

Annual Performance Review Chief Executive Officer

POL-HRM 06

Council Policy

Policy Objective

The purpose of this Policy is 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. This Policy is consistent with the City of Mandurah Standards for CEO Recruitment, Performance and Termination developed in accordance with Schedule 2 of the *Local Government (Administration) Regulations 1996*.

Applicability

This Policy applies Council and City employees with regards to CEO Performance Review.

Policy Statement

This Policy has been developed in accordance with section 5.39A(1) of the *Local Government Act 1995* and Schedule 2 of the *Local Government (Administration) Regulations 1996* which sets out the process for completing a performance review.

The performance of the CEO will be reviewed annually by Council. To ensure that the review is conducted with the required principles of fairness, integrity and impartiality, Council will engage the services of an appropriate independent consultant.

Process Review

In accordance with clause 16 of the Model Standard the Council must agree on the process by which the CEO's performance will be reviewed and any performance criteria to be met by the CEO that are in addition to the contractual performance criteria.

The review of the CEO's performance must be carried out in a transparent and impartial manner. As part of the review the Council must:

- 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
- review the CEO's performance against the contractual performance criteria and any additional performance criteria, based on that evidence.

Administrative responsibility for the review will be allocated to the Manager People and Culture.

The performance of the CEO will be assessed each financial year against the following criteria:

- Successful completion of Key Performance Indicators previously set by Council.
- Achievements which do not relate to set Key Performance Indicators but are of significant benefit to the City.

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- The performance criteria agreed in the Chief Executive Officer Employment Contract, including:
 - Strategic direction and leadership
 - Advice and relationship with Council
 - Communications and Stakeholder engagement
 - Financial, Risk and Strategic Asset Management
 - Economic Development and Tourism
 - Human Resource Management

Following the review of the performance, the Council must by resolution by absolute majority, endorse the review. All matters in relation to the CEO's performance review and remuneration will be dealt with as confidential items by Council.

The key stages of the annual performance review are the following:

- Expressions of interest to conduct the review, in line with POL-CPM02 Procurement of Goods and Services, will be sought from appropriately qualified and experienced consultants.
- Following consultation with the Council and the CEO the Manager People and Culture will appoint an independent consultant to conduct the review.
- A formal report on the City's achievements for the year is provided by the CEO against the criteria listed above.
- The consultant shall seek feedback from Elected Members in relation to the criteria determined above. The CEO and the Council may agree on the appropriateness of feedback being sought from other people including the Executive Leadership Team. Whilst nominated people are requested to provide feedback, they are not required to do so. Note only factual information that is supported by evidence will be included in the report.
- The consultant will provide the draft to Council to ensure it reflects the responses that were received and to ensure there are no modifications required.
- The draft report will be provided to the CEO for review and to provide an opportunity to respond to any points raised.
- After considering the CEO's responses, the consultant will modify the report accordingly and provide the final report to the Manager People and Culture.
- The Manager People and Culture present the final report to Council, considering the following:
 - a. Endorsement of the CEO's performance for the period under review.
 - b. The CEO's remuneration for the next 12 months, having regard to the relevant determination of the Salaries and Allowances Tribunal determination for Local Government CEO's.
 - c. If required, the extension or renewal of the CEO's contract.
 - d. Determination of appropriate Key Performance Indicators for the next 12 months which include the determination of the three service level reviews that will be undertaken in the next 12 months in accordance with the Service Levels Review Framework
- Following the review of the performance review the CEO will be provided with the results of the review in accordance with clause 19 of the Model Standards.

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The CEO's Key Performance Indicators shall be developed in line with the following principles:

- Aligned to the Strategic Community Plan: KPI's should reflect the objectives of the Strategic Community Plan to ensure resources are focussed on the needs identified by the community.
- Limited to three (3) per category: CEO KPI's are a one measure within a broader corporate reporting framework across several projects. The KPI limit of 3 ensures prioritisation.
- Outcomes based: KPI's should be designed around the achievement of specific outcomes, rather than completion of tasks. This enables the CEO to change tactics or operations to ensure the best chance of meeting the goals set by Council.
- KPI's to be: Specific, Measurable, Achievable, Relevant and Time bound (SMART): SMART KPI's provide a strong basis for performance discussions to be held between the Council, CEO and staff responsible for the delivery of the KPI's. SMART KPI's also establish a clear, measurable link from the CEO through to frontline staff.

Other considerations:

- Weightings: Council may choose to assign a weighting to the CEO's KPI to assign one a higher priority than another. This action is recommended should prioritisation not be possible through the drafting of the KPI.

Legislative Context

Local Government Act 1995

Division 3 of the Local Government (Administration) Regulations 1996

Salaries & Allowances Act 1975

City of Mandurah Standards for CEO Recruitment, Performance and Termination

Related Documents

Procedure: Chief Executive Officer – Performance and Remuneration Review

Guidelines for Local Government CEO Recruitment and Selection, Performance Review and Termination, Department of Local Government, Sport and Cultural Industries, February 2021

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3	Minute G.12/7/19	24/07/2019	23/02/2021
4	Minute G.11/2/21	24/02/2021	25/06/2024
5	25 June 2024, Minute G.9/06/24	26/06/2024	