

“How do you think Brexit will affect junior lawyers?”

Introduction

Brexit has been the topic on everyone's minds throughout the United Kingdom (hereafter UK) and even the World over the past few months and continues to be the worry of the 48.1% of Britons that longed to remain within the European Union¹ (hereafter EU) after the other 51.95% of British citizens won the vote to leave. Britain's vote to exit the EU has created a great deal of uncertainty amongst the nation.²

For Brexit to happen, Article 50 must first be triggered, which begins the two year period during which we must negotiate an exit agreement with the EU.³ The High Court has ruled that the triggering of Article 50 cannot be done without a vote of parliament, which was the Prime Minister's original intention by way of Royal Prerogative. It is speculated that this may delay Theresa May's plans for leaving by 2019.⁴

The consequences of the United Kingdom going solo are yet to be determined⁵ as the continuing nature of our relationship with the EU has not been negotiated⁶, but many are speculating that they have potential to be huge, affecting many industries and areas both inside and outside of the UK.

The pound has already dropped to its lowest in 30 years⁷ and the exchange rate for currency is plummeting more than ever⁸. Importing is predicted to become more expensive and will affect businesses and cause trade to suffer⁹ with the need for UK goods and services overseas set to decline.¹⁰ Some businesses have already indicated their costs have increased by the drop in sterling.¹¹

Time is yet to tell how jobs in the legal sector will be affected¹² as it largely depends on the outcome and consequences of the exit negotiations.¹³

¹ <http://www.independent.co.uk/news/uk/politics/brexit-eu-referendum-final-result-leave-campaign-secures-official-lead-a7099296.html>

² <https://www.nockolds.co.uk/stay-informed/blog/nockolds-blog/2016/06/24/the-impact-of-brexit-on-family-law>

³ <http://www.independent.co.uk/news/uk/politics/article-50-theresa-may-march-2017-brexit-a7341236.html>

⁴ <http://www.independent.co.uk/news/uk/politics/brexit-legal-challenge-latest-loses-verdict-theresa-may-article-50-parliament-approval-uk-eu-high-a7394856.html>

⁵ <https://www.parliament.uk/business/committees/committees-a-z/commons-select/justice-committee/news-parliament-2015/implications-brexit-inquiry-launch-16-17/>

⁶ <http://www.chambersstudent.co.uk/where-to-start/newsletter/the-effect-of-brexit-on-lawyers>

⁷ <http://www.bbc.co.uk/news/uk-politics-32810887>

⁸ <https://www.theguardian.com/business/2016/jun/23/british-pound-given-boost-by-projected-remain-win-in-eu-referendum>

⁹ THE UK LEGAL SERVICES SECTOR AND THE EU - An analysis by Oxford Economics, commissioned by the Law Society of England and Wales September 2015

¹⁰ <https://www.rpc.co.uk/perspectives/built-environment/building-on-brexit#page=1>

¹¹ <http://www.bbc.co.uk/news/uk-politics-32810887>

¹² <https://www.lawgazette.co.uk/comment-and-opinion/lawyers-guide-to-brexit/5057287.article>

¹³ <http://www.sra.org.uk/risk/resources/exiting-eu.page#start>

The law directly

It is thought that Brexit will affect the law in two ways. The first is via a change of legislation as a result of leaving the EU which could remove work layers or create additional work for lawyers who will be required to explain such changes to their clients.¹⁴ The second is a change commercially as businesses will be affected by the change in trading and investments.¹⁵ It is also considered by the Solicitors Regulatory Authority that the practising rights of lawyers could change in terms of where they can freely practise within the European Union.¹⁶

Areas such as employment law, competition law and intellectual property are heavily underpinned by European law and the departure from the EU means the UK law can change as parliament decides.¹⁷ Therefore the way that any related transactions or cases concerning these areas are carried out largely depends on the way the law will be rewritten, if at all. Jurisdictional and cross border work could also change or decline following Brexit.¹⁸

A Law Society commissioned economic analysis has concluded the legal sector will suffer more than the wider UK economy.¹⁹ It is expected that any growth of the legal sector will be slow and this is due to the reliance on the intermediate demand of other sectors that will be adversely affected by the UK leaving the EU, such as financial services.²⁰

There is no doubt that Brexit has created uncertainty amongst the legal profession.²¹ In terms of change, in the short term a lot of work could be available as businesses will want advice²² and Brexit will create a surge in demand for such legal advice.²³ However the long term is unpredictable as it is unclear what affect will be had on city firms, what will be available in this jurisdiction and where lawyers might qualify.²⁴

City and national firms

London, as it currently stands, has a global legal status due to the vast amount of international law firms and workers it has.²⁵ However this may change if the free movement of workers is revoked²⁶ or changes to the availability of visas are put into place.²⁷

¹⁴ <http://www.chambersstudent.co.uk/where-to-start/newsletter/the-effect-of-brex-it-on-lawyers>

¹⁵ <http://www.chambersstudent.co.uk/where-to-start/newsletter/the-effect-of-brex-it-on-lawyers>

¹⁶ <http://www.sra.org.uk/risk/resources/exiting-eu.page#start>

¹⁷ <http://www.bbc.co.uk/news/uk-politics-32810887>

¹⁸ <http://www.sra.org.uk/risk/resources/exiting-eu.page#start>

¹⁹ <http://www.lawsociety.org.uk/news/press-releases/economic-modelling-of-brex-it-implications-for-legal-services-sector/>

²⁰ <http://www.lawsociety.org.uk/news/press-releases/economic-modelling-of-brex-it-implications-for-legal-services-sector/>

²¹ <https://l2b.thelawyer.com/issues/l2b-online/law-firms-mull-pay-freezes-in-wake-of-brex-it/>

²² <http://www.bbc.co.uk/news/uk-politics-37682827>

²³ <https://www.lawsociety.org.uk/support-services/brex-it-and-the-legal-sector/>

²⁴ <http://www.bbc.co.uk/news/uk-politics-37682827>

²⁵ <http://communities.lawsociety.org.uk/ethnic-minority-lawyers/features-and-interviews/emld-features/brex-it-how-will-it-impact-the-profession/5057592.fullarticle>

²⁶ <http://communities.lawsociety.org.uk/ethnic-minority-lawyers/features-and-interviews/emld-features/brex-it-how-will-it-impact-the-profession/5057592.fullarticle>

²⁷ <https://www.lawgazette.co.uk/comment-and-opinion/students-heading-for-the-brex-it/5058648.article>

On the other hand it has been considered that in the long term, the legal profession will survive as it is always going to be geographically linked with the UK and the success of non-EU firms such as those from America have thrived in the UK without being connected via the EU.²⁸

However the number of lawyers specialising in European or competition law in London could decrease upon Brexit,²⁹ or such work could be exported to offices within Europe, rendering the need for such work in London none existent as the need for compliance with EU competition rules will have been removed upon the UK exit.³⁰

However it is thought that London will change, but won't necessarily be weakened as a result of Brexit due to the many advantages it holds such as its language and the amount of readily available first class lawyers.³¹ One commentator believes English Law will still be the main choice for many matters, including financial, due to its predictability and the expertise of the lawyers involved.³²

National firms may be less affected if most of their work comes from national clients, although skilled employees from outside the UK may be forced to leave should the ability to move freely be taken away.³³

Businesses

Changes triggered by Brexit could result in huge administrative costs for businesses and as a result the lawyers role in areas such as property, finance, investment and trade could be adversely affected.³⁴

Many multi-national companies may decide that the post-Brexit UK is too much of a hassle to remain part of and decide to abandon any bases in the UK³⁵ and changes in commercial activity would mean less work for commercial lawyers.³⁶ However work such as insolvency is speculated to remain a safe area.³⁷

Junior Lawyers

The vote to leave the EU has created a great deal of uncertainty for junior lawyers³⁸ which encompasses a wide range of ages and career stages including students, trainees and newly qualified solicitors.

²⁸ <https://www.lawgazette.co.uk/comment-and-opinion/lawyers-guide-to-brexit/5057287.article>

²⁹ <https://www.lawgazette.co.uk/comment-and-opinion/students-heading-for-the-brexit/5058648.article>

³⁰ <https://www.lawgazette.co.uk/comment-and-opinion/students-heading-for-the-brexit/5058648.article>

³¹ http://www.freshfields.com/uploadedFiles/SiteWide/Campaigns/Brexit/content/FBD_Beyond_Brexit.pdf

³² http://www.freshfields.com/uploadedFiles/SiteWide/Campaigns/Brexit/content/FBD_Beyond_Brexit.pdf

³³ <http://communities.lawsociety.org.uk/ethnic-minority-lawyers/features-and-interviews/emld-features/brexit-how-will-it-impact-the-profession/5057592.fullarticle>

³⁴ <http://www.chambersstudent.co.uk/where-to-start/newsletter/the-effect-of-brexit-on-lawyers>

³⁵ <http://www.chambersstudent.co.uk/where-to-start/newsletter/the-effect-of-brexit-on-lawyers>

³⁶ <http://www.chambersstudent.co.uk/where-to-start/trends-affecting-the-legal-profession>

³⁷ <http://www.chambersstudent.co.uk/where-to-start/trends-affecting-the-legal-profession>

³⁸ <http://communities.lawsociety.org.uk/junior-lawyers/news/news-archive/uncertainty-for-junior-lawyers-following-brexit-vote/5056100.fullarticle>

Students

European law is studied by Law Undergraduates as part of their core law subjects which teaches how the EU underpins the law we have in the UK. Following Brexit, this may change and the entire subject could be completely different, although the SRA has confirmed that it will remain a compulsory subject.³⁹

A large majority of students studying law at university, particularly in London, come from European countries and go on to qualify here in the UK.⁴⁰ Following Brexit, the amount of students coming from abroad to study law and remain here could drop dramatically if not all together depending how Visas are negotiated upon exit.⁴¹

In terms of law students looking to obtain training contracts, there are already less training contracts on offer than there are law students⁴² and if we experience another recession as a result of the UK leaving the EU, this could affect training contract rates as it did during the recession of 2008.⁴³

The geographical area that is likely to be most affected by Brexit is the City as EU trainees make up to 20% of London's trainee intake and this is likely to be affected if their eligibility to work in the UK is taken away.⁴⁴

As firms are exercising caution and are waiting for the consequences of Brexit to unfold, trainees might struggle to obtain contracts if the firms are uncertain of the future of their firm and whether it can be sustained following Brexit changes.⁴⁵

Less trainee positions available is also likely to result in a further increase into the competition that already exists amongst law students and paralegals looking to secure training contracts.⁴⁶ Students are already worrying about the implications of Brexit on training contracts⁴⁷ and will need to do more to differentiate themselves from their peers and stand out to the firms they wish to work for.⁴⁸

However, firms may be unable to recruit European students for training should the free movement of people change,⁴⁹ which would open up more training contract places for British students which is an advantage to them.

³⁹ <http://www.sra.org.uk/risk/resources/exiting-eu.page#start>

⁴⁰ <https://www.lawgazette.co.uk/comment-and-opinion/students-heading-for-the-brexit/5058648.article>

⁴¹ <https://www.lawgazette.co.uk/comment-and-opinion/students-heading-for-the-brexit/5058648.article>

⁴² <https://www.theguardian.com/careers/careers-blog/getting-legal-training-contract-without>

⁴³ <https://l2b.thelawyer.com/issues/l2b-online/training-contract-vacancies-slump-as-recession-bites/>

⁴⁴ <http://www.legalcheek.com/2016/06/london-law-firms-to-cut-back-on-eu-trainees-following-brexit/>

⁴⁵ <http://www.legalcheek.com/2016/06/london-law-firms-to-cut-back-on-eu-trainees-following-brexit/>

⁴⁶ <http://www.chambersstudent.co.uk/where-to-start/trends-affecting-the-legal-profession>

⁴⁷ <https://www.thestudentroom.co.uk/showthread.php?t=4184505>

⁴⁸ <http://www.legalcheek.com/lc-careers-posts/how-students-can-turn-brexit-to-their-advantage-when-applying-for-training-contracts/>

⁴⁹ <http://www.sra.org.uk/risk/resources/exiting-eu.page#start>

Trainees

Trainees lucky enough to have a training position already could struggle to find a job post-qualification if the number of newly qualified positions decreases even more than the already low retention rate following Brexit.⁵⁰

Trainees with no hope of a job at their training firm will turn to other firms for jobs and will face the same competition as others in the same position. The pool of hopefuls will become saturated and each individual will need to stand out if they want any hope of gaining a job anywhere.⁵¹

Trainees in the fortunate position of being able to experience a secondment at an international firm, may not be able to do as easily if the borders to EU countries are harder to cross as the current single market allows lawyers to cross borders readily.⁵²

Newly qualified solicitors

Those that already have a position post-qualification should in theory be in a better position than their younger peers. For newly qualified solicitors (hereafter NQs), the increase in salary is a welcome one and the prospects of climbing the ladder are even more attractive.

However, a survey conducted by The Lawyers Salary found that Brexit was the second biggest worry for junior lawyers looking to progress their careers⁵³ and some even feared redundancy as a result of Brexit.⁵⁴

But as law firms are holding back in terms of expenditure in light of the Brexit economy, the likelihood of promotions or salary increases are slim as firms are implementing pay freezes in the wake of any changes⁵⁵ and this is already on the radar of NQs who cite this as a worry, but would rather keep their old salary than risk being made redundant.⁵⁶

Furthermore, any NQs hoping to practise European or competition law will struggle as their niche client base could be taken away with Brexit.⁵⁷

On the other hand, arguably if the free movement of lawyers is revoked, law firms could struggle to retain their skilled workforce as it currently stands and would therefore have no choice but to seek such skill from inside the UK.⁵⁸ This may produce more jobs for newly qualified solicitors and could be an advantage of Brexit for NQs.

⁵⁰ <https://www.lawgazette.co.uk/news/trainee-retention-rate-slips-at-magic-circle-giants/5054318.article>

⁵¹ <http://www.legalcheek.com/lc-careers-posts/how-students-can-turn-brex-it-to-their-advantage-when-applying-for-training-contracts/>

⁵² <https://www.lawgazette.co.uk/analysis/eu-withdrawal-at-what-price-for-lawyers/68469.fullarticle>

⁵³ <http://uklawyersdirectory.co.uk/news/brex-it-tops-list-of-junior-lawyers-career-concerns/>

⁵⁴ <https://l2b.thelawyer.com/brex-it-tops-list-junior-lawyers-fears/>

⁵⁵ <https://l2b.thelawyer.com/issues/l2b-online/law-firms-mull-pay-freezes-in-wake-of-brex-it/>

⁵⁶ <https://l2b.thelawyer.com/brex-it-tops-list-junior-lawyers-fears/>

⁵⁷ <https://www.lawgazette.co.uk/analysis/eu-withdrawal-at-what-price-for-lawyers/68469.fullarticle>

⁵⁸ <http://communities.lawsociety.org.uk/ethnic-minority-lawyers/features-and-interviews/emld-features/brex-it-how-will-it-impact-the-profession/5057592.fullarticle>

Conclusion

All of the above considerations hinge on how the UK Government negotiates the exit terms with the EU,⁵⁹ however the feeling seems to be that as nobody has ever left the EU before, they will not take it favourably.⁶⁰

As detailed above, the effects at their worse could significantly reduce the amount of work available to many areas within the legal sector and lack of work usually means a cut in the amount of jobs or promotions available. This could result in junior lawyers struggling to secure a training contract or a newly qualified job.

On the other hand, the reduction in EU nationals competing for such positions could result in less competition for UK applicants,⁶¹ and the increase in work subsequent to Brexit could mean trainees and NQs won't suffer as the work will be there and firms will need the assistance of trainees and NQ jobs will be available.⁶²

It is too soon to measure the effect that Brexit might have on the legal sector and the jobs available to junior lawyers and as it could take up to 6 years before negotiations are finalised⁶³ for us to fully know the consequences, for now we can only speculate what they might be as a result of the UK exiting the EU.

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⁵⁹ <https://www.lawgazette.co.uk/analysis/eu-withdrawal-at-what-price-for-lawyers/68469.article>

⁶⁰ <http://www.bbc.co.uk/news/uk-politics-32810887>

⁶¹ <http://www.legalcheek.com/2016/06/london-law-firms-to-cut-back-on-eu-trainees-following-brexit/>

⁶² <http://www.legalcheek.com/lc-careers-posts/how-students-can-turn-brexit-to-their-advantage-when-applying-for-training-contracts/>

⁶³ <http://www.bbc.co.uk/news/uk-politics-32810887>