

## Council Procedures 25

### 25.26 SIGNIFICANCE POLICY

**Source:** LTCCP 2004/2005, adopted 30/6/04

#### INTRODUCTION

This policy on significance outlines the Council's general approach to determining the significance of proposals and decisions, and includes procedures, criteria and some thresholds the Council will use in assessing which issues, proposals, decisions and other matters are significant.

It also lists assets the Council considers to be strategic assets.

#### STATUTORY REQUIREMENTS

The Council is required to have a policy on significance under section 90 of the Local Government Act 2002 (the Act). The first policy on significance must be adopted before the close of 30 June 2003. The policy, and any amendment to it, must be adopted by special consultative procedure (SCP). A summary of the policy must be included in the Long Term Council Community Plan (LTCCP) and, if applicable, in an annual plan adopted for the period beginning 1 July 2003 under Section 281 of the Act.

Section 5 of the Act defines '*significant*' and '*significance*' as follows:

**significance**, *in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,-*

- (a) *the current and future social, economic, environmental, or cultural well-being of the district or region:*
- (b) *any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision or matter:*
- (c) *the capacity of the local authority to perform its role, and the financial and other costs of doing so*

**significant**, *in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance.*

#### REASONS FOR THE POLICY

## **Council Procedures 25**

### ***Degree Of Compliance***

The significance of a decision will help determine the appropriate nature, extent and degree of compliance required with the decision-making process set out in Part 6 of the Act.

Section 79 of the Act provides that it is the responsibility of the Council to make judgments about how to achieve compliance with Sections 77 and 78 that are largely in proportion to the significance of the matters affected by the decision. In making such judgments the Council must have regard to the significance of all relevant matters, and the principles relating to local authorities, the Council's resources and the extent to which the nature of the decision and the circumstances allow consideration of a range of options or the views of other people.

In essence, the more significant the issue the higher the standard of compliance required.

Council decision-making processes must promote compliance with the requirements of Sections 77, 78, 80, 81 and 82. For significant decisions, the Council must ensure appropriate compliance.

### ***Consultation***

The significance of a matter will also guide the local authority's decisions concerning the extent and nature of the consultation to be undertaken with the persons likely to be affected or interested in the decision or matter.

The Council must comply with the principles of consultation set out in Section 82 in such a manner that the Council considers, at its discretion, to be appropriate. In determining what is appropriate the Council must have regard to various matters including the nature and significance of the decision or matter (including its likely impact from the perspective of the persons who will or may be affected by the decision).

The more significant a matter from the perspective of the persons who may be affected by the decision, the more likely the Council will need to consult with them on their views.

### ***Public Information***

## **Council Procedures 25**

The significance of a decision will assist in determining the extent and detail of information to be provided by the local authority when consulting with or reporting to the community.

The principles of consultation (Section 82) include the principle that persons interested in decisions should be provided with reasonable access to relevant information, and should be given clear information concerning the purpose of the consultation. In addition, persons who present views to the Council should be provided information concerning both the relevant decisions and the reasons for those decisions. In determining how to comply with these, and the other principles of consultation, the Council will take into account the nature and significance of the decision.

If a decision is significantly inconsistent with, or will have consequences significantly inconsistent with a plan or policy of the Council, the Council must, when making the decision, identify the inconsistency, give reasons for it and any intention of the Council to amend the policy or plan to accommodate the inconsistency (Section 80).

In reporting to the community in its annual report, the Council must give reasons for any significant variance between actual service provision and expected service provision. It must also describe any significant acquisitions or replacement of assets, giving reasons for them. It must explain any significant variation between the projected acquisitions and replacements in the LTCCP and those actually made. The report must also, in relation to each Council controlled organisation, report on the extent to which the Council's significant policies and objectives in regard to ownership and control of the organisation have been implemented or attained during the year.

### ***Inclusion In LTCCP And Use Of SCP***

Significance may also determine whether a decision on a matter must be explicitly included in the LTCCP, and in a statement of proposal which has been considered under a special consultative procedure, before the decision can be made (Section 97).

A Council must provide for a decision in its LTCCP and in a statement of proposal if the decision would:

- significantly alter the intended level of service provision for any significant activity (including a decision to commence or cease such activity)
- significantly affect the capacity of the Council, or the cost to the Council, in relation to any activity in the LTCCP

The Council must use the special consultative procedure in relation to any proposal for an alteration in the mode by which a significant activity is undertaken (Section 88).

## **Council Procedures 25**

In addition, the policy on significance identifies the assets the Council considers to be strategic assets. Any decision to transfer ownership or control of a strategic asset, or a decision to construct, replace or abandon a strategic asset cannot be made unless it has first been included in the LTCCP, and in a statement of proposal relating to the LTCCP.

### **GENERAL APPROACH**

The Council will consider each proposal or decision on a case by case basis to determine whether the decision is significant. In determining this issue, the Council will apply the criteria and procedures and consider the thresholds set out in this policy and will also consider each of the following:

- the likely impact/consequences of the decision or proposal on the current and future social, economic, environmental, and cultural well-being of the community
- the parties who are likely to be particularly affected by or interested in the decision or proposal
- the likely impact/consequences of the decision or proposal from the perspective of those parties
- the financial and non-financial costs and implications of the decision or proposal having regard to the council's capacity to perform its role

The more significant or material the impact or consequences of the decision or proposal, the higher the standard of compliance required with Part 6 of the Act, and the more likely the matter will be 'significant'.

Responses to the questions set out below may be used to assist in determining the degree of significance of an issue, proposal, decisions or other matter and consequential required level of compliance with Sections 77, 78, 80, 81 and 82. If the answer is yes to any of the following questions then the issue, proposal, decisions or other matter has significance. The greater the number of yes answers, the greater the degree of significance.

Does the issue, proposal, decisions or other matter:

- (a) affect all or a large portion of the community in a far-reaching way?
- (b) have a potential impact or consequence on the affected persons (being a number of persons) that is substantial?
- (c) have financial implications on the Council's resources that would be substantial?
- (d) generate (or would be expected to generate) a high degree of controversy?

## **Council Procedures 25**

- (e) fail to flow logically or consequentially from a decision in the Long Term Council Community Plan?

### **SIGNIFICANT ISSUES, PROPOSALS, DECISIONS AND OTHER MATTERS**

#### **General Approach**

- 1 Significant issues, proposals, decisions or other matters will be included in the Long Term Council Community Plan wherever possible. Where this is not practical they will be included wherever possible in the Annual Plan produced in the years between the Long Term Council Community Plan or where required by the Act in an amendment to the Long Term Council Community Plan.
- 2 Significant decisions will only be made outside the above processes where there are compelling reasons for it not being practical for them to be included in the Long Term Council Community Plan or Annual Plan.
- 3 Council will not proceed with a decision that is considered significant without consideration of a detailed statement evidencing compliance with Sections 77, 78, 80, 81 and 82.

Prior to delegating a decision on any specific matter to officers or committees, the Council as a whole will consider the significance of the matter being delegated.

### **THRESHOLDS, CRITERIA AND PROCEDURES**

#### **Thresholds**

Application of the thresholds is not necessarily conclusive. A matter which does not meet any particular financial threshold may still be significant if the criteria below suggest that it is.

When undertaking a process to determine which issue, proposal, decision or other matter is significant Council will recognise the following thresholds in determining significance:

- (i) Issues, proposals, decisions, assets, or other matters for which Council will:
- incur operational expenditure exceeding 10% of its annual budget for that year
  - incur capital expenditure exceeding 5% of the total value of Councils assets, or where spent on a strategic asset or strategic asset as a whole

## Council Procedures 25

as defined in the LGA 2002, or in this policy, exceeds 25% of that assets value

- (ii) Any transfer of ownership or control, or the disposal or abandonment, of a strategic asset as a whole as defined by the LGA 2002 or listed in this policy;
- (iii) The sale of Council's shareholding in any Council controlled trading organisation, or Council controlled organisation;
- (iv) A decision that will, directly or indirectly, severely affect the capacity (including financial capacity) of Council to carry out any activity identified in the Long Term Council Community Plan;
- (v) Entry into any partnership with the private sector to carry out a **significant activity**.

Where any issue, proposal, decision or other matter triggers one or more of the above thresholds, it shall be considered against the criteria spelt out below in determining whether it is significant.

### Criteria

If a decision or proposal satisfies one or more of the following criteria, the matter is likely to have a high degree of significance:

- the decision or proposal affects all or a large portion of the community in a way that is not inconsequential;
- the impact or consequences of the decision or proposal on the affected persons (being a number of persons) will be substantial;
- the financial implications of the decision on the Council's overall resources are substantial.

Matters which do not satisfy these criteria may have a high degree of significance where it is known that the decision will nevertheless generate a high degree of controversy.

### Procedures

Every agenda will include a statement of "Significance Consideration"

Every report to Council must include a statement:

- (i) indicating that the issue of significance has been considered;

## Council Procedures 25

- (ii) including a recommendation, where necessary, assessing the significance of an issue, a proposal, decisions or other matter

If a decision to be made is considered to be significant, the report will also include a statement:

- (iii) addressing what has been done to ensure compliance with Sections 77, 78, 80, 81 and 82 of the Local Government Act 2002 as applicable.

### STRATEGIC ASSETS

Section 5 of the Act defines strategic asset as follows:

***strategic asset**, in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes -*

- (a) *any asset or group of assets listed in accordance with Section 90(2) by the local authority;*

*and*

- (b) *any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and*

- (c) *any equity securities held by the local authority in -*

- (i) *a port company within the meaning of the Port Companies Act 1988:*

- (ii) *an airport company within the meaning of the Airport Authorities Act 1966.*

### General Comments

Council is required pursuant to S90(2) of the Local Government Act to list all strategic assets as defined in Section 5 of the act and set out under 'Legislative Framework' of

## **Council Procedures 25**

this policy. The strategic assets register set out below is not exhaustive but includes those which are considered significant in ensuring the Council's capacity to achieve or promote any important outcome.

It is important to note that Council manages a number of strategic assets as a whole. This is because the asset class as a whole delivers the service. Strategic decisions, therefore only concern the whole asset class and not the individual components, unless that component substantially affects the ability of Council to deliver the service. It is the principle of the provision of the services, not the individual roads, individual toilet blocks, individual halls, etc, that makes these assets groups strategic.