

LMS Quarterly Pulse survey – January to March 2021

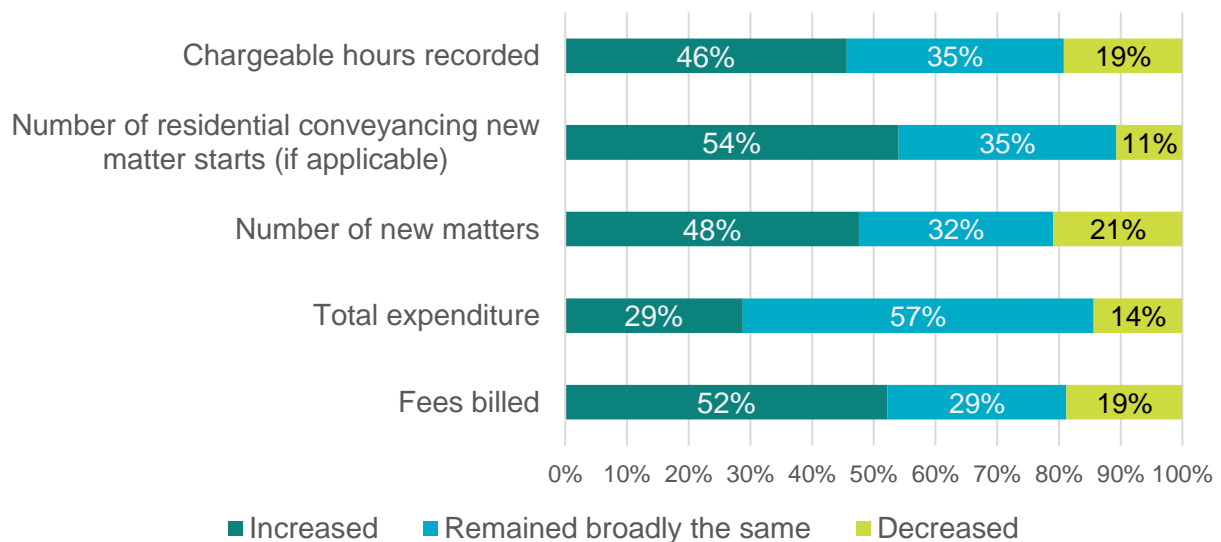
For the last 20 years the Law Management Section has undertaken an annual Financial Benchmarking Survey. It is the leading survey for medium sized and smaller firms in England & Wales, providing participants with a bespoke report showing how their firm compares to similar firms.

To compliment insights from the annual survey, the LMS and the Law Society's Futures & Insights team have developed a quarterly pulse survey to provide a timely barometer of business conditions for small and medium sized solicitor firms.

This paper reports on firms' experiences of Quarter 1, 2021. 319 firms participated.

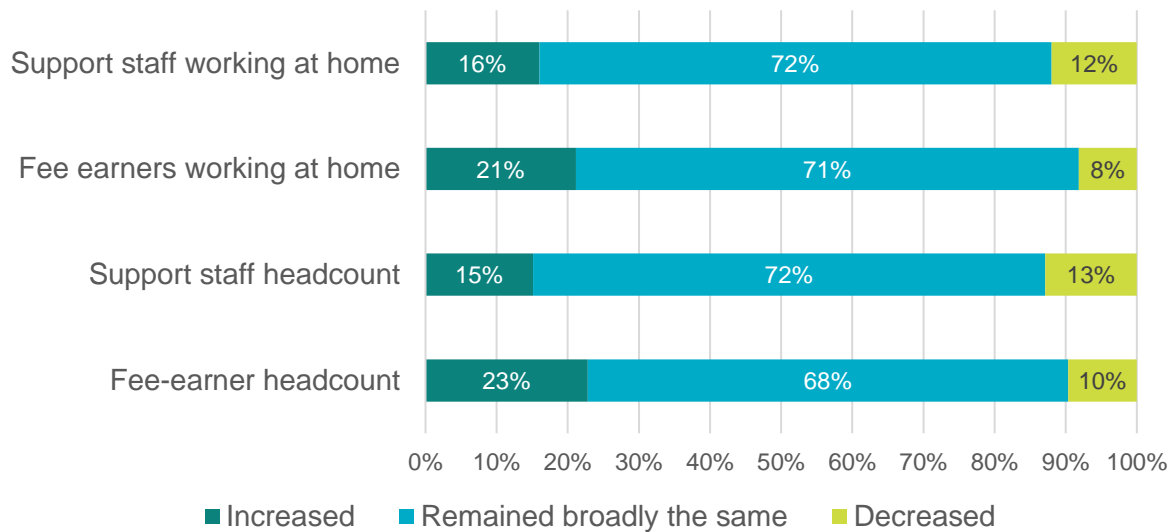
Income, expenditure and new work

- Compared to the previous quarter, around half of firms had experienced increases to new work (48%) and in fees billed (52%). Of firms offering residential conveyancing, 54% saw an increase in new matter starts for this area.
- Around one-fifth of firms reporting decreases in relation to new work coming in (21%), chargeable hours recorded (19%) and fees billed (19%).



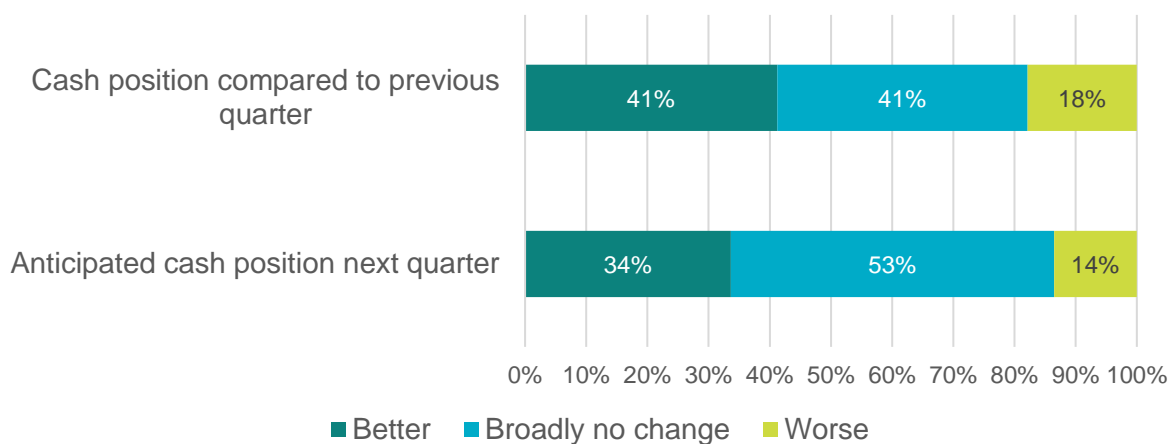
Staffing and office space

- For the majority of the 319 participating firms, staffing and office space had remained the same as the previous quarter.
- 4% firms reported redundancies during the January to March quarter.
- Of firms with physical premises (93%), 15% had reduced their office space and 10% anticipated a reduction in the next quarter.



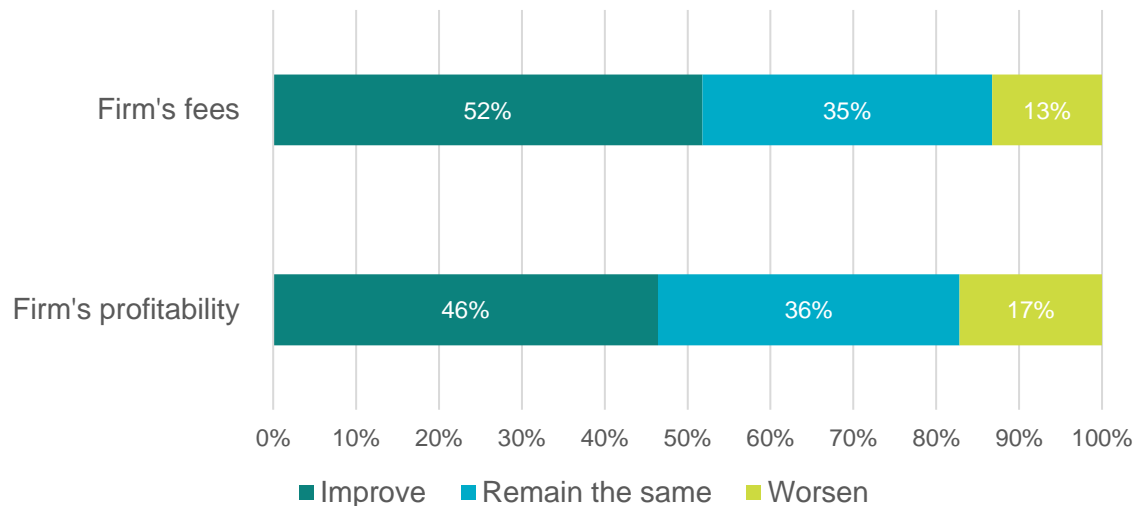
Cash position

- 41% of the 319 participating firms reported a better cash position compared to the previous quarter, 18% reported a worse position.
- Of the 148 firms (46%) which took a CBILS loan, 45% have used the loan.



Business confidence

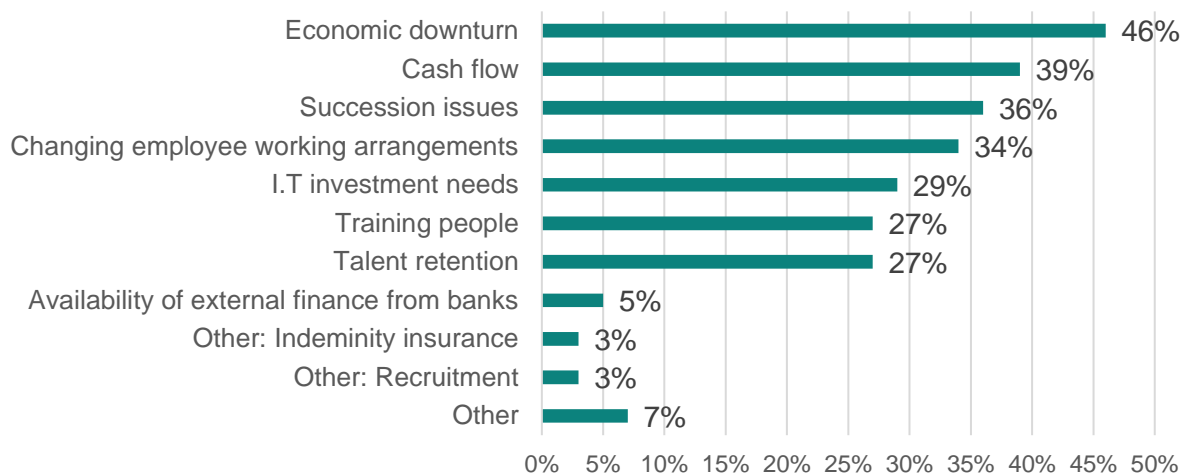
- Businesses were confident in their outlook for the next twelve months, with around half predicting an improvement in firm's fees (52%) and profitability (46%).



Challenges

- Looking ahead to the next 12 months, an economic downturn and cashflow were the most commonly cited challenges for firms over the next year.

Areas seen as major challenges for businesses over the next year



'Other' included

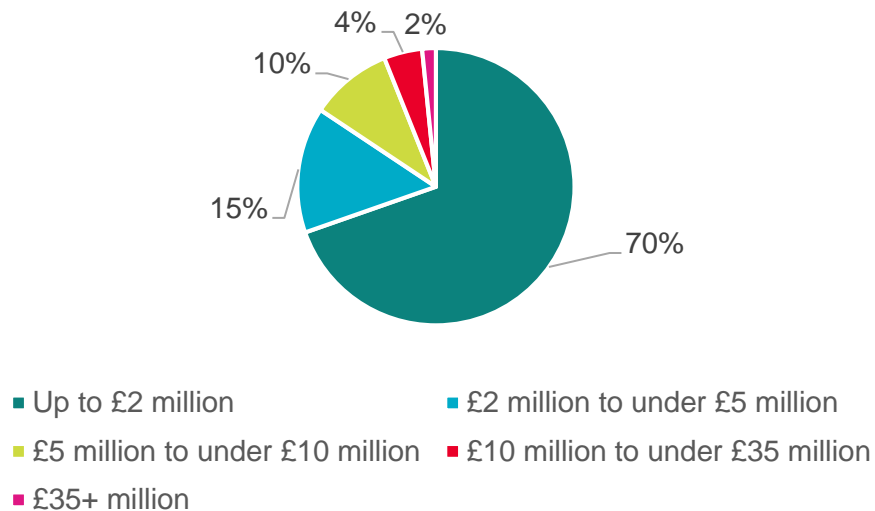
- Workload (either too much or too little work),
- Managing staff remotely
'training, supervising and managing employees remotely, maintaining team spirit with some working at home and others in the office, keeping on top of the changing covid guidelines and risk assessment',
- *'Online competitors and external agencies with long delays'*,
- Takeover

- Bureaucracy and regulation
- Panel requirements and restrictions – *'We are not in the panel of all high street lenders, due to the issue we can't accept all the instructions .This is a major issue facing by small and medium size firms' and client budgets'.*

Participating firms

A big thank you to the 319 firms who took part in the first pulse survey. This survey provides insight into how your firm compares with other SMEs in the sector. With an improved understanding of the experiences and challenges of SME law firms, the Law Management Section is better placed to support you and your business going forward.

Total turnover for the past financial year



Paul Bennett, Chair of the Law Management Section

'The Law Management Section Pulse Survey is new and intended to support the profession with some detailed data collection on current issues every quarter. We are delighted with the level of response and would encourage firms to participate next time and to help us grow the survey so they have the chance to help shape the knowledge of the current issues'.

Sponsored by



Darren Cable, UK Head of Legal at Lloyds Bank, added: “It is great to see that the Law Management Section have developed this pulse survey, which provides a vital snap shot of the business conditions for small and medium sized firms. The impact of the pandemic has meant that many of the traditional norms have been challenged and the economic outlook has remained uncertain. Firms will need to adapted to these new conditions and our team of Lexcel-trained industry experts continue to work closely with businesses across the legal profession, providing the funding and tailored support to help them look forward to a brighter future and help Britain recover.”