

Are legal services special?

Options for service delivery

Introduction

It is true that legal services used to be special in the sense that legal services could only be provided either in-house or by a solicitor's practice, owned and regulated by the Law Society (now the Solicitors' Regulation Authority (SRA)). Since 2011 other alternative business structures (ABSs) have been able to seek registration to enable the delivery of legal services.

The changes introduced by the Legal Services Act 2007 permitting non-solicitors to own and manage law firms means that there is much more diversity of provision (especially with accountants and other service providers, such as Capita, entering the market).

The market for delivery of legal services to Local Authorities has changed significantly over the last 10 -15 years. Not only has some form of shared service delivery become part of the "norm", in most authorities, but shared frameworks of private sector lawyers have had a significant effect on reducing rates of private sector provision.

Some Local Authorities have also sought to generate income for their Council by selling services to other Local Authorities and public bodies. By way of example, Kent County Council, Essex and Norfolk County Councils have done this very effectively.

At the same time, some Local Authority in-house legal departments have lost clients as a result of outsourcing their functions to a third party provider where in-house lawyers are constrained by the SRA's rules from providing services to private sector providers of Council functions. Most recently Local Authorities have seen the potential to set up their own ABSs to compete widely in the market for both and private sector work.

So what are the options for legal services provision?

Whilst each of the following categories has the potential for a number of permutations, we would categorise the options as follows:

- In-house provision;
- Shared service delivery;
- Outsourcing;
- Alternative business structures, which whilst it involves outsourcing involves the creation of a different form of legal entity, potentially wholly owned and controlled by a local authority; or as a joint venture with a partner / partners.

The 'norm' in Local Government

Since every Local Authority is different, there is no one solution that fits all, and some authorities may use more than one option.

Most local authorities operate a "mixed economy" for legal provision. The in-house expertise is usually supplemented by resources from other local authorities through shared services and private practice (say 80:20 or 90:10). Shared services are usually utilised to supplement capacity and expertise, where there may be conflicts of interest, investigations or other specific requirements.

We would generally expect private practice or Counsel to be instructed where:

- A second opinion is required;
- Politically sensitive matters, including where investigations of senior officer or member conduct are involved;
- Legal professional privilege is important, e.g. health and safety investigations and other sensitive matters;
- Major projects are undertaken and, there are likely to be skills/capacity issues;
- Particular specialist expertise is required, e.g. in defamation, competition / state aid / other specialist advice, not usually available to a local authority;
- The private sector can offer flexibility/price certainty/speed of delivery;
- Investment in technology produces a more cost effective solution, e.g. legal process outsourcing.

Demand for legal services

Service transformation, focussing on outputs, streamlining inputs (Lean Systems Thinking) and investment in ICT are key to managing future demand (by reducing demand or allowing individuals/clients to access services and transact for themselves through the web and improved mobile technology). It is envisaged that 90%+ of the population will have a smart phone within the next 2 years and Council use of technology is improving all of the time.

A general reduction in spend by local authorities does not automatically translate into a reduction in legal spend. Changes in policy can result in a greater demand for legal support e.g. debt recovery and housing rent arrears possessions, commercial property/landlord and tenant issues, employment changes through re-organisation and restructuring (set against the national 80% decline in tribunal cases due to government changes and the introduction of fees) and general service transformation resulting in more complex outsourcing/ICT contracts.

Innovative projects, such as social impact bonds and payment by results, along with new approaches to regeneration, for example asset vehicles to stimulate the local economy, create jobs and reduce dependence on welfare, will also increase the cost of legal services.

Society in general has become more litigious, resulting in an increase in the number of legal challenges, e.g. claims (whether PI or otherwise), judicial review, equalities and around the use of the internet (e.g. defamation).

Recruitment and retention in some areas is difficult, e.g. procurement, contracts and employment law,

although some local authorities have managed to attract lawyers from private practice, in part due to better work-life balance expectations and the down turn in the economy.

Increasing client expectations also play their part, both in terms of the timeliness of legal advice as well as the flexibility of lawyers - in their working hours and attitudes - to deliver in line with client need.

The economic recovery is now stoking a revival in property sales and regeneration, which may mean that the sector requires additional staffing/resource to meet the increasing workloads.

We have seen local authority legal teams exploring a range of cost saving measures and alternative delivery models, including:

- Shared services between authorities (one or two with health);
- Consolidating and concentrating on the legal tasks, divesting as much preparation and quasi-legal functions as possible to client departments;
- Creating in-house advocacy teams to reduce spend on Counsel;
- Reducing office-space and overheads by hot-desking and increased flexible-working, especially home-working, part time and minimum hours contracts;
- Reducing the spread of practising certificates for solicitors in-house;
- Utilising locum and 'lawyers on demand' type opportunities for flexible staffing (like the DAC Beachcroft 'People Pool'); and
- Investing in technology to automate processes etc.

Whilst some local authority legal teams operate on a trading account, others remain centrally funded. The key challenges nevertheless remain: to be pro-active, commercial in approach and effective in meeting the Council's needs to a level that does not 'gold-plate' requirements. To recruit and retain talent authorities may also need to ensure that they offer flexible working to meet the aspirations of the work-force, particularly the so called Generations X and Y that expect better work-life balance.

Powers to act for others

There are a number of explicit powers that enable local authorities to undertake work for others (see Appendix A for more details), for example the Local Authorities (Goods and Services) Act 1970. This Act enables Local authorities to work for other "public bodies" including for the:

- Supply of goods or materials;
- Provision of administrative, professional or technical services;
- Use of vehicles, plant or apparatus and appropriate staff; and
- Works of maintenance.

"Public body" is defined by further Acts of Parliament and statutory instruments but the list covers thousands of bodies including educational establishments, housing associations, community associations, health bodies and others. Trading under the Act can generate a profit (as confirmed by Regina v Yorkshire Purchasing Organisation, ex parte British Educational Suppliers' Association TLR 10 July 1997), not just cost recovery.

In addition, following the introduction of the Local Government Act 2003, local authorities are empowered to charge for services where they have a power to provide that service and are not under a duty, and also have powers to trade in such services. The drawback of the charging power is that taking one year with another the charges should cover the costs of the service, rather than make a profit. Where commercial trading for profit is the prime motivation then a trading company would be required. Additionally, the Localism Act 2011 introduced a general power of competence enabling local authorities to charge and trade in non-function related activities, where an individual would have power to undertake those activities, even where such activities are generally "*unlike anything that other public bodies may do*".

Whilst legal services is an ancillary function under s111 Local Government Act 1972, it is still a function and so, provided a power could be found to provide the service to others, such as the Goods and Services Act mentioned above, authorities have the vires to charge and trade.

Additional Requirements where providing Legal Services to Others.

The Solicitors' Regulation Authority (SRA) Code enables local authority lawyers to act for others where their parent authority is statutorily empowered to act. To provide legal services to anyone (not just where there are powers to act) there is also a need to be licensed under Section 15 Legal Services Act (reserved legal work).

However, there are also restrictions on the manner in which local authorities are able to act, including in relation to personal injury and for charities and voluntarily organisations. These limitations require that:

- Any charity or voluntary organisation would need to have objects related wholly or partly to the Authority's area;
- No charge to be made in non-contentious matters; and
- In contentious matters the employer is required to indemnify the charity or voluntary organisation in relation to costs, insofar as they are not recoverable from any other source.

These restrictions have assumed increasing importance with the continuing proliferation of charities, community and voluntary sector organisations that provide Council services. Many local authority schools have converted to academies, and housing transferred through a large-scale voluntary transfer (LSVT) to a registered provider, most of which are charitable; along with services "spun-out" or contracted to community or voluntary organisations that are sometimes grant funded by the Council. The Council's legal team may have expertise that is not generally available to other local external law firms and so may be best placed to offer the requisite advice and support. Additionally community sector and voluntary organisations would generally fall within the category of 'public body' under the Goods and Services Act.

Some local authorities have obtained specific waivers to act for academies, registered social landlords and others in their area, but these are not provided as a matter of course and therefore act as an outdated restriction on the ability of public lawyers to compete for work from other public bodies. Lawyers in Local Government ((LLG) - the organisation supporting in-house lawyers in local authorities) is campaigning for the removal of this restrictions.

Employed solicitors also need to comply with the general conditions that apply to solicitors when advising third parties, such as:

- Ensuring professional independence and integrity;

- The duty to act in the best interests of the client;
- The duty to avoid conflicts of interest;
- Keeping information about client affairs confidential; and
- Ensuring that suitable professional indemnity cover is available (or advising the client that no such insurance is available).

Options for future service delivery

In the short to medium term most local authority legal departments will concentrate on the benefits that shared service delivery might offer. Savings of at least 20% are generally achievable by District Councils fully sharing services and resources. As well as local authority to local authority, wider shared services options may be available with other public bodies e.g. health and further and higher education bodies/colleges.

Only a small proportion of local authorities wish to become major providers of services to others, mainly to public sector clients, but external income can help to offset the cost of in-house provision.

An ABS offers an opportunity for a local authority (alone or with others), or the private sector and local authorities to jointly establish a vehicle to provide legal services to local authorities and other public bodies for the future. Whilst Harrow and Barnet have signalled their intention to form an ABS with assistance from Bevan Brittan, they are at the forefront of the legal services revolution. Others are now exploring ABS options including Kent County Council and LB Lambeth.

At the other end of the spectrum we will continue to see many local authorities that believe they are best placed to retain legal services in-house and many unitary, metropolitan and county councils will fall into this category, utilising shared services as additional capability/flexibility and then private sector support where such joint arrangements do not satisfy client need.

There are also other options such as mutuals and social enterprises, but in general they would need to be established as ABSs.

We will look at the features, pros and cons of each of these in turn.

In-house

This will largely see retention of the "norm", mentioned above, where most services are provided in-house, but are supplemented by shared services providers and external law firms as required (usually around the 80:20 or 90:10 mark but could be more or less, depending upon the individual authority and specific projects/initiatives from year to year). The in-house legal team will increasingly be required to demonstrate that they deliver best value and have meaningful management information that shows the value received for Council funding of legal services. There will be a mixture of trading accounts and non-trading accounts and most larger legal services will operate computerised case management and time recording systems. Not all will provide meaningful management information, although this will increasingly be the case. The pressure will continue for the in-house team to further reduce costs and generate income to offset the cost to the public purse.

Services will be improved by a focus on outcomes, managing risk and delivering pro-active, enabling legal services. Effective legal departments will be agile, preparing meaningful management information on current priority performance indicators and will have good/effective relationships with client departments and members. The mixed economy provides flexibility, additional capacity and expertise (for additional resource) and support for major projects.

Where possible quasi legal work will be devolved to departments; clients will input basic data to legal services systems (to avoid duplication) and as far as possible lawyers concentrate on the legal aspects.

Most external legal support will continue to be procured through frameworks, (although the new EU Directive will reduce the expectation for full EU compliance (other than in relation to Treaty Principles) for the majority of legal work required to meet a local authority's needs). Frameworks have demonstrated the ability for local authorities to receive better value for money over time, with private sector hourly rates reducing over the last eight years by at least one third, if not more.

Service improvement will generally come from within supplemented by external consultancy to support the in-house legal team in making improvements. Most local authorities already adopt ISO9001/Lexcel Standards.

We would also expect to see greater partnership working between external firms and in-house legal teams.

Pros	Cons
Control of in-house team and expertise	May lack resources to invest in technology, including latest processes and procedures.
Flexibility – able to supplement in-house resource with locum, secondment or case-work from shared service or private sector as need arises	May lack resources for development of team
Responsibility, accountability and clear governance	Lower perceived commitment and productivity – but depends on the people and the service
Good value for money if properly resourced and managed	May lack depth of legal resource and have poor resilience
Management can address weaknesses, e.g. skills gaps and performance directly	May not be perceived as giving good value for money, whether they do or not
"Light touch" regulation as in-house lawyers	
Potential for better accessibility and team working across Council functions	
Continuity of staff/operations (and no need for an exit strategy)	
No tax/VAT issues	
Corporate input and corporate memory retained	

Shared services

In the medium term most local authorities will have at least some shared information/ knowledge with other local authorities, as well as some ad hoc contracting for legal work, with many committing to full shared service arrangements between Councils. Joint exercise of functions, such as establishing procurement frameworks like EM Lawshare, WY Law and the North West Legal Consortium (NWLC) will continue, although some will allow access by all local authorities nationally as well as regionally (as do other frameworks such as the Government Procurement Service and the Crescent Purchasing Consortium).

We expect shared services to continue to increase in the longer term, but politically, culturally or expediently this option does not always suit, so will not be universally adopted.

There are many examples of local authorities sharing legal services through a variety of mechanisms, both top-down and bottom-up, for example:

- Sharing a Head of Legal Services (i.e. Melton BC and Harborough DC as far back as 2008 and more recently London Borough of Hammersmith & Fulham and Royal Borough Kensington and Chelsea); or
- Full legal services' teams, either managed through a joint committee (e.g. Cambridgeshire County Council and Northamptonshire County Council; and Adur DC with Worthing BC); or by
- Delegation of the legal function from one authority to another/to an officer of the other authority (e.g. Hart District Council to Basingstoke & Deane District Council).

Usually these arrangements are operated on a cost sharing basis, with an agreed mechanism for sharing the savings that result, documented in an Inter-Authority or Collaboration Agreement. Shared services may operate for the whole or part of legal services and an Authority may concurrently provide legal services even if it has entered into a shared services arrangement.

Some shared arrangements involve the TUPE transfer of staff; others secondment (under s113 Local Government Act 1972); or the pooling of staff, working in joint teams, but retaining separate line management in their original authority. Collaboration with more than one other local authority is not uncommon e.g. Watford and Three Rivers with Hertfordshire authorities.

Occasionally the sharing is undertaken through contractual arrangements rather than public law delegations and there is a need to be mindful of the potential, particularly where there is a significant supply of work, for challenge that there should be some form of competitive process undertaken – rather than work given as of right.

Pros	Cons
Delivers cost savings and better value for money e.g. on legal library materials, staffing and productivity (usually at least 20% in total)	Unlikely to be comprehensive (external expertise still required for major projects/ sensitive /specialist work)
Retains flexibility - able to supplement in-house resource with locum, secondment or case-work from shared service or private sector as need arises	Perception of reduced accessibility and control (depending upon proximity of Councils and availability of staff)
Better recruitment and retention within a larger structure	Potential for occasional conflict
Better resilience	Slightly weakened responsibility and accountability unless proactively managed
Clear responsibility and accountability	Potential for lead or host to end up with additional costs or responsibilities if not covered in Collaboration Agreement
"Keeps it in the family"	Requires a satisfactory exit strategy
Relatively straightforward	Requires warranties and indemnities to be clearly scoped
"Light touch" regulation as in-house lawyers and	May still lack resources to invest in technology,

can delegate functions between authorities	including latest processes and procedures and development of team
Management can address weaknesses, e.g. skills gaps and performance directly, but performance should be managed pro-actively	Investment decisions may need to be agreed between participating authorities (and may not be forthcoming)
Can be structured as a delegation of functions rather than an outsourcing, avoiding a potentially costly procurement	May be hidden cost eg inability to save on CEC's/overheads
No tax/VAT issues	
Corporate input and some corporate memory retained	

Outsourcing (all or part)

Here we envisage that a local authority outsources all or part of its services either to another legal provider, or non-legal organisation (e.g. Capita, the Co-operative or the AA) perhaps through a managed services contract; or utilises a significant amount of legal services/legal process outsourcing through contractual arrangements; or even sets up a social enterprise or mutual (e.g. Lambeth and Oldham have both adopted a 'Co-operative Council' approach).

We would expect to see some form of procurement process (OJEU or otherwise as legal services are currently Part B), to demonstrate value for money and a reduced cost, as against current service provision. Arrangements involving substantial work - rather than a source of 'top-up' on individual cases – could involve a TUPE transfer of staff to the new provider(s).

One approach to establishing a 'managed legal service' may be through arrangements that transfer functions and staff through TUPE, allow for the provider to promote change to improve efficiency and reduce cost, and offer direct liaison with client departments based on improved metrics for legal work.

Since local authority legal work can vary significantly from year to year we would envisage that private sector providers would be unlikely to provide absolute capped fee based on all of the work that a local authority may undertake, due to the significant uncertainty about workflows, that may be affected by political decisions, new legislation and a host of other factors (so there are likely to be some cost assumptions). We would also expect a Council to retain an intelligent client who may be the Monitoring Officer and first port of call for advice to members and at Council meeting etc (as a minimum; if not a wider corporate team).

A key concern where significant legal work is outsourced would be the loss of the pro-active input of lawyers to corporate policy and strategy, weakening the link between the remaining in-house legal team and the authority; the influence and support that in-house legal provides to the authority often extends well beyond purely legal advice. Will lawyers be less likely to be involved at the policy making level to the detriment of outcomes for the authority? Sometimes this corporate input is recognised as part of the 'overhead' of the in-house legal team and is therefore provided 'without charge' to the Council or as 'added value', whereas a number of the softer requirements of an in-house lawyer would become commercial transactions once outsourced.

There may also be costs associated with central establishment charges that remain with the Council even where a service is outsourced (eg accommodation, telephones, payroll etc.) where the third party provider recharges the Council as part of the fee for the service (effectively meaning that the Council pays twice, until such time as the in-house charges can be reduced).

Whilst two local authorities that had outsourced a significant part of their services in the 1990's brought them back in house in the noughties (LB Lambeth and LB Brent), there are some Councils that still have significant outsourced service provision e.g. LB Wandsworth and Westminster City Council. This option may be driven politically from the top or potentially in the future by a group of staff who wish to set up a mutual or social enterprise. It may also be driven in partnership with the private sector (e.g. Kent CC and Geldards).

Pros	Cons
Potential for reduced costs, since well-developed market likely to offer competitive fees	Price likely to fluctuate with demand, so unlikely to achieve comprehensive capped fee
Reduced management input/focus to the service	Loss of in-house expertise and lesser input to corporate policy and decision-making
No separate legal entity created (unless social enterprise/mutual created)	Potential loss of influence in market place if full outsourcing
Limited control over day to day conduct of cases except for decision making and values (may also be seen as a con)	Limited in-house capacity to manage/ monitor provider, which may erode savings over time
Could operate concurrently with outsourced service on a 'partnership basis' & to sell capacity	Limits on delegation to a third party under Local Government law
Provider accountable through contract	Requires clear exit strategy and expectations of Council future direction
Opportunities for new ways of working, including investment in technology	Potential for weaker accountability/governance
	May be hidden cost eg inability to save on CEC's/overheads

Alternative business structures, including joint ventures

Here we envisage that those Councils that wish to be providers to third parties would set up an ABS, or do this jointly with a private sector organisation, probably as a trading company established under the Local Government Act 2003/Localism Act 2011. The main driver appears to be to retain existing markets, particularly where major Council functions are outsourced to third parties, and to provide services to charities e.g. academies, registered providers and community/voluntary organisations mentioned above.

Whilst this is a form of outsourcing, the Council could retain all or some ownership and control over the ABS. However, the ABS has to comply with all of the rules required by the SRA. The form of vehicle would probably be a company limited by shares, and it would need to comply with the propriety controls set out in the Local Authorities Companies (England) Order 1995, pursuant to Part V of the Local Government and Housing Act 1989.

Prior to setting up an ABS the authority would need to approve a business case and business plan setting out a range of matters under the Local Authorities (Best Value Authorities) (Power to Trade) England Order 2009 and to meet SRA requirements, including:

- Management and governance arrangements;
- Potential customers;
- Funding and cash flow requirements;

- How funding would be provided (including contingency funding if matters do not go according to plan);
- What other resources would be required eg accommodation and assets on what basis, including ICT;
- Marketing and business development requirements/costs /expectations;
- Arrangements for the provision of support services, if any from the Council, (at market rates/no subsidy);
- Clear performance standards, monitoring arrangements, reporting arrangements and how client liaison would take place;
- Expected financial results and any other benefits;
- Risks and how significant these are;
- How risks would be managed/mitigated;
- Arrangements for insurance and indemnity and significant extra regulatory requirements
- Appropriate exit strategies where successful, and otherwise.

One of the less attractive features of an ABS is the requirement to put in place full regulatory requirements, much of which may be avoided in a local authority context when working for local authorities and other public bodies. These are likely to incur significant extra costs through the additional resourcing for compliance requirements and include:

- Anti-money laundering rules and procedures;
- How client money would be held; full compliance with the accounts rules through new banking arrangements;
- Stricter conflict requirements;
- Broader insurance and indemnity;
- Data Protection registration and information governance requirements;
- Who would act as Head of Legal Practice (HOLP) and Head of Finance and Administration (HOFA);
- Audit and governance arrangements;
- Reporting and accountability arrangements to the regulator.

Involvement of a private sector partner could help to reduce this burden, as the partner may have practices and procedures that can be replicated and appropriate ICT that can be licensed to support the operations. Additionally they would bring current knowledge and experience of operating such systems and procedures.

Other key issues would include procurement – should the ABS undertake all of the Council's work then it may fall under the Teckal exception (to be codified to almost 20% turnover under the new EU Directive) and provided the conflict rules would permit. However something established with the aim

of wider trading may not fulfil the social objectives expected and may therefore fall outside the Teckal exemption. Most likely we would expect an ABS to be formed only for the work undertaken on behalf of third parties, rather than for all of the Council's work – retaining the rest in house.

Additionally the creation of a new vehicle also brings in tax, VAT and other costs. Whilst a local authority does not pay corporation tax, it generally recovers all of its VAT, but this is unlikely to be the same for a separate legal entity, particularly when the VAT inputs are expected to be significantly lower than the VAT outputs.

The Council will also need to think carefully about the ownership structure, including who will represent the Council's interests on the vehicle at both ownership and decision making level and how the Council will retain control / influence over what the organisation does. We would expect different people to manage the performance of the organisation from those that represent the Council on the Board, to reduce the propensity for conflicts of interest.

We would also expect some form of long term exit strategy, however, this could involve a share/ownership sale to a third party (which could generate a capital receipt) or the opportunity to bring the venture back in-house or other appropriate exit strategy depending upon whether the vehicle was an overwhelming success that exceeded expectations or did not meet expectations.

It is also possible that a private sector partner could offer a 'hosting' service for teams from different authorities to join together to provide legal services in the future to third parties through a joint ABS in compliance with the Legal Services Act 2007, utilising almost a 'franchised' model of legal provision, facilitated by the private sector firm, that may TUPE or second people in from local authorities and/or operate flexibly through a 'lawyers on demand' type model. However, the more authorities that participate in the ABS the more complex the business case will be e.g. around the area of TUPE transfers, staff re-organisation and so on, though it may ultimately be a more viable and sustainable model.

Pros	Cons
Ability to work for anyone	Additional risks as to generation of new business and profitability
Creates a new brand/identity in the market	Limits on delegation to a third party under Local Government law
Provides opportunities for third party investment in the service	Potential loss of in-house expertise, unless seconded and loss of input to corporate policy and decision-making
May produce a revenue income stream for the Council	Limited in-house capacity to manage/ monitor provider
A share company can form part of a tax group	Extra regulation and marketing that results in additional costs, increasing prices & reducing viability of the service
Ring fences risk away from the local authority	Longer set up time and potential for management distraction
Can invest in staff without "bureaucratic" constraints of local authority service provision	Start-up capital, set-up and running costs will need to be outweighed by gains and extra responsibilities of directors, who may end up with personal liability in limited circumstances
Could be formed as a social enterprise/ mutual	Need to tender for parent work where Teckal

	exception does not apply (e.g. if private sector ownership/equity or main rationale is to target third party work).
May be sold in due course and realise a capital receipt.	Potential tax/VAT costs.
	Time and resources involved in set up with no guarantee that the SRA will grant a licence or if it will be qualified
	Clear governance, accountability and exit strategies required
	May be hidden cost eg inability to save on CEC's/overheads

Conclusion

Every local authority is different, having been shaped by the environment, politics, people and events. As a result the choice will depend upon each individual local authority and the challenges that it faces in the short, medium and long term. We therefore envisage that the full range of potential solutions outlined above (and possibly others that may develop over time) will continue to be of interest to local authorities across the board. There is no one solution that fits all.

In general terms we are likely to see diversification in the models of service delivery and solutions that best reflect culture, local priorities, the need for savings and place. We are aware that LLG would like to explore options to establish its own flexible staffing agency/consultancy to provide locum staff to local authorities and others, and there may be other such national collaborative initiatives.

Whilst the restrictions on local authorities owning a legal practice has been relaxed we still believe that Legal Services remains special due to the regulatory requirements. Our expectation is that in the medium to long term:

- Many local authorities will retain a substantive in-house legal team that demonstrates improved performance year on year and increasingly operates on a more pro-active and flexible basis;
- There will be more shared legal services provision (through delegations as well as ad hoc contracting) between local authorities and potentially wider public bodies (eg health);
- There will be a slow increase in outsourcing legal work (to both legal and non-legal providers) on the basis of managed legal services that allow for the provider to promote change to improve efficiency and reduce cost, in some cases for the whole of a legal teams' work, in other cases for types of work; and an increase in the number of major projects outsourced as local authorities seek to regenerate their areas; and
- There will be a small number of ABSs spun out from local authorities, either in partnership with the private sector or wholly owned by local authorities. We do not expect that this option would be widespread, but it may be that a private sector partner could offer a 'hosting' service for teams from different authorities to join together to provide legal services in the future to third parties in compliance with the Legal Services Act 2007.

Judith Barnes

Partner, DAC Beachcroft LLP, June 2014