LONDON LEGAL IN-HOUSE 2018 MARKET OVERVIEW



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ABOUT ROBERT WALTERS IN HOUSE LEGAL RECRUITMENT

Robert Walters in-house legal team specialises in the recruitment of lawyers into all markets across financial services and commerce & industry.

We partner with large corporates through to SME's and recruit across all levels from legal counsel through to senior level General Counsel hires. In addition to our recruitment services we offer information and material on salaries, packages and recruitment trends to both candidates and clients. We pride ourselves on our bespoke specialist approach offering guidance to clients and candidates on their in-house career moves and recruitment.

LONDON LEGAL IN-HOUSE MARKET OVERVIEW

NEW HIRES HAVE CREATED CAREER OPPORTUNITIES IN NEW INDUSTRIES, SUCH AS E-COMMERCE PLATFORMS AND TECHNOLOGY COMPANIES, THAT WERE PREVIOUSLY NOT AVAILABLE



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The 2018 market overview addresses current recruitment trends for in-house lawyers across the two key markets: financial services and commerce & industry.

The legal recruitment market in 2018 has been buoyant, with many companies across a variety of sectors having the appetite to hire. In years gone by and particularly in light of Brexit, it was often the case that companies would take a 'wait and see' approach when it came to hiring.

What has been pleasing is that a large proportion of hires, particularly in commerce and industry, have been for a first lawyer/general counsel role. These hires are possibly born out of increased regulation and external counsel spend, therefore recognising that an in-house lawyer can help significantly with both. New hires have created career opportunities in new industries, such as e-commerce platforms and technology companies, that were previously not available.

The in-house market has remained strong throughout the year and most companies, particularly in financial services, have evaded the dreaded 'headcount freeze' which tends to arise as we head into Q4. A notable difference with financial services has been the types of hires that are being made. In previous years the majority of hiring was on a 'replacement only' basis and that was largely confined to areas such as litigation, investigations and regulatory. In 2018, the majority of hires have been born out of growth and in much more transactional areas, for example, derivatives, M&A, capital markets, securitisation and leveraged finance, therefore providing a home for lawyers with this skillset outside of private practice. As we draw towards the close of 2018 job flow remains high with many companies looking to fill their vacancies pre-Christmas and not wait until the new year as was previously tradition. It could be assumed that this unusual sense of urgency is due to Brexit and no doubt that is a factor however, an equally contributing factor is a lack of good quality candidates at the 2-6 PQE mark looking to make the move in-house. This candidate short market is causing processes to take longer and make employers more decisive in their hiring.

In this report, we will discuss market trends, salary information and useful tips for hiring the best talent all gained from the expert knowledge of our experienced consultants in conjunction with feedback from our clients and candidates who operate in these markets.

COMMERCE & INDUSTRY MARKET UPDATE

The London in-house market has experienced a busy 12 months, thanks in part to the adoption of considerable regulatory reform and change initiatives. GDPR specialists continue to be in high demand, and we have seen **GDPR-specific roles** attract inflated salaries. Clients who have recruited non-qualified lawyers for data privacy roles, or have absorbed GDPR projects amongst the existing team, have saved significant costs.

Technology in business is a growing necessity, and the London in-house market is increasingly techcentric. Developments in technological infrastructure, has seen a rise in tech counsel roles offered in-house. We have seen start-ups and fintech companies recruit their first in-house counsel much earlier than in previous years; competing with multinationals for the same candidates and creating a shortage of skilled legal professionals in the market.

We are continuing to see an increase in the recruitment of general commercial roles, and the majority of these roles are in the 2-6 PQE space. This increase has resulted in a **candidate-light market**, allowing junior-mid level general commercial lawyers to be very selective with prospective opportunities. Clients who have looked outside of the job specification and considered re-skilling junior lawyers, recruiting more senior lawyers, or sponsoring internationally qualified lawyers have benefitted in this increasingly candidate short market. A growing theme in 2018 is that candidates are increasingly **chasing the brand and not the role**, and wanting work for recognisable brands that they feel 'passionate' about. What we are finding is that all companies, even the most recognisable, customerfacing brands, are needing to distinguish themselves in the market in order to successfully recruit and retain discerning talent. By emphasising company culture, innovative infrastructure, agile working and other benefits (where relevant), companies can position their brand reputation ahead of competitors', and ensure it's preferred in the market.

WE HAVE SEEN START-UPS AND FINTECH COMPANIES RECRUIT THEIR FIRST IN-HOUSE COUNSEL MUCH EARLIER THAN IN PREVIOUS YEARS



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SALARY & PACKAGE TRENDS ACROSS THE BUSIEST MARKETS:

INDUSTRY	PQE	SALARY	BONUS	PENSION	OTHER	
FinTech	0-2	Up to £75,000	No bonus		Free Gym	
	2-6	£80,000 +	13%	9% non-contributory	Flexible benefits	
	+6	£100,000 +	15%		Share scheme	
	0-2	Up to £65,000	15% + uncapped	Contribute 4% to	30 Holidays	
Media	2-6 +6	£75,000 + £85,000 +	at all levels	receive 8%	Private dental	
Gaming	0-2	Up to £70,000		3% non-contributory	Subsidised gym Sponsorship of Candidates	
	2-6	£80,000 +	20% + across all levels			
	+6	£100,000 +				
	0-2	£65,000				
Sustainable Technology	2-6	£75,000 +	15-25% 25-40%	Contribute 3%, to receive 19.5%	LTIP's Free lunch	
	+6	£100,000 +	20 1070			
Infrastructure/ Construction	0-2	Up to £70,000	20% across all levels		Car allowance Private medical for the family	
	2-6	£85,000 +		Contribute 4% to receive 9%		
	+6	£100,000 +			, , , , , , , , , , , , , , , , , , ,	

Remuneration continues to be a common point of interest for candidates and clients alike, with concerns over **stagnated in-house salaries** in commerce and industry, steering candidates towards roles in financial services or remaining in private practice. Many clients are bridging this gap by promoting flexible and agile working, increasing benefits packages (non-contributory pension, car allowance, share scheme etc.), and considering changing the job titles to reflect career progression.



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KEY POINTS FOR HIRING

 Look outside the specification
 Consider candidates you can re-skill, train up or that have a non-traditional path to qualification

Boast about your benefits

If you can't pay top salary, promote all of your other benefits. These benefits might mean more to the candidate than the base salary

- Show off your premises Give the office tour and show off your assets
- Sell the role and the team
 Sell the role like you would sell yourself in an interview

Keep the momentum

Make the process long enough to get candidates interested, but short enough to maintain their interest

ASSET MANAGEMENT & FUNDS

LARGE INSTITUTIONAL ASSET MANAGER

Recruitment has remained active in this area. There has been a particularly high demand for 2-6 PQE UCITS lawyers, especially during the first half of the year. Due to the large numbers of lawyers in these organisations, there is regular turnover of staff and therefore recruitment, which is expected to continue. A number of large asset managers have merged as a way of managing costs while increasing in size. This is yet to have a noticeable impact on hiring but the inevitable upheaval caused by mergers should lead to roles becoming more numerous next year, and candidates being more active.

PULL FACTORS

- Defined structure and progression;
- Scope to move into different teams;
- Good for the CV

PUSH FACTORS

- Too big and slow moving;
- Salaries uncompetitive;
- Siloed

BOUTIQUE ASSET MANAGER

This is arguably the most popular destination for lawyers looking to move in-house. The market has been healthy, but with so many small asset managers in London there is always going to be some form of recruitment in this sector. Unlike with larger companies, the trend is more towards corporate lawyers as there is a belief they can pick up the funds work, but also advise on wider business issues. Typically there are teams of 1-4 lawyers covering the entire company and therefore broader knowledge outside of pure funds is attractive to these clients.

PULL FACTORS

- Connection to the business;
- Scope for above market bonuses;
- More autonomy

PUSH FACTORS

- Can have limited career progression;
- Less company security;
- Too generalist

TYPE OF COMPANY	PQE	SALARY	BONUS	BENEFIT		TYPICAL MARKET OFFERINGS	
Large Institutional Asset Manager	0-3 4-7 8-10	£65-£85,000 £85-£110,000 £110,000 +	15-20% 20-25% 25-40%		Pension	4-10% non-contributory plus 5% matched	
Asset Management Arms of Financial Services Company	0-3 4-7 8-10	£70-£85,000 £85-£110,000 £110,000 +	15-20% 20-25% 25-40%		Car Allowance	Anything up to 12% of base salary	
Boutique Asset Manager	0-3 4-7 8-10	£65-£90,000 £90-£120,000 £120,000 +	20-35% 30-40% 35-80%		Lifestyle	25+ days holiday Subsidised/free gym membership Lunch & travel allowance	
Private Equity House	0-3 4-7 8-10	£65-£100,000 £100-£140,000 £140,000 +	20-30% 30-40% 40%+		Health & Insurance	Private medical including family Travel insurance Dental Life Assurance 4X salary	

FINANCIAL SERVICES COMPANIES (BANKS & INSURANCE COMPANIES) HAVE BEEN PUTTING MORE FOCUS INTO THE ASSET MANAGEMENT ARMS OF THEIR BUSINESSES THIS YEAR.

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ASSET MANAGEMENT ARMS OF FINANCIAL SERVICES COMPANY

Financial Services companies (banks & insurance) have been putting more focus into the asset management arms of their businesses this year. This has been noticeable in the volume of hiring in these areas. Clients typically look for funds lawyers specifically, whether it's private funds or regulated funds, however, candidates are still hesitant to join these businesses as it is viewed as slower paced with more red tape than working at a smaller asset manager.

PULL FACTORS

- Smaller teams than working in institutional asset managers;
- Reasonable breadth to the work;
- Job security

PUSH FACTORS

- Thought of as effectively working in a bank;
- Bureaucratic;
- Slow moving



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PRIVATE EQUITY

This sector can attract the best talent due to the salaries and bonuses on offer. The work is also far more transactional which attracts lawyers from private practice who wish to keep a certain level of transactional work whilst still making the move in-house. Senior roles are particularly rare as lawyers at this level will struggle to find a role which offers better money, but also better work.

PULL FACTORS

- Potential for top end packages;
- Dynamic environment;
- Transactional

PUSH FACTORS

- Unpredictable bonuses;
- Hours can be long and unpredictable;
- Thought of as a more aggressive culture.

HEAD OF LEGAL SALARY AND BONUS GUIDE

TYPE OF COMPANY	PQE	SALARY	BONUS
Large Institutional Asset Manager	15PQE+	£150k+	40%+
Asset Management Arms of Financial Services Company	15PQE+	£140k+	40%+
Boutique Asset Manager	8PQE+	£120k+	40-100%
Private Equity House	15PQE+	£180k+	50-100%



LONDON INVESTMENT, BANKING & FINANCIAL SERVICES

The London legal market has been busy in 2018, with headcount increasing across most financial services institutions. General banking, derivatives, tech, regulatory and securitisation have been the key areas of growth and have led to a **depleted candidate pool** at various experience levels.

Lawyers within the 1-5 PQE range have been the most sought after, with many banks opting for junior hires to 'build' the skills required for an in-house lawyer; avoiding the increased risk of a salary deficit from a hire at the more senior end. Banks are generally becoming more open to upskilling candidates who show promise or transferable skills i.e. tech lawyers with no specific financial services experience but a sound grasp of technology related law.

The candidate-light market is attributable to a number of factors, notably the significant private practice salaries at the junior end (most prominent in US law firms). If junior lawyers have trained and worked in private practice, and have financial commitments aligned with private practice salaries, they may not have the flexibility to accept a reduced salary and move in-house.

Some clients are tackling the candidate-light market by **sponsoring foreign qualified lawyers** from Australia, New Zealand and various other countries, however many clients are not open to sponsorship or do not have the infrastructure in place to sponsor candidates. Comparatively, law firms across the board continue to make excellent hires from their willingness to sponsor foreign qualified lawyers. Another threat to attracting candidates is the rise of challenger banks and fintech start-ups. Company culture plays a big part in a candidate's decision to move, and millennials specifically have a notion that start-up organisations will offer a better working environment for them in a 'cooler' workplace. Clients need to emphasise the 'perks' of their organisation, that go beyond the monetary, e.g. flexible working, quality of work and scale of transactions, in order to best compete.

ANOTHER THREAT TO ATTRACTING CANDIDATES IS THE RISE OF CHALLENGER BANKS AND FINTECH START-UPS



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SALARY AND BONUS GUIDE

ADDITIONAL PERKS/BENEFITS

INDUSTRY	PQE	SALARY	BENEFIT	COMMENTS
Finance / General Banking	0-3 4-7 7-10	£70-£85,000 £85-£125,000 £110,000 +	Bonus	0-3 PQE: 10-15% 4-7 PQE: 15-20% 7-10 PQE: 20% +
Capital Markets (incl. Structured Finance/ Derivatives)	0-3 4-7 7-10	£75-£95,000 £90-£135,000 £120,000 +	Pension	Market Average: 10% Non-Contributory 5% Contributory - Matched
Dispute Resolution	0-3 4-7 7-10	£65-£80,000 £85-£120,000 £100,000 +	Saving & Retirement	Share Purchase Share Save
Corporate/M&A	0-3 4-7 7-10	£65-£80,000 £85-£120,000 £100,000 +	Lifestyle	Holiday Allowance: 25 Days+ Childcare Vouchers Car Scheme Gym Membership
Technology, E-Business	0-3 4-7 7-10	£75-£90,000 £95-£125,000 £120,000 +	Health & Insurance	Private Medical Dental Plan Income Protection Life Assurance – Partner/Family

During the recruitment process, it is vitally important to go beyond what competitors are doing to attract candidates. Drafting detailed and personalised job specifications, keeping the momentum moving during the interview stages, and showing candidates around the office/ showcasing your innovation infrastructure (where relevant) are simple and effective ways to add value to the candidates' experience, that will ultimately impact their decision making.

PUSH & PULL FACTORS FOR ATTRACTING THE BEST CANDIDATES IN BANKING:

PULL FACTORS:

- Prestige of working for a big bank
- Broader range of work
- Predictable work/life balance
- Larger teams for support
- Similar hierarchy to private practice

PUSH FACTORS:

- 'Big bank' culture
- Smaller base salaries than private practice
- High turnaround with temp staff/secondees
- Less 'sexy' than buy-side roles
- Slow, lengthy interview process



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