

ITEM FROM THE GOVERNANCE COMMITTEE

**M21/5812 – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (AMREC)
(CONFIDENTIAL ATTACHMENTS)**

Ward : All
 Category : Operational
 Subject Index : Personnel file
 Customer Index : Personnel file
 Disclosure of any Interest : No Officer involved in the preparation of this report has a declarable interest in this matter.
 Previous Items : Item M21/5804 – Chief Executive Officer Performance Review – Governance Committee Meeting 8 February 2021
 Item M20/5789 – Planning for the CEO Performance Appraisal – Ordinary Meeting of Council held 17 November 2020
 Item M20/5789 - Planning for the CEO Performance Appraisal - Governance Committee meeting held 23 November 2020
 Item M20/5798 – Planning for CEO Performance Appraisal – Ordinary Meeting of Council held 8 and 9 December 2020
 Works Programme : Not Applicable
 Funding : Not Applicable
 Responsible Officer : Dean McAuliffe
 Manager People Services

<input type="checkbox"/>	Advocacy	When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
<input checked="" type="checkbox"/>	Executive	The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
<input type="checkbox"/>	Legislative	Includes adopting local laws, town planning schemes & policies.
<input type="checkbox"/>	Review	When the Council operates as a review authority on decisions made by Officers for appeal purposes.
<input type="checkbox"/>	Quasi-Judicial	When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.
<input type="checkbox"/>	Information	For the Council/Committee to note.

**M21/5812 – CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW (AMREC)
(CONFIDENTIAL ATTACHMENTS)****KEY ISSUES / SUMMARY**

- The Governance Committee has been determined by the Council to be the reviewers of the Chief Executive Officer (CEO) performance.
- A defined process is followed for the CEO performance review, as detailed in this report.
- At its meeting held Monday 8 February 2021 the Governance Committee discussed the CEO performance, future expectations and performance criteria, performance development and reviewed the salary package, for recommendation to the Council.
- This report provides the Governance Committees recommendation on:
 - the outcome of the CEO Performance Review Process and Total Remuneration Package,
 - a process to undertake a review of the performance criteria.

BACKGROUND

On 20 November 2018 Marten Tieleman commenced in the role of Chief Executive Officer (CEO) at the City of Melville.

Clause 7 of the CEO's contract details that there needs to be a review of remuneration on an annual basis, at a time that is no later than three months after the anniversary of the commencement date.

The CEO Performance Review process was considered at the Ordinary Meeting of Council held 17 November 2020 and the Governance Committee Meeting held 23 November 2020. The review process was confirmed by the Council at the Ordinary Meeting of Council held 8 and 9 December 2020.

A Performance Review Consultant (Consultant), Mr John Phillips from John Phillips Consulting, has been engaged by the City of Melville to facilitate the discussions between the Council and the CEO during the Performance and Remuneration Review process. This has included opportunities for all Elected Members to provide individual feedback with the Consultant Confidential Attachment CEO Appraisal 2021 (Reviewer Report) distributed to Elected Members on Friday 12 February 2021 under confidential cover.

This matter was considered by the Governance Committee at its meeting held 8 February 2021.

DETAIL

The review process endorsed by Council at the 8 and 9 December 2020 Council meeting is detailed in attachment CEO Performance Review Process distributed to Elected Members on Friday 12 February 2021 under confidential cover. The process also provides for the Governance Committee to provide feedback to the Consultant on the CEO Performance Review Process, so that the process may be improved or modified for future reviews.

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The role of the Performance Review Consultant is to assist in discussions between Elected Members, His Worship the Mayor and the CEO in all aspects of the performance discussion and future performance criteria, performance development plan, as well as the salary package review.

The Performance Review Consultant has provided a summary of Elected Member feedback, for the consideration of the Governance Committee.

The Performance Report from the CEO was provided to Elected Members on 17 December 2020. The CEO Performance Review – Consultant Report, including the Total Remuneration Report (TRP) was distributed to Elected Members on Friday 12 February 2021 under confidential cover. Confidential Attachment CEO Appraisal 2021 (TPR Review Report).

The process for the Governance meeting was as follows:

Action	Purpose	CEO Involvement
1. Discussion between Mr John Phillips and Governance Committee relating to the report from the Performance Review Consultant on survey results, potential changes to performance criteria and relevant remuneration data	Clarify key comments to be delivered to the CEO on behalf of the Elected Members including -past performance – <i>based on matters relating to specified performance criteria within the employment contract</i> -future performance criteria -performance development	CEO not present
2. Remuneration discussion	Review of salary level	CEO not present
3. CEO to provide comment on performance and future priorities	Discussion on the CEO's Performance Review document and CEO to detail his perspective of his and the organisation's performance and future priorities	CEO present
4. Feedback to CEO from Governance Committee on performance	Ensure CEO understands views of Elected Members on performance and priorities, with reference to the CEO Performance Review - Consultant Report.	CEO present
5. Discussion of current performance criteria	To ensure contract performance criteria reflects expected desired outcomes – Governance Committee to discuss with the CEO proposed changes to the current criteria and agree on criteria for next review.	CEO present

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<p>6. Discussion of performance development plan – review of the comments on professional development opportunities provided by the Consultant</p>	<p>To ensure performance development areas are discussed. It is noted the Mayor is authorised to approve professional development for the CEO, as specified in the contract of employment.</p>	<p>CEO present</p>
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STAKEHOLDER ENGAGEMENT

I. COMMUNITY

Not applicable.

II. OTHER AGENCIES / CONSULTANTS

There has been no liaison with any other agencies or Consultants beyond John Phillips Consulting.

STATUTORY AND LEGAL IMPLICATIONS

Section 5.38 of the *Local Government Act 1995* (Act) states the requirement to review a CEO's performance at least once a year in relation to every year of employment.

New Model standards for CEO recruitment, performance and termination came into operation on 3 February 2020 and are contained in the Local Government (Administration) Regulations 1995 – Regulations 18FA, 18FB, 18FC and Schedule 2. These mandatory standards apply to the current and future performance review processes.

Section 5.23 (2) of the Act states that a meeting by a Council or Committee, or part of a meeting, may be closed to members of the public if a matter affecting an employee is being dealt with.

Section 5.39 (7) of the Act requires a report from the Salaries and Allowances Tribunal with a recommendation as to the remuneration to be paid or provided to a CEO to be taken into account by the local government before entering into, or renewing a contract of employment with a CEO. Although this section of the Act does not include salary reviews this information has been included in the comparative salary data for consideration by the Council when assessing salary.

FINANCIAL IMPLICATIONS

The fee for the Consultant is included in the adopted 2020 - 2021 Budget. Any change to the salary package of the CEO will be reflected in the operational budgets for 2021-2022.

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STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

Risk Statement & Consequence	Level of Risk	Risk Treatment
That the performance criteria for the next twelve months are not determined	Low	Defined process that includes this stage

POLICY IMPLICATIONS

Not applicable.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Not applicable as the requirement for a performance review are mandatory.

CONCLUSION

The Governance Committee Meeting has conducted the CEO Performance and Salary Review and now provides its recommendations to the Council in relation to the Performance and Salary Review for the Chief Executive Officer.

The current performance criteria has been identified for review and update to reflect future priorities and outcomes. As this is important to ensure performance expectations are clear the Governance Committee is recommending that the Performance Review Consultant review and finalise the Performance Criteria for the Chief Executive Officer, using the attached Draft CEO Performance Metrics noting that any additional performance measures to those currently contained in the CEO's contract need to also be agreed by the CEO.

GOVERNANCE COMMITTEE RECOMMENDATION (5812) ABSOLUTE MAJORITY

That the Council:

- 1. receives the Report from the Performance Review Consultant and endorses the overall assessment of “Meets Expectations”;**
- 2. accepts the CEO's request not to increase to the base salary component as part of the Total Remuneration Package in accordance with the Confidential Consultants Report.**
- 3. schedules a meeting with the Performance Review Consultant to review and finalise the Performance Criteria for the Chief Executive Officer;**