2018.

Source: Law Society

	Number of solicitors	% share
United Arab Emirates	1,017	16%
Hong Kong	981	15%
Singapore	712	11%
United States of America	461	7%
Channel Islands	459	7%
Switzerland	266	4%
Germany	262	4%
Australia	259	4%
France	257	4%
Japan	155	2%
Others	1,603	26%
TOTAL	6,432	100%

The international growth in UK legal professionals operating overseas has not been restricted to solicitors and law firms. Many barristers' chambers, especially those specialising in various forms of commercial law, are establishing permanent presences in locations such as Singapore, Hong Kong, Abu Dhabi, New York, Doha and Geneva to focus on dispute resolution and arbitration.

The largest global firms continued to increase headcount in 2019/20. Dentons again had the most lawyers worldwide with over 10,000, followed by Chinese firm Yingke (8,862), Baker McKenzie (4,809), Jingsh Law Firm (4,183) and DLA Piper (3,894) (Figure 20).

⁴⁵ Singapore Academy of Law, '2019 Study on governing law & jurisdictional choices in cross-border transactions', (April 2019), available at: https://www.sal.org.sg/sites/default/files/PDF%20Files/Newsroom/News_Release_PSL%20Survey_2019_Appendix_A.pdf

Figure 20: Largest law firms by number of lawyers, 2020

Source: Law.com

Company	Location	Number of lawyers
Dentons	International	10,977
Yingke	China	8,862
Baker McKenzie	International	4,809
Jingsh Law Firm	China	4,183
DLA Piper	International	3,894
CMS	International	3,765
Norton Rose Fulbright	International	3,266
King & Wood Mallensons	China	3,258
Allbright	China	3,178
DeHeng Law Offices	China	2,820
Latham & Watkins	National (US)	2,720
Hogan Lovells	International	2,642
Kirkland & Ellis	Chicago	2,598
Eversheds Sutherland	International	2,563
Jones Day	National (US)	2,514
Clifford Chance	London	2,923
Hogan Lovells	International	2,489
Allen & Overy	London	2,447
Grandall Law Firm	China	2,400
Linklaters	London	2,393
Herbert Smith Freehills	London	2,228

Kirkland & Ellis held on to the top spot globally in terms of gross revenue (with \$4.15bn), ahead of Latham & Watkins (\$3.76bn) and DLA Piper (\$3.11bn) (Figure 21).

While over two thirds of Global 100 law firms in 2019/20 were American, UK-based firms continue to feature prominently in the rankings:

- Four of the top 20 law firms in terms of the number of lawyers were headquartered in the UK in 2019/20. Clifford Chance was the largest UK-based law firm on this measure, followed by Allen & Overy, Linklaters and Herbert Smith Freehills.
- UK-based firms also held four of the top 20 places based on revenue. Clifford Chance was the largest UK-based law firm on this measure, followed by Allen & Overy, Linklaters and Freshfields Bruckhaus Deringer.
- All of the top 50 law firms by revenue have an office in London.

When considering the composition of the top 100 firms, it is important to remember that UK law firms that account in sterling have suffered from the strong US dollar as the revenues we cite are reported in dollars; many of these firms recorded growth in their own currency.

Figure 21: Largest law firms by gross revenue, 2019/20

Source: Law.com

Law Firm	Headquarters	Gross revenue, \$m
Kirkland & Ellis	Chicago	4154.6
Latham & Watkins	National (US)	3767.6
DLA Piper	International	3112.1
Baker McKenzie	International	2920
Dentons	International	2899.6
Skadden, Arps, Slate, Meagher & Flom	New York	2632.6
Sidley Austin	Chicago	2337.8
Clifford Chance	London	2302.1
Morgan, Lewis & Bockius	National (US)	2265
Hogan Lovells	International	2246
White & Case	International	2184.8
Allen & Overy	London	2160.7
Linklaters	London	2093.6
Jones Day	National (US)	2077
Gibson, Dunn & Crutcher	Los Angeles	2008.3
Freshfields Bruckhaus Deringer	London	1942
Norton Rose Fulbright	International	1904
Ropes & Gray	Boston	1903.6
Greenberg Traurig	National (US)	1641.7
Simpson Thatcher & Bartlett	New York	1618.6
CMS	International	1596.1
Weil, Gotshal & Manges	New York	1517
Mayer Brown	International	1484
Sullivan & Cromwell	New York	1467.4
Davis Polk & Wardwell	New York	1444
Paul, Weiss, Rifkind, Wharton & Garrison	New York	1387
King & Spalding	Atlanta	1338.6
Goodwin Procter	Boston	1330.2
Cooley	San Francisco	1329.3
Paul Hastings	National (US)	1268.9
Herbert Smith Freehills	London	1263.9
Quinn Emanuel Urquhart & Sullivan	Los Angeles	1252
Reed Smith	International	1246.9
Cleary Gottlieb Steen & Hamilton	New York	1211
Eversheds Sutherland	International	1206

Covington & Burling	Washington DC	1187.4
Wilmer Cutler Pickering Hale and Dorr	National (US)	1184.3
McDermott Will & Emery	Chicago	1172.1
Orrick, Herrington & Sutcliffe	San Francisco	1158.5
Morrison & Foerster	San Francisco	1147.2
Dechert	National (US)	1135.5
Akin Gump Strauss Hauer & Field	Washington DC	1135
King & Wood Mallesons	Hong Kong	1079
Milbank	New York	1069
Debevoise & Plimpton	New York	1049.5
Squire Patton Boggs	International	1035
Holland & Knight	National (US)	1026.8
K&L Gates	National (US)	1026.6
Winston & Strawn	Chicago	1012.3
Proskauer Rose	New York	1004.9
Shearman & Sterling	New York	968.1
Wilson Sonsini Goodrich & Rosati	San Francisco	961
Arnold & Porter	Washington DC	919
Perkins Coie	Seattle	934.8
Foley & Lardner	Milwaukee	920.4
Wachtell, Lipton, Rosen & Katz	New York	882.1
Bryan Cave Leighton Paisner	International	869.1
Willkie Farr & Gallagher	New York	868
McGuireWoods	Richmond	853.5
Kim & Chang	Korea	845.1
Alston & Bird	Atlanta	835.9
O'Melveny & Myers	Los Angeles	835.3
Ashurst	London	822.3
Clyde & Co	London	800.1
Cravath, Swaine & Moore	New York	799.6
Sheppard, Mullin, Richter & Hampton	Los Angeles	799.1
Vinson & Elkins	Houston	792.6
Fried, Frank, Harris, Shriver & Jacobson	New York	776
Yingke	China	762.9
Hunton Andrews Kurth	Richmond	756
Baker Botts	Houston	751.1
Slaughter and May	London	738
Baker & Hostetler	National (US)	732.5

Seyfarth Shaw	National (US)	717.4
Fragomen	New York	701.8
Pillsbury Winthrop Shaw Pittman	San Francisco	677.3
Katten Muchin Rosenman	National (US)	669.7
Venable	National (US)	657
Gowling WLG	International	645.6
Lewis Brisbois Bisgaard & Smith	National (US)	642
Pinsent Masons	National UK	632.7
Osler, Hoskin & Harcourt	Canada	617.5
Little Mendelson	National (US)	590
Polsinelli	National (US)	580
Nelson Mullins Riley & Scarborough	National (US)	558
Fox Rothschild	Philadelphia	558
Troutman Sanders	Atlanta	549.6
Zhong Lun Law Firm	China	535.3
Blake, Cassels & Graydon	Canada	524.1
Faegre Baker Daniels	Minneapolis	521.1
Ogletree Deakins	National (US)	520.1
Cozen O'Connor	National (US)	517.3
Duane Morris	National (US)	510.3
Allbright	China	506.7
Nixon Peabody	National (US)	505.5
McCarthy Tetrault	Canada	498.5
Simmons & Simmons	London	498
Locke Lord	Dallas	496.4
Jackson Lewis	National (US)	486.1
Bird & Bird	London	485.3

CONCLUSION

This report demonstrates the key role the legal services sector continues to play in contributing to the UK economy and its integral role in underpinning the country's position as a world-leading international financial centre.

Alongside the sector's many strengths, this year's report discusses its response to the global pandemic and identifies several of the key trends contributing to its ongoing success, such as the agile adoption of technology and investment in regional and national financial centres.

During the pandemic, the UK's legal services sector has helped to lead the response for businesses and governments alike. In fulfilling the role of 'trusted adviser', legal professionals have helped clients to understand what support is available and enabled them to manage their affairs in the most efficient way possible. The sector will continue to play its important role as facilitator and enabler of growth in supporting the UK's economic recovery.

While there is no room for complacency, with the combined international prestige of English common law and the strength of the judicial institutions which underpin it, the sector and the UK jurisdictions will remain a vital national asset and an essential component of the broader financial and related professional services ecosystem as the UK charts a new economic course as an independent trading nation.

SOURCES OF INFORMATION

Data comparing law firms is mainly based on gross fee earnings and the number of lawyers, fee-earners and other support staff employed by each firm, which includes an indication of the number of lawyers employed overseas. These figures are published in league tables including the Legal Business 100 and the Legal Business Global 100. Law firms in England and Wales provide certain information to the Law Society Group. Some of this data is aggregated and made available for publication in the Law Society of England and Wales Annual Statistics Report. This includes a variety of data on employment, according to, for example, type of employer (including where solicitors are not employed in private practice), size of firm and revenue. The Annual Statistics Report also includes a range of other information on, for example, numbers of law graduates, trainees and newly qualified solicitors.

Adjudication Society www.adjudication.org

Advocate General for Scotland www.oag.gov.uk

Bar Council www.barcouncil.org.uk

Centre for Effective Dispute Resolution www.cedr.com

Cision PR Newswire www.prnewswire.com

Commercial Bar Association www.combar.com

International Bar Association www.ibanet.org

International Chamber of Commerce iccwbo.org

Jomati Mergers jomati.com/uk-mergers

The Journal of the Law Society of Scotland www.journalonline.co.uk

The Faculty of Advocates www.advocates.org.uk

Law.Com International www.law.com

Law Gazette www.lawgazette.co.uk

The Law Society of England and Wales www.lawsociety.org.uk

The Law Society of Northern Ireland www.lawsoc-ni.org

The Law Society of Scotland www.lawscot.org.uk

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Legal Services Board www.legalservicesboard.org.uk

Legal Week www.legalweek.com

Lloyd's Open Form <https://www.lloyds.com/market-resources/lloyds-agency/salvage-arbitration-branch/lloyds-open-form-lof>

London Court of International Arbitration www.lcia.org

London Maritime Arbitrators Association www.lmaa.london

Ministry of Justice www.justice.gov.uk

Office for National Statistics ons.gov.uk

Queen Mary University qmul.ac.uk/

Royal Institute of Chartered Surveyors www.rics.org/uk

Scottish Arbitration Centre www.scottisharbitrationcentre.org

The Times Top 100 Graduate Employers www.top100graduateemployers.com

Thomson Reuters thomsonreuters.com/en.html

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