



Good Governance Grab

COUNCIL, COUNCILLOR AND CEO RELATIONSHIPS

ANOTHER GOOD GOVERNANCE GRAB FROM THE VLGA

The VLGA is currently working with a number of local governments on governance issues which involve relationships between councillors, Councils and the CEO.

The VLGA would never question the accountability of CEOs to their Council and the Council's right to determine whether a CEO's contract should be renewed. But just because Councils can, does this mean that they should?

A decision by a Council not to renew a CEO's contract represents a failure in the working relationship between the Council and the CEO. The CEO in that situation is not delivering outcomes to the satisfaction of a majority of councillors. How can that situation have come about?

It may be that the issue is a simple one of competence. The Council or a previous Council may have appointed someone who is just not up to the job and this becomes clear over the course of the contract via annual performance reviews and warnings. This can and does happen (and may in fact represent a failure in the recruitment process), but is not the focus of this grab.

We have observed other issues at play in relationships between CEOs and councillors and these can culminate in a high level of frustration and misunderstanding which in turn can impact on employment relations. These issues can be around roles, processes and expectations or just that the CEO was appointed by a previous Council and is therefore perceived as being too closely aligned with that group.

While the Local Government Act is clear on the accountability of CEOs to councils, the actual implementation of that accountability can be complex. Councils need to be clear on what their expectations are, communicate those expectations regularly and clearly, monitor performance on the delivery of those expectations and take or facilitate appropriate action as a result in terms of rewards and performance management. All this requires leadership, emotional intelligence, skills, experience, energy, time and will.

In practical terms, this means that already busy councillors need to put the time and energy into working out what their expectations are, playing their roles in the employment process and taking part as required in performance reviews. They also need to take the time to contribute their views on an ongoing basis. Good performance management doesn't happen just through an annual review. It is an all year thing.



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Even if all the attributes are in play, councils are a collection of individuals with different platforms, goals, political views, skills and experience. With the best will in the world, getting a collective agreement on expectations is, to say the least, challenging. Views on performance are likely to be coloured by an individual councillor's success or otherwise in getting the outcomes they want. Separating what may have resulted from the CEO's performance from the myriad of other reasons behind achieving or not achieving something requires fair and tough minded analysis and clarity.

Councillors need to be clear as to what are reasonable expectations of their CEO. The CEO is not responsible per se for higher than desired rates, the community not feeling engaged with its council or for unpopular decisions made under the local planning scheme. S/he is responsible for the quality of advice, good administration, effective and timely implementation and for making every effort to support councils and councillors in delivering good governance.

Councils have the power to make the CEO accountable for perceived governance difficulties via the decision to renew or not to renew the CEO's contract. But this power should not be misused. A decision on the future of the relationship should be a natural flow on from all the other performance management processes outlined above

The CEO has an equally important role in making the relationship work. The CEO is responsible, under the Local Government Act, for managing the organisation. However there is much more than this to a CEO's role in democratic local governance. A former CEO once described the main part of his job as being "relationship management". That is, managing relationships between the CEO and councillors, the CEO and mayor, assisting with councillors' relationships amongst themselves and the mayor's relationship with councillors. The CEO oversees the advice to council, assists with the decision-making process and is responsible for the implementation of decisions.

The CEO has to assist councillors and councils with the difficult and complex processes of good governance. Councillors need to be helped with understanding how things work and how to make things happen. S/he is also responsible for inculcating a culture of democratic governance into the organisation – to ensure that it realizes it is operating in a sector based on democratic governance and acts accordingly.

The CEO, as a professional executive, needs to play a very active role in helping the performance management process to work. S/he has to assist, or put in a process which assists, the councillors and the council think about what their expectations are and how they can be measured. This can be complex and even touch on conflicting interests, given that the CEO's performance will be assessed against those expectations. But everyone benefits ultimately if expectations and measures are clear, shared and owned.



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The above thoughts are not a quick guide to good relationships. They aim to point out that the relationships are complex and require a lot of understanding, analysis, hard work and communication.

Above all, the message from this Good Governance Grab is that the roles, processes and expectations of a CEO should be regularly addressed, and that performance management is a critical component of effective local governance.

Given that the most important and powerful decision councillors can take under the Act is to employ your CEO, if councils feel that your performance management is not currently set up to facilitate your decisions, the VLGA can help.

The VLGA would be pleased to come and talk with you about these issues. Please contact Darren Ray or Ron Exiner on 9349-7999.