



# CHIEF EXECUTIVE OFFICER EMPLOYMENT AND REMUNERATION POLICY

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RELATED STRATEGIC DOCUMENTS, POLICIES OR PROCEDURES: Recruitment and Selection Policy  
Equal Opportunity and Antidiscrimination Policy  
Staff Development Review Procedure  
Staff Development Review Policy  
Staff Relocation Expenses Policy  
Chief Executive Officer employment contract  
Chief Executive Officer performance indicators  
Procurement Policy  
Government Policy on Executive Remuneration in Public Entities

RELATED LEGISLATION: Local Government Act 2020  
Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019  
Charter of Human Rights & Responsibilities Act 2006  
Fair Work Act 2009  
National Employment Standard  
Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019  
Equal Opportunity Act 2010  
Gender Equality Act 2020

EVIDENCE OF APPROVAL:

Signed by Chief Executive Officer

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**This document is available in alternative formats (e.g. larger font) if requested.**

## 1 PURPOSE

The purpose of this policy is to support the requirements of the Local Government Act 2020 by outlining the way in which Council manages the recruitment and appointment of the Chief Executive Officer (CEO), contractual inclusions, performance monitoring including annual reviews and general employment conditions.

This policy will also provide for an independent advisory mechanism to guide the activities outlined above.

Adhering to this policy ensures Council will apply good governance, transparency and consistency in all matters relating to the lifecycle of any CEO appointment.

## 2 SCOPE

This policy applies to activity undertaken by the CEO Employment Committee, Manager Organisation Development, any appointed Independent Advisor and candidates or incumbents of the Chief Executive Officer position.

## 3 POLICY

The employment cycle of a CEO is a core responsibility of the elected Council. This policy outlines the mechanisms which will support the Council in fulfilling its obligations regarding CEO employment and remuneration.

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

- Decision-making principles that are fair, transparent and applied consistently in comparable circumstances
- Decision-making criteria that are relevant, objective and available to the person subject to the decision
- Decisions and actions that are conducive to ongoing good governance
- Documentation that is clear and comprehensive to render decisions capable of effective review
- Employment decisions that are based 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 new CEO are based on competitive selection and open processes.
- Remuneration will be fair, reasonable and competitive having regard for market forces and Council's financial position.

## 4 INDEPENDENT ADVISORY MECHANISM AND ADMINISTRATIVE SUPPORT

The responsibility for meeting the obligations regarding CEO employment, performance and remuneration will be delivered through the establishment of a CEO Employment Committee. Administrative support will be provided by the Manager Organisation Development.

The CEO Employment Committee will be chaired by the Mayor and include the following membership:

- Mayor (chair-person)
- Elected Councillors
- Independent Advisor.

The Independent Advisor will be a suitably qualified and experienced human resources professional (external consultant) who is not a Councillor or officer of a Council and who will join the CEO Employment Committee during the recruitment process or as necessary to assist with performance setting, monitoring and evaluation of the CEO.

#### **4.1 Role of the Independent Advisor**

The Independent Advisor will provide professional advice on:

- CEO remuneration
- shortlisting of candidates for recommendation to the CEO Employment Committee
- contract provisions (including any modifications to the position description)
- an initial performance plan
- conducting reference/probity checks
- the outcome of psychometric testing.

#### **4.2 Role of the Mayor and the elected Councillors**

The Mayor and elected Councillors will:

- if required, engage an external consultant to provide independent professional advice
- set key performance indicators (KPI's), annually monitor, and appraise the CEO performance against these KPI's consider and determine remuneration increases annually
- decide on a course of action when the CEO's contract is nearing its end

#### **4.3 Administrative support**

The Manager Organisation Development will provide support to the Mayor and elected Councillors by:

- coordinating meetings of the CEO Employment Committee when required to carry out the functions in this policy
- arranging preparation of the CEO contract of employment
- providing a mechanism for the recording and monitoring the KPI's and the CEO performance review process
- maintaining appropriate records regarding employment and performance
- obtaining formal advice if requested
- recording minutes of the CEO Employment Committee meetings.

## **5 RECRUITMENT AND APPOINTMENT PROCESS**

A quote will be obtained from specialist recruitment consultants to carry out the responsibilities in paragraph 4.1.

The Independent Advisor should be a specialist recruitment consultant with a proven track record of successful CEO appointments.

All Councillors will form part of the selection process during recruitment for a new CEO unless a conflict of interest is declared.

The interview panel must have a minimum of three members of the CEO Employment Committee with one member being the Mayor, and one member being the Independent Advisor.

The CEO Employment Committee will develop and/or agree upon:

- the search and selection process and timeframe
- selection criteria based on the key accountabilities that the Independent Advisor will consider when preparing a list of candidates to be recommended for the CEO Employment Committee to interview
- a final shortlist to progress to interview (first and second round)
- remuneration arrangements that should be sufficient to attract, retain and motivate senior executives of the quality required, while not paying more than is necessary for this purpose
- a selection of interview questions that will respond to the key accountabilities of the role
- selection of the preferred candidate.

## 5.1 Following the selection of a preferred candidate

The Independent Advisor will:

- notify unsuccessful candidates
- in conjunction with the CEO Employment Committee provide advice on the initial key performance indicators
- assist the Mayor with communication of appointment.

## 5.2 Considerations in regard to the contract of employment of the CEO

When considering the CEO contract Council must have regard to any matters prescribed by relevant regulations including remuneration, termination, re-appointment and other employment conditions based on industry benchmarks, any statement of wages policy issued by the Government of Victoria and any determination that is in effect under Section 21 of the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019.

## 5.3 Term of appointment

The contract of employment should include a period of up to five years.

## 6 PERFORMANCE MONITORING AND ANNUAL REVIEW

The CEO Employment Committee must include all Councillors as part of the ongoing performance monitoring and the annual review of the CEO. Performance monitoring should occur six months after the annual review.

Additional meetings of the CEO Employment Committee will be convened as deemed necessary by the Mayor.

The Councillors collectively should:

- in consultation with the CEO, identify and agree on the key performance indicators and the activities that the CEO should work towards achieving over a 12-month period
- ensure that the CEO is consulted and advised of the process

- ensure that the CEO is given the opportunity to present their self-assessment to the Council in regard to the KPI's
- inclusively have the opportunity to provide comments of appraisal on the CEO performance
- provide the collection and collation of feedback in relation to the CEO performance as measured against the KPI's to Manager Organisation Development
- review the CEO remuneration package as a component of the annual review in accordance with contract conditions and legislative requirements
- appoint a suitably qualified external consultant when required to seek advice around performance monitoring and evaluation including facilitating the review
- conduct the annual performance review of the CEO and make recommendations including
  - if the CEO meets the Key Performance Indicators
  - if there is a need to vary the KPI criteria, remuneration, or other terms and conditions of the contract.

## 7 PROTOCOL REGARDING CEO LEAVE AND APPOINTMENT OF ACTING CEO

### 7.1 Leave approval Chief Executive Officer

An application for annual leave, long service leave, personal leave or an extended absence is to be approved by the Mayor on behalf of Council. Approval by the Mayor removes the requirement for a report to Council and formal resolution.

### 7.2 Appointment of a person as Acting CEO

- If the period of leave is five days or less, then the CEO is able to make the appointment under delegation.
- If the period of leave is more than five days and less than four weeks, then the CEO will liaise with the Mayor prior to making the appointment under delegation.
- If the period of leave is to exceed four weeks in a continuous period, then Council will deal with the appointment of the Acting CEO via a report and by formal resolution. Council could appoint either of the following to the position of Acting CEO:
  - one of the Directors of Council
  - a suitably qualified and experienced individual as a short term contract.

## 8 NON-COMPLIANCE

Failure to comply with this policy may constitute a breach of the CEO's contract of employment, s45 of the Local Government Act 2020 which could be reviewed / investigated by the Local Government inspectorate, and/or the Fair Work Act 2009.

## 9 DEFINITIONS OF TERMS OR ABBREVIATIONS USED

Term	Definition
CEO	Chief Executive Officer
Contract	Chief Executive Officer Employment Contract
Council	Loddon Shire Council
Councillor	Mayor or Councillor as defined by the Act

Independent Advisor	A consultant with specialist expertise in recruitment and remuneration.
Interview panel	Body who conduct formal interview of shortlisted candidates
External consultant	A consultant with specialist expertise in performance monitoring and evaluation.
Remuneration	Salary and salary equivalents
The Act	Local Government Act 2020

## 10 HUMAN RIGHTS STATEMENT

It is considered that this policy does not impact negatively on any rights identified in the Charter of Human Rights Act. Loddon Shire Council is committed to consultation and cooperation between management and employees. The Council will formally involve elected employee Health and Safety Representatives in any workplace change that may affect the health and safety of any of its employees.

## 11 REVIEW

The Manager Organisation Development will review this policy for any necessary amendments no later than 4 years after adoption of this current version.