

Law Society response to the Treasury Autumn Budget Consultation

Justice that pays: Unlocking growth with legal services

15 October 2025



Treasury Consultation Response - Law Society 15 October 2025

The Law Society is the representative body for approximately 210,000 solicitors across England and Wales. We are run by and for our members. Our role is to be the voice of solicitors, to drive excellence in the profession and to safeguard the rule of law.

Introduction

Legal services represent a highly productive powerhouse of growth for the UK economy. The legal profession's economic contribution grew once again this year, signalling a track record of productivity and innovation worth £57.9 billion in combined direct and indirect Gross Value Added (GVA)¹.

The Government recognised the legal sector as a vital part of the drive for growth in its Industrial Strategy, describing the sector as "*foundational to the success of businesses nationwide, enabling and multiplying growth across the PBS*", while highlighting the even greater potential that the profession has to support further economic growth.

This growth is not just centred in a few areas. Law firms are staples of local economies from highstreets to city centres. The sector directly and indirectly employs 526,000 people, amounting to 1.6% of the UK workforce. This includes solicitors as well as paralegals, administrative staff, and increasingly technology experts. The sector itself is embracing innovation—digitalisation, AI, and online dispute resolution—improving efficiency per worker and reducing costs for clients.

English law also remains a jurisdiction of choice world-wide which is seen as a stable, consistent partner for business. The value of legal services exports keeps growing, from £6.5 billion in 2021 to £9.5 billion in 2023.

Beyond direct economic contribution, legal services also act as a productivity multiplier across the economy. Firms ensure a level playing field, enabling businesses to invest confidently in new technologies, infrastructure, and regional expansion. They facilitate home buying and selling, help resolve disputes effectively, and ensure our criminal justice system moves at pace to provide justice for everyone who needs it.

Through championing legal services, the Government can further accelerate the growth of this productive powerhouse, creating opportunities for both the profession and wider business investment.

Key recommendations

- 1. Put legal aid on a sustainable footing through increasing remuneration by inflation plus 2% in each of the next 10 years, to ensure firms can remain viable, our justice system can work efficiently at all levels and this vital public service can attract the talent it needs.**
- 2. Support the Ministry of Justice to modernise the Legal Aid Agency's (LAA) IT to help remove a roadblock to reform and enable it to recover from the recent cyberattack.**

¹ <https://www.lawsociety.org.uk/topics/research/economic-contribution-of-legal-services-2024>

- 3. Give the Ministry of Justice the resources it needs to enforce the rights introduced by new legislation, including the Renters' Rights Bill, Employment Rights Bill and the Public (Office) Accountability Bill (also known as the Hillsborough Law).**
- 4. Give businesses fast access to justice by investing in our world leading courts to clear the £1.3 billion repairs backlog and invest in court staff, judges and lawyers to address the cases backlog of over 78,000 cases in the Crown Court and over 58,000 cases Employment Tribunals.**
- 5. The Government should develop an AI-powered 'Solutions Explorer' as a trusted source to guide people to appropriate dispute resolution options, improving access to justice and reducing court pressure. This innovation could save the justice system £72 million over five years.**
- 6. Maintain the legal sector's talent pipeline by removing age restrictions on Level 7 Apprenticeships and expanding them to Wales through grant aid to the Welsh government.**
- 7. Support the UK's productivity-boosting LawTech capability by creating a grant, loan or tax relief scheme for SME law firms to invest in LawTech.**
- 8. Support SME law firms with AI adoption by extending the successful Cyber Essentials scheme from Wales to England.**
- 9. It is critical the Government continues to support and deliver the expansion of the UK Research and Innovation PBS programme and the creation of the new PBS Hubs in high potential city regions across the UK.**
- 10. Remove barriers to investment by reforming business rates to support SME law firms.**

Supporting access to justice

Our justice system provides the bedrock that supports the wider productivity of the legal services sector. Legal aid firms not only represent a mechanism through which a key public service is delivered, they are also local businesses present on every high street across the UK.

Without investment, individuals and businesses become bogged down in disputes that could last years. In the long run these businesses will be forced to leave the high street and the justice system will lose a vital workforce required to maintain access to justice.

The social value these firms provide to local economies is significant, making investment a profitable downpayment on the productivity of legal services. This can be achieved by following our recommendations below.

Criminal legal aid

Between 2015 and 2023, the total number of solicitor firms active in the criminal legal aid market reduced by 18% from 1,457 to 1,188². The number of duty solicitors, which provide representation at police stations, has declined from 4,502 in 2020 to 3,911 in 2024, a fall of 15%. Criminal solicitors are an ageing cohort, and few young solicitors are undertaking criminal law. The age profile of those that are left remains a matter of concern. Only 7% are below the age of 35, while 41% are over 55.

While we have welcomed announcements of increased funding for criminal legal aid, this investment must represent a move towards sustainability rather than be considered a silver bullet for restoring this public service. Unless addressed, the chronic shortage of defence practitioners will undermine the productivity of the entire criminal justice system—slowing down cases, driving up costs, and damaging public and business confidence in the rule of law. For confidence to be restored, short-, medium- and long-term action is required.

Firstly, the Government must act to stem the exodus of duty solicitors through committing to increased remuneration rates by inflation plus 2% in each of the next 10 years. This investment signals to aspiring lawyers who are attracted to legal aid work that there is a viable career in the sector.

Secondly, through investment in criminal legal aid, firms would begin to regain confidence that training solicitors in this space is a worthwhile investment, thus boosting numbers and easing pressure on the justice system. The Government should encourage this through a package of support towards the cost of taking on trainees, including exam fees, training and supervision costs.

The scheme should include a requirement for trainees to work in criminal legal aid practice for at least two years following qualification or funding will need to be repaid. We estimate that the required costs would be approximately £10,000-12,000 per individual, and that 300 grants per year would make a meaningful contribution towards the expansion of the capacity required. This would cost £3.6 million per year.

Civil legal aid

By resolving disputes early, civil legal aid reduces pressure on courts and prevents small issues escalating into costly, time-consuming crises that disrupt people's lives.

Civil legal aid helps to ensure that housing is fit for purpose and that education and care services meet required standards. However, this system is being undermined by a lack of access. Our latest data from June 2025 shows that 70% of people do not have access to a community care legal aid provider on the LAA Directory. In February 2024 we also found that:

- 90% of people lacked access to an education legal advice provider,
- 85% to a welfare benefits advice provider,
- 44% to a housing advice provider, and

² <https://www.lawsociety.org.uk/campaigns/justice-and-rule-of-law/criminal-justice/criminal-duty-solicitors> - data source: [Duty solicitors: rotas, information and guidance - GOV.UK](#)

- 63% to an immigration and asylum advice provider.

This scarcity creates legal aid deserts across England and Wales, forcing people to navigate complex legal challenges without support. The result is longer disputes, greater pressure on courts and tribunals, and higher costs to the state—an overall drag on productivity.

By funding providers at sustainable levels, disputes are resolved faster, cases are kept out of courts, and individuals are able to return to work, education, or family responsibilities more quickly, supporting productivity across our economy.

The Treasury should view fee increases across early advice providers, including housing, immigration, community care, education, welfare benefits and family legal aid, not as isolated spending measure, but as an investment in efficiency—one that reduces waste, strengthens accountability, and supports a healthier, more productive society.

Additionally, a 2019 report by the Home Office highlighted that victims of domestic abuse in particular are forced out of work for significant periods of time, further disrupting their lives economically and personally. Investment in civil legal aid therefore supports the Government's wider violence against women and girls target, as well as ensuring victims can maintain an appropriate amount of economic independence³.

Legal aid means test

The legal aid means test has not been updated since 2009, meaning that millions of people who cannot afford legal help are excluded from receiving it. The most recent estimate of the percentage of the population entitled to legal aid is 19% for civil legal aid, but this is based on 2022 figures - significant inflation has eroded the threshold levels further since then⁴.

In 2022, the Ministry of Justice committed to amending the means test thresholds to enable more people to have access to justice. To date these changes have not been implemented due to underinvestment in LAA systems. Each year, increasing numbers of people are priced out of justice as a result. The delay means only individuals living in deep poverty - up to 80% below the minimum income standard (MIS) - will be eligible for full legal aid.

Many people living on incomes well below the minimum income standard are expected to contribute to their own legal costs, pricing them out of the legal help and advice they are entitled to. A couple with two children will need to be surviving on just £41 a day to qualify for full legal aid - 57% below the MIS. For a single person, it will be less than £9 a day (£268 a month), which is 81% below the minimum income standard⁵. The amended means test thresholds must now be implemented, considering inflation since 2019, the year on which the proposed increases were based.

When people do not have access to legal aid, they take up more court time and resources, increasing the cost of administering justice. The Government should support the MoJ with resources to fund the already agreed settlement. Through investing £25m and expanding

³ <https://assets.publishing.service.gov.uk/media/5f637b8f8fa8f5106d15642a/horr107.pdf>

⁴ <https://consult.justice.gov.uk/legal-aid/legal-aid-means-test-review/>

⁵ <https://www.lawsociety.org.uk/en/topics/research/improving-the-legal-aid-means-test-as-living-costs-rise>

the means test, this would increase eligibility to 3.5m more people for criminal legal aid and 2.5m more for civil legal aid.

LAA IT systems

Productivity-boosting legal aid investments will only be effective if the archaic state of the LAA's IT infrastructure and data management is addressed.

From implementing the legal aid means test changes, to reforming legal aid structures and understanding how public money is being spent, the LAA's old IT system is making reform difficult, and in some cases impossible. It is likely that the ageing architecture had a role in the recent LAA cyberattack or potentially made it harder to respond effectively to it.

The Government has committed to embracing innovation through the adoption and implementation of the latest technology and AI to revolutionise processes and save public money. The LAA's IT is an excellent place to begin this work along with what has already begun to support technological integration through the MoJ's AI Unit, signalling the direction of travel towards productivity boosting LawTech.

Additionally, firms have endured significant financial stress as a result of the recent cyberattack. Firms that already exist on the boundaries of economic viability were, through no fault of their own, required to continue delivering legal aid services despite payment systems being taken offline. Even once contingency measures were put in place, firms were still facing significant administrative burdens. The Treasury should look to provide funding to compensate firms for the losses and extra work caused by the cyber-attack.

Investing in our courts

Infrastructure underpins our justice system. Our commercial courts are the shop window of the UK economy, attracting parties from 78 countries in 2022/23. While our legal system, judges and practitioners are world-leading, the physical and technological infrastructure that supports them is far from it, sapping growth and creating a drain on public finances.

The Industrial Strategy itself recognises that *"investment in the physical state of courts and addressing court backlogs is important for investor confidence and business efficiency"*.

The courts estate across England and Wales is literally crumbling and the system needs a spend to save approach. The Justice Select Committee labelled the County Court the 'Cinderella service' of the justice system and recognised that poorly maintained court buildings were negatively impacting on its "ability to deliver swift access to justice".⁶

Our members have told us that disrepair is contributing to delays. In recent our 'State of the Courts' report, around two-thirds of respondents had experienced delays in cases being heard due to the state of the courts within the past 12 months⁷. The Employment Tribunal backlog has grown to more than 58,000 cases and the Crown Court backlog sits at over 78,000 cases. The National Audit Office has identified a repairs backlog of £1.3

⁶ <https://committees.parliament.uk/publications/48940/documents/256865/default/>

⁷ <https://www.lawsociety.org.uk/topics/research/state-of-the-courts-solicitors-views-in-2025>

billion in the courts, and 4,000 sitting days were lost between 2022 and 2024 in just one court in Birmingham due to a broken fire alarm⁸.

The Ministry of Justice meanwhile has confirmed around 2% of Crown Court sitting days are lost each year to planned or unplanned maintenance⁹. This comes at a time when waiting times are increasing, with cases today being listed into 2029.

Chronic disrepair across the court and tribunal estate undermines the ability of individuals and businesses to resolve disputes efficiently, with significant consequences for economic productivity. For firms, especially SME's and sole traders, postponed hearings ties up capital, extends uncertainty, and diverts legal and managerial resources that could otherwise drive business growth.

Firms need support to digitise and increase productivity. While HM Courts and Tribunals Service's Reform programme to digitise court and tribunal services ended in March, significant work is still required to implement reliable technology that simplifies court processes and improves efficiency.

Spending to save on our courts means we can deliver swifter access to justice for individuals, families and businesses, improve the productivity of the legal profession, and reduce the impact of preventable closures on the public purse. It means we can restore this vital public service and continue to enhance its reputation on the global stage.

The Government has provided a one-off boost to court maintenance and capital funding, but it will not be enough to address the £1.3bn repairs backlog. The Government should make a sustained investment in the courts' physical and technological infrastructure so our justice system can work at full capacity.

Ministry of Justice funding

As a downstream department, investment in the Ministry of Justice can directly support not only the productivity of legal services, but also the productivity of other public services. When courts and tribunals function effectively, issues such as housing disrepair can be resolved swiftly, preventing problems from escalating into health concerns that place additional strain on the NHS.

The Law Society commissioned Frontier Economics to undertake an analysis of the sustainability of housing and family legal aid services.¹⁰ The report showed that when investments are made in legal aid, other downstream public services benefit.

For instance, 10% of all rental properties in the UK have significant disrepair issues, costing the NHS £355 million each year in health-related matters. Our research found that if reforms to housing legal aid reduced significant housing disrepair by just 5%, the savings to the NHS could be more than £15 million each year.

Strengthening justice infrastructure and supporting the Ministry to reduce costs of other departments is therefore not only an imperative for justice but a smart investment in public sector productivity.

⁸ <https://www.nao.org.uk/wp-content/uploads/2025/01/maintaining-public-service-facilities.pdf>

⁹ <https://committees.parliament.uk/oralevidence/15195/pdf/>

¹⁰ <https://www.lawsociety.org.uk/topics/research/civil-legal-aid-sustainability>

Supporting upcoming legislation

As key pieces of the Government's legislative agenda, including the Renters' Rights Bill and Public Office (Accountability) Bill, become law, it is essential that these commitments are matched by adequate funding for the MoJ.

The promise of these Bills to strengthen accountability and individual protections can only deliver real-world impact if the courts, tribunals, and legal aid systems responsible for enforcing them have the capacity to act swiftly and effectively. Without accompanying investment, even the most well-intentioned legislation risks being undermined by backlogs, delays, and limited access to justice for lack of legal advice and support.

21st Century Justice

Law Society research through our 21st Century Justice project demonstrated that even people with relatively developed digital skills struggle to search for solutions to their legal issues online¹¹. There has also been a growth in online dispute resolution providers. There is no single, trusted means of determining what is reliable and relevant when searching online for help.

Our report proposes a government-developed and AI-powered 'Solutions Explorer' which would signpost people to the options available to them to resolve their dispute, whether that is supplementary advice services, ombuds or other forms of non-court dispute resolution, as well as legal advice and litigation.

A government sponsored 'Solutions Explorer' would act as a trusted and effective triage mechanism through which appropriate cases could be supported to be resolved out of court, thus easing pressure on the system and improving consumer confidence in alternate paths to solving problems, as well as providing a safeguard from the dangers of false information and poor advice.

A cost-benefit analysis undertaken by Social Finance in 2024 found that the Solutions Explorer could save approximately £72 million in direct costs over a five-year period¹². There are also significant opportunities to leverage rapidly development advancements in AI to support the development of the Explorer.

Boost productivity through innovation

Legal services is a productive and innovative sector in its own right. The Government should use this Budget to support the Industrial Strategy's ambitions for legal services. It should also go a step further by taking forward the following policies to support the sector.

Boost SME productivity through LawTech

The UK is a hub of innovation in productivity-boosting legal technologies, known as LawTech. While the UK is one of the largest LawTech hubs in Europe, we face fierce international competition, including from global players like Singapore and the United States. The UK can capitalise on our world leading status by investing in the future of legal services delivery and grow this vibrant sector.

¹¹ <https://www.lawsociety.org.uk/campaigns/justice-and-rule-of-law/21st-century-justice>

¹² Published in the Annex of the [21st Century Justice Green Paper \(2023\)](#).

This has rightly been recognised through the Industrial Strategy and we highlight our support for its policy interventions in LawTech below. But there is a further step that could be taken to help the sector create further growth.

The UK should support SME law firms with the costs of adopting LawTech. This could be done through a loan, grant or tax relief scheme. The opportunity for economic growth in this area is large: research by LawTech UK has estimated that up to £8.6 billion per year in cost savings for firms could come from SMEs using Lawtech services¹³.

The Government should emulate loan or grant schemes similar to those in Singapore and Hong Kong to support firms with adoption. Singapore's Ministry of Law and the Law Society of Singapore jointly operated the Tech-celerate for Law scheme which provides grants to SME law firms covering 80% of the first-year costs of adopting LawTech, up to a maximum of S\$30,000 (around £16,500)¹⁴.

The Hong Kong Innovation and Technology Commission has a similar Technology Voucher Programme that aims to support organisations in using technological services and solutions to improve productivity or upgrade their business processes, up to a maximum of HK\$600,000 (around £60,500)¹⁵.

Canada also has a specific scheme aimed at SME firms to help the sector to adopt AI that the UK could emulate. The Regional Artificial Intelligence Initiative will invest \$200 million to help bring new AI technologies to market and help accelerate AI adoption by SMEs and sectors across the country¹⁶.

The legal sector stands ready to make the most of LawTech. A Law Society survey found that 60% of solicitors intend to use LawTech more frequently in the next 5 years, while over 50% agree that it would increase their productivity. However, the sector needs support to continue to grow as our global competitors are catching up to the UK. Other governments are doing their best to foster innovation through grant and loan schemes to support SMEs with adoption, but in this regard the UK is trailing behind.

Many of the law firms working in this space are small and medium-sized, which means they often do not have the resources their larger counterparts can draw upon to invest in new technologies and drive productivity.

As many of these firms are based in smaller towns and in rural areas, the benefit of this scheme would be most keenly felt in areas outside of our commercial hubs. It could help to support new legal clusters and create more skilled and good jobs in the areas that need them. We have welcomed government support through several funds such as in the Plan for Change and the AI Upskilling Fund. However, more work is needed to target SME adoption so they can also benefit from LawTech.

¹³ <https://lawtechuk.io/reports/shaping-the-future-of-law-the-lawtechuk-report-2021/>

¹⁴ <https://www.straitstimes.com/singapore/law-firms-in-singapore-to-get-368-million-boost-to-adopt-use-of-technology>

¹⁵ <https://bee.hkpc.org/funding-schemes/typ/>

¹⁶ <https://www.canada.ca/en/innovation-science-economic-development/news/2024/10/federal-government-launches-programs-to-help-small-and-medium-sized-enterprises-adopt-and-adapt-artificial-intelligence-solutions.html>

Cybersecurity training

The growing prevalence of cyber incidents—such as those recently affecting organisations like M&S, Jaguar Land Rover and the LAA, alongside rapid advancements in artificial intelligence, underscores the increasing importance of strong cyber hygiene and resilience.

As the National Cyber Security Centre (NCSC) highlighted in its report on the threat to the legal sector, law firms routinely handle large volumes of money and highly sensitive information which can make them a target for cybercriminals. These threats drive significant risk and are a drain on the productivity of the sector.

There is a simple way the Government can support the sector and remove this block on growth. We know from the approach taken by the Welsh Government, which has, in partnership with the Law Society, funded law firms based in Wales to access the Cyber Essentials and Cyber Essentials Plus certification, that this type of support is important and valuable to firms.

Wales has been a trailblazer within the UK on cybersecurity through this scheme and it provides a helpful blueprint that the UK Government could follow to roll out cybersecurity support to smaller law firms across England too. Cybersecurity is already a challenge for the largest firms. SRA research in 2020 found that 75 out of 100 large law firms had been targeted by cyber criminals. For legal SMEs, with limited resources, it is an even greater threat.

The Government should go ahead and support legal services to address the cybersecurity challenge by implementing the Welsh Government's Cyber Essentials scheme in England.

Maintain partnership through the Industrial Strategy

The Law Society welcomes the launch of the 'Made Smarter' digital adoption programme for SMEs, the expansion of the UK Research and Innovation PBS programme and the creation of the five new PBS Hubs in high potential city regions across the UK. We also look forward to working with the new AI sector champion once in post.

It is critical the Government continues to invest, support and deliver on these commitments, which have the potential to be significant, especially for SME law firms working in LawTech.

This includes launching a new Made Smarter digital adoption programme for SMEs and expansion of UK Research and Innovation's PBS Innovation programme, together with the creation of new PBS Hubs in five high potential city regions.

Business rates

For smaller legal firms, the most significant barrier to investment is increasing financial pressures. Our 2023 YouGov research highlighted challenges around rising staff costs, managing the increase in interest rates, rising overheads with office upkeep and other business costs¹⁷.

¹⁷ Data available on request.

Our research also shows that these costs tend to be absorbed by firms and not passed on to clients. As a result, increasingly tight margins make further investment unlikely, or even impossible, for many small legal firms, putting their future viability at risk. While the pressures of inflation and the cost-of-living crisis might slowly be easing, there are still business costs that disproportionately impact small law firms and curtail their ability to invest and grow.

Business rates continue to be one of the major business costs for firms with a high street presence, especially legal aid firms. For many law firms, these costs are unavoidable due to a LAA requirement to have offices available to see clients in person. We welcome the Government's commitment to reform business rates, starting with retail and hospitality businesses, but the Government should also consider rates relief for other sectors including legal services, and especially the legal aid sector.

Due to the unique characteristics and challenges faced by small legal firms, such as the high value of prime city centre locations, the Government should consider cutting business rates or creating a relief scheme for small firms that provide legal aid services.

This should apply especially in areas that are legal aid deserts – areas where there is little to no local legal aid provision. These areas should benefit from a greater level of support for legal aid firms through the tax system to encourage and support firms and allow them to continue to operate in these areas.

The Law Society has identified these deserts through a series of maps looking at different areas of civil legal aid provision¹⁸.

Turbocharge productivity through business growth

Breaking down barriers to legal training

Legal services are key to breaking down barriers to opportunity, offering socially mobile careers and skilled, well-paid jobs in every town and region. However, recruitment is a challenge, especially for SME firms, as shown by Law Society research¹⁹. This has been rightfully recognised by the Industrial Strategy, with the Government moving ahead with PBS hubs to support firms with skills in AI and other policies to help foster skills in the legal services sector.

The legal profession is a highly regulated profession and qualifying as a solicitor requires a degree-level qualification, completion of two-years qualifying work experience, passing the Solicitor Qualifying Examination assessments (which are set at the level of a "day one" solicitor), and satisfying rigorous character and suitability tests. These are regulatory requirements set by the Solicitors Regulation Authority (SRA).

As a result of the stringent criteria for qualifying as a solicitor, the only apprenticeship that can lead to qualification is a level 7 apprenticeship. Apprenticeships are an important

¹⁸ <https://www.lawsociety.org.uk/campaigns/justice-and-rule-of-law/civil-justice/legal-aid-deserts/>

¹⁹ The Law Society & MHA. (2025, January 20). *Strategic sector insights for the legal profession in 2025: Mid-sized firms*. The Law Society. Retrieved from <https://www.lawsociety.org.uk/topics/research/strategic-sector-insights-for-the-legal-profession-2025-mid-sized-firms>

entryway into legal services for many, as well as a vehicle for social mobility by providing an alternative route into law.

We welcomed the Government's move to support level 7 legal apprenticeships and keep open this vital route towards qualification as a solicitor. However, if this route is to be truly open for all, the scheme must be expanded to all ages and across all regions. Currently, apprenticeships are only available for individuals up to age 21, or 25 if you have an Education, Health and Care Plan or are a care leaver in England.

The Government should invest in expanding eligibility to all ages and work with the Welsh Government to support the extension of level 7 apprenticeships to Wales. This would power legal apprenticeships as a powerful mechanism for upskilling individuals in a productive, growth creating sector.

Investing in skills

The Industrial Strategy rightly recognises the significant benefits of providing support for training solicitors both in qualification but also throughout their careers. Resources that help solicitors to understand the portfolio of technologies that are appropriate for their practice, as well as to enhance their understanding of soft skills like professional ethics, further boosts productivity and the reputation of legal services.

The Government should work with the MoJ and the Department for Education to fund a range of courses and ensure solicitors remain a world-class workforce that delivers innovation and growth.