

HUTT CITY COUNCILFINANCE AND PERFORMANCE COMMITTEE

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

Wednesday 17 July 2019 commencing at 5.30pm

PRESENT:

Cr C Milne (Chair)	Cr G Barratt
Cr J Briggs	Cr MJ Cousins
Cr S Edwards (from 5.36pm)	Cr M Lulich
Cr L Sutton (Deputy Chair)	Mayor WR Wallace

APOLOGIES: Deputy Mayor Bassett and Cr Barry

IN ATTENDANCE:

Ms J Miller, Chief Executive
 Mr B Kibblewhite, General Manager, Corporate Services
 Ms H Oram, Acting General Manager, City Transformation
 Ms J Livschitz, Chief Financial Officer
 Ms E Davids, Risk and Assurance Manager
 Mr J Scherzer, Manager, Sustainability and Resilience
 Mr R Newton, Acting Chief Information Officer/Business
 Transformation Manager
 Mr J Pritchard, Principal Research and Policy Advisor
 Ms H Clegg, Minute Taker

PUBLIC BUSINESS1. **APOLOGIES**

RESOLVED: (Cr Milne/Cr Barratt)

Minute No. FPC 19301

"That the apology received from Deputy Mayor Bassett and Cr Barry be accepted and leave of absence be granted."

2. **PUBLIC COMMENT**

There was no public comment.

3. **CONFLICT OF INTEREST DECLARATIONS**

Cr Cousins declared a conflict of interest regarding Hutt City Communities Facilities Trust and took no part in discussion on the matter.

Cr Milne declared a conflict of interest regarding Seaview Marina Ltd and took no part in discussion on the matter.

PRECEDENCE OF BUSINESS

RESOLVED: (Cr Milne/Cr Sutton)

Minute No. FPC 19302

"That, in terms of Standing Order 10.4, precedence be accorded to item 6 dealing with Technology One Saas Phase One Project Update, prior to item 4."

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

4. RECOMMENDATION TO COUNCIL - 30 July 2019

Final 2019-2022 Statement of Intents for Urban Plus Group, Seaview Marina Limited and the Hutt City Community Facilities Trust and the Local Government Funding Agency (19/859)

Cr Cousins declared a conflict of interest in relation to the Hutt City Community Facilities Trust (CFT) and took no part in discussion related to CFT.

Cr Milne declared a conflict of interest in relation to Seaview Marina Ltd (SML) and took no part in discussion related to SML.

The Chair advised that the CFT Statement of Intent (SOI) was not available to be considered by the Committee at this meeting, but would be reported to the next available meeting.

The General Manager Corporate Services elaborated on the report. He advised that the CFT SOI was not available due to adjustments being made in relation to how CFT was managed the level of support provided by Council and the amended timeframe for the Naenae Community Hub. He added that the CFT Board had not yet met to endorse the changes.

In response to a question from a member, the General Manager Corporate Services advised the only project planned for CFT was the Naenae Community Hub, which had been put on hold. He added that GymSports and the Wainuiomata Sportsville work awaited Council approval.

In response to a question from a member, the General Manager Corporate Services agreed it was good practice to have the SOIs finalised prior to the beginning of the financial year. He explained that resourcing challenges had resulted in the delay of the SOIs by several days. He agreed to reassess the timetable for the coming year to ensure the situation did not occur again.

Cr Briggs expressed support for the motion, as Urban Plus Group had noted there was work to be completed by Council in relation to housing. He added that a delay on the changes for CFT concerning sustainability and carbon zero targets would not have an impact as there were no projects planned to commence.

RESOLVED: (Cr Milne/Mayor Wallace)

Minute No. FPC 19303

"That the Committee:

- (i) notes officers will best endeavour to distribute to members, the final SOI for the Hutt City Community Facilities Trust for the three years commencing 1 July 2019, prior to the Finance and Performance Committee meeting to held on 17 July 2019; and
- (ii) notes and receives the final SOI for the Local Government Funding Authority for the three years commencing 1 July 2019, attached as Appendix 3 to the report."

RECOMMENDED: (Cr Milne/Mayor Wallace)

Minute No. FPC 19304

"That the Committee recommends that Council:

- (i) receives and agrees to the final SOI for Urban Plus Group for the three years commencing 1 July 2019, attached as Appendix 1 to the report; and
- (ii) receives and agrees to the final SOI for Seaview Marina Limited for the three year commencing 1 July 2019, attached as Appendix 2 to the report."

5. TECHNOLOGYONE SAAS PHASE ONE PROJECT UPDATE (19/880)

Report No. FPC2019/3/71 by the Acting Chief Information Officer/Business Transformation Manager

The Acting Chief Information Officer/Business Transformation Manager elaborated on the report.

In response to questions from a member, the Acting Chief Information Officer/Business Transformation Manager advised that a report was due in six weeks which would detail the next projects. He highlighted that all work for the year was contained within existing budgets.

In response to a question from a member, the Acting Chief Information Officer/Business Transformation Manager advised information was shared with other territorial local authorities and the process would continue.

Cr Edwards joined the meeting at 5.36pm.

The Chief Executive advised that Council would build on the success of the project, that digitising of Council information could lead to reduced costs and increased officer efficiencies. She further advised she was investigating the scope and ambition of future projects and that there would be some capital investment required to reduce costs in the future.

RESOLVED: (Cr Milne/Cr Briggs)

Minute No. FPC 19305

"That the Committee:

- (i) notes and receives the report; and
- (ii) conveys its thanks and congratulations to the project team for completing a successful project on time and on budget."

6. **HUTT CITY COUNCIL - INFORMATION ON OPTIONS FOR DELIVERY OF COUNCIL HOUSING** (19/479)

Report No. FPC2019/2/79 by the Principal Research and Policy Advisor

The Principal Research and Policy Advisor elaborated on the report.

In response to a question from a member, the Principal Research and Policy Advisor advised that the housing needs analysis work in the city was tracking to target, with a draft report from the consultants being reviewed by officers. He added that additional data from Statistics New Zealand would be added and the final report would be reported to Council in due course.

In response to a question from a member, the Principal Research and Policy Advisor advised that the needs analysis work undertaken by the consultants allowed for recommendations on the types and quantities of housing required and the information would have input into the Housing Strategy. He added that so far the information did not present surprises as such, however the report presented the challenges facing the city in terms of housing supply and affordability.

In response to a question from a member, the Principal Research and Policy Advisor advised that the housing report currently used Census 2013 data and that Statistics New Zealand was working to close the gaps in the 2018 data. He added that the latter data would be ready between October 2019 and March 2020 and agreed issues around the 2018 census data could impact on policy work until the next census was completed. He also agreed to check for further information on the release of Census 2018 data.

In response to a question from a member, the Principal Research and Policy Advisor acknowledged that people were finding Wellington City, as well as areas of Lower Hutt, unaffordable and were moving further up the Hutt Valley. He predicted the trend would continue and stated that the regional housing market was important.

In response to a question from a member, the General Manager, Corporate Services advised that the ineligibility of Council to access the Income Related Rent Subsidy would equate to approximately \$400,000.

The Chief Executive said that in terms of housing needs, Council needed to start with assessing what problem it was trying to solve. She added that the local, regional and national perspectives were important parts to the issue and predicted further important debate in the future.

In response to a question from a member, the Principal Research and Policy Advisor advised that there were measures in place to prevent housing stock being sold to a private entity and rents being increases. He said these included requirements to continue to provide affordable and/or social housing. He added that leasing rather than selling would allow Council to have a level of control.

In response to a question from a member, the Principal Research and Policy Advisor advised that there were measures in place to prevent housing stock being sold on if Council sold its stock. He said that Community Housing Providers were registered and their objectives needed to include providing affordable and/or social housing. He added

that the difference between leasing and selling was that under a lease of the housing stock Council would retain a level of influence and control.

In response to questions from members, the Principal Research and Policy Advisor advised that the resourcing for a special consultative process would be in place should Council decide to sell its housing stock.

The Chief Financial Officer advised that it was a significant issue and would be incorporated in Council's Long Term Plan.

In response to a question from a member, the Principal Research and Policy Advisor advised that the impacts of the proposed District Plan Change 43 (PC43) had not been assessed, but that Council's work on plan changes and other housing work was part of the work for Council's Housing Strategy. He said that PC43 had the potential to assist with delivering more affordable housing. He advised that it would depend on the type of housing developed and that there was a growing need in the city for housing for lower income households. He added that an evaluation of Council's Urban Growth Strategy was currently being drafted.

The Chair commented that it was a significant issue for Council.

Cr Cousins advised that the Section 32 report for Proposed Plan Change 43 should have investigated the impacts of higher density housing along transport routes and around commercial hubs.

Mayor Wallace thanked officers for the work completed to date and expressed concern that the data being used from the 2013 census would not present an accurate picture of the real situation, as the situation had drastically changed over that period of time.

Cr Lulich stated that the report presented a difficult decision for the incoming Council and that the function of Urban Plus Limited (UPL) needed to be assessed correctly in order to deliver the best outcomes.

The Chair noted that UPL was a very small contributor to new housing stock in the Hutt Valley. During the previous 12 months there had been over 1,500 consents issued for housing units from various developers, compared to the 171 units currently owned by UPL. He said that private sector investment was key to housing supply and advocated for the District Plan to be changed to allow for higher density housing to occur. He further noted that Council's Rates Remission Policy had been very successful in kick-starting investment in the city.

Cr Cousins maintained that the primary provider of social and low income housing was central government. She believed that Council's Housing Strategy needed to continue to apply pressure to central government in this regard, including advocating for suitable programmes to be implemented.

Cr Edwards believed that there was a demand that Housing New Zealand was currently not meeting and there was a role for Council in providing social and low income housing.

Mayor Wallace advised that the future decision would be focussed around keeping or selling housing stock, with the option of reinvesting any sale proceeds into other social

needs housing.

Cr Briggs stated that officers had advised that UPL was not a social housing developer and that it was originally intended to provide social housing for the elderly. He maintained that UPL should not be competing with other larger developers but could operate in smaller niche markets eg, sustainable homes, small homes etc.

RESOLVED: (Cr Milne/Cr Barratt)

Minute No. FPC 19306

"That the Committee:

- (i) notes and receives the information in the report; and*
- (ii) refers the information to the in-coming Council for consideration."*

For the reasons the report provides information on options available with regard to the future ownership and delivery of Council's housing stock. The information was requested by Councillors to assist with discussions on Council's housing and its overall housing strategy.

The in-coming Council would either need to undertake a special consultative process or consult on options via an amended Long Term Plan process if it wished to make any changes to the current position.

7. RISK AND ASSURANCE UPDATE AND OPERATIONAL RISK REPORT 2019
(19/836)

Report No. FPC2019/3/140 by the Risk and Assurance Manager

The Risk and Assurance Manager elaborated on the report.

In response to a question from a member, the Risk and Assurance Manager advised that an internal anonymous process to report fraud incidents had been implemented. She added that it was launched on Ourspace, it was distributed to Divisional Managers for dissemination and was regularly promoted throughout Council.

In response to a question from a member, the Risk and Assurance Manager advised that the likelihood of Council not being able to obtain insurance in the future had increased especially for infrastructure at risk from sea level rise. The Chief Financial Officer added that officers were working closely with regional colleagues on the issue and it was anticipated that insurance could be obtained for the next financial year.

In response to a question from a member, the Risk and Assurance Manager advised that PWC recently conducted a robust Fraud Awareness training exercise and such training would be undertaken regularly.

In response to a question from a member, the Risk and Assurance Manager cited the ways the risk concerning retention of staff could be managed. She elaborated on staff engagement programmes, performance partnership approaches, appropriate recruitment procedures, Living Wage and celebrating successes.

The Chief Executive advised that people were the greatest resource and that the staff base needed to reflect the community it serves. She further advised a report to Council would be reported in due course covering the topic.

RESOLVED: (Cr Milne/Cr Briggs)

Minute No. FPC 19307

"That the Committee:

- (i) notes the information in this report; and*
- (ii) notes the Operational Risk Profile 2019 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 its governance role. Periodic reporting is stipulated in the internal audit charter and the internal audit functional reporting line to the Finance and Performance Committee supports its authority, objectivity and independence.

8. INTERNAL AUDIT PLAN 2019-2022 (19/837)

Report No. FPC2019/3/141 by the Risk and Assurance Manager

The Risk and Assurance Manager elaborated on the report.

RESOLVED: (Cr Milne/Mayor Wallace)

Minute No. FPC 19308

"That the Committee:

- (i) agrees with prioritisation of the internal audits; and*
- (ii) approves the Internal Audit Plan 2019–2022, attached as Appendix 1 to the report."*

For the reason that the internal audit provides the Committee assurance to support its governance role and as stipulated in the internal audit charter, per the internal audit functional reporting line to the Finance and Performance Committee, which supports its authority, objectivity and independence.

9. CARBON TARGETS FOR HUTT CITY COUNCIL'S COUNCIL CONTROLLED ORGANISATIONS (19/891)

Report No. FPC2019/3/147 by the Manager, Sustainability and Resilience

The Manager, Sustainability and Resilience elaborated on the report.

In response to a question from a member, the Manager, Sustainability and Resilience advised that there had been no push back from Urban Plus Ltd (UPL) regarding carbon zero and emissions reductions conversations. He said that the Chief Executive of UPL was very optimistic of delivering on its Statement of Intent. The Manager, Sustainability and Resilience further advised that Housing New Zealand was moving to a HomeStar Rating of 6 for all its developments. He added that ANZ was currently offering reduced

mortgage rates for new builds that achieve a certified rating of HomeStar 6.

The Manager, Sustainability and Resilience cautioned against under estimating the staff up-skilling required regarding zero carbon emissions.

RESOLVED: (Cr Milne/Cr Edwards)

Minute No. FPC 19309

“That the Committee:

- (i) notes that the proposed Statement of Intent 2019/20 to 2021/22 for Urban Plus Group Limited now includes a requirement for any homes that have not already received resource consent to only use electricity or renewable sources of energy for space heating, water heating and cooking facilities;*
- (ii) notes that new performance measures for the Statements of Intent 2019/20 to 2021/22 for the Hutt City Community Facilities Trust and Seaview Marina Ltd have not yet been developed and officers plan to engage with the leadership of these organisations during the 2019/20 financial year; and*
- (iii) notes that the finalised Statement of Intent 2019-22 for Wellington Water Ltd now includes a requirement to produce a carbon reduction plan during 2019/20, with a view to implement its recommendations in the following years.”*

10. INFORMATION ITEM

Finance & Performance Committee Work Programme 2019 (19/720)

Report No. FPC2019/3/72 by the Committee Advisor

RESOLVED: (Cr Milne/Cr Barratt)

Minute No. FPC 19310

“That the work programme be noted and received.”

11. QUESTIONS

There were no questions.

There being no further business the Chair declared the meeting closed at 6.50pm.

Cr C Milne
CHAIR

CONFIRMED as a true and correct record
Dated this 30th day of July 2019