

## HR DEVELOPMENTS

(Jul 04)



An HR survey was published in London in the 3<sup>rd</sup> week of June and it contained some 'gems'. The survey commissioned by 'The Lawyer', set out to establish the prevailing HR policies of a large selection of practices in London and the provinces. The primary areas of research covered:

Trainee retention rate

Assistant attrition rate

Salary range (up to 6 years qualified)

Bonus and benefits in kind

Training

Appraisals

Productivity (measured in billable hours)

Partner progression

Holiday/leave entitlement

Flexible working opportunities

The results identified each participating firm and are revealing. £ Sterling has been converted to \$NZ at current rates and NOT adjusted for Purchasing Power Parity.

The table below shows results from 4 randomly selected firms:

	<b>Charles Russell</b>	<b>Ashurst</b>	<b>Cripps Harries Hall</b>	<b>Herbert Smith</b>
<b>Assistant attrition rate (% p.a.)</b>	12%	8%	11%	19.75
<b>Salary at New qualified and 6 yrs</b>	\$125,840 on qualification. No fixed scales thereafter	\$136,800 on qualification \$257K-\$360K at 6 years	\$85,800 on qualification Variable thereafter	\$143,000 on qualification \$177K-\$257K at 6 years
<b>Flexible/part time working</b>	22% of staff work part time or flexible hours	Available on request	Available on request	Available on request
<b>Holiday entitlement</b>	25 days rising to 28 days after 3 years	27 days	25 days	27 days
<b>Benefits in kind</b>	Private health cover Long term disability insurance Life cover Enhanced parental leave Sabbaticals Non contributory pension at 5% of salary	Private health cover Life cover In-house doctor, dentist and physio. Free gym Subsidised canteen Pension; firm contributes £3 for every £2 from staff member.	Private health cover Income protection cover 3 weeks 'special' leave after 10 years service Group pension scheme with flexible contribution from staff.	Private health cover for all immediate family Profit share, bonus & pension Life insurance Long term disability insurance Concierge Travel season ticket loans
<b>Appraisal scheme</b>	Annually with contribution from colleagues.	On-line system	On-line self appraisal	Comprehensive. A personal development plan for each staff member

<b>Billable target</b>	<b>hours</b>	1500	No target	1320	1700
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Of the four examples only Cripps Harries are not London based. Cripps Harries is based in Tunbridge Wells (Kent) and has a number of branch offices. Ashurst and Herbert Smith are 'City' of London firms and generate virtually all fees from publicly listed companies, whereas Charles Russell are a long established commercial firm who act for a number of landed estates.

All 4 firms offer comprehensive professional development training in house and provide training (in some cases residential) opportunities throughout entire career – partners included. All four firms have full time in-house training/development staff.

The billable hours are achieved.

It should be noted that there is **no** FBT in UK.

Employment policies in England show a marked difference from New Zealand. The non-wage costs of employment in England add from 25%-50% to salary budgets when bonus, benefits, the employers contribution to Social Security payments and pension contributions are factored in. Notwithstanding these higher costs English partner distributions in real terms are higher than here and profit margins broadly similar. The implication is clear; there are significant productivity gains to be achieved. Many NZ firms are moving very fast in this direction but a lack of public domain performance data continues to frustrate. Publication of aggregated performance data is an opportunity, not a threat.

**N.B.** The 'billable hours' targets in the table above are routinely achieved and frequently exceeded. It is NOT because English solicitors work harder or 'pad' their hours but is primarily because non fee earning responsibilities are minimised and carried out by support staff.

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