

## Supplementary Budget – Briefing Note

## 2019 Budget

One page brief per request

**Briefing Note required for:**

- items >\$50,000
- changes in FTE
- Corporate Strategic Initiatives

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
CD	Legal Services	11130.2002 1.GEN	Director/Solicitor position FTE, Grade 13.6 (Gross \$183,492)	B	\$165,322.00	1.0
CD	Legal Services	11130.3902 6.GEN	Director/Solicitor position FTE, Grade 13.6 licenses, laptop and phone	S	\$7,429.00	0

**Background:**

Legal Services is comprised of two main areas, (1) solicitor/general legal advice and (2) claims/litigation. The solicitor/general legal advice component has been long established and provides a wide range of services to departments including contract reviews, real estate transactions and opinions on various matters related to municipal operations. Over the past 4 years, the claims/litigation component of legal services has been established for the purpose of realizing significant cost savings versus previous contracting out of these services. These cost savings during these past four years are about \$615,000. These savings have been redirected to the insurance reserve. The redirecting of these funds, along with more active management of claim and litigation files to reduce costs, has resulted in the reserve growing from \$1.2 million in 2014 to approximately \$3.5 million today. This reserve is now fully funded.

Human Resources and Legal Services have been working together to attempt to bring more of the Human Resources legal work in-house. This is primarily Labour Arbitrations and WSIB Appeals. The movement of these matters in-house has been done on an interim basis by using existing staff lawyers and law clerks to determine whether an in-house model is workable. This has shown a significant decline in external legal costs for the Human Resources Department (discussed under Comments). However, this model is not sustainable in the long term. The increased workload has resulted in large amounts of overtime hours being worked by existing lawyers, and significant delays in legal work getting completed for other departments which has a trickle down effect that slows any projects or matters that require legal review and approval. As a result, without additional staff resources, administration will likely have to move back to contracting out most Human Resources related legal work.

**Background:**

Legal Services has also taken on an expanded role in work for the Public Utilities Commission which was formerly contracted out.

There has also been a significant increase in work from many other divisions. Municipal work in all departments is becoming increasingly complex with respect to legislative and regulatory requirements imposed by the province and federal governments. Staff in all departments require legal advice. This has had a significant increase on workload for the Legal Services Division. However, this also results in projects being thoroughly reviewed which reduces legal risks and protects the Municipality from potential losses.

**Comment:**

Legal Services tracks all legal work performed by internal lawyers in order to ensure a comparison can be made to the costs of contracting this work out. In 2017, lawyers provided over 450 hours of work on Human Resources matters. It is anticipated in 2018 that this amount will be approximately 600 hours. For 2018, had this work been contracted out, the costs would have been over \$180,000. Another way of looking at this matter is to consider the reduction of outside legal counsel costs for Human Resources matters. Over the years 2014 to 2016, the Municipality spent on average \$300,000 on Human Resources legal matters. In 2017, that amount was reduced to just over \$100,000. This reduction is primarily due to bringing this work in-house. This increased workload is not sustainable.

This position is being requested as cost avoidance to address the increase workload taken on by existing legal services staff. To reduce the costs of this proposed position, internal savings of \$18,170 have been found, resulting in a net cost of this position of \$165,322.

**As alternative for this position Legal Services proposes that a solicitor could be hired at a grade 11 to reduce the total budget impact, while addressing the workload issues. Additionally, legal services can propose the following alternative funding options.**

To reflect the increased work being provided to the PUC, the General Manager of the PUC is prepared to increase the existing service level agreement payment to legal services to assist with this budget request.

Legal Services is proposing that some of the funding for this position could be achieved by a reduction to the annual insurance reserve allocation. As discussed above, the insurance reserve is now fully funded. This is largely based on the movement to internal handling of claims which has avoided external legal costs, and has resulted in much more effective claims management. Adding the proposed lawyer position will assist Legal Services in maintaining this cost savings approach.

It is proposed that this new Solicitor or Director position could be partially funded with a combination of the following:

- |  |          |
|--|----------|
| 1) Increase in Public Utilities Service Level Agreement- | \$16,000 |
| 2) Transfer of outside legal line budget- Solicitor      | \$9,000  |
| 3) Transfer of outside legal line budget- CD Admin       | \$7,000  |

**Comment:**

4) Reduction of allocation to insurance reserve

\$50,000