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**REPORT 1**  
*(1215/11/IM)*

## **GOVERNANCE ARRANGEMENTS FOR THE 2007/10 TRIENNIUM**

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### **1. Purpose of Report**

The purpose of this report is to seek Council's approval of the governance arrangements for the 2007/10 triennium.

### **2. Executive Summary**

Elected members, acting as the Council, are responsible for governance, including:

- setting strategic direction, through the development and adoption of council strategies and policies
- monitoring the performance of management in implementing Council strategies and policies
- prudent stewardship of council resources.

The goal of a governance structure is to convert the governance roles of Council, informed by best practice governance principles, into a structure that enables the achievement of Council's strategic vision and priorities. Given the breadth of Council's activities, this inevitably entails some separation and categorisation of the governance framework.

There are three key factors which underpin the proposed governance structure contained in this report: the strategic, financial and democratic process imperatives. The "one committee" model, based around the Strategy and Policy Committee, stops governance silos from developing, promotes integrated decision-making, enables a faster response to issues and opportunities and provides officers with an improved ability to keep elected members informed and involved in key issues. It also allows elected members to develop and hold a consolidated financial view of the organisation, to optimise funding across Council activities, and be prudent stewards of Council resources. Finally, the structure provides Councillors with an increased opportunity to make decisions, balances workloads among elected members, creates greater certainty in terms of formal meeting commitments, and facilitates effective policy leadership and debate.

The key features of the proposed structure are as follows:

- Council meets once a month, in the evening of the last week of the month, to approve all matters that cannot be, or have not been, delegated to its Committees and Subcommittees.
- A committee made up of all elected members (a “committee of the whole”) called the Strategy and Policy Committee meets twice a week during the day (once for a pre-meeting briefing and once for a meeting) for the first three weeks of the month. This Committee will have broad functions, and will consider most of the Council’s business, referring matters to Council where required.
- Appointment of seven Portfolio Leaders (matching the seven areas of Economic Development and Recreation, Cultural Wellbeing, Social, Environment, Urban Development and Transport, Governance, and Climate Change) to provide political policy leadership, external representation and communication, and liaison with officers working on projects and policies in that area.
- Separate Committees, meeting as required during the day, for the specialist business the Council must do in terms of regulatory processes (Regulatory Processes Committee) and the employment and management of the Chief Executive (Performance Review Committee).
- Specialist Subcommittees, meeting as required during the day, focused on particular areas of Council business (Grants, Audit and Risk Management, Temporary Road Closures, Council Controlled Organisation Performance, Development Contributions).

Overall, then, the proposed governance structure has been designed to ensure that decision making and the conduct of business is done in a democratic, effective and efficient manner. It ensures that all elected members take part in decision-making on strategic and policy matters. It also maintains the strengths of the governance structure used during the 2004/07 triennium, and ensures the Council is well placed for the challenges and opportunities of the 2007/10 triennium.

### **3. Recommendations**

It is recommended that Council:

1. *Receive the information.*
2. *Agree the committee structure and associated terms of reference and delegations attached as Appendix 1.*
3. *Agree to establish an Appointments Group, with the membership and functions as set out in Appendix 3.*

4. *Agree under section 34A of the Resource Management Act (RMA) 1991 to delegate to those persons who are from time to time on the Council's schedule of approved hearings commissioners, the necessary functions, powers and duties to conduct RMA hearings on notified and limited notified resource consent applications, designations, heritage orders, and plan changes; and:
  - a. *in the case of matters requiring a decision under clause 10 or 29(4) First Schedule RMA, to make a recommendation to Council;*
  - b. *in the case of designations, to make a recommendation;*
  - c. *for all other matters, to make a decision.**
5. *Agree under section 34A of the Resource Management Act (RMA) 1991 to delegate to those independent commissioners who are from time to time on the Council's schedule of approved hearings commissioners and the Chief Executive, the necessary functions, powers and duties to make a decision on notification under sections 93, 94A-D and 94 of the Resource Management Act (RMA) 1991.*
6. *Agree that the delegations in recommendation 4 and 5 above shall only be exercised by a hearings commissioner following the appointment of the particular hearings commissioner to a matter requiring a decision or recommendation (i.e., for recommendation 4, by the Chair of the Regulatory Processes Committee, in accordance with the Terms of Reference for the Regulatory Processes Committee and for recommendation 5, by the Chief Executive or the Director responsible for resource consents).*
7. *Agree that governance arrangements and associated matters will be reviewed in six month's time.*

## **4. Background**

At the beginning of each triennium Council is required to agree on a governance structure to perform its business and duties throughout the triennium. The aim is to convert the governance roles of elected members into a structure that enables the achievement of Council's vision and strategic goals through democratic, effective and efficient decision making.

## **5. Discussion**

### **5.1 The Legal Framework: Governance**

Like all Councils, Wellington City Council is a "creature of statute" and carries out its roles and functions within a legislative framework.

## **Purpose of Local Government**

The Local Government Act 2002 (the Act) promotes a coherent overall strategy for local government. Section 10 of the Act contributes to that goal by providing a concise statement of the purpose of local government (that is the underlying purpose of, and reasons for having a system of local government) that underpins the Act as a whole. Section 10 states that the purpose of local government is:

*“to enable democratic local decision-making and action by, and on behalf of, communities; and to promote the social well-being of communities, in the present and for the future”.*

## **Role of Local Authority**

Section 11 of the Act states that the role of any local authority is to “*give effect*”, in relation to its district or region, to the purpose of local government and to:

*“perform the duties, and exercise the rights, conferred on it by or under this Act and any other enactment”.*

This provision deals with the role of each individual local authority rather than the reasons for the system of local government as a whole. It acknowledges that local authorities have a range of specific statutory roles and responsibilities that have been legislated and exist separately from the general purpose of local government. This provision is also the key link to the general power stated in section 12 of the Act.

## **Status and Powers of Local Authorities**

Section 12 of the Act states that, for the purposes of performing its role, a local authority has:

- a) *“full capacity to carry on or undertake any activity or business, do any act, or enter into any transaction; and*
- b) *for the purposes of paragraph (a), full rights, powers and privileges.”*

## **Governance Principles**

Under section 39 of the Act, in exercising its powers a local authority must act in accordance with the following principles in relation to its governance:

- a) *“a local authority should ensure that the role of democratic governance of the community, and the expected conduct of elected members, is clear and understood by elected members and the community; and*
- b) *a local authority should ensure that the governance structures and processes are effective, open, and transparent; and*
- c) *a local authority should ensure that, so far as is practicable, responsibility and processes for decision-making in relation to regulatory*

*responsibilities is separated from responsibility and processes for decision-making for non-regulatory responsibilities; and*

- d) a local authority should be a good employer; and*
- e) a local authority should ensure that the relationship between elected members and management of the local authority is effective and understood”.*

## **5.2 The Legal Framework: Management**

Under the Local Government Act 2002 the Chief Executive is responsible for implementing and managing Council’s policies and objectives within budgetary constraints established by the Council. Under section 42 of the Act a Chief Executive is responsible for:

- a) “implementing the decisions of the local authority; and*
- b) providing advice to members of the local authority and to its community boards, if any; and*
- c) ensuring that all responsibilities, duties, and powers delegated to him or her or to any person employed by the local authority, or imposed or conferred by an Act, regulation, or bylaw, are properly performed or exercised; and*
- d) ensuring the effective and efficient management of the activities of the local authority; and*
- e) maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the local authority; and*
- f) providing leadership for the staff of the local authority; and*
- g) employing, on behalf of the local authority, the staff of the local authority; and*
- h) negotiating the terms of employment of the staff of the local authority.”*

## **5.3 The Legal Framework: Delegation**

The Local Government Act 2002 and other legislation affecting local authorities provides a local authority with the power to delegate all of its responsibilities, duties or powers, except for a number of fundamental decisions that the legislation specifies can not be delegated. Clause 32 of Schedule 7 states:

- 1) “Unless expressly provided otherwise in this Act, or in any other Act, for the purposes of efficiency and effectiveness in the conduct of a local authority’s business, a local authority may delegate to a committee or other subordinate decision-making body, community board, or member*

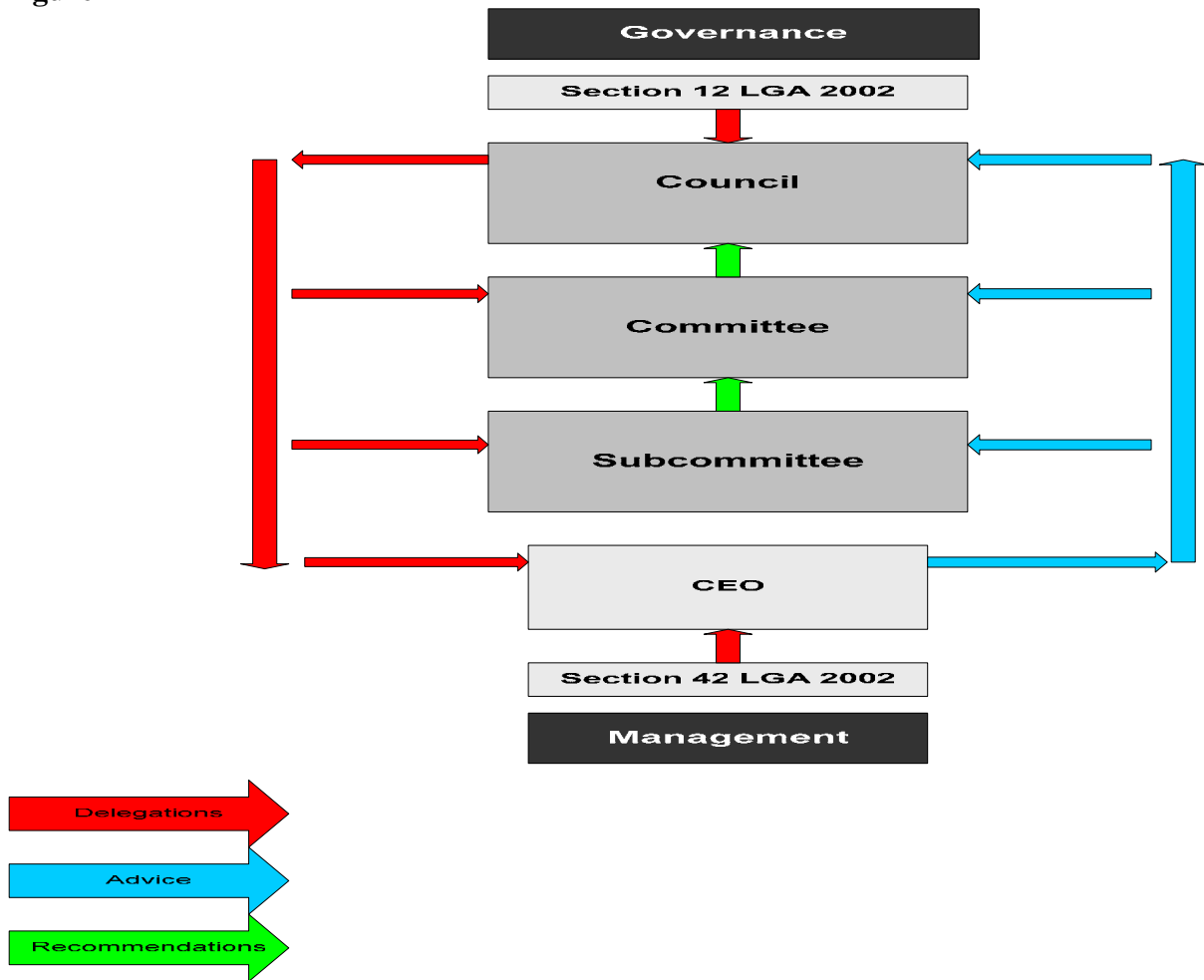
*or officer of the local authority any of its responsibilities, duties, or powers except:*

- a) the power to make a rate; or*
  - b) the power to make a bylaw; or*
  - c) the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term council community plan; or*
  - d) the power to adopt a long-term council community plan, annual plan, or annual report; or*
  - e) the power to appoint a chief executive; or*
  - f) the power to adopt policies required to be adopted and consulted on under this Act in association with the long-term council community plan or developed for the purpose of the local governance statement*
- 4) A committee, subcommittee, other subordinate decision-making body, community board, or member or officer of the local authority to which or to whom any responsibilities, powers, or duties are delegated may, without confirmation by the local authority or committee or body or person that made the delegation, exercise or perform them in the like manner and with the same effect as the local authority could itself have exercised or performed them."*

In addition, there are a range of other responsibilities, such as adopting changes to Standing Orders or the adoption of a Code of Conduct, which, although they are not on the list in clause 32(1) above, the Council must exercise, and cannot delegate.

Figure 1 outlines the governance and management framework contained in the Local Government Act 2002 and highlights reporting lines for delegation, advice and recommendations.

Figure 1



#### 5.4 Principles for an Effective Governance Structure

The following principles should be present in an effective governance structure. The governance structure must:

*General:*

- Provide effective governance of the city
- Establish separate regulatory and policy roles
- Promote effective and efficient decision making
- Ensure decisions are made at the most appropriate level
- Provide clarity on the different roles of 'governance' and 'management'

*For the Elected Member:*

- Allow elected members to maintain an overview of the activities of the organisation.
- Provide a balanced workload
- Provide a workable meeting schedule with additional meetings kept to a minimum
- Ensure elected members are not required to make low level decisions
- Promote integration between key activity areas
- Provide clear segregation of the roles and responsibilities of decision making bodies to prevent duplication or confusion

*For the Citizen:*

- Be democratic, open, transparent and easy to understand to ensure accountability
- Provide checks and balances

*For the Organisation:*

- Allow the council to meet its strategic objectives and determine appropriate policy direction
- Ensure clear entry points for decision making
- Ensure clarity of delegations and reporting lines.

## **5.5 Proposed Governance Structure for Wellington City Council**

Elected members, acting as the Council, are responsible for governance, including:

- setting strategic direction, through the development and adoption of council strategies and policies
- monitoring the performance of management in implementing Council strategies and policies
- prudent stewardship of council resources.

The goal of the proposed governance structure is to convert the governance role of Council, informed by the best practice governance principles, into a structure that enables the achievement of Council's vision and strategic goals. Given the breadth of Council's activities this inevitably entails some separation and categorisation of the governance framework.

The proposed governance structure detailed below has been designed to ensure that decision making and the conduct of business is done in a democratic, effective and efficient manner. It also ensures all elected members take part in decision-making on strategic and policy matters. It is very similar to that adopted by the Council at the beginning of the 2004/07 triennium. At the direction of the Council, that structure was reviewed after six months, some improvements were made to it, and it was used (with minor delegation changes) for the rest of that triennium.

### **The Rationale for the “One Committee” Governance Structure**

The governance structure used during the 2004/07 triennium, broadly based at committee level on the seven Strategy areas contained in the 2006/07 Long Term Council Community Plan (LTCCP) was developed with the aim of ensuring the governors of Wellington City were well placed for the challenges and opportunities of that triennium. It was designed to ensure democratic, effective, and efficient governance by delivering against three factors:

- the strategic imperative
- the financial imperative, and
- the democratic process imperative.

## ***The Strategic Imperative***

The 2007/2010 Council will have the task of shaping and approving the Council's next Long Term Council Community Plan (due 2009/2010). This will be an intensive exercise, covering among other things the review of community outcomes, and reassessment of the seven strategies, and associated funding allocations. As an added complexity, this task will be informed and influenced by the work coming out of the Wellington Regional Strategy, the ongoing pressures created by increasing community expectations for services matched by an increasing concern over how those services will be funded, and the overall goal of positioning Wellington as a creative and innovative internationally competitive city.

One of the key functions of those responsible for governance in any organisation is to take a 'helicopter' view of the organisation, to develop a complete understanding of the environment (statutory, economic, environmental, social and cultural) within which it operates, to listen to stakeholders, and on the basis of all that, to make strategy. It is harder for those exercising governance to take such a helicopter view, and to develop such a complete understanding, if they are operating in governance silos. It is easier to do that when everyone is sitting around the table at the same time, hearing the same information and feedback, and taking part in the same discussion. The adoption of a "committee of the whole" governance structure, based around a Strategy and Policy Committee with wide-ranging powers and functions, allows all elected members to take a helicopter view. Its success in doing this was shown through the development of the seven Council strategies, and associated 23 strategic priorities, as part of the LTCCP.

The regular work coming before Council will also be shaped and informed by the Council's key strategies. In many ways they are a framework for that advice – whether it be on parking policy, or support for the arts, or waterfront development, or housing or playgrounds policy. There will be a need for those preparing advice on these matters, and also for those considering and making decisions on that advice, to be able to place that advice within its strategic context, to see the interrelationships with other policies or projects, and to do that within a medium to long term horizon. Governance arrangements which allocate specific functions and responsibilities out to a range of subject or theme committees make doing this that much harder. It is much easier for elected members to develop and apply a holistic understanding of the business of council if that business is, as a matter of course, presented to them all, as a group, at the same time.

## ***The Financial Imperative***

In order to deliver on the vision of positioning Wellington as a creative and innovative internationally competitive city, a number of initiatives have been implemented or are planned, as articulated in the Council's Long Term Council Community Plan. At the same time, the City is committed to maintaining and improving its network and community infrastructure, and protecting and enhancing our "sense of place". This all has to be done within an environment where the ratepayers rightfully expect a good justification for every significant

spending decision, and where they observe equity in funding across all the activities of council.

The committee structure operated by Wellington City prior to 2004 did not support, as well as it could, an effective and fair cross-council resource allocation process. That structure, based around a number of “subject committees” covering such matters as built and natural environment, or economy and arts, in effect located functions and associated funding in separate committees, so that individual resourcing decisions took place in isolation from others. Under previous Councils, for example, the members of the Built & Natural Environment Committee, when considering ‘their’ Asset Management Plans (AMPs) and new initiatives, made what they considered to be prudent decisions that aligned with the Council’s strategic direction. At the same time, the members of the Community Health and Recreation Committee, when looking at ‘their’ AMPs and new initiatives, made what they considered to be similar prudent decisions. The reality is that, if all those AMPs and new initiatives were viewed together, within the context of a limited amount of funding and a shared understanding of the strategic vision, the same group of elected members may well have made different decisions.

In the 2004/07 triennium, the annual (and long term) planning and budgeting process has been very much enhanced by the operation of the Strategy and Policy Committee model. The Committee enabled all elected members as a group to look across all new initiatives, asset management plans, service level proposals and such like, and make strategic decisions based on that. Comparisons across Strategy areas were able to be made, and trade-offs identified. Everyone worked off a shared understanding in terms of the strategic context, the information supplied by officers, and the importance given to different new initiatives within the context of agreed strategic priorities.

In the new triennium, the Council is facing significant funding challenges, as it seeks to maintain quality network and community infrastructure and deliver on the strategic vision. A committee structure which allows all elected members to make key resource allocation decisions as a group, based on a shared platform of information and understanding, will assist in the City successfully managing that challenge. It will also ensure individual elected members are able to exercise an informed resource allocation decision-making role in all areas of the council’s operations.

### ***The Democratic Process Imperative***

One of the drivers for the adoption of the Strategy and Policy Committee model last triennium was concern over the way the committee structure operated towards the end of the 2001/04 triennium. Due to the amount of work to be dealt with, and the required pace of decision-making, a significant number of additional meetings had to be scheduled. In 2003, for example, 69 meetings of Council and the standing committees were formally scheduled, but in the end 116 actually took place. Elected members expressed frustration at the large number of additional and extraordinary meetings, as it compromised their ability to plan their lives outside Council, and attend to other commitments.

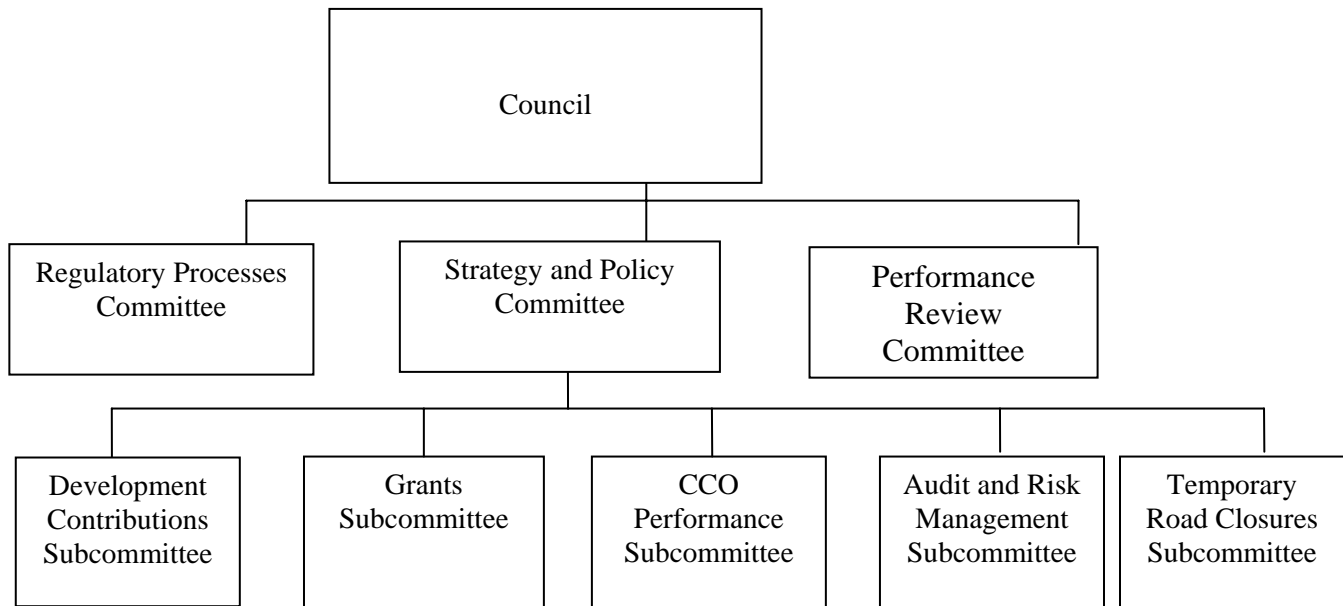
At the beginning of the 2004/07 triennium it was agreed that a structure based on regular, weekly, meetings of the main decision-making body would, in the vast majority of cases, negate the need for holding additional and extraordinary meetings. It is significant to note that for the entire 2004/07 triennium, there were only three extraordinary meetings of SPC, and two of those were able to be scheduled at the same time as other meetings. In addition, because SPC met twice a week, for the first three weeks of the month, officers were able to schedule additional ordinary or extraordinary meetings for other committees and subcommittees (e.g., Regulatory Processes Committee) at the same time as regularly scheduled SPC meetings, avoiding the need to unnecessarily disrupt elected members' diaries.

The operation of the Strategy and Policy Committee model has also allowed all elected members to be involved in debate and decision-making on a significant amount of the business that comes before the Council. The operation of the 2001/04 subject or theme committee structure meant that, from time to time, and on some reasonably important matters, some Councillors were denied an opportunity to take part in discussion and decision-making on some decisions, or were faced with having to seek to make 11<sup>th</sup> hour changes when the item finally came before Council. Not all Councillors were members of all committees, thereby meaning that they were excluded from some decision-making. The reality was that if a Councillor was not a member of a particular committee which was discussing an item that they had strong views on, then in many cases they would not have had an opportunity to move a motion or amendment in relation to, or vote, on that matter. The SPC model, which ensured all Councillors were members of the main decision-making body, addressed this problem. In 2003, under the old committee structure, elected members were only able to be involved in around 50% of decisions. Under the SPC model, elected members are involved in a significant majority of the decisions made.

### **The Proposed Governance Structure:**

Figure 2 outlines the proposed governance structure for Wellington City Council for the 2007/10 triennium. It is proposed that under Council, three committees and five subcommittees be established. The full terms of reference/delegations are set out in Appendix 1. The structure – in particular through the re-establishment of the Strategy and Policy Committee - is designed to meet the strategic, financial and democratic process imperatives outlined above.

Figure 2



## **Council**

Council is the paramount governing body which includes all elected members. It retains all powers that cannot be delegated plus those judged to be of such significance that they should continue to be exercised by Council. Council also provides a check and balance on decisions made by committees.

Powers that cannot be delegated include the power to:

- make a rate;
- make a bylaw;
- borrow money or purchase or dispose of assets, other than in accordance with the Long Term Council Community Plan (LTCCP);
- adopt a LTCCP, annual plan, or annual report;
- appoint a Chief Executive;
- adopt policies required to be adopted and consulted on under the Local Government Act 2002.

Under statute, Council also cannot delegate other responsibilities, such as approving changes to Standing Orders, and making decisions on representation arrangements. Finally, it is proposed that Council retain powers in relation to the establishment and terms of reference of subordinate governance bodies, making decisions on some appointment and remuneration matters, and approving Council strategy and policy.

## **Strategy and Policy Committee (SPC)**

The Strategy and Policy Committee (SPC), which would be a “committee of the whole”, is the forum where draft policies and strategies, and proposed projects and initiatives, are discussed and, in many cases, decisions made. The Strategy and Policy Committee will have the authority to decide on **all** matters, apart from those:

- specifically retained by Council
- delegated to the Regulatory Processes Committee, the Performance Review Committee, the Grants Subcommittee, the Council Controlled Organisation Performance Subcommittee, the Audit and Risk Management Subcommittee, the Development Contributions Subcommittee and the Temporary Road Closures Subcommittee
- delegated to any other committee/subcommittee/board that Council may establish from time to time
- delegated to the Chief Executive.

The Strategy and Policy Committee has the authority and role to make recommendations to Council on any matters before Council for which Council retains the power to act. While it is proposed that Council retain the power to agree strategy and policy, it is proposed that the SPC be the place where that strategy and policy is developed for consultation, where the community can have its say on the draft strategy and policy (e.g. through written and oral submissions), and where draft strategy and policy is finalised prior to being referred to Council for formal sign-off.

The Strategy and Policy Committee can delegate to an ad hoc subcommittee the power to conduct hearings on its behalf and report back any recommendations.

## **Regulatory Processes Committee (RPC)**

The Regulatory Processes Committee has responsibility for overseeing Council’s regulatory functions. The Committee has primary responsibility for:

- approving the list of hearings commissioners
- supervising the conduct of statutory hearings on regulatory matters, and undertaking those hearings when they are not undertaken by hearings commissioners
- supervising and making decisions and recommendations on the administration of the District Plan change process
- accepting, adopting or rejecting private plan change applications.

## **Performance Review Committee (PRC)**

The Performance Review Committee has primary responsibility for matters relating to the performance management and remuneration of the Chief Executive Officer.

## **Audit and Risk Management Subcommittee (ARMS)**

The Audit and Risk Management Subcommittee monitors the Council’s financial

management and reporting and reviews the audit and risk function, ensuring the existence of sound external and internal programmes.

### **Council Controlled Organisation (CCO) Performance Subcommittee (CCOPS)**

The CCO Performance Subcommittee has overall responsibility to advise and make recommendations on Council Controlled Organisation (CCO) business plans and statements of corporate intent, and monitor the performance of CCOs against those plans.

### **Grants Subcommittee (Grants)**

The Grants Subcommittee has primary responsibility for the allocation and effective monitoring of council's grants.

### **Development Contributions Subcommittee (DevCon)**

The Development Contributions Subcommittee assists with the development of the Council's Development Contributions Policy, and makes decisions on applications for remission and/or postponement.

### **Temporary Road Closures Subcommittee (TRC)**

The Temporary Road Closures Subcommittee has primary responsibility for approving temporary road closures.

In the last triennium, Council also established a Waterfront Development Subcommittee. The role of the Subcommittee was to:

- develop and approve the Waterfront Development Plan that includes broad priorities for work and projected activities for the year;
- conduct public engagement/consultation processes as required;
- develop and approve performance briefs for individual areas or sections of work;
- approve detailed designs;
- monitor implementation including approval of variations from approved designs;
- review and make recommendations to Wellington Waterfront Ltd on their waterfront project business plan.

Towards the end of the last triennium, the Strategy and Policy Committee agreed to recommend to the incoming Council that, with many aspects of the Waterfront Development Plan now finalised, there is no longer a need for a separate Waterfront Development Subcommittee, and that it should be disestablished. Officers have considered what work remains in this area, and agree that there is no need for a separate Waterfront Development Subcommittee in the 2007/10 triennium. Any remaining business in this area will instead be brought to the Strategy and Policy Committee.

### ***Appointments Group***

In the last triennium the Appointments Group was established to interview and select external candidates for appointment to Council Controlled Organisations. Council, under its delegations, approved the appointments. It is proposed that the process of interviewing and selecting candidates continue to be done through a separate delegation from Council to an Appointments Group,

consisting of the Mayor, the Chair of the Council Controlled Organisation Performance Subcommittee, the relevant Portfolio Leader, and the Chief Executive.

### **Use of Ad Hoc Bodies**

Under this governance structure, Council would still have the ability to set up ad hoc committees and subcommittees, or other subordinate decision-making bodies, if it wished. This provision can be used in relation to particularly high profile, or time-intensive, issues (e.g., hearings on a particular matter such as the Annual Plan).

### **Use of Workshops, Working Parties and Briefings**

Council can also make use of workshops and working parties, and briefings, to progress matters outside of the formal structure of a committee meeting. Working parties are a particularly useful way for officers and elected members to work together on complex policy matters, or projects, and ensure initiatives and proposals are well-developed and tested before they are formally presented to elected members for discussion and decision-making. Under our arrangements, working parties do not usually have decision-making authority, so they are required to report back on their work and proposals for action to a committee or Council. Through briefings, elected members can be informed about topical issues, or matters that will at some stage in the future be the subject of a formal report to a committee.

### **Resource Management Act 1991 Matters**

Council has many functions under the Resource Management Act (RMA) 1991 that are either exercised by Council itself, officers, or hearing commissioners. The key resource management delegation issues that arise when considering governance arrangements and delegations are:

- the process for making decisions on plans and plan changes
- the process for making decisions on notified and limited notified resource consent applications, designations, heritage orders and district plan changes and the process for appointing hearings commissioners
- the delegation of all other RMA functions to the Chief Executive, to enable the efficient administration of the Council's RMA functions, duties and powers.

It is proposed that, in relation to plan changes, SPC have the authority to notify plan changes, and that Council retain the power to approve the hearings commissioners decision on plan changes. Persons sitting as hearings commissioners will have the necessary functions, duties and powers to conduct hearings and, in the case of plan changes, make a recommendation to Council, and in the case of resource consents, designations and the like, make a decision.

It is proposed that Council agree to the appropriate delegation under section 34A of the Resource Management Act 1991. It is also proposed that Council delegate to the Chair of the Regulatory Processes Committee, in consultation with the Mayor, the authority to appoint hearings commissioners from the

Council list of approved persons. This is reflected in the terms of reference for the Regulatory Processes Committee. Provision has also been made to enable independent hearings commissioners to be used to make notification decisions, in the event that circumstances arise where the Chief Executive believes that it is necessary and appropriate to do so.

## **5.6 Meeting Schedule and Workload**

It is proposed that meetings of the Strategy and Policy Committee would occur on the first, second and third Thursdays of every month and convene for a full day. It is proposed that on the Thursday, meetings run from 9.15 – 4.00pm, with a lunch break of one hour from around 12.30 – 1.30pm. In addition, again unless urgently required, there would be no meetings in late-December/early January and in the period immediately following the completion of the Annual Plan. As is the case now, from time to time longer meeting periods will be required to deal with particular processes (e.g. consideration of, hearings on and approval of the Long Term Council Community Plan/Annual Plan).

One of the initiatives adopted last triennium as part of the Strategy and Policy Committee model was to split the briefing and questions of officers on reports, from the actual debating and decision-making on them. A pre-meeting briefing session was held on the Tuesday morning, at which officers would give presentations on the more complex or significant reports, and all report authors would be available to answer any questions on the matters covered in all their reports. The actual meeting was held all day on a Thursday, at which elected members debated each report, and voted on the recommendations contained in them. The split over two days – with a gap in between – allowed elected members to follow-up with officers any issues that they wished to resolve prior to debate and decision-making on the Thursday, and enabled them to hold further discussions with colleagues on the reports and associated recommendations. This Tuesday/Thursday approach was well-received by elected members last triennium, and it is proposed that we continue with it for the 2007/10 triennium. Members of the public are able to attend the pre-meeting briefing if they wish, although they are asked to leave if the matters to be discussed relate to Public Excluded reports.

A mock-up of a timetable, showing meeting cycles for the Committee, is attached as Appendix 2. The timetable proposes that Mondays and Fridays be kept clear of formal commitments as much as possible.

Effective agenda management is critical to the success of the functioning of the Strategy and Policy Committee. Agenda meetings will be arranged two weeks prior to the Committee meeting. At the agenda meetings, the Chair of the SPC, Portfolio Leaders and officers will review the proposed agenda, clarify any procedural matters (e.g. the involvement of external parties in relation to any item), and note what reports will require a presentation, will need to be referred to Council for final decision, and such like.

In terms of frequency, meetings of the other committees and subcommittees (i.e., Regulatory Processes Committee, Performance Review Committee, Council Controlled Organisation Performance Subcommittee, Development

Contributions Subcommittee, Audit and Risk Management Subcommittee, Grants Subcommittee, Temporary Road Closures Subcommittee) would be scheduled less frequently. For example, last triennium some subcommittees met once a quarter, while the Regulatory Processes Committee met no more than once a month. However, as noted above, the aim would be, as much as possible, to schedule them on a Tuesday or Wednesday, keeping Monday and Friday free of formal meetings.

Council would meet monthly, on the evening of the last Wednesday of every month. In addition to any general business, it would deal with matters referred to it from three previous rounds of SPC meetings, and any matters referred to it from the Regulatory Processes Committee.

When workshops and briefings need to be scheduled, officers propose that, if possible, these be booked for Wednesday, or at some time in that Tuesday to Thursday block of time.

## **5.7 Portfolio Leaders**

At the beginning of the 2004/07 triennium, the Council appointed seven Portfolio Leaders to provide political policy leadership, external representation and communication, and liaison with officers working on projects and policies in identified areas. The areas were:

- Economy
- Environment
- Social
- Culture and Arts
- Urban Development
- Transport
- Governance, Communication and Participation

Experience has shown that there are strong linkages between transport and urban development. This has been reflected in the internal management and business unit structure of the Council. It makes sense, therefore, to combine the two portfolios. During the course of the last triennium, it also became clear that the Council needed to focus more on issues and work around climate change. Given this, in addition to appointing the Chair of the Strategy and Policy Committee, it is proposed that for the 2007/2010 triennium, Council appoint seven Portfolio Leaders with responsibilities relating to strategy and policy in the following areas:

- Economic Development and Recreation
- Environment
- Social
- Culture Wellbeing
- Urban Development and Transport
- Climate Change
- Governance.

The proposed seven areas are:

1. The four well-beings (**social, economy, environment and culture**) that in Section 10(b) of the Local Government Act 2002 define the purpose of local government.
2. A number of macro issues that cross all four well-beings - namely, **urban development and transport, and climate change**. These issues are of key importance to the city, and sectors within it, and rate high in terms of strategic priority.
3. The area of **governance**, which includes within its scope engagement, consultation and communication, Manawhenua partnerships, city governance and decision making, and election related matters.

Appendix 4 outlines in greater detail the outcomes and activities under each area.

It may well be that, going forward, it becomes clear that there are other areas of council business which should be lead by a Portfolio Leader. An example is housing, where in around six months' time, we will have a better appreciation of the work that will need to be done in this area. For this reason, in particular, it is proposed that governance arrangements and associated matters be reviewed in six months' time.

It is proposed that the Chair of the SPC would be responsible for the LTCCP/Annual Plan process, and all other matters not the responsibility of one of the other Portfolio Leaders or the Chairs of other Committee and Subcommittees.

The main responsibilities of the Portfolio Leaders would be:

- *Policy Leadership*: to provide guidance to colleagues on issues and reports from within a particular Strategy area. Portfolio Leaders will move reports from their area of responsibility, advocate for them, explain and clarify matters to colleagues and, where necessary, introduce reports at Council. Portfolio Leaders will also facilitate informal policy discussions between elected members, and elected members and officers, on matters within their area of responsibility.
- *External Representation and Relationships*: to represent the Council at meetings of pan-Council working groups, and other external organisations and groups, and contribute to the work carried out by such organisations and groups. Attend official functions within their area of responsibility, and represent the Mayor on those occasions when the Mayor and Deputy Mayor are unable to attend.
- *Communication*: to act as the Committee's principal spokesperson in communicating to the media and public the official policy of the Council (or in the absence of official policy, commenting in a manner consistent with the

Council's strategic direction) on items relating to their respective area of activity.

- *Officer Liaison*: to act as the point of contact for officers in supporting the work programme in their area of activity.
- *Meeting Preparation and Follow-Up*: to attend agenda meetings, ensure satisfactory presentations are under preparation, ensure media issues have been addressed, and following a meeting make sure key issues and decisions are clearly communicated to the media and public.
- *Conduct of Meetings*: in the absence of the Chair and Deputy Chair (if appointed) of the Strategy and Policy Committee, to act as Chairperson of the meeting.

The Portfolio Leader's additional responsibilities would be recognised through the proposed remuneration schedule.

## **5.8 Remuneration**

From the day after the formal declaration of results, remuneration for elected members has been as follows:

- Mayor: \$146,178
- Councillor: \$52,000.

This will continue until the Remuneration Authority approves any new remuneration structure proposed by Council. It is intended that a separate report on a proposed remuneration structure be put on the agenda of the 8 November 2007 Council meeting. It is proposed that remuneration bands be established, for positions like Deputy Mayor, Portfolio Leader, Chair of a committee, Chair of a subcommittee and Councillors.

## **5.9 Chief Executive Delegations**

In addition to the statutory responsibilities conferred on the Chief Executive under section 42 of the Local Government Act 2002, the Council has previously delegated to the Chief Executive powers and authorities other than those retained by Council, or contained within the delegations to committees or other subordinate decision-making bodies or community boards, subject to any legal limits on the Council's ability to do so, provided that the Chief Executive acts within the law, Council policy (as approved from time to time) and the Annual Plan.

The Long Term Council Community Plan and Annual Plan provide the basis for almost all delegations once approved by Council. Operational and capital expenditure budgets, fees and charges, service levels, specific projects, and other significant requirements are approved by the Council following public consultation. The Chief Executive and management are then authorised to proceed to make all arrangements in line with those authorities.

The Chief Executive is currently authorised to put arrangements in place and to spend up to the budget levels set out in the approved Annual Plan for each Strategy area. In addition, the Chief Executive is authorised to work within the following tolerance levels, in order to ensure effective and efficient delivery of the approved Plan:

- if it becomes known that the budget for a Strategy area will be exceeded by an amount no greater than 5% for that year, but the overall Annual Plan budget level can be maintained, the Chief Executive will have the authority to approve budget transfers between Strategy areas;
- if it becomes known that an individual CAPEX project in the Annual Plan will be exceeded by an amount no greater than 10% for that year, the Chief Executive will have the authority to approve that expenditure, as long as the overall CAPEX budget for the year is not exceeded;
- the Chief Executive will have the authority to approve unbudgeted CAPEX where the incurring of the expenditure relates to purchases required for health and safety or other essential legislative compliance reasons.

The delegation above also includes the delegation of all powers under the Resource Management Act 1991, except those expressly and exclusively assigned to Council, its committees or subcommittees, or hearings commissioners, or unable to be delegated under the Resource Management Act 1991.

## **6. Conclusion**

Elected members, acting as the Council, are responsible for governance, including:

- setting strategic direction, through the development and adoption of council strategies and policies
- monitoring the performance of management in implementing Council strategies and policies
- prudent stewardship of council resources.

The goal of a governance structure is to convert the governance roles of Council, informed by best practice governance principles, into a structure that enables the achievement of Council's strategic vision and goals. Given the breadth of Council's activities, this inevitably entails some separation and categorisation of the governance framework.

There are three key factors which underpin the proposed governance structure: the strategic, financial and democratic process imperatives. The "one committee" model based around the Strategy and Policy Committee stops governance silos from developing, promotes integrated decision-making, enables a faster response to issues and opportunities and provides officers with an improved ability to keep elected members informed and involved in key issues. It also allows elected members to develop and hold a consolidated financial view of the organisation, to optimise funding across Council activities, and be prudent stewards of Council resources. Finally, the structure provides Councillors with an increased opportunity to make decisions, balance workloads among elected members, creates greater certainty in terms of formal meeting commitments of elected members, and facilitates effective policy leadership and debate.

The proposed governance structure contained in this report has been designed to ensure that decision making and the conduct of business is done in a democratic, effective and efficient manner. It ensures all elected members take part in decision-making on strategic and policy matters. It also maintains the strengths of the governance structure used during the 2004/07 triennium, and ensures the Council is well placed for the challenges and opportunities of the 2007/10 triennium.

Contact Officer: *Michael Webster, City Secretary.*

<b>Supporting Information</b>
<p><b>1) Strategic Fit / Strategic Outcome</b>  <i>This project supports Outcome 7.2.B – More actively engaged: Wellington will operate an open and honest decision making process that generates confidence and trust in the democratic system.</i></p>
<p><b>2) LTCCP/Annual Plan reference and long term financial impact</b>  <i>The project relates to C534: Elections, Governance and Democratic Process.</i></p>
<p><b>3) Treaty of Waitangi considerations</b>  <i>Not applicable</i></p>
<p><b>4) Decision-Making</b>  <i>This is not a significant decision.</i></p>
<p><b>5) Consultation</b>  <b>a) General Consultation</b>  <i>Not applicable</i></p> <p><b>b) Consultation with Maori</b>  <i>Not applicable</i></p>
<p><b>6) Legal Implications</b>  <i>The advice in this report has been discussed with the Council's legal advisors.</i></p>
<p><b>7) Consistency with existing policy</b>  <i>This report is consistent with existing policy.</i></p>