

Working on Working Together Project Governance Group Meeting

Purpose of the Group:

- To oversee the formulation of the Action Plan (January – June 2021)
- To oversee delivery and measure progress of the plan
- To provide regular reports to the Mayor, Councillors and Department of Internal Affairs
- To ensure key stakeholders are kept informed

Working on Working Together	
Date / Time:	Wednesday 6 April 2022 at 8.00 am
Location:	Council Chambers
Zoom Details	Meeting ID: 894 5748 9422 Passcode: 133844
Requested Attendees	Bruce Robertson, Richard Hardie, Nobby Clark (via Zoom), Jeff Grant, Lindsay McKenzie, Lesley Soper, Nigel Skelt, Graham Lewis, Clare Hadley
Chair	Jeff Grant to chair in person as Cr Clark will be attending via zoom
Supported by	Michael Morris, Jane Parfitt, Lisa Knight, Liz Williams

AGENDA

Item	Topic
1.	APOLOGIES
2.	NOTIFICATION OF URGENT OR GENERAL BUSINESS
3.	HEALTH AND SAFETY
4.	MINUTES FROM THE PREVIOUS MEETING
5.	MATTERS ARISING AND ACTIONS

Project Governance Group - Agenda

6. **PROJECT UPDATE** *(PAPER ATTACHED)*
7. **DRAFT LEGACY REPORT** *(PAPER ATTACHED)*
8. **GENERAL BUSINESS**
9. **NEXT MEETING**

Project Governance Group Meeting	
Date / Time:	Wednesday 3 March 2022 at 8am
Location:	Council Chambers
Purpose of the Group	<ul style="list-style-type: none">• 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
Attendees	Cr Nobby Clark (Chair); Jeff Grant (Zoom) Lindsay McKenzie (Zoom), Bruce Robertson (Chair Risk and Assurance) (Zoom), Richard Hardie (DIA) (via Zoom), Councillors Nigel Skelt (left at 9.30am); Graham Lewis; Mayor Tim Shadbolt; Clare Hadley; Lesley Soper (zoom) (left at 8.40am)
In Attendance	
Support	Jane Parfitt, Michael Morris, Liz Williams, Lisa Knight

MINUTES

1. APOLOGIES

Nil.

2. NOTIFICATION OF URGENT OR GENERAL BUSINESS

Future of this group and role of EA's.

3. HEALTH AND SAFETY

4. MINUTES FROM THE PREVIOUS MEETING

Minutes from the meeting of 2 February 2022 were agreed by consensus. Moved by Cr Graham Lewis and seconded by Mr Bruce Robertson.

5. MATTERS ARISING AND ACTIONS

Noted.

6. PROJECT DIRECTOR'S REPORT

Bruce Robertson advised the group that having done all the councillor interviews, it became clear that the sensible way forward was to incorporate the findings of the 6 month review (including the Impact Survey) into one legacy report. He also suggested a Council workshop be part of the process. A preference for having the report sooner rather than later was expressed.

After much discussion on the preferred timing of taking this report through the PGG and Council, Bruce, Jane and Clare were asked to come up with how to make that happen

Michael advised that 6 of the 13 Councillors had completed the survey as of lunchtime yesterday. Cr Clark as Chair of PGG to email councillors to ask that the remainder respond.

As requested, 2 further outcomes were added to the monitoring table. A suggestion was made that in the future this table could be monitored by R&A (once this group has finished its work).

Supporting the Mayor group – Lindsay reminded the PGG that this Group was originally formed to support the Mayor and Chief Executive and that this work had been completed.

Cr Skelt advised that he is happy to continue with the informal process around meetings and social events. Cr Lewis confirmed has is also happy to continue.

It was agreed that this group be confirmed on an informal basis and would operate outside of the Working on Working Together framework. The formal side of this group could lapse.

7. LEGACY REPORT FRAMEWORK

It was noted that this report will have different audiences including Council, the community, Department of Internal Affairs and the Local Government Sector, it will also provide useful information for potential candidates.

Richard suggested adding the Future for Local Government Panel as a potential audience. This model could be an exemplar for New Zealand, as Invercargill was able to do this work without intervention from central government.

The report should highlight any outstanding issues/work still to do. This would inform any future work for the PGG.

8. SCHEDULE OF PROFESSIONAL DEVELOPMENT

Cr Clark raised concern that some councillors may not attend training this close to the elections.

Jeff noted that in addition to completing the legacy report, in his view the Group still had to deal with professional development for councillors and the induction programme for the new Council. Jeff stated that planning should start ASAP for the new council's induction programme.

9. GENERAL OR URGENT BUSINESS

Mayor Tim said that he wanted to acknowledge the help provided to him by Crs Lewis and Skelt.

10. NEXT MEETING

6 April 2022.

11. WRAP UP AND CONFIRMATION OF ACTIONS

Action Items			
Item	Action	Who	When
Meeting 2 February 2022			
1	Cr Clark as Chair to email Councillors to remind them that the quantitative survey is to be completed by the end of this week	Cr Clark	Immediate
2	Legacy Report to be drafted incorporating findings of 6 month wrap up review	Bruce Robertson and Jane Parfitt	April 2022
3.	Process and timing for Legacy report to get to Council	Bruce, Clare, and Jane	ASAP
4	Workshop to be arranged to introduce draft legacy Report to Councillors	Michael Morris/Liz Williams	April 2022
5	Identify any outstanding issues/work from Working on Working Together Project	Jane Parfitt	April 2022

There being no further business, the meeting ended at 9.34am

To:	Project Governance Group
Date:	6 th April 2022
Subject:	Project Update
Prepared by:	Project Secretariat
Authorised by:	Clare Hadley - Chief Executive

1. Purpose

The purpose of this report is to provide the PGG with an update on the activities of the project since the last meeting held on 2 March 2022.

2. Decision/Direction Sought

That the Project Governance Group (PGG):

- Provide feedback on Draft 2 of the Legacy Report, particularly where improvements could be made.
- Confirm their preferred dates for the next PGG and for the delivery of the Legacy Report to Council.
- Note that two additional project risks have been identified.
- Request that when this group comes to an end, residual risks are transferred to the organisation's risk register and monitoring of future outcomes becomes the responsibility of the Risk and Assurance Committee.

3. Legacy Report – Draft 2

Draft 2 of the Legacy Report is attached as Appendix A

Please note the following:

- The timing of the results from the Impact survey, the wrap up review led by Bruce Robertson, and the governance questions included in the resident's survey information, is such that analysis, and findings from these sources cannot be included in this draft.
- As noted last time, there have been changes to how we have framed the report but these are not material.
- To address the question you raised at our last meeting about identifying any outstanding issues/work from Working on Working Together project, we have included a section in the report which documents progress against each of the original Council resolutions. It shows that of the 28 resolutions passed, all but 3 were actioned. Two of the three related to unsuccessful attempts to put formal arrangements in place between the Mayor and the Deputy Mayor. The third which was to be a workshop to address progress, was replaced by the six-month review. Appendix F in the draft Legacy report provides the list of resolutions.
- With your decision last month that the Mayor's Support Group would operate outside of the Working on Working Together framework, the working groups have concluded their business.
- There is a Council workshop scheduled for 26 April 2022 to provide Council with visibility of the next draft of the report for the purposes of fact checking.

- The final draft will be presented to you at your next meeting and from there you need to consider whether you wish to present your final report to Council at its meeting on 24 May 2022 or you wish to convene an Extraordinary Meeting of Council.

4. Future Reporting against Outcomes (as at March 2022)

Updates are shown in red.

There are 12 actions “not yet due” and 3 orange “lights”, one each for finance, media, and professional development. Of the remaining actions 2 are closed and the remainder are all green.

NO.	OUTCOME	KEY RESULT AREA	KEY PERFORMANCE INDICATOR	FREQUENCY AND METHOD OF MEASUREMENT	PROGRESS INDICATOR (TRAFFIC LIGHTS)	COMMENTS
1.	The elected Council is able to function as a governing body	a) The Council Charter is adopted	Charter behaviours are demonstrated	a. Quarterly self-assessment, led by Chairs’ Group – this will be covered in wrap up review		The 2021 six month review confirmed that this is on track.
				The next Residents Survey to include governance KPIs and survey results are positive	Not yet due	Next Residents survey scheduled for 1 st quarter 2022. Relevant questions have been included
		b) The LTP is adopted by 30 June	Governance oversight ensures timely decisions are made and implementation risks and challenges are addressed on an ongoing basis.	Active engagement by Risk and Assurance Committee of quarterly reports	CLOSED	LTP has been adopted therefore this can be closed
		c) Effective Support is in place for decision making	Staff reports reflect good practice and meet statutory requirements so that Council can make timely, informed decisions.	Internal quality assurance check (quarterly report by Governance & Admin Team (G&A))	Not yet due	Due end of 3rd quarter 2021/2022. New templates are in place and being used.
2.	The Mayor, Deputy Mayor, and Committee / Deputy Chairs are able to provide leadership to	The role of the Deputy Mayor is agreed.	Expectations are agreed by Council.	Six month feedback by all Councillors, against agreed expectations.	Not yet due	The 2021 six month review confirmed that this is on track. The 2022 reviews will provide further feedback.

Project Governance Group - PGG - Project Update Report

NO.	OUTCOME	KEY RESULT AREA	KEY PERFORMANCE INDICATOR	FREQUENCY AND METHOD OF MEASUREMENT	PROGRESS INDICATOR (TRAFFIC LIGHTS)	COMMENTS
	other Elected Members and the Council organisation					
		Key governance issues are identified and progressed	Notes from Chairs Group meetings demonstrate "raising the bar" Council and committee discussions (captured in Minutes) demonstrate that Council addresses both high level strategic issues in a timely manner as well as routine business.	Each Chairs Group agenda concludes with a short assessment of how the meeting went/what it achieved Internal quality assurance check (quarterly report by G&A)		The 2021 six month review confirmed that this is on track. Due end of 3rd quarter 2021/2022 – as this is linked to the new report templates and training
3.	Elected Council Members have the understanding required to carry out their local governance role.	a) Support for Councillors Working Group ensures an appropriate 12 monthly professional development programme is in place.	80% of Councillors attend each workshop Feedback is positive	Monthly Post workshop surveys		To date attendance has been more than 80% Feedback after the first course generally positive
4.	Elected Council members have the capability and knowledge to make decisions effectively.	a) The Strategic Projects Working Group ensures a clear decision-making framework is in place.	Decision-making framework is followed.	The next Residents Survey to include governance KPIs and survey results are positive.	Not yet due	Next Residents survey scheduled for 1 st quarter 2022 Relevant questions have been included.

Project Governance Group - PGG - Project Update Report

NO.	OUTCOME	KEY RESULT AREA	KEY PERFORMANCE INDICATOR	FREQUENCY AND METHOD OF MEASUREMENT	PROGRESS INDICATOR (TRAFFIC LIGHTS)	COMMENTS
		b) Effective support is in place for decision-making	Staff reports reflect good practice and meet statutory requirements so that Council can make timely, informed decisions.	Internal quality assurance check (quarterly report by G&A)	Not yet due	Due end of 3rd quarter 2021/2022
		c) Comprehensive induction programme is in place for all new elected members.	Feedback is positive.	Survey of Elected Members held triennially, or subsequent to any by-election.	Not yet due	Survey of elected members after next election or any by-election - G&A team.
5.	Elected council members are able to work effectively with the council Chief Executive and ELT.	There is mutual trust and confidence between elected Council members and management (especially the Chief Executive) to deliver successful community outcomes.	The Mayor, elected members and Chief Executive project a publicly united view on all strategic matters	Monthly assessment by the Deputy Mayor, Chief Executive and External Appointees		The 2021 six month review confirmed that this is on track.
6.	A lasting legacy for future councils will be provided	a) Comprehensive induction programme is in place for all new elected members	Feedback is positive	Survey held triennially or subsequent to any by-election.	Not yet due	Survey of elected members after next election or any by-election. Undertaken by the G&A team to ensure a quality induction programme is delivered. Review and redevelopment of the programme to begin January 2022. Preparation for legacy report underway
		b) Professional development	80% attendance attend workshops on initial	Monthly		Attendance to recent workshop was above 80%

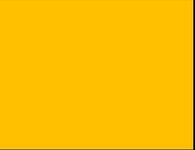
Project Governance Group - PGG - Project Update Report

NO.	OUTCOME	KEY RESULT AREA	KEY PERFORMANCE INDICATOR	FREQUENCY AND METHOD OF MEASUREMENT	PROGRESS INDICATOR (TRAFFIC LIGHTS)	COMMENTS
		programme remains in place and evolves according to need.	schedule			
		c) Effective support is in place for decision making	Staff reports reflect good practice and meet statutory requirements so that Council can make timely, informed decisions	Internal quality assurance check (quarterly report by G&A)	Not yet due	Due end of 3 rd quarter 2021/2022
		d) ICC has a clear vision supported by agreed community outcomes for the city and its community	Reflected in all Council strategic documents	Annual audit of Council documents show linkage to clear Vision and Outcomes	CLOSED	2021 Audit excerpt: "...The linkages between the financial Strategy, asset management plans, infrastructure strategy and consultation document are evident, with clear and consistent messages flowing through all documents" Audit New Zealand (2021) <i>Report to the Council on the audit of ICC's long-term plan consultation document 2021-2031.</i>
		e) Council is in a financially sustainable position	Sustainability measures: <ul style="list-style-type: none"> Balanced budget benchmark (Operating revenue exceeds operating expenditure) current and future years plan Essential Services benchmark (Capital expenditure on the five 	Annually – Annual Report		Achieved for 2020/21 at 104.4% (Operating Revenue \$113,896,000; Operating Expenses \$109,140,000) Not Achieved for 2020/21 at 66.6% (Capital Expenditure \$14,547,000 Depreciation \$21,851,000)

Project Governance Group - PGG - Project Update Report

NO.	OUTCOME	KEY RESULT AREA	KEY PERFORMANCE INDICATOR	FREQUENCY AND METHOD OF MEASUREMENT	PROGRESS INDICATOR (TRAFFIC LIGHTS)	COMMENTS
			<p>network infrastructure services exceeds depreciation on those 5 services)</p> <ul style="list-style-type: none"> Debt servicing benchmark (Interest expense is less than 10% of operating revenue) <p><i>Predictability measures:</i></p> <ul style="list-style-type: none"> Debt Control benchmark (Net debt is less than or equal to forecast debt in the LTP) Operations control benchmark (Net cash flow from operations equals or exceeds budget) 		<div style="background-color: yellow; width: 100%; height: 100%;"></div>	<p>Achieved 2.4%</p> <p>The lower than depreciation capital expenditure was largely due to some capital project scheduled to be completed during the year have been started by not completed.</p> <p>Not achieved 183.1%.</p> <p>Actual net debt \$56,733,000.</p> <p>Budgeted net debt \$30,992,000</p> <p>Target was not met due to higher than planned trade and other payables balance which included subsidy revenue received in advance but not spent for shovel ready and 3 waters stimulus projects and the purchase of shares in ICHL to fund the city centre investment.</p> <p>Achieved 125%</p> <p>Actual net cash from operations \$32,971,000</p> <p>Budgeted net cash from operations \$26,414,000</p>

Project Governance Group - PGG - Project Update Report

7.	A reputation is established as a high performing council.	a) There is trust and confidence in the Council's ability to make effective decisions in the best interest of the community Positive media coverage	Key local stakeholders are positive with regard to Council's performance. Media monitor assesses negative/neutral/positive stories	The next Residents Survey to include governance KPIs and survey results are positive Annual interviews conducted with local key stakeholders Monthly	Not yet due 	Next Residents survey scheduled for 1 st quarter 2022. Timing still to be confirmed. Improving
8.	Council is seen to continue being proactive and responsive and to encourage and value diversity of thought and public participation.	a) Regular media coverage of Council activity b) Public participation is diverse	Regular proactive media releases and social media posts. Public participation is proactively encouraged and measured.	Monitored Monthly from March 2022. Monitored Quarterly from June 2022	 Not yet due	During March we sent out and published 7 media releases, 2 email newsletters and more than 40 Facebook posts.
9.	Council's work programme maintains a focus on strategic priority issues.	Council and Committee agendas reflect a focus on strategic issues	Advice on strategic issues provided each month	Quarterly internal quality assurance check	Not yet due	

Key	
Declining	High risk or major issues to progress – requires action
Stable	Progress but requires “watched”
Improving	On track

5. PGG 2021/2022 Draft Work Plan

PGG Meeting	Strategic Matter	Comment/Status/Notes
April	Discuss Draft Legacy Report	Provide views to inform Council report
May	Finalise handover/legacy report	Finalise report for Council including the suggested response to DIA

6. Budget Update

This Budget update is that provided for Risk and Assurance as the March figures are not yet ready.

The Budget continues to track well and it is noted the proposed spend for Councillors Professional Development will likely to be less with the cancellation of the proposed Governance training.

	Budget 2021-2022	Actual Spend to 28 February 2022	Forecast 2021 - 2022
External Appointees			
Fees	120,000	49,950	75,000
Disbursements	30,000	12,914	20,000
	<u>150,000</u>	<u>62,864</u>	<u>95,000</u>
Councillors Professional Development	30,000	-	15,000
Support for Mayor	10,000	-	-
Project Governance, support and other workstreams	209,000	129,672	205,000
Total	<u><u>399,000</u></u>	<u><u>192,536</u></u>	<u><u>315,000</u></u>

7. Project Risk

The risk register has changed for the first time since December. One medium risk related to Council's reputation has been added together with a low risk that the focus on monitoring reduces when the PGG concludes its work and the EAs tenure comes to an end.

The second medium risk continues to relate to the potential to lose focus on the foundations to the governance framework.

Project Directorate – Risk Register								
	EVENT	CONSEQUENCES	IMPACT	LIKELIHOOD	MITIGATIONS	PERSON RESPONSIBLE	POST – MITIGATION LIKELIHOOD	UPDATE AT 31 MARCH 2022
1.	Unable to find suitable external appointees	<i>Governance improvements take longer and Councillors revert to the status quo</i>	H	L/M	<i>Very high priority being given to sourcing suitable appointees.</i>	PD/CEO	L	CLOSED
2.	Specialist resources are unavailable within project timelines	Inability to deliver within planned timeframes	M	M	Ensure that the need for any external specialist resource is identified early to ensure they can be engaged when required.	PD	L	CLOSED
3.	The work groups don't deliver within the required timelines	Inability to deliver an ambitious approach within planned timeframes	M	M	Recalibrated Phase 2 delivery dates – more than 80% now completed or on track. Phase 3 to be reassessed after 6 month review complete.	Secretariat	L	CLOSED
4	Political concerns are raised about scope, process and/or the advice received	Political pressures both within and external to Council can potentially affect timing and achievement of outcomes	M	M	Active management by CEO and Independent Governance advisor. Keep DIA well informed	Independent Governance Advisor	L	Likelihood decreased. Positive outcome from Thomson report.
5	Communications are not effective and misunderstandings arise, particularly in the community, with staff and with Central Government	Poor communications to all stakeholders will impact assurance and engagement with the process	H	H	1. Actively develop and manage frequent high level updates from the CE 2. Comms Framework developed (complete) 3. Bring on additional comms support resource	Strategic Comms Manager	L	Likelihood decreased. Strategic Communications Manager now in place

Project Governance Group - PGG - Project Update Report

Project Directorate – Risk Register								
	EVENT	CONSEQUENCES	IMPACT	LIKELIHOOD	MITIGATIONS	PERSON RESPONSIBLE	POST – MITIGATION LIKELIHOOD	UPDATE AT 31 MARCH 2022
					(complete)			
6	Lack of willingness by Council to take action based on advice from this project	The status quo becomes a default and the project objectives are not achieved	M	M/H	Communicate freely in a style that is acceptable to Council. Make notes from all work streams available to all EMs.	CE/ External Appointees	L	Likelihood decreased. Thomson report reinforced that Councillors are now working well together.
7	Budget is not adequate and Council are unwilling to commit more	Work is unable to proceed to schedule and/or some work streams drop off	H	L	Recast prior to 21/22 year (complete). Keep Governance group informed and owning the budget. High end of most likely is starting point	Secretariat	L	No Change. Budget is on track.
8	Council staff do not have capacity or capability to support the project	Deadlines which impact the implementation of change not met	H	H	Ensure budget is available for external resources, and internal capability is built before contractors transition out	CEO	L	Likelihood decreased Governance and Legal Manager has commenced in role.
9	The potential to lose focus on the foundations to The governance framework	The focus shifts to the detail of the tasks we've set ourselves rather than achieving the necessary change outlined in the Thomson Report	H	M	Regularly reflect back to the Thomson Report and how we're progressing the response to the key issues raised	PGG/ External Appointees	M	The four foundations are in place. Strategies to support embedding the values are being implemented Thomson Six Month Review completed, need to ensure momentum continues
10	The work group outputs are not accepted by	Council's reputation suffers and the changes recommended in the	M	H	Work towards consensus decisions even if deadlines are not met	External Appointees	L/M	Likelihood decreased.

Project Governance Group - PGG - Project Update Report

Project Directorate – Risk Register								
	EVENT	CONSEQUENCES	IMPACT	LIKELIHOOD	MITIGATIONS	PERSON RESPONSIBLE	POST – MITIGATION LIKELIHOOD	UPDATE AT 31 MARCH 2022
	members of Council.	Governance Review are not implemented in accordance with the Council resolutions.						
11	Complacency during the transition period	Momentum is lost and Councillors revert to previous behaviours	H	M	EAs will actively support, mentor and ensure process is followed. PGG discipline continues.	External Appointees, PGG Chair	L/M	
12	Council reputation suffers during the election cycle	The gains achieved over the past 18 months are eroded	H	M	EAs and Chairs Group will actively support and mentor	External Appointees, Chairs' Group, Governance Advisor	M	
13	There is a slippage in the monitoring of risk and outcomes when the PGG and tenure of EAs comes to an end	Progress in embedding gains slows	H	L	Risk and Assurance Committee takes over formal role. Chairs' Group, CEO, and ELT support	CEO/ELT/Chairs Group	L	

Post Mitigation Assessment	March 2021	March/ April2021	May 2021	June 2021	July 2021	Aug 2021	Sept 2021	Oct 2021	Nov 2021	Jan 2022	Feb 2022	March 2022
High	2	2	3	3	2	2						
Med/high	2	3	2	1	1	1						
Med	2	2	2	1	2	3	3	3	1	1	1	2
Low/med	2	1	1	2	2	1			3	3	3	2
Low	1	1	1	3	3	2	5	5	4	4	4	6
Closed	1	1	1			1	2	2	3	3	3	3

8. Communications Update

A Communications Strategy workshop was undertaken with Councillors in early March, in which Councillors were asked for feedback on the direction and key initiatives in the Draft Communications Strategy 2022-2025. Positive feedback was received and it is clear elected members would like to see a focus on the Council's communications foundations and channels, as well as the Council's website and online presence. They also reiterated the desire for media and communications training.

Media coverage through the month continued to focus on Council's vaccination policies, but Annual Plan, rates rises and the museum consultation has dominated recent weeks. Comments from the Deputy Mayor regarding the state of the city's gardens and rates rises, and the Mayor's column for The Southland Times were likely to have perpetuated the Council's reputation as dysfunctional. It is expected the Deputy Mayor's resignation will also receive significant coverage.

There has been positive media coverage on Council's work at Anderson House, Queens Park's Beautiful Award and Parks Week.

9. Next Meeting – this was changed to the 9th May 2022 with a start time of 9.30am because of clashing commitments of two members. They are now able to attend on the original date of 4th May 2022. The PGG needs to confirm which date it prefers

10. List of Appendices

Appendix A – Legacy Report Draft 2

Invercargill City Council

Working on
Working Together

LEGACY REPORT

Draft Two, May 2022

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Purpose

The purpose of this report is to set out how Invercargill City Council (ICC) took ownership of its own problems, what it did about them, and what were the outcomes and learnings.

The report will be of interest to a range of people and organisations and has therefore been prepared with all these various audiences in mind. These include:

- Presenting a report card from ICC to its community on progress in addressing its problems.
- Providing open, honest, and timely information on the outcome of recent activities to potential candidates for the upcoming election.
- Providing comprehensive information to the Department of Internal Affairs on how ICC has addressed the concerns raised in its letter of August 2020.
- Informing the local government sector through a case study in how ICC approached issues that could arise at other local authorities.

This report was prepared at the request of the Project Governance Group.

Executive Summary

The report outlines ICC's response to a request from Te Tari Taiwhenua the Department of Internal Affairs (DIA) in August 2020 that it provide assurance and evidence it was taking "proactive steps to restore trust and confidence".

Council governance and management were cognisant of the issues identified in the letter from the DIA and determined to take active steps to address these.

The result, following a process of review and consideration, was the development and implementation of a forward-looking strategy called "Working on Working Together" (WoWT) which set a new foundation for council activities, identified streams of work and set measured targets for progress.

The key findings / learnings were....

Note – to be completed when results of recent reviews are available

Independent active observers known as External Appointees (EAs) were put in place and a Project Governance Group (PGG) was established to lead the WoWT strategy and offer guidance. Various working groups were also established to progress key aspects of the strategy.

On behalf of ICC, the PGG ensured that a disciplined approach was taken to all aspects of the strategy. It covered a period of almost 18 months, was delivered at the lower end of the estimated budget, and at its conclusion, the residual risks were few and in common with any organisation led by elected members.

The Council can now confidently demonstrate that it has addressed the concerns laid out in the DIA letter.

That said, the legacy will be whether, over the next few months and in the run up to the October 2022 election, the progress made is maintained and embedded. A test of this will be a good selection of sitting and external candidates to choose from in the upcoming election with the successful candidates able to form a team to lead Invercargill City into the future.

Finally, the resulting suite of foundation documents, processes and tools and the positive culture created through WoWT, must be embedded throughout the Council and the organisation to support the standard of service delivery expected from a high performing council.

Scene Setting

The Background

In the months leading up to August 2020, ICC elected members were involved in a series of public disagreements over a range of issues. They included wide-ranging media coverage of disputes between individual members and involving the Chief Executive, and leaked information about Code of Conduct complaints. Headlines in the local news media were often focused on personalities at a time when the Council organisation was also debating and endeavouring to deliver a series of key capital projects including the Southland Museum and Art Gallery redevelopment, the future of Anderson House, investment in the City Block development, the Water Tower, Rugby Park redevelopment, and a substantial upgrade of city streets.

The Letter

The genesis of the WoWT strategy was a letter received on 18 August 2020 by the Mayor and Chief Executive from the Director Ministerial Advice, Monitoring, and Operations, Policy, Regulation and Communication Branch of the DIA.

The letter indicated the DIA was acting on recent media coverage and as a result of correspondence it had received. It requested 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”.

This letter is reproduced in full as Appendix A (A3135037).

The Context

The letter followed a recent period of change across the Council’s senior leaders and some turbulence in the elected Council.

Senior Leadership

At that time, the Chief Executive had been in situ for two years. Her predecessor had been in his role for 32 years. Only one member of the previous Executive Leadership Team (ELT) was still part of the new Chief Executive’s team with the rest of the team consisting of one

permanent appointment complemented by several acting roles. Only one of the then ELT was resident in Invercargill.

The Elected Council

As a whole, the elected Council had remained largely unchanged for a number of years, with most members serving for several terms: it was led by a Mayor in his ninth term (27 years), and of the 12 current councillors one had served for seven terms, one for six terms, one for five terms, two for four terms, one for three terms, four for two terms, and three for one term. During the 18-month course of WoWT, one councillor (then Deputy Mayor Biddle) resigned and a new, first-term councillor was elected (Cr Lush).

Over the length of the Mayor's tenure, there have been seven deputy mayors, two of whom are on the current Council. On the resignation of then Deputy Mayor Biddle in October 2020, the Mayor appointed Cr Clark as Deputy Mayor.

Earlier Actions to Address Issues

Prior to the August 2020 DIA letter, the Council had recognised some of the issues of concern and taken steps to address these. A new committee structure consisting of two committees of Council – Performance Policy, and Partnerships and Infrastructural Services was put in place in May 2020. Between them, these committees had decision-making power for everything but “*those powers reserved to a Council by the Local Government Act 2002*”. This includes powers such as setting a rate, adopting bylaws, borrowing money, appointment of a Chief Executive, key actions under the Resource Management Act, remuneration and employment policies, amending standing orders and other, similar high-level powers.

The Council appointed chairs and deputies for both committees and these four people together with the Mayor and his deputy formed the Chairs' Group. The purpose of this Group was 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.

The current Terms of Reference for the Chairs' Group are attached as Appendix N (A3615225). In its earlier stages, there was some discontent from some elected members around the role of this group. This was allayed when the decision to circulate notes from the meetings to all elected members was made and the practise of getting these out very soon after the meetings were held was put in place.

In mid-late 2020 a decision-making framework was put in place for Strategic Projects.

Code of Conduct and Legal Complaints

Around this time there were a number of Code of Conduct complaints in play. These variously involved the Chief Executive, Mayor, the then Deputy Mayor and three other councillors. The majority of the complaints, once investigated, were upheld with a range of outcomes as a result, from formal apologies to no further action being taken.

Following a column in 2015 defamation proceedings were brought against the Mayor by Cr K Arnold (who retired from Council at the 2019 Elections) with the trial finally being held in late 2019. Following a number of months of negotiations, the Council was served with proceedings

by the Mayor, in February 2020, seeking the recovery of costs he incurred in defending himself those proceedings. This litigation is still before the Courts.

As previously noted, in the months leading up to the DIA letter, media coverage of Council activities was increasingly focused on these and other disputes between elected members. Correspondence was received by DIA raising concerns about significant conflict among elected representatives and the Chief Executive.

The Problem

As described in the sections above, the Council was facing a range of issues and challenges both externally and internally which had built up over many months and years. These came to a head with the DIA letter. A subsequent review of Council governance found that the organisation was suffering from a “leadership void” which was affecting its ability to deliver for the city.

The problem therefore was how to restore trust and confidence in the Council, in the eyes of its own community, the DIA acting on behalf of the Crown, and arguably the wider local government sector.

Council's Response to the Problem

Overview

The Council recognised the issues raised in the DIA letter and determined it would work proactively to take ownership of the problem and address the issues raised. Its four key strategies were:

- the commissioning of an independent report into the current standard of governance at ICC against expectations in the Code of Conduct, a summary of the key issues impacting on council performance and a plan for the way forward
- the establishment of EAs to support a response to the issues raised in the letter
- the creation of a time-bound, measurable action-focused strategy (WoWT) to address the issues raised
- the establishment of working groups to lead the various work streams of the project.

Immediate Actions: August-December 2020

- In response to the letter received from the DIA on **18 August 2020** (attached as Appendix A (A3135039), on **25 August 2020** Council determined to proactively address the issues raised. They also resolved to appoint Bruce Robertson, the independent Chair of Council's Audit and Risk Committee, also as their independent governance advisor. At this meeting, the Council requested Mr Robertson prepare an initial overview of key issues affecting governance and management of Council. This review was to take the form of a self-assessment by each councillor and the Chief Executive. The intention was that this initial self-assessment be used to inform the Terms of Reference for the independent evaluator of what was considered by councillors and the Chief Executive themselves to be the matters most affecting the collective ability to provide effective leadership and retain the confidence of the community.
- On **27 August 2020**, the Council resolved to appoint Richard Thomson to undertake the evaluation of the current standard of governance performance at the Council, (background and biography for Mr Thomson is attached as Appendix B (A3847629). The Terms of Reference for this review are attached as Appendix C (A3145191).
- On **3 September 2020**, the Council received Mr Robertson's report (attached as Appendix D (A3846235). It identified four key issues:
 1. There is an absence of effective senior leadership among elected members
 2. There is a low level of trust and respect between members, verging on instances of alleged bullying and threatening behaviour
 3. The standard protocols on meeting and decision-making are neither well understood nor necessarily observed, and in some instances abused
 4. The governance/management split is not understood reflecting a polarised view of the role and performance of the management.
- On **12 November 2020**, the Council voted unanimously to receive Mr Thomson's Independent Governance Review including all its recommendations. This is attached as

Appendix E (A3307946). A summary of the findings of the Thomson Report below provides more information on his findings and recommendations. At the same meeting, the Council also unanimously accepted all the staff recommendations which included developing a time bound Action Plan to implement these recommendations. (The 12 November resolutions adopted by Council are attached as Appendix F (A3860359); this includes short comments on their status).

- On **13 November 2020**, the Council advised DIA of their resolutions and next steps. This memo is attached as Appendix G (A3248280).
- Also on **13 November 2020**, the full Council invited the media in for a briefing on the situation around the DIA letter and how they had unanimously agreed to address it. This followed a communications strategy which had been agreed by Council and aimed to highlight the efforts of members to work collaboratively to address the issues ahead. Unfortunately, to the surprise of the Council, the Mayor chose to speak out against the Council resolutions despite having moved and voted for them. This once again shifted the media focus to the disputes between elected members, rather than the substance of the report, and was a significant disappointment to many elected members.
- On **14 December 2020**, the Risk and Assurance Committee was 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 PGG 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 to bring in EAs, Council appointed Jeff Grant and Lindsay McKenzie to the positions. Short bios of both are attached as Appendix H (A3860511). The final Terms of Reference for these appointees were signed off by Council on 23 February 2021 and are attached as Appendix I (A3395750). The final Terms of Reference for the PGG were also signed off by Council on 23 February 2021 and are attached as Appendix J (A3329382).
- A Project Director was appointed in **mid-December 2020**.
- The first meeting on the PGG was held on **16 December 2020** and it has subsequently met monthly since February 2021. 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 its monthly meetings.
- The Action Plan signed-off by the Council on 12 November 2020 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 K (A3512987).
- Four phases of the WoWT strategy 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). These phases overlaid each other and changed slightly as the project progressed.

In summary, over a relatively short period of time most members of the Council demonstrated that they could unite to address their problems and work with the Chief Executive on what needed to be done. The foundations of a strong working relationship with DIA were also built.

Fixing the Problem

Governance Review (Richard Thomson) October 2020

The first independent governance review carried out by Richard Thomson 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 found that the leadership void was 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 Deputy Mayor Nobby Clark.
- "Breakdown in CEO and Mayoral relationship" – noting that this lack of relationship contributed further to the leadership void.
- "Continuing stone-in-the-shoe issues" – setting out a range of city projects and decisions that elected members disagreed on and continued to be debated without firm resolution.
- "Relationships between councillors" – outlining Code of Conduct complaints and external investigations that suggested the Council was struggling to effectively work together.
- "General state of the city" – which the report contends was in good health, despite the governance and relationship issues. But the combined matters above raised 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 also referred to the public perception of the Council, noting the risk that "continued disharmony in Governance, and the leadership void" could result in: "A continuing decline in public confidence that impacts both morale and the commitment to continue by competent Councillors. There is a strong view from a number of Councillors that this is already impacting. A significant number cited a view that the public perception of them is a significant cause of the DIA interest".

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.
- Through an understanding with the Mayor, 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 Pathway Forward

The Council unanimously agreed to receive the Thomson Report in November 2020. At the same time, it adopted a series of staff recommendations which set a path forward to address the issues raised in the Thomson Report, document progress and measure outcomes.

WoWT Strategy

The strategy at the heart of the pathway forward recognised that time, effort, and innovative thinking on the part of staff, management, and elected members was required in order to address the key issues. Both “what” needed to be done and “how” it was done needed to be addressed and a plan set out. It was really about getting the Council **Working on Working Together** – hence the strategy name.

At the same time as having a presence at the Council table, the EAs played key roles in both the PGG and the working groups. In the latter, in particular, they brought external experience (e.g. media and communications) and suggestions (e.g. professional development) and were able to lead the more challenging discussions in a non-threatening way (e.g. how best to support the Mayor).

The Project Director and his directorate, which included external advisers, were also critical to the project’s success. Their skillsets included expert advice on democracy services, communications, and strategy. This team ensured that momentum was maintained, everything was well-documented and people were “kept on task”.

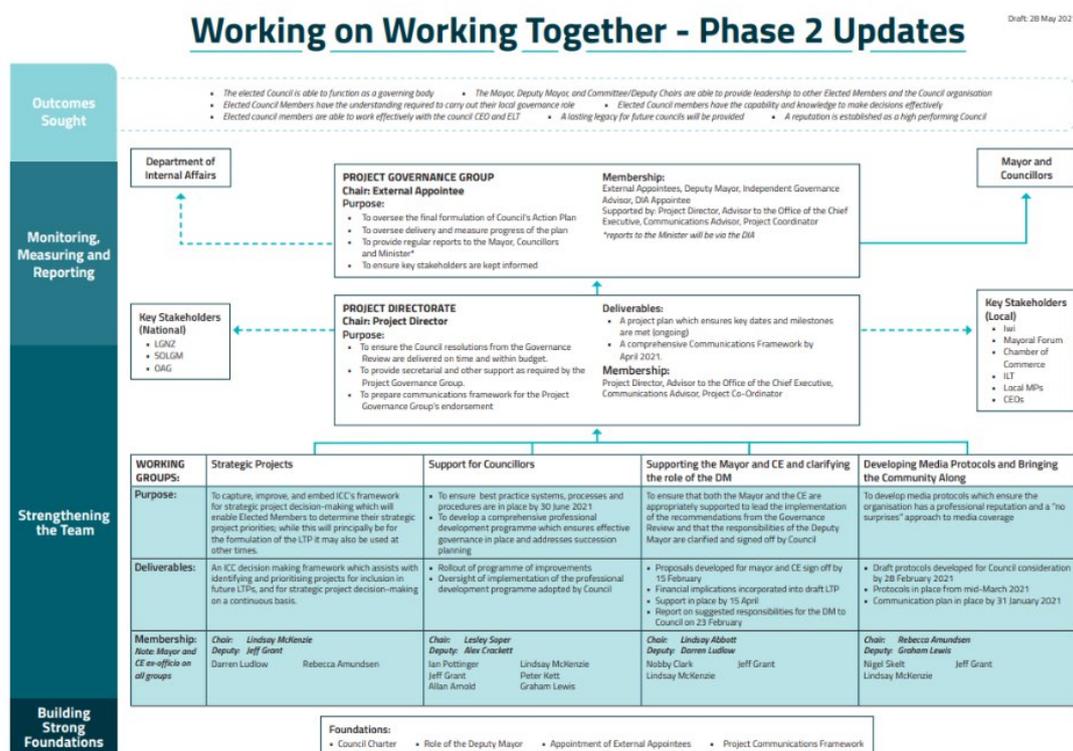
“What’s measured gets managed” was also an important underpinning strategy. Measurements ranged from six-monthly reviews to monthly outcomes measurements.

Implementation Plan

The plan to implement the Council resolutions arising from the October 2020 Thomson Report was encapsulated in a one-page framework titled “Working on Working Together”.

While Appendix K (A3512987) shows the current plan, the version included below is an earlier iteration which lends itself to better understand how the plan worked.

The benefit of the one-page strategy was to visually bring all the issues together, show how everything is connected, and keep the focus on the key outcomes and initiatives needed to address the problem. It went through various phases, one of which is reproduced below.



The WoWT Strategy encapsulates the following:

Identifying clear outcomes as an overarching direction (keeping the focus on the big picture) against which activities were measured. They were:

1. the elected Council is able to function as a governing body
2. the Mayor, Deputy Mayor, and Committee Chairs are able to provide leadership to other elected members and the Council organisation
3. elected Council members have the understanding required to carry out their local governance role
4. elected Council members have the capability and knowledge to make decisions effectively
5. elected Council members are able to work effectively with the Council Chief Executive and ELT
6. a lasting legacy for future Councils will be provided

7. a reputation is established as a high performing Council.

Taking a phased approach to the work ahead – with time bound work programmes.

Setting a clear structure and identifying who does what.

Agreeing the building blocks to deliver the outcomes:

- **Building strong foundations** through the appointment of two EAs, developing the role of the Deputy Mayor, creating a Council Charter, and having a strong communications framework in place
- **Strengthening the team** through putting in place Working Groups to address specific issues
- **Measuring progress** through monthly PGG meeting, the Risk and Assurance Committee, and regular reviews

The project was governed by the **PGG** which was chaired by one of the EAs and included a representative from DIA. While it had no decision-making powers, it was set up to report to Council on a monthly basis and make recommendations as part of that process. The PGG also provided regular reports to the Risk and Assurance Committee.

Since December 2021, as part of the EAs' transition plan, the PGG is chaired by the Deputy Mayor and in addition to the original members, three councillors have been appointed to it.

The current version of the WoWT Framework (attached as Appendix K (A3512987)) shows that both the Chairs' Group (refer Appendix N (A3515225) for Terms of Reference) and the ELT have a key role in the project going forward.

Supporting Activities

The Role of the Deputy Mayor

Some initial work was done by the working group to come up with a Memorandum of Understanding between the Mayor and his Deputy. The purpose to the Memorandum was to set out how the two would work together collaboratively and the support the Deputy Mayor could offer at meetings and on a day-to-day basis. In particular, it clarified the Deputy Mayor's responsibilities around:

- leadership for elected members and the need to play a major role in addressing the leadership issues raised in the Thomson Report
- being available to assist the Mayor in meetings as needed
- building solid working relationships with the Chief Executive and ELT
- offering day-to-day support for the Mayor, including liaison with staff and community
- establishing a weekly meeting to share information and agree upcoming activities
- providing support with the Mayor's monthly report on attendances and activities.

While the Deputy Mayor signed the document, the Mayor was unwilling to do so. This was despite a great deal of effort being put into finding words with which the Mayor was comfortable. The Deputy Mayor subsequently withdrew from the Memorandum because of Mayor's decision not to sign and what seemed to be a deteriorating relationship between the two.

The Deputy Mayor's role has since "evolved". It should be noted that the Deputy Mayor at the outset had the support of all councillors to carry out this role and this has continued.

Communications to Support the Plan

The Council recognised that a key part of the work to restore confidence was the need to communicate more clearly, openly and directly with the local community. At the time of the DIA letter, the Council did not have a strong relationship with local media, which tended to focus on commentary from individual elected members rather than key organisational activities. This approach continued throughout the WoWT process, when elected members chose to air concerns directly with the media.

Proactive communications activities were planned to support the WoWT strategy, as well as the development of a communications framework to identify wider activities the Council could take to improve communications with the community. Since this time, the vacant position of Communications Manager has been filled and a broader Communications Strategy prepared for the organisation.

The Council Charter

The Council Charter sets out a series of guiding principles for behaviour and areas of focus. It is attached as Appendix L (A3444273).

Elected members have agreed their behaviour will be guided by the principles of professionalism, maintaining an open mind, collective responsibility, being engaged, being outcome driven, having trust and good faith in each other, respect, and kindness and decency. Their focus will be on: building constructive working relationships; strengthening Council Governance Leadership; and delivering on core Council business and projects.

Progress reviews

Independent Survey (Impact Consulting) July 2021

This report was based on an online survey completed by all 13 elected representatives (the Mayor and 12 councillors), as well as 11 employed people. Of the 11 respondents referred to as "employed", two were EAs, two were external contractors and seven were staff responses (including the Chief Executive, group managers and a small number of other relevant staff).

Summary findings:

Both elected representatives and employed survey respondents believe that there have been improvements in working together but remain frustrated at the lack of leadership and the ongoing challenges faced because of the Mayor. They also remain concerned about the disclosure of information to the media and the loss of top staff from council.

- 92% of “employed” respondents indicated noticeable progress towards ‘strong unified governance and leadership’ in the past six months.
- 45% of elected representatives believe there has been only a small amount of progress or superficial change towards having strong unified governance and leadership.
- The majority of elected representatives and “employed” respondents believe that ICC councillors have made noticeable progress in the past six months towards having “respectful working relationships, which uphold the Code of Conduct and maintain public confidence in council”.
- There is a general feeling that issues are being monitored but not addressed.

Six-Month Review (Richard Thomson) August 2021

Richard Thomson’s Six Month Review presents a positive view of progress since the External Appointees were appointed and the WoWT Action Plan was put in place. He suggests that success has been driven by taking a structured approach combined with addressing some issues of Council culture. He particularly notes the success of the Chairs’ Group and the appointment of a high performing ELT. He also comments positively on much-improved relationships between governance and management.

With regard to next steps, he suggests that the PGG remains in place, an exit strategy for the EAs be agreed, and the media position be addressed. Overall, he encourages a structured approach alongside strategies to ensure the implementation of the council Charter.

This report suggests that the key challenges ahead are implementing organisational changes to capture the improvements (the what) and embedding a culture which reflects the values (the how). It recommends that the leadership of these changes needs to sit with those who can “make them happen” (the what) and lead by example (the how).

The six-month review is attached as Appendix M (A3512986).

A modified WoWT framework and a transition plan for the EAs was put in place as a result of this review.

Independent Survey (Impact Consulting) March 2022

Governance Questions (in the Residents’ Survey) March 2022

Wrap Up Review (Bruce Robertson) March 2022

Finance and Risk

Cost Estimates

On the basis of staff advice in December 2020 that the anticipated range of costs for the project were as follows:

- for the (then) seven months to 30 June 2021: \$250,000 – \$310,000
- for the 12 months to 30 June 2022: \$320,000 – \$420,000

Council signed-off the upper limits and resolved that the \$310,000 would be funded as unbudgeted expenditure from the general rate. The \$420,000 was to be included in the 2021-2031 Long Term Plan. These amounts did not include travel costs nor internal staff costs.

The \$310,000 budget to June 2021 included budgets for the external appointees, work plan delivery, independent governance support and a 10% contingency.

The final out-turn in at the end of June 2021 was expenditure of \$243,000

Projected Cost Out-turn – 2021/2022

The 2021/2022 budget was set at \$399,000. At the time of writing, the projected out-turn at the end of June 2022 is \$315,000.

Overall, the EAs fees were some 24% of the total budget. This was lower than anticipated.

Did We Get Value For Money?

As a project, the WoWT programme was about a response to externally recognised leadership challenges, rather than being developed through a business case process.

The programme sought to respond to the question of: how can the leadership undertake a programme that meets the external challenge? The approach to this question was to consider the options to address the issue and decide which one would be most effective.

The option selected (the WoWT programme) was first assessed based on its merits (it enabled existing leadership to address the challenges) with limited external intervention. The EAs were council-appointees to work alongside leadership. The programme budget was then developed and assessed against the outcomes sought, recognising there was limited choice for the Council.

Once the work was underway, there was rigorous monitoring of the budget on a monthly basis by the PGG.

The current projected out-turn is an actual cost of \$558,000 against a budget of \$570,000 to \$730,000. The budget did not cost (allow for) staff time which will not have been insignificant. VFM is assessing the costs against the benefits delivered.

There has been clear evidence that leadership of council has improved and can be sustained into the new triennium. There appears a reasonable chance of a return of a core of councillors

at the October elections, there is a recognised strong management team in place and WoWT has included developing an induction and development programme for the new councillors.

Given where council leadership was at in August 2020, this represents value, and needed change, in a programme effectively costed and cost-controlled.

The approach adopted was assessed as probably the best economic cost option in contrast to a possible Commissioner-led solution or some form of greater external intervention. The internal intervention – represented by WoWT – has delivered the benefits that the existing leadership now has the chance of cementing in the gains.

To the extent that the programme was needed, it is asserted it represents value for money.

Risk

The project took a pro-active approach to risk management. The risk register was a standing item on the monthly PGG agendas and was also reported to the Risk and Assurance Committee at its quarterly meetings.

In March 2021, after mitigations, there were four high, medium/high risks, four medium, medium/low risks and one low risk. Bleasty February 2022, there were no high or medium/high risks, four medium or medium/low risks and four low risks. The medium risks related to losing focus on the foundations of the strategy and work outputs not being accepted by council.

In March 2022, two new risks were added - one medium risk relating to Council's reputation together with a low risk that the focus on monitoring reduces when the PGG concludes its work and the EAs' tenure comes to an end.

Given the time in the election cycle, we believe that these risks in particular need to be closely monitored to ensure that there is no erosion of project gains.

WoWT Final Stages and Outcomes

As stated in **sections... above**, the WoWT strategy (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, staff presented a report to the Risk and Assurance Committee on 15 November 2021 suggesting a plan to transition the EAs away from Council over six months or so in a way that maintained the progress that had been made to date, and enabled Council to continue to build its own capability. It was proposed that commencing 1 December 2021, the EAs hand over their responsibilities for chairing the Chairs' Group and the PGG 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 matters, with a final review being undertaken in March 2022 to determine the form of the final stages of the WoWT work, including EA continued involvement.

Council subsequently supported a series of resolutions to make this happen and at the time of writing this report, the resolutions are all being actioned.

Did We Do What We Said We Would Do?

After receiving the Thomson report in full, Council passed 28 resolutions. All but three were actioned. Two of the three related to unsuccessful attempts to put formal arrangements in place to guide the relationship between the Mayor and the Deputy Mayor. The third, which was to be a workshop to gauge progress, was replaced by a six-month review.

More detail can be found in Appendix F (A3860359) which sets out the Council resolutions and progress to date on each of them.

Were There Alternative Approaches Council Could Have Taken?

Council was advised in November 2020 that there was an option to request the Government use its powers under the Local Government Act 2002 to provide an external intervention. Under the Act, there are certain circumstances in which the Minister may use their powers to intervene and assist a Council with a matter – called a “problem”. Of their nature, such interventions are irregular and discussion with the DIA would suggest there would be a very high bar for such action by the Minister.

Although this was given as an option, staff advised that it should only be considered if the Council could not agree it was capable, following the steps set out under the preferred option, to either improve governance generally or deal with a specific matter by reaching consensus during the development of the LTP.

The Council would have needed to self-fund any intervention by the Government. It is interesting to note that the four Commissioners appointed to Tauranga District Council earned \$1.1m in the year that they have served. This is similar to what a Mayor and 10 Councillors would earn, only split between four.

In the same report, the option of **accepting the status quo was discussed**. This option was based on Council deciding not to take further action. Staff advised that this would essentially

involve retention of the existing governance environment and would mean Council would not be prepared to deal with the key issues it had self-identified and which had essentially been confirmed by the Independent Governance Review.

How this would be viewed by the ratepayers, Council's regional stakeholders and the Crown was seen to be speculative. Adoption of this option would have been tantamount to saying the Council is part of the problem, but deciding it would not be part of the solution.

The report to Council noted that it would be difficult to envisage this as a credible option in light of Council's self-assessment and resultant Independent Governance Review.

Learnings

Note – this section to be completed when results of recent reviews are available

What Went Well

In its broadest sense, the ICC's response to the issues raised by the DIA is an example of a group of governors and managers being empowered to recognise and address their own problems, formulate a plan to fix them, and stepping-up to achieve an outcome in the best interest of their community.

With the support of the EAs, ICC became a more functional governance group ready to deal with the issues in front of it as the the business of council continued alongside the WoWT programme of work.

Key actions that enabled this outcome follow.

The appointment of External Appointees (EAs)

This was a first for local government and therefore somewhat of an experiment. While they were given clear Terms of Reference, the EAs had no voting rights around the Council table, nor did they have any delegated authority. They needed to influence, advise and guide, without making decisions themselves. Their reporting arrangements on a day-to-day basis were not specifically clarified, although they did have to prepare reports for the Risk and Assurance Committee.

The External Appointees became the lynchpin of the WoWT strategy for several reasons:

- Their skillsets were complementary as can be seen from their bios (attached as Appendix H (A3860511).
- While only one was resident in Southland at the time, the other had lived and held a senior role in the city for many years
- They were both skilled at using influence
- They brought different experiences and ideas to the table

Given the pivotal role they played we have reproduced below what the EAs themselves believe are the key learnings:

- *“self-help is a better approach than an external intervention;*
- *“a lot of energy and commitment is needed by everyone;*
- *“outsiders can add value;*

- *“people who are motivated can change their behaviours;*
- *“there probably needs to be a central government level policy and/or statutory response to deal with situations akin to Invercargill’s in the future.”*

They also emphasised the following:

“Over the past year or so Invercargill City Council has developed a suite of foundation documents, processes and tools to enable it to be a high performing organisation. In addition it has been learning and applying some soft skills which should contribute equally to performance.

“It is imperative that these are not forgotten. They need to be kept alive, put in front of elected members, practised and applied. It would be so easy for people and groups to revert unless this occurs. Whose job is it? Everyone’s – but Mayors and CEOs need to be the key champions”.

The governance/management split is now well-developed and understood

The original Thomson Report (ref s..above) highlighted some concerns in this area. The way the WoWT strategy was framed meant that elected members and staff (with the support of the Chief Executive) worked together in working groups on a reasonably informal basis but with a shared purpose.

Similarly, the inclusion of the Chief Executive in weekly Chairs’ Group meetings enabled free and frank discussions to take place and trust to be built. The sharing of notes from these meetings at pace with all elected members, as already mentioned, has been well received.

We believe the key learning is that governors and managers must work on understanding their own role, and that of the other. This is especially true in local government, where Chief Executives can have many “bosses”. There are no set rules for this, but it doesn’t happen by chance – it takes understanding, time and effort on all parts.

The relationship between ELT and the Council is strong

When this project started, there wasn’t a permanent ELT in place. With the appointment of the current ELT, the elected members, and in particular the Committee Chairs, have been able to develop good working relationships with all members.

Access to the Chairs’ Group also gave ELT the opportunity to develop constructive relationships and test their ideas out with council leaders.

An additional factor in the strengthening of this relationship is that the quality of advice and how it is presented has improved markedly over the last 18 months – both due to the ELT themselves but also the supporting work by the working groups.

The learnings are that these arrangements were encouraged from the commencement of their employment by the Chief Executive and supported by the WoWT structure – consequently the elected members have built trust and confidence in ELT.

The importance of soft skills is recognised – the “how” is as important as the “what”

At the working group level, the importance of a positive culture was discussed as were the challenges of describing what that actually meant and how it could be measured. The exercise of developing a council Charter was the means by which behaviours were discussed.

The key learning is that the process itself is important.

Communications and media – a new, more proactive approach is in place

At the beginning of the project, the Council's relationships with local media were strained – as evidenced by the DIA letter. By taking a more proactive approach to sharing information, inviting media in for briefings and talking directly with key community stakeholders, the Council began to change its approach to media and communications for the better. This good base has been expanded upon with the recent development of a proactive communications strategy for the organisation.

What changes were put in place that have ongoing wider benefits for Council?

- **Professional development (PD) programme for elected members**
While it needs further development, there is now a PD programme in place. Some sessions have outside facilitators (e.g. charring meetings), others are delivered by staff (e.g. Council financial system). This will be invaluable for elected members of the future.
- **Induction programme**
Council staff are well on the way to developing this programme specifically for the incoming elected members post-election. They are also investing in making as much information as possible publicly available.
- **A high standard of reports and advice to Council**
One of the working groups placed a focus on this which is fundamental to a well-functioning Council. There is now a measurement system in place to ensure the quality of reports and advice remains of a high standard.

Relationship with DIA

The relationship between Central Government and Local Government has always been challenging. By working closely with DIA through this process, a new relationship has been forged which will stand the Council in good stead as it moves forward.

What Could We Have Done Better?

The Role of the Deputy Mayor

Even though he had the support of all the councillors, without the support of the Mayor and good communication channels between them, the role of the Deputy was very challenging. We need to ask ourselves whether we could have provided more support in this area.

Communications and Media Management

A proactive approach to sharing information with the community on a regular basis was often stymied by the media's continued focus on personalities and commentary between individual elected members. During the WoWT project, recruitment was underway for a Communications Manager and therefore there wasn't a single person on-the-ground to galvanise elected members and ensure a focus on key issues. Support was provided to the communications team externally, but the need to have a champion for media and communications within the Council, who can also develop relationships and trust with elected members, is critical for success.

Are There Learnings For The Sector?

The wider benefits to Council outlined in [section ?](#) above (the need to work hard on “working together”, the value of the EAs, the critical role of the Project Directorate and external advisers, and the need for measurement to track progress), and the views of the EAs outlined in [section ?](#) (the benefits of self-help over intervention, the energy required to succeed, the value of outside advice, the ability of people to change and the need for a national approach to solve similar problems) are all applicable to the sector.

In addition the following learnings are worth noting:

- **A structured approach**
This needs to include clear outcomes and regular monitoring of progress to ensure focus is maintained.
- **A simple plan**
While this is a somewhat lengthy report, the essence of the plan was captured on one page, making it understandable and achievable.
- **A realistic budget**
The budget needs to be seen as an investment.
- **Stakeholder engagement**
Establishing good communication channels and positive working relationships with key, especially local, stakeholders pays off.
- **Relationships with Government agencies**
Working openly and collaboratively with government agencies produces results.

List of Appendices

A Letter from DIA August 2020 – A3135039

B Richard Thomson Bio – A3847629

C Terms of Reference for Independent Governance Review August 2020 – A3145419

D Self-Assessment Report from Bruce Robertson 3 Sept 2020 – A3846235

E Richard Thomson Governance Review October 2020 – A3307946

F Council Resolutions November 2020 A3860359

G Memo to DIA from CEO and Governance Advisor November 2020 – A3248280

H Jeff Grant and Lindsay McKenzie bios - A3860511

I Terms of Reference for the External Appointees – A3395750

J Terms of Reference for the Project Governance Group – A3329382

K Working on Working Together Framework – A3512987

L Council Charter – A3444273

M Richard Thomson Six Month Review August 2021 – A3512986

N Terms of Reference for the Chairs' Group – A3615225



**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', with a small flourish above the 'i'.

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

CURRICULUM VITAE

RICHARD THOMSON

204 HIGHGATE, ROSLYN, DUNEDIN 9010

PH. 027 2245739

EMAIL: Richard.Thomson@xtra.co.nz

DOB: 8/7/56

ACADEMIC QUALIFICATIONS

BA Hons (1st Class), majoring in Psychology

Master of Arts (with credit)

Post Graduate Diploma in Clinical Psychology

CURRENT EMPLOYMENT

I am currently the Managing Director of Thomson & Cessford Ltd., trading as Acquisitions. Acquisitions is a chain of 20 retail gift and homeware stores spread throughout NZ. This began as a hobby business but morphed into my primary employment. I am also a Company Director with a range of Governance roles. Currently these comprise:

- Director Dunedin City Holdings Ltd. (commenced 2020). DCHL is the owner of Dunedin City Council owned businesses, Delta, Aurora, Dunedin Venues, and City Forests. I am also a Director of Dunedin City Treasury, Dunedin Stadium Trust and Dunedin Railways through my DCHL Director role.
- Trustee, Healthcare Otago Charitable Trust (2001 to current). HCOCT manages a Trust Fund of approximately \$20m to fund health related projects in Otago.
- Chairman, Hawksbury Community Living trust (1990 to current). Provides 24 hour residential care for approximately 100 intellectually disabled adults in Dunedin and Christchurch.

PREVIOUS EMPLOYMENT

- Lecturer in the Dept of Psychological Medicine at the Otago Medical School (1979 to 82). During this time I held a joint appointment in Dunedin Hospital and carried out a range of research and teaching roles. Resigned for career change to set up business.
- Change Management role with the Trade Aid organisation (1998 to 2000). The organisation was losing money badly and over 18 months I restructured them and set them back on a profitable path.

PRIOR KEY GOVERNANCE ROLES

Health Related Activities

- OTAGO DHB: I was appointed to the transition board for what would become the Otago DHB in 2000, and in late 2001 was appointed Chair of the then Otago DHB, a position I held till 2009. I subsequently remained on the Board as an elected member. In 2008/09 I was also deputy chair of Health Boards NZ, the then umbrella organisation for DHB's.
- SOUTHERN DHB: I was an elected member of the SDHB from its inception until the Board was sacked in 2015 by Minister Coleman. Although part of the dismissed Board I was asked by the Minister to be part of a new Commissioner team to run the Board and continued to serve as a Deputy Commissioner until the Board was reinstated in December 2019.
- Southern Partnership Group: I was appointed by the Minister of Health in 2015 to the SPG which was the governance vehicle for the Dunedin Hospital rebuild. The SPG's role came to an end in Dec 2020 with the completion of preliminary design and will be replaced with a more construction experience focused board rather than health models focused.

Non Health Related Activities

- In 2010 I was elected the top polling candidate for the Dunedin City Council and I served two terms on that body including 3 years as Chair of Finance. During this term I set up an Audit Committee with independent membership and Chair. I chose not to stand again at the end of my second term due to the workload involved as part of the Commissioner team running the SDHB. Received the highest rating score by the ODT in a review of Councillors performance.
- I also chaired the Board of the Composite Retail Group for approximately 5 years until resigning in 2017 (also to enable me to devote adequate time to the DHB role). Composite is a buying group for a range of retail sectors, based in Auckland. It sourced between \$30m and \$40m a year in stock for a range of independent retailers throughout NZ.

GENERAL SKILL SET

I bring a combination of skills to any role but my significant strength is in combining my skills as a clinical psychologist with practical hands on business experience and strategic governance thinking. I have an ability to sift information and put it in an ordered framework and am generally able to work well in conflict situations. I am outcome focused and will look to work with what I have got to maximise outcomes. I understand governance in a political environment and have an ability to work well across political divides.

REFEREES

Kathy Grant – Kathy was the Commissioner of the SDHB. She can speak to my Governance ability. She can be contacted on 021 165 6836 or email Kathy.grant@thegrants.nz

Viv Ruth – Relationship Manager, Ministry of Health. Viv can speak to my skill set around handling dispute and mediating a pathway forward. Viv is contactable on 03 3570072 (working hours) or by email at viv.ruth@health.govt.nz

Draft Terms of Reference for Bruce Robertson, Independent Advisor to guide and support Council through the process of review, mandated by DIA

Background

The Department of Internal Affairs has written to the Mayor and Chief Executive, expressing concern around conflict among elected representatives and the Chief Executive at Council, questioning the capacity of Council to provide strong and unified governance and leadership, and requesting that Council enter into a process to restore trust and confidence in its ability to meet the Crown's expectation of a high performing Council.

A copy of this letter is attached as Appendix A.

The letter specifically requests:

- 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 in relation to sections 5 Relationships and 11 Creating a supportive and inclusive environment"
- A summary of the key issues that elected representatives and the 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 Council needs to make through to 30 June 2021 to deliver the next LTP.

Council has met twice since receiving the letter.

The reports which were presented to Council are attached as Appendices B and C.

The reports were received in public excluded, to allow for free and frank exchange of views.

Appendix D contains a copy of the letter that went to the DIA on 28 August after the Council meetings.

The first decision made by Council was to appoint Bruce Robertson, Chair of Council's Risk and Assurance Committee, as an independent advisor to guide them through the process. Mr Robertson provides assurance to Council that any work recommended and commissioned has independence.

Our Requirements

We expect Mr Robertson to work with the Chief Executive and senior staff, to provide options and recommendations to Council so that it can make decisions that meet DIA requirements.

We intend that Mr Robertson be an independent facilitator between Council and the Chief Executive (specifically mentioned in the DIA letter) and between Council and DIA requirements.

Mr Robertson's experience provides confidence to Council that he can compile information for use by the evaluator, and he can play a quality assurance role in the development of documentation for the DIA. His experience in the sector also provides the opportunity for guidance in development opportunities for elected members.

Specifically, Mr Robertson will attend meetings where critical decisions are made (Thursday 28 August, Friday 4 September, and Tuesday 6 October at a minimum). He will review documentation being provided to the DIA (key issues, clear plan on how to address the issues, key decisions) and he will receive the evaluation of current standard of governance performance in order that this can be considered in the context of the clear plan forward.

Methodology

- Review of documentation
- Compilation of information
- Presentation/presence at Council meetings
- Availability for interview by the evaluator
- The evaluator's report

Timeframe and Deliverables

The letter from the DIA was received 18 August. Two Council meetings have occurred already, and the Council seeks to have the evaluation of performance completed and reported to it on Tuesday 6 October.

After that date, there will be a need for further reporting to DIA with a clear plan on how Council will address the issues, including a timeline and framework for how success will be measured.

Role Definition

Mr Robertson is the Chair of Council's Risk and Assurance Committee. In that role, he could have reasonably expected to have read some of Council's reports, and to have contributed to the identification of potential evaluators.

The contribution of Mr Robertson to the development of reports to Council on this matter; the compilation of councillor and chief executive feedback; involvement in interviews and other guidance on this process is outside that role, and sits within this Independent Reviewers Terms of Reference.

We have satisfied ourselves that Mr Robertson does not have a conflict of interest.



03 September 2020

Sir Tim Shadbolt, Mayor
All Councillors
Clare Hadley, Chief Executive
Invercargill City Council

Mayor Sir Tim ,Councillors and Clare

Purpose of paper

This paper seeks to provide you with an initial self-assessment of the key issues affecting governance and management of the Invercargill City Council (the Council).

I have been asked by you to prepare the initial cut of key issues on your behalf and basing it on feedback provided by you since Council's extraordinary meeting on Thursday, 27 August 2020.

The intention is that this initial self-assessment be used to inform the Council and independent evaluator of what is considered by you to be those matters most affecting your collective ability to provide effective leadership and retain the confidence of the community.

Process

At Council's extraordinary meeting on Thursday 27 August, you agreed I would be provided with written summaries from all of you on your individual assessments of those key issues. Because of understandable extenuating circumstances I received the last of that feedback on Wednesday, 03 September in the evening.

All of you have provided me with feedback.

I appreciate the attention and priority given this matter by all involved.

Analysis

The feedback has been provided to me in open text form and my task is to collate it in summary form. I have done so by taking the key points from all feedback and sorting them into the key sections of the Code of Conduct (the Code) referenced in the Department of Internal Affairs' (DIA's) letter and which sets out the expected behaviour of all elected members.

The relevant sections of the Code are sections 5.1 describing the expected behaviour between members, section 5.2 relating to elected members behaviour to staff and section 11



which expects elected members to create and contribute to a supportive and inclusive environment.

I have sought to characterise the main comments provided in the feedback and to then summarise with my analysis of the four key issues.

Caution

The analysis is to define at a high level the issues that you consider are affecting the leadership of the Council. I have necessarily had to paraphrase and summarise a substantial level of feedback. Not every aspect of feedback can be included in this analysis.

I have taken due care in this process.

Description of key issues

The main comments made in your self-assessments relating to the Code are:

Section 5.1 of the Code - Relationships between members

Maintaining public confidence

- the community's confidence is detrimentally affected because they pick up (via the media and contact with councillors) on the lack of cohesion and their sense that Council is not necessarily attentive to their interests
- some view councillor actions as not reflecting a focus on the community but their personal power or views

Being open and honest

- members expressed a general concern that not all members came with an open and honest mind, sometimes contributed to by not having read all papers or being prepared.

Being courteous

No specific comment was provided on this behaviour although its counterpoint is the last matter ("avoiding malicious or disrespectful behaviour") described in this section.

Focusing on the issue at hand and not personalities

- in the current environment, described by some as a void of leadership, the politics of the council room dominate the debate, relegating issues to being of secondary importance.
- a (disputed) view is that approach to issues and decision-making is based on factions

Avoiding abuse of meeting procedures

- the primary concern is often what happens outside the council chamber - examples included a lack of transparency and suspicion of the (Chair's) Leadership Meeting by those not involved, use of the media in an attempt to influence the agenda and what was debated, overuse of notice of motions and not following standing orders, attempts to relitigate decisions



- concern that the new Committee structure is not necessarily providing open debate at a council-level
- a lack of confidentiality

Avoiding malicious or disrespectful behaviour

Note - this matter also relates to the behavioural aspect of “Being courteous”.

- behaviours of some councillors were seen as bullying or threatening
- a lack of respect for the formal leadership positions in Council

Section 5.2 of the Code - Relationships of elected members with staff

- a lack of trust in advice given by management (not just the Chief Executive)
- failing to recognise that the current Chief Executive is expected to bring about change, which has meant changing past practice, including at an elected member level
- lacking an agreed understanding of the difference (or ‘split’) between governance and management
- varying views about the Chief Executive’s role in meetings and leadership

Section 11 of the Code - Creating and contributing to a supportive and inclusive environment

- a lack of sharing information meaning some elected members feel excluded
- a lack of opportunities for elected members to ‘gel’ - either through the agenda not allowing ‘councillor time’ or through lack of hospitality after meetings
- unequal understanding of meeting procedures and roles between members
- poor chairing not fostering open debate
- the need of better support structures for the Mayor
- there is a leadership ‘void’ at senior levels of the Council

Summary of key issues based on feedback

1. There is an absence of effective senior leadership among elected members
2. There is a low level of trust and respect between members, verging on instances of alleged bullying and threatening behaviour
3. The standard protocols on meeting and decision-making are neither well understood nor necessarily observed, and in some instances abused
4. The governance/management split is not understood reflecting a polarised view of the role and performance of the management

Next steps

This analysis necessarily is condensing views expressed by individual respondents.

It is suggested that Council note these matters and for this analysis and individual responses to form part of the information pack made available to the independent evaluator for their



rbrobertson

consideration, individual discussion with elected members and management and integration into their findings and report.

It is noted it is for the independent evaluator to conclude on the accuracy and reasonableness of these issues and how they might influence conclusions reached in the review.

Regards

A handwritten signature in blue ink that reads 'Bruce Robertson'. The signature is written in a cursive, slightly stylized font.

Bruce Robertson
Independent Chair, Risk and Assurance Committee
Invercargill City Council

e: bruce.robertson@rbrl.co.nz

t: 027 535 7785

Invercargill City Council

Independent Governance Review Report

October 2020

Authored by: Richard Thomson

Richard Thomson spent his early years in Invercargill but has lived in Dunedin for the best part of five decades. He trained as a Clinical Psychologist before working as a lecturer in Psychological Medicine at the Otago Medical School. He resigned after several years to set up the Acquisitions retail chain.

He has extensive governance experience in both the public and private sector. He has had 20 years experience in Health sector governance including positions as Chair of the Otago DHB, and elected Board member of the Southern DHB and, following the Boards dismissal in 2015, was an appointed deputy Commissioner until retiring prior to the 2019 local Body elections.

He was previously a two term City Councillor in Dunedin and Chaired the Finance Committee. As well as chairing his own Company he has been Chair of the Composite Retail Group, is a current board member of Dunedin City Holdings Ltd, Dunedin Stadium Ltd., and is an appointed member of the Southern Partnership Group (governance body for the rebuild of Dunedin hospital).

In the charitable sector he has been the long term Chair of the Hawksbury Community Living Trust (provides accommodation for approximately 100 intellectually disabled adults) and a board member of the Healthcare Otago Charitable Trust.

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1. TERMS OF REFERENCE

This report follows a request from the DIA that the Invercargill City Council provide:

- 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 in relation to sections 5 "Relationships" and 11 "Creating a Supportive and Inclusive environment".
- A Summary of the key issues that elected representatives and the 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.
- A summary of key decisions that Council needs to make through to 30 June 2021 to deliver the next LTP.

These flow out of a letter from the DIA expressing concern:

- around conflict among elected representatives and the Chief Executive at Council
- questioning the capacity of Council to provide strong and unified governance and leadership, and
- requesting the Council enter into a process to restore trust and confidence in its ability to meet the Crown's expectation of a high performing Council.

My specific TOR¹ were as follows:

- To provide 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 in relation to sections 5, Relationships, and 11, Creating a supportive and inclusive environment.
- This was qualified with the following explanatory paragraph "We expect the evaluation to provide us with a thorough analysis of the current state of play including what is working well, what could be improved, and suggestions and strategies for improvement"
- A further qualification, in the same paragraph, stated "suggestions about how to measure progress would also be within the brief".
- A final qualification is found in the next paragraph "we are open to hearing any views you may form about whether, to restore trust and confidence, (it) may be wise for Council to invite support, and/or external intervention, and how that might look".

2. BRIEF DISCUSSION OF TOR

The TOR have driven my approach to this report. Section 5 of the Code relates to relationships generally and sets out standards of behaviour between members; members and staff; and members and the public. Section 11 is around “creating a supportive and inclusive environment”. Although wordy they are significant in my terms of reference and so rather than append them, I have reproduced them below:

“5. Relationships

This section of the code sets out agreed standards of behaviour between members; members and staff; and members of the public.

5.1 Relationships between members

Given the importance of relationships to the effective performance of the council, members will conduct their dealings with each other in a manner that:

- *Maintains public confidence*
- *Is open and honest*
- *Is courteous*
- *Is focused on issues rather than personalities*
- *Avoids abuse of meeting procedures such as a pattern of unnecessary notices of motion and/or repetitious points of order; and*
- *Avoids aggressive, offensive or abusive conduct, including the use of disrespectful or malicious language*

Any failure by members to act in the manner described in s5.1 represents a breach of this code. Please note that nothing in this section of the code is intended to limit robust debate within the council as long as it is conducted in a respectful and insightful manner.

5.2 Relationships with staff

An important element of good governance involves the relationship between the council and its chief executive. Members will respect arrangements put in place to facilitate this relationship, and:

- *Raise any concerns about employees, officers or contracted officials with the chief executive;*
- *Raise any concerns about the performance or behaviour of the chief executive with the Mayor/Chair or the chairperson of the chief executive performance review committee (however described)*
- *Make themselves aware of the obligations that the council and the chief executive have as employers and observe those requirements at all times, such as the duty to be a good employer;*
- *Treat all employees with courtesy and respect and avoid publicly criticising any employee;*
- *Observe any protocols put in place by the chief executive concerning contact between members and employees;*

- *Avoid doing anything which might compromise or could be seen as compromising, the impartiality of an employee.*

Any failure by members to act in the manner described above represents a breach of this Code:

Please note: Elected members should be aware that failure to observe this portion of the Code may compromise the council's obligations to be a good employer and consequently expose the council to civil litigation or affect the risk assessment of council's management and governance control processes undertaken as part of the council's audit.

5.3 Relationship with the public

Given that the performance of the council requires the trust and respect of individual citizens, members will:

- *Interact with members of the public in a fair, respectful, equitable and honest manner;*
- *Be available to listen and respond openly and honestly to community concerns;*
- *Consider all points of view or interests when participating in debate and making decisions;*
- *Treat members of the public in a courteous manner; and*
- *Act in a way that upholds the reputation of the local authority.*

Any failure to act in the manner described above represents a breach of this Code.

11. Creating a supportive and inclusive environment

In accordance with the purpose of the Code, members agree to take all reasonable steps in order to participate in activities scheduled to promote a culture of mutual trust, respect and tolerance. These include:

- *Attending post-election induction programmes organised by the council for the purpose of facilitating agreement on the council's vision, goals and objectives and the manner and operating style by which members will work*
- *Taking part in any assessment of the Councils overall performance and operating style during the triennium*
- *Taking all reasonable steps to ensure they possess the skills and knowledge to effectively fulfil their Declaration of Office and contribute to the good governance of the city, district or region.*

However, the phrasing of the TOR is important. It is clear that I am required "particularly", but not exclusively, to focus on these aspects of the Code of Conduct. In my view there are also other aspects of the code that are extremely material to my report, most specifically the "values" as outlined in the Code. These are:

- Public Interest:** Members will serve the best interests of the people within their community, district or region and discharge their duties conscientiously, to the best of their ability.*
- Public Trust:** members, in order to foster community confidence and trust in their Council, will work together constructively and uphold the values of honesty, integrity, accountability and transparency.*

- c. **Ethical Behaviour:** Members will not place themselves in situations where their honesty and integrity may be questioned, will not behave improperly and will avoid the appearance of any such behaviour.
- d. **Objectivity:** Members will make decisions on merit, including appointments, awarding contracts, and recommending individuals for rewards or benefits
- e. **Respect for others:** Will treat people, including other members, with respect and courtesy regardless of their race, age, religion, gender, sexual orientation, or disability. Members will respect the impartiality and integrity of officials.
- f. **Duty to uphold the law:** members will comply with all legislative requirements applying to their role, abide by this code of conduct, and act in accordance with the trust placed in them by the public.
- g. **Equitable contribution:** members will take all reasonable steps to ensure they fulfil the duties and responsibilities of office including attending meetings and workshops, preparing for meetings, attending civic events and participating in relevant training seminars.
- h. **Leadership:** Members will actively promote and support these principles and ensure they are reflected in the way in which the Council operates, including a regular review and assessment of Council's collective performance.

There is a footnote to these values which states that these values complement and work in conjunction with the principles of s14 of the LGA 2002 and the governance principles of s39 of the LGA 2002. Of these the most relevant to my investigation is S39 which is detailed below:

"Governance principles

A local authority must act in accordance with the following principles in relation to its governance:

(a)

a local authority should ensure that the role of democratic governance of the community, and the expected conduct of elected members, is clear and understood by elected members and the community; and

(b)

a local authority should ensure that the governance structures and processes are effective, open, and transparent; and

(c)

a local authority should ensure that, so far as is practicable, responsibility and processes for decision-making in relation to regulatory responsibilities is separated from responsibility and processes for decision-making for non-regulatory responsibilities; and

(d)

a local authority should be a good employer; and

(e)

a local authority should ensure that the relationship between elected members and management of the local authority is effective and understood."

There is one aspect of section 14 which does have some relevance to my enquiry and so I have quoted it below.

“14(1) e. A local authority should actively seek to collaborate and co-operate with other local authorities and bodies to improve the effectiveness and efficiency with which it achieves its identified priorities and desired outcomes”.

3. PROCESS OF EVALUATION

The following has occurred as part of my investigation:

- I have interviewed the Mayor and all City Councillors, plus the following members of the executive management team – CEO Clare Hadley, Interim GM Infrastructure Jane Parfitt, Interim Group Manager Finance and Assurance Dave Foster, Group Manager Customer and Environment Darren Edwards, Group Manager Strategy & Policy Cameron McIntosh, Manager People and Capability Gary Andrews, and GM ICHL Andrew Cameron. I had an interview framework² which I used as a guide to review whether I felt we had covered the key aspects, rather than as a formal structured interview. This was based loosely on the Local Government Excellence Programme Performance Assessment Framework but adapted for these specific circumstances. Every participant was advised that the discussions would be confidential. This was qualified by me as being “to the extent that any ombudsman’s ultimate interpretation of a refusal to make public, if subject to a LGOIMA request, was not in my control”. I advised each participant that I would be making notes as I went. In the case of one person I agreed not to make verbatim notes but advised that I would be making a summary recollection at the end.
- I have reviewed the Chief Executive’s most recent Performance Evaluation: This was completed in May 2019 (and so in the previous triennium with a different Councillor mix) and independently facilitated. It involved feedback from Councillors, tier 1 management and external stakeholders. My purpose in doing so was to better understand the context of some feedback from Councillors, and also to assist with “We expect the evaluation to provide us with a thorough analysis of the current state of play including what is working well, what could be improved, and suggestions and strategies for improvement” as outlined in my TOR.
- I have reviewed written feedback from Councillors and CEO to Mr Bruce Robertson (Independent Chair of their Audit Committee) and his summary report of those views. This was provided to me with the knowledge of all participants and was a separate requirement (TOR second bullet point) of the DIA. I have attached Mr Robertson’s summary report⁴ but have not attached the individual feedback to him as that was provided in confidence (save that he had permission for me to review it).
- I commissioned a tailored Institute of Directors’ Board Evaluation Analysis report⁵ and Whole of Council report⁶ and reviewed these results. This was to both provide

an independent, empirically based, view that could be used alongside my more subjective interview structure, and also to ensure that any assessment of the governance structure was provided separately by Councillors and Tier 1 management independent of my involvement. For this reason, I endeavoured to have the survey completed prior to my interviews so that I could not be seen as influencing it. This was done by all but one Councillor who I only discovered had not completed it during interview. He completed it immediately post my interview. The survey was completed by 12 out of 13 of the Councillors (including the Mayor) and by five of the six tier one management (including the CEO).

- I have read the views and opinions of Councillors as expressed in media. I recognise that whilst expressed as their views they will have been coloured by the perspective that the reporter chooses to take. Their value is not in those individual views per se but in the way in which they reflect the dynamics of this Council and its problems.
- Finally, I was independently contacted (unsolicited) by three Southern Mayors who wanted to convey their concerns. I was rung by one of them on behalf of the others. My response was that if they wished to make a comment they should do so signed in writing. I have not appended this as I have taken the same approach to all people who have provided me with information, that I would treat their contributions as private unless compelled otherwise.
- I have reviewed some Council documents and where they have relevance, I have notated them in the body of the report.

4. KEY FINDINGS

It is clear from interviews with Councillors and Tier 1 staff, plus the results of the survey and the written material provided to Mr Robertson, that there are significant problems with Governance. Whilst it is the ICC rather than myself who is being asked to provide reassurance that they could meet the Crown's expectations of a high performing Council, **I do not believe, in the absence of appropriate intervention, that such an assurance could be confidently given.** How I have come to this view is best understood by presenting my key findings and my analysis of those. I will detail the intervention options in a later section of the report.

I note for the sake of clarity that my observations are in most respects the views of those that I have interviewed, or their views individually or collectively as detailed in the IoD survey and Mr Bruce Robertson's report. I have not attended Council meetings to observe Councillors and/or the Mayor in formal processes. I have attempted, at the risk of annoying the reader with repetition, to state where a comment is the observation/report of others. Where it is my view, based on those collected observations, I have said so. If at any point in the report I have failed to make that clear then this is an accidental omission and the reader should seek clarification from me directly.

I have identified seven key themes which I summarise first before elaborating on in more detail section by section. The summary is my conclusion, based on the reports of all, and my weighing up of those reports and the survey data.

- a) **LEADERSHIP VOID:** There was a clear consensus that the Mayor is struggling to fulfil significant aspects of his role and that the result of this is a leadership void in the governance arm. This has manifested itself in many ways and is seen both internally and externally (by other stake holders). There have been changes in the governance committee structure which assist in managing this (although that was not their primary driver) but the Mayor's difficulties are becoming increasingly apparent. There remain significant issues in providing an appropriate link between governance and management due to the Mayor's inability to perform what would normally be a key function of their role. There is no working relationship between the Mayor and the CEO and the appointment of Cr Clark as the new Deputy Mayor may (in my view, and subject to qualifications in more detail later in the report) risk destabilising this interface further. It should be stated up front, however, Sir Tim has never been a "standard" Mayor and he would acknowledge this. He has always seen himself as a promoter for Invercargill, rather than a "policy and process" mayor. I return to this in other places in my report.
- b) **IMPACT OF A NEW CEO:** The CEO was appointed in 2018 and it is generally agreed that she was charged with reviewing existing practices and making change as necessary. The absence of Mayoral leadership and a working relationship between her and the Mayor has meant that she has been forced into a situation where she is more entwined in governance than best practice would suggest ideal (my view, but I believe hers as well). She is generally seen as very competent (supported by an independently facilitated performance appraisal in May 2019). However, she is seen negatively by some Councillors (a minority). Their views would appear to be based more on her style than on her competence, and, in some cases, reflect different views as to how management and governance should interface.
- c) **ELECTION OF COUNCILLOR CLARK:** Cr Clark is a first term Councillor who is cited by a majority of his colleagues as being a factor in the difficult Council dynamics. He is (in my view) both capable and polarising and his approach to his role has earned the ire of many of his colleagues. He has adopted the role of an "activist councillor" (my term) and his relationship with staff is described by many interviewees as aggressive and rude. However, as I attempt to describe below, it is my view that much of what he seeks is reasonable, even desirable, but its passage out is alienating many. His elevation to Deputy Mayor is likely (in my view) to risk further destabilisation of both governance and the governance/management relationship, unless he changes his approach to a more collegial one.
- d) **BREAKDOWN IN CEO & MAYORAL RELATIONSHIP:** It is doubtful that there has ever been a meaningful relationship between the CEO and Mayor. The Mayor feels

abandoned by management and unsupported, a point perhaps best understood in his comments to the Southland Times of the 21st October 2020⁷, but also verbalised to me. (He feels that he has made a number of requests for assistance of an administrative, communications and research kind but these have not eventuated). The CEO, on the other hand, would say that she has found herself attempting to work with a Mayor who is unable to carry out his role, particularly as they relate to the interface between governance and management, political management, and strategic focus, and she has then had to adapt her approach to find a way through.

- e) CONTINUING “STONE IN THE SHOE” ISSUES: There are a number of long standing, and publicly prominent, issues that Council has been unable to put to bed in terms of the LTP. These appear to be continually relitigated and this also heightens the aggravation for many councillors and management.
- f) RELATIONSHIPS BETWEEN COUNCILLORS: Councillors largely believe (their self-report) that there is a community perspective that they are unable to work together but feel this is over stated. However, there are some who have described the atmosphere as toxic to me (and this is cited publicly relatively recently by the retiring Deputy Mayor ODT 14th October⁸). There have been two recent code of conduct investigations (one laid by the CEO, although now withdrawn following Cr Biddle’s notice of resignation) and an external investigation into leaking (inconclusive) that reinforce the perception of difficulties. I am also aware that there is the possibility of more code of conduct complaints (interview information) although none have yet been filed at the time of writing.
- g) GENERAL STATE OF THE CITY: The City has been generally well run in terms of common measures such as debt and quality of infrastructure assets. It is my view that the overall competence of Council is not materially better or worse than many other Councils but there is real risk that the other issues could result in a dysfunctional governance structure and loss of key management (and difficulty in replacing these due to perception).

I have elaborated on these in much greater detail below:

LEADERSHIP VOID

1. The tailored Governance surveys^{5&6} clearly back my own observations that there are significant concerns regarding the Governance at the ICC. **The Survey analysis must be read in conjunction with this report.** For brevity I have just included the IoD analysis conclusions in this section. They write:
 - a. The evaluation conducted with the Invercargill City Council has identified a board with significant concerns regarding governance of the Council. With

only 19 of 99 questions receiving an average rating over 5.0 out of 7.0, we consider this a crisis of confidence.

- b. However, the engagement of the participants in the process also displays a passion for the Council. The results also show the Council will be able to make significant changes to the overall average rating with the following:
 - i. Strong leadership from the Mayor and CEO in working together
 - ii. Identifying and addressing the development needs of the Council (including external training)
 - iii. Managing debates to ensure consensus in decision making.
2. By far the strongest theme that emerged in my interviews with Councillors and the Tier 1 management of the Council was that of a leadership void in the Governance structure.
3. This void is seen by participants as most clearly manifesting itself in the Mayor's reported increasing inability to carry out many aspects of his role. [REDACTED]
[REDACTED]
[REDACTED] The reported deterioration was stated by many as being evident in the previous triennium but as getting progressively worse. The Mayor appears, according to most of those interviewed, to be struggling to follow Council agendas and papers without assistance, although a couple of participants see that as a situational issue rather than cognitive difficulties ("he works off paper whereas the rest of us work off computer and the pages don't always line up", although I am advised by management that this has not been the case since early in the adoption of digital board papers). Many interviewees reported a range of obvious concerns including short term memory deficits, confusion, and the need to be closely managed by both Council staff and senior Councillors in order to chair a Council meeting. They report increasing incidents of embarrassment during meetings which a, generally, compassionate Council has done their best to hide from the general public. This approach is now failing (as is evident from the increasing media statements regarding aspects of his performance) and many Councillors report a general community concern about "what is happening to Sir Tim".
4. Council has recently amended its committee structure to create two committees of the whole which handle all Council business except the delegations which cannot be removed from full Council. I was advised there were a number of reasons for this step. During Covid19 lockdown it was decided to, temporarily, move to a single, whole of Council, committee structure to reduce the number of meetings and to enable matters to be handled on a monthly rather than 6 weekly basis. This was chaired by the Deputy Mayor. There was a majority view that this model had worked well and resulted in a more harmonious process as matters were not being litigated twice (once in committee and then again at Council). As a result, a group of Councillors approached the CEO and requested that she put a paper before Council

recommending a more streamlined structure. Her proposal to have two committees of the whole (Performance, Policy and Partnerships Committee and an Infrastructure Committee) was supported by a majority of Councillors.

5. This also enabled a rearrangement of the chairing structure. The Chairs of the four committees had been appointed by the Mayor and were all seen (by most non chair Councillors and management) as being informally aligned with him, although the perception is that Cr Pottinger had quickly stepped away from any alignment with the mayor. This included a first term Councillor as Chair of Finance who is seen as a very polarising figure by most of his colleagues (addressed in more detail below). It was also an intended outcome of this process that the Committees would have the delegations to make final decisions. This meant that the Mayor would essentially be chairing a full Council whose agenda was primarily only the approval of minutes, thus ensuring that the Mayor was chairing difficult or complex meeting agendas less frequently. The Mayor saw this as a deliberate diminution of his power, which it accurately was, but, in my opinion, that was a side outcome of the change rather than the primary motivation for the change. Many of those I spoke with saw it as a compassionate way to protect his reputation and mana by reducing the opportunity for his difficulties to be apparent to the public.
6. The new committee structure has allowed for a strengthening in the leadership structure in two ways. Firstly, the two chairs have general respect and experience. One is a previous Deputy Mayor and an experienced Chair. He is seen by all parties as being skilled in this respect and running a positive and well controlled meeting. The second is reported as less experienced in chairing and (self-report) has learnt from a couple of early miss-steps, but is seen as developing greater confidence, and colleagues see him as developing well. This is a positive change. It has also enabled the use of two other well regarded Councillors as Deputy Chairs, enhancing the strength of the senior chairing structure.
7. In addition, it has allowed for the potential development of a more balanced “Chairs Meeting” in which the potential to better manage the political process could be given expression. At present it is not achieving this aim (as reported by most participants) and it is unable to be Chaired by the Mayor in any real sense. As a result, the CEO has probably had to take a greater leadership role at times than she would like. This means that one possible way to address the Leadership void is not yet able to be fully realised due to the reality that the natural leadership of this committee should be the Mayor, assisted by the Deputy, and he is reported as unable to discharge this role.
8. A final, but critical, issue in the leadership void is that there is no working relationship between the Mayor and the CEO (discussed further below). Whilst the previous Deputy Mayor has generally had a working relationship with the CEO this too was strained at times, as evidenced in the CEO recently raising a code of conduct

complaint against her. Since Ms Biddle's resignation this has been withdrawn. (I note that Ms Biddle has been generally strongly supportive in her comments to me regarding her view of the CEO). She has, since announcing her resignation, stated in the media⁸ that she had found the role very stressful due to being required to "do the Mayor's work for him".

9. The apparent absence of any working relationship between the Mayor and CEO, and the absence of any defined substitute model to fill this void, makes the ability to achieve the IoD survey conclusion that governance performance would improve with "strong leadership from the Mayor and CEO working together" an impossibility in my view.
10. There is, in my view, a risk that this situation will be further destabilised due to Cr Biddle standing down. The Deputy Mayor has resigned from her position and from Council. Under the legislation the Mayor is entitled to name her replacement and has appointed Cr Clark. Cr Clark is (according to the views presented to me) a polarising figure who has a combative relationship with Staff and most other Councillors. It is my opinion that there is a risk that his appointment as Deputy [REDACTED] [REDACTED] could result in management departures. Were this to occur it would be a significant risk for the City at this time. I note that, in the week I am finalising this report, three new tier 1 staff members have commenced their employment. They will replace, in some instances, interim staff who have been in place for sufficient time to provide some solidity to the management structure. The loss of the CEO (for example) at this critical time could be very de-stabilising in my view. I pick up this issue further on in my report.
11. There is no evidence that I have been able to elicit from Councillors, in the recent past at least, of any attempt by Council to assess its own performance and identify where its strengths and weaknesses lie. The results, as evidenced in the IoD survey data suggest that a serious attempt at self-reflection on a regular basis might have provided a guide as to what self-interventions may have proved useful before things got to this state.
12. I have received a letter signed by three Southern Mayors (which followed an unsolicited phone call) which adds additional support to the observations reported above. I have outlined the background to this in my section on the "process of investigation". They note their concerns for Sir Tim and say that, whilst they have observed decline over a number of years, this has increased in recent times. I believe their views have relevance to my investigation in that they have extensive experience of Sir Tim over a long period and provide an external validation of my summary of internal concerns. It is also relevant to section 14(1)e of the LGA 2002 which I refer to in my discussions of the TOR. There is a requirement for Councils to work collaboratively around policy and operational matters and they have expressed a view that this has become very difficult indeed.

THE IMPACT OF A NEW CEO

13. Clare Hadley was appointed as CEO in 2018. She replaced Richard King who had been in the role for three decades. There is a general consensus (as reported to me by Councillors who were part of the appointment process) that the new CEO was required to make change. They report that there was a lot of practice that had not had a fresh pair of eyes on it for a long time, and a sense from the majority of Councillors at the time that they wanted the new CEO to have licence to make change where it might be needed.
14. The CEO has progressively restructured the Tier 1 leadership and has made significant changes to the way in which the Mayor and Council have co-existed. There is general agreement from Councillors that the top tier is now stronger than it was previously. Her strengths in making these changes are recognised by most Councillors regardless of whether they are supportive of her generally or not.
15. In the apparent absence of the political leadership that would normally be provided by a competent Mayor and Deputy working harmoniously, there has been a perceived leadership void. There is a group of Councillors who see the CEO as having stepped “out of her lane” and to be too heavily involved in governance. I am not sure that there is strong evidence for this. It is more likely the case that this reflects some disagreements between some councillors and the CEO as to process. That group (including the Mayor) cite things like the change to the committee structure, and her de facto chairing of the Chairs’ group meetings. It seems likely to me that the latter (when it has occurred) has become necessary due to the leadership void. The CEO is clearly working in both a very difficult, and essentially unsafe, environment, where she is damned if she does and unable to act sensibly if she doesn’t. The change to the committee structure was proposed by the CEO but I am certainly aware that other Councillors asked for her to look at a simplified committee structure based on the success of what happened during covid-19 lockdown.
16. The CEO is generally seen as very competent, even by most of those Councillors that appear to be less supportive of her in the role. The staff I interviewed all supported this view but, more importantly perhaps, the vast majority of Councillors made similar statements. These views are amply supported by the results of her 2019, independently run, performance appraisal which show strong ratings, both from Councillors, and (in a 360) from her senior leadership team.
17. She is reported as being very principled in her approach to things and strong in her resistance to deviation from appropriate local government process. She has been strong on the appropriate division between management and governance but there is also a sense from a majority of Councillors (including some who are very

supportive of her and rate her highly) that she could be more flexible in some situations.

18. The CEO's strong attention to boundaries and process are seen by supportive Councillors as appropriate and an indication of her strength. But there is also a sense that she may be tactically strong but strategically at risk – her reported unwillingness to bend could result in her winning some battles but losing the war.
19. Some of the discord around the Council table is definitely linked to a view (as expressed by Councillors) that their requests for information are taken as meddling in management and her push back in this regard has probably inflamed some tensions that could, with a softer approach, have been de-escalated. This appears to have commonly found its expression in regard to Cr Clark. As noted above, Cr Clark is a polarising figure but, in my view, he is not a one-dimensional character, simple to analyse. I pick this up further below.
20. Some Councillors expressed views that questions they asked which were pushed back on were about holding management to account and that this was not always seen similarly by management. Equally, the CEO has expressed a concern that there is not enough constructive push back/governance focused questioning by Councillors and that she would feel safer in her role if there were more. She cited an example of the finance report which she felt received little or no questioning by Councillors. My perception is that it is not questioning or push back that is the primary issue but the way in which that is occurring (primarily, but not solely, by Cr Clark)
21. The CEO (as reported by others) at times allows her body language to convey what she is thinking about someone. This is not well received by some councillors. It is also felt, by some, that she uses this to prompt councillors to respond to things that may have been said by other Councillors that she does not agree with. She plays an active role in advising Chairs in meetings and this is alleged by some councillors to have been widened to texts to supportive Councillors in meetings as prompts or "influencers". I would note, however, that communication with Chairs is a common practice by CEOs in meetings, especially with regard to process or legislation.
22. I would observe that there are times when it feels (to me, but also as reported by others) that she is too quick to respond, in a way that feels in part defensive and in part aggressive, when taking a moment to pause and reflect might turn the situation in a more positive way. Her response may be no different but she will have given the impression that she has taken the time to consider it and reflect and, more importantly, given herself the opportunity to do so.
23. It is also clear that there is a significant minority of Councillors that see the CEO as being a primary cause of the governance dysfunction. They see, incorrectly in my view, that their problems would be resolved if the CEO were to leave or be got rid of.

24. There is one issue which has arisen and been commented on by some Councillors as a reflection of her being too involved in governance that probably needs to be referenced here. It relates to what has become one of the significant infrastructure issues for this Council – Rugby Park. Rugby Park is not owned by Council. Instead it is owned by a Charitable Trust. The Trustees of Rugby Park are bound by their own Trust Deed and must act in accordance with this. Perhaps unfortunately, the CEO, Mayor, and Deputy Mayor are all Trustees by dint of position. They are required to act in their role as Trustee in the best interests of the Trust. It is inevitable that, when the Trust has no funds to invest in the maintenance or upgrade of Rugby Park that the Council will be asked to do so. All three must inevitably find themselves hopelessly conflicted in this situation. The CEO therefore finds herself in a situation where she must act in her own right as a Trustee – equal in status to other Trustees – and then act in the City’s best interest as CEO of Council – in a different status to her fellow Trustees. It is hardly surprising that this has led to conflict.

It needs also to be said that there was a significant view from staff, and many Councillors, that the only thing holding the Council together at present was the quality of her leadership. Clearly there are those who feel otherwise amongst Councillors but it is my opinion, based on all the evidence I have received, that the loss of the CEO at this point in time could be very damaging for the City. No CEO is indispensable but there are a unique set of circumstances operating here. The normal political/process management role of the Mayor appears unable to be performed; there is conflict and disagreement arising from the past working style of the new Deputy Mayor (both between him and a significant number of Councillors and between him and management), and half of the Tier 1 executive team are just commencing.

ELECTION OF CR CLARK

25. A further destabilising impact this triennium, commented on by most Councillors and Management, has been the election of a new Councillor, Cr Clark. He is a complex character who is seen by the majority of Councillors as extremely polarising. There is a common theme that runs through their comments which indicates many see him as abrasive, failing to understand his role as governor, at times demeaning of council staff, abusive of process, and dividing of Council. These things are, based on the commonality of their reporting, probably largely true. But it is also probably the case, (and here and in the next paragraph I present my personal view based on multiple interviews, including Cr Clark), that his manner of operating is getting in the way of what may well be reasonable and principled questions and positions. Cr Clark is clearly a man who does significant research, has many links into the community, and a publicly stated agenda that he sees as his responsibility to progress. He reports himself as feeling stymied by management obstruction and push back from other councillors and has adopted the tactics he sees as legitimately available to him as an elected representative to get around this. Hence his use of the media in ways that

annoy others, and his use of notices of motion to get matters on the agenda. It is my view that his behaviour and manner have resulted in what might be seen as reasonable requests for information, when spread across a range of Councillors, being seen as unreasonable because they are regularly coming from him.

26. For example. Cr Clark asks many questions (as reported to me by himself and some other Councillors) that, if they had a better passage out, would not be unreasonable questions for a Councillor to ask in discharging their duty of care. At times the resistance to these, and the labelling of them as “management not governance” by some of his colleagues would appear to be more driven by exasperation than reasonableness. There is a sense of “mission” about Cr Clark that I think comes from the right part of the body – his heart. But his colleagues find his manner and methods hugely aggravating and many point to Cr Clark as a significant cause of the governance disharmony.
27. There is a strongly held view by many Councillors (probably most) that Cr Clark is a major cause of the re-litigating of issues. He would see this as him appropriately holding management to account by ensuring that decisions are made on the basis of full information. There is probably truth both ways, but the key issue it raises for me is the process by which issues are dealt with by this Council, and I deal with that in my suggestions in the pathway forward section.
28. Cr Clark has also earned the ire of many of his colleagues as he is seen as working in any way that he can to achieve his aims. I think he would generally agree with that assessment but see it as an appropriate way to achieve his political goals. He is seen as using both community groups and media to create a climate in which other Councillors may feel forced into either agreeing with him or looking bad in the eyes of the public. These tactics are also directed very much at Staff. It was directly reported to me by some Councillors and Management that they did not trust him and my impression is that this is a view shared by quite a number of his colleagues.
29. It would be inappropriate to leave an impression that Cr Clark is unsupported in his approach to things. My sense is, from comments made to me in interview, that two Councillors plus the Mayor see his approach as appropriate. A third made the point that “he is genuine in his wishes to get the best for his community but his manner is alienating”. That person is probably seen by other councillors as a supporter of Cr Clark but would categorise themselves more as supportive of his intent than his methods.
30. Most other Councillors, and management, commented on his frequent use of notices of motion. These are seen by most as either ways to meddle in management (by demanding further information from staff to support his own investigations or positions) or an attempt to re-litigate prior decisions. He would see them as an

appropriate response to obstruction to information requests by Chairs and the CEO and therefore a legitimate response.

31. Because of the, to date, poor relationship between Cr Clark and both management and many Councillors, his appointment by the Mayor to the Deputy's position on the 20th of October, in my view, significantly heightens the risks of further governance discord and, possibly, governance failure. It is not my role to question the democratic process but it is my role to examine the potential impact of that process on the TOR. I have already made clear that there is seen to be a leadership void in governance because of the Mayor's reported inability to carry out aspects of his role. This means that the power vested in his Deputy is far more significant than it would be in a normal City Council situation. Given Cr Clark's polarising approach to things, and his private and public criticisms of the CEO, and his past willingness to use any tactical approach he feels will advance his advocacy for a position, I can see the potential for discord, whether between Councillors, or between Council and management, as significantly enhanced by this appointment. The risk is if this were to express itself in significant management departures. There is a view from some Councillors that this may well be seen by Cr Clark as a desirable outcome, which, if it were to be a correct view, might increase that risk. It may well be that Cr Clark will recognise that the responsibilities inherent in his change of position, combined with the unique circumstances of the Mayor's difficulties, require him to reassess his modus operandi. That remains of course to be seen.

BREAKDOWN IN CEO & MAYORAL RELATIONSHIP

32. The Mayor sees (correctly) that the CEO has changed some of the arrangements that had previously existed for him, such as Mayoral spending. He complains (Southland Times 22/10/20⁷) that he does not have the support that he perceives other Mayors to have around the country and I combine this with his own comments to me to infer that he sees this as one of the reasons he is struggling.
33. The Mayor is suing his Council over its refusal to pay his legal fees that were incurred in successfully defending a defamation suit against him by a, now, former Councillor. The Council states that it has legal advice, and it is the view of their insurer, that these costs should not be borne by the ratepayer/insurer. (They were to be paid in significant part as costs by the unsuccessful party in the case but she was adjudicated bankrupt and was unable to pay them). This may further complicate the difficult relationship between the Mayor and the CEO (although the matter is, I understand, between the Mayor and Council and their legal advisors, rather than the Mayor and the CEO).
34. The Mayor appears to feel that he has been abandoned by management and had his power stripped from him. Most Councillors and staff recognised that under the

previous CEO there was a close relationship that benefitted the Mayor and also supported him. The Mayor has made similar comments to me. But there was also a view expressed to me by some longer serving councillors and staff that the Mayor had to be managed, and sometimes informal arrangements were put in place to facilitate and enable this. One interviewee phrased it along the lines of “the Council essentially made a pact in which Tim’s significant skills in public speaking and promotion would be harnessed for the City’s advantage and the CEO would manage him in the governance role”. This is my paraphrase but the essential flavour is accurate. This is a view that other longer serving Councillors and Staff largely agreed to be the general situation. I think, in fairness to Sir Tim, that it would equally be his view that he sees his skills in certain areas and has played to those strengths to the benefit of the city. He has probably always seen his role as in publicity and profile for the city, rather than a more traditional Mayoral focus. He was quite open to me that he did not see his skill set as being what most mayors do in their role, but argued that there were few who could do what he has been able to do in terms of promoting a city.

35. It is the observation of a number of people I interviewed that the difficulty in separating “brand Shadbolt” from Mayor Shadbolt now contributes to some of the difficulties between himself and the CEO. As a practical example – Sir Tim has had an arrangement as a brand ambassador with SIT for which he is paid. His work in that capacity has not always been easily differentiated from his role as Mayor. When he appears on speaking engagements, is he there as “brand Shadbolt”, ambassador to SIT, or Mayor of the City? The danger of such an arrangement is that expenses associated with these things can be easily entwined without any malicious intent.
36. The current CEO has chosen to actively scrutinise these for both probity and quantum. This appears to have upset Sir Tim (from both his self-report and the reports of others).
37. Equally importantly, the previous CEO, was widely seen as having actively supported and protected him from his own actions at times. Sir Tim acknowledged this in his interview. In a sense he was “looked after” (his words) by the previous CEO in ways that the current CEO is less prepared to do.
38. I sense also that the absence of a meaningful relationship is a function of the CEO seeing the Mayor as unable to discharge the normal mayoral duties [REDACTED] and so looking to find links with Governance elsewhere. It would be a very difficult position for a CEO to be in if that primary relationship is unable to be built because the Mayor is no longer able to carry out this part of his job adequately. Given the strongly reported view that this is the case, it seems inevitable that the CEO will try to build other relationships to enable her to do her job. However, that would also further reinforce the failure of the relationship with the Mayor. It becomes a spiral issue with no happy outcome.

CONTINUING “STONE IN THE SHOE” ISSUES

39. There are a small number of high-profile issues that significantly divide the Council, at least in terms of process. These include the Museum (whether it should be re-opened as is through to a complete redevelopment in the \$60m plus vicinity), the re-opening of the stadium at Rugby Park (whose responsibility various aspects of it are, and what the scope of repairs should be), the Anderson Park historic property (currently closed for several years as an earthquake risk, but possibly on the way to a resolution in the last couple of weeks), the redevelopment of the City Centre (there is commonality of purpose but disagreements as to Council’s management/governance role in the project), the demolition/disposal of several derelict buildings in Esk St (a series of purchases that appear to have lacked sound governance decisions and appear likely to incur a multimillion dollar loss to extricate Council from), water tower (earthquake risk), and the civic building (which needs significant work or replacement), but these are the main ones.
40. The common thread running through these is a failure of process. One might expect them to be resolved as part of an LTP process and they are covered by that. But it appears that the ground keeps shifting as they are re-litigated, and many of the costs that have been budgeted in the LTP were holding figures that do not correlate well with current reality.
41. It feels as though these issues significantly divide the Council and their resolution would significantly aid a more cohesive forward path. But they appear to have fallen victim to being debated as isolated projects where the impact of one decision is not well linked to how it affects others whether in quantum or in timing.
42. Because these have also become political aims and ambitions for some Councillors, especially Cr Clark and some closer to him, they have also become a lightning rod for the behaviours that are incensing some other Councillors.

RELATIONSHIPS BETWEEN COUNCILLORS

43. Councillors largely believe that there is a community perception that they are unable to work cohesively together but also feel that this is over stated and largely due to issues from a couple of members. Some further relate this to perception created by the use of media which highlights conflict over issues by a small number of Councillors.
44. However, it goes further than this with some Councillors describing the atmosphere around the table as “toxic”. This is a view that has also increasingly been used in the

media by a number of Councillors as I write this report. It in turn prompts further conflict as others state that this is not the case.

45. There has been a string of deputy Mayors and the City has just embarked on its fourth in less than four years. This creates a sense of disharmony and has been due to a range of factors. But there is also a sense expressed that the Mayor has determined that he wants a totally supportive deputy and if that person does not support the Mayor (for example by running against him) then they are removed or not reappointed.
46. The election of Cr Clark is reported to have significantly altered the atmosphere around the Council table. He is seen by a majority of Councillors as not prepared to work as part of a team, and to act in ways that are inappropriate with staff. His manner is seen as aggressive and abrasive. He is single minded in his pursuit of what he believes he was elected to do and is seen as being prepared to use any methods he can to advance these matters, including ones that many Councillors consider to be inappropriate in maintaining a strong working relationship between council and Staff. These are often defined by others around the table as not being part of a governance role and essentially calling into question the honesty of staff. He has reportedly called the CEO a liar in open meeting. I have addressed earlier that I think this is a more complex matter than as described to me above but perception is reality and it drives how people feel.
47. There have been two high profile codes of conduct complaints in recent times (although, as noted earlier, the CEO has now withdrawn hers) and there is a separate investigation into the apparent leaking of information. This has also contributed to an atmosphere of mistrust around the Council table.
48. These matters are serious but, in my view, they have taken on a greater significance because of the reported leadership void.
49. It is also apparent that the Mayor has adopted an approach that might be described as “putting out fires with gasoline”. This has included very public criticism of his Deputies on a number of occasions in ways that have been seen by others as hurtful and undeserved. E.G. Southland Times 28th May criticism of Deputy Mayor Biddle¹⁰
50. There have been several efforts to use training in governance to assist with the Council relationships and processes but these are seen to have had little impact as some councillors simply do not accept that what they are doing is inappropriate from a governance perspective. It is also the case that attendance has not always been strong.

51. I need to note here that these views are those of the majority, and all interviewed staff, but that the minority will see it differently. I have addressed this difference in the section above on Cr Clark.
52. The resignation of Deputy Mayor Biddle, and the Mayor's subsequent announcement of the appointment of Cr Clark to the role of Deputy will, in my opinion, add significantly to the risk to Council. I sense that there are some Councillors who, whilst unsupportive of Cr Clark's appointment as Deputy Mayor, may be of a view that they should stand back and let whatever is going to happen, happen. They (I believe) think it will end badly and it is politically better to allow that to happen. There is another group who are likely to take the view that his elevation to Deputy Mayor is too fraught with risk for the City and would prefer to oppose the Mayor's choice. Given that there is also a group of Councillors who are likely to support the Mayor's appointment, I suspect that the numbers would not be there to challenge the Mayor's choice. This is my informed opinion only, but based on my assessment of how Cr Clark is seen by the individuals I talked too. I detail it, however, as I think it helps to emphasise the increased risk of disharmony that exists following Cr Clark's appointment, or that might also exist if it were to be challenged, whether successfully or not.
53. The significant bright spot though is the move to the two committees of the whole structure with strong Chairs. This has, reportedly, already improved the workings of Council and has widespread (although not unanimous) support apart from the Mayors trenchant criticisms post its voting in.

GENERAL STATE OF THE CITY

54. In and amongst all these issues it would be easy to forget that ICC is actually well placed relative to many Councils. Its basic infrastructure is, reportedly, well maintained (some prominent buildings excepted) and has not incurred the kind of historic under investment that leads to the need for massive and expensive catch up. Debt is not excessive and over the last twenty years or so there has been a significant number of projects completed. These have often been partnerships between the City and other funding bodies (the presence of a successful Licensing Trust for example has enabled significant external funding into what otherwise might be entirely civic funded projects).
55. There is a common view around the Council table that there is a strong executive management team, notwithstanding the view of some that the CEO is the cause of their troubles.
56. Several Councillors, even those who posited that significant intervention may be needed, were at pains to emphasise that "lots of good things happen here".

57. I think that it would also be easy to come to a conclusion that there is a general lack of competence around the Council table. My view is that there are some strong and able Councillors, both relatively new and also some with considerable experience. I do not see this Council makeup as being inherently more or less able than many Councils. In my opinion it is not the general makeup but the leadership void that is the significant deficit. There were comments made to me that there has been a loss in recent trienniums of some long serving Councillors that provided a strong base to Council – either in a traditional governance sense, or in a collegial sense, and that the current team is struggling still to fill that void.
58. My perception however is that the risks that exist for the City lie more in the impact of a continued disharmony in Governance, and the leadership void. It seems clear that management can ensure that the City is not seriously harmed by the leadership void in the short term. The real dangers are:
- a. If that leadership void is captured by a dominant personality that results in destabilisation of that management structure. In my opinion this is currently a strong possibility following the announcement that Cr Clark is to become Deputy Mayor. With minimal or no leadership from the Mayor, the Deputy will have a very direct line engagement with management (and obviously the CEO in particular). There is a high risk for the City that this might end badly without significant change in approach from Cr Clark.
 - b. The leadership void and the potentially destabilising risk of Cr Clark's appointment must (in my view) heighten the risk of the CEO choosing to leave. I have already made clear that there is good evidence to conclude that she is a very capable CEO. Departure at this point would be de-stabilising given the governance difficulties and the fact that half of her Tier one team have just started.
 - c. An equally significant risk is that senior staff start looking elsewhere, and the pool of replacements begins to dry up based on the perception of the governance difficulties. One has to have a concern that, if the current CEO were to leave now, Invercargill might have significant difficulty in attracting a replacement of her calibre. If they were to be successful in this then it is likely that the issues that divide the governance arm (principally around process and the governance/management divide) would likely continue under a new CEO.
 - d. A failure to use strong LTP processes by the governance arm risks a series of ad hoc decisions either being made in contravention of management advice, or in isolation of the consideration of the wider programme. The LTP should underpin this process but that does not appear to me to be so. It is not so much the management understanding and implementation of the LTP process but governances' inability to lock in projects into this structure and understand their inter-relationships.

- e. I do not think there is a good understanding from a small number of Councillors that it is dangerous in a number of ways to be both poacher and game keeper. There is a view from some Councillors that doing their own research and seeking their own advice separately from management, and outside of any formal structure, is perfectly appropriate and part of “holding management to account”. Whilst it would be naive to think this never happens in governance there is a significant risk around it. If you are doing this “research” and using it to make a governance decision then how do you hold yourself to account for the quality or provenance of that research? You cannot independently step back and critique the information that you are bringing to a decision in the same way that you can bring an independent set of eyes to a management paper.
- f. A continuing decline in public confidence that impacts both morale and the commitment to continue by competent Councillors. There is a strong view from a number of Councillors that this is already impacting. A significant number cited a view that the public perception of them is a significant cause of the DIA interest.

5. RELEVANCE OF KEY FINDINGS TO TOR

59. I have addressed my TOR from a wide perspective and detailed earlier in my report my interpretation of that scope. It is clear from my findings preceding that:

60. With regard to Section 5 of the code there are, in my opinion, significant issues in each of the three sections of Section 5 of the Code of conduct:

- a) Relationships between members: It is my view that the Council is having difficulty maintaining public confidence. This is evidenced by the views of those interviewed and the increasing public awareness of disharmony (as evidenced for example in numerous press stories including those already referenced in this report). Code of conduct complaints and an inquiry into leaking, combined with numerous Councillors discussing a lack of trust in some of their colleagues, questions to what extent the Council is open and honest. There is very strong evidence that there has become a focus on personalities rather than issues (e.g., I have talked about how Cr Clark may have valid issues but his manner is resulting in the attention being on him rather than what he is saying at times). There is a wide spread view that there has been abuse of meeting procedures such as over use of notices of motion, and re-litigation of issues that had previously been determined.
- b) Relationships with staff have deteriorated primarily due to the approach of a few Councillors (Cr Clark’s behaviours have been canvassed above as the extreme example). There have been negative comments made about

the CEO in particular in public arenas and/or in front of other staff (e.g., some of the issues being canvassed in the code of conduct complaint against Cr Clark). Senior Council employees report feeling disrespected by the tone and approach of some of the “holding to account” as practiced by some councillors.

- c) Relationships with the public did not figure significantly as a concerning aspect in the material before me but it seems clear that there has been a failure to act “in a way that upholds the reputation of the local authority”.

61. Section 11 “creating a supportive and inclusive environment” appears to me to be significantly failing. It is clear from the totality of the feedback that there is not a “culture of mutual trust, respect and tolerance” and the things that might contribute to this in the form of full attendance and engagement around post induction programmes, any form of regular Council assessment, or a commitment to ongoing training are largely absent.
62. These views are significantly reinforced by the IoD survey data. The IoD state that “Over the past twelve years working with clients, we have identified that an overall average rating above 5.7 reflects a strong level of confidence by boards in their governance practice. Alternatively, scores below 5 will require further analysis”. ICC rates on average very poorly. Examples germane to the above include:
- a. Standard of integrity rates 2.9 out of 7
 - b. Collective decision-making rates 2.9 out of 7
 - c. Chair & CEO relationship rates 2.4 out of 7
 - d. Council performance shortfalls rates 2.8 out of 7
 - e. Culture as a section averages 4.1 versus an all boards average of 6.1
63. I note that the report of Mr Robertson⁴, in which he summarises the self-assessment of the key issues affecting governance and management, the results of the IoD survey which are indicative of a failing governance structure, and my own conclusions based on interviews, all essentially align.
64. It is also clear that the Values of the Code of Conduct are not being met in a number of ways. In particular:
- a. “Members in order to foster community confidence and trust in their Council, will work together constructively” – it seems clear that there is significant conflict now between, largely, one councillor and many of the others, and that this is impacting the wider culture of Council.
 - b. “Members will make decisions on merit, including appointments” – it seems apparent that the Committee structure at the commencement of this triennium was to ensure that those aligned to the Mayor (at least at that time) were put into positions of responsibility, irrespective of experience or qualifications. Councillors who were qualified by dint of both were left on the

side lines. It remains to be seen how Councillors will perceive the appointment of Cr Clark to the role of Deputy Mayor. At the time of my interviews this appointment was not envisaged as Cr Biddle had not yet stood down.

- c. “Members will treat people, including other members, with respect and courtesy...members will respect the impartiality and integrity of officials” – there is a general perception that this has not been the case, from one Councillor in particular, but not solely so.
- d. “Members will take all reasonable steps to ensure they fulfil the duties and responsibilities of office including ... participating in relevant training seminars” – there has been a luke-warm participation to date from some members.
- e. “Leadership: members will actively promote and support these principles and ensure they are reflected in the way in which the Council operates, including a regular review and assessment of Council’s collective performance” – there has not been any assessment carried out in the memory of current councillors.

68. Finally, I return to the last issue I noted in my discussion of the TOR. Section 14(1)e of the LGA 2002 relates to the requirement for local authorities to work cohesively and harmoniously together. For example, the Three Waters Legislation is clearly envisaging the need for regional co-operation at both a governance and management level. The very real concerns of, at least some, other local Mayors as to Sir Tim’s ability to work with them now is clearly an issue. I think the Council needs to have a very real concern as to how they manage issues like this with a Mayor who is reportedly struggling to understand and contribute to these types of forums and discussions.

In summary it is impossible to escape the general conclusion that this is a Council in trouble because it does not appear to have a shared culture, is struggling to work together cohesively, has a number of Councillors who are at odds with the CEO, and for whom there has been a significant impact from a couple of changes in personnel since the last election. But most of all, it is a Council operating in a leadership void. Whilst a number of longer serving councillors and management have emphasised that the Mayor was never strong on governance management – as opposed to other skills he had – (something I have also commented on several times), he is increasingly unable to deliver on the kind of leadership that might unite a struggling Council, and his difficulty in discharging many of the normal duties of a mayor, is becoming increasingly obvious. This is both distressing to many councillors, but also dangerous as there is no one to lead the changes necessary in the way that a Mayor might normally be expected to do. This is not to say that the Mayor cannot continue to deliver on the more promotional or ceremonial aspects of his role however. Which all begs the question, is there a pathway forward that would give the City, the Council and the DIA the confidence that Invercargill is in good hands.

6. PATHWAY FORWARD

65. A further requirement of the TOR was to identify a pathway forward.
66. It is my view that this situation will not improve without some form of intervention. There are a range of external and internal interventions that could be appropriate. At the most extreme end is the dismissal of Council and its replacement by a Commissioner. I am not asked to make any determination as to whether this is an appropriate response, and it lies outside of my TOR. Such a step requires a very high bar for obvious reasons. I can report that there were some Councillors that expressed the view that Commissioners might be the best option. Whether the degree of disharmony and dysfunction has reached the level required that a Minister might consider such intervention I must leave for the DIA/Minister to determine when they have received the City's report (which will include my independent evaluation). I therefore limit my comments to what I believe is within the City's power to achieve using their own initiative.
67. When considering the totality of the findings – the self-assessment by Councillors and management through the IoD surveys, their self-reports to myself in interview, and their own assessment in writing to Mr Bruce Robertson – it is difficult for me to come to any other conclusion than that this is a Council that is struggling with basic governance. The significant question for me is whether this is due to poor representation generally or more specific factors. I am not persuaded that the general mix of Councillors (Mayor, as he currently presents, excluded) is any better or worse than that which would be found in many other Councils.
68. It is my conclusion that the major factor is the leadership void created by a Mayor who is no longer able to do key parts of the job. This might be managed over the remaining two years of the triennium if there is a strong Deputy Mayor, who has a clear understanding of their governance role, and an ability to work inclusively with the rest of Council. Whilst Cr Clark has yet to be able to demonstrate how he will work with his colleagues as Deputy Mayor, I cannot help but worry that the Mayor's lack of insight into what is needed has resulted in him appointing the person least likely to enable a collegial path forward in my view (based on the views of Councillors, but acknowledging that these pre-dated his appointment).
69. I believe that the Council would benefit from the inclusion of at least one, and possibly two, independent appointed "active observers". I use the term "active" advisedly. I have observed a range of Crown Monitor appointments over 20 years active involvement in health governance. These have varied enormously in terms of what value they have added. The determining feature has been the extent to which they see their role as one of "observing and reporting to a Minister" versus "bringing their experience and wisdom to bear on the process and actively working to support".

70. It would also be my view that one of the roles for that observer would be to chair the Chairs meeting. I would envisage that their role would be to act as if they were a Councillor save that they would not have a vote. I have suggested two observers because I believe that the level of discord is high and that there will need to be some support for each other and a division of responsibilities.
71. In my view the appointment of Cr Clark to Deputy Mayor will be a significant risk and I would encourage Council as a whole, and Cr Clark in particular, to consider this and how it might best be resolved. It is my view that a uniting figure is required rather than a polarising one. The challenge will be whether Cr Clark can amend his previous style to recognise what is needed for this Council to develop as a team.
72. On the basis of all the evidence presented to me, I do not believe the Mayor is able to discharge his role in a way that gives confidence to the majority of his colleagues and management. If Council do not have confidence that the Deputy Mayor is leading in an appropriate manner, given the Mayor's difficulties, they have the means to rectify this. The Deputy needs to represent the broad wishes of the majority of Councillors, and be able to work effectively with Management. The wide range of feedback I have been given suggests that Cr Clark has not demonstrated that he can be a unifying member of council in the past. Whether he can be in the future is up to him.
73. I have been implicitly, if not explicitly, critical of Cr Clark's approach in the comments above. However, my comments are based on the overwhelming view of his colleagues that he is a major cause of the discord around the table. I have also said, earlier in my report, that a significant part of what Cr Clark is trying to achieve is not unreasonable in itself. I believe that many of the questions that he seeks answers to, if delivered in a less divisive way, would be of benefit to Council. However, that cuts both ways. If Cr Clark is to have any confidence that this is possible, then improved Chairing, which works with Cr Clark (and others), will be a necessary component. There is going to be a need for a fresh start from more than simply the Deputy Mayor.
74. In this respect I think it is clear that the shift to the two committees of the whole structure has been beneficial and the Chairing has stepped up. Cr Ludlow is an experienced Chair and it appears that he has already commenced trying to work with Cr Clark in a more facilitative manner. Cr Pottinger is seen by his colleagues as also developing as a strong Chair, but may still need to do some work on how he builds a working relationship with the likes of Cr Clark in Council's best interest. I would encourage Council to continue to support this structure and to also invest in training to develop the skills of the two deputy chairs, and other Councillors who might ultimately aspire to Chairing within Council. This could include really good understanding of standing orders, and training role play around how to handle a

range of different scenarios. Chairing is something that experience generally makes you better at and investing in this would be a simple and effective intervention in building confidence in what has been a difficult environment.

75. Something which came up time and time again was the re-litigating of prior decisions and the way in which this was often pinned onto requests for further information, and notices of motion. This is reported as having consistently occurred around a number of “stone in the shoe” issues for Council. These include the Museum, Anderson House, Rugby Park, Esk St., the Water Tower, and the Central City redevelopment. In the normal course of events these would be managed within a Long-Term Plan framework – and at one level they have been. But clearly there is little consensus amongst Councillors as to how these all fit together, the inter-dependencies, the cost implications of various changes, etc. I think Council needs to revisit these issues in a significant workshop framework with independent facilitation, and with the active involvement of the CEO. I am advised that the Chairs and CEO may have already talked about initiating something similar to this which is positive. And I am also aware that work done by Mr Steve Bramley earlier in the year was seen as helpful. I don’t have the detail of the Committee Chairs’ relevant thinking but for me the purpose of this would be to:

- a. Develop a clear understanding of the key issues that Councillors have brought with them to the table. There may well be good sense in Councillors first having an independently facilitated workshop, without management present, to define these in a way that is not surrounded by conflict and meeting procedure argument.
- b. Understand where the support exists, and does not exist, for pursuing these further (not in a decision-making sense but in an understanding sense).
- c. Agree, in a facilitated workshop process, what a work programme might look like to address these issues and how it might be prioritised, what resources might be required, etc. Note that again I am not suggesting that these be decision making forums, which would be quite inappropriate. Rather they would be focused on the processes that might enable Councillors to get to that point with a clear acceptance that they have the material they require to make decisions. This would enable the appropriate canvassing of bullet points d, e and f below.
- d. Develop a prioritisation framework for identified Council projects (what I have termed “stone in the shoe” projects)
- e. Determine the full range of questions and information required from staff and determine a time frame and process for providing those. (This would allow Cr Clark and others to address his full range of concerns outside of the pressure and standing order dominated committee structure).
- f. Establish a framework that would facilitate final decisions being made (in a formal Council meeting). This would clearly need to link back to the LTP and I recognise there is a procedural problem in that it is highly unlikely that this

can all be completed within the time frame for the signing off of the current LTP. However, my sense is that the LTP has continued to have a high-level analysis of projects that have subsequently moved around, and there may be ways of addressing this that can give comfort to auditors without sacrificing progress to procedural sanctity.

76. I fully recognise that this is normally the function of the LTP process but it is clearly failing to engage Councillors around a common understanding. That common understanding does not mean that they will all agree on outcomes but it will better enable options papers to be drafted by staff, fully cognisant of what the issues that they need to address are.
77. There is a need to have a formal Council evaluation assessment on at least an annual basis. The current IoD survey would provide an excellent base line to measure against if repeated. I would also recommend an independently facilitated workshop in a few months that looked to get everyone's informal feedback as to what progress was being made, what issues needed further working on, etc. There are methodologies that can be applied to these that will reduce the risk of them degenerating into slanging sessions. But they will require a commitment from all parties to engage.
78. If the Mayor is going to continue in his role (as he has publicly stated is his intention) then there needs to be a clear set of delegations for the Deputy Mayor that are explicit as to his role. It is clear that the esteem with which the Mayor has been held over many terms has made it very difficult for Councillors to know how to handle the current situation. This means that the delegations need to be clear and wide.
79. It also needs to be clear what roles the Mayor will continue to fulfil. These may be those where he has traditionally focused his energy – promotion and ceremonial primarily. But Council is going to need to address what level of support they are prepared to provide the Mayor in order for him to achieve these. In my view this is something the governance arm needs to determine and come to some agreement on. The Mayor has expressed a view that support he has requested has not been forthcoming. I have had suggested to me a number of areas of possible support. I think that some of those have merit but others fail to adequately recognise the reality of the situation. It is better that those around the table who know him best determine what needs to be provided. It should not be the responsibility of the CEO to determine this
80. The terms of reference refer primarily to the state of governance but it is almost impossible to consider this without considering the interaction between governance and CEO and any areas where the CEO might wish to consider how she could assist future governance strength. I have commented several times on the generally held view as to her competence and success in addressing a range of change matters that

she was charged with. I think there are some things she could focus on which would enhance her role going forward. These include:

- a) I believe that she has been placed in a very difficult position by the leadership void that I have determined exists. This has forced her (in my view) to act more directly in governance, at times, than would normally be required. If a strong external observer, or observers, is delegated to run the Chairs' meetings and be a direct link between Management and Governance then she will be able to be relieved of that need to step in and can leave it to the Chairs and the independent observers.
- b) I think there is good evidence that her appointment reflected a desire from a majority of Councillors to make change. She has demonstrated that she has the skill set to do this successfully. The Council is now at a point where much of that change has been made and the focus needs to be on developing relationships between governance and both herself and a largely new tier one team. This will not be easy in the governance situation I have described and where there are a significant number of unresolved local issues ("the stones in the shoe") which a lot of the governance discord has become focused around. I think this Council is not one that has invested in its self-development and I comment below on Councillors need to do this. In the same way, I would encourage the CEO to engage with a strong mentor, or similar, as a support person. There is an unusual set of difficulties that exist in the ICC, and fraught relationships. Rebuilding these relationships will not be easy and I think it necessary that everyone gets the support they need. I would add that what I am suggesting is not uncommon for CEOs and others in leadership positions.
- c) I would encourage the CEO to focus on how her body language may be being picked up by others. Also, Councillors and staff have commented (and I have also witnessed) that she can be very quick and strong in her responses to challenge or question, when pausing and reflecting might benefit both her and the other participants.
- d) It is recognised by her that she has been forced at times into a more active role in governance than is desirable due to the leadership void. If that can be improved through a collegial approach from a Deputy and some good appointments as observers then she can focus on stepping back again. If a less charged governance environment can be achieved, I would encourage her to work closely with councillors around their information needs. Whilst some of this may appear excessive, and she has some grounds for worry as to how that might have been used at times, I believe that this will assist with resolving some of the strength of feeling from some councillors.
- e) It is inevitable that difficult governance situations leave a CEO very exposed. She should take considerable confidence from the formal CEO assessment process completed last triennium which rated her very highly.

81. Council training. I say this with some reservations as it is clear that there has already been a number of attempts to provide training and some Councillors have not attended and part of the issue anyway is not a failure to understand but a failure to accept. However, I believe the Council needs to invest in its Councillor team to develop their skills in governance including funding them to attend a range of training.
82. Rather than focus on more “governance 101” type training there may be merit in focusing on the culture of Council. This does not have to be an expensive or complex process. A facilitated workshop that focuses on what their common expectations are and how these might manifest themselves in behaviour, may assist with the development of some culture-based ways of interacting rather than rules-based ones. I appreciate that for this to be effective all must be prepared to participate and it is unclear whether that commitment would be there, but it would be worth exploring in my view.
83. The use of the Media to try to influence outcomes by creating public pressure is a matter that many Councillors commented negatively on. It is permissible under Standing Orders for any Councillor to speak to the media as long as they are clear they are speaking on their own behalf and not that of Council. That does not mean however that Councillors could not agree a methodology of operating that would be respectful of process and each other. Something that I have seen work well in another political organisation is an agreement to “give their colleagues the courtesy of hearing their views around the table before speaking to the media”. This allows for all Councillors to hear the views of management and each other before making comments to the media. It does not prevent them from being critical, or expressing a contrary view, but I have seen such an accord take the heat out of a difficult set of relationships and I would encourage the Council to consider this.
84. It may be preferable to have the independent observers appointed before commencing some of these recommendations. I recognise that may not be able to be achieved quickly and the likelihood is that my suggestions will run up against Christmas quickly. However, the workshop approaches I am suggesting could be implemented relatively quickly. The extent to which they affect, or are affected by the LTP creates another timing problem but I think it is better that they are run well than rushed to fit a procedural timeline.

7. LAST WORDS

This has been a very difficult report to write, principally because of the huge regard that so many have for the Mayor’s extremely long service to the City. At times people have expressed anxiety about being honest as they are worried about the impact on the Mayor, his mana, and his legacy. I too have had to confront these issues. I recognise that much of

what I have recorded here will be distressing to some, but to pull my punches because of that would have been of little benefit for the City. It represents a current set of views and should not be seen as in any way reflecting on the accomplishments of the Mayor over more than two decades. These, in the view of almost everyone I have interviewed, have been significant.

I want to thank people for their willingness to contribute and for the manner in which they have engaged with me.

Richard Thomson

Independent Evaluator

Appendix F

Council resolution of 12 November 2022

1. 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. **Actioned**
 - a. That the Council appoints a Deputy Mayor that represents the broad wishes of the majority of Councillors and who can work effectively with Management. **Actioned**
 - b. That the Council establishes a clear set of delegations for the Deputy Mayor that are explicit as to the role. **Council could not sub-delegate the Mayor’s functions set out in the LGA 2002. An attempt to have an MoU between the Mayor and the DM was unsuccessful. Further attempts to put formal arrangements in place were unsuccessful.**
 - c. That the Council continues to support the two committee-of-the-whole structure. **Actioned**
 - d. 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. **Actioned**
 - e. That the Council holds an independently facilitated workshop to address ongoing key projects and decision making. **Actioned** The workshop’s purpose would be to openly canvass issues, not make decisions, and would include:
 - f. 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) **Actioned.**
 - g. Understanding where there is general support, or not, for the pursuit each Councillor’s key issues. **Actioned**
 - h. Agreeing how a work programme would be developed to address the issues, how it might be prioritised, required resourcing and other detail. **Actioned**
 - i. Developing a prioritisation framework to key identified council projects. **Actioned**
 - j. Determine the full range of questions and information required from staff and required timeframe for response. **Actioned**
 - k. Establish a framework to facilitate final decisions being made on each project in a formal Council meeting and linking to the Long Term Plan. **Actioned**
 - l. That the Council establishes a formal Council evaluation assessment on at least an annual basis. **Actioned**
 - m. That the Council holds an independently facilitated workshop in early-to-mid 2021 to establish what progress is being made. **Replaced with 6 month review.**
 - n. 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. **Actioned**
 - o. That the Council invests and participates in training elected members, with specific focus on culture. **Actioned**
 - p. That the Council develops a protocol or agreed approach to media commentary. **Actioned**
2. 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 **Actioned**

3. 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 **Actioned**
 - b. Requesting that staff provide a list of possible delegations for the Deputy Mayor by December 15; and **Council could not sub-delegate the Mayor's functions set out in the LGA 2002. An attempt to have an MoU between the Mayor and the DM was unsuccessful. Further attempts to put formal arrangements in place were unsuccessful.**
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 **Actioned**
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; **Actioned** 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; **Actioned** 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; **Actioned** and
9. Resolve that up to \$420,000 for the 12 months from July 2022 be included in the draft LTP; **Actioned** and
10. Request that the Chief Executive advise the Department of Internal Affairs of ICC's planned way forward after the meeting; **Actioned** and
11. Appoint the Mayor and Chief Executive to be media spokespeople. **Actioned**
12. Approve the costs to date of \$120,000 to be considered at the next quarterly financial report. **Actioned**



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 active 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

Invercargill City Council External Appointees

Jeff Grant

Jeff has strong governance and director experience across a range of roles with a focus on primary industries. A former Chairman of AgResearch, Jeff was appointed in 2018 by Beef + Lamb NZ and the Meat Industry Association to manage the sector's response to Brexit and has held a range of chair or director roles across the agriculture and primary industries. For eight years until 2018, Jeff was the Independent Chair of Southland Shared Services.

Lindsay McKenzie

Lindsay is an experienced executive and director with a history of working in the public and more recently the private sector. Lindsay is a former Chief Executive of Environment Southland, Gisborne District Council and Tasman District Council. Skilled in Non-profit Organisations, Government, Environment, Health and Safety, Corporate Governance, and Strategic Planning. Strong professional with a natural resource science background and Post Grad. Cert. in Business/Commerce, General from Monash University, Melbourne.

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

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

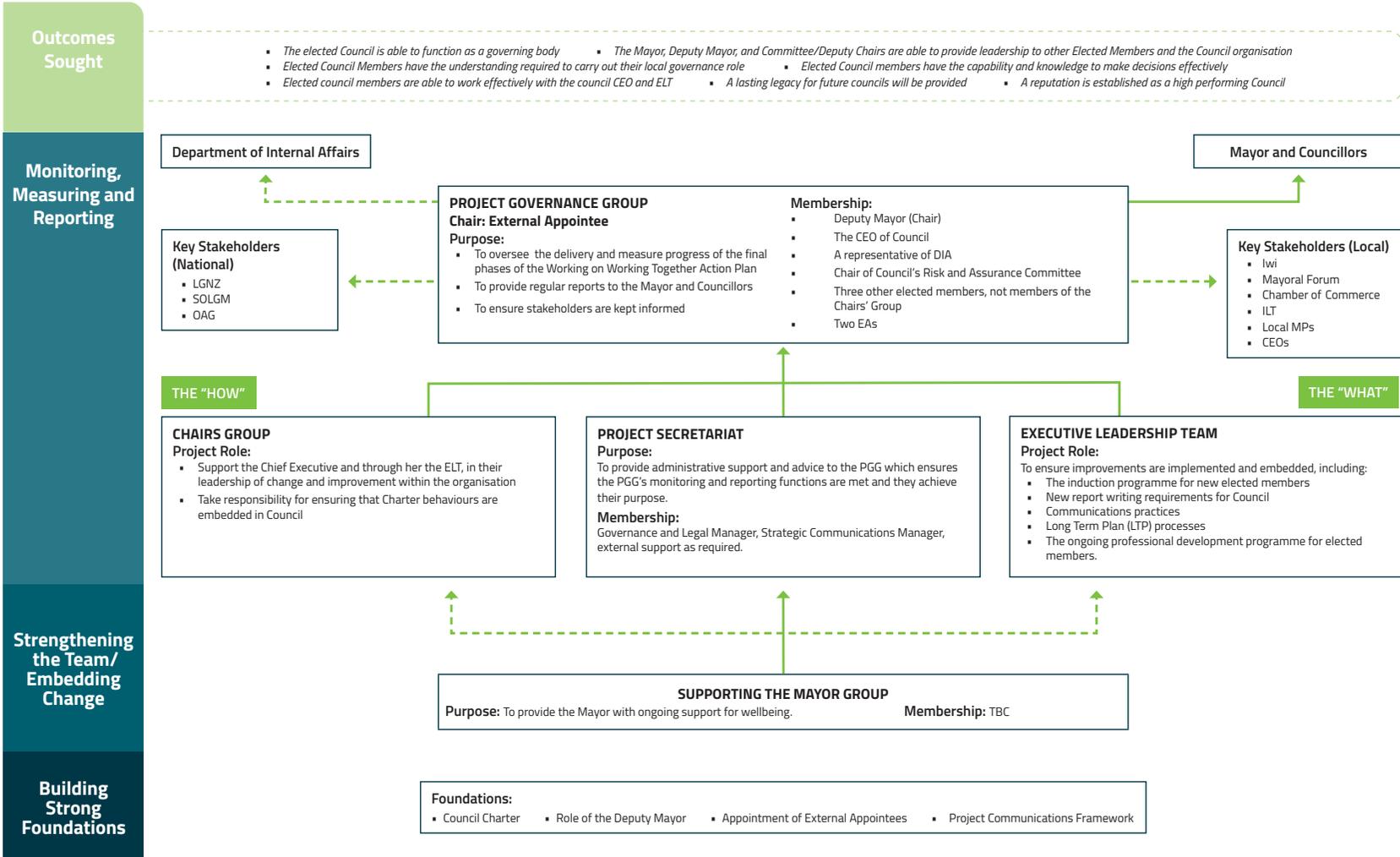
10. Members of the Governance Group undertake to:
 - work in a collaborative 'no surprises' way, and strive for a unanimous agreement on outcomes for work groups and related matters in order to achieve a 'best for Council' outcome
 - actively resolve issues, ensuring that both the Council and the Crown 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.

Working on Working Together - Phase 3

Implementing Leadership of Changes and Improvements Within Organisation





Elected Members Charter

27 April 2021

Guiding Principles

In order to achieve success by October 2022 we commit to the following principles which will guide our behaviour as elected members.

	GUIDING PRINCIPLE	DESCRIPTION
1.	Professionalism	We will understand our roles as elected members and fulfil them professionally.
2.	Open mind	We will maintain an open mind, consider others views in order to deeply understand.
3.	Collective responsibility	We will accept collective responsibility for decisions that we make.
4.	Be engaged	We will be engaged in our roles.
5.	Outcome driven	We will strive to deliver outcomes for our community.
6.	Trust and faith	We will trust and maintain good faith in each other accepting each other's diverse strengths and imperfections.
7.	Respect	We will respect each other, our views and treat each other as equals.
8.	Kindness and decency	We will act with kindness and decency towards each other.

Focus areas and outcomes

Through these guiding principles we will take individual and collective responsibility for our behaviour to achieve the successes we aspire to for our community of Invercargill City.

Our focus will be on:

- Building constructive working relationships
- Strengthening Council Governance Leadership
- Delivering on core Council business and projects

By working on these areas we will contribute to:

- Achieving personal and professional growth and satisfaction
- Increasing Community trust and confidence in ICC
- Supporting Invercargill to flourish

6 MONTHLY REVIEW REPORT ICC

EXECUTIVE SUMMARY

My general finding (and I believe it is substantively borne out in the Impact Consulting Survey as well) is of a Council (both governance and management) that is in a vastly better space than they were 6 months ago. From facing what must have been the very real possibility of high-level intervention, they have made significant progress in a very short period of time. There remains some work to do to consolidate this, and enable the phasing out of the External Appointees, but Council (and its ratepayers) can be pleased with the progress to date. I believe that it has delivered on its immediate priorities (particularly the Long Term Plan) which was one of the significant concerns of the Department of Internal Affairs at the outset of this intervention.

The difference in mood and morale is palpable. There is a strong sense of collegial purpose and an apparent willingness to step back from confrontation around things that might have irritated previously, and may still do, in the interests of the City's greater good.

The strength of the new executive leadership team (ELT) has been recognised widely and this has contributed to better recognition of what Councillors need to make decisions, and how to go about determining that. The issues that the CEO needed to deal with have also substantially improved and there is now a good working relationship between the Deputy Mayor and the CEO, and a good feeling of co-operation between ELT and the councillors generally.

The presence and assistance of the external appointees has been a significant factor in facilitating this improvement, as has a strong structurally based improvement programme (Working on Working Together).

There remain significant difficulties in managing a political process in which the Mayor is seen by his colleagues as not just unable to perform his expected functions, but actively continuing to stoke discontent through his public media statements. However, the significant difference to six months ago is that the Mayor is now seen more as an unavoidable and inconvenient distraction and the rest of them just have to get on and make things work.

This process has been significantly assisted by the approach of the Deputy Mayor who has stepped up significantly to fill the leadership void, and amended most of the modus operandi that led to my significant concerns in my original report as to his suitability for the role. This has been recognised by almost all participants, whether governance or management. It is not without its ongoing tensions but they are much reduced in comparison with what was previously the case.

I propose the progressive phasing out of the external appointees (EAs); recommend that the Project Governance Group remains in place till the end of the term but that its membership be reconfigured to reflect the progressive removal of the EA's; and make some further suggestions for the Deputy Mayor to reflect on.

In summary, this is a Council that remains a work in progress but should be pleased (both governance and management alike) of the progress that has been made.

TERMS OF REFERENCE

The TOR provided are reasonably general and are included as Appendix 1. I have chosen to summarise key points only here:

- “we have formed the view that the best approach to this is to review how the project as a whole is tracking”
- “it is also the initial review of the External Appointees”
- “we are particularly interested to hear your views on how you think the behaviours and relationships are changing and/or improving as they underpin everything and it was clear from your original report that these needed to improve”
- “We translated the recommendations from your report and the council resolutions into a “Plan on a Page” which we call our “Working on Working Together” (WoWT) framework. This is attached as Appendix C. The Council Charter is attached as Appendix D and the MoU setting out the role of the Deputy Mayor is attached as Appendix E. Are there any aspects you think we have missed and/or can you suggest any improvements?”
- “is there any risk that we will not address any of your report’s recommendations or their intent?”
- “We set out 5 outcomes in the ToR for the EAs and the PGG added another 2”. “We would like your views on whether you think we are measuring the right outcomes? Are we on a path to achieving them? Where do you see the main challenges? How could we improve?”
- “What do you see as the main risks to delivery and what strategies or controls should we be putting in place to mitigate?”

PROCESS & FORMAT OF REPORT

In order to provide some continuity and direct relationship to my original report I have chosen to address progress against the issues raised in that. I have followed a similar format to my original review:

- I have interviewed the Mayor and all City Councillors (bar one who chose to provide me with a written letter but declined to be interviewed), the two External Appointees (Lindsay McKenzie and Jeff Grant), plus the following members of the executive leadership team – CEO Clare Hadley, , Peter Thompson (Executive Manager – Office of the CE), Steve Gibling (Leisure, Recreation & acting Customer & Environment Group Manager), Michael Day (Finance Group Manager) & Erin Moogan (Infrastructure Group Manager). In addition, I met with, or interviewed by phone, Bruce Robertson (Chair of Audit & Risk), Gore Mayor Tracy Hicks (from the perspective of regional relationships only), The Chair & CEO of the Invercargill Chamber of Commerce (as a major representative of external stakeholders), and Richard Hardie (key liaison between the Council and DIA) and Jane Parfitt (Advisor – Office of the Chief Executive).
- I had an interview framework which I used as a guide to review whether I felt we had covered the key aspects, rather than as a formal structured interview. (Appendix 2)
- Every participant was advised that their comments to me would be confidential. This was qualified by me as being “to the extent that any ombudsman’s ultimate interpretation of a

refusal to make public, if subject to a LGOIMA request, was not in my control". I advised each participant that I would be making notes as I went.

- I have read the views and opinions of Councillors as expressed in media, and kept abreast of all media reporting of the ICC since my original report was presented. I recognise that, whilst expressed as their views, any individual elected member's, EA's, or staff member's comments will have been coloured by the perspective that the reporter chooses to take. Their value is not in those individual views per se but in the way in which they reflect the dynamics of this Council, its problems, and its progress on addressing those.
- I have reviewed some Council documents and where they have relevance, I have notated them in the body of the report.

I note for the sake of clarity that my observations are in most respects the views of those that I have interviewed. I have not attended Council meetings to observe Councillors and/or the Mayor in formal processes. I have attempted, at the risk of annoying the reader with repetition, to state where a comment is the observation/report of others. Where it is my view, based on those collected observations, I have said so. If at any point in the report I have failed to make that clear then this is an accidental omission and the reader should seek clarification from me directly.

I have chosen to structure the report around

- Firstly, reviewing my original findings and progress (or otherwise) against them. This is primarily the subjective views of interviewees and my collected summary of those. It provides a good measure of overall progress as perceived by both elected members, management and external stakeholders
- Secondly, looking at the formal work programme (Working on Working Together). In this context I address most of the formal measures that have been put in place to address the concerns of my original report, and address what has worked and what is still a work in progress.
- Thirdly, providing my views on appropriate next steps and "future direction".

PART ONE

SUMMARY OF PREVIOUS CONCERNS

In my original review I highlighted the strained relationship that existed between Councillors and gave my view as to some of the key reasons for this. These included:

- The leadership void that existed around the table due to the difficulty that the mayor was having in delivering what would be considered normal Mayoral functions.
- The strained relationships between the Mayor and a succession of Deputies, highlighted by the resignation of then Deputy mayor Toni Biddle from both the Deputy's role and Council itself.
- A newly elected Councillor, Cr Clark, who had, in the view of most of his colleagues, been a significant cause of Council friction due to his manner of operating, perceived frequent relitigating of matters, over use of Notices of Motion, and use of the Media in a way that annoyed his colleagues and felt manipulative to many of them.
- The presence of a number of significant "Stone in the Shoe" issues that had remained unresolved over, sometimes, years, and around which there was significant discord, relitigating, and in which it was felt by many Councillors that Cr Clark (in particular but not

solely) strayed too often into operational rather than governance roles. It also seemed to me that there was an absence of informal & formal structure around trying to understand the information needs of Councillors to resolve these issues by staff, processes to prioritise and schedule these works, and mechanism's for handling the understanding of Councillors for each other's different perspectives (and the associated reality that democracy didn't mean that everybody won).

- A number of instances of apparent leaking, an investigation into this, and Code of Conduct complaints that both reflected the poor collegial relationships and fuelled further deterioration.
- A Council that was divided in its view as to the CEO and her manner of operating

In the following sections I assess progress in these key areas.

CR CLARK & THE DEPUTY MAYOR ROLE

I was overtly critical of Cr Clark in my original report (whilst also noting the very real strengths he brought to his role). He was a polarising personality who had adopted what I described as an "activist councillor" role. I also questioned Cr Clark's appointment by the Mayor to be his new Deputy to the extent of saying (amongst other comments):

- "His elevation to Deputy Mayor is likely (in my view) to risk further destabilisation of both governance and the governance/management relationship, unless he changes his approach to a more collegial one"
- "Because of the, to date, poor relationship between Cr Clark and both management and many Councillors, his appointment by the Mayor to the Deputy's position on the 20th of October, in my view, significantly heightens the risks of further governance discord and, possibly, governance failure"
- "Whilst Cr Clark has yet to be able to demonstrate how he will work with his colleagues as Deputy Mayor, I cannot help but worry that the Mayor's lack of insight into what is needed has resulted in him appointing the person least likely to enable a collegial path forward in my view (based on the views of Councillors, but acknowledging that these pre-dated his appointment)".

I detail the above quotes because I think it needs to be made very clear that Cr Clark has, in large part, reacted to my challenge by amending his mode of operating and is, in a difficult situation, providing significant de facto leadership. His overt change in operating mode has been noted to me by almost all Councillors. They speak highly of his work ethic and his apparent commitment to working with his colleagues, whilst retaining his right to his own views and political commitments.

He has developed a collegial working relationship with the CEO and both parties have commented to me on the vastly improved relationships. Cr Clark says that he spoke with both the DIA and the late Dave Cull (former mayor of Dunedin and President of LGNZ) following my report. He reports that they emphasised to him that the relationship with the CEO is the most important thing in developing a successful governance/management team. He reports reflecting on that, and what his part needed to be in it, and feels that the relationship has "vastly" improved. The CEO has similarly commented to me that they have a good working relationship now. For her part she feels at times that she is still "too much in governance" but the difference now is that Cr Clark understands the drivers of that, is involved, and they are able to discuss issues. Other councillors also noted the significant

improvement in the relationship not just between the CEO and Deputy Mayor but between the Deputy Mayor and other management staff. There appears to be a far greater degree of respect between all parties and this has taken a great deal of tension out of the room. Small but important things such as advising management in advance of questions that he might have, so they can be prepared to answer them in meetings, are further indicators of a more collegial approach.

There remain some issues but, to abuse an old Speights advert. "it's a hard job finding the perfect Deputy Mayor". His decision to vote against the whole LTP because he disagreed with a single significant aspect of it (the Museum timing) was seen by many as a reversion to the Nobby of old. Some Councillors (a few) take a view that the leopard has not changed his spots and there will be a reversion to poor behaviour sometime. But I think that misses the point. It is not about changing who and what you are, but about finding mechanisms that work for the collective good and thus enable democracy. By most reasonable measures one would have to conclude that Cr Clark has reflected and acted, and that his behaviour has been a major component in a significant improvement by this Council. A comment from one interviewed Councillor who previously felt differently is worth quoting:

"Now get on very well with Nobby. He puts a lot of effort in. Still wants to relitigate things sometimes but not nearly as much. His heart is in the right place. Improved out of sight"

I will return to some things that I think the Deputy Mayor needs to continue to reflect on in the "future direction" section of the report.

THE CEO & MANAGEMENT TEAM

In my original report I made it clear that the CEO was seen differently by different factions of Council and that she also had a role to play in improving the situation. These matters were not primarily about competence (she was generally seen as very competent) but expressed themselves in concerns around:

- Getting in the "governance lane" too much. Examples being her defacto chairing of the Chairs meeting (reflecting the Mayor's reported inability to do this), and her perceived role in creating the two committees of the whole (from the previous four committee structure, which had enabled a kind of upper and lower house situation, with Councillors being able to relitigate decisions at Council that had previously been made by committees of a minority of councillors).
- A perceived inflexibility that meant she was at times in danger of winning the battle but losing the war.
- An absence of any working relationship with the Mayor
- A perceived resistance to requests for what some councillors saw as legitimate requests for information (although my perception was that this had as much to do with the methods being used by the likes of Cr Clark, than with reluctance to be held to account).
- Her body language in meetings which was interpreted by others as attempting to influence outcomes or signal to supportive councillors.
- Being too quick to respond when time for reflection might result in a different outcome or at least a perception that consideration was being given to the other persons view.

- For all of these reasons, and possibly others, she was seen by a significant minority of Councillors as being a primary cause of their difficulties and some had a clear view that removing her would solve the problems (erroneously in my view, as stated at the time).

It is clear from the views of Councillors that the CEO has also reflected on these concerns and amended aspects of her behaviour. There were many comments from councillors that attested to this. One such quote

“People have got used to Clare’s style and feel. She has run the organisation with authority (with a small a) and has built a strong team around her. There is now a real confidence around the table about the management team. Clare doesn’t interfere in meetings now. Not the texts etc that existed before”.

Many Councillors spoke of the strength of the team that the CEO has built around her and it was a common view that this had allowed her to step back more and allow them to lead in their respective areas. There was palpable respect for the quality of the executive leadership team and a sense of relief that things had worked out as they had when it might have all blown apart.

My interviews with the exec team painted a similar picture. It is of note that they all started around the same time (the exec team is 100% different to the people I interviewed 6 months ago, some of whom were moving on, and some of whom were there only in a temporary role). This has meant that they have been able to build their own collective culture, rather than having to fit into an existing one. Two of the four I interviewed commented that in some respects the reported situation in Invercargill was an attraction in that:

“it could only get better so didn’t scare them”,

“being part of a whole new team, and could create our own culture, was an attraction”,

“exec is feeling like a team. All got thrown in the deep end together”,

“Ironically it was the situation that attracted them”

and a range of similar views. All report that they have bonded well as a team and that the CEO leaves them to run their own patch. They feel supported in their roles, not just by the CEO, but also by Councillors generally. They speak warmly of the CEO and generally hold similar views.

“Have seen a change in her. Has allowed things to flow. Been very supportive. Been good to bounce off, especially with regard to interactions with Councillors”

“I feel she has stopped reacting immediately. Allowing herself time to reflect”.

“The exec team are being allowed to do their job and not being micro managed by Clare”

The exec team all feel that the LTP process was a significant project that facilitated bringing a more team environment to councillors and the collective governance/management team. Whilst they felt stretched due to the amount of work required in a short period of time, they all felt that the preparatory work with Councillors and the way in which Councillors involved themselves in this constructively was pivotal. There were a lot of workshops and they were well attended. Management focused on trying to understand the needs of councillors both collectively and individually to ensure that the right information got to them. This meant that discussions were informed and tended to flow well rather than there being lots of requests for further reports. Management’s report of this process is absolutely aligned with the reports of Councillors in this regard.

THE STONES IN THE SHOE (and the LTP)

I previously identified a number of significant (mainly capital project) issues that had become a lightning rod for discontent and adversarial positions. I felt that if these could be removed as issues by dealing with them through an appropriate Long Term Plan process this would substantially assist with resolving other, more relationship based, problems.

There were a number of aspects to both the cause and resolution of this. To paraphrase:

- There seemed to be no process in place to enable Councillors to discuss (outside of a formal decision-making framework) what was important to them and what information they needed to enable them to make collective decisions.
- Staff were not sufficiently anticipating the nature of the information councillors wanted. This was leading to lots of questions of staff in meetings, often with an elevated level of aggravation, and demands for further reports that both exasperated other Councillors and harmed the relationship between governance and management.
- When decisions were being made there was frequent relitigating of past decisions due to a combination of some councillors being unprepared to respect a majority decision and a belief that “further information gathering would result in a different outcome”.
- There was a tendency by some Councillors, Cr Clark being the prime example, to do their own research and struggle to distinguish between their role as governors and a role as a community activist or surrogate manager.

It is clear from the views of all Councillors and management that a very successful LTP process (under significant time constraints) has enabled major progress around these issues. Councillors speak highly of Management’s collective role in this (at several tiers of the organisation). I note the progress here and what appears to be rated by all as a very successful outcome. I have already discussed some of the reasons why this was successful in my earlier section on the CEO and Exec, so will not repeat myself at length here as the reasons are the same. I will address later the “Why it was successful” part in my review of the actions Council has taken to respond to my report as part of the “Working on Working Together” framework.

REGIONAL RELATIONSHIP CONCERNS

At the time of my original report there were significant concerns around Invercargill’s ability to be an effective part of a wider regional group due to the Mayor’s reported difficulties. The solution suggested for this (and other matters) was to separate out what the mayor might continue to take prime responsibility for (mainly ceremonial and PR areas and the things that legislatively only a mayor could do) and those that might be assumed instead by the Deputy Mayor. I suggested a clear set of delegations for the Deputy Mayor that would enable someone else to represent the city either instead of, or in conjunction with, the Mayor. The attempted solution to this was a Memorandum of Understanding (MOU) between the Mayor and Deputy Mayor. My assessment of that MOU is that it was a well-intended, and generally sound, attempt to operationalise my recommendations. It foundered ultimately.

It is a matter of public record already that much of the dealings with Sir Tim around these kinds of matters are a process which, reportedly, also involves his partner. The Deputy Mayor chose to use

the exit clause in the MOU when relations began to get difficult for him, in his mind, in dealing with the Mayor's partner over the MOU and its wording and then implementation. I make no judgement call on the rights or wrongs of the interactions, and I have not engaged with the Mayor's partner for her perspective. It is a strongly expressed view by almost everyone I have interviewed that the need to engage with the Mayor's partner around matters that might normally belong with the elected official have been, and remain, a complicating factor.

There is a view now that the exit from the MOU was probably beneficial in that it removed a need to consult with the Mayor about matters that might also involve discussions with his partner. Instead, Council has authorised the Deputy Mayor to attend all meetings at which the city would wish to be represented and to report back to them. This occurs whether the Mayor is present or not.

Councillors generally spoke well of the report backs that they receive from the Deputy Mayor, although some express a concern that there can be difficulties in determining what is information and what might be coloured by the Deputy Mayor's personal view. This is a matter that I will return to.

In order to get an independent sense of how things were working I spoke with Gore Mayor Tracy Hicks. He indicated that Invercargill was now well represented and integrated into the Southland Mayoral forum by both the Deputy Mayor and the CEO and that there were no concerns as to how that process was operating. From a Gore Council perspective in particular he indicated that the relationship was good and there was no lack of connection.

GENERAL COLLEGIAL RELATIONSHIPS

All Councillors interviewed, without exception, spoke of the improvement in general Council culture (I would qualify this with the obvious statement that Cr Lush was not able to have a before and after perspective due to his relatively recent election to Council). Many commented that the original report had forced a collective rethink in both a formal (see section on Working on Working Together) and informal way, and this meant that all Councillors were more conscious of their own behaviours and were making an effort to be more aware of how these were seen both by their colleagues and the public generally.

Almost all reflected on the benefit that the two external appointees had brought, in the sense that they modelled a degree of professionalism that they respected and wanted to emulate. But there was a general consensus that the changes I have discussed in the sections above had all contributed significantly to an improved situation. The "whole was greater than the sum of the parts" in this regard. There was a lot more happiness around the table and people who had previously been at loggerheads were now working more collegially.

All felt that the LTP process had been a real success and pointed to the workshops, in which they were able to understand the "what if's", and consequences, of various options, and the skilled way in which staff facilitated these processes as being significant. Rather than individual issues being debated (often with more heat than light) they felt that they were adopting a strategic approach – there was an opportunity to ensure that the right information was brought to the table for them to answer their individual questions and concerns; they were able to interact with staff in a less formal way to best understand prioritisation decisions; and they generally felt good about the public consultation process. All of these elements appear to have facilitated a much better functioning collegial approach.

This is not to suggest that all is sweetness and light. The Mayor's interactions with the media and what Councillors collectively see as a Mayoral side show, which crowds out any real public awareness of significant progress and competent outcomes, continues to grate. The Deputy Mayor's decision to vote against the adoption of the whole LTP because he lost a democratic vote around one issue was seen by many as a reversion to old ways of doing things (although there was a sense that, if unnecessary and inappropriate, it was done more respectfully than it might have been done 6 months ago). And the recent examples of leaking, particularly the leaks from the Audit and Risk committee (Sir Tim's reported musing about resignation and the leaking of an unredacted report from the EA's) has annoyed, and impacted once again on trust. However, the outcome has been less destabilising than it might have been 6 months ago. That should not reduce the concern however as to how damaging for both Council and Councillors further repetition of this could be.

THE MAYOR & HIS CONTRIBUTION

The role of the Mayor, and his performance in that role, remains a difficulty for Council and there has been no change in my views around that (as formed from interviewees comments). The strong view of interviewees is that nothing has changed in regard to the identified concerns regarding the mayor since my original report. There is frustration from other Councillors about the way in which what many define as "the Mayoral sideshow" dominates media discussion at the expense of the very real progress that they believe (and which I endorse) has been made by Councillors and Management in significantly improving performance. Indeed, one Councillor (whom I would have seen as amongst the most supportive of the Mayor, and least supportive of the CEO, in the original report interviews) commented that "they had expressed a view then that the problems were 20% The Mayor and 80% the CEO, but 6 months on would reverse those percentages".

There was significant resentment (from some) and resignation (from others) at the way in which the Mayor initially appeared to agree to the findings of my original report but then later publicly dismissed them. Sadly, but perhaps understandably in the light of my original report, he is seen by most Councillors and Staff interviewed as a difficulty they are stuck with and simply have to work around. There is more a sense of resignation now that the situation is what it is and the rest of them need to simply accept that there is little that can be done to change that and they need to get on with working out how to run a strong Council with both alternative leadership from the Deputy and Committee Chairs, and significantly better collegial and management relationships. It may be a case in part that "my enemy's enemy is my friend" but in some respects the difficulty around the Mayor has moved, in my view, from a major problem, to reinforcing a view that they need to just get on with it by working well together.

I made the comment in my original report that the Mayor has appeared to adopt at times an approach of "putting out fire with gasoline". This means that he both continues to dominate media interest, and stimulate it. Whilst that is probably inevitable it does mean that the significant improvement that has been made at the ICC is seen by many Councillors as not being a focus, or where it is, it is a media afterthought. There is probably little that can be done about this but the reason I have moved the Mayor's role in things from the top of my list of concerns in my original report, to the bottom in this report will, I hope, reinforce the notion that the ICC is not The Mayor and that a lot of people have worked very hard in the last six months to achieve significant progress.

EXTERNAL STAKE HOLDERS – Chamber of Commerce

I have chosen to feedback from the Chamber of Commerce at this point in the report. Their feedback is primarily anecdotal and is supportive of the general flavour of the feedback above. There are many external stake holders that I could have engaged with but, on the advice of Council, I chose the Chamber as it reflected the views of a wide range of stake holders. I recognise that their views will however be reflective of a particular kind of stake holder and should not be seen as representative of all possible stake holders.

It is not possible to reflect the views of a single external stakeholder anonymously for obvious reasons but I have cleared with them that they are comfortable with the feedback I have provided here.

They noted that the “noise levels had dropped considerably”. At a management level “the quality of the new leadership team is really, really good” and “engagement at a management level is really good. Always know where you are with her”. (CEO)

They felt that “comms was a difficulty” and that the “community has little idea of what is going on” which in their view means that perception is slow to change. They felt that there are good stories to tell but that the media coverage was very much dominated by stories about, or apparently initiated by, the Mayor which dominates the public perception.

They expressed concerns that the City may not be being adequately represented at a Regional level (although my subsequent discussions with Mayor Hicks suggest that concern may be less real now than it was previously).

They expressed surprise at how smoothly the LTP process went. They felt kept in the loop and engaged, but have a concern that there is still a need for a long-term vision rather than a project scheduling one (my words attempting to summarise their comments).

At a governance level they retain a concern that there is no one you “can pick up the phone with and sort something out”. They recognise that the Deputy Mayor is attempting to fill a gap in this regard but have some concerns that his strongly held views could filter the message rather than deliver it.

Finally they commented very positively on the impact of the External Appointees and expressed concerns as to what might happen if this input was withdrawn too soon.

PART TWO:

WHY HAS PROGRESS BEEN MADE (Working on Working Together)

I focused in my original report on a range of measures that I felt could be used to improve a difficult situation. Whilst I have no knowledge as to what government intervention might have looked like, it was obviously a possibility if things could not be improved. In my report I attempted to focus on both the “soft” things that might make a difference, and also the structural interventions that I thought could improve things. It is to the significant credit of both elected members (the Mayor excepted), and management, that they grasped the opportunity to make progress and embraced it.

Much of what I have commented on above reflects the soft stuff changes. The improved understanding of what behaviours are necessary to enable good democratic processes, and the way in which everyone had to take responsibility for their own behaviours if they were to be successful. No amount of structural intervention will be successful if the interpersonal relationships get in the way of implementation.

In this section I focus more specifically on the formal processes that the Council has adopted to address the challenges in my report, and what appears to have worked and not worked, and why.

EXTERNAL APPOINTEES

There was a universally held view that the presence, skill set mix, and methodology employed by the EA's has been a major factor in the progress made. They brought different skill sets to the task. A description by one Councillor probably summarises the collective view well.

"They come from 2 different perspectives. One politically wise, and one bureaucratically wise. They have played off each other well. Been good at providing feedback back to Chairs. Very useful in helping Council. Fear is that they be let go too soon. Need them still. Have a calming effect and an objective ability to chip in".

Many Councillors talked about the way they had attempted to learn from the EA's approach, and the desire to be seen by them as working hard to contribute and do so in the best possible way. Much of their value actually lay in the "soft stuff". This was a Council that was not working well together (both governance and management) and it needed a reset in its values and attitudes. In my view the most critical benefit the EA's have brought has been in that area.

The appointment of External Appointees was a calculated risk. It had not been done before in Local Authorities with the more common approach being the appointment of Crown Observers. The roles are very different. A Crown Observer is reporting back to the Crown and would not usually take an active role in Council affairs. They have a clear line of accountability back, ultimately, to the Minister. The EA's were intended to take an active role in the affairs of Council (although not in political decision making). They had no line of accountability in this situation (possibly in hindsight both a benefit and a concern). They were able to take stewardship of the project plan for implementing the recommendations in my report (put together by management). The decision that one of them should also chair the Chairs' meeting has been successful based on the feedback of those attending.

There has been a view expressed by a number of people (both governance, management, and external stakeholders) that at times there has been too much focus on "tasks" and that that may have reflected a concern by the EA's that they demonstrate value for the ratepayers cost incurred. Indeed, a similar comment was made by one of the EA's in interview when he said "there may be a need to redefine the role to be more a stabilising function going forward rather than task focused". There has also been some concern expressed at comments made publicly by the EA's at times and questions as to whether this was appropriate or helpful.

The above needs to be seen clearly however in the context of what has been seen by almost all parties as a valuable and well gauged intervention on their part.

I comment below on the importance of the Project Governance Group. I do not believe that this could have created the structure and discipline needed without the key participation of the EA's.

For their part they have noted that they felt at the beginning of the process that many Councillors were not aware of the extent of the problem. The focus by many was on Sir Tim and it took a while to move the focus away from what they could not control to what they could, which was their own behaviour and processes. They felt it took a couple of months to build confidence in their role amongst the wider Councillor group. They also reflect the same frustration now felt by many others “success is still being seen through a Sir Tim lens when what is happening is top class”.

They share a view as to the strength of the current management team. “Reports to Council still have some progress to be made but are much improved”. They also noted that the structure of the governance support team was unclear when they commenced, as were the roles and responsibilities of the people supporting the ELT, Committees and Council. The recent appointment of a new governance support team leader was seen as a ‘really positive move’.

They have a view that the Chairs’ meetings still need to be more proactively focused rather than reactively so, and that the political thinking is still coming more from the CEO than the Chairs. Although they feel there is more of a forward focus developing, there is still a need for better harvesting of key issues and their implications in advance of papers being finalised.

The EA’s themselves have questioned at what point they should pull back and I will return to this in the next section.

WORKING ON WORKING TOGETHER PLAN

I commend the Council on the thought and effort that has gone into the Working on Working Together implementation plan. This has wrapped an important structure around their response to my report. Whilst, as is inevitable, some things have been more successful than others, and some things have moved more slowly than possibly expected, the overall sense is of a council taking its responsibilities seriously. The plan is appended as Appendix 3.

The Plan has at its heart seven core outcomes that would define success:

- The Elected Council is able to function as a governing body
- The Mayor, Deputy Mayor and Committee/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
- Elected Council members are able to work effectively with the council CEO and ELT
- A lasting legacy for future councils will be provided
- A reputation is established as a high performing Council

The work plan to achieve these goals has been allocated to four working groups:

- Strategic Projects – Deliverables being -An ICC decision making framework which assists with identifying and prioritising projects for inclusion in future LTP’s, and for strategic project decision making on a continuous basis.

- Support for Councillors – Focused on developing a comprehensive professional development programme and oversight of its roll out. This group also turned its mind to council reports.
- Supporting the Mayor & CE and clarifying the Role of the DM – with focus on ensuring the Mayor & CE are appropriately supported to lead the implementation of the report recommendations, and to clarify and sign off the responsibilities of the Deputy Mayor,
- Developing Media Protocols & bringing the community along – deliverables being a set of protocols by the end of Feb 2021, and a communications plan in place by the 31st Jan 2021.

The plan envisaged a number of clear goals and I have chosen to review progress using those as markers. They are not addressed in entirety or necessarily in the order they appear in the document. I have chosen to highlight key areas, and in some cases, for brevity, I have brought multiple goals together into a single heading that does not reflect the structure of the programme but grabs its essence.

THE COUNCIL CHARTER IS ADOPTED

Whilst there was not universal agreement around the success of this process almost all interviewees believe that the work done to achieve the Charter was a key element in getting them focused on what good behaviour and respect looked like and how they would hold themselves to account for that. Sometimes the work to get to something is as important as the outcome itself. Councillors generally felt the process was valuable, and the outcome was a good one. It was a structural element that reinforced the “soft” relationship building and self-reflection that has contributed significantly to an improved culture around the Council table.

THE LTP IS ADOPTED BY 30th JUNE

This had been seen as a significant risk by the DIA who had expressed concern about what they saw as a poor process to achieve the annual plan. I have commented earlier on the success of this process and the strong sense of satisfaction from Councillors and staff regarding the process and the outcome. Whilst part of the reason for this lies in the improved working relationships referenced in the prior point, a lot also lies in some of the following plan items:

THE CHAIRS’ GROUP ARE ABLE TO PROVIDE LEADERSHIP (my paraphrase)

The Chairs’ group was a failed body at the time of my report. It lacked leadership, resulting in the CEO having to assume a defacto governance role, relationships were fraught, the Mayor was unable to play a normal leadership role, and there was little in the way of forward planning or feeding back into supporting staff around the kinds of work Council needed from them to ensure key deliverables were met. I recommended that one of the EA’s should chair this body. The new structure, chaired by an EA, and comprising the Mayor, DM, Chairs and Deputies, with the CEO and other appropriate Exec staff in attendance appears to be working well. Importantly there are notes that go back to Councillors after each meeting that keep them in the loop and reduces the risk of an A team B team scenario. There are terms of reference in place. Staff commented to me that the Chairs’ group is now an avenue for engagement whereas previously it was not. For all of these reasons, this structure is working. There are moments of tension but that is only to be expected and would be likely in most similar situations.

EFFECTIVE SUPPORT IS IN PLACE FOR DECISION MAKING

There have been two key structural components to this. The first has been around the way in which staff reports have been prepared, and the second is around the facilitated workshops that have enabled staff to understand Councillor's information needs, and for Councillors to understand key information. Previously there was a lot of discord around multiple requests of staff for revised or further reports, and frustration from some Councillors who felt that the reports did not have the information that they required. And because this was not a uniformly held view it ratcheted up the tension.

Structured reports from staff to Council are reported by most Councillors as significantly improved and there is a strong sense that they are anticipating the information requirements of Councillors. In part this has been linked to the calibre of the current ELT, but my expectation would be that reports will be coming from a number of staff outside of that tier. It could be that the ones most likely to be contentious have strong input from ELT even if they are not holding the pen. I am aware of work that has been done by the External Democracy Services Advisor who has picked up weaknesses in historic report presentation and provided new templates and guides to overcome this. But a lot of her formal work has only recently been signed off so the improvement may also reflect a greater awareness from staff of the need to put themselves in Councillor's shoes when trying to anticipate the information needs of Councillors.

There has also been a clear attempt to structure workshops around facilitating objectives. My understanding is that an externally facilitated workshop were held prior to the LTP to get a sense of councillor priorities, areas of likely dispute, and information needs. Councillors feel that this contributed significantly to a far better process. Many talked with enthusiasm about the work of both the Exec and staff from other tiers who facilitated LTP workshops and the community process. I heard no complaints about any aspect of this and staff should take some considerable credit for their work. Some long serving Councillors reported the LTP process as being the best they had been involved in in their time on council.

THE ROLE OF THE DEPUTY MAYOR IS AGREED

I have commented at some length regarding this in section 1 and will just touch on it again here. The MOU was a sound structural approach to achieve a mediated outcome between the Mayor and Council. It ultimately failed due to the difficulties the DM had in operationalising the agreement combined with comments made by the Mayor through the media which further undermined the relationship (the "Brutus" comments amongst others). The DM is clear that the negotiations were primarily through the Mayor's partner whom he felt controlled the process. He reported being asked to seek approval from (as opposed to "notification" to) the Mayor for any attendance or action, and in the end was no longer prepared to engage with the Mayor's partner around this, and elected to use the MOU's exit clause. In the absence of a formal document the DM has been free to develop the role as he feels Council wishes of him. It does have some ongoing issues in that he may not be aware of all meetings that the Mayor has been invited to if they go direct to the mayor's personal diary. However, there is general agreement that the role adopted is working generally well and meeting the needs envisaged in my original report. There remain some issues of style that are of concern to most councillors and other interested parties and I will return to those in the last section, but overall there is both good will and recognition of the hard work by the DM in picking up these additional responsibilities.

PROFESSIONAL DEVELOPMENT PROGRAMME IN PLACE

The External Democracy Services Advisor has worked with Council around developing an appropriate professional development programme. Rather like business confidence surveys in which a majority of respondents say the country is doomed but 90% say they themselves are all right (when both cannot be true), it is the nature of elected officials (and probably most of the rest of us) to have a view that professional development would be good for everyone but “I don’t need it”. That has made putting together such a programme more difficult, and there are mixed views as to the value, but (fortunately) a collective view that “even though I don’t need it” I will “take one for the team” has prevailed. I think the programme is valuable in its own right and, so far, it appears to have had good attendance although it is early days.

STAFF REPORTS REFLECT GOOD PRACTICE & FACILITATE TIMELY, INFORMED, DECISIONS

I have covered most of this off in the earlier paragraph (Effective support is in place for decision making). There is strong support for a view that this is now the case.

ELECTED MEMBERS ABLE TO WORK EFFECTIVELY WITH CE & ELT

There was a strong consensus that the working relationship and respect level between Councillors and the Exec team and CEO has improved significantly. I note the Impact Consulting Survey data reinforces the anecdotal reports strongly in this regard with 77% of councillors either agreeing or strongly agreeing that a good working relationship exists, and 82% of staff expressing the same views.

PROJECT GOVERNANCE GROUP

The Project Governance Group was largely seen by those participating as an important structural component to driving the work programme. It has kept a clear focus on the work plan, and I think it has been an important window for the DIA to gauge the sense of direction. It also brings management, key players in the previous discord (the Deputy Mayor &, at least at the meeting I attended, the Mayor), and the EA’s, Chair of Audit & Risk (who acted in the role of governance adviser prior to and during my review) and the DIA all into the same room. There are some differences in view as to how important this is going forward but I would encourage continuation. It is important not to under-estimate the value of a structural work programme. It might sound trite but sometimes “the work is the goal” and having a range of projects, concretely defined, and regularly being reviewed by the PGG has created a sense of discipline which has been beneficial for all concerned. It has forced attention to processes, and created structure. Having an independent Chair of this group has ensured that it has run well.

A COMMUNICATIONS STRATEGY IN PLACE

This is seen by many as a still significant gap, although an appointment had been made to a strategic communications manager at the time of my interviews and so hopefully this will soon join other

goals as achieved. There is a collective view from Councillors, Management, EA's and the Chamber, that the reputation of the ICC is being driven still by the focus on the Mayor. The frustration levels have increased at what all see as "the Mayoral sideshow" (my phrase but reflective of a range of ways of similarly describing it). As a result what all see as a vastly improved performance (a view shared by the DIA as best I can ascertain) is not being seen as such by the public. There is significant pride amongst the team as to the success of the LTP process, and a view that the many positive things that are happening are being swamped by the media focus on Sir Tim. There has been far less negative interaction between Councillors in the public arena (which reflects the reality of improved relationships), but there is a positive story about Invercargill to be told and a general feeling it is being lost.

The Media protocol that was attempted reflected a desire to present a more collegial and considered view by Councillors regarding media interaction. It is unfortunate that the focus became the perceived "gagging" of members when that was not the motivation for it. I understand the media's focus on the wording but I place more store on the intent. As best I can tell the contentious piece of the protocol was "Elected members agree to focus on council issues and activities when speaking to the media, rather than the actions or decisions of other elected members or staff". I will comment further on this in the last section.

A COMPREHENSIVE INDUCTION PROGRAMME IS IN PLACE

I am not clear that this goal has been met yet. Whilst it is always more difficult to manage an induction programme for a single Councillor, Cr Lush's comments would indicate that there is still work to do and there may well be merit in engaging with him, as the most recent new member, around what he found useful and what he found lacking. Further, I think a successful induction programme starts well before an election. One of the goals of the work plan is around a legacy approach which dovetails back into the desire to be a high performing Council. This means, in my view, ensuring that prospective new Councillors have a good understanding as to what the role is about, what the ongoing issues are, and how the Council works (governance versus management, legislatively defined planning cycle, etc). I would encourage the Council to pick up this mantle (as part of the PGG work programme) and start induction at least a month out from nominations closing. I have been involved in a similar approach in Dunedin and was surprised at just how high the turnout was from interested people. Some went on to stand (and were elected) and some clearly decided it wasn't for them.

There needs to be a clearly defined induction programme in place for elected members. Further, I believe it is critical that re-elected members commit to being part of that. Whilst there is a view often from "old hands" that they don't need this and attendance can be poor, the reality is that creating a team at the beginning of a triennium is important. The presence of experienced Councillors participating with novices in an induction programme signals a commitment to that, is welcomed by new members, and they just might learn something.

PART 3

NEXT STEPS & DIRECTION

In summary I have expressed a pretty clear view that significant progress has been made and most project goals have either been addressed or are in the process of being addressed. One has been abandoned in favour of a different approach (MoU between Mayor and Deputy), and the media protocol may (I understand) still be subject to some review (although I note that it was adopted by majority vote on 23rd Feb). I think there remains work to be done to ensure that the significant progress does not abate over the balance of the term.

As a general comment I note that the objective results of the Impact Consulting survey align closely with my more subjective analysis. I wrote the first two parts of this report before seeing that and (apart from referencing the survey in one place) have not felt any need to revise any conclusions based on that data. But I find it interesting, and probably reassuring, that the feedback from Staff as to how things are improving gives more credit generally to Councillors than they give to themselves.

For example, Q5 A HIGH PERFORMING COUNCIL, which measures “what progress do you believe ICC have made in the past 6- months towards having strong unified governance and leadership?”. Staff rated at 92% “noticeable progress” whilst Councillors were at 53% either “significant” or “noticeable” progress.

Or, Q6 DIVIDING ISSUES, which measures “Councillors are making positive progress on resolving issues which have divided council in the past (or have defined an agreed decision-making process for these topics)”. Staff rated positive progress at 82% versus Councillors at 62%.

There are other similar results. What this suggests to me is that Councillors still see room for improvement (and possibly are reflecting the view that “I am doing it but some others still have some work to do”), but that staff see things as far more positive than I believe they would have in the same survey had it been done a year ago.

In no particular order of importance, I see the following steps as remaining significant.

ROLE OF THE EA’S

There are a number of issues to be resolved around the ongoing participation, or otherwise of the EA’s.

There has been a range of views as to how long they should remain engaged, and how their role should develop. In summary, the strong majority view was that Councillors and Management would like to see their role continue until at least the end of the year, with a significant subset preferring it to continue in some shape or other until perhaps the end of the first quarter of next year. There was a minority view that continuation right through to the end of the term was desirable.

I believe that it would be unwise to discontinue the current arrangements before the end of the year. But I would see a focus shift from the more task orientated mode of operating to a more supporting, mentoring, and process focused role. This loosely aligns with the timing and focus of the PGG’s Phase 3 programme. I think that the greatest benefit has been brought simply by their presence and modelling of professional behaviour, coupled with their ability to work with Chairs and

the Deputy Mayor in particular, but also the CEO, around process and focus. I would recommend that (if willing) both continue until the balance of the projects in the Working on Working Together Plan are in train or complete, which should be in the next couple of months. At that point, perhaps coinciding with the time frame completion of phase 3 in the PGG work programme, it may well be that there is not an ongoing need for both EA's to remain. If that were the view I would prefer that the locally based EA (if willing) should continue and that the role he carries out would be to continue Chairing the PGG through Phase 4, supervise a handover to a Councillor chairing the Chairs; meeting, acting as a mentor to the wider governance group, and continuing to support the interface between Councillors and Management. There will be the first stages of an annual plan to be brought together in that period. I would see it as appropriate for the remaining EA to finish their role at the point the annual plan is signed off by Council, which also coincides with the completion of the PGG Phase 4 time frame. It may be possible to do so earlier if it is clear that all is progressing well around that annual plan and the PGG work plan is completed and is well embedded.

I think that timing is important. The ICC is a political body at a governance level. The public rightly would expect it to have different views and opinions around all sorts of matters and would also expect to see them both express those and manage the expression of them as responsible Councillors. If they do not, or cannot, then the public is entitled to take that into consideration in how they vote. I would expect Councillors to be behaving in the City's best interests by then (as they largely appear now to be) and if they were not, then the public can assess that for themselves. But it would also be unfair on them if there were a perception that they were behaving this way because they were being managed. For these reasons I believe it important that the EA presence be completed before the end of the current term. If all continues to progress well then it may even be feasible to phase out the EA involvement earlier in the process, perhaps by the end of March, subject to their being a clear view that the annual plan process is on track and the preparatory work completed.

The question of who makes these choices is germane. There was originally intended to be two reviews of the EA's appointment in the Working on Working Together programme (June 21 and December 21). The June review has lagged by two months. Given that, there might be merit in having a much-abbreviated review in December that focuses only on whether there is a need to continue with two EA's, and then a final review in March that determines whether the EA appointment(s) finish at the end of March or continue till the completion of the annual plan. I do not see the need at present for a review of the current complexity in December. It could be accomplished by seeking the written views of Councillors, and meeting with the EAs, Chairs' group collectively, the Chair of Audit & Risk, and the CEO, followed by a recommendation to either the last meeting of the year or first in the New Year. The ambit of the March review could be similarly reduced in scale given the progress to date. The safeguard could be that the Chair of Risk & Assurance could be the referee of whether the progress has been maintained sufficiently that the only decision is when the EA(s) finish, or whether a wider review scope is required.

CONTINUATION OF PGG

I recommend that the PGG in its current form remain in place until the completion of its Phase 4 work plan. I note that Phase 4 is essentially overseeing that things are embedded rather than commencing new work. Even if all projects and goals are in place it is an important reassurance to the DIA and it maintains a formal discipline. There is a need ultimately for a collective owning of the work that is being processed through the PGG. This appears largely to be the case now but I think it

would have been more difficult without such a structure. If my recommendations above, relating to the timing of the EA's departure, is accepted then there would be EA presence until at least the end of March, and probably till the end of June. I believe it would be wise for the current Chair to remain in that role till at least the completion of Phase 3, but there may be merit in a Councillor taking the Chair's role with the EA in attendance through Phase 4. This would allow the PGG to continue through to the end of the term if Council considered that desirable, but would also allow for a transition while the previous Chair was still present. Currently the only councillor member is the Deputy Mayor (although I note the Mayor was in attendance by video on the occasion I joined). If my recommendations are accepted, I would think it wise to broaden the Councillor membership to replace the departing EA's, and in advance of this happening. I recognise that there are a number of Councillors chairing the work stream groups. There may be merit in these Chairs becoming part of the PGG or, if that is seen as making the group too large, the alternative is for Council to appoint two more representatives to the group with the deliberate intention of leaving the Chairs of the working groups reporting to the PGG rather than part of it. I am comfortable with either option. But someone will need to chair the group through to the end of the term and at present that could really only be the Deputy Mayor, or a subsequent appointee.

ROLE OF THE DEPUTY MAYOR

I have commented extensively above regarding the important role that Cr Clark has played in enabling the progress I see the Council as having made. It has been largely a collective effort but I was very critical in my original report regarding Cr Clark's role in the difficulties that Council had got itself in. It is only fair therefore that I equally prominently reflect the manner in which he has risen to that challenge and consciously amended his way of working. He is passionate about the things he believes in and dispassionate about how he may be seen by others. Nevertheless, his work ethic and amended way of doing things has been largely recognised by his colleagues, and others, and this has enabled changes to take place that would not have been possible otherwise. His leadership in a range of areas has been exemplary. Although the relationship between himself and the Mayor has largely broken down he can hardly be held as primarily responsible for that, and he remains committed to assisting the Mayor as he can, but not at the expense of fulfilling the role for Council that the Mayor is unable to perform. He is seen as ensuring that the ICC is represented appropriately in the regional forum, and he has rebuilt a good working relationship with the CEO that seemed unlikely six months ago.

There are two areas in which I feel he needs to reflect still further. The first is simple, and possibly reflects a momentary aberration, and is not of long-term consequence. His decision to vote against the entire LTP because he lost a vote on one aspect that he was passionate about (the Museum rebuild timing) annoyed many of his colleagues who saw it as a sign he was going back to his old ways. Local democracy works best when Councillors advocate passionately and informedly for their position, but then come in behind the democratic decision. This does not mean that they have to agree with the decision. They should be free to explain why they did not (although if they are competent that will be very clear from the debate). To vote against the adoption of the LTP, in which he presumably had endorsed many or most of the other positions, because he felt strongly about one component, was aggravating to his colleagues. However, several commented that, though annoyed, they felt he did so in a better way than he would have previously. One assumes that there will have been other aspects of the LTP that other Councillors may have found themselves on the losing side of a vote over. If they had all decided to vote against adoption because they lost one bit

of it one could find oneself in the absurd position of refusing to adopt an LTP (or annual plan for that matter) because of disagreement over multiple “one part’s” of it by a number of different Councillors. It was unhelpful to the process and unpicked some of the trust that had been hard won.

The second is of more moment. Cr Clark has taken his role as DM (and effectively on course substitute for the Mayor in many forums) very seriously. He is seen as delivering in this regard and as being diligent in reporting back. What is a concern to many (and was reflected by the majority of interviewees regardless of role) was a strong feeling that his reports are editorialised and reflect the world through Nobby’s eyes. This is a concern to many in that they worry, on important issues, that they are getting Nobby’s view about what should be done as opposed to an objective report back. In interview I put it to him that there was a fundamental difference between:

“I have reviewed all the material on this and attended the presentations on behalf of council and I believe that we need to do X”, versus

“I have reviewed all the material on this and attended the presentations on behalf of council. I think the areas that we need to ensure we have information in front of us on, to ensure we can come to a sound collective decision, is X, Y & Z”

I put it to him that there was a strong sense that his feedback reflected the former approach rather than the more dispassionate reporting back of the second. He did not agree with me that this was the case, but it was seen that way by most of his colleagues, and non-councillor interviewees alike. I think that the DM needs to continue to focus on how he enables discussion around an issue, as opposed to using his position to influence or guide the outcome. The place for the latter is around the table where he is free to take whatever advocacy position he chooses. Prior to that he has a leadership role to enable his colleagues best possible participation rather than being seen as trying to mould it. A number of Councillors expressed their view about this issue in the context of the Three Waters debate.

MEDIA POSITION

The media protocol was a well-intentioned effort to build a better collegial relationship which ran up against a freedom of expression argument and a significant media reaction. The key point of concern appeared to revolve around the clause that advised Councillors to make comment on issues rather than on their fellow Councillors. As a way of rebuilding collegial relations it was an entirely sensible clause. Nevertheless, it was almost inevitable that it would be interpreted as it was by the media.

I would encourage taking a more cultural approach to this rather than a “legalistic” one. I believe that it was in Invercargill’s best interest to achieve a Council organisation that was working well together, focused on key issues, and as collegial as any political organisation can be. By and large Councillors have chosen to step back from the adversarial and unhelpful media commentary that existed previously. The Mayor has been a notable exception and Cr Clark has at times appeared ambivalent as to which approach to take. I suggested in my original report that part of that respect might be to withhold media comment about an issue until they had given their colleagues the courtesy of hearing their views at a meeting. By and large I think this has probably occurred. There is a general resignation around the table as to the fact that the Mayor will continue to make statements they see as inflammatory and unnecessary, but most media comment has been restrained and has played the ball rather than the person.

But the Council is a political organisation and not a Company Board of Directors. There is a role for the expression of divergent views and it would be a very unusual Council where all views were the same. What Councillors need to be aware of is that the public perception of them was previously being defined by the apparent conflict that dominated much of the media discourse. If they adopt a few basic principles, they will enhance both the Council's reputation, their own, and ensure that a collegial approach continues to the benefit of the city. I would suggest that they focus on the following:

- Withhold comment on topics until they have given their colleagues the courtesy of hearing their views.
- Wherever possible express their views in the media as their view and debate the issue rather than focusing it on another person.
- If there is a perceived need to make personal comments about others then do so with respect and probably after a night's reflection. Referring negatively to someone's performance can just as effectively reflect back on them, and their colleagues by association.

If Council were of a mind too, they might replace in the media protocol

“Elected members agree to focus on council issues and activities when speaking to the media, rather than the actions or decisions of other elected members or staff.” with:

- Where members disagree with the decisions, views, or actions of other members they have a right to make their position known and to state why. This should be done with courtesy and respect and members should refrain from unnecessary or irrelevant personal attacks.
- Members are entitled to disagree with the recommendations or professional opinions of staff but should restrict their comments to the facts of why they take a contrary view. Personal attacks on staff are unacceptable.

The appointment to the Strategic Communications position is an important step forward. Councillors, Management and external interviewees all commented on the outstanding need to ensure that the positive work that the Council is doing needs a greater focus. Least this be seen as simply a desire to spin a good story I refer back to the Chamber of Commerce's view. They felt that “comms was a difficulty” and that the “community has little idea of what is going on” which in their view means that perception is slow to change. They felt that there are good stories to tell but that the media coverage was very much dominated by stories about, or apparently initiated by, the Mayor which dominates the public perception.”

FINAL WORDS

This is a Council that remains a work in progress but should be pleased (both governance and management alike) of the progress that has been made. I congratulate them on their willingness to accept strong criticism and to respond in such a positive manner. Nobody is suggesting it is perfect but I believe that it is now meeting the expectations that it's ratepayers should expect of it.

Richard Thomson
Independent Reviewer

CHAIRS' GROUP - TERMS OF REFERENCE

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 rights and will Chair the Group until such time as a successor from within the Group is appointed. Successor Chair(s) shall be recommended to Council for appointment by the members of the Group. When this occurs, Mr McKenzie will continue to be part of the Group without voting rights until his tenure ends. The other External Appointee (Jeff Grant) shall be Mr McKenzie's substitute until his tenure also ends.

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;
- ***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.***

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;
- recommend successor Chair(s) to Council 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.