

THE CABINET

Tuesday, 25 January 2011

**Agenda Item 10. Barking Enterprise Centre: Tender for Management
(Pages 1 - 8)**

**Agenda Item 11. Review of Legal Services and Future Proposals
(Pages 9 - 19)**

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CABINET

25 January 2011

REPORT OF THE CABINET MEMBER FOR REGENERATION

Title: Barking Enterprise Centre: Tender for Management	For Decision
<p>Summary:</p> <p>A revised Barking Enterprise Centre proposal has secured planning approval and work started on site this month, with completion expected by October. This report sets out the proposals to tender for the management arrangements of the Centre including the Borough's business start-up / business support service. This project will form the centrepiece of the Borough's enterprise and business support programme for the coming few years and is therefore essential in addressing private sector/employment growth in the borough over the coming years.</p> <p>Wards Affected: The Centre lies within Abbey Ward although the service provided covers the whole Borough.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended:</p> <ul style="list-style-type: none"> (i) In accordance with the Constitution (Contract Rules 3.6), to authorise tendering for the Barking Enterprise Centre management through the Accelerated OJEU Restricted Procurement Procedure. (ii) In accordance with Contract Rule 3.6.4, to confirm whether it wishes to be further informed or consulted on the progress of the procurement and/or award of the proposed contract, or if it is content for the Corporate Director of Finance and Resources to monitor progress of the procurement, and to award the contract upon conclusion of the procurement process. 	
<p>Reason(s)</p> <p>Barking Enterprise Centre forms a key part of the strategy to support business start-ups and business growth in order to generate employment and make the borough the place to do businesses.</p>	
<p>Comments of the Chief Financial Officer</p> <p>The capital cost of building the two business centres is £5.5 million, (as shown in the current capital programme), of which approx £3.0m is for the Barking centre, and this is wholly funded through external LEGI funding.</p> <p>In terms of revenue implications, there are two main elements to the contract: facilities management; and the re-provision of the start up / business support service currently at Longbridge Road. Both elements will be carried out by the same contractor.</p>	

In respect of facilities management, the successful contractor will be awarded a one-off sum off £100,000 to cover their revenue costs before any rental income from occupants is received. After this point, the contractor will receive their fee purely from the rental income. The contractor will bear the risk and reward of respectively low and high occupancy levels at the Centre – and there will be no further subsidies from or returns to the Authority. However, the Authority will still be exposed to risk to the extent that the contractor defaults on the contract (i.e. if occupancy levels are too low to operate) and, therefore, will have to step in to provide the service until another contractor is appointed. The rent charged will be an ‘all-inclusive’ fee, covering all bills, apart from NNDR which will be dealt with on a separate / individual basis as some occupants may be exempt. As part of the tender process, each contractor will submit a business model, setting out all their costs, proposed levels of service, rent charges, and their overall required level of income. The tender evaluation process will therefore involve assessments of the viability, risk, value, and effectiveness of each business plan and the extent to which the objectives of the Business Centre will be achieved; thus ensuring occupants are provided with an efficient and effective service, whilst also ensuring the longevity of the contractor.

In respect of re-providing the start-up / business support service, the contractor will be awarded £127,000 for the first six months of service (which will fall in the last six months of 20011/12). After six months, the contract payments will reduce down to £200,000 per annum (from the pro rata rate of £254,000 per annum). Rather than bid on price for a required level of outputs / contract specifications, tenders will demonstrate what service / outputs they will deliver for a given / limited contract value. It is also a condition that funding for the start-up / business support service is wholly used for this purpose and is not used to fund the facilities management element of the service. Re-providing the start-up / business support service from the current Longbridge Road site, is also expected to bring a financial saving of £25,000 through not paying the lease on that site, which will now be re-organised to pay for the above services.

All the above revenue costs will be funded from existing Regeneration and Economic Development “LEGI” budgets, (currently used on the Small Business Centre). The total budget for 2011-12 will be £227,000 (£100,000 for facilities management, and £127,000 for the last six months of the year for the business start up service). In 2012-13 onwards the annual contract will be £200,000. The contract is for three years, with the ability to extend beyond that.

Comments of the Legal Partner

1. Further to recent Cabinet approval (at its 16 March 2010 meeting) of appointment of a contractor to undertake design and build works in respect of a new Barking Business Centre to be located on part of the former Lintons Estate, now known as the William Street Quarter, this report is now seeking Cabinet’s authority to tender a contract for the provision of Facilities Management and Business Start-up / Business Support services at the Centre.
2. It is proposed that the Council will provide the successful contractor with some start-up funding from the Local Enterprise Growth Initiative (LEGI) budgets, but it is anticipated that a substantial proportion of the contractor’s costs / fees will be derived from rental income from letting the Centre’s units, and from funding independently sourced by the successful contractor.
3. As the value of the contract is likely to exceed the EU threshold for services

(currently £156,442), the Council has a legal obligation to comply with the provisions of the Public Contracts Regulations (the EU Regulations) in procuring the contract.

4. Furthermore, the Council's Contract Rules (Contract Rule 3.6) require the strategy for the procurement of contracts of above £400,000 in value to be submitted to Cabinet for approval prior to procurement of such contracts.
5. The proposed strategy for procurement as set out in Paragraph 5.2 of the report is use of the accelerated restricted procedure.
6. The justification provided for the use of this procedure is set out in paragraph 5.4.
7. The proposed procurement strategy set out in of the report complies with the EU Regulations.
8. In accordance with Contract Rule 3.6.4, the report is additionally requesting that Cabinet confirm whether it wishes to be further informed or consulted on the progress of the procurement and / or award of the proposed contract, or if it is content for the Corporate Director of Finance and Resources to monitor progress of the procurement, and to award the contract upon conclusion of the procurement process. Contract Rule 13.3 provides delegated authority to the commissioning Chief Officer, in consultation with the Chief Financial Officer (Section 151 Officer), to award contracts upon conclusion of the procurement process where the value of a contract is in excess of £50,000.

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1. Background

- 1.1 The Cabinet on the 16 March 2010 approved the procurement of a design and build contractor for the Barking Business Centre which will be located on part of the former Lintons Estate now known as the William Street Quarter. Following a procurement process McLaren were appointed and commenced on site this month with completion by October 2011.
- 1.2 Whilst Barking Business Centre has always been the working name, as there is already an industrial estate of the same name on Thames Road there will be a need for a new name to be agreed – in the interim Barking Enterprise Centre is being used however it is suggested a naming competition could be held to raise awareness of the building and generate occupier interest.

- 1.3 Now there is clarity on the contents of the Enterprise Centre in terms of physical space and facilities, it is appropriate to start the tender process in relation to the centre management. This report concerns a tender process to appoint an organisation who would run the Centre carrying out facilities management, managing the letting of the 50 individual office units and providing the start-up / business support service open to all business start-ups and small and medium sized enterprises (SMEs) in the borough. The latter service is currently being run by Barking and Dagenham Small Business Centre (BDSBC) from a Longbridge Road shop front / office. Their service would continue at Longbridge Road until the end of September 2011 so there is no gap in provision for entrepreneurs.
- 1.4 As set out in the Local Growth White Paper, the Government is increasingly talking about the importance of SMEs and business start-ups in delivering private sector growth yet funding for intensive support is not being identified. It is hoped that the Centre will act as a focus for SME and start-up support and be able to bid for any future funding streams for business support. This is a model which has worked successful elsewhere. The Centre will effectively become a one stop shop for business support and is also likely to accommodate the Chamber of Commerce.
- 1.5 The capital funding to build the business centre was provided through the previous government's Local Enterprise Growth Initiative (LEGI), which included funding for two business centres in the borough. The Dagenham Business Centre (on part of the Frizlands Depot site) has started construction and will be managed by GLE Property Developments Ltd as individual high quality workshop units whilst the Barking Centre will be office units with on-site support.
- 1.6 The LEGI funding was designed to achieve a step change in enterprise activity with any surplus income from the enterprise centre funding business support - the original capital thereby generating an on-going revenue stream. The original scheme for the Barking Centre which had secured planning approval was for a 30,000 sq ft centre with a residential tower above which would be developed by the Local Housing Company (LHC). When both the scheme and the LHC proposal were no longer viable due to the credit crunch, private housing market crash and withdrawal of housing grant, a revised scheme was designed for just the LEGI funding available. The current scheme is only one third of the size of the original, therefore, any income source for business support is significantly reduced.
- 1.7 Subject to securing further capital funding, there is scope to extend the business centre in the future. Therefore, it is proposed no long-term arrangements are entered into which hinder the Council's flexibility.

2. Proposal

- 2.1 The Tender would consist of two elements set out below:

A) Facilities Management

- 2.2 The Council will to retain freehold ownership of the business centre and seek a company to run the Centre including the following key activities:

- Marketing and letting of the individual office units.
- Day-to-day liaison with tenants.

- Reception duties / management of post/booking of Training/counselling rooms
- Management of IT / telephone facilities.
- Cleaning of all non-lettable office space areas.
- Enabling businesses to access the Centre 24 hours a day ensuring a secure environment.
- Maintenance of external rear courtyard area
- All transactions - billing, invoicing, rent and service charges. Tenants should have a simple 'all-inclusive' license and have 'easy-in, easy-out' terms. It is envisaged no more than a months notice is required although if arrangements are made whereby there is a rent free period then restrictions could be applied.
- Running of 'virtual' office accommodation
- Ensuring the building complies with all Health and Safety requirements
- Implementation of Green Travel Plan requirements.
- Submission of open book accounts

2.3 It would be proposed that the service is appointed for a three year period but with scope to extend.

2.4 Occupation Restrictions: In terms of occupation it is not proposed to set any requirements for specific sectors or ages of businesses however the size of units and the support services available would clearly suit new and start-up businesses. Restrictions will be put on size of units with no firm occupying more than 50sqm to ensure the Centre operates to support a significant number of businesses. Training / college occupiers would not be permitted as they would detract from the business environment.

2.5 Rents / Service Charge: Occupiers would be charged an 'all-inclusive' fee covering rent, service charges and all costs. It is not intending that the Council puts any cap on charges with the assumption that charges will be set to maximise occupation of the Centre with the highest return possible. Numerous studies have shown that subsidised rents do not encourage business to survive long-term - it is the flexibility and convenience of the Centre that best serves new start up businesses.

2.6 Regular monitoring obligations will be applied and the operator would be required to retain and update an Occupiers Board.

2.7 The tender will set out the requirements and ask operators to set out their financial model including their operating costs, profit level and the amount able to be put into business support. The tender will set out how risk of lettings lies with the operator not the Council. An open book approach would be required.

B) The Start-up/Business Support Service

2.8 As part of the LEGI programme, a business start-up/business support service has been running in the borough for a number of years based in a retail premises on Longbridge Road. The service has been run by East London Small Business Centre known as Barking and Dagenham Small Business Centre (BDSBC). This has had significant success with hundreds of business starts ups. There is a clear referral network in the borough where anyone expressing interest in starting a business (for example at Job Centre Plus interviews) are referred to the BDSBC for support recognising that enterprise is an important means out of worklessness.

- 2.9 Having a location where entrepreneurs can drop in and get advice and support is recognised as essential to supporting start ups and Barking and Dagenham now has one of the highest rates of business start ups in the UK.
- 2.10 Rather than fund the Small Business Centre to operate from Longbridge Road it is proposed that the service will run from the Enterprise Centre which has been designed to include the facilities and space needed – namely a management office with reception desk, counselling rooms for one to one business counselling, a training room suitable for the range of business start up courses available – including up to 30 entrepreneurs utilising laptops.
- 2.11 The tender will require operators to set out the outputs they would achieve in terms of business start ups, enterprise training courses, business counselling sessions, people out of unemployment into work etc. All these would relate only to residents / businesses within the Borough.

3. Financial Issues

- 3.1 **Capital.** The capital cost of the construction of the building is fully funded through the LEGI funding. An Agreed Maximum Price (AMP) has been finalised. This covers everything other than non-fixed furniture. In most centres individual businesses purchase their own furniture whilst there is additional capital funding available for furniture for the communal areas and training room.
- 3.2 **Revenue.** The tender will set out that £100,000 revenue funding is available to support revenue costs such as marketing and employment of staff prior to any rental income being achieved. It is recognised that the Centre will take a while to reach full occupation – indeed full occupation is considered to be about 90% given the likely turnover of businesses. Tenders will need to set out how this funding will be utilised and include it in their financial appraisals.
- 3.3 The tender will set out that £127,000 is available for the first six months of operation for funding the business start-up/business support service with tenderers required to set out the service they would provide for that funding.
- 3.4 Given funding uncertainty about any surplus income from occupation rents and from ongoing Council funding, it is proposed that the tender allows for a sliding scale of support provision / outputs annually depending on resources available but with a base core service of £200,000 per annum. The tender will also require proposals for drawing in additional funding.
- 3.5 No revenue funding for business start-up/business support will be able to be used to subsidise the FM element – any shortfall due to low rental income will be the operator's risk.

4. Legal Implications

- 4.1 The legal implications are set out above in the Comments of the Legal Partner.

5. Other Implications

- 5.1 **Risk Management.** As part of the tender responses bidders will be required to include their own Risk Register. A Risk Register for the Capital Project is regularly updated.
- 5.2 **Contractual Issues.** The tender would be applicable for an OJEU procurement process given the values involved.
- 5.3 Tenders will be expected to complete a detailed financial appraisal for both elements as well as providing a clear outputs schedule.
- 5.3 The initial Pre-Qualification Questionnaire (PQQ) stage will ensure that any company / organisation asked to tender addresses basic requirements in terms of financial standing, equal opportunities etc. In relation to tender submissions, the tender assessment will be based on an overall split of 50/50 price/quality. The 50% for the price covers the whole analysis of the financial appraisal looking at the robustness of the figures for each element rather than solely the headline surplus figure. The 50% for the quality covers the quantum and quality of the economic outputs / outcomes to be achieved and the quality of the management proposals. The assessment will also take into account any added benefits the bidders can bring which are in line with the vision for the Centre and business support in the borough.
- 5.4 It is proposed the Accelerated OJEU Restricted Procurement Procedure is used to ensure that the operator is 1) in place early enough to ensure the marketing of the Centre is carried out to maximise occupation from when the Centre opens and 2) enabling the operator to input into the final finishes of the centre, the details of the broadband / telephone systems, security measures, signage and other details that it would be important for the management to be engaged in.
- 5.5 **Customer Impact.** The PQQ stage will require bidders to set out their Equality and Diversity policies whilst the tender stage will require submission of how the management arrangements will ensure the service provided meets both statutory requirements and best practice in relation to equal opportunities including equality of access.

6 Property / Asset Issues

- 6.1 The freehold of the building will remain with the Council and the facilities management / maintenance of the building will be an obligation on the selected tenderer.

7. Options appraisal

- 7.1 Alternative options such as whether the Council carries out the FM function were considered but it was recognised that specialist skills in letting managed workspace were needed and the role is outside current capabilities. Whilst Elevate could carry out such functions it was felt that an open procurement process would ensure the Council achieves best value.

- 7.2 It was also considered that the FM element could be tendered separately from the business support function to maximise opportunities for better value however on reflection it was felt that splitting the functions could lead to difficulties if disputes arose between the FM manager and the business start-up service and that a single operator would offer economies of scale in terms of staffing. Only the full package will enable clear comparisons to be made between tenders. In addition, there is no reason however why a FM company could not tender as a consortium with a business support provider.

8. Background Papers Used in the Preparation of the Report:

Cabinet Minute 147, 16 March 2010: Barking Business Centre – Appointment of Contractor

9. List of appendices:

None

CABINET

25 JANUARY 2011

REPORT OF THE LEADER OF THE COUNCIL

Title: Review of Legal Services and Future Proposals	For Decision
<p>Summary:</p> <p>As part of the review of support services started in 2010 a study has been undertaken of the Council's Legal service. This was carried out by the Head of Legal and Democratic Services at Thurrock Council following discussions between the respective Chief Executives.</p> <p>This review has considered:</p> <ul style="list-style-type: none"> • The effectiveness of the current arrangements within the Legal Practice compared with the expectations of the review carried out by Rockpools in 2007. • The future requirements for the Legal service. • Options for providing the future service given the need to make significant savings. <p>The review considered a range of options for the future delivery of the Legal service. These were (a) possible wholesale merger of Legal and Democratic Services at LBBD and Thurrock, (b) shared legal services between the two authorities but with separate heads of service, (c) a shared head of service between the two authorities with sharing of services where feasible, and (d) separate services with separate heads of service.</p> <p>Officers' advice is that the third option would allow the idea of a shared head of service to be piloted at the same time as proceeding with an early review of the service and the implementation of a changed structure during the first half of 2011/12. The flexibility to decide towards the end of 2011 on whether to have a permanent shared head of service and Monitoring Officer would also be an advantage.</p> <p>This option also allows time for wider examination of Partnership possibilities leading to a decision by December 2011 on the way forward for future years.</p> <p>Wards Affected: None</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <ol style="list-style-type: none"> (i) Agree to a pilot under which Barking and Dagenham would second from Thurrock for the period 1 April 2011 to 31 March 2012, on a part-time basis their Head of Legal and Democratic Services to jointly fulfil the role as head of service and Monitoring Officer for both authorities on a shared basis. Authorise the Chief Executive to negotiate and finalise the arrangements with Thurrock Council; (ii) Note that the arrangement would not involve any formal merger of services but would allow any opportunities for sharing of services to be explored. At the same time a restructure of the Legal Practice at Barking and Dagenham would be 	

implemented which, in particular, would see a reduction in the number of managers in order to make savings in the order of 20%, as has already been agreed as part of the budget considerations;

- (iii) Note that the relevant JNC Assembly Panel will be asked to consider any related pay issues, and that the Assembly will be required to make the final decision in terms of the appointment of the individual concerned as Monitoring Officer; and
- (iv) Agree that the situation be reviewed after six to nine months by the Chief Executive in consultation with the Corporate Management Team, Legal Practice managers and Thurrock colleagues, and reported back to the Cabinet by the end of 2011 in order that a final decision can be taken on future arrangements.

Reason(s)

To assist in achieving the revenue savings targets identified as part of the 2011/12 budget process and to ensure that the Council has an effective and efficient legal service.

Comments of the Chief Financial Officer

The proposal is a way forward for operating the Legal service and will allow the necessary restructure to take place to enable savings of between £450k and £500k to be achieved in line with the requirements of the support services review. These savings should accrue during 2011/12 and it is important to ensure matters are dealt with as quickly as possible, in line with Council procedures, and managed accordingly.

Comments of the Legal Partner

Members are asked to approve the entering in to a shared arrangement of a joint Monitoring Officer and Head of Legal and Democratic Services between the two Councils as outlined. The following points should be noted:

1. As the report highlights, the appointment of a joint Monitoring Officer would need to be approved by Assembly. It should in this regard also be noted that s.5 of the Local Government and Housing Act 1989 obliges local authorities to appoint one of their staff as the Monitoring Officer for their authority. The proposal is to appoint an employee of another authority (Thurrock). Where authorities have entered into arrangements to share a statutory officer, efforts should be made in consultation with the respective authorities' legal teams, to give effect to the requirements of the legislation before the statutory appointment is made.
2. Since Thurrock Council is subject to the same statutory obligations outlined in 1 they will need to agree to share their Monitoring Officer with Barking and Dagenham, so efforts should be made to co ordinate governance and decision making in the two authorities
3. In order to achieve the savings, the review of the Legal Practice is likely to propose, amongst other things, the deletion of the six current legal management posts to be replaced by two Group Manager posts reporting to a Divisional Director of Law and Monitoring Officer shared between two authorities, at least in the short term. Inevitably such a reduction in legal support and expertise combined with an inevitable merging of certain distinct specialisms will mean there is a reduction in

capacity and expertise at the Council's disposal than at present and Members will wish to be satisfied that the final structure is fit for purpose in the light of the legal responsibilities across the Council's functions and associated risks.

4. Members will also wish to be satisfied that the findings and recommendations of the review have been fully shared and consulted upon with staff and their Unions and that they have taken account of any feed back from staff within the current Legal Practice on the report.
5. It is to be noted that if legal issues arise in implementing the review, including the application of the Council's change procedures, that the Council may wish to seek independent advice as the Legal management team are directly affected by the proposals.

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1. Background

- 1.1 A new structure for the Legal Practice was established in 2008 following an external review of the service. Two and a half years on a review has been carried out, steered by the need to make significant savings across all support services.

2. Scope of the Review

- 2.1 The scope of the review was:

- To carry out a review of Legal and Democratic Services at Barking and Dagenham (LBBB) with efficiencies, economies of scale and practicalities in mind, with a view to exploring, given knowledge already of Thurrock's resources across these areas, the following options:
 - (1) The potential for /feasibility of a wholesale merger of Legal and Democratic Services between Thurrock and LBBB.
 - (2) The potential for /feasibility of keeping separate teams at Thurrock and LBBB with individual "Heads of Legal and Democratic Services/Monitoring Officers" (heads of service) but with shared service provision where possible.
 - (3) As (2) above but with a combined, joint, head of service.
 - (4) Keeping completely separate teams with no sharing at all but nevertheless suggesting a possible new Legal staffing structure for LBBB that reduces costs (in particular management costs).
- To undertake this review as quickly as possible but at the same time afford all parties concerned at LBBB (Legal and Democratic Services managers and staff,

clients, the lead Member etc) the opportunity to contribute by undertaking separate or group interviews with them as appropriate.

2.2 The following desired outcomes were to be borne in mind:

- (a) Efficient and effective services that meet the priority needs of clients at lowest cost.
- (b) Least reliance on external legal provision and extinguishment of the need to use locums (i.e temporary staff), other than in cases of absolute urgency.
- (c) Significantly reduced management costs, particularly in the legal service where 20% savings need to be found from 1 April 2011 from an overall internal legal budget of currently £2,027,440 controllable costs.
- (d) Excellent Practice and budget management in the Legal service.
- (e) Lexcel accreditation for the Legal service.

2.3 Over 50 members of Barking and Dagenham staff were consulted including staff at every level in Legal Services, managers in Democratic Services, the Chief Executive, Corporate Directors, Heads of Service, and Group Managers in front line services and HR.

2.4 The draft findings and recommendations were discussed with the Chief Executives of LBBD and Thurrock Council on 14 December 2010 and subsequently presented to all staff in Legal Services. At that meeting staff worked in groups to develop the pros and cons of each option as well as identify the benefits and risks of the recommendations.

3. Financial Issues

3.1 These are covered in the "Comments of the Chief Financial Officer" above. In addition it is relevant to note that during the pilot, savings, yet to be determined, will accrue as a result of the sharing of the head of service.

4. Legal Issues

4.1 These are covered in detail in the "Comments of the Legal Partner" above.

5. Other Implications

5.1 Risk Management

The proposal to reduce capacity could impact on the ability to fully meet the Council's needs in relation to high level legal advice. This issue was considered as part of the review but will be closely monitored during the 'pilot' phase to ensure that the Council continues to receive the best possible legal advice and service.

5.2 Contractual Issues

If approval is given to go ahead, an agreement will be drawn up between the two authorities regarding the secondment of Thurrock's head of service.

5.3 Staffing Issues

The review findings were formulated after consultation with staff and senior managers from Barking and Dagenham. Legal staff have been involved in a workshop to look at the future requirements for the Legal service and they will be

kept fully involved and informed of the plans for reforming the service. The Chief Executive and the Divisional Director of Legal and Democratic Services met informally with all Legal Practice staff before Christmas to explain the proposals and gave an assurance that all necessary formal consultations would be undertaken once a decision had been taken by Members in relation to the piloting of a shared head of service.

5.4 **Customer Impact**

The sharing of a head of service (including the Monitoring Officer role) will mean that Members and client departments will not have full time access. It is not envisaged that this should cause any problem but the advantage of the pilot is that this factor can be weighed up as part of the review of the situation later in the year.

In relation to the general reductions which will be made to the service as part of the overall savings proposals, and as with other support services which are being reduced, there will be a heavier expectation on managers across the Council being competent to deal with more routine matters without the need for reliance on support from the centre. Senior management within client departments will also need to be very clear as to what is a priority and what can and cannot be afforded.

6. **Options appraisal**

6.1 Details of the options examined as part of the review, with pros and cons in each case (which includes those put forward by Legal staff) are provided below. All options will lead to a restructure of the Legal Practice.

6.2 **Option 1 – wholesale merger**

6.2.1 This is clearly an option which would bring economies of scale and significant savings and is feasible to deliver provided there is commitment from both Thurrock and LBBD management and staff. It is not an option which can be implemented immediately but could follow on if Option 3 were to be implemented.

Pros	Cons
Potential significant savings in merged teams of lawyers	Cannot be implemented without a lot of preparation, which will take time
Potential significant savings in merged Democratic Services	Terms and conditions will need to be harmonised
Further savings through merged administrative support	Host authority and TUPE issues will arise
Critical mass / economies of scale and reduction of external spend	Extent of any conflict issues are unknown
All areas of expertise could be covered including specialist areas and external spend could be reduced	Full commitment of both organisations and staff needed but cannot be gained quickly
Opportunity to smooth out peaks and troughs in workloads	There could be loss of local presence and reduced accessibility

Pros	Cons
More opportunities to conduct advocacy in house as there will be sufficient officer cover	Member perception could be negative
Resilient teams with cover for smaller teams and deals with temporary shortages	Opportunities to look at other London Boroughs may be missed which may be more suitable – although less likelihood of conflict with Thurrock
Assists with recruitment and retention - opportunity for better career development in a larger service	Clients will have to learn to share managers and staff – culture shock
Opportunity for external income	Issues of practicality of location and cost implications
Better management	Potential job losses
Accessing available training structure	No model to see what this would look like in practice – details needed
Accessing established case management system	Financial implications to merge systems.

- 6.2.2 The pros of this option are obvious in terms of potential savings and the economies of scale it would bring, but in addition to that both legal and democratic services would be resilient in providing cover for areas of practice which are provided by small teams. This would potentially apply to employment, prosecution, education, adult social care work, where there are peaks and troughs in work and also where the demand for work in each authority is perhaps less than one full time equivalent lawyer. A good example is education or where there is only one person providing the advice and representations and in their absence on leave or sickness there is no cover.
- 6.2.3 Furthermore, there are significant advantages to be gained in sharing admin support, practice management or business support, case management systems and most importantly the administrative work that is required in implementing and maintaining Lexcel accreditation.
- 6.2.4 If there is a commitment to make a wholesale merger happen and time is taken to implement this then there would be no real disadvantages other than conflicts of interest between the two authorities. However, this can be addressed through a conflict protocol which will need to be in place. A conflict protocol has been tried and tested in the Lincolnshire legal services partnership and similar protocol can be used in LBBDD.

6.3 Option 2 – separate head of service/ MO but share services where possible

6.3.1 This is an option which has potential and is feasible, however, when there are two separate heads of service, two separate management teams, the sharing arrangements are likely to be limited.

Pros	Cons
Traditional and familiar to all	An opportunity for greater sharing and therefore greater efficiency savings lost by not sharing the head of service
Sharing is possible but likely to be limited to appointment to joint posts	Sharing likely to entail trading to cater for unequal needs of each authority
Gives greater opportunities to maximise services – easier to test progress	Opportunity to reduce management costs lost. Too many managers
Keep your own identity	Cuts may affect one structure more than the other – issues around uniformity.
Share training and of knowledge /expertise/ benchmarking etc	Potentially not cost effective – would need deeper knowledge of caseload etc
Visible to clients	“Them and Us” culture
Opportunity to develop expertise of working outside of a London Borough and build up working relationships	Difficult for individual lawyers as may have to work for new clients
Savings in merged teams	No certainty/stability
Presence of management in both boroughs - accessibility	Difficult to have a shared vision and ethos
	Difficult to manage client relationships and expectations
	Different case management systems.
	Is Thurrock right partner for sharing - has it been completely explored?
	May be difficult to work out who would do what
	No savings in terms of managers - paying out for two heads.
	No economies of scale
	Access to clients / time lost travelling.

Going to spend time in partnership working but may not deliver

6.3.2 There are a number of legal services in England which have been exploring this type of shared provision without very much success. Where there is sharing it has been on a traded basis because otherwise it does not make any sense for a particular authority to give up its resources without an income. The only other way of exploring limited sharing with separate services would be to make joint appointments through joint advertisement and pooling of budgets. This has not happened elsewhere as far as I know. However, this type of option cannot be dismissed and has the potential to work but the returns in terms of savings would be limited to a few posts.

6.4 Option 3 – shared head of service and share services where possible

6.4.1 This option is as option 2 above, but with a combined, joint head of service. This is the option that is recommended in this report as the one which has the most potential to deliver significant savings, increased efficiency and more resilient services and which can be implemented immediately. This option also allows flexibility to move to option 1 or option 4 following a trial.

6.4.2 This option would entail Thurrock and LBBDD sharing a joint head of legal and democratic services/Monitoring Officer with shared provision were possible. This option can be implemented fairly quickly and is proposed would be for an initial period of up to twelve months, to allow LBBDD to make changes quickly and assess the practicality of the arrangement long term.

Pros	Cons
More efficient use of use of public resources	Potential conflict of interest but can be addressed with a conflict protocol
Significant savings in merged teams of lawyers even if no whole sale merger at first	Member perception could be negative but can addressed through continuous engagement
Significant savings on merged Democratic Services – this will be greater for LBBDD	Commitment of both organisations and staff needed
All areas of expertise could be covered including specialist areas and reduces external spend	There could be loss of local presence and reduced accessibility
Critical mass / economies of scale and reduction of external spend	Difficulties for a combined head to manage/lead both areas – very demanding
Further potential savings in merged admin support	How will they be split? How do you draw a line between what is shared and what isn't?

Opportunity to smooth out peaks and troughs in workload	Client's perception of the service: are they aware what it means to get 50% of a HoS and managers?
More opportunities to conduct advocacy in house as there will be sufficient officer cover	May be difficult to incorporate needs and expectations of two different clients.
Resilient teams with cover for smaller teams and deals with temporary shortage	Bias by heads of service / Staff allegiances to "their" authority
Assists with recruitment and retention and career development	Higher risk of job losses
Better career opportunities for trainees and others when pooling separate teams to create a larger ones	Although head of service can be appointed now, will take time to implement.
Can be implemented quickly	May not work
Potential for external income	
The only options that allows flexibility to move to other options (1 or 4)	
Opportunity to learn and share good practices from each other	
Creativity and innovation	
Get to really know our staffs strengths and weaknesses	
Improve on strengths of different teams	
Joint head provides opportunity for shared goals	
Flexibility further down the structure rather than immediate merger	

- 6.4.3 In interviews the option of sharing was discussed and there is an appetite in both LBB and Thurrock to explore shared teams with a view to creating centres of excellence. For example, one authority could lead on safeguarding and the other, for example, on prosecutions.
- 6.4.4 There is a clear advantage of this option in terms of more effective overall use of public service resources. It creates economies of scale for two relatively small legal teams.
- 6.4.5 There are significant opportunities of creating critical mass and supporting specialist areas like education, adult social care, employment etc. The areas such as prosecution and litigation can be covered better in larger teams.

- 6.4.6 There is more opportunity to cover advocacy in house if there are more people and better officer cover. There are also opportunities for generating income through trading during off peak periods.
- 6.4.7 Thurrock is an established member of the Essex Legal Services Partnership and LBBB can benefit from that partnership. Currently significant savings are achieved in relation to training of lawyers through the partnership.
- 6.4.8 An added advantage of this option is that staff morale can be better managed, as uncertainty will be significantly reduced by the fact that this review will seamlessly continue to implementation with greater involvement of staff.

6.5 Option 4 – separate services with separated heads of services

- 6.5.1 This option involves keeping completely separate teams with no sharing at all, but with a new legal staffing structure for LBBB which reduces costs, in particular management costs.
- 6.5.2 This option is also feasible and could be implemented within six months. It would require a new head of legal services for LBBB who is a qualified lawyer. Thereafter LBBB could adopt a traditional legal and democratic services structure with one head of legal services directly managing the group manager for democratic service and three to four legal services group managers, for example, (1) property and planning, (2) contracts and procurement, (3) safeguarding (adults and children) and education, (4) litigation team including civil and criminal litigation, employment as well as housing and anti social behaviour.
- 6.5.3 Any number of combinations of team could be created and that should be left to the new head of legal services to decide depending on their own expertise and preference.
- 6.5.4 This structure would give the required number of span of control for the head of legal services. However, below the level of Head of Legal Services I would not recommend team managers managing 8 plus staff. It is most cost efficient for legal services managers to undertake significant and serious cases which means they should manage between 3 to 5 lawyers.

Pros	Cons
Traditional and familiar to all and tried and tested	An opportunity for greater sharing and therefore greater efficiency savings lost
This model works in a vast number of authorities and should work for LBBB provided the head of legal services has good management skills - and legal knowledge.	Won't make the savings that are realistically going to be required and the service will be set up to fail.
Maintain contact with the Council's grassroots	No opportunity to use knowledge and systems

Maintains a sense of identify of this community	Lost opportunities for sharing expertise
Ensures better client care/ accessibility Easier to accommodate clients' needs as can structure service accordingly.	Will need restructure and more savings within the current structure could lead to more job losses
Take stock of structure "shape up" before joint services considered	Restructure might not address issues
Allows flexibility to conduct a further review	Start review again and may lose good staff
Less financial outlay for new IT systems	Success would depend on new structure
Risk free	Stagnation.
Opportunity to meet savings target without significant change	Not moving with times and not in line with LG collaborative workings
	Appears to be a reluctance to change.
	No innovation

6.5.5 This option is tried and tested but it misses an enormous opportunity to explore shared services and to save costs and build resilient legal and democratic services between LBBB and Thurrock.

6.6 The outcomes that LBBB is seeking could be achieved through any of the options above.

7. Background Papers Used in the Preparation of the Report: None

8. List of appendices: None

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