



STRICTLY PRIVATE & CONFIDENTIAL



**CHIEF EXECUTIVE OFFICER
2015/2016 PERFORMANCE APPRAISAL**

AUGUST 2016



1. Purpose of Review

Hender Consulting has been retained by the City of Burnside to facilitate the 2015/2016 review of the performance of the incumbent Chief Executive Officer, Mr Paul Deb. His employment agreement requires performance reviews to be undertaken annually and this review is designed to assess performance against his position description, key result areas/strategic performance objectives and a range of professional /executive behaviours for the period.

92 survey questions were designed to cover performance criteria, executive behaviours and key performance indicators and the de-identified survey results are incorporated in this report. For this process feedback was captured from the Elected Member body only and Paul, as a self-assessment. We would again encourage Council to consider gathering 360 degree feedback (ie. include staff) in the next performance review cycle to gain a broader perspective on Paul's performance. This is relatively common in comparable processes.

Formal performance appraisals are an increasingly important component of a performance management plan in modern entities and also form an important part of the analysis in regard to :-

- overall strategic management of the organisation;
- good governance practice;
- professional development;
- tenure;
- retention;
- ensuring accountability;
- appropriate remuneration.

2. Methodology

In order to establish the standard of performance being achieved by the incumbent, we have undertaken (or will undertake) the following steps :-

- liaised with the Appraisal Committee (and its independent representative, Alexandra Cannon) to discuss the process and establish the responsibilities, objectives and professional behaviours deemed critical for performance in this significant leadership role;
- devised 92 survey questions as determined by the Committee;
- distributed the confidential survey to all Elected Members and the CEO;
- gathered and analysed incumbent feedback;
- compiled, de-identified and analysed the results;
- summarised the results in this report;
- met with the Appraisal Committee to discuss the findings;
- presented remuneration advice;
- met with the incumbent to provide feedback.



Note

Response levels were very good with 11 out of 13 Elected Members (84.6%) returning the survey and assigning Paul ratings. Although this is a decrease from the last appraisal conducted which had a response rate of 100%, it is still a very reasonable response rate (and valid sample) on which to base our findings. There was a fairly low number of “unable to assess” selections (only 4.87%), which has pleasingly almost halved from the last cycle (8.8%). A certain level of “U” responses (unable to assess) is expected as some Council members have limited exposure to operational matters such as his direct interaction with staff, implementation and execution of strategy at operational level. Nonetheless, this low “unable to assess” percentage would appear to imply that overall, there was a high level of comfort in being able to assess his performance across most components of the survey.

3. Summary and Findings

FINDINGS

Note – for ease of analysis, the ratings scale from the survey appears below.

U	1	2	3	4	5	6
Unable to assess	Serious concerns	Minor concerns	Satisfactory	Good	Very Good	Excellent

Overall, in terms of master averages, Paul continues to perform well against the performance criteria, executive behaviours and 12 key performance indicators. Paul’s master average rating has decreased slightly from the last cycle (4.45) and from the year prior to that (4.81) to this cycle’s average of **4.27**. Nonetheless, the Elected Members still view Paul as performing in the good to very good category, for which he should be commended. Whilst we cannot be definitive in this regard, we also believe that there is some evidence of a possible false negative in a minority of the respondents which would account for a proportion of the mathematical decrease from previous years.

The responses as a percentage of the total appear below (rounded):

FEEDBACK

Overall Combined Feedback

Combining all three performance areas gave Paul an overall master average of **4.27 out of 6**.

Rating	%
Excellent	37.13
Very Good	20.85
Good	7.29
Satisfactory	6.47
Minor Concerns	6.75
Serious Concerns	16.63
Unable to assess	4.87
<i>Total</i>	<i>100</i>



Performance Criteria

Average: 4.28 out of 6

Rating	%
Excellent	33.00
Very Good	26.48
Good	9.49
Satisfactory	7.31
Minor Concerns	7.91
Serious Concerns	13.83
Unable to assess	1.98
<i>Total</i>	<i>100</i>

Executive Behaviours:

Average: 4.27 out of 6

Rating	%
Excellent	39.00
Very Good	17.89
Good	5.57
Satisfactory	5.28
Minor Concerns	7.04
Serious Concerns	17.89
Unable to assess	7.33
<i>Total</i>	<i>100</i>

Key Performance Indicators:

Average: 4.27 out of 6

Rating	%
Excellent	39.39
Very Good	18.19
Good	6.82
Satisfactory	6.82
Minor Concerns	5.30
Serious Concerns	18.18
Unable to assess	5.30
<i>Total</i>	<i>100</i>



Over 65% of overall responses fell within the good to excellent range and 57% in the very good to excellent range. *Excellent* was again, the most frequent response and *very good* the second most frequent which is to be commended.

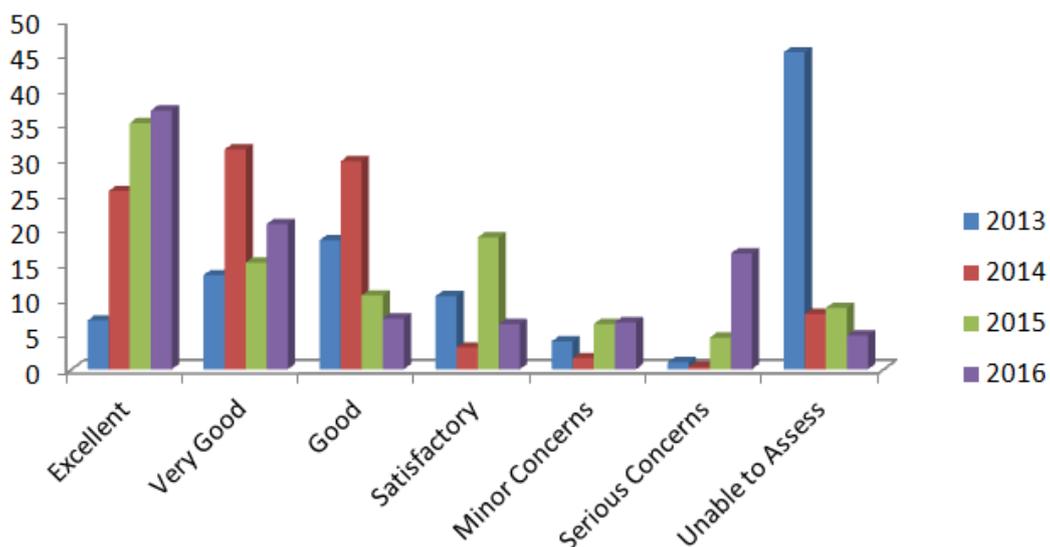
It is also important to note that there were, nonetheless, some concerns raised (and some associated lower ratings) which should not be ignored. There was an increase in the percentage of the Serious Concerns rating which has jumped from 4.52% to 16.63% from the last review.

However, the concerns were not necessarily held by a majority of Elected Members and there also seemed to be evidence that these concerns were at times linked to decisions of Council rather than decisions or performance by Paul. It is also important to note that some participants rated Paul as either *very good* or *excellent* against the same criteria. Nonetheless, to the extent that the concerns raised do reflect areas for improvement in Paul's performance, we encourage Paul to focus on these and continue self assessment accordingly.

The responses as a percentage of the total showing comparison to previous cycles appear below :-

2013 Results	%	2014 Results	%
Excellent	7.00	Excellent	25.58
Very Good	13.50	Very Good	31.55
Good	18.50	Good	29.86
Satisfactory	10.5	Satisfactory	3.12
Minor Concerns	4.00	Minor Concerns	1.60
Serious Concerns	1.00	Serious Concerns	0.36
Unable to Assess	45.50	Unable to Assess	7.93
Total	100	Total	100

2015 Results	%	2016 Results	%
Excellent	35.33	Excellent	37.13
Very Good	15.31	Very Good	20.85
Good	10.59	Good	7.29
Satisfactory	18.93	Satisfactory	6.47
Minor Concerns	6.49	Minor Concerns	6.75
Serious Concerns	4.54	Serious Concerns	16.63
Unable to Assess	8.81	Unable to Assess	4.87
Total	100	Total	100



There is again an increase in the frequency of ratings in the *excellent* category, now four years in a row.



There is also still considerable evidence of disparity in regard to Elected Member opinions. To illustrate, there are numerous criteria where Paul consistently drew ratings of 1 or 2 from some participants, and 5 or 6 from others. This apparent disparity has increased from last years' cycle.

Relative Strengths and Weaknesses

Particular areas of strength (where the average was 4.6 or higher) appear to be the extent to which he :-

Performance Criteria:

- Ensure Annual Business Plans are completed and communicated on time
- Maintain a continuous review of the Council's progress in attaining the Objectives and Strategies of the Strategic Plan;
- Ensure recruitment is undertaken in line with contemporary and equal opportunity principles and practices;
- Ensure Council complies with all its obligations under the Work, Health and Safety legislation;
- Complete the annual budgeting process in close consultation with the Executive and finance;
- Ensure close monitoring and controlling of budgets following variance analysis to ensure sound fiscal management;
- Ensure cash flow is monitored and controlled;
- Ensure the collection and security of revenues and efficient utilisation of Council funds and assets;
- Liaise effectively with local government authorities, the Local Government Association and other government authorities and agencies;
- Ensure that the Council's statutory and governance obligations are met in a timely and effective manner.

Executive Behaviours

- Treat all colleagues professionally and with dignity and respect (eg. common courtesies such as please and thankyou);
- Maintain confidentiality at all times;
- Deliver verbal messages clearly and succinctly;
- sets clear and reasonable tasks and deadlines and supports staff in the achievement thereof;
- Acknowledge and recognise others' skills, abilities and achievements.

KPIs

- Deliver against the annual business plan, including against the budget as agreed by Council.



Relatively weaker areas (where the average was 4 or less), were the extent to which he :-

Responsibilities:

- Communicate the Council vision and strategy effectively to all key stakeholders;
- Create a positive and productive staff culture;
- Liaise with community organisations, business groups and regional interests as necessary for the achievement of Council's objectives;
- Ensure positive relationships are established with local and metropolitan media;
- Represent the Council at appropriate events to maintain and if necessary enhance the Council's public profile within the community and amongst stakeholders;
- Ensure Council activities and initiatives are appropriately promoted and communicated;
- Establish and maintain quality relationships with local business leaders, educational institutions, community service providers, governmental agencies, individual residents and other customers;
- Develop and maintain a positive working relationship with all Elected Members.

Executive Behaviours

- Make the tough decisions where necessary rather than choosing the popular option;
- Demonstrate versatility and flexibility in finding innovative solutions to problems;
- Is able to deliver difficult messages and/or bad news effectively i.e. is a truth teller;
- Demonstrates genuine courage in the workplace ie. breaks new ground via calculated and considered risk taking;
- Is able to establish immediate credibility and rapport with internal and external stakeholders to facilitate outcomes. That is, possesses genuine presence, confidence and assuredness;
- Has the capacity to effectively negotiate beneficial outcomes for the organisation without compromising stakeholder relationships;
- Possesses a keen eye for process improvement and the capacity to implement changes to this end;
- Demonstrates well developed commercial acumen in line with non financial corporate objectives.

KPIs

- Design and conduct an Organisational Survey which can be used over time. Develop Action Plans arising from the results of the survey to demonstrate organisational improvements achieved;
- Ensure that effective communication and working relationships exist between Councillors and the administration, including attending meetings and regular and effective communication processes;
- Consider listing top few projects as documented in the Strategic Community Plan 2012-2025 or the 2015 draft Business Plan and Budget (see survey for projects).

The averages for all other criteria fell very consistently between 4 and 4.6 and were, thus, either just under or just over the master average of 4.27.

We encourage Paul to acknowledge, explore and address areas where concerns were flagged (even if a minority view and minor concerns) to the best of his professional ability.



Responsibility criteria

The overall averages for grouped responsibilities fell within the 3.90 to 4.54 range, again indicating that the majority of respondents felt Paul is performing at a satisfactory to very good level against specific performance objectives.

Criteria	Average Rating
Criteria 1 – Strategic Planning	4.39
Criteria 2 – HR Management	4.35
Criteria 3 – Financial & Asset Management	4.54
Criteria 4 – Operations Management & Projects	4.33
Criteria 5 – Stakeholder Management & Communication	3.90
Criteria 6 – Advice to and Relationship with Council	4.18

Incumbent feedback

- Strategic Planning – I have attempted to take council on a journey in achieving its goals for the remainder of the council term, with mixed success. Some members have embraced the process while others have not;
- Human Resource Management – The organisation has reached a healthy state of staffing and while the culture is passive/defensive, this is reasonable. Elected Members must be conscious that their behaviour, individually and collectively, in council meetings, significantly affects the culture of the organisation. Elected Members must remember that to achieve a better culture, their behaviour must improve;
- Financial & Asset Management – The achievement of a .09% average rate rise reflects excellent short and long term financial management;
- Advice to & Relationship with Council – Elected Members must realise that I am accountable to all 13 members and that I cannot act for individuals against the will of the collective;
- KPIs
 - I rate KPI 4 (achieve the 5 LGA financial sustainability ratios) a 6, subject to receipt of audited statements. Confirmation of financial figures will not be known until the audited financial statements have been received from the auditors;
 - Achievement of ERA Water outcomes has been delayed due to commonwealth funding delays. All other targets have been met.
- I endeavour to:
 - Stop – allowing a few Elected Members to consume disproportionate amounts of my time thereby disadvantaging the others;
 - Start – being more adventurous with Council in terms of future direction;
 - Start – being brave in terms of dealing with Council and Elected Members;
 - Continue – managing the organisation the way I have;
 - Continue - sound financial management.



4. Recommendations

On analysis and review of this feedback, Hender Consulting recommends that Paul :-

- is commended for what is a good or better overall performance during the term being appraised;
- is encouraged to focus on the areas where ratings were relatively lower, particularly where the same concerns were raised in previous reviews;
- is mindful of the negative ratings in order to analyse their validity and respond accordingly. That is, it may be worth objectively considering if there is truth in criticism or perception which could be addressed by amending behaviours to improve real or perceived views;
- improves communication of achievements of himself and the administration as a whole in order to address any misperceptions in regard to progress against key objectives;
- meets with us at a convenient time to review the feedback and identify areas in which further development is warranted;
- re-sets a range of strategic objectives for the next year;
- continues to identify and undertake appropriate professional development activities;
- identifies criteria where his own assessment differs from the average results and addresses these;
- continues to strengthen his working relationships and communication with Elected Members, the Mayor and staff to identify and address areas for continuous improvement.

We also raise a concern from our independent perspective. There appears to be some evidence of a misperception or misunderstanding regarding the delineation of accountabilities between Elected Members, the CEO and the staff. To be explicit, this evidence stems from some criticism of Paul by Elected Members for decisions or strategic direction which could be more accurately attributed to the Elected Body. We recommend that this clarity regarding governance and management be reiterated to Council accordingly. We also stress that feedback regarding performance needs to be confined to the period under review rather than including past period positives or negatives.

Should you have any queries related to any aspects of this report, please do not hesitate to contact us.

Assuring you of our objective, independent and considered advice.

With kind regards and thanks for the opportunity to facilitate this important process.

Andrew Reed
Principal Consultant

Direct line : (08) 8100 8836

Email: andrew.reed@hender.com.au