

15. CONFIDENTIAL REPORTS

15.1 Chief Executive Performance Review 2016 (Confidential)

That pursuant to Sections 90 (2) and (3) (a) of the *Local Government Act 1999*, the Council orders that the public be excluded from the meeting with the exception of the Chief Executive, General Managers, Executive Assistant and the Manager Human Resources, on the basis that the Council considers it necessary and appropriate to act in a manner closed to the public in order to receive, discuss and consider information by way of a report and associated documents in relation to agenda item 15.1 Chief Executive Performance Review 2016 and the Council is satisfied that the meeting should be conducted in a place open to the public is outweighed in relation to the matter because receiving, considering and discussing the report and associated documentation contains/involves:

90(3)(a) information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead)

**Substantiation:**

A number of matters are likely to be raised and discussed that relate to the personal affairs of the Chief Executive. These matters are deemed to not be in the public interest, once these matters and any resultant contractual obligations have been resolved by Council the report, minutes and any subsequent supporting documentation will be released as public documents.

File Ref: 9.24.003  
Officer Resp. for Report: Victoria MacKirdy  
(General Manager Organisation & Culture)

**Strategic Plan:**

\* Strategic Plan: Alexandrina Connecting Communities  
\* Aspirations: Innovate throughout our region; Activate our Spaces; Thrive in Clean Green Futures; Participate in Wellbeing  
\* Outcomes: Proactive leadership and accountability; Vibrant Communities; Progressive approaches to Climate Change; Self Sustaining Communities  
\* Strategy: Provide leadership to the community and Council by balancing the various needs of industry, business, the community, government and sustainability

**ESE Impact/Benefit:-**

\* Environmental: There are no detrimental or beneficial environmental implications arising from this report or its recommendations.

- \* **Social:** Positive social engagement has been achieved through the Chief Executive performing the statutory role of Chief Executive under section 99 of the Local Government Act 1999.
- \* **Economic:** Economic benefits will be derived from outcomes or activities associated with the economic growth and development opportunities which result from the role of the Chief Executive.
- \* **Cultural:** Positive cultural experiences and cultural outcomes result from the role of the Chief Executive through involvement in and facilitation of meetings and representations on behalf of Council and involvement in community activities and events.

### **Purpose**

To consider the CEO 360° Review Report received from BDO Industrial & Organisational Psychology in relation to the 2016 Chief Executive Performance Review and to consider the current Employment Agreement of the Chief Executive.

### **Recommendations**

1. That Council receives and notes the CEO 360° Review Report 2016 from BDO Industrial & Organisational Psychology.  
Refer Confidential Attachment 15.1(b) (page 167)
2. That the current expiry date of the Chief Executive's Employment Agreement of 30 June 2018 be (extended to 30 June 2019) or (be crystalized at 30 June 2018).
3. That Council (endorses a salary increase of 2.6%) or (does not endorse a salary increase) for the Chief Executive effective from the first pay period on or after 30 June 2016.
4. That Council notes the Draft Chief Executive's Key Performance Indicators for the period 2016/2017 as attached to this report.  
Refer Confidential Attachment 15.1(c) (page 222)
5. That pursuant to Sections 91(7) and (9) of the Local Government Act 1999, the Council orders that the report, minutes, attachments and associated documents of the Council meeting held on 1 August 2016 in relation to confidential item number 15.1 and titled "Chief Executive Performance Review 2016" having been considered and dealt with by the Council on a confidential basis under Part 3 of the Act, are to be kept confidential and not available to the public for a period of twelve months from the date of this confidentiality order, or unless revoked earlier by the Chief Executive in accordance with Item 6 of this resolution, on the

basis that they contain the following information or matter contains information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

6. That pursuant to section 91(9)(c) of the Act the Council delegates to the Chief Executive the power to revoke the order made in Item 5 of this resolution at any time.

### **Background**

The Chief Executive's (CE) Employment Agreement requires a number of contractual processes including the fulfilment of the CE's annual Performance Review. An extract of Clause 12 Performance Review is provided as a reference to this report.

### **REFER CONFIDENTIAL ATTACHMENT 15.1(a) (page 166)**

Council adopted a policy at its meeting held on the 17 February 2014 that the Chief Executive Performance Reviews are to be facilitated and conducted by an appropriately recognised external Human Resources consultant.

Further to this decision, Council at its meeting held on the 21 December 2015 resolved to revise the date of the Chief Executive's Performance Review from 31 January 2016 to 30 June 2016 and to appoint VUCA Pty Ltd (who were the Human Resource Consultant engaged in 2015) to facilitate and conduct the Chief Executive Performance Appraisal by 30 June 2016, subject to successful negotiations on service costs.

Following discussions with VUCA Pty Ltd and BDO Industrial & Organisational Psychology (BDO), Council's Performance Management Panel (consisting of Mayor Parkes, Cr Featherston and Cr Stanley-Murray), agreed to appoint BDO rather than VUCA Pty Ltd to conduct the Chief Executive's Performance Review based on BDO's ability to deliver a tailored program of value added service within an acceptable price and the company's comprehensive industry experience.

### **Discussion**

BDO conducted a 360° review of the Chief Executives (Mr Dinning's) performance over the previous 12 months.

In developing the 360° survey, questions were drawn from three main sources:

- The Local Government Act 1999 (LG Act)
- The CE's current employment contract and associated key performance indicators (KPIs) and
- The CE's job specification (JS)

Several new questions were added in order to ensure that all aspects of the Chief Executive's role were assessed and to ensure some comparability with the 2015 Performance Review process.

Once the 360° survey had been developed, a list of respondents or 'raters' was determined including all Elected Members (12), all General Managers (3) and the Chief Executive himself.

BDO distributed the 360° survey to each 'rater' group via an online tool. Each respondent received an email that provided information about the survey and a web-link that enabled them to complete the questionnaire online. Reminder emails were sent out to those individuals who had not completed the questionnaire by the due date. Of the 16 'raters' only 14 completed the survey. 2 Elected Members did not complete the survey which represents 12.5% of the total 'rater' group.

The 360° review followed a structured process, using a set of behavioural indicators based around 5 key competencies: - Shapes Strategic Thinking and Change; Achieves Results; Drives Business Excellence; Forges Relationships and Engages Others; and Exemplifies Personal Drive and Professionalism.

The full report which illustrates overall averages against the 5 competency areas is attached.

#### **REFER CONFIDENTIAL ATTACHMENT 15.1(b) (page 167)**

The following summary and conclusion was provided by BDO within the attached report:-

*"The data and information collected via the above 360° review process illustrates a clearly divided respondent group. Overall the General Manager group reporting to Mr Dinning have indicated they feel he is at or above expectation in relation to all 38 questions posed.*

*The Elected Member group however is internally divided, with some feeling that Mr Dinning is performing at expectation while clearly some feel he is below. Overall, 34 of the 38 questions were rated below expectation (these are questions with average scores below the mid-point of 3.00) and 4 were rated as having met expectations (with average scores at or above 3.00). However, it should be noted that many of these 'below' scores were close to a rating of 3.00 and so given the relatively small sample size, a change in response by one or two respondents could change a number of these scores to 'met expectation'.*

*A further 11 questions were categorised as Yes, No or Unsure and on these Mr Dinning was assessed as having been greater than 50% on 9 questions.*

*Mr Dinning rated his own performance as having met expectations on all 38 questions. Mr Dinning also provided detailed descriptions and examples of his work over the past 12 months as evidence of his success or efforts at meeting the organisational objectives.*

*The qualitative feedback was also mixed with some suggesting that Mr Dinning was handling a complex job well, through to others who suggested that his*

*communication and contribution was at times lacking and that his relationship with the Elected Members requires improvement.*

*When all of the feedback is collated it is evident that Mr Dinning needs to invest greater time and effort in the following areas;*

- Maintain, and for some, re-establish the relationship with the Elected Member group and Mayor.*
- Provide greater and more timely information and communication regarding the work of council to the Elected Member group.*
- Maintain a balance between engaging the Elected Member group but not creating an additional management forum.*
- Revisit the strategic plan to clarify the focus for council and the role for EMs and staff.*
- Increase active involvement and visibility with all communities across the council area.*
- Ensure plans and commitments are followed through and reported to council.”*

### **Key Performance Indicators (KPIs)**

New KPIs for 2016/2017 are currently being developed as part of the 2015/2016 CE Performance Review and BDO 360° Review Report findings. These KPIs will replace the very broad and project based KPIs that were established as part of the previous CE Performance Review.

The KPIs aim to address key themes in the 360° feedback report, align with the CE job description and key strategic priorities for the organisation. They provide specific actions and measures to ensure performance improvement in identified areas can be measured objectively.

The information is provided in the following format:

- Key Result Areas (KRAs) are broad headings under which KPIs can be identified.
- Key Performance Indicators are statements of intent and desired outcomes.
- Measures and Outcomes identify the outcomes and tools to measure KPI performance.

KPIs are designed to be time framed and monitored on a quarterly basis in a formal setting by the Performance Management Panel and more regularly on an informal basis by the Mayor, in consultation with the CE. A development plan will be constructed in consultation with the CE to focus on building greater capability within these areas which will be further evaluated in 12 months' time.

**REFER CONFIDENTIAL ATTACHMENT 15.1(c) (page 222)**

### **Chief Executive's Employment Agreement – Extension of Term**

In accordance with the current Employment Agreement under Clause 3 – Extension of Term, Sub Clause 3.1 - Where the Chief Executive achieves Competent Performance in the annual Performance Review undertaken under Clause 12 of this Agreement the Term will automatically be extended by an additional period of twelve (12) months, from the end of this Agreement as stipulated in Clause 2.1 and the new Expiry Date will be recorded in an addendum to this Agreement, as referred to in Clause 3.2. The current Expiry Date is 30 June 2018.

Sub Clause 3.4 – Where the Chief Executive fails to achieve Competent Performance as envisaged in Clause 3.1 of this Agreement, the Term will not be further extended but instead the Expiry Date will crystallize based upon the extended date last achieved under clause 3.1.

Where 3.4 of the Agreement operates, there will be no further extensions of the Term under Clause 3.1 of this Agreement.

### **Chief Executive's Remuneration Package Review**

The CE Employment Agreement requires under Clause 11 that the Remuneration Package of the CE is to be reviewed annually. This review is due as at 30 June 2016.

Sub Clause 11.3 and 11.4 within the Agreement states – the review of the Remuneration Package will take into account an assessment of performance based upon agreed criteria upon which the Chief Executive's performance is assessed in accordance with Council's Performance Evaluation System, and the acquisition and satisfactory utilisation of new or enhanced skills by the Chief Executive if beneficial to or required by the Council.

Notwithstanding sub clause 11.3 the parties acknowledge that in undertaking any review of the Remuneration Package, the Chief Executive shall not be entitled as a right to an annual increase of the remuneration.

It is recommended within this report to apply a 2.6% indexation to the current CE salary for the period 01/07/2016 to 30/06/2017. The quantum of the increment (2.6%) is consistent with the current ASU Enterprise Agreement applicable to the Alexandrina Council workforce.

### **Statutory Responsibilities**

There are no statutory responsibilities to conduct a Chief Executive Performance Review. However the process and requirement for an annual Performance Review is provided for in the current Employment Agreement between the Council and the CE.

There are contractual obligations to ensure that the clauses of the CE Employment Agreement are maintained and exercised in accordance with the documentation as agreed by the parties, being the Council and the CE.

**Community Engagement**

Not applicable to this report.

**Financial Implications**

Any remuneration increase provided for will be addressed in the Council's Annual Business Plan and Budget.

**Risk Assessment**

Based on the Alexandrina Council's Risk Management Framework and Policy the risk rating to Council associated with the adoption of the recommendations contained in this report is assessed as being rated as low.

**Summary**

This report provides Council with the opportunity to consider the CEO 360° Review Report received from BDO Industrial & Organisational Psychology in relation to the 2016 Chief Executive Performance Review and to consider the current Employment Agreement of the Chief Executive.

**16. CLOSURE**