

**ADELAIDE HILLS COUNCIL  
CEO PERFORMANCE REVIEW PANEL MEETING  
Monday 10 October 2016  
AGENDA BUSINESS ITEM**

**Item:** 8.3

**Originating Officer:** Megan Sutherland, Manager Organisational Development

**Subject:** CEO Performance Targets

**For:** Decision/Information

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**RECOMMENDATION**

**1. CEO Performance Targets – Exclusion of the Public**

**That the CEO Performance Review Panel (the Panel) resolves that:**

**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:**

- Executive Manager Governance and Risk, Lachlan Miller**
- Executive Manager Organisational Development, Megan Sutherland**
- Minute Secretary, Pam Williams**

**be excluded from attendance at the meeting for Agenda Item 8.3: 2016 CEO Performance Targets in confidence.**

**The Panel is satisfied that, pursuant to Section 90(3)(a) of the Act, that information to be received, discussed and 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 will be discussed.**

**In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.**

**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 information could unreasonably reveal personal information regarding the CEO's performance targets prior to the performance review being completed.**

## 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) or other rating scale as agreed, 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 performance targets for 2016-17 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 performance targets as presented in Agenda Item 8.3.**
3. **Having considered at Agenda Item 8.3 the matter of 2016-17 CEO Performance Targets in confidence under sections 90(2) and 90(3)(a) of the Local Government Act 1999, that an order be made under the provisions of sections 91(7) and (9) of the Local Government Act 1999 that the report, related attachments and the minutes of the CEO Performance Review Panel and the discussion of the subject matter be retained in confidence until the Performance Target process has been completed by the acceptance of a final report by Council and subject to the annual review of confidentiality orders.**
4. **Pursuant to section 91(9)(a) of the *Local Government Act 1999*, that the Panel delegates the duty to conduct an annual review of the confidentiality order to the Chief Executive Officer, or his sub-delegate.**
5. **Pursuant to section 91(9)(c) of the *Local Government Act 1999*, that the Panel delegates the power to revoke the confidentiality order to the Chief Executive Officer, or his sub-delegate.**

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## 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 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 determine appropriate performance targets, as the performance targets are used in the annual performance review process that directly affects 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**

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

*Deficient CEO performance review practices resulting 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**

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 Performance Targets has been undertaken with the Council Members, CEO and with the Executive Leadership Team.

## 2. 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.*

### ***CEO Performance Targets***

Preliminary work has been undertaken to develop an appropriate suite of CEO Performance Targets. The performance targets has been considered to ensure alignment with Council's Strategic, Corporate and Annual Business Plans.

The proposed suite of performance targets for completion are as follows:

<b>Governance</b>	
1	Review Section 41 committee and Advisory Group structures to promote the achievement of the Strategic Plan.
<b>Strategic Planning</b>	
2	Develop a rolling forward plan for three years of the key projects/initiatives to be undertaken in support of the Strategic Plan and budget/LTFP.
<b>People and Organisational Culture</b>	
3	Review and update the Corporate Plan to retain a focus on leadership and people development, customers, systems, innovation and measurable improvement.

<b>Stakeholder Management and Communities</b>	
4	Develop a plan to create arts and culture hubs across Council.
5	Explore options for increasing Council's digital footprint and facilitating public internet access in townships.
6	Update AHC's emergency management arrangements into a consolidated Emergency Management Plan.
<b>Customer Service and Experience</b>	
7	Review and update the composition of Tier 1 Service Standards in consultation with (and supported by) Council.
8	Establish and promote an on-line schedule of programmed maintenance.

### 3. ANALYSIS

In making a recommendation to Council on the suite of CEO Performance Targets to be used along with the positions description requirements to measure the CEO's performance, the Panel may want 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

The proposed suite of CEO Performance Targets have been discussed by the Panel with the CEO. If changes are to be made or new targets identified, it is considered appropriate that the Panel discuss these changes with the CEO, to reach agreement, as part of any recommendation to Council.

### 4. OPTIONS

The Panel has the following options:

1. To recommend the suite of CEO Performance Targets as presented above or amended for the Council's consideration
2. To recommend to Council an alternative suite of CEO Performance Targets, in consultation and with agreement from the CEO.

### 5. APPENDIX

Nil