



CHIEF EXECUTIVE PAY & PERFORMANCE POLICY

INTRODUCTION

Central Hawke's Bay District Council's (Council's) Chief Executive Pay & Performance Policy has been developed to deliver fair, equitable, affordable pay outcomes that recognise performance and contribution to the delivery of our Vision of 'together we thrive'. Council recognises that the relationship between the elected Council and their sole employee, the Chief Executive, is a key mechanism for Council to provide strategic direction, leadership and accountability into the organisation. The relationship is one of high trust, clear priorities and direction, and transparency. Council recognises that 'people are our greatest asset' and is focused on developing and retaining skilled people who live our DNA, incorporate the Thrive values in the way they work, in turn creating a culture where our people and community Thrive. This is of particular importance to the role of Chief Executive.

This policy is the key mechanism for Council to provide a clear framework for the performance and pay incentives for their Chief Executive. By providing a clear policy, Council is able to spell out the role of the elected members as the employer, the role of CE Management & Performance Committee, and the process for performance and pay recognition that is consistent and objective.

This policy is consistent with the principles of the Pay and Performance Policy used internally for all other staff.

SCOPE

This policy applies to the Chief Executive of Central Hawke's Bay District Council as the only employee of the Elected Council.

POLICY

1. Employer

- 1.1. The Elected Members of the Council are the employers of the Chief Executive.
- 1.2. Matters related to the employment of the Chief Executive cannot be delegated to any individual or committee and must be directed by clear motions of Council, unless otherwise specified in the CE Management and Performance Committee Terms of Reference.
- 1.3. The day-to-day management of the employment relationship, contract and performance development of the Chief Executive is delegated to the CE Management and Performance Committee (as described in the Committee's Terms of Reference). The Committee passes recommendations to Council on all contract, performance and pay issues.

2. Pay

- 2.1. Pay (known as remuneration in Individual Employment Agreements) consists of:
 - a) Annual salary
 - b) Private use of a Council vehicle (as described in the Employment Contract)
- 2.2. In addition to Pay, if the Chief Executive is a KiwiSaver member and contributing to their fund, Council will contribute equal to 3% of the Employee's gross pay to the nominated KiwiSaver scheme.

2. Role Clarity

- 1.1. Council's job description ensures they provide the necessary and sufficient information to describe the key outcomes of the Chief Executive and the organisational outcomes for purposes of recruitment, job sizing, and performance development. Our Chief Executive should know what is expected of them and how they contribute to our journey to achieve our strategic priorities.

2. Job Sizing

- 2.1. Council will "job match" against market data pay bands and a system of Job Sizing to objectively determine the relative impact, breadth, complexity, skill and expertise requirements of the role of Chief Executive relative to other employees in the organisation and relative to similar roles in local government.
- 2.2. The process of job sizing involves:
 - a) A maintained job description
 - b) A three-yearly independent review and recommendation during the development of an LTP
 - c) The Chief Executive will be notified in writing of the results of the sizing decision upon confirmation of the sizing outcome.

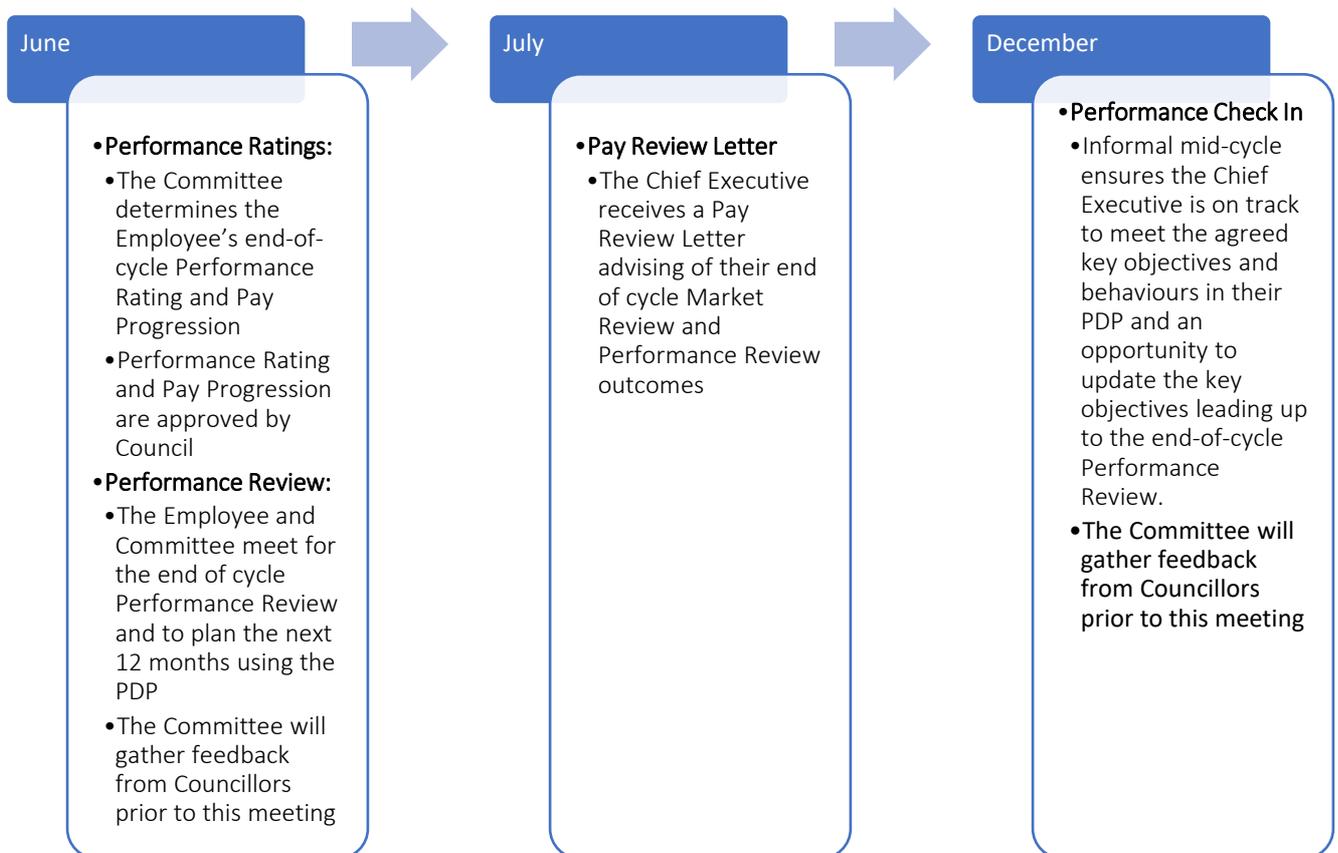
3. Market Reviews

- 3.1. Pay band will be referenced against market data from relevant sector sources on an annual basis to inform the mid-point of the band for pay purposes. At times, Council may choose to use general market data in addition to Local Government Market data.

4. Pay Bands & Progression based on Performance

- 4.1. A pay band shall have a minimum (85%) and maximum value (115%) in relation to the market data mid-point (100%) for the role. The minimum and maximum values will be established and reviewed on an annual basis taking into account:
 - a) Council's ability to attract and retain Employees with the skill sets and attributes to perform at a high level.
 - b) Bench marking against market data and where Council wishes to position itself against the market.
 - c) Other relevant data such as local market conditions and economic indicators.
 - d) Affordability.
- 4.2. A recommendation for payband will be made to Council, by the Committee, prior to Annual Plan adoption each year.
- 4.3. Placement in the band at time of recruitment for a new Chief Executive will depend on demonstrated experience, skills, qualifications and competencies.
- 4.4. Increases in position in range, as determined by the Performance Rating Matrix (10), will be relative to the mid-point.
- 4.5. The Chief Executive will progress to being fully effective relevant to their contribution and performance as assessed by and agreed with the Committee and subject to approval of a recommendation to Council.

	85% - 99%	100% - 115%	>115%
	Developing	Fully Effective	Exceeding Band
Pay Bands	<p>Employees who are developing in their role (generally in the first 1-2 years with Council), or who have recently taken on a new or more senior level role.</p> <p>Employees in this category are developing their skills and behaviours, and are working towards being fully effective.</p>	<p>Fully effective Employees who are consistently demonstrating all the expected behaviours, skills and knowledge to achieve the objectives required in the role.</p> <p>At this point, Employees will make a significant contribution to Council's success and role model 'together we thrive'.</p>	<p>Fully effective Employees remunerated above the maximum limit of 115% will have their pay frozen. These Employees will have their performance recognised through the Performance Rating Matrix (10).</p> <p>Employees in this category will be well regarded across the Council for their achievements, and recognised as delivering exceptional service by their customers (internal and/or external).</p>



5. Performance Development Plans

- 5.1. Council's Performance Development Plans (PDPs) are an accountability and development tool that recognise the role-specific expected results and behaviours required for all Employees. The Chief Executive's PDP will create and review meaningful performance objectives in line with their job description, strategic priorities of Council, our Business on a Page, THRIVE Values, Organisation Roadmap and Group Business Plans and whether a Performance Improvement Plan needs to be introduced for unsatisfactory performance.
- 5.2. The PDP will include:
 - a) Strategic priorities of Council (as adopted by Council on a three-yearly basis during LTP development, with with reconfirmation annually).
 - b) Agreement of objectives and behaviours for the upcoming year to support progression through the pay band.
 - c) Identification of learning and development goals for the Chief Executive for the upcoming year.

6. Performance Improvement

- 6.1. If a Chief Executive is/has undergone a Performance Improvement during the Performance Cycle they are ineligible for both performance-based and market pay reviews. If the Performance Improvement process falls over two Performance Cycles (i.e. runs after the end of June) the Chief Executive may be considered for a performance-based pay review at the following year's end-of-cycle Performance Review, based on their Performance Rating and provided significant improvement has been demonstrated and sustained through the subsequent Performance Cycle.

7. Performance Reviews

- 7.1. A performance discussion between the Chief Executive and the CE Management & Performance Committee can take place as and when required throughout the Performance Cycle.
- 7.2. The Committee will conduct the end-of cycle Performance Review in June and an informal performance check-in mid-cycle in December.
 - a) The informal mid-cycle performance check-in held in December ensures the Employee is on track to meet the agreed objectives and behaviours in their PDP and an opportunity for the Manager and Employee to update the objectives leading up to the end-of-cycle Performance Review. Input from councillors will be sought by the Committee prior to this meeting.
 - b) The end-of-cycle Performance Review is an assessment of the Employee's performance against their PDP objectives and behaviours and is conducted in June.
- 7.3. The Chief Executive will be expected to provide sufficient evidence to illustrate their progress against all parts of the PDP. This may include internal reports, Council reports, references, surveys or other means agreed to be appropriate by the Committee.
- 7.4. The Committee will advise the Chief Executive of their Performance Rating in the end-of-cycle Performance Review in June. Council will provide a **Pay Review Letter** that highlights the level of performance achieved, the Employee's new pay (including the elements that make up their pay), and the percentage increase following approval by Council. We want our Chief Executive to focus on achieving their PDP objectives and behaviours and to clearly understand the link between their achievements and their pay. Any performance-based end-of-cycle increases in pay will be effective 1 July.
- 7.5. The Committee will implement and review a full 360-degree review of the Chief Executive on a two-yearly basis. This will include confidential feedback on PDP objectives and behaviours from

Councillors, direct reports, selected Tier 3 and 4 staff, and external stakeholders as deemed appropriate by the committee in agreement with the Chief Executive.

8. Performance Ratings

- 8.1. The performance ratings enable the Chief Executive to progress through the pay band up to 115%, according to their performance progress.
- 8.2. A Chief Executive who receives a performance rating of '1' as per the Performance Rating Matrix (10) will not receive a performance-based pay increase or Market Review and will immediately proceed to a Performance Improvement Plan.
- 8.3. The Chief Executive may request a review of the performance rating decisions by formally requesting an appeal to the Mayor. Any appeal will be heard and decided by the full elected Council and will include independent advice.

10. Performance Rating Matrix

Performance Rating		85% – 99% Developing	100% – 115% Fully Effective	>115% Exceeding Band
5	Outstanding Performer This category recognises Employees who consistently achieve well above the requirements of the role. The Employee is known for going above and beyond to deliver a project or piece of work that has special significance to the Council. This Employee's achievement will make a significant impact to the organisation that far exceeded what was expected.	N/A	<p>At this point, Employees will make a significant contribution to Council's success and role model the delivery of customer excellence.</p> <p>Performance-based percentage increase to pay based on performance rating, movement up to a maximum of 115% of the band.</p> <p>The percentage increase will be determined on a range of relevant information including affordability, market data, cost of living (inflation) data, economic conditions and local market factors.</p>	<p>Lump-sum performance payment equivalent to the performance-based percentage increase the Employee would have otherwise received as a pay increase.</p> <p>Or</p> <p>Alternatively, the Employee can opt not to take the lump-sum performance payment and instead, put the equivalent amount towards training and development related to their professional development.</p>
4.5	Value Creating Performer + The Employee consistently demonstrates all the expected behaviours, skills and knowledge to achieve the performance objectives of their role and PDP. The Employee <i>regularly enhances the performance of self and others</i> and has <i>begun to demonstrate</i> instances of measurable improvements in organisational performance above the role requirements.			
4	Value Creating Performer. The Employee consistently demonstrates all the expected behaviours, skills and knowledge to achieve the performance objectives of their role and PDP. The Employee <i>regularly enhances</i> the performance of self and others.			
3.5	Valued Performer + The Employee consistently demonstrates all the expected behaviours, skills and knowledge to achieve the performance objectives of their role and PDP. The Employee has <i>begun to demonstrate instances</i> that enhances the performance of self and others.			
3	Valued Performer The Employee consistently demonstrates all the expected behaviours, skills and knowledge to achieve the performance objectives of their role and PDP.			
2.5	Developing – Fast Tracker Employees in this category are developing their skills and behaviours <i>faster than expected</i> to achieve the performance objectives in their PDP, and are working towards fully effective.	Performance-based percentage increase to pay based on performance rating, movement up to a maximum of 100% of the band.	N/A	
2	Developing Employees in this category are developing their skills and behaviours as expected, achieving the performance objectives in their PDP and are working towards fully effective.			
1	Unsatisfactory The Employee's performance falls short of meeting all essential functions of the role, or is not developing as expected and needs improvement. This is an Employee who undergoing Performance Improvement or has been through a disciplinary process during the Performance Cycle.	No performance-based increase to pay if progression is unsatisfactory. Performance Improvement Plan , following the Performance Improvement Procedure is put in place including an action plan to address performance issues. No Market Review.		

REFERENCES

CE Management & Performance Committee Terms of Reference