



PALMERSTON NORTH CITY COUNCIL

AGENDA

FINANCE & AUDIT COMMITTEE

9AM, WEDNESDAY 26 MAY 2021
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH



MEMBERSHIP

Susan Baty (Chairperson)
Karen Naylor (Deputy Chairperson)
Grant Smith (The Mayor)

Vaughan Dennison
Renee Dingwall
Lew Findlay QSM
Patrick Handcock ONZM
Leonie Hapeta

Lorna Johnson
Bruno Petrenas
Aleisha Rutherford
Stephen Armstrong

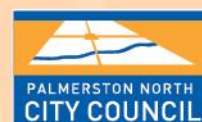
Agenda items, if not attached, can be viewed at:

pncc.govt.nz | Civic Administration Building, 32 The Square
City Library | Ashhurst Community Library | Linton Library

Heather Shotter
Chief Executive, Palmerston North City Council

Palmerston North City Council

W pncc.govt.nz | E info@pncc.govt.nz | P 356 8199
Private Bag 11034, 32 The Square, Palmerston North



FINANCE & AUDIT COMMITTEE MEETING

26 May 2021

ORDER OF BUSINESS

1. Apologies

2. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

3. Declarations of Interest (if any)

Members are reminded of their duty to give a general notice of any interest of items to be considered on this agenda and the need to declare these interests.

4. Public Comment

To receive comments from members of the public on matters specified on this Agenda or, if time permits, on other Committee matters.

(NOTE: If the Committee wishes to consider or discuss any issue raised that is not specified on the Agenda, other than to receive the comment made or refer it to the Chief Executive, then a resolution will need to be made in accordance with clause 2 above.)

5. Confirmation of Minutes

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“That the minutes of the Finance & Audit Committee meeting of 28 April 2021 Part I Public be confirmed as a true and correct record.”

6. Assurance Report on Review of COVID-19 Expenditure

Page 13

Memorandum, presented by Masooma Akhter, Business Assurance Manager.

7. Assurance Report on Review of Community Grants and Events Funding

Page 19

Memorandum, presented by Masooma Akhter, Business Assurance Manager and Sheryl Bryant, Acting General Manager - Marketing and Communications.

8. Review of the Elected Members' Expenses and Allowances Policy 2021, and the Elected and Appointed Members' Professional Development & Training Policy 2021

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Memorandum, presented by Hannah White, Democracy & Governance Manager.

9. Victoria Esplanade Bonsai/Shade House Project Options

Page 55

Report, presented by Kathy Dever-Tod, Parks and Reserves Manager.

10. Committee Work Schedule

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11. Exclusion of Public

To be moved:

“That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject 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(1) 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(1) for passing this resolution
12.	Minutes of the Finance & Audit Committee meeting - Part II Confidential - 28 April 2021	For the reasons setout in the Finance & Audit Committee minutes of 28 April 2021, held in public present.	
13.	Award of Contract 3910 for Seismic Strengthening of the Turitea Water Treatment Plant	Commercial Activities and Negotiations	s7(2)(h) and s7(2)(i)

This resolution is 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 which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

[Add Third Parties], because of their knowledge and ability to assist the meeting in speaking to their report/s [or other matters as specified] and answering questions, noting that such person/s will be present at the meeting only for the items that relate to their respective report/s [or matters as specified].

PALMERSTON NORTH CITY COUNCIL

Minutes of the Finance & Audit Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 28 April 2021, commencing at 9.01am

Members Present: Councillor Susan Baty (in the Chair), Councillors Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

Non Members: Councillors Brent Barrett, Rachel Bowen, Zulfiqar Butt, Billy Meehan and Orphée Mickalad.

Apologies: The Mayor (late arrival on Council business) and Councillor Leonie Hapeta.

Note: Councillor Patrick Handcock ONZM attended the meeting via audio visual link.

Councillor Vaughan Dennison declared a conflict of interest in Item 14 (clause 37) and was not present for this item.

The Mayor (Grant Smith) entered the meeting at 9.55am during consideration of clause 33. He was not present for clauses 27 to 32 inclusive.

27-21 Apologies

Moved Susan Baty, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Committee receive the apologies.

Clause 27-21 above was carried 15 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

28-21 Confirmation of Minutes

Moved Susan Baty, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the minutes of the Finance & Audit Committee meeting of 24 March 2021 Part I Public be confirmed as a true and correct record.

Clause 28-21 above was carried 14 votes to 0, with 1 abstention, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas and Mr Stephen Armstrong.

Abstained:

Councillor Aleisha Rutherford.

29-21

Ashhurst Domain - Scout Hall Lease Proposal

Report, presented by Kathy Dever-Tod, Manager - Parks and Reserves and Bryce Hosking, Manager - Property.

Moved Aleisha Rutherford, seconded Karen Naylor.

The **COMMITTEE RECOMMENDS**

1. That Council approve the lease to The Scouts Association of New Zealand for the Ashhurst Scouts to operate from the Ashhurst Domain, attached as Appendix 1 of the report titled 'Ashhurst Domain – Scout Hall Lease Proposal' presented to the Finance & Audit Committee on 28 April 2021.
2. That Council, being satisfied that the functions and purposes of the Reserves Act have been considered, that the statutory processes have been met, and being satisfied that the decision is a reasonable one, exercise the authority delegated by the Minister of Conservation to grant consent for the lease at Ashhurst Domain to The Scout Association of New Zealand.

Clause 29-21 above was carried 15 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

30-21

Otira Park - Palmerston North Pony Club Branch Lease Proposal

Report, presented by Bryce Hosking, Manager - Property and Kathy Dever-Tod, Manager - Parks and Reserves.

Moved Vaughan Dennison, seconded Susan Baty.

The **COMMITTEE RECOMMENDS**

1. That Council approve the lease to Palmerston North Pony Club Branch Incorporated at Otira Park, attached as Appendix 1 of the report titled 'Otira Park – Palmerston North Pony Club Branch Lease Proposal' presented to the Finance & Audit Committee on 28 April 2021.
2. That Council, being satisfied that the functions and purposes of the Reserves Act have been considered, that the statutory processes have been met, and being satisfied that the decision is a reasonable one, exercise their authority to approve as delegated by the Minister of

Conservation to grant consent for the lease at Otira Park to Palmerston North Pony Club Branch.

Clause 30-21 above was carried 15 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

31-21

Business Continuity Update

Memorandum, presented by Jason McDowell, Head of Risk & Resilience.

For efficiency, future business continuity updates against the review will be incorporated in the regular business assurance accountability report.

Moved Susan Baty, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the memorandum titled 'Business Continuity Update', presented to the Finance & Audit Committee on 28 April 2021, be received for information.
2. That it be noted further business continuity updates against the review will be incorporated in the regular business assurance accountability report.

Clause 31-21 above was carried 15 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

32-21

Treasury Report - 9 months ending 31 March 2021

Memorandum, presented by Stuart McKinnon, Chief Financial Officer.

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the performance of Council's treasury activity for the 9 months ending 31 March 2021 be noted.

Clause 32-21 above was carried 15 votes to 0, the voting being as follows:

For:

Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

33-21 Quarterly Performance and Financial Report - Quarter Ending 31 March 2021
Memorandum, presented by Stuart McKinnon, Chief Financial Officer.

The Mayor (Grant Smith) entered the meeting at 9.55am.

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the memorandum entitled 'Quarterly Performance and Financial Report - Quarter Ending 31 March 2021' presented to the Finance & Audit Committee on 28 April 2021, be received.

Clause 33-21 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

34-21 Committee Work Schedule

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the Finance & Audit Committee receive its Work Schedule dated April 2021.

Clause 34-21 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

EXCLUSION OF PUBLIC

35-21 Recommendation to Exclude Public

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RESOLVED**

1. That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject 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(1) 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(1) for passing this resolution
13.	Minutes of the Finance & Audit Committee meeting - Part II Confidential - 24 March 2021	For the reasons set out in the Finance & Audit Committee minutes of 24 March 2021, held in public present.	
14.	Tamakuku Terrace Expressions of Interest Response - Affordable Housing Options	Third Party Commercial and Negotiations	s7(2)(b)(ii) and s7(2)(i)

This resolution is 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 which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

Clause 35-21 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Susan Baty, Brent Barrett, Rachel Bowen, Zulfiqar Butt, Vaughan Dennison, Renee Dingwall, Lew Findlay QSM, Patrick Handcock ONZM, Lorna Johnson, Billy Meehan, Orphée Mickalad, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Mr Stephen Armstrong.

The public part of the meeting finished at 10.17am

Confirmed 26 May 2021

Chairperson

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 26 May 2021

TITLE: Assurance Report on Review of COVID-19 Expenditure

PRESENTED BY: Masooma Akhter, Business Assurance Manager

APPROVED BY: David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the memorandum titled 'Assurance Report on Review of COVID-19 Expenditure' and its attachment, presented to the Finance & Audit Committee on 26 May 2021, be received for information.

1. ISSUE

The overall objective of this review was to provide assurance over the adequacy and effectiveness of internal controls and processes put in place over expenditure incurred in relation to COVID-19. This includes response and recovery expenditure.

2. BACKGROUND

COVID-19 has had a substantial impact on the world including our nation and city. During these unprecedented times, to ensure a successful response and recovery for the community of Palmerston North, the organisation was required to utilise a substantial amount of resources. The organisation was required to make pragmatic decisions to ensure an effective response and therefore the risk of financial control breakdown was heightened. This review presented an opportunity to assess the organisation's expenditure that was incurred while responding to and recovering from COVID-19. This review was undertaken to capture the financial learnings and help with our ongoing journey to enhance our financial maturity, particularly under a crisis.

3. NEXT STEPS

Learnings will be taken on board by ELT who will receive regular reporting on progress by Business Assurance.

4. COMPLIANCE AND ADMINISTRATION

ITEM 6

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The purpose of this report is to report on Business Assurance activity.

ATTACHMENTS

- COVID Expense Review Report  

COVID-19 EXPENSE REVIEW

March – October 2020



Masooma Akhter
Business Assurance Manager

Background & Purpose of review:

The overall objective of this review is to provide assurance over the adequacy and effectiveness of internal controls and processes put in place over expenditure incurred in relation to COVID-19. This includes response and recovery expenditure.

COVID-19 has had a substantial impact on the world including our nation and city. During these unprecedented times, to ensure a successful response and recovery for the community of Palmerston North, the organisation was required to utilise a substantial amount of resources. The organisation was required to make pragmatic decisions to ensure an effective response and therefore the risk of financial control breakdown was heightened. This is due to a significant number of staff being redeployed to new roles that they were not previously familiar with, an increased number of ad hoc payments, payments made against urgently procured contracts and services, and an increased number of staff working from home. Therefore, there is less visibility over suppliers' delivery and the ability to ensure correct control procedures were followed. To assess these risks and utilise the opportunity to capture financial learnings from the pandemic experience, this review was completed.

Scope & Summary of Expenditure:

PNCC incurred \$3,506,085 of expenditure in response to and recovery from COVID-19 between March and October 2020, a cost breakdown shown below (post internal audit adjustments). The transactions that were inspected and reimbursed by NEMA and DHB were excluded from this review's scope. It has been indicated below which categories were in and out of scope of this review.

Description	Total	In Scope
COVID Response / Recovery Expenditure		
IT Expenses	925,456	✓
Consultancy Services	311,944	✓
Consumables - Cleaning/PPE Supplies	172,177	✓
Security	95,199	✓
Commercial Revenue foregone	118,814	✓
Waste Management	62,851	✓
Advertising	59,299	✓
Catering	43,926	✓
Transport/Storage	32,888	✓
Additional staff costs	15,468	✓
Total	1,838,023	-
Welfare Expense - Recovered		
Expenses Recovered (NEMA)	1,579,925	99% X
NEMA Adjustment - pending	(4,036)	0% X
Non-Recoverable Welfare Expenses	17,083	1% ✓
Total Community Welfare Expense	1,592,972	100% -
DHB Expense - Recovered		
Traffic Mgt Expense Recovered	75,091	X
Total Expenditure Incurred by PNCC	\$3,506,085	

It should be noted that the totals above are not considered to be complete but are as close to complete as we could achieve. Due to the control breakdown, while the organisation responded to COVID, expenditure was coded to various codes, resulting in some difficulty in capturing them all.

Summary of Key Learnings:

IT Expenditure

During the lockdown, PNCC staff were required to work from home, resulting in the Council finding a solution that would allow the call centre to continue operating remotely. This led to the purchase of a telephony software solution. Decision-makers at the time were not aware of the technical complexities, hence following lockdown, the software was not able to cope with internal infrastructure and is no longer being used. While this software is a suitable contingency plan to enable working from home until April 2021 (when the contract terminates), the Executive Leadership Team should determine an appropriate pathway for going forward.

During the review, a lack of record-keeping in the Information Management division was noted. In addition, it was observed that in an effort to make spare equipment easily available during a crisis, it was being stored in insecure locations. This review's findings have presented an opportunity for the Information Management division to look at their record-keeping and security processes and review these for improvement.

While going into lockdown, several uncertainties led to significant IT equipment being purchased. During this time, a conscious decision was made to purchase some laptops that would not be compatible with day to day office use; however, they had sufficient specs for remote working during the lockdown. The Information Management division need to find a suitable use for this equipment.

Welfare Expenditure

PNCC has managed to recover 99% of total welfare expenses. This is credited to the efforts put in by the Finance and Risk & Resilience divisions.

Procurement Practices

When heading into Alert Level 4 lockdown, it was noted that some emergency financial delegations were approved by Council to assist with the organisation's response to the crisis. Overall, the organisation responded well and within parameters allowed. An opportunity noted for improvement was the establishment of an emergency response budget. It is acknowledged that it can be a challenge to anticipate the resources required to adequately respond to a crisis, particularly when under pressure. However, what it does assist with is capping the total spending that an organisation can incur when responding to a crisis or when recovering from it. Therefore, it is recommended that at the time of a crisis or (more practically) as we transition into recovery, in addition to emergency delegations, Council consider whether it would be appropriate, given the circumstances, to set an emergency budget that can be utilised while responding to or recovering from the crisis. Recognising the opportunity to increase that budget should further resources be required. This will allow for additional financial governance oversight and encourage good record keeping and expense tracking discipline. It will also protect the use of the organisation's resources and staff that are involved in making any decisions surrounding resources.

When in a crisis, it is common for controls to breakdown and good practice not to be followed as pragmatic decisions are required to be made. In preparation for future emergencies and day-to-day procurement, a financial process is currently under development. Once this is finalised it is anticipated that it will streamline the financial process in a crisis situation. It is acknowledged that standard financial delegations may not be appropriate during a crisis. Therefore, it is recommended that a list of roles be developed, finalised and approved by the Chief Executive specifically for emergency financial delegations.

General Overview

Overall, PNCC experienced a significant event. The organisation went into it with several uncertainties, particularly not knowing how long it would last or what the impact would be on our day to day operations.

This review presented an opportunity to assess the organisation's expenditure that was incurred while responding to and recovering from COVID-19. To capture the learnings that would put us on an ongoing journey to enhance our financial maturity, particularly under a crisis.

The support and openness that PNCC personnel have shown through this review is appreciated. It has helped put together genuine learnings that can assist with improving future performance.



Masooma Akhter
Business Assurance Manager
27 April 2021

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 26 May 2021

TITLE: Assurance Report on Review of Community Grants and Events Funding

PRESENTED BY: Masooma Akhter, Business Assurance Manager and Sheryl Bryant, Acting GM Marketing and Communications

APPROVED BY: David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the memorandum titled 'Assurance Report on Review of Community Grants and Events Funding' and its attachment, presented to the Finance & Audit Committee on 26 May 2021, be received for information.

1. ISSUE

The Business Assurance plan for 2019/20 endorsed by Council on 19 August 2019 required a review of community grants and events funding.

This memorandum informs the Committee of the findings and recommendations this review produced.

2. BACKGROUND

Community Grants

Palmerston North depends on having a strong community and voluntary sector to support vulnerable communities and people. Council funds a wide range of organisations through its grant program to help them make a difference in our community.

Events Funding

Council invests in events because of the wide-ranging benefits that a thriving events sector brings to our region. These build a sense of community, providing entertainment to residents, celebrating our local artists and generating visitation and economic return (visitor bed nights or retail and hospitality spending in the city).

This review has presented an opportunity to review and provide assurance over the effectiveness of internal controls and processes put in place over community grants and events funding.

3. NEXT STEPS

The agreed action plan will be followed up on by the Business Assurance division in due course. The results will be reported back to this Committee through the 6-monthly accountability reporting.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	This report is presented as a business assurance activity in response to the business assurance plan endorsed by Council.

ATTACHMENTS

1. Community Grants & Events Funding Review Report [↓](#) 

COMMUNITY GRANTS & EVENTS FUNDING REVIEW



Prepared by Business Assurance Division

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Executive Summary

Objective & Scope:

To provide assurance over the effectiveness of the internal controls and processes put in place over community grants and events funding.

The following funds/grants (in order from largest to smallest) are administered by PNCC and were included in scope for this review.

Fund / Grant
Strategic Priority Grant
Major Events Fund
Celebrating Communities Grant*
Natural & Cultural Heritage Incentive Fund
Palmy Unleashed Fund
Local Initiatives Fund*
Community Contestable Fund*
Community Groups Training Fund

*Community Contestable Fund and Local Initiatives Fund are being merged into Celebrating Communities Grant moving forward and therefore excluded from scope.

Where the administration of events funding or community grants is contracted out to other organisations, the **decision-making process to outsource** and **subsequent accountability procedures** formed part of this scope. The administration of these was excluded from scope.

These include:

- Events (E.G. Fireworks, Christmas, New Year)
- Sports Event Partnership Fund
- Active Communities Fund
- Community Development Small Grants
- ENM Environmental Large and Small grants 20/21

Background:

This review was undertaken as part of the Business Assurance Plan 2020-21 approved by Council's Finance and Audit Committee on 16 December 2020.

Community Grants

Palmerston North depends on having a strong community and voluntary sector to support vulnerable communities and people. Council funds a wide range of organisations through its grant program to help them make a difference in our community.

Events Funding

Council invests in events because of the wide-ranging benefits that a thriving events sector brings to our region. These build a sense of community, providing entertainment to residents, celebrating our local artists and generating visitation and economic return (visitor bed nights or retail and hospitality spending in the city).

Findings and Recommendation:

During 2020, the organisation explored the opportunity to embrace technology and make the best use of its grant funding portal, Smarty Grants. The benefits of moving to the portal was to simplify application timeframes, provide faster turnarounds for fund allocations and standardise post-event reporting. With the risks surrounding the use of public funds, moving to Smarty Grants was a means to provide transparency of the financial contributions the city is making. Through this review we have been able to substantiate the realisation of these benefits and endorse the use of this platform for all grants/funds in the future.

Opportunities noted for improvement through the review have been split into two groups:

Funds and Grants Administered by PNCC (pg. 5-7)

In general, we found that the grants/funds that are administered by PNCC are working well and this is credited to the new grant funding portal that has been rolled out, Smarty Grants. When reviewing the overall administration process some opportunities noted for improvement include:

- ✚ The development of a change control framework to guide any deviations from standard process, particularly the approval process.
- ✚ The development of an events policy to cover Major Events and Palmy Unleashed.
- ✚ Making available standardised templates of documents that we regularly require from applicants. This would reduce barriers and reduce complexity of the application process, encouraging more community members to apply.
- ✚ Ensuring procedures are formally documented for the overall administration process for each fund/grant. This is crucial for knowledge management and consistency in process application, particularly in areas of high staff turnover.
- ✚ Other areas where process efficiencies can be gained have been detailed within this report.

Funds and Grants Administered Externally (pg. 8)

We noted that decisions to outsource the administration of grants and events were mostly historic and therefore we were unable to sight formal documentation to support why it was outsourced and how we determined who would be most appropriate to undertake this work. We have recommended that the current settings be reviewed and formally documented. It is important that PNCC maintain a sound understanding of “why we do what we do” and protect the decision makers by documenting the decision-making process.

General

The detailed findings and recommendations from this review are included within this report. We would like to extend our appreciation to staff and management for their assistance in completing this review.

Prepared By:



Yui-teng Chan
Internal Auditor
04 May 2021

Reviewed By:



Masooma Akhter
Business Assurance Manager
04 May 2021

Key Findings & Recommendations

Funds and Grants Administered by PNCC

General Findings

Ref	Finding	Recommendation
1a	<p>Change Control Framework</p> <p>Per the application guidelines, the organisation has sole discretion and right to: change the criteria, parameters, date, timeline, or any other aspect of the funding application or decision-making process and waive any application requirements.</p> <p>To accommodate this, we noted there is no change control framework or guidelines in place to ensure any of changes to standard process go through an approved process and by the appropriate personnel.</p>	<p>We recommend a change control framework is developed to support any changes to the normal criteria and process. The framework should be approved by the Chief Executive prior to implementation.</p> <p>Priority: High</p>
1b	<p>Events Policy</p> <p>During the review we noted that we have a Community Funding Policy that covers most community grants. However, Major Events and Palmy Unleashed are specifically excluded from the policy scope and are not covered elsewhere either.</p>	<p>We recommend that a policy be developed to cover these funds, an option for consideration is the expansion of the Community Funding Policy (currently under review) and potentially renaming it to Grants and Funding Policy.</p> <p>Priority: High</p>
1c	<p>Report of All Funds and Grants</p> <p>We noted that once a fund/grant is established, there are some individual reports to Council but no subsequent report covering all grants/funds together with an analysis of the performance of the grant/fund and whether it is achieving its purpose. Such a report, with any officer recommendations for changes, would ensure that grants and funding continue to be in line with the vision, goals and strategies that PNCC wants to achieve.</p> <p>The type of information in this report may include: total number of applications received, number approved/declined, percentage of budget allocated to new applicants etc.</p>	<p>We recommend that an annual analysis on grants/funds is developed and presented to Elected Members with recommendation for improvement where relevant. This should be undertaken at a time that works in with the annual budget timeline so that any decisions can be reflected in the subsequent budget.</p> <p>A report like this will assist with effective decision making when in relation to funds/grants.</p> <p>Priority: High</p>
1d	<p>Application Form Templates</p> <p>During the review we noted that there are standard documents that we regularly require applicants to provide us with. Some examples of these are a marketing plan, health & safety and waste minimisation plan.</p>	<p>We recommend standard templates are developed and made available for applicants to utilise. This would reduce barriers and reduce complexity of the application process, encouraging more community members to apply.</p>

	This causes challenges to applicants that do not regularly organise events professionally, particularly given that the amount awarded is often not large (less than \$10,000 for each successful applicant).	Priority: Medium
1e	<p>Lack of Process Documentation</p> <p>During the review we noted that the process for the internal administration of some event funds/grants were not adequately documented. This finding relates to each of the following:</p> <ul style="list-style-type: none"> Major Events Community Groups Training Fund Natural & Cultural Heritage Incentive Fund <p>The following grant/fund processes were documented; however, they were not uploaded to our process documentation system (Promapp):</p> <ul style="list-style-type: none"> Strategic Priority Grant Celebrating Communities Fund 	<p>We recommend formally documenting the process applied when assessing the application. The processes for <u>all</u> funds/grants should be uploaded to Promapp. This ensures knowledge transference and promotes consistent application of processes in areas where there is high staff turnover.</p> <p>Priority: Low</p>

Findings Specific to Fund / Grant

Ref	Finding	Recommendation
Major Events Fund		
2a	<p>Exceptions to Standard Process</p> <p>While reviewing a sample of major event applications we noted two exceptions where normal process had not been complied with.</p> <p>In the first instance, it appeared that a verbal agreement had been made with an event organiser to maintain status quo from the prior year before the application had gone through the standard approval process. It is our understanding from the Events Manager that an opportunity had been missed to assess whether the amount agreed was valid, as the post event summary reports from the prior year had not been reviewed and therefore it was not deemed an informed commitment.</p> <p>In another instance, it appeared that an application had been consciously approved knowing that the criteria for the fund had not been met. The reason obtained for not following standard process was perceived political pressure.</p>	<p>We recommend all events subscribing to the Major Events Fund go through the standard process. Verbal commitments are discouraged.</p> <p>Where the standard process is not deemed appropriate for the circumstances at hand, we believe that a change control framework and events policy will provide guidance and clarity to staff and the leaders of the organisation on how they should manage that.</p> <p>Priority: High</p>

2b	Goals Focused Event Applications The Major Events Fund aims to achieve multiple PNCC goals through events organised within the city. However, from our review of the event applications on Smarty Grants it was not immediately apparent to us which of PNCC Goals an event aimed to achieve.	We recommend that a section is added where the applicant can clearly state which of PNCC's Goals the event aims to achieve. Similar to what we are currently requesting for Strategic Priority Grants. Priority: Low
Palmy Unleashed Fund		
2c	Administration - Resource Utilisation While understanding the process to administer this fund we noted that PNCC pays suppliers directly on behalf of the applicant. The maximum each application can have approved is \$5K and therefore significant time is spent on administering each approved application. This time can be spent more effectively supporting the community through other methods.	To build trust, promote autonomy and maintain internal consistency, we recommend that PNCC pay the event organiser directly and put in place accountability procedures, as we do with all other funds/grants. Suppliers should only be paid directly by exception, and this exception should be documented. Priority: High
Natural & Cultural Heritage Incentive Fund		
2d	Peer Review Requirement The current approval process requires 2 peer reviews in addition to the officer that assesses the fund. Both peer reviews are performing the same function and we believe that one peer review is sufficient.	We recommend that 2 peer reviewers be reduced to 1 peer reviewer to reduce duplicate effort. Priority: Medium

Event Funds and Grants Administered Externally

General Findings

Ref	Finding	Recommendation																					
3a	Event Funding Contracts During the review we noted two opportunities for improvement. <ol style="list-style-type: none"> 1. Clarity on the roles and responsibilities of PNCC vs the event organiser. A section in the contract would assist with providing clarity for each event. 2. Adding additional financial security by stating in the contract that Council has discretion request to sight proof of payment for sub-contractor invoices. This will also improve oversight over the event organiser. 	We recommend the funding contract template is updated to include these items. Priority: Medium																					
3b	Decision-Making Process While reviewing decisions for funds/grants that have historically been outsourced, we noted that the following were not documented: <ul style="list-style-type: none"> the reason and judgement to outsource, the decision-making process to determine who to outsource to. 	We recommend PNCC formally review the current settings and document the decision-making process, reasoning, judgements and the decision arrived at. Priority: Medium																					
Outsourcing of administration breakdown: Below is a table detailing which events and grants we have outsourced and whether we were able to sight documentation to support the decision to outsource.																							
<table> <tr> <th>Outsourced Grant / Fund</th><th>Documentation available to support why PNCC have outsourced? (E.G. lack of resourcing or capability)</th><th>Documentation available to support how PNCC have determined who to outsource to?</th></tr> <tr> <td>Sport Event Partnership Fund</td><td>x</td><td>x</td></tr> <tr> <td>Active Communities Fund</td><td>x</td><td>x</td></tr> <tr> <td>Community Development Small Grants</td><td>x</td><td>x</td></tr> <tr> <td>ENM Environmental Large and Small Grants</td><td>x</td><td>✓</td></tr> <tr> <td>Fireworks (Guy Fawkes Day)</td><td>x</td><td>x</td></tr> <tr> <td>New Year's Event</td><td>x</td><td>x</td></tr> </table>			Outsourced Grant / Fund	Documentation available to support why PNCC have outsourced? (E.G. lack of resourcing or capability)	Documentation available to support how PNCC have determined who to outsource to?	Sport Event Partnership Fund	x	x	Active Communities Fund	x	x	Community Development Small Grants	x	x	ENM Environmental Large and Small Grants	x	✓	Fireworks (Guy Fawkes Day)	x	x	New Year's Event	x	x
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New Year's Event	x	x																					

Key

Priorities	
High	Significant benefits will be gained by addressing this finding, impacting positively on key functions, activities and controls. Actions plans with clear timelines, progress monitoring and reporting will be defined as a matter of urgency, ideally less than three months.
Medium	Medium benefits will be gained by addressing this finding, impacting positively on key functions, activities and controls. Action will be prioritised to be completed within three to six months.
Low	Lower level benefits will be gained by addressing this finding, impacting positively on key functions, activities and controls. Action will be prioritised to be completed within 12 months.

Agreed Action Plan

Ref	Action	Person Responsible	Priority	Due date
1a, 2a	Develop a change control framework.	GM M&C, CCO	High	31 Aug 21
1b, 2a	Develop a policy for Major Events & Palmy Unleashed.	Strategy and Policy Manager	High	31 Dec 21
1c	A yearly report on performance of all grants be presented to Council with recommendations for change where applicable.	CDM, HoEP	High	30 Sept 21
1d	Standard templates to be developed and made available for applicants' reference.	CDM, HoEP	Medium	30 Sept 21
1e	Formally document processes applied when assessing applications for various grants and uploading to Promapp.	Grant/Fund Administrators	Low	31 Aug 21
2b	Major Events Fund - Include a section in Smarty Grants application form for the applicant to identify which of PNCC's Goals and Strategies the event aims to achieve.	HoEP	Low	30 June 21
2c	Palmy Unleashed - Moving forward, to consider providing full amount of grant to successful applicant. The applicant will then disburse the funds accordingly.	HoEP	High	30 June 21
2d	Natural & Cultural Heritage Fund - Reduce requirement for 2 peer reviewers to 1 in Smarty Grants. Ensure that current and future documents be amended accordingly as well.	Planner	Low	30 June 21
3a	Event Funding Contracts - Include in Event Contracts signed with 3 rd parties: i) Roles and Responsibilities of PNCC and the contracted party; and ii) Include that PNCC has the discretion to sight proof of payment by event organiser to subcontractor	HoEP	Medium	30 June 21
3b	Decision Making Process - PNCC to formally review the current settings and document the process taken, reasoning and judgements as to why we are outsourcing and how we have chosen who to outsource to.	GM M&C, CCO	Medium	31 Oct 21

KEY:

GM M&C	General Manager, Marketing & Communication
CCO	Chief Customer Officer
HoEP	Head of Events & Partnerships
CDM	Community Development Manager

MEMORANDUM

TO: Finance & Audit Committee

MEETING DATE: 26 May 2021

TITLE: Review of the Elected Members' Expenses and Allowances Policy 2021, and the Elected and Appointed Members' Professional Development & Training Policy 2021

PRESENTED BY: Hannah White, Democracy & Governance Manager

APPROVED BY: David Murphy, Acting General Manager - Strategy and Planning

RECOMMENDATIONS TO COUNCIL

1. That Council approve the Elected and Appointed Members' Expenses and Allowances Policy 2021 as attached (Attachment 1), subject to approval of the Remuneration Authority.
 2. That Council approve the Elected and Appointed Members' Professional Development and Training Policy 2021 as attached (Attachment 2).
-

1. ISSUE

- 1.1 In February 2020, the Finance & Audit Committee resolved:

"That a review of the Expenses Policy be undertaken to consider whether the Policy be extended to cover all appointed members, and to make recommendations for any other changes required to update the policy including to the definition of, and travel expenses associated with, Official Business, with a report to Finance & Audit Committee (in September 2020)."

- 1.2 In September 2020, the Finance and Audit Committee resolved that the Expenses Policy be discussed at workshop.
- 1.3 Officers have taken into consideration members' points raised at a workshop held in March 2021 and revised the Elected Members' Expenses and Allowances Policy (Expenses Policy). The reviewed, tracked changed policy is attached as Attachment 1.

2. BACKGROUND

- 2.1 Council has appointed six appointed members and accorded them full voting and participation rights to sit on five Council committees in the 2019-2022 triennium. Appointed members are reimbursed for their meeting attendance but are not currently able to seek council reimbursement for training or development opportunities related to their committee roles.
- 2.2 In February 2020, the Finance & Audit Committee resolved to pay the expenses for an appointed member to attend a Local Government New Zealand conference. This raised the question over whether appointed members should be included in the Expenses Policy and officers were asked to review the policy.
- 2.3 Appointed members are expected to use their knowledge and skills to actively contribute to debate and ultimately to help strengthen council policies. By including appointed members in the Council's Expenses Policy, Council is offering these individuals the opportunity to build their knowledge and skills base so that they might carry out their role more effectively.
- 2.4 The Expenses Policy sits alongside the Elected Members' Professional Development and Training Policy (Attachment 2). As an interim measure, officers propose amending any references in the policy to 'elected member(s)' or 'councillor(s)' to 'elected and appointed member(s)' or 'member(s)'. These changes will enable appointed members to be included in the policy until a full review is completed.

3. LEGAL IMPLICATIONS

- 3.1 Under Schedule 7(6) of the Local Government Act 2002, "The Remuneration Authority must determine the remuneration, allowances, and expenses payable to elected members." The Authority fixes the scale of allowances and provides guidance for what can be remunerated.
- 3.2 The Council's Expenses Policy is overseen by the Remuneration Authority which regulates what elected members can claim as an expense or allowance and the amount for each.
- 3.3 The Remuneration Authority's remit does not extend to appointed members. This does not prohibit the Council from including appointed members in the Expenses Policy, however appointed members' expenses will not be scrutinised by the Remuneration Authority.
- 3.4 As required by the Remuneration Authority, the elected members' remuneration determination (including the Mayor's salary deduction for their vehicle) and hearings fees are included in the Expenses Policy and published on the Council's website.

4. REVIEW OF THE EXPENSES AND ALLOWANCES POLICY

4.1 The Elected Members' Expenses Policy was last agreed in November 2019 when adjustments were made to the vehicle mileage rates and Council agreed that journeys between elected members' place of residence and the Council Administration Building would not be included in the policy. Council also agreed not to include a childcare allowance or travel time allowance for the 2019-2022 triennium. As a recent decision, these items were not included in this review.

4.2 The review has focused on the elements directed in the resolution of February 2020, and additional changes suggested by members. Recommended changes include:

Adding Appointed Members in the Conference and Training Expenses

4.3 This will allow appointed members to attend training courses and be reimbursed for reasonable travel and attendance expenses incurred in line with the policy.

4.4 It is not envisaged to give appointed members a communication allowance as they attend a limited number of meetings annually and there are no expectations for appointed members to participate in council business outside of meeting attendance. The Council provides appointed members with a council email address, WIFI within the Council building, electronic access to the agenda, and a hard copy of the agenda where required.

Reviewing the definition of, and travel expenses associated with, Official Business

4.5 In the definitions section of the Expenses Policy council business is defined as: 'formal council meetings, committee meetings, workshops, seminars, statutory hearings, training courses, site visits, meetings with staff, meetings with community groups, meetings with members of the public. It does not include events where the primary focus is on social activity.'

4.6 The definition is a broad one. Officers see no reason to change it. Elected members continue to exercise their judgement to determine the primary purpose of an event and whether or not it meets the definition of council business. The policy reserves the right of the Chief Executive to determine the appropriateness of reimbursement if an item is claimed for.

Communication Allowance

4.7 The Remuneration Authority encourages local authorities to provide their elected members with the necessary equipment to carry out their work effectively or to remunerate them for providing their own equipment.

4.8 The Council has provided all newly elected councillors from 2019 onwards with council-owned equipment (laptop and cell phone) and proposes to extend the offer to all elected members.

ITEM 8

- 4.9 Councillors that prefer to use their own cell phone and claim a phone allowance can do so under the proposed policy.
- 4.10 Officers recommend that Council considers a change in the policy in the new triennium so that council-owned equipment is provided to all new members in the first instance, with the expectation that eventually all members use council-owned equipment.
- There are savings for the Council providing all elected members with council-owned equipment. Council can provide each elected member with a mobile phone for \$360. Elected Members that choose to provide their own mobile phone would be eligible for \$550 per year in phone allowances.
 - Council is also able to provide effective technical support to members with equipment provided by Council, as IT officers are familiar with the hardware and devices are compatible with IT infrastructure.
- 4.11 The Policy offers members the maximum allowance allowed by the Remuneration Authority. This will be paid to elected members with their salary.

Re-formatting

- 4.12 Formatting of the Policy has been undertaken in order to make it easier to follow.

Other changes

- 4.13 The bicycle care and public transport allowance that was included in the September 2020 draft has been removed from this version.
- 4.14 The following changes are recommended:
- Making it ineligible for the vehicle mileage to be claimed for travel within the Palmerston North City Council boundary. This change would bring the policy in line with current practice.
 - Specifying that a vehicle mileage allowance may be reasonable for appointed members who live outside of Palmerston North.
 - Adding a requirement to disclose travel costs paid by outside parties on the gift register. The new requirement heightens transparency.
 - Removing the ability to claim expenses for hotel landline calls. This is no longer required as all elected members have access to a mobile phone.
 - Adding that a specified meal allowance cap to be claimed when on council business outside of the city boundary. Wording has been aligned with council staff meal allowance when travelling.

- Including the process whereby members can apply to attend training. This inclusion is in line with the Members' Training and Development Policy.
- Outlining that the Mayor's partner expenses when accompanying the Mayor on council business are covered under the Expenses Policy upon authorisation from the Chief Executive. This inclusion is in line with current delegations.

5. FINANCIAL IMPLICATIONS

- 5.1 The members' training budget has been set for 2020/21 so there is no budgetary implication for expanding the policy to include the six appointed members. The training budget will need to be shared between 21 members. Members may wish to consider how the budget is allocated in future years.

6. NEXT STEPS

- 6.1 If the Committee recommends the changes, the Elected and Appointed Members' Expenses and Allowances Policy and Elected and Appointed Members' Professional Development and Training Policy will take effect upon Council's approval.
- 6.2 Both policies will be reviewed for the next triennium.



7. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in a plan under the Driven and Enabling Council Strategy	
Contribution to strategic direction	Review of the Expenses and Allowances Policy, and associated Professional Development and Training Policy, to include appointed

ITEM 8

and to social, economic, environmental and cultural well-being	members ensures fairness of growth opportunities for all members which in turn contributes to effective governing of the City.
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ATTACHMENTS

1. Draft Elected and Appointed Members' Expenses and Allowances Policy
[↓](#) 
2. Draft Elected and Appointed Members' Professional Development and Training Policy [↓](#) 

Elected and Appointed Members' Expenses and Allowances Policy and the Elected Members Remuneration Determination 2020/21

Approved by the Council on 13 November 2019

Approved: by the Council- ~~XXX~~ **May-June 2021**

Contents

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1. Introduction

This policy sets out the allowances available to elected and appointed members and the rules for the claiming of expenses during members' term of office.

Contact person for queries: Hannah White, Democracy & Governance Manager
Email: hannah.white@pncc.govt.nz

The fundamental principle underlying this policy is that the spending of public money, should be subject to the standards of probity and financial prudence that are to be expected of a public entity; and able to withstand public scrutiny.

2. Authentication of Expense Reimbursements and Allowances

From time to time elected and appointed members incur expenses on the Council's behalf, which need to be reimbursed. This reimbursement and the use of Council supplied resources apply only to elected and appointed members personally, and only while they are acting in their official capacity as elected or appointed members.

Costs for expenses must have a justifiable council business purpose, be moderate and conservative having regard to the circumstances, and be appropriate in all respects.

The process for reimbursement of claims includes the following principles:

- Any expenses to be reimbursed must be on an actual and reasonable basis and in line with Council policy;
- Expense claims are approved by the Democracy & Governance Manager. Full original receipts are required; and
- Reimbursements will be made electronically into a nominated bank account.

In the case of one-off expenditure such as travel to conferences, the process and prior approvals required are detailed in this policy.

In the case of vehicle mileage and communications, all limits set in this document do not exceed the Remuneration Authority's Determination. The relevant communication allowance will be paid fortnightly with an elected member's salary.

All expenditure that falls under this policy is approved on the condition that it can be met within relevant budget provisions.

3. Definitions

Active Transport means using transport modes that involve physical activity to get to a destination eg. walking or cycling.

Actual means as evidenced by the original receipt attached to the claim form.

Appointed Member: A member of a council committee who has been appointed by Council for their specific skills or knowledge, to enhance decision-making.

Council business includes formal council meetings, committee meetings, workshops, seminars, statutory hearings, training courses, site visits, meetings with staff, meetings with community groups, meetings with members of the public. It does not include events where the primary focus is on social activity.

Elected Member: A member of the Council elected under the Local Electoral Act 2001.

Reasonable means that it is within the amount specified by this policy or as deemed reasonable by the Mayor and/or Chief Executive.

Remuneration Authority is an independent body established by the Remuneration Authority Act 1977, with responsibilities under the Local Government Act 2002 to determine remuneration and expense/allowance rules for local authority members.

4. Expenses on Council Business (Elected Members*)

Expense/Allowance	Description
Travelling to and from Council Business	<p>Members can claim for the reasonable cost of travelling to and from events when on council business.</p> <p>For events within Palmerston North, members are encouraged to use active or public transport whenever possible.</p> <p>It is expected that for elected members, the majority of council business will be within the Manawatū- Whanganui region. However, on occasion council business might involve travelling elsewhere in New Zealand or overseas. <u>Overseas must be (if approved by Council).</u></p> <p>Members must always use the most cost effective and reasonable method to travel.</p>
Taxis	<p>Taxis may be used for council business, instead of private vehicles or public transport, for the following reasons:</p> <ul style="list-style-type: none"> • Safety/security reasons; • When elected members are on official council business or at an official event; and • When travelling outside Palmerston North if a taxi is the most appropriate form of transport. <p>Taxis may not be used if significant travel distances mean that use of a taxi is not the most cost effective option.</p> <p>All elected members are provided with a Taxi Charge Card, which should be used for planned travel within New Zealand.</p>
Vehicle Mileage Allowance	<p>The vehicle mileage allowance is not payable to a member for travel between their place of residence and <u>anywhere within the Palmerston North City Council boundary.</u></p> <p>Elected members are expected to use a motor vehicle provided from the council pool when travelling on council business outside the city. However, if such a vehicle cannot be provided or the arrangements are unsuitable for the elected member concerned, then the elected member is entitled to be paid a vehicle mileage allowance while undertaking council business assessed as follows:</p> <p><u>for a petrol or diesel vehicle:</u></p>

Expense/Allowance	Description
	<p>79 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and</p> <p>30 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term.</p> <p><u>for a petrol hybrid vehicle;</u></p> <p>79 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and</p> <p>19 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term.</p> <p><u>for an electric vehicle,</u></p> <p>79 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and</p> <p>9 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term.</p> <p><u>The Mayor is not able to claim for vehicle mileage.</u></p>
Air travel	All elected members are entitled to utilise domestic air travel for council business, where travel by air is the most cost effective travel option. Travel will be by economy class except where exceptional circumstances arise.
Bicycle Care Allowance	<p>Council encourages all elected members to travel by active or public transport whenever possible.</p> <p>Members can claim up to \$100 for the maintenance and repair of their bicycle in the determination term.</p>
Public Transport	Members can claim for the cost of public transport when travelling on council business. The Council provides elected members with an urban city bus pass, the expectation is that these will be used only for council business.
Parking expenses	The Council provides elected members with car parking exemption cards. The expectation is that these will be used only for council business.
Meal Allowance	<p><u>Members can claim a meal allowance when travelling on council business.</u></p> <p><u>Reasonable meal costs incurred will be met with the total cost not expected to exceed \$75 (NZD) per day. Meal costs incurred overseas will be met within reasonable prevailing local charges. Separate meal costs will not be met where a meal has been provided as a part of the training / conference / meeting etc.</u></p>

Expense/Allowance	Description
	<p><u>Council will only pay for two beverages with an evening meal (alcoholic or non-alcoholic) e.g. two glasses of wine / non-alcoholic beverage, two cans or small bottles of beer. Any drinks outside this guideline are to be met by the member.</u></p> <p><u>The meal allowance is not payable for council business conducted within the Palmerston North City Council boundary</u></p>

*Mayor's expenses are listed separately.

5. Communication Allowances ~~and other resources~~ – (Elected Members*)

Expense/Allowance	Description																						
Communications Allowance	<p>Council will provide elected members with a mobile phone, mobile phone contract and laptop. <u>Equipment remains the property of the Council and will be replaced or updated at least every 3 years. The Council will also cover the costs of any consumables required.</u></p> <p>When members accept a council phone and laptop, members <u>will be eligible for the following allowances:</u> can claim for:</p> <table border="1"> <thead> <tr> <th>Particular</th><th>Amount</th></tr> </thead> <tbody> <tr> <td>Hhome internet/broadband connection</td><td>\$400.00</td></tr> <tr> <td>Multi-functional or other printer</td><td>\$40.00</td></tr> <tr> <td>The total annual cost of allowances by a member for the use of their own equipment or services, must not exceed</td><td>\$440.00</td></tr> </tbody> </table> <p><u>If members choose to use their own phone and/or laptop, Members will be eligible for the following allowances:</u></p> <table border="1"> <thead> <tr> <th>Particular</th><th>Amount</th></tr> </thead> <tbody> <tr> <td><u>Personal computer, tablet or laptop including for any related docking station</u></td><td><u>\$200.00</u></td></tr> <tr> <td><u>Multi-functional or other printer</u></td><td><u>\$40.00</u></td></tr> <tr> <td><u>Mobile phone (use of mobile)</u></td><td><u>\$150.00</u></td></tr> <tr> <td><u>Home internet/broadband connection</u></td><td><u>\$400.00</u></td></tr> <tr> <td><u>Personal telephone plan (mobile plan connection)</u></td><td><u>\$400.00</u></td></tr> <tr> <td><u>Total maximum annual allowances for the use of their own equipment or services.</u></td><td><u>\$1190.00</u></td></tr> </tbody> </table> <p><u>Allowances will not exceed the limits set out by the Remuneration Authority.</u></p>	Particular	Amount	H home internet/broadband connection	\$400.00	M ulti-functional or other printer	\$40.00	The total annual cost of allowances by a member for the use of their own equipment or services, must not exceed	\$440.00	Particular	Amount	<u>Personal computer, tablet or laptop including for any related docking station</u>	<u>\$200.00</u>	<u>Multi-functional or other printer</u>	<u>\$40.00</u>	<u>Mobile phone (use of mobile)</u>	<u>\$150.00</u>	<u>Home internet/broadband connection</u>	<u>\$400.00</u>	<u>Personal telephone plan (mobile plan connection)</u>	<u>\$400.00</u>	<u>Total maximum annual allowances for the use of their own equipment or services.</u>	<u>\$1190.00</u>
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<u>Home internet/broadband connection</u>	<u>\$400.00</u>																						
<u>Personal telephone plan (mobile plan connection)</u>	<u>\$400.00</u>																						
<u>Total maximum annual allowances for the use of their own equipment or services.</u>	<u>\$1190.00</u>																						
Subscriptions	<p>Expenses in respect of subscriptions to organisations will be reimbursed to or paid on behalf of an elected member where, in the opinion of the Chief Executive, membership would assist the elected member in carrying out their duties.</p>																						

Travel Time Allowance	A travel time allowance is not payable to elected members.
Childcare Allowance	A childcare allowance is not payable to elected members.
Other	Other expenses will be reimbursed to or paid on behalf of elected members where in the opinion of the Chief Executive such expenses are justified.

~~* Mayor's expenses are listed separately.~~

6. Conference and Training Expenses (Elected and Appointed Members*)

Expense/Allowance	Description
Conferences, courses, seminars and training	<p>All elected and appointed members are entitled to request attendance of any conference, course, seminar or training event which contributes to the member's ability to carry out their Council role effectively.</p> <p><u>In New Zealand and less than \$2000</u> <u>The Mayor and Deputy Mayor or if one of those is unavailable the other acting conjointly with the Chairperson of the Finance & Audit Committee, can approve elected and appointed members training in New Zealand up to the value of \$2000.</u></p> <p><u>Overseas or greater than \$2000</u> <u>Council approval is needed for training courses in New Zealand greater than \$2000, or overseas.</u></p> <p><u>Council had a fixed budget for elected and appointed members' training, a 'first in, first served' approach is taken.</u></p> <p>Travel and accommodation arrangements for elected and appointed members are to be made by council staff with the council's preferred travel agents, at the most economic cost available (when possible) at the time of booking. Unless all travel costs are being met privately or by an outside party, staff will consider cost and environmental efficiency of travel when making bookings.</p> <p>If a member arranges their own travel, they are entitled to be reimbursed at the rate of the most economic cost of travel available to council staff, or the actual cost of travel (whichever is lower).</p> <p>No financial provision is to be made for a partner of a member attending any conference or training opportunity, other than for the Mayor's partner attending a conference in association with the Mayor.</p>
Disclosure on the Gift Register	<p>If travel costs are being paid for by an outside party, members need must to disclose the provider as a gift on the gift register as soon as practicable.</p>

Expense/Allowance	Description
Private accommodation provided by friends/relatives	Payment of \$75.00 per night when staying in private accommodation, to cover accommodation and breakfast. It is intended that at least a portion of this allowance is paid to the accommodation provider.
Costs not covered when attending a training course	This policy does not cover purchases from hotel mini-bars, charges for in-room movies, newspapers, laundry, <u>hotel telephone calls</u> and other miscellaneous costs. These expenses will be met by the member concerned.
Vehicle Mileage Allowance	Appointed Members who live outside of Palmerston North will be recompensed at a rate agreed by contract.

~~* Mayor's expenses are listed separately.~~

7. Miscellaneous Expenses and Allowances

<u>Vehicle Mileage Allowance for Appointed Members</u>	<u>Appointed members who live outside of Palmerston North will be recompensed at a rate agreed by contract.</u>
<u>Subscriptions</u>	<u>Expenses in respect of subscriptions to organisations will be reimbursed to or paid on behalf of an elected member where, in the opinion of the Chief Executive, membership would assist the elected member in carrying out their duties.</u>
<u>Travel Time Allowance</u>	<u>A travel time allowance is not payable to elected members.</u>
<u>Childcare Allowance</u>	<u>A childcare allowance is not payable to elected members.</u>
<u>Other</u>	<u>Other expenses will be reimbursed to or paid on behalf of elected members where in the opinion of the Chief Executive such expenses are justified.</u>

8. Additional Expenses and Allowances for the Mayor

Expense/Allowance	Description
Car	The Mayor will be provided with a vehicle that will also be available for their private use. A deduction will be made from their salary as determined by the Remuneration Authority. The Mayor will not be able to claim for vehicle mileage.
Car parking	Use of an assigned car park in the Civic Administration Building in addition to a car parking exemption card.
Travel and conferences, courses and seminars	The prior approval of the Chief Executive is required for travel within New Zealand or Australia for: Council business; attendance at

Expense/Allowance	Description
	<p>conferences/courses/training events/ seminars; other purposes associated with the position of Mayor.</p> <p>Expenses relating to the Mayor's partner attending functions with the Mayor on official invitations are covered under this policy.</p> <p><u>Where the Mayor or the Mayor's authorised representative is accompanied by their partner, the Council will meet the cost of their travel, accommodation and incidental costs in line with this policy.</u></p> <p><u>The Chief Executive will authorise such expenditure where the partner's involvement directly contributes to a clear business purpose.</u></p> <p>The prior approval of the Council is required for all overseas travel (with the exception of Australia), where costs or partial costs are paid for by Council funds.</p>
Airline club	Given frequent travel requirements for the role, payment of an Air New Zealand Koru Club subscription.
Entertainment and hospitality	<p>The Mayor holds a credit card to pay directly for any entertainment or hospitality expenses incurred while carrying out council business. Full receipts and details of the names of parties entertained and reasons for the entertainment are to be provided.</p> <p>All expenditure on this card is approved by either the Chairperson of the Finance & Audit Committee or the independent non-elected member appointed to that Committee.</p>
Provision of Equipment/Services	<p>Council will provide the Mayor a:</p> <ul style="list-style-type: none"> • Mobile phone; • Computer and/or tablet <u>laptop</u>; and • An internet connection. <p>In addition, the Council pays in full the Mayor's:</p> <ul style="list-style-type: none"> • Home telephone rental, and associated toll charges; and • Monthly mobile phone based rental, and all associated call charges.
Reporting of Expenses	Expenses of the Mayor are to be reported annually to the Finance & Audit Committee.

9. Additional Expenses and Allowances for the Deputy Mayor

Expense/Allowance	Description
Car parking	Use of an assigned car park in the Civic Administration Building in addition to a car parking exemption card.

Expense/Allowance	Description
Entertainment and hospitality	<p>The Deputy Mayor holds a credit card to pay directly for any entertainment or hospitality expenses incurred while carrying out council business. Full receipts and details of the names of parties entertained and reasons for the entertainment are to be provided.</p> <p>All expenditure on this card is approved by the Chief Executive</p>
Provision of Equipment/Services	<p>The Council will provide the Deputy Mayor a: Provision of:</p> <ul style="list-style-type: none"> - Mobile Phone; - Computer and/or tabletlaptop; and - An internet connection. <p>In addition, the Council pays in full the Deputy Mayor's:</p> <ul style="list-style-type: none"> - Monthly mobile phone based rental, and all associated call charges.
Reporting of Expenses	Expenses of the Deputy Mayor are to be reported annually to the Finance & Audit Committee.

GENERAL

10 Review of Policy

This policy will apply from **XX May-June 2021** but is subject to approval of the Remuneration Authority.

The amounts payable as an allowance in this policy shall be adjusted automatically if changes to any of these amounts are made by the Remuneration Authority.

This policy will be reviewed at the beginning of every Council triennium.

11. Allowances as determined by the Remuneration Authority

Elected Members' Remuneration 21 December 2020 – 30 June 2021

Office	Annual remuneration (\$)
Mayor	152,500*
Deputy Mayor, Chair- Planning & Strategy Committee, and Chair—Hearings Committee	80,524
Chair—Finance and Audit Committee, and Chair—Chief Executive's Performance Review Panel	57,580
Chair—Infrastructure Committee	54,134
Chair—Arts, Culture and Heritage Committee	50,810
Chair—Community Development	50,810
Chair—Environmental Sustainability Committee	50,810
Chair—Play, Recreation and Sport Committee	50,810
Chair—Economic Development Committee	50,810
Councillor (with no additional responsibilities) (7)	47,486
Councillor (Minimum Allowable Remuneration)	43,067

*Mayor's salary after vehicle deduction	Full private use
Annual remuneration	\$152,500
Motor vehicle deduction	\$4,908.72
Salary paid	\$147,591.28

Participation in Hearings Allowance

Expense/Allowance	Description
Allowance for participating in a resource consent or district plan hearing	<p><u>Hearings commissioners are accredited by completing the <i>Making Good Decisions</i> certification programme.</u></p> <p><u>Elected members who are accredited members of the Hearings Committee</u> Hearing members are entitled to receive additional payments in addition to their annual remuneration for:</p> <ul style="list-style-type: none"> • resource consent hearings under the Resource Management Act 1991 (RMA), • resource consent hearings under the Housing Accords and Special Housing Areas Act 2013 (HASHA), and • <u>District Plan hearings,</u> • <u>Dog Control hearings</u> <p>Council will pay the following hourly rate to elected members who participate in a hearing</p> <p>Chairperson - \$100 per hour</p> <p>Hearing Member - \$80 per hour</p>

	<p>Hearings <u>Members-commissioners</u> can claim for the time preparing for the hearing, which is paid at the same rate as attending hearings.</p> <p>Preparation could include:</p> <ul style="list-style-type: none"> • time for reading, • attending onsite meetings, or • attending pre-hearing briefings and meetings. <p>Hearings <u>Members-commissioners</u> can also claim for the time taken to attend a site visit.</p> <p>The Chair of a hearing may also be paid for time spent writing up the decision or communicating for the purpose of the written decision.</p> <p>Reimbursement should not exceed the length of time of the hearing. For example, if a hearing lasts for three hours then no more than three hours of preparation time may be paid.</p> <p>The Mayor cannot receive fees for participating in resource consent hearings.</p> <p><u>Members must submit a claim form.</u></p>
Allowance for participating in an alcohol licensing hearing	<p>Elected members who are <u>appointed</u> members of the District Licensing Committee, are entitled to receive additional payments in addition to their annual remuneration for:</p> <ul style="list-style-type: none"> • Alcohol licensing hearings under the Sale of Liquor Act 2012 <p>Council will pay the following hourly rate to elected members who participate in an alcohol licensing hearing</p> <p>Chairperson - \$78 per hour</p> <p>Hearing Member - \$51 per hour</p> <p><u>Members must submit a claim form.</u></p>

Elected and Appointed Members' Professional Development and Training Policy 2021

Approved by Council X June 2021

1. Objective

This Policy has been established to demonstrate Council's commitment to ensuring Councillors members have equal access to training and educational opportunities and have the opportunity to maintain their knowledge and skills base to contemporary standards and expectations.

2. Background

The knowledge, skills and experiences that Councillors members bring when they are elected or appointed and that are enhanced during an induction programme generally need to be supplemented with further knowledge and skills development relevant to the specific role and responsibilities of Councillors elected and appointed members.

It is important that Councillors members have or may quickly attain a clear understanding of the system of Local Government, how ~~their~~ Council works and the full range of their roles and responsibilities.

It is equally important that all Councillors members have continuing opportunities to undertake appropriate skills development and training in areas needed to assist them to carry out their role effectively.

A well-planned, structured and continuing training and professional development programme enables Councillors members to continue to develop relevant skills and knowledge over time. This is important given the varying responsibilities of the role, the dynamic nature of the legislative and policy framework within which local government operates, the many competing priorities and high community expectations.

Benefits of a professional development programme include:

- Opportunity to provide needs-based training and professional development to Councillors members to assist them to function well in their role and to make informed and effective decisions
- Opportunity for Councillors members to learn new skills, knowledge and gain experience
- Opportunity to provide structured updates on changes to key legislation and policies as well as briefings to Councillors members on key issues

Currently, there are no specific legislative requirements pertaining to Councillor member training or education. However, Councils ~~are~~is strongly encouraged to



develop a training programmes and encourage continuing development programmes to support Councillors elected and appointed members in their role.

3. Definitions

In this Policy, the following definitions apply:

Professional Development: Includes personal development such as short courses, study tours, conferences, seminars, forums, readings, magazines and articles.

4. Application of Policy

This Policy applies to elected and appointed members.

5. Policy

The training made available to Councillors elected and appointed members will assist them in carrying out their local government duties. Training will be offered on a continual basis throughout the Councillor's member's term.

The development and delivery of a continuing professional development programme for Councillors members has a number of phases including:

- Commitment to continuing professional development for Councillors members
- Training and development needs analysis
- Development of a training and development plan (including budget allocation)
- Delivery
- Evaluation

Commitment to Continuing Professional Development for Councillors Elected and Appointed Members

Council will establish, maintain and promote their commitment to elected and appointed member training and development.

Councillor Member training and development should be seen as an investment to enhance the effectiveness of the Council's performance in achieving its goals (as for workforce development).

Training offered to Councillors members will be classified as:

- Imperative
- Desirable
- Developmental

Imperative Training

Training offered to Councillors members is considered **imperative** when:

- It is vital to the role of Councillor member

- Should be attended by all Councillors members
- Specific to the legislative and governance roles and functions such as:
 - Roles and responsibilities of Councillors elected and appointed members
 - Relationship between Councillors members, General Manager and staff
 - Meeting Procedures
 - Conflict of Interest and Code of Conduct policies as adopted by Council
 - Good governance
- Councillors Elected and appointed members should attend the matters listed as “**Imperative Training**” at least once every term.

Desirable Training

Training offered to Councillors elected and appointed members is considered “**desirable**” when:

- It is important to the role of Councillor member
- It is in the best interest of the Councillor member to attend.

Training may arise from time to time when it relates to the maintenance of good governance. It may include, but not limited to community issues which address environmental, social and economic issues and challenges:

- Financial Skills
- Planning Legislation
- Strategic Management
- Community Leadership
- Media Skills
- Handling Difficult People for Councillors Members
- Performance Management of Senior Staff.

Councillors Elected and appointed members should attend the matters listed as “Desirable Training” at least once every term.

Skills and Knowledge Self-Assessment Tool

The following list of key skills and knowledge areas will assist Councillors elected and appointed members to become more effective. This list will identify some possible training and developmental areas for Councillors members. Important skills:

- Leadership skills
- Relationship management
- Communication skills including negotiating, conflict resolution, advocacy and lobbying
- Presentation skills
- Problem solving and analytical skills
- Teamwork skills
- Organisational skills.

Knowledge of:

- Central and Local Government relationships
- How Local Government Councils operate
- Role of a Councillor member
- Councillor Member, General Manager and staff relationships
- Code of Conduct and Conflict of Interests
- Key aspects of the Local Government Act 2002 and Local Government Official Information and Management Act 1987
- Environmental planning and assessment processes
- Whole of community representation
- Social justice principles
- Meeting regulations and procedures
- Strategic management planning and reporting, particularly Integrated.

Planning & Reporting

- Financial management requirements in the Local Government Act 2002
- Local Government regulation and reporting processes
- Asset management
- Knowledge of the demographic profile of the Council area and the social environmental and economic issues facing the community.

Developmental Training

Training offered to Councillors elected and appointed members —is considered “**developmental**” when it is aimed at further developing the skills or professional expertise of the Councillor member.

Councillors Elected and appointed members are encouraged to accept training classified as “**developmental**”. Such training may include, but not limited to:

- Attendance at LGNZ workshops whether public, in house, regional programmes or induction seminars
- Seminars and informal sessions conducted by Council with appropriate
- Guest speakers and trainers
- Purchase of training booklets and discussion papers that could be distributed to Councillors members for information
- On-line training delivery
- Mentoring.

The following modules are those considered important for Councillors elected and appointed members’ continuing development:

- Induction for Councillors Members
- Conflict of Interest and Model Code of Conduct
- Financial Skills
- Good Governance
- Planning Legislation Skills and Knowledge
- Effective Meeting Skills

Oasis: 10116452

- Strategic Management
- The Effective Chair in Local Government
- Councillors Elected and Appointed Members as Change Initiators
- Understanding Sustainability for Councillors Members
- Media Skills
- Advanced Media Skills
- Dynamic Presentation Skills
- Performance Management of Senior Staff
- Connecting with the Community
- Lobbying for Success
- Community Leadership
- Preventing Bullying and Harassment Training for Members
- Handling Difficult people for Councillors Members
- Speed Reading Skills for Councillors Members.

Minimum Training Requirements

The minimum requirements for Councillor-member training are:

- Internal Councillor-Member Induction Sessions
- Councillor-Member Information Seminars as delivered by LGNZ.

Notification to Elected and Appointed Members

Elected and appointed members are encouraged to identify upcoming training programmes, and elected and appointed members may notify the Democracy and Governance and Support Team of any training that they may wish to attend or that other members may be interested in attending and seeking subsequent approval.

Approval of Training Payment of Expenses

Approval for training and reimbursement for expenses relating to a Councillor's member's attendance at training will be determined in accordance with Council's "Elected and Appointed Member Expenses Policy" and PNCC Delegations Manual.

All elected and appointed members are entitled to request attendance of any conference, course, seminar or training event which contributes to the member's ability to carry out their Council role effectively. For training:

In New Zealand and less than \$2000

The Mayor and Deputy Mayor or if one of those is unavailable the other acting conjointly with the Chairperson of the Finance & Audit Committee, can approve elected and appointed members training in New Zealand up to the value of \$2000.

Overseas or greater than \$2000

Council approval is needed for training courses in New Zealand greater than \$2000, or overseas.



Council had a fixed budget for elected and appointed members' training, a 'first in, first served' approach is taken.

Budget

Each year, the Council will allocate a budget to support member training and development activities to be undertaken in the following year. Progress against expenditure of the budget allocation should be reported on a quarterly basis.

Council will need to determine the size of the budget allocation, which may change annually, depending on training needs. For example, when a new member is elected or appointed, there will be a need to budget for an induction programme.

~~If courses are less than \$2,000 they may be approved by the Mayor and Deputy Mayor, or Chair of the Finance and Performance Committee if either the Mayor or Deputy Mayor are unavailable. This will then be reported to the Governance and Support Team Leader who will compile a report to Council quarterly.~~

~~The Mayor in collaboration with the Governance and Support Team Leader will send out a list of courses approved/declined by the Mayor if under the financial threshold to all Elected and Appointed Members on a weekly basis along with the 'What's On' email.~~

Recording and Reporting

The data to be maintained will include:

- Courses, workshops or information sessions formally made available to Councillorsmembers
- Classification of training made available under this policy
- Councillorsmembers who have undertaken the training.

Councillors_Members are to report back on their findings ~~at with a short report. This will be circulated as appropriate. the following 'Councilloronly Session' with a short written report and circulate as required~~

Review of Policy

This policy will be reviewed at the beginning of every Council triennium.

REPORT

TO: Finance & Audit Committee

MEETING DATE: 26 May 2021

TITLE: Victoria Esplanade Bonsai/Shade House Project Options

PRESENTED BY: Kathy Dever-Tod, Parks and Reserves Manager

APPROVED BY: Sarah Sinclair, Chief Infrastructure Officer

RECOMMENDATION(S) TO COUNCIL

1. That Council refers consideration of Option 1: Continue with the scope as designed, and shown in Attachment One, costing \$880,000, to the Ten Year Plan deliberations, noting that this will require \$650,000 additional budget (Programmes 1127 and 98).
2. That, if Council approves proceeding with the project under Option 1 during the finalisation of the Ten Year Plan, it considers funding the budget shortfall of \$650,000 by seeking \$150,000 in external funding and allocating an additional new capital budget of \$500,000, as per Funding Option A for Option 1.
3. That during Ten Year Plan deliberations, Council considers deferring the Bonsai/Shade house project until year two of the 2021-31 10 Year Plan, to allow 12 months for fundraising.
4. That Council notes that if it chooses to fund the Bonsai/Shade House project by reprioritising the existing Masterplan implementation budget assumptions, the Victoria Esplanade User Group will be consulted regarding the priorities and projects that may be affected.

SUMMARY OF OPTIONS ANALYSIS FOR

Problem or Opportunity	<p>A home is required for Bonsai gifted to Council. Work to scope a Bonsai House coincided with the need to replace the Shade House which is at the end of its life. The detailed design and consenting stage of the Bonsai/Shade House project has been completed, after workshopping scope requirements with Councillors.</p> <p>Aligning the project with the Victoria Esplanade Masterplan (the Masterplan), including achieving an outcome suitable for a premier park and wayfinding improvements, has resulted in the estimated cost exceeding the budget provision.</p> <p>The difference between the budget and the cost estimate for the</p>
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	<p>scoped project cannot be met through external fundraising, to date.</p> <p>This report seeks direction on the scale and scope of the project and offers options on how to fund it.</p>
SCOPE DECISION	
Scope decision Option 1:	Continue with the project as scoped and designed, costing \$880,000
Community Views	<p>The bonsai house is a project in the 2018/28 Ten Year Plan. Nine submissions were received during the 2018/28 Ten Year Plan consultation specifically commenting on the bonsai project. Five were in support and four opposed to the programme.</p> <p>Community engagement occurred during development of the Masterplan. This project was approved in the Masterplan.</p> <p>Engagement with the Victoria Esplanade User Group is proposed prior to the finalisation of the draft 10 Year Plan.</p>
Benefits	<p>Implements the Masterplan:</p> <ul style="list-style-type: none"> • Provides a quality public display for the bonsai collection currently in storage, and • Replaces and improves the shade house, which has reached the end of its life, and • Improves wayfinding and accessibility through the central area of the Victoria Esplanade.
Risks	<p>Costs may escalate during the external fund-raising period. Mitigation is provided with an escalation allowance within the total cost estimate. Operating costs may be higher than budgeted depending on outcome.</p> <p>Increases council borrowing levels.</p>
Financial	<p>Capital and the associated financing costs are covered in the Funding Options sections.</p> <p>Operational costs of \$6,000 per year have been allowed for within the draft 2021/31 Ten Year Plan.</p>
Scope decision Option 2:	Change scope to continue with the shade house as designed, without a bonsai display, costing \$700,000
Community Views	<p>The bonsai house is a project in the 2018/28 Ten Year Plan. Nine submissions were received during the 2018/28 Ten Year Plan consultation specifically commenting on the bonsai project. Five were in support and four opposed to the programme.</p> <p>Community engagement occurred during development of the Masterplan. This project was approved in the Masterplan.</p>

	Engagement with the Victoria Esplanade User Group is proposed prior to the finalisation of the draft 10 Year Plan
Benefits	<p>Implements the Masterplan:</p> <ul style="list-style-type: none"> • Replacement and improvement of the shade house which has reached the end of its life, and • Improves wayfinding and accessibility through the central area of the Victoria Esplanade.
Risks	<p>Does not implement the bonsai house project of the Masterplan.</p> <p>Reputational risk associated with returning/selling gifted bonsai and with supporters of the bonsai house.</p> <p>Costs may escalate during the external fund-raising period. Mitigation is provided with an escalation allowance within the total cost estimate.</p> <p>Increases council borrowing levels.</p>
Financial	<p>Capital and the associated financing costs are covered in the Funding Options sections.</p> <p>Reduction of \$6,000 per year in the Ten-Year Plan if bonsai are rehomed.</p>
Scope decision Option 3:	Change scope – replace the shade house on its existing footprint, with modest bonsai house within the shade house, costing \$530,000
Community Views	<p>The bonsai house is a project in the 2018/28 Ten Year Plan. Nine submissions were received during the 10 Year Plan consultation specifically commenting on the bonsai project. Five were in support and four opposed to the programme.</p> <p>Community engagement occurred during development of the Masterplan. This project is an element of the implementation of the Masterplan.</p> <p>Engagement with the Victoria Esplanade User Group is proposed prior to the finalisation of the draft 10 Year Plan.</p>
Benefits	<p>Provides a low-quality bonsai house compared to Option 1.</p> <p>Replaces the Shade House which is at the end of its life with some quality improvements.</p>
Risks	<p>Does not implement the wayfinding and accessibility improvements planned in the Masterplan.</p> <p>Costs may escalate during the external fund-raising period. Mitigation is provided with an escalation allowance within the total cost estimate.</p>
Financial	Capital and the associated financing costs are covered in the Funding

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	Options section. Operational costs of \$6,000 per year have been allowed for within the draft 2021/31 Ten Year Plan.
Scope decision Option 4:	Change scope to replace the shade house on its footprint and to a similar quality with no bonsai house, costing \$510,000
Community Views	The bonsai house is a project in the 2018/28 Ten Year Plan. Nine submissions were received during the 10 Year Plan consultation specifically commenting on the bonsai project. Five were in support and four opposed to the programme. Community engagement occurred during development of the Masterplan. This project is an element of the implementation of the Masterplan. Engagement with the Victoria Esplanade User Group is proposed prior to the finalisation of the draft 10 Year Plan.
Benefits	Replaces the shade house which is at the end of its life. Provides accessibility improvements and taller space.
Risks	Does not implement the wayfinding and accessibility improvements planned in the Masterplan. Does not implement the new bonsai house directed in the Masterplan. Reputational risk with supporters of the Bonsai House. Costs may escalate during the external fund-raising period. Mitigation is provided with an escalation allowance within the total cost estimate.
Financial	Capital and the associated financing costs are covered in the Funding Options section. Reduction of \$6,000 per year in the Ten-Year Plan if bonsai are rehomed.
Scope decision Option 5:	Change scope to develop bonsai house and decommission the shade house, costing \$265,000
Community Views	The Bonsai House is a project in the 2018/28 Ten Year Plan. Nine submissions were received during the 10 Year Plan consultation specifically commenting on the bonsai project. Five were in support and four opposed to the programme. Community engagement occurred during development of the Masterplan. This project is an element of the implementation of the Masterplan. Engagement with the Victoria Esplanade User Group is proposed prior to the finalisation of the draft 10 Year Plan.

Benefits	Implements the bonsai house. Low cost option.
Risks	Does not implement the wayfinding and accessibility improvements planned in the Masterplan. Reputational damage with current visitors to the shade house and supporters of the subtropical collection. Substitutes one botanic display for another so no additional features are developed as directed by the Masterplan.
Financial	Capital and the associated financing costs are covered in the Funding Options section. No new operational costs.
Scope decision Option 6:	Decommission the shade house and do not build a bonsai house, convert the area to gardens, costing \$50,000
Community Views	The bonsai house is a project in the 2018/28 Ten Year Plan. Nine submissions were received during the 10 Year Plan consultation specifically commenting on the bonsai project. Five were in support and four opposed to the programme. Community engagement occurred during development of the Masterplan. This project is an element of the implementation of the Masterplan. Engagement with the Victoria Esplanade User Group is proposed prior to the finalisation of the draft 10 Year Plan.
Benefits	Lowest cost option.
Risks	Does not achieve the Masterplan objectives. Reputational damage with current visitors to the shade house and supporters of the shade and bonsai house. Increases the exposure of the glass panels of the conservatory to vandalism after hours. Construction costs could exceed the cost estimate. Mitigation is provided through provision for contingencies within the total cost estimate.
Financial	Small reduction in operational costs. Decreases renewal costs.
FUNDING DECISION	
Funding for Option One: Continue with the project as designed, costing	<i>Total cost \$880,00, less existing budget \$230,000. <u>Shortfall \$650,000.</u></i> Option A: Seek \$150,000 external funding, provide a new capital budget of \$500,000 - associated financing costs \$25,000 per year. Option B: Seek \$150,000 external funding, reprioritise Masterplan implementation programme 1847 and bring forward \$500,000 from

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\$880,000	<p>2026/27 and 2027/28 and the associated financing costs \$25,000 per year which had been budgeted to start from 2027/28.</p> <p>Option C: Provide a new capital budget of \$650,000 with associated financing costs of \$32,000 per year</p>
<p>Funding for Options Two:</p> <p>Continue as designed but remove the bonsai house display, costing \$700,000</p>	<p><i>Total cost \$700,000, less existing budget \$230,000. <u>Shortfall \$470,000.</u></i></p> <p>Seeking external funding is considered high risk and unrealistic.</p> <p>Option A: Reprioritise Masterplan implementation and bring forward \$470,000 of funding to 2021/22 and the associated financing costs would be \$24,000 per year which had been budgeted to start from 2026/27.</p> <p>Option B: Provide a new capital budget of \$470,000 - associated financing costs would be \$24,000 per year.</p>
<p>Funding for Option Three:</p> <p>Change scope – replace the shade house on its existing footprint, with modest bonsai house incorporated within the shade house.</p>	<p><i>Total cost \$530,000, less existing budget \$120,000. <u>Shortfall \$410,000.</u></i></p> <p>Seeking external funding is considered high risk and unrealistic.</p> <p>Design costs spent to date will need to be written off.</p> <p>Option A: Reprioritise Masterplan implementation and bring forward \$470,000 of funding to 2021/22 and the associated financing costs would be \$21,000 per year which had been budgeted to start from 2026/27.</p> <p>Option B: Provide a new capital budget of \$470,000 - associated financing costs would be \$21,000 per year.</p>
<p>Funding for Options Four and Five:</p> <p>Renewals or replace shade house with bonsai house</p>	<p>Options 4 and 5 would be replacing an existing facility with the same or similar facility. They are therefore renewal options and are highly unlikely to attract external funding. As such there are no funding options.</p> <p>The funding required for each option is as follows:</p> <p>Option 4: Shade house renewal with no bonsai – Total cost \$510,000 cost, less remaining budgets of \$120,000, requires additional renewal funding of \$390,000.</p> <p>Option 5: Remove shade house and substitute bonsai house – Total cost \$265,000, less remaining budgets of \$120,000, requires additional new capital budget of \$145,000.</p>
<p>Funding for Option Six:</p> <p>Decommission the Shade House and do not display the</p>	<p>Total cost \$50,000 for demolition, construct security gates, surface paths to entrance, provide gardens, secure front of conservatory building.</p> <p>No new budget required, work covered from balance of unspent capital budget of \$120,000 and the \$70,000 balance declared surplus.</p>

bonsai	
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RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 A need for somewhere to house gift bonsai plants has been combined with the need for replacement and improvement of the current shade house which has reached the end of its functional asset life.
- 1.2 Detailed design and preparation of consent applications has been completed for a combined facility. Design has been focussed to ensure that the objectives of the Victoria Esplanade Masterplan are met through the new facility.
- 1.3 Aligning the project with the Victoria Esplanade Masterplan, to achieve outcomes suitable for a premier park, has resulted in the estimated cost exceeding the budget provisions for both the new Bonsai House and the shade house replacement.
- 1.4 The difference between the budget and the cost estimate for the project cannot be met through external fundraising, therefore it is recommended that the additional funding requirement is treated as new capital expenditure.
- 1.5 This report seeks confirmation of the scale and scope of the project and direction on funding.

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 In 2008 Council received a donation of 40 bonsai from the estate of John Birch.
- 2.2 The bonsai have been maintained in storage, at the Council nursery, pending scoping and approval of a programme to construct a facility to display them. Figure One provides examples of the bonsai held in the nurseary.

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Acer palmatum
Japanese maple



Prunus domestica
Plum



Fagus sylvatica 'Atropurpurea'
European beech

Figure One: Bonsai examples

- 2.3 In 2014 a conceptual plan for a standalone bonsai house was developed. The scale was modest, with an open sided display area. It was proposed to be located where the breeding duck aviaries are currently situated.
- 2.4 Programme 1127 was approved in the 2015/25 Ten Year Plan with \$94,000 to construct a bonsai house in 2019/20.
- 2.5 In 2013 an engineer assessed the condition of the shade house, the timber structure attached to the front of the Peter Black Conservatory in the mid-1980s, as shown in Figure Two. It was assessed as being in poor condition and failing to meet current building code requirements.



Figure Two: Shade house requiring renewal

- 2.6 The engineer advised that a complete rebuild was the most practical option and provided an outline estimate of \$140,000 at that time.
- 2.7 The replacement of the shade house was budgeted for in the 2018 Ten Year Plan within Programme 98, Citywide Reserves Renewals.
- 2.8 In 2018 the Victoria Esplanade Masterplan (the Masterplan) was developed to give a guiding vision and direction to the park. The Masterplan confirmed the intention to develop a bonsai house. Within the Park Central area, the Masterplan stated:
- ‘develop[ing] new activity centres such as oriental gardens, bonsai house, or other garden features.’ (Page 52)*
- 2.9 Detailed design was initiated in 2019 and involved the President of the Manawatu Bonsai Club (the Bonsai Club). The Bonsai Club President was also engaged to work on the bonsai to bring them up to display standard and to train Council staff in their ongoing care.
- 2.10 The consultant designers reviewed the Masterplan and its objectives. They recommended:
- Creating a unique identity and new activity centre for the bonsai/shade house by combining the shade house and bonsai house projects in a new facility separate from the Peter Black Conservatory,
 - Strengthening the central wayfinding spine of the park through a strong link from Central Energy Trust Wilddbase Recovery/duck pond to the exotic aviaries, paddling pool, and picnic lawn space by arranging the pedestrian circulation between the buildings, and
 - Improving accessibility to the café by providing a direct route to and across the road rather than the current ‘dog-legged’ arrangement which requires those with mobility issues to move along the road rather than cross it as shown in Figure Three.

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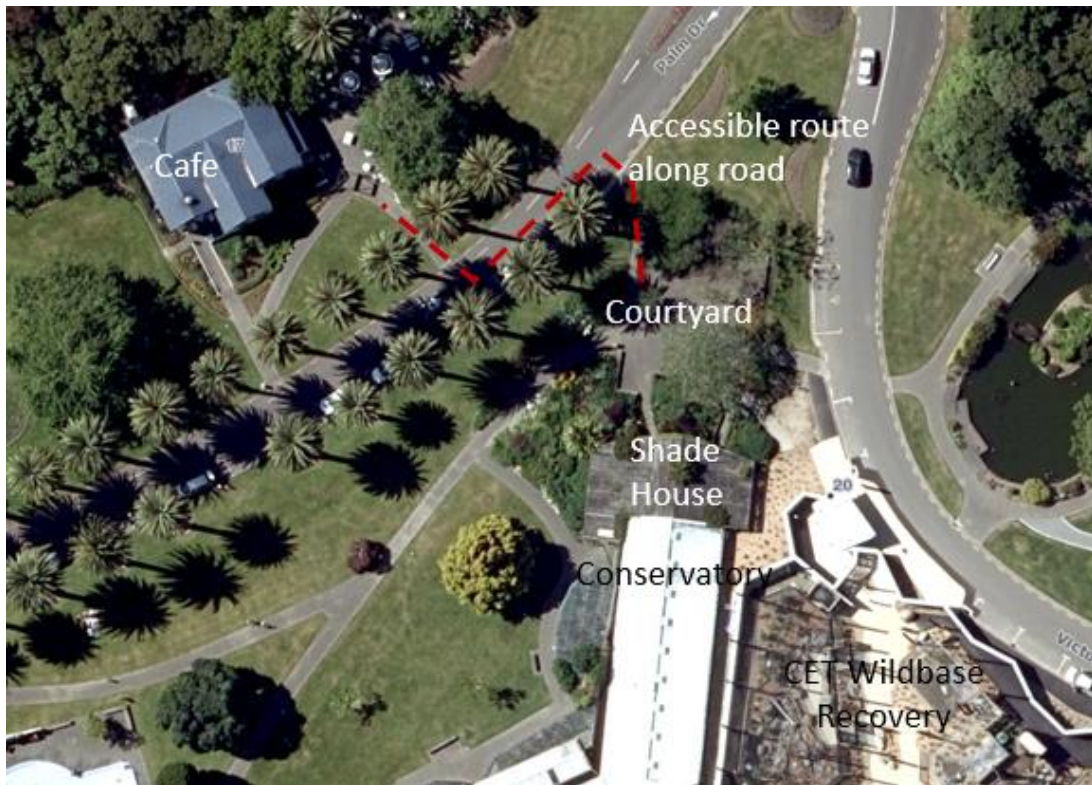


Figure Three: Existing courtyard, paths and shade house

- 2.11 Figure Four shows the proposed new layout with improved wayfinding and activity centre. The dashed red line indicates the approximate extent of the works.

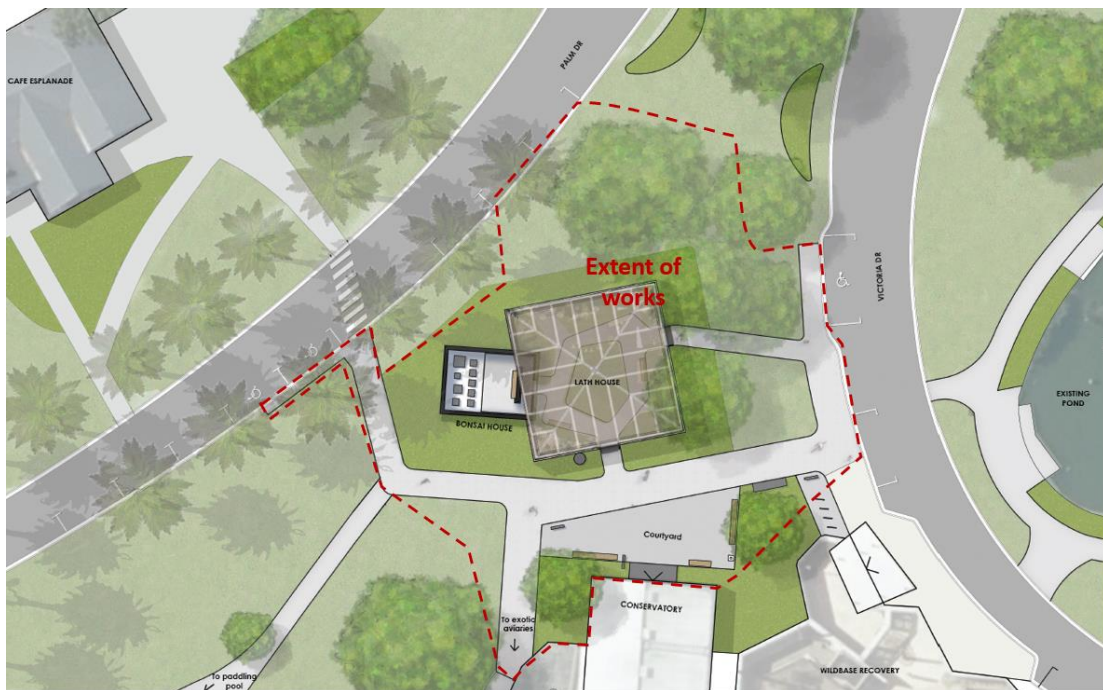


Figure Four: Concept plan showing location and extent of work

- 2.12 A Councillor workshop on the various Masterplan projects was held in February 2020. During discussions on the bonsai/shade house, Councillors indicated they wished to see a large high-quality facility and were supportive of fundraising for any budget shortfall. The feasibility of the fundraising was unknown at this point as detailed cost estimates had not been prepared.
- 2.13 A funding application was made to the Provincial Growth Fund for the project in July 2020. The Council was notified in September 2020 that the application had been declined.
- 2.14 Detailed design was completed and reviewed in late 2020/early 2021. A render of the design is provided in Attachment One.
- 2.15 Building consent has been applied for and consent is expected shortly.
- 2.16 In December 2020 a further 18 bonsai were donated from another deceased estate, taking the collection to a total of 58 trees. The trees range in quality but under the guidance of the Bonsai Club President, the collection is developing towards the standard needed for public display.

3. THE VICTORIA ESPLANADE MASTERPLAN

- 3.1 The Victoria Esplanade Masterplan can be found on Councils website <https://www.pncc.govt.nz/council-city/official-documents/plans/victoria-esplanade-masterplan/>
- 3.2 'It is envisaged that as each project is completed, it will not only be an attraction in itself, but will also have enriched the character of the park and enhanced the enjoyment people have within it.' (Masterplan, page 9). The desired outcomes sought allowing flexibility, respecting the values, involving the community and using the Masterplan.
- 3.3 Strategic overlays for implementation include circulation, signage, planting, and architecture. These are 'park wide considerations that will influence the development outcomes in each area' (Masterplan, Page 19).
- 3.4 Circulation opportunities and considerations include reinforcing key arterial paths, developing key axis and focal points, improving visual connection for wayfinding, enhancing pedestrian connections, and aligning key paths or transition zones.
- 3.5 The Masterplan included 81 actions for implementation.
- 3.6 A list of the projects for implementation under Programme 1847 and their timing is provided in Attachment Two.

- 3.7 The Park Road entry to the Victoria Esplanade is planned separately under Programme 1081. Construction is due to commence at the writing of this report.
- 3.8 In the Draft 2021 Ten Year Plan, the upgrade of the exotic aviaries is included within programmes 1838 and 2012, with construction planned in two stages in 2022/23 and 2027/28.
- 3.9 The Draft 2021 Ten Year Plan also includes Programme 1890 – Esplanade Master Plan Stage Two. This programme provides for minor adjustments to the funding provided in Programme 1847, totalling \$38k over the ten years period of the Ten-Year Plan.

4. DESCRIPTION OF OPTIONS

- 4.1 Options for the project are presented in two groups. Consideration is first given to the project scope. Following the scope, options for funding each scope option is then considered.

Figure Five visualises the approach taken to options.

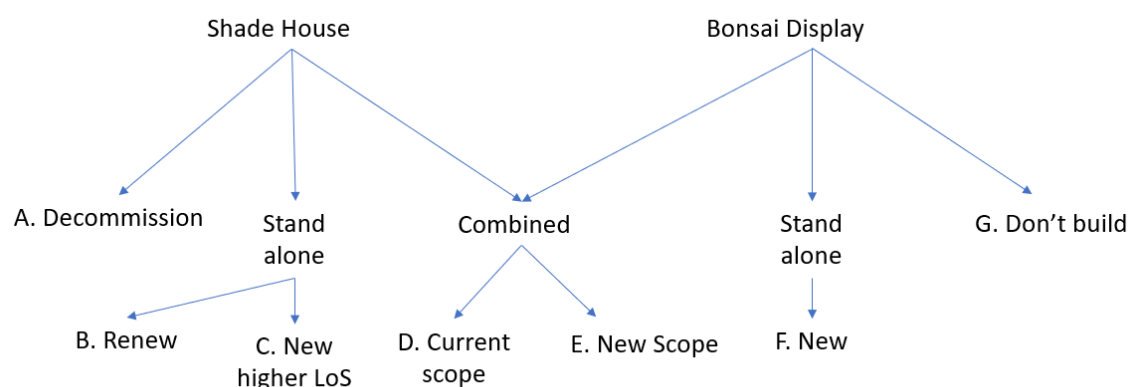


Figure Five: Visualisation of options

- 4.2 **Scope Option 1: Continue with the project as designed, with a cost of \$880,000**
- 4.3 Option One is marked D in Figure Five. Under Option One the project would continue to the scale and scope designed, as shown in Attachment One. This is approximately \$650,000 over the combined shade house and bonsai house budgets of \$234,000.
- 4.4 The full range of benefits would be achieved, including:
- The shade house would be repositioned to improve wayfinding in the park, allowing a coordinated hub of entrances for Central Energy Trust Wildbase Recovery, the Peter Black Conservatory and the shade/bonsai house.

- The existing courtyard would be relocated to be positioned between the buildings, allowing for a connection to the central lawn area and improved sight lines on the main route between the playground and the paddling pool.
- Accessibility to the café would be improved, removing the current dog leg section that requires people to traverse along the road.
- Separating the shade house from the conservatory and combining it with the bonsai house creates a new activity centre in the Victoria Esplanade.
- The level of service for the shade house would increase, with higher quality design, materials, accessibility, and security.
- The bonsai house is completed to a high standard as an adjunct to the shade house, providing for the display of a new type of plant collection.
- The cost also covers diversion of services.

4.5 There are three options for funding Option 1:

4.5.1 Option 1(A): Seek \$150,000 external funding, provide a new capital budget of \$500,000

- Council would seek external support of \$150,000 for the development. As per Section 7 officers believe this is an achievable target. A larger target would increase the risk of the funding target not being met.
- Council provides a new capital budget of \$500,000 to enable the project to proceed, without affecting other planned works in the overall Masterplan implementation programme. The associated financing cost of the new capital is \$25,000 per year.

4.5.2 Option 1(B): Seek \$150,000 external funding, reprioritise the Masterplan implementation programme 1847 and bring forward \$500,000 from 2026/27 to 2027/28

4.5.3 Under Funding Option B Council would seek to stay within the overall budget set for the implementation of the Masterplan. Officers have reviewed the project list for Programme 1847 and highlighted eight projects, totalling \$500K, that could be left unfunded.

4.5.4 The projects are described in Table One and highlighted within the overall workplan in Attachment Two. These eight projects would become unfunded until such time as the Masterplan and/or Ten-Year Plan was reviewed.

Table One: Proposed projects to cancel in order to bring funding forward

Project	Description
Victoria's Garden (Arboretum) - \$300,000	
1. Arboretum focal point/hub \$100,000, (2026/27)	An architectural feature at the end of the new path.
2. Arboretum Fitzherbert Avenue \$25,000 (2026/27)	Connection of new path to Fitzherbert Avenue improved.
3. Arboretum southern access path \$145,000 (2027/28)	New main path to create one single avenue (removal of other paths).
4. Enhance views/access to river from key points \$30,000 (2027/28)	
Rose Gardens - \$72,500	
5. Croquet/café carpark to rose gardens access \$22,500	Some minor enhancement to the entrance to make it more prominent from the car park behind the café.
6. Rose gardens - Underground pond pump station \$50,000	The Masterplan proposed undergrounding the pump. This has not been scoped in any detail and there is some risk it will cost more than budgeted. Feedback on the proposal notes that the current pump shed provides elevation in the gardens which is often used for taking photos. It is also noted that underground pump stations make maintenance and access more difficult.
Play Area - \$50,000	
7. Play features in play zone \$200,000. Reduce by \$50,000 (2026/27)	The scale of playground enhancement would be reduced by 25%. There are no specific plans in place, with plans dependant on coordination with renewals and play opportunities and trends considered at the time.
Native Forest Area - \$45,000	
8. Enhance bush/park central connection \$45,000 (2027/28)	There are wayfinding and accessibility improvements planned for earlier years. These are budgeted for separately and include a level pedestrian crossing from the central area near the exotic aviaries to the native bush area. The native forest budget of \$45,000 was to consider further enhancements to the path network associated with that connection point.

Contingencies - \$32,500	
9. 2026/27 year – bring forward \$10,000 out of \$39,200	Given programmes bought forward, also bring forward a portion of the contingency allowance.
10. 2027/28 year – bring forward \$22,500 out of \$39,800	Given programmes bought forward, also bring forward a portion of the contingency allowance.
TOTAL - \$500,000	

4.5.5 The major effect of the proposed reprioritisation would be on improvements planned in the area known as the arboretum or Victoria's Garden, shown in purple in Figure Six.



Figure Six: Masterplan character areas

4.5.6 These are projects 1 to 4 in Table One and are shown in Figure Seven below. These projects are interrelated and would likely be bundled as one overall design and construction project.

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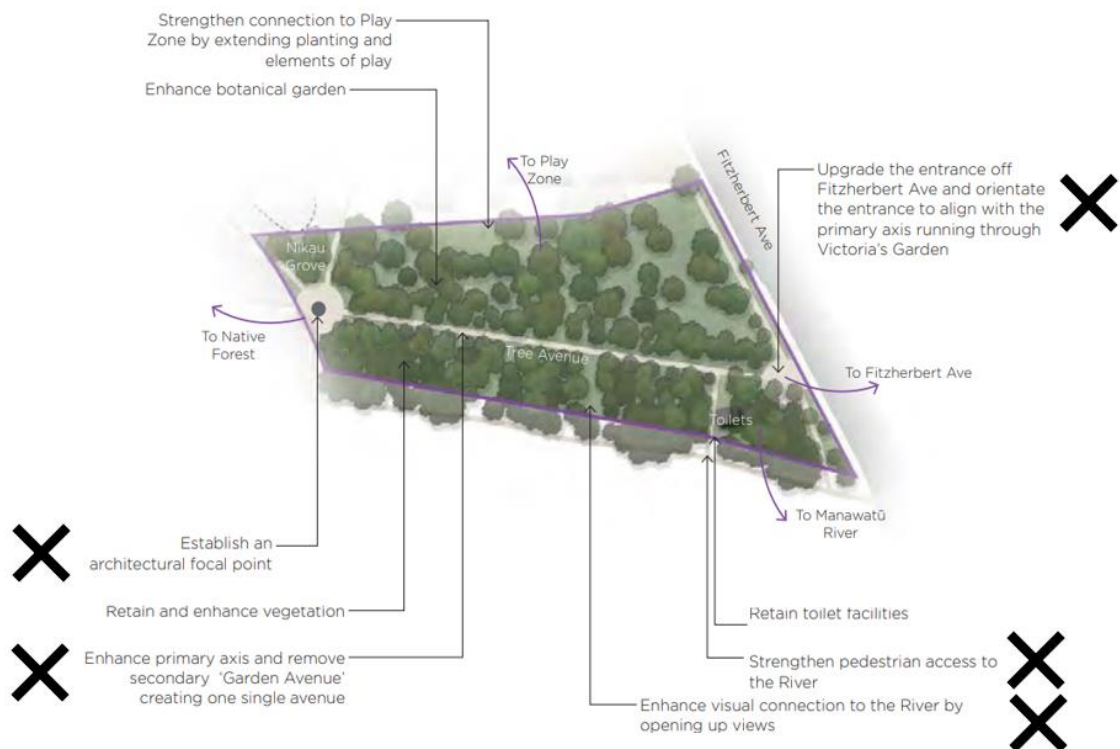


Figure Seven: Projects that would be unfunded

- 4.5.7 Design work has not been completed for the projects proposed to be re-prioritised. There is a risk that the costs will be higher than indicative budgets currently allow. If Council is of a mind to set these projects aside then it will also be reducing the risk that higher costs will be added at future Asset Management Plan and 10 Year Plan revisions.
- 4.5.8 The financing costs associated with the \$500,000 brought forward of \$25,000 per year would also need to come forward, from 2026/27 to 2022/23.
- 4.5.9 Option 1(C): Provide an additional new capital budget of \$650,000
- 4.5.10 This option has the benefit of removing the risk associated with external funding. It would also enable the project to commence sooner.
- 4.5.11 This funding option has no impact on other projects included in the wider Masterplan implementation.
- 4.5.12 Approval of a new capital budget of \$650,000 could occur as part of the 2021/31 Ten Year Planning process, with an associated financing cost of \$32,000 per annum.

- 4.6 **Option 2: Change Scope - Continue the shade house as designed, and remove the bonsai house, costing \$700,000**
- 4.7 Option Two is marked C in Figure Five. Under this option, all the benefits of Option 1, as detailed in section 4.4, would be achieved except for the bonsai house development.
- Council would seek to reduce the cost of the project by removing the bonsai house component, saving \$180,000.
 - Council could seek to return the bonsai to the families who donated them or find another public institution that may wish to display them or sell them.
- 4.8 There are two options for funding scope option 2:
- 4.8.1 Option 2(A): Reprioritise Masterplan implementation and bring forward \$470,000 of funding
- 4.8.2 External fundraising is not considered realistic for this option.
- 4.8.3 Council would seek to stay within the overall budget set for the implementation of the Masterplan. Funding of \$470,000 would be brought forward.
- 4.8.4 Only \$30,000 of the projects listed in Table One would be funded with the remaining \$470,000 unfunded until such time as the masterplan and/or Ten-Year Plan was reviewed.
- 4.8.5 The financing costs associated with the \$470,000 brought forward of \$24,000 per year would also need to come forward, from 2026/27 to 2022/23.
- 4.9 Option 2(B): Provide an additional new capital budget of \$470,000
- 4.9.1 This option has the benefit of removing the risk associated with external funding. It would also enable the project to commence sooner.
- 4.9.2 This funding option has no impact on other projects included in the wider Masterplan implementation.
- 4.9.3 Approval of a new capital budget of \$470,000 could occur as part of the 2021/31 Ten Year Planning process, with an associated financing cost of \$24,000 per annum.
- 4.10 **Option 3: Change Scope – improve the existing shade house on its existing footprint, with modest bonsai display within the shade house, costing \$530,000**
- 4.11 Option 3 is a combination of B and C in Figure 5.

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- 4.12 If the cost of the project as scoped is determined to outweigh the benefits, this alternate option provides the Council with the ability to display bonsai and subtropical plants at a reduced overall project cost.
- 4.13 This option involved rebuilding the shade house on its existing footprint which removes the cost of the external wayfinding and service relocation works.
- 4.14 The area allocated to the subtropical plant display would be reduced to provide space for a bonsai display area within the same shade house footprint.
- 4.15 Significant redesign of the project would be required to fit the new structure in with the Peter Black Conservatory.
- 4.16 Some improvements would be made to the shade house. A higher roof line in parts of the building would be provided, hard surface paths to improve accessibility, and a security system for the bonsai.
- 4.17 The planned wayfinding and accessibility improvements to the café would not be delivered.
- 4.18 The quality of the bonsai display would be significantly reduced from that currently scoped.
- 4.19 Option 3 Funding: Provide additional new capital funding of \$410,000
- 4.20 The remaining unspent budget is \$120,000, leaving a budget shortfall of \$410,000.
- 4.21 The \$110,000 expended to date on design would be written off as an operational expense as a new design would be required.
- 4.22 **Option 4: Change scope to replace the shade house on its existing footprint and quality, with no provision to display bonsai, costing \$510,000**
- 4.23 Option 4 is represented by B in Figure Five.
- 4.24 Option 4 is a replacement of the shade house in its current location. The benefits and costs are the same as Option 3, but there would be no bonsai displayed enabling all the existing sub-tropical display in the current shade house to be retained. The security system for the bonsai would not be required.
- 4.25 Option 4 Funding: Provide additional renewal funding of \$390,000
- 4.26 The remaining unspent budget is \$120,000, leaving a budget shortfall of \$390,000, to be funded through renewals.
- 4.27 The \$110,000 expended to date on design would be written off as an operational expense as a new design would be required.

- 4.28 **Option 5: Change scope - Bonsai house only, decommission the shade house, costing \$265,000**
- 4.29 Option Five is the combination of A and F in Figure Five.
- 4.30 Council would reduce the overall cost by removing the shade house, the display of sub-tropical plants it houses, and building the bonsai house as an alternative facility.
- 4.31 The wayfinding and accessibility improvements would not be realised.
- 4.32 There would be a new type of plant display but no overall improvement in the number or quality of botanic displays, given one display would be substituted for another.
- 4.33 Redesign would be required to account for the changed location and different context of facilities to integrate with. There is some risk around cost given no design has been completed at any level.
- 4.34 Option 5 Funding: Provide additional new capital funding of \$145,000
- 4.35 The remaining unspent budget is \$120,000, leaving a budget shortfall of \$145,000, to be funded through renewals.
- 4.36 The \$110,000 expended to date on design would be written off as an operational expense as a new design would be required.
- 4.37 **Option 6: Decommission the shade house and do not build the bonsai house, convert area to gardens, costing \$50,000**
- 4.38 This option is a combination of A and G in Figure Five.
- 4.39 Council would reduce the capital, renewal and operational costs. This is the lowest cost option.
- 4.40 Council would decommission the shade house and make good the front of the Peter Black Conservatory. The vacated area would be converted to a garden bed and a hard surface path added.
- 4.41 The bonsai house would not proceed, and the plants would be returned, rehomed or sold.
- 4.42 Option 6 Funding: Decommission the Shade House and do not build the Bonsai House
- 4.43 The indicative cost of this option is \$50,000 for demolition, securing the front of the Peter Black Conservatory, establishing outdoor garden beds in place of the shade house, providing a paved path, relocating and updating signage.

- 4.44 The costs would be covered by existing capital budgets and a balance of approximately \$78,000 would be declared surplus.
- 4.45 This option would result in annual savings of \$6,000 of operational costs for the display of the bonsai. The staff time for caring for the specialised sub-tropical display in the shade house would be directed to other activities in the Victoria Esplanade.
- 4.46 The \$110,000 expended to date on design would be written off as an operational expense as a new design would be required.

5. ANALYSIS OF OPTIONS

- 5.1 Table Two summarises the six options, their funding options, and the associated costs, benefits and risks.

Table Two: Summary of options

Option	Financial	Benefits	Risks
Option 1: Current scope Funding Option A	\$880,000 project cost - Existing budget \$230,000 - Fundraise \$150,000 - New capital budget in 10 Year Plan \$500,000 <i>Annual finance cost of \$25,000</i> <i>New operational costs of \$6,000 per year</i>	Achieves high quality sub-tropical and bonsai displays. Achieves wayfinding improvements. Some external funding secured, reducing borrowing. Renews assets.	Cost escalation during the fundraising period. Delay in the project start date is longer than expected. The fundraising target is not achieved. Increases Council borrowing levels.
Option 1: Current scope Funding Option B	\$880,000 project cost - Existing budget \$230,000 - Fundraise \$150,000 - Reprioritise Programme 1847 and bring forward existing budget of \$500,000 <i>Annual finance cost of \$25,000</i> <i>New operational costs of \$6,000 per year</i>	Achieves high quality sub-tropical and bonsai displays. Achieves wayfinding improvements. Some external funding secured reducing borrowing. Stays within current funding envelope of the draft 2021 LTP. Renews assets.	Cost escalation during the fundraising period. Delay in the project start date is longer than expected. The fundraising target is not achieved. Impacts implementation of the Masterplan.
Option 1:	\$880,000 project cost	Achieves high quality	Cost escalation

Option	Financial	Benefits	Risks
Current scope Funding Option C	<ul style="list-style-type: none"> - Existing budget \$230,000 - New capital budget in 10 Year Plan \$650,000 <i>Annual finance cost of \$32,000</i> <i>New operational costs of \$6,000 per year</i>	sub-tropical and bonsai displays. Achieves wayfinding improvements. Renews assets. Project can commence without delay.	during the fundraising period. Increases Council borrowing levels.
Option 2: Continue as designed, without bonsai house Funding Option A	\$700,000 project cost <ul style="list-style-type: none"> - Existing budget \$230,000 - Programme 1847 and bring forward existing budget of \$470,000 <i>Annual finance cost of \$24,000</i>	Achieves high quality sub-tropical display. Achieves the wayfinding improvements. Less operational costs than Option 1.	Does meet project objective for a bonsai display. Reputational risk associated with returning/selling gifted bonsai. Impacts other projects in the Masterplan.
Option 2: Continue as designed, without bonsai house Funding Option B	\$700,000 project cost <ul style="list-style-type: none"> - Existing budget \$230,000 - New capital budget of \$470,000 <i>Annual finance cost of \$24,000</i>	Achieves high quality sub-tropical display. Achieves the wayfinding improvements. Less capital and operational costs than Option 1.	Does meet project objective for a bonsai display. Reputational risk associated with returning/selling gifted bonsai. Increases Council borrowing levels.
Option 3: Replace shade house, modest bonsai display within shade house	\$530,000 project cost <ul style="list-style-type: none"> - Existing budget \$120,000 - New capital budget of \$410,000 <i>Annual finance cost of \$21,000</i> <i>Write off \$110,000 cost incurred to date to operational expense</i>	Renews the shade house and provides a modest bonsai display. Lower capital cost than Options 1 and 2.	Reputational risk with supporters of the bonsai house. Increases Council borrowing levels.
Option 4:	\$510,000 project cost	Renews the Shade House with a modest	Does meet project objective for a bonsai

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Option	Financial	Benefits	Risks
Replace shade house, no bonsai display	<ul style="list-style-type: none"> - Existing budget \$120,000 - New renewals budget of \$390,000 <i>0.13% impact on rates</i> <i>Write off \$110,000 cost incurred to date to operational expense</i>	Bonsai display. Lower capital cost than Options 1-3.	display. Reputational risk associated with returning/selling gifted bonsai. Increases Council borrowing levels.
Option 5: Decommission the shade house, build a bonsai house	\$265,000 project cost <ul style="list-style-type: none"> - Existing renewals budget \$45,000 - New capital budget of \$220,000 <i>Annual finance cost of \$11,000</i> <i>Write off \$110,000 cost incurred to date to operational expense</i>	Achieves high quality bonsai display. Addresses the end of life issues associated with the current shade house. Lower capital cost than Options 1-4.	Does meet project objective for renewing the shade house. Reputational damage with current visitors* to the shade house and supporters of the subtropical collection. Increases Council borrowing levels.
Option 6: Decommission the shade house, do not build the bonsai house	\$50,000 project cost <ul style="list-style-type: none"> - Existing budget \$120,000 - Capital surplus \$70,000 	Reduces Council's operational, renewal and capital costs. Addresses the end of life issues associated with the current shade house. This is the lowest cost option.	Does not achieve the project objectives. Does not achieve wayfinding improvements planned. Reputational damage with current visitors to the shade house and supporters of the shade and bonsai house.

*The shade house/conservatory has approximately 60,000 visitors per annum.

5.2 A risk for all options is that the cost of carrying out the works escalates or is more expensive than estimated. Estimates for Options 1 through 5 include allowances for escalations and contingencies. The estimate for Option 6 includes an allowance for contingencies.

6. FINANCIAL SUMMARY

6.1 Project Costs

6.1.1 A quantity surveyor's report (QS) for the bonsai/shade house was prepared in December 2020 with the total cost estimated at \$880,000.

6.1.2 Components of the build are identified in Table Three.

Table Three: Summary of options

Component	Total
Site preparation including demolition	\$ 25,800
Services including drainage, security and irrigation	\$ 54,325
Planting and garden beds	\$ 27,500
Exterior paths and courtyard surfaces and car park modifications	\$ 59,600
Furniture including signs, seats, fountains	\$ 45,725
Structure including roof, walls, floors, doors	\$ 361,425
Preliminary, general, and margins	\$ 88,625
Fees including project management and consultants	\$ 108,000
Regulatory fees	\$ 8,000
Contingency and Escalations	\$ 101,000
Total	\$ 880,000

6.1.3 The total cost includes an allowance of \$80,000 for contingencies and \$21,000 for escalations.

6.1.4 Of the overall cost of \$880,000, \$110,000 has already been expended on investigations, designs, consents and project management.

6.1.5 Further expenditure of \$778,000 is required to complete the project.

6.1.6 The budget provision for the replacement of the shade house and the construction of the bonsai house is \$230,000. With \$110,000 spent to date, the amount of remaining budget available is \$120,000.

6.2 There is a \$650,000 funding gap to complete the project as currently designed.

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6.2.1 There is little opportunity to further value engineer the design to reduce costs. During the detailed design development, the following value engineering decisions to constrain costs were made:

- Reducing the area of hard surfaces initially proposed by the design consultant
- Limiting the scope to exclude the level crossing to the café which was initially proposed in the package from the design consultant
- Limiting the number of seats in the courtyard area
- Requesting a modest wind lobby/entry to the Peter Black Conservatory which is exposed by the relocation of the shade house
- Recycling some existing pavers

6.2.2 The project team have identified further potential savings in the order of \$20,000 to \$40,000. These savings would result in a reduction in the quality/benefits of the project, for example, if the drinking fountain is excluded from the project. It is not recommended that these potential savings be pursued.

6.3 Components of the total cost

6.3.1 There are three components integrated into the one project:

Shade house replacement*	52%	\$462,000
Bonsai house*	26%	\$228,000
<u>External works for wayfinding and accessibility*#</u>	<u>22%</u>	<u>\$190,000</u>
Total cost	100%	\$880,000

* Fees and generic costs have been proportioned across the project component costs
paths, courtyard between the buildings, landscaping, drinking fountain

7. EXTERNAL FUNDRAISING AND TIMING ASSUMPTIONS

7.1 Council discussion during the workshop in February 2020 indicated a desire to have a larger bonsai display and pursue external fundraising.

7.2 At this time the concept plans had been costed at \$630,000. The exclusions in the cost estimate, including project management and contingencies, meant the total likely outturn cost at this time was at least 20% more. The concept design was still being worked on and value engineering options were to be considered.

7.3 An application was made to the Provincial Growth Fund but was unsuccessful.

7.4 Recent Council projects that have set fundraising objectives have proved difficult to achieve.

7.5 The Funding Specialist and Relationships Manager does not consider it realistic for the Council to fundraise the \$650,000 unsecured funds needed to complete the project, which represents 74% of the total project cost.

- 7.6 Large funders often require a minimum 1/3rd of the project funding to be in place before an application will be accepted. A further \$64,000 of council funding would be required to fund 1/3rd of the project cost.
- 7.7 Historically projects where 1/3rd of the Council funding is in place have been supported by a major community-led fundraising effort to raise 1/3rd of the cost, which has then supported major grant funding applications for the final 1/3rd.
- 7.8 The bonsai/shade house project has numerous supporters associated with the Victoria Esplanade, but they do not have the capacity or means to undertake a substantial fundraising campaign.
- 7.9 Council's Funding Specialist and Relationships Manager suggests that a realistic target for fundraising is \$150,000. He notes:
- There may be the opportunity for some private sector sponsorship and donations.
 - There is an opportunity to seek support from Lotteries in the 2nd round of the Community Facilities Fund.
 - Funding at the \$150,000 level could be secured through a range of smaller scale funders, and not rely solely on a large contribution from a single funder like Lotteries.
- 7.10 Securing external funds for the project will take twelve months, delaying construction until Year Two of the 2021/31 Ten Year Plan.
- 7.11 The bonsai/shade house project cannot be completed in the 2020/21 financial year as planned.

8. CONCLUSION

- 8.1 Council has sought to provide a high-quality facility for the display of bonsai for the collection currently in storage at the Council nursery and a quality replacement for the current shade house which has reached the end of its life.
- 8.2 The Victoria Esplanade Masterplan has lifted the community expectations of the quality of new and replaced features. The Masterplan also has a focus on improving wayfinding through the park and supporting pedestrians and accessibility.
- 8.3 The budget allowances for implementing a programme of works to redevelop the Esplanade was made in 2015. This was before the Masterplan was developed, levels of service were determined, and designs completed. The cost of achieving the objectives and benefits contained within the Masterplan are higher than the current budget provision.

ITEM 9

- 8.4 Council's Funding Specialist and Relationships Manager advises that \$150,000 is an achievable fundraising target. This is well short of the level of external funding required to complete the Bonsai/Shade House with the current scope and budget. Therefore, officer recommendation is that the project is considered as new capital, to enable work to continue on delivering the assets.
- 8.5 The project scope aligns well with the objectives and benefits contained within the Masterplan. The design has been developed over many months in conjunction with stakeholders and has been value engineered to minimise project costs without impacting on benefits. It is recommended that Council consider either this option, or a lower cost outcome which achieves the housing of both bonsai and shade plants, but that doesn't meet the wider aspirations of the Victoria Esplanade Masterplan.
- 8.6 It is recommended that Council determine the proposed scope it wishes to pursue as part of its deliberations on the 2021/31 Ten Year Plan and pursues \$150,000 of external funding.

9. NEXT ACTIONS

- 9.1 Consider funding options for the bonsai/shade house as part of the deliberations on the 2021-31 Ten Year Plan.

10. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

- 10.1 The bonsai house was a project in the 2018-28 Ten Year Plan. Nine submissions were received specifically commenting on the bonsai project. Five were in support and four opposed the programme.
- 10.2 Community engagement occurred during the development of the Victoria Esplanade Masterplan. The bonsai/shade house project is an element of implementing that plan.
- 10.3 The design of the bonsai/shade house included consultation with the Manawatu Bonsai Club and engagement with the Victoria Esplanade User Group.
- 10.4 The Victoria Esplanade User Group have been advised that the project was being reported back to Council due to cost and funding issues. They have not been consulted on the possible reprioritisation of the Victoria Esplanade Masterplan projects or the options to only renew or decommission the shade house. Consultation with the User Group can be carried out if Council chooses to fund the project by reprioritising the existing Masterplan implementation budgets.

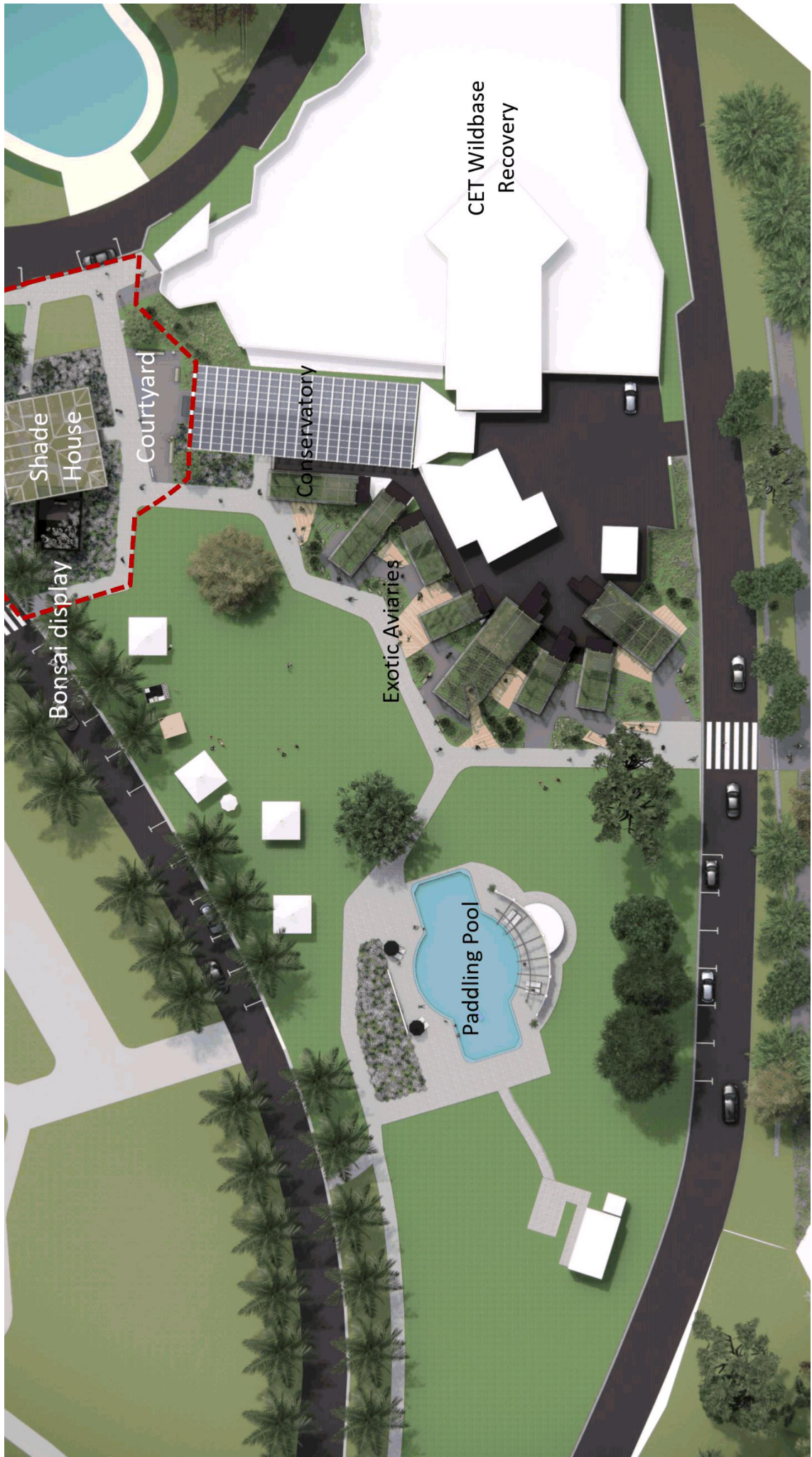
COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 2: A Creative and Exciting City	
The recommendations contribute to the outcomes of the Creative and Liveable Strategy	
The recommendations contribute to the achievement of action/actions in the Active Community Plan	
The action is: Implement projects from approved Master Plans, Reserve Management Plans and Development Plans (Page 10)	
Contribution to strategic direction and to social, economic, environmental and cultural well-being	The bonsai/shade house development was contemplated and approved in the Victoria Esplanade Masterplan. It provides a unique visitor designation and horticultural display experience. The project also improves accessibility and wayfinding within the Victoria Esplanade.

ATTACHMENTS

1. Bonsai and Shade House Design Render [↓](#) 
2. Masterplan Work Plan [↓](#) 

ITEM 9





PERSPECTIVES



Attachment Two:

Victoria Esplanade Development Plan Implementation

Programme 1847 Workplan

The following table sets out the Masterplan projects within Programme 1847 and their indicative costs.

Highlighted green items are officer suggested projects for deferral or cancellation to accommodate the bonsai/shade house project if Council wishes to maintain the current funding envelope. The highlighted amount totals \$500,000.

Year	Budget	Projects within budget envelope
2021/22	\$ 30,000	<ul style="list-style-type: none"> Lions miniputt integration \$10,000 Manawaroa St pedestrian access enhancements \$15,000 Contingency \$5,000
2022/23	\$ -	
2023/24	\$ 456,500	<ul style="list-style-type: none"> Boardwalk extension duck pond for sculpture viewing \$10,000 Wayfinding/signage \$80,000 Duck pond filtration \$90,000 Improve camellia loop - accessible paving \$110,000 Central area accessible level crossings to café, duck pond and bush areas \$125,000 Contingency \$41,500
2024/25	\$ -	
2025/26	\$ 421,300	<ul style="list-style-type: none"> Playground pedestrian access from Fitz. Ave \$34,000, Paddling pool upgrade \$50,000, Junior Road Safety Park to playground connection \$64,000, Play zone to Park Central connection improvements \$95,000, Park Road (Main) entry to Rose Gardens and Park Central \$140,000 Contingency \$38,300
2026/27	\$ 431,200	<ul style="list-style-type: none"> Café carpark connection enhancement \$4,000, Play Zone Arboretum connection enhancements \$30,000, Café/Croquet car park entrance enhancements \$13,000, Electric vehicle charging station \$15,000, Rose gardens main entry improvements \$30,000, Arboretum focal point/hub \$100,000, Play features in play zone \$200,000. Reduce by \$50,000 Contingency \$39,200 reduce by \$10,000

2027/28	\$ 437,800	<ul style="list-style-type: none">• Rose gardens entry (combined with 2027) \$30,000,• enhance views/access to river from key points \$30,000,• croquet/café carpark to rose gardens access \$22,500,• Arboretum (Victoria's Garden) Fitz Ave \$25,000,• Rose garden pergolla enhancements \$50,000,• Rose gardens - Underground pond pump station \$50,000.• Arboretum southern access path \$145,000,• Enhance bush/park central connection \$45,000• Contingency \$39,800 reduce by \$22,500
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COMMITTEE WORK SCHEDULE

TO: Finance & Audit Committee

MEETING DATE: 26 May 2021

TITLE: Committee Work Schedule

RECOMMENDATION(S) TO FINANCE & AUDIT COMMITTEE

1. That the Finance & Audit Committee receive its Work Schedule dated May 2021.

ATTACHMENTS

1. Committee Work Schedule_May 2021  

FINANCE & AUDIT COMMITTEE

COMMITTEE WORK SCHEDULE – MAY 2021

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1.	May 2021	COVID-19 Expenditure Review Report	Business Assurance Manager		
2.	May 2021	Review of Elected Members' Expenses and Allowances Policy	Democracy & Governance Manager	Workshop scheduled for March	19 February 2020 Clause 3
3.	May 2021	Review of Community Development and Events Funding	Business Assurance Manager		16 December 2020 Clause 67.2
4.	May June 2021 September 2021 December 2021	Health & Safety Quarterly Update	Health, Safety & Wellbeing Manager		
5.	May June 2021	Council Policy Framework Review	Business Assurance Manager		16 December 2020 Clause 67.2
6.	June 2021 December 2021	Business Assurance Accountability Report	Business Assurance Manager		16 December 2020 Clause 68.2
7.	August 2021	Tamakuku Terrace Affordable Housing Options – report back following negotiations for the terms to be agreed by Council (confidential)	Chief Infrastructure Officer		28 April 2021 Clause 37.2
8.	August 2021	Quarterly Performance & Finance Report (quarter ending 30 June 2021)	Chief Financial Officer		
9.	August 2021	Asset Management Planning Review	Business Assurance Manager		16 December 2020 Clause 67.2
10.	August 2021	Health & Safety Review	Business Assurance Manager		16 December 2020 Clause 67.2
11.	September 2021	Internal audit on the Arena Development Project	Business Assurance Manager		Infrastructure 24 March 2021

Oasis # 13972985

Item No.	Estimated Date	Report	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
						Clause 5.1
12.	September 2021		Rates review progress update	Chief Financial Officer		24 March 2021 Clause 24.1
13.	October 2021		Quarterly Performance & Finance Report (quarter ending 30 September 2021)	Chief Financial Officer		
14.	November 2021		Review of Property Asset Renewals	Business Assurance Manager		16 December 2020 Clause 67.2
15.	November 2021		Procurement Review	Business Assurance Manager		16 December 2020 Clause 67.2
16.	November 2021		Victoria Esplanade – Café lease extension negotiations	Chief Infrastructure Officer		24 March 2021 Clauses 18.1, 18.3
17.	November 2021		Report re findings of a strategic review of the provision of hospitality services in the Victoria Esplanade	Chief Infrastructure Officer		24 March 2021 Clause 18.2
18.	2022		Financial Delegation of Authority Policy Review Review of Project Planning and Budgeting Enterprise Risk Management Framework Review Benefits Realisation Framework and Strategic Prioritisation Review Sustainable Practices Review Financial Processes Analytics (FPA) Six-monthly Business Assurance Accountability Report	Business Assurance Manager		16 December 2020 Clauses 67.2 and 68.2

CONFIDENTIAL DECISIONS RELEASED

Meeting date	Title	Released	Not Released

Item No.	Estimated Date	Report	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
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