
REVIEW OF COUNCIL CONTROLLED ORGANISATIONS

1. Purpose of report

The purpose of this report is to consider the current accountability model for Council's Council Controlled Organisations (CCOs) and identify areas where opportunities exist for improvements to the existing model or practices. The report introduces and summarises the review of the CCOs commissioned from Plimmer Consulting and seeks agreement to implement a range of changes to the CCO governance and monitoring regime.

This report is part of an overall review of CCOs. The review is structured in two parts and this report represents the first part of the review focusing on the existing model and practices. The second part of the review will be reported to SPC in October and will consider the CCOs from a *fit for purpose* perspective and any potential structural change required to better enable the functions undertaken by the CCOs to be delivered and any alternatives that might offer materially better outcomes for Council.

2. Executive summary

Following a request from SPC a review of the CCOs has been undertaken. The review is in two phases. The first phase considers Council's current CCO governance model and processes and assesses these against observed good practice, this report covers the first phase. The second phase which considers the CCO's from a *fit for purpose* perspective will be reported separately to SPC in October.

The review was conducted by Plimmer Consulting and two reports were generated, the first entitled "*What works*" is a review of observed current practices for arms-length entities, a copy of this report has been circulated to Councillors. The second report entitled "*Enhancing alignment and performance*" is a review of Council's current accountability framework and identifies areas where there are potential opportunities to enhance current practices.

The review concluded that Council has in place a sound accountability framework and has identified a range of recommendations to build on the existing framework. A range of improvements have been suggested and officers will seek to implement these over the next few months as outlined in the attached implementation plan (Appendix 1).

The review also recommends that Councillors should not be appointed to the boards of CCOs. Officer's advice to Council in this area has been consistent and has not changed, officers view is that one Councillor on the boards of CCOs is consistent with best practice provided the appointee has the requisite skills and experience to make a contribution. This issue was discussed extensively by Council in March 2011 as part of the review of the Council's appointments policy. The current policy allows one designated Councillor appointment to the Boards of CCOs and allows Councillors to apply for other vacant board positions in a contestable process.

The Plimmer review has not been circulated been circulated among the CCOs for their comment as the final version has only recently been received. However officers note that the process recommendations are primarily focused on Council's accountability framework and that CCOs were interviewed as part of the review. Individual CCOs will be engaged in the implementation phase.

3. Recommendations

Officers recommend that the Strategy and Policy Committee:

1. *Receive the information.*
2. *Note the recommendations contained in the Plimmer Consulting report entitled "Enhancing alignment and performance", attached as Appendix 2 to this paper.*
3. *Note that the governance framework attached as Appendix 3 of this report will be maintained and used as an aide to decision making when assessing the appropriate governance and delivery model for new and existing services.*
4. *Note that a further report as part of the CCO review will be presented to SPC in October on the most appropriate model for carrying out the activities being undertaken by the CCOs.*
5. *Note the implementation plan attached as Appendix 1 to this report which relate to process improvements informed by the Plimmer review recommendations.*
6. *Agree to recommend to Council that Council's Policy on the Appointment and Remuneration of Directors and Trustees is amended to allow only one Councillor to be appointed to the board of a CCO, provided they have the appropriate skills and experience required, and that the Owners*

Expectation Guide referred to in Appendix 1 will clearly articulate the roles and responsibilities of Councillors appointed to CCO boards.

4. Background

In May 2012 SPC agreed to add to the forward programme a review of the CCOs noting that a workshop will be held to inform the scope of the review.

The CCO review workshop was held on 7 June 2012 and the scope of the review was determined. The main areas of focus for the review and subsequent report back to SPC were as follows:-

- Recommending any improvements to the Council's current accountability model for the CCOs (including establishment and appointment processes, the current monitoring and performance regime, including in-house advice, support and relationship management, compliance activity, political accountability);
- Providing a summary of information about current CCOs and possible synergies or overlaps with other CCOs in the Wellington region;
- Report on a high level review of the efficiency and effectiveness of the Council's current organisational arrangement of CCOs (including the number, individual and collective CCO purpose/roles and functions compared to Council's strategic direction, inter-relationships between the entities and with other Council activities);
- Identify options, if appropriate, for improving organisational arrangements of the CCOs.

This report focuses on the first of these areas. There will be a second report to SPC in October which will address the remaining three areas of focus.

The review was undertaken by Plimmer Consulting. The Plimmer review is documented in two separate reports, "*What works*" and "*Enhancing alignment and performance*". The "*What works*" report has been circulated to Councillors in advance of this report to enable Councillors to familiarise themselves with the content.

The "*What works*" report is a review of a range of current practice used within local and central government with respect to arms-length entities and getting the best from them. While the report is extensive the key messages that come through the report are that there is a common set of factors that need to be in place:

- Clarity about the organisation's purpose and strategic direction;
- Clarity around the organisation's roles and behaviours;

- Getting the right people, in the governance and management roles;
- Building and maintaining transparent and accountable processes; and
- Building and maintaining effective relationships.

The “*Enhancing alignment and performance*” report is a more specific review of Council’s existing CCO framework, where Council practice diverges from observed current practice as identified in “*What works*” and where there are opportunities for enhancement.

5. Discussion

The review suggests there are several opportunities for strengthening the current CCO model to achieve a stronger alignment with Council’s strategic objectives and a clearer understanding of the relative roles parties play in the model.

5.1 Issues identified

The review found that there were a number of areas where the current model and processes could be improved or enhanced, the main areas identified include:

Shareholder expectations

There are a range of shareholder expectations of CCOs and it is important that the respective roles and responsibilities are clearly articulated and understood. There is currently no single place or guide to the range of expectations and in many cases they are not formally documented. A clear framework of shareholder expectations would give clarity to the respective roles and responsibilities, the governance umbrella, clear lines distinguishing shareholder and board decisions, communication protocols, governance processes and the accountability framework. Clarity in these areas supports the Council’s “no surprises” policy and ensures a common understanding which supports the development and maintenance of trusting relationships.

Strengthening relationships

Council currently has a range of informal meetings that support the formal relationships. These include periodic meetings of the Mayor/CE with the Chair/CEO, the regular meetings between the Director responsible for CCOs within Council and the respective CE’s of the CCOs and the meetings between the CCO portfolio managers and the CCOs. The nature of these relationships tends to be ad-hoc, agendas are driven by the CCO and there is no regular forum for engagement with the CCOs as a whole. The review identifies this as an area where there is scope to increase the range of informal meetings and for making more from the informal relationships to support the more formal structures.

Alignment

A common theme from the interviews conducted as part of the Plimmer review was the need to ensure that objectives of the CCOs are clearly aligned with the Councils strategies. Through the current SOI process CCOs do not necessarily

have clear guidance from Council about how they fit within the Councils strategies and contribute to these. While there were organised workshops and reviews for the CCOs to understand the 2040 strategy, the strategy and how the various activities contribute to the strategy were still largely in development. As a consequence the letters of expectation (LOE) to the CCOs placed the onus on the CCO to identify how within their SOI they contributed to the Council strategy. The driver of this process should be Council identifying how it wants the CCOs to contribute and this should be clearly articulated in the LOE and be supported by workshops to provide a channel of communication for the CCO in the formative processes. The subsequent report to SPC in October will consider the actual alignment of CCOs to Council strategy in detail and on a CCO by CCO basis.

Governance

A key question raised in the review is whether or not Councillors should be appointed to the boards of CCOs. The current Council appointment policy allows for one Councillor to be appointed to the Boards of all CCOs and for CCO boards of four or more, Councillors are able to be considered for other board vacancies subject to a maximum of two Councillors being on the board of any CCO. The role of a board member on a CCO is to assist the organisation to meet its objectives and any other requirements in its SOI¹, it is also clear that board members are required to act in the best interest of the entity. As an elected Councillor the clear responsibility is to act on behalf of the well-being of Wellington and to consider all matters before Council with an open mind. The review suggests the nature of these responsibilities gives rise to potential conflicts of interest requiring Councillors to step back from a decision and in doing so not be able to fulfil their responsibilities. The potential for there to be two Councillors on a CCO board increases the risk. It is also noted that Councillors who are on the boards of CCOs are also able to be members of the performance monitoring subcommittee (CCOPS) and potentially the ability of members to scrutinise the performance of the CCO that they are a board member of is compromised.

Public accountability

Through the interviews there was comment around the transparency of the CCOs and the fact that they were perceived to effectively operate behind closed doors. This concern exists despite the fact that CCOPS is a public meeting and all Councillors are able to attend CCOPS meetings. There were also contradictory comments which acknowledged that there was more transparency around the operations and monitoring of CCOs than Council's in-house activities. It is important that the activities of the CCOs are transparent and that they are accountable to the public and the review finds that there is scope to improve this perception.

5.2 Recommendations

The Plimmer review identified a range recommendations in relation to the issues identified in 5.1 above:

¹ LGA 2002 – s.58

Shareholder expectations

The review recommends that an Owner Expectation Guide be developed and adopted to explain the roles of the owner, the funder and of the entity, and the behaviours expected (including matters such as responsibilities for public communications). Two examples were suggested as good practice guides in this area, the Crown guide for State-owned enterprises and Crown entities and the Shareholder Expectation Guide adopted by Auckland Council. Officers view is that an Owners Expectation Guide would be a useful addition and would assist in ensuring there is a common basis for understanding respective roles and responsibilities. ***Officers recommend that an Owners Expectation Guide be developed and implemented for Council.***

Strengthening relationships

To improve the value from the informal relationships, that support the formal processes, the Plimmer review has recommended that the range of informal processes be extended. This includes; providing a forum for all of the CCOs Chairs to meet together on a regular basis with the Mayor (at least twice per annum); all of the CCO CEs to meet collectively with the Council CE to canvas common issues (3/4 times per annum); the regular Mayor/CE meetings with individual CCO Chairs/CE on a monthly/bi-monthly basis; potentially an extended engagement role for the portfolio leader (dependent on governance decisions); and ensuring the informal processes have a clear purpose. The review also recommended that a short monthly report from CCOs to Council identifying any key issues be required to support the “no surprises” policy and inform the regular meetings. Officers see that there could be a risk in this area that over-emphasising or having too many informal relationships can potentially weaken or undermine clear accountabilities or provide opportunities to avoid proper channels, the informal processes must support the more formal processes and not supplant them. ***Officers agree that there is value in the Mayor/CE meeting with the Chairs/CE of all of the CCOs on a collective basis but that these meetings must have a clear purpose and not simply be regular meetings, for example setting the scene for the annual planning process. To reduce the potential for multiple messages and too many channels Officers recommend that the ELT member responsible for CCOs be included in the range of informal meetings.***

Alignment

To ensure alignment of objectives and strategic expectations is met and the expectations of CCOs are driven by Council, the Plimmer review recommends that Council provides strong and integrated advice to the CCOs around expectations for the entity and that these have been developed through a programme of workshops and discussions between the Council and the CCOs. CCOs must have opportunities for early input into Council’s strategic processes. The medium to long term strategic expectations for each CCO should be reflected in a statement of core purpose which should be developed for each entity with each statement being 1-2 pages. The annual LOE should be developed out of these processes to clearly reflect Councils expectations having

been developed in a process which has provided opportunities for the CCO to have input. ***Officers support these recommendations and they are included in the implementation plan in Appendix 1.***

Governance

With respect to the appointment of Councillors on the boards of CCOs the Plimmer review offers two options. The preferred option is to not allow Councillors on the boards of CCOs and enhance the role of the portfolio leader to have a key engagement role with the CCOs in their respective portfolio and for the portfolio leader to be a member of CCOPS. The alternative option put forward by the review is to allow one Councillor appointment to the board of a CCO, who must have the requisite skills and experience, cannot be the relevant portfolio leader or a member of CCOPS and the positions should be non-remunerated. ***Officers do not support these options and the issue of Councillors on the boards of CCOs is discussed further in 5.3 below.***

Public accountability

To improve transparency the Plimmer review recommends that CCOs should be required to hold an AGM which is open to the public. The suggested timing for the public AGM is when the CCO is considering its draft SOI. An alternative is for the CCOPS meeting which reviews the annual financial performance of the CCOs to be undertaken in public with all of the CCOs available at the meeting to answer questions. ***Officers support an annual opportunity for the CCO to hold a meeting in public.***

The recommendations above are the key recommendations that address the issues discussed in 5.1 above. These recommendations are included in the implementation plan attached as Appendix 1 together with a range of more minor recommendations identified in the review. The exception is for the issue of Councillors on the boards of CCOs – this issue was the subject of extensive debate as part of the Council's review of the CCO appointment policy and is discussed further below.

5.3 Councillors on the boards of CCOs

In March 2011 SPC considered the issues around the appointment of Councillors to CCO Boards in the review of the CCO Board Appointments and Remuneration Policy. The paper provided a comprehensive assessment of the advantages and disadvantages of elected members being appointed to the boards of CCOs and guidance around best practice. Officers recommendation at the time was no change to the existing established practice of one designated Councillor appointment.

Council passed a resolution to amend the appointment policy to allow one designated Councillor appointment and to also allow a further Councillor to be appointed to CCO boards with more than 4 directors/trustees on the basis that the Councillor applied for the vacant position as part of the appointment process and had the requisite skills and experience for the particular role.

Since the appointments policy was amended there has been one instance where a second Councillor has been appointed to the board of a CCO and that is the appointment of Councillor Eagle to the Venues board.

The Plimmer Review considers the appointment of Councillors to the boards of CCOs in the context of getting the right people in governance roles, ensuring appointees are not conflicted in carrying out their role and the scrutiny and accountability framework of CCOs is not compromised. The review recommends that Councillors should not be appointed to the Boards of CCOs and provides an alternative option. That is, that the engagement role between CCOs and Council currently fulfilled by the Councillor appointees should be undertaken by the Portfolio leader for any CCOs within their portfolio and that the Portfolio leaders with CCO engagement roles would be members of CCOPS. Officers note that without re-alignment of portfolio responsibilities the approach recommended by the Plimmer review would potentially see CCOPS membership increase to beyond 10 members and consideration would need to be given to removing the role of CCOPS and having its functions carried out by SPC.

The review also puts forward an alternative to this option which is, to allow one Councillor appointment to the board of a CCO on the basis of having the appropriate skills and experience, that the appointee should not be the portfolio leader for the portfolio which comprises the particular CCO, the Councillor appointee should not be on CCOPS and that the position is unremunerated.

Officers do not favour or recommend either of these options and have not materially changed the view as expressed in the review of the CCO Board Appointments and Remuneration Policy in March 2011 (That is, that there is one designated role on each of the CCO boards that is able to be filled by a Councillor). This is on the basis that nothing has changed between the appointments policy review that suggests a need to recommend a material change. The respective roles and responsibilities of Councillor appointees to the boards of CCOs should be clearly articulated, understood and re-enforced through a thorough induction process. It is recommended that these areas are addressed in an Owners Expectation Guide.

The review of best practice around the appointment of elected members to CCOs in March 2011 concluded that the majority of local authorities in New Zealand do allow councillors to be appointed to the boards of their CCOs. The review at the time considered the Auckland position and noted that while councillors were generally prohibited from being appointed to the boards of substantive CCOs, they are not prohibited from being appointed to the boards of Auckland's other CCOs. The Auckland position does not give an absolute practice and officers note that the Auckland Transport CCO actually has two Councillors on the board. Provided the Councillor appointed has the skills and experience to make a valuable contribution to the CCO concerned, the appointment of Councillors to the boards of CCOs is not contrary to best practice. CCOs exist only to meet the objectives of the Council and it is not inappropriate that Council has representation on the boards of its CCOs. Best

practice in the commercial world is very clear in this area, for 100% owned entities you would expect to have board representation.

There are current instances where the Councillor appointed to a CCO board is also the relevant portfolio leader. Officers view is that this is actually a strength of the process rather than a weakness. Having portfolio leaders in these positions should enhance the level of understanding of Council's related strategies and should improve alignment.

There were points raised in the interview processes around the potential dilution of the accountability function of CCOPS where members charged with the scrutiny of CCOs were also potentially on the boards of CCOs. There are six members on CCOPS and therefore there can only ever be a single member of CCOPS at any time that might also be on the board of a CCO. Currently on CCOPS there are two members who are also on the boards of CCOs (Councillor Marsh on the Zoo Trust and Councillor Coughlan on PWT). This means that at any CCOPS process there are five other members of the subcommittee independently scrutinising the activities of the CCO. In addition CCOPS has no decision making powers and reports its findings and recommendations to SPC. The current practice is not seen as having materially diluting or compromising the scrutiny role of CCOPS, this issue was canvassed with the Chair of CCOPS and he does not perceive the current practice to be an issue and has never observed an instance where having a Councillor on CCOPS that was also a CCO board member has posed an issue or diluted the scrutiny role of CCOPS.

5.4 Governance Framework

The "*What Works*" report in addition to looking at current practice generally also considered the issue of what factors should be considered when looking at the governance and service delivery models for new or even existing activities. In looking at this area Plimmer Consulting developed a framework that can be used to assist in assessing the types of specific and contextual considerations that should be worked through and which inform the decision making process.

Officers have reviewed the framework and believe that it provides a good basis for assessing a range of factors to provide a consistent and thorough assessment of options. The framework does not produce an "answer" but ensures a consistent approach is adopted and clear thought is given to a full range of considerations. The framework would continue to be adapted as it is used in practical situations as a decision making aide.

5.5 Consultation and Engagement

A range of interested parties have been consulted during this review process including Councillors, Chairs and CEOs of the Council Controlled Organisations, the Chair and Deputy Chair of CCOPS and senior staff.

The recommendations included in the report are of a procedural nature and there is no requirement for any public consultation or engagement.

5.6 Financial considerations

There are no direct financial considerations.

5.7 Climate change impacts and considerations

There are no direct climate change impacts and considerations.

5.8 Long-term plan considerations

There are no direct LTP considerations

6. Conclusion

Council requested the Chief Executive to initiate a review of the CCOs in response to a range of concerns about the functioning of certain aspects of the CCO model and the fact that the last comprehensive review of the CCOs was in 2006.

Officers engaged Plimmer Consulting to undertake an independent review. The Plimmer review resulted in two reports (“*What works*”, which has been circulated to Councillors) and “*Enhancing alignment and performance*”, which is attached as Appendix 2 of this report.

The review found that the Council CCO model is fundamentally sound. The “*Enhancing alignment and performance*” report identifies a range of potential opportunities that could be considered to enhance the model to achieve a stronger alignment with Council objectives and resulting improvements in delivering outcomes. Officers have considered the recommendations and identified those which are proposed to be implemented as discussed in the report and outlined in the attached implementation plan.

The review considered the issue of whether Councillors should be on CCO boards and recommended two options. The first is to allow one Councillor on a CCO board. Where this occurs the position is non-remunerated, the appointed Councillor could not be on CCOPS or a related portfolio leader and the appointee must have the appropriate skills and experience. The second alternative option, which is noted as the preferred option, is that no Councillors be on CCO boards and that the role of the Portfolio leaders be expanded to become a key liaison between CCOs and Council and be on CCOPS. Officers note that this issue has been considered by Council on a number of occasions, the most recent being in March 2011, and Council has consistently decided to allow Councillors to be on CCO boards. Officers recommend that one Councillor be able to be appointed to the board of a CCO on the basis that they have the requisite skills and experience, and that the roles and responsibilities are clearly articulated.

Contact Officer: *Danny McComb, Manager Treasury and CCOs*

SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

The recommendations support the alignment of CCO activities to Council's 2040 strategy and aim to enhance the outcomes

2) LTP/Annual Plan reference and long term financial impact

There is no direct impact on the current annual plan or LTP.

3) Treaty of Waitangi considerations

There are no related Treaty considerations

4) Decision-making

This is not a significant decision. The report sets out a number of options and reflects the views and preferences of those with an interest in this matter who have been consulted with.

5) Consultation

a) General consultation

A range of interested parties have been consulted which includes the Councillors, the chairs and CEOs of the CCOs, the chair and deputy chair of CCOPS and the senior executive of Council.

b) Consultation with Maori

No consultation with Maori has been undertaken on the basis that this paper is primarily about internal processes.

6) Legal implications

Council's lawyers have not been consulted during the development of this report.

7) Consistency with existing policy

Where this paper differs from existing policy it is clearly identified

Appendix 1

Plimmer Review recommendation	Officers Comment	Implementation steps
Work through a consistent framework before deciding if arm's-length governance will deliver improved performance	The framework developed in the Plimmer review provides a useful aide to the decision making process	The framework attached as Appendix 3 will be maintained and used as an aide to decision making when assessing the appropriate governance and delivery model for new and existing services.
When setting up a CCO, ensure constitution or trust deed reflects the Council's intentions and legal basis for the entity.	Noted	
Review constitution or trust deed for each entity, every 6 years.	Constitutions and trust deeds tend to be more of an enduring nature. Given the nature of Council's CCOs we would not expect the objects to change frequently.	A programme of review will be implemented to ensure all constitutions and trust deeds have been reviewed prior to the next LTP.
Ensure that the legal status matches the Council's expectation.	Noted	
Understand and distinctly manage Council's role as owner and funder, and build strong links with operational areas of Council.	The current organisational review and restructure will implement changes in this area designed to deliver a greater separation to the roles of owner and service delivery	As the new structure is implemented changes will be clearly communicated to CCOs and internally. Clarity around roles will be addressed within an Owners Expectation Guide to be developed.

APPENDIX 1

Plimmer Review recommendation	Officers Comment	Implementation steps
<p>Adopt an Owner Expectation Guide to explain the roles of the owner, funder and of the entity, and behaviours expected.</p>	<p>Officers agree that there is significant merit in adopting such a guide and note that Auckland has recently developed such a guide for their CCOs.</p>	<p>An Owners Expectation Guide will be developed and implemented clearly setting out respective roles and responsibilities.</p>
<p>Where there is an operating grant, ensure the funding or purchase agreement clearly outlines the deliverables expected. This document can also include additional intervention mechanisms, which can be used if performance is not as expected.</p>	<p>Funding and service level agreements are in place in most instances and where they are not deliverables operating grants are linked to the delivery of outcomes within the agreed SOI for each entity.</p>	<p>Existing funding deeds and service level agreements will be reviewed to ensure they are consistent with the deliverables expected and articulated through the entity's SOI. Whether it is appropriate for additional intervention mechanisms to be included will be considered at that time.</p>
<p>Adopt a process for CCOs to understand how they should work together for the benefit of the wider Wellington area.</p>	<p>CCOs exist to deliver on the objectives of Council. If Council requires CCOs to work together for a collective good then this needs to be clearly articulated to the CCOs via the existing processes of LOEs and SOI's then accountabilities can be clearly understood.</p>	<p>Through the planning processes, where Council requires CCOs to work together for the collective interest of the Council this will be set out clearly in the LOEs and accountabilities will be clearly defined and articulated through SOI's</p>
<p>Ensure there are clear communications about who within Council is responsible for the strategy, ownership and funding relationships.</p>	<p>The current organisational review and restructure will implement changes in this area designed to deliver a greater separation to the strategic, ownership and funding relationships.</p>	<p>As the new structure is implemented changes will be clearly communicated to CCOs and internally. Clarity around roles will be addressed within an Owners Expectation Guide to be developed.</p>

APPENDIX 1

Plimmer Review recommendation	Officers Comment	Implementation steps
<p>Enhance the formal relationships with regular cycles of engagement (individual meetings and roundtables), led by the Mayor and Chief Executive.</p>	<p>Officers agree that informal relationships can complement the formal processes and in particular around “no surprises” and communications issues. However there is a risk that too many informal channels blurs the accountabilities and increases the risks around inconsistent messaging. Officers view is that the recommendations outlined in the Plimmer review to increase the level of informal meetings go to far and risk being counter productive.</p>	<p>Officers recommend that the informal processes be enhanced to; include a twice a year meeting of the Mayor/CE and all of the Chairs/CE’s of the CCOs with one of these meetings being scheduled to initiate the Council planning round; and for the Mayor/CE informal 1 - 1 meetings with Chairs/CEs be regularised, based on formal agendas and include the key relationship Director for CCOs.</p>
<p>Provide strong and integrated advice about Council’s strategic expectations for the entity, developed through a programme of workshops and discussions between Council and CCOs</p>	<p>Officers concur with this view and note that while CCOs were engaged early in the recently completed LOE and SOI process through a series of workshops and reviews the connection to Council’s strategic expectations can be better integrated with a stronger strategic focus.</p>	<p>The content and focus for LOEs will be determined through a process of integrated planning and strategic workshops and communications to determine the Council’s expected contributions from CCOs as the basis for the next SOI round.</p>

APPENDIX 1

Plimmer Review recommendation	Officers Comment	Implementation steps
<p>Ongoing, engage the CCOs early in the review of LTPs and the development of key strategies.</p>	<p>Officers concur with this view and note that while CCOs were engaged early in the recently completed LTP process the utility of the engagement would have been enhanced by greater engagement at an earlier stage around the Council's key strategies.</p>	<p>The engagement process with CCOs for the development and communication around SOIs, LTPs and Council key strategies will be set out within the Owners Expectation Guide to be developed.</p>
<p>Articulate these strategic expectations in a Statement of Core Purpose, reviewed every 6 years (alongside a review of continued relevance of the entity's constitution or trust deed.</p>	<p>Given the concern expressed around the alignment of the CCOs activities to Council's strategic objectives clearly re-articulating the Statement of Core Purpose as part of the next planning process will be useful and can then be maintained thereafter.</p>	<p>A Statement of Core Purpose will be developed for each CCO in time for the next SOI process and will be reviewed thereafter as required or no later than whenever the entity's constitution or trust deed is reviewed.</p>
<p>Ensure that the annual letter of expectation and the SOI reflect the Council's expectations.</p>	<p>Council introduced LOEs to enhance the SOI process and they are now widely recognised as a part of best practice to get alignment to owner's objectives. The LOE is simply a tool to communicate the owner's expectations. The processes that determine the expected contribution is the area where enhancement provides gains.</p>	<p>The content and focus for LOEs will be determined through a process of planning and strategic workshops and communications to determine the Council's expected contributions from CCOs as the basis for the next SOI round.</p>

APPENDIX 1

Plimmer Review recommendation	Officers Comment	Implementation steps
Encourage memoranda of understandings between CCOs, where appropriate.	There are already many instances where MOUs are used. PWT has a number of MOUs with CCOs with respect to marketing services.	No action required.
Ensure there is a board skills matrix specific to each board and it is reviewed regularly.	The board skills required for each specific board is specifically assessed at each appointment round to identify any skills gap on the board and informs the appointment process.	The importance of having robust assessments of the skills requirement on Boards is noted and will continue to be an area of focus.
Include in the Owners Expectation Guide that the Council has a role in inducting Board members in the Council's expectations, as well as the Chair's obligation to induct the members about the entity.	There is already lot of work done in the area of induction for Councillors and new board members. However, Officers agree greater clarity of responsibilities in this area would be beneficial.	Owners Expectation Guide to be developed and implemented.
Decide whether or not Councillors can be on CCO Boards, two options recommended.	This is covered specifically in the body of the report.	Recommendation in the main report.
Enhance the LOE, making them tools for alignment with the Council and specific to each entity, by articulating the contribution Council expects the CCO to make to the Council's strategic objectives.	Council introduced LOEs to enhance the SOI process and they are now widely recognised as a part of best practice to get alignment to owner's objectives. The LOE is simply a tool to communicate the owners expectations. The processes that determine the expected contribution is the area where enhancement provides gains.	The content and focus for LOEs will be determined through a process of planning and strategic workshops and communications to determine the Council's expected contributions from CCOs as the basis for the next SOI round.

APPENDIX 1

Plimmer Review recommendation	Officers Comment	Implementation steps
<p>Develop a template for SOI's, to enhance the quality of the information provided to the owner and drive a longer term approach.</p>	<p>The focus of the SOI process has been on raising the quality of the SOI's rather than standardising them. Given the progress made in raising the quality of the SOIs and the other changes contemplated from this review there are merits in now looking at a standard SOI template</p>	<p>A standardised SOI template will be developed and utilised for the 2013/14 SOI process.</p>
<p>Introduce short monthly reports from each CCO to Council, to support the "no surprises" approach and to inform regular meetings between the Council and each CCO.</p>	<p>The "no surprises" approach should not be influenced by the presence or absence of a short monthly report. The purpose of the informal meetings is to get a regular update on material issues if this process is working then monthly reports are not required. Requiring formal monthly reports risks adds an additional reporting requirement and risks blurring accountability between the board and Council.</p>	<p>Review the need for this following the implementation of the enhanced informal meetings and the regularisation of communication channels and respective expectations. This would include the role of the Council appointed board members on CCOs.</p>
<p>For regular quarterly and six-monthly reporting, use a future focused performance and risk approach, and look at ways to streamline reporting requirements.</p>	<p>Currently all CCOs are required to prepare a report (quarterly or six-monthly) to CCOPS. The CCO team prepares a covering report identifying key activities and performance issues. The reports tend to be historic and the CCOPS meeting is updated for any current issues at the time of the meeting.</p>	<p>Reporting requirements will be set out in the Owners Expectation Guide and will be reviewed to ensure they are streamlined and are meeting the requirements of CCOPS and Council.</p>

APPENDIX 1

Plimmer Review recommendation	Officers Comment	Implementation steps
<p>Revise the terms of reference for CCOPS to include responsibility for looking at the collective interest of the Council, in addition to the individual performance of the CCOs.</p>	<p>CCOs exist to deliver on the objectives of Council. If Council requires CCOs to work together for a collective good then this needs to be clearly articulated to the CCOs via the existing processes of LOEs and SOIs then accountabilities can be clearly understood. This already falls within CCOPS terms of reference</p>	<p>Through the planning processes where Council requires CCOs to work together for the collective interest of the Council this will be set out clearly in the LOEs and accountabilities will be clearly defined and articulated through SOIs</p>
<p>Require CCOs to hold an AGM, open to the public.</p>	<p>Officers note that all CCOPS meetings are open to the public and agendas and papers are publicly available in advance of scheduled meetings. At least once per annum each CCO is required to present to CCOPS. The CCOPS meetings are also open for all Councillors to attend.</p>	<p>Officers will work with the CCOs and CCOPS to ensure that at least once each year there is an AGM held in public for each CCO.</p>