



Item No: 19.2

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Date: 19 October 2020

Attachment: Nil.

Meeting:	Council
Title:	CEO Performance Review – Appointment of Consultant
Responsible Manager:	Mayor, Elizabeth Fricker
Author:	Council Secretariat, Vanessa Davidson
Key Pillar:	Strategic Framework – Key Pillar 7 – Leadership – A responsible and influential local government organisation
Key Focus Area:	Financial Guiding Principle 4 – Robust and transparent allocation and prioritisation of resources
Type of Report:	Decision Required

Pursuant to Section 83(5) of the *Local Government Act 1999*, the Chief Executive Officer indicates that the matter contained in this report may, if the Council so determines, be considered in confidence pursuant to Section 90(2) of the *Local Government Act 1999* on the basis that the information contained in the attached report is information of the nature specified in subsections 90(3)(d) of the Act being commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information as it contains pricing information relating to a tender process for professional services

In addition, pursuant to section 90(3)(k) of the Act, the information to be received, discussed or considered in relation to this Agenda Item are tenders for the provision of services to the Council and at this time the information relating to the tender process should not be made public.

Recommendation Public

Pursuant to s90(3)(d) and s90(3)(k)

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except the Council Secretariat, Vanessa Davidson, be excluded from attendance at the meeting for Agenda Item 19.2 CEO Performance Review - Appointment of Consultant.

The Council is satisfied that:

1. Pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information as it contains pricing information relating to a tender process for professional services.
2. Pursuant to section 90(3)(k) of the Act, the information to be received, discussed or considered in relation to this Agenda Item are tenders for the provision of services to the Council and at this time the information relating to the tender process should not be made public.

In addition, the CEO Performance Review Committee has further considered that the information would on balance be contrary to the public interest because the disclosure of this information may result in a competitor receiving the information to the detriment of the proposed provider.

Recommendation (Confidential)

That Richard Altman Consulting be appointed to assist the CEO Performance Review Committee to conduct the CEO Performance Review for the 2020/ 2021 and 2021/ 2022 financial years.

Recommendation (Public)

Pursuant to s.91(7)

That having considered Agenda Item 19.2 CEO Performance Review – Appointment of Consultant in confidence under section 90(2), 90(3)(d) and 90(3)(k) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the report and minutes relevant to this agenda item be retained in confidence until the conclusion of the contractual obligations or for a period of two years; whichever is the greater.

That pursuant to section 91(9)(c) of the *Local Government Act 1999* the Council delegates to the Chief Executive Officer the review and power to revoke this Order

and

That Council resolves to end its confidential deliberations pursuant to section 90(2) of the *Local Government Act 1999* Council and re-admit the public.

Summary

The CEO Employment Agreement sets out that Council must conduct an annual performance review and that it must be completed by 31 August each year. The CEO Performance Review Committee's Terms of Reference require the Committee to undertake the review and to recommend to Council the appointment of an independent consultant to assist with the performance review process.

The contract with Richard Altman Consulting expired at the conclusion of the CEO's 2019/2020 Performance review.

The Committee has undertaken a selection process in order to appoint a new consultant, which included a Request for Quote process, referee checks and interviews with both respondents.

Background

The CEO's Employment Agreement sets out in Clause 10 the requirement to conduct an annual performance review.

The CEO Performance Review Committee Terms of Reference, adopted by Council on 20 May 2019, prescribes the role of the Committee to:

- Engage with the Chief Executive Officer in the undertaking of the annual performance review within the parameters of the Employment Agreement, and report the findings to Council. Conduct an informal performance review meeting with the Chief Executive Officer after six months of each review year
- On an annual basis, and in conjunction with the Chief Executive Officer, establish the Key Performance Indicators (KPIs) against which the performance review is to be conducted

- On an annual basis make recommendations to Council regarding the remuneration and conditions of employment of the Chief Executive Officer, consistent with the requirements of the Employment Agreement
- **The Committee is to make a recommendation to Council for the appointment of an independent consultant to assist with the Chief Executive Officer's performance review process.**
- Make recommendations to Council as to any proposed changes in remuneration or conditions of employment of the Chief Executive Officer.
- In the event of a vacancy for the position of Chief Executive Officer, the Committee will develop and recommend to Council the necessary steps to fill the vacancy within the requirements of the Local Government Act. The Committee will act as the selection panel and make recommendations to Council on an appointment to the position of Chief Executive Officer.

Richard Altman (Richard Altman Consulting) has been appointed by the Council, since 2014 to support them through the performance review process.

In early 2020 the CEO Performance Review Committee commenced a Request for Quote Process to select a consultant to assist the Committee undertake the Chief Executive Officer's Performance Review for the 2019/ 2020, 2020/ 2021 and 2021/ 2022 financial years.

This process was subsequently abandoned due to the impacts of the COVID-19 pandemic restrictions on Council. At its Ordinary meeting of 20 April 2020, the CEO Performance Review Committee's resolved:

CNC373/19-20

The CEO Performance Review Committee recommends to Council that:

1. *The current Request for Quote process to appoint an independent consultant to assist the CEO's Performance Review Committee be abandoned and a new Request for Quote process be undertaken commencing in November 2020.*
2. *Richard Altman Consulting be appointed to assist the Chief Executive Officer's Performance Review Committee to undertake an annual performance review of the Chief Executive Officer for 2019/ 2020.*
3. *Administration write to Richard Altman and Rebecca Hunt and inform them that in accordance with clause 5.4 of the RFQ process the existing process to appoint an independent consultant to assist the CEO's Performance Review Committee will be abandoned.*

As Richard Altman Consulting's current contract has expired the Committee has undertaken the task of selecting a new consultant to recommend to Council.

Discussion/Issues for Consideration

Request for Quote Process

In accordance with the requirements of Council's Procurement Policy, Administration (as requested by the Committee) commenced a request for quote process to seek interest from suitably qualified independent consultants capable of assisting the Committee in undertaking the CEO's Performance Review.

Five (5) companies were selected from the pre-qualified Professional Services Panel and invited to submit quotes these being:

1. AME Recruitment Pty Ltd
2. BRM ADVISORY
3. Maxima Training Group (Aust) Ltd
4. McArthur (SA) Pty Ltd
5. Richard Altman Consulting

The request for quote document specified that the Committee requested assistance with the following:

1. Assist the Chief Executive Officer Performance Review Committee to undertake an annual performance review of the Chief Executive Officer in accordance with the CEO Employment Contract & Terms of Reference of the Committee for the 2020/ 2021 and 2021 /2022 financial years.
2. Using the agreed Chief Executive Officer KPI conduct the performance review by meeting with Elected Members, Senior Staff, and external stakeholders, collate and summarise responses.
3. Update the KPI Scorecard with evidence based results for the other goals.
4. Undertake a benchmarking remuneration review process and provide recommendations to the Committee and Council that are performance based and reflect current market trends.
5. Prepare a report that sets out the findings from the review and discuss the findings with the CEO and the CEO Performance Review Committee. Identify development goals to be included for the CEO for the coming year.
6. Support the CEO Performance Review Committee to establish performance indicators for the subsequent review in consultation with the CEO as required by the Employment Contract.
7. Present the findings to the Committee and Council.
8. Attend meetings of the Committee and Council as required through the process.
9. Assist the Chief Executive Officer Performance Review Committee with the review of the Committee's Terms of Reference.

The companies were not advised of the budget allocated to the process.

The request for quote process commenced on Thursday 20 August 2020 and concluded at 5pm on Thursday 10 September 2020.

At the time of closure of the process two (2) responses had been received these being from:

1. Richard Altman Consulting
2. McArthur (SA) Pty Ltd.

The completed responses were sent by confidential email to Committee members on 11 September 2020, accompanied by an evaluation spreadsheet that each Committee member was requested to complete.

The respondents were to be given scores out of 10 for the following criteria based on the information provided in their submitted responses:

1. Cost – value for money
2. Timeframes – evidence of being able to deliver in allocated timeframes

3. Capability - understanding of requirements, knowledge & experience in the industry, Infrastructure and other support, staff resources, methodology.
4. Performance - factors to consider: current work, previous work, previous local government experience, mechanisms for monitoring contractual performance, industrial relations, OHS&W, equal opportunity.
5. Quality Systems Deliverables – Quality of work

Committee Members independently completed an evaluation spreadsheet, with each of the five criteria being scored out of a possible 10 points and submitted it to Councils' Secretariat for collation. The collated scores appear in the table below:

The RFQ submissions as independently assessed by the Tender Evaluation Panel

	Evaluator 1	Evaluator 2	Evaluator 3	Evaluator 4	Aggregate
Richard Altman Consulting	41	41	43	45	42.5
McArthur (SA) Pty Ltd	37	34	40	45	39

At the conclusion of this process the aggregate scores were – Richard Altman Consulting - 42.25 and McArthur (SA) Pty Ltd – 39.

At its Ordinary meeting of 22 September 2020, the Committee requested that the Council Secretariat conduct three referee checks of each respondents and present the findings to the Committee members **(CEO 13/20-21)**.

Referee Checks and Interviews with Respondents

The referee checks were duly completed with the responses emailed to Committee Members prior to the Informal Gathering of the Committee, which was held on 29 September 2020. At this meeting the Committee conducted formal interviews with:

- Ms Rebecca Hunt (McArthur (SA) Pty Ltd)
- Mr Richard Altman (Richard Altman Consulting).

Determining the Preferred Candidate

At the Ordinary Committee Meeting of 8 October 2020, the Committee met to review the selection process and formulate a recommendation to Council as to the appointment of a consultant to assist the Committee undertake the CEO's performance review.

Having concluded the RFQ and interview processes the Committee acknowledged that both candidates were impressive with excellent references.

Notwithstanding that the Quote supplied by Richard Altman Consulting was more expensive, overall, the Committee believed that Mr Altman was the stronger candidate for the following reasons:

- Mr Altman was well prepared for the interview with the Committee and offered several new methodologies for conducting CEO Performance Reviews into the future including 'pulse checks', which would be undertaken during the year under consideration and would enable fact based performance and development discussions in a more timely manner. The 'pulse check' feedback enables real time coaching to ensure performance improvement, which will assist both the CEO and the Council.

- The main advantage that Mr Altman held over Ms Hunt is the relationships that he has established with the elected body, the CEO and the staff. The Committee were impressed with the way that Mr Altman described the respectful relationships he has established, which are based on trust. These relationships enable participants to provide uncensored feedback as they are confident that Mr Altman will protect their identity should they raise a matter of concern.

Options for Consideration

Option1

That Richard Altman Consulting be appointed to assist the CEO Performance Review Committee conduct the CEO Performance Review for the 2020/ 2021 and 2021/ 2022 financial years.

Option 2

That McArthur SA Pty Ltd be appointed to assist the CEO Performance Review Committee conduct the CEO Performance Review for the 2020/ 2021 and 2021/ 2022 financial years.

Analysis of Options

In conducting the selection process the Committee were mindful that given the number of years that Richard Altman Consulting had been undertaking CEO Performance Reviews for the Town of Walkerville that a degree of familiarity may be assumed between the consultant and some of the participants in the process.

The Committee did give consideration to commencing a new RFQ process. Given the low number of responses to the RFQ process (three responses in early 2020 and two in September 2020) it is not recommend to commence a new RFQ process. It is believed that commencing a new process in the hopes of attracting more respondents may prove a futile exercise.

In selecting a preferred candidate, the Committee undertook a robust process consisting of a Request for Quote process, three referee checks for each respondent and formal interviews. The Committee is confident that the preferred respondent, Mr Richard Altman has the necessary skills and qualities as detailed in the specifications for the RFQ.

Financial Implications

The terms of the RFQ process stated that the contract could be awarded for one year (2020/ 2021) plus one year (2021/ 2022). This afforded Council the ability to conduct a new selection process should they deem it is appropriate.

Richard Altman Consulting provided a detailed quote as summarised below:

Item	Cost (inc. GST)
CEO Performance	\$7,150
Develop Annual KPI's	\$1,650
Review Committee Terms of Reference	\$550
Total	\$9,350

McArthur SA Pty Ltd provided the following quote:

Item	Cost (inc. GST)
Annual CEO Performance review and Benchmarked Remuneration Report.	\$6,050

During the interview process Mr Altman explained that the Committee could select whether or not to utilise his services to develop the CEO's KPIs and review the Committee's Terms of Reference.

Ms Hunt stated that the quote that McArthur SA Pty Ltd provided included the development of KPIs should the Committee desire assistance with this element of the review process.

The Committee has stated as the Committee's Terms of Reference were last updated in May 2019 they should not need to be reviewed again during this term of Council unless there is significant legislative change, which would impact the way the Committee is required to function.

Community Implications

The consultant selected to undertake the CEO Performance Review will be required to engage with external stakeholders and members of the community who have interacted with the CEO in the relevant financial years.

Governance Implications

The CEO's Performance Review Committee has conducted the selection process in accordance with Council's Procurement Policy and the requirements of the Committee's Terms of Reference.

Preferred Option & Reasoning

Option 1 is the preferred option and is as recommended by the CEO Performance Review Committee.

Mr Altman impressed the Committee with his knowledge of the CEO Performance Review process, including the innovation of conducting pulse checks during the year in review. His personal skills such as his calm manner, ability to listen without judgement and personal integrity were evident throughout the interview process.

The CEO Performance Review Committee therefore recommends to Council that Richard Altman Consulting be appointed to assist the CEO Performance Review Committee conduct the CEO Performance Review for the 2020/ 2021 and 2021/ 2022 financial years.