

Report for:
ACTION



Contains Confidential or Exempt Information	No – Part I
Title	Shared Legal Services
Responsible Officer(s)	Russell O’Keefe, Strategic Director of Corporate and Community Services. Tel: 01628 796521
Contact officer, job title and phone number	David Scott, Head of Governance, Performance, Partnerships and Policy
Member reporting	TBC
For Consideration By	Cabinet
Date to be Considered	26 May 2016
Implementation Date if Not Called In	Immediately
Affected Wards	All

REPORT SUMMARY

1. The council is part of a shared legal service with Wokingham Borough Council called Shared Legal Solutions (SLS). The SLS arrangement has worked well and delivered good legal support and service resilience at a relatively low cost.
2. The current agreement which commenced on 1 June 2011, is due to end on the 31 May 2016. Wokingham Borough Council has proposed a further 5 year extension.
3. The council carried out a review of its use of legal services and the arrangement with SLS and has agreed a £250,000 per annum cost saving with SLS from 2017/18 which is set out as part of a new business plan.
4. The report recommends approving the extension of agreement with SLS and approval of the new business plan.

If recommendations are adopted, how will residents benefit?

Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
1. None internal processes	2017/18

1. DETAILS OF RECOMMENDATIONS

RECOMMENDATION: That Cabinet:

- I. Approves extending the Shared Legal Solutions agreement for five years, 2016 – 2021.
- II. Delegate authority to the Strategic Director of Corporate and Community Services in liaison with the Lead Member for HR and Legal to sign an extended agreement with Wokingham Borough Council, Shared Legal Solutions.
- III. Approves the Shared Legal Solutions business plan.

2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1 In February 2011 the Council's Cabinet approved the formation of a combined shared legal service commencing on 1 June 2011 with Wokingham Borough Council. This was to be called Shared Legal Solutions (SLS). SLS focuses on the following areas of law:

- Contract
- Corporate
- Education
- Environmental
- Litigation
- Property.

2.2 The SLS arrangement has worked well and delivered good legal support and service resilience at a relatively low cost. The current agreement is due to end on the 31 May 2016. Wokingham Borough Council has proposed a 5 year extension. The extension will give the council ability to terminate at any point with 12 months notice.

2.3 In February 2016 the council carried out a review of its use of legal services and the arrangement with SLS. Agreement was reached with SLS that a £250,000 per annum saving could be achieved from 2017/18 as part of extending the agreement and implementation of a new business plan. This equates to a reduction of approximately 27% on the current years costs. A copy of the new business plan is included at Appendix A. The reduction will be achieved through a range of efficiencies and improvements including better use of technology, reduction in transactional or ancillary activities, process redesign and tighter control of workflow and requests for legal advice so that that internal knowledge and expertise are more fully utilised, where appropriate.

Option	Comments
Not agree the extension of the agreement and new business plan Not recommended	This would mean that the council would have to create a new legal service and would not benefit from the legal support, savings and resilience benefits of being part of the shared service.
Agree the extension of the agreement and new business plan Recommended	This would mean the council would benefit from the legal support, savings and resilience benefits of being part of the shared service.

3. KEY IMPLICATIONS

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Savings realised	Less than £250,000	£250,000	More than £250,000	More than £300,000	1 April 2017

4. FINANCIAL DETAILS

4.1 The financial implications of this paper is a £250k reduction in spend.

	2015/16	2016/17	2017/18
	Revenue £'000	Revenue £'000	Revenue £'000
Addition	£0	£0,000	£0
Reduction	£0	£0	£250,000

	2015/16	2016/17	2017/18
	Capital £'000	Capital £'000	Capital £'000
Addition	£0	£'000	£0
Reduction	£0	£0	£0

5. LEGAL IMPLICATIONS

5.1 The actions would ensure the council still has access to effective legal advice at a reduced cost.

6. VALUE FOR MONEY

6.1 The actions support good value for money for a support service.

7. SUSTAINABILITY IMPACT APPRAISAL

7.1 None

8. RISK MANAGEMENT

Risks	Uncontrolled Risk	Controls	Controlled Risk
Savings not realised	High	Good client side management of the changes with SLS	Low
The council does not have the right kind of legal advice	High	Good client side management of the changes with SLS.	Low

Risks	Uncontrolled Risk	Controls	Controlled Risk
when it needs it			

9. LINKS TO STRATEGIC OBJECTIVES

9.1 The report supports all strategic objectives of the council.

10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

10.1 None

11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS

11.1 None

12. PROPERTY AND ASSETS

12.1 None

13. ANY OTHER IMPLICATIONS

13.1 None.

14. CONSULTATION

14.1 None.

15. TIMETABLE FOR IMPLEMENTATION

Date	Details
1 June 2016	Extension to shared service commences.
June 2016 – March 2017	Implementation of changes with SLS, in line with business plan, to support savings

16. APPENDICES

- Appendix A – New SLS business plan

17. BACKGROUND INFORMATION

18. CONSULTATION (MANDATORY)

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Internal				
Cllr Burbage	Leader of the Council			

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Alison Alexander	Managing Director/ Strategic Director Adults, Children and Health	27.4.16	30/4/16	Comments throughout
Simon Fletcher	Strategic Director Operations and Customer Services	27.4.16		
Russell O'Keefe	Strategic Director Corporate and Community Services	27.4.16	27.4.16	Comments included throughout
Chris Targowski	Cabinet Policy Manager	27.4.16		
Anna Trott	Cabinet Secretary	27.4.16		
External				

19. REPORT HISTORY

Decision type:	Urgency item?
Key	No

Shared Legal Solutions 5-year Business Plan 2016 to 2021

Shared Legal Solutions (SLS) is a combined local government legal service which came into being on 1 June 2011. SLS initially provided to Wokingham Borough Council (WBC) and the Royal Borough of Windsor & Maidenhead (RBWM).

The purpose of the service was to drive down the cost of local government legal services whilst simultaneously focussing on building resilience and service efficiency.



Introduction

Shared Legal Solutions (SLS) is a combined local government legal service which came into being on 1 June 2011. SLS initially provided to the Berkshire authorities of Wokingham and Windsor & Maidenhead.

The purpose of the service was to drive down the cost of local government legal services whilst simultaneously focussing on building resilience and service efficiency.

Purpose

This 5 year Business Plan for the service clearly sets out the aspirations for business development for the service in the longer term, as well as how areas of success will be maintained, and areas of concern will be attended to.

The service has delivered the majority of its aims in that the service is of high quality¹, relatively low cost, and value for money. The focus during the first 5 year period has been on building resilience of service whilst lowering cost and the service is now delivering legal services at an unprecedented cost base compared to other authorities.

However, such focus has come at a price with business development and third party income being much less than desired, meaning our long term ambition for the service to supplier of choice to a greater number of clients remains unachieved.

Our Service

SLS offers a range of public sector legal services which includes advice and professional support in the following practice areas; contracts, procurement, education law, general litigation and prosecutions, licensing, planning, employment, highways, conveyancing and property, Civil Litigation, commercial, Judicial Review, governance, and information law.

The service is different from other providers because:

- We are specialist local government lawyers, who are used to working in a political environment and in accordance with our clients' organisational objectives.
- We are extremely cost effective for our respective Authorities and offer very competitive rates for legal work to our companies, schools and other organisations where we are able to offer our services. We offer value for money services.
- We are not profit oriented although profit minded.
- We are a dedicated and committed workforce as our clients and employer are local authorities.

Our Vision

A standalone local authority business, which can generate direct benefits to its partners, both in terms of the business it conducts on their behalf but also in terms of generating new markets for its services and maximising the income generating potential.

¹ 95% of respondents to November 2015 SLS survey were 'very satisfied' or 'satisfied'.

Legal and Operational Requirements

The main legal requirements imposed on the shared service are those associated with the public sector and being part of a professionally regulated body.

The main operational requirements are those agreed within the shared service agreement. The agreement provides for a sharing of obligations and benefits by the partners authorities but ensures that services are delivered with a commercial focus and to agreed service levels

Our Business Aims

Over the coming 5 years, Shared Legal Services aims to;

- decrease the demand from partner organisations to reduce the costs associated with legal services
- increase income from existing and other sectors enhance the product offer to broaden the range and drive market penetration
- consider adaptations to current, or implementation of new operating models to ensure the service remains viable

Action Plan

Aim	Action	Year
Decrease the demand from partner organisations to reduce the costs associated with legal services	Assess activity with partners and investigate opportunities to reduce demands e.g. through self-help, self-service or staff development.	2016-17
	Improve the current legal software platform to enable self-service whilst removing current operating deficiencies	2016-17
	Review service levels to determine, with customers, the required changes to make it affordable, practicable and appropriate	2016-17
	Introduce new customer focused processes to enhance customer liaison and relationship management while reducing resource requirements in managing ongoing queries.	2017-18
	Provide more management information to our customer base to enable them to manage demand as well as managing expectations through a shared understanding of service levels and costs.	2017-18
Increase income from existing and other sectors	Continue ongoing discussion with Berkshire authorities and JLT to determine additional transfer of duties, resources and activity where feasible to support the shared service and enhance service provision	2016-17
	Implement new marketing and branding through the revised Select Business Services umbrella	2016-17
	Revise and enhance the service offer to broaden opportunities for sales and roll out to current customer base in a consistent way	2016-17
	Introduce direct sales and marketing to schools and other public or charitable organisations across Berkshire	2017-18
Consider adaptations to current, or implementation of new operating models to ensure the service remains viable	Discuss ongoing requirements and future plans of partner organisations to determine potential impact on the service as well as determining best fit and preferred operating models	2016-17

	Meet with other organisation to discuss the opportunities for growth of the shared service	2016-17
	Investigate the opportunities for joining with established service providers in a separate shared or commercial arrangement	2016-17
	Consider the appetite and opportunity for introducing alternative operating models within the current service e.g. mutual or LATCO.	2016-17

This action plan will be supported by more detailed action plans, the first being developed once the agreement is extended and with later years being developed as part of the business planning process.

Financial

Every year an assessment is made of the hours utilised by each of the partners and this forward projection is made approximately 6 months before the end of the financial year, so that the next year's budget can be agreed and costs apportioned appropriately between the parties. This assessment allows the cost of the service to be apportioned to the hours required by our partners and enables us to provide a benchmark fixed hourly rate charge for the level of service each party has agreed to 'buy' for the forthcoming year.

The financial position is stable, and the service has been able to continually reduce the operating hourly rate provided to partners. However, this is now at an unsustainable high level of utilisation and with increasing costs and reducing local authority settlements, the aim will become more about retaining value for money, perhaps through a differential with market rates, rather than further cost reductions.

Additional income will support this aim, and so the service plans to integrate its branding and service offer within the newly created Select Business Services (created and managed through Wokingham Borough Council). This will create additional capacity to support more proactive marketing of the services. When combined with a revised service offer, with the use of insurance-style products, it is perceived that this could drive up overall income and minimise the gap from the reducing local authority spend profile.

The 5 year Operating Budget is attached in Appendix 1. The operational budget 2016/17 is on the next page.

Benchmarking

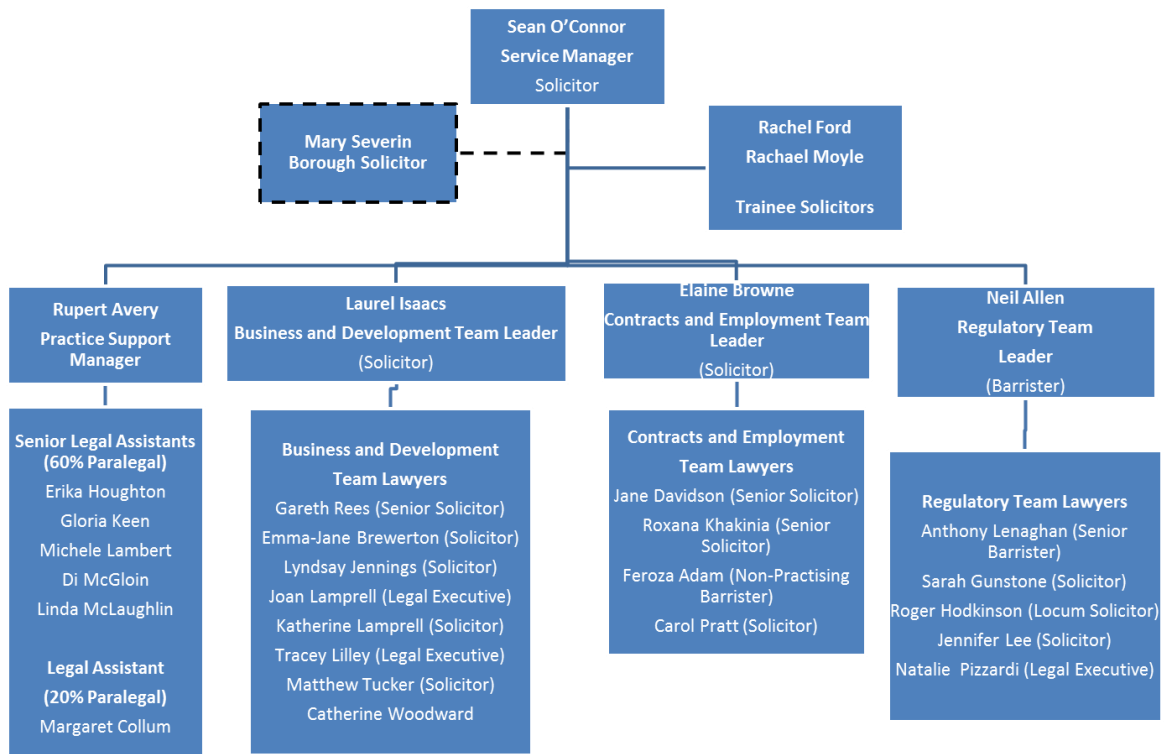
In comparing the hourly rates with the market, it would suggest that the marketed hourly rate of £85 is around 25% cheaper than the cheapest public sector orientated private practice and 10% cheaper than other public authorities. In addition, our operating hourly rate of £66 is, by comparison, 50% lower than that of the marketed hourly rate of the local private firms.

Operational Budget 2016-17

Description	Proposed Budget for 16/17	Spit on Budget 2016/17		
		RBWM	WBC	SBC
Number of Hours (under contract)	26,025	14,117	10,308	1,600
Split (%)	100	54	40	6
	£'000	£'000	£'000	£'000
Salaries	1,382	750	547	85
Management Salary	0	0	0	0
Library	55	30	22	3
Accommodation/ IT Recharges	188	102	74	12
Professional subscriptions	9	5	4	1
Resources Internal Support		0	0	0
IT running costs		0	0	0
Protected Salary		0	0	0
Redundancy Costs		0	0	0
Maternity Costs		0	0	0
Training	10	5	4	1
	1,644	892	651	101
Office Expenses				
Staff Advertising/Recruitment	1	1	0	0
Agency Fees	0	0	0	0
Employee Insurances	0	0	0	0
Corporate Health / CRB Charges	0	0	0	0
Other Allowances & Awards	32	17	13	2
Travel	8	4	3	0
Equipment & Furniture	2	1	1	0
Refreshments & Hospitality	1	1	0	0
Printing	2	1	1	0
Stationery	0	0	0	0
Postage	8	4	3	0
IT Consumables (RFC charges)	2	1	1	0
IKEN Support/Licence	13	7	5	1
Advertising	0	0	0	0
Other Expenses (IKEN upgrade)	10	5	4	1
Professional negligence insurance	0	0	0	0
	79	43	31	5
Grand Total	1,723	935	682	106
Hourly rate (£ per hr)	66			

Workforce

The current organisational structure of the service is:



The structure is currently fit for purpose with each manager having no more than 7 direct reports. However, the salaries within the structure are of growing concern in some areas, where recruitment is becoming more challenging as the market becomes more competitive. It will become necessary, over the coming years to look at the benefits package offered to try to increase flexibility, or overall value, to recruit and retain the best people.

The structure enables managers to have 0.3FTE allocated to non-fee earning work, thereby providing capacity to continuously professionally develop, thereby ensuring we have current knowledge and skills to deliver against our targets. This is particularly important given the continuously changing climate of local government.

Workloads have become increasingly flexible as knowledge and skills of team members are increased in other areas of work. This allows our people to have a specialism while being able to work in other areas, thereby ensuring resilience across teams and the service, providing capacity to respond to any peak in demand, while also reducing the likelihood of redundancy due to reducing demands in specific areas of expertise.

The introduction of additional solicitor resource with the capability to attend additional courts, has been a significant saving to external fees, and despite the additional salary commitment, has reduced the overall operating costs of the service. Such innovative thinking and capacity management, will be continued and other areas considered in a similar way going forward. This could include specific support for compulsory purchase orders, regeneration, housing and asset management support, as these areas become greater priorities within local authorities.

Risks

ID	Risk	Description	Risk Type	Owner	Risk Rating				Risk Response
					Impact	Likelihood	Appetite	Score	
RRLS001	Data Loss	Loss of data or sensitive information due to greater risk in service	Financial	Sean O'Connor	4	2	High	8	Treat
RRLS002	Legal Challenge	Increase in legal challenge and costs due to legislative changes etc, e.g. Care Act	Financial	Sean O'Connor	5	2	High	10	Tolerate
RRLS003	Increased Demand	Savings or income demands for SLS result in the service being unable to deliver existing service demands or missing opportunities.	Operational	Sean O'Connor	3	3	Medium	9	Treat
RRLS004	Litigation Defence	Litigation against councils not being successfully defended or corporate and political priorities not being pursued (removal of trespassers from public spaces etc)	Reputational	Sean O'Connor	4	1	Medium	4	Tolerate

RRLS005	Staff Turnover	Staffing losses and further restructures reducing capacity, putting services at risk if legal advice is not given. For example, this could lead to; losing cases with costs, breaking the law, corporate manslaughter claims, more complaints and investigations, more costs awarded against the Council by the Planning Inspectorate.	Operational	Sean O'Connor	5	2	Medium	10	Tolerate
RRLS006	Breach of Contract	Not delivering contractual or SLA obligations due to lack of resources. (e.g. Shared Legal Solutions is contractually bound to supply a certain number of hours of legal advice to RBWM until June 2016.)	Operational	Sean O'Connor	3	2	Medium	6	Treat
RRLS007	Loss of Electronic Data	Deletion of electronic documentation. As more and more information is stored electronically, any corruption or failure of the system will lead to complete loss of the data.	Financial	Sean O'Connor	4	3	High	12	Tolerate

Appendix – 5-year Operating Budget

Account Code	Account Description	Full Year Budget 2016/17	Full Year Budget 2017/18	Full Year Budget 2018/19	Full Year Budget 2019/20	Full Year Budget 2020/21
Employees						
R1000	Salaries - WBC	1,382,180	1,282,180	1,320,645	1,360,265	1,401,073
R1060	Other Allowances	33,000	33,000	33,000	33,000	33,000
R1401	Professional Fees	9,000	9,270	9,548	9,835	10,130
R1650	Training & Development	10,000	8,000	8,240	8,240	8,240
R1700	Employee Advertising Costs	1,000	1,000	1,000	1,000	1,000
Total Employees		1,435,180	1,333,450	1,372,434	1,412,339	1,453,442
Other Expenditure						
R3400	Mileage Expenses	8,000	8,000	8,000	8,000	8,000
	Accomodation, IT & Recharges	188,000	188,000	188,000	188,000	188,000
R4000	Equipment Purchase	1,500	1,500	1,500	1,500	1,500
R4100	Catering - Refreshments	500	500	500	500	500
R4300	Printing & Distribution	1,000	1,000	1,000	1,000	1,000
R4302	Publications	44,750	46,093	47,475	48,900	50,367
R4312	Postage	5,000	5,000	5,000	5,000	5,000
R4450	Services - Internally Provided Printing	1,500	1,500	1,500	1,500	1,500
R4531	Computing - Licence Software	13,000	13,390	13,792	14,205	14,632
R4532	Computing - RFC Charges	2,000	2,000	2,000	2,000	2,000
R4980	Miscellaneous Expenses	10,000	10,000	10,000	10,000	10,000
Total Other Expenditure		275,250	276,983	278,767	280,605	282,498
Total Expenditure		1,710,430	1,610,433	1,651,200	1,692,944	1,735,940
Income						
R9101	Contributions - RBWM	(935,000)	(705,550)	(726,717)	(748,518)	(770,974)
	Contributions - Slough	(106,000)	(130,380)	(160,367)	(197,252)	(242,620)
	Contributions - WBC	(669,430)	(689,513)	(710,198)	(731,504)	(753,449)
R9300	Fees - Parish Councils (all Boroughs)	(5,000)	(10,000)	(15,000)	(20,000)	(25,000)
	Fees - third party income (developers/tenants)	(25,000)	(26,250)	(27,038)	(27,849)	(28,684)
	Fees - WBC Schools	(9,750)	(11,700)	(13,650)	(15,600)	(17,550)
	Fees - RBWM Schools	0	(29,250)	(30,713)	(32,248)	(33,861)
	Fees - Slough Schools	0	(5,119)	(7,166)	(9,214)	(11,261)
Total Income		(1,750,180)	(1,607,762)	(1,690,848)	(1,782,185)	(1,883,399)
NET CONTROLLABLE EXPENDITURE		(39,750)	2,671	(39,648)	(89,240)	(147,458)

Assumptions

The following assumptions have been used to create a forecast budget for the coming 5-years. These assumptions will be reviewed each year to develop the actual budget which is subject to agreement by the Partnership Board.

- a. 3% increase in Salary Costs including 1% increase/spine points
- b. 3% increase due to RPI (forecast obtained from the Office of National Statistics, ONS)
- c. 3% increase due to RPI plus 20% further work due to closer working
- d. 10 Schools at £975 per year plus 2 per year
- e. 30 schools at £975 per year. Thereafter 5% increase
- f. 5 schools at £975 per year. Thereafter 2 per year plus 5% increase
- g. from 3rd party developers/contribution to costs plus Landlord legal costs
- h. Assuming loss of staff of 2 FTE (or equivalents)