ADELAIDE HILLS COUNCIL
ORDINARY COUNCIL MEETING
Tuesday 24 September 2024
CONFIDENTIAL AGENDA BUSINESS ITEM

Item:	**19.1.**
Responsible Officer:	**Zoë Gill** **Executive Governance Officer** **Office of the CEO**
Subject:	**CEO Performance Review Panel Recommendations to Council – CEO Review Process**
For:	**Decision**

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1. CEO Performance Review Panel Recommendations to Council – CEO Review Process – Exclusion of the Public

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

- **Chief Executive Officer, Greg Georgopoulos**
- **Director Environment & Infrastructure, David Waters**
- **Director Corporate Services, Gary Lewis**
- **Acting Director Community & Development, Jess Charlton**
- **Executive Governance Officer, Zoë Gill**
- **Minute Secretary, Rebekah Lyons**
- **IT Support, Tom Portas**

be excluded from attendance at the meeting for Agenda Item 19.1: (CEO Performance Review Panel Recommendations to Council – CEO Review Process) in confidence.

The Council is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable Council to consider the report at the meeting on the following grounds:

Section 90(3) (a) of the Local Government Act 1999, the information to be received, discussed or considered in relation to this 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).

Accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

2. CEO Performance Review Panel Recommendations to Council – CEO Review Process – Confidential Item

SUMMARY

At the 12 August 2024 CEO PRP Meeting it was resolved by the CEO Performance Review Panel (the Panel) to recommend to Council that the CEO Review Process prepared by Perks People Solutions be approved with some amendments made to add a mechanism for stakeholder input.

A report was prepared and went to Council for consideration at the 10 September 2024 Council meeting. Early feedback on the report indicated there was a preference for the CEO PRP to endorse the final proposed process and for some further minor amendments to be added to the process. The report was withdrawn from Council. Amendments have been made to the process based on Councillor's feedback.

The CEO Review Process was bought back to the Panel at a Special meeting on the 18 September 2024 to allow the panel to consider the amendments and provide a final recommendation on the process to Council.

The purpose of this report is to bring these final amendments to the CEO Review Process to Council.

RECOMMENDATION

Council resolves:

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

2. **To approve the proposed CEO Performance Review Process in *Appendix 1.***

3. **To approve the proposed CEO Performance Review Performance Criteria in *Appendix 2.***

4. **To note that the CEO PRP will continue to engage with the CEO on his progress against Key Performance Indicators on a quarterly basis.**

5. **To note that the Administration will develop a renumeration review process report for consideration at the next CEO PRP Meeting and that the current delay is due to this renumeration review being connected to the performance review process.**

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1. BACKGROUND

At the 12 August 2024 CEO PRP meeting, in response to a draft performance review process developed by Perks People Solutions, the panel resolved to recommend to Council to approve the process with the addition of a mechanism for key stakeholder input:

10.1.1. CEO Performance Review Process Recommendations – Confidential Item

Moved Ms Vanessa Godden
S/- Cr Kirsty Parkin **PRP 33/23**

The CEO Performance Review Panel resolves:

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

2. **To recommend that Council approve the CEO Performance Review Process as supplied by Perks People Solutions with the following addition:**

   (a) Develop a mechanism for key stakeholder input into the CEO's performance

3. **Council notes that the CEO PRP will continue to engage with the CEO on his progress against Key Performance Indicators on a quarterly basis**

Carried Unanimously

Perks People Solutions have provided an updated process which includes a mechanism for key Stakeholder input into the CEO's performance (refer to ***Appendix 1***). This mechanism includes the interview of key stakeholders and the opportunity to utilise an assessment matrix based on the CEO Performance Criteria to objectively assess the CEO's performance.

Perks People Solutions liaised with Greg Georgopoulos, Cr Chris Grant and Vanessa Godden to obtain their feedback in relation to the drafting of the performance criteria.

Key Stakeholders are identified as belonging to the following groups:

- CEO Direct Reports
- All Elected Members
- External stakeholders (CEO to provide a list of potential options)

The Performance Criteria covers the following Key Results Areas:

- Advice to and relationship with Council members
- Leadership and Management of Council's Employees
- Stakeholder Management and Communication
- Financial and Asset Management
- Growth and Economic Development
- Work, Health and Safety
- Strategic Planning
- Human Resources Management
- Operational Management, Governance and Major Projects

A report was prepared for Council to consider at the 10 September 2024 Council Meeting, which provided the CEO review process as amended in line with the CEO PRP resolution at the 12 August CEO PRP meeting. Due to feedback from the elected body this item was withdrawn, and a Special Meeting of the CEO PRP was called for the 18 September 2024 to reconsider a report on the CEO Review Process with the proposed amendments to the process, which included:

Performance Criteria

The performance criteria (***Appendix 2***) have been amended to reflect feedback received from elected members in relation to the Key Stakeholders for each KRA. The key stakeholders have been amended for two of the KRA's, Financial and Asset Management and Work, Health and Safety.

CEO Review Process and Performance Criteria Rating Scale

The independent panel member provided feedback that the self-assessment presentation should include data and insights in addition to verbal commentary. An addition has been made to step 3 of the process to clarify the expectations of the self-assessment presentation.

The performance criteria rating scale has also been amended to reflect elected member feedback. The updated rating scale provides a ranked 1-5 scale, with the following categories:

- 5 – Exceptional Performance
- 4 – Exceeds Expectations
- 3 – Meets Expectations
- 2 – Needs Improvement
- 1 – Serious Concerns
- Unable to Assess

The Panel resolved at this 18 September 2024 meeting as below:

Moved Cr Melanie Selwood
S/- Cr Lucy Huxter **PRP41/24**

The Committee resolves:

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

2. **To recommend that Council adopts the CEO Performance Review Process (*Appendix 1*) and Performance Criteria (*Appendix 2*), with the following amendment:**

   i. **In relation to the CEO Performance Review Process (*Appendix 1)*, point 2 of the 'KPI Progress Review – December 2024', removing the words 'and will include data and insights in addition to verbal commentary' on the last line and inserting 'evidentiary based' between the words 'provide' and 'insight' on the second line.**

3. **That the Administration develop a remuneration review process report for consideration at the next CEO PRP Meeting, noting the current delay is due to this remuneration review being connected to the performance review process.**

Carried Unanimously

This report delivers the CEO PRP's recommendations upon their consideration of the CEO Review Process inclusive of the proposed amendments.

2. ANALYSIS

➢ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

Strategic Plan 2020-24 – A brighter future

Goal	Organisation
Objective O5	We are accountable, informed, and make decisions in the best interests of the whole community.
Priority O5.3	Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community.

Regular review of performance against the agreed CEO Key Performance Indicators enables accountability to be demonstrated and any decisions on changes to performance targets to be actively managed.

- **Legal Implications**

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

Panel Functions

The CEO Performance Review Panel (the **Panel**) has specific functions:

3. SPECIFIC FUNCTIONS

3.1 The function of the Panel is to provide advice to Council on the CEO's performance and development, including the following matters:

3.1.1 Determining the Performance Targets for the forthcoming 12 month performance period;

3.1.2 Monitoring the progress on the CEO's agreed Performance Targets for the current 12 month performance period;

3.1.3 Reviewing the CEO's performance over the preceding 12 month performance period, in particular the performance against the agreed Performance Targets and position description requirements;

3.1.4 Identifying development opportunities for the CEO; and

3.1.5 Reviewing the remuneration and conditions of employment of the CEO.

- **Risk Management Implications**

The process of reviewing the CEO's performance will assist in mitigating the risk of:

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

Inherent Risk	Residual Risk	Target Risk
Medium (3C)	Low (2D)	Low (2D)

Non-achievement of CEO Performance Targets resulting in loss of community benefit and/or opportunities and/or stakeholder confidence.

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

Note: there are many other controls that also assist in managing these risks.

- **Financial and Resource Implications**

The proposed CEO review process is estimated to cost $2000 -$3000. This will be funded through the CEO's budget.

- **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.

There is a community expectation that the CEO PRP will utilise a review process to transparently and equitably manage the CEO's performance.

- **Sustainability Implications**

Not applicable.

- **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees:	CEO PRP
Council Workshops:	Not Applicable
Advisory Groups:	Not Applicable
External Agencies:	Perks People Solutions
Community:	Not Applicable

- **Additional Analysis**

In making their recommendations, over the two meetings, the Panel discussed the proposed review process, including at the 12 August 2024 meeting:

- The importance of fairness and equity to the current CEO review process in comparison to previous processes
- That the CEO has been subjected to a number of unusual organisational challenges this year
- The timing of the review, noting:
    - Council's resolution that the review must be 6 months after the process is approved by Council (resolution on 19 December 2023 (344/23) and
    - there is a legislative obligation to conduct a review once in each year of the CEO's service (July-June)
- That reporting on the KPIs on a quarterly basis allows for ongoing monitoring by the CEO PRP, including in September, December, March and June
- That the staff values survey will provide feedback on values and culture of the organisation

- The need to develop a mechanism for key stakeholders to provide input to the CEO's performance

And at the 18 September 2024 meeting:

- Members discussed the changes to the performance review process and the performance criteria and suggested one change for clarity.
- Members discussed the renumeration review process.

The proposed December review meets the legislative requirement to have a review in each year of service. The March review meets the Council resolution to have a review six months after the review process is agreed.

Timeline

To meet the two key timing requirements for the CEO Review Process discussed above the following schedule is proposed:

12 August 2024	CEO PRP Meeting	Process is considered by Panel and resolves to recommend process to Council.
18 September 2024	Special CEO PRP Meeting	Following feedback from Council, the amended Process is considered by the CEO PRP and a finalised process is recommended to Council.
24 September 2024	Ordinary Council Meeting	Panel Recommendations on the CEO Review process are presented to Council for approval and confirmation is provided to Presiding Member of CEO PRP.
18 December 2024	CEO PRP Meeting	CEO presents the self-assessment presentation for the KPI Review to the panel during this meeting. Panel utilise the assessment matrix and the HR Consultant facilitates panel discussion following presentation.
1 February 2025	Presiding Member	Provides 25 days written notice to the CEO of the March review date.
5 February 2025	CEO PRP Meeting	Panel receives the outcomes and recommendations of the KPI review report for consideration and determines the panel

		recommendations to provide to Council.
11 February 2025	Ordinary Council Meeting	Panel Recommendation provided to Council.
TBA March	Workshop	CEO Review Process meeting, the CEO presents the self-assessment presentation. Key internal stakeholders utilise the assessment matrix in assessing the CEO's performance. HR consultant undertakes interviews and prepares a report with outcomes and recommendations to be bought to the panel and then Council.
TBA March 2024	Special CEO PRP Meeting	Panel receives the HR Consultants report and determines the panel recommendations for Council.
25 March 2025	Ordinary Council Meeting	The report and Panel recommendation are submitted to Council for endorsement.

Renumeration Review

The timetable for the CEO review process will impact the timing of the CEO's renumeration review, which is required in the CEO's contract. The renumeration review is detailed in the CEO's employment contract in clause 18 'TEC Package Review'. The relevant section is below:

18. **TEC PACKAGE REVIEW**

18.1 The TEC Package specified in Clause 13 and Schedule 2 shall be reviewed annually in conjunction with the performance review process.

18.2 The TEC Package review will be conducted within one month of the performance review set out in Clause 17 (if reasonably practicable), and any change to the TEC Package shall take effect from the date on which the performance review is concluded.

18.3 The review of the TEC Package will take into account the following:

18.3.1 The key performance indicators;

18.3.2 The Employee's Position Description and Duties;

18.3.3 Remuneration paid to CEOs of similar sized councils in South Australia;

18.3.4 Any applicable range of remuneration rates determined by the RTSA; and

18.3.5 Any other factor the Council considers relevant.

18.4 Despite the foregoing, the Employee is not entitled, by right, to any increase in the TEC Package during the Term.

As per the clause above the renumeration review must occur annually and this annual review should be undertaken in conjunction with the performance review process or within one month if this is reasonably practicable after the conclusion of the performance review process.

In undertaking the renumeration review the factors listed at clause 18.3 will be taken into account and any changes to the TEC Package are to take effect from that the performance review is concluded.

Preliminary legal advice suggests that it can be possible to delay a renumeration review and back date any decision of that review to the anniversary of employment. Further legal advice will be required in relation to the CEOs contract. Administration proposes to present a report to the CEO PRP on the CEO's renumeration review process at the next CEO PRP meeting. The CEO is comfortable with this approach.

3. OPTIONS

Council has the following options:

I. That Council receives and adopts the Panel's recommendations. (Recommended)
II. That Council does not receive and adopt the Panel's recommendations. (Not Recommended)

4. APPENDICES

(1) CEO Performance Review Process
(2) 2024 CEO Performance Review Criteria
(3) CEO PRP Report - CEO Performance Review Process Recommendations

Appendix 1

CEO Performance Review Process

Perks People Solutions

Recommended Process for Adelaide Hills Council CEO Performance Review

After full consultation with the Adelaide Hills Council CEO Performance Review Committee, this paper provides recommendation for the method of conducting the CEO performance review for the Adelaide Hills Council for the 2024 review period.

This process has been designed as a two-part series and meets the requirements of the *Local Government Act (1999)* and the CEO's employment contract and is subject to the review and oversight of the Qualified, Independent Person (QIP), being Mr Michael Kelledy, Director of Kelledy Jones Lawyers.

KPI Progress Review – December 2024

The process for the KPI review involves the utilisation of an assessment matrix designed by the HR Consultant, to guide the Performance Review panel (the panel) in assessing the CEO's progress towards achievement of the pre-determined KPIs endorsed by Council.

The process will involve the following steps:

1. A date to review the CEO's progress towards achievement of KPIs is scheduled for December 2024 (date TBA);
2. During this December meeting, the CEO provides a self-assessment presentation to the panel to provide evidentiary based insights into progress towards achievements against each of the KPIs, ideally, this presentation should flow in the same order as the performance criteria set out within the pre-designed Assessment Matrix utilised by the panel;
3. During the CEO's presentation, panel members utilise the Assessment Matrix document to objectively rate the CEO against each of the performance criteria and to document any relevant notes/feedback (which can later be used to guide verbal feedback provided to the CEO);
4. Once the self-assessment presentation concludes, the CEO departs the meeting, allowing the HR Consultant to facilitate a robust discussion by the panel to collectively evaluate the CEO's progress towards performance against each of the KPIs;
5. At the conclusion of the meeting, the Chair of the panel and the HR Consultant provide immediate, balanced feedback to the CEO, including recognition of any outstanding achievements, as well as constructive feedback regarding any areas requiring improvement or further development (this can either be undertaken privately, or with the panel present).
6. The HR Consultant summarises the outcomes and recommendations from the process in a report that is submitted to Council.

It is also highly recommended that quarterly review 'check-in' meetings are held with the panel to ensure the elimination of any recency bias. This strategy will help the panel develop a full picture of the CEO's performance and development over time.

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Full Performance Review – March 2025

Further to the KPI Progress Review held in December 2024, a full review against the CEO's achievement against all performance criteria will be undertaken in March 2025.

This process will also involve the utilisation of an assessment matrix designed by the HR Consultant, to guide the key internal stakeholders (as defined below) in assessing the performance of the CEO.

This process will involve the following steps:

1. A date to review the CEO's performance is scheduled for March 2025 (date TBA);
2. The Chair of the panel to provide 25 working days' notice in writing that the CEO is required to undertake a performance review, including a self-assessment presentation to be provided on the scheduled date in March 2025 (as required by the CEO contract of employment);
3. CEO provides a self-assessment presentation to all Elected Members and Direct Reports to the CEO (key internal stakeholders) to provide insight into performance and achievements against each of the performance criteria. Ideally, this presentation should flow in the same order as the performance criteria set out within the pre-designed Assessment Matrix;
4. During the CEO's presentation, key internal stakeholders will utilise the Assessment Matrix document to objectively assess the CEO against each of the performance criteria and to document any relevant notes/feedback (which may later be used to guide verbal feedback provided to the CEO);
5. Once the self-assessment presentation concludes, the Consultant will collect all completed Assessment Matrix documents and key stakeholders will be invited to participate in interviews with the Consultant, to provide further context to the assessments provided. It may take a period of approximately one month to complete the process of undertaking stakeholder interviews.
6. Some key external stakeholders may also be included in the interview process to assess relevant criteria (for example, to test that the performance criteria for the Stakeholder Management and Communications Key Result Area has been met).
7. Once all stakeholder interviews are completed, the HR Consultant summarises the outcomes and recommendations from the process in a report to be submitted to the Panel and then to Council.
8. At the conclusion of the entire process, the Chair of the panel and the HR Consultant provide timely, balanced feedback to the CEO, including recognition of any outstanding achievements, as well as constructive feedback regarding any areas requiring improvement or further development. The Chair of the panel and the HR Consultant can provide immediate feedback after the report is discussed by the Panel if required.

Performance Criteria:

The following performance criteria is utilised to undertake the CEO's performance review:

- KPIs - The CEO's pre-determined Key Performance Indicators
- KRAs – Defined questions that represent the Key Result Areas from the CEO Position Description

Performance Criteria Rating Scale:

To ensure consistent and objective ratings against the performance criteria, it is recommended that the panel adopt the following performance rating scale in assessing the CEO's performance. Assessors will be provided with an opportunity to provide further context to their rating by way of free text comments and/or feedback to be provided during the interview with the HR consultant:

Rating	Definition
5	**Exceptional Performance** • A standard of competency / performance / achievement that far exceeds overall requirements • Ability, initiative and creativity far beyond the normal requirements for the job • Achievement and influence goes beyond the immediate job • Behaviour always exemplifies commitment to constructive culture • Role models the organisational values
4	**Exceeds Expectations** • A standard of competency / performance / achievement that clearly exceeds the overall requirements • Achievement goes beyond the immediate job • Looks for opportunities and shows initiative and creativity • Behaviour consistently demonstrates commitment to constructive cultures and sets an example for others • Actively demonstrates and role-models the organisational values
3	**Meets Expectations** • A standard of competency / performance / achievement that meets the requirements • Developing within the position • Behaviour demonstrates commitment to constructive culture • Consistently demonstrates the organisational values
2	**Needs Improvement** • A standard of competency / performance / achievement that meets the minimum requirements • Performance improvement is required in some areas (could be new to role) • Behaviour often falls below the expected standards of a constructive approach • Organisational values are not consistently demonstrated or role-modelled

1	**Serious Concerns** • A standard of competency / performance / achievement that requires significant improvement • Behaviour rarely demonstrates constructive approach • Performance is below acceptable levels and improvement is essential • Has demonstrated some behaviour that is not aligned with organisational values
U	**Unable to Assess** • Where you don't feel you are in a position to provide a rating

Advantages of the Recommended Process:

1. **Objectivity and Alignment:** The use of specific, predefined criteria as well as an objective rating scale, ensures that the process is objective and directly linked to the set performance criteria and organisational priorities.
2. **Clarity and Focus:** The CEO's self-assessment presentation removes risk of ambiguity and subjective biases which can often appear in Performance 360 processes where participants may not have the full picture of the CEO's performance against each of the criteria.
3. **Feedback for Development:** Specific and meaningful feedback derived from the facilitated discussion can guide professional development and leadership growth of the CEO.
4. **Thorough and Robust:** This comprehensive and multi-faceted approach, ensures a well-rounded evaluation including setting clear and measurable objectives at the outset, gathering diverse feedback from key stakeholders and encouraging open and honest dialogue about achievements, challenges, and areas for development.

Conclusion:

In conclusion, the recommended process is compliant and aligns with best practice performance review processes and stands out as the preferred method for the CEO performance review process for Adelaide Hills Council.

Collette Ordish
Principal Consultant
Perks People Solutions

Appendix 2

2024 CEO Performance Review Criteria

Adelaide Hills Council
CEO Performance Review
2024 Performance Criteria

Position Description Key Result Areas (KRAs)	Performance Criteria	Key Stakeholders
Advice to and relationship with Council members	• The CEO provides timely, accurate and strategic advice to Council members to facilitate informed decision-making • The CEO maintains strong, collaborative relationships with Council members, fostering mutual trust and respect • The CEO ensures transparency in communications with Council members, keeping them well-informed of key issues in a timely manner	All Elected Members
Leadership and Management of Council's Employees	• KPI #5 - Develop, implement and deliver upon an internal communications strategy • KPI #6 - Develop and implement a revised set of organisational values • The CEO fosters a positive, productive and engaging work environment • The CEO effectively manages performance of direct reports through clear goal setting, regular feedback and regular development • The CEO provides regular, timely and transparent communication to Council employees regarding matters impacting the workforce	CEO Direct Reports (5 x Positions)
Stakeholder Management and Communication	• The CEO engages with key stakeholders, including community members, businesses and government agencies, to build quality relationships • The CEO actively participates in community events and forums to be visible and to understand and address community concerns	All Elected Members CEO Direct Reports CEO to provide list of potential external stakeholders for this topic
Financial and Asset Management	• KPI #1 - Develop, implement and deliver against Council's 2024/25 Operational plans on time and within budget (+ or - 10%)	All Elected Members

Adelaide Hills Council
CEO Performance Review
2024 Performance Criteria

Position Description Key Result Areas (KRAs)	Performance Criteria	Key Stakeholders
	• The CEO manages the Council's budget effectively, ensuring financial sustainability and compliance with budgetary constraints • The CEO ensures the long-term financial plan is based on sound assumptions	CEO Direct Reports
Growth and Economic Development	• The CEO supports and encourages continued growth, new investment and appropriate development, and the sustainability of existing business	All Elected Members CEO Direct Reports
Work, Health & Safety	• The CEO promotes a strong safety culture within the organisation	All Elected Members CEO Direct Reports
Strategic Planning	• *KPI #2 - Develop, implement and deliver against a new strategic plan for Adelaide Hills Council*	All Elected Members CEO Direct Reports
Human Resources Management	• The CEO regularly reviews the organisational structure to ensure it meets functional and business requirements of the AHC Strategic Plan	CEO Direct Reports
Operational Management, Governance & Major Projects	• KPI #3 - Develop and implement a business case for space utilisation for Fabrik (Art Hub) • KPI #4 - Complete the essential build of the CRM System Upgrade, ensuring there are effective processes for communicating updates and outcomes/resolutions to customers	All Elected Members CEO Direct Reports

Adelaide Hills Council
CEO Performance Review
2024 Performance Criteria

Position Description Key Result Areas (KRAs)	Performance Criteria	Key Stakeholders
	• The CEO ensures the efficient and effective operation of Council's services and functions • The CEO maintains high standards of governance, ensuring compliance with legal and regulatory requirements.	

Appendix 3

CEO PRP Report - CEO Performance Review Process Recommendations

ADELAIDE HILLS COUNCIL
SPECIAL CEO PERFORMANCE REVIEW PANEL MEETING
18 September 2024
CONFIDENTIAL AGENDA BUSINESS ITEM

Item:	**10.2**
Responsible Officer:	**Zoë Gill** **Executive Governance Officer** **Office of the CEO**
Subject:	**CEO Review Process and Performance Criteria**
For:	**Decision**

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1. CEO Review Process and Performance Criteria – 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:

- **Chief Executive Officer, Greg Georgopoulos**
- **Executive Governance Officer, Zoë Gill**
- **Michael Kelledy, Kelledy Jones Lawyers, Qualified Independent Person**

be excluded from attendance at the meeting for Agenda Item 12.2: (*CEO Review Process and Performance Criteria*) in confidence.

The Panel is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable the Panel to consider the report at the meeting on the following grounds:

Section 90(3)(a) of the Local Government Act 1999, the information to be received, discussed or considered in relation to this 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).

Accordingly, on this basis the principle that meetings of the Panel should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

2. CEO Review Process and Performance Criteria – Confidential Item

SUMMARY

At the 12 August 2024 CEO PRP Meeting it was resolved by the panel to recommend to Council that the CEO Review Process prepared by Perks People Solutions be approved.

A report was prepared and went to Council for consideration at the 10 September 2024 Council meeting. Early feedback on the report indicated there was a preference for the CEO PRP to endorse the final proposed process. The report was withdrawn from Council. Amendments have been made to the process based on Councillor's feedback.

The purpose of this report is to bring these amendments to the CEO PRP for consideration for recommendation to Council.

RECOMMENDATION

The CEO Performance Review Panel resolves:

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

2. **To recommend that Council adopts the amended CEO Performance Review Process (*Appendix 1*) and Performance Criteria (*Appendix 2*) as prepared by Perks People Solutions.**

3. **That the Administration develop a renumeration review process report for consideration at the next CEO PRP Meeting.**

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1. BACKGROUND

At the 12 August CEO PRP Meeting it was resolved by the panel to recommend to Council that the CEO Review Process prepared by Perks People Solutions be approved, with some amendments.

10.1.1. CEO Performance Review Process Recommendations – Confidential Item

Moved Ms Vanessa Godden
S/- Cr Kirsty Parkin **PRP 33/23**

The CEO Performance Review Panel resolves:

1. **That the report be received and noted.**
2. **To recommend that Council approve the CEO Performance Review Process as supplied by Perks People Solutions with the following addition:**

   (a) Develop a mechanism for key stakeholder input into the CEO's performance

3. **Council notes that the CEO PRP will continue to engage with the CEO on his progress against Key Performance Indicators on a quarterly basis**

Carried Unanimously

A report was prepared for Council to consider at the 10 September 2024 Council Meeting, which provided the CEO review process as amended in line with the CEO PRP resolution at the 12 August CEO PRP meeting. Due to feedback from the elected body this item was withdrawn and this report was developed for the CEO PRP to consider the proposed amendments to the process as detailed in the analysis below.

2. ANALYSIS

➢ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

Strategic Plan 2020-24 – A brighter future

Goal	Organisation
Objective O1	We have the right people with the right knowledge and skills in the right jobs and they are supported and developed.
Priority O1.4	Continue to support all staff through training, mentoring, coaching and development to enable the achievement of organisational and community goals

The requirement for the Panel to undertake regular review of performance enables accountability to be demonstrated and any recommendations on performance and development of the CEO to be identified, supported and managed.

➢ **Legal Implications**

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

Section 102A of the Act is also a newer provision which requires the council to review the performance of its CEO at least once each year and, if relevant, before the reappointment of its CEO. Further in the course of the performance review, the council must obtain and consider the advice of a qualified independent person.

- **Risk Management Implications**

Undertaking regular review of the CEO's performance will assist in mitigating the risk of:

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

Inherent Risk	Residual Risk	Target Risk
Medium (3C)	Low (2D)	Low (2D)

Non-achievement of CEO Performance Targets resulting in loss of community benefit and/or opportunities and/or stakeholder confidence.

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

Note: there are many other controls that also assist in managing these risks.

- **Financial and Resource Implications**

The proposed CEO review process is estimated to cost $2,000-$3,000. This will be funded through the CEO's budget.

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

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

- **Sustainability Implications**

Not applicable.

- **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees:	CEO PRP
Council Workshops:	Not Applicable
Advisory Groups:	Not Applicable
External Agencies:	Perks People Solutions
Community:	Not Applicable

- **Additional Analysis**

Performance Criteria

The performance criteria have been amended to reflect feedback received from elected members in relation to the Key Stakeholders for each KRA. The key stakeholders have been amended for two of the KRA's, Financial and Asset Management and Work, Health and Safety.

CEO Review Process and Performance Criteria Rating Scale

The independent panel member provided feedback that the self-assessment presentation should include data and insights in addition to verbal commentary. An addition has been made to step 3 of the process to specify that the self-assessment presentation include data and insights in addition to verbal commentary.

The performance criteria rating scale has also been amended to reflect elected member feedback. The updated rating scale provides a ranked 1-5 scale, with the following categories:

- 5 – Exceptional Performance
- 4 – Exceeds Expectations
- 3 – Meets Expectations
- 2 – Needs Improvement
- 1 – Serious Concerns
- Unable to Assess

Timeline

There are two key timing requirements for the CEO review process, namely:

- Council's resolution that the review must be 6 months after the process is approved by Council (resolution on 19 December 2023 (344/23) and
- there is a legislative obligation to conduct a review once in each year of the CEO's service (July-June)

12 August 2024	CEO PRP Meeting	Process is considered by Panel and resolves to recommend process to Council.
18 September 2024	Special CEO PRP Meeting	Following feedback from Council, the amended Process is considered by the CEO PRP and a finalised process is recommended to Council.
24 September 2024	Ordinary Council Meeting	Panel Recommendations on the CEO Review process are presented to Council for approval and confirmation is

		provided to Presiding Member of CEO PRP.
18 December 2024	CEO PRP Meeting	CEO presents the self-assessment presentation for the KPI Review to the panel during this meeting. Panel utilise the assessment matrix and the HR Consultant facilitates panel discussion following presentation.
1 February 2025	Presiding Member	Provides 25 days written notice to the CEO of review date.
5 February 2025	CEO PRP Meeting	Panel receives the outcomes and recommendations of the KPI review report for consideration and determines the panel recommendations to provide to Council.
11 February 2025	Ordinary Council Meeting	Panel Recommendation provided to Council.
TBA March	Workshop	CEO Review Process meeting, the CEO presents the self-assessment presentation. Key internal stakeholders utilise the assessment matrix in assessing the CEO’s performance. HR consultant undertakes interviews and prepares a report with outcomes and recommendations to be bought to the panel and then Council.
TBA March 2024	Special CEO PRP Meeting	Panel receives the HR Consultants report and determines the panel recommendations for Council.
25 March 2025	Ordinary Council Meeting	The report and Panel recommendation are submitted to Council for endorsement.

Renumeration Review

The timetable for the CEO review process will impact the timing of the CEO's renumeration review, which is required in the CEO's contract. The renumeration review is detailed in the CEO's employment contract in clause 18 'TEC Package Review'. The relevant section is below:

18. **TEC PACKAGE REVIEW**

18.1 The TEC Package specified in Clause 13 and Schedule 2 shall be reviewed annually in conjunction with the performance review process.

18.2 The TEC Package review will be conducted within one month of the performance review set out in Clause 17 (if reasonably practicable), and any change to the TEC Package shall take effect from the date on which the performance review is concluded.

18.3 The review of the TEC Package will take into account the following:

18.3.1 The key performance indicators;

18.3.2 The Employee's Position Description and Duties;

18.3.3 Remuneration paid to CEOs of similar sized councils in South Australia;

18.3.4 Any applicable range of remuneration rates determined by the RTSA; and

18.3.5 Any other factor the Council considers relevant.

18.4 Despite the foregoing, the Employee is not entitled, by right, to any increase in the TEC Package during the Term.

As per the clause above the renumeration review must occur annually and this annual review should be undertaken in conjunction with the performance review process or within one month if this is reasonably practicable after the conclusion of the performance review process.

In undertaking the renumeration review the factors listed at clause 18.3 will be taken into account and any changes to the TEC Package are to take effect from that the performance review is concluded.

Preliminary legal advice suggests that it can be possible to delay a renumeration review and back date any decision of that review to the anniversary of employment. Further legal advice will be required in relation to the CEOs contract. Administration proposes to present a report to the CEO PRP on the CEO's renumeration review process at the next CEO PRP meeting. The CEO is comfortable with this approach.

3. OPTIONS

The Panel has the following options:

1. To review the amended CEO Review Process and Assessment Matrix and recommend to Council for adoption (Recommended)
2. To not recommend to Council and delay the CEO Review Process for Council (Not Recommended)

4. APPENDICES

(1) Perks People Solutions – Recommended Process for Adelaide Hills Council CEO Performance Review
(2) Perks People Solutions – CEO Performance Criteria

Appendix 1

Perks People Solutions – Recommended Process for Adelaide Hills Council CEO Performance Review

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Recommended Process for Adelaide Hills Council CEO Performance Review

After full consultation with the Adelaide Hills Council CEO Performance Review Committee, this paper provides recommendation for the method of conducting the CEO performance review for the Adelaide Hills Council for the 2024 review period.

This process has been designed as a two-part series and meets the requirements of the *Local Government Act (1999)* and the CEO's employment contract and is subject to the review and oversight of the Qualified, Independent Person (QIP), being Mr Michael Kelledy, Director of Kelledy Jones Lawyers*.*

KPI Progress Review – December 2024

The process for the KPI review involves the utilisation of an assessment matrix designed by the HR Consultant, to guide the Performance Review panel (the panel) in assessing the CEO's progress towards achievement of the pre-determined KPIs endorsed by Council.

The process will involve the following steps:

1. A date to review the CEO's progress towards achievement of KPIs is scheduled for December 2024 (date TBA);
2. During this December meeting, the CEO provides a self-assessment presentation to the panel to provide insight into progress towards achievements against each of the KPIs, ideally, this presentation should flow in the same order as the performance criteria set out within the pre-designed Assessment Matrix utilised by the panel and will include data and insights in addition to verbal commentary;
3. During the CEO's presentation, panel members utilise the Assessment Matrix document to objectively rate the CEO against each of the performance criteria and to document any relevant notes/feedback (which can later be used to guide verbal feedback provided to the CEO);
4. Once the self-assessment presentation concludes, the CEO departs the meeting, allowing the HR Consultant to facilitate a robust discussion by the panel to collectively evaluate the CEO's progress towards performance against each of the KPIs;
5. At the conclusion of the meeting, the Chair of the panel and the HR Consultant provide immediate, balanced feedback to the CEO, including recognition of any outstanding achievements, as well as constructive feedback regarding any areas requiring improvement or further development (this can either be undertaken privately, or with the panel present).
6. The HR Consultant summarises the outcomes and recommendations from the process in a report that is submitted to Council.

It is also highly recommended that quarterly review 'check-in' meetings are held with the panel to ensure the elimination of any recency bias. This strategy will help the panel develop a full picture of the CEO's performance and development over time.

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Full Performance Review – March 2025

Further to the KPI Progress Review held in December 2024, a full review against the CEO's achievement against all performance criteria will be undertaken in March 2025.

This process will also involve the utilisation of an assessment matrix designed by the HR Consultant, to guide the key internal stakeholders (as defined below) in assessing the performance of the CEO.

This process will involve the following steps:

1. A date to review the CEO's performance is scheduled for March 2025 (date TBA);
2. The Chair of the panel to provide 25 working days' notice in writing that the CEO is required to undertake a performance review, including a self-assessment presentation to be provided on the scheduled date in March 2025 (as required by the CEO contract of employment);
3. CEO provides a self-assessment presentation to all Elected Members and Direct Reports to the CEO (key internal stakeholders) to provide insight into performance and achievements against each of the performance criteria. Ideally, this presentation should flow in the same order as the performance criteria set out within the pre-designed Assessment Matrix;
4. During the CEO's presentation, key internal stakeholders will utilise the Assessment Matrix document to objectively assess the CEO against each of the performance criteria and to document any relevant notes/feedback (which may later be used to guide verbal feedback provided to the CEO);
5. Once the self-assessment presentation concludes, the Consultant will collect all completed Assessment Matrix documents and key stakeholders will be invited to participate in interviews with the Consultant, to provide further context to the assessments provided. It may take a period of approximately one month to complete the process of undertaking stakeholder interviews.
6. Some key external stakeholders may also be included in the interview process to assess relevant criteria (for example, to test that the performance criteria for the Stakeholder Management and Communications Key Result Area has been met).
7. Once all stakeholder interviews are completed, the HR Consultant summarises the outcomes and recommendations from the process in a report to be submitted to the Panel and then to Council.
8. At the conclusion of the entire process, the Chair of the panel and the HR Consultant provide timely, balanced feedback to the CEO, including recognition of any outstanding achievements, as well as constructive feedback regarding any areas requiring improvement or further development. The Chair of the panel and the HR Consultant can provide immediate feedback after the report is discussed by the Panel if required.

Performance Criteria:

The following performance criteria is utilised to undertake the CEO's performance review:

- KPIs - The CEO's pre-determined Key Performance Indicators
- KRAs – Defined questions that represent the Key Result Areas from the CEO Position Description

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Performance Criteria Rating Scale:

To ensure consistent and objective ratings against the performance criteria, it is recommended that the panel adopt the following ~~objective~~ performance rating scale in assessing the CEO's performance. ~~This eliminates any risk of subjective ratings.~~ Assessors will be provided with an opportunity to provide further context to their rating by way of free text comments and/or feedback to be provided during the interview with the HR consultant:

- ~~Performance Criteria Met~~

~~Performance Criteria Not Met~~

Rating	Definition
5	**Exceptional Performance** • A standard of competency / performance / achievement that far exceeds overall requirements • Ability, initiative and creativity far beyond the normal requirements for the job • Achievement and influence goes beyond the immediate job • Behaviour always exemplifies commitment to constructive culture • Role models the organisational values
4	**Exceeds Expectations** • A standard of competency / performance / achievement that clearly exceeds the overall requirements • Achievement goes beyond the immediate job • Looks for opportunities and shows initiative and creativity • Behaviour consistently demonstrates commitment to constructive cultures and sets an example for others • Actively demonstrates and role-models the organisational values
3	**Meets Expectations** • A standard of competency / performance / achievement that meets the requirements • Developing within the position • Behaviour demonstrates commitment to constructive culture • Consistently demonstrates the organisational values
2	**Needs Improvement** • A standard of competency / performance / achievement that meets the minimum requirements • Performance improvement is required in some areas (could be new to role) • Behaviour often falls below the expected standards of a constructive approach • Organisational values are not consistently demonstrated or role-modelled

1	**Serious Concerns** • A standard of competency / performance / achievement that requires significant improvement • Behaviour rarely demonstrates constructive approach • Performance is below acceptable levels and improvement is essential • Has demonstrated some behaviour that is not aligned with organisational values
U	**Unable to Assess** • Where you don't feel you are in a position to provide a rating

Advantages of the Recommended Process:

1. **Objectivity and Alignment:** The use of specific, predefined criteria as well as an objective rating scale, ensures that the process is objective and directly linked to the set performance criteria and organisational priorities.
2. **Clarity and Focus:** The CEO's self-assessment presentation removes risk of ambiguity and subjective biases which can often appear in Performance 360 processes where participants may not have the full picture of the CEO's performance against each of the criteria.
3. **Feedback for Development:** Specific and meaningful feedback derived from the facilitated discussion can guide professional development and leadership growth of the CEO.
4. **Thorough and Robust:** This comprehensive and multi-faceted approach, ensures a well-rounded evaluation including setting clear and measurable objectives at the outset, gathering diverse feedback from key stakeholders and encouraging open and honest dialogue about achievements, challenges, and areas for development.

Conclusion:

In conclusion, the recommended process is compliant and aligns with best practice performance review processes and stands out as the preferred method for the CEO performance review process for Adelaide Hills Council.

Collette Ordish
Principal Consultant
Perks People Solutions

Appendix 2

Perks People Solutions – CEO Performance Criteria

Adelaide Hills Council
CEO Performance Review
2024 Performance Criteria

Position Description Key Result Areas (KRAs)	Performance Criteria	Key Stakeholders
Advice to and relationship with Council members	• The CEO provides timely, accurate and strategic advice to Council members to facilitate informed decision-making • The CEO maintains strong, collaborative relationships with Council members, fostering mutual trust and respect • The CEO ensures transparency in communications with Council members, keeping them well-informed of key issues in a timely manner	All Elected Members
Leadership and Management of Council's Employees	• KPI #5 - Develop, implement and deliver upon an internal communications strategy • KPI #6 - Develop and implement a revised set of organisational values • The CEO fosters a positive, productive and engaging work environment • The CEO effectively manages performance of direct reports through clear goal setting, regular feedback and regular development • The CEO provides regular, timely and transparent communication to Council employees regarding matters impacting the workforce	CEO Direct Reports (5 x Positions)
Stakeholder Management and Communication	• The CEO engages with key stakeholders, including community members, businesses and government agencies, to build quality relationships • The CEO actively participates in community events and forums to be visible and to understand and address community concerns	All Elected Members CEO Direct Reports CEO to provide list of potential external stakeholders for this topic
Financial and Asset Management	• KPI #1 - Develop, implement and deliver against Council's 2024/25 Operational plans on time and within budget (+ or - 10%)	All Elected Members

Adelaide Hills Council
CEO Performance Review
2024 Performance Criteria

Position Description Key Result Areas (KRAs)	Performance Criteria	Key Stakeholders
	• The CEO manages the Council's budget effectively, ensuring financial sustainability and compliance with budgetary constraints • The CEO ensures the long-term financial plan is based on sound assumptions	CEO Direct Reports
Growth and Economic Development	• The CEO supports and encourages continued growth, new investment and appropriate development, and the sustainability of existing business	All Elected Members CEO Direct Reports
Work, Health & Safety	• The CEO promotes a strong safety culture within the organisation	All Elected Members CEO Direct Reports
Strategic Planning	• *KPI #2 - Develop, implement and deliver against a new strategic plan for Adelaide Hills Council*	All Elected Members CEO Direct Reports
Human Resources Management	• The CEO regularly reviews the organisational structure to ensure it meets functional and business requirements of the AHC Strategic Plan	CEO Direct Reports
Operational Management, Governance & Major Projects	• KPI #3 - Develop and implement a business case for space utilisation for Fabrik (Art Hub) • KPI #4 - Complete the essential build of the CRM System Upgrade, ensuring there are effective processes for communicating updates and outcomes/resolutions to customers	All Elected Members CEO Direct Reports

Adelaide Hills Council
CEO Performance Review
2024 Performance Criteria

Position Description Key Result Areas (KRAs)	Performance Criteria	Key Stakeholders
	• The CEO ensures the efficient and effective operation of Council's services and functions • The CEO maintains high standards of governance, ensuring compliance with legal and regulatory requirements.	

3. CEO Review Process and Performance Criteria – Duration of Confidentiality

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 12.2 in confidence under sections 90(2) and 90(3)(a) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
Report	Until further order
Related Attachments	Until further order
Minutes	Until further order
Other (presentation, documents, or similar)	Until further order

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

3. CEO Performance Review Panel Recommendations to Council – CEO Review Process – Duration of Confidentiality

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 19.1 in confidence under sections 90(2) and 90(3)(a) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
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Other (presentation, documents, or similar)	Until Further Order

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.