

Want to spend a year on the beach? Join a law firm

City solicitors are offering trainees money not to come to work, discovers **Jonathan Ames**

IT'S a young person's dream – £10,000 in the pocket with no strings attached for a year. Travel round the world, do a graduate degree – or just nip down the pub for 12 months.

That is the deal being offered by one City law firm to its new trainees as commercial lawyers struggle to restructure their personnel requirements in the deepening economic downturn. So hard is the recession biting in the corporate transactional sector, that corporate law firms of all sizes are asking their trainees to defer their contracts for up to a year, as there simply isn't enough work for them.

Training contracts – or articles, as they were called until the mid-1990s – are a slightly arcane remnant from legal professional history. Trainees do a two year on-the-job stint, which must be completed before they can qualify as solicitors. City law firms recruit trainees several years in advance – and that is what has caused the current bind.

Top City practices will have done deals with law school students when times were good and there was little prospect of the financial turmoil currently affecting the markets. Now those firms are finding a queue of trainee starters at their doors, while they barely have sufficient work on the books to occupy their recently qualified and even experienced practitioners.

Therefore, deferral schemes of various hues are in vogue among Square Mile law firms, with mid-sized Travers Smith producing the most liberal offer. Trainees who are scheduled to start with the firm this September and next are having £10,000 waved in front of them to defer – with no commitment to do anything specific with the cash.

PROPER WORK

Comments Tom Purton, the firm's head of graduate recruitment: "We want to ensure that everyone in the building has got more than enough to do. By having fewer trainees, those that are there will be fully occupied. And they will be fully exposed to proper work."

The Travers scheme will be limited to six of the total 25 trainees the firm is scheduled to take on board this autumn.



Law trainees are being encouraged to take a year off before starting their placements.

Picture: JUPITER

And the practice is guaranteeing that all those who defer will be given a contract when they return. "Those that defer their contracts will not qualify until as late as 2013," says Purton. "Even the most depressing and depressed forecasts predict that the economic situation will have improved by then. And while it might not return to the heady days of 2007, transactions will pick up."

The bigger City players are also keen to defer training contracts. Norton Rose – which takes 50 trainees a year – is also offering £10,000 for a year off, but it is asking its trainees to pitch ideas for how they would spend the time and money. Spokesman Sean Twomey says: "We want them to do something meaningful and constructive during that year so we are asking them to put forward proposals."

So far the Norton Rose management has received suggestions for masters degrees and placements as paralegals at one of the firm's international offices to improve language skills. It has also been approached by London-based voluntary organisations asking for deferring trainees to do pro bono work in the community.

Alternative takes on training contract

deferral come from City and regional commercial firm Hammonds, which is asking as many as 20 of its future trainees to take up secondments with major clients for between three and six months as part of a year's deferral. Hammonds' training principle and employment partner Caroline Noblet says leading clients such as major banks, media organisations and hotels have been extremely keen to take secondees on as paralegals.

And international firm Simmons & Simmons has cut a deal with the BPP's new City-based business school to offer its entire 100-strong intake for September 2009 and 2010 the opportunity to complete a new legal business MBA. "It is not a great training experience for trainees if there is not enough work to do," explains Simmons's graduate recruitment partner Nick Benwell.

He says the course will provide trainees with greater business insight into the firm's four key practice areas – finance, energy, life sciences and technology, media and telecommunications. "It will provide them with the type of knowledge they won't have coming straight out of law school."

Redundancy needn't be painful if you plan it well



CLARE MURRAY
PARTNER, CM MURRAY LLP

IT was never as brutal for law firm partners as it is right now. There has been a frenzy of redundancies at firms in the last month or so, with short, sharp exits on minimal terms becoming the norm.

The effect on partner behaviour has been stark. Some who would previously have stood up for colleagues seem less willing to raise their head above the parapet. Others hang onto work to maintain their figures rather than passing it to colleagues. The very fabric of partnership is at risk.

Firms must cut costs to ensure long-term financial security. But there are ways law firms and their partners can make the process less painful. Firms should read the partnership agreement, then consider the options available – is exit the only option? What about reduced profit share, de-equitisation, part-time working, consultant status, sabbaticals, secondments and voluntary exits? Consult partners about the options and seek agreement as to the preferred routes and applicable terms.

If exit is unavoidable, document the decision-making process. Avoid simplistic selection criteria, such as pure financial performance – this may create unlawful discrimination against female partners with childcare responsibilities, older partners, and partners with long term health problems.

RETIREMENT PACKAGE

Prepare a reasonable retirement package. Offer the two things that exiting partners need: time – as much in the office as possible to find another job; and money – a financial cushion to protect them if they don't find one. Maintain confidentiality: this (along with agreed statements, non-disparagement and mutual co-operation provisions) is key in protecting reputations. Commit nothing to email or paper which you do not wish to be seen. Ill-advised emails blow cases.

And tips for individual partners – again, read the partnership agreement. Can you be expelled, how and on what vote? Can you object? What are your financial entitlements? Is departure the only option? Suggest alternatives. Get specialist partnership law advice and request that the firm cover your fees.

Have you been selected on grounds of sex, age, race, disability, sexual orientation, religion or belief? You normally have only three months from the act of discrimination to bring a claim to the employment tribunal and compensation is uncapped.

Request early repayment of capital, current and tax reserve accounts, and waiver of restrictive covenants. Agree internal and external announcements and a reference with the firm. Request release from personal guarantees or covenants regarding overdrafts and premises.

These are testing times but a cool head and a smart plan will help law firms and partners minimise the pain on both sides.

LEGAL AND PUBLIC NOTICES

SWIFTELL LIMITED

Company No. 5670264
Notice is hereby given, pursuant to Section 98 of the Insolvency Act 1986, that a Meeting of Creditors of the above named Company will be held at 6th Floor 2 Balcombe Street London NW1 6NW on the 22/04/2009 at 11.00 am for the purposes mentioned in Sections 99, 100 and 101 of the said Act. Stephen Franklin of Panos Eliades, Franklin & Co of 6th Floor 2 Balcombe Street London NW1 6NW is qualified to act as Insolvency Practitioner in relation to the above Company and will during the period before the day on which the Meeting is to be held, furnish Creditors, free of charge, with such information concerning the Company's affairs as they may reasonably require.
Dated: 25/03/2009
LAWRENCE JELEN, Director T254130

DAVIES + BARON LIMITED

Company No. 05967648
Notice is hereby given that I, John Kelmanson of The Kelmanson Partnership, Avco House 6 Albert Road Barnet Herts EN4 9SH, was appointed Liquidator of the above named Company on 26/03/2009 by the Members and Creditors.
Dated: 26/03/2009
JOHN KELMANSON, Liquidator T254084