

# Law Society response to the Industrial Strategy consultation

November 2024



## **1. How should the UK government identify the most important subsectors for delivering our objectives?**

The Government should look at a range of factors to identify the most important subsectors for delivering its objectives and achieving its mission of the highest sustained growth in the G7. This should include factors like the subsector's contribution to economic growth, role in trade and contribution to the UK's trade surplus.

It is also important to identify how each subsector interacts with other elements of our economy and the 8 industries identified within the wider Industrial Strategy. Not only is legal services an important subsector of the professional and business services (PBS) sector in its own right, but it also plays an essential and unique role in supporting other sectors of the economy to navigate risk, grow and thrive.

Law firms provide the advice and support that allows companies to grow, protect their intellectual property, navigate challenges and export their products and services across the world. In-house legal teams are also present in every major company within the UK, providing important counsel and advice to their companies in every sector.

That benefit can be seen in the key sectors where legal services are in high demand. The financial service activities sector and the human health activities sector represent respectively 9% and 7% of the total demand for legal services, showing how intrinsically linked the legal services sector is to the success of the other key sectors identified by the Industrial Strategy.

Subsectors should also be identified by their unique nature and intangible aspects that cannot be accounted for within the wider Industrial Strategy. For example, legal services are underpinned by unique infrastructure in our courts, judiciary and the value of English law and international confidence in doing business in the UK that the Strategy will need to account for if it is to properly and effectively encourage growth. The best way of doing so is by focusing on legal services as a key subsector.

By looking at direct and indirect contributions, as well as the unique nature of a subsector's contribution, the Government can better identify important areas of focus for delivering its objectives.

## **2. What are the most important subsectors and technologies that the UK government should focus on and why?**

### **Legal services**

Legal services are an important subsector of the wider PBS sector, due both to their value in and of themselves, but also their role in facilitating growth across the wider economy. Within the Industrial Strategy consultation paper, our legal system is already recognised for the important role it plays in underpinning the UK's global reputation for innovation. The Industrial Strategy should look to build on this by prioritising legal services as a key subsector.

The legal services sector itself is an engine for growth, from the international law firms based in our legal hubs like London and Cardiff, to the high street law firms providing access to justice through legal aid or supporting people to buy their family home.

Within the broader professional, scientific, and technical activities sectors of the economy, the legal activities sector is the second largest gross value added (GVA) producer, surpassed only by business and management consultancy services. It generates more GVA than the accounting, advertising, and architectural sectors.

Analysis done by the Law Society has found that legal services directly generate £44 billion in turnover, while contributing £34.2 billion in GVA to the economy. The sector has rapidly grown over the past ten years, with turnover increasing 45% between 2013 and 2022 according to analysis done by the Law Society.

Beyond that direct contribution, almost every major company in the UK relies on our sector to grow and navigate risk, either through the work of law firms or through their own dedicated in-house legal team. This adds up to 1.6% of the UK workforce employed by legal services in some capacity.

In addition to the 311,000 people the sector employs, it indirectly supports 215,000 people who work in legal occupations outside the legal sector. The contributions of all these workers indirectly linked to the sector come to an estimated £30.4 billion in turnover and £23.6 billion in GVA.

Combining the direct and indirect contribution of legal services to our economy, the total is £74.4 billion in turnover and £57.8 billion in GVA.

Legal services are also one of the remaining pillars of local economies and one of the few remaining PBS sectors that still has a presence on the high street, providing legal services in their local communities to those who need them and providing good, well-paying jobs outside of our city hubs. They also support local small businesses to grow, expand and handle the disputes or legal challenges that can crop up for enterprises of any size.

This contribution is not just domestic. Beyond our borders legal services exports reached a record high of £9.5 billion in 2023, creating a surplus of £7.6 billion.

Our legal services sector is the largest in Europe and the second largest in the world, only behind the US. The sector is a national champion with an international reach and one that stands ready to act as a partner for the Government's growth mission.

By supporting legal services in the Industrial Strategy, the Government can also help boost and support our wider economy that uses legal services too. Over 25% of solicitors work in-house, working directly for private companies and across the public sector.

In addition to this, much of the work law firms do is providing services to businesses across our wider economy. Nearly two-thirds (64%) of the turnover generated by the law firms segment of the legal services sector derives from business-to-business legal services, with the main activity being corporate or commercial law and alternative dispute resolution (ADR).

Legal services play a pivotal role in supporting growth across various sectors by providing the necessary framework for businesses to operate securely and efficiently. Here are some keyways in which legal services contribute to growth:

## **LawTech**

Legal services are a critical component of the PBS sector and within it LawTech is a basket of technologies where the UK Government should focus its attention through a subsector deal for legal services.

By investing and supporting the UK's LawTech sector, the Government will both give a growth boost to legal services and will help encourage an important sector of innovation in its own right. The Industrial Strategy already mentions capitalising on the UK's emerging strength in LawTech and the legal services sector is keen to take this forward.

The UK is a global leader in this space. Law Society research has previously found that the UK is one of the largest LawTech hubs in Europe and London is competing with global players like San Francisco and Singapore. Investment in the sector is projected to reach £2.2 billion by 2026, showing the growing interest in developing LawTech. Legal Geek, a startup focusing on legal technology, has mapped over 250 UK founded LawTech startups across the UK, showing the innovation that is already going on in this sector.

The legal sector already stands ready to make the most of LawTech. A Law Society survey found that 60% of solicitors intend to use LawTech more frequently in the next 5 years, while over 50% agree that it would increase their productivity.

Innovation in LawTech comes from all segments of the legal profession. SMEs and sole practitioners use their agility to test and adopt new technologies, large firms are building their own specialised technologies and carrying out innovation in AI, while in-house lawyers in tech companies and other industries help to manage risk and innovation in AI and other legal technologies.

By providing support for LawTech through the Industrial Strategy, and a subsector deal within it, the Government will be supporting an already growing sector, rather than having to encourage innovation from scratch.

However, the sector does need support to continue to grow as our global competitors are catching up to the UK, with other governments doing their best to foster innovation through grants and similar schemes, which the UK has not responded to.

## References

- <https://www.lawsociety.org.uk/topics/research/contribution-of-the-uk-legal-services-sector-to-the-uk-economy-report>
- <https://www.lawsociety.org.uk/topics/research/lawtech-comparative-analysis-of-legal-technology#:~:text=The%20main%20findings%20of%20the,a%20hub%20for%20legal%20technology>
- <https://lawtechuk.io/ecosystem/>
- <https://www.legalgeek.co/startup-map>

## 3. What are the UK's strengths and capabilities in these subsectors?

### Legal services

As the second largest market for legal services in the world, our strengths and capabilities in this subsector are substantial. Our strength in legal services helps other segments of the UK economy and also makes us an attractive country for investment from abroad. The

Government should seek to make the most of these unique advantages through a subsector deal with legal services.

In addition to the statistics noted previously, the UK is home to over 200 foreign law firms from around 40 jurisdictions - employing over 10,000 people - many of which have developed capabilities in both English law and the law of other jurisdictions. Over half of the revenue of the largest 100 firms in the UK is generated by international law firms based in London.

Legal services also make a wider social contribution. In addition to its economic contributions through paid services, the legal services sector significantly contributes through the provision of pro bono work. An estimated 68,000 solicitors provided a total of 1,562,000 hours of pro bono work valued at £474 million in 2022.

### **Strength of English law**

One of the key capabilities of the sector is the strength of English law which often regulates the contractual relations between parties of various nationalities, even when the matter has no connection to the UK, giving England and Wales a competitive global reach.

English law is used around the world by clients seeking a neutral law to govern their international commercial contracts. It is considered the industry standard in many sectors, including maritime, insurance and financial services.

English law facilitates a huge amount of commercial activity across many sectors as the governing law of choice for international transactions. It has been tested and proven to work. According to research by Oxera for LegalUK, English law likely governs at least:

- £250 billion of global mergers and acquisitions per year
- £80 billion of annual premiums on the London insurance market - the world's largest insurance/reinsurance hub
- 80% of global maritime deals from ship construction and leasing to shipping contracts
- 40% of global corporate arbitrations
- \$11.6 trillion of global metals trading in 2020
- \$92.4 billion of global oils and fats trading - 85% of the global market
- \$98.2 billion of global grain trade - 80% of the global market
- €661.5 trillion of global over-the-counter derivatives trading in 2018

English law is a national asset and one that the Government should seek to strengthen through its commitment to the rule of law, an utilise and support to the greatest extent to help further drive growth in legal services.

### **LawTech and legal technologies**

The UK's strengths and capabilities in LawTech and other technologies with a legal use are extensive, with the UK often cited as a hub of innovation in LawTech. Our previous answers outlined the statistics and data on the use of LawTech and other technologies by legal services. This response looks at the specific examples of the strengths and capacities within the sector.

The legal profession is a key driver for economic growth in support of our digital economy, with many firms developing their own products to drive innovation. Addleshaw Goddard has, for example, created an LLM based solution for chat and document review, while Dentons has launched a version of ChatGPT which will allow its lawyers to use generative AI on active client matters.

This type of innovation is allowing law firms to automate tasks like document analysis, access support with designing legal arguments and create other legal content. This will likely have a significant impact on the efficiency of the lawyers using these tools, allowing them to devote more time to their clients and increase productivity, creating value for their firms' clients and the wider economy.

Firms are continuing to test and use chatbots, LLMs and other new LawTech to boost their productivity and ability to serve their clients. Research by LexisNexis found that the use of generative AI by law firms had doubled in just 6 months and its use can be seen in law firms of all sizes and within in-house legal teams too, suggesting demand for LawTech from across our economy.

A subsector deal for legal services will help make the most of the unique advantages we have in LawTech and ensure the UK can continue to be a hub of innovation in these up-and-coming technologies. Supporting the UK's budding LawTech sector will also provide another boost and advantage to the UK's trade strategy as growing LawTech companies may look to export their services and products abroad.

## References

- <https://www.lawsociety.org.uk/campaigns/england-and-wales-global-legal-centre>
- <https://legaluk.org/wp-content/uploads/2021/09/The-value-of-English-law-to-the-UK-economy.pdf>
- <https://www.lexisnexis.co.uk/insights/lawyers-cross-into-the-new-era-of-generative-ai/index.html>

## 4. What are the key enablers and barriers to growth in these subsectors and how could the UK government address them?

### Legal services

While legal services are a significant engine for growth, there are steps the Government can take to unlock further growth through the Industrial Strategy. This is especially true of the SME segment of legal services, that is often based outside of London and in the regions of England and Wales.

The Law Society has commissioned qualitative research from YouGov to identify the barriers and challenges small and medium sized law firms are currently facing and are expected to face over the next 3 to 5 years. The recommendations below aimed at removing barriers and encouraging growth among SME law firms are informed by this research.

These barriers also extend to onerous levels of compliance, insurance costs and business overheads, which all provide a significant headwind against growth. We look at these issues and possible solutions further in the following questions.

## **Skills**

Currently, recruitment and retention represent significant challenges for firms, especially at mid to senior levels. Firms in the SME segment of the legal services market are seeing high staff turnover and unfilled positions that create further recruitment difficulties as staff become overworked to address gaps. This is a challenge in both England and Wales.

One way to help firms to address this in the Industrial Strategy is through helping the sector get the skills it needs by including training courses useful for legal firms in the new growth and skills levy. Another step the Government can take is tasking Skills England, once it has been established, with mapping where skills gaps exist in legal services and support the sector by including legal qualifications and skills in AI and LawTech within Skills England's list of levy eligible training.

Apprenticeships are also an important entryway into legal services for many, as well as a vehicle for social mobility by providing an alternative route from university into law. The Government should maintain financial incentives for firms to take on apprentices and ensure these are accessible for SME law firms.

In Wales, there are devolved challenges on skills for legal services that must also be addressed through the Industrial Strategy and in wider skills policy. The Law Society strongly believes that the implementation of a level 7, degree equivalent, legal apprenticeship (as is already available in England) is a Welsh Government policy decision that is vital to the transformation and sustainability of the legal sector in Wales.

These apprenticeships provide an invaluable opportunity to help law firms develop talent while simultaneously promoting social mobility and widening access to the profession. The unavailability of level 7 apprenticeships in Wales means Welsh students wishing to take advantage of this route are forced to move to England, when the Government could be giving them opportunities in their hometowns.

## **Courts infrastructure**

The significant value of legal services to our economy is underpinned by our legal infrastructure, which primarily means the courts system. However, while our legal system, judges and practitioners are world-leading, the physical infrastructure that supports them is far from it. In fact, the courts estate across England and Wales is literally crumbling.

If the Industrial Strategy is to effectively support legal services, it must recognise the foundational importance of the legal infrastructure that underpins our sector and set out plans to support it.

Given the unique nature of this infrastructure, and how it differs from traditional infrastructure like roads and power supply, a subsector deal for legal services would be the most effective way to address these issues.

The Government should use the Industrial Strategy to take a spend to save approach to our courts system. By investing in the physical state of our courts, it saves money in court



time lost to avoidable repairs and, in the civil sphere, helps businesses avoid losing time and money to court disputes that go on longer than necessary due to delays.

Across the country, courts from London to Blackpool and beyond have been closed due to issues with reinforced autoclaved aerated concrete (RAAC). Beyond the RAAC issue, the courts estate faces significant issues with disrepair. The Lady Chief Justice has said the courts face *"something like 100 unplanned courtroom closures every week"* due to avoidable maintenance issues. This matches with research carried out by the Law Society which found examples of regular delays to cases due to repair issues, including such serious incidents as air conditioning units falling on people.

The Rolls Building, which is meant to be a world leading facility that houses our commercial courts, had to be closed at one stage due to power outages. This sends a concerning message to international businesses, investors and individuals considering using English law and our courts. Parties from 78 countries used our commercial courts in 22/23 so it is very much the shop window of the UK economy.

The Industrial Strategy itself should recognise that the success of the PBS sector, and legal services within it, comes from the physical infrastructure of our courts system and should set out steps to maintain them through investment in repair, renewal and maintenance, so they can continue to be an asset and a magnet for investment.

The Government has taken welcome first steps to address this challenge by boosting the capital budget for the Ministry of Justice at the last Budget, but this must be maintained with ongoing funding clearly earmarked for court repair issues. A subsector deal would be an effective way to maintain momentum, monitor implementation and effectively support legal services to continue to drive growth.

## **LawTech and legal technologies**

Different sectors of legal services face differing barriers and opportunities on technology. Sole practitioners and SME law firms face particular barriers and challenges around technology adoption and digital literacy among their staff. These can be addressed through support on skills and through the steps we have suggested the Government take on LawTech earlier.

In-house lawyers may have more opportunities to use AI in their practice given the wider adoption of new technologies across their businesses, but specific challenges remain where legal functions may be considered costly and thus have less access to IT and engineering time to appropriately adopt AI in their work.

The Government should be mindful that legal practitioners can be found in the vast majority of businesses and within every sector within the UK. Consideration should be given to this within the Industrial Strategy and how its approach to the PBS sector will need to interlink with other industries and sectors.

Finally, on regulation and legal certainty more broadly, it is important we have a dynamic and open legal technology market to support the development of LawTech startups and encourage entrepreneurship which will benefit lawyers and firms who can choose products and services that are more fit for their needs and purposes in a competitive environment. The Government should consider working with the sector to ensure regulation around AI contributes to this.



## Barriers to trade in legal services

The ability of solicitors and law firms to operate in international markets is also a key enabler of growth. Conversely where considerable barriers to market access exist, the sector's growth is curtailed.

English law underpins a vast amount of economic activity globally, creating opportunities for the sector in several markets around the world. In some of these markets solicitors and law firms face significant barriers that hamper both their ability and the ability of their clients to take advantage of opportunities that exist for them. UK government support would help reduce these barriers.

These barriers include restrictions on the ability of solicitors to:

- a. advise clients on home-country laws, public and private international law;
- b. provide advice through commercial presence for firms, temporary practice (fly-in fly-out), establishment rights for individuals, as well as digital provision;
- c. travel on short-term business trips to provide legal services without the need for onerous visa or work permit processes;
- d. represent and advise their clients in arbitration, conciliation and mediation in international proceedings;
- e. act as arbitrators, mediators and conciliators;
- f. partner with, employ and be employed by local lawyers in foreign markets; and
- g. have a clear, transparent and proportionate path to requalification into the host state profession.

## 5. What are the most significant barriers to investment? Do they vary across the growth-driving sectors? What evidence can you share to illustrate this?

### Legal services and full expensing

One significant barrier to investment for legal services, especially the largest law firms, is that the tax system can disincentivise investment and create penalties for firms due to their structures. This is another example of where the sector would benefit from a dedicated sector deal.

For example, most of the largest law firms were excluded from one of the most generous recent tax incentives for investment: full expensing.

Currently, full expensing applies only to companies that pay corporation tax. Many law firms, including most of the largest and highest value law firms, operate under the partnership model and so partners are taxed individually. This means they do not pay corporation tax, instead contributing to the tax system individually, and so cannot access the scheme.

This creates an odd situation where other PBS companies like an insurance or consultancy company could invest in its IT infrastructure and receive the allowance, but a law firm next

door would be unable to. The Law Society has consulted several leading firms and practitioners who have near unanimously indicated that inclusion in the scheme would allow them to boost their investment and reap the rewards of increased productivity.

For example, one firm has told us the extension of full expensing would be worth a £50m write down over three years based on one project they have currently been undertaking, allowing them to substantially invest in and grow their firm.

The previous Government made full expensing permanent, but did not take into account the nature of our largest law firms and so excluded a productive and innovative sector of our economy from this benefit.

The Government must ensure the Industrial Strategy accounts for the ways law firms invest and how their structures engage with the tax system.

### **Supporting SME sized firms**

For smaller legal firms, the most significant barrier to investment is increasing financial pressures. Our 2023 YouGov research highlighted challenges around rising staff costs, managing the increase in interest rates, rising overheads with office upkeep and the increased cost of Professional Indemnity Insurance (PII) as some examples of the increasing financial costs of running a business.

The Industrial Strategy should include a focus on SME law firms and especially how those providing a public service can be best supported to grow as these firms are often engines of growth in their communities, providing skilled, good jobs throughout the UK's towns.

Our research also shows that these costs tend to be absorbed by firms and not passed on to clients. As a result, increasingly tight margins make further investment unlikely, or even impossible for many small legal firms putting their future viability at risk.

While the pressures of inflation and the cost-of-living crisis might slowly be easing, there are still business costs that disproportionately impact small law firms and curtail their ability to invest and grow.

Business rates continue to be one of the major business costs for firms with a high street presence. For many law firms, these costs are unavoidable due to a Legal Aid Agency requirement to have offices available to see clients in person.

We welcome the Government's commitment to reform business rates, starting this month with retail and hospitality businesses, however the Government should also consider rates relief for other sectors including legal services, and especially the legal aid sector.

Due to the unique characteristics and challenges faced by small legal firms, such as the high value of prime city centre locations, the Government should consider cutting business rates for small firms that provide legal aid services. This should apply especially in areas that are legal aid deserts - areas where there is little to no local legal aid provision. The Law Society has identified these deserts through a series of maps looking at different areas of civil legal aid provision.

Beyond this, the Government should also review the impact of the rise in National Insurance contributions on legal aid firms and how this is damaging the provision of a vital public service.

Firms are paid a fixed cost for legal aid work, however the NICs rise will mean they have to absorb this cost, while being unable to increase their revenue. Firms may have to cut back on staff or close altogether, impacting growth and further diminishing access to justice. The Government can address this by creating an exemption or rebate system for firms carrying out legal aid work.

### **Barriers to trade in legal services**

The legal services sector also faces barriers to investment when our members are unable to access international markets. English law underpins a vast amount of economic activity globally. In addition, clients travelling to the UK to receive legal advice and access the English courts create additional business for the sector.

The export of English and Welsh legal services is the window to our domestic justice system. In recent years our competitors in Singapore and the US have started to notice the severe decline of our courts and legal aid system. If the Government wants to maintain our position as the global jurisdiction of choice, we must face up to the reality that our justice system at home is at crisis point.

The UK's in-bound business mobility system is also a significant barrier to international investment. The Law Society would like to see the Department for Business and Trade work closely with the Home Office to reform how in-bound business mobility works in the UK. Over the past decade, any mobility has been tied into a narrative around immigration. For international investors to have the confidence they need to invest in the UK, they must be reassured that we can attract the talent we need.

Mobility is important to ensure that UK professionals can service global clients, and that the UK remains an attractive location for overseas professionals and businesses to come to practise.

### **References**

- <https://www.lawsociety.org.uk/campaigns/civil-justice/legal-aid-deserts>

## **6. Where you identified barriers which relate to people and skills (including issues such as delivery of employment support, careers, and skills provision), what UK government policy solutions could best address these?**

### **Legal services**

See our earlier response on how barriers around skills and careers could be addressed through government policy. In short, ensuring the legal services sector is properly recognised and supported within the new growth and skills levy and through the work of Skills England once established will be critical to unlocking further growth from the sector. Maintaining financial incentives for apprenticeships is also important to help keep open a vital alternative route from university into a legal career.

The Government should use the Industrial Strategy, and subsector deals to help support legal services at all levels with developing the skilled workforce it needs to maintain its globally leading position and make the best use of new innovations in LawTech and AI.

The Industrial Strategy must also address skills around innovation in AI and other digital technologies. We have also been supportive of existing government efforts to support AI-

related skills and training for SMEs, in particular through the £6.4 million AI Upskilling Fund to help small and medium-sized enterprises pay for AI-related skills training.

Further support for SMEs that fully fund skills training would be beneficial, particularly as the technology is rapidly changing. LawtechUK's funding runs until next year and the Government should continue this funding as part of efforts to encourage innovation with the Industrial Strategy.

### **Law firms and cybersecurity**

To help the UK maintain and grow its edge in LawTech and among new emerging legal technologies, the Government should support the sector with acquiring the digital skills firms and lawyers need to make the most of new technologies like AI. Our earlier response outlines the support the Government can put in place through the new skills levy and the work of Skills England.

Cybersecurity is another significant challenge and can be a barrier to law firms trying to innovate and make the most of new digital technologies. As the National Cyber Security Centre (NCSC) recently highlighted in its report on the threat to the legal sector, law firms routinely handle large volumes of money and highly sensitive information which can make them a target for cybercriminals.

Late last year, a cyberattack on an IT services provider supplying services to conveyancing and criminal legal aid firms caused significant disruption to law firms and consumers.

The Government can step in to help the sector overcome this barrier by supporting firms, especially small and medium sized ones, with cybersecurity. We know from the approach taken by the Welsh government, which has, in partnership with the Law Society, funded law firms based in Wales to access the Cyber Essentials and Cyber Essentials Plus certification, that this type of support is important and valuable to firms.

Wales has been a trailblazer within the UK on cybersecurity through this scheme and it provides a helpful blueprint that the UK Government could follow to roll out cybersecurity support to smaller law firms across England too.

Organisations that qualify for the programme receive around 20 hours of remote support with an adviser who supports them with implementing technical controls and making changes to their organisation's IT systems if needed.

However, places on the scheme are limited and, at present, only law firms that provide legal aid can apply. The Government should expand the programme to provide more places for legal SMEs to benefit from this valuable support on cybersecurity and roll it out across England to help firms there benefit from this important scheme.

### **Mobility**

To support UK growth overseas and give UK-based PBS firms the opportunity to service international clients as effectively as possible.

The Government must also clearly distinguish between migration and short-term business mobility, and seek reciprocal global mobility agreements, for all sectors, to facilitate short term business travel and intra-company transfers which are essential especially for UK PBS firms advising global clients.

Mobility is particularly important to professionals operating in the EU. The UK should seek improvements to the business mobility provisions contained in the EU-UK Trade and Cooperation Agreement (TCA), bearing in mind that Article 126 specifically earmarks the activities for short-term business visitors for review in 2026 “with a view to agreeing to possible improvements”.

The UK should also seek to negotiate a youth mobility scheme with the EU. This is particularly important to junior lawyers who are missing out on a key part of their training by being unable to complete work experience in the firm’s EU-based offices – something which has traditionally been an important part of many junior lawyers’ training.

The Law Society is currently consulting with large law firms on the impact of this loss of mobility for both the individual trainee’s experience and our international reputation. We will be able to provide more details on this shortly.

## **7. What more could be done to achieve a step change in employer investment in training in the growth-driving sectors?**

Law firms are already doing a great deal of work to invest in their staff and to encourage new talent into the sector through solicitor apprenticeships. Level 7 apprenticeships provide an alternative route into law and are a vehicle for social mobility for the profession.

Maintaining them, and making them accessible in Wales, is critical for maintaining levels of investment in training across the legal services sector. This has created a new skills and talent pipeline for the legal profession helping the sector to develop talent from school onwards. The Government should avoid shutting down this route into law as it may damage the growth prospects of the legal services sector.

More broadly, the Government can support and enhance employer investment in training within legal services by implementing the steps we outlined earlier. These were to include training courses useful for legal firms, including those in digital skills and LawTech, in the new growth and skills levy. The Government should also ensure Skills England is tasked with mapping where skills gaps exist in legal services and work with the sector to address this.

## **8. Where you identified barriers which relate to RDI and technology adoption and diffusion, what UK government policy solutions could best address these?**

While the UK is a hub of LawTech, the costs of innovation and of adopting new technologies is significant, especially for smaller firms. One way to address these costs is through a grant or loan scheme to help incentivise and manage the costs of tech adoption.

The Government could follow the example of Singapore: from 2019, Singapore’s Ministry of Law and the Law Society of Singapore jointly operated the Tech-celerate for Law scheme which provides grants to SME law firms covering 80% of the first-year costs of adopting LawTech, up to a maximum of S\$30,000 (around £16,500).

Following the end of the scheme in 2022, the Ministry of Law developed and launched the Legal Technology Platform, a matter management and collaboration tool aimed at supporting SME law firms with a funding programme covering up to 70% of qualifying costs of adopting select pre-scoped IT solutions, up to the same maximum.

The Hong Kong Innovation and Technology Commission has a similar Technology Voucher Programme that aims to support organisations in using technological services and solutions to improve productivity or upgrade their business processes, up to a maximum of HK\$600,000 (around £60,500).

A similar scheme in this country would benefit thousands of smaller law firms, especially those based in towns and in rural areas, helping to support new legal clusters and create more skilled and good jobs in the areas that need them.

For large firms, there remain regulatory and policy challenges when it comes to firms having the legal certainty required to maximise the potential of digital technologies. The Government can address this through the Industrial Strategy by highlighting and encouraging the work of the Digital Regulators Cooperation Forum which provides guidance for the sector.

The Industrial Strategy could also encourage the development of data standards to encourage machine readability of data for legal information service providers. This work could be encouraged through the AI Safety Institute. This would help support innovation within the legal sector and boost the services it provides to clients across the wider economy.

### **9. Where you identified barriers which relate to planning, infrastructure, and transport, what UK government policy solutions could best address these in addition to existing reforms? How can this best support regional growth?**

See our earlier response covering courts investment. The Industrial Strategy should recognise the unique infrastructure that underpins each of the 8 sectors and their component subsectors and set out policies to support them. The Strategy should explicitly acknowledge that the infrastructure for each sector will likely be different.

For the PBS sector and legal services within it, the infrastructure underpinning it is the physical state of our commercial, civil and criminal courts across the UK. The Strategy should set out how the state of our courts will be improved and maintained so legal services can keep its position as a global champion and continue to drive growth across the UK.

### **10. Do you have suggestions on where regulation can be reformed or introduced to encourage growth and innovation, including addressing any barriers you identified earlier?**

#### **LawTech and legal technologies**

The UK economy currently thrives in part because of the global reputation of English law – see our earlier responses outlining the significant contribution legal services makes through international trade. Key to this is legal certainty and ensuring that the legislative framework around data protection and use maintains the UK's Data Adequacy decision with the European Union.

Legal certainty regarding future data adequacy recognition helps provide the necessary confidence to UK businesses, lawyers, and clients to ensure that the UK, in particular England and Wales, remains the jurisdiction of choice for international data transfers and trade.



Proposed legislation in the past has threatened this. The previous Government's Data Protection and Digital Information Bill posed a significant risk to the UK's Data Adequacy decision.

The Government must ensure that when it brings forward legislation like the Data (Use and Access) Bill, it can provide cast iron assurances that the legislation will not risk data adequacy. We are already concerned that the Bill may cast doubt over that status and are urgently seeking reassurances from the Government on this.

If the UK was to lose its Data Adequacy decision, it would create a significant barrier to growth that may damage exports of legal services and the ability of the sector to attract investment.

### **In-bound business mobility**

We earlier identified restrictions on business mobility were flagged as a barrier to investment. The regulations around the UK's business visa scheme should be reformed to support in bound mobility.

To support UK growth overseas and give UK-based PBS firms the opportunity to service international clients as effectively as possible.

The UK's in-bound mobility system should allow clients litigating matters in court and seeking legal advice to travel to the UK without excessive barriers.

The Government must also clearly distinguish between migration and short-term business mobility, and seek reciprocal global mobility agreements, for all sectors, to facilitate short term business travel and intra-company transfers which are essential especially for UK PBS firms advising global clients.

The changes in UK immigration rules implemented in January 2024 represent a good starting point towards improving mobility. Among other things, these changes:

- Expand the activities permitted to professionals visiting the UK through Standard Visitors route, including visiting foreign lawyers;
- Allow intra corporate transferees to provide services to an external client - provided the activities are "incidental" to the visit;
- Clarify that people can work remotely while in the UK - provided remote work is "incidental" to the visit;
- Allow visitors travelling to the UK for Permitted Paid Engagement (for up to one month) to switch to the Standard Visitors route - ie. stay for an additional five months to carry out activities permitted for Standard visitors
- Allow speakers at conferences to be paid.

However, further improvements are needed, and Government should continue to engage with businesses on this. Any improvement to the UK's inbound mobility rules should be used as a basis to negotiate improvements to the mobility provisions in its trade arrangements with other countries, particularly the EU.

### **11. What are the main factors that influence businesses' investment decisions? Do these differ for the growth-driving sectors and based on the nature of the investment (e.g. buildings, machinery & equipment, vehicles, software, RDI,**

## **workforce skills) and types of firms (large, small, domestic, international, across different regions)?**

Legal services and the business models of law firms and sole practitioners can differ from the wider PBS sector. Our response earlier sets out how the structure of large law firms can exclude them from tax incentives, impacting business investment decisions.

In-house legal teams will also be working across a variety of sectors, industries and in business of all sizes outside of law firms. This is one factor for why legal services should be highlighted as an important sub-sector within the wider legal services sector.

When making decisions around investment in technology, skills and other areas, client confidentiality, legal privilege and other professional obligations are all paramount and these must be factored into wider business decisions.

For example, our members have informed us that there are occasions where it is clients that do not necessarily want to enable technology use or deployment for the delivery of legal services and advice.

All of the above is underpinned by the need for legal certainty and clarity on the regulatory and policy directions across government and digital regulators as well as legal regulators with regards to how investments and technology adoption plans should be put in place.

## **12. The UK government currently seeks to support growth through a range of financial instruments including grants, loans, guarantees and equity. Are there additional instruments of which you have experience in other jurisdictions, which could encourage strategic investment?**

Our response earlier outlined how other international jurisdictions are encouraging and supporting innovation in LawTech through strategic investment. To help seed growth in the UK's LawTech sector we should seek to emulate and learn from these examples.

Singapore and Hong Kong have both run grant schemes aimed at covering the cost of adopting LawTech for SMEs to help encourage innovation and to improve productivity. As part of the Industrial Strategy, the Government should review these schemes and roll out a similar version for the UK's LawTech sector to help it thrive and keep pace with our global competitors.

## **13. How can international partnerships (government-to-government or government-to business) support the Industrial Strategy?**

If the industrial strategy is to be "international from the start", it must address the current market access restrictions that are creating barriers to growth. The Law Society supports the Government's commitment to deliver the UK's Free Trade Agreement Negotiations Programme, including the Gulf Co-operation Council, India, Republic of Korea, Switzerland and Turkey, as well as resetting our relationship with the EU.

Encouraging trade in legal services presents a huge opportunity for the UK to grow our economy, support job creation and promote our jurisdiction as the leading place to do business. While the legal services sector already contributes significantly to our economy, there is untapped potential for an ambitious government to drive growth in legal services

as a trading opportunity which can deliver huge economic benefits to our economy and support public services.

It is vital that the UK Government effectively supports solicitors and law firms exporting services. Legal services consistently generate a trade surplus, helping to offset the UK's trade in goods deficit. Legal services exports reached £9.5 billion in 2023. The sector also provides crucial support to UK and multinational firms wanting to export.

In addition, English law underpins a vast amount of economic activity globally: for example, in 2019 English law governed around £250 billion of global mergers and acquisitions and 40% of global corporate arbitrations.

Free Trade Agreements (FTAs) with other countries can be a useful tool to support growth in legal services, and their provisions should protect and improve the ability for English and Welsh solicitors to:

- a) advise clients on home-country laws, public and private international law;
- b) provide advice through commercial presence for firms, temporary practice (fly-in fly-out), establishment rights for individuals, and digital provision;
- c) represent and advise their clients in arbitration, conciliation and mediation in international proceedings;
- d) act as arbitrators, mediators and conciliators, and partner with, employ and be employed by local lawyers in foreign markets; and
- e) have a clear, transparent and proportionate path to requalification into the host state profession.

In addition, FTAs (or other agreements) should include business mobility provisions which are suited to the way lawyers tend to operate in practice, by:

- a) providing greater transparency and clarity on immigration rules applying to the legal sector;
- b) allowing lawyers on short-term business trips to provide legal services under their home country title without the need for onerous visa or work permit processes; and
- c) facilitating secondments and intra-corporate transfers.

The UK Government should also dedicate appropriate resources to ensure foreign counterparts implement their commitments under FTAs once these have been signed and ratified. Effective processes should be in place to make sure cases of non-compliance are addressed in a timely fashion.

The Law Society welcomes the fact that several of the FTAs that the UK has signed so far contain provisions on legal services, protecting the ability of UK lawyers (including English and Welsh solicitors) to provide legal services relating to home country law (including English law) and public international law under their home country professional title: the EU-UK Trade and Cooperation Agreement, the UK's FTA with the EEA EFTA countries (Norway, Iceland and Liechtenstein) and its FTAs with Australia and New Zealand.

Importantly, these agreements protect the ability of UK lawyers to practise under home title (such as the right of an English solicitor to practise *as an English solicitor* in a foreign jurisdiction) independently of any arrangement for the recognition of professional qualifications and without the need to requalify into the host country's legal profession.

In addition, the provisions on Mutual Recognition of Professional Qualifications in the UK's FTA with the EEA EFTA countries, and in the UK-Switzerland RPQ Agreement, commit regulators in these countries to providing UK lawyers (and other UK professionals) with a clear and proportionate path to requalification into their respective legal (and other) professions. The Law Society has welcomed these agreements and considers the UK-Switzerland RPQ agreement as a model for negotiating effective MRPQ provisions with other international partners in the future.

However, while MRPQ is useful for our members looking to requalify in English speaking jurisdictions and certain EU member states, we are more concerned with securing better business mobility and market access so that members can practise English law and establish offices overseas. This includes tools like fly-in-fly-out, partnership and employment rights.

The UK-Switzerland Services Mobility Agreement contains (under Article 12 and Annex 1) helpful provisions allowing UK service providers (including lawyers) to enter Switzerland to provide services for up to 90 days per year through a streamlined online notification process and without the need for a short-stay permit. This is however a temporary agreement, which is due to expire at the end of 2025. It is important that its provisions are replicated in a UK-Switzerland FTA, so as to be made permanent, and also included in future FTAs with other countries.

Overall the FTAs and other arrangements that the UK has signed with international partners so far have had a relatively limited impact on the ability of English and Welsh solicitors and law firms to operate in foreign markets. This is because:

- a. While several of these agreements include provisions protecting the ability of UK lawyers to provide legal services relating to their home country law and public international law under their home title, these provisions in most cases clarify and lock in the level of market access afforded to all other foreign lawyers in those markets rather than improving access for the UK legal sector;
- b. With the exception of the UK-Switzerland Services Mobility Agreement (which is a temporary agreement), the provisions on business mobility in these agreements are largely disappointing for the sector, as they do not fit well with the way solicitors operate in practice, and they haven't removed the need for burdensome visa and work permit applications whenever solicitors wish to provide services to clients in foreign markets, whether on secondments or short-term business trips;
- c. Crucially, even in the cases in which agreements contain provisions improving market access and/or business mobility for solicitors, often the implementation of the relevant provisions in these agreements has taken several years, and in some cases there is still uncertainty as to how those provisions will work in practice;
- d. FTAs cannot directly address all market access barriers for the legal sector, as many of these occur "behind-the-border" - including domestic regulation in licensing, certification requirements and requalification conditions.

While FTAs can be a useful tool in supporting legal services exports, they should be accompanied by several other concrete initiatives in support of solicitors and law firms exporting their services. In fact, FTAs have a limited impact on legal services exports unless government also dedicates significant resources and attention to:

- a) Promoting constant regulatory dialogue to address “behind-the-border barriers;
- b) Providing English and Welsh solicitors and law firms operating abroad with sector-specific guidance on the regulatory regime, the immigration and business mobility rules that apply to them, and the routes to obtain visas and permits where needed.
- c) Supporting solicitors and law firms seeking to exploit business opportunities in foreign markets through financial grants and other initiatives that enable them to build connections with lawyers and potential clients in foreign markets – particularly for small- and medium-sized firms and those that are looking to export to a market for the first time.
- d) Ensuring the reputation of English law abroad is maintained and the UK judiciary is given the resources to retain its high standards.
- e) The UK has a visa policy that makes it easy for overseas clients to travel temporarily to the UK to receive legal advice and/or attend hearings in English courts.

In addition, exporters of legal services need support around three key areas:

- a) Knowledge – an understanding of rules and regulations impacting their ability to operate in foreign markets.
- b) Contacts – relations with colleagues and potential clients based overseas.
- c) Opportunities – increased exports by UK businesses means increased business for solicitors and law firms, as businesses need legal support when operating overseas.

It is also important that the industrial strategy is linked up with the FCDO’s Economic Diplomacy Review. The FCDO brings essential support to the Law Society’s international work and the ability of the legal services sector to access foreign markets.

The support from officials in post helps to coordinate VIP visits with business delegations to ensure that the importance of English and Welsh law is understood and opportunities are maximised.

The Government should have a coordinated approach across departments, building on the ongoing FCDO Economic Diplomacy Review process, ensuring staff in posts are trained to promote the jurisdiction to the local business community. Government should draw on the expertise of the UK legal profession, the Law Society and other relevant stakeholders in this process.

#### **14. Which international markets do you see as the greatest opportunity for the growth driving sectors and how does it differ by sector?**

Given the widespread use of English law globally, and its role as a facilitator of business and investment overseas, solicitors operate in a huge number of markets around the world. When we talk of “key international markets” in the context of this consultation response, we not only mean the markets with the most economic potential but also the markets where UK lawyers face significant barriers that hamper their ability (and the ability of their clients) to take advantage of opportunities that exist for them in those markets, and where UK Government support would help reduce these barriers.

In this sense, the key international markets for English and Welsh solicitors and law firms include:

- a) In the Americas: the United States and Brazil.

- b) In Europe: the EU (especially France, Germany, Luxembourg, Belgium, Greece, Spain, Italy and the Netherlands), Switzerland and Turkey.
- c) In the Middle East: Saudi Arabia and the United Arab Emirates (particularly Dubai).
- d) In Africa: Nigeria, Ghana, the East African Community and South Africa.
- e) In Asia Pacific: India, Singapore, Malaysia, Indonesia, Hong Kong, mainland China and Australia.

A number of these markets present barriers that cause issues for English and Welsh solicitors and law firms. Some of the most significant barriers include the following:

- a) In **India**, foreign lawyers including English and Welsh solicitors and law firms have for decades been prevented from establishing a presence, the only route to practice available being fly-in-fly-out. This has considerably restricted the opportunities available to the UK legal profession in the world's most populous country. The Bar Council of India (BCI) published in March 2023 new rules allowing for the first time the establishment of foreign lawyers and law firms. However, the full implementation of the new rules has been delayed, partly due to the lack of clarity around certain aspects of the rules and opposition from some Indian law firms, which have challenged the new rules in the courts alleging that the BCI does not have the power to open up the jurisdiction to foreign lawyers. The inclusion of legal services provisions in a UK-India FTA, allowing the establishment in the country of UK lawyers and law firms, would provide more certainty to the sector and create huge new opportunities.
- b) In **Nigeria**, foreign-qualified lawyers cannot practise law, including the law of their home jurisdiction, unless they undertake a bar course to requalify as a Nigerian lawyer, which is restricted to nationals of Nigeria. After many years of building good relations with the Nigerian Bar Association (NBA) and legal profession, the Law Society of England and Wales had made significant progress on working towards easing this barrier. Nigerian stakeholders were at a point where they proactively suggested discussing internationalisation of the Nigerian legal services sector under the UK-Nigeria Enhanced Trade and Investment Partnership (ETIP) agreement. This development was hampered by a backlash following misleading wording by the Nigerian and the previous UK Governments in the announcement of the ETIP agreement in March 2024: the agreement was interpreted as committing Nigeria from the outset to removing barriers to UK lawyers practising in the country. This caused huge concern within the Nigerian legal community and the NBA. It is important that the regulatory dialogue under the ETIP is used to seek to rebuild the relationships with the NBA and Nigerian stakeholders.
- c) In **Saudi Arabia**, the changes to the Code of Law Practice and the introduction of the Regional Headquarter Programme in 2022 and 2023 respectively have created opportunities but also new challenges for law firms seeking to support clients operating in the Middle East's largest economy. While foreign law firms can establish in the country provided they have a foreign law firm licence, there are several conditions that must be met to gain these licences - including restrictions regarding the structure of the firm and its staffing. Some of these restrictions are ill suited to the way law firms operate, and there is still a general lack of clarity around the way in which the new regulations are implemented in practice. As such, it is important an FTA between the UK and the Gulf Cooperation Council includes provisions promoting transparency in laws and their application, and streamlining processes for establishment of law firms and individuals. In addition, beyond the



textual content of the FTA, these negotiations should be used as an opportunity to facilitate engagement between UK stakeholders and Saudi regulators and discuss possible improvements to the licensing process.

- d) In the **European Union**, Brexit has considerably impacted the ability of the UK legal sector to access its largest single export market, which has historically accounted for around half of all legal services exports. While the EU directives, freedom of movement and general single market rules provided virtually unrestricted market access to the continent, solicitors now have to contend with a patchwork of 27 different national regulatory regimes, affecting their ability to travel on business and provide services across the EU. These disruptions mean more time and cost involved in understanding the new requirements, higher risk of non-compliance and disadvantages against EU competitors. As such, we call on the UK government to:
- a. Push for full implementation of the provisions in the EU-UK Trade and Cooperation Agreement (TCA) committing the UK and EU to “make publicly available information on relevant measures that pertain to the entry and temporary stay of natural persons of the other Party”, including documentation required, conditions to be met and maximum length of stay (Article 145); and
  - b. Negotiate substantial improvements to the TCA business mobility provisions when the TCA is reviewed in 2026, specifically by expanding the activities permitted to short-term business visitors without a visa or work permit (earmarked for review under Article 126) to include among these activities the provision of legal services under a lawyer’s home country professional title.
- e) English and Welsh solicitors and law firms operating in the **United States**, the largest legal market in the world, need to contend with a patchwork of 51 jurisdictions (50 States plus the District of Columbia), each with its own rules on foreign lawyers’ and law firms’ establishment and temporary practice. Given the similarities in the legal systems, requalification into one of the legal professions in the US (particularly New York) is valuable to many solicitors but currently difficult due to onerous requirements. It is important that the UK Government supports the UK legal profession in its efforts to reduce barriers in the US.
- f) **China** is a highly restrictive market for English and Welsh solicitors and UK law firms. Foreign law firms are not permitted to practise Chinese law, due to requirements that Chinese lawyers must surrender their practising certificate while working for a foreign firm and rules permitting only Chinese nationals to sit the Chinese bar exam. Other barriers, including restrictions on the number of offices foreign firms can open (maximum of three), lengthy delays in gaining approval to appoint new representatives and open new offices, and discriminatory tax treatment, further put UK law firms at a significant competitive disadvantage. While the joint law office model in the Shanghai Free Trade Zone and Greater Bay Area offers opportunities for UK firms to practise Chinese law through their partner firm, remaining restrictions mean that the model has not meaningfully evolved to the point of full joint practice.

- g) In **Brazil**, while foreign lawyers can practise, there are a number of restrictions that make practice for English and Welsh solicitors difficult. These include the fact that foreign lawyers cannot enter into partnerships with Brazilian lawyers or employ a Brazilian lawyer (unless that lawyer gives up his or her title and does not advise on Brazilian law). In addition, registration requirements for foreign lawyers are onerous, the approval process lengthy, and registration is required in each Brazilian State where a client is located – even to provide remote advice. While the UK-Brazil Joint Economic and Trade Committee (JETCO) has not met since 2020, and no trade negotiations are planned, it is important that the UK Government re-establishes some form of engagement with the country to address the current access barriers.
- h) The **Republic of Korea** is the first country to have liberalised its legal services sector through its FTAs, including the EU-South Korea FTA, rolled over into the UK-South Korea FTA in 2019. However, it has implemented its existing commitments narrowly and has not satisfactorily addressed the issue of joint practice between Korean and foreign lawyers, meaning that the market has yet to fully open. Due to the current restrictions, the return on investment for firms operating in the market is decreasing, and two large UK-headquartered international firms have left the jurisdiction in the past few years. The review of the UK-South Korea FTA provides a significant opportunity to address these issues and push for further liberalisation. The UK should take full advantage of this to press for ambitious provisions on legal services, removing existing restrictions on joint practice between Korean and UK lawyers, providing less burdensome requirements for UK lawyers and law firms practising in Korea on a permanent and temporary basis, and for those providing services digitally.
- i) Despite being a relatively open jurisdiction, **Japan** has a lengthy process to register foreign lawyers, who need to have their application approved by both the Japanese Ministry of Justice and the Japanese Federation of Bar Associations (JFBA). This creates challenges for English and Welsh solicitors and law firms, and is considered to be a primary reason for the low number of registered foreign lawyers currently practising in Japan. The Japanese Ministry of Justice introduced in July 2024 measures to streamline the process by which foreign lawyers register in Japan, reducing the number of documents law firms must submit on behalf of applicants and making it easier for foreign lawyers previously registered in Japan to reapply (these changes have yet to be adopted by the JFBA). However, even with these changes, the overall registration process remains costly and time consuming for UK law firms, and makes it difficult for them to attract and retain foreign lawyers in Japan.
- j) English and Welsh law firms operating in **Turkey** are restricted to providing legal consultancy services in relation to foreign law and international law, not Turkish law. They cannot hire Turkish lawyers, unless these lawyers accept to practise within the same limited scope, nor establish partnerships with Turkish lawyers, meaning they have limited opportunities to expand in the market. Negotiations for a UK-Turkey FTA should be used as an opportunity to address this barrier.
- k) English and Welsh law firms operating in **Singapore** and **Malaysia** are subject to several different licensing regimes which are onerous and negatively impact the commercial viability of these markets. In **Indonesia**, UK law firms have to operate

through an association with a local law firm, hampering the opportunities deriving from having integrated operations.

In addition, there are some general principles that the Government should keep in mind when pursuing growth through international partnerships: see our later answers on this.

### **15. How should the Industrial Strategy align with devolved government economic strategies and support the sectoral strengths of Scotland, Wales, and Northern Ireland?**

The Industrial Strategy must align with and complement the work being done by the devolved governments if it is to be a success. For legal services in Wales there is a significant opportunity to be grasped by the Industrial Strategy if the right steps are taken.

Legal services are an important part of the Welsh economy and the Industrial Strategy is an ideal moment for the Welsh Government to recognise the importance of the legal sector in Wales as a 'priority sector' akin to transport, tourism, and health. This would ensure the work done through the Industrial Strategy compliments the Welsh Government's economic priorities.

Better data is also needed if legal services in Wales are to achieve their role as a partner for growth. There is a paucity of disaggregated data on which to base policy decisions around the legal sector in Wales. The Industrial Strategy already recognises the importance of data and robust analysis in understanding the strengths of the UK economy and this data driven approach is desperately needed to support legal services in Wales.

For example, we do not currently know the total revenue of the legal sector in Wales or Wales' market share of major law firms or legal service providers. This makes it extremely difficult to understand both the challenges legal services face and the opportunities to enhance growth.

Rigorous and up-to-date data would allow the Law Society to work in partnership with Welsh Government to much better identify what action can be taken to better support legal services and to better establish Cardiff as a thriving and vibrant legal hub.

### **16. How can the Industrial Strategy Council best support the UK government to deliver and monitor the Industrial Strategy?**

The Council should make use of the expertise of the legal profession and sector, particularly those that are experts on technology and AI across different geographies in England and Wales, where certain parts of the legal profession may be strengths across different sectors.

By involving these experts, the Council will gain access to considerable insight that will help it to best support and deliver the Industrial Strategy.

As Government moves forward with negotiating and implementing trade agreements, they should consult with the Industrial Strategy Council to ensure that the priorities identified in the Industrial Strategy are carried through. The legal sector should be included in these discussions, with the recognition that English and Welsh law provides the framework for many international business deals and underpins the UK's economic growth.

## **17. How can the UK government improve the interface between the Industrial Strategy Council and government, business, local leaders and trade unions?**

Direct engagement through roundtables, workshops, open consultations and surveys would all be welcome. Working through the professional bodies like the Law Society would be helpful to build connections with lawyers, law firms and practitioners from across legal services.

It is particularly important for the UK government to work with the legal sector when it comes to international trade, trade promotion, Free Trade Agreements' implementation and introducing measures and financial grants to support exports.

## **18. How would you monitor and evaluate the Industrial Strategy, including metrics?**

### **Legal services**

When it comes to monitoring the impact of the Industrial Strategy, it will be important to consider the horizontal impact across sectors as well as the vertical impact within sectors.

Legal services is not only an important sector in its own right, but also an enabler of economic growth and activity across all other sectors of the economy, through the advice they provide to businesses on the everyday challenges they face.

The legal services sector also supports the ability of all sectors to trade and invest by providing the necessary framework for businesses to operate securely and efficiently. Legal services contribute to growth through advice, *inter alia*, on regulatory compliance, intellectual property protection, contract management, risk management, mergers and acquisitions (M&A), employment law, dispute resolution, strategic advisory and corporate governance.

When it comes to international growth, all sectors of the UK economy seeking to export and expand into new markets will face limitations in their ability to do so if their legal advisers of choice are unable to operate in key jurisdictions. Breaking down barriers to international market access for lawyers therefore opens new trade and investment opportunities for businesses in all sectors.

The Industrial Strategy will need to consider this indirect impact when measuring the success of the Industrial Strategy with respect to legal services.