

CEO EMPLOYMENT & REMUNERATION POLICY

Policy No.	C71	Adoption Date:	Council Meeting 15 November 2023
Revision Date:	November 2027		
Directorate:	Performance & Innovation	Department:	People & Culture
GOOD GOVERNANCE FRAMEWORK – OVERARCHING PRINCIPLES			
Supporting Pillar:	Pillar 4 - Structure, Systems & Policies		
Link to Pillar:	Good governance is effective and efficient: Local Government should implement decisions and follow processes that make the best use of the available people, resources and time to ensure the best possible results for their community.		

1. PURPOSE

- 1.1. The purpose of the *CEO Employment & Remuneration Policy (C71)* (the Policy) is to provide direction on Council's commitment to the application of good governance, transparency and fairness in all matters relating to the employment, management and remuneration of the Chief Executive Officer (CEO).
- 1.2. Supporting the high performance of the CEO is one of the key responsibilities of the Council. This Policy ensures the Council meets its obligations to support the ongoing high performance of the CEO through recruitment, professional development, performance planning and management and appropriate recognition and remuneration.
- 1.3. This Policy is made in accordance with section 45 of the *Local Government Act 2020 (the Act)*.
- 1.4. This Policy provides for the following matters which the Council is responsible for under the Act or as a requirement of this Policy:
 - 1.4.1. the recruitment and appointment of the Chief Executive Officer;
 - 1.4.2. approving the Contract of Employment entered into between the Council and the Chief Executive Officer;
 - 1.4.3. the appointment of an Acting Chief Executive Officer for periods over 28 days;
 - 1.4.4. the provision of independent professional advice in relation to the matters dealt with in the Policy;



- 1.4.5. the monitoring of the Chief Executive Officer's performance and professional development;
- 1.4.6. an annual review;
- 1.4.7. determining the Chief Executive Officer's remuneration.

2. SCOPE

- 2.1. This Policy outlines the mechanisms which support the Council in fulfilling its obligations regarding the CEO's employment and under the Act.
- 2.2. The aims of Council in relation to this Policy are to:
 - 2.2.1. establish a CEO Employment and Remuneration Committee (the Committee);
 - 2.2.2. provide processes for the recruitment of a natural person, and their appointment, to the position of CEO;
 - 2.2.3. draft and approve the Contract of Employment entered into between the Council and the CEO;
 - 2.2.4. seek and be guided by independent professional advice in relation to the matters dealt with in the Policy;
 - 2.2.5. provide processes for determining and reviewing the CEO's Remuneration Package;
 - 2.2.6. provide processes for supporting the CEO's professional development and monitoring performance including setting the Performance Plan and conducting an annual review;
 - 2.2.7. determine, as required, whether any variations to the Remuneration Package and terms and conditions of employment of the CEO are needed;
 - 2.2.8. provide processes for appointment of an Acting Chief Executive Officer for periods in excess of 28 days.
- 2.3. The aims of the CEO in relation to this Policy are to:
 - 2.3.1. work collaboratively with the Committee in determining the Performance Plan on an annual basis;
 - 2.3.2. actively participate in the performance appraisal process as required by the Committee;
 - 2.3.3. make use of constructive feedback from Councillors and Committee Members in relation to performance appraisal;
 - 2.3.4. undertake professional development as part of the Performance Plan; and
 - 2.3.5. draw the Committee's attention to any situation where any variation of the Performance Plan may be required in light of the current circumstances.



3. POLICY PRINCIPLES

CEO Employment and Remuneration Committee

- 3.1. The Council will establish a CEO Employment and Remuneration Committee.
- 3.2. The Committee will be an advisory committee to the Council, will meet at least twice per year, and will be chaired by an independent Chairperson.
- 3.3. The Committee must include three Councillors, one of whom will be the Mayor, and an independent Chairperson appointed by the Council who is entitled to be remunerated for their services. Council may appoint more than three Councillors if it wishes, however must not appoint other persons, excluding the independent chairperson, who are not Councillors.
- 3.4. A majority quorum of Councillor members of the Committee and the independent chairperson, must be present to transact business of the Committee.
- 3.5. If the Mayoral election occurs during the recruitment period with a new Mayor elected, the Mayor at the time of commencement of the recruitment process will continue to be involved until such time as the CEO is appointed. This allows continuity within the process. The new Mayor, if not already appointed to the Committee, will join the Committee.
- 3.6. The Councillor members of the Committee will make a recommendation to Council on the appointment of an independent chairperson (Chairperson), having considered a minimum of two with a preference of three or more applications from appropriately experienced persons. The Chairperson must not be a Councillor or member of Council staff. The Chairperson will be a neutral person who has detailed knowledge and experience in executive recruitment and oversight of employment contracts as well as experience in developing and facilitating executive performance reviews. Experience and knowledge of the Local Government Sector is required. An inquiring mind and the ability to analyse information will assist in carrying out the role of Independent Chairperson.
- 3.7. The Committee is to hold meetings to:
 - 3.7.1. Meet with the CEO to discuss and review the CEO performance against an agreed set of criteria;
 - 3.7.2. prepare relevant documentation including Council reports and contractual documents for the approval of the Council;
 - 3.7.3. conduct and maintain appropriate records regarding performance reviews; and
 - 3.7.4. review the Remuneration Package and conditions of employment of the CEO.
- 3.8. Following each meeting, the Committee will brief the Councillor group. A report will then be provided to Council.
- 3.9. The Committee will determine the meeting procedures at the first meeting of the Committee, minutes will be prepared and distributed to the Committee by the



secretariat support once received from the Independent Chair, within three working days of the meeting, which will include:

- 3.9.1. Day and time of the meeting;
- 3.9.2. Quorum and attendance; and
- 3.9.3. Communicate the meeting procedure to the to the council after the first meeting of the committee.

Recruitment of CEO

- 3.10. The Committee will establish and manage the process to recruit the CEO, designed to ensure the Council can select the best available candidate from a short list of preferred candidates (with or without a recommendation from the Committee).
- 3.11. The Committee will engage an Executive Search Consultant to run the recruitment process.
- 3.12. The Committee must liaise with the Executive Search Consultant.
- 3.13. The Committee must have regard to the Council's *Recruitment Policy (CE22)* when considering the recruitment of the position of CEO to:
 - 3.13.1. ensure that the recruitment decision is based on merit;
 - 3.13.2. supports transparency in the recruitment process and the public advertising of the position; and
 - 3.13.3. have regard to gender equity, diversity and inclusiveness.
- 3.14. The Committee must ensure that the Executive Search Consultant publicly advertises the CEO role.

Appointment of CEO

- 3.15. Council will receive a report from the Committee on the completion of its role in the recruitment process, and Council will proceed to decide on a preferred candidate and to negotiate and finalise a draft Contract of Employment.
- 3.16. The Committee will provide a recommendation to Council on the provisions to be contained in the proposed Contract of Employment.
- 3.17. The appointment of the CEO must be made by a resolution of the Council.

Reappointment of CEO

- 3.18. No later than 6 months prior to the expiry of the current CEO's Contract of Employment, the Committee will provide a recommendation to Council on:
 - 3.17.1. whether the CEO should be reappointed under a new Contract of Employment;
 - 3.17.2. if the recommendation is to reappoint the CEO, the proposed provisions of the further Contract of Employment.



- 3.19. Any reappointment of the current CEO must be made by a resolution of the Council.

Contract of Employment

- 3.20. The Contract of Employment will at a minimum, outline the following:

- 3.20.1. the employment term which must not exceed 5 years under section 44(2) of the Act;
- 3.20.2. the responsibilities and duties of the position including compliance with the Act and the Code of Conduct;
- 3.20.3. the conflict of interest management requirements;
- 3.20.4. the CEO's Remuneration Package and other entitlements;
- 3.20.5. any legislative and contractual obligations, including those during and continuing after appointment;
- 3.20.6. the CEO's leave entitlements;
- 3.20.7. dispute resolution procedures;
- 3.20.8. processes for managing unsatisfactory performance;
- 3.20.9. processes for early termination, including notice of termination provisions, with notice of termination by the Council being a period of six (6) months;
- 3.20.10. any other matters required to be contained in the Contract of Employment by the Regulations.

- 3.21. The Contract of Employment may only be varied by a resolution of the Council and if accepted by the CEO, recorded in a deed of variation.

Remuneration and Expenses

- 3.22. The Remuneration Package provided to the CEO will form part of the Committee's annual review, having regard to (in accordance with section 45(3) of the Act):

- 3.22.1. any statement of policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent); and
- 3.22.2. any Public Sector Wages Determination.

- 3.23. Remuneration will be reviewed on an annual basis, in accordance with the CEO's Performance Plan and contractual requirements.

- 3.24. The Council will meet expenses incurred by the CEO in relation to:

- 3.24.1. membership and subscription fees payable to professional associations which are reasonably necessary in order to carry out duties;
- 3.24.2. reasonable costs incurred where attending conferences, seminars or other professional development or networking functions; and
- 3.24.3. reasonable costs incurred in performance of required duties.



Performance Monitoring

- 3.25. The Council will adopt an annual Performance Plan for the CEO, which will include KPIs (Key Performance Indicators). The Performance Plan must be developed collaboratively between the CEO and the Committee.
- 3.26. The CEO is to provide progress reports to the Committee on a twice-yearly basis.
- 3.27. The Committee shall meet with the CEO following each progress report to discuss the matters contained in the progress report.
- 3.28. Following the initial three months of the CEO's term, a workshop with Councillors and the CEO should be coordinated so that:
 - 3.28.1. the CEO can prepare and present an overview of findings during the early months, and highlight any projections or forecasts of relevance to the Council during their tenure;
 - 3.28.2. the Councillors can provide feedback to the CEO on their perspective of the CEO's performance during the initial period; and
 - 3.28.3. the Council and CEO can agree to projects and priorities for inclusion in the CEO's Performance Plan and KPIs.
- 3.29. Nothing in this Policy prevents the Committee and/or the Council from monitoring the CEO's performance on an ongoing basis.

Annual Review

- 3.30. In preparation for Council's review, the Committee is required to submit an annual review report after the end of the financial year (Annual Review Report) to the Council which includes recommendations on the following:
 - 3.30.1. whether, and to what extent, the CEO has met the KPIs under the Performance Plan;
 - 3.30.2. whether any KPIs or other criteria ought to be varied under the Performance Plan;
 - 3.30.3. whether the Remuneration Package ought to be varied; and
 - 3.30.4. any other necessary matters.
- 3.31. The Committee will submit the Annual Review Report to Council only after meeting with the CEO to discuss the Committee's proposed recommendations.
- 3.32. The Council shall, after receipt of the Annual Review Report, review the recommendations in the Annual Review Report and advise the CEO of the outcomes of the review process.

Acting Chief Executive Officer (CEO)

- 3.33. The Council must appoint an Acting CEO when there is a vacancy in the office of the CEO of greater than 28 days or the CEO is unable to perform the duties of the office of Chief Executive Officer.



- 3.34. The appointment of the Acting CEO must be made by a resolution of the Council unless the Acting CEO is appointed for a period not exceeding 28 days, in which case the CEO may appoint an Acting CEO under delegation from Council pursuant to section 11(3) of the Act.
- 3.35. The Committee must advise the Council on the selection and appointment of an Acting CEO.

Independent Advice

- 3.36. The independent person appointed to the Committee is responsible for providing independent professional advice to the matters dealt with under this Policy.
- 3.37. Manager People and Culture will be nominated as secretariat to the Committee/ Council to support on employment matters and processes.
- 3.38. The Council will determine:
- 3.38.1. The term of appointment of the independent person; and
 - 3.38.2. The remuneration of the independent person.
- 3.39. The Council or the Committee can, on an as needed basis, obtain additional independent professional advice in relation to the matters dealt with under this Policy.

Interaction with the Act and Regulations

- 3.40. This Policy applies subject to any inconsistent obligations in the Act or the Regulations.

Confidentiality

- 3.41. The Council will not disclose any personal information, being information which released would result in the unreasonable disclosure of information about any person or their personal affairs.

Delegations

- 3.42. Council must not delegate the power to appoint the CEO whether on a permanent or acting basis greater than 28 days, however, the Council may delegate to the CEO the power to appoint an Acting CEO for a period not exceeding 28 days (sections 11(2)(d) and 11(3) of the Act).
- 3.43. Council must not delegate the power to make any decision in relation to the employment, dismissal or removal of the CEO (section 11(2)(e) of the Act).

4. IMPLEMENTATION STATEMENT

Human Rights Charter

- 4.1. This Policy has considered the *Charter of Human Rights and Responsibilities Act 2006* in its development.



Gender Equality

4.2. This Policy has considered the *Gender Equality Act 2020* in its development.

Roles and Responsibilities - Staff

- 4.3. This Policy relies on the informed judgement and professionalism of Council staff to be discerning in the management of Mayor and Councillors' correspondence.
- 4.4. There may be extraneous circumstances where the guidelines outlined may not be applicable to all situations, however at all times the adherence to the procedures will be guided by the requirement for appropriate, timely, accurate and inclusive sharing of information and the capture of appropriate public records, between all parties concerned.
- 4.5. The Policy will provide guidance to staff in administering the *Councillor Code of Conduct* and managing Freedom of Information requests.

Roles and Responsibilities - Councillors

- 4.6. This Policy also relies on the informed judgement and professionalism of Councillors to be vigilant in their responsibilities regarding capture of any correspondence they receive unopened from Council, or external sources, if it fits the criteria of being a public record. These records are best provided to the secretariat / Manager People and Culture for capturing in Council's corporate records management system, as soon as practicable.

5. MONITORING, EVALUATION AND REVIEW

- 5.1. This Policy will be reviewed and adopted by Council on a four-year cycle, or more often if required by the Council, and within 6 months of each Council election.
- 5.1. The implementation of this Policy will be reported annually to Council's Audit & Risk Committee.

6. REFERENCE DOCUMENTS

Legislative Provisions	Charter of Human Rights and Responsibilities Act 2006 Freedom of Information Act 1982 Gender Equality Act 2020 Local Government Act 1989 Local Government Act 2020 Local Government Regulations 2020 Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019
Council Supporting Documents	CEO Employment & Remuneration Policy (C71) Councillor Code of Conduct (C14) Recruitment Policy (CE22)



7. DEFINITIONS

Contract of employment	The contract of employment between the CEO and the South Gippsland Shire Council, including any schedules.
Committee	The CEO Employment and Remuneration Committee established under this Policy.
Duties	The responsibilities, duties and functions of the CEO and/or Committee under this Policy and in any related instrument of Council pursuant to the Act.
Executive Search Consultant	A consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles.
Performance Plan	The annual performance plan setting out KPIs for the CEO.
Public Sector Wages Determination	Any determination that is currently in effect under section 21 of the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 in relation to remuneration bands for executives employed in public service bodies.
Remuneration Package	The total gross remuneration package paid to the CEO pursuant to the Contract of Employment.

8. REVISION HISTORY

Approved By	Approval Date	Sections Modified	CM9 Ref#
<i>Council Meeting</i>	<i>15 November 2023</i>	<i>Policy Review</i>	<i>D8255723</i>