

# RESOURCES SCRUTINY PANEL

26 April 2012

## SHARED LEGAL SERVICES

Report of the Strategic Director for Resources

STRATEGIC AIM:
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### 1. PURPOSE OF THE REPORT

- 1.1 To provide an update on the development of the shared legal services arrangement between Peterborough City Council and Rutland County Council

### 2. RECOMMENDATIONS

- 2.1 That the Scrutiny Panel notes the progress of the shared service.

### 3. SHARED LEGAL SERVICES

- 3.1 On the 16 May 2011 Rutland County Council (RCC) and Peterborough City Council (PCC) signed a memorandum of understanding to enter into a shared legal service which would support front line service delivery across both Councils. The document reflected a shared commitment to provide a full range of legal services to the mutual benefit of both Councils for a period of 5 years, with reviews being undertaken annually. Three members of the RCC legal team transferred into PCC.
- 3.2 Both RCC and PCC, as unitary authorities, have identical statutory responsibilities which in other geographical areas are split between county and district councils. Therefore whilst the cultural fit between the two Councils does differ, there was a natural alignment of the obligations and powers enjoyed by both authorities.
- 3.3 The benefits of the shared service are:
- i. ensuring a more resilient team by joining staffing resources together. For RCC it moved from access to a legal service team of 4 lawyers to a team of 26 lawyers with those lawyers divided into specialist teams;
  - ii. keeping costs to a minimum by securing the continuation of a non-profit service;
  - iii. providing for greater legal expertise to be provided across a larger and more diverse team; and
  - iv. ensuring efficiency across the teams in avoiding duplication (of training, library resources, external advice etc).

- 3.4 The most immediate benefit of the shared service however is the ability to provide performance management information. The PCC Legal Services team has a case management system which records time against each legal file and uses that information for file and management reporting. Staff performance reports are produced each month showing the number of hours recorded and staff productivity levels i.e. how much of the time spent in the office was productive working time. The system produces quarterly reports on the time spent on each file which is monitored through monthly staff meetings. An example of productivity reporting is shown at **Appendix 1** (with officers names removed).
- 3.5 PCC Legal Services is also Lexcel accredited, the Law Society's quality assurance standard, which provides for each member of staff to be supervised and the quality of the case work reviewed. This is an excellent risk management tool. Lexcel accreditation is undertaken annually and PCC was re-accredited with Lexcel status in March 2012. In addition PCC enjoys Investors in People status.
- 3.6 PCC also provides legal services in a number of areas where RCC had previously sought external expertise at higher cost. By bringing these services in house we have also identified a number of service improvements which can be made working together with the internal teams. The average hourly rate for lawyers in private practice is in the region of £125-£150 per hour. Our service costs are calculated on an hourly basis with the hourly rate being based upon actual cost of providing the service with no element of profit. The cost calculation is arrived at by taking into account all salary and overhead costs and dividing this by the number of expected productive hours across the team. The hourly rate charge for 2012/13 is £80 per hour.
- 3.7 It was estimated at the outset of the arrangements that RCC would need, and PCC could provide, 3,000 hours of legal time over each 12 month period. This estimate was based upon anticipated workloads and the need for PCC to ensure that it recouped the costs of absorbing 3 additional members of staff with their on-costs and pension liabilities. PCC accepted all the employment risk related to these three employees on the basis that it could develop a legal team with more diverse skills and opportunities for service improvement. In return it delivered a legal service to RCC which was less than the estimated costs of providing an in-house legal team. The annual budget is set based on an estimate of 3,000 hours delivery plus other related costs such as disbursements and other expenses.
- 3.8 At the end of the first year of the shared service arrangements (to the end of March 2012) the number of hours provided to RCC was 2,898 hours. This takes into account that one of three transferring staff was non productive over the past 10 months (being on long term sick leave) and the remaining two staff were not expected to record their time for the first 3 months (the 'settling in' period).

3.9 The following table summarises the financial position for 2011/12 (based on the provisional outturn):

	<b>Number of hours</b>	<b>Hourly Rate</b>	<b>Amount</b>
Contract Hours	2,898	£70	£202,800
In house costs (pre-transfer)			(£46,100)
Disbursements			£107,600
<b>Total</b>			<b>£264,300</b>
<b>Total budget</b>			<b>£258,600</b>
<b>Variance to budget</b>			<b>£ 5,700</b>

The contract hours includes approximately 270 hours advice which was procured from PCC prior to the commencement of the shared service.

The main reasons for the overspend are:

- Increased demand for employment related advice
- Unusually high levels of Section 106 advice on major planning applications
- Judicial Review re Jeakins Weir planning application

3.10 Performance reporting has been used to agree service level agreements covering each of the following areas:

- Asset Management
- Operations
- Resources
- People (lifelong learning, inclusion and stronger families)
- People (Vulnerable people, children and customer care)

Each SLA identifies the number of legal hours forecast to be used by that team over the coming twelve months based upon past usage. It also identifies those projects which may require specific legal services over the course of the coming 12 months and provides a contingency number of hours for unexpected matters such as litigation, employment issues, FOI and DPA requests etc.

3.11 The SLA provides for quarterly monitoring meetings between the legal services team and the service heads to discuss performance of the lawyers and review of the work forecast. These meetings are being arranged for the current financial year. During the first ten months of the shared service arrangements the Head of Legal met with 20 different service managers to establish the predicted workload so that adequate budget and resource planning could be undertaken for both RCC and PCC.

3.12 A legal service restructure also commenced in November 2011 in order to meet budget saving requirements. A copy of the new structure for Legal Services is attached at **Appendix 2**.

3.13 Service improvement measures are an important part of the Legal Service profile as this is the most effective means of keeping costs low whilst maintaining or improving levels of service. Service improvement measures are identified in all appraisal

targets for every lawyer within the team. Over the course of the coming year the primary targets are

- i. to improve efficiency through the introduction of a new case management system;
- ii. to revise all legal processes and procedures reducing any unnecessary administrative tasks;
- iii. to work with clients to review their processes to make them more self sufficient and less reliant upon legal services; and
- iv. specifically for RCC, to improve turnaround times on legal advice to committee reports

3.14 Arrangements are currently being put into place to ensure that there are two hot desks available within Catmose House for use by Legal Services, thereby increasing the onsite presence of the team.

#### 4. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Low	The memorandum of understanding anticipates a 5 year shared service
Viability	Low	The experience of the first 11 months suggests that the arrangement is a viable way of providing Legal Services to the Council.
Finance	Medium	An increased demand for legal support in 2011/12 resulted in an overspend for the year. This will continue to be closely monitored in 2012/13 and reported to Members through the quarterly reporting mechanism.
Profile	Low	Although this is a new approach to service delivery for Rutland and Peterborough the service does not have high profile as it is an enabler to front line delivery
Equality and Diversity	Low	Legal Services conducts its own equality and diversity monitoring as part of its service delivery

**Background Papers**  
None

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