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# CEO Employment and Remuneration Policy



November 2021

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Northern Grampians Shire Council  
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# CEO Employment and Remuneration Policy



## Council Policy

<b>Responsible director</b>	Director Corporate and Community Services
<b>Responsible officer</b>	Director Corporate and Community Services
<b>Functional area</b>	Governance
<b>Date adopted by Council</b>	6 December 2021
<b>Review date</b>	December 2025

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### Purpose

This policy outlines the mechanisms that will support the council in fulfilling its obligations for the employment, management and remuneration of the council's Chief Executive Officer (CEO).

### Background

Under section 45 of the [Local Government Act 2020](#) (the Act) council must develop, adopt and keep in force a *Chief Executive Officer Employment and Remuneration Policy*.

The policy must:

- a. Provide for the council to obtain independent professional advice in relation to the matters dealt with in the *CEO Employment and Remuneration Policy*.
- b. Provide for the following:
  - i. the recruitment and appointment process
  - ii provisions to be included in the Contract of Employment
  - iii performance monitoring
  - iv an annual review.
- c. Include any other matters prescribed by the regulations.

In development the policy council must have regard to—

- a. any statement of policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent); and
- b. 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.

s.21. Determinations in relation to remuneration bands for executives employed in public service bodies

- (1) The Tribunal must make a Determination setting the values of the remuneration bands for executives employed in public service bodies which must-
  - (a) include a comprehensive review of the roles of executives employed in public service bodies and the existing remuneration provided to executives under the [Public Administration Act 2004](#) as in force before the commencement of Part 7 of this Act; and
  - (b) provide for any other matter that the Tribunal considers relevant
- (2) The Tribunal must make a new Determination under subsection (1) at the end of each subsequent period of 4 years after the previous Determination was made under subsection (1).
- (3) A new Determination under subsection (1) must-
  - (a) include a comprehensive review of the roles of executives employed in public service bodies and the existing remuneration provided to executives; and
  - (b) provide for any other matter that the Tribunal considers relevant.

### **Scope**

Council must appoint a CEO in accordance with its *CEO Employment and Remuneration Policy*. The CEO or any Acting CEO appointed in the event of any vacancy in the office of CEO is a member of council staff (s.44(5) of the Act).

### **Policy**

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

Council must establish a CEO Employment and Remuneration Committee (the Committee) in accordance with section 45(2) of the Act.

Council will agree on *Terms of Reference* for the Committee as set out in **Appendix 1**.

Council will call for Expressions of Interest from interested persons to be an independent member of the Committee.

The independent member will chair the Committee and is entitled to be remunerated for their advisory role.

### **Recruitment and appointment**

The appointment of the CEO must be made by a resolution of the council.

Council will engage an independent and suitably qualified recruitment firm to support it in 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 of Employment.

### **Acting CEO**

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 CEO.

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 pursuant to section 11(3) of the Act.

The Committee must advise the council on the selection and appointment of an Acting CEO.

### **Contract of Employment**

The Contract of Employment will generally be in accordance with the Maddocks Senior Officer model contract as updated from time to time.

Council will receive a report from the Committee on the completion of its role in the recruitment process and will proceed to decide on a preferred candidate and to negotiate and finalise a draft Contract of Employment.

The Contract of Employment will at a minimum outline:

- the employment term which must not exceed five years
- the responsibilities and duties of the position including compliance with the Act
- conflict of interest management requirements
- the total remuneration package and other entitlements
- leave and other terms and conditions of employment
- dispute resolution procedures
- legislative obligations including those continuing after appointment
- processes for managing unsatisfactory performance and early termination provisions
- any other matters required to be contained.

The Contract of Employment may only be varied by a resolution of the council.

Six months prior to the expiry of the CEO's Contract of Employment and having regard to current legislation, the Committee will provide a recommendation to council on:

- whether the CEO should be reappointed under a new contract of employment
- if the recommendation is to reappoint the CEO, the proposed provisions of the further Contract of Employment.

### **Remuneration and Expenses**

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):

- any statement of policy issued by Government of Victoria which is in force with respect to its wages policy (or equivalent).<sup>1</sup>
- any Public Sector Wages Determination.<sup>2</sup>

The total remuneration package will be inclusive of salary, superannuation, and other employment benefits, including associated Fringe Benefits Tax. It will be subject to an annual review by the Committee as part of the CEO's annual performance review, in accordance with the CEO's Contract of Employment. The annual review will take into consideration:

- Increases in CPI in the preceding twelve-month period
- The officer's achievement of the performance objectives
- Market rates for comparable positions
- The acquisition and satisfactory utilisation of new or enhanced skills by the officer if beneficial to, or required by, the council.

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<sup>1</sup> The current Victorian Government Wages Policy applies in the public sector until 31 December 2021. See [Wages Policy and the Enterprise Bargaining Framework | Victorian Government \(www.vic.gov.au\)](https://www.vic.gov.au/wages-policy-and-the-enterprise-bargaining-framework) Changes to the Policy apply from 1 January 2022. See [Moving to the new Wages Policy 2022 | Victorian Government \(www.vic.gov.au\)](https://www.vic.gov.au/moving-to-the-new-wages-policy-2022)

<sup>2</sup> Section 45(3)(b) of the Act requires Council to 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](https://www.vic.gov.au/victorian-independent-remuneration-tribunal-and-improving-parliamentary-standards-act-2019) in relation to remuneration bands for executives employed in public service bodies. See [Remuneration bands for executives employed in public service bodies](https://www.vic.gov.au/remuneration-bands-for-executives-employed-in-public-service-bodies).

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 performance of duties
- Reasonable costs incurred when attending approved conferences, seminars or undertaking study
- Reasonable costs incurred in the performance of duties.

The CEO may be provided a corporate credit card to use in transactions related to the role of CEO. Corporate card expenditure will be reviewed and approved by the Mayor and the Director Corporate and Community Services. The Audit and Risk Committee can, at any time, ask to receive a report on all CEO corporate card transactions.

### ***Annual Review and CEO Performance Monitoring***

The council will adopt annually, a set of relevant and measurable performance objectives and outcomes for the CEO. The Performance Plan will be developed collaboratively between the CEO and the Committee.

The Committee will undertake the formal review process of the performance of the CEO against the agreed performance objectives in accordance with this policy and the CEO's Contract of Employment.

The review will include the opportunity for council to provide the CEO with performance related feedback and input into the CEO's development plan and the opportunity to adjust any of the objectives set, by agreement, if required.

### ***Independent Advice***

The council or the Committee can, on an as needed basis, obtain additional independent professional and legal advice in respect of the matters dealt with under this Policy.

### **Legislation and Standards**

[Local Government Act 2020](#)

[Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019](#)

*Council Plan 2021-24 – Improve Organisational Effectiveness (Be a Better Council).*

### **Responsibilities**

The Council, Committee and CEO are responsible for the implementation of this policy.

The Audit and Risk Committee will oversee adherence to the *Council's Credit Card Policy*.

The CEO will work collaboratively with the Committee in determining the Performance Plan on an annual basis and actively participate in any performance appraisal process as required by the Committee.

## Review

Assessment of the policy will be undertaken every four years to align with the council term to ensure it remains current with the council's goals, processes, aims and requirements and as a means by which to reduce council's exposure to risk. Triggers for an earlier assessment include legislative changes and introduction of new systems or procedures.

## Communication and implementation

The policy will be communicated to all stakeholders via the EDRMS and made available on council's website. It will be referred to in the CEO recruitment process.

## References

[Victorian Government Wages Policy and Enterprise Bargaining Framework](#)

[Victorian Public Sector Wages Policy 2022](#)

NGSC Credit Card Policy

## Compliance

This policy requires relevant State Government legislative compliance with:

- ☑ [Local Government Act 2020](#)
- ☑ [Gender Equality Act 2020](#)
- ☑ [Privacy and Data Protection Act 2014](#)
- ☑ [Charter of Human Rights and Responsibilities Act 2006](#)
- ☑ [Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019](#)

## Privacy and Data Protection compliance

All information relating to the recruitment, selection and performance review process must be kept strictly confidential. Councillors and staff involved in the process must take all reasonable steps to maintain confidentiality and respect the privacy of all persons involved. A breach of confidentiality or privacy may constitute a breach of the Council's *Privacy and Data Protection Policy* and Councillor and Staff Codes of Conduct.

## Gender Equality compliance

N/A

## Charter of Human Rights compliance

It is considered that this policy does not impact on any [human rights](#) identified in the *Charter of Human Rights & Responsibilities Act 2006*.

## Definitions

Nil

## Review history

Date	Review details	Action
23 November 2021	ELT presentation	
29 November 2021	Councillor Briefing	
6 December 2021	Council Meeting	

## APPENDIX 1

### CEO Employment and Remuneration Committee

#### Terms of Reference

#### 1. Committee

- 1.1 The Committee will be an advisory committee to the Council and has no delegated decision-making power or authority.
- 1.2 The Council will:
  - 1.2.1 Appoint at least three Councillors, one of whom will be the Mayor, to the Committee
  - 1.2.2 Appoint an independent member to the Committee
  - 1.2.3 Appoint the independent member as Chairperson
  - 1.2.4 Determine the rate of remuneration of the Independent Member of the Committee
  - 1.2.5 Consider reports and recommendations from the Committee.
- 1.3 The Committee will:
  - 1.3.1 Establish and oversee the process to enable the Council to appoint the CEO
  - 1.3.2 Develop the CEO Performance Plan
  - 1.3.3 Undertake the formal performance review process
  - 1.3.4 Regularly monitor the CEO's progress towards achieving the performance plan
  - 1.3.5 Provide feedback to Council on CEO's performance
  - 1.3.6 Make recommendations on the remuneration of the CEO including variations
  - 1.3.7 Provide a recommendation to Council on the provisions to be contained in the proposed Contract of Employment
  - 1.3.8 Call for Expressions of Interest for an independent member of when a vacancy in the position of independent member occurs, and undertake the selection and interview processes before making a recommendation on the appointment to Council
  - 1.3.9 Make available any formal advice requested by the Committee to all Committee members and, where relevant and appropriate, will provide them to Council through meeting minutes
  - 1.3.10 Arrange obtaining any formal advice required through the Director Corporate and Community Services to ensure compliance with Council's Procurement policies and procedures.
- 1.4 The Committee will:
  - 1.4.1 Meet at least twice per year
  - 1.4.2 Meet with the CEO to discuss Performance Plan against an agreed set of criteria
  - 1.4.3 Prepare relevant documentation including Council reports and contractual documents for the approval of the Council
  - 1.4.4 Conduct and maintain appropriate records regarding performance reviews
  - 1.4.5 Review the Remuneration Package and conditions of employment of the CEO.

## 1.5 Meetings

- 1.5.1 Meetings will follow standard meeting procedures
- 1.5.2 Meetings will be recorded by the Manager Governance and Civic Support and minutes kept in Council's official records management system
- 1.5.3 All members will have equal voting rights
- 1.5.4 Members must disclose conflicts of interest
- 1.5.5 A quorum at a committee meeting is an absolute majority
- 1.5.6 If a quorum is not present at a meeting within 30 minutes after the start time, the meeting will be adjourned and must re-convene within two weeks
- 1.5.7 The CEO will attend meetings, as required
- 1.5.8 Virtual attendance is deemed to be attendance
- 1.5.9 A member who misses two consecutive meetings without a formal apology may, at the discretion of Council, have their term revoked
- 1.5.10 The Manager Governance & Civic Support will provide administrative support to the Committee including coordination of meetings, preparation of relevant documentation and seeking Expressions of Interest to undertake the role of independent Chair.

## 2. Independent member

- 2.1 The appointment of an independent member to the Committee will ensure consistent and quality advice to the Committee and Council.
- 2.2 The independent member will be appointed following an advertisement calling for expressions of interest from suitably skilled and qualified people.
- 2.3 Where there is a vacancy in the position of Independent Member (or an impending vacancy) the Committee will call for Expressions of Interest.
- 2.4 The independent member
  - 2.4.1 Must not be a Councillor or member of Council staff
  - 2.4.2 Must have knowledge and experience in human resources management (including executive recruitment, remuneration and oversight of employment contracts)
  - 2.4.3 Must have experience in developing and facilitating executive performance reviews
  - 2.4.4 Must have senior business or government (including local government) experience
  - 2.4.5 Must have strong leadership and communication skills
  - 2.4.6 Must have an understanding of good governance and previous experience working with governance bodies or boards
  - 2.4.7 Must have the ability to work effectively with Councillors and the CEO
  - 2.4.8 Must have knowledge and understanding of the issues affecting the Northern Grampians Shire.
- 2.5 The independent member will be remunerated at a rate to be determined by Council from time to time.
- 2.6 The independent member may be appointed for up to four years, or the term of the CEO's contract, whichever is the lesser period.

## 3. Recruitment

- 3.1 The Committee will:



- 3.1.1 Establish and oversee the process to enable the Council to recruit the 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
  - Preparing a short list of applicants for interview
  - Interviewing shortlisted applicants
  - Coordinating and reviewing testing of applicants
  - Developing details of the interview process – questions, required presentations, etc
- 3.1.2 Provide a recommendation on any extension of the appointment of the CEO under section 44(3) of the Act, when required.

#### **4. Annual Review**

- 4.1 In preparation for Council's review, the Committee is required to submit an annual review report after the end of the financial year to the Council which includes recommendations on the following:
- 4.1.1 whether, and to what extent, the CEO has met the KPIs under the Performance Plan
- 4.1.2 whether any KPIs or other criteria ought to be varied under the Performance Plan
- 4.1.3 whether the Remuneration Package ought to be varied
- 4.1.4 any other necessary matters.
- 4.2 The Committee will submit a report to Council after meeting with the CEO to discuss the Committee's proposed recommendations.
- 4.3 The Committee may choose to meet with the CEO informally at six monthly intervals to discuss the Performance Plan and any other necessary matters.

#### **5. Other**

- 5.1 The Committee can make recommendations to Council on any other matters relevant to the employment and performance of the CEO in accordance with the CEO's employment contract and the *Local Government Act 2020*.