

REPORT FOR

**CONFIDENTIAL CEO
PERFORMANCE AND
REMUNERATION REVIEW
COMMITTEE**

MEETING DATE

14 AUGUST 2019

Item 18.1

RECORD NO:
REPORT OF:
TITLE:

**D19/51638
OFFICE OF THE CHIEF EXECUTIVE OFFICER
DRAFT CEO PERFORMANCE AND REMUNERATION
REVIEW OUTCOMES 2018-19**

1. *That pursuant to Section 90(2) of the Local Government Act 1999 (“the Act”) the CEO Performance and Remuneration Review Committee orders that the public and staff on duty, with the exception of representatives from Hender Consulting and staff on duty (for minute taking purposes only), be excluded from the meeting to enable discussion on the Draft CEO Performance and Remuneration Review Outcomes 2018-19.*
2. *That the CEO Performance and Remuneration Review Committee is satisfied that pursuant to section 90(3)(a) of the Act, the information to be received, discussed or considered in relation to this item:*
 - o *relates to 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 that should only be known to those who have participated in the review process.*
3. *In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in the public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances, on the basis that details of the CEO’s performance and remuneration may be prematurely disclosed before the details of the review have been discussed with the Chief Executive Officer or Council, and could therefore result in the release of inaccurate or misleading information.*

[Note: It is anticipated that staff on duty will be attending the meeting for minute taking purposes only.]

PURPOSE

This report introduces the draft outcomes of the Chief Executive Officer's (CEO) Performance and Remuneration Review for 2018-19, which includes consideration of draft findings for the CEO performance appraisal and recommendations for CEO remuneration. The draft CEO Key Performance Indicators (KPIs) for 2019–20 are also provided for further consideration and potential amendment in line with feedback received through the performance appraisal process.

RECOMMENDATION

That the CEO Performance and Remuneration Review Committee:

1. **Notes the information provided by Hender Consulting regarding the draft outcomes of the Chief Executive Officer's (CEO's) performance and remuneration review, with a view to adopting the final performance appraisal and remuneration reports at a subsequent meeting of the CEO Performance and Remuneration Review Committee prior to referring the matter to Council.**
2. **Requests Hender Consulting to discuss the draft outcomes of the performance and remuneration review with the CEO, and invites the CEO to provide his views and feedback for consideration at the next Committee meeting.**

[Note: To be included in the resolution if amendments to the draft CEO Key Performance Indicators are required]

3. **Requests the CEO to review the draft CEO Key Performance Indicators provided as Attachment 1 to the report entitled "Draft CEO Performance and Remuneration Review Outcomes 2018-19" and dated 14 August 2019, based on feedback received from the performance appraisal process.**

RETENTION OF CONFIDENTIAL DOCUMENTS

1. That having considered the agenda item entitled Draft CEO Performance and Remuneration Review Outcomes 2018-19 and dated 14 August 2019 in confidence under section 90(2) & (3) a and Section 91(7) of the Local Government Act 1999:

- 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 and remuneration may be prematurely disclosed before the details of the review have been discussed with the Chief Executive Officer and finalised by Council, and could therefore result in the untimely release of sensitive and or incomplete, inaccurate or misleading information.

The CEO Performance and Remuneration Review Committee pursuant to section 91(7) of the Act orders that the report (not including Attachment 1 or minutes) be retained in confidence and not available for public inspection until:

- The Mayor and CEO has signed any correspondence related to the CEO employment contract and the Total Employment Cost remuneration package (and these signed documents have been provided to the CEO); or
- The CEO Performance and Remuneration Review Committee or Council resolves otherwise.

2. That the CEO Performance and Remuneration Review Committee gives the power pursuant to Section 91 of the Local Government Act 1999 to the Chief Executive Officer or his delegate (who must be an employee of Council) to revoke the order made under Section 91(7) of the Local Government Act 1999 subject to the Chief Executive Officer or delegate consulting with the Mayor and reporting to the Elected Members of the revocation.

1. BACKGROUND

CEO Performance Review Requirements

The Chief Executive Officer (CEO) Mr John Moyle commenced his current Employment Agreement with Council on 21 October 2013. Clause 13 of the CEO Employment Agreement requires that the CEO will undergo a performance review during the month of September for the term of the Employment Agreement.

In addition to the agreed conditions contained in the CEO's employment contract, section 99 of the *Local Government Act 1999* (the Act) prescribes the responsibilities of a CEO. These are as follows:

- “(1) The functions of the chief executive officer include –*
- (a) to ensure that the policies and lawful decisions of the council are implemented in a timely and efficient manner;*
 - (b) to undertake responsibility for the day-to-day operations and affairs of the council;*
 - (c) to provide advice and reports to the council on the exercise and performance of its powers and functions under this or any other Act;*
 - (d) to co-ordinate proposals for consideration by the council for developing objectives, policies and programs for the area;*
 - (e) to provide information to the council to assist the council to assess performance against its strategic management plans;*
 - (f) to ensure that timely and accurate information about council policies and programs is regularly provided to the council's community, and to ensure that appropriate and prompt responses are given to specific requests for information made to the council;*
 - (g) to ensure that the assets and resources of the council are properly managed and maintained;*
 - (h) to ensure that records required under this or another Act are properly kept and maintained;*
 - (i) to give effect to the principles of human resource management prescribed by this Act and to apply proper management practices;*
 - (j) to exercise, perform or discharge other powers, function or duties conferred on the chief executive officer by or under this or other Acts, and to perform other functions lawfully directed by the council.”*

While the Act is clear about the role and responsibilities required of the CEO it is silent on the process of performance reviews. This matter is therefore covered by individual contractual agreements between a CEO and his or her employer.

The CEO Performance and Remuneration Review Committee (the Committee) is responsible for undertaking the performance and remuneration review (the Review) of the CEO and making recommendations to Council as set out in the [Terms of Reference for the Committee](#) and Clause 13 and Schedule 2 of the CEO's Employment Agreement with the Council.

Consultant facilitating the review

Hender Consulting (Hender) has previously been appointed to facilitate the CEO performance and remuneration review for the previous Council term, with an additional two year extension (to cover the current performance review process as well as next year's process).

Previous resolutions

At the 3 July 2019 Committee meeting, Mr John Moyle provided an overview of performance against the CEO Key Performance Indicators that were established for the 2018-19 financial year, with relevant documents tabled in the minutes of the meeting.

As part of this meeting, the Committee also held discussions regarding draft CEO KPIs for 2019-20 financial year and formally noted the draft CEO KPIs while recommending some amendments. The draft CEO KPIs are to be brought back to the Committee and further amended if required as part of the finalisation of the 2018-19 appraisal process (scheduled for 28 August 2019).

The previous year's CEO performance and remuneration review outcomes that were resolved by Council at its meeting on 28 August 2018 was as follows:

- “1. *That Council notes the finalised findings and outcomes of the Chief Executive Officer's performance and remuneration review including information contained in:*
 - *the Chief Executive Officer Remuneration report – July 2018 from Hender Consulting*
2. *That Council endorses a remuneration increase of 2.3% (rounded to the nearest thousand dollars) on the Total Employment Cost remuneration package to take effect from the anniversary date in accordance with the CEO's employment agreement, with the following inclusions:*
 - *increase to the annual fuel allowance of \$500*
3. *That Council authorises the Mayor to sign any correspondence related to the changes to the CEO employment contract and Total Employment Cost remuneration package as resolved above.”*

2. DISCUSSION

CEO Performance Appraisal and Remuneration reports

A performance review survey was distributed on 5 July 2019 to all Elected Members and direct reports of the CEO to provide them with the opportunity to individually and independently assess the CEO's performance and provide confidential feedback. All responses were due by 22 July 2019.

Hender have analysed, de-identified and consolidated the survey feedback and results to develop a draft performance appraisal report and have also undertaken benchmarking research in relation to CEO remuneration in order to develop a draft remuneration report. At the 14 August 2019 Committee meeting Hender will:

- Provide an introduction to, and overview of, the draft CEO performance appraisal findings based on the survey results and feedback (the confidential draft working document will be provided to Committee members separately prior to the meeting)
- Discuss overall ratings and findings with Committee members.

The Committee will also consider the draft CEO remuneration report including Hender's findings and recommendations regarding the CEO's potential Total Employment Cost remuneration package for the 2019 review. This confidential draft working document will also be provided to Committee members separately prior to the meeting.

The consideration of these confidential draft working reports will enable the Committee to agree on feedback to provide to the CEO. The CEO will be invited to make a submission to the Committee (via Hender).

The final confidential performance appraisal and remuneration reports will then be provided to the Committee at the 28 August 2019 meeting in addition to the CEO's feedback and views, with recommendations to be presented to Council on 10 September 2019.

A copy of final performance appraisal and remuneration reports will be distributed to all Elected Members once the Committee process has been completed, to enable Council to consider the Committee's recommendations.

CEO Key Performance Indicators (KPIs)

The updated draft CEO KPIs for 2019-20 are attached to this report (Attachment 1) to enable the Committee, as part of the review process, to consider the draft KPIs against the review outcomes and propose amendments as required. The Committee will finalise the CEO KPIs for 2019-20 at its meeting on 28 August 2019 for referral to and consideration by Council on 10 September 2019.

3. STRATEGIC OBJECTIVES

Strategic Plan

The review of the CEO's performance and remuneration is closely aligned to the delivery of Council's strategic management plans, including the Strategic Plan, Long Term Financial Plan and the Annual Business Plan.

The performance review considers the CEO's KPIs which were developed with reference to Council's strategic management plans.

Organisation Plan

Our Strategic Plan is supported by an Organisation Plan which focuses on five key themes of organisational excellence. The themes most relevant to this report are: People and Leadership and Governance. The review process supports Council's responsibility for good governance in ensuring oversight and evaluation of the CEO's performance and remuneration.

4. LEGAL

The CEO's Employment Agreement contains specific clauses regarding a review of performance and remuneration which must be undertaken each year.

Hender has previously been appointed to facilitate the CEO performance and remuneration review for the previous Council term, with an additional two year extension (to cover the current performance review process as well as next year's process).

Given the nature of this report directly relates to the performance of the CEO, the CEO has not had any involvement in the preparation or distribution of reports or other material in relation to this matter, to ensure conflicts of interest are appropriately managed.

In relation to meeting procedures in considering this matter, it is anticipated that staff on duty will be attending the meeting for minute taking purposes only to allow for confidential discussion between Hender and the Committee (as per the confidential discussion recommendation at the beginning of this report).

5. RISK – IDENTIFICATION AND MITIGATION

As noted above, Hender have been contracted to undertake the annual performance and remuneration review. The use of external consultants to undertake the review is considered a prudent risk management measure to ensure independent individuals with the appropriate skills and qualifications are facilitating the review. This ensures an objective and independent analysis prior to providing recommendations to the Committee in relation to the CEO's performance and remuneration.

Any risks in relation to the consideration of the CEO's performance and remuneration have been covered within the draft CEO Performance Appraisal and Remuneration reports prepared by Hender, which will be provided confidentially as working documents to Committee members.

Confidentiality of data collected by survey is paramount and Hender have ensured that this requirement has been met in the preparation of their reports.

6. PEOPLE AND WORK PLANS

There is minimal impact on staffing or work plans as a result of this report and recommendation.

7. FINANCIAL

The estimated cost to Council to undertake the CEO performance and remuneration review process is \$9,000 (ex-GST) per review. Funds have been allocated in the budget for this financial year to reflect this amount.

Any other budget and financial implications will be dependent on the recommendation of the Committee and any subsequent resolution of Council. The 2019-20 budget, which was adopted on 25 June 2019, contains a provision for an increase in the CEO's remuneration.

8. ASSETS

N/A

9. ENVIRONMENTAL

N/A

10. COMMUNITY AND STAKEHOLDER IMPACT

The community are impacted by the majority of decisions made by Council or Committees, as well as the overall performance of Council and the CEO in meeting specific objectives, however, there is no direct impact to the community or stakeholders (other than the CEO) as a result of this particular report.

11. COMMUNITY AND STAKEHOLDER ENGAGEMENT

Elected Members and direct reports of the CEO were invited to provide confidential feedback regarding the CEO's performance as part of the review process. Given the nature of this particular report, the CEO is the primary stakeholder in relation to this matter and has been involved in submitting a self-assessment of his performance as part of this process.

12. PROMOTION AND COMMUNICATIONS OF COUNCIL DECISION AND OPERATIONAL IMPACTS

The CEO will be kept informed of any decision regarding this matter.

13. INTERNAL REPORT CONSULTATION

Given the nature of this report, no internal consultation has been undertaken in relation to the content of this report.

Attachments

- 1. DRAFT CEO KPIs for 2019-20 - as adopted 3 July 2019 Committee meeting..... 13

Report Authorisers

Ilona Cooper
Manager Governance & Policy

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DRAFT Chief Executive Officer Key Performance Indicators (KPIs) – 2019-2020

The following KPIs and focus areas are in addition to the general major responsibilities set out in the adopted Position Description for the Chief Executive Officer of Council

KPIs linked to the Strategic Plan 2020

Strategic Plan Theme & Aspiration	Ref	CEO KPI
Healthy & Safe Our community is healthy and safe	1.	Street Lighting Review Undertake a comprehensive service review on the management of street lighting assets (including public car parks), including but not limited to: <ul style="list-style-type: none"> • LED options and payback period versus risks associated with conversion • Management of network provider contracts • Management of service requests for new lighting • Report to be presented to Council no later than February 2020
	2.	Disability Inclusion Action Plan Commence the development of a diversity inclusion action plan, with a particular focus for 2019-20 being ensuring Council is prepared for the implementation of the Disability Inclusion Act 2018
Prosperous & connected Our local economy prospers and people feel a sense of purpose and belonging	3.	Planning Reform Ensure Council is ready to transition to the Planning and Design Code and implementation of the Planning, Development & Infrastructure Act 2012
	4.	Capital Works Budget and Program Ensure that the capital works program as set out in Council's Annual Business Plan for 2019-20 is delivered. This will be evidenced by reporting on projects completed by project, with a focus of a 90% completion rate (and 98% commenced by 30 June 2020) and within a negative 5% to positive 5% range of Council's third quarter budget review based on budget category. Progress to be reported to Council at the end of each quarter.



DRAFT Chief Executive Officer Key Performance Indicators (KPIs) – 2019-2020

Strategic Plan Theme & Aspiration	Ref	CEO KPI
	5.	<p>Capital Works Schedule Develop a draft rolling 3 year Capital Works schedules for key asset areas such as:</p> <ul style="list-style-type: none"> • Road Construction • Road Reseals • Footpaths • Play Spaces • Building Upgrades • Community Wastewater Management System • Tree Screens • Information Technology



DRAFT Chief Executive Officer Key Performance Indicators (KPIs) – 2019-2020

KPIs to be linked to the Organisation Plan 2020

Organisation Plan Theme & Aspiration	Ref	CEO KPI
<p>Customer Care We are a high performing, customer focussed organisation</p>	6.	<p>Customer Experience Continue to leverage off of Customer First approach focusing on process and systems improvements to improve customer experience across key services. Measure success through a Voice of the Customer program key metrics with quarterly reporting to Council.</p>
<p>Learning and Growth We are a learning organisation and our people are developing skills for their future and the community's benefit</p>	7.	<p>Project Management and Contract Management Undertake a review of project management and contract management frameworks including the development of a training needs analysis.</p>
<p>Future Capability We are building the capacity and capability of our people, community and businesses through the continuous improvement of our services and operations</p>	8.	<p>Continuous Improvement Complete at least 25 Continuous Improvement initiatives for 2019-20 reporting a summary of the outcomes to Elected Members throughout the year. In addition to these initiatives:</p> <ul style="list-style-type: none"> Continue to evolve the Assets & Environment portfolio work practices to ensure that the investment in the new Service Centre and the Customer First Solution be realised with the benefits being reported to Council quarterly. Complete a review of Councils waste management approach with a report being presented to Council's Audit Committee by December 2019.

Ref: D19/33419



DRAFT Chief Executive Officer Key Performance Indicators (KPIs) – 2019-2020

Organisation Plan Theme & Aspiration	Ref	CEO KPI
<p>Sustainable Operations Our customer, financial, risk and governance practices contribute to the long-term sustainability of our operations and service</p>	<p>9.</p>	<p>Operating Budget Deliver robust and accurate financial planning and reporting that incorporates a balanced budget delivery where operating expenditure is within a negative 1% - positive 2% range of Council's third quarter budget review</p>
	<p>10.</p>	<p>Work Health & Safety Sponsor continued implementation of Council's Work Health & Safety Plan and the achievement of the associated plan targets focussing on the CEO showing Council's Executives Commitment to providing a safe work environment to all employees and providing an annual reports to Council on Council's achievements in this area. <i>Note: The above focus is on internal safety which contributes to community safety. Community safety is also addressed as an objective through delivery of the capital works program (refer KPI 4)</i></p>

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