

## What does it mean when writing Council reports

The Council has a strict obligation to ensure that decision-making criteria are met where the decision is “significant” - that is, a decision to which both s76(3)(a) AND (b) of the Act apply. In other cases the Council’s obligation is to have processes that “promote compliance” with the decision-making requirements (the function of the *Greater Wellington decision-making process*).

In this context, the extent to which decision-making requirements need to be addressed in reports can be considered in relation to two types of report, those:

1. that do not relate to significant decisions (“ordinary reports”)
2. that relate to significant decisions (probably less than one percent of all reports)

### 1. Ordinary reports – a new heading required

Except where the only recommendation is that “the report be received and the contents noted” - i.e. there is no requirement for Council (or a committee) to make a decision other than to receive the report – ordinary reports must now include the following headings:

1. Purpose
2. Significance of Decision
3. Background
4. Comment
5. Communications
6. Recommendations

It is appropriate to complete the new section, headed Significance of Decision, in the following way:

#### **Significance of the Decision**

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### Use the language of decision-making

Where a report relates to a decision that is not significant (i.e. *most reports*) but includes information relating to any step that has been or must be taken in order to comply with decision-making requirements, use the language of the Act.

If your report includes an analysis of different options or information about judgements made in terms of s79 of the Act, refer to relevant sections and use the language of the Act in your report. For example, talk about:

- Community views
- Consideration of options
- Decision-making requirements
- Compliance judgements

## **2. Reports that relate to significant decisions**

When making a significant decision the Council must ensure that decision-making requirements are complied with. In practice this will mean that the Council must:

- approve the process used to make a significant
- decision; and
- make the decision itself.

This will require a report that recommends a means of complying with the specific requirements of the Act – for example, in terms of the extent of any options analysis or consideration of community views. Once the Council has signed off on the process, further reports that require the Council to make the decision should demonstrate compliance with the process adopted by the Council (and by implication the Act).

### **Report to agree process**

The first report relating to a significant decision should include the following headings:

#### **3. Purpose**

#### **4. Significance of Decision**

This report addresses a decision that, if made, will constitute a “significant” decision within the meaning of the Local Government Act 2002 (“the Act”). The Council must ensure that the decision-making requirements contained in Part 6 of the Act are complied with.

#### **5. Background**

#### **6. Decision-making requirements**

##### **6.1 Definition of problem and objectives**

6.1.1 Community and interests affected

6.1.2 Impact of decision

6.1.3 Consideration of Community views

##### **6.2 Options identified**

##### **6.3 Assessment of options**

Options will be assessed/evaluated using the following criteria/methodology

**6.4 Compliance with decision-making requirements**

**7. Communications**

**8. Recommendations**

*That the Committee recommend to Council that:*

*1. The Council ensure that the following steps are taken to ensure compliance with Part 6 of the Local Government Act are taken:*

*a. Recommended action...*

**Subsequent reports**

Subsequent reports - where the Council is asked to make a significant decision - should include the same headings and a resolution that the Council is satisfied that the decision-making requirements have been complied with. However, the commentary following the heading *Assessment of options* should provide an assessment of options using the criteria identified in the earlier report.



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Committee       Policy, Finance and Strategy  
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## Information Technology and Support Services Department Business Plan (“the Plan”) Variation

### 1. Purpose

To seek the committees approval to change the Information and Technology and Support Services business plan to directly purchase replacement personal computers rather than to enter into a lease agreement.

### 2. Significance of decision

The matters in this report to do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### 3. Public excluded

Grounds for exclusion of the public under section 48 (1) of the Local Government Official Information and Meetings Act are that the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists (i.e. to preserve commercial confidentiality).

### 4. Background

The Information Technology and Support Services department's business plan makes provision to lease computers on a three year cycle.

Following the expiry of our main lease in December, we will need to acquire approximately 250 personal computers and together with a small number of additional PCs required to meet increased requirements from various departments.

Over the last few years the personal computer market has been very competitive and computer manufacturers companies have been partnering with finance companies to make leasing attractive by offering very low interest rates. However recently the financial difference between purchasing and

leasing has reduced. Therefore it is appropriate to reconsider the method of funding these items from that currently outlined in the Information Technology and Support Services Business Plan.

The actual number of PCs and laptops is being finalised and may vary by up to 5 units. This analysis in this report is based on the current estimate of 250 units.

## **5. Comment**

### **5.1 Compliance with decision-making requirements – section 79 Local Government Act 2002**

The Council is entitled to make, in its discretion, judgements about how to achieve compliance with the decision-making requirements contained in part 6 of the Local Government Act 2002.

As the decision the Council is asked to make is:

- an operational (rather than governance) decision
- the equipment offered by the suppliers described below is essentially the same in terms of performance and quality
- the decision, if made, does not represent a significant departure from the previously agreed Information Technology and Support Services Department Business Plan (“the Plan”) in terms of the quality or level of service to be delivered

It is thought that it is unnecessary to do more than:

- identify all reasonably practicable options for the achievement of the objective of this decision. That is, the delivery of the services identified in Plan; and
- and to assess those options by considering the benefits and costs of each option.

#### **Analysis of options**

Quotations have been obtained from Company A, Company Band Company C to purchase, rather than lease, equipment.

All of the equipment offered meets the technical specifications to meet our requirements and are backed up with adequate warranties and service arrangements.

Company C’s costs are significantly higher than the other two prices and have not been analysed in detail.

#### **Summary of prices to purchase equipment**

	<b>Purchase Price</b>
Company C	\$750,000
Company B	\$450,000
Company A	\$420,000

### Leasing compared to purchasing

Advantages	Disadvantages
<b>Leasing</b>	
Spreads the cost over the life time of the asset.	<p>Lack of flexibility in the term, the lease charge is only marginally reduced if the term is extended beyond that initially agreed.</p> <p>We effectively lose 6 to 8 weeks at the end of the lease during the change over period.</p> <p>With modern computers we could often extend their life by some months without any operational impact and so choose the time to replace computers when it was most convenient.</p>
<p>The supplier handles disposal of the equipment at the end of the lease.</p> <p>We are unable to obtain as much value from the old equipment as the lease company</p>	Any accidental damage, scratching etc beyond reasonable wear and tear is the responsibility of the council.
<b>Direct purchasing</b>	
Increased flexibility on when to replace equipment.	<p>Funding has to be found in one particular year.</p> <p>It makes operational sense to change all PCs at the same time so that performance and software versions can be standardised.</p> <p>To compare the financial implications of purchasing rather than leasing the present day value of the future cash flows associated with each lease has been</p>

	calculated.
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*[Further analysis omitted for the purposes of this example]*

## **6. Communications**

No communications are required.

## **7. Recommendations**

*That the Committee recommends to the Council that:*

- 1. It approves a change to the Information Technology and Support Services Business Plan to purchase rather than lease Personal Computers.*
- 2. Authorises the Chief Financial Officer to accept the lowest complying quotation once the number of units has been finalised.*
- 3. Confirms that part 6 of the Local Government Act 2002 has been complied with.*

Report prepared by:

Report approved by:

**Officer A**  
Manager, Information  
Technology and Support  
Services

**Officer B**  
Chief Financial Officer