

Minutes of a meeting of the
Finance Committee held in the
Council Chamber on Wednesday, 24 November 2021,
commencing at 10:00 AM

Membership

Cr Hilary Calvert (Co-Chairperson)
Cr Kevin Malcolm (Co-Chairperson)
Cr Michael Deaker
Cr Alexa Forbes
Cr Carmen Hope
Cr Gary Kelliher
Cr Michael Laws
Cr Andrew Noone
Cr Gretchen Robertson
Cr Bryan Scott
Cr Kate Wilson

Welcome

Co-Chair Kevin Malcolm welcomed Councillors, those watching the livestream, and staff to the meeting at 10:02 am. Staff present included Sarah Gardner (Chief Executive), Nick Donnelly (GM Corporate Services), Gwyneth Elsum (GM Strategy, Policy and Science), Gavin Palmer (GM Operations), Richard Saunders (GM Regulatory and Communications), Amanda Vercoe (GM Governance, Culture and Customer), Liz Spector (Governance Support), Sarah Munro (Manager Finance - Reporting), Sarah Harrisson (Manager Finance - Revenue) and Mike Roesler (Manager Corporate Planning).

1. APOLOGIES

There were no apologies. Cr Kate Wilson and Cr Michael Deaker were present via electronic link.

2. PUBLIC FORUM

There were no requests to address the Committee under Public Forum.

3. CONFIRMATION OF AGENDA

The agenda was confirmed as published.

Moved: Cr Hope

Seconded: Cr Calvert

Motion Carried

4. CONFLICT OF INTEREST

No conflicts of interest were advised.

5. CONFIRMATION OF MINUTES

Resolution: Cr Calvert Moved, Cr Noone Seconded

That the minutes of the public Finance Committee meeting held on 25 August 2021 be received and confirmed as a true and accurate record, with or without changes.

MOTION CARRIED

Resolution: Cr Calvert Moved, Cr Noone Seconded

That the minutes of the public Finance Committee meeting held on 13 October 2021 be received and confirmed as a true and accurate record, with or without changes.

MOTION CARRIED

6. ACTIONS

Actions on previous resolutions of the Finance Committee were reviewed.

7. MATTERS FOR CONSIDERATION

7.1. Quarterly Activity Report - 30 September 2021

This report was provided to update the Committee on operational performance by activity for the period ended 30 September 2021 being quarter one (Q1) for the 2021-22 financial year. Jasmin Lamorie, Corporate Planning Business Partner, and Nick Donnelly, GM Corporate Services/CFO, were available to respond to questions.

Following questions from Councillors which were responded to by Ms Lamorie, Mr Donnelly and Chief Executive Gardner, Cr Kelliher moved:

Resolution FIN21-122: Cr Kelliher Moved, Cr Hope Seconded

That the Finance Committee:

- 1) **Notes** the Council Activity Performance Report for the period 1 July to 30 September 2021 (Q1).

MOTION CARRIED

7.2. Finance Report - 30 September 2021 Including Public Treasury Report

This paper provided Council's Finance Report for the 3-month period ended 30 September 2021 to the Committee. Sarah Munro, Manager Finance - Reporting, and Nick Donnelly, GM Corporate Services/CFO were present to respond to questions about the report.

Following a discussion of the report, Cr Calvert moved:

Resolution FIN21-123: Cr Calvert Moved, Cr Noone Seconded

That the Finance Committee:

- 1) **Notes** this paper and the Finance Report 30 September 2021.

MOTION CARRIED

7.3. Rates Strike, Collection - 31 October 2021

This report provided the Finance Committee with an update on rates struck for the 2021/22 financial year. Sarah Harrison, Manager Finance - Revenue, and Nick Donnelly, GM Corporate Services/CFO, were present to respond to questions.

Several questions were asked by Councillors and it was noted by Ms Harrison that a substantial increase in the number of rates paid by direct debit had been realised this year. She also mentioned that the number of ratepayers requesting their rates invoice by email had increased by 1000, indicating that ratepayers were becoming more comfortable using electronic technology for receiving and paying their rates invoices.

Following further discussion, Cr Hope moved:

Resolution FIN21-124: Cr Hope Moved, Cr Calvert Seconded

That the Finance Committee:

- 1) **Notes** this report.

MOTION CARRIED

7.4. Annual Plan 2022-2023 - Proposed adjustments to the Long-term Plan

This report was provided to enable Council to advance the Annual Plan 2022/23 (AP) process by considering and directing Council staff on proposed adjustments to the financial forecasts adopted as part of the Otago Regional Council Long-Term Plan 2021-31 (LTP). Mike Roesler, Manager Corporate Planning, and Nick Donnelly, GM Corporate Services/CFO, were present to respond to questions.

Debate was conducted by Councillors about potential rates impact of any significant changes made to the adopted 2021-2031 Long-term Plan. Following the discussion, Cr Calvert submitted a motion:

Resolution FIN21-125: Cr Calvert Moved, Cr Hope Seconded

That the Finance Committee:

- 1) **Endorses** a maximum 18% increase in total rates for year 2 of the LTP and requests a staff report on options for achieving the same, in particular, any assumptions made which would affect the increase.
- 2) **Agrees** that this proposal does not represent a significant or material change as assessed against the ORC Significance and Engagement Policy.
- 3) **Notes** a future report to Council is planned and will enable it to decide an engagement approach.

MOTION CARRIED

7.5. Annual Plan 2022-23 Rating Considerations

This report was provided to update Council on two rating and funding-related resolutions made during deliberations for the LTP 2021-31 on 26 May 2021 and to provide options. Nick Donnelly, GM Corporate Services/CFO, was present to respond to questions.

Resolution FIN21-126: Cr Malcolm Moved, Cr Laws Seconded

- 1) *That this report lie on the table until a future meeting to be called by the Finance Co-Chairs in consultation with the Chief Executive.*

MOTION CARRIED

Resolution: Cr Malcolm Moved, Cr Laws Seconded

That the Finance Committee:

- 1) *Adjourn this meeting at 12:38pm and reconvene the meeting after the close of the 24 November 2021 1pm Council Meeting.*

MOTION CARRIED

The meeting reconvened at 5:07pm, 24 November 2021.

Cr Hope was an apology for the reconvened meeting due to a previously scheduled ORC commitment.

7.6. Working Party Unbudgeted Expenditure

This report was submitted by Audit and Risk Subcommittee Chairperson Hilary Calvert as a report back from the Subcommittee on proposed actions to manage future unbudgeted expenditures. Cr Calvert asked to take the paper as read. After a discussion about how the proposed process would work, Chief Executive Sarah Gardner asked that the proposal be trialed to allow Councillors to manage their expectations for approving expenditure overruns. Cr Calvert agreed and noted she anticipated the proposal would apply for unbudgeted requests for new work, from both staff and governors, not for business-as-usual work plan overruns which were not significant. After a discussion, Councillors agreed to trial the programme and Cr Laws moved:

Resolution FIN21-127: Cr Laws Moved, Cr Kelliher Seconded

That the Finance Committee:

- 1) **Notes** this report.
- 2) **Endorses** the following trial measures for Council in carrying out its budgetary functions:
 - a. *That during the year when a new expenditure item is identified which is not budgeted for the following procedure is adopted:*
 - i. *The item is identified for discussion and approval before expenditure is approved.*
 - ii. *Consideration is given to substitution of an existing budget item, i.e., move an existing item to a future year.*
 - iii. *Consideration is given to offsetting against another item which will likely be an underspend during the financial year.*
 - iv. *If substitution or offsetting is not used then approval must be actively sought to fund from another funding source, which could include from reserves. The intention here is that Council be comfortable with any variances to the work plan (over and underspends) so that it may actively make decisions around such variances occurring and be in a position to thoughtfully reprioritise these pieces of work.*
 - b. *That significant unbudgeted expenditure is reported as a separate line in the quarterly report to allow for sufficient monitoring.*

MOTION CARRIED

8. RECOMMENDATIONS OF MEETINGS

8.1. Recommendations of the Audit and Risk Subcommittee (public)

Resolution FIN21-128: Cr Calvert Moved, Cr Noone Seconded

That the Finance Committee adopts the resolutions of the 14 October 2021 public Audit and Risk Subcommittee meeting.

MOTION CARRIED

9. RESOLUTION TO EXCLUDE THE PUBLIC

Resolution: Cr Noone Moved, Cr Kelliher Seconded:

That the Council excludes the public from the following part of the proceedings of this meeting (pursuant to the provisions of the Local Government Official Information and Meetings Act 1987) namely:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Adoption of the recommendations of the public excluded portion of Audit and Risk Subcommittee meetings held on 14/10/2021 and 11/11/2021.	<p>To protect information where the making available of the information— would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii)</p> <p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i)</p> <p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely otherwise to damage the public interest – Section 7(2)(c)(ii)</p> <p>To avoid prejudice to measures that prevent or mitigate material loss to members of the public – Section 7(2)(e)</p> <p>To maintain legal professional privilege – Section 7(2)(g)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p> <p>To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section</p>	<p>Section 48(1)(a);</p> <p>Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds:</p> <p>(a) that the public conduct of the whole or 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,</p>

	7(2)(i) To prevent the disclosure or use of official information for improper gain or improper advantage – Section 7(2)(j)	
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MOTION CARRIED

This resolution was made in reliance on [section 48\(1\)\(a\)](#) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by [section 6](#) or [section 7](#) of that Act or [section 6](#) or [section 7](#) or [section 9](#) of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.

10. CLOSURE

There was no further business and Co-Chair Malcolm declared the public meeting closed at 5:26pm.

Co-Chairperson

Date