

# Chief Executive Officer Employment and Remuneration Policy

<b>Title</b>	Chief Executive Officer Employment and Remuneration Policy
<b>Description</b>	This policy details Council's approach to managing Chief Executive Officer performance, remuneration and employment in accordance with section 45 of the Local Government Act 2020.
<b>Category</b>	Governance
<b>Type</b>	Policy
<b>Approval authority</b>	Council
<b>Responsible officer</b>	Group Manager People and Culture
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<b>Human Rights compatibility</b>	This policy has been assessed and is compatible with the Victorian Charter of Human Rights and Responsibilities

## 1. Purpose

This policy provides direction on Council's commitment to the application of good governance, transparency and fairness in all matters relating to the employment, management and remuneration of the Chief Executive Officer (CEO).

- 1.1. The Chief Executive Officer Employment and Remuneration Policy (Policy) of Yarra City Council (Council) is made in accordance with section 45 of the Local Government Act 2020.
- 1.2. This Policy provides for the following matters which Council is responsible for under the Act or as a requirement of this Policy:
  - 1.2.1. the recruitment and appointment of the Chief Executive Officer;
  - 1.2.2. approving the Contract of Employment entered into between Council and the Chief Executive Officer;
  - 1.2.3. the appointment of an Acting Chief Executive Officer;
  - 1.2.4. the provision of independent professional advice in relation to the matters dealt with in the Policy;
  - 1.2.5. the monitoring of the Chief Executive Officer's performance;
  - 1.2.6. an annual review of the Chief Executive Officer's performance; and
  - 1.2.7. determining the Chief Executive Officer's remuneration.

## 2. Definitions

- 2.1. In this Policy, unless the context suggests otherwise the following words and phrases mean:

**Absolute majority resolution** means a formal resolution of the Council passed at a meeting by a number of Councillors which is greater than half the total number of the Councillors of the Council.

<b>Act</b>	means the Local Government Act 2020.
<b>Annual Review Report</b>	has the meaning given in paragraph 11.1.
<b>Committee</b>	means the Chief Executive Officer Employment and Remuneration Committee established under this Policy.
<b>Contract of Employment</b>	means the contract of employment between Council and the CEO, including any schedules.
<b>Executive Search Consultant</b>	means a consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles.
<b>Independent Advisor</b>	means the consultant appointed by Council from time to time to provide independent advice in accordance with section 45(2)(a) of the Act.
<b>KPIs</b>	means Key Performance Indicators or performance criteria however described.
<b>Performance Plan</b>	means the annual performance plan setting out KPIs for the CEO.
<b>Public Sector Wages Determination</b>	means 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 service bodies.
<b>Recruitment Policy</b>	means the recruitment policy adopted by the CEO under section 48(2) of the Act.
<b>Regulations</b>	means the Regulations made under Division 7 of Part 2 of the Act.
<b>Remuneration Package</b>	means the total gross remuneration package paid to the CEO pursuant to the Contract of Employment.

### 3. Policy Overview

- 3.1. This policy outlines the mechanisms which support Council in fulfilling its obligations regarding the CEO's employment under the Act.
- 3.2. The aims of the CEO in relation to this Policy are to:
  - 3.2.1. work collaboratively with the Committee in determining the Performance Plan on an annual basis;
  - 3.2.2. actively participate in the performance appraisal process as required by the Committee;
  - 3.2.3. make use of constructive feedback from Councillors in relation to performance appraisals;
  - 3.2.4. undertake professional development on an as needed basis, or as part of the Performance Plan; and
  - 3.2.5. promptly draw the Committee's attention to any situation where any variation of the Performance Plan may be required in light of the current circumstances.

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- 3.3. The aims of Council (including via the Committee) in relation to this Policy are to:
- 3.3.1. establish a Chief Executive Officer Employment and Remuneration Committee (the Committee);
  - 3.3.2. provide processes for the recruitment of a natural person, and their appointment, to the position of CEO;
  - 3.3.3. draft and approve the Contract of Employment entered into between Council and the CEO;
  - 3.3.4. seek and be guided by independent professional advice in relation to the matters dealt with in this Policy;
  - 3.3.5. provide processes for determining and reviewing the CEO's Remuneration Package;
  - 3.3.6. provide processes for the monitoring of the CEO's performance including setting the Performance Plan and conducting an annual review;
  - 3.3.7. determine, as required, whether any variations to the Remuneration Package and terms and conditions of employment of the CEO; and
  - 3.3.8. provide processes for the appointment of an Acting Chief Executive Officer.

## 4. Chief Executive Officer Employment and Remuneration Committee

- 4.1. Council will establish a Chief Executive Officer Employment and Remuneration Committee (Committee).
- 4.2. The Committee will be an advisory committee to Council.
- 4.3. The purposes of the Committee are to consider, and make recommendations to Council with respect to, the:
  - 4.3.1. selection and appointment of the Independent Advisor;
  - 4.3.2. independent advice received from time to time from the Independent Advisor;
  - 4.3.3. performance monitoring of the CEO, including with respect to achievement of the KPIs;
  - 4.3.4. annual review of the CEO's performance, including against the KPIs;
  - 4.3.5. CEO's remuneration;
  - 4.3.6. recruitment and appointment of a CEO, if required;
  - 4.3.7. provisions to be included in the Contract of Employment from time to time;
  - 4.3.8. appointment of an Acting CEO; and
  - 4.3.9. implementation of this Policy.
- 4.4. The Committee shall be constituted by and operate in accordance with its Terms of Reference, as adopted by Council from time to time.

## 5. Recruitment of CEO

- 5.1. Council shall appoint an Executive Search Consultant to run the recruitment process.
- 5.2. Once an Executive Search Consultant is engaged, they will liaise with the Committee in connection with the recruitment process.
- 5.3. The Committee will establish and manage the process to recruit the CEO, designed to ensure that Council can select the best available candidate from a short list of preferred candidates (with or without a recommendation from the Committee).

- 5.4. The Committee and Council must have regard to Council's Recruitment Policy when considering the recruitment of the position of CEO to:
  - 5.4.1. ensure that the recruitment decision is based on merit;
  - 5.4.2. support transparency in the recruitment process; and
  - 5.4.3. ensure that regard is had to gender equity, diversity and inclusiveness.
- 5.5. The Committee must ensure that the Executive Search Consultant publicly advertises the CEO role.
- 5.6. The Committee must direct the Executive Search Consultant to prepare, and provide to Council, a schedule of dates for key decisions to be made by resolution of Council throughout the recruitment process.
- 5.7. The Committee must provide a report and recommendation to Council so that each key decision identified in the schedule prepared under paragraph 5.6 can be made by resolution of Council.

## **6. Appointment of the CEO**

- 6.1. Council will receive a report from the Committee on the completion of its role in the recruitment process, and Council will proceed to decide on a preferred candidate with the support of the Committee to negotiate and finalise the Contract of Employment.
- 6.2. The Committee will provide a recommendation to Council on the provisions to be contained in the proposed Contract of Employment.
- 6.3. The appointment of the CEO must be made by a resolution of Council.

## **7. Reappointment of the CEO**

- 7.1. Within six months prior to the expiry of the current CEO's Contract of Employment, the Committee will provide a recommendation to Council on:
  - 7.1.1. whether the CEO should be reappointed under a new Contract of Employment; and
  - 7.1.2. if the recommendation is to reappoint the CEO, the proposed provisions of the further Contract of Employment.
- 7.2. Any reappointment of the current CEO must be made by a resolution of Council.

## **8. Contract of Employment**

- 8.1. The Contract of Employment is to be read in conjunction with this Policy (but the terms of the Policy are not incorporated into the Contract of Employment).
- 8.2. The Contract of Employment will, at a minimum, outline the following:
  - 8.2.1. the employment term, which must not exceed 5 years in accordance with section 44(2) of the Act;
  - 8.2.2. the responsibilities and duties of the position, including compliance with the Act and the Code of Conduct;
  - 8.2.3. the conflict of interest management requirements;
  - 8.2.4. the CEO's Remuneration Package and other entitlements;
  - 8.2.5. any legislative and contractual obligations, including those during and continuing after appointment;
  - 8.2.6. the CEO's leave entitlements;

- 8.2.7. dispute resolution procedures;
- 8.2.8. processes for managing unsatisfactory performance;
- 8.2.9. any other matters required to be contained in the Contract of Employment by the Regulations.
- 8.3. The Contract of Employment will outline the following in respect of processes for early termination:
  - 8.3.1. notice of termination by Council is restricted to a maximum of six months;
  - 8.3.2. any decision of the Council to terminate a contract early or otherwise trigger early termination provisions can only be made by absolute majority resolution.
- 8.4. The Contract of Employment may only be varied by a resolution of Council and accepted by the CEO, recorded in a deed of variation.

## **9. Remuneration and Expenses**

- 9.1. The Remuneration Package provided to the CEO will form part of the Committee's annual review, having regard to (in accordance with section 45(3) of the Act):
  - 9.1.1. any statement of policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent); and
  - 9.1.2. any Public Sector Wages Determination.
- 9.2. Remuneration will be reviewed on an annual basis, in accordance with the CEO's Performance Plan and contractual requirements.
- 9.3. Council will meet expenses incurred by the CEO in relation to:
  - 9.3.1. membership and subscription fees payable to professional associations which are reasonably necessary in order to carry out duties;
  - 9.3.2. reasonable costs incurred where attending conferences, seminars or other networking functions; and
  - 9.3.3. reasonable costs incurred in performance of required duties.

## **10. Performance monitoring**

- 10.1. Council will adopt an annual Performance Plan for the CEO, which will include KPIs. The Performance Plan must be developed collaboratively between the CEO and the Committee.
- 10.2. The CEO is to provide progress reports against the Performance Plan to the Committee on a quarterly basis or as otherwise agreed by the CEO and the Committee.
- 10.3. The Committee may meet with the CEO following each progress report to discuss the matters contained in the progress report.
- 10.4. Following the initial six months of the CEO's term, a workshop with Councillors and the CEO should be coordinated so that:
  - 10.4.1. the CEO can prepare and present an overview of their findings during the early months, and highlight any projections or forecasts of relevance to Council during their tenure;
  - 10.4.2. Councillors can provide feedback to the CEO on their perspective of the CEO's performance during the initial period; and
  - 10.4.3. Council and CEO can agree to projects and priorities for inclusion in the CEO's Performance Plan and KPIs.

10.5. Nothing in this Policy prevents the Committee and/or Council from monitoring the CEO's performance on an ongoing basis.

## **11. Annual review**

11.1. In preparation for Council's review, the Committee is required to submit an annual review report (Annual Review Report) to Council which includes recommendations on the following:

11.1.1. whether, and to what extent, the CEO has met the KPIs under the Performance Plan;

11.1.2. whether any KPIs or other criteria ought to be varied under the Performance Plan;

11.1.3. whether the Remuneration Package ought to be varied; and

11.1.4. any other necessary matters.

11.2. The Committee will submit the Annual Review Report to Council only after meeting and agreeing with the CEO on the Committee's proposed recommendations.

11.3. Council shall, after receipt of the Annual Review Report, review the recommendations in the Annual Review Report and advise the CEO of the outcomes of the review process.

## **12. Acting CEO**

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

12.2. If an Acting CEO is to be appointed for a period not exceeding 28 days, the appointment of an Acting CEO may be made by:

12.2.1. the CEO under delegation from Council pursuant to section 11(3) of the Act; or

12.2.2. resolution of Council.

12.3. If an Acting CEO is to be appointed for a period exceeding 28 days, the appointment of an Acting CEO must be made by a resolution of Council.

## **13. Independent advice**

13.1. The Independent Advisor is responsible for providing independent professional advice in relation to the matters dealt with under this Policy in accordance with section 45(2)(a) of the Act.

13.2. The Independent Advisor will be appointed on the recommendation of the Committee following a process to seek experienced and suitably qualified persons but must not be the Executive Search Consultant appointed by Council to assist in the recruitment process.

13.3. Council will determine the:

13.3.1. term of appointment of the Independent Advisor; and

13.3.2. remuneration of the Independent Advisor.

13.4. Council can, on an as needed basis, obtain additional independent professional advice in relation to the matters dealt with under this Policy.

## **14. Interaction with Act and Regulations**

14.1. This Policy applies subject to any inconsistent obligations in the Act or the Regulations.

## 15. Confidentiality

- 15.1. Council is not required to disclose any personal information, being information which if released would result in the unreasonable disclosure of information about any person or their personal affairs.

## 16. Related Documents

- Local Government Act 2020
- Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019
- Victorian Government Public Entity Executive Remuneration Policy (PEER policy)
- Chief Executive Officer Employment and Remuneration Committee – Terms of Reference
- Yarra City Council Recruitment Policy (currently under review)