

Policy number	Policy 031
Policy title	Annual Performance Review for the Chief Executive Officer
Strategic outcomes supported	CL1 – Effectively managing resources and performance. CL3 – Accountability and good governance.

Policy objective:

To prescribe the processes for the Chief Executive Officer annual performance review as required under the *Local Government Act 1995 C5.38 (1)*.

Policy scope:

This policy applies in respect of the office of the Chief Executive Officer.

Policy definitions:

Act means the Local Government Act 1995;

additional performance criteria means performance criteria agreed by the local government and the CEO under clause 16(1)(b);

CBP means the Corporate Business Plan of the Town of Victoria Park

CEO means the Chief Executive Officer of the Town of Victoria Park

Committee means the Chief Executive Officer Recruitment and Performance Review Committee

contractual performance criteria means the performance criteria specified in the CEO's contract of employment as referred to in section 5.39(3)(b) of the Act

External facilitator means the consultant engaged each year to assist the Committee in the coordination of the annual CEO performance review

job description form means the job description form for the position of CEO approved by the local government under clause 5(2)

key performance indicators (KPI's) means the CEO's agreed performance criteria for any one (1) year

key performance outcomes (KPO's) means the CEO's agreed performance outcomes for any one (1) year

local government means the *Town of Victoria Park*

performance agreement means the written and signed annual key performance indicator list between the CEO and the Council

Regulations means the Local Government (Administration) Regulations 1996

Review Standards means the Town of Victoria Park Standards for CEO Recruitment, Performance and Termination.

SAT means the Salaries and Allowances Tribunal

SCP means the Strategic Community Plan of the Town of Victoria Park

WALGA means the WA Local Government Association

Policy statement:

1. The Town is required to review the performance of the CEO annually in accordance with section 5.38 of the *Local Government Act 1995*. The process for the annual review is based on the prescribed model standards for performance review are outlined at Division 3 of the of the *Local Government (Administration) Regulations 1996*.

Performance Review Standards:

2. The Town adopted the prescribed model standards in the "*Town of Victoria Park Standards for CEO Recruitment, Performance and Termination*" (in December 2021). In accordance with these guidelines the Council maintains a CEO Recruitment and Performance Review Committee to coordinate the application of the model standards on behalf of the Council.

Committee oversight of the Performance Review Process:

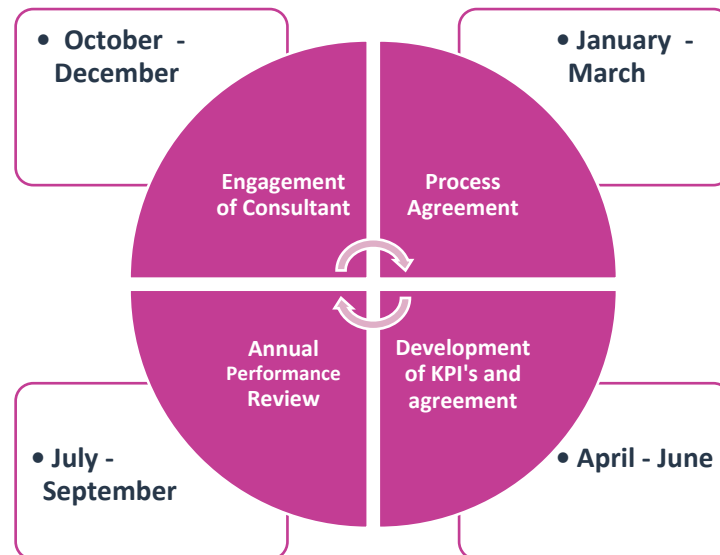
3. The Chief Executive Officer Recruitment and Performance Review Committee is responsible for the coordination of the CEO annual performance review in accordance with the appropriate provisions contained within the CEO's employment contract and the review standards.
4. The committee will:
 - a. Prepare and table the concluded report, in accordance with the appropriate provisions within the CEO's Employment Contract to the Council at a Council meeting for consideration and actioning.
 - b. Review the CEO's performance on an on-going basis as and when deemed necessary in accordance with the appropriate provisions contained within the CEO's Employment contract.
 - c. Review the Key Performance Indicators to be met by the CEO.
 - d. Review the CEO's remuneration package, in accordance with the appropriate provisions within the CEO's Employment Contract.
5. Elected Members will be provided with regular training in the development and measurement of Key Performance Indicators and Key Performance Objectives. Elected Members nominating for membership of the review committee are encouraged to complete the WALGA training course in "CEO Performance Review".

Facilitation of the Performance Review Process:

6. An external facilitator is engaged by the Council to assist the committee with the annual performance review.
7. The external facilitator is engaged to:
 - a. Facilitate the development of the review process. (*LG(A)R1996 Division 3 (16 (1) (a)*).
 - b. Report to the committee the findings of the performance review; and
 - c. Facilitate the development of the CEO's performance objectives (KPI's) and Key performance outcomes (KPO's) with the Elected Members for the following financial year. (*LG(A)R1996 Division 3 (16 (1) (b)*).

Annual Performance Review Process Framework:

8. The CEO performance review cycle is based around the financial year, July to June. There are 4 key stages to the review process.



9. The committee coordinates each stage of the review process and makes recommendations to Council for decisions.
10. The annual performance review cycle commences in the second quarter of the financial year (October – December).
11. Stage 1 deals with the engagement of an external facilitator to assist the committee with the review process.

Stage 1 Engagement of External Facilitator

12. An external consultant will be engaged by the Town to assist the committee in the facilitation of the annual performance review cycle. The selection of the preferred consultant will be carried out in accordance with the Town's procurement procedures.
13. The Council, in consultation with the CEO is to determine who the reviewer is to be. If the Council and the CEO are unable to agree on the selection of the reviewer, the Council is to make the relevant determination.
14. The committee will seek endorsement from the Council regarding its recommendation for the engagement of the consultant. Following the determination of Council, the consultant will be engaged for the provision of the support services.

Stage 2 Review Process Agreement

15. The Town and the CEO must agree on:
 - a. The process by which the CEO's performance will be reviewed (*LG(A)R1996 D3 (16 (1) (a))*); and
 - b. Any performance criteria to be met by the CEO that are in addition to the contractual performance criteria. (*LG(A)R1996 D 3(16 (1) (b))*).
16. The review process may include:
 - a. The schedule of dates for the key stages of the review process.
 - b. Assessment process inclusive of data collection methodologies such as:
 - i. Quarterly performance reports and supporting evidence.
 - ii. Survey methodologies and target audiences.
 - iii. CEO comments on the agreed KPI's.
 - iv. Other agreed performance data sources.

- c. Assessment contingencies for KPI's that are deferred or delayed by mutual agreement.
 - d. Processes for variations to the review schedule.
17. The committee will seek a decision of Council for the approval of the performance agreement with the CEO.
 18. Following the determination of Council, the performance process agreement is to be signed by the CEO and the committee chair. The agreement is to be retained in the Towns records management system.
 19. The annual KPI's as agreed to between the council and the CEO are to be published on the Town's Website.

Stage 3 CEO KPI Settings & Agreement

20. The setting of the CEO annual performance review criteria occurs following the completion of the annual Corporate Business Plan review in the final quarter of the financial year (April – June).
21. The Performance Criteria may include:
 - a. Ongoing contractual performance criteria.
 - b. Additional performance criteria in relation to special projects.
 - d. Additional performance criteria from the Corporate Business Plan; and
 - e. Personal development goals.
22. The development of the Key Performance Indicators and Key Performance Objectives, targets and measures, is to be agreed upon between the CEO and the Council.
23. The committee and the external facilitator will coordinate the agreement with the CEO on behalf of the Council.
24. The matters included in the annual agreement must be set out in a written document. (LG(A)R1996 D3 (16 (3))).

Stage 4. End of year performance review

25. The external facilitator will coordinate the end of year performance review process on behalf of the committee. The process must comply with the terms of the review process agreement between the Town and the CEO as developed in Stage 2, and the agreed KPI's for that financial year.
26. The external facilitator 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.
 - c. Engage with the CEO about the process, and the evidence collected to ensure accuracy and appropriateness of the information.
27. The Town administration will support the external facilitator in the data collection process as required.
28. A CEO performance report will be presented by the facilitator to the committee and the CEO outlining the findings of the review. The CEO may choose to provide additional data and a response to the findings for consideration by the committee.
29. The committee will seek a decision of Council for the approval of the CEO's annual performance review findings and any further recommendations.
30. Following a determination of the end of year performance review Council will notify the CEO of the decision of Council in writing. (LG(A)R1996 D3 (19)).

Outcomes of Annual Performance Review:

31. After the Council has endorsed a review of the performance of the CEO under clause 18 of the regulations, the CEO must be informed 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 Town proposes to address and manage those issues.

Performance Improvement Action Plan

32. If issues have been identified, the committee will develop an action plan in consultation with the CEO for the management of the issue. The action plan should be in writing and endorsed by both the committee chair and the CEO.
33. The CEO is to provide the committee with regular updates on the progress of the performance improvement action plan.

Remuneration Review

34. In accordance with the CEO's contract (Clause 7(2)) the Council is required to carry out an annual review of the CEO's entitlements.
35. Any increase to the CEO remuneration package is limited to the Salaries and Allowances Tribunal's Annual Local Government Chief Executive Officers and Elected Members determination on remuneration levels for Band 2 Councils.
36. The annual remuneration review is carried out by the external facilitator engaged to assist the committee with the annual performance review.
37. The review will include:
 - a. an outline of the CEO's remuneration for the performance review period,
 - b. a comparison of the total remuneration package to the annual SAT CEO remuneration limitations, and
 - c. a recommendation on variations to the remuneration package.
38. Subject to a positive outcome of the CEO annual performance review, the Council may determine an increase to the CEO's remuneration package.
39. Any variation to the CEO's remuneration package entitlements will be through a written "Amendment to Contract" and signed by the CEO and Mayor.
40. The Council must inform the CEO in writing of the outcome of the annual remuneration review.

Records Management

41. All records relating to the CEO annual performance review process must be managed in accordance with the conditions of the State Records Act 2000 and the Town's "Content Manager" records management system.

Related documents

Town of Victoria Park Standards for CEO Recruitment, Performance and Termination

Responsible officers	Manager People & Culture.
Policy manager	Chief Financial Officer
Approval authority	Council
Next evaluation date	<i>This will be set by Governance</i>

Revision history

Version	Action	Date	Authority	Resolution number	Report number
1	Adopted		Council		

Schedule 1

Policy schedules should only be used very rarely to set out matters that cannot be easily included in a policy statement but also cannot go into a management practice. An example could be a flow chart relating to a policy.