

# CEO Performance Review Policy

<b>Responsible Division</b>	Office of the Chief Executive Officer
<b>Responsible Business Unit</b>	Governance and Organisational Planning and Development
<b>Responsible Officer</b>	Chief Executive Officer
<b>Affected Business Units</b>	Governance and Organisational Planning and Development Office of the Chief Executive Officer
<b>ECM Document Set ID</b>	4323475

## 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.

## Policy Statement

### 1. Objective

- 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.
- 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).
- 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.

### 2. 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 City.
- 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 City of Bayswater as a Band 1 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. Performance Review Committee**

3.1 The Council will appoint a Chief Executive Officer Review Committee to undertake the CEO's performance review.

3.2 Membership of the Chief Executive Officer Review Committee will be determined every 2 years, following the Ordinary Council Election.

3.3 The Presiding Member of the Committee will be the Mayor. The Committee will include a minimum of three elected members (inclusive of the Mayor).

3.4 The primary functions of the Chief Executive Officer Review Committee are to:

- Endorse the engagement of an appropriately experienced independent consultant 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 for consideration by Council
- Develop the performance agreement and KPIs with the CEO for approval by Council

### **4. Independent consultant**

4.1 Council will 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).

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

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

4.4 The role of the independent consultant will be to:

- Develop KPIs with the Committee and the CEO
- Prepare the performance agreement
- Collect performance evidence
- Write the performance appraisal
- Facilitate meetings between the CEO, Committee and Council
- Assist with the provision of feedback to the CEO
- Formulate plans to support improvement (if required)
- Provide objective view regarding any performance management related matters between the Council, Committee and CEO

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

## **5. Process to Assess Performance**

5.1 The Chief Executive Review Committee will establish KPIs for the year with the CEO for approval by the Council.

5.2 At least once per year, the Chief Executive Officer 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.

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

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

5.5 The consultant may also seek constructive feedback from others, if considered to be appropriate by the Committee.

5.6 The consultant will prepare a performance appraisal report on the feedback received for consideration by the Committee.

5.7 The CEO will be provided with a copy of the report in advance of the Committee, and will be given an opportunity to respond to any points raised.

5.8 The Committee will consider the performance appraisal report, together with any response from the CEO, and make a recommendation to Council on:

- Whether or not the CEO has met the required level of performance
- Whether or not an improvement plan is required
- Whether or not a remuneration review is warranted (having regard to the SAT determination)
- Draft KPIs for the next 12 months (in consultation with the CEO)

5.9 The Council will consider the recommendations of the Committee and determine by absolute majority whether or not to accept and endorse the CEO's performance review.

5.10 The CEO will be advised of the Council's decision.

## **6. Key Performance Indicators (KPIs)**

- 6.1 The CEO's KPIs are to be aligned to the themes and goals contained in the City's Strategic Community Plan and Corporate Business Plan and are to be made publicly available on the City's website.
- 6.2 Additional, specific, CEO performance actions may also be agreed to by both the Council and the CEO, and may be kept confidential if they relate to a human resources matter.
- 6.3 KPIs are to be reviewed annually.
- 6.4 Council is responsible for ensuring the CEO is provided with the appropriate resources and support to facilitate the achievement of performance indicators.

## **7. KPI setting and performance review period**

- 7.1 Where possible, the CEO KPIs setting and the performance review process should be transitioned over time to align with business planning processes, including the adoption of the Corporate Business Plan and Annual Budget.

## **8. Confidentiality**

- 8.1 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 Manager, Governance and Organisational Planning and Development for capturing in the City's document management system.
- 8.2 Information relating to the CEO's performance assessment is to be kept confidential, with the exception of the KPIs which will be provided on the City's website, once endorsed by the Council.

## **Definitions**

Nil

## **Related 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*

## **Related Documentation**

Department of Local Government, Sport and Cultural Industries Guideline for Local Government – CEO Recruitment, Performance Review and Termination

<b>Relevant Delegations</b>	Nil.
<b>Relevant Committee</b>	Chief Executive Officer Review Committee
<b>Risk Evaluation</b>	Low
<b>Council Adoption</b>	20 September 2022
<b>Document Control</b>	Drafted September 2022