



To: The Leader and Executive Councillor for Strategy and Transformation: Councillor Lewis Herbert
Report by: Director of Business Transformation
Relevant scrutiny committee: Strategy & Resources 13/7/2015
Scrutiny Committee
Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

SHARED LEGAL SERVICES

Key Decision

1. Executive summary

- 1.1 Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC) have agreed to work in partnership to deliver shared services and have agreed general principles to underpin the approach.
- 1.2 This report provides the business case to establish a Legal Shared Service (to be known as the Practice) between the Councils and details the activity to create the Practice.

2. Recommendations

The Executive Councillor is recommended:

- 2.1 To approve the Business Case and delegate authority to the Director of Business Transformation to make decisions and to take steps which are necessary, conducive or incidental to the establishment of the Practice in accordance with the business case.

3. Background

- 3.1 When this matter was last reported in to this committee, approval was given to establish a Business and Legal Practice Manager in advance of the proposed Practice to assist with the development of the Practice. However, an approach that utilised the services of an interim manager was adopted in order to maximise flexibility in the design of the management structure during the development of the business case. This was funded in full by the Transformation Challenge Award (TCA) made by Government to the three Councils concerned to support their work towards a range of shared service arrangements.
- 3.2 The business case for the establishment of the Practice can be found at Appendix A to this report. The rationale for the establishment of the Practice is that it will enable a reduction in the externalisation of legal work through the broader sharing of legal capability, increase output from lawyers by managing non-lawyer work away from them, create a single point for commissioning legal services to improve value for money from the process of externalising legal work, increase the opportunity for income generation by offering legal services to public and voluntary sector bodies, and improve staff recruitment, retention and development.
- 3.3 It is proposed that CCC will act as the lead authority for the Practice; its scope is solely legal services and the administration that supports legal services.
- 3.4 Land Charges, Elections, Democratic Services and Procurement teams are accordingly not within the scope of the Practice. This will create some disaggregation issues for participating Councils as there are staff out of scope of the Practice who are currently within legal services and staff within scope who currently manage staff not within the legal team – it is understood all these issues are in hand within the respective Councils.
- 3.5 The Practice will be created by the TUPE transfer of staff from HDC (4) and SCDC (6) to CCC; this is proposed to happen on 1 October 2015. The opening staffing level of the Practice will be 26. A new management team will be created on start-up consisting of a Head of Legal Practice and two Legal Service Managers. A review will then be undertaken of the rest of the staffing structure with the aim of establishing any new arrangements by 1 April 2016.
- 3.6 The Practice would have an opening operating budget of circa £1.5m combining the 15/16 operating budgets for each of the 3 current legal service operations. The ratio of the budget contribution at start up is CCC 57%, SCDC 29%, HDC 14%. This ratio forms the basis of saving

distribution and additional cost incurred such as redundancy, pay protection etc. An exception to this is in respect of those employees ring-fenced for the proposed management structure where it is proposed that those costs will be borne by the pre-TUPE employer.

- 3.7 As with all service areas within the three Councils, each Legal Services team has already been challenged to reduce the costs of delivery; savings have accordingly already been taken by each Council from their 15/16 budgets (the last year when each Council approved its own legal service budget if this Business Case is accepted). Savings of £180k have been targeted for 16/17; the equivalent of a reduction of 15% of the net revenue budget after income has been applied.
- 3.8 Set up costs of £110k have been identified; these will be covered by the TCA award and are not at additional cost to the participating Councils.
- 3.9 An Interim Manager will be appointed to undertake the mobilisation of the Practice until the management team is in place – this has been budgeted at a cost of £80k. Additionally, an existing case management system currently used by CCC will be extended throughout the Practice. This will provide the operational glue to enable work to be undertaken flexibly in terms of work allocation and location, to manage caseload, and to enable performance monitoring including resource usage. This has been budgeted at a cost of £30k.
- 3.10 The work of the Practice will be driven by the Practice Business Plan (BP) agreed with the three client Councils. The BP will identify what has to be delivered by the Practice and establish the means for measuring and assuring its performance. CCC will act as both the Practice host and as a client of its services. The BP will be agreed on an annual basis and will be a key element of the operational plan for the Practice.
- 3.11 The covering report on shared services details the general principles used to underpin the establishment of shared services between the 3 Councils.

4. Implications

(a) Financial Implications

The Practice has a minimum saving target of 15% of net revenue budget after income has been applied.

(b) Staffing Implications (if not covered in Consultations Section)

CCC will become the Lead Authority for the Practice. As such, identified Legal staff in HDC and SCDC will transfer under TUPE to CCC on the go-live date. Formal consultation with staff, Unions and Staff Council at HDC will take place during August in accordance with each Councils policy on consultation. The consultation will be in respect of the proposed TUPE arrangements and new management structure.

(c) **Equality and Poverty Implications**

An Equalities Impact Assessment (EQIA) has been carried out. The EQIA will be reviewed at all key stages including when the implementation papers are ready and after consultations have taken place.

(d) **Environmental Implications**

Low Positive Impact.

Reduction in accommodation and energy use associated will have a positive impact. Potential negative impact from increased travel will be mitigated by increased mobile and remote working.

(e) **Procurement**

None

(f) **Consultation and Communication**

This will be conducted in accordance with the Councils agreed policy.

(g) **Community Safety**

This will be conducted in accordance with the Council's agreed policy.

5. Background papers

Strategy and Resources Shared Services Report – 20 October 2014.

6. Appendices

Appendix A – Legal Shared Service Business Case
Equalities Impact Assessment

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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