

# POLICY



## C008 CEO Employment and Remuneration Policy

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### 1 Purpose

The purpose of this policy is to:

- outline the way in which Council will manage the recruitment and appointment of its Chief Executive Officer;
- provide consistency for contract content, performance monitoring and requirements for annual review;
- apply the principles of good governance, transparency and fairness in all matters relating to the employment, management and remuneration of the Chief Executive Officer; and
- meet legislative requirements under the *Local Government Act 2020*.

### 2 Scope

This policy applies Councillors and candidates or incumbents of the Chief Executive Officer position.

### 3 Definitions

<b>Act</b>	means <i>Local Government Act 2020</i>
<b>CEO</b>	means Chief Executive Officer
<b>Council</b>	means Hindmarsh Shire Council
<b>Councillors</b>	means the individuals holding the office of a Councillor of Hindmarsh Shire Council
<b>Council Officer</b>	means the Chief Executive Officer and staff of Council appointed by the Chief Executive Officer.

### 4 Responsibility

#### 4.1 Council

Under the Act, Council is responsible for:

- developing, adopting and keeping in force the CEO Employment and Remuneration Policy;
- establishing a CEO Employment and Remuneration Committee and appointing members to the Committee in accordance with this Policy

- undertaking the recruitment and appointment of CEO when a vacancy occurs in the office of CEO;
- appointing an Acting CEO when there is a vacancy in the office of the CEO, including a temporary vacancy (where the vacancy is longer than 28 consecutive days); and
- adopting, overseeing and monitoring the implementation of this policy.

#### **4.2 CEO Employment and Remuneration Committee**

Independent committee members will be responsible for:

- Attending committee meetings
- Undertaking the responsibilities of the Committee as set out in this Policy and the Act, including:
  - developing and recommending performance criteria and undertaking the annual review of the CEO
  - identifying and recommending appropriate development opportunities for the CEO
  - making recommendations on the CEO's total remuneration package and remuneration reviews
  - ensuring the Committee adheres to statutory obligations and to Council's policies and procedures, including those comprising equity and fairness principles.

#### **4.3 CEO**

The CEO is responsible for:

- Attending committee meetings as required
- Participating in regular performance reviews
- Providing relevant information to the Committee in a timely manner
- Advising Councillors in instances where an Acting CEO is to be appointed under delegation during the temporary absence of the CEO, in accordance with approved delegations.

#### **4.4 Director Corporate and Community Services**

The Director Corporate and Community Services is responsible for:

- Providing advice on the interpretation and application of this policy; and
- Obtaining formal advice if requested.

#### **4.5 Manager Governance and Human Services**

The Manager Governance and Human Services is responsible for:

- Providing advice on the implementation and application of this policy; and
- Obtaining formal advice if requested.

### **5 CEO Employment and Remuneration Committee**

To implement the requirements of the Act, Council will:

- establish a CEO Employment and Remuneration Committee (Committee) to oversee the implementation of this Policy;
- appoint an independent member to the Committee to assist with and advise on the implementation of this Policy;
- determine the rate of remuneration of the independent member of the Committee;
- consider reports and recommendations from the Committee;
- review this Policy within six months of a Council election.

### **5.1 Purpose**

The Committee is established to:

- make recommendations to Council on the appointment of a permanent CEO;
- monitor and make recommendations to Council on performance matters relating to the CEO; and
- perform any other functions or responsibilities prescribed by the Act or specified by Council.

The Committee is an Advisory Committee to Council and has no delegated decision making power or authority.

### **5.2 Composition**

The CEO Employment and Remuneration Committee will be comprised of:

- All Councillors; and
- One independent member appointed by Council in accordance with this Policy.

The independent member of the committee is a full member of the committee and is expected and required to be an active participant in Committee meetings.

The independent member will act as Chairperson of the Committee.

### **5.3 Committee functions**

#### **5.3.1 Recruitment**

The Committee will establish and oversee the process to enable Council to appoint a CEO, including, but not limited to:

- advising on the selection of a recruitment consultant or agency to facilitate and advise on the recruitment process;
- acting as the selection panel for the recruitment process;

In conjunction with the recruitment consultant or agency, the Committee will:

- prepare a shortlist of applicants for interview;
- develop details of the interview process – questions, required presentations etc.

The Committee will:

- provide a recommendation to Council on the appointment of the CEO including remuneration and terms and conditions of appointment;
- provide a recommendation on any extension of the appointment of the CEO under section 44(3) of the Act, when required.

### **5.3.2 Annual Review**

The CEO's performance will be reviewed by the Committee on an annual basis. During the annual review the Committee will:

- formally review the CEO's performance objectives against the CEO's performance in the previous 12 months;
- undertake a review of the total remuneration package;
- develop, in conjunction with the CEO, relevant and measurable performance objectives for the following 12 months and make a recommendation to Council on those performance objectives;
- make recommendations on development opportunities for the CEO;
- make recommendations to Council on matters relating to the CEO's performance and performance review, as appropriate.

### **5.3.3 CEO Contract Expiry**

The Committee must make a recommendation to Council between three and six months prior to the expiry of the CEO contract and with regard to current legislation to:

- reappoint the CEO; or
- advertise for recruitment of the role of CEO.

## **5.4 Independent Member**

In accordance with the Act, Council is required to obtain independent professional advice. The independent member will be appointed following an advertisement calling for expressions of interest from a suitably skilled and qualified person.

The independent member is to be engaged on a contractual basis and cannot be an employee of Council.

### **5.4.1 Independent Member Remuneration**

The independent member will be paid at a rate to be determined by Council from time to time.

### **5.4.2 Key competencies**

The independent member must possess and demonstrate the following key competencies:

- strong leadership and communication skills;
- skills, expertise and experience in one or more of the following;
  - human resource management (including executive recruitment, remuneration and talent management);
  - senior business or government experience;
  - experience with and understanding of employment law;

- demonstrated ability in performance management and development of executive level staff;
- understanding of good governance and previous experience working with Governance bodies or Boards;
- ability to work effectively with Councillors and CEO;
- knowledge and understanding of the issues affecting Hindmarsh Shire.

#### **5.4.3 Appointment process**

Council will call for expressions of interest for independent committee membership where there is a vacancy in the position of independent member (or impending vacancy);

The Committee will prepare a shortlist, conduct interviews and make a recommendation to Council on the appointment of the independent member. The list of all expressions of interest considered by the Committee will be provided to Council.

#### **5.4.4 Appointment timeframe**

The independent member may be appointed for up to four (4) years, or the term of the Council, whichever is the lesser period.

The independent member may be re-appointed by Council, subject to Council's procurement requirements.

### **5.5 Committee procedures**

#### **5.5.1 Meeting schedule**

The Committee will meet as required, but at a minimum every six months. The Committee will provide a report to Council following each meeting.

Special Meetings may be called by the Committee Chairperson or the Mayor providing two weeks' notice of and the reasons for the Special Meeting.

#### **5.5.2 Chairperson responsibilities**

It is the Chairperson's responsibility to:

- chair Committee meetings in accordance with Council's Governance Rules;
- prepare the agenda in consultation with the mayor; and
- prepare and distribute the minutes to Committee members.

The Chairperson will liaise with the Manager Governance & Human Services (or nominee) when necessary.

#### **5.5.3 Meeting procedure**

Committee meetings should follow Council's Governance Rules.

Where required, the CEO will attend Committee Meetings, but will not have voting rights.

#### 5.5.4 Minutes of the meeting

- The Independent Chairperson will be responsible for taking minutes of Committee Meetings.
- The Agenda shall be distributed at least five working days in advance of the meeting to all Committee members and a call for Agenda items will be made prior to issuing the Agenda.
- A copy of the minutes shall be distributed to all Committee members within five working days of the meeting, as far as practicable.
- A report to Council prepared by the Independent Chairperson will be tabled after every meeting of the Committee as a confidential report to Council.
- Reports to Council should reflect a consensus view. Where consensus cannot be reached, the report should clearly outline the differing points of view i.e., the majority and minority points.

#### 5.5.5 Legal advice

The Committee may request legal advice or other specific expert advice, as required and necessary.

Any formal advice requested by the Committee will be made available to all Committee members and, where relevant and appropriate, will be provided to Council through meeting minutes.

Any advice requested by the Committee will be arranged by the chair through the Manager Governance & Human Services to ensure compliance with Council's policies and procedures.

### 6 Contractual requirements

The CEO contract will at minimum outline:

- the responsibilities of the position;
- remuneration;
- term of appointment (up to five years)
- legislative obligations including those continuing after appointment; and
- processes for managing unsatisfactory performance or early termination.

### 7 Regular Consultation

In addition to the Annual Review, the CEO and Councillors shall meet every three months to conduct an informal review of performance objectives and discuss any pertinent matters as determined by either Council or the CEO.

### 8 References

Related documents	Legislation
CEO's Employment Contract	<i>Local Government Act 2020</i>
CEO Position Description	<i>Fair Work Act 2009</i>
Council's Procurement Policy	<i>National Employment Standards</i>
	<i>Equal Opportunity Act 2010</i>

Hindmarsh Shire Council Governance Rules	<i>Gender Equality Act 2020</i> <i>Protecting Integrity – Leading the Way. Managing the employment cycle of a council CEO – Local Government Inspectorate (Victoria) (February 2019)</i> <i>Government Policy on Executive Remuneration in Public Entities</i> <i>Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019</i>
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## 9 Document Control

CEO Employment and Remuneration Policy		<b>Policy Category</b>	COUNCIL
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