

# River Dynamics

Intelligent Software Solutions



“ Councils face 8.9% funding cuts...”

## AN OPPORTUNITY TO DO THINGS DIFFERENTLY?

Intelligent Supplier Management™  
& Legal Services in the Public Sector

Legal Services Act 2007



“ The initial investment is so big that there is no way local authorities are going to see a good return on that investment ”

## INTRODUCTION

Finding solutions to the financial challenges facing Chief Executives is today's No 1 business imperative. Selecting options that minimise impact on front line services remains the key consideration behind that imperative.

The Legal Services Act 2007 reforms the way legal services in England and Wales are regulated and puts the consumer interest at the heart of regulatory framework. The Act seeks to liberalise and encourage more competition. Local Authorities will spend in excess of £500m on legal services whilst employing more than 4,000 solicitors internally.

Is there a better way?

This paper examines the challenges facing local authorities who might be looking at ways of reducing their legal costs and looks at whether technology might play a key role in terms of both innovating the delivery process and capitalising on increased competition.

## THE PROBLEM, TRADITIONAL RESPONSES AND THEIR LIMITATIONS

The need to service legal requirements will not go away. Demand is very difficult to predict and because we're dealing with a service (and often specialised at that) it makes normal performance / quality comparisons very difficult to attain. Procurement professionals are unable to address this category of spend in the same way they would building materials for example.

Amalgamating spend and tendering for services on a multi-year framework agreement can do much to secure better rates. There are however, a couple of limitations with this approach. Firstly, rates will often only cover a small part of the cost –what about billable hours on a job? And secondly, many legal jobs will carry greater cost implications in the outcome of an assignment than the rates. Consider a Public Liability claim that is successfully defended to one that isn't. The latter might have cost a little less in terms of rate but leaves the authority with a hefty settlement cost!

A shared service provides an increasingly popular option that encourages better utilisation out of internal staff, enhanced career prospects and a higher likelihood of fulfilling jobs at lower internal costs. However, those that have gone this route will testify –it's not an easy option and will take time to implement -18 months is fairly standard. Setting up a shared service can also be very resource intensive at a time when authorities are likely to be very resource constrained.

Thinking about shared service and comparing the relative value of internal resource against external also introduces other issues around how this value might be measured. Internal resource will of course cost considerably less based on a base rate per hour. The true cost can only be calculated when taking into consideration utilisation (hours worked on cases / hours available) or perhaps more importantly realisation (number of cases completed). In a commercial firm the latter would translate into fees earned. No easy wins there either then –especially when you consider the number of complex cases that a handler might take on where the authority has no choice but to take the case on.

Technology has changed the way we do business and made collaboration a standard feature of how we do business. The remainder of this paper will set out how public sector legal services environment might be revolutionised to deliver better outcomes at lower cost. The purpose of the paper is to provoke thought and kick start a consultation process. River Dynamics are interested in delivering this vision and have done so in the Insurance sector. Can Public Sector learn and gain from these experiences? Your input and views are sought as River Dynamics considers the opportunity to invest and turn the vision into reality.

## IS THERE ANOTHER WAY?

“ A public sector legal department that serves other clients can also provide services much more cheaply than external advisers ”



## INTELLIGENT SUPPLIER MANAGEMENT™ IN PUBLIC SECTOR and how the concepts could be used to:

**Collaborate** more easily across authorities to handle overflow work. Participating authorities could easily be set up into panels where job requests and responses can be automated to reduce the level of external spend. Once a job has been accepted the business process is automated on-line and all participants can see clearly the current status and outstanding tasks. Cross billing can also be automated with in-line validations reducing the manual effort normally associated with legal type invoices. Working inter-authority against an agreed cross charge rate should always be more economical (than going external) but only if service levels and outcomes are maintained. Web based Management Information could ensure all parties have visibility to the important performance statistics –in real time.

**Performance manage** your supplier panels whether they consist of other authorities or external firms. A tender process has its shortcomings in terms of representing only a snapshot of supplier capability. A dynamic system that rewards good performing suppliers by awarding them more work will immediately drive better outcomes and improved cost effectiveness. This can be achieved by real time capture of performance in terms of cost effectiveness, timeliness, job duration and case outcomes. KPI's could be weighted according to the dynamics of each job, recognising that one size does not fit all.

**Competition** might not be the mother of invention but it can certainly drive down cost, create efficiency and improve service standards –when applied properly. The Legal Services Act 2007 may well change the legal landscape and offer new possibilities for those ready to take advantage. Consider the commodity job that is best delivered on a fixed price basis – land sale contract perhaps. Create your panel of suppliers and base your purchase criteria on price alone (assuming your suppliers pass in built quality test). Intelligent Supplier Management permits suppliers to offer time based discounts so you might find a Bristol based firm offering a lower price based on their current workload. Spot buying like this creates a win-win. Suppliers can boost their workloads during quiet periods and buyers get to achieve the best rate on every job.

“ external spending, which is currently around the £1m-1.5m mark, is 'exactly what we will be focusing on ”

“ Indeed, with many of those surveyed seeking improvements in service and value for money, the Act could be an important catalyst for change in the sector ”



**Continuous improvement** in value, outcomes and efficiency are driven through transparent management information that could compare job delivery statistics across all suppliers. A web based dashboard shows the Chief Executive where he/she could obtain better value and tells suppliers how they could improve to win more business. Why does your authority take 18 months and consume 400 billable hours to produce a land sale contract? What is the average? Transparent MI based on real time events can help unlock this type of hidden value.

This vision is a reality today where Insurance companies are using Intelligent Supplier Management to optimise service provider performance in the context of claims management. River Dynamics are interested in exploring the potential to import these practices into local government and are willing to provide the necessary investment and energy to make it happen. Economically a legal services platform could work based on supplier subscriptions or on a transactional basis of an amount per case. The aim has to be to generate immediate cash savings for those authorities that are prepared to examine innovative ways to save money whilst protecting front line services.

River Dynamics are interested to speak with authorities that like the sound of our thinking. We genuinely want to engage in some ego-free listening and shape any future proposition with real life experience. We would also like to collate that feedback and offer something back in return – a market place assessment participants might use to understand their own potential for doing things better.

Overall	Scores	Rankings	Lights	Jobs
House State LLP	100.00	1	●	7
Pollard and Pollard LLP	30.06	2	●	4
Andrews and Jones LLP	17.55	3	●	2
Mills and Reeve LLP	15.24	4	●	1
Perez Legal	11.32	5	●	1
Acevedo LLP	0.00	6	●	1

Cost - 35%	Scores	Rankings	Lights	Jobs
House State LLP	100.00	1	●	7
Perez Legal	63.95	2	●	1
Pollard and Pollard LLP	27.48	3	●	4
Acevedo LLP	12.40	4	●	1
Mills and Reeve LLP	0.00	5	●	1
Andrews and Jones LLP	0.00	5	●	2

Estimating Accuracy - 35%	Scores	Rankings	Lights	Jobs
House State LLP	100.00	1	●	7
Pollard and Pollard LLP	71.08	2	●	4
Andrews and Jones LLP	71.08	2	●	2
Acevedo LLP	71.08	2	●	1
Mills and Reeve LLP	55.39	3	●	1
Perez Legal	0.00	4	●	1

Ranking	Provider	Score	Workload
1	Sharp and Sharp LLP	★★★★★	0
2	Nunez and Partners LLP	★★★★★	0
3	Mcintyre and Mavis LLP	★★★★★	1
4	Hutchinson LLP	★★★★★	2
5	Contreras LLP	★★★★★	3
6	Perez Legal	★★★★★	3
7	Spencer and Co LLP	★★★★★	3
8	Willis Partners LLP	★★★★★	3
9	Guthrie and Goodman	★★★★★	5
10	Acevedo LLP	★★★★★	6
11	Faulkner and Faulkner	★★★★★	7
12	Pollard and Pollard LLP	★★★★	15
13	Mills and Reeve LLP	★★★	18
14	Andrews and Jones LLP	★★	21
15	House State LLP		35

## CONTACT

River Dynamics is an award winning software-as-a-service vendor specialising in collaborative workflow driven solutions for case and supplier management

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