

# CEO Annual Performance Review Policy



<b>Legislation / local law requirements</b>	<i>Local Government Act 1995, s5.38 - Annual review of employees' performance</i> <i>Local Government (Administration) Regulations 1996 Schedule 2 - Model standards for CEO recruitment, performance, and termination; and</i> <i>Salaries and Allowances Act 1975</i>
<b>Relevant delegations</b>	Nil.
<b>Related policies, procedures and supporting documentation</b>	City of Vincent <a href="#">CEO Standards</a>

## PRELIMINARY

### INTRODUCTION

Section 5.38 of the *Local Government Act 1995* requires Council to review the performance of the Chief Executive Officer at least once each year. Conducting this review is an important function of Council because the CEO is Council's only employee, and it is through this review process that Council can also review the performance of the organisation. At the same time, it is appropriate for Council to also conduct an annual review of the CEO's remuneration package.

The Salaries and Allowance Tribunal (SAT), established under the Salaries and Allowances Act 1975 (the Act), has responsibility for determining and recommending rates of remuneration for local government CEO's in accordance with sections 7A and 8 of that Act. Rather than determine a specific remuneration package amount, SAT sets the minimum and maximum Total Reward Package (TRP) to be paid or provided to local government CEOs depending on a 'Band' classification structure established by the SAT. The SAT has classified the City of Vincent as a Band 2 local government

### PURPOSE

To guide Council's annual performance and remuneration review process for the City's Chief Executive Officer.

### OBJECTIVE

To establish a documented agreement, in accordance with the City of Vincent CEO Standards, that:

- details the establishment of the CEO Performance Review Panel; and
- guides Council's annual performance and remuneration review process for the City's Chief Executive Officer.

### SCOPE

This policy applies to the conduct of CEO performance reviews.

### DEFINITIONS

**Council** means the Council of the City of Vincent.

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**contractual performance criteria** means the performance criteria specified in the CEO's contract of employment as referred to in section 5.39(3)(b) of the Act;

## POLICY PROVISIONS

### 1. Performance Review Panel

- 1.1 The Council shall establish a CEO Performance Review Panel (the Panel) to have carriage and oversight of the Annual Review Process.
- 1.2 The Panel shall be appointed by resolution of Council for a two year term ending on the date of the next ordinary local government election.
- 1.3 The Panel shall comprise up to four members, including the Mayor as Chairperson and at least two other Council Members.
- 1.4 The primary functions of the Panel are to:
  - a. Subject to clause 2.4, determine the scope of work to engage a consultant to assist with the conduct of the review process;
  - b. Review quotations received from consultants to assist with the conduct of the review process;
  - c. Provide a recommendation to Council on the appointment of a suitable consultant to assist with the conduct of the review process;
  - d. Manage the consultant appointed by Council;
  - e. Review the results of the performance review process and remuneration review and provide a recommendation to Council on the same; and
  - f. Discuss possible KPIs and measurements with the CEO for reporting to Council arising from the performance review process.
- 1.5 All Council Members appointed to the CEO review panel must undertake relevant CEO performance review training course provided by the Western Australian Local Government Association (WALGA), or similar industry recognised training provider, within six months of appointment to the panel.
- 1.6 Where external training cannot be sourced within the timeframe noted in 1.5 above, the City will provide inhouse training to address the processes and skills required for Council Members to contribute effectively to the annual appraisal of the CEO.
- 1.7 The training is valid for five years therefore a re-elected panel member is only required to undertake the training at every second election.

### 2. Appointment of Consultant

- 2.1 Council shall have due regard to the advice of the Panel and shall appoint a suitably qualified and experienced consultant to assist with the conduct of the performance review process in an independent and equitable fashion.
- 2.2 Unless otherwise determined by Council, the selected consultant shall be appointed for a two year term to coincide with the membership term of the Panel.
- 2.3 To ensure the review process is commenced in a timely manner, Council will make the decision to appoint a consultant by no later than one month before the CEO's 12 month anniversary date falls due.

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- 2.4 The appointed consultant shall, as a minimum, undertake the following as part of the performance review process:
- a. Prepare and distribute a questionnaire to all current Council Members on the extent to which the CEO is considered to have achieved their contractual performance criteria and the KPIs and measurements that applied during the review period;
  - b. Collect evidence regarding the CEO's performance in respect of the contractual performance criteria and KPIs in a thorough and comprehensive manner;
  - c. Review the CEO's performance against the contractual performance criteria and KPIs, based on the evidence collected;
  - d. Provide all current Council Members with the opportunity to provide verbal feedback on:
    - (i) the extent to which the CEO is considered to have achieved the KPIs and measurements that applied during the review period;
    - (ii) the CEO's responsibilities during the review period; and
    - (iii) the organisation's performance during the review period.
  - e. Prepare and distribute a confidential 360 questionnaire to all CEO direct reports on the leadership and management attributes of the CEO;
  - f. Conduct a review of the CEO's remuneration package;
  - g. Convene and attend at least one meeting between the consultant and the CEO to discuss the feedback received;
  - h. Convene and attend at least one meeting between the consultant and the Panel to discuss the feedback received;
  - i. Convene and attend at least one meeting between the consultant, the Panel and the CEO to discuss the feedback received; and
  - j. Provide to the Panel and the CEO an Annual Performance Review report incorporating the results of the review exercise.
  - k. Conduct a review of the CEO's Key Performance Indicators (KPIs) and liaise with the Panel and the CEO on potential draft KPIs and measurements for the upcoming review period.

## 3. Roles & Responsibilities

- 3.1 The Office of the Mayor will be responsible for:
- a. Coordinating the activities of the Panel throughout the review process; and
  - b. Two months prior to the completion of the KPI review year falling due, liaise with the Executive Manager Corporate Strategy and Governance to initiate the Request for Quotation (RFQ) process to appoint a consultant in accordance with Council's Purchasing Policy and relevant corporate procedures.
- 3.2 No later than six weeks following the completion of the KPI review year, the CEO shall provide to Council's appointed consultant a written self-assessment of the CEO's own performance against the KPIs and measurements that applied during the review period.
- 3.3 Council's appointed consultant will be responsible for coordinating Council Member feedback on the CEO's self-assessment against KPIs and measurements, and the feedback on the CEO's 360 assessment from direct reports.
- 3.4 The Panel is responsible for:
- a. Presenting a report to Council to appoint a suitable consultant prior to the CEO's anniversary date falling due; and
  - b. Overseeing the performance review process and ensuring that a final review report is presented to Council to conclude the process within 3 months of the completion of the former KPI review period. If a local government election, or another extraordinary event, falls within this 3 month

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period, the Panel shall establish revised timeframes for the review process in liaison with the CEO.

- 3.5 The Panel and the CEO shall be responsible for presenting the draft KPIs and measurements to Council for determination within 3 months of the completion of the former KPI review period.
- 3.6 It is incumbent upon Council Members and senior staff to actively participate in the CEO Performance Review process and to provide feedback in accordance with the provisions of this policy.

## 4. KPI Review Period

- 4.1 If the CEO's anniversary date does not align with the financial year, then over a period of time agreed between Council and the CEO, the CEO's KPI review period (inclusive of remuneration review) will be transitioned to align with the financial year.
- 4.2 To give effect to clause 4.1, Council and the CEO may agree to conduct a performance review(s) for a period of less than 12 months based on KPIs that align to that same duration of time.

## 5. Endorsement of Performance Review by Local Government

- 5.1 Following a review of the performance of the CEO, the City must, by resolution of an absolute majority of the Council, endorse the review.

OFFICE USE ONLY	
Responsible Officer	Executive Manager, Corporate Strategy and Governance
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Reviewed / Amended	<a href="#">26/07/2022</a>
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