



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL



Risk and Assurance Committee Meeting Agenda

Wednesday, 31 March 2021

9.00am

Council Chamber, 28-32 Ruataniwha
Street, Waipawa

Together we Thrive! E ora ngātahi ana!

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- 1 **KARAKIA**
- 2 **APOLOGIES**
- 3 **DECLARATIONS OF CONFLICTS OF INTEREST**
- 4 **STANDING ORDERS**

RECOMMENDATION

THAT the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers
- 21.5 Members may speak only once
- 21.6 Limits on number of speakers

And that Option C under section 22 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

5 CONFIRMATION OF MINUTES

Risk and Audit Committee Meeting - 12 November 2020

RECOMMENDATION

That the minutes of the Risk and Audit Committee Meeting held on 12 November 2020 as circulated, be confirmed as true and correct.

**MINUTES OF CENTRAL HAWKES BAY DISTRICT COUNCIL
RISK AND AUDIT COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA
ON THURSDAY, 12 NOVEMBER 2020 AT**

PRESENT:

Mayor Alex Walker
Cr Neil Bain (Chair)
Cr Tim Aitken
Cr Gerard Minehan
Cr Brent Muggeridge
Cr Jerry Greer

IN ATTENDANCE: Joshua Lloyd (Group Manager, Community Infrastructure and Development)
Monique Davidson (CEO)
Doug Tate (Group Manager, Customer and Community Partnerships)
Bevan Johnstone (Health & Safety Advisor)
Darren De Klerk (Director - Projects & Programmes)
Brent Chamberlain (Chief Financial Officer)
Shawn McKinley (Land Transport Manager)

1 APOLOGIES

Nil.

2 DECLARATIONS OF CONFLICTS OF INTEREST

Nil.

3 STANDING ORDERS**COMMITTEE RESOLUTION**

Moved: Cr Gerard Minehan

Seconded: Mayor Alex Walker

THAT the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers
- 21.5 Members may speak only once
- 21.6 Limits on number of speakers

And that Option C under section 22 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

CARRIED

4 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION

Moved: Cr Jerry Greer

Seconded: Cr Brent Muggeridge

That the minutes of the Risk and Audit Committee Meeting held on 16 September 2020 as circulated, be confirmed as true and correct.

CARRIED

It was requested that an amendment to the minutes were made to reflect that Councillor Aitken attended via audio-visual link.

5 REPORT SECTION

6.1 RISK AND ASSURANCE WORK PROGRAMME MONITORING REPORT

PURPOSE

The purpose of this report is for the Risk and Assurance Committee to receive a progress update on the Risk & Assurance Committee Work Programme.

COMMITTEE RESOLUTION

Moved: Cr Tim Aitken

Seconded: Cr Jerry Greer

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mrs Davidson presented the report.

It was noted that The Risk and Assurance Committee will be briefed on new Privacy Act provisions at the first Risk & Assurance Committee meeting of 2021.

Following a discussion, it was also requested that Cyber Risk, form part of a future internal audit work plan.

6.2 RESOLUTION MONITORING REPORT

PURPOSE

The purpose of this report is to present to the Committee the Risk and Assurance Committee Resolution Monitoring Report. This report seeks to ensure the Committee has visibility over work that is progressing, following resolutions made by the Committee.

COMMITTEE RESOLUTION

Moved: Cr Gerard Minehan
Seconded: Cr Tim Aitken

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mrs Davidson presented the report.

It was suggested that prior to Council adopt the Draft Long Term Plan 2021 – 2031, a briefing is held to the Risk and Assurance Committee on the application of the Treasury Management Policy.

6.3 RISK STATUS UPDATE REPORT

PURPOSE

The purpose of this paper is to report to the Risk and Assurance Committee (the Committee) on Council's risk landscape, risk management work in progress and to continue a discussion with the Committee about risk.

COMMITTEE RESOLUTION

Moved: Cr Gerard Minehan
Seconded: Cr Brent Muggeridge

That, having considered all matters raised in the report, the report be noted. CARRIED

6.4 HEALTH AND SAFETY UPDATE REPORT #4

PURPOSE

To provide the Committee with health, safety and wellbeing information and insight up to the end of Q3 September 2020 and to update the Committee on key health and safety risks and initiatives.

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker
Seconded: Cr Jerry Greer

That, having considered all matters raised in the report, the report be noted.

CARRIED

Officers outlined that with the implementation of the new Health and Safety system, that work continues on refining the Dashboard which was presented within the Health and Safety report. The committee requested that the report as presented, while good is very detailed and would like to see further progression towards the Dashboard report. Officers responded acknowledging that the report will continue to evolve, as the maturity of the health and safety system does.

6.5 HEALTH AND SAFETY CRITICAL RISKS - DEEP DIVE

PURPOSE

To provide the Risk and Assurance Committee with detailed information related to the Health and Safety Critical Risks that are present in the activities Central Hawkes Bay District Council undertakes.

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker

Seconded: Cr Brent Muggeridge

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mr De Klerk and Mr Johnstone presented the report.

It was requested that Officers factor in the health and safety risk of Governance and executive level staff as the next step in the evolution of critical risk framework the Health and Safety space.

Health and Safety critical risks examination to be presented on an annual basis.

6.6 RISK MANAGEMENT FRAMEWORK - AMENDMENT

PURPOSE

The matter for consideration by the Risk and Assurance Committee is the adoption of changes to Councils Risk Framework.

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker

Seconded: Cr Gerard Minehan

That having considered all matters raised in the report:

That the Risk and Assurance Committee adopt the recommended changes to the Risk Management Framework.

CARRIED

Mr Lloyd presented the report.

6.7 TREASURY MANAGEMENT MONITORING REPORT

PURPOSE

The purpose of this report is to provide an update on Treasury Management and Policy Compliance.

COMMITTEE RESOLUTION

Moved: Cr Gerard Minehan

Seconded: Cr Tim Aitken

That, having considered all matters raised in the report, the report be noted.

CARRIED

It was requested that forecast information on future debt funding and its origin to be included in the report going forward.

*The meeting adjourned at 10:30am for a refreshment break.
The meeting resumed at 10:57am.*

6.8 REVIEW OF SENSITIVE EXPENDITURE POLICY

PURPOSE

The matter for consideration by the Council is a review of Council's Sensitive Expenditure Policy.

COMMITTEE RESOLUTION

Moved: Cr Tim Aitken

Seconded: Cr Brent Muggeridge

That having considered all matters raised in the report:

- a) **That the Review of Sensitive Expenditure Policy report be received.**
- b) **That the Committee acknowledge Council's Sensitive Expenditure Policy is fit for purpose and no amendments are recommended.**
- c) **That the Committee endorse the proposed amendments to the *Elected Member Remuneration and Expenses Policy*, to include additional paragraphs on Entertainment and Hospitality, Private Use of Council Assets, Gifts, Donations, and Koha.**
- d) **That further amendments to the *Elected Member Remuneration and Expenses Policy*, as noted in the minutes, be made to the section of the Policy regarding registration of gifts, and that the amended Policy return to the table at the next Committee meeting.**

1. CARRIED

Mr Chamberlain presented the report.

It was requested that an amendment be made to the Policy that a gift register be held. On receipt of a gift an elected member is to notify the Mayor and the Governance & Support Officer who will note the gift on the register.

That a gift value be decided upon that would trigger a gift being registered under the Policy.

6.9 NZTA TECHNICAL AUDIT 2020

PURPOSE

The purpose of the report is to present the results of the 2020 NZTA Technical Audit carried out in March of 2020 inclusive of the proposed accepted corrective actions

COMMITTEE RESOLUTION

Moved: Mayor Alex Walker

Seconded: Cr Gerard Minehan

That, having considered all matters raised in the report, the report be noted.

CARRIED

Mr McKinley presented the report.

It was requested that a centralised audit report to be a standing item of the Risk and Assurance Committee.

RESOLUTION TO EXCLUDE THE PUBLIC

2. COMMITTEE RESOLUTION

3. Moved: Mayor Alex Walker

4. Seconded: Cr Brent Muggeridge

5. That the public be excluded from the following parts of the proceedings of this meeting.

6. The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
7.1 - Conflict of Interest Matter - Report from Chief Executive	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons s7(2)(f)(ii) - the withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of Council members, officers, employees, and persons from improper pressure or harassment	s48(1)(a)(i) - 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 would exist under section 6 or section 7

7.

8. CARRIED

7 DATE OF NEXT MEETING

The next meeting of the Risk and Assurance Committee be held on 31 March 2021.

8 TIME OF CLOSURE

The Meeting closed at 12.20pm

The minutes of this meeting were confirmed at the Risk and Audit Committee Meeting held on .

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CHAIRPERSON

6 REPORT SECTION

6.1 COMMITTEE RESOLUTION MONITORING REPORT

File Number: COU1-1408

Author: Monique Davidson, Chief Executive

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Resolution Monitoring Report [↓](#)

PURPOSE

The purpose of this report is to present to the Committee the Risk and Assurance Committee Resolution Monitoring Report. This report seeks to ensure the Committee has visibility over work that is progressing, following resolutions made by the Committee.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

DISCUSSION

The Committee Resolution Monitoring Report is attached.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.



Risk and Assurance Committee Resolution Monitoring Report March 2021

Key	
Completed	Green
On Track	Yellow
Off Track	Red

Item Number	Item	Council Resolution	Resolution Date	Responsible Officer	Progress Report
5.6	Treasury Management Policy	That having considered all matters raised in the report: a) That the report entitled "Treasury Management Policy" be received. b) That the proposed changes to the policy be endorsed and be recommended to Council for future adoption. c) That the "Treasury Management Policy" be reviewed following the adoption of the Long Term Plan in 2021 and within 18 months from the adoption.	3/09/2020	Brent Chamberlain	The new Treasury Management Policy has been included in the LTP Supporting document along with our Financial Strategy. The LTP Consultation document reference our debt projections, the two policies. This currently out for comment as part of the consultation.
6.6	Risk Management Framework – Amendment	That the Risk and Assurance Committee adopt the recommended changes to the Risk Management Framework.	12/11/2020	Josh Lloyd	Complete – Risk Management Framework has been amended.

6.8	Review of Sensitive Expenditure Policy	<p>That having considered all matters raised in the report:</p> <ul style="list-style-type: none">a) That the Review of Sensitive Expenditure Policy report be received.b) That the Committee acknowledge Council's Sensitive Expenditure Policy is fit for purpose and no amendments are recommended.c) That the Committee endorse the proposed amendments to the Elected Member Remuneration and Expenses Policy, to include additional paragraphs on Entertainment and Hospitality, Private Use of Council Assets, Gifts, Donations and Koha.d) That further amendments to the Elected Member Remuneration and Expenses Policy, as noted in the minutes, be made to the section of the Policy regarding registration of gifts, and that the amended Policy return to the table at the next Committee meeting.	12/11/2020	Brent Chamberlain	As per resolution D, the amendments to the Elected Member Remuneration and Expenses Policy regarding gift registers for Councillors is included in the report section of the Risk and Assurance Agenda for the March 31 st Meeting for discussion.
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6.2 RISK AND ASSURANCE WORK PROGRAMME MONITORING REPORT

File Number: COU1- 1408
Author: Monique Davidson, Chief Executive
Authoriser: Monique Davidson, Chief Executive
Attachments: Nil

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

PURPOSE

The purpose of this report is for the Risk and Assurance Committee to receive a progress update on the Risk & Assurance Committee Work Programme.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

In 2019 following the Triennial Election, Council established a Risk and Assurance Committee, which included the appointment of an Independent Chair.

At the time that Council agreed on Council and Committee priorities, the Risk and Assurance Committee had not been fully established, therefore a formal work programme was not determined.

At the Risk and Assurance Committee meeting in late June 2020, the Chief Executive following guidance from the Independent Chair, presented a Draft Risk and Assurance Work Programme for feedback. Subsequently, The Risk and Assurance Committee Work Programme was adopted by the Committee at meeting held 3 September 2020.

DISCUSSION

The purpose of the Risk and Assurance Committee is to contribute to improving the governance, performance and accountability of the Central Hawke's Bay District Council by:

- Ensuring that the Council has appropriate financial, health and safety, risk management and internal control systems in place.
- Seeking reasonable assurance as to the integrity and reliability of the Council's financial and non-financial reporting.
- Providing a communications link between management, the Council and the external and internal auditors and ensuring their independence and adequacy.
- Promoting a culture of openness and continuous improvement.

The Council delegates to the Risk and Assurance Committee the following responsibilities:

- To monitor the Council's treasury activities to ensure that it remains within policy limits. Where there are good reasons to exceed policy, that this be recommended to Council.
- To review the Council's insurance policies on an annual basis.

- To review, in depth, the Council's annual report and if satisfied, recommend the adoption of the annual report to Council.
- To work in conjunction with Management in order to be satisfied with the existence and quality of cost-effective health and safety management systems and the proper application of health and safety management policy and processes.
- To work in conjunction with the Chief Executive in order to be satisfied with the existence and quality of cost-effective risk management systems and the proper application of risk management policy and processes, including that they align with commitments to the public and Council strategies and plans.
- To provide a communications link between management, the Council and the external and internal auditors.
- To engage with Council's external auditors and approve the terms and arrangements for the external audit programme.
- To engage with Council's internal auditors and approve the terms and arrangements for the internal audit programme.
- To monitor the organisation's response to the external and internal audit reports and the extent to which recommendations are implemented.
- To engage with the external and internal auditors on any one off assignments.
- To work in conjunction with management to ensure compliance with applicable laws, regulations standards and best practice guidelines.
- To provide a communications link between management, the Council and the external and internal auditors.
- To engage with Council's external auditors and approve the terms and arrangements for the external audit programme.
- To engage with Council's internal auditors and approve the terms and arrangements for the internal audit programme.
- To monitor the organisation's response to the external and internal audit reports and the extent to which recommendations are implemented.
- To engage with the external and internal auditors on any one off assignments.
- To work in conjunction with management to ensure compliance with applicable laws, regulations standards and best practice guidelines.

Subject to any expenditure having been approved in the Long Term Plan or Annual Plan the Risk and Assurance Committee shall have delegated authority to approve:

- Risk management and internal audit programmes.
- Terms of the appointment and engagement of the audit with the external auditor.
- Additional services provided by the external auditor.
- The proposal and scope of the internal audit.

In addition, the Council delegates to the Risk and Assurance Committee the following powers and duties:

- The Risk and Assurance Committee can conduct and monitor special investigations in accordance with Council policy, including engaging expert assistance, legal advisors or external auditors, and, where appropriate, recommend action(s) to Council.

The Risk and Assurance Committee can recommend to Council:

- Adoption or non-adoption of completed financial and non-financial performance statements.
- Governance policies associated with Council's financial, accounting, risk management, compliance and ethics programmes, and internal control functions, including the: Liability Management Policy, Treasury Policy, Sensitive Expenditure Policy, Fraud Policy, and Risk Management Policy.
- Accounting treatments, changes in generally accepted accounting practice (GAAP).
- New accounting and reporting requirements.

The Risk and Assurance Committee may not delegate any of its responsibilities, duties or powers.

The Risk and Assurance Committee is still developing, as is the maturity of the organisation in the way it manages risk and assurance matters. It is for these reasons that a 12-month work programme was adopted, with the intention in early 2021 to develop a 2-year work programme that will take Council through until the end of 2022, which also aligns with the triennial election.

The Risk and Assurance Committee will receive the following standing reports:

- **Committee Priorities Monitoring Report**
- **Committee Resolution Monitoring Report**
- **Internal and External Audit Monitoring Report**
- **Risk Status Monitoring Report**
- **Health and Safety Monitoring Report**
- **Treasury Management Monitoring Report**

The monitoring report which provides an update on the key priorities of the Committee is below:

Key Priority	Responsible Officer	Progress Update
Review Internal Audit Work Programme.	Brent Chamberlain	<p>On the 4th-5th March 2021 Crowe undertook a Fraud Health Check on Council, with a particular focus on its policies and internal controls. The results of this audit will be available for the May 2021 Risk and Assurance meeting. Officers were hoping to bring this to the March Risk and Assurance Committee however the report has not been completed in time.</p> <p>Council has sufficient funding for generally two internal audits during each financial year. The next planned internal audit is a programme of work planned where the internal auditors will work in assisting Council to develop more comprehensive Business Continuity Plans.</p> <p>Council has recently engaged an external contractor to undertake an independent Cyber Security audit. Officers are working through the draft report and intend to bring this to the May 2020 Risk and Assurance Committee meeting.</p>
Review Sensitive Expenditure Policy	Brent Chamberlain	This was reviewed on the 12 th November 2020, but a further change was requested and the updated policy is being brought to this meeting for consideration. Assuming the Committee endorse the policy, the policy will be recommended to Council for adoption.
Review Governance Policy Framework and determine role for Risk and Assurance Committee.	Monique Davidson	Priority will be given to this in 2021 with a planned detailed paper for the May 2021 Risk and Assurance Committee meeting.
Review Risk Management Policy	Josh Lloyd	This is included in the Committee Agenda for November 2020.
Review Risk Appetite Statement, Risk Management Policy and Governance Risk Register.	Josh Lloyd	Priority will be given to this in Q1 2021.
Review Fraud and Whistle Blowing Policy.	Brent Chamberlain	This policy will be updated once Officers receive the feedback from the recent Fraud Health Check Internal Audit.

Key Priority	Responsible Officer	Progress Update
Review Procurement Policy	Brent Chamberlain	The policy was last reviewed in September 2020, but Officers are in the process of updating the associated Procurement Manual to incorporate the progressive procurement toolkit and supplier guide.
Review Health, Safety and Wellbeing Governance Charter	Darren de Klerk	Priority will be given to this in Q2 2021 for refresh by July 2021, the Committee adopted the Charter in Q3 (July 2020).
Review Insurances and Risk Appetite	Brent Chamberlain	Officers, the CEO, the Chair and Deputy Chair of Risk and Assurance, and the Chair of Finance and Infrastructure, and the Mayor are scheduled to meet with AON Insurance to workshop Insurance Covers and Risk Appetite on the 30 th March 2021.

As part of the Risk and Assurance's role in ensuring assurance on things that matter the most, regular deep dives on key issues are agreed to:

Topic	Responsible Officer	Progress Update
Critical Risks	Josh Lloyd	Priority will be given to this in Q1 2021.
Contractor Performance	Darren de Klerk	Priority will be given to this in Q2 2021. Development of a contractor management framework is close to being completed and will then be rolled out. Contractor KPIs for H&S is ongoing.
Legal Challenges / Files	Monique Davidson	Priority will be given to this following the adoption of the Long Term Plan 2021 – 2031.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

A further update will be provided at the next committee meeting 27 May 2021.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.3 RISK STATUS REPORT

File Number:

Author: Josh Lloyd, Group Manager - Community Infrastructure and Development

Authoriser: Monique Davidson, Chief Executive

Attachments: Nil

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

PURPOSE

The purpose of this paper is to report to the Risk and Assurance Committee (the Committee) on Council's risk landscape, risk management work in progress and to continue a discussion with the Committee about risk.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

This is the fifth Risk Status Report to come to the Committee and is part of regular and routine reporting designed to provide governance with oversight and input into the way that identified risks are being managed within Council.

Further to the obvious benefits of 'reporting up' risk, Officers consider that these reports should be the basis of discussion that covers and adds value to all elements of the risk management spectrum (Identify, Analyse, Evaluate, Treat, Monitor/Report). That is, Officers intend that these reports facilitate discussion that identifies new risk, as well as focussing on existing listed and managed risks.

Feedback from the previous Committee meeting has shaped the structure and content of this report, with a specific focus of this report and future reports shifting to a clearer summary and assessment of risks that are considered 'active' at the time of reporting.

DISCUSSION

Sections below provide detail across and into Council's risk-scape.

Risk Context and Management Approach

Late in 2020 the Risk and Assurance Committee (the Committee) adopted changes to Councils Risk Management Framework (the Framework). The changes to the Framework sought to ensure clarity and consistency in its application and remove ambiguity. Specifically, the risk ranking matrices were amended to align with common best practice and to be simpler.

The amended framework has been embedded in the business with existing risk registers updated to reflect the new matrix and accompanying risk descriptors. Matrix below:

		LIKELIHOOD				
		Highly Unlikely	Unlikely	Possible	Likely	Almost Certain
CONSEQUENCE SEVERITY	Major	H	H	E	E	E
	Significant	M	H	H	E	E
	Moderate	L	M	M	H	E
	Minor	L	L	M	M	H
	Insignificant	L	L	L	M	M

Systems Development

Following the implementation of Impac Risk Manager at Council as a Health and Safety reporting system, efforts have been made to further utilise the system for the reporting on and management of all Council risks. Having all risks (corporate and safety) in a single platform allows for greater efficiency and consistency in reporting. A single system is also proven to be more helpful for users who can enter and manage risks in one place rather than many.

Council's highest-level strategic risks have been entered into the system and a snapshot of the reporting and management capability of this is provided below.

Example of a single risk captured in Risk Manager:

1

of 1

100%

Find

Next

Risk ID: 40648 Risk Title: Failure of Critical Assets

Inherent Consequence	Risk Owner	Reporting Line
Unassigned	Josh Lloyd	Organisation Wide Risk
Risk Description	Incorrect maintenance and investment/replacement results in unexpected failure of critical assets and loss of levels of service	
Risk Causes	1. Asset not managed effectively. 2. Under investment in asset renewals 3. Poor quality asset data 4. Poor contract management 5. Natural disaster (earthquake, flood etc.) 6. Turnover of or lack of trained staff	
Risk Consequences	Asset failure results in service interruption to network services (Water/Sewer Transportation) Road closure due to bridge failure impacts on ratepayer's access to properties. Breach of resource consent conditions resulting in damage to the environment and prosecution.	

Very High

High

Moderate

Low

Minor

1

2

3

4

5

Current Risk

Residual Risk

Consequence	Current Risk	Residual Risk
4. Serious Harm or Permanent Disability	Unassigned	Unassigned
2. Unlikely - The event will probably not occur e.g. 4% chance within the next 12 months or once in 25 years	Unassigned	Unassigned
Risk Rating	2. Moderate	Unassigned

Existing Controls	Effectiveness of Controls	Assurance
Asset Management Plans and asset renewals program.	55% Adequate	The controls in place are considered appropriate but have significant room for improvement with specific regard to formality and alignment with modern best practice Asset Management discipline.
Asset Condition Assessment and Maintenance program	55% Adequate	The controls in place are considered appropriate but have significant room for improvement with specific regard to formality and alignment with modern best practice Asset Management discipline.
Implementation of online diagnostics and controls	70 % Reasonably Good.	The controls in place are considered appropriate but have significant room for improvement with specific regard to formality and alignment with modern best practice Asset Management discipline.
Identification of critical assets and resilience considerations fed into long term asset planning to extend life	55% Adequate	
Financial peer reviews of critical assets supported by Council insurance programme.	55% Adequate	The controls in place are considered appropriate but have significant room for improvement with specific regard to formality and alignment with modern best practice Asset Management discipline.

Planned Treatment Actions	Person Responsible	Date Due	Status	Last Status Progress Update	Revised Due Date
Identify Critical Assets within AMP providing a critical service	Josh Lloyd	22 Mar 22	Recommended		
Develop asset condition data & management strategy.	Josh Lloyd	22 Mar 22	Recommended		
Regularly carry out monitoring, condition assessment, planned and corrective maintenance of key assets	Josh Lloyd	22 Mar 22	Recommended		
Independent reviews of all Asset Management Plans	Josh Lloyd	22 Mar 22	Recommended		
Complete review of SCADA system	Josh Lloyd	22 Mar 22	Recommended		

Example of Risk Actions Register with automated prompts for updates and escalation:

Risk Actions	
Risk ID: 40647 Action: 1045954 Full Review and Audit Program for all water safety plans Person Josh Lloyd	Risk Title: Fresh Water Action Progress Update <div><div></div><div></div><div></div></div>
Action: 1045955 Procurement of expert resource to increase capacity and capability for delivery and monitoring of Water Safety Plans Person Josh Lloyd	Action Progress Update <div><div></div><div></div><div></div></div>
Action: 1045956 Complete review of SCADA system Person Josh Lloyd	Action Progress Update <div><div></div><div></div><div></div></div>
Action: 1045931 Risk Review: Fresh Water Person Josh Lloyd	Action Progress Update <div><div></div><div></div><div></div></div>
Risk ID: 40648 Action: 1045935 Risk Review: Failure of Critical Assets Person Josh Lloyd	Risk Title: Failure of Critical Assets Action Progress Update <div><div></div><div></div><div></div></div>

Example of Risk Assessment for an Individual Risk:

40656 - Not able to retain or secure key staff

Identification	Gross	Analysis	Current	Evaluation	Treatment	Residual	Summary
<div> <div> Gross Risk <div>Significant</div> </div> <div> Health and Safety <div> Risk: 3. Significant Likelihood: 4. Very Likely Consequence: 3. Moderate Score: 15 </div> </div> <div> Environment <div> Risk: 3. Significant Likelihood: 4. Very Likely Consequence: Significant Score: 15 </div> </div> <div> Financial Decision Making <div> Risk: 3. Significant Likelihood: 4. Very Likely Consequence: 3. Significant Score: 15 </div> </div> <div> Asset and Project Management <div> Risk: 3. Significant Likelihood: 4. Very Likely Consequence: 3. Moderate Score: 15 </div> </div> <div> Reputation <div> Risk: 3. Significant Likelihood: 4. Very Likely Consequence: 3. Moderate Score: 15 </div> </div> <div> Service Delivery <div> Risk: 3. Significant Likelihood: 4. Very Likely Consequence: 3. Moderate Score: 15 </div> </div> <div> Output Targets <div> Risk: 3. Significant Likelihood: 4. Very Likely Consequence: 3. Moderate Score: 15 </div> </div> </div> <div> <div> Current Risk <div>2. Moderate</div> </div> <div> Health and Safety <div> Risk: 2. Moderate Likelihood: 2. Unlikely Consequence: 3. Moderate Score: 11 </div> </div> <div> Environment <div> Risk: 2. Moderate Likelihood: 2. Unlikely Consequence: Significant Score: 11 </div> </div> <div> Financial Decision Making <div> Risk: 2. Moderate Likelihood: 2. Unlikely Consequence: 3. Significant Score: 11 </div> </div> <div> Asset and Project Management <div> Risk: 2. Moderate Likelihood: 2. Unlikely Consequence: 3. Moderate Score: 11 </div> </div> <div> Reputation <div> Risk: 2. Moderate Likelihood: 2. Unlikely Consequence: 3. Moderate Score: 11 </div> </div> <div> Service Delivery <div> Risk: 2. Moderate Likelihood: 2. Unlikely Consequence: 3. Moderate Score: 11 </div> </div> <div> Output Targets <div> Risk: 2. Moderate Likelihood: 2. Unlikely Consequence: 3. Moderate Score: 11 </div> </div> </div> <div> <div> Residual Risk </div> <div> Health and Safety <div> Risk: Likelihood: Consequence: Score: </div> </div> <div> Environment <div> Risk: Likelihood: Consequence: Score: </div> </div> <div> Financial Decision Making <div> Risk: Likelihood: Consequence: Score: </div> </div> <div> Asset and Project Management <div> Risk: Likelihood: Consequence: Score: </div> </div> <div> Reputation <div> Risk: Likelihood: Consequence: Score: </div> </div> <div> Service Delivery <div> Risk: Likelihood: Consequence: Score: </div> </div> <div> Output Targets <div> Risk: Likelihood: Consequence: Score: </div> </div> </div>							

Submit

Cancel

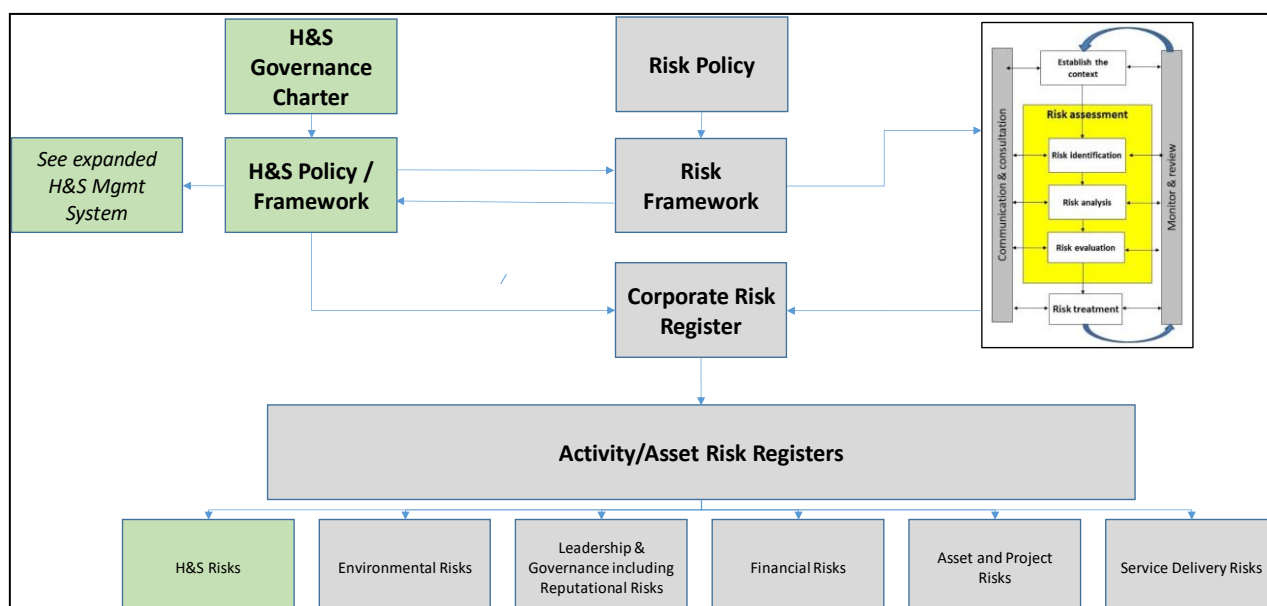
Now that the system has been tested and is proving valuable in managing corporate risks, the remainder of Councils existing risk registers will be transferred into the system. Namely these registers comprise operational registers for a number of activities. Customised reports are also being created to allow visibility of risk at governance, strategic and operational levels.

Health and Safety Risks

A detailed update on Health and Safety Risks is provided to the Committee in a separate report. That report covers priorities and progress and is an excellent overview of Health and Safety Risk management at Council.

Health and Safety risks to staff, contractors and the public continue to represent the highest ranking risks across all of Council activities and will accordingly remain a top priority of wider risk management approaches. Efforts continue to be made to strengthen the tie between Health and Safety risk management and corporate risk management with the implementation of a common system one of the latest advancements. Both sets of risk are now also managed by the same group within Council.

The diagram below illustrates how risk and health, safety and wellbeing integrate and overlap.



The management approach for both risk and health, safety and wellbeing are guided by strategic frameworks and policies and are influenced by National best-practice guidance material (specifically ISO-31000 and ISO-45000 series of standards).

Active Risks

In future reports it is intended that this section will be populated via an automated report run from the new Impac Risk Manager system. To enable this however, all operational risks need to be recorded in the system. This work is currently underway with the system currently housing all Health and Safety Risks as well as Corporate Strategic Risks.

The following risks are considered to be 'active' or 'live' at the time of this report, as determined by Officers. These risks span across the operational portfolios of the organisation. Some may be linked to or part of a larger Corporate Strategic Risk. This list will change from report to report as risks become live, escalate in terms of priority or are mitigated and no longer require reporting at this level.

Risk	Strategic Risk Register Linkage	Update
Capital programme delivery (excl additional funding)	Failure to effectively deliver services and projects	<p>The PMO is now fully established, operating and running the majority of large capital projects / programmes. Key programmes are reported on to Council including the Big Water Story, The Big Waste Water Story and PGF works.</p> <p>This risk remains live as there continues to be tight timeframes to deliver projects (especially those with external funding expectations) and also competition for contracting resource. Recent efforts to recommence a large capital project at the landfill have been hampered by the unavailability of the previous contractor. This remains to be managed largely on a case by case basis however is impacting the way Council design and procure its projects/programmes.</p>
Wastewater Compliance	Wastewater treatment system failure	<p>The removal of floating wetlands has been completed at all facilities since the previous report. Risk through this process was managed and there were no adverse impacts on compliance.</p> <p>HBRC remain active and engaged in the compliance of our</p>

		<p>wastewater facilities and recently Officers have provided a formal update to HBRC to detail current compliance issues, limitations and remediation underway and planned.</p> <p>The relationship with HBRC remains positive and engagement is happening at both an operational and strategic level to maintain this.</p>
Condition-related asset failure	Failure of critical assets	<p>Failures of 3 Waters reticulation assets continue to impact work programmes and place operational and financial pressure on Council. The LTP contains provision for significant increases in planned and reactive renewals to address pipe asset failures however until that is approved the teams and budgets remain very stretched.</p> <p>Contracting staff workload is of concern and is being managed with increased reporting on overtime allocations and leave balances. Efforts are being made now to source additional resource while keeping within existing financial constraints.</p>
Staff attraction / recruitment for key roles	Not able to retain or secure key staff	<p>This has been modified from the last report to focus purely on recruitment rather than retention. This reflects current experience.</p> <p>Currently Council is advertising for several key roles and in some cases is on the 3rd round of recruitment trying to find suitable available candidates. In the interim this is being managed via increased engagement of external resources or through existing staff taking on extra duties for a short period. Developing a long-term people and recruitment strategy is a listed priority for the People and Business Enablement Group in 2021.</p>

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers focus on Risk Management continues to be the establishment and embedding of a common single system for managing and reporting all risks. Significant progress has been made on this and will continue to be made over the coming weeks.

Officers welcome feedback and guidance of the Committee and its members on the future of this report and other matters with respect to Risk Management in the organisation.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.4 HEALTH AND SAFETY UPDATE REPORT

File Number:

Author: Nicola Bousfield, Group Manager - People & Business Enablement

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Health and Safety Update Report [↓](#)

<Summary Section>

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

PURPOSE

To provide the Committee with health, safety and wellbeing information and insight up to the end of mid-March 2021 and to update the Committee on key health and safety critical risks and initiatives.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information and due diligence purposes and has been assessed as not significant.

BACKGROUND

Elected members, as 'Officers' under the Health and Safety at Work Act 2015 (HSWA), are expected to undertake due diligence on health and safety matters.

The Health and Safety at Work Act 2015 came into law on 4th April 2016. It requires those in governance roles, and senior management, to have a greater understanding of their organisation's health and safety activities.

Under the Health and Safety at Work Act 2015, all elected members are deemed 'officers' and must exercise a duty of due diligence in relation to health and safety. These quarterly reports provide information to assist elected members to carry out that role and provides the health and safety information it needs to be aware of to meet its responsibilities under the Act.

DISCUSSION

This is the update for Quarter Four of 2020 and Quarter One for 2021 – October 2020 through to March 2021. The most recent quarter has been included in the reporting period, to reduce the delay in information flow which will allow elected members a timelier overview on Health, Safety and Wellbeing (HS&W) matters and initiatives – in alignment with elected members due diligence requirements.

The HS&W team continue to work on the raft of improvements put into action in 2020, many are well underway or bedding-in, while some have required significant foundational work, or time for collaboration and worker engagement.

The new reporting system 'Risk Manager' has been rolled-out, implemented and is established as the single point of truth for HS&W matters in our organisation. Line managers are continuing to receive assistance and support from the H&S Advisor to manage events in the system. Reporting levels are up on previous figures; which is an encouraging sign and this has a flow on effect by the number of investigations and improvements projects. As the experience and maturity increases across the organisation, we will be better placed to manage the increased reactive workload created through increased event reporting while continuing to deliver on proactive improvements and projects identified in the Gap Analysis Project.

Since the last report; the migration of information from the old reporting system, PeopleSafe to the new system RiskManager has been completed and PeopleSafe has now been discontinued. The vehicle GPS trial has concluded and approximately half the vehicle fleet have been fitted with the

GPS system 'Eroad'. Additionally, the preferred lone worker devices were trialled by staff across the organisation, a high level of worker engagement was seen in this trial. The first delivery of lone worker devices has occurred along with training for our people in February 2021. The roll-out of the first phase of these devices has been staggered while metal mounting plates for the bridge units in vehicles has been developed.

Outside of the planned work, a district wide initiative to combat abuse and threatening behaviour directed towards stop-go sign operators at roadworks has begun.

Significant work has also gone into the policy and guideline space including; vehicle and driving, fleet management and procurement, vaccinations and isolated and lone working. As part of the lone worker device rollout, an additional internal escalation guideline has been developed to guide people leaders in the event of a genuine lone worker device activation.

As execution of these deliverables progresses, work also continues to ready for the execution of other deliverables identified in the Gap Analysis as well outcomes of event reports.

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This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

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- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

To continue to improve the safety culture at CHBDC, while implementing the initiatives laid out in the Health and Safety Action Plan for 2020 and 2021, and to work through the actions laid out in the 2019 Gap Analysis Report.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.



Risk and Assurance Committee

Health and Safety Update Report 18 March 2021

**Be patient
Be polite
Slow down**

**#ActWithMana
#ActWithRespect**



Central Hawke's Bay District Council – Health and Safety Report

1

Author: Bevan Johnstone

Date: March 2021

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OVERVIEW

This is the update for Quarter Four of 2020 and Quarter One for 2021 – October 2020 through to March 2021. The most recent quarter has been included in the reporting period, to reduce the delay in information flow which will allow elected members a timelier overview on Health, Safety and Wellbeing (HS&W) matters and initiatives – in alignment with elected members due diligence requirements.

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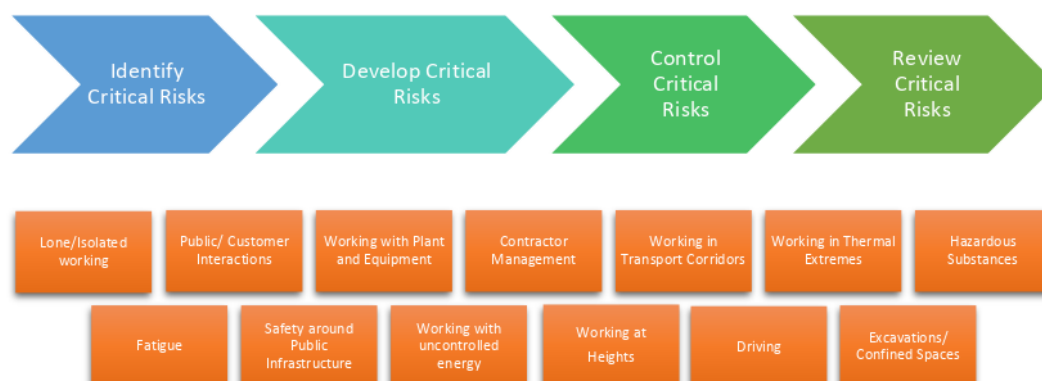
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As execution of these deliverables progresses, work also continues to ready for the execution of other deliverables identified in the Gap Analysis as well outcomes of event reports.



HEALTH AND SAFETY - CRITICAL RISKS



Identifies the logical and methodical approach adopted to address our critical risks as well, as the 13 critical risks identified by Council.

Critical Risks In-Focus

Since the November 2020 report to the Risk & Assurance Committee, we have completed the Bow Tie Analysis workshops on each of the Critical Risks.

The roll-out plan to profile each of the Critical Risks is underway, with Vehicles/Driving as the focus area for February, profiled for staff as shown on the following pages.

A campaign began in February 2021 to communicate the workshops back to the organisation and our people. The campaign focuses on profiling each critical risk and consists of posters detailing the key points and the improvements identified, while the H&S team's communication and efforts for the month pivots towards the that particular critical risk, this campaign has been labelled 'Our Critical Risks; In Focus'. February's critical risk was vehicles and driving, worker engagement on the draft driving policy began with the health and safety committee and the draft policy has been released for engagement to the wider workforce. The fitting of the vehicle GPS units coincided with the vehicle focus in February. In the lead up to February a number of vehicle related health and safety reports were made by our people, the HS&W team capitalised on these reports to highlight and validate the focus on vehicles and driving.

Lone Worker Devices

To date, thirteen units have been purchased, the user training has occurred for all relevant groups and usage is becoming more common place. Development of a universal vehicle mounting plate (to be installed across the vehicle fleet) to attach the bridges continues to allow easy and secure mounting and removal across any vehicle in our fleet. It is anticipated that the second phase of the lone worker device project can commence in the second quarter of 2021 while the phase 2 of the vehicle GPS fit out will occur at acquisition of the replacement fleet vehicles. Additionally, the fleet is being reviewed for suitability and usage to ensure we have a fit for purpose fleet.

The lone and isolated working guideline has been drafted. The draft has been reviewed by the health and safety committee is due to be released for worker engagement and feedback at the time of writing this report.

Vehicle GPS Tracking - Eroad

The first month of Our Critical Risks; In Focus was well received, the month also saw significant progress on improving the management of the fleet and the installation of phase 1 of the vehicle GPS system 'Eroad'. Eroad is not just a vehicle 'tracking' system, the in-cab unit provides drivers with live feedback on their driving from a safety and environmental points of view including hard breaking and acceleration, over-speed and hard cornering. Eroad also provides a platform for tracking of maintenance requirements which also includes Warrant of Fitness, registration, service schedules, and operational safety vehicle checks. Most critically, Council purchased the additional 'collision and rollover detection alert' (CaRA) hardware which alerts the organisation to a collision or vehicle rollover event.

The first round of worker engagement through the health and safety committee is complete and a second phase with the entire workforce is planned to commence at the time of writing this report. Once the policy is adopted, drivers will



be required to log into the in-cab Eroad device in Council vehicles. This will allow the HS&W team to identify who the driver is in case of an emergency, identify drivers with training needs, and allow the Eroad system to rank drivers on a safety score.

Our Critical Risks

In Focus

Vehicles / Driving

How does the risk apply to work at CHBDC?

For some of us we drive while working (i.e. road inspections) but for others, we drive from 'A' to 'B' to do the work (i.e. building inspectors). But our driving can be:

- On rural, urban and state highway roads
- Sealed or gravel roads and farm tracks
- In all conditions (wet, dry, hot, windy and muddy)
- During civil disaster (CD) events

What controls do we have in place?

<ul style="list-style-type: none"> Hands free phone use Appropriate vehicle selection Self-Discipline Vehicle WOF and servicing Seatbelts Speed limit 	<ul style="list-style-type: none"> Beacons / Flashing Lights Buddy system/calendar bookings/sign-out board Sick leave bank Radio communications & training Daytime running lights
---	--

What can we improve?

- Vehicle GPS system
- Improved fleet selection, management and maintenance
- Driving policy
- Standardised transmissions
- Replace vehicles after three years or 100km
- Lease/hire/rental vehicles to boost fleet
- Anti-fall locks for animal cages
- Weekly vehicle checks

These are your ideas:

- Driver Training (defensive driving and specific 4WD and extreme conditions)
- Pre-drive risk assessment (for bad weather/CD)
- No-answer policy for phone calls
- Fatigue risk management framework and training
- Program to build acceptance of mental health
- Limit impact of non-work driving offence on work
- Rule allowing refusal to drive/ride in extreme conditions

Together we Thrive! E ora ngātahi ana!

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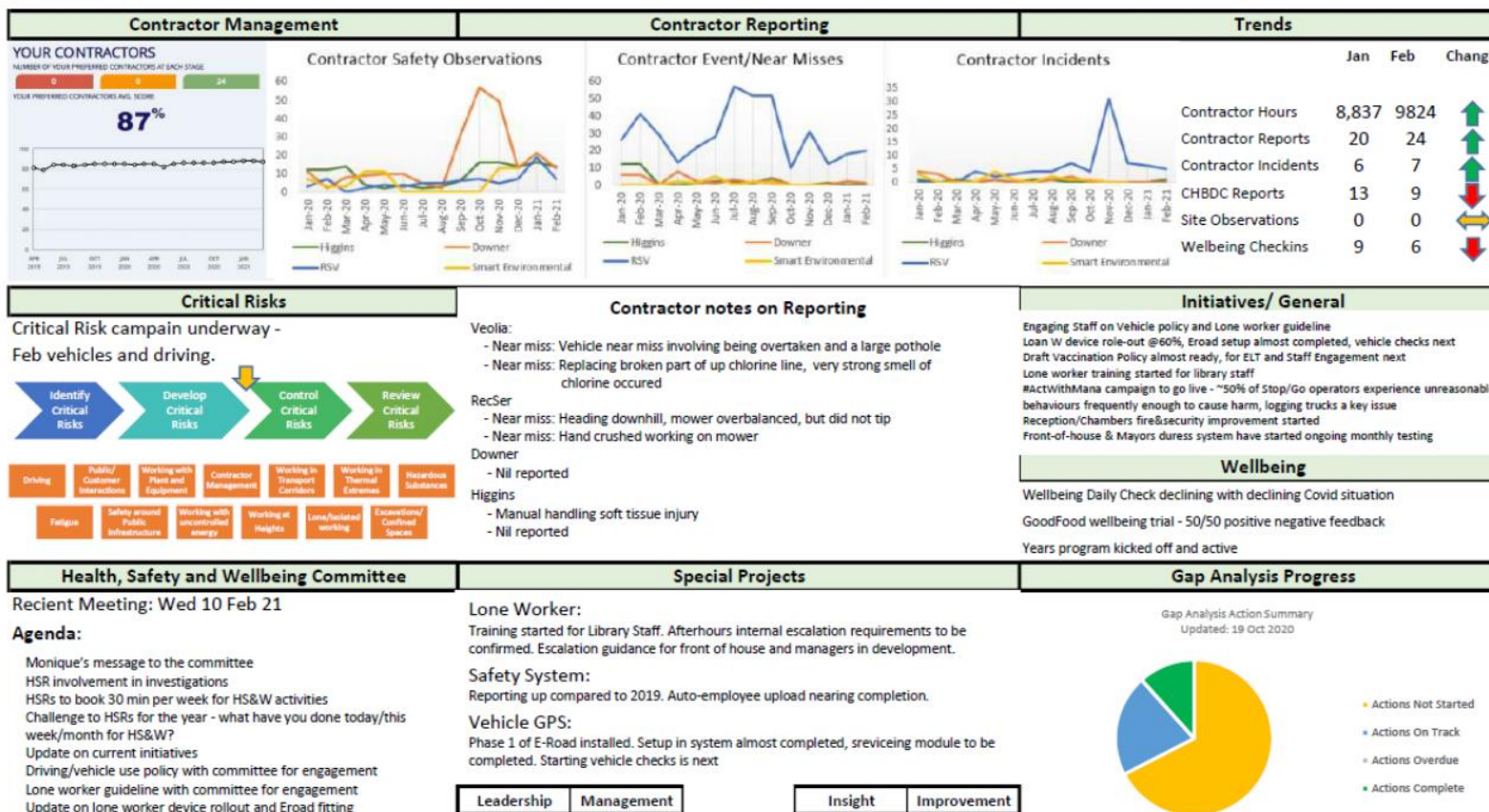


ORGANISATIONAL DASHBOARD SNAPSHOT – HEALTH AND SAFETY PERFORMANCE DASHBOARD



Health and Safety Performance Dashboard

Feb-21



Central Hawke's Bay District Council – Health and Safety Report

Author: Bevan Johnstone

Date: March 2021

6

Risk Manager Implementation

The manual transfer of incident data from PeopleSafe to our new H&S system RiskManager is complete, and the subscription to PeopleSafe has been discontinued. This process identified a number of historical events which had not been addressed, these make some up a portion of the events awaiting simple investigations which are shown in the above dashboard as 'late', some of the 'late' actions identified above relate to work or process change that has not occurred yet for a number of factors including access to skilled labour or evidence that the improvement is effective before the action is closed-off.

Since the introduction of RiskManager, reporting is up across the organisation, this is a commendable improvement which serves to identify the complexity and dynamic environment our people operate in. However, higher reporting levels also increase the workload on managers, health and safety representatives, and the HS&W team who support and guide investigations and improvement responses.

HEALTH AND SAFETY INITIATIVES

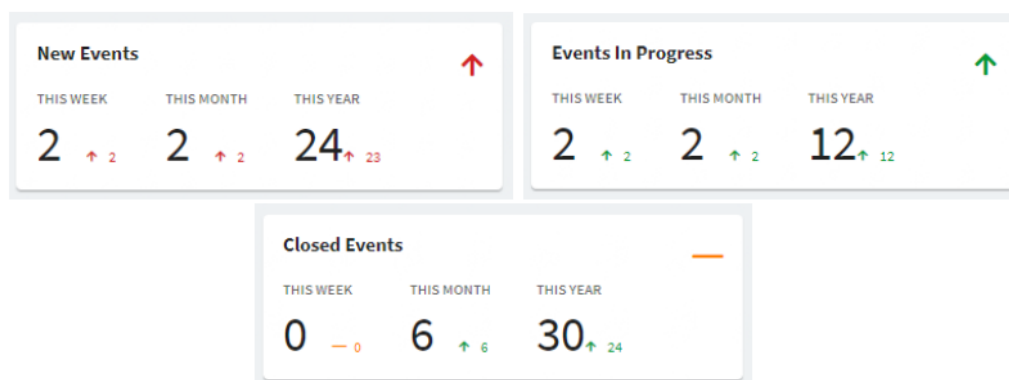
HS&W Reporting

In the previous report to this committee, it was acknowledged that there was a poor level of HS&W reporting across the organisation. Since then, the level of reporting has increased month on month. Since the last report to this committee on the 11th of November there has been 44 event reports which is a significant improvement compared to only six in the same quarter the previous year. The graphs in blue below show the increase in reporting seen for the same period in 2020, versus 2019.

Coinciding with the launch of RiskManager, the HS&W team launched a campaign to increase our reporting levels. The HS&W team have also been thanking the workforce for their efforts with reporting, and have reported back to the staff meeting on event reporting numbers, a general overview of the events in that period and the resulting corrective actions implanted or planned. It is considered, that the campaign and resulting improvement activity is responsible for the increased reporting level.

As identified previously, high levels of reporting are desirable but they also consequently increase the workload across the organisation through investigations, worker engagement and increased support required from the HS&W team. The HS&W team will encourage reporting through the 2021 year and hope to see an improvement on the current levels in the future.

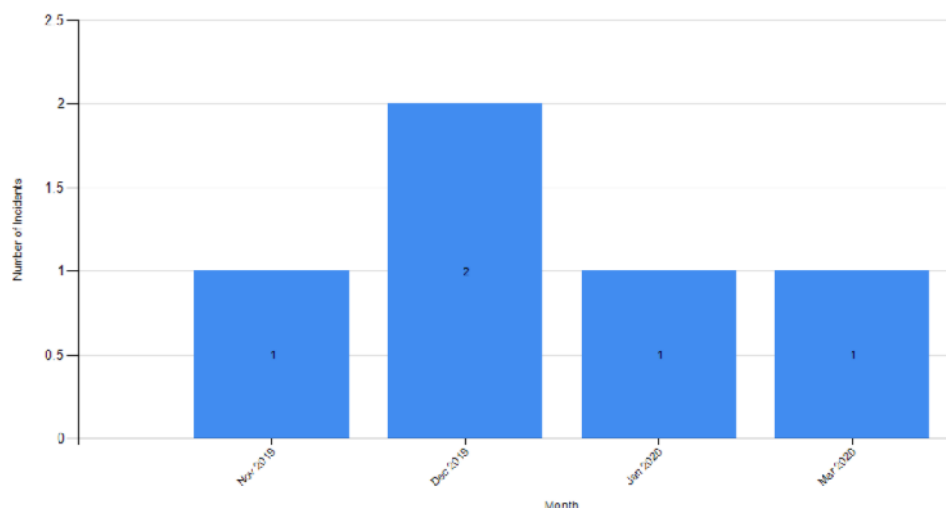
RiskManager Event Dashboard; Showing event reporting trend data compared to the previous 12 months (including data from PeopleSafe). It should be noted that the 'red' arrow on the new event image should be seen as a positive not negative attribute.



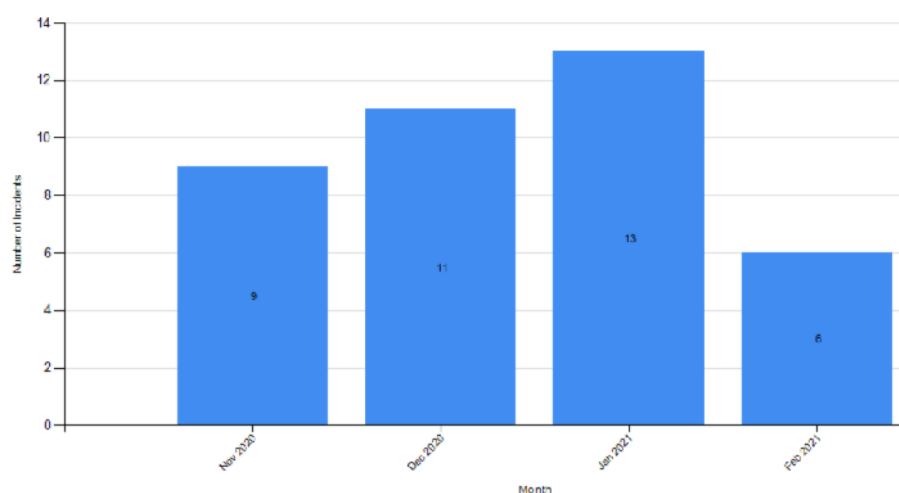


Event reporting levels comparison from 2019 -2020 versus 2020-2021

Comparison between the below graphs demonstrates the marked improvement in event reporting from 2019-2020-2021.



Reporting levels Nov 2019 – March 2020



Reporting levels Nov 2020 – March 2021

Contractor Reporting

Contractor reporting has not significantly changed since the previous report to this committee and will be a focus area of the impending Contractor Management framework launch later this year. A complementary education presentation for contract managers has been developed, which explores why it is important contract managers drive honest reporting from contractors. A recent prosecution will be used to demonstrate the 'upstream' duties as well as the 'overlapping' duties between multiple PCBU's and will help drive a solid understanding of the significant role contract managers have in contractor H&S performance.

It is anticipated that the launch and bedding-in of the contractor framework will stimulate an increase in contractor reporting above current levels and will improve our controls of this critical risk. Contract managers will also be



challenged to undertake HS&W observations and audits on an ongoing basis which is in line with best practice. Work has recently been undertaken to ensure the supporting technology is available and function to assist with the planned auditing.

Aggression and Abuse of Stop-Go Operators in CHB; *#ActWithMana*

The #ActWithMana campaign consists of a sequential series of billboards which road users will see as they enter our district. NZTA is backing the trial and will be installing the billboards on the state highways in addition to Council's signage on our own network. The billboard series is designed in alignment with recent safety research which indicates safety communication should be as close to the source of risk as possible, should be framed in the positive, and should humanise the subject. The billboards feature local people who work in temporary traffic control, attempts were made to select people who represent the local demographic so road users may see our people as people too.

In November last year Council received a report of verbal abuse, spitting and threats of physical harm being directed towards stop-go operators by road users, during road repairs. Research was conducted to identify the size of the problem nationally and internationally as well as what controls are being utilised.

Recognising the upstream and overlapping duties Council have in managing this identified risk, the Land Transport Department in conjunction with the HS&W team have developed a trial in an attempt to address the risk of further abuse of our contractors. The trial consists of three main parts; a measure prior to an intervention, an intervention using multiple channels, and a post intervention measure to determine if the intervention was successful.

The level of abuse has been measured using a shortened version of an internationally validated tool for measuring workplace abuse. Approximately 50% report experiencing abusive behaviour at a frequency which is considered likely to be detrimental to their health. Additionally, repeated abusive behaviour is likely to distract and impair operators functioning and this may contribute to vehicle accidents or other workplace harm.

The billboard messaging will be supported with media releases, social media messaging, and it is planned that specific engagement will occur with the logging truck industry operating in our district. Engagement of logging truck operators by the health and safety committees of each contractor and their management is anticipated to stimulate co-operation to control the risks posed on our sites by their behaviour. Below, we have provided one example of the completed abuse measure and cover page features the last billboard in campaign.

Road-edge Abuse Assessment

Please indicate the frequency that you have experienced or witnessed each of the following behaviours from members of the public, in relation to your work in traffic control, within the last 6 months.	Frequency				
	Never	Now and then	Monthly	Weekly	Daily
Having insulting or offensive remarks made about you, being sworn at, or verbally abused				✓	
Being shouted at or being the target of spontaneous anger			✓		
Intimidating behaviours such as finger-pointing, invasion of personal space, shoving, using vehicle in intimidating manner (revving engine, aggressive horn use), etc			✓		
Threats of violence or physical abuse			✓		
Being physically assaulted	✓				
Being humiliated or ridiculed in connection with your work		✓			
Being ignored (i.e. direction to stop)				✓	
Having allegations made against you				✓	



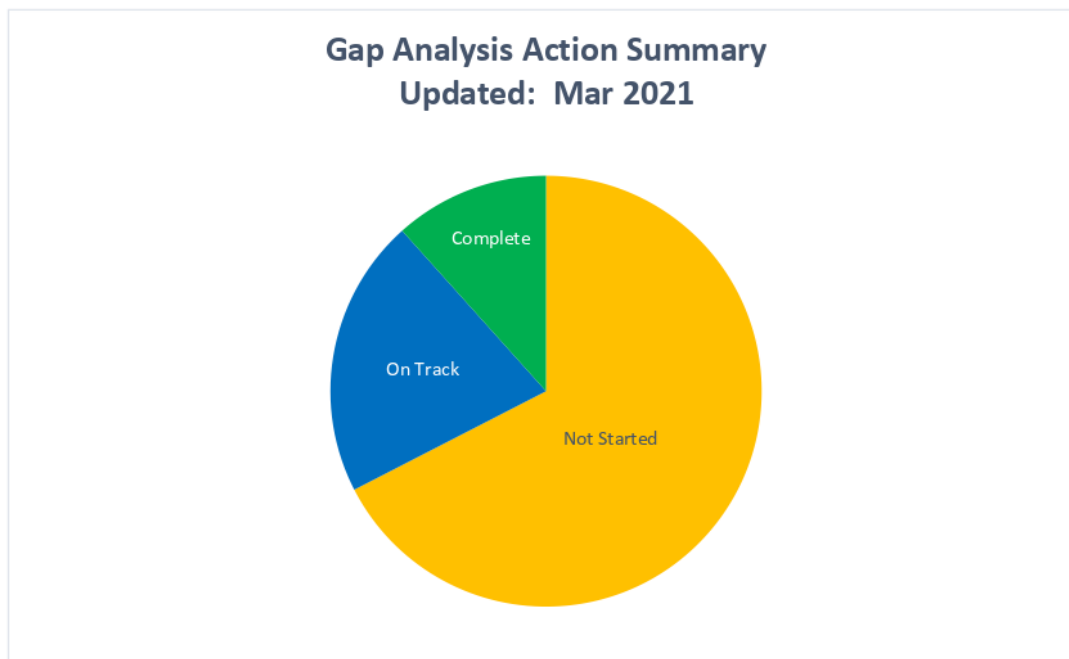
GAP ANALYSIS PROJECT

As previously reported, the gap analysis project identified 11 key areas for improvement and a total of 82 recommendations to implement to improve our health and safety system and maturity. A project has been implemented to deliver on these recommendations.

Since the date of the last report, work continues on foundational work and delivering the actions already started. The number of active actions remains relatively static however one more action has been completed.

Recommendations by Group	No. Of Actions	Actions Not Started	Actions On Track	Actions Overdue	Actions Complete
1 Policy, Planning, Resources and Responsibilities	5	1	0	0	4
2 Leadership and Worker Engagement	3	1	2	0	0
3 Governance Reporting and Activity	4	1	2	0	1
4 Hazard and Risk Management	6	1	5	0	0
5 Information, Training and Supervision	3	2	1	0	0
6 Managing Contractors, and Visitors	5	3	2	0	0
7 Incident Management	3	2	0	0	1
8 Health and Wellness	4	3	1	0	0
9 Emergency Management	2	1	1	0	0
10 Audit and Review	4	2	1	0	1
11 Critical Risk Management	42	40	1	0	1
12 Special Projects	5	1	2	0	2
TOTAL	86	58	18	0	10

The list of actions derived from the H&S Gap Analysis.



A pie graph demonstrating the status of the Gap Analysis actions

WELLBEING

The People and Capability team lead the Wellbeing space at Council along with support from Health & Safety Advisor

The Wellbeing Initiatives include:

Wellbeing Calendar - This is designed to focus on different areas each month, below lists the activities covered since the new year:



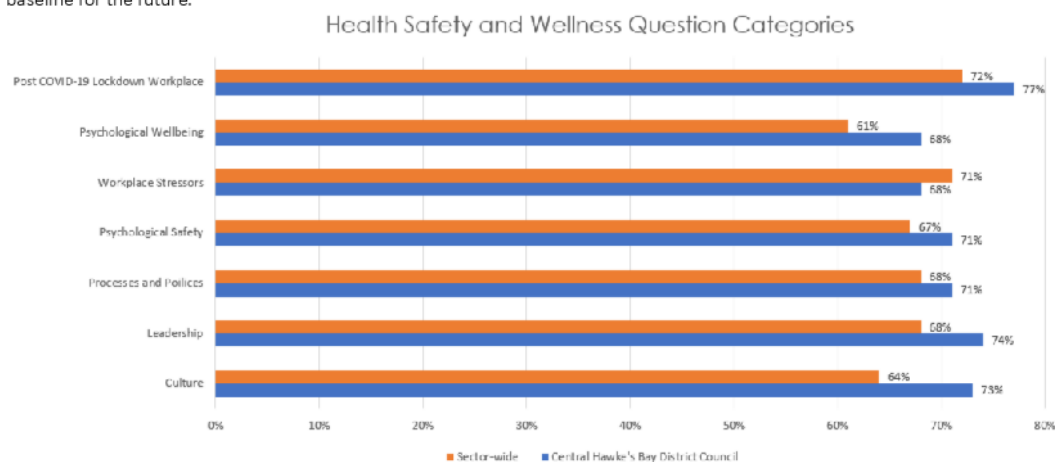
- January: Looking after yourself heading back to work
- February: Fresh air and fresh food focus, walking groups were started and we held a very successful fresh fruit Friday.
- March: Included more walking groups and in line with NZ awareness days/months, we held a shared morning tea for Hearing awareness month where we received a short lesson in sign language.

Weekly Wellbeing Topic - Each week there is a Wellbeing topic for staff sent out in the Chief Executives weekly words; some of the topics have been resilience for staff and families, highlighting things we can and cannot control and how to stay motivated through the change in seasons.

Bitesize Sessions - In addition to this, we utilise the knowledge our people hold by running Bite Size sessions where a staff member offers to facilitate a short 30 min session for staff. These are run each month with the topics ranging from how to achieve a good work life balance, time management tips to how to have difficult conversations. These sessions are well attended and encourage the promotion and sharing of staff knowledge and cross council interactions.

Celebrating our People - In December we held the Together We Thrive awards and Christmas Breakfast. This event includes all staff and many partners and contractors. This is the opportunity to thank staff for all the hard work throughout the year and to highlight some who have gone over and above in different areas. At the last awards the Chief Executive individually thanked each person present for the role they play in the councils and communities success while the elected members served breakfast to our people; this speaks to the culture here at Council.

Workplace Health, Safety & Wellbeing Survey – Since the last report Council has taken part in the Local Government Workplace Health, Safety & Wellbeing Survey which looked at all aspects of Health, Safety and Wellbeing across other councils. The results showed that we are ahead of the sector in most categories overall. The areas to celebrate is how supported our people felt throughout the Covid-19 lockdown, and the leadership shown by our people leaders across the board. Opportunities for development are include further people leader development specifically focused on Health Safety and Wellbeing as well as looking into the workplace and the challenge of access to resources. This survey is the first of its kind for Council and will be looked to as a baseline for the future.



A comparison table comparing CHBDC to other participant Councils in the Local Government Workplace Health, Safety & Wellbeing Survey, which was conducted in late 2020.

Vaccinations - Council continue to provide the Flu Vaccination and have recently developed a vaccination policy to address the wider picture of hepatitis A and B, tetanus, Covid-19 and other occupational diseases that our people face. This policy is awaiting review before going to the workforce for consultation as per the requirements of the HSWA.

As previously reported, the uptake for the last Flu season was 42 people for this vaccination. We have no other data on other vaccinations at this point. It is however anticipated that a better picture of our workforce vaccination status will be available in the future.

6.5 AUDIT FINDINGS MONITORING REPORT

File Number:

Author: Brent Chamberlain, Chief Financial Officer

Authoriser: Monique Davidson, Chief Executive

Attachments: Nil

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

PURPOSE

The purpose of this report is to track and update the committee on audit recommendations from recent audits.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Over the course of each year Council undertakes a number of audits that look at the activities of Council's Corporate Services functions.

This include internal audits which test Councils Policies and Procedures to ensure they are fit for purpose and that they are being adhered to, but also includes external audits of financial reporting to the public (whether this is an Annual Report, or a Long Term Plan). These external audit focus on the quality of data being supplied, and the controls that Council has in place to ensure accuracy of data, controls to ensure protection of public funds, and transparency of information supplied.

Officers will work between the March and May Risk and Assurance Committee meeting to incorporate NZTA Audit Report Recommendations into the report. It is anticipated that this report will become a standing item at every Committee meeting.

DISCUSSION

Below are the findings/recommendations of the last three audits undertaken on the Corporate Services Activities:

Internal Audit: Procurement and Purchasing (undertaken November 2019)

Observation	Recommendation	Actions Taken
<p>Managing Conflicts of Interest</p> <p>The Council adopted the Procurement and Contract Management Policy in October 2018. The Policy sets the Council's requirements and expectations in relation to how procurement should be done at the Council. The responsibility for the Policy has been assigned to Group Manager Corporate Support and Services.</p> <p>The Policy requires 'all staff involved in the preparation and execution of a public procurement process to complete a Conflict of Interest (CoI) declaration which is to be approved by the delegated financial authority for the procurement'.</p> <p>We received a list of current major contracts from the Council's Contract Register and selected a</p>	<p>The Council should effectively communicate the requirements of its Procurement and Contract Management Policy across relevant staff involved in procurement. This could be achieved through a Council-wide training session or workshop for staff.</p>	<p>Officers have worked with the PMO (Project Management Office) to ensure that conflict of interest forms are correctly filled out and kept for all of Councils significant procurements.</p> <p>Officers are in the process of reworking the procurement manual to incorporate the Progressive Procurement Toolkit and Supplier Guide recently developed by Hastings District Council on behalf of the 5</p>

<p>sample to check how the decision to procure was made, how the supplier was selected, what procurement methods were used in the selection (tender, direct engagement, pre-approved supplier list), whether all documentation (such as conflicts of interest forms) were completed and documented.</p> <p>For our sample of 5 procurements we noted the following:</p> <ul style="list-style-type: none"> • For 2 procurements the Col declarations were not prepared at all. • For 2 procurements the Col declarations were prepared by the members of the evaluation team but were approved by the 3 Waters Programme Manager instead of the appropriate delegated financial authority (the Council for one and the GM for the other). • For 1 procurement (for which the procurement plan was approved on 29/8/19) the Col hasn't been done at the time of our review (November 2019), although the Procurement Plan that went for approval to the Council said that the Col declarations had been approved. <p><u>Risk</u></p> <p>If the Council doesn't effectively manage the conflicts of interest across its procurement activities, it can make inappropriate purchases or enter into inappropriate contracts which could be challenged by other suppliers or ratepayers. Poor management of conflicts of interest also increases risk of corruption.</p>		<p>Hawkes Bay Councils. It is envisaged that this work is completed and an all staff training session on the new manual, toolkit, and supplier guide is rolled out by 30 June 2021.</p>
<p>Managing procurement outside the Infrastructure Team</p> <p>As part of our testing, a listing of annualised Council spend by supplier was provided. From this a random sample of suppliers with annualised spends of over \$50k were selected for testing. The testing consisted of how the decision to procure was made, how the supplier was selected, what procurement methods were used in the selection (tender, direct engagement, pre-approved supplier list), whether all documentation (such as conflicts of interest forms) were completed and documented.</p> <p>For our sample of 6 vendors with purchases between \$25k and \$200k we were unable to find:</p> <ul style="list-style-type: none"> - Procurement Plans - Vendor selection documentation - Conflicts of interest declarations for personnel involved in the procurement activities. <p>According to the Council's Policy we would expect that these procurements would either use quotes from preferred or panel suppliers. If existing contracted, preferred or panel suppliers</p>	<p>Like the point above, the Council should effectively communicate the requirements of its Procurement and Contract Management Policy across relevant staff involved in procurement outside the Infrastructure team. This could be achieved through a Council-wide training session or workshop for staff.</p>	<p>As above</p>

<p>are not appropriate then a Procurement Plan that recommends another approach must be prepared (e.g. an open tender or direct award to a high performing supplier).</p> <p><u>Risk</u></p> <p>If the Council doesn't comply with its Policy, the Council may procure goods or services at a higher price or may spend public money inappropriately. The Council's decisions can be challenged by ratepayers or suppliers. This may lead to legal or reputational damage.</p>		
<p>Procurement Strategy</p> <p>The Policy requires the Council's ELT team to 'oversee the development and maintenance of a rolling three year procurement strategy'. At the time of our review no such strategy has been developed.</p> <p><u>Risk</u></p> <p>If the Council doesn't comply with its Policy, the Council may procure goods or services at a higher price or may spend public money inappropriately. The Council's decisions can be challenged by ratepayers or suppliers. This may lead to legal or reputational damage.</p>	<p>The Council should develop the three-year procurement strategies are required by the Policy.</p>	<p>The current policy no longer requires Procurement Strategies to be developed, as it was determined they were essentially a distraction from individual Procurement Plans developed.</p>
<p>Lack of oversight of procurement activities</p> <p>A large number of instances of non-compliance with the Council's Policy (findings 1-3 above), requires the Council to monitor the extent to which the business units comply with the requirements of the Policy. This becomes even more important given the decentralised procurement operating model at the Council, i.e. when each business unit performs its own procurements without a centralised support.</p> <p>Currently no monitoring is performed by the Council to ensure all purchases and procurement activities comply with the Policy and there is varying degrees of understanding of procurements activities happening across the Council.</p> <p>In addition, there is limited procurement reporting to the Executive Team and the Council. We understand that reporting is on an exception basis. As a result, this reduces Managements oversight on procurement activities.</p> <p>Procurement reporting would provide an overview of large value, high risk or complex procurements. It would also provide valuable insights into the activities of other departments.</p> <p><u>Risk</u></p> <p>The lack of an effective process to monitor compliance with the Council's Policy increases the risk that the Council's purchases may not meet the policy requirements and the Council's expectations.</p>	<p>The Council should implement a formal process to review the Council's compliance with the requirements of the Policy. This could be done by regularly reviewing a sample of purchases to check whether all Policy requirements have been met. The results of this 'audit' should be communicated to the ELT. The responsibility for this work should either sit with the Group Manager Corporate Support and Services (as the Policy Owner) or could be delegated to the 3 Waters Programme Manager (as a 'Centre of Procurement Excellence' within the Council).</p>	<p>Council's finance team has recently had a small restructure which has introduced procurement as an element into the job description of a staff member other than the Chief Financial Officer.</p> <p>The intention is that this person gets trained in procurement, and they act a procurement advisor to staff undertaking procurement, and that this person commences quarterly checks of adherence to policy. This training has commenced.</p>

<p>Lack of additional guidance to assist employees in the procurement process</p> <p>The Council has started drafting a Procurement Manual to provide additional guidance and support to the Council's personnel involved in procurement activities. However, at the time of our review, this work hasn't been finished yet.</p> <p>The Council's 3 Waters team has developed several templates (e.g. Procurement Plan) to assist with its major procurements, however they do not cover the end-to-end procurement process and additional templates need to be created (e.g. probity checklists, RFx templates, supplier recommendation templates, etc.).</p> <p>In a de-centralised environment, we would expect a suite of tools and templates such as procurement plans, tender documents and checklists to guide employees.</p> <p>Risk</p> <p>The absence of additional guidance material to assist staff during procurement may lead to a situation where staff do not comply with the Council's procurement process.</p>	<p>Finalise the Council's Procurement Manual and communicate it to all personnel involved in procurement.</p> <p>Develop additional tools and templates to assist employees in the procurement process. The need for these templates will be identified in the Manual.</p> <p>The Manual and templates should be developed or reviewed by procurement and or legal professionals.</p>	<p>Council adopted a rewritten procurement policy in 2020.</p> <p>Officers are in the process of reworking the procurement manual to incorporate the Progressive Procurement Toolkit and Supplier Guide recently developed by Hastings District Council on behalf of the 5 Hawkes Bay Councils. It is envisaged that this work is completed and an all staff training session on the new manual, toolkit, and supplier guide is rolled out by 30 June 2021.</p>
<p>Incorrect system-enforced authorisation limits</p> <p>The authorisation limits in the Council's core system, MagiQ, are not in line with the limits established in the Council's Delegations Register.</p> <p>As a result, staff members are able to approve purchases above the levels of authority they have been granted.</p> <p>We noted the following exceptions:</p> <p>Brent Chamberlain Bridget Gibson Craig Ireson Graham Manning Ian Cover</p>	<p>Review the authorisation limits in MagiQ and ensure they are in line with the current Delegations Policy.</p> <p>If it is identified that for practical reasons, higher limits may be required for approving payments then a review of the delegated authorities should be undertaken.</p> <p>The Council can also perform a data analytics test to understand whether these incorrect delegations settings have actually resulted in any incorrectly authorised purchases.</p>	<p>The limits in MagiQ were corrected following this audit, and then were tested again as part of the Ernst Young Year End Audit in August/September 2020.</p>
<p>Policies are not up to date</p> <p><u>Procurement and Contract Management Policy</u></p> <p>The Council's Procurement and Contract Management Policy was due to be reviewed on 31 October 2019. At the time of our work in November 2019 the Policy still hasn't been reviewed. This was largely due to a change in the Group Manager Corporate Support and Services.</p> <p><u>Credit Card Operation Procedure</u></p> <p>The Council has a Credit Card Operation Procedure which defines the Council's use of credit cards. The Procedure specifies that there should only be one card and it should be operated by the Chief Executive. We understand that the Council uses two cards: one used by the</p>	<p>Ensure the Procurement and Contract Management Policy is up to date.</p> <p>Review the Credit Card Operation Procedure to ensure it reflects the current Council's practice of using the credit cards.</p>	<p>Policies have been updated:</p> <p>Procurement Policy 18/9/2020</p> <p>Credit Card Operation 2/6/2020</p>

Mayor and the CE; one used by the Group Manager Corporate Support and Services for staff travel expenses and other minor purchases.		
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External Audit: Year End (Undertaken August/September 2020)

Observation	Recommendation	Actions Taken
Process documentation and reliance on key individuals There are certain roles within the Council that require specialised knowledge in order for the role to be performed efficiently and effectively. An example of this is the maintenance of the data for the three waters infrastructure assets and the associated valuation of these assets where knowledge of relevant systems plus the underlying subject matter is required. We observed that there was a reliance on the person filling this role and there were limited other staff members that were able to assist with key audit procedures relating to the valuation of the three waters infrastructure assets and how the valuation linked to the underlying data. There was also a lack of supporting documentation for the valuation exercise completed and the documentation that was available didn't contain sufficient detail.	We recommend that CHBDC broaden the number of staff that have a working understanding of the processes and controls relating to infrastructure assets and in particular data management and valuation processes for the three waters assets. We also recommend processes notes be retained by CHBDC to ensure that in the absence of key individuals, processes can continue to be performed and there is clarity with respect to processes followed historically.	This is the nature of being a smaller Council where not every position has a clear backup. It did highlight that all key person positions keep good hand over notes as part of role handover on exit.
Compliance with Policies We noted that the CHBDC Treasury Management Policy was not been followed in relation to concentration risk for investments. The Council's Treasury Management Policy restricts the amount that can be invested with any one counter party to \$8m. At 30 June 2020, Council had term deposits with BNZ of \$9m.	We recommend that policies be followed to ensure risk is being managed in a way that has been agreed with those that approved the policy.	Policy updated on 18/9/2020 to increase this limit to \$10m. Currently the maximum investment with any one bank is \$7.5m.
Timely update of authorised signatories During our testing of the authorised signatories for online banking, we noted that two employees who left the Council during the year were still listed as authorised signatories. We acknowledge that subsequent to our finding the list of authorised signatories was correctly updated.	We recommend that banking signatories and approvers be updated on a timely basis. There should also be a process for staff leaving Council to ensure access to IT systems is removed, they are removed as authorised signatories and Council property is returned. This process should be systematically worked through for each employee that leaves Council.	The paper banking mandates had been updated at the time of audit, but ANZDirect user logins did not reflect the change. This was subsequently corrected before the audit was completed.
Timely closure of credit cards As part of our testing, we identified that there was an active credit card in the name of a former employee. We did additional analysis over the expenses incurred on the credit card to assess what expenses had been incurred on the card since the employee left and noted that all costs were automatic payments for subscriptions that	We recommend that management cancel credit cards in a timely manner when individuals leave council.	The card had been cut up at the time of audit, but due to a number of annual subscriptions coming out of this card, the card wasn't immediately cancelled. The card was formally

were used by Council. Subsequent to year end, we are aware that the credit card has been cancelled.		cancelled before the audit was complete.
Approval of Expenditure Under the current sensitive expenditure policy, an approver or expenditure cannot benefit personally from the expenditure being claimed. However, through our testing we identified instances where expenditure was approved by a member of staff that benefited from the expense being incurred as well as the approver being more junior than the individual incurring the expense.	We recommend that Council update their policy to include a requirement for a "one up" approval of the individual incurring the expenses, this would be a council member in the case of the Mayor's expenses.	This item is a carry forward from 2019. Sensitive Expenditure was again retested in 2020 with one breach identified so it remains an audit point.
Land Title Discrepancies We obtained and reviewed the land titles for land owned by the Council on a sample basis to verify the information used by QV in their 2017 valuation of the Council's land and to validate the land is freehold. We identified several discrepancies between the Council records and the information used by QV. For one title the land information on the title was less than the area valued in by QV. In addition, a number of titles were not able to be obtained. There is a risk the Council records do not contain the most up to date information in relation to land titles. In addition, there is a risk QV may be performing their valuation on incomplete / inaccurate information.	We recommend a formal review be completed for land held by the council to ensure all land titles are available and the title area reflects the Council's records and that used by QV.	This item is a carry forward from 2019. 5 Titles were identified as belonging to CHBDC but had discrepancies with the LINZ records. 3 have now been resolved, and 2 remain: 1092050900 232 Pourerere Beach 1095013300 Hatuma Road Both these are recorded by LINZ as public reserves with Department of Conservation Ownership
Policies due for update We noted a number of policies are past their date for revision. There is a risk that outdated policies may not reflect the most up to date intentions of Council. It is important policies are updated in a timely manner, particularly when there is public visibility to policies via the council's website.	We recommend the Council update the policies, and in the future establish a process to ensure they are updated in a timely manner.	This item is a carry forward from 2019. Officers are working through a review process to ensure all policies are up to date and significant progress was made during 2020. A paper outlining current status of policies and determining role for Risk and Assurance Committee is planned for May 2021.

External Audit: Long Term Plan (Undertaken December 2020 – January 2021)

Observation	Recommendation	Actions Taken
Quality of asset information CHBDC could improve the quality of the information reflected in the Infrastructure Strategy through using a more granular five tier scale to assess data quality and through presenting asset performance information for water supply and waste water. The identification of specific critical assets would also be beneficial.		The understanding of our infrastructure assets is improving and being better documented over time. Officer's intention is that this is an area of continuous improvement.

<p>Targets for performance measures</p> <p>Some performance measures have targets set at a level notably below current delivery. We would expect targets to usually show continued performance at the current level or provide a degree of challenge for services to improve going forward.</p>		<p>After being challenged by Ernst Young many LOS targets were adjusted. But with many of our mature services with high levels of satisfaction it is not always practical or cost effective to strive for further improvements. Further discussion on this will continue before the close out of the Long Term Plan 2021 – 2031 audit.</p>
<p>Articulation of long term view</p> <p>Council have provided a transparent plan of what is required in the short to medium term due to previous underinvestment in infrastructure assets. Funding this investment results in increased debt and expenditure exceeding revenue for most years of the long-term plan. Going forward Council will need to engage with the community on both when the budget will be able to be balanced and specifically how renewals work will be funded in a more sustainable way.</p>		<p>It is officer's intent to provide advice to Council in order to strive towards the goal of achieving a balanced budget and they intend reviewing the life expectancy of assets, and therefore depreciation, as more asset conditioning work is undertaken.</p>

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers will continue to work towards resolution for the audit recommendations listed above that have yet to be resolved. Officers will continue to report any items above until resolution is achieved.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.6 REVIEW OF ELECTED MEMBER REMUNERATION AND EXPENSES POLICY

File Number:

Author: Brent Chamberlain, Chief Financial Officer

Authoriser: Monique Davidson, Chief Executive

Attachments: 1. Elected Member Remuneration and Expenses Policy [↓](#)

PURPOSE

The matter for consideration by the Council is the adoption of the updated Elected Member Remuneration and Expenses Policy

RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

- a) That the report be received.
- b) That the Committee endorse and recommend to Council they adopt the proposed amendments to the Elected Member Remuneration and Expenses Policy” to include additional paragraphs on Receipt of Gifts.

BACKGROUND

At the 12th November 2020 Risk and Assurance Meeting, a paper entitled Review of Sensitive Expenditure Policy was tabled. This paper reviewed both the Sensitive Expenditure Policy and the Elected Member Remuneration and Expenses Policy. One of the resolutions of this meeting was that the Elected Member Remuneration and Expenses Policy should be expanded to include further clarity about the procedure upon “receipt of gifts”.

DISCUSSION

Currently the Sensitive Expenditure Policy (which only applies to staff and Council contractors) sets out the procedures for staff/contractors who receive gifts, and the establishment of a gift register, however the Elected Member Remuneration and Expenses Policy was largely silent on this matter.

When this policy was reviewed on the 12th November 2020 Risk and Assurance Meeting it was requested that this area of the policy be bolstered to be more reflective of the staff version, and an Elected Member Gift Register be established.

Currently the policy states:

“The receiving of a gift is not strictly ‘sensitive expenditure’; nevertheless, it is a sensitive issue. It is especially important that receiving a gift does not alter Councils decision-making, as this could be perceived as acting without impartiality or integrity.

Under no circumstances should a gift be accepted from an organisation or individual who is involved in the process of negotiating or tendering for the supply of goods or services to the Council.”

What is proposed is that the following additional paragraphs be added to the existing policy:

“If a gift is accepted the Mayor and Governance Support Officer must be notified, and the Mayor shall consider the following points to determine the appropriate disposal of any gift, reward, discounts or inducements:

- a) All gifts received by Councillors are to be recorded in the Gift Register.
- b) The Mayor may then distribute any such gifts including;
 - Allowing the recipient to keep the gift.

- *Consideration will be given to equity, and the association with provider and appropriateness of the person receiving the gift.*

c) Councillors may retain the gift when they are small business courtesies such as pens, diaries, calendars, caps and t-shirts, all of which are to be recorded on the Gift Register.”

This would bring alignment with the Staff and the Elected Member policies in this area.

RISK ASSESSMENT AND MITIGATION

This policies key outcome is to uphold the reputation and integrity of Council, and to ensure that Council's use of public funds is open and transparent.

FOUR WELLBEINGS

This policy is about ensuring that Council is fiscally prudent with Council's resources.

DELEGATIONS OR AUTHORITY

This policy is being brought to the Risk and Audit Committee as part of an agreed work program and is one method that Council uses to mitigate the risk of perception of misuse of public funds.

SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of minor significance.

OPTIONS ANALYSIS

Officers are recommending that the “Elected Member Remuneration and Expenses Policy” be expanded to include additional paragraphs on receipt of gifts.

Risk and Audit has the ability to endorse the proposed change and recommend to Council that the policy be amended:

1. Accept Officers recommendation that the “Elected Member Remuneration and Expenses Policy” be expanded to include the additional paragraphs on receipt of gifts, and this change is recommended to Council for adoption.
2. Reject Officers recommendation that the “Elected Member Remuneration and Expenses Policy” be expanded the additional paragraphs on receipt of gifts.

Recommended Option

This report recommends option one, that the “Elected Member Remuneration and Expenses Policy” be expanded to include the additional paragraphs on receipt of gifts, and this change is recommended to Council for adoption, for addressing the matter.

NEXT STEPS

Assuming the recommendations above are adopted, officers will update the “Elected Member Remuneration and Expenses Policy” as proposed.

RECOMMENDATION

That having considered all matters raised in the report:

- a) **That the report be received.**
- b) **That the Committee endorse and recommend to Council they adopt the proposed amendments to the Elected Member Remuneration and Expenses Policy” to include**

additional paragraphs on Receipt of Gifts.



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

Elected Member Remuneration and Expenses Policy

Adopted: 14-11-2019

Reviewed: 12-11-2020

Together we Thrive! E ora ngātahi ana!

Central Hawke's Bay District Council

Elected Member Remuneration and Expenses Policy

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Procurement Policy
ADOPTED: TBC

E ora ngātahi ana! ¹

Central Hawke's Bay District Council

PURPOSE OF THIS POLICY

The purpose of this policy is to set clear expectations of the provision of remuneration and allowances for elected members and other representatives of the Central Hawkes Bay District Council (Council).

REMUNERATION

The Remuneration Authority is responsible for setting remuneration, allowances and payment of expenses for mayors and other elected members. Following a declaration from the Remuneration Authority, Council will adopt the allocation of the "Elected Member" pool for addition positions of responsibilities before submitting to the Remuneration Authority for declaration.

MILEAGE

Elected members (excluding the mayor) are entitled to a mileage allowance when using their vehicle for Council business. Mileage may include travel to and from the member's primary place of residence if the travel is:

- in the member's own vehicle; and
- on Council business as outlined below; and
- by the most direct route reasonable in the circumstances.

Mileage will be reimbursed on presentation of an online Mileage Claim Form at the applicable rate determined by the Remuneration Authority at the time of travel.

Criteria for mileage

With respect to both mileage allowances and meeting fees, the term "Council business" includes attendance at:

- official meetings of the Council and any committee and subcommittee of Council
- council workshops
- meetings and workshops of advisory groups established by Council
- meetings and seminars of external bodies to which the elected member has been appointed by Council
- statutory hearings
- meetings of Council-owned companies
- seminars and training courses where the attendance of an elected member has been authorised
- discussions with committee chairpersons or Council officers
- consultation with Mayors, territorial authority committee chairpersons, or elected members
- official briefings or agenda preview meetings
- an external event or meeting where there has been:
 - a resolution of Council or committee, or
 - an authorisation by the Council's Mayor, or
 - with respect to the member of a committee, an authorisation by the Chairperson of that committee.

Central Hawke's Bay District Council

MEETING FEES

Meeting fees will not typically apply to elected members.

Fees Related to Hearings

Chairperson	An elected member who acts as the chairperson of a hearing is entitled to a fee of \$100 per hour. For any period of hearing time that is less than 1 hour, the fee must be apportioned accordingly.
Member	An elected member who is not the chairperson of a hearing is entitled to a fee of \$80 per hour. For any period of hearing time that is less than 1 hour, the fee must be apportioned accordingly.
Mayor	These fees are not payable to the Mayor, who is paid the mayor's remuneration and allowances.
District Licensing Committee	As determined by the Minister of Justice and in accordance with the Cabinet fees framework, District Licensing Committee members will receive the following remuneration: chairperson: \$624 per day (\$78 per hour for part days) other members: \$408 per day (\$51 per hour for part days)

TRAVEL TIME ALLOWANCE

Elected members (excluding the mayor) are entitled to an allowance for time travelled within New Zealand on council business, provided:

- the journey is by the quickest form of transport and the most direct route reasonable in the circumstances; and
- the travel time exceeds one hour; and
- the travel time does not exceed nine hours (including the first hour, which is not covered) within a 24 hour period.

The allowance is available each day for any business on behalf of the council or between the member's residence and an office of the council. It is not available for overseas travel.

The current rate determined by the Remuneration Authority is \$37.50 per hour in respect of any qualifying travel that conforms to the criteria above. Elected members can claim travel time allowance by submitting an online Expense Claim Form.

CONFERENCES, SEMINARS AND MEETINGS

The Chief Executive will liaise with the Mayor on an annual basis with regards to the training and development budget requirements for Elected Members.

Council will pay expenses for the attendance of the Mayor and councillors at conferences, seminars and meetings. Two categories of meetings have been identified and defined below, together with the relevant conditions regarding entitlement to expenses.

Procurement Policy
ADOPTED: TBC

E ora ngātahi ana! ³

Central Hawke's Bay District Council

Representative meetings

This is a conference where those attending are representing Council; would usually vote; and typically includes the Mayor and Chief Executive, however, may include two Elected Members.

Prior approval to attend any meeting as a council representative is required from the Mayor.

Partners can travel and attend sessions of the meeting. A partner's expenses, other than shared accommodation, will not be met by the Council.

Ad hoc and professional development meetings

Councillors who would like to attend an professional development opportunity will have the costs covered, only where the Elected Member has sought prior approval from the Mayor and the professional development has a wider benefit to the Elected Members governance development.

Eligible expenses include:

- registration fees
- accommodation where applicable that balances cost-effectiveness with proximity to the event
- reasonable costs for meals and sustenance
- toll calls relating to official Council business and one phone call home per day
- taxi expenses for transport from/to airport/arrival point to venue (courtesy vehicles should be used where available)
- parking fees.

Travel arrangements are made through the Mayor and Chief Executive's Executive Assistant as early as possible in order to obtain maximum discounts. In most cases, registration and accommodation will be invoiced directly to the Council. However, there may be some instances where elected members pay for related expenses and are entitled to claim costs by submitting an Expense Claim Form.

All expenditure must be substantiated by appropriate documentation such as invoices or receipts and include the names of the parties entertained and the reasons for the entertainment or hospitality.

COMMUNICATIONS TECHNOLOGY

In lieu of an allowance, elected members will be provided with iPads at the beginning of the triennium for Council-related use, although a reasonable degree of private use is acceptable.

Elected members are provided with a Council email address which is not to be used by members for any personal business.

The Mayor is provided with a mobile phone for which the costs are covered.

Council assets, such as photocopiers, stationery, telephones, mobile phones, internet and email access, laptops, cameras etc, are to be used for business purposes. Limited reasonable personal use of Council assets and services is acceptable.

Payment for all personal use of the Council's assets or services which incur a cost, is to be reimbursed to Council promptly.

Central Hawke's Bay District Council

USE OF THE MAYORAL VEHICLE

The Mayor will be provided with a vehicle which is for restricted private use. The mayoral vehicle:

- is usually driven home and securely parked by the mayor
- is otherwise generally available for use by other local authority members or staff on Council business
- is used solely for Council business; and
- all travel in the vehicle is recorded in a log-book.

REIMBURSEMENT OF INCIDENTALS

Reasonable expenses incurred in the pursuit of Council business will be reimbursed on presentation of an Expense Claim Form supported with the relevant invoices/receipts (GST registered).

If a GST registered invoice/receipt is not provided, reimbursement cannot be made.

Payment of mileage claims and allowances will be paid fortnightly as per the pay cycle. Conference and travel expenses other than mileage will be reimbursed on the 20th or last day of the month as per the creditors' payment run.

Claims must be submitted for payment within 3 months of the expense occurring.

GIFTS

A gift is usually given as a token of recognition of something provided by the recipient. The giving of gifts must be appropriate, transparent and reasonable.

The giving of gifts by Council requires the prior approval of the Mayor.

The receiving of a gift is not strictly 'sensitive expenditure'; nevertheless, it is a sensitive issue. It is especially important that receiving a gift does not alter Councils decision-making, as this could be perceived as acting without impartiality or integrity.

Under no circumstances should a gift be accepted from an organisation or individual who is involved in the process of negotiating or tendering for the supply of goods or services to the Council.

If a gift is accepted the Mayor and Governance Support Officer must be notified, and the Mayor shall consider the following points to determine the appropriate disposal of any gift, reward, discounts or inducements:

a) All gifts received by Councillors are to be recorded in the Gift Register.

b) The Mayor may then distribute any such gifts including;

- Allowing the recipient to keep the gift.
- Consideration will be given to equity, and the association with provider and appropriateness of the person receiving the gift.

c) Councillors may retain the gift when they are small business courtesies such as pens, diaries, calendars, caps and t-shirts, all of which are to be recorded on the Gift Register.

Central Hawke's Bay District Council

DONATIONS

Council does not generally make donations. On rare occasions, if a donation is approved by the Chief Executive/Mayor, it should not result in any obligations on Council. Donations should be to a recognised organisation and be by normal commercial means and not cash.

The process for the giving of koha, as within tikanga Māori culture is stipulated in the next section and the Koha Procedure.

KOHA

Giving koha is the practice of bestowing an unconditional gift where the recipient has neither stipulated that it be given, nor has an expectation of receiving it. It is an integral part of Maori culture and significant protocol is attached to it. Traditionally, koha has taken many forms but in more recent times it has tended to be in the form of money.

Koha is an unconditional gift, or a spontaneous contribution given on appropriate occasions which carries no tax obligation as defined by the IRD.

Koha can be given or received for unsolicited services, as within tikanga Māori.

Koha will:

- a) Be in the form of money
- b) Be paid to external person(s) or non-profit community groups who provide support, or undertake a one-off activity and expect non-payment for such activity or support in return
- c) Not be given in lieu of salary or as a payment for service(s) provided
- d) Not be given by the Council to Council employees
- e) Be determined by the Mayor or Chief Executive to the size of the contribution

Payment of koha will be made in line with the Koha Procedure.

Determining Council payments of koha

a) Where Councillors attend a cultural gathering (tangi, hui etc.) representing the Council, the Council may provide a contribution towards koha.

b) Therefore consideration will be made to:

- The importance of the event to Council
- Whether Councillors will attend in a personal capacity or whether they will attend as a formal Council representative(s).
- If it is deemed that attendance will be in a personal capacity, then any koha will be the personal responsibility of the Councillor concerned, i.e. not Council.
- Notification, which should be made by the Councillor attending the Hui (including tangi), to the Mayor, where possible, before attending the cultural gathering. The Councillor will also provide the Mayor with details of the purpose of the gathering (kaupapa, mate - deceased person etc.).

c) In relation to considering koha for a tangi, Council will consider:

- The deceased having mana (wisdom, importance)
- Significance and/or prominence within the community

Procurement Policy
ADOPTED: TBC

E ora ngātahi ana!

6

Central Hawke's Bay District Council

- Prominence and/or standing in local government or government sector
- Association with the Central Hawke's Bay District Council

Other circumstances where koha payment may be made

a) Koha may be paid to external non-profit community groups and individuals (non-Council employees) in certain circumstances. This may include:

- An individual or non-profit community group who support a conference opening;
- Acknowledging an individual or non-profit community group who support an opening and/or blessing of a new building;
- Where an individual or non-profit community group attend to support/lead a mihi whakatau (welcome) or poroporoaki (farewell or closing of a hui);
- Where prominent guests are welcomed by mana whenua (people of the local area) at the request of the Council.

6.7 TREASURY MANAGEMENT MONITORING REPORT**File Number:** COU1-1408**Author:** Brent Chamberlain, Chief Financial Officer**Authoriser:** Monique Davidson, Chief Executive**Attachments:** Nil**RECOMMENDATION**

That, having considered all matters raised in the report, the report be noted.

PURPOSE

The purpose of this report is to provide an update on Treasury Management and Policy Compliance.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

Council is required under the Local Government Act 2002 to have 3 policies:

- Treasury Management Policy
- Liability Management Policy, and
- Investment Policy

The rationale for the policies is to ensure prudent use of public funds, manage investment returns, borrowing costs, and to minimise the risk of loss of public funds.

In practice Central Hawkes Bay District Council has combined them into a single policy covering all 3 topics.

Council's current policy was adopted in May 2016.

In October 2020 Officers and Council have reviewed this policy, with the view to consult on the proposed changes with the public as part of the Long Term Plan Consultation Document.

DISCUSSION**Investments**

At the 28th February 2021, Council was holding \$6.3m in funds on call (up \$3.8m from 30 June 2020). Much of this is due to the timing of quarterly rates receipts, and the first \$5.5m of the 3 Waters Reform monies having been received.

In addition Council was holding \$13.5m in term deposits (\$11m as at 30 June 2020) spread across 4 maturities and 3 different banks, \$320k in capital notes (\$320k as at 30 June 2020), and \$955k (\$955k as at 30 June 2020) in bank bonds.

These investments are listed below:

Cash and Investment Position

	Maturity Date	Int Rate (Face)	Int Rate (Actual)	Amount 30/06/2020	Amount Now	Movement
<u>ANZ Cheque and Call Accounts</u>				2,527,145	6,322,418	3,795,273
<u>Term Deposits with maturity < 90 days</u>						
BNZ Term Deposit (AA-)	17/07/2020	2.92%	2.92%	4,000,000	-	(4,000,000)
ANZ Term Deposit (AA-)	18/09/2020	2.45%	2.45%	2,000,000	-	(2,000,000)
BNZ Term Deposit (AA-)	19/10/2020	2.55%	2.55%	2,000,000	-	(2,000,000)
BNZ Term Deposit (AA-)	19/11/2020	2.60%	2.60%	1,000,000	-	(1,000,000)
BNZ Term Deposit (AA-)	19/12/2020	2.13%	2.13%	2,000,000	-	(2,000,000)
ANZ Term Deposit (AA-)	19/04/2021	0.22%	0.22%	-	1,500,000	1,500,000
				11,000,000	1,500,000	(9,500,000)
<u>Bonds, Capital Notes, & Term Dposits with maturity > 90 days</u>						
LGFA Capital Notes	25/08/2025	3.54%	3.54%	32,000	32,000	0
LGFA Capital Notes	15/04/2024	1.79%	1.79%	160,000	160,000	0
LGFA Capital Notes	15/04/2023	1.56%	1.56%	64,000	64,000	0
LGFA Capital Notes	15/04/2027	1.63%	1.63%	64,000	64,000	0
ANZ Bond (AA-)	1/09/2023	3.71%	3.71%	355,000	355,000	0
ASB Bond (AA-)	7/09/2023	3.33%	3.33%	600,000	600,000	0
Westpac Term Deposit (AA-)	31/05/2021	1.52%	1.52%	-	4,500,000	4,500,000
BNZ Term Deposit (AA-)	31/05/2021	1.41%	1.41%	-	1,500,000	1,500,000
BNZ Term Deposit (AA-)	17/06/2021	0.45%	0.45%	-	3,000,000	3,000,000
BNZ Term Deposit (AA-)	19/07/2021	0.55%	0.55%	-	3,000,000	3,000,000
				1,275,000	13,275,000	12,000,000
<u>Total Cash and Investments Held</u>				14,802,145	21,097,418	6,295,273

During the last six months investment returns have fallen further, with the most recent term deposits only achieving returns of 0.5% compared to 2.5% nine months earlier.

Council's maximum exposure with any one bank is only \$7.5m which is compliant with Council's policy (\$8m limit) and the quality of the investments (credit worthiness) is also compliant with policy.

Borrowing

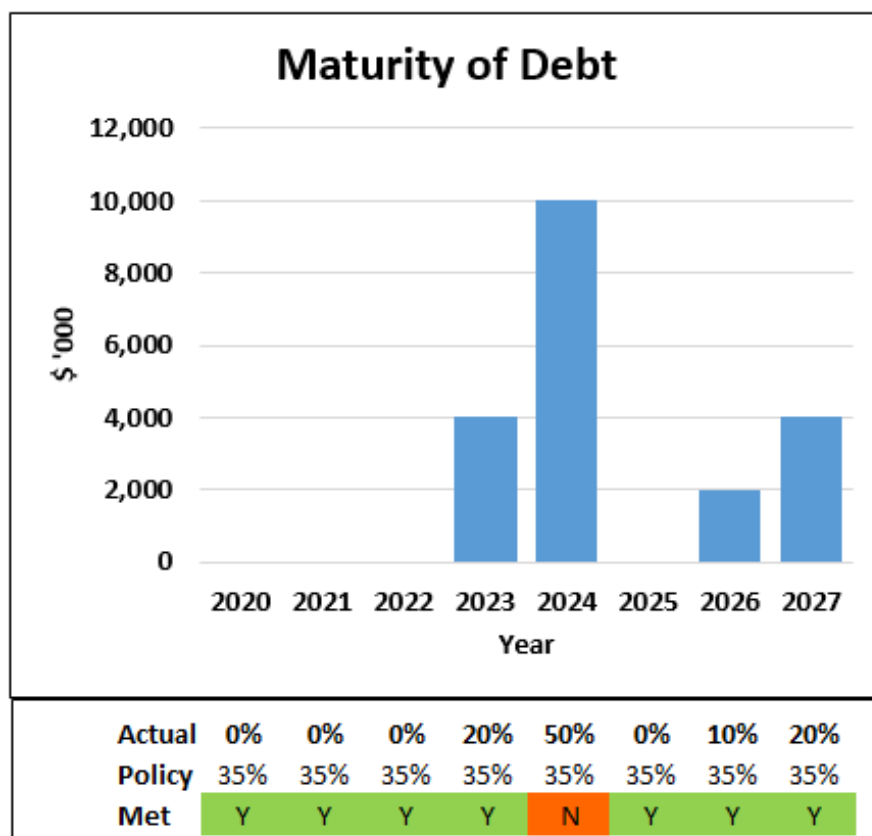
At the 28th February 2021 Council had \$20m of external debt drawn (\$20m 30 June 2020).

Council become a guarantor for LGFA (Local Government Funding Authority) on the 10th February 2021 which will then allow Council to borrow further funds (LGFA limit 175% of its operating revenue, proposed limit 150%, currently Council is at 35% to total income, or 59% if you exclude one-off PGF and 3 Waters funding).

On the following page are a list of Council's debt ratios as per the existing policy and the proposed policy:

<u>Treasury Compliance with Policy</u>			
<u>Liquidity (Liquid Assets + Debt / Debt)</u>			
	Existing	Proposed	
	Limit	Limit	Actual
✓	>110%	>115%	139%
<u>Finance Costs / Total Revenue</u>			
	Existing	Proposed	
	Limit	Limit	Actual
✓	<10%	<20%	0.8%
<u>Finance Costs / Total Rates Revenue</u>			
	Existing	Proposed	
	Limit	Limit	Actual
✓	<20%	<25%	1.9%
<u>Debt per Head of Population</u>			
	Existing	Proposed	
	Limit	Limit	Actual
✓	<\$2,000	Removed	\$ 1,405
<u>Debt to Operating Revenue</u>			
	Existing	Proposed	
	Limit	Limit	Actual
✓	New	<150%	35.2%

As at 28th February 2021, Council is holding sufficient funds to meet its financial obligations (liquidity ratio), it is within its debt ceiling (debt per head of population and debt to operating revenue ratios), and it is within its financial costs ratios.



Councils proposed policy states that “no more than the greater of \$10m, or 35% of Council’s total debt can mature in any 12 month rolling period”. As at 28th February 2021 the only 12 month period that exceeds 35% of all debt maturing in a 12 month period is 2024 where \$10m matures, which is still inside the proposed policy.

The table below shows the details of Council’s current debt portfolio:

<u>Debt Position</u>	<u>Draw Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount 30/06/2020</u>	<u>Amount Now</u>	<u>Movement</u>
LGFA - Fixed Rate	28/08/2017	25/08/2025	3.85%	2,000,000	2,000,000	-
LGFA - Fixed Rate	22/07/2019	15/04/2024	2.19%	10,000,000	10,000,000	-
LGFA - Fixed Rate	16/12/2019	15/04/2023	1.96%	4,000,000	4,000,000	-
LGFA - Fixed Rate	16/03/2020	15/04/2027	2.03%	4,000,000	4,000,000	-
ANZ Seasonal Facility (\$1,500,000)				-	-	-
Total Debt			2.28%	20,000,000	20,000,000	-

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

Officers will continue to provide quarterly updates on Treasury Management.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.8 LONG TERM PLAN 2021-2031 RISK MITIGATION**File Number:****Author:** Brent Chamberlain, Chief Financial Officer**Authoriser:** Monique Davidson, Chief Executive**Attachments:** Nil**RECOMMENDATION**

That, having considered all matters raised in the report, the report be noted.

PURPOSE

This report is presented to the Risk and Assurance Committee to consider the risks associated with the Long Term Plan 2021-2031, and associated budget and policy position of Council.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

The process to develop the Long Term Plan 2021-2031 began in May 2020. Following this was a detailed and robust LTP pre-engagement process through June and July 2020 as part of our 'Thriving Future'.

Development of the Long Term Plan has progressed through numerous Council Workshops, Committee and Council meetings, and while formally beginning in May 2020, many of the building blocks have been developed over the last three years since the adoption of the 2018 – 2028 Long Term Plan.

The Long Term Plan consultation document, and the proposed budgets it contains, has been through an external audit by Ernst Young and is now out for public consultation.

Communication of this consultation, and the consultation of itself has taken various forms including website advertising, Facebook advertising, newspaper advertising, radio advertising, town hall meetings and special interest group meetings.

The consultation document and the supporting document can be found here:

<https://chbdc.mysocialpinpoint.com.au/facingthefacts>

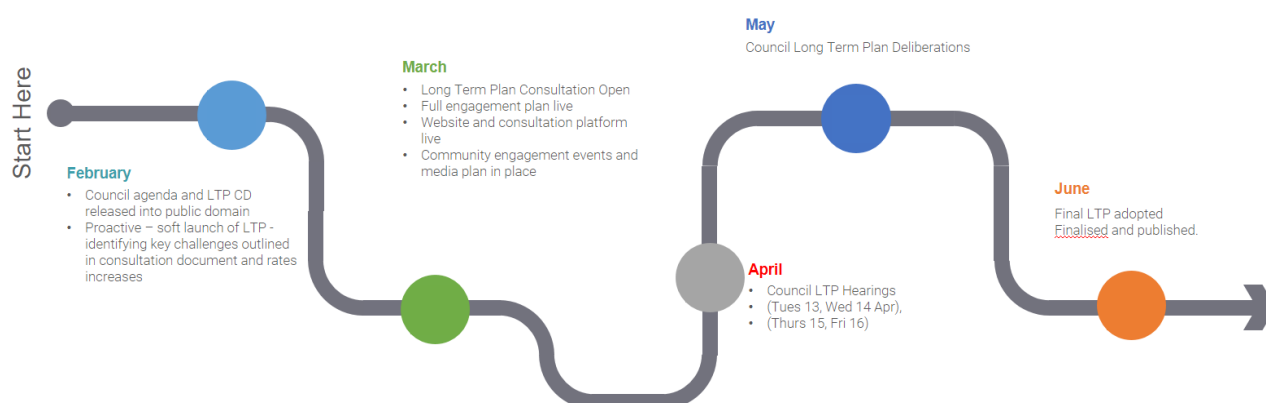
DISCUSSION

At the previous Risk and Assurance Committee meeting the LTP was discussed and the question of "risk" was raised and Officers were asked to report back on what the risks are in this process.

As the adoption of LTP has a significant impact on the public for the next 10 years, it must be audited and publicly consulted on (both through public meetings and LTP Hearings).

At the time of writing we are half way through the public consultation process. The timeline from here looks like this:

High-Level Timeline



Public consultation includes, but isn't limited to:

Face to face	Media	Social	Print collateral	Direct Mail
Site tours Landfill tours – FB Live + Video Three waters tours – FB Live + Video	CHB Mail Double page spread with survey first week of consultation Adverts throughout consultation KIC x4 weeks Editorial (through press release / interview with CHB Mail)	Facebook and Insta campaign posts prompting discussion Challenges 1, 2, 3, 4 Financial Strategy Infrastructure Strategy Bylaws	Consultation Document Council office Libraries Website	Rates letter + flyer NZ Post 1 March Email
Town Halls Tikokino Porangahau Waipawa Takapau Ongaonga Online through social pinpoint	Radio – Central FM Radio interviews (Mayor's Wed session) Radio ads	Facebook lives – hosted by mayor / councillors with staff – on site showcasing services in action / repairs	Flyer – summary (A3 folded) Tours Libraries Waipawa pool Community venues Reception	Existing stakeholder newsletters
Community Meetings Rotary Grey Power Probus Youth group / council Positive Ageing View point	Media releases With Council agenda Following Council meeting Feb Launch of consultation Mid-consultation End of consultation Deliberations and final plan	Insta / Facebook stories Sharing content from the councillor visits on location through facebook live session ASMR posts on instagram	Councillor Packs - - marketing collateral - presentations	
Cuppa with a councillor		Tik Tok – CHB – The LTP Challenge	Posters Library Waipawa pool Community venues Reception	

School visits Councillors visit their local schools			Display boards for tours - Waste and recycling - Three waters	
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Obviously when you build a budget (particularly a 10-year view) it is based on a number of assumptions (which all come with risk that they don't work out). The assumptions contained in the LTP include, but aren't limited to:

Forecasting Assumption	Risk	Likelihood of Occurrence	Financial impact	Risk Mitigation Factors
Strategic Direction and community demand for levels of services The assumption for the LTP is that Council has a clear strategic direction for the future of the District and for Council services and that resources are applied to progress that direction. The Council's budgets and work programme are based on the strategic direction as set out in the introductory chapters to this LTP, developed through Project Thrive. The priorities respond to a number of opportunities and challenges facing the future of our District. The Strategic direction is informed by the community through information from the Council's annual residents surveys, engagement on Project Thrive, ongoing engagement with key stakeholders, whānau and community focus groups and from direct consultation on the LTP key issues.	Substantial changes in the strategic direction and level of service as a result of changing community and political priorities, or other contextual drivers, could result in increased cost and/or opportunity costs.	Moderate	Moderate	The strategic direction and services of Council are regularly monitored to ensure a clear, appropriate and realistic direction for the District. Any changes to the Council's strategic direction would be considered within the parameters of the Financial Strategy and if needed reassessed through an Annual Plan process.
Structure of Central Hawke's Bay District Council services The LTP is based on the assumption of activities being delivered under the current structure. Of note this includes three water related services. The 'better local government' reform process continues to explore opportunities for improved local government effectiveness and efficiency. Central Hawke's Bay District Council is already participating in a regional project considering the future of the operation and delivery of its three waters portfolio. Council have also agreed to work collaboratively with Central Government on Three Waters opportunities, resulting in it receiving \$11 million of grant funding for its three water services, through the signing of a Memorandum of Understanding (MOU). The Government is not expected to make a decision on the three waters reforms until around May 2021. This means that Council will not have access to a reform proposal in sufficient detail to meaningfully engage with our community as part of this Long Term Plan. Council is not expected to be required to confirm its long term participation in the reform until late 2021. Even if the reform proceeded, any transfer of responsibilities, asset or liabilities is likely to occur from 2023/24. For now, the status quo model for three waters has been assumed in this LTP.	Major changes to the structure of service delivery could be costly and significantly disruptive to the delivery of services during a transition phase.	High	High	Any changes to the structure of local government services will be developed with a long lead in time and with consultation with Council and affected communities. This would allow our communities and the Council to influence the process and outcome and to plan for the financial implications accordingly. Further, the change of any core activities would have a significant impact on the operation of Council. Any changes by Central Government that changes Services delivered or Levels of Service would likely require an amendment to the LTP.
Effects of COVID-19 and Global Pandemic Guidance from the Office of the Auditor General (December 2020) encourages Councils to be as specific as it can be in its forecasting assumptions relating to Covid-19. This includes running multiple scenarios if required. Through COVID-19, the effects for Central Hawke's Bay have been minimal in comparison to other Councils, with prolonged drought being experienced simultaneously having a greater impact on Council than COVID financially, despite the unprecedented global event. The total cost to Council over this period was less than \$200,000 including lost revenue. To this end, we are proposing that there are no significant impacts to income or rates affordability and have considered the impact of COVID-19 in our other key assumptions. The	The most significant risk is the loss of rating revenue – Councils main source of revenue due to unaffordability or hardship creating by the re-emergence of community transmission of COVID-19 and a sustained or long	Moderate	High	Council continues to actively participate in, monitor and prepare for any resurgence planning. It is noted that in these unprecedented times, ongoing management and monitoring of the effects of COVID-19 should be undertaken. Council already has key interventions, including quarterly financial reporting and

effects of COVID-19 have created global, national and local conditions, unprecedented in a modern economy. This has seen significant depressions in national Gross Domestic Profit and significant government fiscal intervention in business and community. The immediate future of COVID-19 is unclear, with the risk of national community transmission a realistic threat that Central Government continues to actively manage. To this end and the dynamic and rapidly evolving nature of COVID-19, we have not made any assumptions for a further lockdown and have assumed that the restrictions on the borders will not have a material impact (other than minor supply chain issues), and the projected increase in net population from returnees assumed in our population growth assumptions. Nationally, Covid-19 will cast a shadow over the economy for years after the virus has passed. Scarring from the Covid-19 recession will permanently damage New Zealand's long-run productivity, meaning GDP and wellbeing may never fully return to their pre-Covid-19 trends. Despite this, internal and national spending are at higher than normal (pre-Covid) levels. Central Hawke's Bay District was particularly hard hit during 2006-2008 by a widespread drought and weak agricultural exports. But when New Zealand was struggling with the Global Financial Crisis, agriculture-heavy Central Hawke's Bay was in the initial stages of a recovery. However economic growth in Central Hawke's Bay District has fluctuated since. To date, Central Hawke's Bay has experienced similar economic resilience similar to these events due to the largely agricultural economy base, despite COVID-19 and its effects being an unprecedented global health and economic event.	term period of lockdown as a result of community transmission. A further risk is potential population growth could be higher than projected, as residents in larger centres and overseas residents continue to return home			ways to measure any tangible impact from any re-emergence of or ongoing effect of COVID-19.																			
<p>Population Growth</p> <p>Population growth has been calculated using the high growth assumption rate over the next 10 years to 2031. This population projection is drawn from the Central Hawke's Bay Demographic and Economic Growth Projections 2020 – 2051 undertaken by Squillions as part of the Integrated Spatial Plan process. This assumes a growth rate of 2.0% per annum which is comparable to the average growth in the district between the 2013 and 2018 census which was 2.1% p.a. Central Hawke's Bay has a current population of 15,190 in 2020.</p> <table><tr><th>2021</th><th>2031</th><th>Growth Rate</th></tr><tr><td>15,520</td><td>18,770</td><td>2.0% p.a.</td></tr></table> <p>Most of the growth is expected to occur in the three main towns, Waipukurau, Waipawa and Ōtāne.</p> <p>An aging population</p> <p>The growth assumptions identify that the proportion of the districts over 65 resident population will rise from 20% in 2019 to 25% in 2031. This is a trend that will continue past 2031 into subsequent years.</p> <table><tr><th>Year</th><th>Total Population</th><th>% aged 65 and over</th></tr><tr><td>2020</td><td>15,190</td><td>20%</td></tr><tr><td>2025</td><td>16,880</td><td>23%</td></tr><tr><td>2030</td><td>18,470</td><td>25%</td></tr><tr><td>2051</td><td>23,980</td><td>29%</td></tr></table>	2021	2031	Growth Rate	15,520	18,770	2.0% p.a.	Year	Total Population	% aged 65 and over	2020	15,190	20%	2025	16,880	23%	2030	18,470	25%	2051	23,980	29%	<p>That population growth is higher than expected.</p> <p>That population growth is lower than expected.</p> <p>An increasingly older population increases the number of residents on fixed incomes and therefore the ability to pay more for services. It will also influence the nature of services and design of infrastructure.</p>	Moderate
2021	2031	Growth Rate																					
15,520	18,770	2.0% p.a.																					
Year	Total Population	% aged 65 and over																					
2020	15,190	20%																					
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2051	23,980	29%																					

<table><tr><th>Age</th><th>2021</th><th>2031</th></tr><tr><td>0-14</td><td>3243</td><td>3780</td></tr><tr><td>15-39</td><td>3789</td><td>4412</td></tr><tr><td>40-64</td><td>5214</td><td>5788</td></tr><tr><td>65 and over</td><td>3274</td><td>4789</td></tr></table>	Age	2021	2031	0-14	3243	3780	15-39	3789	4412	40-64	5214	5788	65 and over	3274	4789													
Age	2021	2031																										
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65 and over	3274	4789																										
<p>Housing Growth</p> <p>With increasing population comes the demand for increased housing to support growth. To calculate projected households, we consider population projections as well as household size in terms of number people residing in each home. Population growth is expected to increase by 2.0% p.a over the next 10 years and household sizes are expected to increase mid-way through the next 10 years before returning to the same average size as now. Total new households per year.</p> <table><tr><th>Year</th><th>Total Households</th><th>Average Household Size</th><th>Average No. of Households per Year</th></tr><tr><td>2020</td><td>5,650</td><td>2.7 people</td><td></td></tr><tr><td>2020 5</td><td>6,130</td><td>2.8 people</td><td>96</td></tr><tr><td>2030</td><td>6,720</td><td>2.7 people</td><td>118</td></tr></table>	Year	Total Households	Average Household Size	Average No. of Households per Year	2020	5,650	2.7 people		2020 5	6,130	2.8 people	96	2030	6,720	2.7 people	118	<p>Household growth is lower than the levels expected.</p> <p>Household levels increase above the expected levels.</p>	<p>Moderate</p> <p>Moderate</p>	<p>High</p> <p>Moderate</p>	<p>Council have adopted the high growth scenario from the growth projection work based on the level of activity over the past 12 months and the trend over the past 5- 7 year.</p> <p>If this is not achieved, it could result in a lower number of ratepayers to contribute to funding Council's activities and impact on ratepayer affordability.</p>								
Year	Total Households	Average Household Size	Average No. of Households per Year																									
2020	5,650	2.7 people																										
2020 5	6,130	2.8 people	96																									
2030	6,720	2.7 people	118																									
<p>Inflation forecasts</p> <p>The assumption for the LTP is that local government cost inflation will be in keeping with BERL forecasts. The BERL local government cost index reflects the selection and relative importance of the goods and services which represent broadly the expenditure pattern of Local Authorities in New Zealand. This basket thus includes more directly relevant items including capital expenditure on pipelines, and earthmoving and site works, and operating expenditure such as local government sector salary and wage rates. Forecasts have been provided across specific activity groups; for capital expenditure versus operating expenditure and broadly overall (as set out below) in the form of the LGCI.</p> <table><tr><th colspan="4">Annual Inflation forecast 2021-2031 (total LGCI)</th></tr><tr><td>2021/2022</td><td>3.1%</td><td>2026/2027</td><td>2.7%</td></tr><tr><td>2022/2023</td><td>2.9%</td><td>2021/2028</td><td>2.8%</td></tr><tr><td>2023/2024</td><td>2.9%</td><td>2028/2029</td><td>2.8%</td></tr><tr><td>2024/2025</td><td>2.9%</td><td>2029/2030</td><td>2.8%</td></tr><tr><td>2025/2026</td><td>2.9%</td><td>2030/2031</td><td>2.7%</td></tr></table>	Annual Inflation forecast 2021-2031 (total LGCI)				2021/2022	3.1%	2026/2027	2.7%	2022/2023	2.9%	2021/2028	2.8%	2023/2024	2.9%	2028/2029	2.8%	2024/2025	2.9%	2029/2030	2.8%	2025/2026	2.9%	2030/2031	2.7%	<p>The risk is that inflation is higher than forecast. This could impact the cost and affordability of Council services.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>BERL price change estimates are an industry recognised measure.</p>
Annual Inflation forecast 2021-2031 (total LGCI)																												
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<p>Insurance Forecast</p> <p>Insurance premiums change over time and in particular in relation to natural events resulting in major insurance payouts. Insurance costs are based on the cost of renewal in the 2020 year and will be inflated in accordance with the inflation forecast by BERL.</p>	<p>The risk is that inflation is higher than forecast. This could impact the cost and affordability of Council services.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>BERL price change estimates are an industry recognised measure. As these are updated annually, Council will review its financial strategy accordingly noting in particular the impact of any upward movement on</p>																								

				affordability.																								
<p>Interest Rates Forecast</p> <p>The assumption for the LTP is that Council will be able to negotiate favourable borrowing terms, and interest rates for borrowing will be in keeping with forecast expectations. Council is forecasting for the ten-year period of this LTP that the interest rate for the new borrowing will be below or equal to 2.5%. Council's current cost of capital (existing loans) is 2.3%</p> <table><tr><th colspan="4">Interest Rates Forecast 2021 – 2031</th></tr><tr><td>2021/2022</td><td>2.5%</td><td>2026/2027</td><td>2.5%</td></tr><tr><td>2022/2023</td><td>2.5%</td><td>2027/2028</td><td>2.5%</td></tr><tr><td>2023/2024</td><td>2.5%</td><td>2028/2029</td><td>2.5%</td></tr><tr><td>2024/2025</td><td>2.5%</td><td>2029/2030</td><td>2.5%</td></tr><tr><td>2025/2026</td><td>2.5%</td><td>2030/2031</td><td>2.5%</td></tr></table>	Interest Rates Forecast 2021 – 2031				2021/2022	2.5%	2026/2027	2.5%	2022/2023	2.5%	2027/2028	2.5%	2023/2024	2.5%	2028/2029	2.5%	2024/2025	2.5%	2029/2030	2.5%	2025/2026	2.5%	2030/2031	2.5%	<p>The risk is that we will not be able to access loan funding, or interest rates are higher than forecast. The Council will have a greater level of exposure to this risk with increases in Council's debt levels and cap likely to be required for water related services</p>	Moderate	High	<p>The Council has a Financial Strategy and Liability Management Policy which sets parameters for Council debt and contains strategies to protect ratepayers against significant fluctuations.</p>
Interest Rates Forecast 2021 – 2031																												
2021/2022	2.5%	2026/2027	2.5%																									
2022/2023	2.5%	2027/2028	2.5%																									
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2025/2026	2.5%	2030/2031	2.5%																									
<p>Borrowing Status with LGFA</p> <p>Currently the Local Government Funding Agency will lend Council up to 175% of its operating revenue as a non-credit rated Council. By Year 5 (2025/2026) of the Long Term Plan it is Council's desire to obtain a credit rating so that it has the ability to borrow beyond 175% of operating revenue. This will provide Council with the debt headroom, enabling it to have the capacity to respond to unplanned events (such as earthquakes, floods, pandemics). Obtaining a credit rating will grant Council the ability to borrow up to 250% of its operating revenue (limit set by LGFA's rules).</p>	<p>The risk is that Council fails to obtain a credit rating by 2025/2026 and the hits the LGFA debt ceiling of 175% and no longer has access to further debt funding.</p>	Low	High	<p>The likelihood of this occurring is low, as even distressed business can obtain credit ratings (all be it poor ratings). Credit Rating Agencies look favourably on New Zealand Councils as their main revenue stream is guaranteed by statute (rates), and can be changed annually to suit Councils budgets.</p>																								
<p>Income from Development Contributions</p> <p>Income received from development contributions is sufficient to fund growth related infrastructure, as per the Development Contributions Policy. The Central Hawke's Bay District Council uses development contributions to recover from developers, a fair, equitable, portion of costs of capital expenditure needed to service growth. The Council's Development Contributions Policy is currently being reviewed to reflect new growth related projects in the LTP. Development contribution fees are proposed to increase as a result. The proposed policy provides for the annual adjustment of Development contributions relative to lending costs and inflation, with these inflated values being based on the current levels of inflation forecast in the overall financial model.</p>	<p>The risk is that development contributions do not cover the cost of growth related infrastructure because there is less growth than expected or changes to the zoning of land in the Proposed District Plan are not progressed through decisions.</p>	Moderate	Moderate	<p>The Council's Development Contributions Policy is reviewed alongside the development of the LTP and conservatively based on latest available growth forecasts</p>																								
<p>Income from Central Government Subsidies and/or grants</p> <p>The assumption for the LTP is that the Council will continue to receive subsidies from NZTA as per the agreed funding regime, noting however forecast decreases in the Funding Assistance Rate (FAR) projected in the LTP. The Land Transport activity remains one of the most expensive activities of Council. Any changes to the regime of subsidy funding will have an impact on the level of service that is able to be delivered. The Council receives substantial subsidies from the NZ Transport Agency (FAR) for the operation and upkeep of the local road network in the District. This is currently provided at 61% and forecast to drop to 60% in Year 2 (2022/23), and to 59% in Year 3 (2023/24) and remain at this level for the remainder of the LTP. In the 2020/21 Year and previous financial year, Council has also received significant grants from the Provincial Growth Fund and the Crown Infrastructure Partners Fund, which has made it possible to increase the levels of services. This has included other funding as major</p>	<p>The risk is that the level of subsidy funding available for services and projects is less than budgeted and/or expected.</p>	Moderate	Moderate to High	<p>The FAR subsidy is the largest source of Council revenue after rates and is budgeted to drop to 59% by 2022/23. This amount gets reviewed every three years and if subsidy available is reduced, this could have a longer term detrimental effect on our network. Levels of service may have to reduce if subsidy rates or level of funding continues to decrease.</p>																								

stimulus funding to recover from the effects of COVID-19. This LTP has conservatively budgeted for no additional income from the Crown Infrastructure Partners or the Provincial Growth Fund, however applications to funds will be made where appropriate.				
Projects Contingent upon External Funding External funding will be secured for projects, where indicated. The Council has a number of projects planned that are contingent upon a significant level of external funding alongside rates (sponsors, grants and fund raising from central government, regional government and community sources). Some examples include: • Waipukurau Library and Community Centre (\$500k) • Waipawa Centennial Memorial Pool Upgrade	The risk is that the level of external funding available for services and projects is less than expected/ budgeted.	Moderate	Moderate	The Council will continue to seek subsidies for projects where available. However, where funding becomes unavailable or is less than expected, the viability of the project will be reassessed before progressing.
Trade Waste – Capital Financial Contributions Council has assumed a total of \$2.84 million of capital financial contributions from Trade Waste Suppliers over the ten years of the Long Term Plan to fund part of the cost of the demand that trade creates on our District Wastewater Services as part of the Tradewaste Bylaw Review, that will be undertaken as an 'other consultation' alongside the Long Term Plan.	The key risk is that the bylaw is not amended significantly and the revenue forecast in the Long Term Plan does not eventuate. This means that over the ten years in the event that no funding eventuated (in the absolute worst case scenario), Council would have to loan fund the \$2.84 million of revenue forecast for the ten years, with ratepayers having to further pay for the associated servicing costs of the loan.	Moderate	Moderate	Council has engaged early with trade waste users on the proposed bylaw review, that forms part of the other consultations that have been included as part of the Long Term Plan Consultation Document. There is awareness amongst the tradewaste industry that Capital Financial Contributions, would at some point be required, as they currently experience at other operating locations throughout the country. Council has been relatively conservative apportioning the level of capital contribution that Trade Waste creators will pay in the Long Term Plan, currently apportioning only only \$2.84 million (inflated) of the total cost of upgrades that could reasonably be apportioned to Trade Waste Users. To this end, this is the potential that this revenue could increase, decreasing Councils requirement for borrowing to fund the balance of Councils wastewater programme.
Legislative Demands on Council Freshwater management reforms are already here and expected to have a significant impact on Council service delivery and resourcing over the term of the LTP. Further priorities that may influence Council into the future could for example include direction in relation to national and international scale issues such as housing affordability, wealth disparity, aging and climate change. Further change in relation to the reform of the Resource Management Act and new National Policy Standards that are at this point unknown have not been factored at this time. Guidance from SOLGM as part of the three waters reform (December 2020) has also confirmed that there will be a much stronger regulatory system for water regulations, environmental regulation and	The risk is that there will be major unexpected changes to the legislation that will cause significant changes to how we operate, what we do, and who pays for things. Changes could have a significant financial impact on the way we operate.	High	High	We have and will continue to set our work programme to take into account the expected outcome of legislative changes where possible. Legislative change is often progressed with a long lead in time, allowing Council to respond accordingly

Economic Regulation.				
Climate Change <p>Climate change is already impacting how our communities live and function and these impacts are expected to increase in magnitude and extent over time. Climate change assumptions are factored into Council strategies and plans including notably the District Plan and Infrastructure Strategy and can be seen for example, through projects such as the continued improvement of Council stormwater systems, Council's risk management work and work through the Hawke's Bay Emergency Management Group, through the Hazards Management Portal, particularly relating to flooding and coastal hazards. We expect that there will be a greater emphasis on the grandfathering of combustion engines, however we expect this to be comparable as the increase in availability offsets the cost of purchase currently.</p>	<p>Climate change is high on the political agenda, locally and nationally but there is concern that assumptions could be on the conservative side and that impacts may occur sooner or be more intense than predicted. This could result in increased costs due to an accelerated climate change which could result in increased occurrence of fires, droughts, and flash flooding. At this time, we expect climate change to have an increase in insurance premiums most notably, particularly as a result of events such as flooding and other natural hazards as weather becomes more severe.</p>	High	High	<p>Further detailed analysis on the impact of Climate Change across Councils assets, needs to remain an area of focus, particularly as the sophistication of asset management practices continue. Many of the capital projects built into the Long Term Plan have been designed to withstand the impacts higher water demands, and to cope with greater levels of flooding events expected due to changing weather patterns based on current climate science and best practice. As climate change is only one small consideration in the design of new assets, it is impossible to identify the impact of this cost as a separate budget component. Council will continue to monitor insurance costs and appropriately address these over the long-term through the annual plans and Long Term Plan reviews as required.</p>
Natural Hazards <p>The LTP is prepared on the basis that minor storm and flood events are expected to continue to happen on a frequent (often annual) basis whereas significant high impact events cannot be accurately predicted. Our District is at risk of a range of natural hazards such as earthquakes, flooding, tsunami, debris flows, slips, tornado and fire activity. Storms and tropical cyclone events occur on a frequent basis often bringing high intensity rainfall but are generally manageable within existing work programmes and budgets. However, the return period for significant high impact events is very long and events are difficult to predict. A number of projects, plans and initiatives seek to reduce the risk associated with natural hazards. In the first instance these seek to reduce exposure to risk while the secondary focus is on community preparedness for response.</p>	<p>The risk is that our District and Council could face significant costs to respond to hazard events and/ or that our District is unable to recover sufficiently or quickly enough in order to prevent long term adverse effects on population or local economy.</p>	Moderate	High	<p>Council has a Policy to build up contingency funds to pay for storm damage to roading and general disaster response and recovery. Our underground assets are also covered through the Council's insurance. Alongside the Council, Central Government also has a role in disaster recovery and restoration works after natural disasters have happened.</p>
Lifecycles of Significant Assets <p>The useful life of assets will be in keeping with expectations as shown in the Statement of Accounting Policies. Accurate condition assessments and knowledge of the lifespan of our assets are necessary to inform Council's asset maintenance and renewal programme. Accurate information on assets allows for timely and efficient maintenance and renewal that minimises service disruption and maximises lifespan.</p>	<p>The risk is that the useful life of assets is substantially shorter or longer than our assumptions. This could result in service disruption and/or have financial implications due to changes to the</p>	High	High	<p>Condition assessments continue to be undertaken by the Council with condition information updated based on actual rather than theoretical expectations.</p>

	capital works programme, or an inefficient renewal programme.			
Average Replacement Costs of Assets Planning for renewals over the long term involves building an understanding of the condition of assets, the risk of them failing and then modelling/building plans to replace them. To create budget estimates, the type and number of assets planned for replacement each year is multiplied by assumed average asset replacement costs.	The risk is that the actual costs to replace/renew assets are higher or lower than the average costs used to create long-term budgets. This could result in changes to the work programme and levels of service or financial impacts.	Moderate	High	There is still however a significant area of improvement for Council to make as it increases its levels of Asset Management Sophistication. Recent project data has been used to inform average replacement cost assumptions giving confidence that figures used are as up to date as possible.
Asset Management Planning The approaches used to plan for the maintenance, replacement, upgrade and disposal of assets range in levels of sophistication and maturity between various asset classes. More sophisticated planning approaches require more resource but produce better quality outputs.	The risk is that asset management planning approaches are not adequately sophisticated and result in sub-optimal asset management plans	Moderate	High	There is typically a relationship between the level of risk involved in an asset class and the sophistication of the asset management planning approaches used for that asset class (i.e. wastewater has more sophisticated planning approaches than reserves).
Capital Do-ability That Council will be able to deliver on its capital programme as outlined in proposed work programmes associated with the Long Term Plan. The plan sees a major increase in capital expenditure over the ten years, particularly in the three waters activity. These increases are significant increases above the level of capital funding this Council has been able to successfully deliver historically.	The key risk is that the Council is unable to deliver the works programmes as outlined. If the risk occurs then this creates a wave and backload of work, in particular continued delays in the delivery of renewals and upgrades, subsequently that may impact on the achievement of levels of service, potential increased costs from delays and tangibly risks to the continuity and delivery of services with the risks of assets failing before they can be replaced. This also comes with the risk is that Council rates, borrows, and charges Development Contributions to fund a program it can't deliver in the budgeted timeframe.	Moderate	Moderate	Council has been purposely raising the level of project management sophistication and rigour in the organisation over the last three years to prepare for the anticipated major increases in capital expenditure this Long Term Plan includes. The key changes have included the establishment of a specialist internal project management office, made up of key technical and project management roles that have been fully resourced, along with specialist project management software and other technical services. In 2018 and 2019, Council have also procured and implemented long-standing professional services arrangements with key providers to support the increased scope and deliverability requirements of the organisations projects. Some of the

				<p>engineering design work for the wastewater projects has already been completed as part of earlier option consultations.</p> <p>Therefore, the risk is more related to engaging construction firms and project managing this work. If the projects do fall behind the schedule contained in the Long Term Plan, Council has the ability to revise the speed of delivery in future annual plans, and alter rating, developments contribution, and borrowing assumptions at that time. Any money already collected can be carried forward to a later year to be used at the point of construction.</p>
<p>Skill shortages</p> <p>The Council will be able to attract and retain suitably qualified and able staff. Many technical and knowledge based professions are forecasting future skills shortages. In part this is in recognition of an aging population particularly in instances where this is alongside flat or declining populations. Further, there is a need to retain suitably qualified staff to ensure efficient continuity of activities and minimise loss of institutional capacity and knowledge.</p>	<p>The risk is that the Council will not be able to recruit and retain the right staff. If the risk occurs then increased reliance may be placed on contractors with an impact on costs or there may be a risk to continuity of service and loss of institutional knowledge.</p>	Moderate	Moderate	<p>As part of enhanced people and capability functions, council has implemented recruitment processes that focus on the lifestyle offering of the Central Hawke's Bay District and that provide a market based remuneration. A process to develop staff and grow leadership is also in place to meet organisational needs, as well as an overarching communications approach celebrating and recognising the unique work of our District.</p>
<p>Contractor Availability</p> <p>We will be able to find skilled contractors to undertake the work we require, to the agreed standards, deadlines and cost. There are a number of emerging and forecast challenges with availability of contractors. These are associated with the current building boom and focus on major centres, as well as possible skill shortages within the contracting sectors themselves. These challenges may present to the Council in terms of availability, cost and quality of work. A certain amount of this risk is reduced with some services being brought in-house rather than contracted out.</p>	<p>The risk is that there will be a shortage of contractors, or that contractors will not deliver to the agreed standards and specification within the agreed time. If the risk occurs, it could result in an increase in the price, timeframes, and/or quality.</p>	Moderate	High	<p>We have a procurement manual which ensures we have robust contracts. Our contracts outline what we expect to receive from our contractors. If the work is not completed to the agreed standards and specifications, then we have legal rights. We are further supporting industry through skills and talent opportunities to bridge these gaps.</p>

<p>Technology and Connectivity</p> <p>Technology is changing rapidly in terms of both availability and uptake. Making accurate predictions and forecasts for this factor is difficult. Advances in science and technology continue to transform the way our society works. This provides some exciting new opportunities and solutions but also comes with risks. Governments at various levels will be challenged by demand to harness the benefits of technology while providing prudent oversight</p> <ul style="list-style-type: none"> • High-speed internet access is increasing demand for online Council services. • Robotics and automation will change the way we work and provide new futures for manufacturing. • Advancement in the 'internet of things' provides opportunities for smarter and more responsive services. • Opportunities will continue to emerge for different models of service delivery and connectedness. • Cybercrime will increase as will the related focus and resource requirements for security • Dramatic changes to vehicle technology are around the corner and could dramatically change our models of transport and vehicle ownership. • Advances in technology may provide alternative solutions to large scale network infrastructure challenges (such as wastewater systems). • Energy technology is becoming more advanced, effective and cheaper. Public demand for clean energy is increasing. • 3D printing (or additive manufacturing) will dramatically change the way we design, produce and distribute products. 	<p>Technology generally presents opportunities rather than risk. However, there is some risk associated with long term planning and infrastructure commitments made by Council which could be inconsistent with any emerging technologies that provide more preferable solutions. The greatest risk is therefore for the 'opportunity loss' of new technologies that are not taken up or adopted late.</p>	<p>Moderate</p>	<p>Moderate</p>	<p>Local government is generally risk averse where investment into new technologies is concerned. Generally, these need to be established and proven for Council to make the investment. Major strategies and projects will explore technology based solutions as part of the contextual and options analysis. Of note this will include the upgrades that will be required to wastewater treatment systems over the coming ten years and beyond.</p>
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One of the areas previously discussed at Risk and Assurance (and covered briefly above) is treasury management and credit ratings.

The LTP predicts that Council's debt position will grow from the existing \$20m to \$90m by 2028/29 which will breach Council's existing treasury policies debt cap.

Approximately 70% of this debt will relate to 3 Waters and the unknown in this LTP is what will be the final outcome of Central Government's 3 Waters reform. By the end of 2021 Central Government's position should have some clarity. Assuming that the reform goes ahead, there will be a transition period where a new Water Entity is established and eventually on the 1st July 2024 (day one of the next LTP) this entity will assume ownership of Council's 3 waters assets and associated water debt. This would significantly alter Council's debt profile and remove the risk of a debt cap breach.

Alternatively the 3 Waters Reform doesn't proceed and the status quo (which is how the LTP is currently budgeted) continues, by year 3 or 4 Council will need to be working towards getting an external credit rating and revising its treasury policy to allow for further borrowing.

The cost of getting an external credit rating is approximately \$50k AUD per annum, but once acquired the credit rating will allow Council to borrow at cheaper interest rates from the Local Government Funding Authority. The point at which the cost of the credit rating and the interest savings match each other and becomes cost neutral is once Council has debt in excess of \$50m, so Council might consider obtaining the credit rating earlier once the outcome of the 3 Waters Reform is known and the future debt profile is more certain.

Regardless of the 3 Waters Reform Council Officers will seek to engage a treasury management consultancy service (there are currently 2 players in the New Zealand market – Pricewaterhouse Coopers and Bancorp Treasury Services) before embarking on any further significant borrowing to ensure Council Officers are getting the best advice on how to structure its future debt and getting appropriate advice on the optimal timing to obtain a credit rating.

Officers believe that as best as they can, they have put strategies into place to minimise the likelihood and severity of any risks that the LTP might expose Council and Councillors to.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

6.9 RISK AND MITIGATION OF EARTHQUAKE PRONE COUNCIL FACILITIES**File Number:****Author:** Jennifer Leaf, Places & Open Spaces Manager**Authoriser:** Doug Tate, Group Manager Customer and Community Partnerships**Attachments:** Nil**RECOMMENDATION****That, having considered all matters raised in the report, the report be noted.****PURPOSE**

The purpose of this paper is to report to the Risk and Assurance Committee (the Committee) on Council's risk management of three of its buildings that have received a Detailed Seismic Assessment (DSA) and are considered potentially earthquake-prone. This report also provides an update on the other primary facilities yet to receive a DSA.

SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

BACKGROUND

This report is being provided to the Committee as a comprehensive update on the known status of key community buildings that have been seismically assessed, and the relative levels of risk and mitigation tools that have been put in place.

In 2019 an initial review of the seismic performance of eight buildings owned by the Central Hawke's Bay District Council (Council) located in Waipukurau or Waipawa was commissioned as part of the development of the 2021-2031 Long Term Plan. Received on 12 March 2020, the report identified the priority in which detailed seismic assessments (DSA) were recommended to occur.

The buildings being assessed are included in the table below. A summary of buildings and their risk is shown in the table below:

Location	Notional Risk
Central Hawke's Bay District Council Administration Building	Moderate - Low
Central Hawke's Bay Municipal Theatre	Moderate
Central Hawke's Bay Museum	Low*
Civic Theatre Waipukurau	Moderate - Low
Waipawa Centennial Memorial Pool Buildings	Low
Waipawa Library	Low
Waipukurau Library	High
Waipukurau Memorial Hall	Moderate

On receipt of this report on 12 March 2020, further work was immediately issued for the assessment on the Waipukurau Library and Waipukurau Memorial Hall, particularly on the basis that Council and community had an expectation that both the aforementioned buildings had been seismically strengthened, relatively to their risk levels. The following week, New Zealand shifted to Level 2 COVID-19 restrictions and shortly after Level 3 and 4 restrictions that delayed the further assessment due to the requirement for interregional inspections of the buildings required.

Council has since received three (3) DSA reports: The Waipukurau Library and the Waipukurau Memorial Hall during 2020 and the CHB Municipal Theatre DSA in late January 2021.

All three buildings are less than 34% of the New Building Standard (%NBS). This points to a definite need to address their vulnerable structural features within a reasonable period of time, but it does not mean the buildings pose an imminent risk. A %NBS rating indicates the percentage of the New Building Standard that a building achieves in terms of assessing the capability of a building to resist earthquake shaking (and comparing this against the ultimate limit state loading requirements for new buildings defined in the New Zealand Earthquake Loading Standard issued on 1 July 2017 NZS1170.5).

To understand the risk, the target for a new building is around one in 1,000,000 chance of fatality (a very low risk and is similar to the risk of death by lightning strike). A building at 34%NBS has the same likelihood of damage or collapse in moderate levels of earthquake shaking as a new building has under full design-level shaking. Comparatively, the chance of dying in a plane crash is about one in 100,000 and in 2016, one in 15,000 New Zealanders died on our roads (2019, Engineering New Zealand).

Note that all three buildings were assessed at an Importance Level (IL) of 2: *Buildings* posing normal risk to human life or the environment, or a normal economic cost, should the *building* fail. IL2 buildings are typical residential, commercial, and industrial *buildings*. IL3 are *buildings* of a higher level of societal benefit or importance (and may have a higher occupancy), or with higher levels of risk-significant factors to *building* occupants (such as schools and residential care facilities). For an IL3 level, occupancy is where more than 300 people congregate in one area. This IL level identifies the structural loading of a building in its seismic calculations.

As well as the %NBS the DSA reports also look at how the buildings would most likely perform or fail under moderate to significant earthquake shaking. This is critical in understanding for the differing mitigation measures that Council has ascribed to each building. The table below summarises the differences in the outcomes of the three (3) DSA's and the actions taken.

Site	% NBS	Seismic / Risk	Structure	Outcome	Action
Waipukurau Library	<20%	Grade E Very High Risk	Reinforced concrete columns with mix of red brick and concrete infills	Potential collapse = loss of life	CLOSED
Memorial Hall	<20%	Grade E High Risk	Steel portal frame with large concrete end wall and mix of timber and steel framing with concrete wall panels and MDF.	Critical Structure Weakness – plane failure = some loss of life	Reduced Occupancy
Municipal Theatre	<25%	Grade D High Risk	Lightweight Timber-framed Structure	Damage could be extensive but unlikely to collapse = considered low risk to 'life safety'	Reduce Occupancy to Mezzanine

More detail is provided on each building below:

Waipukurau Library

Identified from the initial review as a site with the highest notional risk and as a site that Council and Community had an expectation had been seismically strengthened, Waipukurau Library was prioritised for a detailed seismic assessment.

On 28 May 2020 based on receipt of initial assessment engineering advice the building had significant structural vulnerabilities, the following day (29 May 2020), Council closed the Waipukurau Library. This closure was due to advice that the building had significant structural

vulnerabilities, and in a large seismic event may result in the catastrophic failure of the building. This level of risk was unacceptable for Council to continue occupation with both staff and community.

This unexpected announcement followed Council and Community expectation that the building had been strengthened as part of structural and renovation works completed in 2016.

Temporary Council service centres and AA Services were established at Waipukurau Railway Station on Bogle Brothers Esplanade with limited library services available.

The detailed seismic assessment confirmed the building was assessed as being less than 20% of the New Building Standard at an Importance Level 2 and being potentially earthquake-prone. Based on this report, Council confirmed its decision to close the library for the foreseeable future on 6 August 2020.

Currently the building is closed to the public and limited access by staff to retrieve return books. Plans are well underway to provide a library service through the Regional Digital Business Hub to be opened this coming winter in the former 'Buck's Green Grocers.'

Legal Investigation continues and we are not able to disclose further information at this time on the causes or other of the buildings current status.

Waipukurau Memorial Hall

The Waipukurau Memorial Hall was also prioritised as a site for a detailed seismic assessment to be completed, following the initial review in March 2020. Like the Waipukurau Library, there was a Council and Community expectation the Hall had been strengthened as part of works completed in early 2017.

Due to delays relating to COVID-19 and the complexity in the halls design, the assessment took longer to complete than anticipated. The assessment confirmed the building was assessed as being less than 20% of the New Building Standard at an Importance Level 2 and identified as being potentially earthquake-prone.

Communications regarding the building's status were released and restrictions were placed on the building on Wednesday 6 August 2020.

Risk mitigation:

- Signage placed at entrances
- The building has remained open for hiring with occupancy limited to 100.
- No Council meetings or activities to be held in the building
- The Ruahine cadets are the main users and they regularly have drills on how to leave the building safely
- Informed regular users of status and procedures.
- New users are also given information on the building's status and procedures.

Like Waipukurau Library, legal Investigation continues and we are not able to disclose further information at this time on the causes or other of the buildings current status.

Municipal Theatre

The third and most recent building to receive a DSA, the Municipal Theatre, is a lightweight timber framed structure consisting of two main parts: the Auditorium (theatre) and the 'Chambers' hall. It is a single-story structure with a mezzanine floor.

Built in 1910 with additional modifications, reconfiguration and alterations in 1955, 1969, 1983 and the significant replacement of the stage, backstage and dressing room areas in 2010. Fortunately, the 2010 work on stage and dressing rooms is well designed and detailed in accordance with

current loading codes and requirements and this part of the building did not need a DSA. Other areas of the building were not upgraded for seismic strength however at the time of the 2010 upgrade.

The assessment indicated the building at being less than 25%NBS at importance level 2 and is, therefore, potentially earthquake-prone. The focus of the vulnerabilities is on the 'dress circle' or mezzanine floor and the long unbraced side walls of the auditorium.

Risk mitigation implemented to date include:

- Placed signage at entrances
- Limit mezzanine (dress circle) occupancy to 100 people
- Met with Music and Drama Society
- Sent letter to the regular hirers
- Updated information to prospective hirers
- Provide site induction to hirers

Further plans:

- Announcement of safe egress at beginning of shows
- Allow no more than 300pax on Auditorium floor and mezzanine (dress circle) combined. This area excludes the orchestra pit, stage, backstage areas as well as the kitchen and Chambers hall. The overall maximum occupancy remains at 445.

A whole building or a part of a building can be earthquake-prone. These latter plans reflect the key vulnerability of the mezzanine and auditorium and the relative safety of the stage, and backstage areas.

Buildings yet to receive a DSA:

Central Hawke's Bay District Council Administration Building

This building has previously been assessed at 100% at Importance Level Four, however, it is expected to be a lower risk facility when assessed as an IL2 (excluding operation as an emergency control centre). This DSA is underway.

Civic Theatre Waipukurau

This building has previously been assessed at 63% of the New Building Standard in a 2015 report at IL3. Recognising that the standards relating to the seismic assessment of building changed in 2016 and that the building has been assessed as a notional moderately-low risk, this assessment will follow that of the Council Administration building.

Central Hawke's Bay Museum

A small old unreinforced masonry shed located as part of the Central Hawke's Bay Museum was identified in the initial review as unsafe, which was closed immediate to the staff and public. Funding for its removal is included in the 2021 Long Term Plan.

Waipawa Library

The risks associated with the library were low.

Waipawa and Districts Centennial Memorial Pool

The change room structure was the focus of the initial review. The risk of the building was assessed as low and further assessment will occur prior to any future works planned in the Long Term Plan 2021 – 2031.

DISCUSSION

The report is being presented to Council as the owners of the buildings and the duty of care that entails:

The Building Amendment Act 2016 introduced major changes to the way earthquake prone buildings are identified and managed under the Building Act and this came into effect 1 July 2017. It is there to address buildings and or parts of building that are a risk to public safety or other property in a moderate earthquake event. The Act requires owners of earthquake-prone buildings to display notices on the buildings and remediate their buildings. The remediation is required within 15 years of the territorial authority providing an EPB or earthquake-prone building notice.

The report also provides information on the status of the buildings and the mitigation of risks identified.

IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made;
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter;
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan;
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or would transfer the ownership or control of a strategic asset to or from the Council.

NEXT STEPS

The Detailed Seismic Assessment on the Central Hawkes Bay District Council Administration Building is underway and the Civic Theatre is to follow.

Legislation requires earthquake-prone buildings to be upgraded or removed within a certain timeframe. As Hawke's Bay falls within the 'High' risk zone, these buildings must be removed or strengthened within 15 years of receiving the Earthquake Prone Building (EPB) notice (7.5 years for 'priority' buildings). NB: The part of Council Administration building used as an emergency management centre could be considered a priority building if the activity cannot occur elsewhere. Earthquake-Prone Building Notices will be registered prior to 1 July 2022.

The Draft Long Term Plan 2021-2031 has identified funding for works associated with these assets in the following years:

- Waipukurau Library years 8 & 9 (\$278,000 & \$1,740,000 respectively)
- Waipukurau Memorial Hall year 9 (\$710,000)
- CHB Municipal Theatre year 10 (\$700,000)

Officers will continue to update the Committee and Council as further information comes to hand on the status of legal investigations and seismic reviews.

RECOMMENDATION

That, having considered all matters raised in the report, the report be noted.

7 DATE OF NEXT MEETING**RECOMMENDATION**

THAT the next meeting of the Central Hawke's Bay District Council be held on 27 May 2021.

8 TIME OF CLOSURE