

HUTT CITY COUNCIL
FINANCE AND PERFORMANCE COMMITTEE

Minutes of a meeting held in the Council Chambers, 2nd Floor, 30 Laings Road,
Lower Hutt on
Wednesday 4 September 2019 commencing at 5.30pm

PRESENT:

Cr C Milne (Chair)	Cr C Barry (from 5.36pm until Cr	
G Barratt	6.32pm	
Deputy Mayor D Bassett *from 5.36pm)		
Cr J Briggs (from 5.45pm until 6.42pm)		
Cr MJ Cousins	Cr S Edwards	
Cr M Lulich	Cr L Sutton (Deputy Chair)	
Mayor WR Wallace		

APOLOGIES: There were no apologies.

IN ATTENDANCE:

Ms J Miller, Chief Executive (part meeting)
Mr B Kibblewhite, General Manager, Corporate Services
Ms J Livschitz, Chief Financial Officer
Mr P Benseman, Budgeting and Reporting Manager
Ms K Alkema, Divisional Manager People and Capability (part meeting)
Mr A Kok, Health, Safety and Wellbeing Manager (part meeting)
Mr G Phillips, Treasury Officer (part meeting)
Ms K Stannard, Divisional Manager, Democratic Services

PUBLIC BUSINESS

1. APOLOGIES

RESOLVED: (Cr Milne/Cr Lulich) (By Division) **Minute No. FPC 19401**

"That the apologies received for lateness from Deputy Mayor Bassett, Cr Barry and Cr Briggs be accepted."

The motion was declared CARRIED by division with the voting as follows:

<u>For</u>	<u>Against</u>
Cr Barratt	Cr Sutton
Cr Cousins	
Cr Edwards	
Cr Lulich	
Cr Milne	
Mayor Wallace	
 Total: 6	 Total: 1

Deputy Mayor Bassett and Cr Barry joined the meeting at 5.36pm.

2. PUBLIC COMMENT

Comments are recorded under the item to which they relate.

3. CONFLICT OF INTEREST DECLARATIONS

Cr Cousins declared a conflict of interest and took no part in discussion or voting on the matter relating to item 4i).

PRECEDENCE OF BUSINESS

RESOLVED: (Cr Milne/Cr Sutton)

Minute No. FPC 19402

"That, in terms of Standing Order 10.4, precedence be accorded to items 5, 4i), 6, 7, 8, (4ii), 4iii), 4iv), 9 and 10."

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

Cr Briggs joined the meeting at 5.45pm.

4. RECOMMENDATIONS TO COUNCIL - 17 September 2019

- i) **Final 2019-2022 Statement of Intent for The Hutt City Community Facilities Trust (19/1104)**

Cr Cousins declared a conflict of interest and left the table.

The General Manager Corporate Services elaborated on the report.

RECOMMENDED: (Cr Milne/Mayor Wallace) **Minute No. FPC 19403**

"That the Committee recommends that Council receives and agrees to the final Statement of Intent for the Hutt City Community Facilities Trust for the three years commencing 1 July 2019 attached as Appendix 1 to the report."

ii) **Financial Delegation Policy (19/1076)**

The Chief Financial Officer elaborated on the report.

In response to a question from a member, the Chief Financial Officer advised that the reason for suggesting that the Finance and Performance Committee be given delegated authority to approve budget overspends to a certain level was to allow the committee to make decisions on the smaller issues. She highlighted that this would improve efficiencies. She noted that this was the practice used at Auckland Council.

Mayor Wallace suggested that the proposed Financial Delegation Policy be amended to reflect that the 'Strategic Leadership Team' was now called the 'Corporate Leadership Team'.

RECOMMENDED: (Cr Milne/Mayor Wallace) **Minute No. FPC 19404**

That the Committee recommends that Council:

- (i) *approves the Financial Delegation Policy, attached as Appendix 1 to the report, subject to an amendment to reflect that the 'Strategic Leadership Team' is now called the 'Corporate Leadership Team'; and*
- (ii) *asks the incoming Council to consider whether the Finance and Performance Committee is given delegated authority to approve budget overspends to a certain level to improve the efficiency of the governance process, whilst not materially compromising the financial risk management processes."*

Cr Barry left the meeting at 6.32pm.

iii) **Budget Update 2019/20 (19/1005)**

The Budgeting and Reporting Manager elaborated on the report.

Speaking under public comment, **Mr M Shierlaw** expressed concern at the level of business conducted by Council in secret. He also expressed concern at a statement made by Mayor Wallace at a recent committee meeting where Mayor Wallace had stated that he would prefer to cut roading projects instead of cutting grants. Mr Shierlaw believed that roading was something Council managed well and that budget should not be cut to fund the Naenae Pool. He highlighted that roads and accessways had a positive variation of \$7.1M (underspent) which could detrimentally affect the quality of the city's roads.

In response to a question from a member, the Chief Financial Officer confirmed that there was an underspend for the year of \$7M. However the approved carryovers of \$7.7M was planned to be spend in the following year.

The Chief Financial Officer elaborated on the report.

The Chair advised that this was great news and congratulated the Finance team for their hard work.

<p>RECOMMENDED: (Cr Milne/Mayor Wallace) Minute No. FPC 19405</p> <p><i>“That the Committee recommends that Council:</i></p> <p><i>(i) notes the year-end carry overs of projects due to timing changes;</i></p> <p><i>(ii) agrees to amend the operating and capital budgets as detailed in Report No: FPC2019/4/180 Budget Update 2019/20 due to changes in timing of expenditure;</i></p> <p><i>(iii) agrees to amend the budgets as detailed in Report No: FPC2019/4/180 Budget Update 2019/20 in relation to the re-classification of budgets between operational and capital expenditure; and</i></p> <p><i>(iv) agrees to budget changes related to Wainuiomata Shared Path/Cycleways project being a net cost of \$0.37M (Capital \$0.75M less New Zealand Transport Agency subsidy of \$0.38M).”</i></p>
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6.47pm.

iv) **Local Government Funding Agency - Annual General Manager
Related Nominations (19/1124)**

Mayor Wallace acknowledged the importance of the Local Government Funding Agency (LGNZ) director's role. He believed the Chair had the skills required to undertake the role. The Chair advised that he was prepared to undertake the role.

The motion was taken in parts.

RESOLVED: (Cr Milne/Mayor Wallace)

Minute No. FPC 19406

"That the Committee notes the support of the Shareholders' Council and Local Government Funding Agency (LGFA) Board that Ms Linda Robertson and Mr Mike Timmer continue as directors of LGFA."

Cr Milne declared a conflict of interest and vacated the chair. Cr Sutton assumed the Chair for the duration of the item.

Mayor Wallace nominated the Chair for the role of LGNZ director subject to confirmation that Councillors could sit on the Board.

Cr Briggs supported the nomination.

Cr Briggs left the meeting at 6.42pm.

RECOMMENDED: (Mayor Wallace/Cr Sutton)

Minute No. FPC 19407

"That the Committee recommends that Council:

- (i) agrees to nominate Cr C Milne for one of the two vacant Local Government Funding Agency (LGFA) director roles subject to confirmation that Councillors can sit on the LGFA Board; and*
- (ii) agrees not to make a nomination for the vacant LGFA Shareholders' Council positions."*

v) **Treasury Management - Approval to Issue Security Stock (19/1129)**

The Chief Financial Officer elaborated on the report.

RECOMMENDED: (Cr Milne/Mayor Wallace) Minute No. FPC 19408			
<i>"That the Committee recommends that Council:</i>			
<i>(i) notes the existing security stock in place; and</i>			
<i>(ii) agrees to approve additional security stock issuance of \$22M as set out in the table below:</i>			
	<i>Type of stock</i>	<i>Value</i> \$M	<i>Commentary</i>
1.	<i>Current existing Security stock</i>	48	<i>Covers bank facilities and interest rate swaps</i>
2.	<i>Additional security stock to be issued</i>	22	<i>Additional cover to be issued to:</i> - ANZ \$12M - Kiwibank \$10M
	<i>Total</i>	<i>70"</i>	

5. **HEALTH & SAFETY UPDATE REPORT - JANUARY 2019 TO JUNE 2019** (19/1061)

Report No. FPC2019/4/182 by the Health, Safety and Wellbeing Manager

The Health, Safety and Wellbeing Manager elaborated on the report.

In response to a question from a member, the Health, Safety and Wellbeing Manager advised that a comprehensive report on the investigation of the Fraser Park Sportsville incident would be reported back to the relevant committee in the new triennium.

In response to questions from members, the Health, Safety and Wellbeing Manager advised that, although there were no plans in place to address a potential outbreak of measles, officers were provided with measles vaccine information with regard to travel. He also advised that he would look into the measles vaccine being available to officers.

Mayor Wallace advised that it was important for officers to consult with Regional Public Health as the measles vaccine was not readily available and only made available on a priority system.

In response to a question from a member, the Health, Safety and Wellbeing Manager advised that most of New Zealand's organisations were in the reactive stage with health and safety, however the organisations had good procedures in place. He noted it was important to develop those procedures to ensure they aligned with the practices. He considered Council was in a good space with health and safety and moving in the right direction.

RESOLVED: (Cr Milne/Cr Barratt)

Minute No. FPC 19409

"That the Committee notes and receives the report. "

6. **2019 STANDARD AND POOR'S CREDIT RATING** (19/1004)

Report No. FPC2019/4/190 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report. She acknowledged the work and assistance undertaken by the Budgeting and Reporting Manager and the Treasury Officer.

In response to a question from a member, the Chief Financial Officer advised that the Naenae Pool was part of the debt burden score of 4 which included risk as well as a looking forward position.

Mayor Wallace thanked the Finance team for their time and outstanding effort in relation to this matter and acknowledged it was a great result for Council's credit rating.

The Chair acknowledged that the Naenae Pool was the largest single project in the city's history and, without taking some quite difficult measures, it would put Council's Financial Strategy under a lot of stress.

RESOLVED: (Cr Milne/Deputy Mayor Bassett)

Minute No. FPC 19410

"That the Committee notes and receives the report."

7. **FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019** (19/947)

Report No. FPC2019/4/181 by the Budgeting and Reporting Manager

The Chief Financial Officer elaborated on the report.

In response to a question from a member, the Chief Financial Officer advised that officers were aware of the higher than budgeted costs for bulk water. She noted that compared to the Annual Plan budget there had been an increase cost of \$500,000 due to an increase in usage and a water leakage.

In response to a question from a member, the Budgeting and Reporting Manager advised that every year Council reset the bulk water budget. He noted that the budget was prepared by Wellington Water Ltd who dealt directly with Greater Wellington Regional Council in regard to Council's share of the bulk water levy costs. He reminded members that the cost was not based on Council's overall consumption but based on a share of Council's consumption compared with other local authorities.

The Chair elaborated on the capital grants for the Hutt City Community Facilities Trust, the development stimulus package and the movements in the treasury derivatives. He noted that Council's Treasury Policy would be reviewed in early 2020 where changes could be made to the bands in which Council could operate in terms of the fixing of rates.

RESOLVED: (Cr Milne/Deputy Mayor Bassett)

Minute No. FPC 19411

"That the Committee receives Council's performance report for the period 1 July 2018 to 30 June 2019."

8. **AUDIT NEW ZEALAND INTERIM MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2019** (19/1057)

Report No. FPC2019/4/183 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report.

In response to questions from members, the Chief Financial Officer advised that officers were making good progress to resolve the recommendation from Audit NZ in terms of the revenue from the pools and the Dowse Art Museum. She elaborated on the programme of work for Council's Procurement Policy, the cost allocation percentages being documented by officers, the review of policies being undertaken by the General Manager Corporate Services and the network and payroll password was being resolved by the Information Technology team ('IT'). She highlighted that the IT Disaster Recovery Plan were bit more trickier and could take longer to action. She noted that the proposed Financial Delegations Policy was to be discussed at this meeting, officers were working on the review of the journals and that the Finance team was working on the property, plant and equipment item as a matter of priority.

The Chief Executive advised that it was important that Audit New Zealand's recommendations were incorporated into the organisation's business plans and performance framework in order for officers to report back to Council to ensure there were no surprises.

In response to a question from a member, the Chief Financial Officer acknowledged the time constraints with regard to the Annual Report. She assured members that officers would produce the report in time for the additional Council meeting.

RESOLVED: (Cr Milne/Cr Barratt)

Minute No. FPC 19412

"That the Committee notes Audit New Zealand's interim management report for the year ended 30 June 2019, attached as Appendix 1 to the report."

9. **INFORMATION ITEM**

Finance & Performance Committee Work Programme 2019 (19/1059)

Report No. FPC2019/4/82 by the Committee Advisor

The Chair elaborated on the programme.

RESOLVED: (Cr Milne/Cr Barratt)

Minute No. FPC 19413

"That the work programme be noted and received."

10. **QUESTIONS**

There were no questions.

Mayor Wallace acknowledged, on behalf of the elected members, the tremendous work that officers had delivered to Council at the same time as dealing with a number of major issues. Mayor Wallace also acknowledged the Chair for his leadership and guidance through a a number of big challenges while working hard on ways to make savings.

There being no further business the Chair declared the meeting closed at 6.52pm.

Cr C Milne
CHAIR

CONFIRMED as a true and correct record
Dated this 17th day of September 2019