
INDEPENDANT WELLINGTON CITY COUNCIL GOVERNANCE REVIEW

Purpose

1. This report asks the Strategy and Policy Committee to consider the Wellington City Council Governance Review Report prepared by Peter Winder.

Summary

2. On 25 February 2021 Peter Winder of McGredy Winder was appointed to conduct a governance review of Wellington City Council.
3. A final report entitled "Wellington City Council Governance Review" was provided at 18 April 2021 (Review Report).
4. The Review Report is attached as Attachment 1.
5. The Review Report provides a recommended action plan to improve governance performance at Wellington City Council.

Recommendation/s

That the Strategy and Policy Committee:

1. Receive the final report on the Wellington City Council Governance Review.

Background

6. On 25 February 2021 Peter Winder was appointed to conduct a governance review of Wellington City Council.
7. The review is attached as Attachment 1.
8. The review provides a recommended action plan to improve governance performance at Wellington City Council.

Next Actions

9. Officers will prepare (for adoption by Council) Terms of Reference and Delegations to reflect the new committee structure as proposed in the Review Report.
10. A report will be prepared to Council, recommending that the Council adopt the Review Report together with the proposed Terms of Reference and Delegations and any other consequential changes resulting from the Review Report.
11. Officers will consider the steps required in order for the recommendations in the Review Report to be implemented. This may include changes to the financial aspects of the proposed Long-term Plan.

Attachments

Attachment 1. Wellington City Council Governance Review

Authors	Sean Johnson, Democracy Advisor Jennifer Parker, Democracy Services Manager Beth Keightley, Principal Counsel
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

SUPPORTING INFORMATION

Engagement and Consultation

Not applicable

Treaty of Waitangi considerations

Not applicable

Financial implications

In order for the recommendations in the Review Report to be implemented, changes may be required to the financial aspects of the proposed Long-term Plan.

Policy and legislative implications

Not applicable

Risks / legal

Not applicable

Climate Change impact and considerations

Not applicable

Communications Plan

Not applicable

Health and Safety Impact considered

Not applicable



Wellington City Council Governance Review

Report to Wellington City Council

Status: Final Report

18 April 2021

Table of Contents

Introduction	1
Approach.....	1
Wellington City Council	4
Context and issues	5
City challenges	5
Implementing the National Policy Statement on Urban Development and the Government's urban growth agenda.....	7
Responding to the Government's reform agenda.....	7
Composition of Council.....	8
New Chief Executive and Executive Team.....	8
Behaviours	8
Perspective	9
Observations	9
High commonality, lack of agreed vision.....	9
Continual Government formation	9
Lack of adaptation.....	10
Structural observations	11
Bullying and leaking	16
Iwi relations.....	18
'Us and them' – trust and confidence	18
Keeping perspective	19
Code of Conduct complaints	19
Public perception	20
Internal focus with limited external advocacy.....	20
CCO oversight	21
Conclusions	21
Decision are being made	22
No evidence of bullying – but it can be grim	22
No evidence of systemic or widespread leaks	23
No case for Ministerial intervention	23
Behaviour is undermining public trust and confidence	23
Poor governance practice is evident.....	23
Community leadership / advocacy for Wellington is needed	24
Adapting to political reality – a circuit breaker is needed.....	25
Portfolio system is problematic.....	25
Current committee structure is inadequate and will not cope with the required workload	25
Current meeting practice is very inefficient and contributes to division	26
Elected representatives need Governance and other training and support	26
Recommendations	26



Introduction

1. On 25 February 2021 Peter Winder was appointed to conduct a governance review of Wellington City Council.
2. The Terms of Reference for the governance review are:
 - a. examine relevant information pertaining to Council decision-making
 - b. examine material that provides insights into the nature of the issues that the Council is facing – including media and social media coverage, recordings of Council meetings, and the record of Council decision-making
 - c. undertake face to face meetings with elected members and key people (internal and external)
 - d. observe the governance practice of the elected Council
 - e. observe the principles of natural justice with respect to any report it produces
 - f. report as the reviewer considers necessary to identify or describe the governance problems faced by the Council and the factors or behaviours that contribute to them
 - g. provide a recommended action plan to allow the Council to take proactive steps to ensure it meets its expectations to be a high performing governing body as soon as practicable.
3. Peter Winder was assisted in conducting the review by James Bews-Hair of McGredy Winder & Co Ltd.
4. This report of addresses the governance issues that have been observed and provides a recommended action plan to improve governance performance at Wellington City Council.

Approach

5. The review is based on weighing the insights and observations gleaned through the review against the reviewer's experience and expertise developed from working in, around and for both large and small local authorities for the past 36 years.
6. This report presents the conclusions that the reviewer has reached. This report also presents recommendations on actions that the reviewer considers the Council should take to improve performance and ensure effective governance of the city.
7. The review has been four-pronged:
 - review of relevant background and contextual information, including Council agendas, decisions, briefing papers, etc
 - observation of governance practice in action – through the review of a number of on-line Council and committee meetings



- semi-structured interviews with all Council elected representatives, the Chief Executive, key staff, and some key external stakeholders
 - reflection and review on what has been observed
 - consideration of feedback from Council elected representatives, the Chief Executive, and key staff in relation to a draft report.
8. The following people were interviewed as part of the review:
- John Allen, Chief Executive, WellingtonNZ
 - John Apoowicz, Chair, Makara/Ohariu Community Board
 - Mayor Anita Baker, Porirua City
 - Mayor Campbell Barry, Hutt City
 - Jessica Beyeler, Executive Officer, Wellington City Council
 - Meredith Blackler, Chief People and Culture Officer, Wellington City Council
 - John Bullock, Communications Advisor, Office of the Mayor, Wellington City Council
 - Cr Diane Calvert
 - Cr Jenny Condie
 - Colin Crampton, Chief Executive, Wellington Water
 - Geoff Dangerfield, Chair, Wellington Water
 - Cr Jill Day
 - Murray Edridge, Wellington City Missioner
 - Karen Fifield, Chief Executive, Wellington Zoo
 - Cr Fleur Fitzsimons
 - Cr Laurie Foon
 - Mayor Andy Foster
 - Deputy Mayor Sarah Free
 - Phil Gibbons, Chief Executive, Nuku Ora (previously Sport Wellington)
 - Greg Groufsky, Regional Director Wellington and Kapiti, Kāinga Ora
 - Mayor Wayne Guppy, Upper Hutt City
 - Sara Hay, Chief Financial Officer, Wellington City Council
 - Liam Hodgetts, Chief Planning Officer, Wellington City Council
 - Jeremy Holmes, Regional Manager, Wellington Region Emergency Management Office
 - Beth Keightley, General Counsel, Wellington City Council
 - Cr Rebecca Matthews
 - Stephen McArthur, Chief Strategy & Governance Officer, Wellington City Council



- Barbara McKerrow, Chief Executive Officer, Wellington City Council
 - Liz Mellish, Taranaki Whānui
 - Phillip Meyer, Chair Board of Trustees, ZEALANDIA Eco-sanctuary
 - John Milford, former Chief Executive, Wellington Chamber of Commerce
 - Helmut Modlik, CEO, Ngāti Toa Rangatira
 - Derek Nind, Chief Executive, CentrePort
 - Cr Teri O'Neill
 - Sarah Owen, Chief of Staff, Office of the Mayor, Wellington City Council
 - Cr Iona Pannett
 - Jennifer Parker, Manager Democracy Services, Wellington City Council
 - Robyn Parkinson, Chair, Tawa Community Board
 - Cr Tamatha Paul
 - Daran Ponter, Chair, Greater Wellington Regional Council
 - Claire Richardson, Chief Operating Officer, Wellington City Council
 - James Roberts, Chief Digital Officer, Wellington City Council
 - Cr Sean Rush
 - Steve Sanderson, Chief Executive, Wellington International Airport
 - Naomi Solomon, GM, Treaty and Strategic Relationships, Ngāti Toa Rangatira
 - Cr Malcolm Sparrow
 - Samantha Turner, CEO Performance Review Committee Independent Facilitator
 - Karepa Wall, Head of Māori Strategic Relationships
 - Sue Wells, Facilitator and Governance Advisor
 - Chris Wilkinson, Managing Director, First Retail Group
 - Jamie Williams, Chief Executive, Wellington Hospitality Group
 - Meg Williams, Executive Director, Tāwhiri Festivals
 - Tom Williams, Chief Infrastructure Officer, Wellington City Council
 - Cr Simon Woolf
 - Cr Nicola Young.
9. The reviewer has been provided with, and has considered, a large amount of information relating to the period both before appointment and after the review commenced. This has included: correspondence, reports, complaints, meeting Agendas and Minutes, media coverage, press releases, and records of social media posts. This information has informed the review and the recommendations.



10. When observing the governance practice at the Council the review looked for:
 - attendance and engagement in the meeting (i.e., is the member not just physically present, but engaged in the issues and the debate)
 - the level of preparation for the meeting
 - the nature of the interactions between elected members
 - the nature, level and tone of debate and the nature of the issues that have sparked debate
 - the way in which staff have supported decision-making, including the nature and level of information supplied
 - actual decision-making and the frame of reference that is being applied to making decisions
 - the level of awareness of statutory requirements evident in the meetings.
11. The reviewer's observations and conclusions and a draft of the report were presented to elected representatives and the Council's executive staff on 14 April 2021. Those individuals were then able to provide feedback on the draft report relating to errors of fact. This is an important natural justice element of the review process. This report represents the final report of the review. It includes any changes that have been made following consideration of the feedback from the both the elected representatives and the Council's executive.

Wellington City Council

12. In undertaking a governance review of Wellington City Council, it is important to understand the context within which the Council operates and the scale and importance of its decisions.
13. Wellington is New Zealand's capital city. With a current population of around 216,000, the city is currently experiencing population growth, which is expected to continue.
14. In 2020/21 the Council budgeted to:
 - receive total operating revenue of \$544 million
 - of which \$344 million is collected as rates revenue
 - undertake operating expenditure of \$594 million
 - undertake \$200 million of new capital expenditure.
15. The 2020/21 annual plan expected that by 30 June 2021 Wellington City would:
 - own total assets of \$8.3 billion, of which \$7.7 billion is property, plant and equipment
 - have total liabilities of \$1.2 billion.
16. Wellington City Council's activities are diverse and substantial, including¹:
 - nearly 3,000 ha of reserve land and open spaces and 105 playgrounds
 - 650,000 items available to borrow from 13 libraries

¹ Wellington City Council, Mahere ā-Tau Annual Plan 2020/21



- 750km of footpaths and 14,500 LED streetlights
 - 350km of walking and biking tracks
 - 1,048km of wastewater pipes
 - 81 million litres of drinking water delivered a day
 - 1,048km of wastewater pipes
 - 671km of stormwater pipes.
17. By any measure, Wellington City Council is a substantial undertaking with very significant responsibilities. The long-term wellbeing of the communities of the city depend on wise stewardship of significant assets and effective governance by elected representatives.
18. Being the nation's capital brings with it a focus on politics that is not seen across the rest of the country. The nation's political media are focused on Wellington. Wellington City Council receives a level of media scrutiny likely higher than even Auckland or Christchurch. Matters that would never be reported in smaller cities and towns across the country are regularly addressed by Wellington's media.

Context and issues

19. This section of the report provides further context by setting out a series of relevant issues facing both the city and its Council. Wellington City is facing substantial, deep-seated and challenging issues that would test any elected body.

City challenges

20. Like all of the country's growth Councils, Wellington is confronting substantial and expensive issues with tight **finances**, constrained balance sheets and limited head room in terms of debt. The draft 2021 Financial and Infrastructure Strategy proposes lifting the Council's debt to income ratio limit from 175% to 225% in order to provide financial capacity for a significant increase in capital investment. At this increased level it is still well within the current Local Government Funding Agency financial covenant limit of 285%.
21. To provide an indication of the scale of this investment, as at 30 June 2020 the ratio was at 128% and the Council is projected to hit the increased target throughout the first half of the LTP period. There are different schools of thought on debt management, but the professional advice that officers have provided is that the proposed limit (225%) provides an appropriate balance between providing a lift in investment to meet the city's challenges while leaving prudent headroom to meet future unknown costs and financial risks.
22. Over the next 30 years. 50,000-80,000 additional people are projected to live in Wellington City². Based on a forecast 2021 population of 216,505³, this represents **growth** over 30 years of 23 - 37% at an average annual growth rate of 0.8 - 1.2%. Growth of this magnitude creates significant infrastructure, urban form, housing and financial challenges. Significantly, the infrastructure cost of the current spatial work has not been fully accounted for.

² Wellington City Council, Draft Financial and Infrastructure Strategy 2021 - 2051

³ Wellington City population forecasts, December 2020, .id (<https://forecast.idnz.co.nz/wellington/home>)



23. Many Councils in New Zealand are battling with the consequences of legacy under investment in aged **infrastructure**. This issue has been highlighted by a number of high-profile asset failures and service interruptions. There is a particular and urgent need to increase Council's understanding of its infrastructure network and lift the condition of the city's three waters infrastructure and in the treatment of wastewater sludge.
24. As with all growing cities, Wellington is facing significant **transport** challenges as existing transport infrastructure struggles to cope with levels of activity they were never designed to. To address the related issues, a joint initiative was established between the Government, Wellington City Council, Greater Wellington City Council and Waka Kotahi – Let's Get Wellington Moving (LGWM). In May 2019 an indicative package of investments was announced. Growing frustration and a lack of progress resulted in a current state assessment review being commissioned which reported in December 2020⁴. The health check concluded that the overall programme was at risk of failing to deliver a cohesive package, was inadequately resourced, had a detrimental culture and suffered from being process-driven rather than outcome-driven. The review's recommendation that LGWM be paused and reset was accepted.
25. In Wellington City, \$7 billion of property is at risk from sea level rise (Ministry for the Environment), and that is only one aspect of the emergency. Through its declaration of a **climate emergency** and adoption of the Te Atakura First to Zero Strategy, the Council has set itself ambitious targets and created high expectations in relation to climate change. Te Atakura sets out a roadmap to become a Zero Carbon Capital by 2050 and achieve a 43% reduction in the City's emissions by 2030. The difficult job of delivering the strategy and meeting expectations now confronts the Council, most immediately through the LTP.
26. As Wellington grows it is facing related issues of **housing** supply and affordability alongside significant challenges in relation to urban development. The Council is also facing major issues in relationship to both the quality and the financial sustainability of its own City Housing operations, through which social housing is delivered.
27. Like the rest of the world, the **Covid-19** pandemic took WCC by complete surprise, and the Council continues to grapple with the immediate impact of the virus and the response, alongside the potential longer-term impact. There is an immediate financial impact to be absorbed and this is in part achieved as part of the proposed rates increase, but perhaps the most difficult aspect is dealing with the future uncertainty. Without question, the way cities operate will have changed, but understanding what future cities may look like the consequences of such change are among the major uncertainties confronting policy-makers.
28. A common theme in many of the interviews undertaken in the investigation stage of this review was what was described to us as the 'hollowing out of the **city centre**'. As a result of the Kaikoura earthquake and Covid-related impacts (such as a significant proportion of people working from home) I was told that there has been a substantial drop in use and patronage in the city centre. The extent to which this is structural, as opposed to transitional, is an important risk confronting the city's civic leaders. To the extent that it is a permanent change, what can be done to reimagine the city centre, and what are the infrastructure and planning implications of a less centralised city?

⁴ Let's Get Wellington Moving Health Check, December 2020



29. Wellington faces a number of significant **social issues**. The recent focus on community safety in and around the city centre and Courtenay Place illustrates the challenge, but is only one of the social issues, and probably needs to be seen as one of the symptoms of other more deep-seated issues. While local authorities have a limited mandate in directly addressing social issues, or providing social services, they have an unfettered mandate to act as the advocate, in particular with Central Government, for the wellbeing of their community and as a catalyst for change.
30. Recent **earthquakes** have had a major impact on Wellington City. Whilst the above-ground damage was relatively contained when compared to the impact of the Christchurch earthquakes, the impact on civic buildings and on public infrastructure has been significant. It seems likely that the impact of the earthquakes on the Council's horizontal infrastructure has been underestimated. Not only does the Council need to deal with the impact, but it has also received a stark reminder of the need to address and improve community resilience.

Implementing the National Policy Statement on Urban Development and the Government's urban growth agenda

31. The recent National Policy Statement on Urban Development places a number of very significant obligations on the Council to respond to growth pressures. The required response includes the need to work very closely with the other local authorities in the region, iwi, and the Government to develop and implement a Future Development Strategy. It also requires the Council to make very considerable changes to its District Plan in order to facilitate greater levels of intensification and urban renewal.
32. The experience of other Councils, and in particular of Auckland Council, is that proposals that significantly increase the potential for more intensive development are contentious and can engender very vocal and divisive local debates. It is likely that there will be a high number of heritage issues raised through the consideration of changes to the District Plan. Consideration of increased urban density will also need to address climate change resilience and the risk of inundation as well as earthquake risks. The scale of the issues and the extent of political effort that will be required to work with communities across the city on very complex issues will be substantial. This will be on top of the current work-load of elected representatives.
33. A key feature of the Government's urban growth agenda is the integration of decision-making and investment between land-use and transport. This makes regional decision-making relating to Let's Get Wellington Moving and decision-making on intensification, public transport, car-parking, and investment very important. The Council needs to be able to effectively engage in these decisions and play a constructive role in shaping the future of the city alongside Government, the regional Council and the other territorial authorities of the region.

Responding to the Government's reform agenda

34. The current Government has embarked on an ambitious agenda of reform. Some reforms (like the reform of the Resource Management Act and the 3 Waters reform), directly impact on the Council and its role and responsibilities. The Council will need to be fully engaged in these reform processes and able to respond as necessary to the issues and decisions that it will need to make.



35. Other reforms, such as the education reforms and proposed health sector reforms, will directly impact on the wellbeing of the people of Wellington and the future development opportunities for the city. The Council needs the capacity and capability to develop and navigate its role (if any) through these reform processes. It has significant choices over how (and indeed if) it may engage with the Government and how it advocates for its community in the context of major change in public policy and the delivery of fundamental public services.

Composition of Council

36. The 2019 election delivered a new political complexion at the Council, substantially different from previous Councils and in many ways unexpected.
37. In an extremely close election, the residents of Wellington elected a new Mayor, who brought to the role many years of experience as a Councillor and a reputation for being very focused on the detail. The election delivered a highly diverse Council in terms of ethnicity, age, background and outlook.
38. The elected representatives bring to their roles impressive backgrounds, including commercial, and quite significant issues-based activism and campaign-based advocacy. The Council has a higher level of political experience than would normally be expected from a relatively new team. Having observed meeting process and practice, there appears to be a more limited than ideal understanding of the governance, role, function and operation of local government than many local authorities.
39. The current Council is more obviously politically partisan than most New Zealand local authorities. But, perhaps of most importance, neither the Mayor, nor any of the apparent factions, represents a majority around the Council table.

New Chief Executive and Executive Team

40. The Council appointed a new Chief Executive just before New Zealand entered Covid-19 lockdown in 2020. She has formed a new executive team.
41. The new executive team is dealing with considerable internal change as well as confronting the issues facing the city, and endeavouring to support the Council. Whilst outside the scope of this review, the reviewer gained the distinct impression that the scale and nature of the internal change and modernisation programme that is needed within the organisation is probably significantly greater than is understood by the elected representatives.

Behaviours

42. The Council has been characterised by allegations of bullying and serial leaking. This was a key focus of the review. The reviewer heard allegations of bullying between Councillors and of Councillors bullying officers. Some of these allegations went so far as to suggest that staff feel unsafe to give free and frank advice to elected members, with there being a fear of retribution. Indeed, this is an issue that has been formally raised at the Council's Finance, Audit and Risk Subcommittee.
43. This term of Council has also seen considerable use of social media by elected members to deliver real-time, or very rapid, reflections of Council business and decision-making. This



activity has changed the way in which the Council as an institution engages with its public and the media.

Perspective

44. Many of the challenges facing the city are far from unique to Wellington and many existed and were well understood prior to the election. The issues which exist within the Council (as a whole) may currently be more apparent, but a number of those interviewed noted that they have existed, to varying degrees, for at least the previous three trienniums. Indeed, a recurrent theme during the interview stage of this review was that you had to go back a number of Councils to find one that was positively viewed in anything like a broad-based way. A related common theme through the interviews is that external perceptions of the Council are that it has been somewhat dysfunctional for more than a decade.

Observations

45. The underlying challenges Wellington as a city is grappling with, would have faced any elected Council serving during this term of office. Alone, they would have represented a significant challenge, but they are being amplified and heightened by the other contextual issues discussed in the previous section. The observations made about the current Council and its progress (both positive and negative) are discussed below.

High commonality, lack of agreed vision

46. During the interview stage of the review, it became apparent that there is a high level of agreement around the Council table in terms of the issues facing Wellington and in many cases in relation to the solutions. There is certainly a common outlook when it comes to the objective of every Councillor to make the nation's capital a better place to live. As you would expect with any elected body of 15 members, especially one as diverse as the current Wellington Council, there are substantial differences of opinion, but these are not abnormally significant or necessarily greater than is, or has been the case, with many other Councils. There is certainly enough commonality to make this Council work.
47. What I was told repeatedly, however, from across the range of people interviewed is that there is a lack of an agreed vision to pull together and crystallise what the Council is trying to achieve. To create a reference point and framework for decision making. The current elected members, supported by officials, are quite capable of developing and agreeing such a vision. This would substantially assist the exercising of good governance and decision making. Developing a shared vision would contribute to a sense of common direction and goals that would be helpful for both the Council and for the city.

Continual Government formation

48. Typically, in local government a governing majority is formed in one of two main ways:
 - Highly cohesive, collaborative, elected Councils which effectively operate much like a Board of Directors. These often tend to occur in smaller, provincial Councils and characterised by low electoral turnover of elected members. They are also characterised by consensus decision-making processes.



- Council's where a majority faction exists (or is manufactured) which effectively forms the Government, with the minority Councillors predominantly, although seldom exclusively, fulfilling the role of opposition. This majority faction is typically, but need not be, aligned with the Mayor.
49. The typical approach to local government management and governance processes has developed over time in response to experience with these two main models. Wellington faces neither of these two situations, with majorities instead being formed continuously issue by issue. Again, such a situation is not unique, just less common. For instance, Auckland Council has operated with a minority lead grouping needing to be manufactured throughout its short history.
50. In the current term, Wellington's continuous state of government formation makes decision-making appear noisy, difficult, and from the outside unpredictable. The impacts of this issue-by-issue majority securing process are:
- a lack of clear direction to staff and CCOs resulting in significant misdirected effort, wasted time and misalignment
 - a significant amount of effort devoted to securing decisions and far less effort or focus on implementing decisions or on governance follow-through and oversight of implementation
 - ambiguity for the City's external partners on what the Council's position is (or may be) and difficulty in progressing and sustaining long-term partnerships that are critical to the city
 - an internal focus on decision-making which detracts from, or crowds out, the important external leadership role that the Council needs to play on behalf of the city and its people, communities, businesses and its environment.

Lack of adaptation

51. In a democracy the decisions of voters are paramount and it is the responsibility of all of those involved to adapt to the lie of the land delivered by voters and make it work. The 2019 election resulted in a governance challenge (continual government formation) which is unusual, albeit by no means unique. This requires a level of adaptation to make it work. The approach and tools used in the more normal cases discussed in paragraph 48 will not necessarily work in a situation where there is no working majority around the Council table and no shared vision. Attempts to apply such techniques inevitably lead to a two-point plug, three-point socket dilemma.
52. It is my observation that an adequate level of adaptation has not occurred at any levels of Wellington Council – neither with the Mayor, nor the Councillors, nor with management. Instead, there have been continued attempts to apply the traditional majority model processes, with an expectation of different outcomes. There is a very real need for all of those involved to accept and understand the political environment within which they must operate and adapt processes and behaviours accordingly. Such adaptation is required if different and positive outcomes are to be achieved. I believe that the Council is able to adapt and deliver a way of working that recognises political reality, is more responsive to the needs of Wellington, provides greater leadership, and a more effective platform for working in partnership with others.



Structural observations

Portfolios

53. The existence and operation of the Councillor portfolio system attracts strongly held and significantly divided opinions.
54. A portfolio approach to governance is the exception rather than the norm in Local Government. Whilst a small number of Councils have tried portfolios, few have persisted with them. In situations where there is a divided Council, lacking in cohesion, such an approach to governance tends to exacerbate tensions and become both a focus of, and catalyst for, disquiet. Equally, in a divided Council, portfolios are one of the few ways in which Councillors can exercise influence and have impact with some degree of legitimacy.
55. Through the review people articulated well-argued cases both for and against portfolios. The following perceived positives and negatives of the portfolio system were raised:

Positives	Negatives
<ul style="list-style-type: none"> • has worked as a governance system for Wellington over a number of terms • it is what Wellingtonians are used to • there is a trust and understanding across Councillors in relation of portfolios • the community and media know who to contact in relation to specific issues • turns Councillors into well informed champions in their specialist area • means Councillors don't need to be across and understand all aspects of Council business • provides a mechanism through which Councillors can get things done and make a difference • is a way of keeping Councillors busy and focused • allows Councillors to engage in their areas of interest. 	<ul style="list-style-type: none"> • used as a tool to put officers under pressure to change their advice • there is a lack of clarity in terms of the roles, responsibilities and constraints in relation to portfolios, causing uncertainty, inconsistency and conflict • taken as a license for governors to interfere in management and operational issues • can require a Councillor to defend (and/or assist in the implementation of) a decision which they did not support and do not agree with • the large number of portfolios (and the concept of associates) has resulted in overlapping responsibilities and a spider-web system characterised by a lack of clarity and confusion • Councillors are inadequately resourced to fulfil their portfolio responsibilities • encourages territorial behaviour • not well understood by the public • creates unnecessary work and acts against the development of a meaningful holistic Council work programme • confuses the role of the Chief Executive in providing advice with a more Cabinet style model of Ministerial responsibility.

56. A number of Councillors identified a benefit of the portfolio system as meaning that they did not need to be “across” the full range of Council’s activities and issues. This mindset is



concerning and in fact contrary to the collective nature of Council decision-making and the collective responsibility that follows. It is, in fact, a negative of the system.

57. Every elected member of the Council is only one vote in decision-making and the electors and residents of any territorial authority should rightly expect their elected decision makers to at least have a solid understanding of all the issues for which they are responsible and deliberate on. Effective governance systems should, therefore, set out to make this possible, rather than acting against it.
58. A number of Councillors went further; stating that the portfolio system was necessary as they could not reasonably be expected to have a detailed knowledge on everything Council is responsible for. Wellingtonians are represented by an intelligent and talented Council, significantly more so than average. Given that, there are two likely reasons why Councillors may feel like this:
 - there is a tendency for Councillors to delve to a level of detail deeper than is necessary to fulfil their governance responsibilities; and
 - the committee structure and meeting processes are creating a seemingly uncoordinated flood of reports and information on a weekly basis which would be near impossible for anyone to keep on top of.
59. If Councillors do not have the level of understanding necessary to fulfil their governance roles, then there is an obligation on them to ask questions and seek information. There is also an obligation on the Chief Executive and the staff to provide the information, analysis and advice that is necessary to deliver sound and effective decision making.

Committee Structure

60. In my view, the current structure and operation of the committee structure is a significant contributor to the governance difficulties that exist.
61. While there are a series of sub-committees and an Annual Plan/Long-Term Plan Committee, the bulk of Council's core and discretionary business goes through the Strategy and Policy Committee (S&P). This committee operates on a weekly meeting cycle, involving two meetings per week – one on a Tuesday where elected members are able to question staff on their reports and a second debate and decision meeting on Thursday. In practice, Councillors receive papers on a Friday then meet in relation to them on Tuesday and Thursday. The following day, it all starts again.
62. This is a significantly time and resource intensive approach. It can involve a wave of unconnected issues, from across the broad range of Council business, continuously submerging all involved. A number of people (from each level and side of the process) said that it has the potential to be, and often is, overwhelming.
63. Further, senior staff, and particularly those with large operational and policy departments to run, are tied into servicing and preparing for the S&P treadmill. This significantly limits the amount of time dedicated to managing the effective delivery of Council activities. This impact is heightened by the potential for issues from their areas of responsibility to be in front of the committee every week. Engaging with governance is an important part of the roles of the organisation's senior leaders, but it is far from the only part.



64. In terms of making the most of the scarce time of busy people (which everyone involved in these meeting are), the current structure and approach prioritises an adversarial information exchange through a formal public meeting over lower-key, more constructive, methods. It fosters an inquisitorial approach towards staff that is designed to make political points, rather than a constructive role in informing decision making. It also means that the Council does the business of any item twice in the same committee in the same week. This is very inefficient and places a substantial burden on the time of all involved.
65. Many of the most effective meetings that occur in Local Government are informal – Councillors and officers sitting around a table, conversing as equals, discussing issues, working through problems, building trust and familiarity. The current approach, with its exhaustive unwieldiness, works against this type of approach.
66. The S&P committee is professionally and capably chaired, but with the best will in the world (from all involved), even if unconstrained by time, it is systematically geared to create inefficiency and frustrations.

Meeting Process and Practice

67. A number of aspects of meeting practice that are counterproductive and unhelpful have been observed. These are both at a process and a behavioural level and include:
 - Resolutions – the Wellington City Council system of governance has an unusually lax approach to ensuring that decision making is guided by previous resolutions and ensuring that resolutions are being actioned. The effect of this, it appears, is contributing in no small part to the frustration of elected members, the challenges facing staff and the culture of amendments (which is discussed below). There are two aspects to this. First, it is standard practice for local authorities to have a database of resolutions, with an update on work to action them, to be reported the Council or the appropriate committee as an agenda item at each meeting. Similarly, in the case of many Councils, agenda items have an introductory system recounting the resolution history of the issue. Both of these mechanisms exert positive discipline on all those involved, contribute to quality and consistent decision making, and remove potential source of conflict. Wellington City Council is currently utilising neither of these mechanisms.
 - Amendment culture – there is a significant and ingrained culture of motions being amended during decision making meetings. While amendments are not uncommon in local government, Wellington City Council's appetite for the practice is particularly prolific. There are a number of difficulties with decisions being made based on a raft of amendments. There is a high risk that the eventual suite of resolutions will involve internal inconsistencies (requiring future correction, which runs the risk of looking like relitigation). There is also the risk of unintended consequences and the potential for far-reaching decisions being made without appropriate advice.
 - Points of Order – many of the debates which occur around the meeting table are littered with interruptions by way of points of order. In many instances the motivation seems to be to disrupt the speaker and/or make a needling political point. The practice is having the effect of dragging debate towards disorder, the opposite of what standing orders are designed to achieve. Predominantly the standing order being used in this way is 26.5(d) "misrepresentation".



- Split meetings – the practice by which each meeting of the committee of the whole is split into two parts over two different days is unusual, and significantly increases the footprint the formal meeting cycle imposes on the schedules of both elected member and management. In some ways it appears to mimic the Cabinet decision making process (Cabinet Committees and Cabinet). The significant differences between central and local government processes and structures makes such a hybrid approach potentially problematic. It is acknowledged that the intention is to ensure quality, considered answers to Councillors' questions prior to decision making, but there are other, more streamlined ways to achieve this – for instance, encouraging Councillors to notify officers of complex questions prior to a single committee meeting.
- Councillors introducing reports – related to the above, the practice of Councillors (rather than officers) introducing papers at the decision-making meeting is unusual and not necessarily consistent with quality process or the statutory role of the Chief Executive to provide advice. Again, it seems this is based on a Cabinet model. An important and relevant difference is that Cabinet Minister's sign the paper and it is theirs, while in local government the reports are in the name of the officers. This approach blurs the lines of responsibility and accountability.
- Report content – as is the case with many Councils, agenda items are produced through a template, with sections such as Treaty of Waitangi considerations, engagement and climate change impact appearing at the end of the report. A number of Councillors expressed concern that these sections often seem to be filled in as an afterthought, or worse with no thought at all. This is not an unusual complaint from members of Councils that use such templates, but has the potential to create issues where none actually exist.

Lack of forward work programme

68. The relentless nature of the current focus of all major Council business on one committee has resulted in the absence of a clear forward work programme that is visible to all Councillors. Establishing a clear and achievable forward work programme that reflects both the ambition of the Council and the capacity of the organisation to deliver is critical for a local authority to make progress. It would appear that part of the friction that arises in relation to the current portfolio system is the competition between portfolios for the attention and efforts of limited staff resources. The Council needs a mechanism to establish credible forward work programmes across its activities that clearly show Councillors when key issues will be brought before them for consideration.

Lack of implementation oversight

69. The current approach has also resulted a significant lack of Council focus on the implementation of decisions, and poor governance oversight of the delivery of Council business. The Council does not currently have a credible record of Council resolutions. Neither does it have systematic reporting on the implementation of decisions. Addressing these gaps is critical to help to shift the Council into its proper governance and oversight role.
70. Through the draft LTP, the Council is about to fund the organisation's largest ever capital works programme. It is essential that the meeting and agenda framework and structure provides the Council with appropriate governance oversight of this programme and the issues that will inevitably arise in implementing it. In the audit of the draft LTP, the Council's auditor has raised concerns over the lack of funding provisions in significant areas, deliverability of



the proposed programme and the constraints in the construction market to undertake works on the scale envisaged. Such limited capacity will inevitably result in either the cost of the works being much higher than has been estimated, or the inability to physically deliver the programme, or both. The Council will need a mechanism to address implementation issues as they arise, and to re-scope or reprioritise the programme as necessary.

Elected Member support

71. In my view the Council's elected members are not appropriately supported either in terms of resource or information. This observation does not extend to the two community boards as such an assessment was outside the scope of this review.
72. In terms of resource, this is an issue facing both Councillors and the Mayor, albeit in different ways and for different reasons. In terms of Councillors, they simply do not have enough designated staff support to do their complex and multi-faceted jobs. Currently they have one designated support officer between all 14 Councillors. While I accept that this is the result of vacancies (which are in the process of being filled), even as a temporary situation it is unworkable and not fair on anyone. Even if all of the current support roles were filled, the level of support for Councillors would, in my judgement, be insufficient – particularly if the Council were to adopt the recommendations of this review with respect to structure and approach.
73. Having said that, I am not convinced by comparisons that were presented whereby Councillors should have the same level of support as members of the Council executive, or as Members of Parliament. In terms of the executive, most of those people are responsible for directly managing and leading large diverse operational departments. This is not the case for Councillors. Similarly, while both the jobs of Members of Parliament and Councillors involve elected representation, they are entirely different and comparisons not necessarily particularly helpful. The recommendations made on an appropriate level of resource later in this report are based on judgement and experience in observing of the role of a Councillor, and its scope, and an assessment of the level of support that is appropriate and reasonable in a city of the size and complexity of Auckland. The assessment factors in the reality that Wellington City Councillors face a level and intensity of national media scrutiny, on an on-going basis, which far exceeds that of almost every other territorial authority (with the exception of Auckland and Christchurch).
74. In relation to information, this is particularly an issue facing Councillors. My observation is that there are issues of both inconsistency and responsiveness. Some Councillors noted that they were prohibited from engaging with officers below tier-two in the organisation, while others spoke of the excellent and responsive relationships they have down to tier-five. Both of these are concerning, but for different reasons.
75. Most Councillors expressed satisfaction with the information and engagement they were having with staff in their portfolio related work, but this was far from the case in what I would classify as city-wide and strategic policy issues, and even in some cases constituency issues. In relation to such issues, a number of Councillors told us they were required to email such requests to a generic elected member queries email address (EMQ), which was then allocated into the organisation by the elected member support staff. These Councillors expressed a great deal of frustration with this system, citing numerous examples of lack of responsiveness. Other Councillors informed us that they did not use the email-based query



system and expressed no difficulty in getting the level of this sort of information they need from the organisation.

76. The other main component of the approach to providing information is the pre-S&P meeting, held in public as a formal meeting on the Tuesday preceding the Thursday decision making meeting of the committee. This meeting, where questions are asked of officers, results in a Q&A style document which members receive prior to the Thursday meeting. This is a clumsy mechanism, operating within tight timeframes and suffering from all of the limitations of public formal meetings as a vehicle for constructive information gathering and discussion. Clearly, as a system it is designed to contribute to effective information flows, it is my observation that it is probably having the opposite effect.
77. There is an impression among some elected members that they are treated by management as an irritant – ‘a necessary evil’. While the review did not find evidence of this through discussions with Council officers, it is easy to see how this perception has been formed, and the frustrations which fuel it. In my view, inadequate and inconsistent access to information is making a material contribution to this. Further, inequitable access to information required to make decisions is fundamentally at odds with the principles of collective responsibility for decision making that is held by all elected representatives.

Bullying and leaking

78. Allegations of bullying and systemic leaking are serious and potentially far-reaching and damaging in their effect. Wherever they are raised, they must be treated with the utmost seriousness and care, particularly in the case of bullying where issues of personal wellbeing are potentially at stake. This is certainly the approach taken during the investigative stage of the review where allegations of this nature have been raised. In many cases these allegations were general in nature and often second-hand; regardless, I took the time to delve into and explore specifics and to do so without judgement.
79. The details that emerged from this approach, in relation to bullying included:
 - Councillors standing over and yelling at staff during the 18 February LTP meeting (I have not received first-hand accounts of this or seen any other direct evidence)
 - officers feeling unsafe in giving free and frank advice to Councillors
 - staff and/or other Councillors criticised in social media and the media
 - criticism of a member of the executive over a Stuff profile article
 - the way in which concerns were raised over the Waterfront Market operating under Covid Level 2 lockdown
 - suggestions in media that Councillors and staff need training in governance
 - staff don't feel respected by Councillors in meetings and don't like the tone in which they are spoken to (inquisitorial and adversarial)
 - eye rolling and Councillor's body language during meetings
 - treatment of members of the public making submissions or presentations to Council
 - staff fearing retribution in their dealings with Councillors, where the fear seems to relate to concern over media attention



- officers talked down to and treated in a professionally insulting way.
80. It was very concerning to hear suggestions that officers feel unsafe in giving free and frank advice, as the provision of such advice lies at the heart of local governance management. No one who was interviewed for this review said that they themselves had experienced this. Some, however, did say that lower tier members of their teams were extremely nervous about fronting Councillors. Across the sector, unfortunately, in the case of Councils which are characterised by rigorous and robust debate, this is an issue. It is not a good thing at all, but it is far from unique. It is a sectorial issue and one that needs to be addressed, and I would encourage both elected members and management to own the issue, confront it honestly and openly and work collectively to address it. As a final observation on this, in interviews with external stakeholders, a number of them had heard from within Council of the hesitancy for management to give their best professional advice.
81. Perhaps the most regularly cited example of public bullying of staff was an article which appeared in the Dominion Post in February of this year in which Councillors were reported as suggesting that the Council organisation was obstructing change. I heard two different versions of what the actual comments were, and both are consistent with the way they were subsequently reported. Irrespective of which version is accurate, and I sense this is more a question of relative interpretation, care should always be taken when reading motivation in media reports of politicians' words. No politician, or indeed anyone who regularly deals with the media, gets through a career without making ill-advised comments and/or mistakes in their dealing with the fourth estate. Similarly, it is common, even with the most accomplished practitioners, for people to look back and wish they had chosen their words to media more carefully given how they were eventually reported. What marks the quality performers aside is that they learn from such episodes. In my view this episode does not represent an act of bullying; I also found nothing to suggest that it was part of an orchestrated campaign to smear or discredit staff. I find it difficult to understand why this incident has reasonably caused such lingering anguish and angst.
82. As a final observation in relation to bullying, many of the concerns raised were people's view of how other people have been treated. Predominantly, when those concerns were raised with the person who had been the suggested recipient of the bullying behaviour, their interpretation was very different.
83. Given the frequency with which claims of serial leaking were raised, a good deal of time was spent during interviews attempting to work through the details of what was being alleged. What was described as leaking included:
- commercially sensitive report on the underwriting of WIAL
 - commercial information on social housing
 - report on rate increase options
 - release of privileged legal advice – leaking involves the anonymous provision of information to those who should not have it. In this case the legal advice (relating to decision making on the central library) was very openly provided to a journalist and there was no stealth. While this incident could raise issues in terms of breaching legal privilege, it is not leaking
 - “Working Better Together” video appearing on Twitter
 - emails between Councillors being given to journalists



- photographs of material being taken in meetings and posted on social media – the examples of this we had recounted to us involved pictures from public meetings
 - public-excluded agenda items – despite being told that has happened, those making the claims were unable to provide any examples or evidence.
84. The conclusion reached in relation to the prevalence of an information security problem is discussed in the following section of this report, but there is value in touching briefly here on the issue of emails being provided to journalists. While such behaviour can not necessarily be condoned, I do not view this as leaking, more a version of the forever practiced political tactic of ‘briefing’. It does raise the principle that in politics it is wise to think very carefully about what gets expressed in writing and how it would play out to a wider than intended audience. In a utopian territorial authority such considerations would not be necessary, however local government is far removed from utopia.

Iwi relations

85. As part of the review, discussions were had with three iwi representatives – two of whom were staff of Ngāti Toa Rangatira. It would be unfair to include in this report the views that were expressed in the interviews because they would be directly attributable to so few named individuals. However, it is obvious from media coverage alone that the issues surrounding Shelly Bay have been very challenging and the Council has substantial work to do to establish effective relationships within and across Taranaki Whānui.
86. Broadly, however, it is clear that there is work to do to improve relationships with mana whenua and the quality of Te Tiriti partnerships. Progress is being made, particularly through recent decisions by S&P, but there is much left to do. Overall, I consider this a foundational issue of such import that it needs to be led at a Council level, rather than through a specific committee.

‘Us and them’ – trust and confidence

87. A striking feature in many of the interviews undertaken for the review was the use of ‘us and them’ language. This was used to a degree when talking about differences between groups of Councillors, but far more frequently when talking about differences between the elected representatives and staff of the organisation, and vice versa.
88. The most effective Councils are characterised by a culture of team across the various components – elected members, managers and officers (the organisation), and in the most exemplary cases CCOs. In such cases, roles and responsibilities are well understood, contributions from each are respected, and there is usually a set of shared objectives and desired outcomes. In such cases the language is about ‘we’, not ‘us and them’.
89. A deep seated, and seemingly structural, ‘us and them’ culture of this nature can only act against effective governance and a culture of delivery.
90. ‘Us and them’ language is, I believe, symptomatic of a related underlying issue. Some of the governance behaviour that gave rise to this review is more reflective of those fighting against an organisation (or system) than of those who are part of the organisation and are personally invested in it, its mission and its people, and who feel a sense of ownership for all that it does.



Building a stronger sense of collective 'ownership' amongst the Council would change governance behaviours and improve governance performance.

91. Debate and the contest of ideas is fundamental to a healthy democracy. Debate is expected around the Council table, it should be as natural as breathing. However, there is a difference between debate that tests and contests ideas in order to find the best outcome, and debate that fundamentally undermines trust and confidence in the institution. Public trust and confidence in the institution that is Wellington City Council depends on the performance of both the elected representatives and the staff of the organisation. While staff performance in any organisation can from time to time be frustrating for those in governance roles, undermining staff has broader consequences than just the immediate issue at hand.

Keeping perspective

92. The review has not revealed fundamental dysfunction at Wellington Council, but without question there is a significant tension which at times makes proceedings and decisions difficult, challenging and fraught. It is important, though, that this is kept in perspective.
93. It is, perhaps, human nature that when things don't seem to be going well, everything that happens appears worse than it actually is. Throw-away comments, for instance, get interpreted as calculated insults. The problem is such lost perspective has the potential to become self-fulfilling. There is an adage that little in politics is personal, but if it is taken personally, it will quickly become so and elicit a personal response... and so on. There is more than an element of that at play here.
94. During the investigative stage of this review, I was told that the behaviours within the Council are the 'worst there has been in local government', the treatment of officers 'unprecedented', and the level of dysfunction 'unmatched' in other than a few high-profile cases where Ministerial intervention has resulted. The review found no evidence to substantiate such extreme claims. There are examples of reactions to difficult situations from both the elected representatives and from staff which, in my view, border on catastrophising. That is not to say that things are not difficult – they have been both difficult and personally challenging for many involved. Equally, that is not to say that there is not substantial room for improvement and that significant and urgent change is not needed – because in terms of both, there undoubtedly is. What I am saying, is that things are not as bad as some of those involved have convinced themselves of.

Code of Conduct complaints

95. During this review I had five code of conduct complaints brought to my attention – four which have been resolved, by way of the associated documentation, and one which is still live. Two of the complaints involved an elected member complaining about another elected member, while three were from external complainants.
96. Codes of conduct are a curious part of Local Governance. Filled with admirable yet aspirational sentiment, they are entirely lacking in any consequence or meaningful enforcement mechanisms. Complaints tend to be a symptom that things aren't going well. Unfortunately, they also have a tendency to morph into the cause for further problems and the widening of rifts. To make matters worse, often the making of complaints becomes contagious.



97. The review is not intended to re-litigate code of conduct complaints. Neither do I offer a view on the complaint that is as yet unresolved. But, in order to provide context to the conclusions, I note that none of the resolved complaints seemed to relate to particularly significant or serious matters. As a general rule, code of conduct complaints tend to achieve little and do nothing to benefit any of those involved. Typically, the greatest loser is the credibility of Council as an entity, at least in the eyes of those paying passing attention to events. I do not believe that the number of complaints has reached a level that it is problematic in its own right from a credibility perspective, but care should be taken to avoid this occurring. There are almost always more positive and constructive ways for differences to be resolved.

Public perception

98. In interviews with external stakeholders, I took some time to explore their interpretation of how the Wellington public views its Council. While obviously what I heard were the interpretations of individuals, and at best a snapshot, they warrant consideration. Among the sentiments I heard, which I am presenting unfiltered, were that the public views of the Council include:

- well intentioned and passionate
- lacking in credibility and, as a result, the public is losing confidence
- disconnected and disengaged
- dysfunctional and hanging on by the most tenuous of threads (which may have just broken)
- insular and overwhelmed
- the negatives being created by the Council are overtaking absolute positivity
- destroying the city's pride
- failing to take residents and communities with them
- out of their depth
- doesn't deliver
- seen as an impediment, something to work around.

Internal focus with limited external advocacy

99. As a consequence of the internal political reality of the Council and the energy and effort that is absorbed by establishing a majority on an issue by issue basis, the elected representatives have, understandably, been very internally focused. The natural timing of the LTP process and the difficult decisions that have been necessary reinforce that internal focus. One of the consequences of this is that the key role of the Council, and more particularly the Mayor as the advocate for Wellington, has been lost.

100. Key feedback from external partners noted the relative absence of Wellington City in regional debate and decision-making. The same feedback noted the difficulty in knowing who to deal with and how to work effectively with the Council.

101. As the largest local authority in the Wellington region, Wellington City has a particular role that it needs to play in supporting and contributing to regional decision making. As the local



authority on Parliament's door-step it has the opportunity to engage in shaping the opinion of national leaders like no other. The current state of the Council means that it is not able to make the most of those opportunities. Indeed, the situation may be quite the opposite. In my experience, government Ministers can be reluctant to engage with, or try to partner with, Councils that appear inconsistent, or where their leaders cannot enter into meaningful commitments.

CCO oversight

102. The broader Wellington City Council family includes five Council Controlled Organisations (CCOs) and three regional entities:

CCOs

- Wellington Museum Trust
- Wellington Zoo Trust
- Basin Reserve Trust
- Karori Sanctuary Trust
- Wellington Cable Car Ltd

Regional entities

- Wellington Water
- Wellington Regional Stadium Trust
- WellingtonNZ

103. The CCOs appear before Councillors on a quarterly basis but only for 15 minutes (10 minutes presentation and five minutes questions). In my experience, this represents an outlier minimum of governance oversight of what are effectively subsidiaries. This is a systemic issue, rather than a criticism of the leadership or management of the current committee. During the review interviews, there were frustrations expressed at this, and a view that the CCOs would benefit from more meaningful opportunities to engage with Councillors in order to gain a clearer understanding of expectations and aspirations of the elected governance. CCOs do not feel a strong sense of ownership of them or their work coming from the elected representatives. CCO performance depends upon Councils being able to clearly express objectives and desired outcomes and to regularly use their relationship with the directors of CCOs to reinforce their ownership and/or funding interest and the outcomes that they are seeking to achieve through the CCO. Similarly, the current approach contributes to the feeling of some Councillors that too much happens around them and despite them.

104. In relation to this observation, it is important to differentiate between what is appropriate and effective for CCOs compared to regional entities – with the latter involving additional governance complexities associated with having a number of masters and a regional, rather than city-wide, remit. As a result, one size cannot effectively or adequately fit both. For instance, if a detailed city-centric approach was taken to the work of WellingtonNZ, the entity's effectiveness in engaging and accessing Central Government funding and support for regional economic development initiatives would be compromised, given the regional focus of such support.

Conclusions

105. In this section, based on the investigative stage of the review and the observations discussed above, a series of conclusions are reached in terms of governance practice, and related activity, at Wellington City Council.



Decision are being made

106. Despite the challenges and issues highlighted in this report, and the perceptions of dysfunctionality, the fact remains that the Council is making decisions, including very difficult ones. As with many contested decisions in democratic institutions where strong conflicting views are in play, everyone is not always happy with decisions, but they are being made nevertheless. Similarly, the process may be more robust, adversarial and publicly noisy than many would wish for, but the processes are reaching a conclusion.
107. Perhaps the best example is the adoption of a draft LTP consultation document. There are many Councils who would struggle to agree a draft LTP containing a 13.53% rates rise, if indeed they could. Wellington City Council, however, achieved exactly that. LTPs are major undertakings for Councils as they put a great deal of pressure on systems and relationships and tend to involve complex and painful trade-offs. As a process they also have a tendency to involve one very difficult, gruelling meeting which, from the outside, may look like an all-in brawl. WCC had exactly that sort of meeting on 18 February. Major divisions were exposed, and seemingly intractable political differences were thrust into a very public spotlight. Within a fortnight, however, the discussions which needed to be had, and compromises which needed to be made, had occurred and the Council was able to agree its draft, unanimously in relation to all but two of the 38 resolutions clauses. Again, this is a significant achievement. By adopting a draft LTP the Council has demonstrated its ability to do one of its most important statutory functions. This is a clear indication that the Council is a long way from being dysfunctional.
108. Both in terms of the challenges facing Wellington as a city, and the Council as an organisation (at both a governance and management level), deep-seated issues exist which will not, and cannot be expected to be, solved overnight. But they are solvable. Sustained and focused effort will be required, so too will be an ability to adapt to changing circumstances and do things differently. This report sets out a series of recommendations designed to contribute to improved governance practice, so that the organisation and its leaders are in a better position to contribute to addressing the issues and meeting the challenges its city faces.

No evidence of bullying – but it can be grim

109. In the course of the investigations, I came across no verifiable evidence of behaviour that could be described as bullying. In relation to bullying between elected members, while debate can be vigorous, heated and at time impassioned, I do not believe a line is being crossed where behaviour can be described as bullying. There have been occasions where an appropriate level of respect of colleagues has not be shown. There are incidents where social media has been used to score political and personal points in a way that is unhelpful to effective working relationships. None of these incidents paints the Council in a positive light, and will contribute to a weary and jaundiced view of the Council. Whether there is some political or decision-making value delivered which justifies this cost is for the Councillors involved to reflect on.
110. In relation to allegations of bullying of officers by Councillors, again I have been unable to find verified examples of behaviour that could reasonably be described as bullying. There are tense and pointed exchanges and there are robust disagreements, and political point scoring at the expense of staff, but from a behavioural perspective I have seen or heard nothing that I have not observed at other functional Councils. Similarly, I have seen no evidence of specific and direct personal attacks on management and officers.



111. It is worthwhile, however, to return to the observation that the highest performing Councils tend to be characterised by a team culture between all those involved in the Council. This does not mean that there aren't disagreements and robust debates, instead that there is an understanding and valuing of respective contributions, mutual respect and empathy. Wellington City Council is a significant distance away from enjoying such a culture.

No evidence of systemic or widespread leaks

112. In relation to allegations of endemic leaking, I have found no evidence of a systemic problem of this. I am aware of three examples of confidential and/or commercially sensitive information being leaked, which is, of course, entirely regrettable (i.e., the WIAL underwrite, social housing and advice on rates increases). While these are concerning and serious, I have heard nothing to suggest that Wellington City Council has a unique and unparalleled culture of leaking compared to many Councils, or the public sector in general. Indeed, in a number of interviews I was told there was 'out of control leaking' but further exploration led, in a majority of cases, to the interviewee concluding that there wasn't a serial leaking problem. Three leaks is definitely three too many, but it is not a sign of dysfunction.

No case for Ministerial intervention

113. Having considered all of the material and views expressed during this review, the record of the Council's decision-making, and the statutory tests in the Local Government Act 2002, I do not believe that there are grounds for intervention in Wellington City Council by the Minister of Local Government.

Behaviour is undermining public trust and confidence

114. As is discussed above, debate and the contest of ideas is fundamental to a healthy democracy. There is very rigorous debate around the Wellington City Council table. The danger that the Council faces is that its debate, or perhaps more importantly, the noise, atmospherics and tenor of some debate, has reached the point where, in my view, it has undermined, or has the potential to undermine, trust and confidence in the institution.

115. Whilst being careful not to overstate either the role and significance of Wellington City Council, or the scale of the issues involved, the greatest challenge to the western democratic tradition is the progressive loss of trust and confidence in public institutions. It is incumbent on all of those who hold public office to do their bit to build trust and confidence and uphold our democratic institutions, not to destroy them.

Poor governance practice is evident

116. Effective governance is fundamentally about strategy and strategic direction setting. In the context of a Council that garners a majority issue by issue, there is no clear sense of direction, or overall strategy. This severely limits the Council's ability to provide direction to staff, or to work coherently with external partners.

117. Poor governance practice is also reflected in:

- the absence of a clear sense of 'ownership' of the organisation by the elected representatives



- the evidence of a 'them and 'us' divide between the elected representatives and staff
- behaviour which, collectively, has reached the point where it has or will undermine public trust and confidence in the institution
- very inefficient meeting practice – including the cycle of S&P meetings across Tuesdays and Thursdays and the rather arbitrary rules around when staff are able to speak and provide advice during meetings
- the way in which the portfolio system confuses the statutory role of the Chief Executive in providing advice, with a more Cabinet-style model of Ministerial responsibility
- the lack of effective governance oversight of large parts of the Council's activity, including its very ambitious capital works programme and the activities of CCOs
- the lack of effective governance oversight of the implementation of Council decisions, including the absence of effective reporting on prior decisions or on progress to implement prior decisions
- unequal access by elected representatives to information
- a meeting schedule that overwhelms decision-makers
- limited opportunities for elected individuals to have their concerns or interests addressed in the Council's work programme – which in turn leads to a complex and unwieldy notice of motion process.

Community leadership / advocacy for Wellington is needed

118. Wellington needs a champion and a chief advocate. This is naturally one of the key roles of the Mayor. To date the Mayor has not been as effective in this key role as the city needs. In large part this is because of the internal dynamics and challenges in the day-to-day administration of the Council. Enabling the Mayor to step out of the midst of day-to-day administration and spend more time being Wellington's chief advocate would make a real difference, supporting the Council to secure better outcomes for Wellington. In discussion with the Mayor, he agreed that he needs to do considerably more in this aspect of his mayoralty. He is also seeking support from the Councillors to work with him constructively to have more impact on the city's behalf.

119. The Deputy Mayor has a central and pivotal role in relation to managing and coordinating Council business and processes to provide the Mayor with the space he needs to fulfil his city leadership role. Specifically, this contribution from the Deputy Mayor will need to include:

- assistance in day-to-day administration
- ensuring that the Mayor's view is conveyed to committee and other meetings when he is absent on Council business
- a key facilitator on negotiating and achieving consensus decision making and, where that is not possible, landing a Council majority position
- participation in all agenda preview meetings with committee chairs, deputy chairs and lead officers
- organising and coordinating councillor only time.



Adapting to political reality – a circuit breaker is needed

120. So far in this term of office, the Council and its staff have struggled to adapt to the political reality that the 2019 election delivered. If the Council is to turn around its performance in this term, a circuit breaker is required. For different outcomes to be achieved, there are things that will need to be done differently. Key aspects of the circuit breaker will need to be:

- effectively engaging the whole Council in decision making and providing clear ways for all elected representatives to contribute effectively
- a new structure for political decision-making and new allocation of responsibilities that reinforces collaboration not division and builds the 'ownership' of the organisation by the elected representatives.

121. Ultimately, changing the way in which politics works inside the Council is in the hands of the elected representatives. Unless the elected representatives want to change, and are prepared to invest their time and effort in making change, things will carry on as they have been.

Portfolio system is problematic

122. I accept that the portfolio system does provide some benefits to the governance of the Council and that for a number of Councillors it is all that they have experienced within local government. On balance, however, it is my view that the portfolio system, with its overlapping, ambiguous and uncertain roles and accountabilities is contributing to the tensions and difficulties which exist and is an impediment to the exercise of good governance.

123. In my view, moving away from portfolios to a more conventional committee structure would be a necessary and key part of the circuit breaker described above. In reaching the view that the current portfolio system does not work, key considerations include:

- the impact the system has on the productivity and efficiency of staff, and in particular the senior executive, particularly when considered with the impact of the current committee structure and meeting cycle
- the unequal way in which portfolio holders have access to information, and the ability to engage with staff
- the lack of effective mandate that a portfolio holder has in many instances
- the way in which the approach confuses the role of Councillor with that of staff in the development and delivery of advice to the Council.

124. I accept that, all other things being equal, the removal of portfolios would reduce the ability of Councillors to influence outcomes. However, as the recommendations make clear, the proposed changes to the committee structure and the introduction of a working group approach to strategic issues is designed to provide all Councillors with a greater capacity to exercise influence, in a more efficient and more collegial way.

Current committee structure is inadequate and will not cope with the required workload

125. The current committee structure basically focuses all of the business of the Council through one committee. Not only does this approach result in the inefficiencies and lack of oversight



of key activities and implementation that are noted above, but it is also unlikely to cope with the workload that will be required for the Council to effectively address the impact of the government's reform agenda or the implementation of the National Policy Statement on Urban Development and the required changes to urban development strategy and the District Plan. For the Council to exercise the full breadth of its governance mandate it needs to change its committee structure and provide the time and place for the right debates on the right issues.

Current meeting practice is very inefficient and contributes to division

126. The current practice of running two substantive meetings on the same agenda, in the same week, is a very inefficient use of both Councillor and executive time. The practice contributes to division and provides a platform for political point-making by targeting the advice provided by staff. This reinforces a 'them and 'us' view and contributes to division, rather than building a sense of collective responsibility.

Elected representatives need Governance and other training and support

127. The current support for Councillors is inadequate and needs to be addressed in order to help them to do their legitimate roles.

128. Councillors would also benefit from both general governance training and development, and from more specific training on governance in the local government context. This is particularly important in the context of the recommendation to shift to a broader committee structure. Additionally, Councillors will need training in how to effectively chair meetings and guidance on how to make committees more effective.

Recommendations

129. As a result of this review the following recommendations are made:

a. Establish a Council vision

It is recommended that the Council work quickly to develop a shared vision that can be used to provide direction to staff and to external partners of the priority areas and focus of the Council over the rest of this term. It is intended that this provide an opportunity to build on the commonality of views and aspirations that sit around the Council table. Councillors should resist the urge to use this as a way of illustrating differences and focus on how they can build a shared sense of direction. A shared vision will have value even if it is a minimum agreeable set of common objectives.

b. Adopt a package of change designed to provide the circuit breaker in the way in which governance is exercised

For the Council to make progress it needs to adapt effectively to the political reality it faces. The subsequent recommendations provide a 'package' of change measures designed to collectively act as the circuit breaker. The package needs to be implemented and bedded in quickly so as to support positive change.



c. Move away from portfolios and adopt a structure of committees of the whole designed to support more effective governance

It is strongly recommended that the Council adopt a committee structure that ensures that all Councillors are engaged in effective governance. This will provide real incentives to work effectively across the whole of the business and activities of the Council, ensure opportunities for leadership are shared, and enable governance to focus on a forward work programme and the implementation of Council decisions.

It is recommended that the Council establish four key committees of the whole, each of which would meet on a monthly cycle (one committee in each week of the month). Establishing each of the main committees as committees of the whole and providing them with full delegations in their area of responsibility will ensure oversight and remove double handling. Issues should be able to be dealt with once, and once only.

Each committee should have a clear forward agenda and Councillors need to have an opportunity to influence the forward agenda without having to resort to Notices of Motion. The forward agenda should be a part of the regular reporting of the committee.

Each committee should regularly receive progress reports on the implementation of Council resolutions and delivery of the work-programme that falls within the committee's area of responsibility. This reporting should include regular and meaningful reporting on all aspects of Council activity and all major projects.

The recommended committee structure and the intended breadth of their responsibilities is set out at the end of the recommendations. A key feature of the proposed committee structure is that it broadly aligns with the Council's management structure. This is very important. It ensures that the key relationship between the committee (and its chair and deputy chair) and Council management can be through the responsible member of the executive. This approach significantly helps to build the relationships and the engagement necessary to drive a forward work programme and ensure that governance oversight can be focused on the right places. It also helps to lift the productivity and efficiency of both staff and elected representatives.

d. Change meeting practice – do business once, do it right

It is strongly recommended that the Council move away from the current practice of conducting the business of its core committee twice. If agendas are circulated well enough in advance, and papers are set out clearly, then Councillors ought to be able to have any questions addressed through email or engagement with the CE or relevant tier 2 manager before the meeting commences. Any issues that require further clarification should be able to be addressed by staff in the meeting to support effective decision-making by elected representatives.

As part of the changes to the way in which meetings run, it is recommended that the practice of councillors introducing reports ends. Unless the paper on an Agenda comes as a recommendation from a sub-committee to a committee, or from a committee to a full Council meeting, or from a formally constituted Working Group that includes elected representatives, the papers on the agenda come from staff and are staff advice. To the extent that they need introduction, or any further explanation in a meeting, that should come from the Chief Executive, or the staff who developed the paper.



It is also recommended when the Council or a committee is debating a proposed amendment to staff recommendations, it seeks advice on the amendment and in particular whether it would create legal, commercial, policy, or other issues or risks that should be considered by Council as it meets its decision making obligations under the Local Government Act 2002.

e. Support the use of committees by using Working Groups to tackle complex issues

One of the positive features of the portfolio approach is that it provides a mandate for a portfolio holder to engage far more deeply on issues that fall within the scope of the portfolio. Moving away from portfolios will impact on this. In order to address this issue, and to support the meaningful engagement of Councillors on many of the complex issues the Council faces, it is recommended that the Council uses Working Groups to tackle complex issues.

Working Groups can enable Councillors to work constructively and collegially together over a period of time to consider an issue and collectively work on solutions. They provide a clear way for Councillors to exercise leadership on issues and build consensus on difficult issues where solutions will require cross-Council buy-in. Other Councils have effectively used working groups to address issues as diverse as alcohol policy, community safety, by-law reviews, social housing, waste minimisation strategies, transport funding, and district plan changes. Typically Working Groups are set up to address specific issues for a finite period and end when they report back to Council.

f. Use Chair and Deputy Chair appointments to build collaboration and consensus

Establishing a committee structure will require the appointment of committee chairs and deputy chairs. This is the prerogative of the Mayor. In this instance however, it is recommended that the Council use a facilitated process so that it can deliberately use the appointments to help to build an inclusive, all of Council, approach. Building collaboration and consensus will be important symbols in a move away from issue by issue majority building. Equally, Councillor 'ownership' will be significantly enhanced if most Councillors have the opportunity to exercise leadership and influence as either the chair or deputy chair of a committee. It is recommended that in appointing committee chairs and deputy chairs the Council deliberately appoint people from different sides of the political groupings in the Council in order to encourage consensus building and inclusive decision-making.

g. Use regular Councillor-only time to build collaboration and consensus

It is strongly recommended that the Council regularly (i.e., weekly in the first instance) meet in Councillor-only time to provide the place and scope for engagement on emerging issues and to test the lie of the land. These times need to be constructive and should provide the opportunity for any Councillor to raise an issue or concern, or for committee chairs to highlight any particular or difficult issues that are emerging. This meeting should also provide a way of ensuring that the Council is appropriately represented at external functions.



h. Support Committee Chairs and Deputy Chairs to be effective Council spokespersons

The Mayor has a mandate to speak at any time. Beyond that it is recommended that committee chairs and/or deputy chairs should be the Council spokespersons for the areas of Council business that fall within the scope of their committee.

For this to be effective, they must be effectively supported to speak on behalf of Council. The Council's communications staff will need to be geared up to support this. Ideally a communications approach and relevant draft media statements are prepared in parallel with the preparation of a meeting agenda and are ready to go once they have been updated to reflect the actual decisions made by the committee. In addition to providing media training, it is also recommended that the Council develop guidelines around what it means to be a Council spokesperson.

This recommendation is not intended to limit the legitimate expression of debate or disagreement within the Council – rather to ensure that the Council as an institution is able to effectively communicate the decisions that it makes.

i. Elevate oversight of CCOs

CCOs deliver key activities for Wellington City Council. Council has both an ownership interest in CCOs as well as a funding interest. It is recommended that the Council elevate its oversight of its five CCOs to be considered by a committee of the whole on a regular basis. This is addressed in the proposed committee structure below.

j. Resource elected members to be effective and to be able to do their jobs

It is recommended that the Council better resource its elected representatives to do their jobs. With the recommended shift to a committee structure and given the size of the committee chair and deputy chair roles, resourcing Councillors will become even more important. Depending on the committee structure that is adopted, Councillors may need to be supported by a team of around six support staff, rather than the current establishment of four (with only one staff member in place). These staff need to be able to effectively support Councillors to find the necessary information, organise meetings, secure meeting rooms, and follow up activities with the relevant staff across the wider organisation.

k. Provide training for elected members to support better governance practice

It is strongly recommended that the Council provide governance training and development to all Councillors. This should include (as is relevant to each Councillor) attendance at the Institute of Directors Company Directors Course, and potentially their Finance Essentials, Audit and Risk and Governance in the Public Sector programmes. Whilst these programmes are focused primarily on company structure, their principles of good governance are directly applicable across other institutional structures, including not-for-profit undertakings, trusts and local authorities.

It is recommended that in undertaking training of this nature Councillors do not all attend the same course at the same time. This will ensure they can benefit from learning about



the governance experience of others. Councillors are likely to gain significant insights from those who have governance roles in post-settlement iwi entities.

Other relevant training would helpfully include tailored training in local government governance, chairing meetings, interpreting and applying standing orders, and effective oversight of CCOs.

I. Support the Mayor to more effectively advocate for Wellington

The recommended committee structure is in part designed to create the environment in which the Mayor can focus more of his time and effort in being Wellington's chief advocate.

In addition to adopting the package of changes to Council structure and governance practice, it is recommended that the Mayor's Office be strengthened in order to better support him as Wellington's chief advocate. In addition, the Mayor's Office will need to actively support the Deputy Mayor in her key role facilitating quality governance. It is also recommended that the Council's vision (recommendation a) be developed to support the Mayor's efforts to secure the best possible outcomes for Wellington.

m. Recommended Committee structure:

The recommended committee structure comprises the following committees:

Finance and Performance

A committee of the whole

Areas of responsibility: Financial oversight

Performance oversight

Health and Safety

Non-Strategic Asset investment and divestment

CCO oversight and performance

CCO director review and appointments

This broadly aligns with the current management responsibilities of:

Chief Financial Officer

Chief People and Culture Officer

Chief Operating Officer (CCOs)

Policy, Planning and Environment Committee

A committee of the whole

Areas of responsibility: RMA matters

District Plan

Future Development Strategy

Climate Change Response



Heritage
Transport Strategy and Planning
Submissions to Government or other local authorities
Regulatory Activity and Compliance

This broadly aligns with the current management responsibilities of:
Chief Planning Officer

Infrastructure Committee

A committee of the whole

Areas of responsibility: Infrastructure
Procurement
Transport Infrastructure
Waste
Council Property
Capital Works Programme Delivery

This broadly aligns with the current management responsibilities of:
Chief Infrastructure Officer

Social, Cultural and Community Services Committee

A committee of the whole

Areas of responsibility: Arts, Culture and Community Services
City Housing
Parking
Economic Development
Parks, Sport, and Recreation
City Recovery and Transformation

This broadly aligns with the current management responsibilities of:
Chief Operating Officer

Annual Plan / LTP Committee

A committee of the whole

Areas of responsibility: Development of the Annual Plan / LTP (unchanged)

This broadly aligns with the current management responsibilities of:
Chief Executive / Executive Team



CEO Performance Review Committee

A committee of the part – with suggested membership being the Mayor, Deputy Mayor and the Chairs of the Finance and Performance Committee, the Policy, Planning and Environment Committee, the Infrastructure Committee, and the Social, Cultural and Community Services Committee

Areas of responsibility: Oversight of the performance of the CEO (Unchanged)

Audit and Risk Committee

A committee of the part with an external independent appointment, meeting quarterly

Areas of responsibility: Internal and External Audit and Assurance
Risk
External Reporting and Accountability
Statutory Compliance

This broadly aligns with the current management responsibilities of:

Chief Financial Officer

Regulatory Processes Committee

A committee of the part, meeting as required

Areas of responsibility: Conducting regulatory functions for council (unchanged)

This broadly aligns with the current management responsibilities of:

to be confirmed by the Chief Executive

Grants Sub-Committee (a sub-committee of Community Services and Operations)

A committee of the part

Areas of responsibility: Grants Allocation
Grants Monitoring

This broadly aligns with the current management responsibilities of:

Chief Operating Officer

Each Committee should be supported by a relevant identified member of the Council's executive leadership team. To the greatest extent possible, this should align management responsibility with the Committee's areas of responsibility.

No changes to Joint Committees, Committees of Other Councils, or Advisory and Reference Groups are proposed.

I have not recommended specific working groups. This is a matter more appropriately done by elected members through the new Committees once the governance structure is in place.