UMZIMVUBU LOCAL MUNICIPALITY

UMZIMVUBU
LOCAL MUNICIPALITY

INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM (PMS) POLICY & PROCEDURES MANUAL

15

Table of Contents

1. DEFINITIONS 4-5

2. PREAMBLE 5

3. PERFORMANCE MANAGEMENT ETHICS AND PRINCIPLES 5-6

4. PURPOSE OF THE POLICY AND PROCEDURE MANUAL 6

5. APPLICATION OF THIS POLICY 6

6. OVERVIEW OF INDIVIDUAL PERFORMANCE MANAGEMENT 7

7. KEY DOCUMENTS FOR INDIVIDUAL PERFORMANCE MANAGEMENT 7

8. ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM 7-8

9 DEPARTMENTAL PERFORMANCE MANAGEMENT SYSTEM 8

10 PROCESSES AND PROCEDURES FOR INDIVIDUAL PERFORMANCE MANAGEMENT 9

11 KEY ACTIVITIES AND OUTPUTS WITHIN PERFORMANCE MANAGEMENT PHASES 11

PHASES 11

12. Phase 2: Performance Monitoring *12*

13. Phase 3: Performance Measurement *13*

14 Phase 4: Performance Analysis *14*

15. Phase 5: Performance Review *14*

16. PROBATION MANAGEMENT 13-14

17. EFFECTIVE WEIGHTING & RATING EMPLOYEE SCORECARD 14-15

18. INDIVIDUAL PERFORMANCE CONTRACT SIGNING AND REPORTING 17-16

19. CRITICAL LEADING COMPETENCIES 17

20. CORE COMPETENCIES 17-18

21. SCHEDULE OF PERFORMANCE EVALUATION 18

22. THE EVALUATION PANEL: MUNICIPAL MANAGER & SENIOR MANAGERS 18

23. THE EVALUATION PANEL: PERMANENT EMPLOYEES 18-19

24 PERFORMANCE REWARDS *24-20*

25. CALCULATING PERFORMANCE BONUSES 21

26. PAYMENT OF PERFORMANCE BONUSES 21-22

27. PERFORMANCE REWARDS FOR PERMANENT EMPLOYEES 22

28. DISPUTE MECHANISM.....22-23
29. INCAPACITY PROCEEDINGS OF POOR PERFORMANCE.....23-24
30. DISMISSAL ON GROUNDS OF POOR PERFORMANCE.....24-25
31. THE ELECTRONIC PERFORMANCE MANAGEMENT SYSTEM.....33
32.CONCLUSION.....33
33. AUTHORITIES REQUIREMENTS.....25
34. COMMENCEMENT.....25
35. INTERPRETATION OF THIS POLICY.....25-26
36. PERMANENT / TEMPOARY WAIVER OR SUSPENSION OF THIS POLICY.....26
37. AMMENDMENT AND OR ABOLITION OF THIS POLICY.....26
38. COMPLIANCE AND ENFORCEMENT.....26

1. DEFINITIONS

All key words and conception contained herein are as defined in the relevant legislation and in these definitions unless the context indicates otherwise.

Phrase	Definition
Competence	Having the necessary higher education qualification, work experience and knowledge to obtain at least a competent level of achievement
Councillor	A member of a municipal council as elected in terms of Chapter 3 of the Municipal Structures Act (Act 117 of 1998)
Input Indicator	Typically cost related indicators. They measure what inputs have been made towards achieving the objective and they are most relevant to the day-to-day operations of a municipality. Examples include costs, equipment, human resources, time, etc.
Integrated Development Plan	A plan aimed at the integrated development and management of a municipal area as prescribed by Chapter 2 the MSA
Key Performance Indicator	Specific measurements that track progress towards the achievement of an objective
Mayor	The Mayor of a municipality as elected in terms of Chapter 4 of the Municipal Structures Act (Act 117 of 1998)
Municipal Manager	A person appointed in terms of section 82 of the Municipal Structures Act
Outcome Indicator	These indicators measure the extent to which strategic goals or outcomes are being met. Outcomes are usually based on the results of different variables acting together, for example, increased economic activity as a result of improved water supply. They measure the effect that the goals and objectives are having on the community
Output Indicator	These indicators refer to "products" produced by processing inputs. For example, the number of houses built or the number of electricity connections made.
Performance Agreement	An annual agreement or contract entered into by two parties as contained in section 57 of the MSA
Section 79 Committee	A committee appointed by the municipal council in terms of section 79 of the Municipal Structures Act (Act 117 of 1998)
Senior Manager	A municipal manager or acting municipal manager, appointed in terms of section 54A of the MSA or a manager directly accountable to a municipal manager appointed in terms of section 56 of the MSA. A senior in terms of Circular No. 2 of 2014: Implementation of the Local Government: Regulations of Appointment and Conditions of Employment of Senior Managers: Government Notice No. 21 of 17 January 2014
Service Delivery Agreement	An agreement between a municipality and an institution or person mentioned in section 76 (b) in terms of which a

	municipal service is provided by that institution or person, either for its own account or on behalf of the municipality
Service Delivery and Budget Implementation Plan	The SDBIP gives effect to the IDP and budget of the municipality and shall be possible if the IDP and budget are fully aligned with each other, as required by the MFMA as contained in MFMA Circular No. 13
Strategic Objective	A translation of priority areas into a results statement which is SMART (Specific, Measurable, Achievable, Realistic and Time-bound.
Target	A performance target (usually quantitative) is a planned level of performance or milestone set for each indicator
Audit Committee	A committee of the municipality and performs the statutory responsibilities assigned to it by the MFMA No. 56 of 2003 (Section 165 &166) and other relevant responsibilities delegated to it under its charter by the Council.
Consumer	Member of the community of Umzimvubu Local Municipality and the recipient of the municipality services
Work teams	A group of employees who are performing the same or similar functions on a continual basis
Levels/Grades	Refer to the skill level 1: Basic skill (Grade 1-3); level 2: discretional skills (grade 4-8)'; level 3: specialized skills (Grade 9-13); Level 4: Tactical skills (Grade 14-18) and level 5: Strategic skill) Grade (10-26).

1. PREAMBLE

The Municipality recognizes the significance of having a performance management system not only as a legal requirement in terms of the applicable laws, but as an important instrument of corporate governance which aims at ensuring that a process of goal setting in the work place is followed by a systematic success measuring process. This policy has been formulated against a need for formalizing the process and strategy for managing both organizational and individual performance. The noble goal of achieving excellent standards of performance shall be realized through introduction and injection of a systematic set of rules and standards of performance in the work place.

2. PERFORMANCE MANAGEMENT ETHICS AND PRINCIPLES

2.1 A Performance Management System is set to maximize output arising from utilization of employees in the work place.

2.2 Performance management is established and operated in order to unlock potential for both organizational growth and employee development.

2.3 Performance management is intended to generate organizational focus and employee motivation in rendering services.

2.4 Performance assessment is conducted with the maximum honesty and confidentiality.

2.5 Optimal performance of both organization and the individual is one of the most important principles of performance management.

2.6 Tracking and managing performance is the most important principle

2.7 Identification of performance gaps and provision of intervention measures are cornerstones of performance improvement.

2.8 Employees must receive fair evaluations and their performance should be managed in an appropriate and satisfactory manner.

2.9 There must be no favouritism and bias in assessing employee performance.

2.10 Excellent performance is rewarded accordingly whilst intervention measures to address bad performance are effected without delay.

2.11The Core Values of the Municipality shall prevail in all aspects of performance management, including but not limited to performance planning, monitoring and assessment.

3. PURPOSE OF THE POLICY AND PROCEDURE MANUAL

The purpose of this policy is to provide support and give effect to the Umzimvubu Local Municipality's (ULM) Performance Management System (PMS) Policy Framework.

3.1 To give effect to chapter 6 of the Local Government: Municipal Systems Act (32 of 2000).
3.2 To effect compliance with the Municipal Planning and performance management regulations of 2001 and Performance Management Regulations, 2006.
3.3 To conform to the Municipal Performance Regulations for the Municipal Manager and managers reporting directly to the municipal manager of 2006.
3.4 To set a scene/platform for management and monitoring of organizational and individual performance.
3.5 To set rules, regulations and standards for effective and successful management of performance in the work place.
3.6 To provide a framework for managing work performance with a purpose of paying performance bonus where applicable.
3.7 To provide for handling a dispute arising from a performance management process.
3.8 To provide a mechanism for managing and dealing with sub-standard work or poor performance in the workplace.

4. APPLICATION OF THIS POLICY

4.1 This policy shall apply to all employees of the municipality except casual employees and employees hired for less than three months

4.2 This policy shall be applicable from the date of adoption by the Council.

5. OVERVIEW OF INDIVIDUAL PERFORMANCE MANAGEMENT

Individual Performance Management deals with performance on the level of the individual employee. Individual performance targets are also formulated during the business planning process. Staff performance provides council and management with appropriate information on the behaviour of staff and outcomes in the workplace. Reviewing staff performance at regular intervals shall provide the council and management with appropriate information performance gaps or excellence.

6. KEY DOCUMENTS FOR INDIVIDUAL PERFORMANCE MANAGEMENT

6.1 Once organisational objectives have been set, it is possible to cascade these down to the relevant departments, and individuals. In turn, the individuals and departments, in achieving their targets and standards will contribute towards the municipality achieving its objectives as stated in the IDP and as operationalised in its SDBIP.

In local government, municipal employees fall into three broad categories,

(a) Senior managers (Municipal Manager including managers reporting directly to the Municipal Manager); and
(b) Sectional Managers; and
(c) Permanent staff

6.2 Senior managers must enter into Employment Contract and Performance agreement with the municipality on assumption of duties and the regulations give a detailed guide on the elements of an employment contract.

6.3 Sectional Managers enter into employment contract and performance agreement with the institutional accountable head of departments

6.4 Permanent staff are employed on a permanent basis and are governed by the provisions of the Local Government Bargaining Council. Shall enter into performance management plan.

6.5 Individual performance plans shall be developed by both Senior Managers; sectional manager and permanent staff. These plans must include indicators and targets which shall be measured over accordingly in financial period.

7. ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

7.1 The Municipality shall develop a performance management system based on the prescripts contained in the legal framework for the performance management system.

7.2 The Municipality shall set targets and monitor and review the performance of the Municipality based on indicators linked to the Integrated Development Plan (IDP).

7.3 The Community shall be involved in setting of priorities and reviewing municipal performance.

7.4 The Municipality shall table and publish an annual performance report on

- Ensuring that learning and recruiting processes don't contribute to poor performance by recruiting unsuitable persons;
- Creating an environment through reward and recognition and managing poor performance;
- Identify core competencies and behaviours that staff need to exhibit to ensure the achievement of organisational goals; and
- The roles of each stakeholder in ensuring that the performance of individuals in the organisation is linked to and contributing to organisational performance should be identified and clearly defined.

9.8 This section outlines the processes to be followed for individual performance Management.

10. KEY ACTIVITIES AND OUTPUTS WITHIN PERFORMANCE MANAGEMENT PHASES

	Dimension	Key Activity	Key Output	Timeframes	Responsibility
Performance Planning The table below summarises the key activities and outputs associated with the planning phase:Planning	Individual Level	**Compile the Performance Agreements and of the Municipal manager; senior managers and Sectional Managers** The KPIs developed in above, need to be cascaded into the Performance agreements & Performance Plans of the Municipal Manager; Senior Managers and Sectional Managers **Compile Performance Plans for non-senior managers** The Performance Plans for Permanent Staff are compiled from the Departmental SDBIP and Job Descriptions. (A newly appointed employee for a period of not less than 12 months shall be required to serve a six month - probation period prior to confirmation of employment and must have a signed performance Plans within a 30 days from the date of assumption of duty)	• Performance Agreements • Development Performance Plans	• On or before the 31 July each Financial Year (Sec. 57 Managers) • 31 July each Financial Year	• Mayor, • Municipal Manager • Senior Managers • Sectional Managers • Permanent staff

10.1 Upon approval of all the strategic documents, the Mayor and the Municipal Manager must sign the Municipal Manager's Performance Agreement before 31 July of every year.

10.2 The Municipal Manager must do the same and sign the Performance Agreements with all the Managers directly accountable to the Municipal Manager before 31 July of every year.

10.3 The heads of departments must do the same signing Performance agreements for Manager accountable to them/sectional Managers before the 31 July every year.

10.4 The performance plans for Managers shall be submitted with Performance agreements not later than the 31 July every year.

10.5 Performance plans for staff shall be developed by the employee and the Manager of the section/immediate supervisor. These shall be submitted to Human Resources Sectional not later than the 31 July every year.

10.6 The Mayor shall also publicise the SDBIP, the organisational scorecard and the Municipal Manager's Performance Agreement as per the provisions of Section 53(3) of the Municipal Finance Management Act.

10.7 The Performance Agreements for Sec 57/56 Managers are required to be submitted to the MEC for Co-operative Governance and Traditional Affairs within 60 days of the beginning of each financial year.

11. Phase 2: Performance Monitoring

11.1 Monitoring is a continuous process of measuring, assessing, analysing and evaluating performance information. The aim of the monitoring process is to act as an early warning system and to thereafter take appropriate and immediate interim (or preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting and review is due.

11.2 The municipality shall conduct Organisational (SDBIP) and Individual performance evaluation to all municipal employees (Senior Managers; Sectional Managers and Permanent employees) on a quarterly basis within 30 days from the quarter under review

11.3 Individual performance evaluations/assessments for management member may be held on virtual platform or on face to face session, as decided by management considering the circumstances on that particular time or adhering to declared regulations of the country.

11.4 Individual performance evaluations/assessments for non-managerial employees may not be held on face to face session considering circumstances on that particular time or adhering to declared regulations of the country. Employees may be required to develop performance evaluation quarterly reports and submit to immediate superiors to evaluate and further submit to Performance Management Unit review, recoding, feedback and filling.

11.15 Organisational Performance shall be evaluated based on the organisational SDBIP. Individual performance shall be evaluated based of performance Plan for each employees on quarterly basis.

11.16 Management employees shall load their achieved performance and proof of evidence on automated system, and perform self-evaluation, the immediate Manager shall therefore perform moderation on performance of subordinates, therefore final review shall be conducted to each employee.

12. Phase 3: Performance Measurement

12.1 Performance measurement allows the Municipality to compare the actual performance in relation to backlog and current performance.

12.2 Performance Measurement is essentially the process of analysing the data provided by the Performance Monitoring System in order to assess performance at organisational level, the Assistant Manager: IDP & IGR and PMS shall monitor the organisational performance on PMS automated system and the assurance verification shall be done by the Assistant Manager: Internal Auditor at all levels.

12.2 Performance Measurement on organisation level shall be formally executed on a monthly and quarterly basis, whereas Performance Measurement on individual level shall be done quarterly.

12.3 The table below describes the rating scales to be used when measuring performance.

Rating	Level	Description
Outstanding performance	5	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.
Performance significantly above expectations	4	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
Fully effective	3	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.
Performance not fully effective	2	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.
Unacceptable performance	1	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

Rating	Level	Description
		efforts to encourage improvement.

13. Phase 4: Performance Analysis

13.1 As with underperformance (targets not met), targets which have been met or exceeded should also expanded upon so that the key factors that resulted in such success can be documented and shared so as to ensure organisational learning.

13.2 Each Senior Manager; Sectional Manager shall update the actual performance on Automated PMS System according to the performance indicators and targets set out in the performance contract at the end of a three month-period (quarter), the update on the actual performance shall be done within 14 working days after the end of the each quarter.

13.3 Permanent employees shall prepare performance assessment report based on the agreed upon targets and standards, within seven working days before the sitting performance evaluation. The report shall be presented to the assessment panel for evaluation of employee on a quarterly basis.

13.4 The selected panel shall analyse employee's performance results based on the agreed performance plans, and development needs for each employees.

13.5 The performance evaluations shall be conducted on a quarterly basis to all municipal employees

14. Phase 5: Performance Review

14.1 Review includes the assessment of the system itself, the framework, targets, and performance targets of departments and performance measurement of employees. It identifies the strengths, weaknesses, opportunities and threats of the municipality in meeting KPIs and performance targets.

14.2 The performance assessments for Senior Managers; Sectional Managers and permanent staff shall be conducted on quarterly basis.

14.3 Annual performance assessments reviews shall be conducted to the Municipal Manager, Senior Managers and Sectional Managers.

14.4 A team based performance management methodology shall and/or may be used to assess and evaluate the performance of employees for all post from task grade1 to 3 or equivalent grading including any clerical position or any office based position to give an account of his/her performance according to the set performance targets at the end of each quarter.

14.5 The team based performance management methodology shall be developed in such a way that it can identify the high, medium and poor performers in a team in order to discourage non-performance.

14.6 Employees who are employed under task grade 1 to 3 can be allowed to present oral performance assessment report and provide relevant means of verification.

14.7 In this meeting/session, agreements and disagreements around performance issues shall be agreed upon between the employee and manager /supervisor and shall be recorded.

14.8 Performance reports or records of performance shall be subjected to ratification and acceptance with or without alterations by the respective performance evaluation panel.

15 PROBATION MANAGEMENT SYSTEM.

15.1 A newly appointed employee for a period of not less than 12 months shall be required to serve a six month - probation period prior to confirmation of employment and must have a signed performance contract/plan within a month from the date of assumption of duty

15.2 Probation shall apply to contract employees as well, including performance contract employees, but the probation period for performance contract employees shall be 12 months and dealt as per the conditions of employment in their contracts of employment

15.3 Employees hired for a period of less than 12 months shall be required to serve a probationary period of three months prior to confirmation of employment.

15.4 Employees hired for a period of less than three months shall not be required to serve probation.

15.5 The new employee and his or her supervisor shall discuss formally or informally the

required performance levels within the first month of employment in an effort to lay a Sound foundation for tracking performance.

15.6 During probation, employees shall be given an opportunity to demonstrate Performance up to the standards expected of them and be provided with appropriate feedback, assistance and support to achieve them

15.7 Performance of employees on probation for a six and 12 month-period shall be assessed on a bi-monthly basis.

15.8 Performance assessment of an employee on a less than six month-probation period shall be conducted on a monthly basis.

15.9 Probation monitoring shall encompass both conduct and performance of an employee

15.10 The Municipal Manager shall be responsible for approval and confirmation of satisfactory completion of probation by each employee of the Municipality.

15.11 Upon successful completion of probation the employee shall be issued with a Letter of confirmation of employment from the Corporate Services Department.

15.12 An employee who demonstrates unsatisfactory performance at the end his/her probationary term of six – months or 12 months may be put on An extended probation of not more than three or six month, respectively, or have his or her services terminated.

15.13 An employee shall be afforded a poor performance/conduct hearing prior to the Extension of probation or termination of services.

15.14 An employee afforded a poor performance/conduct hearing during the probation process shall be entitled to representation by a shop steward or a fellow employee of his or her choice.

15.15 An employee put on extended probation shall be assessed on a monthly Basis,

15.16 Notwithstanding the clause No. 15.12, termination of services on grounds of Misconduct shall be preceded by disciplinary proceedings.

15.17 An employee whose employment contract is terminated and re-employed to the same position within 30 days of termination shall not serve probation period, the probation period of the previous contract shall apply.

16 EFFECTING WEIGHTING AND RATING ON EMPLOYEE SCORECARDS

16.1 The adopted weighting approach to show the relative importance of one indicator against another indicator.

16.2 Every indicator in an employee's performance plan shall be assigned a weighting.

16.3 The total of the weightings on the performance scorecard must add up to 100 points.

16.4 An important indicator may, be assigned a weighting of 50 either more or less out of the total of 100 whereas a less important KPI may be assigned a weighting of 15 or less out of 100.

16.5 The purpose of the weightings is to show employees what the key focus areas are in their work and for them to be appraised accordingly.

16.6 The weighting of indicators in the scorecard of the Section 57 employees shall follow the line of the provisions of the 2006 Performance Regulations.

16.7 The weighting of 80% shall be allocated to KPA-related indicators and 20% of the weighting shall be allocated to Core Competency Requirements (CCRs).

16.8 The five-point rating shall apply in evaluation process of all employee performance. The 2006 Performance Regulations for performance evaluations.

16.10 The Municipal Performance Regulations for the Municipal Managers and Managers accountable to the Municipal Manager, 2006 will be used for the rating scale to be applied for KPAs and CCRs.

17 INDIVIDUAL PERFORMANCE CONTRACT SIGNING AND REPORTING

17.1 The performance agreements/ contract shall be concluded between each employee within 30 calendar days reckoned from the first day of the new financial year or 90

calendar days upon commencement of employment in respect of all municipal officials appointed on performance contract.

17.2 The Municipal Manager shall in his / her performance agreement have all five National KPAs, with a total weight of 100%.

17.3 All other Senior, Section Managers and employees appointed on employment contract (Grade 14-19 or equivalent job titles) shall in their performance agreements have KPA's related to the functional area of the relevant Manager and must be subjected to negotiations between the Municipal Manager or Immediate Managers with a total weight of 100%.

17.4 Permanent employees or non-managerial employees shall choose from ~~five~~ six KPAs, with a total weight of 100% and these KPAs must be aligned to the departmental key functional/area of responsibility.

17.5 Each employee must have KPI's and those KPI's shall be allocated weighting amounting to 100 point. Each KPI shall be weighted based on the level of importance, priority, time spent on it and the level of criticality to the Municipality.

17.6 Municipal Manager, Senior Managers may select and add weights on all twelve (12) core competency requirements (CCRs) and Sectional and Project Managers may chose a minimum of eight (8) CCRs and a maximum of ten (10) CCRs as stipulated on the Municipal Performance Management Regulation of 2014, with a total weight of 100%.

17.7 The selection of the CCRs shall be guided by the Job requirements and skills required to perform optimally.

17.8 Notwithstanding 17.3; the following ULM KPI shall be applicable for all Management Committee Members where there is proven accountability or relevance:

17.8.1 Performance Management

17.9 Permanent Employees who are immediate supervisor shall chose a minimum of six (06) and a maximum of ten (10) Generic Assessment Factors (GAFs) with a total weight of 100%.

17.10 Notwithstanding Clauses No. 17.2 to 17.9 above, scoring shall only be done on the KPAs/Individual KPAs/KPI's and CCRs/GAFs, respectively.

17.11 It is incumbent upon the employee to ensure that a performance contract is adequately completed and signed on stipulated time without errors.

17.12 Employees who are not on performance contract shall enter into performance accountability arrangement as per the prescribed performance plan and/or review template.

17.13 Employees who are on performance contract shall report their performance in a prescribed (Action Assist PMS Automated system) tool in all performance review intervals which may be reviewed from time to time.

17.14 All individual quarterly performance reports shall be updated on Action Assist automated management system within fourteen working days after the end of each quarter.

17.15 Mid-year and annual performance reports shall be updated on PMS Automated system within three weeks after the end of first six month-period and financial year respectively, by Senior and Sectional Managers.

17.16 Each Senior and Sectional Managers will be responsible for updating and uploading the accurate information and proof of evidence on the system for verification of assurance by internal auditor.

17.17 An employee who fails to sign a performance contract later than 60 calendar days after the due date, shall be regarded as not having complied with this policy, and the employee concerned may be required not to proceed to sign the performance agreement and shall be in breach of this policy and as such shall be referred to the Employee Relations Office within Corporate Services for disciplinary measures.

17.18 The PMS unit will be responsible for distributing performance contract, performance review and probation assessment templates to the respective employees at least 7 calendar days before the commencement of the period required for execution of any particular task to be performed in terms of this policy.

17.19 Signed copies of the Performance Contracts for all officials appointed on performance contract shall be presented to the Audit Committee by end of second month of the financial year (i.e. 31 August) as evidence of compliance as a matter of due diligence on the part of the Municipality.

17.20 Notwithstanding Clause 17.1 above, performance contract, for each official may be reviewed and/or amended after mid – term budget review/adjustment in each financial year, should it be necessary to do so.

17.21 Signed performance agreements for sec 56 manager shall be posted to the Municipal website within 30 days of signing of performance agreement.

18 CRITICAL LEADING COMPETENCIES

Leading Competencies	
1. Strategic Direction and Leadership	* Impact and Influence * Institutional Performance Management * Strategic Planning and Management * Organisational Awareness
2. People Management	* Human Capital Planning and Development * Diversity Management * Employee Relations Management * Negotiation and Dispute Management
3. Program and Project Management	* Program and Project Planning and Implementation * Service Delivery Management * Program and Project Monitoring and Evaluation
4. Financial Management	* Budget Planning and Execution * Financial Strategy and Delivery

	* Financial Reporting and Monitoring
5. Change Leadership	* Change Vision and Strategy * Process Design and Improvement * Change Impact Monitoring and Evaluation
6. Governance Leadership	* Policy Formulation * Risk and Compliance Management * Cooperative Governance

The competency framework further involves **six (6) core competencies** that act as drivers to ensure that the leading competencies are executed at an optimal level.

19 CORE COMPETENCIES

Core Competencies
1. Moral Competence
2. Planning and Organising
3. Analysis and Innovation
4. Knowledge and Information Management
5. Communication
6. Results and Quality Focus

The Core Competency Requirements are deemed to be the most critical for Senior Managers and Sectional Manager's specific jobs and all of them shall be selected from the list above for Performance Agreement's construction. The total weight for all the CCR's should be equal to100%.

20 SCHEDULE OF PERFORMANCE EVALUATIONS (REVIEWS)

Individual performance reviews shall, be conducted quarterly within 30 days after the end each quarter.

Quarter 2 and Quarter 4 shall be conducted formally and be recorded, while Quarters 1 and 3 may be formally or verbal provided that performance has been satisfactory.

21 THE EVALUATION PANEL: MUNICIPAL MANAGER AND SENIOR MANAGERS

21.1 The following table outlines the structure of the evaluation panel for the Municipal manager and Employees reporting directly to the Municipal Manager.

21.2 The evaluation panel shall sit, based on the structure below, for the performance evaluations.

Evaluation of the Municipal Manager	Evaluation of Employees reporting directly to the Municipal Manager
1. Mayor 2. Chairperson of the Audit committee, or his nominee ***(for mid-term and final year reviews)*** 3. Elected performance management member from the Council 4. Mayor (and/or Municipal Manager) from another municipality. ***(for mid-term and final year reviews)***	1. Municipal Manager 2. Member for Audit committee ***(for mid-term and final year reviews)*** 3. Elected performance management members from council 4. Municipal Manager from another municipality ***(for mid-term and final year reviews)***

5. Member of a ward committee as nominated by the Mayor or Speaker. ***(for mid-term and final year reviews)***	
Evaluation for sectional Managers	**Evaluations for permanent employees**
1. Immediate Senior Manager of the assesse 2. Manager Corporate Services 3. Audit Committee member ***(mid-term and final year reviews)***	1. Immediate Superior. 2. Manager Human Resources (Employees employed on task grade 11 and above). 3. Performance Management Officer (Employee employed below task grade 01–10).

21.3 Assistant Manager: Human Resources / Performance management Officer as delegated shall provide secretariat services to the evaluation Panel.

21.4 A majority of all Panel members for the performance evaluation meeting constitute a quorum of such meeting 50 +1

21.5 The Chairperson of the Audit Committee can nominate another Audit Committee member to act on his behalf during the performance evaluation of the Municipal Manager or Managers directly reporting to the Municipal Manager, if he / she is not available on the said date.

21.6 The performance assessment results of the municipal manager must be submitted to the MEC responsible for local government as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment

22 THE EVALUATION PANEL: PERMANENT EMPLOYEES

The following table outlines the structure of the evaluation panel for permanent employees evaluation panel as outlined below shall only sit for the annual evaluations.

Evaluation of the employees Task Grade (11-14)	Evaluation of the employees Task Grade (1-10)
1. Immediate Supervisor/ Sectional Manager / delegated member of the same level of employment.	1. Immediate Supervisor/ Sectional Manager/ delegated member of the same level of employment.
2. Human Resources Manager/delegate of the same level of employment.	2. Human Resources Manager / Performance Management Officer

23 PERFORMANCE REWARDS

A performance bonus may be granted to an employee in recognition of performance based on the Performance Management Regulations of 2006. Section 8 of the regulations state that a performance bonus, based on affordability, may be paid to the employee, only after:

- An evaluation of performance in accordance with the provisions of Regulation 23;
- The approval of such evaluation by the municipal council, and
- The annual report for the financial year under review has been tabled and adopted through an oversight report by the municipal council.

As per the Performance Regulations, the Section 57 Managers and fixed term contract employees shall be able to qualify for performance bonuses according to the following score:

- A score of 130% to 149% is awarded a performance bonus ranging from 5 – 9%, and
- A score of 150 and above is awarded a performance bonus ranging from 10% - 14%.

FINAL SCORE	BONUS/REWARD
150 and above	10% to 14% of the annual total remuneration package
130 to 149%	5% to 9% of the annual total remuneration package
129% to 100%	No bonus
99% and below	Compulsory Performance Counselling

RANGE	SCORE	% Bonus
150 AN	164 and above	14

RANGE	SCORE	% Bonus
Bet we en	149	9

[redacted]	163	13.705
	162	13.42
	161	13.135
	160	12.85
	159	12.565
	158	12.28
	157	11.995
	156	11.71
	155	11.425
	154	11.14
	153	10.855
	152	10.57
	151	10.285
	150	10

[redacted]	148	8.6
	147	8.4
	146	8.2
	145	8
	144	7.8
	143	7.6
	142	7.4
	141	7.2
	140	7
	139	6.8
	138	6.6
	137	6.4
	136	6.2
	135	6
	134	5.8
	133	5.6
	132	5.4
	131	5.2
	130	5

24 CALCUTATION OF PERFORMANCE BONUS

Performance bonus will be calculated as the regulation per performance management of senior managers. The rating and scoring mechanism shall apply to all performance Senior, Sectional and non-senior Managers employees.

24.1 The final rating and scoring payment the performance bonus/reward will be based on the annual performance review and assessment.

24.2 Such final rating and scoring will be verified and ratified by the respective performance review panel as set out in this policy.

24.3 The performance rating calculator shall be used to calculate total scores for awarding performance to the performance bonus:

24.3.1 **KPA (Key Performance Areas)**

Weight x Final Score per KPA = V x 80% = Total Score for each KPA
Add up all KPA Scores to get a total sum of W

24.3.2 **CCR (Core Competency Requirements)**

Weight x Final Score per CCR = Y x 20% = total Score for each CCR
Add up all CCRs Scores to get a total sum of Z

24.3.3 **Final Score**

W + Z = Total score (percentage).

24.4 The final rating score after calculation shall be calculated as per mathematical rules.

25. PAYMENT OF PERFORMANCE BONUS/REWARD

25.1 100 % of the annual aggregate score shall be equal to a maximum amount of bonus stipulated in the performance or employment contract of an employee.

25.2 The payment of performance bonus/reward to the performance contract employees shall be done in terms of the relevant provisions of section 16 of this policy and for the Section 57 employees shall also be managed according to the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to Municipal Manager.

25.3 100% of the annual aggregate score for the category of employees not receiving performance bonus shall be equivalent to the first prize.

25.4 80 % of the annual aggregate score shall be equivalent to the second prize in respect of the category of employees not receiving performance bonus.

25.5 60 % of the annual aggregate score shall be equivalent to the third prize in respect of the category of employees not receiving annual bonus.

25.6 Payment of a pro rata performance bonus where necessary shall be limited to a minimum period of not less than three months.

25.7 Employees falling outside the category of the performance bonus earners shall be rewarded for best performance through prize system as determined by the Municipal Manager.

25.8 Management employees shall not participate in the performance Employee Excellence Awards.

26 PERFORMANCE REWARDS: NON MANEGERIAL PERMANENT EMPLOYEES

Employees falling outside the category of the performance bonus earners shall be rewarded for best performance through reward system as identified by the Municipal Manager.

26.1 The monetary value of the first prize shall not exceed 0.5% of the total Municipal personnel expenditure of the post in the previous financial year.

26.2 The monetary value of the second prize shall not exceed 0.4% of the total Municipal personnel expenditure of the post for the previous financial year.

26.3 The monetary value of the third prize shall not exceed 0.3% of the total municipal personnel expenditure of the post for the previous financial year.

26.4 A winning employee or group of employees shall choose either the cash prize or a gift to the approximate value of the cash prize, subject to the Municipal Manager deciding the best form of a reward.

26.5 All performance and recognition rewards, such as Long Service Awards, Deceased, and retired employees shall be handed over in a special annual ceremony organised to confer the awards and honour good performance in a very symbolic and prestigious fashion

26.6 In cases of a tie situations the immediate Manager/ HOD shall devise the most appropriate and fair mechanism of undoing a tie in order to have a winner.

27. SUB-STANDARD/ POOR PERFORMANCE MANAGEMENT

27.1 The parties must ensure that there is compliance with Chapter 3 of the Local Government: Disciplinary Regulations for Senior Managers, 2010

- 27.2 The procedures for dealing with substandard performance are meant or intended to:-
  a) Create an enabling environment to facilitate effective performance by the employee;
  b) Provide the employee with access to skills development and capacity building opportunities in order to promote efficient and effective performance;

c) Provide remedial and developmental support to assist the employee to deal with substandard performance; and
d) Ensure that the municipal council and the employee work collaboratively to generate solutions to problems and improve the performance of employees

27.3 The Code of Good practice provided for in Schedule 8 of the Labour Relations Act, 1995, constitutes part of the procedures in respect of poor performance.

27.4 The municipality will assess the employee's performance by considering the following:

a) The extent to which the substandard performance impacts on the work of the municipality and the achievement of municipal goals;
b) The extent to which the employee fails to meet the required performance standards set by the municipal council;
c) The extent to which the employee lacks the necessary skills, competencies and expertise to meet the performance objectives and targets for his/ her post as contained in the performance agreement; and
d) The nature of the employee's work and responsibilities

27.5 If the municipality has reason/s to believe that the employee is not performing according to the minimum performance standards of his or her post, the Mayor in the case of the Municipal Manager or the municipal manager, in the case of manager directly accountable to the municipal manager or senior manager, in the case of a deputy senior manager and assistant manager or project manager must

a) Convene a meeting to give feedback to the employee on his or her performance;
b) Furnish the employee with reasons why it is necessary to initiate the procedure as per clause 27.2

27.6 In the meeting contemplated in Clause 27.5 (a), the Mayor or the Municipal Manager or Senior Manager or a Deputy Senior Manager or Assistant Manager as the case may be, must –

a) explain the requirement, levels, skills and nature of the post;
b) evaluate the employee's performance in relation to the performance agreement;
c) explain the reasons why the performance is considered

27.7 After considering the employee's reasons, the Mayor or the Municipal Manager or Senior Manager or a Deputy Senior Manager or Assistant Manager as the case may be, if necessary -

a) Initiate a formal programme of counselling and training to enable the employee to reach the required standard of performance, which must include:
    i. assessing the time that it will take for the employee to deal with substandard performance;
    ii. establish realistic timeframes within which the municipality will expect the employee to meet the required performance standards, which should not exceed six (6) months; and
    iii. identifying and providing appropriate training for the employee to reach the required standard of performance

b) Establish ways to address any factors that may affect the employee's performance that lie beyond the employee's control.

27.8 If the employee fails to meet the required performance standard for the post, after being subjected to a formal programme of counselling, and training as contemplated in sub-section 11.6 the –
a)Mayor or the Municipal Manager or Senior Manager or Deputy Senior Manager or Assistant Manager as the case may be, may –

(i) regularly evaluate the employee's performance;
(ii) provide further remedial or developmental support to assist the employee to eliminate the substandard performance

(iv) the implementation of sub-section 27.8 shall be ongoing for a period not exceeding four (4) months

27.9 If the employee's performance does not improve after he / she received appropriate performance counselling and the necessary support and reasonable time to improve his / her performance as contemplated in sub-section 11.7 or he / she refuses to follow formal programme of counselling and training-

a) The Mayor or the Municipal Manager or Senior Manager or a Deputy Senior Manager or Assistant Manager as the case may be, must bring the allegations of substandard performance against the employee to the attention of the municipal council in the case of Municipal Manager or Manager directly reporting to the Municipal Manager or to the Municipal Manager in the case of Deputy Senior Manager or Assistant Manager or Project Manager in the form of a report.
(b) The Mayor or the Municipal Manager or Senior Manager or Deputy Senior Manager or Assistant Manager as the case may be, must table the report before the municipal council or Municipal Manager not later than seven (7) days after receipt thereof, failing which the Mayor may request the Speaker to convene a special council meeting within seven (7) days to consider the said report.

27.10 If the municipal council or Municipal Manager is satisfied that sufficient evidence exist to institute disciplinary proceedings against the employee on the basis of the alleged substandard performance –
(a) the municipal council must do so by way of a resolution; and
(b) the Mayor in in the case of Municipal Manager, or the Municipal Manager in the case of the Manager directly reporting to the Municipal Manager, Deputy Senior Manager, Assistant Manager and Project Manager, must –
(i) furnish the employee with written reasons why it is necessary to initiate this procedure; and
(ii) Invoke the provisions of Regulation 8 of the Local Government: Disciplinary Regulations for Senior Managers, 2010, which are also applicable to Deputy Senior Manager, Assistant Manager and Project Manager.

28 DISPUTE MECHANISM

In the event of a dispute or grievance on performance reviews results the following shall be adhered to:

28.1 A performance dispute shall be declared in writing by the affected employee within 21 working days after receiving a written confirmation of the performance assessments results if the need to do so.

28.2 A Performance dispute resolution tribunal shall be appointed by the Municipal Manager within 10 working days after a receipt of such complaint. And it shall be made up of not less than three member and not more than five member

28.3 The members of the performance dispute resolution tribunal shall be drawn from municipal officials serving in the managerial and supervisory positions, whose post level are above that of the applicant for dispute and one member of the Audit Committee who was not part of the evaluation of the affected employee but for senior and section Managers only

28.4 The chairperson of the dispute shall be appointed by the Municipal Manager, either from internal and external, preferably not outside the jurisdiction of the district municipality and could be done in the spirit of intergovernmental relations.

28.5 The performance dispute chairperson shall convene the meeting within 14 working days of receipt of dispute, to hear the dispute.

28.6 The employee shall be afforded a representation right and other rights accorded in the disciplinary procedure

28.7 The proceeding of the dispute hearing shall be recorded in writing or by recording device

28.8 The employee shall lead evidence in chief and the supervisor or manager of the employee shall reply in stating the employer's side of the story.

28.9 The employee and his/her representative shall cross-examine the manager or Supervisor.

28.10 The tribunal shall deliver its verdict within 10 working days after completion of the proceedings to the Municipal Manager.

28.11 The employee shall be advised about the decision of the tribunal within five

working days of receipt of the verdict of the tribunal by the Municipal Manager.

28.12 If the employee is not satisfied with the outcome of the performance dispute resolution, the matter can then be treated in terms of the grievance procedure of the Municipality.

28.13 If the matter is not resolved in terms of the grievance procedure, the matter may be referred to the Bargaining Council for resolution by the employee or dealt with in terms of the other applicable law.

28.14 If the Municipal Manager or Senior Manager has a dispute with his/her performance evaluation, the matter must be dealt with in terms of section 33 of the Local Government Regulations, 2006.

28.15 In the case of Section Manager or Project Manager another Senior Manager and member of the Audit Committee who were not part of the evaluation panel of the affected employee will mediate the dispute within 30 days of receipt of a formal dispute from the employee.

29 INCAPACITY PROCEEDINGS OF POOR PERFORMANCE

29.1 All endeavours shall be made to provide support in the form of coaching, guidance, mentoring, training and counselling to any employee displaying signs of sub-standard performance.

29.2 These employees shall be given adequate period ranging from four months to eight months to improve performance.

29.3 Unequivocal performance targets with a succinct action plan shall be drawn up for an employee with clear results to be achieved.

29.4 The time needed for an employee to improve his performance shall be dictated by the nature and level of the job.

29.5 Any form of adversarial reaction to the employee's poor performance shall be preceded by a comprehensive package of assistance within a reasonable time frame.

29.6 After probation or during normal work performance an employee should not be dismissed unless the following has happened:

29.7 The employee has been given appropriate evaluation, instruction, training, guidance and counselling.

29.8The employee should be given a reasonable time for improvement which would be within two (2) to six (6) months only.

29.9 The Procedure to be followed prior to instituting dismissal proceedings shall Include an investigation into the real causes of poor/unsatisfactory performance.

29.10 After establishment of the real causes for unfitness or unsatisfactory performance then, an appropriate response to the problem shall be implemented.

29.11 Where necessary charges for unfitness or incapacity to carry out his / her duties resulting to poor performance shall be formulated and preferred against the employee subject to proof of failure of all other required and taken steps towards assisting an employee.

29.12 In case of disciplinary proceedings, the employee shall have to be heard and assisted by a Trade Union Representative or fellow employee.

30. DISMISSAL ON GROUNDS OF POOR PERFORMANCE

30.1 The person determining whether a dismissal for poor performance is unfair should consider the following:

30.1.1 The performance standards set for the employee in terms of what ever Accountability arrangement.

30.1.2 Whether or not the employee failed to meet the performance standard set.

30.1.3 The employee was aware or could have reasonably be expected to have been aware of the required performance.

30.1.4 The employee was given a fair opportunity to meet the required performance standard.

30.1.5 The employee was given adequate support in terms all resources required to perform up to the required standard including training, guidance, coaching, mentoring where necessary and counselling.

30.1.6 The dismissal is a fair sanction for not meeting the required performance standard.

31. THE ELECTRONIC PERFORMANCE MANAGEMENT SYSTEM

The ULM utilises an electronic performance management system viz Action Assist, which is MSCOA compliant, to manage its performance wherein Senior Managers and Sectional Managers are required to make use of in terms of performance reporting.

The portfolio of evidence is scanned and captured on the system. Quarterly and Annual evaluations are conducted on the system.

32. CONCLUSION

This Policy and Procedure manual seeks to provide the basis for a structured approach to performance management within the ULM. As indicated earlier, proper implementation of performance management lies heavily on commitment and dedicated leadership.

33. AUTHORITIES REQUIREMENTS

- Batho Pele (1998)
- Constitution of the Republic Of South Africa (1996)
- Department of Cooperative Governance: Guidelines for the Development of a PMS Policy Framework in Municipalities (2010)
- Government Gazette: Regulations Gazette No.7146
- Local Government: Municipal Systems Act (Act 32 of 2000) as amended
- Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers (2014)
- Municipal Financial Management Act (No.56 of 2003)
  - MFMA Circular 13: Service Delivery and Budget Implementation Plan
  - MFMA Circular 32: Oversight report
  - MFMA Circular 42: Funding of municipal budget
  - MFMA Circular 54: Municipal budget circular
  - MFMA Circular 11: Annual Reports
- MFMA Guideline for Municipal Competency Levels: Finance Officials at Middle Management Level (2003)
- Municipal Structures Act (Act 117 of 1998)
- Municipal Planning and Performance Regulation 796 (2001)
- Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (805 of 2006)

- National Treasury: Framework for managing performance information (2007)
- White Paper on Local Government (1998)

34 COMMENCEMENT

This policy shall come into effect on the date of adoption by Council.

35 INTERPRETATION OF THIS POLICY

35.1 All words contained in this policy shall have an ordinary meaning attached thereto, unless the definition or context indicates otherwise.

35.2 Any dispute on interpretation of this policy shall be declared in writing by any party concerned.

35.3 The Municipal Manager shall give a final interpretation of this policy in case of a written dispute.

35.4 If the party concerned is not satisfied with the interpretation, a dispute may then be pursued with the South African Local Government Bargaining Council/ Arbitration.

36. PERMANENT/TEMPORARY WAIVER OR SUSPENSION OF THIS POLICY

36.1 This policy may be partly or wholly waived or suspended by the Municipal Council on a temporary or permanent basis, after consultation with Management and Trade Unions.

37. AMENDMENT AND/OR ABOLITION OF THIS POLICY

37.1 This policy may be partly amended or repealed by the Council after consultation and interaction with Management and Trade Unions.

38. COMPLIANCE AND ENFORCEMENT

38.1 Violation of or non-compliance with this policy shall give a just cause for disciplinary steps to be taken.

38.2 It shall be the responsibility of all Senior Managers; Sectional Managers, Supervisors, Executive Committees and Council to enforce compliance with this policy.

APPROVAL OF THE POLICY

The Municipal Council has approved this policy and amendments thereof.

AUTHENTICATION

The amendments of the policy and or the new policy was adopted by the Council on the 29-01-2021

As per Council Resolution number ULMC: 359/2020/2021

Signed off

Mr GP.T. Nota

Municipal Manager

Cllr. N.F Ngonyolo

Speaker of the Council