



To: Mayor Denis Clark, Northern Areas Council

From: LGA, Kathy Jarrett, Executive Director Corporate & Member Services
LGA, Grant Waldron, Acting Director Member Services

Date: 9 December 2016

Subject: Independent CEO Performance Review

Introduction

The Northern Areas Council is undertaking an annual performance review of the Chief Executive Officer ('CEO'), and to provide oversight to this process, a Council Committee has been established, ensuring the review is conducted in a manner that is based on best practice governance principles.

The Northern Areas Council is now seeking an independent party to assist with the review process, and it is against this background that the LGA is pleased to present the approach outlined in this document.

LGA's service charge will be based on an estimate of the time taken to complete a review and includes all meetings, analysis, report preparation and travel. In providing this service charge we are very happy to discuss this further with you. The Local Government Association is very keen to provide such support to the sector as an ongoing value adding service. As such we are using this opportunity as a pilot and are keen to work with you to ensure we meet all your requirements in a cost effective manner.

Background

CEO Performance Reviews are commonly undertaken on an annual basis to ensure that individual performance is aligned to and on track with achieving strategic objectives. This process provides councils the opportunity to review performance in light of any extenuating factors and ensure CEO's are performing at expected standards. It also provides an opportunity to seek feedback from the various stakeholders the CEO interacts with to ensure the review is balanced, comprehensive and objective.

It is critical in reviews of this kind to ensure that:

- Performance is assessed using an adopted rating scale against a set of measures and/or KPIs that have already been identified;
- The measures and/or KPI's are aligned to the council's KPI's as well as the CEO's employment agreement, position description and role of the CEO as outlined in the Local Government Act 1999;



- The review process is based on objective data that is both valid and reliable;
- The review should address both the 'what' (e.g. progress against plans etc) and the 'how' (behavioural) of performance and;
- Feedback is obtained from a wide range of sources to ensure all aspects of the CEO's role is evaluated i.e. a 360-degree feedback approach is taken.

Proposal

On the basis of the above principles, the following process and timeline is proposed:

Week #	Key Element
Week 1	<ul style="list-style-type: none"> • Meet with the Northern Areas Council Review Committee and the CEO to refine / confirm the requirements and key elements of the performance review process. Items to be confirmed include: <ul style="list-style-type: none"> - measures and/or KPI's against which the CEO's performance is to be assessed - rating scale to be used to assess performance - 360-degree feedback participants e.g. elected members, direct reports, a selection of external stakeholders • Discuss in detail with the CEO the requirements of his position as outlined in relevant documents such as employment agreement, position description, key performance indicators, and alignment with the Northern Areas Council Strategic and Annual Business Plans.
Weeks 2 - 3	<ul style="list-style-type: none"> • Develop assessment survey for review participants incorporating both 'what' and 'how' performance elements. Assessment survey to be reviewed and confirmed by the Review Committee.
Week 4 - 5	<ul style="list-style-type: none"> • Brief Elected Members to outline the review process. This could be via email or during an informal gathering or council meeting. • Data gathering phase including: <ul style="list-style-type: none"> - distribution of survey to review participants including an explanatory communication outlining the process and highlighting confidentiality to encourage open and objective feedback regarding the CEO's performance - distribution of survey to the CEO for the purposes of self-assessment - review of organisational performance against key performance indicators included in the Strategic Plan / Annual Business Plan adopted by council for the review year. Quantify performance against rating scale.

Week #	Key Element
Weeks 5 - 8	<ul style="list-style-type: none"> • Monitor response rate and, once the surveys have been returned, follow up with any participants where feedback may require further clarification; • Review the information gathered as above in the context of the CEO's position description and key performance indicators; • Prepare a draft detailed report containing the findings and present this to the Review Committee for discussion. Finalise report based on feedback from the Review Committee in preparation for distribution to Council.
Week 9	<ul style="list-style-type: none"> • Final report to be presented to the Council, with recommendations from the Review Committee.
Week 10	<ul style="list-style-type: none"> • Mayor and Review Committee to meet with the CEO to discuss the feedback, proposed development themes and the following year's KPIs where required; • Organise a debrief discussion to review the process with the CEO and the Chair of the Management Group/Representative if required

Resources

Resources to be assigned to this work from the LGA are:

Grant Waldron, Acting Director Member Services. Grant is a Human Resources professional with extensive Human resources experience in Australia and Internationally over more than 25 years. Before starting at the LGA in September 2016, he was with Regis Aged Care Pty Ltd where he worked for 11 years. Regis is a top 200 ASX company with a significant growth agenda, presently employing more than 6800 staff in a highly regulated and unionized industry in an ever-changing work place environment and constant changes to revenue streams and government funding.

He has extensive experience in Human Resources and previously led a team of 24 staff covering Human Resource Management, Recruitment, Learning and Development, Work Health and Safety, Employee & Industrial relations and Organizational Development.



Kathy Jarrett, Executive Director Corporate & Member Services. Kathy has been with the LGA since November 2015 after working at the City of Marion for 10 years. Over her career, Kathy has led diverse portfolios ranging from Governance, Strategy and Organisational Development to Infrastructure and Community Services. She has worked in all three spheres of government, as well as the private sector. Since 1998, she has been in roles providing direct support to either Boards or Councils, assisting in CEO performance reviews each year over this period.

Both Grant and Kathy together bring a depth of human resource management, governance and local government experience to the conduct of CEO performance reviews.

Service Charge

Our service charge is based on an estimate of the time taken to complete a review and includes all meetings, analysis, report preparation and travel. Based on the scope of work outlined, an indicative service charge is \$4000.

In providing this service charge we are very happy to discuss this further with you. The Local Government Association is very keen to provide such support to the sector as an ongoing value adding service. As such we are using this opportunity as a pilot and are keen to work with you to ensure we meet all your requirements in a cost effective manner.

We look forward to working with you on this matter.