



CEO Performance and Remuneration Review Policy

Introduction

The *Local Government (Administration) Amendment Regulations 2021* (CEO Standards) introduced mandatory minimum standards for the recruitment, selection, performance review and termination of employment in relation to local government Chief Executive Officers (CEOs).

The aim of the CEO Standards is to provide local government with a fair, consistent and equitable process for CEO recruitment, performance review and termination across all local governments, in accordance with the principles of merit, equity and transparency.

Purpose

This Policy outlines the processes to be undertaken in meeting the standard for performance and remuneration reviews, pursuant to Schedule 2 of the *Local Government (Administration) Regulations 1996* (the Regs.) Model Standards for CEO Recruitment, Performance and Termination and the CEO Employment Contract

Policy statement

The Council of the Shire of Capel will review the performance and remuneration of the Chief Executive Officer (CEO) if the CEO is employed for a period of more than 1 year in accordance with section 5.38 of the *Local Government Act 1995* (the Act).

The Council is recommended to engage in regular discussions (minimum of twice annually, every six months) with the CEO regarding their performance against the performance criteria, including progress and the ways that the CEO can be supported.

Performance Review Process

1. CEO Performance and Remuneration Review Panel

- 1.1 Council is to appoint a CEO Performance and Remuneration Review Panel (the Review Panel) following every local government election.
 - 1.2 The Chair of the Review Panel will be the Shire President. The Review Panel will include between three and five elected members (inclusive of the President).
 - 1.3 The Council authorises the appointed Review Panel to undertake the CEO Performance and Remuneration Review and report findings and recommendations to the Council.
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1.4 The primary functions of the Chief Executive Officer Review Panel are to:

- Support the engagement by the Shire, of an appropriately experienced independent consultant for the purposes facilitating the performance and remuneration review process, in consultation with the CEO.
- Oversee and conducting the performance and remuneration review process in accordance with this Policy.
- Endorse the independent consultant's performance appraisal report and a remuneration review recommendation for consideration by Council.
- Develop the performance agreement and KPIs with the CEO for approval by Council.
- Regular meetings to discuss and provide feedback if performance issues are identified.

1.5. Membership principles and responsibilities of panel members:

- Be fair, impartial and undertake the process with integrity.
- Assessment is made free from bias and based on evidence of the CEO's achievements against the agreed performance criteria.
- Findings and recommendations are impartial and transparent.
- Any information received or produced by the Review Panel will be kept confidential.
- The report for the performance and remuneration review to Council will be presented in confidence in accordance with section 5.23 of the Act.
- Accurate and comprehensive records of the performance management process will be created and registered within the Shire's Electronic Data Record Management System, and
- Manage all records in accordance with the Shire's Record Keeping Plan.

1.6 The performance and remuneration review process should commence at least 3 months prior to the required completion date.

1.7 The Review Panel Chair and independent facilitator will coordinate the review process.

1.8 Performance and Remuneration Review Panel Training

- a. All Council members appointed to the CEO Review Panel must undertake relevant CEO Performance Review training course provided by the Western Australian Local Government Association (WALGA), or similar industry recognised training provider, within six months of appointment to the Review Panel.
 - b. Where external training cannot be sourced within the time frame noted in 1.8(a) above, the Shire will provide in house training to address the processes and skills required for Council members to contribute effectively to the annual appraisal of the CEO.
 - c. The training is valid for five years therefore a re-elected Panel member is only required to undertake the training at every second election.
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2. Independent facilitator

- 2.1 The Shire will engage the Panel supported independent consultant (facilitator) to assist with the process of the CEO performance and remuneration review and the development of a performance agreement (inclusive of KPIs).
- 2.2 The independent consultant will have extensive experience in performance and remuneration reviews of senior executives and local government experience.
- 2.3 The independent consultant should not have any personal interest in, conflict of interest or relationship (other than professional or contractual) with, the Council, the Shire or the CEO. In this policy and for clarity, interest:
 - means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest, and
 - includes an interest arising from kinship, friendship, relationship or membership.
- 2.4 The facilitator may be required to:
 - Collect 360-degree performance evidence (including from all Councillors and direct organisational reports).
 - Write the performance appraisal report.
 - Facilitate meetings for the Panel.
 - Assist with the provision of feedback to the CEO.
 - Formulate plans to support improvement (if necessary); and
 - Provide industry / sector remuneration related information to the Panel if requested.
 - Provide an objective view regarding any performance management-related matters between the concerned parties.
- 2.5 The independent facilitator services must be secured in accordance with the Shire's Purchasing Policy.
- 2.6 Council employees will not be involved in the CEO's performance review, except as part of the 360-degree assessment process or if requested by the Panel or the Council to prepare agendas and take minutes, or to assist the independent facilitator in any relevant administrative matter. Any request will be made through the Chief Executive Officer.

3. Performance criteria

- 3.1 Ongoing permanent performance criteria for the purpose of reviewing the CEO's performance must be as included in the CEO's employment contract [the Act s.5.39(3)].
 - 3.2 The Council may agree with the CEO additional performance criteria.
 - 3.3 Additional criteria may include performance indicators relating to specific projects, Council priorities and service delivery targets from the Strategic Community Plan and Corporate Business Plan. It is important that these performance indicators relate to the selection criteria used in selecting the CEO (e.g. if the CEO is selected to improve the local government finances, then indicators regarding improved revenue may be appropriate).
 - 3.4 The agreement on additional criteria provides flexibility for both the Council and CEO in response to changing circumstances and priorities.
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- 3.5 Together the contractual performance criteria and any additional agreed criteria form the Key Performance Indicators (KPI's).
- 3.6 It is important that the agreed KPI's are specific, measurable, achievable, relevant and time based.
- 3.7 The KPI's, how they will be assessed, and any professional development goals of the CEO will form the annual performance agreement between the Council and CEO.
- 3.8 The annual performance agreement must be negotiated, documented and agreed upon by the CEO and the Council. Adjustments may be initiated by either the CEO or the Council throughout the performance review period.

4. Assessment of CEO performance

- 4.1 The CEO's performance is to be measured in an objective manner against the KPI's alone.

Reviews must be impartial and not skewed by personal relationships between the Review Panel and the CEO.

- 4.2 Evidence of CEO performance may include:

- Achievement of key business outcomes.
- Interactions with the Council and progress that has been made towards implementing the Council's strategic vision.
- Audit Committee reports.
- Workforce metrics (e.g. the average time to fill vacancies, retention rate, information about why people leave the organisation and staff absence rate).
- Incident reports (e.g. results of occupational health and safety assessments, the number and nature of occupational health and safety incident reports, and the number and nature of staff grievances).
- Organisational survey results.
- Relationships (e.g. with relevant organisations, stakeholder groups, and professional networks), or
- Insights from key stakeholders (by way of survey etc.).

- 4.3 In addition to achievement of the KPI's, as part of the assessment, consideration should also be given to:

- How the CEO has achieved the outcomes. Whether or not their methods are acceptable and sustainable.
 - The extent to which current performance is contingent upon current circumstances. I.e., has the CEO demonstrated skills and behaviours to address and manage changes in circumstances which have affected their performance such as the impact of COVID-19.
 - What the CEO has done to ensure the wellbeing of staff and to maintain trust in the local government.
 - What attention has the CEO given to ensuring:
 - Equal employment opportunity.
 - Workplace health and safety.
 - Privacy.
 - Managing potential conflicts of interest, and
 - Complying with procurement process requirements.
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- 4.4 It is important that contextual factors, external or otherwise are given appropriate weight.

Failure to meet KPI's does not necessarily mean the CEO has performed poorly and, for this reason, performance and outcomes should be considered separately.

- 4.5 Once the CEO's performance has been completed, the review must be endorsed by resolution of an absolute majority of Council and the CEO must be informed in writing of the results of the review.

5. Addressing Performance Issues:

- 5.1 Any performance areas that require attention or improvement must be:

- Identified.
- Discussed with the CEO, and
- A constructive plan agreed and put in place to address the issues.

- 5.2 The plan should outline the actions to be taken, who is responsible for the actions and an agreed timeframe.

- 5.3 Appropriate courses of action in addressing the performance issues may include:

- Professional development courses
- Training
- Counselling
- Mediation
- Mentoring, or
- Developing new work routines to ensure specific areas are not neglected.

- 5.4 Regular discussion and ongoing feedback on the identified performance issues should be scheduled to ensure improvements are being made.

6. Misconduct

- 6.1 In the event of any potential wrongdoing (misconduct) or suspected serious misconduct as defined in section 4 of the Corruption Crime and Misconduct Act 2003 are identified, the matter must be referred to the Public Sector Commission or the Corruption and Crime Commission (CCC). This provides an independent process to follow and ensures probity, natural justice and oversight of allegations.

7. Remuneration Review

- 7.1 The Council shall periodically (not less than annually) review the salary for the CEO to assess whether and what increase in salary and allowances are to be made.

- 7.2 The CEO remuneration range is determined by the Salaries and Allowances Tribunal and the remuneration package may not fall outside the band applicable to the Shire of Capel.

- 7.3 The outcome of the CEO performance review may form part of the considerations for the CEO remuneration review.

- 7.4 The Panel may request the independent facilitator to gather and provide remuneration comparison information to assist in this review process.
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8. Further Guidelines

- 8.1 The Council shall refer to relevant publications to guide the review and remuneration process such as the Department of Local Government Sport and Cultural Industries (DLGSC) Guidelines for Local Government CEO Recruitment and Selection, Performance Review and Termination (March 2021).
- 8.2 The Council must also consider legal requirements provided by the Fair Work Commission and the Fair Work Ombudsman.

Application

This Policy applies to the annual performance and remuneration review of the Shire of Capel CEO.

In agreement with the Chief Executive Officer.

CEO:

Date:

Procedure

Department: CEO	Next review: July 2025
Reviewer: CEO	Legislation: <i>Local Government Act 1995</i> <i>Local Government (Administration) Regulations 1996</i> <i>Corruption, Crime and Misconduct Act 2003</i> <i>Salaries and Allowances Act 1975</i>
Adopted:	Delegation:
Amended:	Other: Shire of Capel - CEO Performance Agreement being six (6) key areas from CEO's position description and Key Performance Indicators 2021 (Council Decision OCM, 24 November 2021). Existing Contract of Employment – Shire of Capel CEO (2 July 2021)
Policy ref #:	Risk:
