



Policy 1.1.16 – CEO Performance Management

1. Policy Purpose

To ensure compliance with s.5.38(1) of the *Local Government Act 1995* (the Act) a local government must review the performance of the Chief Executive Officer (CEO) if the CEO is employed for a term of more than one year. The Standards for CEO Recruitment, Performance and Termination for review of performance of CEO's are contained within the Local Government (Administration) Regulations 1996 and detail the statutory requirements for undertaking a CEO Performance Appraisals. Division 3 – "Standards for review of performance of CEOs" in Policy 1.1.14 sets out the minimum regulatory standards for undertaking the review. This Policy facilitates s.16(3) in Division 3 of Policy 1.1.14 which requires the process to be set out in a written document.

2. Policy Scope

This Policy applies to all CEOs employed with the Shire of Harvey.

3. Policy

3.1 Goals

The objective of this Policy is to review CEO performance, manage CEO performance expectations, develop an opportunity to build relationships and to increase the effectiveness of individuals, systems and processes.

3.2 Objectives

It is important that each performance process has the same objective, to:

- Be transparent and impartial.
- Be planned and structured.
- Be objective, based on facts and evidence.
- Ensure feedback is within the review period.
- Ensure assessment is conducted in a fair and reasonable manner, based on agreed performance criteria.
- Be open and accountable.

- Provide a written record.
- Gain input from all Council Members.
- Support and facilitate CEO development.
- Recognise achievement and support performance improvement.

3.3 Facilitator / Independent Consultant

Council will engage an independent facilitator to assist with the performance management framework and process. The role of the facilitator in the review process should include the following:

- To guide and navigate CEO performance expectations, both past and future
- Guide objectivity versus subjective comments
- Develop an opportunity to build relationships
- Create an environment of procedural fairness and trust
- Listen, acknowledge, respect and guide
- Prepare the performance agreement and assessment plan
- Set performance goals
- Collect, collate and report performance evidence
- Survey and interview Council Members
- Assist with provision of feed-back to the CEO, providing an objective view regarding any performance management-related issues
- Formulate plans to support improvement (if necessary)
- Facilitate Council and CEO in determination of Key Performance Indicators (KPIs) and deliverables.

3.4 Performance Measurement

Setting performance measurement criteria is an important step in performance management.

One of the key responsibilities of the CEO is to oversee the implementation of Council's strategic direction. Best practice dictates that aligning the CEO's performance criteria to the goals contained in the Shire's Strategic Community Plan and Corporate Business Plan (CBP) is an important requisite. Alignment to the CBP will ensure the CEO is appropriately resourced to deliver on expectations.

Goals are to specific, measurable, achievable and time-based, defining clear deliverables. It is important that goals are flexible to allow regular adjustment and Council needs to have realistic expectations of the CEO in achievement of the performance criteria.

Key Results Areas (KRAs) focus on Council's priorities each year. Council and the CEO will set Key Performance Indicators (KPIs) to target priorities for the CEO within the KRAs.

KPIs will be measured yearly with defined deliverables and progress towards these deliverables will be reported every six months during the twelve months.

In addition to the achievement of the KPIs by the CEO, Council will consider:

- That the CEO's methods of achieving outcomes are acceptable and sustainable.
- That the CEO has demonstrated change management and risk management skills when circumstances change and impact on performance outcomes.
- That Council, staff and community have been inspired to maintain trust in local government.

3.5 Contract

The CEO and Council should mutually agree on the planned criteria and structures review process.

The Shire's agreed CEO review procedure shall be contained within the CEO contract, as per s.5.39(3)(b) of the Act. The review procedure contained within the CEO contract can be varied by agreement between Council and the CEO under an amendment clause between reviews.

3.6 Review Periods

It is a statutory requirement that the CEO's performance is reviewed annually (section 5.38 of the Act).

The review period is to be aligned to the Shire's strategic planning processes which run across each financial year (July to June). For planning purposes, the entire review process should be completed by the end of August each year.

3.7 Composition of the Review Panel

The Review Panel will be the CEO Employment Committee. This committee consists of the Shire President and four Council Members. The Review Panel will be governed by the CEO Employment Committee Terms of Reference.

3.8 Procedure for the Review

- 1) Independent Facilitator to meet with Elected Member CEO Performance Review Committee, establish relationship with the Committee and confirm expectations for performance appraisal.
- 2) Independent Facilitator to gather feedback from all Elected Members – via written, telecommunication and in-person formats.
- 3) Independent Facilitator to facilitate CEO performance self-assessment.
- 4) Independent Facilitator to Compile Feedback Report and provide to Committee members.
- 5) Independent Facilitator to Assist Committee to provide performance feedback to the CEO.
- 6) Independent Facilitator Facilitate CEO KPI development for relevant period with the CEO, Shire President and Committee.

- 7) Independent Facilitator to Provide an overall report and recommendation to the Committee (to be taken to Ordinary Council Meeting for approval).

4. Strategic Objective

The Policy aligns to the following strategic objective:



Effective civic leadership

Effective civic leadership is visionary and influential. It means listening to the community, balancing competing demands, making fair decisions and acting with integrity.

5. Legislation

- *Local Government Act 1995*
s.5.39A
- *Local Government (Administration) Regulations 1996*
r.18FA

6. Related Documents

- Policy 1.1.14 – Standards for CEO Recruitment, Performance and Termination.

Responsible officer	Chief Executive Officer		
Responsible directorate	Executive Services		
Responsible business unit	Governance and Strategy		
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