

**CACADU  
DISTRICT MUNICIPALITY**

**PERFORMANCE  
MANAGEMENT SYSTEM**

**GUIDING POLICY**



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## **PART 1: INTRODUCTION**

The need to develop and maintain a performance management system in municipalities was first identified during the drafting and approval of the Constitution of the Republic of South Africa, 1996. Chapter 7 deals exclusively with the local sphere of government and, inter alia, lists the objects and developmental duties of municipalities.

Within the framework of the Constitution, the White Paper on Local Government issued in March 1998, established the basis for a new integrated developmental local governmental system which is committed to working with communities to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives. The White Paper states the following:

“Integrated development planning, budgeting and performance management are powerful tools which can assist municipalities to develop an integrated perspective on development in their area. It will enable them to focus on priorities within an increasingly complex and diverse set of demands. It will enable them to direct resource allocation and institutional systems to a new set of development objectives.”

Performance management is thus critical to ensure that plans are being implemented, that they have the desired developmental impact and that resources are being used efficiently to establish and maintain a service-orientated culture of operation. As such performance management and integrated development planning are two sides of the same coin – the Integrated Development Plan (IDP) sets out what a municipality intends to achieve, i.e. what the community can expect and the Performance Management System (PMS) manages, measures and evaluates the extent of achievement thus assisting the community to inspect what it expected.

The broad framework for the establishment of a PMS is described in Chapter 6 of the Local Government: Municipal Systems Act, 32 of 2000 (MSA) which inter alia, requires municipalities to:

- ❖ With the involvement of the community, establish a PMS that is commensurate with its resources, best suited to its circumstances and in line with the priorities, objectives, indicators and targets contained in its IDP;
- ❖ Promote a culture of performance management among its political structures, political office bearers and councillors and in its administration;
- ❖ Administer its affairs in an economical and accountable manner;
- ❖ Set appropriate key performance indicators (KPIs) and measurable performance targets with regard to the municipality’s development priorities and objectives set out in the IDP in consultation with the community;



- ❖ Establish mechanisms to, at least once per year, monitor, measure and review performance in consultation with the community;
- ❖ Set up appropriate mechanisms to timeously detect under-performance;
- ❖ Conduct an internal audit on performance;
- ❖ Submit results of performance measurement for audit by the Auditor-General (AG) annually;
- ❖ Include a report on performance as well as the audit report on performance by the AG, in the municipality's annual report required in terms of Section 121 of the Local Government: Municipal Finance Management Act No. 56 of 2003 (MFMA); and
- ❖ Publish the annual report for the information of councillors, staff, public and other spheres of government.

The purpose of this policy is to provide a link between the legislative framework and the operational institutionalization thereof in the Municipality. It provides a governance tool for the Council which, with the support of all role-players, will be the legitimate driving force for the implementation of performance management in an organization-specific manner and the devolvement of the system to include all levels of staff and all employees while ensuring that the Municipality remains accountable to its community.

The vision of the Cacadu District Municipality is to be a: -

*"An innovative and dynamic municipality striving to improve the quality of life for all our communities"*

To achieve the above vision, has developed the following mission: -

*To provide equitable, affordable services and sustainable socio-economic development through:*

- *Stakeholder participation*
- *Capacity building*
- *Efficient and effective management of resources*

In order for Cacadu to effectively achieve this mission and, therefore, live its vision, it must ensure that a well planned strategy is implemented. This strategy is called the Integrated Development Plan (IDP). Implementation of the IDP must be monitored regularly to ensure that the Municipality delivers on what it has planned. This is done through the Performance Management System (PMS). Cacadu depends on the performance of each and every employee in order to succeed in attaining its objectives and meet its performance targets. Accordingly, the management of performance involves the entire administration.



The PMS can only succeed through effective two-way communication between managers and employees. Further, the PMS will, in itself, ensure that communication is happening.

This policy guides the implementation of the PMS for the Cacadu District Municipality. It also forms the basis of aligning the IDP with the operational business plans, performance areas and performance indicators of the various departments of the Municipality.

There are many Policies adopted by the Council that refer to or link with the PMS. These Policies must be referred to directly and they include the following:

- Induction policy
- Training and skills development policy
- Employment contract renewal policy
- Acting for extended periods and allowances
- Promotion policy
- Disciplinary and grievance procedure

#### **LEGISLATIVE AND REGULATORY FRAMEWORK**

This policy framework is in accordance with applicable legislation and any relevant guidelines from the South African Local Government Association (SALGA), the most important of which are the following:

The Constitution of the Republic of South Africa, Act No. 108 of 1996 stipulates in section 195 (b) that “efficient, economic and effective use of resources must be promoted”. It further states in section 195 (h) that “good human resource management and career development practices, to maximize human potential, must be cultivated”.

Chapter 6 of the Local Government: Municipal Systems Act, Act No. 32 of 2000 (MSA) places specific emphasis on performance management. Section 38 obliges Municipalities, especially as employers, to implement a PMS that is in line with the priorities, objectives, indicators and targets contained in its IDP. Section 57 of this Act makes the employment of the Municipal Manager and Managers directly accountable to him/her subject to the conclusion of a separate performance agreement with the Municipality as soon as possible after initial appointment and annually thereafter before the end of July of each year. Section 67 of the Act regards the monitoring, measuring and evaluating of performance of staff as a platform to develop human resources and to hold municipal staff accountable to serve the public efficiently and effectively.

The Local Government: Municipal Planning and Performance Management Regulations No. R. 796 published in Government Gazette No. 22605 dated 24 August 2001 stipulates in more detail what is expected from municipalities in implementing its PMS, inter alia, requiring this policy to clarify all processes and the roles and responsibilities of each role-player, including the local community, in the functioning of the system. It also regulates the establishment, composition and functioning of a Performance Audit Committee.



The Local Government: Municipal Finance Management Act, Act No. 56 of 2003 (MFMA) requires a service delivery and budget implementation plan (SDBIP) based on specific targets and performance indicators derived from the IDP thus linking the IDP, the PMS and the budget. In terms of Section 72 of the Act, the accounting officer of a municipality must submit a mid-year budget and performance assessment of the Municipality to, inter alia, National Treasury before 31 January of each year. Section 165 of the Act requires the existence of an internal audit unit which, inter alia, advises the Municipal Manager and reports to an Audit Committee on the implementation of an internal audit plan including performance management. Section 166 requires the establishment of an independent Audit Committee to advise the political and administrative executive on, amongst others, matters pertaining to performance management and performance evaluation.

The Skills Development Act, Act 97 of 1998 is also an essential part of the legislative framework for this Policy but in an indirect manner. The Act aims to develop the skills of the South African workforce to improve the quality of life of workers and their prospects of work and perceives skills development as contributing to the improvement of performance and productivity in the workplace as well as the competitiveness of employers. The Act and specifically the Workplace Skills Plan provides a valuable vehicle for the training of staff.

The Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 published in Government Gazette No. 29089 dated 1 August 2006 contains performance regulations for municipal managers and managers directly accountable to municipal managers. The regulations include the terms of conditions of employment for these officials and aims to ensure that their performance will, in future, be uniformly directed, monitored and improved. It sets a much firmer and clearer basis for contractual performance management for the managers concerned and aims to limit grey areas open to mismanagement, e.g. in respect of the payment of performance bonuses.

The Local Government: Disciplinary Regulations for Senior Managers, 2010 contained in Government Notice No. 344 of 21 April 2011 contains a disciplinary code for senior managers who are defined as the Municipal Manager and Managers reporting directly to the Municipal Manager. It also deals with substandard performance and the procedures to be followed in addressing such performance.

For purposes of this policy, the senior managers concerned are called “Directors”.

The combined effect of the above Acts and Regulations obliges the Council to establish and implement a PMS with the dual purpose of improving the performance of its staff to deliver effective and efficient services based on the IDP and to develop human resources. This will be accomplished by using the PMS to identify the training and development needs of employees and to implement policies and programmes to address those needs, all with the aim of improving the productivity of the Municipality.

This policy is, accordingly, based on legislative requirements and must be implemented to ensure compliance.

## **PURPOSE, BENEFITS AND ADVANTAGES OF PERFORMANCE MANAGEMENT**



## **1. PURPOSE**

The purpose of this Policy is:

- ❖ To give effect to the legislative obligations of the Municipality to develop a performance management system in an open, transparent and focused manner;
- ❖ To incorporate the performance management processes applicable to the Municipal Manager and Directors into a uniform performance management system and to determine how these processes relate to and link with such system in a holistic and acceptable manner;
- ❖ To provide a firm foundation from which to steer the process of performance management through all phases of implementation and devolvement; and
- ❖ 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.

## **2. MAIN OBJECTIVES**

Based on the above, the main objectives of this Policy are:

- ❖ To assist employees to improve their current performance and productivity;
- ❖ To assess the training and development needs of employees and use these to inform the Workplace Skills Plan;
- ❖ To improve the job satisfaction of individual employees;
- ❖ To ensure job performance is linked to the overall objectives of the Municipality as per the IDP;
- ❖ To assist with career planning and succession planning;
- ❖ To encourage good relations between employees and directors/managers;
- ❖ To identify poor performance and address it in a constructive manner focused on providing effective counselling, support and encouragement that will be to the benefit of both the employee and the Municipality;
- ❖ To establish and maintain a balance between the needs of employees and the requirements of the Municipality; and
- ❖ To assist with decisions related to the placement, transfer and promotion of employees and the rewarding of outstanding performance.

## **3. BENEFITS FOR EMPLOYEES**

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

- ❖ Provide better insight into a job and clarify the duties and responsibilities associated therewith;



- ❖ Enable employees to determine where they fit into the municipal structure and contribute to the achievement of the development objectives of the Municipality as per the IDP;
- ❖ Assist employees to discover their own strengths, to recognize their weaknesses and to develop their knowledge, skills and attitudes in order to overcome these and develop their full potential;
- ❖ Enhance individual career development through informed decision-making and focused training; and
- ❖ Enable employees to make full use of the opportunities presented by the implementation of employment equity.

#### **4. ADVANTAGES FOR THE MUNICIPALITY**

Performance management will assist the Municipality as a service delivery institution and as the employer to:

- ❖ Provide employees with accurate information on how it views the job and the expectations associated with it;
- ❖ Implement focused management linked to an early warning system;
- ❖ Continuously reassess structural functionality and enable effective organisational alignment with objectives and strategies;
- ❖ Evaluate the job analysis information and rectify faulty aspects thereof;
- ❖ Understand the role, duties and responsibilities of employees;
- ❖ Identify shortcomings in employment practices, procedures and policies;
- ❖ Delegate unambiguous and realistic responsibilities to employees;
- ❖ Assess the adequacy or inadequacy of resources available to employees;
- ❖ 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;
- ❖ Develop the human resources of the Municipality; and
- ❖ Provide services in an efficient, effective and economic manner.

#### **5. BENEFITS FOR THE COMMUNITY**

Performance management will benefit the community through:

- ❖ The establishment of a system which translates the IDP into measurable objectives and targets;



- ❖ The institutionalization of sound management principles ensuring effective and efficient governance of service delivery;
- ❖ Adequate provision for community consultation and the opportunity to have a clearer insight into the performance of the Municipality; and
- ❖ The promotion of a responsible and accountable Municipality.

## PRINCIPLES GOVERNING THE PERFORMANCE MANAGEMENT SYSTEM

To ensure that a PMS which is fair, reliable and trustworthy is implemented, the following principles must be maintained at all times:

<b>Simplicity</b>	The system must be a simple, user-friendly system that is easy to operate within existing resource capacity.
<b>Politically driven</b>	Legislation tasks the Executive Mayor as the owner of the performance management system. As the IDP is a political document, so must the PMS be politically driven. The Executive Mayor should drive both the maintenance and improvement of the system and may delegate responsibilities in this regard.
<b>Transparency and accountability</b>	The process must remain open and transparent. Externally, all information on the performance of the Municipality should be available for the public and interest groups as well as employees. Internally, the system should be applied uniformly and fairly.
<b>Integration</b>	The system is intertwined with all areas of the Municipality and must therefore, be integrated into other processes in the Municipality, such that it becomes a comprehensive tool for more efficient and effective management, rather than an additional reporting burden. Most notable integrations include IDP formulation and implementation, budgeting processes, human resource processes as well as communication.
<b>Objectivity</b>	Performance management must be founded on objectivity and credibility. Both the system itself and the manner in which it is applied by employees must be open and uniform in order that it may be considered credible. The system must be seen as a non-punitive guiding tool to assist the Municipality as a whole and as such, findings must be welcomed as a positive means of correction and improvement.

## PRINCIPLES UNDERLYING PERFORMANCE APPRAISALS



In recognizing that the implementation of the PMS may create uncertainties and thus necessitate pre-clarified norms and values, the Council and all role-players involved with the system commit themselves to the following principles:

- ❖ The PMS will be a corrective system and not a punitive system;
- ❖ The PMS is based on ethical and operational principles that serve to ensure that the system is fair, equitable and achieves performance management as well as human resources development;
- ❖ All employees of the Municipality will, subject to legislation, be treated equally by the PMS. The Local Labour Forum [LLF] or such other employer/employee representative structure, e.g. a sub-committee of the LLF that may be tasked with it, will be entitled to oversee the implementation/devolvement of the PMS;
- ❖ The guidelines used to design the system, implement it and reach conclusions and judgments about performance will be objective, balanced and will apply to all employees;
- ❖ The appraisal system will be based on the job analysis of each job and be linked to the goals of the Council. The job performance and not the individual will be assessed;
- ❖ Individual performance appraisals of all levels of staff will be treated confidentially;
- ❖ The performance objectives to be achieved by individual employees will be mutually agreed to by the employee to be appraised [the appraisee] and the person responsible for the appraisal [the appraiser]. As such it will be transparent to all employees and the objectives will be reasonable, realistic and measurable;
- ❖ Performance interviews will focus on open and honest discussion thus providing an employee with the opportunity to voice concerns and problems without fear of victimization or discrimination;
- ❖ Employees will receive continuous feedback on the results of their performance appraisals in a constructive manner that focuses on counselling rather than criticism. Feedback will provide employees with an objective appraisal of the current situation and will be linked to appropriate steps to improve performance, including training and coaching objectives. Based on such feedback, realistic time frames will be set for regular measurement of performance on the specific steps mutually agreed upon by the appraiser and appraisee;
- ❖ All aspects of performance appraisals will be done in a written form that will be open to scrutiny by the Council as the employer in the event of a situation arising that makes this necessary.

## **ACCOUNTABILITY FOR THE PERFORMANCE MANAGEMENT SYSTEM (ROLES AND RESPONSIBILITIES)**

The Municipal Systems Act places the responsibility on the **Council** to adopt the Performance Management System, while holding the **Executive Mayor** responsible for the development and



management of the system. The Executive Mayor of the Cacadu District Municipality delegates the responsibility for the development and management of the Performance Management System to the **Municipal Manager**. The Municipality's **Directors** are then, in turn, responsible for executing the performance management system in their respective departments in accordance with this Policy.

Despite the fact that the Executive Mayor has delegated duties to the Municipal Manager with regard to the development and management of the performance management system, the Executive Mayor and ultimately, the Council, is the principal oversight body to ensure that the system is implemented in accordance with legislative requirements and this Policy and, as such, he/she must ensure that any deviation from the system is monitored and addressed.

The Executive Mayor must, in terms of section 53 of the Municipal Finance Management Act perform the following functions relating the SDBIP (see below) and performance management contracts:

- ❖ Ensure that the municipality's service delivery and budget implementation plan is approved by him / her within 28 days after the approval of the budget;
- ❖ Ensure that the annual performance agreements as required in terms of section 57 (1) (b) of the Municipal Systems Act for the Municipal Manager and all Senior Managers comply with this Act in order to promote sound financial management and are linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan.

The Executive Mayor must promptly report to the Council and the MEC for local government, any delay in the tabling of an annual budget, the approval of the service delivery and budget implementation plan or the signing of the prescribed annual performance agreements.

The Executive Mayor must, further, ensure that the performance agreements of the Municipal Manager, Senior Managers and any other categories of officials as may be prescribed, are made public no later than 14 days after the approval of the Municipality's service delivery and budget implementation plan. Copies of such performance agreements must be submitted to the Council and the MEC for local government.

The **Municipal Manager** must keep the Council informed about the transformation, development, implementation and review of the performance management system. Public participation must remain encouraged through the communication of performance information and the process of developing the system must be transparent, simple and realistic, fair and objective and developmental.

The **Senior Performance Management Systems Officer** assists the Municipal Manager with the Performance Management System and is specifically responsible for the following:

- ❖ Ensuring the implementation of and compliance with all legal aspects of the system;
- ❖ Facilitating further development and refinement of the Performance Management System and as the need arises;



- ❖ Continuously supporting the Council with implementation, assessment, review, monitoring and reporting on performance management within the Municipality as an institution, its Section 57 employees, entities and service providers;
- ❖ The provision of assistance to both people managers and employees alike with regard to the interpretation of this Policy, the tools used within the system and the application of performance management in general;
- ❖ Monitoring of implementation of the system to ensure fairness and correct application;
- ❖ Research on the strategic progress of the Municipality and reporting on the achievement or otherwise of objectives and strategies.

### **The Role of Human Resources in Performance Management**

- ❖ To provide advice and act where needed as an interface and between personal development planning and career / succession planning;
- ❖ To provide assistance with regard to linking details recorded on personal development plans and the workplace skills plan / group training initiatives;
- ❖ To guide standardization with respect to ensuring that a performance plan accurately reflects an employee's level and role in accordance with the post he/she occupies;
- ❖ To deal with inaccuracies between an employee's performance plan and the applicable job description and to liaise with the job evaluation unit in this regard;
- ❖ To guide managers dealing with incidences of poor performance and to lead the formal process in this regard in accordance with prescribed disciplinary processes, unless otherwise provided in this Policy.

### **The Role of the Manager/Supervisor in Performance Management**

- ❖ To use the performance management process to coach and lead employees. This involves giving ongoing feedback to employees and assessing their performance;
- ❖ To set objectives with employees in such a way that continuous improvement is encouraged;
- ❖ To monitor employees' performance against the set objectives;
- ❖ To use recognition and compensation to reinforce good performance;
- ❖ To manage poor performance appropriately;
- ❖ To discuss and advise on future performance goals and to reflect upon previous goals.



### The Role of the Employee in Performance Management

- ❖ To suggest challenging but realistic indicators which support the goals of the Municipality;
- ❖ To take responsibility for the standard of performance by trying to improve and develop;
- ❖ To develop and implement action plans in order to achieve objectives;
- ❖ To ask the manager for information, help or advice to assist in meeting objectives;
- ❖ To ask for feedback from others, including the manager for self performance monitoring;
- ❖ To make suggestions on how performance can be improved;
- ❖ To keep the manager informed about progress in relation to original objectives.

### The Role of the Community (Local Municipalities)

- ❖ To assist in the planning for the PMS and creation of indicators through the input into the Analysis phase of the IDP and also in the discussions regarding priority of targets;
- ❖ To review the Cacadu Annual Report and monitor organizational performance during the year.

## PART 2: IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM

Performance management at Cacadu District Municipality refers to the monitoring of three different levels of performance plans with each level being approached in a slightly different way to the next. The levels are as follows:

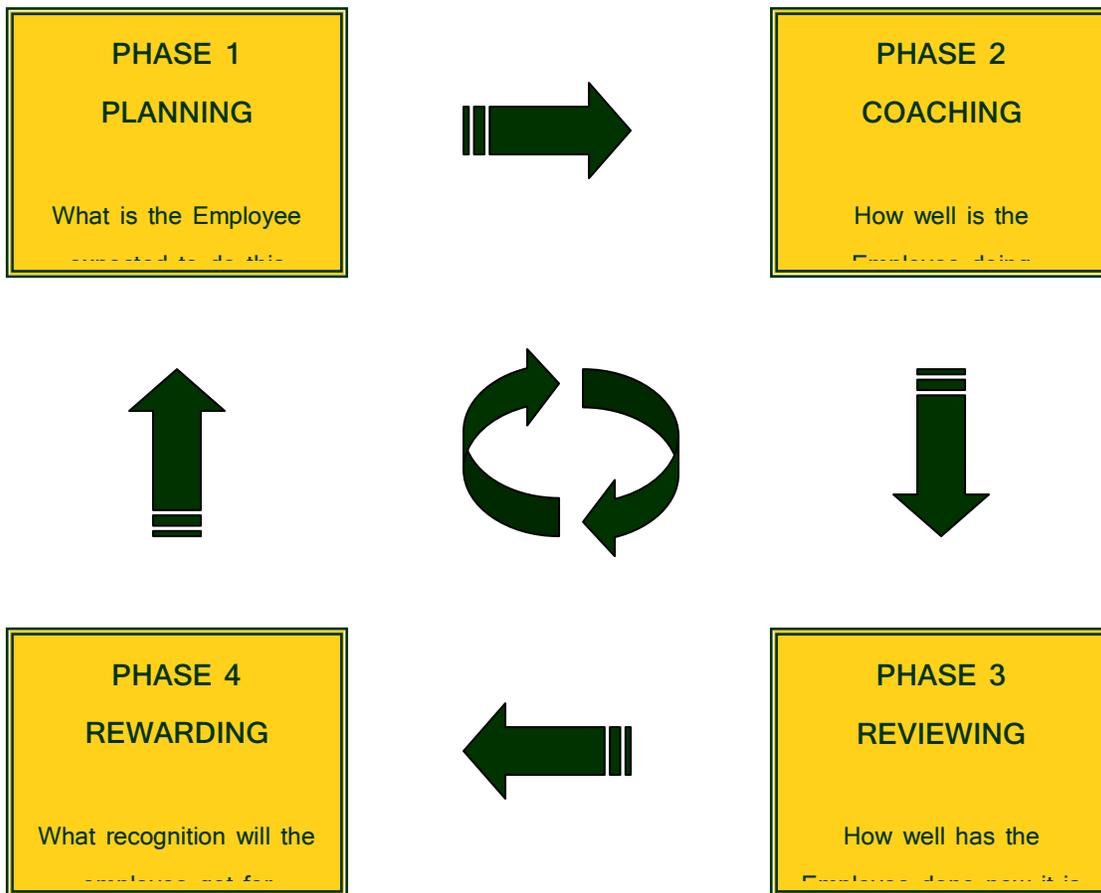
<b>Organisational</b>	The performance management of the Municipality as a whole and measurement of the attainment and realization of strategies and objectives as defined in the IDP.	Managed by: The Council and ultimately the community.
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<p><b>Section 57 Municipal Manager and Directors</b></p>	<p>The Municipal Manager and Directors are appointed in terms of sections 54A and 56 respectively of the Municipal Systems Act. In terms of section 57 of this Act, such employees must annually sign a performance agreement containing a performance plan. The Municipal Manager and Directors are appointed on a fixed term contract of a maximum of 5 years and are to be rewarded financially for outstanding performance.</p>	<p>Managed by: Directors are managed by the Municipal Manager who is, in turn, managed by the Executive Mayor.</p>
<p><b>Non-section 57 Employees</b></p>	<p>Employee performance management at Cacadu District Municipality seeks to align itself with the Section 57 employee method of monitoring performance with three exceptions; firstly, employees are permitted to be either permanent or contractual (in accordance with Council policy); secondly, general employees are not required to sign a performance agreement but simply a performance plan; finally rewards are treated differently following review periods (as indicated in this Policy) and there is no nationally regulated mechanism for rewards.</p>	<p>Managed by: The assigned manager in accordance with the current organogram.</p>

## THE PERFORMANCE MANAGEMENT CYCLE AND PLANS

There are four key phases in the performance management cycle. These phases are applied by Cacadu District Municipality as a whole regardless of job title or grade. The four phases of the cycle are shown below:



### Performance Planning

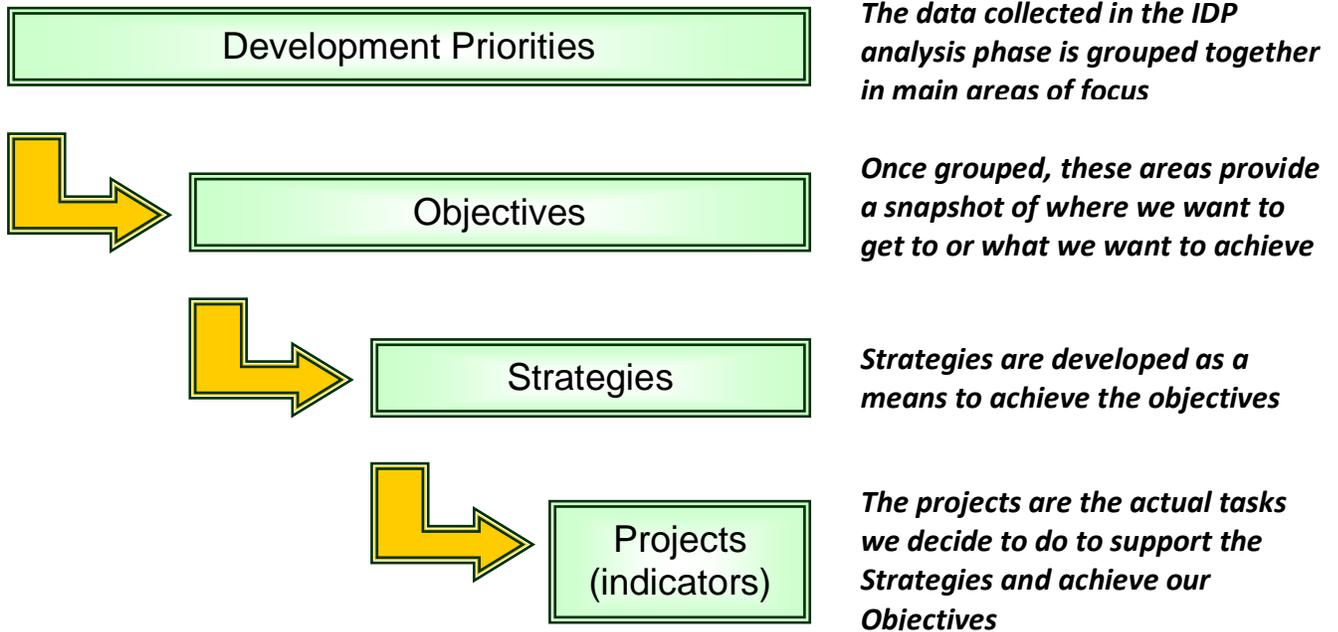
Planning essentially begins with the IDP process. Every 5 years a new IDP is developed. Each year in between the 5 years, the IDP is reviewed or updated so that it concentrates on the activities of the following year in greater detail. The IDP can essentially be seen as the business plan for Cacadu District Municipality. Many sources of information regarding the area and its developmental needs are collated, but most importantly, the community is consulted so that the Municipality can effectively develop the District in accordance with community needs. As a District Municipality, Cacadu District Municipality considers its community members or stakeholders to be the Local Municipalities. The stakeholder comments are collected through a public participation process. Once all comments are collated, the officials use the information together with the other sources of information and apply their technical knowledge to propose a way forward to the Mayoral Committee and the Council of the Municipality. The way forward sets out exactly what projects will be undertaken in the next financial year (1 July – 30 June). Once finally agreed, these projects are monitored as indicators in the PMS.

Each and every employee of the Municipality is employed to support the objectives in the IDP. Whether it be planning, infrastructure development or recording the high level decisions taken at Council



meetings, **each job exists because Cacadu District Municipality has a service to deliver to its Local Municipalities.** Each employee must, accordingly, be involved in the planning process and use a performance plan to set out how he/she will contribute to the process during the year.

### The process from consultation to Indicator



During discussions regarding what projects will be chosen for the forthcoming financial year, various factors are considered, ranging from need to availability of resources; from national priorities to how many people each project will benefit locally. The available budget is also a very important factor. Not all projects will require funding, for example many capacity building initiatives (one of our core functions) require no cost as they are achieved through the regular contact and passing over of knowledge and expertise by Cacadu’s own officials. We make sure, through the SDBIP formulation, that adequate budgetary provision is provided for all projects requiring finances.

### The Service Delivery and Budget Implementation Plan (SDBIP)

It is a legal requirement that indicators and targets must be formulated and delegated to all employees within the Municipality. Once approved, the IDP is married with the budget in a document called the Service Delivery and Budget Implementation Plan (SDBIP) which provides a workable management tool from which to operate under and monitor progress in the Municipality The SDBIP does the following: -

- ❖ Presents projects as “indicators” aligned to the accompanying strategies, objectives, and developmental priorities;



- ❖ Attaches an annual target to each indicator;
- ❖ Ensures that each indicator that requires funding has been allocated an account number in the budget with a corresponding amount;
- ❖ Ensures that the spending of each account in the budget can be monitored through the PMS;
- ❖ Breaks down each indicator into quarterly manageable targets to allow for continual monitoring of performance (certain indicators are specified as only being able to be monitored half yearly or annually);
- ❖ Assigns an accountable department to each indicator.

The template for the SDBIP is contained in the Annexures. A close look will show how the information from the IDP is placed in a simple to read tabular form. The SDBIP is approved by the Executive Mayor 28 days after the budget has been formally approved at a Council meeting. At the same time, the Executive Mayor agrees on the details of the performance plan for the Municipal Manager and gives consent to the plans for all the Directors (Section 57 employees).

### **The Institutional Performance Plan**

The Institutional plan enables high level monitoring of the objectives and strategies of the organization as a whole. It concerns itself with such variables that can not be attached to one person or, in some cases, one organization in isolation. The Institutional plan will measure the impact of the IDP over the 5 year term of its existence (rather than per the single financial year) and will provide information as to the future direction of the Municipality for future IDP terms.

### **Employee Performance Plans and How they are Created**

The SDBIP is the basis from which the performance plans for employees are drawn. As every activity of the Cacadu District Municipality is attached to an official who is responsible for it, one can see that institutional performance is inseparable from individual performance. **Cacadu District Municipality, in order to succeed in attaining its objectives, must depend on the performance of each and every employee.**

The process of performance planning evolves in the same manner as verbal instructions are communicated i.e. from one level to the next. A decision may be taken by the Municipal Manager who then requests help from one of the Directors. In turn the Director concerned asks for assistance from one or many officials who bring technical, administrative and related skills to be able to address the original instruction.



In the creation of performance plans, the above verbal instructions are put on paper and agreed upon by all parties.

As every manager is responsible for his / her team, so too are they responsible for the creation of their team’s performance plans. The following sections explain the components of each performance plan.

**Key Performance Indicators (KPIs)**

Indicators *indicate* how progress can and should be achieved. They:

- ❖ Provide a common framework for gathering data for measurements and reporting;
- ❖ Translate complex concepts into simple operational measurable variables;
- ❖ Enable the review of strategies and objectives;
- ❖ Assist in policy review processes;
- ❖ Serve as a communication tool between employees, managers and the Council.

TYPES OF INDICATORS		
<b>Baseline Indicators</b>	These are indicators that measure conditions or status before a project or programme is implemented or at the start of the period.	e.g. Number of water tanks in use.
<b>Input Indicators</b>	These are indicators that measure what it costs the Municipality to produce the outputs. The indicators may be the amount of time, money or number of people who undertake a task.	e.g. Cost per water tank. e.g. Development of a rainwater harvesting strategy.
<b>Output Indicators</b>	These are the indicators that measure the results of activities or processes. They are usually expressed in quantitative terms (number or %).	e.g. Number of Water tanks erected or number of water awareness campaigns.
<b>Outcome Indicators</b>	These are the indicators that measure the quality as well as the impact of the project. The impact of a project may or may not be directly related to the project itself.	e.g. % reduction on use of conventional water supply.

It is important for indicators to be **SMART**: -

- Specific** : Each KPI must be clear and concise
- Measurable** : A KPI should specify the measurement required
- Achievable** : Can the KPI be reached?
- Realistic** : Even if the KPI can be reached – is it possible given the resources?
- Timebound** : What is the time limit placed on the KPI?



***If in doubt, try the following...***

***If 2 people read the KP, I do they come to the same conclusion as to a) what is required, b) by when and, c) how it is proven to be achieved?***

## **General Indicators**

The Minister for local government specifies a set of indicators that must be measured by every District and Local Municipality - these indicators are focused upon ensuring that essential services are provided. They are contained in the Municipal Planning and Performance Management Regulations. Such indicators are added to the performance plan of the Municipal Manager as the administrative head of the Municipality. The Municipal Manager then chooses which of his Directors will assist in the achievement of the indicators and delegates duties and responsibilities accordingly.

## **Targets**

Annual and quarterly targets must be set for each account number in the budget. In keeping with this requirement, annual and quarterly targets are set for all indicators in the various plans across the Municipality. Performance targets are the planned level of performance or milestones that are set for each identified indicator. It is important to be SMART when assigning targets.

The public will assist in the identification of targets through the IDP Process. Councillors will be expected to give clear direction as to the importance of indicators and associated targets and how they will address the public need. Officials will need to apply technical knowledge in agreeing upon what is a realistic and achievable target, given the available resources and capacity. Such decisions will need to take into account factors such as seasonal changes, annual processes and other externalities.

Once Municipal objectives and targets have been set, it is possible to cascade these down to the relevant departments and individuals. In turn, the individuals and departments, by achieving their objectives and targets, contribute towards the Municipality achieving the objectives and targets set in its Service Delivery and Budget Implementation Plan and the Integrated Development Plan. So as to appropriately provide support to Directors, each employee's indicators and targets must support the achievement of the indicators and targets in the level above.

## **Core Competency Requirements**

In addition to the projects listed either in the IDP or in support of the IDP, performance management also seeks to develop and monitor the key attributes that help us do our jobs. This is done through the planning and measurement of Core Competency Requirements (CCRs). CCRs are the personal traits we bring to our roles. They are also the transferable skills that we can take with us from one job to the next. Sometimes these skills come naturally, at other times the skills have to be learned through practice. Additionally, different roles may require strengths in some CCRs rather than others. There are many CCRs.



CCRs can be split into both Core Managerial Competencies (CMCs) which are transferable skills that are beneficial in many roles and Core Occupational Competencies (COCs) which are more suited to specific occupations. The Municipal Manager and Directors must ensure that both feature in their performance plans.

The Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 lists the following CCRs.

***Core Managerial Competencies***

- Strategic Capability and Leadership
- Programme and Project Management
- Financial Management
- Change Management
- Knowledge Management
- Service Delivery Innovation
- Problem Solving and Analysis
- People Management and Empowerment
- Client Orientation and Customer Focus
- Communication
- Honesty and Integrity

***Core Occupational Competencies:***

- Competence in Self Management
- Interpretation of and implementation within the legislative 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 contexts
- Competence in policy conceptualisation, analysis and implementation
- Knowledge of more than one functional municipal field / discipline
- Skills in Mediation
- Skills in Governance

**Means of Verification / Proof**

The only means of effectively proving that a target has been met is through documentary proof. Using documentary proof also ensures that the review is fairly conducted and can be cross-checked by another individual if need be. It is important to give thought to the type of proof that will be used to show the achievement of a target. For example, if a document has to be approved by Council, the appropriate proof would be the minutes containing approval (rather than the document itself). In some cases, a method of inspection will need to be used to ascertain proof. For example, to establish correct filing / archiving, a random check would be preferred. Either way, it is advisable to maintain an “Evidence File” throughout the year so that the gathering of proof is not a rushed task before the final review. It should be noted that a manager will not be permitted to award a rating if no proof is provided to the effect that and indicator has been met.



It should also be noted that the documentary proof must be kept for at least 2 years following the review for the purposes of auditing and any necessary verification (see part 3).



<b>PERFORMANCE PLAN TEMPLATES</b>	
<b>SDBIP</b>	The SDBIP includes all indicators in accordance with the full IDP project list.
<b>Institutional Plan</b>	As the Institutional Plan concerns itself with the measurement of the objectives and strategies of the IDP, it uses the same template.
<b>Municipal Manager</b>	<p>The development priorities, having been shown in the SDBIP and Institutional Plan, are not repeated again in the Individual Performance Plans. In accordance with regulation, the Municipal Manager must arrange his/her plan in accordance with 5 specified and prescribed Key Performance Areas (KPAs) as follows:</p> <ul style="list-style-type: none"> <li>▪ Municipal Institutional Transformation and Development</li> <li>▪ Basic Service Delivery</li> <li>▪ Local Economic Development</li> <li>▪ Municipal Financial Viability and Management</li> <li>▪ Good Governance and Public Participation</li> </ul> <p>By doing the above, the Municipal Manager ensures that all aspects relating to municipal management and administration are addressed.</p>
<b>Section 57</b>	At this level, a Director will focus direction on a certain aspect of the Municipality such as, for instance, Finance. Therefore, the performance plan of a Director will only contain those KPAs that are relevant to the position. However, the Director will still specify the objectives and strategies that indicators belong to as reflected in the IDP.
<b>Employees who manage their own budget</b>	Above Director level, jobs become more specific in nature and objectives do not, in all instances, remain relevant. Therefore, only the Strategy is retained to divide the performance plan into the general areas of an employee's role.
<b>Employees who do not need to manage their own budgets</b>	All the above plans provide for a budget to be allocated to an indicator. In areas where indicators do not require a budget, a figure is not included. For employees who do not require a budget for any of their indicators or who do not submit a yearly budget to the Finance Department, there is no need to include such provision. The remainder of the plan is, however, the same.



## Weighting of Key Performance Indicators and Core Competency Requirements

In practice, certain aspects of a job are either:

- ❖ more important; or
- ❖ take more time.

The above factors are taken into account within each performance plan by allocating **weightings**.

Weightings can be assigned to any aspect of a performance plan (CCR / Indicator / Strategy / Objective / Key performance Area). Whichever level is chosen by the Municipality, it must be followed throughout the Municipality so as to achieve uniform use and reporting.

The weighting is a number that is applied to, for instance, each strategy. When the weightings of all strategies are added together, they must add up to 100 (NB. See the paragraph regarding additions to the performance plan). When a particular strategy carries more weight because it is more important or takes more time, it has a higher weighting. Both the KPI section and the CCR section are weighted out of 100. When it comes to reviewing performance plans, the indicators count for 80% of the total score and the CCRs count for 20% of the total score. A rating will count for more points of the final score if it is weighted higher. By doing this, the system not only ensures that we focus on the job we were employed to do and are recognized for our effort but also that we are recognized for our personal ability and the improvement of that ability.

## THE LINK TO JOB DESCRIPTIONS

Indicators ideally need to mirror the duties / tasks listed in an employee's job description. Both documents should reflect the focus of each employee. In addition, one should be able to determine what a person does by reading either document. Indicators should, in some form or another, measure the way a person performs in accordance with his or her job description. Accordingly, both the SDBIP and job descriptions will provide the basis for determining indicators.

## TRAINING AND DEVELOPMENT

Every employee is required to have a **Personal Development Plan (PDP)** that is used throughout the year. These plans form a key part of the skills development planning process. PDPs provide an opportunity for managers and employees to jointly identify training and development needs in order to improve job performance and to support individual development and succession planning. **PDPs are not only used to increase the ability for a person to perform their current job but also to prepare a person for the next position they are employed in.**

It can be seen later how the review process is an ideal time to specify items for the PDP. However, use of the PDP is not restricted to review times. The PDP should rather be used as a tool whenever it may be necessary. Essentially, if a skill is identified as needing to be learned or improved, it is recorded on the PDP together with how it is to be approached, who is able to provide support (such as a mentor) and when it is to be practiced. It should also be noted that the PDP does not just concern itself with formal training - other methods such as those shown below can also be used to build or improve existing skills.



- On-the-job training
- Mentoring
- Job rotation
- Study or reading

Continual improvement benefits both the individual and the Municipality as the more capable a person is, the more he or she is able to contribute to the performance of the Municipality as a whole. During the review process, it is important to be honest and open about how well things are progressing - only when issues are identified, can they be addressed. The template for a PDP is contained in the Annexures.

## **MONITORING, REVIEWING AND REPORTING ON PERFORMANCE**

In order to check the achievement of original objectives as set out in the IDP, continual monitoring must take place. Likewise, in order to ensure that the continual provision of support is being provided to be able to meet goals, each and every staff member's performance must also be monitored to ensure that it remains in accordance with what was planned. To enable the Municipality to ensure optimum performance, each role-player (the employees collectively) need to contribute and work as a team. Due to the fact that all employees have an important role to play, if under-performance by a few individuals is encountered, then such under-performance would have an impact on the performance of the Municipality as a whole. It is the task of a manager to ensure that his/her team is able to continually work towards achieving the end goal. However, it must be remembered that performance management empowers individual employees to also take charge of their own performance.

### **In-Year Performance Reporting and Review**

In-year performance reviewing ensures that parties remain on target in terms of what was planned at the beginning of the year. Regardless of grade or job title, each employee is monitored by his/her manager on a quarterly basis within a month following the end of the quarter. As the head of the Municipality, the Municipal Manager is reviewed quarterly by the Executive Mayor. Similarly, at an organizational level, the SDBIP is also reviewed by both the Executive Mayor (and also the Mayoral Committee) and the Council through a quarterly report. In all cases, the in-year review fulfills the requirement of the need to have an early warning indicator of under-performance. If under-performance is identified during the year as opposed to the end of the year, it enables corrective measures to be put in place before it is too late.

### **Reporting**

Within 2 weeks (10 working days) of the end of a quarter, a Quarterly Report must be completed wherein an employee records progress to date. Reports from employees are used as progress reports. Each individual employee is responsible for reporting back on his/her own performance in the performance report. The report serves as a document from employee to his/her manager regarding his/her activities during the quarter in question.

At the level of the SDBIP, the Quarterly Report is the method of reporting back to the Council and the Community on the progress made to date. Comments made by officials regarding indicators included in the SDBIP are used directly in the formal report. At Mayoral Committee and Council meetings, the SDBIP



report is the basis for discussion regarding progress made toward achievement of the IDP. When reporting back on performance, it is important to detail exactly **what** has been achieved or to specify the **standard** that has been achieved. If a target has not been met, it is important to specify **why** the target has not been met and to state what measures that are to be put in place to ensure that the target is met in the future. If applicable, it is also important to state whether the annual target will be affected by any non achievement of the in-year target.

## Reviews

Reviews are conducted in a one-on-one setting between the employee and the manager within one month following the end of a quarter. At the review, each indicator and CCR is discussed and progress is noted. This is a formal mechanism to enable either an employee or manager to highlight possible problems or issues and to discuss future plans. It is important for both parties to fully participate in the review process and use the opportunity to discuss the work in detail. The review session also provides an opportunity to assess whether or not indicators are correctly worded or applicable.

The review process further provides an opportunity for the employee and manager to record additional work related matters during the review period, such as work the employee was involved in outside of what was originally planned and also the extent of the work-load on the employee i.e. how busy or under pressure he / she was during the period in question.

Reviews are vital meetings and can make the difference between an indicator being met or not being met and between an employee or manager's motivation or demotivation. A review shows each party how much they value the work or input being provided by the other. As such, **agreed review appointments should be honoured** and not postponed except in exceptional circumstances. Managers of other managers should also assist them in honouring prior review appointments by not requesting, except in exceptional circumstances, that their times be moved.

## Reasons for under- performance

When completing the review or at any time during the year, it may become apparent that an employee is not meeting targets. It is important to analyze the reasons for under-performance so that the problem can be addressed.

Under-performance may be ascribed to the following factors:

- ❖ **Inadequate planning at the beginning of the year resulting in unachievable or unrealistic targets.**

In this case, although a target was agreed to at the commencement of the year, it may become apparent during the year that such target was unrealistic. When completing performance planning, the job holder must adequately acquaint him/herself with the ability to plan correctly. By operating under a performance management system, employees will be equipped to adequately plan workload which will prove beneficial throughout their career.

- ❖ **Lack of sufficient technical knowledge or experience by the job-holder**



In this case, it may become apparent (whether known prior to the creation of the plan or otherwise) that the employee does not have the ability to achieve the required target. Through following the in-year review process, the problem will be identified, discussed between job-holder and manager and the personal development plan (PDP) should be used to plan how it can be addressed. The manager or employee would also find it beneficial to use more frequent monitoring such as, for example, monthly actions / targets to ensure that new skills are developed correctly through practice, mentoring or monitoring.

❖ **Lack of resources available to the job-holder.**

In this case, required resources which were expected to be available at the commencement of the year, are no longer available or have not become available. A decision would need to be made whether the indicator is still achievable through changing direction or whether the target would need to be adjusted (see changing of performance plans hereunder).

❖ **Lack of will to perform the required duties (poor performance)**

In this case, the job-holder has both the experience and the resources to complete the indicators but chooses not to do so. In such situations, the manager must monitor the employee more closely and frequently. In cases of poor performance, the manager should not wait for the end of the following quarter to review performance again. At least monthly action steps / targets should be put in place to attempt to curb the low level of performance. The manager is accountable to decide whether to increase the monitoring of an employee or not. It is compulsory to increase monitoring to at least monthly intervals if fewer than 75% of indicators are not being met. It is also necessary to counsel the employee in order to establish the reason for the lack of motivation or inability to perform. It is the manager's responsibility to know whether there is a specific reason for lack of motivation or inability and to take steps to ensure that the problem does not continue. Should performance not improve, then the disciplinary action must be instituted against the employee concerned in terms of the applicable disciplinary code.

### **Changing of Performance Plans**

The aim of performance management is to ensure that what was originally planned is actually achieved. This means that indicators or targets should not be adjusted during the year. However, good project management also enables controlled changes to be made should circumstances change. It is important that there is sufficient motivation for the changes. It is not permitted to simply adjust targets that have not been met or are not expected to be met due to under-achievement or poor planning. The following process is to be followed for any changes:

❖ **Changes to budgeted indicators that are included in the SDBIP**

In this case, any changes would incur a high impact, as they may affect what was originally planned and publicly agreed to during the IDP process. As the IDP and Budget were originally approved by Council, such indicators are only permitted to be changed upon approval by the Council. Additions



are permitted with only the responsible Director’s approval (or in the Municipal Manager’s case, the Executive Mayor’s approval). As the IDP is affected by changes to the SDBIP, so will the SDBIP and applicable performance plans be affected by changes to the IDP during the course of the year. Such changes must be made automatically.

❖ **Changes to indicators that are not included in the SDBIP**

These indicators, although not included in the IDP, are vitally important as they *support* the indicators that are. However, it is at the discretion of the responsible Director as to whether changes can be made. Any changes must be recorded and authorized by the responsible Director whether they be deletions, amendments or additions. The responsible manager and employee must, together, decide how great the impact any change to an indicator is and whether or not replacement resources would need to be put in place (for example if the required change was due to an employee being on a long-term absence from work).

❖ **How to weight additions to the performance plan**

In the event of the contents of an employee’s performance plan changing to the extent that he/she is expected to perform tasks that are clearly outside the original plan such that such change impacts heavily or negatively on the original plan, then the relevant indicators must be allocated a weighting OVER and ABOVE the existing 100%. The reason for this is that, at the end of the year, the employee will be able to be recognized formally for the extra commitment. A distinction must be made, however, between new tasks and unexpected tasks. For example if a typist does not usually type reports but is asked to perform this task for a manager, then it is classified as a new task that he/she may be asked to do from time to time. BUT if there are 2 typists in a team and the one typist goes on maternity leave, requiring the remaining typist to double his/her workload, this would be classified as an additional duty. All additions to the weighting must be approved by the responsible Manager.

Should it be the case that the addition to the performance plan is within the normal scope of work to be expected from the employee, then the indicator would be added and the weighting would be recalculated to remain at 100%.

**End of Year Performance Reporting and Review**

The end of year or fourth quarter report indicates the final status at the closure of the financial year. The timing of the final report depends on the type of the plan that is being reported upon.

	REPORTING	REVIEWING
<b>Employees who do not need to manage their own</b>	All these plans must be reported upon within 10 days after the end of the year - by mid-July.	Reviews must be conducted prior to the end of July annually.



<b>budgets</b>		
<b>Employees who manage their own budget</b>	For these employees, the financial information must be concluded prior to the final report. The deadline for financial information to be concluded is the 31 August <sup>1</sup> , therefore reports for these employees are only required to be complete by the end of August.	Reviews for this category must be completed by the end of August annually.
<b>Municipal Manager &amp; Section 57 employees</b>		The final report from the Auditor-General is received in December and is taken into account at the review. Therefore these reviews are conducted before the end of January of the following year.
<b>SDBIP</b>	The information as reported by officials is used to finalize the SDBIP. This report is submitted to Council as a <b>draft</b> in lieu of the formal Municipal Annual Report tabled at Council in January before final approval in March, in which performance is reported per GFS <sup>2</sup> .	The annual report fulfils a legal requirement to report on the financial and performance status of the municipality. This formal report effectively allows the Council and the Community to review the performance and achievements of the Municipality.

### Panel Evaluation for the Municipal Manager and Section 57 Managers

The annual performance obligations of the Municipal Manager and Section 57 Managers are evaluated by panels consisting of the persons listed in the table below. The panels evaluate the Municipal Manager and Directors following the initial “one-on-one” reviews referred to above and are provided with all the “means of verification” or “proof” of performance by these employees. The panels use the documentation and the information gained through interaction with the Municipal Manager or the Executive Mayor at the evaluation to evaluate performance and to award final ratings. The PMS Officer arranges the dates for the reviews and evaluation.

All members of the panels must be present at the evaluations and it is not permissible for the composition of the evaluation panels to be altered.

Either the manager responsible for human resources of the municipality or the PMS Officer must provide secretariat services to the evaluation panels.

Panel Member	Municipal Manager	Section 57 Employee
Executive Mayor	X	
Municipal Manager		X
Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee	X	X
Member of the Mayoral Committee	X	X

<sup>1</sup> Financial statements of a municipality must be sent for auditing to the Office of the Auditor General on or before the 31<sup>st</sup> August of each year.

<sup>2</sup> GFS stands for Government Finance Statistics and is an internationally recognized categorization of the budget. By reporting on actual service delivery per GFS, comparisons can be made between municipalities and across countries.



Mayor and or Municipal Manager from another Municipality	X	
Municipal Manager from another Municipality		X
Member of a Ward Committee as nominated by the Executive Mayor	X	

### Assigning Scores to Performance

Each year, performance must be reported and reviewed and each employee must be awarded a score.

The scoring criteria specified in the Performance Management Regulations for Municipal Managers and Managers reporting directly to Municipal Managers, 2006 is utilized for all employees regardless of grade or job title.

For all employees, a score is only permitted for an indicator or CCR if proof of achievement of the target is submitted. Therefore, the review must (as with in-year reviews) be conducted using an “Evidence File”.

The final report is printed and signed by both the employee and his/her manager before being recorded by the Performance Management Officer and finally stored in the employees personnel file. The table below is used for assigning ratings.

A consistent rating of 3 (fully effective) would give a score of 100%.

Rating	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 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 performance plan.



Rating	Terminology	Description
2	Performance 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 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 of the performance criteria and indicators as specified in the 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.

### Rewarding Over or Outstanding Performance

Effective performance management recognizes the need to reward employees formally for exceeding what was initially required from them. This recognition is over and above the verbal recognition that a manager may provide and the self recognition that an employee will feel for a 'job well done'. The method of reward is, in part, governed by legislation which distinguishes between Section 57 and non-Section 57 employees. The types of reward are reflected below.

### Section 57 Employees

In terms of section 32 (2) of the Performance Management Regulations for Municipal Managers and Managers reporting directly to Municipal Managers, 2006 a financial performance bonus may be awarded to the Municipal Manager and Directors for "outstanding" performance in accordance with the under-mentioned scale.

SCORE	BONUS %
130 – 133	5
134 – 137	6
138 – 141	7
142 – 145	8
146 – 149	9
150 – 153	10
154 – 157	11
158 – 161	12
162 – 165	13
166 – 167	14

- ❖ A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and



- ❖ A score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

In determining the performance bonus, the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator.

The performance bonus is calculated based upon the affected manager's total remuneration package.

In terms of section 8 of the Performance Management Regulations, the payment of a performance bonus must be based on affordability and only after -

- ❖ the annual report for the financial year under review has been tabled and adopted by the Council;
- ❖ an evaluation of performance in accordance with the provisions of regulation 23 of the Performance Management Regulations; and
- ❖ approval of such evaluation by the Council as a reward for outstanding performance.

Section 57 (4B) of the Municipal Systems Act adds additional conditions in that bonuses based on performance may be awarded to a Municipal Manager or a Manager directly accountable to the Municipal Manager only after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the Council itself.

### **The Institutional Plan**

The institutional plan is maintained and data is collected centrally by the PMS Officer over the duration of the plan. The results of the measurements can be coupled with new analysis of the status quo to guide the direction of the Municipality. Accountability for the plan does not rest with an individual as do the other plans and certain outcome indicators may be *influenced* by the Municipality but not wholly affected by the Municipality alone. An example of this is the amount of tourists visiting the District. The Municipality can put measures in place to market the area or provide incentives to business owners to commence with tourism related businesses or even design transportation infrastructure that is appealing and convenient for the tourist. However, achievement of the indicator would still be dependent on other factors that are outside the control of the Municipality.

### **Performance Investigations**

The Mayoral Committee or Audit Committee may, at any time, commission in-depth performance investigations where there is either continued poor performance, a lack of reliability in the information being provided or for any other reason. Performance investigations should assess:

- ❖ The reliability of reported information;
- ❖ The extent of performance gaps from targets;
- ❖ The reasons for performance gaps;
- ❖ Corrective action and improvement strategies.



## The Appeals Procedure

Should employees not agree with the contents of their performance agreements after planning discussions or with the final scores that are allocated to them by their managers after review discussions, they may lodge appeals in writing with the Senior Performance Management Officer. Consideration of appeals may involve desktop investigations surrounding the nature of the concerns and also consultation with other parties such as the HR Manager, the responsible Director or the Municipal Manager as may be considered appropriate. The result of investigations must be communicated to aggrieved employees.

Should an employee not agree with an appeal finding or wish to follow an alternative route, such employee is within his/her rights to follow the grievance route contained in the Employee Disciplinary and Grievance Procedure.

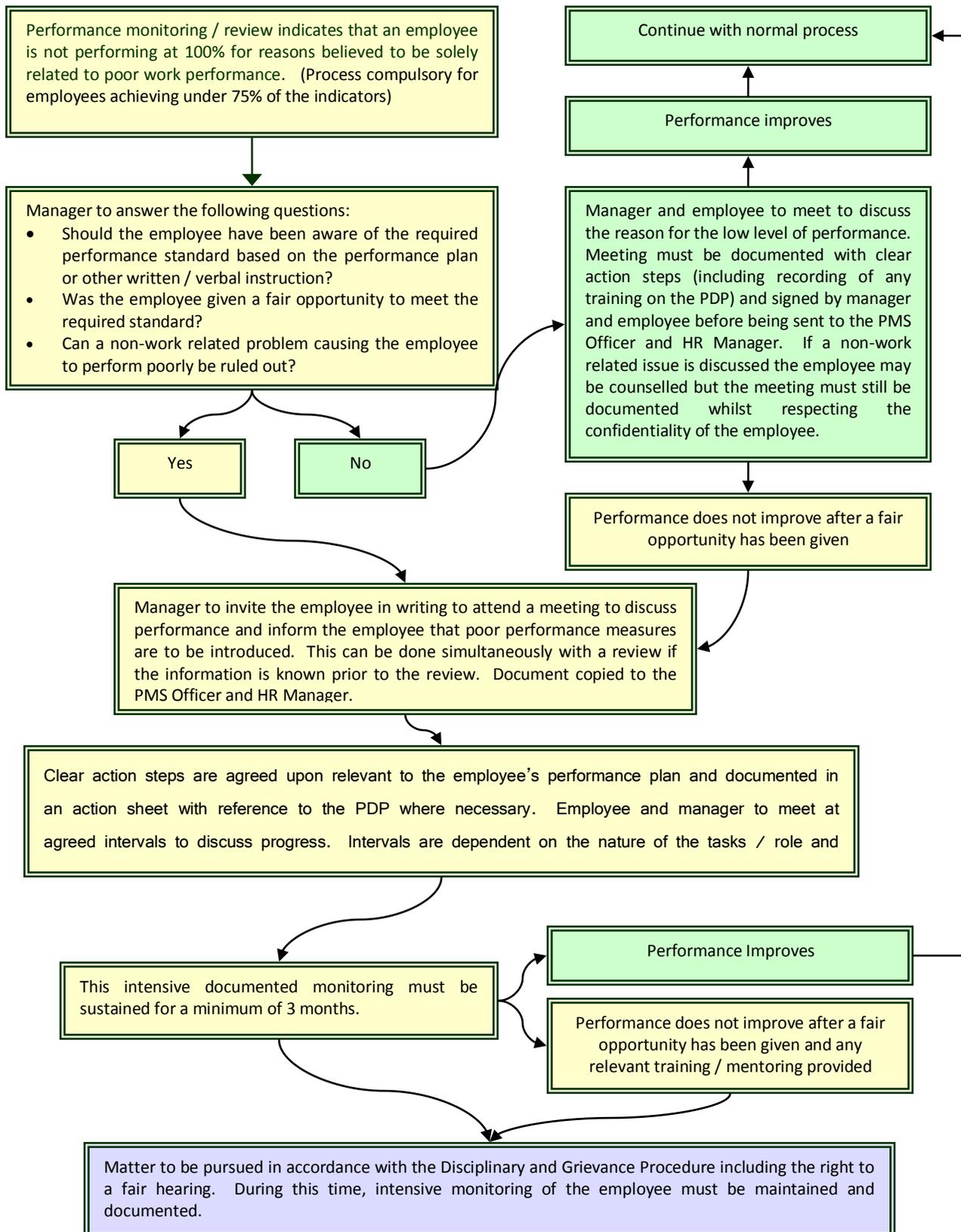
## **MANAGING POOR PERFORMANCE (Except the Municipal Manager and Section 57 Employees)**

Prior to any action being taken with regard to under-performance, it must be established WHY there is under-performance in the first place. If the reason is believed to be poor work performance, then it must be addressed in manner shown on the flow chart on the following page.

Should an employee not be achieving the objectives in his/her performance agreement, it is the manager's task to assist the employee concerned by monitoring and managing his/her performance more closely.

It is **not** appropriate that the first time an employee hears about his/her non-performance is at the final end of year performance review.

Employees must be coached and given feedback throughout the year both during reviews and whilst at work. This is not only fair to the employees but also to the managers themselves. The municipality will also benefit from employees who are performing well. The ideal situation is to ensure that the incidence of non-performance is addressed and rectified **before** disciplinary action is considered which must be treated as a last resort.





## **DEALING WITH SUBSTANDARD PERFORMANCE IN TERMS OF CHAPTER 3 OF THE DISCIPLINARY REGULATIONS FOR SENIOR MANAGERS**

The regulations only apply to the Municipal Manager and Managers directly accountable to him/her.

The regulations define "substandard performance" as poor work or unacceptable performance or failing to meet the required standard set for the post.

The regulations are aimed at:

- ❖ creating an enabling environment to facilitate effective performance by senior managers;
- ❖ providing senior managers with access to skills development and capacity building opportunities in order to promote efficient and effective performance;
- ❖ providing remedial and developmental support to assist senior managers to deal with substandard performance; and
- ❖ ensuring that the municipal council and senior managers work collaboratively to generate solutions to problems and improve the performance of senior managers.

In terms of regulation 15 of the Regulations, the procedures for substandard performance must be read in conjunction with regulation 32 of the Municipal Performance Regulations.

The Code of Good Practice provided for in Schedule 8 of the Labour Relations Act, 1995 (Act No. 66 of 1995) also applies as part of the procedures in respect of poor work performance.

Regulation 15 (3) of the Regulations requires the Council to assess a senior manager's performance by considering -

- ❖ the extent to which the substandard performance impacts on the work of the Municipality and the achievement of Municipal goals;
- ❖ the extent to which the senior manager fails to meet the required performance standards set by the Council;
- ❖ the extent to which the senior manager lacks the necessary skills, competencies and expertise to meet the performance objectives and targets for his or her post as contained in the performance agreement; and
- ❖ the nature of the senior manager's work and responsibilities.

Regulation 16 of the Regulations prescribes the procedures for dealing with substandard performance.



The Executive Mayor deals with substandard performance by the Municipal Manager and the Municipal Manager deals with substandard performance by a Manager directly accountable to him or her.

If the Council has reason to believe that a senior manager is not performing in accordance with the minimum performance standards of his/her post, the Executive Mayor or the Municipal Manager, as the case may be, must convene a meeting to give feedback to the senior manager concerned on his/her performance and furnish him/her with reasons why it is necessary to initiate the procedure outlined below.

At the aforesaid the meeting, the Executive Mayor or the Municipal Manager, as the case may be, must -

- ❖ explain the requirements, level, skills and nature of the senior manager's post to the senior manager concerned;
- ❖ evaluate the senior manager's performance in relation to his/ her performance agreement;
- ❖ explain the reasons why his/her performance is considered substandard; and
- ❖ afford the senior manager or his/her representative an opportunity to respond to the performance outcomes referred to above.

After considering the senior manager's reasons, the Executive Mayor or the Municipal Manager may, if necessary, initiate a formal programme of counselling and training to enable the senior manager to reach the required standard of performance. This decision must be coupled with an assessment of the time that it will take for the relevant senior manager to deal with the substandard performance. Realistic timeframes within which the municipality will expect the senior manager to meet the required performance standards must be set. Appropriate training for the senior manager to reach the required standard of performance must, further, be identified.

The Executive Mayor or the Municipal Manager may also establish ways to address any factors that lie beyond the senior manager's control and that affect his/her performance.

If the senior manager fails to meet the required performance standard for the post after being subjected to a formal programme of counselling and training as outlined above, the Executive Mayor or Municipal Manager may regularly evaluate the senior manager's performance and provide further remedial or developmental support to assist him/her to eliminate the substandard performance.

If the senior manager's performance does not improve after he or she received appropriate performance counselling and the necessary support and a reasonable time to improve his/ her performance or if he/ she refuses to follow a formal programme of counselling and training as required, the Executive Mayor or the Municipal Manager, as the case may be, must bring the allegations of substandard performance against such senior manager to the attention of the Council in the form of a report and within the prescribed timeframes.

If the Council is satisfied that sufficient evidence exist to institute disciplinary proceedings against the senior manager on the basis of the alleged substandard performance, it must do so by way of an



authorizing resolution and, thereafter, the Executive Mayor or the Municipal Manager, as the case may be, must furnish the senior manager with written reasons why it is necessary to initiate such disciplinary procedures against him/her on the basis of serious misconduct. The disciplinary processes referred to in the regulations must, thereafter, be invoked.

## **EMPLOYEES WHO LEAVE OR JOIN THE MUNICIPALITY'S SERVICE DURING THE FINANCIAL YEAR**

Upon the commencement of a new employee's service with the District Municipality, a performance plan should be compiled to discuss such employee's new role with him/her. The performance plan will only be valid until the commencement of the new financial year at which point a new plan will be compiled along with those of other employees.

Upon leaving the service of the District Municipality (during any time of the year) a final in-year review must be conducted to establish the final status of indicators applicable to the post. The information so obtained must be used to compile the performance plan of any new employee who may take over in the position.

## **EMPLOYEES APPOINTED IN "ACTING" POSITIONS**

Any employee appointed to "act" in a position other than his/her own for longer than 15 consecutive days must, at the same time, be advised of the key performance indicators that he/she will be requested to support and/or achieve. During the time of the "acting" appointment, the employee concerned will be expected to treat these "inherited" indicators as his / her own and will be asked to report formally on the progress thereon at a review to be held at the end of the term (in addition to the normal quarterly review if the period covers such a time). It must be noted that the employee concerned must not neglect his/her existing performance plan and any indicators delegated to other officials during a period of an "acting" appointment must be closely monitored as the responsible employee will, nevertheless, remain accountable for these and be reviewed on his/her initial plan at the end of the year. Should an employee not be in a position to delegate his/her original indicators to another employee, the paragraph in this Policy on how to allocate weightings to additional indicators, should be consulted.

## **MONITORING ENTITIES UNDER THE CONTROL OF CACADU DISTRICT MUNICIPALITY**

Municipal Entities are appointed by a Municipality to act as independent implementers of a specific area of specialization. Although monitored by an independent Board of Directors, there needs to be a clear link to the municipal IDP and the Entity must continue to work on behalf of the Municipality. Accordingly, as with all other plans, a set of indicators must be drawn up at the beginning of the year and be reported upon quarterly. However, the review of the relevant indicators is conducted formally through the Board of Directors which also reviews the performance of the Entity and its CEO annually.



## **MONITORING SERVICE PROVIDERS APPOINTED BY CACADU DISTRICT MUNICIPALITY**

Service providers are appointed to undertake work on behalf of the municipality. As such, the work to be undertaken is for the benefit of the community and must be monitored to ensure that payment for services is warranted and well spent. Service providers employed to complete projects specified in the IDP are, by implication, monitored through the SDBIP and PMS, due to the fact that a budgeted amount is agreed for the work. Likewise, for outsourced functions, the official identified to be accountable for the relevant function remains, at all times, responsible for the performance of the function concerned through his/her own performance plan.

As a guide, all officials engaging the services of an outside body MUST ensure that clear terms of reference are used for all appointments and that clear indicators specifying agreed timeframes and deliverables are agreed and included in the appointment letter. The appointment letter must also indicate the recourse for non-delivery of agreed deliverables of the required standard.

### **PART 3: AUDITING, QUALITY CONTROL AND MODERATION**

The Performance Management System is formally audited annually for compliance.

#### **Internal Audit**

The municipality's internal audit function must audit the performance management system to ensure both compliance and correct application. The audit team will also investigate whether or not the contents of this Policy are being implemented and also test its application on the basis of fairness, objectivity and uniformity. The Internal Audit team is authorized to interrogate any documentation they consider necessary in order to conduct their testing.

The Internal Audit team will also be responsible, as part of their testing obligation, to review a random sample of reviews and associated "proof" / "means of verification". If it is found, through this process, that an incorrect allocation of ratings has been assigned, all employees reporting to the respective manager will be reviewed to test for correct application.

#### **The Office of the Auditor-General**

In terms of section 45(b) of the Municipal Systems Act, the results of the performance measurements undertaken by a municipality must be audited annually by the Auditor-General.

The office of the Auditor-General is accordingly required to annually test compliance with both legislation and internal policy. The Auditor-General has a set of pre-defined criteria which each municipality must meet. The office of the Auditor-General will also check documentation that the Internal Auditors have collected. The results of the audit are contained in the Municipality's annual report for viewing and scrutiny by the Council and the community as well as nationally within



government. The Auditor-General's office is also permitted to interrogate any documentation pertaining to performance management in order to assess compliance and provide a reliable report.

### **Audit Committee**

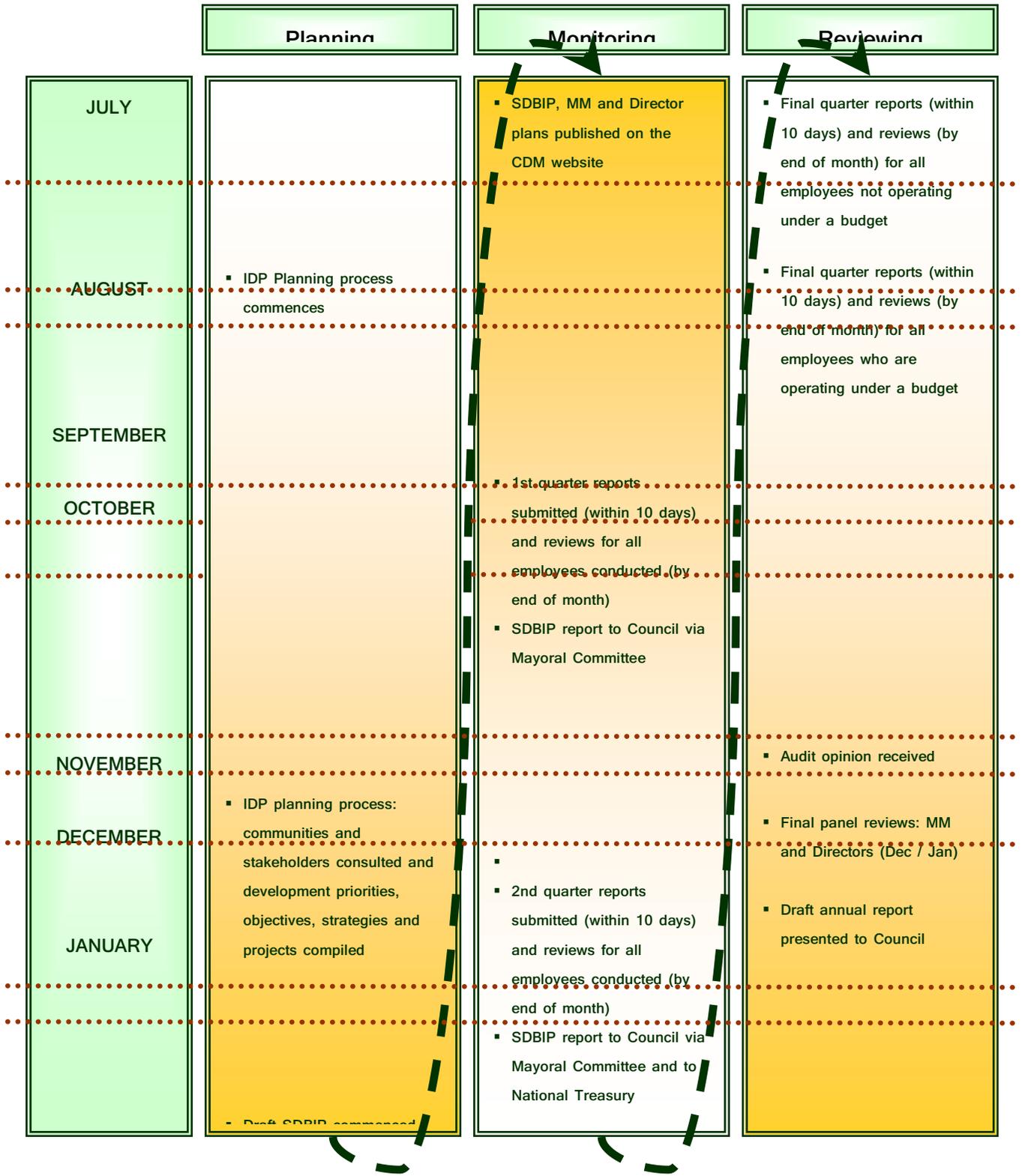
In accordance with the requirements of the Municipal Planning and Performance Management Regulations, 2001 a separate independent body must be appointed to continually monitor and audit the Municipality's compliance with, inter alia, its performance management system. The Municipality can use either the existing Audit Committee or appoint a committee specifically dedicated to performance management. The Committee meets every quarter to review the performance of the Municipality (including its employees) and also to objectively comment on the manner in which the PMS is being implemented at the Municipality.

### **Evaluation and improvement of the Performance Management System**

In order for performance management to remain effective, it must, at all times, compliment the manner of working and the alignment of systems within the Municipality. As with many institutions, Cacadu District Municipality must constantly change and adapt to the environment in which it operates. So too, must each employee adapt to new tools and processes that are brought onboard. In keeping with this, it is necessary to constantly evaluate the PMS and ensure that it remains as effective and valuable as it should be. Each year, the Performance Management Officer will test the applicability of the system, the use of indicators and the uniformity of the implementation across the Municipality through a sampling method. Results of audit investigations will also be used in this process. The results of the investigation may require that customizations be made to existing processes or templates or that training be provided to ensure a consistent approach across the Municipality, including the manner in which ratings are awarded. Any proposed changes will be submitted to the Mayoral Committee through the Executive Mayor for formal approval or for information depending on the nature of the suggested change.



# THE 3 YEAR PMS PROCESS





# **ANNEXURES**



## REVIEW NOTES FOR PEOPLE MANAGERS

Managers must take an interest in how their staff are performing, giving them positive feedback when work is going well and making it clear when things are not going so well. It is about providing the appropriate, timely, consistent and equitable support to help everyone do their job to the best of their ability and reach their full potential. This will require managers speaking regularly with their team and observing how they perform their tasks as well as looking at the outcomes. Feedback on performance should be given when it is observed. However, this is not always practical and, accordingly, there should be regular formal meetings where the manager and employee can discuss progress.

You, in conjunction with the employee, need to ensure that his/her job description, performance plan and personal development plan are up to date and relevant. These are important documents for establishing clarity in the role and assessing achievement. Below are some general guidelines for review meetings.

### Before the meeting

- Arrange a suitable time with the job holder (2 weeks in advance);
- Remind the job holder of the need to prepare for the meeting and remind him/her of the importance thereof;
- Review and reflect on performance – highlight successes and shortfalls against targets;
- Review the details recorded on the personal development plan;
- Honour the scheduled time;
- If, appropriate seek feedback from external customers and interested parties.

### During the meeting

- Review each indicator and CCR against relevant targets whilst cross checking the evidence file;
- Ensure there is a two-way process of communication in which the employee shares perceptions of performance strengths and weaknesses;
- Create an environment that allows an open and honest dialogue;
- Ensure a dialogue takes place where agreement is reached on whether or not the employee has achieved a level of performance that is above, in line with or below expectations;
- Clarify that targets are still relevant;
- Complete and sign documentation and send it to the PMS Officer.

### After the meeting

- Ensure records are kept as evidence of how you have managed the performance of your team – they may be required for monitoring, validation or in an appeals process. It is good practice and a legal requirement that the process and findings can be demonstrated as fair and objective.







**PERFORMANCE PLAN: MUNICIPAL MANAGER AND DIRECTORS**

Objective	Strategy	Key Performance Indicator (Project)	Annual Target	Proof	Weighting	Account Number	R000s	30 Sep Target	31 Dec Target	31 Mar Target	30 Jun Target
<b>KEY PERFORMANCE AREAS (KPA's)</b>											
<b>KPA 1. INSTITUTIONAL MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT</b>											
<b>KPA 2. BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>											



PERFORMANCE PLAN: EMPLOYEES WITH BUDGET									
PERFORMANCE PLAN 2007/08:		Employee Name							
POST:		Employee Job Title							
Strategy (General area of work)	Key Performance Indicator (Duties / Tasks)	Annual Target	Proof	Weighting	R000s	30 Sep Target	31 Dec Target	31 Mar Target	30 Jun Target
KEY PERFORMANCE INDICATORS (KPIs)									



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PERFORMANCE PLAN: EMPLOYEES WITHOUT BUDGET								
PERFORMANCE PLAN 2007/08:		Employee Name						
POST:		Employee Job Title						
Strategy (General area of work)	Key Performance Indicator (Duties / Tasks)	Annual Target	Proof	Weighting	30 Sep Target	31 Dec Target	31 Mar Target	30 Jun Target
KEY PERFORMANCE INDICATORS (KPIs)								




PERSONAL DEVELOPMENT PLAN:				Employee Name				
JOB TITLE:				Employee Job Title				
Date of Entry	Skill required / performance gap	Outcomes Expected (what will I achieve)	Suggested Training and / or activity and mode of delivery	Suggested Time Frames/ completion date	Work Opportunity Created to Practice skill / Development Area	Support Person	Signature of Employee and Manager	Comments at next Review



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