



Chief Executive Officer – Employment and Remuneration Policy

Purpose

To provide direction and guidance on the management of the Chief Executive Officer's employment lifecycle, ensuring adherence to the Local Government Act 2020 for all recruitment, performance and cessation of contract processes.

Definitions

Chief Executive Officer (CEO)	The person appointed by a Council under division 7 section 44 of the <i>Local Government Act (Vic)</i> to be its Chief Executive Officer or any person acting in that position.
CEO Employment and Remuneration Committee Council	A Committee established to carry out the requirements of division 7 section 45 of the <i>Local Government Act 2020 (Vic)</i> Baw Baw Shire Council.
Councillor	An elected member of the Council as defined by the Local Government Act (the Act).
Council Officer	Means a member of Council staff appointed by the Chief Executive Officer.
Independent Facilitator	An independent suitably qualified and experience professional that facilitates meetings.
Recruitment Consultant	A reputable recruitment consultancy who is engaged to enlist or enrol a person as an employee.

Scope

This policy applies to the activity undertaken by the elected Council and incumbent of the Chief Executive Officer position.

Legislative context

- Charter of Human Rights and Responsibilities Act 2006
- Fair Work Act 2009 (Cth)
- Local Government Act 1989 (Vic)
- Local Government Act 2020 (Vic)

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- Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019

Related policies and documents

- Audit and Risk Committee Charter
- Code of Conduct
- Councillor Interaction Policy
- Employee Remuneration Policy
- Equal Opportunity Policy
- Fraud Policy
- Governance Rules
- Procurement Policy
- Public Transparency Policy

Policy principles

Council is committed to ensuring the below best practice principles are applied when undertaking the appointment, remuneration, performance monitoring and cessation of the Chief Executive Officer;

- Decision-making processes are fair, accessible and applied consistently in comparable circumstances;
- Decision-making criteria are relevant, objective and transparent;
- Decisions and actions that are conducive to ongoing good governance;
- Documentation is sufficiently clear and comprehensive to render decisions transparent and capable of effective review;
- Employment decisions are based on the comprehensive assessment of an individual's work-related qualities, abilities and potential against the genuine requirements of the role;
- Decisions to appoint new employees are based on competitive selection, open processes and objective criteria;
- Is guided by the Charter of Human Rights and Responsibilities Act 2006 (the Charter), Council's Equal Opportunity Policy and Councils commitment to embracing equality, diversity and inclusiveness; and
- Setting the CEO Remuneration in alignment with the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019(or equivalent), the Baw Baw Shire Council Enterprise Bargaining Agreement 2019 (No.9), and Local Government Act 2020.

The above principles and responsibilities will be delivered through a Committee to be known as the CEO Employment and Remuneration Committee (the Committee).

Policy detail

CEO Employment and Remuneration Committee

The Committee will comprise of an independent facilitator and at least two (2) councillors, one of whom will be the Mayor. Council may appoint more than two (2) Councillors if it wishes, however must not appoint other persons, excluding the independent facilitator, who are not Councillors.

Committee Membership is determined annually by Council resolution through standard Governance Committee recruitment practices facilitated in November each year.

Independent Facilitator

The Council members of the Committee will seek expressions of interest from suitably experienced persons to make a recommendation to Council on the appointment of an independent facilitator. The Council members of the Committee shall have considered a minimum of three (3) suitably experienced persons.

Requirements of the Independent Facilitator:

- Cannot be a Councillor, a Council Officer or member of the Audit and Risk Committee;
- Able to provide advice to the Committee and annually assist to develop the draft performance criteria and performance review methodology for consideration by the Committee and Council;
- Has detailed knowledge and experience in executive recruitment and oversight of employment contracts as well as experience in developing and facilitating executive performance reviews;
- Has experience and knowledge of the Local Government Sector; and
- Ability to analyse information, inquire and coach Committee members to ensure quality outcomes.

The term of appointment will be for a period of two (2) years with the option of a further two (2) or one (1) year term extensions by mutual consent.

The independent facilitator will receive an allowance per meeting. The allowance will be in alignment with the external member allowance for the Audit and Risk Committee.

Quorum

A quorum of the Independent member (chairperson), Mayor and at least two (2) other members will be necessary to transact business of the Committee.

Meeting Frequency

The Committee, as a minimum shall meet at least annually, with authority to convene additional meetings as circumstances require.

In order to ensure alignment with Council budget and business planning cycle, annual performance reviews of the CEO will commence in April, with the review outcome and upcoming years performance indicators embedded by 31 May.

Confidential Information

Any document considered by the Committee is considered to be confidential information, including the minutes of the meeting.

Secretariat Support Committee

To facilitate the operation of the Committee, the CEO's delegate has responsibility to provide:

- Information and any necessary training for members in relation to their responsibilities under the current Local Government Act;
- Officer advice in respect of matters before the Committee;
- Secretary and logistical support to the Committee.
- Meeting agendas will be prepared and provided by the independent facilitator through secretary support at least 72 hours in advance to members, along with appropriate briefing materials. The Mayor can provide suggested agenda items to the independent facilitator a week in advance of the meeting, if required; and
- Minutes will be prepared and distributed to the Committee by the secretary support once received from the independent facilitator, within three (3) working days of the meeting.

Role and Responsibilities

The Committee, appointed by Council resolution, will make recommendations to Council on the following:

- Appointment of the independent facilitator and recruitment consultant;

- Recruitment of the CEO or interim CEO (beyond 28 day absence/vacancy);
- Reappointment of the substantive CEO;
- Remuneration and Contract Provisions;
- Performance Review and Monitoring;
- Contract Expiry; and
- Other matters prescribed by the Regulations under the *Local Government Act 2020*.

Recruitment and Interim Appointment

The information contained within this section of the Policy sets out Council's process for carrying out recruitment of the CEO:

- The Committee in consultation with Council will recommend a Recruitment Consultant to Council's Manager People and Culture, for appointment:
 - In accordance with Council's Procurement Policy and with the assistance of the Manager People and Culture, seek a recognised Recruitment Consultancy to manage and conduct the process of selection of a suitable candidate for the position of CEO.
 - Selection Criteria are to be based on the key result areas for a CEO similar to those described in the Council Plan. These will need to be modified to suit the current circumstance and directions of Council at the time of recruitment.
- Council and Committee members will consult key stakeholders (Council Officers) within the organisation to provide insights into key leadership attributes that will drive organisational excellence.
- Undertake preliminary work in conjunction with the recruitment Consultant:
 - A search and selection process and timeframe;
 - Setting the remuneration and conditions based on the industry benchmarks;
 - Key accountabilities of the role (Succinct statements confirming priority objectives which the CEO will be accountable for.);
 - Key selection criteria for CEO recruitment;
 - Candidate application material;
 - Candidate attraction strategy (advertising);
 - Methods of applicant evaluation; and
 - Public relations and internal communications activities.
- Seek Council approval of preliminary work.

- Advertise
- In conjunction with the Recruitment Consultant, identify the candidate pool:
 - Oversee the development of the candidate pool by the Consultant, providing feedback on the quality of candidates being identified.
 - Review the Consultant report on the candidate pool and consult with Council when making decisions regarding which candidates should progress to interviews by the Committee.
 - The Committee will interview the leading candidates identified by the Consultant and select/refer the final four candidates for short list interviews with the full Council.
 - Once the preferred candidate is determined by the full Council, with the support of the Consultant, negotiate the terms of employment within the general framework for the terms of employment provided by the Council.
 - Ensure, through the Consultant, that all candidates are updated on the outcome of the process.
 - Develop and recommend to the Council an on-boarding program (induction) for the new CEO.

Interim CEO Appointment

When the CEO is to be absent for short term leave (28 days or less), the CEO will provide a report to Council recommending Acting CEO(s) to cover the period of leave. Should the CEO return within the delegated timeframe they will automatically resume their role and the acting appointment will automatically cease.

For a period longer than 28 days, or in the event of a vacancy the Committee will meet to consider options with the support of the independent facilitator. Options can include a temporary internal appointment or the appointment of a temporary CEO through an independent recruitment agency.

Remuneration and Contract Provisions

The Committee in consultation with Council, the Recruitment Consultant and Manager People and Culture will recommend setting an appropriate salary and conditions of employment based on industry benchmarks.

In accordance with the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 the CEO remuneration package will be sufficient to attract,

retain and motivate senior executives to achieve high calibre objectives of the quality required but evade paying more than is necessary for this purpose.

Remuneration and contractual arrangements will be consistent with relevant legislation and government policy in the following areas:

- Contract of employment for up to a maximum term (five years);
- Total remuneration package (includes salary, cost to employer of motor vehicle, superannuation and other employment benefits, all to include associated fringe benefits tax);
- Termination of contract provisions;
- Compensation for termination earlier than contract expiry will include in lieu of notice and leave entitlements in accordance with relevant Enterprise Agreement;
- Confirmation that an unexpired portion of a contract cannot be paid out;
- Additional expenses payable by Council;
- Annual review of performance;
- Annual review of the remuneration package;
- Leave entitlements;
- Ownership of intellectual property;
- Conduct matters;
- Confirmation of management requirements related to any identified Conflict of Interest;
- Notification relating to legislative obligations including those continuing after conclusion of tenure; and
- The CEO's employment contract is to include a dispute resolution procedure, to deal with disputes arising out of the contract.

Annual Performance Review and Monitoring

The Committee's role is to prepare a draft performance plan for Council's consideration, seek advice from the independent facilitator on facilitation and criteria for the performance plan and review, conduct a performance review of the CEO and make recommendations to Council on matters including whether:

- The CEO meets the performance plan criteria;
- If there is a requirement for consideration of early termination of the contract; and
- To vary performance plan criteria, remuneration, or other terms and conditions of the contract.

Setting performance criteria for an interim CEO arrangement (28 days or more) is recommended.

The Committee must undertake an annual performance review of the CEO and make recommendations to Council on matters including:

- The achievement of performance criteria established in accordance with the CEO's contract;
- Review of the remuneration package in accordance with the CEO's contract and in line with the remuneration principles contained in the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019. Aspects to have regard to include:
 - The CEO's achievement of the Performance Criteria;
 - Market rates for comparable positions;
 - The acquisition and satisfactory utilisation of new or enhanced skills by the CEO if beneficial to or required by the Council; and
 - Any increase to the Remuneration Package being inclusive of, and may be off-set against, any wage increase awarded to Council Officers under any Industrial Instrument.
- Review of performance criteria or other terms of conditions of the CEO's contract.

In addition to the annual performance review process, Council will receive a quarterly briefing reports articulating the Chief Executive Officer's progress with identified performance indicators.

The annual performance review requires the Committee to ensure;

- The CEO is consulted and advised of the process;
- In consultation with the CEO, identify and agree the performance plan goals and activities that the CEO should work towards achieving over a 12-month period;
- The CEO submits a Performance Plan Template report and is given the opportunity to present their self-assessment to the Council;
- All Councillors are invited to provide comments of appraisal of the CEO's performance to the Committee;
- Attend to the collection and collation of council feedback in relation to the CEO's performance as measured against the performance plan approved by Council;
- Review the CEO's remuneration package as a component of the annual review;
- Report to the Council regarding the CEO's performance review.

Contract Expiry

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As part of a performance review of the CEO and in accordance with current legislation and relevant regulations, the Committee must make recommendations on whether:

- To reappoint the CEO under a new contract;
- Early termination of the contract where warranted; and
- To terminate in accordance with the contract.

Recommendations to Council on the above matters are to be facilitated where possible six months prior to the contract expiry.

The Committee should also make recommendations on contract conclusion of an acting CEO appointed for more than 28 days, following a performance review.

Responsibilities

Manager People and Culture/ Administration - Assistant Mayor and Councillors	Secretariat support to Council which facilitates the reports, documentation and independent options for consideration under this policy.
CEO Employment and Remuneration Committee	Collates and considers information relating to CEO employment lifecycle and presents options for Council decision.
Council	Determines outcomes based on the Committee advice related to the policy and CEO employment lifecycle.
Audit & Risk Committee	Oversee adherence to the CEO Employment and Remuneration Policy.

Disclosure

To ensure accountability to the community disclosure of information relating to the CEO's contract and remuneration is of the highest importance. Disclosure will be by way of information included in the Annual Report as required by the Local Government Planning and Reporting Framework.

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Responsible position	Manager People & Culture

Responsible Director	Director Strategy & Organisational Performance
Version	1