

Title	Executive and Senior Leadership Team Remuneration and Performance Management
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Policy Type

Council

Policy Purpose

To provide the framework:

- to guide the Chief Executive Officer (CEO) in their determination of tenure and remuneration packaging for members of the Executive and Senior Leadership Team (SLT) within the City.
- To guide the performance development and criteria for Executives and SLT members (Heads of) within the City.

Policy Statement

A clear and effective policy framework relating to Executive and SLT remuneration and performance management provides the CEO a basis to apply their management of the organisation, in including employment of all staff, pursuant to their mandate as per Section 5.41 (d) and (g) of the *Local Government Act 1995* (as amended).

(1) Contracts

The CEO will through the application of this Policy ensure executives and relevant SLT members are appointed on performance-based contracts with tenures not exceeding five (5) years.

Contracts may provide provisions of extension or renewal subject to the sole discretion of the CEO.

(2) Remuneration

Remuneration of Executives and relevant SLT members shall be based on two parts being:

1. Fixed Annual Remuneration (FAR) which represents the base salary, superannuation; and
2. Variable Annual Remuneration (VAR) which represents the:
 - annual 'at-risk' salary component of the remuneration package which may be provided based on the officer's performance during the assessed financial year, at the sole discretion of the CEO;
 - optional additional matched employer superannuation co-contributions; and
 - relevant incidental allowances towards professional memberships or similar fees.

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The VAR, standard level which will be based on the FAR (excluding additional superannuation and co-contributions) will be allocated at:

- 10 per cent for Executives
- 5 per cent for relevant SLT

The eligible amount payable will be:

- Based on the actual performance assessment rating as a percentage of the total allowable; and
- pro-rata, based on actual service completed in a year for these cases where an employee has not been engaged for the entire year. Actual service completed will be calculated in business days to ascertain any pro rata entitlement due.

In instances where an eligible SLT member acts in an Executive level role for more than one continuous calendar month, the employee will be eligible for a higher VAR component (ie. 10 percent) for the relevant month in which they undertook Executive level duties. After one continuous month, VAR will be calculated in business days.

Funding for the VAR shall be within the Council approved Long Term Financial Plan (LTFP) for Employment Costs and the Council appropriated budget for Employee Costs each financial year.

The VAR will not apply to Executives or relevant SLT members who:

- are not on a performance-based contract, and
- who were not employed as at the date that the organisational performance outcomes and subsequent VAR Payment Report is presented to the Organisational Performance Committee (OPCo).

Payment of VAR entitlement will be made in the first full pay period after the relevant OPCo meeting.

The VAR is provided, at the sole discretion of the CEO. The CEO will provide a report to Council after each financial year end detailing Corporate KPI performance. The CEO will have due regard for any Council feedback prior to determining the quantum of VAR's and whether they will apply.

The matters considered, by the CEO, in determining the payment of the VAR include:

- The organisational performance, as a whole, in meeting organisational targets as set and assessed by Council,
- The officer meeting their key performance indicators (KPI's) based on:
 - the allocation of actions from the Corporate Business Plan (CBP), and
 - including other relevant KPI's as determined by the CEO, or as determined by a member of the Executive, under delegation from the CEO, for relevant SLT members, and
- The officer meeting behaviour expectations in line with the organisational values and the executive behaviours as assessed by the CEO.

The CEO, in applying their sole discretion, will only consider the factors relating to the organisational targets, the financial conditions and whether the payment of the VAR is appropriate through the effective delivery of those targets. The outcome of the CEO's determination to apply the total, part or none of the VAR allocation will apply to all eligible for consideration of a VAR.

The Council will not be involved in assessing or determining individual VAR payments.

The CEO will have in place operational procedures to ensure the effective management of the executive and relevant senior leaders.

Each officer will have agreed prior to the commencement of each financial year, or as soon as practical after the commencement of the new financial year, a performance plan that will address the following:

- the organisational targets,
- the relevant KPI's assigned from the CBP,
- the expected leadership behaviours and organisational values, and
- the personal and professional development plan including training requirements.

Each Executive and SLT members is expected to cascade their requirements and the organisational deliverables down to each of their team members and apply effective performance management to ensure the City's desired goals are meet.

VAR's will not be applied to any staff beyond the approved Executive and SLT members.

(3) Assessment

The CEO will apply assessment processes to executives and relevant senior leaders against performance which reflects that matters within the Performance Plan. This assessment process will guide the application of the VAR quantum.

A bonus component to the VAR, over and above the standard percentage, may be provided for exceeding performance to a maximum of 20 per cent of the VAR.

The weighting for assessment shall be as follows:

Measure	Maximum Weightings	
	Target Score	Stretch Score
Corporate KPI's	20%	24%
Personal KPI's	50%	60%
Behaviour	30%	36%
Total	100% (of VAR)	120% (of VAR)

Each officer will be assessed on their performance and assigned a score up to the target to determine the assigned VAR payment.

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Should any of the performance measures fail to reach required levels, irrespective of successful achievement of other performance measures, part or whole of the VAR may be withheld at the sole discretion of the CEO.

Strategic Link:	Strategic Community Plan (Listening and Leading – Objective 5.6)
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