

CEO PERFORMANCE AND SALARY REVIEW COUNCIL POLICY

POLICY STATEMENT

The Council of the City of Bunbury will review the performance of the Chief Executive Officer (CEO) if the CEO is employed for a period of more than 1 year in accordance with section 5.38 of the *Local Government Act 1995* (the Act).

POLICY SCOPE

This Policy applies to the annual performance review of the City of Bunbury CEO.

This Policy outlines the processes to be undertaken in meeting the standard for performance reviews, pursuant to Schedule 2 of the *Local Government (Administration) Regulations 1996* (the Regs.) Model Standards for CEO Recruitment, Performance and Termination.

POLICY DETAILS

It is recommended that Council engages in regular discussions with the CEO regarding their performance against the performance criteria, including progress and the ways that the CEO can be supported.

Clause 16. Performance review process to be agreed between local government and CEO (the Regs.)

- (1) *The local government and the CEO must agree on —*
 - (a) *the process by which the CEO's performance will be reviewed; and*
 - (b) *any performance criteria to be met by the CEO that are in addition to the contractual performance criteria.*
- (2) *Without limiting subclause (1), the process agreed under subclause (1)(a) must be consistent with clauses 17, 18 and 19.*
- (3) *The matters referred to in subclause (1) must be set out in a written document.*

1. CEO Performance Review Panel

- 1.1 Council to appoint CEO Performance Review Panel following every local government election.
- 1.2 The panel must comprise of five members. The panel may include an independent observer.
- 1.3 Council authorises the CEO Performance Review Panel to undertake the CEO performance Review and report findings and recommendations to Council.
- 1.4 The primary functions of the Panel include:
 - Developing the initial performance agreement;
 - Conducting the performance review in line with the Policy requirements;
 - Reporting the performance review findings and recommendations to Council; and

- Regular meetings to discuss and provide feedback if performance issues are identified.
- 1.5. Responsibilities of panel members:
- Be fair, impartial and undertake the process with integrity;
 - Assessment is made free from bias and based on evidence of the CEO's achievements against documented performance criteria;
 - Findings and recommendations are impartial and transparent; and
 - Any information received or produced by the Panel will be kept confidential;
 - The report for the performance review to Council will be presented in confidence in accordance with section 5.23 of the Act;
 - Accurate and comprehensive records of the performance management process will be created and registered within the City's Electronic Data Record Management System; and
 - Manage all records in accordance with the City's Record Keeping Plan.
- 1.6 The performance review process should commence at least 4 months prior to the required completion date.
- 1.7 Support, limited to administrative, will be provided by the Executive Assistant to the Mayor and the Manager People and Safety.

2. Independent consultant

- 2.1 If the Panel does not have the resources and expertise to meet the expected standard of performance review, the Panel, through the administration support provided via point 1.7 may engage an external facilitator to assist with the process of performance appraisal and the development of the performance agreement.
- 2.2 A consultant must have experience in performance review and, if possible, experience in local government or dealing with the performance review of senior executives.
- 2.3 A consultant must not have any interest in, or relationship with, the Council or the CEO. In this policy, interest
- (a) means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest; and
 - (b) includes an interest arising from kinship, friendship or membership of an association.
- 2.4 A consultant may be required to facilitate:
- Setting performance criteria;
 - Preparing the performance agreement;
 - Collecting performance evidence;
 - Writing the performance appraisal report;
 - Facilitating meetings between the performance review panel;
 - Assisting with the provision of feedback to the CEO;
 - Formulating plans to support improvement (if necessary); and
 - Providing an objective view regarding any performance management-related matters between the concerned parties.
- 2.5 Consultant services must be secured in accordance with the City's Purchasing Policy.

3. Performance criteria

- 3.1 Ongoing permanent performance criteria for the purpose of reviewing the CEO's performance must be included within the CEO's employment contract [the Act s.5.39(3)]. Performance criteria outcomes must be measurable and clearly defined. Performance indicators must relate to the selection criteria used in selecting the CEO.

- 3.2 Additional performance criteria (e.g. specific projects, priorities of Council, goals in the Strategic Community Plan and Corporate Business Plan) and the assessment criteria may be included in a separate additional document. The CEO's professional development goals may also be included. The additional document together with the permanent performance criteria will be known as a "performance agreement".
- 3.3 Performance criteria should focus on the priorities of the Council. The Council and CEO should set goals related to target outcomes for future achievement in the performance criteria. Goals should be specific, measurable, achievable, relevant and time-based.
- 3.4 The performance agreement must be negotiated and agreed upon by the CEO and the Council. Adjustments may be initiated by either the CEO or the Council.

PERFORMANCE REVIEW PROCESS

Clause 17. Carrying out a performance review (the Regs.)

- (1) *A review of the performance of the CEO by the local government must be carried out in an impartial and transparent manner.*
- (2) *The local government must —*
- *(a) collect evidence regarding the CEO's performance in respect of the contractual performance criteria and any additional performance criteria in a thorough and comprehensive manner; and*
 - *(b) review the CEO's performance against the contractual performance criteria and any additional performance criteria, based on that evidence.*

4. Assessment of CEO performance

- 4.1 Performance is to be measured in an objective manner against the performance criteria alone. Reviews must be impartial and not skewed by personal relationships between the CEO Review Panel and the CEO.
- 4.2 Evidence for CEO performance may be provided by:
- Achievement of key business outcomes;
 - Interactions with the Council and progress that has been made towards implementing the Council's strategic vision;
 - Audit Committee reports;
 - Workforce metrics (e.g. the average time to fill vacancies, retention rate, information about why people leave the organisation and staff absence rate);
 - Incident reports (e.g. results of occupational health and safety assessments, the number and nature of occupational health and safety incident reports, and the number and nature of staff grievances);
 - Organisational survey results;
 - Relationships (e.g. with relevant organisations, stakeholder groups, and professional networks); or
 - Insights from key stakeholders (by way of survey etc).
- 4.3 Consideration should be given to:
- How the CEO has achieved the outcomes. Whether or not their methods are acceptable and sustainable.
 - The extent to which current performance is contingent upon current circumstances. Has the CEO demonstrated skills and behaviours to address and manage changes in circumstances which have affected their performance (e.g. the impact of COVID-19)?

- What the CEO has done to ensure the wellbeing of staff and to maintain trust in the local government.
 - What attention has the CEO given to ensuring:
 - equal employment opportunity,
 - occupational health and safety,
 - privacy,
 - managing potential conflicts of interest; and
 - complying with procurement process requirements.
- 4.4 It is important that contextual factors, external or otherwise are given appropriate weight. Failure to meet performance criteria does not necessarily mean the CEO has performed poorly and, for this reason, performance and outcome should be considered separately.

Clause 18. Endorsement of performance review by local government (the Regs.)

Following a review of the performance of the CEO, the local government must, by resolution of an absolute majority of the council, endorse the review.

Clause 19. CEO to be notified of results of performance review (the Regs.)

After the local government has endorsed a review of the performance of the CEO under clause 18, the local government must inform the CEO in writing of —

- (a) *the results of the review; and*
- (b) *if the review identifies any issues about the performance of the CEO — how the local government proposes to address and manage those issues.*

5. Addressing Performance Issues:

- 5.1 Any areas that require attention or improvement must be:
- identified,
 - discussed with the CEO; and
 - a constructive plan agreed and put in place to address the issues.
- 5.2 The plan should outline the actions to be taken, who is responsible for the actions and an agreed timeframe.
- 5.3 Appropriate courses of action in addressing the performance issue may include:
- Professional development courses;
 - Training;
 - Counselling;
 - Mediation;
 - Mentoring; or
 - Developing new work routines to ensure specific areas are not neglected.
- 5.4 Regular discussion and ongoing feedback on the identified performance issues should be scheduled to ensure improvements are being made.

6. Misconduct

Potential wrongdoing (misconduct) or suspected serious misconduct as defined in section 4 of the *Corruption Crime and Misconduct Act 2003* must be referred to the Corruption and Crime Commission (CCC). This provides an independent process to follow and ensures probity, natural justice and oversight of allegations.

Corruption and Crime Commission info@ccc.wa.gov.au
Telephone: 1800 803 186 (Mon-Fri; 9am-4pm)

Download a [Report Serious Misconduct Form](#)

7. Salary Review

The Council shall periodically (not less than annually) review the salary for the CEO to assess whether and what increase in salary and allowances are to be made. CEO remuneration is determined by the Salaries and Allowances Tribunal and the remuneration package may not fall outside the band applicable to the City of Bunbury.

In agreement with the Chief Executive Officer.

CEO: MJ (Mal) Osborne



Date: 30/04/2020

COMPLIANCE REQUIREMENTS

LEGISLATION

- *Local Government Act 1995*
- *Local Government (Administration) Regulations 1996*
- *Corruption, Crime and Misconduct Act 2003*
- *Salaries and Allowances Act 1975*

INDUSTRY

- [Department of Local Government, Sport and Cultural Industries, Guidelines for Local Government CEO Recruitment and Selection, Performance Review and Termination February 2021](#)
- [CCC Notifying misconduct – a guide for principal Officers of notifying authorities August 2018](#)
- [DLGSC Complaint of Minor Breach Form \(Form 1, Form 1A and Form 1B\)](#)

ORGANISATIONAL

- CEO Performance Agreement being 7 key areas from CEO's position description and Key Performance Indicators 2021 (Council Decision 12/2021, 9 February 2021).
- Existing Contract of Employment
- DOC/739658: Work Procedure #005 - CEO Performance Review Process

Document Control					
Document Responsibilities:					
Owner:	Chief Executive Officer	Owner Business Unit:	Office of the CEO		
Reviewer:	Manager Governance	Decision Maker:	Council		
Document Management:					
Adoption Details	Council Decision 68/21 27 April 2021	Review Frequency:	biennial	Next Due:	2023
Review Version	DOC/728847	Decision Reference:	Council Decision 68/21 27 April 2021		
Date Printed	30 April 2021	Synopsis:	New Policy adopted by Council		