

TO: RISK AND ASSURANCE COMMITTEE
FROM: PETE THOMSON (PROJECT DIRECTOR)
AUTHORISED BY: CLARE HADLEY (CHIEF EXECUTIVE)
MEETING DATE: MONDAY 22 MARCH 2021

IN COMMITTEE

Reason for Exclusion:

Local Government Information and Meetings Act 1987 –

(7) *Other reasons for withholding official information:*

(2) (a) *Protect the privacy of natural persons, including that of deceased natural persons.*

WORKING ON WORKING TOGETHER – STAFF OVERVIEW

SUMMARY

In response to a letter received from the Department of Internal Affairs (DIA) in August 2020, Council commissioned an Independent Governance Review which was carried out by Richard Thomson. An action plan was subsequently developed to implement the findings of the review. This included the appointment of two External Appointees (EAs). The first quarterly report from the two EAs has been received. The key purpose of this report is to provide an overall project perspective to assist the Committee discussion on the contents of the EAs' quarterly report and to suggest some possible next steps.

RECOMMENDATIONS

That the Risk and Assurance Committee:

- 1. Receive the “Working on Working Together – Staff Overview” report.**
- 2. Consider the “Working on Working Together - Quarterly Report” (as Appendix A A3357956) prepared by the External Appointees, and consider the recommendations in that report, specifically:**
 - a) provide feedback and guidance on whether what we have provided is “fit for purpose”; and**
 - b) [REDACTED] and**
 - c) provide guidance on reports to the department of internal affairs.**
- 3 Consider any other feedback from the Committee.**
- 4. Recommend that the Project Director prepare a letter to update DIA on progress so far and planned next steps.**

5. Consider the process for Council endorsement of this letter.
6. Pro-actively release this report and the report from the External Appointees with appropriate redactions and resolutions along with a summary public statement.

IMPLICATIONS

1.	<i>Has this been provided for in the Long Term Plan/Annual Plan?</i> Yes
2.	<i>Is a budget amendment required?</i> No
3.	<i>Is this matter significant in terms of Council's Policy on Significance?</i> No
4.	<i>Implications in terms of other Council Strategic Documents or Council Policy?</i> N/A
5.	<i>Have the views of affected or interested persons been obtained and is any further public consultation required?</i> N/A

FINANCIAL IMPLICATIONS

The project is well within budget for this financial year. Budget estimates for 21/22 will be presented to the Risk and Assurance Committee in May.

PURPOSE

The purpose of this report is to enable members to consider the report from the External Appointees from the perspective of the project in its entirety.

BACKGROUND AND KEY DATES

- In response to a letter received from the Department of Internal Affairs (DIA) on **18 August 2020** (attached as Appendix B) on 25 August 2020 Council determined to proactively address the issues raised. They also resolved to appoint Bruce Robertson as their independent governance advisor.
- On **27 August 2020**, they resolved to appoint Richard Thomson to undertake the evaluation of the current standard of governance performance at Council.
- On **12 November 2020**, Council voted unanimously to receive Mr Thomson's Independent Governance Review including all its recommendations. It also unanimously accepted all the staff recommendations which included developing a time bound plan of action to implement these recommendations. (12 November resolutions adopted by Council are attached as Appendix C).

- On **13 November 2020**, Council advised DIA of their resolutions and next steps. This memo is attached as Appendix C.
- The action plan was based on three premises – Building Strong Foundations, Strengthening the Team, and Measuring Progress. This plan and its governance framework were subsequently captured on one page entitled “Working on Working Together”. The current version of the plan is attached as Appendix D.
- Four phases were described: phase 1 – establishing the programme and getting it underway (November – December 2020), phase 2 – identification of changes and improvements (January – June 2021), continuation of changes and improvements (July - December 2021), and consolidating and embedding changes (January – June 2022). It is important to note that these phases overlay each other and the timeframes are conservative.
- On **14 December 2020**, the Risk and Assurance Committee were advised that the indicative costs of delivering the plan were \$310,000 (exclusive of travel costs) for the seven months to June 2021 and up to \$420,000 for the following 12 months. They requested that the Project Governance Group monitor this budget, the risk register, and provide granularity on the budget estimates for the 2021/22 year.
- At its meeting on **15 December 2020**, as a result of a recommendation in the Thomson Report, Council appointed Jeff Grant and Lindsay McKenzie as External Appointees. The final Terms of Reference for these appointees were signed off by Council on 23 February 2021 and are attached as Appendix E. The final terms of Reference for the Project Governance Group were also signed off by Council on 23 February 2021 and are attached as Appendix F.
- The Project Director was appointed in **mid-December 2020**.
- The first meeting on the Project Governance Group was held on **16 December 2020** and it has subsequently met monthly since February. Agendas for these meeting are available to all Councillors. This group has no decision making powers. Updates and decisions required are put before Council at their monthly meetings.
- A copy of the report to Council (attached as Appendix G) covers the project progress to date.

CONTEXT

Invercargill City Council finds itself in a unique set of circumstances. The DIA has clearly indicated an intervention is required, and we are advised that the Department is pleased to see Council addressing its issues. As far as we know there is no precedent with regard to the appointment of External Appointees. They have no delegations nor do they have a vote which means that they have to effect change through innovative strategies and influence.

COMMENTS ON REPORT FROM EXTERNAL APPOINTEES

The attached report from the EAs is a stand-alone report with its own recommendations for the Committee to consider. Work has been underway which falls within both phases 1 and phase 2. Noting that it comes as we approach the mid-point of the first review period, their report provides a good opportunity to assess overall progress to date.

We offer the following perspective from the project in its entirety to assist the Committee's discussion:

Release proactively

Overall Plan and Approach

- The overall plan is to positively influence a culture change round the Council table (which the EAs observe is necessary) through establishing trust and confidence. Work has been taking place to develop a Council Charter to establish council's values and behaviours. This charter is seen as one of the foundation blocks to effect a culture change.

It would be valuable to hear from the EAs about their understanding of the process and progress with the Charter, and to understand their views about how to measure its success. It would also be useful to hear from them on any views or experience on how to measure the success of a culture change in a governance body.

- The overall plan talks about opening effective lines of communication between all of the key players. While maintaining confidentiality, it would be useful to have more feedback on frequency and content of informal communications and whether these interactions are proactive or reactive – in other words, who initiates, why and are two days per week on site sufficient for this.

Embedding Change

- The importance of implementation is stressed. While the Chief Executive is clearly responsible for implementing organisational change, more discussion on the EAs' plan to influence changes round the governance table would be useful.

Comments on the Council Organisation

- While the generally positive comments about the ELT, the LTP process, and the work of the Working Groups are noted, there is also a comment about the [REDACTED] and the opportunity to improve report writing so some discussion on the rationale for making these comments and how they relate to the Thomson review would be useful.

Learnings from Recent Events

- The Council debate and decision making on the media protocols did not go well. It resulted in similar publicity nationally, regionally, and locally which was one of the triggers for the Thomson Review in the first place. Some discussion on EAs' learnings from these events, including whether they would appreciate the opportunity to contribute their views and/or steer meetings would be useful.
- Although we are in phase 2, the foundations/establishment phase aren't yet in place. For example, defining the role of the Deputy Mayor is one of the foundations of our plan but is well behind schedule. This is clearly a governance issue so comments on why this is so would be useful.

COMMENTS FROM PROJECT DIRECTOR

- The working groups and making good progress towards implementing systems and processes, to ensure the organisation has the right support for Councillors in place. The challenge ahead is to keep the project focused at governance level.

- There has been significant consumption of internal senior resources which is not reflected in the budget.
- This is the first report from the EAs – it may also be an opportune time to ask councillors if they wish to contribute their thoughts on the project – what has been of value, and what could be altered to offer better value.

POSSIBLE NEXT STEPS

The change project is a difficult one; it is not focused on building a ‘thing’, and it can be difficult to measure progress on the journey. With this in mind, we recommend:

1. A more measured approach to EA reporting is drafted for the PGG to consider.

For example:

	Outcome (from EAs ToR)	Key performance Indicators (TBC)	How Measured	Frequency of measurement	Progress indicator (traffic light)	Comments
1.						
2.						
3.						
4.						
5.						

2. The Chair of the PGG works with the PGG and the Project Director to review and update the Working on Working Together plan for the next phases.

CONCLUSION

The EAs have a pivotal role in the delivery of Council’s Action Plan in response to the Governance Review. Their report has stimulated some questions which we have posed to aid the discussion on their report, the action plan, and the next steps.

It also provides the opportunity to reflect on progress at the mid-point of the first 6 months of working differently.

To:	Risk and Assurance Committee
Date:	Monday 22 March 2021
Subject:	Working on Working Together – Quarterly Report
From:	Jeff Grant (Chair Project Governance Group) Lindsay McKenzie (Project Governance Group)
Authorised by:	Clare Hadley (Chief Executive)

SUMMARY

This is the first of our quarterly reports. It describes our overall plan which is based on establishing trust and confidence such that we can positively influence the culture change which we observe is necessary. It provides commentary on our progress towards delivering the five outcomes in our Terms of Reference and requests overall guidance on whether the report format is “fit for purpose”, one particular potential risk, and reporting to the Department of Internal Affairs

RECOMMENDATIONS

We recommend that the Risk and Assurance Committee receive the report “Working on Working Together - Quarterly Report” and

1. **Provide feedback and guidance on whether what we have provided is “fit for purpose”; and**
2. **[REDACTED] and**
3. **Provide guidance on reports to the Department of Internal Affairs.**

FINANCIAL IMPLICATIONS

We are confident the project will come within budget.

BACKGROUND

On 12 November 2020 Council appointed the two of us to support the organisation to implement the findings of Richard Thomson’s External Governance Review (the Thomson Report). Our Terms of Reference (TOR) were finalised subsequently. They are attached as Appendix E.

This is the first of the quarterly reports that we are required to provide to the Risk and Assurance Committee on progress towards fulfilling our TOR. We comment firstly on our **overall plan and approach** to the task. We then report on progress towards **the five outcomes** that we are to help achieve. The Project Governance Group’s reports to Council covers what the working groups have achieved.

OVERALL PLAN AND APPROACH

The problems at Council that the Thomson Review identified have manifest themselves in a loss of trust and confidence and the absence of effective dialogue among and between some elected members and the executive. Our initial priority has therefore been to work on building trust and confidence in relationships and to open up effective lines of communication between all of the key players by -

- being actively involved across the working groups that are responsible for implementing the Thomson Report recommendations;
- encouraging all councillors to be active and interested in the processes for improving governance performance;
- attending the office for two days a week for meetings including Council, the two key Committees and the Chairs Group;
- meeting and interacting regularly with the CE, her advisers and executive team as well as the Mayor [REDACTED] and the Deputy Mayor;
- assessing and providing input on matters such as servicing and reporting to committees, chairing meetings and meeting process;
- observing organisational capability and capacity;
- promoting respectful personal interactions and conduct; and
- brokering some of the more challenging conversations and issues.

Work on the Thomson Report recommendations is important, but implementing the outputs of that work and making them 'stick', requires a range of soft measures and skills and a change in culture - hence our overall plan is to focus on this. Changing 'the way things have been done around here' takes time and effort, but we feel positive about what we are observing, despite it being early days.

THE FIVE OUTCOMES

1. The elected Council is able to function as a governing body

The quality and timeliness of advice from the Executive Leadership Team (ELT) underpins governance performance. We have been impressed with the effective and active support the ELT gives Council and its committees.

The LTP process has been well led by the ELT and well supported by councillor involvement. Hard decisions have been taken in a good working environment to date. Community consultation is still to come. We are confident in the LTP process, especially on the rationale for project priorities being as proposed. That has resulted in the Strategic Priorities Workstream being pushed out.

We are looking at ways to enable more active involvement by councillors in meeting agendas. Given the current governance delegations, this generally means involvement in committee meetings.

Proposals are being considered for the CE / ELT to provide regular written reports (on performance; project delivery, strategic and emerging issues for example) to committees. It goes without saying that these reports need to be relevant. They offer a great opportunity for the organisation to report through governance to the community on its many significant achievements and to overcome some of the criticisms in the recent Ombudsman's report.

On that note, the work being done with the public excluded verses open meetings still has an imbalance and will need to be addressed as confidence levels increase and as the governance improves.

We have also proposed that Chairs report to their Committees and provide an avenue for councillors to raise subject items via the Committee Chair in advance of the meetings.

Finally we note that there may be a lack of trained councillors for RMA work.

2. The Mayor, Deputy Mayor and Committee Chairs are able to provide leadership to other elected members and the Council organisation

A leadership void in the governance arm will continue to exist despite the Deputy Mayor and two Chairs and their Deputies working to fill the gap. The Thomson Report recommendations and our contributions compensate for, but cannot fill the void that remains. [REDACTED]

The Mayor's support needs are unresolved. [REDACTED]

[REDACTED] While this matter is worked through, we are satisfied that the support that he is receiving is currently appropriate, however further assessment is needed to ensure we are not limiting his ability to perform the role he prefers.

The Chair's Group is developing, meets every Tuesday and there is improved discipline in how the Committee is operating. Council is soon to consider a TOR for this Committee which will assist its operations especially on the process signalling agenda items.

The Deputy Mayor, the two Chairs and their Deputies are working effectively but a more cohesive approach on the issues would give leadership to the rest of Council. There is a need to move from a reactive approach to an increasing proactive approach to issues coming forward and to avoid revisiting or relitigating issues.

3. Elected Council members have the understanding required to carry out their local governance role

The 'Training for Committee Chairs and Councillors Working Group' has identified councillors' professional development needs (we prefer this term rather than training). There is a gap between the needs self-assessment and the IOD assessment from 2020 which needs to be reconciled.

We also consider that there is an opportunity to improve the capability and capacity of the organisation in a couple of areas. These would better support the Mayor and councillors in their governance role. [REDACTED]

4. Elected Council members have the capability and knowledge to make decisions effectively

While we have commented positively about the role ELT has in enabling effective decisions to be made, an improvement in the quality of information provided by staff is needed in some areas e.g. housing rental fees. [REDACTED]

[REDACTED] The need for the Deputy Mayor to research information to assist a decision could have been avoided if the staff report had provided the information and perhaps more importantly, nuanced it.

The leadership of the Committee Chairs is also critical to effective decision making as is the leadership of the Mayor at Council meetings of course. We have seen a recent example at the Infrastructural Services Committee when the Chair ensured that everyone had a say, conflicts of interest were dealt with and a unanimous decision was reached on a high profile issue that was contrary to a staff recommendation.

We have also asked the Support for Committees Working Group to review the content of Council and Committee minutes. Our interest is to ensure that the minutes show that the organisation has met its obligations concerning decision making. Importantly, along with the other measures we have discussed, good minutes are a hedge against the desire of some to revisit issues.

5. Elected Council members are able to work effectively with the Council Chief Executive and ELT

The Thomson Report emphasised the importance of an effective working relationship between a Mayor and a CE to the success of an organisation. The Report also pointed out the issues that Council is facing as a consequence of the lack of such a relationship. At the time of writing the task of finding an acceptable substitute was a work in progress.

The interaction between most councillors and the CE and ELT is constructive. The CE and ELT are active in providing quality and timely information in most cases.

Progress is being made with a positive improvement in attitudes but is taking longer than would be preferred. An improvement in mutual trust between the parties is needed and will come with time as the opportunity to act professionally towards each other is taken and the benefits of open and honest dialogue are realised.

CONCLUSION AND FINAL OBSERVATIONS

It is about 6 months since the Thomson Report was completed and we are at the beginning of our third month. Some improvements in the situation that Council faced have occurred since and there is a more positive outlook. We think that this is due to the Report findings resonating with many, some self-reflections and the passage of time itself. The outputs from the five work groups that are implementing the Report findings will materially assist.

But we all need to remain alert to changing needs and circumstances and be open to reprioritising work if necessary.

[REDACTED]



Released proactively



Te Tari Taiwhenua Internal Affairs

18 August 2020

Sir Tim Shadbolt, Mayor
Clare Hadley, Chief Executive
Invercargill City Council
101 Esk Street
Invercargill 9840

45 Pipitea Street
Wellington 6014
Phone +64 4 495 7200
dia.govt.nz

Tēnā koe Sir Tim and Ms Hadley,

I am writing to you following concerns raised through recent media articles and correspondence received by us and the Minister of Local Government regarding significant conflict among elected representatives and the Chief Executive at Invercargill City Council (the Council).

I recognise the Council is currently managing several high-profile capital projects, such as the City Block development, investing in the Museum storage facility, and Rugby Park, among others. However, it appears that these projects are testing the capacity of the Council to provide strong, unified governance and leadership particularly when it comes to the prudent allocation of council funding for capital projects.

It is also disappointing to note the behaviour of elected representatives that has resulted in a series of Code of Conduct complaints, some of which have been leaked to the public through social media and news channels. It is not apparent that there is any willingness to settle these conflicts. This does not give confidence that the Council can resolve its differences and represent its community with unified leadership.

In advising the Minister of Local Government on action she may need to take pursuant to Part 10 of the Local Government Act 2002, I require assurance and evidence that the Council is taking proactive steps to restore trust and confidence in its ability to meet the Crown's expectations of a high-performing Council. Specifically, I request:

- an independent evaluation of the current standard of governance performance by elected representatives against the expectations set out in the Council's Code of Conduct, particularly section 5 *Relationships* and section 11 *Creating a supportive and inclusive environment*;
- a summary of the key issues that elected representatives and Chief Executive agree are impacting the Council's performance;
- a clear plan on how the Council will address the issues, including a timeline and framework for how success will be measured; and
- a summary of key decisions that the Council needs to make through to 30 June 2021 to deliver the 2021-2031 Long-Term Plan.

In considering how to address my concerns, I encourage you to seek high-quality, independent advice to guide and support the Council through this process. I would appreciate a response by Friday 28 August 2020 on how the Council will achieve this outcome.

Should you have any questions regarding this request, please contact me at Anita.Balakrishnan@dia.govt.nz, or Richard Hardie, Manager Operational Policy, at Richard.Hardie@dia.govt.nz or 027 540 6014.

Heoi anō

A handwritten signature in black ink, appearing to read 'Anita Balakrishnan', written in a cursive style.

Anita Balakrishnan

Director Ministerial Advice, Monitoring, and Operations
Policy, Regulation, and Communities Branch



13 November 2020

A3248280

MEMO TO: Anita Balikrishnan

MEMO FROM: Bruce Robertson, Independent Advisor
Clare Hadley, Chief Executive

Background

- Based on evidence of governance problems at Council, the Department (letter 18 August 2020) asked Council to *provide assurance and evidence that the Council is taking proactive steps to restore trusts and confidence in its ability to meet the Crown's expectations of a high-performing Council*
- Council has undertaken the requested work and will forward:
 - an independent evaluation of the current standard of governance performance
 - a summary of key issues
 - a summary of key decisions to be made
 - a clear plan on addressing the issues

Situation

- Council received all information at its Extraordinary Meeting on Thursday 12 November
- the independent evaluation is confronting and challenging
- Council unanimously agreed that they need to constructively address the situation and they needed to do this through adoption guidelines a positive action programme to improve performance.
- it is not seeking Ministerial intervention
- they do seek Ministerial support for their intended course of action

Summary of Independent Evaluation and Resolutions Passed

The independent governance review sets out seven key themes, under which it describes the Council's governance problems, however it continues to come back to the "leadership void" as the organisation's key issue. The report contends that the leadership void is largely due to Mayor Sir Tim Shadbolt's struggles to fulfil significant aspects of his role. This is evidenced through interviews with Councillors and the Mayor himself, senior staff, review of council meeting videos and documents, and an unprompted contact by three "southern mayors."

The report goes on to set out concerns under a further six key themes:

- “The impact of a new CEO” – outlining tensions between some elected members and the CEO who was appointed in 2018 with a mandate to make broad change across the organisation.
- “Election of Councillor Clark” – highlighting elected member concerns about the polarising nature of their interactions with the now Deputy Mayor Nobby Clark.
- “Breakdown in CEO and Mayoral relationship” – noting that this lack of relationship contributes further to the leadership void.
- “Continuing stone-in-the-shoe issues” – setting out a range of city projects and decisions that elected members disagree on and continue to be debated without firm resolution.
- “Relationships between councillors” – outlining recent Code of Conduct complaints and external investigations that suggest the council is struggling to effectively work together.
- “General state of the city” – which the report contends is in good health, despite the governance and relationship issues. But the combined matters above raise risks about the Council’s ability to collectively lead a coherent development of the Long Term Plan.

Overall, the report reflects an elected council which is affected by a breakdown in relationships and lack of shared culture. Without effective political leadership to manage elected members during meetings and steer the group toward decision points and outcomes, the result is a council struggling to make decisions and in need of guidance.

The report contends, however, that with a range of recommended activities and interventions, the council could improve its governance and get back on track. These include:

- Appointing two independent “active observers” to act as part of the elected council and guide the governance process.
- Having a Deputy Mayor who is able to represent the broad wishes of most councillors, can work closely with staff and operates within clear delegations and responsibilities.
- Retaining the new two committee-of-the-whole structure to support decision-making processes.
- Investing in governance training for councillors.
- Holding an independently facilitated workshop to address some of the key issues – including key community projects – to develop an agreed approach to address them and start to rebuild relationships and focus the council on the future.
- Establishing regular review and performance measurement processes for the council.

The Formal Resolutions Passed by Council Thursday 12 November are:

1. Receive the report, “Independent Governance Review – Findings and Next Steps”
2. Receive and adopt in full the Independent Governance Review Report prepared by Richard Thomson, dated October 2020 including all recommendations from the report:

- a. That the Council considers the inclusion of two independent appointed “active observers”. One of the observers would Chair the ‘Chairs meeting’ and both would act as if they were a Councillor, except without voting rights. Responsibilities would be divided and each would support the other.
 - b. That the Council appoints a Deputy Mayor that represents the broad wishes of the majority of Councillors and who can work effectively with Management.
 - c. That the Council establishes a clear set of delegations for the Deputy Mayor that are explicit as to the role.
 - d. That the Council continues to support the two committee-of-the-whole structure.
 - e. That the Council invests in training for the Committee Chairs and others who might aspire to the roles to ensure a depth of knowledge and skill for succession planning.
 - f. That the Council holds an independently facilitated workshop to address ongoing key projects and decision making. The workshop’s purpose would be to openly canvass issues, not make decisions, and would include:
 - g. Developing a clear understanding of the key issues Councillors are bringing to the table that will impact their decision-making (initially without the presence of staff).
 - h. Understanding where there is general support, or not, for the pursuit each Councillor’s key issues.
 - i. Agreeing how a work programme would be developed to address the issues, how it might be prioritised, required resourcing and other detail.
 - j. Developing a prioritisation framework to key identified council projects.
 - k. Determine the full range of questions and information required from staff and required timeframe for response.
 - l. Establish a framework to facilitate final decisions being made on each project in a formal Council meeting and linking to the Long Term Plan.
 - m. That the Council establishes a formal Council evaluation assessment on at least an annual basis.
 - n. That the Council holds an independently facilitated workshop in early-to-mid 2021 to establish what progress is being made.
 - o. That the CEO works with the “active observers” to step out of any governance roles that circumstances have placed her in such as the Chairs Meeting role, and seeks support in work to rebuild relationships with elected members and communications.
 - p. That the Council invests and participates in training elected members, with specific focus on culture.
 - q. That the Council develops a protocol or agreed approach to media commentary.
3. Resolve to appoint two external appointees from December 2020 until June 2022, and take all other steps set out in the time-bound Action Plan including a mechanism to monitor progress, to address the issues raised in the Independent Governance Review Report; and
 4. Commence the implementation of the plan of action by:
 - a. Requesting that staff provide draft Terms of Reference for the role of Active Appointees and a list of potential candidates by December 15; and
 - b. Requesting that staff provide a list of possible delegations for the Deputy Mayor by December 15; and

5. Agree to work together during November to further workshop the plan of action to enable sign-off by full Council on 15 December; and
6. Agree that when appointed one of the external appointees will be requested to act as the sponsor of the plan to ensure it remains on track and the role is supported by regular reporting to the Risk and Assurance Committee; and
7. Note the indicative cost of developing and delivering this plan is estimated to be up to \$310,000 (exclusive of travel costs) for the seven months to June 2021 and up to \$420,000 for the following 12 months, as set out in the 'Financial implications' section of this report; and
8. Resolve that up to \$310,000 for the period from now until June 2021 will be funded by Council as unbudgeted expenditure from the general rate and reported in the quarterly financial reports; and
9. Resolve that up to \$420,000 for the 12 months from July 2022 be included in the draft LTP; and
10. Request that the Chief Executive advise the Department of Internal Affairs of ICC's planned way forward after the meeting; and
11. Appoint the Mayor and Chief Executive to be media spokespeople.
12. Approve the costs to date of \$120,000 to be considered at the next quarterly financial report.

Next Steps

- Council is implementing a formal programme to finalise and implement an action plan (time-bound and measurable). This is centred around external assistance and development of a strong team culture within governance and its relationship with management
- It will allocate a budget over the next 2 years of approximately \$550 - \$730,000 over 2020/21 and 2021/22 to implement the plan. (It has already spent \$120,000 on the evaluation and other required work)
- The constructive discussion, unanimity in its decisions and development of a programme is the initial indication of its demonstrative commitment to restoring trust and confidence. It wishes to reinforce this through seeking to discuss this position directly with the Minister
- It is seeking an early indication and acceptance by the Minister as it recognises the need for Council to also restore the trust and confidence of its own community. This will include the proactive release of the independent evaluation report, recognising it needs to be open and transparent with its community and that it too can see an active commitment to restoring its performance

Transition Risks

While it is approaching the programme unanimously and constructively, adoption of the programme has some transitional risks:

- *legacy issues* - there are some matters from the period prior to the extraordinary meeting which Council will have to deal with and test in the new context. There is a Code of Conduct finding against the Deputy Mayor which Council will need to consider and resolve within the next 10 days. The behaviours complained of relate to past action prior to the Deputy Mayor assuming his role
- *implementation of the programme* - the plan is ambitious and immediate. A critical recommendation to building a strong foundation is to identify and engage 2 external appointees to actively engage and support Council. The quality and availability of such people is pivotal to the reform of governance practice
- *length of the transition* – Council is currently buoyed by the momentum gained and is prepared for the criticism that may ensue when the report is made public. There is a risk that delay in acceptance of the plan would cause momentum to slip
- *impact on staff* - the success of the programme may have a direct impact on staff, especially senior management. Their role and engagement are also critical
- *stakeholder support* - Council plans active engagement with stakeholders. It is critical they can demonstrate support for the Council in both the decisions it has reached and as it moves to restore its performance
- *media scrutiny* – ongoing pressure for premature release of report and other information

Mitigations are being developed for these risks but there remains uncertainty at this stage to the residual level of risk

Actions Sought of the Department

- early engagement with the Minister on acceptance of the plan
- public encouragement of Council in light of its unanimous commitment to restore its performance
- ongoing engagement in monitoring progress
- co-ordinated, early release of the independent evaluator's report
- ongoing coordination of media communication

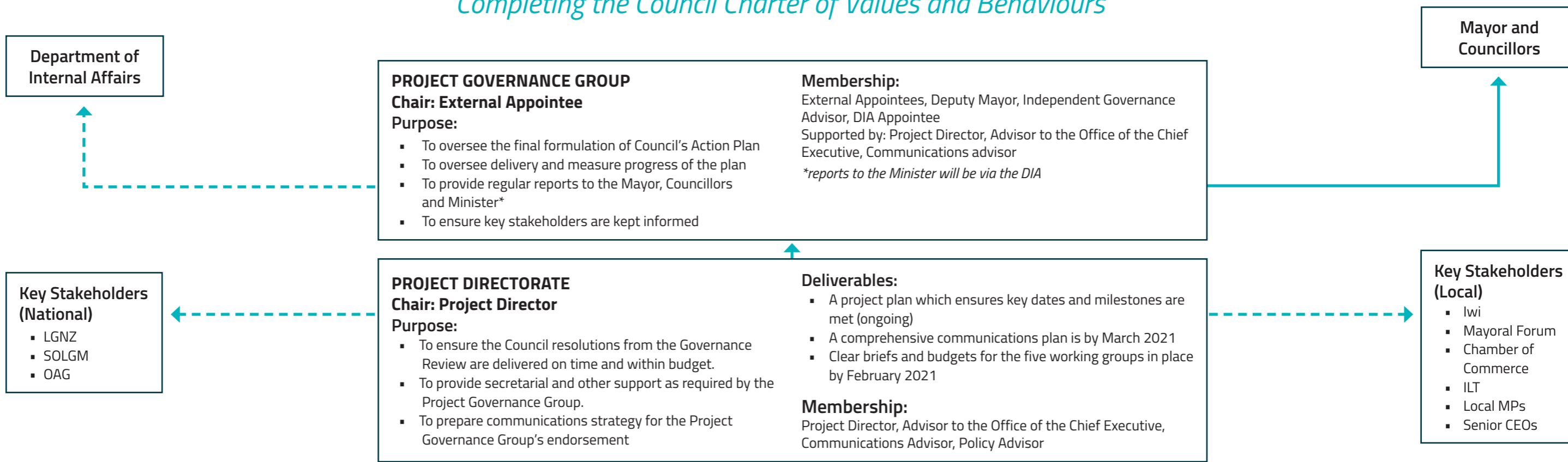
Working on Working Together

Phase 2: Identifying changes and improvements, January 2021-June 2021 Completing the Council Charter of Values and Behaviours

Monitoring, Measuring and Reporting

Strengthening the Team

Building Strong Foundations



WORKING GROUPS:	Reviewing strategic projects and supporting LTP preparation and delivery	Supporting the committee structure	Training for committee chairs and Councillors	Supporting the Mayor and CE and clarifying the role of the DM	Developing Media Protocols and Bringing the Community Along
Purpose:	To review and recommend strategic projects for incorporation in the 2021-31 LTP, support the plan preparation and the implementation of new procurement and delivery models.	To ensure best practice systems, processes and procedures are in place by 30 June 2021.	To develop and implement a comprehensive training programme which ensures effective governance in place and addresses succession planning.	To ensure that both the Mayor and the CE are appropriately supported to lead the implementation of the recommendations from the Governance Review and that the responsibilities of the Deputy Mayor are clarified and signed off by Council.	To develop media protocols which ensure the organisation has a professional reputation and a "no surprises" approach to media coverage.
Deliverables:	<ul style="list-style-type: none"> Having the two EAs actively involved in the future Council/Committee meetings when the funding and financial issues (arising from the proposed priorities) come to the fore Undertake a review of the LTP project prioritisation process, date TBA Recommend a future project prioritisation framework including how to deal with new major projects that emerge between planning cycles. 	<ul style="list-style-type: none"> Review of current practice by 31 March 2021 Identify areas for improvement by 30 April 2021 Programme of improvements implemented by 30 June 2021 Develop one-page draft TOR for chairs committee end of February. 	<ul style="list-style-type: none"> Training needs analysis complete by 28 February 2021 Training plan agreed to by 31 March 2021 Plan implemented April-September 2021 Induction programme agreed by 28 February 2021. 	<ul style="list-style-type: none"> Proposals developed for mayor and CE sign off by 15 February Financial implications incorporated into draft LTP Support in place by 15 April Report on suggested responsibilities for the DM to Council on 23 February. 	<ul style="list-style-type: none"> Draft protocols developed for Council consideration by 28 February 2021 Protocols in place from mid-March 2021 Communication plan in place by 31 January 2021.
Membership: <i>Note: Mayor and CE ex-officio on all groups</i>	<i>Chair: Lindsay McKenzie</i> <i>Deputy: Darren Ludlow</i> Rebecca Amundsen	<i>Chair: Lesley Soper</i> <i>Deputy: Graham Lewis</i> Ian Pottinger Lindsay McKenzie Jeff Grant	<i>Chair: Alex Crackett</i> <i>Deputy: Pete Thompson</i> Lesley Soper Allan Arnold Jeff Grant Lindsay McKenzie Peter Kett	<i>Chair: Lindsay Abbot</i> <i>Deputy: Pete Thompson</i> Nobby Clark Jeff Grant Lindsay McKenzie	<i>Chair: Rebecca Amundsen</i> <i>Deputy: Graham Lewis</i> Nigel Skelt Jeff Grant Lindsay McKenzie
Staff Support:	Jane Parfitt Erin Moogan Rhiannon Suter Ana Bremer Pete Thompson	Lisa Goodman Jane Parfitt Pete Thompson Jodi Conway Ana Bremer	Jane Parfitt Jodi Conway Lisa Goodman Pete Thompson Ana Bremer	Jane Parfitt Pete Thompson Ana Bremer	Jane Parfitt Amanda Healey Vivienne Allan Pete Thompson Ana Bremer

TERMS OF REFERENCE FOR EXTERNAL APPOINTEES

Background

On 12 November 2020, Council resolved to appoint two External Appointees to support the Council to implement the findings of the External Governance Review authored by Richard Thomson.

As requested by the two appointees, for the purposes of clarity and to enable discussion with the appointees, the Terms of Reference signed off by Council on 15 December 2020 have been slightly expanded. It is expected that they will be received for information by the Project Governance Group at its meeting on 3 February 2021.

Also attached (refer appendix B) is an example from the Waimakariri District Council of the responsibilities of the Mayor and Councillors. This formed part of the report to Council on 15 December.

Extent of Authority

The role of the External Appointees is to provide guidance and advice to elected Council members, collectively and individually, on matters of governance. The External Appointees may also provide advice and guidance to the Council Chief Executive and her Executive Leadership Team on how best to support elected Council members. The External Appointees do not have a decision-making role and will not be involved in decision-making, other than offering guidance or advice. For clarity, they will attend most meetings and workshops and sit at the Council table (including during public excluded meetings).

The External Appointees will help to ensure that:

- the elected Council is able to function as a governing body;
- the Mayor, Deputy Mayor, and Committee Chairs are able to provide leadership to other elected members and the Council organisation;
- elected Council members have the understanding required to carry out their local governance role;
- elected Council members have the capability and knowledge to make decisions effectively; and
- elected Council members are able to work effectively with the Council Chief Executive and Executive Leadership Team.

The External Appointees will provide support to elected Council members, the Council Chief Executive and her Executive Leadership Team in any way deemed necessary to fulfil his or her Terms of Reference. This may include, but is not limited to:

- attending all Council and Council Committee meetings;
- meeting individually with the Mayor, Deputy Mayor and elected Council members;
- meeting with the Council Chief Executive and her Executive Leadership Team, as appropriate;
- making a strong contribution to the LTP process and any other key decisions;
- attending and contributing, as appropriate, to workshops and meetings where elected Council members are being briefed on significant or challenging matters;
- recommending a development programme for elected Council members.

One of the External Appointees will be expected to Chair the Governance group which is being appointed to oversee the implementation of the review recommendations. (Refer Appendix C, noting that this framework will be amended by the governance group as the project develops). He or she will be expected to sign off reports which will go to Council and also to the DIA. It is expected that one appointee will also Chair the weekly Chairs meeting.

The External Appointees may work with other parties, as appropriate, to support elected Council members and the Council Chief Executive and her Executive Leadership Team.

The External Appointees will be expected to form a view on the Council's ability to provide effective governance for the community. If they deem it necessary, they may make recommendations, as appropriate, to the Mayor and Councillors on whether further action is required to assist the Council. This may include any interventions within the LGA 2002.

The External Appointees must ensure, as far as practicable, that the existing organisational capability of the Council is not diminished.

Term of Appointment

The term of the appointments commence on 1 January 2021 for a term of up to 18 months.

There will be two review periods – 30 June 2021 and 30 December 2021. The form of the review will be agreed with the Chair of Risk and Assurance.

The Terms of appointments may be shortened at either of those review periods if there is consensus among the full Council and the external appointees that one or both is no longer required.

Remuneration and Costs

The remuneration of the two External Appointees will be paid out of the budget signed off by Council on 12 November 2020. The External appointees are responsible for ensuring any expenses claimed are reasonable and necessary.

Reporting

The External Appointees must provide quarterly reports to the Risk and Assurance Committee on the progress in fulfilling his or her Terms of Reference. These reports may be made available to the DIA at the discretion of Council

Terms of Reference for the Project Governance Group (21/12/20)

Purpose and Term

1. The Purpose of the Project Governance Group is to provide effective guidance and oversight of:
 - The final formulation of Council’s Action Plan as captured in the attachment – “Working on Working Together”
 - To oversee delivery and measure progress of the plan
 - To provide regular reports to the Mayor and the Minister
 - To ensure key stakeholders are kept informed.
2. The Project Governance Group shall remain in existence until 30 June 2022, that being the estimated time to develop and deliver strategies to address the matters raised in the Thomson Report (October 2020).
3. It is recognised that this term could be shortened if progress is such that the Governance Group is no longer required.

Membership and Chair

4. Membership of the Governance Group will be:
 - The Chief Executive of the Council
 - The Deputy Mayor
 - A representative of the Department of Internal Affairs (DIA)
 - Council’s External Appointees
 - Council’s Independent Governance Advisor
5. There will be specified alternates to the permanent appointees.
6. A quorum for a Steering Group meeting shall be three members (or their alternates), one of which must be the External Appointee of the Council.
7. The Chair shall be the External Appointee of the Council.
8. The Governance Group may invite other organisations or individuals to attend meetings as appropriate.

Role of the Governance Group

9. The Governance Group will:
 - Provide guidance and oversight of the current five work groups and the development of the Council Charter
 - Recommend any further work groups it feels need to be included
 - Approve the Outcomes and Deliverables for each work group.
 - Support the work groups to complete their responsibilities.
 - Support and advise the External Appointees.
 - Provide recommendations to the Chief Executive of the Council in respect of findings and conclusions arising from these work groups, noting that decision making authority rests with the Chief Executive and ultimately the Council.

- Provide assurance over the work groups' progress to the Mayor/Council, Risk and Assurance Committee and, the Minister via the Department of Internal Affairs
- Monitor performance and report progress to the Council and the Crown on:
 - Risks and issues
 - Progress against budget
 - Progress against time lines
 - Performance against programme objectives
- Initiate and manage any independent audits or reviews requested.
- Assess and support the effective working relationship with key parties with interests in the work groups, including iwi
- Consider and advise on ways to contribute positively to the legacy of the Council.

Governance Group Undertakings

10. Members of the Governance Group undertake to:
 - work in a collaborative 'no surprises' way, and strive for a unanimous agreement on outcomes for work groups and related matters in order to achieve a 'best for Council' outcome
 - actively resolve issues, ensuring that both the Council and the Crown are committed to supporting the role of the Governance Group and provide advice to their organisations consistent with decisions/ position of the Governance Group
 - ensure that public information and communications enable consistent and timely information on progress.

Governance Group Administration

11. The agendas for the Governance Group will be approved by the Chair, in consultation with the Chief Executive of the Council.
12. The Governance Group will collectively determine the meeting frequency, although the Chair may schedule additional meetings of the Governance Group, if required.