

Research to inform workforce planning and career development in legal services

**Employment trends, workforce projections and
solicitor firm perspectives**

Final report

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Timeliness of data

The intelligence and insight in this report are based on data up to 2018 which were the most up to date at the time of writing. In certain sections data and forecasts on which they are based run up to 2016 or 2017, where these were the latest robust data points available from national surveys at the time analysis was conducted.

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Executive summary

This report presents the findings from a research study to undertake workforce modelling for the legal services sector over the next ten years, and interviews with legal services employers to explore their workforce and skills issues and approaches to workforce planning.

The modelling approach drew on the Law Society's own projections of real financial turnover and employment for the sector, as well as historic data on the occupational structure of the sector, to forecast future employment levels among the different occupations, and within each occupation the likely qualifications profile. Findings from employer surveys into skills issues over recent years were extrapolated forward and combined with the occupational projections to estimate the size and nature of skills gaps in the future.

Interviews were conducted with senior individuals with responsibility for human resources issues in 24 randomly-selected legal services firms or in-house teams. The interviews covered details of the organisation and its workforce, how firms/teams recruit and train staff, the skill sets that are most important to the organisation, and how technological, regulatory and educational changes might impact on firms/teams over the coming years.

The legal services sector is defined using the category of "Legal activities" in the Standard Industrial Classification (SIC 69.10). Five key occupational groups have been used in the research:

- Legal professionals – barristers and judges; solicitors; legal professionals.
- Legal associate professionals – job titles such as barrister's clerk, compliance officers, conveyancer, legal executive, paralegal
- Legal Secretaries – job titles such as legal secretary, legal administrator, legal clerk, secretary (legal services)
- Senior support staff – encompassing managers and officers in a range of office functions including HR, IT, finance, accounts, marketing
- Other office support staff – all administrative and secretarial roles apart from legal secretaries

In addition, a final 'other' category includes all other occupations working in legal services employers, such as sales staff and cleaners.

Employment in legal services

The composition of the legal services sector has changed considerably over the last 25 years. Legal professionals have always been the largest group, although in 1993 they only just outnumbered other office support staff.

Since 1993 the number of legal professionals has increased steadily, at an average rate of just under two per cent per year, to reach around 150,000 in 2017. The fastest increase has been among senior support staff, in roles related to finance, HR, marketing etc., at a rate of just over five per cent per year. There has been a modest increase in the number of legal associate professionals – paralegals etc. – with a growth rate of just over one per cent per year.

The administrative and secretarial workforce, both legal and non-legal, has shrunk to around half the level it was in 1993, an average decline of just under three per cent per year.

Qualifications profile

The qualifications profile of the workforce has generally increased over the last 25 years. The legal professional workforce has always been very highly qualified, and more than 90 per cent of legal professions had degrees or other higher education qualifications throughout this period. The proportion of senior support staff with degrees/HE qualifications has increased from around 50 per cent in 1993 to 70 per cent in 2017, and the proportion of legal associate professionals with degrees/HE qualifications has increased from 40 per cent to 60 per cent over this period. Among legal secretaries and other office support staff, there have been increases in the proportions with degrees/HE qualifications, and decreases in the proportions with no qualifications, or qualifications below GCSEs.

Skills issues in legal services

Employers in the legal services sector are as likely as those in other sectors to have difficulties finding applicants with the right skills, qualifications and experiences (skills shortages), with around six per cent of establishment reporting these difficulties in 2017. However, they are slightly less likely to report that not all of their staff are fully proficient (skills gaps) – 12 per cent compared with 13 per cent of establishments across all sectors.

Where skills shortages do occur, they are most commonly around planning and ability to manage one's own time and prioritise one's own tasks, and around problem solving skills, although IT and literacy skills were particular issues when trying to recruit administrative and secretarial staff. Turning to skills gaps, planning and organisation skills and problem solving skills were also the most commonly reported skills lacking among staff, followed by knowledge of products and services offered by the firm, customer handling skills and team working skills.

A common theme from the employer interviews was that firms were paying more attention to softer people skills, such as communication and team working, when recruiting legal professionals, whereas in the past they had only looked at the technical legal skills. A commercial awareness, and management skills, were also seen as important for legal professionals. IT skills had increased in importance, but were generally seen as a life skill that all graduates had developed, rather than being the preserve of secretarial or specialist roles. Numeracy skills were identified as a skills gap by many employers interviewed.

Workforce projections

The workforce modelling approach used historic data on the relationship between the proportion of all staff within legal services who were in the main occupational groups, and real turnover in the legal services sector, lagged real turnover to account for non-contemporaneous impacts, the underlying productivity trend, and the total number of law graduates leaving UK universities. The model applied these historic relationships to the projections of the external variables to estimate future employment shares for the occupational groups. Future employment levels were derived by applying these employment shares to the projections of the total employment level in the sector from the Law Society's economic model.

The overall employment level in the legal services sector is projected to fall by 13,000 between 2017 and 2027, a decrease of four per cent. The results from the workforce model show that there are projected to be increases in the size and proportions of legal professionals and legal associate professionals to 2027, of around two per cent per year for legal associate professionals, and just under two per cent per year for legal professionals. By 2027, legal professionals are projected to comprise 57 per cent of the workforce, and legal associate professionals 15 per cent of the workforce, compared with the proportions in 2017 of 47 per cent and 11 per cent respectively.

The senior support staff workforce is projected to remain broadly stable, with the share of the total workforce in 2027 of 14 per cent being close to the proportion in the last few years. The numbers of legal secretaries and other office support staff are projected to decline, with the number of legal secretaries falling by nearly two thirds, and the number of other office support staff falling by a quarter, to account for three per cent and nine per cent of the workforce respectively in 2027.

The ratio of legal professionals to legal secretaries and other office support staff is projected to increase further over the coming decade. In 1998 there were two legal professionals to one legal secretary, and the ratio was one to one when adding in other office support staff, but by 2017 the ratios had increased to five legal professionals per legal secretary, and two legal professionals for every secretary or other office support worker. In 2027, there are projected to be around 20 legal professionals per legal secretary, and five legal professionals for every secretary or other office support worker. Thus the role of legal secretary is projected to largely vanish over the coming decade. The interviews with employers found that legal professionals were becoming increasingly self-sufficient in terms of managing their own documents and diaries, particularly new

entrants to the profession, and technology solutions such as voice recognition were also reducing the need for secretarial support. Furthermore, office support roles were becoming more generalist and combining personal assistance support for fee earners with other administrative tasks.

Balance between future demand and supply

There will also be a need for employers to recruit staff to replace those who retire or leave to start a family etc. The sector will need to recruit around 113,000 workers over the next 10 years to replace these leavers, although the total employment level is projected to fall by 13,000, giving a combined total requirement of 100,000 workers, or around 10,000 per year. There will be a need to recruit around 7,000 legal professionals per year, and around 2,800 legal associate professionals.

The overall requirement is likely to be met by the flow of entrants to the sector from education and labour market returners, as there are around 6,500 new entrants from each group per year. However, looking at the flows by occupation, the level of entrants to legal professional roles is likely to be slightly below the total requirement of 7,000 per year, as around 3,100 graduates enter legal professional roles each year, as do around 3,300 returners. Employers may need to engage more with higher education to encourage graduates into the sector and profession, and consider enhancing career development opportunities from legal associate professional roles, to increase the flow of entrants to meet their likely demands. Large firms generally had clear career pathways for paralegals to become qualified, but in smaller firms the pathway could be less clear and there were also fewer opportunities; training contracts may be offered to promising paralegals but opportunities were not available across the board. Some firms interviewed also said that they were looking to hire graduates from a wider range of backgrounds, with STEM being mentioned, to not only increase potential supply but also attract good numeracy and problem solving skills to the firm.

Projections by qualification

Within each occupational group, a modelling exercise was undertaken on the qualification profile, using the same approach as for the overall workforce model. In all occupational groups the proportion of highly qualified workers is projected to increase, so that by 2027, staff with degrees or other higher qualifications will account for over 99 per cent of legal professionals, 76 per cent of legal associate professionals, and 80 per cent of the senior support staff workforce. Among administrative and secretarial staff, 80 per cent of legal secretaries will have degrees or A-levels by 2025 (43% with degrees and 37% with A-levels or equivalent), as will 91 per cent of other office support staff (80% with degrees and 11% with A-levels or equivalent).

Future skills issues

Assuming that the recent trends in the overall incidence of skills gaps, and the skills reported as being lacking, continue over the coming decade, the proportion of legal

services establishments reporting skills gaps among their staff is likely to fall to around 9 per cent by 2027, from 11 per cent in 2017. The most prevalent skills gaps are likely to be around problem solving, customer handling, and planning and organisation, although the number of staff who are likely to be less than fully proficient in these skills is projected to be smaller in 2027 than in 2017, and there are likely to be very few staff with skills gaps in advanced IT skills or written communication skills in 2027. However, the numbers of staff exhibiting skills gaps in literacy and numeracy skills are projected to be higher in ten years' time.

Alternative scenarios

In addition to producing the central forecast of occupational employment, based on the Law Society's central economic projections, a number of alternative scenarios were also developed, considering alternative futures concerning: the take up of technology, particularly artificial intelligence; increased competition as a result of deregulation; increasing contracting out of support services; and increased supply to the sector from higher education as a result of the introduction of the new qualification system. Additionally, two adjustments to the Law Society's economic model have been developed to reflect alternative Brexit scenarios – a Canada-style Free Trade Agreement, and a World Trade Organisation trade deal – and the results of these have been used to assess the impact on the composition of employment.

- Under the increased technology/AI scenario, the total employment level is projected to be seven per cent lower than under the central baseline forecast, a decrease of 22,000 workers. The reduction in legal professionals is below average, at four per cent, representing 7,000 fewer workers, while the largest percentage decreases are projected for legal secretaries and other office support workers (19-20%).
- The total employment level under the increased deregulation/competition scenario is projected to be about 1,000 workers higher than under the central forecast, an increase of 0.3 per cent. However, the number of legal professionals is projected to decline slightly, by 1,500 workers (0.9% decrease). There is projected to be no change in the number of legal associate professionals, while there are small increases of around two to three per cent for workers in senior support, legal secretary and other office support roles.
- There is projected to be a small overall decrease in the total employment level under the increased contracting out of support services scenario in comparison with the central forecast (0.3%, a decrease of 1,000 workers). The numbers of senior support workers and other office support workers are projected to be 3.3 per cent lower than under the central forecast, while there are projected to be small increases of 0.6 per cent in the numbers of legal professionals and associate professionals.
- Under the increased supply scenario, the number of legal professionals is very slightly lower than in the central forecast, while the number of legal associate professionals is projected to be five per cent higher than in the central forecast, and the number of legal secretaries is projected to be 25 per cent higher (increases of 2,000 workers in each group in comparison with the central forecast). There is a small projected

increase in senior support workers (3%, 1,100 workers) and a large decrease in other office support workers (19%, 5,400 workers).

- Patterns in the occupational groups are similar in the two Brexit scenarios, with decreases in legal professionals and senior support workers, and increases in legal secretaries and other office support workers, while the number of legal associate professionals is unchanged in both. Overall there are projected decreases in the total employment level of 1.8 per cent under the Canada FTA scenario and 3.5 per cent in the WTO deal scenario compared with the central forecast. The number of legal professionals is projected to be 2.2 per cent lower under Canada FTA, and 3.9 per cent lower under WTO deal, while there are larger projected decreases in senior support workers (8.6% under Canada FTA and 14.6% under WTO deal). In comparison with the central forecast, the number of legal secretaries will be 10 per cent higher under Canada FTA, and 14 per cent higher under WTO deal, while the number of other office support workers will be 2.7 per cent higher under Canada FTA and 3.2 per cent higher under WTO deal.

Qualitative insights

During July to September 2018, representatives from 20 private practice firms and 4 in-house legal teams were asked for their views on the changes and challenges currently facing the legal services sector, and what this will mean for how they recruit and train workers.

Business context

- Small and medium sized firms tended to describe stable and organic growth in practice areas that were growing locally or had been cautiously expanding existing areas to meet current demand. Larger firms were more likely to have strategic plans for growth spanning a number of years. Many of the large firms and in-house teams had increased the size of certain teams, for example had expanded the business support function. This was brought about to facilitate business growth and to drive improvements (in pay and progression, learning and development and case management).
- Tenure at firms tended to be steady at senior level and, with the work of partners being quite specialist and generously rewarded, there would have to be a very big incentive for them to leave.

Career paths

- Generally, there was a lack of process/transparency in career paths at some levels of the organisation in either legal or non-legal roles. This was often related to there being a limited number of vacancies at particular grades. A few firms commented that whilst they had clear competencies and behaviours that employees should exhibit at partnership level, they did not always have an established progression route.

Progression to senior level was sometimes viewed as being dependent on a restructuring of a department or someone leaving the firm.

- Opportunities for paralegals who had completed their LPC tended to be in practice areas where firms were struggling to recruit at senior level and were looking to address skill gaps through junior staff development. Paralegals were also taken on where there were several long serving staff members and a firm had to think about succession planning, or where the level of legal advice did not always require a high level of technical knowledge (e.g. residential property as opposed to areas such as corporate law or intellectual property).

Recruitment

- Smaller firms rarely recruited except to replace leavers and would work flexibly to accommodate high periods of demand. Recruitment activity in larger firms and in-house teams was driven by department heads, in consultation with HR and senior management, with recruitment needs identified as part of business planning or on an ad hoc basis. A few firms took a strategic view when senior staff left, to see if responsibilities could be redistributed rather than getting a like-for-like replacement.
- Medium and large firms looking to recruit to senior positions would use a range of approaches including recruitment agencies, head-hunters, as well as advertising and word-of-mouth recommendations. Small firms were generally reliant on informal word-of-mouth or networking for all recruitment, and rarely advertised for senior roles.
- A number of medium to large firms had recently expanded their apprenticeship recruitment offer, driven by the introduction of the Apprenticeship levy and the perceived need to offer opportunities from a more diverse range of backgrounds. Many of these firms offered apprenticeship opportunities in support functions, while several had started to offer apprenticeships in legal roles. The firms who had offered legal apprenticeships were generally pleased with how well they had worked in practice and planned to expand this offer further.

Staff skills

- When looking for qualified staff, organisations looked for a good blend of both technical and soft skills, needing people able to build and maintain good relationships with clients and colleagues alike. Whilst larger firms viewed academic achievement as a core requirement for trainees, it was more generally felt that technical skills could be learnt on the job. Commercial awareness, knowing clients and the business environments in which they operate was valued. This was also a sought-after quality in non-qualified staff, along with organisational fit and interest in a relevant area of law.

Training provision

- Several medium to large sized firms had formal in-house training, delivered as part of the induction process and to meet the on-going training needs of current employees.

The in-house training covered topics such as IT systems, compliance, business related behavioural skills and commercial awareness. The modes of delivery of training depended on the size of the firm or legal team. Larger firms tended to resource in-house learning, whilst medium size firms more commonly sought training externally. Qualified members in smaller firms were expected to already have the technical skills and training required for their roles, and development occurred on the job. Meanwhile junior staff shadowed more experienced staff. Webinars were commonly mentioned as a training tool alongside face to face sessions with external training providers or through internal learning sets established within departments. These provided a space to talk through and identify solutions to common problems and issues encountered.

Anticipating the future

- Future skill requirements were identified by senior partners working in business development or business heads reporting to the board. Technology was commonly mentioned as part of the discussion around skills, with one firm saying they will need to think about how they can use it to restructure and reorganise workloads to improve efficiency. Participants found future innovations difficult to predict. In relation to legal roles, many firms had recently invested in and made updates to their management information and case management systems, improving efficiency, for example by being able to hand discrete, process driven tasks down to more junior members (paralegals). This allowed senior fee-earners to focus on higher value tasks that required a greater level of technical competency.
- A few large firms had also invested in software that allowed for the automated completion of some tasks. This had the effect of reducing staff hours. Extrapolating trends, some firms anticipated that paralegals would be more suited to supporting the work of partners as opposed to legal secretaries. Some medium to large firms felt that technology would help facilitate future business growth without the need to purchase new office space, by allowing more flexible and agile working.
- Very few firms felt that the regulatory reforms currently proposed by the SRA would affect their business position. There was a perception that unregulated entities would undertake high volume, process driven work, with tight margins. Firms interviewed did not feel this would compete with the high quality, high value services they can offer clients. Most firms commented that due to the limited information they had so far received on the nature of changes implied by the SRA's current education proposals, they were not yet clear on how the introduction of the SQE would affect their recruitment activities and skill requirements in future.
- Several firms did note they were supportive of the SQE in principle. These companies usually had recent positive experiences of recruiting junior legal staff via non-traditional routes (i.e. solicitor apprenticeships and were broadly positive about establishing multiple routes to qualification and the diversity of talent at this could bring). One firm commented that the quality of training contracts can be unclear. Firms

were in favour of the 'driving test' approach, bringing everyone to a similar standard, which is clear and transparent.

Workforce planning

- Many of the participating private practice firms (particularly the larger firms) and in-house legal teams actively engaged in workforce or succession planning as part of their business planning process. This typically involved discussing current business needs, growing practice/work areas and generally considering where they may need to recruit, train and replace staff in the future. Larger firms tended to have a one to five-year business plan which was formally developed and/or reviewed on an annual basis.
- Barriers to workforce planning mentioned included the difficulty in predicting the future moves of equity partners, and how and when they wanted to retire. Firms acknowledged there was no easy one-size-fits-all approach to planning how responsibilities of current partners should be fulfilled. Staff members with a large amount of experience and technical knowledge were often difficult to replace. Where a replacement was not possible, it was more practical to look at how senior responsibilities could be redistributed, facilitated by training, developing existing staff or new hires.
- Organisations sometimes had difficulty in spotting the potential of more junior staff members and high turnover at this level could affect forward planning. Several large firms mentioned having to carefully manage the expectations of junior staff in relation to how quickly they may be able to progress in their career. The challenge for employers was to retain younger staff, keeping them engaged and committed to the business when they were unable to meet demands in relation to progression. Smaller firms had limited physical, financial and human resources with which to recruit, train and develop, and progress staff to meet their future needs.

Support from the Law Society

Firms were asked what support, if any, they would like from the Law Society to assist in workforce planning. While the responses provided were quite varied, a few common themes emerged.

Several medium to large sized firms commented, for instance, that they would like access to local/national legal workforce data, which they can use to feed into staff recruitment decisions or set expectations within the business about the level of response they will have when advertising for particular positions. Suggestions included:

- A register of law graduates looking for positions locally
- A register of LPC graduates looking for traineeships locally
- Information on the practice areas that are currently either 'swamped' or 'struggling' with applicants.

Another common suggestion for how the Law Society could assist in workforce planning was by bolstering the education and training offer for private practice firms. Some organisations wanted training in specific areas that they were currently struggling to source (e.g. leadership training for medium sized firms); while others perceived that by offering face-to-face development programmes the Law Society could provide excellent opportunities to facilitate networking and shared learning between firms.

A few firms also mentioned that they would like advice on prescient issues affecting the legal services sector. One common example was advice and guidance on various ways in which firms can use systems that harness artificial intelligence, and recommendations for particular software packages they can use.

Several firms commented that some form of sector-wide benchmarking data would be useful in gaining an insight into how other firms are performing and what best practice looks like. There were various suggestions about which aspects of firm performance this benchmarking should cover including: department size/composition; workforce diversity and inclusion; and the IT systems/software firms are currently using. Some firms however questioned how this information would be collected, especially from smaller companies.

1 Introduction and background

The report presents the findings from the research to inform workforce planning and career development in legal services undertaken by the Institute for Employment Studies on behalf of the Law Society.

The project involved two strands:

- Workforce modelling, projecting the workforce composition in terms of the different occupations to 2027, along with projections of qualifications and skills; and
- Interviews with legal services employers across a range of sizes, locations and types of employer, to explore their workforce and skills issues and approaches to workforce planning.

1.1 Methodology and data sources

The Law Society Research Unit has an econometric model of the legal services sector which produces forecasts of turnover, employment, net exports and prices for the sector. The model incorporates macroeconomic forecasts from the National Institute of Economic and Social Research (NIESR) and the IMF World Economic Outlook.

The aim of the workforce modelling was to extend the employment projections to produce forecasts of employment among the different occupational groups within legal services, and to consider future skills issues.

The modelling approach involved looking at how the occupational structure of the legal services workforce has varied over the last 20 years in relation to turnover and productivity in the sector, and to the supply of law graduates, and then applying those relationships to the future projections from the economic model, to arrive at projections for employment in the different occupational groups. Then, for each occupational group, a second modelling exercise was undertaken to forecast employment by qualification level.

An assessment of likely future skills issues was arrived at by extrapolating the trends over the period 2011 to 2017, along with the projected changes in employment numbers in the different occupational groups.

1.1.1 Data sources

The analysis and modelling has drawn upon a number of data sources, including:

- Labour Force Survey – a quarterly survey since 1992 of around 100,000 individuals asking about labour market characteristics. This is the key source on occupational employment within legal services, and occupational results are a key input into the

workforce model. To smooth out sampling variation when looking at a relatively small section of the total labour market, such as the legal services sector, we have averaged across the four quarters in each calendar year to present LFS results on an annual basis.

- Law Society Economic Model – the results of the Law Society’s Economic Model, in terms of real turnover in legal services and the underlying productivity trend, are included as variables in the workforce model. The workforce model results are also constrained to the total employment projections from the economic model.
- Employer Skills Survey – a survey of around 90,000 establishments conducted every two years, asking questions about skills issues. This is the main source of information on key skills issues in the legal sector.
- Higher Education Statistics Agency (HESA) data on students achieving law qualifications, and on graduate destinations of law graduates, to understand the supply of newly qualified labour to the sector.
- Law Society Management Information on registered firms and on Practising Certificate holders has been used to provide contextual information about the sector in terms of size of firms and practice areas. Annual data were available for 2014 to 2018
- Law Society surveys of firms, to obtain details on the workforce breakdown by size of firm and broad practice area.

1.1.2 Modelling methodology

Modelling the legal sector workforce and forecasting its future trends requires the availability of high-quality historical data on the number of employees in the sector, by occupation and qualification level. To measure the precise association between each variable in the model on the trend of the legal sector workforce, both our dependent and independent variables should display enough variability. As the dependent variables in our models are yearly aggregate labour force data in only one sector, the only variation that we can exploit for our estimation is the variation of over time.

Intuitively, if we can observe how the legal sector workforce varies over time and how it co-varies with the main explanatory variables in our model, we are more likely to detect a link between the observed changes in the legal sector workforce and the explanatory variables in the model.

We scoped two main sources of data on the legal sector workforce for the potential to be used in the modelling: Law Society MI data; and Labour Force Survey (LFS) data.

Law Society MI data provide reliable information on qualified legal professions, including their areas of practice. However, they are only available for the years 2014-2018. This would result in only five data points to be exploited for the empirical estimation.¹

¹ We also notice that we aim to obtain five coefficients from our estimation procedure (four coefficients for the

Using the Labour Force Survey, we are able to compute the total number of employees in the legal services sector by occupation (using a categorisation for five specific occupational groups within legal services, and a residual 'other' occupation category) and by qualification level within each occupation. LFS data are available from 1993, hence spanning a longer time frame than that available from the Law Society MI data.

In light of the considerations above regarding the importance of the time dimension for the estimation of our models, we have decided to use LFS data to compute our dependent variable. As the information we are interested in (sector, occupation, qualification) is self-reported, there might be discrepancies between the total numbers of employees by occupation and qualification in the LFS and the figures reported by Law Society (2018). For this reason, and as explained in further detail later in this report, we will not model the absolute numbers of employees by occupation and qualification directly from the LFS data. Instead, we will model the proportion of employees in each occupation/qualification groups over the total workforce in the sector.

Having obtained predicted values for the proportion of employees by occupation (and qualification within occupation) we will apply the forecasted proportions to the Law Society projections of the size of the total legal sector workforce, so as to break down the total number of employees by occupation, and by qualification within each occupational group.

1.1.3 Key definitions

The **legal services sector** is throughout the report defined as the Standard Industrial Classification (SIC) industry class 6910: Legal activities. However, some analysis has only been possible at the two-digit SIC level (industry divisions), in which case the sector definition is SIC 69: Legal and accounting activities.

Occupational data within legal services have been presented in two ways:

- Firstly, a bespoke categorisation has been used for presenting the occupational trends and the modelling, using the most detailed 4-digit SOC categories to identify those occupations most relevant to the legal services sector – legal professionals, legal associate professional, legal secretaries – plus other major occupations differentiated by skill level – senior support, office support, and other staff.
- Secondly, where datasets provide information only at the broad SOC Major Group level, we have used the broad groups of professionals (mostly legal professionals), associate professionals (again mostly legal), managers and senior officials, and administrative and secretarial staff (corresponding to legal secretaries and office support).

main explanatory variables and a constant). With only five data points our models would be fully saturated. That means that the independent variables would be constrained to fit all the variation in the dependent variable, including the variation due to random factors. This would contribute to having unreliable parameter estimates.

1.1.4 Methodology for employer interviews

The second stage of the project was in-depth interviews with a number of employers within the legal services sector, across a range of sizes, locations, and practice areas. Additionally, interviews were undertaken with a small number of in-house research teams in private sector business and in local authorities.

A draft discussion guide was prepared by the Law Society, and this was reviewed and amended by the project team to ensure it was addressing the key research aims.

A random selection of legal sector business was undertaken by the Law Society using their database of law firms, clustered on a number of locations around the country to minimise travelling time between interviews and maximise the effectiveness of staff time.

Letters were sent to the selected firms, along with a research brief describing what participation in the research would involve. The main contacts in the firms were then contacted by telephone to recruit them as interviewees, or to get details for a more suitable colleague if appropriate.

Interviews were conducted primarily face-to-face, although a small number of telephone interviews were conducted in instances where it was not possible to see the individuals around the times of the visit to that area. Interviews lasted approximately 60 minutes and covered a range of employment and skills topics, and were audio-recorded to ensure all findings were accurately captured.

1.2 Report structure

The report is structured as follows:

- Chapter 2 reports on employment in the legal services sector, looking at:
 - employment by occupation using bespoke occupational groups to reflect the types of roles that workers in the sector undertake;
 - characteristics of workers in the different occupations – gender, age, region, qualifications etc.
 - trends in employment by occupation
 - numbers of solicitors working in different practice areas, and trends over the last few years
 - labour supply, in terms of students undertaking law degrees and their destinations after graduating
 - flows into and out of the sector, to and from other sectors, unemployment, education, inactivity, and retirement
- Chapter 3 looks at the qualification levels of workers in legal services, and skills issues reported by employers in the sector.

- Chapter 4 presents the results of the workforce modelling. Employment projections to 2027 by occupation are presented first, followed by the balance between future demand and supply, and projections by qualification levels within each occupation, and likely future skills issues for legal services employers.
- Chapter 5 investigates a number of alternative scenarios and the impact they are likely to have on total employment in the sector, and on the occupational balance. Alternative scenarios looking at a different rate of take up of technology, particularly artificial intelligence, increased competition as a result of deregulation, and a trend towards outsourcing support services are developed, as well as a future with a higher supply of law graduates from higher education. Finally, the likely impact of two Brexit scenarios – a Canada-style free trade agreement, and the UK trading on WTO terms – are presented.
- Chapter 6 provides the findings from the qualitative interviews with employers in the legal services sector, looking at the business context in which businesses are currently operating, recent employment trends and recruitment practices, skills issues for both qualified and non-qualified staff, training and development provided to staff, expectations about the future, and approaches to workforce planning.
- Chapter 7 summarises the findings from across the different chapters and draws together the key conclusions for the sector.

2 Employment in legal services

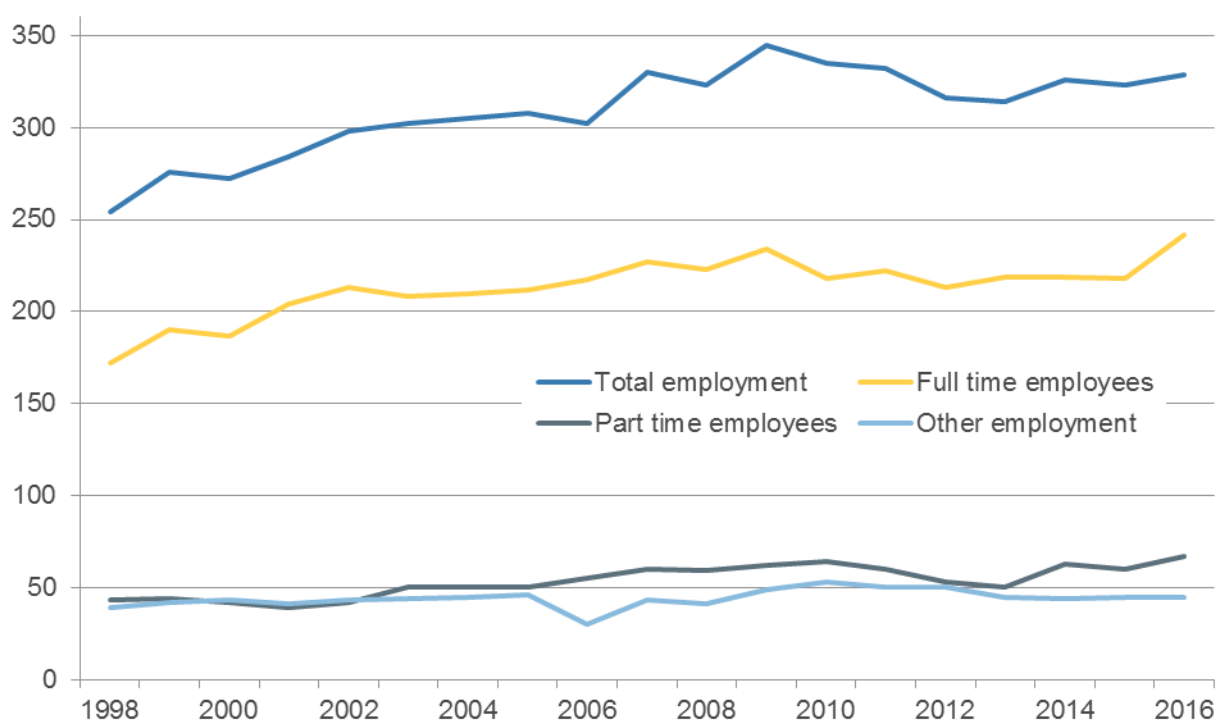
This section gives an overview of historical trends in the legal services sector from the Law Society's econometric model, the Solicitors Regulation Authority (SRA) firm and individual level data (provided by the Law Society) and the Labour Force Survey.

2.1 Trends from the Law Society forecasts model

2.1.1 Trends in total employment in the sector and real turnover in the sector

This section presents the employment trends in the legal services sector over time from 1998 to 2016 from the Law Society's model, which draws on data from the UK Business Register and Employment Survey (BRES). Total employment has risen from 254,000 in 1998 to a peak of 345,000 in 2009, before falling post-economic crisis to a total of 329,000 in 2016 (Figure 2.1). Full time employees comprised the majority of the sector workforce, ranging from two thirds to three quarters of total employment over this period. The numbers of part time employees and those in other employment in the legal sector (defined as partners, directors, owners or self-employed) remained broadly similar until 2005, and since then the number of part-time employees has been slightly higher than the number of other workers. Both groups have numbered between 40,000 and 60,000 over the period from 1998 to 2016.

Figure 2.1 Employment trends in the legal services sector by type of employment ('000s), 1998-2016



Source: Law Society Legal services sector forecast data

Real turnover in the sector has grown steadily over time, albeit with a sharp fall during the recession of 2008/09. Measured at 2010 constant prices, real turnover in the legal services sector has grown from approximately £15.8 billion in 1995 to £28 billion in 2016, with the fastest growth recorded between 1998 and 1999, an increase of 9.5 per cent. However, there were decreases in real turnover of 6.6 between 2007 and 2008, and 4.9 per cent between 2008 and 2009.

2.2 Labour Force Survey analysis

This section presents the analysis of historical workforce data by occupation within the legal services sector, which forms a key input into the workforce model. We look in detail at the characteristics of the sector workforce in 2017, the most recent year for which there is workforce and economic data for the sector, and at the trends over recent years.

As mentioned above, the definition of the legal services sector is the SIC class 6910: Legal services. The industrial classification changed in 2007 but the definition of the legal sector was relatively unchanged between the former and current classifications.

Tracking occupations over time however is complicated by the reclassification of Standard Occupational Classifications (SOC) codes in both 2000 and 2010. These reclassifications have grouped the different legal professional jobs in slightly different ways, and so to get a consistent time series we can only use legal professionals overall, rather than being able to look separately at solicitors, barristers, judges and other legal professionals.

Below is a cross-sectional descriptive analysis of the legal sector in 2017 and a longitudinal descriptive analysis between 2011 and 2017, a time frame where we have a homogenous definition of occupational classifications using SOC 2010 codes.² The analysis uses pooled quarterly data over these time periods.

As a result of discrepancies³ in total employment numbers for the legal services sector from the LFS and from the Business Register and Employment Survey (BRES) source used by the Law Society in their econometric model, we present proportions from the LFS data, and then apply those proportions to the BRES-based totals to derive estimates of employment by occupation, demographics etc.

2.2.1 Current profile of the legal services workforce

According to the LFS in 2017, 46 per cent of the legal workforce were male and 54 per cent were female. London accounted for the largest proportion (38%), followed by the South East (10%), the North West (8%) and the South West (8%).

Just over a quarter (26%) of the legal services workforce were in their 30s, and a slightly smaller proportion (25%) were in their 40s, while 22 per cent were aged under 30 and 11 per cent were aged over 60 (3.7% were between 65 and 69 years old and 2.1% were aged 70 or over).

Most of the Legal workforce were degree educated (67%) with an additional seven per cent having some form of higher education qualification below first degree level. Around 11 per cent of workers had either GCE A-levels or equivalent as their highest qualification, and 12 per cent had GCSEs or equivalent as their highest qualification. Only one per cent had no formal qualifications, with the majority of these individuals working in elementary (low-skilled) occupations.

Roughly four fifths of workers in the legal services sector worked full time, according to the LFS, largely in line with the Law Society model estimate. In total almost 96 per cent of the legal services workforce were permanent employees, with only 4.5 per cent of employees being not permanent in some way⁴.

In terms of the size of employer, around one in three workers (34%) were in small firms with less than 25 employees in total, with just over half of these working in micro enterprises with 10 or fewer employees (these represented 18% of all workers). Just over a quarter (27%) worked in large firms with 250 or more employees, with the majority of these based in London, and the remaining 39 per cent of workers were in medium-sized firms with between 25 and 249 employees.

² See Appendix 1 for details.

³ The LFS is a survey of individuals who are weighted up to produce population estimates which are subject to sampling variability from quarter to quarter, whereas the ABS is a survey of businesses using a national comprehensive database of UK businesses compiled by government and used for statistical purposes.

⁴ LFS respondents are asked whether job is permanent, with responses of job is 'permanent' or 'not permanent in some way'.

One in three (33%) legal services workers had been with their current employer, or had been self-employed, for 10 years or more, while 38 per cent had been with their current employer/self-employed for between two and 10 years, and 29 per cent had been in their current employment situation for less than two years.

2.2.2 Recent trends in workforce characteristics

The workforce has become more concentrated in London in recent years, with the proportion of workers in London increasing from 33 per cent in 2011 to 38 per cent in 2017. Other regions have seen modest increases, such as the South East and Scotland. However in most other regions there has been a decrease in their shares of the legal services workforce.

In terms of the age of employees within the legal services workforce, there has been a slight shift towards older workers, which is likely to reflect the ageing population within the UK.

Overall, average qualification levels of workers in legal services have been increasing in recent years. The proportion of employees with degrees or other higher education qualifications has increased somewhat between 2011 and 2017, while there has been a notable decrease in the proportion with GCSEs or equivalent as their highest qualification.

There has been little change in the proportion working full time, or in permanent employment, in recent years, while there has been a slight increase in the proportion of employees working for very large firms (500 or more employees) in recent years.

2.2.3 Legal Services sector occupational snapshot 2017

To investigate the occupational characteristics of the legal services workforce, a bespoke categorisation of occupations was developed an occupational classification that identifies the key occupations within the sector, with other occupations grouped according to their broad skill level and work area. The groups used are presented in Table 2.1, and more details on the occupational categories can be found in Appendix 1.

Table 2.1 Occupational categories and associated job titles

Group	Categories	SOC code	Occupation /related job titles
Group 1	Legal professionals	2412	Barristers and judges
		2413	Solicitors
		2419	Legal professionals not elsewhere classified (eg Legal adviser, legal consultant, solicitor's clerk (articled))
Group 2	Legal associate professionals	3520	Barrister's clerk, compliance officer, conveyancer, legal executive, paralegal
Group 3	Legal secretaries	4212	Legal secretary, legal administrator, legal clerk, secretary (legal services)
Group 4	Senior support staff	All in SOC 1, 2 and 3 except for legal professionals and legal associate professionals	Eg HR managers/officers, finance managers, accountants, IT and marketing staff
Group 5	Other office support staff	All in SOC 4 except legal secretaries	Administrative and secretarial roles (excluding legal secretaries)
Group 6	Other staff	SOC 5-9	Mainly sales/customer service roles and elementary occupations eg security, mailroom, cleaners etc.

Source: IES

Table 2.2 shows the key characteristics of the legal services workforce in 2017, looking at gender, age, qualifications, region, working hours, and type of employment. Looking first at gender, 60 per cent of legal professionals, and 54 per cent of senior support staff, are male, while in the other groups the majority of workers are female, and among legal secretaries around 99 per cent are female.

Legal professionals are concentrated in London, with nearly half working in this one region alone, and senior support staff are also over-represented in London. The other groups are more evenly distributed across the regions of the UK.

Around one in three legal associate professionals and legal secretaries are aged under 30, compared with only 15 per cent of legal professionals. Legal professionals and senior support staff are concentrated in the 30-49 age group (58% and 59% respectively). The highest proportion of older workers aged 60 and over is in the other office support staff group, at 17 per cent compared with the average across the sector as a whole of 11 per cent.

Nearly all legal professionals have degrees or other higher education qualifications, as do 71 per cent of senior support staff, and 59 per cent of legal associate professionals. Around half of all legal secretaries have qualifications at or below GCSE level or equivalent, while other office support staff are generally better qualified, with half having degrees or other higher education qualifications, and a quarter having A-levels or equivalent.

Table 2.2 Breakdown of total employment in legal services by key characteristics, 2017

	Legal profs	Legal ass. profs	Legal secretaries	Senior support	Other office supt	Total
Male	60.2	27.9	0.8	54.3	31.3	45.9
Female	39.8	72.1	99.2	45.7	68.7	54.1
London	46.5	18.4	27.4	43.6	31.4	38.4
SE/SW/East	21.2	28.6	29.8	19.2	25.3	22.9
EM/WM/Wales	9.7	25.9	9.2	10.4	10.8	12.2
NE/NW/YH/Scot/NI	22.6	27.1	33.6	26.7	32.4	26.5
16-29	15.2	34.5	29.2	21.2	27.7	21.6
30-39	31.0	22.1	13.8	27.1	25.1	26.3
40-49	26.9	23.0	23.1	32.0	14.3	25.2
50-59	17.5	13.2	24.0	7.9	15.5	15.5
60+	9.3	7.1	9.8	11.8	17.4	11.4
Degree/HE	97.1	59.1	26.5	71.2	48.3	73.4
A-levels or equiv.	2.1	15.4	20.6	13.1	25.5	10.8
GCSEs or equiv.	0.0	21.2	46.7	12.0	18.8	11.5
Other/no quals	0.8	4.3	6.2	3.7	7.4	4.2
Full-time	87.9	74.8	68.6	87.9	76.5	82.2
Part-time	12.1	25.2	31.4	12.1	23.5	17.8
Permanent*	94.7	98.6	94.0	95.0	97.0	95.5
Not permanent in some way*	5.3	1.4	6.0	5.0	3.0	4.5
Under 25 employees*	29.3	41.2	46.4	24.3	43.6	34.1
25 to 249 employees*	40.5	39.0	35.4	41.1	37.6	39.3
250+ employees*	30.2	19.8	18.1	34.5	18.8	26.6
Up to 2 years	23.1	44.9	32.5	30.0	30.3	28.6
2 years but less than 10	37.8	34.6	39.9	47.1	31.4	38.0
10 years or more	39.1	20.4	27.6	22.9	38.3	33.4
N=	118,000	27,500	24,200	38,900	33,100	249,400

Note: breakdowns by permanent/not permanent and size of employer are based on employees only; numbers in the 'other staff' group are too small to provide reliable estimates.

Source: Labour Force Survey

Overall, just under one in five workers in legal services (18%) work part time, and this is highest among legal secretaries (31%), legal associate professionals (25%) and other office support staff (24%).

There is little variation in the proportion of non-permanent employees by occupation, with the vast majority of employees in all occupational groups being on permanent contracts, and only five per cent of employees being on contracts that are not permanent in some way (eg fixed term contract, via an employment agency, casual work).

Legal associate professional, legal secretaries, and other office support staff are more likely than other groups to work in small firms (less than 25 employees), with more than 40 per cent of staff in each of these three groups working in small firms. Thirty per cent of legal professionals, and 35 per cent of senior support staff, work in large firms (250 or more employees).

Legal associate professionals had the shortest average tenure, with 45 per cent being with their current employer (or period of self-employment) for less than two years, followed by legal secretaries (33 per cent had less than two years' tenure). This reflects to some extent the main routes for occupational mobility, with legal associate professionals moving up into legal professional roles, and legal secretaries having progression opportunities into legal associate professional roles. By contrast, 39 per cent of legal professionals, and 38 per cent of other office support staff, had been with their employer (or been self-employed) for 10 years or more.

2.2.4 Legal Services occupational trends 1998-2017

Figure 2.2 shows the trends in the employment levels for the six occupational groups within legal services since 1998. The employment levels have been calculated by applying the proportional breakdown from the Labour Force Survey, to the Law Society's figures for total employment in the sector, and are thus consistent with the total employment level in the sector. Trends over this time period are affected by changes in the occupational classifications used by the data sources in 2000 and again in 2010, and changes in these years that the new classifications were introduced may be a result of reclassification rather than actual labour market changes.

The largest group across this whole period has been **legal professionals**, with numbers rising from around 96,000 in 1998 to a peak of 161,000 in 2016. The figure in 2017 stood at 152,000. Legal professionals have tended to make up just under half of the legal sector workforce over the period since 2011 – this is the period for which the occupational classification has been consistent (SOC 2010). The proportion of legal professionals peaked in 2013, at 49 per cent, and has reduced slightly since. Considering the three separate groups within legal professionals – barristers and judges, solicitors, and other legal professionals – solicitors have made up roughly a third of the entire workforce, falling from 34 per cent in 2013 to 31 per cent in 2017, while barrister and judges averaged at around six to seven per cent of the legal sector workforce between 2011 and 2017, and the other legal professionals group has been slightly larger at around nine to 10 per cent of the total.

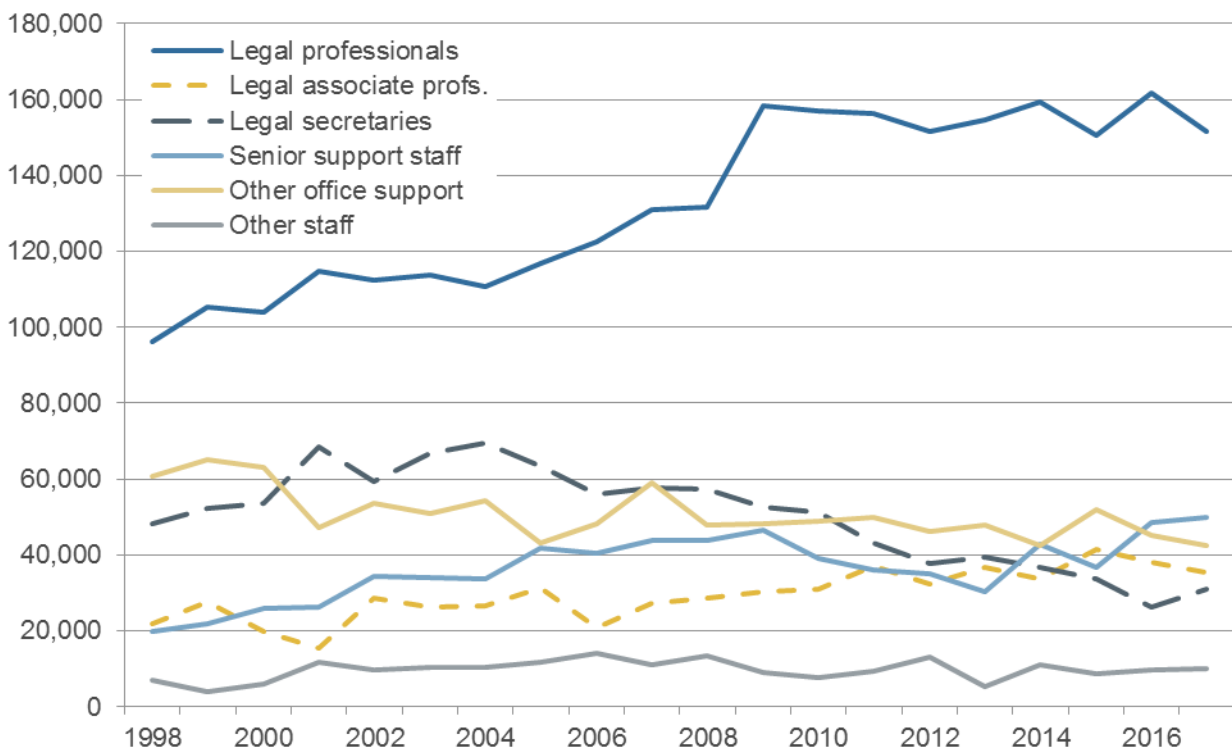
In the late 1990's and early 2000's, **legal secretaries** and **other office support staff** were the next two largest groups after legal professionals, with each group numbering between 45,000 and 65,000 over this period. The number and proportion of legal secretaries has decreased since 2011, with the proportion falling from 13 per cent in 2011 to 10 per cent in 2017. Other office support staff account for a higher proportion of all workers than do legal secretaries, at around 13 per cent in 2017.

The number of **senior support staff** has increased by 150 per cent since 1998, from 20,000 in 1998 to 50,000 in 2017 (16% of the total workforce). However, this group

experienced a decline in numbers during and after the recession period around 2008-09. The number of **legal associate professionals** has also been on an upward trend since 1998, although at a slightly slower rate than for senior support staff, and in 2017 they accounted for 11 per cent of the total workforce.

Thus, the occupational patterns of the last two decades are summarised by growth among legal professionals, legal associate professionals, and senior support staff, accompanied by declining employment levels among legal secretaries and other office support staff.

Figure 2.2 Employment in legal services by occupation, UK, 1998-2017



Source: Labour Force Survey, 4-quarter averages each year

2.2.5 Average earnings by occupation in legal services

Another dimension to investigate is the average pay levels among the different occupational categories. Gross hourly pay has been collected in the LFS since 1994, and clear patterns emerge in the data despite year to year fluctuations. Overall pay for legal professionals and senior support staff tracked each other closely; up until 2015, pay for legal professionals was generally slightly above the pay for the senior support staff, although since 2015 pay for the latter category has been higher. The third highest paid category is legal associate professionals; pay for this group rose from approximately £10 per hour in 1994 until 2008, since when it has been around the £15 per hour mark. Pay for legal secretaries and other office support staff have also tracked each other over time, rising from about £6 per hour in 1994 to between £11- £13 per hour in 2017. Other occupations, such as customer service, postal and security staff and cleaners, have consistently had the lowest pay levels in the sector.

2.3 Trends from Individual and Firm level Management Information

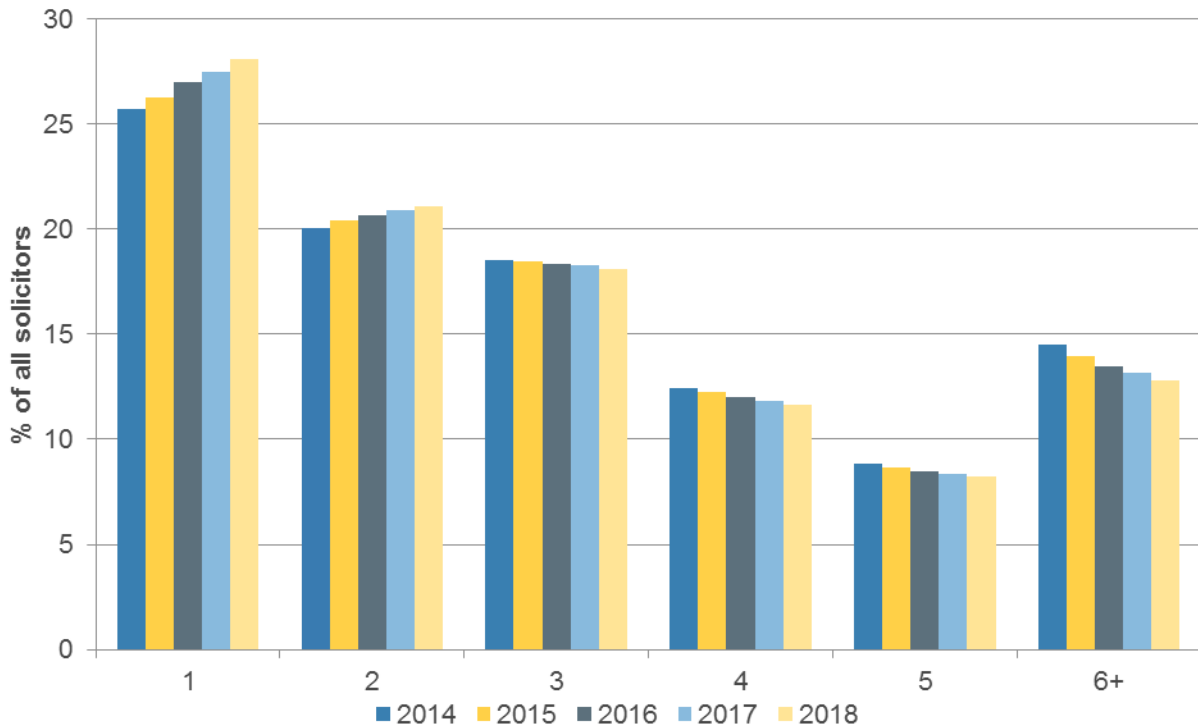
Management information (MI) data on individuals and firms registered with the Solicitors Regulation Authority (SRA) can provide a more granular picture of the legal professionals workforce, in terms of the numbers of solicitors with practising certificates and the areas in which these individuals work (with solicitors able to report working in any of 59 separate working areas, and able to record up to six areas in their return). However, data are only available for 2014 onwards and so do not provide as long a time series as the Labour Force Survey data. There are also some important caveats around the data that should be borne in mind. Based on communication with the SRA, the data collectors, it is no longer a requirement for solicitors to update these working areas of law annually, and so information on working areas may not be updated on a regular basis, or may be completed by firms on a bulk basis for their entire solicitor workforce rather than by individual solicitors. There are also other caveats to bear in mind when interpreting the following results, such as younger cohorts not tending to report until they have greater experience within a practice area, and the data not recording the amount of fee earning time dedicated to each area when solicitor work in multiple areas. Despite these caveats the quality of information is high and allows for robust investigations of the solicitor workforce.

Figure 2.3 shows the proportion of all solicitors in the individual MI dataset by the number of practice areas recorded. Overall there has been a shift towards individuals working in one or two working areas at the expense of those working in three working areas or more, which suggests solicitors are appearing to specialise more in the most recent years of SRA data. The proportion of solicitors working in a sole area rose from 25.7 per cent in 2014 to 28.1 per cent in 2018, while the proportion working in six or more working areas has fallen from 14.5 per cent in 2004 to 12.8 per cent in 2018.

To estimate the number of solicitors practising in the different working areas⁵ we divide each person by the number of areas of work they are in, then sum these proportions for each working area to get an estimate of the total number of solicitors in that working area. For example, if someone recorded that they worked in Criminal and Employment practice, we would split them between these two categories and so they would be counted as 0.5 solicitors in Criminal practice, and 0.5 solicitors in Employment practice. These numbers are then scaled up to total number of solicitors from the individual level MI (as there are some individuals with either zero or missing working types).

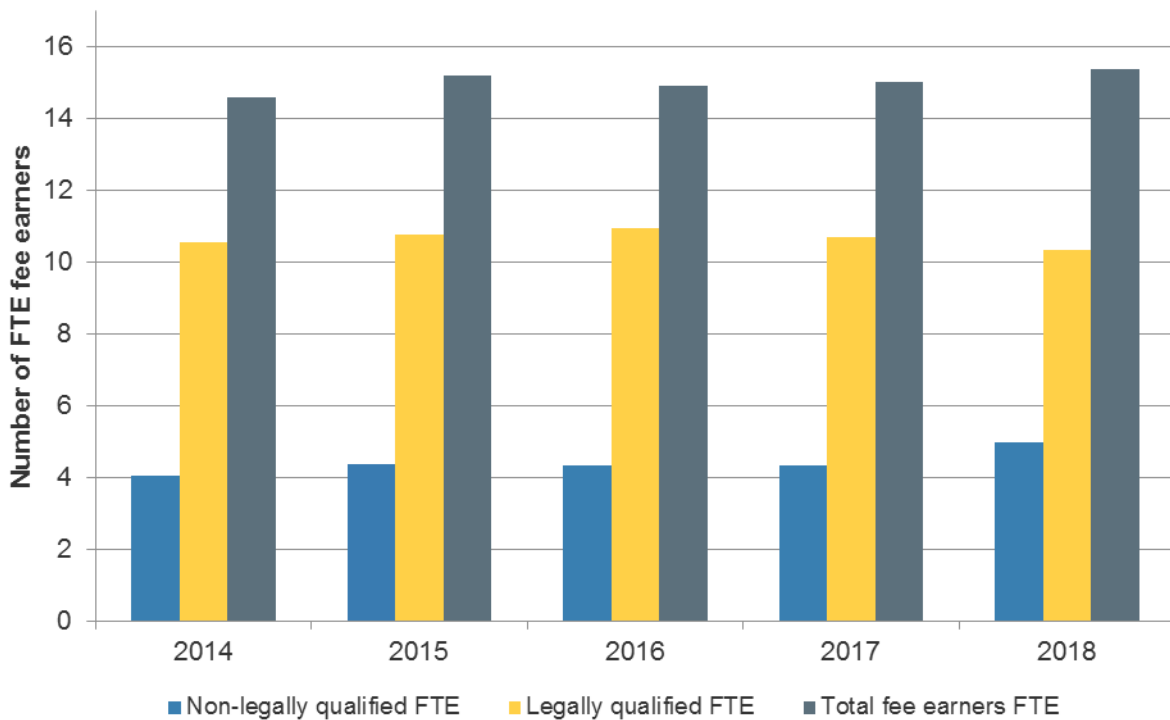
⁵ Details of the working areas used in this analysis can be found in Appendix 1.

Figure 2.3 Number of working areas per solicitor, 2014-18



Source: IES analysis of SRA individual level MI 2014-2018

Figure 2.4 shows from the firm level MI the mean number of fee earners per firm by year, split by non-legally qualified and legally qualified. While the total number of fee earners per firm has remained broadly stable, there appears to have been a slight shift from legally qualified fee earners to non-legally qualified fee earners in the past five years. Breaking the data down by firm size, larger firms are more likely to rely on non-legally qualified staff than smaller firms, as in 2018 the percentage of all fee earners who were non-legally qualified rose from 23 per cent among small firms (1-10 fee earners) to 40 per cent among larger firms (50+ fee earners).

Figure 2.4 Mean number of FTE per firm legally qualified and non-legally qualified, 2014-18

Source: IES analysis of SRA firm level MI 2014-2018

2.3.1 Trends in solicitor numbers 2014-2018

The individual level MI data allow for an examination of the sizes of the different working areas within the legal services sector. In total there are 59 individual working areas in the MI data which have been grouped into 14 broad areas, which fit under the three main groups used by the Law Society – Business to Business (B2B), Business to Hybrid (B2H) and Business to Consumer (B2C).

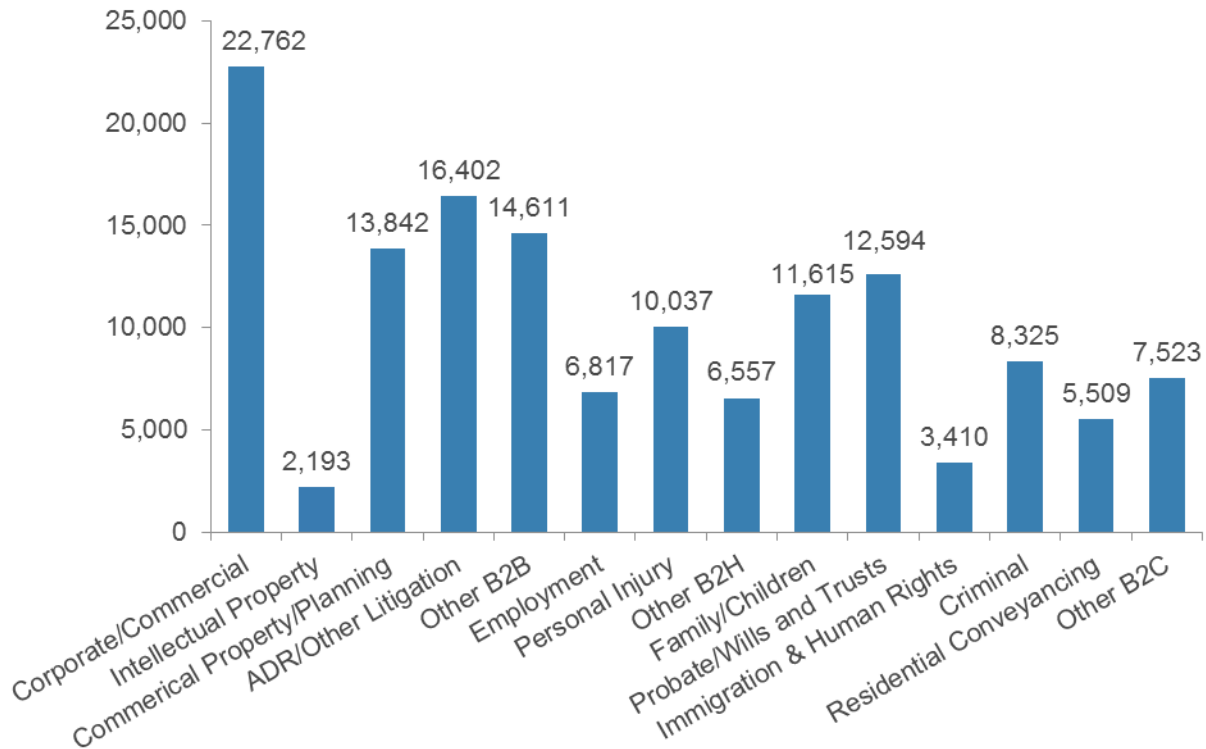
Looking first within the B2B category, there are five broad working areas within this group: Corporate/Commercial Law; Intellectual property; Commercial Property/Planning, Alternative Dispute Resolution (ADR)/Other litigation and Other B2B. In 2018 Corporate/Commercial was by far the largest category in the entire legal services sector with approximately 23,000 solicitors working in this area. Intellectual property is the smallest area, around a tenth of the size of the Corporate/Commercial law. The other three broad areas in the B2B category are fairly similar in size; the largest is ADR/Other litigation (around 16,500) followed by Other B2B (approximately 14,500), and Commercial Property/Planning (around 13,800).

Personal Injury is the largest of the three broad areas in the B2H category, with around 10,000 solicitors working in this area, while 6,800 are engaged in Employment work, and 6,600 in Other B2H work.

Within B2C there are six main working areas we have identified. These are: Family/Children; Probate/Wills and Trusts; Immigration and Human Rights (including Civil

liberties); Criminal Law; Residential conveyancing; and Other B2C. The largest area in this domain is Probate/Wills and Trust with around 12,600 solicitors working in this area in England and Wales, closely followed by Family/Children (around 11,600 solicitors). Immigration and Human Rights solicitors are the smallest group (around 3,400).

Figure 2.5 Number of solicitors by working area, 2018



Source: IES analysis of SRA individual level MI 2018

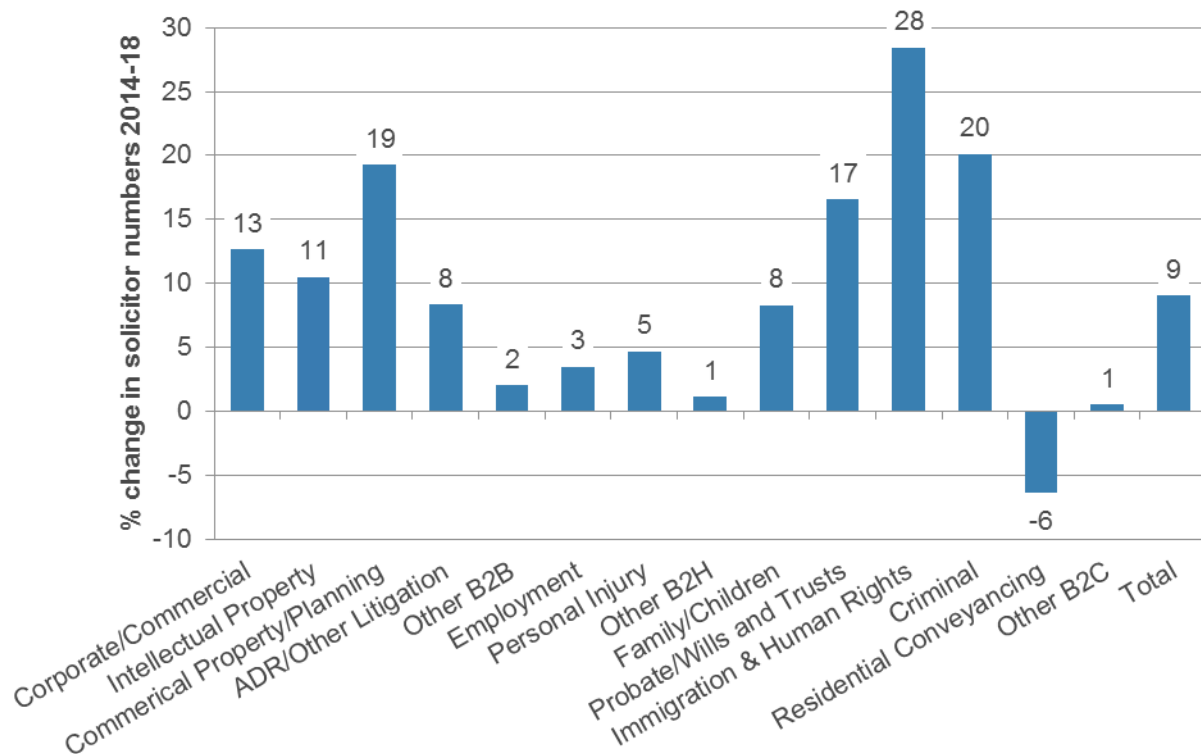
The number of solicitors in England and Wales recorded in the MI data increased by nine per cent between 2014 and 2018, or roughly 2.2 per cent per year. Figure 2.6 shows the comparative growth rate in the 14 defined working areas over this five year period. The largest increase was in Immigration and Human rights, growing by 28 per cent, while there was also strong growth in the other B2C areas of Criminal⁶ (20%) and Probate/Wills and Trusts (17%). However, the number of solicitors in Residential Conveyancing decreased by six per cent, reflecting the weak housing market after the economic downturn, and this was the only area in which numbers fell.

Growth has been relatively subdued in the B2H working areas, with the number of solicitors in Employment work increasing by 3.5 per cent and the number in Personal Injury increasing by 4.6 per cent, and very little change in the number in Other B2H work.

⁶ Regarding criminal practice, this finding may be due to individuals not ‘de-registering’ from criminal work but leaving their categories unchanged; individual level practice area data are self-reported and where firms oversee the practice certificate renewal exercise they may not be updated on a regular basis by individual solicitors. It is thought across the sector that criminal work, and the number of criminal lawyers, has declined in recent years.

The demand for legal work in the broad B2H sectors is more likely to be countercyclical than in B2C and B2B work, with stronger economic conditions (eg rising employment) leading to lower demand for the services in these areas. Furthermore, the small growth in solicitors in Personal injury could also be caused by legal changes affecting this practice area.

Figure 2.6 Growth rate in solicitors by working area, 2014-18



Source: IES analysis of SRA individual level MI 2014-2018

There has been above average growth in solicitor numbers in the B2B areas of Commercial Property/Planning (19%), Corporate/Commercial (13%) and Intellectual Property (11%).

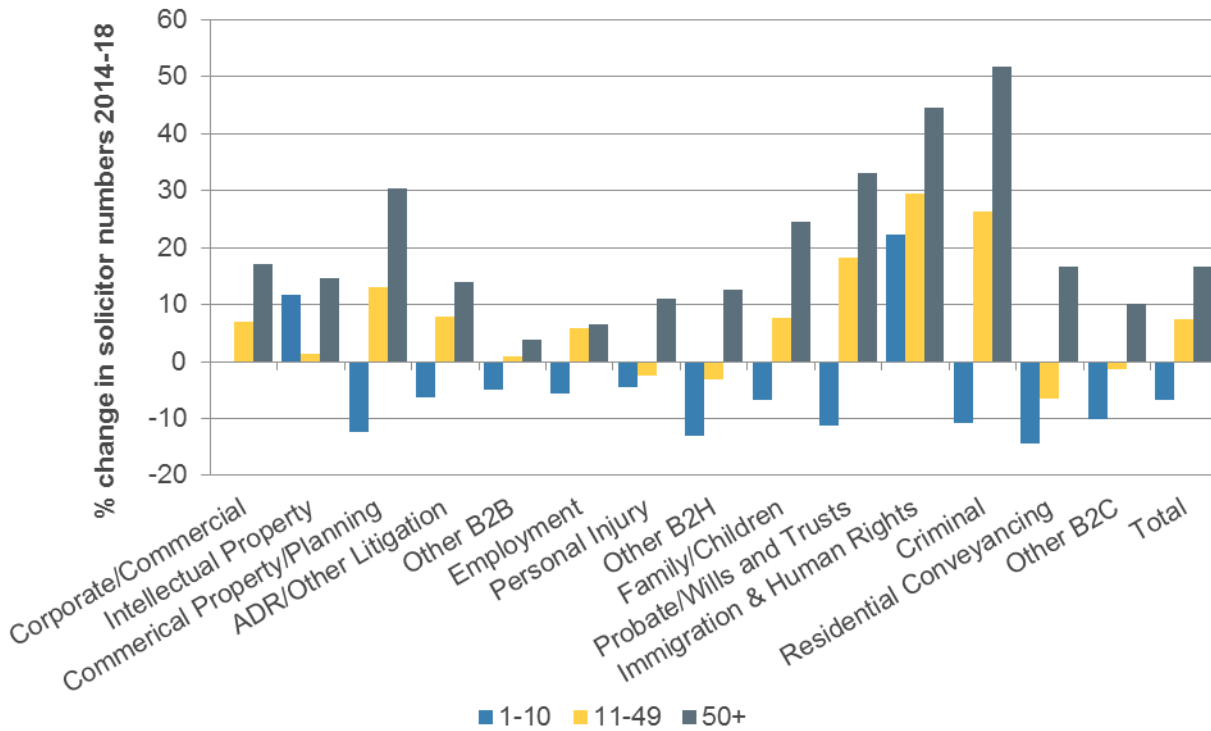
There has been a shift in employment from small firms to large firms in recent years, with the number of solicitors in small firms (1-10 solicitors) decreasing by seven per cent, and the numbers in medium firms (11-49 solicitors) and large firms (50+ solicitors) increasing by seven per cent and 17 per cent respectively (Figure 2.7).

There were only two working areas with increases in solicitor numbers among small firms – Immigration and Human rights, and Intellectual property. These work areas had growth rates of 22 per cent and 12 per cent respectively over the past 5 years among small firms.

Looking at medium sized firms, small decreases in solicitor numbers between 2014 and 2018 were observed in two B2H categories: Personal injury and Other B2H; and in two B2C categories: Residential conveyancing and Other B2C. Growth in solicitor numbers among medium sized firms was largest in Immigration and Human rights at 30 per cent, followed by Criminal (26%) and Probate/Wills and Trusts (18%).

The number of solicitors in large firms increased across all working areas. B2H categories had the smallest rises in number of solicitors with the B2C categories of Criminal and Immigration and Human Rights experiencing the highest rates of growth, of 52 per cent and 45 per cent respectively.

Figure 2.7 Growth rate in solicitors by working area and size of firm, 2014-18

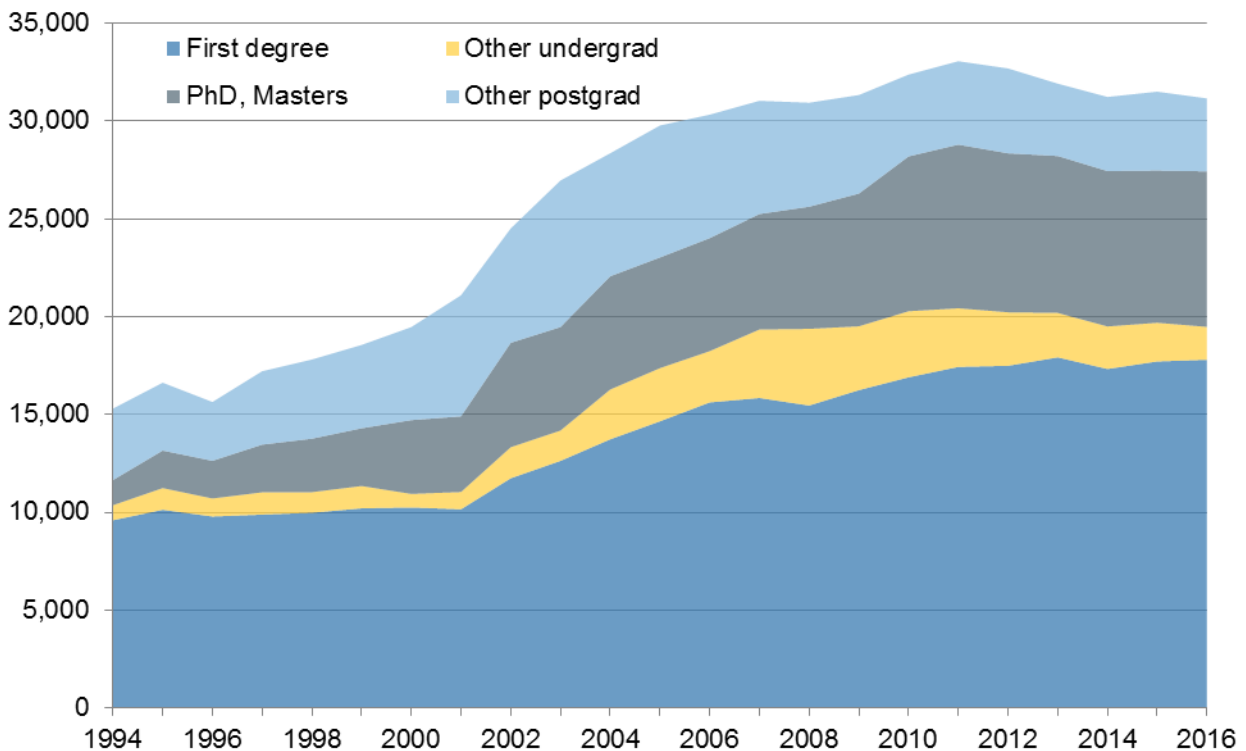


Source: IES analysis of SRA individual level MI 2014-2018

2.4 Labour supply

The number of students achieving law qualifications has more than doubled over the last two decades, from around 15,000 in 1994 to over 30,000 in 2016. Between 1994 and 2001 there was substantial expansion in the numbers achieving Masters degrees and Doctorates, and to a lesser extent other postgraduate qualifications which include professional qualifications and registrations.

From 2001, the numbers achieving first degrees in law began to increase, while from 2003 the numbers achieving other postgraduate qualifications began to decline. Numbers achieving other undergraduate qualifications below first degree level have remained broadly stable over this time.

Figure 2.8 Students achieving law qualifications at higher education, 1994-2016

Source: HESA

However, not all graduates who achieve law qualifications choose to enter the labour market immediately after graduating. Some go on to undertake further study, for example studying for a Masters degree after their first degree, or a Doctorate after achieving a Masters. Around six out of ten first degree graduates enter employment, including combining work with further study, as do 55 per cent of those with other undergraduate qualifications, 75 per cent of those with Masters/Doctorates, and 87 per cent of those with other postgraduate qualifications. Taken across all qualification levels, two thirds of those achieving law HE qualifications are in employment around six months after graduation, that is around 21,000 of the 32,000 achieving law qualifications.

Furthermore, not all law graduates who enter employment join the legal services sector, or take up legal professional posts. Across the last five years, just over one in three graduates (35%) went into the legal and accounting sector⁷, although the proportion has been increasing, from 31 per cent in 2011/12 to 39 per cent in 2015/16. There is variation by the level of qualification, with two thirds of those with other postgraduate qualifications entering the legal and accounting sector, compared with 34 per cent of those with Masters degrees, 27 per cent of those with first degrees, 22 per cent of those with other undergraduate qualifications, and 11 per cent of those with Doctorates (who mostly go into the education sector). Just over one third of law graduates (35%) went into legal

⁷ Destinations data on sector of employment are released at the 2-digit SIC level so it is not possible to disaggregate legal and accounting services separately.

professional or associate professional positions, with the proportion increasing from 30 per cent in 2011/12 to 39 per cent in 2015/16, and being highest among those with other postgraduate qualifications (70%).

Combining the sectoral and occupational dimensions, 13 per cent of all law graduates went into legal professional positions in the legal and accounting sector over the last five years, and 15 per cent went into legal associate professional positions in the legal and accounting sector. There was significant variation by level of qualification: at one end of the scale, 40 per cent of graduates with other professional qualifications went into legal professional jobs in the legal and accounting sector, while 21 per cent went into legal associate professional jobs in the legal and accounting sector; at the other end of the scale, only four per cent of first degree graduates went straight into legal professional jobs in the legal and accounting sector upon graduating, while 16 per cent went into legal associate professional jobs in the legal and accounting sector. Thus most law graduates enter legal professional roles from post-graduate degrees, or via professional qualification routes, rather than directly after completing their first degree. The next most common destination was sales positions in the retail sector, accounting for eight per cent of all law graduates, and 11 per cent of first degree graduates.

Thus applying the information on sectoral and occupational destinations by level of qualification to the numbers of graduates entering employment by level of qualification, it is estimated that over the last five years around 3,100 law graduates have gone into legal professional jobs in the legal and accounting sector each year, and a further 3,000 graduates have gone into legal associate professional positions in the legal and accounting sector each year. However, it is worth mentioning that the legal services sector will attract graduates from other first degree disciplines who convert to law, and it is thought that between 20 to 30 per cent of new solicitor admissions studied non-law subjects.

2.5 Entrants and leavers

This section examines the size of the flows into the legal services sector from other sectors, or from outside employment, and flows out of legal services to other sectors, or into non-working destinations.

The data are taken from the Labour Force Survey. The LFS Spring quarters contain questions asking respondents what their economic circumstances were 12 months previously – their industry and occupation, and whether they are working for the same firm as 12 months previously. The analysis of inflows is based on those entering SIC 6910, legal services, although the analysis of outflows is based on the 2-digit SIC definition for legal and accounting, SIC 69, as the retrospective question on industry is available only at the two digit level. Flows in the LFS data are calculated as the percentage of the total workforce each year, and these proportions have then been applied to the employment figures from the Law Society to derive actual numbers of movers.

In discussing the data on flows into and out of legal services, there are a number of possible sources of inflows, and destinations of outflows. Looking first at inflows, these may come from:

- Other sectors of employment
- New entrants to the labour market from education (graduates etc.)
- Entrants from unemployment ie people who had been actively looking for work
- Entrants from inactivity eg those who had been looking after the family or home, temporarily sick or injured, or studying

Similarly, outflows may go to other sectors, unemployment, inactivity, or retirement (leaving the labour market for good).

2.5.1 Flows into legal services

Table 2.3 shows workers in legal services by their labour market status 12 months previously, for 2011 onwards. Each year around 90 per cent of workers in the sector had been in the sector 12 months previously, while around five per cent entered from other sectors, two per cent were new entrants from being a student, two per cent entered from having been economically inactive (of whom three quarters were female, likely to be re-entering after a career break), and around one per cent had previously been unemployed.

The jobs within legal services that new entrants took up varied between the different incoming groups. Taken over the period 2011 to 2018, around half of all entrants from inactivity (51%) entered legal professional roles, compared with only 16 per cent of student entrants, and 18 per cent of entrants from other sectors. Entrants from other sectors were most likely to enter senior support roles (26%) and other office support roles (24%), while entrants from education most commonly entered other office support roles (26%), legal associate professional roles (23%) and senior support roles (22%).

In terms of the origin sectors of those who entered from other sectors, these were almost exclusively other services sectors, mainly public administration and defence (26%), accounting services (14%) and retail distribution (10%).

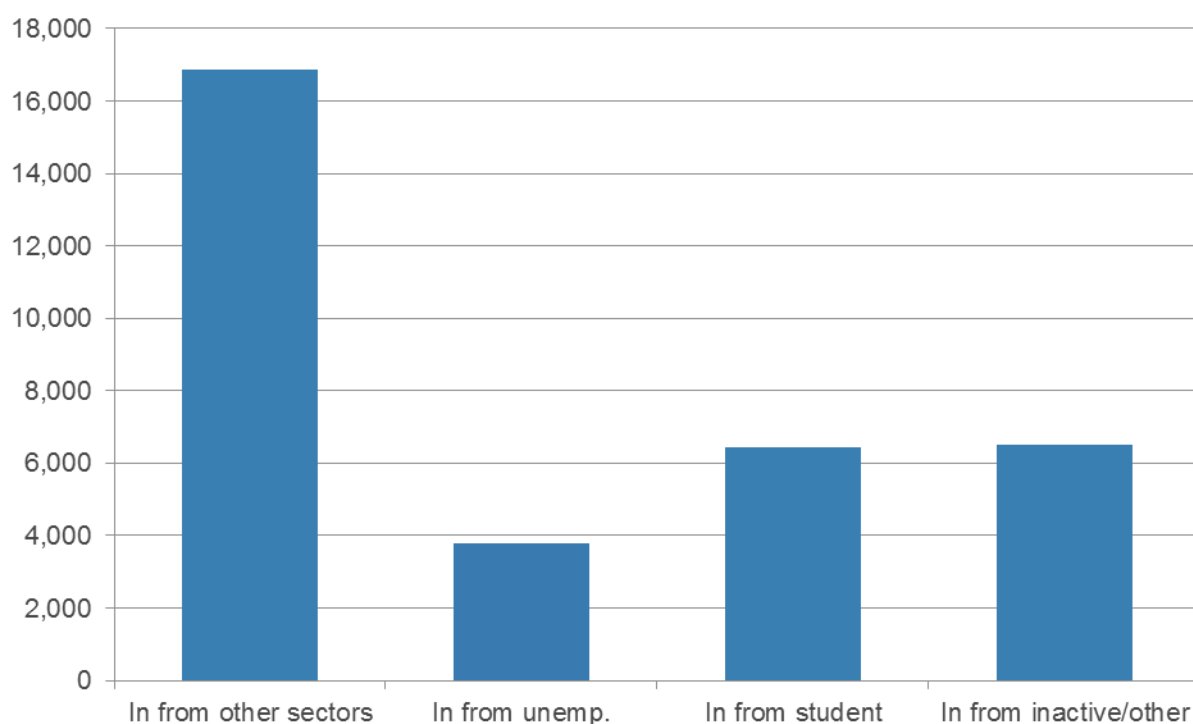
Quantifying the size of the inflows by combining the proportions from the LFS data with the workforce figures for the sector from the Law Society indicates that there were just under 17,000 entrants from other sectors each year, and around 6,500 entrants from education, and from inactivity, and just under 4,000 entrants from unemployment each year (Figure 2.9). The estimate of entrants from education (6,500) is consistent with the estimate of graduates who take up employment in the sector from the HESA data (6,100 entering legal professional or legal associate professional positions).

Table 2.3: Workers in legal services by status 12 months previously, 2011-2018 (row percentages)

	In legal services	In from other sectors	In from unemp.	In from student	In from inactive/other
2011	88.0	5.3	0.6	3.1	2.9
2012	89.3	5.2	0.7	1.7	3.2
2013	89.3	6.6	1.1	1.6	1.4
2014	88.7	6.0	1.5	1.8	1.9
2015	89.3	5.1	0.4	2.4	2.8
2016	90.4	4.7	1.1	2.8	1.1
2017	88.4	7.7	0.0	2.1	1.8
2018	91.0	2.7	2.8	0.9	2.6
2014-18	89.6	5.2	1.2	2.0	2.0

Source: Labour Force Survey, April-June quarters 2011-2018

Figure 2.9 Size of annual inflows to legal services by origin status, average 2014-18



Source: IES calculations from Law Society and Labour Force Survey, April-June quarters 2014-2018

2.5.2 Flows out of legal services

Table 2.4 shows the current status of workers who were in legal services⁸ 12 months previously. Around 92 per cent of workers who were in legal services 12 months previously are thought to still be working in the sector, while just under five per cent leave to go to other sectors, 1.6 per cent leave to become economically inactive (eg career breaks, temporarily sick or injured, or further study), 1.3 per cent retire and leave the labour market permanently, and 0.8 per cent become unemployed and are actively looking for work.

Among the key legal services occupations, legal professionals are most stable, with around 95 per cent staying in the sector from one year to the next, compared with 91 per cent of legal associate professionals, and 89 per cent of legal secretaries, although retirement rates are very similar across these three occupational groups.

Table 2.4 Workers in legal services 12 months previously by current status, 2011 to 2018 (row percentages)

	In legal services	Out to other sectors	Out to unemp.	Out to retirement	Out to inactive/other
2011	90.3	5.0	2.0	1.8	0.9
2012	92.1	4.6	1.5	0.4	1.4
2013	90.8	4.1	2.0	1.3	1.8
2014	90.3	6.1	0.5	1.4	1.7
2015	91.9	4.2	1.3	1.2	1.4
2016	92.5	3.9	0.9	1.0	1.7
2017	91.1	5.6	1.2	0.8	1.2
2018	92.8	3.3	0.2	1.9	1.9
2014-18	91.7	4.6	0.8	1.3	1.6

Note: analysis is based on those who were in legal and accounting 12 months previously, and the 'In legal services' figures is based on those in legal and accounting currently; this implicitly assumes that movements between legal services and accounting services balance, and that movements to other destinations are the same for both sub-sectors.

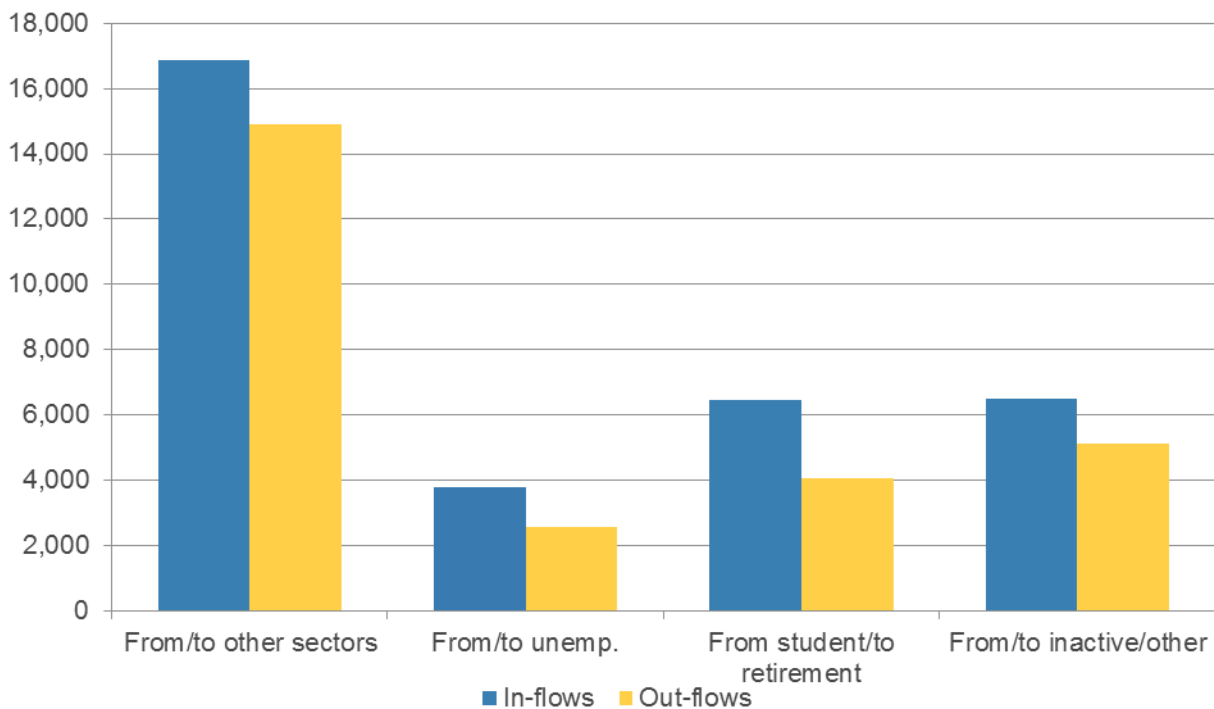
Source: Labour Force Survey, April-June quarters 2011-2018

Quantifying the size of the outflows by combining the proportions from the LFS data with the workforce figures for the sector from the Law Society indicates that there were around 15,000 leavers to other sectors, 5,000 leavers to inactivity, 4,000 retirees, and 2,600 leavers to unemployment each year, over the period 2014 to 2018.

⁸ The analysis is based on SIC 69 legal and accounting, rather than SIC 69.11 legal services, although we assume outflow rates to other destinations are the same for legal services as for accounting services, and LFS data show that the two sub-sectors are broadly equal in size.

Figure 2.10 compares the size of the inflows from the different sources, with the size of the outflows to the corresponding sources, with student entrants matched with retirees. The figure shows that the legal services sector tends to attract more entrants from each of the different sources than it loses each year, although the outflows estimates do need to be treated with a degree of caution as they represent the wider legal and accounting sector rather than just legal services. However, the comparison suggests that legal services firms have relatively few difficulties in replacing staff who leave.

Figure 2.10 Size of inflows to and outflow from legal services by origin/destination, average 2014-18



Source: IES calculations from Law Society and Labour Force Survey, April-June quarters 2014-2018

3 Qualifications and skills in legal services

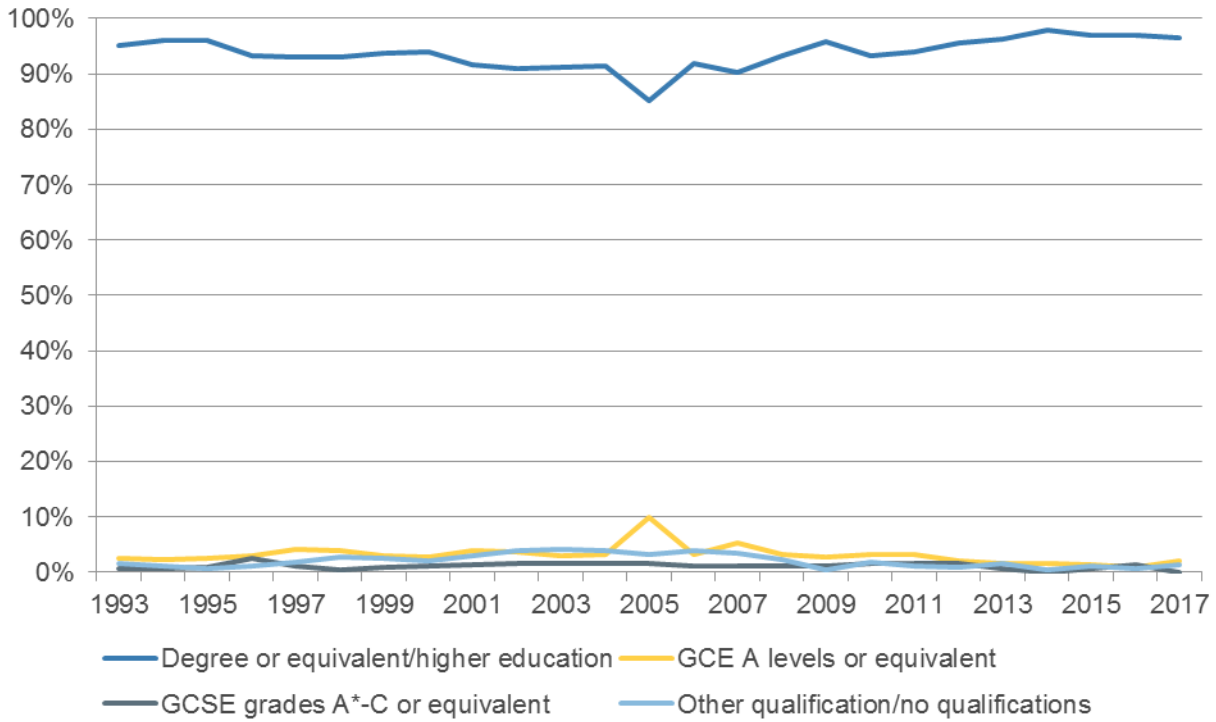
This chapter presents information on qualification levels in the sector, and on skills issues. Data on qualification levels are from the Labour Force Survey. Two key types of skills issues within the legal services sector are examined – skills found difficult to obtain from job applicants (skills shortages), and skills found lacking in the current workforce (skills gaps) – using survey results from the Employer Skills Surveys in 2011, 2013 and 2017. Data from the 2015 Survey on the incidence of skills shortages and gaps, but not on the specific skills, are also included.

3.1 Legal Services qualification levels by occupation trends 1993-2017

The LFS records the highest qualification that an individual holds and thus allows for an analysis of how the qualification levels of legal services workers by occupation have changed over time. Four broad categories of highest qualification have been used in this analysis to ensure minimum cell size and to smooth fluctuations over time. These categories are: higher education (which includes degrees and other higher education level qualifications); GCE A Levels or equivalent (eg BTECs); GCSEs or equivalent; and other or no qualification. Key points to note are:

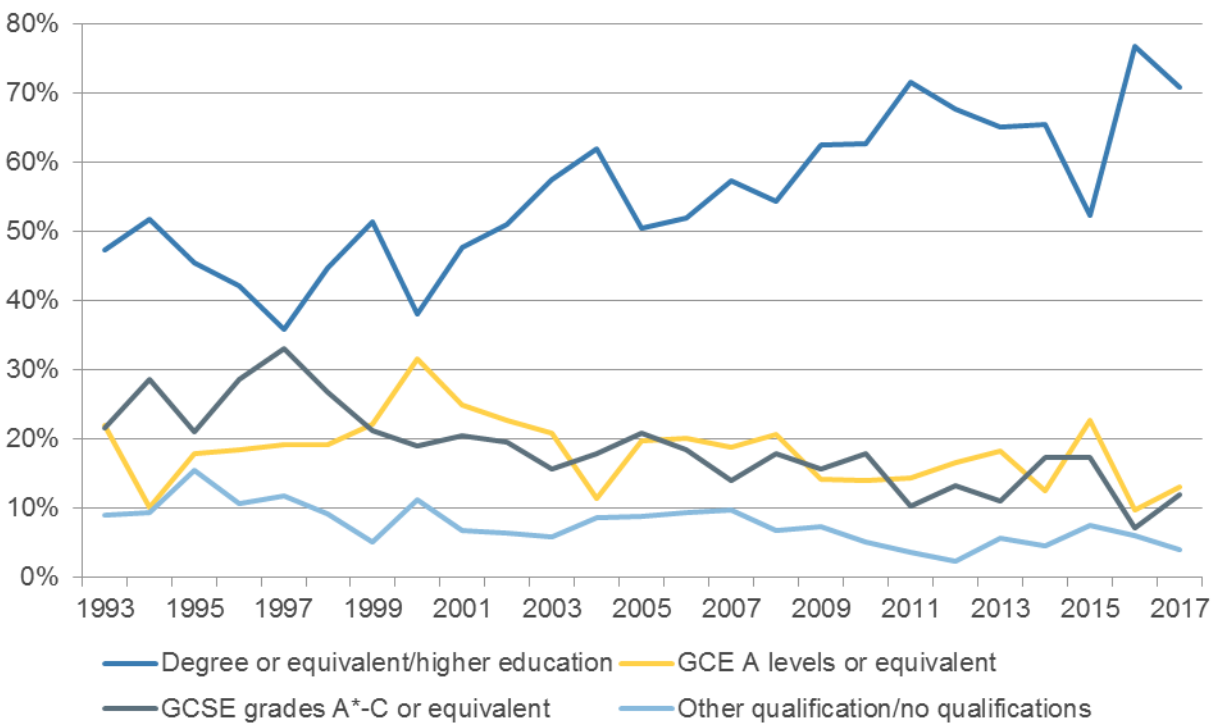
- The vast majority of legal professionals have degrees or other higher education qualifications, which is the requirement for most professional roles in the legal services sector
- Within the senior support staff occupational category there has been a rise in the proportion of staff with higher education qualifications; 47 per cent of this occupational category had attended higher education in 1993, which compares to the peak in 2016 of 77 per cent. All other qualification levels are becoming less prevalent as a result, those with GCSE or equivalent falling the most steeply.
- Amongst legal associate professionals the workforce has been becoming more highly educated with the proportion with higher educational qualifications doubling between 1993 and 2016, from 36 per cent to 70 per cent. The numbers of legal associate professionals who have either A levels or GCSEs and their equivalents have declined over the previous 25 years – in 1993 the proportion of legal associate professionals with A levels or equivalent was approximately 35 per cent, and this had fallen to 15 per cent by 2017.

Figure 3.1 Qualifications profile of legal professionals, UK, 1993-2017



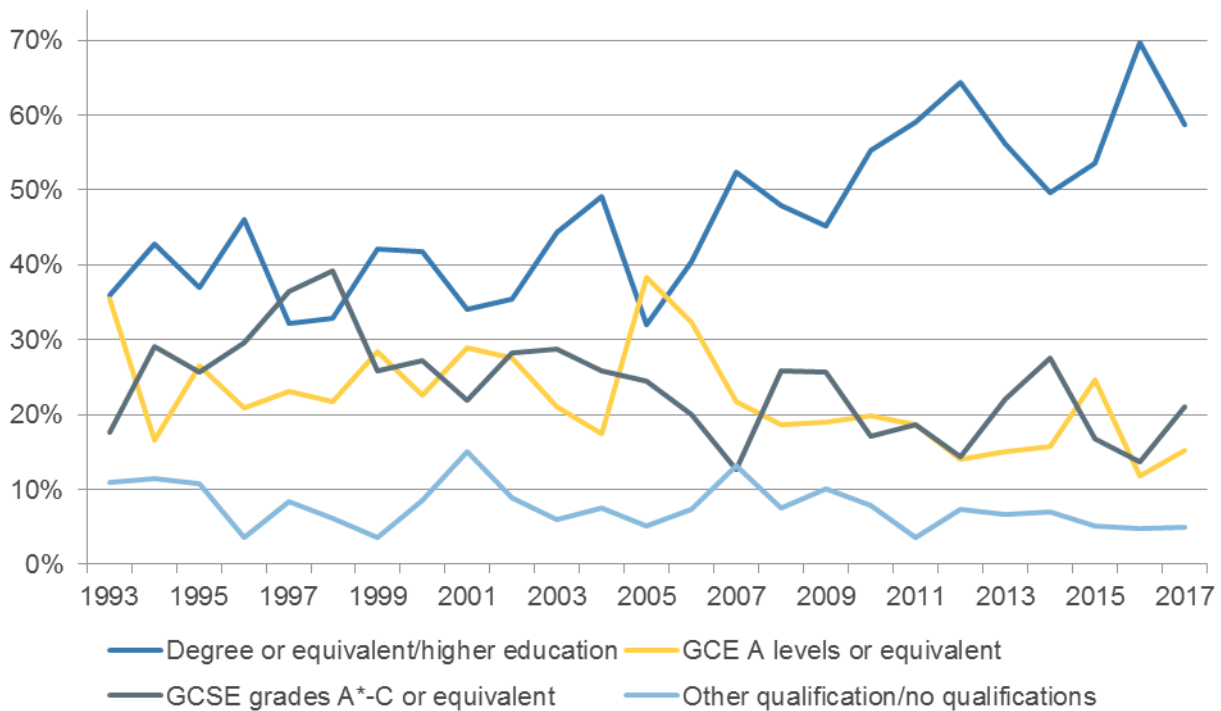
Source: Labour Force Survey, 4-quarter averages each year

Figure 3.2 Qualifications profile of senior support staff, UK, 1993-2017



Source: Labour Force Survey, 4-quarter averages each year

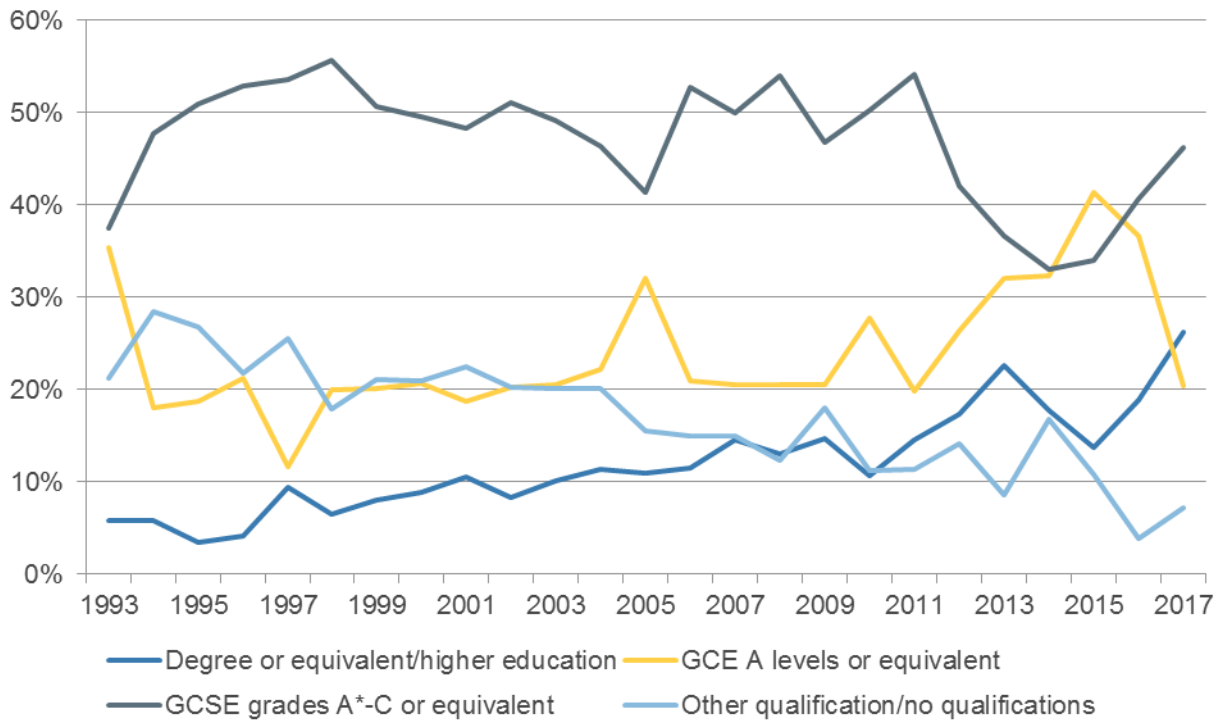
Figure 3.3 Qualifications profile of legal associate professionals, UK, 1993-2017



Source: Labour Force Survey, 4-quarter averages each year

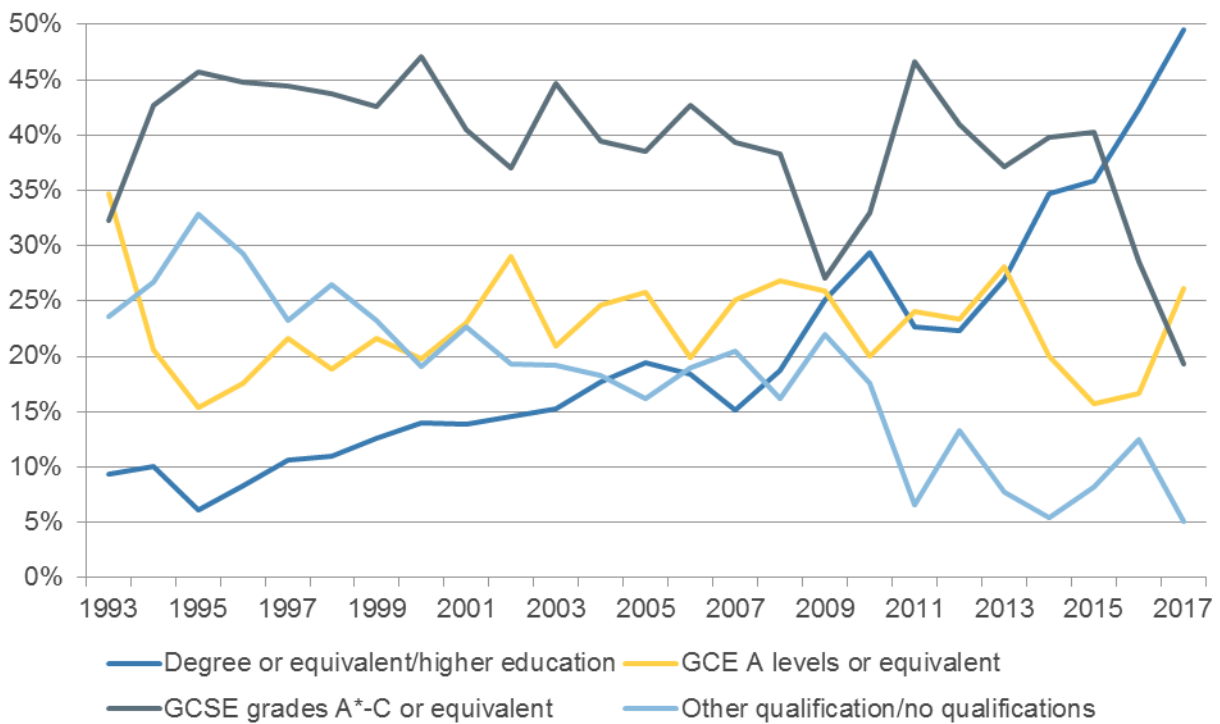
- Within legal secretaries, around half the workforce held GCSEs or equivalents as their highest qualification up until 2011. Since then, numbers with GCSEs have fallen somewhat and numbers with A levels have increased. There has been an increasing trend in the proportion of the legal secretaries workforce who have attended some form of higher education, which has increased steadily from six per cent in 1993 to 26 per cent in 2017. Likewise there has been a steady decrease in the proportion of legal secretaries with other or no qualifications which has fallen from 21 per cent to seven per cent over the last 25 years.
- Among office support staff, for most of the period workers with GCSEs or equivalents as their highest qualification were the largest group. However, since 2016 they have been replaced by those who have a higher education qualification which has increased significantly since 1993, from nine per cent to 45 per cent in 2017. Like legal secretaries the proportion of this occupational category who have other qualification or no qualifications has fallen, likely due to older workers falling out of the labour force and upskilling within the labour market. In 2017 only five per cent of office support staff have other or no qualifications, compared with around a quarter of staff in the 1990s.

Figure 3.4 Qualifications profile of legal secretaries, UK, 1993 -2017



Source: Labour Force Survey, 4-quarter averages each year

Figure 3.5 Qualifications profile of office support staff, UK, 1993-2017



Source: Labour Force Survey, 4-quarter averages each year

3.2 Skills shortages

The Employer Skills Survey asks a series of questions to elicit information from employers about any skills shortages they may be experiencing. Employers are first asked if they have current vacancies, then if any of those vacancies are hard to fill, and if so, whether they are hard to fill because of skills-related issues. Vacancies that are hard-to-fill for skills-related reasons are termed skills shortages.

Table 3.1 shows the proportion of firms in the legal services sector who reported having vacancies in 2017, the proportion who reported that some vacancies were hard to fill, and the proportion who reported that vacancies were hard to fill due to a lack of skills, experience or qualifications.

Overall, 20 per cent of legal services firms reported having vacancies, the same as the proportion across all firms. Around eight per cent of legal services firms reported that vacancies were hard to fill, representing 37 per cent of those with vacancies, and these were similar to the all sectors percentages. Similarly, the proportion of legal services firms who reported skills shortages was very close the overall average (6.1% compared with 5.9%), although a higher than average proportion of legal services firms with hard to fill vacancies reported they were hard to fill because of skills reasons (82% compared with 75% across all sectors).

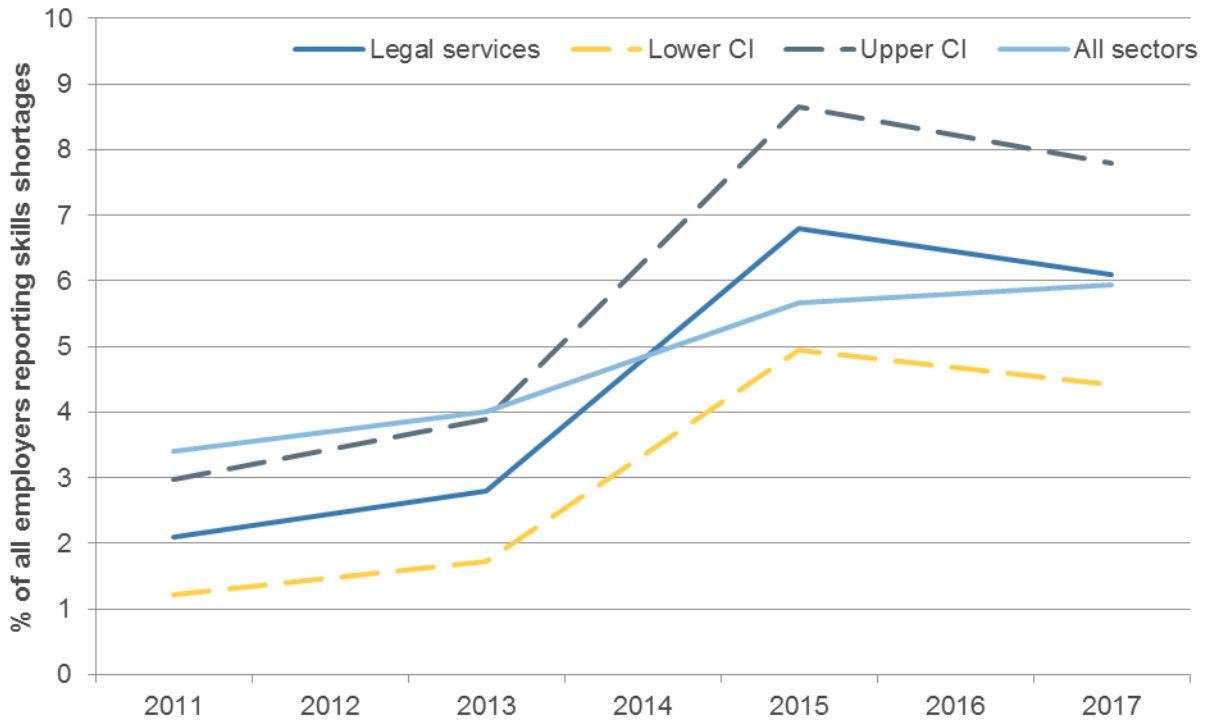
Table 3.1 Vacancies, hard-to-fill vacancies, and skills shortage vacancies, legal services, 2017

	Average %	Legal services 95% Confidence Intervals		All sectors Average %
		Lower CI %	Upper CI %	
Has vacancies	20.2	17.4	23.0	19.8
Any hard-to-fill vacancies	7.5	5.6	9.4	8.0
Any skills shortage vacancies	6.1	4.4	7.8	5.9
HtF as % of vacancies	37.0	31.0	43.0	40.3
SSV as % of HtF	81.7	73.7	89.7	74.6
Weighted total	16,068			
Unweighted base	738			

Source: *Employer Skills Survey, 2013*

The trend in the proportion of legal services employers reporting skills shortages is presented in Figure 3.6. In 2011 legal services employers were less likely than those in other sectors to report skills shortages (2.1% compared with 3.4%) although between 2013 and 2015 the incidence of skills shortages increased substantially, from 2.8 per cent to 6.8 per cent, and above the rate across all sectors of 5.7 per cent. Since then the proportion in legal services has declined somewhat, while the incidence across all sectors increased slightly, so that the two rates were very close in 2017.

Figure 3.6 Trend in proportion of all legal firms experiencing skills shortages



Source: Employer Skills Survey, 2011, 2015, 2013 and 2017

Table 3.2 shows the technical and practical skills that employers who had experienced skills shortages reported were lacking among job applicants. The overall data have been presented along with the patterns for professional, associate professional and administrative and secretarial staff, although the numbers of respondents in the latter two occupational categories are low and so the results should be treated with a degree of caution. Also, the category of specialist skills or knowledge needed to perform the role has been presented separately from the other specific skills as these skills will vary between occupations.

Complex problem solving skills were most commonly reported as lacking among applicants by employers who found it difficult to get applicants with the right skills, experience or qualifications, with 36 per cent reporting that this skill was difficult to obtain. This was followed by knowledge of how the organisation works (25%, and much more of an issue among administrative and secretarial staff than among professional and associate professional staff), and knowledge of products and services (24%, but less of an issue among associate professional staff). Advanced or specialist IT skills and computer literacy/basic IT skills were mentioned by 20 per cent and 15 per cent of employers respectively, and both were much more acute for administrative and secretarial staff.

Table 3.2 Technical and practical skills most commonly difficult to obtain from applicants, legal services, 2017

	All	Profs	Ass profs	Admin
Solving complex problems requiring a solution specific to the situation	36.1	27.3	51.3	39.3
Knowledge of how your organisation works	24.8	14.8	11.0	47.5
Knowledge of products and services offered by your organisation and organisations like you	23.6	24.8	2.3	45.3
Advanced or specialist IT skills	19.8	8.4	8.7	56.7
Computer literacy / basic IT skills	15.6	7.7	8.7	40.0
Reading and understanding instructions, guidelines, manuals or reports	14.5	10.4	0.0	38.8
More complex numerical or statistical skills and understanding	13.5	9.5	13.0	27.0
Adapting to new equipment or materials	10.9	9.1	8.7	17.1
Writing instructions, guidelines, manuals or reports	10.7	12.4	4.3	18.2
Basic numerical skills and understanding	10.1	7.2	13.0	17.9
Communicating in a foreign language	4.9	2.9	4.5	9.9
Manual dexterity	2.2	3.2	0.0	2.4
Written Welsh language skills	0.9	1.7	0.0	0.0
Oral Welsh language skills	0.9	1.7	0.0	0.0
Specialist skills or knowledge needed to perform the role	70.6	74.8	57.2	76.6
None of the above	12.4	7.7	34.0	0.0
Don't know	9.2	13.5	0.0	9.4
Total (weighted)	980	511	241	230
Unweighted base	65	43	10	15

Note: shaded blue figures indicate significantly higher than average proportion; shaded yellow figures indicate a significantly lower than average proportion.

Source: *Employer Skills Survey, 2017*

Table 3.3 shows the softer interpersonal skills that employers reported were lacking among job applicants. Nearly half of all employers with skills shortages (47%) mentioned that the ability to manage one's own time and prioritise one's own tasks was difficult to obtain from applicants, and this was the skill most commonly reported as lacking among professional and associate professional staff. Team working was mentioned by 30 per cent of respondents, although was less of an issue among professional staff. Managing one's own feelings or handling the feelings of others, and managing or motivating staff, were particular skills that many employers reported as difficult to obtain among administrative and secretarial staff, while customer handling, sales, and persuasion skills were rarely an issue for associate professional staff.

Table 3.3 Soft/people skills most commonly difficult to obtain from applicants, legal services, 2017

	All	Profs	Ass profs	Admin
Ability to manage own time and prioritise own tasks	47.1	36.9	55.0	47.3
Team working	30.3	14.7	53.2	40.7
Customer handling skills	26.9	33.9	1.9	37.3
Managing their own feelings, or handling the feelings of others	20.9	13.1	8.7	50.6
Managing or motivating other staff	19.5	12.7	8.7	45.5
Setting objectives for others and planning human, financial and other resources	14.8	8.3	8.7	35.7
Persuading or influencing others	14.7	11.9	0.0	36.0
Instructing, teaching or training people	14.0	11.9	8.7	24.2
Making speeches or presentations	6.8	4.5	4.5	14.3
Sales skills	5.7	6.4	0.0	9.9
None of the above	35.6	42.7	40.5	29.0
Don't know	9.2	13.5	0.0	9.4
Total (weighted)	980	511	241	230
Unweighted base	65	43	10	15

Note: shaded blue figures indicate significantly higher than average proportion; shaded yellow figures indicate a significantly lower than average proportion.

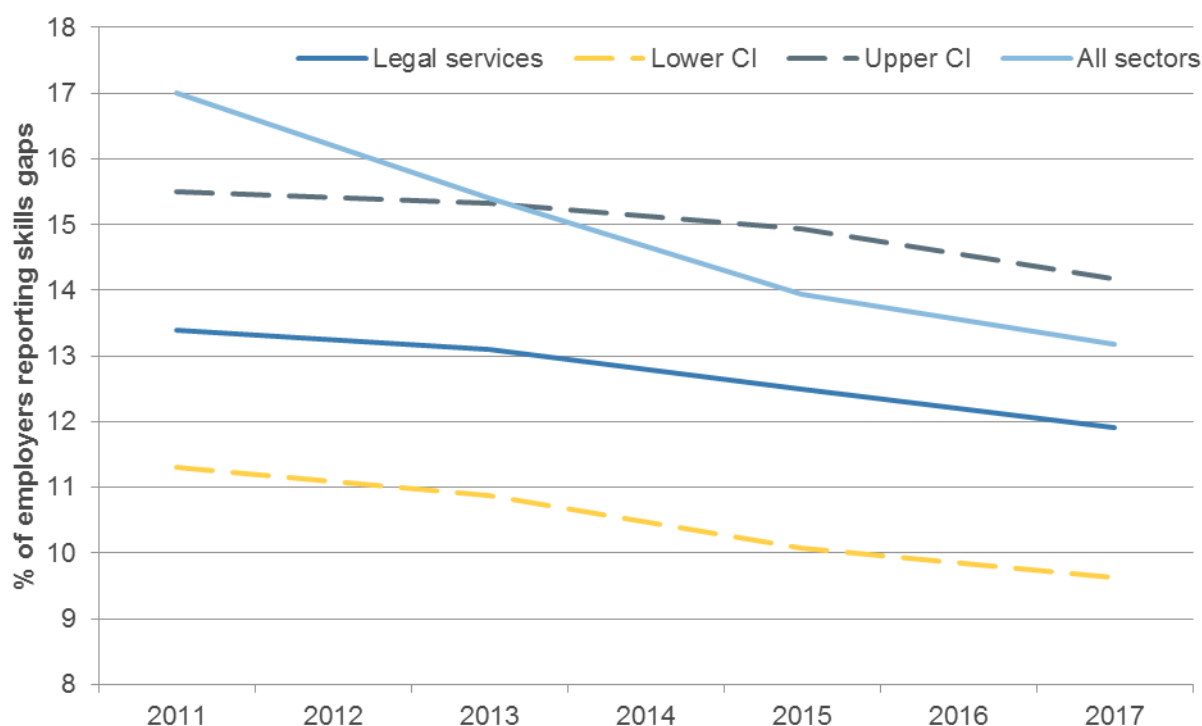
Source: *Employer Skills Survey, 2017*

3.3 Skills gaps

3.3.1 Incidence of skills gaps

Skills gaps are defined as situations where not all staff are fully proficient in their jobs; that is, there are some staff who are not able to do their job to the required level.

Figure 3.7 shows the proportion of firms in the legal service sector who reported skills gaps, along with the 95% confidence intervals, and the proportion of all firms who reported skills gaps. The proportion of legal services firms with skills gaps has been falling steadily since 2011, from 13.4 per cent to reach 11.9 per cent in 2017. This is consistent with the pattern across all sectors, where the incidence of skills gaps has fallen from 17 per cent of firms in 2011, to 13.2 per cent in 2017. In 2011 and 2013, legal services firms were significantly less likely than other firms to report skills gaps, although from 2015 onwards the difference has not been statistically significant.

Figure 3.7 Trend in proportion of all legal firms experiencing skills gaps

Source: *Employer Skills Survey, 2011, 2015, 2013 and 2017*

Employers who reported skills gaps amongst their workforce were asked which skills they felt needed improving, and asked separately about technical and practical skills, and about softer interpersonal skills.

Table 3.4 shows the technical and practical skills that legal services employers most commonly reported needed improving amongst their staff who were not fully proficient in their jobs, both overall and in each of the four major occupational groups within the legal services workforce. Aside from specialist skills or knowledge needed to perform the role, which will vary between the different occupations, solving complex problems was the most commonly mentioned technical or practical skills in need of improvement, cited by nearly six out of ten employers, with little variation between the occupations. Other key skills gaps included:

- Knowledge of products and service offered by the organisation and similar organisations, mentioned by 50 per cent of employers and a particular issue for associate professional and technical staff;
- Knowledge of how the organisation work, mentioned by 35 per cent of employers, although this was less of an issue for professional and associate professional staff, and more of an issue for administrative and secretarial staff;
- Adapting to new equipment or materials, mentioned by 27 per cent of employers, but less of an issue for managerial and professional staff;
- Advanced or specialist IT skills, mentioned by 27 per cent of employers;

- Computer literacy/basic IT skills, mentioned by 26 per cent of employers
- Writing instructions, guidelines, manuals or reports, mentioned by 25 per cent of employers; and
- Reading and understanding instructions, guidelines, manuals or reports, mentioned by 25 per cent of employers.

Table 3.4 Technical and practical skills that most commonly need improving among staff who are not fully proficient, legal services, 2017

	All	Managers	Profs	Ass profs	Admin
Solving complex problems requiring a solution specific to the situation	57.8	52.6	57.8	49.3	50.0
Knowledge of products and services offered by your organisation and organisations like you	49.6	21.9	33.3	63.4	49.7
Knowledge of how your organisation works	34.5	26.6	16.8	11.5	41.1
Adapting to new equipment or materials	27.1	13.6	14.3	29.1	24.7
Advanced or specialist IT skills	26.6	23.7	18.6	15.0	27.1
Computer literacy / basic IT skills	25.7	11.2	14.8	0.0	31.7
Writing instructions, guidelines, manuals or reports	25.1	7.3	26.7	16.1	23.6
Reading and understanding instructions, guidelines, manuals or reports	25.0	9.5	19.6	36.9	19.3
More complex numerical or statistical skills and understanding	20.4	4.9	30.3	16.8	16.7
Basic numerical skills and understanding	11.3	4.9	19.5	1.0	9.2
Communicating in a foreign language	6.6	0.0	6.2	0.0	5.1
Manual dexterity	2.1	0.0	0.0	0.0	2.0
Specialist skills or knowledge needed to perform the role	67.5	77.1	77.2	85.1	51.0
None of the above	6.1	2.7	5.4	0.0	6.7
Total (weighted)	1,911	293	355	278	1,391
Unweighted base	126	20	34	16	89

Note: shaded blue figures indicate significantly higher than average proportion; shaded yellow figures indicate a significantly lower than average proportion.

Source: *Employer Skills Survey, 2017*

Turning to the softer interpersonal skills that employers felt needed improving, they most commonly cited the ability for staff to manage their own time and prioritise their own tasks, with 61 per cent of employers who experienced skills gaps mentioning this, and there were some substantial differences by occupation with this being a severe issue for associate professional staff and far less of an issue for managers. Other commonly mentioned soft/people skills gaps included:

- Customer handling skills, mentioned by 41 per cent of employers, but less of an issue for managers;

- Team working skills, mentioned by 40 per cent of employers;
- Managing own feelings or handling the feelings of others, mentioned by 30 per cent of employers;
- Persuading or influencing others, mentioned by 26 per cent of employers; and
- Managing or motivating other staff, mentioned by 23 per cent of employers, but 56 per cent of those with skills gaps among managerial staff.

Sales skills were ranked lowest overall, but were more of an issue for professional staff than for other staff groups, while setting objectives and planning resources were a particular issue for managerial staff.

Table 3.5 Soft/people skills that most commonly need improving among staff who are not fully proficient, legal services, 2017 (%)

	All	Managers	Profs	Ass profs	Admin
Ability to manage own time and prioritise own tasks	61.3	23.2	66.2	80.0	56.7
Customer handling skills	41.3	24.3	49.7	44.6	37.0
Team working	40.3	29.7	39.2	46.8	35.9
Managing their own feelings, or handling the feelings of others	29.7	41.0	35.9	15.7	26.2
Persuading or influencing others	26.4	30.0	36.1	18.3	22.3
Managing or motivating other staff	23.3	56.0	26.5	13.1	17.2
Instructing, teaching or training people	20.4	37.1	27.0	19.7	13.4
Making speeches or presentations	19.0	15.4	27.3	55.7	4.9
Setting objectives for others and planning human, financial and other resources	16.1	36.7	13.1	13.1	12.1
Sales skills	12.1	9.4	25.4	5.7	8.9
None of the above	26.2	29.7	15.4	5.4	28.1
Total (weighted)	1,911	293	355	278	1,391
Unweighted base	126	20	34	16	89

Note: shaded blue figures indicate significantly higher than average proportion; shaded yellow figures indicate a significantly lower than average proportion.

Source: *Employer Skills Survey, 2017*

3.3.2 Quantifying number of workers with skills gaps

The previous section looked at the proportion of legal services establishments with skills gaps ie at least one member of staff who is not fully proficient. However, the presence of a skills gap does not mean that all staff within the establishment are not fully proficient.

The Employer Skills Survey asks establishments with skills gaps to indicate the number of staff who are not fully proficient in each occupational group. For the analysis we have focussed on the first four occupational major groups – managers, professionals, associate

professionals, and administrative and secretarial staff – and furthermore have combined managers and professionals as a high proportion of small legal services establishments indicate that they have managers but no professional staff and it is likely that individual solicitors responding on behalf of the establishment are classifying themselves as a manager rather than a professional member of staff.

Totalling the number of staff reported as being less than fully proficient in the ESS 2017 and scaling to the total size of the sector suggests that 2.1 per cent of workers in the sector, around 6,600 people, have skills gaps. The proportion is higher among associate professional, and administrative and secretarial staff, at 3.0 per cent, than among managerial/professional staff (1.5%), and this suggests there are around:

- 2,800 managerial/professional staff with skills gaps,
- 2,240 administrative and secretarial staff with skills gaps; and
- 1,540 associate professional staff with skills gaps.

In addition, there are likely to be around 320 other staff with skills gaps, representing 3.2 per cent of all staff in these other occupations.

Quantifying the number of workers with particular skills gaps involves a degree of estimating as the ESS does not record the number of staff in each occupational group with each particular skills gap; rather it records the number of staff in each occupational group who are not fully proficient, and whether or not staff in each occupational group who are less than fully proficient lack each particular skill.

Table 3.6 estimates the numbers of staff with each skills gap, assuming that **all** staff in each occupational group affected by a particular skills gap are lacking that particular skill; thus it represents the upper limit for the number of staff affected, but the actual number is likely to be less than the figures in the table (Tables A6.1 and A6.2 in Appendix 6 presents the range from lower limit to upper limit for each skills gap for each occupation). Key points to note are:

- There are estimated to be up to 4,000 staff who lack specific job-related skills, and up to 3,800 who lack complex problem solving skills, and around half of these will be managerial/professional staff.
- The ability to manage one's own time is the third most prolific skills gap, with little variation in numbers affected across the three main occupational categories, although as a proportion of all staff this gap is most acute among associate professional staff.
- Up to 3,000 staff lack customer handling skills, again with similar numbers across the three occupational groups.

Table 3.6 Upper estimate of staff numbers with skills gaps, by skill and occupation, 2017

		Man./ prof.	Ass. Prof.	Admin & sec.	Total
Technical	Specialist skills or knowledge needed to perform the role	2,150	700	1,110	3,960
Technical	Solving complex problems requiring a solution specific to the situation	1,890	700	1,190	3,770
Soft	Ability to manage own time and prioritise own tasks	1,180	1,190	1,380	3,760
Soft	Customer handling skills	1,070	990	940	3,010
Soft	Managing their own feelings, or handling the feelings of others	1,590	510	670	2,770
Soft	Managing or motivating other staff	1,630	480	540	2,650
Soft	Team working	1,010	650	950	2,610
Technical	Knowledge of products and services offered by your organisation and organisations like yours	1,100	360	1,050	2,520
Soft	Instructing, teaching or training people	1,400	510	350	2,260
Technical	Knowledge of how your organisation works	520	680	900	2,100
Soft	Persuading or influencing others	990	450	540	1,990
Soft	Setting objectives for others and planning human, financial and other resources	1,000	480	310	1,790
Soft	Sales skills	860	620	230	1,710
Technical	Writing instructions, guidelines, manuals or reports	710	310	490	1,500
Technical	Advanced or specialist IT skills	520	140	790	1,450
Technical	More complex numerical or statistical skills and understanding	680	290	440	1,410
Technical	Reading and understanding instructions, guidelines, manuals or reports	600	310	440	1,340
Soft	Making speeches or presentations	510	640	170	1,320
Technical	Computer literacy / basic IT skills	440	0	830	1,270
Technical	Adapting to new equipment or materials	480	120	570	1,180
Technical	Basic numerical skills and understanding	370	50	280	700
Total with skills gaps		2,800	1,540	2,240	6,580

Source: IES estimates from Employer Skills Survey, LFS and Law Society data

- Up to 1,600 managerial/professional staff (0.9% of all staff in these groups) lack soft skills around managing feelings in the workplace and motivating staff, and up to 1,400 lack skills around instructing, teaching or training people.
- Relatively large numbers of associate professional, and administrative and secretarial staff have skills gaps around team working, and knowledge of how the organisation works.

- Making speeches is a relatively acute skills gap for associate professional staff, while knowledge of products and services offered by the organisation is a relatively acute skills gap for administrative and secretarial staff.

3.4 Trends in skill needs

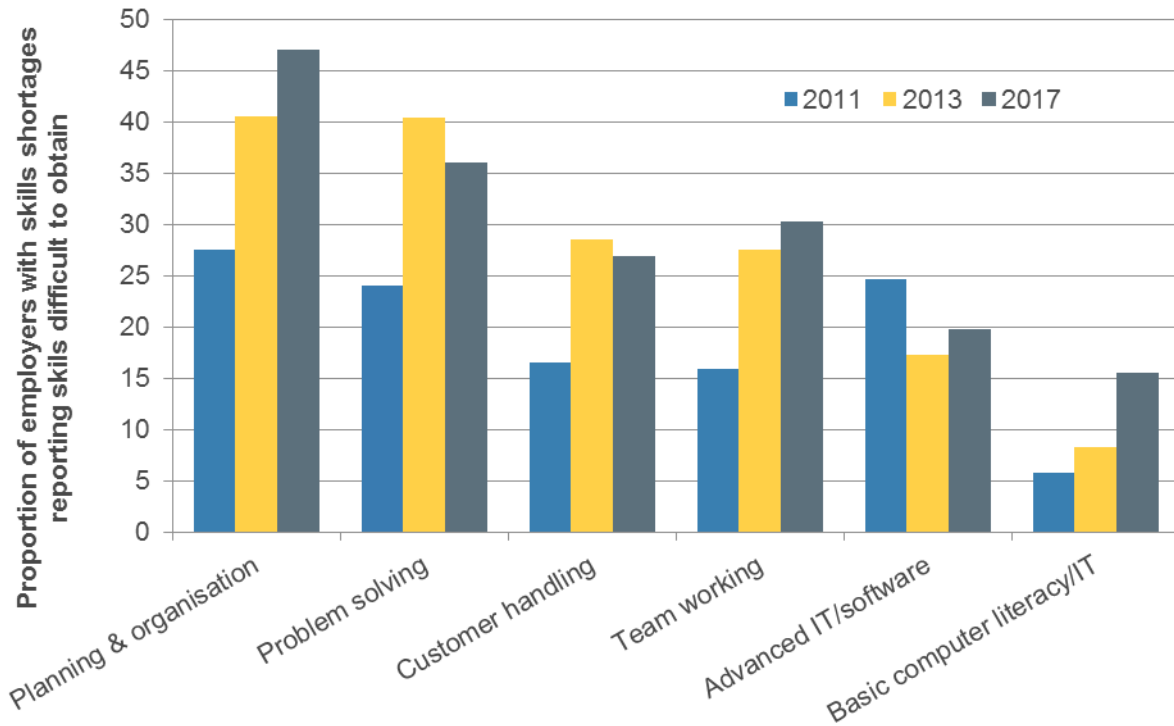
3.4.1 Skills shortages

Figure 3.8 shows the change between 2011 and 2017 in the skills that employers reported finding difficult to obtain from job applicants. Due to the changes to the way the questions on skills shortages were asked, we can only make direct comparisons across the whole period for six of the specific skills:

- Planning and organisation skills (Ability to manage own time and prioritise own tasks in 2017)
- Problem solving skills (Solving complex problems requiring a solution specific to the situation in 2017)
- Customer handling skills
- Advanced IT/software skills
- Team working skills
- Basic computer literacy/IT skills

There have been consistent increases in the proportion of employers citing planning and organisation skills (up from 28% in 2011 to 47% in 2017), team working skills (from 16% in 2011 to 30% in 2017), and basic computer literacy/IT skills (up from 6% in 2011 to 16% in 2017). The patterns among the other skills are variable, with some increases and some decreases between the three time points.

Figure 3.8 Change in skills found difficult to obtain from job applicants, legal services, 2011 to 2017



Source: Employer Skills Survey, 2011, 2013 and 2017

Table 3.7 shows the trends in skills gaps for additional skills where the match between the 2011/13 and 2017 data is not exact, but there is still some degree of alignment. The proportion of employers reporting that oral communication skills has fallen consistently over time, from 29 per cent in 2011 to around 16 per cent in 2017 (employers mentioning either persuading or influencing others, or making speeches or presentations as difficult to obtain). The proportion mentioning writing communication skills increased sharply between 2011 and 2013 (28% to 50%), although in 2017 only 11 per cent of employers said that the ability to write instruction, guidelines, manuals or reports was difficult to obtain from applicants. There was a similar trend for numeracy skills, with a large increase between 2011 and 2013, and then a large decrease to 2017, while the proportions mentioning strategic management skills, and literacy skills as difficult to obtain has remained broadly stable.

These changes may be a consequence of changing skill requirements among legal services sector employers, but also may be due to changes in the skills among the potential workforce, particularly as there has been a steady recovery in employment, and tightening labour market conditions, since the recession around 2008.

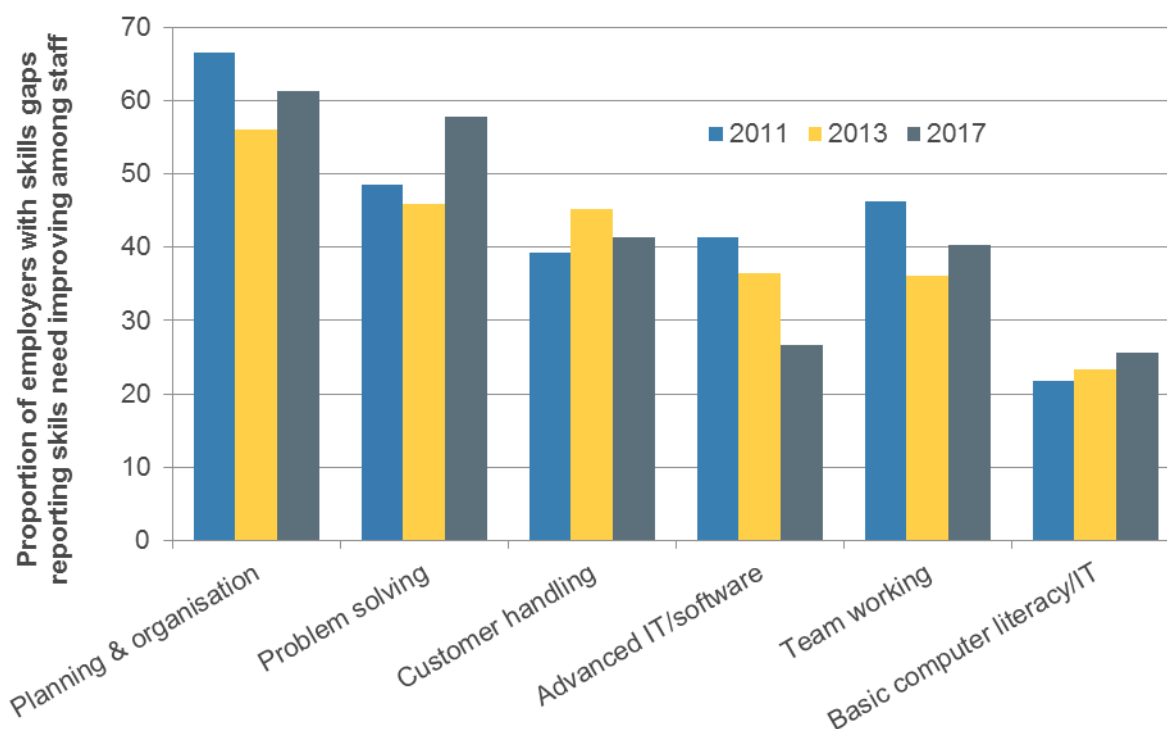
Table 3.7 Change in skills found difficult to obtain from job applicants, legal services, 2011 to 2017

	2011	2013	2017	2017 combined
Oral communication skills	28.6	22.4	-	-
Persuading or influencing others	-	-	14.7	15.8
Making speeches or presentations	-	-	6.8	
Written communication skills	28.2	49.7	-	-
Writing instructions, guidelines, manuals or reports	-	-	10.7	-
Strategic Management skills	18.9	16.4	-	-
Setting objectives for others and planning human, financial and other resources	-	-	14.8	20.5
Managing or motivating other staff	-	-	19.5	
Literacy skills	16.8	21.6	-	-
Reading and understanding instructions, guidelines, manuals or reports	-	-	14.5	-
Numeracy skills	10.4	38.4	-	-
Basic numerical skills and understanding	-	-	10.1	15.8
More complex numerical or statistical skills and understanding	-	-	20.4	

Source: *Employer Skills Survey, 2011, 2013 and 2017*

3.4.2 Skills gaps

Figure 3.9 shows the changing picture regarding skills gaps in the legal services sector between 2011 and 2017. There has been a big jump in the proportion of employers who reported that problem solving skills needed improving between 2013 and 2017, from 46 per cent to 58 per cent, and there has been a smaller, but steady, increase in the proportion reporting that basic computer literacy/IT skills need improving, from 22 per cent in 2011 to 23 per cent in 2013 and 26 per cent in 2017. The proportion of employers reporting that the other skills needed improving has been steady or falling, particularly for advanced IT/software skills, where the proportion fell from 41 per cent in 2011 to 27 per cent in 2017.

Figure 3.9 Change in skills that need improving among existing workforce, legal services, 2011 to 2017

Source: *Employer Skills Survey, 2011, 2013 and 2017*

Table 3.8 shows the trends in skills gaps for additional skills where the match between the 2011/13 and 2017 data is not exact, but there is still some degree of alignment. Key points to note are:

- The proportion of employers reporting that oral communication skills needed improving amongst their workforce seems to have remained broadly stable at just under 40 per cent of employers, assuming that persuading or influencing others and making speeches or presentations in the 2017 survey align with oral communication skills in the previous surveys;
- Written communication skills appear to have become less of an issue over time, as only 25 per cent of employers in 2017 reported that writing instruction, guidelines, manuals or reports needed improving, below the proportions reporting that writing communication skills needed improving in 2011 and 2013;
- The proportion reporting that strategic management skills needed improving was similar in 2017 as in 2013, assuming setting objectives, planning resources, and managing staff are the key elements of strategic management;
- Literacy skills, or reading and understanding instruction, guidelines, manuals or reports in 2017, have become more of an issue over time, with the proportion of employers reporting that these skills needed improving doubling from 12 per cent in 2011 to 25 per cent in 2017; and

- A quarter of employers in 2017 reported that numeracy skills needed improving (11% for basic numerical skills and understanding, and 20% for more complex numerical or statistical skills and understanding), substantially higher than the proportions in 2011 and 2013 of just over 10 per cent.

Table 3.8 Change in skills that need improving among existing workforce, legal services, 2011 to 2017

	2011	2013	2017	2017 combined
Oral communication skills	39.3	39.2	-	-
Persuading or influencing others	-	-	26.4	36.7
Making speeches or presentations	-	-	19.0	
Written communication skills	37.5	31.2	-	-
Writing instructions, guidelines, manuals or reports	-	-	25.1	-
Strategic Management skills	31.5	27.1	-	-
Setting objectives for others and planning human, financial and other resources	-	-	16.1	26.8
Managing or motivating other staff	-	-	23.3	
Literacy skills	12.2	19.3	-	-
Reading and understanding instructions, guidelines, manuals or reports	-	-	25.0	-
Numeracy skills	10.2	11.3	-	-
Basic numerical skills and understanding	-	-	11.3	24.8
More complex numerical or statistical skills and understanding	-	-	20.4	

Source: Employer Skills Survey, 2011, 2013 and 2017

4 Workforce projections – baseline model

4.1 Introduction

The aim of our modelling strategy is to add the occupational dimension to the legal services sector workforce forecasts provided by Law Society (2018), and to model future qualification profiles for each occupational group.

The econometric model used for the Law Society (2018) forecasts differentiates between full-time employees, part-time employees, and ‘other employment’ (ie owners, partners, self-employed, etc), and produces separate forecasts for these three groups of workers. The Law Society model produces results for headcounts, and for full-time equivalents. In our modelling we use the headcount figures for total employment ie the sum of employment across the above three categories.

Broadly speaking, we extend the Law Society total employment headcount forecasts to include the occupation and qualification dimensions. To be consistent with the Law Society (2018) projections for the total workforce in the legal sector, we do not model the total number of employees in each subgroup directly. The dependent variables in our model are instead the proportions of employees in each category of interest. These will be occupational groups, in the baseline model, and qualification groups within each occupation in the extension of the model by highest qualification level. These proportions are then applied to Law Society’s figure for total employment (ie the sum of the headcounts of full-time, part-time and other employment). The model we estimate is a Fractional Multinomial Logit (FML) model⁹.

Our forecasting approach proceeds in two steps: first, we predict the proportions of employees in each subgroup of interest, using the estimated coefficients of our econometric model; second, we apply the predicted proportions to the Law Society (2018) total employment forecasts for the years 2018-2027, to estimate the future number of employees in each subgroup. These figures will be further broken down by qualification in the extension of the analysis by skill level, which we present in the next section.

4.2 Data and choice of explanatory variables

As previously mentioned, our dependent variables are the proportions of legal sector workers by occupation and qualification. These are taken from Quarterly Labour Force Survey (QLFS) data from 1993 to 2017. Although we have quarterly data for our dependent variables, our explanatory variables are observed only on a yearly basis.

⁹ See Appendix 3 for the technical details of the econometric model.

Hence, we have averaged the available quarterly labour force information to obtain yearly values for the proportions of workers in each occupational group¹⁰. The modelling uses the bespoke occupational categories¹¹ that were described above in Chapter 2, namely:

- Group 1: Legal professionals
- Group 2: Legal associate professionals
- Group 3: Legal secretaries
- Group 4: Senior support staff
- Group 5: Other office support staff
- Group 6: Other staff

Given the relatively small size of our estimation sample, we had to be conservative as to the variables to include in the model. We follow Law Society (2018) and assume that the structure of the legal services sector workforce depends on the real turnover and underlying trend productivity growth in the sector. As long as firms' labour demand is influenced by the business trend in the sector, real turnover is a natural explanatory variable in the model.

As in Law Society (2018), our model also takes into account that changes in real turnover may not be associated with an immediate adjustment of the sectoral workforce. This is partly because firms face hiring and layoff costs, and partly because of the initial uncertainty around the length of time the real turnover changes are going to last. We therefore include also a one year lag real turnover as an additional explanatory variable.

Moreover, as explained in Law Society (2018) the underlying trend in productivity growth in the sector is also a key determinant of the workforce structure in the sector. The trend in sectoral productivity may reflect the effect of automation as well as other productivity-increasing measures (eg increases in workforce skills/qualifications); hence its effects on the structure of the legal sector workforce are ambiguous and depend on the degree of complementarity or substitutability between the staff in different occupations and technological progress.

Finally, the structure of the workforce in the legal sector might depend on the supply of skills available to the sector at each point in time. To account for this, we include the total number of law graduates as an additional explanatory variable in the model¹². Also in this

¹⁰ The quarterly figures on the absolute number of workers (employees plus self-employed), partners, owners, etc in the legal sector and in each occupational group are weighted using the quarterly survey weights provided in the QLFS datasets. For the year 1993 we can only take the average over the first, second and third quarters as there is no sector variable available for the fourth quarter (and hence we cannot identify workers in the legal services sector). Similarly, in the year 2001 we can average over the second, third and fourth quarter as there is no sector variable in the first quarter.

¹¹ More details on the breakdowns of these occupational categories can be found in Appendix 1.

¹² It should be noted that not all law graduates enter the legal services sector upon graduation, and some graduates from other disciplines pursue careers in law; it is estimated about one third of new admissions to the sector are non-law graduates. However the number of law graduates is the best proxy for potential new supply to the sector.

case, the change in the supply of skill may not be immediately reflected in a change in the legal sector workforce. There might be frictions that prevent workers and firm to match immediately and especially in the case of some occupations, additional qualifications might be needed after degree to be able to access the profession. For this reason, we also add a year lag of the total number of graduates.

Yearly information on total real turnover in the legal sector has been provided by the Law Society. Productivity growth in the sector is estimated from a linear trend, following Law Society (2018). The total number of graduates each year is computed using the HESA destination of leavers from higher education survey (DHLE)¹³, with a logarithmic trend for the future number of law graduates.

The total number of observations in our dataset corresponds to the length of our observational period. Real turnover data are available only from 1995, although as lagged real turnover is used in the model the first observation point that can be used is 1996. Hence, we end up with 22 data points, corresponding to the years 1996-2017.

4.1 Model results

Figure 4.1 shows the evolution of the occupational structure of the legal services sector workforce, from 1998 to 2027. The figures from 1998 to 2017 are obtained by applying the actual proportions of employees in the six occupational groups, computed using QLFS data, to the Law Society (2018) actual figures on total employment in the sector (full-time employment plus part-time employment plus other employment). The figures from 2018 to 2027 are obtained applying the predicted proportions from the FML model to the Law Society (2018) forecasts on total employment in the sector.

According to our forecasts, the share of **legal professionals** in the total legal sector workforce will increase over time, in line with what has been observed in previous years. Legal professionals represented 38 per cent of the total legal workforce in 1998, and this proportion steadily increased up to 47 per cent in 2017. Our forecasts predict that this trend will continue, and by 2027 legal professionals will make up 57 per cent of the total workforce in the legal services sector.

Legal associate professionals, and **senior support staff**¹⁴, are expected to experience increases over time in the proportion of sectoral employment they account for, but at a slower rate than for legal professionals. The trends for these two groups are similar, perhaps reflecting the similar importance of their roles in supporting fee earners with legal work and business support respectively, and in 2027 it is expected that legal associate professionals will comprise 15 per cent of the total workforce, and senior support staff will comprise 14 per cent.

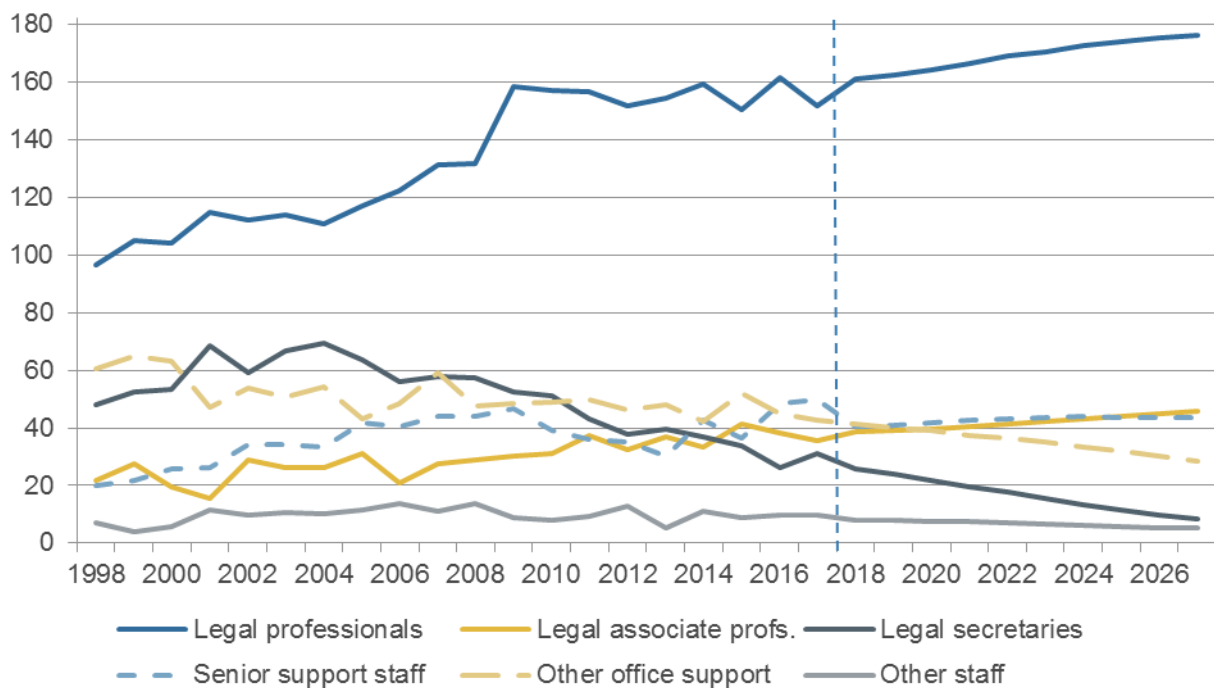
¹³ <https://www.hesa.ac.uk/support/definitions/destinations>

¹⁴ The LFS estimates for the proportion of senior support staff for 2016 and 2017 are somewhat above the long-term trend line, and the model predicts a lower figure for 2018, and thus a large fall between 2017 and 2018, and then a rising trend to 2027.

The remaining three occupational groups of **legal secretaries**, **other office support staff**, and **other staff** will all shrink over time, continuing the trends observed in recent years. The share of legal secretaries in the total workforce was the highest in 2001, at nearly a quarter of the total workforce (24%). After this year, their share started to decline, reaching 10 per cent in 2017. Our predictions show a continuation of this declining trend, with the proportion of legal secretaries among the total legal workforce expected to decline to three per cent by 2027.

The decline is less steep for other office support staff, which might reflect the greater variety of roles in this group. The share of this occupation within the total legal workforce has been on a general downward trend over the last 20 years, albeit with some fluctuation, but at a slower rate than among legal secretaries. The model predicts a further decline from 13 per cent in 2017 to nine per cent in 2027. The proportion of the workforce in the other staff category (sales, customer service, security, cleaners etc) will decline gradually over the coming decade, from 3.1 per cent in 2017 to 1.6 per cent in 2027.

Figure 4.1 Projections in employment in the legal services sector to 2027 (thousands)



Source: IES model based on LFS and Law Society data

4.2 Balance between future demand and supply

The workforce projections above have shown the future employment levels by occupation for legal services, with expansion in the legal professional and associate professional workforces, and among senior support staff, and contractions in legal secretaries and office administrative workers. This employment change is termed expansion demand, and is positive in the case of legal professionals, and negative in the case of legal secretaries and office administrative workers.

However, there will be a need for legal services employers to recruit new staff to replace leavers to retirement, to inactivity eg for family formation, and because of mortality. These are termed replacement demands and are always positive, and indicate a significant demand for new staff and skills to replace those leaving the workforce.

Following the approach adopted by the Institute for Employment Research in their Working Futures projections, we have included three outflows from the legal services sector in our calculation of replacement demands:

- Retirees – using our LFS estimates of retirement rates by occupation for legal professionals, legal associate professionals and legal secretaries, and assuming equal rates for the other three groups¹⁵ to match the sector total when averaged across all occupational groups weighted by their employment size.
- Those leaving for other reasons eg family formation – again using our LFS estimates of the outflow rate to economic inactivity for legal professionals, legal associate professionals and legal secretaries, and assuming equal rates for the other three groups to match the sector total when averaged across all occupational groups weighted by their employment size
- Mortality – we have taken the age-related mortality rates from the IER projections and applied them to the age structure of legal services to calculate an overall mortality rate for the sector

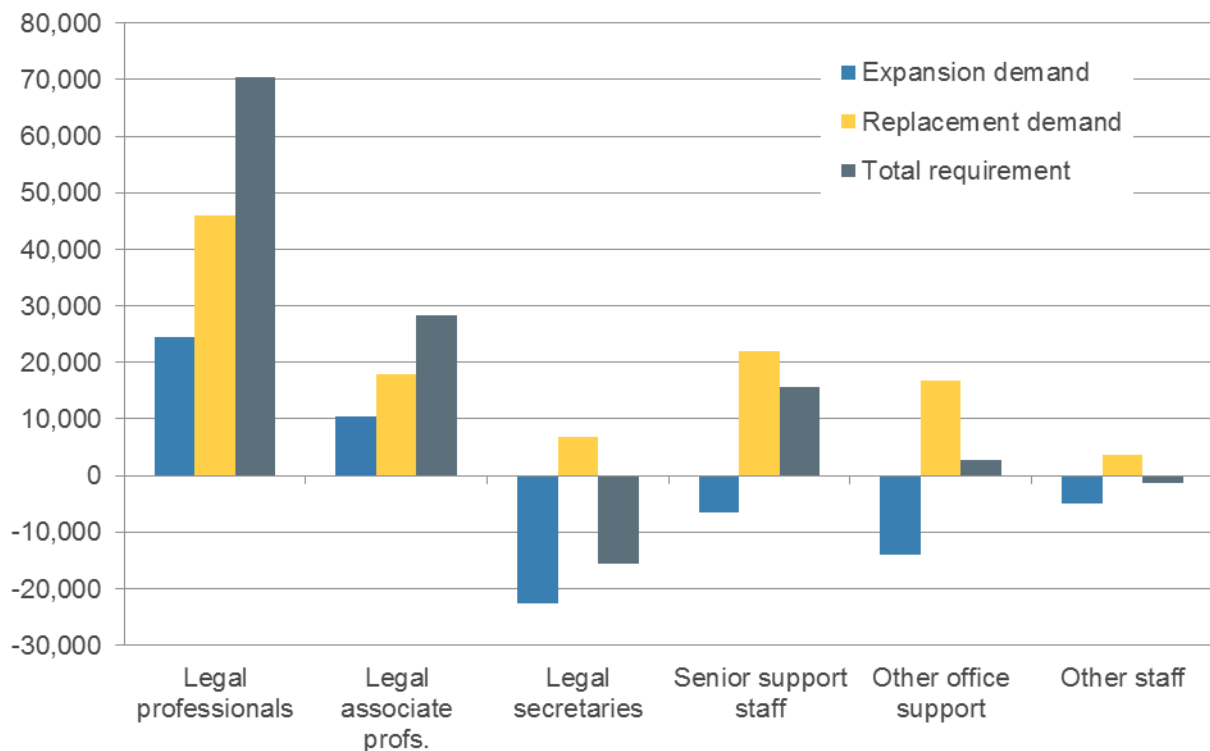
These three outflows have been summed to calculate an outflow rate for each occupational group per year, multiplied by 10 to cover the period 2017 to 2027, and then the outflows have been summed to calculate the total for the sector.

Although the total employment level in legal services is projected to decline by nearly 13,000 between 2017 and 2027, the sector will need to recruit around 113,000 workers to replace those who leave for retirement and other reasons, and due to mortality, so there will be a total requirement of around 100,000 workers, or around 10,000 per year.

Figure 4.2 shows the expansion demand, replacement demand and total requirement (expansion demand plus replacement demand) by occupation, for the period 2017 to 2027. The expansion demand for legal professionals of around 25,000 will be boosted by a replacement need of 46,000 for a total requirement of just over 70,000 to 2027. Similarly, among legal associate professionals, a replacement demand of 18,000 added to the expansion demand of 10,000 will result in a total requirement of around 28,000.

¹⁵ Retirement rates are not available for the other three groups as the outflow analysis is based on the legal and accounting sectors combined, rather than legal services, due to LFS restrictions. We can be confident that the vast majority of the specific legal occupations will be in legal services, but cannot be confident in the same way about the other occupational groups.

Figure 4.2 Expansion demand, replacement demand and total requirement by occupation in the legal services sector, 2017-2027



Source: IES calculations based on LFS and Law Society data, and IER Working Futures projections

There will be a positive total requirement of around 16,000 for senior support staff, as the replacement demand of 22,000 more than outweighs the projected contraction of around 6,000 workers¹⁶, although a negative total requirement for legal secretaries as the replacement demand of 7,000 workers is much less than the projected contraction of 23,000 workers. The situation for other office support staff, and other staff, is that positive replacement needs broadly match the projection contractions, leading to a total requirement close to zero.

Having estimated the total requirement for the different staff groups, and for the sector overall, the key question is whether the likely future labour supply is sufficient to meet these total demands.

In balancing future supply with these total demand requirements, we have considered entrants to the sector from education as the counterpart to retirees and those who die while working, and entrants from inactivity/career breaks as the counterpart to those who leave for family formation etc. Thus entrants from education and inactivity are summed to calculate total supply and compared with the total demand requirement to assess whether they are broadly in equilibrium, or whether there is a surplus of supply over demand or

¹⁶ This contraction is calculated from a 2017 employment figure from the LFS data which was considerably above the long term trend, and the model predicts rising employment in the future but from a 2018 figure that is somewhat below the 2017 estimate.

vice versa. We assume that flows out of legal services to other sectors, and flows in from other sectors, balance each other out and are net neutral.

Considering the total need across the sector as a whole, the total requirement of around 10,000 workers per year has been exceeded by the average 6,500 entrants from education, and 6,500 entrants from inactivity, over the period 2014 to 2018. This suggests that at the aggregate level there is sufficient current supply from these sources to more than match the expected total requirements of the sector.

Looking at the different occupations, the total requirement for legal professionals of around 7,000 workers per year might just be met by the current inflows into this occupation. The HESA data on graduate destinations showed that around 3,100 law graduates gain employment as legal professionals each year, and around half of the 6,500 entrants from inactivity take up positions as legal professionals, giving a combined inflow into legal professional positions of 6,400 workers, around 90 per cent of the required level to match both the expansion and replacement demands. Therefore legal services firms may need to do more to engage with graduates from law courses to encourage them into the sector (as the majority choose to work in sectors outside legal services), although the changes to the legal education system may also assist with encouraging more law graduates to choose legal services. Additionally, employers could take action around increasing career paths from legal associate professional roles into the professional roles, although this would have the consequence of potentially increasing the demand for legal associate professionals to backfill those who move up the occupational ladder.

The total requirement for legal associate professionals is estimated at around 2,800 workers, which is more than matched by the estimated 3,000 law graduates who enter these roles each year, plus the 900 entrants from inactivity who become legal associate professionals each year. This provides a surplus of around 1,100 potential entrants per year, which could help support an increased requirement for legal professionals if career opportunities are extended to assist with meeting the requirement for legal professionals.

The only other occupational group with a substantial total requirement is senior support workers, at around 1,600 per year. It is more difficult to estimate likely entrant numbers for this group due to data limitations around the HESA data (covering legal and accounting combined), although entrants to senior support roles from the pool of law graduates are likely to number somewhere in the range of 300 to 700 per year, and it is estimated that around 400 entrants from inactivity go into senior support roles. These inflows will be supplemented by graduates from non-law disciplines, eg business, computing/IT etc., who will take up senior support positions in the legal sector, although as the HESA data do not separate out legal services from the accounting sector it is difficult to quantify this potential flow. Again there is also the opportunity for legal firms to develop non-law career structures to help move staff from other office support roles into the senior support roles to assist meeting their demands for senior support staff.

4.3 Projections by qualifications and skills

Having presented projections for employment by occupation within legal services, this section now goes on to extend the projections by qualification level within the occupational groups, and to investigate likely future skills issues.

4.3.1 Projections by qualifications

To obtain predictions for the number of employees in each occupation who hold a given qualification level, we estimate separate models, one for each of the five main occupational groups¹⁷. The dependent variables in each occupation-specific model are the shares of employees with the following four qualification levels:

- Higher education (including degree and other types of higher education)
- GCE A-levels or equivalent
- GCSEs or equivalent
- Other qualifications and no qualifications

As before, the dependent variables are computed using QLFS data from 1993 to 2017, and the explanatory variables in each model are the same as in the baseline model, i.e. contemporaneous and lagged real turnover, a trend in productivity growth, contemporaneous and lagged number of law graduates each year.

The procedure to obtain the forecast proportions of employees by qualification is the same as in the baseline model described earlier, using a fractional multinomial logit model. After predicting the future shares of employees by qualification, we apply them to the forecast number of employees in each occupational group (computed earlier) to obtain a decomposition of our forecasts by qualification level.

Figure 4.3 to Figure 4.7 show the actual and forecast share of employees by qualification in each occupational group (one graph for each of the five main occupational categories, and excluding the 'other staff' group). More detailed tables are in Appendix 5. Across all five groups, the trends of increasing proportions of workers with higher level qualifications are projected to continue over the coming decade.

The skill distribution of legal professionals displays a very high concentration around the highest qualification levels, and this is set to continue so that by 2027 over 99 per cent of legal professionals are projected to have degrees or other higher education qualifications.

Regarding legal associate professionals, the share of graduates within this occupation group was below 50 per cent over the period 1998-2009, but it has increased since then to reach almost 60 per cent in 2017. The model projects that this will increase steadily over time, up to 76 per cent in 2027.

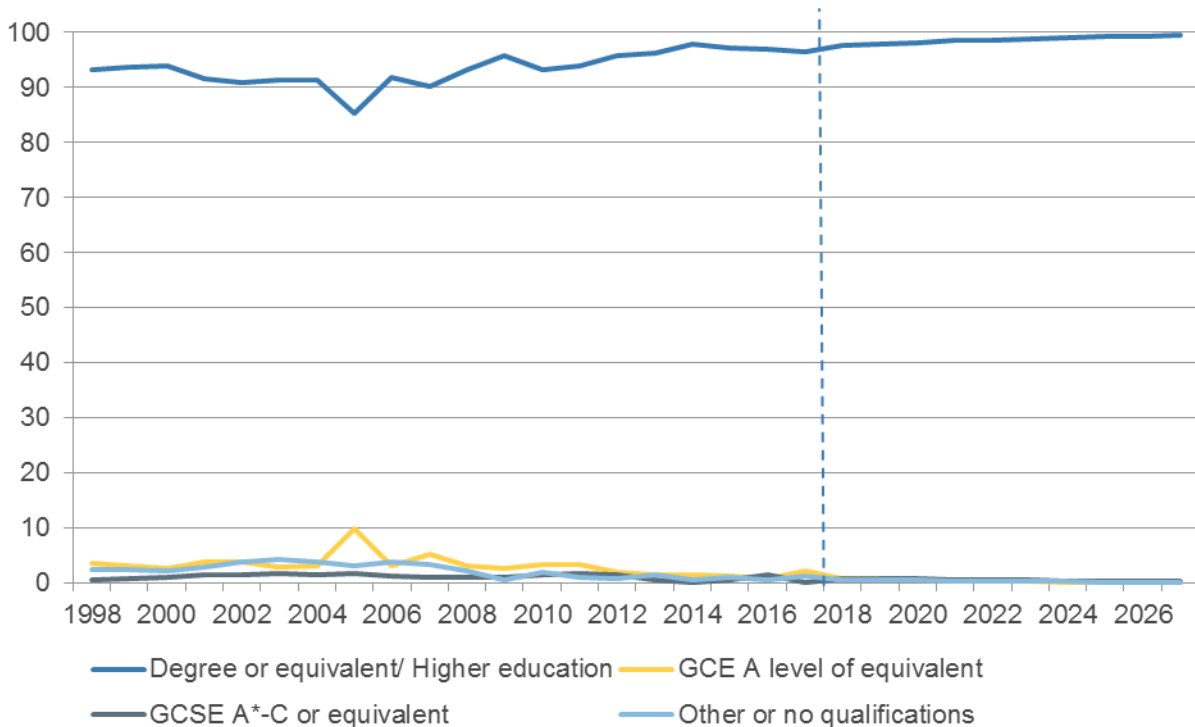
¹⁷ We do not estimate the model for the residual occupational group (i.e. "other staff").

As to legal secretaries, our forecasts suggest that, while this occupational group will shrink over time (see previous section), it will become more highly skilled. Although the historic data for this occupational group has shown large fluctuations over the years, the model predicts that the educational composition of legal secretaries will shift from higher shares of those with GCSEs towards higher levels of those with A levels or degrees. In 2017, just under half of all legal secretaries had GCSEs as their highest qualification, but by 2027 the model predicts that just over 40 per cent will have degrees (up from 26% in 2017) and just under 40 per cent will have A levels (up from 20% in 2017).

The qualification profile of senior support staff is similar to that of legal associate professional, with a majority of workers having degrees or other higher education qualifications. According to the model, the share of graduates among senior support staff will reach 80 per cent in 2027.

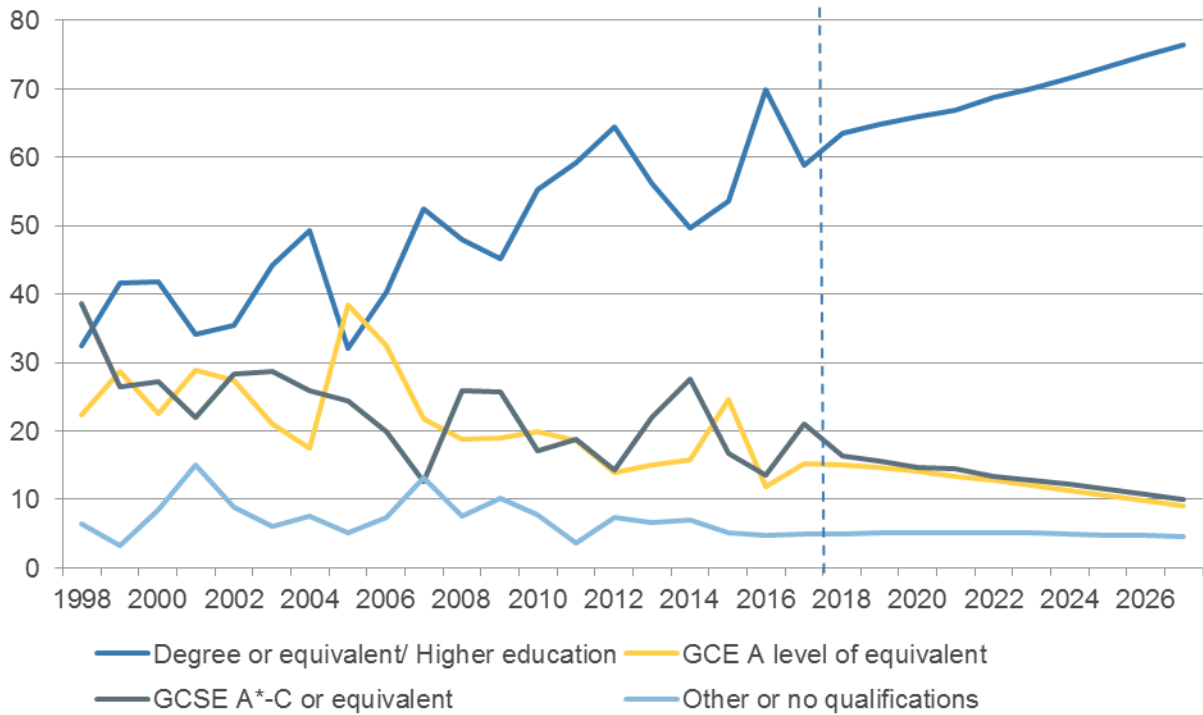
The qualification profile of office support staff had historically been similar to that of legal secretaries, with workers with GCSEs as their highest qualification being the largest group, although by 2017 the number of graduates had overtaken those with GCSEs. The future growth in graduates is predicted to be much faster than among legal secretaries however, and in 2027 four fifths (80%) are expected to have a higher education qualification.

Figure 4.3 Qualification projections for legal professionals to 2027



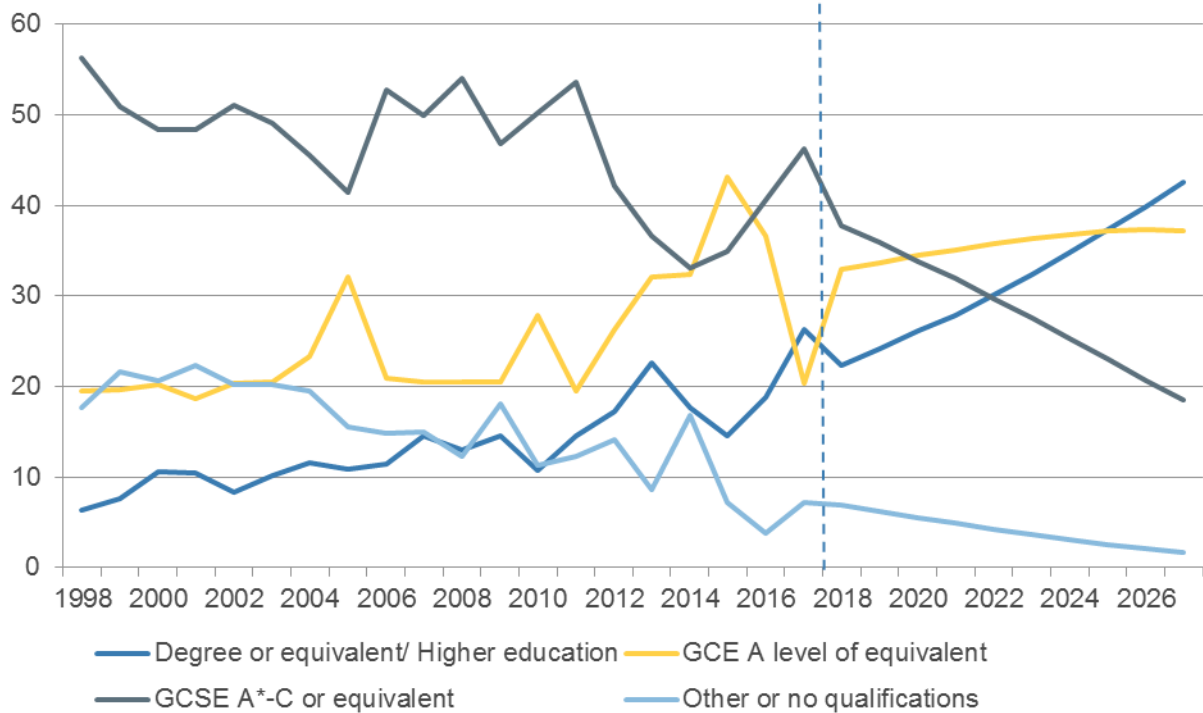
Source: IES model based on LFS and Law Society data

Figure 4.4 Qualification projections for legal associate professionals to 2027



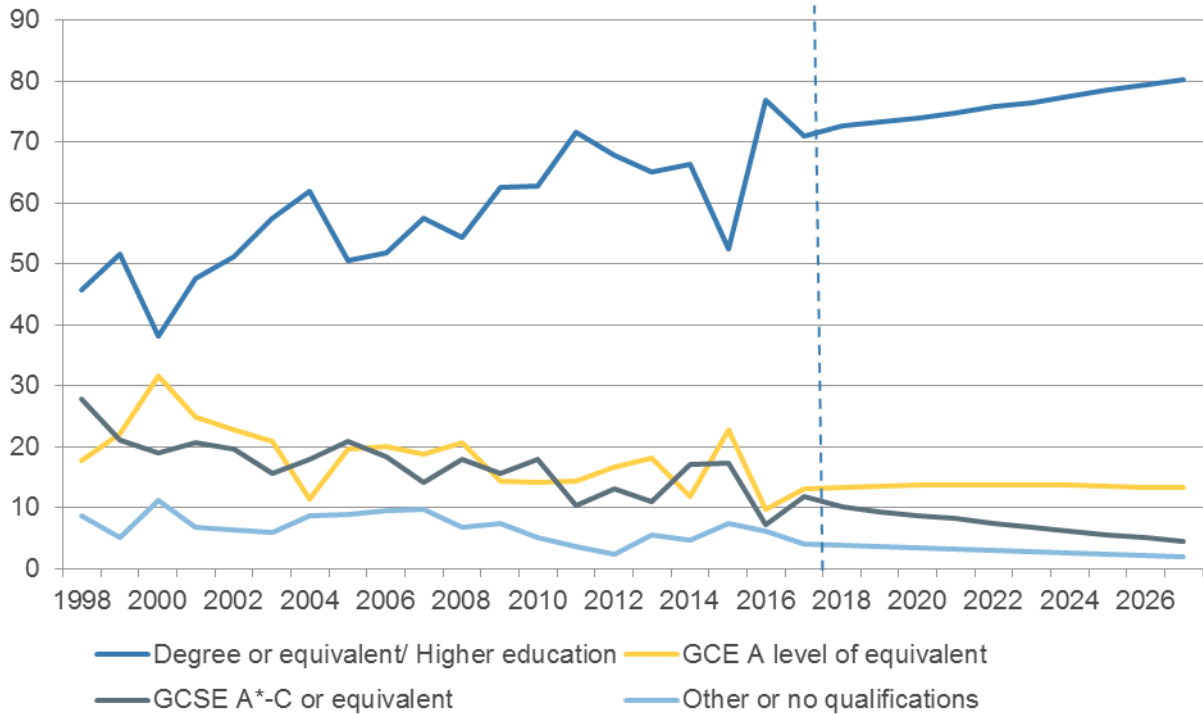
Source: IES model based on LFS and Law Society data

Figure 4.5 Qualification projections for legal secretaries to 2027



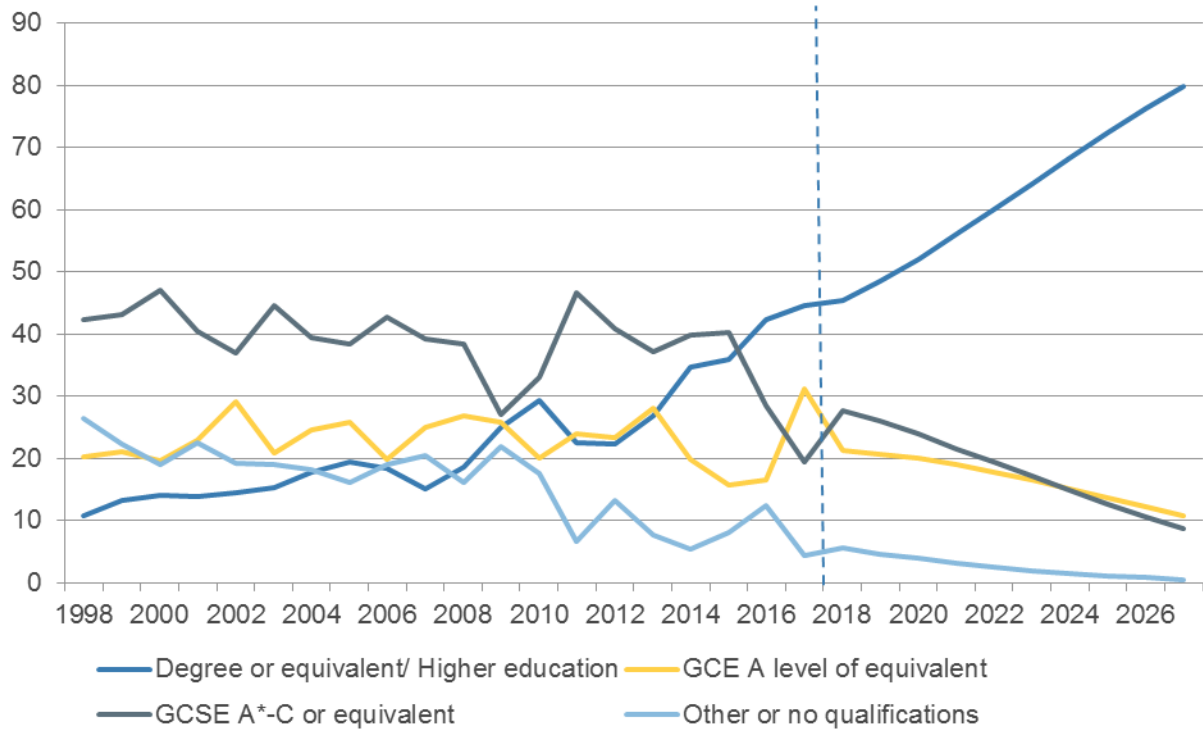
Source: IES model based on LFS and Law Society data

Figure 4.6 Qualification projections for senior support staff to 2027



Source: IES model based on LFS and Law Society data

Figure 4.7 Qualification projections for other support staff to 2027



Source: IES model based on LFS and Law Society data

4.3.2 Projections of skills gaps among legal sector workforce

Number of skills gaps

It is not possible to forecast future skills needs in the same way as it is for future qualification levels due to the available data on skills issues in the sector. The results from the Employer Skills Survey are available only for three points in time – 2011, 2013, and 2017 – and so do not present sufficient observations to undertake a formal modelling exercise in a similar way to the occupational employment and occupational qualifications forecasts. However, it is possible to estimate the likely future numbers of staff with skills gaps in 2027, using the workforce projections data and the trends in skills gaps¹⁸. As a reminder, skills gaps are defined as situations where not all staff are fully proficient in their jobs, that is, where some staff are not able to do their job to the required level.

The skills gaps forecasting has been undertaken for three broad occupational groups: managerial/professional staff (representing legal professionals and some senior support staff), associate professional staff (legal associate professionals and the remaining senior support staff), and administrative and secretarial staff (legal secretaries and other support staff).

In estimating the likely future number of staff with skills gaps, the first step was to adjust the number of number of staff with skills gaps in each occupational group to account for the projected employment change for that group, from the workforce modelling. Thus, as there were 2,800 managerial and professional staff with skills gaps in 2017, and the number of managerial and professional staff is projected to increase by nine per cent between 2017 and 2027, this step estimates that there will be 3,050 managerial and professional staff with skills gaps in 2027.

The first step implicitly assumes that the proportion of staff in each occupational group with skills gaps is constant over time. So a second step adjusts for the likely changes in the proportions of staff with skills gaps. This adjustment assumes a continuation of the recent trend in the incidence of skills gaps, and that the proportion of staff with skills gaps will move in line with the projected change in incidence. Thus, as the proportion of establishments reporting skills gaps fell from 13.4 per cent in 2011 to 11.9 per cent in 2017 (see Figure 3.7), this downward trend is projected to continue, and by 2027 the proportion of establishments with skills gaps is likely to be 9.4 per cent, representing a decrease of 21 per cent in the number of establishments experiencing skills gaps. We assume there will be a reduction in the number of staff with skills gaps of the same magnitude.

The results of these two steps are presented in Table 4.1.

¹⁸ Forecasts of skills shortages (ie where applicants do not possess required skills) are not possible as they would require assumptions about future skills acquisition of people who are currently in the education system and of those who are currently in employment, in all sectors not only legal services.

- Based on the projected occupations changes alone, the number of skills gaps among managerial/professional staff would increase by nine per cent, the number among associate professional staff would increase by 30 per cent, and the number among administrative and secretarial staff would decrease by 50 per cent,
- The adjustment for reduced incidence/prevalence of skills gaps would reduce numbers across all occupational groups by 21 per cent.

These two steps combined show that there are likely to be two per cent more associate professional staff with skills gaps, 14 per cent fewer managerial/professional staff with skills gaps, and 60 per cent fewer administrative and secretarial staff with skills gaps in 2027 compared with 2017. The overall number of staff less than fully proficient is likely to be reduced by just over a quarter, from around 6,600 in 2017 to around 4,900 in 2027.

Table 4.1 Projections of the number of legal services workers with skills gaps in 2027

	Managers/ Professionals	Associate professionals	Admin. & secretarial	Total
2017 skills gaps	2,800	1,540	2,240	6,580
Occupational change	8.9	29.7	-49.6	-
2027 skills gaps based on occ. change	3,050	2,000	1,130	6,180
Reduced incidence adjustment	-21.3	-21.3	-21.3	-
2027 skills gaps based on occ. change and reduced incidence	2,400	1,570	890	4,860
% difference 2017-2027	-14.3	2.0	-60.3	-26.1

Source: IES calculations from ESS, LFS and Law Society data

Nature of skills gaps

An additional modelling exercise was undertaken to estimate the likely future incidence of skills gaps by type of skill. This took as a starting point the number of staff in each of the three occupational groups with each specific skills gap in 2017. The occupational change and incidence adjustments were made to this estimate, and then a third adjustment was made to reflect a continuation of the linear trend between 2011 and 2017 in the proportion of employers with skills gaps who report gaps in that particular skill – for example, planning and organisation skills. To illustrate:

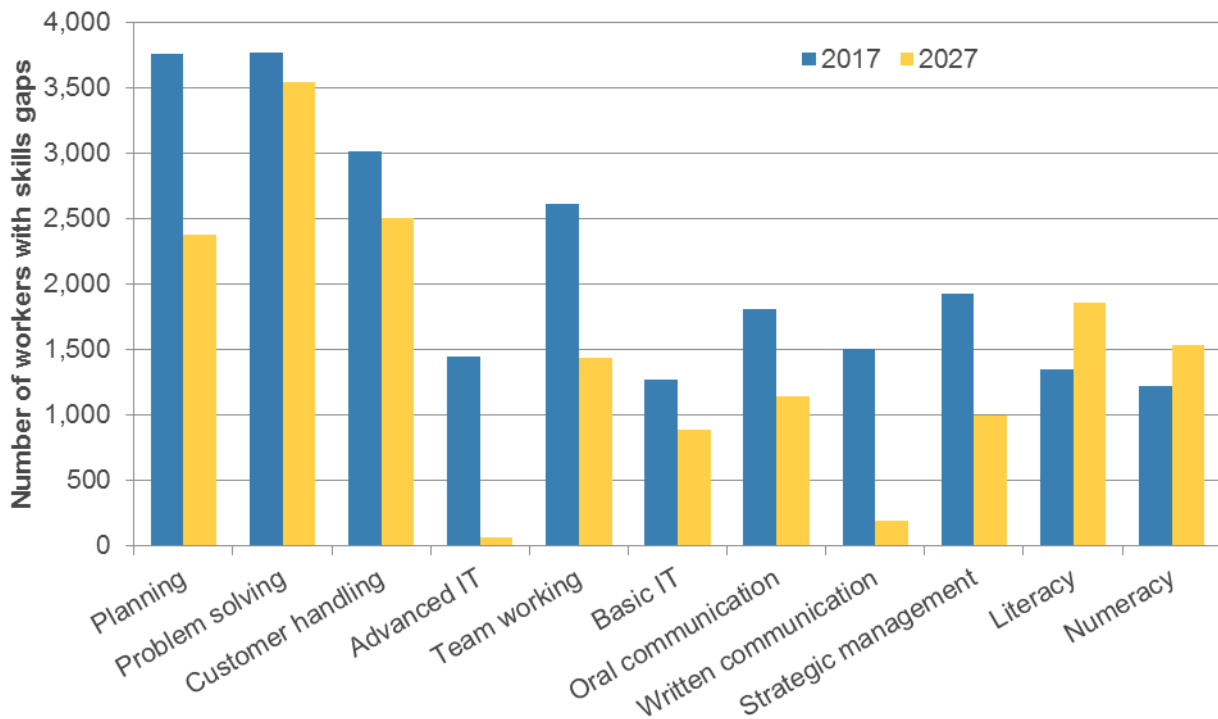
- There were around 1,200 managers and professionals with gaps in planning and organisation skills in 2017;
- The proportion of legal services employers with skills gaps who reported gaps in planning and organisation skills fell from 67 per cent in 2011 to 61 per cent in 2017 (see Figure 3.9), and continuing this trend it is likely to fall to around 53 per cent by 2027. This represents a reduction in the incidence of this skill gap of around 14 per cent between 2017 and 2027;
- The three adjustments for occupational change (+9%), change in incidence of skills gaps overall (-21%) and change in incidence for planning and organisation skills

specifically (-14%) are applied to the figure of 1,200 managers and professionals with gaps in planning and organisation skills in 2017, to produce an estimate of around 870 managers and professionals with gaps in planning and organisation skills in 2027. This represents a 27 per cent reduction in the number of managers and professionals with planning and organisation skills gaps from 2017 to 2027.

This process was undertaken for each of the technical and softer skills presented in Figure 3.9 and Table 3.8 respectively, for each of the three occupational groups. The 2027 estimates for each skill by occupational group were then summed to produce an overall estimate for the number of staff likely to be deficient in each skill in 2027.

Figure 4.8 presents the estimates of the number of legal services employees with each technical and softer skills gap in 2017 and 2027. The key findings are:

- The numbers of workers with skills gaps for **literacy** and **numeracy** skills are projected to increase between 2017 and 2027, by 38 per cent and 26 per cent respectively. These are the only skills where the numbers of skills gaps are projected to increase for the whole workforce. Among managerial/professional staff, skills gaps in literacy and numeracy are projected to increase by around two thirds, while among associate professional staff they are projected to double.
- The number of workers with **problem solving** skills gaps is projected to decrease slightly over the 10 years to 2027, by around six per cent, although the number of managerial/professional staff with gaps in this skill is projected to increase by eight per cent, and the number of associate professional staff with this skills gap is projected to increase by 29 per cent.
- **Customer handling** skills gaps are projected to decline by about 17 per cent overall, although the number of associate professional staff lacking full proficiency is projected to increase by 11 per cent.
- The number of managerial/professional staff lacking full proficiency in **basic IT skills** is projected to increase by around eight per cent between 2017 and 2027, although the number of administrative/secretarial staff with gaps is projected to halve, leading to a decrease overall. Gaps may emerge among associate professionals in the future (in the 2017 ESS no establishments reported gaps among associate professional staff, although this skills gap has been on an upward trend between 2011 and 2017).
- Skills gaps for **advanced IT skills**, and for **written communication skills**, are projected to largely disappear by 2027, with the latter decreasing by 87 per cent, and the former decreasing by 96 per cent.

Figure 4.8 Number of skills gaps (upper limit) by skill type, 2017 and 2027

Source: IES calculations from ESS, LFS and Law Society data

Skills shortages issues

As skills shortages are a function not only of the skill needs of employers, but also of the quality of education and training provision, by education/training establishments and employers, we do not feel it is possible to estimate with any confidence the likely future skills shortages picture.

However, if recent trends continue it is likely that legal services employers may have relatively more difficulties obtaining problem solving skills and planning and organisation skills than other skills from the external labour market. These are the most commonly reported technical/practical and soft/people skills shortages respectively, and the proportion of firms with skills shortages who say that they found it difficult to obtain these skills from applicants was higher in 2017 than in 2011.

Customer handling and team working skills shortages may also become more acute, if they continue the trend of becoming more prevalent over recent years, although fewer employers report these as difficult to obtain in comparison with problem solving and planning. The proportion of employers with skills shortages who cited basic computer literacy/IT skills as difficult to obtain has also increased, but from a much lower baseline; however if this trend continues then obtaining these skills from applicants may become more difficult.

5 Alternative scenarios

The baseline projections presented in the previous chapter represent the most likely outturn for employment by occupation in the legal services sector, based on historical workforce patterns and the Law Society's most recent central forecast for the economic and employment performance for the sector.

This chapter expands on these baseline workforce projections to consider a number of potential alternative future scenarios, related to changes in assumptions regarding technology, deregulation and competition, firms specialising in legal activities and contracting out support functions, and Brexit.

The scenario development process involves separate runs of the workforce model based on different projections for real turnover and productivity in the sector, from re-runs of the Law Society economic model, to project the future occupational composition. Post hoc adjustments are also made to these projections to account for the more nuanced features of the alternative scenario that cannot be operationalised within the model.

The post hoc adjustment process involved three stages:

- Firstly, the size of the workforce at risk of being affected by the alternative scenario was calculated, based on size of firms (numbers of partners)¹⁹ and practice areas of firms, split between business to business (B2B), business to consumer (B2C) and business to hybrid (B2H) ie serving both business and consumer clients. This was calculated separately for each occupational group, using the Law Society firm survey 2015 data²⁰. This step drew the 'fences' around the at-risk workforce, that is the proportion of workers in each occupational group who were likely to be affected in the particular scenario.
- Secondly, the proportion of the workforce within each 'fence' that will be affected was estimated, with variation by size and practice areas, termed the incidence of change – for example, take up of AI is likely to be much greater among large firms than among medium firms. This was undertaken for each occupation within each size of firm/practice area group from the first step.
- Thirdly, the differential impact of the scenario by occupational group was estimated based on the literature and findings from the interviews, and expressed as a

¹⁹ Three groups were used – small firms with 10 or fewer partners; medium firms with 10 to 80 partners; and large firms with more than 80 partners.

²⁰ The Law Society firm survey collects workforce data for three groups – solicitors, paralegals, and non-fee earning staff. We have used the data on solicitors to represent legal professionals, the data on paralegals to represent legal associate professionals, and the data on non-fee earning staff to represent legal secretaries, senior support staff, and office support staff.

percentage difference to the baseline change. Again this was undertaken for each occupation within each size of firm/practice area group

These calculations are worked through for each main staff group within each 'fence' to calculate the 2027 employment level. Only the effects of the alternative scenarios on the numbers in different occupational groups were estimated at this stage, and we have not looked at the effects on the breakdowns of staff by different qualification levels.

5.1 Alternative technology futures

The increasing take up of artificial intelligence (AI), machine learning (ML) and automation has the potential to have a large impact on the legal services sector. Adoption is occurring at a faster rate in larger legal services firms, as these firms have the resources and funding to invest in new technologies to make more efficiencies in day to day work and have large amounts of clean data for these applications to work with. AI/ML solutions may be able to:

- automate review of legal contracts to prepare litigation cases;
- scan legal documentation in bulk to enhance document drafting and case citation checking;
- utilise natural language processing to make legal research more efficient; and
- use machine learning to draw research and insight from large amounts of legal data.

Business-to-Business firms are likely to be heavily affected due to large amounts of data processing which is currently undertaken by paralegals and junior solicitors, which in future could be replaced by AI solutions. Examples include document reading etc. Business-to-Consumer firms operating in practice areas that a highly commodifiable, for example residential conveyancing and wills, are also likely to be affected because of the new ways of working brought about by improvements in technology within the sector.

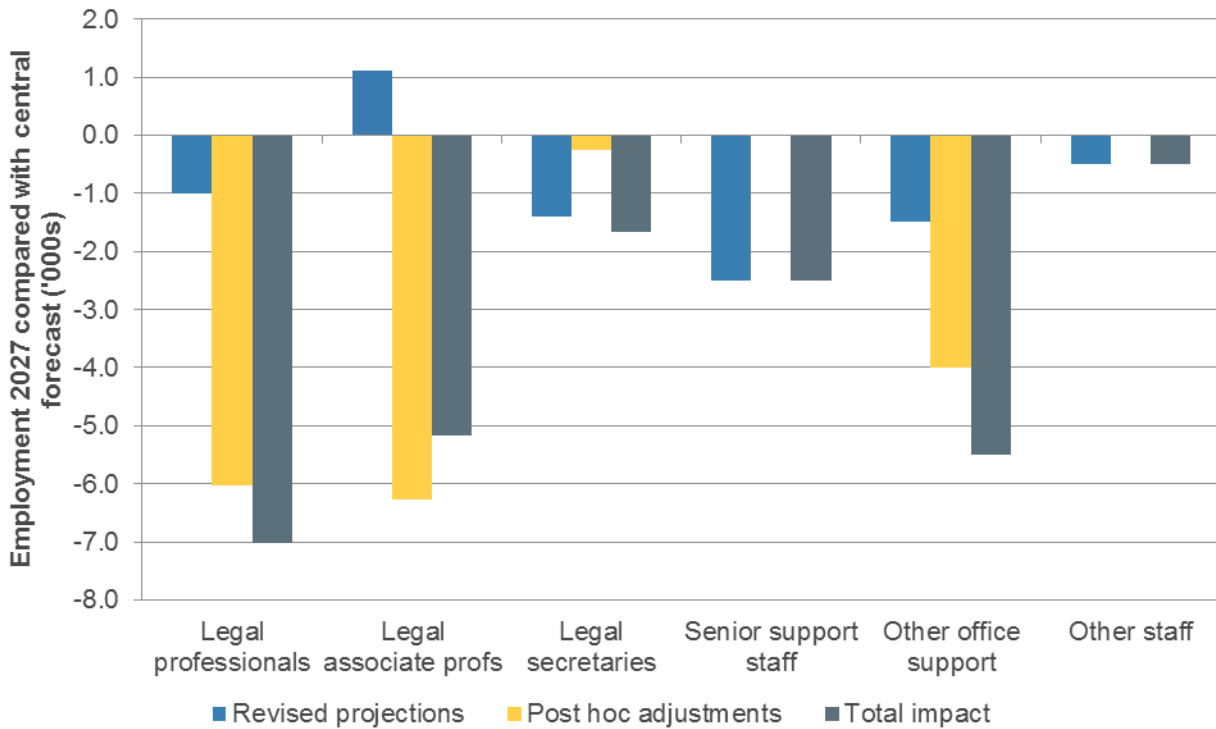
Law Society's legal services sector main forecasts already factor in a relative high rate of adoption of new technologies into the sector, with total employment reducing to 308,000 by 2027. The two scenarios we consider here are firstly an even higher rate of productivity growth as a result of quicker adoption of new AI technologies (increasing the linear trend of productivity trend variable above the central forecast scenario), with post hoc adjustments made to the employment projections based on this higher rate of productivity, and an alternative counterbalancing scenario of no increase in adoption of technology (continuing linear trend of the productivity trend variable).

5.1.1 Increased take up of AI technology within legal services

As a first step in calculating the likely future employment levels under this scenario, and before considering the post hoc adjustments, the alternative occupational projections based on the Law Society economic model featuring a faster increase in productivity due to AI technology adoption are presented in Figure 5.1. In comparison with the central

forecast, there are decreases projected for all occupational groups except legal associate professionals, with the largest decrease among senior support staff.

Figure 5.1 Projected employment in 2027 in comparison with central forecast – increased take up of AI/technology



Source: IES model based on LFS and Law Society data

To the revised forecasts generated purely by the economic models we make post hoc adjustments to reflect qualitative insights into the impact of the scenario on the different staff groups, using the following assumptions:

- Type of firms likely to be affected – large and medium B2B firms, large and medium B2C firms, particularly those in commodifiable practice areas, particularly conveyancing;
- Incidence – 75% for large firms, 25% for medium firms; and
- Impact – 10% reduction in comparison with the central forecast for legal professionals and legal secretaries, 40% reduction for legal associate professionals and other office support, no change for senior support (as a need for more IT staff to operate/manage technology solutions offsets other losses due to efficiency gains).

Table 5.1 shows the combined impact of the revised occupational projections and the post hoc adjustments on the 2027 projected employment levels for the different staff groups. The impact on legal professionals and senior support staff is relatively small, with decreases in comparison with the baseline scenario of four per cent and six per cent respectively. The number of legal associate professionals is projected to be 11 per cent lower than under the baseline scenario, while there are larger reductions for legal

secretaries (20%) and office support staff (19%). The total employment level is projected to be seven per cent lower under this scenario than under the baseline scenario.

Table 5.1 Employment in 2027 under AI/Technology and ‘low automation’ scenarios in comparison with central forecast

	Central	AI/Tech take up		‘low automation’	
	2027	2027 level	% difference	2027 level	% difference
Legal professionals	176.2	169.2	-4.0	177.3	0.6
Legal associate professionals	45.9	40.7	-11.3	40.5	-11.8
Senior support	43.5	41.0	-5.7	55.0	26.4
Legal secretaries	8.5	6.8	-19.6	17.5	105.9
Office support	28.6	23.1	-19.2	35.4	23.8
Other staff	5.1	4.6	-9.8	8.4	64.7
Total	307.8	285.4	-7.3	334.1	8.5

Source: IES calculations based on LFS and Law Society model

5.1.2 No impact of technology on the long-term productivity trends

As a counterfactual to the increased technology scenario, an alternative version of the Law Society model with no adjustment to the long-term productivity trend was produced, and the results are shown in Table 5.1. Total employment in the sector under this scenario is projected to be 334,000, around nine per cent higher in comparison with the baseline projections. The projected number of legal professionals is virtually unchanged, and the number of legal associate professionals is projected to be 12 per cent lower, while there are large increases in comparison with the baseline scenario for the other occupational groups, particularly for legal secretaries.

5.2 Deregulation and competition

The opening up of the sector to non-solicitor firms providing legal services has the potential to affect the size and composition of the sector’s workforce. In comparison with the technology scenario, this alternative is less likely to affect legal services financial turnover at the aggregate level, with the effects mainly expected to be within the sector, for example the balance between staff groups.

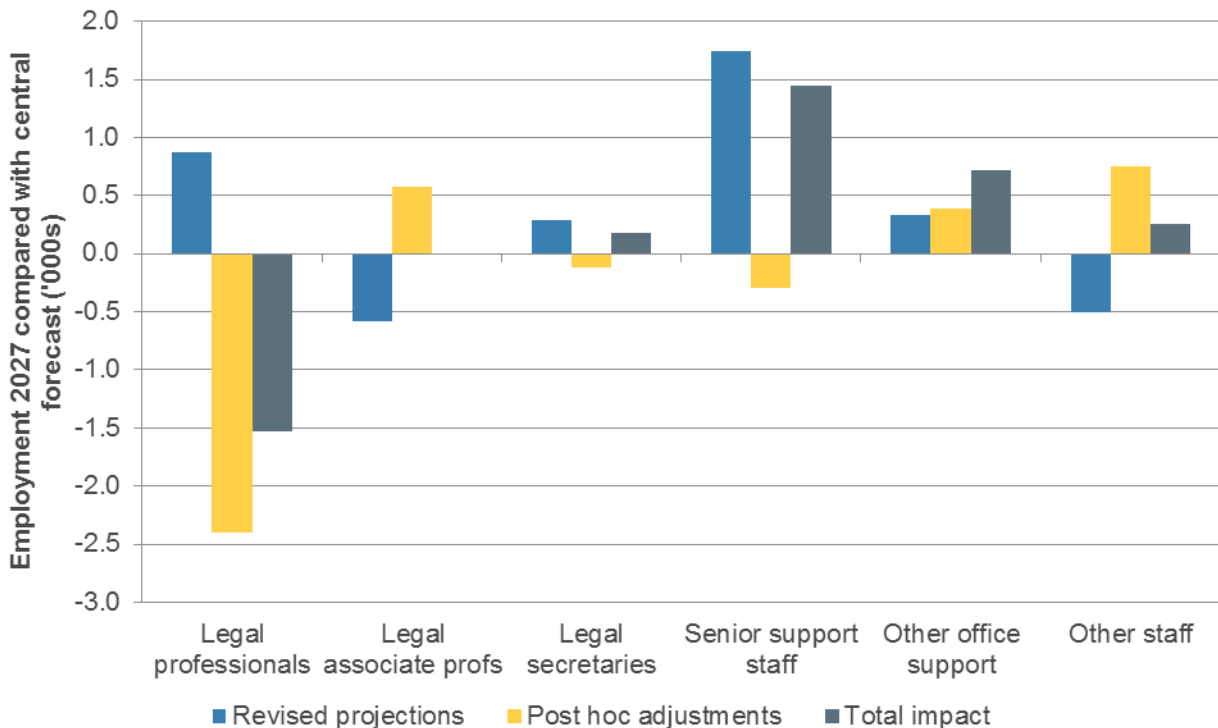
Small and medium sized firms providing Business-to-Hybrid and Business-to-Consumer legal services, and particularly those at the high volume/low specialisation end of the market, are likely to face the greatest variety and volume of competition from other legal providers. Competition is likely to drive down the cost and therefore price of legal services in these segments of the market, as tasks previously undertaken by solicitors would be undertaken by paralegals, and insofar as these are likely to be bulk/commodifiable tasks, with support from office administrative staff as well. Cheaper prices are likely to lead to some increase in sales, but the main effect is expected to be downward pressure on profit margins. For this scenario, and alternative run of the Law Society’s central forecasts was

undertaken with a significant increase in price sensitivity and a significant reduction in prices due to the increased competition in the market.

5.2.1 Increase in competition and impact on the price of legal services

The alternative occupational projections based on the Law Society economic model featuring increased price sensitivity and reduced price of legal services is presented in Figure 5.2. In comparison with the central forecast, total employment is projected to be slightly higher in 2017 – 311,000 compared with 308,000 in the baseline scenario – while the number of legal associate professionals is projected to be slightly lower than in the central forecast, and the numbers in the other occupational groups are projected to be slightly higher, particularly among senior support staff.

Figure 5.2 Projected employment in 2027 in comparison with central forecast – High price sensitivity and reduced prices scenario



Source: IES model based on LFS and Law Society data

Post hoc adjustments have been made to the workforce projections using the following assumptions:

- Type of firms likely to be affected – small and medium Business-to-Hybrid firms eg personal injury, and small and medium B2C firms in practice areas such as wills/probate and conveyancing where volumes of work are more readily scaled;
- Incidence – 25% for small firms, 10% for medium firms, to reflect those positioned in the lowest quartile of the quality/value added scale (firms offering high quality/value added services are unlikely to be affected by increased competition from non-legal

entities), with higher resistance among medium-sized firms than among smaller firms; and

- Impact – 20% reduction in comparison with the central forecast for legal professionals and legal secretaries, 20% increase for paralegals and admin support, 10% reduction for senior support reflecting additional cost cutting within these firms to remain competitive.

Table 5.2 shows the combined impact of the alternative projections and the post hoc adjustments on the 2027 projected employment levels for the different staff groups. The number of legal professionals is projected to be around one per cent lower than in the central forecast, while the number of legal associate professionals is expected to remain stable (negative impacts of the changes to the price and price sensitivity variables in the economic model are cancelled out by positive impacts due to the post hoc adjustments). There are projected to be small increases in employment in the other occupational groups, resulting in a total employment figure for the sector slightly higher than in the baseline forecasts.

Table 5.2 Employment in 2027 under Baseline and Deregulation/Competition scenario

	Baseline	Dereg/Comp.	% difference
Legal professionals	176.2	174.7	-0.9
Legal associate professionals	45.9	45.9	0.0
Senior support	43.5	44.9	3.3
Legal secretaries	8.5	8.7	2.0
Office support	28.6	29.3	2.5
Other staff	5.1	5.4	4.9
Total	307.8	308.9	0.3

Source: IES calculations based on LFS and Law Society model

There may be other changes within the sector that are masked by the categories we are able to use for the projections. For example, within legal professionals there is likely to be a shift from using solicitors to using other legal professionals, so the balance within this occupational category may change.

5.3 Increased contracting out support services

Among our interview sample we found evidence of some firms contracting out support functions such as IT support and HR/payroll, to allow them to focus on their core business. It is felt that this trend has been apparent within the sector for a number of years.

We have developed an alternative scenario based on this practice becoming more widespread among medium-sized firms across all practice areas; small firms are unlikely to have individuals in these specific roles, which are likely to be covered by fee-earners spending part of their working time on these eg a partner spending one day a week on HR

issues, while large firms are perhaps likely to want to keep control over these functions by keeping them in-house.

As this scenario is not affected by any of the macroeconomic variables used in the Law Society model, it is not appropriate or necessary to re-run the model with adjusted parameters for this scenario. The alternative employment projections are therefore based solely on the following post hoc assumptions:

- Type of firms likely to be affected –medium sized firms (11-80 fee earners) across all practice areas;
- Incidence – 50% for the smaller end of medium size firms (11-15 fee earners), 30% for the larger end (26-80 fee earners); and
- Impact – 25% reduction in comparison with the central forecast for senior support and office support staff, 5% increase for solicitors and paralegals reflecting cost savings being re-invested in the fee-earning workforce, no change for legal secretaries.

Table 5.3 shows the impact of the post hoc adjustments on the 2027 projected employment levels for the different staff groups. The total employment level is projected to decrease very slightly as a result of the changes among the different occupational groups, with decreases of three per cent for senior support staff, and for office support staff. The numbers of legal professionals and legal associate professionals are projected to increase very slightly, by less than one per cent.

Table 5.3 Employment in 2027 under Outsourcing Support scenario

	Baseline	Outsourcing Support	% difference
Legal professionals	176.2	177.3	0.6
Legal associate professionals	45.9	46.2	0.6
Senior support	43.5	42.0	-3.3
Legal secretaries	8.5	8.5	0.0
Office support	28.6	27.6	-3.3
Other staff	5.1	5.1	0.0
Total	307.8	306.8	-0.3

Source: IES calculations based on LFS and Law Society model

5.4 Alternative Brexit deals

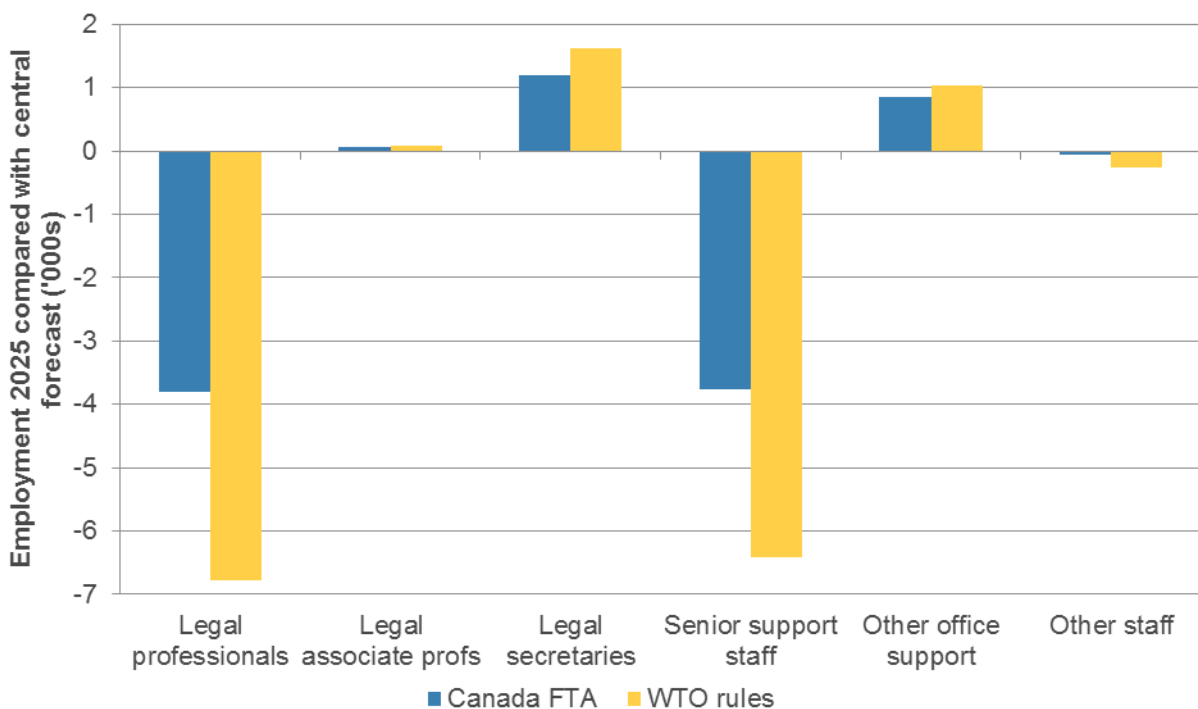
The Law Society's main forecasts for the UK legal services sector are based on the National Institute for Economic and Social Research's (NIESR) macroeconomic forecasts for the UK, which assumes a 'soft' Brexit and is based on the Phase 1 draft legal agreement published in March 2018. Details are found in Law Society (2018). We consider two scenarios in addition to the soft Brexit assumption, the attainment of which remains as uncertain as ever. These are:

- a scenario where the UK adopts a Canada-type free-trade agreement (FTA) with the EU and
- a scenario where talks fail between the UK and the EU and they fail to reach an agreement; under this the UK would operate under the World Trade Organisation (WTO) rules for trading between countries.

These alternative Brexit scenarios are presented to 2025 rather than 2027, as they utilise forecasts produced by Oxford Economics which only go up to 2025. Post hoc adjustments have not been made as the outlook is too uncertain to develop assumptions with any confidence.

In comparison with the central Law Society forecasts, real turnover in legal services is projected to be lower under these alternative Brexit scenarios. Under the Canada-style FTA agreement real turnover is predicted to be 5.5 per cent lower in 2025, with a total employment figure of 306,000 (1.8% lower than the 311,000 in the central forecast). Under the WTO rules Brexit scenario, real turnover is estimated to be 8.8 per cent lower and the total employment figure to be 301,000, 3.5 per cent lower than the central forecast.

Figure 5.3 Impact of Brexit scenarios – employment levels in 2025 in comparison with central forecast



Source: IES model based on LFS and Law Society data

The impacts on the workforce composition, in comparison with the baseline projections, are for a small reduction in the number of legal professionals (2.2% under Canada FTA, 3.9% under WTO deal) and no change in the number of legal associate professionals (see Table 5.4). The number of senior support staff are projected to decrease by nine per cent under Canada FTA and 15 per cent under WTO deal, while there will be increases

for legal secretaries (11% under Canada FTA, and 14% under WTO deal), and for office support staff (2.6% under Canada FTA, 3.2% under WTO deal). Figure 5.3 shows the change in employment levels in comparison with the central forecast, and shows that the employment impacts on legal professionals and senior support staff are similar in numerical terms, with nearly 4,000 fewer staff in each group under the Canada FTA scenario, in comparison with the central forecasts, and over 6,000 fewer staff in each group under the WTO rules scenario. The composition of the workforce is affected by the reduced real turnover levels in the legal services sector; as a result fewer legal professionals will be needed, and organisational and technological change will happen at a slower pace resulting in slower decreases in legal secretaries and other office support workers than would otherwise be the case.

Table 5.4 Employment in 2025 under alternative Brexit scenarios

	2025	Canada FTA	% difference	WTO rules	% difference
Legal professionals	174.1	170.3	-2.2	167.3	-3.9
Legal associate professionals	44.1	44.2	0.1	44.2	0.2
Legal secretaries	11.7	12.9	10.3	13.3	13.8
Senior support	43.8	40.0	-8.6	37.4	-14.6
Office support	31.8	32.6	2.7	32.8	3.2
Other staff	5.9	5.8	-1.1	5.6	-4.5
Total	311.5	305.9	-1.8	300.7	-3.5

Source: IES calculations based on LFS and Law Society model

5.5 Changing education system

The final alternative scenario that has been developed looks at the supply side of the legal services labour market rather than the demand side, in terms of the future changes to the legal education system with the introduction of the Solicitors Qualifying Exam (SQE) to replace the Legal Practice Course (LPC) and Graduate Diploma in Law (GDL) from 2020.

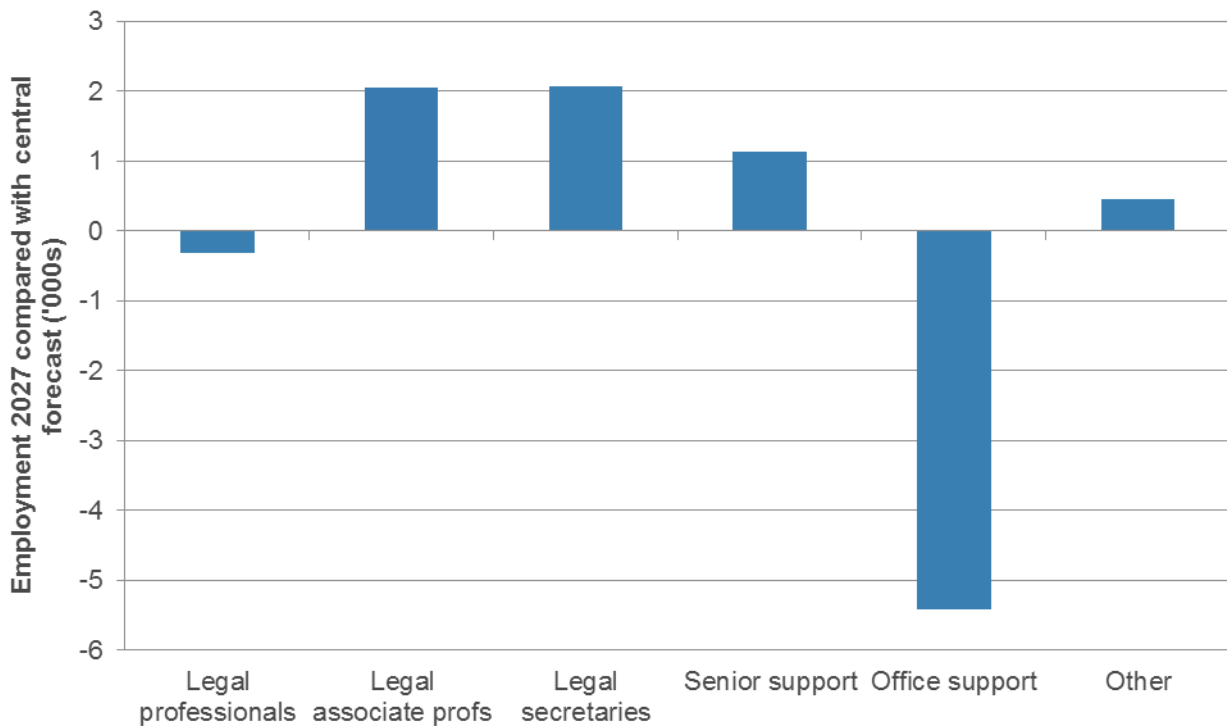
The new system will mean that to qualify for a solicitor, a person would need to hold a degree in any subject, pass stages 1 and 2 of the SQE (the first focused on legal knowledge; the second on practical legal skills), complete 24 months of legal work experience (which could be across up to four employers), and meet the character and suitability requirements of the Solicitors Regulation Authority. While the details of the SQE process are yet to be finalised, it is likely that the changes will open up a number of routes into the profession, from the current single route, and thus increase the potential future supply for solicitors.

In terms of the impact on the workforce model, this scenario adjusts the projections for the future supply of graduates, with a higher projected supply than under the baseline projections – projections are based on the continuation of a linear trend of the historic

graduate data, rather than the flatter logarithmic trend used in the baseline model. As this scenario is not affected by any of the macroeconomic variables used in the Law Society model, it is not appropriate or necessary to re-run the model with adjusted parameters for this scenario. Post hoc adjustments have not been used for this scenario as the potential impacts on the different occupations are not clearly understood.

The employment projections under this scenario are presented in Figure 5.4 and Table 5.5. In comparison with the baseline projections there are forecast to be more legal associate professionals and legal secretaries, and fewer office support staff. Interestingly, given the increase in the number of law graduates, the number of legal professionals is projected to be slightly lower than in the baseline scenario. Thus the increase in availability of skilled staff appears to cause legal services employers to expand their associate professional and secretary posts at the expense of general office support, and may reflect the fact that first degree graduates in law tend to enter junior positions as a first career step rather than professional level positions (see section 2.4 above).

Figure 5.4 Impact of Changing Education System scenario – employment level in 2027 in comparison with central forecast



Source: IES model based on LFS and Law Society data

Table 5.5 Employment in 2027 under Changing Education System scenario

	Baseline	Changing education system	% difference
Legal professionals	176.2	175.9	-0.2
Legal associate professionals	45.9	47.9	4.5
Legal secretaries	8.5	10.6	24.5
Senior support	43.5	44.7	2.6
Office support	28.6	23.2	-18.9
Other staff	5.1	5.6	9.0
Total	307.8	307.8	0.0

Source: IES calculations based on LFS and Law Society model

5.5.1 Impact on labour supply

In addition to the impact of increased supply of law graduates on the demand side of the legal services labour market, there will also by definition be an impact on the supply of labour to the sector.

Under the baseline scenario, the number of law graduates gaining employment in legal services as legal professionals is likely to increase from around 3,100 per year in 2017 to 3,300 per year in 2027, while under the increased supply scenario these new entrants to legal professional roles from HE could reach 4,200 by 2027, with an average of 3,800 per year over the ten year period.

This increased supply of new graduates, in addition to entrants from inactivity, would be sufficient to meet the annual total requirement for legal professionals described in section 4.2 above – the total requirement is projected to be around 7,000 per year on average over the period 2017 to 2027, and there are likely to be around 3,300 entrants from inactivity each year, so with an average of 3,800 entrants from HE the total requirement would be met through these two in-flows.

5.6 Summary of alternative scenarios

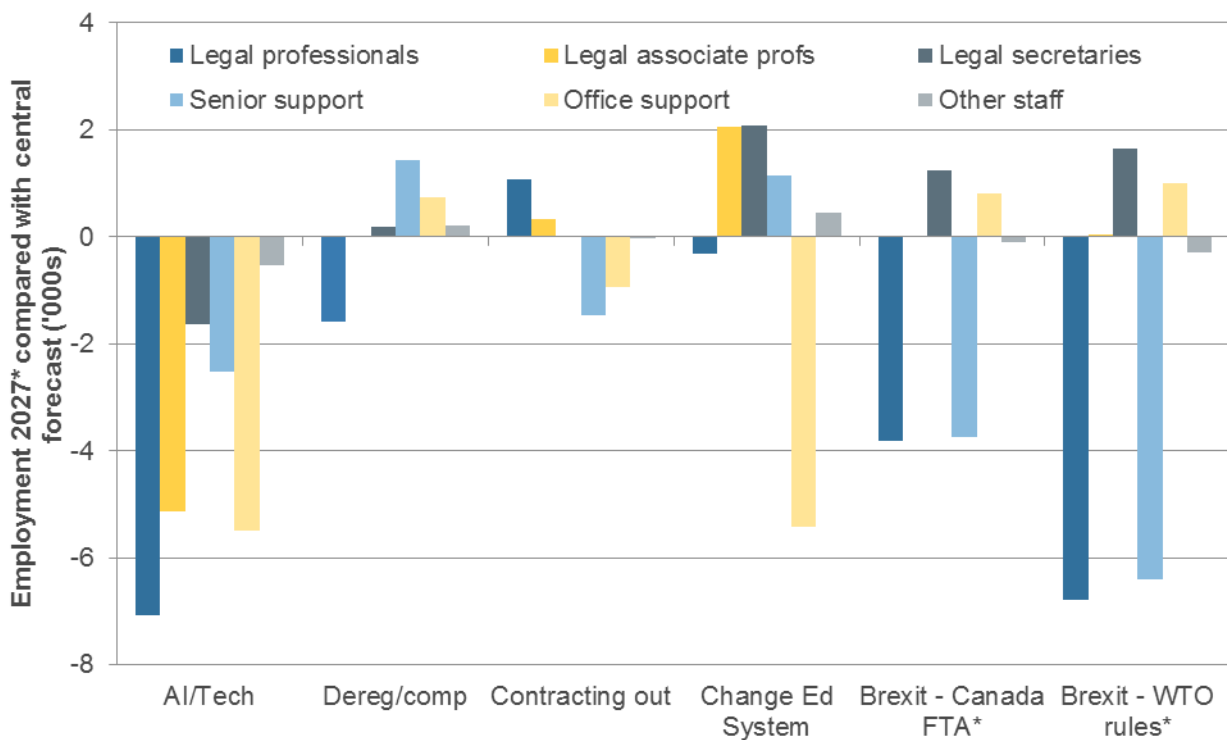
Figure 5.5 summarises the impact of the different scenarios on employment in the different occupational groups in 2027 in comparison with the baseline projects (the horizon is 2025 for the two Brexit scenarios). This excludes the ‘low automation’ counterbalancing scenario. The key points to note are:

- Under the AI/tech scenario, employment among all groups is projected to be lower than in the central forecast, with the greatest reductions among legal professionals, legal associate professionals, and other office support staff.
- The only staff group with a lower projected employment level under the deregulation/competition scenario in comparison with the central forecast is legal professionals,

while numbers of senior support staff and other office support staff are projected to be higher than in the central forecast.

- The impact of the contracting out scenario is almost a mirror-image of the deregulation/ competition scenario, in that the number of legal professionals is expected to be higher, and the numbers of senior support and office support staff lower, than in the central forecast.
- Under the changing education system scenario, the number of other office support workers is projected to be substantially lower than in the central forecast, while the numbers of legal associate professionals, legal secretaries and senior support workers are projected to be higher; there is little change in the number of legal professionals.
- The two Brexit scenarios have similar impacts on the different staff groups, with the changes more extreme under the WTO rules scenario than under the Canada FTA scenario. There are large decreases projected for legal professionals and senior support workers in comparison with the central forecast, and smaller increases projected for legal secretaries and other office support workers.

Figure 5.5 Impact of alternative scenarios in comparison with baseline projections on employment by occupation in 2027 (2025 for Brexit scenarios) – ‘000s of workers



Source: IES model based on LFS and Law Society data

6 Qualitative findings

This chapter presents the findings from a series of in-depth interviews that were completed with 20 private practice law firms and 4 in-house legal teams across England and Wales from July-September 2018. Interviewees included HR managers or senior partners in medium and large-sized firms, legal directors within in-house legal teams and partners in small firms.

The regional distribution and size (in terms of number of partners) of these organisations is provided in the table below:

Table 6.1 Characteristics of firms that participated in the qualitative research

	Small (1-4)	Medium (5-24)	Large (25+)	Total
North	2	1	3	6
Midlands/South West	2	2		4
London/South East/East	1	2		3
Wales	2	2	1	5
City			2	2
In-house legal team (LA)				1
In-house legal team (corporate)				3
Total				24

Source: IES

The purpose of the interviews was to obtain firms/in-house teams' perspective on some of the current changes and challenges facing the legal service sector, and what this means for how they recruit and train workers. In brief, the interviews covered:

- Details of the organisation and workforce;
- How firms/in-house teams currently recruit staff and train staff, and the skill sets that are most important to the organisation;
- How this will change in future in light of technological changes, the SRA's proposed regulatory reforms and changes to legal education (i.e. introduction of the SQE);
- Details of any workforce/succession planning undertaken by the firm/in-house team, and the main challenges to this process; and
- What support, if any, the organisation would like from the Law Society to assist in workforce planning

This chapter presents the main thematic findings that emerged from the in-depth interviews under each of these topic areas in turn.

6.1 Business context

The private law firms that took part in the study practiced in a wide range of areas. Smaller firms tended to have a niche focus focusing on just two or three practice areas. This included trusts, wills and probates, immigration and nationality law, family law and conveyancing. The majority of their work was for private clients, but some also accessed legal aid funding. The medium to large firms, meanwhile, often offered a 'full service' and operated across multiple practice areas. Many were general practice or commercial law firms working for commercial and/or private clients. The in-house legal teams interviewed were based in a Local Authority and in three large nationally based corporate entities.

6.1.1 Recent changes

Firms/legal teams were asked to describe recent changes to the size and structure of their workforce. Small and medium-sized firms tended to describe stable and organic growth that was reflected in the hiring of solicitors in areas that were growing locally (e.g. conveyancing), or had been cautiously expanding existing teams (e.g. international work) to meet current demand. Larger firms and in-house teams, by contrast, were more likely to have strategic plans for growth spanning a number of years. In some cases, they were changing their business structure to accommodate these plans. One large firm had changed to a hierarchy based on business streams in order to manage all of their volume work within a single unit. In another case, an in-house legal team for a Local Authority was integrating their services and staff management with those of two neighbouring Local Authorities in order to grow bigger teams in each practice area, thereby reducing recruitment costs and allowing more opportunities for specialisation.

Many of the firms/legal teams had recently increased the size of certain teams. Several medium to large-sized firms had expanded their business support functions (e.g. establishing directors in HR, Finance and IT and increasing staffing in these departments). This was brought about to facilitate business growth, drive improvements (e.g. in pay and progression, learning and development, case management systems), and match how their competitors are operating. One of the corporate in-house legal teams had recently hired a number of paralegals to support their low-risk, contract-drawing work with the aim of releasing their technical lawyers to higher-risk work. These changes were made in response to legal budgets for in-house teams being squeezed. However, among some medium-sized firms there had been a contracting out of support services such as IT, and HR/payroll to external service providers, as it was felt they could provide a more professional and cost-effective service to the firm, and allowing fee-earners to concentrate on generating income rather than on administrative tasks.

In addition, a number of firms of different sizes noted a recent reduction in the number of secretarial roles due to introduction of speech recognition software. New legal recruits were viewed as 'self-generating' in so far as they are able to do their own note-taking in

meetings and do not require direct support with tasks such as typing. There is also now more standardisation in the documentation and templates that firms use, so documents do not need to be created from scratch for every transaction, which has also reduced the level of administrative support required. This means that the secretarial roles that remain now encompass a greater range of activities and skillsets beyond administrative support and typing.

6.1.2 Career paths within firm/legal team

Whether or not firms had established career pathways was quite varied. There was generally a lack of process/transparency at some levels of the organisation in either legal or non-legal roles. This was often related to there being a limited number of vacancies at particular grades.

Several medium to large sized firms had clear career pathways for qualified solicitors within the firm. Some had enhanced this recently by creating new grades (e.g. Senior Associate) to reflect the structure of other law firms. A few large firms, however, commented that they did not have a clear process in place for promotion to partner level. They did have clear competencies and behaviours that employees should exhibit at this grade, which can feed into individual's development plans, but there was not always an established progression route.

The clarity of career pathways was also variable for non-qualified legal and non-legal roles. Large firms generally felt they were able to offer opportunities to paralegals who have completed their LPC and are looking for a training contract. This tended to be in practice areas either where:

- Firms were struggling to recruit at a senior level and were looking to address these skills gaps through junior staff development
- There were several long-serving staff members and they had to think about succession planning
- The level of advice they were offering clients did not always require a high-level of technical legal knowledge (e.g. residential property, as opposed to areas such as corporate law, intellectual property).

In some of these cases, recent work had been done to map a clearer progression route from paralegal to trainee level, to support retention in large firms. Others hoped to offer more progression at this level in the near future. However, a few interviewees stated that they accepted a degree of churn at paralegal level, and did not feel able to offer training contracts to all employees who wanted one. This was especially true for organisations with volume teams with a large number of paralegals working in these departments.

In medium sized firms, the pathway from paralegal to trainee could be less clear. Interviewees here spoke of offering traineeships to promising paralegals without any firm-wide strategy to up-skill non-qualified staff that underpinned these decisions.

At support level, some firms felt that while they could offer good progression opportunities in support functions at junior levels, progression to a more senior position could be stymied given the limited opportunities available. Progression to senior levels was

therefore dependent on a restructuring of a department or someone leaving the firm. Some firms encouraged in-role development to address this and tried to sell it as another form of career development – “being the best you can be in your current role”. In smaller firms, clerical staff members had occasionally moved vertically to secretarial/paralegal roles.

6.1.3 Average tenure

Based on the limits to progression in some roles/functions noted above, tenure within firms tended to be steady at senior levels (in legal and non-legal roles), while there were pockets of higher turnover in junior grades.

Generally, partners had been working for their current firm for a prolonged period. The work they were completing was quite specialist and they were generously rewarded, so there would have to be a very big incentive for them to switch firms. One firm noted that they had a difficult period 18 months ago when they lost several good lawyers, and this “shock” event had a snowballing effect with people setting up their own firm and attracting former co-workers, but this has since settled down and tenure has become more stable. However, some firms commented that stability at senior levels could be a double-edged sword and could hamper their ability to facilitate career progression among other qualified legal staff.

As indicated, turnover was generally higher among non-qualified legal staff (paralegals), particularly where there was large numbers working within the firm. This was also true within junior support roles due to the limited opportunities available at senior levels (i.e. there was only a single, director position they could move into per department).

6.2 Recruitment

As might be expected, internal processes for recruiting varied considerably by firm size. The smaller firms within the sample did not have any explicit growth plans and were more concerned with maintaining their current business position. As such, they rarely needed to recruit and tended to work flexibly to accommodate high periods of demand, rather than add to their costs by taking on a new staff member. Recruitment activity in medium to large-sized firms/in-house teams, by contrast, was generally driven by department heads in consultation with HR and senior management. In these firms, the need for additional staff will either be identified as part of the annual business planning process or on an ad-hoc basis. All of these firms typically had business growth plans spanning 1-5 years. This drives the majority of recruitment activity, with the remainder stemming from replacement.

A few firms spoke of taking a strategic view when a member of staff leaves, particularly at senior levels, and not necessarily opting for a like-for-like replacement. This involved assessing what responsibilities could be subsumed into the department in question, what skills they would have to go out to market for, and how new recruits and staff within the department could grow to fulfil these responsibilities through training and development. The exception to this theme was firms with high numbers of paralegals compared to the number of training contracts available (e.g. firms undertaking volume work). In these

cases, the need to replace staff was greater than the demand for new staff members to facilitate business growth.

When firms needed to go out to market, for senior positions, they generally used recruitment agencies, head hunters, or word-of-mouth recommendations from staff members. Smaller firms were generally reliant on the latter method and their own personal networks, with some commenting that they never advertised for senior roles.

6.2.1 Trainee recruitment

All of the larger firms interviewed offered training contracts to recent graduates. As may be expected, the number of trainees they had with the firm at any one time (in their first and second years) was roughly correlated to the organisation's size as well as their plans for business growth and could constitute between five and 10 per cent of the workforce. A few organisations also currently took on Legal Executives via the CILEx route. The vocational nature of these courses was viewed positively by the firms that used it; the 'earn while you learn' model was seen to be helpful in broadening access to the legal profession.

Several of the medium-sized firms tended to take on one or two trainees either every year, or every other year, but the recruitment process was less formalised than in larger firms. As noted earlier, some of these firms commonly offered training contracts to existing junior staff who wanted to qualify. This practice was based on a desire to encourage loyalty among staff and to develop them according to business needs.

The in-house legal teams also tended to take on one or two trainees annually. One of the corporate in-house teams had offered a paralegal a training contract with two rotations in private practices so that the trainee could hone their technical skills outside the in-house department.

None of the small firms interviewed had taken on trainees this year but had occasionally done so in the past. These firms either had less of a perceived business need to currently recruit and train graduates and preferred to meet long-term changes in demand through the recruitment of senior staff, or they had specialist areas of focus and so could not offer experience in the breadth of practice areas required. In general, small firms were less likely to have the resources at their disposal to support trainees, compared with medium and large firms.

6.2.2 Apprenticeships

A number of medium to large-sized firms had recently expanded their apprenticeship offer within the business. This decision was driven by the introduction of the Apprenticeship Levy, as well as a perceived need to offer opportunities to individuals from a more diverse range of backgrounds (i.e. including those who chose not to study at university).

Many of these firms offered apprenticeship opportunities in support functions, while several had started to offer apprenticeships in legal roles. This included legal executive as well as solicitor apprenticeships. The firms who had offered legal apprenticeships were generally pleased with how well they had worked in practice and planned to expand this

offer further. In some cases, this involved reducing the number of training contracts they could offer graduates to accommodate this growth. A few firms also saw this as an opportunity to offer more opportunities to existing employees.

For the firms that had yet to offer legal apprenticeships, several concerns were cited, including uncertainty about how they would spot the potential in young applicants (who may be 18) for legal roles, and working out how the scheme of work they currently provided to trainees could be adapted so that apprentices did not have a competitive advantage (eg getting more time off for study leave).

6.3 Staff skills

6.3.1 Qualified staff

Firms/legal teams were asked to describe the most important skills they looked for in new staff. A common theme that arose from interviews was that qualified legal staff needs to demonstrate more than just excellent technical skills. Firms/legal teams alike look for candidates who had a good blend of technical and people skills (e.g. communication and interpersonal skills) and who were able to build and maintain good relationships with clients and colleagues alike. Larger firms commented that this was something that had changed in the past ten years: “before you would only look at a candidate’s technical skills, whereas today you need to be an ‘all-rounder’ with excellent soft skills as well”.

While all interviewees expected candidates applying for qualified legal roles to have good technical skills, the degree of technical specialisation that was required varied between private practice firms and in-house teams. One legal director of an in-house team commented that in contrast to private practice lawyers who gain a greater specialisation in their area of the law, lawyers working in in-house teams commonly required a broader legal knowledge. In their case, it spanned from data protection to public procurement and commercial contracts.

Several firms commented that they were currently struggling to recruit qualified staff with particular technical specialisms. This included construction, commercial, property law, and child protection (in a LA in-house team). Skills shortages were more commonly mentioned by firms outside of London, especially by those in the North and in Wales. Interviewees were not clear on why these skills issues had emerged in recent years, but to address them they were trying to retain and train junior staff/trainees to eventually fulfil these roles. However, this was a long process and there was no guarantee that trainees would stay with the firm/in-house team after they qualify.

In addition to technical and people skills, commercial awareness was seen as an important quality for legal staff. Solicitors were expected to know their clients and have a good understanding of the business environment they operate in. Commercial acumen can be especially important for solicitors working for in-house legal teams within large corporations. One legal director said that in-house teams today are expected to be in strategic partnership with the business and their lawyers therefore require a more business-minded knowledge than those working in private practice.

Due to firms' increasing use of technology to drive efficiencies and match their competitors, IT skills were also considered to be vital for firms. Some interviewees reflected how IT skills were now a general life skill that they expected all staff to have, and were no longer the preserve of secretarial roles. This reflects a greater blending of support and legal functions, with legal staff now able to complete discreet support tasks automatically with the assistance of technology and a higher degree of IT literacy. However, several firms commented that IT skills gaps still existed at senior levels given generational differences and the reluctance of some staff to use new technology.

Management skills were also viewed as increasingly important for legal staff. Some firms mentioned that, as with IT skills, senior lawyers were beginning to see staff management as another facet of their role in developing the business. These responsibilities include dealing with personnel issues, such as appraisals and performance management, that are no longer viewed solely as an HR function. One firm said that this was something senior lawyers may not expect as part of their roles, and that they might require support with.

6.3.2 Non-qualified staff

In larger firms, academic achievement is a core requirement that is considered in lieu of technical legal knowledge during the recruitment process for trainees. It was generally felt that technical skills were something junior recruits could learn on-the-job. Some of these firms also stated that they will give applicants additional credit if they demonstrate a good awareness of the business environment the firm is operating in, while others emphasised organisational fit and interest in the area of law.

Requirements for paralegals varied between firms. Some firms had fairly general requirements, while others preferred candidates with some legal knowledge or past experience in a law firm. One firm said they expected paralegal candidates to have their LPC even though this makes them more likely to move firms if they are offered a training contract later on. Large firms taking on a greater number of paralegals (i.e. for volume work) could afford to be less discerning with their entry requirements; to work in these teams, all that candidates required was a good level of personal organisation and attention to detail, given how process-driven the work was. Several interviewees commented that the calibre of candidates they had for training contracts/junior roles was very high and they would like to take-on more applicants if they had the vacancies available.

Numeracy skills were identified as a current skills gap among this cohort, however. One interviewee noted the juxtaposition of highly-educated entrants coming to the firm with a poor level of numeracy. Some firms commented that they were now looking to hire graduates from STEM backgrounds who would be both numerate and also bring problem-solving skills that would be useful in a technologically-focused environment in improving current systems and driving forward efficiencies.

6.3.3 Provision for staff training and development

Several medium to large-sized firms had a formal in-house training and development offer. This was delivered as part of new starters' induction to the firm and to meet the on-going training and development needs of current employees.

This could include:

- Induction in IT systems – software and case management systems
- Training around compliance issues (e.g. money laundering, cyber-crime, GDPR)
- Training in business behavioural skills and commercial awareness (i.e. customer care, management skills, marketing awareness).

Whether training was provided in-house or by external providers depended on firm/legal team size. Many of the large firms had in-house learning and development teams with the capacity to also provide technical legal training to their qualified staff. In medium-sized firms CPD for legal staff was more commonly sourced externally. In-house teams similarly had less provision for staff training compared to large law firms. They used company-wide learning and development units for general staff training and external lawyers for training in law. Smaller firms tended to be more cautious about using external training providers and only deploy them where deemed necessary. Qualified staff members in smaller firms were expected to already have the required technical skills and training and development occurred on-the-job, with junior staff shadowing more experienced staff.

Training needs were mainly identified via appraisals. In large and medium-sized firms, these fed back to the business plan and contributed to strategic thinking around skills at board/management level. Training and development needs could also be identified on a more ad-hoc basis due to turnover and the redistribution of responsibilities within the firm or in response to legislative changes (eg the introduction of GDPR). Senior lawyers were generally expected to be more proactive in identifying the training that they themselves needed than junior staff members who were often enrolled in a structured programme. In some smaller firms, junior staff would have discussions about their development needs with a senior lawyer/partner.

Webinars were commonly mentioned as a training tool alongside face-to-face sessions with external training providers. Some firms/legal teams also had more informal training provision such as junior staff shadowing their more experienced colleagues, and learning sets that have been established within departments that provided a space to talk through and identify solutions to common problems/issues encountered.

With regards to current gaps in training provision, these were not discussed extensively, though one firm mentioned that they were currently having difficulties in trying to source leadership training that was suited to the development requirements of partners in a larger organisation. The interviewee commented that while the major training providers do offer courses in this area, they were not necessarily suited to an organisation of their size (200 employees).

6.4 Anticipating the future

6.4.1 How firms manage periods of high/low-demand

Respondents were asked how they managed periods of high or low demand for their services in terms of staff resources.

Most of the firms interviewed perceived that there had been a high-demand for their services over the past few years. Within larger firms, the additional recruitment or training needs this produced were being assessed and managed via the annual business planning process and regular meetings of department/unit heads. As already discussed, large firms were encountering a shortage of experienced lawyers in some of the practice areas that they were looking to grow, but were attempting to mitigate this through junior staff/trainee recruitment and development.

Some of the medium-sized firms interviewed meanwhile were cautious about trying to fully meet the current, high demand for services by hiring more permanent members of staff. While some recruitment was taking place, interviewees described being slow and cautious in how they responded to changes in the external market. This stemmed from a concern that a large recruitment drive would leave the firm exposed financially if demand weakened over time. A few of these firms also had experience of using locum lawyers to manage particularly busy periods. Some noted, however, that this was not an ideal solution as locums can be quite expensive, need induction training in the firm's processes and cannot offer the same quality as a regular fee earner.

The in-house legal teams interviewed for this research also had experience of hiring interim legal staff or outsourcing work to private sector firms where necessary. This was done where the organisation had a discreet project that needed completing, which they did not have the capacity or skillsets to address in-house. While in corporate settings this was an accepted practice, within Local Authority in-house legal teams, it was generally a last resort due to budget constraints and the high costs involved.

In small firms, it was seen to be more viable for senior legal staff to work over their contracted hours to meet periods of high demand, rather than recruit a new lawyer. According to interviewees, occasional late working was accepted by staff as an inevitable part of their role. However, some firms commented that they do check that staff are not permanently working over their contracted hours by looking at administrative data on staff utilisation and chargeable hours as they are recorded weekly by staff.

As indicated, none of the firms interviewed had recently encountered periods of low demand. Almost all, including small firms, had diversified and extended their work into new or growing practice areas, which offered some protection if certain work streams slowed.

If demand decreased in a particular practice area in the short-term, several large firms spoke of how they would encourage staff to network and market their services more. Other firms operating in commercial law commented that in the past they had offered breakfast seminars to employers to supplement their work in particular practice areas.

These seminars also provided further networking opportunities and a chance for the firm to showcase what they do. If decreases in demand were anticipated in the longer-term, these firms would look at redeploying staff members to another department where business is more buoyant.

6.4.2 Anticipated increases/decreases over the next 5 years

Firms were asked to comment on how they anticipated their workforce changing over the next five years. This included whether they saw their workforce increasing or decreasing in size, and in what staffing or practice areas.

Generally, medium to large firms were looking to diversify further and develop and grow legal work streams outside of their core business. As an example, a few firms mentioned that they were concerned about legislative changes around personal injury claims, which had traditionally been a very profitable area of the business. They could not anticipate this area growing any further, and so were planning to grow their work in commercial law by redeploying existing staff and making some senior lateral hires. Other firms had plans to increase their work for high-net worth individuals, for instance, by growing their services in trusts, wills and estates.

The small firms interviewed were more focused on maintaining their current healthy business position, rather than seeking to expand. Some were reluctant to consider any expansion to their legal workforce due to physical limitations in terms of office space and/or their capacity to manage more staff, despite demand being high enough to justify further recruits. One small firm believed they would be subject to an acquisition and merger over the next few years as had happened recently to several other similar private practices operating locally.

6.4.3 Anticipating future skills requirements

In medium-sized and large firms, future skills requirements were identified by senior partners working in business development, or business unit heads who reported back to the board. Strategic thinking around future skills that tied into wider business plans was not common across all firms, however, and some firms admitted that they could be better at anticipating these future skill needs. Smaller firms were less likely to have formal business planning or strategic thinking around skills beyond staff members' individual development plans.

Technology was commonly mentioned as part of the discussion on future skills. One firm said they will need to adapt to AI and other innovations that are becoming more common in the industry, and think about how they can use it to restructure and reorganise workloads. A legal director of an in-house team similarly described how they envisaged technology helping the legal workforce work more efficiently. They said that, when recruiting, if they have to choose between two candidates with similar skills but one has coding skills, they would pick the candidate who can code as it indicates good understanding of technology more broadly.

6.4.4 Technological changes

Participating firms were asked to comment on how they saw technological changes impacting on their workforce over the next five years. Specifically, interviewees were asked to comment on how technology will affect their recruitment practices, and the skillsets required from legal/non-legal roles within the business. While participants found future innovations difficult to predict, many provided foresight by expanding on current trends of technological adoption within the organisation and considering their implications for the workforce if these trends are to continue.

With regards to legal roles, many firms had recently invested in and made updates to their MI and case management systems. Interviewees commented that these changes had improved their work flows and had driven efficiencies within the business. For example, several medium to large sized firms spoke of how they were now able to hand down discreet, process driven tasks to more junior staff members (i.e. paralegals). This allowed senior fee-earners to focus on higher value tasks that required a greater level of technical competency. There was a view among some interviewees that, in time, this could lead to a greater degree of technical specialisation among senior legal staff, which will be beneficial to firms in providing an efficient service and highlighting to clients the added-value they are charging them for.

A few large firms had also invested in software that allowed for the automated completion of some legal tasks (i.e. self-completing contracts). This had the effect of reducing the number of staff hours required for this work, and again made the production of this documentation more of a process-driven task with limited technical input required.

Extrapolating on these trends, several firms anticipated that paralegals would be more suited to supporting the work of partners in future as opposed to legal secretaries, as they would be better placed to support process-driven legal tasks. Straightforward administrative functions will be increasingly undertaken by new technology as well as the higher degree of IT competency among senior lawyers. In the longer-term, however, some large firms judged that there may be a reduction in the number of paralegal roles as more processes became automated. A few believed this would be advantageous for the firm: a 'slimmer' organisational structure would make it more affordable to offer progression opportunities for legal staff up to partner level, which in turn would help with retention and succession planning.

In terms of the impact of technology on non-legal staff numbers, as indicated, several medium to large sized firms predicted a further reduction in secretarial staffing through technologically driven efficiencies and natural wastage. This could also be facilitated by a move towards a paperless environment, which would reduce the need for manual administrative tasks such as filing, photocopying and producing court bundles. The secretarial roles that continue to exist will have to be repurposed and would be likely to encompass a far broader range of responsibilities than before.

Several interviewees in large companies however commented that they believed that support roles in general will continue to expand in their organisation. There was a growing recognition among large firms that this supports business growth and it is not productive

to keep this cost to a minimum. For example, firms noted the importance of helping legal staff to work as cost-efficiently as possible through greater use of specialist IT software and case management systems to improve workflows and reduce the number of staff hours required to complete certain tasks. Some firms stated that they had expanded their IT function to facilitate this (or had plans to do so in future), either by hiring more IT trainers to help induct and up-skill staff in how to use new systems, or taking on a business management developer who can help them to continuously improve their case management and other IT systems, driving further cost savings.

Some medium to large sized firms felt that technological changes would also help facilitate further business growth in future, without need to purchase new office space, by allowing more flexible and agile working. They saw a growing demand among young employees for these working arrangements, which will encourage the adoption and integration of these practices into the business.

Small firms had adopted new case management and software systems but due to the scale of their work this had little impact to date on staff numbers. All of these organisations outsourced their IT requirements, and did not have the resources available to consider bringing these support functions in-house.

6.4.5 Deregulation agenda/increased competition

The SRA are currently proposing a series of reforms that will create a new model of legal regulation for the sector. Among other changes, these proposals would allow solicitors to carry out 'non-reserved' legal work within a business not regulated by a legal services regulator. These solicitors would still be bound by the SRA Code of Conduct, but these businesses would not be able to hold client money and would not be required to have indemnity insurance. The reforms would also allow solicitors to provide reserved legal services on a freelance basis. Given the scale of these proposed changes, and the impact they could potentially have on competition in the legal services sector, interviewees were asked whether and how they believed this package of reforms would affect their business and its ability to recruit and retain staff.

Very few firms felt that the regulatory reforms currently proposed by the SRA would affect their business position. There was a perception among some interviewees that unregulated entities would undertake high-volume, process driven work, with tight-profit margins. The firms interviewed did not feel that this would compete with the high-quality, high-value services that they can offer clients. Further, the clients of medium to large sized firms are organisations and individuals with a high net-worth; they want security and access to trusted advisers with an established reputation. These firms did not see how unregulated entities could offer the same protections and assurances, so anticipated minimal impact on their business position and their ability to recruit and retain staff.

Some medium to large sized firms compared the changes to their current position vis-à-vis Alternative Business Structures. In their view, working in these types of firms would be a step-down for their lawyers and would not be as intellectually stimulating as their current role. Interviewees also did not believe that there was a strong desire among their lawyers to leave the company and work on a freelance basis. Working for an established firm

offered greater stability and financial security and reduced the administrative burden on legal staff.

One interviewee did believe there was a debate to be had about whether the proposed changes could lead to a firm 'splitting' into two separate entities that provided reserved and non-reserved legal services. They were not certain whether this was actually feasible in practice, but felt that some organisations could be tempted to consider this arrangement in order to reduce insurance costs.

Some interviewees were also concerned about that these regulatory changes could affect how younger generations view the legal profession. They commented that as part of future recruitment practices they may need to consider ways in which they can make clear to new recruits the values that qualified lawyers should adhere to. Again, these comments suggest that firms believe that the regulatory reforms could lead to a lessening of standards across the profession, despite lawyers in unregulated entities still having to adhere by the SRA Code of Conduct under the proposed changes.

Smaller high street firms also did not feel that the SRA changes would affect their business position. Their private clients want to deal with professional, friendly faces and they could not envisage how, "*cheap faceless services*" (i.e. provided over the phone) would offer a very attractive alternative.

6.4.6 Changes to legal education

Firms were also asked to comment on how the SRA's proposed changes to legal education will affect how the business recruits and trains workers. This refers to the new system by which individuals will be assessed and qualify as a solicitor (known as the Solicitors Qualifying Examination or SQE).

The majority of firms commented that due to the limited information they had so far received on the nature of these changes and the vagueness of the SRA's current proposals, they were not yet clear on how the introduction of the SQE would affect their recruitment activity and skills requirements in future. Interviewees reflected that they were currently uncertain as to how to respond to any undergraduates approaching them for advice about the best pathway to pursue.

Some large firms expressed concerns that broadening access to becoming a qualified solicitor could potentially flood the market with applicants. They reflected that this could prompt them to become more stringent in terms of their qualification and entry criteria for particular roles in order to support the sifting process. One firm was also concerned that there would be a rush among their non-qualified fee earners to become qualified solicitors once the SQE is introduced, which would not necessarily match their current business need in terms of staff profiles/roles.

Others commented that they had a general worry that these changes would affect the academic standard of the candidates that they have for graduate positions, which was currently very high. Some interviewees were particularly concerned about the loss of the LPC. They felt that trainees would potentially come to them with very little vocational knowledge, which they as an employer would need to supplement through further training.

Interviewees also felt that the transition to becoming a qualified fee-earner could become more disjointed and protracted as the order and timing of qualifying stages, after individuals have completed their undergraduate degree, would no longer be prescribed. However, they noted that there had been some scare mongering from LPC providers on the potential impact of these reforms and that they had not been engaging in the debate around the SQE in the most constructive way.

One large firm also expressed concerns about the proposed coverage of the SQE in terms of topic areas and how this would meet their business needs. They were a full service commercial firm and did not engage in criminal law, so that aspect would not be relevant, but some areas they did operate in, eg licencing law, were not part of the proposed coverage. Another firm commented that they may have to be more flexible in terms of their expectations of the technical legal knowledge that new recruits will bring in light of these changes.

Several firms did note, however, that they were supportive of the SQE in principal. These companies usually had recent positive experiences of recruiting junior legal staff via non-traditional routes (i.e. solicitor apprentices), and were broadly positive about establishing multiple routes to qualification and the diversity of talent this will bring. They did not see why all solicitors need to have followed a traditional LPC and training contract route, and were in favour of opening up the profession to individuals from a broader range of backgrounds.

One firm commented that the quality of training contracts can be unclear, unless they are from a well-known firm. They were therefore in favour of the proposed 'driving test' approach: bringing everyone up to a similar standard, which is clear and transparent. Internally, however, the firm would want any new recruits who had recently completed the SQE to still engage in the same training and development that they offer as part of a training contract. The interviewee believed that the level of experience and variety these contracts provided in their firm would remain valuable for new solicitors.

6.5 Workforce planning

6.5.1 Details of workforce/succession planning undertaken by firms

Many of the private practice law firms and in-house legal teams that participated in this research actively engaged in workforce and/or succession planning as part of their business planning process. This type of strategic planning was confined to large firms and some of the larger medium-sized firms included in the sample (i.e. with over 50 employees).

Typically, this process involved meeting with department/unit heads and discussing current business needs, growing practice/work areas, and where they may need to recruit, train and replace staff in future. As noted, larger firms tended to have a one to five year business plan, which was formally developed and/or reviewed on an annual basis. Firms also spoke of how the short-term needs of the business were assessed and

updated more regularly through quarterly or monthly meetings between the company operations manager/HRD and firm partners and/or heads of department.

In the short-term, large firms were looking to grow existing areas of the business, for instance, by making lateral hires and redeploying existing staff members. As discussed, some of the longer term business planning undertaken by firms involved looking at how junior staff/trainees could be developed into more senior positions, particularly in practice areas where they are struggling to recruit. For a few firms, succession planning was also covered as part of this process. This entailed having discussions with senior members of staff, such as equity partners, about their retirement plans and anticipating how and when their role within the business should be replaced. In some organisations, the annual appraisal process and individuals' career development plans feed into this process by helping to identify staff who wanted to take on a more senior role.

In contrast, a limited amount of workforce planning was being undertaken by the smaller sized firms that participated in the research. Some organisations had very low staff turnover and staff were meeting fluctuations in demand by working longer hours; as such, these firms did not have a regular need to recruit at any level. There were also fewer opportunities for career progression, given the small number of roles/grades available within the firm, and the financial resources available to invest in staff training and development were much more restricted. Where future staff recruitment and development needs had been identified (e.g. due to the anticipated full or partial retirement of senior staff members), firms had not yet found the time to address these requirements, or did not feel they had the resources available to recruit additional staff.

6.5.2 Barriers to workforce/succession planning

Through the research interviews, firms identified several difficulties to the process of workforce and/or succession planning. Among large firms, some interviewees commented that they found it hard to predict future moves by equity partners: how they wanted to retire and move out of the business can vary between individuals, and there was no easy one-size-fits-all approach for planning how their current responsibilities will be fulfilled.

Related to this, firms spoke generally of how they often experienced difficulties in trying to replace staff members with a large amount of experience and technical expertise. In many cases, a like-for-like replacement was not possible, and it was more practical for firms to look at how these senior responsibilities could be redistributed, facilitated by training and developing existing staff members or new hires. However, firms sometimes had problems in trying to spot the potential in more junior staff members, and turnover at this level could affect any forward planning they attempted.

In tandem with this, several larger firms discussed how, as part of the workforce/succession planning process, they had to carefully manage the expectations of junior legal staff in terms of how quickly they may be able to progress within the organisation. Some interviewees had encountered growing expectations among younger solicitors that they would move up to partner level reasonably quickly, which did not reflect the reality of the profession in their view. A challenge was identified among firms in keeping younger members of staff engaged and committed to the business in the long term if they are not

able to match these demands. A few interviewees spoke of how they wanted to better understand the needs and career expectations of younger age cohorts so that they could provide a more realistic offer in terms of career development.

As noted, smaller sized firms had limited physical, financial and human resources with which to recruit, train and develop, and progress staff to meet their future workforce needs. With regards to succession planning, some small firms commented that it could be difficult to bring staff through the organisation and have their role gradually evolve so that they could be in a position to replace senior staff when these individuals decided to retire due to limited resources to invest in formal training and a focus on managing existing workloads.

In-house legal teams in both Local Authority and corporate environments meanwhile spoke of the difficulties they had experienced in trying to recruit senior legal staff due to the strong salary competition they face from private practice law firms. While the working culture of in-house legal teams can be an attracting factor for staff, the corporate based teams still face competition from the UK offices of large, international companies who are able to provide a higher salary offer.

6.5.3 Support from the Law Society in workforce planning

Firms were asked what support, if any, they would like from the Law Society to assist in workforce planning. While the responses provided were quite varied, a few common themes emerged.

Several medium to large sized firms commented, for instance, that they would like access to local/national legal workforce data, which they can use to feed into staff recruitment decisions or set expectations within the business about the level of response they will have when advertising for particular positions. Suggestions included:

- A register of law graduates looking for positions locally
- A register of LPC graduates looking for traineeships locally
- Information on the practice areas that are currently either 'swamped' or 'struggling' with applicants.

Other common suggestions of ways in which the Law Society could assist firms in workforce planning is by bolstering their education and training offer for private practice firms. Some organisations wanted training in specific areas that they were currently struggling to source (e.g. leadership training for medium sized firms); while others perceived that by offering face-to-face development programmes the Law Society could provide excellent opportunities to facilitate networking and shared learning between firms.

A few firms also mentioned that they would like advice on prescient issues affecting the legal services sector. One common example was advice and guidance on various ways in which firms can use systems that harness artificial intelligence, and recommendations of particular software packages they can use.

Several firms commented that some form of sector-wide benchmarking data would be useful in gaining an insight into how other firms are performing and what best practice looks like. There were various suggestions about which aspects of firm performance this benchmarking should cover including: department size/composition, workforce diversity and inclusion, and the IT systems/software firms are currently using. Some firms however questioned how this information would be collected, especially from smaller companies.

7 Summary and conclusions

The research has examined the employment and skills characteristics and trends in the legal services sector, with a focus on the main occupational groups. The information on employment trends was used to develop a model of the likely future composition of employment in the sector, taking into account the macro-economic forecasts for the sector developed by the Law Society.

Five key occupational groups have been used in the research:

- Legal professionals – barristers and judges, solicitors, legal professionals
- Legal associate professionals – barrister's clerk, compliance officers, conveyancer, legal executive, paralegal
- Legal Secretaries – legal secretaries, legal administrator, secretary (legal services)
- Senior support staff – managers and officers in HR, IT, finance, accounts, marketing
- Other office support staff – administrative and secretarial roles apart from legal secretaries

7.1 Key characteristics and trends

The composition of the legal services sector has changed considerably over the last 25 years. Legal professionals have always been the largest group, although in 1993 they only just outnumbered other office support staff.

Since 1993 the number of legal professionals has increased steadily, at an average rate of just under two per cent per year, to reach around 150,000 in 2017. The fastest increase has been among senior support staff, in roles related to finance, HR, marketing etc., at a rate of just over five per cent per year. There has been a modest increase in the number of legal associate professionals – paralegals etc. – with a growth rate of just over one per cent per year.

The administrative and secretarial workforce, both legal and non-legal, has shrunk to around half the level it was in 1993, an average decline of just under three per cent per year.

The qualifications profile of the workforce has generally increased over the last 25 years. The legal professional workforce has always been very highly qualified, and more than 90 per cent of legal professions had degrees or other higher education qualifications throughout this period. The proportion of senior support staff with degrees/HE qualifications has increased from around 50 per cent in 1993 to 70 per cent in 2017, and the proportion of legal associate professionals with degrees/HE qualifications has

increased from 40 per cent to 60 per cent over this period. Among legal secretaries and other office support staff, there have been increases in the proportions with degrees/HE qualifications, and decreases in the proportions with no qualifications, or qualifications below GCSEs.

7.2 Skills shortages and gaps

Employers in the legal services sector are as likely as those in other sectors to have difficulties finding applicants with the right skills, qualifications and experiences (skills shortages), with around six per cent of establishment reporting these difficulties in 2017. However, they are slightly less likely to report that not all of their staff are fully proficient (skills gaps) – 12 per cent compared with 13 per cent of establishments across all sectors.

Where skills shortages do occur, they are most commonly around planning and ability to manage one's own time and prioritise one's own tasks, and around problem solving skills although IT and literacy skills were particular issues when trying to recruit administrative and secretarial staff. Turning to skills gaps, planning and organisation skills and problem solving skills were also the most commonly reported skills lacking among staff, followed by knowledge of products and services offered by the firm, customer handling skills and team working skills.

A common theme from the employer interviews was that firms were paying more attention to softer people skills, such as communication and team working, when recruiting legal professionals, whereas in the past they had only looked at the technical legal skills. A commercial awareness, and management skills, were also seen as important for legal professionals. IT skills had increased in importance, but were generally seen as a life skill that all graduates had developed, rather than being the preserve of secretarial or specialist roles. Numeracy skills were identified as a skills gap by many employers.

7.3 Projecting the future workforce

The workforce modelling approach used historic data on the relationship between the proportion of all staff within legal services who were in the main occupational groups, and real turnover in the legal services sector, lagged real turnover to account for non-contemporaneous impacts, the underlying productivity trend, and the total number of law graduates leaving UK universities. The model applied these historic relationships to the projections of the external variables to estimate future employment shares for the occupational groups. Future employment levels were derived by applying these employment shares to the projections of the total employment level in the sector from the Law Society's economic model.

The overall employment level in the legal services sector is projected to fall by 13,000 between 2017 and 2027, a decrease of four per cent. The results from the workforce model show that there are projected to be increases in the size and proportions of legal professionals and legal associate professionals to 2027, of around two per cent per year for legal associate professionals, and just under two per cent per year for legal

professionals. By 2027, legal professionals are projected to comprise 57 per cent of the workforce, and legal associate professionals 15 per cent of the workforce.

The senior support staff workforce is projected to remain broadly stable, with the share of the total workforce in 2027 of 14 per cent being close to the proportion in the last few years. The numbers of legal secretaries and other office support staff are projected to decline, with the number of legal secretaries falling by nearly two thirds, and the number of other office support staff falling by a quarter, to account for three per cent and nine per cent of the workforce respectively in 2027.

The ratio of legal professionals to legal secretaries and other office support staff is projected to increase further over the coming decade. In 1998 there were two legal professionals to one legal secretary, and the ratio was one to one when adding in other office support staff, but by 2017 the ratios had increased to five legal professionals per legal secretary, and two legal professionals for every secretary or other office support worker. In 2027, there are projected to be around 20 legal professionals per legal secretary, and five legal professionals for every secretary or other office support worker. Thus the role of legal secretary is projected to largely vanish over the coming decade. The interviews with employers found that legal professionals were becoming increasingly self-sufficient in terms of managing their own documents and diaries, particularly new entrants to the profession, and technology solutions such as voice recognition were also reducing the need for secretarial support. Furthermore, office support roles are becoming more generalist and combining personal assistance support for fee earners with other administrative tasks.

There will also be a need for employers to recruit staff to replace those who retire or leave to start a family etc. The sector will need to recruit around 113,000 workers over the next 10 years to replace these leavers, although the total employment level is projected to fall by 13,000, giving a combined total requirement of 100,000 workers, or around 10,000 per year. There will be a need to recruit around 7,000 legal professionals per year, and around 2,800 legal associate professionals.

The overall requirement is likely to be met by the flow of entrants to the sector from education and labour market returners, as there are around 6,500 new entrants from each group per year. However, looking at the flows by occupation, the level of entrants to legal professional roles is likely to be slightly below the total requirement of 7,000 per year, as around 3,100 graduates enter legal professional roles each year, as do around 3,300 returners. Employers may need to engage more with higher education to encourage graduates into the sector and profession, and consider enhancing career development opportunities from legal associate professional roles, to increase the flow of entrants to meet their likely demands. Large firms generally had clear career pathways for paralegals to become qualified, but in smaller firms the pathway could be less clear and there were also fewer opportunities; training contracts may be offered to promising paralegals but opportunities were not available across the board. Some firms interviewed also said that they were looking to hire graduates from a wider range of backgrounds, with STEM being mentioned, to not only increase potential supply but also attract good numeracy and problem solving skills to the firm.

7.4 Forecasts by qualification and future skills gaps

Within each occupational group, a modelling exercise was undertaken on the qualification profile, again using the same approach as for the overall workforce model. In all occupational groups the proportion of highly qualified workers is projected to increase, so that by 2027, staff with degrees or other higher qualifications will account for over 99 per cent of the legal professionals, 76 per cent of the legal associate professionals, and 80 per cent of the managerial and other professional and associate professional workforce. Among administrative and secretarial staff, 80 per cent of legal secretaries will have degrees or A-levels by 2025 (43% with degrees and 37% with A-levels or equivalent), as will 91 per cent of other administrative and secretarial staff (80% with degrees and 11% with A-levels or equivalent).

Assuming that the recent trends in the overall incidence of skills gaps, and the skills reported as being lacking, continue over the coming decade, the proportion of legal services establishments reporting skills gaps among their staff is likely to fall to around 9 per cent by 2027, from 11 per cent in 2017. The most prevalent skills gaps are likely to be around problem solving, customer handling, and planning and organisation, although the number of staff who are likely to be less than fully proficient in these skills is projected to be smaller in 2027 than in 2017. However, the numbers of staff exhibiting skills gaps in literacy and numeracy skills are projected to be higher in ten years' time. And assuming current trends continue, there are likely to be very few staff with skills gaps in advanced IT skills or written communication skills in 2027.

7.5 Alternative scenarios

In addition to producing the central forecast of occupational employment, based on the Law Society's central economic projections, a number of alternative scenarios were also developed, considering alternative futures concerning: the take up of technology, particularly artificial intelligence; increased competition as a result of deregulation; increasing contracting out of support services; and increased supply to the sector from higher education as a result of the introduction of the new qualification system. Additionally, two adjustments to the Law Society's economic model have been developed to reflect alternative Brexit scenarios – a Canada-style Free Trade Agreement, and a World Trade Organisation trade deal – and the results of these have been used to assess the impact on the composition of employment.

- Under the increased technology/AI scenario, the total employment level is projected to be seven per cent lower than under the central baseline forecast, a decrease of 22,000 workers. The reduction in legal professionals is below average, at four per cent, representing 7,000 fewer workers, while the largest percentage decreases are projected for legal secretaries and other office support workers (19-20%).
- The total employment level under the increased deregulation/competition scenario is projected to be about 1,000 workers higher than under the central forecast, an increase of 0.3 per cent. However, the number of legal professionals is projected to decline slightly, by 1,500 workers (0.9% decrease). There is projected to be no change

in the number of legal associate professionals, while there are small increases of around two to three per cent for workers in senior support, legal secretary and other office support roles.

- There is projected to be a small overall decrease in the total employment level under the increased contracting out of support services scenario in comparison with the central forecast (0.3%, a decrease of 1,000 workers). The numbers of senior support workers and other office support workers are projected to be 3.3 per cent lower than under the central forecast, while there are projected to be small increases of 0.6 per cent in the numbers of legal professionals and associate professionals.
- Under the increased supply scenario, the number of legal professionals is very slightly lower than in the central forecast, while the number of legal associate professionals is projected to be 4.5 per cent higher than in the central forecast, and the number of legal secretaries is projected to be 25 per cent higher (increases of 2,000 workers in each group in comparison with the central forecast). There is a small projected increase in senior support workers (2.6%, 1,100 workers) and a large decrease in other office support workers (19%, 5,400 workers).
- Patterns in the occupational groups are similar in the two Brexit scenarios, with decreases in legal professionals and senior support workers, and increases in legal secretaries and other office support workers, while the number of legal associate professionals is unchanged in both. Overall there are projected decreases in the total employment level of 1.8 per cent under the Canada FTA scenario and 3.5 per cent in the WTO deal scenario compared with the central forecast. The number of legal professionals is projected to be 2.2 per cent lower under Canada FTA, and 3.9 per cent lower under WTO deal, while there are larger projected decreases in senior support workers (8.5% under Canada FTA and 14.6% under WTO deal). In comparison with the central forecast, the number of legal secretaries will be 10.6 per cent under Canada FTA, and 14.2 per cent under WTO deal, while the number of other office support workers will be 2.6 per cent higher under Canada FTA and 3.2 per cent higher under WTO deal.

8 References

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Appendix 1 Occupational descriptions

Modelling occupational categories

For our modelling we use six occupational category groupings for which we have a consistent time series in the LFS from 1993 to 2017. The first three are the three groups most commonly associated with work in the legal services sector. The others are based on other roles within the legal services sector. Below are the six categories with the relevant SOC 2010 codes.

- Group 1: Legal professionals – Minor group 241
- Group 2: Legal associate professionals – Minor group 352
- Group 3: Legal secretaries – Sub-minor group 4212
- Group 4: Senior support staff – Major groups 1, 2 and 3 (with the exception of minor groups 241 and 352)
- Group 5: Other office support staff – Major group 4 (with the exception of sub-minor group 4212)
- Group 6: Other staff – Major groups 5-9

Details of occupations used in LFS from 2011

This part of the appendix explains details of the occupational minor subgroups used to model the future composition of the legal services workforce. It has a small explanation of the minor group, before in each minor Sub-Group explaining a small amount about the role, the typical entry routes and associated qualifications, tasks commonplace for that occupation and related job titles. The material here is directly drawn from the ONS Standard Occupational Classification 2010: Volume 1- Structure and description of unit groups

Minor Group 241 Legal Professionals

Legal professionals advise and act on behalf of individuals, businesses, organisations and government in legal matters; preside over judicial proceedings; and perform related professional legal duties.

Occupations in this minor group are classified into the following unit groups:

- 2412 Barristers and Judges
- 2413 Solicitors

■ 2419 Legal Professionals N.E.C.

2412 Barristers and Judges

Job holders in this unit group prepare and conduct court cases on behalf of clients, preside over judicial proceedings, and pronounce judgements within a variety of court settings and tribunals.

Typical entry routes and associated qualifications

Entry to training requires a qualifying law degree or postgraduate diploma. Entrants then undertake a one year Bar Vocational Course followed by pupillage in one of the Inns of Court. The system for training of advocates in Scotland requires a postgraduate Diploma in Legal Practice followed by two years' training as a solicitor. The position of judge is obtained by appointment of those who have substantial post-qualifying experience in legal practice.

Tasks

- becomes acquainted with the facts of a case through reading statements, law reports, and consulting with clients or other professionals;
- advises client on the basis of legal knowledge, research and past precedent as to whether to proceed with legal action;
- drafts pleadings and questions in preparation for court cases, appears in court to present evidence to the judge and jury, cross examines witnesses and sums up why the court should decide in their client's favour;
- hears, reads and evaluates evidence, and instructs or advises the jury on points of law or procedure;
- conducts trials according to rules of procedure, announces the verdict and passes sentence and/or awards costs and damages.

Related job titles

Advocate; Barrister; Chairman (appeals tribunal, inquiry); Coroner; Crown prosecutor; District judge.

2413 Solicitors

Solicitors advise and act on behalf of individuals, organisations, businesses and government departments in legal matters.

Typical entry routes and associated qualifications

Entry to training usually requires a qualifying law degree or postgraduate diploma. Graduates in subjects other than law must first take a one-year conversion course. All

entrants undertake a one year legal practice course, followed by a two year training contract.

Tasks

- draws up contracts, leases, wills and other legal documents;
- undertakes legal business on behalf of client in areas of business law, criminal law, probate, conveyancing and litigation, and acts as trustee or executor if required;
- instructs counsel in higher and lower courts and pleads cases in lower courts as appropriate;
- scrutinises statements, reports and legal documents relevant to the case being undertaken and prepares papers for court;
- represents clients in court.

Related job titles

Managing clerk (qualified solicitor); Solicitor; Solicitor-partner; Solicitor to the council.

2419 Legal Professionals N.E.C.

Job holders in this unit group perform a variety of other professional legal occupations not elsewhere classified in MINOR GROUP 241: Legal Professionals.

Typical entry routes and associated qualifications

Entry to training usually requires a qualifying law degree or postgraduate diploma. Entrants then undertake a further year of academic training and then complete up to four years of assessed supervised experience in legal practice. Entrants may also require up to five years post qualifying experience in legal practice.

Tasks

- co-ordinates the activities of magistrates courts and advises magistrates on law and legal procedure;
- provides legal advice to individuals within Citizens Advice, Law Centres and other such establishments;
- drafts and negotiates contracts on behalf of employers;
- advises employers, local and national government and other organisations on aspects of law and legislative implications of decisions made;
- represents public and private organisations in court as necessary.

Related job titles

Attorney; Justice's clerk; Lawyer; Legal adviser; Legal consultant; Legal counsel; Solicitor's clerk (articled).

Minor Group 352 Legal Associate Professionals

Legal associate professionals organise the administrative work of legal practices and perform specialised legal duties.

Occupations in this minor group are classified into the following unit group:

3520 Legal Associate Professionals

Legal associate professionals provide administrative support for legal professionals, and investigate and make recommendations on legal matters that do not fall within the province of a normal court of law.

Typical entry routes and associated qualifications

Entrants usually possess GCSEs/S grades and A levels/H grades in appropriate subject areas. Off- and on-the-job training is available. Membership of professional institutions will be required for some posts. Candidates must pass professional examinations and complete up to five years of practical experience.

Tasks

- runs chambers on behalf of principals, develops the practice, manages the flow of work, decides which cases to accept, arranges appropriate fees and prepares financial records;
- collates information, drafts briefs and other documents;
- interviews and advises clients, undertakes preparatory work for court cases;
- attends court to assist barristers and solicitors in the presentation of a case;
- assists in all aspects of property conveyancing and probate and common law practice.

Related job titles

Barrister's clerk; Compliance officer; Conveyancer; Legal executive; Litigator; Paralegal.

Minor Group 421 Secretarial and Related Occupations

Workers in this minor group provide dictation services, type, edit and print documents, perform general clerical and organisational duties in support of management or other workers, and receive and direct clients and visitors to commercial, government and other establishments.

4212 Legal Secretaries

Legal secretaries file and maintain legal and other records, transcribe notes and dictation into typewritten form and perform other routine clerical tasks in legal practices.

Typical entry routes and associated qualifications

There are no formal academic requirements, although employers may expect candidate to possess a legal secretarial qualification. Entrants to professional legal courses typically require GCSEs/ S grades or equivalent qualifications. NVQs/SVQs in Administration are available at Levels 2, 3 and 4.

Tasks

- types letters and legal documents such as wills and contracts;
- maintains court and clients' records, organises diaries and arranges appointments;
- answers enquiries and directs clients to appropriate experts;
- attends meetings and keeps records of proceedings;
- delivers and collects documents;
- sorts and files correspondence and carries out general clerical work.

Related job titles

Legal administrator; Legal clerk; Legal secretary; Secretary (legal services).

Appendix 2 Definitions of practice areas

Table 1.0.1 Groupings for analysis

Work categories	Law Society Market segmentation categories	SRA category-Firm	SRA category- Individual
Corporate/ Commercial	Corporate/ Commercial	Commercial/ corporate work for listed companies Commercial/ corporate work for non-listed companies	European community law International Law (Non-EC) Liquor gambling and licensing Construction/ Civil Engineering Energy and Natural resources Transport- Road and Rail Art Law Banking Law Chancery Maritime / Shipping/ Admiralty Military law Pension Law Charity law Environment law Agricultural law Mergers and Acquisitions

Work categories	Law Society Market segmentation categories	SRA category-Firm	SRA category- Individual
			Computer and IT law Media/ Entertainment law Administrative and Public Law Aviation Travel and Tourism Fraud Insurance
Intellectual property	Intellectual property	Intellectual property	Intellectual property
Commercial property/ Planning	Commercial property/ Planning	Planning Property- Commercial	Planning Law Commercial property
ADR/ Other litigation	ADR/ Other litigation	Arbitration and alternative dispute resolution Litigation- Other	Litigation- Commercial Litigation- General
Other B2B	Other B2B	Financial advice and services (regulated by the FSA) Financial advice and services (regulated by the SRA)	Business affairs Corporate finance Financial and Investment services
Employment	Employment	Employment	Employment
Personal injury	Personal injury	Personal injury	Personal injury Medical negligence
Other B2H	Other B2H	Bankruptcy/ insolvency Debt collection Landlord and tenant (commercial and domestic)	Bankruptcy and Insolvency Landlord and Tenant- residential Mediation- Civil/ Commercial

Work categories	Law Society Market segmentation categories	SRA category-Firm	SRA category- Individual
Family/ Children	Family/ Children	Children Family/ matrimonial	Children Law Family
Probate/ Wills and trusts	Probate Wills and trusts	Probate and estate administration Wills, trusts and tax planning	Wills and Probate Trusts Taxation
Immigration and Human rights (Incl. Discrimination/ Civil liberties)	Immigration Discrimination/ Civil liberties/ Human rights	Immigration Discrimination/ Civil liberties/ Human rights	Immigration- Asylum Immigration-Other Immigration and Nationality Civil liberties/ Human rights
Criminal	Criminal	Criminal	Crime- General, Motor, Juvenile
Residential conveyancing	Residential conveyancing	Property- Residential	Conveyancing Residential
Other B2C	Mental health Other B2C	Mental health Consumer Social Welfare	Crime- General Mental health Consumer problems Education Motor Juvenile Neighbour disputes Welfare benefits Advocacy Professional negligence Libel and Defamation

Appendix 3 Econometric model

Details on the econometric model

The econometric model used to obtain the predicted shares of employees by subgroup is a Fractional Multinomial Logit (FML henceforth) model. This is an extension of the logit model for a single fractional outcome as developed by Papke and Wooldridge (1996), and is estimated by Quasi-Maximum-Likelihood (Mullaby, 2015). With respect to estimating single equations fractional outcomes, the FML model has the advantage to constrain the predictions to sum-up to one, which rules out the possibility of predicting unrealistic outcomes (e.g. negative proportions or proportions exceeding one).

The FML models the conditional mean of the dependent variables (i.e. the predicted proportions) as logistic functions of the explanatory variables. The FML can be written as follows:

$$\left\{ \begin{array}{l} \hat{p}_1 = \frac{\exp(\gamma'_1 X)}{\sum_{i=1}^6 \exp(\gamma'_i X)} \\ \hat{p}_2 = \frac{\exp(\gamma'_2 X)}{\sum_{i=1}^6 \exp(\gamma'_i X)} \\ \hat{p}_3 = \frac{\exp(\gamma'_3 X)}{\sum_{i=1}^6 \exp(\gamma'_i X)} \\ \hat{p}_4 = \frac{\exp(\gamma'_4 X)}{\sum_{i=1}^6 \exp(\gamma'_i X)} \\ \hat{p}_5 = \frac{\exp(\gamma'_5 X)}{\sum_{i=1}^6 \exp(\gamma'_i X)} \\ \hat{p}_6 = \frac{1}{\sum_{i=1}^6 \exp(\gamma'_i X)} \end{array} \right. \quad (1)$$

Where $\hat{p}_1 \dots \hat{p}_6$ are the predicted proportions of workers in each occupational group. As model (1) shows, we normalise to zero the coefficients of the equation describing the predicted proportion of other occupations (category 6) in the total legal services sector workforce. This constrains the predicted proportions to sum to unity. X is a vector of explanatory variables, and γ_i are vectors of proportion-specific coefficients (i.e. each proportion is allowed to depend differently on the explanatory variables).

As explained in the main text, our set of exogenous variables includes contemporaneous and lagged real turnover, a time trend to proxy productivity growth and the total number of law graduates in each year. Hence, $X = (rturn, prodtrend, lrturn, totgrad, ltotgrad)$.

The log-likelihood function for the fractional multinomial model in (1) is:

$$\ln(L) = p_1 \ln(\hat{p}_1) + \dots + p_6 \ln(\hat{p}_6) \quad (2)$$

Maximising equation (2) with respect to γ_i yields six vectors of coefficients (one for each equation in model (1)), which we then use to obtain forecasts for the proportions of employees in each occupational categories over the years 2018-2027. For the future values of real turnover and the trend in productivity growth, we use the same values as in Law Society (2018). Real turnover is assumed to follow a linear trend, while the future values of the productivity trend are adjusted to take into account expected increase in productivity, for example due to automation. Our forecasts assume that the future values or real turnover follow a linear trend, while we assume a logarithmic trend for the total number of graduates. As explained earlier, we apply the predicted proportions from the FML model to the Law Society forecasts for the total workforce in the legal sector in the years 2018-2027. This yields the forecasted total number of employees in each occupational group.

Appendix 4 Workforce projections tables

Table A.4.1 Actual and forecasted number of employees in each occupational group (Baseline scenario), and proportion of total workforce

	Number (thousands)							Per cent of total				
	Legal prof	Legal assoc	Legal sec	Sen office	Other office	Other	Total	Legal prof	Legal assoc	Legal sec	Sen office	Other office
1998	96.3	21.9	48.2	19.9	60.7	7.0	254.0	37.9	8.6	19.0	7.8	23.9
1999	105.2	27.7	52.4	21.8	65.1	3.9	276.0	38.1	10.0	19.0	7.9	23.6
2000	104.0	19.7	53.5	25.8	63.2	5.8	272.0	38.2	7.2	19.7	9.5	23.2
2001	114.9	15.6	68.3	26.3	47.3	11.6	284.0	40.5	5.5	24.1	9.3	16.7
2002	112.2	28.8	59.3	34.2	53.8	9.8	298.0	37.7	9.6	19.9	11.5	18.0
2003	113.7	26.2	66.6	34.1	50.8	10.5	302.0	37.7	8.7	22.1	11.3	16.8
2004	110.9	26.4	69.3	33.6	54.4	10.4	305.0	36.4	8.7	22.7	11.0	17.8
2005	116.8	31.2	63.5	41.7	43.2	11.6	308.0	37.9	10.1	20.6	13.5	14.0
2006	122.4	20.9	56.0	40.6	48.3	13.9	302.0	40.5	6.9	18.5	13.4	16.0
2007	131.1	27.4	57.7	43.9	58.9	10.9	330.0	39.7	8.3	17.5	13.3	17.9
2008	131.6	28.7	57.5	43.9	47.8	13.5	323.0	40.7	8.9	17.8	13.6	14.8
2009	158.3	30.3	52.6	46.6	48.3	8.9	345.0	45.9	8.8	15.3	13.5	14.0
2010	157.0	31.1	51.2	39.0	48.8	7.8	335.0	46.9	9.3	15.3	11.6	14.6
2011	156.5	37.1	43.0	36.0	49.9	9.4	332.0	47.1	11.2	13.0	10.8	15.0
2012	151.6	32.4	37.7	35.0	46.2	13.1	316.0	48.0	10.3	11.9	11.1	14.6
2013	154.5	36.9	39.4	30.2	47.9	5.2	314.0	49.2	11.7	12.5	9.6	15.2
2014	159.4	33.5	36.8	42.8	42.4	10.9	326.0	48.9	10.3	11.3	13.1	13.0
2015	150.6	41.4	33.8	36.6	51.8	8.7	323.0	46.6	12.8	10.5	11.3	16.0
2016	161.6	38.0	26.1	48.6	45.1	9.7	329.1	49.1	11.6	7.9	14.8	13.7
2017	151.7	35.4	31.1	50.0	42.5	10.0	320.7	47.3	11.0	9.7	15.6	13.3

	Number (thousands)							Per cent of total				
	Legal prof	Legal assoc	Legal sec	Sen office	Other office	Other	Total	Legal prof	Legal assoc	Legal sec	Sen office	Other office
2018	160.9	38.7	25.9	40.5	41.4	8.0	315.4	51.0	12.3	8.2	12.8	13.1
2019	162.2	39.1	23.8	41.0	40.2	7.8	314.0	51.6	12.5	7.6	13.1	12.8
2020	164.2	39.7	21.8	41.9	39.1	7.6	314.2	52.3	12.6	6.9	13.3	12.4
2021	166.3	40.5	19.6	42.8	37.5	7.4	314.1	52.9	12.9	6.2	13.6	11.9
2022	169.1	41.5	17.6	43.1	36.5	7.0	314.8	53.7	13.2	5.6	13.7	11.6
2023	170.6	42.2	15.5	43.5	34.9	6.7	313.5	54.4	13.5	4.9	13.9	11.1
2024	172.5	43.2	13.5	43.8	33.4	6.3	312.8	55.2	13.8	4.3	14.0	10.7
2025	174.1	44.1	11.7	43.8	31.8	5.9	311.5	55.9	14.2	3.7	14.1	10.2
2026	175.3	45.1	9.9	43.6	30.2	5.5	309.6	56.6	14.6	3.2	14.1	9.7
2027	176.2	45.9	8.5	43.5	28.6	5.1	307.8	57.3	14.9	2.8	14.1	9.3

Note: We report in italics the actual (up to 2017) and predicted (from 2018) proportions of employees in each occupational group over the total legal services sector workforce. The actual proportions are computed using the QLFS. The predicted proportions are estimated using a Fractional Multinomial Logit (FML) model. The actual and forecasted absolute number of employees in each occupation is computed applying the actual and predicted proportions to the Law Society (2018) legal services sector total employment figures and forecasts (column "Total").

Table A.4.2 Actual and forecasted number of employees in each occupational group (no increase in productivity scenario), and proportion of total workforce

	Number (thousands)							Per cent of total				
	Legal prof	Legal assoc	Legal sec	Sen office	Other office	Other	Total	Legal prof	Legal assoc	Legal sec	Sen office	Other office
1998	96.3	21.9	48.2	19.9	60.7	7.0	254.0	37.9	8.6	19.0	7.8	23.9
1999	105.2	27.7	52.4	21.8	65.1	3.9	276.0	38.1	10.0	19.0	7.9	23.6
2000	104.0	19.7	53.5	25.8	63.2	5.8	272.0	38.2	7.2	19.7	9.5	23.2
2001	114.9	15.6	68.3	26.3	47.3	11.6	284.0	40.5	5.5	24.1	9.3	16.7
2002	112.2	28.8	59.3	34.2	53.8	9.8	298.0	37.7	9.6	19.9	11.5	18.0
2003	113.7	26.2	66.6	34.1	50.8	10.5	302.0	37.7	8.7	22.1	11.3	16.8
2004	110.9	26.4	69.3	33.6	54.4	10.4	305.0	36.4	8.7	22.7	11.0	17.8
2005	116.8	31.2	63.5	41.7	43.2	11.6	308.0	37.9	10.1	20.6	13.5	14.0
2006	122.4	20.9	56.0	40.6	48.3	13.9	302.0	40.5	6.9	18.5	13.4	16.0
2007	131.1	27.4	57.7	43.9	58.9	10.9	330.0	39.7	8.3	17.5	13.3	17.9
2008	131.6	28.7	57.5	43.9	47.8	13.5	323.0	40.7	8.9	17.8	13.6	14.8
2009	158.3	30.3	52.6	46.6	48.3	8.9	345.0	45.9	8.8	15.3	13.5	14.0
2010	157.0	31.1	51.2	39.0	48.8	7.8	335.0	46.9	9.3	15.3	11.6	14.6
2011	156.5	37.1	43.0	36.0	49.9	9.4	332.0	47.1	11.2	13.0	10.8	15.0
2012	151.6	32.4	37.7	35.0	46.2	13.1	316.0	48.0	10.3	11.9	11.1	14.6
2013	154.5	36.9	39.4	30.2	47.9	5.2	314.0	49.2	11.7	12.5	9.6	15.2
2014	159.4	33.5	36.8	42.8	42.4	10.9	326.0	48.9	10.3	11.3	13.1	13.0
2015	150.6	41.4	33.8	36.6	51.8	8.7	323.0	46.6	12.8	10.5	11.3	16.0

	Number (thousands)							Per cent of total				
	Legal prof	Legal assoc	Legal sec	Sen office	Other office	Other	Total	Legal prof	Legal assoc	Legal sec	Sen office	Other office
2016	161.6	38.0	26.1	48.6	45.1	9.7	329.1	49.1	11.6	7.9	14.8	13.7
2017	151.7	35.4	31.1	50.0	42.5	10.0	320.7	47.3	11.0	9.7	15.6	13.3
2018	160.6	38.4	26.7	40.8	41.8	8.2	316.5	50.7	12.1	8.4	12.9	13.2
2019	161.7	38.5	25.3	41.8	40.9	8.1	316.3	51.1	12.2	8.0	13.2	12.9
2020	163.5	38.7	24.3	43.2	40.2	8.1	318.1	51.4	12.2	7.6	13.6	12.6
2021	165.5	39.1	23.1	45.0	39.1	8.2	319.9	51.7	12.2	7.2	14.1	12.2
2022	168.2	39.6	22.1	46.1	38.8	8.2	323.1	52.1	12.3	6.8	14.3	12.0
2023	169.8	39.7	21.0	47.8	38.0	8.2	324.6	52.3	12.2	6.5	14.7	11.7
2024	171.9	40.0	20.1	49.6	37.3	8.3	327.1	52.5	12.2	6.1	15.1	11.4
2025	173.9	40.3	19.1	51.2	36.7	8.3	329.5	52.8	12.2	5.8	15.5	11.1
2026	175.6	40.4	18.3	53.0	36.0	8.3	331.7	52.9	12.2	5.5	16.0	10.9
2027	177.3	40.5	17.5	55.0	35.4	8.4	334.1	53.1	12.1	5.2	16.5	10.6

Note: We report in italics the actual (up to 2017) and predicted (from 2018) proportions of employees in each occupational group over the total legal services sector workforce. The actual proportions are computed using the QLFS. The predicted proportions are estimated using a Fractional Multinomial Logit (FML) model. The actual and forecasted absolute number of employees in each occupation is computed applying the actual and predicted proportions to the Law Society (2018) legal services sector total employment figures and forecasts (column "Total").

Table A.4.3 Actual and forecasted number of employees in each occupational group (High increase in productivity scenario), and proportion of total workforce

	Number (thousands)							Per cent of total				
	Legal prof	Legal assoc	Legal sec	Sen office	Other office	Other	Total	Legal prof	Legal assoc	Legal sec	Sen office	Other office
1998	96.3	21.9	48.2	19.9	60.7	7.0	254.0	37.9	8.6	19.0	7.8	23.9
1999	105.2	27.7	52.4	21.8	65.1	3.9	276.0	38.1	10.0	19.0	7.9	23.6
2000	104.0	19.7	53.5	25.8	63.2	5.8	272.0	38.2	7.2	19.7	9.5	23.2
2001	114.9	15.6	68.3	26.3	47.3	11.6	284.0	40.5	5.5	24.1	9.3	16.7
2002	112.2	28.8	59.3	34.2	53.8	9.8	298.0	37.7	9.6	19.9	11.5	18.0
2003	113.7	26.2	66.6	34.1	50.8	10.5	302.0	37.7	8.7	22.1	11.3	16.8
2004	110.9	26.4	69.3	33.6	54.4	10.4	305.0	36.4	8.7	22.7	11.0	17.8
2005	116.8	31.2	63.5	41.7	43.2	11.6	308.0	37.9	10.1	20.6	13.5	14.0
2006	122.4	20.9	56.0	40.6	48.3	13.9	302.0	40.5	6.9	18.5	13.4	16.0
2007	131.1	27.4	57.7	43.9	58.9	10.9	330.0	39.7	8.3	17.5	13.3	17.9
2008	131.6	28.7	57.5	43.9	47.8	13.5	323.0	40.7	8.9	17.8	13.6	14.8
2009	158.3	30.3	52.6	46.6	48.3	8.9	345.0	45.9	8.8	15.3	13.5	14.0
2010	157.0	31.1	51.2	39.0	48.8	7.8	335.0	46.9	9.3	15.3	11.6	14.6
2011	156.5	37.1	43.0	36.0	49.9	9.4	332.0	47.1	11.2	13.0	10.8	15.0
2012	151.6	32.4	37.7	35.0	46.2	13.1	316.0	48.0	10.3	11.9	11.1	14.6
2013	154.5	36.9	39.4	30.2	47.9	5.2	314.0	49.2	11.7	12.5	9.6	15.2
2014	159.4	33.5	36.8	42.8	42.4	10.9	326.0	48.9	10.3	11.3	13.1	13.0
2015	150.6	41.4	33.8	36.6	51.8	8.7	323.0	46.6	12.8	10.5	11.3	16.0
2016	161.6	38.0	26.1	48.6	45.1	9.7	329.1	49.1	11.6	7.9	14.8	13.7

	Number (thousands)							Per cent of total				
	Legal prof	Legal assoc	Legal sec	Sen office	Other office	Other	Total	Legal prof	Legal assoc	Legal sec	Sen office	Other office
2017	151.7	35.4	31.1	50.0	42.5	10.0	320.7	47.3	11.0	9.7	15.6	13.3
2018	161.0	38.8	25.6	40.3	41.3	7.9	314.9	51.1	12.3	8.1	12.8	13.1
2019	162.4	39.4	23.1	40.7	39.9	7.6	313.1	51.9	12.6	7.4	13.0	12.7
2020	164.4	40.1	20.8	41.3	38.6	7.3	312.6	52.6	12.8	6.7	13.2	12.4
2021	166.5	41.0	18.3	41.9	36.8	7.0	311.6	53.4	13.2	5.9	13.5	11.8
2022	169.2	42.3	15.9	41.7	35.5	6.6	311.3	54.4	13.6	5.1	13.4	11.4
2023	170.5	43.2	13.6	41.7	33.6	6.1	308.8	55.2	14.0	4.4	13.5	10.9
2024	172.2	44.3	11.6	41.6	31.9	5.7	307.3	56.0	14.4	3.8	13.5	10.4
2025	173.5	45.3	9.8	41.4	30.2	5.3	305.6	56.8	14.8	3.2	13.5	9.9
2026	174.4	46.2	8.4	41.2	28.6	4.9	303.7	57.4	15.2	2.8	13.6	9.4
2027	175.2	47.0	7.1	41.0	27.1	4.6	302.0	58.0	15.6	2.4	13.6	9.0

Note: We report in italics the actual (up to 2017) and predicted (from 2018) proportions of employees in each occupational group over the total legal services sector workforce. The actual proportions are computed using the QLFS. The predicted proportions are estimated using a Fractional Multinomial Logit (FML) model. The actual and forecasted absolute number of employees in each occupation is computed applying the actual and predicted proportions to the Law Society (2018) legal services sector total employment figures and forecasts (column "Total").

Table A.4.4 Actual and forecasted number of employees in each occupational group (Canada FTA scenario), and proportion of total workforce

	Number (thousands)							Per cent of total				
	Legal prof	Legal assoc	Legal sec	Sen office	Other office	Other	Total	Legal prof	Legal assoc	Legal sec	Sen office	Other office
1998	96.3	21.9	48.2	19.9	60.7	7.0	254.0	37.9	8.6	19.0	7.8	23.9
1999	105.2	27.7	52.4	21.8	65.1	3.9	276.0	38.1	10.0	19.0	7.9	23.6
2000	104.0	19.7	53.5	25.8	63.2	5.8	272.0	38.2	7.2	19.7	9.5	23.2
2001	114.9	15.6	68.3	26.3	47.3	11.6	284.0	40.5	5.5	24.1	9.3	16.7
2002	112.2	28.8	59.3	34.2	53.8	9.8	298.0	37.7	9.6	19.9	11.5	18.0
2003	113.7	26.2	66.6	34.1	50.8	10.5	302.0	37.7	8.7	22.1	11.3	16.8
2004	110.9	26.4	69.3	33.6	54.4	10.4	305.0	36.4	8.7	22.7	11.0	17.8
2005	116.8	31.2	63.5	41.7	43.2	11.6	308.0	37.9	10.1	20.6	13.5	14.0
2006	122.4	20.9	56.0	40.6	48.3	13.9	302.0	40.5	6.9	18.5	13.4	16.0
2007	131.1	27.4	57.7	43.9	58.9	10.9	330.0	39.7	8.3	17.5	13.3	17.9
2008	131.6	28.7	57.5	43.9	47.8	13.5	323.0	40.7	8.9	17.8	13.6	14.8
2009	158.3	30.3	52.6	46.6	48.3	8.9	345.0	45.9	8.8	15.3	13.5	14.0
2010	157.0	31.1	51.2	39.0	48.8	7.8	335.0	46.9	9.3	15.3	11.6	14.6
2011	156.5	37.1	43.0	36.0	49.9	9.4	332.0	47.1	11.2	13.0	10.8	15.0
2012	151.6	32.4	37.7	35.0	46.2	13.1	316.0	48.0	10.3	11.9	11.1	14.6
2013	154.5	36.9	39.4	30.2	47.9	5.2	314.0	49.2	11.7	12.5	9.6	15.2
2014	159.4	33.5	36.8	42.8	42.4	10.9	326.0	48.9	10.3	11.3	13.1	13.0
2015	150.6	41.4	33.8	36.6	51.8	8.7	323.0	46.6	12.8	10.5	11.3	16.0
2016	161.6	38.0	26.1	48.6	45.1	9.7	329.1	49.1	11.6	7.9	14.8	13.7

	Number (thousands)							Per cent of total				
	Legal prof	Legal assoc	Legal sec	Sen office	Other office	Other	Total	Legal prof	Legal assoc	Legal sec	Sen office	Other office
2017	151.7	35.4	31.1	50.0	42.5	10.0	320.7	47.3	11.0	9.7	15.6	13.3
2018	160.7	38.6	26.2	40.6	41.5	8.1	315.7	50.9	12.2	8.3	12.9	13.1
2019	161.4	39.1	24.0	40.8	39.9	7.8	313.0	51.6	12.5	7.7	13.0	12.8
2020	163.8	40.0	22.1	41.0	39.1	7.5	313.5	52.3	12.8	7.0	13.1	12.5
2021	165.2	40.9	19.9	41.0	37.5	7.2	311.8	53.0	13.1	6.4	13.2	12.0
2022	167.2	42.0	18.0	40.5	36.6	6.8	311.0	53.8	13.5	5.8	13.0	11.8
2023	168.0	42.6	16.1	40.2	35.2	6.5	308.7	54.4	13.8	5.2	13.0	11.4
2024	169.2	43.4	14.5	40.1	34.0	6.1	307.3	55.1	14.1	4.7	13.1	11.1
2025	170.3	44.2	12.9	40.0	32.6	5.8	305.9	55.7	14.4	4.2	13.1	10.7
2026	170.1	46.0	10.6	39.2	29.5	5.4	300.7	56.6	15.3	3.5	13.0	9.8
2027	172.2	48.9	8.9	34.6	29.1	4.5	298.3	57.7	16.4	3.0	11.6	9.8

Note: We report in italics the actual (up to 2017) and predicted (from 2018) proportions of employees in each occupational group over the total legal services sector workforce. The actual proportions are computed using the QLFS. The predicted proportions are estimated using a Fractional Multinomial Logit (FML) model. The actual and forecasted absolute number of employees in each occupation is computed applying the actual and predicted proportions to the Law Society (2018) legal services sector total employment figures and forecasts (column "Total").

Table A.4.5 Actual and forecasted number of employees in each occupational group (No deal WTO scenario), and proportion of total workforce

	Number (thousands)							Per cent of total				
	Legal prof	Legal assoc	Legal sec	Sen office	Other office	Other	Total	Legal prof	Legal assoc	Legal sec	Sen office	Other office
1998	96.3	21.9	48.2	19.9	60.7	7.0	254.0	37.9	8.6	19.0	7.8	23.9
1999	105.2	27.7	52.4	21.8	65.1	3.9	276.0	38.1	10.0	19.0	7.9	23.6
2000	104.0	19.7	53.5	25.8	63.2	5.8	272.0	38.2	7.2	19.7	9.5	23.2
2001	114.9	15.6	68.3	26.3	47.3	11.6	284.0	40.5	5.5	24.1	9.3	16.7
2002	112.2	28.8	59.3	34.2	53.8	9.8	298.0	37.7	9.6	19.9	11.5	18.0
2003	113.7	26.2	66.6	34.1	50.8	10.5	302.0	37.7	8.7	22.1	11.3	16.8
2004	110.9	26.4	69.3	33.6	54.4	10.4	305.0	36.4	8.7	22.7	11.0	17.8
2005	116.8	31.2	63.5	41.7	43.2	11.6	308.0	37.9	10.1	20.6	13.5	14.0
2006	122.4	20.9	56.0	40.6	48.3	13.9	302.0	40.5	6.9	18.5	13.4	16.0
2007	131.1	27.4	57.7	43.9	58.9	10.9	330.0	39.7	8.3	17.5	13.3	17.9
2008	131.6	28.7	57.5	43.9	47.8	13.5	323.0	40.7	8.9	17.8	13.6	14.8
2009	158.3	30.3	52.6	46.6	48.3	8.9	345.0	45.9	8.8	15.3	13.5	14.0
2010	157.0	31.1	51.2	39.0	48.8	7.8	335.0	46.9	9.3	15.3	11.6	14.6
2011	156.5	37.1	43.0	36.0	49.9	9.4	332.0	47.1	11.2	13.0	10.8	15.0
2012	151.6	32.4	37.7	35.0	46.2	13.1	316.0	48.0	10.3	11.9	11.1	14.6
2013	154.5	36.9	39.4	30.2	47.9	5.2	314.0	49.2	11.7	12.5	9.6	15.2
2014	159.4	33.5	36.8	42.8	42.4	10.9	326.0	48.9	10.3	11.3	13.1	13.0
2015	150.6	41.4	33.8	36.6	51.8	8.7	323.0	46.6	12.8	10.5	11.3	16.0
2016	161.6	38.0	26.1	48.6	45.1	9.7	329.1	49.1	11.6	7.9	14.8	13.7

	Number (thousands)							Per cent of total				
	Legal prof	Legal assoc	Legal sec	Sen office	Other office	Other	Total	Legal prof	Legal assoc	Legal sec	Sen office	Other office
2017	151.7	35.4	31.1	50.0	42.5	10.0	320.7	47.3	11.0	9.7	15.6	13.3
2018	160.6	38.5	26.4	40.7	41.5	8.1	315.9	50.8	12.2	8.4	12.9	13.1
2019	161.1	39.3	23.8	40.8	39.3	7.9	312.1	51.6	12.6	7.6	13.1	12.6
2020	164.1	40.8	21.8	39.5	39.1	7.3	312.6	52.5	13.1	7.0	12.6	12.5
2021	163.8	41.4	19.6	38.9	37.3	6.9	307.9	53.2	13.4	6.4	12.6	12.1
2022	165.2	42.4	17.7	38.1	36.3	6.5	306.2	54.0	13.8	5.8	12.4	11.9
2023	165.7	43.0	16.1	37.6	35.1	6.1	303.5	54.6	14.2	5.3	12.4	11.5
2024	166.5	43.6	14.6	37.3	34.0	5.9	302.0	55.1	14.5	4.8	12.4	11.3
2025	167.3	44.2	13.3	37.4	32.8	5.6	300.7	55.6	14.7	4.4	12.4	10.9
2026	167.2	45.8	11.3	36.7	30.0	5.3	296.3	56.4	15.5	3.8	12.4	10.1
2027	169.2	48.5	9.7	32.8	29.8	4.5	294.5	57.5	16.5	3.3	11.1	10.1

Note: We report in italics the actual (up to 2017) and predicted (from 2018) proportions of employees in each occupational group over the total legal services sector workforce. The actual proportions are computed using the QLFS. The predicted proportions are estimated using a Fractional Multinomial Logit (FML) model. The actual and forecasted absolute number of employees in each occupation is computed applying the actual and predicted proportions to the Law Society (2018) legal services sector total employment figures and forecasts (column "Total").

Appendix 5 Qualifications projections tables

Appendix 5 details the results of the modelling of qualifications by occupation.

Table A.5.1 Actual and predicted number of employees by qualification, legal professionals, thousands and row percentages

	Number (thousands)					Per cent of total			
	Degree/HE	A-levels	GCSEs	Other/no	Total	Degree/HE	A-levels	GCSEs	Other/no
1998	89.8	3.6	0.5	2.4	89.8	93.3	3.7	0.5	2.5
1999	98.4	3.2	1.0	2.6	98.4	93.6	3.0	0.9	2.4
2000	97.8	2.9	1.1	2.2	97.8	94.0	2.8	1.1	2.1
2001	105.3	4.5	1.7	3.4	105.3	91.7	3.9	1.4	3.0
2002	102.0	4.2	1.7	4.4	102.0	90.9	3.7	1.5	3.9
2003	103.8	3.2	1.9	4.8	103.8	91.3	2.8	1.7	4.2
2004	101.4	3.5	1.7	4.3	101.4	91.5	3.1	1.5	3.9
2005	99.6	11.6	1.9	3.7	99.6	85.3	9.9	1.7	3.1
2006	112.4	3.9	1.4	4.7	112.4	91.9	3.2	1.2	3.8
2007	118.4	6.8	1.5	4.5	118.4	90.3	5.2	1.1	3.4
2008	122.8	4.3	1.5	3.0	122.8	93.3	3.2	1.1	2.3
2009	151.5	4.3	1.6	0.8	151.5	95.7	2.7	1.0	0.5
2010	146.5	5.2	2.4	2.9	146.5	93.3	3.3	1.5	1.9
2011	147.0	5.1	2.6	1.8	147.0	93.9	3.3	1.6	1.1
2012	145.1	3.1	2.2	1.3	145.1	95.7	2.0	1.5	0.8
2013	148.7	2.4	1.0	2.5	148.7	96.2	1.5	0.6	1.6
2014	156.1	2.6	0.0	0.8	156.1	97.9	1.6	0.0	0.5
2015	146.2	2.0	0.8	1.6	146.2	97.1	1.3	0.5	1.1
2016	156.8	1.4	2.3	1.1	156.8	97.0	0.9	1.4	0.7
2017	146.5	3.2	0.0	2.0	146.5	96.6	2.1	0.0	1.3
2018	157.1	1.4	1.4	1.0	157.1	97.6	0.9	0.9	0.6
2019	158.8	1.2	1.3	0.9	158.8	97.9	0.7	0.8	0.6
2020	161.2	1.0	1.1	0.9	161.2	98.2	0.6	0.7	0.5
2021	163.8	0.8	1.0	0.7	163.8	98.5	0.5	0.6	0.4
2022	166.9	0.6	0.9	0.6	166.9	98.7	0.4	0.6	0.4
2023	168.7	0.5	0.8	0.5	168.7	98.9	0.3	0.5	0.3
2024	171.0	0.4	0.7	0.4	171.0	99.1	0.2	0.4	0.3
2025	172.8	0.3	0.6	0.4	172.8	99.3	0.2	0.4	0.2
2026	174.2	0.2	0.6	0.3	174.2	99.4	0.1	0.3	0.2
2027	175.4	0.1	0.5	0.2	175.4	99.5	0.1	0.3	0.1

Note: the column “Total” shows the total number of legal professionals each year, computed using the procedure outline in Section 5. For the years 1998-2017 the row proportions in italics are the actual proportions of individuals with a given qualification, computed using QLFS. For the years 2018-2025 the row proportions are the predicted values from the FML model estimated only on the “Legal professionals” occupational group.

Table A5.2 Actual and predicted number of employees by qualification, legal associate professionals, thousands and row percentages

	Number (thousands)					Per cent of total			
	Degree/HE	A-levels	GCSEs	Other/no	Total	Degree/HE	A-levels	GCSEs	Other/no
1998	7.1	4.9	8.5	1.4	21.9	<i>32.5</i>	<i>22.4</i>	<i>38.6</i>	<i>6.5</i>
1999	11.5	7.9	7.3	0.9	27.7	<i>41.5</i>	<i>28.7</i>	<i>26.5</i>	<i>3.3</i>
2000	8.2	4.4	5.4	1.7	19.7	<i>41.7</i>	<i>22.5</i>	<i>27.3</i>	<i>8.5</i>
2001	5.3	4.5	3.4	2.3	15.6	<i>34.1</i>	<i>29.0</i>	<i>21.9</i>	<i>15.0</i>
2002	10.2	7.9	8.1	2.6	28.8	<i>35.4</i>	<i>27.5</i>	<i>28.3</i>	<i>8.9</i>
2003	11.6	5.5	7.5	1.6	26.2	<i>44.3</i>	<i>21.0</i>	<i>28.7</i>	<i>6.0</i>
2004	13.0	4.6	6.8	2.0	26.4	<i>49.2</i>	<i>17.4</i>	<i>25.9</i>	<i>7.5</i>
2005	10.0	12.0	7.6	1.6	31.2	<i>32.1</i>	<i>38.4</i>	<i>24.5</i>	<i>5.0</i>
2006	8.4	6.8	4.2	1.5	20.9	<i>40.3</i>	<i>32.4</i>	<i>19.9</i>	<i>7.3</i>
2007	14.4	5.9	3.5	3.6	27.4	<i>52.4</i>	<i>21.7</i>	<i>12.7</i>	<i>13.2</i>
2008	13.8	5.4	7.4	2.2	28.7	<i>47.9</i>	<i>18.7</i>	<i>25.8</i>	<i>7.5</i>
2009	13.7	5.7	7.8	3.1	30.3	<i>45.2</i>	<i>18.9</i>	<i>25.7</i>	<i>10.2</i>
2010	17.2	6.2	5.3	2.4	31.1	<i>55.3</i>	<i>19.8</i>	<i>17.1</i>	<i>7.8</i>
2011	22.0	6.9	7.0	1.3	37.1	<i>59.1</i>	<i>18.6</i>	<i>18.7</i>	<i>3.6</i>
2012	20.9	4.5	4.7	2.4	32.4	<i>64.4</i>	<i>14.0</i>	<i>14.4</i>	<i>7.3</i>
2013	20.7	5.5	8.1	2.5	36.9	<i>56.2</i>	<i>15.1</i>	<i>22.0</i>	<i>6.7</i>
2014	16.7	5.3	9.3	2.3	33.5	<i>49.7</i>	<i>15.8</i>	<i>27.6</i>	<i>6.9</i>
2015	22.2	10.2	6.9	2.1	41.4	<i>53.5</i>	<i>24.6</i>	<i>16.7</i>	<i>5.1</i>
2016	26.5	4.5	5.2	1.8	38.0	<i>69.8</i>	<i>11.8</i>	<i>13.6</i>	<i>4.8</i>
2017	20.8	5.4	7.5	1.7	35.4	<i>58.7</i>	<i>15.3</i>	<i>21.1</i>	<i>4.9</i>
2018	24.6	5.8	6.3	1.9	38.7	<i>63.6</i>	<i>15.0</i>	<i>16.4</i>	<i>5.0</i>
2019	25.4	5.7	6.1	2.0	39.1	<i>64.8</i>	<i>14.6</i>	<i>15.6</i>	<i>5.1</i>
2020	26.2	5.6	5.8	2.1	39.7	<i>66.0</i>	<i>14.2</i>	<i>14.7</i>	<i>5.2</i>
2021	27.1	5.4	5.9	2.1	40.5	<i>67.0</i>	<i>13.3</i>	<i>14.5</i>	<i>5.2</i>
2022	28.5	5.3	5.6	2.1	41.5	<i>68.7</i>	<i>12.8</i>	<i>13.4</i>	<i>5.1</i>
2023	29.6	5.1	5.4	2.1	42.2	<i>70.0</i>	<i>12.0</i>	<i>12.8</i>	<i>5.1</i>
2024	30.9	4.9	5.3	2.1	43.2	<i>71.6</i>	<i>11.3</i>	<i>12.2</i>	<i>5.0</i>
2025	32.3	4.6	5.1	2.1	44.1	<i>73.2</i>	<i>10.5</i>	<i>11.5</i>	<i>4.8</i>
2026	33.7	4.4	4.8	2.1	45.1	<i>74.9</i>	<i>9.8</i>	<i>10.7</i>	<i>4.7</i>
2027	35.0	4.2	4.6	2.1	45.9	<i>76.4</i>	<i>9.1</i>	<i>10.0</i>	<i>4.6</i>

Note: the column “Total” shows the total number of legal professionals each year, computed using the procedure outline in Section 5. For the years 1998-2017 the row proportions in italics are the actual

proportions of individuals with a given qualification, computed using QLFS. For the years 2018-2027 the row proportions are the predicted values from the FML model estimated only on the “Legal associate professionals” occupational group.

Table A5.3 Actual and predicted number of employees by qualification, legal secretaries, thousands and row percentages

	Number (thousands)					Per cent of total			
	Degree/HE	A-levels	GCSEs	Other/no	Total	Degree/HE	A-levels	GCSEs	Other/no
1998	3.1	9.4	27.2	8.5	48.2	<i>6.4</i>	<i>19.5</i>	<i>56.4</i>	<i>17.7</i>
1999	4.0	10.3	26.7	11.4	52.4	<i>7.7</i>	<i>19.7</i>	<i>50.9</i>	<i>21.7</i>
2000	5.7	10.8	25.9	11.0	53.5	<i>10.7</i>	<i>20.3</i>	<i>48.4</i>	<i>20.6</i>
2001	7.2	12.8	33.0	15.3	68.3	<i>10.5</i>	<i>18.7</i>	<i>48.4</i>	<i>22.4</i>
2002	4.9	12.0	30.3	12.0	59.3	<i>8.3</i>	<i>20.3</i>	<i>51.0</i>	<i>20.3</i>
2003	6.7	13.7	32.7	13.4	66.6	<i>10.1</i>	<i>20.6</i>	<i>49.1</i>	<i>20.2</i>
2004	8.1	16.2	31.5	13.6	69.3	<i>11.6</i>	<i>23.3</i>	<i>45.5</i>	<i>19.5</i>
2005	7.0	20.4	26.3	9.9	63.5	<i>10.9</i>	<i>32.1</i>	<i>41.4</i>	<i>15.6</i>
2006	6.4	11.7	29.5	8.3	56.0	<i>11.4</i>	<i>20.9</i>	<i>52.7</i>	<i>14.9</i>
2007	8.4	11.8	28.9	8.6	57.7	<i>14.6</i>	<i>20.5</i>	<i>50.0</i>	<i>15.0</i>
2008	7.5	11.8	31.1	7.1	57.5	<i>13.1</i>	<i>20.5</i>	<i>54.1</i>	<i>12.4</i>
2009	7.7	10.8	24.6	9.5	52.6	<i>14.6</i>	<i>20.5</i>	<i>46.8</i>	<i>18.1</i>
2010	5.5	14.3	25.7	5.8	51.2	<i>10.7</i>	<i>27.8</i>	<i>50.2</i>	<i>11.3</i>
2011	6.3	8.4	23.1	5.3	43.0	<i>14.6</i>	<i>19.5</i>	<i>53.6</i>	<i>12.3</i>
2012	6.5	9.9	15.9	5.3	37.7	<i>17.3</i>	<i>26.4</i>	<i>42.1</i>	<i>14.2</i>
2013	8.9	12.7	14.4	3.4	39.4	<i>22.6</i>	<i>32.1</i>	<i>36.7</i>	<i>8.6</i>
2014	6.5	11.9	12.2	6.2	36.8	<i>17.7</i>	<i>32.4</i>	<i>33.1</i>	<i>16.8</i>
2015	4.9	14.6	11.8	2.4	33.8	<i>14.6</i>	<i>43.2</i>	<i>35.0</i>	<i>7.2</i>
2016	4.9	9.6	10.6	1.0	26.1	<i>18.8</i>	<i>36.7</i>	<i>40.7</i>	<i>3.9</i>
2017	8.2	6.3	14.4	2.2	31.1	<i>26.3</i>	<i>20.4</i>	<i>46.2</i>	<i>7.2</i>
2018	5.8	8.5	9.8	1.8	25.9	<i>22.4</i>	<i>32.9</i>	<i>37.7</i>	<i>6.9</i>
2019	5.7	8.0	8.5	1.5	23.8	<i>24.2</i>	<i>33.7</i>	<i>35.9</i>	<i>6.2</i>
2020	5.7	7.5	7.4	1.2	21.8	<i>26.2</i>	<i>34.5</i>	<i>33.8</i>	<i>5.5</i>
2021	5.5	6.9	6.3	1.0	19.6	<i>27.9</i>	<i>35.1</i>	<i>32.0</i>	<i>4.9</i>
2022	5.3	6.3	5.2	0.7	17.6	<i>30.2</i>	<i>35.8</i>	<i>29.7</i>	<i>4.2</i>
2023	5.0	5.6	4.3	0.6	15.5	<i>32.5</i>	<i>36.4</i>	<i>27.5</i>	<i>3.6</i>
2024	4.7	5.0	3.4	0.4	13.5	<i>34.8</i>	<i>36.8</i>	<i>25.3</i>	<i>3.1</i>
2025	4.3	4.3	2.7	0.3	11.7	<i>37.3</i>	<i>37.1</i>	<i>23.0</i>	<i>2.6</i>
2026	4.0	3.7	2.1	0.2	9.9	<i>39.9</i>	<i>37.3</i>	<i>20.7</i>	<i>2.1</i>
2027	3.6	3.2	1.6	0.1	8.5	<i>42.6</i>	<i>37.2</i>	<i>18.5</i>	<i>1.7</i>

Note: the column “Total” shows the total number of legal professionals each year, computed using the procedure outline in Section 5. For the years 1998-2017 the row proportions in italics are the actual proportions of individuals with a given qualification, computed using QLFS. For the years 2018-2025 the row proportions are the predicted values from the FML model estimated only on the “Legal secretaries” occupational group.

Table A5.4 Actual and predicted number of employees by qualification, senior support staff, thousands and row percentages

	Number (thousands)					Per cent of total			
	Degree/HE	A-levels	GCSEs	Other/no	Total	Degree/HE	A-levels	GCSEs	Other/no
1998	9.1	3.5	5.5	1.7	19.9	<i>45.7</i>	<i>17.7</i>	<i>27.8</i>	<i>8.8</i>
1999	11.3	4.8	4.6	1.1	21.8	<i>51.8</i>	<i>22.1</i>	<i>21.1</i>	<i>5.1</i>
2000	9.8	8.2	4.9	2.9	25.8	<i>38.1</i>	<i>31.6</i>	<i>19.0</i>	<i>11.3</i>
2001	12.6	6.6	5.4	1.8	26.3	<i>47.7</i>	<i>25.0</i>	<i>20.6</i>	<i>6.7</i>
2002	17.5	7.8	6.7	2.2	34.2	<i>51.2</i>	<i>22.7</i>	<i>19.7</i>	<i>6.5</i>
2003	19.6	7.1	5.4	2.0	34.1	<i>57.5</i>	<i>20.8</i>	<i>15.7</i>	<i>5.9</i>
2004	20.8	3.8	6.0	2.9	33.6	<i>62.0</i>	<i>11.4</i>	<i>17.9</i>	<i>8.7</i>
2005	21.0	8.2	8.7	3.7	41.7	<i>50.5</i>	<i>19.7</i>	<i>20.9</i>	<i>8.9</i>
2006	21.1	8.2	7.5	3.8	40.6	<i>52.0</i>	<i>20.1</i>	<i>18.4</i>	<i>9.5</i>
2007	25.2	8.2	6.2	4.3	43.9	<i>57.5</i>	<i>18.8</i>	<i>14.1</i>	<i>9.7</i>
2008	23.9	9.1	7.9	3.0	43.9	<i>54.4</i>	<i>20.7</i>	<i>18.0</i>	<i>6.9</i>
2009	29.2	6.7	7.3	3.5	46.6	<i>62.6</i>	<i>14.3</i>	<i>15.6</i>	<i>7.4</i>
2010	24.5	5.5	7.0	2.0	39.0	<i>62.8</i>	<i>14.1</i>	<i>17.9</i>	<i>5.2</i>
2011	25.8	5.2	3.7	1.3	36.0	<i>71.6</i>	<i>14.4</i>	<i>10.4</i>	<i>3.7</i>
2012	23.8	5.8	4.6	0.8	35.0	<i>67.8</i>	<i>16.6</i>	<i>13.2</i>	<i>2.3</i>
2013	19.7	5.5	3.3	1.7	30.2	<i>65.1</i>	<i>18.2</i>	<i>11.0</i>	<i>5.6</i>
2014	28.4	5.0	7.3	2.0	42.8	<i>66.4</i>	<i>11.8</i>	<i>17.1</i>	<i>4.8</i>
2015	19.2	8.3	6.4	2.7	36.6	<i>52.4</i>	<i>22.8</i>	<i>17.3</i>	<i>7.5</i>
2016	37.4	4.8	3.5	3.0	48.6	<i>76.9</i>	<i>9.8</i>	<i>7.1</i>	<i>6.1</i>
2017	35.5	6.5	6.0	2.0	50.0	<i>71.0</i>	<i>13.1</i>	<i>11.9</i>	<i>4.0</i>
2018	29.4	5.4	4.1	1.5	40.5	<i>72.7</i>	<i>13.4</i>	<i>10.2</i>	<i>3.8</i>
2019	30.1	5.6	3.9	1.5	41.0	<i>73.4</i>	<i>13.6</i>	<i>9.4</i>	<i>3.6</i>
2020	31.0	5.8	3.6	1.4	41.9	<i>74.1</i>	<i>13.9</i>	<i>8.7</i>	<i>3.4</i>
2021	32.0	5.9	3.5	1.4	42.8	<i>74.7</i>	<i>13.8</i>	<i>8.2</i>	<i>3.2</i>
2022	32.6	5.9	3.2	1.3	43.1	<i>75.8</i>	<i>13.8</i>	<i>7.4</i>	<i>3.0</i>
2023	33.4	6.0	3.0	1.2	43.5	<i>76.6</i>	<i>13.8</i>	<i>6.8</i>	<i>2.8</i>
2024	34.0	6.0	2.7	1.1	43.8	<i>77.5</i>	<i>13.7</i>	<i>6.2</i>	<i>2.5</i>
2025	34.4	5.9	2.5	1.0	43.8	<i>78.5</i>	<i>13.5</i>	<i>5.6</i>	<i>2.3</i>
2026	34.7	5.8	2.2	0.9	43.6	<i>79.5</i>	<i>13.3</i>	<i>5.1</i>	<i>2.1</i>
2027	35.0	5.8	2.0	0.8	43.5	<i>80.3</i>	<i>13.2</i>	<i>4.5</i>	<i>1.9</i>

Note: the column "Total" shows the total number of legal professionals each year, computed using the procedure outline in Section 5. For the years 1998-2017 the row proportions in italics are the actual proportions of individuals with a given qualification, computed using QLFS. For the years 2018-2025 the row proportions are the predicted values from the FML model estimated only on the "Senior support staff" occupational group.

Table A5.5 Actual and predicted number of employees by qualification, other office support staff, thousands and row percentages

	Number (thousands)					Per cent of total			
	Degree/HE	A-levels	GCSEs	Other/no	Total	Degree/HE	A-levels	GCSEs	Other/no
1998	6.6	12.4	25.7	16.1	60.7	<i>10.8</i>	<i>20.4</i>	<i>42.3</i>	<i>26.5</i>
1999	8.7	13.8	28.1	14.6	65.1	<i>13.3</i>	<i>21.2</i>	<i>43.1</i>	<i>22.4</i>
2000	8.9	12.5	29.8	12.1	63.2	<i>14.0</i>	<i>19.8</i>	<i>47.1</i>	<i>19.1</i>
2001	6.6	10.9	19.1	10.7	47.3	<i>13.9</i>	<i>23.1</i>	<i>40.5</i>	<i>22.6</i>
2002	7.8	15.6	19.9	10.4	53.8	<i>14.5</i>	<i>29.1</i>	<i>37.1</i>	<i>19.3</i>
2003	7.7	10.6	22.7	9.7	50.8	<i>15.3</i>	<i>20.9</i>	<i>44.7</i>	<i>19.1</i>
2004	9.7	13.4	21.4	10.0	54.4	<i>17.7</i>	<i>24.6</i>	<i>39.4</i>	<i>18.3</i>
2005	8.4	11.2	16.7	7.0	43.2	<i>19.5</i>	<i>25.8</i>	<i>38.5</i>	<i>16.2</i>
2006	8.9	9.6	20.6	9.2	48.3	<i>18.4</i>	<i>19.9</i>	<i>42.7</i>	<i>19.0</i>
2007	8.9	14.8	23.2	12.1	58.9	<i>15.1</i>	<i>25.0</i>	<i>39.3</i>	<i>20.5</i>
2008	8.9	12.8	18.3	7.7	47.8	<i>18.7</i>	<i>26.8</i>	<i>38.3</i>	<i>16.1</i>
2009	12.1	12.5	13.1	10.6	48.3	<i>25.1</i>	<i>25.9</i>	<i>27.0</i>	<i>22.0</i>
2010	14.4	9.8	16.1	8.6	48.8	<i>29.4</i>	<i>20.0</i>	<i>33.0</i>	<i>17.6</i>
2011	11.3	12.0	23.3	3.3	49.9	<i>22.7</i>	<i>24.1</i>	<i>46.6</i>	<i>6.6</i>
2012	10.3	10.8	19.0	6.2	46.2	<i>22.3</i>	<i>23.4</i>	<i>41.0</i>	<i>13.3</i>
2013	12.9	13.5	17.8	3.7	47.9	<i>26.9</i>	<i>28.1</i>	<i>37.2</i>	<i>7.8</i>
2014	14.7	8.5	16.9	2.3	42.4	<i>34.8</i>	<i>20.0</i>	<i>39.8</i>	<i>5.4</i>
2015	18.6	8.1	20.9	4.2	51.8	<i>35.9</i>	<i>15.7</i>	<i>40.3</i>	<i>8.1</i>
2016	19.1	7.5	12.9	5.6	45.1	<i>42.3</i>	<i>16.6</i>	<i>28.6</i>	<i>12.4</i>
2017	19.0	13.3	8.3	1.9	42.5	<i>44.6</i>	<i>31.3</i>	<i>19.5</i>	<i>4.5</i>
2018	18.8	8.8	11.5	2.3	41.4	<i>45.4</i>	<i>21.2</i>	<i>27.8</i>	<i>5.6</i>
2019	19.5	8.3	10.4	1.9	40.2	<i>48.6</i>	<i>20.7</i>	<i>26.0</i>	<i>4.7</i>
2020	20.3	7.8	9.4	1.5	39.1	<i>52.0</i>	<i>20.0</i>	<i>24.1</i>	<i>3.9</i>
2021	21.1	7.1	8.1	1.2	37.5	<i>56.2</i>	<i>19.0</i>	<i>21.6</i>	<i>3.2</i>
2022	21.9	6.5	7.1	0.9	36.5	<i>60.0</i>	<i>17.9</i>	<i>19.5</i>	<i>2.6</i>
2023	22.4	5.8	6.0	0.7	34.9	<i>64.2</i>	<i>16.6</i>	<i>17.2</i>	<i>2.0</i>
2024	22.9	5.1	5.0	0.5	33.4	<i>68.4</i>	<i>15.2</i>	<i>14.9</i>	<i>1.5</i>
2025	23.1	4.4	4.0	0.4	31.8	<i>72.5</i>	<i>13.7</i>	<i>12.7</i>	<i>1.1</i>
2026	23.1	3.7	3.2	0.2	30.2	<i>76.4</i>	<i>12.2</i>	<i>10.6</i>	<i>0.8</i>
2027	22.8	3.1	2.5	0.2	28.6	<i>79.9</i>	<i>10.7</i>	<i>8.8</i>	<i>0.6</i>

Note: the column "Total" shows the total number of legal professionals each year, computed using the procedure outline in Section 5. For the years 1998-2017 the row proportions in italics are the actual proportions of individuals with a given qualification, computed using QLFS. For the years 2018-2025 the row proportions are the predicted values from the FML model estimated only on the "Other office support staff" occupational group.

Appendix 6 Skills gaps tables

Table A6.1 Range of staff numbers with technical or practical skills gaps by occupation, 2017

	Man./prof.	Ass. prof.	Admin & sec.	Total
Computer literacy / basic IT skills	180-440	0-0	450-830	630-1,270
Advanced or specialist IT skills	230-520	70-140	350-790	650-1,450
Solving complex problems requiring a solution specific to the situation	680-1,890	210-700	710-1,190	1,590-3,770
Reading and understanding instructions, guidelines, manuals or reports	230-600	230-310	230-440	700-1,340
Writing instructions, guidelines, manuals or reports	230-710	90-310	360-490	690-1,500
Basic numerical skills and understanding	160-370	10-50	130-280	300-700
More complex numerical or statistical skills and understanding	260-680	70-290	200-440	540-1,410
Communicating in a foreign language	30-60	0-0	80-140	110-200
Manual dexterity	0-0	0-0	30-30	30-30
Adapting to new equipment or materials	170-480	120-120	340-570	630-1,180
Knowledge of products and services offered by your organisation and organisations like yours	320-1,100	350-360	740-1,050	1,420-2,520
Knowledge of how your organisation works	270-520	70-680	620-900	970-2,100
Specialist skills or knowledge needed to perform the role	830-2,150	410-700	700-1,110	1,930-3,960

Source: IES analysis of Employer Skills Survey 2017 data

Table A6.2 Range of staff numbers with soft or interpersonal skills gaps by occupation, 2017

	Man./prof.	Ass. prof.	Admin & sec.	Total
Instructing, teaching or training people	340-1,400	100-510	170-350	600-2,260
Sales skills	170-860	20-620	110-230	310-1,710
Customer handling skills	490-1,070	210-990	440-940	1,140-3,010
Persuading or influencing others	370-990	80-450	350-540	800-1,990
Team working	380-1,010	230-650	440-950	1,040-2,610
Managing or motivating other staff	410-1,630	70-480	240-540	710-2,650
Ability to manage own time and prioritise own tasks	580-1,180	400-1,190	780-1,380	1,770-3,760
Setting objectives for others and planning human, financial and other resources	220-1,000	70-480	150-310	440-1,790
Managing their own feelings, or handling the feelings of others	410-1,590	80-510	340-670	830-2,770
Making speeches or presentations	260-510	230-640	80-170	570-1,320

Source: IES analysis of Employer Skills Survey 2017 data