

**City of Marion OF MARION
GENERAL COUNCIL MEETING
11 SEPTEMBER 2018**

Confidentiality
order revoked
under Manager
P&C delegation
29/11/24

CONFIDENTIAL REPORT

Corporate Manager: Steph Roberts, Manager Human Resources
Subject: CEO Annual Performance Review 2017/18
Report Reference: GC180911F06

If the General Council so determines, this matter may be considered in confidence under Section 90(2) and (3)(a) of the *Local Government Act 1999* on the grounds that the report contains information relating to the personal affairs of the Chief Executive Officer.

KRIS HANNA

**Kris Hanna
Mayor**

RECOMMENDATIONS: (1)

That pursuant to Section 90(2) and (3)(a) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: _____, be excluded from the meeting as the Council receives and considers information relating to the Chief Executive Officer (CEO) 2017/2018 Performance Review, upon the basis that the Council 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 performance of the CEO.

REPORT OBJECTIVES:

For Council to:

- consider the recommendations from the Review and Selection Committee regarding the Chief Executive Officer's performance review for 2017/18.
- resolve the total performance outcome and remuneration for the Chief Executive Officer (CEO).

EXECUTIVE SUMMARY:

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

This report provides reference to the data for the 2017/18 financial year CEO KPIs (refer General Council Corporate and CEO KPI Report Quarter Four 2017/18), the results of the 360 review outcomes (appendix 1 and 2) along with the Review and Selection Committee recommendations to Council for the CEO 2017/18 performance and remuneration outcomes.

RECOMMENDATION (6)

DUE DATE

That Council endorse the following recommendations from the Review and Selection Committee regarding the outcomes of the Chief Executive Officer 2017/18 performance review:

- | | |
|--|--------------|
| 1. That the Chief Executive Officer has achieved the following Performance Ratings for 2017/18: <ul style="list-style-type: none">• KPI 1 – 5• KPI 2 – 5• KPI 3 – 5• KPI 4 – 3• KPI 5 – 5• KPI 6 – 5• KPI 7 – 4• KPI 8 – 4 | 11 Sept 2018 |
| 2. That the Chief Executive Officer has achieved an overall performance rating of 4.5. | 11 Sept 2018 |
| 3. The Committee considered the CEO performance highly commendable as there has been excellent progress overall. | 11 Sept 2018 |
| 4. That Council note the overall 360-degree feedback results to be used for conversation with the CEO about his performance in conjunction with the KPI results. | 11 Sept 2018 |
| 5. To endorse a CEO remuneration package based on a 3.2% increase (including the 2.7% June 2018 Adelaide CPI increase plus 0.5% in recognition of the hard work the CEO has performed in driving efficiency). The increase to the cash, superannuation and motor vehicle components, to be applied from the date of his last remuneration increase. | 11 Sept 2018 |
| 6. In accordance with 91(7) and (9) of the Local Government Act 1999 the Committees orders that this report, all appendices and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(a) of the Act 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. | Dec 2018 |

Background

Section 9 of the CEO Employment Agreement defines the requirements for the performance review. The current contract refers to the Chief Executive Review Committee to undertake the review. This Committee was disbanded in December 2015 with the responsibilities of the review now addressed by the Review and Selection Committee.

The approach and timeline for the CEO performance and remuneration review was endorsed by Council 27 February 2018 (GC270218R06).

Council at its meeting 22 May 2018 (GC220518R10) endorsed the aligning of Corporate KPIs with those of the Chief Executive ongoing.

Discussion

Following outlines the process which the Review and Selection Committee followed in assessing the CEO overall performance.

1. Invite the CEO to be present to provide an overview of the performance year, including reflection on his own performance, key achievements and challenges.
2. An assessment of the organisation's performance against adopted key performance indicators, incorporating:
 - a. KPI outcomes (refer General Council Corporate and CEO KPI report Quarter Four 2017/18)
 - b. Review of the 360-degree feedback regarding the CEO performance sourced from Elected Members, provided in appendix 1
 - c. Consideration of any extenuating circumstances impacting on the CEO ability to be able to achieve any of the KPI's
3. The rating scale in Schedule four of the CEO Employment Agreement being used as the basis for assessment:

• Exceptional	5
• Commendable	4
• Acceptable	3
• Requires Improvement	2
• Unacceptable	1

In making a performance rating recommendation to Council, it is recommended that the reasoning for the recommendation be recorded in the minutes.

4. 360 Degree Feedback

Note the full 360-degree review outcomes to be used for conversation (with the CEO) about his performance in conjunction with the KPI results, which is included as appendix 2.

5. Remuneration Review (dependent on the overall rating scale)

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 would be triggered, as defined in the CEO Employment Agreement. It is noted that any consideration for increase is determined by Council at Council's absolute discretion.

In making a remuneration recommendation to Council, it is recommended that the reasoning be provided in the minutes.

In the event the remuneration review is triggered as a result of Council endorsing the recommendation of the CEO performance outcome being acceptable or higher, to assist with the remuneration review, a comparison to other Council's is included in appendix 3.

CONCLUSION

The Chief Executive Officer (CEO) Employment Agreement requires an annual review to be undertaken of the CEO performance and remuneration. The Review and Selection Committee is required to assess and recommend to Council the CEO performance outcome and remuneration (if applicable), providing reasoning to support the recommendations made. These recommendations are now presented to Council for endorsement.

The approach and timeline for the CEO performance and remuneration review includes the CEO attending General Council 11 September 2018 at the conclusion of this item, to be informed of the decision made by Council.

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Appendix 1: Elected Member Feedback

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Kathryn McEwen Psychology at Work

City of Marion Performance Review of Chief Executive Officer Adrian Skull Elected Member Response Summary 2018

Background to Report

This report provides part of the performance review of Adrian Skull, Chief Executive Officer (CEO) of the City of Marion. The assessment of leadership contained within it is based on:

- Elected member responses to an on-line 360-degree leadership assessment
- Confidential interviews with two Elected Members.

Responses to 360-degree Survey

The 360-degree instrument chosen was the Executive Leadership Inventory (ELI) as this assesses performance against benchmarks on eleven competencies seen as critical in executive leadership. It also has provision for detailed written comments.

The competencies included in the survey are:

- Establishing focus
- Strategic thinking
- Business acumen
- Managing performance
- Management of attention
- Working with and influencing others
- Management of self
- Building collaborative relationships
- Interpersonal awareness
- Emotional resilience
- Developing others.

Competency ratings

Descriptions of the competencies and associated behaviours, together with ratings for the CEO, are attached at Appendix A.

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Appendix A: CEO Ratings on Competencies

Competency	Behaviours	Feedback Score (maximum = 6) Average = Average score for executives
Establishing Focus Providing direction to Council and developing and communicating objectives in support of the organisation's vision.	<ul style="list-style-type: none"> - Communicates a compelling vision for Council - Clearly enunciates strategic objectives for Council - Communicates a clear picture of what change is needed for Council - Establishes and communicates a strategic direction for Council - Develops comprehensive change strategies 	5.4 (Previous = 5.0) <i>(Average = 5.0)</i>
sStrategic Thinking Analysing the organisation's position by considering the market and industry trends, existing and potential customers and strengths and weaknesses as compared to other organisations.	<ul style="list-style-type: none"> - Identifies long term opportunities for Council that clearly reflect an understanding of market conditions/trends - Determines how best to position the Council to achieve desired outcomes - Identifies the need for change by considering current trends and factors impacting Council - Understands the strengths and weaknesses of Council - Spends sufficient time focusing on strategic imperatives for Council 	5.4 (Previous = 5.2) <i>(Average = 5.0)</i>
Business Acumen Acumen in regard to financial competence, market awareness and risk management that assist in driving the organisation towards achievement of service excellence and business outcomes.	<ul style="list-style-type: none"> - Demonstrates a sound understanding of the financials that underpin the Council - Understands the key business drivers re Council - Balances risk and reward when making commercial decisions that affect the Council - Bases business decisions on a demonstrated understanding of commercial issues - Clearly focuses on maximising stakeholder return 	5.6 (Previous = 5.3) <i>(Average = 5.2)</i>
Managing Performance Has a clear sense of the ultimate objectives and bears this in mind when allocating resources, managing risk and making decisions. Ensures all actions are oriented towards successful outcomes. Accepts accountability for achieving required actions and/or outcomes.	<ul style="list-style-type: none"> - Provides helpful and specific feedback to others on their performance - Develops challenging yet achievable objectives for all direct reports - Ensures Unit strategies are executed and monitored - Assigns clear responsibility/accountability to others - Holds others accountable 	5.0 (Previous = 4.8) <i>(Average = 4.9)</i>

<p>Emotional Resilience</p> <p>Has the capacity to work through stressful and difficult situations and retain composure. Remains calm in a crisis and identifies and manages their own emotions.</p>	<ul style="list-style-type: none"> - Demonstrates poise and confidence in an executive leadership role - The ability to identify and manage their own moods and emotions - Remains calm and deliberate under conditions of emotional or work-related stress - Is 'interpersonally mature' when dealing with others - Manages his/her emotions effectively within the workplace context 	<p>5.8 (Previous = 5.4) (Average = 5.1)</p>
<p>Developing Others</p> <p>Having a willingness to work with others and facilitate coaching and other learning interventions where others are stretched and challenged to develop their capabilities (knowledge and skills). A strong emphasis on attracting and retaining talent in the organisation.</p>	<ul style="list-style-type: none"> - Shows a genuine intent to attract and retain talent in the Council - Listens attentively to others' ideas and concerns - Willing to work with others to develop their competencies - Involves others in a process or decision to ensure their support - Actively supports the development of future leaders of the Council 	<p>5.4 (Previous = 5.1) (Average = 5.0)</p>

Elected Members Summary

Suggestions include:

- "Continue to be courageous and to lead by example"
- Speak up and challenge Elected Members
- Offer his opinion and vision more often (although there is some recognition that this can be difficult at present)
- Keep "slogging on with enterprise agreement and work allocation challenges"
- Celebrate success and highlight, where possible, the efficiencies being sought as well as ideas
- Hold direct reports to a higher standard and ensure accountable delivery. Improve the work performance and professionalism of some staff
- Prioritise and delegate less relevant issues to allow more focus on "what is important for the City rather than certain stakeholders"
- Improve reporting throughout the organisation - with "more executive summaries and less 25+ page essays."
- HR consultancy to assist the outdoor staff agreement negotiations.


Question 4: If you foresee any future challenges for this person/role over the next 12 months that may require the development of new or existing competencies, behaviours, or skills what might these be?

Elected Members Summary

Key future challenges are perceived as:

- Adapting to changed Council membership, with new members who require training and understanding of the work programme and who may not have an appreciation of "the hard work that been done to get the council in a better shape"
- Maintaining relations with the Mayor
- Maintaining some happiness in the role, when the challenges are great - ensuring his work-life balance is not compromised
- Reinforcing to Elected Members when staff have reached capacity in workload
- The decision around ELT contacts.

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Kathryn McEwen Psychology at Work

City of Marion Performance Review of Chief Executive Officer Adrian Skull 2018

Background to Report

This report provides part of the performance review of Adrian Skull, Chief Executive Officer (CEO) of the City of Marion. The assessment of leadership contained within it is based on:

- Responses to an on-line 360-degree leadership assessment
- Confidential interviews with three individuals.

Responses to 360-degree Survey

The 360-degree instrument chosen was the Executive Leadership Inventory (ELI) as this assesses performance against benchmarks on eleven competencies seen as critical in executive leadership. It also has provision for detailed written comments.

The competencies included in the survey are:

- Establishing focus
- Strategic thinking
- Business acumen
- Managing performance
- Management of attention
- Working with and influencing others
- Management of self
- Building collaborative relationships
- Interpersonal awareness⁴
- Emotional resilience
- Developing others.

Competency ratings

Descriptions of the competencies and associated behaviours, together with ratings for the CEO, are attached at Appendix A. Feedback scores were attained by averaging the responses received for eight Elected Members (EMs), five Direct Reports and 10 other leaders within Council who completed the ratings section of the survey. The scores are also compared to the average rating of a normative group of around 500 Australian executives.

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- Empowering and inspirational leadership.

Specific future challenges include:

- Forging relationships and developing agreed priorities with a new elected member body
- Sustainability of staff workload against the number of projects and initiatives
- Personal resilience and happiness in the role.

Summary of Individual Interviews

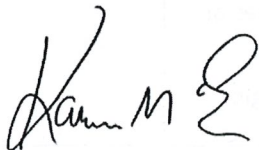
Interviews were conducted to gain a deeper understanding of the strengths and challenges identified during the 360-degree feedback survey. Interviewees included:

2 x Elected members

1 x Direct report.

To preserve anonymity, the themes from these interviews have been integrated into the written comments from the survey, as summarised in Appendix B. Opinions shared were highly consistent with those provided in the on-line survey.

In summary, the CEO is rated as performing above the average executive on all of the 11 competencies seen as critical to high performance. He is very well regarded, both personally and in his CEO role. All cohorts involved in the review process see him as leading effectively in what at times is a challenging internal and external environment.



Kathryn McEwen
Registered Organisational Psychologist

23rd July 2018

Management of Attention Has a 'presence' when communicating. Clearly attracts and holds the attention of others when communicating. Expresses self clearly in all situations and does so with appropriate assertiveness. Comes across with confidence in the executive role.	<ul style="list-style-type: none"> - Holds the attention/interest of others when communicating - Effectively negotiates to shape outcomes - Projects confidence in an executive leadership role - Clearly expresses thoughts and ideas in individual/group situations - Presents ideas and proposals assertively and persuasively 	5.5 Previous 5.4 <i>(Average = 5.1)</i>
Working and Influencing Others Impacting on the behaviour and decisions of others in a positive way that gains their support and contributes to effective results.	<ul style="list-style-type: none"> - Keeps promises and commitments to others - Accepts accountability for own actions and results - Behaves ethically, in a manner that is above reproach - Demonstrates an ability to find common ground and build rapport - Encourages the building of respect and understanding when working with others 	5.5 Previous 5.5 <i>(Average = 5.2)</i>
Management of Self Manages self in such a way that enhances one's leadership of Council. Identifies areas for own development and actively pursues ongoing learning and individual growth. Ethical in all that they do.	<ul style="list-style-type: none"> - Organises self and own work priorities effectively - Actively pursues own self development - Uses own and others' time effectively - Effectively balances personal life and work - Sets a good example for others by consistently engaging in ethical behaviour 	5.3 Previous 5.2 <i>(Average = 5.0)</i>
Building Collaborative Relationships Being able to develop, maintain and strengthen relationships with those inside and outside the organisation.	<ul style="list-style-type: none"> - Constructively influences others - Develops comprehensive strategies in consultation with key stakeholders - Seeks and forges partnerships with key internal and external stakeholders that are mutually beneficial - Networks and forms positive relationships with others to generate benefits for the Council - Gains support for Council's strategy from all relevant stakeholders 	5.4 Previous 5.3 <i>(Average = 5.1)</i>
Interpersonal Awareness Noticing, interpreting and anticipating others' concerns and feelings, and communicating this awareness to others.	<ul style="list-style-type: none"> - Seeks feedback from others to form accurate self-perceptions - Understands the impact he has on others - Effectively uses empathy when appropriate - Encourages others to express candid and contrary views - Understands that people are different from one another and treats people accordingly 	5.4 Previous 5.1 <i>(Average = 4.8)</i>

Appendix B: Summary of Written Responses to Survey Open-Ended Questions and Interview Responses

Question 1: In reference to the City of Marion Our Values statement please make details on how the CEO's leadership could be enhanced.

Elected Members Summary

Overall, the CEO is seen as performing well against the City's values, despite difficult circumstances. It is acknowledged that the outdoor staff agreement has been wearing on him and that he has "the unenviable job of balancing multiple wants and needs on most of the issues he deals with." He is seen as "speaking bravely and reporting and advising, although "not without some fear of reprisal."

Suggestions given for improvement include:

- Take more time to speak to Elected Members as a group to share his vision and achievements. Individual meetings mean less awareness by some Elected Members of the problems he faces and achievements made
- Stand up to Elected Members and "do not allow ignorant comments to go unchallenged." "He needs to speak up and correct things in meetings and not worry about disrupting speaking lists etc."
- Enhance leadership by pushing greater expectations onto direct reports (while still maintaining end-point accountability). "Adrian is excellent, but there are times when his people could really lift in order to better support him (and Council)." There is recognition that senior leadership capability has an impact on the CEO's leadership
- Continue to practice creative problem solving
- Integrity in communication (one person commented on a difference between communication to an Elected Member and the community).

Direct Reports Summary

This cohort believes that the CEO places high priority on embedding City of Marion values and lives them. "He treats others with respect, he always acts with personal and corporate integrity, he is achievement focused, and has single handedly brought innovation in to be a day to day word."

Requests include:

- More informal interaction with the team – "Adrian is always so busy that he seldom has time to chat"
- Slow down a little to ensure he involves the relevant people, or delegates. This will allow people to lead and/or provide input in their areas of responsibility
- Provide clear advice to Elected Members on project prioritising - ensuring the organisation is not overloaded with an ambitious agenda.

Other Leaders Summary

There is general consensus from this group that "Adrian lives, demonstrates and breathes these values."

Suggestions for fine-tuning include:

- Reduce red tape and reporting
- Be more frank and courageous with Elected Members
- Provide more clarity on the top priority of the Council
- Close the "gap between the "vision" and the "doing"

- Promotion of City Of Marion externally and strategic network building.

Direct Reports Summary

On a personal level, direct reports appreciate the CEO's honesty, passion and work ethic. He is seen as able to relate to people at all levels and "always has the right thing to say at the right time." He has used his interpersonal skills to develop networks beneficial to City of Marion.

When working with direct reports, the CEO enables autonomy and flexibility and is appreciative of effort. They consider that he cares about them and is available to talk through issues when needed.

The CEO is seen as visionary and providing solid strategic direction. His staff perceive him as focused, hard-working and only wanting the best for the City of Marion, while expecting his staff to do the same. He has embraced innovation and forged effective external partners to drive this including NVI, SAEDB and Tonsley

Adrian is seen as a very supportive leader who develops open and trusting relationships and provides honest constructive feedback that "enables people to learn and grow." He invests in leadership development and actively engages with all staff across the organisation through attendance at team meetings and an open, approachable style.

Other Leaders Summary

Many comment on the CEO's confidence presence and excellent interpersonal skills and ability to make time and engage positively with everyone. He is seen as valuing people, a strong advocate for development and growth and a great motivator who "leaves you feeling empowered" He takes time to be visible, understands the pressure points and issues in teams and encourages open feedback. There is clarity around direction and expectations.

Adrian is seen as someone who is focused on the community, has a positive vision for the City "gets things done and looks for ideas to improve organisational performance."

External Stakeholders Summary

"I get to work with many council CEO's and their respective leadership teams. Adrian is in my view one of the exemplar performers among his peers and across leaders I work with in other sectors. He is collegial, engages in open dialogue, is clear about his/councils position on matters and takes responsibility for his end of any transaction. The work I undertake with Adrian has given rise to looking ahead and in that arena I also value his foresight and strategic headset. It is clear that he is not a transactional CEO, but one that is consistently looking to ensure that the City of Marion can be positioned to move forward."

Question 3: What would you suggest are the actions, practices and behaviours he should do better, more often or less often that would build his effectiveness as a leader?

Elected Members Summary

Suggestions include:

- "Continue to be courageous and to lead by example"
- Speak up and challenge Elected Members
- Offer his opinion and vision more often (although there is some recognition that this can be difficult at present)

- Maintaining relations with the Mayor
- Maintaining some happiness in the role, when the challenges are great - ensuring his work-life balance is not compromised
- Reinforcing to Elected Members when staff have reached capacity in workload
- The decision around ELT contacts.

Direct Reports Summary

This cohort considers the main challenge to be the Council elections. There will be a need to lead the organisation "through a heightened political environment", induct and build relationships with new members with different expectations and a need to "build their understanding and trust in the organisation." The CEO is seen as politically astute and able to do this well and there is hope that he will stay with City of Marion.

Also raised as a concern is the pressure and timelines placed on leaders by the CEO given that he is driven and focused and wants to take action quickly.

Other Leaders Summary

Once again, the main challenge, which the CEO is seen as well qualified to manage, is a new Elected Member body and the need to build strong relationships with it and align member agendas. It is suggested that there will need to be more advocacy at the State and Federal Government level if the current Mayor is not re-elected. "Having a values based discussion with the new elected member body and setting up clear expectations in November 2018 will be great first step."

There are a considerable amount of projects and new initiatives ahead in 2018/19 and ensuring projects are kept on track will be critical. Against this background there are risks associated with parts of the workforce that are overworked and have potential for burnout, or for mistakes given the pace of work. It will be challenging to provide optimal organisational resources to maintain business as usual operations as well as a significant number of new initiatives and projects.

There is concern that, dependent on the results of the election, the CEO may choose to leave and that this will have a significant impact on the City of Marion's capacity to continue to deliver on its plans.

External Stakeholders Summary

"With a recently concluded State Election, pending Council elections and significant reforms such as rate capping and other initiatives, a focus on being structured to deal with these types of changes, whilst having an eye on the varied day to day needs of the role would be an area of focus. Again, I don't see any capability gaps in Adrian to manage and lead through these. As a peer I have confidence in his abilities and see an opportunity with such change ahead to ensure that the City of Marion looks to have him secured in place to manage through such a time, I know that there many who would be very keen to have a talent such as his within their organization."

Appendix 3: Total Remuneration Package details – G6 Councils and Adelaide City Council Chief Executive Officers

Council Name	Position Title	TRP	Cash	Super	Car	Prof Dev	Phone	Rent	Other
G6 (Metropolitan)									
City of Adelaide	Chief Executive Officer	341,000	297,580	28,590	9,830	5,000	0	0	0
City of Onkaparinga	CEO	339,069	286,463	28,646	19,890	0	1,680	0	2,390
City of Tea Tree Gully	Chief Executive Officer	278,000	252,516	23,484	0	0	0	0	2,000
City of Salisbury	Chief Executive Officer	337,021	302,023	29,598		1,000			
City of Charles Sturt	Chief Executive Officer	311,100			Yes				
City of Marion	Chief Executive Officer	295,820	259,197	24,623	12,000				

* Note McArthur are no longer providing a remuneration report. They were able to provide data for the City of Adelaide, Onkaparinga and Tee Tree Gully. The (available) data was obtained for the City of Salisbury and Charles Sturt via the public salary registers.