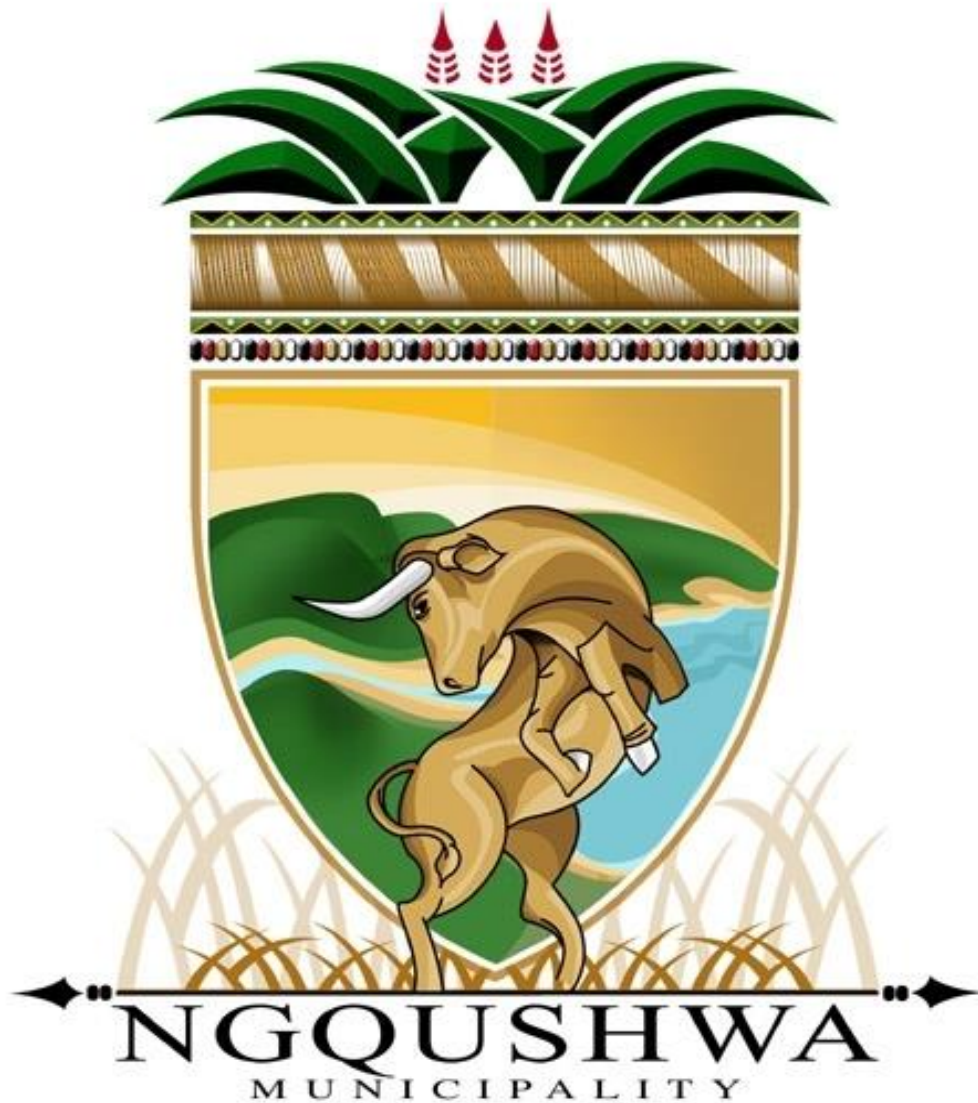


# **NGQUSHWA LOCAL MUNICIPALITY**



## **PERFORMANCE MANAGEMENT POLICY 2016/2017**

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**1. PURPOSE OF THE POLICY**

The purpose of the policy is:-

- To promote accountability;
- To ensures certainty and predictability;
- To correct lack of performance; and
- Reward excellent performance

**2. DEFINITION OF TERMS**

- The Municipality:** : Ngqushwa Local Municipality
- The Act:** : The Municipal Systems Act (Act 32 of 2000)
- The Municipal Scorecard:** : The Municipal scorecard is a management system (not only a measurement system) that was recommended by the Department of Provincial and Local Government in their Performance Management Guide for Municipalities (2001) based on the requirements of the Municipal Systems Act (Act 32 of 2000) that a municipality’s PMS must consist of input, output and outcome indicators
- Employee:** : An employee of Ngqushwa Local Municipality
- Indicator (Key Performance Indicator – KPI):** : An indicator is a statement that describes the level of performance achieved in relation to a set of aims and/or objectives. An indicator provides evidence that a certain condition exists or certain results have or have not been achieved. The indicator is linked to the key activity/output.

- Key Performance Area/ Performance Objective (KPAS/ PO):** : An area of a job that is critical in terms of making an effective contribution to the achievement of the Municipality’s strategies and goals.
- Outcome:** : A broad statement about a specific aim or intent, the achievement of which will require one or more specific outputs to be achieved.
- Output:** : A concrete achievement (i.e. product or service) that contributes to the achievement of an outcome or KPAS/ PO. Outputs are the immediate results of the activities conducted. They are usually expressed in quantities, either in absolute numbers or as a proportion of a population. Outputs are generally expressed separately for each activity.
- Performance agreement:** : A document agreed upon and signed by an employee and her/ his supervisor, which reflects the outputs in the work plan expected of the employee, the performance standards that will apply and measures to assess performance. Also included is an employee’s personal development plan (PDP), as well as a brief description of her or his job.
- Performance cycle:** : A period not exceeding 12 months, for which performance is planned, executed and assessed. It must be aligned to the same period as the Municipality’s annual business plan/ service delivery plan cycle i.e. 1st July to 30th June of the following year.
- Performance management** : Performance management is a purposeful, continuous process aimed at managing and developing employee behavior for the

achievement of the organization's strategic goals; the determination of the correct activities as well as the evaluation and recognition of the execution of tasks/duties with the aim of enhancing their efficiency and effectiveness; and a means of improving results from the Department, teams and individuals by managing performance within an agreed framework of planned goals, objectives, standards and rewards.

- Personal development plan:** : A requirement of the performance agreement whereby the important competency development needs of the employee are documented, together with the means by which these needs are to be satisfied – and which includes time lines and accountabilities.
- (Performance) Rating:** : The allocation of a score to individual KPAS/ POs in accordance with the prescribed rating scale.
- Recognition:** : Reinforcing of outstanding performance through financial and/or non-financial rewards.
- Supervisor:** : Manager responsible for the review and assessment of an employee. This includes the allocation of work, monitoring activities, discussing performance and development progress.
- Performance plan:** : A document, which contains Key Performance Area/ Performance Objectives (KPAS/ POs), associated KPAS/ PO outputs and their indicators and measures.

### 3. LEGAL FRAMEWORK

- Constitution of the Republic of South Africa of 1996
- Skills Development Act, No 97 of 1998
- Employment Equity Act, No 55 of 1998
- The Local Government: Municipal Systems Act (No. 32 of 2000)
- Local Government: Municipal Planning and Performance Management Regulations (No. R796 of 2001)
- Local Government: Municipal Finance Management Act (No. 56 of 2003)
- Local Government: Municipal Planning and Performance Management Regulation(of 2006)

### 4. SCOPE OF APPLICATION

#### ***The policy should be applicable to:-***

- Senior Management of Ngqushwa Municipality (section 56)
- Managers below section 56
- All employees employed on Permanent basis
- All employees employed on Contractual basis ,excluding Interns and Casual workers

### 5. OBJECTIVES

The objectives of this policy are:-

- **Facilitate increased accountability**

The performance management system to provide a mechanism for ensuring increased accountability between

- The citizens and Ngqushwa Municipal Council;
- The political and administrative components of the municipality; and
- Each department and the Municipal Manager.

- **Facilitate learning and improvement**

While ensuring that accountability is maximized, the performance management system to provide a mechanism for learning and improvement. It must allow for the municipality to know which approaches are having the desired impact, and enable

the municipality to improve delivery. It should form the basis for monitoring, evaluating and improving the IDP.

- **Provide early warning signals**

The performance management system to provide managers, the Municipal Manager, Mayor and Mayoral Committee with early warning of risks to full implementation of the IDP. It is important that the system ensures decision makers are timeously informed of risks, so that they can facilitate intervention, if necessary. The performance management system to provide appropriate management information that will allow efficient, effective and informed decision making, particularly on the allocation of resources.

## **6. PRINCIPLES GOVERNING PERFORMANCE MANAGEMENT**

- **Simplicity**

The system must be a simple, user-friendly system that enables the municipality to operate it, within its existing resource capacity and involve external stakeholders.

- **Politically driven**

Legislation tasks the Mayor as the owner of the performance management system. The Mayor to drive both the implementation and improvement of the system, and may delegate responsibilities in this regard.

- **Incremental implementation**

The municipality to adopt a phased approach to implementation, dependent on the capacity and resources of the municipality.

- **Transparency and accountability**

The process to be inclusive, open and transparent. All information on the performance of the municipality should be available for managers, employees, the public and interest groups.

- **Integration**

The system to 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.

- **Objectivity**

Performance management to be founded on objectivity and credibility. Both the processes of managing performance and the information on which it relies needs to be objective and credible.

## **7. THE PERFORMANCE MANAGEMENT CYCLE**

There are four key phases in the performance management cycle. These phases to be linked to the planning and reviewing phases of the Ngqushwa Municipality as a whole.

The four phases of the cycle are explained below:

### **Phase 1: 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. Service Delivery and Budget Implementation Plan (SDBIP) will be developed to ensure implementation of the municipal programmes and projects.

### **Phase 2: Coaching**

Managers will provide guidance and support to employees to ensure tasks/functions are well executed to improve performance of the individual and the organisation.

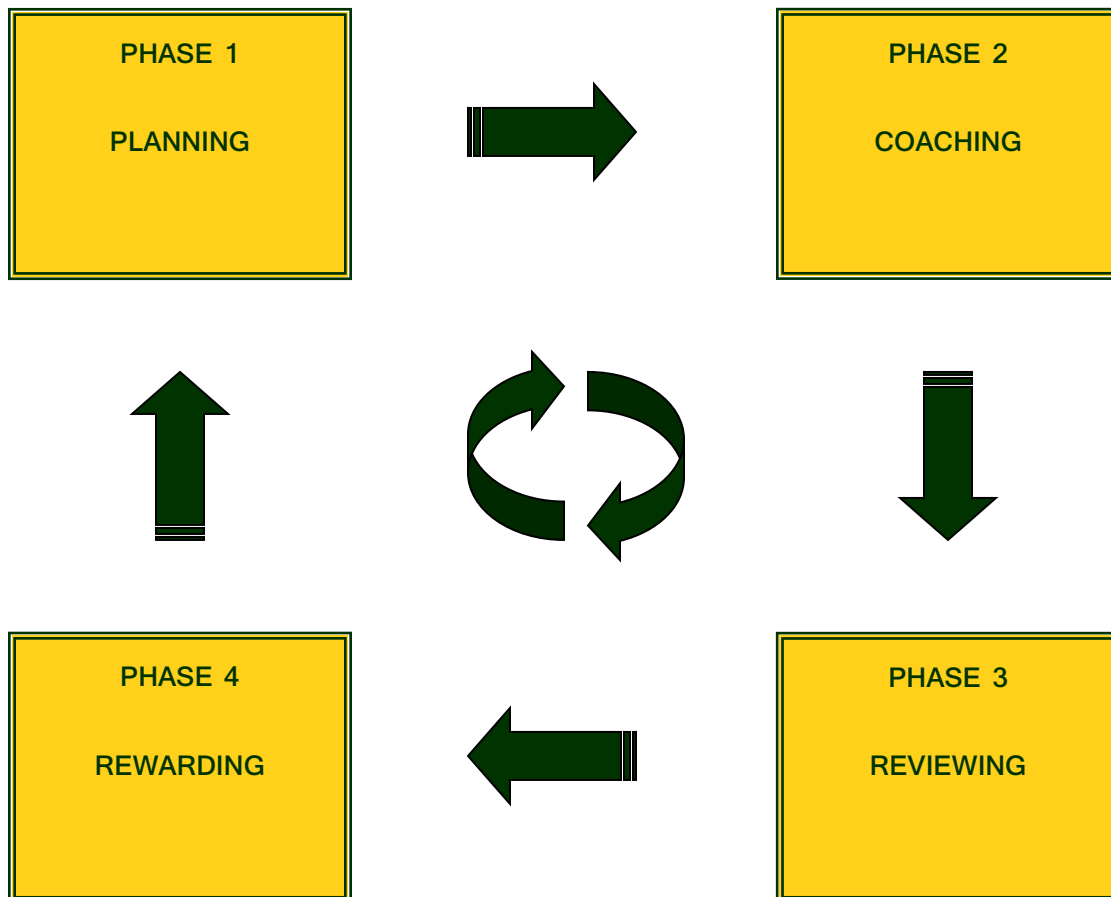


### Phase 3: Reviewing

This involves a systematic process of reviewing achievements against stated plans and understanding the reasons for the variance where there is variance. It also involves the consideration of new developments and how these need to be incorporated into existing or new plans.

### Phase 4: Rewarding

Employees will be recognized when performing outstandingly and they will be rewarded based on the criteria set by the municipality.



## **8. IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM**

### **Planning for Performance Management**

The municipality to develop an IDP-based implementation strategy. The IDP process and the performance management process are seamlessly integrated. The IDP fulfils the planning stage of Performance Management and Performance Management fulfils the implementation of management, monitoring and evaluation of the IDP process. The Service Delivery and Budget Implementation plan serve as a tool of translating strategies into action to deliver the desired outputs and outcomes.

### **Performance Agreement**

The performance agreement must be entered into each financial year of the municipality

#### **The purpose of performance agreement is to:**

- Specify objectives and targets defined and agreed with the employee and to communicate to the employee the employers expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality
- Specify accountabilities as set out in the performance plan ,which forms an annexure to the performance agreement
- Monitor and measure performance against set targets outputs
- Use performance agreement as the basis of assessing whether the employee has met the performance expectations applicable to his or her job
- In the event of outstanding performance ,to appropriately reward the employee ;and
- Give effect to the employer's commitment to a performance orientated relationship with its employee in attaining equitable and improved service delivery.

## **9. TYPE OF INDICATORS**

### **Baseline Indicators**

These are indicators that measure conditions or status before a project or programme is implemented or at the start of the period.

### **Input Indicators**

These are indicators that measure what it costs the municipality to purchase the essentials for producing desired outputs (economy), and whether the municipality achieves more with less, in resources terms (efficiency) without compromising quality. The economy indicators may be the amount of time, money or number of people it took the municipality to deliver a service.

### **Output Indicators**

These are the indicators that measure whether a set of activities or processes yields the desired products – effectiveness indicators. They are usually expressed in quantitative terms. These indicators relate to programme activities or processes.

### **Outcome Indicators**

These are the indicators that measure the quality as well as the impact of the products / programmes in terms of the achievement of the overall objectives. In terms of quality, they measure whether the products meet the set standards in terms of the perceptions of the beneficiaries of the service rendered. In terms of impact, they measure the net effect of the products or services on the overall objective. Outcome indicators relate to programme objectives.

All the above types of indicators should be measurable, simple, precise, relevant, adequate and objective.

## 10. SETTING OF INDICATORS

Ngqushwa Municipality to set key indicators, including input indicators, output indicators and outcome indicators, in respect of each of the development priorities and objects referred to in Section 26 (c) of the Systems Act. In setting these indicators, the Ngqushwa Municipality will ensure that communities are involved. Ngqushwa Municipality to ensure that indicators inform the indicators set for all its administrative units and employees as well as every municipal entity and service provider with whom the municipality has entered into a service delivery agreement.

### Review of Indicators

Ngqushwa Municipality will review its key performance indicators and the national KPIs annually as part of the performance review process, or whenever it amends its IDP in terms of Section 34 of the Municipal Systems Act.

It is important for Indicators to be **SMART**:

**S**pecific: Each KPI must be clear and concise

**M**asurable: A KPI should specify the measurement required

**A**chievable: Can the KPI be reached?

**R**ealistic: Even if the KPI can be reached –is it possible given the resources

**T**ime bound: What is the time limit placed on the KPI?

### Setting Targets

Performance targets are the planned level of performance or the milestones the Ngqushwa Municipality sets for itself for each indicator identified. The Ngqushwa Municipality will identify baseline measurements, which is the measurement of the chosen indicator at the start of the period. In setting targets, it is important to know how the Ngqushwa Municipality is performing at the current moment. This step also tests whether the chosen indicator is in fact measurable and whether there are any

problems. The targets need to be realistic, measurable and be commensurate with available resources and capacity.

The public need to be consulted on their needs and expectations in setting a target. Politicians need to give clear direction as to the importance of the target and how it will address the public need. Targets should be informed by the development needs of communities and the development priorities of the Ngqushwa Municipality.

Line managers need to advise as to what a realistic and achievable commitment for a target is, given the available resources and capacity. Managers will need to advise on seasonal changes and other externalities that should be considered in the process of target setting. There must be clear timelines related to the set targets.

Ngqushwa Municipality to set, for each financial year, performance targets for each of the key performance indicators set by it. A performance target must be practical and realistic. It must measure the efficiency, effectiveness, quality and impact of the performance of the Ngqushwa Municipality. It must also identify administrative components, structures, bodies or persons for whom a target has been set. It is important that the set target is commensurate with available resources and the Ngqushwa Municipality's capacity. Finally, targets need to be consistent with the Ngqushwa Municipality's development priorities and objectives set out in its IDP.

## **11. REPORTING AND PERFORMANCE REVIEWS**

The performance information (POE's) must be submitted to the IDP/PMS unit a week after a quarter has ended. Performance reviews of a Municipal Manager and Managers Directly accountable to the Municipal Manager must be reviewed on the following dates:

First Quarter: July –September	Informal Reviews
Second Quarter: October-December	Formal Reviews
Third Quarter : January –March	Informal Reviews
Fourth Quarter :April –June	Formal Reviews

**PANEL FOR ASSESSMENT OF MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS**

<b>Panel Member</b>	<b>Municipal Manager</b>	<b>Managers directly accountable to Municipal Managers</b>
Mayor	<b>X</b>	
Municipal Manager		<b>X</b>
Member of the Executive Committee	<b>X</b>	<b>X</b>
Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee	<b>X</b>	<b>X</b>
Mayor or Municipal Manager from another Municipality	<b>X</b>	
Municipal Manager from another Municipality		<b>X</b>
Member of a Ward Committee as nominated by the Mayor	<b>X</b>	

**TYPE OF REVIEWS**

**Senior Management Reviews**

Departments need to report on their performance to the Municipal Manager. The management team to reflect on whether targets are being achieved, what are the reasons for targets not being achieved, where applicable, and corrective action that may be necessary.

## **Executive Committee Reviews**

On a quarterly basis, the Executive Committee should engage in an intensive review of municipal performance. Many of the indicators will only be measurable on an annual basis. The quarterly reviews should thus culminate in a comprehensive annual review of performance.

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

It will be important that the Executive Committee not only pay attention to poor performance, but also to good performance. The Executive Committee to acknowledge good performance, namely where departments have successfully met performance targets. An Annual Mayoral Award for Excellent Performance to be introduced that rewards departments who have excelled in terms of their service scorecards.

## **Council Reviews**

At least annually, the Executive Committee will be required to report to Council on municipal performance. The Municipal Systems Act requires that the annual municipal report should at least constitute a performance report, financial statements and an audit report.

## **Public Reviews**

A user-friendly citizens' report to be produced for public consumption. The citizens' report to be a simple, easily readable and an attractive document. Citizens to be involved in the review of municipal performance. Various forms of media including radio, newspapers and billboards to be used to convey the citizens' report. The public to be invited to submit comment via telephone, fax, email and public hearings to be held in a variety of locations.

## **Auditing and Quality Control**

All auditing to comply with the Systems Act, Section 14 of the Municipal Planning and Performance Management Regulations (No. R 796 of 2001) and the Municipal Finance Management Act, (No. 56 of 2003).

### **Co-ordination**

The Performance Management Section to co-ordinate and ensure good quality of reporting and reviews. Reports to be uniform and reliable.

### **Performance Investigations**

The Executive/Mayoral Committee or Audit Committee to commission in-depth performance investigations where there is either continued poor performance, a lack of reliability in the information being provided or on a random ad-hoc basis. 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

### **Internal Audit**

The municipality's internal audit function to audit the performance reports. As required by the regulations, they will be required to produce an audit report on a quarterly basis, to be submitted to the Municipal Manager and the Performance Audit Committee.

### **Performance Audit Committee**

The Municipal Council to establish a Performance Audit Committee consisting of at least three members, the majority of which may not be involved in the municipality as a Councillor or an employee.



The operation of the Performance Audit Committee is governed by Section 14 (2-3) of the regulations. The municipality may choose to use an existing audit committee for this purpose.

The performance audit committee must:

- Review the quarterly reports submitted to it by the internal audit unit
- Review the municipality's performance management system and make recommendations in this regard to the Council of that municipality
- Assess whether the performance indicators are sufficient
- At least twice during a financial year submit an audit report to the municipal Council

In order to fulfill their function, a Performance Audit Committee may, according to the regulations,

- communicate directly with the Council, Municipal Manager or the internal and external auditors of the municipality concerned;
- access any municipal records containing information that is needed to perform its duties or exercise its powers;
- request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

## **12. RATING SCALE FOR PERFORMANCE REVIEWS**

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. A consistent rating of 3 (fully effective) would give a score of 100%. The table below is used for assigning ratings:

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.
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.

## **13. The Municipal Balanced Scorecard as a “Tool” to Assess Ngqushwa**

### **Municipality on a Corporate Level**

#### **Objective of the Balanced Scorecard (BSC)**

The balanced scorecard is a conceptual framework for translating an organizations (or municipality’s) strategic objectives into a set of performance indicators distributed among four perspectives, namely, Financial, Customer, Internal Business Processes, and Learning and Growth. Some indicators are maintained to measure an organization’s progress toward achieving its vision; other indicators are maintained to measure the long-term drivers of success.

Through the balanced scorecard concept, an organization monitors both its current performance (finance, customer satisfaction, and business process results) and its efforts to improve processes, motivate and educate employees, and enhance information systems – its ability to learn and improve.

#### **The Four Perspectives of the Balanced Scorecard**

- **Financial:** Financial considerations for public organizations have an enabling or a constraining role, but will rarely be the primary objective for business systems. Success for public organizations should be measured by how effectively and efficiently they meet the needs of their constituencies. Therefore, in the government, the financial perspective emphasizes cost efficiency, i.e., the ability to deliver maximum value to the customer.
- **Customers:** This perspective captures the ability of the organization to provide quality goods and services, the effectiveness of their delivery, and overall customer service and levels of satisfaction. In the governmental model, the principal driver of performance is different when compared to a strictly commercial environment, namely, customers and stakeholders take pre-eminence over financial results. In general, public organizations have a different, perhaps

greater, stewardship / fiduciary responsibility and focus than do private sector entities.

- **Internal Business Processes:** This perspective focuses on the internal business results that lead to financial success and satisfied customers. To meet organizational objectives and customers' expectations, organizations must identify the key business processes at which they must excel. Key processes are monitored to ensure that outcomes will be satisfactory. Internal business processes are the mechanisms through which performance expectations are achieved.
- **Learning and Growth:** This perspective looks at the ability of employees, the quality of information systems, and the effects of organizational alignment in supporting accomplishment of organizational goals. Processes will only succeed if adequately skilled and motivated employees, supplied with accurate and timely information, are driving them. In order to meet changing requirements and customer expectations, employees may be asked to take on dramatically new responsibilities, and may require skills, capabilities, technologies, and organizational designs that were not available before.

## **LEVELS OF PERFORMANCE MANAGEMENT**

The performance management process to unfold at a number of different levels, each aligned to the next. The municipal-wide level to focus on municipal-wide performance, the organizational performance management level focuses on performance of the departments. The individual performance level focuses on individual staff members. Though aligned, the levels differ in the types of indicators that are used to assess performance.

**Figure 13.1: Levels of Performance Management**

Level	Performance Plan	“KPIs”	Management Tools
Municipal-wide Performance Management	“Municipal Scorecards” IDP and SDBIP	Outcomes Indices	Surveys Benchmarking
Organizational Performance Management	“Departmental Scorecards” SDBIP	Inputs, process Output	Audit Reports
Individual Performance Management	“Individual Performance Scorecards” Key Performance Areas	Inputs, process Output	Performance Appraisals

## **14. CASCADING OF PERFORMANCE MANAGEMENT SYSTEM**

### **The Individual Performance Management System**

In order to ensure that the municipality meets its organizational performance indicators and standards, it is appropriate to introduce a performance management system for the individual employees within the municipality. Thus each individual is given performance objectives, targets and standards that are linked to the objectives of his/her team, his/her department and ultimately the municipality.

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 in its Integrated Development Plan and the Service Delivery and Budget Implementation Plan.

## OBJECTIVES OF INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM

The objectives of the system are to:

- improve organizational performance by improving team and individual performance;
- clarify expectations of what teams and individuals are required to achieve;
- develop the skills and competencies of individuals within the organization;
- foster a sound working relationship between managers and employees through the development of agreed objectives, the provision of feedback, counseling and coaching;
- provide a tool for managers to manage the performance of their staff;
- allow employees to become more actively involved in managing their own performance; and
- Reward those employees whose performance exceeds the output criteria.

1. PHASE	2. ACTIVITIES	3. WHAT HAPPENS?	4. TIMEFRAME	RESPONSIBLE PARTY
1. Planning & Implementation	<ul style="list-style-type: none"> <li>- Sign Job description</li> <li>- Develop Performance Plan</li> <li>- Develop Performance Agreement</li> <li>- Develop Personal Development Plans (PDP's)</li> <li>- Prepare weekly plans</li> <li>- Prepare weekly reports</li> </ul> <p><u>Documents required:</u></p> <ul style="list-style-type: none"> <li>- Job description</li> <li>- Performance Plan</li> <li>- Performance Agreement</li> <li>- PDP Forms and structured questions</li> <li>- Departmental scorecard/SDBIP</li> <li>- Weekly Plan</li> </ul>	<ul style="list-style-type: none"> <li>- Both parties together discuss, reach an agreement, and sign PAs.</li> <li>- PDP's detail required trainings/WSP / interventions/ resources needed to facilitate ability of staff member to reach required standard.</li> </ul>	Before 31 July each year	HOD Manager Subordinate

<p>2. Monitoring &amp; Coaching</p>	<ul style="list-style-type: none"> <li>- Preparation of monthly plans and reports</li> <li>- Preparation of weekly reports</li> <li>- Documentation of coaching session</li> <li>- Signing of action plans</li> <li>- Subsequent reviewal of progress</li> </ul> <p><u>Documents required:</u></p> <ul style="list-style-type: none"> <li>- Performance Agreement</li> <li>- Action Plan</li> <li>- Follow up meeting notes</li> <li>- Portfolios of evidence</li> <li>- Training records, etc</li> </ul>	<ul style="list-style-type: none"> <li>- Both parties discuss work to date against required targets on Weekly plans and Performance Agreement. Problems and causes are highlighted and appropriate action detailed on action plan with timeframes.</li> <li>- Follow up meetings and manage progress.</li> </ul>	<p>Weekly and monthly</p>	<p>HOD Manager Subordinate</p>
<p>3. Formal Reviewing</p>	<ul style="list-style-type: none"> <li>• Formal performance report prepared with supporting POEs</li> <li>• Quarterly internal auditing of performance reports</li> <li>• Quarterly performance review (signed)</li> <li>• Annual performance review (signed)</li> </ul> <p>Documents required:</p> <ul style="list-style-type: none"> <li>- Performance Agreement</li> <li>- Quarterly and annual performance reports</li> <li>- Attendance registers</li> <li>- Minutes of the review</li> <li>- Portfolios of evidence</li> <li>- Evaluation Panel score-sheet and</li> </ul>	<ul style="list-style-type: none"> <li>• First Review is by the subordinate (self-score)</li> <li>• Manager and subordinate discuss and agree on performance results, agreement sought (re-scores and sign-off of assessments sheets).</li> <li>• Final review requires consolidated panel score as per policy.</li> </ul>	<p>Quarterly (Sept, Dec, Mar &amp; Jun)</p>	<p><b>Evaluation Panel</b> HOD Corporate Services representative (secretariat) Union representatives M&amp;E representative (observer)</p>

	Consolidated Score-sheet			
4. Rewarding	<ul style="list-style-type: none"> <li>Submission of results to Corporate Services Manager for processing</li> </ul>	<ul style="list-style-type: none"> <li>Results audited by Audit Committee</li> <li>Results read together with policy and reward applied as per policy</li> </ul>	June (applicable for June but only conducted after Final Annual Report tabled and approved.	HOD Manager Subordinate

NOTE: Reporting for individual staff (below section 56) is facilitated by Executive Manager Corporate Services

**PERFORMANCE MANAGEMENT IS A PROCESS (DAY TO DAY), NOT A ONE TIME EVENT!**

## 14. Roles and Responsibilities of Management, Employees and PMS unit

### The Manager's/Supervisor's role in Performance Management

The Manager's/Supervisor's role in the Performance Management Process includes:

- Using the performance management process to coach employees. This involves giving ongoing feedback to employees and assessing their performance.
- Setting objectives with employees in such a way that continuous improvement is encouraged.
- Monitoring employees' performance against these objectives.
- Using reward and recognition to re-enforce good performance.
- Managing poor performance appropriately.
- Training, coaching and developing employees.

### The Employee's role in Performance Management

The employee must take an active role in the performance management process.

The employee's role includes:



- Suggesting challenging but realistic objectives that will support the municipality's strategies and department goals.
- Taking responsibility for the standard of their performance by trying to improve and develop themselves.
- Developing and implementing action plans so that they can achieve their objectives.
- Asking their Manager/Supervisor for information, help or advice to assist them in meeting their objectives.
- Asking for feedback from others, including their Manager/Supervisor so that they can monitor their own performance.
- Making suggestions on how they can improve on their performance.
- Keeping their Manager/Supervisor informed about how well they are doing in relation to their objectives.
- Keeping their Manager/Supervisor informed of any problems or potential problems which may affect their ability to achieve some or all of their objectives and performance standards.

### **The role of Performance Management section**

- Communicate the system to all employees, ensure that the system operates effectively.
- Exercise quality control and ensure the performance information submitted is credible and sufficient
- Assist in planning performance and conducting performance reviews. Performance Management Section.
- Organize the necessary training courses to equip Managers/Supervisors with the skills to use the Performance Management System effectively.
- Conduct follow-up and evaluation studies, including attitude surveys, to assess the effectiveness of the system.
- Amendments to the system to improve its effectiveness will be made from time to time, as appropriate, by the Performance Management Section, and communicated to employees.

**15. REWARDS MANAGEMENT**

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.

**Performance Bonus Criteria**

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.

<b>SCORE</b>	<b>BONUS %</b>
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

- 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.

### **Line Managers and Lower Level employees rewards**

The municipality may offer the following Non Cash /Non-monetary rewards:

- Call an employee into your office just to thank them – don't discuss any other issue
- Post a thank you note on their desk or personal computer
- Have the Municipal Manager call the employee to thank him/her for the job well done, or have him/her visit the employee at his/her place of work.
- Write them a personalized (hand-written) letter of thanks or a thank you card
- Publish their achievements on the Notice Boards or Internal Newsletters.

## **ACHIEVEMENT AWARDS**

The municipality host Achievement Awards ceremony on annual bases to recognize employees per departments. These rewards are prerogative of the Head of Departments. The municipality may reward employees by offering the following rewards:

- Arrange a meal out for employee and spouse
- Sponsor a visit to a health spa or beauty parlour
- Cover the person's desk with balloons/flowers
- Give a magazine subscription
- Give movie tickets or tickets for local events
- A cap / key ring / tie / calculator / wallet / umbrella / watch / pen

## **16. THE LINK TO TRAINING AND DEVELOPMENT**

Every employee is required to have a Personal Development Plan (PDP) that is prepared at the end of the formal performance review in June. The Personal Development Plan (PDP) should be linked to the skills development planning process. Conducting training needs analysis provide an opportunity for Managers/Supervisors and employees to jointly identify training and development needs in order to improve job performance and to support individual development.

Managers are encouraged to use development activities other than training courses, when preparing the learning plan. Such development activities may include:

- On-the-job training
- Mentoring
- Self-study
- Reading
- Part-time study
- Involvement in a specific project or task force

## 17 .THE LINK TO EMPLOYMENT EQUITY

Performance management to contribute to the achievement of the municipality's Employment Equity strategy in a number of ways:

- The individual learning plan must reflect tasks relevant to assisting selected employees in developing into senior positions, thus contributing to enhancing the potential of individuals to carry out higher level jobs.
- During the planning phase of the performance management cycle, objectives that are set for selected individuals should expose them to more and more challenging tasks so that, when they are promoted, they have already been exposed to higher level tasks.

## 18. MANAGING POOR PERFORMANCE

Poor work performance must be dealt with in terms of the incapacity procedure, as outlined in the applicable Labour Legislation. Should an employee not be achieving the objectives in his/her performance agreement, the Manager/Supervisor to assist the employee by 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 formal performance review. Employees **must** be coached and given feedback throughout the year.

Managers/Supervisors are responsible to:

- Identify whether the employee is failing to meet the required performance standard.
- Determine the reasons for the poor work performance.
- Institute remedial steps for poor work performance.
- Assist the employee in the form of training, guidance, etc., required to render satisfactory service, together with a fair opportunity to improve.
- Provide for a fair hearing in terms of the Municipality's disciplinary procedure, which must precede dismissal if performance fails to improve.

- Take the following issues into consideration when considering a dismissal for poor work performance (incapacity):
  - Did the employee fail to meet a performance standard?
  - Was the employee aware, or should he/she have been aware of the required performance standard?
  - Was the employee given a fair opportunity to meet the required standard?
  - Is dismissal the appropriate sanction?

## **19. THE APPEALS PROCEDURE**

Should employees not agree with the contents of their performance agreement after the planning discussion, or with the final scores that are allocated to them by their Manager/Supervisor after the review discussions, they may lodge an appeal. An appeal hearing to be arranged by the Performance Management Section within a prescribed period. The Arbitrator appointed for the appeal hearing to make a final and binding decision in order to resolve the dispute.

## **20. EVALUATION AND IMPROVEMENT OF THE PERFORMANCE MANAGEMENT SYSTEM**

The Municipal Systems Act requires the municipality to annually evaluate its performance management system. After the full cycle of the annual review is complete, the Municipal Manager to initiate an evaluation report annually, taking into account the input provided by departments. This report to be submitted to the Executive Committee for discussion and approval.

## **21. REVIEW OF THE POLICY**

It will be the responsibility of the Performance Management unit to consider the provisions of this policy on annual basis. The Corporate Services Department shall be consulted on proposed changes before submission to Council for approval.

**22. WAIVING OF THE POLICY**

This policy may be partly or wholly waived by the Municipal Manager in consultation with the Management and labour representatives i.e. Trade Unions

**23. ADOPTION AND APPROVAL OF THE POLICY BY COUNCIL**

This policy is adopted and approved by the full Ngqushwa Local Municipality Council for implementation

Effective from (Date)\_\_\_\_\_

Approved by Resolution Number \_\_\_\_\_ on this the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_

Signed this the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_. Signed this the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
**MUNICIPAL MANAGER**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**MAYOR**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**SAMWU REP**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**IMATU REP**

\_\_\_\_\_  
**DATE**