



Office of the Mayor

22 September 2022

Jan Trayes
Chair
Nelson Centre of Musical Arts

Via email: jantrayes@ncma.nz

Tēnā koe Jan

NELSON CENTRE OF MUSICAL ARTS – STATEMENT OF EXPECTATIONS

Nelson Centre of Musical Arts (NCMA) has requested that Council will provide NCMA with a Statement of Expectations (SOE) and that NCMA will provide Council with a Statement of Intent (SOI). Although not a statutory requirement for a Council Organisation (CO) under the Local Government Act 2002 (LGA), Council has agreed to this.

The SOE is intended to inform NCMA, as an autonomous organisation, of the Council's high level strategic direction and performance expectations. This is to assist you in advance of your preparation of a SOI 2023-26. In clarifying our expectations, we expect that the passage through to acceptance by Council will be more efficient and effective.

Statement of Intent 2023/26

It was requested by Council's Community and Recreation Committee meeting on 30 June 2022 that NCMA provides a SOI on a three-yearly basis and annual updates for any changes. The provision of a SOI is not a statutory requirement for the relationship between the NCMA and Council.

The LGA (Schedule 8, Part 2) identifies that the following information should be provided in a SOI:

- a) the objectives of the group; and
- b) a statement of the board's approach to the governance of the group; and
- c) the nature and scope of the activities to be undertaken by the group; and
- d) the non-financial performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and
- e) any additional information that is required to be included in the statement of intent.



As agreed at the Community and Recreation Committee meeting on 15 September 2022, the general expectations for your SOI are as follows:

- 1.1 Consistent with Council's usual practice, SOIs should include a complete set of summary prospective financial statements for at least three years (preferably five years) ahead, 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); 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 (as above).
- 1.4 Under the Public Records Act 2005, a local authority includes CCOs but does not specify requirements for Council Organisations. As such, the requirements of this Act and its related mandatory Information and Records Management Standard - July 2016 may be voluntarily applied to the management, retention, and disposal of records at NCMA, as this is not a statutory requirement. Confirmation of addressing this standard (or not) should be addressed.
- 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 SOI should show how it intends to increase non-Council revenue streams.
- 1.7 Capital expenditure and asset management intentions should be included.
- 1.8 The SOI should refer to the same information for both managing the business and reporting through to the Council, meaning 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 SOI reports should be in a plain style, concise, relevant, accessible and focussed on meeting the needs of the Council 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 organisation, providing a clear and succinct understanding of the purpose, the goods and services it delivers and what success looks like. Providing a clear message to the Board 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:
 - 1.11.1 Strategic context
 - 1.11.2 Specifying and presentation of the outcomes framework
 - 1.11.3 Main measures and targets, outcomes, and objectives

- 1.11.4 Linking the strategy outputs performance together.
- 1.12 **Risk management:** Council would like to understand through the SOI how the Board is reviewing and managing risks, including natural hazards, climate change and pandemics.
- 1.13 **Climate change and sustainability:** Council would like to understand through the SOI how the Trust is implementing external advice and reporting on progress to addressing climate change and sustainability, including reduction of 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.
- 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 CCO complies with its duties or obligations under the Act unless that member is also an officer of that CCO.
- 1.14.2 However, as a key funder it is still appropriate to set out expectations of Health and Safety management in CCOs (and in this case, a Council Organisation).
- 1.14.3 The Council expects NCMA 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 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 2002 (s57(3)) 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. As a Council Organisation, this requirement is also relevant to NCMA.
- 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. This is a provision in the LGA (s60A). As a Council Organisation, this requirement is also relevant to NCMA.

It is requested that the following specific expectations also be set out in your SOI:

- 1.18 **COVID-19 impacts:** Asks that the Trust outlines how it will respond to the continuing effects of COVID-19 including:
- Impacts on visitor numbers and budgets; and
 - How the NCMA's activities contribute to and align with regional recovery efforts.
- 1.19 **Planning and reporting:** Utilising performance reporting through the inclusion of quantifiable measures and SMART targets.
- 1.20 **Good employer obligations:** Detail in the SOI how the NCMA meets its good employer obligations under the LGA 2002, particularly in relation to fair pay and equal employment opportunities.
- 1.21 **Funding relationships:** Development of funding relationships, with a view to increasing funding from diverse sources. Describe work to be undertaken to strengthen the relationships and financial support provided by funders.
- 1.22 **Asset management planning:** Provide information in the SOI regarding how assets are being managed, projected future renewals and allocation of depreciation.
- 1.23 **Community based activity and partnerships:** Include in the SOI how NCMA are delivering services in the community, with the community and for the community, including by developing delivery partnerships.
- 1.24 **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, pandemics and natural hazards.
- 1.25 **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 Board members.
- 1.26 **Inclusion of diverse communities:** Include in the SOI how NCMA is growing relationships, reach, provision and partnerships with diverse communities, including, for example, newcomers and multicultural communities, socially disadvantaged groups, diverse ages, genders, abilities.
- 1.27 **Inclusion of Tangata Whenua:** Include in the SOI how NCMA is growing relationships, reach, provision and partnerships with iwi, hapū, and other Māori organisations.

Please note that you will be notified of important dates for 2023 as soon as the committee meeting dates have been confirmed, including the confirmed date by which the draft and final SOI should be provided. An indicative date for receipt of the draft SOI is 31 January 2023.

If you need any assistance in the interpretation of the requirements and preparation of the SOI, please contact Andrew White on 03 545 8729 or andrew.white@ncc.govt.nz.

Nāku noa, nā

A handwritten signature in blue ink, appearing to read 'Rachel Reese', with a stylized, cursive script.

Rachel Reese

Mayor of Nelson: Te Koromatua o Whakatū

cc James Donaldson, NCMA Director
Andrew White. Group Manager Community Services