

# No Accounting for the Big Four in Big Law

March 2025

By Scott Gibson and Sloane Poulton, Directors at Edwards Gibson



Yesterday the *Financial Times* broke the story that accounting firm EY is making yet more major redundancies in its troubled legal services arm. It could have been worse, for months now there have been rumours that EY would shutter its UK legal division entirely. However, whilst EY may not be withdrawing from legal services altogether, in terms of Big Law credibility, it may amount to the same thing.

For the past quarter of a decade, the Big Four accounting firms (**Deloitte**, **EY**, **KPMG**, and **PwC**) have had an on-off relationship with legal services in London. Pre-Enron, there was significant growth through their differently branded tied law firms. Post-Enron (when the Big Five became the Big Four), with the exception of PwC, the accountants retreated from legal services in the UK until legislative changes allowed the creation of Alternative Business Structures (ABS). The ABS structure enabled the Big Four to properly re-enter the market as law firm owners and managers, this time using their own brand names.

The Big Four's approach to legal services has always been characterised as ambitious. Their ready-made global networks, blue-chip client base, legendary organisational abilities, and gargantuan turnover have periodically caused commentators to hail them as the future of Big Law. Pre-Enron, they were viewed as a genuine threat to the Magic Circle; post-Enron, they aimed their big guns somewhat lower, this time at the mid-market.

## **Once more unto the breach**

Nevertheless, despite the hyperbole, the most recent iteration of the Big Four's assault on legal services has had a very limited impact on the lateral recruitment market in London. In what is arguably the most competitive market in the world, the Big Four are encumbered by: ubiquitous commercial and legal conflicts; vexatious audit independence issues; an inability to practice law in

the United States; relatively modest profitability (at least compared to top law firms); disproportionately high hourly charge-out rates; byzantine internal bureaucracy; multiple (non-legal) stakeholder decision makers; and - worst of all - according to many Big Four émigrés, a patronising attitude towards, and a general lack of understanding of, lawyers!

... despite their multiple, almost Stalinist, pronouncements detailing ambitious growth plans, over the past six years, the Big Four have lost more lateral partners to rival law firms in London than they have hired.

Indeed, if we exclude Deloitte's ill-fated lock-stock and barrel acquisition of 27-partner TMT boutique Kemp Little in 2021, between 2019 and 2024, the Big Four's legal divisions combined hired **35** partners in London. Against this, the quartet lost **40** serving partners (including two thirds of the laterals who joined during that time), to rival law firms.

In short, despite their multiple, almost Stalinist, pronouncements detailing ambitious growth plans, over the past six years, the Big Four have lost more lateral partners to rival law firms in London than they have hired.

In 2024, the Big Four collectively announced just one partner hire in London (KPMG's acquisition of a construction partner from **DLA**) but, relative to the size of their City legal teams, the level of attrition has been dramatic. Whilst PwC and KPMG lost three partners between them (and, to be fair, one of the KPMG partners - a tax lawyer who moved as a lateral to **McDermott Will & Emery** - did not technically sit in the legal arm), EY Law and Deloitte have experienced a surge in lateral defections, losing **8\*** and **10** partners respectively to rival law firms.

#### **Big Four lateral hiring statistics - an auditing irony**

To be fair, even for Edwards Gibson, tracking the movement of legal services partners at the Big Four can be somewhat tricky. This is because: unless they are team leaders, not all of the quartet provide web profiles for individual partners; some Big Four entities (confusingly) adopt the nomenclature "Associate Partner" or "Principal" (which individual lawyers then often misleadingly label as "Partner" on their linked-in profiles); most (but not all) law firm tax (and tax litigation) partners who join the Big Four sit in tax teams and, although undertaking a role which is often demonstrably similar to that which they undertook when they were in their previous law firms, do not technically provide "legal advice" and usually (eventually) surrender their practising certificates; even more confusingly, ahead of its integration into PwC proper, PwC Legal re-classified all its salaried partners as "Directors" - even those who had previously been long-standing partners at firms like Ashurst and DLA Piper. Indeed, had PwC not done this its own partner attrition figures would have been dramatically worse than they are because when its (re-classified) former partners subsequently defected to other law firms, they were no longer "Partners" when they did so and, as such, did not show up as lateral moves.

For those reasons, in the popular mind, the attrition figures for the Big Four given above probably seem an underestimate because rival law firms hiring from the Big Four naturally like to give the impression, and may even believe, that they are hiring "laterals" (existing serving partners) rather than "verticals" (non-partners into partnership). As such the hiring law firm's press release (often supported by erroneous linked-in profiles of individual lawyers) has often confused the legal press and, we are ashamed to say, on occasion, even Edwards Gibson.

In 2024, the Big Four collectively announced just one partner hire ... but, relative to the size of their City legal teams, the level of attrition has been dramatic.

### **KPMG – an exception?**

The last of the Big Four to assault the London legal market in this current wave was KPMG. In 2023 KPMG hired **8** partners (**7** laterals) into its legal arm in London verses just one for all the rest of the Big Four combined. In 2024, whilst KPMG only managed to hire one partner in London, this was still 100% more than the rest of the quartet combined.

Perhaps more significantly, in February 2025, KPMG was the first Big Four accounting firm to obtain approval to practice law in the USA. The new US entity - KPMG Law - hopes that this milestone, achieved through Arizona's alternative business structure program, will enable it to leverage its global network and advanced technology to offer legal services across the United States.

On the face of it this appears significant because the inability of the Big Four to practice law in the US is often cited as a block on their ability to be taken seriously as a global player in high-end legal services. However, as currently described, KPMG Law's US ambitions seem incredibly modest and more aimed at providing tech heavy back-office process support rather than securing lucrative "bet the company" litigation or M&A which is necessary to attract truly top legal talent. Worse, in relation to its attempts to attract lawyers in other jurisdictions, being associated with back-office legal support risks putting off potential laterals (not to mention talented junior lawyers) who may well view this type of work as a "brand pollutant".

According to **Edwards Gibson's** Publication of Record - Law Firm Partner Moves in London - the past two years have seen by far the busiest partner hire market we have ever seen. In their numerous set-piece growth plans, the Big Four have themselves often conflated the volume of partner hiring from other law firms with success. On that basis, with the possible exception of KPMG, the Big Four are failing. If this was not already clear enough, unfortunately, EY's latest retreat from Big Law in the UK is likely to make it even harder for the rest of the quartet to attract and retain quality lawyers – let alone rainmaker partners.

\*Excludes four "Associate Partners" who joined as verticals to Browne Jacobson (two lawyers), DAC Beachcroft and Russell-Cooke