



EMPLOYEE PERFORMANCE MANAGEMENT POLICY

GREATER TUBATSE
MUNICIPALITY

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1. Purpose	<p>The aim of this policy document is to provide the Greater Tubatse Municipality with a set of rules governing the implementation of Individual Performance Management based on:</p> <ul style="list-style-type: none"> • The legislative and any other statutory determinants/requirements • Good management practice and procedures • The realities and constraints of the local environment <p>The Policy will address Individual Performance Management in relation to :</p> <ul style="list-style-type: none"> • The Organisational Performance Management • Regulations determining Section 57 individuals • The methodology involved in measuring and rewarding people for performance • Roles and responsibilities <p>This policy will distinguish between Individual Performance Management as applied to the Municipal Manager and Managers directly accountable to the Municipal Manager (Section 57 appointments) as part A, and part B, which addresses Employee Performance Management applicable to Non Section 57 Managers /Supervisors and other Individuals within the municipality.</p>
2. Background and Introduction	<p>Organisational Performance Management within the Municipality is an important instrument to align and integrate the municipal strategy, business plans, IDP, SDBIP, budgeting, project plans and individual accountability.</p> <p>The Municipality is the major service provider to the public and the system of Performance Management enhances the contribution of individuals to this goal. The Municipal Systems Act of 2000 (and more specifically the Performance Management Regulations of 2006) stipulates that municipalities should develop Performance Management systems (PM system) to confirm the intention, implementation, monitoring and review of its Integrated Development Plan's priorities.</p> <p>The Performance Management System should:</p> <ul style="list-style-type: none"> • Be commensurate with it's resources • Be best suited to its' circumstances • Be in line with priorities, objectives, indicators and targets contained in the IDP and SDBIP <p>This policy should ensure alignment and integration between the Organisational Performance Management and the Employee Performance Management System thereby enabling the municipality to monitor and manage the performance of individual employees within the municipality.</p>
3. Objectives	<p>The overall objective of implementing and sustaining an effective Employee Performance Management System is:</p> <ul style="list-style-type: none"> • To build human capital at strategic and operational levels throughout the municipality • To build organisational capital in line with the vision and mission of the municipality

<p>4. Legal Framework</p>	<p>Municipalities are required by legislation to develop and implement a Performance Management System. The Auditor General is required to audit Municipalities for compliance with legislation and non-compliance will result in adverse consequences.</p> <p>The following legislative terms of reference (amongst others) confirm the legislative thrust i.t.o. Performance Management requirements applicable to municipalities.</p> <p>4.1 SECTION 152 OF THE CONSTITUTION</p> <ol style="list-style-type: none"> 1. Provide democratic and accountable government for local communities 2. Ensure the provision of services to communities in a sustainable manner 3. Promote social and economic development 4. Promote a safe and healthy environment 5. Encourage the involvement of communities and community organisations in the matters of local government <p>The relevance of the Objectives as described in the Constitution is found in the Municipal Structures Act S19(1) where a municipal council must strive within its capacity to achieve the objectives set out in S152 of the Constitution and the Municipal Structures Act S19(2) where a municipal council must annually review its overall performance in achieving the objectives referred to in subsection (1)</p> <p>4.2 MUNICIPAL SYSTEMS ACT – ACT 32 OF 2000 (CHAPTER 6)</p> <ul style="list-style-type: none"> • Section 38 and 39 - Establish and develop a Performance Management System • Section 40 - Monitor and review the Performance Management System • Section 42 - Involve key stakeholders • Section 43 - Specify key performance indicators • Section 45 and 46 - Audit and report regularly • Section 49 – Adhere to published regulations and guidelines • Promote a performance culture <p>4.3 MUNICIPAL PERFORMANCE REGULATIONS for Municipal Managers and Managers directly accountable to the Municipal Manager, 1 August 2006</p> <p>These Regulations set out the parameters on how the performance of Municipal Managers and their managers directly accountable to them (Section 57 Individuals) will be directed, monitored and improved.</p>
<p>5. Integrated approach:</p>	<p>Organisational Performance Management and Individual Performance Management is an integrated process within the Performance Management System, with performance improvement or sustained performance as the continuous outcome. The Municipal Manager and Section 57 Managers need to integrate their Individual Performance Management processes and content with that of the strategic / organisational Performance Management system.</p> <p>The Service Delivery and Budget Implementation Plan (SDBIP) gives effect to the implementation of the Integrated Development Plan (IDP) and budget of the municipality. The SDBIP therefore is the bridge between community needs and what must be delivered by Council and Administration through individual performance that must support the vision, mission and objectives of the organisation.</p> <p>The municipality adopts the Performance Management System and thus commits to full alignment and integration between the IDP (strategic intent and the key performance indicators), SDBIP (service delivery targets) and individual</p>

performance agreements

DIAGRAM 1: THE INTEGRATED PERFORMANCE MANAGEMENT SYSTEM



Whenever Individual Performance Management is cascaded further than Section 57 Managers, it is imperative to maintain the interdependence and link between organisational and individual performance management. The alignment of the individual objectives to the strategy ensures that the strategic objective is supported by the individual objectives and targets.

6. Key Principles

The overall aim of the Performance Management System is to establish and sustain an above satisfactory level of service delivery throughout the organisation. The Performance Management System is founded on sound and proven principles without being complicated, or too mechanistic.

The Performance Management System is not a paper driven exercise, but will rely strongly on relationships between Directors/Managers, Supervisors and Individuals. The Performance Management System must reward people equitably for performance and not merely for compliance. Target – setting must be realistic and take into account resources and other possible constraints. There should be an agreement between the individual and his or her Manager on the targets set out in the Performance Management System.

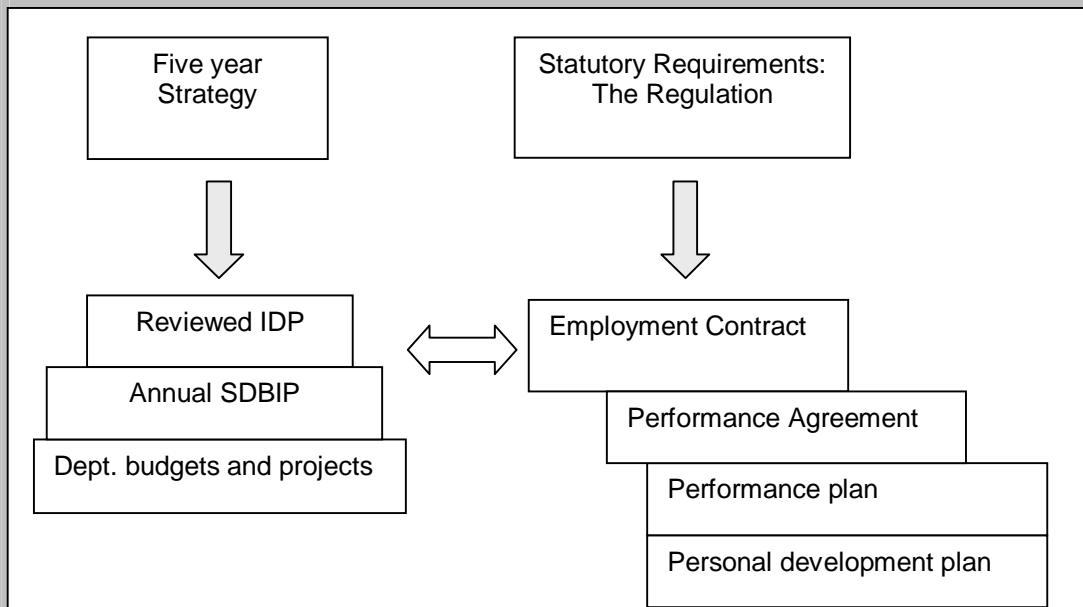
Performance Management will not only focus on monetary reward but will also be utilised for the development and personal growth of all individuals, considering the following:

- The link between compensation and performance should be clear
- Involvement and participation of all individuals are a pre-requisite for the success of the system.
- Individuals (and where applicable, teams) should be enabled to drive self-directed performance
- Roles and responsibilities should be obvious
- Performance Management must be perceived to be a fair process

PART A

7. The Municipal Manager and Section 57 Managers

Diagram 2: FRAMEWORK WITHIN WHICH PERFORMANCE MANAGEMENT WILL FEATURE FOR MUNICIPAL MANAGER AND OTHER SECTION 57 MANAGERS



The Individual Performance Management documentation should be linked to and integrated with the Organisational Performance Management system documentation. There must be a clear link between the individual's performance and that of the organization.

8. Scope and Application of the Performance Management Policy

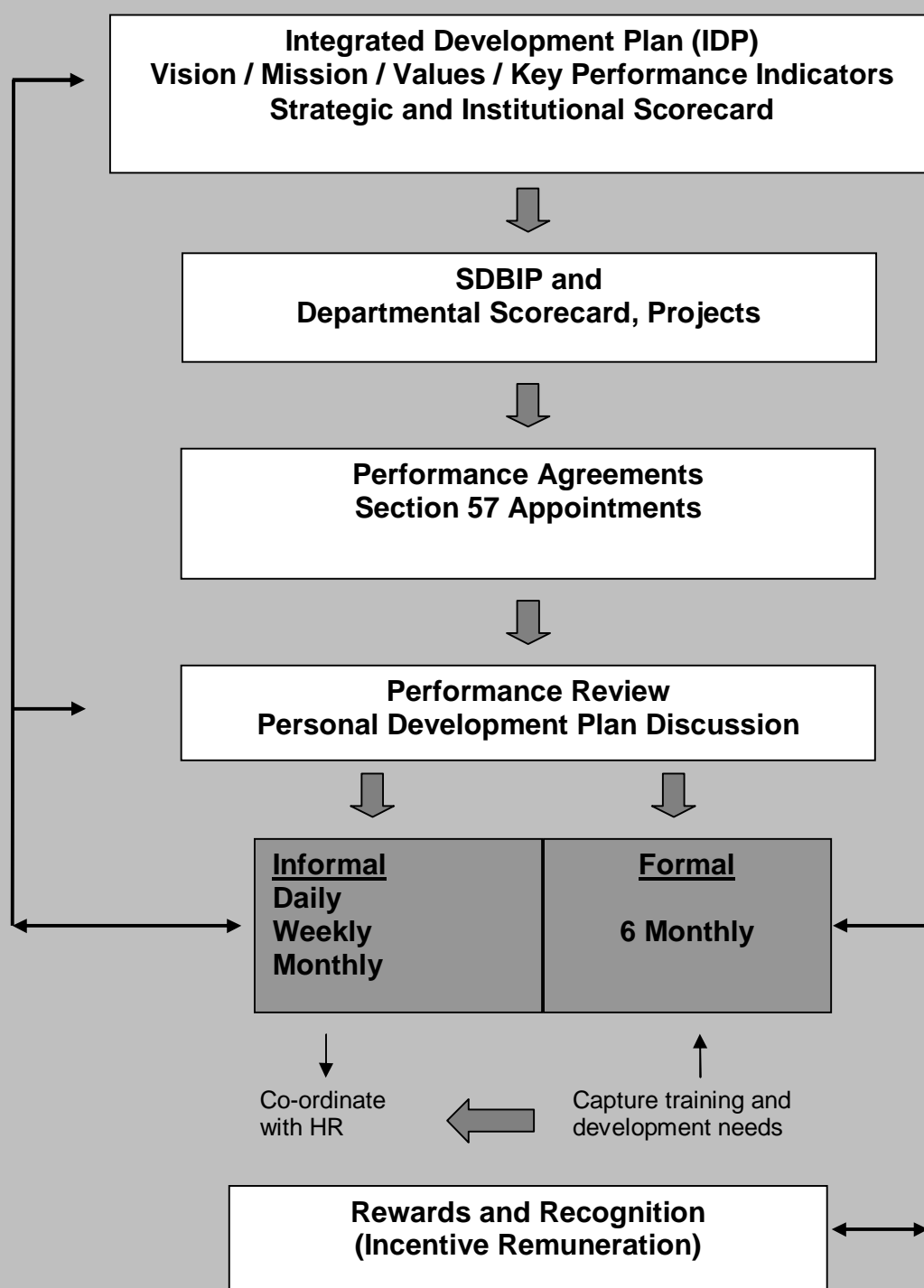
The Performance Management Policy will be applicable to the following positions:

- The Municipal Manager and Managers directly accountable to the Municipal Manager. (Section 57 appointees). The final Government Notice issued 1 August 2006 regulates the extent to which the performance of Municipal Managers will be uniformly directed, monitored and improved. These regulations address the Employment contract of the Municipal Manager as well as the Performance Agreement that is entered into between the Municipality and the Municipal Manager.
- Other Section 57 Appointments, i.e. Directors directly accountable to the Municipal Manager, will be subject to compliance with the provisions of the abovementioned Government notice in terms of their obligations towards their own performance and those of the Individuals they are responsible for.

The Individual Performance Agreement supports and formalises the continuous development of individuals. The Personal Development Plan includes a set of core competencies for each individual, which will be used for assessment and improvement of individual performance.

Diagram 3 on the next page indicates the implementation process

Diagram 3: PERFORMANCE MANAGEMENT IMPLEMENTATION PROCESS



9. Performance Agreement for Section 57 Appointments –

The Performance Agreement will be entered into by and between the Mayor representing the Council and the Municipal Manager of the municipality (individual). In the case of Section 57 Appointments (Directors) directly accountable to the Municipal Manager, the Performance Agreement will be entered into between the Municipal Manager and his respective first line Directors (individual)

All Performance Agreements will be entered into in terms of Section 57(i) (a) of the Local Government: Municipal Systems Act, Act no 32 of 2000 ("The Systems Act") and MUNICIPAL PERFORMANCE REGULATIONS for Municipal Managers and Managers directly accountable to the Municipal Manager, 1 August 2006

9.1 MEASUREMENT OF PERFORMANCE

The various conditions pertaining to both parties are clearly addressed in the Performance Agreement. The criteria upon which the performance of the individual shall be assessed shall consist of two components both of which shall be contained in the Performance Agreement, that is in the Performance Plan and the Personal Development Plan attached to each Performance Agreement.

The Individual will be assessed against both the KEY PERFORMANCE AREAS (KPA'S) and the CORE COMPETENCY REQUIREMENTS (CCR'S) on a weighting of 80:20 allocated to (KPA'S) and (CCRS) respectively.

9.2 ASSESSMENT

The Individual's Assessment will be based on his/her performance as per the Individual's Performance Plan (as Annexure A to the Performance Agreement) and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and the Individual.

The Key Performance Areas for the Municipal Manager will acknowledge the KPA'S stipulated in the Local Government Regulation of 1 August 2006 and weightings for each KPA will be determined by the strategic focus that prevails.

Manager's responsibilities are also directed in terms of the abovementioned key performance areas. In the case of managers directly accountable to the Municipal Manager, other key performance areas related to the functional area of the relevant manager can be added subject to negotiation between the municipal manager and the relevant manager.

KEY PERFORMANCE AREAS FOR MUNICIPAL MANAGER	WEIGHTING
MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	
BASIC SERVICE DELIVERY	
LOCAL ECONOMIC DEVELOPMENT (LED)	
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	
TOTAL ASSESSEMENT	100%

9.3 CORE COMPETENCY REQUIREMENTS (CCR'S)

A list of core managerial and occupational competencies are provided by the Department of Provincial and Local Government (DPLG) and listed in the regulations as well as in the Performance Agreements. These competencies are regarded as relevant and necessary for a Section 57 Manager to fulfill his/her role competently.

The following three competencies are considered compulsory for the Municipal Manager.

- FINANCIAL MANAGEMENT
- PEOPLE MANAGEMENT AND EMPOWERMENT
- CLIENT ORIENTATION AND CUSTOMER FOCUS

The level of proficiency that an individual must attain for the prioritised competencies relevant to his/her function will be agreed upon as per the proficiency definitions described in the Performance Agreement and as published and defined within the Draft Competency Guidelines; Government Gazette of 23 March 2007.

9.4 THE BALANCED SCORE-CARD APPROACH

The Balanced Score-Card methodology was applied to ensure that all four the strategic perspectives, i.e.

- Community
- Financial
- Organisational Processes
- Learning and Growth

are addressed when compiling the contents for each Performance Plan. The Balanced Scorecard Approach is used to develop the strategic intent in the IDP document and is used to align the Strategic Section 57 Managers to the strategy of the organisation through which the alignment is also contained in the SDBIP.

9.5 PERFORMANCE PLAN AND STANDARDS

The various performance targets and standards will be agreed on and captured in each Individual Performance Plan. It should be made clear to every Individual what exactly constitutes a 100% (fully effective) performance, clearly specifying quantifiable measures.

Performance ratings will be based on 5 levels:

<u>LEVEL</u>	<u>DESCRIPTON</u>
1	UNACCEPTABLE PERFORMANCE
2	NOT FULLY EFFECTIVE
3	FULLY EFFECTIVE
4	PERFORMANCE SIGNIFICALLY ABOVE EXPECTATION
5	OUTSTANDING PERFORMANCE

A rating of 4 or 5 can only be achieved when a person exceeds identified targets..

9.6 THE PERFORMANCE REVIEW

The Performance Review will be a formal and structured discussion that will:

- Agree on actual results achieved
- Agree on the weighted scores achieved
- Agree on corrective action required to achieve targets

The Regulation of 1 August 2006 stipulates that a Panel must be established to review the annual performance of the Municipal Manager. This should consist of:

- The Mayor
- The Chairperson of the Performance Audit Committee
- A Member of the Executive Committee
- An Executive Mayor or Mayor and/or Municipal Manager from another municipality
- A Member of a ward committee as nominated by the Mayor.

For the purpose of evaluating the annual performance of Managers directly accountable to the Municipal Manager an Evaluation Panel consisting of the following will be required:

- Municipal Manager
- Chairperson of the Performance Audit Committee
- Member of Executive Committee
- Municipal Manager from another Municipality.

Formal performance reviews will take place in January and July of every year assessing the performance of an individual on a six monthly basis. These will be formal discussion sessions between the manager and the individual which must be well prepared for. It is the evidence that will confirm whether an objective, KPI and target has been achieved or not achieved

9.7 PERSONAL DEVELOPMENT PLAN

Based on the performance of the individual and compared to the assessment of the CCR'S, specific training development strategies must be discussed, agreed upon and captured onto the Personal Development Plan. All Development Plans will be formulated with the assistance of The Head of Human Resources and must comply to skills identified in the skills audit conducted and areas of training and development as indicated as part of the Workplace Skills Plan. CCR'S will need to be specific as to the level of competence required.

The Personal Development Plan (as Annexure B to the Performance Agreement) will be discussed and concluded between the Municipal Manager and the Mayor and between the Municipal Manager and the Section 57 Managers.

9.8 PERFORMANCE ASSESSMENT

9.8.1. Formal reviews will take place in January and July of every year and record will be kept of the review document.

9.8.2. The municipality adopts the viewpoint that the individual will be rewarded for performance beyond the normal call of duty. Performance bonuses will be paid to individuals who have achieved a performance standard in excess of effective performance as agreed in their performance agreements and performance plans.

9.8.3. The performance assessment process and procedure is captured in the Performance Plan applicable to the period of review. It confirms that, in the main, performance will be assessed against the agreed targets set for the various KPI's, based on audited data presented in a portfolio of evidence, and then rated according to the rating definitions described in the performance agreement.

An assessment rating process and calculation of scores as outlined in the Performance plan (Annexure A of the Performance Agreement) will be used to arrive at an overall score for the individual's performance.

The performance bonus percentages will be calculated on a sliding scale as follows:

% Rating Over Performance	% Bonus
130 - 133.8	5%
133.9 – 137.6	6%
137.7 – 141.4	7%
141.5 - 145.2	8%
145.3 – 149	9%
150 – 153.4	10%
153.5 – 156.8	11%
156.9 – 160.2	12%
160.2 – 163.6	13%
163.7 – 167	14%

Performance bonus percentages for the two semesters will be calculated separately and the averages of the two will determine the person's final percentage performance bonus which is calculated on the all inclusive annual remuneration package of the person.

10. Managing Poor performance

MANAGING POOR PERFORMANCE (Applicable to both Section 57 and non- Section 57 Individuals)

Should an Individual not be achieving the objectives in his/her performance agreement the Manager/Supervisor should assist the Individual by managing his/her performance more closely. It should be a continuous process starting with the agreement and following through to the Performance Reviews.

The improvement of under - performance is the most important focus of the Performance Management Process. In order to do this, it is important that the casual and contributory reasons for poor performance are analysed. Poor performance may arise out of one or more of the following:

- Poor systems and processes
- Inappropriate organisational structure
- Lack of skills and capacity
- Absence of appropriate strategy
- Inappropriate organisational structure

The Municipality should have a “Managing Poor Performance” policy as part of its Labour Relations policy and this should include the following key stages:

- Identifying whether the Individual is failing to meet the required performance standard
- Assisting the Individual in the form of training guidance; etc. required to render the satisfactory service, together with fair opportunity to improve
- Providing for a fair hearing in terms of the Municipality's disciplinary procedure, which must precede dismissal, if performance fails to improve

The following issues should be used as criteria if a disciplinary action for poor performance is considered.

- Did the Individual fail to meet a performance standard?
- Was the Individual aware or should he/she have been aware of the required performance standard?
- Was the Individual given a fair opportunity to meet the required standard?
- Is dismissal the required sanction?

	<p>Section 32 (3) of the Regulation, 1 August, 2006 stipulates that in the case of unacceptable performance, the Employer shall -</p> <ul style="list-style-type: none"> (a) Provide systematic remedial or developmental support to assist the Individual to improve his or her performance (b) If performance does not improve after appropriate performance counseling, the necessary guidance and support and (c) Reasonable time have been allowed for improvement but the Employer may consider steps to terminate the contact of employment of the Individual on grounds of incapacity to carry out his or her duties.
<p>11.Dispute Resolution</p>	<p>Any form of dispute arising from any element of the Performance Management System must be remedied strictly in terms of Section 33 of the PM Regulations:.</p> <p>Any disputes about the nature of the employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or salary increment in the agreement, must be mediated by –</p> <ul style="list-style-type: none"> (a) In the case of the Municipal Manager, the MEC for Local Government and Housing in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and (b) In the case of Managers directly accountable to the Municipal Manager, Mayor within thirty (30) days of receipt of a formal dispute from the employee; <p>whose decision shall be final and binding on both parties.</p> <p>(2) Any disputes about the outcome of the employee's performance evaluation, must be mediated by –</p> <ul style="list-style-type: none"> (a) In the case of the Municipal Manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and (b) In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee; <p>whose decision shall be final and binding on both parties</p>

Part B

12. Performance Management for Non-section 57 individuals

12.1 BASIC APPROACH TOWARDS MANAGING PERFORMANCE OF NON- SECTION 57 INDIVIDUALS

Non-Section 57 individuals are considered permanent individuals whose conditions of service are regulated within the ambit of the Bargaining Council. The performance management conditions, procedures and documentation will be different for Non-Section 57 Individuals, the main differential being: that the link to performance rewards is non-financial.

Non-Section 57 Individuals will participate in the Performance Management Systems on the basis that performance will be measured with the key objective to:

- Align the individual's focus of performance with departmental and eventually with organisational objectives
- Link performance to development
- Provide meaningful feedback to the individual regarding his/her actual performance against agreed standards
- Provide positive reinforcement to individuals to encourage career advancement
- Manage and correct poor performance

The executive committee will at the commencement of each financial year determine the extent to which the municipality will cascade performance management down, i.e. what levels below Section 57 appointments will participate in this Performance Management System.

12.2 CORE COMPONENTS OF THE PERFORMANCE MANAGEMENT SYSTEM

- Setting of appropriate key objectives with weightings
- Setting of measurable key performance indicators
- Setting of realistic and meaningful targets and timeframes
- Monitor and measure performance
- Link performance with personal development plans

Each individual is given performance objectives, targets and standards that are linked to the objectives of his/her team, his/her department and ultimately to that of the Municipality.

12.3 PLANNING FOR PERFORMANCE

This should take place during the first or second month of the new financial year where the manager/supervisor schedules a meeting with the individual to discuss and agree on performance objectives for the year and to conclude the individual's Performance Agreement. Both parties must be well prepared for this session.

12.4 DOCUMENTATION

The documentation required for this process should include the following:

12.4.1 PERFORMANCE AGREEMENT

This document will contain the following:

- The purpose of the department
- The purpose of the individual's position
- Key objectives with weights
- Key performance indicators and relevant targets with weightings
- Target dates and time frames
- Key competencies required

The Performance Agreement will also contain supporting notes to clarify steps, terminology, procedure and responsibility. Objectives that will be mandatory for all managerial/supervisory positions are: managing staff, budget management and service delivery.

12.4.2 PERSONAL DEVELOPMENT PLAN

Every individual is required to have a Personal Development Plan which must be completed at the commencement of the new financial year. It will be required that the manager and the individual discuss and agree on the most relevant and essential training exposures that will be required for the individual to fulfill his/her role effectively and to achieve his/her objectives and targets.

The training and development areas must comply to skills identified in the skills audit conducted and areas of training and development as indicated as part of the Workplace Skills Plan

12.5 EVALUATING PERFORMANCE

Formal performance reviews will take place in January and July of every year assessing the performance of an individual on a six monthly basis. These will be formal discussion sessions between the manager and the individual which must be well prepared for. It is the evidence that will confirm whether an objective, KPI and target has been achieved or not achieved.

The main focus of these discussion sessions will be:

- To agree on actual results achieved
- Agree on ratings and overall score achieved
- Agree on corrective action to be taken
- Discuss circumstances and constraints where applicable
- Agree on training and development requirements.

The manager will request the individual to prepare for review sessions and to rate himself against the agreed objectives and targets. The final weighted score will be calculated by using the calculations as set out in the performance plan. The 5 - point rating scale described in paragraph 9.5 will be used for rating of performance.

12.6 RECOGNITION FOR PERFORMANCE

In order to sustain improved performance, it is important that outstanding performance be recognised. If an individual is permanently employed by the Municipality and receives an annual bargained increase, rewards for performance are not linked to direct remuneration.

Individuals will receive a non-cash reward for performance based on the overall score obtained. The value of the non-cash rewards will be determined in conjunction with the Moderation Committee every year.

Non-cash rewards will be determined for the following scores obtained:

SCORE	NON-CASH REWARD/S
100 - 132	To be determined
133 - 167	To be determined

	<p>12.7 CONSULTATION</p> <p>It will be a management prerogative to implement the Performance Management System for Non Section 57 Individuals throughout the municipality. It will however be required to consult certain implementation issues with a Moderation Committee to ensure maximum acceptance and co operation at all levels of the municipality is achieved.</p> <p>12.8 APPEALS PROCEDURE</p> <p>Should Individuals not agree with the contents of their Performance Agreement after the performance planning discussion or with the final scores being allocated to them after the review sessions, they may elect to follow the Municipality's complaint procedure only if a valid reason for the complaint exists.</p>
13. Auditing	<p>All auditing should comply with Section 14 of the Municipal Planning and Performance Management Regulations (2001). The Executive/Mayoral Committee or Audit Committee should be able 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.</p>