

**ADELAIDE HILLS COUNCIL CEO PERFORMANCE REVIEW PANEL
TUESDAY 2 SEPTEMBER 2014
AGENDA BUSINESS ITEM**

Item: 6.3

Originating Officer: Megan Sutherland, Manager Organisational Development

Subject: 2014-15 CEO Key Performance Indicators

1. 2014-15 CEO Key Performance Indicators – Exclusion of the Public

Pursuant to section 90(2) of the *Local Government Act 1999* the CEO Performance Review Panel (the Panel) orders that all members of the public, except:

- CEO, Andrew Aitken
- Manager Organisational Development, Megan Sutherland
- Manager Governance & Risk, Lachlan Miller
- Minute Secretary,

be excluded from attendance at the meeting for Agenda Item 6.3: 2014-15 CEO Key Performance Indicators.

The Panel is satisfied that, pursuant to section 90(3)(a) of the Act, the information to be received, discussed or considered in relation to the Agenda Item is information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead), being the personal affairs of the Chief Executive Officer, in that details of his performance review regime will be discussed, which are sensitive and are details only known to those who have participated in the review process.

The Panel is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of considerations of the Chief Executive Officer's performance review regime may prematurely be disclosed before the details of the regime have been discussed with the Chief Executive Officer.

2. 2014-15 CEO Key Performance Indicators – Confidential Item

SUMMARY

The Employment Agreement (the Agreement) between Council and the Chief Executive Officer (CEO) provides for a performance review process.

The review is to assess the CEO's performance by reference to the Personal Evaluation System (PES), contained in the Employment Agreement, against the CEO's duties, position description and key performance indicators (KPI).

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

The Panel can make a recommendation to Council regarding the suite of KPIs for 2014-15 which will become the subject of future performance reviews under the Agreement.

RECOMMENDATION

That the Panel:

1. **Receives and notes the report**
2. **Recommends to Council to adopt the suite of KPIs as presented in Agenda Item 6.3.**

3. 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 Sec 41 of 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 tool and the outcomes of the review directly affect decisions made in relation to the CEO, his performance and remuneration discussions.

Section 96 (Council to have a chief executive officer) of the *Local Government Act 1999*

➤ **Risk Management Implications**

Consideration of the report mitigates the risk of

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

➤ **Financial and Resource Implications**

Not applicable.

➤ **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 they are utilised for the best outcomes for the community.

➤ **Environmental Implications**

Not applicable.

➤ **Community Engagement/Consultation**

Consultation on the proposed KPI's for the 2014-15 year has been undertaken with the Council Members, CEO and with the Executive Leadership Team.

4. BACKGROUND

CEO Performance Review Panel (the Panel)

The Panel was established in May 2013 with the following role:

The CEO Performance Review Panel (the Panel) will provide advice to Council on matters related to the Chief Executive Officer and his performance by;

- *Reviewing the CEO's performance over the preceding twelve months, in particular the performance against the Key Performance Indicators (KPIs).*
- *Undertake a review of the CEO's KPIs to ensure they remain relevant and aligned to Council's strategic objectives.*
- *Receive and review six monthly updates of the CEO's performance against the KPIs.*
- *Determining the CEO's remuneration for the following twelve months.*
- *Consider any other related matters that may arise from the review.*

CEO Employment Agreement

The Employment Agreement (the Agreement) between Adelaide Hills Council and Andrew Aitken was executed on 17 August 2012 with the CEO commencing on 1 October 2012.

Clause 13 of the Agreement contains the provisions for a performance review process with the following key feature regarding KPIs:

- 13.4 *The performance review will review the CEO's Position Description and any key performance indicators through the Personal Evaluation System.*

2013-2014 Performance Review Process

The 2013-2014 Performance Review Process is discussed in more detail in Agenda Item 6.1.

Following the CEO's last performance review a set of 7 strategic objectives were adopted as the basis upon which to assess performance, in conjunction with the 7 key result areas (from the position description) in accordance with clause 13 of the Agreement.

2014-2015 Key Performance Indicators

Preliminary work has been undertaken to develop an appropriate suite of KPIs for the CEO in the 2014-15 period. The KPIs has been considered to ensure alignment with Council's Strategic and Corporate Plans.

The proposed suite of KPIs, timeframes for completion and their Strategic/Corporate Plan references are as follows:

Ref	KPI	Timeframe	Strategic Plan Reference
1.	Produce a Community Strategy that will undertake a needs analysis; develop a demographic profile; and identify gaps/needs in community development and related services.	by June 2015	1.1.1
2.	(2a) Produce a District Master Plan that maps and integrates desired outcomes for those key physical community, economic and environs priorities within the Strategic Plan.	by June 2015	2.5.1
3.	(2b) Produce a timetable for the development of precinct plans and guidelines for activity centres and villages with a focus on identifying a unique sense of place, revitalisation, a central public space, alteration and development of public infrastructure (e.g. outdoor dining, street markets, etc.).	by June 2015	2.5.2
4.	Produce an Economic Development Strategy to establish the Council's role, function and key activities in respect to supporting economic activity within the district.	by June 2015	3.1.1
5.	Produce a Strategic Planning and Reporting Framework to monitor the status and achievement of planned social, environmental, economic and governance objectives.	by November 2014	4.4.1

6.	Review the financial assumptions and planning parameters applied to the Long Term Financial Plan to achieve long term financial sustainability.	by March 2015	4.4.2
7.	Review the Council's Rating Strategy to ensure the fair and equitable impact of rates across the community.	by October 2015	4.4.3

Corporate Plan

8.	Corporate Plan) Produce and conduct a Customer Service Survey to identify improvements in our customer service delivery.	by April 2015	
9.	Produce a regular report on performance against key customer service standards.	by December 2014	

Other

10.	Produce a timetable that deals with all Council unmade road reserves on private property.	by December 2014	
11.	Improve the cultural performance of the organisation via the improved average satisfaction responses to the following questions: 1.	from 2014 to 2015	

5. ANALYSIS

In making a recommendation to Council on the suite of KPIs to measure the CEO's performance, the Panel may wish to consider the degree to which the suite provides:

- a holistic indicator of CEO performance
- clarity in terms of what is to be measured (and what success looks like)
- how it will be measured

6. OPTIONS

The Panel has the following options:

1. To recommend the suite of KPIs as presented above or amended for the Council's consideration
2. To recommend to Council an alternative suite of KPIs.

7. APPENDICES

Nil

8. 2014-15 CEO Key Performance Indicators – – Period of Confidentiality

That having considered Agenda Item 6.3 in confidence under section 90(2) and 90 (3)(a) of the *Local Government Act 1999*, the Panel, pursuant to section 91(7)(b) of that Act, orders that the documents and all minutes be retained in confidence until the Key Performance Indicator setting process has been completed by the adoption of a final suite of 2014-15 CEO Key Performance Indicators by Council.