

# Policy

## Governance # – CEO Performance Review

<b>Policy Category</b>	Governance
<b>Responsible Directorate</b>	Office of the Chief Executive Officer
<b>Responsible Business Unit</b>	People and Culture
<b>Relevant Legislation</b>	<i>Local Government Act 1995</i> <i>Local Government (Administration) Regulations 1996</i>

### 1. Objective

To provide guidance on the Chief Executive Officer's performance review process to ensure it is based on the principles of fairness, integrity and impartiality in accordance with section 5.38 of the *Local Government Act 1995* (the Act) and the adopted Standards for the Recruitment, Performance Appraisal and Termination of the Chief Executive (Standards).

### 2. Policy

Section 5.38 of the Act requires Council to review the performance of the Chief Executive Officer (CEO) at least once each year. Conducting this review is an important function of Council as the CEO is its only employee. Through this review process, it is also an opportunity for Council to review the performance of the organisation.

As part of this performance review, it is also appropriate for Council to conduct an annual review of the CEO's remuneration package and key performance indicators (KPI's).

Application of this policy is to be in conjunction with all relevant legislation, the adopted Standards and policies, procedures and processes of the City.

The Salaries and Allowances Tribunal (SAT) determines all the parameters for the Total Remuneration Package of local government CEO's. All the components of a CEO's remuneration need to comply with the relevant SAT requirements.

The SAT has classified the City of Kalamunda as a Band 2 local government.

Any changes to the CEO's performance agreement such as changes to the KPIs must be discussed, and agreed to, by both Council and the CEO.

## **2.1 Independent Consultant**

- a) To meet the expected standard of performance review, Council will engage an independent consultant (facilitator) to assist with the process of CEO Performance Review.
- b) The independent consultant will have extensive experience in performance reviews of senior executives and preferably with local government experience.
- c) The independent consultant should not have any interest in, or relationship with, the Council or the CEO.
- d) Role of the independent consultant is to:
  - Develop performance criteria
  - Prepare the performance agreement
  - Collect performance evidence
  - Write the performance appraisal report
  - Facilitate meetings with the Elected Members to discuss the performance of the CEO
  - Assist with the provision of feedback to the CEO
  - Formulate plans to support improvement (if necessary); and
  - Provide an objective view regarding any performance management-related matters between the concerned parties
  - Assist with the development of KPI's if required.

## **2.2 Process to Assess Performance**

- a) CEO to prepare a formal report on the City's achievements against agreed key performance indicators for the year and provide to consultant to enable distribution to all Councillors with the feedback questionnaire.
- b) Consultant to seek constructive feedback from all Councillors on the CEO's performance against agreed key performance indicators in the form of a questionnaire.
- c) Consultant to seek constructive feedback from others e.g., Executive Leadership Team if considered appropriate.
- d) Consultant to prepare performance appraisal report taking into consideration all feedback.
- e) CEO to receive copy of report to provide an opportunity to respond to any points raised.

- f) Elected Members to consider Performance Review report, together with CEO's response
  - i) Has the CEO met the required level of performance.
  - ii) Having regard to the Salaries and Allowances Tribunal determination for Local Government CEO's and level of performance, is a remuneration review warranted.
  - iii) Determine draft key performance indicators for the next twelve (12) months in consultation with the CEO.
  - iv) Develop an agreed plan if performance improvement is required.
- g) Council endorse Performance Review assessment by absolute majority.
- h) CEO advised of Council's decision.

### **2.3 Key Performance Indicators**

- a) CEO's key performance indicators are to be aligned to goals contained in the City's Council Plan and are to be publicly available.
- b) Additional specific CEO performance indicators may be set and agreed to by both Council and the CEO and are to be confidential.
- c) Performance goals are to be specific, measurable, achievable, relevant and time-based.
- d) Performance goals are set out in the CEO's employment contract as agreed with the CEO and Council and reviewed annually.
- e) Council is responsible for ensuring the CEO is provided with the appropriate resources and support to facilitate the achievement of performance criteria.

### **2.4 KPI Review Period**

- a) The CEO's KPI review period (inclusive of remuneration review) will align with the anniversary date of the commencement of their employment.
- b) The Mayor and the CEO will convene at least 3 quarterly meetings over the course of the 12-month performance review period to discuss the CEO's performance and for the CEO to provide updates on his/her performance.

### **2.5 Confidentiality and Recordkeeping**

- a) Consultant is responsible for ensuring accurate and comprehensive records are kept of the CEO's performance management process.
- b) Within ten (10) days of Council's endorsement of the CEO's performance review assessment, all paperwork is to be provided to Manager People &

Culture for capturing in the City's document management system.

c) Any information produced is to be kept confidential.

### **3 Roles and Responsibilities**

It is incumbent upon all Elected Members to actively participate in the CEO Performance Review process and to provide feedback in accordance with the provisions of this policy.

Elected Members will collaborate with the Consultant and the CEO to prepare the draft KPI's and measurements for Council determination within three months of the completion of the former KPI review period.

Manager People & Culture will be responsible for:

- Liaising with the Manager Governance to initiate the Request for Quotation process to appoint a consultant in accordance with the City's Purchasing Policy, two months prior to the completion of the KPI review year falling due.
- Coordinating the activities of the Consultant and Elected Members throughout the review process

Manager Governance will be responsible for assisting the Manager People & Culture and supporting the Elected Members with information and assistance from Administration.

### **4 Influencing Strategies or Plans**

**Kalamunda Advancing 2031 – Strategic Community Plan**

Objective 4.1 - To provide leadership through transparent governance

Strategy 4.1.1 - Provide good governance

### **5 Definitions**

**Council** means the Council of the City of Kalamunda

### **6 Relevant Legislation**

*Local Government Act 1995*

Section 5.36 – Review of CEO performance

Section 5.34 – Appointment and conditions of employment of CEO

*Local Government (Administration) Regulations 1996*

Regulation 18 – Annual review of CEO performance

Regulation 19 – Content and process of CEO review

<b>Version Control</b>			
<b>Relevant delegated authority</b>	<b>N/A</b>		
<b>Council adopted</b>		<b>Reference</b>	
<b>Last review</b>		<b>Reference</b>	
<b>Next review</b>			