

Guide for Local Authorities on Hiring and Managing Chief Executives

July 2000

“If you don’t know where you’re going, every road will get you nowhere.”

Henry Kissinger

“Help other people get what they want – and you’ll get what you want.”

Mary Kay Ash

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Presidential Foreword

The Guide for Local Authorities on Hiring and Managing Chief Executives is an important initiative in *Local Government New Zealand's* strategy to enhance the governance capacity of local authorities, and to provide hands-on support/help for councils "doing it better". The quality of the initial contractual set-up and the subsequent management of the relationship with the chief executive are vital for councils. The recent experience in Rodney has highlighted its importance.

This Guide has a practical emphasis, suggesting "do's and don'ts" gathered from the recent experience of councils and chief executives. I am confident the Guide will be of assistance to councils in developing improved practices that will lead to high quality relationships between councils and their chief executives, and consequently better outcomes for communities.

Louise Rosson
President
Local Government New Zealand



Message from SOLGM President

On behalf of SOLGM I commend *Local Government New Zealand* for initiating this Guide for elected members, concerning their relationship with their chief executive.

The effectiveness of any council/chief executive relationship is dependent on how well all parties understand their respective roles, responsibilities and the expectations of each other. A healthy working relationship is based on trust and confidence combining both governance and managerial effort for the common benefit of the local authority's residents and taxpayers.

A healthy relationship is not necessarily one in which there is agreement on every issue all of the time. However, provided there is total honesty and a preparedness to accept diversity i.e. accepting the right for others to hold a different view, there will always be room to work through any difficulties that develop.

Darryl Griffin

President

New Zealand Society of Local Government Managers

Acknowledgements

This Guide is based on the presentations and speeches made at the Mayoral Forum on Chief Executives, on 12 May 2000, by a range of mayors/chairs, chief executives and experts in this field. *Local Government New Zealand* is extremely grateful to the organisations, whose logos are presented below, who contributed their personnel and expertise to the forum.





1 Background

The Mayoral Forum on Chief Executives, hosted by *Local Government New Zealand* on 12 May 2000, targeted a critical issue for councils at a time when the relationship of councils and their chief executives (CEs) was subject to considerable public attention. Over 40 mayors/chairs attended the forum in Wellington. The forum took a practical approach to the relationship, and covered finding a new CE, hiring and negotiating contracts, establishing performance frameworks and measures, and maintaining good relations over the course of the CE tenure.

This Guide brings together the information and ideas presented and discussed at the Mayoral Forum. It does not attempt to provide comprehensive coverage of the subject. The Office of the Auditor General is reviewing its 1994 *The Employment of Local Authority CEs*, and is expected to publish the revised booklet later this year.

The Guide outlines the statutory context and the importance of the relationship between CEs and mayors/chairs/councils. It then follows the development of the relationship through time including finding and hiring a CE, and establishing a framework for the relationship, including contracts and performance measures. Ideas are put forward for managing the ongoing relationship.

The appointment of a CE is the only appointment the mayor/chair and councillors can make on their own.



2 Legal Context

2.1 Overview

The legislation governing the appointment and employment of CEs of local authorities is found in Part VIA of the Local Government Act 1974 (the LGA).

Key points include:

- ? There are statutory limits on an elected council's role in employment matters
- ? the council is responsible for employing only the CE
- ? the CE is responsible for employing (and terms of employment) of all other employees
- ? various statutory obligations/constraints apply.

2.2 Attributes of a CE

In appointing a CE, the council must have regard to the need to appoint a person/s who:

- ? can discharge specific responsibilities
- ? will imbue employees with a spirit of service to the community
- ? will promote efficiency
- ? will be a responsible manager
- ? will maintain appropriate standards of integrity and conduct among employees
- ? will ensure the council is a good employer and promotes EEO (section 119C(3)).

2.3 Responsibilities of a CE

Section 119D sets out the broad statutory responsibilities of a CE. These are:

- ? implementing the decisions of the council
- ? providing advice to members of the council and any community boards
- ? ensuring all delegated or statutory responsibilities are properly performed
- ? ensuring the effective, efficient, and economic management of the activities and planning of the council.

2.4 Statutory Constraints

The following statutory constraints and requirements are set out in the legislation.

- ? ***Good employer and EEO (sections 119F and 119G)***
 - ? All councils must operate personnel policies that comply with the principle of being a good employer (as defined) and operate equal employment opportunity policies.

- ? ***Appointments on merit (section 119H)***
 - In appointing to any position, preference must be given to the person best suited to the position.

- ? ***Obligation to notify vacancies (section 119I)***
 - Where it is proposed to fill a position that is vacant or is to become vacant, wherever practicable, the vacancy must be notified in a manner sufficient to enable suitably qualified persons to apply.

- ? ***Maximum terms of appointment (section 119E and 119J)***
 - A CE must be appointed for a term of not more than five years but is eligible for reappointment from time to time.

2.5 Reappointment of CEs

The long-standing understanding in local government has been that a CE performing to the standards required by the local authority could be reappointed before the expiry of a five year term, without the need to notify. Late last year, the Solicitor-General provided an opinion to the Auditor-General to the effect that the combined effect of sections 119E and 119I was that the legislation required public notification before a CE could be reappointed after five years.

The Auditor-General was concerned that some CE appointments could be invalid and earlier this year, the Local Government (Validation of Reappointments) Act 2000 was enacted, validating those contracts. The effect of the validation was to make valid any current CE contract of employment that was renewed before 8 September 1999 without re-advertising, in respect of a CE who had held the position for more than five years.

The enactment of this legislation has effectively brought to an end legal debate on the issue. The current position, however, is inconsistent with the legislation applying in the state sector and also appears inconsistent with certain aspects of the Labour Relations Bill.



Local Government New Zealand continues to hold the view that the renewal of an incumbent CE's contract is most appropriately a matter for the discretion of the local authority.

3 Hiring Chief Executives

3.1 Start the process early for choosing a CE

Replacement of the CE is one of the most important decisions that a council faces. Start preparing as early as one year out from the event, if possible. Usual triggers will be the resignation of the incumbent CE or pending completion of the five-year maximum statutory period, requiring the position to be re-advertised.

Go back to basics

Remind council of the distinctions between governance and management. Remind council of the statutory mandate and relationship.

Consider the council's needs

Consider why the CE is leaving and whether there is something for council to learn from this. Think about the strategic direction and goals of the local authority. This may involve a SWOT analysis of the council and consideration of how that might impact on the type of background/skill set a CE will need to be successful.

Identify parameters

This includes an ideal remuneration package range, how much council is prepared to spend on recruitment, and the time frame for appointment.

Talk to other councils that have recently gone through the recruitment process and learn from their experience.

3.2 Who should be involved?

3.2.1 Involve the elected council as a whole in the CE recruitment process and decide what parts to delegate to a sub-committee or appointment panel. Since the CE also reports to the council as a whole, it is important that it feels part of the recruitment process. It is essential for the whole council to be involved at key points in the process, especially in deciding the criteria for the appointment – future direction, competencies, salary, etc. For example, organise a council workshop on the CE recruitment process to address the following sorts of issues:

? What qualities are we looking for in our CE?

? What results do we want the replacement CE to achieve?

? What attributes must the new CE possess?



As a good working relationship between the mayor and CE is absolutely essential for the effective functioning of a council, it is important that the mayor is personally involved in each step of the selection process to ensure there is no personality tension with the new CE.

- 3.2.2 Use outside, independent facilitators for recruitment process workshops to enable each elected member to participate fully and to keep the workshop on task.
- 3.2.3 Consider the involvement of staff in the selection process. Senior staff, perhaps at second and third tier levels under the CE could also be involved in the process. Senior staff often appreciate being included at an early stage. One option for involving senior management is through a questionnaire. The questionnaire could ask questions such as “Is it important that the new appointee should come from the district?” and “Is it imperative that the new CE should come from a local government background?”
- 3.2.4 Keep channels of communication open and keep major parties informed. Throughout the process it is important for the mayor/chair to:
 - ? keep the council updated with informal progress reports
 - ? keep in touch with the consultants.

3.3 Define the competencies a CE must demonstrate

- ? define the competencies required in your CE
- ? describe how to recognise those competencies.

Appropriate competencies for a local government CE include the following:

- 3.3.1 Leadership
 - ? demonstrates passion and enthusiasm for an organisation’s vision and motivates, leads, and empowers others to achieve organisational goals
 - ? works to create high performance, achievement-oriented teams through a positive and collaborative approach
 - ? experienced at leading a full range of technical and investment activities in a company or business, or has relative policy and operations experience with a council
 - ? takes accountability for his or her actions and the actions of the organisation.

3.3.2 Strategy Formulation

- ? able to formulate strategies and policies, and create new approaches in uncertain environments, or in the face of adverse political events
- ? takes a broad-based view of issues, events, and activities and is able to perceive their longer-term impact or wider implications
- ? able to incorporate “big picture thinking” and strategies into business and strategic plans.

3.3.3 Commercial Awareness

- ? understands and applies commercial and financial principles in ways appropriate to a local government context; and identifies issues in terms of costs, profits, and ways to add value to an organisation
- ? demonstrates concern for efficient, productive, and profitable use of ratepayer resources in an entrepreneurial way
- ? able to identify and manage organisational risks.

3.3.4 Governance and Management Support

- ? experience in working with boards of directors or councillors, and providing them with professional, accurate and strategic advice
- ? able to implement and deliver on boards of directors’ or council’s decisions and policies
- ? awareness of, and ability to, manage within the political dimensions and regulatory frameworks of local and central government.

3.3.5 Problem Solving and Analysis

- ? analyses issues and breaks them down into component parts
- ? makes systematic and rational judgements based on the relevant information
- ? able to synthesise complex issues, and clearly describe those issues and proposed solutions to people without the same level of technical knowledge.

3.3.6 Relationship Management

- ? able to establish and maintain positive working relationships with council staff, the public and other external stakeholders, including key leaders and decision-makers in the community, and other local and central government agencies
- ? able to influence, convince, or impress others in a way that results in acceptance, agreement, or behaviour change
- ? has a customer-focused perspective and looks for ways to meet the needs of the customers.

3.3.7 Interpersonal Style

- ? has a personal commitment to organisational excellence and an ability to work in a way that displays honesty, integrity, and a strong sense of business ethics
- ? conveys credibility and success, is resilient, not easily put off, and remains calm, stable, and in control of themselves
- ? has an action orientation, is open and receptive to new ideas and is willing to make decisions, take the initiative, and originate action
- ? has an understanding of, and commitment to being an equal employment opportunities employer.

3.3.8 Personal Strengths and Other Attributes

- ? personal drive and energy; self motivation
- ? commitment to provide excellent service
- ? awareness of the special nature of the local government sector
- ? understanding of the importance and values of the Treaty of Waitangi
- ? strong interpersonal skills and well developed political sensitivity
- ? knowledge of local government legislation and responsibilities, especially in relation to the Local Government Act 1974, Resource Management Act 1991, and the Biosecurity Act 1993.

3.3.9 Also consider Part VI of the Local Government Act

- ? imbues employees with a spirit of service to the community
- ? promotes efficiency
- ? acts responsibly
- ? maintains and promotes appropriate standards of integrity and conduct
- ? good employer and promotes EEO
- ? CE must be appointed on merit.

3.4 Decide whether to use a recruitment company or manage the process internally

(a recruitment consultant would undertake many of the remaining tasks leading up to appointment)

The CE is the most significant and influential staff appointment within the organisation. Most councils opt for a recruitment consultant. It costs more but should ensure a professional approach, a rigorous process and objectivity.

- 3.4.1 A recruitment company should illustrate the following attributes:
- ? a track record of successfully managing senior executive appointments
 - ? a willingness to thoroughly understand your council, culture, and SWOT analysis, as they will be your representative in the market
 - ? the ability to undertake executive search (if required) in a proactive, analytical manner – not a networks approach
 - ? a preparedness to meet the council's requirements
 - ? competitive and flexible fee options
 - ? professional in presentation (themselves) and a proposal (if required)
 - ? credibility
 - ? evidence of a systematic and robust selection process
 - ? reputable referees (not necessarily only from the local government sector)
 - ? understanding, empathy and good relationships between the key consultant and the council recruiting team.
- 3.4.2 Appoint a consultant or external advisor early in the process, and preferably before any workshops on the process.

3.5 Appointing a recruitment consultant

- 3.5.1 Responsibility can be delegated to an appropriate sub-committee to seek out and appoint a suitable consultant. The sub-committee, after receiving informal advice from several quarters, invites proposals from selected recruitment organisations.
- 3.5.2 Specify the basics to be covered in the proposal. For example:
- a) fee structure
 - b) details of experience, especially in the local government sector and referees for checking
 - c) suggested process
 - d) suggested timetable.
- 3.5.3 Pay attention to what you agree to pay for. Carefully note what the quotes include, for example, the extent of advertising, travel, and optional extras such as psychometric testing. Consultants should gain specific approval for additional expenses that would be outside the fee structure, such as interviewing overseas applicants.
- 3.5.4 Interview a short list from the proposals then appoint the recruitment consultant. Be clear about the relationship that the recruitment organisation has with the council and any sub-committee with delegated authority, the roles of each party and the tasks the consultant will deliver on. In addition to finding the right person for the job, some



consultants will also be qualified to give advice on such other matters as contract negotiation, remuneration levels, performance reviews.

3.6 Agree on the process with the consultant

- 3.6.1 Agree on the position description and the attributes that are required of the applicants, for example tertiary education and senior management experience.
- 3.6.2 Review the consultant's draft advertising copy and amend if necessary.
- 3.6.3 Agree on a timetable for advertising, screening and interviewing.
- 3.6.4 Agree on information to be supplied to applicants. This could include the following:
 - ? description of the council's territory and characteristics
 - ? key statistics on territory
 - ? size of the council, staffing structure etc.
 - ? copy of latest Annual Plan.

3.7 Make the most of advertising the position

Advertising can be costly (anywhere from \$3,000 to \$10,000 or more) so you want to get the most out of your money. The advertisement is likely to attract local and regional attention.

- ? identify additional spin-offs or messages you want to portray in the advertisements
- ? seek advice from your communications unit
- ? consider the geographical coverage required
- ? advertise in major and local daily newspapers
- ? consider advertising in specialist magazines.

3.8 Screening applicants

- 3.8.1 The applications will be screened by the consultant, who then prepares a report commenting on each and recommending a suitable number for interviewing (the "short list"). The council sub-committee should then discuss and agree.
- 3.8.2 If the council is dissatisfied with the standard of short-listed applicants, it could ask the consultant to undertake an executive search. This will probably require negotiation of an additional fee.

- 3.8.3 The consultant advises unsuccessful applicants, arranges and conducts interviews of the short list. The interviews should include relevant psychometric, logic and numerical reasoning tests with which the consultant should be familiar.
- 3.8.4 The consultant prepares a detailed report on the interviews and testing outcomes and recommends a short list for the council to interview.
- 3.8.5 Following agreement of the council, the consultant carries out telephone interviews with the referees for the short-listed applicants, prior to the final interviews taking place. If this reveals any issues of concern, the consultant can advise the council and possibly drop the applicant from the short list. Written references should not be taken too seriously.

3.9 Managing internal candidates

- ? Decide whether to meet all internal candidates, or only those who meet the desired competencies.
- ? Ensure internal candidates know the recruitment process.
- ? Be constructive when giving feedback.
- ? Consider support for unsuccessful applicants.

3.10 Interviewing the short list

- 3.10.1 The council needs to decide who is going to handle this process. It could be the sub-committee, but it may be desirable for the whole council to be present so that all members can ask questions and have the opportunity to assess the candidates. If a sub-committee is delegated the interview process, it is important that the mayor is involved. The future relationship between the mayor and chief executive is critical to the effective functioning of the organisation and the mayor must be comfortable with the new appointment.
- 3.10.2 The council or sub-committee conducting the interviews should agree on a range of questions for the candidates, note them in writing and agree who will ask them. The participation of the consultant in this process may be desirable, and if councillors are inexperienced in this process some training by the consultant could be beneficial.
- 3.10.3 It is desirable to ascertain a possible remuneration range to assess whether the candidate's expectations are similar to the expectations of the council.
- 3.10.4 At the end of the interviews, the council or sub-committee should discuss each candidate's perceived strengths and weaknesses and agree on a preferred and second choice candidate.

- 3.10.5 A decision is required on who will negotiate with the preferred candidate. This could be handled by the consultant or left to the mayor and a designated councillor (with or without the consultant's help).

3.11 Negotiating with the preferred candidate

- 3.11.1 The council will have defined the limits of terms and conditions for any offer and specified a maximum total cost figure, including salary, car or other benefits. It is now a matter of sitting down with the candidate and talking the issues through. If the candidate is fairly young, there may be a desire for further management training to be part of the package, and if so, the type of training and an allowable sum should be agreed. An offer could be conveyed by telephone or through the consultant, but if there are a number of issues to be negotiated and a good understanding to be reached, a face-to-face session is desirable.
- 3.11.2 If a performance bonus is to be part of the package, the proposed scheme should be discussed with the candidate and a clear understanding of the performance criteria should be agreed. If the candidate has no previous experience in local government, any performance bonus scheme should be approached with caution as the candidate will not be aware of many of the constraints he/she will face.
- 3.11.3 A draft employment contract should be discussed with the candidate and any alterations agreed. The assistance of the council's human resources manager or the consultant is desirable in drafting or amending a contract to ensure that it complies with legislation and will not later result in misunderstanding. It is important the contract clearly states the process to be followed for remuneration reviews, termination of employment and personal grievance claims.
- 3.11.4 If the candidate requires time to consider the offer, agree on when the response will be made and ensure that it does not take more than about two working days.
- 3.11.5 Once the new CE is appointed and the contract signed, invite councillors and senior staff to an informal gathering to meet the new appointee, prior to any public announcements being made. An announcement to staff should be made slightly ahead of any public news release. Such an announcement could be used as a marketing opportunity for the council.

4 Performance and Measurement

4.1 Performance management is an issue that is often perceived as difficult due to combinations of the following factors:

- ? People are generally uncomfortable about measuring another person's performance.
- ? Leadership - and leaders - are particularly difficult to evaluate.
- ? Measurement involves hard assessment of soft, fuzzy leadership concepts involving subjective judgements.
- ? Leadership is often confused with general management skills and/or a high level of technical expertise.
- ? Boundaries need to be defined, for example, governance vs management.

4.2 Establish performance review measures

The performance measurement system will provide circular progress from each review to developing the next performance agreement. The following steps are important:

- ? Establish performance review measures at the outset.
- ? Set key result areas, objectives and indicators for each measure.
- ? Design performance review process.
- ? Agree how remuneration reviews will be incorporated.
- ? Obtain full council endorsement of the review process.
- ? Consider delegating CE performance reviews to a sub-committee (existing practices vary from the mayor alone, to the full council).
- ? Consider training for councillors involved in the review process.
- ? The review group needs to plan strategically and:
 - ✍ consider resources
 - ✍ set priorities
 - ✍ focus on quality outcomes.

4.3 Consider relevant legislation

- ? Local Government Act 1989: specifies a maximum 5-year term and sets out specific duties and responsibilities

- ? Employment Relations Act 2000: covers offer and acceptance, and personal grievance provisions

- ? individual employment contracts should contain a detailed job description and personal characteristics.

4.4 Adopt a written performance agreement which:

- ? states a purpose

- ? sets broad objectives (council's key result areas)

- ? defines key performance indicators

- ? specifies standards and timelines

- ? contains monitoring and review procedures

- ? links to the employment contract.

4.5 Set performance objectives

Performance objectives are the link to the council's policies. It is important to heed Annual Plan & policy implications for:

- ? operational management

- ? administration & communications

- ? leadership & professional development.

Use the 'SMART' principle in setting performance objectives:

- ? Specific - appropriate degree of detail

- ? Measurable - avoid subjective criteria

- ? Achievable - appropriate delegations

- ? Realistic - prioritising objectives

- ? Timely - milestones and deadlines.

Be clear about what is defines a high performing CE and link back to competencies.

4.6 Identify the required behaviours

? open, personable, trustworthy, respectful

? inclusive, consultative, responsive

? encouraging, supportive, protective

? two-way communicator

? challenges, delegates

✍️ inspires trust

✍️ communicates visions, goals and values

✍️ energises others

✍️ delegates important tasks

✍️ shares information and resources

? seeks personal accountability

? extends praise and credit

? develops other leaders

? respects those that follow

? *really* listens.

4.7 Identify key result areas and performance indicators

? The review group and CE agree key result areas; for example:

✍️ staff and culture

✍️ Annual Plan and Report

✍️ financial control and reporting

✍️ communication and advice

✍️ innovation and review

✍️ policy development.

? The review group and CE agree how performance will be measured.

? Appropriate key result area subsets and associated performance indicators are developed.

4.8 Establish and maintain a regular performance review process

? Undertake regular monitoring and feedback.

? Review sessions should occur at predetermined and regular intervals, such as quarterly, twice yearly, or annually, as a matter of routine business.

- ? Consider a combination of frequent, , informal reviews (for example, three monthly) and annual formal reviews

- ? A salary review is usually incorporated into the annual performance review process.

- ? Consider using a specialist consultant to advise the performance review group at key points. (This could include advice on the remuneration review.)

4.9 Utilise a range of performance review tools

Performance review measures are likely to include the following:

- ? key result area indicators

- ? upward appraisals, such as a “Confidential Manager Feedback Survey” involving those reporting directly to the CE to complete a confidential appraisal. The managers would send the completed forms directly to the chair of the committee who would consolidate them into a summary. (Judgements, or “reading between the lines”, may need to be made about some responses to account for context.)

- ? CE self-assessment.

4.10 Performance review meetings

- ? Consider making notes during the period between reviews to avoid being overly influenced by more recent events.

- ? Adopt an agenda or interview form setting out a number of headings or questions (for example, “List what you see as the main achievements of the CE during the review period.”) to guide the interview process.

- ? Each member of the review group should be encouraged to speak at the review meetings and give his/her comments.

- ? Provide opportunity for the CE to respond after the review group members make their comments.

- ? Deal promptly with any acute performance issues - be prepared to convene special review group meetings, or for the mayor/chair to talk to the CE between scheduled review meetings.

- ? Discuss issues honestly and openly.

- ? Use a “feedback sandwich” - start and end with the positive, and have at least two positive things to say to every negative.

4.11 Identify what has been achieved and what has not

- ? Compare enhanced outcomes with impeded progress.
- ? Check resource allocation & agreed priorities.
- ? Refer to the 'SMART' principle.
- ? Question whether the CE is responsible?
- ? Be alert for natural justice issues - avoid personal grievances.

4.12 Strive for the best in seeking performance improvement by:

- ? taking performance management seriously
- ? targeting the performance 'gap'
- ? providing appropriate resources and support
- ? giving positive reinforcement.

4.13 Document and sign-off review outcomes

- ? Ensure that the CE is given clear opportunity to improve performance in any areas agreed as requiring improvement.
- ? Agree any changes to performance measures for subsequent reviews.
- ? All parties should sign-off performance review outcomes.
- ? Clear written records should be kept of performance review processes and outcomes.
- ? All performance reviews are confidential to the parties involved.

5 The ongoing relationship

5.1 The council should:

- ? avoid strategic squabbles
- ? discourage political power-plays
- ? adopt a shared definition of leadership
- ? clarify ends and means – the council/staff separation of powers
- ? establish policy goals and executive limitations
- ? consider the adoption of a code of conduct.

5.2 Define boundaries and develop communication, honesty and trust

- ? Build a confidence level between the CE and mayor/chair so they can be frank and honest with each other and know that it will not be abused.
- ? Mayors/chairs should talk openly with a new CE about the sort of relationship they want to have, involving such elements as honesty and trust, no surprises, a commitment to problem solving, working together towards a vision and how their respective roles complement each other. Ideally, they should have an agreement to respect each other's point of view while being prepared to debate the important issues without the risk of recrimination
- ? Mayors/chairs and CEs should talk about issues of concern before they escalate – not confrontationally, but in the context of honesty and trust.

5.3 Maintain clear separation between governance/political and management/operational matters

The mayor/chair and councillors should:

- ? establish strategic direction and policy
- ? avoid involvement in staff or operational matters, including passing phone calls and letters on operational matters to the CE for action
- ? ensure the CE has opportunities to put sound analyses of major proposals, or at least raise key questions or issues, for the council to consider in reaching a decision.

The CE should:

- ? implement policy

- ? administer and manage the organisation, including appointment of staff

- ? offer routine advice on matters of regulation or process

- ? be politically neutral

- ? establish informal protocols with mayor/chair regarding advice on issues that are the subject of political debate or where the mayor/chair has or is taking a strong public position

- ? ensure that the mayor/chair is always informed of an issue or problem that may result in a call from the media, or could bring an irate phone call from a resident, thereby giving the mayor/chair time to be prepared for a response if necessary

- ? present timely, accurate monitoring information

- ? provide regular financial reports and trends analysis

- ? brief the council on significant external changes and trends with implications for council policies

- ? inform the council of serious non-compliance with policy or legal disputes in relation to the organisation

- ? ensure the council receives a wide range of perspectives in support of council decision-making

- ? remind the council of agreed processes and policies.

5.4 Staff remuneration

Section 119B of the Local Government Act says that a local authority may pay the staff such remuneration as it thinks fit. Note that it does not say “as the CE thinks fit”. It goes on to say that appointments shall be made by the CE.

Section 119C says that the CE shall be responsible to the local authority for employing staff and negotiating their terms of appointment. So on the one hand the Act says that the staff are paid such remuneration as the local authority thinks fit, while on the other the CE is responsible to the council for negotiating their terms of appointment, which obviously includes remuneration. Staff salaries are the final responsibility of the CE.

In finding a balance between an elected member’s right for information, and the CE’s right to manage, the CE could establish a small remuneration committee. An existing audit committee could fulfill this function or the council’s standing committee chairs could meet as a group. This committee could meet with the CE before annual salary negotiations take place to discuss the CE’s intentions, be informed of salary survey information, and raise any concerns or issues at that time, not subsequently. If a

councillor later criticises any settlement, the CE knows that the remuneration committee has been consulted.

6 Exiting and transition

If a performance 'gap' remains:

- ? do a reality check – can the council live with it for the remainder of the term or does it justify the end of the contract?

- ? consider all the circumstances including structural and personal
 - ⌘ Is the issue a genuine performance gap or is it related to personality conflict or some politically motivated opposition?

 - ⌘ Is the council's position fair and reasonable? Extreme care is required here to ensure that the council does not become exposed to a subsequent costly legal challenge.
Legal advice early on may save high costs later

- ? say 'goodbye' by offering exit options, which include:
 - ⌘ 'without prejudice' severance package; or

 - ⌘ poor performance assessment leading to dismissal

Unlike other aspects of employment law, no reason has to be given to the existing CE if another person is appointed at the end of a contract term and there is no requirement for compensation. It is essential to:

- ⌘ remember natural justice

- ⌘ check that your process is rigorous and that all discussions with the CE relating to performance issues are recorded in writing with copies retained by both the mayor and CE.

Appendices

- a. *Recruitment Process and Performance Review Process (Palmerston North City Council)*
- b. *Job Description and Person Specifications (Hawkes Bay Regional Council)*
- c. *Chief Executive Limitations (Environment Canterbury)*
- d. *Performance Agreement & Performance Rating Information (Waikato District Council)*
- e. *Performance Review Process Proposal & Competency Assessment (Franklin District Council)*
- f. *Chief Executive Confidential Feedback Survey and Pre-Interview Form for Chief Executive Performance Appraisal (Hastings District Council)*
- g. *Salary Review Process (Tasman District Council)*
- h. *Code of Conduct (New Plymouth District Council)*
- i. *Don't Hire the Wrong CEO by Warren Bennis and James O'Toole*
- j. *Summary of Chief Executive Salaries*