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Ready, Willing, and Able? Challenges Facing the Governance of Generative AI in the UK's Legal Services Sector

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Abstract

In light of the increasing prominence of generative AI, this paper examines a number of critical challenges facing the stratified policy and governance frameworks shaping the adoption of this technology in the legal services sector. We argue that there are counterproductive tensions within the existing policy and governance framework, and that if we are to make the UK legal sector 'ready, willing, and able' to harness the potential of artificial intelligence, it is imperative that we set in place a new governance framework that is capable of setting, promoting, and supporting innovation across the legal sector as a whole. Furthermore, within this policy and governance framework we consider two critical factors that are relevant to state-of-the-art AI systems which present critical challenges to the development of legal AI: (1) data access issues in the domain of law and (2) knowledge, skills, and awareness of capabilities relating to the application of generative AI to legal problems.

Keywords
Artificial intelligence; governance; legal technology; UK policy; generative AI, AI and Law

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1 Introduction

Since the launch of ChatGPT in November 2022,[1] the global legal sector has demonstrated substantially more interest in the capacity of generative AI to support the delivery of legal services. This interest has manifested in a clear increase in awareness of AI within the legal profession, with a recent survey reporting 87% of UK lawyers having an awareness of the technology and 38% believing it will have a significant impact on the law.[2] Consequently, many lawyers are trialling these technologies, with one survey finding that 40% of large law firms across the UK, USA and Canada are planning on implementing the technology.[3] Recent research in the US about whether generative AI could help bridge the access to justice gap found that 90% of participants in the pilot who used generative AI tools reported an increase in productivity, with 75% reporting an intent to continue using them subsequently.[4] Additionally, major milestones have brought further attention within the legal space such as GPT-4's touted ability to pass the US bar exam,[5] or, Allen & Overy's announcement that they

[1] OpenAI, 'Introducing ChatGPT' (30 November 2022) <https://openai.com/index/chatgpt/> accessed 8 September 2025.

[2] LexisNexis, 'Generative AI and the Law: 2023 Survey Report' (2023) <https://www.lexisnexis.com/pdf/ln_generative_ai_report.pdf> accessed 8 September 2025.

[3] Thomson Reuters Institute, 'ChatGPT and Generative AI within Law Firms' (2023) <https://www.thomsonreuters.com/en-us/posts/wp-content/uploads/sites/20/2023/04/2023-Chat-GPT-Generative-AI-in-Law-Firms.pdf> accessed 8 September 2025.

[4] Colleen V. Chien and Miriam Kim, 'Generative AI and Legal Aid: Results from a Field Study and 100 Use Cases to Bridge the Access to Justice Gap' (2025) 57(4) Loyola of Los Angeles Law Review 903.

[5] Daniel Martin Katz et al., 'GPT-4 passes the bar exam' (2024) 382 Philosophical Transactions of the Royal Society A <https://royalsocietypublishing.org/doi/epdf/10.1098/rsta.2023.0254> accessed 8 September 2025; This article also received media coverage: John Koetsier, 'GPT-4 Beats 90% Of Lawyers Trying To Pass The Bar' (*Forbes*, 14 March 2023) <https://www.forbes.com/sites/johnkoetsier/2023/03/14/gpt-4-beats-90-of-lawyers-trying-to-pass-the-bar/> accessed 8 September 2025; and for academic responses see Eric Martínez, 'Re-evaluating GPT-4's bar exam performance' (2024) Artificial Intelligence and Law <https://link.springer.com/article/10.1007/s10506-024-09396-9> accessed 8 September 2025; Similar results were also reported in the UK for the Solicitors Qualifying Exam using GPT 3/3.5 in

would deploy their own version of the GPT-based Harvey tool within the UK legal sector.[6]

However, prominent instances of hallucinations (incorrect or misleading information) provided by Large Language Models (LLMs) have cast doubt on the technologies' reliability in a legal setting, with notable concerning incidents being reported such as ChatGPT's use to generate closing statements in a US trial[7] or the lawyer who cited fake cases when preparing a filing due to hallucinations.[8] There is also debate over the potential impact of AI on the wider economy and the legal jobs market; Goldman Sachs found that 44% of legal tasks could be automated by AI[9] and that professional occupations such as those in law are some of the most exposed to AI applications, with solicitors ranked second for exposure to LLMs and twelfth for general AI applications.[10]

Marjan Ajevski et al., 'ChatGPT and the future of legal education and practice' (2023) 57(3) The Law Teacher 352.

[6] Sara Merken, 'OpenAI-backed startup brings chatbot technology to first major law firm' (*Reuters*, 16 February 2023) <https://www.reuters.com/legal/transactional/openai-backed-startup-brings-chatbot-technology-first-major-law-firm-2023-02-15/> accessed 8 September 2025.

[7] John Lopez, 'Controversial Use of AI in High-Profile Criminal Trial Prompts Calls for Convicted Fugee Retrial' (*TechTimes*, 18 October 2023) <https://www.techtimes.com/articles/297696/20231018/controversial-use-ai-high-profile-criminal-trial-raises-calls-convicted.html> accessed 8 September 2025.

[8] Molly Bohannon, 'Lawyer Used ChatGPT in Court—And Cited Fake Cases. A Judge Is Considering Sanctions' (*Forbes,* 8 June 2023) <https://www.forbes.com/sites/mollybohannon/2023/06/08/lawyer-used-chatgpt-in-court-and-cited-fake-cases-a-judge-is-considering-sanctions/> accessed 8 September 2025. Similar has happened in the UK recently see Robert Booth, 'High court tells UK lawyers to stop misuse of AI after fake case-law citations' (*The Guardian*, 6 June 2025) <https://www.theguardian.com/technology/2025/jun/06/high-court-tells-uk-lawyers-to-urgently-stop-misuse-of-ai-in-legal-work> accessed 8 September 2025.

[9] Joseph Briggs and Devesh Kodnani, 'The Potentially Large Effects of Artificial Intelligence on Economic Growth' (*Goldman Sachs*, 26 March 2023) <https://www.gspublishing.com/content/research/en/reports/2023/03/27/d64e052b-0f6e-45d7-967b-d7be35fabd16.html> accessed 8 September 2025.

[10] See Marguerita Lane, Morgan Williams and Stijn Broecke, 'The impact of AI on the workplace: Main findings from the OECD AI surveys of employers and workers' (2023) OECD Social, Employment and Migration Working Papers, No. 288 <https://doi.org/10.1787/ea0a0fe1-en> accessed 8 September 2025.

Despite the recent mainstream prominence of AI technology for and in law, henceforth referred to as 'legal AI', the intersection of AI and Law has a long, and storied history together, emerging as a distinct sub-field of AI in 1987 with the first biennial International Conference of Artificial Intelligence and Law (ICAIL), followed by the annual JURIX conference in 1988 and the creation of the journal Artificial Intelligence and Law in 1992.[11] During its nascent decade, techniques engaging in symbolic reasoning, direct representations of legal concepts in formal logic, were dominant, such as those using rule-based and case-based approaches. A rule-based approach may model a statute or piece of legislation directly in computationally tractable logic, while case-based reasoning approaches typically use judicial precedent rather than legislation to model a legal domain.[12] In more recent years with the rise of the World Wide Web and increased availability of data, we have seen data-driven AI techniques such as Machine Learning (ML) and Deep Learning (DL) become more prevalent.[13] AI has been reported in academic literature to have been applied to a multiplicity of different legal tasks such as Legal Judgment Prediction, Information Retrieval, Legal Question-Answering and Legal Summarisation to name a few prominent examples.[14] Similarly, we have seen the private sector adopt these ideas and incorporate them into commercially available products.[15]

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[11] Trevor Bench-Capon et al., 'A History of AI and Law in 50 papers: 25 Years of the International Conference on AI and Law' (2012) 20 Artificial Intelligence and Law 215.

[12] Guido Governatori et al., 'Thirty years of Artificial Intelligence and Law: the first decade' (2022) 30(4) Artificial Intelligence and Law 481.

[13] For examples of these see Ibid. and Serena Villata et al. 'Thirty years of artificial intelligence and law: the third decade' (2022) 30(4) Artificial Intelligence and Law 561.

[14] Haoxi Zhong et al., 'How Does NLP Benefit Legal System: A Summary of Legal Artificial Intelligence' in Dan Jurafsky et. al (eds), *Proceedings of the 58th Annual Meeting of the Association for Computational Linguistics* (Association for Computational Linguistics 2020), 5218 <https://doi.org/10.18653/v1/2020.acl-main.466> accessed 8 September 2025.

[15] For a comprehensive list of lawtech companies operating in the UK see LegalGeek, 'Legal Geek Startup Map' (2025) <https://www.legalgeek.co/startup-map/#startups-map-section> accessed 8 September 2025.

Legal AI is a type of 'lawtech' which can be defined as 'technology that supports or enables the delivery of legal and court services.'[16] Lawtech is not limited to AI applications and can range in scope from bespoke applications created in-house to benefit a specific team, to packages from international lawtech companies such as Litera[17] or Luminance,[18] to name a couple of prominent examples. Regarding practical applications, these can vary from administrative automation such as document signing and contract management, to advanced uses such as blockchain, or predictive analytics leveraging data science and AI techniques. This paper will focus on the use of generative AI, primarily within the context of the legal services sector.[19] By 'generative AI' we are referring to a type of AI model that can generate content, which is distinct from the training data it is built upon, whether that takes the form of text, images or audio. Within a legal context, we are mostly interested in text, so focus on generative AI technologies built upon LLMs such as ChatGPT[20] or Llama,[21] which can generate synthetic text dependent on a text prompt used to instruct it. In this way generative AI differs from traditional AI systems which are more discriminative in nature, excelling at distinguishing between different data points encoded within their training set, rather than generating human-like natural text which resembles its training data like LLMs.[22]

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[16] LawTechUK, 'Shaping the Future of Law – The LawtechUK Report' (2021), 7 <https://lawtechuk.io/reports/shaping-the-future-of-law-the-lawtechuk-report-2021/> accessed 8 September 2025.

[17] Litera, 'Contract Review Powered by AI' (2025) availiable at https://www.litera.com/products/kira> accessed 8 September 2025.

[18] Luminance, 'Luminance' <https://www.luminance.com/> accessed 8 September 2025.

[19] Other related areas such as the Justice System, Policing and HM Prison and Probation Service are beyond the scope of this piece.

[20] Supra n. 1.

[21] Meta, 'Introducing Meta Llama 3: The most capable openly available LLM to date' (18 April 2024) <https://ai.meta.com/blog/meta-llama-3/> accessed 8 September 2025.

[22] For a more thorough look at defining generative AI see Francisco José García-Peñalvo and Andrea Vázquez-Ingelmo, 'What Do We Mean by GenAI? A Systematic Mapping of The Evolution,

The importance of technology as a transformative force within legal services has been discussed by many commentators.[23] Susskind's work in this field has been particularly influential and his argument for the *inevitability* and the *desirability* of technical innovation in the field of legal services carries particular force with stakeholders in the legal system, who are not usually noted for their affection for technology, because his theory subjects technological innovation itself to two other factors i.e. the 'more for less challenge' (concerning clients being unable to afford legal services delivered via traditional models of business, such as hourly billing and preferring alternative fee arrangements such as fixed cost, while also having higher workloads) and the 'liberalisation of legal services.' (the adoption of the Legal Services Act 2007 which permitted alternative business structures allowing non-lawyers to run and co-own a legal services business).[24]

While the transformative potential of generative AI in the legal sector may not yet be fully realised we are seeing rapidly changing attitudes towards the adoption of AI in the UK legal services sector.[25] The Solicitors Regulation

Trends, and Techniques Involved in Generative AI' (2023) 8(4) International Journal of Interactive Multimedia and Artificial Intelligence 7.

[23] See Daniel M. Katz, 'Quantitative Legal Prediction--or--How I Learned to Stop Worrying and Start Preparing for the Data-Driven Future of the Legal Services Industry' (2013) 62(4) Emory Law Journal 909; John Armour and Mari Sako, 'AI-enabled business models in legal services: from traditional law firms to next-generation law companies?' (2020) 7(1) Journal of Professions and Organization 27; See members of the judiciary, e.g., Lord Justice Colin Birss, 'Is a focus on data the way to improve access to justice in a multifaceted world?' (24th Competition Law Association Burrell Lecture, Gray's Inn, 30 November 2023) <https://www.judiciary.uk/speech-by-lord-justice-colin-birss-is-a-focus-on-data-the-way-to-improve-access-to-justice-in-a-multifaceted-world/> accessed 8 September 2025; Right Hon. Sir Geoffrey Vos, 'Justice in the Digital Age' (The 150th Anniversary of the Technology and Construction Court, Kings College London, 2 November 2023) <https://www.judiciary.uk/wp-content/uploads/2023/11/20231102-MR-Speech-150-Anniversary-of-TCC.pdf> accessed 8 September 2025.

[24] Richard Susskind, *Tomorrow's lawyers: an introduction to your future* (OUP 2017) 4-5.

[25] Neil Rose, 'What is radical change? Susskind sets out test for law firms' (*LegalFutures,* 22 May 2023) <https://www.legalfutures.co.uk/latest-news/what-is-radical-change-susskind-sets-out-test-for-law-firms> accessed 8 September 2025.

Authority (SRA) recently approved the first AI-driven law firm called Garfield AI,[26] and the nature of conducting tasks such as legal research, document creation and client engagement are shifting towards generative AI-powered approaches within many firms.[27]

Within this context, our paper explores some of the key challenges facing the UK legal sector in adopting and benefiting from generative AI technologies. Borrowing from the title of the report from the House of Lords Select Committee on Artificial Intelligence, entitled 'AI in the UK: ready, willing and able?'[28], we seek to analyse whether the UK is ready, willing, and able for the adoption of generative legal AI within the legal services sector.

Section 2 focuses on the uncertainty present within the current governance landscape, both regarding the prevalence of siloed thinking and the observable tensions within the regulated legal services sector itself.

Section 3 introduces two issues that reflect the characteristics and requirements of state-of-the-art generative AI applications in regard to particular challenges the legal sector faces as it pursues those applications: (1) data access issues in the domain of law and (2) knowledge, skills, and awareness capabilities relating to the application of generative AI to legal problems.

Finally, the paper evaluates the suitability of the present policy and governance framework as a mechanism to promote the safe, effective and ambitious deployment of generative AI within the legal services sector and examines potential advantages of alternative policy and governance frameworks.

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[26] SRA, 'SRA approves first AI-driven law firm' (6 May 2025) <https://www.sra.org.uk/sra/news/press/garfield-ai-authorised/> accessed 8 September 2025.

[27] Stu White, 'How AI is reshaping the future of legal practice' (*Law Society*, 20 November 2024) <https://www.lawsociety.org.uk/topics/ai-and-lawtech/partner-content/how-ai-is-reshaping-the-future-of-legal-practice> accessed 8 September 2025.

[28] House of Lords, Select Committee on Artificial Intelligence, 'AI in the UK: ready, willing, and able' (HL 2017-19, 100).

2 Uncertainty in the Governance Landscape

In this section we argue that the UK's ability to adopt generative AI in the legal services sector is undermined by the prevalence of siloed thinking that mitigates against a coherent sector-wide strategy and impedes the development of legal AI for the benefit of the sector as a whole and for the benefit of recipients of legal services.

Our primary focus in this section is on the English & Welsh legal services sector,[29] with a specific focus on the independent regulator for all regulated legal service providers in England & Wales (the Legal Services Board (LSB)), and the two most significant regulated legal professions (the Bar and the Solicitors' profession). The LSB was established under the Legal Services Act 2007 (LSA) as a 'top tier' regulator, whereas the regulatory bodies of each of the regulated legal professions in England & Wales are referred to as 'front-line' regulators. The establishment of the LSB represented a major shift in the regulation of lawyers in England and Wales. Prior to the LSA coming into force, English and Welsh legal professions existed as self-regulated entities subject only to limited external professional regulation, often in the form of primary legislation, for example, the Solicitors Act 1974. As a consequence of the LSA, each profession retains its own independent professional regulatory body but now also falls under the overall jurisdiction of the LSB as well.

The Law Society is the representative body for the single largest legal profession in England & Wales and since January 2007 the SRA has acted as the arm's length regulator for that profession. The Law Society and SRA coordinate

[29] A full examination of the readiness of each of the UK legal sectors to develop safe, reliable, and beneficial AI systems must be reserved for future research. Our examination of the English & Welsh position does not minimise the importance of the other jurisdictions in the UK, but for the purpose of the present research a focus on issues observed in the English & Welsh system will be adequate in order to identify important, and potentially transferable, themes.

the work of over 196,000 solicitors and 10,300 firms, covering approximately 80% of the regulated market.[30] While the Bar Standards Board (BSB) is the corresponding regulator for barristers in England and Wales, and the Bar Council is their representative body.[31]

While individual practitioners, chambers and firms must comply with general laws governing the development and use of emerging technologies, the regulatory and representative bodies outlined above substantially influence the adoption of new technologies within the regulated legal sector in two distinct ways. Principally, those bodies collectively shape the UK's vision for the use of technology in the legal services sector by defining strategic plans for practitioners that fall under their jurisdiction. In line with their policy goals, those bodies also collectively shape the codes of conduct that lawyers must adhere to. Those codes may either act as a deterrent or a stimulant to the deployment of transformative new ways of delivering legal services using generative AI. Before examining the extent to which the current legal governance framework promotes a clear and unified vision for the development of legal AI, we must briefly examine the broader regulatory and policy context within which the aforementioned legal regulators operate.

2.1 Siloed Thinking

Legal AI systems, and AI more broadly, including generative AI, are not directly

[30] Nicola Tulk, Chris Gorst, and Louisa Shanks, 'The Legal Access Challenge: Closing the legal gap through technology innovation' (*Nesta Challenges and SRA*, June 2020), 2 <https://issuu.com/nestachallenges/docs/legal_access_challenge_report_final> accessed 8 September 2025.

[31] See Bar Standards Board, 'Welcome to the BSB' <https://www.barstandardsboard.org.uk/> accessed 8 September 2025 and 'General Council of the Bar' <https://www.barcouncil.org.uk/> accessed 8 September 2025.

regulated within the UK.[32] This is part of a strategy to not directly legislate or impose top-down regulation, as stated by the previous UK Government – 'The UK's answer is not to rush to regulate.'[33] The argument follows that to best promote innovation within AI, it is paramount to avoid a potentially over-burdensome governance environment, such as over-regulation, since this could create barriers to technological adoption, or creation, alongside a failure to facilitate competition.[34] In some ways, the choice not to regulate legal AI directly is reminiscent of the approach followed for regulation of the internet, waiting until the problems such as security or legal issues manifest before imposing regulatory requirements.[35] It is also worth noting that this approach is fundamentally different from that of the European Union which has introduced a risk-based approach to AI regulation with the AI Act.[36] While an analysis of the potential impacts of this legislation on the UK legal services sector is beyond the scope of this article, post-Brexit it is not directly applicable in the UK.[37] The UK

[32] Lisa Webley, 'Ethics, Technology and Regulation' (*Legal Services Board*, 1 April 2020) <https://www.legalservicesboard.org.uk/wp-content/uploads/2020/05/Lisa-Webley-LSB-Final-Version-April-2020-1.pdf> accessed 8 September 2025.

[33] Prime Minister's Office 10 Downing Street and The Rt Hon Rishi Sunak, 'Prime Minister's speech on AI: 26 October 2023' (*Gov.uk*, 26 October 2023) <https://www.gov.uk/government/speeches/prime-ministers-speech-on-ai-26-october-2023> accessed 8 September 2025.

[34] This is the argument advanced by the Competition and Markets Authority regarding AI regulation Competition & Markets Authority, 'AI Foundation Models: Initial Report' (18 September 2023), 119 <https://assets.publishing.service.gov.uk/media/65081d3aa41cc300145612c0/Full_report_.pdf> accessed 8 September 2025.

[35] For the regulatory approach taken in the UK to the internet prior to the Online Safety Act 2023 see Roxana Radu, *Negotiating Internet Governance* (OUP 2019).

[36] Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828, PE/24/2024/REV/1 [2024] OJ L 2024/1689 (hereinafter 'AI Act').

[37] See work on how the AI Act affects generative AI, e.g., Natali Helberger and Nicholas Diakopoulos, 'ChatGPT and the AI Act' (2023) 12 Internet Policy Review.

Government is set on forging its own distinct path to AI deployment and governance, as outlined in the 2025 AI Opportunities Action Plan which reaffirms their 'pro-innovation approach to regulation.'[38]

However, this is not to argue that no ex-ante measures have been taken in the UK. Over the last few years, bodies responsible for ensuring the safe, effective deployment of AI such as the AI Safety Institute, the Office for AI, and the Centre for Data Ethics and Innovation (CDEI) have been founded.[39] Despite the good intentions in founding these bodies, their recommendations, and the bodies themselves, have not been placed on a statutory footing, and neither have the bodies been granted an independent status. As Roberts et al. identify in regard to the CDEI, which was originally set to be given independent statutory footing, since 2021 the language used in the CDEI's publications has shifted away from statutory independence and their recommendations being ones which the government must respond to publicly, to simply fostering collaborations and working with organisations on AI, with all mention of statutory independence now absent from official documentation.[40]

The significance is that without independent statutory footing, the guidance of these bodies, such as the CDEI, is left as advisory and non-binding, weakening the strength of the governance landscape to ensure compliance from

[38] Department for Science, Innovation and Technology, 'AI Opportunities Action Plan' (*Gov.uk*, 13 January 2025) <https://www.gov.uk/government/publications/ai-opportunities-action-plan/ai-opportunities-action-plan> accessed 8 September 2025.

[39] For the AI Safety Institute see Department for Science, Innovation & Technology, 'Introducing the AI Safety Institute' (CP 960, November 2023) <https://www.gov.uk/government/publications/ai-safety-institute-overview/introducing-the-ai-safety-institute> accessed 8 September 2025; For the Office for AI and CDEI see Department for Science, Innovation and Technology et al., 'Artificial Intelligence Sector Deal' (Policy Paper, 21 May 2019, withdrawn on 25 June 2019) <https://assets.publishing.service.gov.uk/media/5ae0f342e5274a0d85c1c6d5/180425_BEIS_AI_Sector_Deal__4_.pdf> accessed 8 September 2025.

[40] Huw Roberts et al., 'Artificial intelligence regulation in the United Kingdom: a path to good governance and global leadership?' (2023) 12(2) Internet Policy Review, 9.

legal AI applications. This inevitably results in the landscape shifting towards voluntary self-governance and self-regulation, which has been criticized for its inadequacy.[41]

Here, it is worth distinguishing between two kinds of self-governance relevant for legal AI, creator self-governance and deployment self-governance. Creator self-governance refers to those who produce AI systems; this can range from large AI-focused corporations like OpenAI to in-house development such as for Harvey, developed by Allen & Overy.[42] Crucially, creator self-governance focuses on creators of systems agreeing strategies internally or creating shared standards. Whereas, deployment self-governance refers to guidelines produced around how and when these systems can be deployed and used by those in, for example, the legal services sector. This would naturally be the remit of the legal regulators such as the LSB, SRA, and BSB for legal services, providing guidance on appropriate or inappropriate uses of AI. This push towards self-governance creates a grave risk of promoting siloed thinking regarding the approach towards AI, both by creators and those who deploy systems. [43]

The House of Lords Justice and Home Affairs Committee in 2022, remarked on this same point: that there appears in the case of the application of technology to law to be '...a lack of cross-departmental co-ordination, joint working or consultation.'[44] One example is that in the 2017 National AI Strategy there was no real indication of the government's goals for the use of AI in the

[41] See Brian Judge, Mark Nitzberg and Stuart Russell, 'When code isn't law: rethinking regulation for artificial intelligence' (2025) 44(1) Policy and Society 85, <https://doi.org/10.1093/polsoc/puae020> accessed 8 September 2025; Araz Taeihagh, 'Governance of Generative AI' (2025) 44(1) Policy and Society 1.

[42] Merken (n6).

[43] By siloed thinking, we refer to both a lack of formal and informal collaboration between relevant parties in creating, and being subject to, suitable governance of technology.

[44] Justice and Home Affairs Committee, 'Technology rules? The advent of new technologies in the justice system' (HL 2021-22, 180), 24.

justice system.[45] Amongst government bodies there appears to be a lack of collaboration or convening of different sectors, extending amongst regulators themselves both cross-sector and intra-sector. The effect of siloed thinking, encouraged with the lack of top-down governance, can create inconsistency in terms of the strategic adoption of lawtech, and contribute to a lack of regulatory clarity about the appropriate safeguards that consumers require and that they are entitled to expect.[46] This is a particularly important issue in a sector such as law, though is not exclusive to this sector, where multiple different professions may offer equivalent legal services to the public, but where each is directly regulated by a separate regulatory body. In the absence of effective inter-regulator coordination, the siloed approach of the legal regulators is likely to lead to undesirable variations in the uptake of lawtech solutions across the legal sector and potentially harmful variation in the quality and safety of the services that consumers receive.[47]

One response has been to call for a central body to govern the use of new technologies in the legal sector, harmonise policy and provide a strategic core to the diffuse conversations around AI, such as the one called for by the House of Lords Justice and Home Affairs Committee in 2022.

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[45] Department for Science, Innovation and Technology et al., *National AI Strategy* (Cm 525, 2021). https://assets.publishing.service.gov.uk/media/614db4d1e90e077a2cbdf3c4/National_AI_Strategy_-_PDF_version.pdf> accessed 8 September 2025.

[46] Centre for Data Ethics and Innovation, 'AI Barometer: Report' (June 2020), 15 <https://assets.publishing.service.gov.uk/media/5ef0c4c1e90e0741f91db12d/CDEI_AI_Barometer.pdf> accessed 8 September 2025.

[47] Legal Services Board, 'Striking the Balance: How Legal Services Regulation Can Foster Responsible Technological Innovation' (April 2021), 38-40 <https://legalservicesboard.org.uk/wp-content/uploads/2021/04/Striking_the_Balance_FINAL_for_web.pdf> accessed 8 September 2025.

> …the government should establish a single national body to govern the use of new technologies for the application of the law. The new national body should be independent, established on a statutory basis, and have its own budget.[48]

Other organisations have diverged in their approach, such as the CDEI finding that for algorithmic bias, in particular, there was no need for a new specialised regulator or primary legislation;[49] similarly, the Committee on Standards in Public Life argued that a new body such as an AI regulator would inevitably overlap with existing regulators.[50] An earlier House of Lords report 'Ready, Willing & Able?' took the view that blanket-AI specific regulation would be inappropriate, suggesting that sector-specific regulators are better placed to consider the impact of any regulations created.[51] The Law Society has raised concerns about the lack of a 'robust governance framework' regarding the UK Government's National Data Strategy and has argued for a blend of 'adaptable regulation and firm legislation' in regard to AI. [52]

There is, as Butcher and Beridze argue, still much that the legal sector can learn about the governance and regulatory landscape of AI by looking at

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[48] Justice and Home Affairs Committee (n44) 25.

[49] Centre for Data Ethics and Innovation, 'Review into bias in algorithmic decision-making' (November 2020), 11 <https://assets.publishing.service.gov.uk/media/60142096d3bf7f70ba377b20/Review_into_bias_in_algorithmic_decision-making.pdf> accessed 8 September 2025.

[50] Committee on Standards in Public Life, 'Artificial Intelligence and Public Standards' (February 2020), 47 <https://assets.publishing.service.gov.uk/media/5e553b3486650c10ec300a0c/Web_Version_AI_and_Public_Standards.PDF> accessed 8 September 2025.

[51] House of Lords, Select Committee on Artificial Intelligence (n28) 116.

[52] The Law Society, 'National Data Strategy – Law Society response' (11 December 2020), 3 <web.archive.org/web/20210124134040/https://www.lawsociety.org.uk/campaigns/consultation-responses/national-data-strategy-law-society-response> accessed 8 September 2025; Department for Digital, Culture, Media and Sport, 'National Data Strategy' (Policy Paper, Updated 9 December 2020) <https://www.gov.uk/government/publications/uk-national-data-strategy/national-data-strategy> accessed 8 September 2025.

standards which have successfully governed other complex technologies such as aviation safety, without having prohibitively curtailed innovation.[53] While we may look at these sectors for guidance, we should remember that the AI industry is rapidly moving and not directly comparable to slower, more mature industries. One such solution to this problem is found within the principles of adaptive governance, a style characterised by being fast, flexible, and iterative.[54] We need to ensure that any governance structure proposed, both, has enough power to enforce a reasonable degree of safety and foster trust, while remaining flexible enough to keep up with technological developments.[55]

Tackling directly the problems associated with siloed thinking requires horizontal and vertical coordination with different government departments and legal regulatory bodies.[56] For the legal AI space to thrive, it needs strong leadership to ensure it can benefit in a sustainable manner from the adoption of new technologies. There is no shortage of recommendations for calls to action, for example, as already discussed, in the context of the 2022 House of Lords Justice and Home Affairs Committee report.[57] With take-up of legal AI only likely to increase in the future, there is now the imperative to act on such recommendations.

[53] James Butcher and Irakli Beridze, 'What is the State of Artificial Intelligence Governance Globally?' (2019) 164(5-6) The RUSI Journal 88, 95.
[54] Marijn Janssen and Haiko van der Voort, 'Agile and adaptive governance in crisis response: Lessons from the COVID-19 pandemic' (2020) 55 International Journal of Information Management 1.
[55] See Anka Reuel and Trond Arne Undheim, 'Generative AI Needs Adaptive Governance' (6 June 2024) <https://doi.org/10.48550/arXiv.2406.04554> accessed 8 September 2025.
[56] Mart Laatsit, Markus Grillitsch and Lea Fünfschilling, 'Great expectations: The promises and limits of innovation policy in addressing societal challenges' (2025) 54(3) Research Policy, 5 <https://doi.org/10.1016/j.respol.2025.105184> accessed 8 September 2025.
[57] Justice and Home Affairs Committee (n44).

2.2 Governance Tension Within the Regulated Legal Sector

Analysis of policy and strategy materials from two of the key regulated legal professions reveals potential doubts about the capacity of the LSB to harmonise and coordinate lawtech adoption across the legal sector as a whole and to reconcile the divergent views found within the regulated legal sector towards AI adoption. We argue that this analysis reveals a weakness in the current governance structure for lawtech in the legal services sector, and that this weakness must be considered as a potential barrier to the responsible adoption of legal AI within the sector.

The LSB appears to face a serious challenge in terms of its authority over the regulated legal professions in the field of lawtech policy and strategy with its authority to promote the use of AI, under the LSA, having recently come under increasing scrutiny. The General Council of the Bar has raised specific concerns about the role the LSB has assumed in encouraging regulated professions, including the Bar, to use technology. In December 2022 the LSB opened a consultation on its proposed Business Plan for 2023/24.[58] The Bar's written response called into question the LSB's understanding of its own role within the justice system, and it specifically cast doubt on the LSB's intention to use its statutory powers to promote the use of technology by regulated professions

> The LSB has no role in setting strategy or policy for legal services such as 'Lowering unmet legal need across large parts of society'; 'Reforming the

[58] Legal Services Board, 'Driving forward the strategy: LSB launches consultation on draft business plan for 2023/24' (5 December 2022) <https://legalservicesboard.org.uk/news/driving-forward-the-strategy-lsb-launches-consultation-on-draft-business-plan-for-2023-24> accessed 8 September 2025.

> justice system'; or 'Supporting responsible use of technology that commands public trust'.[59]

The Bar's objection was not focused specifically on the LSB's policy work in the field of innovation but instead reflected a deeper concern about the meaning of the language used within the LSA, and what the Bar believed the Act intended the respective roles of the top-tier and front-line regulators to be. The Bar's view was that the language of the Act meant that the LSB does not have the power to invoke the 9 regulatory objectives in order to set and promote broad strategy goals for the legal sector, but that instead it must confine itself to complying with those objectives when fulfilling a much narrower administrative role that the Bar feels the Act requires the LSB to fulfil. The Bar has argued that the legitimate role of the LSB is limited to those duties that are clearly and unequivocally conferred on the LSB in the language of the Act. Those functions, in the view of the Bar, include matters such as the establishment of a Consumer Panel (ss. 1-8) and matters including the setting of practising certificate fees by the front-line regulators (s. 51). The Bar has argued that LSA s 29 prohibits the LSB from interfering with the representative functions of the front-line regulators – 'Nothing in this Act authorises the LSB to exercise its functions in relation to any representative function of an approved regulator.'[60] Any doubts concerning the extent to which the Bar believes the LSB may engage in activities outside of the administrative functions, ascribed to it in those sections that the Bar Council draws attention to, is brushed aside by the unequivocal statement that 'The LSB has no 'convening role''.[61]

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[59] General Council of the Bar, 'Bar Council response to the Legal Services Board's (LSB) 'Draft Business Plan 2023-24' consultation paper' (2 February 2023), 4 <Bar-Council-response-to-LSB-business-plan-2023-24-consultation.pdf> accessed 8 September 2025.
[60] Legal Services Act 2007 s. 29(1).
[61] General Council of the Bar (n59).

The Bar re-asserted its objection to the role that it felt the LSB had improperly assumed when it submitted its response to a consultation exercise that the LSB launched in July 2023 concerning its latest strategy to promote access to justice through the effective use of technology across the legal sector.[62] The LSB asked for views on its proposal to use s 162 of the Legal Services Act 2007 to publish 'statutory guidance' for regulated professions and that guidance would 'provide a signal' that they should exercise their own regulatory powers in a manner that resulted in more consistent practice across the sector, and that would also clearly articulate the LSB's expectation that those regulators would pursue outcomes that aligned with the LSB's own pro-innovation approach to the use of technology.[63] The Bar's response to the consultation questioned the role of the LSB in promoting innovation, explicitly questioning whether the LSB had 'any particular expertise in technology and innovation' and asserted that the LSB was engaging in 'regulatory over-reach' through its use of s 162 to promote innovation.[64] The Bar's position was that 'While technology and innovation should help address unmet legal needs, regulators should address risks rather than being required to actively promote uptake.'[65]

[62] See Legal Services Board, 'Draft guidance on promoting technology and innovation to improve access to legal services – consultation paper' (10 July 2023) <https://legalservicesboard.org.uk/wp-content/uploads/2023/08/Consultation-paper-Draft-guidance-on-promoting-technology-and-innovation-to-improve-access-to-legal-services.pdf> accessed 8 September 2025.

[63] Ibid.

[64] General Council of the Bar, 'Bar Council response to the Legal Services Board consultation on Draft guidance on promoting technology and innovation to improve access to legal services' (2 October 2023), 2 <https://www.barcouncil.org.uk/static/69f9d766-8a45-4821-bd22dc7d93bd063e/Bar-Council-response-to-LSB-consultation-on-promoting-technology-and-innovation.pdf> accessed 8 September 2025.

[65] Ibid 5.

Those very strong differences of opinion remained visible in the LSB's consultation on its 2024/25 Business Plan[66] and in the Bar Council's response to that consultation.[67] The Bar responded to the LSB's ongoing commitment to fostering responsible use of technology and AI in the legal professions by asserting that such policy decisions represented social and political aims that ought to be left to 'government, parliament and representative bodies.'[68]

While the Law Society has not expressed the same degree of dissatisfaction with the LSB's policy as the Bar has, in their own response to the 2024-25 Business Plan they also expressed a desire that the LSB should not duplicate work already being undertaken by the professions themselves.[69] The development of technological tools and processes to improve access to justice clearly falls within the realm of activity that may involve duplication of effort. In less forthright terms than those used by the Bar Council, the Law Society's response encouraged the LSB's focus on the core functions that it is required to discharge under the LSA. Yet unlike the Bar, the Law Society expressed some interest in engaging with the LSB to develop effective ways to use technology to improve access to justice. The Law Society generally appears to welcome the LSB's efforts in the domain of research and horizon scanning and its capacity to act in a coordinating role between front-line regulators, and between the regulated professions and government.

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[66] See Legal Services Board, 'Draft Business Plan 2024/25' <https://legalservicesboard.org.uk/wp-content/uploads/2023/12/LSB-Draft-Business-Plan-2024-2025-Consultation-Document.pdf> accessed 8 September 2025.

[67] See General Council of the Bar, 'Bar Council response to the Legal Services Board's (LSB) Draft Business Plan 2024/25' (12 February 2024) <https://www.barcouncil.org.uk/static/bf6474d5-ded5-4ea1-81ada626e32f438f/Bar-Council-response-to-LSB-business-plan-2024-25.pdf> accessed 8 September 2025.

[68] Ibid 8.

[69] The Law Society, 'Legal Services Board business plan 2024/25 – Law Society response' (12 February 2024), 2 <https://www.lawsociety.org.uk/campaigns/consultation-responses/legal-services-board-business-plan-2024-25> accessed 8 September 2025.

As we examine evidence of tension relating to the LSB's role in the governance of legal AI it is worth remarking briefly on the questions concerning the very existence of the LSB. In response to an early consultation on the 'Triennial Review of the LSB and Office for Legal Complaints'[70] the BSB suggested that the LSB's role was a temporary one that was intended by Parliament merely to facilitate the implementation of the aims of the LSA.[71] The Bar expressed a view that once the LSB had achieved the Bar's narrow interpretation of the LSB's statutory role, then the LSB should be abolished.[72] While those early arguments for the dissolution of the LSB did not result in any concrete action, in March 2024 the Commons Select Justice Committee appeared to endorse the views expressed by Mayson that the time may have come to review not only the role of the LSB, but also the relevance of the LSA.[73] Mayson's report emphasised the specific problem of organisations providing unregulated legal advice using those technological tools that the LSB itself has shown such a

[70] See Ministry of Justice, 'Triennial Reviews: Legal Services Board and Office for Legal Complaints' (July 2012) <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/210075/triennial-reviews-lsb-olc-response.pdf> accessed 8 September 2025.

[71] Bar Standard Board, 'BSB response to MoJ Triennial Review of the Office for Legal Complaints and the Legal Services Board' (March 2012), 10 <https://www.barstandardsboard.org.uk/static/781a53a3-f12a-46f8-811928058afea698/bsbreponsetotriennialreviewaxsincluded.pdf> accessed 8 September 2025.

[72] Ibid.

[73] See Justice Committee, 'Justice Committee sets out recommendations on the regulation of the legal professions to Lord Chancellor' (22 March 2024) <https://committees.parliament.uk/committee/102/justice-committee/news/200601/justice-committee-sets-out-recommendations-on-the-regulation-of-the-legal-professions-to-lord-chancellor/> accessed 8 September 2025; UCL, 'Independent Review of Legal Services Regulation' (24 September 2018, Updated 30 September 2024) <https://www.ucl.ac.uk/ethics-law/publications/2018/sep/independent-review-legal-services-regulation> accessed 8 September 2025; Stephen Mayson, 'Performing Legal Services: Regulation Beyond the Echo Chambers' (Final Report of the Independent Review of Legal Services Regulation, June 2020) <https://www.ucl.ac.uk/ethics-law/sites/ethics_law/files/irlsr_final_report_final_0.pdf> accessed 8 September 2025.

strong interest in promoting.[74] The Justice Committee's conclusion that 'The Legal Services Act 2007 does not appear to provide a stable long-term framework for the regulation of the legal professions'[75] raises questions about the LSB's leadership role in the field of legal innovation, and makes it more important to examine the strategy indicators that are visible in the published records and policy statements of the main front-line regulators themselves.

3 Technological Capacity

In this section we will highlight two contemporary challenges to the effective development of legal AI: access to the data that is required to build the next generation of legal generative AI systems, and access to new skills and capabilities that will support the application of so-called *frontier* AI within the legal domain. We will argue that each challenge also represents a tremendous opportunity for legal generative AI, and that each is likely to be instrumental in delivering the benefits of AI to the legal services sector and to recipients of those services. Yet each challenge reflects obstacles that are very specific to the legal sector, and to overcome both of them it is essential that a coordinated and effective governance framework is developed that responds to the specific requirements of the legal sector.

3.1 Data Access

For many AI systems, including those used in the legal sector, data is their lifeblood. For state-of-art techniques such as those based on the principles of Deep Learning, a huge amount of data is required to train them,[76] which has been

[74] Mayson (n73) 4.9.2.
[75] Justice Committee (n73) 9.
[76] Yann LeCun, Yoshua Bengio, and Geoffrey Hinton, 'Deep learning' (2015) 521 Nature 436.

exponentially increasing over the years.[77] Generative AI models such as GPT-3, for instance, are estimated to use at least 450 gigabytes of input data.[78] For the legal sector to be able to leverage these advances in AI, a sufficient amount of quality data must be available. The 2017 Hall and Pesenti Report found that a lot more needed to be done around increasing the availability and ease of acquiring data to grow the artificial intelligence sector in the UK.[79]

Since this report, the previous government attempted to address these concerns in a variety of policy announcements. The UK R&D roadmap, published in 2020, put data at the heart of its record public investment of £22 billion per year into R&D by 2024/25, especially regarding data's importance in tackling 'environmental issues such as climate change and… complicated geopolitical and security challenges.'.[80] While in October 2024 the new government published its proposals for the next industrial strategy reaching out to 2035. In its green paper 'Invest 2035: the UK's modern industrial strategy' the new government renewed the UK's commitment to the technology sector and identifies 'artificial intelligence, digitalisation, and increased automation' as one of three key opportunities for the UK.[81]

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[77] See Jaime Sevilla et al., 'Compute Trends Across Three Eras of Machine Learning' (International Joint Conference on Neural Networks (IJCNN), Padua, Italy, 2022) <https://arxiv.org/pdf/2202.05924> accessed 8 September 2025.

[78] Robert Dale, 'GPT-3: What's it good for?' (2021) 27(1) Natural Language Engineering 113, 116.

[79] Wendy Hall and Jérôme Pesenti, 'Growing the Artificial Intelligence Industry in the UK' (*Gov.uk*, 15 October 2017), 23 <https://assets.publishing.service.gov.uk/media/5a824465e5274a2e87dc2079/Growing_the_artificial_intelligence_industry_in_the_UK.pdf> accessed 8 September 2025.

[80] Department for Science, Innovation and Technology and Department for Business, Energy and Industrial Strategy, 'UK Research and Development Roadmap' (July 2020), 15 <https://assets.publishing.service.gov.uk/media/5efb9799e90e075c59a7b3f9/UK_Research_and_Development_Roadmap.pdf> accessed 8 September 2025.

[81] Department for Business and Trade 'Invest 2035: the UK's modern industrial strategy' (Policy paper, 14 October 2024) <https://www.gov.uk/government/publications/invest-2035> accessed 8 September 2025.

While not directly concerned with the promotion of advanced forms of artificial intelligence that we argue will shape the future of legal services, the new government tabled a Bill that proposed the grant of new powers to allow government to require businesses to share business and customer data.[82] This Bill reinforces the view that, UK government policy is, and is likely to remain, favourable towards greater and more effective use of digital technologies in the public and private sectors. The Bill's stated goal to 'unlock the power of data to grow the economy and improve people's lives'[83] hardly represents a significant departure from the preceding Government's policy. Indeed, in December 2024 the new Labour minister for AI and Digital Services stressed the role of the Data Bill as a 'pivotal step' that would fulfil the new Labour government's goals to leverage AI to promote economic growth and to improve public services.[84]

This policy direction is particularly relevant to the legal sector since a lack of effective data capture has traditionally been endemic across the legal sector. In 2021 a survey found that only 22% of partners in UK law firms agree that their 'organisation captures data effectively.'[85] Whilst two judge-led inquiries from

[82] Data (Use and Access) HL Bill (2024-25) 40.

[83] Department for Science, Innovation and Technology 'New data laws unveiled to improve public services and boost UK economy by £10 billion' (24 October 2024) <https://www.gov.uk/government/news/new-data-laws-unveiled-to-improve-public-services-and-boost-uk-economy-by-10-billion> accessed 8 September 2025.

[84] Department for Science, Innovation and Technology 'Public attitudes to data and AI: Tracker survey (Wave 4) report' (16 December 2024) <https://www.gov.uk/government/publications/public-attitudes-to-data-and-ai-tracker-survey-wave-4/public-attitudes-to-data-and-ai-tracker-survey-wave-4-report> accessed 8 September 2025.

[85] Richard Parnham, Mari Sako, and John Armour, 'AI-assisted lawtech: its impact on law firms' (*University of Oxford*, December 2021), 13 <https://www.law.ox.ac.uk/sites/default/files/migrated/ai_final1097.pdf> accessed 8 September 2025.

around the same period, into vulnerable persons within the civil courts, described a ''data desert' in the heart of the civil justice system.'[86]

The exact nature of the issues regarding data differs depending on whether we are referring to the private legal services sector or the public sector, but the fundamental issues at stake remain constant. For example, legal service providers must contend with whether they can leverage data supplied by a client, especially in instances where that client's data may be used to train AI models which benefit other clients that are potentially within the same sector.[87] Additionally opening their data to the public could affect the potential commercial value as competitors would also be able to use it.

One emerging concern about data access in the legal services sector is the disparity in levels of access between large and small legal service providers. The data that will be the lifeblood of emerging legal generative AI systems is likely to derive either from the records maintained by legal service providers in connection to legal issues that they are directly responsible for, or from public datasets such as law reports that reflect important patterns in the courts' interpretation and application of the law. But access to both sources of data is unequal. Hook and Tangaza raise these concerns in relation to the overconcentration of data ownership between a handful of private sector companies, much of this involving content generated by the court system in addition to proprietary sources, such as case law and court judgments.[88] There is

[86] Natalie Byrom, 'Justice depends on data - and the pandemic shows why' (*Law Society Gazette*, 21 October 2020) <https://www.lawgazette.co.uk/commentary-and-opinion/justice-depends-on-data-and-the-pandemic-shows-why/5106061.article> accessed 8 September 2025.
[87] Parnham, Sako, and Armour (n85) 27.
[88] Alison Hook, 'The Use and Regulation of Technology in the Legal Sector beyond England and Wales: Research Paper for the Legal Services Board' (*Legal Services Board*, 2019) <https://legalservicesboard.org.uk/wp-content/uploads/2019/07/International-AH-Report-VfP-4-Jul-2019.pdf> accessed 8 September 2025.

a virtual legal data monopoly present in the UK, with a handful of providers such as Thomson Reuters and LexisNexis controlling a vast array of case law, legislation and commentary that is only accessible to legal service providers under license. One illustrative example of the issues this monopoly can raise are that cases available can differ significantly between service providers, with one empirical study analysing six providers of case law in the United States, finding that an average of 40% of all cases were unique to one database and around 7% of the same cases were returned in using the same search query across the databases.[89] In addition to controlling access to key data, commercial service providers like LexisNexis and Thomson Reuters also frequently impose strict licensing conditions on lawyers who use those services, often resulting in a general prohibition on training new AI models. Similar to the trends observed in Big Tech's dominance of the generative AI space, a data monopoly can perpetuate and reinforce existing inequalities present within the space.[90]

This trend is especially concerning in light of evidence submitted to the House of Commons Justice Committee's report on 'Open Justice' with Natalie Byrom arguing 'if you want to know what the law is and how it affects you, you need access to the judgments and decisions from courts'[91] and the Ministry of Justice similarly stating that access to judgments is a 'fundamental right'[92] as they are a primary source of law. A sector-wide evaluation of the challenges to adopting legal AI must also acknowledge that data access issues are likely to vary substantially across the sector, with larger private legal service providers being

[89] See Susan Nevelow Mart, 'The Algorithm as a Human Artifact: Implications for Legal [Re]Search' (2017) 109(3) Law Library Journal 387.
[90] Shaleen Khanal, Hongzhou Zhang and Araz Taeihagh, 'Why and how is the power of Big Tech increasing in the policy process? The case of generative AI' (2025) 44(1) Policy and Society 52.
[91] Justice Committee, 'Open justice: court reporting in the digital age' (HC 2022-23, 339), 29.
[92] Ibid.

better placed, not only to harness value from material provided by commercial publishers, but from their own vastly greater legal data pools as well.

This is not to say that work is not ongoing to address this issue within the UK. As stated earlier, there has been a general push from the UK Government towards making more public data available for usage in AI systems, which is in stark contrast to other nations such as France where the use of analytical techniques on their legal corpus has been restricted.[93] Originally the public database of case law in the UK was BAILII, founded in 1999 as a charitable trust to help proliferate access to legal documents within the public domain, facilitating legal research.[94] Whilst BAILII offered an initial step forward towards increasing access to court judgments, considering its status as an independent charitable organisation with a small budget, the scope of its service was limited by several factors. Those pertinent to the use of judgments in AI systems include the lack of comprehensive data available, since until April 2022 the judgments published were sent directly by individual judges and their clerks, dependent on whether they deemed the judgments to be significant enough to be published.[95] Additionally, the judgments were only made available in PDF or Word formats[96] which affects machine readability and can make automated parsing or pre-processing the judgments a time-consuming and challenging task, especially in light of these judgments not having a pre-defined structure like those found, for example, in the European Court of Human Rights repository.[97]

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[93] Artificial Lawyer, 'France bans judge analytics, 5 years in prison for rule breakers' (4 June 2019) <https://www.artificiallawyer.com/2019/06/04/france-bans-judge-analytics-5-years-in-prison-for-rule-breakers/> accessed 8 September 2025.

[94] BAILLI, 'About BAILII' <https://www.bailii.org/bailii/> accessed 8 September 2025.

[95] Jules Winterton, 'BAILII: Judgment Day and Beyond' (2022) 22(2) Legal Information Management 73, 75.

[96] Ibid.

[97] 'HUDOC European Court of Human Rights' <https://hudoc.echr.coe.int/eng> accessed 8 September 2025.

Work is ongoing to rectify these issues within the UK legal system with the launch of the National Archives 'Find Case Law'[98] service in 2022. This service collates 50,000 judgments and decisions dating back to 2003 (for court judgments) and they are published using Legal Document Mark-up Language. Legal Document Mark-up language improves accessibility as it is an open specification mark-up language designed for lawyers to create machine-readable, accessible data sources from legal texts.[99] However, despite increasing machine-readability, the process of judgment selection is the same as it was for BAILII.[100] The importance of having comprehensive coverage of judgments for AI systems is that if we want to extract insight into how the law functions in a computational manner, the mundane judgments are just as crucial as those deemed important, since they are examples of how a large number of legal issues in different domains are handled. Academic researchers from the University of Cambridge have recently attempted to create a more comprehensive dataset of judgments from England and Wales, with over 250,000 cases available dating back as far as the 16th Century, however, a strict license is in place on this dataset, only allowing it to be used for academic research.[101]

The nature of the licensing system in use is also a concern regarding the National Archives' use for lawtech applications. Whilst the 'Open Justice License' covering the documents allows members of the public to quote, use, or publish

[98] National Archives, 'The National Archives to publish court judgments' <https://www.nationalarchives.gov.uk/about/news/the-national-archives-to-publish-court-judgments/> accessed 8 September 2025.

[99] Open Source Legal, 'Open Source Legal: General-purpose Legal Mark-up Language (GLML)' <https://opensource.legal/projects/GLML> accessed 8 September 2025.

[100] Winterton (n95) 77.

[101] Andreas Östling et al., 'The Cambridge Law Corpus: A Dataset for Legal AI Research' (37th Conference on Neural Information Processing Systems (NeurIPS 2023), New Orleans, 2023) <https://api.repository.cam.ac.uk/server/api/core/bitstreams/63bb8961-70af-454d-a9d7-220daa913668/content> accessed 8 September 2025.

the documents, 'computational analysis' is forbidden without application for a free separate license, which allows access for academic researchers or technology companies to analyse the documents computationally.[102] Having a license agreement in place for data usage in AI systems is laudable, but details on the terms/limitations of the license, conditions for it to be granted, or the timescale of the application being considered are not publicly available.

Steps have clearly been taken within the existing governance frameworks to enable the easier availability of legal data, but regarding access and how comprehensive these datasets are, there is still a long way to go, both to ensure open access and to rival private sector services such as LexisNexis and Thomson Reuters. While many judgments are now freely available on the National Archives, crucial details such as whether the precedent set by the judgment has been overturned, positively cited in later cases, or is not cited either positively or negatively, is only available via commercial databases.

Lack of access to data represents a key obstacle to the development of legal AI. This challenge is multifaceted. It derives from a complex mix of economic factors, the general law regulating access to public and private data, government policy shaping the law, the policy and practice of the custodians of public data, the interests and practices of private publishers, and the standards that each legal regulator requires its members to adhere to. It represents a challenge that can only be overcome through concerted and determined coordination between multiple stakeholders that may share similar ambitions for the development of legal AI, but whose commercial interests or immediate regulatory concerns may vary substantially.

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[102] Find Case Law, 'Open Justice Licence' (*National Archives*) <https://caselaw.nationalarchives.gov.uk/open-justice-licence> accessed 8 September 2025.

There is cause for optimism in data access improvements, since this is a topic that has been covered in the Government's 'AI Opportunities Action Plan',[103] announced in January 2025. The plan comprises 50 recommendations aimed at meeting three goals:

1. Investment in the foundations of AI
2. Acceleration of cross-economy AI adoption
3. Positioning the UK to be 'an AI maker, not an AI taker'

Within the details of the action plan is a proposal to create a National Data Library 'to responsibly unlock both public and private data sets'. For all the aforementioned reasons discussed, such a resource would be welcomed by multiple different stakeholders, though producing the library is likely to be a significant undertaking. Nonetheless, the plans set out demonstrate recognition of the importance of data access for AI development and a willingness to tackle this.

3.2 The Challenges and Opportunities of Generative AI

Within the context of law, Natural Language Processing (NLP) methods, especially LLMs, are some of the most popular due to the abundance of legally relevant textual data. Despite NLP's effectiveness in many different tasks, applications in the legal field face a number of specific challenges compared to other domains. Legal opinions and judgments map onto real-world scenarios with some of the most 'extreme examples of problems of syntactic, lexical and semantic ambiguity that plague attempts at computational NLP'.[104] Legal texts often require an NLP system to parse multiple semantic and grammatical

[103] Department for Science, Innovation and Technology (n38).
[104] Kevin D Ashley and Stephanie Brüninghaus, 'Automatically classifying case texts and predicting outcomes' (2009) 17(2) Artificial Intelligence and Law 125.

meanings to arrive at a further multiplicity of sentence, paragraph, and argument-level meanings, which all must be carefully weighed and balanced against one another. Dealing with such a degree of ambiguity is not something computational approaches naturally excel at and finding ways to account for ambiguity is a central problem for NLP approaches.

Due to the breadth and depth of NLP techniques available, providing an examination of them all, regarding their application to law, is beyond the scope of this work. However, in light of generative AI methods becoming a more prevalent force in NLP and legal applications, this section aims to briefly evaluate how generative AI methods respond to the aforementioned challenges and argue that despite the hype, they do not sufficiently alleviate these concerns; while their deployment can be beneficial in a number of legal contexts, they are not an AI panacea and a particular combination of knowledge and skills is required to develop and deploy these technologies effectively in the legal domain.[105]

In the last few years, we have seen generative AI achieve previously unthinkable results in traditional tests of human legal aptitude, such as GPT-4 passing the multi-state Bar Exam[106] and the Legal Ethics Exam[107] in the US. Particularly impressive has been the fact that GPT-4 is said to outperform the average human test takers in both tasks, for example by 7% in the US Bar Exam including both multichoice and essay questions.[108] Though it has also been argued that while GPT-4's scores are impressive compared to other AI models

[105] Legal AI not being a panacea has also been advanced by Simon Gibson, 'Cautioning the legal sector: AI is a tool, not a panacea' (*Legalfutures*, 9 June 2023) <https://www.legalfutures.co.uk/blog/cautioning-the-legal-sector-ai-is-a-tool-not-a-panacea> accessed 8 September 2025.
[106] Katz et al. (n5).
[107] Gabor Melli, Daniel Lewis and Dru Stevenson, 'Generative AI Passes the Legal Ethics Exam' (*LegalOn Technologies*, 2023) <https://www.legalontech.com/resources/generative-ai-passes-the-legal-ethics-exam#Form> accessed 8 September 2025.
[108] Katz et al. (n5) 4.

i.e. GPT-3.5, due to several methodological issues in grading the answers, the research has overinflated the comparison to human performance.[109]

Other reported uses of generative AI in a legal context have offered more mixed results. LLMs exceeded human accuracy, speed, and cost efficiency in performing contract review against junior lawyers and Legal Process Outsourcers.[110] But still, GPT-3 performed poorly in the task of statutory reasoning, failing to answer straightforward questions concerning an artificially created statute.[111] Generative AI approaches have also been reported to struggle compared to more traditional supervised learning algorithms in the task of legal judgment prediction.[112] GPT-3.5 was assessed for its ability to provide legal information on landlord-tenant dispute cases in Quebec and was found prone to hallucinate fictitious cases.[113] Hallucinations pose a great issue to legal adoption as accurate, reliable information is of paramount importance for both the legal services sector and the justice system. Hallucinations are not a monolithic phenomenon; one typology proposed for hallucinations in a legal setting includes three distinct types.[114]

The first, termed a 'closed-domain' hallucination, occurs by producing a response which conflicts with the input prompt, for example, if one engages in

[109] Martínez (n5).
[110] See Lauren Martin et al., 'Better Call GPT, Comparing Large Language Models Against Lawyers' (January 2024) <https://doi.org/10.48550/arXiv.2401.16212> accessed 8 September 2025.
[111] See Andrew Blair-Stanek et al., 'Can GPT-3 Perform Statutory Reasoning' (13 February 2023, last revised 10 May 2023) <https://doi.org/10.48550/arXiv.2302.06100> accessed 8 September 2025.
[112] See Dietrich Trautmann, Alina Petrova, and Frank Schilder, 'Legal Prompt Engineering for Multilingual Legal Judgment Prediction' (5 December 2022) <https://doi.org/10.48550/arXiv.2212.02199> accessed 8 September 2025.
[113] Jinzhe Tan, Hannes Westermann, and Karim Benyekhlef, 'ChatGPT as an Artificial Lawyer?' (AI4AJ 2023 Workshop on Artificial Intelligence for Access to Justice, Braga, 2023) <https://ceur-ws.org/Vol-3435/short2.pdf> accessed 8 September 2025.
[114] Matthew Dahl et al., 'Large Legal Fictions: Profiling Legal Hallucinations in Large Language Models' (2024) 16(1) Journal of Legal Analysis 64, 68 et seq.

legal summarisation using an LLM there may be parts in the summary which are not included within the original text to be summarised. The second, an 'open domain' hallucination occurs when the response provided does not follow from the training data, so if a model was trained solely on US legal data, and we asked it about the Offences Against the Person Act 1861 in the UK, any response given would be a hallucination since it has never been trained on this piece of legislation. Finally, there is another form of 'open domain' hallucination where the response is not faithful to the facts of the world, for example citing fictitious case precedents. Dahl et al. do identify that the first two are not always unhelpful in a legal context as they can promote 'creativity' from an LLM, such as not including irrelevant arguments in a summary or inventing novel analogies not found within any training corpus, but that the third kind are unacceptable due to their propensity towards direct misinformation.[115]

The effect is that in creating and deploying generative AI systems, there is often a trade-off in balancing the risks of different hallucination types,[116] and eliminating them completely from LLMs seems rather implausible given their current architectures.[117] There have been various approaches proposed to mitigate the impact of hallucinations in LLMs, such as Retrieval-Augmented Generation methods, in which a legal information retrieval component is used to retrieve relevant texts or parts of texts in order to provide the model with relevant context. While some success has been achieved at alleviating hallucinations,[118]

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[115] Ibid 4.

[116] Ibid.

[117] See Adam Tauman Kalai and Santosh S Vempala, 'Calibrated Language Models Must Hallucinate' in Bojan Mohar, Igor Shinkar, and Ryan O'Donnell (eds), *STOC '24: Proceedings of the 56th Annual ACM Symposium on Theory of Computing* (ACM 2024), 160 et seq.

[118] See e.g., Jaromir Savelka et al., 'Explaining Legal Concepts with Augmented Large Language Models (GPT-4)' (15 June 2023, last revised 22 June 2023) <https://doi.org/10.48550/arXiv.2306.09525> accessed 8 September 2025; Jiaxi Cui et al., 'Chatlaw: A Multi-Agent Collaborative Legal Assistant with Knowledge Graph Enhanced Mixture-

information retrieval itself introduces its own problems and can provide a bottleneck to LLM performance.[119]

Additionally, we may consider how generative AI systems perform regarding the related, yet distinct, task of faithfulness to legal reasoning. For many legal AI tasks, particularly those involving prediction, it is not only the outcome we are interested in, but also whether the process used to arrive at that outcome conforms to the relevant legal norms and reasoning procedures, i.e. an understanding of legal process is demonstrated. One of the emergent properties demonstrated by LLMs is their reasoning capabilities, particularly if one adopts a suitable prompting strategy.[120] The reasoning capabilities traditionally arose from adapting the input prompt to either ask for a problem to be broken down into an arbitrary number of steps or by providing a small number of reasoning examples (few-shot prompting). More recently, we have seen model providers begin incorporating explicit 'reasoning steps' as part of a model's 'thinking process', which consists of a hidden chain of intermediary output generated prior to the end-result shown to the user.[121] We can think of this step as analogous to the workings-out a person may create when trying to solve a maths problem, before presenting the final answer.

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of-Experts Large Language Model' (28 June 2023, last revised 30 May 2024) <https://doi.org/10.48550/arXiv.2306.16092> accessed 8 September 2025.

[119] Antoine Louis, Gijs Van Dijck, and Gerasimos Spanakis, 'Interpretable Long-Form Legal Question Answering with Retrieval-Augmented Large Language Models' (2024) 38(20) Proceedings of the AAAI Conference on Artificial Intelligence 22266, 22272.

[120] For Chain-of-Thought prompting see Jason Wei et al., 'Chain-of-Thought Prompting Elicits Reasoning in Large Language Models' (28 January 2022, 10 January 2023) <https://doi.org/10.48550/arXiv.2201.11903> accessed 8 September 2025; For an example in the legal domain of syllogistic prompting see Cong Jiang and Xiaolei Yang, 'Legal Syllogism Prompting: Teaching Large Language Models for Legal Judgment Prediction' (ICAIL 2023: Nineteenth International Conference on Artificial Intelligence and Law, Braga, 2023), 417.

[121] A recent notable example is DeepSeek-AI et al., 'DeepSeek-R1: Incentivizing Reasoning Capability in LLMs via Reinforcement Learning' (22 January 2025) <https://arxiv.org/abs/2501.12948> accessed 8 September 2025.

While empirically these strategies have provided notable performance gains in quantitative assessments,[122] due to the nature of LLMs as systems engaging, fundamentally, in next token prediction,[123] the final output cannot be guaranteed to follow from the steps in the reasoning, since the reasoning takes place within the output itself.[124] The consequences, of the output not necessarily following the reasoning steps, are that we must remain cautious as to, firstly, whether legal reasoning has taken place at all to generate the output, and secondly, whether the reasoning steps necessarily explain the output. The former undermines our faith in LLMs having tackled the legal reasoning challenge, while the latter casts doubt on their interpretability and explanatory power.[125] Though it is worth noting that this concern over LLM's aptitude for reasoning does not solely derive from their architecture, but may also be a consequence of the nature of legal data, especially judicial opinions, which may not conform to the actual reasoning used to make a legal decision.[126]

Generative AI is not a panacea, and whilst it solves many issues in AI and NLP, there are many more such as reasoning, knowledge modelling and interpretability, which currently remain unsolved within the legal domain.[127] The

[122] An example in mathematical reasoning is Wei et al. (n120).

[123] A token is a word or sub-word which acts as the smallest unit of input or output for many NLP systems.

[124] See Gabriel Freedman et al., 'Argumentative Large Language Models for Explainable and Contestable Decision-Making' (3 May 2024, last revised 18 April 2025) <https://doi.org/10.48550/arXiv.2405.02079> accessed 8 September 2025; Shijie Xia et al., 'Evaluating Mathematical Reasoning Beyond Accuracy' (8 April 2024, last revised 14 January 2025) <https://doi.org/10.48550/arXiv.2404.05692> accessed 8 September 2025.

[125] The challenges of interpretability and explainability in AI and Law are beyond the scope of this work. See Katie Atkinson, Trevor Bench-Capon and Danuska Bollegala, 'Explanation in AI and law: Past, present and future' (2020) 289 Artificial Intelligence <https://www.sciencedirect.com/science/article/pii/S0004370220301375> accessed 8 September 2025.

[126] As explained in Courtney M. Cox, 'Non-Herculean Data A Philosophical Intervention in a Technical Debate about Judicial Opinions as Data Sources' (ICAIL 2025: Twentieth International Conference on Artificial Intelligence and Law, Chicago, 2025).

[127] For a more detail description of these challenges in the legal domain see Zhong et al. (n14).

rush to adopt newer hyped technologies, without due concern of their technical limitations and suitability, may act as an obstacle to the UK fully taking advantage of legal AI. For example, the deployment of LLMs in a task requiring transparent reasoning and interpretability may be better suited to a different tool; all approaches have limitations but selecting the right trade-off is of paramount importance if the real benefits of the technologies are to be realised in practice.

The potential for LLMs and other forms of generative AI to positively shape the delivery of legal services has been broadly acknowledged, but the preceding discussion reveals the complexity of leveraging this technology effectively and safely within the legal sector. Indeed, those challenges are likely to vary substantially depending on the specific practice area and the specific application for which the technology is being leveraged. Those may be challenges that some stakeholders in the legal sector are willing and able to address independently, and we previously acknowledged that some of the bigger private law firms have already set aside resource to do so. We can observe a small number of law firms responding to this challenge by developing their own in-house innovation teams.[128] Pioneering work by leading law firms may be welcomed, but it is questionable whether this reflects positively on the wider legal sector's readiness to exploit this technology. In contrast to the challenge of data access, successful implementation of LLMs and other forms of generative AI in law will depend substantially more on the capacity of key stakeholders within the legal sector to define and nurture the required skills and capabilities. This is clearly a domain within which existing legal regulatory and representative bodies demonstrate influence, both by exercising regulatory

[128] See an example of such a policy, Addleshaw Goddard, 'Harnessing Generative AI: Practical advice' <https://www.addleshawgoddard.com/en/specialisms/technology-lawyers/generative-ai/> accessed 8 September 2025.

powers relating to competence and training, and by coordinating sector-wide training and awareness initiatives in the case of the LSB, or profession-wide initiatives in the case of the front-line regulatory and representative bodies.

4 Conclusion

We have identified two key challenges facing legal generative AI technology itself, i.e. the data access challenge, and the challenge that the legal sector faces in terms of understanding the role that generative AI may play in legal service delivery. Those challenges are distinct, but both are highly relevant to the future of legal AI, and each provokes a critical debate about how we can re-shape legal governance and policy frameworks to overcome those obstacles. While each challenge represents a key hurdle to the effective promotion of legal AI today, we propose that they also illustrate concerns with the governance and policy framework shaping legal AI in the future, and that while new developments in AI may reveal new, unanticipated challenges for the legal sector, tackling fundamental governance and policy problems will remain essential if tomorrow's challenges are to be resolved.

These challenges are not unique to each branch of the legal sector, and potential solutions will involve multiple stakeholders within and outside of the regulated legal professions. Those solutions will remain out of reach in the absence of a governance and policy structure that can define clear goals for the sector as a whole, and that can coordinate support and action by those stakeholders. Crucially, an effective governance and policy framework will not only promote a clear, consistent, and achievable AI strategy within the regulated legal sector, but will also have the capacity to influence government decision-making in areas that have a clear impact on the legal sector's capacity to develop

legal AI. It is not clear that the present governance and policy framework can achieve either of those outcomes.

The UK legal services sector may not yet be ready, willing, and able for the adoption of legal AI until a more cohesive governance framework is established by relevant stakeholders, not to guard against AI, but to enable it to flourish ethically, responsibly, and equitably.

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