

**Minutes of the Organisational Performance and Audit
Committee (*Arataki Mahi me Tātaki Kauta*) Meeting of the
Southland Regional Council, held in
Regional House, corner North Road and Price Street,
Invercargill, on Wednesday 24 February 2021,
at 10.30 am**



Present:	Cr L Ludlow	(Chairman)
	Cr A Baird	
	Cr L McCallum	
	Cr J McPhail	
	Mr B Robertson	
	Chairman N Horrell	(ex-officio)
Also Present:	Cr D Stevens	
	Cr P McDonald	
In Attendance:	Mr R A Phillips	(Chief Executive)
	Ms A Kubrycht	(General Manager, Organisational Development & Transformation)
	Ms Wilma Falconer	(General Manager Strategy, Planning & Engagement)
	Mrs J Carroll	(Information Systems Manager)
	Mrs L Hicks	(Policy & Planning Manager)
	Mrs T Hawkins	(Finance Manager)
	Mrs L Tamati	(Communications & Engagement Advisor)
	Mrs M Weston	(Personal Assistant)

1 Welcome (*Haere mai*)

The Chairman welcomed everyone to the Organisational Performance and Audit Committee meeting for February 2021 and those attending the live stream of this event.

2 Apologies (*Nga Pa Pouri*)

There were no apologies for absence.

3 Declarations of Interest

A declaration of interest statement was made to the Committee by Bruce Robertson.

Mr Robertson was approached by Jobs For Nature (J4N) Reference Group (RG) to undertake a "lessons learned" review of the programme funded by the 5 major Government Departments.

This piece of advisory work had been characterised as an audit, however the nature is of a review. As Environment Southland is a significant participant in J4N, this will form part of his study.

Mr Robertson had noted his interest as an independent member to both ES and BOPRC when asked to undertake this role. At that time, it was agreed there was no direct conflict and that his involvement was appropriate.

In the near future Mr Robertson, is to discuss the programme with Environment Southland (ES) staff and will seeking to understand ES experience in the programme and how it has gone about its function from a lesson learned perspective.

4 Public Forum, Petitions and Deputations (*He Huinga tuku korero*)

There were no items raised.

5 Confirmation of Minutes (Whakau korero) – 27 January 2021

Resolved:

Moved Cr Baird, seconded Cr McPhail, that the minutes of the Organisational Performance and Audit Committee meeting held on 27 January 2021 be confirmed as a true and correct record.

Carried

6 Notification of Extraordinary and Urgent Business (*He Panui Autaia hei Totoia Pakihi*)

6.1 Supplementary Reports

There were no supplementary reports tabled for inclusion in the agenda.

6.2 Other

No other items were raised for discussion.

7 Questions (*Patai*)

No questions were asked at this time.

8 Chairman and Councillors' Reports (*Nga Purongo-a-Tumuaki me nga Kaunihera*)

Neither the Chairman nor any Councillors presented a report to the meeting.

9 General Manager, Organisational Development & Transformation Report – 21/OPAC/14**Item 1 Financial Report to 31 December 2020**

Tanea Hawkins spoke to this report which covered the six-month period from 1 July 2020 to 31 December 2020.

The surplus for the six months was \$4.6 million, which was \$4.3 million better than budget. The operating surplus was \$1.9 million better than budget. This was due to other income being \$1.1 million above budget and expenses being \$839,000 below budget.

Operating expenses comprised people, contractors and consultants and operational costs. The variance for people costs is expected to remain favourable until next year. Operational costs are expected to be on budget at year-end. Investment income was \$2.4 million above budget. The unexpected growth in the value of the investment portfolio had created a significant increase in unrealised income.

The forecast operating deficit is expected to reduce from \$7.8 million to \$7.6 million. If income from the investment portfolio remains close to current levels, the forecast total deficit will be \$460,000 versus \$2.7 million budget deficit.

The following adjustments to the graphs in this report will be made:

- numbers to be removed from the circles - on pg. 12
- a key is to be inserted into the revenue and expenses columns – pg. 19

The Committee thanked Tanea Hawkins and the finance team for their efforts in presenting good quality financial reports to Council.

Resolved:

Moved Cr McPhail, seconded Bruce Robertson that Council resolve to note the Financial Report to 31 December 2020.

Carried

Item 2 – Investment Report to 31 December 2020

As at 31 December 2020, the total of Council's managed fund investments was \$27,823,152. The balance reflects the following changes to the portfolio from 1 July 2020:

- Cash withdrawal of \$3 million;
- An increase in value of \$2.6 million

Council's investment advisor JB Were had submitted a report, which was taken as read. Tom Phillips and Phillip Borkin of JB Were, attended the meeting (via electronic means) and provided commentary on the Investment Report.

Councillors expressed their confidence that the investment portfolio was right for the business and congratulated JB Were on their performance.

Resolved:

Moved Cr McCallum, seconded Chairman Horrell that Council note the Investment Report to 31 December 2020.

Carried

Item 3 – Cash Forecast to 30 June 2021

Each year Council projects its cash flow requirements for the coming year and recommends any drawdowns from the investment portfolio.

As of 31 December 2020, Council's cash position is ahead of forecast. The cash balance of \$18.3 million includes \$4.5 million received from government-funded projects, being the climate resilience and biodiversity projects.

Items discussed include:

- Rates received are ahead of forecast, noting that the 3 payment plan was taken up by 320 ratepayers;
- The outstanding payment resulting from an insurance claim is expected to be received in March 2021. This process is extremely slow as it is processed from London;
- An additional insurance claim is to be submitted and this is expected to be a lengthy process.

Resolved:

Moved Cr McCallum, seconded Cr Baird, that Council note the Cash Forecast to 30 June 2021.

Carried

Item 4 – Long-term Plan Progress Report

Every three months Council receives a progress report on the status of the work programmes set out in the Long-term Plan.

Some areas will continue to reflect amber for most of the financial year. Reasons for this include the programme of work and the effects from COVID-19. The Committee were further advised that the 2025 target dates were not at risk, however due to the complexity of some of the work programmes, some interim dates may not be met.

Items raised in this discussion include:

- Environment Southland's work needs to meet the needs of our communities, partners and stakeholders;

- The Executive Team continue to actively look at work programmes within the organisation and highlighted the recent structure changes to help with this process

Resolved:

Moved Cr McCallum, seconded Bruce Robertson, that Council note the Long-term Plan Progress Report.

Carried

Item 5 – Fleet Management Report

Amy Kubrycht spoke to this item. This report presents an update on the development and implementation of Council’s fleet management and vehicle tracking system, as well as an overview of key performance objectives.

The Committee were encouraged to provide feedback to staff noting that these reports were being developed. Training is being arranged for Councillors who are required to use council vehicles for council business and training dates are to be communicated.

A high level report will be developed for the Committee which will assist staff in implementing a “fit for purpose” fleet. This report is to contain the following data on:

- a pooling system;
- fleet emissions;
- the composition of the fleet;
- health and safety implications

Resolved:

Moved Cr McCallum, seconded Chairman Horrell, that Council:

- 1) Note the Fleet Management Report**
- 2) Note the ongoing development of Council’s Fleet Management Operations.**

Carried

Item 6 – Civic Financial Services Limited – Statement of Intent

The purpose of Civic Financial Services Limited is to serve the needs of local government. One of these needs is to provide a superannuation savings scheme providing retirement benefits for employees of the local government family. Civic Financial Services Limited, of which Council is a shareholder with a holding of 0.09% of the company, has released its Statement of Intent for 2021.

Environment Southland currently has:

- 45 members investing in the Local Government Superannuation Scheme (SuperEasy; and
- 73 members investing in the SuperEasy Kiwi Saver

The report outlined that no dividend would be paid, (ES does not budget to receive one), but that management fees would be reduced.

Bruce Robertson enquired if staff had any feedback on the services offered by Civic Financial Services Limited. Staff agreed to follow up this request.

Resolved:

Moved Cr McCallum, seconded Bruce Robertson, that Council note Civic Financial Services Limited, Statement of Intent for 2021.

Carried

Item 7 – Regional Software Holdings Limited – Annual Report to 30 June 2020

Regional Software Holdings Limited (RSHL) is a council controlled organisation of six regional councils. The Council has a 15.5 % shareholding in Regional Software Holdings Limited.

Jane Carroll is currently acting director for Regional Software Holdings Limited and spoke to the background of the activity of RSHL and Regional Council Collaboration (ReCoCo). Items discussed included:

RSHL/IRIS Next-Gen

- 15 Councils are currently involved in this process
- The focus is on the future, around community engagement, environmental stewardship and regulatory space and regional councils are all involved
- There is an extensive RFP process in train – subject matter experts are involved with this process;
- Data alignment is expected to be a 2 to 3- year process
- The current version of IRIS will run until 2023, that the new version of IRIS anticipated to be released in 2 to 3 years' time
- ReCoCo is currently running 8 different projects

Councillors directed staff to seek further confirmation from RSHL that the financials presented were in fact audited financials and not draft as discussed.

Resolved:

Moved Chairman Horrell, seconded Bruce Robertson, that Council note the Regional Software Holdings Limited Annual Report for the year ended 30 June 2020.

Carried

Item 8 – Annual Activity Plan

Councillors considered the annual activity plan which sets out the plan consisting of a table which outlines items to be delivered on by the Committee.

A verbal update of the current situation of the Ouvea pre-mix will be presented at the next meeting of OPAC.

Resolved:

Moved Cr Ludlow, seconded Bruce Robertson, that Council note the Annual Activity Plan.

Carried

(Cr Stevens left the meeting at 11.15 am)

10 Extraordinary and Urgent Business (*Panui Autaia hei Totoia Pakihi*)

There were no items of extraordinary or urgent business considered by the meeting.

11 Public Excluded Business (*He hui Pakihi e hara mo te iwi*)

Resolved:

Moved Chairman Horrell, seconded Cr McCallum, that the public be excluded from the following part of the proceedings of this meeting.

- **Confirmation of Minutes – 27 January 2021**
- **Item 9 – Debtors and Rates Report**
- **Item 10 – Great South – Draft Statement of Intent 2021/22**

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the Passing of the resolution are as follows:

<i>General Subject Matter</i>	<i>Reason for Passing the Resolution</i>	<i>Grounds under S. 48(1)</i>
→ Confirmation of Minutes: 27 January 2021	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	S.7(2)(h) S.7(2)(j)

<p>→ Item 9 – Debtors and Rates Report</p>	<p>To prevent the disclosure or use of information for improper gain or advantage.</p>	<p>S.7(2)(a)</p>
<p>→ Item 10 – Great South Draft Statement of Intent 2021/22</p>	<p>To protect the privacy of natural persons, including that of deceased natural persons.</p> <p>To prevent the disclosure or use of information for improper gain or advantage</p>	<p>S.7(2)(j)</p>

It is further moved that Rob Phillips, Amy Kubrycht, Wilma Falconer, Jane Carroll, Tanea Hawkins, Lucy Hicks, Leanna Tamati, Mel Weston be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item they are associated with, and will be of assistance in relation to the matter to be discussed.

Carried

Resumed in Open Meeting

Termination

There being no further business, the meeting closed at 12.55 pm.