



# **PERFORMANCE MANAGEMENT SYSTEM POLICY**

VERSION:

2021-2022

## **1. PREAMBLE**

This document describes the process to be followed for individual performance management of all employees within the Dr JS Moroka Local Municipality. It outlines how individual performance management is to be operated and managed from the planning stage through to the stages of performance review and reporting.

A critical part of building a well capacitated Performance Management System is to establish a sound theoretical foundation, it is imperative to have a mutual understanding of Performance Management concepts. Given the above statement it is essential for the Municipality to develop and adopt a policy on Performance Management. This will assist the Municipality to implement a system of accountability by measuring the performance and effectiveness of Council.

## **2. INTRODUCTION**

The White Paper on Local Government (1998) proposed the introduction of Performance Management Systems (PMS) in Local Government as a tool to progress in service delivery. It states that Integrated Development Planning (IDP), Budgeting and Performance Management (PM) are powerful tools that can assist municipalities to develop an integrated perspective on development in their areas. It also enables municipalities to focus on priorities within an increasingly complex and diverse set of demands and to direct resources allocations and institutional systems to a new set of development objectives.

Chapters 6 of the MSA require municipalities to:

- Establish a PMS that is commensurate with its resources, best suited to its circumstances and in line with priorities, objectives, indicators and targets contained in its IDP
- Set appropriate key performance indicators (KPIs) as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its IDP
- Monitor, measure and review performance based on indicators linked to the IDP
- Take steps to improve performance with regard to those development priorities and objectives where performance targets are not met

- Establish a process of regular reporting to Council, other Political Office bearers and staff of the municipality, the public and other organs of the state
  - Develop a PMS that will serve as an early warning indicator of under-performance
  - Conduct an internal audit on performance reports and the report be audited by the Auditor-General
  - Involve the community in setting indicators and targets and reviewing municipal performance
- Incorporate and report on a set of general indicators prescribed nationally by the Minister responsible for Local Government.

### **3. PURPOSE OF PERFORMANCE MANAGEMENT SYSTEM**

The primary purpose of this Performance Management Policy and Framework is to continue giving effect to the provisions contained in the *Local Government: Municipal System Act 32 of 2000 (the Act) Sections 38, 39, 40 & 41*.

This policy is also aimed at providing guidelines, framework and standards on how performance of the municipality and that of individuals, can be monitored, measured, improved and maintained in order to enhance efficiency, effectiveness and improve service delivery.

The aim of the performance management system is not to amend or contradict the conditions of employment as agreed by the South African Local Government Bargaining Council rather to augment, by adding and encouraging participation by all employees within the municipality with regard to rewarding exceptional performance and correcting poor unsatisfactory performance.

This policy is also aimed at providing guidelines and standards on how performance of the municipality and that of individuals, can be monitored, measured, improved and maintained in order to enhance efficiency, effectiveness and improve service delivery. This shall be done as guided by clause 26 of 01 August 2006 of the Government Gazette no. 29089 whereby:

- (1) The employee agrees to participate in the performance management system that the employer adopts or introduces for the municipality.

- (2) The employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the employer, management and municipal staff to perform to the required standards.
- (3) The employer will consult the employee about specific performance standards that will be included in the performance management system as applicable to the employee.
- (4) The employee undertakes to actively focus towards the promotion and implementation of the KPA's, including special projects relevant to the employee's responsibilities within the local government framework.
- (5) The criteria upon which the performance of the employee must be assessed consist of two components namely, the Key Performance Areas (KPA) and the Core Competency Requirements (CCR), both which must be contained in the performance agreement. The employee must be assessed against both components, with a weighting of 80:20 allocated to KPA's and CCR's. Each area of assessment will be weighed and will contribute a specific part to a total score. The KPA's covering the main areas of work will account for 80% and the CCR's will account for 20% of the final assessment.

#### **4. OBJECTIVES OF PERFORMANCE MANAGEMENT SYSTEM**

- To maintain legislative alignment with other spheres of government
- To improve municipal service delivery performance
- To clarify expectations of what individuals are required to achieve towards attaining targets
- To enhance a sound working relationship between Managers and Employees
- To identify and reward staff who renders exceptional performance
- To identify staff who renders unsatisfactory performance and provide appropriate remedial intervention
- To provide a mechanism for identifying and linking training needs to performance management
- To instil a performance orientated culture throughout the municipality

## 5. DEFINITION OF TERMS

In the Local *Government: Municipal Performance Regulation for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006*, a word or phrase to which a meaning has been assigned in the Local *Government: Municipal System Act, 2000 (Act No.32 Of 2000)*, has that meaning and, unless the context otherwise indicates:

**"Employee"**- means a person employed by a municipality.

**"Employer"**-means the municipal Council employing a person as a municipal manager or as a manager directly accountable to a municipal manager and as represented by the mayor, executive mayor or municipal manager as the case may be.

**"Employment Contract"**- means a contract as contemplated in Section 56 of the Act.

**"Performance Agreement"**- means an agreement as contemplated in Section 56 of the Act and,

**"The Act"**- means the Local Government Municipal Systems Act, 2000.

**"PMS"** – means the performance management systems is used to ensure that all segments of the municipality work together to achieve the goals and targets set for the municipality.

**"IDP"**- means a clearly defined 5-year strategic plan for the municipality that should be reviewed annually.

**"KPA"**- means Key areas of responsibility.

**"KPI"**- means qualitative or quantitative measures that tell us whether the municipality is making progress towards achieving the desired objectives and results.

**"Objectives"**- means statements about the outcomes the municipality wants to achieve.

**“Input indicators”**- means indicators that measures resources, economy and efficiency.

**“Output indicators”**- means indicators that measures whether a set of activities yield results or not.

**“Outcome indicators”**- means measuring the broader results and impact of services to communities.

**“Targets”**- means the level of performance to be achieved at a specific period.

**“Baseline indicators”**- means indicating the status quo before the start of a programme, the base from which progress will be measured.

**“Benchmarking”**- means a process whereby an organisation of a similar nature uses each other’s performance as a collective standard against which to measure their own performance.

**“Reviews”** - Assessments or Appraisals or Examine or Analyse or Evaluate

### **Interpretation of Acronyms**

IA	-	Internal Audit
IDP	-	Integrated Development Plan
KPA	-	Key Performance Area
CCR	-	Core Competency Requirement
KPI	-	Key Performance Indicator
LLF	-	Local Labour Forum
MEC-		Member of the Executive Council
MFMA	-	Municipal Finance Management Act
MSA	-	Municipal Systems Act
AC	-	Audit Committee
PMS	-	Performance Management System
SALGA-		South African Local Government Association
SDBIP	-	Service Delivery and Budget Implementation Plan
POE	-	Portfolio of Evidence

## **6. DEFINITION OF PERFORMANCE MANAGEMENT SYSTEM**

Performance Management is a tool used to drive organisational performance through the alignment of individual performance objectives and targets with organizational objectives and targets. It is also a management tool to plan, monitor, and measure and review performance indicators to ensure efficiency, effectiveness in service delivery by the municipality. It is also a communication process that assists managers in providing a motivating climate for employees to achieve high standards of performance.

PMS is also an on-going day-to-day participative process that is intended to ensure a common understanding of performance expectations, improve employees' competencies by managing poor performance, recognise and reward outstanding performance.

## **7. SCOPE OF APPLICATION**

As of 2021/2022 financial year this policy is applicable to the following categories of employees:

- Municipal Manager or Accounting Officer
- Managers Directly Accountable to the Municipal Manager in terms of Section 56 (1) (a)(i)(ii) of the Local Government Municipal Systems Act, No 32 of 2000 and Regulations
- Employees between Task Grade 18 – 15 (Deputy Managers; Chief Internal Auditor; Assistant managers)

## **8. LEGISLATIVE FRAMEWORK**

The principles that have guided government and municipalities to effect the essential changes in Municipal Performance Management policies are contained in the *Constitution (1996)*, the *White Paper on Local Government* as well as the *Batho Pele White Paper (1998)*. Section 195 of the Constitution states: Public Administration must be governed by the democratic values and Principles enshrined in the Constitution.

This policy development has been guided by the following Legislative Framework:

- The Constitution of the Republic of South Africa, Act 108 of 1996
- White Paper on Local Government: GG 18739 of 13 March 1998
- Local Government: Municipal Systems Act No 32 of 2000
- Municipal Planning and Performance Management Regulations 2001
- Local Government: Municipal Finance Management Act No. 56 of 2003
- Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Manager: 2006

This Performance Management Systems Policy and Framework aims to fully comply and adhere with the *Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006*.

## **9. POLICY SUBJECT**

### **9.1. Principles Governing Performance Management**

The municipality shall manage performance in a consultative, supportive and non-discriminatory manner, to enhance organizational efficiency, effectiveness, and accountability for the use of resources and achievement of objectives of the Municipal IDP objectives.

- 9.1.1 The Performance Management System must be simple, user-friendly and suitable for the municipality.
- 9.1.2 The system needs to be implementable within the resources of the municipality (Time, Institutional, Financial and Technical resources)
- 9.1.3 It should be transparent, open and allow for accountability at all levels.
- 9.1.4 The system needs to be efficient and sustainable.
- 9.1.5 Performance Management should therefore open an on-going communication regarding performance between Supervisors and Employees.
- 9.1.6 Performance Management must be a way of working, self-evaluation and reflection of streamlined municipal aspects.
- 9.1.7 It should be unquestionable in its precision, objectivity and consistency.

- 9.1.8 Performance Management process shall link Performance Plans of all staff members to the Municipal SDBIP and IDP as well as to their Personal Development Plans.
- 9.1.9 Performance Management processes shall be developmental not punitive and allow for recognising of fully effective, outstanding performance and also respond to performance that is not satisfactory.
- 9.1.10 It should link performance to reward and recognition (incentives)
- 9.1.11 Assist employees with poor performance through other programmes of the municipality that is; Training and Development, and the Employee Wellness Programmes.
- 9.1.12 PMS should provide Managers and Supervisors at all levels, the Municipal Manager, Portfolio Committees and the Executive Committee, with early warning of performance targets that cannot be reached and take corrective action.
- 9.1.13 It should promote feedback.
- 9.1.14 The system should provide reliable information on the progress made by the municipality in achieving the objectives as set out in the IDP.
- 9.1.15 It should promote a culture of performance management among its political structures, political office bearers and administration.

## 10. ROLES AND RESPONSIBILITIES

STAKEHOLDERS	INVOLVEMENT	BENEFITS
<b>COUNCIL</b>		
Executive Mayor	Facilitate the development of a long term vision regarding the IDP and PMS	Optimum and equitable service delivery
Mayoral Committee	Provides strategic awareness and manage the development of the IDP and PMS	Promotes public awareness and satisfactions
Portfolio Committee (Section 80 Committee)	Manage the implementation of the strategy. Review and monitor the implementation of the IDP and PMS	Facilitates the process of benchmarking and collaboration with other municipalities

Council	Adopt the PMS policy and approve the IDP. Monitor performance	Provides a mechanism for the monitoring, implementation and review of PMS and IDP.
<b>MUNICIPAL OFFICIALS</b>		
Municipal Manager	Ensure the implementation of the IDP and PMS. Communicates with the Executive Mayor and Management Team	Clarifies goals, targets and work expectations of the executive management team, other senior managers, line managers and individual employees.
Management Team	Manage departmental business or operational plans and performance	Facilitates the identification of training and development needs at different levels in the municipality
Line Managers	Implement the departmental business or operational plans and monitor the individual performance plans	Provides an objective basis upon which to reward good performance and correcting under-performance
Individual Employees	Execute individual performance plans	Mechanism for early warning indicators to check and ensure compliance
Internal Audit	Assess the functionality and legal compliance of the PMS	Enhances the credibility of the PMS and IDP. Enhances the status and role of Internal Audit
<b>COMMUNITY OR PUBLIC</b>		
Representative forums	Inform the identification of community priorities. Public involvement in service delivery of the municipality	Provide a platform for the community or public to inform and communicate with Council

<b>OTHER PARTNERS</b>		
Auditor General	Ensure legal compliance	Provides warning signals of under-performance which can provide proactive and timely interventions
Performance /Audit Committee	Independent audit on legal compliance and quarterly performance reports	Provides warning signals of under-performance
National /Provincial Treasury	Prescribe relevant legislation. Provides PMS advice. Evaluate PMS.	Provides information and advice
COGTA	Support the implementation of PMS	Provides support to municipalities
SALGA	Facilitate compliance to PMS requirements. Provides advice and support municipalities	Support to municipalities in the implementation of PMS



## DETAILED ROLES AND RESPONSIBILITIES OF STAKEHOLDERS WITHIN THE PERFORMANCE MANAGEMENT SYSTEM

### MUNICIPAL COUNCIL

PLANNING	MONITORING, ANALYSIS AND MEASUREMENT		
	REVIEW	REPORTING	ASSESSMENT
<ul style="list-style-type: none"> <li>* Approves KPA's and objectives in the Integrated Development Plan</li> <li>* Approves the PMS policy</li> <li>* Assigns the responsibility for the management of the PMS to the Executive Mayor</li> </ul>	<ul style="list-style-type: none"> <li>* Approves the annual review programme of the IDP</li> <li>* Approves the Top level SDBIP</li> <li>* Approves changes to the SDBIP and budget adjustment</li> <li>* Approves any changes to the priorities, objectives, key performance indicators and performance targets of the municipality</li> <li>* Consider the oversight reports from the oversight committees.</li> </ul>	<ul style="list-style-type: none"> <li>* Receives audited performance reports from the Executive Mayor twice a year</li> <li>* Reports on the municipal performance to the community at least twice a year</li> <li>* Approves recommendations for the improvement of the performance management system</li> <li>* Annually receives the appraisal of the Municipal Manager and Section 56 Managers' performance</li> <li>* Receives performance audit reports from the Auditor-General and approves implementation of its recommendations</li> </ul>	<ul style="list-style-type: none"> <li>* Assesses and approves the municipal annual audit plan and any substantial changes to it</li> <li>* Receive performance reports directly from the Audit Committee</li> <li>* Assess and approves the recommendations of the Performance Audit Committee with regard to improvement in the performance of the municipality or improvement of the performance management system itself</li> </ul>

		* Submits the municipal annual report to the Auditor General and the MEC	
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**EXECUTIVE MAYOR**

PLANNING	MONITORING, ANALYSIS AND MEASUREMENT		
	REVIEW	REPORTING	ASSESSMENT
<p>*Submits priorities and objectives of the Integrated Development Plan to Council for approval</p> <p>*Submits the PMS policy framework for approval</p> <p>* Approves the Service Delivery and Budget Implementation Plans (SDBIP).</p> <p>* Enters into a performance agreement with the Municipal Manager on behalf of the Municipal Council.</p> <p>* Assigns the responsibility for the management of the PMS to the Municipal Manager</p> <p>* Tables the budget and the SDBIP to Council for approval</p>	<p>*Proposes to Council the annual review programme of the IDP, including the review of key performance indicators and performance targets.</p> <p>*Proposes the annual performance improvement measures of the municipality as part of the municipal strategic or organizational scorecard.</p> <p>* Quarterly evaluates the performance of the municipality against adopted KPIs and targets</p> <p>* Quarterly reviews the performance of the departments to improve the economy, efficiency and effectiveness of the municipality</p>	<p>* Receives monthly budget statements</p> <p>*Receives performance reports quarterly from the MM.</p> <p>* Receives performance reports twice a year from the Performance Audit Committee</p> <p>* Receives monthly and quarterly reports from the Municipal Manager on the performance of managers and the rest of the staff</p> <p>* Receives the annual Section 46 reports from the Municipal Manager before submission to council, Auditor General and MEC</p>	<p>* Assesses municipal budget expenditure and submits any substantial changes to council for approval</p> <p>* Assess and approves the implementation of the recommendations of the internal auditor with regard to improvement in the performance of the municipality or improvement of the performance management system itself.</p> <p>* Receives and assess performance audit report(s) from the Auditor General and management comments and make recommendations to</p>

	* Quarterly and annually evaluates the performance of the Municipal Manager	* Report to council on the mid-term review and the annual report on the performance of the municipality.	Council on addressing whatever audit queries raised therein
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## MUNICIPAL MANAGER

PLANNING	IMPLEMENTATION	MONITORING, ANALYSIS AND MEASUREMENT		
		REVIEW	REPORTING	ASSESSMENT
<p>*Coordinates the process of needs identification and prioritization among all stakeholders, including community structures</p> <p>*Coordinates the formulation and revision of the PMS policy framework</p> <p>*Coordinates the formulation and revision of the municipality's strategic or organizational scorecard</p> <p>*Leads the process of the formulation and revision of the Service Delivery and Budget Implementation Plans</p>	<p>* Manages the overall implementation of the IDP</p> <p>* Ensures that all stakeholders implement the provisions of the PMS policy framework</p> <p>*Ensures that the Departmental scorecards and departmental annual programmes serve the strategic or organizational scorecard of the municipality</p> <p>*Ensures that annual programmes are implemented according to the targets and timeframes agreed to</p> <p>*Implements performance improvement measures</p>	<p>*Formulates the annual review programme of the IDP, including the review of key performance indicators and performance targets for the consideration of Council Committees and the Executive Mayor</p> <p>*Formulates the annual performance improvement measures of the municipality as part of the new municipal strategic or organizational scorecard</p> <p>*Quarterly reviews the performance of departments to improve the economy, efficiency and effectiveness of the municipality</p>	<p>*Receives performance reports quarterly from the internal auditor</p> <p>*Receives performance reports twice a year from the Performance Audit Committee</p> <p>*Receives monthly departmental performance reports</p> <p>* Reports quarterly to the Executive Mayor on the performance of Departments</p> <p>*Reports on the implementation of improvement measures adopted by the Executive Mayor and Council</p>	<p>*Formulates the municipal annual audit plan</p> <p>*Assess and formulate appropriate responses to the recommendations of the internal auditor and the Performance Audit Committee</p> <p>*Assess and formulate appropriate responses to performance audit queries raised by the Auditor General and make recommendations to the Executive Mayor</p>

<p>*Enters into performance agreements with Section 56 Managers on behalf of Council</p>	<p>approved by the Executive Mayor and the Council</p> <p>*Ensures that performance objectives in the Section 56 Managers' performance agreements are achieved</p>	<p>*Quarterly and annually evaluates the performance of Section 56 Managers</p>	<p>*Monthly, quarterly and annually reports to the Executive Mayor on the performance of Section 56 Managers and departments</p> <p>*Submit the municipal annual Section 46 report to the Executive Mayor</p>	
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## SECTION 79 COMMITTEES

PLANNING	MONITORING, ANALYSIS AND MEASUREMENT		
	REVIEW	REPORTING	ASSESSMENT
<p>* Advise the Executive Mayor on priorities and objectives of the Integrated Development Plan</p>	<p>* Participate in the formulation of the annual review programme of the IDP, including the review of key performance indicators and performance targets</p>	<p>* Reports to the Executive Mayor on the recommendations for the improvement of the performance management system</p> <p>* Receive reports from the departmental heads and section managers on performance in their respective service areas</p>	<p>* Advise the Executive Mayor on the implementation of the recommendations of the internal auditor, the Performance Audit Committee and the Auditor-General</p>

**SECTION 56 MANAGERS**

PLANNING	IMPLEMENTATION	MONITORING, ANALYSIS AND MEASUREMENT		
		REVIEW	REPORTING	ASSESSMENT
<p>*Participate in the formulation of the SDBIP and the municipal strategic or organizational scorecard</p> <p>*Manage subordinates' performance</p> <p>*Enter into performance agreements with the Municipal Manager</p>	<p>*Manage the implementation of the Departmental scorecards</p> <p>*Ensure the performance objectives in the performance agreements are achieved</p>	<p>*Quarterly and annually review the performance of the department</p> <p>*Quarterly review performance of direct reports</p>	<p>*Report on the implementation of improvement measures adopted by the Executive Mayor and Council</p> <p>*Annually report on the performance of their departments</p> <p>*Receive bi-monthly performance reports from section managers</p> <p>*Reports monthly on progress</p>	<p>* Participate in the formulation of the response to the recommendations of the internal auditor, Performance Audit Committee and the Auditor General</p>

**NON-SECTION 56 MUNICIPAL EMPLOYEES**

PLANNING	IMPLEMENTATION	MONITORING, ANALYSIS AND MEASUREMENT		
		REVIEW	REPORTING	ASSESSMENT

<p>*Participate in identifying of priorities and setting KPI's and targets for the municipality's IDP</p> <p>*Participate in the development of the organizational and the departmental scorecards</p> <p>*Participate in the development of their own performance scorecards</p>	<p>* Execute individual work-plans</p> <p>*Manage all information and evidence required for performance measurement</p>	<p>*Participate in the review of departmental plans</p> <p>*Participate in the review of own performance</p>	<p>*Report on progress on achieving of own scorecard targets to section managers</p>	<p>*Assess performance review reports of own section</p>
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## COMMUNITY

PLANNING	REVIEW	REPORTING
<p>* Participate in the drafting and implementation of the municipality's IDP through established forums</p> <p>* Participate in the setting of KPIs and targets for the municipality every year</p> <p>* Make representations on the draft annual budget</p>	<p>*Participate in the annual review of performance through their involvement in ward committee structures and customer perception surveys.</p>	<p>* Receive annual performance and budget reports from council</p>

## WARD COMMITTEES

PLANNING	REVIEW	REPORTING
<ul style="list-style-type: none"> <li>* Participate in the drafting and implementation of the municipality's IDP</li> <li>* Participate in the setting of KPIs and targets for the municipality every year</li> <li>* Make representations on the draft annual budget and report</li> </ul>	<ul style="list-style-type: none"> <li>*Participate in the annual review of performance through their involvement</li> </ul>	<ul style="list-style-type: none"> <li>* Receive quarterly performance reports from council</li> </ul>

## ORGANIZED LABOUR

PLANNING	REVIEW	REPORTING
<ul style="list-style-type: none"> <li>* Participate in the drafting and implementation of the municipality's IDP through established forums</li> <li>* Participate in the setting of KPIs and targets for the municipality every year</li> <li>* Participates and provide inputs in the drafting of the organizational and departmental scorecards</li> </ul>	<ul style="list-style-type: none"> <li>*Participate in assessment and the quarterly reviews of employee performance and compilation of departmental and organizational performance review reports</li> </ul>	<ul style="list-style-type: none"> <li>*Receive quarterly performance reports on employee under-performance in the Local Labour Forum</li> <li>* Report on any negative effects of the PMS on employees</li> </ul>

<p>* Oversee the overall application of the Performance Management Policy Framework on Non-Section 56 employees</p>		
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**INTERNAL AUDIT**

PLANNING	AUDIT	ASSESSMENT	REPORTING
<p>*Develop the risk and compliance-based audit plan</p>	<p>*Audit the performance measures in the municipal and departmental scorecards</p> <p>*Conduct compliance based audits</p>	<p>* Assess the functioning of the municipality’s PMS to ensure it complies with the Act</p>	<p>* Submit quarterly reports to the Municipal Manager.</p> <p>*Submit quarterly reports to the Audit Committee</p>

**AUDIT COMMITTEE**

PLANNING	REVIEW	REPORTING
<p>* Receive the annual audit plan from Internal Audit</p>	<p>*Review quarterly reports from the internal audit office on quarterly basis</p>	<p>*Submit quarterly reports to the municipal Manager and the Executive Mayor</p> <p>* Submit bi-annual reports to the Municipal Council</p>

## **11. PERFORMANCE MANAGEMENT FRAMEWORK**

The framework outlines what happens when and by who. This process demonstrates how the I performance management process will be managed from the planning stage to the stages of performance review and reporting.

<b>PHASE</b>	<b>ORGANIZATIONAL ACTIVITIES</b>	<b>INDIVIDUAL ACTIVITIES</b>	<b>TIME FRAME</b>	<b>RESPONSIBILITY</b>
<b>PLANNING</b>	Development and approval of the SDBIP and organizational scorecard	Submit inputs to the SDBIP	March – May	Council
		Signing performance Contracts/Plans with rest of staff	31 July	Executive Mayor Section 56 Managers
		Signing performance Contracts/Plans with rest of staff	June	Municipal Manager All staff
<b>MONITOR, MEASURE &amp; REVIEW</b>				
	Quarterly Review/s	Quarterly Reviews	September December March June	Municipal Manager Senior Managers Managers/ Supervisors
		Annual Performance Appraisal	31 July	Executive Mayor Municipal Manager Senior Managers

				Managers Supervisors
		Reward and Recognition	September	Executive Mayor Municipal Manager Senior Managers
<b>REPORTING</b>	Quarterly and Mid-Term Reports	Quarterly Reports	September December March	Management Team
	Annual reports	Annual Employee Performance Reports	31 August	Executive Mayor Municipal Manager
		Departmental and Section Heads Reports	Monthly	Management Team Section managers
<b>IMPROVEMENT</b>	Performance Improvement Plans		Quarterly	Management & employees

## **Employee Performance Management**

### ***What is a performance agreement?***

A performance agreement is an agreement between an employee (the Municipal Manager or his direct reports) and his manager (Mayor or the Municipal Manager), which regulates the performance required for a particular position and the consequences of the performance.

Included in the planning phase is the signing of an Employee Contract and Performance Agreement between the employee and employer linked to the IDP and SDBIP objectives, outcomes and targets. The employee performance planning sessions usually commence in July of each year, i.e. the beginning of the financial year. It is the responsibility of the

Manager/Supervisor to schedule the meeting. Both Manager/Supervisor and employee are required to prepare for the planning session.

According to Regulation 805 of 2006<sup>1</sup>, Municipal Manager and Managers reporting directly to the Municipal Manger (Section 56 Managers) should sign Employment Contract that should be compiled for a fixed term of employment not exceeding a period ending one year after the election of the next Council of the municipality. The contracts should include a provision for cancelling the contract in the case of non-compliance, stipulate the terms of renewal and reflect values and principles included in the Code of Conduct, Schedule 2 of the MSA<sup>2</sup>. The contract must provide a commencement and termination date as well as a clause that there should be no expectation that the employment contract will be renewed or extended beyond the terms indicated in the contract.

Employment of the Municipal Manager and Managers reporting directly to the Municipal Manager is further subject to the signing of a Performance Agreement within sixty (60) calendar days after assumption of duty and annually within one (1) month after commencement of the new financial year and level 2 up to 3. The Performance Agreements must provide detail on performance objectives and targets defined and agreed upon between the employer and employee. Further to this, information on standards and procedures for evaluating performance, intervals for evaluation and consequences of substandard performance must also be included.

It is practice within the Dr JS Moroka Local Municipality to appoint the Municipal Manager and Managers directly accountable to the Municipal Manager on a contract basis and to expect them to sign a Performance Agreement. The aim thereof is to ensure parity in the application of performance management practices and provide a link to permanent employees.

The best type of performance management system adopts a cascading or “rolling-down” of performance objectives from top to bottom. In order to ensure that the Dr JS Moroka Local Municipality meets and deliver on its Municipal Scorecards KPAs and KPIs at a high standard, it is proposed that the Performance Management Results and Competency-based methodology be followed to ensure that the process of employee performance management

is cascaded throughout the municipality. Therefore for the 2021/2022 financial year, Dr JS Moroka Local Municipality shall cascade PMS to the lower levels of the structure comprising of employees between Task Grade 18-15 (Deputy Managers; Chief Internal Auditor; Assistant managers).

The Performance Agreement for Deputy Managers and Assistant Managers must be based on their signed job description. Employees at Deputy Manager and Assistant Manager level are further subject to the signing of a Performance Agreement within ninety (90) calendar days after assumption of duty and annually after commencement of the new financial year.

## **12. PERFORMANCE REVIEW PROCESS:**

### **a. Performance reviews will be conducted as follows:**

<b>REVIEW TERM</b>	<b>TYPE OF REVIEW</b>	<b>SCHEDULE FOR REVIEW</b>
<b>First Quarter (July – September)</b>	<b>Informal</b>	<b>October/November</b>
<b>Second Quarter (October – December)</b>	<b>Formal</b>	<b>January/February</b>
<b>Third Quarter (January – March)</b>	<b>Informal</b>	<b>April/May</b>
<b>Fourth Quarter (April – June)</b>	<b>Formal</b>	<b>July/August</b>

### **b. Review Process:**

During the formal performance reviews the immediate Manager together with the established panels should review the employee performance. In case of the informal assessment the Manager will review the employee' performance. Each employee's deliveries are defined in a

performance plan where evidence required for each key performance indicator (KPI) is documented. The employer should keep records of all review assessments.

**c. Evaluation Panels for Formal Assessment:**

Evaluation panels for assessment for the Municipal Manager and Managers directly accountable to the Municipal Manager, (Section 56 Managers) must be constituted as follows:

**Municipal Manager**

- Executive Mayor
- Chairperson of Audit Committee
- Member of Mayoral Committee
- Executive Mayor or Municipal Manager from another Municipality
- Member of Ward Committee as nominated by the Executive Mayor
- Assistant Manager: PMS (Secretariat)

**Managers Directly Accountable to the Municipal Manager**

- Municipal Manager
- Chairperson of Audit Committee
- Member of Mayoral Committee
- Municipal Manager from another Municipality
- Assistant Manager Performance Management (Secretariat)

**13. PERFORMANCE MANAGEMENT OF NON-SECTION 56 EMPLOYEES**

This group of municipal employees will be assessed by their immediate supervisors as per the performance Indicators per KPA's.

Non-Section 56 employees will be assessed two weeks before the assessments of the Section 56 Manager of their respective department.

**Evaluation panels for assessment for Managers below Section 56 Managers should include the following:**

### **Deputy Managers Reporting directly to Section 56 Managers:**

- Executive Manager responsible for the department
- Executive Manager from another department
- Chief Internal Auditor
- Assistant Manager: PMS (Secretariat)

### **Assistant Managers reporting to Deputy Managers**

- Executive Manager responsible for the department
- Executive Manager from another department
- Deputy Manager responsible for the Section.
- Chief Internal Auditor
- Assistant Manager: PMS ( Secretariat)

## **14. PERFORMANCE REWARDS**

In terms of Section 32(1) and (2) of Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006-

- i. The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable or poor performance.
- ii. Employees (S57 Managers) will be assessed on two components, which are Key Performance Areas (KPA) and Core Competency Requirements (CCR), both contained in the performance agreements.
- iii. The KPA's contribute 80% and the CCR' will contribute 20% of the total score and added together, account to 100% of the final score.
- iv. A performance bonus ranging from 5% to 14% of the entire inclusive remuneration package may be paid to an employee (S57 Managers) in recognition of outstanding performance.
- v. Employees who have reached their top notch may only be paid a performance bonus percentage received of their annual salary.

#### **14.a. Criteria to qualify for a performance reward**

- i. In order to qualify for any performance reward, an employee must have completed a continuous period of at least twelve months on his/her salary level at the end of a performance cycle.
- ii. Employees who are on prolonged leave (three months or longer) or are on precautionary suspension may not qualify for any performance reward.
- iii. All employees with signed performance plans/scorecards and compiled portfolio of evidence.
- iv. Employees on suspension as sanction for any disciplinary reasons may not qualify for any performance reward.

#### **14.b. Performance Bonuses**

- i. Performance bonuses will only be paid out after the expiry of the particular financial year and once the signed scorecards have been internally audited and approved by Council;
- ii. Performance rewards can only be made after independent verification of evidence and performance plan by the Internal Audit;
- iii. Performance bonus based on affordability maybe paid to the employee, after the annual performance report has been submitted to the Auditor-General together with the financial statements;
- iv. Performance bonus must be paid once a year provided the Municipality has budgeted for bonuses and approval of such a budget by Council. It is at the Council's discretion to pay performance bonuses to Employees;
- v. Employees who joined the municipality after the commencement of the performance management cycle, must complete 9 months or more, be assessed and meet all the requirements of their performance plans to be eligible for a performance incentive;
- vi. In the event of termination of service for whatever reason, performance incentive is payable if the employee has successfully met all the requirements of his/her scorecard.

### **15. BONUS CALCULATING FORMULA**

In terms of Section 27 (4) (a) (i-ii) and (b)(i-iii) of Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006-

4 (a) the annual performance appraisal must involve the assessment of the achievement of results as outlined in the performance plan.

(i) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with regard to the tasks that had to be performed under the KPA.

(ii) An indicative rating on the five point scale should be provided for each KPA.

(b) Assessment of CCR's:

(i) Each CCR should be assessed according to the extent to which the specified standards have been met.

(ii) An indicative rating on the five point scale should be provided for each CCR.

(iii) This rating should be multiplied by the weighting given to each CCR during the contracting process to provide the score.

4 (c) Overall Rating

The following formula derived as follows will be used to calculate the final score

$$\text{KPA Score} = \frac{\text{Total final Scores as weighted}}{\text{Total weights of the above scores}} \times 100\%$$
$$= 100\% \times 0.8 = \text{final Score}$$

The same formula will be applied for the calculation of CRR's though the CCR's will be weighted by 0.2. Finally add the total weighted score of both KPA and CCR's to get the Final Score for the incumbent performance.

**Non 56 employees do not have the CCR component, therefore, their scores will be calculated based only on the performance indicators per KPA's.**

## 16. RATING SCALES.

The performance assessment of employees will be based on the following rating scales.

Level	Terminology	Description	Assessment Score	Performance Bonus Ratios
5	Outstanding performance	Performance far exceeds the standards expected of an employee at this level. The appraisal indicates that the employee has achieved above fully effective results against all performance criteria and indicators as specified in Performance Agreement/Plan and maintained this in all areas of responsibility.	75-100	Maximum bonus allowed into. Regulations is between 10% and 14% of person`s inclusive annual remuneration package. The % are as follows: 75-76%=10% 77-78%=11% 79-80%=12% 81-84%=13% 85-100%=14%
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement/ Plan.	65-74	Maximum bonus allowed into. Regulations is between 5% and 9% of person`s inclusive annual remuneration package. The % are as follows: 65-66%=5% 67-68%=6% 69-70%=7% 71-72%=8% 73-74%=9%
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement/Plan.	51-64	No bonus

<b>Level</b>	<b>Terminology</b>	<b>Description</b>	<b>Assessment Score</b>	<b>Performance Bonus Ratios</b>
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement/Plan.	31-50	No bonus
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all performance criteria and indicators as specified in the Performance Agreement/Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.	Less than 30	No bonus

<b>Level</b>	<b>Terminology</b>	<b>Description</b>
5	Outstanding performance	Performance far exceeds the standards expected of an employee at this level. The appraisal indicates that the employee has achieved above fully effective results against all performance criteria and indicators as specified in Performance Agreement/Plan and maintained this in all areas of responsibility.

4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement/ Plan.
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement/Plan.
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement/Plan.
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all performance criteria and indicators as specified in the Performance Agreement/Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

### **The Assessment Rating Calculator**

<b>Rating</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>% Score</b>	0 - 35	36 -69	70 -104	105 -138	139 and above
<b>Definition</b>	Unacceptable	Not fully effective	Fully effective	Performance significantly above expectations	Outstanding performance

### **Section 56 Employees**

% Rating over performance for Municipal Manager and Managers Directly Accountable to the Municipal Manager (Section 56 Managers)	% Bonus
A total percentage score of 130% to 135%	6%
A total percentage score of 136% to 140%	8%
A total percentage score of 141% to 145%	10%
A total percentage score of 146% to 150%	12%
A total percentage score of 151% and above	14%

### **Non-Section 56 Employees**

<b>Non-Section 56 Employees</b>			
<b>Scale</b>	<b>Score</b>	<b>Definition</b>	<b>Rewards / Remedial Actions</b>
<b>1</b>	0 - 35%	Unacceptable performance	No bonus. Remedial actions need to be instituted.
<b>2</b>	36 – 69%	Not fully effective	No bonus. Remedial actions need to be instituted.
<b>3</b>	70 -104%	Fully effective	<b>6%</b> Bonus or certificate for exceptional performance.
<b>4</b>	105 -138%	Exceed or above expectation	<b>8%</b> Bonus or certificate for exceptional performance.
<b>5</b>	139 % and above	Outstanding performance	<b>10%</b> Bonus or trophy or certificate for exceptional performance

## **17. PERSONAL DEVELOPMENT PLAN**

The municipality is committed to the continuous training and development of its employees to achieve its vision, mission and strategic objectives also empowering employees. The municipality needs to manage training and development within the ambit of relevant national policies and legislations.

To ensure the necessary linkage with performance management, the municipality's PMS provides for the Personal Development of employees to be included in their annual Performance Plans. Such approach will ensure the alignment of individual performance objectives to the municipality's strategic objectives and that training and development needs are also identified during the performance management and appraisal process.

Personal development entails increasing the capacity of employees to perform. During the processes of monitoring and review, deficiencies in performance that become evident should be addressed. Personal growth and developmental needs identified and plans to action them must be documented in a personal development plan and implementation must take place within set time frames.

## **18. MANAGEMENT OF POOR OR UNSATISFACTORY PERFORMANCE**

In case of unsatisfactory performance, Managers shall manage the employee's performance closely; the Municipality shall also provide systematic remedial or development support to assist the employees to improve their performances through counselling, coaching, training and Employee Assistance Programmes.

After exhausting all support and remedial systems by the employer, including being formally registered with an incapacity programme, but the employee does not show any improvement, there may be consideration of discharging the employee for unfitness or incapacity to carry out his or her duties as a last option. This process will be guided by the principles as enshrined in the treatment of employees in probation as contained in Schedule 8 section 8(1-4) of the Labour Relations Act 66 of 1995.

***To improve performance, the appropriate response strategy should be Chosen***

- Training and sourcing additional capacity can be useful where skills and capacity shortages are identified.
- Change management and education programmes can address organisational culture issues.
- The revision of strategy by key decision-makers can address shortcomings in this regard.
- Consideration of alternative service delivery strategies should be explored

**19. OBLIGATIONS OF THE MUNICIPALITY**

The municipality must-

- Create an enabling environment to facilitate effective performance by the employee,
- Provide access to skills development and capacity building opportunities,
- Work collaboratively with the employee to solve problems and generate solutions to common problems that may impact on the performance of the employee,
- On the request of the employee delegate such powers reasonably required by the employee to enable him/her to meet the performance objectives and targets established in terms of the agreement,
- Make available to the employee such resources as the employee may reasonably require from time to time assisting him/her to meet performance objectives and targets established in terms of the agreement.

**20. CONFIDENTIALITY**

All members involved in performance assessments must maintain confidentiality on all scores and performance outcomes obtained during the assessment process. Only Managers are allowed to discuss the outcomes of the assessment with their subordinates. Unlawful disclosure of information prior or after notification of employees about their performance outcomes shall constitute misconduct. All panel members will have to complete the Dr. JS Moroka Local Municipality Declaration of Confidentiality on the day of each assessment.

The municipality will maintain records of performance related proceedings manually until the implementation of the electronic/automated system. Records of performance agreements, plans quarterly reviews and annual assessments will be maintained at the Performance Management Unit for the following purposes;

- Track changes in the performance agreements (Revised targets and time frames
- Use as reference material should disputes arise.
- Meet the statutory reporting requirements to different stakeholders in terms of section 34(3) of the Municipal Performance Regulations and the MFMA, Section 53 (3) (b)

## **21. APPEALS PROCEDURE**

### **21.1 Municipal Manager**

In a case of the Municipal Manager, he/she will apply for the review of the performance outcome to the MEC for Cooperative Governance and Traditional Affairs in the province within 14 working days from the date of receipt of assessment results. Then the MEC will, within thirty (30) days of receipt of a formal dispute mediate on the matter.

### **21.2 Managers Directly Accountable to the Municipal Manager (Section 56 Managers)**

Managers directly accountable to the Municipal Manager may apply to the Executive Mayor within 14 working days from the date of receipt of assessment results for the review of performance outcome. The Executive Mayor must mediate on the matter within 30 days of receipt of a formal dispute.

### **22.3 Non-Section 56 Employees**

In a case where the employee is not satisfied with the assessment proceedings or results, the employee must apply in writing for reconsidering the performance review. The application for the appeal must be submitted within 14 working days from the date in which the assessment feedback has been communicated with the concerned employee. The employee shall look for a representative for assistance and support, example, Union Representatives.

The application must be submitted to the Admin and Corporate Services Department (Human Resource Section) which shall then appoint a neutral individual, agreed to by both parties, to review the assessments outcome and decide on a final score. If the two parties do not agree on the neutral person, the matter will be referred to the Municipal Manager.

The Municipal Manager must appoint an Appeals Committee to deal with such appeals. The findings of the Appeals Committee should be forwarded to the Municipal Manager with recommendations. The Municipal Manager must make a final decision on the matter and his/her decision will be regarded as final and binding.

## **22. EFFECTIVE DATE OF THE POLICY**

The policy will be effective from the date of approval by Council and should be read together with the Performance Management System Framework.

## **23. POLICY REVIEW**

This policy will be reviewed or amended annually and the amendments must be approved by Council.

Accounting Officer

Date\_\_\_\_\_

Council Approval

Date\_\_\_\_\_