



Cabinet Committee on State Sector Reform and Expenditure Control

SEC (15) 22

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Summary of Paper

22 June 2015

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Government Legal Network Business Case

Portfolio	Attorney-General
Purpose	This paper reports on the achievements of the Government Legal Network (GLN) since June 2013, and seeks approval to establish the GLN on a permanent basis beyond 30 June 2016.
Previous Consideration	<p>In June 2013, Cabinet endorsed the key features of an enhanced, 'all of government' approach to legal services to improve the efficiency and effectiveness of the management and delivery of quality legal services to the Crown and to reduce Crown legal risk.</p> <p>Cabinet invited the Attorney-General to report to SEC by 30 June 2015 on progress, including a business case addressing a permanent funding solution for year 2016/17 and outyears.</p> <p>[CAB Min (13) 21/5]</p>
Summary	<p>The GLN is a collaborative initiative of departmental Chief Legal Advisors and the Solicitor-General that leverages the collective legal resources and expertise of the Crown to support the government in the lawful delivery of better public services.</p> <p>The paper sets out the progress with the GLN since June 2013, including the: implementation of a legal risk reporting system; identification and facilitation of joint procurement opportunities; leading training activities; creation of an online GLN shared workspace; building workforce resilience and succession planning; facilitation of legal secondments; establishment of summer clerk and graduate programmes; and support for legal practice groups.</p> <p>Over the next four years the GLN will continue to develop as an effective and efficient resource with a stronger system view of legal risk informed by the experience and expertise of departmental legal teams and legal practice groups which focus on specialist areas.</p> <p>The Solicitor-General, with the support of departmental Chief Legal Advisors, will continue as the professional leader of the GLN.</p> <p>Agreement is sought to establish the GLN on a permanent basis, including a small dedicated resource located within the Crown Law Office, beyond 30 June 2016, subject to the identification of a funding source.</p>

Regulatory Impact Analysis	Not applicable.
Baseline Implications	The GLN cross-agency funding model will be a combination of centrally determined funding and a small cost recovery component (\$65,000 annually). New funding of approximately \$885,000 annually will be sought in Budget 2016 (with any shortfall coming from baseline contributions).
Legislative Implications	None
Timing Issues	None.
Announcement	If the GLN does not proceed, the GLN website will need to be closed down and university law faculties and careers advisors will need to be advised.
Consultation	Paper prepared by Crown Law. All public service departments, CERA, Police, NZDF, and NZSIS were consulted. DPMC was informed. The Attorney-General indicates that the Minister of Justice was consulted, and that discussion is not required with the government caucus or with other parties represented in Parliament.

The Attorney-General recommends that the Committee:

- 1 note that the Government Legal Network (GLN) is a collaborative initiative of departmental Chief Legal Advisors and the Solicitor-General that leverages the collective legal resources and expertise of the Crown to support the government in the lawful delivery of better public services to New Zealanders;
- 2 note that in June 2013, Cabinet:
 - 2.1 endorsed the key features of the GLN approach;
 - 2.2 approved interim funding for the period 1 July 2013 to 30 June 2016;
 - 2.3 invited the Attorney-General to report on progress by 30 June 2015, including a business case addressing a permanent funding solution;

[CAB Min (13) 21/5]
- 3 note that the GLN is making significant progress against its objectives, including advancing the quality and value of legal services provided to the Crown and minimising and managing Crown legal risk;
- 4 note that the qualitative benefits of the GLN include:
 - 4.1 improved visibility of legal risk and trends enabling more effective interventions at a system level;
 - 4.2 a network-wide approach to talent management and capability building leading to improved standards and consistency of advice and targeted succession planning for critical legal roles;

- 4.3 greater quality and consistency in training for lawyers new to government legal roles;
- 4.4 stronger professional links minimising the risk of isolation and enhancing learning opportunities;
- 4.5 the introduction of legal practice groups which extend beyond departmental boundaries and ensure a more holistic consideration of legal risk and issues;
- 4.6 more flexible allocation and movement of resources across the Network to meet the demand for legal advice and services;
- 5 note that the quantifiable benefits of the GLN since its inception in July 2011 include aggregated direct cost savings over the last 3 years of at least \$2.2 million;
- 6 approve the establishment of the GLN on a permanent basis, including a small dedicated resource located within the Crown Law Office, beyond 30 June 2016, subject to the identification of a funding source;
- 7 agree that the GLN cross-agency funding model is a combination of centrally determined funding (to be sought in Budget 2016) and a small cost recovery component;
- 8 note that funding of approximately \$885,000 per annum will be sought as centrally determined funding including a request for consideration of new money (with any shortfall coming from baseline contributions) in Budget 2016 as part of a system package.

Gerrard Carter
Committee Secretary

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Cabinet State Sector Reform and Expenditure Control Committee

GOVERNMENT LEGAL NETWORK BUSINESS CASE

Proposal

1. This paper is a report back on the achievements of the Government Legal Network (GLN) since June 2013 (CAB Min (13) 21/5 refers). The paper seeks Cabinet approval to establish the GLN on a permanent basis beyond 30 June 2016 and makes recommendations regarding associated funding.

Executive summary

2. The GLN is a collaborative initiative of departmental Chief Legal Advisors and the Solicitor-General that leverages the collective legal resources and expertise of the Crown to support the Government in the lawful delivery of better public services to New Zealanders.
3. In June 2013 Cabinet endorsed the GLN approach and approved interim funding for the period 1 July 2013 to 30 June 2016. Cabinet invited me to report back on progress by 30 June 2015, including a business case addressing permanent funding (CAB Min (13) 21/5 refers).
4. The GLN has made significant progress against its objectives including advancing the quality and value of legal services delivered to the Crown and minimising and managing Crown legal risk. While the main objectives of the GLN are not focused on savings, in addition to qualitative and efficiency gains, the GLN has achieved aggregated direct costs savings since July 2012 of at least \$2.2 million. The GLN is optimising the Government's return on an estimated \$114 million annual investment in in-house legal services. Currently this investment generates an ROI of 24% (or \$28 million p.a. in avoided external legal fees).
5. In addition to the in-house investment the Government also spent \$37.4 million¹ on external legal services in 2013/14 (excludes Crown Prosecutions through the Crown Solicitor Network of \$33.7 million). As well as the focus on in-house legal services the GLN is working to ensure the value from outsourced legal services is optimised.
6. Chief Legal Advisors and Chief Executives of all government departments support the GLN and are committed to its ongoing development. The GLN approach has also been independently assessed and endorsed.
7. Over the next four years, the GLN will continue to develop as an effective and efficient Government resource with a stronger system view of legal risk informed by the experience and expertise of departmental legal teams and legal practice groups which focus on specialist areas such as contract, procurement, employment and ICT. The Solicitor-General, with the support and advice of the

¹ Being the AoG External Legal Services panel; \$24.4M; Off-panel; \$1.8M and Crown Solicitors/Barristers (mainly civil litigation); \$11.2M

departmental Chief Legal Advisors and the GLN team, will continue as the professional leader of the Network and, as Attorney-General, I strongly support the ongoing and future initiatives signalled in this paper.

8. It is my opinion that a decision not to continue with the GLN initiative and the resulting loss of an informed system-wide perspective will adversely impact on the Government's management of legal risk. Efficiencies and insights gained through a connected network approach will be at risk. Also without a dedicated central resource it is unlikely current benefits could be sustained at the same level and future benefits would not be realised.
9. Cabinet's approval is sought to establish the GLN on a permanent basis. Ongoing gross funding of \$950,000 will be required per annum. Subject to Cabinet's approval of the GLN initiative, funding will be sought as part of Budget 2016. On the basis that the GLN is a cross-agency initiative, with system wide benefits across multiple agencies, the source of funding proposed is a combination of centrally determined funding sought in the Budget 2016 system package sourced from new money (\$885,000) (and, if required, agencies' baselines) and cost recovery charges (\$65,000).

Background

10. The GLN is a collaborative initiative of departmental Chief Legal Advisors and the Solicitor-General. It commenced in July 2011, motivated by 'Better Public Service Results' and the ongoing imperative to achieve more with less. The GLN leverages the collective legal resources and expertise of the Crown to support the Government in the lawful delivery of better public services to New Zealanders.
11. The GLN has the following objectives:
 - To advance the quality and value of legal services provided to the Crown;
 - To minimise and manage Crown legal risk more effectively; enabling confident delivery of the Government's work programme;
 - To enable the efficient sharing of legal knowledge, resources and experience;
 - To encourage flexibility in the allocation of legal capability and capacity;
 - To facilitate professional development and government legal careers; and
 - To promote the role of the government lawyer as a preferred career choice.
12. Approximately 800 in-house lawyers working in government departments form the core network of government lawyers. Collectively these lawyers are integral in preventing, minimising and managing legal risk on behalf of the Crown. The GLN creates an environment which supports and enables lawyers to provide high quality legal advice. When legal risks manifest into legal issues, the cost in terms of time, money, reputation, service delivery and lost opportunity can be significant. The primary benefit delivered by the GLN is the extent to which quality legal advice can help to prevent such consequences and enable the lawful delivery of services to New Zealanders.
13. The GLN is centrally resourced by a small team (the 'GLN team') based in the Crown Law Office. Led by the GLN Director, the GLN team is operationally accountable to the Solicitor-General. The GLN Advisory Board, including the Solicitor-General, a departmental Chief Executive, a central agency senior manager and nominated Chief Legal Advisors, discharges a governance role.

14. In June 2013, Cabinet endorsed the GLN approach and approved interim funding for the period 1 July 2013 - 30 June 2016² I was invited to report back on progress by 30 June 2015, outlining a business case addressing permanent funding (CAB Min (13) 21/5 refers).

GLN progress since June 2013

15. I have seen significant momentum in the progress of the GLN following Cabinet's endorsement in June 2013 and consider its desired objectives are being met. The objectives are being achieved through a combination of centre-led and collaborative initiatives some of which are outlined below.
16. A *Legal Risk Reporting System* was implemented in early 2014. The Reporting System enables departments to highlight their 'significant' legal risks and report these at a system level. It provides me and the Solicitor-General with assurance that risks are being properly managed by departments. It also offers a system view of risk that did not exist previously and a mechanism for identifying themes and trends. Knowledge of legal risks across the system also benefits Chief Legal Advisors and their departments. s 9(2)(h)

17. The GLN identifies and facilitates *joint procurement opportunities* through having a whole-of-system perspective, part of which is obtained through an annual survey. An example is the GLN led negotiation with two legal research resource providers on behalf of a cluster of 7 departments resulting in efficiency gains and estimated savings of \$613,000 in the first year (2012/13). As further departments and Crown entities joined in the negotiated Government package deal (expanding to 35 agencies in total) aggregated savings of \$2.2 million³ were achieved over a 3 year period and avoided costs from improved price review arrangements of at least \$270,000 over the same period. These contracts are renewed and, if required, renegotiated on behalf of the participating agencies under a single contractual arrangement led by the Ministry of Justice.
18. The GLN leads numerous *training activities* which allow lawyers to broaden their expertise and connect with colleagues from other departments. *Lessons.Learned* seminars examine major legal consequences, building trust across departments and reducing the likelihood of similar events. Topics include the MSD kiosk privacy breach, GCSB report and school closure judicial reviews. An *Introduction to being a government lawyer* course equips lawyers new to government with information, resources and connections to enable quality legal advice and prevent professional isolation. An annual *Lawyers' in Government Conference* updates government lawyers from around the country on the latest legal developments and issues. As lawyers are required to undertake a minimum of 10 continuing professional

² Annual budgets approved were; \$760,000 for the 2013/14 year, \$800,000 for the 2014/15 year and \$900,000 for the 2015/16 year.

³ Compared with the cost of purchasing the same (or less) as individual agencies, as was done previously.

development hours per annum⁴ these activities provide a saving to departments who would otherwise obtain this training (in whole or part) through an external provider. The estimated market value of the current programme is \$400,000 per annum.⁵

19. A **GLN Online shared workspace**, accessible to 760 Government lawyers enables the sharing⁶ of training materials, precedents, legal opinions and other information reducing duplication and promoting work efficiency. It provides a centralised source of legal research tools and a Lawyers' Directory which allows quick access to required expertise across the sector. A job and secondment noticeboard reduces the need for paid advertising and promotes opportunities for advancement amongst departments and Crown entities.
20. The GLN supports the Solicitor-General in **building workforce resilience** and succession planning, particularly for the eight 'key legal positions'⁷. A GLN Talent Group has been established, which invites and reviews nominations for likely successors, ensuring there is a strong pool of candidates for critical legal roles. The GLN team is increasingly consulted by departments to assist with legal appointments for more senior roles including the key legal positions. In some cases this will avoid the cost of commissioning external recruitment consultants, which can amount to \$30,000-\$40,000 per appointment, and which can result in a department paying recruitment fees for a lawyer who is recruited from another department's legal team.
21. The GLN team also facilitates **legal secondments** across government through advertising on GLN Online and connecting departments with suitable candidates. This enables legal capability to be allocated more flexibly where the need arises and minimises the cost of secondments from external law firms. Developing the capability of lawyers in the Network through diverse experiences increases the quality of legal services provided to the Crown.
22. The GLN **summer clerk and graduate programmes** co-ordinate the appointment of candidates, creating efficiency and savings in the areas of recruitment, training and development. Through the availability of these programmes advertised on the GLN website⁸, and attendance at university career expos, the GLN promotes the career of a government lawyer and helps build up the legal talent pool for the future workforce.
23. The GLN supports legal **Practice Groups** formed around sector, subject-matter, functional interests or expertise. These include defence/security/intelligence, treaty/māori issues, international law, ICT, procurement/commercial, economic development, natural resources and prosecution groups. These forums enhance knowledge-sharing, risk identification, capability development, collegiality and professional development. They also provide CPD compliant training opportunities.

⁴ As required by the Lawyers and Conveyancers Act (Lawyers: Ongoing Legal Education—Continuing Professional Development) Rules 2013

⁵ With 2,650 individual CPD-compliant hours delivered across the Network, the market value cost equivalent would be \$397,500 – based on an estimated cost of \$150 per hour for private sector and New Zealand Law Society Continuing Legal Education programmes.

⁶ Subject to legal privilege restrictions.

⁷ These are the Chief Legal Advisor (or equivalent) positions for GCSB, IRD, MBIE, MOJ, MPI, MSD, SSC and the Treasury.

⁸ www.gln.govt.nz

24. The progress of the GLN was independently assessed in 2014 by Sir Paul Jenkins KCB QC⁹ at my request. Sir Paul strongly endorsed the GLN and recommended a continuation of the collaborative approach. His view is consistent with that expressed by Miriam Dean CNZM QC and David Cochrane in 2012.¹⁰
25. The Chief Legal Advisors of all departments support the GLN and are committed to its ongoing development. Chief Executives of departments have also confirmed their support of the GLN programme.

Assessment of GLN benefits

26. The GLN has produced qualitative and quantitative benefits to date, including aggregated direct cost savings over 3 years of at least \$2.2 million. Further benefits and savings will be achieved if the GLN continues beyond 30 June 2016. For a summary of GLN benefits (ongoing and future) see Appendix 1.
27. In-house legal services are more cost effective than those purchased externally but still represent a significant investment. In 2014 the cost of legal services provided in-house was estimated at \$114 million. The GLN ensures the Government is optimising the return on that investment through increased leverage from existing resources and improved efficiencies. The current estimated net annual savings (after costs) from providing legal services in-house rather than through outsourcing are \$28 million, representing a 24% return on investment per annum (see Appendix 2). The GLN will continue to explore opportunities to leverage our existing resources and enhance the return on investment including by minimising the need for outsourced legal services.
28. A decision not to continue with the GLN will, in my view, increase the Government's exposure to legal risk. The lack of a system-wide perspective would likely increase the chances of inconsistent legal advice, adversely impact on efforts to enhance legal capability and workforce resilience, and result in missed opportunities to leverage off the size and scale of the Network. Without a dedicated resource and with a reduced focus on a whole-of-government approach to the management and delivery of legal services, it is unlikely current benefits could be sustained or future benefits realised. As outlined in this paper I am convinced the GLN is delivering qualitative and quantitative benefits, which justify a decision to continue on a permanent basis.

⁹ Former Chief Executive and Permanent Secretary of the UK Treasury Solicitor's Department

¹⁰ When reviewing the role and functions of the Crown Law Office, Ms Dean and Mr Cochrane strongly supported the establishment of a collaborative model led by a dedicated resource, which they considered would enhance the delivery of legal services and better identify and manage the Crown's legal risk.

29. Summary of financial savings compared with costs over the last 3 years:

Table 1 - Summary of GLN costs cf direct savings – 2012/13 to 2014/15

		2012/13	2013/14	2014/15	3 year aggregate
GLN expense budget		\$220,000	\$760,000	\$800,000	\$1,780,000
GLN revenue budget		\$0	\$0	\$15,000	\$15,000
Net cost		\$220,000	\$760,000	\$785,000	\$1,765,000
Direct savings:	Procurement	\$613,671	\$818,000	\$800,000	\$2,231,671
	CPD training			\$20,000	\$20,000
	total	\$613,671	\$818,000	\$820,000	\$2,251,671

Future of the GLN

30. I recommend that the GLN be established on a permanent basis, under the professional leadership of the Solicitor-General with a central operational resource (the GLN team) located within Crown Law. The GLN objectives, as previously stated, will be met through ongoing and new initiatives which are in development.
31. GLN initiatives to be investigated or expanded upon include:
- Identifying and implementing further areas for joint purchasing. Potential opportunities already identified include regulatory and legal compliance tools and practice management systems;
 - Talent management and workforce development; succession planning, workforce resilience and building the available talent pool;
 - Possible opportunities for shared services across departments, e.g. in the areas of employment, procurement, contract and ICT law;
 - Facilitating legal recruitment on behalf of departments;
 - Investigating smart uses of technology for lawyers, particularly in relation to knowledge management and search tools; and
 - Expanding and formalising the inclusion of Crown entity lawyers providing them with access to GLN services and resources in order to improve identification and management of legal risk emanating from Crown entity areas of activity.
32. The goal, over the next 4 years, of the collective GLN initiatives is to enable cost-effective legal advice and representation which is provided to a uniform quality of excellence, with a whole of Crown view. Knowledge resources will be captured and readily accessible through a secure online portal ensuring optimum return on time and money invested in production of precedents, pleadings, contracts, training materials and legal opinions. Duplication of legal resources and expertise within departments will be minimised and outsourcing reduced. Working as a government lawyer will be a preferred career option for the current and next generation of lawyers.
33. Although financial and efficiency gains result from many of the GLN initiatives, the more substantive return on investment is through qualitative improvements. The primary goal of the GLN is to continue building legal capability across the Network to ensure ongoing improvement in the quality and delivery of legal advice which meets the current and future needs of the Crown.

Consultation

34. The Treasury, State Services Commission, NZ Police, Ministry of Justice, Department of Corrections, NZ Customs Service, Ministry for Primary Industries, Ministry of Social Development, Department of Internal Affairs, Department of Conservation, Inland Revenue Department, Ministry of Transport, Serious Fraud Office, Ministry for Culture and Heritage, Ministry of Business, Innovation and Employment, Ministry of Education, Ministry of Health, Ministry for the Environment, Ministry of Defence, Ministry for the Environment, Ministry of Foreign Affairs and Trade, Government Communications Security Bureau, Land Information New Zealand, Statistics New Zealand, Ministry of Women's Affairs, Ministry of Māori Development, Education Review Office, Ministry of Pacific Island Affairs, Canterbury Earthquake Recovery Authority (a departmental agency at DPMC), Parliamentary Counsel Office, New Zealand Security Intelligence Service and New Zealand Defence Force have been consulted on this paper. The Department of the Prime Minister and Cabinet has been informed.
35. All Departments support the permanent establishment of the GLN in substance as recommended. However, some departments have expressed concern over the mandatory contribution from baselines as the source of the centrally-determined fund. This concern would be met fully if the centrally-determined amount was met from new money.

Financial implications

36. The GLN is funded until 30 June 2016. The GLN requires an ongoing \$950,000 per annum to continue its work programme. This amount will fund the salary costs of the GLN team (up to 5 FTEs), the delivery of the work programme, design and implementation of new initiatives and a contribution to corporate overheads (Finance, HR, IT support, facilities) of its host department Crown law. Given participation in the Network by all departments and the emphasis on system benefits rather than individual departmental and transactional benefits the Treasury has advised cross-agency funding as the most suitable means to fund the GLN. There are three types of cross-agency funding; cost recovery charges, pooled funding and centrally determined funding (either new money or contributions from agency baselines). The Treasury-recommended approach for GLN is a hybrid model, which is primarily from the centrally determined fund sourced from new money and, if required, agencies' baselines together with a component of cost recovery charges (see Table 3). Pooled funding is not workable due to the wide reach and transactions costs. Therefore it is appropriate to seek centrally determined funding in Budget 2016 as part of a system package. In Budget 2016, I will invite Ministers to consider the option of new Crown funding for the GLN initiative in light of the benefits to the Crown from reduced system legal risk resulting from the range of GLN initiatives referred to in this paper.

Table 3

Total expenditure:	\$950,000
From cost recovery charges:	
• Lawyers' in Government conference registration fee (\$50,000)	\$65,000
• Introduction to being a government lawyer course (\$15,000)	
From the Cross-Agency centrally determined fund (from new money and/or part baseline contributions):	\$885,000

37. If Cabinet approves the permanent establishment of the GLN beyond 30 June 2016, funding of \$885,000 per annum will be sought in Budget 2016 from cross-agency centrally determined funding sourced through new Crown funding and/or agency baseline contributions. It is expected if funding is approved the GLN amount would be but a small component of a larger system package of Government cross-agency initiatives.

Human rights

38. This paper has no human rights implications.

Legislative implications

39. This paper has no legislative implications.

Publicity

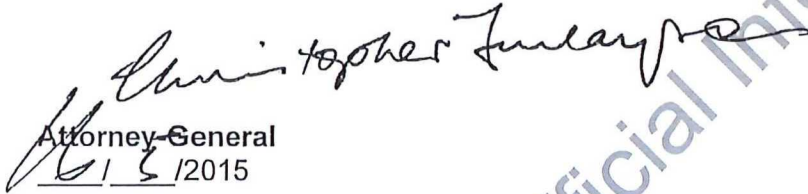
40. If the GLN does not proceed the GLN public facing website would need to be closed down and notification of same would need to be sent to university law faculties and careers' advisors.

Recommendations

41. I recommend that the State Sector Reform and Expenditure Control Committee:
- 1.1 note the Government Legal Network (GLN) is a collaborative initiative of departmental Chief Legal Advisors and the Solicitor-General that leverages the collective legal resources and expertise of the Crown to support the Government in the lawful delivery of better public services to New Zealanders;
 - 1.2 note that, in June 2013, Cabinet endorsed the GLN approach, approved interim funding for the period 1 July 2013-30 June 2016 and invited me to report back on progress by 30 June 2015, including a business case addressing a permanent funding solution (CAB Min (13) 21/5 refers);
 - 1.3 note the GLN is making significant progress against its objectives, including advancing the quality and value of legal services provided to the Crown and minimising and managing Crown legal risk:

- 1.5 **note** the quantifiable benefits of the GLN since its inception in July 2011 include aggregated direct cost savings over the last 3 years of at least \$2.2 million;
- 1.6 **approve** the establishment of the GLN on a permanent basis, including a small dedicated resource located within Crown Law, beyond 30 June 2016, subject to the identification of a funding source;
- 1.7 **agree** that the GLN cross-agency funding model is a combination of centrally determined funding (to be sought in Budget 2016) and a small cost recovery component;
- 1.8 **note** that funding of approximately \$885,000 per annum will be sought as centrally determined funding including a request for consideration of new money (with any shortfall coming from baseline contributions) in Budget 2016 as part of a system package.

Hon Christopher Finlayson


Attorney General
15/12/2015

Released under the Official Information Act 1982

Appendix 1 - GLN Benefits and Delivery –ongoing and future

Benefit	Realisation of benefits through the Government Legal Network
<p>People – improved careers, job satisfaction and professionalism, a preferred employer of lawyers</p>	<ul style="list-style-type: none"> • Through central co-ordination of the Network new opportunities are being opened up to Government lawyers, which facilitate moves into other departments allowing diversity of experience and ongoing professional development. • A stronger focus on identifying and meeting learning and development objectives of lawyers while matching these with the changing resourcing needs of the system. • There is active assessment, identification and development of potential likely candidates who are looking for more challenging or senior legal roles. • Promotion of government legal roles as a preferred career choice for lawyers resulting in a growing talent pool.
<p>Quality of legal services – improved, consistent quality</p>	<ul style="list-style-type: none"> • The enhanced level of communication between departmental legal teams provides an opportunity to drive up professionalism and the quality of legal services through benchmarking, sharing good practice, more consistent approaches and an improved system view by Chief Legal Advisors. • There is greater opportunity to compare and contrast different approaches to management of legal risk and issues and continue driving up standards of legal service delivery (e.g. through comparison of departmental responses to the assessment of legal function performance against BASS measures). • Design and delivery of targeted CPD compliant seminars and programmes; e.g. Lessons Learned, Introduction to being a Government lawyer.
<p>Improved management and visibility of legal risk</p>	<ul style="list-style-type: none"> • The establishment and ongoing refinement of the Legal Risk Reporting System highlights 'Significant' legal risks being managed by departments and their mitigation strategies. The reporting of legal risks in this manner leads to a more focused discussion and analysis of the causes of legal risk (including themes or trends) and how such risk can be minimised and prevented. • The GLN board and the Attorney-General receive a quarterly update on legal risk based on the above reporting system. • At the monthly CLA forum legal risk is a regular agenda item. CLAs are identifying legal risk which can impact at a system level and planning mitigations, responses and interventions as required (e.g. response to workplace health and safety legislation, information sharing issues).
<p>Savings and efficiency</p>	<p>Targeting future additional savings and cost avoidance in the following areas:</p> <ul style="list-style-type: none"> • Legal risk and issue management and prevention – this is the most significant area of savings but is not quantifiable other than to point to examples where legal risk has manifested and driven significant cost and in some cases interruption to Government services and reputational damage • Reduction in external legal fees – a 1% reduction would amount to \$374,000 p.a. • Reduction in training costs by provision of GLN programmes; \$40,000 • Recruitment costs based on 1 senior appointment p.a.: \$35,000 • Joint procurement; e.g. legal compliance tools; legal matter management and reporting tools • The annual collection of data from the departmental legal functions enables a more accurate description of the current level of investment and legal resources across the system. Such information leads to a better understanding of the current value generated from in-house legal services and identification of opportunities for greater efficiencies and possible savings. • Efficiencies from centrally led and co-ordinated initiatives including supplier

	<p>negotiations, secondments, and legal recruitment as noted in the paper</p> <ul style="list-style-type: none"> • Co-ordinating Government legal resources to design and deliver CPD training seminars and programmes (valued at \$400,000 p.a.) reducing duplication of training across departments and minimising the need for external providers. • Central administration and development of an online portal (GLN Online) as a platform for legal teams sharing and accessing resources such as precedents, legal opinions and training materials – reducing duplication of effort and resources. • The online Lawyers Directory and Practice Groups enables improved awareness of and access to Network legal expertise and helps with more efficient and economic use of external legal services.
Flexibility and Resilience – leveraging our size to respond to the needs of the Crown	<ul style="list-style-type: none"> • Talent management initiatives including succession planning for the key (legal) positions. • Targeted co-ordination of secondments and (as requested) supporting recruitment processes by departments for senior legal roles. • Improved agility in allocation of resources beyond departmental boundaries. • Identifying and matching legal resource demand and supply beyond departmental boundaries.
More efficient and timely deployment of legal resources	<ul style="list-style-type: none"> • Earlier involvement of legal expertise in projects and policy development will help minimise legal risk and reduce the incidence of legal issues manifesting and impeding the delivery of the Government's programme of work. • Exploring opportunities to form hubs of specialists (either virtual or actual) where it makes sense to do so. If found to be viable this could lead to a reduction in outsourcing costs as well as provide a shared specialist resource available to all departments. • Legal Deployment system and roster for activation in emergency situations.
Improved knowledge sharing	<ul style="list-style-type: none"> • Access by the Network to resources through GLN Online. • The establishment of practice groups provides a focus for those wishing to specialise and encourages sharing of knowledge and experience.

Appendix 2 - Estimated* return on investment in in-house legal functions

Total fte hours (excludes leave) of in-house lawyers (800 lawyers)	1,250,000
Total hours providing insourced legal services	595,000
Value add, training, management & administration hours	655,000
Average hours per annum of insourced legal work per fte	800
Average market rate per hour	\$240
Assessed market value of insourced legal work	\$142,300,000
Total cost of government in-house legal (excludes Police Prosecution)	\$114,300,000
Net avoided cost p.a. (i.e. Market value less cost of in-house)	\$28,000,000
ROI (Ratio of 'Net avoided cost' to 'Cost of in-house')	24%

*Figures are rounded and estimated from data collected from departments and the external legal services panel administered by MBIE



Cabinet Committee on State Sector Reform and Expenditure Control

SEC Min (15) 8/2

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Minute of Decision

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Government Legal Network Business Case

Portfolio: Attorney-General

On 24 June 2015, the Cabinet Committee on State Sector Reform and Expenditure Control:

- 1 **noted** that the Government Legal Network (GLN) is a collaborative initiative of departmental Chief Legal Advisors and the Solicitor-General that leverages the collective legal resources and expertise of the Crown to support the government in the lawful delivery of better public services to New Zealanders;
- 2 **noted** that in June 2013, Cabinet:
 - 2.1 endorsed the key features of the GLN approach;
 - 2.2 approved interim funding for the period 1 July 2013 to 30 June 2016;
 - 2.3 invited the Attorney-General to report on progress by 30 June 2015, including a business case addressing a permanent funding solution;

[CAB Min (13) 21/5]
- 3 **noted** that the GLN is making significant progress against its objectives, including advancing the quality and value of legal services provided to the Crown and minimising and managing Crown legal risk;
- 4 **noted** that the qualitative benefits of the GLN include:
 - 4.1 improved visibility of legal risk and trends enabling more effective interventions at a system level;
 - 4.2 a network-wide approach to talent management and capability building leading to improved standards and consistency of advice and targeted succession planning for critical legal roles;
 - 4.3 greater quality and consistency in training for lawyers new to government legal roles;
 - 4.4 stronger professional links minimising the risk of isolation and enhancing learning opportunities;

- 4.5 the introduction of legal practice groups which extend beyond departmental boundaries and ensure a more holistic consideration of legal risk and issues;
- 4.6 more flexible allocation and movement of resources across the Network to meet the demand for legal advice and services;
- 5 **noted** that the quantifiable benefits of the GLN since its inception in July 2011 include aggregated direct cost savings over the last 3 years of at least \$2.2 million;
- 6 **approved** the establishment of the GLN on a permanent basis, including a small dedicated resource located within the Crown Law Office, beyond 30 June 2016, subject to the identification of a funding source;
- 7 **agreed** that the GLN cross-agency funding model is a combination of centrally determined funding (to be sought in Budget 2016) and a small cost recovery component;
- 8 **noted** that funding of approximately \$885,000 per annum will be sought as centrally determined funding including a request for consideration of new money (with any shortfall coming from baseline contributions) in Budget 2016 as part of a system package.

e. Carter

Gerrard Carter
Committee Secretary

Reference: SEC (15) 22

Present:

Hon Bill English (Chair)
Hon Steven Joyce (part of item)
Hon Amy Adams (part of item)
Hon Christopher Finlayson QC
Hon Hekia Parata
Hon Peter Dunne

Officials present from:

Officials Committee for SEC

Distribution:

— Cabinet Committee on State Sector Reform and Expenditure Control
— Office of the Prime Minister
18 Chief Executive, DPMC
19 Deputy Chief Executive, Policy, DPMC
20 PAG Subject Advisor, DPMC
21 Barbara Annesley, PAG, DPMC
22-23 Secretary to the Treasury
24 Fiona Ross, Treasury
25 State Services Commissioner
26 Al Morrison, SSC
27 Minister of Justice
28 Secretary for Justice
29 Attorney-General
30 Solicitor-General