



LLST Centres of Excellence Scheme

**INFORMATION ABOUT THE SCHEME
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Introduction

The London Legal Support Trust (LLST) was established in 2003 to provide additional funding for specialist legal advice agencies in and around London. The trust primarily raises funds from lawyers, and is generously supported by City law firms. Its main source of income is the London Legal Walk, in May each year, although it also generates funding from similar events such as the London marathon, British 10K, Walk the Thames etc., as well as some direct donations from firms and chambers. The funding raised has grown from £50,000 in 2004 to over £1,100,000 in 2017.

Centres of excellence scheme

Approximately two fifths of total funds raised are prioritised for the LLST's Centres of Excellence (COEx). The balance goes into a grants pool which is open for applications from legal advice agencies in London and the Home Counties. To be eligible for the COEx scheme an organisation must:

- Have been providing free specialist civil legal casework for at least one year (advice and/or representation in courts or tribunals) and
- Casework has to have been provided by at least 2 F.T.E employed staff and
- That service must be based in and provided wholly or mostly to residents of London and the Home Counties. If a service is National, it may still be eligible to take part in the scheme but the amount of funding is likely to be proportional

Due to LLST's limited resources, agencies providing only debt and/or welfare benefits must take cases to the Court of Appeal or above.

The aim of the COEx scheme is to provide a core support for sustainable free specialist legal advice agencies in London, to help them become stable and remain viable in this difficult climate. They provide the housing, employment, immigration, welfare rights and debt advice and representation which is needed now more than ever. The scheme reflects LLST's culture of wanting to fund organisations that have a positive attitude, are client-centred, and want continuously to improve what they do.

The scheme has been funded by City Bridge Trust since 2014.

Achievements to date

- By the end of 2017 50 agencies were involved in the scheme
- 33 agencies have achieved COEx status
- £456,000 in grant funding was distributed to COEx in 2017

- A joint bid with the Legal Education Foundation resulted in six fully funded solicitor training contracts specialising in social welfare law and, at the same time, developing a project which could attract funding in order to make the person self-funding once qualified
- Work with the Future Advice Fund to devise a pilot programme combining training with one-to-one coaching, to encourage development of fund-raising expertise (particularly individual giving)
- A pilot training course, led by a former Law Centre Housing lawyer who has moved to private practice, to spread expertise in relation to the best way of utilising the legal aid funding which remains available.

How the COEx scheme works

LLST's COEx scheme provides an element of unrestricted grant funding and free management consultancy to NfP agencies delivering legal advice services. Each agency carries out a self-assessment against a range of good practice indicators:

- management and governance;
- risk, business planning and strategy;
- financial management;
- quality and compliance.

Agencies reflect on their annual progress in each area and identify issues which need further development, supported through LLST where possible. These are assessed by a sector specialist, who writes a report identifying strengths and areas for development. LLST provides and/or brokers funding and other forms of support to enable the agency to reach or maintain COEx status.

LLST's Money Saving Project has a range of schemes and resources that can save legal advice charities money and streamline their operations. It includes practical ways of saving money in relation to: energy; stationery, archiving; IT hardware, software and systems; postage; and technical legal bill drafting LLST has also developed expertise in charity reliefs and discounts and VAT issues relevant to the sector. Agencies which are working towards or achieve COEx status are invited to join the Money Saving Project.

The primary purpose of the COEx scheme is to assist the individual agency to identify where there may be threats to its sustainability and to make suggestions as to how it can mitigate those threats.

The second purpose is to provide some level of assurance to LLST as a funder (and perhaps other funders). Some agencies are in financial difficulties and require both emergency and ongoing grant funding to help them to survive. LLST's grant funding available is limited and it is important that the trustees have confidence that they are not investing in agencies

which are unlikely to survive for long or which are not capable of addressing their problems.

The Reviewer

The reviewer will be an experienced consultant who has worked with advice agencies, businesses and other charities to help them achieve stability.

The process is confidential between the reviewer, LLST and the agency. If the reviewer sees individual client information, it will not be passed to LLST and the reviewers will have the same duty of confidentiality as anyone employed by the organisation.

The Process

The process begins with a request for information to be sent to the reviewer in advance of the visit. This will include:

- A completed pre-review questionnaire;
- The most up to date Agency accounts
- The most up to date budget and cash flow forecast
- The most up to date Business / Strategic Plan
- An organogram
- The fundraising strategy

The next stage of the process is the on-site review. The reviewer will come to the agency's offices and speak to relevant manager/supervisor (and, where possible, to at least one of the trustees and to such members of the management team as is appropriate – e.g. the finance manager or practice manager).

The reviewer will send the agency a draft report. If the agency disagrees with any comments or findings, there will be an opportunity to resolve them before the report is sent to LLST.

Where necessary or desirable, LLST may meet the agency to identify extra help that may be needed to assist the agency to improve areas. For instance, where LLST may be able to broker fundraising assistance to help with grant applications.

The process is designed to help to get the agency to Centre of Excellence status and to provide funding in a meaningful and sustainable way.

Evaluation

Agencies are evaluated against a range of good practice indicators in relation to:

- management and governance
- risk, business planning and strategy
- financial management
- quality and compliance

The indicators are shown at Appendix A.

RAG (Red /Amber/Green) Rating

Each section of the review will be given a RAG rating. Red indicates that the agency has significant work to do if it is to meet best practice in an area. Amber indicates that there are concerns. Green indicates that the agency demonstrates best practice.

Financial management and strategic planning are critical. Showing that the organisation has a detailed understanding of its financial situation and a viable plan in place to resolve any financial issues is considered more important than having financial issues to address.

Outcome

The results of the RAG ratings then inform the outcome. The possible outcomes are:

- Pass (Centre of Excellence)
- Developing towards Centre of Excellence status
- Unlikely to reach Centre of Excellence Status within 12 months

These will be interpreted as follows:

Pass (Centre of Excellence)

The Agency has a clear Green RAG rating and no material areas of concern have been found. The Agency is stable, has effective management and governance and is appropriately funded. It has a strategy for finding ongoing funding. It is making best use of its current funding sources. It has appropriate staff procedures in place and appears well-supported by its trustees.

Developing towards Centre of Excellence Status

The Agency has a largely Green / Amber RAG rating but some areas of concern have been found but there are some concerns that need to be

addressed. The Agency is largely stable, has effective management and governance and is appropriately funded.

The agency agrees to implement any changes needed within a few months and without the need for another on-site review.

Alternatively, there may be more areas of concern and so a further on-site review may be needed.

Unlikely to reach Centre of Excellence Status within 12 months

This is the likely outcome if there are serious areas of concern which are unlikely to be able to be addressed within an appropriate timescale.

The Specific Indicators

Management & Governance

This section focuses on management, targets and objectives, performance management, governance, governance skills and requirements.

It is not necessary for the Agency to have a manager / director but it is necessary for it to have defined management responsibilities and evidence that proper management is taking place. Staff should be aware of their roles and what is expected of them and they should be meeting targets and objectives.

The Board (management committee or trustees) should be properly engaged and appropriately skilled to be running a legal business.

Infrastructure / Expenditure

The Agency needs to have analysed its expenditure and be confident that it is paying reasonable prices for things that it needs, and that what they are paying for is fit for purpose. We can provide support for this if needed through the LLST money saving group.

Business Planning & Strategy

The Agency should have a clear vision and a plan to achieve it. The business plan should be a realistic and living document and the staff should understand it and have contributed to it.

Financial Management

This section focuses on solvency, debt, accounting, financial management and financial planning.

It seeks to determine whether the Agency is in control of its finances. It is critical to ensure that any budget / forecast is proper and realistic. Estimated items of expenditure should have been properly reviewed based on the Agency's circumstances and strategy.

Debts, especially those to HMRC and the Inland Revenue, should be being properly managed.

The Agency should have a justifiable reserves policy and an appropriate level of reserves. Unless there are justifiable circumstances, which are recorded e.g. in trustee board minutes, the accounts should balance or show a surplus.

The books should balance and any fundraising expectations (budget shortfalls) need to be realistic, preferably with a properly thought through 'Plan B'.

Current Funding

This section focuses on Legal Aid, grant funding, full cost recovery, earned income, fundraising via events or individual giving, stability of funding and fundraising track record. It seeks to establish whether funding opportunities (current or future) are being maximized; whether the fundraising strategy marries with the financial planning process and whether that, in turn, matches the strategy or business plan the agency is pursuing.

In relation to full cost recovery the key is to ensure that projects have been appropriately costed and that the funding fully covers the costs. If the funding doesn't match the costs this should have been identified and there should be a credible explanation as to why the project is being pursued at a loss (for instance because it is a source of clients for legal aid or has other strategic value or social value – provided that the deficit is being made up from other funding).

Staffing, Quality & Compliance

An agency's strength is no more or less than the team working within it and its entire credibility depends on how they do their jobs. This section focuses on staffing, quality, LAA contract compliance (where appropriate), Legal Aid billing and staff training.

Funding

COEx agencies

An agency achieving COEx status at an initial visit will be eligible for a £10,000 commitment payment if it has not already received one (see agencies developing towards COEx status below).

It will then be eligible for an annual priority funding payment, as well as being able to raise funds for itself through participation in LLST's events and applying through the organisation's three grant rounds for specific projects.

Priority annual funding depends on:

- the amount raised by LLST that year and allocated to priority funding by the trustees
 - If less money is raised, or LLST makes more emergency grants, the annual priority payment will be reduced
- the total number of COEx eligible
- the number of months since an agency achieves Centre of Excellence status and the date funds are distributed (which is normally calculated in November each year). For example, if an organisation were to reach COEx status in March, they would be eligible for 9/12ths of the annual amount.

After reaching Centre of Excellence status

If an agency demonstrates that it meets COEx status at the first visit, it will receive a £10,000 commitment payment.

Agencies are asked provide an annual report to demonstrate that they continue to meet COEx status and so that further development opportunities and support can be offered.

They are re-visited every three years, or maybe more often if there are significant changes within the organisation.

COEX may be able to apply for additional funding through LLST's three annual grants rounds, subject to meeting the criteria.

Agencies developing towards COEx status

Agencies which are willing to commit to achieving full COEx status in an agreed timeframe, will receive a £10,000 commitment payment following the first visit.

They will not be eligible for a further priority annual payment until they meet COEX status.

Agencies developing towards COEx status may be able to apply for additional funding through LLST's three annual grants rounds, subject to meeting the criteria.

Agencies which are unable to commit to reaching COEX status or do not fit the COEX criteria

Agencies which are unable to meet COEX status may be able to apply for additional funding through LLST's three annual grants rounds, subject to meeting the criteria.

COEx Indicators as at 2017

Management & Governance

Management	
Clear Management structure with well-defined roles and responsibilities that appear to be adhered to.	
Unclear management structure or unclearly defined roles and responsibilities or where roles and responsibilities are not, on the face of it, adhered to.	
No clear management structure or clearly defined roles and responsibilities, or complete collapse of management function (including breakdown in relationship between staff and management)	
Xxx	
Targets & Objectives	
All staff have had a formal appraisal within the last 12 months and have been set clear SMART targets and objectives.	
Not all staff have had formal appraisals within the last 12 months and the targets and objectives set are unclear.	
Staff have not had formal appraisals within the last 12 months and have not been set targets or objectives.	
Xxx	
Performance Management	
There is evidence that staff performance against targets and objectives is being monitored and most targets and objectives are being met or exceeded (or that appropriate action is being taken where targets and objectives are not being met).	
There is evidence that staff performance against targets and objectives is being monitored but few targets and objectives are not being met and insufficient action is being taken.	
There is little or no evidence that targets and objectives are being set nor monitored or met or that any active performance management is taking place.	
Xxx	
Risks	
Risks to the Agency have been identified and recorded for the coming year, and plans are in place to mitigate these. Include specific reference to key staff or trustees, and ensuring key knowledge is shared amongst staff.	

Risks to the Agency have been informally identified for the coming year, and consideration has been made of how to mitigate these although decisions as the agreed course need to be made.	Orange	
No consideration of risks to the Agency has occurred and no plans have been made as to how to mitigate these events	Red	
Xxx		
Governance		
There is evidence of an active, skilled and properly engaged Board (Management Committee or Trustees) that is properly involved in the management of the Agency.	Green	
There is evidence of a committed and engaged Board but it lacks the necessary skills, or it is insufficiently involved in the management of the Agency.	Orange	
There is no evidence of an appropriately engaged or skilled Board or the Board has little or no active involvement in the management of the Agency or, there is clear and damaging friction between the Board and the staff.	Red	
Xxx		
Governance Skills & Requirements		
There is evidence of a Governance Skills Audit having been undertaken and Board recruitment and training decisions having been taken on the basis of the findings.	Green	
There is evidence of a Governance skills audit having been undertaken but little evidence that it affected the recruitment or training of Board members.	Orange	
There is no evidence of any analysis of Board competency or skills and no action has been taken to ensure that the Board is fit for purpose.	Red	
Xxx		
Xxx		

Business Planning & Strategy	
The Agency has a clear and up to date Business Plan that sets out a clear 36 month strategy, contains a detailed and realistic SWOT analysis and an action plan to achieve the objectives listed.	
The Agency has an up to date Business Plan that sets out an outline strategy for between 12 and 36 months and contains an up to date SWOT analysis but does not outline an action plan for achieving the objectives listed.	
The Agency has no Business Plan or Strategy or has one but it is clearly ill thought through and unrealistic (and any SWOT analysis is either insufficient, out of date or does not influence the strategy).	
Xxx	
Xxx	

Financial Management

Solvency	
Agency has monthly income that covers normal monthly expenditure and has reserves (excluding value of WIP) of at least 3 times the normal monthly expenditure.	
Agency has monthly income that normally covers normal monthly expenditure but has no reserves or reserves of less than 3 times the normal monthly expenditure.	
Agency struggles to generate the monthly income necessary to meet normal monthly expenditure, is likely to make a loss in the current trading year and has no reserves.	
Xxx	
Debt	
Agency has no meaningful debt (excluding regularly serviced mortgages and loans) and most trading debts are cleared within 30 days.	
Agency has debt (excluding regularly serviced mortgages and loans) which exceed 25% of the Agency's likely annual income, and trading debts are not typically cleared within 30 days.	
Agency has significant debt and is unable to regularly service mortgages or loans. There are significant debts aged over 90 days and money is owed to HMRC or the Inland Revenue (VAT or PAYE).	
Xxx	

Accounting	
The Agency has up to date accounts that show a break even or surplus position which were prepared within six months of the previous financial year-end.	
The Agency has up to date accounts that show a loss or in which audit concerns were raised or which were not prepared within six months of the previous financial year-end.	
The Agency has no accounts for the previous period (unless still within six months of the end of that period) or the latest accounts suggest insolvency or serious financial irregularities or concerns.	
Xxx	
Financial Management	
The Agency has an up to date and realistic budget and cash flow forecast which is monitored on a monthly / quarterly basis with evidence of action being taken if anticipated income or expenditure is not achieved or adhered to.	
The Agency has an up to date budget and cash flow forecast but the figures are unrealistic and there is little evidence that it is monitored on a monthly / quarterly basis or of action being taken if anticipated income or expenditure is not achieved or adhered to.	
There is no realistic budget or cash flow forecast and no evidence of clear monthly or quarterly financial management.	
Xxx	
Financial Planning	
The Agency has a clear 12-36 month financial forecast / plan which is based on pragmatic assumptions and takes into consideration both inflation and impacts of changes to current funding streams and realistically anticipates future funding streams.	
The Agency has a 12-36 month financial forecast / plan which does not reflect the likely position and does not properly take into consideration both inflation and impacts of changes to current funding streams and unrealistically anticipates future funding streams.	
There is no evidence of any appropriate financial planning.	
XXX	

Contingency Planning	
The Agency has access to an overdraft facility, flexibility in its paying arrangements for expenditure or funding which can be front loaded if necessary for cash flow.	
The Agency is looking into an overdraft facility, flexibility in its paying arrangements for expenditure or funding which can be front loaded if necessary for cash flow but needs some help in assessing the risks and rewards of such planning.	
There is no evidence of any contingency planning.	
Xxx	
Xxx	

Current Funding

Fundraising Planning	
There is evidence of a strategic fundraising plan, involving a variety of funding sources. It is clear who is responsible for managing each of these strands, and they have capacity and skills to do this. New opportunities are considered and taken up when appropriate. Ways of earning income are being incorporated where appropriate as well as grant/foundation / local authority funding / legal aid.	
There is some evidence of attempts to diversify funding, and options are explored although not always taken up. Certain skills are missing within staff and on the board to be able to maximize fundraising opportunities.	
There is no evidence of a funding strategy, funding is heavily reliant on only one source, and there is a lack of skills in understanding how else these can be reached.	
Xxx	
Legal Aid	
The Agency is regularly achieving appropriate levels of revenue, in line with projections, from its legal aid contract and is opening sufficient new matters to sustain that income. This includes an appropriate balance between Legal Help and Certificated income.	
The Agency is not receiving sufficient income from legal aid or is but only because of the run-off value of pre LASPO cases and WIP but has, or is developing, a strategy to attract in-scope post LAPSPO work. The Agency is focusing too much on Legal Help and not on Certificated work.	

The Agency is failing to achieve sufficient income from legal aid and has no clear strategy to generate new in-scope cases once the pre LASPO out of scope cases and WIP are exhausted. The Agency rarely does certificated work and shows little interest in doing more.	
Xxx	
Grant Funding	
The Agency has secured grant funding (at full costs recovery) for the full current financial period and is meeting the funders conditions such that funds are being appropriately released.	
The Agency has secured grant funding (at full costs recovery) but not for the full current financial period or is failing to meet the funders conditions such that funds are not being appropriately released.	
The Agency has little or no grant funding or the funding in place does not offer full costs recovery, or the funding conditions cannot be met such that the available funding is not being released.	
Xxx	
Full Costs Recovery	
The Agency knows the hourly cost to put a caseworker / fee earner in post (whether for the Agency as a whole or on specific projects) and all grant funding is costed appropriately. Costs overall are recovered in full and if, on a specific project, they are not, there is a credible business reason for this.	
The Agency knows the hourly cost to put a caseworker / fee earner in post (whether for the Agency as a whole or on specific projects) but grant funding is not costed appropriately and projects are being run at a loss with no good business reasons for doing so.	
The Agency does not know how much it costs to put a caseworker / fee earner in post (whether for the Agency as a whole or on specific projects).	
Xxx	
Event or Individual Fundraising	
The Agency gets involved in any fundraising events it can and encourages its staff, volunteers, trustees and other supporters to take part in these. It has regular or one off individual donors. It has a contact management system to ensure it can stay in touch with former volunteers / staff / clients to keep them informed about the work being done and how they can support this. There are regular communications (at least once a year) to them.	
The Agency has been involved in one or two fundraising events and sometimes encourages its staff, volunteers, trustees and other supporters to take part in these. There is no formalized communications to former	

volunteers / staff / clients to keep them informed about the work being done but these details are recorded.	Orange	
The Agency has not considered using event or individual fundraising at all. The details of previous volunteers / trustees etc. are not recorded.	Red	
Xxxx		
Stability of Funding		
The Agency has a range of funders and would be likely to be able to continue operating (even if under a reduced model) if a single funder withdrew funding.	Green	
The Agency has a range of funders but would be seriously compromised if a single funder withdrew funding.	Orange	
The Agency is almost wholly reliant on a single funder and there is a risk that that funding may significantly reduce or come to an end with no plan for replacement funding.	Red	
Xxx		
Fundraising History		
The Agency has been successful in at least two of its last three grant applications (excluding legal aid) over the last 36 months.	Green	
The Agency has been successful in at least one of its last three funding applications (excluding legal aid) over the last 36 months.	Orange	
The Agency has been unsuccessful in its last three grant applications or has made fewer than three grant applications within the last 36 months.	Red	
Xxx		

Staffing, Quality & Compliance

Staffing	
The Agency has sufficient well performing staff and there is no history of grievances or significant staff unrest within the past 5 years (except where that staff unrest was caused by proper restructuring and management activity).	
The Agency has insufficient staff or the staff in post are under-performing. Alternatively there is a history of grievances or significant staff unrest in the past 5 years (except where that staff unrest was caused by proper restructuring and management activity).	
The Agency is significantly under-staffed and / or there are ongoing grievances or unrest (up to and including Industrial Tribunals except where that staff unrest was caused by proper restructuring and management activity) or other obvious staffing problems that will impact the Agency's ability to operate.	
Xxx	
Quality	
The Agency has the SQM or LEXCEL and all quality procedures, including file reviews, are being properly undertaken with evidence that there are no significant quality concerns or that any concerns found are properly and appropriately dealt with.	
The Agency has the SQM or LEXCEL and all quality procedures, including file reviews, are being properly undertaken but there is evidence that there are quality concerns or that any concerns found are not being properly and appropriately dealt with.	
The Agency does not have the SQM or LEXCEL, or where it does there is evidence of a fundamental breakdown of the quality processes (e.g. the file review programme is not in effective operation). There may be serious quality concerns or evidence that quality issues are not properly addressed.	
Xxx	
LAA Contract Compliance	
There is evidence that the Agency management and staff understand and adhere to their contractual and regulatory obligations and the Agency has recently successfully navigated an LAA audit. When file reviews are undertaken there is evidence of compliance on the files.	
There is evidence that the Agency management and staff understand their contractual and regulatory obligations but do not always adhere to them and / or the Agency has recently failed an LAA audit. When file reviews are undertaken there is evidence of lack of compliance on the files.	
There is little or no evidence that the Agency management and staff understand their contractual and regulatory obligations. There is clear	

evidence of lack of compliance leading to significant audit risk. There is an ongoing audit / peer review that the Agency is likely to fail and there are already contract notices in place.	
Xxx	
Legal Aid Billing	
The Agency has a clear system for submitting legal aid bills and payment on account applications and has no meaningful billing backlog. The Agency regularly has legal aid bills paid as claimed.	
The Agency has a clear system for submitting legal aid bills and payment on account applications but this system is not being adhered to and the Agency has a billing backlog. The Agency regularly has legal aid bills reduced.	
The Agency has no clear system for submitting legal aid bills and payment on account applications. The Agency has a billing backlog and regularly has legal aid bills reduced or nil assessed.	
Xxx	