

HUTT CITY COUNCILFINANCE AND PERFORMANCE COMMITTEE

Minutes of a meeting held in the Council Chambers, 2nd Floor, 30 Laings Road,
Lower Hutt on

Wednesday 28 November 2018 commencing at 5.30pm

PRESENT:

Cr C Milne (Chair)	Cr C Barry (Deputy Chair)
Cr G Barratt	Deputy Mayor D Bassett
Cr J Briggs	Cr MJ Cousins
Cr S Edwards (from 5.46pm)	Cr M Lulich (from 5.34pm)
Cr L Sutton	Mayor WR Wallace

APOLOGIES: There were apologies from Crs Edwards and Lulich for lateness.

IN ATTENDANCE:

Mr T Stallinger, Chief Executive
 Mr L Allott, Chief Information Officer
 Mr B Kibblewhite, General Manager, Corporate Services
 Mr M Reid, General Manager, City and Community Services
 Mr M de Haast, Chief Financial Officer
 Mr P Benseman, Budgeting and Reporting Manager (part meeting)
 Mr D Newth, Financial Accounting Manager (part meeting)
 Mr D Tyson, Health and Safety Manager (part meeting)
 Ms E Davids, Risk and Assurance Manager (part meeting)
 Mr G Craig, Divisional Manager, City Growth
 Ms W Moore, Divisional Manager, Strategy and Planning (part meeting)
 Dr L Session, STEMM Sector Development Manager (part meeting)
 Mr R Newton, Business Transformation Manager (part meeting)
 Mr A Yip, Strategic Project Manager (part meeting)
 Ms H Clegg, Minute Taker

PUBLIC BUSINESS1. APOLOGIES

RESOLVED: (Cr Milne/Mayor Wallace)

Minute No. FPC 18501

"That the apology for lateness received from Crs Edwards and Lulich be accepted."

2. PUBLIC COMMENT

There was no public comment.

3. CONFLICT OF INTEREST DECLARATIONS

discussion or voting on the matter.

PRECEDENCE OF BUSINESS

RESOLVED: (Cr Milne/Cr Briggs)

Minute No. FPC 18502

“That, in terms of Standing Order 10.4, precedence be accorded to items 4i),12a),12b) and 5 prior to item 4.ii) Formation of Innovative Young Minds Charitable Trust.”

The items are recorded in the order in which they were listed on the order paper.

4. RECOMMENDATIONS TO COUNCIL - 11 December 2018

i) 2019/20 Annual Plan (18/1720)

The Divisional Manager, Strategy and Planning elaborated on the report.

Cr Lulich joined the meeting at 5.34pm.

The Chief Financial Officer further elaborated on the report. He confirmed that the projection of expected revenue and employee costs would change over previous years' treatments, but there would be no change to service levels, the Financial Strategy or the Revenue and Financing Policy.

The Chief Financial Officer advised that the Local Government Cost Index (LGCI) 3.3% increase forecasted by BERL was contributed to through a historical adjustment to a 2013 bulk purchase price for some infrastructural pipes that was significantly less than market rates. This had impacted the figure used to calculate the LGCI. He further advised a report would be reported to the Committee once the situation was resolved.

The Chair noted that the historical adjustment would be removed to ensure that the LGCI percentage figure used for the Rates Strategy was relevant. The historical adjustment had no bearing on the cost increases faced by Council from this year to the next.

Cr Edwards joined the meeting at 5.46pm.

In response to a question from a member, the Chief Financial Officer advised that the draft 2019/20 budget would be presented at a workshop scheduled for 17 December 2018.

In response to questions from members, the Divisional Manager, Strategy and Planning advised that if there was a significant change in government policy this might mean changes needed to the 2018-2018 Long Term Plan, also changes might need to be made if any decision made by Council triggered

Council's Significance and Engagement Policy. She said the purpose of engaging with the public at an early stage of the process was to discover any funding requests to enable Council to consider these early before confirming the 2019 Annual Plan and budget. She added it was also to enable the elected members to engage with their constituents directly.

Cr Cousins suggested that instead of the officer's recommendation (iii). The wording be amended to better reflect that consultation for the 2019/2020 Annual Plan would occur, but in a different format to previous years.

RECOMMENDED: (Cr Milne/Mayor Wallace)	Minute No. FPC 18503
<p><i>That the Committee recommends that Council:</i></p> <ul style="list-style-type: none"> <i>(i) notes there is no legislative requirement of public consultation for the 2019/20 Annual Plan if there are no significant changes from the Long Term Plan;</i> <i>(ii) notes no significant changes from Year 2 of the 2018-2028 Long Term Plan are proposed for the 2019/20 Annual Plan;</i> <i>(iii) agrees that for the 2019/2020 Annual Plan, there is no need to use the special consultation procedure as has occurred in previous years but that an engagement process will be carried out which Council believes will give better outcomes for the community;</i> <i>(iv) approves the high level budget assumptions outlined in Report No. FPC2018/5/325;</i> <i>(v) approves the high level community engagement approach for the 2019/20 Annual Plan; and</i> <i>(vi) provides any further direction and guidance required for the 2019/20 Annual Plan.</i> 	

ii) **Formation of Innovative Young Minds Charitable Trust (18/1854)**

The STEMM Sector Development Manager introduced Ms Sue Avison and Mr Harvey Reid from Rotary Hutt City. She elaborated on the report.

Ms Avison explained the programme had exceeded all expectations, with many young women entering the engineering workforce as a result. She added there were many opportunities for growth and to target specific areas of the community. Mr Reid agreed, advocating for the formation of a Trust to enable the programme to grow.

In response to questions from members, Ms Avison advised that additional funding sources would be available if the Trust was formed. Mr Reid confirmed that the workload associated with a Trust could be managed. The STEMM Sector Development Manager added that once the programme expanded, 40 places would remain for Hutt Valley young women.

Mayor Wallace left the meeting at 6.54pm.

In response to a question from a member, the STEMM Sector Development Manager explained that the current financial situation was untenable if the programme expanded.

Mayor Wallace rejoined the meeting at 6.56pm.

In response to a question from a member, Ms Avison confirmed the Rotary sponsored student programme for Auckland University still operated, and that it targeted different students to the STEMM programme. She added that the sponsored programme for Otago University was not operated by Rotary.

In response to a question from a member, the STEMM Sector Development Manager explained that Council's budgetary amount could reduce for the Trust, if future funding applications were successful.

RECOMMENDED: (Deputy Mayor Bassett/Cr Barratt) **Minute No. FPC 18504**

“That the Committee recommends that Council:

- (i) approves the establishment of the Innovative Young Minds Trust as a Council Controlled Organisation (CCO) and a charitable trust;*
- (ii) approves an exemption from CCO requirements for the Innovative Young Minds Trust for the purposes of section 6(4)(i) of the Local Government Act 2002, for the following reasons:*
 - (a) due to its very small size and scope of activities (currently limited to one contractor and the management of one programme in Wellington and one alumnae programme in Silicon Valley); and*
 - (b) that being a CCO would place a large administrative burden on the trust, and exempting it from this status will relieve it of that burden and therefore benefit the community, the trust and the Council by saving time and resources; and*
- (iii) approves not publically advertising for the founding trustees and approves the appointment of three Council officers: Mr Gary Craig, Divisional Manager City Growth; Dr Laura Sessions, STEMM Sector Development Manager; and Dr Anne Ryan, Director of Hutt Science; as founding trustees for a period of two years.”*

PRECEDENCE OF BUSINESS

RESOLVED: (Cr Milne/Mayor Wallace)

Minute No. FPC 18505

“That, in terms of Standing Order 10.4, precedence be accorded to item 8, 2018 Insurance Renewal Update, prior to item 6.”

The item is recorded in the order in which it is listed on the order paper.

5. **RISK AND ASSURANCE UPDATE AND STRATEGIC RISK REGISTER 2018**
(18/1725)

Report No. FPC2018/5/326 by the Risk and Assurance Manager

The Risk and Assurance Manager elaborated on the report.

Mayor Wallace left the meeting at 6.28pm.

In response to a question from a member, the Risk and Assurance Manager advised that the results of the Fraud Review undertaken by PwC were due on 3 December 2018. She confirmed that the review also covered elected member practice and budgets.

Mayor Wallace rejoined the meeting at 6.30pm.

In response to a question from a member, the Chief Executive advised that the Discretionary Mayoral Fund generally covered amounts of between \$50 to \$100. He said Mayor Wallace used his discretion and he approved the funding as the Chief Executive.

In response to a question from a member, Mayor Wallace offered to share details of the Mayoral Discretionary Fund, via the Risk and Assurance Manager. He explained that applicants could not apply to both the fund and the Community Engagement Fund.

Cr Cousins raised that if an emergency was declared, funding would be released from the Mayoral Discretionary Fund.

RESOLVED: (Cr Milne/Mayor Wallace)

Minute No. FPC 18506

"That the Committee:

- (i) notes the information in this report; and*
- (ii) notes the Strategic Risk Profile 2018 as approved by the Strategic Leadership Team, attached as Appendix 1 to the report."*

For the reason that risk reporting provides the Committee with information to support their governance role. Periodic reporting is stipulated in the internal audit charter and supports the internal audit functional reporting line to Finance and Performance Committee to support its authority, objectivity and independence.

6. **FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018** (18/1758)

Report No. FPC2018/5/330 by the Budgeting and Reporting Manager

Cr Sutton left the meeting at 7.38pm.

The Budgeting and Reporting Manager elaborated on the report.

Cr Sutton rejoined the meeting at 7.40pm.

In response to a question from a member, the Chief Financial Officer advised that there was on-going work to assess the increase in bulk water charges. He highlighted that charges were based on a prediction of water useage. He added that if more or less water was actually used, costs were adjusted accordingly. The General Manager, City and Community Services added that the situation was more complex than just finding leaks. He noted that a workshop on the three waters would provide more information.

Cr Cousins requested a comparison of the leakage component for the City and also for Porirua and Upper Hutt be available at the workshop to assess whether there was a better level in the different councils.

RESOLVED: (Cr Milne/Deputy Mayor Bassett)

Minute No. FPC 18507

"That the Committee notes Council's performance and position for the quarter ended 30 September 2018."

7. AUDIT NEW ZEALAND FINAL MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2018 (18/1549)

Report No. FPC2018/5/327 by the Financial Accounting Manager

The Financial Accounting Manager elaborated on the report.

Mayor Wallace rejoined the meeting at 7.49pm.

In response to a question from a member, the Financial Accounting Manager clarified that in his report paragraph 4i) number of new dwellings performance reporting, related to the non-financial part of the report, and paragraph 4iv) process for reviewing policies, was to ensure all policies were reviewed in a timely manner.

The Chair commented that it was a good audit result and congratulated officers.

RESOLVED: (Cr Milne/Deputy Mayor Bassett)

Minute No. FPC 18508

"That the Committee notes Audit New Zealand's Management Report for the year ended 30 June 2018, attached as Appendix 1 to the report."

8. **2018 INSURANCE RENEWAL UPDATE** (18/1597)

Report No. FPC2018/5/328 by the Chief Financial Officer

The Chief Financial Officer introduced Mr Tony Owen, Deputy Managing Director, Aon and Mr Brett O'Malley, Executive Director, Aon. He elaborated on the report.

The Chief Executive added that the impact of international disasters was pressurising insurance companies and New Zealand was not regarded as a profitable client.

Mayor Wallace left the meeting at 7.27pm.

In response to a question from a member, the Chief Financial Officer advised that the more detailed engineering information on buildings and infrastructure that could be provided at the time of application, the better the insurance outcome could be. This was because any risk could be better understood.

RESOLVED: (Deputy Mayor Bassett/Cr Milne)

Minute No. FPC 18509

"That the Committee notes that Council has successfully renewed its insurance programme, with future renewal dates ranging between 1 October 2019 and 1 May 2020."

9. **2019/20 REVENUE INCREASE AND COST REDUCTION TARGET UPDATE**
(18/1734)

Report No. FPC2018/5/329 by the Chief Financial Officer

The Chief Financial Officer and the Strategic Project Manager elaborated on the report.

In response to a question from a member, the Chief Executive advised that all areas of Council were being reviewed for potential cost savings and revenue increase.

In response to a question from a member, the Chief Financial Officer advised that more detailed findings would be reported to the Committee at a later date.

RESOLVED: (Cr Milne/Deputy Mayor Bassett)

Minute No. FPC 18510

"That the Committee:

- (i) notes the progress update on identifying \$500,000 of additional revenue for the 2019/20 Annual Plan; and*
- (ii) notes the progress update on identifying \$300,000 of cost reductions for the 2019/20 Annual Plan."*

10. **ACTIVITY REVIEWS FOR CITY LEADERSHIP, CITY GOVERNANCE AND CORPORATE SERVICES GROUP UPDATE** (18/1729)

Report No. FPC2018/5/331 by the General Manager, Corporate Services

The General Manager, Corporate Services elaborated on the report.

In response to a question from a member, the General Manager, Corporate Services advised that comparisons to the previous three years were impacted as the division had changed and expanded. He added that the budget and actual expenditure table included at paragraph 14 in the officer's report did not take into account the changes.

Mayor Wallace acknowledged the support from the Democratic Services team and noted there had been an increase in meetings, with 92 meetings and 31 workshops held this year.

RESOLVED: (Cr Milne/Cr Sutton)

Minute No. FPC 18511

"That the Committee:

- (i) notes the information contained in the report;*
- (ii) notes that the activity reviews for City Leadership and City Governance are restricted to the functions within the Corporate Services Group;*
- (iii) notes the remaining functions of the City Leadership and City Governance activities not delivered by the Corporate Services Group are reported separately to the appropriate standing committee;*
- (iv) notes that these reviews meet the intent of section 17A of the Local Government Act 2002; and*
- (v) agrees that full section 17A reviews should not be undertaken at present for the reasons outlined in the report."*

11. **PROGRESS UPDATE ON THE RE-DESIGN OF COUNCIL'S COMBINED RATES INVOICE, RATES POSTPONEMENT FOR OVER 65S AND RATES REMISSION POLICIES** (18/1842)

Report No. FPC2018/5/339 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report.

The Chief Financial Officer provided an update that 39 applications had now been received for rates remission for community, sporting and other organisations.

In response to a question from a member, the Chief Financial Officer confirmed that the timeframe was achievable to re-design the combined rates invoice.

In response to a further question from a member, the Chief Financial Officer advised the printers in Auckland offered a competitive price. The General Manager Corporate Services added that the firm specialises in local government printing nationwide.

RESOLVED: (Mayor Wallace/Cr Milne)

Minute No. FPC 18512

"That the Committee:

- (i) *receives this report and notes the progress made on the re-design of Council's combined rates invoice and the rates postponement and remission policies as outlined in the report; and*
- (ii) *delegates authority to a working party, including at least two Committee members, Crs Edwards and Sutton, to work with officers to finalise a combined rates invoice for the Committee's consideration and recommendation to Council for final approval, in March 2019."*

12. INFORMATION ITEMS

a) TechnologyOne SaaS Project Update (18/1753)

Report No. FPC2018/5/147 by the Business Transformation Manager

The Business Transformation Manager elaborated on the report.

In response to a question from a member, the Business Transformation Manager agreed to initiate a system of "traffic lights" for future reports, to alert the members to any items requiring attention.

RESOLVED: (Cr Milne/Mayor Wallace)

Minute No. FPC 18513

"That the report be noted and received."

b) Health & Safety Officer Due Diligence Report July 2018 to October 2018 (18/1798)

Report No. FPC2018/5/148 by the Health & Safety Manager

The Health & Safety Manager elaborated on the report.

In response to questions from members, the Health & Safety Manager advised that in relation to contractor management, the damage to the trucks was minor and he would advise on the finding of liability as soon as possible. He added that the pointsman injury was followed up with meetings with the contractor and the lessons learnt from the incorrect traffic management incident had been shared.

In response to a question from a member, the Health & Safety Manager agreed that a change of culture with staff regarding health and safety was evident and that the thinksafe -worksafe-homesafe message was working.

Mayor Wallace and the General Manager, Corporate Services thanked the Health & Safety Manager for his commitment to the position and wished him well in his future endeavours.

RESOLVED: (Mayor Wallace/Deputy Mayor Bassett) **Minute No. FPC 18514**

"That the report be noted and received."

c) Update on Asset Management Plans (18/1782)

Report No. FPC2018/5/149 by the General Manager City and Community Services

The General Manager City and Community Services elaborated on the report.

In response to a question from a member, the General Manager, City and Community Services advised that more detailed analysis would be available once the investigations had been completed. He expressed appreciation for the additional funding to be granted through the Annual Plan to enable the work to be completed.

RESOLVED: (Cr Milne/Cr Barratt) **Minute No. FPC 18515**

"That the report be noted and received."

d) Finance & Performance Committee Work Programme 2018 (18/1649)

Report No. FPC2018/5/150 by the Committee Advisor

Mayor Wallace thanked Cr Milne for his work, efforts and commitment for the year as Chair of the Committee.

RESOLVED: (Cr Milne/Cr Sutton) **Minute No. FPC 18516**

"That the work programme be noted and received."

13. QUESTIONS

There were no questions.

14. EXCLUSION OF THE PUBLIC

RESOLVED: (Cr Milne/Mayor Wallace)

Minute No. FPC 18517

"That the public be excluded from the following parts of the proceedings of this meeting, namely:

15. *Hutt City Community Facilities Trust Board - Appointment of Director (18/1781)*
16. *Strategic Property Portfolio - Six Monthly Update (18/1749)*

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

(A)	(B)	(C)
<i>General subject of the matter to be considered.</i>	<i>Reason for passing this resolution in relation to each matter.</i>	<i>Ground under section 48(1) for the passing of this resolution.</i>
<i>Hutt City Community Facilities Trust Board - Appointment of Director.</i>	<i>The withholding of the information is necessary to protect the privacy of natural persons. (s7(2)(a)).</i>	<i>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exist.</i>
<i>Strategic Property Portfolio - Six Monthly Update.</i>	<i>The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities (s7(2)(h)).</i>	<i>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exist.</i>

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified in Column (B) above."

There being no further business the Chair declared the meeting closed at 8.28pm, and the non- public portion of the meeting closed at 8.46pm.

Cr C Milne
CHAIR

CONFIRMED as a true and correct record
Dated this 11th day of December 2018