# The evolving landscape of London's legal sector in 2024 under AI influence



London's legal sector has entered 2024 under the influence of artificial intelligence, characterised by record-high junior salaries, significant mergers, and high-profile trials, all while the rollout of diverse AI policies continues. The focus is unmistakably on AI, which is set to remain a central theme for law firms as they navigate the evolving landscape.

Many of London's leading law firms have already embraced AI, with a substantial number implementing firm-wide policies, forging partnerships with tech providers, or initiating their own AI programmes. Julian Taylor, senior partner at Simmons & Simmons, remarked that 2024 will see legal professionals, both seasoned and novice, engaging in extensive “upskilling and reskilling.” He also pointed out that “digital proficiency and AI literacy is emerging as a prerequisite for legal professionals – and not just apprentices or those early in their careers.” Taylor anticipates that this shift may attract talent from unconventional backgrounds, thereby fostering a more innovative and diverse legal environment.

One of the critical discussions surrounding AI in the legal arena concerns its impact on pricing structures. Law firms have been relatively reticent on this topic, even though AI's integration is expected to influence billing practices significantly. A report by LexisNexis from September indicated that a notable 71 per cent of in-house legal teams anticipated that their external legal counsel would adopt AI, with corresponding adjustments to pricing models expected to follow. The report also highlighted that the proportion of private practice lawyers who recognised the necessity to revise their billing methods due to AI had increased from 18 per cent to 39 per cent in a mere nine months.

Andrew Lloyd, managing director of Search Acumen, opined that 2025 could mark a pivotal moment for AI within the legal field, predicting that its use will become the industry standard. He noted, “I don’t think we’ll suddenly see the industry shift en-masse from hourly rates, but I do think the pace of technological change will mean we start to see firms trialling new pricing models at the margins to understand how they can best capture client demand and balance that with improved profitability.”

In addition to AI, class actions remain a hot topic within legal discourse. Paul Lewis, joint managing partner of Herbert Smith Freehills, asserted that “class actions continue to be front and centre in the disputes arena, driven by litigation funding and claimant law firm activity.” A report from law firm CMS indicated a staggering €66.29 billion (£56.32 billion) claimed in opt-out claims in the UK by the end of 2023, representing a 48 per cent increase from 2022 figures. These claims have been filed on behalf of more than 540 million individuals, a figure that surpasses the UK’s total population by a factor of eight.

However, the landscape for litigation funding remains complex, particularly after the Labour government postponed the litigation funding bill until at least Summer 2024. This legislation aims to facilitate access to funding for individuals and smaller firms seeking to bring cases against larger corporations, potentially reshaping the dynamics of litigation finance. Chris Bogart, CEO of Burford Capital, highlighted concerns raised by these delays, questioning “the suitability of London as a destination of choice for legal issues.”

Despite these uncertainties, Paul Lewis expressed confidence in the ongoing rise of class actions, stating, “we expect this upward trajectory for class actions to continue unabated – even if there are still significant question marks hanging over funding and elements of procedure as we head into 2025.” As the legal sector adapts, AI's impact on efficiency, pricing, and class actions reveals a complex interplay of technology and legal practice.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.lexisnexis.co.uk/blog/future-of-law/ai-adoption-soars-across-uk-legal-sector> - Corroborates the rapid adoption of AI in the UK legal sector, with 82% of lawyers using or planning to use AI, and a significant increase in AI usage from 11% to 41% in just over a year.
* <https://www.cityam.com/time-to-address-the-elephant-in-the-room-ais-impact-on-legal-fees/> - Supports the implementation of AI policies by top City law firms, the need for legal professionals to upskill and reskill, and the impact of AI on billing practices.
* <https://www.cityam.com/time-to-address-the-elephant-in-the-room-ais-impact-on-legal-fees/> - Highlights Julian Taylor's comments on digital proficiency and AI literacy becoming prerequisites for legal professionals and the potential for attracting talent from non-traditional backgrounds.
* <https://www.cityam.com/time-to-address-the-elephant-in-the-room-ais-impact-on-legal-fees/> - Discusses the impact of AI on pricing structures and the increase in private practice lawyers recognizing the need to revise their billing methods due to AI.
* <https://www.hazlewoods.co.uk/insights/legal/legal-update-little-slowdown-in-uk-law-firm-mergers-121-in-past-year/> - Provides context on the significant number of law firm mergers in the UK, driven in part by the desire to invest in AI and other legal tech.
* <https://fairfaxassociates.com/merger-reports/cross-border-and-large-firm-mergers-continue-on-pace-in-2024/> - Details the ongoing merger activity in the legal sector, including cross-border and large firm mergers, which are partly driven by the need for investment in AI and legal tech.
* <https://www.lexisnexis.co.uk/blog/future-of-law/ai-adoption-soars-across-uk-legal-sector> - Supports the anticipation that AI will continue to be a central theme for law firms, influencing various aspects of legal practice.
* <https://www.cityam.com/time-to-address-the-elephant-in-the-room-ais-impact-on-legal-fees/> - Addresses the expectation that AI will influence billing practices significantly and the need for law firms to adjust their pricing models accordingly.
* <https://www.hazlewoods.co.uk/insights/legal/legal-update-little-slowdown-in-uk-law-firm-mergers-121-in-past-year/> - Mentions the role of AI in driving law firm mergers and the necessity for firms to ensure sustainable adoption of AI technology.
* <https://fairfaxassociates.com/merger-reports/cross-border-and-large-firm-mergers-continue-on-pace-in-2024/> - Provides details on the scale and types of mergers in 2024, including the involvement of large and cross-border firms, which are relevant to the broader legal landscape influenced by AI.