



Notice is hereby given that an Extraordinary Meeting of Southland District Council will be held on:

Date: **Wednesday, 31 January 2018**
Time: **9.30am**
Meeting Room: **Council Chamber**
Venue: **15 Forth Street**
Invercargill

Extraordinary Council Agenda - Late Item

OPEN

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Financial Delegation for Chief Executive

Record No: R/18/1/1892

Author: Susan McNamara, Management Accountant

Approved by: Steve Ruru, Chief Executive

Decision

Recommendation

Information

Purpose

- 1 The purpose of this report is to provide the Chief Executive with a financial delegation to approve expenditure needed due to extreme weather and/or other emergency works including issues arising from the current prolonged period of dry weather.

Executive Summary

- 2 Southland is currently experiencing a prolonged period of warm and dry weather. This weather pattern, combined with increased demand has caused a water shortage. The current financial delegations from Council will require any work above a minor nature to be approved by Council before being undertaken. This could create delays with being able to action the needed works.
- 3 The issues arising from the current dry weather have highlighted the need to put in place a delegation to enable the Chief Executive to authorise needed works in extreme weather and/or other emergency events.
- 4 The report is requesting a delegation to the Chief Executive of \$500,000, with any expenditure above \$100,000 to be reported to Council, to enable work be undertaken as required in an extreme weather and/or other emergency event.

Recommendation

That the Council:

- a) Receives the report titled “Financial Delegation for Chief Executive” dated 29 January 2018.**
- b) Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) Approves a financial delegation to the Chief Executive for operational and capital expenditure required due to an extreme weather and/or other emergency event above existing budgets up to \$500,000.**
- e) Requires the Chief Executive to report to Council where the expenditure under the delegation exceeds \$100,000.**

Background

- 5 Southland has been currently experiencing a prolonged period of warm and dry weather. This weather pattern, combined with increased demand has caused a water shortage across the district. This is reflected by all Councils in the Southland area now imposing water restriction on users.
- 6 Budgets currently in place for the 2017/18 financial year do not allow for any unusual/increased expenditure required. The assumptions made while completing the Annual Plan 2017/18 include that all operational costs incurred would reflect known contracts/practice in place at the time the plan was completed. The annual plan does not include capital expenditure for unknown projects.
- 7 The current financial delegations provide the Chief Executive to approve expenditure within the Annual Plan 2017/18 adopted by Council, along with other agreed items outside this plan eg specific unbudgeted expenditure reports and items carried forward from the 2016/17 financial year.
- 8 The Chief Executive is also provided with a delegation to approve the purchase of plant, capital items, goods and service not within estimate but subject to ‘suitable funding’ up to a value of \$10,000.
- 9 The issues raised through the lack of delegations to manage the current water and wastewater issues have highlighted the need for delegations to be put in place to manage any extreme weather and/or other emergency event.

Issues

- 10 While the expenditure required due to the current water shortage is unknown only unbudgeted work of a minor nature can be completed within the existing budgets/delegations. The normal process of requesting approval from Council for unbudgeted expenditure may cause time delays before any work can be started.
- 11 The Council needs to consider whether it is appropriate to provide a delegation to the Chief Executive to authorise unbudgeted expenditure in the event of an extreme weather and/or other emergency event.

Factors to Consider

Legal and Statutory Requirements

- 12 Under the Local Government Act 2002, a governing body of a local authority is responsible and democratically accountable for all decisions made by the local authority, including those made under delegated authority.
- 13 Under clause 42 of schedule 7 the Council, is subject to a limited range of exclusions, able to give the delegations that it considers appropriate. There are no statutory limitations on the level of financial delegation that the Council may give to its Chief Executive.

Community Views

- 14 This is an operational matter and following standard guidelines.
- 15 This matter has not been discussed with members of the community, but it is likely that the community will want any issues that arise to the current water shortage and other emergency events to be solved in a timely manner and without the need for staff to seek formal Council approval before any action can be taken.

Costs and Funding

- 16 Budgeted expenditure is currently approved as part of the Long Term Plan/Annual Plan process in accordance with Council's policies. Council has made an existing delegation to the Chief Executive for unbudgeted expenditure of up to \$10,000 for district business units and the Community Boards (CB) or Community Development Area Subcommittees (CDA) for unbudgeted expenditure of up to \$20,000 for expenditure within their relevant community.
- 17 The current delegation provided to the Chief Executive will only allow for minor work to be completed for most district activities and nothing for parts of the community where a CB or CDA exists. Hence, staff would not, for example, be able to clear trees that have been blown on reserves in a severe wind related weather event without first seeking CB/CDA approval.
- 18 The impact of any expenditure will be different across Councils activities and communities depending on their existing budget. The Chief Executive and Council staff will need to be able to consider the appropriate method of funding for any expenditure incurred under this delegation. Consideration will need to include the nature and amount of any expenditure and any funds that are available to the activity.

Policy Implications

- 19 The delegation will be in addition to those already provided to the Chief Executive in the existing delegation policy. The delegation policy will be updated to reflect this delegation.
- 20 Regardless of the quantum and purpose of the financial delegations put in place, the Chief Executive retains discretion and judgement in the use of any financial delegation approved by Council. The Chief Executive can still seek Council approval for any expenditure even if it is covered by this delegation.

Analysis

Options Considered

- 21 The options are to provide the Chief Executive with an additional financial delegation for expenditure relating to extreme weather and other emergency events or maintain the existing delegation.

Analysis of Options

Option 1 – Approves a financial delegation to the Chief Executive for operational and capital expenditure required due to extreme weather and/or other emergency above existing budgets up to \$500,000

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Enables a timely response to issues encountered by the community due to extreme weather and emergency events such as the current water shortage	<ul style="list-style-type: none">• May see unbudgeted expenditure approved that the Council may not have supported.

Option 2 – Maintain the existing financial delegation

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Council will be aware of any operation or capital expenditure before it is incurred	<ul style="list-style-type: none">• The current planned and approved budgets are likely to be insufficient for any expenditure required due to the current unplanned water shortage.• Time delays in getting Council approval of unbudgeted expenditure will delay response times as issues arise.• Delays in actioning reasonably needed works may create a level of risk to Council and district communities.

Assessment of Significance

- 22 A decision relating to the financial delegations that Council decides to give to its Chief Executive can be considered administrative in nature. As such it is not considered to be significant in accordance with Council’s significance policy.

Recommended Option

- 23 That the Council approves the financial delegation to the Chief Executive for operational and capital expenditure required due to extreme weather and other emergency events above existing budgets up to \$500,000. With the Chief Executive to report back on any expenditure above \$100,000.

Next Steps

- 24 Chief Executive to implement the delegation when required and to report back to Council as requested.

Attachments

There are no attachments for this report.