

The Case for Change

October 2024



Nelson
City Council

Te Kaunihera o
Whakatū



Shaping our future
Kōmiria te anamata

Foreword from the Senior Leadership Team



Our vision for Whakatū Nelson is a creative, prosperous, and innovative city. Our community is inclusive, resilient, and connected – we care for each other and our environment.

Our Council has grown over time to be a large, complex, two and half billion-dollar organisation. We work extremely hard to serve our community well, but our current way of working is not sustainable. We have historically taken on too much, and it is time for us to look closely at our key responsibilities, and the ways in which we deliver to our community.

Our ambition is to shape our organisation so it can consistently deliver high quality services to Nelson against a backdrop of economic, social and environmental change.

‘Shaping our future’ programme is something we will all work together on, we will be honest with ourselves about where we can improve and what we do well, and always have the people of Nelson as our priority.

Foreword from the Senior Leadership Team

The local government in New Zealand was designed for a world that no longer exists. The world, and the people we serve, have changed considerably over time and what people demand from local government has changed as well. We can't stand still. We must adapt and we must change, not just once but in a way that means adapting to change becomes part of our DNA. If we get this wrong, it will impact how well we are able to provide for the Nelson region, which will go backwards because we can't keep up.

Our Long Term Plan process often requires a reprioritisation of focus to maintain affordable rates increases. But have we properly identified the services we must do and adequately resourced those for their lifecycles? Have we taken on work outside of our role as a Council without proper strategic consideration? And is our focus in the right area, what does the community really need from us?

We must take the opportunity to review whether our work is meeting the needs of our community and if it is delivered in the most efficient way. We can no longer shift priorities and add new work without taking the time to examine the current state of our organisation and how we work overall. It is timely to take a strategic look at how we operate, the services we provide and to whom, the processes, systems and tools we use to deliver, and how we manage shifting priorities and add new services without proportionately increasing our resources and investment.

If we can assess what our customers and community need and want from us now, shift our focus where required, put aside work that does not add affordable value to our community, and work in a smarter way that takes advantage of new technologies, then we can provide better services, both in terms of quality and value, and create a truly sustainable Council for the people of Nelson.

What is the case for change?

Nelson City Council, like all local government in New Zealand, is facing a range of challenges that mean its current operating model, range of services, people and capabilities, and processes and systems are becoming unsustainable. These pressures include increasing operational and asset investment requirements, increasing pressure on staff to deliver more and better services, and increasing economic pressures on our ratepayers and residents.

Incremental and reactive responses to these challenges will not produce the impacts and benefits needed to ensure the Council is fit for the future. A fundamental transformation of what we do and how we deliver it is required.

This case for change is the result of a frank analysis of the way we currently work across all areas of our services and operations. It incorporates key data and sentiment from interviews and workshops with staff, the Senior Leadership Team, the Mayor and Deputy Mayor and

other elected members, as well as external partners. Formal sources of information such as the Staff Engagement Survey, Residents Survey, the City Revitalisation Summit and previous customer journey mapping have been used to assess what is needed going forward.

This document sets out the 'Case for Change' more so than just a 'business case for funding'. While it draws upon some structural elements of Treasury's 'Better Business Case' methods, these have been reframed to be fit for purpose.

The result is a **clear mandate for change, in which endorsement of a funding package is required to complete the first 2 phases (years 1 and 2) of the programme**, including an agreement in principle to undertake years 3-5 outlined in this 'Case for Change' (following a subsequent investment case). If we stop part way through 'Shaping our future' we will not reach our ambition nor deliver the desired benefits for our Community.



This case for change aims to deliver three key investment objectives:

1. Alignment to our future ambition and goals (figure left)
2. Delivery of quantitative benefits such as operational efficiencies, plus capital and asset investment savings
3. Delivery of qualitative benefits such as improved customer and community experience and service, increased confidence in investing within the community and improved engagement and retention of staff.

What is the case for change?

This case for change proposes the Council invests in an integrated programme of change to deliver a more sustainable operating model, and to free up resources from efficiencies and cost savings to deliver better services and improved community engagement. It proposes delivering the capability and ways of working that will enable the Council to respond effectively to ongoing change beyond the life of the programme.

Four options for change have been considered:

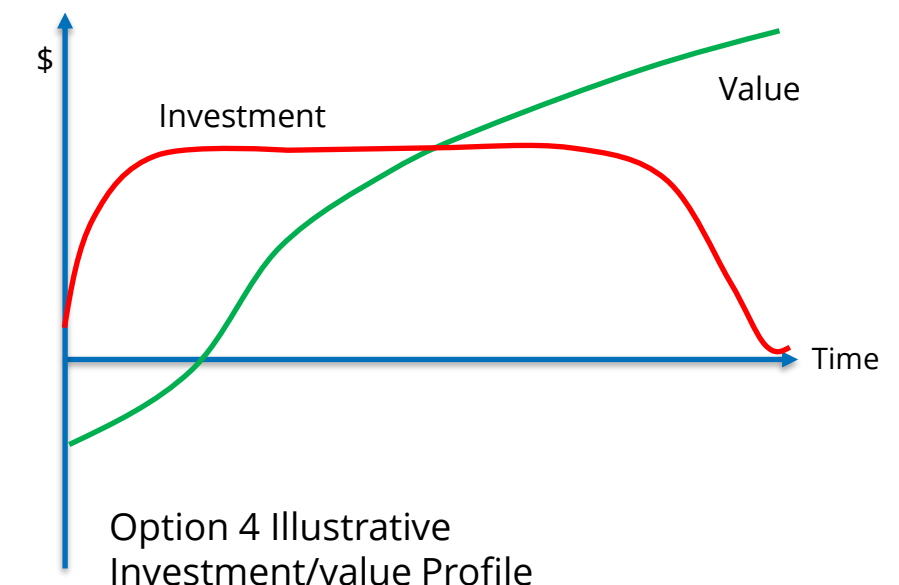
1. **Status quo**
2. **Invest in response to demand and as needs dictate**
3. **Integrated “big bang” transformation programme with most change delivered towards the end of the programme**
4. **Iterative programme of change with phased delivery.**

Options 1 and 2 are financially unsustainable and result in decreasing (and ultimately negative) economic value over time. Option 3 has the highest potential benefit but carries the highest risk. Option 4 delivers increasing and sustainable value over time and mitigates the risk of a “big bang” approach to change significantly impacting upon the Council’s operational capability and resources, as well as the risk that the expected benefits won’t be delivered. All options are explained in detail from page 28.

Option 4 is our recommended option, which we consider provides the highest value over time with the best risk profile.

The recommended option involves multiple phases over the term of the programme. It is proposed that these phases be aligned with annual planning/budgeting cycles to ensure funding is available and results are reported in line with other investments and work by the Council. The first phase is expected to start within the current financial year and therefore will be a shorter phase.

It is proposed that the programme be managed in five workstreams



History and Place

Strategic Context

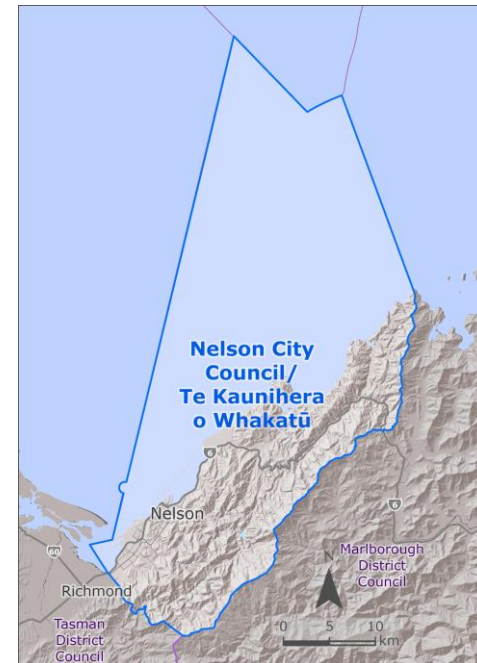
Nelson city is the largest city and commercial centre in Te Taihū | top of the South.

Nelson | Whakatū region was home to approximately 53,000 residents at the last census (2023), most of whom live in the urban areas of Nelson, Tāhunanui and Stoke. A small proportion of residents live in the surrounding rural areas.

The eight iwi who have cultural interest within the Whakatū region affiliate to three waka:

- Kurahaupō: Ngāti Kuia, Ngāti Apa ki Te Rā Tō and Rangitāne.
- Tainui: Ngāti Koata, Ngāti Rārua, and Ngāti Toa Rangatira.
- Tokomaru: Ngāti Tama and Te Ātiawa.

The wider Nelson Tasman region has always been highly sought after. Desired by iwi for its natural resources, European explorers spotted its potential too and, over time, they were followed by the artisans, creatives and entrepreneurs who embody the spirit of Nelson Tasman today. All were, and continue to be, attracted to what it had to offer, which is now a blend of a relaxed lifestyle and vibrant professional opportunities, all set against a backdrop of stunning natural beauty.



Nelson City Council owns more than \$2.4 billion of assets and spends approximately \$175 million each year serving and supporting Nelsonians.

Council has 12 elected members and a mayor. Elections are held every three years, with the next election scheduled for 11 October 2025. As at 31 July 2024, Council had 339 permanent full-time equivalent employees across 26 business units.

As one of six unitary authorities in New Zealand, we undertake a wide variety of work to meet our combined responsibilities as both a city and regional council. We manage a range of local infrastructure (such as roads) and community assets and services (such as parks and libraries). We carry out science and environment activities, landuse planning, resource management functions and develop plans to meet the current and future needs of the city. We engage with the community on projects and plans to understand their views and use this information to help shape Nelson.

We work closely with neighbouring councils – in particular Tasman District Council, with whom we jointly deliver a number of services. We partner with government agencies such as Ministry of Social Development, the Department of Internal Affairs, the Department of Conservation, New Zealand Land and Transport and Health New Zealand to support our community and environment.

We are committed to strengthening partnerships with iwi and Māori of Te Taihū and providing opportunities for Māori involvement in Council decision-making processes in a meaningful way. Kia Kotahi Te Taihū, Together Te Taihū Partnership Agreement was signed in December 2023 by Ngā Iwi o Te Taihū (the Top of the South Iwi) and Ngā Kaunihera o Te Taihū (Nelson City Council, and Tasman and Marlborough District Councils). The partners under the agreement are driven by a shared desire to realise the full potential of Te Taihū o Te Waka-a-Māui, to protect and enhance the taonga of Te Taihū and give effect to principles and practices of Te Tiriti o Waitangi within the region.

People and Economy

Strategic Context

People

In 2023, Nelson was made up of approximately 85% identifying as European, 12% as Māori, 3% as Pacific peoples and 9% as Asian.

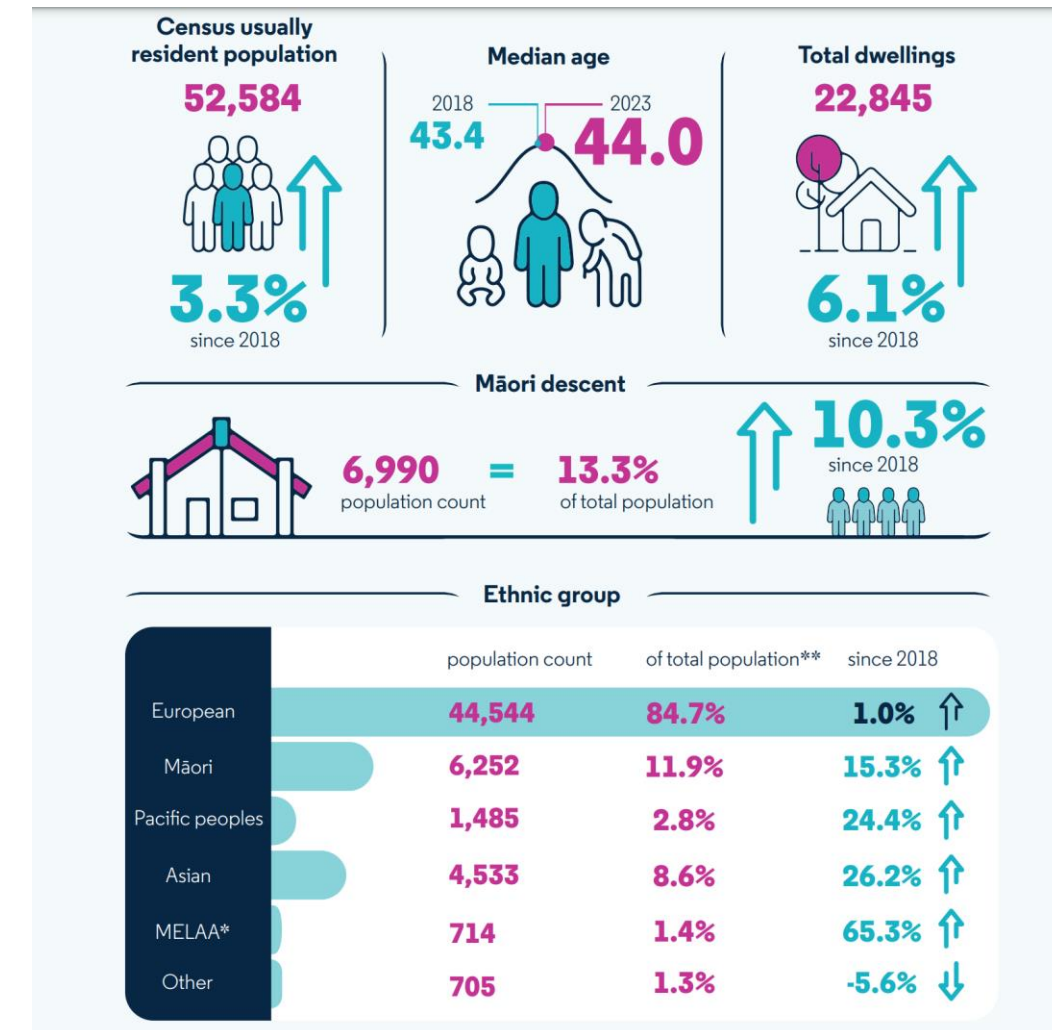
The proportion of the population aged 65 years and over is projected to increase from 21% in 2023 to 26% in 2033. As the population ages, it is assumed the proportion of our population on fixed incomes will increase, with a corresponding pressure on Council to limit rates increases. An ageing population also requires a different balance of services/facilities/activities and changes in spending patterns across Council activities.

We are expecting an extra 5,000 people to be living in Nelson in 10 years' time, bringing the population up to about 60,000. Based on these figures, we expect there will be a need for approximately another 2,800 – 2,900 homes in our city, along with associated new commercial and industrial buildings.

This growth in housing and business development creates demand for additional capacity in our infrastructure. Housing affordability is a concern for residents trying to buy homes in our city. If we don't provide the infrastructure needed to service land for housing development, housing affordability will decline further.

Growth underpins land use planning, infrastructure developments, where and when new services or facilities are required, and how much things will cost.

Census 2023 snapshot



What does this mean operationally for NCC?

- Alternative customer service channels required to support an increasingly diverse community.
- Pressure on Council to limit rates increases as the population ages
- Increasing the diversity of staff within NCC to better reflect the community we serve
- Pressure on Council to focus on key services to support population growth

People and Economy

Strategic Context

Economy

The economies of Nelson City and Tasman District are inherently connected and share many of the same aspirations. Areas like infrastructure provision, economic development, tourism and business confidence spans across both areas. Nonetheless, there are some differences between urban and rural communities .

Challenges in Nelson-Tasman's economic context include:

- Both productivity and average household earnings sit at least 20% under national averages.
- The region has a high share of older workers and the availability of workers is already tight – deaths are exceeding births so a demographic tipping point has been reached.
- Housing affordability and availability is low.
- Youth retention post-secondary school is low – just 16% of Nelson-Tasman's population is aged 15 to 29, compared to 19% nationally.
- The region has a high proportion of small businesses (92% have less than 10 employees) and more than 10,000 self-employed – these groups need more support to adapt to change.

What does this mean operationally for NCC?

- Nelson needs a Council that can contribute to the economy and support the city's prosperity and revitalisation
- We must consider how we continue to increase effectiveness and gain efficiencies by partnering with neighboring Councils and other partners
- Recruitment of critical talent for Nelson City Council remains a challenge and we must consider how to approach this challenge differently.



Nelson-Tasman economy at a glance

Note: Information and figures drawn from the Nelson-Tasman Regional Economic Briefing February 2024 update, People and Places, February 2024, Nelson-Tasman Productivity Gap 2022 Supplementary Update, People and Places, February 2024, and Nelson Tasman Regional Economic Profile, Infometrics, January 2024.

Strategic Framework

Strategic Context

The purpose of local government is:

To enable democratic local decision-making and action by, and on behalf of, communities

Council's vision, priorities and community outcomes supports strategic decision making around the work programmes, services and activities carried out by Council for the next 10 years

Beyond the storm Kei tua i te āwhā, Nelson's Long Term Plan 2024-2034

The LTP covers the next 10 years (with more detail for the first three), describes the issues facing our city, what Council is aiming to achieve, how much it will cost, and how it will be paid for. The investments set out in the LTP will help us all adapt and thrive over the next 10 years.

We value strategic direction and well-crafted plans, but we must value effective service delivery even more. We face a huge challenge to deliver the hundreds of services and projects in this long term plan. This will demand strong collaboration and focus with our staff, partners and wider community. It will require purposeful governance and great leadership to stick to budgets and timelines

Note: Recent announcements by our Prime Minister confirmed abolishing the four wellbeing provisions (social, economic, environmental, and cultural wellbeing) in legislation and restoring focus on local services and infrastructure

Our vision

Our vision for Whakatū Nelson is a creative, prosperous, and innovative city. Our community is inclusive, resilient, and connected – we care for each other and our environment.

Our priorities

Our priorities are to:

- Support our communities to be prosperous, connected, and inclusive
- Transform our city and commercial centres to be thriving, accessible and people-focused
- Foster a healthy environment and a climate resilient, low-emissions community

Council's vision and priorities support the regional community outcomes.

What does this mean for NCC?

- By shaping our future, Nelson City Council can 'focus' to meet its legislative purpose and achieve its vision, priorities and community outcomes.
- Effective service delivery is a key objective outlined in the 'case for change' which will enable the Council to successfully deliver plans committed to within the LTP
- Focus on local services and infrastructure

Community and Business Aspirations

Strategic Context

Nelson City Council participated in a Nelson City Revitalisation Summit in March 2024 in which we heard from a diverse range of business and community representatives as they discussed the reinvigoration of Nelson. Nelson City Council plays a pivotal role in partnering the community in this journey

The 2023 'What if Whakatū – Nelson' initiative was discussed at the summit with some key themes below



What were some of the ideas we heard?

- Nelson City Council would like to be seen by the community as being 'open for business' and easier to deal with
- Sea level rises and the costs associated seismic resilience are a cause of concern requiring strong leadership and policy to address
- The community would like to explore partnering the Council in developing Council owned properties surrounding waterfront and Council land to help address Nelson housing shortages
- The community would like to see action as result of the forum and ongoing engagement in form of similar community focused conversations

How does this compare to what we heard in interviews?

- Culture of barriers being put in way of suppliers / customers – tired before they start to engage
- We need to prepare our organisation as natural hazards intensify, including developing capability and capacity to respond to ongoing change
- Opportunity to form closer partnerships to deliver community outcomes
- A desire for the Council to increase positive community engagement and communication, including community forums focused on key community issues

Why Change? Our Drivers..

Workshops with the Senior Leadership Team (SLT) and our working group, interviews with Council leaders and key stakeholders, and data from previous staff surveys, identified six key areas that highlight the need for Nelson City Council to transform and prepare for the future:

Political changes

New reforms:

Changes in managing resources and water, and new local government rules will affect how Nelson City Council operates.

More collaboration:

Expectations of more collaboration with neighbouring councils to achieve efficiencies

Higher standards:

New regulations and higher service expectations are putting pressure on rates and resources.

Public trust: There is increasing public scrutiny of local government and declining trust in central and local government institutions.

Global instability:

International political and economic instability impacts us locally.

Resilience

Greenhouse Gas:

Reduce Council's and Nelson's greenhouse gas emissions

Climate Change:

Adapt to climate change impacts in Nelson, including coastal and river flooding

Forestry strategy:

Realign organisation to deliver new forestry approach

Infrastructure risks:

Reduce vulnerability of Council infrastructure, assets and properties to natural hazards

Natural hazards:

Prepare our organisation to enable business continuity as natural hazards intensify

Council readiness:

Develop capability and capacity to respond to ongoing change

Living within means

Rates pressure:

Rising rates are making Council services less affordable.

Debt and costs:

Increasing debt and insurance costs are a concern.

Economic hardship:

Recessionary pressures and economic difficulties are affecting us.

Rising costs: The cost of delivering what the community wants, like supplies and services, is going up.

Overextended focus:

We're focusing on too many things and spending beyond our ratepayers' means.

Service demand: The high cost of living in Nelson is driving demand for free services.

Community aspirations

Diverse needs: Our community is becoming more diverse with an ageing population.

Lifestyle changes:

People's lifestyle and recreational preferences are changing.

Higher expectations:

The community expects more tailored services and a coordinated response.

City center decline:

Nelson city centre is stagnating, and there's a housing shortage, increasing pressure on the Council.

Role clarity: There is inconsistency and lack of alignment on what the community expects from the Council.

Digital

Advancing Technologies:

Responding to technology changes eg use of AI, cyber security threats."

Improving experience:

Enhancing community and customer experience with better systems and data use.

Tech investments:

Understanding the requirements and risks of technology investments.

System Integration:

Addressing inconsistent integration within Council systems, while improving data reliability.

Staff aspirations

Resources in the right areas: Staff feel "they lack the right resources in the right areas and would like this improved".

Common purpose:

Staff would like "a shared purpose and an organisation that is less siloed".

Empowerment: There is a low tolerance for risk - staff want more empowerment to meet customer and community needs.

Desire to Change:

Despite negative past experiences with change, there is an "understanding and desire to improve".

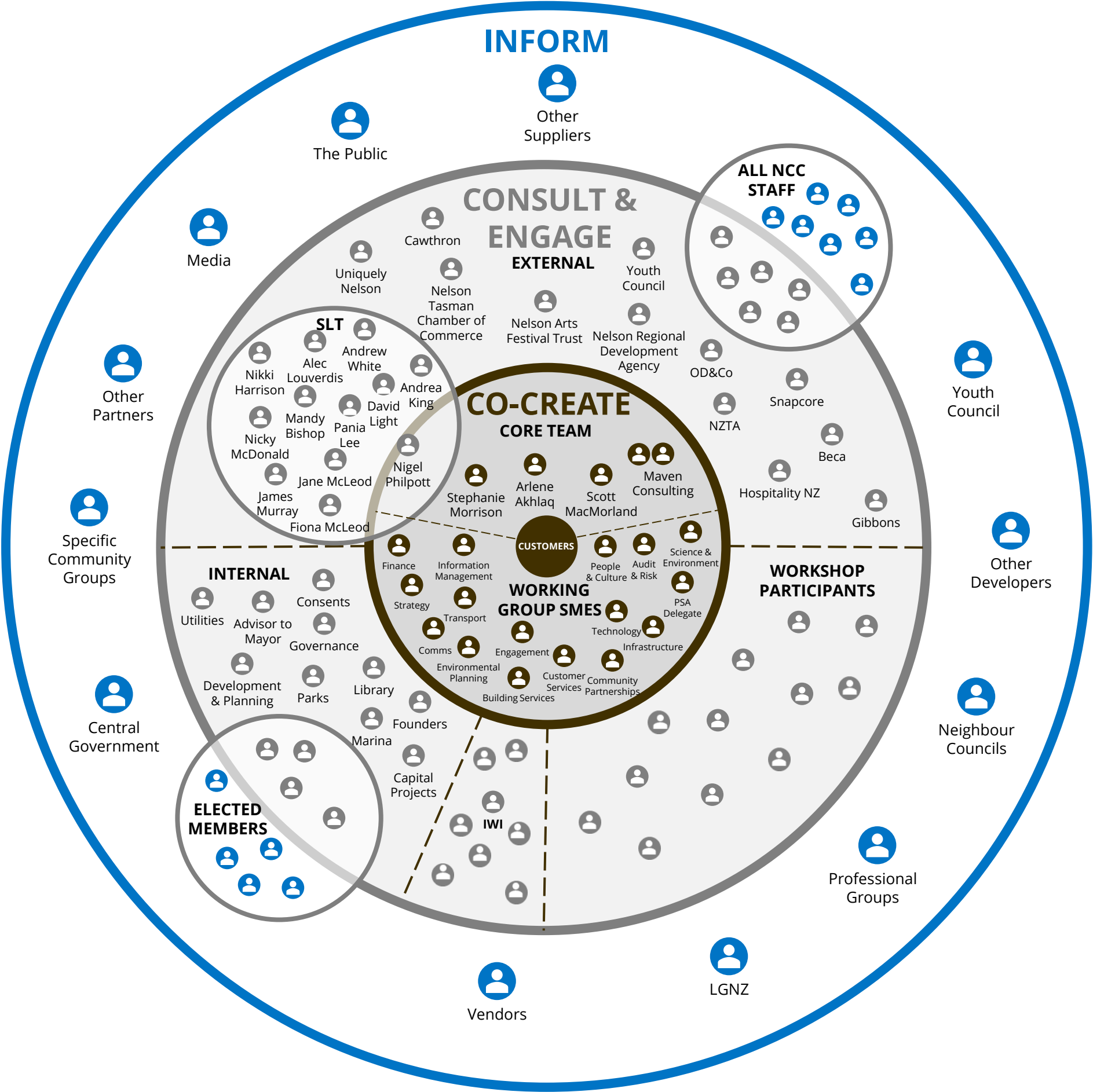
Stakeholder Mapping

Current State

Through the ‘case for change’ we engaged with numerous internal and external stakeholders. Our staff, Community and Elected Members have shaped our understanding of our current and desired future state.

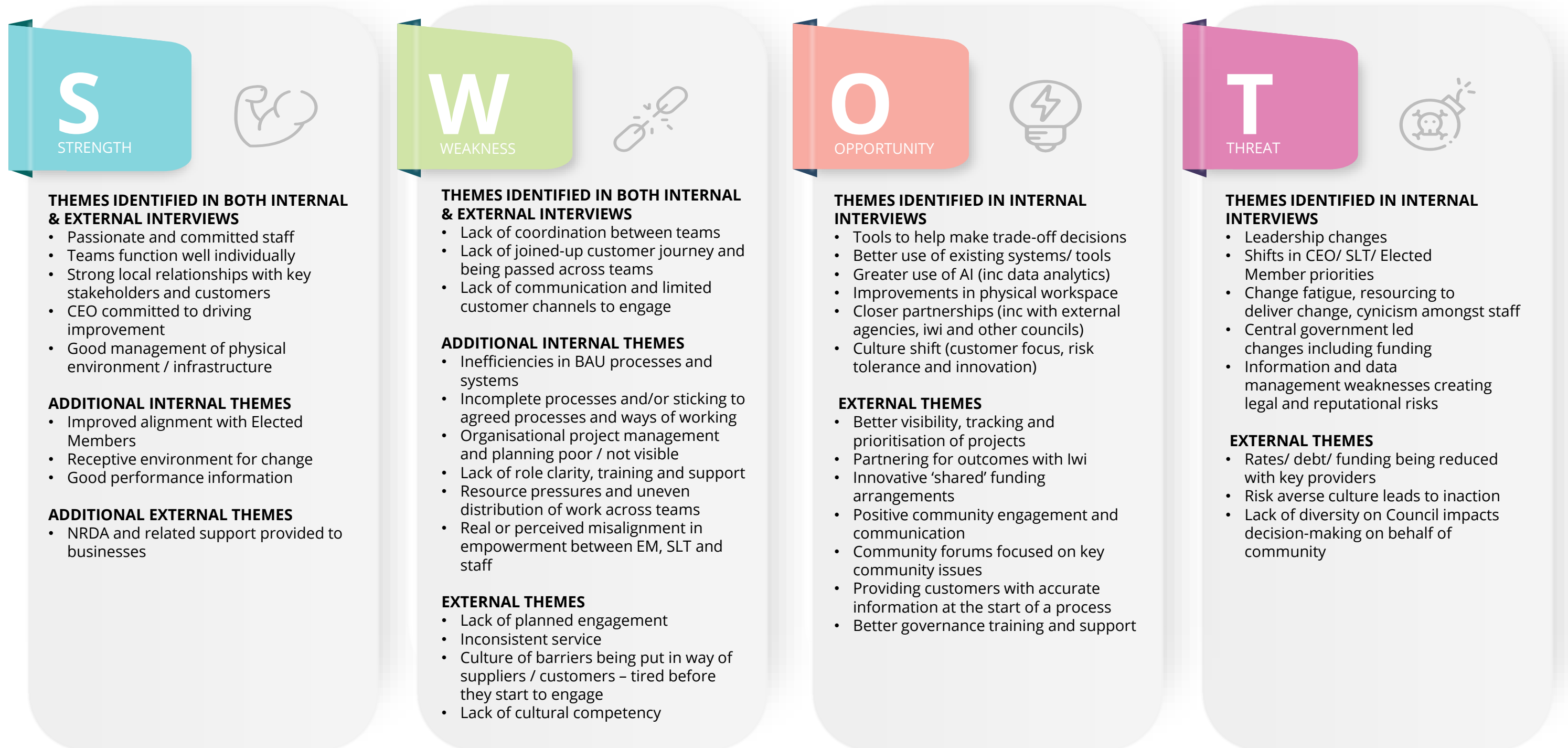
Co-design will continue to be a key principle that will underpin our upcoming phases – where we focus on designing and then implementing our future state.

The stakeholders that are to be considered in the transformation programme are set out in this map.



Analysis from 'Current State' interviews

More than 30 interviews were completed with internal staff, elected members, CCOs and external community stakeholders – the key themes of this research formed the basis of our SWOT analysis



Engagement Survey 2023

In 2023 Nelson City Council surveyed all staff – of which 292 staff (81%) responded. The graph indicates the ten lowest scoring responses to a range of questions asked to staff, with key themes of staff sentiment captured also below. The overall engagement score decreased from 65% in 2022 to 62% in 2023 and highlighted a number areas of concern

“Integration/interaction between teams isn't always straightforward”

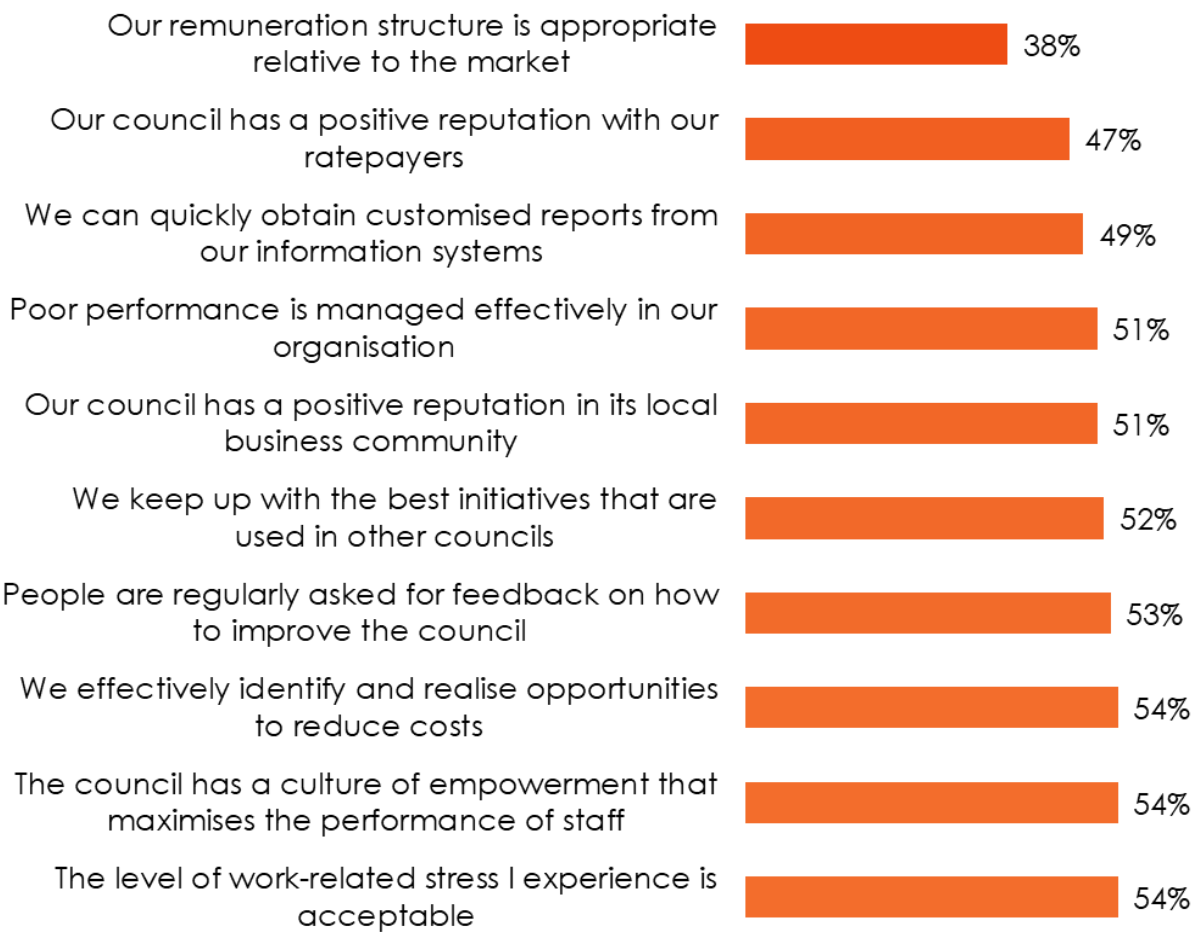
“We need greater visibility of the projects the different teams are working on

“Workload pressure remains too high, people feel they are unable to deliver their work programme”

“We need further investment in technology to enable best-practice”

“The Council spends a lot of money on consultants or staff time to come up with solutions to problems/issues that are then not implemented because there are inadequate resources to implement the change, or the process to go through to effect change is simply too hard”

The engagement survey identified key opportunities for improvement which have informed proposed change initiatives and workstreams



Why we need to change?

The below represents sentiments gained via surveys and interviews with internal staff, elected members and external community stakeholders in response to the questions; Why do we need to change? and What if we did nothing and do not change?

- 'We must look to better ourselves' – EM
- 'Biggest risk is that staff think nothing will ever change...and we will lose them' – SLT
- 'We will continue to work in a high stress situation.....when a more efficient and cost-effective solution could be found' - Staff
- 'The risk is that people become more and more removed from why they are here and why the council exists' – SLT
- 'Focus on getting the basics right' – Community
- 'We could be better.....people need to see council as part of community' – EM
- 'High turnover with staff will continue...which leads to inefficiencies and more pressure on those who remain' – Staff
- 'Please focus less on the nice to haves that increase debt for ratepayers when costs are increasing faster than most people's incomes' – Community
- 'Concerned about how much debt we're raising through the Long-Term Plan. If have another massive weather event in next 10 years, won't have much flexibility.....we can't keep putting up rates faster than CPI' – SLT
- 'The city would suffer as a result' – Community
- 'We would just get worse and worse' – Staff

Community Issues

- Trust and confidence diminishes
- We may not represent the diversity and needs of our community, nor deliver our agreed community priorities and outcomes
- Nelson City may not grow and prosper

Financial Issues

- Debts and rates may continue to rise
- The services we provide may continue to decline
- We may become financially unsustainable

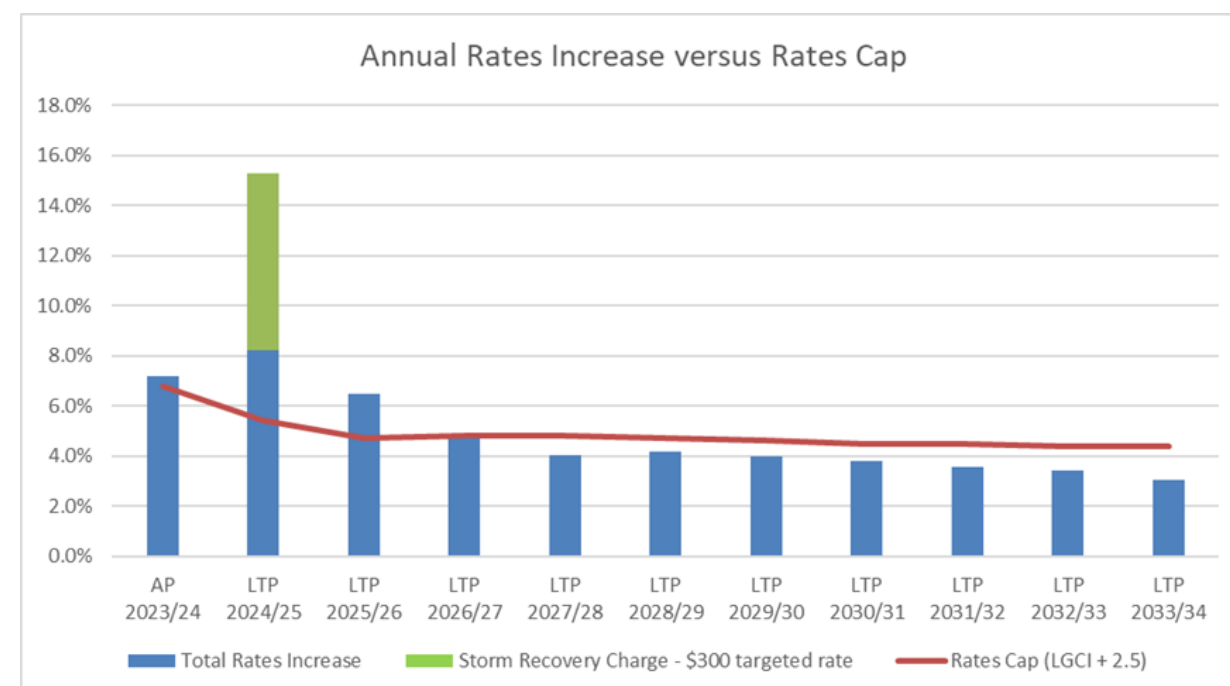
Staff Issues

- Staff continue to feel like nothing will ever change, and will leave
- We continue to lose institutional knowledge and capable people
- We won't learn, develop and adapt and as organisation – while remaining inefficient in areas

Financial Position

Strategic Context

Council is facing a perfect storm, brought about by increased interest rates, higher insurance costs, compounding inflation costs, increases in the cost of depreciation after a revaluation of Council assets, the deteriorating status of the current civic buildings systems and services, and costs associated with recovery from increased and more severe weather events.



Rates Affordability

Many Nelson residents have low incomes and rates affordability is an important focus for many households. Council must look for every opportunity to reduce costs while not setting back Nelson's progress.

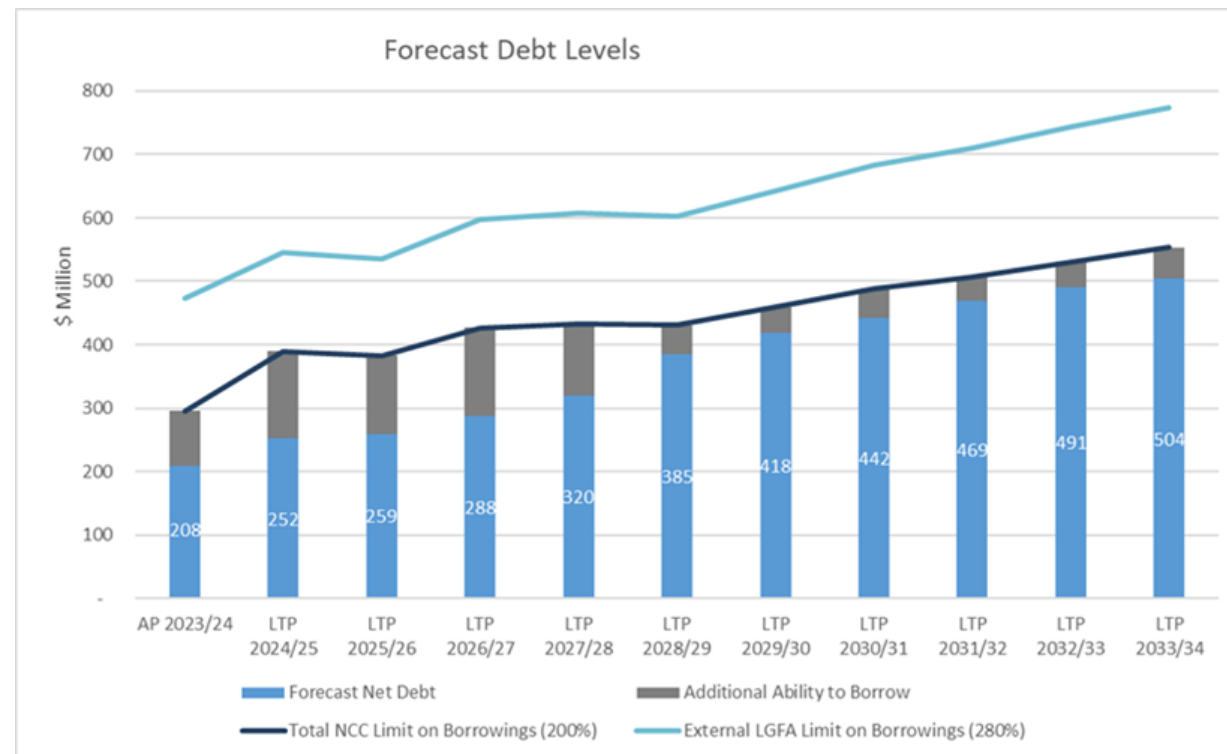
Rates rises are greater than the predicted rate of inflation in all years at 8.2% in 2024/25 plus \$300 for the Recovery targeted rate, and projected to be 6.5% in 2025/26, 4.7% in 2026/27

This reflects such factors as:

- Cost increases faced by Council, particularly for insurance and construction, which are projected to increase at a higher rate than the Consumer Price Index
- An increased capital work programme to support reflecting the need to undertake renewals and to meet growth needs
 - Overall capital expenditure increasing by \$417 million
- Depreciation and interest payments – the increased value of Council's assets and higher capital expenditure programme will mean that there will be a corresponding increase in depreciation and interest charges.
 - Nelson City Council assets were worth \$2.4 billion, compared with \$1.6 billion in 2019

Financial Position

Strategic Context



Debt vs Rates

Because of the growth in the region and the demands for more Council-delivered infrastructure and services, Council is continually looking at how to best fund these demands while keeping rates affordable.

Council needs to balance the need for investment now, and the ability for todays and future generations to pay for this investment.

Council is increasing its debt limits to a Debt to Revenue ratio of 200% from 175% to fund this infrastructure investment, despite a previous policy to remain under 175%

Council's goal is to set affordable and predictable rates over the long term. To do this Council has had to strike a balance between providing levels of service that meet customer and legislative requirements, and the public's ability to pay for these services.

Our financial position is not sustainable - we have taken on too much, and it is time for us to look closely at our core responsibilities, and the ways in which we deliver to our community.

IT Systems Audit

Current State

The Council maintains a systems register that captures characteristics of each system being used at the Council.

This acts as a stock-take benchmark of current IT systems to inform what can be leveraged during the programme, and when combined with wider current state IT insights gained through interviews, and the IT Digital Strategic Plan 2022, inform (i) technology initiatives, and (ii) how technology can support all of the other change initiatives.

- Characteristics of each system (approx. 130 including some that have recently been replaced) include:
 - Status – approx. 75% of systems are considered 'healthy'
 - Support status – approx. 70% deemed healthy support arrangements
 - Importance levels (approx. 33% each at Level 1, 2 and 3)
 - Outage acceptance levels (approx. 17% less than 4 hours, 15% 24 hours, 29% < 1 week, 20% 1-2 weeks, 20% > 2 weeks)
 - Outsourced model with high dependency on support vendors and lean internal IT team
- During the phase 1 and 2 it is proposed that current and future state enterprise architecture mapping will be undertaken to inform our digital strategy, including technology specific change activities and investment cases.

Highlights

- 130+ Systems and Tools
- \$1.4m OPEX spend on licensing and expected to increase to \$2.2m in 2026
- \$1.1m OPEX spend on outsourced services provider

Observations

- Inconsistent staff behaviors and system integrations causing significant data reliability risks (i.e. for informing customer experience and decision-making) and inefficiencies
- Multiple teams looking after the information and document management function, which is causing control issues and a lack of accountability
- High proportion of budget spent on licensing costs
- High proportion of budget spent with outsourced providers
- Sustained under investment and limited support to strategically improve the Council's current systems and Information Services capability and capacity
- Limited Business Analyst and Project Manager capability at the Council
- Limited support of non-rate-paying customers in Council CRM systems

Opportunities

- Better systems and information for external customers and the community, including geospatial integration, asset management and data warehousing
- Consideration of insourcing vs continued outsourcing of IT support
- Replacement of contact center software
- More community self-service access to data and less 'double handling'
- Proactivity in getting the most out of existing tools
- Improving the strategic direction, support and investment of both our IT and Information Management functions

These insights will inform change initiatives and digital investment case.

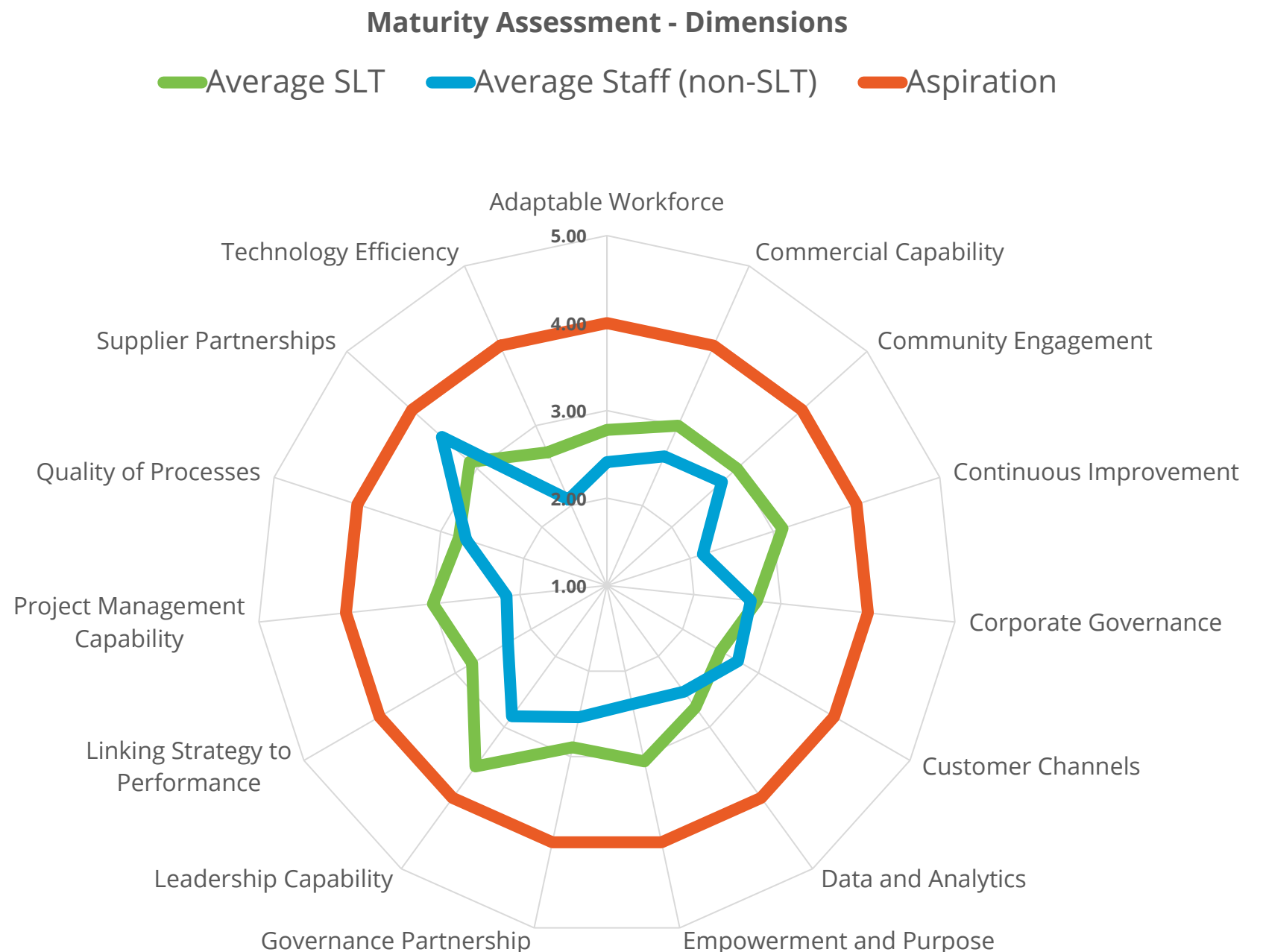
Organisational Maturity Assessment

Current State

A bespoke survey was developed to measure perceived maturity of the Council across a number of dimensions (both strategic and operational), against a 5-point scale (1 = immature, 5 = fully mature). In July 2024, this survey was completed by the Senior Leadership Team and staff representing the organisation via a Working Group.

- The Senior Leadership Team typically had more optimistic perceptions of maturity than staff did across the majority of dimensions.
- On average, perceived maturity was around 2.5/5 across the dimensions, with the strongest maturity being perceived for supplier partnerships and leadership capability.
- Across a 5-year transformation period, the Council believes it should be at maturity level *4/5 for all dimensions
- **The gap between where the Council needs to be (4/5), and where it currently is (2.5/5) supports the need for investment.**
- Refer to page 64 for a matrix showing how each proposed transformation workstream and initiative contributes to bridging the maturity gaps.

*Detailed KPI setting for each dimension will be undertaken through phase 1



What is our future ambition and goal?

Future State

What is our ambition?

By strengthening our foundations, and transforming the way we work with our community, customers, partners and across our teams - **we have an ambition to work together to put the people of Nelson at the heart of everything we do.**

To be able to take advantage of future opportunities to deliver the right services at the right time for Whakatū/Nelson we need to focus on the key services we must deliver, while carefully considering those services we could deliver and the implications of doing so. We must ensure we deliver these services effectively and efficiently, while responding to change as and when it happens.

The **goal** of 'Shaping our future' programme is for Nelson City Council to be:

- **Purposeful** - focused and purpose-driven, we ensure the delivery of our key services is both efficient and economically viable for our community
- **Connected** – we foster strong connections with our community, partners, and within our teams, enhancing our collaborative efforts and the impact of our work
- **Enabled** – our staff are empowered, enabled, and motivated. We are committed and have the tools to make informed decisions that benefit the community and the environment
- **Flexible** – adaptable and flexible, we seize new opportunities and proactively address potential risks, embracing change as a catalyst for innovation and growth.



Critical Success Factors

Future State

The following critical success factors, based on the ambition and goals and investment objectives outlined in the Strategic Case above, have been used to assess the options set out in this section.

- 1. Strategic Fit**
Addresses the strategic ambition and goal
- 2. Economic Value**
Delivers ongoing value for the Council, Nelson City, and its people and businesses
- 3. Affordability**
Can be funded within Council's reserves
- 4. Achievability**
Council has the capabilities and resources to successfully deliver
- 5. Future Proof**
Is scalable and adaptable for future opportunities and change (e.g amalgamation)

Change Options

Future State

The following change options have been considered and are assessed against the critical success factors on the following pages:

- 1. Status quo**
- 2. Invest in response to demand and as needs dictate**
- 3. Integrated transformation programme**
- 4. Iterative programme of change with phased delivery.**

In addition, a variation on Option 4, which involves partnering with one or more similar organisation(s), e.g. a neighbouring council, for design and delivery of some services, has been assessed.

Change Option 1

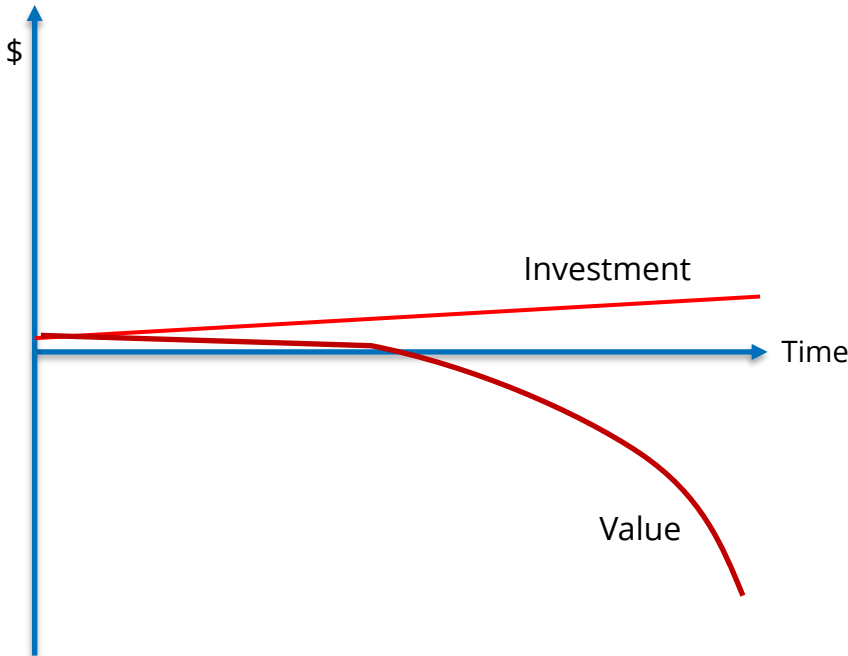
Status Quo

This option is a continuation of the current approach and resourcing for change, i.e. an incremental increase in staff and other resources in response to increases in volumes and service requirements. This option does not seek new investment in the Council’s operating model, service delivery models, community engagement, processes and systems or capabilities other than may be needed to address legislative and regulatory requirements.

This option has a relatively flat, but constantly increasing, investment profile with decreasing value delivered over time.

Option 1 Assessment

Assessment Factor	Comments	Assessment (x/5)
Strategic Fit	No overall alignment to strategic ambition and goal	1
Economic Value	Investment likely to deliver minimal immediate benefits and is unsustainable over medium-longer term	2
Affordability	Current investment not sufficient to meet evolving needs	2
Achievability	Current resourcing struggling to meet existing demand for change	2
Future Proof	No overall alignment to future operating model and enterprise architecture	1
Overall Assessment		1.6



Illustrative Investment/value Profile

Change Option 2

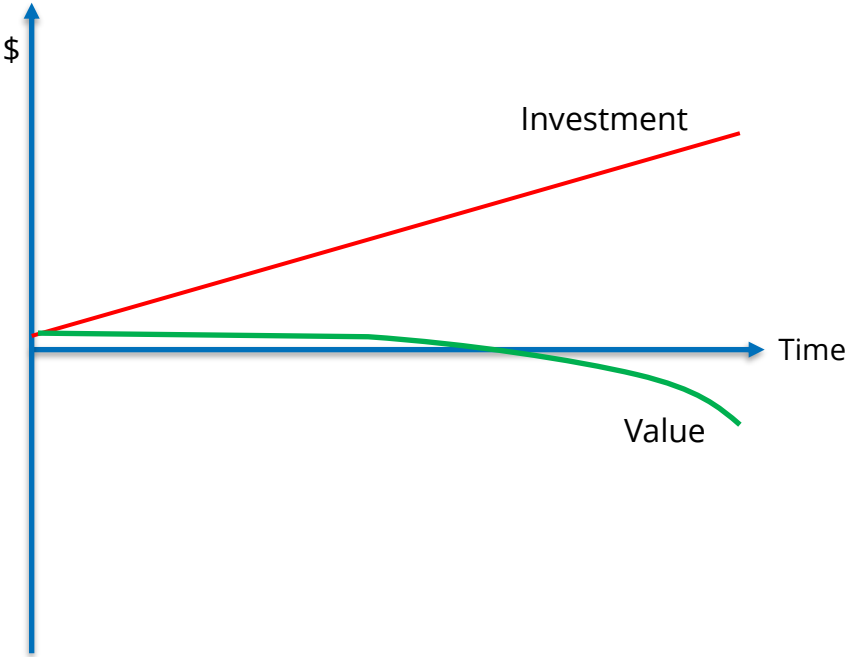
Invest in response to demand and as needs dictate

This option proposes new investment to deliver only those new initiatives and services that are in greatest demand or for which there is urgent political, social or economic need. This option does not seek to deliver strategic or integrated change to the existing operating model, service delivery model, community engagement, processes and systems or capabilities.

This option involves increased investment, which addresses immediate needs, but does not deliver sustained value over time.

Option 2 Assessment

Assessment Factor	Comments	Assessment (x/5)
Strategic Fit	No overall alignment to strategic ambition and goal	1
Economic Value	Investment likely to deliver immediate benefits but does not deliver longer term/holistic benefits	3
Affordability	Initiatives can be funded as needed but no longer term/organisation-wide efficiencies that may be used to fund future work	3
Achievability	Short-term initiatives can be resourced but demand likely to exceed resources availability over medium-longer term	4
Future Proof	No overall alignment to future operating model and enterprise architecture	1
Overall Assessment		2.4



Illustrative Investment/value Profile

Change Option 3

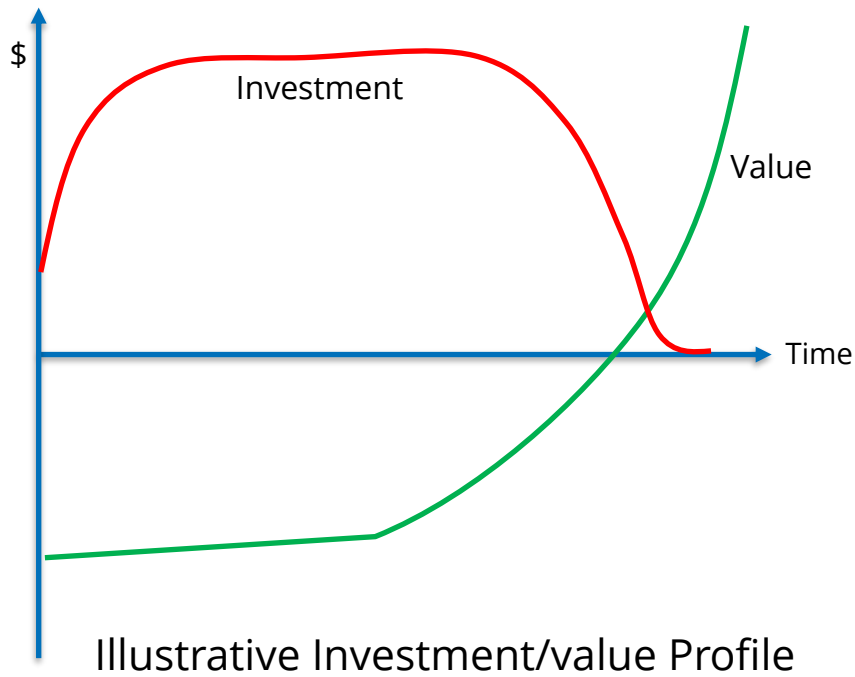
Integrated transformation programme

This option proposes to deliver all Transformation initiatives in a highly-integrated programme of change over 3-5 years, with all design completed and all foundational elements delivered in the earlier stages, with meaningful change such as new customer and support services delivered in a smaller number of major releases in the later stages of the programme – thus making the adoption of change ‘all at once’ challenging.

This option involved the greatest investment in the early stages of the programme, with all value delivered in later stages. A successful programme of this nature may deliver the greatest value, but it also involves the greatest risk as almost all investment is committed up-front with benefits dependent on successful completion of the entire programme.

Option 3 Assessment

Assessment Factor	Comments	Assessment (x/5)
Strategic Fit	Strongly aligned to strategic ambition and goal	5
Economic Value	Investment planned to deliver maximum benefits but little flexibility to change delivery priorities over time	4
Affordability	Commits to full funding over entire programme with little ability to reprioritise funding commitments over time (highest financial risk)	3
Achievability	Requires significant commitment of resources and work up-front, likely to have significant impact on business-as-usual resources	2
Future Proof	Alignment to initial view of future operating model and enterprise architecture but little ability to change over time	3
Overall Assessment		3.4



Change Option 4

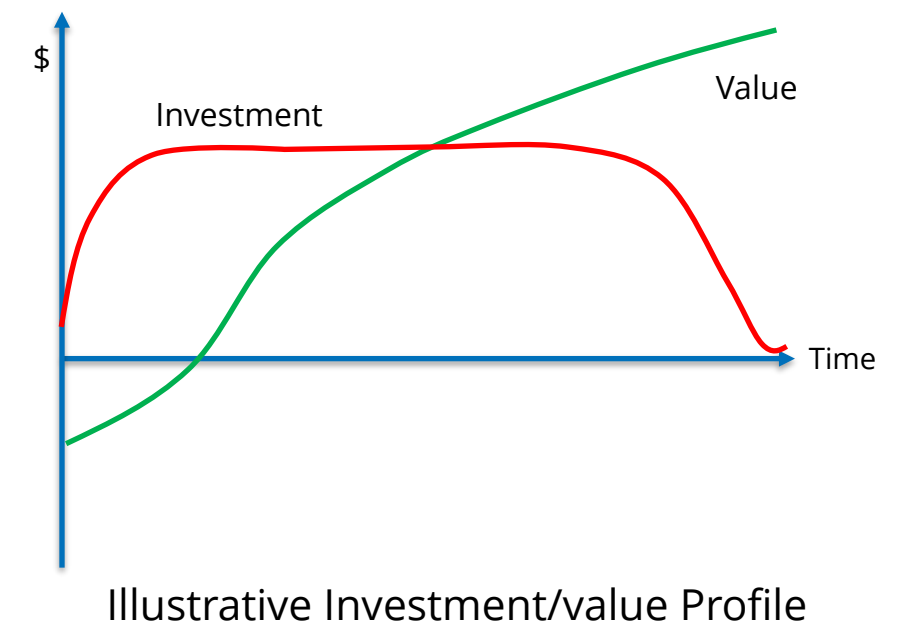
Iterative programme of change with phased delivery

This option involves breaking the programme into multiple phases, beginning with the foundational operating model, key service review and delivery models, people and culture workstreams, investigation of our technology roadmap and investment case, together with setting up the transformation programme office, so that we build our foundations for the desired future state as well as deliver early, visible change for customers and community.

This option spreads the investment more evenly over the entire programme of work with value delivered early and building over time, thereby mitigating the risk of committing to the entire investment in advance of benefits being delivered. It also addresses delivery issues that result in slower benefits realisation or higher spend earlier in the programme.

Option 4 Assessment

Assessment Factor	Comments	Assessment (x/5)
Strategic Fit	Strongly aligned to strategic ambition and goal	5
Economic Value	Investment planned to deliver maximum benefits over programme with flexibility to change delivery priorities over time	5
Affordability	Does not commit to full funding over entire programme – has ability to reprioritise funding commitments over time if priorities change and ability to fund future phases from efficiencies and cost savings	4
Achievability	Has ability to scope and resource phases to manage impact on business-as-usual (although still requires significant investment of resources)	4
Future Proof	Alignment to future operating model and enterprise architecture with ability to change over time	5
Overall Assessment		4.6



Change Option 4a

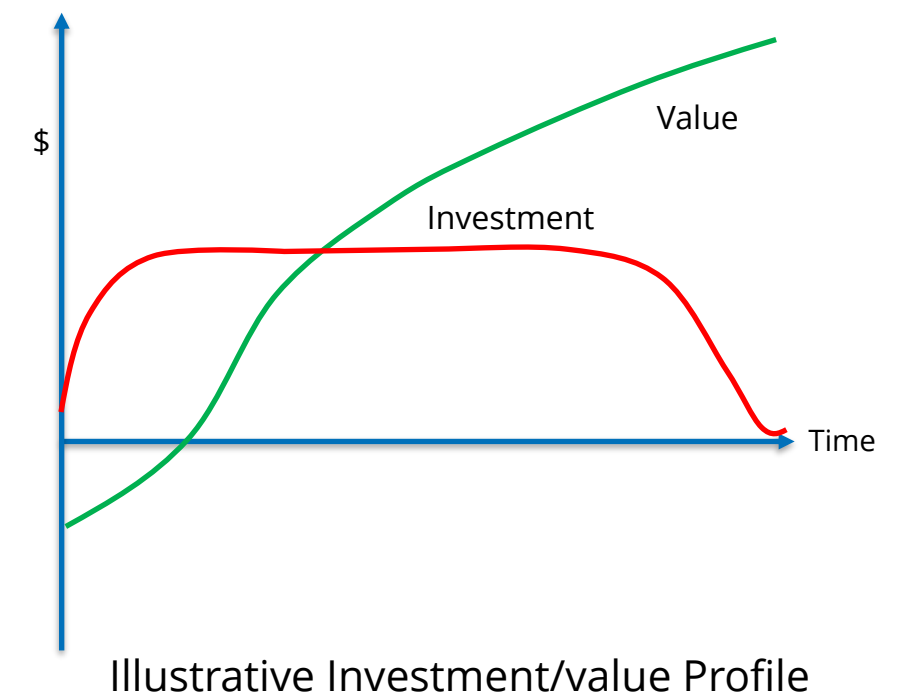
Working with delivery partner(s)

This is as per Option 4, except partnering with similar organisation(s), e.g. neighbouring council, for design and delivery of some services (note that this option could also be applied to Option 3 but with greater risk in scope and delivery).

This option has a similar investment profile to Option 4 but requiring less investment and potentially producing greater value (note: without considered and robust governance arrangements or amalgamation this option will increase operational management risk).

Option 4a Assessment

Assessment Factor	Comments	Assessment (x/5)
Strategic Fit	Strongly aligned to strategic ambition and goal	5
Economic Value	Investment planned to deliver maximum benefits over programme but has flexibility to change delivery priorities over time	5
Affordability	Does not commit to full funding over entire programme – has ability to reprioritise funding commitments over time if priorities change – and likely to have greater economies of scale for technology costs	5
Achievability	Has ability to scope and resource phases to manage impact on business-as-usual (although still requires significant investment of resources) with delivery risk spread across partners (will increase operational risk)	3
Future Proof	Alignment to future operating model and enterprise architecture with ability to change over time	5
Overall Assessment		4.6



Change Option Recommendation

It is recommended that Council implements Option 4, which achieves the highest assessment against the critical success factors and provides the best mix of benefits and risk mitigation. It is also recommended that the selection of a partner for delivery of some services (Option 4a) be considered within this option.

Option:	Option 1	Option 2	Option 3	Option 4	Option 4a
Average Score:	1.6	2.4	3.4	4.6	4.6

Recommended
Change Options

These options are consistent with the NCC Senior Leadership Team’s preferences to:

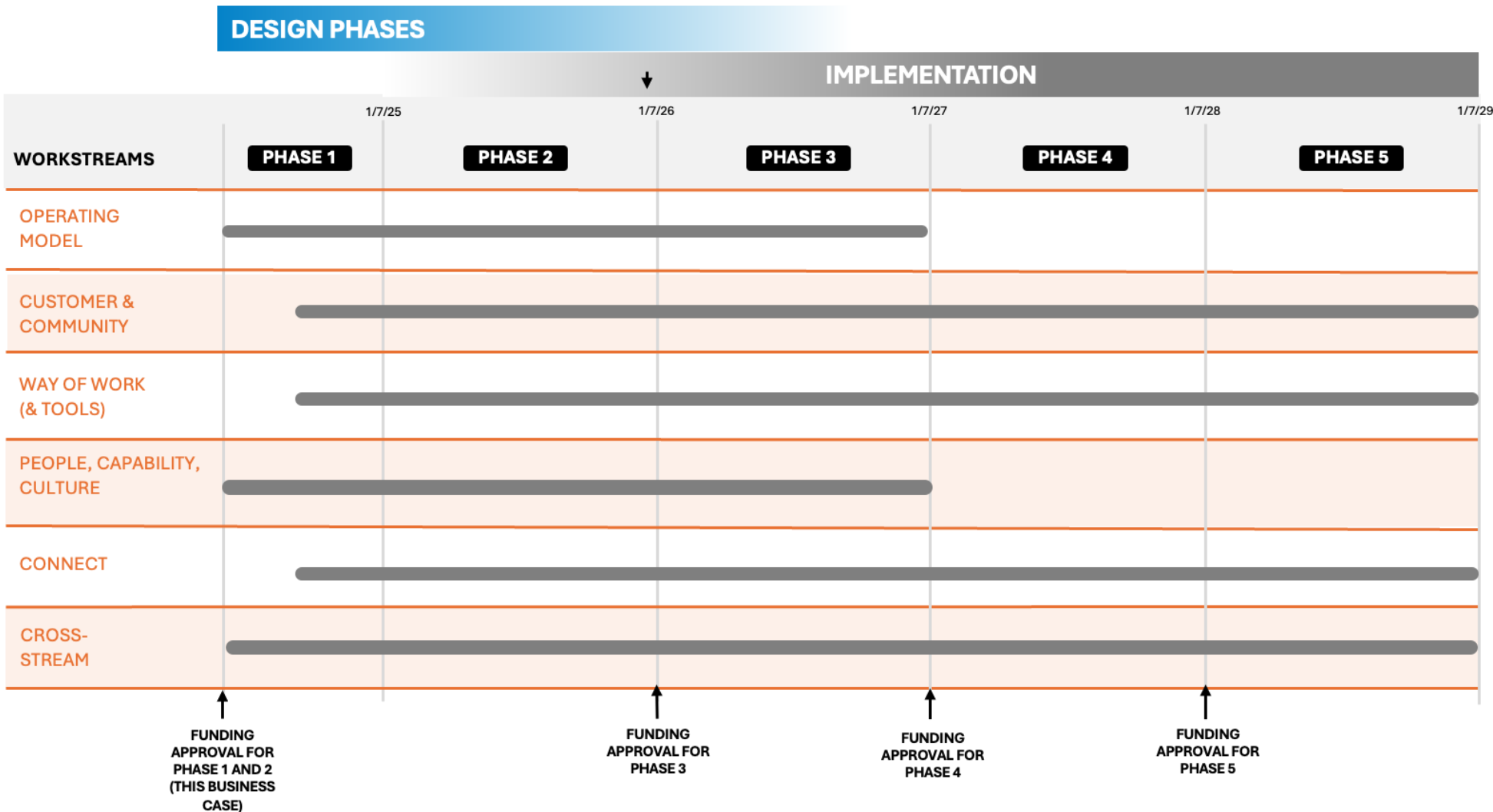
- a) deliver foundational change early to address organisational structural, cultural and change management issues that may impede the programme ambition and goals
- b) create the flexible and adaptable organisation that can successfully manage on-going change
- c) deliver benefits as early as possible to free up resources and focus effort on further change.

Proposed Programme Workstreams & Phases

The preferred option involves multiple phases over the term of the programme. These phases will be aligned with annual planning/budgeting cycles to ensure funding is available and results are reported in line with other investments and work by the Council. The first phase is expected to start within the current financial year and therefore will be a shorter phase to 31 June 2015.

The programme will be managed in five workstreams, an overall operating model workstream plus four workstreams that align with the major areas of the future state ambition. The development of these workstreams and change options were determined through interviews, workshops and document analysis, while ensuring alignment in achieving our future state aims and goals. These options do not provide all the answers as to how the council will look and operate, they are rather a broad representation as to how we believe we will get there. There is still much work to do as we co-design our future together.

The proposed programme over five phases corresponding to financial years (with Phase 1 being the remainder of the current financial year) is shown in the below diagram. The phasing and prioritisation of delivery are covered in more detail in the appendices



Proposed Workstreams

The five workstreams are set out below and the proposed initiatives within each are outlined in the tables on the following pages.



Core Services and Operating Model

What core services do we deliver? How do we organise and plan for success?



Customer & Community

How can we understand our community and customers better to provide tailored services and a consistent experience?



Connect

How can we engage to support better partnerships with our suppliers, partners, iwi and governance teams?



Our People

What is our identity and purpose? How do we build our capability, measure our performance and build our careers?



Way of Work & Technology

How should we invest in systems, data and processes to support our ambitions?

Setting up our Environment for Change

Management Case

The approach for our preferred change option – an iterative programme of change with phased delivery – requires a robust and deliberate structure to make sure we can deliver the changes needed and realise the benefits of our desired future state.

We will establish a programme management office (PMO) framework, to provide:

- a structure to organise our product development and delivery
- accountability at both project and programme level
- governance oversight and decision making
- programme management method and processes
- project management method and processes
- clearly defined roles and responsibilities

To achieve this, we will adopt and adapt best practice from existing industry standard frameworks - Managing Successful Programmes (MSP™) and Agile Programme Management (AgilePgM®) – and we will learn from others in our sector who are successfully operating a PMO.

Our blended approach uses the robustness and governance aspects of programme management, with an agile approach to product development and delivery. This approach ensures that:

at the **programme** level:

- key approvals are aligned with annual and long term planning cycles
- programme updates are aligned with Council quarterly reporting cycles.

at the **project** level:

- a focus on development of usable product
- using an agile approach for earliest possible delivery of solutions
- early-stage realisation of benefits.

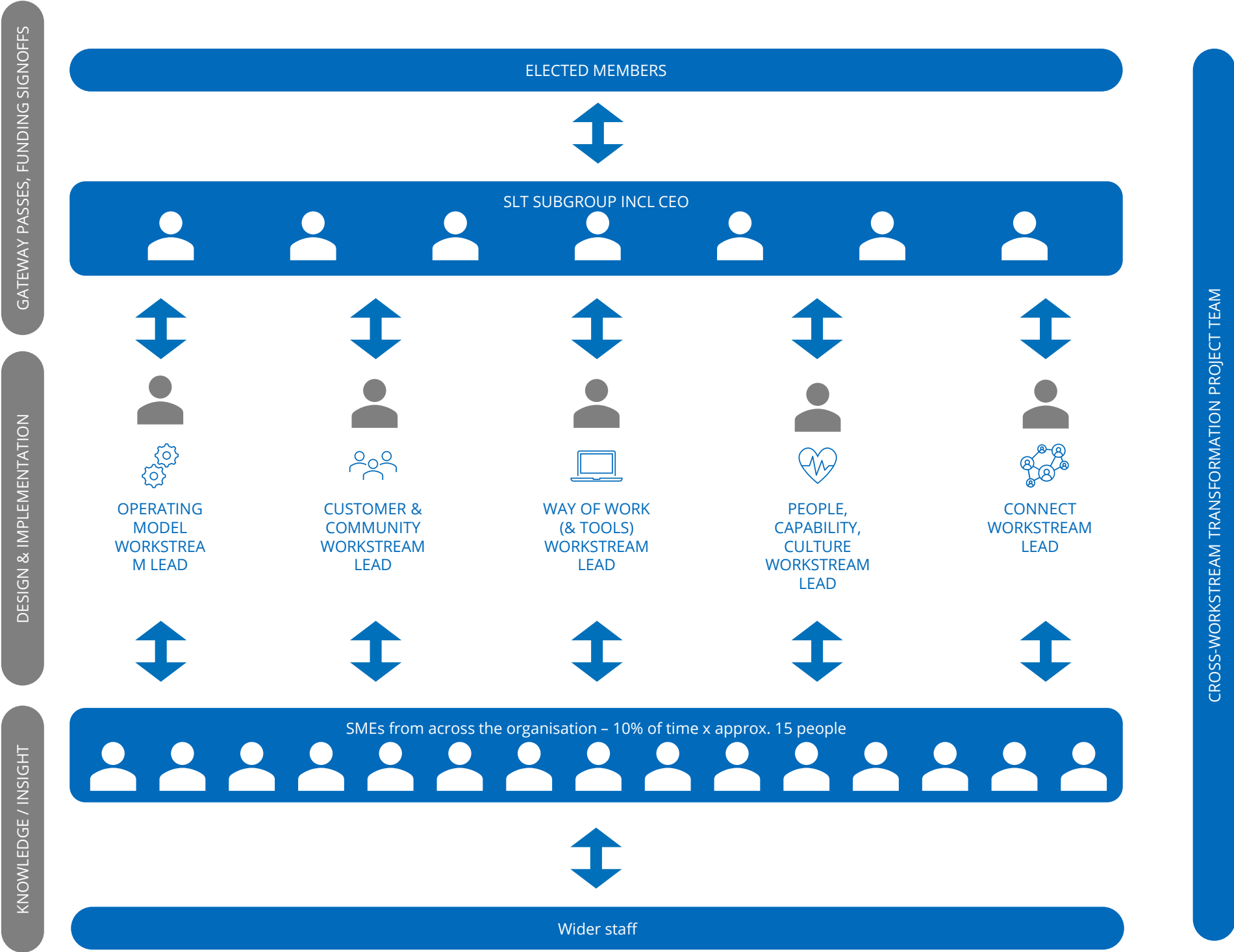
Programme Governance and Delivery

Management Case

Our Elected Members are key in endorsing the programme, authorising subsequent investment cases, and staying aware of direction and delivery through receiving regular progress reporting.

Our transformation programme will be owned and driven by our Senior Leadership Team. Dedicated workstream leads will be responsible for product development and delivery and support Senior Leadership Team accountability for outcomes.

The structures, processes and resources provided by our cross-workstream transformation project team will be established to ensure success for all.



Programme Governance and Delivery

Management Case

ROLE	WHO	RESPONSIBILITIES
Long term governance	All Elected Members	Endorse and authorise the programme Authorise subsequent investment cases "Finger on the (public) pulse"
Programme governance	CEO + nominated SLT members	Oversee operation of the programme Accountable for programme outcomes Make sure the programme is aligned with delivering the future vision
Workstream Lead	Group Manager	Accountable for product delivery, outcomes, and benefits realisation Set objectives and drive progress
Workstream delivery team	Technical specialists Professional specialists Subject Matter Experts Business Analysts	Responsible for product development and delivery
Product users (internal)	Wider staff group	Provide knowledge and insights to workstream delivery team Adopt products Adapt working practices to release benefits
Programme management team	Transformation Manager Programme Manager Project Managers Comms and Change Manager	Manage the programme Manage and coordinate projects and initiatives Structure and delivery communications and engagement plans Ensure successful change implementation and benefits management Secure appropriate resource for workstream delivery teams

Programme Resourcing

Management Case

The resources needed to deliver our programme fall into three broad areas: professional expertise; training & skills investment; technology

Professional expertise

- The people and skills our programme needs - project management, business analysis, and subject matter expertise
- We'll resource these needs through:
 - Existing staff, backfill roles where needed
 - Expert knowledge (consultants)
 - Specific/expert skills (fixed term employees or contractors)

Training & skills investment

- Design phase requires staff to upskill in:
 - Agile programme and project management
 - Agile product delivery team coaching
 - Effective use of technology and tools for delivery of design
- Implementation phases will require training and skills investment to successfully operate in the new environment and ensure benefits are realised

Technology

- Phase 1 and 2 requires technology related investment in
 - Development of IT strategy
 - Software and technology tools to support our programme management and product delivery approach
 - Foundational investment in human resource management system
- Subsequent phases will introduce new systems, and consolidate existing data and systems

Risk Mitigation

Management Case

Risk governance and management will be embedded in our programme structure; the governance element will provide overall direction on risk appetite, whilst the management element will ensure risks are being managed within the agreed risk tolerances.

The phased approach to delivery with updated investment cases for the phases after Phase 1 and 2 helps to mitigate the risk by enabling benefits to be assessed (and banked or re-invested), and any cost or scope variances to be managed, at each phase.

Council's standard risk tolerances will be reviewed for our programme and may be adapted to ensure alignment with our programme and project delivery operating structure.

We will apply Council's risk management framework across our overall programme and our project delivery phases. This ensures a continuous cycle of active and visible risk identification, assessment, and mitigation.

All risks will be fully captured and managed in a central risk register, and regularly reported on in a meaningful way.

Change Management Approach

Management Case

Our programme is about delivering change; our range of proposed initiatives include service improvement, business process re-engineering, and transformation in our services and the way they are delivered.

In delivering these initiatives, our change management objectives are to:

- Ensure outcomes are in alignment with our desired future state
- Drive consistency and transparency in communication to our staff, customers and community
- Ensure a positive change experience for our staff and customers and community.

We'll achieve this by:

- Making the roadmap and timing of change initiatives clear and visible to all
- Deep staff engagement in co-designing and delivering the initiatives
- Implementing timely solutions, even if they are not perfect
- Making small, incremental changes that realise benefits early
- Building a culture of continuous improvement that we can be proud of.

Prioritisation and Phasing of Initiatives

Management Case

The initiatives have been assessed and prioritised according to the following criteria of which more detail can be found in the appendices:

- **Maturity:** Does it address areas of need in Nelson City Council's current state maturity assessment?
- **Benefits:** Does it make a high contribution to the benefits assessed in the Financial Case?
- **Dependencies:** Does it deliver key dependencies and foundational elements that need to be delivered first?

Taking all the above into account, a complete programme plan has been developed, as set out in the Programme Plan by Phase/Year, found in the appendices.

Note that the phases have been aligned with the Council's financial years, which enables planning and funding to be synchronised with annual plans and budgets. Phase 1 is the remainder of the current financial year and therefore is a shorter phase (6 months).

This 'case for change' seeks approval for funding for Phases 1 and 2 covering the period up to 30 June 2026. Additional funding approvals will be sought prior to the commencement of the subsequent phases.