



CEO Employment and Remuneration Policy

Version ADOPTED

Approval Date: 06 December 2021

Review Date: December 2025

DOCUMENT CONTROL

Responsible GM	Kendrea Pope		
Division	Regional City Strategy and Transition		
Last Updated (who & when)	Manager Governance		2021
DOCUMENT HISTORY			
Authority	Date	Description of change	
Council	06 December 2021	Adopted	
References	Refer to Section 8 and 9 of this policy		
Next Review Date	December 2025		
Published on website	Yes		
Document Reference	No		

Responsible Division	RCST	Approved Date	06 December 2021	Review Date	December 2025
----------------------	------	---------------	------------------	-------------	---------------

1. Background

The employment cycle of a Chief Executive Officer (CEO) is a core responsibility of the elected Council. This policy outlines the mechanisms which will support the Council in fulfilling its obligations regarding CEO employment and remuneration.

2. Objectives

This policy reinforces Council's commitment to good governance practices and provides a consistent, fair and transparent framework for employment matters relating to the CEO including recruitment, contract terms, performance monitoring and annual review.

This policy is a requirement of the Local Government Act 2020 and outlines the Council's approach to managing the recruitment and appointment of its CEO.

3. Scope

This policy applies to activity undertaken by the elected Council and candidates or incumbents of the CEO position.

4. Principles of Management

CEO Employment Matters Committee

The Council must establish a committee to oversee matters relating to CEO employment and remuneration in accordance with s. 45(2) of the Act.

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 an independent member who is a full member of the Committee, and is entitled to be remunerated for their advisory role.

The Council will agree Terms of Reference for the CEO Employment Matters Committee. The Committee may, at any time, 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 Manager Governance with assistance from Council Solicitor as required.

This will include:

- coordinating meetings of the Committee
- preparing relevant documentation including reports to Council and contractual documents
- seeking expressions of interest from suitably qualified 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

Contractual Requirements

A CEO will be appointed on a maximum term contract of employment for a period of up to five years. The contract of employment will generally be in keeping with the Maddocks Lawyer's Senior Officer model contract as updated from time to time. The CEO contract will at minimum outline:

- the responsibilities of the position
- conflict of interest management requirements
- the total remuneration package and its inclusions
- leave and other terms and conditions of employment
- legislative obligations including those continuing after appointment
- processes for managing unsatisfactory performance and early termination provisions

Remuneration and Expenses

The total remuneration package will be subject to the review of the CEO Employment Matters 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;
- should consider entity performance as well as Victorian fiscal and economic conditions;
- should be set at a competitive level for the relevant market and sector, to attract and retain talented people;
- should reflect the non-financial benefits of local government employment; and
- should 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. Remuneration will be reviewed annually in accordance with the terms of the contract. CEO Performance Review and contractual requirements. 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; and
- the acquisition and satisfactory utilisation of new or enhanced skills by the officer if beneficial to, or required by, the Council.

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

The Chief Executive Officer may be provided a Corporate Card to use in transactions related to the role of CEO. Corporate card expenditure will be reviewed and approved by the Mayor and the Manager Financial Performance. The independent Audit & Risk Committee can, at any time, ask to receive a report on all CEO corporate card transactions.

CEO Performance Objectives and Review

The Council will adopt a set of annual performance objectives for the CEO (the Performance Plan). The Performance Plan will be developed collaboratively by the CEO and the Committee. The Performance Plan will document agreed objectives and outcomes to be delivered over a twelvemonth period. A formal review of the CEO's performance, benchmarked against the Performance Plan, will be held annually by the Committee.

An informal review will occur every three months to ensure that objectives and actions are progressing and to discuss any challenges that may impact outcomes. The informal review will provide the CEO and Council with the opportunity to adjust any of the objectives set, by agreement, if required. The CEO will provide a progress report to the Committee at each review.

The formal review will also include the opportunity for Council to provide the CEO with performance related feedback and input into the CEO's development plan. The CEO will also have the opportunity to provide feedback to the Council. This process will be facilitated by the Independent Chair of the Committee.

Contract Expiry

The Committee must make recommendations to Council six months prior to the expiry of the CEO contract and with regard to current legislation to either:

WARNING - uncontrolled when printed.

Page 5 of 8

Responsible Division	RCST	Approved Date	06 December 2021	Review Date	December 2025
----------------------	------	---------------	------------------	-------------	---------------

- reappoint the CEO under a new contract of employment; or
- cease the employment of the CEO due to the expiry of the contract.

CEO Recruitment

If the role of CEO becomes vacant, Council will engage an independent and suitably qualified recruitment provider to support it in the recruitment and appointment of a CEO. The Committee will make recommendations to the Council when appointing a recruitment provider, determining the CEO position requirements, selection criteria and developing the CEO's contract of employment. The recruitment provider will manage the end to end recruitment process including:

- taking a detailed brief from the Council on the role and the ideal candidate;
- preparing a detailed schedule outlining the end to end process;
- developing an advertising strategy to attract suitable candidates;
- assisting the Council to conduct first and second round interviews to determine a shortlist of candidates;
- conducting relevant psychometric assessments to determine best fit;
- conducting reference and probity checks on the preferred candidate;
- liaison with the Manager People and Culture regarding the employment contract for the successful candidate;
- liaison with the Committee regarding the public announcement of the appointment of the new CEO.

Acting or Interim CEO Appointment

In the case of the substantive CEO taking a planned leave of absence of 20 business days or more, the CEO will provide a report to Council recommending the appointment of an Acting CEO for the period of the leave. If for any reason the CEO returns within the designated timeframe they will automatically resume their role of CEO and the Acting appointment will cease.

In the case of an unplanned leave of absence, or the resignation of the CEO, the Committee will make a recommendation to the Council regarding appropriate arrangements.

Describe all detail of how the subject matter of the policy is to be managed, reference any standards, guidance materials, particular criteria for compliance. Avoid instructions of a task or process nature. Provide guidance and direction to assist in the development of operational framework and procedure consistent with the background, objectives and scope.

Responsible Division	RCST	Approved Date	06 December 2021	Review Date	December 2025
----------------------	------	---------------	------------------	-------------	---------------

5. Dispute Resolution

Should a dispute arise in relation to any matter under this policy or the CEO's employment contract, either the CEO or Council may:

- Give written notice to the other party of the particulars of any matter in dispute; and
- Within 14 days of receiving a notice specified in the point above, a meeting will be convened between the Committee (along with any nominated representative of Council) and the CEO (along with any nominated representative of the CEO) in an attempt to resolve the dispute.

The CEO and Council will make all reasonable attempts to resolve the dispute at the workplace level. Should the CEO and Council be unable to resolve the dispute at the workplace level, the CEO and Council will:

- Refer the dispute to an independent mediator as agreed by the parties, or otherwise as nominated by the Executive Director of Local Government Victoria.
- Agree to participate in any mediation process in good faith, with such mediation to operate in a manner as agreed by the CEO and Council; and
- Acknowledge the right of either the CEO or Council to appoint, in writing, any other person to act on their behalf in relation to any mediation process.

The cost of the mediation service will be met by Council. The CEO and Council will each be responsible for paying costs of any advisor or nominated representative used by them

6. Evaluation and Review

This policy will be reviewed on request of Council, in the event of significant change in the Executive team, significant changes to legislation applicable to the subject matter of the policy or, in any other case, during each Council term (generally four years).

7. Definitions

Act - Means the *Local Government Act 2020*

Council - Means Latrobe City Council, being a body corporate constituted as a municipal Council under the *Local Government Act 2020*

Councillors - Means the individuals holding the office of a member of Latrobe City Council

Council Officer - Means the Chief Executive Officer and staff of Council appointed by the Chief Executive Officer.

Independent Member – Means and appropriately qualified person, capable of providing independent professional advice in relation to the matters in this policy, who is not a Councillor or a member of Council staff.

8. Related Documents

Terms of Reference: CEO Employment Matters Committee.

9. Reference Resources

Local Government Act 2020

Gender Equality Act 2020

Victorian Government Public Entity Executive Remuneration Policy

Responsible Division	RCST	Approved Date	06 December 2021	Review Date	December 2025
----------------------	------	---------------	------------------	-------------	---------------