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ROYAL COURTS OF JUSTICE

LONDON, WC2A 2LL

The Chief Secretary
HM Treasury
Treasury Chambers
Parliament Street
London
SW1P 3AG

6 June 1989

David John:

**PUBLIC EXPENDITURE SURVEY 1989 -
TREASURY SOLICITOR'S DEPARTMENT**

In my letter of 24 May 1988 in relation to the 1988 survey, I commented that it was particularly difficult to determine the Treasury Solicitor's Department's requirements when both the Report by Sir Robert Andrew and consideration of the policy on "Next Steps" might affect the way the Department was organised and the services it provided.

Although Sir Robert Andrew has now reported, and the Government has announced its response to his recommendations, three matters make it particularly difficult to assess the future. The first of these concerns repayment. As you will be aware, from 1 April 1990, the Treasury Solicitor's Department will be providing its services on a repayment basis. One of the purposes of this is to facilitate the Government's general policy that departments are free to decide whether to use in-house legal services or to contract out if that is more cost effective. The choice in relation to this is better informed if the user knows and bears the cost of the in-house options. Whilst I believe that the Treasury Solicitor's Department is and will remain highly cost effective, it is impossible precisely to predict at this stage the impact that charging departments will have on the amount of work referred to the Treasury Solicitor's



Department.

Secondly, the Treasury Solicitor's Department is examining the options for the relocation of the Property Division outside London. I understand that the Department is aiming to relocate this Division in Autumn 1990, and there will inevitably be substantial costs involved in this relocation. The Department is not at present able to give any estimate as to what these costs might be, and it will need to seek supplementary provision for these at the appropriate time.

Thirdly, you will recall that in October 1987 I sought your agreement to additional PES provision to pay for a move of the Law Officers' Department to Telford House in Tothill Street. You gave your consent by letter of 19 October 1987 accepting these additional costs by reason of the operational advantages that would accrue. In the event, a lease was not secured on those premises, but the operational reasons in favour of a move to the Whitehall area remain as compelling as before. With the help of the PSA, I am actively looking for other accommodation and it may be that I will need to seek your agreement to additional provision at relatively short notice, depending on the availability of suitable premises. Such a move by the Secretariat is likely to involve a requirement of additional staff, as I shall no longer have the benefit of common services, such as messengers, security and a telephone switchboard, which are currently supplied by the Lord Chancellor's Department at the Royal Courts of Justice.

Lawyers' Management Unit

Following the Government's acceptance of the Andrew recommendation, the Lawyers' Management Unit began operations on 1 March 1989. It has many varied functions in relation



to central management of the Government Legal Service. The additional amounts required for the survey years are estimated as £216,000 in 1990-91, £229,000 in 1991-92, £246,000 in 1992-93.

Changes in Lawyers' Pay Arising out of the Andrew Report

The Government's acceptance of a number of the pay increases recommended in the Andrew Report are estimated to cost the Department in 1990-91 £220,000, 1991-92 £240,000 and in 1992-93 £259,000.

Pay

As I mentioned in my letter dealing with the 1988 survey, the principal element in the Department's running cost baseline is pay, which for 1990-91 represents 78.5% of the running cost provision. The existing PES provision (assuming that it is increased as referred to above) is sufficient to pay for only 456 staff in appropriate grades in 1990-91. These figures must be viewed against the complement for the Department of 511 posts (22 of whom are in the Legal Secretariat). For the reasons given in my letter in relation to the 1988 survey, it is essential that the PES provision should be sufficient to pay for all the complemented posts in both the Treasury Solicitor's Department and the Legal Secretariat. The extra provision required is £812,000 in 1990-91, £885,000 in 1991-92 and £956,000 in 1992-93.



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Articled Clerk Scheme and Pupillages within the Government
Legal Service

The provision of an Articled Clerk Scheme and the availability of pupillages within the Government Legal Service were again the subject of recommendations in the Andrew Report. It is estimated that additional provision of £110,000 will be required to fund these schemes within the Treasury Solicitor's Department in 1990-91, £240,000 in 1991-92 (when the numbers in the scheme will double) and £259,000 in 1992-93.

Additional Staff Required for Repayment

It is apparent that the time recording and billing system will be complex, and may involve the issue of as many as 5,000 separate bills each quarter. To administer this, and to deal with any disputes there may be, we estimate that at least an additional 4 staff at EO level will be required, together with 2 data input staff. The additional provision needed for these 6 posts is £93,000 in 1990-91, £101,000 in 1991-92 and £109,000 in 1992-93.

IT

If the Treasury Solicitor's Department is to provide the best possible service to its client departments it is important that it should be properly equipped with word processors, and that staff should have access to computers where these can be used to enable the work to be done more cost effectively. It is desirable to replace the elderly machines used by the Department's secretaries, with personal computers. Additional provision of £110,000 is sought for this in the 1990-91 year. As to the provision of computers



to staff, there are many uses to which computers can be productively put in a legal office. These range from the administration of accounts, to debt collecting, to their use at major public inquiries such as Hillsborough. Further provision of £90,000 is sought for 1990-91 to increase the numbers of computers available to staff in the Treasury Solicitor's Department.

Redecoration

I referred to this in my letter of last year, but I understand that the bid for this was not accepted. The redecoration of Queen Anne's Chambers cannot be deferred beyond 1990-91. Additional provision of £80,000 is needed for this re-decoration in 1990-91, and £84,000 in 1991-92. By 1992-93 the Department's other accommodation will also require to be redecorated. Additional provision of £23,000 is accordingly sought for that year.

TSD Operational Costs Vote

This expenditure is not the subject of cash limits. During the past 6 years the expenditure has generally exceeded the PES provision, and it has been necessary to seek supplementary provision during the course of each year.

I made reference to this in my letter of 24 May 1988, and once again this Spring the Department required a substantial



supplementary estimate for its operational costs vote. Of the £2.4 million extra provision that was provided, only about £150,000 was unspent by the end of the year. In the circumstances, I think it prudent to ask for additional provision of £2 million for 1990-92, £2,100,000 for 1991-92 and £2,200,000 for 1992-93.

I am copying this letter to the **Prime Minister**.

[Handwritten signature]
A. L. W. J.

TREASURY SOLICITOR'S DEPARTMENT
LEGAL SECRETARIAT TO THE LAW OFFICER'S
MANAGEMENT PLAN
(PUBLIC EXPENDITURE SURVEY 1989)

(a) Objectives

To provide:

- i. An efficient and effective advisory, litigation and conveyancing service to a number of Government Departments and non-departmental public bodies (Treasury Solicitor's Department);
- ii. To provide legal and administrative support to the Law Officers (the Legal Secretariat to the Law Officers).

(b) Unit Costs and Efficiency Gains

The attached table shows historical and forecast figures for workload, together with the manpower used for each of the three major activities. The table also shows unit costs and efficiency gains. With the introduction of a computerised timerecording system, with the ability to produce management information, it is hoped that it will be possible to produce more meaningful management information for future years.

(c) Resources

	1990-91	1991-92	1992-93
	£K	£K	£K
Pay	10,370	10,514	10,777
Personnel Overheads	176	177	182
Accommodation	2,058	2,103	2,155
Office Services	950	973	997
Other Services	906	911	934
Capital Expenditure	<u>43</u>	<u>44</u>	<u>45</u>
TOTAL	14,503	14,722	15,090

The figures assume a factor of 7% for pay and 4% for other elements for the years of the survey.

(d) Historical Trends and Targets

See attached table.

(e. Management Information

i. Treasury Solicitor's Department

The volume of work undertaken by the legal Divisions is not wholly controlled by the Department. It responds to demands for a legal service made by other Government Departments and also to claims and proceedings bought against the Crown by members of the general public, nationalised industries, local authorities and bodies and/or organisations in the private sector. Compliance is also required by the Department in regard to the Rules of Court governing the conduct of legal actions and procedures obtaining generally in the legal profession. Nevertheless, within the constraints mentioned, Heads of Division control their allocated manpower and ensure, by management and supervision, that the work is carried out efficiently. It is quite often necessary to switch legal resources at short notice from one area of work to another to meet a particular demand which could not have been anticipated. Heads of Division have to estimate their requirements but, because of the nature of the service undertaken, this has, by necessity, to be largely based on the assumption that the current resources are sufficient for the future. The loading of the Litigation and Property Divisions, where most of the personal are case holders, is monitored by monthly returns of cases. These returns are made to the Head of Division and then forwarded to the Establishment Officer. In the Litigation Division, this enables the volume of work in particular areas to be monitored. For the Property Division, in addition to the current work caseload, the completion rate and the value of cases are also included in the returns. It is more difficult to monitor work in the Advisory Divisions because, generally, the number of matters being dealt with at any one time is not so easily assessed as in the Litigation and Property Divisions. The Advisory Divisions are smaller and comprise only lawyers, so that the Head of Division is able to exercise a careful overview of the current volume of work and performance.

ii. Legal Secretariat to the Law Officers

In regard to the Legal Secretariat, the staff (mainly lawyers) provide a legal support service for the Attorney General and the Solicitor General. The Legal Secretary (Grade 2) with the assistance of the Establishment Officer (Grade 4) manages the small number of lawyers concerned, and ensures that the service provided is an efficient one and fully meets the needs of the Law Officers. As with the Treasury Solicitor's Department, it is difficult to anticipate the volume of future legal work. The lawyers are, of course, seconded for a period of about three years from other departments.

(f) Specific Efficiency Initiatives

Not appropriate.

(g) Comparisons with similar organisations

There is no organisation similar in size providing the same range of legal services. When the Treasury Solicitor's Department goes on to a repayment basis on 1 April 1990, it will be possible for Departments to compare its charges with those of solicitors in private practice. The Treasury Solicitor's Department expects to be highly cost effective in comparison with such solicitors.

Past and Estimated Future (i) Caseloads (ii) Staff in Post
(iii) Staff Costs (iv) Unit Costs

1 Year	2 Cases handled (cases carried forward + new cases)	3 AVSIP	4 AV Staff Cost £	5 Unit Cost £ (cols $\frac{3 \times 4}{2}$)	6 % shift in unit cost	7 Av no of cases per (cols 2÷3)	8 % change in productivity
			<u>PROPERTY</u>				
1986/87	11,602	108.7	28,351.6	250.9	12.7+	113	5-
1987/88	11,645	95.4	31,431.48	257.6	2.7+	122	8+
1988/89	13,464	93.5	26,158.00	181.65	41.8+	144	15+
1989/90	13,284	105.0	30,844.1	243.80	25.5-	127	13-
1990/91	13,104	105.0	32,386.3	259.5	6-	125	1.6-
1991/92	12,924	105.0	34,005.6	276.3	6.1-	123	1.6-
1992/93	12,744	105.0	35,705.8	294.7	6.1-	121	1.6-
			<u>BV</u>				
1987/88	7,889	27	22,681	77.62	7.9+	292.2	0.3-
1988/89	6,432	26	17,353	70.15	10.6+	247.4	18.1-
1989/90	7,403	28	19,622.2	74.22	5.4+	264.4	6.4+
1990/91	8,003	28	20,603.3	72.08	3-	285.8	7.4+
1991/92	8,603	28	21,633.4	70.41	2.4-	307.3	7+
1992/93	9,203	28	22,715.1	69.11	1.9-	328.7	6.5+
			<u>LITIGATION</u>				
1987/88	15,075	103.25	29,654.86	203.11	5.9-	146.0	18+
1988/89	17,315	102.27	21,700.72	212.19	4.5-	169.3	15.9+
1989/90	17,876	105.5	23,839.6	222.80	5.0-	169.4	0.1+
1990/91	18,126	107	25,031.6	233.94	5.0-	169.4	0.0
1991/92	18,376	107	26,283.2	245.63	5.0-	171.7	2.3+
1992/93	18,476	107	27,597.3	257.92	5.0-	172.6	0.9+