



## **CEO PERFORMANCE REVIEW PANEL**

### **NOTICE OF MEETING**

To: **Members**

Cr Mark Osterstock, Presiding Member

Mayor Jan-Claire Wisdom

Cr Nathan Daniell

Cr Kirsty Parkin

Ms Paula Davies, Independent Member

Notice is 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:

**Wednesday 20 February 2019**

**6.00pm**

**63 Mt Barker Road Stirling**

A copy of the Agenda for this meeting is supplied under Section 87 of the Act.

Committee meetings are open to the public and members of the community are welcome to attend. Public notice of the Agenda for this meeting is supplied under Section 88 of the Act.

**Andrew Aitken**  
**Chief Executive Officer**



## **CEO PERFORMANCE REVIEW PANEL**

**AGENDA FOR MEETING**  
**Wednesday 20 February 2019**  
**6.00pm**  
**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  
Apologies were received from Mayor Jan-Claire Wisdom
- 2.2. Leave of Absence
- 2.3. Absent

**3. MINUTES OF PREVIOUS MEETINGS**

**CEO Performance Review Panel – 9 August 2018**

*That the minutes of the CEO Performance Review Panel meeting held on 9 August 2018 as supplied, be confirmed as an accurate record of the proceedings of that meeting.*

**4. PRESIDING MEMBER'S OPENING REMARKS**

**5. 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.

**6. DECLARATION OF CONFLICT OF INTEREST BY MEMBERS OF THE PANEL**

**7. OFFICER REPORTS – DECISION ITEMS**

**7.1. CEO Performance Review Panel Deputy Presiding Member**

- 1. That the report be received and noted*
- 2. To create the position of Chief Executive Officer Performance Review Panel Deputy Presiding Member in accordance with the Terms of Reference in Appendix 1 for a period of ..... months.*
- 3. To determine that the method of selecting the Chief Executive Officer Performance Review Panel Deputy Presiding Member to be by an indicative vote to determine the preferred person for the position utilising the process set out in this Agenda report.*
- 4. To adjourn the Chief Executive Officer Performance Review Panel meeting for the purposes of seeking nominations for and, if necessary, conducting an indicative vote to determine the preferred person for the Chief Executive Officer Performance Review Panel Deputy Presiding Member position and for the meeting to resume once the results of the indicative vote have been declared.*
- 5. To appoint ..... as the Deputy Presiding Member of the Chief Executive Officer Performance Review Panel for a .....month term to commence 20 February 2019 and conclude on ..... (inclusive).*

**7.2. Internal or External CEO Performance Review**

- 1. That the report be received and noted*
- 2. That the CEO Performance Review Panel recommends to Council to undertake the 2019 CEO Performance Review using an internal process and utilise a consultant to undertake the TEC package review.*

**7.3. 2018 – 2019 CEO Performance Targets Update**

*CEO Performance Review Panel resolves that the report be received and noted.*

**8. MOTIONS WITHOUT NOTICE**

**9. QUESTIONS WITHOUT NOTICE**

**10. CONFIDENTIAL ITEMS**

Nil

**11. NEXT MEETING**

The next CEO Performance Review Panel meeting will be held on ..... from ..... at 63 Mt Barker Road, Stirling

**12. CLOSE MEETING**

**ADELAIDE HILLS COUNCIL**  
**CEO PERFORMANCE REVIEW PANEL MEETING**  
**Wednesday 20 February 2019**  
**AGENDA BUSINESS ITEM**

**Item:** 7.1

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

**Responsible Director:** Andrew Aitken, Chief Executive Officer

**Subject:** Chief Executive Officer Performance Review Panel – Deputy Presiding Member

**For:** Decision

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**SUMMARY**

The Chief Executive Officer Performance Review Panel (the CEOPRP) is created under Section 41 of the *Local Government Act 1999* (the Act).

The purpose of this report is to seek the CEO Performance Review Panel's (the Panel) determination on the creation of the position of Deputy Presiding Member in accordance with the Panel's Terms of Reference (TOR) and, if so created, to undertake the process for the election of the Deputy Presiding Member for a specified term.

**RECOMMENDATION**

**That the Chief Executive Officer Performance Review Panel resolves:**

1. That the report be received and noted
  2. To create the position of Chief Executive Officer Performance Review Panel Deputy Presiding Member in accordance with the Terms of Reference in Appendix 1 for a period of ..... months.
  3. To determine that the method of selecting the Chief Executive Officer Performance Review Panel Deputy Presiding Member to be by an indicative vote to determine the preferred person for the position utilising the process set out in this Agenda report.
  4. To adjourn the Chief Executive Officer Performance Review Panel meeting for the purposes of seeking nominations for and, if necessary, conducting an indicative vote to determine the preferred person for the Chief Executive Officer Performance Review Panel Deputy Presiding Member position and for the meeting to resume once the results of the indicative vote have been declared.
  5. To appoint ..... as the Deputy Presiding Member of the Chief Executive Officer Performance Review Panel for a .....month term to commence 20 February 2019 and conclude on ..... (inclusive).
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## 1. GOVERNANCE

### ➤ Strategic Management Plan/Council Policy

Goal	Organisational Sustainability
Strategy	Governance

### ➤ Legal Implications

Section 41 of the *Local Government Act 1999* (the Act) sets out the processes for the establishment of council committees. These committees may be formed to assist council in the performance of its functions; to enquire into matters; to provide advice to council and to exercise delegated powers, functions and duties. The CEOPRP is a s41 Committee.

Sections 73 and 74 of the Act set out the provisions regarding Material Conflicts of Interest. A Council Member being appointed to the role of Deputy Presiding Member of the CEOPRP may possibly constitute a personal benefit under s73 of the Act but not a pecuniary benefit as there is no additional allowance payable for the Deputy Member, even when acting as the Presiding Member.

The Independent Member being appointed to the role of Deputy Presiding Member of the CEOPRP may also possibly constitute a personal benefit under s73 of the Act and will likely constitute a pecuniary benefit as the Independent member would be eligible for the per meeting Independent Presiding Member payment, when acting as the Presiding Member.

Sections 75 and 75A of the Act set out the provisions regarding Actual and Perceived Conflicts of Interest. A Council or Independent Member seeking to be appointed to the role of Deputy Presiding Member may in actuality, or could be perceived by an impartial person to, have a conflict between their personal interests and the public interest that might lead to a decision that is contrary to the public interest.

Therefore a Council or Independent Member seeking to be appointed to the role of Deputy Presiding Member role could have a Material, Actual or Perceived Conflict of Interest and would need to consider declaring the interest and leave the meeting prior to the discussion of the matter under s74(1) or s75A(2), as appropriate.

Council's *Informal Council and Council Committee Gatherings and Discussions Policy* created under s90(8a) of the Act sets out the provisions for the conduct of a Designated Informal Gathering.

### ➤ Risk Management Implications

The role of the Panel assists in mitigating the risk of:

*Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.*

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (3D)	Medium (3D)

Note that there are many other controls that assist in mitigating this risk.

➤ **Financial and Resource Implications**

In accordance with the Remuneration Tribunal's Determination 6 of 2018 – *Allowance for Members of Local Government Councils* there is no allowance payable for a Council Member appointed to a Deputy Presiding Member of the Panel or acting in a Presiding Member role.

In accordance with Council's 27 September 2017 resolution (see Background section below) an Independent Member who holds or acts in a Presiding Member role is entitled to a per meeting Independent Presiding Member payment, currently \$525 (excluding GST) per meeting.

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

There is a high expectation that Council has appropriate governance and accountability mechanisms in place in relation to its meeting structures and that Council Committee Members are competent and understand the role and functions of the committee and their individual obligations with regard to conduct.

➤ **Environmental Implications**

Not applicable.

➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

<i>Council Committees:</i>	Not applicable
<i>Council Workshops:</i>	Not applicable
<i>Advisory Groups:</i>	Not applicable
<i>Administration:</i>	Executive Manager Governance & Performance
<i>Community:</i>	Not applicable

**2. BACKGROUND**

**CEOPRP Terms of Reference (TOR)**

At its 25 July 2017 meeting Council adopted a revised TOR (**Appendix 1**) which came into effect on 1 September 2017.

There has not been a Deputy Presiding Member of the Panel appointed previously. If the Presiding Member has not attended the meeting, the provisions of Clause 7.3 of the TOR has been enacted.

The TOR provides the following provision regarding the Presiding Member (and Deputy).

## **7. PRESIDING MEMBER**

- 7.1 The Council will appoint the Presiding Member of the Panel.
- 7.2 The Council authorises the Panel to determine if there will be a Deputy Presiding Member of the Committee and, if so, authorises the Panel to make the appointment to that position for a term determined by the Panel.
- 7.3 If the Presiding Member of the Panel is absent from a meeting the Deputy Presiding Member (if such position exists) will preside at that meeting. If there is no position of Deputy Presiding Member, or both the Presiding Member and the Deputy Presiding Member of the Panel are absent from a meeting of the Panel, then a member of the Panel chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.
- 7.4 The role of the Presiding Member includes:
- 7.4.1 overseeing and facilitating the conduct of meetings in accordance with Act and the *Local Government (Procedures at Meetings) Regulations 2013* (the Regulations); and
- 7.4.2 Ensuring all Panel members have an opportunity to participate in discussions in an open and encouraging manner.

Council, at its 26 September 2017 meeting, resolved (218/17) the sitting fees for CEOPRP Independent Members as follows:

- i. **Presiding Member - \$525 (excl GST) per meeting.**
- ii. **Ordinary Member - \$380 (excl GST) per meeting.**

## **3. ANALYSIS**

### **CEOPRP Presiding Member**

#### Characteristics of a Presiding Member

In considering the CEOPRP Deputy Presiding Member position, the Panel may wish to consider suitability factors including (but not limited to):

- understanding or the ability to acquire the same in meeting procedure generally and the meeting procedure set out in the *Local Government (Procedures at Meetings) Regulations 2013* and Meeting Procedure provisions set out in the CEOPRP TOR (clause 9);
- expertise in chairing meetings of s41 Committees (if past experience exists), or other boards/committees in other organisations, public and private;
- ability to preside efficiently, firmly, impartially and fairly over Committee meetings;
- ability to manage conflict and differing opinions;
- integrity, good conduct and diligence;
- the opportunity to provide professional development in presiding member skills;
- the opportunity to consider diversity in the role;

- current and future time commitments (i.e. there are a number of Council Committees, Regional Subsidiaries and Advisory Groups that will also require Council Member representation); and
- the financial implications of the appointment.

### **Indicative Voting Process for Determining Panel Appointed Positions**

Due to the potential implications of the Material Conflict of Interest provisions under s73 (see Legal Implications above) regarding the appointment of a Deputy Presiding Member, it is proposed that the Panel adjourn the meeting for the purposes of seeking nominations for and, if necessary, conducting an indicative vote (Indicative Voting Process) to determine the preferred person for the position of Deputy Presiding Member of the Panel.

As the Indicative Voting Process involves discussion of a matter that is, or is intended to be, part of the agenda for a formal meeting of a Council Committee, it is a Designated Informal Gathering for the purposes of s90 and the *Informal Council and Council Committee Gatherings and Discussions Policy* (the Policy). As a Designated Informal Gathering, the Chief Executive (or his delegate) will conduct the meeting in accordance with the Policy.

The proposed Indicative Vote Process below is based on the Appointment to Position Process contained in Clause 4.7 Council's *Code of Practice for Code of Practice for Council Meeting Procedures* with modifications to suit the legislative requirements of the conflict of interest and informal gatherings provisions.

The proposed Indicative Voting Process is:

- a) Chief Executive Officer (or delegate) calls for self-nominations for the position of CEOPRP Deputy Presiding Member, as appropriate.  
  
Note that in relation to the Deputy Presiding Member role, the Independent Member of the Panel is also eligible to self-nominate.
- b) If the number of nominees is equal to or less than the number of positions, no election will be required. If the number of nominees is greater, an election will be necessary.
- c) The CEO (or another Council staff member) will act as the Returning Officer and may enlist other Council staff to assist with the conduct of the vote and the count.
- d) The method of voting will be by secret ballot utilising the preferential counting system
- e) Each Panel Member shall have one vote.
- f) Ballot papers will be provided to each Panel Member
- g) The nominees' names will be drawn to determine the order on the ballot paper.
- h) Each nominee will have two (2) minutes to speak to the Gathering in support of the candidacy. The speaking order will be as listed on the ballot paper.
- i) Completed ballot papers will be collected by the Returning Officer and the count will be undertaken in a separate room with an observer (another Council staff member) present.
- j) In the event of a tie, the result will be decided by the Returning Officer drawing lots, the candidate first drawn being the candidate excluded.
- k) After all votes have been counted, the Returning Officer shall formally declare the result of the election (i.e. the preferred person).
- l) The ballot papers will be shredded.

### **Proposed Chronology of Events**

The mechanics are relatively complicated due to the legislative provisions regarding conflict of interest and informal gatherings.

The following chronology has been based on guidance from the LGA regarding the election of Council Members to Committee and Presiding Member positions:

- I. The Panel considers whether to create the position of Deputy Presiding Member under the Terms of Reference as contained in Appendix 1 and the term of office (this may be for the entire Council term or a shorter period). The Panel would give effect to this by dealing with Recommendations 1 and 2 (or variants) at this time.
- II. If having resolved to have a Deputy Presiding Member, the Panel will then consider the process that it will use to choose the preferred person. The Panel would give effect to this by dealing with Recommendation 3 (or a variant) at this time.
- III. Having decided the method, the Panel will then have to adjourn the meeting to enable the process to be undertaken. The Panel would give effect to this by dealing with Recommendation 4 (or a variant) at this time.

Note: The Panel may wish to deal with steps I., II., and III. in the one resolution.

- IV. Once the Indicative Voting Process has been completed the Panel meeting will resume in accordance with the previous resolution.

Upon resumption, the Panel Members who nominated for the Deputy Presiding Member role would be advised to consider their obligations to declare a Material, Actual or Perceived Conflict of Interest as appropriate.

- V. The Panel can then resolve for the preferred person to be appointed as the Deputy Presiding Member for an identified term (this term may be equal to or less than the term resolved in Recommendation 2). The Panel would give effect to this by dealing with Recommendation 5 (or a variant) at this time.

Once this matter is resolved, the Members who have declared Conflicts of Interest can return to the Chamber.

## **4. OPTIONS**

The Council has the following options:

- I. To resolve to create the position of Deputy Presiding Member for a period and to undertake the processes as outlined in the report.
- II. To determine not to create the position of Deputy Presiding Member and utilise Clause 7.3 of the Panel's TOR to appoint a Deputy Presiding Member as the need arises.

## **5. APPENDIX**

- (1) Chief Executive Officer Performance Review Panel Terms of Reference

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# **Appendix 1**

*CEO PRP Terms of Reference*

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# ADELAIDE HILLS COUNCIL

## CEO Performance Review Panel



### TERMS OF REFERENCE

#### 1. ESTABLISHMENT

- 1.1 The CEO Performance Review Panel (the Panel) of Council is established under Section 41 of the *Local Government Act 1999* (the Act).
- 1.2 The Panel does not have executive powers or authority to implement actions in areas which management has responsibility and does not have any delegated financial responsibility. The Panel does not have any management functions and is therefore independent from management.

#### 2. ROLE

- 2.1 The Council is responsible for the selection, remuneration and management of the Chief Executive Officer (CEO). The overall role of the Panel is to provide advice to Council on matters relating to the performance and development of the CEO.

#### 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.

#### 4. OTHER MATTERS

The Panel shall:

- 4.1 Have access to reasonable resources in order to carry out its duties, recognising the constraints within Council's Budget;
- 4.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

- 4.3 Give due consideration to laws and regulations of the Act;
- 4.4 Where the Panel is required to act jointly with or to obtain the concurrence of the CEO in the performance of its functions, the Council expects that both parties will negotiate and consult in good faith to achieve the necessary objectives; and
- 4.5 At least once in its term, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval.

## **5. MEMBERSHIP**

- 5.1 The Panel will comprise five (5) members as follows:
  - 5.1.1 Mayor and Deputy Mayor;
  - 5.1.2 Two (2) Council Members ; and
  - 5.1.3 One (1) Independent Member.
- 5.2 All members of the Panel will be appointed by the Council.
- 5.3 The Independent Member of the Panel shall have recent and relevant skills and experience in fields related to the role and functions of the Panel.
- 5.4 It is desirable for the Council Members to be appointed to the Panel to have a sound understanding of the role and functions of the Panel.
- 5.5 In considering appointments to the Panel, Council should give consideration to the diversity of the membership.
- 5.6 Appointments to the Panel shall be for a period of up to three (3) years.
- 5.7 Members of the Committee are eligible for reappointment at the expiration of their term of office.

## **6. SITTING FEES**

- 6.1 The applicable Remuneration Tribunal (or its successor) Determination outlines the applicable allowance for Council Members on the Panel.
- 6.2 The Independent Member is to be paid a sitting fee as determined by Council for attendance at meetings and authorised training sessions. Council may determine a higher sitting fee for the presiding member.

## **7. PRESIDING MEMBER**

- 7.1 The Council will appoint the Presiding Member of the Panel.
- 7.2 The Council authorises the Panel to determine if there will be a Deputy Presiding Member of the Committee and, if so, authorises the Panel to make the appointment to that position for a term determined by the Panel.
- 7.3 If the Presiding Member of the Panel is absent from a meeting the Deputy Presiding Member (if such position exists) will preside at that meeting. If there is no position of Deputy

Presiding Member, or both the Presiding Member and the Deputy Presiding Member of the Panel are absent from a meeting of the Panel, then a member of the Panel chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.

7.4 The role of the Presiding Member includes:

7.4.1 overseeing and facilitating the conduct of meetings in accordance with Act and the *Local Government (Procedures at Meetings) Regulations 2013* (the Regulations); and

7.4.2 Ensuring all Panel members have an opportunity to participate in discussions in an open and encouraging manner.

**8. REPORTING RESPONSIBILITIES**

8.1 For the purposes of Section 41(8) of the Act, the Panel's reporting and accountability requirements are:

8.1.1 The minutes of each Panel meeting will be included in the agenda papers of the next ordinary meeting of the Council;

8.1.2 The Presiding Member will attend a meeting of the Council at least once per annum to present a report on the activities of the Panel;

8.1.3 The panel shall make whatever recommendations to the Council it deems appropriate on any area within its terms of reference where in its view action or improvement is needed; and

8.1.4 The Presiding Member may attend a Council meeting at any time that the Presiding Member sees fit to discuss any issue or concern relating to the Panel's functions. Depending on the nature of the matter, this may be held in confidence in accordance with Section 90 of the Act and staff may be requested to withdraw from the meeting.

**9. MEETING PROCEDURE**

9.1 Meeting procedure for the Panel is as set out in the Act, Parts 1, 3 and 4 of the Regulations. Insofar as the Act, the Regulations, or these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Panel, the Panel may determine its own procedure.

9.2 In accordance with Section 90(7a), one or more panel members may participate in the meeting by telephone or other electronic means provided that members of the public can hear the discussion between all Panel members.

9.3 Only members of the Panel are entitled to vote in Panel meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Panel for decision.

9.4 Council Employees may attend any meeting as observers or be responsible for preparing papers for the Panel.

**10. SECRETARIAL RESOURCES**

- 10.1 The Chief Executive Officer shall provide sufficient administrative resources to the Panel to enable it to adequately carry out its functions.

## **11. FREQUENCY OF MEETINGS**

- 11.1 The Panel shall meet at appropriate times and places as determined by the Panel. A special meeting of the Committee may be called in accordance with the Act.
- 11.2 If after considering advice from the CEO or delegate, the Presiding Member of the Panel is authorised to cancel the respective Panel meeting, if it is clear that there is no business to transact for that designated meeting.

## **12. NOTICE OF MEETINGS**

- 12.1 Notice of the meetings of the Panel will be given in accordance with Sections 87 and 88 of the Act. Accordingly, notice will be given:

12.1.1 To members of the Panel by email or as otherwise agreed by Panel members at least 3 clear days before the date of the meeting; and

12.1.2 To the public as soon as practicable after the time that notice of the meeting is given to members by causing a copy of the notice and agenda to be displayed at the Council's offices and on the Council's website.

## **12.2 PUBLIC ACCESS TO MEETINGS & DOCUMENTS**

- 12.3 Members of the public are able to attend all meetings of the Panel, unless prohibited by resolution of the Panel under the confidentiality provisions of Section 90 of the Act.
- 12.4 Members of the public have access to all documents relating to the Panel unless prohibited by resolution of the Panel under the confidentiality provisions of Section 91 of the Act.

## **13. MINUTES OF MEETINGS**

- 13.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Panel, including recording the names of those present and in attendance are minuted and that the minutes otherwise comply with the requirements of the Regulations.
- 13.2 Minutes of Panel meetings shall be circulated within five days after a meeting to all members of the Panel and will (in accordance with legislative requirements) be available to the public.

**ADELAIDE HILLS COUNCIL  
CEO PERFORMANCE REVIEW PANEL  
Wednesday 20 February 2019  
AGENDA BUSINESS ITEM**

**Item:** 7.2

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

**Responsible Director:** Andrew Aitken, Chief Executive Officer

**Subject:** Method to Undertake the CEO Performance Review for 2019

**For:** Decision

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**SUMMARY**

This report provides the background to the past review processes used to assess the CEO's performance.

This report discusses the two options that can be considered to undertake the performance review process.

The CEO Performance Review Panel (the Panel) must provide a recommendation to Council on whether to undertake the performance review and review of the TEC package of the CEO using an internal or external process.

**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 2019 CEO Performance Review using an internal process and utilise a consultant to undertake the TEC package review.**
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**1. GOVERNANCE**

➤ **Strategic Management Plan**

Goal	Organisational Sustainability
Key Issue	Governance

We diligently adhere to legislative requirements to ensure public accountability and exceed these requirements where possible.

➤ **Legal Implications**

The CEO Performance Review Panel is a Section 41 Committee of Council under the *Local Government Act 1999 (LG Act)*. The Panel must make a recommendation to Council on the preferred performance review process.

The regular review of the CEO's performance needs to be undertaken appropriately to ensure the CEO is provided with a procedurally fair and consistent approach to performance reviews. The process needs to 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 agreement, the industrial provisions under which the CEO is employed.

➤ **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 Performance Targets 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 (3C)

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

➤ **Financial and Resource Implications**

Under the Panel's Terms of Reference, the Panel shall:

- 4.1 *Have access to reasonable resources in order to carry out its duties, recognising the constraints within Council's budget;*

Costs associated with using an external consultant to undertake the CEO Review process are covered within the draft 2019/2020 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.

➤ **Environmental Implications**

Not applicable.

➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

*Council Committees:* Not applicable  
*Council Workshops:* Not applicable  
*Advisory Groups:* Not applicable  
*Administration:* Not applicable  
*Community:* Not applicable

**2. BACKGROUND**

The CEO's first four years of performance (2013 to 2016) was reviewed by an external consultant, where a comprehensive review process was undertaken. This included a '360 degree' review tool completed by Council Members, direct reports and, in some years, managers. The assessment sought feedback on the completion of the identified performance targets, 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 formed the final stage of the process.

Report findings over these four years have 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 performance targets. Each year the CEO Performance Review Reports have shown the CEO has met and at times "Exceeded Expectations".

In 2017, the Panel, with Council's endorsement, undertook a review of the CEO's performance using an internal review process where assessment was made against the position description and the performance targets.

The final report and recommendations from the Panel to the Council completed the process with a determination by Council that the CEO exceeded expectations.

In 2018, the CEO's performance and remuneration review were undertaken through an external consultant. The final report and determination by Council at its meeting on 28 August 2018 was that the CEO exceeded expectations. Council also recognised, with regard to TEC package (remuneration) considerations 'The extended period of high performance by the CEO during his tenure with Council'.

**19.1.2 CEO Performance and Remuneration Reviews – Confidential Item**

**RELEASED 31 AUGUST 2018**

Moved Cr Linda Green  
S/- Cr Jan-Claire Wisdom

220/18

**Council resolves:**

1. That the report be received and noted
2. That the CEO 'exceeded expectations' in relation to the 2018 CEO Performance Review.
3. That Council increase the CEO's TEC Package by 3.5% to commence from 1 July 2018, having given due consideration to the following matters:
  - 3.1 CPI increases
  - 3.2 Remuneration Report, specifically the comparisons of Group 2 Councils' CEO remuneration
  - 3.3 The Panel's assessment of the CEO's performance for 2017/18 as 'exceeding expectations'
  - 3.4 The extended period of high performance by the CEO during his tenure with Council.

Carried
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**Performance Review Requirements**

The CEO's new Employment Agreement commenced on 1 July 2017.

Clause 12 of the Agreement contains the provisions for a performance review process with the following key features:

- 12 PERFORMANCE REVIEW
- 12.1 The parties agree that the CEO will undergo no less than one annual performance review in accordance with the Council requirements for the Term of this Agreement. The CEO must also participate if directed in any other performance review required by the Council.
- 12.2 The performance review shall be conducted on an annual basis.
- 12.3 The CEO's performance will be assessed by reference to the Personal Evaluation System measured against the CEO's Duties as outlined in this Agreement, Position Description and any other factors considered relevant by agreement with the CEO. Evaluation will include the extent to which the CEO has discharged the CEO's goals, objectives, responsibilities and Duties outlined in Schedule 1.
- 12.4 The performance review will review the CEO's Position Description and any key performance indicator.

- 12.5 A written report shall be compiled with respect to the performance review and a copy provided to the CEO. The report shall set out in detail where Competent Performance (or better) has been achieved, and any particular aspects of the CEO's performance that require improvement, together with reasonable time frames within which it is expected those areas of performance to be improved to a specified standard.
- 12.6 The Council must provide whatever counselling, advice and assistance are reasonably necessary to enable the CEO to improve his performance during that period.
- 12.7 At the conclusion of the time frames referred to in Clause 12.5 and after taking into account the written report referred to in that Clause (and such other matters as the Council considers relevant), the CEO will either:
  - 12.7.1 be informed that performance has improved to the satisfaction of the Council or reached Competent Performance (or better) and that no further action will be taken; or
  - 12.7.2 be provided with further written notice, providing final warning that unless the CEO's performance improves in the same stipulated areas, once again within a time frame, the Council will terminate this Agreement pursuant to Clause 14.3.1
- 12.8 The CEO's Personal Evaluation System must be reviewed and, if necessary, amended by agreement within two months after each performance review.

#### **Personal Evaluation System (PES)**

Before undertaking any review process, the PES must be agreed with the CEO.

Competent Performance, as defined in Clause 1 'Definitions' of the Employment Agreement states:

**Competent Performance** means the achievement by the CEO of a performance rating at least equal to the mid point of the rating scale (ie CEO's performance met expectation).

#### **Remuneration (TEC) Package Review**

The Total Employment Cost (TEC) package must also be reviewed under the Employment Agreement, specifically:

- 13 TEC PACKAGE REVIEW
  - 13.1 The TEC Package specified in Clause 10 and Schedule 2 shall be reviewed annually in conjunction with the performance review process and outcomes.
  - 13.2 The TEC Package review will be conducted each year following the performance review set out in Clause 12 (if reasonably practicable), and any change to the TEC Package shall take effect from the anniversary of the Commencement Date or as agreed.

It is recommended that a consultant be used to undertake a review and provide independent advice to the Panel on the TEC Package of the CEO.

### 3. ANALYSIS

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

#### **External Review Process**

An external process would require the engagement of a consultant. Establishing the process would require the use of a tool to assess the CEO against the position description and performance target completion. The tool would be agreed, under advisement from the consultant, between the CEO, the Presiding Member, Cr Mark Osterstock, and Executive Manager Organisational Development (OD), Megan Sutherland. If this process is decided, a schedule to complete the process will be provided in a separate report at the Panel's next meeting.

If this process is chosen, the survey tool will need to be agreed, covering the position description and performance targets. The report would be discussed through the Panel and the final report and recommendation taken to Council.

#### **External Process - Report Format**

It is proposed that the following components are included in the survey tool and final report if an external consultant is contracted.

<b>Survey Tool</b>	<b>Report</b>
Position requirements	Individual rating for the following groups CEO, Council Members and Executive Leadership Team
Performance Targets	Overall table of results / graphed data
Leadership behaviours/competencies	A summary of results and what they mean
To provide general feedback on strengths	A summary of the strengths and areas for improvement
To provide general feedback on possible improvements	Highest rates and lowest rates findings

It is important that confidentiality of respondents is maintained.

A final CEO Performance Review report would be provided for the Council record.

In this process, the Presiding Member (if available) and Executive Manager OD would meet with the successful consultant to discuss the schedule of work, survey and report (generally), with the Executive Manager OD managing the overall process via the consultant.

#### **Internal Review process**

An internal process would require the use of a tool to assess the CEO against the position description and performance target completion. As this internal process has been undertaken once previously, it is recommended the tool used would be the same or similar. The review process would be undertaken with The Review Team, being the CEO, Mayor, Panel Presiding Member and Executive Manager OD (process management and support), with input from the Panel. The final assessment tool would be agreed with the CEO by the Review Team. If this process is chosen, it is recommended that the review process be

undertaken as per the CEO Performance Review - Internal Process (**Attachment 1**). If this process is decided, a schedule to complete the process will be provided in a separate report at the Panel's next meeting.

The report would be discussed through the Panel and the final report and recommendation taken to Council.

There is a potential conflict with a member of the Administration coordinating the internal performance review of the CEO. These risks would need to be managed if this approach is undertaken.

#### **Internal Review - Report Format**

It is proposed that the following components would be included for consideration in the process if undertaken internally:

- Position requirements
- Performance Targets
- Leadership behaviours/competencies

#### **2019 Review**

With regard to the CEO performance review process for 2019, an internal process is recommended taking into consideration the consistent successful performance of the CEO and that the 2018 review was undertaken by an external consultant.

### **4. OPTIONS**

1. That the Panel agrees to undertake a review using an internal process and utilise a consultant to undertake the TEC package review. (Recommended)
2. That the Panel agrees to undertake the performance review and TEC package review using an external consultant.

### **5. APPENDIX**

1. CEO Performance Review Internal Process

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# **Appendix 1**

## *CEO Performance Review - Internal Process*

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The CEO Performance Review Panel (the Panel) is required to undertake a review of the CEO's performance on an annual basis.

An internal review process is supported by:

1. Past external processes undertaken, including in 2013-2016 (4 reviews) and 2017/2018 (the most recent review)
2. Consistency of past CEO performance results

### Internal Review Process

#### Methodology

This review process is undertaken with discussion between the CEO and the Review Team, with feedback from the Panel, provided via the Panel's Presiding Member.

The methods of review include:

1. Rating scales – an overall assessment across the subject matter of the 8 key responsibilities from the position description
2. Performance Targets - an assessment against the achievement of the performance targets
3. Strengths – feedback on strengths of the CEO
4. Improvements – feedback on areas for the CEO to improve

#### Review will comprise of:

ACTIONS	REVIEWER/S
Performance Targets - Review performance targets to determine achievement outcome	Via discussion with CEO and the Panel
Position description – Broadly discuss the position description key responsibilities and determine strengths and specific improvement opportunities overall	Via discussion with CEO and the Panel

## CEO PERFORMANCE REVIEW - INTERNAL PROCESS

February 2019

### Process

The proposed process including approximate timeframes, actions and participants is detailed below.

Approximate timeframe	Action	Participants
To be confirmed via separate report next meeting (TBC)	Panel Members undertake a review of CEO individually using CEO Performance Review tool	the Panel
TBC	CEO, Mayor, Panel Presiding Member and Executive Manager OD meet to discuss the review tool and feedback from the Panel (via Presiding Member) The Review Team agree on draft CEO Performance Review outcomes and communicate with the CEO	CEO Mayor, Presiding Member and Executive Manager OD (process management and support)
TBC	Outcome of the Review discussed at workshop with Council	Presiding Member CEO PR Panel and Mayor
TBC	The Panel make recommendation to Council on Review outcome	CEO PRP meeting
TBC	Report and recommendation to Council	

### Personal Evaluation System

Ratings in the tool are undertaken using the rating scale below:

5 Exceptional	Performance far exceeded expectations due to exceptionally high quality of work performed in all <i>essential</i> areas of responsibility, resulting in an overall quality of work that was superior
4 Exceeds expectations	Performance consistently exceeded expectations in all <i>essential</i> areas of responsibility, and the quality of work overall was excellent. Annual goals were met.
3 Meets expectations	Performance consistently met expectations in all <i>essential</i> areas of responsibility, at times possibly exceeding expectations, and the quality of work overall was very good. The most critical annual goals were met.
2 Improvement needed	Performance did not <i>consistently</i> meet expectations – performance failed to meet expectations in one or more <i>essential</i> areas of responsibility, and/or most critical goals were not met.
1 Unsatisfactory	Performance was consistently below expectations in most <i>essential</i> areas of responsibility, and/or reasonable progress toward critical goals was not made. Significant improvement is needed in one or more important areas.

**ADELAIDE HILLS COUNCIL**  
**CEO PERFORMANCE REVIEW PANEL MEETING**  
**Wednesday 20 February 2019**  
**AGENDA BUSINESS ITEM**

**Item:** 7.3

**Originating Officer:** Andrew Aitken, Chief Executive Officer

**Subject:** 2018-2019 CEO Performance Targets Update

**For:** Information

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**SUMMARY**

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

This report provides the first update on activities against the Performance Targets for 2018-2019.

**RECOMMENDATION**

**That the CEO Performance Review Panel resolves that the report be received and noted.**

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**1. GOVERNANCE**

➤ **Strategic Management Plan/Council Policy**

Goal	Organisational Sustainability
Key Issue	Governance

We diligently adhere to legislative requirements to ensure public accountability and exceed these requirements where possible.

➤ **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 Performance Targets for 2018-2019, 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**

The CEO Performance Targets update is an important control in managing the risks 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)	Medium (3D)	Medium (3D)

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

*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 (3D)	Medium (3C)

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 Performance Targets.

➤ **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 for, and performs against, the agreed Performance Targets.

➤ **Environmental Implications**

Not applicable.

➤ **Engagement/Consultation with Committee, Regional Subsidiary, Advisory Group and Community**

Members of the Executive Leadership Team (detailed below) provided updates on progress of the performance targets (see Appendix 1).

**Council Committees:** Not applicable.  
**Council Workshops:** Not applicable.  
**Advisory Groups:** Not applicable.  
**Administration:** Chief Executive Officer  
 Director Community and Customer Service  
 Director Corporate Services  
 Director Engineering and Assets  
 Executive Manager Organisational Development

*Community:* Executive Manager Governance & Performance  
Not applicable

## 2. BACKGROUND

In readiness for the new financial year and in accordance with the CEO's Employment Agreement, Council adopted a new suite of CEO Performance Targets on 26 June 2018 covering the 2018-2019 financial year.

### 12.6. CEO Performance Targets

Moved Cr Kirrilee Boyd  
S/- Cr Ron Nelson

141/18

**Council resolves:**

1. That the report be received and noted
2. To adopt the proposed 2018-2019 CEO Performance Targets recommended by the CEO Performance Review Panel in Appendix 1 of this report.

Carried Unanimously
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The purpose of this report is to monitor the progress of the CEO's Performance Targets. This activity is defined in the Panel's Terms of Reference contained in the Specific Functions clauses and specifically Clause 3.1.2.

## 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.

**3. ANALYSIS**

This item provides the opportunity for the CEO to update the CEO Performance Review Panel on the progress against the Performance Targets to date and identify any issues for consideration. This enables the Panel to undertake an interim analysis of the CEO Performance Targets with a view to reviewing priorities and existing timeframes, if required.

**4. OPTIONS**

The CEO Performance Review Panel has the following options:

1. That the report be received and noted (***Recommended***).
2. That the Panel makes alternative/additional recommendations to Council relating to the current suite of Performance Targets.

**5. APPENDIX**

- (1) 2018-2019 CEO Performance Targets Update

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# **Appendix 1**

*2018-2019 CEO Performance Targets Update*

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Target	Update
<p><b>1.</b> CWMS Review</p> <p>Provide a recommendation to Council following the EOI process on the future management model for Adelaide Hills Council's Community Wastewater Management System (CWMS).</p>	<p><b>COMPLETE:</b></p> <p>Stage 2 of the CWMS Review Workshop was completed on 14 August. The Prudential Review Report has been completed and was provided to and noted by the Audit Committee 13 August.</p> <p>A CWMS review report was provided to Council at the 28 August meeting outlining the results of the EOI process undertaken with a recommendation to:</p> <ul style="list-style-type: none"> <li>• Undertake a Request for Tender (RFT) process for potential divestment of CWMS assets</li> <li>• To continue to work collaboratively with other participant Councils</li> <li>• To continue to undertake further analysis of maintaining CWMS ownership for RFT comparative purposes.</li> </ul> <p>Council resolved as recommended.</p>
<p><b>2.</b> Reconciliation Action Plan</p> <p>Establish a Reconciliation Action Plan (RAP) Working Group (comprising Aboriginal people, Council Members and local residents) to support the development of our RAP, with its membership and its draft Terms of Reference being subject to Council approval.</p>	<p><b>IN PROGRESS:</b></p> <p>This project is a collaborative initiative with the Mt Barker District Council.</p> <p>A workshop was held with Council Members on this in July 2018. Council adopted the Terms of Reference and appointed a representative to the working group in August 2018.</p> <p>Extensive advertising has been undertaken to seek expressions of interest. 18 EOIs were recieved. Selection will commence on 14 February 2019.</p> <p>Council will need to appoint a representative to the Group at its February 2019 meeting as the appointment of the previous incumbent expired at the Council Election.</p> <p>The first meeting of the RAPWG is to occur in April 2019.</p>

Target	Update
<b>3.</b> CRM Integration Enhance the use of the Customer Relationship Management system (CRM) by integrating CRM with the asset management software and the call centre software to enable more seamless management of customer enquiries and requests.	<p><b>IN PROGRESS:</b></p> <p>The new Contact Centre software was implemented in September 2018 and included integration with the CRM system. This now enables calls to be more efficiently turned into customer cases and for customer details and history to be more readily available to customer service officers.</p> <p>Integration between the Asset Management System (Confirm) and the CRM system has progressed with the first of two 2018-2019 pilot asset classes (trees) "going live" in December 2018.</p> <p>Work has commenced on integration of the second pilot asset class (playgrounds).</p>
<b>4.</b> Recycling/Waste Strategy Develop a strategy, to Council's satisfaction, that considers approaches, including long term approaches, for the future collection and processing of recyclables with a view to maximising environmental outcomes, reduce contamination rates and provide a cost effective kerbside recycling service.	<p><b>IN PROGRESS:</b></p> <p>A draft Recycling Strategy has been developed by Council staff. Council Member feedback will be sought from a workshop in March 2019 with a final Draft Recycling Strategy planned for Council's consideration in May 2019.</p>
<b>5.</b> Customer Experience Survey/Action Plan Undertake a customer experience survey and present an action plan of identified improvement opportunities to Council Members. <i>(As a separate exercise, staff to consider a general satisfaction survey of a random sample of residents.)</i>	<p><b>IN PROGRESS:</b></p> <p>The Customer Experience Survey of 400 customers was conducted during September 2018.</p> <p>The results have been analysed by staff, with outcomes leading to revisions of our Customer Experience Action Plan. The results of the survey and the Action Plan will be presented to Council Members at a workshop in April 2019.</p>

Target	Update
<p><b>6.</b> Library Services Review</p> <p>Review our library services to better understand community preferences in the context of a modern and progressive library service and provide the outcomes of the review with recommendations to Council.</p>	<p><b>IN PROGRESS:</b></p> <p>Leanne Muffet of Strategic Matters Pty Ltd has been appointed to undertake the Service Review.</p> <p>Leanne has undertaken a number of service reviews and bodies of work on the future of public libraries for Public Library Services (State Govt.).</p> <p>Initial Service Review project meetings have occurred and the project is in the data gathering phase. A workshop with Council Members is scheduled for March 2019 to provide Members with preliminary findings and an opportunity to participate in the review.</p>
<p><b>7.</b> Arts and Heritage Hub</p> <p>Provide a status report to Council on the implementation of the Business Development Framework within 6 months of the appointment of the Hub's director.</p>	<p><b>COMPLETE:</b></p> <p>The Arts and Heritage Hub (Fabrik) Director commenced on 23 July 2018. A report, including an update on the implementation of the Business Development Framework, was presented to Council for noting at its meeting held on 22 January 2019.</p>
<p><b>8.</b> Stormwater Assets</p> <p>Use the stormwater asset class as a model for refining service levels to ensure they inform and drive asset maintenance plans and report to Council.</p>	<p><b>IN PROGRESS:</b></p> <p>Council is continuing to undertake an audit of its stormwater network to help prioritise and formulate future service levels within this asset class. The consideration of drainage infrastructure and the performance of the stormwater network has helped to inform development of Service levels, for example street sweeping. We are now exploring other asset class where asset information can help to better inform service levels.</p> <p>A report is expected to Council in May outlining how the service levels have been refined and applied to our asset maintenance plans.</p>