

Legal Recruitment News - 15th September 2022

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Good morning and welcome to the September 2022 edition of Legal Recruitment News. It includes our legal job market report, locum hourly rates, investing in law firms, CV writing advice, becoming a partner, our charity donation, and more.

Legal Job Market Report - September 2022

Here is our summary of the current state of the legal job market:

Locum Recruitment - Busy

The market has finally quietened down a bit, after an incredibly busy summer. Remote working is still of course the primary requirement for a lot of locums, and we still find it much easier to source remote working locums than office based in most areas of the UK. All areas of locum work remain busy, although we have not seen as much corporate commercial in recent times. Notable exceptions as usual are personal injury and employment law.

Locum assignment updates here: <https://www.interimlawyers.co.uk/category/locum-solicitor-updates/>

Permanent Recruitment - Very Busy

Finding PAYE/salaried staff for any jobs at the moment remains hard work - last month we only had 35 new candidates registering, which is the second lowest figure for a very long time indeed. We are however starting to see a bit of an uptake in expressions of interest for new roles coming in. Difficulties still arise primarily around remote working and salary expectations. Most recruitment for us is taking place from our database of existing candidates rather than job posting, which remains limited in its effect generally.

Vacancies can be viewed here: <https://www.ten-percent.co.uk/vacancies/>

Law Firms for Sale - Busy

Picking up after the summer break as buyers get back to the office and find we have a new batch of firms for sale and sellers chase up progress after their holidays! A number of firms have completed over the summer but there are a new batch of firms on the market now.

Full list of firms for sale at <https://www.jonathanfagan.co.uk/law-accountancy-firms-for-sale/>. For valuations, exit planning or a confidential discussion about a potential sale or acquisition generally please ring 01824 780937 and speak to Jonathan Fagan or email jf@jonathanfagan.co.uk

Ten Percent Legal Recruitment Statistics

General Statistics for August 2022 (bracketed number is for August 2021)

New permanent vacancies added: 34 (27)

New locum vacancies added: 60 (44)

New candidates registering: 35 (43)

KPMG & REC Report on Jobs UK September 2022

Summary

Permanent placement growth remains subdued

Temp billings expand at softest rate since February 2021

Vacancy growth slips to 18-month low

Commentary from Claire Warnes, Head of Education, Skills and Productivity at KPMG UK

"Unsurprisingly, the economic uncertainty continues to impact all aspects of business as we come to the end of the summer. August's data show an increasingly challenging jobs market, both in the sharp decline in the supply of candidates and in the slowdown in recruitment which we have seen for the last few months."

Commentary from Kate Shoesmith, REC Deputy CEO

"August was another month of growing placements across temporary and permanent roles. While the post-pandemic jobs rush is now abating, there were no real signs of a slowdown in employer demand. Indeed, reports from REC members suggest that any lowering of confidence in the market is driven primarily by candidates playing it safe, with the effect of further tightening the market. So it's no surprise that pay rates continue to rise, especially considering increasing inflation."



Hourly Rates of Pay for Locum Solicitors and Legal Executives

September 2022 Locum Hourly Rates - Solicitors and Legal Executives

NB: Remote Working Role rates are about 10% lower.

Child Care - £40-£50 per hour.

Civil Litigation – £32-£37 per hour.

Commercial Contract - £35-£75 per hour

Commercial Litigation – £35-£75 per hour.

Company Commercial – £50-£90 per hour.

Construction (non-contentious) £60-£75, (contentious) £45-£60 per hour

Conveyancing - £35 per hour and upwards (NB rates now a minimum of £40-45 per hour for office based annual leave cover until the end of September)

Commercial Property – £45-£60 per hour

Employment Solicitors – £30-£45 per hour.

Family Solicitors – £32-£40 per hour.

In House Counsel: 0-3 years PQE – £35-£50 per hour,

In House Counsel: 3+ years PQE – £50-£95 per hour

In House Interim Lawyers (SMEs) - £50-£75 per hour

Insolvency - £45-£55 per hour.

IP - £55-80 per hour

Personal Injury and Clinical Negligence – 3+ years PQE – £35-£45 per hour.

Professional Negligence - £45-£55 per hour.

Wills & Probate – £45-£60 per hour.

We have an online calculator to convert hourly rates to salary equivalents [-click here](#).

NB all rates exclude agency fees. The rates are for self-employed locums billing firms directly on a weekly basis. These are the ranges we have seen over the last 30 days from assignments.

Is a law firm a good investment?

I was asked this question earlier in the week by an investor looking to enter the legal market - do law firms constitute a 'good' investment?

This question comes up usually from external investors and the person asking the question will usually be expecting to be purchasing a law firm with fully functioning departments, staff in place and plenty of steady streams of work. They will often want to know what sort of return they will get on their investment and the typical profit margins. Law firms do not usually have the benefit of gross recurring fees to provide a consistent income, unlike accountants and tend to be dependent on a continuing stream of new business coming through the door.

The reality of investing in a law firm is somewhat different from expectations, for the following reasons:

Law firm value is almost completely dependent on the staff team

I am never sure if owners of law firms always appreciate this, but the value of your firm is almost completely dependent on the team of staff who run it for you. If you take away the staff and are left with files and a structure, then your law firm has a very reduced value. Files do not make money on their own and neither does the structure of a law firm. If you are looking to invest into a law firm, then essentially you are looking to take over a team of staff in order to continue to generate income for the law firm and yourself. Without the staff, you have no income.

Recruiting into law firms at the moment is notoriously difficult due to the huge gap in expectations between employees and employers in relation to conditions and also salary levels. The risk with investing into a law firm at the smaller sized end is that you will not be able to retain the existing staff and subsequently will need to enter the recruitment market to keep the business going.

Profit margins can be very tight

Quite a lot of law firm purchases at the lower end of the market are done with the expectation of being able to trim the costs, merge into a larger operation to reduce overall administration and to use the new acquisition as a branch of the larger organisation. This is fine, but if the owner is retiring and virtually all the work has been undertaken by them as the fee earner, the new owner will need to quickly source a replacement lawyer which can prove difficult and also reduce profit margins quite drastically. If someone is recruited at a senior level to run the firm and the caseload, it will reduce the profit margins somewhat.

ABS structure

It is difficult for a non-lawyer to own an interest in an SRA regulated solicitors' firm that does not have ABS status. If an external investor seeks to acquire a standard law firm, they will need to change the structure in order to take a share. This will involve converting the practice to ABS status (alternative business structure). This involves quite a bit of regulatory work, and costs somewhere in the region of about £4-£8k on the complexity and whether or not you get consultants in to do it. It seems to take a minimum of six to nine months on average to get this through. This of course is perfectly possible to do, and is quite often something undertaken by larger investors acquiring larger size law firms, but it is a bit restrictive for somebody looking to take over a smaller practice, because it does ramp up the costs somewhat.

Summary

Are law firms a good investment? Yes in the right circumstances and definitely not in other circumstances. Purchasing a law firm as an external investor is something that is possible to do, but it is not as straightforward as purchasing other businesses, because there are quite a lot of different hoops to jump through. For most people the regulatory steps can make a purchase somewhat prohibitive unless you are looking at a good sized investment.

What makes a good legal CV?

As recruitment consultants we see tonnes of CVs from lawyers and solicitors every day of the week, and after 20 years of recruiting we know what makes a good CV and what makes a really bad one.

Bad CVs

Let's start with a really bad one. For law students making applications for entry jobs into the profession, a bad CV is one that has absolutely no legal experience on it, or at least no visible legal experience in a practical environment. Furthermore, it may contain lots of waffly nonsense about how nice and fantastic the person is without providing any evidence. If you do not have any practical legal work experience, this can never be put on a CV in a way that makes things better. You simply have to go and get practical legal experience in some shape or form.

For qualified lawyers, bad CVs are those that have no information about your work and exactly what you do on a day-to-day basis. These can be CVs from senior partners with 40 years PQE, but similarly from newly qualified solicitors. So many CVs we see contain very little information about the actual experience a candidate has that is specifically relevant to the role they are applying for.

So now we have dealt with bad CVs, what constitutes a good CV for legal jobs?

Good CVs

Personal Details

Firstly, all the information relating to your personal details is easily visible and accessible at the top of the first page of your CV for everyone to read. For example, your full name (yes, some people actually manage to leave this off), your email address, your mobile number, your landline number, your date of birth, your postal address, your nationality, and anything else you think relevant.

Summary

Secondly, your summary section, which comes next, actually contains information that the reader wants to see and needs to know. This section is where a good proportion of applicants seem to think it is a good excuse to write tonnes of waffly nonsense that is utterly irrelevant to the reader, who is very unlikely to be interested in virtually any of it. Most CVs do not contain the right

information here, and so if you want to make your CV stand out compared with anyone else's, this is the information that needs to be in your summary. As a recruiter or employer, I need to know that your job title is the same as the job you're going for (e.g. corporate commercial solicitor), you have the requisite experience (e.g. five years PQE), you are looking for work in my area (e.g. looking for work in the London area), your salary (e.g. salary is £75,000 per annum), and your notice period (e.g. three months' notice period).

This is the information we need to see, and pretty much anything else you write is not necessary. So many people see the summary as an excuse to write things like, "I am an outgoing, bubbly person with a hard-working commitment and attention to detail in everything I do. I am meticulous, well-organised, confident, with good communication skills." This is absolute drivel, and because there is no evidence to back any of it up, it is all completely unnecessary and you do not need to include it on your CV. This information detracts away from the actual information that the reader does need to see, which is set out above.

Education

Make sure your education is in reverse chronological order. Include all your education dating right the way back, and particularly pay attention to your degree classification, confirmation that you have completed the legal practice course, or whatever name the SRA have come up with next, and if possible your A-levels and grades. Whilst of course most of this is completely irrelevant to jobs you are applying for, unfortunately employers do not see this in the same way and look for academic consistency.

Don't forget to include your date of admission to the role as a solicitor, as quite a few people leave this off their CVs.

Employment

Make sure your employment experience is in reverse chronological order, and ensure that you detail this section more than you do anything else on the CV. It is by far the most relevant part of the CV, and it is the section that gets jobs. If you write a good section outlining all your work and include it in detail that the reader can actually peruse easily (bullet point lists are fantastic for this), you stand so much more chance of success. As a recruiter, this is the first section on any CV I look at, and I quite often overlook just about everything else. If I cannot see relevant experience for a role within a few seconds, I move on to the next CV. This is why it is vital to pay lots of attention to this section in order to make sure you stand out.

When completing your work experience section, make sure you have read the job description (if there is one) very carefully, and ensure that the information you include in your work experience section tallies up with the experience the employer requires in their job description.

Other sections

Of course, there are other sections to include on the CV such as activities and interests and your IT skills (don't forget your case management system experience), but the sections above are the key areas to concentrate on when preparing your CV to make it stand out.

NB: avoid stylish fonts, your photograph or links to video CVs or presentations. Usually employers don't have time for this until later on in the process. To get noticed in those first few seconds it is your work experience section and accessibility to your personal details that will make all the difference.

How much does it cost to be a partner of a law firm?

This article can be broken down into two sections. The first section is a brief overview of the effects of becoming a partner, and the second section is the practicalities.

The cost to you personally of becoming a partner of a law firm will be sleepless nights, very long hours, stressful situations dealing with colleagues, limited income for a period of time, and lots of hassle from the SRA (potentially).

I am guessing though that the person who asked this question was not actually referring to the physical costs of being a partner but rather the actual finance involved in joining the partnership of a law firm.

The usual cost of buying into a law firm is the price that the other partners put on the cost of purchasing a share of the equity.

Salaried partner - more of a title

It does not usually cost anything to become a salaried partner, other than the acceptance of quite a lot of stress and responsibility. A salaried partner has no link to the actual capital or profit of the business, but instead takes a salary and gets to call themselves a partner. In most cases there is very little relevance to being a salaried partner other than the street cred it gives you, but it does mean that the firm can inform lender panels for conveyancing that they have more than one partner, which can be a pre-requisite.

Fixed share partners have a specific share of the profits every year but don't own the capital of the business.

Equity partners are the full version of a partner – they own the equity in the business and they are responsible for everything that goes on within it.

How much to spend?

The price of buying into a partnership is the figure everyone in the deal is comfortable with. There is no set way of defining the value. Quite often existing partners have very little idea as to the actual figures they should be quoting to someone looking to buy in. Some firms will use their accountant to work out what the current value is and then divide that by the percentage share the new partner will receive.

Consider the valuation

If you are that new partner, I would recommend not agreeing to this because in our experience, the vast majority of the time the figures the accountant will come up with may well be a fair and reasonable valuation of the practice, but in reality it will not be the figure the existing partners could get if they were to put the firm on the open market for sale.

We would usually recommend asking if you can get a valuation done based on current deals, which can be obtained (apologies for the shameless plug) from jonathanfagan.co.uk. Other providers are of course available.

The figures you will get for an accountancy valuation will be the figures they have managed to put together by using a formula which is usually something along the lines of 1-2 x net profit, or 3 x turnover divided by net profit etc.

Most partners will look at their accounts, speak to their accountants and then come up with a figure that is reflective of this. So, for example, if they come up with a figure of the practice being worth £300,000 and there are five partners, then they would probably expect a new partner taking over

one of those existing partner spots to pay one fifth of the £300k by way of investing in the practice. This would then give you an equity share in the business of one fifth, which would mean that every year you would get one fifth of the profits either as dividend or drawings, depending on the firm's structure.

This is the advantage of being an equity partner rather than a salaried partner, although if your firm is not making any money then being an equity partner is not really going to do very much for your bank balance.

You must insist on being able to check out the finances of a firm in full before you invest into it, and we usually recommend requesting a full set of accounts from the firm, and as much information as you can get hold of, including current salary structures of all the staff. I have heard of horror stories where existing partners have refused to release the accounts to potential partners, and this should set off a huge alarm bell.

Will I make a profit?

You need to essentially work out whether or not the practice is profitable, and use this to determine whether or not you want to invest. If a practice is running at a loss or at very little profit, then there is little merit in putting any money into it and you would probably be better off requesting a salaried partnership or staying as you are. If there is plenty of profit and it's pretty obvious the partners have been drawing good amounts for a number of years, then it sounds like that would be the type of practice that you should definitely consider investing in.

Payment options

Rather than have to stump up the whole cash payment up front, some firms will instead pay it by way of salary deductions over a period of time. This means that you do not then have to go out and find large amounts of money, but instead can have the amounts deducted from your salary and to buy into the practice effectively over a period of say three or five years. This then means that you don't run the risk of having to borrow money in order to buy into the practice, but similarly it does leave you with a debt that has to be paid and ties you into that particular business. Yet again another reason you need to be absolutely sure that the practice is one that you want to be involved with, because as soon as you take partnership you are tied up with it over a substantial period of time.

If you would like assistance with any partnership proposals, details of a commercial finance adviser, or if you are a retiring or outgoing partner or somebody thinking about buying into a partnership, please give us a ring on 01824 780937 and we will be happy to assist.



The Children's Heartbeat Trust - £1000

In the Ten Percent Foundation's latest round of donations, The Children's Heartbeat Trust in Belfast has been chosen by the trustees to receive £1000.

Background

The Trust was founded in 1984 with the aim to provide emotional and financial support to children and young people living with heart disease and their families. Every year approximately 200 babies are born with Congenital Heart Disease in Northern Ireland with 1/3 of these having to face open heart surgery at some point in their life.

Aims

The charity offers youth and family support services, funds research and campaigns for the voice of children and families to be at the heart of all congenital cardiac services. In 2021 the Trust provided financial support to 138 families staying in the Clark Clinic and provided 50 Student Bursaries to increase opportunities to young people living with Congenital Heart Disease.

How will the donation help?

Our £1000 donation has funded a paediatric first aid training course for families of young people living with heart disease, which can provide parents with the knowledge and decrease anxieties over being in a situation where first aid would be necessary. Lynn Cowan from the charity said "the funds have been used to support our counselling services and has directly provided 18 counselling sessions for heart families."

Further information

For more information about the work of the Children's Heartbeat Trust, please visit their website at <https://www.childrensheartbeattrust.org/>

Low Cost Recruitment for Solicitors - Ten Percent Unlimited

Recruit as many staff as you like over a set period of time (3 or 5 years) for a low monthly fee starting at just £65 plus VAT (our lowest fees are offered to legal aid firms). We offer this service to law firms and accountancy practices and some of our member firms have been using the service for over 10 years. There are no restrictions on numbers and no other similar services exist in the recruitment industry. You can save £000s on your ongoing recruitment. Includes unlimited job posting on www.chancerylane.co.uk.

Interested? Call Clare Fagan on 0207 127 4343 or email clare.fagan@ten-percent.co.uk.
www.tenpercentunlimited.co.uk.

How to be a Locum - pdf guide

We have produced a guide on how to be a locum. This includes sections on getting work, realistic expectations, hourly rates, popular fields of law, payment, insurance, umbrella companies and much more. Available for download or to read online from www.interimlawyers.co.uk.

Outsourcing Translation & Typing

TP Transcription Limited is our subsidiary company offering outsourced typing & translation work by our team of over 200 secretaries and translators. Established in 2003, we work on thousands of hours of recording every year for law firms, the NHS, academic institutions and individuals. We are preferred suppliers to a number of institutions. Try the service out - email your recording to anna@tptranscription.co.uk, upload your file using our secure systems at www.tptranscription.co.uk or call 01745 813306.

About Ten-Percent Legal Recruitment

We are a specialist legal recruiter, covering both permanent and locum roles across the whole of the UK. Over 11,000 lawyers are registered with us and we have access to a range of external and internal job boards and websites where we do not have candidates available ourselves. We also assist with recruitment advice and assistance, regularly advising partners and practice managers on

suitable salary and package levels.

Our company is unique for a number of reasons, including the fact that we are not shy to publish our fee structure and also donate a chunk of our profits to charity each year. We offer unlimited permanent and locum recruitment for a fixed monthly fee or one-off fees depending on the job. We also buy and sell law firms. We donate 10% of our profits annually to charity, hence our name.

We have four recruitment consultants, Jonathan Fagan, Clare Fagan, Peter Gresty and Emma Ireland. Jonathan is a non-practising solicitor and Emma is a law graduate. As a team we have over 40 years of experience in the legal profession. Three of us are Fellows of the Institute of Recruitment Professionals (FIRP).

Ten-Percent Legal Recruitment also owns Interim Lawyers, a specialist locum service. We operate an outsourced UK based typing service as well – www.tptranscription.co.uk and are preferred suppliers to a number of institutional clients and law firms across the UK and overseas.

The Ten-Percent Group of Legal Recruitment websites gives 10% of annual profits to charity. We have maintained this tradition since we formed the company 20 years ago. So far over £150k has been donated to charities in the UK and Africa including LawCare, Unlock and Reprieve.

We hope you have enjoyed reading our newsletter and look forward to hearing from you if we can assist further.

Warm regards

Jonathan Fagan
Director

E: jbfagan@tenpercentgroup.com
T: 0207 127 4343

London Office:
Ten-Percent.co.uk Limited
27 Old Gloucester Street
London
WC1N 3AX

Head Office:
Ty Brith
Llandegla Road
Mold
CH7 4QX

Offices also in Brighton, Coventry, Glasgow and Bristol

Jonathan Fagan is a solicitor, qualified recruitment consultant and Managing Director of Ten-Percent.co.uk Limited. His LinkedIn profile can be viewed here - www.linkedin.com/in/jbfagan

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