



Treasury
Solicitor's
Department

Treasury Solicitor's Department

Business Plan 2014–15



INVESTORS
IN PEOPLE

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Foreword



It was a huge privilege for me to take over from Sir Paul Jenkins as Treasury Solicitor on 1 March 2014. This is an exciting time for the Department. We are part way through a period of major

change which is creating an enhanced shared legal service for government, and we face another busy year to complete the next phase.

Sharing of services and expansion of TSol are not ends in themselves. I believe we have the opportunity to build a really strong, unified legal function for government which offers the best scope for delivering the highest quality, most efficient services for clients, as well as providing the best possible support, training, development and career opportunities for our people.

If we are to produce those benefits, we will need to adopt a joined-up, collegiate approach which reflects the interests of the entire Department and supports the services we provide to government as a whole. That will mean being flexible in the way we organise ourselves and allocate our resources, working co-operatively across team boundaries, eliminating duplication, sharing best practice, knowledge and expertise across the whole organisation. My aim is to build a professional, efficient and high-performing organisation in which all our people – whatever their role or grade, and however long they have been in TSol – have a stake, and of which we can all feel proud.

Jonathan Jones

Jonathan Jones

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Our Purpose and Values

The Treasury Solicitor's Department (TSol) is going through a period of significant change as it develops a comprehensive shared legal service for government that will continue to provide high quality legal services to individual departments and government as a whole.

We are currently one of the largest legal organisations in the UK and we will eventually consist of around 1,800 staff of whom the vast majority (c1,350) will be lawyers based in more than 20 locations.

Our purpose continues to be the leading provider of legal services to government:

- We enable government to operate effectively within the rule of law.
- We provide, procure and manage professional, high quality and best value legal services.

We will deliver our purpose by making sure we are the:

- best for our clients
- best for our people
- best in the business

Our values are important and are at the heart of what we do:

- We are passionate about our professionalism.
- We value and respect each other.
- We take pride in working together across government.
- We are one team.
- We get things done.

Our Strategic Position

Sharing Legal Services

Overview

Sharing services across government is an important element of Civil Service reform and legal services are in the vanguard of this work. In developing a comprehensive shared legal service for government we are building an organisation that will provide the best possible legal services both for individual departments and for government as a whole. It will be responsible for providing practically all of central government's core legal work with a reputation for delivering professional, high quality, effective and efficient legal services. It will meet the needs of individual departments, retaining their confidence and maintaining their confidentiality. But it will also step beyond departmental boundaries to deliver a more coherent legal service to government as a whole which it will do through a combination of a business-like approach, detailed expertise in public law and knowledge of how government works and its unique cross government perspective inherent in the shared service model. It will build on the success of the Government Legal Service – improving the sharing of legal knowledge and best practice, providing varied career opportunities and promoting the reputation of government lawyers – in a more coordinated and consistent way. It will be a flexible, responsive, and more resilient organisation, able to deal readily with peaks and troughs in workload as and where they occur.

Clients

Clients will continue to be provided with a legal service that has a deep knowledge of the business, context and priorities of their department. There will continue to be strong focus on helping government reduce its legal spend by streamlining services, finding innovative and different ways to work and doing more for less and by driving better value for money from external providers as well as bringing work back in house where we have the expertise. We will retain the things that clients value most:

- The “go to” lawyer model – a senior lawyer who is their key point of contact
- a core team located close to them
- more efficient ways of doing things

Staff

Our staff are skilled lawyers and professionals and with a bigger pool of staff we will be able to organise and deploy people to make the most cost effective use of resources to benefit client departments. Staff will benefit from improved career and learning and development opportunities, including specialist career paths for those who want to pursue them, and more chances for working collaboratively.

Ways of Working

This will mean working in a different way to the current business model so we take more corporate responsibility for delivering efficient legal services, with a common approach and standards. The overall cost of services delivered will be managed in a way that works for the client. Expert services will be used where it is cost effective to do so to, improving quality and consistency in these specialisms. We will remain dispersed and close to clients while building a stronger sense of being one organisation.

Funding

The organisation is almost entirely funded from the fees that it charges clients for legal services. Our fee structure, with associated monitoring and controls, is designed to ensure that all our clients are treated equitably and to support the ongoing development and improvements to the ways of working. These improvements, together with the rigorous scrutiny of corporate and other costs have delivered efficiencies that has enabled the organisation to reduce its litigation rates by 7% over the last three years with a 2% reduction in co located advisory rates in April 2011 against a background of inflation pressures.

Our fees are set in accordance with *Managing Public Money* and are designed to recover the direct costs incurred by the organisation. In setting our fees, a number of assumptions are made including: expected work volumes; inflation; staffing levels; investment in new ways of working and efficiency. Throughout the year, performance is monitored and on a quarterly basis we undertake a formal exercise to forecast the financial outturn for the year. The organisation is committed to ensuring that clients promptly benefit from any savings produced from better than budgeted performance; as a consequence should a significant surplus be forecast, the underlying factors will be analysed and assessed to determine whether a fee reduction or rebate can be made in-year.

Achievements in 2013-14

Sharing legal services

There are two main strands of our work on sharing legal services: the programme of mergers with departmental legal teams and the programme to design the new shared legal service.

The merger programme and sequencing plan was developed last year in collaboration with the legal directors of each of the legal teams in scope and agreed with the Minister for the Cabinet Office in March 2013. Since then legal teams from five departments have successfully merged: litigation and employment teams from DWP and DH, and legal advisory teams from DCLG, MOJ and the Home Office. Discussions with five others are in progress with a view to be concluded by late spring: DECC, DfT, DWP, DH and HMR&C whose employment team will be transferring to our expert employment service. The programme has been characterised by close and collaborative working relationships on each merger plan which enabled the tight timescales to be met while ensuring that individual issues were also addressed properly.

The Organisation Design programme, supported by the Civil Service HR Organisation Design expert service, started with an independent diagnostic exercise about what the new legal service could achieve and what people wanted to see from it. This enabled the senior leaders of TSol and the teams due to merge with it to work together to develop the strategic intent for the new shared service so that our staff and clients are clear what we are working towards. This was published in July 2013. From this we were able to establish design principles to guide the structure, organisation, policies and processes for the new shared legal service and to identify the benefits – for government as a whole, for client departments and for our people. A new high level organisation structure was published in January 2014. This is being followed by a detailed design programme to ensure that the change is implemented effectively over the next year.

Civil Service reform

All departments are required to implement key actions in the Civil Service Reform Plan. For us, apart from our work on shared services, this included carrying out a review of our capability in four main areas: commercial; programme and project delivery; leadership and managing change; and digital, and developing a plan to address any gaps. We also opened negotiations with one of the new shared transactional service providers on the scope for transferring our Human Resources and finance transactional work, successfully implemented the new competency framework, and encouraged over 70% of our staff to make use of the self-assessment tool to help focus their learning and development and to take up their five days of Learning and Development a year. We also streamlined discipline and grievance policies and implemented the changes in terms and conditions, including the consolidation in leave allowances of 1.5 privilege days. Another key achievement was the successful migration of the department's two websites to the Gov.UK central website. We made progress towards meeting the Civil Service reform commitment to ensuring staff have a modern workplace by making the case for Video Conferencing and for better mobile communications technology to support people working away from the office. In advance of the introduction of the common pass we made security access better for civil servants visiting OKS, an initiative that has been well received.

Best quality legal services

Our legal teams have continued to deliver a wide range of work. This has included:

- Representing the FCO in the settlement of the historic claims brought by Kenyan citizens in relation to actions brought by the Colonial authorities during the Mau Mau uprising. This was the largest group action ever brought against the government, involving 5,228 claimants.
- Lawyers from the Home Office and litigation teams, played a major part in helping ensure the deportation of Abu Qatada after an eight year appeal process in London and Strasbourg.
- The Children and Families Bill, which finished its parliamentary process on 10 Feb 2014. This fulfils government commitments on adoption, family law reform, childcare, special educational needs reform, and children's welfare including plain packaging of cigarettes and smoking in cars.
- The DCMS team led the legal work on the government's implementation of the Leveson Report on independent self-regulation of the press and on the legislation introducing marriage of same sex couples in England and Wales.
- Defra Legal have advised on a range of important legal issues in relation to the recent flooding emergencies, including for example payments for farmers, possible emergency reservoirs, and whether any changes are required to strengthen Water Bill provisions dealing with flood insurance.
- Our work on DCLG's housing agenda has contributed to helping over 100,000 households get on to the property ladder through schemes such as Help to Buy, New Buy and Right to Buy.

- The HSE Advisory Team, working closely with DECC Legal, dealt with the primary and secondary legislation required to set up the Office for Nuclear Regulation as an independent statutory regulator for the nuclear industry.
- Immigration litigation teams have risen to the challenge of unprecedented volumes of new cases, prompting further work with Home Office advisory lawyers and policy colleagues to develop even more new ways of working to maximise efficiency.
- Commercial lawyers in Litigation Division and the Cabinet Office team were instrumental in achieving a satisfactory mediation of a failed government contract, avoiding the expense and uncertainty of proceeding to trial.

We achieved 97% excellent or good ratings in the client satisfaction survey and have been working to develop a new relationship management model for the organisation now that we have so many more government clients for whom we will be their main legal service provider and for whom we need to be as joined up as possible.

We have retained our Lexcel reaccreditation – the Law Society’s “gold star legal quality mark”. This successful assessment recognises that we have the best practice in client care, data and file management and complaints handling. Given the degree of ongoing organisational/ system change, plus the need to integrate staff from other, often non Lexcel certificated, teams this continues to be a quite exceptional performance.

As a result of our detailed quarterly forecasting exercise, we identified that we were heading for an in year surplus of income over costs due to a number of factors including significantly higher levels of demand for our services, higher utilisation rates, lower corporate costs and savings in advisory costs. We were therefore able to take the opportunity to provide a £4m rebate to our clients - £3m was shared amongst our litigation clients and £1m across advisory clients. This rebate was on top of the 2% reduction in our hourly fees for litigation which we implemented in December 2012 and maintained in 2013-14.

We have implemented a system for collecting information on advisory work. This will support enhanced reporting to clients, the ongoing development of improved ways of working and the delivery of efficiencies.

The Knowledge Management Project is reviewing the knowledge management systems and procedures in our advisory, employment and litigation divisions. This will inform a knowledge management strategy which meets the needs of all users. A number of improvements have already been implemented.

Providing a working environment which supports our people on training and career development

79% of our staff participated in the 2013 People Survey and our overall engagement index rose to 61% - up one point from 2012, and three points above the Civil Service median. Feedback on learning and development was up 6% from the previous survey, proof that our Career Development Strategy is effective.

A Promotion Review Project was set up with the objective of ensuring TSol has a sound promotion process that is transparent and fair and meets both the business need for suitably skilled Grade 6 lawyers to fill vacancies with minimal delay as well as the aspirations of Grade 7 lawyers for career development. It has also reviewed the process for Legal Officers progressing to Grade 7 in the new organisation.

A Grade 7 Development moves pilot has also been launched. This will trial a new way of moving people around TSol primarily for career development purposes and help manage vacancies across the organisation.

Objectives and Performance Measures

Objectives 2014-15

2014-15 will be a challenging year as, building on the work done by Sir Paul Jenkins who retired on 28 February 2014, the rapid pace of change will persist as we continue with the creation of an enhanced shared legal service for government. As well as welcoming new teams into the organisation, there will be a new leadership team, the introduction of new operating models and a change in governance. Our key focus will be on implementing the Sharing Legal Services programme, completing the programme of mergers, embedding the new structure and organisation, and making the benefits of the new shared service a reality for our people, our departmental clients, the government as a whole, and the public purse. During this time of change we will ensure we are not distracted from our main purpose: to deliver a high quality legal service.

Our specific objectives for 2014-15 are to:

- **Deliver an effective shared legal service to realise the expected benefits**

We will:

- Ensure the organisation's new corporate structure provides effective leadership and governance.
- Integrate the new teams joining in 2014-15 without compromising the level and quality of service provided.
- Embed a 'one organisation' culture through a programme of engagement.
- Deliver a programme of work that supports the high level organisational design for TSol and delivery of the benefits of a shared legal service including appropriate cultural and behaviour change.

- Build a new identity for the new organisation.

- Further develop our operational and performance reporting.

- **Contribute to the delivery of the broader Civil Service Reform Plan**

We will implement our own Action Plan to deliver specific strands of year three of the Civil Service Reform Plan.

- **Provide best quality legal services for our clients demonstrating best value for money**

We will continue to deliver high quality legal services for our clients. We will maintain Lexcel Accreditation and the existing high levels of client satisfaction as measured by our annual client survey. In particular we will:

- Invest in and enhance our knowledge management systems and capability.

- Review the quality assurance systems used by advisory divisions and identify potential development options.

- Further develop our Case Management System to enable us to provide a more efficient and effective service to our clients.

- Run pilots for paralegals at HEO and EO level in Litigation and Employment Groups to see if we can deliver a quality service at lower costs.

- **Provide a working environment which supports our people on training and career development to ensure that we attract and retain the right staff to meet client needs.**

We will deliver a capability plan and career development approach for the new organisation and a long term strategy for the provision of training for all our staff including those who are not lawyers.

We will respond to the feedback from the 2013 People Survey – focussing on ‘one organisation’ and doing more to ensure that our people have the opportunity to contribute their views before decisions are made that affect them - and strive to improve the engagement survey results for the new organisation.

We will establish more streamlined and co-ordinated mechanisms for the recruitment of staff and the movement and allocation of staff between different parts of TSol – to meet the career development needs of staff and the business needs of the organisation.

We will provide a workplace environment and culture in which everyone is valued as an individual and is encouraged and supported to meet their full potential.

- **Develop a four year strategy for the new organisation building on the strategic intent**

Our statement of strategic intent for the new organisation was developed through broad engagement and consultation. We will build on this to develop our strategy.

We shall additionally continue to contribute to the government’s agenda on sustainability, diversity, equality and transparency.

Performance Measures

The performance measures we have agreed with HM Treasury for 2014-15 reflect our continued commitment to maintain our high professional standards as well as delivering excellent client satisfaction.

The measures are:

- To meet client satisfaction ratings measured by the percentage of clients rating TSol services as ‘Good’ or ‘Excellent’.
- To maintain Lexcel (the Law Society’s Practice Standard) accreditation.
- To recover from clients the costs of our chargeable services.

Risks and Opportunities

Greater sharing of legal services: The organisation is required by law to add VAT to the fees that it charges. Clients are only able to recover (have refunded by HM Revenue and Customs) a proportion of this VAT and depending on circumstances may not be able to recover any of it. For new legal teams joining the shared legal service, the potential 'unrecoverability' of VAT adds a 20% cost pressure to their department's existing legal budget and as a result a number of them have deferred joining the shared service until this issue is resolved. The Cabinet Office and Treasury are working, with our support, to resolve this issue but should a satisfactory outcome not be forthcoming, it has the potential to seriously undermine further progress on the sharing legal services programme.

Organisational change: 2014-15 will be a year of significant change. It will require detailed planning and prioritisation including the identification of key dependencies to ensure we have both the capacity and capability to deliver the key priorities. Delivery of these changes and associated benefits will also require staff to adapt the way in which they work and some may find this change challenging. Communications and engagement with staff will be central to ensuring the necessary cultural and behavioural change is also achieved.

Recovery of operating costs: In 2011 our response to the financial challenges faced by our clients – a 5% reduction in hourly charge out rates with a commitment to freeze these to 2015 and a 2% reduction in rates for co located advisory divisions – put TSol under pressure to deliver even greater efficiencies and increased the risk of not recovering its operating costs. Expansion of our shared legal service and improved efficiency allowed us to

make a further 2% reduction in hourly charge out rates from 1 December 2012 and to give a £4m fee rebate in 2013-14 (shared between litigation, employment and advisory clients).

Our ambition is to deliver savings in line with those faced by our clients. A key design principle of the shared legal service is the provision of greater central scrutiny and challenge and this was applied in setting the 2014-15 budget and client fees: a series of 'panel reviews' were held to challenge, assess and advise the Board. For advisory divisions this contributed to a baseline saving for our clients of 6.4% and maintaining of our litigation rates which both align with our stated ambition.

This has increased the inherent financial risk in our budget but controls have been put in place to manage this risk and also to take action to ensure our clients benefit should financial performance be better than budget.

Our 2014-15 budget is in the Resources section of this plan.

Meeting client needs: Our clients have a high regard for our services and we have developed ever closer relationships with them. Under shared legal services we now provide the majority of legal services required by our clients, delivering their services in a more joined up, efficient and focused way, using our client teams to deliver value for money legal services based on client needs. We will work with our clients to look for innovative solutions to bring down their legal spend, while maintaining the high standards they expect of us and explore what further legal services we can provide for them.

Retaining and recruiting staff: To deliver the service our clients need we need to recruit and retain the right quality of staff with the necessary skills and capabilities to deliver that service.

We need to ensure that people feel engaged and that there are opportunities for them to develop and grow.

The outcome of the 2013 People Survey was very positive with an overall increase in the engagement index and in particular positive feedback on learning and development and the way the organisation is led and recognition that we are doing more to ensure that our people have the opportunity to contribute their views before decisions are made that affect them. These are things that we need to be good at managing with the challenge of more change in 2014-15, and in particular the change in leadership as the new organisational structure takes effect.

As we integrate more legal teams from around government our challenge is to build a new organisation which is a great place to work, that staff can take pride in, and has a culture and values that resonate throughout the workforce.

Client data security remains critical and is assured by TSol's adherence to Cabinet Office Security Standards, maintaining ISO 27001 certification and Government Secure Intranet (GSI) accreditation.

TSol is currently migrating to the new Public Sector Network, following a successful accreditation exercise in 2013. We have also implemented the new Government Security Classifications Policy, as well as working with the Cabinet Office on the wider security transformation agenda.

Following the self reporting by TSol of four separate incidents to the Information Commissioner's Office (ICO) in 2012-13 involving un-redacted personal information being disclosed to third parties, the ICO decided that TSol had breached the Data

Protection Act and issued an undertaking for TSol to agree to. As a result we will be putting in place documented procedures and a mandatory and comprehensive training programme supporting full compliance with the Act.

Public Interest work, including work carried out on behalf of the Attorney General, is covered by the Parliamentary Vote. A combination of budget reductions and our exposure to the risk of costs creates a risk that the cost of this work exceeds the available budget. We are providing regular management information to mitigate this risk.

Business Continuity: We enjoy a high level of client satisfaction and it is essential that we are able to maintain our normal quality service whatever the circumstances. Business continuity is assured through maintenance of a business continuity management system and its comprehensive suite of recovery plans. Our disaster recovery site has remote access capacity, resilience and security which reduces the risk of service disruption should One Kemble Street be unavailable.

The formal risk management procedures that we operate are designed to ensure that all the key risks to the delivery of our service to our clients and the achievement of our objectives are identified. The procedure ensures that action is agreed to mitigate the risk or that contingency plans are developed where there is limited scope to prevent a risk occurring and it is necessary to respond to the risk, should it occur. The results are captured in our strategic risk register for 2014-15 which is at Annex A. For each risk there is a Board level owner. The register also includes a summary of the main action required to manage the risk or the contingency plans that are either in place or that need to be developed.

Resources

We plan to use the following number of people to deliver our objectives in 2014-15:

	Total
Litigation Group	523
Employment Group	129
Advisory Divisions	451
Bona Vacantia	50
Legal Trainees	36
Total front line staff	1,189
Support Staff (including GLS Secretariat)	188
Total staff	1,377

We plan to spend £104.7m, the main components of which are:

	£'000
Staff Costs (excludes secondees)	84,832
Other Operating Costs	1,209
Accommodation Costs (net of income)	5,546
Depreciation	1,741
Project Costs	2,947
Training	550
Other Administration costs	6,829
Total Operating Costs	103,654
Net disbursements	600
Budget impact of Provision Movements	477
Total Costs	104,731

These costs will be funded by:

	£'000
Legal fees and charges to clients	97,615
Recovery of the cost of Bona Vacantia	3,872
Other income	1,046
Funding from the Parliamentary Vote	2,069
Total income	104,601

This does not include the teams which are due to join the shared legal service in 2014-15 as the associated income and expenditure and timing of mergers have still to be finalised. The budget makes provision for our costs of the sharing legal services programme.

Our funding from the Parliamentary Vote covers the cost of the casework we do for the Attorney General's Office, both time and disbursements, and the cost of the Government Legal Service Secretariat. This is agreed with HM Treasury as part the spending review process. The balance of our operating costs is recovered from our clients; in setting rates we apply the HM Treasury guidance on fees and charges.

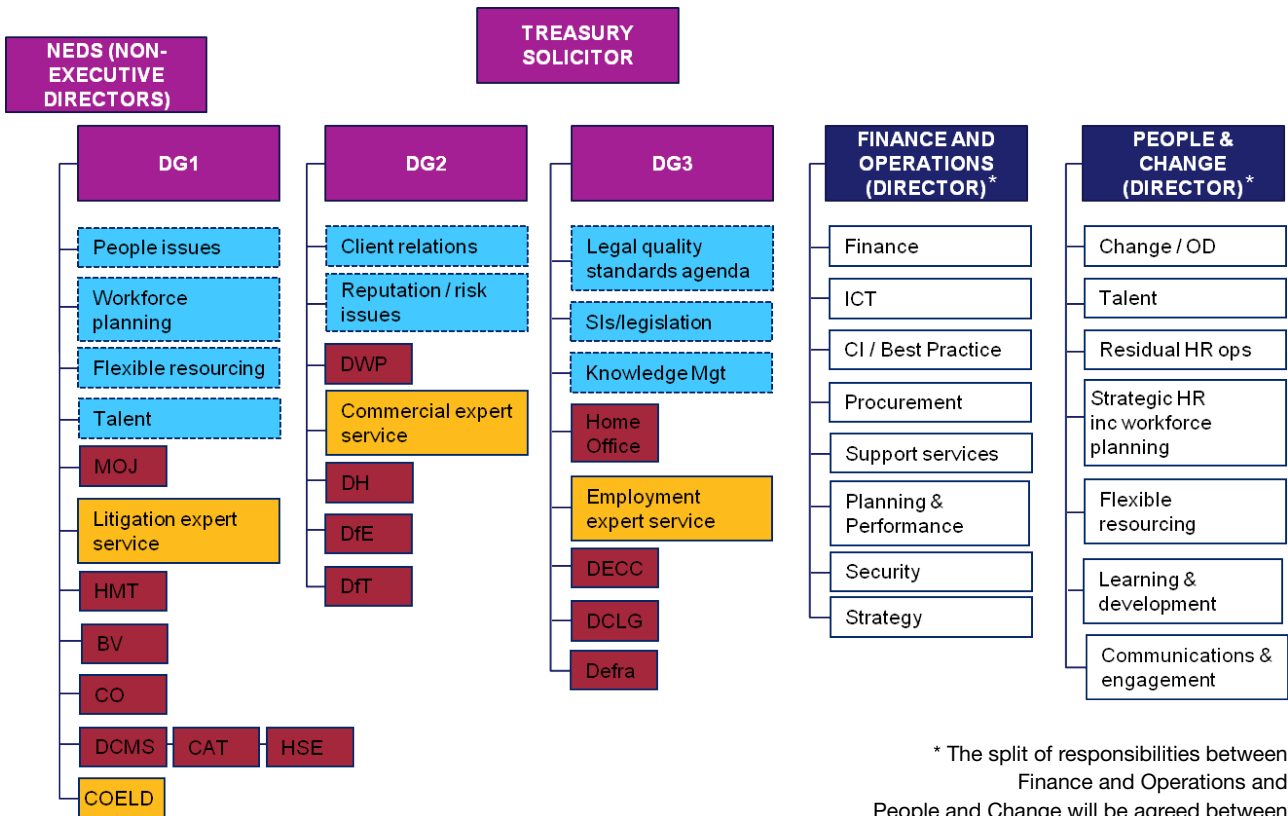
In addition to the above we will receive Vote funding of £1.8m to meet our requirements for capital expenditure.

Annex A: Strategic Risk Register

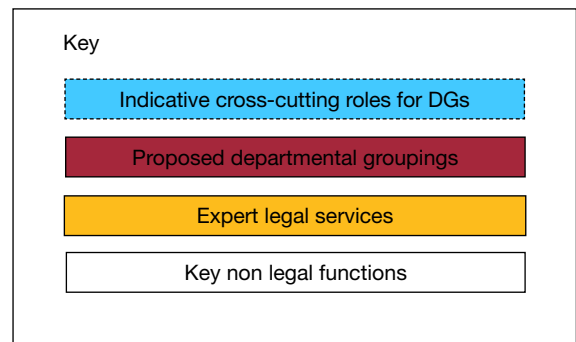
Strategic Risk	Owner	Mitigation
A failure to anticipate, understand and respond effectively to client needs for VFM services that would damage relationship with TSol and TSol reputation.	Valerie Cain	Relationship Managers Network and Relationship Managers Forum to share best practice. Client care training and legal awareness training for clients.
Damage to TSol's reputation if things go wrong due to TSol or client management of cases or failure in the management of client relationships.	Peter Fish	Adherence to Guidance on Discharging the Duty of Candour and Disclosure in Judicial Review Proceedings (the "Hogg Guidance") and delivery of a continued programme of training on disclosure for both the organisation and clients. Appropriate risk based supervision of cases with senior management oversight of major and sensitive cases.
Serious damage to TSol's reputation as a result of a major loss of data or enforcement action by the ICO.	Peter Fish	Put in place documented procedures and mandatory training in response to undertaking received from the ICO. Delivery of Security Team's work plan. Compliance with Cabinet Office guidelines and compliance with ISO27001.
The loss of a major client or other reductions in demand for our services that would expose TSol to financial risk.	Peter Fish	Regular monitoring of case and client mix. Improved forward planning with clients.

Strategic Risk	Owner	Mitigation
We do not successfully deliver the Government's commitment to greater sharing of legal services.	Valerie Cain	Clear governance arrangements in place and detailed project planning with key resources identified and posts backfilled as necessary. Work with HM Treasury and the Cabinet Office on the recoverability of VAT.
The level of organisational change and our capacity and capability to deliver it all.	Peter Fish	Planning and prioritisation and identification of dependencies. Communications and engagement with staff.
Unforeseen events (e.g. industrial action, transport strike, pandemic flu) that would have an adverse impact on our ability to deliver the service our clients need or would cause TSol to under recover leading to an accounts qualification or would cause TSol to suffer loss.	Valerie Cain	Business continuity and incident management arrangements in place including a Disaster Recovery site.
The lack of resource capability and/or capability impact on the delivery of the service clients need.	Valerie Cain	Annual workforce planning. Use of short term resource, targeted recruitment and temporary promotion. Capability plan and career development strategy. Effective communications and engagement with staff.
The cost of public interest work will exceed the budget.	Tim Hurdle	Provision of regular management information.

Annex B: New Structure



* The split of responsibilities between Finance and Operations and People and Change will be agreed between the two Directors when in post, and may involve some transitional arrangements depending on the timing of appointments.





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