



## CEO Performance **Review** Framework

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### 1. Background

Efficient and effective local government requires efficient and effective leadership. Therefore under s.5.38 and s.5.39 of the Local Government Act, the performance of the CEO must be reviewed at least once each year of their employment by the Council.

Their employment contract must specify the performance criteria for the purpose of reviewing the CEO's performance.

On 3 February 2021, the Local Government (Administration) Amendment Regulations 2021<sup>1</sup> (CEO Standards) introduced mandatory minimum standards for the recruitment, selection, and performance review and termination of employment in relation to local government Chief Executive Officers (CEOs).

### 2. Guidelines

A performance management framework, based on the model standards, establishes the process by which the Council measures and manages the CEO performance review annually and agreed upon by the CEO and Council. A quarterly Performance Review report will be required from the CEO for discussion together with the Governance Committee.

The CEO performance review must be in accordance with the Model Standards which provide:

- 16. Performance review process to be agreed between local government and CEO**
- (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.*

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<sup>1</sup> [Local Government (Administration) Amendment Regulations 2021; Division 3 Standards for review of performance; Clauses 16-19. Refer Gazette 2 Feb 2021 p.531]

**17. Carrying out a performance review**

- (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.*

**18. Endorsement of performance review by local government**

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.

**19. CEO to be notified of results of performance review**

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.

### **3. Council Led Performance Review Process**

#### **3.1 Goals**

- To review CEO performance.
- To manage CEO performance expectations.
- To develop an opportunity to build relationships.
- To increase the effectiveness of individuals, systems and processes.

#### **3.2 Key Principles**

Performance process to:

- be objective, based on facts and evidence;
- ensure assessment is conducted in a fair and reasonable manner, based on agreed performance criteria; ○ maintain confidentiality; ○ provide quantitative and qualitative feedback;
- support and facilitate CEO development, recognise achievement and support performance improvement.

### 3.3 Establishment

In this document, the **Review Panel** is the Council, or the Governance Committee when appointed by the Council.

- 3.3.1 The planned and structured review process shall be as per this framework, which reflects the agreement between the CEO and the local government.
- 3.3.2 Subject to the CEO contract, where required the CEO and the Mayor shall as soon as practicable prior to the end of each financial year agree on timing to ensure there is adequate time to complete the process
- 3.3.3 An independent facilitator shall be identified by the **Review Panel** and the name and details of the proposed person provided to the CEO for the CEO's comment and to identify any conflict of interest.

Following receipt of any comment from the CEO, the **Review Panel** shall nominate a facilitator to the Council for endorsement.

- 3.3.4 **The facilitator's role is to:**
  - guide the review process,
  - ensure transparency,
  - ensure procedural fairness and objectivity,
  - provide advice to the Council; and
  - liaise with the CEO
- 3.2.5 The CEO performance review is a confidential governance process. City of Melville employees must not be involved in the review process other than to provide information and administrative support as requested by the facilitator.
- 3.2.6 Key Performance Indicators (KPIs) will be linked to the Council's priorities through the Corporate Business Plan (CBP) and budget to ensure affordable delivery and are to be recorded and confirmed in a signed Performance Agreement with the CEO.

#### **4. Review Process**

- 4.1 The Mayor, after consultation with Elected Members, and before the review period, is to give notice to the CEO that a review will be initiated, and the CEO must provide an evidence-based report demonstrating achieved performance in the review period against the agreed performance criteria and to provide suggested KPIs for the next review period for Elected Member consideration.
- 4.2 The CEO shall be advised as to whether the review will be conducted by the Council or the Governance Committee (the **Review Panel**) and who the facilitator will be.
- 4.3 The CEO will submit the performance report to Elected Members with a copy to the Facilitator outlining the evidence and achievements against KPIs.
- 4.4 The Facilitator is to provide a confidential, independent assessment of the evidence provided by the CEO which will be summarised in the survey form (Refer addendum 1 Template) to be submitted to the Elected Members.
- 4.5 Elected Members may provide feedback, through individual interviews and surveys by the Facilitator, to gain their feedback, rate the CEO performance and provide additional comments as necessary:
- a. The process and review feedback should be objective and based on evidence capable of substantiation.
  - b. Feedback will provide both quantitative and qualitative basis for an effective evaluation of strengths and those requiring further development.
- 4.7 Permission of Elected Members must be obtained prior to including individual Elected Member comments in the appendix of the final report.
- 4.8 It is noted that the CEO performance review is a confidential governance process and as such **must** not be discussed externally.

#### **5. Committee Review**

- 5.1 A confidential performance report is generated by the Facilitator which includes the Elected Members' consolidated feedback, both quantitative and qualitative data, Elected Member performance recommendations, suggested KPIs for the following year together with contractual and remuneration advice.
- 5.2 The Performance report is presented by the Facilitator and discussed with the **Review Panel** to determine performance level (both overall and each KPI) working towards a consensus outcome of performance.
- 5.3 Remuneration and contract for discussion with CEO as required, and to be recommended to the Council.

## **6. Performance Measurement**

- 6.1 One of the key responsibilities of the CEO is to oversee the implementation of the Council's strategic direction.
- 6.2 As such best practice dictates that the Council's Corporate Business Plan (CBP), and the Key Result Areas (KRAs) within, is used as the performance framework to drive Council priorities each year and is the basis for clear, achievable and measurable objectives. Alignment to the CBP will ensure the CEO is appropriately resourced to deliver on expectations.
- 6.3 Consideration of CEO suggestions and Elected Member priorities the **Review Panel** will prioritise four or five KPIs with defined deliverables/measures but progress towards being reported every quarter with a six-monthly discussion with the Committee (as a check-in) during the twelve months. [Refer addendum 2 KPI Template]
- 6.4 The agreed Key Performance Indicators need to be achievable whilst identifying achievable deliverables which can be measured and evidenced.

## **7. Finalisation**

- 7.1 The CEO is provided with a copy of the draft performance report for the CEO's comment and feedback, which may include further evidence to demonstrate performance or information on areas of alleged non-performance or any issues of disagreement with the contents of the report.
- 7.2 Based on the CEO's response, the Council may determine that a revised report be prepared that includes the CEO's feedback and acceptance or rejection of the information provided by the CEO with reasons.
- 7.3 The CEO must attend a confidential meeting with the **Review Panel** for discussion and two-way feedback on performance, strengths and areas of improvement.
- 7.4 The **Review Panel** and the CEO agree on KPIs and deliverables for the following twelve months for quarterly review and yearly assessment.
- 7.5 The facilitator will provide a final report for feedback prior to Council approval, by absolute majority.
- 7.6 Agreed outcomes and KPIs are documented in the CEO Performance Agreement signed off by the Mayor after authorisation by an absolute majority of Council and CEO; accurate records are created and kept confidential.
- 7.7 Recommendations to be approved by absolute majority and adopted by Council.

# Addendum 1

## CEO Performance Review 2#/2#

### Performance and Development Review: Performance Period – 1 July 202# to 30 June 202#

**Key Principles:**

- To be objective, based on facts
- To ensure assessment is conducted in a fair and reasonable manner, based on agreed performance criteria
- To support and facilitate CEO development
- Recognise achievement and support performance improvement.
- Please note that the CEO has provided a report on the agreed performance criteria. A summary has been provided in this template.

**Marking Grid Definitions**

Legend	Title of performance level
<b>E</b>	<b>Exceeds Expectations</b> Performance far exceeded expectations due to exceptionally high quality of work performed in all essential areas of responsibility, resulting in an overall quality of work that was superior.
<b>M</b>	<b>Meets Performance Expectations</b> Performance consistently met expectations in all essential areas of responsibility, at times possibly exceeding expectations, and the quality of work overall was very good. The most critical annual goals were met.
<b>I</b>	<b>Improvement needed</b> Performance did not consistently meet expectations – performance failed to meet expectations in one or more essential areas of responsibility, and/or one or more of the most critical goals were not met.
<b>U</b>	<b>Unsatisfactory</b> Performance was consistently below expectations in most essential areas of responsibility, and/or reasonable progress toward critical goals was not made. Significant improvement is needed in one or more important areas.
<b>N</b>	<b>Not able to comment</b> This category can be used to indicate the assessor has no direct knowledge that the performance of the CEO is effective or non-effective, positive or negative, meets or does not meet requirements.
<b>X</b>	<b>Not Met due to Exceptional Circumstances</b> This category can be used to indicate that the assessor is cognisant of extenuating circumstances, for example COVID related reasons, which meant that the CEO performance did not meet requirements.

**Please note where you mark 'Improvement needed' or 'Unsatisfactory', could you state your reasons behind this decision.**

**PART 1: GOALS AND TARGETS**

Please review CEO feedback and in consideration, rate his performance and provide comments as necessary.

**Agreed Performance Ratings**

*E* – Exceeds Expectations

*M* – Meets Performance

*I* – Improvement Needed

*U* – Unsatisfactory Performance

*N* - Not able to comment

*X* – Exceptional Circs.

KPI #						
Key Performance Indicators			Deliverables			
CEO Progress Comments:						
Elected Member's Score:	E:	M:	I:	U:	N:	X:
Elected Member's Comments:						

KPI #						
Key Performance Indicators			Deliverables			
CEO Progress Comments:						
Elected Member's Score:	E:	M:	I:	U:	N:	X:
Elected Member's Comments:						

**Suggest the 4/5 top priorities of the Elected Members to determine KPIs.**

## 2: PERFORMANCE SUMMARY AND FUTURE KRA OBJECTIVES

Overall Performance					
Please tick the classification you believe best fits the CEO's overall performance and add any general comments below.					
Elected Member's Performance Rating: ( ✓ one)	E	M:	I:	U:	N:
General Comments:					
Feedback on KRAs and Objectives for 202# / 202#:					
Elected Member's Name:					
Signature:					
Date:					

## Addendum 2

### *CEO KPI Suggestions for Review*

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Objective	Deliverables	Reporting