12.1 REVIEW OF CEO ANNUAL PERFORMANCE REVIEW POLICY - PROPOSED REPEAL

Attachments:
1. **CEO Performance Review Policy**
2. **Assessment of the CEO Annual Performance Review Policy**
3. **CEO Performance Review Panel Terms of Reference**

RECOMMENDATION:

That Council

1. **REPEALS the CEO Annual Performance Review Policy at Attachment 1; and**

2. **APPROVES the Terms of Reference for the CEO Performance Review Committee, as at Attachment 3.**

PURPOSE OF REPORT:

To seek Council's approval to repeal the CEO Annual Performance Review Policy at **Attachment 1.**

DELEGATION:

Section 2.7 of the *Local Government Act 1995* (Act) sets out the role of Council as being to 'determine the local government's policies'. There is no delegation to Administration to make, review or repeal policies.

BACKGROUND:

The CEO Annual Performance Review Policy was originally adopted by Council to support the statutory responsibility under section 5.38 of the Act to review the performance of the Chief Executive Officer (CEO).

The policy was originally adopted by Council on 14 November 2017 and last reviewed on 26 July 2022. The Model Standard for CEO Recruitment, Performance and Termination (CEO Standards) were adopted by Council at its 23 March 2021 meeting.

Administration has reviewed the policy against contemporary governance practices and current legislative requirements. The review concluded that, while the Council's statutory responsibility to review the CEO's performance continues, the policy should be repealed and replaced with the CEO Performance Review Panel Terms of Reference.

DETAILS

As part of the City's scheduled policy review process, Administration assessed the policy's ongoing relevance, legislative requirements, community need or expectation, alignment with current practice, consistency with contemporary standards, industry guidance, and contribution to the City's strategic objectives.

This assessment determines whether the policy continues to meet the criteria for a documented policy position or whether it should be amended, consolidated, or repealed.

The elements set out in clause 1.3 of the Corporate Document Development Policy have been considered as set out below.

Requirement for a documented City position (including community need or legislative requirement):

The Corporate Document Development Policy states that *the purpose of a policy is to provide a general rule or principle to guide Administration and the community in the City's decision-making and advocacy*.

Administration is of the view that a documented City policy position is not required for the CEO's annual performance review. The obligation to conduct the performance review and Council's role in that process are prescribed by statute rather than by Council policy. The Model Standard for CEO Recruitment, Performance and Termination (CEO Standards) adopted by Council at its 23 March 2021 are a statutory document prescribed for adoption that set out the process for those matters listed within the title.

Where a matter is wholly determined by legislation, governance best practice provides that there is no scope for Council to adopt an additional policy position. In this circumstance, a policy does not add clarity or authority but instead risks duplicating or recharacterising statutory obligations.

CONSULTATION/ADVERTISING:

Public notice is not required for the repeal of this policy.

LEGAL/POLICY:

Section 2.7(2)(b) of the *Local Government Act 1995* provides Council with the power to determine policies.

The City's Corporate Document Development Policy requires Council approval to repeal a policy.

RISK MANAGEMENT IMPLICATIONS

Low: The repeal of this policy presents a low risk to the City. Legislative requirements relating to CEO recruitment, performance and termination are addressed through the CEO Standards adopted in 2021. The process for managing the review, as currently outlined in the policy, are more appropriately set out in a Terms of Reference for the committee and can be reviewed as required.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2022-2032*:

Innovative and Accountable (select the priority outcome below or delete if not applicable)

Our decision-making process is consistent and transparent, and decisions are aligned to our strategic direction.

FINANCIAL/BUDGET IMPLICATIONS:

Nil

COMMENTS:

The current policy is more akin to an internal procedural document, as it primarily sets out actions to support the operational implementation of requirements already prescribed in legislation. The legislative requirements are all captured in the CEO Standards, adopted in 2021.

An assessment of the impacts of the policy repeal is provided in **Attachment 2**.

In practice, the document functions to operationalise the statutory framework and to document the agreed approach between Council and Administration for conducting the CEO's annual performance review. This level of procedural prescriptiveness is more appropriately contained within a CEO Performance Review Panel Terms of Reference, which is designed to document roles, processes and operational arrangements. This approach aligns with that of the City's other committees and working groups. A proposed draft is available in **Attachment 3**.

There is no legislative requirement for the City to adopt or maintain a policy regarding the CEO's annual performance review.

CEO Annual Performance Review Policy

Legislation / local law requirements	*Local Government Act 1995,* s5.38 - Annual review of employees' performance *Local Government (Administration) Regulations 1996 Schedule 2* - — Model standards for CEO recruitment, performance, and termination; and *Salaries and Allowances Act 1975*
Relevant delegations	Nil.
Related policies, procedures and supporting documentation	City of Vincent CEO Standards

PRELIMINARY

INTRODUCTION

Section 5.38 of the *Local Government Act 1995* requires Council to review the performance of the Chief Executive Officer at least once each year. Conducting this review is an important function of Council because the CEO is Council's only employee, and it is through this review process that Council can also review the performance of the organisation. At the same time, it is appropriate for Council to also conduct an annual review of the CEO's remuneration package.

The Salaries and Allowance Tribunal (SAT), established under the Salaries and Allowances Act 1975 (the Act), has responsibility for determining and recommending rates of remuneration for local government CEO's in accordance with sections 7A and 8 of that Act. Rather than determine a specific remuneration package amount, SAT sets the minimum and maximum Total Reward Package (TRP) to be paid or provided to local government CEOs depending on a 'Band' classification structure established by the SAT. The SAT has classified the City of Vincent as a Band 2 local government

PURPOSE

To guide Council's annual performance and remuneration review process for the City's Chief Executive Officer.

OBJECTIVE

To establish a documented agreement, in accordance with the City of Vincent CEO Standards, that:

- details the establishment of the CEO Performance Review Panel; and
- guides Council's annual performance and remuneration review process for the City's Chief Executive Officer.

SCOPE

This policy applies to the conduct of CEO performance reviews.

DEFINITIONS

Council means the Council of the City of Vincent.

CEO Annual Performance Review Policy

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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;

POLICY PROVISIONS

1. Performance Review Panel

1.1 The Council shall establish a CEO Performance Review Panel (the Panel) to have carriage and oversight of the Annual Review Process.

1.2 The Panel shall be appointed by resolution of Council for a two year term ending on the date of the next ordinary local government election.

1.3 The Panel shall comprise up to four members, including the Mayor as Chairperson and at least two other Council Members.

1.4 The primary functions of the Panel are to:

a. Subject to clause 2.4, determine the scope of work to engage a consultant to assist with the conduct of the review process;
b. Review quotations received from consultants to assist with the conduct of the review process;
c. Provide a recommendation to Council on the appointment of a suitable consultant to assist with the conduct of the review process;
d. Manage the consultant appointed by Council;
e. Review the results of the performance review process and remuneration review and provide a recommendation to Council on the same; and
f. Discuss possible KPIs and measurements with the CEO for reporting to Council arising from the performance review process.

1.5 All Council Members appointed to the CEO review panel must undertake relevant CEO performance review training course provided by the Western Australian Local Government Association (WALGA), or similar industry recognised training provider, within six months of appointment to the panel.

1.6 Where external training cannot be sourced within the timeframe noted in 1.5 above, the City will provide inhouse training to address the processes and skills required for Council Members to contribute effectively to the annual appraisal of the CEO.

1.7 The training is valid for five years therefore a re-elected panel member is only required to undertake the training at every second election.

2. Appointment of Consultant

2.1 Council shall have due regard to the advice of the Panel and shall appoint a suitably qualified and experienced consultant to assist with the conduct of the performance review process in an independent and equitable fashion.

2.2 Unless otherwise determined by Council, the selected consultant shall be appointed for a two year term to coincide with the membership term of the Panel.

2.3 To ensure the review process is commenced in a timely manner, Council will make the decision to appoint a consultant by no later than one month before the CEO's 12 month anniversary date falls due.

CEO Annual Performance Review Policy

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2.4 The appointed consultant shall, as a minimum, undertake the following as part of the performance review process:

a. Prepare and distribute a questionnaire to all current Council Members on the extent to which the CEO is considered to have achieved their contractual performance criteria and the KPIs and measurements that applied during the review period;
b. Collect evidence regarding the CEO's performance in respect of the contractual performance criteria and KPIs in a thorough and comprehensive manner;
c. Review the CEO's performance against the contractual performance criteria and KPIs, based on the evidence collected;
d Provide all current Council Members with the opportunity to provide verbal feedback on:
    (i) the extent to which the CEO is considered to have achieved the KPIs and measurements that applied during the review period;
    (ii) the CEO's responsibilities during the review period; and
    (iii) the organisation's performance during the review period.
e Prepare and distribute a confidential 360 questionnaire to all CEO direct reports on the leadership and management attributes of the CEO;
f Conduct a review of the CEO's remuneration package;
g Convene and attend at least one meeting between the consultant and the CEO to discuss the feedback received;
h Convene and attend at least one meeting between the consultant and the Panel to discuss the feedback received;
i Convene and attend at least one meeting between the consultant, the Panel and the CEO to discuss the feedback received; and
j Provide to the Panel and the CEO an Annual Performance Review report incorporating the results of the review exercise.
k Conduct a review of the CEO's Key Performance Indicators (KPIs) and liaise with the Panel and the CEO on potential draft KPIs and measurements for the upcoming review period.

3. Roles & Responsibilities

3.1 The Office of the Mayor will be responsible for:

a. Coordinating the activities of the Panel throughout the review process; and
b. Two months prior to the completion of the KPI review year falling due, liaise with the Executive Manager Corporate Strategy and Governance to initiate the Request for Quotation (RFQ) process to appoint a consultant in accordance with Council's Purchasing Policy and relevant corporate procedures.

3.2 No later than six weeks following the completion of the KPI review year, the CEO shall provide to Council's appointed consultant a written self-assessment of the CEO's own performance against the KPIs and measurements that applied during the review period.

3.3 Council's appointed consultant will be responsible for coordinating Council Member feedback on the CEO's self-assessment against KPIs and measurements, and the feedback on the CEO's 360 assessment from direct reports.

3.4 The Panel is responsible for:

a. Presenting a report to Council to appoint a suitable consultant prior to the CEO's anniversary date falling due; and
b. Overseeing the performance review process and ensuring that a final review report is presented to Council to conclude the process within 3 months of the completion of the former KPI review period. If a local government election, or another extraordinary event, falls within this 3 month

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period, the Panel shall establish revised timeframes for the review process in liaison with the CEO.

3.5 The Panel and the CEO shall be responsible for presenting the draft KPIs and measurements to Council for determination within 3 months of the completion of the former KPI review period.

3.6 It is incumbent upon Council Members and senior staff to actively participate in the CEO Performance Review process and to provide feedback in accordance with the provisions of this policy.

4. KPI Review Period

4.1 If the CEO's anniversary date does not align with the financial year, then over a period of time agreed between Council and the CEO, the CEO's KPI review period (inclusive of remuneration review) will be transitioned to align with the financial year.

4.2 To give effect to clause 4.1, Council and the CEO may agree to conduct a performance review(s) for a period of less than 12 months based on KPIs that align to that same duration of time.

5. Endorsement of Performance Review by Local Government

5.1 Following a review of the performance of the CEO, the City must, by resolution of an absolute majority of the Council, endorse the review.

OFFICE USE ONLY	
Responsible Officer	Please use title only
Initial Council Adoption	DD/MM/YYYY
Previous Title	Applicable if the policy has been renamed
Reviewed / Amended	DD/MM/YYYY
Next Review Date	MM/YYYY

Assessment of CEO Annual Performance Review Policy

Impact of Policy Repeal:

The *Local Government Act 1995* (Act) establishes the legislative framework governing the appointment, performance review and remuneration of the Chief Executive Officer. The associated Local Government (Administration) Regulations 1996 prescribe mandatory model standards for CEO performance reviews, including the minimum procedural requirements.

The analysis below considers each component of the existing CEO Annual Performance Policy and assesses the impact of revocation in light of legislative requirements and governance best practice.

No.	Current Clause	Impact of Policy Revocation
Introduction		Overall, revocation of the policy has no impact on the Council's statutory obligations. All matters addressed in the policy are either prescribed by legislation or are procedural in nature and are more appropriately documented in a Terms of Reference for the CEO Performance Review Panel.
Purpose		
Objective		
Scope		
Definitions		
Clause 1	Performance Review Panel	
Clause 2	Appointment of Consultant	
Clause 3	Roles & Responsibilities	
Clause 4	KPI Review Period	
Clause 5	Endorsement of Performance Review by Local Government	

Future legislative reforms

The *Local Government Amendment Act 2023 (*Amendment Act) introduces new requirements relating to CEO performance review reporting and publication. The CEO KPI provisions have not yet commenced. Given that regulations are expected to provide detailed, operational detail, upon commencement, the local government will implement any additional requirements prescribed by the Act and associated Regulations without the need for substantive policy amendment where those requirements are administrative or procedural.

When undertaking the CEO performance review, the local government will need to:

- prepare a written report of the CEO performance review (s 5.38(3)(a) Amendment Act);

- provide the report to the CEO (s 5.38(3)(b)) Amendment Act)
- give the CEO a reasonable opportunity to respond (s 5.38(3)(c) Amendment Act) and
- finalise a CEO performance review report for publication (s 5.38(3)(a) and (4) Amendment Act).

The published performance review report will include a statement that will be required to:

- set out each performance criterion used to assess the CEO's performance (s 5.38(4)(a) Amendment Act);
- summarise the outcome of the review for each performance criterion (s 5.38(4)(b) Amendment Act) and
- include any information required by future regulations (s 5.38(4)(c) Amendment Act).

A consultation paper from DLGIRS, last reviewed 21 November 2025, provides further details on possible amendments to the Local Government (Administration) Regulations 1996 (Admin Regulations) relating to local government CEOs (and online registers). It is unknown at this time whether amendment to the regulations will proceed as outlined in the consultation paper.

Comparative local government practice

A comparative review of metropolitan local governments indicates that there is no uniform sectoral position on maintaining a standalone CEO performance review policy. Practice varies, with some councils maintaining policies, others relying on broader standards or administrative instruments, and several not publishing a distinct CEO performance review policy at all.

A number of metropolitan councils, including the City of Perth, City of Subiaco and City of Stirling, do not maintain a publicly available CEO performance review policy, demonstrating that legislative compliance and governance oversight can be achieved without a dedicated policy instrument.

Where policies do exist, their scope and level of prescriptiveness varies significantly across councils including Bayswater, Victoria Park, Cambridge, Joondalup, Rockingham, South Perth, Swan, and Wanneroo. This variation reflects differing local governance preferences rather than a sector wide expectation or requirement.

Sector guidance provided by WALGA supports a cautious approach to formalising CEO performance review arrangements. WALGA conditionally supports the reporting of CEO Key Performance Indicators aligned to strategic objectives, while not supporting publication of CEO performance review outcomes.

Overall, the comparative analysis demonstrates that a CEO performance review policy is not a consistent or necessary feature of metropolitan local government governance frameworks. The diversity of approaches supports the view that procedural and operational matters can be effectively managed through alternative instruments, such as Terms of Reference, while continuing to meet legislative requirements.

CEO Performance Review Panel Terms of Reference

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1. OBJECTIVE

The objectives of the CEO Performance Review Panel are to:

- Have carriage and oversight of the Annual Review Process.

2 MEMBERSHIP

Membership of the Panel shall comprise the following persons as determined by Council:

2.1 Up to 4 Council Members with the Mayor appointed as the Chairperson

3. TERM OF MEMBERS

3.1 The term of membership of the Panel shall be a period of two (2) years and is to align with the local government elections cycle, with membership expiring at the next ordinary local government election.

4. ROLE OF PANEL

4.1 To present a report to Council to appoint a suitable consultant prior to the CEO's anniversary date falling due; and

4.2 To oversee the performance review process and ensure that a final review report is presented to Council within 3 months of the review which incorporates:

1. Results of the performance review process and remuneration review; and
2. Possible KPIs and measurements agreed with the CEO arising from the performance review process.

5. MANDATORY TRAINING

5.1 All Council Members appointed to the CEO review panel must undertake relevant CEO performance review training course provided by the Western Australian Local Government Association (WALGA), or similar industry recognised training provider, within six months of appointment to the panel.

5.2 Where external training cannot be sourced within the timeframe noted in 5.1 above, the City will provide inhouse training to address the processes and skills required for Council Members to contribute effectively to the annual appraisal of the CEO.

5.3 The training is valid for five years therefore a re-elected panel member is only required to undertake the training at every second election.

6. APPOINTING A CONSULTANT

6.1 Council shall have due regard to the advice of the Panel and shall appoint a suitably qualified and experienced consultant to assist with the conduct of the performance review process in an independent and equitable manner.

6.2 Unless otherwise determined by Council, the selected consultant shall be appointed for a two (2) year term to align with the membership term of the Panel.

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6.3 To ensure the performance review process is commenced in a timely manner, Council shall make the decision to appoint a consultant no later than one (1) month prior to the CEO's 12-month anniversary date.

6.4 The appointed consultant shall, as a minimum, undertake the following functions as part of the performance review process:

a. Prepare and distribute a questionnaire to all current Council Members regarding the extent to which the CEO is considered to have achieved their contractual performance criteria, KPIs and applicable measurements during the review period.
b. Collect evidence relating to the CEO's performance against contractual performance criteria and KPIs in a thorough and comprehensive manner.
c. Consider a written self-assessment prepared by the CEO.
d. Assess the CEO's performance against contractual performance criteria and KPIs based on the evidence collected.
e. Provide all current Council Members with the opportunity to provide verbal feedback on:
(i) the extent to which the CEO is considered to have achieved the KPIs and measurements that applied during the review period;
(ii) the CEO's responsibilities during the review period; and
(iii) the organisation's performance during the review period.
f. Ensure verbal feedback is documented and reported in a manner that protects confidentiality.
g. Prepare and distribute a confidential 360-degree feedback questionnaire to Council Members and the CEO's direct reports regarding the CEO's leadership and management attributes.
h. Conduct a review of the CEO's remuneration package.
i. Convene and attend at least one meeting with the CEO to discuss feedback received.
j. Convene and attend at least one meeting with the Panel to discuss feedback received.

7. ADMINISTRATION SUPPORT

7.1 The Office of the Mayor will be responsible for:

a. Coordinating the activities of the Panel throughout the review process; including compiling agendas, reports, booking and managing training and administration associated with the consultant; and

b. Two months prior to the completion of the KPI review year falling due, liaise with Administration to initiate the Request for Quotation (RFQ) process to appoint a consultant in accordance with Council's Purchasing Policy and relevant corporate procedures.

8. KPI REVIEW PERIOD

8.1 If the CEO's anniversary date does not align with the financial year, then over a period agreed between Council and the CEO, the CEO's KPI review period (inclusive of remuneration review) will be transitioned to align with the financial year.

8.2 Council and the CEO may agree to conduct a performance review(s) for a period of less than 12 months based on KPIs that align to that same duration of time.

8.3 The CEO's performance criteria are to align with the City's strategic planning framework, including the Strategic Community Plan and Corporate Business Plan, and informed by the City's Organisational Performance Program (OPP).

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9. ENDORSEMENT OF REVIEW

9.1 Before endorsing the CEO's performance review, Council must ensure the CEO has been afforded procedural fairness during the performance review process, including an opportunity to review and respond to material findings. Council must consider any CEO response before determining the outcome of the review

9.2 Following completion of the CEO performance review, the Council must, by resolution of an absolute majority of the Council, endorse the review.

OFFICE USE ONLY	
RESPONSIBLE OFFICER	Executive Manager Corporate Strategy & Governance
INITIAL COUNCIL ADOPTION	XX 2026
REVIEWED / AMENDED	
NEXT REVIEW DATE	OCTOBER 2027