

From: Bryan Sweetland, Cabinet Member Commercial & Traded Services
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To: Policy and Resources Cabinet Committee – 10 July 2014

Subject: Legal Services' *Evolution, Efficiency, Enterprise* Project Annual Report – 2013/14

Classification: Unrestricted

Summary: This report provides an update on progress of the Legal Services *Evolution, Efficiency, Enterprise* Project. 2013/14 was the second year of this three year project, which is in response to a climate of growing legal need at a time of significant budget restraint and considerable change within the legal market.

Key highlights include:

1. Generating a **£2.4m trading surplus** for the council in 2013/14.
2. Generating additional **£1.18m of cash efficiency savings** during the year.
3. Delivering a further **£229k of non-cash savings and efficiencies** in 2013/14.
4. **Holding prices for the 7th successive year**, absorbing inflationary and pay award increases by introducing efficiencies and improving performance.
5. **Delivering internal conferences and training for KCC staff**, thereby reducing risk, improving resilience and saving KCC thousands of pounds.

Details of these savings are set out in the **Appendix** to this report.

Recommendations: The Committee is asked to note the report.

1. Introduction

- a) Kent Legal Services (KLS) is designed and managed to run as a fully traded business along private sector lines, whilst retaining a strong public sector ethos.
- b) It was one of the first services to be reviewed under *Facing the Challenge*, which started in September 2013. Whilst that review is underway, it is essential that improvements to the service continue. The *Evolution, Efficiency, Enterprise* Project is designed to do just that, by providing a focus on managing the council's legal risk, whilst suppressing demand and spend on legal services, at the same time as delivering efficiencies, improved performance and new ways of working.

2. Efficiency

- a) KLS contributed a £2.4m trading surplus to the Council in 2013/14.
- b) KLS has not increased its prices to the Council for 7 years. Prudent financial management, coupled with efficiency measures and greater reliance on technology has allowed the unit to absorb the impact of inflationary pressures, price rises and increased demand. In addition to that, over the same period KLS has absorbed additional pressures relating to unfunded pay awards for its legal staff. This represents a significant saving to the council. If KLS had increased its prices by just 1% each year for the past 7 years, the additional cost to the KCC of its legal services would have been £408k and £83k in 2013/14 alone.
- c) Salary costs for legal staff have reduced by £199.1k (4% reduction) and, taking into account the unfunded pay awards of £93.6k, this amounts to an efficiency saving on salaries of £292.7k.
- d) Staffing numbers have decreased in the past year by 17 FTE. This has been achieved in part by extracting efficiencies from the Iken case management system, which was introduced last year, including the use of computerized workflows to reduce the time taken by senior staff to perform routine tasks. This has enabled the deployment of more junior staff working under supervision, instead of having to recruit staff on more senior grades.
- e) KLS has carried out a number of recruitment drives during the year to employ lawyers, trainees and apprentices to replace, and reduce the cost of, agency staff.
- f) Over the past two years, KLS' advocacy drive has resulted in a reduction in spend on external counsel of £1.6m, with £800k savings on counsel fees and disbursements in this financial year. KLS lawyers now represent the council at a range of hearings in the family courts, civil courts and employment tribunal. The majority of this saving has been achieved through the reduction of the use of external counsel in cases for Specialist Children Services.
- g) A 20% reduction in spend on supplies and services (including printing, stationery and postage) has delivered savings of £72k.
- h) Transport costs have been reduced by 23%, creating a saving of £12.9k.

3. Demand Management

KLS has continued working across the council to reduce the money KCC spends on legal services. Measures include:

- a) Closer integrated support and partnership working with KCC clients, giving them more effective control over, and greater information about, their legal costs.
- b) Efficient gate-keeping processes and regular budgetary meetings, enabling Directorates to closely monitor their legal spend.
- c) Producing templates, precedents and guidance notes to empower directorate officers to undertake basic legal processes themselves, thus

reducing their legal spend but in the knowledge that there is specialist in-house legal support available if needed.

- d) Reducing the average timescale (and therefore cost) of child care proceedings from 64 weeks to 35 weeks.
- e) Delivering bespoke training programmes, workshops, conferences, mock employment tribunals and legal updates to give clients the tools to reduce their legal risk and also provide low cost, high value training to KCC staff.

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

What matters is not how good we are as lawyers, so much as how our skills are put to practical use to really benefit the people of Kent. Highlights over the past year include:

- a) Recovering £120,000 in an ordinary residence dispute with a London Borough, where the legal prospects of success were weak and KCC itself faced a counter claim.
- b) Supporting Specialist Children Services in a number of complex cases with international aspects involving the Brussels II Convention and dealing with a number of complex jurisdictional cases involving Eastern European families.
- c) Obtaining an order for £590,000 in costs and interest in a civil fraud case.
- d) Advising on complex governance arrangements for the council's commercial companies.
- e) Supporting the Expansion East Kent project by delivering several loan agreements worth more than £2m.
- f) Launching a Charities Legal Scheme offering fixed price, low cost legal services to Kent-based charitable organisations.
- g) With grant funding from the LGA, completing a unique and exhaustive cataloguing of all local authority legal powers and duties, which now provides a searchable resource for the sector nationwide, as well as having generated external income for KCC.
- h) Connections with University of Kent and Canterbury Christchurch University have been forged by judging at their mock trials and attending student events.

5. Recommendation

Recommendation: The Committee is asked to note the report.

6. Report Author Contact details

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Evolution Efficiency Enterprise Account 2013/14

Cash Savings	
Reduction of Counsel Fees and other Disbursements	£800.0k
Reduction in salary bill for legal staff	£199.1k
Unfunded pay award for legal staff	£93.6k
Reduction in transport costs	£12.9k
Reduction in expenditure for supplies and services	£72.0k
Total	£1,177.6k
Non Cashable savings and efficiencies	
Advice on projects which would in the past have required external advisers to be retained. Estimated savings against external firm rates	£184k
Bespoke Training courses carried out for KCC by KLS. Estimated savings against cost of using external trainers	£45k
Total	£229k