

**ONESOURCE JOINT
COMMITTEE
20 January 2017**

Subject Heading:

**ONESOURCE LEGAL SERVICES :
OVERVIEW 2016/17**

Report Author and contact details:

Daniel.fenwick@onesource.co.uk

SUMMARY

This report provides an overview of the oneSource Legal Service provided to Newham and Havering, our current position and future plans. The report consciously provides the “headlines” for the service to preserve brevity but we are more than happy to provide follow up reports in areas of particular interest to members. The Committee will see that whilst we have a number of major challenges around resourcing, we have significant progress in getting to grips with these challenges, improving the service and we are positive we can identify and lead on future solutions for both Councils in providing high quality and efficient use of legal services within budget.

RECOMMENDATIONS

The Committee is asked to note the report and the developments within the service and to consider if it would wish to receive further reports.

REPORT DETAIL

The Service

oneSource Legal Services provides a comprehensive legal service to both LB Newham and Havering. We currently have 5100 live files we are working on and to 31 December carried out 48,300 hours of legal work for both Councils. A structure chart is attached as **Appendix 1** and **Appendix 2** includes a breakdown of our three teams and the work they undertake. We also provide legal support to schools and academies in both boroughs and this is an

area we are keen to expand. This year we have expanded to contract to provide legal support to externalised small businesses in Newham and Havering have chosen to insource their Housing legal work to oneSource from 2017/18.

Funding & Service Capacity

We provide our services through SLA agreements with both authorities and the level of service provided to each borough is based on the oneSource formula split of 65:35. We are currently finalising the current SLAs, where we have taken the opportunity to fully refresh our service standards and what service can be provided to improve our client focus and transparency.

The core funding of the service via the oneSource agreement is as follows:

Havering contribution	Newham contribution	Combined budget
980,300	2,858,900*	3,439,200*

**Newham's contribution includes £600,000 income target and so the service on receives £1,658,900 net funding from Newham.*

We have done significant work to identify the capacity of the Legal Service. Service is measured by the total number of chargeable hours of the entire fee earning staff in the service. The value of the service is measured by the total value of the chargeable hours of the whole service based on the following rates:

Seniority	Hourly rate (£)	Annual Chargeable Capacity	Annual Cost (£) (notional)
Principal Lawyer	98	960	94,080
Senior Lawyer	85	1000	85,000
Lawyer	75	1200	90,000
Legal Officer	63	1200	75,600

Based on these rates and targets, the total capacity value of the legal service provided to both authorities is as follows:

Grade	Fee Earning Posts	Annual Target	Hourly Rate	Total Hours	Total Value (£)
Director / Deputy Director	2	600	110	1,200	132,000
Principal	4	960	98	3,840	376,320
Senior Lawyer	15	1,000	85	15,000	1,275,000
Lawyer	21	1,200	75	25,200	1,890,000
Legal Officer	17	1,200	63	20,400	1,285,200
TOTALS	59			65,640	4,958,520

The total value of the service identified is notional and does not form the basis of the payment to oneSource by either authority. However, it provides a realistic estimate of the

true financial value of the service, i.e. what it would cost to provide the same service if it were procured externally or on a traded basis.

Importantly, the total capacity above include posts that are funded either by additional resources received from non-SLA funding directly by individual directorates in each authority and, secondly, and more significantly, it includes the posts funded by Legal Services and oneSource not the client authorities that we incur to meet the client demand for Legal Services. The financial strain is set out in more detail below but the total cost of the posts is £330,000 in recruitment locum lawyers, which is borne by oneSource.

Service Priorities

The Service's priorities are:

1. Delivering a high quality and client focussed legal service.
2. To create a financially stable service by:
 - a. Delivering efficiencies and maximising the use of ICT
 - b. Delivering budget control through the SLA process
 - c. Delivering further budget savings and income generation.
3. Developing a commercially focussed culture to allow the service to trade and win external work
4. Creating a resilient permanent work force
5. Identifying additional areas for savings on legal spend in both authorities.

We have made significant progress in these priorities but we continue to face a number of challenges. We have also identified potential solutions for the service and each authority.

Progress to date

1. Delivering a high quality and client focussed legal service

- Revision of service standards in the SLA to create clear service expectations for clients to measure us by and monitoring and client liaison arrangements, **see Appendix**
- Improved the visibility and access to the service by regular meetings with services, generic email accounts for new instructions and single points of contact for services.
- Strengthening senior capacity and management within the service to provide complex advice and plan workloads.
- Providing dedicated monitoring officer and governance support for members and senior officers to Havering (Kathy Robinson) and Newham (myself); with both of us providing deputising roles to each other.

Whilst we still have improvements to make, we have started to see increased positive feedback about the service from senior management (Havering stakeholder group) and in client feedback. Some recent examples are set out below:

Team / Service area	Client	Comment
Mandeep Mehat, Litigation	Russell Moffat, Private Sector Housing, Newham	Mandeep was very helpful, had moved their programme forward and had added value to their operation in terms of case work but also strategically. (Oct 2016)
Sharon Clare, Employment	A Newham School	Thank you so much Heather & Sharon!!!! This is good news. My thanks and congratulations to our legal team Very good that the right and just outcome has been reached. (Jan 2017)
Ravi Mudandi, contracts	Steve Moore – Havering	Hi Kathy ,I would just like to take the opportunity to commend one of your new staff, Ravi. We have received varied advice in regard to the contract which has delayed our approach. At a meeting held yesterday Ravi gave very assured sound advice which has enabled us to have a clear plan in how to resolve the contract situation. It's a shame he wasn't involved at the start as I think we would've had this resolved by now. If Ravi is the standard you are setting for your new team then I believe you will have an excellent legal offer that both Havering and Newham can benefit from. September 2016
Ian Chisnell and Commercial team	Deborah Hindson - Newham	Thanks Ian Great news. Well done everyone and thank you. I know you have all put significant effort into this project. One down – two to go! (December 2016)
Shima Khapee, Litigation	Steve Moore, Havering	Just to bring to your attention some excellent feedback that Shima has received. She has done a sterling job so far in taking on the traffic management orders and the client (Billy Scott) overall has been singing her praises so it is good to see it translated on one of our closing forms. (2016)
Stephen Doye, Community Team	Grainne Siggins, Newham	I also wanted convey a personal thank you for the responsive and professional manner in which you have approached and engaged with us during these proceedings. I and no doubt my colleagues, have found your approach incredibly helpful and supportive. (October 2016)
Amanda Jepson, Community team.	Amanda. Clement Lourdasamy Team Manager Intervention Children's Social Care Newham	On behalf of social work team we wish to extend our appreciation to, legal who had done excellent work and for her support throughout which is also echoed by Jatinder and Samuel, PMs. Many Thanks

We will be adopting standard and consistent performance targets next year for all staff that will focus:

- a. Meeting chargeable hours targets and service standards.
- b. Demonstrating a positive contribution to client relations and the service
- c. Delivering high quality outcomes in legal case work.

2. Delivering a Financially Stable Service

Our greatest challenge is being able to deliver and / or manage the demand for legal services within our financial and human resources, as agreed under the SLAs. Our two key financial challenges are:

- a. The mismatch between client demand and the resources available to Legal Services to meet this demand under the SLAs.
- b. A significant element of our budget is funded by unrealistic income targets.

We have made significant savings. This financial year, we have gained full year effect staffing savings as a result of the restructure and we have reduced non-salary expenditure by £131,000 especially in the areas of books/subscriptions by joining a framework agreement, reduced training to £3,000 by use of free training from the London Boroughs Legal Alliance (see below), and reduced printing costs from £90,000 to £31,000.

Moreover, by joining the London Boroughs Legal Alliance (a network of 17 London boroughs legal services) in January 2016 we have brought savings on external legal spending by both boroughs on barristers and external firms of solicitors who are procured via framework agreements at reduced rates. To November 2016, we have saved £80,000 in barristers' fees by using LBLA barristers at reduced rates. External solicitors are brought in for major projects and specialist areas, including Carpenters Estate, the London Stadium and Havering's major regeneration projects.

Unfortunately, these savings are outweighed by our current budget pressure caused by much higher demand than we are funded for. We have raised this issue in SLA discussions and are now proposing to meet with each authority to agree a way forward.

The further impact of the additional and unfunded arrangements is that the posts are temporary and so we have to recruit locum lawyers to fill them. Whilst many of our locum lawyers are very good and committed, the Committee will know that this has negative consequences for continuity of service to clients and within teams, staff morale and also tends to be more expensive. It can be seen from the table above that the unfunded posts annual cost approximately £38,000 more than employing permanent staff in the same posts, in addition to the non-cashable benefits.

Income Targets

We have undertaken a lot of work on accurately and comprehensively recouping income from legal matters (e.g. costs recovery or capitalising legal costs on projects) this year. This has resulted in us passing a greater proportion of costs back to our client departments, which of course benefits the Councils corporately but not Legal Services. We will need to

review the target with Newham to remedy this. We also have reviewed our charging rates and ensuring that we charge in every case. There are some areas where we still consider there is room for greater recovery and the income generation identified below will start to provide some resilience in the service but this is fairly limited at the moment.

A further option here would be to reconsider how legal services are charged. As described below, we are now ready to commence charging for legal services on a traded basis, i.e. pay as you go. This would immediately ensure that Legal Services income matched its expenditure and provide a discipline to client departments on the use of Legal Services. We are discussing this option with both boroughs.

Non-cashable Efficiencies

We have modernised our ways of working over this year:

- The full integration of the service into a single structure and a single base location has reduced duplication and administration within the service. The service is now based in Dockside but with a permanent hub within Havering Town Hall which is used on a daily basis. Kathy Robinson, as Deputy Director, and myself as Director, split our time between both authorities and ensure that senior legal support is available at all times.
- Working to maximise ICT to support service delivery. Our IKEN case management system allows all legal cases to be handled electronically creating efficiencies with document workflows as well as management information on the type and value of work for each client. In the past year we have made significant steps towards full implementation with all staff now fully recording their time on cases (which in turn provides both councils with accurate management data about the work done by Legal Services) and a recent upgrade improving performance. We have also removed over 4000 old files from the system and recoded a large number of files as part of a data cleansing exercise. We also have also moved to generic team email accounts for the receipt of legal instructions to ensure that new work is tracked and allocated quickly.

3. Commercial Culture

The oneSource structure has meant that Legal Services has had to operate in a commercially focussed way, demonstrating value for money. This was not really embedded in either authority previously and we have inherited a situation where clients were frustrated about not knowing “*what they got for their money*”. Legal Services is improving this culture:

- Improving transparency about our capacity and services standards we will meet
- Improving lines of communication and client liaison
- Revising the SLAs to reflect this
- Having honest and constructive conversations with client departments, where new demands can only be met by additional resources.
- Getting 100% compliance of time recording by all staff and making this an appraisal objective for all staff.

- Developing a commercial offer for small businesses and schools.
We have also been successful in this new approach in gaining new business for the service:

- The Havering Housing Service has agreed to insource its legal provision to oneSource by 2017-18 and we are in the process of undertaking this transfer. This provides greater capacity for our service but also significant savings for Housing. The value of this work is approximately £300,000 per annum. We have entered into three agreements to provide legal services to externalised businesses in Newham using our commercial offer. The potential income is potentially up to £30,000 per annum.
- We are working with both Havering and Newham to develop an income generating model for the provision of legal services to schools.

4. A Resilient Permanent Workforce

The oneSource legal work force has coped very well with the radical changes over the past two years to create a coherent and genuinely shared service to clients. All staff work across both boroughs in shared teams. The local authority legal sector has always suffered difficulties in recruitment and retention of skilled lawyers and consequently high levels of locum staff.

We are taking the following steps:

- We are currently undertaking a major recruitment exercise. In Phase 1 we have advertised 15 posts. We had mixed success in that we filled a number of posts but over 50% were filled with internal candidates or existing locums. We will now review these outcomes in Phase 2.
- In addition, we have created internal acting up opportunities to develop talent.
- We will be reviewing the structure and considering market supplements for posts that have proven hard to fill.
- As set out above, we are creating consistent standards and objectives for all lawyers and fee earning staff.

5. Identifying additional areas for savings on legal spend in both authorities.

We consider that a strategic approach to the commissioning of legal services from any source by each Council could identify significant opportunities for savings. The areas of legal spend are:

- a. oneSource Legal Services
- b. External solicitors firms
- c. Barristers' fees
- d. Legal work undertaken within directorates (though this is likely to be low).

If we identify the level of spend in all areas, we can then review:

- a. If legal spend being unnecessarily incurred? e.g. by checking of poor quality statements.
- b. If external spend is necessary, is value for money being obtained? E.g. if external solicitors are being used is the LBLA with its reduced rates being used for the work and are we managing the spend throughout a project, e.g. challenging bills.
- c. Can we find better value for money alternatives, e.g. in-house advocates instead of external counsel or can we instruct more junior barristers at lower costs.

Currently, other than in oneSource, there is little discipline over legal spend and there is real possibility that a strategic approach could save significant amounts and also improve the quality of providers, both in-house and external.

The example of Havering Housing work is a further example of where a review of spend will deliver reduced overall cost and an improved service. We will be developing this approach as part of the SLA in Havering.

IMPLICATIONS AND RISKS

Financial implications and risks:

None associated with this report, however, it should be noted the Legal Services budget is currently forecasting an overspend circa £400k which will increase in line with the increase in savings targets profiled for 17/18 unless further action is taken (ie reducing demand/expenditure, increasing income and/or increasing budgets).

Legal implications and risks:

None.

Human Resources implications and risks:

Please see the body of the report.

Equalities implications and risks:

None.

Appendices

Appendix 1 – Legal Services Structure Chart

Appendix 2 – Legal Services SLA; Service Standards Annex

BACKGROUND PAPERS

None