

FINAL PERFORMANCE MANAGEMENT POLICY FRAMEWORK

2022/2023

*Kannaland
Municipality*

Table of Contents

Contents

LIST OF ACRONYMS	3
DEFINITIONS	4
1. BACKGROUND AND INTRODUCTION	8
2. AIM / OBJECTIVE OF PERFORMANCE MANAGEMENT POLICY	9
3. OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM	9
4. LEGISLATIVE FRAMEWORK	10
5. PERFORMANCE MANAGEMENT ACCOUNTABILITY / RESPONSIBILITY	11
5.1 Local Community	11
5.2 Municipal Council	11
5.3 Executive Mayor	12
5.4 Municipal Manager (MM).....	12
5.5 Section 57 Managers / Directors	14
5.6 Department Heads / Managers / Sub Directorate Heads	14
5.7 Performance Management Unit / Performance Management Officer	15
5.8 Internal audit	15
5.9 The Audit Committee	15
6. MANUAL PERFORMANCE MANAGEMENT SYSTEM	15
7. ORGANISATIONAL PERFORMANCE MANAGEMENT	16
7.1 Identification and Setting of Key Performance Indicators.....	16
7.2 Municipal Scorecard / Top Layer SDBIP	16
7.2.1 Components of the top-layer SDBIP includes:.....	17
8. MONITORING AND MEASUREMENT OF ORGANISATIONAL PERFORMANCEMANAGEMENT	17
8.1 Quarterly Performance Reporting and Performance Reviews	17
8.2 Bi-Annual Performance Reporting and Performance Reviews.....	18
8.3 Annual Performance Reporting and Performance Reviews	21
9. INDIVIDUAL PERFORMANCE MANAGEMENT	21
9.2 Individual Scorecards (Municipal Manager and Section 56/57 Managers).....	21
9.3 Individual Scorecards (Employees in supervisory capacity)	22
9.4 Lower Level Staff (Staff not in supervisory capacity).....	24
10. PERFORMANCE ASSESSMENT	24

10.1 Eventuality for sick leave and maternity leave	24
10.2 Eventuality for new employees	25
10.3 Process flow for performance assessments	25
10.3.1 Moderation at Sub-Directorate Level.....	25
10.3.2 Moderation at Directorate Level	26
10.3.3 Moderation at Municipal Manager Level	27
10.4 Communication of final outcomes of performance assessments	27
10.5 Performance Assessment Rating Scale.....	28
11. OVERALL PERFORMANCE BELOW ACCEPTABLE STANDARD	28
12. APPEALS PROCESS	29
12.1 Section 56/57 Employees	29
12.2 Staff permanently appointed on task grades	29
13. REWARD AND RECOGNITION	29
13.1 Performance Rewards	29
13.1.1 Category 1: Outstanding Performance	30
13.1.2 Category 2: Performance Significantly Above Expectation	30
13.2 Performance Improvement Awards	30
14. RECORD KEEPING.....	30
CONCLUSION	32

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 —

- (a) the residents of the Municipality
- (b) the ratepayers of the Municipality
- (c) 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 —

- (a) 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
- (b) 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 —

- (a) an entity, means a Municipality as described in section 2; and
- (b) 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 —

(a) projections for each month of —

- (i) revenue to be collected, by source; and
- (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter; and
- (c) 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.

1. 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.

Let it be noted that SALGA has been instrumental in facilitating the peer shared learning agreement with Mossel Bay Municipality and has provided much needed support in improvements made to performance management in Kannaland Municipality. This support shall be ongoing during the 2022/2023 financial year and a Memorandum of Support has been entered into with SALGA for the 2022/2023 financial year.

2. AIM / OBJECTIVE OF PERFORMANCE MANAGEMENT POLICY

The aim of the Performance Management Policy is:

- a) to provide a clear overview and description of the Performance Management system;
- b) to clarify the role of the Performance Management System within the Municipality;
- c) to guide the implementation and functioning of both the Organisational and Individual Performance Management system;
- d) to assign responsibility to individuals with regards to Performance Management;
- e) to give effect to the legislative obligations, (including reporting) of the Municipality in a transparent and focused manner;
- f) 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;
- g) to provide a firm foundation from which to steer the process of performance management through all phases of implementation and devolvement; and
- h) 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.
- i) manifest a culture of performance within the Kannaland Municipality – Change management
- j) to cascade performance management to the departmental layer
- k) to promote Departmental training/induction/capacity building
- l) to create a supportive working environment
- m) to establish clear performance standards
- n) to provide regular and constructive performance feedback to employees
- o) to encourage career development – discussing advancement and promotion
- p) to Improved communication – establishing mutual goals
- q) to establish a framework linking remuneration to performance
- r) to improve the quality of services rendered by the municipality
- s) to promote the active participation of communities in setting targets and monitoring performance

3. OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM

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

- a) 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;

- b)** provide a tool for assessing, managing, and improving the overall health and success of business processes and systems;
- c)** continue to shift from prescriptive and simply audited oversight to ongoing, forward-looking and compliance-based strategic partnerships involving communities, citizens and other stakeholders;
- d)** promote accountability;
- e)** include measures of quality, cost, speed, customer service, and employee alignment, motivation, and skills to provide an in-depth, performance management system;
- f)** provide services in an efficient, effective and economic manner;
- g)** understand the role, duties and responsibilities of employees;
- h)** implement focused management linked to an early warning system; and
- i)** adequate provision for community consultation and the opportunity to have a clearer insight in the performance of the Municipality.

4. 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 -

- a)** Constitution of the Republic of South Africa (1996)
- b)** White Paper on Local Government (1998) and Batho Pele (1998)
- c)** The Local Government: Municipal Structures Act No. 117 of 1998 and its amendments
- d)** The Local Government: Municipal Systems Act, No. 32 and its amendments (MSA)
- e)** The Local Government: Financial Management Act, No. 56 of 2003 and its amendments (MFMA)
- f)** The Local Government: Municipal Planning and Performance Regulations, 2001
- g)** The Local Government: Municipal Performance Regulation for Municipal Managers and

Managers directly accountable to Municipal Managers, 2006

- h) Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014
- i) Public Administration Management Act 2014 / Gazette No.38374. Government Notice No.1054
- j) Notice 464: Directive: Performance information public audit act (2007)
- k) MFMA Circulars: (11: Annual Report / 13: SDBIP / 32: Oversight Report)
- l) MFMA Circulars: (42: Funding budget / 54: Municipal budget / 63: Annual Report Update)
- m) National Treasury: 2007 Framework for managing performance information

5. PERFORMANCE MANAGEMENT ACCOUNTABILITY / RESPONSIBILITY

5.1 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:

- a) "...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';
- b) 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
- c) the community and stakeholders of the Municipality will be engaged in a number of ways as defined in the Municipality's Communication Policy:

5.2 Municipal Council

The Municipal Council adopts and approves the following:

- a) a process to guide the planning, drafting, adoption and review of the IDP;

- b)** the IDP including organisational indicators and targets;
- c)** changes to the IDP, organisational indicators and target;
- d)** the organisational Performance Management System (PMS);
- e)** performance monitoring, review and oversight mechanisms and structures;
- f)** adopts performance management policy and system;
- g)** approval of performance bonuses of section 57 Managers;

5.3 Executive Mayor

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

- a)** identifies, reviews and evaluates the municipalities needs in order of priority;
- b)** recommend to the Council strategies, projects and services to address priorities through the IDP;
- c)** responsible for the management of the performance management system and submits to the Municipal Council for adoption;
- d)** draft performance agreement, including measurable key performance indicators and targets for the Municipal Manager;
- e)** formal quarterly performance evaluation of the Municipal Manager
- f)** ensures the performance agreements of section 57 employees are made public;
- g)** approves the organisational SDBIP and the municipality projects as per the IDP; and
- h)** presents the Annual Report to the Municipal Council.

5.4 Municipal Manager (MM)

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

- a)** providing strategic direction and developing strategies and policies for the organisation;
- b)** manage the development and implementation of the IDP;
- c)** development of the performance management system; Identify indicators and set targets;
- d)** submission of the draft SDBIP to the Executive Mayor;
- e)** manage the implementation of the IDP and Performance Management System;
- f)** draft performance agreements, including measurable key performance indicators and targets for Section 57 employees and performance development plans for lower-level staff;
- g)** monitor the implementation of IDP and Performance Management System, identifying risks early;
- h)** formal quarterly performance evaluation of the Section 57 Managers (Directors)
- i)** ensure that regular monitoring measurement, analysis performance information and ensure performance reporting is done in terms of legislation;

- j)** propose response strategies to the Mayor and/or the Municipal Council; and
- k)** co-ordinate the compilation of the Annual Report.

5.5 Section 57 Managers / Directors

- a) Assisting in providing strategic direction and developing strategies and policies for the organisation;
- b) Assist the Municipal Manager with the development and implementation of the IDP;
- c) Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements;
- d) Ensure that performance information complies with the SMART principles and audit standards of the Auditor General;
- e) Ensure that accurate, reliable and evidenced performance results are provided for performance measures on a quarterly basis;
- f) Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes.
- g) 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;
- h) Formal bi-annual performance evaluation of immediate subordinates (Department Heads / Managers) lower-level staff where applicable;

5.6 Department Heads / Managers / Sub Directorate Heads

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

5.7 Performance Management Unit / Performance Management Officer

- a) The delegated PMS Officer/Manager are required to co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis;
- b) 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
- c) 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,
- d) Render municipal wide support with updating and correcting of performance information on web-based PMS system.
- e) 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.

5.8 Internal audit

- (a) Must on a quarterly basis audit the performance measurement of the Municipality; and
- (b) Must submit quarterly reports on their audits to the Municipal Manager and the Audit Committee

5.9 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:

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

6. 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 automated performance management system (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.

Progress has been made in procuring the automated PMS and currently specifications are being drafted for the procurement thereof.

7. ORGANISATIONAL PERFORMANCE MANAGEMENT

7.1 Identification and Setting of Key Performance Indicators

The following aspects will be considered when identifying indicators:

- a) Development priorities and objectives set in the IDP;
- b) 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.

Note:

Much progress has been made during 2021/2022 in encouraging community participation in setting of KPIs and targets through community engagement and capacity building workshops with various organizations and ward committees. This is evident in the Final IDP where inputs in relation to setting of KPIs and targets were put forward by the Business Chamber. These will be included into the individual performance management system once cascading of performance management to line manager level is initiated. Some of the KPIs have already been incorporated through strategy review processes. Communities have also been trained in locating the quarterly PM reports and orientated through the documents published onto the Kannaland Municipality websites.

7.2 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.

7.2.1 Components of the top-layer SDBIP includes:

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

8. MONITORING AND MEASUREMENT OF ORGANISATIONAL PERFORMANCE MANAGEMENT

8.1 Quarterly Performance Reporting and Performance Reviews

- a) The Municipal Manager collates the information and drafts the organisational performance report, which is submitted to Internal Audit;
- b) The Internal Auditors (IA) must submit quarterly audited reports to the Municipal Manager.
- c) The Municipal Manager submits the report to the Oversight Committee which makes a recommendation to the Municipal Council.
- d) 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:

- a)** October (for the period July to end of September)
- b)** January (for the period October to the end of December)
- c)** April (for the period January to the end of March)
- d)** July (for the period April to the end of June).

Note:

All PM Reports were concluded timeously and submitted to relevant government departments and published onto the municipal website during 2021/2022. Backlog of reporting was attended to during 2021/2022 and the annual performance report for 2021/2022 was timeously completed for submission to the AG by 31 August 2022. Overall, PM reporting has improved in terms of meeting compliance deadlines and submission and publication processes were adhered to.

8.2 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.

- a)** 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.
- b)** The Audit Committee must review the PMS and make recommendations to the Municipal Council;
- c)** 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:

- a)** An evaluation of the validity and suitability of the Key Performance Indicators and recommending any changes.
- b)** An evaluation of the annual and 5-year targets to determine whether the targets are overstated or understated. These changes need to be considered.
- c)** 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.)
- d)** An analysis to determine whether the Municipality is performing adequately or under-performing.

Note:

Council took note of the Mid-year performance assessment on 28 February 2022. Hereunder is an extract of the Council Resolution 43/02/22.

EXTRACT FROM THE MINUTES OF A IN COMMITTEE OF A SPECIAL COUNCIL MEETING OF THE KANNALAND MUNICIPALITY AS HELD ON MONDAY, 28 FEBRUARY 2022 IN THE CONFERENCE HALL OF CALITZDORP SPA AT CALITZDORP.

COUNCIL 43/02/22: MID-YEAR PERFORMANCE ASSESSMENT FOR KANNALAND MUNICIPALITY

RESOLUTION

1. That the Council note the 2021/2022 Mid-year Performance Assessment Report submitted in terms of Sections 72(1) and 54(1)(f) of the Municipal Finance Management Act, (Act 56 of 2003)
2. That 2021/2022 Mid-year Performance Assessment Report be made public by placing it on the municipal website in terms of Regulation 34 (1) of the Municipal Budget and Reporting Regulations of 2009.
3. Service Delivery and Budget Implementation Plan (SDBIP)
 - The revision of the Top Layer SDBIP which is informed by the adjustment budget and AG Report should be tabled before the end of February 2022;
 - The revised Top Level SDBIP should be submitted to the Executive Mayor and Council for approval
4. Electronic System for Performance Management (Ignite)
 - That the Ignite electronic performance management system be re-implemented;
 - That Executive Managers should provide assurance on their updated KPI's on the system
5. Portfolio of Evidence
 - POE's should go through a quality review by the respective Executive Manager before it is submitted to the performance office
6. Workshop
 - That a Council workshop be arranged in order for Council to further discuss the Mid-year performance assessment.

8.3 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:

- a) The performance of the Municipality and of each external service provided during that financial year;
- b) A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and
- c) 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.

Note:

The 2021/2022 Annual Performance Report was timeously concluded for submission to the Auditor General on 31 August 2022.

9. 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.

9.2 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:

- a) **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.
- b) **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.
- c) **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.

9.3 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:

- a) Job functions: key focus areas for the year.
- b) 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.*)
- c) Managerial KPI's: (the core managerial competencies that the manager will be evaluated on.)
- d) 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.
- e) 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.

- f) 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.

Note:

Kannaland Municipality is in the process with assistance and support from SALGA to cascade Performance Management to Line Manager level during 2022/2023. This shall be undertaken after the automated PMS is procured.

9.4 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:

- a) Qualifications: a record of formal and informal training and experience.
- b) Job functions: key focus areas for the year.
- c) Career goals: long term and intermediate career goals.
- d) Performance agreed for all employees on a specific job level.
- e) Performance agreed with the individual employee unique to the employees' daily tasks and job function.
- f) Measurable performance indicators should be designed to ensure effective and efficient service delivery (value -for-money).
- g) 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.

10. 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

10.1 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.

10.2 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.

10.3 Process flow for performance assessments

- a) 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.
- b) 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.
- c) 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.

10.3.1 Moderation at Sub-Directorate Level

At this level the moderation panel consist of:

- a) the respective Sub Directorate Head / Manager
- b) all officials in a supervisory capacity that reports directly to the Sub Directorate Head.
- c) One representative from Human Resource Department
- d) 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.

10.3.2 Moderation at Directorate Level

At this level the moderation panel consist of:

- a) the respective Director
- b) Sub-Directorate Heads / Managers reports directly to the Director.
- c) One representative from Human Resource Department
- d) 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.

10.3.3 Moderation at Municipal Manager Level

At this level the moderation panel consist of;

- a) the Municipal Manager
- b) all Directors.
- c) The Senior Manager Human Resources
- d) 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.

10.4 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.

10.5 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.

11. 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:

- a)** improve his or her performance by
- b)** inform the employee that his or her work does not meet the required performance standards;

- c) explain to the employee the performance standards required;
- d) determine the reasons for the poor work performance;
- e) 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.

12. APPEALS PROCESS

12.1 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.

12.2 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.

13. 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.

13.1 Performance Rewards

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

13.1.1 Category 1: Outstanding Performance

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

- a) a bonus to the value of R5000 or
- b) the payment for attending a seminar / training course in line with the employees work environment to the value of R5000 or
- c) Equipment / tools to improve the employees work performance to the value of R5000 and
- d) 2 days paid vacation leave.

13.1.2 Category 2: Performance Significantly Above Expectation

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

- a) a bonus to the value of R3000 or
- b) the payment for attending a seminar / training course in line with the employees work environment to the value of R3000 or
- c) Equipment / tools to improve the employees work performance to the value of R3000 and
- d) 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.

13.2 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.

14. 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) need to be developed.

15. ACTIONS UNDERTAKEN TO IMPROVE PERFORMANCE DURING 2021/2022

The following actions were undertaken by Kannaland to improve performance during 2021/2022:

- ✓ Improved performance management reporting and improved legal prescriptive compliance;
- ✓ Review and adoption of the 2021/2022 Kannaland Municipality Performance Management Policy Framework;
- ✓ Progressive implementation of the Kannaland Municipality Performance Management Policy Framework;
- ✓ Entering into an MOU with SALGA for advisory performance management support plan development and implementation;
- ✓ SALGA support in facilitating a peer learning agreement with Mossel Bay Municipality;
- ✓ Performance Management engagements facilitated by SAGA with Kannaland Municipal staff;
- ✓ Building capacity of council through conducting council workshops on performance management and policy framework;
- ✓ Building capacity of Kannaland staff in relation to improving performance and instilling a culture of performance in the organisation through conducting strategic workshops;
- ✓ Building capacity of communities to actively participate in setting targets and monitoring performance through community engagements and workshops;
- ✓ Providing regular and constructive feedback on performance to staff;
- ✓ Actioning consequence management through disciplinary corrective management;
- ✓ Adjusting the 2021/2022 SDBIP to include additional indicators and more realistic targets for achievement;
- ✓ Budgeting for and initiating the procurement of an automated Performance Management system;
- ✓ Initiating the cascading of Performance Management to all levels in the organisation.
- ✓ Improved internal audit support in relation to performance measurement.

16. 2022/2023 Future Performance Management Interventions

The undermentioned future interventions are envisaged for 2022/2023 to further and progressively improve performance management in the Kannaland Municipality;

- ✓ Appointment and induction of the Performance Audit Committee;
- ✓ Procurement of an Automated Performance Management System;
- ✓ Review of the Kannaland Municipality Performance Management Policy Framework (KMPMPF);
- ✓ Implementation of and monitoring implementation of the KMPMPF;
- ✓ Cascading of Performance Management to line managers;
- ✓ Finalisation of job descriptions and job evaluation;
- ✓ Introducing a staff wellness programme;
- ✓ Introducing staff induction training;
- ✓ Consequence management for poor work performance;
- ✓ Improving performance communication and participation in departmental reporting and management of performance;
- ✓ Instilling a culture of performance in the organisation;
- ✓ Establishing clear performance standards through the introduction of Client Services Charter;
- ✓ Progressive alignment of the Kannaland Municipality Operational Plan to the SDBIP;
- ✓ Encouraging career development and advancement through the introduction of personal development plans and workplace skills plans;
- ✓ Assigning responsibilities to individuals in relation to performance management;
- ✓ Improving staff morale.
- ✓ Reviving MPAC;
- ✓ Appointing an Internal Auditor.

17. CONCLUSION

Kannaland Municipality is an under-performing municipality plagued by the Covid-19 pandemic, 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 constant court cases holding the municipality ransom. Invoking the S139, the implementation of a recovery plan and the appointment of a n administrator previously did little to improve performance in this embattled municipality.

The following actions were recommended to improve performance at Kannaland Municipality during 2021/2022 financial year and considerable and steady progress has been made to turn the situation around. with the support and assistance received from SALGA. Steady progress has been made to implement the recommendations listed below.:

1. That the ongoing court action reach finality and a verdict be passed as this is affecting staff morale and instilling a culture of non-performance;

The Western Cape High Court ruled on 7 October 2021 that the prolonged administration be declared unlawful.

2. That future disputes be dealt with in terms of the Inter-governmental Relations Framework Act;

Kannaland Municipality participated actively on all district and provincial IGR forums.

3. That a Kannaland performance management policy be adopted by Council;

Kannaland Performance Management Policy Framework was adopted on 31 August 2021 and is reviewed annually.

4. That critical vacancies be filled to avoid catastrophic risks;

Critical vacancies are being filled slowly and this is due to budget constraints.

5. That performance management be cascaded to departmental level;

SALGA engagements have been held and SALGA is assisting with the cascading process. An automated PMS is currently in the process of procurement.

6. That a culture of performance be instilled throughout the organization and that the Municipal Manager be tasked to ensure this happens;

Various Staff Strategic interventions were held in an attempt to motivate staff to improve performance. Disciplinary hearings are being fast tracked in attempt to implement consequence management and a disciplinary committee is being established.

7. That workshops and staff induction sessions be held with all staff on the performance management policy;

Workshops are ongoing and this has been implemented with the assistance of SALGA engagements.

8. That consequence management for non-performance be implemented;

Kannaland Municipality Human Resources unit has been actively implementing the disciplinary code and taking action in correcting organizational behavior. Job descriptions are also being finalized and a new organizational staff structure is to be adopted by Council during 2022 to implement the new five-year IDP.

9. That job descriptions be updated and tasked;

In progress.

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.

Monthly reports have been submitted initially and this has now been translated into legislated quarterly reporting due to the fact that there has been an improvement in the performance management function.

11. That the Performance Management Policy which is modelled upon that of Mossel Bay Municipality be implemented incrementally through a formalized Peer review and mentoring programme initiated by SALGA;

Support received from Mossel Bay municipality is ongoing.

12. That consequence management be applied where under-performance is recurring.

Human Resources unit is actively pursuing discipline in the organization.

13. That a SALGA Internal Audit Support Peer Mentorship arrangement be formalized between Kannaland Municipality Mossel Bay Municipality as part of a performance turn-around strategy.

This has been concluded with Mossel Bay municipality with much success. A memorandum of understanding has been entered into with SALGA as part of their support plan being implemented in the municipality.

14. That an automated Performance Management System be procured.

Kannaland Municipality Supply Chain unit is in the process of procuring and Automated PMS for Kannaland Municipality.

Kannaland Municipality has made steady and consistent improvement in performance management during 2021/2022 and the future interventions listed in point 7 above shall further steer Kannaland Municipality towards excellence.