

Lessons learned

While the in-house profession has come of age, the number of home-grown trainees remains tiny. *Legal Business* assesses whether in-house teams should lessen their reliance on law firm-schooled staff

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Despite talk of radical changes to legal education and burgeoning in-house legal teams in blue-chip organisations, there has been no real breakthrough in a mainstream plc route to qualification.

Mostly offered ad hoc by companies to retain junior staff they would otherwise lose, the trajectory of in-house legal training contracts is in parallel with the overall rapid growth of the sector.

Figures from The Law Society show that the number of trainees in commerce and industry (C&I) grew by almost 100% between 2002 and 2012, while the number of lawyers in that sector grew by 150% in the same period.

This compares with a drop of 10% in training contracts more generally, with many of the City's leading law firms having publicly declared their intention to cut trainee numbers.

These statistics should not be overplayed however: underlying the huge percentage increases, the actual number of in-house training contracts remains tiny, up from 79 to 156 between 2002 and 2012, around 1% of the 15,000 C&I lawyers at the last tally. Comparatively, the proportion of trainees to lawyers in private practice is closer to the 5% mark.

However, a wealth of circumstantial if not compelling evidence points

towards growth, as the University of Law considers including an in-house module in its Legal Practice Course (LPC). Its soon-to-be retired president, Nigel Savage, recently told *Legal Business*: 'There are now real career opportunities in-house as opposed to just private practice and there is room for students to take more focused electives.'

These conversations are taking place within the context of the Legal Education and Training Review (LETR) published last June, which is expected to trigger changes to the way training is currently delivered and pave the way for more on-the-job apprenticeships leading to qualification.

A bigger question is whether and how corporates overcome the many sticking points that have so far prevented in-house training contracts from really taking off, and address some of the quality issues that still plague even the largest corporate legal teams.

WHO'S WHO?

Of the top 25 companies in the FTSE 100, only Vodafone, BG Group and BT regularly offer training contracts, with BT the only company to have an external recruitment programme, which has run since 2009.

BT offers candidates the opportunity to take their LPC part-time to run concurrently ►



Company
Handbook and
Guidelines

A
B of in-house
legal training
contracts
C

▶ with their training contract, taking three years in total.

Trainees spend their weekends studying at the University of Law in Bloomsbury and must complete a seat in commercial and a seat in litigation, and they have a choice of employment, competition and corporate.

While candidates could in theory qualify after the second year, BT's training contract liaison officer Linda Bruce-Watt, a corporate lawyer in her day job, who is currently overseeing nine training contracts running simultaneously at various stages of a three-year training period, says: 'We want our trainees to be commercial-thinking and to have that extra year makes such a difference.'

The number of trainees in any one intake depends on an ongoing assessment of the performance and needs of the business: in September 2013 there was just one, but this September Bruce-Watt hopes there will be three.

Unlike some companies who second their trainees out to private practice to fill in gaps in their training, BT has no need for this, but encourages trainees to fully utilise law firms' training and seminars in their third year.

The impact of a tailored, in-house training contract is demonstrable, says Bruce-Watt: 'They start doing good work from day one.'

At Vodafone the position is very different. The telecoms giant's UK arm has only run a scheme for internal candidates since January last year, while the group as a whole has stopped running them altogether.

The small, bespoke scheme arose to support employees already working for Vodafone UK and has no publicly available contracts.

Vodafone has six specialist teams from corporate to litigation to competition, so trainees are given ample opportunity to cover the core areas. It also operates a reverse secondment for one of the three-month seats, which provides the in-house trainee with more experience of the black-letter drafting that can be absent from a more commercial in-house training contract.

Outside of the very largest blue-chips, more contracts are on offer, despite smaller companies facing more logistical issues in ensuring training contracts cover all of the key areas demanded by the Solicitors Regulation Authority (SRA).



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**Nigel Savage,
University of Law**

At Colt, its current and first-ever trainee, Nadine Ramasamy, who is also undertaking the dual challenge of an LPC and training contract together, originally started at the IT services company in a non-legal job in a different part of the business entirely. 'They needed someone who could read contracts and found her through an agency. We snapped her up,' says Colt's GC Robin Saphra.

Ramasamy will complete a six-month seat at Colt's preferred European commercial legal adviser, Baker & McKenzie, which agreed to offer training to Colt's lawyers as part of its fixed-fee arrangement worth around £1m a year, which it won in 2012.

'The firm will send us one of their trainees too,' says Saphra. 'The beauty of it is that she's got a little bit of the blue-chip about her so if she decides to go into the market or to a firm in the future she can say that she did part of her training contract in private practice.'

THE BENEFITS

In an age where most companies are keen to demonstrate their corporate social responsibility credentials, for corporates benefiting from a growth in popularity and numbers, offering training contracts is a good way to 'put back' into the profession.

For BT, it is a way to make a small dent in the vast numbers looking to qualify. 'It is a lot of work on top of your day job and you've got to put a lot of time into it, but there are an awful lot out there who deserve a training contract and it's the right thing to do,' says Bruce-Watt.

The knock-on effect on reputation can be beneficial. Group GC for Lloyds Banking Group, Andrew Whittaker, says: 'In an environment where people are critical of the banking culture, they are good things for the bank to be associated with.'

For the legal team at Lloyds - which is shortly to unveil a new trainee scheme - training contracts are also a way of building loyalty to the brand. The bank has lawyers still with the team who trained with HBOS before it merged with Lloyds TSB in 2008.

'It's about getting bright people, training them up in your own ways, and getting them to have a sense of belonging and identity within the organisation. You can also use it to encourage your existing staff who might be really talented people and would make great lawyers, but for one reason or another have not qualified,' says Whittaker.

Top-25 FTSE 100 oil and gas company BG Group, which has a long track record of taking on a small handful of trainees, also cites loyalty as a real benefit. 'Some of our most senior lawyers started with us as trainees ten to 15 years ago,' says deputy GC Jason Klein.

Offering contracts can be a useful tool in retaining bright staff who would otherwise leave due to lack of career progression too. The trainee liaison partner at one FTSE 100 company said: 'We've got some really good people and if we don't offer them the opportunity to develop, they will leave. It's a small bespoke scheme on an applicant-by-applicant basis.'

'We don't bring in a paralegal for two years and say "now you go off and get a job somewhere else". We say "we value you and this is the way we can help you".'

David Symonds, GC across EMEA at security systems company Tyco, echoes

the experience of many in saying that there is an increasing number of law degree or even LPC graduates starting at Tyco as contract managers, working with the sales team to review and negotiate contracts.

'We are finding more and more as we advertise for [contract manager] roles that there are a lot of people applying who have a law degree, have gone through their LPC but just can't get a training contract,' says Symonds.

'One of the advantages of taking them on [internally] is that they know the people and the company, and can hit the ground running. It's also a good carrot to dangle in front of people to say we do it in interviews and it gives us an opportunity to assess somebody in a day-to-day working environment to see whether they're the type of person who might be successful at Tyco.

'One of the things we found to be a problem with the contract managers is that there's a fairly high turnover of staff. Negotiating contracts all day every day gets a bit monotonous, so if you've got someone good in that role and you can offer them a training contract, it gives them an incentive to stay with you,' adds Symonds.

At Channel 4, having taken on trainees in the past on an ad hoc basis from within the organisation, recently promoted GC, Prash Naik, who took up the newly-appointed role as part of a reshuffle this year, says in-house departments can provide a better arena for sharing experience than might be afforded in law firms.

'Whereas in private practice you tend to be in offices, we're open plan and we're a collaborative team, which affords better opportunities for sharing, meaning a junior lawyer can learn from someone more senior and vice versa.

'If you've already invested in that member of staff and they've already got a commitment to the job role, you can mould them into thinking commercially in how they work and operate,' Naik adds.

For some organisations, paying for training can be off-putting, but Saphra argues that having a trainee is good value, as well as providing the trainee with in-depth experience to reinforce classroom learning. 'As a trainee I spent most of my time doing photocopying and proof-reading documents, but [our trainee] is a really valuable member of the team, she's fully integrated and well-regarded within the

THE INSIDE TRACK: A TRAINEE'S VIEW

Having been brought in for six weeks to review German language contracts for an internal audit at Colt in August 2012, Nadine Ramasamy's track to an in-house training contract began when she caught the attention of her immediate superiors.

'I was fortunate that the head of audit took a personal interest in me, as did one of the other department heads,' says

Ramasamy.

'The two of them were eager for me to sit down and find out what I actually wanted to do... they set up a meeting with Robin [Saphra, Colt's GC] and some of the other internal lawyers to see if they could keep me here.'

Ramasamy wanted to qualify as a lawyer, but after obtaining a degree from Bristol University in Law and German, she, like many other graduates, could not afford to take the Legal Practice Course (LPC) without a sponsor and a guaranteed job.

Impressed by her abilities, Colt decided it was willing to be that sponsor and in September 2013, Ramasamy started her LPC, studying each Wednesday at the University of Law and supporting the legal team the rest of the week in contract negotiations, bid phases and ad hoc legal requests.

Ramasamy will take 22 months to complete the LPC part-time, the length of which can vary from around 18 to 24 months. Even though she will be working for all of that time, under current regulations only six of those pre-LPC qualification months can count towards her training contract, which will reduce Ramasamy's post-qualification training contract to 18 months.

Despite being hard work, the advantages of studying on the job are apparent. 'The LPC is very practically-focused so it makes a lot of sense to see things happen in real time and to be able to link it to things that have happened,' says Ramasamy.

It also made further study an affordable option and reasonably risk-free at a time when many

graduates have struggled to find training contracts.

With university debt hanging over her, Ramasamy recalls: 'I had considered doing the LPC before, but it is very expensive and my student debt is high enough!

'Having done the LPC, you have to get a training contract within five years or else it expires. It seemed like quite a big investment at a time when things aren't very certain.'

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**Nadine Ramasamy,
Colt**

business. The business hardly knows whether she's a real lawyer or a trainee.

'We get really good value from what she's doing and it is considerably cheaper too. Even with the cost of supporting them on their course, it's cheaper than hiring a qualified lawyer.

'However, you have to be aware of the responsibility that you owe trainees

and this is where I get slightly worried when I hear people talking about cheap labour. It very much has to be a two-way street,' he adds.

THE BRIARS

If the path to offering training contracts really was paved only with positive PR, costs savings and trainees who hit the

► ground running armed with a commercial flair and intimate knowledge of the business, the numbers of contracts currently on offer would be far greater.

However, time-stretched and under-resourced corporate legal teams are often fearful and unwilling to take on additional work.

For one, any external process – or even the suggestion of one – is likely to be met with a deluge of applications in a market where the number of potential trainees still far outweighs the contracts on offer.

For this reason, one FTSE 100 company requested not to go on the record when interviewed for this feature in order to avoid the headache of any public misconception that they take on external candidates.

However, the pioneering legal team at Kent County Council, which is currently sifting through the submissions for its first-ever trainee application process, with the intention of taking on four trainees this year and four the next, has come up with what they think is a workable solution to this problem.

‘We used social media to advertise in a deliberate ploy to try to attract the potential

solicitors who were tracking us; we wanted the people who were following us on Twitter, checking out the website, keeping an eye on things,’ says commercial and environmental head James Pigott.

‘We opened the application window for only five or six days, a very short period of time for candidates to complete and submit the application, which was again absolutely deliberate, firstly to ensure they want the job enough to put the effort in, and secondly, in a sense, to take a snapshot of the applicants at that point in time. What we didn’t want was 5,000 bog-standard applications being rolled out to 500 local authorities.’

Even within that brief window of opportunity, the council’s legal team received around 70 applications. Going through them, Pigott admits, is likely to be a lengthy process, especially considering the variety of applicants: ‘You could be looking at someone who’s just come through university or someone who graduated five years ago. Obviously they will have different life and work experience and you have to set a level bar.’

To narrow down the process, the application form also tested the applicants



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on their technical legal knowledge, focusing on questions ‘people would have known the answer to quickly if they had been following us’, to test skill and dedication.

‘This is a different approach. We have made a real decision to try to get trainees involved,’ says Pigott. ‘It makes business sense, there’s a big pool of untapped potential talent out there. We want some of those successful trainees to be our future.’

However, logistical concerns prevail beyond the application process and include the sheer amount of time it takes to ensure the training contracts comply with SRA regulations.

Other concerns include that the contract (and, ergo, later-life job opportunities) will be too niche and that a lack of black-letter law experience is less likely to produce brilliant lawyers. One litigation counsel at a FTSE 100 company comments: ‘We have

A SNAPSHOT OF IN-HOUSE LEGAL TRAINEESHIPS IN TOP-25 FTSE 100 COMPANIES

Company	Trainees?
Royal Dutch Shell	Yes, but not on a regular basis
HSBC	No
Vodafone	Yes
BP	No, not in the UK
GlaxoSmithKline	No
British American Tobacco	No
Lloyds Banking Group	Yes but not routinely. Will be rolling out a new trainee scheme in the coming months
SAB Miller	No due to small size of UK domestic business
Barclays	No
BG Group	Yes, but not on a regular basis
Glencore Xstrata	No
Prudential	No
Reckitt Benckiser	No due to small corporate department
Standard Chartered	No
Unilever	Yes, but not routinely
BT	Yes (see page 30)
National Grid	No
Rolls-Royce	No
Imperial Tobacco	No

incredibly commercially-minded trainees, but personally I think it's better to start with that real attention to detail and black-letter law or they won't have the same attitude towards rigour.'

Naik adds: 'The disadvantage to being a trainee in-house is that you tend to find you're working in a very niche area and if you want to move on it doesn't really help you. I always advise on getting the broadest possible experience, it gives you more strings to your bow if you want to diversify later.'

'With training contracts, one needs to be really clear that you can do it properly,' says Kate Cheetham, deputy GC at Lloyds. 'We always say to our trainees that you should do a seat in private practice so you can see what other career prospects there are. In addition, you have to give them really proper training and an ongoing commitment, which means you need a broad-based team and that's possibly where some organisations may find it quite difficult because they just don't have the breadth of legal experience to be able to offer a properly differentiated four-seat contract.'

The problem with in-house trainees doing one of their seats with a panel firm, as attested to by a partner at a US law firm in London, which has one of these arrangements, is that the trainee is still the client.

'If they do a really shoddy piece of work, whereas normally you'd get the

trainee in and give them a dressing down, you can't do that because you know the trainee will go back to being the client. Often they know they aren't going to qualify with you and they don't care about the quality of the work they produce,' he says.

In response to many of these problems, solutions are already emerging, however. Accutrainee launched in 2011 to employ trainee solicitors under an SRA-approved training contract, taking responsibility for all SRA training regulations and seconding them for a monthly fee to law firms and in-house legal teams for a minimum of three months or for the whole two years in accordance with the client's requirements.

'We've worked very hard to make sure we have addressed a lot of the problems for in-house legal teams,' says chief executive Susan Cooper. 'A lot of the big ones are cost, headcount issues and long-term commitment in an uncertain economic climate. We enable [organisations] to train up their own future lawyers but without worrying about those things.'

Certainly, with the rise in quality of candidates eyeing a potential in-house career, corporates would do well to revisit the area. Saphra says: 'The perception of in-house has changed. When I was a trainee 20 years ago I didn't even consider going in-house for a training contract - it would have been a really uncool thing to do. People would have looked down their noses at you and regarded you as some rather poor relation. The rise in prominence of the in-house legal team has made it much more attractive place for trainees to be.'

What is clear is that the in-house profession - despite the growth and increasing sophistication of corporate legal teams - remains far



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Lloyds Banking Group

from existentially grappling with a shift in its trusted approach of drawing talent from private practice that would arguably reflect its current maturity. Indeed, many GCs remain wedded to the expensive option of filling their junior ranks with lawyers of three or even five years' post-qualification experience at a law firm.

As such, it will likely need some wider moves to reduce red tape and the much-hyped development of a work-based route to qualification to gain acceptance for there to be a breakthrough. At least in this regard, the professional tide seems to be flowing in the direction to support bespoke in-house training.

Savage adds: 'The trend is going towards learning in the workplace.' **LB**

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