

# SOL PLAATJE LOCAL MUNICIPALITY



## INTERGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

*Policy Review Approved by  
Council on 26 August 2025 in accordance with  
Resolution C103/08/25*

INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

**INTERGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWOK**

**Complied in accordance with the Municipal Systems Act  
(Act No. 32 of 2000)**

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## INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

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## INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

### 1. DEFINITIONS

**“accounting officer”** means the Municipal Manager of the Municipality as referred to in section 60 of the Municipal Systems Act.

**“annual report”** means an annual report contemplated in section 121 of the Municipal Finance Management Act.

**“Auditor-General”**

means the person appointed as Auditor-General in terms of section 193 of the Constitution, and includes a person-

- (a) acting as Auditor-General
- (b) acting in terms of a delegation by the Auditor-General; or
- (c) designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General.

**“councillor”** means a member of a municipal council of the Municipality.

**“Council”** means the municipal council of the Sol Plaatje Municipality as referred to in section 18 of the Municipal Structures Act.

**“Executive Director”** in relation to the Municipality, means a senior manager appointed in terms of section 56 of the Municipal Systems Act.

**“Executive Mayor”** means the Executive Mayor of the SPM as defined in the Structures Act.

**“IDP”** means the Integrated Development Plan as envisaged in the section 25 of the Systems Act.

**“Inputs”** refers to all the resources that contribute to the production and delivery of outputs. They include finances, personnel, equipment and buildings.

**“local community”** or **“community”** means that body or persons comprising –

- (a) the residents of the Municipality
- (b) the ratepayers of the Municipality
- (c) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality

**“KPI”** means the Key Performance Indicator in terms of the PMS system.

**“KPA”** means the Key Performance Area in terms of the PMS system.

**“Mayco”** refers to the Mayoral Committee appointed in accordance with section 60 of the Municipal Structures Act to assist the Executive Mayor.

**“Municipality”** means the Sol Plaatje Local Municipality.

**“Outcomes”** the medium term results that are the consequence of achieving specific outputs.

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**“Outputs”** are the final products, or goods and/or services produced or delivered.

**“PMS”** means the Performance Management System of the Municipality.

**“Performance agreement”** means an agreement as contemplated in Section 57 of the Municipal Systems Act.

**“Performance plan”** means a part of the performance agreement which details the performance objectives and targets that must be met and time frame within which these must be met.

**“Portfolio Committees”** means committees established in accordance with section 79 of the Structures Act.

**“POE”** means portfolio of evidence.

**“SDBIP”** means the service delivery and budget implementation plan, which is a detailed annual plan to implement the IDP and the budget.

**“Structures Act”** means the Local Government: Municipal Structures Act (Act No. 117 of 1998).

**“Systems Act”** means the Local Government: Municipal Systems Act (Act No. 32 of 2000, as amended).

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### **2. INTRODUCTION**

#### **2.1 Why performance management?**

- (a) Performance information indicates how well a municipality is achieving its aims and objectives, and which policies and processes are working. Making the best use of available data and knowledge is crucial for improving the execution of its mandate. Performance information is key to effective management, including planning, budgeting, implementation, monitoring and reporting. Performance information also facilitates effective accountability, enabling councilors, members of the public and other interested parties to track progress, identify the scope for improvement and better understand the issues involved.
- (b) The municipality delivers services essential to the well-being and development of the communities. To ensure that service delivery is as efficient and economical as possible, municipalities are required to formulate strategic plans, allocate resources to the implementation of those plans, and monitor and report the results. Performance information is essential to focus the attention of the public and oversight bodies on whether municipalities are delivering value for money, by comparing their performance against their budgets and service delivery plans, and to alert managers to areas where corrective action is required.
- (c) The most valuable reason for measuring performance is that what gets measured gets done. If an institution knows that its performance is being monitored, it is more likely to perform the required tasks - and to perform them well. In addition, the availability of performance information allows managers to pursue results-based management approaches, such as performance contracts, risk management, benchmarking and market testing.

### **3. PURPOSE OF THE POLICY FRAMEWORK**

- (a) The Municipality's Performance Management System is the primary mechanism to develop, monitor, review and improve the implementation of its strategy and to measure progress made in achieving its objectives as identified in the IDP.

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- (b) The Municipal Systems Act provides for the establishment and implementation of a performance management system. This policy framework provides guidance in terms of the municipality's cycle and processes of performance planning, monitoring, measuring, reviewing, reporting, auditing and quality control.

### **This Framework aims to:**

- Improve integrated structures, systems and processes required to manage performance information
- Clarify definitions and standards for performance information in support of regular audits of such information where appropriate
- Define roles and responsibilities for managing performance information
- Promote accountability and transparency by providing Parliament, provincial legislatures, municipal councils and the public with timely, accessible and accurate performance information.

## **4. POLICY AND LEGISLATIVE FRAMEWORK**

The following Policy and Legislative provisions govern performance management in the local government sphere:

- Constitution of the Republic of South Africa, 1996.
- The White Paper on Transforming Public Service Delivery (Batho Pele, 1998).
- The Local Government Municipal Systems Act (Act No. 32 of 2000 as amended).
- The Local Government: Municipal Structures Act (Act No. 117 of 1998).
- Local Government: Municipal Planning and Performance Regulations, (2001).
- Municipal Finance Management Act (Act No. 56 of 2003).
- Local Government: Municipal Finance management: Municipal Budget and Performance Regulations.
- Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, (R805, 1 August 2006).
- The Labour Relations Act (Act No. 66 of 1995).
- Circular 13 Municipal Finance Management Act (Act No. 56 of 2003).
- Circular 32 Municipal Finance Management Act (Act No, 56 of 2003).
- Circular 63 Municipal Finance Management Act (Act No, 56 of 2003).
- Circular 88 Municipal Finance Management Act (Act No, 56 of 2003).

## **5. OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM**

Beyond the fulfilling of legislative requirements, the Municipality requires a performance management system that will be constituted as the primary mechanism to monitor, review, and improve the implementation of the municipality's IDP. In doing so, it should fulfil the following objectives:

- **Facilitates strategy development.**

Facilitates strategy development and deployment through the IDP and align the organisational structures in the execution of its strategic objectives.

- **Facilitate increased accountability.**

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

- The local community and the municipal council.
- The political and administrative components of the municipality; and
- Each department and the executive office.

- **Facilitate learning and improvement.**

While ensuring that accountability is maximised, the performance management system must also provide a mechanism for learning and improvement. It should 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 should provide managers, the Municipal Manager and Council with early warning of risks to the implementation of the IDP. It is important that the system ensure decision-makers are timeously informed of risks, so that they can facilitate intervention, if necessary.

- **Facilitate decision-making.**

The performance management system should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

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

The process of developing a performance management system for the Municipality was guided by the following principles:

- **Simplicity.**

The system will need to be kept as simple as possible to ensure that the municipality can develop, implement, manage and review the system without placing an unnecessary burden on the existing capacity of the municipality.

- **Politically acceptable and administratively managed.**

The system must be acceptable to political role players on all levels. It must also be flexible enough to be accepted by the municipal council. The process will involve both councilors and officials, but the day-to-day management of the process will be managed administratively with regular report back on progress to the political level.

- **Promote a culture of performance excellence.**

The ultimate purpose of the PMS Policy framework is to promote a culture of performance excellence and the reward of good performance at an organizational and individual basis.

- **Implementable.**

Considering the resource framework of the municipality, the PMS should be implementable with these resources, which will include time, institutional, financial, and technical resources.

- **Transparency and accountability.**

The development and implementation of a PMS should be inclusive, transparent and open. The general public should, through the system, be made aware of how the operations of the municipality are being administered, how the public resources are being spent and who certain responsibilities belong to.

- **Efficient and sustainable**

The PMS should, like other services within the municipality, be cost effective and should be professionally administered, and needs to happen in a sustainable manner.

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- **Public participation**

The residents of the Municipality should be encouraged to exercise their constitutional and legal rights. through public participation during the development and implementation of the IDP and the performance targets and resources.

- **Integration**

The PMS should be developed and implemented in such a manner that it will be integrated with organizational goals with the individual performance management system.

- **Objectivity**

The PMS must be implemented on a sound value basis with the management of the system that is based on objective and credible information.

- **Reliability**

The PMS should provide reliable information on the progress made by the Municipality in achieving the objectives set out in the IDP.

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

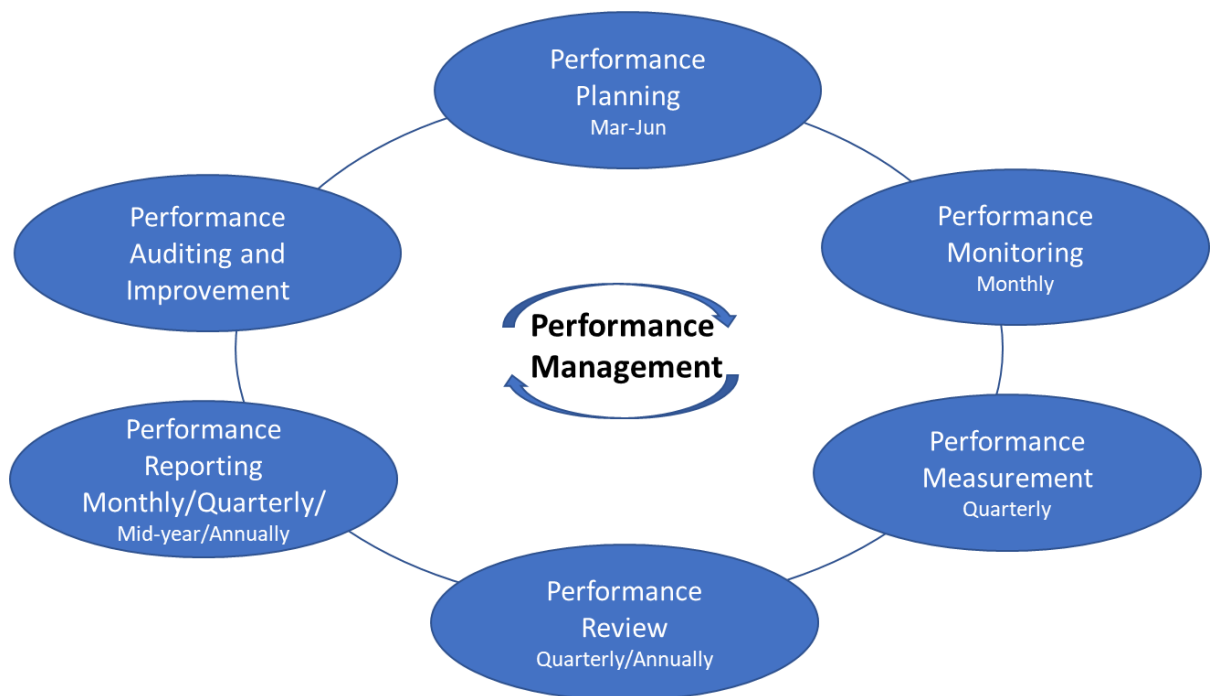
### **The Process of Managing the PMS**

The annual process of managing performance of the Municipality will involve the following components:

- Planning (setting goals, objectives, targets, benchmarks)
- Monitoring (regular checking of progress against plans)
- Measurement (indicators of success)
- Review (identifying areas requiring change, improvement etc.)
- Reporting (what information, to whom, from whom, how often and for what purpose)
- Improvement (making changes where necessary)
- Performance Auditing

Each of the above components are discussed below with regard to the role and responsibilities of the different stakeholders in the performance management system as well as the processes and procedures linked to component.

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Each of the different components can be explained as follows:

- **Performance Planning** ensures that the strategic direction of the Municipality more explicitly informs and aligns the IDP with all planning activities and resource decisions. This is the stage where Key Performance Areas and Key Performance Indicators are designed to address the IDP objectives, national policy and targets are set.
- **Performance Measuring and Monitoring** is an ongoing process to determine whether performance targets have been met, exceeded or not met. Projections can also be made during the year as to whether the final target and future targets will be met. It occurs during key points in a process – for example, on a quarterly and annual basis.
- **Performance evaluation** analyses why there is under-performance or what the factors were that allowed good performance in a particular area. Where targets have not been met, the reasons for this must be examined and corrective action recommended. Evidence to support the status is also reviewed at this stage. An additional component is the review of the indicators to determine if they are feasible and are measuring the key areas appropriately.

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- **Performance Reporting** entails regular reporting to management, the performance audit committee, council and the public.
- **Performance review/auditing** is a key element of the monitoring and evaluation process. This involves verifying that the measurement mechanisms are accurate and that proper procedures are followed to evaluate and improve performance. According to section 45 of the Systems Act, results of the performance measurement must be audited as part of the municipality's internal auditing process and annually by the Auditor-General. The Municipality have therefore established frameworks and structures to evaluate the effectiveness of the municipality's internal performance measurement control systems. Areas of weak performance identified at year-end must be addressed during the following years planning phase.

### **8. PERFORMANCE MANGEMENT MODEL**

This PMS Policy Framework integrates and brings together various performance processes together both at a macro-organisational and at a micro level. In order to assess an organisation's performance, a balanced view is required, incorporating a multi-perspective assessment of how the organisation is performing as seen by different municipal stakeholders. To ensure this balanced multi-perspective view of performance, the integration of strategy development, resource allocation, implementation and review is critical. Strategy formulation is informed by the development of sector plans which influence the determination of the IDP, funded by the budget and implemented by the service delivery and budget implementation plans.

#### **8.1 Alignment to the IDP and Budget**

A good model will align the processes of performance management to the IDP processes and budget of the organisation. It will ensure that IDP and budget translated into performance plans that will be monitored and reviewed. The categories of key performance areas provided by a model should relate directly to the identified priority areas of the IDP.

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### **8.2 The Performance Model**

The Municipality must implement a performance model that should include the Municipal Scorecard (SDBIP), individual scorecards for s57 appointees (performance contracts), individual scorecards for middle management (performance agreements) and eventually scorecard for all employees. The Municipal Scorecard (SDBIP) will be aligned with the IDP and the Budget. The SDBIP will include the following municipal objectives and identified strategies which are aligned with the national KPA's:

- Basic Service Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public Participation

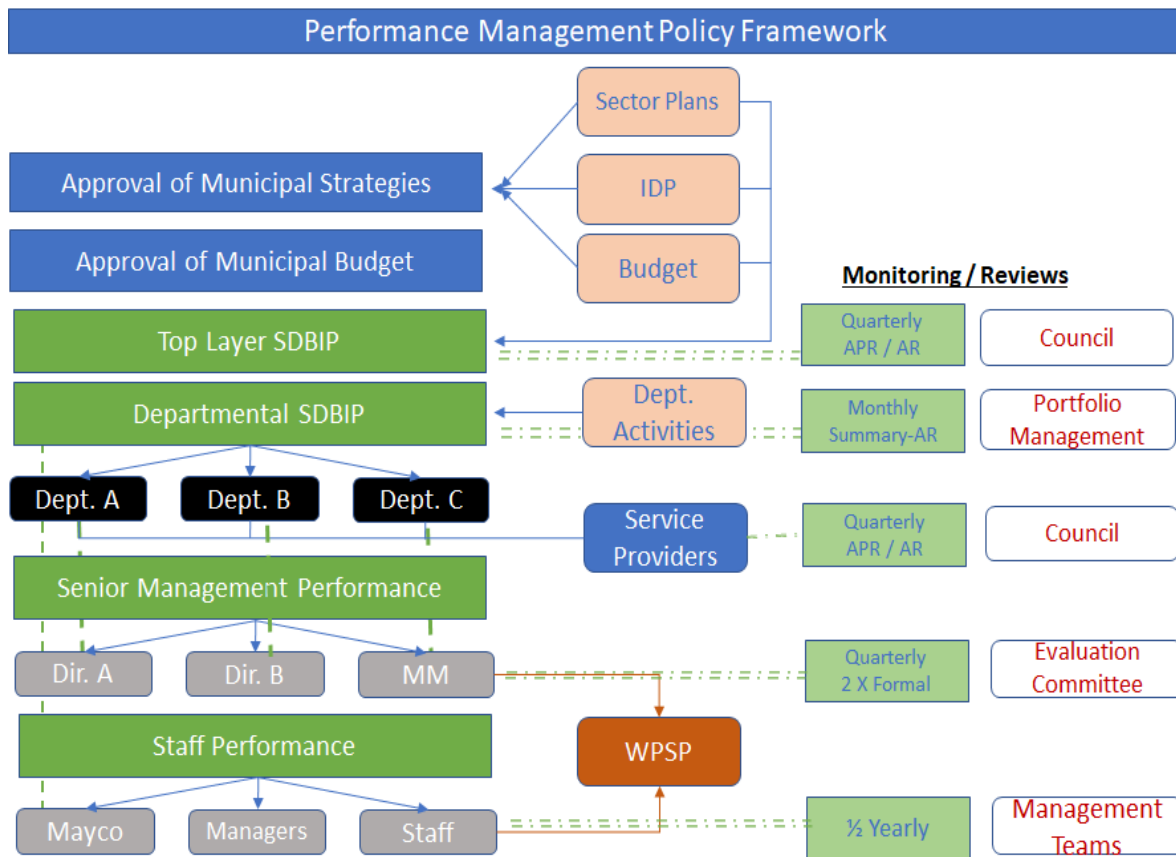
## **9. ORGANISATIONAL PERFORMANCE**

The IDP process and the performance management process must be seamlessly integrated. The IDP fulfils the planning state of performance management Organisational performance is derived from the alignment and integration of the IDP, the budget and budget related policies. The SDBIP gives effect to the IDP. It is for this reason that the **IDP and the Budget** must be fully aligned to ensure seamless integration between the corporate and departmental scorecards. It is measured through the Service Delivery and Budget Implementation Plan. Organisational performance will be evaluated by means of a corporate scorecard at organisational level and through directorate and departmental scorecards at directorate and departmental levels.

The following best illustrates the Municipality's Performance Management Framework:

### **Figure 2:**

## INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK



### 9.1 The SDBIP (Corporate Scorecard)

The organisational performance will be evaluated by means of a municipal scorecard (Top Layer SDBIP). The corporate scorecard (high level SDBIP) will provide an overall picture of performance for the Municipality as a whole, reflecting performance on its strategic priorities.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality will be implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget. The budget sets out the revenue raising and expenditure plan for approval by Council. The MFMA Circular 13 prescribes that:

- The IDP and budget must be aligned.
- The budget must address the strategic priorities.
- The SDBIP should indicate what the Municipality is going to do during the next 12 months.

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- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP process.

SDBIP determines the performance agreements between the Mayor, the Municipal Manager and Executive Directors and other managers reporting directly to the Municipal Manager at the start of each financial year. The SDBIP enables the Municipal Manager to monitor the performance of Executive Directors, and in turn the Executive Mayor to monitor the performance of the Municipal Manager, and the community to monitor the performance of Council.

The SDBIP consists of the Top-Layer which focuses mainly on the strategy and key reporting requirements and the Departmental SDBIP. The latter is the operational SDBIP managing and measuring departmental performance.

### **Top Layer SDBIP**

Municipal Performance must be measured monthly and analysed at least quarterly. Municipal performance will be measured during the mid-year review where-after the performance **scorecard** can be adjusted and actions plans developed to address poor performance. The information of the annual review will be included in the Annual Report of the Municipality.

- **The Municipal Scorecard: The Top-Layer SDBIP**

The municipal scorecard (Top Layer SDBIP) must consolidate service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the top-layer SDBIP includes:

- **One-year** detailed plan, but should include a **three-year capital plan**
- The 5 necessary components include:
  - Monthly projections of revenue to be collected for each source.
  - Expected revenue to be collected NOT billed.
- Monthly projections of expenditure (operating and capital) and revenue for each vote
  - Section 71 format (Monthly budget statements).

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- Quarterly projections of service delivery targets and performance indicators for each vote
  - Non-financial measurable performance objectives in the form of targets and indicators
  - Output NOT input / internal management objectives.
  - Level and standard of service being provided to the community.
- Ward information for expenditure and service delivery
- Detailed capital project plan broken down by ward over three years.

The Top Layer SDBIP must be submitted to the Mayor within 14 days after the approval of the budget and must be approved by the Mayor within 28 days after the budget has been approved. The Executive Mayor should review the document for compliance and adherence to the Council's strategic agenda. The performance agreement of the Executive Directors is based on the SDBIP.

Whilst the budget sets yearly service delivery and budget targets (revenue and expenditure per vote), it is imperative that in-year mechanisms are able to measure performance and progress on a continuous basis. Hence, the end of the year targets must be based on quarterly and monthly targets and monthly information. Being a start-of-the year planning and target tool, the SDBIP gives meaning to both in-year reporting in terms of *section 71 (monthly reporting)*, *section 72 (mid-year report)* and *end-of-year annual reports* (as per Circular 13 of the MFMA). The Top Layer SDBIP performance reports is a public document and must be published on the municipal website.

The KPIs on the Top Layer SDBIP can only be adjusted after approval by Council and any proposed changes are normally submitted to Council after the mid-year performance report (s 72 of the MFMA), with the adjustment budget. The Top Layer SDBIP forms a critical part of the quarterly (s52 of the MFMA) as well as the annual performance report (s46 of the MSA) and the annual report (s121 of the MFMA).

## **9.2 Directorate/Departmental scorecards (SDBIP)**

The directorate and departmental scorecards (departmental SDBIP) will capture the performance of each directorate and departments reporting to them. Unlike the organisational SDBIP, which reflects on the strategic priorities of the municipality, a directorate or departmental scorecard will provide a comprehensive picture of the performance of that directorate. It will determine a scorecard at departmental level consisting of the objectives, indicators and targets derived from the Municipality's annual SDBIP and any annual business or services plan compiled for each directorate or department. It is crucial that directorate/departmental SDBIPs are used as the basis for reporting. All reporting must be integrated and simplified. Accordingly, regular reporting from directorates and departments to the Municipal Manager, the Executive Mayor and Council must be integrated and coherent.

The SDBIP for each directorate must be submitted to the Municipal Manager for approval within 28 days after the budget has been approved. An evaluation of the validity and sustainability of the KPI's should be done and the actual performance results of each target should be updated and evaluated monthly. In order to measure the input/out of the KPIs the performance results and performance evidence (POE's) should be evaluated and documented. The KPI owner should report on the results of the KPI by documenting the information on the performance management system (Ignite)

## **10. INDIVIDUAL PERFORMANCE (SCORECARDS)**

The performance of a municipality is integrally linked to that of its employees. It is therefore important to link organisational performance to individual performance and to manage both at the same time, but separately. Although legislation requires that the municipal manager, and managers directly accountable to the municipal manager, sign formal performance contracts, it is also a requirement that all employees have performance plans. These must be aligned with the individual performance plan of the head of the directorate and job descriptions. In this way all employees are working towards a common goal. It is however the responsibility of the employer, to create the necessary environment, for its employees to deliver the objectives and the targets set for them in their performance plans and job descriptions.

## 10.1 Municipal Manager and s57 Employees

The Systems Act and the Municipal Performance Regulations require the Municipal Manager and the Managers reporting directly to the Municipal Manager to enter into annual Performance Agreements. *The performance agreements and evaluation process for senior manager must be consistent with the Municipal Performance Regulations* (the applicable section of the Regulations, (Chapter 3) are attached to this policy). The employment contract of the Municipal Manager and other Section 56 Managers should be directly linked to their Performance Agreements. These Performance Agreements therefore consist of two distinct parts:

- **Performance Agreement:** This is an agreement between the Executive Directors, and other senior managers, entered into with the Municipality. The purpose of the performance agreement is to comply with section 57 of the Municipal Systems Act as well as to regulate the performance of the employment contract entered between the senior managers and the Municipality. The Agreement deals with only one aspect of the employment relationship, namely performance. The performance agreements must be entered into for each financial year of the Municipality.
- **Performance Plan:** The Performance Plan is an Annexure to the Performance Agreement and stipulates in detail the performance requirements for a single financial year. The SDBIP of the Directorate or scorecard (sorted per Department) transcends into the Performance Plan/s of the respective Section 57 Managers according to their areas of responsibility.
- **Personal Development Plan:** The Plan is an Annexure to the Performance Agreement and addresses the developmental needs/requirements of the manager indicating actions and timeframes for addressing such needs.

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- **Performance Evaluation of Executive Directors:**

The management of the performance evaluation process for the Municipal Manager and Executive Directors and other managers reporting to the Municipal Manager must be done in terms of *Regulations 805* (Regulations 805, 2006). These Regulations are attached to this policy. Performance must be reviewed quarterly (July to December) and for year-end performance (January to June), there must be formal evaluations. The Evaluation Panel for the purpose of conducting the performance evaluation of senior managers (s57 Employees) must be constituted in a manner contemplated in section 27 (d)(e) of the Regulations. Any remuneration process for senior managers must be done in accordance with the Municipality's Remuneration Policy as approved by Council.

### **11. PERFORMANCE PLANNING AND REPORTING**

- **Performance Reporting**

Performance must be reported in terms of the MSA, MFMA and the circulars and regulations issued in terms of legislation. These reports include:

- **Monthly reports**

Monthly reports on the performance of the directorates/departments should be generated from the performance management system and submitted to the portfolio committees and the executive management team.

- **Quarterly reports**

Reports to report on the performance in terms of the Top Layer should be generated from the Ignite system and submitted to Council. This report should also be published on the municipal website.

- **Mid-year assessment**

The performance of the first 6 months of the financial year should be assessed and reported on in terms of section 72 of the MFMA. This assessment must include the measurement of performance, the identification of corrective actions and recommendations for the adjustments of KPI's, if necessary. The format of the report must comply with the section 72 requirements. This report must be submitted to Council for

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approval before 25 January of each year and published on the municipal website afterwards.

- **Annual Performance Report**

The annual performance report must be completed by the end of August and submitted with the financial statements. This report must be based on the performance reported in the SDBIP.

- **Annual Report**

The annual report should be prepared and submitted as per MFMA Circular 11.

### **Measurement and Analysis**

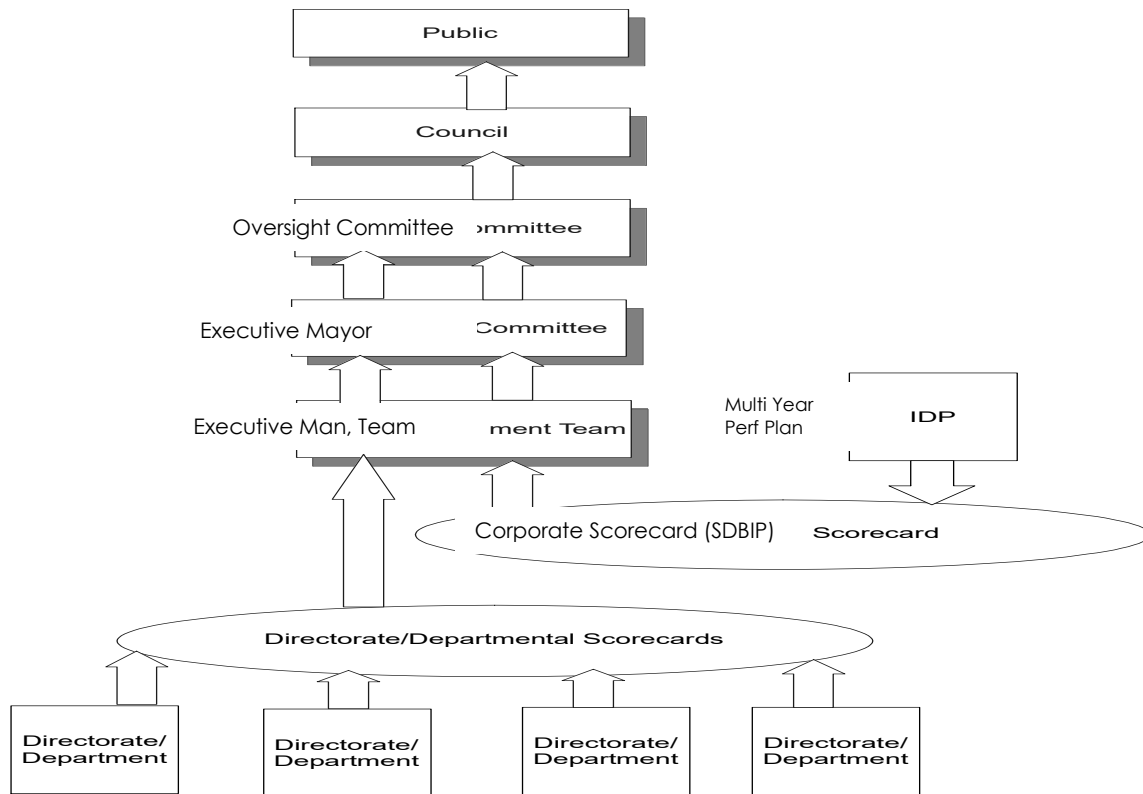
The Executive Director will analyse and report on each indicator on the scorecard. S(he) will be responsible for conducting analysis, measurements of that indicator, and submit reports as required. The performance of the s56-appointees will be measured in accordance with the individual performance contracts issued in terms of the Regulations. The individual performance should be reviewed at least quarterly. A portfolio of evidence should be kept by the Performance Moderation Committee to support evaluations. Further details of the reviews will be included in the performance manual of the municipality.

The corporate performance must be measured monthly at analyzed as least quarterly. Corporate performance will be measured during the mid-year review where after the performance scorecard adjusted / actions planned to address poor performance. The information of the annual review will be included in the annual report of the municipality.

# INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

## **Performance Reporting & Reviews:**

### **The annual process of reporting and review**



### **Directorate/Departmental Reviews**

It is intended that Directorates and Departments will review their performance at least monthly, using the directorate or departmental scorecards. Decision-makers should be immediately warned of any emerging failures to service delivery such that they could intervene if necessary. It is important that Directorates and Departments use these reviews as an opportunity for reflection on their goals and programmes and whether these are being achieved. Minutes of these reviews should be forwarded to the Municipal Manager. Changes in indicators and targets may be proposed at this meeting but can only be approved by the Executive Mayor, in consultation with the Municipal Manager.

### **Senior Management Reviews (s57 appointees)**

Directorates/Departments will then need to report on their performance in the directorate/departmental scorecard format to the Municipal Manager.

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Additional indicators that occur in the corporate scorecard will also be reviewed. These indicators will include shared and identified targets to ensure full integration. The executive management team will need 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. Where targets need to be changed, the management team can endorse these, for approval by the Executive Mayor.

### **Review by the Executive Management Team (EMT)**

Before the submission of the organizational, directorate or departmental scorecards to the Executive Mayor, it may be submitted to the EMT. It will be their task to consider the corrective action proposed and to endorse or amend such recommendations for the Mayoral Committee. The submission of the scorecards to Council is NOT conditional on its submission to the EMT.

### **Monthly Executive Mayor reviews Corporate and Directorate's Scorecards**

The Executive Mayor will be required to review the performance of the respective directorates against the respective scorecards. The Executive Mayor should appraise the performance of the directorate against committed targets. Where targets are not being met, the Executive Mayor should ensure that the reasons for poor performance are satisfactory and sufficient, and the corrective strategies proposed are sufficient to address the reasons for poor performance.

Changes in indicators and targets that do not appear in the corporate scorecard may be proposed to and can only be approved by the Executive Mayor, in consultation with the Municipal Manager. Changes in indicators and targets that fall within the corporate scorecard will need to be approved by the full Council and made public as per the legislative requirements.

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### **Quarterly Executive Mayor Reviews of the SDBIP**

On a quarterly basis, and upon receiving reports from the Municipal Manager, the Executive Mayor and the Mayoral Committee should engage in an intensive review of municipal performance against both the directorate's scorecards and the corporate scorecard.

These reviews will take place in October (for the period July to end of September), January (for the period October to the end of December), April (for the period January to the end of March) and July (for the period April to the end of June).

The review in January will coincide with the mid-year performance assessment as per section 72 of the Municipal Finance Management Act. The said section determines that the accounting officer must by 25 January of each year assess the performance of the municipality and report to the Council on inter alia its service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan. Many of the indicators in the corporate scorecard will only be measurable on an annual basis. The quarterly reviews should thus culminate in a comprehensive annual review of performance in terms of the scorecards.

The Executive Mayor with the Mayoral Committee will need to ensure that targets committed to in the corporate scorecard are being met, where they are not, that satisfactory and sufficient reasons are provided and that the corrective action being proposed is sufficient to address the reasons for poor performance. The review should also focus on reviewing the systematic compliance to the performance management system, by directorates, departments, portfolio committees and the Municipal Manager.

It is important that the Executive Mayor with the Mayoral Committee not only pay attention to poor performance but also to good performance. It is expected that the Executive Mayor will acknowledge good performance, where directorates or departments have successfully met targets in their directorate/departmental scorecards.

It is also critical that an Annual Mayoral Award for Excellent Performance be introduced, that rewards directorates or departments who have excelled in terms of the scorecards. Such an award and the subsequent recognition can often be sufficient to motivate teams in the workplace.

## INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

- **The MPAC**

The MPAC is a committee of Council appointed in accordance with section 79 of the Structures Act. Council delegates functions to the MPAC to conduct and provide oversight on the functions of the executive and the administration. Accordingly, MPAC plays a critical role in providing an oversight report to Council on the Annual Report. The Annual Report provides feedback on the implementation and performance in relation to the IDP, budget and SDBIP in terms of the PMS system. MPAC conducts oversight and submits an oversight report to Council which clear recommendations on the performance of the Municipality. Council is at liberty to determine adoption of the oversight report on the Annual Report.

### **Internal Audit**

Section 165 of the MFMA requires that each municipality must have an internal audit unit however such function may be outsourced. The municipality's internal audit function will need to be continuously involved in auditing the performance reports based on the organizational and directorate SDBIPs. 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 Audit Committee.

The role of the audit committee will be to assess:

- The functionality of the municipality's performance management system.
- The adherence of the system to the Municipal Systems Act.
- The extent to which performance measurements are reliable.

### **Performance Audit Committee**

The Municipality has established Performance Audit Committee in accordance with the Municipal Planning and Performance Management Regulations. In line with the regulations the performance audit committee consists of four members, who are not employees of the municipality. In accordance with such the regulations, the performance audit committee:

## INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

- reviews the quarterly reports submitted to it by the internal audit unit.
- reviews the municipality's performance management system and make recommendations in this regard to the council of the Municipality.
- assesses whether the performance indicators are sufficient.
- at least twice during a financial year submits an audit report to the municipal council.

It is further proposed that the audit committee be tasked with assessing the reliability of information reported.

### **Public Reviews**

The Systems Act as well as the MFMA requires the public to be given the opportunity to review municipal performance. Section 127 of the MFMA requires that the accounting officer (Municipal Manager) must immediately after the annual report is submitted to Council make the report public and invite the local community to submit representations in connection with the annual report. It is necessary that the Municipality involve the community in the review of municipal performance in accordance with the requirements of the MFMA.

*Auditing and Quality Control:* all auditing should comply with section 166 of the MFMA and Regulation 14 of the Municipal Planning and Performance Management Regulations.

- **Council Reviews**

Council is vested with the responsibility to oversee the performance of the Municipality. Council adopts the IDP and the budget and monitors financial and non-financial performance through quarterly and mid-year reviews. At least annually, the Executive Mayor will be required to submit an Annual Report to full council on municipal performance. In terms of Circular 63, an annual report provides feedback on the implementation of performance in relation to the IDP, budget and SDBIP in terms of the performance measurement system.

## INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

Council adopts an oversight report based on outcomes highlighted in the Annual Report and actual performance.

### **Governance**

#### **Continuous quality Control and Co-ordination**

The Municipal Manager and IDP Manager will be required on an ongoing basis to co-ordinate and ensure good quality of reporting and reviews. It will be their role to ensure conformity to reporting formats and check the reliability of reported information, where possible.

#### **Performance Investigations**

The Executive Mayor 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. 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

While the internal audit function may be used to conduct these investigations, it is also preferable that external service providers be utilized, who are experts in the area to be audited. Clear terms of reference will need to be adopted by the Executive Mayor for each such investigation.

#### **Reward and recognition.**

The reward and recognition for executive directors must be determined in a remuneration structure and policy in accordance with the Municipal Planning and Performance Regulations.

## INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

### 12. ROLES AND RESPONSIBILITIES

The following table sets out the roles and responsibilities of the various stakeholders in the PMS within each of the management components:

STAKEHOLDERS	INVOLVEMENT	BENEFITS
	ADMINISTRATIVE OVERSIGHT	
<b>Community</b>	<ul style="list-style-type: none"> <li>• Participate in the drafting and review of the Integrated Development Plan, including the setting of indicators and targets.</li> <li>• Make presentations on the annual report</li> </ul>	
<b>Council</b>	<p>The Council reviews, adopts and approves:</p> <ul style="list-style-type: none"> <li>• A process plan to guide the planning, drafting and adoption and review of the IDP.</li> <li>• The IDP that includes the organisation indicators and targets.</li> <li>• Changes to the IDP, organisational indicators and targets.</li> <li>• The performance management frameworks and system and</li> <li>• The performance bonuses (if applicable) of the senior managers/managers directly accountable to the Municipal Manager</li> </ul>	
<b>Executive Mayor</b>	<p>The functions performed by the Executive Mayor includes and are not limited to the following:</p> <ul style="list-style-type: none"> <li>• Identifies, reviews and evaluates the Municipality's needs in order of priority.</li> <li>• Recommends strategies, projects and services to council in order to address the priorities through the IDP.</li> <li>• Assigns the responsibility of management of the PMS to the Municipal Manager.</li> <li>• Approves the Top Layer SDBIP and municipal projects as per the IDP and present the mid-year performance report and Annual Report to Council.</li> <li>• Signs the performance agreement, including measurable key performance indicators (KPI) and targets of the Municipal Manager.</li> </ul>	
<b>Mayoral Committee</b>	<ul style="list-style-type: none"> <li>• Provides strategic support to the Executive Mayor.</li> <li>• Provide strategic awareness and manage the development of the IDP and PMS.</li> <li>• Monitor progress during portfolio committee meetings and advise the Executive Mayor accordingly.</li> </ul>	
<b>Portfolio Committee</b>	<ul style="list-style-type: none"> <li>• Oversee the implementation of the strategy.</li> <li>• Review and monitor the implementation of the IDP and the PMS.</li> </ul>	

## INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

STAKEHOLDERS	INVOLVEMENT	BENEFITS
	ADMINISTRATIVE OVERSIGHT	
	<ul style="list-style-type: none"> <li>Facilitates the process of benchmarking and collaboration with other municipalities.</li> </ul>	
STAKEHOLDERS	INVOLVEMENT	BENEFITS
	OFFICIALS	
<b>Municipal Manager</b>	<p>The functions of the Municipal Manager includes but is not limited to the following:</p> <ul style="list-style-type: none"> <li>Provides strategic direction and develops strategies and policies for the organisation.</li> <li>Manages the development of the IDP and PMS.</li> <li>Submission of the draft SDBIP to the Executive Mayor.</li> <li>Approves and signs the performance agreements, including measurable KPI's and targets for senior managers/managers directly accountable to the MM.</li> <li>Evaluates the performance of senior managers/managers directly accountable to the MM.</li> <li>Ensure regular reporting and analysis of performance information and ensure reporting is done in terms of legislation.</li> <li>Manages the compilation of the Annual Report.</li> </ul>	
<b>Executive Directors</b>	<ul style="list-style-type: none"> <li>Assist in providing strategic direction and the development of policies.</li> <li>Assist the MM with the development and implementation of the IDP.</li> <li>Ensure that the performance agreement are inclusive and mandatory KPIs are included as per legislation.</li> <li>Ensure that performance information that is submitted complies with the SMART principles and the audit standards of the AG.</li> <li>Ensure that accurate, reliable and evidenced performance results are provided for assessments.</li> <li>Ensure that evidence to support the performance achievement is collected, submitted and stored for internal and external audit requirements.</li> <li>Manage Departmental performance and operational performance</li> </ul>	
<b>Line Managers</b>	<ul style="list-style-type: none"> <li>Ensure that the performance agreement are inclusive and mandatory KPIs are included as per legislation.</li> <li>Ensure that performance information that is submitted complies with the SMART principles and the audit standards of the AG.</li> <li>Ensure that accurate, reliable and evidenced performance results are provided to the relevant S56 managers for performance assessments.</li> <li>Ensure that evidence to support the performance achievement is collected, submitted, and stored for internal and external audit</li> </ul>	

## INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

<b>STAKEHOLDERS</b>	<b>INVOLVEMENT</b>	<b>BENEFITS</b>
	<b>ADMINISTRATIVE OVERSIGHT</b>	
	<p>requirements.</p> <ul style="list-style-type: none"> <li>• Draft and signs performance agreements, including measurable KPI's and targets for immediate reports and performance development plans for lower-level employees (where applicable)</li> <li>• Implement departmental business / operational plans and monitor and evaluate the Individual Performance Plans.</li> <li>• Provides an objective basis upon which to reward good performance and correcting under performance.</li> </ul>	
<b>Individual Employees</b>	<ul style="list-style-type: none"> <li>• Execute individual performance plans.</li> <li>• Implement mechanism for early warning indicators to check and ensure compliance.</li> </ul>	
<b>IDP Manager/Performance Management Unit</b>	<ul style="list-style-type: none"> <li>• Co-ordinate and ensure good quality performance reporting and reviews on an on-going basis.</li> <li>• Ensure conformity to reporting formats and verify the reliability of reported information (where possible)</li> <li>• Support the MM to review the overall performance data and prepare organisational performance reports for submission to Council and other role players as per legislative requirements.</li> <li>• Render administrative support to the employees of the Municipality with the updating of correct performance information on the PMS system.</li> <li>• Render support and assist employees with the drafting of individual performance agreements and performance plans including the development of measurable KPIs and targets.</li> </ul>	
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>• Audit the performance information of the Municipality and submit reports on the outcome of their audits to the MM and the Audit Committee.</li> <li>• Provide input to management in terms of quality of performance indicators.</li> </ul>	
<b>STAKEHOLDERS</b>	<b>INVOLVEMENT</b>	<b>BENEFITS</b>
	<b>COMMUNITY / PUBLIC</b>	
<b>Representative Forums / Ward Committees</b>	<ul style="list-style-type: none"> <li>• Inform the identification of community priorities.</li> <li>• Public involvement in service delivery of the municipality.</li> <li>• Provide a platform for the public / communities to inform and communicate with Council.</li> </ul>	
<b>Performance Audit Committee</b>	<ul style="list-style-type: none"> <li>• Verify the relevance of the PMS and performance information.</li> <li>• Review the reports compiled by internal audit and</li> </ul>	

## INTEGRATED PERFORMANCE MANAGEMENT POLICY FRAMEWORK

STAKEHOLDERS	INVOLVEMENT	BENEFITS
	ADMINISTRATIVE OVERSIGHT	
	<ul style="list-style-type: none"> <li>• Review the PMS of the Municipality and report to Council.</li> <li>• Provide warning signals of under- performance.</li> </ul>	
<b>Municipal Public Accounts Committee</b>	<ul style="list-style-type: none"> <li>• Review Annual Report and suggest corrective action to address shortfalls and ensure improved performance</li> </ul>	
<b>Auditor-General</b>	<ul style="list-style-type: none"> <li>• Ensure legal compliance.</li> <li>• Provides warning signals of under- performance which can provide pro-active and timely interventions.</li> </ul>	

### **13. EVALUATION AND IMPROVEMENT OF THE PMS**

The Systems Act requires the Municipality to annually evaluate its performance management system. It is proposed that after the full cycle of the annual review is complete; the Municipal Manager will initiate an evaluation report annually, considering the inputs provided by directorates and departments. This report will then be discussed by the Management Team and finally submitted to the Council for discussion and approval. The evaluation should assess:

- The adherence of the performance management system to the Systems Act.
- The fulfilment of the objectives of the performance management system
- The adherence of the performance management system to the objectives and principles of the PMS Policy Framework
- Opportunities for improvement and a proposed action plan.

The process of implementing a performance management system must be seen as a learning process, where there is continuous improvement of the system to fulfil the objectives within a constantly changing environment. of the Municipality.

### **14. POLICY ADOPTION, MONITORING AND REVIEW**

- The Municipal Manager or his delegate will monitor the implementation of this policy.
- This Policy will be reviewed annually or as there are changes to policy and legislation. This Policy Framework will come into effect from the date of Council resolution.

**ANNEXURE: A**

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GOVERNMENT NOTICE

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DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT

No. R. 805

1 August 2006

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**LOCAL GOVERNMENT: MUNICIPAL PERFORMANCE REGULATIONS FOR  
MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO  
MUNICIPAL MANAGERS, 2006**

Under section 120 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), I, Fholisani Sydney Mufamadi, after consultation with the MEC's for local government and organised local government representing local government nationally, hereby make the regulations in the Schedule.

**F. S. MUFAMADI**

**Minister for Provincial and Local Government**

**PREAMBLE**

These regulations seek to set out how the performance of municipal managers will be uniformly directed, monitored and improved. The regulations address both the Employment Contract of a municipal manager and managers directly accountable to municipal managers, as well as the Performance Agreement that is entered into between respective municipalities, municipal managers and managers directly accountable to municipal managers. These instruments will, in combination, ensure a basis for performance and continuous improvement in local government.

The Employment Contract provides to specifically delineate the terms of employment for municipal managers, and managers directly accountable to municipal managers. Similarly, the Performance Agreement provides assurance to the municipal council of what can and should be expected from their municipal managers and managers directly accountable to municipal managers.

Finally, these instruments will be most effective when considered in the context of enabling the implementation of a municipality's Integrated Development Plan (IDP). As such, they should simultaneously create an enabling environment for enhanced performance and accountability.

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**SCHEDULE CHAPTER 1****INTERPRETATION**

- **Definitions**

1. In these regulations a word or phrase to which a meaning has been assigned in the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), has that meaning and, unless the context otherwise indicates-
  - **"employee"** means a person employed by a municipality as a municipal manager or as a manager directly accountable to a municipal manager.
  - **"employer"** means the municipality employing a person as a municipal manager or as a manager directly accountable to a municipal manager and as represented by the mayor, executive mayor or municipal manager as the case may be;
  - **"employment contract"** means a contract as contemplated in Section 57 of the Act; **"performance agreement"** means an agreement as contemplated in Section 57 of the Act; and
  - **"the Act"** means the **Local Government: Municipal Systems Act, 2000**.

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## CHAPTER 3

### PERFORMANCE AGREEMENTS FOR MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS

#### Purpose of performance agreement

- 23.** The purpose of the agreement is to:
- (1) comply with the provisions of Section 57(1)(b),(4A),(4B) and (5) of the Act as well as the employment contract entered into between the parties;
  - (2) specify objectives and targets defined and agreed with the employee and to communicate to the employee the employer's 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.
  - (3) specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;
  - (4) monitor and measure performance against set targeted outputs;
  - (5) use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
  - (6) in the event of outstanding performance, to appropriately reward the employee; and
  - (7) give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

**Commencement and duration**

24. (1) The performance agreement must be entered into for each financial year of the municipality, or part thereof) .
- (2) The parties must review the provisions of this agreement during June each year and must conclude a new performance agreement that replaces the previous agreement at least once a year within one month after the commencement of the new financial year.
- (3) The agreement will terminate on the termination of the employee's contract of employment for any reason.
- (4) If at any time during the validity of the agreement the work environment alters to the extent that the contents of the agreement are no longer appropriate, the contents must by mutual agreement between the parties, immediately be revised.

**Performance objectives**

25. (1) The performance plan sets out:
- (a) The performance objectives and targets that must be met by the employee; and
- (b) the time frames within which those performance objectives and targets must be met.
- (2) The performance objectives and targets reflected in the performance plan are set by the employer in consultation with the employee and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality and shall include key objectives; key performance indicators; target dates and weightings.

- (3) The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.
- (4) The employee's performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the employer's Integrated Development Plan.

### **Performance management system**

26. (1) The employee agrees to participate in the performance management system that the employer adopts or introduces for the municipality.
- (2) The employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the employer, management and municipal staff to perform to the standards required.
- (3) The employer will consult the employee about the specific performance standards that will be included in the performance management system as applicable to the employee.
- (4) The employee undertakes to actively focus towards the promotion and implementation of the Key Performance Areas (KPAs) (including special projects relevant to the employee's responsibilities) within the local government framework.

- (5) The criteria upon which the performance of the employee must be assessed consist of two components, both of which must be contained in the performance agreement. The employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Competency Requirements (CCRs), respectively. Each area of assessment will be weighted and will contribute a specific part to the total score. KPAs covering the main areas of work will account for 80% and CCRs will account for 20% of the final assessment.
- (6) The employee's assessment will be based on his or her performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the KPA's, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employee.

<b>Key Performance Areas (KPA's) for Municipal Managers</b>	<b>Weighting</b>
Basic Service Delivery	
Municipal Institutional Development and Transformation	
Local Economic Development (LED)	
Municipal Financial Viability and Management	
Good Governance and Public Participation	
<b>Total</b>	<b>100%</b>

- (7) In the case of managers directly accountable to the municipal manager, key performance areas related to the functional area of the relevant manager, must be subject to negotiation between the municipal manager and the relevant manager.
- (8) The CCRs will make up the other 20% of the employee's assessment score. CCRs that are deemed to be most critical for the employee's specific job should be selected from the list below as agreed to between the employer and the employee and must be considered with due regard to the proficiency level agreed to.

CORE COMPETENCY REQUIREMENTS FO;	EMPLOYEES CCR\	
Core Managerial and Occupational Competencies	!! (Indicate choice)	Weight
<i>Core Managerial competencies</i>		
Strategic Capability and Leadership		
Programme and Project Management		
Financial Management	compulsory	
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and Analysis		
People Management and Empowerment	compulsory	
Client Orientation and Customer Focus	compulsory	
Communication		
Honesty and Integrity		
<i>Core Occupational Competencies:</i>		
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 conceptualization, analysis and implementation		
Knowledge of more than one functional municipal field / discipline		
Skills in Mediation		
Skills in Governance		
Competence as required by other national line sector departments		
Exceptional and dynamic creativity to improve the functioning of the municipality		
<b>Total percentage</b>		<b>100%</b>

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## Evaluating performance

27. (1) The performance plan sets out-
- (a) the standards and procedures for evaluating the employee's performance; and
  - (b) the intervals for the evaluation of the employee's performance.
- (2) Despite the establishment of agreed intervals for evaluation, the employer may in addition review the employee's performance at any stage while the employment contract remains in force.
- (3) Personal growth and development needs identified during any performance review discussion must be documented in a personal development plan as well as the actions agreed to and implementation must take place within set time frames.
- (4) The annual performance appraisal must involve:
- (a) Assessment of the achievement of results as outlined in the performance plan:
    - (i) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA.
    - (ii) An indicative rating on the five-point scale should be provided for each KPA.
    - (iii) The applicable assessment rating calculator must then be used to add the scores and calculate a final KPA score.
  - (b) Assessment of the CCRs
    - (i) Each CCR should be assessed according to the extent to which the specified standards have been met.

- (ii) An indicative rating on the five-point scale should be provided for each CCR.
  - (iii) This rating should be multiplied by the weighting given to each CCR during the contracting process, to provide a score.
  - (iv) The applicable assessment-rating calculator must then be used to add the scores and calculate a final CCR score.
- (c) Overall rating
- (i) An overall rating is calculated by using the applicable assessment- rating calculator. Such overall rating represents the outcome of the performance appraisal.
  - (ii) The assessment of the performance of the employee will be based on the following rating scale for KPA's and CCR's:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	<b>Outstanding performance</b>	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.					
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.					

Level	Terminology	Description	Rating				
			1	2	3	4	5
3	<b>Fully effective</b>	Performance fully meets the standards expected in all areas of the job, The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	<b>Performance not fully effective</b>	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.					
1	<b>Unacceptable performance</b>	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 PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.					

- (d) For purposes of evaluating the annual performance of the municipal manager, an evaluation panel constituted of the following persons must be established •
- (i) Executive Mayor or Mayor;
  - (ii) Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
  - (iii) Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;

- (iv) Mayor and/or municipal manager from another municipality; and
  - (v) Member of a ward committee as nominated by the Executive Mayor or Mayor.
- (e) For purposes of evaluating the annual performance of managers directly accountable to the municipal managers, an evaluation panel constituted of the following persons must be established -
- (i) Municipal Manager;
  - (ii) Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
  - (iii) Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council; and
  - (iv) Municipal manager from another municipality.
- (f) The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in sub-regulations (d) and (e).

### **Schedule for performance reviews**

- 28.** (1) The performance of the employee in relation to his or her performance agreement must be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

First quarter	July - September.....
Second quarter	October - December.....
Third quarter	January- March.....
Fourth quarter	April - June.....

- (2) The employer must keep a record of the mid-year review and annual assessment meetings.
- (3) Performance feedback must be based on the employer's assessment of the employee's performance.
- (4) The employer will be entitled to review and make reasonable changes to the provisions of the performance plan from time to time for operational reasons on agreement between both parties.
- (5) The employer may amend the provisions of the performance plan whenever the performance management system is adopted, implemented and/or amended as the case may be on agreement between both parties.

#### **Developmental requirements**

29. A personal development plan (PDP) for addressing developmental gaps must form part of the performance agreement.

#### **Obligations of the employer**

30. The Employer must -
  - (1) create an enabling environment to facilitate effective performance by the employee;
  - (2) provide access to skills development and capacity building opportunities;

- (3) work collaboratively with the employee to solve problems and generate solutions to common problems that may impact on the performance of the employee;
- (4) on the request of the employee delegate such powers reasonably required by the employee to enable him or her to meet the performance objectives and targets established in terms of the agreement; and
- (5) make available to the employee such resources as the employee may reasonably require from time to time to assist him or her to meet the performance objectives and targets established in terms of the agreement.

### **Consultation**

31. (1) The employer agrees to consult the employee timeously where the exercising of the powers will have, amongst others, -
  - (a) a direct effect on the performance of any of the employee's functions
  - (b) commit the employee to implement or to give effect to a decision made by the employer; and
  - (c) a substantial financial effect on the employer.
- (2) The employer agrees to inform the employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in sub-regulation (1) as soon as is practicable to enable the employee to take any necessary action without delay.

### **Management of evaluation outcomes**

32. (1) The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

- (2) A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that -
- (a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
  - (b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.
- (3) In the case of unacceptable performance, the employer shall –
- (a) provide systematic remedial or developmental support to assist the employee to improve his or her performance; and
  - (b) after appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, and performance does not improve, the employer may consider steps to terminate the contract of employment of the employee on grounds of unfitness or incapacity to carry out his or her duties.

### **Dispute resolution**

- 33.** (1) 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 –
- (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, the executive mayor or mayor within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on both parties.
- (2) Any disputes about the outcome of the employee's performance evaluation, must be mediated by -
  - (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; whose decision shall be final and binding on both parties.

**General**

- 34.** (1) The contents of the performance agreement must be made available to the public by the employer in accordance with the Municipal Finance Management Act, 2003 and Section 46 of the Act.
- (2) Nothing in this agreement diminishes the obligations, duties or accountabilities of the employee in terms of his or her employment contract, or the effects of existing or new regulations, circulars, policies, directives or other instruments.
- (3) The performance assessment results of the municipal manager must be submitted to the MEG responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.