

**Law firms in the East of England are enjoying improved financial stability with more practices operating profitably and a significant number seeking external investors to expand and recruit 'non-lawyers'.**

According to the *The Law Management Section's 2015 Financial Benchmarking Survey*, there has been a dramatic rise in the percentage of practices operating profitably and within their overdraft limit. One in six were likely to seek external investment for expansion, and a similar number were likely to bring in one or more non-lawyer owners in areas such as HR, IT and finance. A third of practices said that they were likely to merge with another in the next two to three years, although only a fifth were already speaking to other practices. Median practice income increased by 8.7 per cent compared to 2013. Neil Thorogood, relationship director at Lloyds Bank Commercial Banking – which sponsored the report – in East England, said: “In a positive 12 months that has seen median practice income increase across the country, with further growth expected in 2015, it is also encouraging to see a change in attitude with the reduction in the number of firms where partners' drawings exceed profits.”

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- Median profit per equity partner increased for the fifth year running to £144,567 – a rise of 16.9 per cent.
- Participants predicted a median fee income growth of 3.3 per cent for 2015. The most optimistic participants predicted an increase of 9.4 per cent.

President of the Law Society Andrew Caplen said: “We are encouraged to see continuing economic growth for our members' firms. Although financial stability can never be guaranteed, this is positive news given the challenging economic conditions of recent years.

“The Law Society's Law Management Section helps firms stay on top of changes in the market and is a forum for sharing good practice within the profession.”

## Strong year for region's law firms

Written by editor

Tuesday, 21 April 2015 00:00 - Last Updated Friday, 25 November 2016 07:53

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Neil Thorogood, relationship director at Lloyds Bank Commercial Banking in East England, said: "The Financial Benchmarking Survey is a respected indicator of what constitutes best practice for law firms, enabling staff in the East of England to see the progress of their firm and industry trends.

"In a positive 12 months that has seen median practice income increase across the country, with further growth expected in 2015, it is also encouraging to see a change in attitude with the reduction in the number of firms where partners' drawings exceed profits.

"Understanding what success looks like is crucial for local firms to plan ahead and deliver their objectives, and these results indicate a positive outlook within the sector as economic confidence continues to grow across the country."

Andrew Harris, Director of Hazlewood LLP, said: "We were pleased to be able to report improvements in all of the key measures of financial performance. The results for many are finally back to where they were six or seven years ago.

"It was also very encouraging to see that practices seem to have taken on board the whole issue of financial stability, and are paying much closer attention to issues such as cashflow, lock-up and working capital."