



*Office of the Mayor*

16 December 2020

Craig Potton  
Chair  
Bishop Suter Trust  
PO Box 751  
Nelson 7010

Dear Craig

### **STATEMENT OF EXPECTATIONS**

This Statement of Expectations is intended to inform the Bishop Suter Trust Board of the Council's high-level strategic direction and performance expectations in advance of your preparation of the Statement of Intent (SOI) 2021/22. In clarifying our expectations early, we expect that the passage through to acceptance by Council will be more efficient and effective.

### **Statement of Intent 2021/22**

Nelson City Council expects that all its Council Controlled Organisations (CCOs) will treat the SOI as more than a strict compliance document and will aim for best practice. This will entail an SOI covering more than the statutory minimum requirements. To be effective, your SOI should tell the performance story of the Trust, providing a clear and succinct understanding of the Trust's purpose, the services it delivers and what success looks like. In line with the Local Government Act 2002, the Council is particularly interested in efficiency and effectiveness.

The SOIs must meet the requirements set out in the Local Government Act. As you know, the Local Government Act 2002 Amendment Act 2019 made a number of changes to the LGA that impact on CCOs. There is a replacement Schedule 8 in the LGA, which more clearly sets out the requirements for SOIs, differentiating between matters to be covered in all SOIs and those that are specific to trading and non-trading CCOs.

Council wishes to support the Trust in delivering a good SOI. We have assigned a senior manager to each CCO to assist. In your case, the person assigned will be Group Manager Community Services (Mark Preston-Thomas until 5 February 2021, then Andrew White from 9 February onwards) who is available to your team to assist throughout the process.



## **General expectations to be included in the SOI**

The general expectations for all CCOs are as follows:

- 1.1 SOIs must include a complete set of summary prospective financial statements for at least three years (preferably five years) i.e. statement of comprehensive income, statement of financial position and cash flow statement.
- 1.2 SOIs should disclose measures like earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortisation (EBITDA) and balance sheet ratios where applicable.
- 1.3 SOIs must fully comply with Schedule 8 of the LGA.
- 1.4 In the Public Records Act 2005, a local authority includes CCOs. As such, the requirements of this Act and its related mandatory Information and Records Management Standard - July 2016 applies for the management, retention, and disposal of records.
- 1.5 Compliance with legislation and reporting on Health and Safety matters must be given due emphasis.
- 1.6 Where the Council makes a financial contribution to the operational costs of the organisation, the CCO should show how it intends to increase non-council revenue streams.
- 1.7 Capital expenditure and asset management intentions should be included.
- 1.8 CCOs should use the same information for both managing the business and reporting through to the Council, i.e. the information used for setting targets and reporting against them for the SOI should overlap and be a subset of the information used for internal reporting.
- 1.9 SOIs and other CCO reports should be in a plain style, concise, relevant, accessible and focused on meeting the needs of the shareholding councils and the public they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current and future numbers).
- 1.10 To be effective, the SOI must disclose the performance story for the CCO, providing a clear and succinct understanding of the CCO purpose, the goods and services it delivers and what success looks like. Providing a clear message to the boards on these requirements and other expectations will assist in ongoing improvements in the SOI and reporting.
- 1.11 The main aspects of the SOI performance story are:
  - Strategic context
  - Specifying and presentation of the outcomes framework
  - Main measures and targets, outcomes and objectives
  - Linking the strategy outputs performance together

- 1.12 Risk management: Council would like to understand in the SOI how the Board is considering and managing risks, including natural hazards and climate change.
- 1.13 Sustainability: Council would like to understand in the SOI how the Trust is addressing sustainability including carbon emissions and waste minimisation.
- 1.14 Health and Safety: given the Health and Safety at Work Act 2015 (the Act), it is appropriate for the Council to set out its expectations in relation to Health and Safety in the CCOs.
  - 1.14.1 Under section 44(3) of the Act elected members do not have a duty to exercise due diligence to ensure that any council-controlled organisation complies with its duties or obligations under the Act unless that member is also an officer of that council-controlled organisation.
  - 1.14.2 However, as a key funder it is still appropriate to set out expectations of Health and Safety management in CCOs.
  - 1.14.3 The Council expects the Trust to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed and review Health and Safety systems and performance.
- 1.15 Governance performance: in order to aid Council when making decisions on trustee remuneration and appointments, the Board should undertake regular evaluation of its own performance.
  - 1.15.1 Council expects this review to be carried out at least once every eighteen months.
  - 1.15.2 The Chair of the Board should reference this evaluation when making recommendations on the re-appointment or recruitment of Board members.
- 1.16 In addition, trustee recruitment must take account of the requirement in the LGA to ensure that when identifying the skills, knowledge, and experience required of trustees, consideration is given to whether knowledge of tikanga Māori may be relevant to the governance of that CCO.
- 1.17 Council requires that CCOs, before making a decision that may significantly affect land or a body of water, must take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.

### **Specific expectations to be included in the SOI**

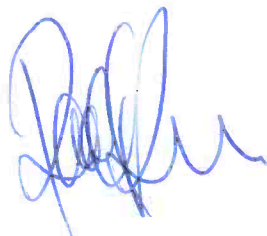
- 1.18 The specific expectations in relation to the Bishop Suter Trust are:
  - 1.18.1 The Trust outlines how it will respond to the effects of COVID-19 including:

- Impacts on visitor numbers and budgets; and
  - How the Suter's activities contribute to and align with regional recovery efforts; and
- 1.18.2 Planning and reporting: improving performance reporting by the inclusion of quantifiable measures and SMART targets; and
- 1.18.3 Good employer obligations, including paying the Living Wage. Detail in the SOI how the Trust meets its good employer obligations under the LGA, particularly in relation to fair pay and equal employment opportunities; and
- 1.18.4 Development of the relationship with Tasman District Council. Describe work to be undertaken to strengthen the relationship with the Tasman District Council; and
- 1.18.5 Resilience: include in the SOI a risk management plan which details risks/hazards, mitigation strategies, response and recovery plans including in relation to cyber-attacks and natural hazards; and
- 1.18.6 Governance: include in the SOI a governance succession plan which details how the board will identify and mentor a future Chair of the Trust, and develop a succession plan for the Board members with terms ending in October 2021 and October 2022; and
- 1.18.7 Identify strategies to grow non-Council operational revenue; and
- 1.18.8 Health and Safety learnings as a result of any previous incidents.

If you have any queries, please contact Mark Preston-Thomas on 03 546 0421 or [mark.preston-thomas@ncc.govt.nz](mailto:mark.preston-thomas@ncc.govt.nz) in the first instance.

Please note that you will be notified of Council meeting dates for 2021 as soon as these have been confirmed.

Yours sincerely



Rachel Reese

**Mayor of Nelson: Te Koromatua o Whakatū**

cc Julie Catchpole, Suter Director