



HOW YOUR LAW FIRM CAN POSITION ITSELF IN THE POST-PANDEMIC INDUSTRY

Intro

We will remember 2020 as the year that was interrupted by the COVID-19 outbreak.

While the global pandemic has now mostly been contained, with the UK government lifting lockdown restrictions in phases, law firms must look at how to regroup.

The coronavirus has affected each law firm differently. Minor disruptions have included organising new remote working practices. At the further end of the spectrum, an almost two-month ban on moving houses has decimated conveyancing departments.

The UK government has deferred VAT payments for all businesses until March 2021, which gives companies financial breathing space as they determine how their organisation has been affected and plan their response.

However, it is fair to say firms everywhere are facing up to the reality that their business model will change significantly, moving forwards.

Law firms are sensitive to the economic market, of which experts are predicting a recession. While no one can directly influence the circumstances, we find ourselves in right now, firms can control how they respond.

However, it is the legal practices which can adapt to changes in the marketplace which will survive. There are challenges in the industry right now, but there are also opportunities. This report has been created based on market research from UK law firms on what are the current significant difficulties, and how you can acclimatise to weather the storm.

This report has been compiled from market data collected in May 2020 as the UK prepares to leave lockdown. First, let's take a look at how the pandemic has affected some of the most common areas of UK law.

Family Law

For some families, quarantine has exacerbated family issues.

An expected outcome of the coronavirus will be an increase in divorce rates. In China, as the country emerged from their lockdown in March, published divorce rates showed a spike with one family lawyer reporting a caseload increase of 25%.

Another tragic outcome of COVID-19 we have seen is an increase in domestic abuse. Reports of domestic violence increased during the lockdown, with 16 suspected domestic abuse killings during the first three weeks of lockdown, and a 49% rise in calls to abuse helplines.

Reports of coercive and controlling behaviour (an offence since 2015), have also increased, as couples isolate together. Abusers historically use isolation as a way of controlling their partner, with domestic violence reports increasing around Christmas and the holidays. Law firms can expect to see an increase in family law cases as the extent of the fallout from lockdown is realised.

COVID-19 also stopped courts from operating as usual, with an unprecedented backlog of cases predicted, including many family law cases. Some video hearings took place during the full lockdown, but now restrictions have been lifted, some courts have now reopened, albeit on a slower timescale, owing to social distancing. This restriction on cases has meant that many family law cases will take much longer than initially planned.

These outcomes from the UK lockdown will increase cases for family lawyers, but, as we will see in the next section, other areas of law have experienced the opposite.

Conveyancing

The freeze on the housing market and subsequent predicted recession which could cause a sharp drop in house prices came just after the market was enjoying its most successful period in years.

The opening up of the housing market after almost eight weeks of no activity has meant that things are moving in the right direction again. It is not certain for how long, or how severe the impact will be on the market long-term, but what we can be sure of is a gradual return to normal.

Unfortunately, a sluggish housing market means slow business for conveyancing lawyers. We will likely see a reduction of services in these areas, with some law firms making redundancies. However, if we look at where the housing market was pre-COVID-19 – in a very strong position – this indicates that a faster than predicted return could be possible.

Wills and Probate

The government classified Wills and Probate specialists as key workers throughout the lockdown; as such, they have not suffered the same backlog or slowdown as some other areas.

The natural and powerful fear of the virus has meant inquiries into making wills have increased in the last two months, with this rise expected to continue as the pandemic overshadows our lives for the foreseeable. Law firms dealing with elderly clients looking into these services will have to adapt to provide remote will writing or altering a possibility.

The tragic reality of COVID-19 causing excess deaths will cause an increase in probate law. Firms will need to be there for clients both practically and emotionally when dealing with clients who have recently lost loved ones.

CFAs - Conditional Fee Agreements

Conditional fee agreements could increase, as they appear an altogether more financially sensible arrangement to clients if we see a significant economic downturn as has been predicted.

Although, CFAs might expect a shortage of leads to occur in the short term, which specialists will have to monitor closely.

Next, let's look at the practicalities of law firms adapting to a world post-COVID-19.

Returning to Work Post-COVID-19: Adapting to a Socially Distant World

One of the main challenges facing businesses is how to reopen workplaces with social distancing measures in place.

However, an unexpected outcome of the UK lockdown was how well not just law firms, but all manner of businesses, adapted to working from home. The majority of respondents to our market research stated that their teams were operating effectively from home, with most firms reporting a 'stepped' return to normal.

All firms reported an intention to implement social distancing measures such as moving office furniture, adding hand sanitisation stations and staggered start times for staff.

Again, the majority of firms described their move to remote working as positive, with only 14% stating that employees are keen to get back into the workplace. For most organisations moving forwards, ideas such as giving employees a choice to work from home or return to the office, and remote working rotas, where certain staff members come into work on certain days are being considered.

Government guidance requires employers to support their staff in returning to work and only reopen firms when it is safe to do so, for example, after conducting a risk assessment.



Delivering Digital Law Services

The businesses that will emerge most robust are those who are willing to adapt. While no one could have predicted the pandemic, some firms were more prepared than others. Those who have struggled are the ones who have yet to utilise cloud-based case management software, rendering them unable to operate digitally.

If you do not yet use a cloud-based system that allows your employees to access cases remotely such as Law Cloud, Clio or Capterra, now is the time to invest. Introducing cloud-based software to enable employees to work on cases at home exactly as they can in the office is a must for law firms going forward.

Recent times have highlighted the ease with which it is possible for firms to operate mainly remotely – organisations are now considering the implications this might have for the future. With high rents in cities and an increase in the number of employees wishing to work from home, some firms may result in managing partners deciding to relocate office spaces as a cost-saving measure.

Restructuring and Recruitment

Are you aware of areas in your firm that will need to grow in the coming months? This is where you must now focus your efforts. Some departments such as conveyancing might shrink in the short term, as others take on more clients.

Senior decision-makers in the business are already making decisions about how your firm will operate in the months ahead as we move towards an exit from this current situation. Like other businesses, our survey responders are dealing with decisions such as –

- How do you manage furloughed employees?
- What are the plans to reintroduce people back into the business?
- Do you have the right levels of staff in the necessary departments?

The government has guaranteed the furlough scheme until October. By then, you will have a clearer picture as to where the changes in your law firm will be. Beyond the furlough scheme, further restructuring may be required. This will be influenced by the practice areas you specialise in and may or may not include redundancies.

If we enter a recession, your organisation must resist a blanket freeze on recruitment.

Although organisations look to hold on to their best employees, inevitable redundancies will mean that there will be an increase in talent in the market. If you still plan to pursue growth and expansion, a recession is the best time to hire new talent.

When recruiting during a period of contraction, it is essential to focus on the quality of your suppliers. Less established recruitment companies are at risk of not being able to deliver due to the same problems law firms are currently facing – such as cashflow problems or being unable to fulfill contracts.

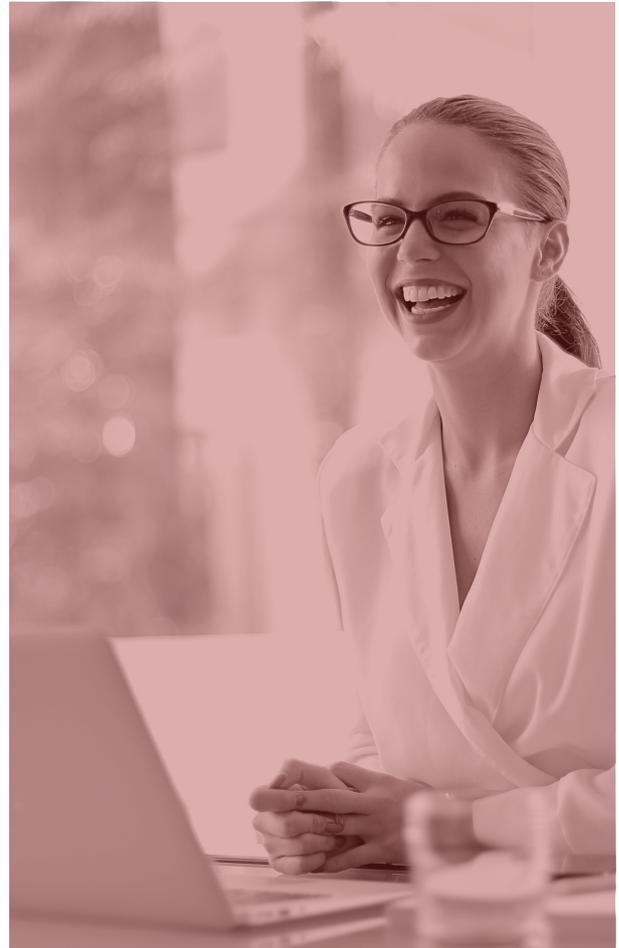
Recruiting during an economic downturn is an essential step to ensuring the strength and survival of your law firm. Working with an established expert legal recruitment company like Clayton Legal during critical times will ensure that your business is supported and not put at any further risk from incomplete contracts or unsuitable candidates.



CLOSING THOUGHTS

Aside from new remote working practices, some law firms have reported very little change in business. However, other firms have spent the last two months supporting struggling clients with advice on restructuring and insolvency, business finance, insurance, and legal advice regarding the furlough scheme.

As with all recessions, the businesses with the smallest cash flow will struggle initially, and those who can adapt to the emerging market are those who will succeed.



The future for some law firms will look leaner, with the diversification of services necessary until we find what the 'new normal' of firms look like.

CLAYTON LEGAL

We understand that while talent is your greatest asset - it can also be your scarcest resource - which is why you need a recruitment partner with the market expertise, insight and network to deliver the right people at the right time.

Clayton Legal has been partnering with law firms across the country since 1999 and during that time has built up an enviable reputation for trust and reliability.

We provide an experienced and credible voice in the market by being able to demonstrate a detailed knowledge of the legal sector's talent agenda. Talent is all about people and just like you, our consultants are true experts in their field with a real drive for excellence which informs everything they do.

From Partners and Associates through to Solicitors, junior fee earning positions and support staff, Clayton Legal is the only name you'll ever need - and what's more - we are nice people to do business with!

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