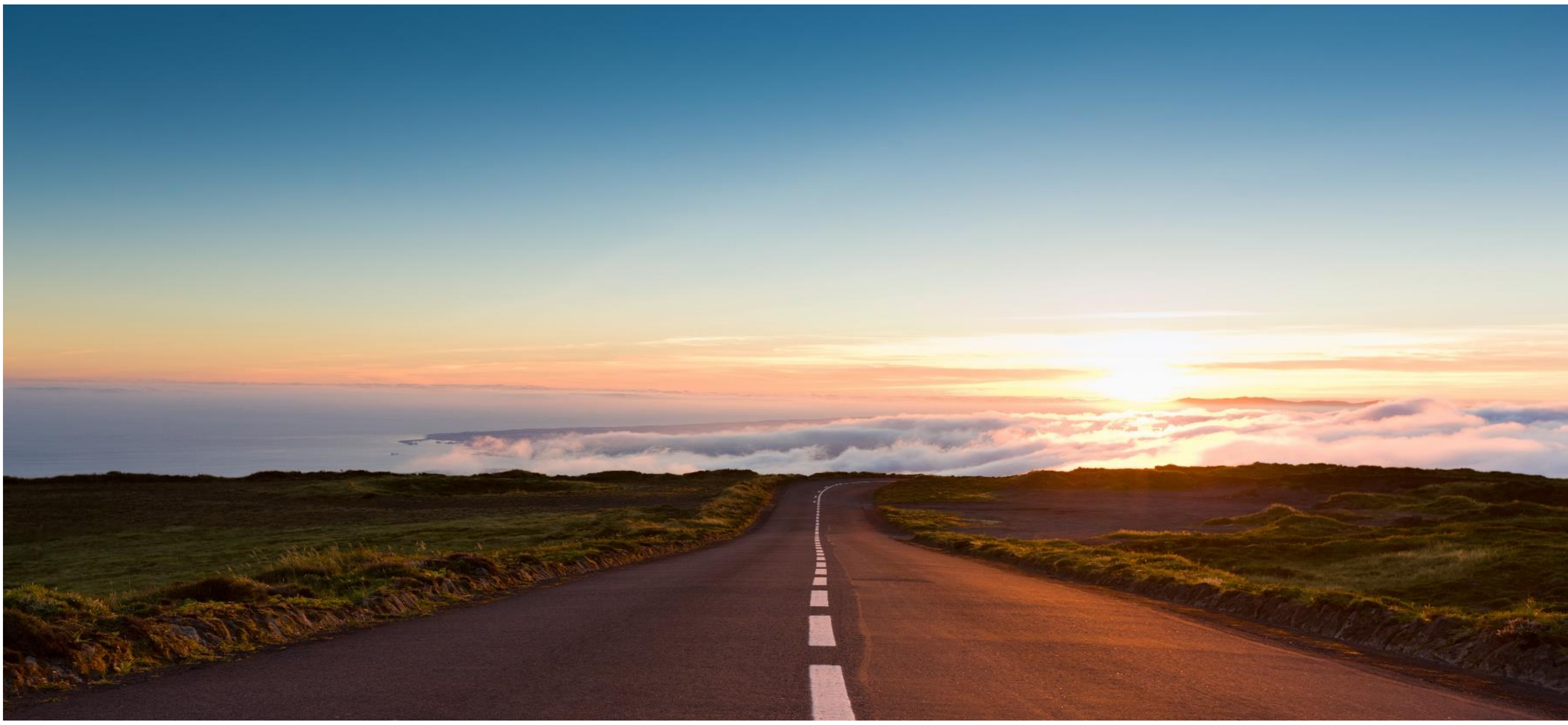
Crowe



LAW SOCIETY OF IRELAND

Business Recovery Survey Final Report
September 2021

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Crowe

Executive Summary

E1 Introduction and Context

The Business Recovery Report seeks to assess and present the impact of the COVID-19 pandemic on solicitors' practices in Ireland. Research and consultation with the profession consisted of an online survey, interviews with a cross-section of practices and consultation with the Law Society and other professional membership/representative/regulatory bodies who represent sectors and businesses impacted by COVID-19.

E2 Key Survey Findings

A survey of practices was conducted and questions were compiled in collaboration with the Law Society. The survey was distributed by means of an online survey tool.

All survey questions are analysed and presented in section 3.2 of this report in relation to:

- Profile of respondents
- Impact of COVID-19
- Impact on staff and ways of working
- Future impact and planning

E3 Analysis and Key Insights

Chapter 3 analyses the research and consultation process to assess the issues faced by:

- the solicitors' profession specifically, and,
- other sectors particularly impacted by COVID-19 as experienced via their professional/sectoral development bodies.

Key issues arising are analysed to outline what the future might hold, to continue current good practice and introduce new practices that will develop responses to future recovery.

E3.1 Key Insights

Key insights from the research and consultation processes are outlined below and discussed in more detail in Chapter 3.

Impact of COVID-19 on the solicitors' profession

- High levels of impact have been experienced by practices.
- While impact varies across practice areas, overall the impact has resulted in operational and financial pressures on practices.
- There is a lot of uniformity in terms of the issues arising for practices i.e. financial pressures, cashflow and workflow planning issues, need for operational changes, remote and flexible working and virtual / remote client interactions and file management.

Responses and Solutions

- The sector has proven to be agile and adaptable in the face of a challenging business environment that dismantled traditional business models.
- Traditional ways of working were not appropriate or possible during the pandemic.
- Solutions introduced by practices, that would not have been likely 18 months ago, are accepted as commonplace now, have become the norm and in the main are set to continue. Some responses to the new working environment have been more transformational than others e.g. remote working, remote client interaction, virtual hearings, paper reduction / going paperless.
- A good base of change has been implemented from which to continue and strengthen innovative work practices.

Recent and Future Supports

- The level of usage of Government schemes (74%) demonstrates a dependence on the various schemes for business continuity.
- Future supports asked of the Law Society are knowledge based (training, information) and financial (PC fee reduction).
- Future supports asked of Government are financial and, in the main, consist of a continuation of existing schemes and grants.
- The digitalisation trend is set to continue and, as such, initiatives, schemes and supports should follow this trend.
- Preparedness (planned or otherwise) facilitated a speed of response that should continue to ensure that the profession is in a position to respond quickly and appropriately to the aftermath of the pandemic and to any future business disruptions (as a result of the pandemic or other future trends).

E4 Recommendations

The Recommendations are derived from both the analysis and insights to recommend what could be done in future, taking account of the experiences of the profession since March 2020. The detail in relation to the overall recommendations below is provided in Chapter 4.

Public Affairs and Collaboration
Liaise with decision makers in relevant Government Departments and agencies
Utilise existing sector structures nationally and at EU level
Next Phase of Supports
Supports to focus on new ways of working
Creating Connections
Create and facilitate connections within the sector and with other representative organisations
Monitoring
Review and monitor the situation and respond as required as next stages evolve

E5 Conclusion

The survey provides evidence of the impact across the profession, how the profession has responded and adapted to the altered environment and demonstrates the continuing impact of COVID-19 that will require ongoing agility and resilience for some time. While there are undoubted and significant challenges for the profession, there is also demonstrable adaptation of work practices to tackle COVID-19 impact and many examples of positive accelerated change at a pace, depth and breadth that would not have occurred otherwise.

However, it is also true to say that there is a high level of financial impact on businesses across all areas (actual income, projected income, cashflow etc.) which can be dealt with to some extent via internal cashflow management processes and finding efficiencies but also reflects a dependence on external supports via Government schemes and initiatives.

There is no doubt that the global pandemic was a “forced experiment” and that practices have responded in a way that has sustained their business since March 2020. The key will be that those responsive innovative processes and work practices continue and that they are supported via the Law Society and State supports so that all involved can capitalise on the “forced” change in work practices and business operations, maintain progress towards business stability and return / recovery.

1 Introduction

1.1 Context

The Business Recovery Report seeks to assess and present the impact of the COVID-19 pandemic on solicitors' practices in Ireland. Research and consultation with the profession consisted of an online survey, interviews with a cross-section of practices and consultation with the Law Society and other professional membership/representative/regulatory bodies who represent sectors and businesses impacted by COVID-19.

The online survey on business recovery was sent to managing partners and principals in solicitors' practices across Ireland. The aim of this survey is to examine the immediate and envisaged impact of COVID-19 on practices and the State, and Law Society of Ireland supports being availed of in the recent past. It will also provide information on the type of supports envisaged as being required from the Law Society and Government over the next 12-18 months to help achieve successful business continuity and recovery. This survey report will provide the Law Society of Ireland with data which can be utilised in representing the profession, including in interactions with Government.

This is an important report which explores the experience of solicitors' practices of the business impact of operating during the last year in the midst of the COVID-19 pandemic. The aim of the research is to understand the shared experience of the solicitors' profession and to understand the levels of and kinds of supports that have and will assist the profession.

1.2 Method of Approach

Background

The review of practices consisted of consultation with members via the survey and interviews with a number of practices and interviews with agreed relevant external bodies.

Individual interviews

Interviews were held with a number of practices and also with representative and/or regulatory bodies who were in a position to provide insights relevant to the impact of COVID-19 on the legal sector in Ireland and internationally and on other business sectors affected:

- Bar Council of Ireland
- CCBE
- International Bar Association
- Dublin City Local Enterprise Office
- Fáilte Ireland

Surveys

Practices were consulted through an online survey issued to the Society's database.

Project Steering Group

Throughout the various stages listed above, Crowe worked with Teri Kelly, Director of Representation and Member Services and Justin Purcell, Small Practice Business Executive.

2 Key Survey Findings

2.1 Methodology and Approach

A survey of practices was conducted and questions were compiled in collaboration with the Law Society. The survey was distributed by means of an online survey tool. The survey was distributed to the Law Society's database with individual "token" or access codes issued to each participant. Permission was already held by the Society for its database subscribers to be contacted by a 3rd party i.e. Crowe and therefore the invitation to participate in the practitioner survey was issued through Crowe.

A four-week completion period was allowed for participants to respond to the survey by April 9th 2021. During that time, a number of reminders were sent from the Law Society and from Crowe in order to maximise the level of awareness and the completion rate of the survey.

Following a quality review and clean-up of the responses received, e.g. disregarding incomplete or submitted responses with little or no content, the analysis of the survey is based on 534 surveys. While 534 surveys were completed, not all of the questions were compulsory and therefore the individual survey responses may vary. Because of this, each question is analysed individually on a basis of the total amount of answers received for that question.

Given the nature and type of questions asked in this survey, those who received the survey were informed that only one partner per firm was required to submit a response. A total of 2,352 solicitors were emailed and on the basis of only one partner's response per firm, 1,672 solicitors could respond. With 534 responses received, this results in a margin of error of 3.5% at a 95% confidence level. A margin of error indicates how many percentage points a result is likely to differ from the real population value. Therefore, a 95% confidence interval with a 3.5% margin of error means that the quantitative survey statistics are within 3.5 percentage points of the real population value, 95% of the time.

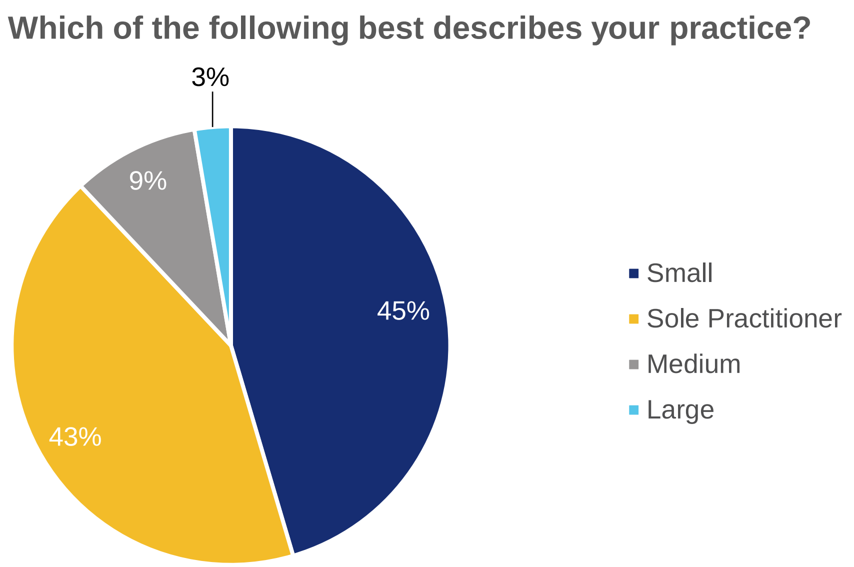
Where respondents were asked binary question, i.e. a 'Yes' or 'No' answer, respondents were given the opportunity to further explain their answer if they responded 'No', or to elaborate on their answer where appropriate. Where closed questions were asked with a finite number of possible responses, the analysis is provided in percentage terms. For open-ended questions, similar themes and topics are grouped with the number of mentions/references provided in brackets.

2.2 Survey Analysis

2.2.1 *Profile of respondents*

2.2.1.1 Practice type

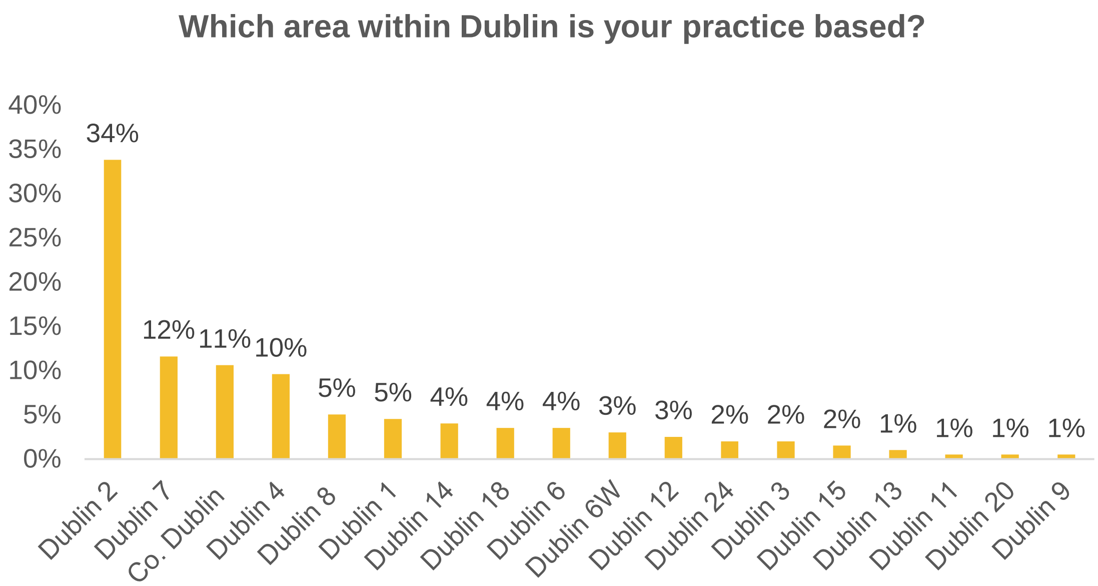
Respondents were asked to identify whether small practice (up to and including 5 practising solicitors), sole practitioner, medium or large best described their practice. Of those who responded, the majority (45% and 43%) identified as a small practice or sole practitioner, with the remaining 12% divided between 9% medium sized practices (6-20 practising solicitors) and 3% large practices with over 20 solicitors.



2.2.1.2 Location of practice

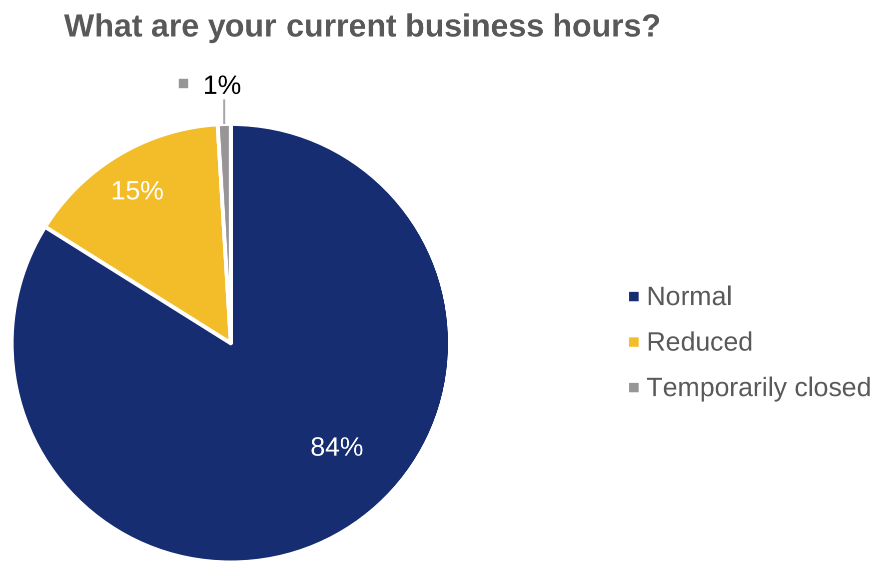
The largest proportion of respondents answered that their practice is based in Dublin (37%). Following this, 12% of respondents are based in Cork, 6% in Galway and 5% in Longford. A full breakdown of respondents' locations is depicted in the graph below.

Respondents who answered Dublin were asked to identify in which area of the county their practice is based. The four most frequent answers were Dublin 2 (34%), Dublin 7 (12%), County Dublin (11%) and Dublin 4 (10%).



2.2.1.3 Hours of business

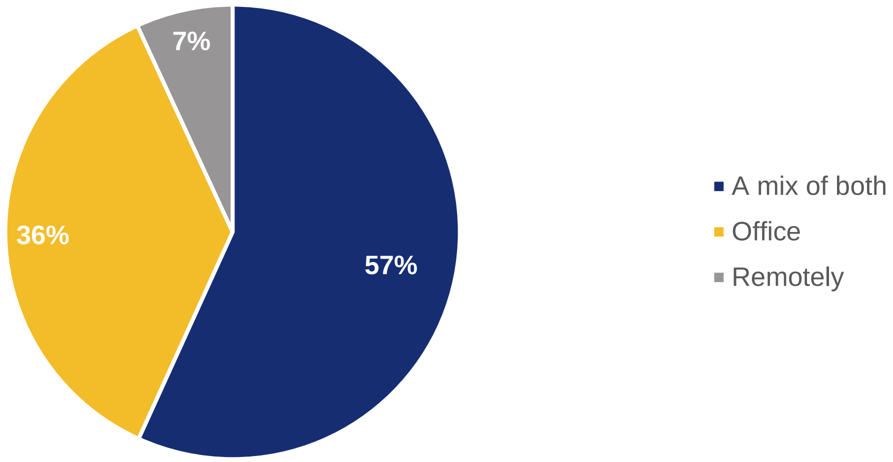
At the time that the survey was carried out, normal business hours were operating for the large majority of respondents at 84% with no respondents reporting that they were permanently closed and only 1% were temporarily closed. Those working reduced hours amounted to 15%.



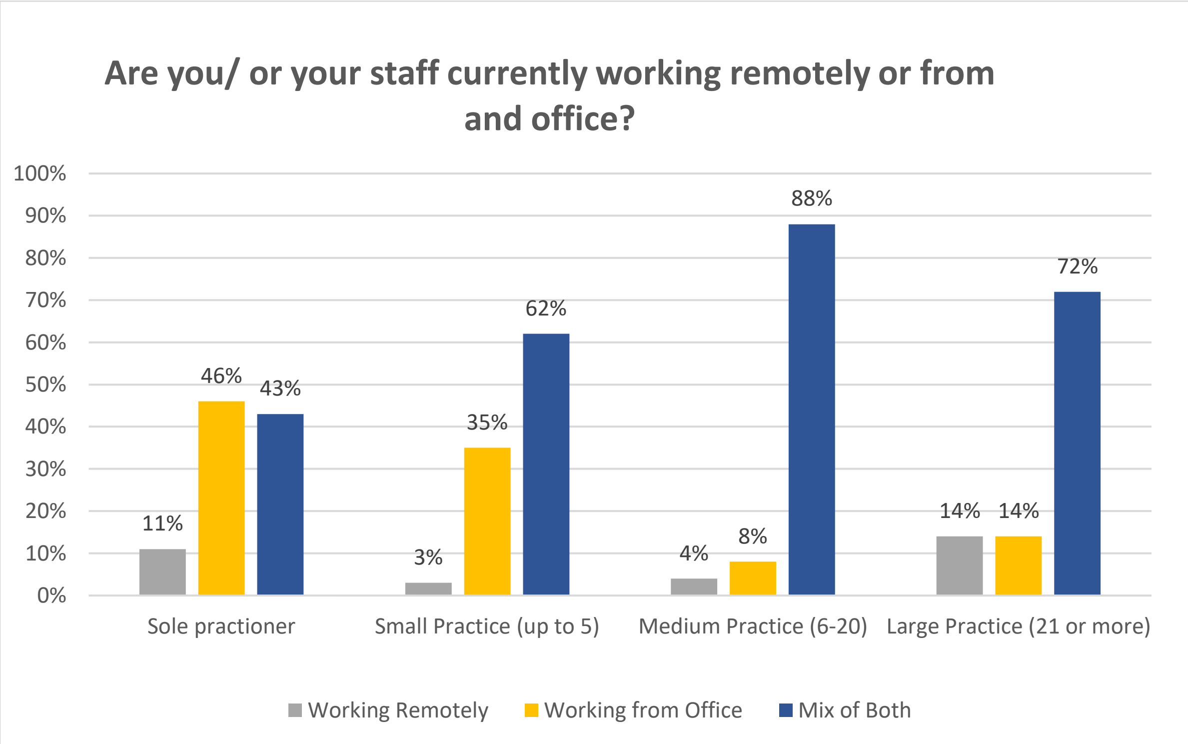
2.2.1.4 Remote working

When the survey was carried out, only 7% of practices were working remotely, with over half of practices operating a hybrid arrangement (57%) and the remaining 36% stating that they were back in the office. At the time, per gov.ie, “legal services provided by practising barristers or practising solicitors” were deemed essential services.

Are you / your staff currently working remotely or from an office?



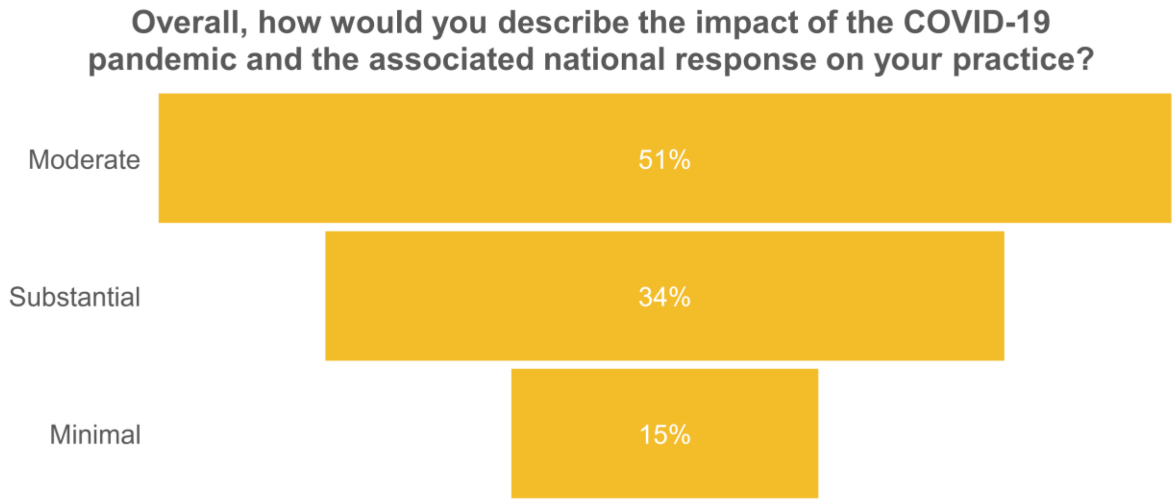
The graph below shows the working arrangements by practice type.



2.2.2 Impact of Covid-19

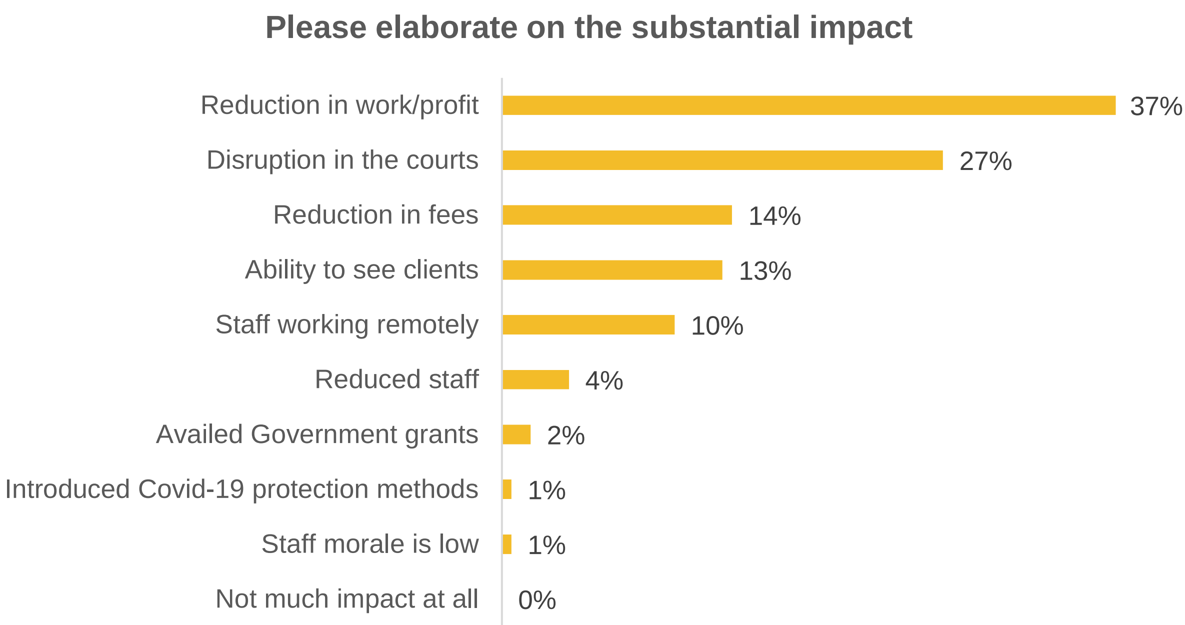
2.2.2.1 Overall impact of COVID 19

Slightly over half of respondents described the impact of COVID-19 on their practice as being moderate with another third feeling impact was substantial and the remaining 15% that it was minimal.

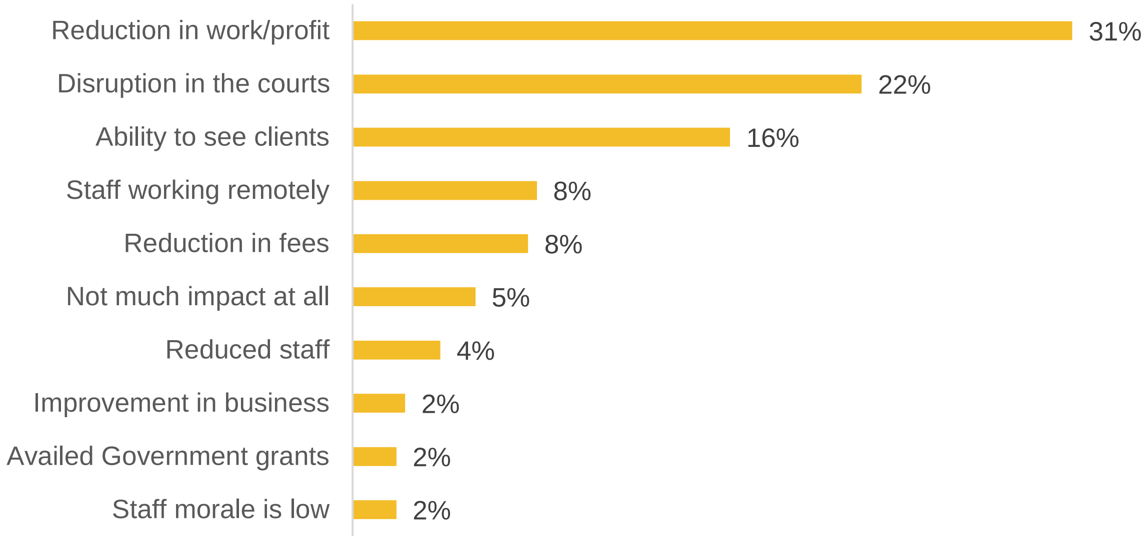


> "Fee income is reduced and the costs of running an office have stayed the same or indeed increased, e.g. insurance. On top of that, the administration now required to run a practice is a significant burden."

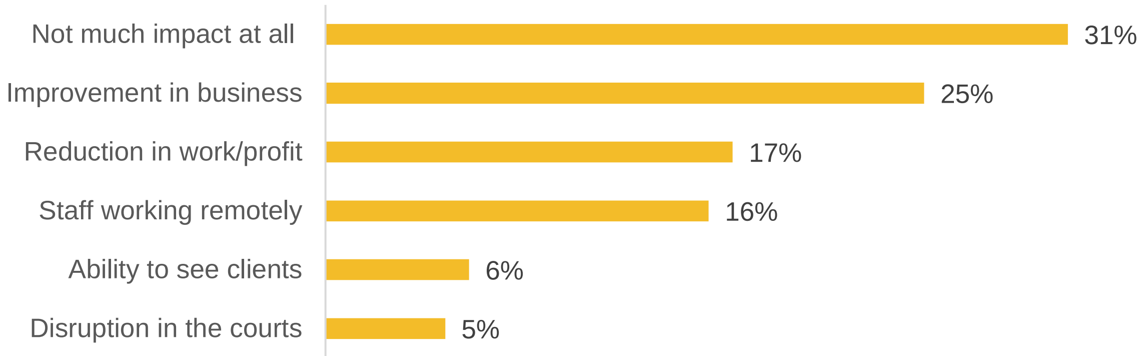
The graphs overleaf describe where impact was felt in the respondents' practices, with the key impacts for both substantial and moderate impact being reduction in work/profit and disruption in the courts.



Please elaborate on the moderate impact



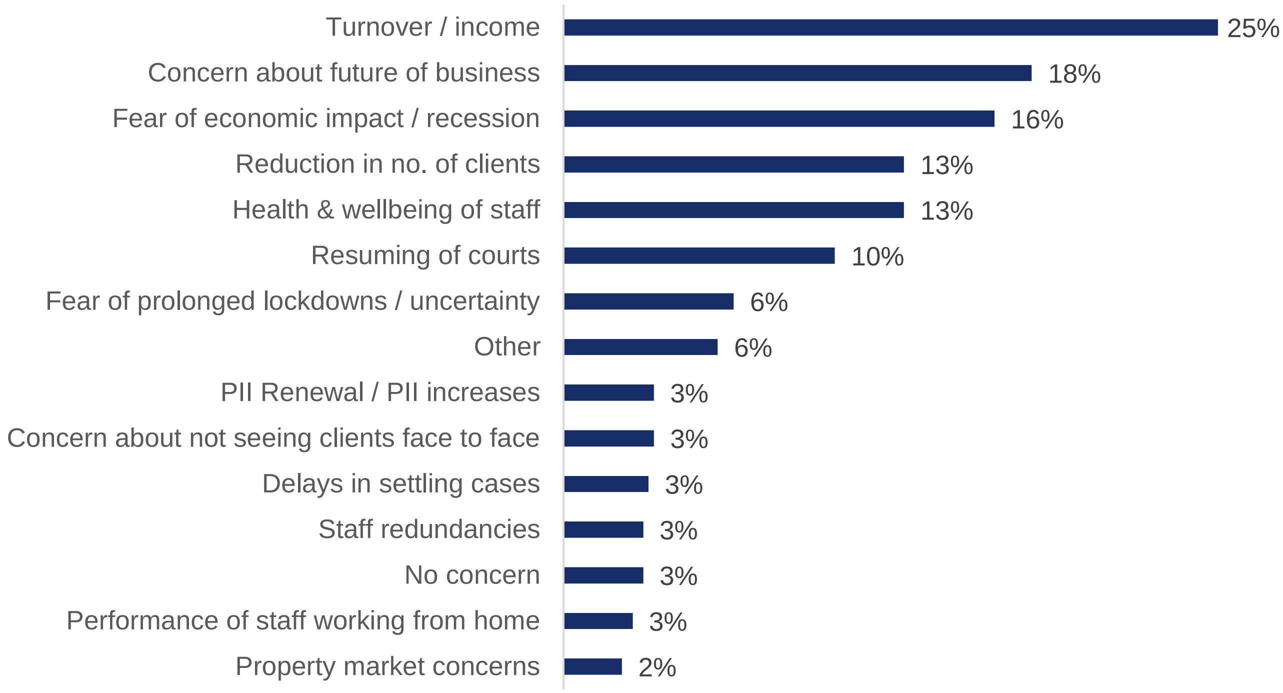
Please elaborate on the minimal impact



2.2.2.2 Biggest Concern

The graph overleaf depicts the range of concerns that respondents have in relation to COVID-19 impact, with the most frequently mentioned being related to financial impact and future business sustainability, including the context of concerns about a recession.

What is your biggest concern in relation to the impact of COVID-19?



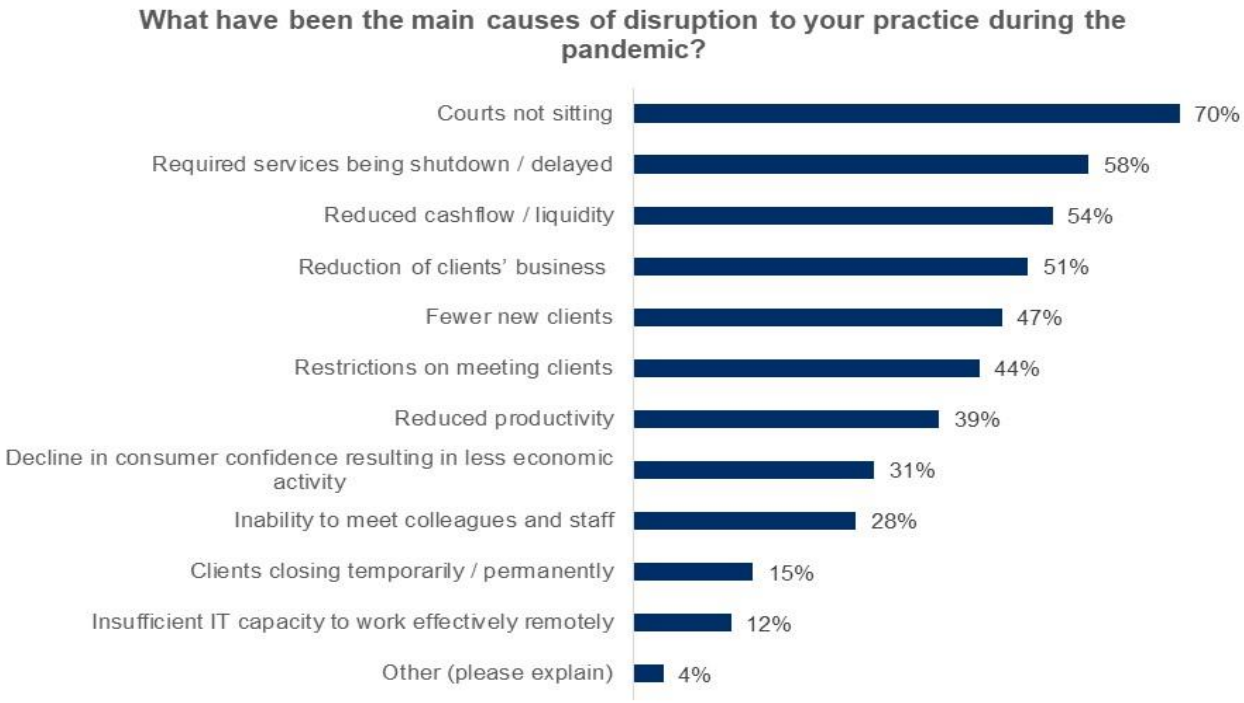
Those that cited “Other” mainly noted the following as their key causes of concern.

- Getting staff back into the office (6)
- Cessation of Government supports (6)
- Arrears in rent / rates (4)
- Pressures of fee reduction (3)
- Ability to hire (trainees) in the future (3)
- Travel restrictions (2)

2.2.2.3 Main causes of disruption to practice

Respondents were asked what were the main causes of disruption during the pandemic. Over 70% of respondents indicated that the courts not sitting has been the main disruptor, while over half of respondents regarded required services being shutdown / delayed (58%), a reduction in cashflow / liquidity (54%) and a reduction in clients’ business (51%) as key disruptors also.

It is interesting to note that insufficient IT capacity to work effectively remotely has not been cited as a major disruptor, indicating that many practices either adapted very quickly to working from home or they perhaps were adequately equipped to work remotely / from home prior to the pandemic.

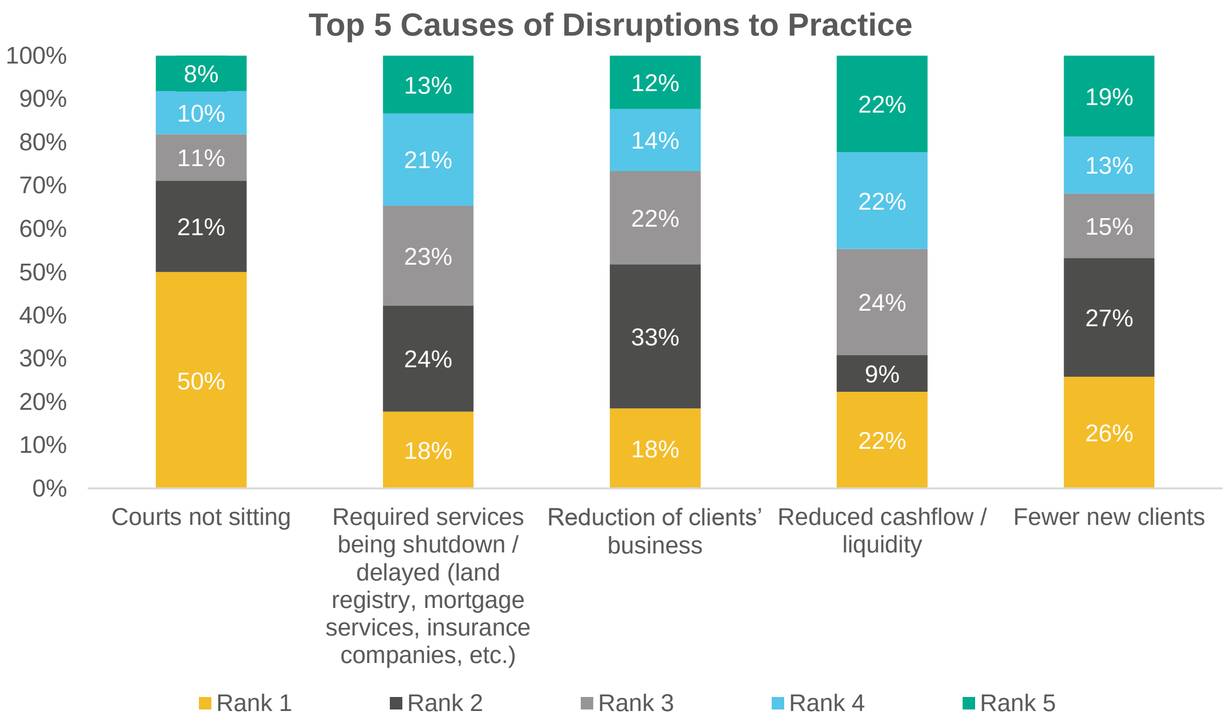


Those that cited "Other" mainly noted:

- Out of work / personal commitments (6)
- Delays in cases moving along (3)
- "Other" remote working issues (3)
- Conveyancing issues (2)

"Even when courts are sitting, nothing that is contested is proceeding."

While the table above captures frequency of mention, the table overleaf depicts the ranking of the issues and the frequency of ranking from 1-5.



2.2.2.4 *Percentage change in new files opened*

Respondents were asked to estimate whether there was an increase, decrease or no change in new files opened by practice area from mid-March 2020 to year end 2020, in comparison to the same time period in 2019.

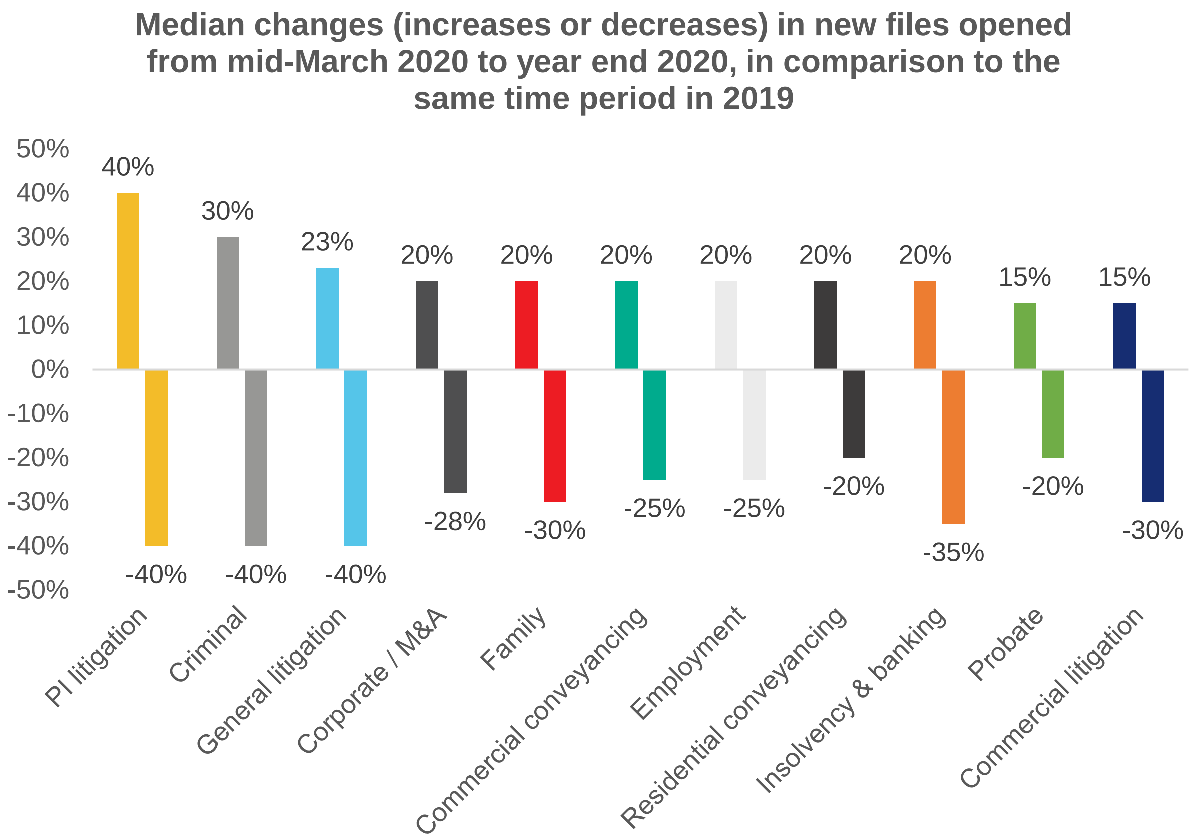
The table below highlights the average estimation, i.e. the mean, for reported increases or decreases by practice area in column 3 and column 4. Columns 5 and 6 show the maximum estimated increase and the maximum estimated decrease reported for new files opened.

- Many respondents reported no change in new files opened in areas of practice, while other firms experienced high levels of change in the same practice area.
- A high degree of volatility with large variances was experienced across practices and also across practice areas.
- The level of volatility is influenced by some extreme outliers in the data. For example:
  - in the maximum estimates, the highest estimated increase in new files opened is 730% for probate and the highest estimated decrease in new files opened is 1000% for PI litigation.
  - 58% of respondents experienced no change in new files opened in corporate / M&A, the average increase was 45% for those that estimated an increase and the average decrease was 35% for those that estimated a decrease.

Therefore, the experience in relation to new files opened is individual to practices. The data recorded does not determine patterns that allow conclusions to be reached as to the overall trend of change experienced.

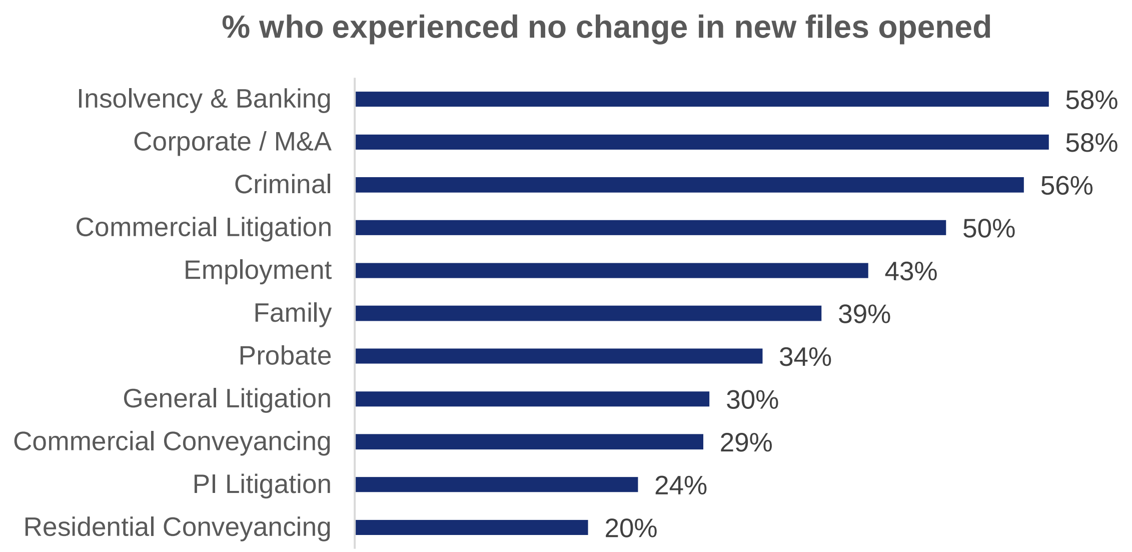
Practice area	% experiencing no change in files opened	Average Change (Increase)	Average Change (Decrease)	Max Estimation (Increase)	Max Estimation (Decrease)
Residential Conveyancing	20%	27%	-47%	200%	-800%
Commercial Conveyancing	29%	36%	-34%	700%	-100%
General Litigation	30%	32%	-47%	100%	-500%
Commercial Litigation	50%	28%	-56%	100%	-800%
PI Litigation	24%	42%	-58%	100%	-1000%
Corporate / M&A	58%	45%	-35%	400%	-100%
Insolvency & Banking	58%	24%	-48%	75%	-200%
Employment	43%	27%	-70%	100%	-250%
Family	39%	43%	-64%	500%	-750%
Probate	34%	41%	-60%	730%	-860%
Criminal	56%	70%	-59%	600%	-500%

To further illustrate this point, the graph below presents the median positive or negative change in new files opened in each of the practice areas. The median estimation, i.e. the middle number in a sorted list of numbers, can be more descriptive of a dataset than the average and is often used in place of the mean (average) when there are extreme outliers in the sequence that might skew the average of the values (as is the case here).



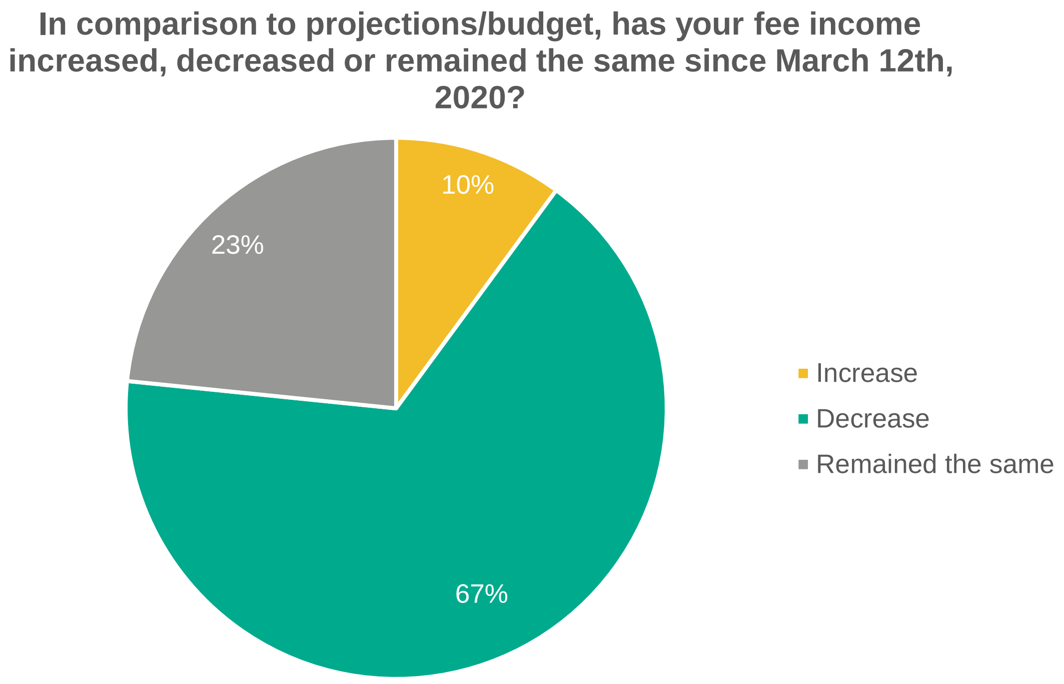
Again, the median data emphasises the erratic and unpredictable pattern in new files being opened across practice areas.

- Taking one example, while the midpoint in the dataset for increase in new criminal files opened was 30% for firms that experienced an increase, the midpoint decrease was 40% for the firms that experienced a decrease
- A total of 18% respondents said that they experienced either a positive (12%) or negative (6%) change in '"Other"' practice areas, however, few respondents clarified the area in which they experienced a change. Examples of increases were GDPR, Planning Law, Public Law and Taxation Consultancy, while examples of decreases were in Immigration, Notarial Services and Deed Polls.
- The graph overleaf shows the practice areas where no change was recorded. Over half of the respondents recorded no change in the Insolvency & Banking, Corporate/ M&A, Criminal and Commercial Litigation. A total of 44% respondents said that they experienced no change in '"Other"' practice areas, however, again, very few respondents specified the practice area.



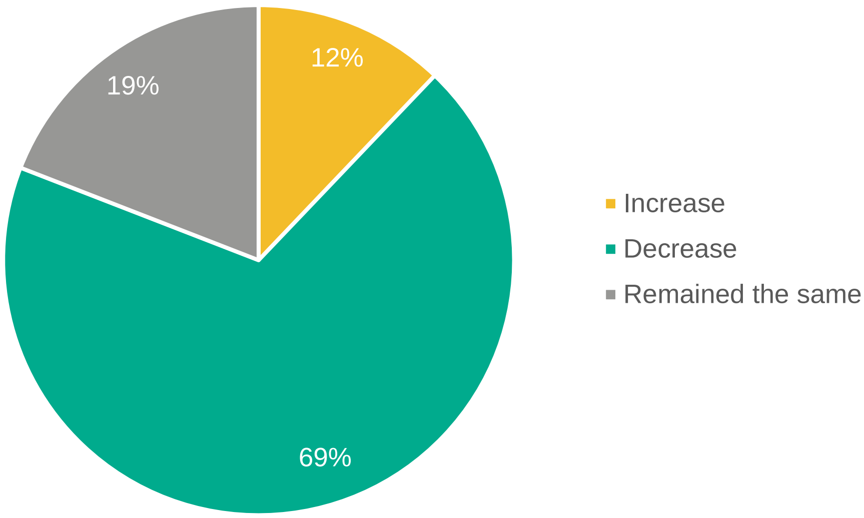
2.2.2.5 Comparison to projections/budget

Respondents were asked whether their fee income has increased or decreased from March 12th, 2020 to March 2021. Two-thirds of respondents indicated that their overall fee income had decreased during the COVID-19 period, while 10% recorded an increase in their fee income. 23% of respondents said that their fee income had remained unchanged over the period.



Respondents were then asked whether their fee income has increased or decreased compared to the same period in 2019. Once again, the majority of respondents indicated that their fee income had decreased in that period, while 12% recorded an increase in their fee income and 19% recorded no change.

In comparison to the same period in 2019, has your fee income increased, decreased or remained the same?

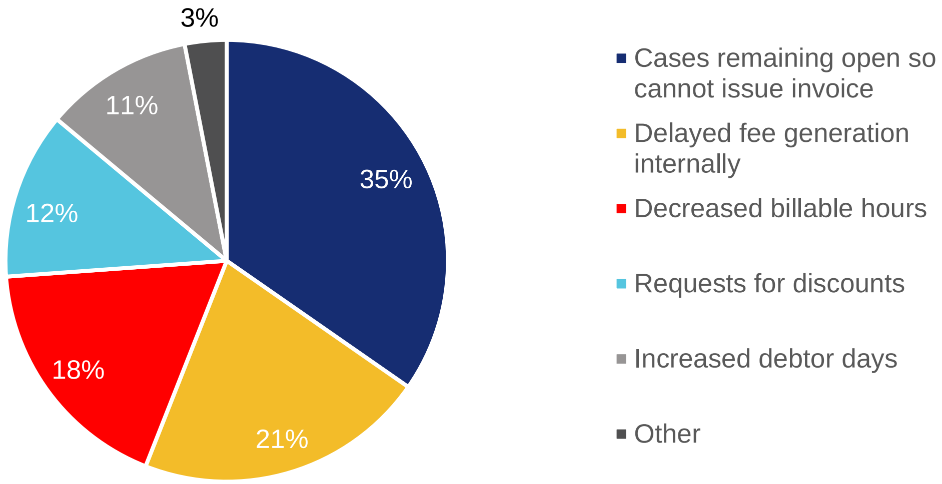


2.2.2.6 *Impact on fees and cashflow*

In relation to impact on fees and cashflow, the graph below depicts areas of impact experienced by respondents, the top three impacts being: delayed invoicing due to cases remaining open (34%); internal delays to fee generation (22%) and decreased billable hours (18%).

"Current income is from historical instructions which are not being replaced due to reduced economic activity."

What impact have you experienced in relation to fees and cashflow?



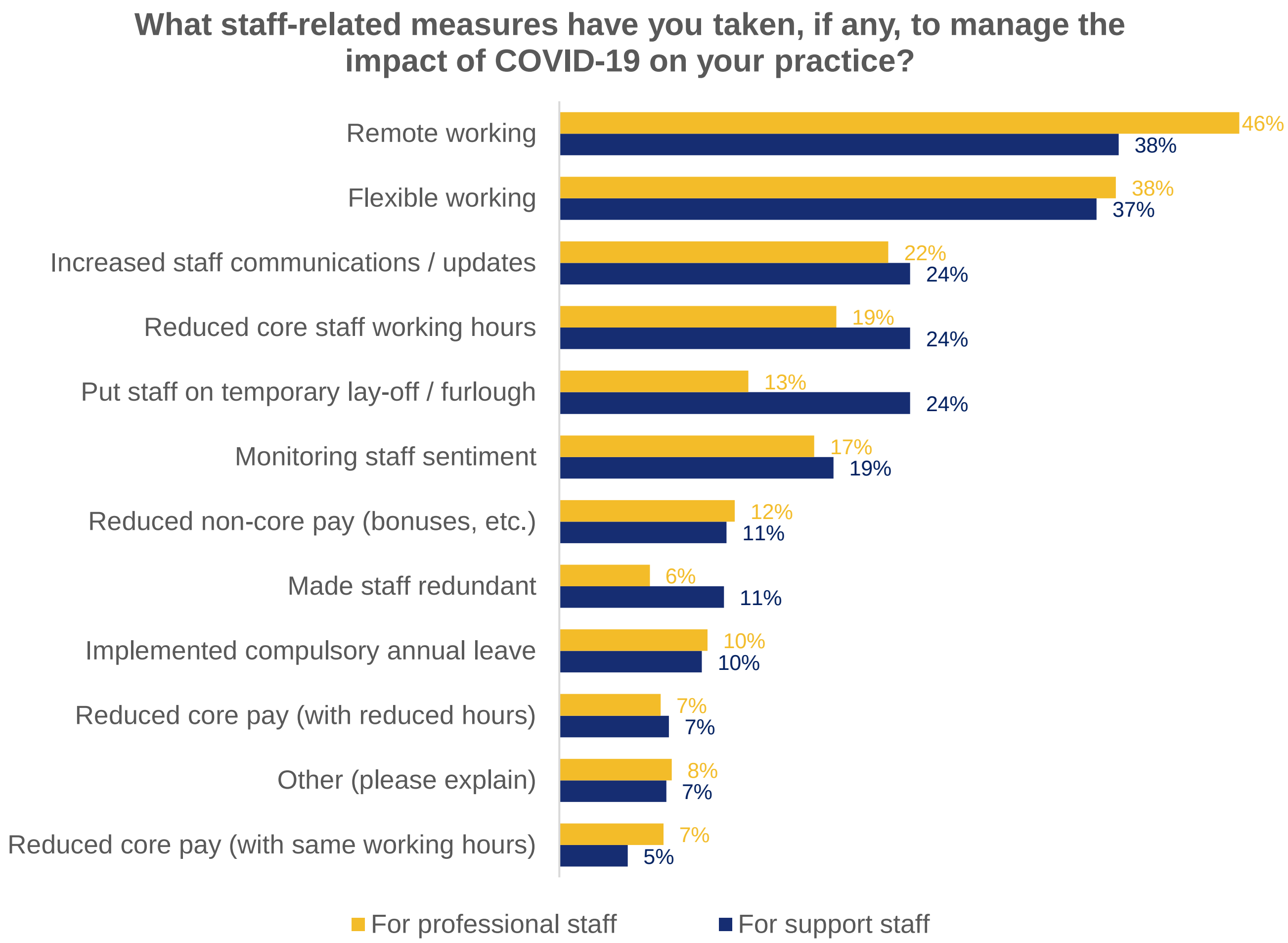
The 3% "Other" mainly cited:

- Fewer new clients (5)
- No noticeable change (6)
- Cashflow increase (2)

2.2.3 Impact on staff and ways of working

2.2.3.1 Staff related measures

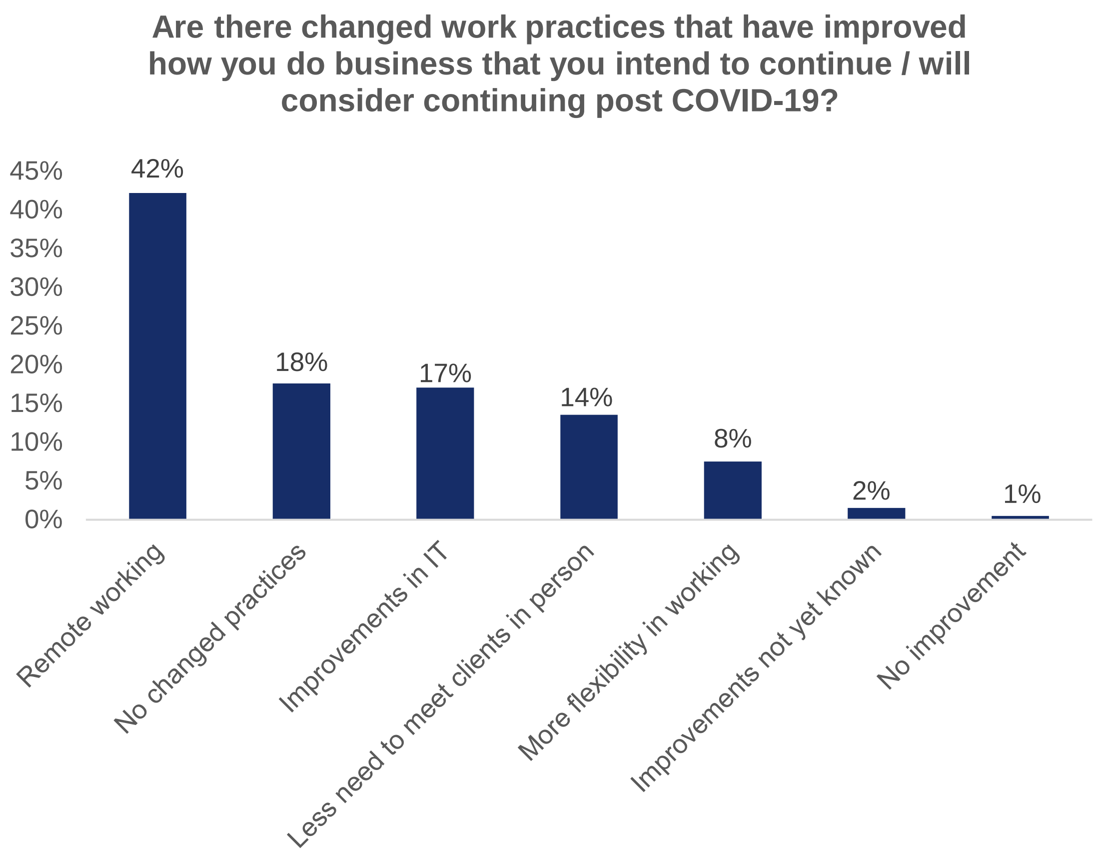
Respondents were asked what staff related measures, for both professional staff and support staff, were taken to manage the impact of COVID-19 on their practice. Remote working and flexible working were the most common measures implemented for both professional and support staff. Only 5% of respondents reduced core pay for support staff (with the same working hours). Where staff were on temporary lay-off/furlough or made redundant, this was more common for support staff.



Of those who chose "Other", 44% indicated that they did not make any staff-related changes, or that they did not have any support or professional staff working for them.

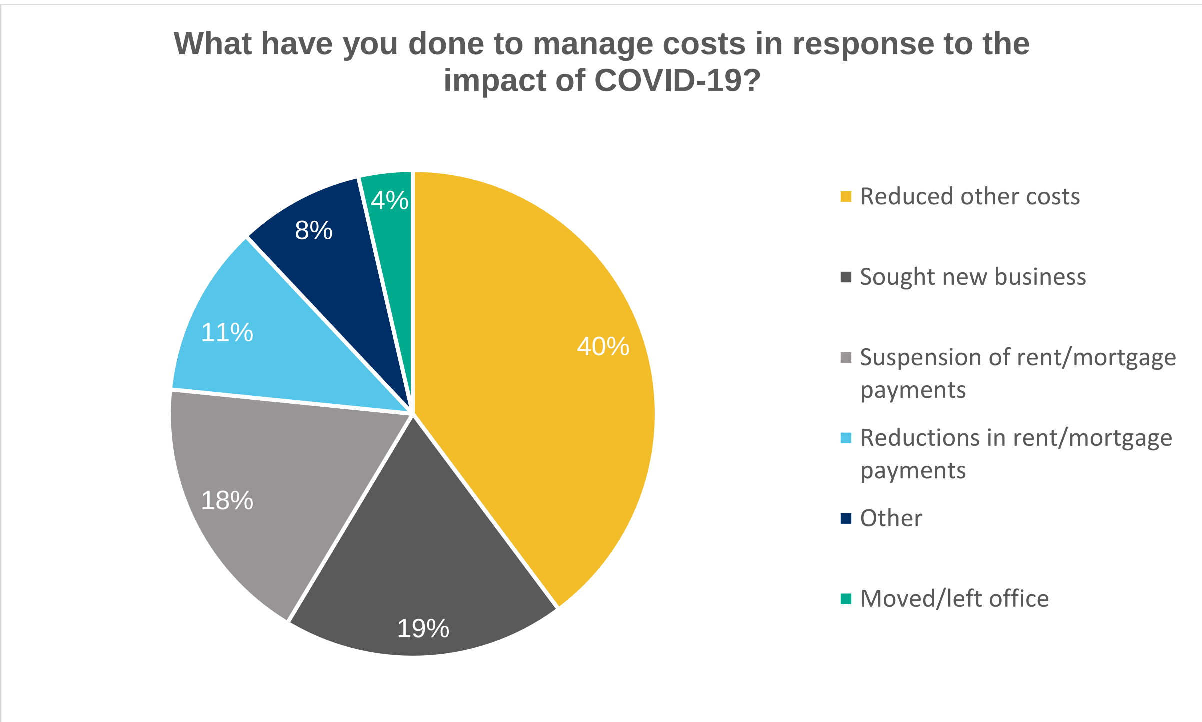
2.2.3.2 Changed work practices

Respondents were asked if they changed any work practices which may have improved how they do business and which they intend to/will consider continuing post COVID-19. The results are shown below, with remote working being the most prevalent change at 42%, while overall improvements in IT systems, less meeting with clients face to face and more flexibility in working also cited. Only 3% stated that it is either too early to say or they have not experienced any improvements / practice has disimproved.



2.2.3.3 *Cost management*

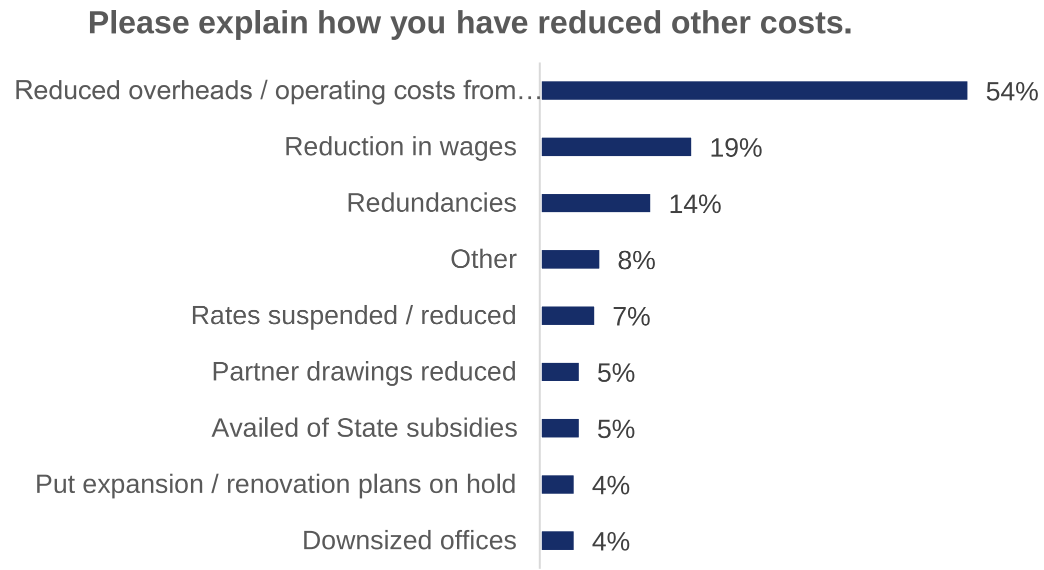
In relation to cost management, the most frequent approach was to reduce costs (40%), followed by increasing income through seeking new business (19%) and suspension or reduction of rent/mortgage (18% and 11% respectively). Only 4% have either moved or left their office.



Of the 8% who chose “Other”, the following points were noted:

- No change to cost management (7)
- Availed of Government supports (6)
- Drawing on reserves (5)
- Implemented client services online (4)
- Warehousing taxes (4)
- Reduced outgoing costs due to working online (admin, overheads, expenses, etc.) (3)
- Made Staff Redundant (2)
- Borrowed from bank (2)
- Keeping on top of billing (2)

Those who said that they have reduced other costs were asked to elaborate and the results are shown below, with the majority (54%) reducing their office overheads due to staff working remotely. A further 19% reduced staff wages, while 14% of practices made at least one member of staff redundant.

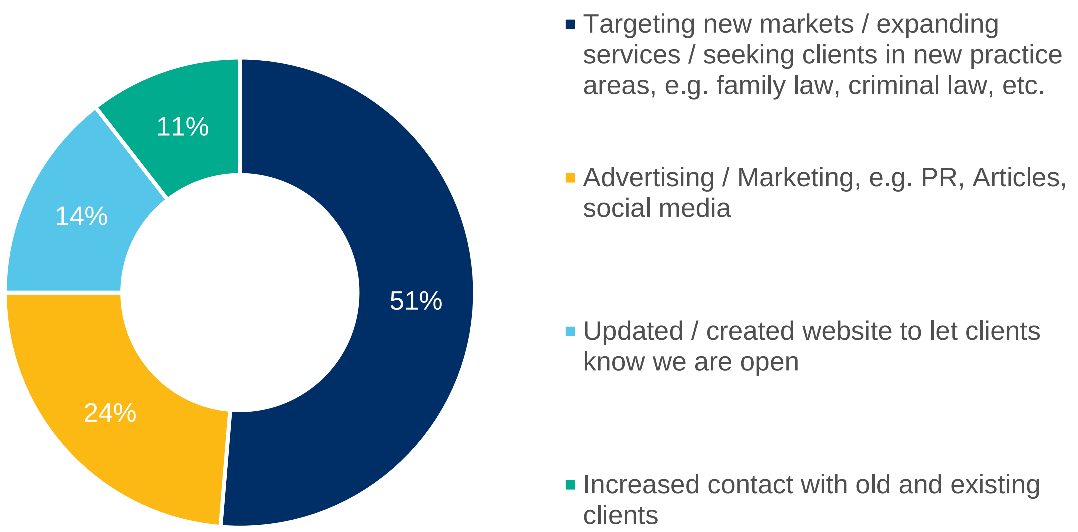


Within the 8% “Other”, the following reduced costs were noted:

- Changed service providers or negotiated reductions (5)
- Reduced marketing budget (4)
- Suspended loan repayments (3)

Of the 18% of respondents who said that they sought new business as a mechanism for managing costs, respondents were asked to elaborate and the results are illustrated in the pie-chart below. The majority (51%) targeted new markets through expanding their service lines and seeking new clients, of which almost half (46%) are actively pursuing new lines of business e.g. via e-tenders and new practice areas e.g. specialising. A further 24% improved their marketing and advertising efforts through PR, articles, speaking engagements and increased online/social media presence and engagement.

Please explain how you have sought new business.

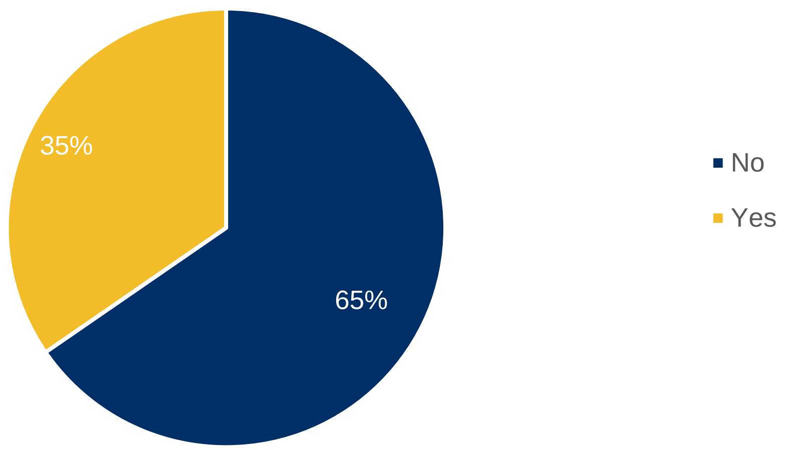


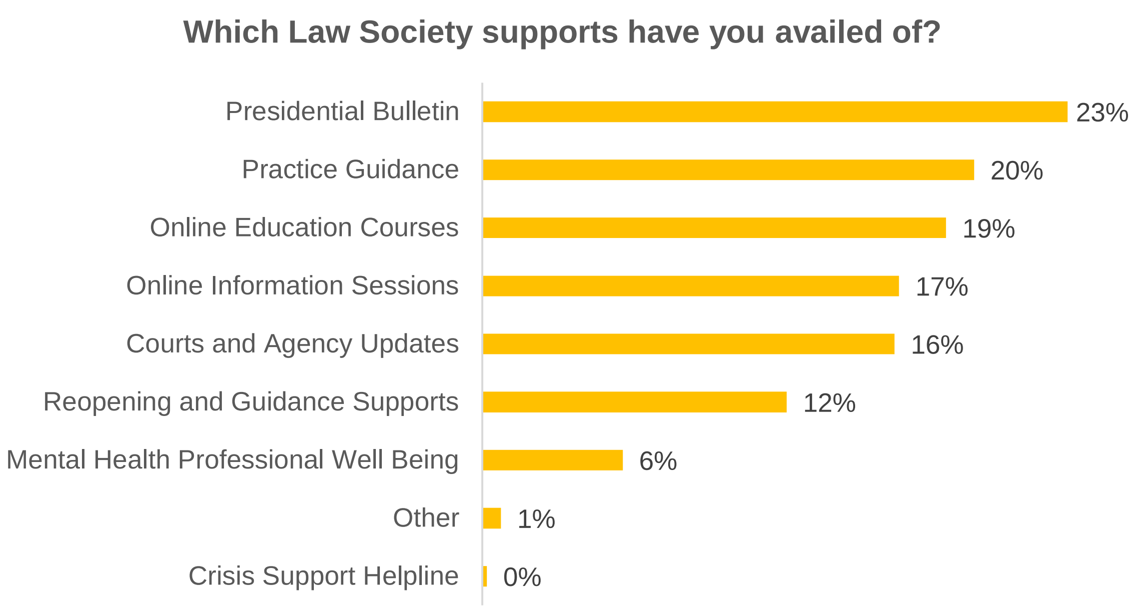
2.2.4 Supports

2.2.4.1 Law Society Supports

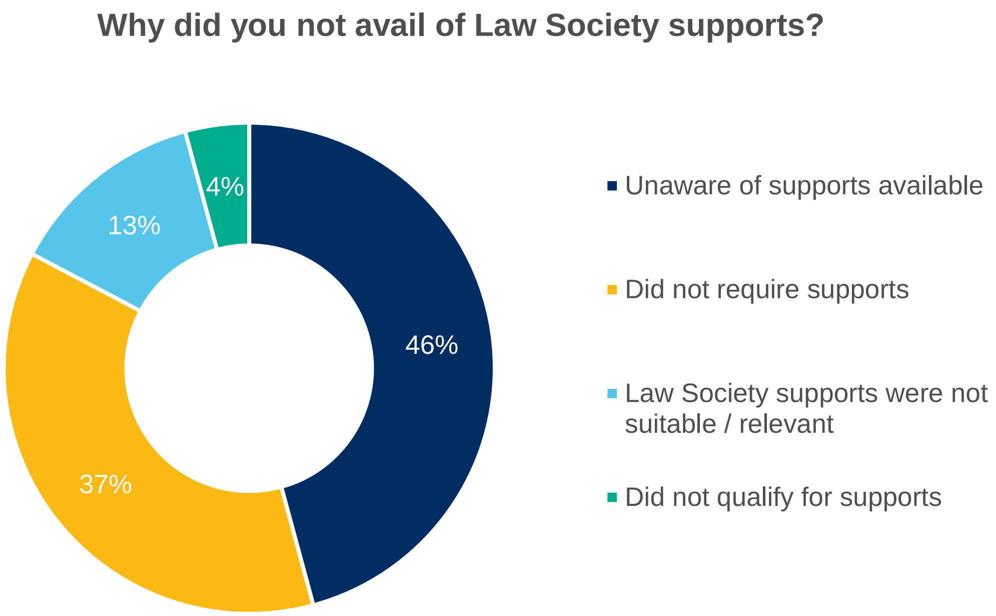
In terms of supports available through the Law Society, 35% of respondents availed of supports provided by the Law Society. Of those who availed of supports, the detail of responses is depicted below with the top two supports being the Presidential Bulletin (23%) and practice guidance (20%). Online education courses (19%) and online information sessions (17%) were also popular uptakes.

Have you / your firm availed of any Law Society Supports during the pandemic?





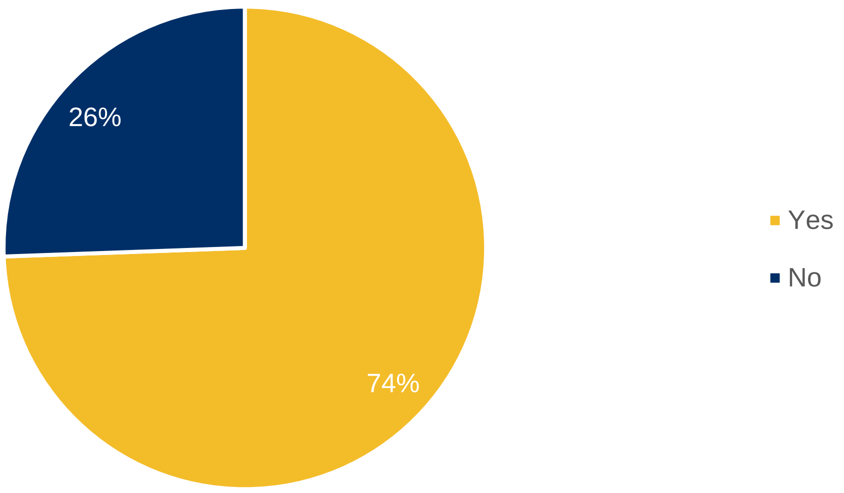
Of those who did not avail of Law Society supports, the following are reasons as to why:



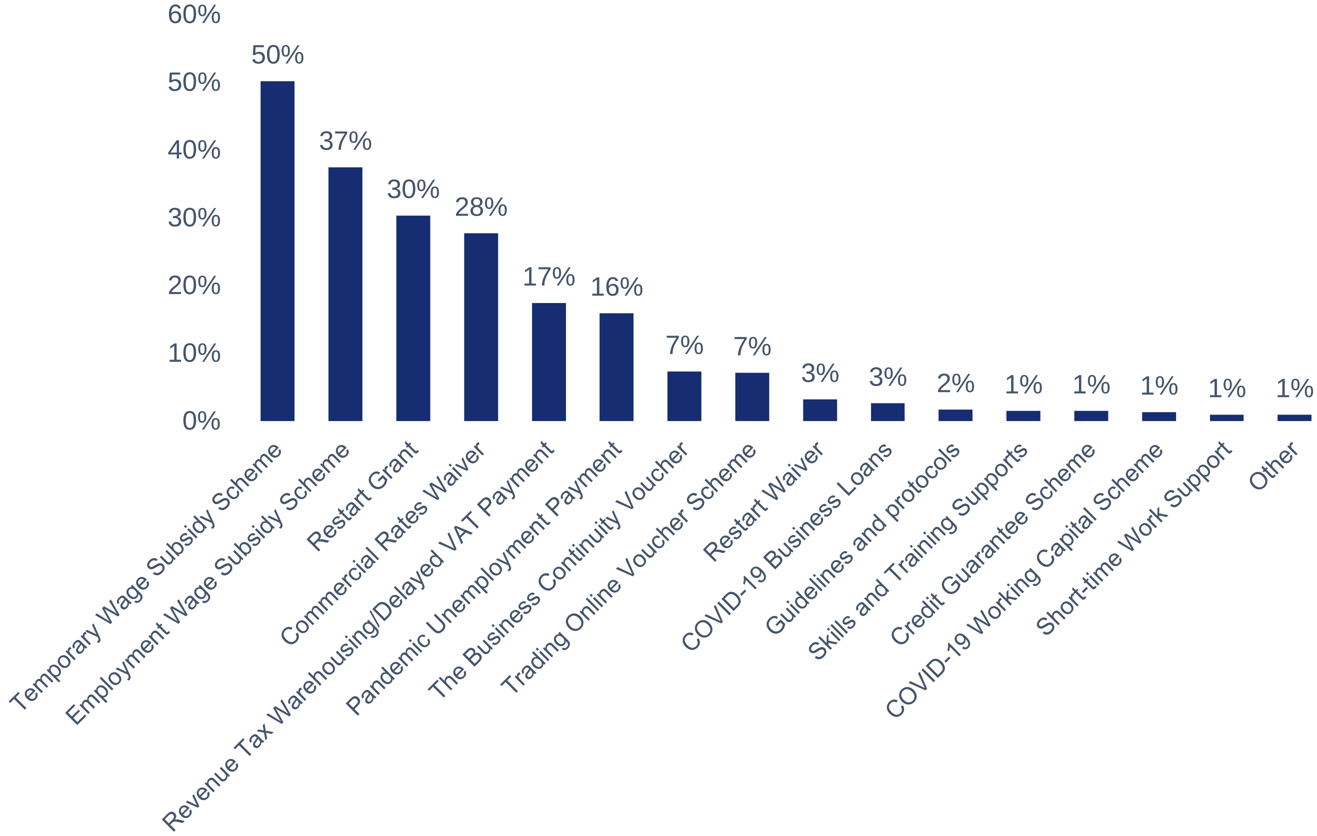
2.2.4.2 Government Supports

In relation to Government supports, 74% of respondents availed of Government supports and the detail of those supports is depicted below. Half of responding practices have availed of the Temporary Wage Subsidy Scheme (50%), while 37% availed of the Employment Wage Subsidy Scheme (EWSS). The Restart Grant and the Commercial Rates Waiver were also commonly used supports, accounting for 30% and 28% respectively.

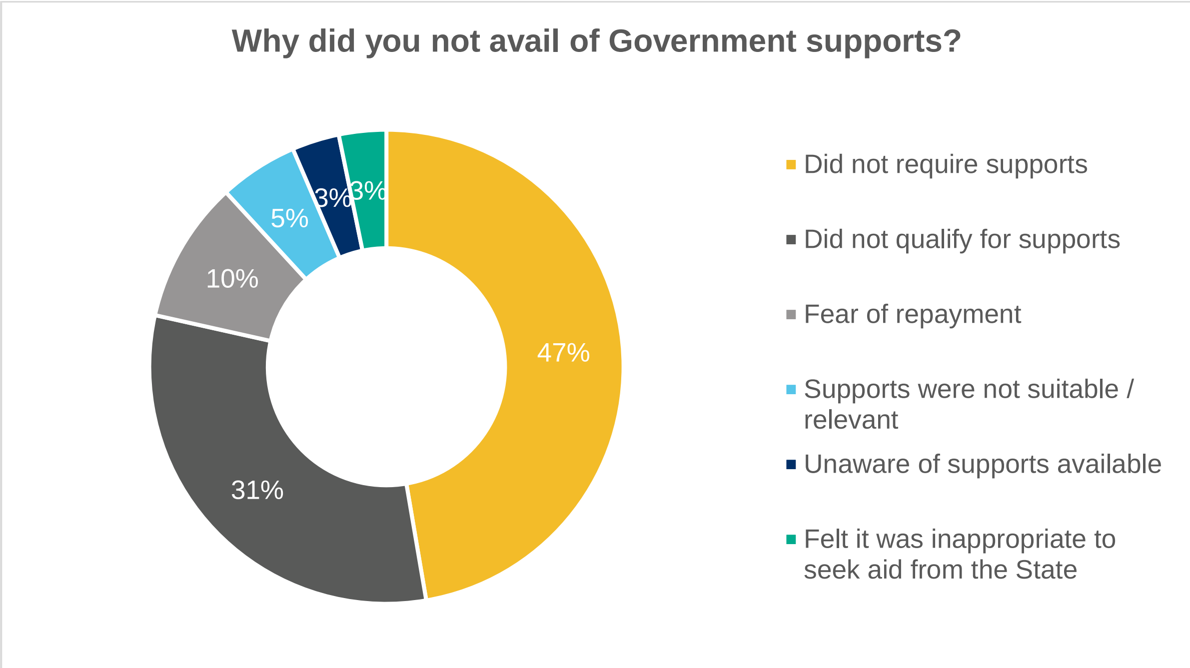
Have you or your firm availed of any Government supports during the COVID-19 pandemic?



Which Government supports have you availed of?



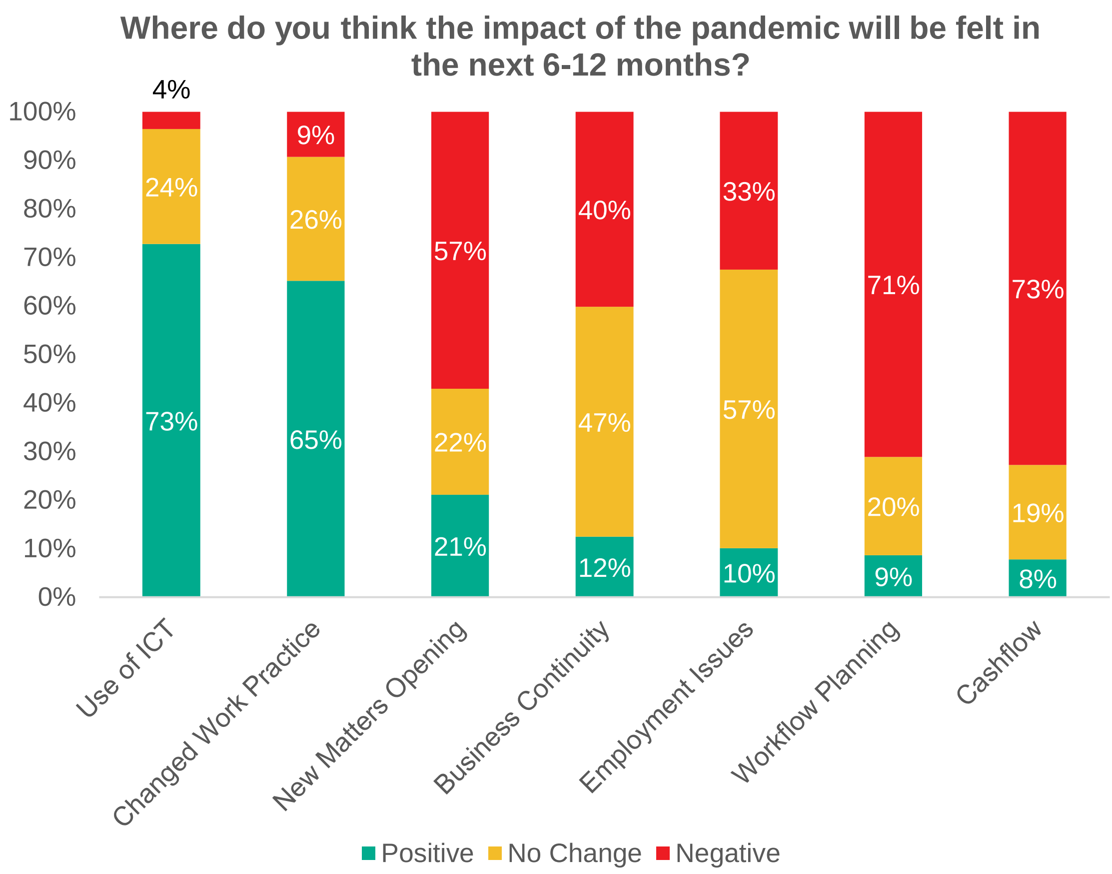
Those who did not avail of Government supports provided the following reasons as to why:



2.2.5 *Future impact and planning*

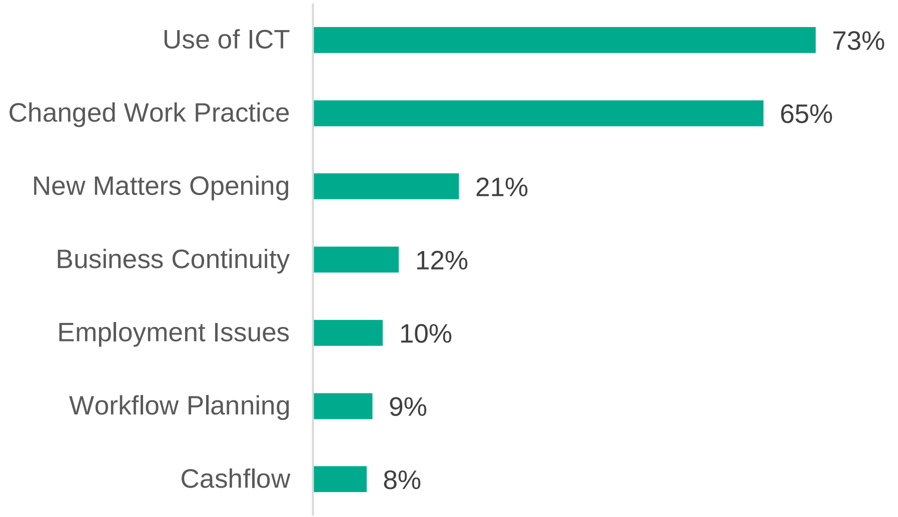
2.2.5.1 *Impact in the next 6-12 months*

In relation to future impact, respondents were asked to identify where they felt there would be positive impact, negative impact and no change in terms of impact.



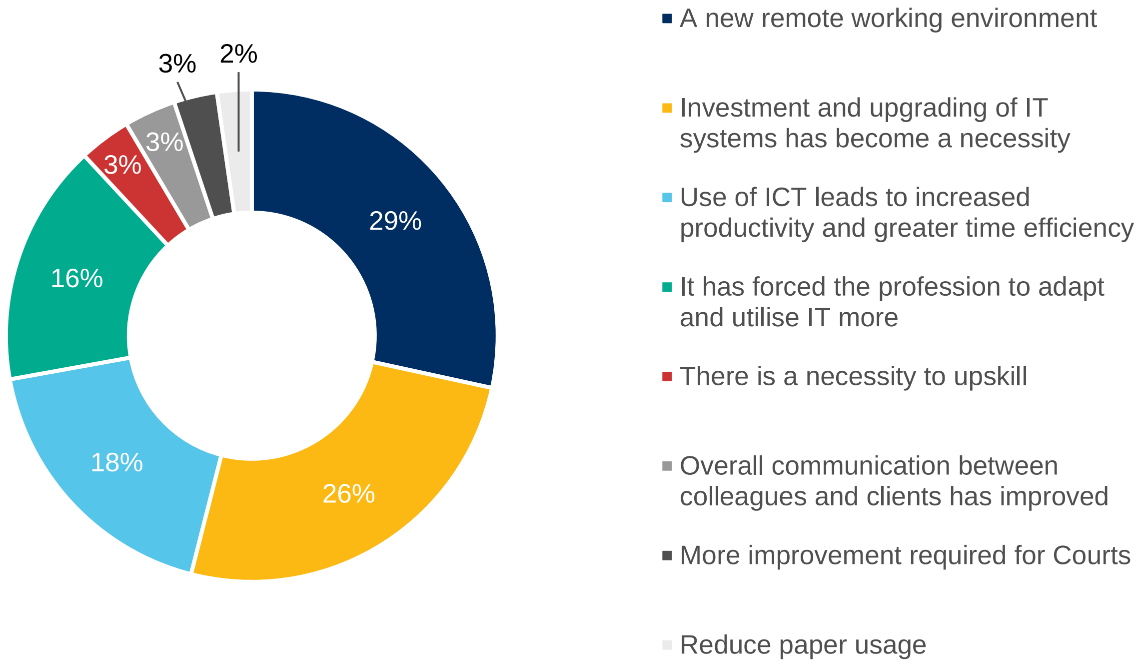
Where respondents believed there would be positive impact, the use of information and communications technologies was most frequently chosen (73%), followed by changed work practice (65%) and new matters opening or business continuity (21% and 12% respectively).

In what areas do you think the impact of the pandemic will be positive in the next 6-12 months?



Where respondents were asked to elaborate on the positive impact of the use of ICT, detail provided is illustrated below with 29% noting that the new and changed remote working environment is a positive outcome and 26% saying that investment and upgrading of IT systems has become a necessity and many practices now have the most modern systems in place. A further 18% pointed to the increased productivity and time efficiency from using ICT.

Please explain the postive impact of the Use of ICT

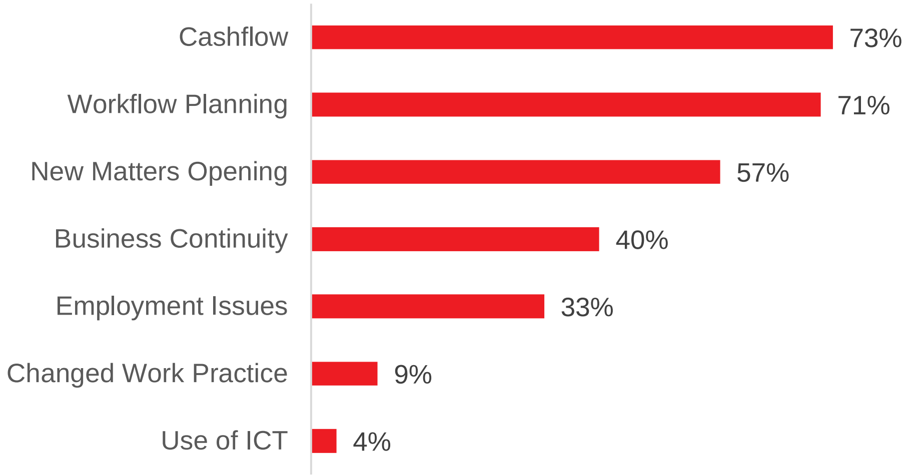


Similarly, when asked to elaborate on the positive impact of changed work practices, it mainly centred around the following points:

- Adaptation within the new remote working environment (64%)
- Increased flexibility within working arrangements (21%)
- Improvements in and better use of technology (15%)

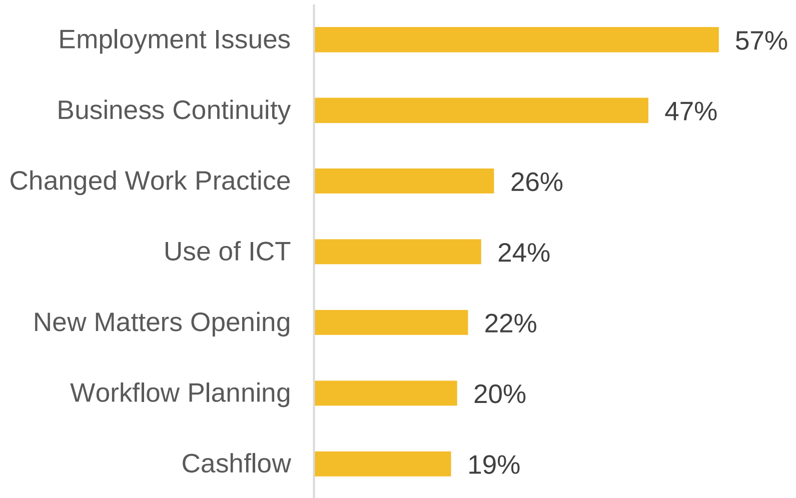
Where the impact was believed to be negative, respondents answered cashflow most often (73%), closely followed by workflow planning (71%), new matters opening and business continuity (57% and 40% respectively). Two-thirds of respondents considered employment issues to be negatively impacted over the next 6-12 months.

In what areas do you think the impact of the pandemic will be *negative* in the next 6-12 months?



The graph below depicts responses where it was believed that no change will occur: the top three areas were employment (57%), business continuity (47%) and work practices (26%).

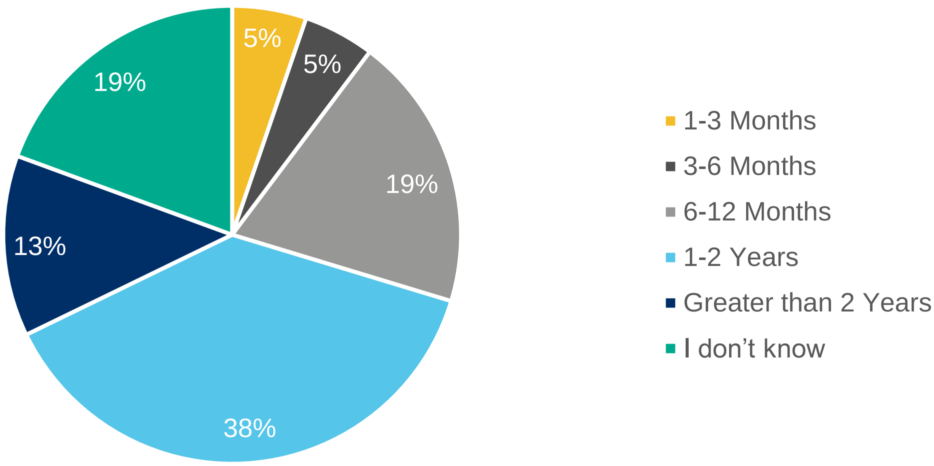
In what areas do you think there will be *no impact* of the pandemic in the next 6-12 months?



2.2.5.2 *Return to Turnover*

In relation to projecting a return to pre-pandemic turnover, the graph depicts the range of how long respondents believe it will take to return to this level: the top three projections were 1-2 years (38%), 6-12 months/don’t know (19%) and greater than 2 years (13%).

When are you projecting a return to turnover comparable to pre-pandemic levels?

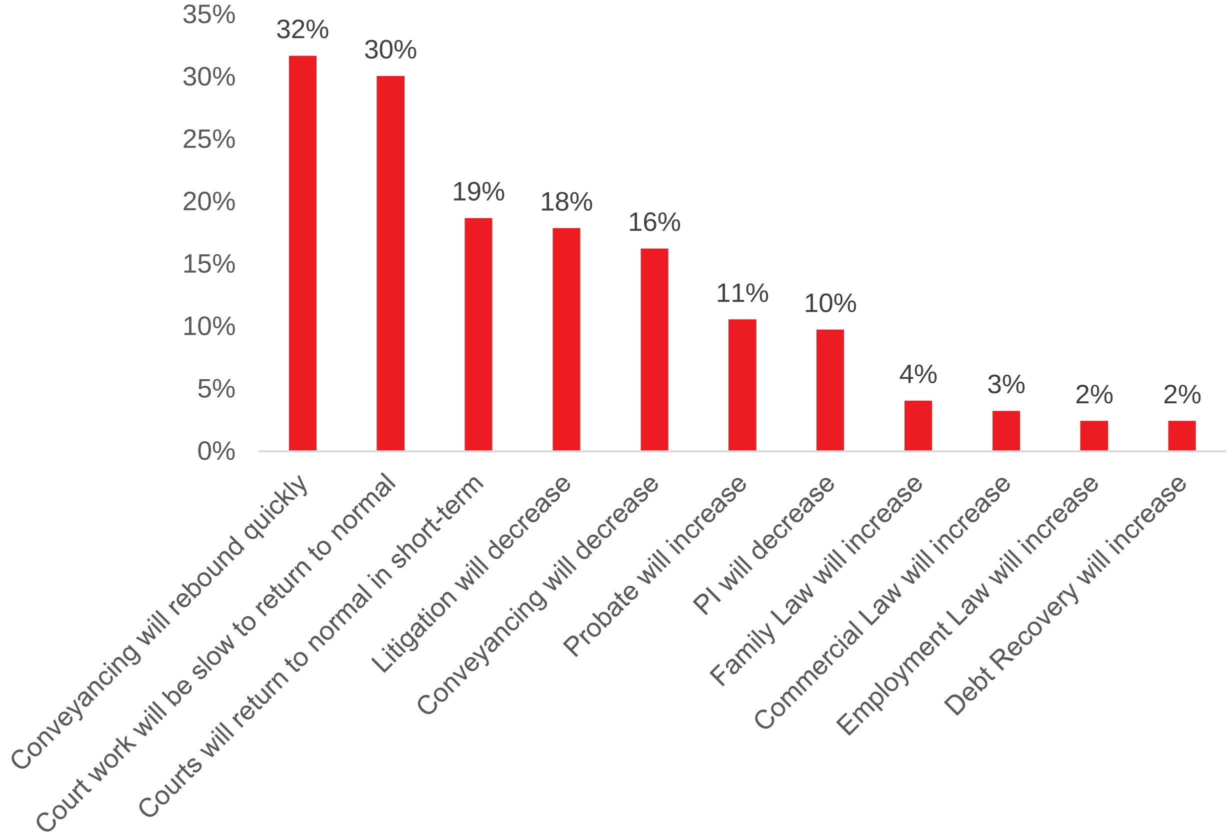


Respondents were asked to elaborate on this further in terms of the different practice areas and the results are depicted below, with conveyancing largely expected to rebound quickly, while court work will be slower to recover but is expected to return to normal.

> “Conveyancing should return more quickly - litigation has a 12–24-month lead time between instruction and fee receipt. The knock-on effect for cashflow will remain until the previous pipeline of work is replaced.”

> “Courts will reopen….huge backlog due to COVID-19 so inability to invoice until matters are closed.”

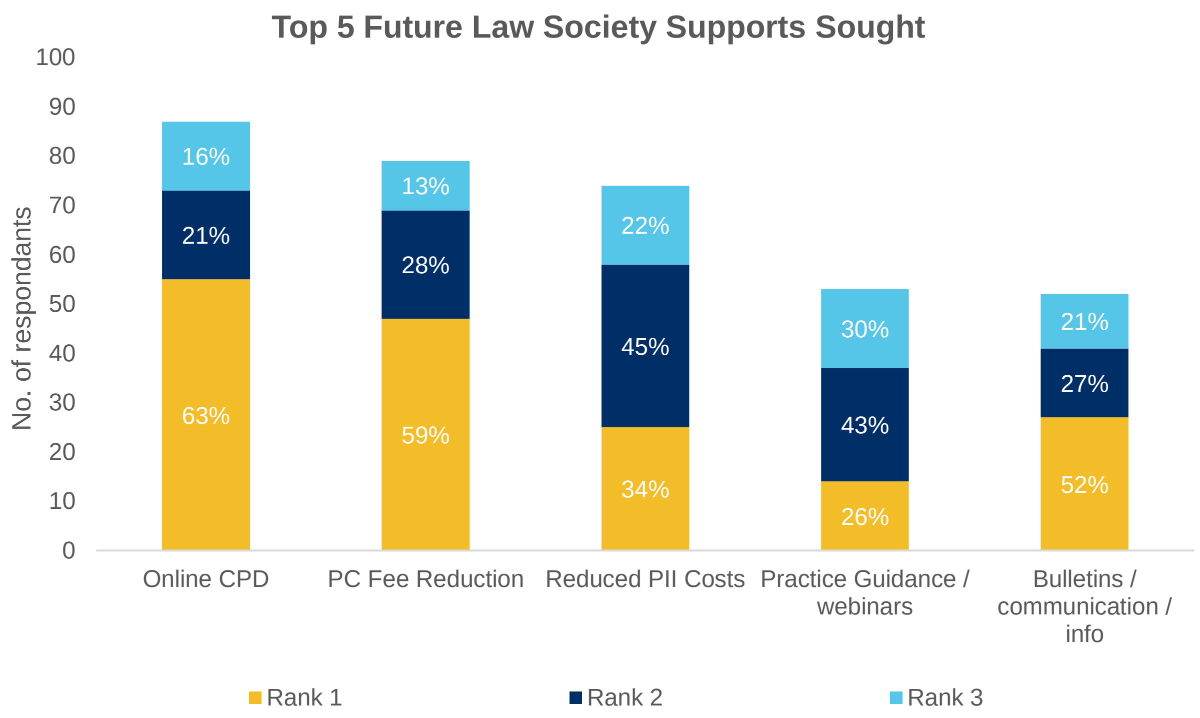
Where different for different practice areas, please explain.



2.2.5.3 Future Law Society and State Supports Sought

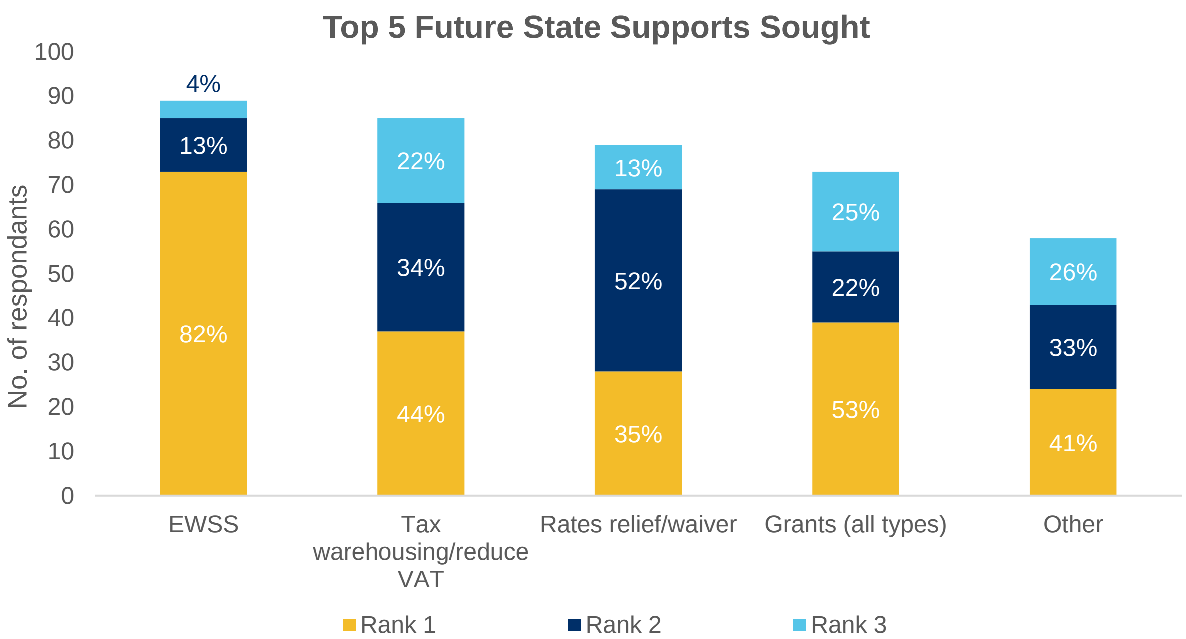
In relation to the top 5 Law Society supports that respondents believe would be of most value to their practice in the future, the most frequently cited was Online CPD courses. This was followed by a practising certificate (PC) fee reduction and reduced professional indemnity insurance (PII) costs.

When respondents ranked these future supports from 1-3, 63% of those who chose Online CPD courses selected it as their top choice, 59% of those who chose PC fee reduction ranked it number 1, while of those who selected reduced (PII) costs, a higher proportion (45%) ranked it as their second choice with only 34% selecting it as their number 1 choice



In relation to the Top 5 State supports that respondents believe would be of most value to their practice for the immediate future, the most frequent answer was the Employment Wage Subsidy Scheme (EWSS). This was followed by tax warehousing and VAT reduction, and the rates relief/waiver.

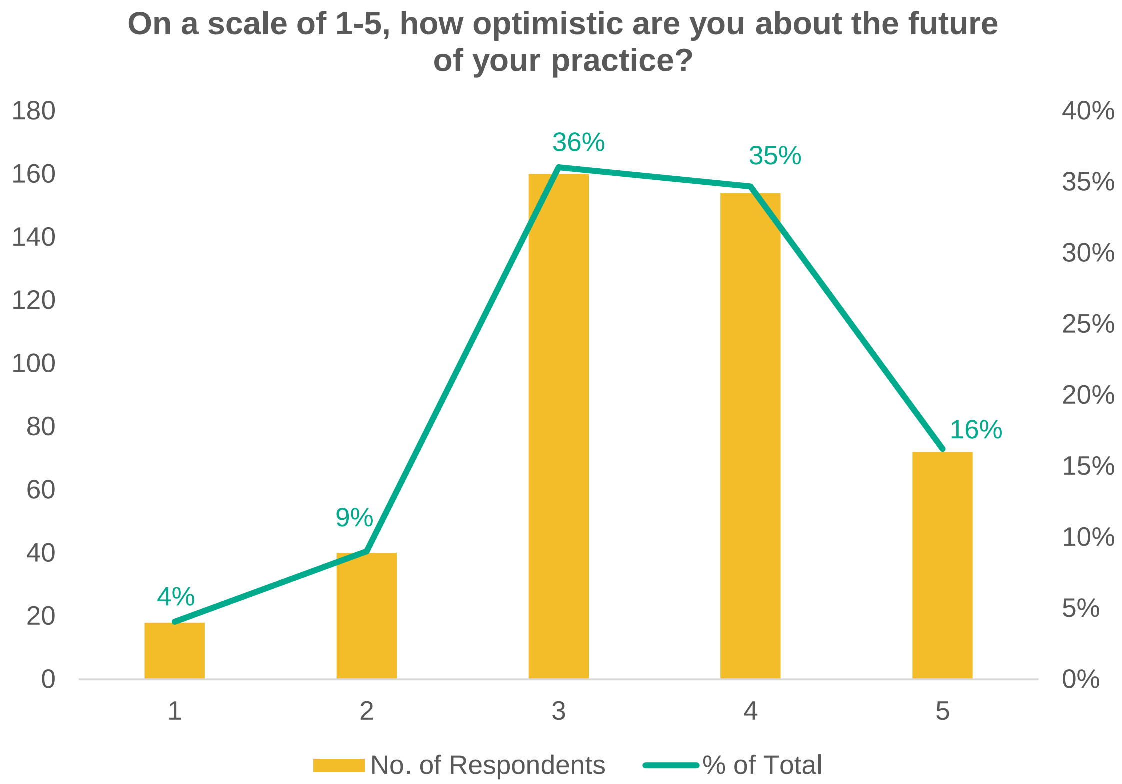
Once again, when respondents were asked to rank these supports from 1-3, the vast majority (82%) of those who chose EWSS, ranked the scheme as their number 1 choice. In contrast, there was a greater variation between the other supports in terms of rankings, with 44% of those who chose tax warehousing/VAT reduction selecting it as their first choice, while of those who selected the rates relief/waiver, over half (52%) ranked it as their second choice with only 35% selecting it as their number1 choice.



2.2.5.4 *Level of optimism regarding the future*

This graph depicts the level of optimism the respondents have regarding the future of their practice from a scale of 1 to 5 (1 being not at all optimistic and 5 being very optimistic). 36% of respondents chose 3, 35% chose 4 on a scale of optimism and 16% responded saying they were very optimistic, choosing 5.

"Optimism grew over time as deployment of technology and our ability to deploy it worked."



Crowe

3 Analysis and Key Insights

3.1 Overview

This section of the report analyses the research and consultation process (survey and individual interviews with practices and external bodies) to assess the issues faced by:

- the solicitors' profession specifically, and,
- other sectors particularly impacted by COVID-19 as experienced via their professional/sectoral development bodies.

Key issues arising are analysed to outline what the future might hold, in terms of both continuing current good practice and introducing new practices that will develop responses to future recovery.

This section is followed by recommendations based on the insights gained.

3.2 Key Insights

Key insights from the research and consultation processes are outlined below and discussed in more detail throughout this chapter:

Impact of COVID-19 on the solicitors' profession

- High levels of impact have been experienced by practices.
- While impact varies across practice areas, overall the impact has resulted in operational and financial pressures on practices.
- There is a lot of uniformity in terms of the issues arising for practices i.e. financial pressures, cashflow and workflow planning issues, need for operational changes, remote and flexible working and virtual / remote client interactions and file management.

Responses and Solutions

- The sector has proven to be agile and adaptable in the face of a challenging business environment that dismantled traditional business models.
- Traditional ways of working were not appropriate or possible during the pandemic.
- Solutions introduced by practices, that would not have been likely 18 months ago, are accepted as commonplace now, have become the norm and in the main are set to continue. Some responses to the new working environment have been more transformational than others e.g. remote working, remote client interaction, virtual hearings, paper reduction / going paperless.
- A good base of change has been implemented from which to continue and strengthen innovative work practices.

Recent and Future Supports

- The level of usage of Government schemes (74%) demonstrates a dependence on the various schemes for business continuity.
- Future supports asked of the Law Society are knowledge based (training, information) and financial (PC fee reduction).
- Future supports asked of Government are financial and, in the main, consist of a continuation of existing schemes and grants.

- The digitalisation trend is set to continue and, as such, initiatives, schemes and supports should follow this trend.
- Preparedness (planned or otherwise) facilitated a speed of response that should continue to ensure that the profession is in a position to respond quickly and appropriately to the aftermath of the pandemic and to any future business disruptions (as a result of the pandemic or other future trends).

3.2.1 Impact of COVID-19 on the solicitors' profession

3.2.1.1 Overall impact

- There is no question that the solicitors' profession has experienced significant impact on their businesses as a result of the global pandemic - 85% of those surveyed cite the pandemic as having a substantial or moderate impact on practices. While it is fair to say that impact varied across areas of practice, on balance, the overall experience of solicitors' practices is that the pandemic has significant and ongoing impact on operations and finances.
- For the overwhelming majority the impact was most manifested in a reduction in work and a reduction in profit which was frequently mentioned (95% of the time), followed by disruption in the courts which was mentioned in 68% of answers under substantial and moderate impact.
- Therefore, impacts and severity of the impacts came from the external environment and was largely outside of the control of any of the individual practices.

3.2.1.2 Biggest concerns / disruptions

- In terms of remaining concerns, there is an interconnected mix of internal and external factors. The areas of concern can be controlled by practices to varying degrees.
- Turnover / income features highly along with concerns about the future of business and a fear of recession which would obviously have a knock-on effect on turnover and business longevity.
- The source of these concerns is concentrated around external disruptions i.e. courts not sitting (70%) and shutdown of services (58%) which then creates reduced cashflow / liquidity (54%).
- While prevalence of the issue is an outside factor, controlling how the business will operate and managing the risk posed to the sustainability of the business can be planned and implemented.

3.2.1.3 Impact varies across practice areas

- Through the survey and confirmed through the interviews, impact was unpredictable and erratic across practice areas. The volatility of level of new files being open is evidenced in 3.2.4.4.
- While the survey did not investigate client sectors specifically, the research reveals, as would be expected, that where client sectors were particularly affected, there was a knock-on effect on practices e.g. hospitality, corporate and construction / property development in comparison to technology companies and the healthcare sector.
- This emphasises the benefit of diversification to allow for a compensation effect when adverse effects in some practice areas or client sectors can be balanced by uplift in other areas (as would be the case in normal trading conditions but was heightened during the pandemic).

3.2.1.4 Financial issues

- For all of the questions on impact, concerns, future solutions etc., the research shows that financial issues are at the forefront of the experience of solicitors:
  - The biggest concern is liquidity / cashflow
  - 67% reported a decrease in fee projections since March 12th 2020
  - 69% reported decreased actual fee income since 2019
- It is also interesting to note that 57% of survey respondents feel that it will be between 6 months and 2 years before turnover returns to pre-pandemic levels with the majority estimating up to 2 years (6-12 months (19%) or 1-2 years (38%)).

> "Active financial management so important...if you don't have a handle on cash flow, forward planning, the business could fail really quickly…need to have cash reserves in case this happens again".

- This points to the ongoing need for financial supports and implementation of cashflow management processes to influence business sustainability and manage erratic patterns of business (and workflow).

Key insights on Impact

- High levels of impact have been experienced by practices.
- While impact varies across practice areas, overall the impact has resulted in operational and financial pressures on practices.
- There is a lot of uniformity in terms of the issues arising for practices i.e. financial pressures, cashflow and workflow planning issues, need for operational changes, remote and flexible working and virtual / remote client interactions and file management.

3.2.2 Responses and Solutions

3.2.2.1 New ways of working

- Responses and solutions that would not have been likely 18 months ago are accepted as commonplace now and have become the norm. Some solutions are more transformational e.g. digitalisation of processes, digitisation of documents, paper reduction, remote/hybrid working arrangement, than others but all solutions demonstrate a willingness and ability to work differently.

3.2.2.2 Positive and proactive approach

- A key insight from the consultation with the profession is that while the context of the pandemic was undoubtedly challenging it resulted in a positive and proactive approach being taken by practices in relation to areas within the control of the practices.
- It is encouraging to see for example that costs were actively managed, though cost reduction measures and seeking new business and also upgrading IT systems and increasing the use of IT has led to more efficient work processes (as indicated in the cost management data).

> "Combination of technology and working from home leads to lots of positives."

3.2.2.3 Positive change in current and future work practices

- The survey and consultation also revealed agility in terms of work practices and moving from what were often described (and have been described in previous reports) as "traditional work practices" i.e. fully office based, fully paper based, minimal digitisation.
- Many work practices are likely to remain in place e.g. flexible working, increased staff communications and increased use of technology, albeit "it will depend on who the decision makers are" where those practices are influenced by external decision makers e.g. the judiciary, required services etc.

Key insights on Responses and Solutions

- The sector has proven to be agile and adaptable in the face of a challenging business environment that dismantled traditional business models.
- Traditional ways of working were not appropriate or possible during the pandemic.
- Solutions introduced by practices, that would not have been likely 18 months ago, are accepted as commonplace now, have become the norm and in the main are set to continue. Some responses to the new working environment have been more transformational than others e.g. remote working, remote client interaction, virtual hearings, paper reduction / going paperless.

> "We have improved our use of technology, implemented a case management system in the office and will continue video conferences for clients."

- A good base of change has been implemented from which to continue and strengthen innovative work practices.

3.2.3 Recent and Future supports

3.2.3.1 Recent supports

- Law Society supports availed of by members were mostly informational in nature demonstrating that the Law Society was a key source of sector specific information (with Government information sources being quite low, 2% by comparison). Where Law Society supports were not accessed, it was mainly due to lack of awareness (46%) and not requiring the supports (37%).
- In terms of Government supports, supports accessed were mostly financial schemes and much less so the informational supports. Where Government supports were not accessed, it was mainly due to not requiring the supports (47%) and not qualifying for the supports (31%).

3.2.3.2 Moving to the next phase of supports

> "We need to make sure we are not getting stuck in a COVID reactive scenario and recognise when to gear change."

- The nature of the supports provided by the Law Society (and other sectoral bodies) had been largely based on navigating the initial disruption to the world of work as it evolved for business in general and for different sectors specifically.
- The need in the early and middle stages was for information, advice schemes for business survival. Over time needs have evolved. The survey analysis provides real time feedback from solicitors on what they foresee as their critical needs in the immediate future and what supports they need in the next phase of COVID-19 recovery and business development.

3.2.3.3 Future supports

- In terms of supports that solicitors deemed most necessary over the coming 6-18 months, there is a move to more online CPD supports suggested and the introduction of financial support by way of a PC fee reduction.
- In relation to desired future Government supports, the message is very much about a desire for continuation of financial supports via the EWSS which over 70% of respondents ranked their number 1 future support requirement and tax and VAT warehousing being the second most frequently cited support still needed in the future.

3.2.3.4 Key Learnings from other sector bodies

> "Scenario planning for industry and thought leadership, all underpinned by economic analysis, consumer insight and international best practice".

- Sector representative bodies consulted emphasised the need to work together with the sector to both communicate information to the sector (economic outlook, trends etc.), take a leadership role in speaking for the sector and to understand evolving experiences.
- There is a strong sense that no one can do this on their own and that everyone needs to join forces within and across sectors and access resources within the sector and through external experts and other national and international bodies.
- Equally, the digitalisation of member services and supports is considered key in terms of access and creating a central knowledge hub.

Key insights on Recent and Future Supports

- The level of usage of Government schemes (74%) demonstrates a dependence on the various schemes for business continuity
- Future supports asked of the Law Society are knowledge based (training, information) and financial (PC fee reduction)
- Future supports asked of Government are financial and, in the main, consist of a continuation of existing schemes and grants
- The digitalisation trend is set to continue and, as such, initiatives, schemes and supports should follow this trend.
- Preparedness (planned or otherwise) facilitated a speed of response that should continue to ensure that the profession is in a position to respond quickly and appropriately to the aftermath of the pandemic and to any future business disruptions (as a result of the pandemic or other market disruptions).

4 Recommendations

The Analysis and Key Insights chapter outlined the insights gained in the research and consultation phase of the process by interpreting the data gathered to understand impact on the solicitors' profession of COVID-19, responses to that impact through actions by practices and the Law Society and Government supports that were accessed as practices worked through the initial and subsequent stages of business reconfiguration and adaptation. The Recommendations are derived from both the analysis and insights to recommend what could be done in future, taking account of the experiences of the profession since March 2020.

Many of the recommendations are inter-related and relate to areas repeatedly arising i.e. IT, financial issues, adapted work practices and new ways of working with staff and clients.

4.1 Public Affairs and Collaboration

4.1.1 Liaise with decision makers in relevant Government Departments and agencies

- The Law Society should avail of opportunities via existing representative groups and relationships at Government level to communicate key data from the business recovery report to impress on appropriate public servants the importance of the Government supports, both in the recent past and in the future, to the survival and recovery of the sector.

4.1.2 Utilise existing sector structures nationally and at EU level

- Consider opportunities to work jointly with the Bar of Ireland on issues of mutual benefit in relation to future work to inform support and representation on behalf of members.
- Liaise with the judiciary and the Courts Service to obtain and communicate information on the court system in relation to plans and pace of return to previous work practices.
- Maintain and build working relationships at a European and international level (e.g. CCBE and IBA) to both contribute to discussion papers etc. and be in a position to avail of opportunities to influence policy and practice related to the profession and pandemic recovery.

4.2 Next Phase of Supports

4.2.1 Supports to focus on new ways of working

- There is an evidenced need for a programme of supports and CPD to maintain and further enhance positive changes in work practices and to equip the sector with the next level skills required to manage business operations, finances and staff and client relationships in the future working environment. Priority should be given to:
    - Digitalisation
    - Financial, debtor and cashflow management
    - HR
    - Business development (including diversification) and client relationship management
    - Mental health supports

"The pandemic has highlighted weaknesses e.g. more communication, more innovative solutions and more digitalisation, these need to continue."

- Continue the digitalisation of member information, supports, training and seminars.
- Consider creating a COVID-19 digital knowledge bank providing expert advice, guidance, FAQs, webinars etc. (akin to the Small Practice Hub). The Fáilte Ireland Business Supports Hub is a good example of a COVID specific information and supports hub).

4.3 Creating Connections

4.3.1 Create and facilitate connections within the sector and with other representative organisations

- Continue and increase member communication and engagement and encourage those currently engaging to communicate with other members to build awareness of supports and information available.
- Consider setting up a virtual members’ network consisting of a cross section of representatives to encourage dialogue amongst members to highlight concerns and issues and facilitate collaboration on effective and workable solutions. A network would also provide a conduit to ongoing member interaction, data gathering and trend / experience monitoring. This would assist the Law Society in representing the sector and also ensure that evolving needs are understood and relevant supports are provided.
- Investigate the potential for members to create podcasts to engage other members via one-on-one interviews in order for practices to learn from each other on how to continuously improve and develop how they do business and evolve their technology-enabled workplace.
- Consider shared learning events and provision of individual or group mentoring as a model for support: (internal, peer to peer and/or with external experts).
- Build collaborative relationships with other representative organisations to both support and amplify messages and activities of the Law Society on behalf of members.
- Signpost supports available via other agencies and organisations that Law Society members would avail of e.g. Local Enterprise Offices who are communicating with local businesses and providing COVID-specific supports.

4.4 Monitoring

4.4.1 Review and monitor the situation and respond as required as next stages evolve

- Monitor market and economic developments in relation to COVID-19. Check in regularly with practices, e.g. via bi-annual pulse surveys, to assess how their businesses are continuing to experience and adapt to what will undoubtedly be ongoing changes in the business environment. This will serve to ensure that the Law Society can communicate most current scenarios in representations on behalf of the sector, evolve messages as appropriate and assess the relevance of actions and supports.

> “Difficult to tell how things will develop, we are still monitoring issues, seeing how impacts are developing, preparing for future circumstances and reacting / responding accordingly”.

5 Conclusion

This report seeks to describe the environment, resulting from COVID-19, in which practices are currently operating and to look to the needs that have emerged to deal with the impact of the pandemic in terms of interrupted practice and an uncertain business environment.

The survey provides evidence of the extent of impact across the profession, how the profession has responded and adapted to the altered environment and demonstrates the continuing impact of COVID-19 that will require ongoing agility and resilience for some time to come.

An encouraging aspect of this report is that, while there are undoubted and significant challenges that have arisen for the profession, there is also demonstrable adaptation of work practices to tackle the outcomes of the pandemic on businesses. The research and consultation process reveals many examples of positive accelerated change at a pace, depth and breadth that would not have occurred otherwise. However, it is also true to say that there is a high level of financial impact on businesses across all areas (actual income, projected income, cashflow etc.) which can be dealt with to some extent via internal cashflow management processes and finding efficiencies but also reflects a dependence on external supports via Government schemes and initiatives.

Given the scale and prevalence of the pandemic and its impact on the solicitors' profession and client sectors, there is a real need for a collegiate and collaborative approach not only across businesses and their professional bodies but also connectivity across sectors and with other sectors' representative bodies.

It is true to say that both practices and sector bodies that reacted quickly were best equipped to deal with the uncertainty as it unfolded and that proactivity should be a key feature in the future in terms of being best prepared for future circumstances. Work practices, sector and State supports must move from a COVID reactive survival scenario to a continuity and recovery scenario, as many have.

The Crowe market study of sole practitioners and smaller firms described the report's recommendations as "moving from operational and tactical ways of working to more strategic, future focused dynamic business models that respond in an entrepreneurial way to current and emerging business trends" and described "The successful practices of 2019 and beyond will embrace and respond to those changes with responsive business models…and innovative processes and operational structures".

There is no doubt that the global pandemic was a "forced experiment" that tested that theory and that practices have responded in a way that has sustained their business since March 2020. The key will be that those responsive innovative processes and work practices continue and that they are supported via the Law Society and State supports so that all involved can capitalise on the "forced" change in work practices and business operations, maintain progress towards business stability and return / recovery. The scale of what is involved should not be underestimated over the next 6 months to 2 years, estimated by the profession itself as being the duration of the recovery phase.