



CEO PERFORMANCE REVIEW PANEL

NOTICE OF MEETING

To: **Members**

Cr Mark Osterstock, Presiding Member

Mayor Jan-Claire Wisdom

Cr Nathan Daniell

Cr Chris Grant

Ms Janet Miller, 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:

Thursday 18 March 2021

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
Thursday 18 March 2021
6.00pm
63 Mt Barker Road Stirling

ORDER OF BUSINESS

1. COMMENCEMENT

2. APOLOGIES/LEAVE OF ABSENCE

- 2.1. Apology
Apologies were received from
- 2.2. Leave of Absence
- 2.3. Absent

3. MINUTES OF PREVIOUS MEETINGS

CEO Performance Review Panel – 25 November 2020

That the minutes of the CEO Performance Review Panel meeting held on 25 November 2020 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. 2020 – 2021 CEO Performance Targets Update
The CEO Performance Review Panel resolves that the report be received and noted.
- 7.2. CEO PR Process Determination and Schedule for 2021
1. *That the report be received and noted*
 2. *To recommend to Council to undertake the 2021 CEO Performance Review using an internal process and utilise a consultant to undertake the remuneration package review.*
 3. *To adopt the 2021 CEO Performance Review Panel Internal Process and Meeting Schedule as contained in Appendix 1 and the CEOPRP Presiding Member be delegated to amend the Process Schedule as required in consultation with the Administration.*

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 a date to be determined, from 6.00pm at 63 Mt Barker Road, Stirling

12. CLOSE MEETING

**ADELAIDE HILLS COUNCIL
CEO PERFORMANCE REVIEW PANEL COMMITTEE
MINUTES OF MEETING
THURSDAY 26 NOVEMBER 2020
63 MT BARKER ROAD STIRLING**

In Attendance

Presiding Member: Cr Mark Osterstock

Members:

Ms Paula Davies	Independent Member (via audio/visual link)
Mayor Jan-Claire Wisdom	(via audio/visual link)
Cr Nathan Daniell	(via audio/visual link @ 6.24pm)
Cr Kirsty Parkin	(via audio/visual link)

In Attendance:

Andrew Aitken	Chief Executive Officer
Lachlan Miller	Executive Manager Governance & Performance
Megan Sutherland	Executive Manager Organisational Development (via audio/visual link)

1. COMMENCEMENT

The meeting commenced at 6.06pm.

2. APOLOGIES/LEAVE OF ABSENCE

2.1 Apology

Nil

2.2 Leave of Absence

Nil

2.3 Absent

Nil

Presiding Member _____

**ADELAIDE HILLS COUNCIL
CEO PERFORMANCE REVIEW PANEL COMMITTEE
MINUTES OF MEETING
THURSDAY 26 NOVEMBER 2020
63 MT BARKER ROAD STIRLING**

3. MINUTES OF PREVIOUS MEETINGS

3.1 CEO Performance Review Panel Meeting – 3 September 2020

Moved Paula Davies
S/- Cr Kirsty Parkin

PRP19/20

That the minutes of the CEO Performance Review Panel meeting held on 3 September 2020 as distributed, be confirmed as an accurate record of the proceedings of that meeting.

Carried

4. PRESIDING MEMBER'S OPENING COMMENTS

The Presiding Member welcomed Janet Miller as the incoming Independent Member and Cr Chris Grant as the incoming Council Member to the CEO Performance Review Panel.

The Presiding Member recognised that this is Paula Davies' last meeting as an Independent Member on the CEO Performance Review Panel. Paula has been a member since July 2014 and the Presiding Member thanked her for dedication and contribution to the Adelaide Hills Council over that period.

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 COMMITTEE

Nil

7. OFFICER REPORTS – DECISION ITEMS

Cr Nathan Daniell joined the Panel Meeting at 6.24pm.

Cr Kirsty Parkin left the Panel Meeting at 6.45pm and re-joined at 6.54pm.

Presiding Member _____

**ADELAIDE HILLS COUNCIL
CEO PERFORMANCE REVIEW PANEL COMMITTEE
MINUTES OF MEETING
THURSDAY 26 NOVEMBER 2020
63 MT BARKER ROAD STIRLING**

7.1 2020 – 2021 CEO Performance Targets Update

Moved Mayor Jan-Claire Wisdom
S/- Cr Kirsty Parkin

PRP20/20

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

Carried Unanimously

8. MOTIONS WITHOUT NOTICE

8.1 Appreciation for service to the Panel from Independent Member Paula Davies

Moved Cr Nathan Daniell
S/- Cr Kirsty Parkin

PRP21/20

That the CEO Performance Review Panel resolves to thank Independent Member Paula Davies for her service and contribution to the Panel over the last six years.

Carried Unanimously

8.2 Appreciation for service to the Panel from Cr Kirsty Parkin

Moved Cr Mark Osterstock
S/- Paula Davies

PRP22/20

That the CEO Performance Review Panel resolves to thank Panel Member Cr Kirsty Parkin for her service and contribution to the Panel over the last two years.

Carried Unanimously

9. QUESTIONS WITHOUT NOTICE

Nil

10. CONFIDENTIAL ITEMS

Nil

Presiding Member _____

**ADELAIDE HILLS COUNCIL
CEO PERFORMANCE REVIEW PANEL COMMITTEE
MINUTES OF MEETING
THURSDAY 26 NOVEMBER 2020
63 MT BARKER ROAD STIRLING**

11. NEXT MEETING

Moved Paula Davies
S/- Cr Nathan Daniell

PRP23/20

That the CEO Performance Review Panel resolves to revoke the previous resolution (PRP4/20) for the next scheduled meeting on Thursday 25 February 2021 and to delegate to the Presiding Member to determine the date of the next meeting.

Carried

12. CLOSE MEETING

The meeting closed at 7.05pm.

Presiding Member _____

**ADELAIDE HILLS COUNCIL
CEO PERFORMANCE REVIEW PANEL MEETING
Thursday 18 March 2021
AGENDA BUSINESS ITEM**

Item: 7.1

Responsible Officer: Andrew Aitken
Chief Executive Officer
Office of the Chief Executive

Subject: 2020-2021 CEO Performance Targets Update

For: Information

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 agreed 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 latest update on activities against the 2020-2021 Performance Targets.

RECOMMENDATION

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

1. GOVERNANCE

➤ **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.

The requirement for the Panel to undertake regular review of performance against the agreed CEO Performance Targets 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*.

This report summarises progress against the established and agreed Performance Targets for 2020-2021, 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 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)	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.

➤ **Sustainability Implications**

Not applicable.

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

Consultation has been undertaken with the following people or groups on the progress achieved against the performance targets (see **Appendix 1**):

Council Committees: Not applicable

Council Workshops: Not applicable

Advisory Groups: Not applicable

Administration: Director Community Capacity
Director Corporate Services
Executive Manager Organisational Development
Executive Manager Governance and Performance
Manager Communications, Engagement and Events
Sport and Recreation Planner
Manager Sustainability, Waste and Emergency Management
Manager Information Services
Manager Community Development
Manager Open Space

External Agencies: Not applicable

Community: Not applicable

2. BACKGROUND

The purpose of this report is to provide an update to the Panel on the work achieved against each 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.

Council adopted a new suite of CEO Performance Targets on 28 July 2020 covering the 2020-2021 financial year.

12.11 CEO Performance Target Finalisation and Proposed 2020 – 2021 Performance Targets

Moved Cr Mark Osterstock
S/- Cr Pauline Gill

150/20

Council resolves:

1. That the report be received and noted
2. That the CEO has achieved the following outcomes in relation to the 2019-20 CEO Performance Targets:
 - Target 1 – Completed
 - Target 2 – Completed
 - Target 3 – Completed
 - Target 4 – Deferred by Council decision
 - Target 5 – Completed
 - Target 6 – Completed modified target by Council decision
3. To adopt the proposed 2020-2021 CEO Performance Targets recommended by the Panel as per *Appendix 2*.

Carried unanimously

3. ANALYSIS

This item provides the opportunity for the CEO to update the Panel on the progress against the 2020-2021 CEO 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 Panel has the following options:

- I. That the report be received and noted (*Recommended*).
- II. To recommend to Council the status of the 2020-2021 CEO Performance Targets as per the recommendation. (*Recommended*)
- III. That the Panel makes alternative/additional recommendations to Council relating to the status of the 2020-2021 CEO Performance Targets. (*Not Recommended*)

5. APPENDIX

- (1) 2020-2021 CEO Performance Targets Update – March 2021

Appendix 1

2020-2021 CEO Performance Targets – March 2021

2020-2021 CEO PERFORMANCE TARGETS UPDATE – MARCH 2021

	Strategic Plan Priority	Performance Target	Comment/Update
1.	<p>C2.1 – Work with community to provide a range of programs and opportunities to connect and engage around shared interests.</p> <p>C2.4 – Increase participation from the broadest range of our community and engage with them to shape policies, places and decisions that affect them.</p>	<p>Community Perception & Engagement Survey Undertake a community perception and engagement survey and present an action plan of identified improvement opportunities to Council Members. The survey will seek input from a range of community members (including those who normally engage with us and those who don't) to identify how Council is perceived and how our community prefers to engage with us. It will also inform the development of wellbeing and engagement related performance measures. Incentives to encourage community members to participate will also be explored. Also consider opportunities to use the survey to educate people on how Council functions.</p>	<p>Survey outcomes have been analysed and draft actions have been developed in conjunction with key internal stakeholders around key themes. The key themes and actions will proceed through ELT to a Council Workshop on 16 March 2021.</p>
2.	<p>C4.4 – Support clubs and groups to continue to provide sport and recreation activities to the community.</p>	<p>Community & Recreation Facilities Framework Develop a draft Community & Recreation Facilities Framework for final (Stage 3) consultation, for consideration by Council. The draft framework is to be based on an approach that has consistency, equity and shared responsibility.</p>	<p>Staff and CRFFIWG members continue to progress and refine service level and policy positions. Draft positions were presented for discussion at a Council Workshop on 9 March 2021.</p> <p>A final draft will be taken to the June Council meeting for endorsement for Community Consultation.</p>

2020-2021 CEO PERFORMANCE TARGETS UPDATE – MARCH 2021

	Strategic Plan Priority	Performance Target	Comment/Update
3.	<p>N5.1 – Encourage and educate the community to help minimise the generation of household waste by advocating the principles of the Waste Management Hierarchy to avoid, reduce and reuse.</p> <p>N5.2 – Support and assist the community to prevent valuable resources going to landfill and reduce contamination in kerbside recycling bins.</p>	<p>Kerbside Waste Audit and Education Program Complete a kerbside waste audit to inform and develop an ongoing education program and present to Council Members, with the aim of reducing recycling contamination levels and reducing waste to landfill.</p>	<p>Results of all audits undertaken since 2019 are being collated and analysed to identify common themes. Results will be discussed with East Waste and the Adelaide Hills Region Waste Management Authority to inform and reshape the current education program.</p> <p>The outcome of the audit and review of the ongoing education program is planned to be presented to Council Members at the May 2021 Workshop.</p>
4.	<p>O6.1 – Progressively strengthen Council's systems security to minimise the impact of cyber attack.</p>	<p>Information System Cyber Security Plan Undertake a Cyber Security Audit, and develop a Cyber Security Plan to address matters raised in the audit, to minimise the impact of cyber-attack to Council's network and systems.</p>	<p>The development of a Cyber Security Plan has commenced with the implementation of an information security risk management framework alongside a set of processes, controls and measures that adhere to the Information Security Management Standard (ISO 27001) and a subset of the South Australian Cyber Security Framework (SACSF). This plan is scheduled to be presented in a report to the Audit Committee on Monday 24 May 2021.</p>

2020-2021 CEO PERFORMANCE TARGETS UPDATE – MARCH 2021

	Strategic Plan Priority	Performance Target	Comment/Update
5.	B3.2 – Aim to achieve 100% renewable energy use for our corporate operations and strive towards carbon neutrality.	Carbon Inventory Complete and present to Council Members an updated carbon inventory based on Climate Active (formerly National Carbon Offset Standard) emissions boundaries to support the implementation of the Corporate Carbon Management Plan.	A draft revised carbon inventory has been completed. A template suitable for the collection of Scope 3 carbon emissions has been completed. Staff commuting survey is ongoing to determine total kilometres travelled by staff to and from work. The updated carbon inventory is planned to be presented to Council Members at the April 2021 workshop.
6.	O5.3 – Demonstrate accountability through robust corporate planning and reporting that enhances performance, is relevant and easily accessible by the community.	Recovery Action Plan Provide quarterly progress reports to Council on the implementation of the Council’s Bushfire Recovery Action Plan and initiatives supporting recovery from the COVID-19 pandemic.	Reports have been received by the Council at its September and December 2020 meetings. The next quarterly report will be presented to Council at its March 2021 meeting.

2020-2021 CEO PERFORMANCE TARGETS UPDATE – MARCH 2021

	Strategic Plan Priority	Performance Target	Comment/Update
7.	C2.5 – Continue to work with government agencies and non-governmental organisations to support the community recovery from natural disasters and the COVID-19 pandemic.	Social and Economic Recovery – Community Ready Actively pursue opportunities to work with government and non-government partners on programs to assist communities and businesses develop resilience and readiness for future disasters. Include regular updates to Council as part of the quarterly Recovery Action Plan reporting.	<p>Following a range of agency discussions and the subsequent successful application for Commonwealth Funding, a Community Resilience Program is now being established. Two staff (1.6FTE) have been appointed to June 2022 in line with the funding.</p> <p>The Council's Economic Development Officer continues to work on business resilience building. A highlight was the Rethinking Business seminar held in October 2020.</p>
8.	E3.3 – Work with our local communities and businesses to create active, attractive and vibrant places.	Social, Economic and Environmental Recovery Engage with local communities and businesses in developing a Lobethal Bushland Park Masterplan. Present the draft masterplan to Council for its consideration.	The first phase of Community Engagement began in December 2020 through January 2021, including online engagement and an in-person drop-in session. An engagement summary report has been drafted. A Council report is scheduled for the 23 March 2021 meeting to include the draft version to go out for Second Phase of Engagement.

**ADELAIDE HILLS COUNCIL
CEO PERFORMANCE REVIEW PANEL MEETING
Thursday 18 March 2021**

Item: 7.2

Responsible Officer: Megan Sutherland
Executive Manager Organisational Development
Corporate Services

Subject: CEO PR Panel Process Determination and Schedule for 2021

For: Decision

SUMMARY

The role of the CEO Performance Review Panel (the Panel) is to provide advice to Council on matters relating to the performance and development of the CEO. This report outlines the process options for determination and provides an approximate schedule of work and timeframes for 2021.

The agreement of the year's process and associated meetings dates enables required work to be undertaken in preparation for the Panel meetings and to manage the process for the review of the CEO's performance.

RECOMMENDATION

The CEO Performance Review Panel resolves:

- 1. That the report be received and noted**
 - 2. To recommend to Council to undertake the 2021 CEO Performance Review using an internal process and utilise a consultant to undertake the remuneration package review.**
 - 3. To adopt the 2021 CEO Performance Review Panel Internal Process and Meeting Schedule as contained in Appendix 1 and the CEO PRP Presiding Member be delegated to amend the Process Schedule as required in consultation with the Administration.**
-

1. GOVERNANCE

➤ **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 of Committee of Council under the *Local Government Act 1999*.

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

In accordance with S120 of the *Local Government Act 1999* the Executive Manager Organisational Development has registered a conflict of interest with the CEO, who has approved the officer to continue to work on the CEO performance and remuneration review process.

Section 87 of the Act sets out the provisions for the calling and timing of Council Committee meetings.

Section 88 of the Act sets out the provisions relating to public notice of Council Committee meetings.

The *Statute Amendment (Local Government Review) Bill 2020* (the Bill) is currently being debated in the Legislative Council. The current version of the Bill contains a number of provisions regarding CEO remuneration [s99(A)] and CEO performance review [s102A)]. At this point in time it is unclear as to whether any of these elements of this Bill will come into effect during the performance review process. The Panel and Council will be advised if this eventuality occurs.

➤ **Risk Management Implications**

Undertaking regular review of the CEO's performance will assist in 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;

If the Panel recommends to Council to use an internal performance review and external remuneration review, costs associated with an external consultant to undertake the remuneration review will be included within the draft 2021-2022 budget.

Should the Panel choose to recommend to Council to undertake the CEO performance and remuneration reviews using an external consultant, all costs associated with this process will also be included in the draft 2021-22 budget. The estimated cost of any consultancy has not been disclosed in this report to avoid prejudicing any procurement process.

The costs associated with the operations of the Panel are contained in the current and draft budgets.

➤ **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.

There is an expectation that the requirements of the Terms of Reference will be adhered to and the CEO Performance Review Panel will have nominated meetings to undertake the work of the Panel and make recommendations to Council.

As a s41 Committee, the schedule of meetings will be posted on Council's website and meetings are open to the public unless the provisions of s90 (Meetings to be held in public except in special circumstances) apply to specific agenda items.

➤ **Sustainability Implications**

Not applicable.

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

Consultation on the development of this report was as follows:

<i>Council Committees:</i>	Not applicable
<i>Council Workshops:</i>	Not applicable
<i>Advisory Groups:</i>	Not applicable
<i>Administration:</i>	Chief Executive Officer Executive Manager Governance and Performance
<i>External Agencies:</i>	Not applicable
<i>Community:</i>	Not applicable

2. BACKGROUND

Establishing the CEO Performance Review Panel meetings schedule for 2021 enables the required planning to be undertaken by the Administration in preparation for the meetings.

Setting meeting dates enables Panel Members to prioritise the meetings or notify in advance if they will be unable to attend. Setting the schedule enables Council to meet its legislative obligations under s87 and s88 of the Act.

History of Performance Reviews

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, once by managers. The assessment sought feedback on the completion of the identified performance targets, key responsibilities and personal attributes from the position description.

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 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 (TEC) 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 as per the rating scale defined in the performance review.

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'.

In 2019, 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. A remuneration review was undertaken by an external consultant.

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 2020, the CEO's performance and remuneration review were undertaken through an external consultant. The final report and determination by Council at its meeting on 22 September 2020 was that the CEO 'exceeds expectations'.

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**ADELAIDE HILLS COUNCIL
MINUTES OF ORDINARY COUNCIL MEETING
TUESDAY 22 SEPTEMBER 2020
63 MT BARKER ROAD STIRLING**

RELEASED 18 OCTOBER 2020

18.1.1 2020 CEO Performance and Remuneration Reviews – Confidential Item

Moved Cr Mark Osterstock
S/- Cr Kirsty Parkin

219/20

Council resolves:

1. That the report be received and noted
2. That the CEO 'exceeds expectations' in relation to the 2020 CEO Performance Review.
3. With regard to the performance outcome, that no specific performance improvement plan is needed.
4. To increase the CEO's TEC Package by 1.0% to commence from 1 July 2020.
5. To increase the CEO's annual leave allocation by five (5) days annual leave making a total of five (5) weeks annual leave per annum.

Carried Unanimously

Performance Review Requirements

The CEO's current Employment Agreement commenced on 1 July 2019.

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 indicators.
- 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 midpoint of the rating scale (i.e. 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 Remuneration Package of the CEO.

Proposed Schedule and Meetings

Establishing the CEO Performance Review Panel meetings schedule for 2021 enables the required planning to be undertaken by the Administration in preparation for the meetings.

Setting meeting dates enables Panel Members to prioritise the meetings or notify in advance if they will be unable to attend. Setting the schedule enables Council to better meet its legislative obligations under s87 and s88 of the Act.

3. ANALYSIS

For the coming year, the Panel must decide on whether to use an internal or external CEO Performance Review process. Each of the proposed alternative processes is set out below.

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 the internal process has been undertaken in two previous years, 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.

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

There is a greater potential conflict of interest with a member of the Administration coordinating the internal performance review of the CEO. These risks 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 specification – Key Responsibilities
- Position specification - Key Capabilities
- Performance Targets

If this process is recommended, it is proposed that the schedule will be based on past year's process and agreed through the Panel's Presiding Member (**Appendix 1**).

This proposed meeting and process schedule has identified the following elements:

1. CEO Performance Review Panel meetings for 2021
2. Workshops with Council and where required, other senior leaders
3. Review process timeframes
4. Council meetings where recommendations from the Panel are required for Council decision.

Note: the dates are indicative of the timeframes and guide the process. The Panel's delegation to the Presiding Member is sought to enable flexibility in meeting timings as the process progresses.

External Review Process

An external process would require the engagement of a consultant, undertaken by the Executive Manager Organisational Development. Establishing the process would require the use of a tool to assess the CEO against the position description and personal attributes. The tool would be agreed, under advisement from the consultant, between the CEO, the Presiding Member, and Executive Manager Organisational Development. If this process is recommended, the schedule included in this report (as amended), would be followed (**Appendix 2**).

Note: the dates are indicative of the timeframes and guide the process. They may change to meet changing needs in consultation with the Panel's Presiding Member.

The survey tool will cover the position description key responsibilities and personal attributes. Determination of the outcome of the Performance Targets is taken as a separate report to Council. This Performance Targets outcome is taken into account as part of the overall performance review of the CEO, discussed through the Panel, with 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.

Survey Tool	Report
Position specification – Key Responsibilities	Individual rating for the following groups CEO, Council Members and Executive Leadership Team
Position specification - Key Capabilities	Overall table of results / graphed data
To provide general feedback on strengths	A summary of results and what they mean
To provide general feedback on possible improvements	A summary of the strengths and areas for improvement with a focus on the CEO's development

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 Executive Manager OD and Presiding Member (if available) 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.

4. OPTIONS

1. That the Panel recommends to undertake the CEO performance review using an internal process and utilise a consultant to undertake the remuneration package review. (Recommended)
2. That the Panel recommends to adopt the proposed internal process and meeting schedule for 2021 (**Appendix 1**). (Recommended)
3. That the Panel recommends to undertake the CEO performance and remuneration review using an external consultant. (Not Recommended)
4. That the Panel recommends to change or amend the external process and meeting schedule for 2021. (Not Recommended)
5. That the Panel recommends a different meeting and process schedule for 2021. (Not Recommended)

5. APPENDICES

1. CEO PRP Internal Process and Meeting Schedule
2. CEO PRP External Process and Meeting Schedule

Appendix 1

CEO PRP Internal Process and Meeting Schedule

2021 CEO PERFORMANCE REVIEW PANEL MEETING AND PROCESS SCHEDULE - INTERNAL

Proposed dates to guide the review with amendments to timeframes to be made as needed in conjunction with the Panel's Presiding Member.

Target date	Subject	Actions
Thursday 18 March 2021, 6.00pm	CEO PRP meeting (formal public meeting)	<ul style="list-style-type: none"> Update from CEO on Performance Targets Discuss the CEO Performance Review Panel (CEO PRP) Process and Meeting Schedule for 2021
Tues 27 April 2021	Report to Council	<ul style="list-style-type: none"> Decision on CEO Performance Review Process and Meeting Schedule 2021
Mon 31 May 2021	Remuneration Review sourced	<ul style="list-style-type: none"> Executive Manager OD appoints consultant to undertake CEO remuneration review
Thursday 3 June 2021	CEO PRP meeting (formal public meeting)	<ul style="list-style-type: none"> Update from CEO on Performance Targets for 2020-21 CEO Performance Targets for 2021-22 – recommendation from the Panel to Council
Tuesday 8 June 2021	Council Workshop	<ul style="list-style-type: none"> CEO Performance Targets for 2021-22 – discussion on recommendation from the Panel to Council
Tuesday 22 June 2021	Report to Council	<ul style="list-style-type: none"> Decision on Proposed CEO Performance Targets for 2021-22 – recommendation from Panel
Thursday 8 July 2021	CEO PRP meeting (formal public meeting)	<ul style="list-style-type: none"> Final outcome on CEO Performance Targets 2020-21
Tuesday 13 July 2021	Council Workshop	<ul style="list-style-type: none"> CEO provides a verbal report on performance against the Performance Targets and position objectives for 2020-21 to the Council Members and Executive Leadership Team
Wednesday 14 July 2021	CEO Feedback opens	<ul style="list-style-type: none"> Council Members and Executive Leadership Team complete review tool
Tuesday 27 July 2021	Report to Council	<ul style="list-style-type: none"> Decision on Final outcome on CEO Performance Targets 2020-21 – recommendation from Panel
Wednesday 28 July 2021	CEO Feedback closes	<ul style="list-style-type: none"> Council Members and Executive Leadership Team have completed review tool returned to Executive Manager Organisational Development (OD)

2021 CEO PERFORMANCE REVIEW PANEL MEETING AND PROCESS SCHEDULE - INTERNAL

Proposed dates to guide the review with amendments to timeframes to be made as needed in conjunction with the Panel's Presiding Member.

Target date	Subject	Actions
Friday 30 July 2021	Feedback collated	<ul style="list-style-type: none"> All responses are collated ready for performance discussion with CEO
Wednesday 4 August 2021	Review discussion with CEO	<ul style="list-style-type: none"> Review discussion held between, CEO, Panel Presiding Member, Mayor and Executive Manager OD (advice and administrative support)
Thursday 5 August 2021	Final Review Report completed	<ul style="list-style-type: none"> Executive Manager OD completes review report
Thurs 12 August 2021	CEO PRP meeting (1 confidential item) (formal public meeting)	<ul style="list-style-type: none"> Update from CEO on Performance Targets 2021-22 CEO performance review and remuneration review - Panel recommendation to Council
Thursday 24 August 2021	Report to Council (confidential item)	<ul style="list-style-type: none"> Decision on CEO performance and remuneration – recommendation from Panel
Thursday 11 November 2021	CEO PRP meeting	<ul style="list-style-type: none"> Update from CEO on Performance Targets 2021-22
Thursday 17 February 2022	CEO PRP meeting	<ul style="list-style-type: none"> Update from CEO on Performance Targets Discuss the CEO Performance Review Panel (CEO PRP) Process and Meeting Schedule for 2021

Appendix 2

CEO PRP External Process and Meeting Schedule

2021 CEO PERFORMANCE REVIEW PANEL MEETING AND PROCESS SCHEDULE-EXTERNAL

Proposed dates to guide the review with amendments to timeframes to be made as needed in conjunction with the Panel's Presiding Member.

Target date	Subject	Actions
Thursday 18 March 2021	CEO PRP meeting (formal public meeting)	<ul style="list-style-type: none"> Update from CEO on Performance Targets Discuss the CEO Performance Review Panel (CEO PRP) Process and Meeting Schedule for 2021
Tuesday 27 April 2021	Report to Council	<ul style="list-style-type: none"> Decision on CEO Performance Review Process and Meeting Schedule 2021
Thursday 3 June 2021	CEO PRP meeting (1 confidential item) (formal public meeting)	<ul style="list-style-type: none"> Update from CEO on 2020-2021 Performance Targets Proposed CEO 2021-2022 Performance Targets Determine consultant to facilitate CEO Performance Review for 2021 (confidential report)
Tuesday 8 June 2021	Council Workshop	<ul style="list-style-type: none"> CEO Performance Targets for 2021-22 – discussion on recommendation from the Panel to Council
Tuesday 22 June 2021	Report to Council	<ul style="list-style-type: none"> Decision on Proposed CEO Performance Targets for 2021-22 – recommendation from Panel
June 2021	Appoint consultant	<ul style="list-style-type: none"> External-Executive Manager Organisational Development to advise consultants of decision and appoint consultant
June 2021	Meet with consultant to prepare for the review process	<ul style="list-style-type: none"> Executive Manager Organisational Development (Megan Sutherland) and if possible, Presiding Member (Cr Mark Osterstock) discuss process and requirements with consultant Tool to be discussed and agreed under advisement from the consultant, between the CEO (Andrew Aitken), the Presiding Member (Cr Mark Osterstock), and Executive Manager Organisational Development Discuss the CEO Workshop and briefing of Council and Executive Leadership Team members Consultant to discuss the review tool with the CEO prior to finalising
Thursday 8 July 2021	CEO PRP meeting (formal public meeting)	<ul style="list-style-type: none"> Final outcome on CEO Performance Targets 2020-21
Tuesday 13 July 2021	Council Workshop	<ul style="list-style-type: none"> CEO provides a verbal report on performance against the Performance Targets and position objectives for 2020-21 to the Council Members and Executive Leadership Team

2021 CEO PERFORMANCE REVIEW PANEL MEETING AND PROCESS SCHEDULE-EXTERNAL

Proposed dates to guide the review with amendments to timeframes to be made as needed in conjunction with the Panel's Presiding Member.

Target date	Subject	Actions
Wednesday 14 July 2021	CEO Feedback opens	<ul style="list-style-type: none"> Council Members and Executive Leadership Team complete review tool
Tuesday 27 July 2021	Report to Council	<ul style="list-style-type: none"> Decision on Final outcome on CEO Performance Targets 2020-21 – recommendation from Panel
Wednesday 28 July 2021	CEO Feedback closes	<ul style="list-style-type: none"> Council Members and Executive Leadership Team have completed review tool returned to Executive Manager Organisational Development (OD)
Wednesday 11 August 2021	Report completed by Consultant	<ul style="list-style-type: none"> Results compiled and draft report prepared
12-17 August 2021	CEO Debriefed	<ul style="list-style-type: none"> Consultant discusses and debriefs CEO on draft Performance Review Report CEO provides feedback on the draft report to consultant
Thursday 19 August 2021	CEO PRP Workshop	<ul style="list-style-type: none"> Consultant debriefs the Panel on the Performance Review Report and remuneration benchmarking CEO discusses with the Panel the draft Performance Review Report CEO to advise Panel on any matters related to his performance and remuneration review <i>(CEO and Consultant attend Panel workshop)</i>
Thursday 2 September 2021	CEO PRP Meeting	<ul style="list-style-type: none"> Update from CEO on Performance Targets 2021-22 CEO performance review and remuneration review - Panel recommendation to Council
Tuesday 28 September 2021	Council Meeting (confidential item)	<ul style="list-style-type: none"> Decision on CEO performance and remuneration – recommendation from Panel
Thursday 11 November 2021	CEO PRP meeting	<ul style="list-style-type: none"> Update from CEO on Performance Targets 2021-22
Thursday 17 February 2022	CEO PRP meeting	<ul style="list-style-type: none"> Update from CEO on Performance Targets Discuss the CEO Performance Review Panel (CEO PRP) Process and Meeting Schedule for 2021