

Invercargill City Council

Working on
Working Together

LEGACY REPORT

Draft - 27 April 2022

Contents

1. Purpose.....	3
2. Executive Summary.....	3
3. Legacy Report Structure.....	6
4. Scene Setting.....	7
4.1 The Background.....	7
4.2 The Letter.....	7
4.3 The Context.....	7
4.4 The Problem.....	8
5. Council's Response to the Problem.....	9
5.1 Overview.....	9
5.2 Charting the Course: August – December 2020.....	9
6. Fixing the Problem.....	11
6.1 Governance Review (Richard Thomson) October 2020.....	11
6.2 The Pathway Forward.....	12
7. Progress reviews.....	15
7.1 Independent Survey (Impact Consulting) July 2021.....	15
7.2 Six-Month Review (Richard Thomson) August 2021.....	16
7.3 Independent Survey (Impact Consulting) March 2022.....	16
7.4 Residents' Survey March 2022 – Governance Questions.....	17
7.5 Bruce Robertson Wrap Up Review February 2022.....	18
8. Finance and Risk.....	20
8.1 Cost Estimates.....	20
8.2 Projected Cost Out-turn – 2021/2022.....	20
8.3 Did We Get Value For Money?.....	20
8.4 Risk.....	21
9. WoWT Final Stages and Outcomes.....	22
9.1 Did We Do What We Said We Would Do?.....	22
9.2 Were There Alternative Approaches Council Could Have Taken?.....	22
10. Learnings.....	23
10.1 What Went Well.....	23
10.2 What Could We Have Done Better?.....	26
10.3 Are There Learnings For The Sector?.....	26

1. 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 various audiences in mind. These include:

- Presenting a report 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. There are four key supporting documents which are attached as a separate addendum (the August 2020 letter from DIA; the Richard Thomson Governance Review October 2020; the Richard Thomson Six Month Review August 2021; and the Bruce Robertson Wrap Up Review February 2022). However, this report itself is a standalone document which can be read without reference to the addenda.

The following acronyms are used throughout the report:

DIA – Department of Internal Affairs
EAs – External Appointees
ELT – Executive Leadership Team

ICC – Invercargill City Council
PGG – Project Governance Group
WoWT – Working on Working Together

2. Executive Summary

This 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" following "concerns raised through recent media articles and correspondence...regarding significant conflict among elected representatives and the Chief Executive".

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.

Following a process of review and consideration, the Council agreed upon a course of action to address the issues raised. This was centred on 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 strategy was supported through the appointment of independent active observers known as External Appointees (EAs) 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.

Various improvements have been made at ICC as a result of the strategy and efforts made by the Council over the past 18 months, including a series of “learnings” for the council itself and for other organisations who might face similar issues. This report summarises those learnings, along with setting out the process the Council followed to get itself to this point and look to the future.

Recent self-reviews by councillors concluded, among other things, that there is a majority of elected members who have a clear sense of gains made, but with a slowing in momentum.

The responses to the Residents’ Survey indicate that in the eyes of the community, there is still work to be done to improve the governance of Council and to transform it into a high performing Council.

The challenges of the four key issues the Councillors identified through a self-assessment process carried out in late 2020 (absence of leadership, low level of trust, meeting protocols not understood, governance/management split not understood) have largely been met. This is with the exception of fully integrated leadership, but a reasonable work-around has nevertheless enabled improved governance.

The comments of councillors also reflect the ongoing long-term investment needed to maintain those gains – in part because of the conclusion of the WoWT programme but also because of the impact of the upcoming election.

The WoWT programme and governance response has enabled an effective response to the issues identified at the outset of the process, with all recognising they are coming off a low-base; it is not realistic to aspire to best practice (due to the low base and Mayoral non-participation) in the short term.

The conclusion suggests it is time for the Council to move forward without the overt support of the WoWT programme, by taking control of matters and demonstrating to the community that they can have confidence in the core leadership/governance skills of elected members supported by an effective executive leadership team. It is important to recognise, however, that there is some risk of loss of momentum in shifting these activities to business-as-usual, particularly as the local body elections draw closer.

Several key learnings which will stand the Council in good stead in future emerged from the project. These were:

- What good governance looks like
- A well-developed understanding of the interface between governance and management
- How a strong relationship between ELT and Council should function
- The importance of the soft skills – the “how” is as important as the “what”
- The need for a proactive approach to communications and the media
- The importance of developing a good relationship with DIA

In addition, the Council now has in place a professional development programme for councillors, an induction programme for new councillors which continues to be enhanced, and a high standard of reports and advice to councillors.

From a sector perspective, the learnings for councils who may be facing similar challenges can be summarised as follows:

- A structured approach pays dividends
- A simple plan provides clear focus
- A realistic budget is a good investment
- Stakeholder engagement is important
- Communications aren't an add-on
- Leadership roles belong with elected members
- Comprehensive induction programmes are vital
- Relationships with Government agencies are important

Of the seven outcomes Council set itself to work towards, the following five have been achieved:

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

While there is still work to do, some progress has been made in the remaining two,

6. the Mayor, Deputy Mayor, and Committee Chairs are able to provide leadership to other elected members and the Council organisation
7. a reputation is established as a high performing Council.

In hindsight, it is not surprising that there is still work to do in some areas as ICC set itself some ambitious goals which in most organisations take years to achieve.

The immediate legacy will be whether, over the next few months and in the run-up to the October 2022 election and beyond, 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 mayor and elected members able to form a team to lead Invercargill City into the future.

In our view 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.

Finally, we believe that Council can now confidently demonstrate that it has addressed the concerns laid out in the DIA letter.

3. Legacy Report Structure

This report provides a snapshot of the process ICC followed to address governance issues raised by the DIA, and which they were already aware of themselves. It also aims to capture the outcomes and learnings made throughout the process in order to report back to the community and to provide assistance to other organisations which might find themselves in a similar situation.

Key to the process was the simplicity of its over-arching strategy, which helped everyone work together and keep on the same page. Underlying that simplicity was a complex piece of work that sought to address relationships, ways of working and organisational culture issues in a way that had structure, clear objectives, support mechanisms and measurable targets. In order to capture that process, this report offers:

- [Scene setting \(section 4\)](#) and the Council's [response to the problem \(section 5\)](#) – describing what the issues were, the context in recent city history and how the council approached the matter.
- [Fixing the problem \(section 6\)](#) – a detailed account of the steps the council took to identify, accept and address the issues.
- Summaries of the various [progress reviews \(section 7\)](#) – which were key to measuring progress and keeping the programme on track.
- [Finance and risk \(section 8\)](#) – summarising the budget process, value of the work, and risk strategies

Key to the report are the final sections summarising the programme's [final stages and outcomes \(section 9\)](#) and the [learnings \(section 10\)](#), which are highlighted in the executive summary above and set out in further detail to conclude the Legacy Report.

4. Scene Setting

4.1 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.

4.2 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 Addendum One.

4.3 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 Management Team 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. At that point, only one of the team 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 formalised the existing weekly Chairs’ meeting by appointing chairs and deputies for both committees to it and renaming it the Chairs’ Group. These four people together with the Mayor and his deputy formed the Chairs’ Group. They also invited the CEO to attend the group. The purpose of this Group was to manage the political processes necessary to ensure the effective functioning of the Council’s governance structure. 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 Council was turning its mind to the 2021-2031 Long Term Plan. To support this process, a decision-making framework was put in place for Strategic Projects.

Code of Conduct and Legal Matters

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.

4.4 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.

5. Council's Response to the Problem

5.1 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. It immediately resolved to commission 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.

There were three key strategies which were developed as a result of the findings in this report:

- 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.

5.2 Charting the Course: August – December 2020

- In response to the letter received from the DIA on **18 August 2020** (refer addendum Document A), 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.
- On **3 September 2020**, the Council received Mr Robertson's report which 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 addendum Document B. 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.

- On **13 November 2020**, the Council advised DIA of their resolutions and next steps.
- 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 and accommodation 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.
- A Project Director, supported by a Directorate made up of staff and external advisers, 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 makes recommendations to Council and provides updates and decisions to 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".
- 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.

6. Fixing the Problem

6.1 Governance Review (Richard Thomson) October 2020

The first independent governance review carried out by Richard Thomson set out seven key themes, under which it described the Council's governance problems, however it continued 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 was evidenced through interviews with Councillors and the Mayor himself, senior staff, a review of council meeting videos and documents, and an unprompted contact by three "southern mayors".

The report went 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 contended 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 reflected an elected council which was 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 was 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 contended, however, that with a range of recommended activities and interventions, the council could improve its governance and get back on track. These included:

- 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.

6.2 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 and playing a leadership role in the Chairs’ Group, 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.

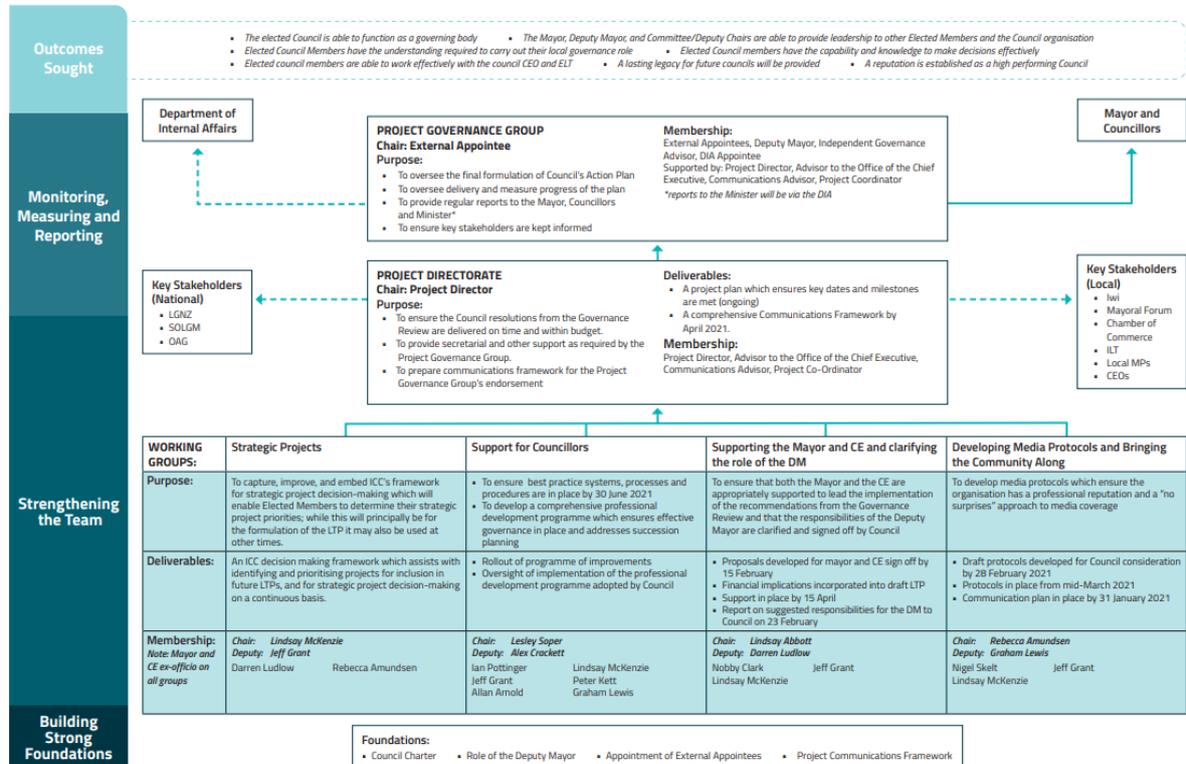
Implementation Plan

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”.

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.

Working on Working Together - Phase 2 Updates

Draft: 28 May 2021



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

It should be noted that a key element of the plan was the appointment of **Working Groups**. These were a mix of elected members, EAs, staff, and external support as required. Initially some were chaired by the Project Director, but at an early stage it was decided that it was more appropriate for either elected members or EAs to chair these groups

The project was governed by the **PGG** which was chaired by one of the EAs and included a representative from DIA. While it could not make decisions that bound Council, it was set up to ensure “stuff got done” and when necessary, make recommendations to Council through a monthly reporting process. Council accepted its recommendations without exception. 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.

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. As recently as April 2022, however, the Deputy Mayor notified Council he was going to resign his role, however he subsequently agreed to continue through to the October election. Despite the

ongoing challenges, the Deputy Mayor continues his efforts to build a good working relationship with the Mayor

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 strategic communications function in place, nor did it have a strong relationship with local media. Communications tended to focus on commentary from individual elected members rather than key organisational activities.

A communications strategy was put in place early on to support the WoWT strategy which set out the need for proactive information-sharing, agreed messaging and early release of documents where possible. As well as this, a communications framework was developed to identify wider activities the Council could take to improve communications with the community.

Despite the agreed strategy, the Mayor and some elected members continued to air concerns directly with the media which had a direct and ongoing impact on the Council's reputation and its ability to proactively share its own stories.

This approach commenced with the Mayor's decision to speak out against the Council resolutions despite having moved and voted for them on the previous day. It continued throughout the WoWT process.

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 was formulated over a series of externally facilitated sessions during which the Mayor and Councillors were able to practise and develop collegial deliberation skills to come to a shared outcome.

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.

7. Progress reviews

7.1 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.

7.2 Six-Month Review (Richard Thomson) August 2021

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

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

This report suggested that the key challenges ahead were implementing organisational changes to capture the improvements (the what) and embedding a culture which reflects the values (the how). It recommended 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 in the addendum as Document Three.

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

7.3 Independent Survey (Impact Consulting) March 2022

While the previous research (July 2021) also covered external appointees and eleven ICC staff members, the most recent research focussed solely on the elected the councillors and Mayor.

Survey responses were received from the Mayor and eleven of the twelve councillors. Despite a number of reminders, one councillor declined to respond, eventually citing privacy concerns as the reason.

The loss of one respondent means that in in 2022 each respondent represents 8.3%, while 2021 each respondent represented 7.7% of responses. As such, changes in the level of

agreement with the various statements of over 8% are more notable. Open ended questions were removed from the latest survey, other than final comments section.

Overall Observations

Overall, there was less notable progress within the period July 2021 to March 2022, than in the earlier survey covering January to June 2021. This is potentially due to the changes in the initial period being more obvious and giving a greater sense of progress.

Overall, there were fewer neutral responses than the previous survey. In general responses were also more tempered / less polarised (respondents were more likely to agree or disagree, rather than strongly agree or disagree with the statements) when compared the previous survey.

It is of note that most progress was made in the following areas:

- Councillors have a good working relationship with the CEO and senior management
- The relationship between the Mayor and the CEO has improved over the last 6 months
- Staff reports and material presented to Council, provide sufficient information to support decision making
- Council meetings are a space where I feel I can be open and honest
- I have a good understanding of what the appropriate channels and processes are for complaints about other councillor, the Mayor, CEO or Council staff (this was the area of largest increase in agreement).

Final Respondent Comments Summary

- Issues of absent leadership and diminishing input from the mayor are still very clear.
- There are themes expressed around lack of commitment to professional development and ingrained approaches or personalities.
- Block voting was identified as a negative by some and a factor which limits freedom to express personal views.
- Councillors are grateful for the work of the CEO and ICC staff.

7.4 Residents' Survey March 2022 – Governance Questions

A research company undertook a residents' survey for Council in March and April 2022. The survey took place primarily online, with supplemental street and phone surveys to ensure a representative sample. All population groups were well represented with the exception of younger males. 843 responses were received with a maximum margin of error of +/- 3.4% at 95% confidence.

Council provided the following statements on governance and people were asked to rate how strongly they agreed, where 1 indicated strong disagreement and 5 indicated strong agreement.

The statements that “the elected Council is able to function as a governing body” and “the elected Council members have the capability and knowledge to make decisions effectively” both received an average score of 2.1, which indicates disagreement. The statement “I think

that the Council is high-performing Council” received an average score of 1.9 which indicates a stronger level of disagreement.

The survey providers did note the limitations with the last statement, as respondents would not necessarily have the experience to compare one Council to another.

These are the first time these questions have been asked in the residents’ survey. Repeating these questions annually, as is done in many councils, will be a good way to measure progress over time.

7.5 Bruce Robertson Wrap Up Review February 2022

Purpose

This review was undertaken by the Council’s Independent Advisor and Chair of the Risk and Assurance Committee, Bruce Robertson. The purpose of the ‘wrap up’ review was to ask councillors whether the WoWT programme had effectively dealt with the four issues they identified as affecting governance in September 2020. As noted above under “Council’s response to the problem”, the four issues identified were:

1. An absence of effective senior leadership among elected members
2. 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

The ‘wrap up’ review sought to establish from an elected member and Chief Executive’s perspective whether these issues had been addressed and resolved. Interviews were undertaken in February 2022. All elected members, bar one, the EAs and the Chief Executive were able to participate.

The reviewers noted their appreciation at the cooperation and openness of the interviewees. The following is the reviewers’ summary of those 15 interviews

Context

The reviewers observed that at the time of the interviews in February there were some stressors at a governance level:

- There were some challenges “living with the Long Term Plan” and pressures on developing the 2022/23 annual plan; and
- Some concern being expressed about the risks associated with the planned reduction in support of the WoWT programme (and especially support by the EAs) in the lead up to the October 2022 local body elections.

Concurrent with developing and implementing the WoWT programme, councillors noted there were some other matters which also affected the programme and which should be noted in this assessment on whether the issues of 2020 had been successfully addressed. These were:

- The resignation of then Deputy Mayor Toni Biddle from her role and from council

- Moving to the current committee system
- Reconfiguring of the working and make-up of the Chairs' Group, with the permanent inclusion of the Chief Executive at the meetings and quick circulation of meeting notes to all councilors after each meeting
- Development of a permanent second tier of management by the Chief Executive

WoWT was seen to build on these changes, which remain and are seen as key to the current leadership capability within council

Commonly-held response themes

The near unanimous and often first comment of interviewees was the continuing Mayoral "leadership void" is still very real. It was still felt and said as a political reality both within the chamber and general council business. The Mayor, however, continues to reject he is the reason for any "leadership void". He asserts that councillors and management do not appreciate the nature of his real leadership – centering on promotion and leadership through key issues, rather than the minutiae of Council day-to-day business.

In the near-unanimous view that the leadership void still exists, interviewees commented that:

- Sir Tim is an isolated mayor (more than just politically), which has especially been the case given his continuing position not to support WoWT
- The Mayor's inability to reach an understanding on working with the Deputy Mayor
- The Mayor's active media releases/commentary undermining the WoWT programme objectives

Almost everybody mentioned the word "work-around" with one person saying "leadership hasn't improved, but our work-around has been effective".

Hence, the WoWT programme is viewed as leadership operating with "work-around" arrangements.

Further clear (near-unanimous) messaging from interviewees included:

- Recognition of improved strength and performance of the ELT and standard of their reporting and advice, including their accessibility to elected members
- The value and contribution of the EAs personally and in showing "what good looks like"
- An improved atmosphere in the chamber.

But a near-unanimous concern, cautioning against the gains made, is the coming five months prior to the elections when the "training wheels", as the WoWT programme has been described, are removed.

More detailed comments, including those supportive of the progress made under the WoWT programme and those which raised concerns or cautions about the programme, can be viewed in the full Wrap Up Review included as an the addendum to this Legacy Report.

Overall conclusion

The comments received are seen as consistent with the Impact Consulting survey carried out in March 2022. There is a majority who have a clear sense of gains made, but also with a slowing in momentum. The comments also reflect the ongoing long-term investment needed to maintain those gains – in part because of the conclusion of the WoWT programme and impact of an impending election.

The challenges of the four issues (outlined in the Robertson report) have largely been met. The obvious omission is a fully integrated leadership but, in the circumstance, a reasonable work-around has still enabled improved governance.

The WoWT programme and governance response has enabled an effective response to the issues:

- While all recognise they are coming off a low-base; and
- It is not realistic to aspire to best practice (due to the low base and Mayoral non-participation).

The conclusion warrants, even with the sense of heightened risk as the WoWT programme becomes business-as-usual (including future induction and communication) and upcoming elections, that council can move forward without the WoWT's overt support and demonstrate to the community that they can have great confidence in the core leadership/governance skills of the elected members supported by an effective executive leadership team

There will be political differences and issues, as there is now, but council has the tools and soft skills to navigate if they chose to.

8. Finance and Risk

8.1 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

8.2 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.

8.3 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-appointed 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. Value for Money 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.

8.4 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. By early 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.

9. WoWT Final Stages and Outcomes

As stated in “Council’s Response to the Problem” 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. This handover of responsibilities to the two deputy committee chairs has strengthened ownership of issues by this group.

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.

9.1 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.

9.2 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.

10. Learnings

10.1 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 business of council continued alongside the WoWT programme of work.

Key actions that enabled this outcome are as follows:

The appointment of External Appointees

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
- 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 interface between governance and management is now well-developed and understood

The original Thomson Report (refer to “Council’s Response to the Problem” 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 of ELT.

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 process of developing the Council Charter was itself useful as it required respect, patience and forbearance from all participants.

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.

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 further 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. chairing 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 ahead of the election.
- **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.

10.2 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.

10.3 Are There Learnings For The Sector?

The wider benefits to Council outlined in the "What Went Well" 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 the same 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.

Further learnings are as follows:

- **A structured approach pays dividends**
This needs to include clear outcomes and regular monitoring of progress to ensure focus is maintained.
- **A simple plan provides clear focus**
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 is a good investment**
The budget needs to be seen as an investment and should be formulated to cover external resourcing
- **Stakeholder engagement is important**
Establishing good communication channels and positive working relationships with key, especially local, stakeholders pays off.
- **Communications aren't an add-on**
For a programme of this nature, communications must be front and centre of what we do and there must be an adequate budget to support this happening.
- **Leadership roles belong with elected members**
While success comes from elected members and staff working together, elected members (or EAs) need to retain chairing roles

- **Comprehensive Induction Programmes are vital**
Particularly for first time Councillors, but also as a reminder for returning elected members an all encompassing induction programme held at the very beginning of the term will pay dividends
- **Relationships with Government agencies are important**
Working openly and collaboratively with government agencies creates a shared understanding between the parties and produces results.

Further Learning Opportunity

In the section above “Were there alternative approaches council could have taken?”, we canvass the available options at that time. Given the outcomes ICC has achieved by taking ownership of the then situation and developing their own toolbox to address it, the question arises as to whether some guidelines for Councils to identify “early warning signals” and how to address them would have sector wide benefits.

While outside the scope of the WoWT project, we would welcome working with DIA to progress this.

ADDENDUM

ONE Letter from DIA August 2020 – A3135039

TWO Richard Thomson Governance Review October 2020 – A3307946

THREE Richard Thomson Six Month Review August 2021 – A3512986

FOUR Bruce Robertson Wrap Up Review February 2022

Further supporting documents can be found on Invercargill City Council's web page dedicated to the Governance Review at www.icc.govt.nz/governancereview

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