

**City of Marion OF MARION
GENERAL COUNCIL MEETING
24 November 2020**

Confidentiality
order revoked
under Manager
P&C delegation
29/11/12

CONFIDENTIAL REPORT

Corporate Manager: Steph Roberts, Manager Human Resources
Subject: CEO Annual Performance Review 2019/20
Report Reference: GC201208F02

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: Steph Roberts, be excluded from the meeting as the Council receives and considers information relating to the Chief Executive Officer (CEO) 2019/20 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 2019/20.
- 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 2019/20 financial year CEO KPI's (Appendix 1), along with the feedback provided by Elected Members at the Elected Member Forum Tuesday 8 September 2020 (appendix 2) along with the Review and Selection Committee recommendations to Council for the CEO 2019/20 performance and remuneration outcomes.

RECOMMENDATION (5)

DUE DATE

That Council endorse the following recommendations from the Review and Selection Committee regarding the outcomes of the Chief Executive Officer 2019/20 performance review:

1. That the KPI results for the relevant period have been noted 24 Nov 2020
2. That the Chief Executive Officer has achieved an overall performance rating of 4. 24 Nov 2020
3. To endorse the CEO's remuneration package to be applied as a result of the 2019/20 performance year based on a salary increase of 1.5% comprising: 24 Nov 2020
 - a. Base Salary \$278,627.59
 - b. Employer Superannuation Contribution \$26,469.62
 - c. Motor Vehicle value \$12,025.69
 - Total Package value \$317,122.90
4. That Council note the overall feedback provided by Elected Member at the Elected Member forum Tuesday 8 September 2020, to be considered in conjunction with the KPI results. 24 Nov 2020
5. In accordance with 90(2) and (3)(a) 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 2020. Dec 2020

Background

Section 9 of the CEO Employment Agreement defines the requirements for the performance review. The responsibilities of the review are addressed by the Review and Selection Committee.

The approach and timeline for the CEO performance and remuneration review was endorsed by Council 25 February 2020 (GC200225R10).

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

Discussion

Following outlines the process for the Review and Selection Committee to follow 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, which was done at the 8 September 2020 Elected Member Forum.
2. An assessment of the organisation's performance against adopted key performance indicators, incorporating:
 - a. KPI outcomes including the audited financial results (refer appendix 1)
 - b. Review of the feedback regarding the CEO performance sourced from Elected Members, provided in appendix 2
 - c. Consideration of any extenuating circumstances impacting on the CEO ability to be able to achieve any of the KPIs
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. 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 the committee recommending the CEO performance outcome being acceptable or higher, to assist with the remuneration review, a comparison to other Councils 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 24 November 2024 at the conclusion of this item, to be informed of the decision made by Council. The CEO is currently on leave, therefore the Mayor will advise the CEO of the outcome of the CEO performance and remuneration review upon the CEO's return from leave.

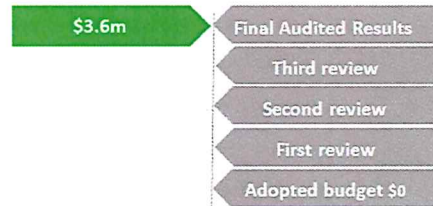
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CHIEF EXECUTIVE OFFICER and CORPORATE KEY PERFORMANCE INDICATORS 2019/20 QUARTER FOUR: APR '20 – JUN '20 - APPENDIX 1 (Final audited results)



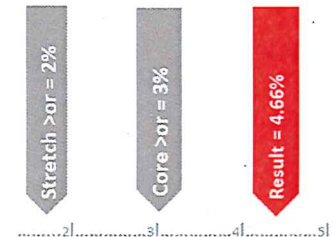
1 Financial Sustainability

Core target: Council maintains a break even or positive cash funding position in delivering its annual budget.
Measure: This target compares funding cash position at the relevant budget review with the adopted budget figure.
Result: Target met. Council achieved a final result of \$3.6m following the completion of the Audited Financial Statements.



4 Total Employee Costs

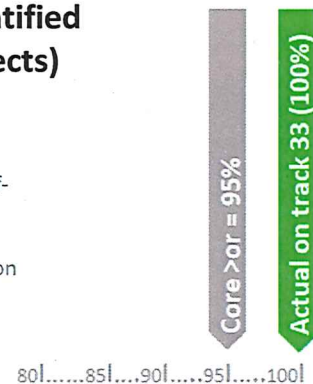
Core target: Less than or equal to 3% increase in actual employee costs (including agency staff) against prior year's actual costs
Stretch target: Less than or equal to 2% increase in actual employee costs (including agency staff) against prior year's actual costs
Measure: The 2018/19 Actual audited figure = \$34.861m
Result: The 2019/20 Final Audited Result = \$36.487m Council Achieved actual of 4.66% - after adjusting for the movement in Grant Funded positions, Cross Council joint funded positions, and the impact of council resolutions the KPI is reduced to 3.37%. Target not met.



2 Delivery of agreed projects identified in ABP and 4-year Plan (33 projects)

Core target: Greater than or equal to 95%
Measure: Monthly data as at 30 June 2020
Result: 100% (33 projects) on-track and 0% are off-track. The Core Target has been met.

Note: Refer Appendix 1a for supporting information



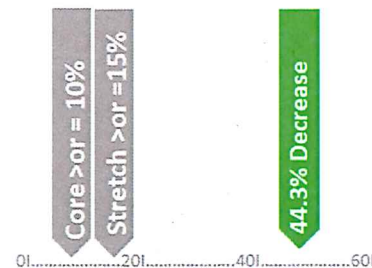
5 Overall Satisfaction with Council's performance

Core target: Greater than or equal to 75% rated as satisfied or above.
Stretch target: Greater than or equal to 85% rated as satisfied or above.
Measure: Community Survey
Result: 83.6% for the previous Q4 Results (2018/19)

Note: Council agreed we would not be running the survey for 2019/20. As this is an annual measure the next survey results will be available at the end of the 2020/21 reporting year.

3 Lost Time Injury Frequency Rate.

Core target: Greater than or equal to 10% reduction from 2018/19 (11) = 9.9
Stretch target: Greater than or equal to 15% reduction from 2018/19 (11) = 9.35
Measure: The LTIFR for Q4 2019/20 is 6.1
Result: 44.3% Decrease. The Core and Stretch Targets have been met

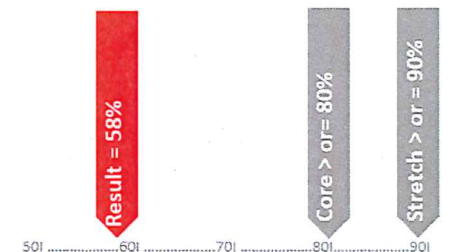


6 Asset Sustainability

Core target: Asset Renewal Funding Ratio greater than or equal to 80%
Stretch target: Asset Renewal Funding Ratio greater than or equal to 90%
Result: 58% Target not met.

***Note:** This result is impacted by the mix of asset renewal and new/upgraded capital expenditure. In 2019/20 Council completed new/upgrade projects such as Morphettsville Park Sports and Community Club upgrade \$3.5m, Marion Outdoor Pool upgrade \$1m and Streetscape upgrades of \$2.7m.

The lower than average ratio this year also reflects the timing of significant renewal expenditure subject to the finalisation of the building renewal program, following the completion of the building condition audit. Asset Renewal Funding Ratio forecasts 96% over the next three years, and 91% over the 10-year term of the LTFR.



CHIEF EXECUTIVE OFFICER KEY PERFORMANCE INDICATORS 2019/20

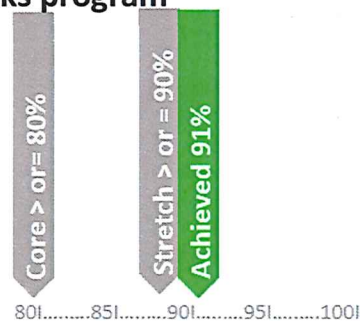
QUARTER ONE: JULY '20 – SEPTEMBER '20 – APPENDIX 1



7

Delivery of Council's capital works program

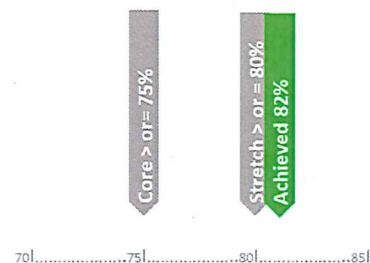
Core target: Greater than or equal to 85% delivery of Council's planned capital works program (adjusted for extraordinary items)
Stretch target: Greater than or equal to 90% delivery of Council's planned capital works program (adjusted for extraordinary items)
Achieved: Council exceeded the stretch target and achieved a 91% completion of the planned Capital Works Program for 2019/20.



8

Staff Engagement

Core target: Achievement of an overall employee pulse survey result of 75%, based on 9 metrics
Stretch target: Achievement of an overall employee survey result of 80%
Measure: Staff Teamgage survey results.
Achieved: 82%. The Core Target has been met.

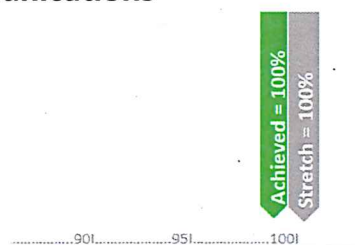


*Note: The Teamgage employee engagement tool is now being utilised, based on 9 metrics (including Community Values, Safety, Expectations, Valued, Empowerment, Development, Recognition, Happiness).

9

Community Engagement / Communications

Core target: Project specific communications to the public should be timely and accurate
Stretch target: 100%
Measure: Based on feedback received on project specific distributed communications.
Achieved: 100%



Appendix 2: Elected Member Feedback

Following is the consolidated feedback provided by Elected Members to the CEO, 8 September 2020 Elected Member forum.

*Indicates feedback provided by more than 1 Elected Member

Strengths	Weaknesses/Opportunities	Advice
Steady, no real concerns	Like to see metrics on how things have improved	Keep going and do not let it all rest on your shoulders
Manage staff very much	Need to look at some stubborn parts of the culture and address those. Some staff to be more tough	Hope not taking on too much and able to share responsibilities with team
Manage conflict very well	No weaknesses	Look after self
Calming method	Delegate more	Prioritise and delegate - more time to focus on top key priorities
Great CEO	Would like to see exhibit an acknowledgement of those short comings of the organisation and respond in a way that fosters community confidence and an intent of continuous improvement	The job has some consequences for you personally and this is not how it should be
Doing a great job	Not to be involved in EM issues, civil matters should stay right out of it – as per the employee code of conduct, to remain impartial	Work-life balance
Attitude of yes we can do this, sometimes to a fault	Get to the point where can take time off, in hand with the GM's, do not think you are there yet	Workload worries me, wondering if another CEO could handle the level
Strategic focus for the city	*Concerned about where you delegate, still needing to keep an eye on it and getting into the details, important to keep abreast of what is happening	Have a duty to get involved in EM issues, safety and well-being of EM's
Good understanding of Corporate plan – remind us of the pillars more often / keep us on track	Extent of information / details provided to EM's can be overwhelming. Would like to see the level of detail reduce	*Take holidays
Acknowledgement and intervention of social justice issues (e.g. disabilities, 1 st nations)		
Doing really well		
*Positive/can do attitude		
Getting things done		
Collaboration		

Amazing job/leader, happy to have difficult conversations, but with empathy		
*Looking across industry		
Amazed by the level of projects taken on		
Getting things done, a man of action, committing to act		
Responsive to Elected Member problems, tries to solve issues		
EQ – good with people, good manager appointments; dealing with staff		
*Willingness to be innovative, not all councils are doing this		
Very good at the 5-year mark		

Elected Members were also asked to provide the CEO with priority areas to focus on, which is included below.

*Indicates feedback provided by more than 1 Elected Member

Follow up processes internally	IT revolution needs to happen and will give pay back
External focus, pitching at right level, connecting with community	*MRF and waste opportunities
Managers to 'get it' (e.g. enforcement judgement) and have the difficult discussion	Carbon zero
Maximising collaborations	Property and planning organisation hot spots (resourcing and education)
*Self / talking time out for self	*IT, difficult to search and locate information
Inter-agency/Council collaboration	Amalgamation with Holdfast Bay
Need to accept at times carry-overs will happens, plan for limited CO's	Cross Council Enterprise Agreement
Middle management errors	Planning dept too applicant friendly
Employee issues	Workforce plan – need to know where City of Marion is going
Strengthen the team, so Adrian can take leave	Infrastructure (requires middle management achieving)
Strengthen Stakeholder relationships	*People / patches where we keep having problems / underperforming – risk
Edwardstown	Get the message out to all staff – we are here for the resident / should be considered in everything we do

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	\$382,412	\$336,414	\$31,286	\$9,712	\$5,000			
City of Onkaparinga	Chief Executive Officer	\$350,000	\$301,370	\$28,630	\$20,000	\$550	\$420		\$1,800
City of Tea Tree Gully	Chief Executive Officer	\$290,530	\$265,325	\$25,205.88					
City of Salisbury	Chief Executive Officer	\$343,322		\$30,642					
City of Charles Sturt	Chief Executive Officer	\$326,524	\$284,004	\$31,020	\$11,500				
City of Marion	Chief Executive Officer	\$312,614	274,553	\$26,080	\$12,000				

* Note data obtained from Councils directly