



Unconfirmed

MINUTES OF A MEETING OF THE CORPORATE AND STRATEGIC COMMITTEE

Date: Wednesday 19 May 2021

Time: 10.30am

Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Present: Cr N Kirton – Chair
Cr R Barker
Cr W Foley
Cr C Foss – Deputy Chair
Cr R Graham
Cr C Lambert (*from 10.36am*)
A Tapine (*Regional Planning Committee Representative*)
Cr M Williams

In Attendance: J Palmer – Chief Executive (*via zoom*)
K Brunton – Group Manager Policy & Regulation
J Ellerm – Group Manager Corporate Services
P Munro – Te Pou Whakarae Māori Partnerships
K Burkett – Business Analyst Organisation Performance
D Cull – Strategy and Governance Manager
G Howes – Treasury and Funding Accountant
H Saxton – HB Toursim CEO
A Siddles – Chief Information Officer
B Smith – Chief Financial Officer
A Roets – Governance Advisor

1. Welcome/Karakia /Apologies/Notices

The Chair welcomed everyone to the meeting and Pieri Munro opened with a karakia.

Resolution

C&S11/21 That the apologies for absence from Councillors Hinewai Ormsby and Jerf van Beek, Peter Eden, Michael Paku and for lateness from Cr Charles Lambert be accepted.

**Tapine/Foss
CARRIED**

2. Conflict of Interest Declarations

There were no conflicts of interest declared.

3. Confirmation of Minutes of the Corporate and Strategic Committee meeting held on 3 March 2021

C&S12/21 Resolution

Minutes of the Corporate and Strategic Committee meeting held on Wednesday, 3 March 2021, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Foss/Williams
CARRIED**

Cr Charles Lambert arrived at 10.36am.

4. Follow-ups from Previous Corporate and Strategic Committee Meetings

The item was taken as read.

C&S13/21 Resolution

That the Corporate and Strategic Committee receives and notes the "Follow-up Items from Previous Meetings".

**Barker/Tapine
CARRIED**

5. Call for Minor Items not on the Agenda

Recommendation

That the Corporate and Strategic Committee accepts the following "Minor Items Not on the Agenda" for discussion as item 14.

Topic	Raised by
Cyber Security Update - in Public Excluded	James Palmer

6. Report & Recommendations from the 5 May 2021 Finance Audit and Risk Sub-Committee Meeting

The item was taken as read.

- The FARS independent member, Rebekah Dinwoodie, resigned and was acknowledged for her work and contribution. An appropriate appointment process for a replacement independent member will commence once approved by Council
- Risk Maturity work continues and adequate evidence has been provided of progress to implement the maturing risk management system

- Staff advise that although there are appropriate processes in place via *SiteWise* and Council's 2017 *Contractors' H&S Guidelines and Workbook*, these are currently under review in order to respond to audit recommendation to enhance the induction process in terms of their Health and Safety obligations.

C&S14/21

Resolutions

1. That the Corporate and Strategic Committee receives and notes the report and recommendations from the 5 May 2021 Finance, Audit and Risk Sub-committee, including the FARS resolutions:

Risk Maturity Update

- 1.1. Confirms that the management actions undertaken and planned adequately respond to the Risk Management Maturity Roadmap as endorsed by Hawke's Bay Regional Council on 24 June 2020
- 1.2. Reports the Sub-committee's satisfaction that adequate evidence has been provided of progress to implement the maturing risk management system.

Internal Audit Work Programme Update

- 1.3. Confirms that management actions undertaken or planned for the future adequately respond to the findings and recommendations of the internal audits.
- 1.4. Confirms that the dashboard reports provide adequate information on the progress of corrective actions and the progress of the approved Annual Internal Audit programme.
- 1.5. Reports the Sub-committee's satisfaction that the Internal Audit Work Programme Update provides adequate evidence of the adequacy of Council's internal audit functions and management actions undertaken or planned to respond to internal audit review findings and recommendations.

Data Analytics Internal Audit Report

- 1.6. Receives and notes the "*Data Analytics Internal Audit Report*".

Quarterly Treasury Report for 1 October - 31 December 2020

- 1.7. Receives and notes the "*Quarterly Treasury Report for 1 October – 31 December 2020*" and confirms that the performance of Council's investment portfolio has been reported to the Sub-committee's satisfaction.
2. The Finance, Audit and Risk Sub-committee recommends that the Corporate and Strategic Committee:
 - 2.1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that the Committee can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.

Independent Member Resignation

- 2.2. Determines and recommends to Hawke's Bay Regional Council an appropriate recruitment and appointment process to replace the Independent Member of the Finance, Audit and Risk Sub-committee.

Internal Assurance Framework

- 2.3. Approves the draft Internal Assurance Framework and the Internal Assurance Implementation Plan as proposed and recommends the adoption of both to the Hawke's Bay Regional Council.

Barker/Foss

7. Appointment of an Independent Member to the Finance, Audit and Risk Sub-committee

The item was taken as read with discussions highlighting:

- Councillors and staff encouraged to forward the advertisement to people who might be interested in applying, including to all of the PGSEs.

C&S15/21

Resolutions

1. That the Corporate and Strategic Committee receives and considers the "Appointment of an Independent Member to the Finance, Audit and Risk Sub-committee" staff report.
2. The Corporate and Strategic Committee recommends that Hawke's Bay Regional Council:
 - 2.1. Agrees that the decisions to be made are not significant under the criteria contained in Council's adopted Significance and Engagement Policy, and that Council can exercise its discretion and make decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
 - 2.2. Initiates the process following for the recruitment and appointment of an Independent member of the Finance, Audit and Risk Sub-committee
 - 2.2.1. Chief Executive to seek expressions of interest from suitably qualified candidates
 - 2.2.2. FARS councillor members to assess Expressions of Interest received and determine a shortlist of candidates for interview
 - 2.2.3. FARS Chair, The Chair of Corporate and Strategic Committee, Te Pou Whakarae and GM Corporate Services undertake interviews of the shortlisted candidates, after which the FARS recommends the appointment of the preferred candidate to Council.

Barker/Foley
CARRIED

8. HBRC Investment Strategy and Treasury Policy

Jessica Ellerm introduced the item, which is the next step in the development of the Financial Strategy for the 2021-31 Long Term Plan (LTP). Discussions traversed:

- The Treasury Policy describes, in detail, the limits and parameters for managing all external borrowing, investments and incidental financial arrangements
- Both documents will be updated to incorporate feedback from today's meeting for presentation to Council for formal adoption on 30 June.

Feedback on the Investment Strategy agreed was:

- HBRIC will be the active commercial investor but Council can make a conscious decision to make an exception and enter into a commercial investment itself
- 8.1 to read "Prior to making any investment decision Council *must undertake or have received a robust evaluation ...*"

Feedback on the Treasury Policy agreed was:

- Need to clarify "will accept a lower cash return where there is an environmental benefit" in relation to Total Portfolio returns
- Clarify wording around Napier Port 51% shareholding is a strategic asset and reference the Significance & Engagement Policy

- Loan Advances to charitable trusts – new section for Council to consider for inclusion as an option. If included it needs to include criteria and financial info.

C&S16/21

Resolutions

1. That the Corporate and Strategic Committee receives and considers the “HBRC Investment Strategy and Treasury Policy” staff report.
2. The Corporate and Strategic Committee recommends that Hawke’s Bay Regional Council:
 - 2.1. Agrees that the decision to be made is not significant under the criteria contained in Council’s adopted Significance and Engagement Policy, and that Council can exercise its discretion and make the decisions on this issue without conferring directly with the community or persons likely to have an interest in the decision.
 - 2.2. Adopts the HBRC Investment Strategy and Treasury Policy as amended to incorporate feedback provided by the Corporate & Strategic Committee on 19 May 2021.

**Barker/Foss
CARRIED**

9. 2020-21 Quarter 3 (1 January - 31 March 2021) Financial Report

Jessica Ellerm introduced the item, and discussions traversed:

- Headline is that Council’s operating position has improved compared to forecast and expect return on investment in excess of forecast
- Many of the variances noted in the financial report are the result of Council’s current financial system not having the ability to phase expenditure across the year and should be resolved next year with the new financial system
- Noted that several capital and operating projects will be requesting a carry forward of funding for the 2021-22 year
- Transport \$500k over budget as consequence of provisions for bus drivers’ overtime and meal/break times incurring additional costs (significant impacts nationally) and lower patronage
- Suggested that Council contacts Takitimu Māori Districts Committee as well as the Māori wardens (currently have an existing on-demand service for the elderly) in relation to a potential partnership to progress on-demand service in Napier and Hastings.

C&S17/21

Resolution

That the Corporate and Strategic Committee receives and notes the “2020-21 Quarter 3 (1 January - 31 March 2021) Financial Report”.

**Kirton/Foss
CARRIED**

10. Organisational Performance Report for Period 1 January to 31 March 2021

Desire Cull introduced the item and Kelly Burkett gave a run through of the Organisational Performance dashboard with discussions covering:

- The Dashboard replicates the information contained in the Report
- LTP Level of Service Measures and targets are now included on the dashboard
- Council’s carbon footprint and how activities align with the goal to be carbon neutral by 2050. Biggest challenge remains diesel usage for Council’s capital works programme over the next two years however potential to offset that.

C&S18/21

Resolution

That the Corporate and Strategic Committee receives and notes the “Organisational Performance Report for period 1 January to 31 March 2021”.

**Williams/Tapine
CARRIED**

13. Hawke's Bay Tourism Six-Monthly Update

The Chair, Cr Neil Kirton introduced the item and invited Hamish Fraser to update the Committee on activities undertaken over the last six months.

- Minister Stuart Nash has announced some further funding as an extension to the Strategic Tourism Asset Protection programme and HB Tourism now has the opportunity to apply for additional \$1m funding for Hawke’s Bay
- An update on accommodation availability noting the social housing dilemma in Hawke’s Bay
- Visitor “spend” from domestic travellers has made up for the lack of international visitors
- HB Tourism website continues to experience increased visitor traffic
- Aim is to continue growing the domestic market.

C&S19/21 Resolution

That the Corporate and Strategic Committee receives and notes the “HB Tourism Six-monthly Update” report.

**Graham/Foss
CARRIED**

11. LTP IT Work Programme Delivery

Jessica Ellerm introduced Andrew Siddles who gave a presentation on key initiatives in progress to improve Council’s digital systems. Discussions highlighting:

- IT implementation plan will deliver the digital systems element of the \$30M Corporate Plan approved by Council
- A full presentation on the Corporate Plan in its entirety and how it will be implemented will be given at the next Corporate and Strategic Committee meeting

The IT system implementation plan includes:

- Years 1-3 of the LTP will deliver new digital systems for Human Resources, Low Flow notification, Water allocation calculator, Asset Management, and Biodiversity & Pest Management
- Year 4-10 prioritised systems include a Freshwater Accounting system, Rates, RMA ePlan, Contacts Database and Asset Management (ICM)
- Challenges ahead with implementation of the ambitious work programme which will consume most of ICT resources as well as impact many staff
- Minimal residual capacity to respond to new requests however have reserved 12-15% of capital funding and resource for small projects and innovation requests
- Ongoing reporting will be via the Corporate Plan and the Project Management Office.

C&S20/21 Resolution

That the Corporate & Strategic Committee receives and notes the “LTP IT Work Programme Delivery” staff report.

**Barker/Foss
CARRIED**

12. HBRIC Quarterly Update

The item was taken as read.

C&S21/21 Resolution

That the Corporate and Strategic Committee receives and notes the “*HBRIC Ltd Quarterly Update*”.

**Graham/Foss
CARRIED**

14. Discussion of Minor Matters Not on the Agenda

C&S22/21

That Hawke’s Bay Regional Council excludes the public from this section of the meeting being Discussion of Minor Matters – Cyber Security with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION	GROUND UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
Cyber Security Update	<p>S7(2)(e) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate loss to members of the public.</p> <p>S(2)(j) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage</p>	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Barker/Foss
CARRIED**

15. Confirmation of Public Excluded Minutes

C&S23/21 Resolutions

That Hawke’s Bay Regional Council excludes the public from this section of the meeting being Confirmation of Public Excluded Minutes Agenda Item 15. with the general subject of the item to be considered while the public is excluded; the reasons for passing the resolution and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution being:

GENERAL SUBJECT OF THE ITEM TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION	GROUND UNDER SECTION 48(1) FOR THE PASSING OF THE RESOLUTION
HBRIC Ltd Quarterly Update (to 31 December 2020)	s7(2)(b)(ii) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of that information is necessary to protect information which otherwise would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

HBRIC Ltd Draft 2021-22 Statement of Intent	s7(2)(h) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to enable the local authority holding the information to carry out, without prejudice or disadvantage, commercial activities	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.
Wellington Leasehold Property Offer	s7(2)(i) That the public conduct of this agenda item would be likely to result in the disclosure of information where the withholding of the information is necessary to enable the local authority holding the information to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.

**Barker/Foss
CARRIED**

The meeting went into public excluded session at 12.52pm and out of public excluded session at 1.13pm.

Pieri Munro offered a karakia to close the meeting.

Closure:

There being no further business the Chairman declared the meeting closed at 1.13pm on Wednesday, 19 May 2021.

Signed as a true and correct record.

DATE:

CHAIRMAN: