

From: Bryan Sweetland, Cabinet Member Commercial & Traded Services
Geoff Wild - Director of Governance & Law

To: Policy and Resources Cabinet Committee

Subject: Legal Services' Evolution Efficiency Enterprise Project Annual Report – 2012/13

Classification: Unrestricted

Summary: This report provides an overview of the first year of the Legal Services *Evolution, Efficiency, Enterprise Project*. The *Project* is a response to a climate of growing legal need at a time of significant budget restraint. It has so far identified and delivered cost savings and efficiencies to the Council of £1.35m, which is in addition to the surplus generated by Legal Services of £2.45m in 2012/13.

Recommendations: The Committee is asked to note the attached report.

1. Introduction

1.1 Kent Legal Services is uniquely different from any other in-house legal department, whether in local government or the commercial sector. Although it retains a strong public sector ethos and operates from the heart of local government, it is designed and managed to run as a business along private sector lines. As such, it:

- has a zero budget
- receives no internal subsidy
- has no guaranteed work or tied clients
- competes for work in the open market
- operates a full trading account
- earns every penny of its budget through charging for its services
- sells its services to over 300 other public sector bodies nationwide
- generates a profit each year that is returned in its entirety to KCC¹

In 2012/13, Kent Legal Services delivered its highest ever financial contribution to KCC of nearly £2.5 million

2. Evolution, Efficiency, Enterprise

2.1 Despite its success, Kent Legal Services cannot take its position for granted or rest on its laurels. It needs to do even more if it wants to support KCC through one of the most challenging periods in its history. The *Evolution, Efficiency, Enterprise Project* was launched in April 2012, designed to re-invent

¹ Annual profits for 2012/13 were £2.4m. They have increased every year for the past 10 years and now total nearly £11m.

and re-invigorate Kent Legal Services to meet the changing and challenging needs of the council, its clients and the wider market..

2.2 At a time when budgets are being cut and KCC is facing unprecedented legal risks and costs, the *Evolution, Efficiency, Enterprise Project* is an aggressive commercial mechanism designed to limit the impact of those external pressures on KCC budgets. A key element of the *Project* is about suppressing and managing the council's legal risk, demand and spend, whilst delivering efficiencies, improved performance and new ways of working - both within Kent Legal Services and, most importantly, across the whole of the council. Through working with officers across the authority, Kent Legal Services are identifying legal risks at source and proactively limiting their future effect.

The first year of the *Evolution, Efficiency, Enterprise Project* delivered savings of over £1.35 million to KCC². This is *in addition* to Kent Legal Services' record net profit of nearly £2.5 million

3. “Let our knowledge help you transform people’s lives”

3.1 This is not an empty catch-phrase, but a genuine mission statement and a real philosophy that runs throughout Kent Legal Services. It's not about the lawyers or their professional skills; it's about how those skills are put to practical use to really benefit the people of Kent. Over the past twelve months Kent Legal Services has deployed its expertise to good use, including:

- Prosecuting investigations into high profile criminal activities of former staff.
- Supporting the Kent Jobs for Kent Young People agenda by recruiting three apprentices (with plans for more in 2013/14) providing unique opportunities for young people to access the legal profession and build a career. In addition, we recruited a number of graduates who either studied or live in Kent.
- Designing groundbreaking legal solutions to enable the council's innovative policies to be delivered, such as:
 - the new mortgage scheme helping first-time buyers into the market
 - the faster broadband project getting Kent connected
 - expanding grammar school provision in west Kent
 - clearing legal obstacles with LOCOG to enable the Paralympic cycling competition to take place on Kent's roads
 - leading for KCC in multi-agency meetings to reduce the timeframe of care proceedings
 - securing and recovering millions of pounds of debt owed to KCC following the dissolution of PCTs

² These savings are set out in the Evolution Account which is appended to this report.

- supporting SMEs across Kent through the launch of a Company Secretarial Service
- supporting Bold Steps projects, ensuring compliance with legal obligations and maximising commercial opportunity
- supporting and briefing Cabinet Members and Corporate Directors for appearances before parliamentary committees and enquiries

4. Suppression

4.1 Unlike conventional legal practices, Kent Legal Services is focused on *reducing* how much money KCC spends on legal services. It wants to increase its strategic impact but reduce its financial burden on the council.

4.2 As part of the *Evolution, Efficiency, Enterprise Project*, Kent Legal Services is actively engaged in *reducing* how much money KCC spends on legal services through cost suppression and other efficiency measures (set out and quantified in **Appendix 1**). For example, legal templates with guidance notes have been produced so that Directorates can do work themselves, thus reducing legal spend but in the knowledge that there is in house legal support available if needed. As part of this process Legal Services have been actively engaged with Directorates in developing standard ways of working and creating route maps and set processes for more routine work. The total savings to KCC arising out of this work in the first year amount to £1.35m.

5. Efficiency

Kent Legal Services has absorbed inflationary pressure in the legal market and consumed its own smoke - without receiving any funding from KCC for TCP or cost of living salary increases. This ongoing efficiency has translated into direct savings for Directorates by virtue of the fact that Legal Services has not increased its prices for 6 years.

By holding prices (for the sixth successive year), absorbing inflationary and pay increases, introducing efficiencies and improving performance, KCC's overall legal bill did not rise in 2012/13, despite increased activity of 25%

6. Prevention

Kent Legal Services has increased the amount and range of corporate training that it provides KCC, improved the content and regularity of its legal updates and worked with officers across the council to limit legal risk and avoid damaging outcomes.

By delivering internal conferences and training, Kent Legal Services has reduced risk, improved resilience and saved KCC tens of thousands of pounds

7. Expertise

Kent Legal Services has more staff appearing as advocates in Kent's courts and tribunals than ever before; it is now expertly handling complex procurement, planning, criminal, construction, commercial and judicial review litigation that previously had to be outsourced. In addition, it has aggressively and successfully negotiated down external counsel fees.

By creating specialist teams of expert lawyers and reducing reliance on external suppliers, Kent Legal Services saved KCC over £300,000

8. Award winning

Kent Legal Services won four prestigious international awards that had never previously been awarded to lawyers in the public sector. The British Legal Awards and the Financial Times both recognised Kent Legal Services' groundbreaking model and high quality legal service in competition with the very best of the private sector. We were also recognised in the Law Society Excellence Awards and The Lawyer Awards.

Legal Business GC Powerlist 2013
Legal Industry Pioneer: FT Innovative Lawyer Awards 2012
Legal Innovator of the Year: FT Innovative Lawyer Awards 2012
General Counsel of the Year: British Legal Awards 2012

9. Connected

Close links have been built with both Kent Law Society and the University of Kent. Through shared training and expertise it is fulfilling its aim to make Kent a county of excellence for legal services.

10. Bold Steps for Kent and Policy Framework

The continued success and development of Kent Legal Services will enable it:

- To continue to be a traded services profit centre for the Council;
- To ensure compliance with legal obligations, maintenance of good governance and maximising commercial opportunity;
- To contribute to the Council's significant budget savings target;
- To support the Kent Jobs for Kent Young People agenda by recruiting apprentices and graduate recruits.

11. Recommendation

Recommendation: The Committee is asked to note the report.

12. Report Author Contact details

- Geoff Wild Director of Governance & Law
- 01622 694302
- Geoff.Wild@kent.gov.uk

Evolution Efficiency Enterprise Account 2012/13

Complex Litigation Work Savings vs Private Practice	£50,000
Office Relocation/New Ways of Working	£7,500
Counsel Reduced Rates	£87,500
Counsel Savings through Increased Internal Advocacy	£225,000
Advocacy Savings on Employment Matters	£15,000
Crown Court Trial/Education Savings for KCC	£8,500
Increase in Schools Legal Scheme membership	£7,400
Iken Efficiency Savings	£4,750
Increased External Income for Litigation Team	£9,300
Proceeds of Crime Act Recoveries	£33,000
Legal Assistant/Apprenticeships	£7,500
Trainee Solicitor Savings	£4,750
CPD Savings	£12,500
Community Care Conference Savings	£10,000
Property and Planning Conference Savings	£2,800
HR Lunchtime Employment Law Briefings	£2,500
Other Training Savings	£27,950
Superannuation Fund Litigation	£5,750
Improved and More Efficient Partnership with SCS	£90,000
Transcription Savings	£4,250
Costs Awards	£7,500
Tenancy at Will Precedents	£4,000
Premises savings	£11,000
Transport savings	£8,000
Supplies and Services savings	£54,000
Improved working with Courts	£33,000
PCT Litigated Recovery	£421,000
Parish Council Legal Scheme	£1,500
Work with Procurement on Standard Terms & Conditions	£10,000
Highways & Planning – Flexible Workforce Deployment	£10,000
Inflationary Savings Price Freeze	£110,000
Self funding TCP/Cost of Living Rise	£65,000
Free Legal Update Service	£250
Grand Total	£1,351,200