



GREATER SHEPPARTON CITY COUNCIL

CEO EMPLOYMENT AND REMUNERATION POLICY

Effective: 15 August 2023

CEO Employment and Remuneration Policy

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| Version: | 2 |
| Business Unit: | People and Development |
| Responsible Officer: | Manager People and Development |
| Adopted By: | Council on 15.08.2023 |
| Next Review: | 15.08.2027 |

1. PURPOSE

This Policy provides guidance and direction on all matters relating to the employment and remuneration of a Chief Executive Officer for Greater Shepparton City Council and is produced in accordance with section 45 of the Local Government Act 2020.

2. OBJECTIVE

The objective of this Policy is to provide a fair and transparent approach to the recruitment, appointment, performance review and remuneration of the Chief Executive Officer. Decision making and activities associated with these areas must ensure best practice principles are applied in relation to:

- Good Governance
- Fairness, transparency and objectivity
- Appointment decisions made upon merit
- Performance reviews based upon achievable criteria

3. SCOPE

This Policy applies to the above mentioned activities as they relate to the position of the Chief Executive Officer and or activities performed by Councillors or a Committee convened under the direction of this Policy.

4. DEFINITIONS

| Reference term | Definition |
|-----------------------|---|
| The Act | Local Government Act 2020 |
| CEO | Chief Executive Officer |
| Council | Greater Shepparton City Council |
| Councillor | Mayor or Councillor as defined by the Act |
| Committee | A committee made up of the Mayor, Deputy Mayor, two Councillors and an independent member |
| KPI | Key Performance Indicator |

5. POLICY

5.1 Background

The Act requires Council to 'develop, adopt and keep in force a Chief Executive Officer Employment and Remuneration Policy'. This Policy must:

- (a) Provide for the Council to obtain independent professional advice in relation to the matters dealt with in the Chief Executive Officer Employment and Remuneration Policy; and
- (b) Provide for the following –
 - i. The recruitment and appointment process;
 - ii. Provisions to be included in the contract of employment;
 - iii. Performance monitoring;
 - iv. An annual review; and
 - v. Include any other matters prescribed by the regulations.

5.1.1 Principles

Council will carry out its functions relating to the appointment, remuneration and performance appraisal of the CEO in accordance with the following principles:

- Decision-making processes that are fair, accessible and applied consistently in comparable circumstances.
- Decision-making criteria that are relevant, objective and available to the people subject to the decision.
- 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 that are based on the proper assessment of individual's work-related qualities, abilities and potential against the genuine requirements of the role.
- Decisions to appoint new employees that are based on competitive selection, open processes, objective criteria, and has regard to gender equity, diversity and inclusiveness.

5.2 Chief Executive Employment and Remuneration Committee

In order for Council to meet its requirements under section 45 of the Act a Chief Executive Officer Employment and Remuneration Committee will be established. The committee will consist of:

- The Mayor (Chairperson)
- The Deputy Mayor
- Two Councillors
- Independent external member.

The purpose of the Committee will be to:

- Oversee the recruitment of the CEO;
- Make recommendations in relation to remuneration and conditions of initial employment;
- Assess the CEO's performance against agreed key performance indicators and achievement of strategic objectives on a regular basis, meaning no less than at least once a year;
- Determine any annual remuneration increase in line with the CEO's Contract of Employment;
- Oversee the end of the CEO's Contract of Employment;
- Consider reappointment in accordance with section 44 (3) of the Act.

5.3 The Committee

The Committee will meet no less than once a year to assess the performance of the CEO. The Mayor will chair the committee. If the Mayor is absent the Deputy Mayor will chair the committee.

The committee will ensure that all Councillors have the opportunity to provide feedback and input to the Committee regarding matters considered under clauses 4,5,6,7 and 8 of this policy. The Committee will provide to all Councillors a record of the outcomes and recommendations of each meeting held by the Committee.

A quorum must be reached in order to make any decisions. The quorum will be made up of the Chairperson and two other committee members.

All Committee members, including the independent committee member, are subject to the Governance rules regarding voting. All Committee Members requiring a vote must either vote for or against a recommendation. If a Committee member chooses to abstain from voting it will be recorded as a vote against the recommendation.

5.4 Engaging an independent committee member

Council will call for expressions of interest for a suitably experienced and qualified independent committee member, whose term will last no longer than four years. The Committee will review any applications for the independent committee member and will forward a recommendation to the Council who will make the final decision to appoint. The independent committee member will be engaged based upon the following criteria:

- Qualification or extensive experience in one or more of the following:
 - Human Resource Management, including Executive Recruitment, or talent management;
 - Senior business or government (including local government) experience;

- Understanding of good governance as it relates to employment law, performance management and Executive level appraisals and remuneration.
- Extensive experience working with executives, Councillors or board members.

Duties of the independent committee member are to provide independent professional advice, actively participate on the Committee and support its purpose, in accordance with section 2 of this Policy. The independent committee member will be required to actively participate in the Committee's review of the CEO's performance against the agreed annual performance plan.

The independent committee member will be remunerated at a rate to be determined by Council.

At the end of the four year term the independent committee member may apply for reappointment, at the discretion of the Council for another four year term.

A maximum of two four year terms may be served.

5.5 Recruitment and appointment of a Chief Executive Officer

The Committee will engage an independent and suitably qualified executive recruitment firm to manage the recruitment and appointment of the CEO. Once engaged the Committee will liaise with the recruitment firm to agree a recruitment plan, which will include the following:

- Key factors for the Recruitment firm to consider when providing a list of candidates to the Committee for shortlisting.
- A strategic recruitment plan including where to advertise the position and for how long.
- Agreed scoring mechanism to assess the candidates during shortlisting.
- Any additional evaluation methods including Psychological profiling.

Once the Committee have agreed to the recruitment plan they will liaise with the Recruitment firm to:

- Review the initial applicants and shortlist for a first round of interviews.
- Agree on a list of interview questions and conduct initial interviews.
- Liaise with the Recruitment firm to present a short list of preferred candidates to the full Council for second round interview.

Once a preferred candidate has been selected by the full Council, the Committee will liaise with the recruitment firm to negotiate terms of employment including remuneration, and term of appointment.

5.6 Remuneration of the Chief Executive Officer

The remuneration of the CEO should be sufficient to attract a suitably qualified candidate, and competitive enough to retain and motivate the incumbent of the role.

The annual remuneration review will be undertaken by the Committee and will take into account the following factors:

- Performance against agreed KPI's and Strategic Objectives as determined by the Committee.
- CPI
- Genuine industry standards as provided by experienced Industry /Recruitment professionals.

The Total Remuneration Package shall include but not be limited to salary, superannuation and other employment benefits.

If the superannuation guarantee charge is increased under superannuation legislation, the Total Remuneration Package will automatically increase commensurately.

5.7 Performance Management of the CEO

The Committee will be responsible for assessing the performance of the CEO on a regular basis, meaning no less than once a year. The performance will be assessed against agreed key performance indicators and strategic objectives. The KPI's and objectives will be determined and agreed by the CEO and Council prior to the end of a contractual year but may be varied by agreement during the contractual year.

The Committee may, through the Director Corporate Services, procure the services of an independent facilitator to assist with the performance management process. The Committee may suggest and recommend KPI's and will ensure all Councillors have an opportunity to provide input and feedback on the CEO's annual performance in relation to the agreed KPI's.

The CEO will be consulted with and advised of all stages of the review process and will have the opportunity to provide the Committee with a self-assessment of their performance. The Committee will provide feedback to the CEO on their performance and proposed outcome of a remuneration review. The Committee will then provide a report to the full Council, via the Director Corporate Services, making a recommendation with regards to;

- The CEO's achievements against the KPI's
- Any changes agreed to the KPI's for the next 12 months;
- Any agreed professional development for the CEO for the next 12 months;
- Any proposed variation to remuneration.

5.8 Ending a CEO Contract

The Committee will be responsible for seeking advice where necessary regarding the expiry or termination of the CEO contract. The Committee shall

then advise the Council of its obligations and options under the appropriate legislation and in accordance with the current Contract of Employment.

This must take place no later than six months prior to the normal expiry date of the CEO contract and must make recommendations in line with appropriate legislation regarding;

- Reappointment of the CEO
- Engaging a recruitment firm for the recruitment of a CEO

Any final decision to reappoint or cease the employment of the current CEO will be made by Council resolution.

5.9 Confidentiality

All reasonable steps must be taken to ensure the confidentiality of the recruitment, selection, performance review and contract negotiations of the CEO. All documentation associated with these processes must be held in accordance with relevant legislation listed below and any staff, Councillors or Committee members must take all steps to maintain the privacy of all persons involved. Any breach of confidentiality may be regarded as a breach of the Councillor Code of Conduct or Employees Code of Conduct or may result in the termination of the independent member from the Committee.

5.10 Support

The Committee and the CEO will at all times be assisted where necessary by the Director Corporate Services, Manager People and Development and Corporate Governance staff to either provide advice and guidance or administrative support.

Where advice and/or guidance requires the procurement of professional services (e.g. legal advice, industrial relations, and recruitment services) the Director Corporate Services (or their delegate) will facilitate the procurement of such services.

6. RELATED POLICIES

- *Councillors Code of Conduct*
- *Employees Code of Conduct*
- *Chief Executive Contract of Employment*

7. RELATED LEGISLATION

- *Local Government Act 2020*
- *Fair Work Act 2009*
- *Equal Opportunity Act 2010*
- *National Employment Standards*
- *Privacy and Data Protection Act 2014*

8. REVIEW

The Manager People and Development will review this Policy every four years or within six months of the election of the Council.

DOCUMENT REVISIONS

| Version # | Date Adopted | Date Effective |
|------------------|---------------------|-----------------------|
| 1 | 17.08.2021 | 17.08.2021 |
| 2 | 15.08.2023 | 15.08.2023 |
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