

# The Brexit breakdown

With the Article 50 Brexit deadline fast approaching — 29 March 2019 — Alice Smith takes a look at how legal services in the UK might see a boost, if Britain leaves Europe

According to the Legal Services Global Report by the Business Research Company (BRC) published earlier on in the year, the UK is the world's second-most valuable market for legal services (after the US) and accounts for approximately 6.5% of the global market.

The report suggests that Brexit could provide a boost to the UK's legal services market because of the complex legal implication of Brexit both 'at a state and company level'.

It also notes that the UK legal market is expanding owing to the 'growth of London as an international jurisdiction'.

On a global scale, the report predicts that online service providers are set to expand the legal market by nearly 20% over the next three years — though it notes that businesses are increasingly tempted to use services of 'non-traditional' law firms.

Annual global spending on legal services is poised to top \$1 trillion, the report estimates, predicting growth from \$849bn in 2017 to \$1,011bn in 2021.

Nick Thody, head of knowledge at Osborne Clarke, sees that there might be a boost to UK legal services because of the 'Brexit

effect'. He says: "Deal or no deal, all existing EU law will need to be converted into UK law in either March 2019 or at the end of 2020; this will result in substantial changes to the UK statute book. Though this is a largely technical exercise, it's likely to drive demand for legal advice, particularly in regulated sectors."

Thody adds: "Given the legal and regulatory change and complexity that any form of Brexit will entail, businesses will want commercially and politically aware, practical advice from legal advisers."

In relation to the employment sector, Leon Deakin, partner and head of employment at Coffin Mew, says: "Whatever happens after March 2019 (including a no deal situation), it's probably safe to expect an increased demand for immigration and employment law support as freedom of movement seems highly likely to change."

## Deal or no deal

At the moment, there's a degree of uncertainty, not only among the British people, but businesses from every sector (including the legal sector) as to whether Brexit

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# Improving cash flow – five top tips for your business

By Michael Higgins, Managing Director of Lovetts Solicitors

All businesses rely on cash flow to survive. At Lovetts Solicitors we specialise in helping businesses recover debts. Here are our five Top Tips on enhancing recovery.

## 1. Get a signed contract or credit account application form

Good terms and conditions will strengthen your position when a customer pays late. There's a misconception that if you refer to your terms on an invoice, these terms will apply to the contract. This isn't correct and a signed credit account application form or contract is best practice.



MICHAEL HIGGINS, MANAGING DIRECTOR OF LOVETTS SOLICITORS

## 2. Refer to your terms in an e-mail footer

More and more business is done by email, meaning contracts can be formed during email correspondence. To ensure incorporation of your terms, make it company practice for everyone to have an email footer referring to your T&Cs.

## 3. Create a credit control and debt-collection policy

Statistically, the majority of your customers will pay late. Ensure you have a credit control and debt-collection policy. It's good practice to call a customer before your invoice becomes due to check the invoice has been received and is on a payment run. Not having an invoice is the number one excuse for late payment.

## 4. Have a specialist debt-recovery solicitor as a supplier

Unfortunately, some customers will have a policy of not paying until they receive a solicitor's letter in order to protect their own cash flow. At Lovetts, we offer a Letter Before Action (LBA) for as little as £1.50 plus VAT. This secures payment within 86% of our cases without the need for further legal action. The perception among 58% of businesses is



that chasing late-paying customers through solicitors could damage the relationship. This fear is unfounded as our clients often continue to trade with their customers after our LBA has been sent and payment secured.

## 5. Retain control of your debt collection even if you use a solicitor

Once you pass your debts to a solicitor, it shouldn't mean you lose control. Lovetts' online CaseManager portal allows clients to give

instructions, obtain reports and view all of their cases 24/7.

Above all, taking a measured but proactive approach to cash flow is key. This is the lifeblood of your business, and putting a professional recovery process in place can enhance business growth and success.

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Case Manager is by far the best system I've seen in my 20-odd years in credit management. I've found Lovetts to be extremely professional and efficient in what they do. And I haven't found anybody else who can offer me a letter before action at £1.50. When I looked at it last, 83% of our debtors would pay on the late payment demand. That's brilliant. So in seven days, you've got your money,” said Mark Bebbington, Civil Rail Solutions

# Divorce lawyer Vanessa Lloyd Platt looks at matrimonial trends for 2018

This year looks set to be a bumper year for matrimonial lawyers, over and above the usual January surge. The campaign for greater rights for cohabitants is growing stronger. As it becomes clear to the general public that there's no such entity as a common-law husband or wife, panic has started to set in. Cohabiting unmarried couples are realising that if one of them owns the home while the other pays the bills and other financial obligations, a break up can mean the partner who doesn't own the property still has a claim on it. Some cohabitants might have thought that the longer they were living together, the more claim they'd have to maintenance, inheritance or the property should the relationship break down; however, this isn't the case, unless they've made a clear direct or indirect contribution to the household finances.

A recent poll by YouGov showed that more than a third of cohabiting couples had no idea about their rights. Divorce lawyers are already seeing the effects of this.

While a prenup is only one factor among many to be taken into account in a divorce settlement, it's quite clear that recent cases have meant that people are turning more to prenups to determine what should happen if they divorce or split up. Postnups will also

prove to be very popular in 2018, as an alternative to going through a full-blown divorce.

The call for no-fault divorce was once again in the media with the case of Owens v Owens having been heard in the Supreme Court. The Supreme Court ruling has now meant that divorce lawyers are strengthening the contents of divorce petitions for unreasonable behaviour. This has meant further acrimony in such cases.

There's also a call for a change of the Children's Act, to simplify claims by grandparents to see their grandchildren. Lloyd Platt & Co has already introduced a new procedure called a 'successful outcomes meeting', to try and knock heads together to help grandparents to see their grandchildren, which must be promoted in 2018.



For further information please contact T: 020 8343 2998 divorcesolicitors.com



VANESSA WITH TWO OF HER FOUR GRANDCHILDREN; SHE'S A GREAT BELIEVER IN THE IMPORTANCE OF GRANDCHILDREN IN THE LIVES OF GRANDPARENTS, AND VICE VERSA (PHOTOGRAPH BY JULIET MIER)

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will actually happen and whether a favourable deal for the UK will be reached. Some law firms have recruited 'heads of Brexit' to deal with the surge in queries; some have set up 24-hotlines for clients.

Thody says: "Businesses across a range of sectors are either starting their Brexit planning or moving that planning to a more detailed level. In the case of some sectors, such as financial services and life sciences, these plans are being put into action."

James Davies, divisional managing partner at law firm Lewis Silkin, says: "The ramifications

of a no-deal, hard Brexit are meanwhile becoming clearer, with the government having published various guidance papers.

"Either way, the demand for legal advice to business on managing the ramifications of leaving the EU will be considerable. International trade lawyers are becoming like gold dust, with law firms anticipating an exponential rise in instructions from clients ill-equipped for new trading rules. Similarly, immigration teams are expanding on the expectation that client requirements will increase."

"The longer term, however, is less predictable. A contracting economy would inevitably be bad for

commercial law firms as a decline in economic activity would result in a reduced demand for legal services."

**Freedom of movement**

Ayesha Vardag, president of Vardags and widely regarded as Britain's top divorce lawyer, believes that the UK leaving the EU will give Britain and its legal services a chance to shine: "As Britain exits the EU, a great swathe of law-making powers will be come home to Westminster. Firstly, companies and individuals will need to take advice as to what this homecoming — and any new agreement with the EU — actually means for them and their cross-border activities."



*As Britain exits the EU, a great swathe of law-making powers will be come home to Westminster. Companies and individuals will need to take advice as to what this means for them*

"Yet it's after Brexit — when we're free to make our own rules — that the real opportunities emerge."

Vardag concludes: "The English legal system has always been a gold standard of incorruptible justice and plain, sensible, realistic dealing, chosen to govern contracts and determine disputes throughout the world."

**Not all good news**

The Law Society believes Brexit could have a negative effect on UK legal services, predicting almost £3bn could be stripped from the legal sector turnover by 2025 if the UK crashes out of the EU without a deal.

Law Society president Christina Blacklaws says: "UK legal services look to have been relatively buoyant through 2017-18, thanks to a combination of Brexit-related work, steady demand from UK businesses and an uptick in business from non-UK clients taking advantage of the depreciation of the pound."

"However, Brexit is likely to have a significant negative effect on the legal sector in the medium and longer term. This is largely due to the knock-on impact of Brexit on the wider economy as demand for legal services relies on the success of other sectors of the UK economy."

"Our econometric model predicts 2.2% average annual growth from 2019 — 2025 with a soft Brexit. This drops to just 1.5% with 'harder' Brexit options such as a Canada-style free trade agreement (FTA)."

"If the UK had to fall back on World Trade Organisation (WTO) rules — a 'no deal' scenario — growth would only be 1.1% per year on average over this period."

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### 1 Know where they are & how much they're worth

We've found that 1 in 5 people have lost track of one or more pension, so you may be surprised to find you have more savings than you thought. Once you've tracked down all your pensions, knowing how much they're worth is the first step in figuring out how much more you need for a comfortable retirement.

### 2 Know what fees you're paying

Although fees are unavoidable, time after time we see customers paying over the odds. This can have a big impact on your pension value. The lack of transparency around pension charges in the industry has meant 79% of British pension savers don't know how much they're paying, and 62% don't even know they pay annual charges.\*

\*Profile Pensions research, based on three separate surveys, survey size = 2,025, 2,038, 2,055 (April, July & August)

\*\*Moneyfacts (January 2018)

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