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**REPORT 2**  
*(1215/52/IM)*

## **AMENDED TERMS OF REFERENCE TO REFLECT THE NEW GRANTS FRAMEWORK**

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

The purpose of this report is to provide amended terms of reference for the Grants Subcommittee and Strategy and Policy Committee as a consequence of the new grants framework.

### **2. Executive Summary**

The Strategy and Policy Committee (SPC) and Grants Subcommittee terms of reference require review to define their decision making roles within the new grants framework. Where previously grants had been allocated on a contestable/non-contestable basis, there are now three types of grants: annual plan line items, three year funding contracts and annual grants. This process is complicated by the fact that both annual grants and three year funding contracts are funded from the same four pools.

Officers recommend that the updated terms of reference delegate the Grants Subcommittee the authority to approve annual grants and make recommendations to SPC regarding the approval of three year funding contracts. It is proposed that SPC have the authority to approve three year funding contracts. It is also recommended that the Grants Subcommittee make recommendations to SPC for approval of priorities for spending across the economic, environmental, social and cultural grants pools.

Built Heritage Incentive fund grants need to be added to SPC terms of reference as these were delegated on 12 October 2006 and two three-year contracts also need to be reconfirmed by SPC for the upcoming year.

### **3. Recommendations**

It is recommended that the Strategy and Policy Committee:

- 1. Receive the information.*

2. *Recommend that Council agree to the revised terms of reference of the Strategy and Policy Committee and the Grants Subcommittee as attached at Appendix One of this report.*
3. *Note that Long Term Council Community Plan/Annual Plan line item grants are recommended to Council by the Strategy and Policy Committee as part of the Annual Planning process.*
4. *Agree that for the 2007/08 financial year the Fringe Festival and Katherine Mansfield Birthplace be offered three year contracts.*

## **4. Background**

In 2005 the Grants Subcommittee and the Strategy and Policy Committee (SPC) resolved over several meetings to amend the grants framework so that the scheme was more closely aligned with Wellington City Council's strategic outcomes.

The grants framework enables the Council to ensure particular activities occur without the direct provision of services. Where the previous grants framework had evolved over time to allow for contestable and non-contestable funding across nine grants pools, the new framework identified three types of grants that were issued by the organisation: annual plan line items for external organisations, three year funding contracts and grants applied for and issued on an annual basis. Rather than being allocated from nine grants pools, grants funding was rearranged into four pools (representing the four well beings – economic, environmental, social and cultural) across which priorities for spending were decided by SPC.

The guiding distinctions between the funding of the three types of grants were:

- For an organisation to be resourced through the Annual Plan/LTCCP, that organisation should be regarded as a feature of Wellington and its unique sense of place. Its funding is likely to be of a magnitude that justifies its inclusion in the Annual Plan consultation process.
- Organisations funded through a three year contractual arrangement are likely to represent core business of the Council or directly contribute to Council's strategic or policy goals. This includes organisations whose activities are such that the Council has an interest in influencing those activities.
- Annual grants should be focussed upon short term projects by organisations that directly or indirectly contribute to the Council's role as community leader or to strategic goals. Usually grants will not be large, but will contribute to strategic objectives.

While this framework identifies that there are partnerships and services in the community that are best served by longer-term funding by the Council, it also provides

for annual grants which are discretionary, short term and project based in nature. This allows the Council to adjust its funding in accordance with different needs as they are identified and addressed by the community.

As the new grants framework removes the concept of contestable and non-contestable grants and identifies new grants, the Grants Subcommittee and SPC delegations need to be revised to reflect this. At its meeting on 28 September 2006 the Grants Subcommittee noted that “*officers will prepare advice to Strategy and Policy Committee to amend and update the Grants Subcommittee terms of reference.*” In conjunction with this, the SPC delegations themselves will also need to be updated.

Additionally, on 12 October 2006 SPC agreed that “*the SPC approves the proposed disbursements of grants from the [built heritage incentive] fund in three annual funding rounds*”. The SPC delegations also require amendment to reflect this. The purpose of these grants are to help people conserve, restore and protect aspects of Wellington’s built heritage for the enjoyment and benefit of current and future generations. It is intended that grants from the fund will help meet some of the additional costs associated with owning and caring for a heritage property. Applications are measured against set criteria and conditions.

## **5. Discussion**

### **5.1 Purpose and role of the Grants Subcommittee in the reconfigured grants framework**

Essentially the core business of the Grants Subcommittee has been in deciding contestable grants funding for applicants to the Grants pools on an annual basis. The amended terms of reference maintain this, with the Subcommittee retaining the delegation to consider and allocate annual grants from the economic, environmental, social and cultural pools in line with the grants criteria and strategic fit.

Additionally, it is proposed that the Grants Subcommittee be given the authority to consider and recommend to SPC for approval any three year funding contracts to be funded from the four grants pools. There are several reasons for this:

- Three year funding contracts are derived from annual grants applicants who, after several years funding on an annual basis, may be determined by officers and the Grants Subcommittee members to be representing the core business of the Council, or directly contributing to Council’s strategic or policy goals. As such there are no open “applications” that could be presented to SPC for consideration. Instead there will be recommendations from the Grants Subcommittee that an important strategic relationship between an organisation and the Council has been formed and that this should be recognised with a three year funding contract.
- The four grants pools provide funding for both the annual grants and the three year funding contracts. This means that if the number or amount allocated in funding contracts increase, the amount available for annual grants decreases.

The Grants Subcommittee is in a good position to ensure prudent management of the funds and ensure that the amount available for annual grants is not compromised. The Subcommittee would make recommendations to SPC as to the appropriate amount to spend on each contract application, recognising and responding to the demand in the community for annual grants.

- As a subcommittee of SPC, the Grants Subcommittee can undertake the preliminary stages of the funding contract assessment. Traditionally the Council has used subcommittees for detailed consideration of specialist or narrowly focused matters. Where recommendations for funding are declined at SPC, those funds would remain available in the grants pool for further funding contracts or annual grants.

For each of the four pools, focus (or priority) areas are identified for the grants spending. Those focus areas are derived from strategic priorities and consideration of community capacity. It is proposed that the Grants Subcommittee recommend to SPC the focus areas, or priorities within the grants pool. As the Subcommittee is working with the grants funding on a regular basis, it has greater knowledge and experience about demand for funding in certain areas. In turn, SPC would have final determination as to how those priorities aligned with the strategic priorities of the Council. It is anticipated that this would be on a three yearly basis, in line with the setting of LTCCP priorities.

## ***5.2 Role of the Strategy and Policy Committee in relation to Grants***

The proposed role of SPC in relation to grants is to approve the three year funding grants, and to continue to make recommendations to Council regarding the annual plan line item grants. The delegation for SPC to make recommendation to Council regarding annual plan line item grants is already included as part of its delegations in relation to the Annual Plan and LTCCP.

It is appropriate for SPC to approve three year funding contract grants as they essentially commit the Council to a relationship with an organisation for a longer period, and generally concern larger grants, requiring more accountability. SPC has the ability to frame these longer term contracts within the context of annual plan priorities, strategies and goals. As mentioned above, the SPC would, under the proposed changes, receive recommendations from the Grants Subcommittee.

The proposed changes also delegate to SPC the ability to approve the focus areas/priorities within each of the grants pools. Again, it is proposed that the Grants Subcommittee make recommendations on these matters to SPC. This will enable the Grants Subcommittee to apply its experience in these areas when making the recommendations. Previously some grants areas have been harder to allocate than others due to a lack of community response, while other areas are oversubscribed. Such recommendations combined with the wider strategic outlook of SPC should be sufficient to ensure that grants respond to both to community needs and align with the Council's strategic direction.

SPC terms of reference need to be amended to reflect that the committee can consider and approve the Built Heritage Incentive Fund grants, as resolved at the meeting of 12 October 2006. There is no specific need for these grants to be managed by the Grants Subcommittee as they are derived from a separate funding pool than the other grants mentioned in this report.

### **5.3 Outstanding contract issues**

In September 2006, the Grants Subcommittee considered a paper that reported on the implementation of the framework. That paper also asked the Subcommittee to agree that organisations that had a one year contract for 2006/07 would apply to the general pools for funding in 2007/08, with three exceptions - Katherine Mansfield Birthplace, Fringe Festival and the Wellington Basketball Association. The Wellington Basketball Association will be offered a further one year contract in 2007/08. It was recommended that Katherine Mansfield Birthplace and Fringe Festival be offered three year contracts because there were no other providers offering that service and the services were strategically aligned to Wellington City Council aspirations. Therefore it is recommended that SPC agree that three year contracts be offered to Katherine Mansfield Birthplace and Fringe Festival.

## **6. Conclusion**

New terms of reference are proposed for the Strategy and Policy Committee and the Grants Subcommittee. These have been formulated to clarify the role of each within the new grants framework, acknowledging the specialised role of each body in the governance structure. It is recommended that SPC recommend to Council that it approve the amended terms of reference.

Contact Officer: *Georgia McRae, Committee Advisor and Michael Webster, City Secretary*

## Supporting Information

### 1) Strategic Fit / Strategic Outcome

*This project supports Outcome 7.2(B) - 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

*Relates to C534: Elections, governance and democratic services*

### 3) Treaty of Waitangi considerations

*There are no Treaty of Waitangi implications*

### 4) Decision-Making

*This is not a significant decision*

### 5) Consultation

#### a) General Consultation

#### b) Consultation with Maori

*Not required*

### 6) Legal Implications

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

### 7) Consistency with existing policy

*This report is consistent with existing Wellington City Council policy*

# Appendix One

## Strategy and Policy Committee

### **Voting Membership:**

The Mayor and all Councillors are members of the Committee.

### **External Membership (non voting):**

- One representative of Ngati Toa appointed by Ngati Toa
- One representative of the Tenth Trust appointed by the Tenth Trust

*[Representation by members of Greater Wellington Regional Council will be determined by a separate Council resolution]*

### **Quorum:**

8

### **Chair:**

The chair will be elected by Council and remunerated at a level determined by the Remuneration Authority.

### **Portfolio Leader:**

The Strategy and Policy Committee will have seven Portfolio Leaders. The Portfolio Leader would have responsibilities relating to strategy and policy in the following areas:

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

### **Frequency of Meetings:**

Meetings will be held on a weekly basis or as required.

### **Assets:**

All assets.

### **Strategic Outcomes:**

All strategic outcomes

### **General Purpose:**

The Strategy and Policy Committee will focus on all social, cultural, economic and environmental matters relating to council, appropriate to the committee's level of decision making, and will:

- a) develop and review appropriate outcomes and priorities necessary to ensure the achievement of the city's strategic vision and outcomes.
- b) focus on strategy and policy relating to assets and services that are related to infrastructure, road safety, and emergency management.
- c) focus on strategy and policy relating to assets and services that relate to urban form and the natural environment, including transport policy.
- d) focus on strategy and policy relating to assets and services that relate to the city's economic prosperity and cultural values.
- e) focus on strategy and policy relating to assets and services that relate to community, health and safety and recreation and leisure outcomes.
- f) have responsibility for:
  - (i) Monitoring organisational financial performance;
  - (ii) Financial management of the Council's interests; and
  - (iii) Liability management.

**Objectives:**

- (i) To develop a LTCCP for Wellington city;
- (ii) To develop Annual Plans, Community Outcomes, and all other policies required under the Local Government Act 2002 and other legislation (including but not limited to the funding and financial policies and the Significance Policy)
- (iii) To oversee and foster integrated planning within the Council, and between the Council and the community in order to achieve the outcomes in the LCCTP;
- (iv) To develop and review policy and promote activities that will advance achievement of strategic outcomes, consistent with the principles of economic, cultural, social and environmental sustainability;
- (v) To develop and review all strategies consistent with the principles of economic, social, cultural and environmental sustainability;
- (vi) To set standards for prudent management and maintenance of assets used to deliver outputs associated with the specific Council activities relevant to this committee.
- (vii) To monitor the external policy environment of Council.

**Terms of Reference:**

The committee has responsibility and authority to:

- 1.0 delegate to any subcommittee of the Strategy and Policy Committee any authorities which have been delegated by Council to the committee (note that authority to establish any subcommittee is retained by the Council);
- 1.1 undertake the administration of all statutory functions, powers and duties within its terms of reference, other than those specifically delegated to the Regulatory Processes Committee;
- 1.2 develop the Council's draft and final LTCCP, Annual Plans, Community Outcomes, and all other policies required under the Local Government Act 2002 to be included in the

LTCCP (including but not limited to the funding and financial policies and the Significance Policy) for recommendation to Council;<sup>1</sup>

- 1.3 determine the form and extent of public consultation methods to be employed for the draft Annual Plan and LTCCP, and any other matter within the committees terms of reference (this is subject to the requirements as set out in the Local Government Act 2002);
- 1.4 hear submissions under the special consultative procedure, or submissions received as part of any consultative process undertaken by Council in relation to any decision or power of recommendation within the committee's terms of reference;
- 1.5 approve the exceeding of the budget level for a Key Achievement Area with no commensurate savings elsewhere, up to \$500,000 and recommend to Council amounts exceeding \$500,000, if required after the Annual Plan or Long Term Council Community Plan is approved;
- 1.6 approve submissions on behalf of the Council in relation to proposed legislation or policy by Government, Local Government or other regulatory authorities within its terms of reference (except that in cases where the submission is of a technical nature and the nature of the Council's submission is consistent with Council policy, a submission may be approved by the Chief Executive);
- 1.7 perform any of its delegated functions jointly with another committee when issues arise which are also within the terms of reference/delegated authority of that other committee. In such cases, a joint meeting of two or more committees can be called in the following circumstances:
  - the chairs of the committee agree to such a meeting; or
  - Council directs a joint meeting; or
  - at least one third of the members of each committee so request;
- 1.8 develop, monitor and review policy, and recommend to Council the adoption of a new or amended policy;
- 1.9 review, develop and recommend to Council the adoption of new or amended strategy;
- 2.0 receive and consider reports on the Council's performance against the LTCCP and AP;
- 2.1 set the strategic guidelines for the AP and the LTCCP;
- 2.2 recommend service level changes and new initiatives for the AP and LTCCP;
- 2.3 develop, review and recommend to Council, Council's consultation policy,
- 2.4 review and approve Asset Management Plans;<sup>2</sup>

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<sup>1</sup> This will include projects/new initiatives, income and expenditure, and includes recommending the draft for notification, and the final for adoption.

<sup>2</sup> Need to be aware that the actual \$\$ amounts will not be approved until in the LTCCP/ AP - which is reserved for Council

- 2.5 review and recommend to Council that it make any resolution where in a bylaw the Council has reserved any matter to be regulated, controlled, or prohibited by the Council by resolution either generally, for any specified case, or in a particular case;<sup>3</sup>
- 2.6 review and approve the Statements of Intent and Business Plans of Council's CCOs;
- 2.7 oversee, develop and approve an appropriate Council response on the Treaty of Waitangi and relationship with Maori;
- 2.8 review, develop and recommend to Council policy and practices in respect of governance (including elections, Standing Orders, representation reviews and related issues);
- 2.9 review and notify a Proposed District Plan, or proposed changes to the District Plan;
- 3.0 receive reports from Advisory Groups;
- 3.1 develop policy and practices (and approve policy and practices if not delegated to a subcommittee) in respect of:
  - Auditing
  - Financial Reporting
  - Rates
  - Risk Management
- 3.2 review and approve all new borrowings approved in the LTCCP;
- 3.3 monitor the financial management of the Council's borrowings and investments in accordance with Council's revenue and financing policy and investment policy;
- 3.4 review and recommend to Council the adoption of the Annual Report;
- 3.5 approve the Waterfront Development Subcommittee's annual work plan and project development plan covering the Waterfront Development Subcommittee projected activities for the year.
- 3.6 In respect of land held or managed under the Reserves Act 1977 and council owned open space land:**
  - a) to conduct public engagement/consultation processes as required by the Reserves Act 1977;
  - b) to review, notify and approve the adoption of reserve management plans;
  - c) to approve leases, licenses and concessions on council owned open space and reserve land when not provided for in approved council policy, except for decisions to approve leases to recreation and community groups (of land and/or buildings) on public land which are made by the Regulatory Processes Committee;
  - d) to approve easements over town belt land;
  - e) to approve the purchase of any land for open space purposes that is consistent with council policy and within the funding provided in the LTCCP;
  - f) to review and approve (and recommend to Council where required) reserve:
    - declarations
    - revocation

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<sup>3</sup> Includes matters such as: 1) any new or amended traffic resolutions under the Traffic Bylaw; 2) setting fees if a bylaw provides for fees to be set by resolution of Council; 3) the extension of the Liquor ban for a special event

- classification
- naming;

- 3.7 ~~consider and approve non-contestable grants;~~ Approve three year funding contracts from the economic, environmental, social and cultural grants pools.**
- 3.8 Consider and approve Built Heritage Incentive Fund grants.**
- 3.9 Approve the priorities for allocating grants within the economic, environmental, social and cultural grants pools.**
- 3.10** set fees in accordance with legislative requirements unless the fees are set under a bylaw or set as part of the LTCCP or AP (in which case the decision is retained by Council and the committee has the power of recommendation);
- 3.11** approve any resolution required under section 319A of the Local Government Act 1974 (naming of road);
- 3.12** consider and approve the attendance of Elected Members at conference and seminars (domestic).

***Delegated Authority***

The Strategy and Policy Committee will have delegated authority to carry out activities within its terms of reference.

## Grants Subcommittee

### **Voting Membership:**

The Subcommittee will have up to six Councillors as members

### **External Membership (non-voting):**

Nil.

### **Quorum:**

2

### **Chair:**

The chair will be elected by Council and remunerated at a level determined by the Remuneration Authority.

### **Frequency of Meetings:**

The Subcommittee will meet on an as required basis.

### **Parent Body:**

The Subcommittee reports to the Strategy and Policy Committee.

### **General Purpose:**

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

### **Objective:**

To achieve an equitable distribution of grants funding in line with the criteria applicable to each grant type and the characteristics and merits inherent in individual grants claims.

### **Terms of Reference:**

The Subcommittee will have responsibility and authority to:

~~1.0 — adjudicate on the applications made to the Council's contestable grants funds;~~

~~1.1 — approve the allocation of contestable grants funds;~~

~~1.2 — ensure that decisions reached on individual contestable grants funding are in line with the criteria laid down for the different types, and to adjudicate on the individual contestable grant applications in a fair and equitable manner;~~

~~1.3 — monitor contestable grants allocation and contestable grants criteria and recommend changes to Council.~~

1.0 consider and approve annual grants from the economic, environmental, social and cultural pools in line with Wellington City Council's grants criteria, grants pool priorities and strategic fit.

1.1 consider and recommend to the Strategy and Policy Committee for approval three year funding contracts from the economic, environmental, social and

**cultural pools in line with Wellington City Council's grants criteria, grants pool priorities and strategic fit.**

- 1.2 consider and recommend to the Strategy and Policy Committee for approval the priorities for allocating grants within the economic, environmental, social and cultural grants pools.**
- 1.3 consider and approve the criteria applicable to grants in general and each grant type.**

***Delegated Authority***

The Grants Subcommittee will have delegated authority to carry out activities within its terms of reference.

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