



# **LOCAL GOVERNMENT GENERAL MANAGER PERFORMANCE MANAGEMENT GUIDELINES**

**August 2007**

Local Government  
Association of NSW



Shires Association  
of NSW

## **General Manager Performance Management**

Performance Management is an essential part of good management practice. It provides a means to monitor organisational performance by linking and aligning individual and organisational objectives and results. It also provides a means to recognise and reward good performance and to manage under-performance.

At the General Manager level, performance management is the means by which a Council and General Manager can reach a mutual understanding of expectations, and a process through which an assessment can be made as to whether the expectations have been met, exceeded, or remain unmet.

The General Manager is accountable for the fulfilment by the organisation of its goals, statutory responsibilities and the targets set in the Council's strategic and management plans. The General Manager has overall accountability for the leadership and effective management of the Council's human, non financial and financial resources and for implementing the Council's strategies, policies and programs. In addition the General Manager should ensure the highest levels of probity and corporate governance are adhered to across the organisation. The General Manager should be held accountable for the two aspects inherent in his/her responsibilities:

- Overall performance of the organisation
- His/her individual performance.

### **Principles**

Performance management:

- Is an essential component of corporate governance, allowing a Council to monitor and respond to how a General Manager delivers against the goals and the outcomes required by the Council
- Engenders a mutual understanding of what is expected of a General Manager by the Council
- Links a General Manager's personal performance objectives with the Council's organisational goals as identified in Council's strategic and management plans
- Should reflect organisational values as well as measurable outcomes
- Should be a constructive and collaborative process between the parties
- Promotes communication and provides feedback on performance between the General Manager and the Council
- Addresses the leadership qualities of the General Manager that are set out in the agreement.

## **Roles and responsibilities**

The Council has responsibility for the General Manager's performance management. It is a requirement of the General Manager's Employment Contract that the General Manager has an annual performance review.

The General Manager has responsibility for the performance management policies procedures and systems of the organisation as they apply to their staff.

## **Processes**

### **1. Establishing the framework for performance management**

#### ***Council/ GM Performance Review Panel***

Whilst the Council can undertake the performance management of its General Manager, it is recommended that it delegate this task to a GM Performance Review Panel. A Panel provides a better forum for constructive discussion and feedback. It should comprise the Mayor, optionally the Deputy Mayor and one Councillor nominated by the Council. The General Manager should have the option of nominating another Councillor to the Panel. It is good practice to enable Councillors not on the Panel to provide feedback to the Mayor in the week prior to each session. All Councillors should be notified of the relevant dates of the sessions to assist with this process.

Those councillors selected to take part in the Panel should have received training on the performance management of General Managers. Training in the performance management of General Managers should be part of councils' induction programs for councillors following each election.

If the decision is made to delegate to a Panel, the extent of that delegation should be clear. It is recommended that the whole process of performance management be delegated to the Panel, including decisions about performance, any actions that should be taken, and the determination of the new performance agreement. The result should be reported to a closed meeting of Council or a Committee of Council. This should not be an opportunity to debate the results, or re-enact the performance management of the General Manager.

#### ***External Facilitator***

The Council and the General Manager may agree on the involvement of an external facilitator, experienced in performance management, to assist with the development of the performance plan and the process of performance appraisal (paragraph 7.8 of the Standard Contract of employment). An external facilitator is helpful in ensuring objectivity and fairness in the performance management process. This person can help the Council in identifying what Council's expectations of the General Manager are. The external facilitator should be a skilled facilitator with a good understanding of the functions of local government and the role and responsibilities of the General Manager.

#### ***Timing***

In accordance with the Standard Contract of Employment for General Managers (the Contract), the following is required (see also attached Timelines):

- *Within 3 months* of the commencement date, a performance agreement setting out agreed performance criteria must be signed between the General Manager and the Council
- *Within 2 months* of the signing of the performance agreement, the General Manager must prepare and submit to Council an action plan, which sets out how the performance criteria are to be met
- *Annually*, the General Manager's performance must be reviewed having regard to the performance criteria in the agreement
- *Annually*, the performance agreement must be reviewed and varied by agreement between the General Manager and Council.

A 12-month review cycle means that there is a lengthy time span between developing the performance agreement and the annual review. Accordingly, it is best practice to provide interim feedback to the General Manager midway through the review period (i.e. after 6 months).

## **2. Establishing the Performance Agreement**

### ***Objectives and Measures***

The performance agreement between the Council and the General Manager must set out expectations and the means by which performance against these expectations will be assessed. A new performance agreement should not be entered into until the previous year's performance review has been completed. The expectations in the performance agreement should be consistent with the General Manager's duties and functions as identified in the Standard Contract (see attached). The performance agreement should be realistic and achievable and the Council should provide adequate resources to enable the General Manager to perform his/her duties and functions (6.2.1. Standard Contract).

A fundamental component of any performance agreement is the ability to measure performance at both the organisational and individual level. This will require both quantitative and qualitative measures. In summary:

#### *Organisational – Quantitative measures*

There should be alignment between the strategic and management plans of the Council and the General Manager's performance requirements. It is important that the focus is not on subjective perception of performance but on objective reality. For this reason quantitative measures need to be part of the performance agreement.

#### *Individual – Quantitative and qualitative measures*

The individual performance of the General Manager will be both about the achievement of results (quantitative measures) and the display and modelling of organisational values and leadership behaviours (qualitative measures).

There are numerous different models for performance agreements, and the Council and General Manager should choose one, which suits their circumstances and mutual understanding. At a minimum, the performance agreement should include:

- Areas of responsibility
- Expected outcomes
- Performance Measures (quantitative and qualitative)
- Rating method.

### ***Setting Priorities***

The priority of different objectives should be considered by the Council and the General Manager to focus performance and feedback on key activities.

The performance review should concentrate on the factors over which the General Manager has some control. There are a number of reasons why performance may not match up to the performance measures agreed upon. These are not always a failing of the person being assessed.

Reasons may include:

- A lack of adequate resources as set out in the contract clause 6.2.1
- Unclear and changing objectives
- Unclear and/or non-agreed measures
- Unexpected external factors, e.g. a new government, major unanticipated swings in the economy
- Poor health.

### ***Models of Performance Agreements***

Some of the models for performance agreements currently used by Councils and General Managers are provided by way of example. More detail of these models is in attachment 3.

#### ***(i) Process and Outcome model***

This model divides the agreement into two parts:

Part One relates to process objectives, or the General Manager's position objectives and responsibilities as per the Contract.

Part Two relates to strategic objectives, or key outcomes from Council's Management Plan.

The measures in this model are both quantitative and qualitative. The scoring method used is a rating system from A to D, where A is excellent and D is unsatisfactory.

#### ***(ii) Critical Success Factor and Leadership Behaviour model***

This model also has two parts:

Part One outlines the critical success factors around (i) Organisational Focus; (ii) Operational Performance; and (iii) Business Process Improvement. The measures for this part are quantitative. The scoring method used in this part is a weighted points system.

Part Two outlines the desired leadership behaviours, achievement of effective leadership and communication practices. The measures for this part are qualitative. The scoring method in part is an assessment of how often particular behaviours are displayed ranging from Always to Rarely or Never.

### ***(iii) Integrated Development Strategy model***

This is a fully integrated model, whereby there is alignment of the Long-term Strategic Plan with Corporate and Operational plans, and finally to individual performance plans for the General Manager and all the staff in the organisation. The General Manager's Key Performance Indicators come from the translation of the Corporate Plan (Elected Members' Delivery Plan) into the Operational Plan for the organisation.

### ***Action Planning***

The General Manager's Standard Contract (clause 7.4) requires the General Manager to prepare and submit to Council an action plan, within 2 months of signing the performance agreement, which sets out how the performance criteria are to be met. It is a very important check on whether the agreement is achievable and may signal to the General Manager that some items in the agreement need to be renegotiated.

Action planning involves:

- Ordering specific work tasks in a form that reflects inter-relationships, pre-requisites and priorities and establishing targets for each major task.
- Determining the resources needed (financial, workforce, equipment etc) for each of the tasks and ensuring that they will be available when required
- Determining how tasks will be further delegated to subordinate staff.

## **3. Assessment, Review and Feedback**

### ***Monitoring Performance***

As already stated the Council (or Panel) and the General Manager may agree to have periodic monitoring meetings, for example half way through the performance review period. This is an opportunity to discuss progress against the objectives in the performance plan; for the General Manager to provide explanations as to the rate of progress and for the Council to provide feedback on how the progress is viewed. The feedback should be positive and constructive. If there are any concerns about performance, these must be clearly articulated and agreement reached on any action to address these concerns. Any period monitoring must be recorded including agreed actions.

### ***Assessment and Review***

There must be at least one interim review or annual review during the course of the General's Manager first year in the role (clause 7.5 of the Standard Contract).

The interim review is particularly important if the Council is going to align the performance management process with dates that are different from the anniversary of the appointment of the General Manager.

There are various options available for the timing of the performance review process each year including:

- On the anniversary of the General Manager's appointment
- With alignment to the financial year and the end of year results

- With alignment to the Council's overall performance management system as set out for all staff.

The assessment for the annual review of performance should include a number of inputs:

### ***Self-assessment***

The General Manager should undertake a written self-assessment against the performance criteria in the performance plan. This is the opportunity to identify activities and results achieved throughout the review period that the Council may not be aware of. Evidence of achievement can also be provided. This should be circulated to the Council Panel prior to the Review meeting.

### ***Council or Panel Assessment***

Prior to the Review meeting, members of the Panel (or all Councillors) should consider the General Manager's performance against the criteria. This is where objective measures and results are important. The assistance of the independent facilitator in helping the Panel (or Council) to undertake this assessment can be very beneficial. The Panel should consider the General Manager's self-assessment and any other assessment materials.

### ***Other assessment***

This may include the results of Community Satisfaction Surveys, Employee Surveys, Reports on achievement of Council's Management Plan.

### ***Review and Feedback***

The steps which the Council Panel would normally want to cover during the meeting would include:

- Outlining the process of the meeting
- Analysing the actual performance against each position responsibility and strategic objective and related performance measures, identifying any problems and discussing how such problems might have been alleviated
- Discussing and reaching agreement on the rating that should be given against each objective
- Noting any significant issues which should be taken into account fully at the next performance agreement stage
- Identifying actions to be taken immediately to alleviate any specific problem areas, to enhance performance, to remove barriers of some kind, and agreeing on steps necessary to bring this about
- Dealing with any other issues which are performance related and which the General Manager or the Council Panel see as warranting discussion and resolution.

The performance review meeting must be scheduled with sufficient notice for all the parties. The General Manager and the Council Panel should have all the

documents to be considered prior to the meeting. If an external facilitator is involved, this person would facilitate the meeting. Otherwise the Mayor should facilitate the meeting.

The meeting should be positive and constructive, and focus on discussion about the General Manager's performance against all sections of the agreed performance plan. It is preferable that agreement is reached throughout the meeting on any rating allocated. In the absence of agreement the General Manager should have the right to respond verbally at the meeting and then in writing. There should be no surprises after the meeting about the assessment of performance.

This is the opportunity to raise any concerns that the Council Panel might have, and to identify actions to address the concerns and any issues or objectives for the next performance agreement.

### ***Bias in Judgements***

It is important that reviewers are continually aware of the potential for errors occurring in making judgements on performance, particularly those which relate to ethnic and gender bias. Performance management systems are best able to avoid discrimination when:

- Measures used in appraising performance are based on an analysis of skills and performance requirements for the jobs
- Measures of performance are communicated to the General Manager and agreed before the assessment period
- Documentation of extreme judgements is required
- An appeal process exists (e.g. mediation).

### ***Confidentiality***

The confidentiality of the review process needs to be maintained carefully. Much private and potentially damaging information may need to be discussed and recorded. All the paperwork and the substance of the review need to be kept confidential. The mayor should reinforce this with councillors if there is any hint of concern.

### ***Performance Difficulties***

Resolving performance difficulties is a critical part of performance management systems. While there may be cases where immediate action is necessary, it is generally expected that termination of a contract on the basis of poor performance would be the last resort and would only be considered when:

- A formal review (including direct personal discussion) has been undertaken against a signed performance agreement
- The General Manager has been unable to meet the required performance measure in relation to one or more strategic objectives **which were identified at the time of signing the performance agreement as critical** and achievement of these strategic objectives was demonstrably within the General Manager's control and available resources and/or the General Manager has not performed position responsibilities in a satisfactory manner



- The General Manager was advised in writing and in person of the review outcome
- The General Manager had not identified any difficulties in the achievement of these targets to the required standard over the period under review, or, if a difficulty had been identified, remedial action had been agreed, supported by the council, but not followed by the General Manager
- The General Manager has been given an opportunity to respond formally to the identified performance difficulty, and to rectify the situation within a reasonable period of time and has been unable to do so
- This review confirms the performance difficulty
- The Council/General Manager does not consider that any further remedial action or developmental program would result in improved performance.

### ***Outcome***

In accordance with clause 7.10 (a) of the contract the Council should prepare and send the General Manager a written statement within 6 weeks of the conclusion of the performance review. This statement should set out the Council's conclusions about the General Manager's performance during the performance review period.

Where the review is undertaken by a Panel the outcome of the performance review should be reported to the entire Council in a closed session and the documentation must be clearly marked private and confidential. As stated earlier the delegation to the Panel should have been made clear at the outset, so that the Council is aware that the issues cannot be reopened and debated in the Council meeting. The outcomes must be clear, in writing and then signed by the General Manager and Mayor to conclude the process.

## **4. New Performance Agreement**

The new Performance Agreement for the next period should be prepared as soon as possible after the completion of the previous period. It should be presented to the Council for discussion in a closed session together with the outcomes of the previous review period. Any issues relating to a lack of resources should be addressed at this time. The same process as outlined above should be followed.

## **5. Summary**

For a summary of the various stages of the performance review process please see attachment 4.

## **6. Reward and Remuneration**

### ***Annual Increase***

The General Manager's Contract provides for an increase of the total remuneration package on each anniversary of the commencement date of the Contract. The package will be increased by the percentage amount that is equivalent to the latest percentage amount increase in remuneration for senior executive office holders as

determined by the Statutory and Other Officers Remuneration Tribunal (see Contract).

This increase is not linked to the General Manager's performance review.

***Discretionary Increase based on performance***

The General Manager's Contract also allows the Council to approve on one occasion during each year of the contract an increase in the total remuneration package.

Such an increase is based on performance. An increase may only be approved where the General Manager's performance has been assessed in accordance with a performance review as being of a better than satisfactory standard and is at the discretion of the Council.

**Attachment 1:  
Performance Management Timelines (Contract)**

<b>Timeline</b>	<b>Activity</b>	<b>Responsibility</b>
<i>At commencement of each new Council</i>	Provide induction training on performance management of the General Manager	Council
<i>Within 3 months of the commencement date of the Contract</i>	A performance agreement setting out agreed performance criteria must be signed between the General Manager and the Council	Council or Council Panel General Manager
<i>Within 2 months of the signing of the performance agreement</i>	The General Manager must prepare and submit to Council an action plan which sets out how the performance criteria are to be met	General Manager
<i>21 days notice (before annual review)</i>	The General Manager gives the Council written notice that an annual performance review is due	General Manager
<i>At least 10 days notice</i>	The Council must give the General Manager written notice that any performance review is to be conducted	Council or Council Panel
<i>After 6 months</i>	The Council may also decide with the agreement of the General Manager to provide interim feedback to the General Manager midway through the annual review period	Council or Council Panel General Manager
<i>Prior to the annual review</i>	Ensure all councillors on the Review Panel have been trained in performance management of general managers.	Council
<i>Prior to the annual performance review</i>	The General Manager may submit to Council a self assessment of his/her performance	General Manager
<i>Annually</i>	The General Manager's performance must be reviewed having regard to the performance criteria in the agreement	Council or Council Panel General Manager
<i>Annually</i>	The performance agreement must be reviewed and varied by agreement	Council or Council Panel General Manager
<i>Within 6 weeks of the conclusion of the performance review</i>	Council will prepare and send to the General Manager a written statement with Council's conclusions on the General Manager's performance during the performance review period	Council or Council Panel
<i>As soon as possible after receipt of the</i>	The General Manager and the Council will agree on any variation to	Council or Council Panel

<b>Timeline</b>	<b>Activity</b>	<b>Responsibility</b>
statement	the performance agreement for the next period of review	General Manager

## **Attachment 2: General Manager Duties and Functions (Contract)**

The employee will:

1. to the best of their ability, meet the performance criteria set out in the performance agreement as varied from time to time,
2. carry out the duties and functions imposed by the Act and Regulation, or any other Act and associated regulations, which include but are not limited to:
  - (a) the efficient and effective operation of Council's organisation,
  - (b) implementing, without undue delay, the decisions of Council,
  - (c) exercising such of the functions of Council as are delegated by Council to the employee,
  - (d) appointing staff in accordance with an organisation structure and resources approved by Council,
  - (e) directing and dismissing staff,
  - (f) implementing Council's equal employment opportunity management plan,
  - (g) consulting with Council prior to the appointment or dismissal of senior staff,
  - (h) reporting to Council, at least once annually, on the contractual conditions of senior staff,
  - (i) giving immediate notice to Council on becoming bankrupt or making a composition, arrangement or assignment for the benefit of the employee's creditors and providing Council, within the time specified by Council with any further information concerning the cause of the bankruptcy or of the making of the composition, arrangement or assignment,
  - (j) subject to subclause 6.2.3, providing advice and recommendations to Council or the mayor if directed to do so,
  - (k) not engaging, for remuneration, in private employment or contract work outside the service of Council without the approval of Council,
  - (l) not approving, where appropriate, any member of Council staff from engaging, for remuneration, in private employment or contract work outside the service of Council that relates to the business of Council or that might conflict with the staff member's Council duties,
  - (m) acting honestly and exercising a reasonable degree of care and diligence in carrying out the employee's duties and functions,
  - (n) complying with the provisions of the code of conduct,
  - (o) preparing and submitting written returns of interest and disclosing pecuniary interests in accordance with the Act and the Regulation,

Note: Sections 335, 337, 339, 341, 352, 353, 439, 440 and 445 of the Act.

3. carry out the duties and functions set out in Schedule B as varied from time to time by agreement between the employee and Council, such agreement not to be unreasonably withheld,

Note: Schedule B may include additional duties and functions, for example, those related to special projects.

4. carry out the duties and functions set out in the policies of Council as adopted by Council from time to time during the term of this contract,
5. observe and carry out all lawful directions given by Council, in relation to the performance of the employee's duties and functions under this contract,
6. work such reasonable hours as are necessary to carry out the duties and functions of the position and the employee's obligations under this contract,
7. obtain the approval of the Council for any absences from the business of Council,
8. promote ethical work practices and maintain a culture of integrity and professionalism where Council staff members treat each other, members of the public, customers and service providers with respect and fairness,
9. facilitate Council staff awareness of the procedures for making protected disclosures and of the protection provided by the *Protected Disclosures Act 1994*,
10. take all reasonable steps to ensure that actions and policies of Council accord with the strategic intent of Council,
11. take all reasonable steps to maximise compliance with relevant legislative requirements,
12. maintain effective corporate and human resource planning,
13. maintain the Council staff performance management system,
14. maintain satisfactory operation of Council's internal controls, reporting systems (including protected disclosures), grievance procedures, the documentation of decision-making and sound financial management,
15. develop procedures to ensure the code of conduct is periodically reviewed so that it is in accordance with the Act and Regulation and adequately reflects specific organisational values and requirements,
16. promote and facilitate compliance with the code of conduct ensuring that each councillor and Council staff member is familiar with its provisions, and
17. report to Council on any overseas travel taken by the employee or any Council staff member where that travel is funded in whole or in part by Council.

### **Attachment 3: Models of Performance Agreements**

#### **1. *Process and Outcome model***

This model divides the agreement into two parts:

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Part Two relates to strategic objectives, or key outcomes from Council's Management Plan

The measures in this model are both quantitative and qualitative. The scoring method used is a rating system from A to D, where A is excellent and D is unsatisfactory.

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This model also has two parts:

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#### **3. *Integrated Development Strategy model***

This is a fully integrated model, whereby there is alignment of the Long-term Strategic Plan with Corporate and Operational plans, and finally to individual performance plans for the General Manager and all the staff in the organisation. The General Manager's Key Performance Indicators come from the translation of the Corporate Plan (Elected Members' Delivery Plan) into the Operational Plan for the organisation.

## Attachment 4:

### Stages of performance management

STAGE	ACTIONS	PROCESS
1. Developing performance agreement	<ul style="list-style-type: none"> <li>▪ Examine the position description and contract</li> <li>▪ List all position responsibilities from the position description</li> <li>▪ Identify stakeholder expectations</li> <li>▪ List the key strategic objectives from the management plan</li> <li>▪ Develop performance measures (identify indicators - set standards)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good planning</li> <li>▪ Direct and effective communication</li> <li>▪ Open negotiation</li> <li>▪ Joint goal setting</li> </ul>
2. Action planning	<ul style="list-style-type: none"> <li>▪ Develop specific strategies to meet strategic objectives</li> <li>▪ Identify resources</li> <li>▪ Delegate tasks</li> <li>▪ Put appropriate controls in place (eg. put these delegated tasks into the performance agreements for other senior staff)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Detailed analysis</li> <li>▪ Two way communication</li> <li>▪ Detailed documentation</li> </ul>
3. Monitoring (progress feedback half way through the review period)	<ul style="list-style-type: none"> <li>▪ Assess performance</li> <li>▪ give constructive feedback</li> <li>▪ Adjust priorities and reset performance measures if appropriate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Communication</li> <li>▪ Avoid bias</li> <li>▪ Counselling</li> <li>▪ Coaching</li> <li>▪ Joint problem solving</li> </ul>
4. Annual	<ul style="list-style-type: none"> <li>▪ Assess performance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Evaluation of the reasons</li> </ul>



STAGE	ACTIONS	PROCESS
review	<p>against measures</p> <ul style="list-style-type: none"> <li>▪ Give constructive feedback</li> <li>▪ Identify poor performance and necessary corrective action</li> <li>▪ Identify outstanding performance and show appreciation</li> </ul>	<p>behind performance being as it is assessed</p> <ul style="list-style-type: none"> <li>▪ Open, straightforward communication (as bias free as possible)</li> <li>▪ Negotiation</li> <li>▪ Counselling/support/training</li> <li>▪ Documenting</li> <li>▪ Decision making</li> </ul>
5. Developing revised agreement	See Stage 1	See Stage 1