

COUNCIL POLICY

CEO Employment and Remuneration

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November 2021	0.1	Draft new Policy for internal review

1. Purpose of Policy

Alpine Shire Council is committed to, and will ensure the application of good governance, transparency and fairness in all matters relating to the employment, management, and remuneration of the Chief Executive Officer (CEO).

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

This Policy provides for the following matters which Council is responsible for under the Act or as a requirement of this Policy:

- a. the recruitment and appointment of the CEO ensuring that:
 - i. the recruitment decision is based on merit;
 - ii. the recruitment processes support transparency in the recruitment process and the public advertising of the position; and
 - iii. regard is had to gender equality, diversity and inclusiveness
- b. approving the Contract of Employment entered into between Council and the CEO;
- c. the appointment of an Acting CEO;
- d. the provision of independent professional advice in relation to the matters dealt with in this Policy;
- e. the monitoring of the CEO's performance;
- f. an annual review of the CEO's performance; and
- g. determining the CEO's remuneration.

2. Scope

This Policy outlines the mechanisms which support Council in fulfilling its obligations regarding the CEO's employment and complying with the Act.

The objectives of Council in relation to this Policy are to:

- establish a CEO Employment and Remuneration Committee (the Committee);
- provide processes for the recruitment of a natural person, and their appointment, to the position of CEO;
- draft and approve the Contract of Employment entered into between Council and the CEO;
- seek and be guided by independent professional advice in relation to the matters dealt with in this Policy;
- provide processes for determining and reviewing the CEO's Remuneration Package;
- provide processes for the monitoring of the CEO's performance including setting the Performance Plan and conducting an annual review;
- determine, as required, whether any variations to the Remuneration Package and terms and conditions of employment of the CEO; and
- provide processes for the appointment of an Acting CEO.

The expectations of the CEO in relation to this Policy are to:

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

3. CEO Employment and Remuneration Committee

Council will establish a CEO Employment and Remuneration Committee (Committee).

The Committee will be an advisory committee to Council.

The Committee will comprise of an Independent Chairperson and at least three councillors, one of whom must be the Mayor.

The purpose of the Committee is to consider and make recommendations to Council with respect to the:

- performance monitoring of the CEO, including with respect to achievement of the Key Performance Indicators;
- annual review of the CEO's performance, including against the Key Performance Indicators (KPIs);
- CEO's remuneration;
- recruitment and appointment of a CEO, if required;
- provisions to be included in the Contract of Employment from time to time;
- appointment of an Acting CEO; and
- implementation of this Policy.

Provided that the Committee meets at least twice in each year, the Committee is to hold meetings as often as is necessary to:

- prepare documentation relevant to the CEO's employment and remuneration, including Council reports and contractual documents, for the approval of Council;
- conduct and maintain appropriate records regarding performance reviews of the CEO; and
- review the remuneration package and conditions of employment of the CEO.

The Committee will provide a report to Council following each meeting describing its activities and making recommendations about any action to be taken by Council.

The Committee will determine its procedures at its first meeting, which will include:

- 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;
- how often the Committee will meet, provided that the Committee meets at least twice in each year;
- quorum, provided that the quorum is not less than the Independent Chairperson, and two councillors;
- means of attendance at Committee meetings (e.g. in person or online); and
- the taking of the minutes of the Committee meetings;

and will communicate the procedures to Council.

For the avoidance of doubt, nothing in this Policy requires Council to accept any or all of the Committee's recommendations.

4. Recruitment of CEO

The Committee will establish and manage the process to recruit the CEO, designed to ensure that Council can select the best available candidate from a shortlist of preferred candidates.

The Committee will determine, and make a recommendation to Council, as to:

- whether there is a need to engage an Executive Search Consultant to run the recruitment process; and, if so
- the Executive Search Consultant to be appointed to run the recruitment process.

If an Executive Search Consultant is engaged, the Committee, the Independent Chairperson or a member of Council staff nominated by the Committee must liaise with the Executive Search Consultant in connection with the recruitment process.

When considering the recruitment of the position of CEO, the Committee must:

- ensure that the recruitment decision is based on merit;
- support transparency in the recruitment process and the public advertising of the position; and
- ensure that regard is had to gender equality, diversity and inclusiveness.

The Committee must ensure that the Executive Search Consultant publicly advertises the CEO role.

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 recruitment process.

The Committee must provide a report and recommendation to Council so that each key decision identified in the schedule prepared under this section can, if necessary, be made by resolution of Council.

4.1 APPOINTMENT OF THE CEO

Council will receive a report from the Committee on the completion of its role in the recruitment 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.

The Committee will provide a recommendation to Council on the provisions to be contained in the proposed Contract of Employment.

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

4.2 REAPPOINTMENT OF THE CEO

Within 6 months prior to the expiry of the current CEO's Contract of Employment, the Committee will provide a recommendation to Council on:

- whether the CEO should be reappointed under a new Contract of Employment; and
- if the recommendation is to reappoint the CEO, the proposed provisions of the further Contract of Employment.

Any reappointment of the current CEO must be made by a resolution of Council.

4.3 CONTRACT OF EMPLOYMENT

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).

The Contract of Employment will, at a minimum, outline the following:

- the employment term, which must not exceed 5 years in accordance with section 44(2) of the Act;
- the responsibilities and duties of the position, including compliance with the Act and the Employee Code of Conduct;
- the conflict of interest management requirements;
- the CEO's Remuneration Package and other entitlements;
- any legislative and contractual obligations, including those during and continuing after appointment;
- the CEO's leave entitlements;
- dispute resolution procedures;
- processes for managing unsatisfactory performance;
- processes for early termination, including notice of termination provisions with notice of termination by Council being restricted to a maximum of six months; and
- any other matters required to be contained in the Contract of Employment by the Regulations.

The Contract of Employment may only be varied by a resolution of Council and accepted by the CEO, recorded in a deed of variation.

4.4 REMUNERATION AND EXPENSES

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):

- any statement of policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent);¹ and
- any Public Sector Wages Determination.²

Remuneration will be reviewed on an annual basis, in accordance with the CEO's Performance Plan and contractual requirements.

Council will meet expenses incurred by the CEO in relation to:

- membership and subscription fees payable to professional associations which are reasonably necessary in order to carry out required duties;
- reasonable costs incurred when attending conferences, seminars or other networking functions; and
- reasonable costs incurred in performance of required duties.

4.5 PERFORMANCE MONITORING

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.

The CEO is to provide progress reports against the Performance Plan to the Committee on a quarterly basis.

The Committee may meet with the CEO following each progress report to discuss the matters contained in the progress report.

Following the initial three months of the CEO's term, a workshop with Councillors and the CEO should be coordinated so that:

- the CEO can prepare and present an overview of their findings during the initial period, and highlight any projections or forecasts of relevance to Council during their tenure;
- Councillors can provide feedback to the CEO on their perspective of the CEO's performance during the initial period; and
- Council and CEO can agree to projects and priorities for inclusion in the CEO's Performance Plan and KPIs.

¹ Section 45(3)(a) of the Act requires Council to have regard to any statement of policy issued by Government of Victoria which is in force with respect to its wages policy (or equivalent). The current Victorian Government Wages Policy applies in the public sector until 31 December 2021. See: <https://www.vic.gov.au/wages-policy-and-enterprise-bargaining-framework>

² Section 45(3)(b) of the Act requires Council to have regard to the published remuneration bands for executives employed in public service bodies. See: <https://www.vic.gov.au/tribunals-determination-vps-executive-remuneration-bands>

Nothing in this Policy prevents the Committee and/or Council from monitoring the CEO's performance on an ongoing basis.

4.6 ANNUAL REVIEW

In preparation for Council's review, the Committee is required to submit an Annual Review Report to Council which includes recommendations on the following:

- whether, and to what extent, the CEO has met the KPIs under the Performance Plan;
- whether, and to what extent or in what respect, any KPIs or other criteria ought to be varied under the Performance Plan;
- whether, and to what extent, the Remuneration Package ought to be varied; and
- any other necessary matters.

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

Council shall, after receipt of the Annual Review Report, review the recommendations in the Annual Review Report, resolve upon the matters described above and advise the CEO of the terms or effect of the resolution.

4.7 ACTING CEO

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 CEO.

The appointment of the Acting 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.

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

4.8 INDEPENDENT CHAIRPERSON

The Independent Chairperson 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.

The Independent Chairperson will be appointed by Council 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 CEO recruitment process.

The Independent Chairperson should have experience in executive recruitment and oversight of employment contracts as well as experience in developing and facilitating executive performance reviews. Experience and knowledge of the Local Government Sector is desirable.

Council will determine the:

- term of appointment of the Independent Chairperson; and
- remuneration of the Independent Chairperson,

and ensure that it is a term of the Independent Chairperson's engagement that the Independent Chairperson keep confidential all information which the Independent Chairperson acquires by virtue of the engagement.

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

4.9 ADMINISTRATIVE SUPPORT

Council acknowledges that, in implementing this Policy, it, the Committee and/or the Independent Chairperson will from time to time require the assistance of members of staff, including assistance in relation to governance and human resources matters.

Council, the Committee and/or the Independent Chairperson may from time to time request a member of staff to provide assistance in implementing this Policy, recognising that the position of the member of staff is made difficult because he or she is accountable to the CEO (or a person acting as CEO) and therefore acknowledging that requests for assistance need to be limited to no more than those which are reasonably necessary.

5. Interaction with Act and Regulations

Where there is any inconsistency between this Policy and the requirements of the relevant Act and/or Regulations, then the requirement of the Act/Regulations shall take precedence over this Policy.

6. Confidentiality

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.

7. Delegations

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).

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).

8. Review of Policy

This Policy will thereafter be reviewed at least every four years by the Committee and within 12 months following each Council election, and the Committee will make a recommendation to Council.

9. Roles and responsibilities

The following positions are responsible for

Responsibility	Role / Position
Adhere to CEO Employment and Remuneration Policy and associated requirements as appropriate to role and function	Councillors Committee members CEO
Monitor implementation and adherence to this policy	Director Corporate Performance Governance Officer Human Resources Coordinator

10. Breaches

Failure to comply with Council policy, supporting procedures or guidelines, will be subject to investigation which may lead to disciplinary action.

11. Human Rights Charter compatibility

This policy has been assessed as being compatible with the *Charter of Human Rights and Responsibilities Act 2006 [Vic]*.

12. Supporting documents

This policy should be read in conjunction with all other relevant, Council policies and procedures, as well as relevant legislative requirements.

Related Legislation

- *Local Government Act 2020 [Vic]*
- *Equal Opportunity Act 2010 [Vic]*

Related Guidelines, Operational Directives or Policies

- Recruitment, Selection and Appointment Policy No. 114
- Equal Opportunity, Discrimination and Harassment Policy No.112
- Child Safe Policy No.108
- Employee Code of Conduct
- Councillor Code of Conduct
- Alpine Shire Council Enterprise Agreement

This policy should be read in conjunction with all other relevant, Council policies and procedures, as well as relevant legislative requirements.

13. Definitions and abbreviations

Term	Meaning
Act	Act means the <i>Local Government Act 2020</i> .
Annual Review Report	Annual Review Report has the meaning given under clause 5.6.
Chief Executive Officer or CEO	means the Chief Executive Officer of Council ("CEO").
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 Alpine Shire Council.
Councillors	means the individuals holding the office of a member of Alpine Shire Council.
Council Meeting	has the same meaning as in the Act.
Executive Search Consultant	means a consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles.
Independent Chairperson	means the consultant appointed by Council from time to time to provide independent advice in accordance with section 45(2)(a) of the Act, and appointed to fulfil the role of Chairperson of the CEO Employment and Remuneration Committee.
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 Wage Determination	means any Determination that is currently in effect under section 21 of the <i>Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019</i> in relation to remuneration bands for executives employed in public service bodies.


Term	Meaning
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.


14. Approval

THE COMMON SEAL OF THE
ALPINE SHIRE COUNCIL was
hereunto affixed this 14 day of
December 2021
in the presence of:


COUNCILLOR


SIGNATURE


COUNCILLOR


SIGNATURE


CHIEF EXECUTIVE OFFICER


SIGNATURE