



13.8 **CEO EMPLOYMENT AND REMUNERATION POLICY**

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1. PURPOSE

1.1 For Council to consider the proposed CEO Employment and Remuneration Policy.

2. EXECUTIVE SUMMARY

2.1 Under section 45 of the Local Government Act 2020 (the Act), Council is required to “develop, adopt and keep in force” a Chief Executive Officer Employment and Remuneration Policy (the Policy). The Policy must be adopted within six (6) months after the relevant section of the Act comes into effect on 1 July 2021 (i.e. the Policy must be adopted by 31 December 2021).

2.2 Although the relevant provisions of the Act only came into effect in July, and Council have until 1 January 2022 before it is required to have the Policy in Place, the Policy will provide certainty to all parties and set out the process and requirements for decisions currently before Council regarding CEO employment.

2.3 This report summarises the key issues and provides context in which a CEO Employment and Remuneration Policy is required.

3. RECOMMENDATION

That Council:

- 3.1 Adopts the CEO Employment and Remuneration Policy (Attachment 1), as required under Section 45 of the Local Government Act 2020
- 3.2 Notes that the CEO Employment Matters Committee Terms of Reference (Attachment 2) have been reviewed in conjunction with the development of this Policy and the Terms of Reference support and are aligned with the proposed Policy and do not need modifications at this time.
- 3.3 Notes that this Policy will be reviewed within 12 months of its adoption by Council, and in conjunction with the Committee Terms of Reference.

4. KEY POINTS/ISSUES

4.1 Background

4.1.1 Under section 45 of the Local Government Act 2020 (the Act), Council is required to “develop, adopt and keep in force” a Chief Executive Officer Employment and Remuneration Policy. It also requires Council to obtain independent professional advice on this matter.

4.1.2 The Policy must be adopted within six (6) months after the relevant section of the Act comes into effect on 1 July 2021 (i.e. the Policy must be adopted by 31 December 2021).

4.1.3 On 18 August 2021 Council approved establishment of the CEO Employment Matters Committee (Committee) to advise and assist Council on fulfilling its responsibilities concerning CEO employment and adopted the CEO Employment Matters Advisory Committee Terms of Reference.



4.1.4 The Committee have reviewed the proposed Policy and provided input and feedback.

4.1.5 On the 6 September 2021 Committee meeting all Councillors had the opportunity to meet with representatives from Maddocks (external legal advisers on the matter) to discuss the Policy. The invitation to the Committee meeting was extended to all Councillors on this occasion to provide the opportunity to hear legal advice and ask questions about the proposed Policy

4.2 Key points

4.3.1 Section 45.2 of the Local Government Act 2020 requires Council to have a CEO Employment and Remuneration Policy to be in place by the 1 January 2022. It also requires Council to obtain independent professional advice on this matter.

4.2.1 The CEO's contractual requirements, and the CEO employment matters currently before Council require this matter to be considered by Council as a high priority.

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

- the recruitment and appointment of the Chief Executive Officer
- approving the Contract of Employment entered into between Council and the Chief Executive Officer;
- the appointment of an Acting Chief Executive Officer
- the provision of independent professional advice in relation to the matters dealt with in the Policy;
- The monitoring of the Chief Executive Officer's performance;
- an annual review of the Chief Executive Officer's performance; and
- determining the Chief Executive Officer's remuneration.

4.2.3 Council has already engaged Independent Advice and established a CEO Employment Matters Committee and associated Terms of Reference (TOR).

4.2.4 The Policy includes reference to and aligns with the Committee TOR. The Policy has been drafted to minimise duplication and to ensure consistency between the documents while remaining compliant with the requirements of section 45 of the LG Act 2020. As such, if the Policy is adopted by Council no changes to the TOR are required at this time.

4.2.5 If adopted by Council, the Policy would take effect from 16 September 2021 and enable Council to progress with consideration of current CEO employment matters.

4.2.6 Adoption of the Policy will provide certainty to all parties and sets out the process and requirements for employment and remuneration of a CEO, including Councils consideration of the reappointment of the CEO or advertising of the CEO position.

5. CONSULTATION AND STAKEHOLDERS

5.1 Councillors and the CEO have been engaged with in the discussions about the development of the CEO Employment and Remuneration Policy.



6. LEGAL AND RISK IMPLICATIONS

6.1 The CEO Employment and Remuneration Policy will support the Council to effectively manage the CEO employment lifecycle and employment related matters and meet its obligations under the Local Government Act 2020.

7. FINANCIAL IMPACT

7.1 The main cost associated is the remuneration of a person to provide independent advice to the Committee and cost of associated legal advice.

8. ENVIRONMENTAL IMPACT

8.1 There is no direct environmental impact resulting from Council establishing a CEO Employment and Remuneration Policy.

9. COMMUNITY IMPACT

9.1 Adopting a CEO Employment and Remuneration Policy will promote transparent and accountable decision making and enhance community confidence in Council's decision making around the recruitment and management of the Council's CEO.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 This report aligns with the outcomes of strategic direction 5 – Well Governed Port Phillip, by ensuring Council meets its statutory obligations, and enhances community confidence in decision making by providing a transparent and accountable process.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE AND COMMUNICATION

Once adopted the Policy will come into effect from 16 September 2021 and support Council to commence considerations regarding the CEO employment matters.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any material or general interest in the matter.

12.2 An independent advisor has been engaged to provide independent advice to the Mayor and Council on all CEO employment and remuneration matters. This paper has been prepared based on this independent advice and other external and independent advice.

12.3 The Council Officer who prepared this report has a role in supporting the Mayor and Council administer CEO employment and remuneration processes and decisions. The officer involved in the preparation of this report has a general interest as an employee of the Council, who is two levels removed from the CEO in reporting line. processes and is not a recommendation of the Council Officer

12.4 This report documents the requirements for CEO employment matters/processes and is not a recommendation of the Council Officer

ATTACHMENTS

1. CEO Employment and Remuneration Policy Final
2. CEO Employment Matter Committee – Terms of Reference Final