



WARRNAMBOOL
CITY COUNCIL

CHIEF EXECUTIVE OFFICER EMPLOYMENT AND REMUNERATION POLICY

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1. INTRODUCTION

1.1. PURPOSE

The Council is responsible for the appointment of the Chief Executive Officer ('the CEO'), determining the CEO's Performance Plan, assessing the CEO's performance against that plan and determining the remuneration of the CEO.

This policy has been developed to assist Council in fulfilling its responsibilities relating to the Chief Executive employment and performance matters and to fulfil the requirements of the Local Government Act ('the Act').

This policy, in accordance with section 45 of the Local Government Act 2020, provides for:

- The recruitment and appointment of the Chief Executive Officer;
- Provisions included in and approval of the Contract of Employment entered into between the Council and the Chief Executive Officer;
- The monitoring of the Chief Executive Officer's performance both ongoing and the annual review;
- The appointment of an Acting Chief Executive Officer for periods over 28 days;
- The provision of independent professional advice in relation to matters dealt with in the Policy;
- Determining the Chief Executive Officer's remuneration.

The Council recognises the importance of having sound governance practices and systems for the employment of a CEO so as to apply good governance, transparency and fairness in all matters relating to the employment, management and remuneration of the CEO.

1.2. SCOPE

This policy applies to the employment of the CEO, including activities involving the Chief Executive Officer Employment Matters Advisory Committee and any independent consultation undertaken in relation to matters dealt with under this policy.

In the event of any inconsistency between this policy and the CEO's Contract of Employment, the provisions of the Contract of Employment shall prevail to the extent of the inconsistency.

In accordance with section 45(3) of the Local Government Act 2020, the Council has given regard to any Determination that is currently in effect under section 21 of the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 relating to remuneration bands for executives employed in public service bodies in the development of this Policy.

1.3. DEFINITIONS

Term	Definition
Act	Local Government Act 1989 and/or the Local Government Act 2020
CEO	Chief Executive Officer

CEEMAC / Committee	Chief Executive Officer Employment Matters Advisory Committee
Council	Warrnambool City Council
Observer	Observers may be at a meeting "in attendance", or "by invitation". As they are not Committee members, observers do not have voting rights and do not normally have speaking rights (though the Chair may invite them to speak in appropriate circumstances).
Recruitment Consultant	Consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles

1.4. REFERENCES

Category	Document
Legislation	Local Government Act 2020 Improving Parliamentary Standards Act 2019
Australian Standards / Guidelines	Victorian Government Public Entity Executive Remuneration Policy (PEER policy)
Related Policies/Procedures	CEO Employment Matters Committee – Terms of Reference.

2. POLICY

Principles

The Council will carry out its functions relating to the appointment, remuneration and performance appraisal of the CEO in accordance with a number of leading practice principles:

- Decision-making processes that are fair, accessible and applied consistently in comparable circumstances;
- Decision-making criteria that are relevant, objective and transparent;
- Decisions and actions that are conducive to ongoing good governance;
- Documentation that is sufficiently clear and comprehensive to render decisions transparent and capable of effective review;
- Employment decisions, including the reappointment of the incumbent CEO under a new Contract of Employment, that are based on the proper assessment of an individual's work related qualities, abilities and potential against the genuine requirements of the role;
- Decisions to appoint a new CEO are based on competitive selection and open processes;
- Remuneration that is fair, reasonable and competitive having regard for market forces and Council's financial position.

The responsibility for assisting the Council with its obligations regarding CEO employment and performance matters shall be delivered through the establishment of a CEO Employment Matters Advisory Committee and supported by the Manager Governance, Property, Projects and Legal.

CEO EMPLOYMENT MATTERS ADVISORY COMMITTEE

The Council shall establish an Advisory Committee to be known as the CEO Employment Matters Advisory Committee (the Committee).

Role

The Committee's role is to assist and advise the Council on matters including:

- Recruitment of the CEO;
- Determining the Performance Plan of the CEO;
- Monitoring the CEO's achievement of the Performance Plan; and
- Preparing an Annual Review Report on the CEO's performance and key terms of employment.

Membership

The membership of the Committee will comprise an Independent Chair, the a majority of Councillors, as determined by the Council in accordance with the Committee Terms of Reference.

Observers

Any Councillor who is not a member of the Committee, may, subject to the consent of the Independent Chair, attend a meeting of the Committee as an Observer.

CEO RECRUITMENT AND APPOINTMENT PROCESS

Recruitment of CEO

Where a recruitment process is to be undertaken, the Council shall:

- a) Engage a recognised Recruitment Consultant to run the recruitment process, on Council's behalf.
- b) Agree on the general framework for the terms of employment of the CEO.
- c) Give final approval for the recruitment process to proceed having considered any advice from the Committee and the Recruitment Consultant.
- d) Identify suitable candidates for appointment and conduct interviews.

Appointment of CEO

In accordance with section 44(3) of the Local Government Act 2020, the Council will consider the option of extending an offer of re-appointment under a new Contract of Employment to the incumbent CEO approximately six (6) months before the conclusion of their current Contract of Employment.

Where the Council go out to recruit a CEO, the Council will authorise the implementation of the recruitment process and subsequently conduct interviews with selected candidates.

The Council must decide on a preferred candidate and negotiate the Contract of Employment within the general framework for the terms of employment as agreed by the Council.

The appointment of the CEO must be made by a resolution of the Council.

Contract of Employment

The following provisions must be included in the Contract of Employment:

- a) Term of employment – no greater than five (5) years;
- b) The responsibilities and duties of the position including compliance with the Act and the Code of Conduct;
- c) Total Remuneration Package (including salary, cost to employer of motor vehicle, superannuation and other employment benefits, including associated fringe benefits tax);
- d) Additional expenses payable by Council;
- e) Annual review of performance;
- f) Annual review of the Total Remuneration Package;
- g) Leave entitlements;
- h) Ownership of intellectual property;
- i) Performance criteria;
- j) Conduct matters;
- k) Suspension, redundancy and termination of contract provisions;
- l) No compensation for termination of a contract beyond pay in lieu of notice and accrued leave;
- m) Employment notice provisions; and
- n) Dispute resolution procedure, to deal with disputes arising out of the contract

Total Remuneration Package

In determining the CEO's Total Remuneration Package, on appointment and in subsequent reviews, the Council must have regard to the principles in the Government of Victoria's Policy on Executive Remuneration in Public Entities.

CEO PERFORMANCE PLAN AND MONITORING

The Council shall:

- a) Engage a Facilitator to assist the Committee to develop and monitor the CEO Performance Plan.
- b) Approve the CEO's annual Performance Plan (which shall contain Performance Objectives and appropriate Measures of Achievement).

The Committee's role is to:

- a) in consultation with the Council, identify key performance indicators and activities that the CEO should work towards achieving over a 12-month period
- b) ensure that the CEO is consulted on during the development of the Performance Plan and advised of the process
- c) Recommend a final draft annual Performance Plan to Council for Council's consideration.
- d) ensure that the CEO is given the opportunity to present their self-assessment to the Council in regard to the Performance Plan
- e) inclusively have the opportunity to provide comments of appraisal on the CEO performance
- f) provide the collection and collation of feedback in relation to the CEO performance as measured against the Performance Plan to Manager Governance, Property, Projects and Legal.

- g) Where deemed necessary, seek expert advice on facilitation and criteria for the preparation and ongoing management of the Performance Plan and its review.
- h) Regularly monitor the CEO's performance against the Act and the Performance Plan.

Annual Review

The Council shall:

- a) Make a final assessment of the CEO's annual performance against the Performance Plan upon receiving Annual Review Report from the Committee.
- b) Review the CEO Total Remuneration Package.
- c) Advise the CEO of the outcomes of the annual review process.

The Committee's role is to:

- a) Conduct an annual review of the CEO's performance.
- b) Submit an Annual Review Report to the Council, including recommendations on:
 - i. Whether the CEO meets the Performance Plan criteria;
 - ii. To vary any Performance Plan criteria;
 - iii. To vary the Total Remuneration Package; and/or
 - iv. Other terms and conditions of the contract.

The Council must receive and consider the Committee's Annual Review Report recommendations within 3 weeks of the anniversary date of the CEO's date of commencement of employment.

Within one month of receiving the Committee's Annual Review Report the Council must complete:

- a. The review of the Total Remuneration Package.
- b. Setting the Performance Plan for the next 12 months.
- c. Agree on a Professional and Personal Development Plan, where necessary.
- d. Address and any other matters referred by the Committee.

Written notification from the Mayor to the CEO on the outcome of the Council's resolution on the Annual Review must be sent within one week after the Council meeting at which the decisions of the Council are made.

CEO LEAVE AND APPOINTMENT OF ACTING CEO

Leave approval Chief Executive Officer

An application for annual leave, long service leave, personal leave or an extended absence made by the CEO is to be approved by the Mayor on behalf of Council.

Appointment of a person as Acting CEO

If the period of leave is 27 days or less, then the CEO is able to make the appointment under delegation.

If the period of leave is to exceed four weeks in a continuous period, then Council must appointment the Acting CEO by formal resolution.

Council could appoint either of the following to the position of Acting CEO:

- one of the Directors of Council
- a suitably qualified and experienced individual as a short term contract.

PROVISION OF INDEPENDENT ADVICE

In accordance with section 45 of the Local Government Act 2020, this policy must provide for Council to obtain independent professional advice on relation to the matters dealt with in this policy.

These matters include:

- ☐ Recruitment and shortlisting of CEO candidates
- ☐ conducting psychometric testing
- ☐ CEO Contract of Employment and remuneration
- ☐ the preparation of a CEO Performance Plan, performance monitoring and management
- ☐ Any other matter dealt with under this policy.

Where in direct relation to the above, the Manager Governance, Property, Projects and Legal will engage the professional advice in accordance with the support role in CEO employment matters.

Where in accordance with this policy, but not included for directly by this policy, a resolution of Council approving the independent advice will be required.

Integrity of the Processes

All information relating to the recruitment, selection and review processes must be kept strictly confidential. Councillors and staff involved in the processes must take all reasonable steps to maintain confidentiality and respect the privacy of all persons involved.

Any breaches of confidentiality may constitute a breach of the Councillor or Staff Code of Conduct.

3. GOVERNANCE

Owner

The Manager Governance, Property, Projects and Legal shall monitor the currency and viability of this Policy regularly and where appropriate make recommendations to the CEO Employment Matters Committee to amend the policy.

Review

This policy shall be reviewed, in consultation with the CEO Employment Matters Advisory Committee, at least every two (2) years.

Compliance Responsibilities

Council

- (a) Appoint/reaffirm the Councillor members of the Committee in November each year.
- (b) Read Committee Meeting minutes upon their presentation to Council through a Council Meeting agenda, and to consider and make decisions on any recommendations of the committee made to the Council.

Chief Executive Employment Matters Advisory Committee

- (a) To make recommendations to Council on contractual matters relating to the Chief Executive Officer or the person appointed to act as the Chief Executive Officer including the following—
 - I. the appointment of the Chief Executive Officer;
 - II. remuneration and conditions of appointment of the Chief Executive Officer;
 - III. any extension of the appointment of the Chief Executive Officer
- (b) To conduct performance reviews of the Chief Executive Officer including:-
 - i. Conduct an annual review of the performance of the CEO.
 - ii. Participate actively and in good faith in the process of reviewing the performance of the CEO, ensuring that the CEO is both consulted and advised of the process.
 - iii. Recommend to Council on the annual Draft Performance Plan. Take into account feedback from the CEO on the previous year's review and to what extent former recommendations have been acted upon.
 - iv. Ensure that recommendations are in accord with Council's Council Plan and other strategic plans.
 - v. Ensure that all Councillors are invited to provide written comments of appraisal of the CEO's performance to the Panel and that sufficient time is allowed for members to provide such comments to the Panel.

Independent Chairperson

- (a) Chair all meetings of the Chief Executive Employment Matters Committee.
- (b) Convene meetings of the Committee throughout the appraisal process.
- (c) Report to Council at appropriate intervals during the process.
- (d) Ensure records of meetings are true and correct.

Mayor

- (a) Meet with the CEO informally at least once between each formal review to discuss targets and any issues, and present a brief report to Committee.

Chief Executive Officer

- (a) Participate actively in the review process as required by the Committee.
- (b) Make use of constructive feedback from Councillors and the Committee.

Charter of Human Rights Compliance

It is considered that this policy does not impact negatively on any rights identified in the Charter of Human Rights and Responsibilities Act (2006).