



## September 2015 Strategic Review

Welcome to September's edition of the Relationship Management Strategic Review. This month we look at health and wellbeing in the profession, market conditions, and a new route to qualification. Please feel free to circulate this document to your colleagues.

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### Health & Wellbeing in the profession

Last month's [Strategic Review](#) highlighted the retention of high calibre staff as a focus for a number of firms. With the exploration of new and innovative ways in which firms retain talent, it is unsurprising that firms are looking at the "health" and "wellbeing" of their staff.

**Stress reduction:** Firms are looking to reduce staff stress levels by monitoring their voices on the telephone via an app. The app monitors voices for stress levels, calculating fatigue by measuring a participant's cognitive function when using their phone. It aggregates data for firm's HR teams to review and potentially implement stress reduction strategies and also provides users with tips on sleeping and mindfulness, the full article can be accessed by registering with The Lawyer [here](#).

**Flexible working:** City firms are coming up with ways of offering job flexibility as staff laud the benefits. [Herbert Smith Freehills](#) for instance has become the latest firm to announce an initiative aimed at giving staff more control over when, how and where they work. Almost nine out of 10 staff they surveyed said the ability to work from home was somewhat or very important, and three-quarters said agile working enhanced productivity.

The Law Society has also launched the results of the 2014 PC holder survey - [Solicitors' health and well-being](#) which may assist in informing any future strategies.

- Good health: 85 per cent of solicitors reported being in good health, a slight fall from 88 per cent in 2013 but still four percentage points above figures for the working population nationally.
- Sick days: On average, those taking time off due to ill-health or injury took 5.7 days, a fall from 6.6 days in 2013.
- Work ethic: 39 per cent of solicitors reported going to work when sick leave should have been taken, a fall from 45 per cent in 2013.
- Stress levels: 96 per cent of solicitors said they experienced negative stress, with 19 per cent at 'severe' or 'extreme' levels, a slight increase from 16 per cent in 2013. Workload and client expectations were identified as the most common causes of stress in the Law Society's 2013 research.

[Managing and retaining talent in today's climate](#) features in the new [Law Society blog](#).

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### Targets for top female lawyers

Law firms could face new pressure to [promote women to senior posts](#) if a government-backed review of equality in business reports as expected. The Davies Review plans to publish its report in October which will recommend women make at least a quarter of executive posts at FTSE 100 companies. According to a [report](#) by the Davies Review published in March, British businesses were on track to achieving a 25% target for the number of women on FTSE 100 boards by the end of the year. Women accounted for 8.6% of executive directors, 3% of chairmen and 5% of chief executives.

Following the theme, a Law Society [mentoring scheme](#) for solicitors from minority groups looks to improve diversity at partnership and senior leadership levels. The scheme, in partnership with diversity and inclusion consultancy Brook Graham, is designed to support career progression for women, members of ethnic minorities, LGBT (lesbian, gay, bisexual and transgender) and disabled solicitors. To register as a mentor or mentee, see the Law Society [website](#).

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### Market conditions

The [Law Society City legal index](#) reports a fall in the number of deals in the first half of 2015 (Jan-June), and a slight increase towards the end of the period. The fall was widespread across sectors, although there was a particularly sharp fall in the number of deals in the energy and utility sector because of the fall in oil prices. There was also a decline in deals for the technology, media and telecoms sector compared to the particularly high level of deals in this sector last year.



There is evidence that the number of legal deals may be used as an indicator of the direction of future growth in the economy in six to nine months' time. If this is the case then the decrease in the number of deals over most of the first half of 2015, and increase towards the end of the period, may indicate that UK GDP growth could slow down in the third quarter of 2015 but begin to pick up again in the final quarter.

[A PWC report](#) offers further key messages on the economy:

- The UK economy slowed slightly in early 2015 but domestic demand growth remained relatively strong, helped by lower oil prices
- UK GDP growth to average around 2.6% in 2015, which could again be the fastest in the G7, before easing slightly to around 2.4% in 2016. Consumer spending and business investment will be the main drivers of UK growth in these years
- UK house price growth has moderated recently, particularly in London. But lack of supply means that we expect medium-term UK house price growth to average just over 5% per annum over the period to 2020
- The services sector will remain the main engine of UK growth for both output and employment, with manufacturing and construction growth having slowed since last summer

Both reports are further supported by national accountancy firm [Crowe Clark Whitehill's annual benchmarking report](#) indicating that while a number of law firms in England and Wales have seen a rise in turnover in 2015, a quarter have seen profits dip. Almost 40 per cent of firms, 30 per cent of which are based outside of London, also suffered from decreased profit per equity partner (PEP). However, the proportion of law firms reporting increased fee income rose for the second consecutive year to just under 85 per cent, up from 76 per cent in 2014.

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## Qualification by equivalent meant

When considering the recruitment of junior lawyers, firms face a growing number of options – trainees, paralegals, apprentices. Now a fourth option arises following the introduction of qualifying by Equivalent Means introduced by the SRA in 2014. In a recent article for the [Junior Lawyers Division](#), Robert Houchill outlines how in April this year he became the first person to qualify by showing past paralegal duties as having equivalence to one of the requirements to qualify as a solicitor. Whether this entrance route results in a rush to the SRA still remains to be seen.

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## Court Closure Consultation

The government plans to close 91 courts and tribunals across England and Wales, and integrate or merge 31 more. We want your views and case studies to help formulate our consultation response. Email us at [courtlosures@lawsociety.org.uk](mailto:courtlosures@lawsociety.org.uk).

For full details of MoJ's consultation on court closures click [here](#).

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## Practice notes

### [Information on letterheads, emails and websites](#)

- the information which you need to supply to your client in order to allow them to make informed decisions about the services they require and how these will be delivered
- the requirement for publicity not to be misleading and details as to what is considered to be publicity
- specific information for companies, partnerships, LLPs and registered European and foreign lawyers

### [Professional Indemnity Insurance](#)

- the regulatory requirements for professional indemnity insurance
- the minimum terms and conditions
- how much cover is required
- the market outlook

### [Protecting your firm if you fall victim to a scam](#)

- the regulatory and legal requirements that apply when a firm's client account has fallen victim to scammers
- overcoming problems which might otherwise lead to its failure and forced closure

Visit [the Law Society website](#) for a full list of practice notes.