
REPORT 1
(1215/11/IM)

REVIEW OF GOVERNANCE ARRANGEMENTS AND RELATED MATTERS

1. Purpose of Report

The purpose of this report is to propose an amended governance structure that reflects:

- the priorities of elected members for the 2007/10 triennium
- the current and forward work programme for the Strategy and Policy Committee (SPC)
- the areas of key strategic focus, going forward into the preparation and implementation of the Council's next Long Term Council Community Plan (LTCCP).

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.

The Council approved the current governance arrangements at its meeting on 6 November 2007. At that time, the Mayor signalled that she wished to review the details of those governance arrangements within six months, in order to ensure they reflected the agreed strategic direction and associated workload.

The Council agreed to this review. Since then:

- elected members have discussed their proposed strategic direction and work priorities at their strategy sessions
- elected members have been briefed and provided feedback on the strategic opportunities and pressures that the Council faces as it prepares for its next Long Term Council Community Plan (LTCCP) process
- officers have, in response, developed a forward work programme for the Strategy and Policy Committee and an engagement plan for the LTCCP process
- the Mayor has met with elected members to discuss proposed changes to the current governance arrangements.

Arising out of those discussions, the following changes are proposed:

- appointment of a new Chair of the Strategy and Policy Committee (SPC), and appointment of a Deputy Chair
- disestablishment of the current Cultural Wellbeing, Climate Change and Sense of Place, Environment, and Governance portfolios, and their replacement with the following portfolios:
 - Governance, Engagement and Cultural Wellbeing
 - Environment and Climate Change
- in acknowledgement of the significant amount of work to be done in two portfolio areas, establishment of Associate Portfolio Leaders for the Urban Development and Transport, and Social portfolios
- the making of any consequential appointments.

3. Recommendations

It is recommended that Council:

1. *Receive the information and agree to reviewing and making changes to the current governance arrangements.*
2. *Note that no changes are proposed to the current committee structure and associated terms of reference and delegations other than to the number and type of Portfolio Leaders as set out in the terms of reference of the Strategy and Policy Committee.*
3. *Agree to appoint a new Chairperson to the Strategy and Policy Committee, with effect from 1 July 2008.*
4. *Agree to appoint a Deputy Chairperson to the Strategy and Policy Committee, with effect from 1 July 2008.*
5. *Note that no change is proposed to the responsibilities of the Urban Development and Transport, Economic Development and Recreation, and Social portfolios.*
6. *Agree to disestablish the current Cultural Wellbeing, Climate Change and Sense of Place, Environment, and Governance portfolios, and replace them with the following portfolios:*
 - *Governance, Engagement and Cultural Wellbeing*
 - *Environment and Climate Change.*
7. *Agree to appoint a Portfolio Leader to the following new portfolios, with effect from 1 July 2008:*
 - a) *Governance, Engagement and Cultural Wellbeing*
 - d) *Environment and Climate Change.*
8. *Agree to appoint Associate Portfolio Leaders to the following portfolios, with effect from 1 July 2008:*
 - a) *Urban Development and Transport*
 - b) *Social.*

9. *Delegate to the Mayor, in consultation with each Portfolio Leader and Associate Portfolio Leader, responsibility for preparing a formal letter setting out the role of each Associate Portfolio Leader, any delegated responsibilities, and relevant working arrangements.*
10. *Agree to make any consequential appointments, and changes to committee/subcommittee terms of reference, arising out of the preceding appointments.*

4. Background

When the Council agreed to the current governance structure and appointments at the beginning of the 2007/10 triennium, it was agreed that those would be reviewed within six months, in order to ensure they reflected the strategic direction and work priorities of the Council. Since that time:

- elected members have discussed their proposed strategic direction and work priorities at their strategy sessions
- elected members have been briefed and provided feedback on the strategic opportunities and pressures that the Council faces as it prepares for its next LTCCP process
- officers have, in response, developed a forward work programme for the Strategy and Policy Committee and an engagement plan for the LTCCP process.

The Council is also required to approve a remuneration proposal, for submission to the Remuneration Authority, for the 2008/09 year. This is scheduled to be approved at the Council meeting on 30 April 2008. In order to do that, Council must first approve the governance structure that will then be reflected in officer's advice on the remuneration proposal.

5. Discussion

5.1 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 a 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.

There is a general consensus that the "one committee of the whole" model continues to achieve the strategic, financial and democratic process imperatives set for it at the beginning of the 2007/10 triennium. There is also agreement

that, overall, the committee structure and delegations are appropriate going forward. However, the work carried out on strategic direction and workloads suggests that there needs to be a reassessment of the number and type of portfolios, and raises the question of whether the creation of Associate Portfolio Leader positions would assist in carrying out the complex responsibilities of the larger portfolios.

5.2 Portfolio Leaders, Associates and Consequential Changes

At the beginning of the 2007/10 triennium, Council appointed seven Portfolio Leaders with responsibilities relating to strategy and policy in the following areas:

- Economic Development and Recreation
- Environment
- Social
- Cultural Wellbeing
- Urban Development and Transport
- Climate Change and Sense of Place
- Governance.

The experience of the previous triennium was that there were strong linkages between transport and urban development. Given this, the decision was made to combine the two strategy areas into one portfolio of Urban Development and Transport. 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. Council agreed to establish a portfolio with responsibility for Climate Change and Sense of Place.

The main responsibilities of the Portfolio Leaders are:

- *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.

Portfolio Leaders' additional responsibilities are recognised through the remuneration schedule.

As noted above, the structure of seven portfolios reflected the then strategic direction and work programme. At the time the Mayor noted that the number and type of portfolios would be reviewed within six months in order to ensure the portfolios reflected strategic priorities and workload.

The results of that review are as follows:

- the decision to combine the urban development and transport areas into one portfolio is still, from a strategic perspective, the best approach, but has resulted in a significant workload in this area, which will continue going forward
- the workload in the social portfolio area is also significant, and growing in complexity with issues around community facilities, social concerns (e.g., liquor control, city safety), and such like
- the work done by elected members on strategic direction and work priorities, combined with the work done on new approaches to citizen engagement, suggests an increased workload in the area of engagement, and this needs to be reflected at portfolio level
- the Cultural Wellbeing and Climate Change portfolio areas do not individually generate a large amount of new policy proposals for consideration. They will, however, continue to be key areas of focus going forward. Sense of Place is essentially cross-portfolio in nature, and any work in this area is best dealt with on that basis

Given this, the following is proposed:

- bringing together the responsibilities of the Environment and Climate Change portfolios into one portfolio
- adding responsibility for engagement to the existing Governance portfolio, and combining it with Cultural Wellbeing
- appointment of Associate Portfolio Leaders to the portfolios of Urban Development and Transport, and Social. Associate Portfolio Leaders will assist Portfolio Leaders to carry out tasks relating to those portfolios, and it is envisaged would be given responsibility for particular areas within each portfolio. It is proposed that Council delegate to the Mayor, in consultation with each Portfolio Leader and Associate Portfolio Leader, responsibility for preparing a formal letter setting out the role of each Associate Portfolio Leader, any delegated responsibilities, and relevant working arrangements.

Appointment of elected members to some of these positions (Portfolio Leader/Associate Portfolio Leader) may in turn create vacancies in other governance positions, which Council will then need to make decisions on.

Appendix 1 outlines the LTCCP activities under each portfolio area. Each area is, of course, also responsible for a range of other strategies, policies and plans.

5.3 Remuneration

The Council is required to approve a remuneration proposal, for submission to the Remuneration Authority, for the 2008/09 year. This is scheduled to be approved at the Council meeting on 30 April 2008. In order to do that, Council must first approve the governance structure that will then be reflected in officer's advice on the remuneration proposal.

A report on a proposed remuneration structure will go to the 30 April 2008 SPC meeting and then to Council. It will contain proposals for remuneration for the following positions: Deputy Mayor, Portfolio Leader, Chair of a committee, Chair of a subcommittee, Associate Portfolio Leader, and Councillor.

5.4 Property Related Matters

Elected members have also indicated some concern over the potential for confusion as to which Portfolio Leader is responsible for property-related reports. Currently, the Economic Development and Recreation Portfolio Leader is responsible for "property matters not covered by other portfolios or a chair of another Committee or Subcommittee." Questions have arisen, from time to time, over how that responsibility meshes with the responsibilities of the Urban Development and Transport, and Environment, Portfolio Leaders.

In order to clarify where responsibility lies, officers will work on the following basis when allocating responsibility for reports:

- property proposals which have an environmental outcome as the key driver (e.g. land swaps to create a walking track) will be allocated to the Environment and Climate Change portfolio
- property proposals which have an urban development or transport outcome as the key driver (e.g. land swaps to facilitate construction of a new road) will be allocated to the Urban Development and Transport portfolio
- property proposals which have a commercial or revenue outcome as the key driver (e.g. encroachments, ground leases) will be allocated to the Economic Development and Recreation Portfolio Leader.

5.5 Responsibility for Council's Financial Policies and Monitoring

A further matter raised as part of the review of governance arrangements and related matters was where responsibility for financial policies and monitoring sits within the structure. The following is noted:

- since 2004, with the establishment of the Strategy and Policy Committee (SPC), SPC took over the responsibilities of the old Finance and Corporate Committee as follows:
 - approving policy, if not delegated to a subcommittee, in respect of financial reporting
 - reviewing and approving all new borrowings approved in the LTCCP in accordance with the Revenue and Financing Policy
 - monitoring the financial management of the Council's borrowings and investments in accordance with Council's revenue and financing policy and investment policy
 - reviewing and recommending to Council the adoption of the Annual Report
- the Quarterly Report that is referred to SPC contains a wealth of data on financial performance, and a consolidated financial overview
- the Audit and Risk Management Subcommittee has the authority to:
 - consider – and seek advice from external and internal auditors on – the processes for ensuring the completeness and quality of financial and operational information that is provided to Council
 - consider the appropriateness of the Council's existing accounting policies and principles and any proposed changes
 - enquire of the internal and external auditors for any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by management in response to the above
 - satisfy itself that the financial statements are supported by appropriate management signoff of the statements and on the adequacy of the systems of internal control.

Given this, no changes are proposed to the terms of reference/delegations relating to financial policies and monitoring.

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.

The governance structure and associated matters has been reviewed in the light of:

- the priorities of elected members for the 2007/10 triennium

- the current and forward work programme for the Strategy and Policy Committee
- the areas of key strategic focus, going forward into the preparation and implementation of the Council's next Long Term Council Community Plan (LTCCP).

A range of changes are proposed to ensure that the Council is well placed to continue with developing and implementing the vision of an affordable, internationally competitive city.

Supporting Information

1) Strategic Fit / Strategic Outcome

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.

2) LTCCP/Annual Plan reference and long term financial impact

The project relates to C534: Elections, Governance and Democratic Process.

3) Treaty of Waitangi considerations

Not applicable

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

Not applicable

b) Consultation with Maori

Not applicable

6) Legal Implications

The advice in this report has been discussed with the Council's legal advisors.

7) Consistency with existing policy

This report is consistent with existing policy.

APPENDIX 1

Portfolio Leader Responsibilities

Urban Development and Transport	
1.1.1	Provider – Urban planning and policy development
1.2.1	Provider – Smart growth
1.3.1	Regulator – Development control and facilitation
1.4.1	Regulator and funder – Earthquake risk mitigation
1.4.2	Regulator – Building control and facilitation
1.5.1	Funder – Waterfront development
1.5.2	Provider – Public space and centre developments
1.5.3	Funder and facilitator – Heritage development
2.1.1	Provider – Car parking
2.1.2	Provider – Transport planning
2.2.1	Advocate – Regional transportation
2.2.2	Facilitator and funder – Ports access
2.3.1	Provider – Travel demand management planning
2.3.2	Provider – Roads open spaces
2.4.1	Provider – Vehicle network
2.4.2	Provider – Cycle network
2.4.3	Provider – Passenger transport network
2.4.4	Provider – Pedestrian network
2.4.5	Provider – Network-wide control and management
2.5.1	Facilitator and funder – Road safety
Economic Development and Recreation	
3.1.1	Funder – Tourism promotion
3.1.2	Funder – visitor attractions (see also environmental attractions)
3.1.3	Provider – Convention centre
3.2.1	Facilitator – Suburban and city centres vitality
3.3.1	Funder – Events attraction and support
3.4.1	Facilitator – Information and communication infrastructure
3.4.2	Facilitator – Transport gateway connections
3.5.1	Funder – Positively Wellington Business
3.5.2	Funder – Economic grants
3.6.1	Facilitator and promoter – Creative workforce
3.7.1	Facilitator – Regional and external relations
6.1.2	Facilitator – Recreation partnerships
6.3.3	Provider – Recreation programmes
6.4.1	Provider – Swimming pools
6.4.2	Provider – Sports fields
6.4.3	Provider – Recreation centres
6.4.5	Provider – Marinas

APPENDIX 1

Environment and Climate Change	
4.1.1	Provider – Local parks and open spaces
4.2.1	Provider – Botanical gardens
4.2.2	Provider – Beaches and coast operations
4.2.3	Provider – Town belts
4.3.1	Facilitator and funder – Community environmental initiatives
4.4.1	Provider – Walkways
4.5.1	Facilitator – Energy efficiency and conservation
4.5.2	Provider – Quarry
4.5.3	Provider – Recycling
4.5.4	Provider – Waste minimisation and disposal management
4.5.5	Provider – Water network
4.6.1	Funder – Water collection and treatment
4.6.2	Provider – Stormwater management
4.6.3	Provider – Sewage collection and disposal network
4.6.4	Provider – Sewage treatment
4.7.1	Funder and facilitator – Stream protection
4.7.2	Provider – Pest plant and animal management
4.8.1	Funder – Environmental and conservation attractions
Social and Recreation	
6.1.1	Community housing
6.2.1	Facilitator – Implementation of the homelessness strategy
6.2.2	Provider – Community advocacy
6.3.1	Funder – Access support
6.3.2	Funder – Social and recreational grants
6.4.4	Provider – Playgrounds
6.4.6	Provider – Community centres and halls
6.4.7	Provider – Community ICT access
6.4.8	Provider – Libraries network
6.5.1	Provider – Burials and cremations
6.5.2	Provider – Public toilets
6.5.3	Regulator – Public health
6.6.1	Facilitator and funder – City safety
6.6.2	Provider – Wellington Emergency Management Office
Governance, Engagement and Cultural Wellbeing	
7.1.1	Facilitator – Consultation and communication
7.2.1	Facilitator – Mana Whenua partnerships
7.2.2	Provider – City governance and decision making
7.2.3	Provider – Civic information
5.1.1	Provider – City archives
5.1.2	Provider – Promotion of heritage landmarks
5.2.1	Funder and provider – Arts and cultural festivals
5.2.2	Funder – The NZ International Arts Festival
5.2.3	Funder – Cultural grants
5.3.1	Funder – Access and support for community arts
5.4.1	Funder – City galleries and museums
5.4.2	Facilitator – Arts partnerships