

OFFICIAL

Strathbogie
Shire Council
Chief Executive Officer
Employment and Remuneration
Policy

November 2023



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Chief Executive Officer Employment and Remuneration Policy

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Responsible Officer:	Director People and Governance

1. PURPOSE

This policy applies to the Council in its management of the employment and performance of the Chief Executive Officer.

The purpose of this policy is to support the requirements of section 45 of the *Local Government Act 2020* by providing direction and guidance on the management of the life cycle of the Chief Executive Officer's (CEO) employment including recruitment, appointment, performance review and end of contract processes.

This policy also establishes the role and functions for the CEO Employment and Remuneration Committee (the Committee), which provides advice to Council on the implementation of this policy.

2. POLICY STATEMENT

This policy aims to:

- reinforce Council's commitment to good governance practices
- provide a consistent, fair and transparent framework for employment matters relating to the CEO including recruitment, contract terms, performance monitoring and annual review
- establish a guiding document for a CEO Employment and Remuneration Committee to assist Council in administering this policy
- ensure independent advice and input helps to guide Council and the Remuneration and Employment Committee in the implementation of this policy.

3. APPLICATION OF THIS POLICY

The elected Council is responsible for the appointment of the Chief Executive Officer, determining performance criteria in partnership with the CEO, assessing the CEO's performance against the criteria set and determining the CEO contract conditions, including remuneration.

This policy has been developed in accordance with the requirements of the *Local Government Act 2020* relating to CEO employment and remuneration.

The Council and the CEO Employment and Remuneration Committee will carry out functions related to the appointment, remuneration and performance appraisal of the CEO in accordance with the following principles:

- fair and transparent decision-making principles that are applied consistently
- decision making criteria that are relevant, objective and available to the person subject to decisions made under this policy
- decisions and actions that achieve the highest standards of good governance
- use of clear and comprehensive documentation to ensure decisions are capable of independent review
- basing employment decisions on the proper assessment of an individual's work-related qualities, abilities and potential against the genuine requirements of the role
- decisions to appoint a CEO are based on merit
- decisions are made through an equal opportunity lens.

4. ESTABLISHMENT OF THE CEO EMPLOYMENT AND REMUNERATION COMMITTEE

Council will establish a committee, known as the CEO Employment and Remuneration Committee (the Committee).

The role of the Committee is to:

1. Recommend a Position Description for the CEO to Council for adoption.
2. Oversee the appointment of a recruitment consultant to oversee CEO recruitment, after undertaking a competitive process under Council's Procurement Policy.
3. Oversee the recruitment process, leading to a recommendation to Council of a preferred candidate for the CEO position.
4. Recommend to Council employment contract conditions, including a remuneration package and performance criteria for the first 12 months of the contract.
5. Oversee the assessment of the CEO's performance against the prescribed performance criteria and key performance indicators through the completion of an annual review.
6. Provide a report on the annual review process, including recommendations relating to remuneration adjustments, key performance indicators for the 12 months ahead and professional development to be completed by the CEO prior to the next review.
7. Oversee the process for managing the end of a CEO's contract and the transition to a new CEO, ensuring compliance with the contract of employment.
8. Ensure the Committee adheres to statutory obligations and Council's policies and procedures, including equity and fairness.

5. MEMBERSHIP OF THE CEO EMPLOYMENT AND REMUNERATION COMMITTEE

The membership of the Committee, to be appointed by Council, will be:

- An independent member, who is the Chair
- The Mayor
- Two Councillors, of which one is the immediate past Mayor (if practicable)

A council officer will be appointed to assist the Committee with the co-ordination of meetings and documentation. This officer is not part of the Committee and does not attend meetings unless specifically requested by the Chair to provide advice on factual matters such as details of the Local Government Act or to source requested data.

A quorum will consist of the Independent member (the Chair), the Mayor and one Councillor. A quorum must be reached to transact any business under this policy.

Councillor members (excluding the Mayor/Chair) will be appointed every 12 months as part of the appointment to the committee's process through the annual statutory Council meeting.

The Committee is bound by the:

- confidential information provisions under sections 3 and 125
- conflict of interest obligations under sections 127 and 128 of the *Local Government Act 2020*.

The Committee will determine the meeting procedures at the first meeting of the Committee, and minutes will be prepared and distributed to the Committee once received from the Chairperson and within five (5) working days of the meeting.

The Committee will meet as required and will provide a report of any recommendations to the next available scheduled public meeting of the Council following each Committee meeting.

Attendance at a meeting may be in person or virtually at the discretion of the Committee.

6. RECRUITMENT, DUTIES, TERM AND REMUNERATION OF THE INDEPENDENT COMMITTEE MEMBER

The independent committee member will be appointed by the Council following a public process seeking expressions of interest from suitably qualified and experienced candidates.

The independent member should have extensive experience in:

- human resources
- demonstrated management skills, senior business experience, preferably with experience in local government and/or an employment law
- demonstrated experience in undertaking executive level performance appraisals, setting key performance indicators and negotiating remuneration packages
- significant experience working with executives and board members in a similar professional advisory role
- an understanding of good governance and previous experience working with Governance bodies or Boards
- Ability to work effectively with Councillors and the CEO
- Knowledge and understanding of the issues affecting Strathbogie Shire.

The independent member will be appointed for a term of up to four (4) years.

At the conclusion of the term of appointment, the independent member will be eligible to apply to be reappointed at the discretion of Council for a second four-year term.

The duties of the independent member are to:

- Chair meetings of the Committee
- actively participate as a member of the Committee's review of the CEO's performance against the performance criteria set out in the annual performance review
- ensure a committee member takes notes and prepares minutes for all meetings
- liaise with the appointed Council officer for the scheduling and co-ordination of meetings.

7. PAYMENT OF A FEE TO THE INDEPENDENT COMMITTEE MEMBER

The remuneration of the independent member will be based on a sitting fee per meeting in line with the Victorian Government guidelines for like committees and will be paid within 30 days of attendance at the meeting.

This fee will be based on a per annum amount, determined by the Council, which will be indexed in alignment with the rate cap percentage applied to councils by the State government each 1 July.

Once every three years Council will benchmark the fee paid to the independent member against other small rural councils in the Hume region to inform the review of fee amounts by the Council.

Travel costs will be reimbursed in accordance with Australian Tax Office mileage allowances.

8. APPOINTMENT OF A RECRUITMENT CONSULTANT

Council and the Committee must seek and appoint a suitably qualified executive recruitment consultant (in accordance with Council's procurement policy), as required upon the vacancy of the CEO position to:

- manage and assist in the process of selecting suitable candidates
- arrange and manage the interview process
- provide advice on remuneration
- provide advice on contract conditions
- provide advice on performance criteria for the probation period of employment and beyond.

9. CEO RECRUITMENT AND APPOINTMENT PROCESS

Step 1

In conjunction with the recruitment consultant, the Committee will develop and agree upon:

- the key factors that the consultant must consider when preparing a list of candidates to recommend to the Committee for interview
- the proposed remuneration and other employment conditions based on industry benchmarks, any statement of wages policy issued by the Victorian Government and any determination in effect under section 21 of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*
- the remuneration arrangements that will be sufficient to attract, retain and motivate senior executives of the quality required, while not paying more than is necessary for this purpose. Such arrangements will include:
 - an initial contract of employment for up to five years, with the option of future extension by agreement
 - the responsibilities of the position
 - leave and other terms and conditions of employment
 - total remuneration package including salary, motor vehicle, superannuation, income protection and other employment benefits including all associated fringe benefits tax
 - conflict of interest management requirements
 - a probationary period of six months
 - assessment parameters for annual remuneration increases based on CPI adjustments, performance and prevailing industry standards
 - requirements for ongoing professional development
 - termination or renewal of contract provisions by the Council or CEO
- key accountabilities for the role, with succinct statements about the most important things upon which the CEO must focus
- selection criteria based on the key accountabilities
- an agreed recruitment and selection process and timeframe.

Step 2

The Committee will seek approval from Council by way of resolution for the preparatory work completed under Step 1.

Once resolved by Council, the Committee, in partnership with the appointed recruitment consultant, will:

- oversee the development of the candidate pool by the consultant, providing feedback on the quality of the candidates being identified
- review the consultant's report on the candidate pool and make decisions regarding which candidates should be carried forward to interviews by the Committee
- interview the leading candidates identified by the consultant and develop a shortlist of three (3) candidates for a second-round interview.

Step 3

The recruitment consultant will arrange interviews for shortlisted candidates with the Committee.

Candidates will be interviewed, at the conclusion of which a preferred candidate will be recommended to Council. The Committee may agree to include additional interviews or selection tools before making a recommendation

The recruitment consultant will then undertake reference checks for the preferred candidate and report back to the Committee on the referee outcomes, making a final recommendation to the Committee on the suitability of the preferred candidate.

Step 4

Once the Committee have reviewed the final recommendations from the recruitment consultant on the preferred applicant, the Committee shall, through the consultant, negotiate draft the terms of employment within the general framework and policies of the Council.

Step 5

Once negotiations on the draft terms of employment have concluded, the Committee shall submit a report to the next scheduled meeting of Council to recommend the appointment of the preferred candidate.

Step 6

Once new CEO is determined by way of resolution by Council, the Committee, through the consultant, shall:

- ensure that all candidates are updated on the outcome of the process
- develop and recommend to the Council an onboarding program for the new CEO.

10. REVIEW OF CEO PERFORMANCE

The Council is responsible for determining the CEO's performance criteria in partnership with the CEO on an annual basis, assessing the CEO's performance against those criteria and determining the annual remuneration package for the CEO.

Following the CEO's appointment, the Committee's ongoing role is to:

- prepare draft annual performance criteria with the CEO for the Council's consideration
- seek advice on remuneration benchmarks, while taking into account any legislative requirements including any determination in effect under section 21 of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*
- conduct the performance review of the CEO and make recommendations to the Council on matters including whether:
 - the CEO meets the performance criteria
 - the CEO has undertaken the required personal and professional development

- to vary the performance criteria and professional and personal development plan.
- make recommendations on remuneration, and/or other terms and conditions of the contract arising from the performance review.

In discharging these duties, the Committee will:

- establish a timeline for the process and ensure that the CEO is actively engaged in the process
- in consultation with the CEO, identify and agree the performance criteria, including any goals and objectives that the CEO should work towards achieving over a 12-month period
- ensure the CEO submits a performance criteria report and is given the opportunity to present their self-assessment to the Council
- ensure all Councillors are invited to provide comments of appraisal on the CEO's performance to the Committee
- attend to the collection and collation of the Councillor feedback in relation to the CEO's performance as measured against the performance criteria approved by the Council
- consider any feedback available from the broader organization through staff surveys or similar exercises. ,
- review the CEO's remuneration package as a component of the annual performance review in accordance with the contract conditions
- provide feedback to the CEO about their performance and proposed outcome of the remuneration review
- report to Council seeking decisions on outcomes of the review process in relation to:
 - the CEO's achievement of the performance criteria and objectives
 - any proposed variation in remuneration
 - setting the performance criteria for the measurement of the CEO's performance for the next 12-month period
 - setting the personal and professional development plan for the next 12-month period, as agreed with the CEO
 - whether any options of the CEO's contract should be exercised in accordance with the contract.

11. END OF CONTRACT

The Committee will be responsible for advising the Council on its obligations and options when approaching the expiry date of the contract, within six (6) months prior to the expiry of the CEO Contract.

These obligations and options should cover renewal of the contract for a further term, or termination in accordance with the existing contract.

Where necessary, the Committee should seek independent professional advice to ensure compliance with the contract terms and the *Local Government Act 2020*.

12. INDEPENDENT ADVICE

At any time the Council, including through the Committee, may seek independent professional advice to ensure that its management and administration of the recruitment, selection, employment, performance review and contract management for the CEO accords with the law and good employment practices.

13. CONFIDENTIALITY

All information relating to the recruitment, selection, performance review, and contract management must be kept strictly confidential under the confidential information provisions of the *Local Government Act 2020*.

Councillors, Committee members and staff involved in the process must take all reasonable steps to maintain that confidentiality and respect the privacy of all persons concerned.

Any breach of confidentiality may constitute a breach of the Councillor or Staff Code of Conduct, or grounds for termination of contract for the independent member.

Notwithstanding anything provided in this clause, disclosure of the CEO total remuneration package will be made in the Council's annual report and otherwise to comply with legislative requirements.

14. DEFINITIONS

Term	Meaning
CEO	means the natural person appointed as the Chief Executive Officer of the Strathbogie Shire Council under section 44 of the <i>Local Government Act 2020</i> .
CEO Employment and Remuneration Committee (the Committee)	means the committee created under this policy to oversee its implementation and compliance with the Act and the Regulations.
Employment matters	means, in regard to the CEO, issues relating to: <ul style="list-style-type: none"> • the recruitment of the CEO, including re-appointment, as appropriate • contractual and remuneration matters • establishing performance objectives and undertaking performance monitoring and reviews • any other matters set out in the <i>Local Government Act 2020</i>.
Independent advice	means any human resources, recruitment, management or legal expert that is engaged by Council to support the work of the CEO Employment and Remuneration Committee.
Temporary absence	means when the CEO is absent on approved leave, up to a maximum of four (4) weeks.
Term of appointment	means the term of the CEO's contract of employment, which must not exceed five (5) years in accordance with the Act (section 44).
the Act	means the <i>Local Government Act 2020</i> .
the Regulations	means regulations supporting the <i>Local Government Act 2020</i> relating to the employment and remuneration of the CEO.

Vacancy	means the office of CEO is vacant as a result of the resignation, retirement, termination, including the end of the term of appointment, or death of the incumbent.
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15. RELATED POLICIES AND LEGISLATION

The following Council, State, regional and national plans and policies are relevant to this policy under each subtitle.

External Documents and Legislation

Local Government Act 2020

Local Government Regulations 2020

Fair Work Act 2009

Freedom of Information Act 1982

Gender Equality Act 2020

Equal Opportunity Act 2010

Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019

Charter of Human Rights and Responsibilities Act 2006

Victorian Government Public Entity Executive Remuneration Policy

Related Council Documents

Chief Executive Officer's Employment Contract

Chief Executive Officer Position Description

Public Transparency Policy

Gender Equity Policy

Procurement Policy

Audit and Risk Committee Charter

Staff Code of Conduct

Councillor Code of Conduct

Mutual Respect Charter

Councillor Staff Interaction Policy

16. POLICY REVIEW

This policy must remain in force until it is revised or revoked by a resolution of Council.

The Audit and Risk Committee will undertake an annual review of the policy in accordance with its Charter, in accordance with section 54 (2) (a) of the *Local Government Act 2020*, and after receiving formal input from the CEO Employment and Remuneration Committee.

The policy will also be reviewed within the six (6) months of each general Council election.

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document.

Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Council department, updated council policy references or a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by way of Council resolution.