

Chief Executive Officer Employment & Remuneration Policy

Policy Number:	2021/04		
Directorate:	The Office of the CEO	Responsible Officer:	Executive Manager Strategy, People & Culture
Approval by:	Council	Version Number:	1
Approval Date:	20 December 2021	Review Date:	30 April 2024
Commencement Date:	1 January 2022		

1. Purpose

This Policy meets a legislative requirement under section 45 of the *Local Government Act 2020* (the Act) and provides for the ways in which Knox City Council (**Council**) will:

- Obtain independent professional advice in relation to the matters dealt with in this policy;
- Manage the recruitment and appointment of its Chief Executive Officer (CEO);
- Form and manage the terms of the CEO employment contract;
- Form and monitor the CEO performance criteria and establish key performance indicators (KPIs);
- Conduct the annual review of the performance of the CEO; and
- Form and monitor the remuneration package of the CEO.

In meeting its obligations under section 45 of the Act, this policy includes:

- The recruitment and appointment process;
- Provisions to be included in the contract of employment;
- Remuneration;
- Performance monitoring;
- Setting the annual performance review;
- Other terms and conditions of employment, including any requirements prescribed in legislation.

This policy has been developed taking into account any determination that is currently in effect under section 21 of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*.

2. Context

Knox City Council is committed to ensuring the application of good governance, transparency and respect in all matters relating to the employment, management and remuneration of the CEO.

3. Scope

The Policy applies to the role of CEO, it encompasses all mechanisms which support Council in fulfilling its obligations regarding the employment and remuneration aspects of the role of CEO and under the Act.

The aims of Council in relation to this Policy are to:

- Establish a CEO Employment & Remuneration Committee (the Committee);
- Provide processes for the recruitment of a natural person and their appointment to the position of the CEO;
- Draft and approve the Contract of Employment entered into between the Council and the CEO;
- Seek and be guided by independent professional advice in relation to the matters dealt with in this Policy;
- Provide processes for determining and reviewing the remuneration package of the CEO;
- Provide processes for supporting the professional development and the monitoring of performance of the CEO, including setting the KPIs, which should be built into the Contract of Employment and conducting an annual review;
- Determine, as required, whether any variations to the remuneration package and terms of conditions of the CEO are needed; and
- Provide processes for the appointment of an Acting CEO for periods in excess of 28 days.

The aims of the CEO in relation to this Policy are to:

- Work collaboratively with the Committee in determining the KPIs and plan on an annual basis;
- Actively participate in the performance appraisal process as required by the Committee;
- Make use of constructive feedback from Councillors and Committee members in relation to performance appraisal;
- Undertake professional development towards assisting this role to meet and/or exceed the set KPIs; and
- Draw the Committee's attention to any situation where any variation of the established KPIs may be required in light of current circumstances.

4. Policy Principles

CEO Employment and Remuneration Committee

- The Council will establish a CEO Employment and Remuneration Committee.
- The Committee will be an advisory committee to Council and will meet at least twice per year and will be chaired by the Mayor of the day.
- The Committee must include at least three Councillors, one of whom will be the Mayor and the Independent Member appointed by Council who is entitled to be remunerated for their services. Council may appoint more than three Councillors, however, must not appoint other persons, excluding the Independent Member, who are not Councillors.
- A quorum of three (3) Councillors must be present to transact business of the Committee. If the Mayoral election occurs during a CEO recruitment period with a new Mayor elected, the

current Mayor at the time of the recruitment process will continue to be involved until such time as the CEO is appointed. The new Mayor, if not already appointed to the Committee, will join the Committee.

- The Councillor members of this Committee will make a recommendation to Council on the appointment of an Independent Member having considered a minimum of two from appropriately experienced persons. The Independent Member will be a neutral person who has detailed knowledge and experience in executive recruitment and oversight of CEO Contracts of Employment 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 Member.
- The Committee is to hold meetings to:
 - Organise, collect and analyse data and form a view on ratings prior to meeting with the CEO to discuss and review the CEO's performance against an agreed set of criteria in preparation for biannual reviews;
 - Meet with the CEO to discuss and review the CEO performance against an agreed set of criteria;
 - Consider the responses from the CEO prior to finalising a proposed rating against each KPI (to be approved by resolution of Council) for the annual review;
 - Prepare relevant documentation including Council reports and contractual documents for the approval of Council by resolution;
 - Conduct and maintain appropriate records regarding performance reviews; and
 - Review the remuneration package and conditions of employment of the CEO and make recommendations to Council.
- The Committee will provide an annual report to Council.
- The Committee will determine the meeting procedures at the first meeting of the Committee with the assistance and input of the Independent Member.
- Minutes will be prepared and distributed to the Committee by the secretariat support or their delegate.

Recruitment of the CEO

- The Committee will establish and manage the process to recruit the CEO, designed to ensure the Council can select the best candidate from a shortlist of preferred candidates (with or without a recommendation from the Committee).
- The Committee will identify an Executive Search Consultant to run the recruitment process.
- The Committee will make a recommendation to Council in relation to recommending the identified Executive Search Consultant.
- The Committee must have regard to Council's *Recruiting and Selecting for Excellence Policy* when considering the recruitment of the position of CEO including to:
 - Ensure that the recruitment decision is based on merit;
 - The Disclosure of any conflicts of interest;
 - Support transparency in the recruitment process and, subject to Council's discretion to offer reappointment in accordance with section 44 of the Act, the public advertising of the position; and
 - Have regard to gender equality, diversity and inclusiveness.
- Council will appoint the Executive Search Consultant by resolution at a Council meeting;

- The Committee must ensure that the Executive Search Consultant publicly advertises the CEO role for a new appointment.
- The Committee must liaise with the Executive Search Consultant.

Appointment of the CEO

- 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.
- The Committee will provide a recommendation to Council on the provisions to be contained in the proposed Contract of Employment.
- The appointment of the CEO must be made by a resolution of Council.

Re-appointment of the CEO

- At a minimum of six months prior to the expiry of the current CEO's Contract of Employment, the Committee will provide a recommendation to Council on:
 - Whether the CEO should be reappointed under a new Contract of Employment;
 - If the recommendation is to reappoint the CEO, the proposed provisions of the further Contract of Employment.
- Any reappointment of the current CEO must be made by a resolution of Council.

Contract of Employment

- The Contract of Employment will at a minimum, include the following:
 - The employment term, which must not exceed 5 years in accordance with s 44(2) of the Act;
 - The responsibilities and duties of the position including compliance with the Act and the Code of Conduct for Council staff;
 - The conflict of interest management requirements;
 - The CEO's remuneration package and other entitlements;
 - Any legislative and contractual obligations, including those during and continuing after appointment;
 - The CEO's leave entitlements;
 - Processes for managing unsatisfactory performance;
 - Processes for early termination, including notice of termination provisions, with notice of termination by Council being a period of six (6) months;
 - Any other matters required to be contained in the Contract of Employment by the Regulations.
- The Contract of Employment may only be varied by a resolution of the Council and if accepted by the CEO, documented in a deed of variation.

Remuneration and Expenses

- The Remuneration package provided to the CEO will form part of the Committee's annual review having regard to:
 - Any statement of Policy issued by the Government of Victoria which is in force with respect to its wages policy or equivalent; and
 - 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.
- Council will meet expenses incurred by CEO in relation to:

- Membership and subscription fees payable to professional associations which are reasonably necessary in order to carry out duties;
- Reasonable costs incurred where attending conferences, seminars or other professional development or networking functions; and
- Reasonable costs incurred in performance of required duties.
- The following principles are to guide any setting or review of the Remuneration package:
 - The establishment of the remuneration package of the CEO should be fair and reasonable in light of the role, accountability and inherent requirements of the role.
 - The establishment of the Remuneration package and remuneration review of the CEO should have regard to Council's financial and economic conditions.
 - The establishment of the Remuneration package and remuneration review of the CEO should be set at a competitive level for the relevant market and sector, subject to benchmarking, in order to attract and retain talent.
- The establishment of the Remuneration package and remuneration review of the CEO should be based on rigorous analysis of all relevant factors including those listed above.

Performance Monitoring

- Council will adopt annual Performance Criteria for the CEO, which will include KPIs. The Performance Criteria must be developed collaboratively between the CEO and the Committee.
- The CEO is to provide progress reports to the Committee on a twice-yearly basis.
- The Committee shall meet with the CEO following each progress report to discuss the matters contained in the progress report.
- Following the initial three months of the CEO's term, a meeting with Councillors and the CEO may be coordinated so that:
 - The CEO has an opportunity to prepare, present and highlight any matters that may hinder their ability from achieving any KPIs;
 - The Councillors can provide feedback to the CEO on their perspective of the CEO's performance during the initial period; and
 - The Council and CEO can agree to projects and priorities for inclusion in the CEO's Performance Criteria and KPIs.
- Nothing in this Policy prevents the Committee and/or Council from monitoring the CEO's performance on an ongoing basis.

Annual Review

- In preparation for Council's review, the Committee is required to submit a confidential annual review report after the end of the financial year to Council (Annual Review Report), which includes recommendations on the following:
 - Whether, and to what extent, the CEO has met the KPIs under the Performance Criteria;
 - Whether any KPIs or other criteria ought to be varied under the Performance Criteria;
 - Whether the Remuneration Package ought to be varied; and
 - Any other necessary matters.
- The Committee will submit the Annual Review Report to Council only after meeting with the CEO to discuss the Committee's proposed recommendations.
- Council shall, after receipt of the Annual Review Report, review the recommendation in the Annual Review Report and advise the CEO of the outcomes of the review process.
- The Annual Review Report will be discussed between Council and the CEO only at a confidential Council Issues Briefing.

Acting CEO

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

Independent Advice

- The Independent Member appointed to the Committee is responsible for providing independent professional advice to the matters dealt with under this Policy.
- Council will determine:
 - The term of the appointment of the Independent Member; and
 - The remuneration of the Independent Member.
- 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 & Regulations

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

Confidentiality

- Council will not disclose any personal information, being information which released would result in the unreasonable disclosure of information about any person or their affairs.
- Council will ensure that it is a term of the Independent Member's engagement that the Independent Member keep confidential all information which the Independent Member acquires by virtue of the engagement.

Delegations

- Council must not delegate the power to appoint the CEO whether on a permanent or acting basis greater than 28 days, however, Council may delegate to the CEO the power to appoint an Acting CEO for a period not exceeding 28 days.
- Council must not delegate the power to make any decision in relation to the employment, dismissal or removal of the CEO.

5. Roles & Responsibilities

Council is responsible for:

- Meeting the requirements of the Act and other relevant legislation;
- The appointment and management of the CEO, including an Acting CEO, where required;
- Appointing the Independent Member(s) of this Committee;
- Appointing the members of the Committee – Mayor and at least 2 other Councillors will be the minimum three (3) members that sit on this Committee, plus the Independent Member will also be part of this Committee, once appointed;
- Adopting, overseeing and monitoring the implementation of this Policy; and
- Undertaking a review of the Policy when required in accordance with the terms of reference.

Committee Members are responsible for:

- Attending and contributing at each Committee meeting;
- Undertaking the responsibilities of the Committee as set out in this Policy and the Act.

The Independent Member is responsible for:

- Attending and participating each Committee meeting;
- Assisting in the development of the performance criteria and undertaking the annual review of the CEO;
- Performing other functions as required in supporting the CEO's performance reviews and performance development, and providing advice on appropriate development opportunities for the role of CEO;
- Providing independent and impartial advice on the CEO's total remuneration package and remuneration reviews;
- Ensuring that the Committee adheres to statutory obligations and Council's policies and procedures, including equity and fairness;
- Advising of conflict of interests;
- Sharing their findings with the Committee and ultimately, sharing them with the CEO.

The CEO is responsible for:

- Attending and contributing at each Committee meeting to which the CEO has been invited;
- Participating in each performance review undertaken by the Committee;
- Providing relevant information to the Committee in a timely manner;
- Advising Council in instances where an Acting CEO is to be appointed under delegation during the temporary absence of the CEO, in accordance with approved delegations;
- Supporting the Mayor and the Councillors in the performance of their roles in accordance with the Act;
- Ensuring the effective and efficient management of the day-to-day operations of Council in accordance with the Act.

The Executive Manager Strategy, People & Culture is responsible for:

- Providing advice on the interpretation and application of this Policy (recognising that the position of any member of staff assisting in the application of this Policy is made difficult because they are accountable to the CEO (or a person acting as CEO) and therefore acknowledging that requests for assistance need to be limited to no more than those which are reasonably necessary);
- Assisting Council to obtain formal advice, if required; and
- Providing executive and secretariat support to the Committee.

6. References

Council Plan 2021-25

- Civic engagement and integrity: Ensure our processes are transparent and decisions are accountable.

Relevant Legislation

- *Local Government Act 2020*
- *Victorian Independent Remuneration Tribunal & Improving Parliamentary Standards Act 2019*
- *Victorian Charter of Human Rights and Responsibilities Act 2006*

- *Fair Work Act 2009*
- *Gender Equality Act 2020*
- *Freedom of Information Act 1982*

Related Council Policies

- Child Safe Standards
- Procurement Policy
- Recruiting and Selecting for Excellence Policy
- Councillor Code of Conduct
- Staff Code of Conduct

7. Definitions

For the purpose of this Policy, the following definitions apply.

Chief Executive Officer (CEO)	Means the Chief Executive Officer of Knox City Council who has been appointed under section 44 of the <i>Local Government Act 2020</i> .
Committee	Means the CEO Employment and Remuneration Committee established under this Policy.
Contract of Employment	Means the Contract of Employment between the CEO and Knox City Council, including any schedule of the Contract of Employment.
Executive Search Consultant	A consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles.
Independent Member	Means, for the purpose of this policy, a highly experienced individual engaged by Council to fulfil the responsibilities in accordance with this Policy and providing professional and impartial advice to the Committee members. This person will not be a Councillor or Officer of Council.
Remuneration	The total gross remuneration package paid to the CEO pursuant to the Contract of Employment.

8. Monitoring, Evaluation & Review

- This Policy will be reviewed by Council at least once every Council term.
- The implementation of this Policy will be reported annually to Council’s Audit & Risk Committee.

9. Administrative Updates

From time to time, circumstances may change leading to the need for minor administrative changes to this policy. Where an update does not materially alter this policy, such a change may be made administratively. Examples of minor administrative changes include changes to names of Council departments or positions, change to names of Federal or State Government departments or a minor amendment to legislation that does not have material impact. Where any change or update may materially change the intent of this policy, it must be considered by Council.