TheCityUK

LEGAL EXCELLENCE, INTERNATIONALLY RENOWNED

UK LEGAL SERVICES 2019

December 2019

@thecityuk www.thecityuk.com

About TheCityUK

TheCityUK is the industry-led body representing UK-based financial and related professional services. In the UK, across Europe and globally, we promote policies that drive competitiveness, support job creation and ensure long-term economic growth. The industry contributes 10% of the UK's total economic output and employs over 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 greater than all other net exporting industries combined.

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LEGAL EXCELLENCE, INTERNATIONALLY RENOWNED

UK LEGAL SERVICES 2019

LEGAL SERVICES
EMPLOY
338,000
PEOPLE, TWO THIRDS OF WHOM ARE OUTSIDE LONDON

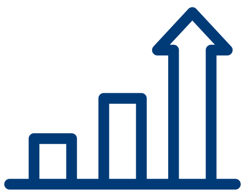
40,795
DISPUTES WERE RESOLVED BY ALTERNATIVE DISPUTE RESOLUTION IN THE UK

LEGAL SERVICES
CONTRIBUTED

£26.8BN
TO UK ECONOMY IN 2017

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 9% TO
£26.4BN
IN 2017



ENGLISH LAW IS USED IN
40%
OF ALL GLOBAL CORPORATE ARBITRATIONS

75%
OF CASES IN THE UK COMMERCIAL COURT WERE INTERNATIONAL IN NATURE IN 2018

THE UK RANKS SECOND

GLOBALLY
FOR LEGAL SERVICES FEE REVENUE

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

FOREWORD

The UK's legal services sector continues to thrive against headwinds of ongoing uncertainty and the lower growth levels seen in some other sectors of the economy. It contributes 1.5% of UK Gross Value Added (GVA) and employs more than 338,000 people across the country, with two thirds of those jobs based outside London. The UK-based legal sector has a crucial enabling role which provides a stable framework for all other sectors to flourish and for the UK to remain a world-leading international financial centre.

Its international credentials are evidenced by the strong contribution it makes to UK exports, posting a record trade surplus of £6.5bn in 2018. There are over 200 foreign law firms with offices in the UK and the country is second only to the US globally in terms of legal services fee revenue, totalling £35.5bn in 2018.

The global primacy of English law, as the law of choice for international business, is another significant driver of the success of the UK's legal services industry and the wider economy. Of the world's 320 jurisdictions, more than one quarter use English common law, which continues to lead the way as the most widely used governing law for cross-border contracts.

Alongside the law, the UK's world class judicial and other dispute resolution mechanisms continue to underpin the success of the industry, with the swift, predictable and fair resolution of commercial disputes giving confidence to commercial parties from across the globe. In 2018, for example, over 800 claims were issued in the Admiralty and Commercial Court, of which 75% involved at least one party whose address was outside England and Wales and 53% were cases where all parties involved were international.

Since the Brexit referendum result in 2016, TheCityUK has championed the UK's legal services sector and the UK jurisdictions. While it is clear that English contract law will be largely unaffected by a separation from EU law, it is vital that international parties understand that the many benefits of using English law will endure, regardless of the outcome of Brexit.

TheCityUK's Legal Services Group, chaired by James Palmer of Herbert Smith Freehills, continues to advocate for the industry on Brexit-related issues alongside other initiatives of strategic importance. The expanded section of this year's report covering diversity and inclusion is a particularly relevant example of this. The Group's work - in partnership with government and regulators - continues to influence the direction of policy with a focus on addressing the challenges and opportunities faced by the industry in these times of global economic uncertainty.

While this report demonstrates that the UK remains the jurisdiction of choice for international legal services and dispute resolution, there is little room for complacency. The UK-based legal services industry remains a crucial national asset and one that will continue to provide the foundation for the country's future economic success.

Miles Celic
Chief Executive Officer, TheCityUK

KEY FINDINGS

Legal services in the UK

- The UK remains the world's leading centre for international legal services and dispute resolution. While London is the capital of international law, 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.
- The UK's legal services sector employs 338,000 people, two thirds of whom are outside London. Major centres of legal services employment outside the capital include Manchester (with 13,000 in employment), Birmingham (11,000), Leeds (10,000), Bristol (8,000), Edinburgh and Glasgow (7,000 each), and Liverpool and Cardiff (6,000 each). The sector contributed £26.8bn to the UK in 2017, equivalent to 1.5% of Gross Value Added (GVA), and posted a trade surplus of £6.5bn in 2018.
- Total revenue from legal activities in the UK was £35.5bn in 2018. Much of this was generated by the top 100 UK law firms, who netted over £26bn in 2018/19. The majority of large firms saw an increase in revenue: however the strongest growth within the top 100 was seen by specialised firms which mostly outperformed generalist firms significantly.
- 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 Service Providers (ALSPs) 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, or some 28,000, worked in the in-house sector in 2018. 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 advisors can devote even more time to providing them with quality advice. LawTech's potential has also been recognised by the UK government both through the creation of the LawTech Delivery Panel and this years' provision of £2m in funding to support new and emerging technologies in the legal sector. The UK's judiciary continues to find ways to use technology to help reduce the cost and time of litigation and improve access to justice.

The UK's position internationally

- The UK is the largest legal services market in Europe (valued at approximately £35bn in 2018) and is second only to the US globally. It accounts for a third of Western European legal services fee revenue and around 5-6% of global legal services fee revenue (which totalled between $680bn and $886bn in 2018, and is expected by some to grow to above $1trn by 2021). The UK is home to a wide range of international law firms with more than 200 foreign law firms from around 40 jurisdictions - employing in excess of 10,000 people - operating in the country.

- 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:
  - Five of the 15 largest Global 100 law firms, based on number of lawyers in 2018/19, have their main base of operations in the UK.
  - Three of the top 10 revenue generating law firms are based in the UK.
  - 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 nearly 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. Nearly 2,000 members (1,937) of the Bar of England and Wales now receive instructions from abroad, earning just under £327m from these instructions.[1] Bar Council figures show that the number of barristers who act for clients located abroad has increased by 90% from 2008 to 2018.[2] 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 2018, over 800 claims were issued in the Admiralty and Commercial Court, of which 75% involved at least one party whose address was outside England and Wales and 53% were cases where all parties involved were international. In the year to the end of June 2019, over 600 claims were issued with 77% being international in nature, of which half where all parties were international.
- London is also seen as the leading preferred centre for arbitration. The number of civil disputes resolved through arbitration, mediation and adjudication in the UK exceeded 40,000 in 2018.
- UK-based law firms continue to develop 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 advisor 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 inexorably linked to the health of the broader ecosystem and economy of which it is a vital part.

1 Bar Mutual Indemnity Fund figures
2 Ibid.

ENGLISH LAW AND UK LEGAL SERVICES POST-BREXIT

As the UK prepares to exit the European Union, it is vital that international parties continue to understand the benefits of using English law and 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 will remain, regardless of the Brexit outcome. Factors such as its flexibility, track-record of being accepted by business, strong and independent judiciary and reputation as a centre for excellence will continue to endure.

English contract law, for example, will be largely unaffected by a separation from of EU law as it is based on English common law. The choice of English law will continue to be upheld by EU courts on the same basis as now due to the continued application of the relevant EU regulation (Rome I). Furthermore, exclusive English jurisdiction clauses and resulting English judgments should continue to be recognised by the contracting states to the Hague Convention (including the EU Member States). This continued recognition is a result of the UK government having taken the necessary steps to ratify the Hague Convention in its own right.

TheCityUK continues to work with stakeholders to advocate for a bespoke future legal services agreement with the EU that delivers the best possible mutual market access after Brexit. We have visited representatives of all of the EU27 Member States since the Brexit vote and the needs of the legal sector are among our core priorities. Central to this has been the importance of continued cross-border recognition and enforcement of judgments from UK jurisdictions in the EU, and vice versa, after Brexit.

We continue to support the work of the Brexit Law Committee, which was established by a former Lord Chancellor and Lord Chief Justice to report to government and other interested parties on how Brexit might affect UK legal systems and the wider legal sector.

THECITYUK AND LEGAL SERVICES

TheCityUK remains focussed on maintaining the international competitiveness of the UK's legal services sector. We continue to work with stakeholders to advocate for a bespoke future relationship agreement with the EU that delivers the best possible mutual market access after Brexit.

While the UK's future relationship with the EU27 is crucial, it is also essential to ensure that UK legal services remain competitive in markets outside of the EU. TheCityUK continues to promote UK legal services in a range of jurisdictions, creating potential new export markets. TheCityUK's Managing Director, External Relations & Strategic Issues was in 2019 appointed as the services representative on the government's Strategic Trade Advisory Group (STAG). Chaired by the Minister for Trade Policy at the Department for International Trade, the principal purpose of the STAG is for the government to engage with stakeholders, helping to shape future trade policy and realise opportunities across all nations and regions of the UK through high level strategic discussion. TheCityUK also partnered with the Government of Kazakhstan to develop the Astana International Financial Centre, launched in July 2018 and governed by English common law. UK lawyers and judges played an important role in ensuring the centre is governed by the highest international standards. Our work in Kazakhstan has caught the attention of others in the region. We are currently advising the Capital Markets Development Agency of Uzbekistan on some possible steps they could take to develop an International Financial Centre in Tashkent. Dubai has launched a similar system, again with support from the UK legal services sector, and TheCityUK continues to work in partnership with other emerging centres, such as Casablanca Finance City.

TheCityUK is also working with government, regulators and industry to make sure that the UK's legal services sector remains at the heart of technological innovations that stand to transform the practice of law. In 2018, Lord Keen of Elie QC, Advocate General for Scotland and Ministry of Justice spokesperson for the House of Lords, invited TheCityUK to sit on an industry-led and government-supported UK LawTech Delivery Panel. The panel is focussed on promoting policies and initiatives that will create an environment which supports innovation in legal services. Other representatives on the panel include the Chancellor of the High Court, senior legal academics, and the General Counsels from Vodafone and the Bank of England. TheCityUK's work on FinTech innovation has provided many key lessons on how best to foster innovation in LawTech.

TheCityUK also sits on several other legal sector relevant government and other policy fora including BEIS' Professional and Business Services Council, the Ministry of Justice's International Legal Services Working Group and the LegalUK Forum.

LEGAL SERVICES IN THE UK

The UK is the leading global centre for international legal services and dispute resolution. The high worldwide standing of its legal education and training facilities serve to draw in global talent and the country is renowned for the expertise, consistency and incorruptibility of its justice system. Many global law firms are based in London and there are 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 will provide 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 beyond revenue. Legal services 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.

UK legal activities revenue

Revenue generated by legal activities in the UK has generally trended upwards in recent years, and increased by 6% year-on-year in 2018 to £35.5bn.[3]

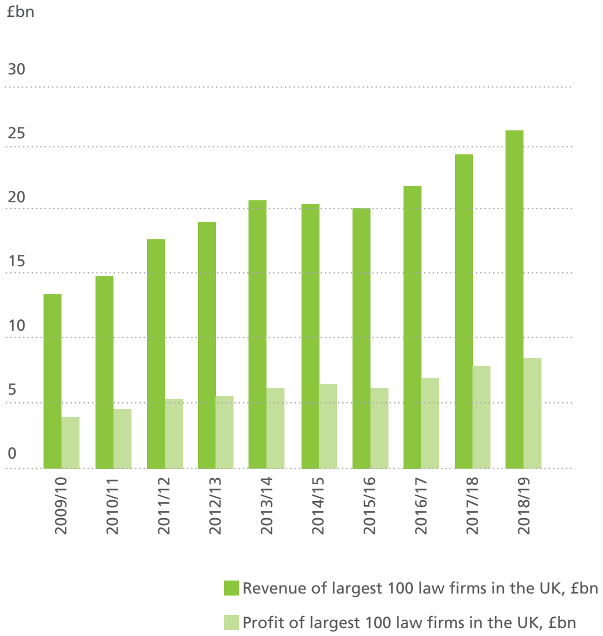
Figure 1: Revenue generated by legal activity in the UK
Source: Office for National Statistics

3 ONS TOPSI, 'Turnover of legal activities 10', (May 2019), available at: https://www.ons.gov.uk/economy/grossdomesticproductgdp/adhocs/009931topsiturnoveroflegalactivities

UK law firm fee revenue and key market trends

Revenue for the UK's top 100 firms (ranked by revenue) rose by 8% to £26.4bn in 2019, up from £14bn a decade ago. This growth was driven by the top 25 firms, whose revenue rose by 9%, now making up almost 80% of the revenue of the top 100 firms. The top 10 firms' £14.5bn collective turnover is higher than that of the entire top 100 a decade ago. Despite the strong performance of the top 25 firms another one of the key drivers of the industry's strong performance in 2018/19 was specialised firms, which on average considerably outperformed the generalist firms. This relative mid-market strength of specialist firms in the UK has become a well-established trend in the last decade.

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



While some of the increase in revenue derives from merger activity, firms have also seen some organic revenue growth: average revenue per lawyer grew by 2% this year.

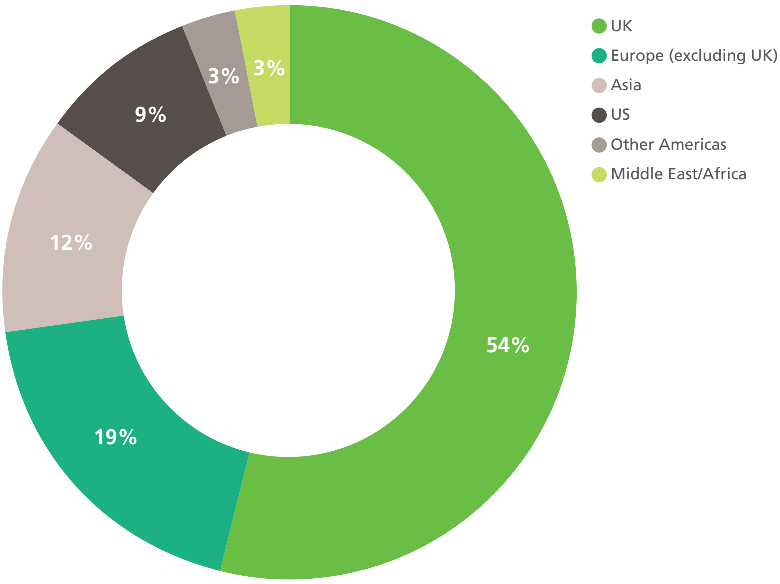
In-house legal teams continue to grow in the UK. This is particularly visible across highly-regulated sectors such as financial services, pharmaceuticals and telecoms. In England and Wales more than 22% of all practising certificate holders, or some 28,000, worked in-house in 2018, up from under 20% a decade earlier. The Law Society believes the official number registered in-house is an underestimate as a significant number of the 16,726 recorded as not attached to an organisation will be working in-house at locations they do not identify.[4] 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.

For firms undertaking corporate work, clients are exerting more pressure on price and demanding the use of more focussed buying practices resulting in a growth of alternatives to hourly billing and stronger competition on price.

4 The Law Society, 'Annual Statistics Report 2018', (October 2019), available at: https://www.lawsociety.org.uk/support-services/research-trends/annual-statistics-report-2018/

Figure 3: Geographical distribution of lawyers in largest 100 UK law firms (% share), 2017/18

Source: Legal Business



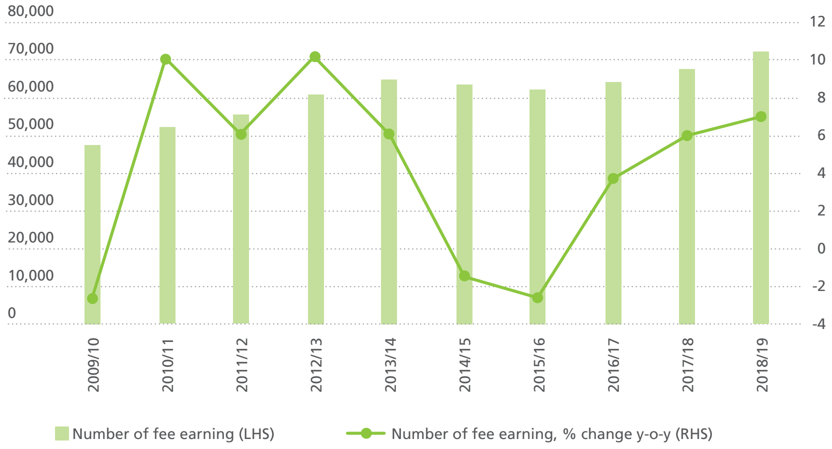
In contrast, mid-market and boutique London-based firms rely on a combination of factors, including agility, flexibility, and differentiating their offering from peers and larger firms. Many of these mid-market firms appear to be gaining on the established top-tier leaders as clients see the benefits of engaging with specialist firms with lower overheads.

Smaller regional and national firms have also gained ground on their London rivals this year after an extended period of falling back. Some of these gains can be attributed to a growing trend of partnering up with law's global elite to effectively provide 'Northshoring' outposts for their larger clients.

Many of the larger regional firms have recruited talent from the national and global law firms over the past year. However, most regional law firms are preparing for a possible downturn with economic and political uncertainty having an impact, particularly in real estate.

The three large transatlantic mergers of the past three years – Bryan Cave Leighton Paisner in February 2018, Womble Bond Dickinson in November 2017, and Eversheds Sutherland in February 2017 - alongside other merger activity have been key drivers in helping overall lawyer headcount of the largest 100 UK-based law firms to rise 7% in 2018/19 to 72,531 (Figure 4).

Figure 4: Total fee earning headcount of the largest 100 UK-based law firms
Source: Legal Business



Structure and regulation of UK legal services

The UK legal profession is divided into two branches, solicitors and barristers. 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. Advocates are 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 is carried out in the public interest and puts consumer interests first. The Board oversees 11 legal regulators in England and Wales and the Office for Legal Complaints, which handles consumer complaints about lawyers. The two largest of these 11 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 and solicitor advocates. Advocates are regulated by the Faculty of Advocates. The Scottish Legal Complaints Commission provides a single point of contact for all complaints against solicitors and advocates 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 have adopted 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, a global market which is now worth $15.9bn.[5] 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 legal technology has increased almost threefold over the past year with start-ups receiving £61m in 2018 compared to £22.2m in 2017 and just £2.5m in 2016.[6]

The Financial Times ranked the 50 most innovative law firms in Europe in 2019 and UK-based firms made up the top four places and six of the top 10. The UK is home to 44% of all LawTech start-ups in the EU, almost twice its share of the European legal services market.

5 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/

6 Ibid.

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.[7]

In one prominent example, Barclays has transformed its UK-wide Eagle Labs into hubs for LawTech which aim to encourage co-working and mentoring, and bring together LawTech entrepreneurs.

Similarly, the Law Society of Scotland launched their 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 and new services to clients. These centres are providing employment across the UK; many are based in the midlands, 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's commitment to creating a policy environment that supports LawTech has advanced even further over the last year. In 2018, Lord Keen of Elie QC, 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.[8]

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 permitted Alternative Business Structures (ABS), business models that allow investment, ownership and management by non-lawyers. A 2018 study by Thomson Reuters found that the value of the global ALSP market is around $10.7bn up from $8.4bn the year before and that approximately 40% of law firms are currently using an ALSP for at least one type of service.[9]

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.[10] This additional funding illustrates how ABS firms have been able to contribute to LawTech growth.

The entry of the Big Four accounting firms - KPMG, Deloitte, EY 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 licence. Globally, the Big Four's legal divisions are already considerable. Deloitte has about 2,400 lawyers, while

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. 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.

7 Financial Times, 'Innovative Layers: Europe', (December 2019), available at: https://www.ft.com/reports/innovative-lawyers-europe
8 Ministry of Justice, 'Legal services and LawTech bolstered with £2 million of government funding', (June 2019), avilable at: https://www.gov.uk/government/news/legal-services-and-lawtech-bolstered-with-2-million-of-government-funding
9 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
10 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

PwC has 3,600 operating in 98 countries. In the UK alone, PwC has a headcount of 320 and revenues of £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.

As these 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 markets. There have been 151 publicly-reported mergers involving UK-based law firms in the Lawyer 100 rankings since 2011 and 73 involved a UK firm merging with a firm in another jurisdiction.[11]

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.

In England and Wales, Law Society figures show that in 2018, women with practising certificates outnumbered men by over 2,000 while representation of Black, Asian and minority ethnic groups (BAME) among practising certificate holders rose to 16.9%.[12] Solicitors Regulation Authority (SRA) data shows that women make up 64% of those employed in law firms and 48% 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 11% of overall UK workforce). Meanwhile, 3% of solicitors identify as lesbian, gay or bi-sexual.[13]

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.[14]

Bar Council figures show that in 2018, women made up 37% of practising barristers in England and Wales and 47% of pupils, while BAME individuals make up 13% of practising barristers.[15] Judiciary figures show that in 2019, 32% of court judges and 46% of tribunal judges were female, and 7% of court judges and 11% of tribunal judges were BAME.[16]

While there are many programmes and workstreams in action, it is clear that still more work needs to be done to promote diversity in the profession. One challenge is that the senior levels of law firms and chambers continue to be less diverse than the industry average. In the wider sector, only 33% of partners, and 15.6% of QCs, are women. Furthermore, this trend is more marked in larger firms which have over 50 partners, only 29% of partners are women and only 8% are BAME.

11 Jomati, 'UK Law Firm Mergers', (December 2019), available at: http://jomati.com/uk-mergers

12 The Law Society Annual Statistics Report 2018 (October 2019) https://www.lawsociety.org.uk/support-services/research-trends/annual-statistics-report-2018/

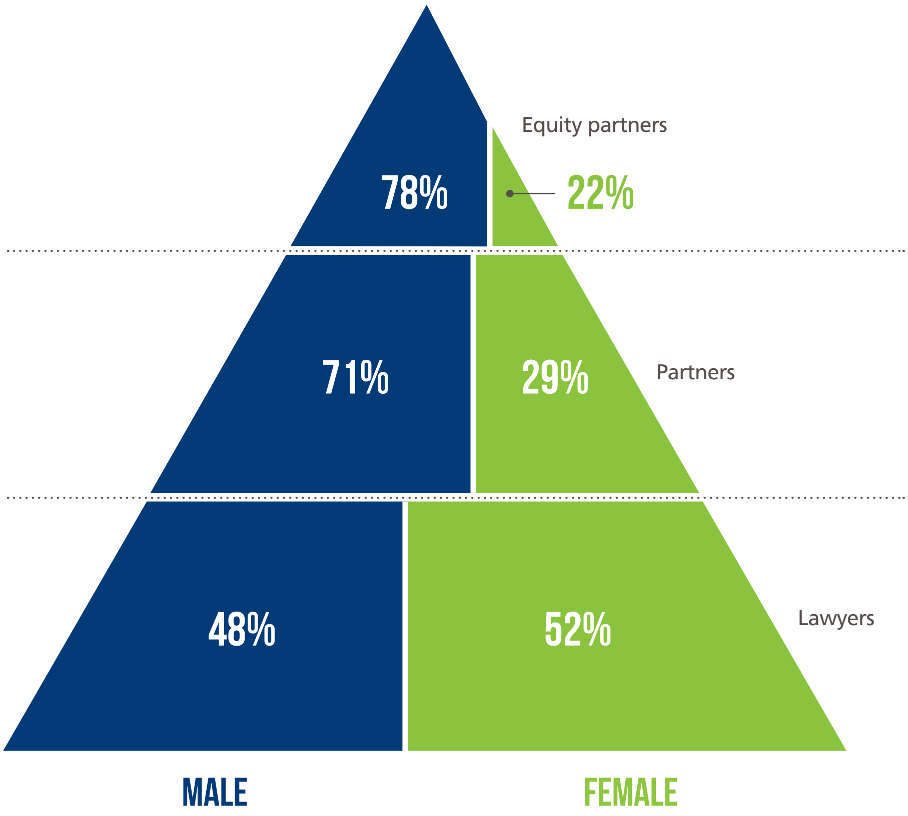
13 Solicitors Regulation Authority, 'Law firm diversity', (December 2019), available at: sra.org.uk/solicitors/resources/diversity-toolkit/diversity-toolkit/

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

15 Bar Council of England and Wales, 'Report on Diversity at the Bar 2018', (January 2019), available at: https://www.barstandardsboard.org.uk/uploads/assets/1fda3d4b-c7e3-4aa8-a063024155c7341d/diversityatthebar2018.pdf

16 Courts and Tribunals Judiciary, 'Judiciary Diversity Statistics 2019', (April 2019), available at: https://www.judiciary.uk/about-the-judiciary/who-are-the-judiciary/diversity/judicial-diversity-statistics-2019/

Figure 5: Diversity in the Legal 100
Source: Legal Business



Within the largest 100 firms based in the UK only 29% of partners and 22% of equity partners are women (Figure 5).

The Law Society of England and Wales has run 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.

The Law Society of England and Wales' gender equality recommendations

1. Encouraging male leaders to take their own concrete, impactful and measurable action to address gender inequality, including refusing to participate in all-male panels, conferences and boards and sourcing female contributors instead.
2. Actively engaging with men to get them on board, taking responsibility and accountability as agents of gender equality in the business.
3. Reviewing working practices with the leadership team to deter gender bias.
4. Ensuring that equal numbers of both male and female candidates are considered for all significant opportunities.
5. Monitoring the success rates of recruitment, progression, work allocation and access to training.
6. Sourcing an alternate female colleague/peer for participating in an otherwise non-inclusive roundtable, panel, conference or board meeting.
7. Raising awareness across all staff groups of bias and its impact on decision-making.
8. Ensure that the topic is revisited regularly to ensure it becomes routine in workforce planning.
9. Actively countering unfair negative presumptions and low expectations which are expressed or inferred about colleagues on account of their gender or other characteristics.
10. Ensuring that victims and witnesses of sexual harassment are able to speak up.
11. Training on this issue should be made available to everyone.
12. Ensuring equality, diversity and inclusion is a business priority and part of your organisation's corporate strategy. Consider how this is communicated and embedded across the organisation's policies, practices and services.
13. Encouraging leadership teams to make an explicit commitment to gender balance in governance charters to improve workplace culture and business performance and to ensure that there is accountability in reaching those targets.
14. Establishing coaching, mentoring and sponsorship initiatives in your organisation to empower women to achieve leadership roles.
15. Encouraging organisations to implement gender equality training for partners/ senior leadership, managers and all staff.
16. Embedding objectives within the appraisal process to ensure that all staff take responsibility for advancing equality, diversity and inclusion in the workplace.
17. Embedding an open and honest culture where it is normal to challenge negative gender stereotypes and enable the co-creation of workplace solutions for greater diversity and inclusion.

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 22% of solicitors attended fee paying schools, compared with just 7% of the general population. Partners are more likely to have attended fee paying schools (24%), and privately educated lawyers are more frequent still at law firms that mostly do corporate work (44%).[17]

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 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.[18]

International practice of barristers and advocates

UK courts host a range of international cases and the Business and Property Courts hear more international cases than domestic ones. The Bar Council of England and Wales and its International Committee undertakes many initiatives to help barristers develop an international practice. 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 now has approximately 1,600 members, 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)
- Technology and Construction Bar Association (for barristers specialising in disputes arising from the technology and construction sectors)
- Criminal Bar Association (for those concerned with commercial and business fraud)
- Intellectual Property Bar Association (for specialists in intellectual property)
- Property Bar Association (for specialists in property law).

Barristers develop expertise in their areas of practice. They are often instructed as arbitration advocates or arbitrators.

17 Solicitors Regulation Authority, 'Unlocking the benefits of diversity', (October 2019), available at: https://www.sra.org.uk/sra/how-we-work/reports/unlocking-benefits-diversity/

18 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/

The main services offered by barristers include:

- **Advocacy and litigation:** Barristers can appear in a range of UK and foreign courts, including the International Court of Justice, the International Criminal Court and the European Court of Justice.
- **Legal advice:** Barristers may be instructed to give advice on any matter of UK, European or international law. They can also appear as expert witnesses on such laws for overseas courts and arbitration proceedings.
- **Arbitration:** London is a major centre for international arbitration and many barristers and UK-based law firms have developed considerable expertise in the area. The International Chamber of Commerce and the London Court of International Arbitration are two of the most frequently used arbitration bodies.
- **Advocates in Scotland:** Advocates can be instructed in a range of courts and tribunals in Scotland, the UK Supreme Court, the European Court of Justice and the European Court of Human Rights. 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 arbitration (Figure 13).

The UK legal market has a long history of openness and being 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. Altman Weil Inc. data shows that between 2007 and 2016, 21% of all US cross-border combinations involved UK-based firms. 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 high percentage of their revenue from their offices in London. The largest firms ranked by London fee earners on this list include Baker McKenzie, Dentons, Latham & Watkins and White & Case (Figure 6).[19]

Figure 6: The largest offices of non-UK law firms in London, 2018/19

Source: Legal Business

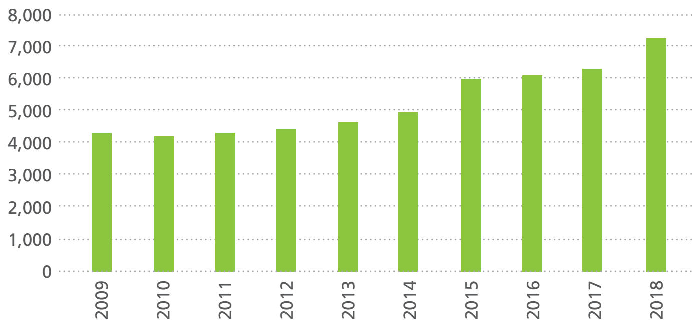
		Of which	
	London fee earners	English qualified	Other qualified
Baker McKenzie	506	437	69
Bryan Cave Leighton Paisner	495	382	113
White & Case	455	422	33
Latham & Watkins	425	339	86
Dentons	413	362	51
Reed Smith	367	222	145
Kirkland & Ellis	304	236	68
Mayer Brown	244	192	52
Jones Day	197	187	10
Weil, Gotshal & Manges	179	138	41

19 Legal Business, 'Global London 2019 – Main table', (8 April 2019), available at: https://www.legalbusiness.co.uk/analysis/global-london-main-table-2019/

Squire Patton Boggs	169	120	49
Dechert	169	137	32
Shearman & Sterling	157	114	43
Sidley Austin	145	117	28
Cleary Gottlieb Steen & Hamilton	140	113	27

The headcount of the largest 50 foreign law firms in London reached a record 7,150 fee earners in 2018 (up from 6,212 in 2017). The total number of partners grew to a new high of 2,013 (up from 1,721 in 2017). This year foreign-qualified lawyers based in the UK are up to a record 1,341 (up from 1,199 in 2017).[20] This is partly because firms are looking to diversify their practices by sector and geography, to deal with the prospect of a global downturn, and the restructuring and contentious opportunities that may result from that

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 24). 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 25-40% of their lawyers based outside the US.

International law firms in London are leading advisers on deals which take place in the worlds 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.

20 TheCityUK calculations based on Legal Business, 'Global London 2019 – Main table', (8 April 2019), available at: https://www.legalbusiness.co.uk/analysis/global-london-main-table-2019/

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 clients:** 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 338,000 people, two thirds of whom are located outside London (Figure 10). 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 in the UK, by revenue, 2018/19
Source: Legal Business

	Firm name	Headquarters location	Revenue, £m
1	DLA Piper	International	1,946.8
2	Clifford Chance	International	1,693
3	Linklaters	International	1,628.7
4	Allen & Overy	International	1,627
5	Hogan Lovells	International	1,600
6	Norton Rose Fulbright	International	1,473
7	Freshfields Bruckhaus Deringer	International	1,472
8	CMS	International	1,204.2
9	Herbert Smith Freehills	International	965.7
10	Eversheds Sutherland	International	890.2
11	Bryan Cave Leighton Paisner	International	681.4
12	Ashurst	International	641
13	Slaughter and May	London	635
14	Clyde & Co	London	611
15	Pinsent Masons	National	482
16	Gowling WLG	International	461.7
17	Simmons & Simmons	London	374.4
18	Bird & Bird	London	361
19	Womble Bond Dickinson	National	358.3
20	Taylor Wessing	London	339.7
21	Addleshaw Goddard	National	275.4
22	DWF	National	272.4
23	Osborne Clarke	National	268.5
24	Irwin Mitchell	National	263
25	DAC Beachcroft	National	242.7
26	Fieldfisher	London	242
27	Macfarlanes	London	217
28	Kennedys	London	216
29	Stephenson Harwood	London	213
30	Withers	International	193.2
31	HFW	London	178.9

32	Mishcon de Reya	London	177.8
33	Watson Farley & Williams	London	172.3
34	Travers Smith	London	162.5
35	Charles Russell Speechlys	London	154.3
36	Shoosmiths	National	137.6
37	Mills & Reeve	National	110.9
38	RPC	London	108.6
39	BLM	National	106.4
40	Trowers & Hamlins	London	105.2
41	Gateley	Birmingham	103.5
42	Weightmans	National	97.3
43	Keoghs	Bolton	95
44	Burges Salmon	Bristol	94.6
45	Hill Dickinson	Liverpool	90.5
46	Freeths	Midlands	89.8
47	TLT	Bristol	87.6
48	Penningtons Manches Cooper	London	79.5
49	Browne Jacobson	Nottingham	77.6
50	Brodies	Scotland	76.9

Figure 9: Largest UK law firms outside London, by revenue, 2018/19

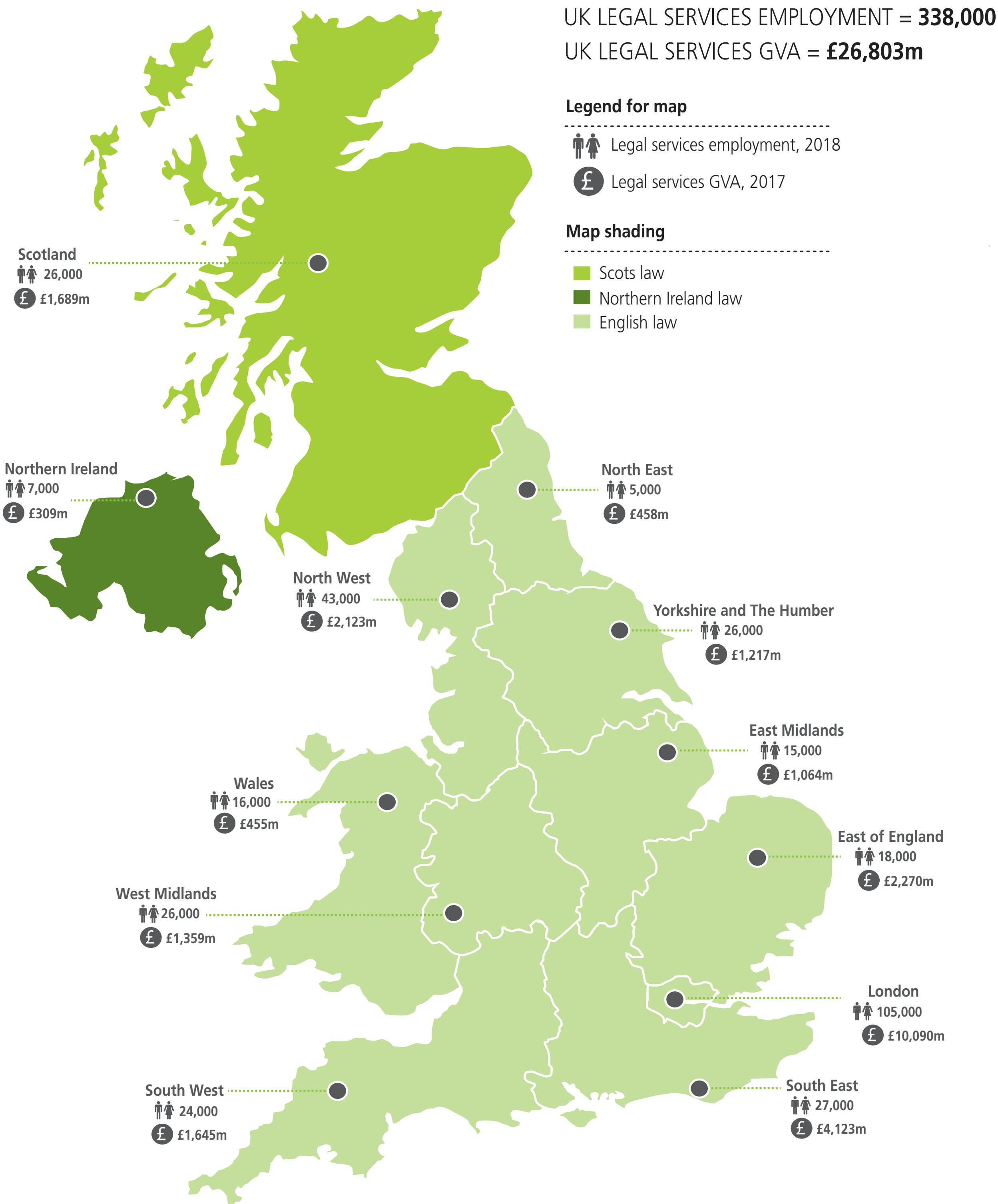
Source: Legal Business

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

	Firm name	Headquarters location	Revenue, £m
1	Gateley	Birmingham	103.5
2	Keoghs	Bolton	95
3	Burges Salmon	Bristol	94.6
4	Hill Dickinson	Liverpool	90.5
5	Freeths	Midlands	89.8
6	TLT	Bristol	87.6
7	Browne Jacobson	Nottingham	77.6
8	Brodies	Scotland	76.9
9	Shakespeare Martineau	Birmingham	76.8
10	Burness Paull	Scotland	58.5
11	Shepherd and Wedderburn	Scotland	55.7
12	Birketts	Ipswich	54.4
13	Clarke Willmott	Bristol	49.4
14	Walker Morris	Leeds	49.1
15	Dickson Mint	Scotland	48
16	Foot Anstey	Exeter	47.2
17	Bevan Brittan	Bristol	46
18	Ashfords	Exeter	45
19	Michelmores	Exeter	39.9
20	Veale Wasbrough Vizards	Bristol	39.5

Figure 10: Legal services across the UK

Source: ONS, Nomis, TheCityUK calculations



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: ONS, Nomis, TheCityUK calculations

	Legal services employment in selected nations/regions/cities, 2018	Legal services GVA in selected nations/regions/cities 2017, (£m)
East Midlands	15,000	1,064
Nottingham	3,500	127
Leicester	1,500	68
Northampton	1,000	76
East of England	18,000	2,270
Norwich	1,750	72
Cambridge	1,500	206
Ipswich	900	79
Chelmsford	900	53
Peterborough	800	60
Watford	700	141
Southend-on-Sea	600	52
London	105,000	10,090
North East	5,000	458
Newcastle	3,000	121
Sunderland	175	24
North West	43,000	2,123
Manchester	13,000	436
Liverpool	6,000	138
Chester	800	36
Salford	800	71
Stockport	800	80
Warrington	600	100
Salford	600	88
Northern Ireland	7,000	309
Belfast	3,298	190
Scotland	26,000	1,689
Edinburgh, City of	7,000	382
Glasgow, City of	7,000	269
Aberdeen, City of	2,000	289
Fife	900	79
South East	27,000	4,123
Guildford	1,500	131
Southampton	1,250	110
Reading	1,250	194
Brighton and Hove	1,000	78
Milton Keynes	900	162

Oxford	900	81
Crawley	500	80
South West	24,000	1,645
Bristol	8,000	294
Exeter	1,750	92
Bournemouth	1,000	51
Swindon	500	68
Gloucester	450	71
Poole	400	30
Wales	16,000	455
Cardiff	6,000	165
Swansea	1,250	30
West Midlands	26,000	1,359
Birmingham	11,000	411
Coventry	1,250	86
Yorkshire and The Humber	26,000	1,217
Leeds	10,000	377
Sheffield	4,500	130
Bradford	1,000	122
York	1,000	69
Halifax	400	55

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.

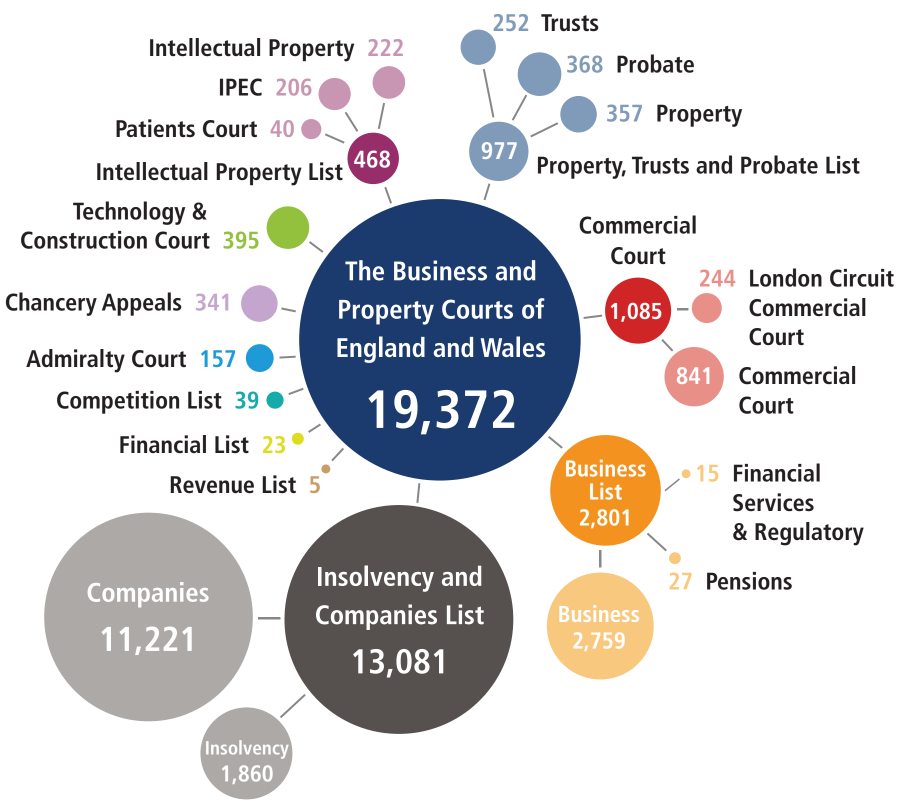
Courts-based dispute resolution

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 2018

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



International work in the Business and Property Courts

In 2018, 19,372 cases were issued in the Business and Property Courts in England and Wales, an 8% increase on the previous year. This includes 13,081 cases in the Insolvency and Companies Court, 4,290 cases in the rest of the Chancery Division, 1,242 cases in the Admiralty and Commercial Court, 395 cases in the Technology and Construction Court, 341 Chancery appeals and 23 cases on the Financial List.

In 2019, the number of cases issued to the end of June has been 8,128, with 5,115 cases in the Insolvency and Companies Court, 1,999 in the remainder of the Chancery Division, 620 in the Admiralty and Commercial Court, 219 in the Technology and Construction Court, 171 Chancery appeals and four cases on 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 2018, three quarters 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, of which half have been cases where all the parties involved were international.

The Patents Court continues 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. For example, 80% of cases heard in the Patents Court in 2018 involved at least one international party, with 9% of those international cases involving exclusively international parties.[21]

LawTech - cryptoassets, distributed ledger technology and smart contracts

LawTech is fundamental to the future growth of the UK's £27bn legal services industry. In July 2018, the Ministry of Justice supported the establishment of a LawTech Delivery Panel. The Panel brings together a team of industry experts and leading figures from government, the judiciary, academia and the regulators. Its objective is to support the development and use of LawTech in the UK, and to promote the use of English law and UK jurisdiction as the foundation for LawTech.

Feeding in to the work of the Panel are six taskforces, including the UK Jurisdiction Taskforce (UKJT). Its objective is to demonstrate that English law and the UK jurisdiction are ideally placed to provide the legal foundation for LawTech and for the development of smart contracts, distributed ledger technology, artificial intelligence and associated technologies. While these new technologies are generally borderless, they nonetheless require the certainty offered by a sound legal framework and an efficient and flexible dispute resolution capability. Furthermore, the UKJT believed that perceived legal uncertainty was the reason for some lack of confidence among market participants and investors and that there was room for an authoritative statement on a number of legal questions central to the successful functioning of those technologies.

During 2019, therefore, the UKJT coordinated the preparation of that legal statement on the status of cryptoassets and smart contracts under English private law. The document

21 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.

and the questions covered by it, were the subject of extensive consultation during the course of 2019, including at an open event in May 2019 designed to seek input from stakeholders on the principal issues of perceived legal uncertainty about the status of cryptoassets and smart contracts under English private law.

The purpose of the 'Legal Statement on Smart Contracts and Cryptoassets' is to demonstrate that the well-developed common law system of England and Wales is able to adapt to deal with such fast-changing technologies and is well positioned to provide a sound legal foundation for their development. It was published on 18 November 2019.[22]

Data in litigation

Cyber hacking and data breaches on a large scale had been anticipated to become the subject of major litigation for some time, and cases grappling with these issues have indeed been cropping up all across the courts in the past year. In the immigration context, the Court of Appeal decided that the Home Office was liable for an accidental disclosure of asylum seekers' personal data online. In the criminal context, the use of automated facial recognition by police against members of the public was authorised by a Divisional Court despite engaging individuals' Article 8 privacy rights. In the business context, the Commercial Court recently granted an asset preservation order relative to cryptoassets fraudulently obtained in a spear phishing cyber attack.[23]

CASE STUDY

The Court of Appeal had to deal in Lloyd v Google LLC [2019] EWCA Civ with a personal data infringement case, a much more prevalent issue for the average business. That decision established that claims for damages can be brought even for the simple sharing of browser generated information without the browser's consent, under section 13 of the Data Protection Act 1998, and irrespective of whether they suffered financial loss or even distress. This was decided on the basis that damages can be awarded without the need for proof of pecuniary loss or distress for the tort of misuse of private information, so that they should also be available for a non-trivial infringement of the Data Protection Act 1998, given both rights stem from the same right to data protection contained in article 8 of the Charter of Fundamental Rights of the European Union.

A consumer rights champion was permitted to represent all potential claimants in a single representative action. The court decided to permit the proceedings to be served outside the jurisdiction of the English court on Google, which is a corporation based in Delaware in the United States.

22 Tech Nation, 'UK takes significant step in legal certainty for smart contracts and cryptocurrencies', (November 2019), available at: https://technation.io/news/uk-takes-significant-step-in-legal-certainty-for-smart-contracts-and-cryptocurrencies/

23 Spear Phishing is the fraudulent practice of sending emails ostensibly from a known or trusted sender in order to induce targeted individuals to reveal confidential information.

Launch of the Disclosure Pilot

The Disclosure Pilot for the Business and Property Courts launched in January 2019. The aim of the pilot is to control the scope of disclosure issue by issue, in order to reduce the costs associated with disclosure and utilise court resources more efficiently. It does this by offering a menu of disclosure options to litigants, and encouraging the selection of the option most appropriate to the type of issue to be resolved.

The two-year extendable pilot is the result of concerns expressed by the GC100 (which represents general counsel working in FTSE 100 companies) and other court users about the burgeoning cost of disclosure. Following a consultation and the approval of the Civil Procedure Rule Committee, the pilot seeks to reform the current process by removing 'standard disclosure' as the default form of disclosure. Instead, it requires parties to agree the key issues for disclosure and apply one of the disclosure models to each issue:

Model A: Disclosure confined to known adverse documents.

Model B: Limited Disclosure, which includes those documents on which the party is relying.

Model C: Request-led, search-based disclosure specific documents relating to a particular Issue.

Model D: Search-based disclosure, similar to the previous 'standard' disclosure.

Model E: Wider search-based disclosure.

The pilot also emphasises the need for greater oversight and case management by the judiciary, requiring the parties to provide the court with the information it needs at preparatory hearings. The parties have a document preservation duty and an obligation to avoid document dumping on the court. The parties' representatives are also required to promote the reliable, efficient, and cost-effective conduct of disclosure.

By offering different levels of disclosure and promoting technology-enhanced disclosure, the pilot aims to clarify and change the approach taken to disclosure by parties and by the courts. It is noteworthy that the full range of disclosure options has already been taken up since the start of pilot, and that there are many cases in which parties have opted to use different disclosure models to cater for different issues in a single case.

Alternative dispute resolution

Alternative dispute resolution (ADR) provides ways 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%).[24]

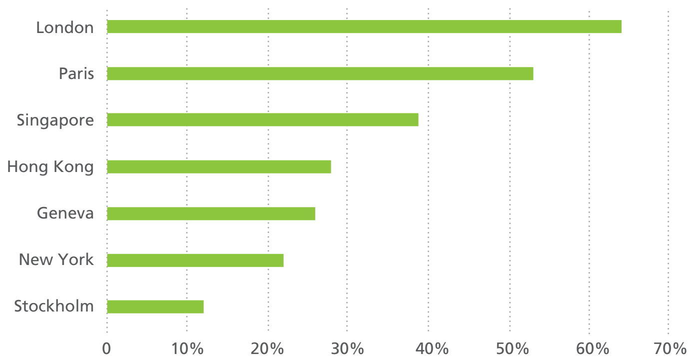
24 Queen Mary University of London and White & Case, '2018 International Arbitration Survey: The Evolution of International Arbitration ', (2018), p.9., available at: https://www.whitecase.com/sites/whitecase/files/files/download/publications/qmul-international-arbitration-survey-2018-18.pdf

Most respondents believed that London's pre-eminence in international arbitration would continue irrespective of Brexit. Respondents were asked whether Brexit would have any impact on the use of London as a seat of arbitration on a scale from one (no impact) to five (large impact). fifty-five per cent said that Brexit would have no impact at all.

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.

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 around 40,000 in 2018. Over 37,000 of these were domestic and around 3,000 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
Mostly international							
London Maritime Arbitrators' Association	2,511	2,050	1,759	1,813	1,720	1,496	1,561
London Court of International Arbitration	272	224	290	326	303	285	317
Lloyd's Open Form	122	106	61	50	48	54	53
ICC Int. Court of Arbitration (UK seated)	73	62	70	70	65	73	72
Centre for Effective Dispute Resolution	400	600	691	838	1042	1072	793
Ad hoc arbitrations*	300	300	300	300	300	300	300
Total international	**3,678**	**3,342**	**3,171**	**3,397**	**3,478**	**3,280**	**3,096**
Mostly UK domestic							
Royal Institute of Chartered Surveyors	8,917	5,004	4,462	4,512	5,100	4,635	4,897
Centre for Effective Dispute Resolution	3,500	4,000	4,500	4,792	7,401	13,869	24,055
Adjudication Society	1,730	1,064	1,282	1,500	1,511	1,533	1,685
Other mediations*	4,668	6,440	6,653	6,574	6,608	6,515	6,562
Trade associations*	500	500	500	500	500	500	500
Total domestic	**17,878**	**17,008**	**17,397**	**17,878**	**21,120**	**27,052**	**37,699**
Total	**21,556**	**20,350**	**20,568**	**21,275**	**24,598**	**30,332**	**40,795**

*TheCityUK estimates

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

London Court of International Arbitration (LCIA): The LCIA received 317 requests for arbitration in 2018 and nine requests for mediation or another form of ADR. The number of banking and finance arbitrations under the LCIA Rules increased significantly in 2018, representing 29% of all cases, up from 24% in 2017.

International Chamber of Commerce (ICC): International Court of Arbitration 72 arbitration tribunals were seated in London in 2018 by the ICC, second only to Paris, where the ICC is headquartered.

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 in China, Korea, Greece and the UK, among many others. It is estimated that around 30% of the LMAA's caseload now involves at least one Chinese party. The LMAA has over 750 members in 40 countries and serves users of LMAA arbitration around the world. Over the 20 years since the Association has collected statistics, its arbitrating members have consistently received 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 of 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 2018 Lloyd's was notified of salvage services being rendered under LOF in 53 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 2018 a total of 24,848 cases were handled by CEDR, which included 1,218 commercial mediations, 243 arbitrations and 23,387 adjudications (the vast majority of the latter two were conducted as paper-based processes rather than through hearings). The trend for organisations to refer disputes directly to ADR has continued in the last year, with airlines, telecommunications and the National Health Service being particular examples.

The Royal Institute of Chartered Surveyors (RICS): From 1 October 2018 – 30 September 2019 RICS Dispute Resolution Service were appointed to 4,897 disputes.

The Adjudication Society: 1,685 disputes were reported in 2017/18 to the Adjudication Society, which promotes the use of adjudication in the resolution of construction disputes. This represents a 10% increase in adjudication referrals via adjudicator nominating bodies from 1,533 in 2016/17.

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.

CONTRIBUTION TO THE UK ECONOMY

The legal services sector drives economic growth throughout the UK by providing an infrastructure of law and justice that facilitates commerce. The UK's strong legal framework also contributes towards fostering stronger financial institutions across the whole country, further boosting business activity. The UK's legal services industry brings direct benefits that can be measured in terms of GVA, employment and net exports.

GVA: The output of UK legal services in terms of GVA was £26.8bn, or 1.5% of total UK GVA in 2017. 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.[25]

Employment: The number of people employed and self-employed in legal services in the UK is approximately 338,000 according to ONS data. Around two thirds of these jobs are based 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 begun to take on more routine legal work as they can perform this more cost-effectively than external legal advisors.

Data from the Law Society of England and Wales shows that the in-house sector is home to more than 22% of working solicitors (those attached to organisations) in 2018, up from less than 20% a decade earlier.[26] 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 93,825 in 2018. 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

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

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

26 The Law Society of England and Wales, 'Annual Statistics Report 2018', (October 2019), available at: https://www. lawsociety.org.uk/support-services/research-trends/annual-statistics-report-2018/

Traineeships and graduate intake: According to the Law Society of England and Wales the number of traineeships totalled 5,811 in the 12 months to 31 July 2018, a slight increase on the previous year.

Figure 16: Number of training contracts offered by legal firms in the UK, 2018/19
Source: Legal Cheek

Company	Number of contracts
Linklaters	100
Clifford Chance	95
Allen & Overy	90
Slaughter and May	80
Freshfields Bruckhaus Deringer	80
Pinsent Masons	71
DLA Piper	70
CMS	65
Herbert Smith Freehills	60
Clyde & Co	50
Eversheds Sutherland	50
Hogan Lovells	50
White & Case	50
Ashurst	45
Irwin Mitchell	45
Norton Rose Fulbright	45
Bryan Cave Leighton Paisner	40
Dentons	40
DWF	40
Addleshaw Goddard	37

Barristers and advocates: The number of barristers in independent practice in England and Wales totalled 16,598 in 2018. 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 33,260 firms in 2018, with 30,465 in England and Wales, 1,780 in Scotland and 1,015 in Northern Ireland.[27] In England and Wales, solicitors form the largest single group of providers (around 34.1% of all entities).[28] 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, helping to offset the UK's trade in goods deficit. 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.

27 Office for National Statistics, 'UK businesses: activity, size and location 2018', (October 2019), available at: https://www.ons.gov.uk/releases/ukbusinessactivitysizeandlocation2019

28 TheCityUK calculations based on Solicitors Regulation Authority, 'Regulated population statistics', (July 2019), available at: https://www.sra.org.uk/sra/how-we-work/reports/data/solicitor_firms.page

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 £7,561 m in 2018.
- Exports generated by barristers totalled £145m in 2018.
- Exports generated from lawyers in other organisations totalled around £141m in 2018, 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.[29]

Taking account of imports (mainly related to billings of UK businesses from law firms based overseas) of £1,293m, net exports of UK legal services stood at £6,554m in 2018 (Figure 17), an increase of 27.2% on last year.[30 31]

Figure 17: Net exports of UK legal services (£m)
Source: Office for National Statistics

	Exports	Imports	Net exports
2009	3,708	726	2,982
2010	3,704	773	2,931
2011	3,802	778	3,024
2012	4,253	789	3,464
2013	4,578	837	3,741
2014	5,003	907	4,096
2015	5,008	842	4,166
2016	5,538	872	4,666
2017	6,053	900	5,153
2018	7,847	1,293	6,554

29 Office for National Statistics, 'UK businesses: activity, size and location 2018', (2 October 2019), available at: https://www.ons.gov.uk/releases/ukbusinessactivitysizeandlocation2019

30 TheCityUK calculations based on Solicitors Regulation Authority, 'Regulated population statistics', (July 2019), available at: https://www.sra.org.uk/sra/how-we-work/reports/data/solicitor_firms.page

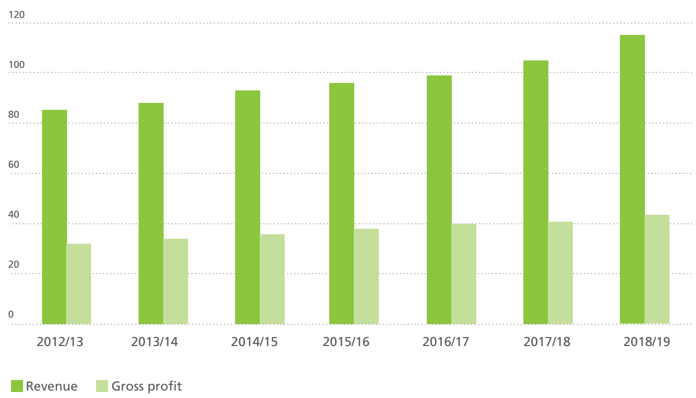
31 Office for National Statistics, '03 Trade in services, the Pink Book', (31 October 2019), available at: https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/unitedkingdombalanceofpaymentsthepinkbook/2019

THE UK'S POSITION INTERNATIONALLY

Research on the global legal services market indicates that it was worth between approximately $680bn and $886bn in 2018 following a sixth successive year of growth.[32] The UK is the largest market in Europe and accounts for around a third of Western European legal services fee revenue.[33]

The revenue of the world's largest 100 law firms (ranked by revenue) grew by 9% in 2018/19 to a record $113.5bn, the fastest rate of growth seen for a decade.[34] This revenue growth was attributable to both organic growth and consolidation. While merger activity continued, firms also saw some organic revenue growth with average revenue per lawyer the world's largest 100 law firms growing by 2% this year.

Figure 18: Revenue and gross profit of the world's largest 100 law firms (ranked by revenue)
Source: Legal Business



When considering the composition of the top 100 firms, it is important to remember that European law firms that account in sterling and euros have suffered from the strong US dollar as revenues are reported in dollars; many of these firms recorded growth in their own currency. As in the last two years, when similar factors prevailed, there are no non-UK European firms in the top 100.

The distribution of lawyers in the top 100 firms shows that that 58% are located in the US, followed by the UK with 14%, Europe (excluding UK) with 13%, Asia (excluding Middle East) with 11%, Latin America and Canada 3% and the Middle East 1%.

32 The Business Research Company, 'Legal Services Market Report 2019', (July 2019), available at: https://www.prnewswire.co.uk/news-releases/legal-services-market-to-be-driven-by-globalization-and-reach-1-trillion-by-2021-the-business-research-company-890479152.html

33 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

34 Legal Business, 'The Global 100 2019', (July 2019), available at: https://www.legalbusiness.co.uk/analysis/global-100-2019-main-table/

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

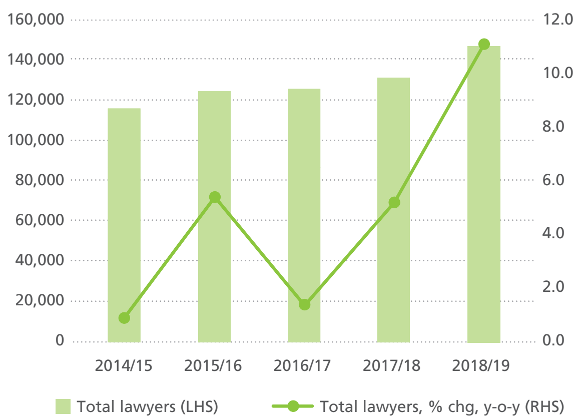
Source: The Law Society of England and Wales

Company	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 number of lawyers employed by the world's largest 100 law firms increased by 11% to a record 146,542 (from 131,624) (Figure 20). Forty-five of the world's top 100 firms now turn over more than $1bn, compared to 39 last year.

Figure 20: Headcount of the world's largest 100 law firms

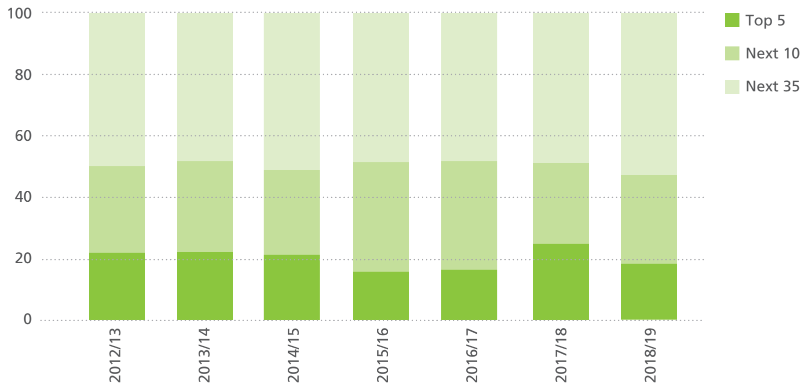
Source: Legal Business



International growth has not been restricted to 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.

Figure 21: Concentration of legal services by number of fee earners, and percentage share of Top 50 global law firms

Source: TheCityUK calculations based on Legal Business data



Dentons had the most lawyers worldwide with more than 10,000, followed by Baker McKenzie (5,374) and DLA Piper (4,192) (Figure 22). Kirkland & Ellis held the top spot in terms of gross revenue with $3.76bn, ahead of Latham & Watkins ($3.39bn) and Baker McKenzie ($2.9bn).[35]

Figure 22: Largest law firms by number of lawyers, 2018/19

Source: Legal Business

Company	Location	Number of lawyers
Dentons	International	10,000+
Baker McKenzie	International	5,374
DLA Piper	International	4,192
CMS	International	4,032
Norton Rose Fulbright	International	3,638
Eversheds Sutherland	International	2,962
Clifford Chance	London	2,923
Hogan Lovells	International	2,922
Allen & Overy	London	2,813
Linklaters	London	2,780
Latham & Watkins	National (US)	2,624
Jones Day	National (US)	2,518
Herbert Smith Freehills	London	2,505
Kirkland & Ellis	Chicago	2,356
White & Case	International	2,224
Freshfields Bruckhaus Deringer	London	2,197
Morgan, Lewis & Bockius	National (US)	2,036
Greenberg Traurig	National (US)	1,980
Sidley Austin	Chicago	1,943
Clyde & Co	London	1,890

35 Ibid.

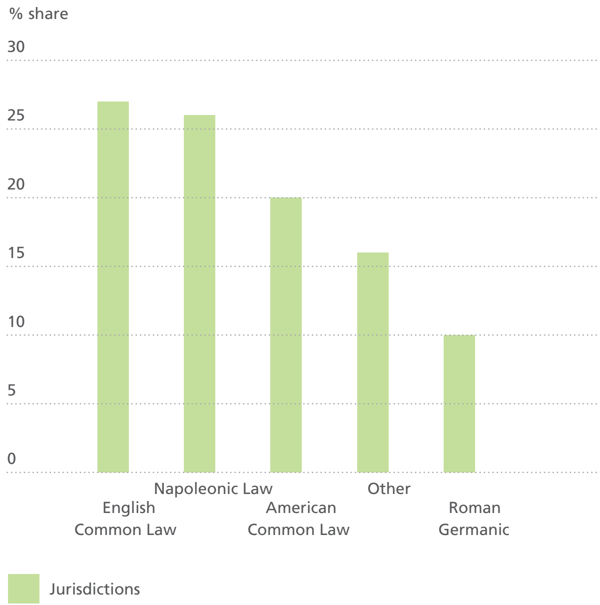
While over two thirds of Global 100 law firms are American, UK-based firms continue to feature prominently in the rankings:

- Five of the largest 15 law firms in terms of the number of lawyers were headquartered in the UK in 2018/19. Clifford Chance was the largest UK-based law firm on this measure, followed by Allen & Overy, Linklaters, Herbert Smith Freehills and Freshfields Bruckhaus Deringer.
- UK-based firms held three of the top 10 places based on revenue. Clifford Chance was the largest UK-based law firm on this measure, followed by Linklaters and Allen & Overy.

The popularity of English law strengthens the position of UK-based law firms. 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. English law is by some distance the most widely-used foreign law in fast growing Asian markets.[36]

Figure 23: Comparison of global legal systems

Source: Wood



A 2016 survey of 500 commercial law practitioners and in-house counsel conducted by the Singapore Academy of Law found that 48% identified English law as their preferred choice of governing law in contracts, often in transactions with little or no other link to the UK.[37]

36 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

37 Herbert Smith Freehills, 'Trends in choice of governing law & jurisdiction in cross-border transactions in Asia', (January 2016), available at: https://hsfnotes.com/arbitration/2016/01/20/trends-in-choice-of-governing-law-jurisdiction-in-cross-border-transactions-in-asia-singapore-academy-of-law-publishes-study/

Figure 24: Largest law firms by gross revenue, 2018/19

Source: Legal Business

Law Firm	Headquarters	Gross revenue, $m
Kirkland & Ellis	Chicago	3757
Latham & Watkins	National (US)	3386.1
Baker McKenzie	International	2900
DLA Piper	International	2836
Skadden, Arps, Slate, Meagher & Flom	New York	2672.7
Clifford Chance	London	2262.4
Sidley Austin	Chicago	2219.8
Linklaters	London	2176.4
Allen & Overy	London	2174.2
Hogan Lovells	International	2119
Morgan, Lewis & Bockius	National (US)	2095
Jones Day	National (US)	2057
White & Case	International	2050.5
Norton Rose Fulbright	International	1969.3
Freshfields Bruckhaus Deringer	London	1967
Gibson, Dunn & Crutcher	Los Angeles	1819.9
Ropes & Gray	Boston	1748.2
CMS	International	1612.3
Greenberg Traurig	National (US)	1556.7
Simpson Thacher & Bartlett	New York	1523.2
Weil, Gotshal & Manges	New York	1460.4
Paul, Weiss, Rifkind, Wharton & Garrison	New York	1439.8
Sullivan & Cromwell	New York	1435.8
Mayer Brown	International	1389
Davis Polk & Wardwell	New York	1388.8
Herbert Smith Freehills	London	1290.5
Cleary Gottlieb Steen & Hamilton	New York	1274.7
King & Spalding	Atlanta	1261.7
Quinn Emanuel Urquhart & Sullivan	Los Angeles	1250.9
Cooley	San Francisco	1226.1
Paul Hastings	National (US)	1220
Goodwin Procter	Boston	1199
Reed Smith	International	1175
Eversheds Sutherland	International	1175
Wilmer Cutler Pickering Hale and Dorr	National (US)	1149

Covington & Burling	Washington DC	1117
Akin Gump Strauss Hauer & Feld	National (US)	1071.5
McDermott Will & Emery	Chicago	1054
Orrick Herrington & Sutcliffe	San Francisco	1050
Morrison & Foerster	San Francisco	1042.8
Squire Patton Boggs	International	1035
Milbank	New York	1034
Dechert	National (US)	1021.8
K&L Gates	National (US)	1007.6
Winston & Strawn	Chicago	991.2
Proskauer Rose	New York	977.9
Arnold & Porter	Washington DC	961
Shearman & Sterling	New York	955.5
Debevoise & Plimpton	New York	929.3
Holland & Knight	National (US)	915
Bryan Cave Leighton Paisner	International	899.4
Perkins Coie	Seattle	861.7
Wilson Sonsini Goodrich & Rosati	San Francisco	857
Ashurst	London	856.6
Wachtell, Lipton, Rosen & Katz	New York	856.4
Slaughter and May	London	848.6
Foley & Lardner	Milwaukee	836.7
McGuireWoods	Richmond	817.1
Willkie Farr & Gallagher	New York	817
Clyde & Co	London	816.5
Cravath, Swaine & Moore	New York	815.9
Alston & Bird	Atlanta	812.3
O'Melveny & Myers	Los Angeles	800.6
Hunton Andrews Kurth	Richmond	748
Vinson & Elkins	Houston	747.2
Sheppard, Mullin, Richter & Hampton	Los Angeles	707.4
Fried, Frank, Harris, Shriver & Jacobson	New York	684.8
Baker Botts	Houston	678.2
Seyfarth Shaw	National (US)	669.4
Baker & Hostetler	National (US)	667
Pillsbury Winthrop Shaw Pittman	San Francisco	645.9
Pinsent Masons	National (UK)	644
Fragomen†	New York	637.3

Katten Muchin Rosenman	National (US)	634.9
Gowling WLG	International	617
Littler Mendelson	National (US)	584.2
Venable	National (US)	570.2
Lewis Brisbois Bisgaard & Smith	National (US)	552
Nixon Peabody	National (US)	530.6
Troutman Sanders	Atlanta	521.5
Nelson Mullins	National (US)	517
Polsinelli	National (US)	513.6
Faegre Baker Daniels	Minneapolis	512.9
Locke Lord	Dallas	512.6
Ogletree Deakins	National (US)	509.8
Fox Rothschild	Philadelphia	507.5
Simmons & Simmons	London	500.3
Duane Morris	National (US)	491.6
Bird & Bird	London	483.9
Womble Bond Dickinson	International	474.7
Cozen O'Connor	National (US)	473
Taylor Wessing	London	453.9
Kilpatrick Townsend & Stockton	Atlanta	450.3
Drinker Biddle & Reath	Philadelphia	449.7
Jackson Lewis	National (US)	447.5
Blank Rome	Philadelphia	443
Jenner & Block	Chicago	441.3

CONCLUSION

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

Legal services revenue increased by 6% year-on-year to £35.5bn in 2018, and the sector's trade surplus increased to a record £6.5bn, a figure which has more than doubled over the last decade. In total, 338,000 people work in the legal services sector across the UK, two thirds of whom work outside of London. The country has the largest legal services market in Europe and is second only to the US globally. It also accounts for a third of Western European legal services fee revenue and around 5% to 6% of global legal services fee revenue.

Alongside these strengths, the report identifies several of the key trends contributing to the UK legal sector's success, such as the growth of LawTech and investment in regional and national financial centres.

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 beyond Brexit.

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

Bar of Northern Ireland www.barofni.com

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 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

The Lawyer www.thelawyer.co.uk

Legal Business www.legalbusiness.co.uk

Legal Services Board www.legalservicesboard.org.uk

Legal Week www.legalweek.com

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TheCityUK Research:

For content enquiries, further information about our work or to comment on our programme/reports, please contact:

Scott Devine, Head, Legal Services
scott.devine@thecityuk.com
+44 (0)20 3696 0100

TheCityUK

TheCityUK, Fitzwilliam House, 10 St Mary Axe, London, EC3A 8BF
www.thecityuk.com