



Adelaide Hills
COUNCIL

CEO PERFORMANCE REVIEW PANEL

NOTICE OF MEETING

To: **Presiding Member** Cr Jan-Claire Wisdom

Members

Mayor Bill Spragg
Cr Jan Loveday
Cr Ian Bailey
Ms Paula Davies, Independent Member

Notice is hereby given pursuant to the provisions under Section 87 of the *Local Government Act 1999* that the next meeting of the **CEO Performance Review Panel** will be held on:

Friday 20 May 2016
3.30pm
63 Mt Barker Road Stirling

A copy of the Agenda for this meeting is supplied under Section 83 of the Act.

Meetings of the Council and Committees are open to the public and interested members of the community are welcome to attend.

Andrew Aitken
Chief Executive Officer



Adelaide Hills
COUNCIL

CEO PERFORMANCE REVIEW PANEL

AGENDA FOR MEETING
Friday 20 May 2016
3.30pm
63 Mt Barker Road Stirling

ORDER OF BUSINESS

Council Vision

Nurturing our unique place and people

Council Mission

Delivering activities and services which build a resilient community, sustain our built and natural environment and promote a vibrant economy

1. COMMENCEMENT

2. APOLOGIES/LEAVE OF ABSENCE

- 2.1. Apology
- 2.2. Leave of Absence
- 2.3. Absent

3. MINUTES OF PREVIOUS MEETINGS

- 3.1. CEO Performance Review Panel – 18 November 2015

Recommendation

That the minutes of the CEO Performance Review Panel meeting held on 18 November 2015, as supplied, be confirmed as an accurate record of the proceedings of that meeting.

4. DELEGATION OF AUTHORITY

The CEO Performance Review Panel operates in accordance with the relevant sections of the Local Government Act 1999, and its Terms of Reference.

5. DECLARATION OF INTEREST BY MEMBERS OF THE COMMITTEE

6. OFFICER REPORTS

6.1. 2015-2016 CEO Key Performance Indicator Update

That the report be received and noted.

6.2. Process Discussion – CEO Performance Review 2016

That the report be received and noted

That the CEO Performance Review Panel recommends to Council to undertake the 2016 CEO Review process using an [internal review process / external consultant].

6.3. CEO Performance Review Panel – Next Meeting Date

That the next CEO Performance Review Panel meeting be held on 21 July 2016, 3.30-5pm.

7. NEXT MEETING

The next CEO Performance Review Panel meeting will be held on a date to be determined at 63 Mount Barker Road, Stirling.

8. CLOSE MEETING

ADELAIDE HILLS COUNCIL CEO PERFORMANCE REVIEW PANEL
Friday 20 May 2016
AGENDA BUSINESS ITEM

Item: 6.1

Originating Officer: Andrew Aitken, Chief Executive Officer

Subject: 2015-2016 CEO Key Performance Indicator Update

SUMMARY

The role of the CEO Performance Review Panel includes reviewing the performance of the CEO, in particular the performance against the Key Performance Indicators (KPIs) and to undertake a review of the CEO's KPIs to ensure they remain relevant, achievable and aligned to Council's strategic objectives.

This report provides an update on activities against the Chief Executive Officer's KPIs.

RECOMMENDATION

That the Panel resolves:

- 1. That the report be received and noted.**
-

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal 4 A Recognised Leading Performer

Key Issue 4.1 Leadership

Key Action 4.1.4 Meet legislative, regulatory and good governance responsibilities and obligations

➤ **Legal Implications**

The CEO Performance Review Panel is a Section 41 Committee of Council under the *Local Government Act 1999*.

This report summarises progress against the established and agreed KPIs for 2016, and forms part of the performance review process to ensure the CEO is provided with a fair and consistent performance review process that would stand up under scrutiny.

➤ **Risk Management Implications**

Undertaking a regular review of the CEO's performance is an important control mitigating the risk of:

Deficient CEO performance review practices result in a lack of accountability and loss of stakeholder confidence in the organisation.

Inherent Risk	Residual Risk	Target Risk
Medium (3C)	Medium (3D)	Medium (3D)

Note: there are many other controls that also assist in managing this risk.

Non-achievement of CEO KPIs result in loss of community benefit and/or opportunities and/or stakeholder confidence in the organisation.

Inherent Risk	Residual Risk	Target Risk
High (3B)	Medium (3D)	Medium (3D)

Note: there are many other controls that also assist in managing this risk.

➤ **Financial and Resource Implications**

There are no financial or resource implications in reporting on projects against the CEO KPI's.

➤ **Customer Service and Community/Cultural Implications**

There is a community expectation that the CEO will manage the organisation's human, financial and physical resources to ensure the best outcomes for the community.

There is a community expectation that the CEO is accountable to, and performs against, the agreed KPIs.

➤ **Environmental Implications**

Not applicable.

➤ **Community Engagement/Consultation**

Not applicable.

2. BACKGROUND

As part of the 2015 performance review process, 2016 KPIs were established for the CEO and adopted by Council on 24 November 2015.

3. ANALYSIS

This item enables an interim analysis of the suite of existing KPIs with a view to reviewing priorities and existing timeframes of individual KPIs. It also provides opportunity for the CEO to update the CEO Performance Review Panel on the progress against the KPIs to date and identify any issues for consideration.

4. OPTIONS

1. That the report be received and noted.
2. That the Panel makes alternative/additional recommendations to Council relating to the current suite of KPIs.

5. APPENDIX

1. CEO KPIs 2016

Appendix 1
2015-2016 CEO KPIs

2015-2016 CEO KEY PERFORMANCE INDICATOR UPDATE

Big Picture	Responsible Officer	Update
1. Undertake an engagement led review of the current strategic plan that delivers an enticing, bold and aspirational direction for our community. This review is to produce a draft strategy for ratification by Council that utilises a broad range of internal and external engagement methods.	David Waters	The Strategic Plan review is on track with the first phase of engagement now completed, including workshops with Council Members, senior leaders and teams across the organisation. Phase 2 will commence in June and involve further engagement using an online portal as well as face to face and targeted stakeholder engagement. Further involvement of Council Members prior to Phase 2 commencing is planned to occur.
2. Explore options for rationalisation of Council assets and make recommendations to Council on future Council facilities.	Terry Crackett	Initial discussions have been held with both the CEO and Manager Property following some preliminary investigations into some of Council's asset holdings. A proposal (including timelines and expected outcomes) to be developed and provided back to the CEO by the end of May 2016.
3. Complete the review of wastewater servicing in liaison with SA Water and the EPA focussing on maximising sustainability, viability and community benefit, re-use and minimisation of environmental harm. Provide a recommendation to Council.	Lachlan Miller	The Expression of Interest has been reviewed and updated and is ready for release to the market. Council has also entered into a regional project with other councils and the Southern & Hills Local Government Association to explore current CWMS asset valuations and potential ownership/operating models.
4. Establish a database of ratepayers and community groups (with a reach of no less than 500 individuals) for a range of community consultation purposes and begin using this resource.	David Waters	The database has been established and to mid-May over 1,100 people had subscribed. In addition to community consultations and exchanges, the database will be used to provide subscribers with regular e-news from the Council and notifications for community feedback about subjects of interest.
5. Review Council's role, viability and community benefit in the provision of Retirement Villages and supported housing. Provide a recommendation to Council.	Terry Crackett	Preliminary investigations into the current arrangements of Council's retirement village holdings have occurred. Initial discussions have been held with both the CEO and Manager Property and a proposal (including timelines and expected outcomes) to be developed and provided back to the CEO by the end of May 2016. Site visits have been undertaken by the Director Corporate Services and the Property Team of all facilities to gain an appreciation of current asset condition and opportunities.

2015-2016 CEO KEY PERFORMANCE INDICATOR UPDATE

Other Community and Cultural Priorities		
6.	Establish and commence a Community Leadership Program which identifies, supports and develops community leaders and enables them to contribute to achieving sustainable and vibrant communities.	David Waters Peter Bice
7.	Review the existing Sport and Recreation Strategy, including playgrounds and community owned recreation grounds. Provide the re-drafted strategy for Council's ratification.	
<p>The Community Leadership Program is in development. The module components of the program and criteria for participation are currently being identified. An initial pilot program is now planned for the second half of 2016.</p> <p>The Sport and Recreation Strategy review is progressing well, with the proposed project brief and draft strategy document structure worked through with the Sport & Recreation Advisory Group on 28 April 2016, including the Mayor and a number of other key stakeholders.</p> <p>The 'current state' audit of playgrounds (including skate parks and BMX tracks) across the Adelaide Hills Council area is currently underway. This incorporates a check of each play area and item of play equipment for conformance to current Australian Standards, defects, safety issues and maintenance requirements. This is on target to meet the October deadline.</p>		
Targets		
8.	Ensure there is a focus on financial results by achieving sustainable financial ratios (within Council agreed parameters consistent with the reviewed LTFP).	Terry Crackett
<p>Long Term Financial Plan (LTFP) was reviewed in detail in workshops with Council and subsequently presented to the community for consultation. The LTFP included three KPI's that were endorsed by Council that ensure sustainability, and showed these ratios are within the defined limits. The LTFP was subsequently adopted by Council and targets set for year 1 and used as the basis for the development of the Annual Business Plan (ABP) for 2016/17.</p> <p>The draft ABP achieved both income and expenditure targets (including capital) with a CPI rate increase, while still achieving an additional \$300k of operating initiatives.</p>		
9.	Achieve at least the target performance for 75% of Tier 1 Customer Service Standards.	David Waters
<p>Performance against our Service Standards is reported to the Council on a quarterly basis. For the quarter ending March 2016, 75% of the reported standards (12 out of 16) were met or exceeded.</p>		

ADELAIDE HILLS COUNCIL CEO PERFORMANCE REVIEW PANEL
FRIDAY 20 MAY 2016
AGENDA BUSINESS ITEM

Item: 6.2

Originating Officer: Megan Sutherland, Manager Organisational Development

Subject: Process Discussion - CEO Performance Review 2016

SUMMARY

The CEO Performance Review Panel must agree on the process to undertake the review of the CEO's performance for 2016.

The Panel may decide on undertaking the performance review internally or using an external consultant.

RECOMMENDATION

That the Panel resolves:

1. That the report be received and noted
 2. That the CEO Performance Review Panel recommends to Council to undertake the 2016 CEO Review process using an [internal review process / external consultant].
-

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal 4 A Recognised Leading Performer

Key Issue 4.1 Leadership

Key Action 4.1.4 Meet legislative, regulatory and good governance responsibilities and obligations

➤ **Legal Implications**

The CEO Performance Review Panel is a Section 41 Committee of Council under the *Local Government Act 1999 (LG Act)*.

The regular review of the CEO's performance needs to be undertaken appropriately to ensure the CEO is provided with a fair and consistent approach to performance reviews and that the process would stand up under scrutiny, as the process, review tool and outcomes of the review directly affect decisions made in relation to the CEO, his performance, remuneration and employment contract.

➤ **Risk Management Implications**

Undertaking regular review of the CEO's performance is an important control mitigating the risk of:

Deficient CEO performance review practices result in a lack of accountability and loss of stakeholder confidence in the organisation.

Inherent Risk	Residual Risk	Target Risk
Medium (3C)	Medium (3D)	Medium (3D)

Note: there are many other controls that also assist in managing this risk.

Non-achievement of CEO KPIs result in loss of community benefit and/or opportunities and/or stakeholder confidence in the organisation.

Inherent Risk	Residual Risk	Target Risk
High (3B)	Medium (3D)	Medium (3D)

Note: there are many other controls that also assist in managing this risk.

➤ **Financial and Resource Implications**

Costs associated with using an external consultant to undertake the CEO Review process are covered within the draft budget.

➤ **Customer Service and Community/Cultural Implications**

There is a community expectation that the performance of the CEO is reviewed in a sound, fair and comprehensive manner.

➤ **Environmental Implications**

Not applicable.

➤ **Community Engagement/Consultation**

Not applicable.

2. BACKGROUND

For the past three years, the CEO's annual performance has been reviewed using an external consultant to undertake a comprehensive review process. This has included a '360 degree' review tool completed by Council Members, direct reports and managers. The assessment sought feedback on the completion of the identified KPI's, key responsibilities from the position description and personal attributes.

Reports were provided to the CEO, and a one-on-one debrief on those results with the consultant was held. The report was also provided to the CEO Performance Review Panel for review and a copy presented to the Council Members. A debrief by the consultant summarising the report outcomes was provided to both the Panel and Council Members at the relevant Panel meeting and Council workshop.

The final report and recommendations from the Panel to the Council, including any increases to the CEO's Total Employment Cost package, have been the final stage of the process.

3. ANALYSIS

The processes undertaken over the past three years have been extensive, taking several months to complete. Report findings over these three years have clearly shown the CEO's consistently competent performance in the role both as a person and leader, as well as indicating his ability to meet the identified KPI's. Each year the CEO Review Reports have shown the CEO has met and at times exceeded expectations.

The survey findings provided in the report take on several facets, providing feedback on performance in the overall role (meeting position description requirements and personal attributes required to undertake the role), meeting KPI targets and personal development opportunities.

It is crucial when reviewing survey results to undertake a balanced consideration of all findings. It is important to note that feedback comments as part of such surveys that can inform development opportunities do not necessarily reflect the standard of performance in that particular area (improvement identified does not immediately imply less than competent performance).

Another aspect to consider in this decision is that the CEO's 5 year contract expires on 30 September 2017 (the 'Expiry Date'). The Contract provides for a written application by the CEO to the Council for a new employment contract, at least 6 months before the Expiry Date. The CEO is to be provided written notice at least 4 months prior to the Expiry Date whether or not a new employment agreement is to be offered to the CEO. Where Council has made an offer, the CEO must notify the Council at least 3 months prior to the Expiry Date whether or not the Council's offer is accepted.

For the coming year, the Panel must decide on whether to use an internal or external CEO Performance Review process.

An external process would require the engagement of a consultant. It is recommended that the schedule to complete this piece of work be significantly tightened from that of previous years to complete the process within 4-6 weeks.

If this approach is chosen, it is considered best for the survey to be undertaken on the position description and KPI only. No additional feedback would be sought from any respondents. The report would be discussed through the Panel and the final report and recommendation taken to Council.

An internal process would require the use of a tool to assess the CEO against the position description and KPI completion only. The tool would be agreed between the CEO and Panel. It is recommended the schedule to complete this piece of work would be 2-3 weeks. If this approach is chosen, it is recommended that two panel members complete the review with the CEO. The report will be discussed through the Panel and the final report and recommendation taken to Council.

4. OPTIONS

1. That the Panel agrees to undertake a review using an internal process.
2. That the Panel agrees to undertake a review using an external consultant.

ADELAIDE HILLS COUNCIL CEO PERFORMANCE REVIEW PANEL
Friday 20 May 2016
AGENDA BUSINESS ITEM

Item: 6.3

Originating Officer: Megan Sutherland, Manager Organisational Development

Subject: CEO Performance Review Panel – Next Meeting Date

SUMMARY

The role of the CEO Performance Review Panel includes reviewing the performance of the CEO, in particular the performance against the Key Performance Indicators (KPIs) and to undertake a review of the CEO's KPIs to ensure they remain relevant, achievable and aligned to Council's strategic objectives.

The agreement of the next meeting date enables required work to be undertaken in preparation for the next CEO Performance Review Panel meeting.

RECOMMENDATION

That the Panel resolves:

1. That the next CEO Performance Review Panel meeting be held on 21 July 2016, 3.30-5pm.
-

1. GOVERNANCE

➤ **Strategic Management Plan/Council Policy**

Goal 4 A Recognised Leading Performer

Key Issue 4.1 Leadership

Key Action 4.1.4 Meet legislative, regulatory and good governance responsibilities and obligations

➤ **Legal Implications**

The CEO Performance Review Panel is a Section 41 Committee of Council under the *Local Government Act 1999*.

This process needs to be undertaken appropriately to ensure the CEO is provided with a fair and consistent approach to performance reviews and that the process would stand up under scrutiny, as the process, review tool and the outcomes of the review directly affect decisions made in relation to the CEO, his performance, remuneration and employment contract.

➤ **Risk Management Implications**

Undertaking a regular review of the CEO's performance is an important control mitigating the risk of:

Deficient CEO performance review practices result in a lack of accountability and loss of stakeholder confidence in the organisation.

Inherent Risk	Residual Risk	Target Risk
Medium (3C)	Medium (3D)	Medium (3D)

Note: there are many other controls that also assist in managing this risk.

Non-achievement of CEO KPIs result in loss of community benefit and/or opportunities and/or stakeholder confidence in the organisation.

Inherent Risk	Residual Risk	Target Risk
High (3B)	Medium (3D)	Medium (3D)

Note: there are many other controls that also assist in managing this risk.

➤ **Financial and Resource Implications**

Nil

➤ **Customer Service and Community/Cultural Implications**

There is an expectation that the requirements of the Terms of Reference will be adhered to and the CEO Performance Review Panel will have nominated meetings to prepare for, undertake and report on the process.

➤ **Environmental Implications**

Not applicable.

➤ **Community Engagement/Consultation**

Not applicable.

2. BACKGROUND

Booking the next CEO Performance Review Panel enables the required planning and preparation to be undertaken by the Administration in preparation for the meeting.

3. ANALYSIS

It is considered appropriate to set the meeting schedule at the next meeting once a decision has been made on the process to be used to undertake the CEO's Performance Review for 2016. As such it is proposed the next meeting is set for 21 July 2016, 3.30-5pm, which would enable the Panel to make required decisions and agree to the schedule of work and timeframes for the CEO Performance Review 2016 to be undertaken.

4. OPTIONS

1. That the next CEO Performance Review Panel meeting be held on 21 July 2016, 3.30-5.00pm.
2. That the next CEO Performance Review Panel meeting be held on xx/xx/2016, x.xx-x.xxpm.

