

To: Her Worship the Mayor and Elected Members of Manawatu District Council
From: Cr Hilary Humphrey
Date: 4 Feb 2020
Re: Annual Plan Decision Making

The 2018-28 long term plan (LTP) states plans to modernise, extend and carry out seismic strengthening to the existing Feilding Public Library (p37). Redevelopment and costs incurred are due to happen in 2020/21, with the budget including:

Renewal furniture, fittings and new floor coverings	\$153,000
Upgrade of Library Spaces and increased accessibility	\$424,000
Major renewals, seismic strengthening and redevelopment	\$4,900,000
Total:	\$5,477,000

This was based on a total forecast expenditure of \$68,705,000.

However, an email from Chief Executive Richard Templer 13/12/19 responding to my request for further information on the capital and operational projects contained within the 2020/21 budget reflects a difference to the LTP budget:

New LOS	LB3000	001. Feilding Library - Renewal of remaining furniture, fixtures and shelving	147,011
New LOS	LB3000	002. Feilding Library - Upgrade to main Library Spaces and increased accessibility	408,363
New LOS	LB3000	007. Feilding Library - Major renewal and redevelopment of existing building on site.	102,251
		Total:	\$657,625

This is a variation of \$4,819,375 from the long term plan.

I am concerned that this change:

- has not been identified or explained in the annual plan officer report for today's meeting
- reflects a change of direction by Council leadership without community consultation or formal decision¹

¹ While workshop discussion about the library has been led by the Mayor on 01/08/19, 02/09/19 (email to all Crs), 03/10/19 and 14/11/19, LGOIMA legislation is clear that no decision is able to be made at workshop

- is significant as a variation in that it results in a substantial delay (s95A² LGA) to a significant project within the LTP - and should therefore be consulted on in accordance with the requirements of the Local Government Act 2002
- leaves us open to accusations of deliberately mothballing a Council project so that transfer of ownership or control of the library as a strategic asset can be considered as part of the next LTP (s97³ LGA)
- may also be considered a material variance

I believe there are significant risks to Council if we proceed with making a decision today:

- Legal action being taken against Council for making decisions in breach of the Local Government Act 2002
- Violating our Significance and Engagement Policy and LTP
- Breaching the financial and/or management delegations principles outlined in the Council's Delegations Manual
- A loss of trust and public confidence in the Mayor and Councillors

Given the level of risk against our agreed risk appetite statement, I urge the Council to defer this decision and refer it to the audit and risk committee for further advice, consideration and final decision making.

² Section 95A

- (1) *The purpose of the consultation document under section 82A(3) is to provide a basis for effective public participation in decision-making processes relating to the activities to be undertaken by the local authority in the coming year, and the effects of those activities on costs and funding, as proposed for inclusion in the annual plan, by— (a) identifying significant or material differences between the proposed annual plan and the content of the long-term plan for the financial year to which the annual plan relates...*
- (2) *The content of the consultation document must be such as the local authority considers on reasonable grounds will achieve the purpose set out in subsection (1), and must—(a) explain identified differences, if any, between the proposed annual plan and what is described in the long-term plan in relation to the financial year to which the annual plan relates, including (but not limited to)—*
- (i) an explanation of any significant or material variations or departures from the financial statements or the funding impact statement; and*
 - (ii) a description of significant new spending proposals, the costs associated with those proposals, and how these costs will be met; and*
 - (iii) an explanation of any proposal to substantially delay, or not proceed with, a significant project, and the financial and service delivery implications of the proposal...*

³ Section 97

Certain decisions to be taken only if provided for in long-term plan (1) This section applies to the following decisions of a local authority:...

- (b) a decision to transfer the ownership or control of a strategic asset to or from the local authority.*