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Committee Policy, Finance & Strategy
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Delegations to Committees and Chief Executive Officer

1. Purpose

For the Committee to consider a proposed new framework for making committee and officer delegations, and to delegate certain powers, functions and duties to committees and the Chief Executive Officer, Barry Harris.

2. Background

The Council Secretariat has completed an organisation-wide review of delegations. It has identified that changes to legislation (including the introduction of new legislation), organisational structure and the staff employed by Greater Wellington mean that the existing register of delegations has become difficult to maintain.

It is therefore recommended that the Council revoke most existing delegations and put in place a new framework that:

- clearly articulates principles for making new delegations (whether Council, committee or officer delegations)
- provides for the creation of new officer delegations by conferring certain powers, functions and duties on the Chief Executive Officer, Barry Harris.
- clearly preserves the exercise of certain powers functions and duties for Council alone.

Through a process of sub-delegation, from the Chief Executive to Divisional Managers, then to other officers, a catalogue of new delegations will be created and recorded in a register of delegations maintained by the Council Secretariat.

3. Comment

The Council's powers, functions and duties are outlined in legislation including the Local Government Act 2002, the Local Government (Rating) Act 2002, Resource Management Act 1991, the Biosecurity Act 1993, the Land Transport Management Act 2003 and the Transport Act 1998 (a summary of key provisions is included as **attachment 1** to this report). Except where provided otherwise in legislation, the Council has the ability to delegate its powers to committees and officers. In addition, there is provision for committees and officers to make further delegations (i.e. sub-delegate).

The delegations proposed by this report recommend two key changes to past delegations:

- The Chief Executive Officer is responsible for all delegations to officers through the process of sub-delegation. Previously, the Council and its committees also played a role in delegating to officers.
- The Chief Executive Officer's delegation is based on the annual plan and provides him with more general powers.

The proposed delegations alter the pathway of sub-delegation to officers and the form of the delegation to the Chief Executive Officer, but do not significantly alter the powers, functions and duties that are entrusted to officers and committees, or those powers that the Council takes sole responsibility for. Under the new system of delegations the Council would continue to set the work programmes, plans, policies and budgets that feed into the Long-Term Council Community Plan and Annual Plan, as well as undertake a range of statutory functions. (**Attachment 2** outlines the powers the Council reserves sole right to exercise.)

3.1 Principles

Any new framework for delegations should empower the Council, its committees and staff, while ensuring there are processes and structures that maintain accountability. It is recommended that the following principles be used to guide the Council and officers when making new delegations. Delegations:

- *must comply with all legal requirements, both in form and effect.*
- *should reflect the separate roles of governance and management.* The Council and its committees concentrate on setting the outcomes, authorising the overall allocation of resources, and monitoring performance to ensure targets are met. Council officers focus on the means to achieve the defined outcomes. Officers implement Council policy and carry out the day-to-day operations, resulting in most activities being performed by staff.

- *must promote efficiency and effectiveness.* This requires, among other things, the effective devolution of responsibility from the Chief Executive Officer to competent officers at all levels within the organisation.
- *should be sub-delegated to those at the lowest, competent organisational level.* The only time a decision should not be made by the person at the lowest competent level with the relevant delegation, is when that person determines that the decision should be escalated to a higher organisational level e.g. a manager, committee or the Council. The person or committee to whom the decision has been referred can then make a decision *in place* of the person originally designated to make the decision. They cannot, however, rescind a decision if one has already been made. It is possible to refer decisions to those further up organisational levels as delegators retain all the powers they have sub-delegated to others, along with the powers they have chosen not to delegate or sub-delegate.
- *must provide for clear accountability.* Delegations should reflect the lines of responsibility in the organisation. The Council should delegate its powers to committees and the Chief Executive. The Chief Executive then sub-delegates to Divisional Managers who sub-delegate to officers.

It is also recognised that the Council needs information if it is to ensure that outcomes meet the targets it has set and are in accordance with Council policies, plans and strategies. For this reason, delegations must ensure that an appropriate level of information is reported back to Council and its committees.

- *where appropriate, will impose limits on the extent of the power conferred.* In particular, delegations should clearly identify when certain powers duties or functions cannot be sub-delegated.
- *should be appropriately prescriptive.* Delegations should clearly define the extent of the power, duty or function conferred.
- *should enable Greater Wellington to function between meetings and when staff members are absent.* Temporary delegations can be made where a staff member will be absent and requires someone else, who does not already have those delegations, to carry out their work.
- *should give effect to the LTCCP and annual plans.*
- *cannot be made for some functions.* Legislative constraints must be taken into account when delegating.

3.2 Proposed new framework for officer delegations

The following framework for the creation of new officer delegations is proposed:

- The Council will delegate to the Chief Executive Officer, Barry Harris.
- The Chief Executive will make all delegations to management. In order for this to happen, a broad delegation of responsibility to the Chief Executive is proposed (the proposed delegation to the Chief Executive Officer, Barry Harris, is included as **attachment 3** to this report). The delegation is based on the annual plan. It aims to streamline processes so that officers do not have to go to Council to get sign off on carrying out certain activities or budgets when they have already been approved in the annual plan. The delegation is very similar to that of other councils e.g. Wellington City Council.
- Further delegations to officers will be made either by the Chief Executive or by divisional or other managers through a process of sub-delegation. (See **attachment 4** for the draft delegations from the Chief Executive to Divisional Managers.) It is appropriate that delegations are cascaded from the Chief Executive to officers, as the key accountability between the Council and staff is through the Chief Executive Officer. The Chief Executive is appointed by the Council and is accountable to the Council for the outputs of staff to achieve the outcomes the Council defines.
- All financial delegations from the Chief Executive to Divisional Managers and sub-delegations to other officers will be limited, in terms of:
 - the amount of expenditure that can be approved at any one time. For example, generally Divisional Managers will be able to approve expenditure up to a maximum of \$200,000 with respect to any single item.
 - the total amount of expenditure that can be approved in any financial year. There will be a clear relationship between financial delegations and the approved annual budget for a division.
 - an officer's ability to commit to expenditure over a period of more than one year. Financial delegations will be linked to the concept of the total value of a contract or item of expenditure. An officer will not be able to commit to a contract that anticipates payment over successive years unless the total value of the contract is less than or equal to the limit of their financial delegation. For example, a Divisional Manager will not be able to commit to a contract worth \$150,000 per year for 5 years because the total value of the contract, \$750,000, will exceed the limit of their delegation.
 - the process that must be followed when contracts or payments exceed \$200,000 but are not greater than \$500,000. In this instance the Divisional Manager responsible must, in the first instance, also get the approval of the Chief Financial Officer. If the Chief Financial Officer is not available then the Divisional Manager must obtain the approval of another member of the Executive Management Team. (There may

be one or two exceptions to this rule in relation to the Chief Financial Officer and Divisional Manager, Transport.)

- Delegations are to be made to both the *name* and *position* of the delegatee.
- Any limits set on the power of sub-delegation must be made explicit by the delegator when delegating their powers.
- Delegations should reflect the governance-management split. Committees will focus on their governance roles and management will have the ability to sign off on expenditure already approved in the LTCCP and Annual Plan.
- Emphasis will be given to procedures, such as report-back mechanisms, to ensure outcomes are achieved.

3.3 Proposed delegations to committees

The proposed delegations to committees enable each committee to prepare council-level policy issues relevant to their subject area for deliberation by the Council. The delegations are based on the Terms of Reference for each committee and the relevant specific statutory powers, duties and functions (**attachment 5**). The Terms of Reference for each committee were adopted by the Council at the end of 2004.

4. Communications

No external communication is required. Any delegation to committees, the Chief Executive, and all subsequent delegations made to officers will be recorded in a register of delegations by the Council Secretariat and will be made available to staff via the intranet.

5. Recommendations

That the Committee recommend to the Council that it:

- (1) **confirm** that, subject to any subsequent delegation made by the Council, the Council retains the sole right to exercise all those powers, functions and duties described in **attachment 2** to this report
- (2) **delegate** to the Chief Executive Officer, Barry Harris, all those powers, duties and functions described in **attachment 3** to this report
- (3) **delegate** to committees all those powers, duties and functions described in **attachment 5** to this report
- (4) **prescribe** that any delegated decision must be made by those with the relevant powers who are at the lowest organisational level, unless that person determines that the decision should be escalated to a higher organisational level e.g. a manager or committee

- (5) **revoke** all existing delegations from the Council to the following committees:
- (a) *Policy, Finance & Strategy*
 - (b) *Environment*
 - (c) *Landcare*
 - (d) *Passenger Transport*
 - (e) *Regional Land Transport*
 - (f) *Rural Services and Wairarapa*
 - (g) *Utility Services*
 - (h) *Policy, Finance and Strategy Subcommittee (now named the Planning and Monitoring Subcommittee)*
- (6) **revoke** all existing delegations from the Council to the Chief Executive
- (7) **delegate** to the Chief Executive Officer, Barry Harris, the power to revoke any delegation from the Council to any officer made on or before 15 February 2005
- (8) **confirm**, notwithstanding (6) above, the ongoing validity of any existing sub-delegation made by the Chief Executive Officer to any officer of any power, duty or function delegated to the Chief Executive Officer by the Council, but reserve to the Chief Executive Officer the ongoing power to revoke any such sub-delegation at any time

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Attachment 1 – Summary of key legislative provisions

Attachment 2 – Powers and duties that the Council retains

Attachment 3 – Delegation from the Council to the Chief Executive Officer

Attachment 4 – Draft delegations from the Chief Executive Officer to Divisional Managers

Attachment 5 – Delegations to committees