*Kannaland Municipality*

FINAL PERFORMANCE MANAGEMENT POLICY FRAMEWORK

2021/2022

**Table of Contents**

Contents

[LIST OF ACRONYMS 3](#_Toc80782070)

[DEFINITIONS 4](#_Toc80782071)

[1. BACKGROUND AND INTRODUCTION 8](#_Toc80782095)

[2. AIM / OBJECTIVE OF PERFORMANCE MANAGEMENT POLICY 8](#_Toc80782096)

[3. OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM 9](#_Toc80782097)

[4. LEGISLATIVE FRAMEWORK 10](#_Toc80782098)

[5. PERFORMANCE MANAGEMENT ACCOUNTABILITY / RESPONSIBILITY 11](#_Toc80782099)

[5.1 Local Community 11](#_Toc80782100)

[5.2 Municipal Council 11](#_Toc80782101)

[5.3 Executive Mayor 12](#_Toc80782102)

[5.4 Municipal Manager (MM) 12](#_Toc80782103)

[5.5 Section 57 Managers / Directors 13](#_Toc80782104)

[5.6 Department Heads / Managers / Sub Directorate Heads 13](#_Toc80782105)

[5.7 Performance Management Unit / Performance Management Officer 14](#_Toc80782106)

[5.8 Internal audit 14](#_Toc80782107)

[5.9 The Audit Committee 14](#_Toc80782108)

[6. MANUAL PERFORMANCE MANAGEMENT SYSTEM 14](#_Toc80782109)

[7. ORGANISATIONAL PERFORMANCE MANAGEMENT 15](#_Toc80782110)

[7.1 Identification and Setting of Key Performance Indicators 15](#_Toc80782111)

[7.2 Municipal Scorecard / Top Layer SDBIP 15](#_Toc80782112)

[7.2.1 Components of the top-layer SDBIP includes: 15](#_Toc80782113)

[8. MONITORING AND MEASUREMENT OF ORGANISATIONAL PERFORMANCE MANAGEMENT 16](#_Toc80782114)

[8.1 Quarterly Performance Reporting and Performance Reviews 16](#_Toc80782115)

[8.2 Bi-Annual Performance Reporting and Performance Reviews 17](#_Toc80782116)

[8.3 Annual Performance Reporting and Performance Reviews 17](#_Toc80782117)

[9. INDIVIDUAL PERFORMANCE MANAGEMENT 18](#_Toc80782118)

[9.2 Individual Scorecards (Municipal Manager and Section 56/57 Managers) 18](#_Toc80782119)

[9.3 Individual Scorecards (Employees in supervisory capacity) 19](#_Toc80782120)

[9.4 Lower Level Staff (Staff not in supervisory capacity) 21](#_Toc80782121)

[10. PERFORMANCE ASSESSMENT 21](#_Toc80782122)

[10.1 Eventuality for sick leave and maternity leave 21](#_Toc80782123)

[10.2 Eventuality for new employees 22](#_Toc80782124)

[10.3 Process flow for performance assessments 22](#_Toc80782125)

[10.3.1 Moderation at Sub-Directorate Level 22](#_Toc80782126)

[10.3.2 Moderation at Directorate Level 23](#_Toc80782127)

[10.3.3 Moderation at Municipal Manager Level 24](#_Toc80782128)

[10.4 Communication of final outcomes of performance assessments 24](#_Toc80782129)

[10.5 Performance Assessment Rating Scale 25](#_Toc80782130)

[11. OVERALL PERFORMANCE BELOW ACCEPTABLE STANDARD 25](#_Toc80782131)

[12. APPEALS PROCESS 26](#_Toc80782132)

[12.1 Section 56/57 Employees 26](#_Toc80782133)

[12.2 Staff permanently appointed on task grades 26](#_Toc80782134)

[13. REWARD AND RECOGNITION 26](#_Toc80782135)

[13.1 Performance Rewards 26](#_Toc80782136)

[13.1.1 Category 1: Outstanding Performance 26](#_Toc80782137)

[13.1.2 Category 2: Performance Significantly Above Expectation 27](#_Toc80782138)

[13.2 Performance Improvement Awards 27](#_Toc80782139)

[14. RECORD KEEPING 27](#_Toc80782140)

[CONCLUSION 28](#_Toc80782141)

# LIST OF ACRONYMS

|  |  |
| --- | --- |
| AG | : Auditor General |
| CCR | : Core Competency Requirement |
| IDP | : Integrated Development Plan |
| KPA | : Key Performance Areas |
| KPI | : Key Performance Indicators |
| LED | : Local Economic Development |
| MEC | : Member of the Executive Council |
| MFMA | : Municipal Financial Management Act |
| MSA | : Municipal Systems Act |
| MTEF | : Medium Term Economic Framework |
| PDP | : Personal Development Plan |
| PMS | : Performance Management System |
| POE | : Portfolio of Evidence |
| SALGA | : South African Local Government Association |
| SDBIP | : Service Delivery and Budget Implementation Plan |
| SFA | : Strategic Focus Area |
| SMART | : Specific, Measurable, Achievable, Realistic, Time-frame |
| TL SDBIP | : Top Layer Service Delivery Budget Implementation Plan |
| WSP | : Workplace Skills Plan |

# DEFINITIONS

## "Accounting Officer"

(a) in relation to a municipality, means the municipal official referred to in section 60 of the Local Government: Municipal Finance Management Act

## “Baseline"

The accurate and quantitative data at a stated point in time that marks the beginning of a trend.

## "Councillor"

A member of a municipal Council.

## "Section 57 Employee"

A person employed by a Municipality as a Municipal Manager or as a manager directly accountable to a Municipal Manager;

## "Employer"

The Municipality employing a person as a Municipal Manager or as 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"

A contract as contemplated in Section 57 of the Municipal Systems Act;

## "Input Indicator"

An indicator that measures the costs, resources and time used to produce an output.

## "Integrated Development Plan"

A plan envisaged in section 25 of the Municipal Systems Act

## "Local Community" or "Community"

In relation to a Municipality, means that body or persons comprising —

1. the residents of the Municipality
2. the ratepayers of the Municipality
3. any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality

## "Mayor"

In relation to —

1. a Municipality with an Executive Mayor, means the councillor elected as the Executive Mayor of the Municipality in terms of section 55 of the Municipal Structures Act; or
2. a Municipality with an executive committee, means the councillor elected as the mayor of the Municipality in terms of section 48 of that Act

## "Municipality"

When referred to as —

1. an entity, means a Municipality as described in section 2; and
2. a geographical area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act. 1998 (Act No. 27 of 1998)

## "Municipal Council" or "Council"

A Municipal Council referred to in section 157(1) of the Constitution

## "Municipal Finance Management Act"

The Local Government: Municipal Finance Management Act, 2003, and any regulations made under that Act

## "Municipal Service"

Has the meaning assigned to it in section 1 of the Municipal Systems Act

## "Municipal Structures Act"

The Local Government: Municipal Structures Act No. 117 of 1998

## "Municipal Systems Act"

The Local Government: Municipal Systems Act No.32 of 2000

## "Outcome Indicator"

An indicator that measures the quality and or impact of an output on achieving a particular objective

## "Output Indicator"

An indicator that measures the results of activities, processes and strategies of a program of a Municipality

## "Performance Agreement"

An agreement as contemplated in Section 57 of the Municipal Systems Act

## "Performance Plan"

A part of the performance agreement which details the performance objectives and targets that must be met and time frame within which these must be met.

## "Service Delivery and Budget Implementation Plan"

Means a detailed plan approved by the Mayor of a Municipality in terms of section 53 (1) (c) (ii) of the Municipal Finance Management Act for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate —

1. projections for each month of —
   1. revenue to be collected, by source; and
   2. operational and capital expenditure, by vote;
2. service delivery targets and performance indicators for each quarter; and
3. any other matters that may be prescribed, and includes any revisions of such plan by the mayor in terms of section 54(1)(c) of the Municipal Finance Management Act

## “Staff"

In relation to a Municipality, means the employees of the Municipality, including the Municipal Manager.

## “Ward committee"

Means a ward committee established in terms of Section 73 of The Local Government: Municipal Structures Act.

# BACKGROUND AND INTRODUCTION

Performance Management is a strategic approach to management. It is a process which measures the implementation of the organisation's development and growth strategy. It equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques for regularly planning, continuously monitoring, and periodically measuring and reviewing the performance of the Municipality in terms of indicators and targets for efficiency, effectiveness and economy.

Performance Management is aimed at ensuring that Municipality’s monitor their Integrated Development Plan’s and continuously improve their operations and in terms of Section 19 of the Local Government: Municipal Structures Act No. 117 of 1998 that they annually review their overall performance in achieving their constitutional objectives.

It also forms the basis for aligning the Integrated Development Plan (IDP) with the operational business plans, performance areas and performance indicators of the various departments of the Kannaland Municipality. Performance Management provides the vital link to determine whether the Municipality is delivering on its objective and to alert managers to areas where corrective action is required.

The Performance Management Policy describes and represents how the Municipality’s cycle and processes of performance planning, monitoring, measuring, reviewing, reporting and improvement will be conducted, organised and managed.

Acknowledgement is given to Mossel Bay Municipality as their system and policy document shall be explored and imitated as forming best practice for implementation in Kannaland. Kannaland Municipality acknowledges the difference in financial and resources capabilities between the two municipalities and shall aim to incrementally implement this policy and report on progress being made in relation thereto.

# AIM / OBJECTIVE OF PERFORMANCE MANAGEMENT POLICY

The aim of the Performance Management Policy is:

1. to provide a clear overview and description of the Performance Management system;
2. to clarify the role of the Performance Management System within the Municipality;
3. to guide the implementation and functioning of both the Organisational and Individual Performance Management system;
4. to assign responsibility to individuals with regards to Performance Management;
5. to give effect to the legislative obligations, (including reporting) of the Municipality in a transparent and focused manner;
6. to incorporate the performance management processes applicable to Directors and how these relate to and link with the system in a holistic, institution wide, policy;
7. to provide a firm foundation from which to steer the process of performance management through all phases of implementation and devolvement; and
8. to link the IDP, the Budget and a Performance Management System in a cycle of prioritised, affordable and accountable municipal planning and effective service delivery involving all staff and the local community.
9. manifest a culture of performance within the Kannaland Municipality – Change management
10. to cascade performance management to the departmental layer
11. to promote Departmental training/induction/capacity building
12. to create a supportive working environment
13. to establish clear performance standards
14. to provide regular and constructive performance feedback to employees
15. to encourage career development – discussing advancement and promotion
16. to Improved communication – establishing mutual goals
17. to establish a framework linking remuneration to performance
18. to improve the quality of services rendered by the municipality
19. to promote the active participation of communities in setting targets and monitoring performance

# OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM

Kannaland Municipality is committed and determined to create an efficient and effective Performance Management System to:

1. translate its vision, mission and IDP into clearly measurable outcomes, indicators and performance levels that define success, and that are shared throughout the Municipality and with its customers and stakeholders;
2. provide a tool for assessing, managing, and improving the overall health and success of business processes and systems;
3. continue to shift from prescriptive and simply audited oversight to ongoing, forward-looking and compliance-based strategic partnerships involving communities, citizens and other stakeholders;
4. promote accountability;
5. include measures of quality, cost, speed, customer service, and employee alignment, motivation, and skills to provide an in-depth, performance management system;
6. provide services in an efficient, effective and economic manner;
7. understand the role, duties and responsibilities of employees;
8. implement focused management linked to an early warning system; and
9. adequate provision for community consultation and the opportunity to have a clearer insight in the performance of the Municipality.

# LEGISLATIVE FRAMEWORK

This Performance Management Policy has been developed in accordance with the prescriptions of recently promulgated local government legislation, regulations and other guidelines. Specifically, the following are relevant to the development of this Performance Management Policy -

1. Constitution of the Republic of South Africa (1996)
2. White Paper on Local Government (1998) and Batho Pele (1998)
3. The Local Government: Municipal Structures Act No. 117 of 1998 and its amendments
4. The Local Government: Municipal Systems Act, No. 32 and its amendments (MSA)
5. The Local Government: Financial Management Act, No. 56 of 2003 and its amendments (MFMA)
6. The Local Government: Municipal Planning and Performance Regulations, 2001
7. The Local Government: Municipal Performance Regulation for Municipal Managers and Managers directly accountable to Municipal Managers, 2006
8. Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014
9. Public Administration Management Act 2014 / Gazette No.38374. Government Notice No.1054
10. Notice 464: Directive: Performance information public audit act (2007)
11. MFMA Circulars: (11: Annual Report / 13: SDBIP / 32: Oversight Report)
12. MFMA Circulars: (42: Funding budget / 54: Municipal budget / 63: Annual Report Update)
13. National Treasury: 2007 Framework for managing performance information

# PERFORMANCE MANAGEMENT ACCOUNTABILITY / RESPONSIBILITY

# Local Community

The Municipal Systems Act (Sections 45 & 46) and the Municipal Planning and Performance Management Regulations (No. R796 of 2001, Section 14) make explicit provision for the involvement of the local community in the performance management process. Section 42 of the MSA states that the Municipality:

1. “…must involve the local community in the development, implementation, and review of the Municipality’s performance management system, and in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the Municipality’;
2. because the intention of the performance management system is to ensure the practical implementation of the IDP, it is suggested that it would be appropriate that the Local IDP Structures/ Representative Forums/Interested Stakeholders/IDP Steering Committee and Ward Committee Structures be utilised to facilitate the involvement of the local community in the performance planning and performance review processes; and
3. the community and stakeholders of the Municipality will be engaged in a number of ways as defined in the Municipality’s Communication Policy:

# Municipal Council

The Municipal Council adopts and approves the following:

1. a process to guide the planning, drafting, adoption and review of the IDP;
2. the IDP including organisational indicators and targets;
3. changes to the IDP, organisational indicators and target;
4. the organisational Performance Management System (PMS);
5. performance monitoring, review and oversight mechanisms and structures;
6. adopts performance management policy and system;
7. approval of performance bonuses of section 57 Managers;

# Executive Mayor

The functions performed by the Executive Mayor includes however not limited to the following:

1. identifies, reviews and evaluates the municipalities needs in order of priority;
2. recommend to the Council strategies, projects and services to address priorities through the IDP;
3. responsible for the management of the performance management system and submits to the Municipal Council for adoption;
4. draft performance agreement, including measurable key performance indicators and targets for the Municipal Manager;
5. formal quarterly performance evaluation of the Municipal Manager
6. ensures the performance agreements of section 57 employees are made public;
7. approves the organisational SDBIP and the municipality projects as per the IDP; and
8. presents the Annual Report to the Municipal Council.

# Municipal Manager (MM)

The functions performed by the Municipal Manager includes however not limited to the following:

1. providing strategic direction and developing strategies and policies for the organisation;
2. manage the development and implementation of the IDP;
3. development of the performance management system; Identify indicators and set targets;
4. submission of the draft SDBIP to the Executive Mayor;
5. manage the implementation of the IDP and Performance Management System;
6. draft performance agreements, including measurable key performance indicators and targets for Section 57 employees and performance development plans for lower-level staff;
7. monitor the implementation of IDP and Performance Management System, identifying risks early;
8. formal quarterly performance evaluation of the Section 57 Managers (Directors)
9. ensure that regular monitoring measurement, analysis performance information and ensure performance reporting is done in terms of legislation;
10. propose response strategies to the Mayor and/or the Municipal Council; and
11. co-ordinate the compilation of the Annual Report.

# Section 57 Managers / Directors

1. Assisting in providing strategic direction and developing strategies and policies for the organisation;
2. Assist the Municipal Manager with the development and implementation of the IDP;
3. Ensure that performance agreements are inclusive and that mandatory KPI’s are included as per legislative requirements;
4. Ensure that performance information complies with the SMART principles and audit standards of the Auditor General;
5. Ensure that accurate, reliable and evidenced performance results are provided for performance measures on a quarterly basis;
6. Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes.
7. Draft performance agreements, including measurable key performance indicators and targets for immediate subordinates (Department Heads / Managers) and performance development plans for lower-level staff where applicable;
8. Formal bi-annual performance evaluation of immediate subordinates (Department Heads / Managers) lower-level staff where applicable;

# Department Heads / Managers / Sub Directorate Heads

1. Ensure that performance agreements are inclusive and that mandatory KPI’s are included as per legislative requirements;
2. Ensure that performance information complies with the SMART principles and audit standards of the Auditor General;
3. Ensure that accurate, reliable and evidence-based performance results are provided to the relevant director for performance measurement on a quarterly basis;
4. Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes.
5. Draft performance agreements, including measurable key performance indicators and targets for immediate subordinates and performance development plans for lower-level staff where applicable;
6. Formal bi-annual performance evaluation of all employees within the department.

# Performance Management Unit / Performance Management Officer

1. The delegated PMS Officer/Manager are required to co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis;
2. It is this Manager/Officer’s role to ensure conformity to reporting formats and verify the reliability of reported information, where possible; (Pre-Audit of performance information) and
3. The Municipal Manager must review overall performance quarterly while the PMS Manager/Officer should support him/her in verifying the performance data and prepare the quarterly organisational performance reports for submission to the performance audit committee,
4. Render municipal wide support with updating and correcting of performance information on web- based PMS system.
5. Render municipal wide support and assistance with the drafting of individual performance agreements and performance development plans including the development of measurable individual key performance indicators and targets.

# Internal audit

1. Must on a quarterly basis audit the performance measurement of the Municipality; and
2. Must submit quarterly reports on their audits to the Municipal Manager and the Audit Committee

# The Audit Committee

The Municipal Systems Act (Sections 45 & 46) and the Municipal Planning and Performance Management Regulations (No. R 796 of 2001, Section 14) provide clear guidelines on the formal monitoring, audit and reporting of performance of the Municipality. In terms of Regulation 14 (4) (a) the Audit Committee must:

1. Review the quarterly reports compiled by the internal auditor;
2. Review the PMS of the Municipality and report to the Council in this regard; and
3. Submit an audit report to Council at least twice a year.

# MANUAL PERFORMANCE MANAGEMENT SYSTEM

The Municipal System Act requires the Municipality to develop and implement a Performance Management System suitable for their own circumstances. Kannaland Municipality have not implemented the IGNITE model to automate the performance management process. The Manager IDP and PMS oversees a manual system and is primarily responsible to liaises with the Municipal Manager and Executive Directors to maintain the Top Layer SDBIP. Performance Management has also not been cascaded to the departmental layer. It is recommended that Kannaland Municipality implement an automated performance management system.

# ORGANISATIONAL PERFORMANCE MANAGEMENT

# Identification and Setting of Key Performance Indicators

The following aspects will be considered when identifying indicators:

1. Development priorities and objectives set in the IDP;
2. Available financial resources

The Municipality will set key performance indicators, including input indicators, output indicators and outcome indicators, in respect of each of the development priorities and objects as contained in its IDP. In setting these key performance indicators, the Municipality will ensure that communities are involved through the ward committee structures. The Municipality will ensure that key performance indicators inform the indicators set for all its administrative units and employees as well as every service provider with whom the Municipality has entered into a service delivery agreement.

# Municipal Scorecard / Top Layer SDBIP

The Municipality implements a municipal scorecard **(Top Layer SDBIP)** at organisational level. The Municipal Scorecard (Top Layer SDBIP) should be linked through the departmental SDBIP to all Section 57 Managers and Sub-Directorate Heads. The Municipal Scorecard allocates responsibility to directorates to deliver the services in terms of the IDP and budget and is used to evaluate the overall organisational performance. The SDBIP needs to be prepared as described in the paragraphs below and submitted to the Executive Mayor within 14 days after the budget has been approved. The Executive Mayor needs to approve the SDBIP within 28 days after the budget has been approved.

# Components of the top-layer SDBIP includes:

1. One-year detailed plan, but should include a three-year capital plan
2. The five necessary components includes:
3. Monthly projections of revenue to be collected for each source
   1. Expected revenue to be collected NOT billed
4. Monthly projections of expenditure (operating and capital) and revenue for each vote
   1. Section 71 format (Monthly budget statements)
5. Quarterly projections of service delivery targets and performance indicators for each vote
   1. Non-financial measurable performance objectives in the form of targets and indicators
   2. Output NOT input / internal management objectives
   3. Level and standard of service being provided to the community
6. Ward information for expenditure and service delivery
7. Detailed capital project plan broken down by ward over three years

# MONITORING AND MEASUREMENT OF ORGANISATIONAL PERFORMANCE MANAGEMENT

# Quarterly Performance Reporting and Performance Reviews

1. The Municipal Manager collates the information and drafts the organisational performance report, which is submitted to Internal Audit;
2. The Internal Auditors (IA) must submit quarterly audited reports to the Municipal Manager.
3. The Municipal Manager submits the report to the Oversight Committee which makes a recommendation to the Municipal Council.
4. The Municipal Manager tables the quarterly performance report to the Performance Audit Committee for perusal and comment.

On a quarterly basis, the Executive Mayor and Council should engage in an intensive review of municipal performance against both the directorate's scorecards and the municipal scorecard, as reported by the Municipal Manager.

**These reviews will take place as follows:**

* 1. October (for the period July to end of September)
  2. January (for the period October to the end of December)
  3. April (for the period January to the end of March)
  4. July (for the period April to the end of June).

# Bi-Annual Performance Reporting and Performance Reviews

**Section 72 of the MFMA** requires the accounting officer to prepare and submit a report on the performance of the Municipality during the first half of the financial year. As with all other reports this is a crucial report for the Council to consider mid-year performance and what adjustments should be made, if necessary.

1. The Accounting officer must by **25 January of each year** assess the performance of the Municipality and submit a report to the Executive Mayor, National Treasury and the relevant Provincial Treasury.
2. The Audit Committee must review the PMS and make recommendations to the Municipal Council;
3. The Audit Committee must submit a report at least twice during the year a report to the Municipal Council;

The Executive Mayor will need to ensure that targets committed to in the municipal scorecard are being met, where they are not, that satisfactory and sufficient reasons are provided and that the corrective action being proposed is sufficient to address the poor performance.

The review should also focus on reviewing the systematic compliance to the performance management system, by directorates, departments, Portfolio Councillors and the Municipal Manager.

The review will also include:

1. An evaluation of the validity and suitability of the Key Performance Indicators and recommending any changes.
2. An evaluation of the annual and 5-year targets to determine whether the targets are overstated or understated. These changes need to be considered.
3. Changes to KPI‟s and 5-year targets for submission to Council for approval. (The reason for this is that the original KPI‟s and 5-year targets would have been published with the IDP, which would have been approved and adopted by Council at the beginning of the financial year.)
4. An analysis to determine whether the Municipality is performing adequately or under-performing.

# Annual Performance Reporting and Performance Reviews

**Section 46 of the Municipal Systems Act** states that a municipality must prepare for each financial year, a performance report that reflects the following:

1. The performance of the Municipality and of each external service provided during that financial year;
2. A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and
3. Measures to be taken to improve on the performance

At least annually, the Executive Mayor will be required to report to the full council on the overall Municipal Performance. It is proposed that this reporting take place using the municipal scorecard in an annual performance report format as per the Municipal Systems Act. The said annual performance report will form part of the Municipality's Annual Report as per section 121 of the Municipal Finance Management Act.

# INDIVIDUAL PERFORMANCE MANAGEMENT

The performance of a Municipality is integrally linked to that of staff. It is therefore important to link organisational performance to individual performance and to manage both at the same time, but separately. Although legislation requires that the Municipal Manager, and Managers directly accountable to the Municipal Manager, sign formal performance contracts, it is also a requirement that all employees have performance plans. These must be aligned with the individual performance plan of the head of the directorate and job descriptions. Kannaland Municipality implements individual performance evaluation for all permanent staff.

# Individual Scorecards (Municipal Manager and Section 56/57 Managers)

The Local Government Municipal Systems Act 2000 and Regulation 805 of August 2006 ***(Performance of the Municipal Manager and the Managers reporting directly to the Municipal Manager)*** require the Municipal Manager and the Managers reporting directly to the Municipal Manager to enter into annual Performance Agreements. The Performance Agreements of the Municipal Manager and other Section 56/57 Managers should be directly linked to their employment contract. These Performance Agreements consist of three distinct parts:

1. **Performance Agreement:** This is an agreement between the Section 56/57 Manager and the Municipality, which regulates the performance required for a particular position and the consequences of the performance. The Agreement deals with only one aspect of the employment relationship, namely performance. This agreement must be reviewed and renewed annually, subject to the individual's annual performance.
2. **Performance Plan:** The Performance Plan is an Annexure to the Performance Agreement and stipulates in detail the performance requirements for a single financial year. The SDBIP transcends into the Performance Plan/s of the respective Section 56/57 Managers according to their areas of responsibility.
3. **Personal Development Plan:** The plan is an Annexure to the Performance Agreement and addresses the developmental needs/requirements of the Manager indicating actions and timeframes.

Performance will be reviewed quarterly of which the mid-year and year-end performance will be formal evaluations.

# Individual Scorecards (Employees in supervisory capacity)

Individuals employed in a supervisory capacity will enter into performance agreements with his or her immediate Supervisor. The data obtained from Directorate scorecards (detailed SDBIP), will provide the user with the respective Individual performance contracts for Managers reporting to the Section 57 Managers.

Performance Agreements for these staff members should include the following:

1. Job functions: key focus areas for the year.
2. Key performance indicators linked to the SDBIP *(KPI's in the SDBIP that are the responsibility of the respective manager and KPI's aligned to the job description of the manager.)*
3. Managerial KPI's: (the core managerial competencies that the manager will be evaluated on.)
4. A list of the core managerial competencies (CMC's) is provided on the performance of the performance system and the manager should select between 3 and 5 CMC's. The CMC's and the measurement criteria should be agreed with the respective senior manager.
5. Weightings show the relative importance of input or output against another input or output. Every input or output in the performance agreement must be assigned a weighting. The weightings / ratings and the distribution of the ratings per level need to be determined by the management team in the beginning of each financial year and agreed with the employer or group of employers.
6. Development needs and learning plan which should be taken into consideration when training and development priorities are determined in the Workplace Skills Plan (WSP).

The performance objectives and targets reflected in the performance agreement are set by the employer in consultation with the employee and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Municipality, and shall include key objectives; key performance indicators; target dates and weightings. The agreements must be finalised by **31 October each year** and captured on the automated performance management system.

# Lower Level Staff (Staff not in supervisory capacity)

A Performance Development Plan should be agreed for all employees in this category based on the job functions and include the following:

* + 1. Qualifications: a record of formal and informal training and experience.
    2. Job functions: key focus areas for the year.
    3. Career goals: long term and intermediate career goals.
    4. Performance agreed for all employees on a specific job level.
    5. Performance agreed with the individual employee unique to the employees' daily tasks and job function.
    6. Measurable performance indicators should be designed to ensure effective and efficient service delivery (value -for-money).
    7. Training or other skills development needs of the employee.

A Performance Development Plan should be agreed between employer and employee. If the nature of the employee’s job is team related, a supervisor can in agreement with the employee include a KPI that measures the employee’s functioning within a team. The Performance Development Plan must be finalised by **31 October each year** and captured on the automated performance management system.

# PERFORMANCE ASSESSMENT

Individual performance assessments will be done bi-annually and should be concluded on the automated performance management system as follows;

**Period (1 July – 31 December) : Due - 28 February annually Period (1 January – 30 June) : Due - 31 August annually**

# Eventuality for sick leave and maternity leave

In cases of maternity leave, the employee will be evaluated for the period they performed their duties, this score will be awarded as the final score.

# Eventuality for new employees

Employees that have started service during the financial year will be evaluated, however only employees that have been in service for six months and longer within a financial year **(Employees appointed after 1 July and before 1 January annually)** will qualify for a performance reward pro rata for six months during their first year of employment. In such a situation only the performance evaluation outcome for the second evaluation period (1 Jan – 30 June) will be taken into consideration for performance rewards.

# Process flow for performance assessments

1. The first step in the assessment allows for self-evaluation by the employee. Employees that do not have access to computers at the workplace must be provided with a hardcopy of their performance development plans to facilitate the process of manual assessment. The signed

self-assessment must be submitted to the respective supervisor for capturing on the automated performance management system.

1. The second step in the assessment is the official rating of performance by the relevant Supervisor / Manager or Director. The outcome of the assessment should be discussed between the Supervisor / Manager or Director in order to clarify gaps between the self- assessment and the rating scored.
2. The third step in the assessment constitutes the moderation of performance outcomes to ensure objectivity and fairness in the application of scores throughout the organisation.

# Moderation at Sub-Directorate Level

At this level the moderation panel consist of:

1. the respective Sub Directorate Head / Manager
2. all officials in a supervisory capacity that reports directly to the Sub Directorate Head.
3. One representative from Human Resource Department
4. One representative from the Performance Management Unit

Moderation of performance results at this level presents an opportunity to the Sub Directorate Head to clarify and substantiate the performance rating scored to subordinates in instances where parties are in disagreement. This process will also capacitate supervisors and broaden their knowledge and

understanding with regards to performance evaluation process. It will also be expected from supervisors to inform subordinates in instances where changes was effected as a result of the moderation. **This process should be finalised by the 30 September each year**. On completion of the moderation at this level, the performance assessment outcome of the relevant Sub Directorate will be endorsed by the relevant Sub-Directorate Head for submission to the relevant Director for further moderation. Changes to individual performance assessment outcomes proposed at this level will not be affected on the automated performance management system.

# Moderation at Directorate Level

At this level the moderation panel consist of:

1. the respective Director
2. Sub-Directorate Heads / Managers reports directly to the Director.
3. One representative from Human Resource Department
4. One representative from the Performance Management Unit

Moderation of performance results at this level presents an opportunity to the Sub Directorate Head to clarify and substantiate the performance rating scored to subordinates. The relevant Director will review the performance outcomes of the entire directorate and may effect changes to individual performance outcomes. It will also be expected from Sub-Directorate Heads / Managers to inform subordinates in instances where changes was effected as a result of the moderation**. This process should be finalised by 31 October each year.** On completion of the moderation at this level, the performance assessment outcome of the relevant directorate will be endorsed by the relevant director for submission to the municipal manager for final moderation. Changes to individual

performance assessment outcomes proposed at this level will not be effected on the automated performance management system.

# Moderation at Municipal Manager Level

At this level the moderation panel consist of;

1. the Municipal Manager
2. all Directors.
3. The Senior Manager Human Resources
4. One representative from the Performance Management Unit

Moderation of performance results at this level presents an opportunity to Directors to clarify and substantiate the performance rating scored to subordinates. The Municipal Manager will review the individual performance outcomes of all municipal staff in conjunction with Directors and may effect changes to individual performance outcomes. **This process should be finalised by 30 November each year.** On completion of the moderation at this level, the performance assessment outcome of the entire workforce will be endorsed by the Municipal Manager. Changes to individual performance assessment outcomes proposed at this level will be regarded as final and will be effected on the automated performance management system.

# Communication of final outcomes of performance assessments

The performance management unit will provide Directors with a final report on outcome of performance assessments immediately after the moderation process has been concluded. The final outcome of performance assessments should be communicated downwards to each municipal employees by Directors / Sub-Directorate Heads and Supervisors by **30 December each year.** This feedback is important to gain employee confidence and to ensure transparency. It will also give employees an opportunity to lodge an appeal in order to request a review of his/her performance assessment.

The performance management unit will only be responsible to officially communicate the performance assessment outcomes to those employees who are eligible to receive a performance reward in terms of the reward and recognition policy.

# Performance Assessment Rating Scale

The performance should be measured by applying the following rating scale;

|  |  |  |
| --- | --- | --- |
| **Level** | **Terminology** | **Description** |
| **5** | **Outstanding Performance** | Performance far exceeds the standard 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 the PA and Performance plan and  maintained this in all areas of responsibility throughout the year. |
| **4** | **Performance significantly above expectations** | Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year. |
| **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 PA and Performance 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 PA and Performance Plan. |
| **1** | **Unacceptable performance** | Performance does not meet the standards expected for the job. The review/ assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance 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. |

# OVERALL PERFORMANCE BELOW ACCEPTABLE STANDARD

Performance below acceptable standard is classified in the table above under 10.5 as performance on level 1 and 2. This applies to overall employee performance and not performance on an individual key performance indicator. In the case of performance below the acceptable standard, the employer shall provide systematic remedial or developmental support to inform the employee to:

1. improve his or her performance by
2. inform the employee that his or her work does not meet the required performance standards;
3. explain to the employee the performance standards required;
4. determine the reasons for the poor work performance;
5. determine the manner in which poor work performance is to be addressed, including practical steps that need to be taken by both parties.

In the event that a training need has been identified as an intervention to address unacceptable performance, such interventions should be prioritised for implementation in the forthcoming Workplace Skills Plan.

# APPEALS PROCESS

# Section 56/57 Employees

The Appeals process as prescribed in R805 of August 2006 and as agreed in the employment and performance contracts of the Section 56/57-Managers will be applicable in instances where they are not in agreement with their final performance evaluations.

# Staff permanently appointed on task grades

Should employees not agree with the contents of their Performance Agreements or Development Plans or with the final outcomes of performance assessments, they may request for a review of their key performance indicators of assessment outcomes through the normal grievance procedures.

# REWARD AND RECOGNITION

Kannaland Municipality has not yet implemented a system of reward and recognition for good and outstanding performance. Financial constraints and under-performance are the primary reasons for this.

The performance scores as approved by the moderation panel referred to in 10.3.3 shall be considered as final. These scores shall be used to reward performance.

# Performance Rewards

Council will have to consider a performance rewards system in future as outlined hereunder.

# Category 1: Outstanding Performance

Employees achieving 90% / 4.5 or more on overall performance shall receive;

* + - 1. a bonus to the value of R5000 or
      2. the payment for attending a seminar / training course in line with the employees work environment to the value of R5000 or
      3. Equipment / tools to improve the employees work performance to the value of R5000 and
      4. 2 days paid vacation leave.

# Category 2: Performance Significantly Above Expectation

Employees achieving 80% / 4 or more on overall performance shall receive;

* + - 1. a bonus to the value of R3000 or
      2. the payment for attending a seminar / training course in line with the employees work environment to the value of R3000 or
      3. Equipment / tools to improve the employees work performance to the value of R3000 and
      4. 1 day paid vacation leave.

Employees appointed **for a period of six months and longer within a financial year** shall be rewarded pro rata in terms of 10.2.

# Performance Improvement Awards

Municipal employees (excluding Section 57 appointees) are invited to identify opportunities to improve municipal performance and to identify opportunities to improve efficiency and save money. Employees need to submit the ideas to the Director. The ideas will be evaluated by the Senior Management Team. The employee whose opportunities were implemented and that resulted in material cost savings / efficiencies will be rewarded with a R500 and 1 day vacation leave.

# RECORD KEEPING

The Municipal Manager/Directors/ Heads/ Managers/ Supervisors have the responsibility to keep record of signed Performance development Plans and Performance Agreements. The Municipal Manager/Directors/ Heads/ Managers/ Supervisors also have the duty to keep record of signed Individual evaluations of their directorates/sub- directorates at a central location for their POE purposes.

The responsibility of the Head/ Manager/ Supervisor of a Sub-directorate is to maintain a list of Performance Agreements and Performance Development Plans and to notify the Performance Management Unit that an employee has been transferred or when the need arises to review Key Performance Indicators (KPI’s). It is also the responsibility of the Sub-Directorate Head to inform the Performance Management unit when a new staff member joins the Sub-Directorate and when new Key Performance Indicators (KPI’s) needs to be developed.

# CONCLUSION

Kannaland Municipality is an under performing municipality plagued by political and administrative instability, infighting among political leaders, non-functional oversight committee, lack of financial resources, little or no accountability and a non-existence of consequence management, capacity constraints and a high vacancy rate with a court case holding the municipality ransom. Invoking the S139, the implementation of a recovery plan and the appointment of a n administrator did little to improve performance in this embattled municipality.

The following actions are recommended to improve performance at Kannaland Municipality:

1. That the court case reach finality and a verdict be passed;
2. That disputes be dealt with through Inter governmental Relations mechanisms;
3. That performance management policy be adopted by Council;
4. That critical vacancies be filled;
5. That performance management be cascaded to departmental level;
6. That a culture of performance be instilled throughout the organization and that the Municipal Manager be tasked to ensure this happens;
7. That workshops and staff induction sessions be held with all staff on the performance management policy;
8. That consequence management for non-performance be implemented;
9. That job descriptions be updated and tasked;
10. That the Manager: IDP and PMS report to Council each month on progress made in relation to the implementation of the Performance Management Policy.
11. That the Performance Management Policy which is modelled upon that of Mossel Bay Municipality be implemented incrementally.