

POLICY NO. 4.2.16

CEO ANNUAL PERFORMANCE REVIEW

OBJECTIVE

To guide Council's annual performance and remuneration review process for the City's Chief Executive Officer.

BACKGROUND

Section 5.38 of the *Local Government Act 1995* requires Council to review the performance of the Chief Executive Officer at least once each year. Conducting this review is an important function of Council because the CEO is Council's only employee and it is through this review process that Council can also review the performance of the organisation. At the same time, it is appropriate for Council to also conduct an annual review of the CEO's remuneration package.

The Salaries and Allowance Tribunal (SAT), established under the *Salaries and Allowances Act 1975* (the Act), has responsibility for determining and recommending rates of remuneration for local government CEO's in accordance with sections 7A and 8 of that Act. Rather than determine a specific remuneration package amount, SAT sets the minimum and maximum Total Reward Package (TRP) to be paid or provided to local government CEOs depending on a 'Band' classification structure established by the SAT. The SAT has classified the City of Vincent as a Band 2 local government.

POLICY STATEMENT

1. Performance Review Panel

- 1.1 The Council shall establish a CEO Performance Review Panel (the Panel) to have carriage and oversight of the Annual Review Process.
- 1.2 The Panel shall be appointed by resolution of Council for a two year term ending on the date of the next ordinary local government election.
- 1.3 The Panel shall comprise up to four members, including the Mayor as Chairperson and at least two other Council Members.
- 1.4 The primary functions of the Panel are to:
 - (a) Subject to clause 2.4, determine the scope of work to engage a consultant to assist with the conduct of the review process;
 - (b) Review quotations received from consultants to assist with the conduct of the review process;
 - (c) Provide a recommendation to Council on the appointment of a suitable consultant to assist with the conduct of the review process;
 - (d) Manage the consultant appointed by Council;
 - (e) Review the results of the performance review process and remuneration review and provide a recommendation to Council on the same; and
 - (f) Discuss possible KPIs and measurements with the CEO for reporting to Council arising from the performance review process.

2. Appointment of Consultant

- 2.1 Council shall have due regard to the advice of the Panel and shall appoint a suitably qualified and experienced consultant to assist with the conduct of the performance review process in an independent and equitable fashion.
- 2.2 Unless otherwise determined by Council, the selected consultant shall be appointed for a two year term to coincide with the membership term of the Panel.
- 2.3 To ensure the review process is commenced in a timely manner, Council will make the decision to appoint a consultant by no later than one month before the CEO's 12 month anniversary date falls due.
- 2.4 The appointed consultant shall, as a minimum, undertake the following as part of the performance review process:
 - (a) Prepare and distribute a questionnaire to all current Council Members on the extent to which the CEO is considered to have achieved the KPIs and measurements that applied during the review period;
 - (b) Provide all current Council Members with the opportunity to provide verbal feedback on:
 - (i) the extent to which the CEO is considered to have achieved the KPIs and measurements that applied during the review period;
 - (ii) the CEO's responsibilities during the review period; and
 - (iii) the organisation's performance during the review period.
 - (c) Prepare and distribute a confidential questionnaire to all Directors and Managers on the extent to which the CEO is considered to have modelled the desired leadership behaviours outlined in *The Vincent Way*;
 - (d) Conduct a review of the CEO's remuneration package;
 - (e) Convene and attend at least one meeting between the consultant and the CEO to discuss the feedback received;
 - (f) Convene and attend at least one meeting between the consultant and the Panel to discuss the feedback received;
 - (g) Convene and attend at least one meeting between the consultant, the Panel and the CEO to discuss the feedback received; and
 - (h) Provide to the Panel and the CEO an Annual Performance Review report incorporating the results of the review exercise.
 - (i) Conduct a review of the CEO's Key Performance Indicators (KPIs) and recommend draft KPIs and measurements for the upcoming review period in discussion with the CEO and the Panel.

3. Roles & Responsibilities

- 3.1 The Office of the Mayor will be responsible for:
 - (a) Coordinating the activities of the Panel throughout the review process; and
 - (b) Two months prior to the completion of the KPI review year falling due, initiating the Request for Quotation (RFQ) process to appoint a consultant in accordance with Council's Purchasing Policy and relevant corporate procedures.

- 3.3 No later than six weeks following the completion of the KPI review year, the CEO shall provide to Council's appointed consultant a written self-assessment of the CEO's own performance against the KPIs and measurements that applied during the review period.
- 3.4 Council's appointed consultant will be responsible for coordinating Council Member feedback on the CEO's self-assessment against KPIs and measurements, and the Director and Manager's feedback on the CEO's leadership behaviours.
- 3.5 The Panel is responsible for:
- (a) Presenting a report to Council to appoint a suitable consultant prior to the CEO's anniversary date falling due; and
 - (b) Overseeing the performance review process and ensuring that a final review report is presented to Council to conclude the process within 3 months of the completion of the former KPI review period. If a local government election, or another extraordinary event, falls within this 3 month period, the Panel shall establish revised timeframes for the review process in liaison with the CEO.
- 3.6 The Panel and the CEO shall be responsible for presenting the draft KPIs and measurements to Council for determination within 3 months of the completion of the former KPI review period.
- 3.7 It is incumbent upon Council Members and senior staff to actively participate in the CEO Performance Review process and to provide feedback in accordance with the provisions of this policy.

4. KPI Review Period

- 4.1 If the CEO's anniversary date does not align with the financial year, then over a period of time agreed between Council and the CEO, the CEO's KPI review period (inclusive of remuneration review) will be transitioned to align with the financial year.
- 4.2 To give effect to clause 4.1, Council and the CEO may agree to conduct a performance review(s) for a period of less than 12 months based on KPIs that align to that same duration of time.

Date Adopted:	14 November 2017
Date Amended:	
Date Reviewed:	
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