

Chief Executive Officer and Director Employment and Remuneration Policy

Yarriambiack Shire Council encourages a working environment which promotes gender equality and models non-violent and respectful relationships.

1. Purpose of Policy

This is the Chief Executive Officer Employment and Remuneration Policy (**Policy**) of Yarriambiack Shire Council (**Council**), made in accordance with section 45 of the *Local Government Act 2020*.

This Policy provides for the following matters which Council (and in respect of Directors, the Chief Executive Officer) is responsible for under the Act or as a requirement of this Policy:

- (a) the recruitment and appointment of the Chief Executive Officer;
- (b) the recruitment and appointment of a Director;
- (c) approving the Contract of Employment entered into between Council and the Chief Executive Officer;
- (d) the appointment of an Acting Chief Executive Officer;
- (e) the provision of independent professional advice in relation to the matters dealt with in the Policy;
- (f) the monitoring of the Chief Executive Officer's performance;
- (g) an annual review of the Chief Executive Officer's performance; and
- (h) determining the Chief Executive Officer's remuneration.

2. Date of Commencement and Review

- 2.1 This Policy commences operation on 23 June 2021.

3. Definitions

- 3.1 In this Policy, unless the context suggests otherwise the following words and phrases mean:

Act means the *Local Government Act 2020* or its successor.

Annual Review Report has the meaning given in paragraph 11.1.

Chairperson means the chair of the CEO Employment and Remuneration Committee established under this Policy.

Chief Executive Officer or **CEO** means the Chief Executive Officer of Council.

Committee means the CEO Employment and Remuneration Committee established under this Policy.

Contract of Employment means the contract of employment between Council and the CEO, including any schedules.

Council means Yarriambiack Shire Council.

Councillors means the individuals holding the office of a member of Yarriambiack Shire Council.

Council meeting has the same meaning as in the Act.

Director has the meaning given in paragraph 14.

Executive Search Consultant means a consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles.

Independent Advisor means the consultant appointed by Council from time to time to provide independent advice in accordance with section 45(2)(a) of the Act.

KPIs means Key Performance Indicators or performance criteria however described.

Mayor means the Mayor of Council.

Performance Plan means the annual performance plan setting out KPIs for the CEO.

Policy means this CEO Employment and Remuneration Policy adopted in accordance with section 45 of the Act.

Public Sector Wages Determination means 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.

Recruitment Policy means the recruitment policy adopted by the CEO under section 48(2) of the Act.

Regulations means the Regulations made under Division 7 of Part 2 of the Act.

Remuneration Package means the total gross remuneration package paid to the CEO pursuant to the Contract of Employment.

Resolution means a resolution of Council made at a properly constituted Council meeting.

Secretariat Support means a person nominated by the CEO to assist the Chairperson and the Committee by undertaking necessary administrative functions under this Policy (such as the compilation and distribution of meeting agenda and minutes).

Workforce Plan means the Workforce Plan that the CEO is required to develop under section 46(4)(a) of the Act.

4. Overview

4.1 This Policy outlines the mechanisms which support Council in fulfilling its obligations regarding the CEO's employment and under the Act. It also outlines the mechanism for the CEO to appoint and manage the employment of Council's Directors.

4.2 The aims of the CEO in relation to this Policy are to:

- 4.2.1 work collaboratively with the Committee in determining the Performance Plan on an annual basis;
- 4.2.2 actively participate in the performance appraisal process as required by the Committee;
- 4.2.3 make use of constructive feedback from Councillors and Committee Members in relation to performance appraisals;
- 4.2.4 undertake professional development on an as needed basis, or as part of the Performance Plan;
- 4.2.5 promptly draw the Committee's attention to any situation where any variation of the Performance Plan may be required in light of the current circumstances; and

- 4.2.6 manage the employment of the Directors.
- 4.3 The aims of Council (including via the Committee) in relation to this Policy are to:
 - 4.3.1 establish the Committee;
 - 4.3.2 provide processes for the recruitment of a natural person, and their appointment, to the position of CEO;
 - 4.3.3 draft and approve the Contract of Employment entered into between Council and the CEO;
 - 4.3.4 seek and be guided by independent professional advice in relation to the matters dealt with in this Policy;
 - 4.3.5 provide processes for determining and reviewing the CEO's Remuneration Package;
 - 4.3.6 provide processes for the monitoring of the CEO's performance including setting the Performance Plan and conducting an annual review;
 - 4.3.7 determine, as required, whether any variations to the Remuneration Package and terms and conditions of employment of the CEO; and
 - 4.3.8 provide processes for the appointment of an Acting Chief Executive Officer.

5. CEO Employment and Remuneration Committee

- 5.1 Council will establish a CEO Employment and Remuneration Committee (**Committee**).
- 5.2 The Committee will be an advisory committee to Council.
- 5.3 The purposes of the Committee are to consider, and make recommendations to Council with respect to, the:
 - 5.3.1 selection and appointment of the Independent Advisor;
 - 5.3.2 independent advice received from time to time from the Independent Advisor;
 - 5.3.3 performance monitoring of the CEO, including with respect to achievement of the KPIs;
 - 5.3.4 annual review of the CEO's performance, including against the KPIs;
 - 5.3.5 CEO's remuneration;
 - 5.3.6 recruitment and appointment of a CEO, if required;
 - 5.3.7 provisions to be included in the Contract of Employment from time to time;
 - 5.3.8 appointment of an Acting CEO; and
 - 5.3.9 implementation of this Policy.
- 5.4 The Committee must include all Councillors at Council.
 - 5.4.1 The Chairperson of the Committee will be the Independent Advisor.
- 5.5 The Committee is to hold meetings as often as is necessary to:

- 5.5.1 prepare documentation relevant to the CEO's employment and remuneration, including Council reports and contractual documents, for the approval of Council;
 - 5.5.2 conduct and maintain appropriate records regarding performance reviews of the CEO; and
 - 5.5.3 review the Remuneration Package and conditions of employment of the CEO, provided that the Committee meets at least twice in each year.
- 5.6 The Chairperson is to distribute an agenda at least 72 hours in advance of each meeting to Committee members. The Mayor may provide suggested agenda items to the Chairperson at least one week in advance of each meeting.
- 5.7 The Secretariat Support is to prepare and distribute meeting minutes to the Committee, once approved by the Chairperson, within three working days of each meeting.
- 5.8 The Chairperson will provide a report to Council following each meeting describing its activities and making recommendations about any action to be taken by Council.
- 5.9 The Committee will determine its procedures at its first meeting, which will include:
- 5.9.1 the rules for its meetings, noting that meetings should be conducted with as little formality and technicality as appropriate to fulfil the Committee's purposes;
 - 5.9.2 quorum, provided that the quorum is not less than the Chairperson, Mayor and four Councillors; and
 - 5.9.3 means of attendance at Committee meetings (eg in person or electronically);
- and will communicate the procedures to Council.
- 6. Recruitment and reappointment of CEO**
- 6.1 The Committee will establish and manage the process to recruit or reappoint the CEO (**Process**), designed to ensure that Council can select the best available candidate from a short list of preferred candidates (with or without a recommendation from the Committee).
- 6.2 The Committee will determine, and make a recommendation to Council's Manager Organisational Performance, as to the Executive Search Consultant to be appointed to run the Process.
- 6.3 The Committee must liaise with the Executive Search Consultant in connection with the Process.
- 6.4 The Committee must have regard to Council's Recruitment Policy (or equivalent) when implementing the Process to:
- 6.4.1 ensure that the recruitment decision is based on merit;
 - 6.4.2 support transparency in the Process and the public advertising of the position; and
 - 6.4.3 ensure that regard is had to gender equity, diversity and inclusiveness.
- 6.5 The Committee must ensure that the Executive Search Consultant publicly advertises the CEO role. For the avoidance of doubt, the current CEO may apply for the role of CEO.

- 6.6 The Committee must direct the Executive Search Consultant to prepare, and provide to Council, a schedule of dates for key decisions to be made by resolution of Council throughout the Process.
- 6.7 The Committee must provide a report and recommendation to Council so that each key decision identified in the schedule prepared under paragraph 6.6 can be made by resolution of Council.

7. Appointment (or reappointment) of the CEO

- 7.1 Council will receive a report from the Committee on the completion of its role in the Process, and Council will proceed to decide on a preferred candidate with the support of the Committee to negotiate and finalise the Contract of Employment.
- 7.2 The Committee will provide a recommendation to Council on the provisions to be contained in the proposed Contract of Employment.
- 7.3 The appointment (or reappointment) of the CEO must be made by a resolution of Council.

8. Contract of Employment

- 8.1 The Contract of Employment is to be read in conjunction with this Policy (but the terms of the Policy are not incorporated into the Contract of Employment).
- 8.2 The Contract of Employment will, at a minimum, outline the following:
- 8.2.1 the employment term, which must not exceed 5 years in accordance with section 44(2) of the Act;
 - 8.2.2 the responsibilities and duties of the position, including compliance with the Act and the Code of Conduct;
 - 8.2.3 the conflict of interest management requirements;
 - 8.2.4 the CEO's Remuneration Package and other entitlements;
 - 8.2.5 any legislative and contractual obligations, including those during and continuing after appointment;
 - 8.2.6 the CEO's leave entitlements;
 - 8.2.7 dispute resolution procedures;
 - 8.2.8 processes for managing unsatisfactory performance;
 - 8.2.9 processes for early termination, including notice of termination provisions, noting that the *Protecting integrity: Leading the Way* Report (February 2019) notes that the general view from the sector is the suggested range should be 6-12 months for termination for any reason, and the standard VPS Executive Contract provides for 4 months with notice of termination by Council being restricted to a maximum of six [6] months; and
 - 8.2.10 any other matters required to be contained in the Contract of Employment by the Regulations.
- 8.3 The Contract of Employment may only be varied by a resolution of Council and accepted by the CEO, recorded in a deed of variation.

9. Remuneration and Expenses

- 9.1 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):
- 9.1.1 any statement of policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent); and
 - 9.1.2 any Public Sector Wages Determination.
- 9.2 Remuneration will be reviewed on an annual basis, in accordance with the CEO's Performance Plan and contractual requirements.
- 9.3 Council will meet expenses incurred by the CEO in relation to:
- 9.3.1 membership and subscription fees payable to professional associations which are reasonably necessary in order to carry out duties;
 - 9.3.2 reasonable costs incurred where attending conferences, seminars or other networking functions; and
 - 9.3.3 reasonable costs incurred in performance of required duties.

10. Performance monitoring

- 10.1 Council will adopt an annual Performance Plan for the CEO, which will include KPIs. The Performance Plan must be developed collaboratively between the CEO and the Committee.
- 10.2 The CEO is to provide progress reports against the Performance Plan to the Committee on an annual basis.
- 10.3 The Committee may meet with the CEO following each progress report to discuss the matters contained in the progress report.
- 10.4 Following the initial 6 months of the CEO's term, a workshop with Councillors and the CEO should be coordinated so that:
- 10.4.1 the CEO can prepare and present an overview of their findings during the early months, and highlight any projections or forecasts of relevance to Council during their tenure;
 - 10.4.2 Councillors can provide feedback to the CEO on their perspective of the CEO's performance during the initial period; and
 - 10.4.3 Council and the CEO can agree to projects and priorities for inclusion in the CEO's Performance Plan and KPIs.
- 10.5 Nothing in this Policy prevents the Committee and/or Council from monitoring the CEO's performance on an ongoing basis.

11. Annual review

- 11.1 In preparation for Council's review, the Chairperson is required to submit an annual review report (**Annual Review Report**) to Council which includes recommendations on the following:
- 11.1.1 whether, and to what extent, the CEO has met the KPIs under the Performance Plan;
 - 11.1.2 whether any KPIs or other criteria ought to be varied under the Performance Plan;

11.1.3 whether the Remuneration Package ought to be varied; and

11.1.4 any other necessary matters.

11.2 The Chairperson will submit the Annual Review Report to Council only after meeting with the CEO to discuss the Committee's proposed recommendations.

11.3 Council shall, after receipt of the Annual Review Report, review the recommendations in the Annual Review Report and advise the CEO of the outcomes of the review process.

12. Acting CEO

12.1 Council must appoint an Acting CEO when there is a vacancy in the office of the CEO or the CEO is unable to perform their duties of the office of Chief Executive Officer.

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

12.3 The Committee may advise Council on the selection and appointment of an Acting CEO.

13. Independent advice

13.1 The Independent Advisor is responsible for providing independent professional advice in relation to the matters dealt with under this Policy in accordance with section 45(2)(a) of the Act.

13.2 The Independent Advisor will be appointed:

13.2.1 on the recommendation of the Committee following a process to seek experienced and suitably qualified persons but must not be the Executive Search Consultant appointed by Council to assist in the recruitment process; and

13.2.2 for a one-year term with an option for a further two one-year term extensions by a Council resolution.

13.3 Council will determine the remuneration of the Independent Advisor.

13.4 Council, or the Committee with the approval of a Resolution, can, on an as needed basis, obtain additional independent professional advice in relation to the matters dealt with under this Policy.

14. Recruitment and appointment of a Director

14.1 A **Director** means an employee who is:

14.1.1 appointed to a position within Council on a contract of employment in accordance with section 95A of *Local Government Act 1989* (other than the Chief Executive Officer);

14.1.2 a Director (or otherwise named position) that is second level and forms part of the Executive Management Team in Council's workforce plan developed by the Chief Executive Officer in accordance with the Act.

14.2 A Director is to be appointed:

14.2.1 by the CEO;

14.2.2 for a maximum term of not more than 5 consecutive years (**Maximum Term**); and

14.2.3 pursuant to Maddocks' template executive contract of employment, as amended from time to time.

14.3 The CEO will be responsible for determining appropriate performance monitoring and the annual review process for the Director.

15. Interaction with Act and Regulations

15.1 This Policy applies subject to any inconsistent obligations in the Act or the Regulations.

16. Confidentiality

16.1 Council is not required to disclose any personal information, being information which if released would result in the unreasonable disclosure of information about any person or their personal affairs.

17. Delegations

17.1 Council must not delegate the power to appoint the CEO, whether on a permanent or acting basis, however, it may delegate to the CEO the power to appoint an Acting CEO for a period not exceeding 28 days (sections 11(2)(d) and 11(3) of the Act).

17.2 Council must not delegate the power to make any decision in relation to the employment, dismissal or removal of the CEO (section 11(2)(e) of the Act).


18. Review of Policy

18.1 This Policy will be reviewed at least every two years by the Audit and Risk Committee and within 12 months of each Council election, and the Committee will make a recommendation to Council with respect to any suggested changes.

Council Approved Policy

Policy Adopted:	Ordinary Meeting 28 August 2019	Minute Book Page 48
Policy Reviewed:	Ordinary Meeting 23 June 2021	Minutes Page 215

CEO Approved Policy

Adopted:	CEO Approved Date 23 June 2021	CEO Name Jessie Holmes	CEO Signature 
Reviewed:	Audit and Risk Committee Review 26 June 2023	CEO Name Tammy Smith	