
Monday, 12 April 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Risk and Assurance Committee Meeting

Kaupapataka

Agenda

Te Rā Hui:
Meeting date: **Monday, 12 April 2021**

Te Wā:
Time: **1.00pm**

Te Wāhi:
Venue: **Landmarks Room
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

Te Hoapā:
Contact: **Democracy and Governance Services
P: 06 871 5000 | E: democracy@hdc.govt.nz**

Te Āpiha Matua:
Responsible
Officer: **Group Manager: Corporate - Bruce Allan**

Risk and Assurance Subcommittee – Terms of Reference

Fields of Activity

The Risk and Assurance Committee is responsible for assisting Council in its general overview of financial management, risk management and internal control systems that provide;

- Effective management of potential risks, opportunities and adverse effects.
- Reasonable assurance as to the integrity and reliability of the financial reporting of Council.
- Monitoring of Council's requirements under the Treasury Policy.
- Monitoring of Councils Strategic Risk Framework.

Membership

- Membership (7 including 4 Councillors).
- Independent Chair appointed by Council.
- Deputy Chair appointed by Council.
- 3 external independent members appointed by Council.

Quorum – 4 members

Delegated Powers

Authority to consider and make recommendations on all matters detailed in the Fields of Activity and such other matters referred to it by Council.

Monday, 12 April 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Risk and Assurance Committee Meeting

Kaupapataka

Agenda

	<i>Koromatua</i> Chair: Jon Nichols – External Independent Appointee
	<i>Nga Kai Kaunihera</i> Councillors: Simon Nixon (Deputy Chair), Alwyn Corban, Tania Kerr, and Geraldine Travers
<i>Mematanga:</i> Membership:	Robin Hape - Heretaunga Takoto Noa Māori Standing Committee appointee Jaun Park – External Independent Appointee Mayor Sandra Hazlehurst (ex-officio)
<i>Tokamatua:</i> Quorum:	4 members
<i>Kaihokoe mo te Apiha</i> Officer Responsible:	Group Manager: Corporate – Bruce Allan
<i>Te Rōpū Manapori me te Kāwanatanga</i> Democracy & Governance Services:	Christine Hilton (Extn 5633)

Te Rārangi Take

Order of Business

Apologies & Leave of Absence – Ngā Whakapāhatanga me te Wehenga ā-Hui

- 1.0** At the close of the agenda no apologies had been received.
 At the close of the agenda no requests for leave of absence had been received.
-

2.0 Conflict of Interest – He Ngākau Kōnatunatu

Members need to be vigilant to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to scan the agenda and assess their own private interests and identify where they may have a pecuniary or other conflict of interest, or where there may be perceptions of conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the relevant item of business and withdraw from participating in the meeting. If a Member thinks they may have a conflict of interest, they can seek advice from the General Counsel or the Manager: Democracy and Governance (preferably before the meeting).

It is noted that while Members can seek advice and discuss these matters, the final decision as to whether a conflict exists rests with the member.

Confirmation of Minutes – Te Whakamana i Ngā Minitī

- 3.0** Minutes of the Risk and Assurance Committee Meeting held Monday 1 March 2021.
(Previously circulated)
-

- | | | |
|------------|---|----------|
| 4.0 | Insurance Update and Presentation from AON | 7 |
|------------|---|----------|
-

- | | | |
|------------|---|----------|
| 5.0 | Risk Assurance Update - Consents Review Report | 9 |
|------------|---|----------|
-

- | | | |
|------------|---|-----------|
| 6.0 | Treasury Activity and Funding Update | 11 |
|------------|---|-----------|
-

- | | | |
|------------|--|-----------|
| 7.0 | Group Manager: Asset Management Update Report | 15 |
|------------|--|-----------|
-

8.0	Housing Supply and Demand	19
------------	----------------------------------	-----------

9.0	Group Manager: Corporate Update Report	23
------------	---	-----------

10.0	Health & Safety Update	25
-------------	-----------------------------------	-----------

11.0	Minor Items – <i>Ngā Take Iti</i>	
-------------	--	--

12.0	Urgent Items – <i>Ngā Take Whakahihi</i>	
-------------	---	--

13.0	Recommendation to Exclude the Public from Item 14	29
-------------	--	-----------

14.0	Contractor Health & Safety Performance Report	
-------------	--	--

Monday, 12 April 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council:

Risk and Assurance Committee Meeting

Item 4

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: Jeff Tieman, Management Accountant

Te Take:
Subject: Insurance Update and Presentation from AON

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 Representatives from Council's Insurance brokers AON will be presenting to the Committee with a focus on a market update, how Council can control insurance costs and how to enhance risk governance.
- 1.2 Mr Sam Ketley, Public Sector Practice Leader from AON will present to the Committee.

2.0 Recommendations – *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled Insurance Update and Presentation from AON dated 12 April 2021.

Attachments:

There are no attachments for this report.

Monday, 12 April 2021

Item 5

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council:

Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā: Regan Smith, Risk and Corporate Services Manager
From: Steffi Bird, Risk Assurance Advisor

Te Take:
Subject: Risk Assurance Update - Consents Review Report

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

1.1 The purpose of this report is to table the recently completed risk assurance review of the Building and Resource Consents team activities.

1.2 Background

1.3 The objective of this review was to evaluate the effectiveness of the business processes and controls in place for the management of building and resource consents processing, and to identify opportunities for improvement in operational practices, management oversight and reporting. These controls make up part of the Tier 2 enterprise risk relating to effective regulatory oversight.

1.4 This review was a joint undertaking between Crowe and the Council Risk & Corporate Services team. By undertaking the review as a joint activity it was possible to minimise the impact on the operational teams in order to deliver the following programmed activities:

- Building Control and Resource Consent Financial Processes and Controls, from the Crowe Internal Audit Plan 20/21.
- Building Consent function review, from the HDC Risk Assurance Review Plan 20/21.

1.5 Summary of Findings

1.6 Overall, the review team found that the consents activities are effectively managed to deliver on the Council's statutory obligations. It was particularly pleasing that the Council enterprise system TechnologyOne Property & Rating is used to provide structured workflows to manage the work allocation and tracking of applications. To further enhance the management of risks beyond

regulatory compliance, the review identified areas where current controls should be improved to mitigate operational and fraud risks, in particular:

- Revenue controls.
- IT access controls.
- Contract management practices.
- Non-financial delegations.
- Management meeting monitoring.
- Performance reviews.

1.7 A breakdown of the findings from the review by risk is shown below:

1.0 Indicator	2.0 Risk ratings	3.0 Findings
4.0	5.0 High risk	6.0 0
7.0	8.0 Medium risk	9.0 4
10.0	11.0 Low risk	12.0 3
13.0	14.0 Process improvement	15.0 2

2.0 Recommendations – Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Risk Assurance Update - Consents Review Report dated 12 April 2021.

Attachments:

1⇒	Building & Resource Consents Review Executive Summary	PMD-9-2-21-55	Under Separate Cover
----	---	---------------	----------------------

Monday, 12 April 2021

Item 6

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council:
Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: Aaron Wilson, Financial Controller

Te Take:
Subject: Treasury Activity and Funding Update

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to update the Committee on treasury activity and funding issues.
- 1.2 Since the last update in February, Council has not borrowed any further money in the quarter just ended.
- 1.3 The Council's current total external debt is \$185m as at 31 March 2021. Offsetting this are \$35m of term deposits, giving a net external debt position of \$150m.
- 1.4 Council is currently compliant with its Treasury Management Policy.
- 1.5 Officers have been working with Bancorp Treasury Services about future funding requirements, and have received advice from Bancorp in relation to whether further hedging should be taken out and what their view is of the impact of inflation over the long term.
- 1.6 The Reserve Bank of New Zealand (RBNZ) left its Official Cash Rate (OCR) at 0.25% at its last review.

2.0 Recommendations – *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled Treasury Activity and Funding Update dated 12 April 2021.

3.0 Background – *Te Horopaki*

- 3.1 The Hastings District Council has a Treasury Policy which is a summarised version of the Treasury Management Policy and forms part of the 2018-2028 Long Term Plan. Under these policy documents, responsibility for monitoring treasury activity is delegated to the Risk and Assurance Committee.
- 3.2 Council is provided with independent treasury advice by Miles O'Connor of Bancorp Treasury Services and receives daily and monthly updates on market conditions.
- 3.3 Under the Treasury Policy, formal reporting to Council occurs quarterly and regular more in depth treasury reporting is provided for the Risk and Assurance Committee.

4.0 Discussion – *Te Matapakitanga*

- 4.1 Council's debt portfolio is managed within macro limits set out in the Treasury Policy. It is recognised that from time to time Council may fall out of policy due to timing issues. The treasury policy allows for officers to take the necessary steps to move Council's funding profile back within policy in the event that a timing issue causes a policy breach.
- 4.2 Attachment 1 sets out Council's overall compliance with Treasury Management Policy as at 31 March 2021.
- 4.3 The Council's current total external debt is \$185.74m as at 31 March 2021. Offsetting this are \$35m of term deposits, giving a net external debt position of \$150.74m. This is supported by the Treasury Position 31 March 2021 Report in Attachment 1.
- 4.4 It should also be noted on the Treasury position dashboard, Council's cost of funds has fallen from 3.57% as at the end of the last financial year to 2.67%, driven by an increasing proportion of floating rates.
- 4.5 Council has 4 active term deposits totalling \$35m with rates ranging from 0.95% pa to 1.41% pa. \$20m of these are linked to a loan maturity in May 2021, and the remaining \$15m is held as funding for future capital expenditure.
- 4.6 These term deposits are held with Westpac \$5m, BNZ \$10m, and Bank of China \$20m.
- 4.7 As the BKBM has fallen, the margin between what Council can borrow at and what it can receive as a return on term deposits has narrowed significantly. Currently Council investments are held with a positive margin being maintained against the cost of borrowing, albeit with smaller positive margins.
- 4.8 The need for prefunded funds and the liquidity that this creates is an important factor in Standard and Poors Global (S&P) assessment of Council. The current rating of AA allows Council to borrow at a lower interest rate than would be the case with a lower rating.
- 4.9 Officers have been working with Bancorp around the potential impact of any inflationary pressures looking forward over the next 10 years, and whether Council should start to fix more of its floating rate debt.
- 4.10 Financial markets have been looking beyond the pandemic and are starting to fully price in an economic recovery as the global vaccine roll-out gathers pace. With the successful injections of monetary and fiscal stimulus in 2020 still flowing through, and progress on the vaccine rollout, financial markets have essentially surmised that stimulus + vaccine = economic recovery and inflationary pressures.
- 4.11 Whilst that is the market's view, the Reserve Bank of New Zealand ("RBNZ") and the US Federal Reserve ("Fed"), as well as a number of other central banks, are expecting an uplift in inflation in the coming months, all of them are expecting a softening later in the year
- 4.12 From the RBNZ's perspective, even at its most aggressive, it only anticipates inflation reaching 2.5%, which is hardly overshooting its 1.0%-3.0% target band. It is also worth noting that, as a general rule, the RBNZ tends to overstate its forecasts, while the actual prints tend to undershoot expectations.

- 4.13 It is Bancorp's advice at this stage, given that the global outlook in places like Europe and Japan remains weak, and much of the current increase in inflation is transitory, it is not an indication that Council should now fix floating rate debt through swaps other than to maintain policy compliance.
- 4.14 Recent RBNZ announcements: The RBNZ left its Official Cash Rate (OCR) at 0.25% at its last review.

5.0 Next steps – *Te Anga Whakamua*

- 5.1 Council Officers will continue to work with Bancorp Treasury Services to keep Council's financing costs to a minimum, maintaining adequate liquidity, while maintaining compliance with Council's Treasury policy.

Attachments:

1⇒ Treasury Dashboard 31st March 2021	FIN-15-01-21-23	Under Separate Cover
---------------------------------------	-----------------	----------------------------

Summary of Considerations - *He Whakarāpopoto Whakaarohanga*

Fit with purpose of Local Government - *E noho hāngai pū ai ki te Rangatōpū-ā-Rohe*

The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

This report contributes to the purpose of local government by primarily promoting economic wellbeing and more specifically through the Council's strategic objective of sustainable use of resources and providing resilience to hazards and shocks.

Link to the Council's Community Outcomes – *Ngā Hononga ki Ngā Putanga ā-Hapori*

This report promotes the economic wellbeing of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

There are no known impacts for Tangata Whenua.

Sustainability - *Te Toitūtanga*

This report promotes sustainable financing costs ensuring the economic wellbeing of communities in the present and for the future.

Financial considerations - *Ngā Whakaarohanga Ahumoni*

This report will ensure that financing costs are kept within Council's existing budgets.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

This report has been assessed under the Council's Significance and Engagement Policy as being of minor significance.

Consultation – internal and/or external - *Whakawhiti Whakaaro-ā-roto / ā-waho*

There has been no external engagement.

Risks

The purpose of this report and the Treasury Policies it refers to, assist officers to manage Council's treasury risk.

Rural Community Board – Te Poari Tuawhenua-ā-Hapori

There are no implications for the Rural Community Board.

Monday, 12 April 2021

Item 7

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council:
Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: Craig Thew, Group Manager: Asset Management

Te Take:
Subject: Group Manager: Asset Management Update Report

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to provide an update to the Committee and an opportunity to discuss issues that are being faced by the Asset Management Group.
- 1.2 Hastings District is currently operating in an environment with a constrained contractor and consultant market putting demands on staff to deliver the budgeted capital programme in a timely and cost effective way. Commentary on this issue will form a standing agenda item while this risk remains at a heightened level.
- 1.3 Update on contracting market
- 1.4 Recently tendered works have mostly been for specialised services and therefore was more suited to specialist contractors outside of the region. We have received a good number of submissions for these particular work packages. Some of the building type construction tenders have had fewer submissions.
- 1.5 Of greater concern is potential materials supply issue. We have received the following feedback from most local contractors:
 - Supply of concrete products: These include manholes, risers, sumps, etc. The local concrete plant is no longer operational and all concrete products are sourced either from Auckland or Hamilton. This is especially of concern if the Auckland region go into lock-down. During lock-down only a limited number of trucks are allowed on site which influences the speed at which products can be distributed.

- Ready-mix concrete orders have a long lead time due to pours at the port taking up most of the production. There is a minimum 2 weeks' notice period. This situation is expected to remain for the next 12-18 months.
- There are supply constraints for PVC pipes. Especially larger sizes.
- Long lead times are being experienced for PE pipes. Even though the pipes are made in New Zealand the plastic beads that are used to make the pipes come from overseas.
- Most pre-fabricated products, for example; valves, flanges, gibaults, tees and hydrants, have an eight to twelve week lead time if they are made overseas.

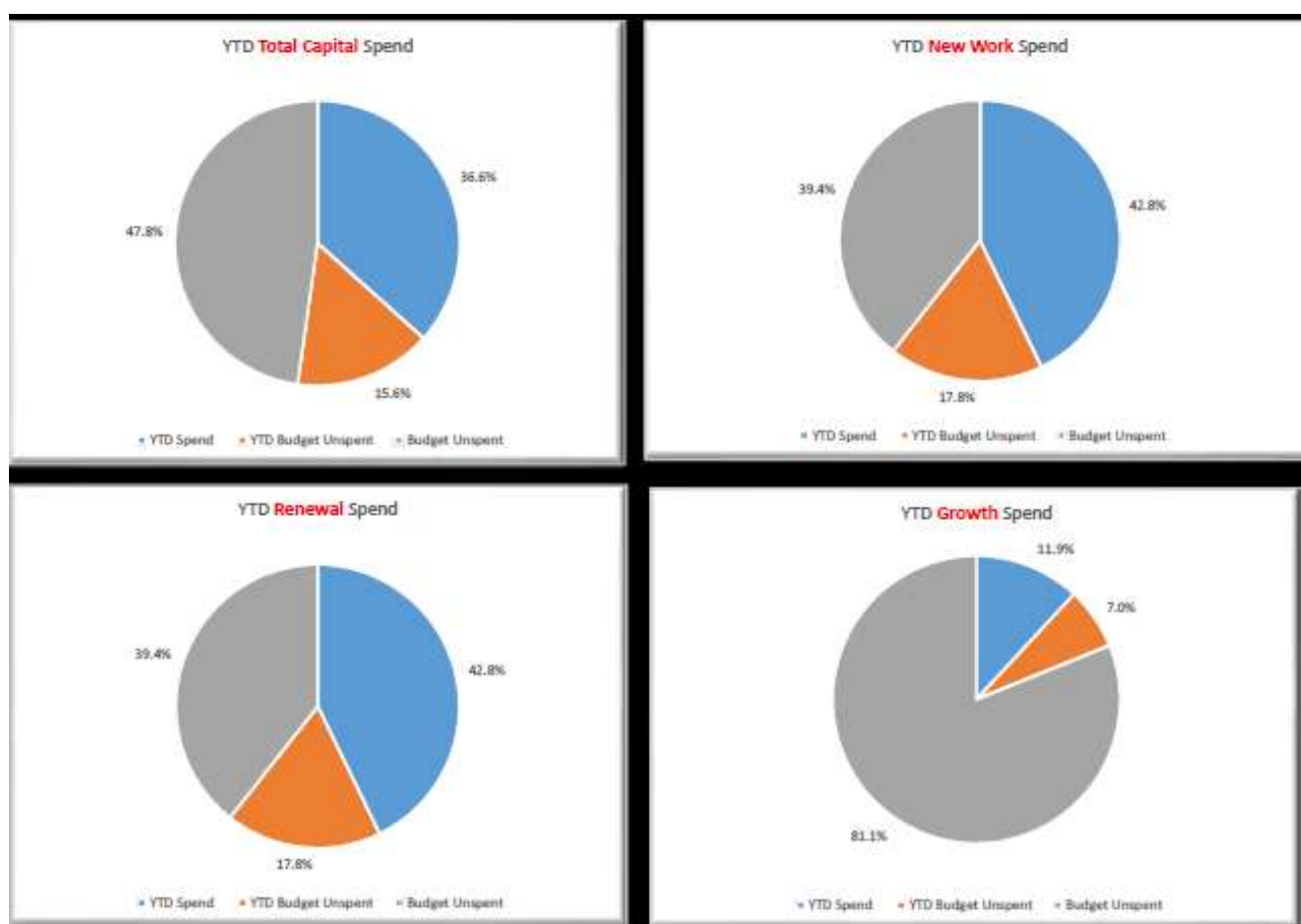
1.6 For our current contracts we have managed the risk by ordering materials as early as possible, but we expect there to be an impact for upcoming contracts.

1.7 There has also been an overall cost increase in general construction items of approximately 8% which will influence tender pricing.

1.8 Consenting timeframes and costs to comply have been increasing, with some building projects now estimated to take an additional 2-3 months to deliver. Some consent and land purchase capital works are taking much longer, highlighting a need to take a longer term delivery approach for some works to try and help mitigate delivery risks.

1.9 Capital programme deliverability

1.10 The graphs below are reporting the capital spend across the three main types of capital incurred by Council as at 28 February. Total capital spend is tracking at 36.6% of the total spend with the year to date budget representing 52.2%. The unspent value does not include the contractually committed value (the value of works under contract but not yet spent).



- 1.11 There is a significant capital programme in train at the time of writing and this variance to budget is likely to close over the next few months, however there will still be a significant shortfall in the capital programme delivered.
- 1.12 A significant area of underspend is currently in the growth related investments which are largely dictated by land owners and developers and the timing of this spend can be variable compared to how it is budgeted.
- 1.13 3 Waters reform
- 1.14 Government timeframes for the central government 3 waters service delivery reform is tight and signals the timing of decisions by councils late in 2021. This decision is to whether they choose to remain with the Status Quo or go with the Government option. The government options are still in the design phase with Cabinet decisions expected mid 2021.
- 1.15 A presentation delivered to the recent workshops by DIA during March 2021 can be downloaded at the following link ([https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\\$file/Three-Waters-Reform-Programme-March-Engagement-slides.pdf](https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/$file/Three-Waters-Reform-Programme-March-Engagement-slides.pdf))
- 1.16 Officers and local elected representatives are involved at various levels, with joint steering groups, and technical working groups. Council officers have also scheduled a risk assessment workshop with representatives across the business to consider the wider implications and potential mitigations and opportunities.
- 1.17 Water Services Bill is in the select committee process, with the HB councils making a submission via the Drinking Water Joint Governance committee. The independent Chair presented the region's submission to the select committee, with many of the region's points repeated by other submitters.
- 1.18 Major contract changes
- 1.19 The new 3 waters contract with Fulton Hogan commenced on 1 March. Implementation and transition planning is going well. A management board is in place to manage the transition and ongoing performance of this contract.
- 1.20 The Professional Services panel contract has closed, with the tender evaluation team working through the assessment of submissions. The procurement plan noted that from this Council will select 2 or 3 of the submitters to provide services to Council on the panel. Central Hawke's Bay have included their 3 waters work and some planning assistance to the panel scope. Once the contract is awarded the implementation programme will need to focus heavily on the collaborative working culture required to effectively and efficiently achieve outcomes.

2.0 Recommendations – Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Group Manager: Asset Management Update Report dated 12 April 2021.

Attachments:

There are no attachments for this report.

Monday, 12 April 2021

Item 8

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

**Hastings District Council: Risk and Assurance
Committee Meeting**

Te Rārangi Take

Report to Risk and Assurance Committee

Nā: Craig Cameron, Group Manager: Strategy and Development
From: Louise Stettner, Senior Advisor Strategic Policy & Evaluation
(Portfolio Lead)

Te Take:
Subject: Housing Supply and Demand

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 With respect to the Hastings District, this report outlines current housing capacity; current uptake and existing unmet demand. It also highlights work being undertaken by Council to alleviate current and projected pressure on the local housing supply.
- 1.2 Land availability for housing is a major priority for this Council and the potential for housing demand to outstrip supply is a real risk and one that this Council needs to proactively manage. Given the nature of this risk, reporting on this risk to the Risk and Assurance Committee will continue and will evolve.
- 1.3 This report is an initial overview with a purpose of stimulating conversation with this Committee and more detailed and targeted reports will be developed for this Committee in the coming months that will further outline the risks faced and provide the necessary assurances that those risks are being appropriately managed.

Background

- 1.4 “Homes for Our People” and “The Economic Powerhouse” are two of 8 strategic priority areas in Council’s Draft Long Term Plan 2021-2031. Key focus areas for housing include: protecting our good soils; more compact housing choices, using available land; working with government and other partners on housing projects and rethinking and looking at future opportunities for Council housing.

Summary of the Situation

- 1.5 Capacity as at 31 December 2020 (zoned, serviced and constructed, actively under construction or pending)

Arataki, Lyndhurst, Northwood & Brookvale Stage 1	341
Hastings Retirement Villages	109
Waingākau	110
Misc. other sites	150
Total	710

- 1.6 (Note: while these numbers are correct and have been tested Council does not control the release of private land. Developments can take a number of years as they are completed in stages and released to the market at different times).

Uptake

- 1.7 While it is not possible to provide precise levels of section uptake, based on what has happened in previous years, the following uptake could be expected with impacts on land availability.

220 units p.a. based on 2020	3.2 years of supply*
148 units p.a. based on previous 2 year average	4.8 years
105 units p.a. based on previous 5 year average	6.7 years

*Or 18 months if all new development on current rates occurs in traditional Greenfield sites (i.e. excluding retirement villages and Waingākau and the current Brookvale development stalls for any reason.)

Existing Unmet Demand

- 1.8 There are a number of datasets that support the notion that there is existing unmet demand for housing in Hastings including:
- Baseline social housing register of 750 households at 31 December 2020, based on estimated population growth and dwelling consents from 2008-2020 of approximately 1200-1500. (Based on slightly higher than average occupancy for migration driven growth).
 - Based on proportionate population share of a national housing shortage number of between 40,000 and 130,000 households, Hastings share (at 1.73%) equates to a shortage of between 680 and 2210 households (with a mid-point at 1,445 households).

Note – The above information is officers' interpretation of current available information and based on certain assumptions. A more detailed report can be provided in July which can take into account the latest population statistics released by Statistics NZ.

Current Housing Work Programme

- 1.9 Council is acutely aware that there is a significant need for more housing in the Hastings District. Recent work to address the backlog and new development includes:
- 1.10 In 2019, Hastings became a pilot for the Government's place-based housing initiatives; the "Hastings Housing Plan". As part of this work Council has partnered with a number of agencies, organisations and stakeholders to deliver warm, dry and secure housing in Hastings. There is a significant pipeline of work underway to provide a mix of public housing, affordable housing, papakāinga and additional transitional housing.

- 1.11 In February 2021 Council adopted the Hastings Medium and Long Term Housing Strategy which builds on the Hastings Housing Plan. It focusses on a range of different housing including affordable housing, social housing, market housing, Māori housing, senior housing and RSE accommodation, alongside skills training and employment creation.
- 1.12 Greenfield Developments. A key aspect of Council's housing strategy is a residential development programme that is taking place across Flaxmere, Frimley, Havelock North and Te Awanga, and other Greenfield areas rezoned residential are going through the development process at Howard Street, Parkvale, and Iona and Brookfield Road in Havelock North. Officers continue to support housing aspirations at Iona, Howard Street and Brookvale to bring houses to the market. Brookvale is progressing with the first 100 sites. Howard Street should release approx. 260 sites and Iona 210 with a further 160 to follow.
- 1.13 Inner City Living – Council has made a variation to the proposed district plan to allow residential activity in the upper floors of buildings in the Hastings Central Commercial Zone.

2.0 Recommendations – *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled Housing Supply and Demand dated 12 April 2021.

Attachments:

There are no attachments for this report.

Monday, 12 April 2021

Item 9

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council:
Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: Bruce Allan, Group Manager: Corporate

Te Take:
Subject: Group Manager: Corporate Update Report

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to provide the Committee with an update on matters of interest to the Committee that are not included on separate agenda items for this meeting.
- 1.2 **Council Policies**
- 1.3 At the Risk & Assurance Committee meeting on 2 February the Committee requested that a list of Council corporate policies be presented for review. Officers have reviewed the Council's key policy documents and compiled the attached list of policy documents for the Committee to consider (**Attachment 1**).
- 1.4 This policy document list includes 38 enterprise wide, or governance policy documents, that have been approved by either Council or the Chief Executive, and a further 16 key line management approved policies.
- 1.5 **IT Cyber Security**
- 1.6 Following a report to the February Committee meeting, Officers were tasked with an action point to investigate a process to provide independent assurance for Council's IT systems to an appropriate level of security.
- 1.7 Officers have subsequently met with representatives from SAM for Compliance (samcompliance.co/govt) who provide expert services to Local government regarding Cyber security and a proposal has been received.

- 1.8 Council will be subscribing to the Association of Local Government Information Management (ALGIM) Cyber Security Programme (June 2021). This provides Council with a benchmark of Council's Cyber Security compared to all participating local governments (of which there has been a significant uptake).
- 1.9 Subsequent to benchmarking, and allowing Council to work on the highlighted areas within the Cyber security programme, SAM for Compliance will perform an on-premises security assessment (Circa Nov 2021)
- 1.10 **Insurance**
- 1.11 Following a recommendation from the Committee in November, Council through the Strategy and Policy Committee received a report on 1st April on the extent of catastrophe cover in relation to the three waters infrastructure.
- 1.12 The following is an excerpt from that report which summarises the feedback from Council on this issue:
- "It is recommended that Officers continue to have discussions with LAPP on the chances of increasing the upper limits and to report back in the coming months on further options for the Committee to consider.*
- "Noting that Council's current exposure is at the very extreme end of catastrophic events and alternative funding tools such as redirecting renewal spend and through ensuring sufficient financial headroom is maintained at all times provides Council with the comfort that it can adequately respond to even the most significant of events and that this should always be considered against the additional cost of trying to achieve that utopia where Council has insurance cover for all eventualities."*
- 1.13 A request has been made of LAPP for consideration of higher loss limits including potential shared excess layers that Councils could opt into if they felt the need, similar to what AON offers through the MWLASS arrangement.
- 1.14 **Outstanding Actions**
- 1.15 Attached as **Attachment 2** are the outstanding actions from previous Risk and Assurance meetings.

2.0 Recommendations – Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Group Manager: Corporate Update Report dated 12 April 2021.

Attachments:

1⇒	List of Council Policies at 30 March 2021	PMD-02-02-21-89	Under Separate Cover
2⇒	Risk and Assurance Status of Actions Sheet April 2021 pdf	CG-16-6-00074	Under Separate Cover

Monday, 12 April 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council:
Risk and Assurance Committee Meeting

Item 10

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: **Jennie Kuzman, Health and Safety Manager**

Te Take:
Subject: **Health & Safety Update**

1.0 Executive Summary – Te Kaupapa Me Te Whakarāpopototanga

- 1.1 The purpose of this report is to provide an update to the Committee in regards to the management of Health and Safety risks within Council.
- 1.2 This report provides information on external Health & Safety Assurance options

2.0 Recommendations and Reasons

- A) That the Risk and Assurance Committee receive the report of the titled “Health & Safety Update” dated 12 April 2021.
- B) That the Committee endorses a Safe Plus assessment as the preferred tool to assess Council’s Health and Safety performance.

3.0 Background – Te Horopaki

- 3.1 The purpose of this report is to provide information to the Committee in regards to the management of Health and Safety risks within Council.
- 3.2 This issue arises due to the Health and Safety at Work Act 2015 and the requirement of that legislation for Elected Members to exercise due diligence to ensure that Council complies with its Health and Safety duties and obligations.

4.0 Discussion – *Te Matapakitanga*

4.1 External Health & Safety Assurance Options

- 4.2 As reported at the February Risk and Assurance Committee meeting, work is currently underway on undertaking a gap analysis assessment of the ISO45001 international Health and Safety standard across the organisation. This process is still underway and is proving to be quite time-consuming.
- 4.3 However, an alternate option has come to the forefront, and all indications are that this alternate option may actually be a better solution for Council. This is the SafePlus assessment¹ which is a health and safety improvement toolkit for businesses and other organisations developed jointly by WorkSafe New Zealand, ACC and the Ministry of Business, Innovation and Employment (MBIE).
- 4.4 SafePlus offers a Government-endorsed model of what ‘good’ health and safety practices and performance look like, to support any organisation in understanding their current practices – and initiating positive and ongoing change. It was designed with input from New Zealand industry and tested with over 90 businesses.
- 4.5 SafePlus enables in-depth conversations that include people at all levels of the organisation. These conversations can help to reveal for any organisation what might help – and what gets in the way of – working in ways that are healthy and safe. The SafePlus toolkit supports organisations in developing a culture that includes everyone’s health and safety practices and ideas, to build collective ownership of performance. Attachment two is a high level overview of the tool.
- 4.6 Each of the SafePlus tools looks at three key elements of health and safety: leadership, risk management and worker engagement. Behind these elements are ten performance requirements, each using indicators written for SafePlus, to describe an organisation’s health and safety capability in relation to a maturity scale. Rather than having a compliance focus, SafePlus assessments identify the organisation’s current health and safety maturity stage – developing, performing or leading – and provide a way to move forward, with tailored guidance from health and safety experts.
- 4.7 Should Council proceed with a SafePlus assessment this could be scheduled to be undertaken in the new financial year, with a report back on the findings to Risk and Assurance for the November 2021 meeting.

5.0 Options – *Ngā Kōwhiringa*

Option One - Recommended Option - Te Kōwhiringa Tuatahi – Te Kōwhiringa Tūtohunga

- 5.1 It is recommended that the Committee consider endorsing a SafePlus assessment as the preferred tool to assess Council’s Health and Safety performance.

Advantages

- This is a tool to assess Council’s Health and Safety performance and would be undertaken by an external party.
- This is a practical New Zealand designed assessment tool endorsed by WorkSafe.
- It does not require further development of a quality system to match an international standard.
- It is more affordable option for Council.
- The assessment could be undertaken within 6 months

Disadvantages

- Benchmarking ability using this tool is unclear, however a number of other councils have completed or are undertaking SafePlus assessments.

¹ <https://www.worksafe.govt.nz/managing-health-and-safety/businesses/safeplus/about-safeplus/>

Option Two – Status Quo - Te Kōwhiringa Tuarua – Te Āhuatanga o nāianeī

5.2 Council continues with the ISO45001 Internal Health and Safety internal Gap Analysis

Advantages

- Council has already started this process.
- The assessment would determine whether Council could meet the standard.

Disadvantages

- This is an internal gap analysis being undertaken to determine whether Council could meet the standard rather than an external assessment.
- This is a lengthy process - an external audit to the ISO 45001 standard could not be undertaken until the gap analysis process is completed, the results analysed and the 'gaps' rectified. This is likely to take at least two years.

Attachments:

1 ➞ SafePlus General Overview

HR-03-7-1-21-67

Under
Separate
Cover

HASTINGS DISTRICT COUNCIL
RISK AND ASSURANCE COMMITTEE MEETING
MONDAY, 12 APRIL 2021

Item 13

RECOMMENDATION TO EXCLUDE THE PUBLIC

SECTION 48, LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987

THAT the public now be excluded from the following part of the meeting, namely:

14 Contractor Health & Safety Performance Report

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 this Resolution is as follows:

<i>GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED</i>	<i>REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER, AND PARTICULAR INTERESTS PROTECTED</i>	<i>GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF EACH RESOLUTION</i>
14 Contractor Health & Safety Performance Report	Section 7 (2) (h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. To protect privacy of commercial entities.	Section 48(1)(a)(i) Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.