

2.33 CEO Performance Review Policy

1. POLICY PURPOSE

To provide guidance on the process to be followed in relation to the Chief Executive Officer's (CEO) performance review, to ensure that it is based on the principles of fairness, integrity and impartiality.

2. POLICY SCOPE

- 2.1** Application of this policy is to be in conjunction with all relevant legislation, including the Model Standards for CEO Recruitment, Performance and Termination Performance, and the Departmental Guidelines for Local Government CEO Recruitment and Selection, Performance Review and Termination, and all other relevant policies, procedures and processes of the Shire.
- 2.2** The Salaries and Allowances Tribunal (SAT) determines the parameters for local government CEO Total Remuneration Packages, and all components of the CEOs remuneration need to comply with the relevant SAT requirements.
- 2.3** The SAT has classified the Shire of Merredin as a Band 3 local government.
- 2.4** Any changes to the CEO's performance agreement or performance plan, such as changes to the KPIs, must be discussed and agreed to by both the Council and the CEO.
- 2.5** This policy also applies to the CEO's probation review.

3. LEGISLATIVE REQUIREMENTS

Local Government Act 1995 – section 5.38(1) and section 5.39

Local Government (Administration) Regulations 1996 – Regulation 18FA, Schedule 2, Division 3 – Standards for Review of Performance of CEO's

Salaries and Allowances Tribunal Annual Determination – Sections 7A and 8

4. POLICY STATEMENT

4.1 Objective

- 4.1.1** Section 5.38 of the Local Government Act 1995 requires Council to review the performance of the CEO at least once each year. Conducting this review is an important function of Council as the CEO is its only employee.
- 4.1.2** As part of this review, the Council will conduct an annual review of the CEO's remuneration package and key performance indicators (KPIs).
- 4.1.3** The performance review process is to:
 - Be objective and based on facts and evidence
 - Be conducted in a fair and reasonable manner based on agreed performance indicators
 - Support and facilitate CEO development
 - Recognise achievement and support performance improvement.

4.2 Performance Review

- 4.2.1** Council will undertake an annual Chief Executive Officer Performance Review

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4.2.3 The primary functions of the Chief Executive Officer Performance Review are to:

- Agree on the process by which the CEO's performance will be reviewed with the CEO.
- Endorse the engagement of an appropriately experienced independent consultant, if deemed appropriate, for the purposes of assisting to conduct the performance process, in consultation with the CEO
- Oversee the performance review process in accordance with this policy
- Endorse the independent consultant performance appraisal report
- Develop and agree on annual KPIs with the CEO

4.3 Independent Consultant

4.3.1 Council may engage an independent consultant (facilitator) to assist with the process of the CEO performance review and the development of a performance agreement (inclusive of KPIs).

4.3.2 The independent consultant will have extensive experience in performance reviews of senior executives and local government experience.

4.3.3 The independent consultant should not have any interest in, or relationship with, the Council or the CEO.

4.3.4 The role of the independent consultant is to:

- Develop KPIs with Council and the CEO
- Prepare the performance agreement and assessment plan
- Collect, collate and report performance evidence
- Survey and interview Council members
- Facilitate workshops and meetings between the CEO and Council
- Assist with the provision of feedback to the CEO
- Formulate plans to support improvement (if required)
- Provide an objective view regarding any performance management related matters between the Council and CEO

4.3.5 Council employees will not be involved in the CEO's performance review, except as requested by the Council to prepare agendas and take minutes.

4.3.6 Should a consultant not be appointment, then prior to the commencement of the review process, agreement will need to be made on who will write the report.

4.4 Process to Assess Performance

4.4.1 Council will establish KPIs for the year with agreement from the CEO.

4.4.2 At the request of the Shire President, the CEO will prepare a formal report on the Shire's achievements against the agreed KPIs for the year and provide this report to the consultant to enable distribution to all Councillors.

4.4.3 The consultant will seek constructive, evidence-based feedback from all Councillors on the CEO's performance against the agreed KPIs in the form of a feedback questionnaire.

4.4.4 The consultant will prepare a performance appraisal report on the feedback received.

4.4.5 The CEO will be provided with a copy of the report in advance and will be given an

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Deleted: At least once per year, the Chief Executive Officer Performance Review Committee will convene to assess the CEO's performance against the agreed KPIs, and set new key performance indicators for the next review period....

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opportunity to provide a formal reply.

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- 4.4.6 The performance appraisal report, together with the response from the CEO, will be presented to Council and include,

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- The findings of the CEO Performance review,
- Whether or not an improvement plan is required
- The findings of the remuneration review (having regard to the SAT determination)
- Draft KPIs for the next 12 months (in consultation with the CEO)

- 4.4.7 The Council will consider the recommendations, and determine by absolute majority whether or not to accept and endorse the CEO's performance review.

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- 4.4.8 The CEO will be advised in writing of the Council's decision.

4.5 Key Performance Indicators (KPIs)

- 4.5.1 The CEO's KPIs are to be aligned to the themes and goals contained in the Shire's Council Plan and Corporate Business Plan.

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- 4.5.2 KPIs are to be reviewed and assessed annually.

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- 4.5.3 Council is responsible for ensuring the CEO is provided with the appropriate resources and support to facilitate the achievement of performance indicators.

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4.6 KPI setting and performance review period

- 4.6.1 Where possible, the CEO KPIs setting and the performance review process should align with the business planning processes, including the adoption of the Corporate Business Plan and Annual Budget.

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4.7 Confidentiality

- 4.7.1 The consultant is responsible for ensuring accurate and comprehensive records are kept of the CEO's performance review process. Following Council's endorsement of the CEO's performance review assessment, all paperwork is to be provided to the Executive Officer for capturing in the Shire's document management system.

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- 4.7.2 Information relating to the CEO's performance assessment is to be kept confidential unless prescribed by legislation to be made public.

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5. KEY POLICY DEFINITIONS

Nil.

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6. ROLES AND RESPONSIBILITIES

Council are responsible for the implementation of this Policy.

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7. MONITOR AND REVIEW

This Policy will be reviewed by the Chief Executive Officer and Council annually.

8. RELATED DOCUMENTS

Department Local Government, Industry Regulation and Safety - Guideline for Local Government – CEO Recruitment, Performance Review and Termination

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Deleted: Local Government, Sport and Cultural Industries

Deleted: Creative Industries, Tourism and Sport (CITS)

Document Control Box

Document Responsibilities:

Owner:	Chief Executive Officer	Decision Maker:	Council
Reviewer:	Governance Officer		

Compliance Requirements				
Legislation	Local Government Act 1995 – section 5.38(1) and section 5.39			
	Local Government (Administration) Regulations 1996 – Regulation 18FA, Schedule 2, Division 3 – Standards for Review of Performance of CEO's			
	Salaries and Allowances Tribunal Annual Determination – Sections 7A and 8			
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