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Performance Management System Policy Framework

Council Resolution: CR164-17/05/2024SP

Object

To give effect to the provisions contained in the Local Government: Municipal System Act 32 of 2000 (the Act)
Sections 38, 39, 40 & 41.

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1. INTRODUCTION

This document describes the process to be followed for individual performance management of all employees within the Greater Giyani Municipality. It outlines how individual performance management is to be operated and managed from the planning stage through to the stages of performance review and reporting. Individual performance management is a strategic human resource process aimed at attaining multiple organizational objectives. It's a process enhancing the contribution levels of individuals within the municipality.

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

At local government level, performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets meet its strategic goals, set by the organization and its employees, are met.

PMS is also a tool that drives the performance of the municipality through the alignment of individual performance objectives and targets with organizational objectives and targets from the Integrated Development Plan (IDP). It also drives the implementation of strategies, communicate goals and objectives, and reinforce individual accountability, for meeting the goals and monitoring individual and organizational progress of performance at Greater Giyani Local Municipality. This will serve as a catalyst for continuous improvement of the Municipality's performance and all employees will be required to actively participate in identifying their own individual objectives which will be derived from the operational and strategic plans of the municipality.

Individual performance management therefore empowers all employees to use their skills and knowledge to perform their jobs in a productive manner. It also provides management with an acceptable and agreed upon process to review and assess the individuals performance to ensure that the municipality achieves its goals.

2. PURPOSE OF PERFORMANCE MANAGEMENT SYSTEM

The primary purpose of the Performance Management Policy is to continue giving effect to the provisions contained in the Local Government: Municipal System Act 32 of 2000 (the Act) Sections 38, 39, 40 & 41. This policy is also aimed at providing guidelines and standards on how performance of the municipality and that of individuals, can be monitored, measured, improved and maintained in order to enhance efficiency, effectiveness and improve service delivery.

In order to ensure that the municipality meets its organizational performance indicators and standards, it is appropriate to introduce a performance management system for all employees within the municipality. Once organizational objectives have been set, it is possible to cascade these down to the relevant departments and individuals, in turn their achievements to targets will contribute towards the municipality achieving its ultimate objectives as contained in the IDP and as operationalized in the SDBIP.

Also, to link and lock the IDP, the Budget and a PMS in a cycle of prioritized, affordable and accountable municipal planning and effective service delivery involving all staff and the local

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

3. OBJECTIVES OF PERFORMANCE MANAGEMENT SYSTEM

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

4. DEFINITION OF TERMS

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

“Employee” – means a person employed by a municipality as a municipal manager or as manager directly accountable to a municipal manager

“Employer” – means the municipal Council employing a person as a municipal manager or as a manager directly accountable to a municipal manager and as represented by the mayor, or municipal manager as the case may be.

“Employment Contract” – means a contract as contemplated in Section 57 of the Act and,

“Performance Agreement” – means an agreement as contemplated in Section 57 of the Act and,

“The Act” – means the Local Government Municipal Systems Act, 2000

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

“OPM” – means, it is concerned with the overall performance of the municipality in relation to giving effect to the IDP of the municipality

“IPM” – means each individual staff member will have performance objectives, targets and standards that are linked to the objectives of the section, unit, the department and the municipality as a whole.

“IDP” – means clearly defined –year strategic plan for the municipality that should be reviewed annually

“KPA” – means Key areas of responsibility

“KPI” – means qualitative or quantitative measures that tell us whether the municipality is making progress towards achieving the desired objectives and results

“Objectives” – means statements about the outcomes the municipality wants to achieve

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

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

“Outcome indicators” – means measuring the broader results and impact of services to communities

“Targets” – means the level of performance to be achieved at a specific period

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

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

Interpretation of Acronyms

AG	Auditor General
CCR	Core Competency Requirement
IDP	Integrated Development Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
PDP	Personal Development Plan
PMS	Performance Management System
POE	Portfolio of Evidence
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan
SMART	Specific, Measurable, Achievable, Relevant, Time-bound
TL SDBIP	Top Layer Service Delivery Budget Implementation Plan
AC	Audit Committee
IA	Internal Audit
LLF	Local Labor Forum

5. DEFINITION OF PERFORMANCE MANAGEMENT SYSTEM

Performance Management is a tool used to drive organizational performance through the alignment of individual performance objectives and targets with organizational objectives and targets.

It is a process for establishing a shared understanding about what is to be achieved and how it is to be achieved; it is an approach to managing people that when done well, contributes to an enduring and healthy institution.

It is also a management tool to plan, monitor, and measure and review performance indicators to ensure efficiency, effectiveness in service delivery by the municipality. It is also a communication process that assists managers in providing a motivating climate for employees to achieve high standards of performance.

PMS is also an on-going day-to-day participative process that is intended to ensure a common understanding of performance expectations, improve employees’ competencies by managing poor performance, recognize and reward outstanding performance. It is not a separate stand-alone process. It must be integrated with the Directorates’ business, and the activity plans and budgets.

6. SCOPE OF APPLICATION

(1) This policy is applicable to all employees of Greater Giyani Local Municipality, but specifically, to the following categories of employees:-

- (a) Municipal Manager or Accounting Officer
- (b) Managers Directly Accountable to the Municipal Manager
- (c) Employees below Section 56/54A Managers

(d) Permanent employees of the Municipality that fall within the ambit of the Local Government Collective Bargaining Council.

(2) Performance Management System will be implemented utilizing the phase-in approach whereby group of employees will be categorized accordingly as their post level or positions.

7. BENEFITS OF PERFORMANCE MANAGEMENT SYSTEM

(1) Benefits Employees

Employees will derive specific benefits from PMS in that it would:-

- (a) Provide better insight in the job and clarify the duties and responsibilities associated with the job;
- (b) Enable employees to see where he/she fits into the municipal structure and contributes to achieve the development objectives of the Municipality as per the IDP
- (c) Assist employees to discover their own strengths, to recognize their weaknesses and to develop the knowledge, skills and attitudes to overcome these in order to fulfill their potential;
- (d) Enhance individual career development through informed decision-making and focused training; and
- (e) Enable employees to make full use of the opportunities presented by the implementation of employment equity

(2) Benefits Municipality

Performance management has the following benefits for the Municipality:-

- (a) Implement the IDP by making it accessible to all employees, clarify objectives and strategies and promote the accountability of groups and individuals to these;
- (b) Implement focused management linked to an early warning system;
- (c) Continuously reassess structural functionality and enable effective organizational alignment with objectives and strategies;
- (d) Evaluate the job analysis information and rectify faulty aspects thereof;
- (e) Understand the role, duties and responsibilities of employees
- (f) Identify shortcomings in employment practices, procedures and policies
- (g) Delegate unambiguous and realistic responsibilities to employees
- (h) Identify and address training and development needs in a focused and structured manner so as to make use of the opportunities provided by the Skills Development Act
- (i) Develop the human resources of the Municipality; and
- (j) Provides services in a efficient, effective and economic manner

(3) Benefits Community

Performance management will benefit the community through:-

- (a) The establishment of a system which translates the IDP into measurable objectives and targets;
- (b) The institutionalization of sound management principles ensuring effective and efficient governance of service delivery

- (c) Adequate provision for community consultation and the opportunity to have a clearer insight in the performance of the municipality; and
- (d) The promotion of an accountable municipality

8. LEGISLATIVE FRAMEWORK

- (1) The principles that have guided government and municipalities to effect the essential changes in Municipal Performance Management policies are contained in the Constitution (1996), the White Paper on Local Government as well as the Batho Pele White Paper (1998). Section 195 of the Constitution states: Public Administration must be governed by the democratic values and Principles enshrined in the Constitution.
- (2) This policy development has been guided by the following Legislative Framework:-
 - (a) The Constitution of the Republic of South Africa, Act 108 of 1996
 - (b) White Paper on Local Government: GG 18739 of 13 March 1998
 - (c) Local Government: Municipal Systems Act No 32 of 2000
 - (d) Municipal Planning and Performance Management Regulations 2001
 - (e) Local Government: Municipal Finance Management Act No. 56 of 2003
 - (f) Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Manager: 2006
 - (g) National Treasury: 2007 Framework for managing performance information
 - (h) MFMA Circular 11 – Annual Reports
 - (i) MFMA Circular 13 - SDBIP
 - (j) MFMA Circular 32: Oversight report
 - (k) MFMA Circular 42: Funding of municipal budget
 - (l) MFMA Circular 78: Municipal Budget circular
 - (m) Local Government: Municipal Staff Regulations, 2021
- (3) This Performance Management Systems Policy & Framework aims to fully comply and adhere with the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.

(4) The Constitution

The Constitution (1996), section 152, dealing with the objects of local government, paves the way for performance management with the requirement for an “accountable government “. The democratic values and principles in terms of section 195(1) are also linked with the concept of, inter alia, the promotion of efficient, economic and effective use of resources, accountable public administration, to be transparent by providing information, to be responsive to the needs of the community, and to facilitate a culture of public service and accountability amongst staff.

The Constitution requires every municipality, in executing its development task, amongst other things, to –

- (a) prioritise the basic needs of local communities;
- (b) promote efficient, economic and effective use of resources;
- (c) respond to the needs of local communities;
- (d) provide services impartially, fairly, equitably and without bias; and
- (e) be accountable and transparent.

These obligations are amplified, supplemented and detailed in –

- (a) the current national government’s 12 outcomes;

- (b) the White Paper on Local Government [1998], read with the White Paper on Transforming Public Service Delivery [1997];
- (c) the Local Government: Municipal Structures Act 1998 (Act No 117 of 1998)[the “Structures Act”];
- (d) the Local Government: Municipal Systems Act 2000 (Act No 32 of 2000)[the “Systems Act”];
- (e) the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003) [the “MFMA”];
- (f) the Local Government: Municipal Planning and Performance Management Regulations 2001 (Government Notice No R.796 of 24 August 2001)[the “Planning Regulations”];
- (g) the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 2006 (Government Notice No R.805 of 1 August 2006)[the “Performance Regulations”];
- (h) the Municipal Budget and Reporting Regulations 2009 (Government Notice No 393 of 17 April 2009)[the “Budget Regulations”];
- (i) the Local Government Strategic Agenda [2006]; and
- (j) the Local Government Turn-around Strategy [2009].

(5)The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

The major PMS policy instruments is the 1998 White Paper on Local Government supported by the Batho Pele Principles, which policies was given legal stature through the adoption of the Municipal Systems Act in 2000 (Act 32 of 2000). The Act in reference requires the municipalities to:

- (a) Develop a performance management system
- (b) Set targets, monitor and review the performance of the municipality based on indicators linked to their Integrated Development Plan (IDP).
- (c) Publish an annual performance report on performance of the municipality forming part of its annual report as per the Municipal Finance Management Act (MFMA).
- (d) Incorporate and report on a set of general indicators prescribed by the minister responsible for local government.
- (e) Conduct, on a continuous basis, an internal audit of all performance measures. Have their annual performance report audited by the Auditor – General.
- (f) Involve the community in setting indicators and targets and reviewing municipal performance.

The Municipality must for each financial year prepare an annual performance report, which must be incorporated into its annual report [s. 46]. An annual performance report must reflect on –

- (a) the Municipality’s performance and the performance of each external service provider during the financial year in respect of which the report is prepared;
- (b) a comparison of the Municipality’s and its service-providers’ performance with targets set for, and their performance in, the previous financial year; and
- (c) measures taken to improve performance.

The Municipality must [s. 41] –

- (a) set appropriate KPIs as yardsticks for measuring performance, including outcomes and impact, with regard to its development priorities and objectives set out in its IDP;
- (b) set measurable performance targets with regard to each of its development priorities and objectives;

- (c) monitor its performance against the KPIs and targets;
- (d) measure and review its performance at least once per year;
- (e) take steps to improve performance where performance targets are not met; and regularly report on its performance to its political structures, political office-bearers, staff members, the public and appropriate organs of state.
- (f) The Municipal Manager and the managers who are directly accountable to her/him must annually conclude a performance agreement [s. 57(1)]. Such performance agreements must include –
 - (g) performance objectives and targets that must be met;
 - (h) the time frames within which those performance objectives and targets must be met;
 - (i) Standards and procedures for evaluating performance and intervals for evaluation; and the consequences of substandard performance.

(6) Local Government: Municipal Structures Act 1998

The Council must, in terms of section 19 of the Structures Act, annually review the needs of local communities, its priorities to meet those needs, its processes for involving local communities in local government affairs, its organisational and delivery mechanisms for meeting the needs of local communities and its overall performance in achieving the objects of local government enumerated in the Constitution. The Council must further determine the strategies, programmes and services that must be implemented and provided to meet the needs of local communities, including –

- (a) identifying and setting criteria, including key performance indicators [KPIs], for evaluating progress in the implementation of the strategies, programmes and services;
- (b) evaluating progress against the KPIs which the Council set; and
- (c) Reviewing the Municipality's performance in order to improve its economy, efficiency and effectiveness, the efficiency of credit control and revenue and debt collection services and implementing the Municipality's by-laws.

(7) Municipal Planning and Performance Management Regulations

- (a) Reg. 7 of the Planning Regulations stipulates that a PMS entails a framework that describes and represents how its cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed. It also determines the roles of different role-players in performance management.
- (b) Reg. 9 requires that the Municipality must set input, output and outcome indicators in respect of each of the development priorities and objectives in its IDP, which it must review annually [reg. 11]. Each KPI the Municipality sets must be measurable, relevant, objective and precise. Reg. 10 prescribes the general KPIs against which the performance of all municipalities is measured.
- (c) The Municipality must for each financial year set performance targets for each of its KPIs. Such performance targets must measure the efficiency, effectiveness, quality and impact of performance [reg. 12].
- (d) The Municipality must, after consultation with local communities, develop and implement mechanisms, systems and processes to monitor, measure and review its performance in respect of its KPIs and performance targets, which must provide for reporting to the Council, at least twice during a financial year and which enables the Municipality to detect early indications of under-performance [reg. 13].

(e) The Municipality is obliged to measure –

- (i) costs, resources and time used to produce outputs in accordance with the input indicators;
- (ii) the extent to which its activities or processes produced outputs in accordance with the output indicators; and
- (iii) the total improvement brought about by the outputs it produced in accordance with the outcome indicators.

(f) The Municipality's internal auditors must audit its performance measurements on a continuous basis and must quarterly submit reports on their audits to the Municipal Manager and the [performance] audit committee. Internal performance auditing must include assessments of –

- i. the functionality of the PMS;
- ii. whether the PMS complies with the Systems Act; and
- iii. Reliability of the Municipality's performance measurements [reg. 14].

(g) The Municipality must establish a performance audit committee, or it must assign the functions and duties of the performance audit committee to its audit committee. The [performance] audit committee must [reg. 14(4)] –

- i. review the quarterly internal audit reports;
- ii. review the PMS, focusing on economy, efficiency, effectiveness and impact in so far as the Municipality's KPIs and performance targets are concerned;
- iii. make recommendations to the Council based on its review; and
- iv. at least twice during a financial year submit an audit report to the Council.

(8) Regulations for Municipal Managers and Managers reporting directly to Municipal Managers, 14 August 2006

(a) The Minister published Regulations for municipal managers and managers directly reporting to municipal managers (section 54A & 56 employees) describing the process of how the performance of municipal managers will be, describing the process of how the performance of municipal managers will be uniformly directed and monitored. They address the job description, employment contract, as well as the performance agreement that is to be entered into between respective municipalities, municipal managers and managers directly accountable to municipal managers.

(b) Reg. 23 of the Performance Regulations stipulates that the purpose of an annual performance agreement is to –

- i. specify the objectives [which describe the main tasks to be performed], KPIs [which details the evidence that must be provided to show that an objective has been achieved] and targets [which describe the timeframe within which a specific objective must be achieved] which the relevant manager must achieve, which must be based on the IDP, SDBIP and budget;
- ii. monitor and measure the relevant manager's performance against the agreed objectives and targets; and
- iii. Appropriately reward outstanding performance and to correct unacceptable performance.

- (c) The criteria upon which a manager's performance must be assessed consist of two components with a weighting of 80:20 allocated to the key performance areas [KPAs] and the core competency requirements [CCRs], respectively. The Performance Regulations prescribe five KPAs, namely –
 - i. Municipal Transformation & Organisational Development;
 - ii. Basic Service Delivery and Infrastructure Development;
 - iii. Local Economic Development;
 - iv. Municipal Financial Viability and Management;
 - v. Good Governance and Public Participation.
- (d) The prescribed CCRs are divided into two groups, namely –
 - i. core managerial competencies; and
 - ii. core occupational competencies.
- (e) Amongst the core managerial competencies, competency in financial management, people management and empowerment and client orientation and customer focus are compulsory.
- (f) Managers' performance must be assessed in respect of each quarter [reg. 28(1)]. The year-end/annual assessment of a manager's performance must be conducted by an evaluation panel [reg. 27(4) (d) and (e)].

(9) Local Government: Municipal Finance Management Act 2003

- (a) When the Mayor tables the budget in the Council, it must be accompanied by a document setting out measurable performance objectives for revenue from each source and for each vote in the budget [s. 17(3) (b)], which the Council must adopt when it approves the budget [s. 24(2) (c)].
- (b) The Mayor is obliged [s. 53(1)(c)(iii)], amongst other things, to take all reasonable steps to ensure that the annual performance agreements for the Municipal Manager and all senior managers are linked to the measurable performance objectives approved with the budget and to the Municipality's service-delivery and budget implementation plan [SDBIP].
- (c) The Municipal Manager must, within 14 days after the Council approved the budget, prepare and submit an SDBIP to the Mayor [s. 69(3)], which the Mayor must approve within 28 days after the budget was approved [s. 53(1)(c)(ii)]. The Mayor must, when she/he receives the monthly budget statement and the mid-year budget and performance report, check whether the budget is implemented in accordance with the SDBIP [s. 54(1) (b)] and may issue instructions to the Municipal Manager to ensure that the budget is implemented in accordance with the SDBIP and that spending of funds and revenue collection proceed in accordance with the budget.
- (d) The Municipal Manager must in respect of each month, submit a monthly budget statement to the Mayor. If necessary, the Municipal Manager must explain –
 - i. any material variances from the projected revenue by source, and from the expenditure projections per vote;
 - ii. any material variances from the SDBIP; and
 - iii. Any remedial/corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the approved budget.

- (e) The Municipal Manager must not later than 25 January every year, submit a mid-year budget and performance report to the Mayor for consideration by the Council. The mid-year budget and performance report must reflect on the Municipal Manager's assessment of the Municipality's service-delivery performance during the first half of the financial year against the service-delivery targets and performance indicators set in the SDBIP.

(10) **Batho Pele Principles (1998)**

The White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service that should be encapsulated in a municipal performance management system, namely;

- a) **Consultation:** citizens should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services that are provided.
- b) **Service standards:** citizens should know what standard of service to expect.
- c) **Access:** all citizens should have equal access to the services to which they are entitled.
- d) **Courtesy:** citizens should be treated with courtesy and consideration.
- e) **Information:** citizens should be given full and accurate information about the public services they are entitled to receive.
- f) **Openness and transparency:** citizens should know how departments are run, how resources are spent, and who is in charge of particular services.
- g) **Redress:** if the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.

(11) **White Paper on Local Government**

The White Paper on Local Government [1998:34] states that –

“Performance management is critical to ensure that plans are being implemented, that they are having the desired development impact and that resources are being used efficiently.

The Systems Act is the principal piece of national legislation that gives effect to the policy pronouncement contained in the White Paper.

(12) **Municipal Budget and Reporting Regulations**

Reg. 9 of the Budget Regulations prescribes that the annual budget that is tabled in the Council must be in the prescribed format. Item 4 of Schedule A to the Regulations, which prescribes the format of the budget, states that the budget must be accompanied by draft resolutions regarding, amongst other things, approval of measurable performance objectives for the annual budget for each year of the medium term revenue and expenditure framework [MTREF].

Item 12 of Schedule A requires that the measureable performance objectives and indicators must include at least –

- (a) key financial indicators and ratios dealing with
 - i. borrowing management;
 - ii. safety of capital;
 - iii. liquidity;
 - iv. debtors' and creditors' management;

- v. the mix of expenditure type;
 - vi. the mix of revenue sources; and
 - vii. unaccounted for losses in respect of services rendered; and
- (b) measurable performance objectives for –
- i. revenue for each vote;
 - ii. revenue for each source; and
 - iii. Operating and capital expenditure for each vote.
- (c) The measurable performance objectives for providing free basic services in respect of property rates, water, sanitation, waste management and electricity must give details of-
- i. The amount in rand value of each of the free basic services;
 - ii. The level of service to be provided free;
 - iii. The number of households to receive each of the free basic services;
 - iv. The total budgeted cost of providing each free basic service; and
 - v. The total budgeted revenue foregone by providing each free basic service.
- (d) In terms of item 21 of Schedule A the monthly targets for revenue, expenditure and cash flow must include –
- i. A consolidated projection of revenue by source and expenditure by type for the year broken down per month for the year, and shown in total for the following two years;
 - ii. A consolidated projection of revenue and expenditure by budget vote broken down per month for the year, and shown in total for the following two years;
 - iii. A consolidated projection of capital expenditure by vote broken down per month for the year, and shown in total for the following two years; and
 - iv. A consolidated projection of cash flow for the year setting out receipts by source and payments by type, both operating and capital, broken down per month for the year, and shown in total for the following two years.

(13) Local Government Strategic Agenda

The Local Government Strategic Agenda 2006 – 2011 [2006] identified five KPAs for local government, namely –

- (a) Municipal Transformation & Organizational Development;
- (b) Basic Service Delivery and Infrastructure Development;
- (c) Local Economic Development;
- (d) Municipal Financial Viability and Management;
- (e) Good Governance and Public Participation.

(14) Local Government Turn-around Strategy

(a) During 2009 the Department of Co-operative Governance and Traditional Affairs [CoGTA] conducted a nation-wide assessment of municipalities. The assessment focused on the following KPAs and key performance sub-areas [See, CoGTA 2009. *State of Local Government in South Africa: Overview report*].

(b) As a result of the assessment, the Cabinet adopted [2 December 2009] the Local Government Turn-around Strategy, which called on every municipality to prepare,

adopt and implement a turn-around strategy. The CoGTA prescribed a template for such strategies, which indicated the following “*turn around focal areas*” –

- i. basic service-delivery
- ii. public participation
- iii. governance, including “political management” and oversight, administration and labour relations as sub-focal areas
- iv. financial management
- v. local economic development

9. POLICY SUBJECT

(1) Principles governing performance management

- (a) The municipality shall manage performance in a consultative, supportive and non-discriminatory manner, to enhance organizational efficiency, effectiveness, and accountability for the use of resources and achievement of objectives of the Municipal IDP objectives.
- (b) The Performance Management System must be simple, user-friendly and suitable for the municipality.
- (c) The system needs to be implementable within the resources of the municipality (Time, Institutional, Financial, Human resources and Technical resources)
- (d) It should be transparent, open and allow for accountability at all levels.
(This process must involve and empower communities so that they are able to understand how the municipality and its department are run, how resources are spent, and who is in charge of particular services. Similarly, all information on the performance of departments should be available for other managers, employees, the public and specific interest groups).
The system needs to be efficient and sustainable.
- (e) Performance Management should therefore open an on-going communication regarding performance between Supervisors and Employees.
- (f) Performance Management must be a way of working, self-evaluation and reflection of streamlined municipal aspects.
- (g) It should be unquestionable in its credibility, objectivity and consistency. *(Both the processes of managing performance and the information on which it relies need to be objective and credible. Sources of data for measuring indicators should be scrutinized to enhance credibility of information)*
- (h) Performance Management process shall link Performance Plans of all staff members to the Municipal SDBIP and IDP as well as to their Personal Development Plans.
- (i) Performance Management processes shall be developmental not punitive and allow for recognizing of fully effective, outstanding performance and also respond to performance that is not satisfactory.
- (j) It should link performance to reward and recognition (incentives)
- (k) Assist employees with poor performance through other programs of the municipality that is; Training and Development, and the Employee Wellness Programs.
- (l) PMS should provide Managers and Supervisors at all levels, the Municipal Manager, Portfolio Committees and the Executive Committee, with early warning of performance targets that cannot be reached and take corrective action.
- (m) It should promote feedback.
- (n) Performance interviews will focus on open and honest discussion thus providing an employee with the opportunity to voice concerns and problems without fear or victimization or discrimination
- (o) Individual performance appraisals of all staff will be treated confidential

- (p) All aspects of performance appraisals will be done in a written form that will be open to the scrutiny of the Council as the employer, should a situation arise that makes this necessary.
- (q) The system should provide reliable information on the progress made by the municipality in achieving the objectives as set out in the IDP.
- (r) It should promote a culture of performance management among its political structures, political office bearers and administration.
- (s) The system should be integrated – The performance management system should be integrated into other management processes in the municipality, such that it becomes a tool for more efficient and effective management rather than an additional reporting burden. It should be seen as a central tool to ongoing management functions.
- (t) It is also important to note that municipal performance management is a new approach to local government functioning and therefore requires adequate time to be given to the organization's process of change. The Performance system will not be perfect from the start it should be constantly improved based on its workability.

(2) Roles and responsibilities

STAKEHOLDERS	INVOLVEMENT	BENEFITS
COUNCIL		
Executive Committee	Facilitate the development of a long term vision regarding the IDP and PMS	Optimum and equitable service delivery
Executive Committee	Provides strategic awareness and manage the development of the IDP and PMS	Promotes public awareness and satisfactions
(Section 80 Committee)	Manage the implementation of the strategy. Review and monitor the implementation of the IDP and PMS	Facilitates the process of benchmarking and collaboration with other municipalities
Council	Adopt the PMS policy and approve the IDP. Monitor performance	Provides a mechanism for the monitoring, implementation and review of PMS and IDP.
MUNICIPAL OFFICIALS		
Municipal Manager	Ensure the implementation of the IDP and PMS. Communicates with the Mayor and Management Team	Clarifies goals, targets and work expectations of the executive management team, other senior managers, line managers and individual employees.
Management Team	Manage departmental business or operational plans and performance	Facilitates the identification of training and development needs at different levels in the municipality
Line Managers	Implement the departmental business or operational plans and monitor the individual performance plans	Provides an objective basis upon which to reward good performance and correcting under-performance
Individual Employees	Execute individual performance plans	Mechanism for early warning indicators to check and ensure compliance
Internal Audit	Assess the functionality and legal compliance of the PMS	Enhances the credibility of the PMS and IDP. Enhances the status and role of Internal Audit
COMMUNITY OR PUBLIC		
Representative forums	Inform the identification of community priorities. Public involvement in service delivery of the municipality	Provide a platform for the community or public to inform and communicate with Council
OTHER PARTNERS		
Auditor General	Ensure legal compliance	Provides warning signals of under-performance which can provide proactive and timely interventions

Performance /Audit Committee	Independent audit on legal compliance and quarterly performance reports	Provides warning signals of under-performance
National /Provincial Treasury	Prescribe relevant legislation. Provides PMS advice. Evaluate PMS.	Provides information and advice
COGTA	Support the implementation of PMS	Provides support to municipalities
SALGA	Facilitate compliance to PMS requirements. Provides advice and support municipalities	Support to municipalities in the implementation of PMS

DETAILED ROLES AND RESPONSIBILITIES OF STAKEHOLDERS WITHIN THE PERFORMANCE MANAGEMENT SYSTEM

Municipal Council

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

Mayor

MONITORING, ANALYSIS AND MEASUREMENT			
PLANNING	REVIEW	REPORTING	ASSESSMENT
<ul style="list-style-type: none"> *Submits priorities and objectives of the Integrated Development Plan to Council for approval *Submits the PMS policy framework for approval * Approves the Service Delivery and Budget Implementation Plans (SDBIP). * Enters into a performance agreement with the Municipal Manager on behalf of the Municipal Council. * Assigns the responsibility for the management of the PMS to the Municipal Manager * Tables the budget and the SDBIP to Council for approval 	<ul style="list-style-type: none"> *Proposes to Council the annual review program of the IDP, including the review of key performance indicators and performance targets. *Proposes the annual performance improvement measures of the municipality as part of the municipal strategic or organizational scorecard. * Quarterly evaluates the performance of the municipality against adopted KPIs and targets * Quarterly reviews the performance of the departments to improve the economy, efficiency and effectiveness of the municipality * Quarterly and annually evaluates the performance of the Municipal Manager 	<ul style="list-style-type: none"> * Receives monthly budget statements *Receives performance reports quarterly from the MM. * Receives performance reports twice a year from the Performance Audit Committee * Receives monthly and quarterly reports from the Municipal Manager on the performance of managers and the rest of the staff * Receives the annual Section 46 reports from the Municipal Manager before submission to council, Auditor General and MEC * Report to council on the mid-term review and the annual report on the performance of the municipality. 	<ul style="list-style-type: none"> * Assesses municipal budget expenditure and submits any substantial changes to council for approval * Assess and approves the implementation of the recommendations of the internal auditor with regard to improvement in the performance of the municipality or improvement of the performance management system itself. * Receives and assess performance audit report(s) from the Auditor General and management comments and make recommendations to Council on addressing whatever audit queries raised therein

Municipal Manager

PLANNING	IMPLEMENTATION	REVIEW	REPORTING	ASSESSMENT
<ul style="list-style-type: none"> *Coordinates the process of needs identification and prioritization among all stakeholders, including community structures *Coordinates the formulation and revision of the PMS policy framework *Coordinates the formulation and revision of the municipality's strategic or organizational scorecard *Leads the process of the formulation and revision of the Service Delivery and Budget Implementation Plans *Enters into performance agreements with Section 56 managers on behalf of Council 	<ul style="list-style-type: none"> *Manages the overall implementation of the IDP *Ensures that all stakeholders implement the provisions of the PMS policy framework *Ensures that the Departmental scorecards and departmental annual programs serve the strategic or organizational scorecard of the municipality *Ensures that annual programs are implemented according to the targets and timeframes agreed to *Implements performance improvement measures approved by the Mayor and the Council *Ensures that performance objectives in the Section 56 managers' performance agreements are achieved 	<ul style="list-style-type: none"> *Formulates the annual review program of the IDP, including the review of key performance indicators and performance targets for the consideration of Council Committees and the Mayor *Formulates the annual performance improvement measures of the municipality as part of the new municipal strategic or organizational scorecard *Quarterly reviews the performance of departments to improve the economy, efficiency and effectiveness of the municipality *Quarterly and annually evaluates the performance of Section 56 managers 	<ul style="list-style-type: none"> *Receives performance reports quarterly from the internal auditor *Receives performance reports twice a year from the Performance Audit Committee *Receives monthly departmental performance reports *Reports quarterly to the Mayor on the performance of Departments *Reports on the implementation of improvement measures adopted by the Mayor and Council *Monthly, quarterly and annually reports to the Mayor on the performance of Section 56 managers and departments *Submit the municipal annual Section 46 report to the Mayor 	<ul style="list-style-type: none"> *Formulates the municipal annual audit plan *Assess and formulate appropriate responses to the recommendations of the internal auditor and the Performance Audit Committee *Assess and formulate appropriate responses to performance audit queries raised by the Auditor General and make recommendations to the Mayor

Section 79 Committees

PLANNING	REVIEW	REPORTING	ASSESSMENT
<ul style="list-style-type: none"> *Advise the Mayor on priorities and objectives of the Integrated Development Plan 	<ul style="list-style-type: none"> *Participate in the formulation of the annual review program of the IDP, including the review of key performance indicators and performance targets 	<ul style="list-style-type: none"> *Reports to the Mayor on the recommendations for the improvement of the performance management system *Receive reports from the departmental heads and section managers on performance in their respective service areas 	<ul style="list-style-type: none"> *Advise the Mayor on the implementation of the recommendations of the internal auditor, the Performance Audit Committee and the Auditor-General

Section 56 Managers

PLANNING	IMPLEMENTATION	REVIEW	MONITORING, ANALYSIS AND MEASUREMENT	REPORTING	ASSESSMENT
<ul style="list-style-type: none"> *Participate in the formulation of the SDBIP and the municipal strategic or organizational scorecard *Develop Departmental Service Delivery and Budget Implementation Plan/ Departmental Scorecards *Manage subordinates' performance *Enter into performance agreements with the Municipal Manager 	<ul style="list-style-type: none"> *Manage the implementation of the Departmental scorecards *Ensure the performance objectives in the performance agreements are achieved 	<ul style="list-style-type: none"> *Quarterly and annually review the performance of the department *Quarterly review performance of direct reports 	<ul style="list-style-type: none"> *Report on the implementation of improvement measures adopted by the Mayor and Council *Annually report on the performance of their departments *Receive bi-monthly performance reports from section managers *Reports monthly on progress 		<ul style="list-style-type: none"> *Participate in the formulation of the response to the recommendations of the internal auditor, Performance Audit Committee and the Auditor General

Non-Section 56 Municipal Employees

PLANNING	IMPLEMENTATION	REVIEW	MONITORING, ANALYSIS AND MEASUREMENT	REPORTING	ASSESSMENT
<ul style="list-style-type: none"> *Participate in identifying of priorities and setting KPI's and targets for the municipality's IDP *Participate in the development of the organizational and the departmental scorecards *Participate in the development of their own performance scorecards (Sectional Scorecards) 	<ul style="list-style-type: none"> *Execute individual work-plans *Manage all information and evidence required for performance measurement 	<ul style="list-style-type: none"> *Participate in the review of departmental plans *Participate in the review of own performance 	<ul style="list-style-type: none"> *Section Managers report on the Sectional Scorecard *Other lower levels employees report on progress on achieving of their own scorecard targets to section managers 		<ul style="list-style-type: none"> *Assess performance review reports of own section

Community

PLANNING	REVIEW	REPORTING
<ul style="list-style-type: none"> * Participate in the drafting and implementation of the municipality's IDP through established forums * Participate in the setting of KPIs and targets for the municipality every year * Make representations on the draft annual budget 	*Participate in the annual review of performance through their involvement in ward committee structures and customer perception surveys.	* Receive annual performance and budget reports from council

Ward Committees

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

Organized Labour

PLANNING	REVIEW	REPORTING
<ul style="list-style-type: none"> * Participate in the drafting and implementation of the municipality's IDP through established forums * Participate in the setting of KPIs and targets for the municipality every year * Participates and provide inputs in the drafting of the organizational and departmental scorecards * Oversee the overall application of the Performance Management Policy Framework on Non-Section 57 employees 	*Participate in assessment and the quarterly reviews of employee performance and compilation of departmental and organizational performance review reports	<ul style="list-style-type: none"> *Receive quarterly performance reports on employee under-performance in the Local Labour Forum * Report on any negative effects of the PMS on employees

Internal Audit

PLANNING	AUDIT	ASSESSMENT	REPORTING
<ul style="list-style-type: none"> * Develop the risk and compliance-based audit plan 	<ul style="list-style-type: none"> * Audit the performance measures in the municipal and departmental scorecards * Conduct compliance based audits 	* Assess the functioning of the municipality's PMS to ensure it complies with the Act	<ul style="list-style-type: none"> * Submit quarterly reports to the Municipal Manager. * Submit quarterly reports to the Audit Committee

Audit Committee

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

(3) Diagrammatic presentation of the process of Performance Management in the Greater Giyani Local Municipality: Institutional and cascading to individual level

Custodian	Performance Management Tool
Municipal Council	Service Delivery Agreement between Mayor & MEC Cogta
Municipal Manager	Performance Agreement between the Mayor and Municipal Manager
Section 56	Performance Agreement between the Municipal Manager and Section 56 Managers
Divisional heads/Managers	Performance Accountability Agreement between the Senior Manager and the Divisional head/Manager
Supervisors and Operational Employees	Performance Promise Agreement between the Managers and the Lower Level Employees

10. PERFORMANCE MANAGEMENT AND REVIEW PROCESS

- (1) Performance appraisal of each employee in relation to his or her performance will be reviewed on quarterly basis and Portfolio of Evidence (Proof of work done) needs to be present or submitted during the review. Two assessments will be informal and the other two assessments will be formal.

(a) Alignment

The municipality will align the processes of performance management to the IDP processes. PMS will ensure that IDP objectives are translated into performance plans that will be monitored and reviewed. The categories of key performance areas should relate directly to the identified priority areas of the IDP.

(b) Scorecard

The structured scorecards will be designed and used for the purpose of performance management processes. In these scorecards all indicators are grouped together under the national key performance areas as per the Systems Act and the key local performance areas as per the municipality's IDP and thus would enable the municipality to assess its performance based on national and local performance areas and indicators.

The development of performance indicators must at all times be aligned with the Framework for Managing Program Performance Information (FMPPI by National Treasury). A good performance indicator should follow the "SMART" (SMART, MEASURABLE, ATTAINABLE, REALISTIC & TIME BOUND) principle approach;

- i. Reliable: the indicator should be accurate enough for its intended use and respond to changes in the level of performance.
- ii. Well defined: the indicator needs to have a clear, unambiguous definition so that data will be collected consistently and be easy to understand and use.
- iii. Verifiable: It must be possible to validate the processes and systems that produce the indicator.
- iv. Cost effective: the usefulness of the indicator must justify the cost of collecting the data.
- v. Appropriate: the indicator must avoid unintended consequences and encouraging service delivery improvements and not give managers incentives to carry out activities simply to meet a particular target.
- vi. Relevant: the indicator must relate logically and directly to an aspect of the institution's mandate and the realization of strategic goals and objectives.

The municipal performance will be evaluated by means of organizational scorecard (SDBIP) at a more strategic level and eventually through departmental scorecards at a departmental level. The scorecard of the Municipal Manager and Heads of Departments will link up to the final municipal scorecard (SDBIP) of the municipality. The municipal scorecard (SDBIP) will provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. The MM and HoD's will utilize it as a basis for reporting on performance to the Mayor, Council and the Community. Reporting to Council on the municipal performance of the municipality will be accumulative on a quarterly basis and be reported to the public annually.

The departmental scorecards will capture the performance of each defined service or department. A departmental scorecard will provide a comprehensive picture of the performance of that department. Departmental scorecard will consist of objectives, indicators and targets derived from the municipality's annual SDBIP and operational plans. Sections/Divisions shall develop Sectional/Divisional Scorecards out of which monthly and quarterly reports shall be produced and submitted to the Senior Managers and relevant

structures. Oversight responsibility over the Divisions is the responsibility of Senior Managers.

(2) For purposes of completeness a short summary of each phase of the cycle is provided below.

(a) Performance planning

The employee and direct line manager jointly develop the employee's performance agreement stating the objectives, activities, measures and targets that the employee should pursue to achieve his/her unit's performance targets for the year. The agreement is signed by both the employee and the direct line manager.

(b) Performance implementation, monitoring and development.

The employee implements his/her performance agreement, using management methods, systems, procedures and municipal infrastructure. Progress against the performance measures and targets recorded in the agreement is monitored on a regular basis.

(c) Performance review

A quarterly and half-yearly formative performance review is conducted. In instances where the agreed performance targets cannot be achieved within the required timeframes with the resources provided or where a change in circumstances resulted in the original performance targets no longer being valid, a process of re-planning and reformulation of more realistic performance targets should be entered into at this stage.

(3) Performance assessment

At the end of the twelve month cycle, the employee's performance is summatively assessed and translated into a performance rating on the 5-point rating scale.

(a) Performance improvement where performance targets are not met, achieved or realized

Remedial measures to address performance deficiency identified or reported during the quarterly reviews will be instituted. The official concerned will develop a mechanism of performance turn-around with a revised and realistic target jointly with the manager responsible. Close monitoring and performance review shall be conducted and reported. Underperformance should be dealt with proactively as soon as it occurs. This includes a proper diagnosis of the actual causes of underperformance and instituting appropriate corrective measures.

(b) Review Periods and Time Frames for the implementation of PMS

The following steps of the performance management system cycle will be covered:

- i. Planning for performance
- ii. Monitoring performance
- iii. Measuring performance
- iv. Reviewing performance
- v. Reporting on performance
- vi. Auditing and quality control of performance information
- vii. Rewarding and Improving performance

(4) Performance reviews must be conducted as follows:

First Quarter :	July to September :	Informal Assessment
Second Quarter :	October to December :	Formal Assessment
Third Quarter :	January to March :	Informal Assessment
Fourth Quarter:	April to June :	Formal Assessment

The informal assessment will be between the employee and supervisor. This is aimed at preventing a scenario where poor performance is only recognized during the mid-year or annual assessment.

PMS implementation framework:

This process demonstrates how the individual performance management process will be managed from the planning stage to the stages of performance review and reporting. It provides details of an effective and efficient annual implementation process; it thus reflects the fit of an individual performance into the other critical processes of the municipality. Once this implementation plan has been agreed by stakeholders, implementation will be effective immediately thereafter. An annual review process will take place during subsequent years.

(5) Critical Timelines

PHASE	ORGANIZATIONAL ACTIVITIES	INDIVIDUAL ACTIVITIES	TIME FRAME	RESPONSIBILITY
PLANNING	Development and approval of the SDBIP / organizational scorecard	Submit inputs to the SDBIP	March – May	Mayor Municipal Manager Section 56 Managers
		Signing performance agreements/Plans with MM and Sec 56	June	Mayor Municipal Manager Section 56 managers
		Signing of Accountability Agreements/Plans/Promise Agreements with rest of staff	June	Senior Managers Sectional Managers All staff
MONITOR, MEASURE & REVIEW	Monthly Monitoring	Monthly Monitoring	Monthly	Municipal Manager Senior Managers Section managers/ Supervisors
	Quarterly Review/s	Quarterly Reviews	October January April	Municipal Manager Senior Managers Sectional Managers/ Heads Supervisors
		Annual Performance Appraisal	31 July	Mayor Municipal Manager Senior Managers Managers Supervisors
		Reward and Recognition	September	Mayor Municipal Manager Senior Managers
REPORTING	Quarterly and Mid-Term Reports	Quarterly Reports	October January April	Management Team
	Annual reports	Annual Employee Performance Reports	31 August	Mayor Municipal Manager

		Departmental and Section Heads Reports	Monthly & Quarterly	Management Team Section managers
		Other Lower Levels Employees	Monthly & Weekly reports	Junior Managers/Section Heads and employees
IMPROVEMENT	Performance Improvement Plans		Quarterly	Management employees &

(6) Review Process

The immediate Manager should review the employee performance. Each employee's deliveries are defined in a performance plan where evidence required for each key performance indicator (KPI) is documented. The employer should keep records of all review assessments.

It is intended that departments will monitor/coach the performance of their individual staff, sections, units and components **at least monthly** using their departmental scorecard (SDBIP) as a point of reference and reviews will be conducted **at least quarterly**. This process will alert managers of any emerging failures to service delivery or poor performance and thus allowing managers to intervene if necessary.

It is equally vital that departments use these reviews as an opportunity for reflection on their goals and program and whether these are being achieved.

Employees who are in acting positions for 3 months and longer can be assessed on their acting positions. If acting is below a 3 month period then reviews will be based on the normal position of the employee.

Employees on prolonged maternity leave shall not be assessed on that particular period of their leave. This will also apply to employees facing disciplinary actions.

(7) Evaluation Panels for Formal Assessment

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

(a) Municipal Manager

- Mayor
- Chairperson of Performance Audit Committee or the Chairperson of the Audit Committee, in the absence of the Performance Audit Committee
- Member of the Executive Committee
- Mayor or Municipal Manager from another Municipality
- Member of Ward Committee as nominated Mayor

(b) Managers Directly Accountable to the Municipal Manager

- Municipal Manager
- Chairperson of Performance Audit Committee or the Chairperson of the Audit Committee in the absence of Performance Audit Committee
- Member of the Executive Committee
- Municipal Manager from another Municipality

(c) Non-section 56 employees

Team – Based Performance

- The municipality shall establish team-based performance management and development system for category of staff below level of supervisor that will assist the municipality in managing probation, rewards, and skills development of staff members, which is consistent with principles under clause 6.1.
- Before implementing the team – based performance management and development system, the municipality shall –
 - (a) Pilot system on a team of staff members in all affected occupational teams, and
 - (b) consult the system with recognized trade unions within the Labour forum.

Performance Monitoring and Review

- The monitoring process shall involve a manager consistently measuring performance on job and providing ongoing feedback to staff members and teams on progress towards reaching staff member and team goals,
- The monitoring of performance shall include conducting progress assessment with staff member and teams through one- on -one or team engagement sessions during which their performance is compared against predetermined performance standards.
- The supervisor shall offer coaching when required in order to reinforce effective performance or bring the performance of the staff member closer to the expected standards.
- The performance of the staff member shall be reviewed at mid – year to assess the staff member or teams' progress toward meeting performance targets, to identify challenges and agree to solutions and to consider reviewing targets resulting from workplace changes beyond the staff member or team's control.
- The municipality may review the performance of a staff member at any other time and on an ongoing basis to offer coaching and feedback.

Moderation Committee

- The municipal Manager shall establish departmental performance moderation committees, which shall be convened annually.
- Performance moderation processes shall take place within a reasonable timeframe after the end of the performance cycle, but not later than six months after the end of the financial year.
- The departmental performance moderation committees shall be constituted as follows:
 - (a) The relevant heads of the departments, who shall act as chairperson in the committees,
 - (b) all managers directly accountable to the head of the departments, who shall be recused from the committee before their assessment are considered by the committee,
 - (c) a senior human resources functionary who will advise, guide, and provide support, including arrangements for secretarial services.
- The purpose of the departmental performance moderation committee is to-
 - (a) conduct moderation of annual staff member performance results in order to ensure that the norms and standard for performance management and development systems are applied in a fair, realistic, and consistent manner across the departments,
 - (b) assess and compare the performance and contribution of each staff member with his/her peers towards the achievement of departmental goals.
 - (c) ensure fairness, consistency, and objectivity with regard to dispersal of performance recognition and ratings achieves for a common understanding amongst supervisor of the performance standards required at each level of the performance rating scale,
 - (d) determine the cost implications for recognition of performance of all staff members within the departments,

- (e) recommended the moderated performance scores for all staff members to the municipal moderating committee for approval,
 - (f) ensure that performance rewards are based on affordability,
 - (g) consider the impact of the performance assessment of financial rewards and options for various forms of recognition,
 - (h) recommended performance reward as well as remedial actions for performance considered to be below effective performance, and
 - (i) ensure that the integrity of the performance management and development system is protected.
- The departmental moderation committee has reason to believe that any performance assessment by supervisor does not confirm to performance norms and standards or that there is lack of evidence or information to support performance ratings, the departmental moderation committee shall not regress, amend, or adjust the performance ratings of a staff member, but shall refer the assessment back to the staff member concerned.
- Upon conclusion of the reassessment, the departmental moderation committee may reconvene to moderate the assessment of the staff concerned.
- If the supervisor fails to reassess the staff member within the stipulated timeframe despite the request to do so by the relevant authority, or the departmental moderation committee still has reason to believe that the performance ratings are not substantiated, the moderation committee may request the higher-level supervisor to reassess the relevant staff member.
- The affected staff member shall be consulted and be offered an opportunity to respond.
- The municipal moderation committee shall be constituted as follows:
 - (a) municipal manager, who shall act as chairperson of the committee,
 - (b) all heads of departments,
 - (c) head of municipal planning and organisational performance,
 - (d) head of municipal internal audit,
 - (e) a senior human resources functionary who will advise, guide, and provide support, including arrangements for secretarial services.
 - (f) a performance specialist, where applicable.
- The purpose of the municipal moderation committee is to:
 - (a) provide oversight over the staff member performance management and development system to ensure the performance management process is valid, fair and objective,
 - (b) moderate the overall performance assessment,
 - (c) ensure that the final individual performance ratings are fair across each grade and department or directorate,
 - (d) ensure that the final individual assessment outcome corresponds with the performance of the municipality and the relevant department aligned to the staff member's job description or directorate before any recognition of performance is considered,
 - (e) determine the percentages for the merit-based reward subject to the affordability and the annual approved municipal budget in terms of section 16 of the Municipal Finance Management Act,
 - (f) recommend appropriate recognition for different levels of performance,
 - (g) recommend appropriate remedial actions for performance believed to be substandard,
 - (h) advice the municipality on recognition of performance including financial and non – financial rewards, where applicable,
 - (i) identify potential challenges in the performance management system and recommended appropriate solutions to the municipal manager,
 - (j) identify developmental needs for supervisor to improve the integrity of the performance management and development system, and
 - (k) consider any other matter that may be reconsidered relevant.

8. RATING SCALES

The criteria upon which the performance of the employee must be assessed consist of two components namely KPA's and CCR's, both which must be contained in the performance agreement. The employee must be assessed against both components, with a weighting of 80:20 allocated to KPA's and CCR's respectively. Each area of assessment will be weighed and will contribute to a specific part of the total score. The KPA's covering the main areas of work will account for 80% whilst the CCR's will account for 20% of the final assessment. To rate the percentage of KPA's, the total weight of the KPA will be divided by the number of KPI's allocated respectively to that KPA. To rate the percentage of the CCR's, a rating of 1 (unacceptable) to 5 (outstanding) will be utilized.

(a) Key Performance Areas:

KEY PERFORMANCE AREAS	WEIGHTING
Basic Service Delivery and Infrastructure Development	
Municipal Institutional Development and Transformation	
Spatial Rationale	
Local Economic Development	
Municipal Financial Viability and Management	
Good Governance and Public Participation	
Total	100%

(b) Core Competency Requirements:

CORE COMPETENCY REQUIREMENTS	WEIGHTING
CORE MANAGERIAL COMPETENCIES	
Strategic Capability and Leadership	
Programme and Project Management	
Financial Management (compulsory)	
Change Management	
Knowledge Management	
Service Delivery Innovation	
Problem Solving and Analysis	
People Management and Empowerment (compulsory)	
Client Orientation and Customer Focus (compulsory)	
Communication	
Honesty and Integrity	
CORE OCCUPATIONAL COMPETENCIES	
Competence in Self-Management	
Interpretation and implementation of legislation and National Policy Frameworks	
Knowledge of Developmental Local Government	
Knowledge of Performance Management and Reporting	
Knowledge of global and South African specific Political, Social and Economic context	
Knowledge of more than one functional municipal field or discipline	
Skills in Mediation	
Skills in Governance	
FOR NON-SECTION 56 EMPLOYEES	
Time Management (Delivers service on time and accurately)	
Creative thinking (Uses innovation when delivering a service)	
Communication (Effectively communicates)	
Application of Knowledge (Effectively utilizes new knowledge)	
Dissemination of Knowledge (Shares expertise and ideas learned)	
Relationship with Colleagues (Work in harmony with Colleagues-Teamwork)	
Total	100%

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

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

(d) Performance appraisal of KPAs and CCRs

LEVEL	DESSCRIPTION	RATING	ASSESSMENT SCORE	PERFORMANCE BONUS RATIOS
Level 5: Outstanding Performance	Performance far exceeds the standard expected for the job in all areas of the employee. The employee has achieved exceptional results against all performance criteria and indicators specified in the Performance Plan and maintained this in all areas of responsibility throughout the year.	5	75 -100	Maximum bonus allowed in the Regulations is between 10% and 14% of person's inclusive annual remuneration package. The percentage as is as follows: 75 – 76% = 10% 77 - 78% =11% 79 -80% =12% 81- 84% =13% 85 -100%=14%
Level 4: Performance significantly above expectations	Performance is significantly higher than the standard expected for the job in all areas. The employee has achieved above fully effective results against more than half of the performance criteria and indicators specified in the Performance Plan and fully achieved all others throughout the year.	4	65 -74	Maximum bonus allowed in the Regulations is between 5% and 9% of person's inclusive annual remuneration package. The percentage is as follows: 65-66% =5% 67-68% =6% 69-70% =7% 71-72% =8% 73-74 =9%
Level 3 : Fully effective	Performance fully s the standard expected for the job in all areas. The employee has achieved effective results against all significant performance criteria and indicators specified in the Performance Plan and may have achieved results significantly	3	51-64	No bonus

	above expectations in one or two less significant areas throughout areas throughout the year.			
Level 2: Performance not fully satisfactory	Performance is below the standard required for the job in key areas. The employee has achieved adequate results against many key performance criteria and indicators specified in the Performance Plan but did not fully achieve adequate results against others during the course of the year. Improvement in these areas is necessary to bring performance up to the standard expected.	2	31-50	No bonus
Level 1 : Unacceptable performance	Performance does not meet the standard required for the job. The employee has not met one or more fundamental requirements and / or is achieving results that are well below the performance criteria and indicators in a number of significant areas of responsibility. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected despite efforts to encourage improvement	1	Less than 30	No bonus

9. THE ASSESSMENT RATING CALCULATOR

The regulations provide that a performance bonus between 5% and 14% of the inclusive annual remuneration package may be paid to the employee after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the Municipal Council, as a reward for a level of performance deserving of a bonus in terms of the bonus criteria. In determining the bonus payment, the regulations specify that the relevant percentage depends on the overall rating, calculated by using the applicable assessment rating calculator:

- (a) A score of 130% - 149% is awarded a performance bonus ranging between 5%-9%.
- (b) A score of 150% and above is awarded a performance bonus ranging 10% - 15%.

10. PERFORMANCE REWARD

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

- (a) The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable or poor performance.
- (b) Employees (S56 Managers) will be assessed on two components, which are Key Performance Areas (KPA) and Core Competency Requirements (CCR), both contained in the performance agreements.
- (c) The KPA's contribute 80% and the CCR' will contribute 20% of the total score and added together, account to 100% of the final score.

11. CRITERIA TO QUALIFY FOR A PERFORMANCE REWARD

- (a) A performance related award, may be awarded to a staff member who has served the full assessment period of 12 months of each financial year of a Municipality,
- transferred or seconded horizontally during the performance cycle within the municipality,
- who is on uninterrupted approved leave of 3 months or longer,
- who is on approved maternity leave for 3 months, and
- who receive a performance rating of performance significantly above expectations
- outstanding performance during a performance cycle after moderation of performance results,

(j) PERFORMANCE INCENTIVES

- (1) During the piloting or phasing-in stage of the performance management system no rewards or incentives will be issued to employees below Section 56 managers. The municipality will embark on the development of the performance rewarding and incentives policy, the said policy will include the financial and non-financial rewards or incentives.
 - (a) Performance Incentives will only be paid out after the expiry of the particular financial year and once the signed scorecards have been internally audited and approved by Council.
 - (b) Performance rewards can only be made after independent verification of evidence and performance plan by the Internal Audit.
 - (c) Performance Incentives based on affordability maybe paid to the employee, after the annual performance report has been submitted to the Auditor-General together with the financial statements.
 - (d) Performance Incentives must be paid once a year provided the Municipality has budgeted for incentives.
- (2) Performance Incentives will be paid depending on the availability of budget and approval by Council. It is at the Council's discretion to pay Performance Incentives to Employees. All employees with outstanding performance based on their performance results may be recognized by the municipality for their contribution, upon approval of the performance incentives policy by council.

NB: Performance Incentives will be paid depending on the availability of budget and approval by Council. It is at the Council's discretion to pay Performance Incentives to Employees.

12. PERSONAL DEVELOPMENT PLAN

- (a) The municipality is committed to the continuous training and development of its employees to achieve its vision, mission and strategic objectives also empowering employees. The municipality needs to manage training and development within the ambit of relevant national policies and legislations.
- (b) To ensure the necessary linkage with performance management, the municipality's PMS provides for the Personal Development of employees to be included in their annual Performance Plans. Such approach will ensure the alignment of individual performance objectives to the municipality's strategic objectives and that training and development needs are also identified during the performance management and appraisal process.
- (c) Personal development entails increasing the capacity of employees to perform. During the processes of monitoring and review, deficiencies in performance that become evident should be addressed. Personal growth and developmental needs identified and plans to action them must be documented in a personal development plan and implementation must take place within set time frames.

13. PERFORMANCE APPRAISAL FEED BACK

- (a) The key to a developmentally oriented performance management system towards inadequate performance is to promote improvement through feedback, learning and support, rather than judgment, sanctions or punishment.
- (b) Performance appraisal feedback shall be conveyed to employees in writing or discussed with employees on a regular basis to prevent a scenario where employees only find out about the gaps in their performance during mid-year or during the final review.

14. MANAGEMENT OF POOR OR UNSATISFACTORY PERFORMANCE

- (a) In case of unsatisfactory performance, Managers shall manage the employee's performance closely; the Municipality shall also provide systematic remedial or development support to assist the employees to improve their performances through counseling, coaching, training and Employee Assistance Program.
- (b) After exhausting all support and remedial systems by the employer, including being formally registered with an incapacity program, but the employee does not show any improvement, there may be consideration of discharging the employee for unfitness or incapacity to carry out his or her duties as a last option. This process will be guided by the principles as enshrined in the treatment of employees in probation as contained in Schedule 8 section 8(1-4) of the Labor Relations Act 66 of 1995.

15. OBLIGATIONS OF THE MUNICIPALITY

The municipality must-

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

16. CONFIDENTIALITY

- (a) All members involved in performance assessments must maintain confidentiality on all scores and performance outcomes obtained during the assessment process. Only Managers are allowed to discuss the outcomes of the assessment with their subordinates. Unlawful disclosure of information prior or after notification of employees about their performance outcomes shall constitute misconduct. All panel members will have to complete the Greater Giyani Local Municipality Declaration of Confidentiality on the day of each assessment.
- (b) The municipality will maintain records of performance related proceedings manually until the implementation of the electronic/automated system. Records of performance agreements, plans, quarterly reviews and annual assessments will be maintained at the Performance Management Unit for the following purposes;
 - i. Track changes in the performance agreements (Revised targets and time frames)
 - ii. Use as reference material should disputes arise.
 - iii. Meet the statutory reporting requirements to different stakeholders in terms of section 34(3) of the Municipal Performance Regulations and the MFMA, Section 53 (3) (b)

APPEALS PROCEDURE

(1) For the Municipal Manager

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

(2) Managers Directly Accountable to the Municipal Manager (Section 56 managers)

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

(3) Non-Section 56 Employees

- (a) In a case where the employee is not satisfied with the assessment proceedings or results, the employee must apply in writing for reconsidering the performance review.
- (b) The application for the appeal must be submitted within 14 working days from the date in which the assessment feedback has been communicated with the concerned employee.
- (c) The employee shall look for a representative for assistance and support, example, Union Representatives.
- (d) The application must be submitted to the Corporate Services Department (Human Resource Section) which shall then appoint a neutral individual, agreed to by both parties, to review the assessments outcome and decide on a final score. If the two parties do not agree on the neutral person, the matter will be referred to the Municipal Manager.
- (e) The Municipal Manager must appoint an Appeals Committee to deal with such appeals.
- (f) The findings of the Appeals Committee should be forwarded to the Municipal Manager with recommendations.
- (g) The Municipal Manager must make a final decision on the matter and his/her decision will be regarded as final and binding.

17. APPROVAL OF THE POLICY

The legislative powers to approve or review of this policy rests only with the municipal council.

18. EFFECTIVE DATE OF THE POLICY

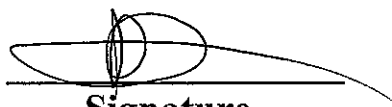
The policy will be effective from the date of approval by Council.

19. POLICY REVIEW

The policy will be reviewed as and when required within the cycle of five years.

Signed by:

Mayor: Cllr Zitha T
Surname & Initials


Signature

17/05/2024
Date

Council Resolution: CR164-17/05/2024SP