

**CONFIDENTIAL ITEMS 2003 – SEPTEMBER 2019**

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommend-action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
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<b>141</b>	2 September 2019	Chief Executive Officer's Performance Review 2019	<p><b><u>Section 90 (3) (a) Order</u></b></p> <p>1. <u>Pursuant to Section 90(3)(a)</u> Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public be excluded from attendance at the meeting for Agenda Item 18.3.</p> <p>The Council is satisfied that pursuant to Section 90(3)(a) of the 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 the Chief Executive Officer in that details of his performance review will be discussed which are sensitive and are details only known to those who have participated in the review process.</p> <p>The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of details of the Chief Executive Officer's performance may prematurely be disclosed.</p>						<i>Report, attachment and Minutes released on website 5 September 2019</i>
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<b>18.3</b>	<b>REPORT TITLE:</b>	<b>CHIEF EXECUTIVE OFFICER'S PERFORMANCE REVIEW 2019</b>
	<b>DATE OF MEETING:</b>	<b>2 SEPTEMBER 2019</b>
	<b>FILE NUMBER:</b>	<b>DOC/19/100373</b>
	<b>ATTACHMENTS:</b>	<b>1 – DOC/19/107051</b>
	<b><u>Key Contact</u></b>	<b>Mayor Ann Ferguson</b>

**Mount Barker 2035 – District Strategic Plan:**

Governance and Leadership

GL2: Corporate capacity and leadership

GL2.2 Maintain a highly skilled and effective workforce that applies a work ethic of confident and responsive action

**Annual Business Plan:**

Nil

**Purpose:**

To provide a report that details the outcomes of the Chief Executive Officer's Annual Performance Review.

**Summary – Key Issues:**

- Council Members, direct reports and external parties were invited to participate in the CEO's Annual Performance Review.
- The Consultant's report provides the survey findings

**Recommendation:**

That Council:

**Section 90 (3) (a) Order**

1. Pursuant to Section 90(3)(a)  
Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public be excluded from attendance at the meeting for Agenda Item 18.3.

The Council is satisfied that pursuant to Section 90(3)(a) of the 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 the Chief Executive Officer in that details of his performance review will be discussed which are sensitive and are details only known to those who have participated in the review process.

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of details of the Chief Executive Officer's performance may prematurely be disclosed.

2. note the attached summary report prepared for Council by Dr Wayne Coonan, Corpor8solutions (attachment 1) which includes information on the performance review process.
3. note the revised draft set of key objectives detailed in this report to guide the Council in its assessment of the Chief Executive Officer's performance;
4. endorse a 1.9% increase to the CEO's current remuneration to take effect from 1 July 2019; and
5. authorise the Mayor to sign and extend by one year the Chief Executive Officer's current contract of employment.

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**Background:**

1. On 3 April 2018 Council awarded a contract to undertake the CEOs Performance Review to Corpor9Solutions for a period of 4 years commencing 2018.
2. On 4 February 2019 the Council appointed the Panel members – Mayor Ferguson, Cr Morrison and Cr Westwood.
3. Since that time the Panel have met with Dr Wayne Coonan from Corpor8Solutions to discuss the content and methodology involved and also to discuss the final report findings.

**Discussion:**

4. The 360-degree review included the following aspects:
  - A survey of Council members and CEO's direct report staff and key external parties;
  - An optional interview for respondents;
  - An audit process covering a wide range of Council documents; including Annual Reports and Business Plans; Long Term Financial Plans; financial, project and benchmarking and other service-related reports and benchmarking reviews of Councils performance.
5. The comparative analysis of 'like' Councils was again undertaken by Council.
6. Council also maintained its involvement in PWC's Australian LG Performance Excellence Program for financial year 18/19.

Both items 5 and 6 were important components of the audit process.

7. The Panel received a copy of the final report and met with Dr Coonan to review the report findings.
8. The report notes the results of the ratings by respondents in each of the 6 Sections of the survey covering key aspects of the CEO's overall management of Council, were at the 'Excellent' level.
9. The report finds that the CEO's Specific Performance Targets remain long term in nature and should continue to be carried over into future reviews until completion.
10. The report finds the results of this performance review, while showing additional improvement, are in keeping with previous reviews. These results consolidate the of the CEO's record of consistently delivering quality leadership to Council.

#### Outcomes

11. The CEO has been provided with the report and consulted on the process and outcomes.
12. To compete with Councils to attract and retain quality leadership, Council needs to maintain its competitive capacity.
13. It is recommended that the CEO's remuneration package be increased by 1.9%.

#### Performance Objectives

14. The CEO's 8 specific performance targets are long term and as previously stated should be carried forward until completion.
15. Additional internal components for consideration include:
  - Further development and trialling of community engagement strategies
  - Review of Council's staffing and recruitment strategy in response to the organisation's current gender and age profiles. This should be considered in conjunction with the development of a succession Plan.
  - Implement a continuous improvement project to target a review of the Annual Business Plan performance measurement process (identified by the Audit and Risk Committee and endorsed by Council 3 June 2019).

#### **Community Engagement:**

Informing only	Information will be provided to the public upon release of confidentiality
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#### **Policy:**

N/A

#### **Budget:**

There is a budget of \$10,000 for this review subject to CPI per annum until 2021.

#### **Statutory/Legal:**

An annual performance review is included in the CEO's contract.

**Staff Resource Requirements:**

There is no impact on staff resources.

**Environmental:**

N/A

**Social:**

The community are informed about the CEO's review outcomes following the Council resolution.

**Risk Assessment:**

Nil

**Asset Management:**

N/A

**Conclusion:**

The CEO's performance measures and salary should be determined now that the Performance Review Panel have received the final report.

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Previous Decisions By/Information Reports to Council

Meeting Date	4 February 2019	HPRM Reference	DOC/19/3924
Title	Appointment to the CEO's Review Panel		
Purpose	To inform the Council of the process involved in the Chief Executive Officer's (CEOs) Performance Review and re-appoint the Audit and Risk Committee Chairperson to the CEO's Performance Review Panel.		

Meeting Date	3 September 2018	HPRM Reference	DOC/18/88869
Title	Chief Executive Officer's Performance Review 2018		
Purpose	To provide a report that details the outcomes of the Chief Executive Officer's Annual Performance Review.		

## Attachment 1 to Item 18.3

**2019 CEO Performance Review – Report to Council:****The Purpose of the CEO Performance Reviews**

The Purpose of the CEO Performance Reviews is three fold; to provide Council with feedback on the CEO's performance, to provide the CEO with feedback about how others perceive the performance and to assist the CEO's professional development.

**Methodology****Three main methods were employed in conducting this review:**

- An audit process covering a wide range of Council documents; including Annual Reports and Business Plans; Long Term Financial Plans; financial, project and benchmarking and other service-related reports.
- Benchmarking reviews of Councils performance.
- A survey of Council members and CEO's direct report staff and key external parties; (with an optional interview for respondents)

**Rationale behind Method selection**

Method	Purpose for selection	Nature of the data	Outcome i.e. what it provided to the review process
<b>Audit</b>	To confirm what documented information about the selected KPI's and performance related issues, has been officially reported to Council	Objective	Supported the subjective survey data confirming the CEO's overall 'Excellent' rating
<b>Benchmarking</b>	To determine how Council's performance compares to other councils on key metrics	Objective	Provided additional comparative support
<b>Surveys and interviews</b>	To measure how others (respondents) perceive the CEO's performance	Subjective	Provided an overall subjective rating of 'Excellent'

**Summary of Results:****The 'Audit'**

The 'Audit' process examined an extensive range of documented evidence covering the major metrics of organisational effectiveness in Local Government. These documents ranged from internal reports, local benchmarking studies, to the national PWC report previously mentioned. The totality of this benchmarking information available for audit was impressive and provided substantial confirmation that the CEO had strategically engaged Council in a rigorous programme of internal and external evaluation of its performance.

The scope of the external benchmarking included a national high-level review conducted by Price Waterhouse Coopers and a range of local reviews involving selected South Australian Council's. Much of the latter benchmarking was the result of an LGA cooperative group of Finance Managers, largely driven by this Council's specialist team. Additional primary sources of the audit included reports of project outcomes and also of Council's financial operations and performance in service delivery. Collectively, the range of materials related to the audit provided

a compelling source of information to support the argument that the CEO has successfully managed the key performance areas assigned to him.

### **Comparative Analysis**

This was developed by Council staff as part of the CEO's benchmarking process involving 'like' Councils. It indicates results for a range of key performance metrics over the period 2012 to 2018 including:

- Population/Rateable Properties (Residential and Non-Residential)/Staff (FTE's)/Total Operating Revenue/Total Operating Expenditure and Capital Expenditure
- Rate Revenue
- Expenditure
- Employee Costs/FTE's/as percentage of Operating Expenditure/FTE's per 1000 population
- FTE's per Service Area

The comparative data is extremely rich in terms of diagnostic information and as a source of potential improvement projects. The data indicates Council is operating efficiently and effectively when benchmarked against its six (6) 'like' peers. This efficiency is illustrated by many of the metrics and the results are particularly meritorious, given the operational demands upon Council's resources to deliver services in an area with the greatest growth-related demands. The Mt Barker District Council operates cost effectively and with fewer staff compared to its peers. When the comparative data is coupled with the results of Council's most recent Customer Satisfaction Survey, suggests that Council is not only providing cost effective services but does so at a level of quality that is well rated by the community; especially in terms of the balance between value and expenditure.

The data confirms that Council has the largest population amongst its comparison group and that the operating revenue and expenditure levels are relatively conservative in comparison to its immediate peers; especially when population is taken into consideration, Council also has the lowest ratio of full-time equivalent staff (FTE's) /1000 residents. Council has a marginally higher employee costs as a percentage of Operating Expenditure. However, this difference is relatively marginal, and reflects Council's focus on quality appointments, which allows it to operate with the lowest ratio of FT's/1000 residents in a rapidly expanding area.

Even without adjustment for population or the number of rateable properties, Council has one of the three lowest employee costs as a percentage of Budget and also has the second lowest rate revenue per capita amongst its immediate peers and the fourth lowest rate revenue per rateable property. Whilst Council has the highest residential property rate and sits second in terms of the non-residential property rate, these figures largely reflect the differences in the valuations of housing stock and the relative levels of development of the respective business precincts and related commercial property values within the comparison group.

The results from the **PWC annual review 'The Australasian Local Government Performance Excellence Program FY18'** provide a valuable comparative analysis of Councils performance across a range of important metrics for Local Government; including Councils from Australia and New Zealand. In broad terms it indicates that Council performs well relative to its peers in

terms of the scope and efficiency and effectiveness of its operations. It also provides valuable data to compliment the following findings of the 360-degree survey.

#### **Audit and Survey Results**

The audit results are an objective measure of Council's performance and that of the CEO. These comprehensive audit results provide additional credence by the excellent results of the survey of respondents from the CEO's Direct Report Staff, Key Contacts and Elected Members. The resulting overall 'Excellent Performance' level, replicated and exceeded the result of the previous survey.

The survey and interview results indicate a high level of satisfaction with the CEO's performance in managing the Council's operations. The responses from Elected Members and the Direct Report Staff to the CEO were strongly allocated within the excellent spectrum of the response options (Outstanding to Excellent Performance). The results are strongly congruent with those of the previous review and despite slightly different protocols, to other earlier reviews.

**Section's A to E** focus on the impact of the **CEO's management** in the general areas of **'Leadership', 'Planning' and 'Financial, 'Operational' and 'Organisational' management**. While these results reflect upon the CEO's direct influence on staff, Elected Members, Council's operations and service delivery, they are essentially a reflection of how his leadership is transmitted by his managers, management structure to staff and ultimately Elected Members and Community/Clients.

**Section F**, however, is focussed on a range of **significant, current priority projects and outcomes**. These were specifically identified by Council as personal performance priorities for the CEO. As such the 'Issues' in Section F are arguably those of highest priority for Council and also those for which the CEO is most personally accountable. The issues in Section F were consequently also a strong focus for the Audit process.

**Section F** included eight (8) key performance indicators, all (8) of which received **'Excellent' (E)** ratings - an **overall rating, of 'Excellent'**.

The results from the other **Sections (A to E)** are indicative of a very high standard of satisfaction, with **each Section** achieving an **overall Excellent rating**. The rating results, especially for **Section F** are particularly meritorious; given the complexity and extended timelines of many of the 'Issues' and Council's ongoing high rate of growth compared to other Councils. Unsurprisingly, with the **overall results rated as Excellent**, there were only three (3) issues that received an 'Unacceptable Performance' rating; each by a single respondent.

#### **OVERVIEW OF RESULTS:**

The detailed survey responses for each of the fifty-seven items, indicate very positive perceptions of the CEO's leadership (similar results to those reported in his previous reviews).

**Table: Overall Survey Results and Results by Section:**

Section	1. Overall Rating/ Section	2. Range Outstanding to Competent (O-C) performance	3. Range Outstanding to Excellent (O-E) performance	4. Items per Overall Rating 2018	4. Items per Overall Rating 2019



Section A – CEO's Leadership Skills	<b>Excellent</b>	(93%-100%) *	(40%-87%) *	(9 O-E: 5 C)	(11- O-E: 3C) *
Section B – CEO's Planning Capacity	<b>Excellent</b>	(93%-100%) *	(57%-80%) *	(4-O-E)	(4-O-E)
Section C – CEO's Corporate Management Capacity	<b>Excellent</b>	(93%-100%)	(58%-92%) *	(12-O-E:0-C)	(12-O-E:0-C)
Section D – CEO's Financial Management Capacity	<b>Excellent</b>	(91%-100%) *	(71%-100%) *	(8-O-E:2-C)	(10-O-E:0-C) *
Section E – CEO's Operational Management Capacity	<b>Excellent</b>	(93%-100%) *	(23%-93%) *	(7-O-E:2-C)	(9-O-E:0-C) *
Section F – CEO's Specific Performance Targets	<b>Excellent</b>	(81%-100%)	(39 %-75%)	(5-O-E: 3-C)	(8-O-E: 0-C) *
<b>5. Overall rating for the Survey</b>		<b>Excellent</b> * improvement			

**In all of the six Sections, the CEO achieved 'excellent' ratings;** a commendable result, which is consistent with those from previous reviews. The aggregation of Outstanding and Excellent responses into an overall Category labelled Excellent plays down the value of any 'Outstanding' responses and produces a more conservative outcome. A more accurate measure of respondents' perceptions of the CEO's performance lies somewhere between 'Excellent' and 'Outstanding'.

#### **Summary:**

The positive results from the overall '**Excellent**' ratings of the CEO's performance detailed in the surveys are supported by the comprehensive documentation reviewed in the audit process.

In keeping with Council's commitment to the principles of 'Continuous Improvement'(CI), the results were discussed during the debriefing discussions, Andrew's approach to the debriefing process was consistent with the previous review. It was robust and he openly embraced the opportunities for both personal and organisational improvement identified in this review. As with the previous survey, several of the CEO's Specific Performance Targets involve iterations of long-term projects and should be carried over into future reviews until completion.

It is reassuring that the results of this performance review continue to reflect the findings of the most recent reviews. Despite the obvious differences in the methodologies employed pre 2018, the results illustrate the consistency of Andrew's ability to deliver quality leadership to Council. The Elected Members and CEO should be encouraged by these results.

#### **Performance Objectives:**

1. The CEO's 8 specific performance targets are long term and as previously stated should be carried forward until completion.
2. Additional internal components for consideration include:
  - Further development and trialling of community engagement strategies

- Review of Council's staffing and recruitment strategy in response to the organisation's current gender and age profiles. This should be considered in conjunction with the development of a succession Plan.
- Implement a continuous improvement project to target a review of the Annual Business Plan performance measurement process (identified by the Audit and Risk Committee and endorsed by Council 3 June 2019).

**Conclusion:**

Council should consider appropriate performance measures and remuneration following the completion of the CEO's Performance Review and oversight by the Panel.

RELEASED

RELEASED

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<b>18.3</b>	<b>REPORT TITLE:</b>	<b>CHIEF EXECUTIVE OFFICER'S PERFORMANCE REVIEW 2019</b>
	<b>DATE OF MEETING:</b>	<b>2 SEPTEMBER 2019</b>
	<b>FILE NUMBER:</b>	<b>DOC/19/100373</b>
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Moved Councillor Westwood that Council:

**Section 90 (3) (a) Order**

1. Pursuant to Section 90(3)(a)  
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The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of details of the Chief Executive Officer's performance may prematurely be disclosed.

Seconded Councillor Morrison

CARRIED  
OM20190902.25

Moved Councillor Leach that Council:

2. note the attached summary report prepared for Council by Dr Wayne Coonan, Corpor8solutions (attachment 1) which includes information on the performance review process;
3. note the revised set of key objectives detailed in this report to guide the Council in its assessment of the Chief Executive Officer's performance;
4. endorse a 1.9% increase to the CEO's current remuneration to take effect from 1 July 2019; and
5. authorise the Mayor to sign and extend by one year the Chief Executive Officer's current contract of employment.

Seconded Councillor Orr

CARRIED  
OM20190902.26

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MEETING DECLARED CLOSED AT 9.16PM

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MAYOR

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DATE