

Subject: Referral Motion – Performance-Based Contracts

Member of Council: Kash Heed

Meeting: General Purposes Committee

Notice Provided on: January 14, 2025

For Consideration on: January 20, 2025, in accordance with Procedure By-law No 7560

Background

The proposal to implement performance-based contracts for senior public bureaucrats has sparked considerable debate among policymakers, academics, and the public alike. Several key factors contribute to the justification and advantages of this method.

By tying compensation to specific performance outcomes, performance-based contracts enhance accountability. This approach encourages bureaucrats to prioritize achieving quantifiable objectives over merely adhering to procedural norms. With performance incentives in place, individuals may feel motivated to optimize processes, minimize waste, and enhance service delivery in order to meet established targets. Consequently, this could lead to a more efficient allocation of public resources as the demand for meeting performance goals may spur bureaucrats to innovate and adapt to evolving community needs.

Moreover, this strategy could attract top-tier talent from the private sector who may be enticed by the possibility of greater financial rewards linked to their performance, thereby modernizing and energizing the public workforce.

These contracts also offer increased flexibility in personnel management, enabling adjustments based on individual performance rather than tenure or seniority. This alignment of personal and organizational objectives ensures that senior bureaucrats remain focused on the strategic aims of their departments. Such accountability may directly correlate with improvements in public services, such as quicker processing times, greater customer satisfaction, and more effective policy implementation.

However, significant hurdles must be addressed, including the challenge of establishing appropriate performance metrics amid the complex nature of public sector outcomes. Fairness in the evaluation process, with comprehensive performance indicators, is essential, as is the recognition that performance-based contracts may conflict with traditional public service values. Striking a balance between performance incentives and the foundational principles of public administration is crucial.

While the implementation of performance-based contracts for senior public bureaucrats holds promise for enhancing accountability, efficiency, and service delivery, careful planning, clear evaluation criteria, and an appreciation for the unique characteristics of

the public sector are vital for success. It is essential to reconcile performance incentives with public service ideals and ensure equitable treatment for all employees to cultivate a productive and responsive public administration.

Motion

This matter be referred to the Senior Director, People & Culture to examine and report back to Council within 6 months on the feasibility for:

1. a process to establish performance-based contracts for senior executives working for the City of Richmond;
2. a process to establish a standardized framework for evaluating the performance of senior executives based on measurable outcomes; and,
3. a process for accountability systems that ensure transparency in the performance review process of senior executives including stakeholder feedback and regular reporting.