

Mayor and Councillors
COUNCIL

27 JUNE 2019

Meeting Status: **Public**

Purpose of Report: For Decision

PROPOSED ORGANISATIONAL REVIEW OF THE COUNCIL

PURPOSE OF REPORT

- 1 The purpose of this report is to consider an independent organisational review of the Council.

DELEGATION

- 2 Council has the authority to consider this matter.

BACKGROUND

- 3 Elected Members requested that the Chief Executive provide advice on a proposal to commission an independent organisational review of the Council to assess the following:
 - a) internal culture of the organisation, including staff satisfaction and staff turnover;
 - b) relationship and interface between governance and the Council Officers;
 - c) relationships with key stakeholders and the interface between the Council and ratepayers;
 - d) the effective delivery of the Open for Business programme; and
 - e) the capacity and capability of the organisation to deliver the Council's objectives in a cost effective and efficient manner.
- 4 The purpose of this organisational review is to assist the Council to determine whether or not it has the right structure, capability and resource to deliver on its key objectives.

Issues

- 5 The election period commences in July 2019, with elections closing on 12 October at midday. Should the review take place, it needs to be initiated and completed as soon as is practically possible. This will have an effect on the likely scope of any review. In seeking a review, both current Elected Members and potential candidates would ideally be able to use the results of the review to inform their candidacy.

Options

Proceed with a review

- 6 Reviewing the Council's overall ability to deliver could provide critical insights needed to identify new opportunities and direction(s) as well as better achievement of existing priorities.
- 7 A successful organisational review could lead to improvements in processes, structure and skill development. This in turn could result in increased productivity and efficiency, and increased staff satisfaction and engagement stemming from staff having a better idea of what is expected of them.
- 8 The overall outcome could be improved organisational performance and results, thus increasing the community's confidence in and support for the Council.

Do not proceed with a review

- 9 At the same time, the approval and commissioning of an independent organisational review has the potential to adversely impact the community, the Council's reputation, and staff and their workloads.
- 10 The impacts to staff could be felt all the more keenly because any such review would come less than a year after the Chief Executive implemented a minor restructure. It would have been expected that this would have been the logical time to have implemented a review.
- 11 A review would require significant time and input from staff in terms of answering questions and providing information. This will impact the workload of staff and work programmes would need to be reprioritised, in order to get maximum value from the review.
- 12 The community may wonder why a review is taking place and may assume it is indicative of performance concerns, rather than as an opportunity to identify improvements.
- 13 A review could also affect the Council's ability to form effective relationships with other organisations. As one example, the Ministry of Business, Innovation, and Employment (MBIE), in its capacity as administrator of the Provincial Growth Fund (PGF) is a key stakeholder. The Council has several pending applications to the PGF which could be undermined by an organisational review.

Next Steps

- 14 If Elected Members choose to proceed with the proposed review, the following procurement will commence.

Procurement

- 15 The proposed organisational review will be undertaken by an independent, external organisation. The procurement process will include the following key steps:

Week 1:	<ul style="list-style-type: none"> Describe the requirements Carry out an informal market scan. Prepare a procurement plan and attach conflict of interest declarations. NOTE: A closed competitive process is recommended with a short-list identified in the informal market assessment, with careful attention to the management of confidential / sensitive information. Prepare a Request For Proposal (RFP).
Weeks 2 and 3:	<ul style="list-style-type: none"> Formally approach the short-listed suppliers to request proposals. Non-disclosure Agreements should be entered into before they receive specific information. Invite 2-3 suppliers to present proposals. Brief them in person if this will help clarify what's required. Allow 10 working days to submit their proposals. Answer questions from suppliers as they come in. At the end of week 3, evaluate the proposals and select a preferred supplier. The weighted attribute method is likely to be best suited. Document the results of the evaluation.
Week 6:	<ul style="list-style-type: none"> Agree draft terms of contract. Reports proposed to Council meeting 8 August, with responses, enable selection of preferred provider.
Week 7:	<ul style="list-style-type: none"> Formally notify the suppliers that they've been awarded the contract and execute the contract documents.

- 16 A report will come back to the Council for the selection of the preferred provider, with the proposed date being 8 August.
- 17 The final scope, timeframe and costs will only be known from the proposals received. This will form part of the report to Council.
- 18 If the proposed review goes ahead, in order to adhere as closely as possible to the Council's approved 2019/20 budget, a currently approved project (or projects) with a comparable estimated cost would have to be deferred, or dispensed with altogether. This will also form part of the report to Council
- 19 If Elected Members decide not to proceed with the review, no further action will be taken at this time.

CONSIDERATIONS

Policy considerations

- 20 There are no policy considerations at this time. Should the review proceed, there may ultimately be a need to draft new policies and / or make amendments to existing policies.

Legal considerations

- 21 There are no legal considerations at this time.

Financial considerations

- 22 Initial discussions with some other councils that have undertaken organisational reviews indicate that, subject to the terms of reference, a review could last between two and eight months and cost somewhere in the \$100,000 to \$500,000 range. Until such time as a procurement process is commenced, and the market is tested, it is difficult to accurately estimate the cost and duration of a review.

Tāngata whenua considerations

- 23 There are no specific Tāngata whenua considerations arising from this report.

SIGNIFICANCE AND ENGAGEMENT

Significance policy

- 24 This matter has a low level of significance under Council's Significance and Engagement Policy.

Publicity

- 25 A communications plan is in place and, should the review proceed, appropriate messaging will be delivered through the usual channels.

RECOMMENDATIONS

- 26 That the Council either:
- 26.1 approves the commencement of an organisational review; or
 - 26.2 decides to take no further action at this time;
- 27 That the Council notes that should the review proceed, the terms of reference for the review will include the following:
- i. internal culture of the staff organisation, including staff satisfaction and turnover;
 - ii. relationship and interface between governance and the staff organisation;
 - iii. relationships with key stakeholders and the interface between the staff organisation and ratepayers;
 - iv. the effective delivery of the Open for Business programme; and

- v. the capacity and capability of the staff organisation to deliver the Council's objectives in a cost effective and efficient manner
- 28 That the Council notes that should the review proceed, that:
- i. Elected Members will approve the Terms of Reference for the proposed review based on the preceding recommendations; and
 - ii. Officers will report back to the Council to confirm the selection and appointment of the entity/organisation contracted to deliver the report as part of the procurement process;
- 29 That the Council notes that in order to manage the unbudgeted spend, elected members will receive a report with recommendations as to what 2019/20 Annual Plan projects will need to be deferred.

Report prepared by

Approved for submission

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