

**ADELAIDE HILLS COUNCIL
ORDINARY COUNCIL MEETING
Tuesday 23 August 2022
CONFIDENTIAL AGENDA BUSINESS ITEM**

Item: 18.1

Responsible Officer: Megan Sutherland
Executive Manager Organisational Development
Corporate Services

Subject: 2022 CEO Performance and Remuneration Reviews

For: Decision

1. 2022 CEO Performance and Remuneration Reviews – Exclusion of the Public

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

- Chief Executive Officer, Andrew Aitken
- Director Community Capacity, David Waters
- Director Corporate Services, Terry Crackett
- Director Development & Regulatory Services, Natalie Armstrong
- Acting Director Infrastructure & Operations, Ashley Curtis
- Executive Manager Governance & Performance, Lachlan Miller
- Governance & Risk Coordinator, Steven Watson
- Executive Manager Organisational Development, Megan Sutherland
- Minute Secretary, Pam Williams

be excluded from attendance at the meeting for Agenda Item 18.1: (2022 CEO Performance and Remuneration Reviews) in confidence.

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

Section 90(3)(a) of the Local Government Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead), being the personal affairs of the Chief Executive Officer, in that details of his performance and remuneration reviews will be discussed.

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

2. 2022 CEO Performance and Remuneration Reviews – Confidential Item

SUMMARY

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

The performance review assesses the CEO's performance against the CEO's position description and agreed performance targets.

The performance review and remuneration review reports have been managed and prepared through a consultant.

The CEO Performance and Remuneration Review Panel (the 'Panel') have made recommendation to Council regarding the CEO's overall performance rating to enable the performance review process to be finalised.

The Panel have also made recommendation to Council regarding a change to the Total Employment Cost (the 'TEC') Package.

RECOMMENDATION

Council resolves:

- 1. That the report be received and noted**
 - 2. That the CEO 'meets expectations' in relation to the 2022 CEO Performance Review.**
 - 3. To acknowledge that the CEO has recently tendered his resignation and that his performance over the 10 years of tenure has been exceptional and has regularly exceeded expectations in terms of his performance reviews.**
 - 4. Regarding the performance outcome, that no specific performance improvement plan is needed.**
 - 5. To increase the CEO's TEC Package to \$282,252.92 being an increase of 2.5%, from 1 July 2022.**
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1. BACKGROUND

CEO Performance Review Panel (the Panel)

The role and specific function of the Panel, as described in the *Terms of Reference* (1 September 2017) are:

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.

External Performance Review

At its 22 March 2022 meeting, Council resolved to undertake the 2022 CEO Performance and Remuneration Review processes externally through engagement of a consultant.

12.6 CEO Performance Review Process and Schedule

Moved Cr Mark Osterstock
S/- Cr Chris Grant

56/22

Council resolves:

1. That the report be received and noted.
2. To undertake the 2022 CEO Performance Review and Remuneration Review using an external consultant.
3. That the 2022 CEO Performance Review Panel (CEOPRP) Meeting and Process Schedule – External (Caretaker Period) as contained in Appendix 2, be adopted and the CEOPRP Presiding Member be delegated to amend the Process Schedule meeting/workshop dates as required in consultation with the Administration.

Carried Unanimously

CEO Employment Agreement

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.

A consideration from the performance review (as stipulated in Clause 12.5) is whether there are any particular aspects of the CEO's performance that require improvement due to underperformance and if so, the reasonable timeframes within which it is expected for those areas to be improved.

Rating System

The Agreement (in Clause 12.4 above) requires a Personal Evaluation System which means the rating system by which the CEO's performance is assessed. The agreed rating system provides the following assessment:

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.

2021-2022 Performance Targets

Council adopted a suite of CEO Performance Targets on 22 July 2021 covering the 2021-2022 financial year.

Minute:

17.3.1 Proposed CEO Performance Targets 2021-2022

Moved Cr Mark Osterstock
S/- Cr Chris Grant

141/21

Council resolves:

- 1. That the report be received and noted**
- 2. To adopt the CEO Performance Targets 2021-2022 as per *Appendix 1*.**

Carried Unanimously

These performance targets, in conjunction with the key responsibilities in the position description are used to assess the CEO's performance in accordance with Clause 12.4 of the Agreement.

Performance Target Outcomes

At the Council meeting of 26 July 2022, the Council determined that the CEO has achieved the CEO's 2021-2022 Performance Targets:

The minute of the Council meeting states:

12.8 2021-22 CEO Performance Targets Final Outcome

Moved Cr Mark Osterstock
S/- Cr Kirsty Parkin

190/22

Council resolves:

- 1. That the report be received and noted**
- 2. That the CEO has achieved the following status in relation to the CEO Performance Targets 2021-2022:**

Target 1: New Council website and e-services – Completed

Target 2: Service Review – Completed July 2022

Target 3: Fabrik Activation – Completed

Target 4: EOI: Development of 'Free' Camping Sites – Completed

Target 5: Cat Confinement Community Education – Completed

Target 6: Library Services Strategic Plan – Completed

Carried unanimously

2022 CEO Performance Review

The outcome for this performance review is detailed in the Review (**Appendix 1**).

The Performance Report does not highlight any suggested specific performance improvements being required (as a result of underperformance) and therefore the Panel has recommended that no specific performance improvement plan is needed.

The performance rating being recommended to the Council for the 2022 CEO Performance Review is that the CEO 'meets expectations' (a rating of 3 from the rating scale).

Introduction

This was the 2021-2022 formal CEO Performance review of the CEO facilitated by M^cArthur, whose performance was assessed against a set of agreed Key Result Areas.

Council Members and Direct Reports were invited to comment and score the CEO's performance against each of the KRA's. The commentary that was provided was mostly constructive and positive. The overall final average KRA rating for the CEO's performance was **3.83 - Meets Expectations**.

Summary

Of the overall responses, only three of the scores were answered with "N/A" for unable to observe. This is good as it shows that all participants have a good understanding of the CEO's performance. Scoring was relatively consistent between the Executive Team and Council Members. The highest Scoring KRA was 4.19 – Above Expectations performance, KRA 5 – WHS. The lowest scoring KRA was 3.63 – Meets Expectations performance, KRA 2 – Leadership and Management of Council Employees.

Participants feel that the CEO's strengths are in strategic thinking, communication, people management, customer service and WHS. They feel he has been doing a 'great job', he is a strong collaborative leader, and they recognise his strong navigation through the pandemic and bushfire recovery. Participants describe the CEO as visible, approachable and accessible (some participants feel too accessible). Participants believe he has good emotional intelligence and is tactful and diplomatic.

Participants feel the CEO has had a successful 12 months and they know he has the best interests of Council at heart. They recognise that he strives to do things better, that he has enhanced Council's public profile and promotes teamwork and a constructive workplace culture.

There were areas suggested for improvement which the CEO can digest and take onboard.

Conclusion

The CEO's performance was measured as Meets Expectations. He is to be congratulated on his solid performance.

CEO Total Employment Cost Package

The Agreement contains the provisions for the review of the Total Employment Cost (TEC) Package in Clause 13 that must be used when considering any change in TEC as follows:

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.
- 13.3 The review of the TEC Package will take into account the following:
- 13.3.1 The agreed key performance indicators;
 - 13.3.2 The CEO's Position Description;
 - 13.3.3 Movements in the Consumer Price Index (all groups) Adelaide as issued by the Australian Bureau of Statistics for the year ending in the quarter immediately preceding the review;
 - 13.3.4 Remuneration paid to CEO's of councils in South Australia; and
 - 13.3.5 Any other factors the Council considers relevant.
- 13.4 Notwithstanding Clause 13.3, the parties acknowledge that, in undertaking any review of the TEC Package, the CEO is not, as a right, entitled to any annual increase of the TEC Package.

The current CEO Total Employment Cost Package is:

Annual base salary	\$240,152
Employer superannuation (10.5% of annual base salary)	\$25,216
Full and unrestricted use of fully maintained vehicle	\$10,000
TOTAL TEC	\$275,368

Remuneration Review Report

The Panel have considered the performance review outcomes and have made recommendation to Council regarding a change to the Total Employment Cost (TEC) Package, that would take effect from the anniversary of the current Employment Agreement.

The following information is provided from the consultant's CEO Remuneration Review Report (the Report).

COUNCIL	CASH \$	TRP \$
Adelaide Hills Council	241,244	276,575
Alexandrina Council	280,070	321,477
City of Campbelltown	276,595	317,637
City of Holdfast Bay	269,423	310,162
City of Mount Gambier	247,576	285,571
City of Prospect	250,000	276,250
City of Unley	292,208	322,890
Mount Barker District Council*	261,137	305,084
The Barossa Council	239,556	278,709
City of Burnside*	256,165	283,062
City of Norwood Payneham & St Peters	252,443	301,168
Rural City of Murray Bridge	295,096	341,081
Town of Gawler	245,785	284,592

AVERAGE TRP (Excluding Adelaide Hills Council)	302,307
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*Remuneration Reviews currently in progress

The above Total Remuneration Package (TRP) values include 10.5% superannuation (or more) as per individual arrangements.

CONSUMER PRICE INDEX

The movement in the CPI for Adelaide for the 12-month period to March 2022 revealed an increase of 4.7% as published in the Australian Bureau of Statistics.

RECOMMENDATION

Based on the results of the CEO's performance review of Meet Expectations, CPI and the comparison with the prescribed Councils it is M^FArthur's recommendation to offer the CEO an increase in remuneration.

When recommending a salary increase it is important to note that there are numerous other factors to consider such as the CEO vacancies in neighbouring Councils, size of the main town, distance from Adelaide and challenges in recruiting key personnel including the CEO. Based on these variables it is our recommendation Council offer a salary increase of a minimum of CPI 4.7%. The total remuneration package below.

Table 2 – % increase breakdown

	Total Package
Current Package	276,575
1%	279,341
2%	282,107
2.5%	283,489
3%	284,872
4%	287,721
4.7% (CPI)	289,574
5%	290,404
6%	293,170
7%	295,935
8%	298,701

Currently, the 10.5% superannuation increase is maintained within the CEO's Total Employment Cost (TEC) Package, so the recommended increase of 2.5%, if adopted, will be made on the current total value being \$275,368.71.

Panel Recommendation

In considering all the information for the performance and remuneration reviews, the Panel, at its meeting on Thursday 4 August 2022, made the following recommendations to Council:

10.1.1 CEO Performance & Remuneration Report – Confidential Item

Moved Mayor Jan-Claire Wisdom
S/- Cr Nathan Daniell

PRP16/22

The CEO Performance Review Panel resolves:

1. That the report be received and noted
2. To recommend to Council that the CEO 'meets expectations' in relation to the 2022 CEO Performance Review.
3. To acknowledge that the CEO has recently tendered his resignation and that his performance over the 10 years of tenure has been exceptional and has regularly exceeded expectations in terms of his performance reviews.
4. To recommend to Council with regard to the performance outcome, that no specific performance improvement plan is needed.
5. To recommend to Council to increase the CEO's TEC Package by 2.5% to commence from 1 July 2022.

Carried

2. ANALYSIS

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 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* (“the Act”).

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.

102A CEO Performance review

The use of an external consultant has met the *Local Government Act 1999* requirements (below), for advice to be received via an independent qualified person.

102A—Chief executive officer—performance review

- (1) A council must review the performance of its chief executive officer—
 - (a) at least once in each year that the chief executive officer holds office as chief executive officer; and
 - (b) if relevant, before reappointment of the chief executive officer.
- (2) The council must obtain and consider the advice of a qualified independent person on a review under subsection (1).
- (3) In this section—

qualified independent person means a person who is—

 - (a) not a member or employee of the council; and
 - (b) determined by the council to have appropriate qualifications or experience in human resource management.

Remuneration of the chief executive officer – s99A

CEO remuneration is one of the specific functions of the Panel under clause 3.1.5 of the Terms of Reference.

Section 99A of the Act provides that the Remuneration Tribunal will determine the minimum and maximum remuneration that may be paid to CEOs.

However s147(5) of the *Statutes Amendment (Local Government Review) Act 2021* provides that the remuneration of a CEO who holds office prior to a determination under s99A being issued, is not bound by that determination under their current contract.

In relation to the current CEO, s147(5) means that the Council and therefore the Panel are not bound by any determination issued by the Remuneration Tribunal during his current term of office. For clarity, at the time of agenda finalisation the Remuneration Tribunal has not issued such a determination.

Caretaker Period

Importantly, the Caretaker Period for the 2022 Local Government Election is from 6 September 2022 to the conclusion of the election (predicted to be not later than 18 November 2022).

During the ‘Caretaker Period’ the *Local Government (Elections) Act 1999* prohibits ‘designated decisions’ from being made. Under the Act (s91A), designated decisions affecting the CEO Performance Review process are defined as those:

- (a) relating to the employment or remuneration of the Chief Executive Officer, other than a decision to appoint an acting Chief Executive Officer: or
- (b) to terminate the appointment of the Chief Executive Officer;.

Therefore, the Panel’s recommendations to Council regarding the CEO’s performance and remuneration, enable the Council to meet these obligations before the Caretaker Period commences.

➤ **Risk Management Implications**

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

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

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

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

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

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

➤ **Financial and Resource Implications**

The 2022-2023 Budget includes an organisational provision for salary increases related to enterprise agreements, as well as potential annual increments for years of service and review of manager contracts. The Panel has recommended an increase to the CEO’s TEC package and this will be funded from that provision.

The 2022-23 Budget also includes a provision for an increase in total superannuation costs as a result of the Superannuation Guarantee rising from 10% to 10.5%.

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

There is a community expectation that the CEO will perform competently and meet expectations to achieve the required outcomes for the organisation.

➤ **Sustainability Implications**

Not applicable

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

Engagement and/or consultation on the development of this report was as follows:

Council Committees: A confidential workshop occurred with the Panel on Thursday 21 July 2022 with the Consultant and the CEO. The Panel held a meeting on Thursday 4 August 2022.

Council Workshops: The CEO presented an overview of the year to Council on 14 June 2022 and the Consultant advised Council Members and Executive Members on the CEO performance review process and timeframes.

Advisory Groups: Not applicable.

External Agencies: Consultant undertaking the Performance and Remuneration Reviews

Community: Not applicable

1. OPTIONS

The Council has the following options regarding the Performance Review Report:

- I. Having consideration to the '*2022 CEO Performance Review Report*', any other matters related to the performance review and the outcome of the annual performance targets, conclude that there are no grounds to establish a performance improvement plan as there is no underperformance and that the CEO has achieved a competent performance outcome (or greater) in relation to the 2022 CEO Performance Review. (Recommended)
- II. Having consideration to the '*2022 CEO Performance Review Report*', any other matters related to the performance review and the outcome of the annual performance targets, determine any areas of the CEO's performance that require improvement due to underperformance, together with the timeframes within which those areas of performance to be improved. (Not Recommended)

The Council has the following options regarding the Remuneration Review:

- I. Having considered the factors listed in Clause 13 of the Agreement in relation to the review of the TEC Package, the Council may resolve an increase to the TEC Package by a recommended percentage. (Recommended)
- II. Having considered the factors listed in Clause 13 of the Agreement in relation to the review of the TEC Package, the Council may increase the TEC Package by a different percentage than detailed in this report or by the provision of some other employment flexibilities. (Not Recommended)
- III. Having considered the factors listed in Clause 13 of the Agreement in relation to the review of the TEC Package, the Council retain the current TEC Package. (Not Recommended)

2. APPENDIX

- (1) *2022 CEO Performance Review Report*

Appendix 1

2022 CEO Performance Review Report



Adelaide Hills
COUNCIL

**Summary Report on Performance Review
2021/22**

**Chief Executive Officer – Andrew Aitken
Adelaide Hills Council**

STRICTLY CONFIDENTIAL

McArthur

Consultant: Rebecca Hunt

REPORT ON PERFORMANCE REVIEW

CHIEF EXECUTIVE OFFICER

This is the 2021 – 2022 performance review of the Chief Executive Officer (CEO) of Adelaide Hills Council, Andrew Aitken facilitated by M^cArthur, which was undertaken in June 2022.

This review covered the work of the CEO over the previous 12 months. The full Council conducted the review and all Council Members, and the Executive Team were given the opportunity to provide comments and scoring against 9 Key Result Areas (KRAs). Two Council Members did not participate.

The following ratings were used during the review and the comments given in this document summarise the outcomes of the process.

CONFIDENTIAL

PERFORMANCE RATINGS

The Performance Indicators used in the process covered eight areas of accountability for Officers at this level. In deciding on the level of overall performance, the participants used the following rating system:

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

Based on these rating levels, the outcomes of this process are shown on the following pages.

ADVICE TO AND RELATIONSHIP WITH COUNCIL MEMBERS (KRA 1)

(The ability to develop and sustain a positive relationship with Council Members)

Strengths

Most Council Members feel well informed and recognise that the CEO invests heavily in maintaining respectful and effective working relationships with Council Members. The Executive Team report that the CEO actively encourages them to build open and engaged relationships with the Council Members. Participants recognise the CEO's open-door policy with the Council Members. He also sets the expectations to staff to be available for Council Members and encourages Council Members to contact the relevant staff member. Council Members enjoy being able to contact senior staff directly, they understand it's a privilege and know that this is not a relationship that is afforded in other Councils.

Participants feel that the CEO ensures all matters raised by Council Members are responded to, and he is committed to ensuring Council Members have all the relevant information and honest unbiased advice to make balanced decisions. Most Council Members appreciate the CEO's regular meetings with them to check in on satisfaction and concerns and they feel he is receptive, friendly, affable, and approachable. Most Council Members believe that the CEO respects that Council Members may have different views, listens, and is considered in his responses.

Areas for Improvement

Some Council Members feel that the CEO can be a little too defensive of staff when there is a difference of opinion between the Council Members and Administration. On the other side however, sometimes staff feel unsupported or let down when their professional and subject matter expert opinion is not taken by Council Members. Some of the Executive Team feel that the CEO should 'push back' on Council Members when they request actions that are not areas of priority which can then add to workloads.

Some Council Members feel they are not informed enough of issues or complaints in their Ward or the progress of them and can feel embarrassed when questioned by the community. Some Council Members believe that at times the CEO can be slow to follow up with commitments and provide requested documents. They also feel that post COVID, it would be great for Council Members to get back to mixing with staff more to increase contact and casual conversations.

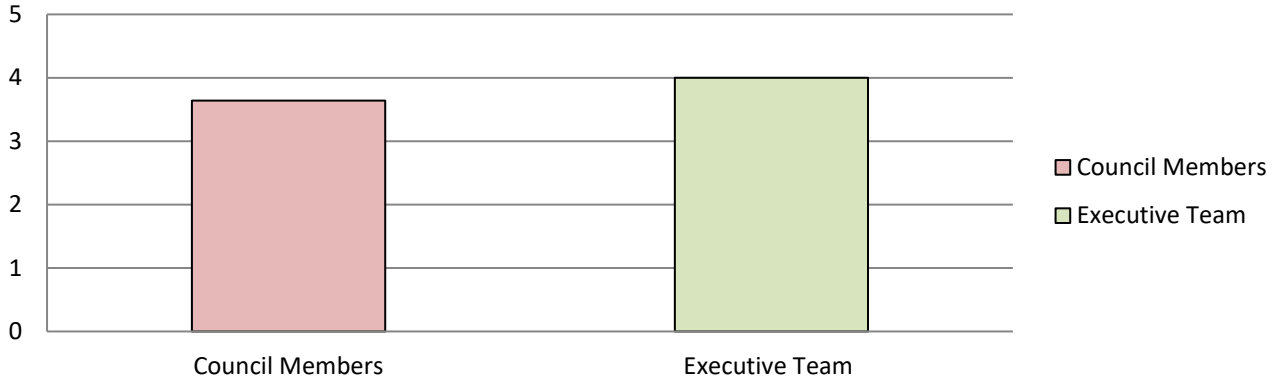
It is felt that a motion on notice needs to be accepted and presented as the Council Member intended at times the CEO's advice is to change it and that wasn't the intention. Some Council Members feel this could be that the CEO is very enthusiastic and come across that he is trying to change your mind, but he isn't really.

It is felt that the CEO needs to set access/availability boundaries for the Council Members as they should not expect him to be available after hours and every day of the week. They feel some Council Members exploit his flexibility.

The final average KRA was performance Meets Expectations. With the Executive Team rating slightly higher than the Council Members.

	2022	An Average
Council Members	3.64	3.76
Executive Team	4.00	

KRA 1



June 2022	Total number of each rating for whole KRA					
	5	4	3	2	1	N/A
Council Members	1	6	3	1	0	0
Executive Team	0	6	0	0	0	0
Total	1	12	3	1	0	0

LEADERSHIP AND MANAGEMENT OF COUNCIL EMPLOYEES (KRA 2)

(The manner in which the CEO provides leadership and manages Council employees)

Strengths

Most participants describe the CEO as a strong, people centric and contemporary leader, who is a great role model that builds relationships based on trust and respect. They consider him supportive and empathetic. They especially note the excellent leadership and communication through COVID and the bushfires. The Executive Team reports that the CEO has developed a stable and effective leadership team and he is supportive and encourages professional development. They appreciate that he provides opportunities for the staff to step up and take on higher duties. They feel that the CEO has the staff's wellbeing forefront of mind and that he recognises effort and high performance.

The CEO collaborates and empowers the Executive Team to make decisions and manage their teams. He is willing to delegate to senior staff and allows staff to respond direct to Council Members. The Executive Team feel the CEO ensures that the staff understand Council's vision and how their role and work contribute to it. They believe that he interacts with staff at all levels and that through his leadership style, he ensures ownership and buy in from the staff and encourages an element of fun in the working environment.

Areas for Improvement

Some Council Members feel that he supports and trusts staff's capabilities too much. They feel there could be more scrutiny of their actions and decisions. Conversely some participants feel the CEO could delegate more to assist his workload and they feel that he could be more assertive and ask tough questions to ensure accountability in the leadership team.

Executive Team Members believe that post COVID, it would be good for the CEO to get out and about more seeing what's happening 'on the ground'. This would promote the journey ahead, so the workforce sees the positive future following the challenging previous couple of years. They believe that the CEO needs to stop apologising for raising an issue or enquiry as that's his role as the leader.

This KRA final average rating was performance Meets Expectations with similar final average ratings from both participant groups. This was the lowest final average rating KRA.

	2022	An Average
Council Members	3.70	3.63
Executive Team	3.50	

KRA 2



June 2022	Total number of each rating for whole KRA					
	5	4	3	2	1	N/A
Council Members	1	6	2	1	0	1
Executive Team	0	3	3	0	0	0
Total	1	9	5	1	0	1

STAKEHOLDER MANAGEMENT AND COMMUNICATION (KRA 3)

(The ability to effectively communicate and forge strong working relationships with key stakeholders)

Strengths

Participants believe that the CEO has a collaborative, warm, engaging personal style and is very visible in the community. They recognise that he is respected and sought after for advice and guidance from stakeholders and peers. They feel he communicates well regionally and effectively deals with a range of stakeholders. They regard the CEO as a strong communicator who takes pride in considered, honest, transparent, and timely communications with a wide variety of stakeholder groups.

Participants recognise that he is good at putting Council's case forward and promoting their successes and can easily adapt his communications style to suit his audience. Participants have witnessed the CEO 'read a room' well and feel he is a good networker. They feel he has good connections with all tiers of government and can leverage off these relationships to benefit Council. They feel the CEO is passionate about customer service and expects that from the staff too. Some participants convey that the CEO can have fun and has a good sense of humour and when required can manage serious situations with compassion, sensitivity, business acumen and with a political lens.

Areas for Improvement

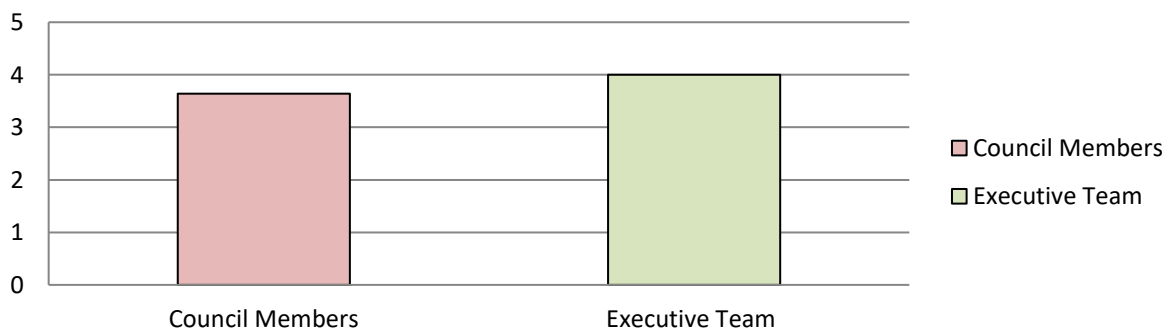
The CEO could manage his accessibility to stakeholders and the community better by politely pushing back at times. He is also to consider that at times he could perhaps listen more and use his persuasive skills less.

They feel that a review is needed of the Community Consultation Framework to see how Council is performing against community expectations. They also feel it would be good to see him interact more with the new government, ministers and department heads on behalf of Council.

The final average performance rating in this area was Meets Expectations and with the Executive Team rating slightly higher than the Council Members.

	2022	An Average
Council Members	3.64	3.76
Executive Team	4.00	

KRA 3



June 2022	Total number of each rating for whole KRA					
	5	4	3	2	1	N/A
Council Members	1	5	5	0	0	0
Executive Team	1	4	1	0	0	0
Total	2	9	6	0	0	0

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FINANCIAL AND ASSET MANAGEMENT (KRA 4)

(The ability to manage Council's financial and physical resources to the long-term benefit of the Council)

Strengths

Participants feel that the CEO understands the challenge of meeting community expectations around expenditure and rate rises and they feel Council has been on a journey and are more transparent with finances. Participants feel there is more effective messaging to the community regarding financial decisions. They acknowledge the CEO's prioritisation and development of a robust Long Term Financial Plan, Annual Business Plan and Budget process.

Participants appreciate the CEO has a long term view and a continued focus on financial sustainability and has allocated resources in this area. The Long Term Financial Plan is used to guide Council to ensure long term objectives are achieved and ensures Council is accountable. Overall participants believe that the CEO has a good grip on financial and asset management, and they recognise the very good team in this area. Council Members convey that reporting is timely, accurate and easy to understand and clear financial implications of decisions are outlined.

The Executive Team report that as a group (including the CEO) they continually review the budget and any variations and formally meet monthly. Any variations are reported to the Council Members and they are proud to continue to meet community expectations in a financially responsible way.

Areas for Improvement

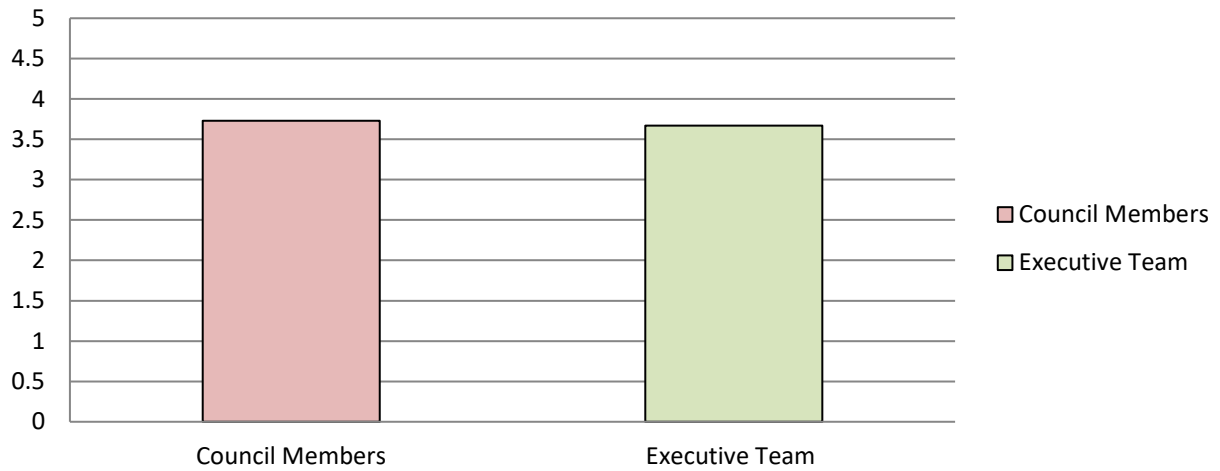
Council Members would like to be more involved in the decision-making processes around the budget and they feel Council could better manage its assets. They feel that the CEO needs to prioritise the development of the remaining Asset Management Plans and ensure Council's assets are being maintained at exactly the right level.

Council Members would like to see investigation into more income streams and diversifying streams. They would like the CEO to look at innovation to increase operational surplus and accumulate savings to prepare for a secure financial future and provide a buffer e.g. natural disasters. The Executive Team relay that Council Members expectations need to be managed as they want to increase services, but this means that other services need to stop or more resources are provided to deliver the service.

The CEO's performance in this area was considered Meets Expectations and there were similar final average ratings from both participant groups.

	2022	An Average
Council Members	3.73	3.71
Executive Team	3.67	

KRA 4



June 2022	Total number of each rating for whole KRA					
	5	4	3	2	1	N/A
Council Members	2	4	5	0	0	0
Executive Team	1	2	3	0	0	0
Total	3	6	8	0	0	0

WORK, HEALTH AND SAFETY (KRA 5)

(Ensures Council complies with all relevant Work, Health and Safety legislation)

Strengths

This is considered an area of strength for the CEO and he is 100% committed. The Executive Team convey that the CEO leads by example in this area and that staff are continually reminded of the priority of WHS and he ensures they take it seriously. The CEO is considered safety driven and that he genuinely cares for the welfare and wellbeing of staff and Council Members.

There have been many achievements in this area with the Take 5 initiative, WHS Action Plan, continued Skytrust implementation and updated Emergency Planning Committee. They also recognise the increased focus on mental health welfare checks during COVID and working from home arrangements.

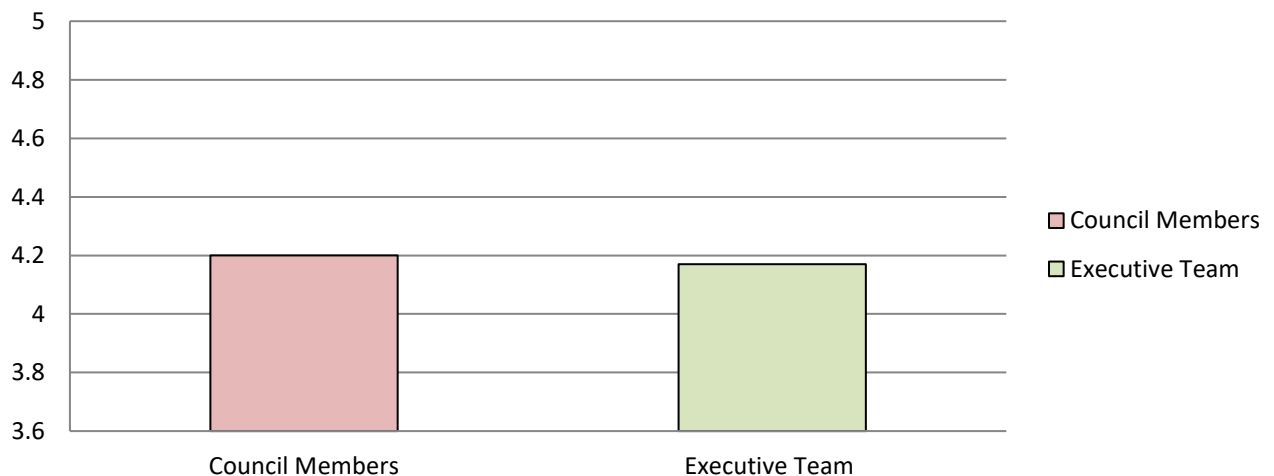
Areas for Improvement

Now following COVID, there are suggestions that the CEO could visit staff more and enforce the importance of WHS, reboot some safety campaigns and keep finding new ideas to make WHS a high priority for all staff including contractors and volunteers. The CEO is regarded as risk adverse at times however, participants understand the WHS restrictions.

This KRA's final average rating was Above Expectations Performance. This was the highest scoring KRA.

	2022	An Average
Council Members	4.20	4.19
Executive Team	4.17	

KRA 5



June 2022	Total number of each rating for whole KRA					
	5	4	3	2	1	N/A
Council Members	3	6	1	0	0	1
Executive Team	2	3	1	0	0	0
Total	5	9	2	0	0	1

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STRATEGIC PLANNING (KRA 6)

(Ability to think and plan strategically, look at the bigger picture and interpret strategy into operational initiatives and ensures the development of the suite of strategic plans)

Strengths

The CEO is regarded as an excellent strategic thinker, who always takes a holistic approach and sees the bigger picture. He has a clear understanding of Councils strategic direction and refers everything back to the suite of Strategic Plans. The CEO is recognised for interpreting the Strategic Plan into operational initiatives and how he can translate the strategic goals into relevant language for the audience.

Participants feel that the suite of Strategic Plans are aligned, and operations are linked to strategic initiatives so that all involved understands their contribution through operational tasks to the strategic outcome.

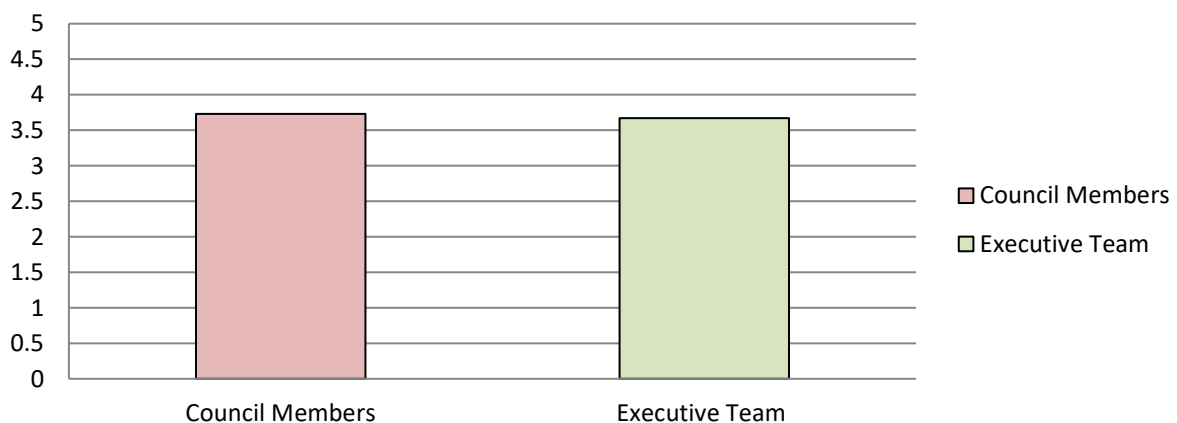
Areas for Improvement

Whilst participants recognise it's difficult, the CEO could try and spend more time in the strategic space rather than being caught up in the operational space. It is suggested that cost benefit analyses need to be provided to Council Members on expenditure for any initiatives over \$1 million. A participant feels that the Strategic Plan needs reviewing more frequently than the 4-year legislative requirement to ensure relevance in the ever changing environment. Following COVID and the bushfire, Council has had to be reactive and moving forward, being more proactive in the strategic space will benefit Council.

The CEO's performance in this area was considered Meets Expectations and once again with similar final average ratings from the participants groups.

	2022	An Average
Council Members	3.73	3.71
Executive Team	3.67	

KRA 6



June 2022	Total number of each rating for whole KRA					
	5	4	3	2	1	N/A
Council Members	1	6	4	0	0	0
Executive Team	0	4	2	0	0	0
Total	1	10	6	0	0	0

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HUMAN RESOURCE MANAGEMENT (KRA 7)

(The ability to lead and develop staff who are committed to the Council, competent in their jobs, and achieving job satisfaction)

Strengths

Most participants believe that the CEO is optimistic, engaging and available to staff. He is considered supportive of professional development and nurtures a performance culture built on respect, honesty and an unwavering focus on customer service. They recognise that he managed human resources well during COVID and the staff felt supported. The CEO's leadership through the challenging time ensured that there was still a positive culture and maintenance of quality customer service. It is reported that there is a constructive working environment in Council and staff are provided with opportunities to develop their skills, grow and increase their capability. The CEO is considered to 'walk the talk' and live the values of Council. The staff support the CEO and with the promoted strong work ethos, the staff will go 'above and beyond' for the CEO.

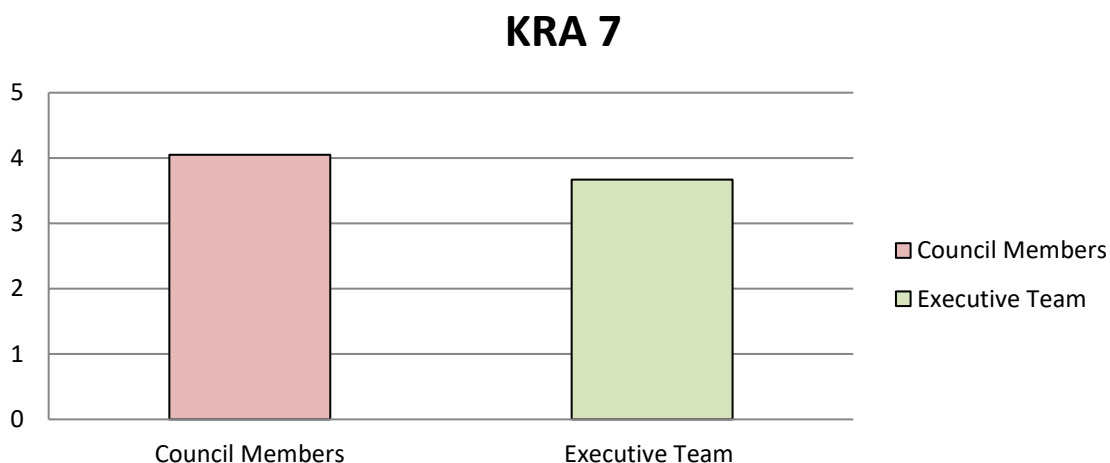
The CEO is considered to have built a strong workforce, recruitment has been good and staff retention is high. This can be partly attributed to the CEO valuing his staff and promoting Council as an 'employer of choice'. Participants recognise that the staff work hard and are committed to the work they do and are committed to the community. Staff are seen to be motivated, dedicated and happy.

Areas for Improvement

Now that the COVID environment has changed, it is suggested that the CEO could get back to engaging with all the staff to get a gauge on morale and engagement following COVID. Whilst a participant recognises the CEO is supportive of the staff, they want to make sure he also provides scrutiny and ensures staff are accountable. A Council Member feels that customer service levels have dropped below target levels and would like this addressed.

The CEO's performance in this area was considered to be Meets Expectations and the Council Members rated the CEO slightly higher in this area.

	2022	An Average
Council Members	4.05	3.91
Executive Team	3.67	



June 2022	Total number of each rating for whole KRA						
	5	4	3.5	3	2	1	N/A
Council Members	2	6	1	1	0	0	1
Executive Team	0	4	0	2	0	0	0
Total	2	10	1	3	0	0	1

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OPERATIONAL MANAGEMENT, GOVERNANCE AND MAJOR (KRA 8)

(The ability to manage the operations of the Council and ensure the measurable outcomes are achieved and projects are delivered on time and within budget. Ensures Council is compliant and meets its statutory obligations)

Strengths

The CEO is regarded to have a good level of focus on the delivery of key projects and ensuring Council is complaint and meets its statutory obligations. The CEO maintains a regular oversight of key deliverables, services, programs and projects, which ensures he is informed of statuses and can intervene if required. Governance is considered an area of strength for the CEO and he has high but achievable expectations of the staff however, they are aware of what their role is and what is expected of them.

It is recognised that the CEO has a strong focus on measuring performance and outcomes across the business. Council’s robust corporate planning and performance reporting methodology ensures Council’s activities and projects align to the suite of Strategic Plans. Operationally, in the last 12 months it has been challenging with the COVID pandemic, ongoing disaster recovery as well as the implementation of the new planning legislation and system. Council has still managed to achieve some fantastic outcomes and continue to deliver quality services.

Areas for Improvement

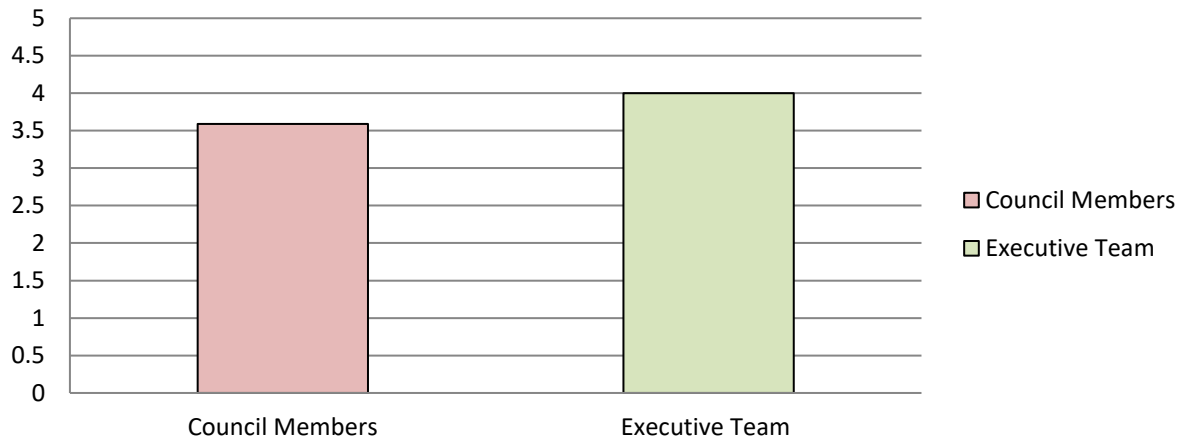
The Executive Team feel at times that the CEO over promises on what the Council can deliver with the current resources. Council Members acknowledge that even if not in the CEO’s control, project delays, budget over runs and carry overs need to be investigated. Some Council Members disagree with the decision on delivery of some projects and question the effective scoping of certain projects as there was inaccurate cost estimates and increased cost to Council e.g. Heathfield Oval Project.

Further focus is suggested to improve reporting especially on progress and statuses of major projects. Whilst the need for governance is acknowledged at times Council Members can find it quite restrictive.

The CEO’s performance in this area was considered as Meets Expectations and the Executive Team final average rating was higher than the Council Members.

	2022	An Average
Council Members	3.59	3.74
Executive Team	4.00	

KRA 8



June 2022	Total number of each rating for whole KRA						
	5	4	3.5	3	2	1	N/A
Council Members	1	5	1	3	1	0	0
Executive Team	1	4	0	1	0	0	0
Total	2	9	1	4	1	0	0

KEY CAPABILITIES – PERSONAL COMPETENCIES (KRA 9)

(The CEO’s personal attributes and interpersonal skills – to be sociable, a strategic thinker, open, honest and effective communicator and decision maker, innovative and positive and has strong business acumen)

Strengths

The CEO is described as a strategic thinking and charismatic leader with strong interpersonal skills. He is considered warm and approachable and is open, honest and transparent in his communications. Participants find him easy to talk to and feels he articulates his thoughts well and can change language to suit the audience. They feel the CEO remains calm and composed in challenging situations and can easily digest complex information and translate it into easy-to-understand language. They recognise that the CEO has an in depth understanding on how Council works and manages each area well.

Some participants feel the CEO has a strong work ethic, dedicated to get the best results for Council and the community. They acknowledge that he is decisive and not afraid to have the tough conversations. The CEO is considered to have a high level of integrity and is a leader that sets good standards for others to follow. His collaborative and inclusive approach ensures he is well liked and respected and his motivation and enthusiasm is infectious.

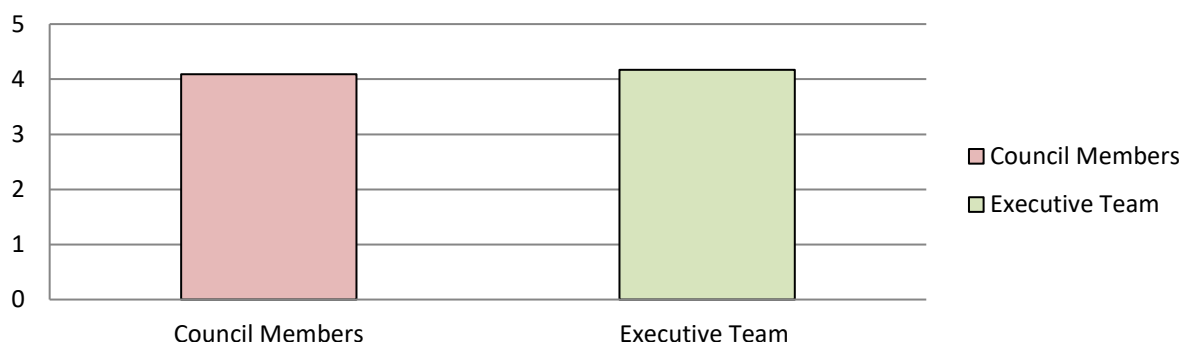
Areas for Improvement

Following the pandemic and bushfires the staff look at their leader for renewed enthusiasm and optimism and the CEO can ensure he is visible and leading this. Some Council Members feel that the CEO could take a more active role in the chamber and could work on being more open minded to ideas when he doesn’t initially agree with them and explore them a little further before taking a position. Business acumen is an area suggested for further development.

The CEO’s performance in this area was considered as Above Expectations and there were similar final average ratings from both participant groups.

	2022	An Average
Council Members	4.09	4.12
Executive Team	4.17	

KRA 9



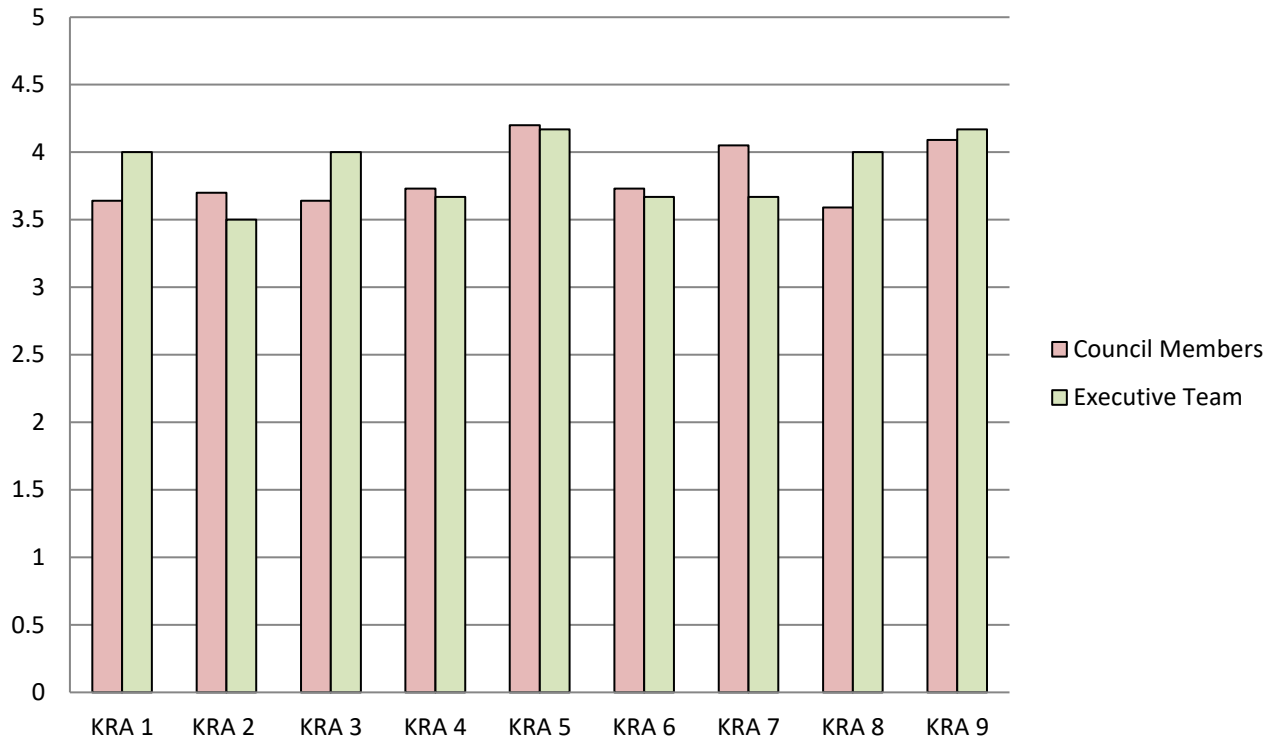
June 2022	Total number of each rating for whole KRA					
	5	4	3	2	1	N/A
Council Members	3	6	2	0	0	0
Executive Team	2	3	1	0	0	0
Total	5	9	3	0	0	0

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SUMMARY TABLE

Key Result Areas	Council Members Average Rating	Executive Team Average Rating	Final Overall Average (excluding CEO Self Rating)	Commentary (excluding CEO self-rating)
ADVICE TO AND RELATIONSHIP WITH COUNCIL MEMBERS	3.64	4.00	3.76	Meets Expectations
LEADERSHIP AND MANAGEMENT OF COUNCIL EMPLOYEES	3.70	3.50	3.63	Meets Expectations
STAKEHOLDER MANAGEMENT AND COMMUNICATION	3.64	4.00	3.76	Meets Expectations
FINANCIAL AND ASSET MANAGEMENT	3.73	3.67	3.71	Meets Expectations
WORK, HEALTH AND SAFETY	4.20	4.17	4.19	Exceeds Expectations
STRATEGIC PLANNING	3.73	3.67	3.71	Meets Expectations
HUMAN RESOURCE MANAGEMENT	4.05	3.67	3.91	Meets Expectations
OPERATIONAL MANAGEMENT, GOVERNANCE AND MAJOR PROJECTS	3.59	4.00	3.74	Meets Expectations
KEY CAPABILITIES – PERSONAL COMPETENCIES	4.09	4.17	4.12	Exceeds Expectations
OVERALL AVERAGE RATING	3.81	3.87	3.83	Meets Expectations

2022 Final Average KRA Ratings



These are a good visual representation of the CEO's Meets Expectations Performance.

Comments by Consultant

Introduction

This was the 2021-2022 formal CEO Performance review of the CEO facilitated by M^cArthur, whose performance was assessed against a set of agreed Key Result Areas.

Council Members and Direct Reports were invited to comment and score the CEO's performance against each of the KRA's. The commentary that was provided was mostly constructive and positive. The overall final average KRA rating for the CEO's performance was **3.83 - Meets Expectations**.

Summary

Of the overall responses, only three of the scores were answered with "N/A" for unable to observe. This is good as it shows that all participants have a good understanding of the CEO's performance. Scoring was relatively consistent between the Executive Team and Council Members. The highest Scoring KRA was 4.19 – Above Expectations performance, KRA 5 – WHS. The lowest scoring KRA was 3.63 – Meets Expectations performance, KRA 2 – Leadership and Management of Council Employees.

Participants feel that the CEO's strengths are in strategic thinking, communication, people management, customer service and WHS. They feel he has been doing a 'great job', he is a strong collaborative leader, and they recognise his strong navigation through the pandemic and bushfire recovery. Participants describe the CEO as visible, approachable and accessible (some participants feel too accessible). Participants believe he has good emotional intelligence and is tactful and diplomatic.

Participants feel the CEO has had a successful 12 months and they know he has the best interests of Council at heart. They recognise that he strives to do things better, that he has enhanced Council's public profile and promotes teamwork and a constructive workplace culture.

There were areas suggested for improvement which the CEO can digest and take onboard.

Conclusion

The CEO's performance was measured as Meets Expectations. He is to be congratulated on his solid performance.



Rebecca Hunt

General Manager Recruitment and HR Consulting

This performance review was conducted in an open and frank manner and the ratings identified above, accurately and fairly represent the outcomes of the process.

Chair

Chief Executive Officer

3. **2022 CEO Performance and Remuneration Reviews – Duration of Confidentiality**

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council’s decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 18.1 in confidence under sections 90(2) and 90(3)(a) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
Report	Until the matter has been decided by Council and the CEO has been advised in writing of the decision.
Related Attachments	Until the matter has been decided by Council and the CEO has been advised in writing of the decision.
Minutes	Until the matter has been decided by Council and the CEO has been advised in writing of the decision.
Other	Nil

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Panel delegates the power to revoke the confidentiality order either partially or in full to the Executive Manager Governance and Performance.