CEO Employment and Remuneration Policy

1. Policy objectives

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) in accordance with Section 45 of the *Local Government Act 2020* (the Act).

2. Policy statement

This Policy provides for the following matters:

- Establishment of the CEO Employment Matters Committee
- The recruitment and appointment of the CEO
- Monitoring of the CEOs performance and professional development
- Expiry of the CEO contract
- Appointment of an Acting or Interim CEO

3. Establishment of the CEO Employment Matters Committee

The *Local Government Act 2020* requires Council to be able to access independent advice in relation to matters dealt with in the CEO Employment and Remuneration Policy. To support this requirement, Council will appoint an advisory committee with an independent member. For the purpose of this Policy that committee will be referred to as the CEO Employment Matters Committee (the Committee).

The Committee is to be chaired by the independent member who is a full member of the Committee and is entitled to be remunerated for their advisory role.

The Terms of Reference for the CEO Employment Matters Committee will be set out in the CEO Employment Matters Committee Charter 2021.

The Committee may obtain additional independent professional advice to help it discharge its obligations in respect of any matter dealt with in this Policy.

Support to the Committee will be provided by the Chief Executive Office's delegate and include:

- coordinating meetings of the Committee
- preparing relevant documentation including reports to Council and contractual documents
- working with the Manager Governance and Property to seek expressions of interest from suitably qualitied persons to undertake the role of independent Chair for the Committee's consideration

- procuring independent legal advice on contractual or employment matters at the request of the Committee
- maintaining appropriate records regarding performance reviews

4. Recruitment and Appointment of the Chief Executive Officer

Council will engage an independent and suitably qualified recruitment firm to support it in the recruitment and appointment of a CEO. The Committee will make recommendations to the Council when appointing a recruitment firm, determining the CEO selection criteria and developing the CEO contract.

4.1 Contract of Employment

The Contract of Employment will, at a minimum, outline the following:

- the employment term which must not exceed 5 years under Section 44(2) of the Act;
- the responsibilities and duties of the position including compliance with the Act and the Code of Conduct;
- the conflict of interest management requirements;
- the CEO's remuneration package and other entitlements;
- any legislative and contractual obligations, including those during and continuing after appointment;
- the CEO's leave entitlements;
- dispute resolution procedures;
- processes for managing unsatisfactory performance;
- processes for early termination, including notice of termination provisions, with notice of termination by the Council being a period of six (6) months;
- any other matters required to be contained in the Contract of Employment by the Regulations.

The Contract of Employment may only be varied by a resolution of the Council and if accepted by the CEO, recorded in a deed of variation.

4.2 Remuneration and Expenses

Remuneration

The total remuneration package will be subject to the review of the Committee.

The remuneration package will be consistent with the principles of the Victorian Government Public Entity Executive Remuneration Policy, which stipulate that remuneration should:

- be fair and reasonable;
- consider entity performance as well as Victorian fiscal and economic conditions;
- be set at a competitive level for the relevant market and sector, to attract and retain talented people;
- reflect the non-financial benefits of local government employment; and

- be based on decisions that are robust, transparent, consistent and understandable to both the CEO and the public.

The total remuneration package will be inclusive of salary, superannuation and other employment benefits, including associated Fringe Benefits Tax.

No performance bonus arrangements will apply.

The CEO Employment Matters Committee will review remuneration annually in accordance with the terms of the contract.

Expenses

Council will meet reasonable expenses incurred by the CEO including:

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

The CEO may be provided a corporate credit card to use in transactions related to their role. Corporate credit card expenditure will be reviewed and approved by the Mayor.

The independent Audit & Risk Committee can, at any time, ask to receive a report on all CEO corporate credit card transactions.

5. Monitoring of the CEOs performance and professional development

The Council will adopt an annual performance plan for the CEO. The performance plan will be developed in conjunction with the CEO and the CEO Employment Matters Committee.

The performance plan will document agreed objectives and outcomes to be delivered over a twelve-month period, including any agreed professional development.

The CEO will provide progress reports to the Committee at each review meeting.

Following the initial three months of a new CEO's term, a workshop with Councillors, the CEO and the independent chair of the Committee should be coordinated so that:

- the CEO can prepare and present an overview of findings during the early months, and highlight any projections or forecasts of relevance to the Council during their tenure;
- the Councillors can provide feedback to the CEO on their perspective of the CEO's performance during the initial period; and
- the Council and CEO can agree to projects and priorities for inclusion in the CEO's Performance Plan and KPIs.

6. Contract Expiry

Six months prior to the expiry of the current CEO's Contract of Employment, the Committee will provide a recommendation to Council on whether to reappoint the CEO under a new contract of employment or cease the employment of the CEO due to the expiry of the contract.

If the Committee recommendation is to reappoint the CEO, the recommendation should also include the proposed provisions of the further Contract of Employment.

Any reappointment of the current CEO must be made by a resolution of the Council.

7. Acting or Interim CEO Appointment

The Council must appoint an Acting CEO when there is a vacancy in the office of the CEO of greater than 28 days or the CEO is unable to perform the duties of the office of Chief Executive Officer.

The appointment of the Acting CEO must be made by a resolution of the Council unless the Acting CEO is appointed for a period not exceeding 28 days, in which case the CEO may appoint an Acting CEO under delegation from Council in accordance with Section 11(3) of the Act.

The Committee must advise the Council on the selection and appointment of an Acting CEO for periods exceeding 28 days.

Reference to other documents

Local Government Act 2020

The CEO Employment Matters Committee Charter 2021.

Victorian Government Public Entity Executive Remuneration Policy.

Review process

Council will review this Policy every four years within a period of 12 months following the general election.

Approval

Adopted by Council at its meeting held on Date ……/……../……..
Signed by the Mayor (Name)…….
…….. Date ……/……../……..

Chief Executive Officer Employment Matters Committee Charter

1. Purpose

The CEO Employment Matters Committee (the Committee) is an independent advisory committee to Council. The Committee does not have any delegated powers, including executive powers, management functions or delegated responsibility.

The Committee's role is to oversee matters relating to the employment, management and remuneration of the Chief Executive Officer (CEO) and ensure the application of good governance, transparency and fairness.

2. Policy statement

The CEO Employment Matters Committee Charter (the Charter) sets out the role of the Committee, along with its objectives, authority, membership and tenure, roles and responsibilities and the administrative arrangements.

3. Composition

The Committee will be constituted by an independent chairperson and at least two Councillors, one of whom will be the Mayor. Council may appoint more than two Councillors on the Committee if it wishes to, however, must not appoint other persons on the Committee who are not Councillors.

A quorum of three members will be necessary to transact business of the Committee. One of the three members must be the independent chairperson.

4. Independent Chairperson

Qualifications and Criteria

The independent chairperson 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 resources management (including executive recruitment, remuneration and talent management)
  - senior business or government (including local 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 the CEO
- Knowledge and understanding of the issues affecting Bass Coast Shire.

Appointment Process

The Manager Governance and Property will call for Expressions of Interest from interested persons to be the independent chairperson of the Committee where there is a vacancy or an impending vacancy.

The Councillor members of the Committee will prepare a shortlist, conduct interviews and make a recommendation to Council on the appointment of the independent chairperson.

The list of all Expressions of Interest considered by the Committee will be provided to Council.

The independent chairperson is to be appointed for a two-year term with an option for a further two, one-year term extensions by mutual consent with Council.

The independent chairperson cannot be a Councillor or member of Council staff. Former Councillors or Council officers must have at least five-years separation from Bass Coast Shire Council to be considered for appointment.

The independent chairperson is entitled to vote on recommendations put before the Committee.

5. Meetings

The CEO Employment Matters Committee will meet at least two times a year, with authority to convene additional meetings, as circumstances require.

Meeting agendas will be prepared and provided at least five days in advance to members, along with appropriate briefing materials.

Minutes will be prepared and distributed to the CEO Employment Matters Committee following the meeting.

A record of the CEO Employment Matters Committee meeting will be presented to a closed Council meeting following circulation of the minutes.

6. Responsibilities

Clear roles and responsibilities provide clarity on the expectations of those involved in the CEO employment and remuneration process, including the role of the CEO Employment Matters Committee.

Committee Members:

Committee members are responsible for:

- Attending Committee meetings
- Undertaking the duties of the Committee as set out in the CEO Employment and Remuneration Policy, the *Local Government Act 2020*, any relevant Regulations and this Charter 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 that the Committee adheres to statutory obligations and Council's policies and procedures, including equity and fairness.
- Seeking independent expert advice as required to facilitate the duties as set out in the CEO Employment and Remuneration Policy.
- Making recommendations to Council when appointing a recruitment firm, determining CEO selection criteria and developing the CEO contract.
- Making a recommendation to Council on the CEO's contract expiry.
- Making a recommendation to Council on the selection and appointment of an Acting CEO for periods exceeding 28 days.
- Advising of any conflicts of interest.

Independent Member

In addition to their responsibilities as a Committee member, the independent member must:

- Chair the meetings
- Set the agenda for the Committee meetings in consultation with other members.
- Oversee a feedback process for Councillor input on CEO performance reviews.

Chief Executive Officer

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

Councillors

- Providing feedback as requested on CEO performance reviews.

7. Fees

Council will pay a set fee of $1,500 per meeting to the independent chairperson. The amount of the fee has regard to the specific roles and responsibilities the chairperson will undertake.

The chairperson fee will be paid to the chairperson of the CEO Employment Matters Committee immediately following the scheduled committee meetings, upon receipt of an invoice from the chairperson. This amount is inclusive of all out of pocket expenses.

An agreed additional fee will be paid to the independent chairperson for every meeting attended that exceeds the required two meetings in any one year.

8. Support

To facilitate the operation of the CEO Employment Matters Committee, the Chief Executive Officer's delegate has responsibility to provide:

- Information and any necessary training for members in relation to their responsibilities under the *Local Government Act 2020*.
- Officer advice in respect of matters before the CEO Employment Matters Committee.
- Secretariat and logistical support to the CEO Employment Matters Committee, including preparation of Council reports as required.

Reference to other documents

The Local Government Act 2020

The Chief Executive Officer Employment and Remuneration Policy.

Review process

Council will review this Charter every four years within a period of 12 months following the general election.

Approval

Adopted by Council at its meeting held on Date ……/……../……..
Signed by the Mayor (Name)…….
…….. Date ……/……../……..