

His Worship the Mayor
Councillors
CITY OF MARION



**NOTICE OF
REVIEW & SELECTION COMMITTEE MEETING**

Notice is hereby given pursuant to the provisions under Section 83 of the Local Government Act 1999 that a General Council meeting will be held

Tuesday 6 February 2018

Commencing at 5.30pm

In Committee Room 2

Council Administration Centre

245 Sturt Road, Sturt

A copy of the Agenda for this meeting is attached in accordance with Section 83 of the Act.

Meetings of the Council are open to the public and interested members of this community are welcome to attend. Access to Committee Room 2 is via the main entrance to the Administration building on Sturt Road, Sturt.

A handwritten signature in blue ink, appearing to read "Adrian Skull", is written over a faint, circular official stamp.

Adrian Skull
CHIEF EXECUTIVE OFFICER

1 February 2018

**CITY OF MARION
REVIEW & SELECTION COMMITTEE AGENDA
FOR THE MEETING TO BE HELD ON
TUESDAY 6 FEBRUARY 2018
COMMENCING AT 5.30 PM
COMMITTEE ROOM 2
245 STURT ROAD, STURT**



1. OPEN MEETING

2. KAURNA ACKNOWLEDGEMENT

We acknowledge the Kurna people, the traditional custodians of this land and pay our respects to their elders past and present.

3. MEMBER'S DECLARATION OF INTEREST (if any)

4. CONFIRMATION OF MINUTES

- 4.1 Confirmation of the Minutes for the Review and Selection Committee meeting held on 30 January 20184

5. BUSINESS ARISING

Nil

6. PRESENTATION

Nil

7. REPORTS

CEO Performance and Remuneration Review Timeline and Approach
Report Reference: RSC060218R7.1.....7

8. CONFIDENTIAL ITEMS

Review of Candidates for Appointment to the Finance and Audit Committee
Report Reference: RSC060218F0118

9. ANY OTHER BUSINESS

10. MEETING CLOSURE

The Review & Selection Committee meeting shall conclude on or before 6.00pm unless there is a specific motion adopted at the meeting to continue beyond that time.

11. NEXT MEETING

The next meeting of the Review & Selection Committee is scheduled to be held:

Time: TBA

Date: TBA

Venue: Committee Room, Administration Building, 245 Sturt Road, Sturt

**MINUTES OF THE REVIEW & SELECTION COMMITTEE MEETING
HELD AT ADMINISTRATION CENTRE
245 STURT ROAD, STURT
ON TUESDAY 30 JANUARY 2018**



PRESENT

Elected Members

Mayor Kris Hanna (Presiding Member)
Councillor Crossland and Councillor Byram, Councillor Appleby

In Attendance

Adrian Skull	Chief Executive Officer
Steph Roberts	Manager Human Resources
Kate McKenzie	Manager Corporate Governance

1. OPEN MEETING

The meeting commenced at 5.32pm.

2. KAURNA ACKNOWLEDGEMENT

We acknowledge the Kurna people, the traditional custodians of this land and pay our respects to their elders past and present.

3. MEMBERS DECLARATION OF INTEREST

The Presiding Member asked if any Member wished to disclose an interest in relation to any item being considered at the meeting.

- No declarations

4. CONFIRMATION OF MINUTES

- 4.1 5.32pm Moved Councillor Crossland, Seconded Councillor Bryam** that the minutes of the Review and Selection Committee meeting held on 7 November 2017 are confirmed as a true and correct record of proceedings.

Carried Unanimously

5. BUSINESS ARISING

Nil

6. PRESENTATION

Nil

7. REPORTS

Nil

8. CONFIDENTIAL ITEMS

5.35pm Selection of candidates for interview/appointment for the Finance and Audit Committee

Reference No: RSC300118F01

5.45pm Jerome Appleby joined the meeting

Moved Councillor Crossland, Seconded Councillor Bryam that:

1. Pursuant to Section 90(2) and 90(3)(a) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: Adrian Skull, Steph Roberts and Kate McKenzie, be excluded from the meeting as the Committee receives and considers information relating to the selection of candidates for interview/appointment for Council Assessment Panel, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person.

Carried Unanimously

5.35pm the meeting went into confidence

Moved Councillor Bryam, Seconded Councillor Crossland that the Review and Selection Committee:

1. In accordance with Section 91(7) and (9) of the *Local Government Act 1999* the Committee orders that this report, *Selection of candidates for interview/appointment for the Finance and Audit Committee* and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(a) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2018.

Carried Unanimously

6.10pm the meeting came out of confidence

9. ANY OTHER BUSINESS

Nil

10. MEETING CLOSURE

The meeting was declared closed at 6.10pm

11. NEXT MEETING

The next meeting of the Review & Selection Committee is scheduled to be held on:

Time: 5.30pm

Date: Tuesday 6 February 2018

Venue: Committee Rooms, Administration Building, 245 Sturt Road, Sturt

CONFIRMED

.....

CHAIRPERSON

/ /

**CITY OF MARION
REVIEW AND SELECTION COMMITTEE MEETING
6 FEBRUARY 2018**

Originating Officer: Steph Roberts, Manager Human Resources

Subject: CEO Performance and Remuneration Review
Timeline and Approach

Report Reference: RSC060218R7.1

REPORT OBJECTIVES:

To provide the Review and Selection Committee with a suggested approach and timeline for managing the Chief Executive Officer (CEO) Performance and Remuneration Review for the 2017/18 financial year.

EXECUTIVE SUMMARY:

The employment of a CEO is a critical function of the Council and ensuring a best practice CEO Performance and Remuneration Review brings continued accountability and benefits to the Council and its community.

This report outlines two alternative approaches and timelines for the Committee's consideration which meet the requirements of the CEO's employment contract and other relevant documents, as well as considering the Council caretaker period prior to elections in November 2018.

The Review and Selection Committee is requested to review the proposed approaches and make a recommendation to Council to be considered at the 27 February 2018 General Council Meeting.

RECOMMENDATION

DUE DATE

That the Review and Selection Committee:

- | | |
|---|-------------------|
| 1. Recommends option 1 of the proposed approach and timeline for the CEO's performance and remuneration review as outlined in Appendix 1 subject to the following amendments:
-
-
- | 6 Feb 2018 |
| 2. Recommends option 2 of the proposed approach and timeline for the CEO's performance and remuneration review as outlined in Appendix 1 subject to the following amendments:
-
-
- | 6 Feb 2018 |

BACKGROUND

Council has the ultimate responsibility for setting a strategy and the performance of the organisation and it exercises this responsibility through its only employee (the CEO). The CEO is entrusted with the organisation's day to day management with direction set from the Council. As such, there is a unique relationship between the CEO and the Council and the evaluation of the CEO's performance can impact this relationship in either a positive or negative manner. Therefore, when setting a CEO performance and remuneration review, consideration should be given to a number of leading practice principles:

- Alignment of CEO performance with the objectives of the organisation
- Be based on clear expectations developed and agreed in advance with the CEO
- Have a clear, transparent and agreed link between performance and remuneration
- Be conducted in a manner conducive to ongoing good governance
- Be tailored to the specific needs of the organisation
- Comply with relevant standards for accountability and communication.

The proposed approaches outlined in Appendix 1 have been developed with these principles in mind and the requirements of the CEO Employment Contract, agreed Key Performance Indicators (KPIs), section 5 of the Review and Selection Committee Terms of Reference and the Local Government Association (LGA) Code of Conduct for Assessment of the CEO, as well as considering the Council caretaker period.

DISCUSSION

The Review and Selection Committee has the responsibility of making recommendations to Council regarding the CEO performance and remuneration.

The proposed approaches have been developed with the CEO's employment contract requirements in mind including:

- The performance rating agreed by the Council and the CEO as outlined in Schedule 4 of the CEO Employment Agreement
- The position description
- The KPIs agreed by the Council and the CEO
- The discharge of the duties, and
- Any other factors considered relevant

Process

As referenced in the CEO's employment contract, the Committee may engage the services of an external consultant to assist in the assessment of the performance of the CEO. This is considered to be best practice approach for managing a CEO's Performance review as it ensures independence and mitigates potential conflicts of interest. It is recommended that the engagement of a consultant would include the 360-degree component of the performance review:

- The development, implementation (including interviews) and evaluation of a 360 tool, incorporating feedback from people the CEO works directly with, including Elected Members, key leaders and staff, as well as the CEO's self-assessment.
- A written report with the results of the 360-degree feedback.
- It is proposed to once again engage Kathryn McEwen to conduct this work. Kathryn has been engaged for the past two years to conduct this component of the CEO performance

review. Kathryn's charge for conducting this work in 2016/17 was \$4,000 plus GST. Her quote for conducting the 360-degree feedback in 2017/18 is \$3,150 plus GST.

The outcomes of the CEO's performance is to be determined by aggregating the assessment of the performance criteria and all persons providing feedback against the performance rating scale set out in Schedule 4 of the Employment Agreement.

The Review and Selection Committee would then provide a recommendation to the Council on the outcomes of the CEO's annual performance review.

The Council is required to consider and if agreed, adopt the recommendation from the Committee. The Mayor or Review and Selection Committee can provide feedback to the CEO on outcomes of the performance review and jointly determine appropriate courses of action.

Two options are presented to the Review and Selection Committee, with consideration of the Council Caretaker period, which begins on 18 September 2018.

- Option 1 finalises the CEO performance and remuneration review prior to the Caretaker period, but does not include the audited financial statements.
- While option 2 does include the audited financial statements, it would require the newly elected Council to finalise the review.

Appendix 2 outlines the Planning and Budgeting Process, which has been factored into the timing of the activities outlined in Appendix 1.

Remuneration Review

The ASX Corporate Government Council recommends within principle 8 of their guideline that an organisation should design its executive remuneration to attract, retain and motivate high quality senior executives.

It is noted that if the CEO performance review achieves an outcome of acceptable or higher, the remuneration review as defined in the contract would be triggered. It is noted that any consideration for increase is determined by Council at Council's absolute discretion.

The Review and Selection Committee will be required to recommend to Council the CEO's remuneration package and performance criteria to be applied for the following year.

CONCLUSION

Continuing to adopt a formalised, structured approach to the CEO performance and remuneration review gives the Council a greater likelihood of not only optimising their relationship with the CEO, but also improving the overall performance of the organisation.

Appendix 1 - Proposed timeline for conducting the CEO's 2017/2018 Performance and Remuneration review.

Timeline: CEO Performance and Remuneration Review				
Date 2017	Activity	Meeting	Dependency	Contract / LGA Code of Conduct of the CEO
Same process to be followed from February to June, then 2 options provided for the remainder of activities				
6 Feb	- Review proposed Timeline and process for CEO performance/ remuneration review and make recommendation to Council.	Review and Selection Committee	CEO engagement	
27 Feb	- Report to Council to seek resolution regarding the process and timeline for CEO Performance and Remuneration Review	General Council meeting	CEO engagement	
TBC April 17 or 24	- CEO and Organisational KPIs 2018/2019 financial year	Elected Member Forum	Budget process timeline (refer appendix)	
Early May TBC	- Confidential Item: Review of Quarter 3 CEO KPI progress and make recommendation to Council - CEO KPIs 2018/2019 financial year and make recommendation to Council	Review and Selection Committee		
22 May	CEO interim Performance Review: - Progress against KPIs - Elected Member Feedback (Confidential open discussion with CEO) - Incorporate Elected Member Survey feedback re management CEO KPIs 2018/2019 financial year	General Council meeting	May Review and Selection Committee	
June	Appointment of external consultant Kathryn McEwen to conduct the CEO 360-degree feedback process	Review and Selection Committee	6 Feb Review and Selection Committee and 27 Feb General Council Meeting	

Option 1, finalising the CEO Performance Review Prior to the Caretaker period				
July	Conduct 360-degree feedback Kathryn McEwen Cost \$3,150 + GST	N/A	28 February Council resolution	
July	Assess performance against KPIs	N/A	Without audited financial statements	
August	Opportunity for Mayor to review the KPI results and 360 feedback (prior to August R&S meeting)	N/A		
August	HR conduct a remuneration assessment (market testing, using available data), to inform R&S committee	N/A		
August Date TBC	<ul style="list-style-type: none"> Results of the performance review presented: <ul style="list-style-type: none"> Feedback KPIs CEO to provide an overview of the year in review / assess own performance (KPI results and 360 discussion) and provide to Review and Selection Committee Remuneration review recommendation 	Review and Selection Committee		The entire process to take no longer than 6 weeks
11 September	Recommendation CEO performance, remuneration and review, seeking resolution. CEO to attend at the end of the confidential item to be informed of decision.	General Council	August Review and Selection Committee	Remuneration review to be conducted within two (2) months of the performance review (unless a review of 'less than Acceptable' performance is achieved)
12 September	The Mayor provide feedback to the CEO on outcomes of the performance review and in conjunction with the CEO, determine appropriate courses of action.		11 September Resolution	Written report shall be compiled with respect to the annual performance review and a copy provided to the CEO
Prior to 18 September	Letter from Mayor to CEO outlining outcomes of the performance review and any required contract amendments			

Option 2, awaiting the Audited Financial Statements and finalising the CEO Performance review with the newly appointed Council				
October	Assess performance against KPIs	N/A	Audited Financial Statements considered at - Audit Committee 2 October 2018 - Council to adopt 9 October 2018	
October	Opportunity for Mayor to review the KPI results and 360 feedback (prior to Nov R&S meeting)	N/A		
October	HR conduct a remuneration assessment (market testing, using available data), to inform R&S committee	N/A		
Early Nov Date TBC	<ul style="list-style-type: none"> Results of the performance review presented: <ul style="list-style-type: none"> Feedback KPIs CEO to provide an overview of the year in review / assess own performance (KPI results and 360 discussion) and provide to Review and Selection Committee Remuneration review recommendation 	Review and Selection Committee		Remuneration review to be conducted within two (2) months of the performance review (unless a review of 'less than Acceptable' performance is achieved)
27 Nov	<p>Recommendation CEO performance review, remuneration and contract review/extension, seeking resolution.</p> <p>CEO to attend at the end of the confidential item to be informed of decision.</p>	Council Meeting		
28 Nov	The Mayor provide feedback to the CEO on outcomes of the performance review and in conjunction with the CEO, determine appropriate courses of action.	N/A	27 November resolution	Written report shall be compiled with respect to the annual performance review and a copy provided to the CEO
December	Letter from Mayor to CEO outlining outcomes of the performance review and any required contract amendments			

Appendix 2 - 2018-19 Planning and Budgeting Process

The 2018/19 Annual Business Planning process has now commenced. The table below outlines the key steps and indicative timeframes in the planning and budgeting process. It also highlights the critical decision points for Council through the process (highlighted in the blue shaded areas) and the opportunities for FAC feedback (highlighted in the green shaded areas).

Stage	Focus	Timing
1	Staff analysis of planning inputs – committed projects/programs, labour budgets, new initiatives, review of WAPs.	September- January
2	High level draft budget model development: <ul style="list-style-type: none"> Elected Members' consideration of current unfunded initiatives, new priority initiatives and staff new initiatives Elected Members' input in setting tolerance/ key assumptions, parameters for management Draft Budget Model developed based on parameters set 	5 December December- January
3	Initial new priorities identified for draft Budget Model development	5 December
4	Finance & Audit Committee - Feedback on the proposed framework, assumptions and associated risks in setting the Annual Business Plan for 2018/19 and the Long Term Financial Plan	12 December
5	<ul style="list-style-type: none"> LTFP aligned with set parameters, Council resolutions and prioritised new activities High Level draft Budget/LTFP modelling presented to Elected Members 	January 20 January
6	Finance & Audit Committee – Update provided on Development Draft Annual Business Plan & LTFP, Framework and Assumptions – FAC feedback sought	27 February
7	Draft Annual Business Plan /LTFP Framework and Assumptions endorsed and adopted	13 March
8	<ul style="list-style-type: none"> Draft Annual Business Plan and Comprehensive Draft Budget Elected Member Forum – Rating data, rates discussion, 2018/19 priority projects list modelling, 	20 March
9	Set Tentative Rates Set draft priority projects list for consultation	
10	Draft Annual Business Plan endorsed and adopted for Community Consultation	24 April
11	Community Consultation period (Min. 21 Days)	April / May
12	Community Consultation Feedback to Council	22 May
13	Final rates discussion Final priority projects discussions	
14	Finance & Audit Committee – Post Community Consultation Feedback	29 May

15	Final Draft Annual Business Plan and LTFP endorsed by Council for Adoption	11 June
16	Lock in final plan and budget in preparation for adoption	
17	Annual Business Plan / LTFP adopted	25 June

September	Conduct 360-degree feedback Kathryn McEwen Cost \$4000 + GST	N/A	28 February Council resolution	The entire process to take no longer than 6 weeks
October	Assess performance against KPIs	N/A	Audited Financial Statements considered at - Audit Committee 10 October 2017 - Council to adopt 24 October 2017	
October	Opportunity for Mayor to review the KPI results and 360 feedback (prior to 1/11 R&S meeting)	N/A		
October	HR conduct a remuneration assessment (market testing, using available data), to inform R&S committee (if required/dependent on the performance outcome)	N/A		
7 Nov	<ul style="list-style-type: none"> Results of the performance review presented: <ul style="list-style-type: none"> - Feedback - KPIs Remuneration review recommendation CEO to provide an overview of the year in review / assess own performance (KPI results and 360 discussion) and provide to Review and Selection Committee Contract review / extension recommendation to Council 	Review and Selection Committee		Remuneration review to be conducted within two (2) months of the performance review (unless a review of 'less than Acceptable' performance is achieved)
28 Nov	Recommendation CEO performance review, remuneration and contract review/extension, seeking resolution. CEO to attend at the end of the confidential item to be informed of decision.	Council Meeting		
29 Nov	The Mayor provide feedback to the CEO on outcomes of the performance review and in conjunction with the CEO.	N/A	28 November resolution	Written report shall be compiled with respect to the annual

	determine appropriate courses of action.			performance review and a copy provided to the CEO
December	Letter from Mayor to CEO outlining outcomes of the performance review and any required contract amendments			

Appendix 2 – 2017-2018 Planning and Budgeting Process

The table below summarizes the key steps and timing in the planning and budgeting process. It also shows the critical decision points for Council through the process (highlighted in the shaded areas).

Stage	Focus	Timing
1	High level draft budget model development: <ul style="list-style-type: none"> Elected Members input in setting tolerance/ key assumptions, parameters for management Draft Budget Model developed based on parameters set 	29 November December- January
2	Analysis of planning inputs – high level draft Budget development	November- January
3	initial new priorities identified for draft Budget Model development	
4	<ul style="list-style-type: none"> LTFP aligned with set parameters, Council resolutions and prioritised new activities High Level draft Budget/LTFP modelling presented to Elected Members 	January 21 January
5	Develop Draft Annual Business Plan /LTFP Framework and Assumptions - Finance and Audit Committee input sought	28 February
6	Draft Annual Business Plan /LTFP Framework and Assumptions endorsed and adopted	14 March
7	<ul style="list-style-type: none"> Draft Annual Business Plan and Comprehensive Draft Budget Elected Member Forum – Rating data, rates discussion, 17/18 priority projects list modelling, 	21 March
8	Set Tentative Rates Set draft priority projects list for consultation	
9	Draft Annual Business Plan endorsed and adopted for Community Consultation	11 April
10	Community Consultation period (Min. 21 Days)	April / May
11	Community Consultation Feedback to Council	23 May
12	Final rates discussion Final priority projects discussions	
13	Finance & Audit Committee – Post Community Consultation Feedback	30 May
14	Final Draft Annual Business Plan and LTFP endorsed by Council for Adoption	13 June
15	Lock in final plan and budget in preparation for adoption	

**CITY OF MARION
REVIEW AND SELECTION COMMITTEE
6 FEBRUARY 2018**

CONFIDENTIAL REPORT

Originating Officer: Steph Roberts, Manager Human Resources
Kate McKenzie, Manager Corporate Governance

CEO: Adrian Skull

Subject: Review of candidates for appointment to the Finance and Audit Committee

Reference No: RSC060218F01

If the Council so determines, this matter may be considered in confidence under Section 90(2) and 90(3)(a) of the *Local Government Act 1999* on the grounds that the report contains information relating to the Review of candidates for appointment to the Finance and Audit Committee



Adrian Skull
Chief Executive Officer

RECOMMENDATION

1. That pursuant to Section 90(2) and 90(3)(a) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: Adrian Skull, Steph Roberts and Kate McKenzie, be excluded from the meeting as the Committee receives and considers information relating to the Review of candidates for appointment to the Finance and Audit Committee, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person.