

Decision released from confidential session

Recommendation from (agenda report)	Date of meeting	Recommendation to (decision-making meeting)	Date of meeting
Chief Executive Employment Committee	22 February 2022	Council	10 March 2022

Report Title and number

R26671 Chief Executive's Draft Performance Agreement and Key Performance Indicators for 2021/22

Documents released

1. Attachment (A2854343) Chief Executives Performance Agreement

Decision

Resolved

That the Council

1. Receives the report Chief Executive's Draft Performance Agreement and Key Performance Indicators for 2021/22 (R26671) and its attachment (A2854343); and
2. Approves the Chief Executive's Performance Agreement A2021/22, with the inclusion of KPI 7: Organisational Transformation, noting the addition of managing Climate Change response and Resource Management Act changes (A2854343); and
3. Delegates Her Worship the Mayor and the Deputy Mayor to finalise the Performance Agreement with the agreement of the Chief Executive; and
4. Agrees that the final Attachment (A2854343) and the Decision be released.

McGurk/O'Neill-Stevens

Carried

Chief Executive's Performance Agreement 2021-2022

INTRODUCTION

This agreement is entered into under Section 34 (2) of Schedule 7 of the Local Government Act 2002.

PURPOSE

The purpose of this agreement is to outline the key priorities and targets the Council expect the Chief Executive to achieve in the 2021-2022 plan year.

The agreement outlines key result categories, key performance indicators, measures and outcomes/targets, which the Council will use to assess the overall Chief Executive's performance during and at the completion of the plan year.

The nature of specific performance indicators is such that certain projects or issues are included at the expense of others. Often those projects or issues excluded are vitally important. The Council recognises that the role of a Chief Executive is a complex and multi-faceted one. The Council wants the Chief Executive to do a high-quality job across the entire role, and not just focus on those issues highlighted in specific KPIs.

The Council and the Chief Executive view the KPIs contained within this document as a tool for communicating performance expectations and satisfaction with the Chief Executive. They are not a complete statement of the Chief Executive's performance requirements. The Long Term Plan (LTP) and Annual Plan, together with expectations outlined in the Employment Agreement and other documents such as Governance Policies provide an overall picture of performance expectations. Rather the KPIs are about Council priorities for Chief Executive attention within the Council's overall work programme and Chief Executive performance expectations. They provide a mechanism for indicating where the Council is expecting the Chief Executive to apply personal focus and attention to help shift the City towards Council's strategic goals.

The following KPIs were included in previous agreements but are no longer included as specific measures as they are topics regularly reported to Elected Members as part of business as usual or addressed through the "Performance Expectations" statement within this document:

- Long Term Plan Delivery
- Financial Performance
- Service Delivery
- Effective Governance and Management Relationships
- Annual Plan/LTP Process
- Human Capital Management
- Organisational Health and Engagement
- Workplace Health and Safety
- Risk Management
- Climate Change Response and Planning (mitigation and adaptation)

It is also acknowledged that the long-term disruption caused by Covid19 (including supply chain issues, price escalation issues and increased public health measures), staffing shortages and rapidly escalating wages/salaries has already impacted planning time frames and has the potential to significantly affect Council work programmes and budgets over the next 12 months. Assessment of performance against the KPIs contained within this document will be evaluated taking these uncertainties into account.

CONTEXT

The Chief Executive of the Nelson City Council is responsible for leading and managing the organisation to deliver the work programmes required by Council as set out in its LTP. The Council has committed to a set of strategic goals as incorporated in the LTP and a set of triennium goals and requires a sustainable development focus within these goals.

As well as delivering specific projects and outputs, the Council wants the organisation and the Chief Executive to undertake its work in alignment with its goals, values and a collaborative approach, and to model these behaviours to staff. This involves working in partnership with the community, government agencies, Maori, businesses, and other stakeholders to achieve goals outside the Council's direct influence. It involves incorporating sustainability approaches within the Council's own corporate operations. It involves working in a collaborative, multi-disciplinary approach within and outside the organisation. And it involves being responsive to change and innovation in order to deliver different outcomes in the future.

PERFORMANCE EXPECTATIONS

The Chief Executive needs to model the desired behaviours to foster the above ethos within the organisation and the community. In light of this context, the Council has developed the following **performance expectation statements**.

The Council expects the Chief Executive to:

1. Perform all of the duties and responsibilities of the role of Chief Executive to the best of his ability and in accordance with the law.
2. Embody and model a strong public service ethic and a can-do approach, leading the organisation to: be transparent and accountable; be politically neutral; provide quality advice and high standards of customer service; act as a steward for the community's resources; and use public money wisely and prudently.
3. Take responsibility for high quality performance across the entire scope of Council activities.
4. Develop and maintain capacity and capability in the organisation to deliver Council required work programmes now and in the future.
5. Manage the organisation prudently, pursuing Council and community objectives, actively managing risks and meeting effectiveness goals in as efficient manner as possible.
6. Ensure that Council continues to be seen as a champion of environmental sustainability.

7. Ensure that a climate change lens is applied across Council activities and greenhouse gas emissions are measured and reduced/sequestered.
8. Ensure that Council develops and maintains a positive partnership with iwi.
9. Ensure that Council is meeting its CDEM responsibilities.
10. Develop and maintain good working relationships with Tasman District Council, Marlborough District Council, CCTOs, CCOs and key stakeholders (with a specific focus on community shapers and leaders).

PERFORMANCE ASSESSMENT

Assessment may take the form of a mixture of both more formal and informal engagements and will be based on global best practice of providing real time continuous feedback, frequent quality conversations and adaptive mechanisms and channels to support evolving goals, priorities and the dynamic conditions of local government. More frequent interactions are designed to provide more spontaneous feedback and identification of learning opportunities all of which is designed to allow for the growth and development of the Chief Executive to enable him to optimise his potential.

The performance agreement and measurement descriptors form the majority of the assessment criteria in a review process which will be conducted periodically during and at the completion of the plan year of each year.

The assessment and development process will be facilitated by the following interactions:

- Monthly 'Check Ins' between Mayor and Deputy Mayor – engagement content will be generally what's going on and coming up (in support of the no surprises policy), road blocks and barriers to realisation of key projects and priorities, and progress on organisation improvement initiatives.
- Quarterly 'Check- Ins' with the CEEC to share updates on key initiatives and general Leadership team focus on emergent issues and key strategies, plus an organisational health and talent/bench strength focus.
- Annual formal report on Performance against KPIs. The Annual reporting is to be followed by an offsite, confidential workshop with all Elected Members and the Chief Executive for a two-way discussion on performance related matters.
- Feedback from Elected Members and Appointed Members on relevant KPIs. Feedback process as agreed to by CEEC and CEO.

The assessment of the Chief Executive's performance may (in addition to the measurement sources specified in the agreement) from time to time draw on objective feedback from other sources such as those below particularly in respect to the listed performance expectations above:

- Chief Executive Self Evaluation Assessment
- Council business/joint venture partners
- Key stakeholders (i.e. Elected Council members, Iwi and other community leaders)
- Staff

The assessment process may be facilitated from time to time by an independent facilitator to ensure fairness, transparency and objectivity.

The assessment process will not focus solely on KPIs but will also make adequate provision for an evaluation of the bigger picture as outlined above in *Context* and *Performance Expectations*.

The final evaluation process will be delegated to the Chief Executive Employment Committee however through the above mechanisms all elected members will have an opportunity to input into the process.

The assessment process will be confidential and conducted within the terms of the Privacy Act 1993.

PERSONAL AND PROFESSIONAL DEVELOPMENT

The CE Performance Agreement is supplemented by Personal and Professional Development designed to create an environment which optimises the potential for the Chief Executive to be the best in the role and focussed on:

- The critical skills, competencies and engagement style that enable the CE to deliver the Council's Performance Expectations above.
- The key values and behaviours the Council expect the Chief Executive to display in day-to-day work to deliver those Performance expectations listed above.
- Identifying Professional Development opportunities.

The purpose of this approach is to guide not 'what' (quantitative/outcome focused) is done as in the Performance Agreement but to shape 'how' (qualitative input focused) things are done. It is designed to encourage the Chief Executive to reach their full potential in the role by identifying strengths that can be leveraged and areas of development to be explored. It involves more subjective and informal evaluations and observations and the process of agreeing the annual development and assessment criteria is organic in nature.

**2021-2022 CHIEF EXECUTIVE KEY PERFORMANCE INDICATORS
SUMMARY BY PERFORMANCE CATEGORY**

OPERATIONAL MANAGEMENT	
KPI 1	Cultural Competency
	<p>Ensure that the council's cultural competency continues to improve and strong working relations with Iwi are well established as part of a partnership relationship.</p> <ul style="list-style-type: none"> • <i>Annual summary report on iwi related activities demonstrates a positive trend.</i> • <i>Positive feedback from the Elected and Independent Members.</i> • <i>Positive feedback from iwi GMs/CEs</i>
KPI 2	Capital Projects
	<p>Proactively manage the capital works program to minimise the disruptive impacts of Covid19 and ensure there is a focus on Council's key priority areas, critical renewals and deliverability.</p> <ul style="list-style-type: none"> • <i>Proactively manage the capital works program to minimise the disruptive impacts of Covid19 and ensure there is a focus on Council's key priority areas, critical renewals and deliverability. Positive feedback from Elected and Independent Members.</i>
KPI 3	Support for Urban Development Subcommittee
	<p>Subject to the ability to secure staff and consultant capability the Urban Development Subcommittee receives support and expert advice required to make progress within its area of responsibility.</p> <ul style="list-style-type: none"> • <i>Positive feedback from the Elected and Independent Members.</i> • <i>Activate the City Centre through having a Spatial Plan in place and developed with a high level of public and stakeholder engagement.</i> • <i>Deliver on Council's Housing Outcomes through having an agreement with Kainga Ora in place for city centre housing and progress exemplar housing projects (eg Totara St).</i> • <i>Phase one of the Housing Reserve approved and funding released to successful applicants and Phase two criteria approved.</i> • <i>Subject to provision of funding through the Infrastructure Acceleration Plan, prepare an implementation plan (including possible project reprioritisation) for Council approval.</i>

KPI 4	Support for Strategic Development & Property Subcommittee
	<p>The Strategic Development and Property Subcommittee (SDP) is provided with the support and expert advice required to make progress within its area of responsibility.</p> <ul style="list-style-type: none"> • <i>Positive feedback from the Elected and Independent Members.</i> <p><i>Marina:</i></p> <ul style="list-style-type: none"> • <i>Management model has been embedded and is functioning well.</i> • <i>s17A review of governance options has been completed, with a robust recommendation provided to the Committee, and, if approved by Council, implementation is under way.</i> • <i>Work on Marina Masterplan is well advanced by end of financial year (noting that progress will be reliant on negotiations with Port Nelson).</i> <p><i>Campgrounds:</i></p> <ul style="list-style-type: none"> • <i>Work on confirming Council's strategic direction for campgrounds is well advanced by end of financial year.</i> • <i>Robust advice and recommendations are made to SDP to progress short to medium infrastructure and operational improvements at the Brook and Maitai camps, including works to achieve compliance</i> <p><i>Strategic Property:</i></p> <ul style="list-style-type: none"> • <i>Meet sales expectations to achieve financial obligations in LTP.</i> • <i>Advance utilisation, sale or lease of Haven properties.</i> • <i>Commence preparation of review of strategic properties to realise value and inform next LTP.</i>

ORGANISATIONAL PERFORMANCE AND WELLBEING	
KPI 5	Organisational Structure, Capability, Resourcing and Culture
	<p>Ensure that SLT and the wider organisation structure is fit for purpose, standards of leadership/management are aligned to organisational needs and levels of resourcing and structures are right and in place to deliver the Council's work programmes.</p> <ul style="list-style-type: none"> • <i>At least 70% of relevant KPIs are achieved or on track.</i> • <i>Positive feedback from Elected and Independent Members.</i> • <i>Talent and Capability assessment summary - Tier 2 and 3 vacancies filled with quality individuals who deliver effectively to Council's work programme.</i> • <i>Provide annual report to CEEC on the overall results of the Ask Your Team staff survey.</i> • <i>The validated average of all the standard Ask Your Team questions matches or exceeds the Local Government Benchmark</i> • <i>The response to the Ask Your Team question "The health, safety and wellbeing of people in the council is appropriately reflected in our systems, processes and work environment" matches or exceeds the Local Government benchmark.</i>
KPI 6	Effective Governance and Management Relationships
	<p>Elected and Independent members are provided with timely, comprehensive, independent, constructive, proactive and expert advice, and the governance /management relationship is effective and based on trust and confidence.</p> <ul style="list-style-type: none"> • <i>Positive feedback from the Elected and Independent Members.</i>

KPI 7	KPI 7: Organisational Transformation
	<p>Over the next three years Council faces once-in-a-working-life sector transformation and a global paradigm shift in working practices. Ensure the Council is well positioned to respond to these significant changes in its working environment:</p> <ul style="list-style-type: none"> ▪ The Way We Work transformation project – lead organisational transformation to embed effective hybrid working practices, ensuring NCC has the right cultural, technological, leadership and staff capabilities to deliver a high level of service to the community while maximising organisational resilience and the ability to attract and retain high calibre staff. ▪ Three Waters/Future Organisation transformation project –if the Three Waters Reform proceeds, lead the organisation through the substantial transformation associated with the project, with the result that: NCC contributes positively to the successful standing-up of a new Three Waters entity; has plans in place for a strong post-transition Council organisation; and supports the wellbeing of all staff through that reform process. ▪ Ensure that the Future Organisation transformation project encompasses an adaptive and flexible response to the RMA reforms and embeds climate change legislation and Council's Action Plan. <ul style="list-style-type: none"> • <i>Six monthly reports to CEEC</i> • <i>Positive feedback from the Elected and Independent Members.</i>

KEY PROJECTS	
KPI 8	Organisational Effectiveness and Continuous Improvement
	<p>Ensure that the organisation's systems and processes are progressively reviewed and improved with a particular focus on resource consent processes and communications/engagement processes.</p> <ul style="list-style-type: none"> • <i>Progress implementation of the [REDACTED] review recommendations and report six monthly to CEEC</i> • <i>Undertake a community survey on preferred channels and communications approaches, as requested at Council workshop. Workshop survey results with Council, noting that this may not occur within this performance year depending on survey timing and pressure on workshop space.</i>
KPI 9	Nelson Future Access Project
	<p>Ensure the city's interests are well represented (with appropriate resources in place) and the Council is kept informed in a timely fashion as work on the Nelson Future Access Project continues.</p> <ul style="list-style-type: none"> • <i>Positive feedback from the Elected and Independent Members confirm that the City's interests have been well represented and the Council has been kept informed.</i>
KPI 10	New Library
	<p>Ensure that the Elma Turner Library Precinct project proceeds in accordance with LTP (and subsequent) Council decisions.</p> <ul style="list-style-type: none"> • <i>Positive feedback from the Elected and Independent Members.</i>

Rachel Reese

Rachel Reese
Mayor of Nelson:
Te Koromatua o Whakatū

Pat Dougherty 7/4/22

Pat Dougherty
Chief Executive