

# Policy – Council – Chief Executive Officer Employment and Remuneration Policy

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<b>Date of next review:</b>	August 2025
<b>Adopted by:</b>	Council
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<b>Minor amendment:</b>	V1.1 May 2022
<b>Responsible officer:</b>	Manager People & Culture

## 1 PURPOSE AND SCOPE

The Pyrenees Shire Council Chief Executive Officer (CEO) Employment and Remuneration Policy sets out Council’s approach to managing CEO recruitment, performance, and remuneration in accordance with section 45 of the *Local Government Act 2020*.

The Policy sets out the process and framework for recruitment and contract renewal of the Pyrenees Shire Council CEO, evaluating performance, and setting CEO remuneration in accordance with contract terms and conditions.

This Policy has also been written in accordance with section 21 of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*.

## 2 POLICY STATEMENT

The Pyrenees Shire Council (Council), comprising of the elected Councillors, is responsible for the appointment of the CEO, determining (with the CEO) the CEO’s Key Performance Plan, assessing the CEO’s performance against that plan, and determining the CEO’s contract conditions including appropriate remuneration.

Confidential support will be provided to Council with its obligations regarding CEO recruitment, performance, and remuneration by the Manager People & Culture.

All records relating to these processes will be maintained in a secure and confidential manner by the Manager People & Culture.

### 2.1 Principles

The following principles aim to guide Council in its functions relating to the appointment, remuneration and performance appraisal of the CEO –

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- Decision-making must be fair, transparent, and applied consistently,
- Employment decisions must be based on a 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 must be based on merit, without bias or discrimination,
- CEO remuneration should be -
  - fair and reasonable recompense in return for performing the inherent requirements of the role,
  - have regard to Council’s fiscal and economic circumstances,
  - competitive and attractive in the relevant market,
- Councillors with a conflict of interest must not participate in the CEO recruitment process.

### 3 POLICY CRITERIA

#### 3.1 Appointment of Acting CEO

S11(23) of the *Local Government Act 2020* allows a Council to delegate to the CEO the power to appoint an Acting CEO for a period not exceeding 28 days.

#### 3.2 Independent professional advice

Council will obtain independent professional advice in relation to any matters dealt with in the CEO Employment and Remuneration Policy, including but not limited to CEO recruitment and performance review.

#### 3.3 CEO Employment and Remuneration Committee

Council may establish a CEO Employment and Remuneration Committee (E&R Committee) to undertake any part of this Policy.

If established, the E&R Committee should –

- Comprise of at least three (3) Councillors, one of which must be the Mayor,
- Be Chaired by an independent member with extensive executive human resources experience,
- Be supported in a secretariat capacity by the Manager People & Culture.

If established, the E&R Committee will be responsible for implementing the requirements of this Policy.

An independent Chair must be provided with appropriate remuneration for their work.

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### 3.4 CEO Recruitment and Appointment

In accordance with Council’s Procurement Policy, and with the support of the Manager People & Culture, Council<sup>1</sup> will appoint a specialist executive recruitment consultant to manage the process of recruiting a CEO. This will include –

- Taking a detailed brief from Council on the role and the ideal candidate attributes,
- Preparing a detailed schedule outlining the process,
- Preparing a suitable position description and key selection criteria for approval by Council,
- Providing advice to Council on appropriate remuneration and employment conditions based on industry benchmarks and any Determination that is in effect under section 21 of the Victorian *Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*.
- Developing an advertising strategy to attract suitable candidates,
- Assisting Council in conducting first and second round interviews to determine a shortlist of candidates,
- Conducting the relevant psychometrics to determine best fit (if required),
- Conducting reference checks on the preferred candidate,
- Performing probity checks on the preferred candidate,
- Working with the Manager People & Culture to develop and issue the contract of employment for the new CEO (utilising external legal advisors if required),
- Preparing the communications for Council to announce the appointment of the new CEO,
- Providing advice to Council on a performance plan for the probation period of the new CEO, and
- Working with the Manager People & Culture to induct the new CEO.

### 3.5 CEO Contract Terms and Conditions

A contract of employment must be developed for the CEO, including the following mandatory terms and conditions –

- The responsibilities of the position,
- A contract term for a period of up to five (5) years,
- A CEO is eligible to be re-appointed under a new contract of employment at the end of the former contract term, for a further period of up to five (5) years,
- A total remuneration package that includes salary, superannuation, the cost of a motor vehicle to Council and the cost of other employment benefits and associated fringe benefits tax, but should exclude general business expenses such as computers, mobile phones or study leave,
- Legislative obligations including those continuing after appointment,

<sup>1</sup> In this section, where reference is made to ‘Council’ this may also refer to the CEO Employment and Remuneration Committee if established.

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- Termination of contract provisions – e.g., Council may terminate a contract by providing the CEO with six months’ notice in writing,
- Processes for managing unsatisfactory performance or early termination, and
- Any other requirements or conditions prescribed by the regulations in relation to the employment of a CEO.

A newly appointed CEO will be subject to a six-month probationary period, reviewed periodically in accordance with Council’s recruitment processes. Renewal of contracts for existing CEOs will not be subject to a probationary period.

If there is a vacancy in the office of Chief Executive Officer, or the CEO is unable to perform their duties, the Council must appoint a person to be the Acting Chief Executive Officer.

### 3.6 Contract expiry

Council must review CEO performance at least six months prior to the expiry of the CEO contract and regarding current legislation to either -

- reappoint the CEO for a further period not exceeding five (5) years, or
- determine to advertise for recruitment for a new CEO.

### 3.7 CEO Key Performance Criteria / Plan

In collaboration with the CEO, Council will adopt an annual key performance plan for the CEO. The Plan will document agreed objectives and outcomes to be delivered over a twelve-month period.

The CEO will provide progress reports to Council at each review.

### 3.8 CEO Performance Review

An annual review of the performance of the CEO against annual key performance objectives will be undertaken by Council<sup>2</sup>. Council will appoint an independent consultant to assist with the CEO review process.

The annual review will assess the performance of the CEO against annual key performance objectives and develop new objectives for the following year. The review will also include the opportunity for Council to provide the CEO with performance related feedback and input into the CEO’s development plan. The CEO will also provide feedback on the performance of the Council as part of a 360-degree feedback process.

The performance review will be completed annually to coincide with the anniversary of the CEO’s commencement date.

<sup>2</sup> In this section, where reference is made to ‘Council’ this may also refer to the CEO Employment and Remuneration Committee if established.

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An informal performance review may be conducted within 6 months of the formal annual review each year thereafter. The information review will provide the CEO with feedback and the opportunity to adjust any of the objectives set in the formal performance review if required.

The Manager People & Culture may provide support to Council during the performance review process. Records from the formal annual performance review, and any informal interim performance reviews, will be securely and confidentially maintained by the Manager People & Culture.

### 3.9 CEO Remuneration and Expenses

#### 3.9.1 Remuneration

Following the annual formal performance review of the CEO, Council will review the remuneration of the CEO. Any decision to increase the remuneration of the CEO must –

- be in accordance with the policy principles detailed in section 2.1 above,
- recognise any reputation impact if increases are outside those agreed for other employees during enterprise bargaining agreement processes,
- have 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
- have regard to 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 sector / service bodies.

#### 3.9.2 Expenses

The CEO may be provided a Corporate Card to use in transactions related to the role of CEO. Corporate card expenditure will be reviewed and approved by the Manager Finance. Council's Audit & Risk Advisory Committee will receive reports on all CEO corporate card transactions.

Council will meet reasonable expenses incurred by the CEO, including but not limited to –

- membership and subscription fees payable to professional associations which are reasonably necessary or desirable in performance of duties,
- reasonable costs incurred where attending conferences, seminars or undertaking study,
- reasonable costs incurred in performance of official duties.

## 4 DISPUTE RESOLUTION

In relation to any matter under this Policy or the CEO's employment contract that may be in dispute, either the CEO or Council may –

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- a. give written notice to each other of particulars of any matter in dispute, and
- b. within 14 days of receiving a notice specified in sub-clause 7(a), a meeting will be convened between Council (along with any nominated representative of Council) and the CEO (along with any nominated representative of the CEO) in an attempt to resolve the dispute.

The CEO and Council will attempt to resolve the dispute at the workplace level.

Upon failure to resolve the dispute at the workplace level, the CEO and Council will –

- a. refer the dispute to an independent mediator as agreed by the CEO and Council, or otherwise as nominated by the Executive Director of Local Government Victoria,
- b. agree to participate in any mediation process in good faith, with such mediation to operate in a manner as agreed by the CEO and Council, and
- c. acknowledge the right of either the CEO or Council to appoint, in writing, another person to act on their behalf in relation to any mediation process.

The cost of the mediation service will be met by Council.

The facilitation of the mediation process will be undertaken by Council’s Councillor Conduct Officer – Director Corporate & Community Services.

The CEO and Council will each be responsible for meeting the cost of any advisor or nominated representative used by them.

## 5 BREACH OF POLICY

Failure to maintain and comply with this policy may be a breach of section 45 of the *Local Government Act 2020* and accordingly be subject to review by the Local Government Inspectorate.

## 6 DEFINITIONS

CEO	Chief Executive Officer
Contract	Chief Executive Officer Employment Contract
Council	Pyrenees Shire Council, OR Employment & Remuneration Committee
Councillor	Elected representatives – Mayor or Councillor as defined by the Local Government Act 2020
Remuneration	Salary and salary equivalents

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## 7 REFERENCE

### Related legislation –

- Local Government Act 1989
- Local Government Act 2020
- Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019

### Related Council Policy –

- Procurement Policy

### 7.1 Consultation and impact

Pyrenees Shire Council is committed to consultation and cooperation between management and its employees. Development of this Policy was conducted in consultation with relevant staff and Council prior to approval. It is considered that this Policy does not impact negatively on the rights identified in the Charter of Human Rights and Responsibilities (2007).

This Policy has been reviewed in accordance with the Gender Equality Act 2020 and a gender impact assessment has been conducted, which did not raise any recommendations for improvement.

## 8 VERSION HISTORY

Version Number	Issue date	Description of change
1.0	October 2021	Initial release

### 8.1 Policy Review

All Policies must be reviewed within 4 years. This Policy will be reviewed in a 4-year cycle.

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 the policy, such a change may be made administratively. However, any change or update which materially alters this document must be by resolution of Council.

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