



## LOCAL GOVERNMENTS FOR THE FUTURE >>>

### INFORMATION SHEET

# CEO recruitment and performance policy position

The consultation paper for phase one of the Western Australian Local Government Act Review addressed a number of key areas required for reform, including local government Chief Executive Officer (CEO) recruitment and performance. The consultation process included a four month public submission period and workshops in 15 locations across the State.

This information sheet outlines what we heard during the consultation period about CEO recruitment and performance. It also outlines the new policy direction the Government intends to take based on this information.



## Why we consulted

The position of a local government CEO is a uniquely important role. The CEO is responsible for implementing council decisions, the operations of the local government including employing staff and is instrumental in setting the workplace culture of a local government.

The importance of an effective local government CEO with a strong and healthy relationship with council has been identified by multiple independent inquiries. These include the 2012 Metropolitan Local Government Review and inquiries into the Cities of South Perth (2002) and Canning (2014), the 2003 Report on the *Local Government Act 1995* by the Western Australian Parliament Standing Committee on Public Administration and Finance, and the Corruption and Crime Commission's report into the actions of the former CEO of the Shire of Dowerin.

The current Act provides significant autonomy for councils in the recruitment, selection and performance review of CEOs. High profile problems at a portion of local governments across the State has highlighted the level of support needed by councils to enable them to successfully complete these important tasks.

## What we consulted on

The consultation paper canvased options that would result in councils receiving support to recruit and select CEOs and review their performance.

The consultation paper highlighted potential opportunities to require local governments to use a third-party, and specifically the Public Sector Commission (PSC), in CEO recruitment, selection and performance review.

## What we heard

Overall, CEO recruitment, selection and performance review was recognised as an important matter; however views on the best approach differed.

More than 85% of submissions from community members believed councils should be required to use a third-party in CEO selection and 75% believed third-parties should be involved in CEO performance review.

For local governments, CEO recruitment, selection and performance review was described as a key area where autonomy should be maintained. Local government submissions welcomed additional support for council but not at the expense of council having the final say.

Some community and sector submissions raised concerns about current practices, instead supporting standardised advertising and recruitment procedures to ensure fairness and transparency in decision-making.

## Summary of feedback from local governments and others:



Picking a CEO is difficult



Most local governments use recruitment agencies



There is a perception that CEO recruitment is restricted to those already within the sector



Local governments generally support involving third-parties, such as the PSC, but would like it to be optional



General agreement that assessing CEO performance is difficult however councils and CEOs want to maintain autonomy



Community and some councillors believe CEOs have too much power

## CEO recruitment

**86%** of community believe local governments should use a third-party when selecting a CEO

**83%** of local governments want to retain current practices

## CEO performance review

**76%** of community want third-party CEO performance review

**81%** of local governments want to retain current practices

## Summary of feedback from peak local government bodies:

### WALGA



Local governments should be encouraged to seek third party assistance in the recruitment and performance management of a CEO, whether this be by the PSC or registered consultants.

### Local Government Professionals WA



PSC should be required to guide and support local governments in CEO recruitment and performance review.



If a CEO reports a council member to an investigative body, the PSC should be the performance reviewer.

## New direction

Given the importance of the CEO position and the growing concern regarding CEO performance, reforms that will result in greater consistency in CEO recruitment, selection and performance review are considered necessary.

Several independent inquiries have concluded that providing councillors with greater support in performing the critical tasks of CEO performance review and recruitment would benefit local governments and the community.

There are consistent concerns with the relationship between council and administration that is on occasion too close or, in extreme cases, described as toxic.

CEOs form part of the broader public service. Under the *Public Sector Management Act 1994*, the Public Sector Commissioner has a general function to promote the overall efficiency and effectiveness of the public sector. There is a current review into the Public Sector Commission's capability, functions, structure and performance which is due to report in 2018 which may affect the future role of the Commission.

## A number of improvements will be introduced to provide a more structured and consistent framework:

### Recruitment and selection



Policies, standards and procedures covering CEO recruitment and selection are to be prepared in consultation with the sector and include addressing job requirements, advertising and due diligence. These are to be adopted by local governments as minimum standards.

Councils will still be able to delegate the recruitment and performance review of a CEO to a sub-committee of council, however, the full council will need be involved during the following stages:



commencement of a recruitment/performance review process, including review of the Job Description Form (selection criteria and responsibilities of the position)



review of the employment contract



endorsement of the final appointment/review.

### Performance management



Best practice policies, standards and procedures covering CEO performance management are to be prepared in consultation with the sector and adopted by local governments as minimum standards.



The full council must endorse the performance management assessment.

### Early termination



Best practice policies, standards and procedures covering CEO dismissal to be prepared in consultation with the sector and adopted by local governments as minimum standards.

### Acting arrangements



The council is to develop and adopt a policy covering the arrangements to replace a CEO for any period less than twelve months.



The policy is to be made available on the local government's website.

## Vision for the future

The reforms reflect the importance of the CEO position and the need to restore public confidence in local government.

The introduction of universal training will assist elected members in better understanding their roles and responsibilities.

**Greater rigour in CEO recruitment, selection and decisions regarding termination will occur as a result of these changes.**

Under these reforms, the council will remain as the employer of the CEO and be responsible for the recruitment, selection and performance review of the CEO.

Additional protections will exist for applicants, the community and current CEOs by having a clear statement of best practice policies, standards and procedures which must be adopted by council.

Independent guidance and assistance will improve the selection and performance review of local government CEO's while ensuring autonomy is maintained.

This is a further plank of reforms that will meet public expectations for ethics, standards and performance in this critical area.

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