



NOTICE OF MEETING

**Notice is hereby given of the Meeting of the
Risk and Assurance Committee to be held in the
Council Chamber, First Floor, Civic Administration
Building, 101 Esk Street, Invercargill on
Monday 15 November 2021 at 8.30 AM**

Mr B Robertson (Chair)
Cr R R Amundsen
Cr A J Arnold
Cr W S Clark
Cr A H Crackett
Mr R Jackson
Cr D J Ludlow
Cr I R Pottinger

CLARE HADLEY
CHIEF EXECUTIVE

Extraordinary Risk and Assurance Committee - Public

15 November 2021 08:30 AM

Agenda Topic	Page
1. Apologies	
2. Declaration of Interest	
a. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.	
b. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.	
3. Transition Plan for External Appointees (A3603817)	3
3.1 Appendix A - Letter to Invercargill Council (A3604537)	9
3.2 Appendix B - Working on Working Together A3 - Phase 3 updates 10 Nov (A3606009)	11
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TRANSITION PLAN FOR EXTERNAL APPOINTEES

To:	Extraordinary Risk and Assurance Committee
Meeting Date:	Monday 15 November 2021
From:	Jane Parfitt – Advisor, Office of the Chief Executive
Approved:	Clare Hadley - Chief Executive
Approved Date:	Wednesday 10 November 2021
Open Agenda:	Yes
Public Excluded Agenda:	No

Purpose and Summary

In response to a letter received by 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 “Working on Working Together” was subsequently developed to implement the findings of the review. The key component of this plan was the appointment of two External Appointees (EAs) – Jeff Grant and Lindsay McKenzie. These appointments commenced in January 2021 for a period of up to eighteen months.

The Action Plan (including the impact of the EAs) was reviewed through a combination of a further review (by Richard Thomson) together with an independent external survey (by Impact Consulting), with the results being presented to Council in September 2021. As a result of this work, Council passed a series of resolutions about the future of the Working on Working Together Action Plan and the EAs' contribution to it.

The main purpose of this report is to suggest a plan to transition the EAs away from Council over the next six months or so in a way that retains the progress that has been made to date, and enables Council to continue to build its own capability. It is proposed that commencing 1 December 2021, the EAs hand over their responsibilities for chairing the Chairs' Group and the Project Governance Group to elected members, and rather than both attending Council and committee meetings, these are covered between them. From December, the EAs' role would focus on supporting, mentoring and process focused, with a final review being undertaken in March 2021 to determine the form of the final stages of the Working on Working Together plan, including EA continued involvement.

Recommendations

That the Risk and Assurance Committee:

1. Receive the report “Transition Plan for External Appointees”.

That the Risk and Assurance Committee recommend to Council that it:

2. Revise the Terms of Reference for the Project Governance Group as follows:

Purpose:

- To oversee the delivery and measure progress of the final phases of the Working on Working Together Action Plan
- To provide regular reports to the Mayor and Councillors
- To ensure stakeholders are kept informed

Membership and Chair:

- Deputy Mayor (Chair)
- The CEO of Council
- A representative of DIA
- Chair of Council's Risk and Assurance Committee
- Three other elected members, not members of the Chairs' Group
- Two EAs

3. Appoint Councillors [REDACTED] to the Project Governance Group.
4. Support the recommendation from the PGG to revise the Terms of Reference of the Chairs' Group to include the following:
 - support the Chief Executive and through her the ELT, in their leadership of change and improvement within the organisation
 - take responsibility for ensuring that Charter behaviours are embedded in Council.
5. Support the recommendation from the PGG to have Co-Chairs for the Chairs Group and appoint Councillors Amundsen and Crackett to Co-Chair the Chairs' Group.
6. Confirm that only one EA needs to attend Committee and Council meetings.
7. Confirm recommendations 2 to 6, if accepted, take effect from 1 December 2021.
8. Request a review be carried out in March 2022 to inform whether progress continues to be made, and any refinement in the role for the EAs between March and June 2022.
9. Note that the March review will comprise an independent survey by Impact Consulting, using their previous survey as a basis for the questionnaire and an assessment led by the Chair of the Risk and Assurance Committee of the views of Councillors.
10. Note that the Working on Working Together framework has been updated to incorporate:
 - the changes recommended in the above resolutions
 - Confirmation from the Project Governance Group that the work of the original working groups has been concluded
 - the establishment of a new group "Supporting the Mayor".
11. Note that the EAs' role between now and March 2022 will be supporting, mentoring and process focused.
12. Note that staff will prepare a close out / legacy report at the appropriate time for presentation to the Department of Internal Affairs (DIA), and that a response from DIA will be requested.

Implications and Risks

Strategic Consistency

This decision is consistent with Council's strategy to address the issues raised in the letter from DIA to Council received in August 2020. It demonstrates a continued commitment to the agreed action plan and is therefore considered to be low risk.

Financial Implications

It is within the budget signed off in the LTP and the project is forecast to be delivered within this budget.

Legal Implications

Legal implications are minor in continuing this work - should this work not be carried out then there is a significantly higher risk to Council that the gains made are eroded or lost and the performance of Council is seen to slide and be degraded.

Risk

The report's recommendations demonstrate a continued commitment to the agreed Working on Working Together Action Plan for improving the Council's governance capability, and are therefore considered to be low risk.

Background

Timeline

In response to a letter from DIA received in August 2020 (attached as **Appendix A** (A3604537)), in November 2020 Council resolved to implement a Working on Working Together Action Plan (attached as **Appendix B** (A3606009)) and in December 2020 they appointed two External Appointees; the Terms of Reference for the EAs are attached as **Appendix C** (A3395750). Progress was reviewed in August 2021 and in September 2021, Council made a series of resolutions (Attached as **Appendix D** (A3604514)) about the next stages of the plan including the role of the EAs. For completeness, the term of Reference for the Chairs' Group are attached as **Appendix E** (A3362261).

It should be noted that the Chairs' Group has agreed to amend its Terms of Reference to reflect recommendations 4 and 5 above and our intention would be to include the amended Terms of Reference to Council on 23 November.

The views of the EAs themselves were canvassed as were the views of the Project Governance Group.

Views of EAs

- There is no need for both EAs to be present at Council and Committee Meetings now – only one being present should take immediate effect, with the EAs developing their own schedule to ensure there is always one of them present.
- With the Media Protocols Working Group presenting their final report to Council in November, the only remaining group should be Supporting the Mayor and Chief Executive – and in their view this should be refocused and retitled "Supporting the Mayor", and continue for the balance of the triennium.

- It is important to ensure no loss of momentum around work on supporting Councillors – in particular, professional development for Councillors should become a permanent fixture. Development of a good induction programme for new Councillors needs to be given a high priority in the first half of 2022.
- Lindsay McKenzie will hand over chairing the Chairs' Group to an elected member, and the Group's Terms of Reference will be amended to include Charter work and strong ties with the ELT. Lindsay will continue support as required - or Jeff Grant will do so in Lindsay's absence.
- Jeff will lead a discussion on who should take over chairing the PGG.
- The EAs' goal is to have Council operating with minimal external support from January 2022.
- These arrangements should be reviewed at the end of March 2022.
- They also felt that a close out/legacy report should be written and presented to the Department of Internal Affairs (DIA).

In summary, the view of the EAs is that between now and the end of December we should see: completion of Working Group actions; only one EA attending meetings; Councillors agreeing to a chair for the Chairs Group (with Lindsay providing support as required); and Councillors agreeing to a chair for the PGG with Jeff providing support as required. One Working Group will remain with a new purpose, focus and membership; "Supporting the Mayor".

Views of the Project Governance Group (PGG)

After discussion, the PGG recommended that the Transition Plan should include:

- The Deputy Mayor taking over the PGG Chair role until March 2022, with the option of continuing until June 2022. The number of Councillors on the PGG membership should be extended by an additional three until the end of the triennium.
- The Chairs' Group putting forward the two Deputy Committee Chairs to Council as co-chairs of the Chairs' Group, for reasons of: distribution of work load; distribution of power/influence; leadership training and development.
- The preparation of revised Terms of Reference for the Chairs Group incorporating both their added responsibility for leading "the how", and the change in the Chair's role from the current EA (Lindsay McKenzie) to the two Deputy Committee Chairs.
- Only one EA needing to attend Committee meetings; they can alternate, though it would be beneficial to recognise that each would have the ability to opt in to Committee meetings at any critical times, and that there would be benefits to having both attend PGG meetings.
- An emphasis on the EA's supporting/mentoring/process focused role when both EAs step back from their Chair's role.

They also noted the views from Richard Hardie (DIA) that the DIA has seen a maturing of the Council's Governance and Management processes and capability over the last 12 months. Mr Hardie, however, noted that the period of transition from the Governance Group's oversight role back to business-as-usual for the Council is likely to be the time of highest risk in terms of eroding the Council's progress. He sees the next 4-5 months as being crucial in embedding the new culture and encouraged the Council to have the right people supporting it and a strong exit strategy in place. Furthermore, he reminded everyone that a high-functioning Council is one that knows the value of seeking support and advice from independent experts in governance and management to help ensure that the mistakes of the past are not repeated.

Revised Terms of Reference for Project Governance Group

To reflect the views of the EAs, PGG, and outcomes of the review process, it is suggested that the purpose, membership and chair should be revised as follows:

Purpose:

- To oversee the delivery and measure progress of the final phases of the Working on Working Together Action Plan
- To provide regular reports to the Mayor and Councillors
- To ensure stakeholders are kept informed

Membership and Chair

- Deputy Mayor (Chair)
- The CEO of Council
- A representative of DIA
- The Chair of Council's Risk and Assurance Committee
- Three elected members
- Two EAs

Revised Terms of Reference for Chairs' Group

To reflect the views of the EAs, PGG, and outcomes of the review process, it is suggested that the terms of reference should be revised to include the following:

- support the Chief Executive and through her the ELT, in their leadership of change and improvement within the organisation;
- take responsibility for ensuring that Charter behaviours are embedded in Council.

It should have two co-chairs being the deputy chairs of the Council's two committees and one EA should continue to be a member.

Working Groups

A final report from the media protocols Working Group will be considered by Council on 23 November. This concludes the work of the five working groups which were originally established.

On the same agenda, the PGG also recommend to Council that they:

- Confirm their support of a "Supporting the Mayor Group" for the balance of the triennium to provide the Mayor with ongoing support required for well being
- Appoint Councillors to this group, noting that they will be expected to engage with the Mayor consistent with its purpose and report to the PGG on its activities.

Future Reviews

At the commencement of the project, 2 reviews were envisaged. These were to be in June and December 2021. It was also envisaged that the IOD survey would be repeated.

Because of Covid and other issues, the results of the June review were not received by Council until September and consequential changes will commence in December at the earliest.

Given the outcome of the recent review, we have revised our recommendation on future review and suggest that:

- a review be carried out in March to inform whether progress continues to be made, and the role for the EAs between March and June 2022 and
- the March review will comprise an independent survey by Impact Consulting, using their previous survey as a basis for the questionnaire and an assessment led by the Chair of the Risk and Assurance Committee of the views of Councillors.

Issues and Options

The issues raised as a result of the six month review and independent survey were drawn to Council's attention in the report "Six Month review – Next Steps" received by Council in September. As a result a suite of resolutions were passed which are addressed within this report, the PGG Chair's Report to November Council, and the proposed Replacement of Media Protocols report also on the November agenda.

Significance

While the project is a significant piece of work for Council it is an ongoing piece of work and is not considered significant in-terms of the Significant and Engagement Policy. There are no issues to Council assets, the Community has been kept advised of the process to date.

Options

The options remain, to keep the status quo which will see the EA's remain and there are no changes to the current project. This is not recommended as the EA's wish to progress Councils work in this area.

The other option to this approach is to remove the EA's now and finalise the work they have been carrying out. This is also not recommended as the DIA has noted the risk to Council at this stage of the implementation of this work. It is also not the EA's view.

The option discussed in this paper is therefore the preferred option.

Community Views

Community views have not been formally sought. The best way the work will be seen, and Community engaged will be the Elections in 2022.

Next Steps

The next step is for the Risk and Assurance Committee to make its recommendations to Council's November meeting

Attachments:

- A: Letter from DIA (A3604537)
- B: Working on Working Together Framework
- C: Terms of Reference for EAs (A3395750)
- D: September Council Resolutions (A3604514)
- E: Terms of Reference for Chairs Group (A3362261)



**Te Tari Taiwhenua
Internal Affairs**

18 August 2020

Sir Tim Shadbolt, Mayor
Clare Hadley, Chief Executive
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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.

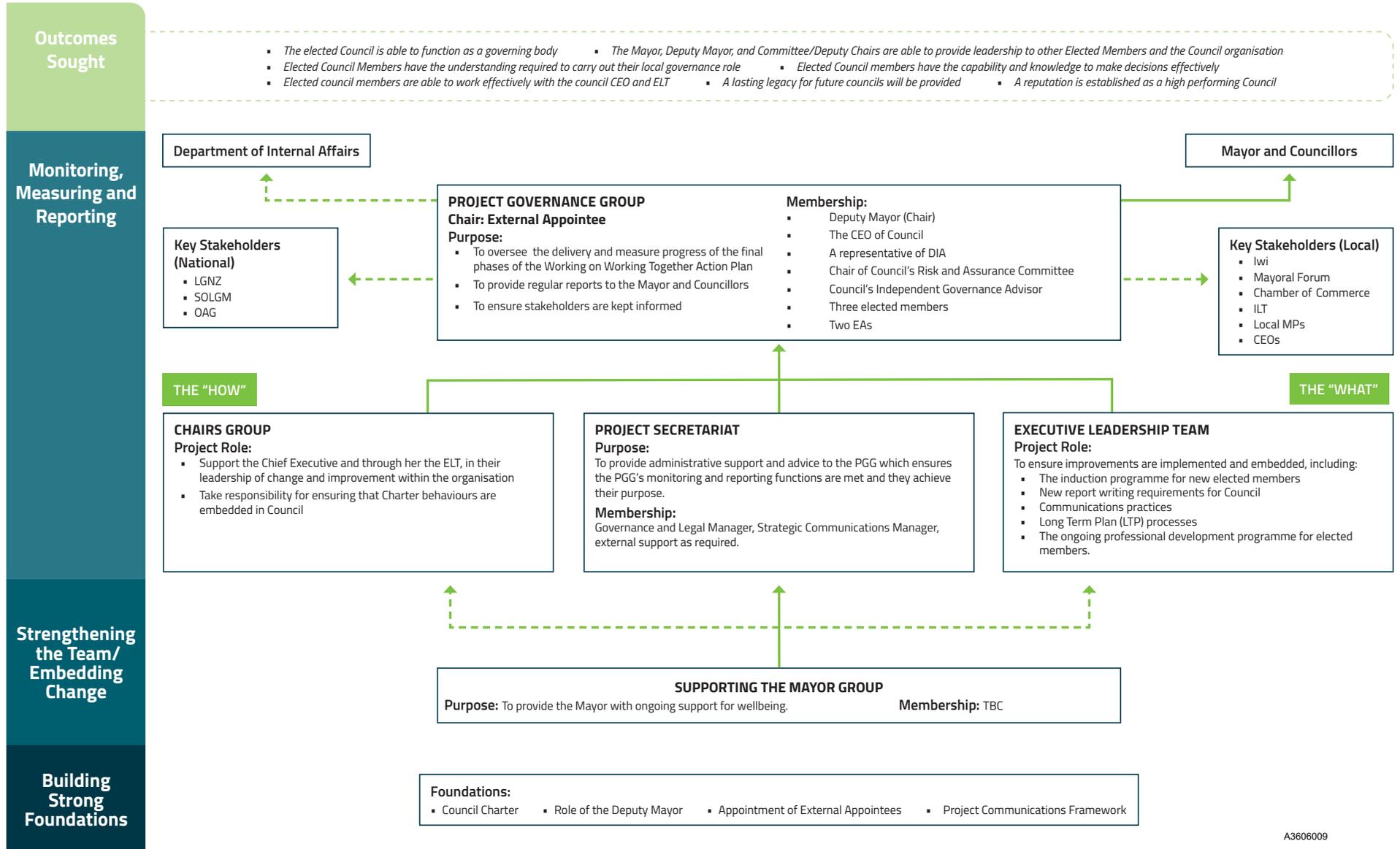
Heoi anō

A handwritten signature in black ink, appearing to read 'Anita Balakrishnan', with a small mark above the 'i'.

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

Working on Working Together - Phase 3

Implementing Leadership of Changes and Improvements Within Organisation



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, Committee Chairs and Deputy 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

Excerpt from Minutes of Extraordinary Council Meeting of 7 September 2021

4. SIX MONTH REVIEW – FINDINGS AND NEXT STEPS
A3532173

Discussion took place around the report. It was noted the report focused on the good work done by the Council, the hard work done by staff, the changes made by the Deputy Mayor and the respect displayed towards each other irrespective of individual opinions.

Moved Cr Amundsen, seconded Cr Soper that Council:

1. Receives the report “Six Month Review – Findings and Next Steps”.
2. Receives the Six Month Review Report prepared by Richard Thomson, dated August 2021 (*Appendix A – A3512986*).
3. Receives the Invercargill City Council Governance Research Report prepared by Impact Consulting, dated 31 July 2021 (*Appendix B – A3512984*).
4. Confirms the Project Governance Group should continue until the end of the triennium, with the purpose revised as follows:
 - To recommend the final formulation of the remaining phases of the Working on Working Together Action Plan to Council’s 26 October 2021 meeting.
 - To oversee the delivery and measure progress of the Action Plan.
 - To recommend a transition plan which will ensure the Project Governance Group Chair’s role passes to an elected member and the membership of the Group has appropriate elected member representation, to Council’s 23 November 2021 meeting, with this plan to be in place no later than March 2022 for implementation over the balance of the term.
 - To provide regular reports to the Mayor and Councillors.
 - To ensure key stakeholders are kept informed.
5. Noting Mr Thomson’s advice that External Appointees be phased out ahead of the election, requests the following steps are taken to inform / identify a managed transition plan for the EAs:
 - The Chair of Risk and Assurance meets with the EAs to discuss their views on a managed transition plan.
 - A stocktake of the deliverables of each Working Group to identify any gaps is completed by October 2021.
 - Based on the outcome of the stocktake, consideration is given to the need for current work groups to continue or any new ones to be convened.
 - Taking into account the comments in the Six Month Review suggesting a linkage between the number of EAs and the progress with Working Group deliverables, a report is prepared for a Risk and Assurance Committee in

November 2021 on a recommended transition plan for the EAs, including the format and timing of future reviews of the EA's.

6. Requests that the media protocols working group gives consideration to the specific recommendations made in paras 104 and 105 of the Six Month Review with regard to media commentary, and that the working group bring a recommendation back to Council in November 2021.
7. Supports the refresh of the final two phases of the Working on Working Together Action Plan as follows:
 - Phase 3: October 2021 to December 2021 – Implementing the Leadership of Changes and Improvements within the Organisation.
 - Phase 4: January 2022 onwards – Embedding the Leadership of Changes and Improvements within the Organisation.
8. Endorses the following roles and responsibilities:
 - ELT to take the lead responsibility for ensuring that all the improvements in “**what**” we do are implemented/embedded within the organisation (e.g. an induction programme well ahead of the next election, report writing, and other processes agreed by the Working Groups).
 - The Chairs’ Group to take responsibility for leading the “**how**” – they have an added task – ‘to ensure charter behaviours are embedded in Council’.
9. Notes the Project Secretariat will be staffed by ICC employees with appropriate mentoring, and that this team will have responsibility to provide administrative support and advice to the PGG which ensures the Group’s monitoring and reporting functions are met and achieves their purpose.
10. Adopts the revised Working on Working Together Governance Framework attached as *Appendix C (A3512987)*, noting that new arrangements will be implemented from October 2021.
11. Notes there are no additional financial implications associated with this course of action.

The motion, now put, was **RESOLVED** in the affirmative.

Appendix E

CHAIRS' GROUP - TERMS OF REFERENCE

Purpose

The purpose of this Group is to manage the political processes necessary to ensure the effective functioning of the Council's governance structure, through:

- a) having oversight of the work of the Committees and of Council, and
- b) providing a conduit for officers, through the Chief Executive, to engage and advise governance leaders.

Membership

The members are the Mayor, Deputy Mayor, Chairs and Deputy Chairs of the Infrastructural Services Committee and Performance, Policy and Partnerships Committee. The External Appointee (Lindsay McKenzie) shall be a member of the Group without voting rights and will Chair the Group for the term of their appointment by Council.

Function

The Group will -

- maintain effective dialogue across the committees of council and Council to enable the efficient and effective running of the governance processes;
- ensure coordination of the allocation of work among committees and between committees and Council;
- provide a conduit for the Chief Executive to work collectively with governance leadership;
- receive advice from and give advice to the Chief Executive relevant to the Group's purpose;
- carry out expressly delegated functions and make expressly delegated decisions;
- keep councillors informed of its activities.

Authority

The Group has no formal decision making power other than that expressly delegated by the Council or other committees having such authority.

Administration

The Group shall -

- meet weekly or as required;
- be serviced by the Chief Executive's office;
- appoint its own Chair once the External Appointees term ends;
- enable the Chief Executive or their delegate to attend all committee meetings as of right in the role of principal adviser;
- maintain a record of its meetings in note form.