



NOTICE OF MEETING

**Notice is hereby given of the Extraordinary Meeting
of the Invercargill City Council to be held in the
Council Chamber, First Floor, Civic Administration
Building, 101 Esk Street, Invercargill on Tuesday 10
May 2022 at 2.00 pm**

His Worship the Mayor, Sir T R Shadbolt
Cr R L Abbott
Cr R R Amundsen
Cr A J Arnold
Cr W S Clark
Cr A H Crackett
Cr P W Kett
Cr G D Lewis
Cr D J Ludlow
Cr M Lush
Cr I R Pottinger
Cr N D Skelt
Cr L F Soper

CLARE HADLEY
CHIEF EXECUTIVE

Extraordinary Council - Public

10 May 2022 02:00 PM

| Agenda Topic | Page |
|--|------|
| 1. Apologies | |
| 2. Declaration of Interest | |
| 1. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have. | |
| 2. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary. | |
| 3. Working on Working Together Legacy Report (A3887346) | 3 |
| 3.1 Appendix 1 - Legacy Report and Addendum (A3897055) | 9 |

WORKING ON WORKING TOGETHER LEGACY REPORT

| | |
|-----------------------|--------------------------------|
| To: | Council |
| Meeting Date: | Tuesday 10 May 2022 |
| From: | Project Secretariat |
| Approved: | Clare Hadley - Chief Executive |
| Approved Date: | Wednesday 4 May 2022 |
| Open Agenda: | Yes |

Purpose and Summary

The Legacy Report provides a description of the process Invercargill City Council (ICC) followed to address governance issues raised by the Department of Internal Affairs (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 overarching 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.

The main purpose of this report is to recommend that Council receive the Legacy Report and provide it to DIA with a request for them to provide a response.

With the completion of the Legacy Report, this report also suggests that the Project Governance Group can be disestablished, the remaining monitoring functions of the Working on Working Together project transfer to business as usual, and the External Appointees (EAs) bring their work to a conclusion.

The report has been written at the request of the Project Governance Group and signed off by the Group's Chair.

Recommendations

The Working on Working Together Project Governance Group recommends that Council:

1. Receive the report "Working on Working Together Legacy Report".
2. Endorse the final Legacy Report dated 10 May 2022 (attached as Appendix A).
3. Request that the Chief Executive provide DIA with a copy of the Legacy Report and request a response from them for Council to consider at its meeting on 24 May 2022.

4. Acknowledge the positive contribution that the Project Governance Group has made to guiding this work and note that their role has now concluded.
5. Confirm that the residual monitoring functions of the Working on Working Together project will become the responsibility of the Risk and Assurance Committee, noting that the four residual risks should be included in Council's Risk Register.
6. Acknowledge the leadership role that the EAs have played and that their tenure will end on 31 May 2022.

Implications and Risks

Strategic Consistency

Council identified seven clear outcomes as an overarching direction against which project 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 Executive Leadership Team (ELT)
6. A lasting legacy for future Councils will be provided
7. A reputation is established as a high performing Council.

Overall, good progress was made on these, although the report highlights that there is still work to do in particular on numbers two and seven.

We recommend outcome monitoring now becomes the responsibility of the Risk and Assurance Committee.

As noted below, the appointment of the two External Appointees was a key aspect of Council's strategy. The EAs are currently in the process of transitioning out of their roles with their end date being 31 May 2022.

Financial Implications

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

Legal Implications

There are no legal implications associated with the proposed course of action in this report.

Risk

The findings in the Legacy Report suggest that nine of the 13 risks which were identified can be closed.

The remaining four are:

1. There is a slippage in the monitoring of risk and outcomes when the PGG and tenure of EAs comes to an end (low risk).
2. Council reputation suffers during the election cycle (medium risk).
3. Communications are not effective and misunderstandings arise, particularly in the community, with staff and with Central Government (low risk).
4. Complacency during the transition period (low/medium risk).

We suggest that these four be incorporated into the Council's risk register.

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.

On 18 August 2020 a letter was received 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".

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:

1. The establishment of EAs to support a response to the issues raised in the letter.
2. The creation of a time-bound, measurable action-focused strategy Working on Working Together (WoWT) to address the issues raised.
3. The establishment of working groups to lead the various work streams of the project.

Issues and Options

The overarching issue was to restore trust and confidence in Council's ability to meet the Crown's expectation of a high performing Council. It was of equal importance that Council could demonstrate to the community that it could successfully address its own problems.

Section 9.2 of the Legacy Report traverses options open to Council to address the situation.

It states:

"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."

An alternative option may be not to endorse the Legacy Report. Given the level of investment and considerable work on this exercise and the current and future benefits it will deliver, we do not believe this is a viable option for Council to consider.

Significance

This has been a significant piece of work and a watershed moment for Council. While this work triggers the Significance and Engagement Policy as a project with a high impact and a high level of significance (in terms of the importance to Council, the community interest and the potential costs) there is no requirement to consult with the community on this.

The community have been informed as this project has developed and been made aware of the reports that come from the work. As recorded below the community have been asked their views on Council's performance. The ultimate test of the communities' views will be the election on 8 October 2022.

Community Views

The March 2022 Residents Survey included two Governance questions. Results are presented in section 7.4 of the Legacy Report.

It states:

"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."

Next Steps

The next steps are:

- Council acknowledges the work achieved under WoWT and commit to its continued implementation of the programme's objectives over the remainder of the triennium and as an investment for the new Council.
- The Chief Executive to send the Legacy Report to the DIA with a covering letter requesting a response from them for the Council meeting on 24 May 2022.
- A process is put in place to ensure the residual monitoring functions are taken over by the Risk and Assurance Committee.

Attachments

Appendix A - Legacy Report and Addendum

Invercargill City Council

Working on
Working Together

LEGACY REPORT

10 May 2022

A3897055



CONTENTS

| | |
|---|-----------|
| 1. Purpose | 3 |
| 2. Executive Summary | 3 |
| 3. Legacy Report Structure | 5 |
| 4. Scene Setting | 5 |
| 4.1 The Background | 5 |
| 4.2 The Letter | 5 |
| 4.3 The Context | 5 |
| 4.4 The Problem | 6 |
| 5. Council’s Response to the Problem | 7 |
| 5.1 Overview | 7 |
| 5.2 Charting the Course: August – December 2020 | 7 |
| 6. Fixing the Problem | 8 |
| 6.1 Governance Review (Richard Thomson) October 2020 | 8 |
| 6.2 The Pathway Forward | 9 |
| 7. Progress reviews | 12 |
| 7.1 Independent Survey (Impact Consulting) July 2021 | 12 |
| 7.2 Six-Month Review (Richard Thomson) August 2021 | 12 |
| 7.3 Independent Survey (Impact Consulting) March 2022 | 12 |
| 7.4 Residents’ Survey March 2022 – Governance Questions | 13 |
| 7.5 Bruce Robertson Wrap Up Review February 2022 | 13 |
| 8. Finance and Risk | 15 |
| 8.1 Cost Estimates | 15 |
| 8.2 Projected Cost Out-turn – 2021/2022 | 15 |
| 8.3 Did We Get Value For Money? | 15 |
| 8.4 Risk | 15 |
| 9. WoWT Final Stages and Outcomes | 16 |
| 9.1 Did We Do What We Said We Would Do? | 16 |
| 9.2 Were There Alternative Approaches Council Could Have Taken? | 16 |
| 10. Learnings | 17 |
| 10.1 What Went Well | 17 |
| 10.2 What Could We Have Done Better? | 19 |
| 10.3 Are There Learnings For The Sector? | 19 |
| Addendum | 20 |
| ONE Letter from DIA August 2020 | 20 |
| TWO Richard Thomson Governance Review October 2020 | 21 |
| THREE Richard Thomson Six Month Review August 2021 | 53 |
| FOUR Bruce Robertson Wrap Up Review February 2022 | 73 |
| FIVE Elected Members Charter April 2021 | 79 |

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 five 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; the Bruce Robertson Wrap Up Review February 2022; and the Council Charter). 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 |
| ICC | Invercargill City Council |
| EAs | External Appointees |
| PGG | Project Governance Group |
| ELT | Executive Leadership Team |
| 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.

6. FIXING THE PROBLEM

- 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.

6.1 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 on the next page.

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:

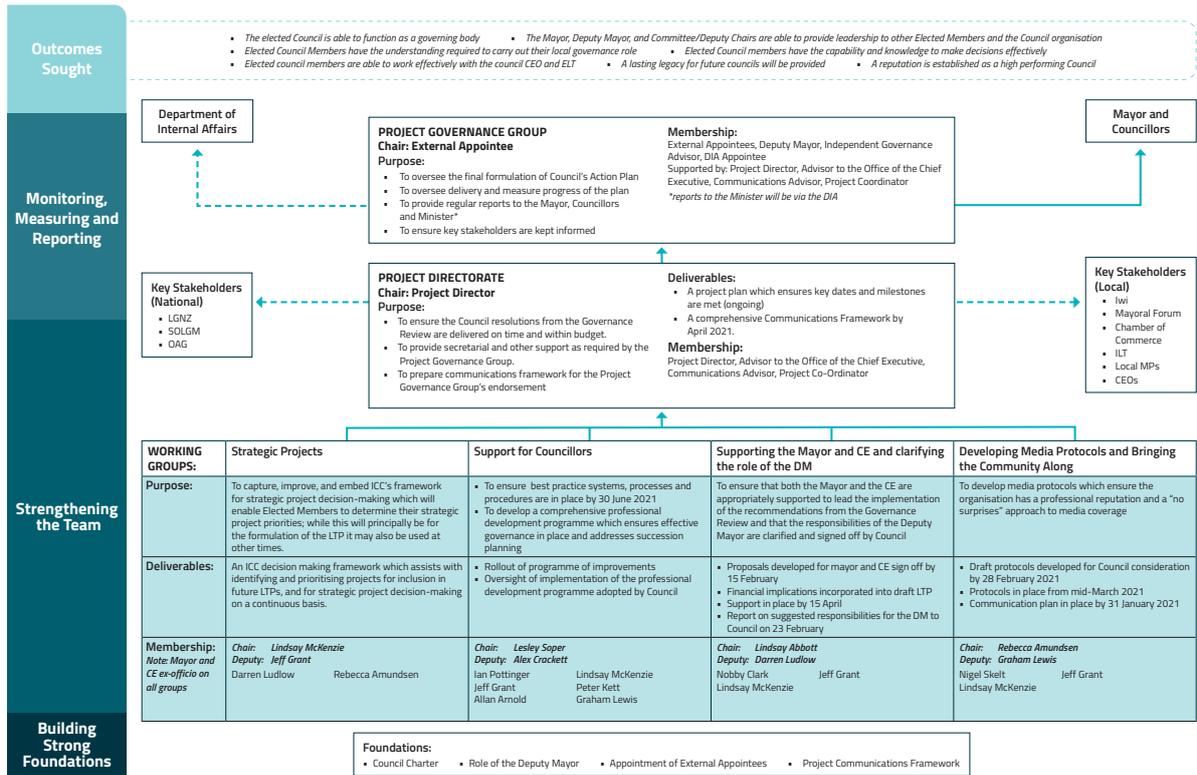
1. the elected Council is able to function as a governing body
2. the Mayor, Deputy Mayor, and Committee Chairs are able to provide leadership to other elected members and the Council organisation
3. elected Council members have the understanding required to carry out their local governance role
4. elected 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:

Working on Working Together - Phase 2 Updates



- **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.

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 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 councillors 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.

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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.

9. WOWT FINAL STAGES AND OUTCOMES

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.

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

10. LEARNINGS

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.

9.1 DID WE DO WHAT WE SAID WE WOULD DO?

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 |
| TWO | Richard Thomson Governance Review October 2020 |
| THREE | Richard Thomson Six Month Review August 2021 |
| FOUR | Bruce Robertson Wrap Up Review February 2022 |
| FIVE | Elected Members Charter April 2021 |

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

ADDENDUM ONE Letter from DIA



**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.

ADDENDUM TWO Richard Thomson Governance Review

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.

Contents

| | |
|---|----|
| 1. TERMS OF REFERENCE | 2 |
| 2. BRIEF DISCUSSION OF TOR..... | 3 |
| 3. PROCESS OF EVALUATION | 6 |
| 4. KEY FINDINGS..... | 7 |
| 5. RELEVANCE OF KEY FINDINGS TO TOR | 23 |
| 6. PATHWAY FORWARD..... | 26 |
| 7. LAST WORDS | 31 |
| Appendix 1 – Terms of Reference..... | 33 |
| Appendix 2 – Interview Framework..... | 35 |
| Appendix 4 – Summary of Council Feedback..... | 37 |
| Appendix 5 – Board Evaluation Summary Report..... | 41 |
| Appendix 6 – Whole of Council Report..... | 42 |
| Appendix 7 – Media Coverage | 43 |

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 Charing, 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 Charing 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 Charing 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

ADDENDUM THREE Richard Thomson Six Month Review

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.

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

ADDENDUM FOUR Bruce Robertson Wrap Up Review



Invercargill City Council Governance Review

Wrap up review

February 2022

Purpose of 'wrap up' review

The purpose of the 'wrap up' review was to ask councillors whether the Working on Working Together (WoWT) programme had effectively dealt with the four issues they identified as affecting governance in September 2020. These issues were identified as an initial reaction by elected members to their situation after receipt of the Department of Internal Affairs (DIA) letter and prior to the first Thomson Report.

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 seeks to establish from an elected member's and the Chief Executive's perspective whether these issues have been addressed and resolved through the WoWT programme.

The interviews for this addendum were undertaken in February 2022. All elected members, bar one due to being physically indisposed, and the Chief Executive participated in the interview process.

The following is the reviewers'¹ summary of those 15 interviews. The reviewers have attempted to be faithful in the necessary summarisation of the many comments received.

The reviewers appreciated the cooperation and openness of the interviewees.

Context

Context is always important to comments received. In some interviews, current "issues of the day" were raised and could be seen as overly influencing their view of the entire WoWT programme and its success in addressing the original four issues. In the reviewers'

¹ The Council's independent advisor and Chair of the Risk and Assurance Committee, Bruce Robertson and Council's Advisor to the Office of the Chief Executive, Jane Parfitt



assessment, the current issues are valid to the extent they may reflect how elected members are dealing with those issues as governors. Their ability to deal with such issues was often at the heart of the original presenting issues. However they are also point-in-time issues and may need to be considered with other matters over the course of the WoWT programme to consider its success. Indeed, some of the issues current in February 2022 are yet to run their governance course and should therefore be treated carefully in assessing success.

The reviewers observed that at the time of the interviews 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, several of those interviewed did note there were some other matters which also affected the programme, and which should also be noted in this assessment as to whether the issues of 2020 had been successfully addressed. Those other matters are:

- 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 councillors after each meeting
- Development of a permanent second tier of management by the Chief Executive

These were not WoWT initiatives; however, the WoWT programme did build on these structures and changes, which remain, and are seen as key to current leadership achievements within council. It should be noted here that the last three points, in particular, were seen as beneficial to the current position achieved.

Commonly-held response themes

The near unanimous, and often first, comment of interviewees was that the continuing “leadership void” is still very real². It was still keenly felt by those interviewed – other than the Mayor – and talked of as a political reality both within the chamber and general council business. In this near unanimous view, interviewees commented that:

² In fairness to the Mayor, and not unsurprisingly, he 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’s day-to-day business.



- Sir Tim is an isolated mayor (more than just politically³), which has especially been the case given his continuing position not to support WoWT programme
- 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.

Hence, the WoWT programme is viewed as leadership operating with "work around" arrangements, given the lack of mayoral support to some of the key resolutions of council in navigating their way through the "leadership void". The arrangements reached have been by council majority, not through unanimity with the Mayor.

Further clear (near unanimous) views, recognised:

- The improved strength and performance of the Executive Leadership Team (ELT is comprised of the organisation's senior management, including the Chief Executive) and standard of their reporting and advice, including their accessibility to elected members
- The value and contribution of the External Appointees (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

Diversity of comments made

The interviews revealed a wide and sometimes opposing range of self-assessment comments. Views on whether the WoWT programme has achieved its objectives and addressed the original four issues, ranged from no to little change (a "veneer but no real trust and confidence in each other", factions or "block voting" still existing, (other) members lack local government knowledge) through to substantial positive change.

The following seeks to synthesize those comments into two sections:

- Affirmative comments – these reference the positive aspects of the WoWT programme's outcomes

³ He has alleged 'bullying' at Council. Equally under the WoWT programme there has been an attempt at collegial support in response to his isolation, but with limited success. Further the Deputy Mayor sought to engage the Mayor over the latter's comments on bullying. He asked the Mayor if he wished an independent investigation by an independent reviewer of the Mayor's choosing. The matter was discussed at both a Chairs' Group meeting and a meeting of the Project Governance Group. The Mayor declined such a review be undertaken on both occasions.



- Moderating comments – these could be construed as negative comments, but often, they were given as cautionary. It was common for an individual interviewee to express positive and moderating or cautionary comments in the interview⁴.

Positive comments

A substantial number of comments were made about improved governance processes – especially the growing effectiveness of the Chairs’ Group enabling a level of strategic governance of issues and also a development ground for leadership; greater respect of, and working with, ELT (with positive comments on the quality of papers and advice) including the Chief Executive not having to act as “gatekeeper” in councillor/ELT contact; and chamber behaviour, which is expanded on below.

The Committee structure (co-implemented with WoWT) is complementing the WoWT initiative gains in governance practice. Further the Chairs’ Group’s reconfigured approach is considered effective. The initial input of the EAs into it terms of reference and their initial chairing of it prior to the recent assumption of the chairing rotating within the Group was acknowledged as improving its effectiveness for Council leadership as a whole.

Chamber behaviour has improved:

- There has been an absence of Code of Conduct complaints, which was affecting Council prior to 2021
- Minimisation of notices of motion. The initial Thomson review was concerned these were being used as a means on re-litigation of council decisions
- A lesser sense of personal spite/overt hostility and, put positively, a greater sense of personal safety
- Business is being transacted better (such as the development of the LTP)
- A developing ability to accept and live with majority decisions
- Working through the charter which is enabling an ability to call behaviour
- A growing ability and preparedness to self-reflect on meetings and behaviour and to discuss this openly and constructively.

Moderating comments

Not all comments were positive and moderated the extent of success described above:

- The consequences of the political break with the WoWT programme by the Mayor (initially in a way that stunned his council colleagues) threatened the programme outcomes and could yet do so
- A sense that there had only been a limited development of soft (political) skills meaning in reality there is limited trust and respect between members – we are “limping along” and the respect is a “veneer”

⁴ Hence there is no attempt to numerically assess the number of interviewees holding particular views recorded



- A sense that there is still factional/block voting rather than independent thought and decision-making
- A somewhat divisive view of the Charter – either appreciated, as noted above, and seen as valuable or as “a complete and total” waste of time
- Developing, implementing and adhering to a communication strategy has been problematic and still a substantial “work on”. Each article, primarily issued by the Mayor, in later 2021 had the potential to destabilise council and often required substantial time to be diverted to dealing with his media releases (albeit this was also a strength that to date they have been dealt with through the Chairs’ Group)
- Needing complete confidence that the Chairs’ Group is not the “A team” and that there is full openness in communication to non-members
- Concern that “we don’t suspect the community has seen change” (that is, seen tangible improvements) in our behaviour or quality of decisions made.

Overall conclusion

The comments received are seen as consistent with 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 recently, which can be seen in the nature of the moderating comments. The moderating comments also reflect the ongoing long term investment needed to maintain and build on the gains.

Interestingly, most interviewees recognised they are coming off a low-base and that it is not realistic to expect the continuation of the speed of early gains nor aspire to best practice, without ongoing investment in the new triennium.

The challenges of the four issues outlined in the September 2020 report have largely been met through the WoWT programme. The obvious omission is a fully integrated leadership but, in the circumstances, the “work around” has still enabled improved governance.

Most of those interviewed sensed there is heightened risk as the WoWT programme becomes ‘business as usual’ (including future elected member induction and council communication) rather than a specific high-profile programme and especially in the lead up to the upcoming local body elections. However with the overall position reached as indicated by the interviews, the reviewers conclude it is timely for council to move forward without the WoWT’s overt support and demonstrate to community that they can have greater confidence in the core leadership/governance skills of the elected members supported by an effective management team.

There will be political differences and issues, as there are now, but council has the tools and soft skills, which they didn’t have in September 2020, to navigate them if they chose to.



Bruce Robertson
Independent governance advisor and Chair, Risk and Assurance Committee

Jane Parfitt
Advisor to the Office of the Chief Executive

20 April 2022

ADDENDUM FIVE Elected Members Charter April 2021



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 | BEHAVIOURS |
|----|----------------------------------|---|---|
| 1. | Professionalism | We will understand our roles as elected members and fulfil them professionally. | We will show up. We will not hide in our role. Do our reading and research. Identify conflicts of interest. Be a good employer. Maintain supportive human relationships. Question reports thoroughly and debate robustly. |
| 2. | Open mind | We will maintain an open mind, consider others views in order to deeply understand. | Listen to hear and understand others. Consider others views. |
| 3. | Collective responsibility | We will accept collective responsibility for decisions that we make. | Be united once decisions have been made. Council debate stays in the chamber. Avoid relitigating with colleagues after decisions have been made. |
| 4. | Be engaged | We will be engaged in our roles. | Make council business of priority. Commit to upskilling and learning how to do the job more effectively. |
| 5. | Outcome driven | We will strive to deliver outcomes for our community. | Focus on progressing and achieving goals within the LTP. |
| 6. | Trust and faith | We will trust and maintain good faith in each other accepting each other's diverse strengths and imperfections. | We will leave past grievances behind us. Be tolerant of each other not jumping to conclusions. Keeping information that is confidential that way. Acknowledge and respect each other skill bases. |
| 7. | Respect | We will respect each other, our views and treat each other as equals. | We will be punctual. Respect each other's opinions. Give each other the time and space to speak. Treat each other as equals. Be constructive when calling out ie Provide examples to colleagues. |
| 8. | Kindness and decency | We will act with kindness and decency towards each other. | We will use respectful language, respect diversity, be inclusive, maintain smart attire. Enjoy banter with, not at the expense of, 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

Endorsed by:

- | | | | |
|---------------------------------|-------|------------------------------|-------|
| ▪ Sir Tim Shadbolt - Mayor | _____ | | |
| ▪ Nobby Clark - Deputy Mayor | _____ | ▪ Graham Lewis - Councillor | _____ |
| ▪ Lindsay Abbot - Councillor | _____ | ▪ Darren Ludlow - Councillor | _____ |
| ▪ Rebecca Amundsen - Councillor | _____ | ▪ Marcus Lush - Councillor | _____ |
| ▪ Allan Arnold - Councillor | _____ | ▪ Ian Pottinger - Councillor | _____ |
| ▪ Alex Crackett - Councillor | _____ | ▪ Nigel Skelt - Councillor | _____ |
| ▪ Peter Kett - Councillor | _____ | ▪ Lesley Soper - Councillor | _____ |



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