

Committee: Cabinet

Date: 04.07.16

Wards: All

Subject: Expansion of South London Legal Partnership (SLLp)

Lead officer: Paul Evans – AD Corporate Governance

Lead member: Cllr Mark Allison

Contact officer: Paul Evans x3338

Recommendations:

- A. To agree that Wandsworth Borough Council are admitted to join the South London Legal Partnership.
 - B. Agree to delegate to the Director of Corporate Services authority to make any necessary amendments to the collaboration agreement and agree the final document
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. A report to agree the expansion of the South London Legal Partnership (SLLp), the shared legal services hosted by Merton LBC, to agree the joining of Wandsworth LBC.
- 1.2. The report is provided in support of accepting the request from Wandsworth Borough Council (WBC) to join the South London Legal Partnership (SLLP).

2 DETAILS

- 2.1. The South London Legal Partnership (SLLP) is a shared legal service hosted by Merton Council.
- 2.2. The South London Legal Partnership has existed in its current form since October 2013 when the Royal Borough of Kingston (RBK) and London Borough of Sutton (LBS) joined the shared legal service established in 2011 between the London Borough of Richmond upon Thames (LBRuT) and London Borough of Merton (LBM).
- 2.3. The SLLP has been providing legal services to the four partnership boroughs and associated bodies since 2013 – acting as the in house legal department to the four councils. The partnership uses a mechanism to charge Councils for the legal resource used based on an hourly rate referred to as “hard charging”.
- 2.4. The shared service has been judged as a success with two thirds of internal customers surveyed reporting that service quality has improved. In addition the service has increased resilience and delivers on going efficiencies in streamlining its processes and reducing external legal costs. Staff surveyed

agreed that the shared service has worked and has a clear performance and customer led culture

- 2.5. The service has been considering the advantages that may be gained further to an approval from Wandsworth LBC to join SLLP(2016/17)
- 2.6. Work on the possible expansion of the service has been undertaken and developed further to principles that have been agreed with the current partnership. These are as follows:
- 2.7. Customer satisfaction – the service should produce improved customer satisfaction with appropriate levels of responsiveness and client care as well as being able to respond effectively to individual client need.
- 2.8. Cost savings – the service should achieve reductions in spend on legal services for the same outcomes, including through improved efficiency of administrative and management operations, and reductions in spend on external legal advice as the in-house function would have greater resilience:
- 2.9. Risk minimisation – any merger needs to ensure the minimum disruption to the existing legal services and thereby the client services so that effective legal advice and support continues over the implementation period, and;
- 2.10. Culture and staff – the success of the service will aim to bring together staff from different organisational cultures and give them an environment that will inspire staff to achieve excellence. The shared organisation will be something they would be proud to work for with a high level of morale, good education and personal and career development
- 2.11. The advantages for Wandsworth BC to join has arisen from discussions between LBRuT and Wandsworth Borough Council (WBC) around their moves to create a “Single Staffing Arrangement” (SSA) and a piece of work was carried out by WBC to assess whether it was desirable for them to request the opportunity to join the SLLP. This work has now concluded and in February 2016 Wandsworth BC Cabinet agreed, subject to staff consultation, a commitment to join SLLP.
- 2.12. This paper details the proposed plan for the implementation of the merger between the SLLP and WBC legal team and presents it for approval by Merton BC.
- 2.13. Clause 20 of the collaboration agreement between the four councils who form the shared legal service states that “No new council shall be admitted to the Shared Service without the unanimous agreement of all the existing members of the Shared Service.”

Issues

- 2.14. WBC plan to transfer their in house legal team of full time equivalents (ftes) into the SLLP, with a proposed transfer of a budget of £1.2m. This will give Wandsworth a saving of around 10% of current non management in house legal spend.

Deliverability

- 2.15. Analysis suggests the staff transfer supported by the proposal budget and savings is deliverable. This is for the following reasons:
- 2.16. There are a number of efficiencies that WBC will receive due to their being a member of an already successful legal partnership. These include:
- 2.17. Adopting workflows and processes to reduce the time spent on key types of legal files. – this includes use of the case management system which supports these ways of working
- 2.18. By delivering economies of scale between the five boroughs, there are pieces of work that will either be deliverable for WBC at the same cost as SLLP currently do or at least represent a substantial reduction on what WBC currently pay.
- 2.19. The SLLP will deliver a new structure which should provide a flatter management structure and thus reduce some costs.
- 2.20. By using comparative data between the councils the SLLP will be able to identify areas where all Councils can reduce demand.
- 2.21. In addition, WBC have two other factors external to the SLLP that should lead to lower legal spend:
- 2.22. WBC and LBRuT are forming a Single Staffing arrangement and as such it seems likely that both authorities should be able to reduce their individual demand on legal services
- 2.23. WBC have an external legal contract, currently with Ashfords LLP, which could be used to absorb capacity should WBC have more need for legal services than that which they are paying for.
- 2.24. It should also be noted that the hard charging mechanism at the heart of the SLLP allows for it to manage demand between the different councils and if there is an authority making higher demands of the service than the funds they have originally allocated, this can easily be identified and addressed..

Benefits for Merton Council and the SLLP

- 2.25. The four existing Councils in the SLLp including Merton will see added benefits from an expanded service.
- 2.26. A merger will create one of the largest and comprehensive local government legal teams in the country with over 110 staff with resilience, strength and depth across the range of local government legal disciplines
- 2.27. Wandsworth has a strong team of lawyers with particular skills and experience in larger commercial property transactions, licencing, project support, litigation, housing, which have been hard to fill within the SLLP and children's and education.
- 2.28. A larger team will provide further opportunities for economies of scale and review of non staff costs including a cutting edge case management system.

- 2.29. A greater ability to introduce further improvements and cost savings to Merton such as the transfer of all SLLP childcare cases to digital technology and increased use of in house advocates.

Project delivery

- 2.30. In November 2015, the SLLP governance board (which is made up of current partner authorities) agreed in principle, that if WBC were to join the SLLP then it would make sense to use this as an opportunity to review the structure of the service as a whole.
- 2.31. This would enable the service to set itself up for the future demands of the boroughs and not just assimilate WBC. At the time the board agreed that there were a few core tenets of the service that were not to change:
- a) Service continues to have one base with mobile working
 - b) A single case management and office operating procedure
 - c) The SLLP will operate a hard charging system.
- 2.32. In addition, the board agreed that the following issues required review:
- a) Management team structure and capacity
 - b) Legal specialisms and groupings e.g. property and planning
 - c) Staff development and reward
 - d) Effective clienting by the Council's
 - e) A uniform, client led, performance culture
 - f) Sustainability
 - g) Accommodate future savings with increased internal efficiencies and income production
 - h) Accommodate possible differential funding by Council's in the future
- 2.33. As such the project to implement this new five borough SLLP has been designed to capture this element of service redesign as well as the technical work needed to add WBC to the service.
- 2.34. The project is based around a number of work streams that will be staff led (including staff from WBC and SLLP) and will help to design the outline of the new service – this will then be followed by the formal staffing processes and the detailed implementation work.
- 2.35. This would mean the new service will be ready to hit the ground running on the 1 April 2017.
- 2.36. **Benefits to SLLP**
- 2.37. The South London Legal Partnership has demonstrated considerable success over the past 3 years – delivering more efficient legal services to four London boroughs and leading the way in a number of key areas of

innovation, including the development of the hard charging model case management system and the digitising of Children's courts in South London.

- 2.38. All boroughs benefit from this and from the very competitive charge for legal services they currently pay. Adding another large London borough will increase the capacity of the service and allow it to continue to exploit its market position and service resilience to the benefit of all five boroughs. Further, because of the hard charging, a strong governance board, synergies with LBRuT, an external legal contract and the experience we have previously had of bringing boroughs into the partnership with similar needs, the risk to the four existing partners is minimised.

3 ALTERNATIVE OPTIONS

- 3.1. Expanding the SLLP will mean significant work in the short term but the proposal to use this as a disruptive opportunity to bring about other improvements in the service supports the overall direction of this paper – which is to recommend bringing WBC into the SLLP.
- 3.2. The alternative option is to refuse WBC's request and not allow them to join. This would mean the possible benefits outlined above would not be realised. In addition the join up between WBC and Richmond Council make it a real possibility that work undertaken for Richmond Council maybe lost with a reduction in the current service offered by SLLp and a loss of the current benefits of size the SLLp currently enjoys.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Wandsworth and SLLP are currently consulting with staff and clients on the arrangement for the future new service. This consultation will be carried out with Wandsworth legal staff in accordance with legal requirements.

5 TIMETABLE

- 5.1. It is proposed Wandsworth BC staff will TUPE transfer to become Merton employees on the 1st October 2016 with the service fully functioning on 1st April 2017.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The full set-up costs for this project have yet to be established but WBC will meet the set up costs for IT, data migration etc. as well as any costs related to establishing a hot desking space in WBC for SLLP staff to work in. All other costs should be minor and met in-kind.
- 6.2. Merton Council achieved savings of 60k in the current year made through efficiencies realised in employing in house advocates to support childrens safeguarding rather than using external counsel. In 17/18 a further 40k is to be realised which will be facilitated by WBC joining.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. There are no significant legal implications further to the TUPE obligations that apply to the staff transfer referred to in the report. The collaboration

agreement further to which the service operates will require minor amendments.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None

9 CRIME AND DISORDER IMPLICATIONS

9.1. None

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. There are a number of risks related to the TUPE transfer – not least that staff transferring from WBC will be on different terms and conditions than the staff within the SLLP. This, in Wandsworth's case, includes inner London weighting, and an element of performance related pay. Unaligned terms and conditions has been a recurring risk for the partnership and will be managed in much the same way as previous transfers with the recognition that it may take many years to move to a position where all staff are on the same terms and conditions. Any future restructure will offer all new roles on the basis of Merton terms and conditions. LBM will take on responsibility for the pensions of the staff transferring from Wandsworth. The process of transferring a lump sum to cover the existing liability is well established from previous shared services and will be underpinned up by an actuarial valuation. Nonetheless, this represents a risk that will need to be managed.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

None

12 BACKGROUND PAPERS

12.1. Collaboration agreement