H&P | EXECUTIVE SEARCH

AI Within In-House Legal Teams.

Market Signals and Hiring Implications for the UK & US in 2026

H&P Executive Search - 2026

INTRODUCTION AND MARKET PERSPECTIVE

The conversation around AI within in-house legal teams has shifted significantly over the past 18 months. The question is no longer whether AI will impact legal functions, but where is AI already reshaping the legal function, where is it reshaping the wider business around it, and what either shift means for how teams are built, scaled and paid.

Across both the UK and US markets, businesses are increasingly looking for commercially-minded lawyers who can operate effectively within technology-enabled and fast-moving environments, whilst still exercising strong legal judgement and governance oversight.

At the same time, legal teams are being expected to manage increasing complexity and growing regulatory pressure, often without equivalent increases in headcount.

According to the ACC and Everlaw GenAI Strategic Value Survey, active use of generative AI within in-house legal teams increased from 23% in 2024 to 52% in 2025, which can of course be assumed as much higher for 2026. Meanwhile, KPMG research found that 71% of General Counsel are planning to invest more heavily in technology than additional headcount over the coming year. Some companies are brining in industry-tested tools, but others are still developing their own proprietary models for futureproofing.

From H&P Executive Search's perspective, AI is not reducing the importance of in-house legal teams. Instead, it is changing where businesses are investing legal headcount, the type of experience they value most, and the sectors generating the strongest demand for legal talent.

> *"We're not seeing clients ask for 'AI lawyers'. We're seeing them ask for commercially-minded lawyers who are comfortable operating in more tech-enabled businesses and more complex regulatory environments."*

— Ivan Parra, Partner, H&P Executive Search

What follows draws on H&P's in-house mandate flow, conversations with senior in-house leaders across the UK and US, and published market data.

INSIDE THIS REPORT

- How AI is reshaping in-house legal team structures
- Why demand for experienced commercial counsel remains strong
- The sectors generating the highest levels of hiring activity
- The growing importance of specialist sector experience
- Compensation pressure within AI-enabled businesses
- What this means for in-house legal leaders in 2026 and beyond

AI IS RESHAPING TEAM STRUCTURES, NOT REPLACING LEGAL TEAMS

One of the clearest trends across the in-house legal market is the shift in how legal teams are being structured. AI and automation tools are already improving efficiency across areas such as:

- document review
- contract generation
- due diligence support
- administrative legal workflows
- routine commercial agreements

KPMG research found that 79% of in-house legal teams have already seen efficiency improvements in core legal tasks through AI-enabled technology. As a result, many businesses are reassessing where legal headcount creates the greatest value.

Across H&P's mandates and client conversations, demand for heavily process-driven junior roles has softened in some areas. At the same time, demand for experienced commercial counsel and specialist legal expertise remains strong across both UK and US markets.

The strongest hiring activity is increasingly concentrated around:

- mid-level commercial counsel
- regulatory lawyers
- infrastructure and energy specialists
- data privacy and governance lawyers
- senior legal leadership

Rather than building large junior teams beneath a narrow senior leadership group, many businesses are investing more heavily in experienced lawyers capable of combining execution with commercial judgement.

> *"AI can support execution work, but it cannot replace legal judgement. The strongest in-house teams are still built around experienced lawyers who can make commercial decisions, manage risk, and work closely with the business."* — Ivan Parra.

WHERE AI IS REALLY DRIVING HIRING DEMAND

Whilst AI dominates headlines, many of the strongest hiring signals are actually emerging in the sectors supporting the infrastructure behind it. Data centres, energy, infrastructure,

and real estate continue to generate significant in-house legal demand across both the UK and US markets.

As AI adoption accelerates globally, businesses require increasing levels of power generation, land acquisition, grid infrastructure, and specialist operational support to sustain growth. This is creating substantial legal complexity around planning, regulation, procurement, construction, compliance, and long-term commercial agreements.

Unsurprisingly, data centres are now one of the dominant drivers of rising US power demand, with electricity consumption from data centres growing more than 400% over the past decade.

As a result, businesses operating across these sectors are increasingly seeking lawyers with highly specialised experience profiles. Hiring managers are increasingly looking for more niche sector experience, particularly within infrastructure, energy, regulation, and large-scale technology growth.

This includes demand for:

- lawyers with hyperscaler exposure
- specialists in grid infrastructure and energy regulation
- nuclear regulatory counsel with direct enforcement experience
- lawyers with experience supporting large-scale data centre expansion projects
- lawyers with expertise across ESG, sustainability, and cross-border regulatory frameworks

Rather than broad generalist experience, businesses are increasingly prioritising lawyers who have already operated within highly specific commercial and regulatory environments.

> *"Energy and infrastructure are among the busiest areas of the in-house market right now. AI is accelerating demand across those sectors, and legal hiring is following that investment."* — Ivan Parra.

The renewable energy market also continues to generate sustained hiring activity, driven by decarbonisation targets, evolving ESG obligations, and increasing regulatory scrutiny across both UK and US markets.

THE SHIFT TOWARDS COMMERCIALLY-FOCUSED AND ADAPTABLE LAWYERS

Whilst AI adoption is increasing rapidly, direct AI expertise has not yet become a standard hiring requirement across most in-house mandates. Instead, businesses are increasingly prioritising lawyers who can operate effectively within technology-enabled and data-heavy environments.

Lawyers with exposure to:

- legal operations
- contract automation programmes
- technology transformation projects
- highly regulated sectors
- cross-border compliance frameworks

are increasingly standing out during hiring processes.

In-house legal teams are also placing greater emphasis on lawyers who can:

- work closely with senior business

stakeholders
- navigate ambiguity
- operate within faster decision-making environments
- balance commercial objectives with governance responsibilities

This is particularly visible across sectors such as:
- financial services
- private capital
- infrastructure and energy
- pharmaceuticals and biotech
- insurance and insurtech

In many of these environments, AI is not removing legal work altogether. Instead, it is changing the type of legal oversight required.

Routine work may become more automated, but governance, escalation management, regulatory interpretation, and strategic legal judgement remain firmly human-led. Lawyers with AI-related capabilities or experience operating within AI-enabled environments benefit from increasing wage premiums over time, particularly as businesses become more selective around technology exposure and adaptability.

COMPENSATION AND RETENTION PRESSURE AT SENIOR LEVEL

One of the most notable developments across the in-house market is the widening compensation gap between traditional corporates and high-growth AI-enabled businesses. While broader in-house salary benchmarks remain relatively stable across much of the market, businesses operating within AI, infrastructure, energy, and high-growth technology sectors are increasingly willing to pay substantial premiums for senior legal talent.

Across certain UK mandates, H&P has seen General Counsel and senior commercial counsel compensation packages significantly exceed traditional market expectations, particularly where businesses are scaling rapidly or operating within highly competitive sectors.

The same trend is visible across the US market, where competition for experienced senior legal leadership remains intense.

> *"The compensation gap between AI-led businesses and more traditional organisations is becoming increasingly visible, particularly at senior level. It is already influencing how candidates evaluate long-term opportunities."* — Ivan Parra.

For businesses outside high-growth technology sectors, this is creating a more competitive retention environment, particularly for senior lawyers with experience across infrastructure, AI-enabled businesses, and complex regulatory frameworks.

GOVERNANCE, RISK, AND REGULATORY COMPLEXITY

Despite the efficiencies AI can provide, legal leaders remain cautious around governance, accountability, and regulatory risk. Across both the UK and US markets, businesses continue to navigate evolving legal frameworks around:

- data protection
- AI governance
- intellectual property
- cybersecurity
- ESG reporting
- regulatory accountability

Many of those in General Counsel positions remain concerned around the accuracy and appropriateness of AI-generated outputs, while many businesses still lack clearly defined governance frameworks for AI usage internally. In practice, this means experienced legal professionals remain central to decision-making. AI may support efficiency, but it does not remove the need for legal judgement, particularly in areas where regulation remains unclear or continues to evolve.

There is also a noticeable regional difference in approach. US businesses generally continue to take a more commercially-led view of AI adoption, whereas UK and European organisations often place greater emphasis on governance, privacy, and regulatory safeguards.

However, across both markets, the expectation is increasingly the same: legal teams must help businesses move quickly whilst still managing risk appropriately.

WHAT THIS MEANS FOR IN-HOUSE LEGAL LEADERS

Looking ahead to 2026, several themes are becoming increasingly clear across the in-house legal market.

TEAM STRUCTURES ARE EVOLVING

Many legal teams are becoming leaner at

junior level, whilst investing more heavily in experienced commercial lawyers and specialist expertise.

COMMERCIAL ADAPTABILITY MATTERS

Businesses are increasingly prioritising lawyers who can operate effectively within fast-moving and technology-enabled environments.

SECTOR EXPOSURE IS BECOMING MORE VALUABLE

Experience within infrastructure, energy, data centres, and highly regulated sectors is commanding increasing attention during hiring processes.

COMPETITION FOR SENIOR TALENT REMAINS HIGH

Businesses operating within AI-enabled and infrastructure-heavy sectors are increasingly influencing compensation expectations across the wider in-house market.

LEGAL JUDGEMENT REMAINS CRITICAL

Whilst AI is improving efficiency, businesses still rely heavily on experienced legal professionals to oversee governance, manage risk, and support strategic decision-making.

CONCLUSION

AI is already influencing how in-house legal teams are built, but not in the dramatic way many market discussions suggest. Rather than replacing legal functions, AI is changing where legal teams focus their time, how businesses structure headcount, and which skills are becoming increasingly valuable.

The strongest hiring demand is currently centred around commercially-minded lawyers who can operate within complex, fast-moving, and highly regulated environments.

At the same time, sectors supporting AI growth itself, including energy, infrastructure, data centres, and related industries, continue to generate significant legal hiring activity across both the UK and US markets.

For in-house legal leaders, the challenge is unlikely to be whether AI changes the legal function. It is how quickly organisations adapt their teams, hiring strategies, and leadership structures to keep pace with the businesses around them.

ABOUT H&P EXECUTIVE SEARCH

H&P Executive Search is a specialist executive search firm advising law firms, in-house teams, and partners on high-stakes leadership decisions across the global legal market. We operate at moments of inflection – platform growth, strategic lateral moves, practice build-outs, and leadership transitions – where judgment, timing, and discretion are critical.

Our legal practice is built on evidence-based insight rather than headline noise. We analyse partner movement and hiring dynamics beneath the surface, helping legal leadership assess lateral risk and shape sustainable growth strategies, while also acting as a trusted sounding board for partners navigating opportunity, positioning, and long-term trajectory in an increasingly selective market.

With an established presence across the UK, US and Continental Europe, we combine local market intelligence with a global perspective to support confident, informed decision-making as the market evolves.

For senior legal search, team building, succession planning, market intelligence, or confidential discussions about your next career step, please contact our team.

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