

Legal excellence, internationally renowned

UK legal services 2022

About TheCityUK

TheCityUK is the industry-led body representing UK-based financial and related professional services. We champion and support the success of the ecosystem, and thereby our members, promoting policies in the UK, across Europe and internationally that drive competitiveness, support job creation and ensure long-term economic growth. The industry contributes 12% of the UK's total economic output and employs over 2.2 million people, with two thirds of these jobs outside London. It is UK's largest net exporting industry and generates a trade surplus exceeding that of all other net exporting industries combined. It is also the largest taxpayer, and makes a real difference to people in their daily lives, helping them save for the future, buy a home, invest in a business and protect and manage risk.

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UK legal services 2022



Legal services employ

375,000

people, two thirds of whom are outside London

28,639

disputes were resolved by Alternative Dispute Resolution in the UK



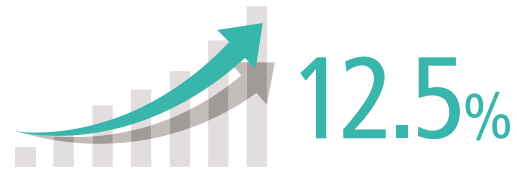
Legal services contributed

£30.7bn

to the UK economy in 2021

There are over
200

foreign law firms with offices in the UK



Revenue generated by legal activities in the UK increased by 12.5% year on year in 2021 to £41.4bn



The UK ranks second globally for legal services fee revenue

Legal services' trade surplus in 2021 was a strong

£5.4bn



Parties from
75 countries used the Commercial Courts in 2021/22

Foreword

The UK's legal services sector has continued to go from strength to strength despite the challenging global economic conditions seen over the past year. The sector continues to play a key role in helping businesses in the UK and across the globe navigate the current geopolitical instability, the fallout from the Russian invasion of Ukraine and wider economic instability.

Legal services form an integral part of the financial and related professional services ecosystem and underpin business stability and growth across the economy. The sector's significant economic contribution is well distributed across all regions and nations of the country. It employs around 375,000 people, two thirds of whom are based outside London.

The sector remains one of the country's great success stories. In 2021 it contributed 1.6% of UK gross value added (GVA) and a trade surplus of £5.4bn.

UK legal services are recognised across the world for their quality and excellence. The UK is the world's preferred destination for businesses to resolve international commercial disputes. English common law is by far the most popular choice of governing law for cross-border contracts, and the sector provides a foundational pillar that supports the UK's status as one of the world's leading international financial centres.

TheCityUK's output on behalf of the legal sector is led by its Legal Services Group, chaired by James Palmer of Herbert Smith Freehills. The Group provides a senior strategic reference point for our legal services policy output and provides thought leadership on how the provision of legal services can best respond to global economic drivers. The Group's work over the past year has continued to focus on competitiveness both in terms of the sector itself and also in contributing to wider issues such as corporate governance and inward investment.

Our report, now on its 11th edition, underlines with clarity that the UK remains the jurisdiction of choice for international legal services and dispute resolution. However, there is no room for complacency in what is a highly competitive global environment. The UK-based legal services sector is a crucial national asset and one that needs to keep innovating and adapting to ensure it retains its globally leading status and continues to provide a foundation for the country's future economic success.

Miles Celic
Chief Executive, TheCityUK



Key findings

Legal services in the UK

- The UK remains a world-leading centre of legal excellence and a destination of choice for international legal services and the resolution of legal disputes. London leads the way on international law, but other UK cities such as Belfast, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester and Newcastle are highly renowned for both their legal services expertise and their contribution to the UK's legal training and education sector and serve to distribute the economic contribution of the sector across all regions and nations of the country.
- The UK's legal services sector employed around 375,000 people in 2021. Regional sector data for 2020 illustrates the UK's major centres of legal services employment which include Manchester (with 13,000 in employment), Leeds (10,000), Birmingham (9,000), Bristol and Glasgow (8,000 each), Edinburgh (7,000) and Liverpool (6,000); two thirds of sector employment overall was outside London.
- In 2021, the sector contributed £30.7bn to the UK, equivalent to 1.6% of GVA, and posted a trade surplus of £5.4bn.
- Total revenue from legal activities in the UK increased to £41.4bn in 2021, much of which was generated by the top 100 UK law firms, who netted more than £31bn in 2021/22, a figure which has grown more than 50% over the past decade.
- The UK's legal sector is also a significant contributor to the UK's public finances. TheCityUK's research estimates that the total tax contribution of the legal and accounting sectors to the UK public finances in 2020 was £20.5bn, up by 5.4% from 2018. We also estimate that for every £100 of UK turnover made by UK legal and accountancy firms, an amount equivalent to £33.63 is paid in taxes, and for every £100 of profit, £54.60 is paid in tax by the sector.¹
- The UK's legal services sector continues to lead the way in changing the practice of law. Non-lawyers have been able to own and manage legal services businesses in the UK since the Legal Services Act 2007. Around 10% of England and Wales' nearly 10,000 law firms are now operating as alternative business structures (ABS). This liberalisation has brought increased investment to the sector as alternative legal services 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 25% of all practising certificate holders, totalling 33,370, worked in the in-house sector in 2021, up from 20% a decade earlier. Scotland has seen a similar trend, with 25% of the profession working in-house in 2021, up from 22% in 2010.

¹ TheCityUK, Total tax contribution study for UK legal and accounting activities. (October 2021). Available at: <https://www.thecityuk.com/research/total-tax-contribution-study-for-uk-legal-and-accounting-activities-2021>

- The sector is recognising the potential value of LawTech. Law firms are continuing to innovate and are finding ways to reduce administration costs, improve economies of scale, and allocate labour more efficiently within firms. These innovations are of benefit to clients who can achieve greater value as well as benefit from the fact that legal advisers can devote even more time to providing them with quality advice.

The UK's position internationally

- The UK is the largest legal services market in Europe (valued at £41bn in 2021) and is second only to the US globally. It accounts for a third of Western European legal services fee revenue and more than 5% of global legal services fee revenue (which totalled about \$713bn in 2021). The UK is home to a wide range of international law firms with more than 200 foreign law firms from around 40 jurisdictions now operating in the country and all of the world's top 40 law firms having an office in London.
- The UK's position in legal services is helped by the international prestige of English common law, which forms the basis of the legal systems for some 27% of the world's 320 jurisdictions. Meanwhile, the UK's reputation as the leading centre for international dispute resolution is a strong driver for commercial parties to frequently opt for their contracts to be governed by English law.
- The UK's international standing is reflected by the following indicators:
 - Five of the 20 largest law firms, based on number of lawyers in 2020/21, have their main base of operations in the UK.
 - Five of the top 20 revenue generating law firms are based in the UK.
 - All of the top 40 law firms by revenue have an office in London.
 - The largest international law firms in London have between 45% and 65% of their lawyers abroad, and many other London-based firms have between 10% and 20% of lawyers overseas.
 - Latest figures available indicate that there are more than 6,500 practising certificate holders from England and Wales who are working abroad.
- The Bar is renowned for the quality of its advocacy. More than 2,300 members of the Bar of England and Wales now receive instructions from abroad, earning more than £440m from these instructions.² Bar Council figures show that the number of barristers who act for clients located abroad has more than doubled over the past decade. Many barristers specialise in international commercial law, and the UK's judiciary has facilitated the growth of this sector

² Bar Mutual Investment Fund figures

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, as well as more recently the Financial List.

- London's reputation as a leading global centre for international dispute resolution through the courts is underlined by the fact that the Business and Property Courts continue to attract high numbers of international users. In 2021, more than three-quarters of cases in the Competition List and Patents Court were international in nature, and in the first half of 2022, more than 70% of cases in the Commercial Court were international in nature.
- London is also seen as the world's preferred centre for arbitration. The number of civil disputes resolved through arbitration, mediation and adjudication in the UK exceeded 28,639 in 2021.
- UK-based law firms continue to grow their presence in both developed and emerging markets. This international growth is driven by corporate clients, who increasingly expect law firms to serve as their trusted adviser whenever necessary, regardless of location and time zone.
- Legal services are an integral part of the financial and related professional services ecosystem that makes the UK one of the world's leading international financial centres. Major firms are drawn to London to access this breadth of services, seek advice from world-class legal and advisory firms, raise finance, and insure their businesses in the UK. The health of UK legal services is therefore intrinsically linked to the health of the broader ecosystem in which it is situated.

The enduring benefits of English law and UK legal services

Despite the combined challenges of Brexit, Covid and the Russian invasion of Ukraine, as well as the concurrent increased efforts of would-be competitor jurisdictions, international parties continue to both understand the benefits of using English law and call upon the expertise of the UK's legal services sector. The UK is working hard to maintain its preeminence as the jurisdiction of choice for international legal services and dispute resolution.

The benefits of choosing English law and England and Wales as a jurisdiction have not changed. Factors such as its flexibility, stability, predictability, track-record of being accepted by business, strong and independent judiciary and reputation as a centre for excellence will continue to endure. Rising geopolitical tensions, such as those seen between the US and China, may also act as a push factor for global transactions to tend towards English law.

Research commissioned by LegalUK in 2021 and funded by legal services sector stakeholders examined English law's role as a national asset and its wider commercial importance. It found that English law supports the creation of economic value and is therefore a critical platform on which other economic activity rests. As the global standard for internationally mobile transactions, English law was estimated to have governed around £250bn of global mergers and acquisitions, and 40% of global corporate arbitrations in 2019.³ The report calls for further investment in the promotion of English law as an international business platform to ensure that the UK is well placed to take advantage of new opportunities.

With respect to English law and its standing in Europe post-Brexit, the government has taken steps to ensure choice of law and jurisdiction clauses will continue to be upheld in the EU. On choice of law, the EU regime on applicable law in cross-border contracts, Rome I, has been incorporated into English law so English courts will continue to apply these rules. EU courts will also continue to apply Rome I, so the choice of English law in a contract will not be affected by Brexit. On jurisdiction, the UK has legislated to ratify the Hague 2005 Convention on the Choice of Court Agreements in its own right. Under the Hague Convention, exclusive jurisdiction clauses in favour of the courts of contracting states and resulting judgments will be recognised by other Contracting States, including the EU. The government is also said to be contemplating joining the Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters 2019 (Hague 2019). Joining Hague 2019 would serve to further streamline the process of enforcing UK judgments in the EU and vice-versa.

TheCityUK continues to be active participants in the work of the International Law Committee, established by a former Lord Chancellor and Lord Chief Justice to report to government and other interested parties on private international law and opportunities to increase legal services trade with other markets.

³ LegalUK, Economic value of English law (October 2021), available at: <https://legaluk.org/report/foreword/>

TheCityUK and legal services

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

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

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

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

The Legal Services Group led the drafting of many of TheCityUK's written responses to government in 2022, including two responses to the Ministry of Justice consultations on Human Rights Act reform and one on Strategic Lawsuits Against Public Participation (SLAPPs). The Legal Services group also contributed heavily to TheCityUK's response to a call for evidence on the Retained EU Law (Revocation and Reform) Bill.

TheCityUK continues to promote UK legal services in a range of jurisdictions, creating both new export markets and building deeper links with existing markets. The Legal Services Group has worked closely alongside the Ministry of Justice and other relevant departments this year on issues related to international trade, helping to develop government positions on current and future trade talks with Switzerland, India, Canada and the CPTPP.

Legal services in the UK

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

While this report provides a wealth of data demonstrating the strength of the UK's legal services sector, it is important to remember that the economic contribution of the sector goes far beyond revenue. Legal services (particularly English law and the strength of England and Wales as a legal jurisdiction) facilitate a wide range of business activities and provide an essential framework of law and justice that underpins all commercial transactions.

LegalUK's 2021 research estimates that English Law likely governed at least €661.5tn of global OTC derivatives trading in 2018, \$11.6tn of global metals trading in 2020, £250bn of global M&A transactions in 2019, and £80bn of insurance contracts annually.⁴ Anecdotal evidence suggests that English and New York law have about 80% (in roughly equal shares) of the governing law market for international financial contracts (such as syndicated bank credits, international bond issues and derivatives) and long-term trade agreements.⁵

The UK's legal sector framework has both a multiplying and an enabling effect for business growth and stability, and offers expertise to support all other parts of the economy. In particular, the success of the broader financial and related professional services ecosystem is driven by the UK's world-leading legal sector.

⁴ LegalUK, Economic value of English law (October 2021), available at: <https://legaluk.org/report/foreword/>

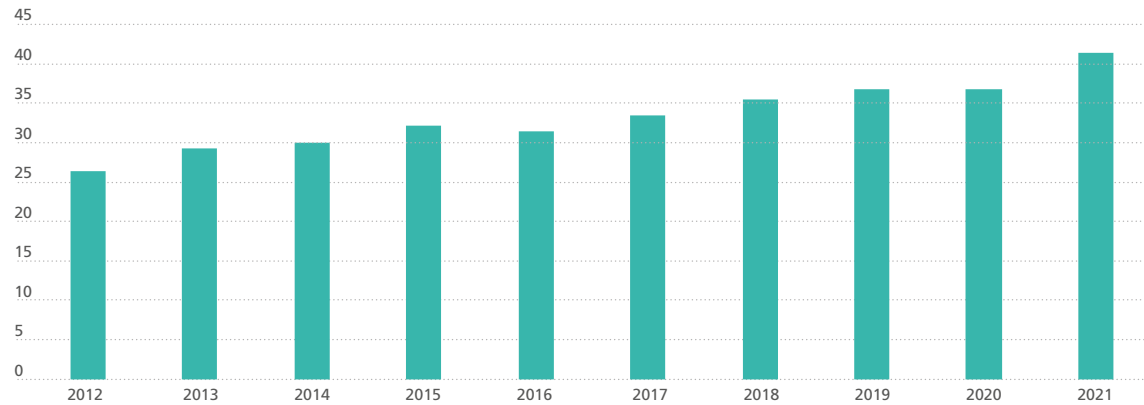
⁵ Philip Wood, Governing law of contracts: list of 25 points comparing English law and those of EU civil law member states (July 2021), available at: <https://primefinancedisputes.org/files/2021-06/philip-wood-governing-law-25-list-july-2021-2-.pdf?69088a612c>

UK legal activities revenue

Revenue generated by legal activities in the UK has trended strongly upwards in the past decade and increased by a substantial 12.5% year on year in 2021 to £41.4bn (up 36% since 2012).⁶

Figure 1: Revenue generated by legal activity in the UK, £bn

Source: ONS



While the UK has a fully developed and diverse legal sector with markets larger than £1bn across a wide range of practice areas, it is notable that more than one third of the UK's market by revenue (37%) is made up by the corporate, insolvency and banking areas.

⁶ ONS, 'Turnover of legal activities, January 2010 to March 2022', (May 2022), available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/adhocs/14620turnoveroflegalactivitiesjanuary2010tomarch2022>

Figure 2: UK legal services market⁷ practice areas by market size (percentage of total market revenue)

Source: Strategy& / PwC



UK law firm fee revenue and key market trends

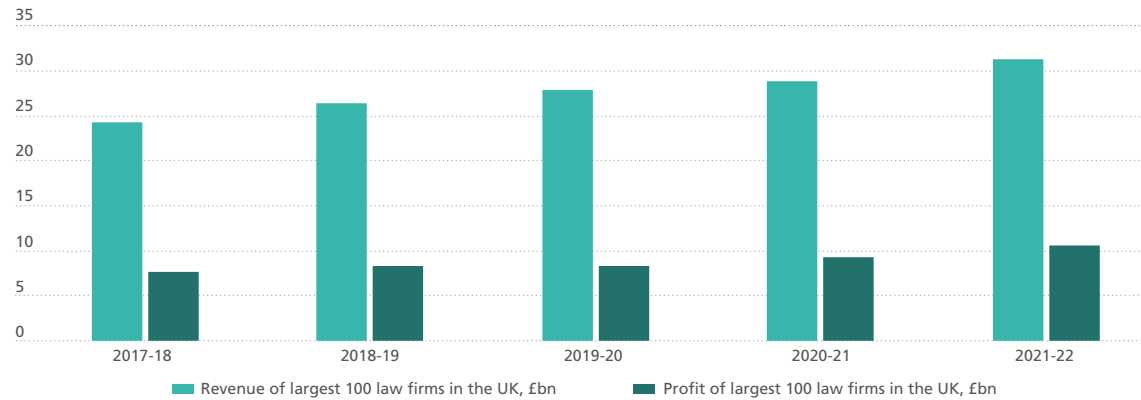
Despite challenges in the global economic situation around inflation, interest rates and Russia's invasion of Ukraine, revenue for the UK's top 100 firms (ranked by revenue) rose by 9% to £31.4bn in 2022, a figure which has grown more than 50% over the past decade (this figure stood at £19.1bn in 2013). The revenue of the top 25 firms rose by 9% to £24.5bn which now accounts for almost 80% of the revenue of the top 100 firms. The top 10 firms' £17.2bn collective turnover for 2021/22 is almost as much as that earned by the entire top 100 in 2012 (£17.7bn).

In 2021/22, firms ranked 26-50 also showed resilience, experiencing an 8% increase in average revenues and an increase in total revenues of more than £200m to £4.2bn. For the firms ranked 51-100, average turnover was up 11% to £53.4m, marking the largest growth across all groups in the top 100.

⁷ Market is defined by Strategy& / PwC as the total turnover of Solicitor firms headquartered within the UK; therefore the market excludes spend on US headquartered firms with UK offices; this market excludes further spend on barristers, other legal service providers (patent agents, etc.)

Figure 3: Revenue and profit of the largest 100 law firms in the UK, £bn

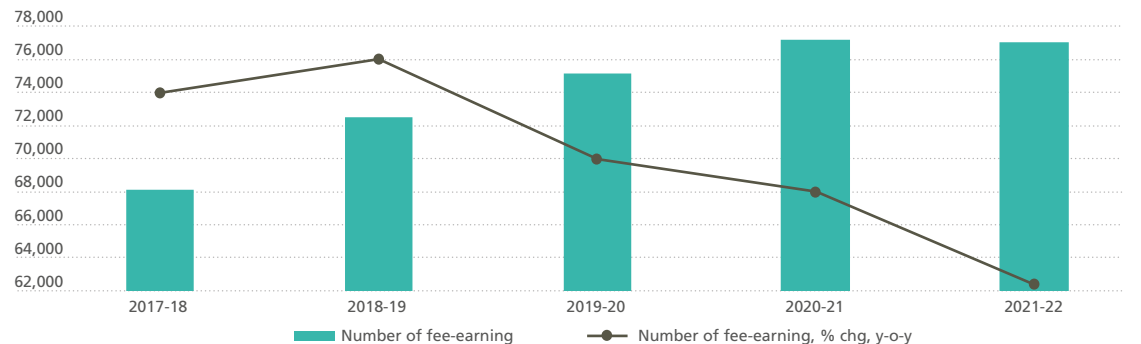
Source: Legal Business



The UK’s top 100 law firms have very slightly decreased headcount over the past year (0.2%) but total headcount (including partners) remains in excess of 77,000.

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

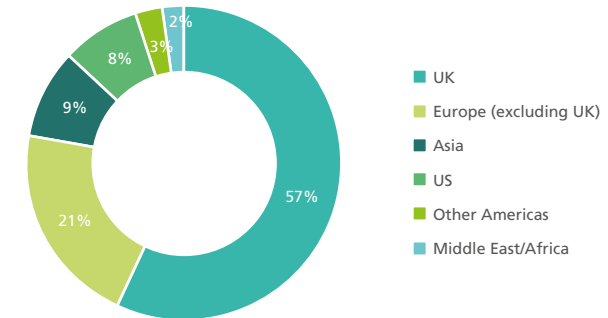
Source: Legal Business



The UK’s position as a hub for international commerce and law is exemplified by the top 100 UK firms continuing to build their international practices with 43% of the lawyers employed by these firms currently being based overseas. Despite the mass withdrawal of UK-based law firms from Russia which occurred during the latest financial year, Europe (including Russia) remains the leading region for lawyers from top 100 firms with 21% based there (up from 20% in 2021). Asia is next with 9% (down 1%) then the US with 8% (down from 9%), followed by ‘Other Americas’ 3% (no change) and Middle East and Africa also 2% (down 1%).

Figure 5: Geographical distribution of lawyers in largest 100 UK law firms (% share), 2021/22

Source: Legal Business



In-house law trends

In-house legal teams continue to grow in the UK. This is particularly visible across highly regulated sectors such as financial services, pharmaceuticals, telecoms and technology. Major UK financial institutions are known to have in-house litigation teams consisting of between 15 and 40 people. In England and Wales, more than 25% of all practising certificate holders, totalling 33,370, worked in-house in 2021, up from 20% a decade earlier. The Law Society believes the official number registered in-house is an underestimate as a significant number of those recorded as not attached to an organisation will be working in-house at locations they do not identify.⁸

According to the Law Society of Scotland, 25% of Scottish solicitors work in-house. Many larger in-house teams have created their own litigation, regulatory and compliance capability.

⁸ The Law Society, ‘Annual statistics report 2021’, (September 2022), available at: <https://www.lawsociety.org.uk/topics/research/annual-statistics-report-2021>

Structure and regulation of UK legal services

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

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

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

In England and Wales, barristers, who are independent practitioners, typically share premises with other barristers in chambers, which specialise in one or more legal fields. There are approximately 1,900 senior barristers known as King’s Counsel (KCs), a globally recognised badge for excellence in advocacy. Lawyers and clients from other jurisdictions can instruct barristers directly, without using a UK law firm, in a range of transactions and disputes.

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

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

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

In Scotland, the Law Society of Scotland regulates solicitors, solicitor advocates, Notaries Public and a small number of conveyancing practitioners and executry practitioners. Advocates are regulated by the Faculty of Advocates.

The Scottish Legal Complaints Commission provides a single point of contact for all complaints against legal practitioners operating in Scotland.

In Northern Ireland, the enactment of the Legal Complaints and Regulation Act (NI) 2016 created the new public office of the Legal Services Oversight Commissioner who will be responsible for making provisions for an independent complaints process regarding complaints against members of the legal profession, led by lay people. Political instability in Northern Ireland has delayed the full implementation of this process and the Oversight Commissioner is currently serving as the Lay Observer who only oversees solicitors. Until an Oversight Commissioner is in post, the Bar Council of Northern Ireland will continue to regulate barristers in the region.

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

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

Some of the areas LawTech tools encompass include:

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

The UK has become a global hub for LawTech, the global market for which is now worth at least \$15.9bn.⁹ 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.

Around 200 legal tech businesses in the UK have attracted £674m in investment as of December 2020 and employ more than 7,000 people, with these figures predicted to rise to £2.2bn in annual investment and 12,500 jobs by 2026.¹⁰

⁹ The Law Society, ‘Lawtech: a comparative analysis of legal technology in the UK and in other jurisdictions’, (December 2019), available at: <https://www.lawsociety.org.uk/topics/research/lawtech-comparative-analysis-of-legal-technology>

¹⁰ LawtechUK, ‘The LawtechUK Report 2021’, (July 2021) available at: <https://technation.io/news/uk-lawtech-report-2021/>

LawTechUK commissioned research estimates the annual demand for LawTech to be worth up to £22bn to the UK economy, made up of: up to £1.7bn annually in productivity gains for legal services providers through increased use of LawTech; up to £11.4bn in annual revenues from LawTech meeting unmet demand for legal services from SMEs and consumers, and; up to £8.6bn per year in cost savings for SMEs from using LawTech services.¹¹

The Financial Times ranked the top 40 law firms in Europe in 2022 and in the innovation category UK-based firms made up the top 10 places and 15 of the top 20.¹² This rapid development is the result of an extensive network of ‘tech labs’ created by law firms, universities and other corporate organisations including financial services businesses.

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

Similarly, the Law Society of Scotland launched its LawscotTech programme in 2018, aiming to stimulate legal technology innovation to deliver practical benefits for those working in the justice and legal sectors and their clients. These centres of legal tech and innovation are providing employment across the UK; many are based in the North of England, Scotland and Northern Ireland. For example, Hogan Lovells has a centre in Birmingham; Ashurst has one in Glasgow; and Bryan Cave Leighton Paisner, Freshfields Bruckhaus Deringer and Latham & Watkins have centres in Manchester.

The UK government continues to foster a policy environment that supports LawTech. In 2018, an industry led and government supported UK LawTech Delivery Panel was formed 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.¹³ In August 2022, the government announced a new £4m investment to deliver a second phase of the LawtechUK programme, supporting modernisation through the development of new technology like machine learning and data analytics tools.¹⁴

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

¹¹ ibid

¹² Financial Times, ‘FT law firm index — Europe’, (October 2022), available at: <https://www.ft.com/content/ba7220ec-991c-49c0-9aaa-5f5bd74bdbc3>

¹³ Ministry of Justice, ‘Legal services and LawTech bolstered with £2 million of government funding’, (June 2019), available at: <https://www.gov.uk/government/news/legal-services-and-lawtech-bolstered-with-2-million-of-government-funding>

¹⁴ Ministry of Justice, ‘A Further investment in digital transformation of UK’s legal sector’. (August 2022) available at: <https://www.gov.uk/government/news/further-investment-in-digital-transformation-of-uk-s-legal-sector>

Another contributing factor to innovation in the UK legal sector has been the liberalisation of the types of business structure which legal services firms can adopt. Whereas most jurisdictions bar non-lawyers from involvement in legal services firms, the UK’s Legal Services Act 2007 permits Alternative Business Structures (ABS), business models that allow investment, ownership and management by non-lawyers. A 2021 study by Thomson Reuters found that the value of the global Alternative Legal Service Provider (ALSP) market in 2019 was around \$13.9bn, up from \$10.7bn in 2017, and that approximately 79% of law firms are currently using an ALSP for at least one type of service.¹⁵

The entry of the ‘Big Four’ accounting firms (Deloitte, EY, KPMG and PwC) into legal services has the potential to shake up the established order of the sector. In 2018, Deloitte became the last of the Big Four to receive its ABS license. Globally, the Big Four’s legal divisions are already considerable.

PwC has more than 3,500 lawyers operating in over 100 countries and regions, while Deloitte has more than 2,500 lawyers in 85 countries, KPMG more than 3,000 lawyers in 80 countries and EY more than 2,400 lawyers in over 90 countries. In the UK alone, PwC has a headcount of 400. EY has around 200 UK lawyers, while KPMG has approximately 100, with UK revenues of roughly £15m and £20m respectively. Deloitte now has around 35 partners and 150 UK lawyers.

As these relatively recent market entrants evolve, law firms are having to consider whether to change their operating models. Law firms are increasingly turning to mergers and acquisitions to build scale, deepen specific practice experience and enter new geographical markets. There have been 194 publicly reported mergers involving UK-based law firms in the Lawyer 100 rankings since 2011 and 83 involved a UK firm merging with a firm in another jurisdiction.¹⁶

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 3,000 STEM graduates and 700 law graduates from its universities each year and in 2020 Ulster University’s innovation centre launched a new Corporate Law and Computing LLM/MSc covering topics including professional software development, data science, business intelligence, and how these can be practically applied to day-to-day legal practice. Queen’s University Belfast now also offers a Law and Technology LLM. 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.

¹⁵ Thomson Reuters, ‘Alternative legal services providers 2021’, (July 2021), available at: https://www.thomsonreuters.com/en-us/posts/wp-content/uploads/sites/20/2021/07/ALSP_2021-Report_FINAL-1.pdf

¹⁶ Jomati, ‘UK Law Firm Mergers’, (October 2022), available at: <http://jomati.com/uk-mergers>

Diversity and inclusion in legal services

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

In England and Wales, Law Society figures show that in 2021, women with practising certificates outnumbered men by over 8,000 (up from 6,600 in 2020) while representation of ethnic minority groups among practising certificate holders rose to 18.1% (up slightly from 17.6% in 2020).¹⁷ Solicitors Regulation Authority (SRA) data shows that women make up 52% of all lawyers in law firms (compared to 48% of overall UK workforce); while ethnic minority lawyers represent 17% of the workforce in law firms (compared to 13% of overall UK workforce). Meanwhile, 3.5% of solicitors identify as lesbian, gay or bi-sexual (LGB) and 5% declare a disability.¹⁸ Gender diversity across in-house teams in England and Wales is even more pronounced than in private practice with women making up 56.4% of in-house lawyers.¹⁹

Law Society of Scotland figures show that 57% of the more than 13,000 practising solicitors in Scotland are women, making up more than two thirds of the country's practising lawyers under the age of 40.²⁰

Bar Council and Bar Standards Board figures show that in 2021, women made up 38.8% of practising barristers in England and Wales and 55% of pupils declaring gender, while minority ethnic group individuals make up 14.7% of practising barristers.²¹ Judiciary figures show that in 2022 (as of 1 April 2022), 35% of court judges and 52% of tribunal judges were female, and 9% of court judges and 12% of tribunal judges were ethnic minority individuals.²²

The Law Society of England and Wales ran a project on 'Women in Leadership in Law' to promote gender equality at all levels of the profession. To better understand the key issues that affect women working in law, it conducted a survey collating qualitative and quantitative data on women in the legal profession and published a report in 2019, 'Influencing for Impact: The need for gender equality in the legal profession', outlining findings and recommendations.

¹⁷ The Law Society, 'Annual statistics report 2021', (September 2022), available at: <https://www.lawsociety.org.uk/topics/research/annual-statistics-report-2021>

¹⁸ Solicitors Regulation Authority, 'How diverse is the solicitors' profession?', (April 2022), available at: <https://www.sra.org.uk/sra/equality-diversity/diversity-profession/diverse-legal-profession/>

¹⁹ The Law Society, 'Annual statistics report 2021', (September 2022), available at: <https://www.lawsociety.org.uk/topics/research/annual-statisticsreport-2021>

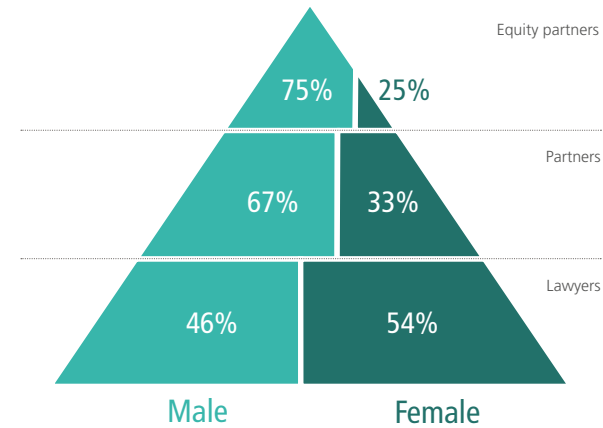
²⁰ The Law Society of Scotland

²¹ Bar Standards Board, 'Diversity at the Bar 2021', (January 2022), available at: <https://www.barstandardsboard.org.uk/uploads/assets/be522642-160b-433b-af03a910a5636233/BSB-Report-on-Diversity-at-the-Bar-2021.pdf>

²² Diversity of the judiciary: Legal professions, new appointments and current post-holders 2022 Statistics (July 2022), available at: <https://www.gov.uk/government/statistics/diversity-of-the-judiciary-2022-statistics/diversity-of-the-judiciary-legal-professions-new-appointments-and-current-post-holders-2022-statistics>

Figure 6: Diversity in the UK's 100 largest law firms 2022

Source: Legal Business



The report found that female lawyers do not uniformly occupy leadership roles commensurate with their qualifications and experience. The research also found that perceptions of unconscious bias is the main barrier for career progression and that a significant disparity in pay still exists between female lawyers and their male colleagues who perform similar roles.

Another challenge the profession faces is ensuring that talented people from all backgrounds can enter the sector. At the moment, lawyers are disproportionately likely to come from relatively privileged backgrounds. SRA figures show that 23% of solicitors attended fee paying schools, compared with 7.5% of the general population.²³ Partners are more likely to have attended fee paying schools (26%), and privately educated lawyers are more frequent still at law firms that mostly do corporate work (33%).

The sector is working hard to address this imbalance. In 2021, legal services organisations made up nearly half of the Top 75 Social Mobility Employer Index, with 34 entries, including three entries in the top ten. The list, compiled by the Social Mobility Foundation, recognises firms for initiatives such as outreach programmes and objective recruitment systems and career progression policies. Legal services organisations that ranked highly include Browne Jacobson,

²³ Solicitors Regulation Authority, 'How diverse is the solicitors' profession?', (April 2022), available at: <https://www.sra.org.uk/sra/equality-diversity/diversity-profession/diverse-legal-profession/>

Herbert Smith Freehills, Bryan Cave Leighton Paisner, the Ministry of Justice, CMS, Squire Patton Boggs, DLA Piper, Baker McKenzie, Allen & Overy, the Crown Prosecution Service, Slaughter and May, Linklaters, Pinsent Masons, Lewis Silkin, Hogan Lovells, Freshfields Bruckhaus Deringer, Shoosmiths, Simmons & Simmons, Brodies, Eversheds Sutherland, Osborne Clarke, Shepherd and Wedderburn, DWF, Macfarlanes, Clyde & Co, Burges Salmon, Addleshaw Goddard, Radcliffe Chambers, RPC, Taylor Wessing, Mishcon de Reya, Ashurst, White & Case, and Mayer Brown.²⁴

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

In the past year, the Law Society of Northern Ireland has made a concerted effort to improve the diversity of the solicitor profession. This began with an Equality Survey of its membership in the early part of the year, which led to the Society's first Diversity & Equality Action Report.²⁵ This highlights the need to increase female participation in leadership positions in private practice in Northern Ireland and to increase access to the profession for under-represented groups. On the strength of these findings, the Law Society of Northern Ireland has embarked on an action plan which includes, among other things, the launch of new Female Leadership Programme, a Diversity & Equality toolkit for its member firms and plans to launch a centenary bursary for under-represented groups.

International practice of barristers and advocates

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

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

²⁴ Social Mobility Foundation, 'Employer Index Report 2021', (October 2022), available at: <https://www.socialmobility.org.uk/wp-content/uploads/2021/11/Social-Mobility-Employer-Index-2021.pdf>

²⁵ The Law Society of Northern Ireland, 'Diversity and Equality Report' (September 2022), available at: <https://www.lawsoc-ni.org/society-publishes-diversity-and-equality-report>

Barristers have created further specialist associations, such as:

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

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

The main services offered by barristers include:

- **Advocacy and litigation:** Barristers can appear in most UK and many foreign domestic courts, as well as before international tribunals, including the International Court of Justice, 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 also frequently appear as expert witnesses on such laws in overseas courts and arbitration proceedings.
- **Arbitration:** London is a major centre for international arbitration, the International Chamber of Commerce and the London Court of International Arbitration being two of the most frequently used arbitration bodies. Many barristers and UK-based law firms have developed considerable expertise in the area and they are prominent in all major arbitration centres around the world.
- **Advocates in Scotland:** Advocates can be instructed in a range of courts and tribunals in Scotland, 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 colocation and clustering effect of banking, insurance, fund management and other financial services help to underpin its position as a major centre for international legal services and consolidate its status as the world’s most preferred centre for dispute resolution.

The UK legal market has an extensive history of being open and welcoming to international law firms. Today there are more than 200 foreign law firms based in the UK from over 40 jurisdictions. US firms have a particularly established presence in the UK, around 100 have offices in the country, and London is the main European hub for most of them. Initially, US firms based in London tended to focus on helping European clients to access the US market, and US clients access the European market, however, now around half of the foreign firms in the UK offer a full-service English law capability. Many of these firms derive a considerable percentage of their revenue from their offices in London. The largest non-UK firms ranked by London fee-earners on this list include Latham & Watkins, Baker McKenzie and White & Case (Figure 7).²⁶

Figure 7: The largest offices of non-UK law firms in London, 2021/22

Source: Legal Business

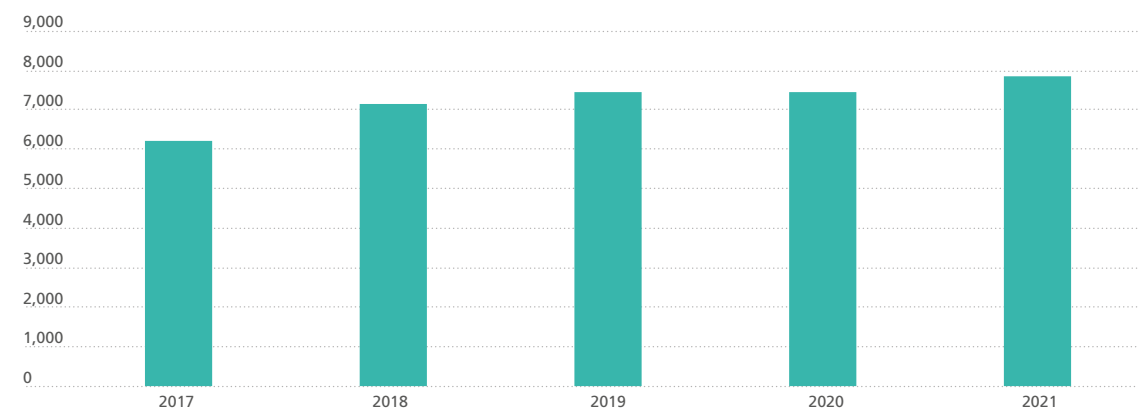
	London fee-earners	Of which English qualified	Other qualified
Latham & Watkins	543	383	160
Baker McKenzie	525	420	105
White & Case	463	435	28
Bryan Cave Leighton Paisner	435	411	24
Kirland & Ellis	421	334	87
Reed Smith	355	281	74
Dentons	337	317	20
Mayer Brown	251	222	29
Weil, Gotshal & Manges	221	200	21
Goodwin	201	200	1
Simpson Thacher	185	125	60
Skadden	185	143	42

The headcount of the largest 50 foreign law firms in London reached a record 7,853 in 2021. The total number of partners grew to a new high of 2,243 (an increase of 4% from 2,155 in 2020). In 2021, foreign-qualified lawyers in the largest 50 non-UK law firms based in the UK stood at 1,117, up from 995 in 2020.²⁷

²⁶ Legal Business, ‘Global London 2022: Main table’, (April 2022), available at: <https://www.legalbusiness.co.uk/analysis/global-london-2022-main-table/>

Figure 8: 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 23). US firms have traditionally been more focussed on their domestic market given the greater scale of the US economy. However, with ongoing merger activity combined with the pressure to expand internationally and the continued prominence of English Law in commercial contracts, it is becoming more common for leading US firms to have between 25 and 40% of their lawyers based outside the US.

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

²⁷ TheCityUK calculations based on Legal Business, ‘Global London Overview: Power plays’, (April 2022), available at: <https://www.legalbusiness.co.uk/analysis/global-london-overview-power-plays/>

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** – despite Brexit, London remains a hub for 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.

In 2021, the UK legal services sector directly employed 375,000 people, two thirds of whom are located outside London. 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 9: Largest UK law firms in the UK, by revenue, 2021/22

Source: Legal Business

Firm name	Location	Turnover, (£m)	Firm name	Location	Turnover, (£m)
DLA Piper	International	2642	Kennedys	London	284.7
Clifford Chance	International	1969	DAC Beachcroft	National	280
Allen & Overy	International	1942	Irwin Mitchell	National	275.7
Hogan Lovells	International	1895	Withers	International	267
Linklaters	International	1782.8	Mishcon de Reya	London	230.7
Freshfields Bruckhaus Deringer	London	1701	Stephenson Harwood	London	206
Norton Rose Fulbright	International	1529	HFW	London	198.7
CMS	International	1500.9	Travers Smith	London	195.2
Herbert Smith Freehills	International	1103	Watson Farley & Williams	London	189.7
Eversheds Sutherland	International	1095	Shoosmiths	National	182
Ashurst	International	798	Charles Russell Speechlys	London	178.3
Slaughter and May	London	759	RPC	London	149.4
Clyde & Co	London	650	TLT	Bristol	144
Bryan Cave Leighton Paisner	London	640.6	Gateley	Birmingham	137
Pinsent Masons	International	531.1	Mills & Reeve	National	131.2
Gowling WLG	International	509	Trowers & Hamlins	London	126
Simmons & Simmons	London	465	Knights 8	National	125.6
Bird & Bird	International	445.6	Hill Dickinson	Liverpool	119.4
Taylor Wessing	London	420.6	Burges Salmon	Bristol	119.2
Womble Bond Dickinson	National	379	Stewarts	London	113.8
Addleshaw Goddard	National	377	Freeths	Midlands	112
DWF	National	350	Keoghs	Bolton	111.1
Osborne Clarke	Bristol	346.6	Weightmans	National	103.2
Fieldfisher	London	332	Penningtons Manches Cooper	London	100
Macfarlanes	London	303.7	Brodies	Scotland	98.5

Figure 10: Largest UK law firms outside London, by revenue, 2021/22

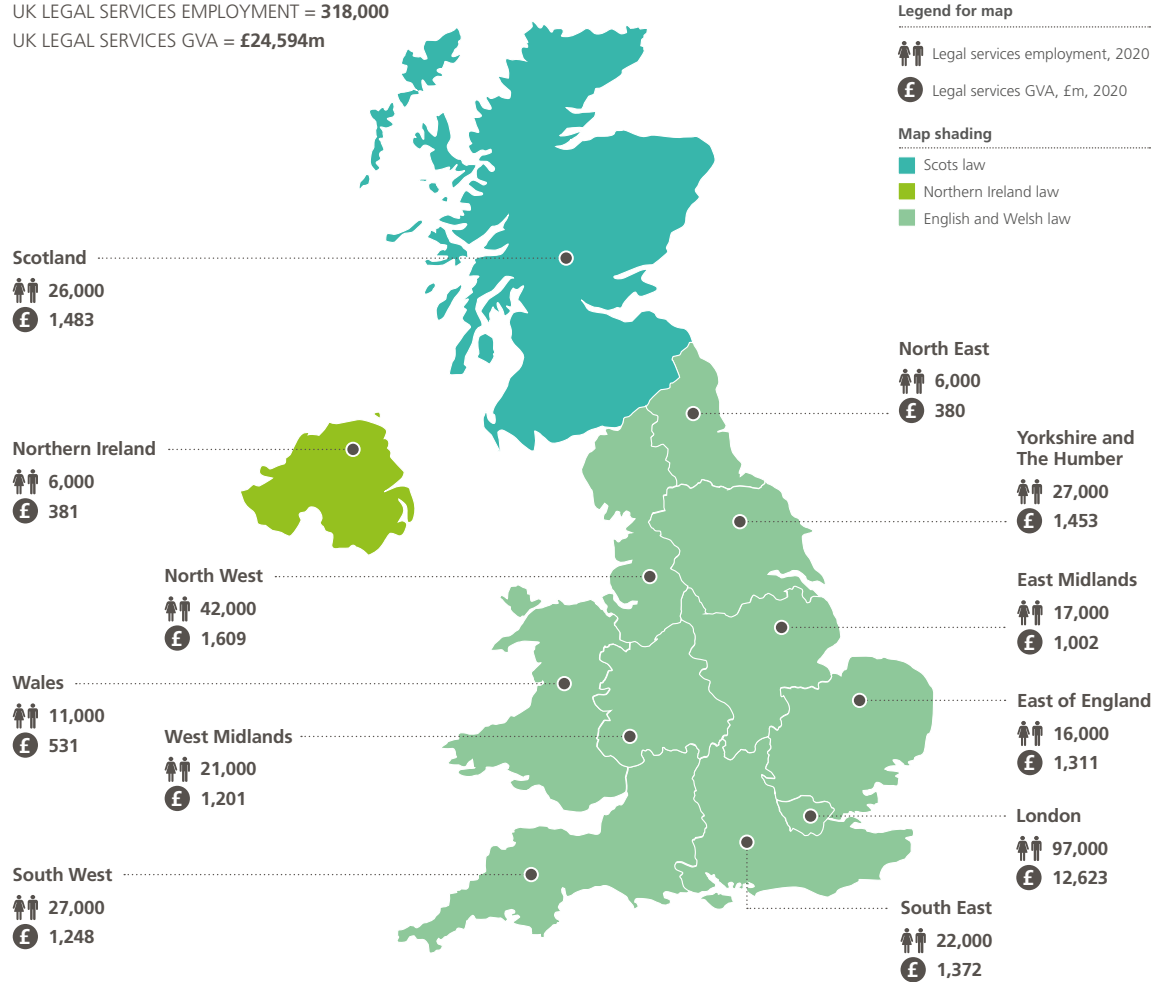
Source: Legal Business. Note: The table excludes firms identified by Legal Business as 'national' or 'International'.

Firm name	Location	Turnover, (£m)
Osborne Clarke	Bristol	346.6
TLT	Bristol	144
Gateley	Birmingham	137
Hill Dickinson	Liverpool	119.4
Burges Salmon	Bristol	119.2
Freeths	Midlands	112
Keoghs	Bolton	111.1
Brodies	Scotland	98.5
Browne Jacobson	Nottingham	93.9
Ampa 11	Birmingham	80.4
Burness Paull	Scotland	78.6
Birketts	Ipswich	77.6
JMW	Manchester	66.6
Shepherd and Wedderburn	Scotland	62.2
Walker Morris	Leeds	61
Bevan Brittan	Bristol	60.1
Clarke Willmott	Bristol	59.6
Foot Anstey	Exeter	53.5
Ashfords	Exeter	48.8
Ward Hadaway	Newcastle	43
Veale Wasbrough Vizards	Bristol	42.4
Cripps	South East	41.5
Michelmores	Exeter	41.4
RWK Goodman	Bath	40.5
Brabners	Liverpool	40.3

Figure 11: Legal services across the UK – 2020

Source: ONS, Nomis, TheCityUK estimates

UK LEGAL SERVICES EMPLOYMENT = 318,000
UK LEGAL SERVICES GVA = £24,594m



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 12).

Figure 12: The employment and GVA contribution of legal services across the UK

Source: ONS, Nomis, TheCityUK calculations

	Legal services employment in selected nations/regions/cities, 2020	Legal services GVA in selected nations/regions/cities 2020, (£m)
East Midlands	17,000	1,002
Northampton	1,000	147
Nottingham	3,500	197
Leicester	1,750	73
East of England	16,000	1,311
Cambridge	1,500	63
Norwich	1,250	36
Ipswich	800	17
Chelmsford	900	44
Peterborough	700	28
Watford	700	55
Southend-on-Sea	450	17
London	97,000	12,623
North East	6,000	380
Newcastle	3,000	123
Sunderland	300	15
North West	42,000	1,609
Manchester	13,000	492
Liverpool	6,000	163
Preston	900	28
Stockport	600	45
Warrington	500	84
Salford	800	121
Northern Ireland	6,000	381
Belfast	3,989	313
Scotland	26,000	1,483
Edinburgh, City of	7,000	433
Glasgow, City of	8,000	470
Aberdeen, City of	1,750	119
Fife	900	23
South East	22,000	1,372
Guildford	1,250	30
Southampton	1,000	59
Reading	1,000	44
Brighton and Hove	800	28
Milton Keynes	800	156
Oxford	800	25
Crawley	400	9
South West	27,000	1,248
Bristol	8,000	539
Exeter	2,000	39
Cheltenham	1,000	21
Bournemouth	1,000	47
Gloucester	700	20
Swindon	500	16
Poole	350	46
Wales	11,000	531
Cardiff	5,000	247
Swansea	800	32
West Midlands	21,000	1,201
Birmingham	9,000	563
Coventry	800	23
Yorkshire and the Humber	27,000	1,453
Leeds	10,000	601
Sheffield	4,500	184
York	1,250	52
Bradford	1,250	151
Halifax	500	30

Note: GVA estimate unavailable for Bath

Dispute resolution in London and the UK

The work of the Business and Property Courts (B&PCs) continues to underpin the position of English law as the global business law of choice with decisions of B&PCs judges having a wide impact in financial, business, commodities, insurance, shipping and other markets.

Work has continued to identify ways to increase the deployment of judges at all levels across the seven Business and Property Court centres outside London, further enabling local businesses to have their disputes resolved in a local court by a specialist judge.

An updated Chancery Guide was published in July 2022 and applied to all B&PCs District Registries as well as the Rolls Building. The Chancery Guide was wholly re-written by a cross-disciplinary team, working under the editors Fancourt J and Master Kaye, to reflect best practice and as a result made some substantial changes. Where appropriate those changes included bringing practice in the Chancery Division into line with the other courts in the B&PCs.

Practice Direction 57AD has largely implemented the rules from the Disclosure Pilot Scheme (Practice Direction 51U) and has applied to all proceedings (subject to limited exceptions) from October 2022.

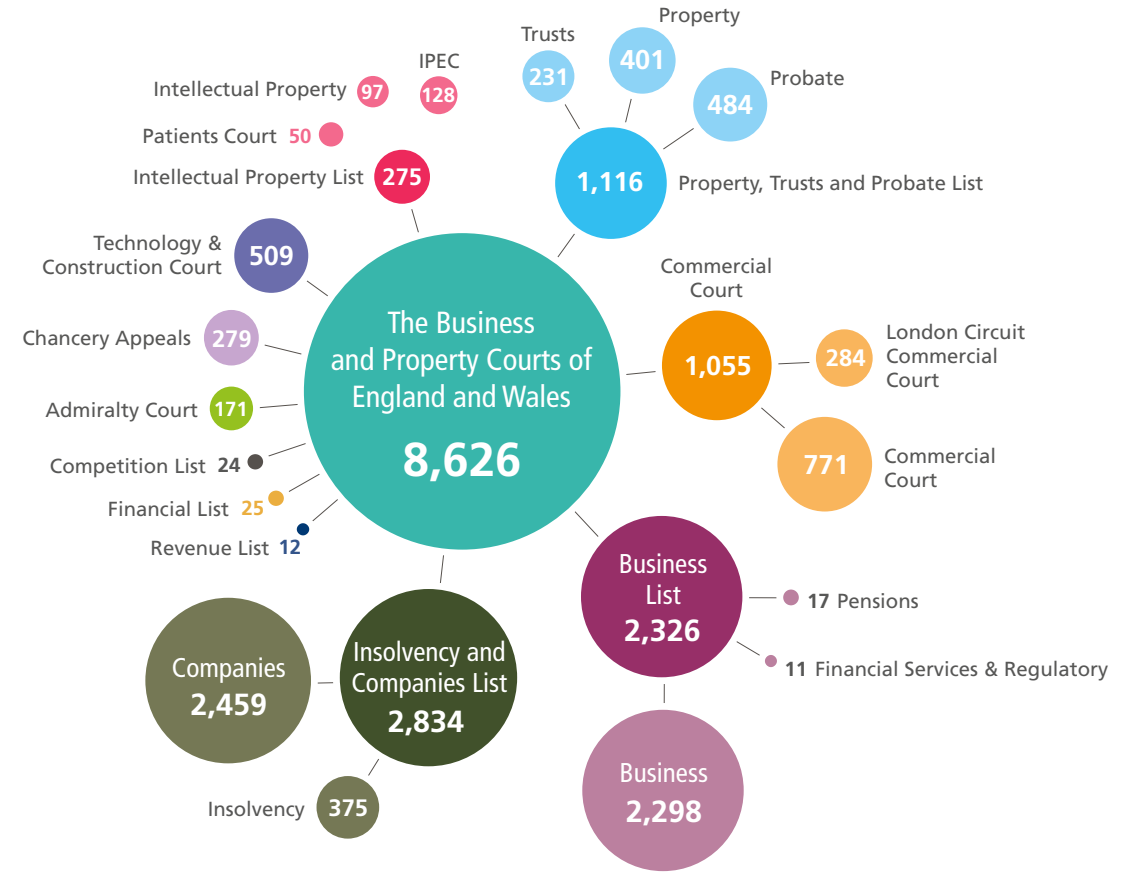
Court based dispute resolution:

London's Rolls Building continues to house 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.

Figure 13: Cases issued by list, January – December 2021

Source: Civil Justice statistics quarterly: October 2021 to December 2021 © Crown copyright

Note: includes only cases issued in the Rolls Building, London.



The Commercial Court

The Commercial Court has had another busy year, handing down over 240 reserved judgments in 2021/2022. The number of cases issued in the Commercial Court remains substantial. In the legal year 2021-2022, the number of claims issued was 723. Of these, 40 claims were Financial List claims – maintaining the increase in these large (over £50 million) financial/financial markets claims. In addition, 290 claims were issued in the Circuit Commercial Court.

There continues to be a significant volume of cases arising from traditional work areas such as shipping, energy and investment disputes. The substantial volume of cases involving allegations of international and cross-border fraud has also been maintained. Many of these disputes begin with applications for injunctive relief, and they frequently involve multiple parties. The Court continues to accommodate a significant number of lengthy trials. 2021/2022 saw one 12 week trial, and 12 trials of in excess of three weeks. The coming year will see a 20 week trial and a 17 week trial. In-person hearings now predominate, although shorter hearings of half-a-day or less are generally heard on a remote basis.

The Court is dealing with a significant number of banking disputes arising from swaps transactions entered into by Italian local and public authorities. In addition, the next round of insurance litigation arising from the Covid 19 pandemic is now before the Court, with a trial of a test case in November 2022 and a significant case management conference for a group of cases raising related issues in January 2023. There are also substantial insurance disputes arising from aircraft leased to Russian companies and the consequences of the Russian invasion of Ukraine have been commenced in the Court, and a designated judge assigned to manage them.

London's enduring popularity as a seat for international arbitrations continues to be reflected in the substantial volume of arbitration-related disputes which come before the Court: pre-arbitration injunctions, applications relating to the constitution of the arbitral tribunal, post-award challenges and enforcement actions. The symbiotic relationship between the Commercial Court and international arbitration continues to flourish.

The Financial List

There have been two major trials in the Financial List in 2021/2022, and a number of similar cases will be heard in 2022/2023. There were 40 claims issued in 2021-2022 in the Financial List. In the 2022 calendar year to the end of October 41 cases have been issued in the Financial List, as opposed to 25 cases over the same period in 2021. There are periodic Users' Group meetings which provides a forum for solicitors active in the area, financial institutions and regulators.

The Patents Court

The Patents Court has remained extremely busy in 2021-2022. Over 40 trials were listed for this period, and with the rate of settlement very low by historic standards its two full-time Patents Judges, other Chancery Division Judges assigned to hear patent matters, and Deputy High Court Judges from the specialist Bar have all been heavily occupied. It has reissued its Practice Statement formalising its goal of bringing actions to trial within 12 months of issue of the claim, even without specific expedition. In appropriate cases where there is commercial urgency it will direct trials even more quickly, and in keeping with the Patents Court Guide these objectives have been assisted by hearing trials in September, both in 2021 and in 2022, and by appropriate use of the Shorter Trials Scheme. Cases in the Patents Court are often of international significance, because they have global participants but also because they set precedents that are followed or replicated elsewhere. Over 90% of cases currently listed in the Patents Court Diary involve at least one international party.

Case studies – Optis v. Apple, InterDigital v. Lenovo, Nokia v Oppo

A major part of the Patents Court's work is litigation between patent owners and patent implementers in the field of telecoms.

In each of these three cases, a patent owner is suing a well known manufacturer of electronic devices, especially mobile phones, on patents essential to the standards for mobile telephony, mainly 4G/LTE.

For efficiency, these litigations are split into multiple trials, heard by Mr Justice Meade, Mr Justice Mellor and Mr Justice Marcus Smith. Some of the decisions have now been considered by the Court of Appeal.

The trials have involved multiple complex patents and important points about the obligations of the owners of standard-essential patents to give licences to the patents on terms which are fair, reasonable and non-discriminatory (FRAND), and the ability of implementers to invoke those obligations. Interlocutory decisions and the decisions of the Court of Appeal have also considered the UK Court's jurisdiction over this kind of dispute.

Almost uniquely, the UK Courts are able, it has been held, to determine the proper worldwide licence fee for patents in this kind of situation. Two so-called FRAND trials were held in 2022, in InterDigital v Lenovo (Mellor J) and Optis v Apple (Marcus Smith J).

The technical complexity of the cases continues to show the scientific proficiency of the judges of the Patents Court in the UK, and their familiarity with commonly-litigated fields of technology like telecoms, which along with the speed of bringing cases to trial make the court an attractive forum for major technology companies. Similarly, the judges are building up a highly specialised body of experience in worldwide licence-fee rate setting.

The Insolvency and Companies Court

The 2021 World Bank Report stated that a “Well-functioning legal, regulatory, framework and systematic approach to debt resolution and insolvency strengthens the investment climate and advances economic growth.” England and Wales is one of only a few jurisdictions with a specialist Insolvency and Companies Court (ICC). The ICC’s seven full-time judges and 14 deputies have a deep understanding of insolvency laws and regulation; they provide a consistent approach and ensure that cases are managed and concluded efficiently.

As an early adopter of the UNCITRAL model law on cross border insolvency, Great Britain has the tools for achieving coordinated, global solutions for all stakeholders of an insolvency proceeding. Recognition of a foreign insolvency can result in an automatic stay of all proceedings against the financially distressed entity in this jurisdiction. Such a stay was granted in the ICC last month in relation to the Chapter 11 proceedings of a manufacturer in the US producing surgical mesh products and facing over 30,000 litigation claims around the World. The ICC can also grant practical assistance

Case study –

Company X was incorporated in the BVI and traded in oil and petroleum. It entered a charterparty with P for a shipment to Turkmenistan. X stated its address to be in the BVI and the charterparty provided for disputes to be resolved by arbitration in London under English law.

P’s buyer refused to take delivery and the cargo was rerouted to Russia. P commenced LCIA arbitration proceedings in London claiming that X had breached the charterparty and seeking demurrage. X disputed the jurisdiction of the LCIA on the basis that the charterparty did not cover the second part of the journey to Russia and the arbitration did not proceed.

P brought a claim for demurrage against X in the BVI and obtained a judgment in default. X moved its registered office to Malta and managed to set aside the default judgment, but it did not inform P of its change of address. P obtained a second default judgment in the BVI, served a statutory demand on X at its BVI address and presented a winding-up petition in London based upon the BVI judgment debt. P argued that X’s COMI was in England because six of its main contracts were governed by English law, it had participated in the English arbitration proceedings and had no physical office, directors or employees in Malta.

The case progressed through the ICC to the Court of Appeal where it was found that none of the factors relied upon by P were, individually or collectively, sufficient to establish that X actually conducted the administration of its interests on a regular basis in England (or any other particular location) so as to displace the presumption that its COMI was in the jurisdiction of its registered office, namely Malta.

to foreign insolvency officeholders, such as by permitting them to exercise the powers that an equivalent UK insolvency officeholder would have.

Consistency of approach often requires courts around the world to determine where an entity that operates across borders has its centre of main interests or ‘COMI’.

The Technology and Construction Court

The number of new claims issued in the Technology and Construction Court (TCC) has reached a steady level, at 480 in 2019/20, 521 in 2020/2021 and 492 in 2021/22.

There has been an increasing number of disputes which require specialist technical input, including complex computer and IT infrastructure disputes, environmental pollution claims and renewable energy disputes. Many of these disputes have an international element, including large group actions for environmental damage compensation valued at billions of dollars. Other jurisdictions, such as Brazil, Chile, Zambia and Nigeria are involved, often with a UK parent as an ‘anchor defendant’, used to establish jurisdiction.

There has been a noticeable increase in cases concerning flammable cladding and general fire protection issues. It is anticipated that the Building Safety Act 2022 will give rise to additional litigation, having regard to provisions including the extended limitation period of 15 years introduced by section 4B of the Limitation Act 1980 and the new power to make a building liability order under section 130 of the Building Safety Act 2022.

The TCC also hears a growing number of procurement challenges, which combine judicial review applications in the Administrative Court with a separate Part 7 challenge in the TCC under the relevant regulations, often based on European Directives. These cases are heard by TCC judges who also sit in the Administrative Court and hear both sets of proceedings together. Depending upon the circumstances of the case, applications to lift the automatic suspension are often heard very quickly and, where appropriate, an expedited trial can be ordered, such as the National Lottery procurement challenge.

The number of adjudication enforcement claims issued in the TCC has increased from about 70 per year to about 140, reflecting the popularity and success of adjudication as an effective means of dispute resolution, including multi-million pound claims. The TCC has a tailored expedited procedure for adjudication enforcement claims, issuing directions within about three days of issue and fixing a hearing date for the summary judgment application within about six to eight weeks thereafter. Most enforcement claims are settled before the hearing and the adjudication often results in a final resolution of the dispute without the necessity for a trial or arbitration.

Alternative dispute resolution

Alternative dispute resolution (ADR) provides a way of resolving disputes between parties without going to court. Arbitration is a form of ADR that allows contracting parties to choose a neutral venue where their disputes are settled. The UK is a global leader in international arbitrations. London is the most popular, and widely used, seat for international commercial arbitration by a wide margin. More of these take place in London than in any other city in the world. As an example, it is estimated that more than 80% of the world's maritime arbitrations are handled in London.²⁸

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.

The Arbitration Act 1996 is currently under review to determine whether parts of the Act may benefit from being updated and refined, to ensure that it is efficient, effective, responsive to modern developments and that it continues to promote the UK as the foremost destination for commercial arbitrations.

²⁸ HFW, 'The Maritime Arbitration Universe in Numbers' (July 2020), available at: <https://www.hfw.com/downloads/002203-HFW-Maritime-Arbitration-in-Numbers-July-2020.pdf>

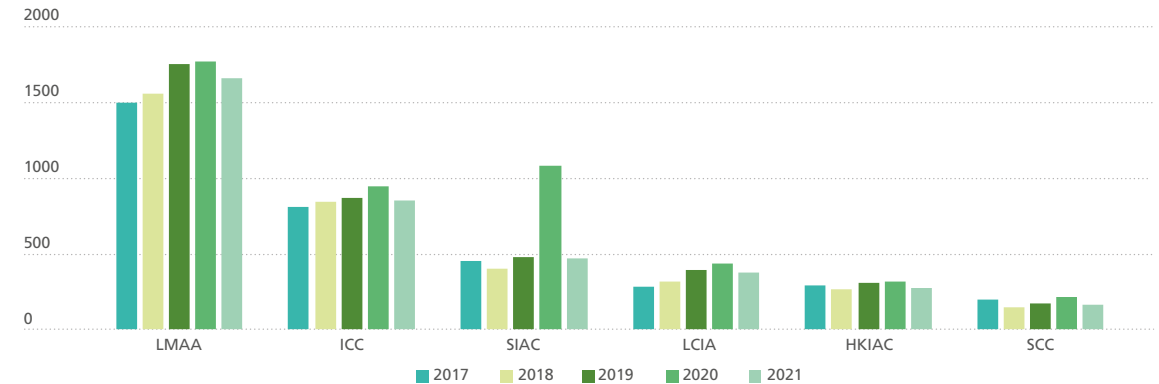
Commercial arbitrations numbers remained strong in 2021, no doubt in part influenced by ongoing global supply chain issues.

Analysis of the caseload statistics of six of the largest international commercial arbitral bodies (London Maritime Arbitrators Association, ICC International Court of Arbitration, Singapore International Arbitration Centre, London Court of International Arbitration, The Hong Kong International Arbitration Centre, Stockholm Chamber of Commerce), shows that arbitration remains popular as a form of dispute resolution.

The London Maritime Arbitrators Association (the LMAA) continues to lead the caseload statistics with 1,657 new cases in 2021 which comprises more than 43% of the total new arbitration cases in 2021 across all six bodies (3,798).²⁹

Figure 14: Arbitral caseloads across six major international arbitral bodies 2017 - 2021

Source: LexisPSL Arbitration, TheCityUK calculations.



The arbitrations conducted under the rules of these six bodies are predominantly international. The LCIA reports that with 85.2% of parties in arbitrations administered pursuant to the LCIA Rules came from countries other than the United Kingdom and only 5% of arbitrations involved parties which were all from the United Kingdom.

²⁹ TheCityUK research and Lexis Nexis, 'Arbitration statistics 2020—from sole arbitrators to no arbitrators' (August 2021), available at: <https://www.lexisnexis.co.uk/blog/research-legal-analysis/arbitration-statistics-2020-from-sole-arbitrators-to-no-arbitrators>

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 more than 28,000 in 2021. Around 24,000 of these were domestic and more than 4,000 mostly international (Figure 15).

Figure 15: Arbitrations, mediations and adjudications in the UK (Number of referrals, appointments or cases submitted)

	2017	2018	2019	2020	2021
Mostly international					
London Maritime Arbitrators Association	1,537	1,582	1,789	1,797	1,668
London Court of International Arbitration	285	317	395	440	377
Lloyd's Open Form	54	53	35	40	29
Grain and Feed Trade Association (Gafsa)	984	526	388	291	310
ICC Int. Court of Arbitration (UK seated)	73	72	115	85	94
Centre for Effective Dispute Resolution	1,072	793	4,635	3,665	1,563
Ad hoc arbitrations ³⁰	300	300	300	300	300
Total international	4,665	3,643	7,657	6,618	4,341
Mostly UK domestic					
Royal Institution of Chartered Surveyors	4,635	4,897	3,702	3,478	4,178 ³⁰
Centre for Effective Dispute Resolution	13,869	24,055	17,775	24,366	11,462
Adjudication Society	1,533	1,685	1,905	1,945	2,171
Other mediations ³¹	6,515	6,562	5,564	6,320	5,987
Trade associations ³²	500	500	500	500	500
Total domestic	27,052	37,699	30,446	36,609	24,298
Total	34,457	44,438	45,289	43,231	28,639

³⁰ TheCityUK estimate

³¹ Ibid

³² Ibid

In addition to the many arbitrations, mediations and adjudications taking place in the UK, the services of UK professionals are highly sought in ADR cases abroad. For example, in ICC arbitrations worldwide in 2020, more arbitrators were appointed from the UK than from any other country: 220, representing 14.5% of all appointments and confirmations of arbitrators.

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

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. The LMAA has over 800 members in 40 countries and serves users of maritime arbitration around the world. Over the 25 plus years during which the Association has collected limited statistics from its arbitrating members, the results have indicated, on average, 2,500 to 3,000 new appointments per year, relating to approximately 1,700 new arbitrations per year and resulting in more than 500 awards per year. LMAA arbitration remains the primary forum of choice for dispute resolution in the world of ships and shipping, and its reach extends across the maritime spectrum, encompassing not only shipping (for example, carriage of goods, shipbuilding and ship sale and purchase) but also international trade and offshore energy, including renewables. Together with the other providers of international arbitration in London, the LMAA assists London in maintaining its position as the leading centre worldwide for international arbitration, offering its services to the myriad parties who choose to have their disputes resolved in London.

London Court of International Arbitration (LCIA): The LCIA received 377 requests for arbitration in 2021. The proportion of banking and finance arbitrations under the LCIA Rules remained strong in 2021, representing 26% of cases.

International Chamber of Commerce (ICC): For the International Court of Arbitration, London was the most popular global seat in 2021 with 94 (ahead of Paris with 89) of the 840 new arbitration cases filed under the ICC Rules of Arbitration seated there. ICC arbitrations were seated across 127 cities in 71 countries in 2021.

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 2021 Lloyd's was notified of salvage services being rendered under LOF in 28 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 2021 a total of 13,025 cases were handled by CEDR, which included 1,722 commercial mediations, 72 arbitrations and 13,025 adjudications (the vast majority of the latter two were conducted as paper-based processes rather than through hearings). In the last financial year once again the majority of small claims that came to CEDR used Adjudicative processes whereas the larger cases (with an average quantum of claim of £1 million plus) used Mediation. Some of the busiest sectors for CEDR were Banking, Telecommunications, Travel & Aviation, Construction (including House Building), Healthcare (including Clinical Negligence), Utilities and Energy.

The Royal Institution of Chartered Surveyors (RICS): RICS Dispute Resolution Service (DRS) is the world's oldest and largest provider of ADR services in the land, property and construction industries. Over the last four decades, DRS has appointed dispute resolvers in nearly a quarter of a million cases. Internationally, DRS resolves around \$2 billion US dollars' worth of disputes every year. DRS offers a range of ADR methods to resolve property disputes including: arbitration, expert determination, mediation, adjudication and expert witness.

The Adjudication Society: 2,171 disputes were reported in 2020/21 to the Adjudication Society, which promotes the use of adjudication in the resolution of construction disputes. Other bodies, including CEDR, The Chartered Institute of Arbitrators, RICS and the Royal Institute of British Architects, nominate adjudicators to resolve disputes in construction and engineering.

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

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

The Meeting Space at Law Society House: Opened in September 2021, this venue is a major development by the Law Society of Northern Ireland which can be configured to accommodate meetings, mediations, seminars and negotiations.

The Commodity Markets: The UK is also home to a number of international commodity markets and trade associations, each with its own standard contracts, arbitration rules and tribunals. Every year these associations administer several hundred arbitrations arising from international trade and arbitrations under these bodies are usually

held in London under English law. Examples include the London Metal Exchange (LME), the Grain and Feed Trade Association (Gafita), the Federation of Oils, Seeds and Fats Associations Ltd (FOSFA) the International Cotton Association (ICA), the British Coffee Association (BCA) and the Refined Sugar Association (RSA).

The third London International Disputes Week was held in May 2022. This five-day event explored the future of dispute resolution and its place in the post pandemic world 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.

During 2020, TheCityUK sought leave to intervene in a Supreme Court Case which had implications for the attractiveness of London as a seat of arbitration. The case *Enka Insaat Ve Sanayi A.S. (Respondent) v OOO Insurance Company Chubb (Appellant)* UKSC 2020/0091 concerned whether, if an arbitration agreement provides for arbitration in England, that is enough for the English courts to issue an injunction preventing a party to that agreement from pursuing proceedings in some other jurisdiction, whether or not any arbitration has been commenced in England. Although we were not granted leave to intervene in the case, on the point on which we had applied to do so, all five members of the Court upheld the position that we were advocating, namely that irrespective of the law governing an agreement to arbitrate in England, (and irrespective of the law governing the substantive obligations of the contract), the English courts are able to issue an anti-suit injunction to restrain foreign proceedings brought in breach of the agreement to arbitrate in England.³³ The decision confirms that an agreement to arbitrate in London is supported by the courts being willing to prevent a party to that agreement from commencing court proceedings elsewhere, further increasing London's attractiveness as a seat of arbitration.

Meanwhile, the Scottish Government, Law Society of Scotland, Royal Institute of Chartered Surveyors in Scotland, Faculty of Advocates, Chartered Institute of Arbitrators (Scottish Branch), Scottish Arbitration Centre, Scottish Mediation Network and the Scottish Courts and Tribunal Service have formed a collaboration partnership to promote all forms of dispute resolution in Scotland. The partnership seeks to make it as easy as possible for parties in a dispute to navigate the different routes to dispute resolution. This non-competitive collaboration demonstrates the strength of Scotland as a dispute resolution destination of choice where the jurisdiction puts the efficiency of choice for the parties at the heart of its approach. Edinburgh hosted the delayed International Council for Commercial Arbitration (ICCA) World Congress in September 2022, led by the Scottish Arbitration Centre with support from the Scottish Government and the Partnership.

³³ UK Supreme Court 2020, '*Enka Insaat Ve Sanayi AS v OOO Insurance Company Chubb*', (October 2020), available at: <https://www.supremecourt.uk/cases/docs/uksc-2020-0091-judgment.pdf>

Contribution to the UK economy

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

GVA: The output of UK legal services was £30.7bn, or 1.6% of total UK GVA in 2021. 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.³⁴

In 2020, the Law Society conducted research with KPMG to assess the gross economic and social contribution of the legal sector in terms of GVA, which estimates the contribution made by legal professionals who work in other sectors of the economy (e.g. legal professionals working in-house within corporates or in public institutions). The study concluded that in 2018, the legal services sector contributed £59.93bn of GVA to the UK economy.³⁵

Employment: The number of people employed and self-employed in legal services in the UK is around 375,000 according to ONS data. Around two thirds of these jobs are outside London.

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

The 2020 Law Society and KPMG research also estimated employment figures including the contribution made by legal professionals who work in other sectors of the economy and found that in 2018, the legal services sector supported approximately 552,000 FTE employees in the UK,³⁶ comprised of an estimated:

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

Further data from the Law Society of England and Wales shows that the in-house sector is home to more than 25% of all practising certificate holding solicitors in 2021, totalling 33,370, up from 20% a decade earlier.³⁷ 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 97,414 in 2021. This figure does not include lawyers employed in the UK who are qualified in another jurisdiction or practising certificate holders employed in private practice outside England and Wales.

Figure 16: Practising certificate holders in England and Wales

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

	Total private practice	Total non-private practice	Total
2012	87,768	41,010	128,778
2013	86,840	40,836	127,676
2014	90,306	40,076	130,382
2015	91,062	42,305	133,367
2016	91,166	45,010	136,176
2017	93,155	46,469	139,624
2018	93,825	49,342	143,167
2019	95,028	51,925	146,953
2020	96,091	53,831	149,922
2021	97,414	55,868	153,282

³⁴ TheCityUK calculations based on Office for National Statistics, 'UK businesses: activity, size and location 2022', (28 September 2022), available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/ukbusinessactivitysizeandlocation/2022>

³⁵ Law Society and KPMG, 'Contribution of the UK legal services sector to the UK economy', (January 2020), available at: <https://www.lawsociety.org.uk/topics/research/contribution-of-the-uk-legal-services-sector-to-the-uk-economy-report>

³⁶ Ibid

³⁷ The Law Society, 'Annual statistics report 2021', (September 2022), available at: <https://www.lawsociety.org.uk/topics/research/annual-statistics-report-2021>

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

Traineeships and graduate intake: According to the Law Society of England and Wales these totalled 5,495 in the 12 months to 31 July 2021, an 2.3% decrease on the previous year.³⁸

Figure 17: Top 20 UK law firms by number of training contracts offered, 2022/23

Source: Legal Cheek

Company	Number of training contracts offered
Clifford Chance	110
Linklaters	100
CMS	95
Allen & Overy	90
Freshfields Bruckhaus Deringer	90
Slaughter and May	85
Pinsent Masons	69
Herbert Smith Freehills	65
Addleshaw Goddard	62
Accutrainee	50
Eversheds Sutherland	50
Hogan Lovells	50
White & Case	50
Irwin Mitchell	48
Clyde & Co	45
Norton Rose Fulbright	45
Ashurst	40
Baker McKenzie	40
Bryan Cave Leighton Paisner	40
Travers Smith	40

³⁸ Ibid

Barristers and advocates: The number of barristers in independent practice in England and Wales totalled 17,263 in 2021³⁹. 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 of 32,900 firms in 2021/2022, with 30,205 in England and Wales, 1,695 in Scotland and 1,000 in Northern Ireland.⁴⁰ 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, trademark 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 generates 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.

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

- Exports from solicitors' firms were estimated at £6,525m in 2021.
- Exports generated by barristers totalled £129m in 2021.
- Exports generated from lawyers in other organisations totalled £128m in 2021.⁴¹

Taking account of imports (mainly related to billings of UK businesses from law firms based overseas) of £1,428m, net exports of UK legal services stood at £5,354m in 2021 (Figure 18), an increase of 2.7% on 2020.⁴²

³⁹ Bar Standards Board, 'Statistics on practising barristers', available at: <https://www.barstandardsboard.org.uk/news-publications/research-and-statistics/statistics-about-the-bar/practising-barristers.html>

⁴⁰ Office for National Statistics, 'UK businesses: activity, size and location 2022', (28 September 2022), available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/ukbusinessactivitysizeandlocation>

⁴¹ Office for National Statistics, 'UK Balance of Payments – Pink Book time series', (31 October 2022), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/pinkbook>

⁴² Ibid.

Figure 18: Net exports of UK legal services (£m)

Source: Office for National Statistics

	Exports	Imports	Net exports
2012	4,313	785	3,528
2013	4,653	834	3,819
2014	5,082	902	4,180
2015	5,074	839	4,235
2016	5,529	872	4,657
2017	6,003	976	5,027
2018	6,158	1,008	5,150
2019	6,531	1,212	5,319
2020	6,613	1,401	5,212
2021	6,782	1,428	5,354

The global picture and the UK's position internationally

Research on the global legal services market indicates that it was worth approximately \$713bn in 2021.⁴³ The UK is the largest market in Europe and accounts for around a third of Western European legal services fee revenue.⁴⁴

The revenue of the world's largest 100 law firms (ranked by revenue) grew by 7% in 2020/21 to \$128.13bn.⁴⁵

Fifty-one of the world's top 100 firms now turn over more than \$1bn, compared to 49 last year, with 17 firms reporting turnover greater than \$2bn.⁴⁶

While over two thirds of Global 100 law firms in 2020/21 were American, UK-based firms continue to feature prominently in the rankings:

- Five of the top 20 law firms in terms of the number of lawyers employed were headquartered in the UK in 2020/21. Clifford Chance was the largest UK-based law firm on this measure, followed by Allen & Overy, Linklaters, Freshfields Bruckhaus Deringer and Herbert Smith Freehills.
- UK-based firms also held five of the top 20 places based on revenue. Clifford Chance was the largest UK-based law firm on this measure, followed by Allen & Overy, Linklaters, Freshfields Bruckhaus Deringer and Norton Rose Fulbright.
- All of the top 40 law firms by revenue have an office in London.

The number of lawyers employed by the world's largest 100 law firms increased by 6.4% to a record 164,006 (from 154,154) (Figure 20).

⁴³ The Business Research Company, 'Legal Services Global Market Opportunities And Strategies', (May 2021), available at: <https://www.thebusinessresearchcompany.com/report/legal-services-market>

⁴⁴ TheCityUK calculations based on Cision PR Newswire, 'Legal Services Global Market Report 2022', (21 February 2022), available at: <https://www.globenewswire.com/news-release/2022/02/21/2388426/28124/en/Global-Legal-Services-Market-Growth-Trends-and-Forecasts-2022-2026-A-1112-75-Billion-Market-in-2026.html>

⁴⁵ Legal Business, 'Global 100 overview: Beasts of burden', (December 2021), available at: <https://www.legalbusiness.co.uk/analysis/global-100-overview-beasts-of-burden/>

⁴⁶ Legal Business, 'Global 100: main table', (December 2021), available at: <https://www.legalbusiness.co.uk/analysis/global-100-main-table-2021/>

Figure 19: Revenue and gross profit of the world's largest 100 law firms (ranked by revenue), \$bn

Source: Legal Business

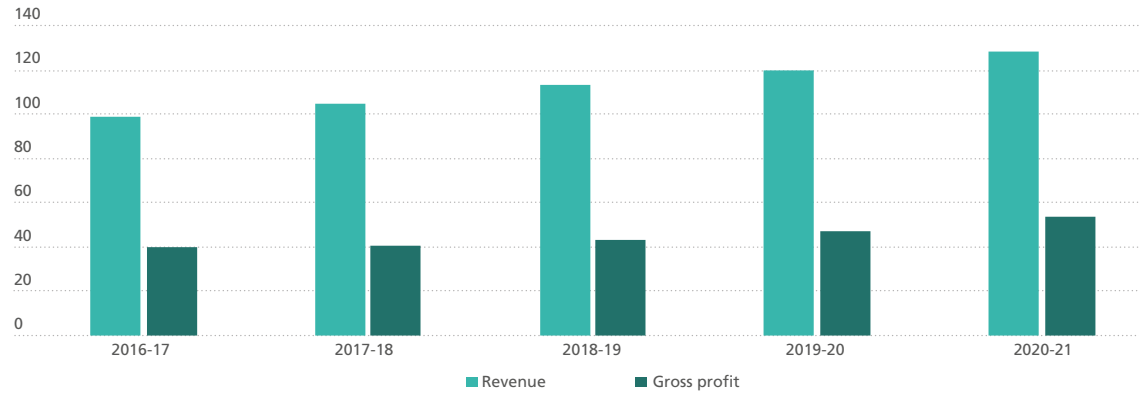
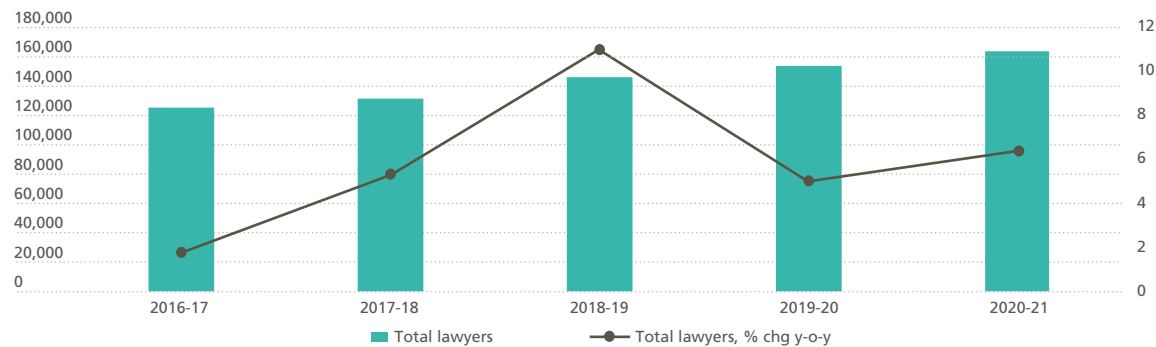


Figure 20: Headcount of the world's largest 100 law firms

Source: Legal Business



Most of the largest global firms continued to increase headcount in 2020/21. Dentons again had the most lawyers worldwide with over 12,000, followed by Chinese firm Yingke (10,626), Baker McKenzie (4,914) and DLA Piper (4,730) (Figure 21).

Figure 21: Largest law firms by number of lawyers, 2020/21

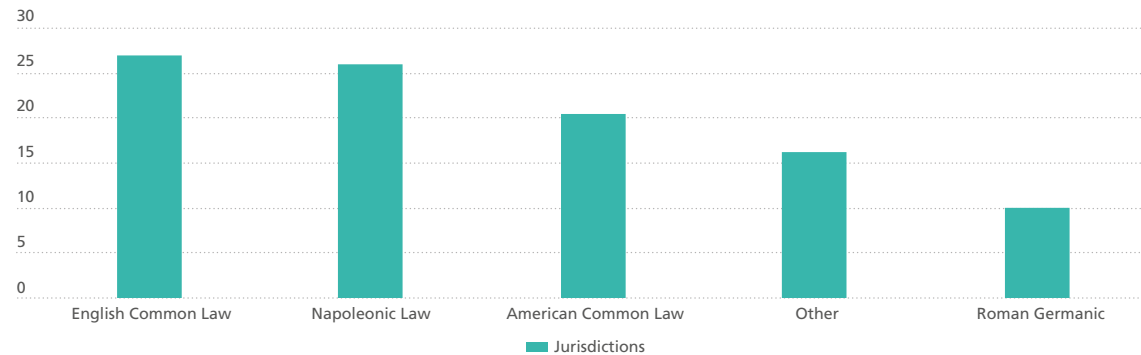
Source: Legal Business

Company	Location	Number of Lawyers
Dentons	International	12,690
Yingke	Beijing	10,626
Baker McKenzie	International	4,914
DLA Piper	International	4,730
CMS	International	4,214
King & Wood Mallesons	Hong Kong	3,733
Norton Rose Fulbright	International	3,463
Allbright	Beijing	3,418
Eversheds Sutherland	International	3,386
Clifford Chance	International	3,047
Allen & Overy	International	2,967
Hogan Lovells	International	2,890
Latham & Watkins	National (US)	2,858
Linklaters	International	2,832
Freshfields Bruckhaus Deringer	London	2,800
Kirkland & Ellis	Chicago	2,749
Zhong Lun	Beijing	2,694
Jones Day	National (US)	2,490
Herbert Smith Freehills	International	2,450
White & Case	International	2,346
Greenberg Traurig	National (US)	2,171
Morgan Lewis	National (US)	2,054
Clyde & Co	London	1,966

The popularity of English law strengthens the position of UK-based law firms and independent legal practitioners. Contracting parties are free to enter a jurisdiction clause to decide where disputes over contractual obligations will be determined. Many parties opt for their agreements to be governed by English law. It is the most widely-used legal system, covering 27% of the world’s 320 legal jurisdictions.⁴⁷ American common law is by contrast used by around 20% of the world’s jurisdictions (Figure 22).

Figure 22: Comparison of global legal systems

Source: Wood



English law is by some distance the most widely-used foreign law in fast growing Asian markets. A 2019 survey of more than 600 legal practitioners and in-house counsel who engage in cross-border transactions in Asia conducted by the Singapore Academy of Law found that English law remains the most popular choice of governing law in contracts. It was selected as the most frequently used governing law by 43% of respondents and was often used in transactions with little or no other link to the UK.⁴⁸

The global prominence of English and Welsh law as the preferred law for international business means the global demand for solicitors qualified in England and Wales is high and many choose to work overseas. The international growth in UK legal professionals operating overseas is not, however, restricted to solicitors and law firms. Many

⁴⁷ 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>

⁴⁸ Singapore Academy of Law, '2019 Study on governing law & jurisdictional choices in cross-border transactions', (April 2019), available at: https://www.sal.org.sg/sites/default/files/PDF%20Files/Newsroom/News_Release_PSL%20Survey_2019_Appendix_A.pdf

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.

Kirkland & Ellis remains the largest law firm globally by gross revenue (with \$4.83bn), ahead of Latham & Watkins (\$4.33bn) and DLA Piper (\$3.13bn).

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

Figure 23: Largest law firms by gross revenue, 2020/21

Source: Legal Business

Law Firm	Headquarters	Gross revenue \$m
Kirkland & Ellis	Chicago	4830
Latham & Watkins	National (US)	4333.8
DLA Piper	International	3133.8
Baker McKenzie	International	3100
Dentons	International	2910.3
Skadden	New York	2662.9
Sidley	Chicago	2462.9
Morgan Lewis	National (US)	2446
White & Case	International	2387.8
Clifford Chance	International	2345.1
Hogan Lovells	International	2308
Allen & Overy	International	2272
Jones Day	National (US)	2226.4
Ropes & Gray	Boston	2192.8
Gibson Dunn	Los Angeles	2160.5
Linklaters	International	2147.4
Freshfields Bruckhaus Deringer	London	2041.1
Norton Rose Fulbright	International	1877.9

Law Firm	Headquarters	Gross revenue \$m
Simpson Thacher	New York	1845
Davis Polk	New York	1770
Greenberg Traurig	National (US)	1730.2
CMS	International	1685
Weil	New York	1657.6
Sullivan & Cromwell	New York	1555.4
Cooley	San Francisco	1552.1
Paul Weiss	New York	1544
King & Spalding	Atlanta	1529.4
Mayer Brown	International	1517.1
Goodwin	Boston	1486.3
McDermott Will & Emery	Chicago	1382
Herbert Smith Freehills	International	1368
Covington	Washington DC	1321.3
Reed Smith	International	1311
Paul Hastings	National (US)	1310.1
Quinn Emanuel Urquhart & Sullivan	Los Angeles	1301.1
Eversheds Sutherland	International	1270.4

Law Firm	Headquarters	Gross revenue \$m
WilmerHale	National (US)	1243.4
Milbank	New York	1235.5
Debevoise & Plimpton	New York	1224.9
Cleary Gottlieb	New York	1223.1
Akin Gump Strauss Hauer & Feld	National (US)	1208.7
King & Wood Mallesons	Hong Kong	1190
Morrison & Foerster	San Francisco	1165
Orrick	San Francisco	1152.8
Wilson Sonsini	San Francisco	1130
Dechert	National (US)	1071.2
Holland & Knight	National (US)	1044.3
Squire Patton Boggs	International	1042
K&L Gates	National (US)	1019.7
Wachtell, Lipton, Rosen & Katz	New York	1010.7
Perkins Coie	Seattle	1001.5
Proskauer	New York	990
Kim & Chang	Seoul	988.5
Willkie Farr & Gallagher	New York	986
Winston & Strawn	Chicago	981.2
Arnold & Porter	Washington DC	961
Yingke	Beijing	952
Faegre Drinker	Minneapolis	937
Foley & Lardner	Milwaukee	922.4
Troutman Pepper	Atlanta	918
Ashurst	International	912.1
Slaughter and May	London	885.2
Sheppard Mullin	Los Angeles	867.4
Shearman & Sterling	New York	861
Bryan Cave Leighton Paisner	International	860.1
Alston & Bird	Atlanta	851.6
O'Melveny & Myers	Los Angeles	835.1
McGuireWoods	Richmond	831.1

Law Firm	Headquarters	Gross revenue \$m
Cravath, Swaine & Moore	New York	824.3
Clyde & Co	London	820.5
BakerHostetler	National (US)	789.4
Fragomen	New York	787.3
Vinson & Elkins	Houston	782.4
Fried Frank	New York	780.3
Hunton Andrews Kurth	Richmond	743.1
Pillsbury	San Francisco	723.5
Seyfarth Shaw	National (US)	717
Baker Botts	Houston	710.8
Venable	National (US)	681.9
Osler, Hoskin & Harcourt	Toronto	681.8
Lewis Brisbois	National (US)	676.8
Katten	National (US)	646.6
Pinsent Masons	International	645.7
Zhong Lun	Beijing	631.2
Allbright	Beijing	621.4
Polsinelli	National (US)	618.3
Littler	National (US)	613.4
Gowling WLG	International	611.3
Blake Cassels & Graydon	Toronto	587.1
Fox Rothschild	Philadelphia	584
Nelson Mullins	National (US)	577.1
Simmons & Simmons	London	560.9
McCarthy Tetrault	Toronto	548.9
Fenwick & West	Mountain View	543.1
Ogletree Deakins	National (US)	537.6
Cozen O'Connor	Philadelphia	530.9
Duane Morris	National (US)	526.2
Jackson Lewis	National (US)	518.2
Bird & Bird	International	514.7
Crowell & Moring	Washington DC	514.4

Conclusion

This report demonstrates the key role the legal services sector continues to play in contributing to the UK economy and its integral role in underpinning the country's position as a world-leading international financial centre. Its inherent strength, agility and diversity means it is well placed to thrive in the future.

In addition to the sector's many strengths, this year's report identifies several of the key trends contributing to its ongoing success, such as providing leadership on diversity and inclusion initiatives, the continued adoption of technological solutions and investment in regional and national centres.

Alongside the international prestige of English common law and the strength of the judicial institutions which underpin it, the sector and the UK jurisdictions remain a national asset and an essential component of the broader financial and related professional services ecosystem that puts the UK at the heart of global business.

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 by the Law Society of England and Wales as the professional body for solicitors. We are grateful for the ongoing support of HM Judiciary in putting together our report. In particular, the staff of the Office of the Chancellor of the High Court who are responsible for producing most of the judicial content herein.

Adjudication Society, www.adjudication.org

Advocate General for Scotland, www.oag.gov.uk

Bar Council, www.barcouncil.org.uk

Centre for Effective Dispute Resolution, www.cedr.com

Cision PR Newswire, www.prnewswire.com

Commercial Bar Association, www.combar.com

The Faculty of Advocates, www.advocates.org.uk

HM Judiciary, www.judiciary.uk

International Bar Association, www.ibanet.org

International Chamber of Commerce, www.iccwbo.org

Jomati Mergers, www.jomati.com/uk-mergers

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

LexisPSL Arbitration www.lexisnexis.co.uk

Lloyd's Open Form, www.lloyds.com

London Court of International Arbitration, www.lcia.org

London Maritime Arbitrators Association, www.lmaa.london

Ministry of Justice, www.justice.gov.uk

Office for National Statistics, www.ons.gov.uk

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

Scottish Arbitration Centre,
www.scottisharbitrationcentre.org

Social Mobility Foundation, www.socialmobility.org.uk

The Solicitors Regulation Authority, www.sra.org.uk

Strategy& / PwC, www.pwc.co.uk

Thomson Reuters, www.thomsonreuters.com

TheCityUK Research:

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