

## Minutes of a meeting of the Corporate and Strategic Committee

**Date:** 1 June 2022

**Time:** 11.30am

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

**Present:** Cr N Kirton – Chair  
Cr R Barker  
P Eden (*Māori Committee Representative*) (*online*)  
Cr W Foley  
Cr C Foss  
Cr R Graham  
Cr C Lambert  
Cr H Ormsby  
A Tapine (*Regional Planning Committee Representative*)  
Cr J Taylor  
Cr J van Beek  
Cr M Williams

**In Attendance:** J Palmer – Chief Executive  
K Brunton – Group Manager Policy & Regulation  
C Comber – Chief Financial Officer  
C Dolley – Group Manager Asset Management  
J Ellerm – Programme Director  
I Maxwell – Group Manager Integrated Catchment Management  
A Siddles – Chief Information Officer  
T Chaplin – Senior Group Accountant  
B Douglas – Forests & Reserves Officer  
S Bell – Team Leader Strategy & Performance  
D Druzianic – HBRIC Ltd Chairman  
K McInnes – Senior Advisor Health & Safety  
L Monteith – Manager People & Capability  
A Roets – Governance Advisor

**1. Welcome/Karakia /Apologies/Notices**

The Chair welcomed everyone and Cr Hinewai Ormsby opened the meeting with a karakia.

The Chair sought, and was granted, agreement that Item 10, HBRIC Ltd quarterly update be dealt with first as the HBRIC Chairman is only available for a short time.

**Resolution**

CS16/22 That the apologies for absence from councillors Craig Foss and Jerf van Beek and for early departure from Peter Eden be accepted.

**Barker/Williams  
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 16 March 2022**

**CS17/22 Resolution**

Minutes of the Corporate and Strategic Committee meeting held on Wednesday, 16 March 2022, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Barker/Ormsby  
CARRIED**

**4. Follow-ups from previous Corporate and Strategic Committee meetings**

James Palmer noted that a Carbon Policy will be developed following the October elections, for consideration by Council in the first half of 2023.

**CS18/22 Resolution**

That the Corporate and Strategic Committee receives and notes the *Follow-ups from previous Corporate and Strategic Committee meetings*.

**Barker/Ormsby  
CARRIED**

**5. Call for minor items not on the Agenda**

No items were raised.

**10. HBRIC Ltd quarterly update**

The Chair invited Dan Druzianic, HBRIC Chairman, to give the update. Discussions noted:

- Ongoing supply chain delays and other Covid-19 impacts have had significant ongoing impacts on Napier Port.
- Increased costs of borrowing and the financial markets are incurring major losses.
- HBRIC managed funds were diversified and rebalanced to comply with Council's SIPO after funds from the Jarden account were paid to Council in 2021.
- The FoodEast budgets have been reset to account for inflated construction costs with re-design and re-pricing work in progress.
- The Port of Napier has delivered on dividend expectations despite very challenging market and operational conditions. The Wharf 6 project is due for completion on time and on budget.
- A section with quarterly assumptions/forecasting was requested in future reports.

CS19/22

## **Resolution**

That the Corporate and Strategic Committee Meeting receives and notes the *HBRIC Quarterly Update* staff report.

**Barker/Foley  
CARRIED**

## **6. Annual Plan 2022-2023 for adoption**

James Palmer introduced the item, noting that Council resolved a no-consultation approach to the Annual Plan 2022-2023 on 30 March 2022 . Discussions traversed:

- Small adjustments or variances to the 2022-2023 budgets (yr 2 of 21-31 LTP) have been made while managing increasing cost pressures, including higher inflation, interest rates and a competitive employment and constrained contracting market.
- Council's ambitious programme of work to respond to climate change, freshwater and biodiversity challenges as well as innovations in public transport continues and budget holders will continue to work to ensure levels of service outlined in the LTP are being delivered.
- Acceleration of the Right Tree Right Place pilot means that funding will be brought forward to Year 2.
- Significant underspends in capital projects (mainly borrowing that has not been drawn down) in local government sector, across the country, and may require carry forwards which will be brought to Council for decisions in July/August.
- Dedicated engagement and plan change processes for each community/catchment, including Wairoa, will be part of Kotahi Plan development.
- There was a request for a workshop to enable councillors to review and query the financials.

CS20/22

## **Resolutions**

1. That the Corporate and Strategic Committee receives and considers the *Annual Plan 2022-2023 for adoption* staff report.
2. The Corporate and Strategic Committee recommends the 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. Adopts the Annual Plan 2022-2023 in accordance with the Local Government Act 2002, subject to any amendments agreed by the Corporate and Strategic Committee at its meeting on 1 June 2022.
  - 2.3. Delegates to the Chief Financial Officer authority to make any required minor amendments or edits to the Annual Plan 2022-2023 prior to publishing.

**Barker/Foley  
CARRIED**

## **7. Regional Sector Shared Services Council Controlled Organisation**

The item was taken as read.

CS21/22

## **Resolutions**

1. That the Corporate and Strategic Committee receives and considers the *Regional Sector Shared Services Council Controlled Organisation* staff report in conjunction with the submission presented to Council on 25 May 2022.
2. The Corporate and Strategic Committee recommends that Hawke's Bay Regional Council Agrees to participate in a Regional Sector Shared Services Council Controlled Organisation.

**Barker/Ormsby  
CARRIED**

## **17. Operational Land Asset Policy**

Chris Dolley introduced the item and discussions noted:

- This Policy provides a business case process, guidance and framework for staff for working through claims for the transfer of operational land to put a recommendation to Council for decision.
- A new Policy as previous claims/requests were made and dealt with in an ad-hoc manner.
- Unbudgeted activity and suggesting that that Council funds such a transfer up to \$20,000, high level estimate based on past experience, with any additional costs shared.
- Sought guidance from RPC and Māori Committee representatives on the Committee in relation to the item being referred to the Māori Committee and the Regional Planning Committee for consideration, feedback and guidance, who agreed that those committees should have the opportunity to provide feedback, particularly around who should account for the costs of any review, namely four claims from tāngata whenua which Council is currently holding pending this process.
- This is primarily in relation to lands that were taken from Māori under the Public Works Act and requests to return that land.
- Important that each claim can be assessed on its merits as assessed through a consistent process.
- Typically Council's policies are reviewed annually to ensure currency and that they are adequately meeting their intended purpose .
- Any grazing lease monies collected offset the rates for that specific scheme, and targeted rates collected are only able to be spent on the maintenance of that scheme.

CS22/22

## **Resolutions**

1. That the Corporate and Strategic Committee:
  - 1.1. Receives and considers the *Operational Land Asset Policy* staff report.
  - 1.2. Refers the *Operational Land Asset Policy* to the Māori Committee and Regional Planning Committee for their consideration for provision to the 29 June 2022 Regional Council meeting.
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. Adopts the *Operational Land Asset Policy* as proposed.

**Taylor/Barker  
CARRIED**

**8. Organisational performance report for the period 1 January – 31 March 2022**

James Palmer introduced the item, which was taken as read, before

Sarah Bell noted:

- Strategic Projects with traffic light status for Risk, Schedule and Budget now on the PowerBI dashboard.
- Also metrics for measures from the new Customer Experience software (ZenDesk) are now included.
- There was a request for the number of FEMPs that were handed to Compliance for follow-up.

**CS23/22 Resolution**

That the Corporate and Strategic Committee receives and notes the *Organisational Performance Report for the period 1 January – 31 March 2022* staff report.

**Williams/Ormsby  
CARRIED**

**9. Financial report for the period to 31 March 2022**

James Palmer introduced the item . Discussions traversed:

- Impacts of Covid-19 continue to disrupt delivery and planning.
- Q3 staff costs and overheads at 99% of budget, Operating expenditure at 91% and Capex at 47% of budget (flood scheme upgrades, water security, ICT and facilities).
- The indicative full year forecast is under budget and a review will be conducted of the phasing of the carry-forward expenditure, and final carry-forward requests will be put to Council for consideration in June/July.
- Chris Comber noted increased expenditure in Q3 compared to the first two quarters, and overall tracking very well
- The majority of Capex underspend is in flood protection works (\$8.5m) due to construction delays, rain events and staff shortages.
- \$4.7m Opex carry forward relates mostly to Kotahi, externally-funded Biodiversity projects and the Erosion Control Scheme (ECS) (loan funded).
- Any unspent ECS budget will be relinquished and not carried forward.
- The 'great resignation' was not anticipated by anyone, and although HBRC turnover numbers are high we are better off than lots of our local government counterparts.
- Potential risks need to be carefully considered in forward planning Council's ambitious work programmes.

*Peter Eden left the meeting at 1.23pm.*

**CS24/22 Resolution**

That the Corporate and Strategic Committee receives and notes the *Financial report for the period to 31 March 2022*.

**Williams/Ormsby  
CARRIED**

*The meeting adjourned at 1.25pm and reconvened at 1.51pm.*

**11. Report from the Finance Audit and Risk Sub-committee meeting**

James Palmer introduced the item and drew attention to an external review, outside of the internal audit schedule, of Council's Health and Safety to ensure we are meeting best practice and compliance with legislation.

- An audit or review of Asset Management systems and processes will be considered by the next FARS meeting, to be informed by a presentation by Chris Dolley.
- No high priority findings from the Fraud Audit but key policies require review and updating

- Phase IV of the risk maturity roadmap is behind schedule and has been put on hold until July.

CS25/22

## Resolution

1. That the Corporate and Strategic Committee receives and notes the *Report from the Finance, Audit and Risk Sub-committee meeting*, including the following resolutions.

### The Annual Internal Audit Plan 2022-2023 for adoption

- 1.1. Receives and considers the *Annual Internal Audit Plan 2022-2023 for adoption* staff report.
- 1.2. Adopts the Crowe internal audit plan for the 2022-2023 financial year, which includes:
  - 1.2.1. data analytics
  - 1.2.2. organisational change consolidation and prioritisation.
- 1.3. Agrees to further consider an Asset Management audit or review at the next sub-committee meeting.

### Fraud Internal Audit report

- 1.4. Receives and considers the *Fraud Internal Audit Report*.
- 1.5. Agrees that the following corrective actions and due dates for medium-risk findings from the Crowe *HBRC Fraud Risk Gap Analysis Report February 2022* are considered adequate to address the report's findings and recommendations, with progress to be monitored and reported to the Sub-committee using the *Corrective Actions Dashboard*.
  - 1.5.1. The Fraud Policy is to be reviewed – implementation September 2022
  - 1.5.2. The formal owner of the Fraud Policy is to be identified – implementation September 2022
  - 1.5.3. Fraud and Corruption Awareness training will be delivered to all staff – implementation October 2022
  - 1.5.4. Conflicts of Interest and Gifts policies are to be reviewed – implementation September 2022
  - 1.5.5. The Appointment of Staff Policy is to be reviewed – implementation October/November 2022
  - 1.5.6. The Protected Disclosures Policy is to be reviewed – implementation October/November 2022.

### Annual Internal Audit Plan 2021-2022 status update

- 1.6. That the Finance, Audit and Risk Sub-committee receives and notes the *Annual Internal Audit Plan 2021-2022 status update* staff report.

### The Road Safety s17a Review outcomes

- 1.7. Receives and considers the *Road Safety s17a Review outcomes* staff report.
- 1.8. Agrees the preferred service delivery model, as approved by way of a resolution of the Regional Transport Committee on 11 March 2022, of a fully collaborative regional approach to road safety including:
  - 1.8.1. A revised structure that will drive an enhanced collaborative model across the region through the Napier City, Hastings District, Central Hawke's Bay District, Wairoa District and Hawke's Bay Regional councils, Waka Kotahi, NZ

Police and their partners working together to deliver better road safety outcomes through engineering, education and enforcement.

- 1.8.2. The road safety programme will be developed and monitored at a strategic regional level and then implemented locally at an operational level.
- 1.8.3. A strengthened Regional Transport Committee role will ensure effective governance and decision-making, giving clear direction and goals.
- 1.8.4. A focused Road Safety Group will support a more effective programme across the region, coming together to identify priorities and set the annual programme and then to review the annual programme (midway through the year) against objectives and measures and adjust it to suit current / emerging needs.
- 1.8.5. RoadSafe HB will provide a coordination and community engagement role in delivery of the programme with strategic support from the Regional Transport Committee and the Napier City, Hastings District, Central Hawke's Bay District, Wairoa District and Hawke's Bay Regional councils.

#### **The 2020-2021 Annual Report adoption update**

- 1.9. That the Finance, Audit and Risk Sub-committee receives and notes the *Hawke's Bay Regional Council 2020-2021 Annual Report adoption update* staff report.

#### **Quarterly Treasury Report for the period 1 January - 31 March 2022**

- 1.10. Receives and notes the *Quarterly Treasury Report for the period 1 January - 31 March 2022*.
- 1.11. Confirms that the performance of Council's investment portfolio has been reported to the Sub-committee's satisfaction.

#### **Risk Maturity Update**

- 1.12. That the Finance, Audit and Risk Sub-committee receives the *Risk Maturity Update* staff report, and notes that phase IV of the risk maturity roadmap is temporarily 'on hold' while the business prioritises resourcing to respond to current levels of business disruption.

#### **Corrective Active Dashboard**

- 1.13. Receives and notes the *Corrective Actions Dashboard* staff report.
- 1.14. Confirms that the corrective actions undertaken and/or planned for the future adequately respond to the findings and recommendations of the internal audits.
- 1.15. Confirms that the dashboard reports include adequate information on the status of the corrective actions.
- 1.16. Reports to the Corporate and Strategic Committee, the Sub-committee's satisfaction that the *Corrective actions dashboard* report provides adequate evidence of the management actions undertaken or planned to respond to findings and recommendations from completed internal audits.

**Taylor/Foley  
CARRIED**

## **12. HBRC People Plan**

James Palmer introduced the item, noting the challenges in recruiting and retaining staff, as well as ensuring the well-being of staff.

Liana Monteith presented the People Plan, which focusses on the 3 key areas of Leadership, People experience and a sustainable workforce, and highlighted:

- Developing a leadership programme and competency framework for current and aspiring leaders in HBRC so they're confident in their roles as recruiters and managers of performance.
- Focusing on rewards and recognition because we need to do more than just pay our people to improve their experience at HBRC so that they choose to stay.
- Looking to connect all staff to the purpose of the organisation so they can see the breadth of what the organisation does and how their roles help to achieve our goals as an organisation.
- Developing of a competency framework including Māori Cultural competency, and undertaking a talent mapping exercise.
- Partnerships with organisations like EIT around critical skill dependencies and participating in career days and expos.
- Progress has been made on exit interviews by using an online/email based form as an alternative to an exit interview with either the P&C Manager or the CE.
- Thinking about generic training modules on each of the areas of the organisation so that staff area aware of how everything fits together, including councillors and tāngata whenua reps on committees.
- The organisation is keen to work in partnerships with different people or sectors that align with the purpose of the organisation to connect people with particular interests or passions with jobs at HBRC.

CS26/22

#### **Resolution**

That the Corporate and Strategic Committee receives and considers the *HBRC People Plan* staff report.

**Barker/Ormsby  
CARRIED**

### **13. Health, Safety and Wellbeing Strategic Plan**

Kirsty McInnes presented the Health, Safety and Wellbeing Strategic Plan, and highlighted:

- The intention of this Plan is to build on the sustainable integration of health, safety and wellbeing across Council.
- Covid has impacted on the ability to get councillors out on site visits as part of their H&S training and will be picked up as opportunities become available later in 2022 following the local elections.
- Covid has had a significant impact on managing the wellbeing of staff.
- Very proud that there has not been a single case of work to work Covid infection at HBRC.
- The goals set out in the Plan continue to be ambitious and challenging to build health safety and wellbeing maturity.
- Currently trialling a process of digitising daily risk management for staff in the Integrated Catchment Management group, which will be rolled out across the organisation alongside education about risk management.
- Regularly meeting with other councils to discuss health and safety matters and ensure consistency throughout the region.
- Continue to improve contractor health and safety and working with project leads to ensure H&S is a part of every project plan.
- Actively promote a wholistic wellbeing programme and working with NCC on a joint wellness week to be held in September.
- Mental health first aid training is offered to staff on an ongoing basis.
- An invitation will be extended to councillors to attend the next quarterly H&S committee meeting.
- There are discussions at the CE level around staffing, particularly in light of 3 waters and legislative reform.



CS27/22 **Resolution**

That the Corporate and Strategic Committee Receives and notes the *Health, Safety and Wellbeing Strategic plan* staff report.

**Kirton/Barker  
CARRIED**

**14. HBRC Forestry**

Chris Dolley introduced Ben Douglas who offered to answer questions as the item was taken as read.

- In response to a query about the *Eucalyptus regnans* planted in Central Hawke's Bay it was suggested that they may have been planted on the assumption that the wastewater irrigation would provide sufficient soil moisture for those trees.
- It was noted that a forest of *Eucalyptus regnans* holds more carbon than any forest in the world and may have been a major consideration when it was planted.
- In terms of a straight-out trial block, Council only holds two smaller scale trial blocks, and is proposing that alternative species are planted going forward.
- A Carbon policy will be presented to Council in 2023.
- Goals and values for forests are different for different forests and not for the totality of the forestry assets.

CS28/22 **Resolution**

That the Corporate and Strategic Committee receives and notes the *HBRC Forestry* staff report.

**Ormsby/Foley  
CARRIED**

**15. Discussion of minor items not on the Agenda**

There were no items for discussion.

**16. Confirmation of 16 March 2022 Public Excluded Minutes**

CS29/22 **Resolution**

That Corporate and Strategic Committee excludes the public from this section of the meeting being Confirmation of Public Excluded Minutes Agenda Item 16 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 are:

General subject of the item to be considered	Reason for passing this resolution	Grounds under section 48(1) for the passing of the resolution
Report from the Public Excluded Finance, Audit and Risk Sub-committee Meeting	7(2)(f)(ii) The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment  s7(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	The Council is specified, in the First Schedule to this Act, as a body to which the Act applies.
Possible Sale of Wellington Leasehold Property	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.

s7(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

**Ormsby/Barker**  
**CARRIED**

**16. Confirmation of Public Excluded Minutes of the Corporate and Strategic Committee meeting held on 16 March 2022**

CS30/22 Public Excluded Minutes of the Corporate and Strategic Committee meeting held on Wednesday, 16 March 2022, a copy having been circulated prior to the meeting, were taken as read and confirmed as a true and correct record.

**Ormsby/Barker**  
**CARRIED**

**Resolution**

CS31/22 That the meeting moves out of Public Excluded session.

**Ormsby/Barker**  
**CARRIED**

***The meeting went into public excluded session at 3.23pm and out of public excluded session at 3.24pm.***

Cr Hinewai Ormsby led a karakia to close the meeting.

**Closure:**

There being no further business the Chairman declared the meeting closed at 3.25pm on Wednesday, 1 June 2022.

Signed as a true and correct record.

**Date:** .....

**Chairman:** .....