

alternative

BUSINESS STRUCTURES

The Future of Legal Services



Profile of Legal Services Professionals in England and Wales

Alternative Business Structures Working Group Members

Malcolm Mercer, Co-Chair | Susan McGrath, Co-Chair

Constance Backhouse | Marion Boyd | Ross Earnshaw | Susan Elliott | Carol Hartman | Jacqueline Horvat

Brian Lawrie | Jeffrey Lem | Jan Richardson | James Scarfone | Alan Silverstein | Peter Wardle

The Law Society
of Upper Canada

Barreau du
Haut-Canada

THE FUTURE OF LEGAL SERVICES:

PROFILE OF LEGAL SERVICES PROFESSIONALS IN ENGLAND AND WALES

Both England and Wales and Australia, where Alternative Business Structures (ABS) have been implemented, offer useful comparators to Ontario. Both jurisdictions have a common law heritage and have representative bodies that regulate the professional standards of members. There is greater diversity in the range of legal services professionals in England and Wales.¹

Lawyers in England and Wales include the following:

- solicitors;
- barristers;
- legal executives (who specialize in a particular area of law such as public, employment law, or wills/probate);
- licensed conveyancers (who act on behalf of a client in all aspects of property law during the purchase, sale or remortgage of a property);
- patent and trade mark attorneys;
- law costs draftsmen (who specialize in the law relating to legal costs); and
- notaries (who authenticate signatures and documents).²

According to the Legal Services Board (LSB), as of April 1, 2013, there were:

- 134,447 Solicitors with practicing certificates. London and the southeast account for 52% of all solicitors.³
- 15,355 practicing Barristers;⁴
- 7,947 practicing members of the Chartered Institute of Legal Executives. Most Legal Executives work for Solicitors' firms, although a few work independently from Solicitors (7,907 in 2012);⁵
- 1,071 Licensed Conveyancers in England and Wales. This represents a 9% increase with respect to 2010;⁶
- 829 registered Trade Mark Attorneys (639 in 2012);⁷
- 812 Notaries on the Roll (858 in 2012);

¹ The legal services markets in England and Wales and in Australia are compared in Legal Services Board, *Research Note: The Legal Services Market*, August 2011, online at www.legalservicesboard.org.uk/news_publications/latest_news/pdf/research_note_on_the_legal_services_market.pdf, paragraph 66

² Solicitors Regulation Authority, "Where we fit with other approved regulators", online at <http://www.sra.org.uk/consumers/what-sra-about.page#sra-and-approved-regulators>.

³ Legal Services Board "Frequently Asked Questions (FAQs)" ("How many lawyers are there?"), online: www.legalservicesboard.org.uk/can_we_help/faqs/index.htm ["LSB FAQ"]; LSB Research Note, *supra*, at para. 151. Note that this increase follows a general trend upward. In 1999, there were 79,503 solicitors. The LSB attributes the growth in legal services and practicing solicitors to the expansion of multinational corporate legal firms in London: LSB Research Note, *supra*, at paras 90-91. As of 2008, there were approximately 23,000 in-house solicitors providing reserved legal activities: LSB Research Note, *supra*, at para. 128.

⁴ LSB FAQ, *supra* note 1. Note that this increase follows a general trend upward. In 1999, there were 9,700 barristers: LSB Research Note, *Ibid.*, at para 93.

⁵ *Ibid.*

⁶ *Ibid.*

⁷ *Ibid.*

- 563 authorized Law Costs Draftsmen (565 in 2012);⁸
- 300,000 paralegals who work both independently as well as with other legal professionals.⁹

It should be noted that the term “paralegal” has a different meaning in the UK as a whole, where it refers to legal professionals who would be called law clerks or legal assistants in Ontario. Paralegals in England and Wales are permitted to provide legal advice, which is not a reserved legal activity in that jurisdiction. They may not engage in certain activities which are reserved to other professionals such as the right of audience in court and the conduct of litigation. Paralegals are not regulated in England and Wales.¹⁰

Business Structures

The LSB reports that:

- Among solicitors:
 - 84% of legal practices run by solicitors are small business (4 or fewer partners);
 - Large firms (more than 25 partners), mostly based in London, represent only 2% of total firms;¹¹ and,
 - London firms contribute over 55% of the total revenue generated by the legal services market for England and Wales.¹²
 - The LSB concludes that:

There are therefore, two distinct trends that can be identified among suppliers of legal services. On the one hand there are the large city law firms that produce a majority of the value in legal services but which are not particularly numerous when looked at across the whole market, and on the other hand, the majority of law firms operating in the market but which are small and account for much less value.¹³

- Among barristers:
 - As of 2010, there were 343 barristers’ chambers and 400 sole barristers practicing in England and Wales. Approximately 50 chambers have closed or consolidated into other chambers in the last 15 years.¹⁴

⁸ Ibid.

⁹ Law Society, “The rise of the paralegal”, online at <http://juniorlawyers.lawsociety.org.uk/node/18694>. Also see Institute of Paralegals, “What are Paralegals Allowed to Do?” online at <http://www.theiop.org/regulation/regulation-of-paralegals.html>.

¹⁰ Legal Education and Training Review, *Setting Standards: The Future of Legal Services Education and Training Regulation in England and Wales*, June 2013, paragraph 3.104, online at <http://letr.org.uk/wp-content/uploads/LETR-Report.pdf>.

¹¹ LSB Research Note, *supra*, note 1

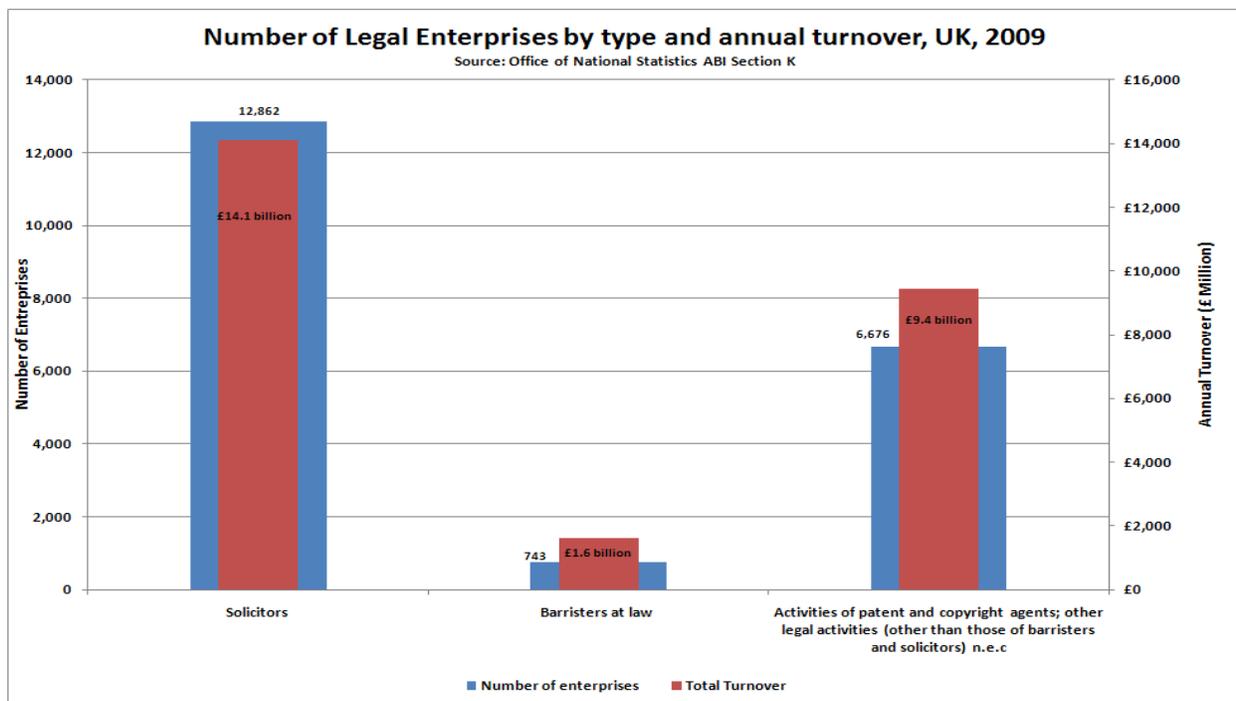
¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

- There are on average 35 barristers per chamber today compared to 21 barristers per chamber in 1995. However, during this period the number of sole barristers increased from 100 to 400.¹⁵
- With respect to corporate or ‘city’ firms, the LSB notes that:
 - These firms serve the high end ‘corporate level’ of the market, which is a unique part of the legal services market in that the work is both frequently international in scope and high value.
 - This work includes high end barrister and solicitor work.
 - These firms include subsidiaries of foreign law firms with London offices.
 - A number of these firms provide legal services beyond England and Wales; and,
 - This sector includes, and benefits from London’s robust international arbitration and dispute resolution service sub-sector.¹⁶

The LSB breaks down the revenue generated by solicitors, barristers, and other legal service providers as follows:



¹⁵ LSB Research Note, *supra*, at para. 141.

¹⁶ LSB Research Note, *supra*, at paras. 161 - 169.

Alternative Business Structures in England and Wales

As indicated in the Law Society's [background paper](#) on the emergence of (ABS), legislation in England and Wales permits individuals without legal training to buy law firms or invest in them. Law firms are permitted to seek out external investment for their business, and may even be listed on the stock exchange.

As of April 16, 2014, the Solicitors Regulation Authority (SRA), one of the ABS licensing bodies, had licensed 267 ABSs. Another regulatory body (the Council for Licensed Conveyancers) had issued 41 licenses for a total of 308.¹⁷

Most ABSs are traditional firms taking advantage of the ABS structure. Over half employ fewer than 9 staff responsible for generating revenue for the firm (52.1%). Almost one-third (30.6%) employ 10-49 people. Only 10 percent of ABS firms employ more than 100 people.¹⁸ Some examples of the larger ABS firms in England and Wales include

- Lyons Davidson, a solicitors firm with offices throughout the U.K., which provides case management services to its insurance firm clients, and owns its own case management system. The firm offers individual personal injury clients the services of a variety of health professionals including physiotherapists and nurses.¹⁹
- Quindell, a personal injury firm which provides its motor vehicle accident clients with litigation services but also makes other arrangements for clients such as ensuring that a damaged vehicle is towed and making arrangements for repairs.²⁰
- Bott & Co., an English law firm, has partnered with EU Claim to launch Bott Aviation, which specializes in obtaining compensation for flight delays, cancellation, or details of boarding from airlines. The firm employs 75 staff and handles 15,000 personal injury and aviation cases each year.²¹

¹⁷ Dan Bindman, "ABSs top 300 mark with latest licensees demonstrating variety of new legal breed", Legal Futures, April 16, 2014, online at <http://www.legalfutures.co.uk/latest-news/abs-top-300-mark-latest-licences-demonstrating-variety-new-legal-breed>.

¹⁸ Solicitors Regulation Authority, "Research on Alternative Business Structures (ABSs): Findings from Surveys from ABSs and applicants that withdrew from the licensing process", May 2014, online at <http://www.sra.org.uk/sra/how-we-work/reports/research-abs-executive-report>, p. 9.

¹⁹ ABS is described as "one of the country's largest consumer law firms" in "Exclusive: top consumer law firm targets tie-up with big brands after receiving ABS licence", Legal Futures, November 1, 2012, online at <http://www.legalfutures.co.uk/latest-news/exclusive-top-consumer-law-firm-targets-tie-up-big-brands-receiving-abs-licence/print/>.

²⁰ <http://www.quindell.com/services/our-services>

²¹ See "Bott & Co", Legal Futures, February 17, 2014, online at <http://www.legalfutures.co.uk/services-directory/bott-co-2/print/>.

- Road Traffic Representation is an online legal service for those faced with prosecution for motoring offences. It uses artificial intelligence through a question-and-answer process to suggest likely penalties for the offence charged, as well as the potential for any defence. If the visitor wants representation, the site will select and appoint a barrister, automatically briefing counsel by collating all of the data collected during the online process. The visitor is then charged a fixed fee for representation.²²

In addition, the following firms are mentioned in the February 2014 Law Society of Upper Canada ABS Working Group Report:

- Quality Solicitors (QS) is a network of independent law firms with access to national branding strategies, website support, and buying power.²³ In October, 2011, a private equity firm acquired a majority stake in QS. In March 2012 QS launched the largest-ever television advertising campaign mounted by a U.K.- based legal services provider. The following year, it announced a partnership with Legal Zoom, the U.S. online legal service provider.²⁴ In April 2014 QS launched a new service that allows clients with Small Claims to obtain low-cost initial advice from QS after which they are referred to Small Claims Mediation Ltd, described as a specialist service.²⁵
- Scott Moncrieff and Associates is a virtual law firm whose fifty consultant lawyers work from home.²⁶
- Natalie Gamble and Associates is a firm with expertise in fertility law and offers related services such as donor conception and adoption.²⁷
- Winn Solicitors, an accident management firm; its services include compensation, repairs, replacement vehicles, and rehabilitation.²⁸
- Rocket Lawyer combines online legal document assembly with online legal information and advice as well as pre-paid legal services packages.²⁹

²² See <http://roadtrafficropresentation.com/RTR/PublicForms/Home.aspx>. Road Traffic Representation is discussed in the Baker Tilley 2013 Legal Innovation Report, *supra* note 11.

²³ <http://www.qualitysolicitors.com/>.

²⁴ “Revealed: LegalZoom soft-launches in UK as Rocket Lawyer outlines plans for major growth”. Legal Futures, December 20, 2013, online at <http://www.legalfutures.co.uk/latest-news/revealed-legalzoom-soft-launches-uk-rocket-lawyer-outlines-plans-major-growth/print/>.

²⁵ “QS steals march on ‘shortsighted’ law firms by offering fixed-fee small claims service”, Legal Futures, April 8, 2014, online at <http://www.legalfutures.co.uk/latest-news/qs-steals-march-shortsighted-law-firms-offering-fixed-fee-small-claims-service/print/>.

²⁶ <http://www.scomo.com/>

²⁷ www.nataliegambleassociates.co.uk

²⁸ <http://www.winnsolicitors.com> The firm was purchased by two private equity businesses in September 2013.

²⁹ <https://www.rocketlawyer.co.uk/>

- LexisNexis UK was licensed as an ABS by the SRA in March, 2014 and has launched a compliance business combining content, technology, and advisory services.³⁰

³⁰ “LexisNexis awarded ABS licence to launch compliance service”, Legal Futures, March 25, 2014, online at <http://www.legalfutures.co.uk/latest-news/lexisnexis-awarded-abs-licence-launch-compliance-service>.