

Great Kei Local Municipality



Performance Management Framework

Contact Details

<i>Contact</i>	The Acting/ Municipal Manager
<i>Postal address</i>	P.O. Box 21
<i>Physical address</i>	No 21 Main Street Komga 4950
<i>Telephone</i>	043 8311 028/325
<i>Facsimile</i>	043 8311 306
<i>Website</i>	http://www.greatkei.gov.za

Version Control

	<i>Date</i>	<i>Comment</i>
<i>Version 1</i>	2002	First PMF in line with 2001 Regulations
<i>Version 2</i>	2006	Second PMF in line with 2006 regulations
<i>Version 3</i>	2009	Scorecard, Scoring, Rating
<i>Version 4</i>	2010	Scoring, Scorecard, Rating, Internal Audit Review,
<i>Version 5</i>	2011	Pages 11, 13, 15, 16, 17, 22 & 41 (coloured in purple for council review and adoption of the changes)
<i>Version 6</i>	2012	Accountability Agreements and Performance Promises
<i>Version 7</i>	2013	Individual Performance and E-Performance system Pages 1,2,3,5,6,7,8,12,15,17,18, 19,20,21,25,26,27,28,33, 35,37,41,44,49,50,51,52, 52 (for council adoption)

Contents

CHAPTER 1	1
1.1 Introduction	1
1.2 Legal Authority, Context and Statutory Requirements	2
1.2.1 The National Constitution (1996)	2
1.2.2 The White Paper on Local Government (1998).....	3
1.2.3 Batho Pele (1998).....	3
1.2.4 The Municipal Systems Act (2000)	4
1.2.5 Municipal Planning and Performance Management Regulations (2001) ..	4
1.2.6 Municipal Finance Management Act (2003)	5
1.2.7 Municipal Performance Management Regulations (2006)	5
1.3 Objectives and Benefits of a Performance Management System	6
1.3.1 Facilitate increased accountability and oversight.....	6
1.3.2 Facilitate learning and development.....	6
1.3.3 Provide early warning signals	6
1.3.4 Facilitate decision - making	6
1.4 Benefits of an Individual Performance Management.....	6
1.5 Principles Governing Performance Management	6
1.5.1 Simplicity	6
1.5.2 Politically driven	6
1.5.3 Incremental implementation.....	6
1.5.4 Transparency and accountability	6
1.5.5 Integration	7
1.5.6 Objectivity	7
1.6 Alignment to the Integrated Development Planning (IDP) methodology.....	7
1.7 Service Delivery and Budget Implementation Plan	9
CHAPTER 2	16
2.1 Monitor, Evaluate and Review	16
2.2 Monitoring (What is happening?)	16

2.3	Evaluation (Making sense of what is happening)	16
2.4	Review (Deciding on and making the relevant change)	16
2.5	The Cycles of Organisational Performance Management	17
2.5.1	Co-ordination.....	17
2.5.2	Performance Planning	18
2.5.3	Measurement and Analysis	19
2.5.4	Performance Reporting & Reviews.....	20
2.5.5	Departmental Reviews.....	24
2.5.6	Municipal Manager’s Review Panel.....	24
2.5.7	Speaker/ Mayor’s Review Panel.....	24
2.5.8	Performance Audit Committee Reviews.....	24
2.5.9	Council Reviews.....	25
2.5.10	Public Reviews.....	25
2.6	Critical dates and timelines	28
CHAPTER 3		28
3.1	Auditing and Quality Control	28
3.1.1	Quality Control and Co-ordination.....	28
3.1.2	Performance Investigations.....	28
3.1.3	Internal Audit.....	28
3.1.4	Performance Audit Committee.....	28
3.1.5	Performance Evaluation Panel.....	29
3.1.6	Review Process	30
CHAPTER 4		31
4.1	Responding to Employee and Organisational Performance	31
4.1.2	Employee Performance	31
4.1.2.1	Responsibilities for implementing system	31
4.1.2.2	Employment Contract	31
	Applicable legislation.....	31
	Validity of employment contract.....	31
4.1.3	Performance Agreement	32
4.1.3.1	Retrospectivity.....	32
4.1.3.2	Legal validity after 90 days.....	33
4.1.3.3	Performance Plan.....	33
4.1.3.4	Personal Development Plan.....	34

4.1.3.5 Accountability Agreements and Performance Promises	34
4.1.4 Evaluating performance.....	38
4.1.4.1 Evaluators.....	38
4.1.4.2 Process & Scoring.....	40
4.1.4.3 Dispute resolution.....	40
4.1.5 Performance Bonuses	41
4.1.6 Performance Rewards for Employees below Section 56.....	42
4.1.6.1 Addressing Poor Employee Performance.....	43
Employees on fixed term performance related contracts.....	43
Employees below Section 56/57 contracts.....	44
4.1.6.2 Organisational Performance	44
Good or Exceptional Organisational Performance.....	45
Poor Performance.....	45
 CHAPTER 5	 46
5.1 Roles and Responsibilities.....	46
5.2 Evaluation and Improvement of the PM System.....	49
5.2.1 Electronic Performance Management System	49
5.2.2 Utilisation of the System	50
5.2.3 Framework review	50
 CHAPTER 6	 51
6.1 Performance Management of Municipal Entities	51
6.2 Performance Management of External Contractors/ Service Providers	51
 Conclusion.....	 52

CHAPTER 1

1.1 Introduction

This document is a framework that defines the overview of Great Kei Local municipality's Performance Management System (PMS). This Framework aims to act as a tool to strengthen the performance-driven culture of this authority. It depicts the performance environment and outlines the key systematic procedures (processes) and approach (cycle) on how the system will operate and be managed or organised from planning, monitoring, measurement, review, reporting and improved whilst also defining or clarifying roles and responsibilities for the key role players.

The basis of reviews and revisions are done in order to respond to the experiences of implementation, legislative requirements and other imperatives.

The framework constitutes council policy with regards to:

- The requirements that a PMS will need to fulfil,
- The principles that will inform its development and application,
- A model that describes what areas of performance will be managed,
- What processes will be followed in managing performance,
- What institutional arrangements are necessary for this,
- Who will take responsibility for parts of the system, and
- How this links to personnel or individual performance management, especially Section 56 (s56) managers and below.

In other words, the framework is a documented record of the municipality's performance management system as it will be implemented. Performance Management is a term that we frequently use but it is one that is not always understood. Performance Management is not solely concerned with the monitoring of performance indicators (PIs) but is a tool to drive improvement on performance across the authority.

What is performance management?

Performance Management is a process which measures the implementation of the organisation's strategy. At Local Government level this has become an imperative, with economic development, transformation, governance, finance and service delivery being the critical elements in terms of Local Government Strategy. Performance Management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met. National Government has also found it necessary to institutionalize and provide legislation on the Performance Management Process for Local Government.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players."

Performance Management, therefore, is not only relevant to the organisation as a whole, but also to the Individuals employed in the organization as well as the External Service Providers and the Municipal Entities.

Given this background, it is important that a framework for Performance Management be established, implemented and monitored.

1.2 Legal Authority, Context and Statutory Requirements

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of Performance management, with reference to the principles of interalia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community,
- and to facilitate a culture of public service and accountability amongst staff.

The PMF is then developed in line with mandates and legislation that govern Performance Management (PM) in local government. The compliance of this framework is then linked to the following applicable policy prerogatives :

- The Constitution of the Republic of South Africa Act No 108 of 1996
- The White Paper on Local Government (1998)
- Batho Pele Principles (1998)
- Municipal Systems Act No. 32 of 2000
- Municipal Planning and Performance Management Regulations 2001
- Municipal Finance Management Act No. 56 of 2003
- Municipal Planning and Performance Management Regulations 2006

1.2.1 The National Constitution (1996)

The Constitution is the founding legal document framing local government. Chapter 7 of The Constitution establishes the sphere of local government and forms the premise for subsequent policy and legislative documents on local government.

According to Chapter 7, the Objects of local government, Section 152 (1), are –

- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;
- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of communities and community organizations in the matters of local government.

152 (2) mentions that a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

Section 153, Developmental duties of municipalities, states that a municipality must -

- (a) secure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- (b) participate in national and provincial development programmes.

The Constitution does not make explicit mention of the development and implementation of a performance management system, but the importance of the effective provision of services, accountability, development and management are mentioned. The subsequent White Paper on Local Government (1998) brings forth the idea of a performance management system for municipalities.

1.2.2 The White Paper on Local Government (1998)

The White Paper on Local Government (1998) stated that local government should introduce the idea of *performance management systems*.

The white paper acknowledges that, "involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system enhanced" (The White Paper on Local Government, 1998).

1.2.3 Batho Pele (1998)

The White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service. Our municipality is duty bound to uphold these principles:

Consultation:

Communities should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services which are provided.

Service standards:

Communities should know what standard of service to expect.

Access:

All communities should have equal access to the services to which they are entitled.

Courtesy:

Communities should be treated with courtesy and consideration.

Information:

Communities should be given full and accurate information about the public services they are entitled to receive.

Openness and transparency:

Communities should know how departments are run, how resources are spent, and who is in charge of particular services.

Redress:

If the promised standard of service is not delivered, communities should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made communities should receive a sympathetic, positive response.

Value-for-money:

Public services should be provided economically and efficiently in order to give communities the best possible value-for-money.

Importantly, the Batho Pele White Paper notes that the development of a service-oriented culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations. Local partners can be mobilized to assist in building a service culture. "For example, local businesses or non-governmental organisations may assist with funding a helpline, providing information about specific services, identifying service gaps or conducting a customer survey" - The White Paper on Local Government (1998).

1.2.4 The Municipal Systems Act No. 32 of 2000

The Municipal Systems Act (2000) enforces the idea of a local government PMS and requires all municipalities to:

- Develop a performance management system
- Set *targets*, monitor and *review performance* based on indicators linked to their IDP
- Publish an *annual report* on performance for the councilors, staff, the public and other spheres of government
- Incorporate and report on a set of *general indicators* prescribed nationally by the minister responsible for local government
- Conduct an *internal audit* on performance before tabling the report.
- Have their annual performance report audited by the Auditor-General
- *Involve the community* in setting indicators and targets and reviewing municipal performance

1.2.5 Municipal Planning and Performance Management Regulations (2001)

The Municipal Planning and Performance Management Regulations set out in detail requirements for municipal PM systems. However, the regulations do not sufficiently constitute a framework that fully proposes how the system will work. Each component of the proposed framework in this document is strongly informed by the regulations. The regulations have been attached as Appendix VI.

1.2.6 Municipal Finance Management Act No. 56 of 2003

The Municipal Finance Management Act states requirements for a municipality to include its annual municipal performance report with its financial statements and other requirements in constituting its annual report. This must be dealt with by the municipal council within 9 months of the end of the municipal financial year.

1.2.7 Municipal Performance Management Regulations (2006)

The Local Government Municipal Performance Regulations for municipal managers and managers directly accountable to municipal managers (Government Gazette No.29089, 1 August 2006), sets out how the performance of Section 56 staff will be uniformly directed, monitored and improved. The regulations address both the employment contract and performance agreement of municipal managers and managers directly accountable to municipal managers. It further provides a methodology for the performance management system as well as criteria for performance bonus payments. The regulations also provide an approach for addressing under-performance, should this occur. This policy framework document is in line with these regulations.

1.3 Objectives and Benefits of a Performance Management System

Organisational Performance

Performance Management fulfils the implementation, management, monitoring and evaluation of the Integrated Development Plan (IDP). It also fulfils legislative requirements of managing organisational and personnel performance (s56 managers). This then integrally links organization performance to that of its staff or employees thus making it vitally important to periodically review performance for both the organisation and its employees. A PMS is then used as a primary mechanism to improve, manage, monitor and review organisational and individual performance in enhancing service delivery thus improving the implementation of the IDP. This will have to be fulfilled by ensuring that the PMS achieves the following objectives:

1.3.1 Facilitate increased accountability and oversight

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

- The communities of Great Kei and the municipal council,
- The political and administrative components of the municipality,
- Each department and the office of the municipal manager.

1.3.2 Facilitate learning and development

While ensuring that accountability is maximised, the performance management system must also provide a mechanism for learning and development. It should allow for the municipality to know which approaches (processes, systems and policies) have the desired impact, and enable the municipality to improve service delivery. It should form the basis for monitoring, evaluation and improving IDP implementation.

1.3.3 Provide early warning signals

The performance management system should provide Heads of Departments (HoDs), the Municipal Manager, Clusters, Standing Committees, and the Speaker/ Mayor with a diagnostic signal of the potential risks that are likely to affect the realisation of full IDP implementation. It is important that the system ensures that decision-makers are timeously informed of risks, so that they can facilitate interventions, where and when it is necessary and possible to do so.

1.3.4 Facilitate decision - making

The performance management system should provide appropriate management of information that will allow efficient, effective and informed decision-making, particularly in so far as indicating where the allocation of resources should be prioritised in order to meet institutional or strategic goals.

The following are also intended benefits of the developing and implementing a performance management system but not limited to:

- Ensuring a continuous cycle of planning, coaching and feedback
- Compliance with applicable and relevant legislation
- Promoting community participation in local governance
- Inculcating a culture of performance amongst employees

Then performance management is not confined to measuring the organisation performance with regards to meeting its strategic goals only, but it includes measuring budget or financial performance in meeting the objectives.

1.4 Benefits of Individual Performance are to:

- Ensure alignment of individual goals and objectives with that of the organisation and to coordinate efforts in order to achieve those goals.
- Understand what is expected from the incumbents, by when it is expected and to what standard is expected
- Understand the incumbent's key areas of accountability.
- Determine whether or not performance objectives are being met.
- Make qualified decisions within the incumbents level of competencies
- Avail the incumbents to learning and development opportunities in order to competently meet their performance targets.

1.5 Principles Governing Performance Management

The following principles inform and guide the development and implementation of the Great Kei Local Municipality Performance Management System:

1.5.1 Simplicity

The system must be a simple user-friendly system that enables the municipality to operate it within the existing capacity of its financial, human resources and information management system.

1.5.2 Politically driven

Legislation clearly defines the tasks and responsibilities for both the legislature (the Municipal Council) and Speaker/Mayor in relation to the monitoring and development of the performance management system thus resting ownership to both. The Speaker/Mayor is responsible for ensuring, developing, implementing and improvement of the system.

Legislation allows for the delegation of this responsibility or aspects of it to the Municipal Manager or other appropriate structure(s) as the Speaker/Mayor may deem fit.

1.5.3 Incremental implementation

It is important that while a holistic performance management system is being developed, the municipality should adopt a phased approach to implementation, dependent on the existing capacity and resources within the municipality.

It is also important to note that municipal performance management is still a relatively new approach to local government functioning and therefore requires adequate time to be given to the organization's process of change. The performance management system will not be perfect from the start, and it should be constantly improved based on its workability and practicality.

1.5.4 Transparency and accountability

Members of the organisation whose performance will be monitored and measured must ensure that the process of managing performance is inclusive, open and transparent. This can only be

achieved by taking effective participation in the design and implementation of the system within the municipality.

Again, the process must involve and empower stakeholders so that they are able to understand how the municipality and its departments are run, how resources are spent, and who is in charge of particular services. Similarly, all information on the performance of departments should be available for other managers, employees, the public and specific interest groups.

1.5.5 Integration

The performance management system should be integrated into other existing management processes in the municipality, such that it becomes a tool for more efficient and effective management rather than an additional reporting burden. It should be seen as a central tool to the ongoing management functions.

1.5.6 Objectivity

Performance management must be founded on objectivity and credibility. Both the processes of managing performance and the information on which it relies need to be objective and credible. Sources of data for measuring indicators should be scrutinized to enhance credibility of information and therefore objective decision-making.

1.6 Alignment to the Integrated Development Planning (IDP) methodology

The relationship between the IDP and Performance Management is therefore legislated and regulated. The Performance Management System serves to measure the performance of the municipality on meeting its Integrated Development Plan.

A good performance management model for a municipality in South Africa will align the processes of performance management to the IDP processes of the municipality. It will ensure that the IDP is translated into performance plans that will be monitored and reviewed. The categories of key performance areas provided by a model should be exactly the same or relate directly to the identified priority areas of the IDP and thus follow the IDP structure.

Great Kei Local Municipality will make use of the SDBIP (Service Delivery and Budget Implementation Plan) Scorecard. This embodies five Key Performance Areas of Local Government. Performance is then measured according to the five KPAs. This then caters for measuring the elements of performance management as required for the *Balanced Scorecard* such as Costs, Inputs, Outputs, Outcomes and Process. Below are 5 KPA's as per Local Government:

1.6.1 The 5 Key Performance Areas for Local Government are:

1. Municipal Transformation & Institutional Development
2. Service Delivery and Infrastructure Investment
3. Local Economic Development
4. Municipal Financial Viability & Management
5. Good Governance & Public Participation

KPA 1: Municipal Transformation and Institutional Development

In this KPA, the municipality will assess whether the desired impact is being achieved and will assess performance with respect to the management of municipal resources such as :

- Human Resources (Capital) Management and Development
- Information Management, Systems and Technology
- Business Systems and Process (Supply Chain, Fleet, Asset, Records, Performance Management)

- Administrative Support to Council
- Policies and Frameworks
- Strategic Planning, Development and Strategic Plans
- Capacity Building and Skills Development

This relates to the inputs required to achieve the strategic goals of the municipality.

KPA 2 : Service Delivery and Infrastructure Investment

In this KPA, the municipality will assess whether the desired impact is being achieved and will assess performance with respect to the delivery of municipal basic community services such as:

- Human Settlements
- Health (HIV/AIDS,)
- Community Safety
- Disaster Management
- Fire
- Solid Waste Management
- Transport
- Amenities

This relates to the outputs delivered by the municipality.

KPA 3 : Local Economic Development

In this KPA, the municipality will assess whether the desired outcome is achieved and will assess performance with regards to the extent to which the policies and strategies are contributing towards the development in it's area by measuring the impact it has on community lives improvement. It is expected that development priorities and indicators will often lies within the shared accountability of the municipality, other spheres of government and civil society. These will measure priorities such as :

- Economic growth and development
- SMME & Cooperatives Development
- Tourism
- Agriculture
- EPWP

KPA 4 : Municipal Financial Viability and Management

In this KPA, the municipality will assess whether the desired impact is being achieved and will assess performance with respect to how the financial resources are managed and how viable is the municipality, thus looking but not limited to :

- Accounting and Reporting
- Asset Management
- Budget and Planning
- Revenue
- Supply Chain Management

KPA 5 : Governance Process and Public Participation

In this KPA, the municipality will assess whether the desired impact is achieved and will asses performance with respect to engagements and relationships with its stakeholders in the process of local governance. This will include, amongst others:

- Public Participation
- Spatial and Integrated Development Planning

- Functionality and impact of municipal governance structures (council structures including the office of the speaker, and standing committees, oversight committees, clusters etc)
- Access to information
- Intergovernmental relations
- Stakeholder Relations, which sets out how the department will improve its relationship with its key stakeholders
- Corporate Governance (Audit Committees)
- Special designated groups (Youth, gender, children, disable)

This relates to the governance processes of the municipality.

1.7 Service Delivery Budget Implementation Plan (SDBIP) Scorecards

The SDBIP gives effect to the Integrated Development Plan and budget of the Municipality. The budget gives effect to the strategic priorities of the municipality. The SDBIP therefore serves as a "contract" between the administration, council and community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end-of- year targets and implementing the budget. The SDBIP measures the operational plan, whilst the PMS measures performance at a strategic level.

The SDBIP and the PMS provides the vital link between the speaker/mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP and the PMS are management implementation and monitoring tools which will assist the speaker/mayor, the councillors, municipal manager, senior managers and the community in evaluating the performance of the council. A properly formulated SDBIP and PMS will ensure that the appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget performance of the senior management and the achievement of the strategic objectives set by council. The SDBIP and PMS enables the municipal manager to monitor performance of senior managers, the mayor to monitor the performance of municipal manager and for community to monitor the performance of the municipality.

The SDBIP Scorecards will capture the performance of each municipal department including the organisation. There will be one scorecard derived directly from the IDP, only excluding the outer year targets. This means that the objectives, strategies, baseline, indicators and annual targets are translated as is, further expanded with quarterly targets, both delivery and financial. This is seldom referred to as service plans. The SDBIP (Service Delivery Budget and Implementation Plan) requires cashflow projections to be displayed and captured, then linked to the service delivery targets for performance measurement purposes. The SDBIP scorecard will then provide a comprehensive picture of the performance of that department as well as the organisation.

It is crucial to ensure that the SDBIP Scorecards do not duplicate current reporting, but rather be integrated as a core component of the municipality's vertical reporting system. It should simplify all regular reporting from departments to the municipal manager and any other council structure including and mainly clusters.

The SDBIP's are also done in line with the legislative requirements as stipulated in the MFMA Circular 13 and National Treasury Guidelines for SDBIP's. Circular 13 of the MFMA stipulates five (5) components of an SDBIP, namely,

- Monthly projections of revenue to be collected from each source
- Monthly projections of expenditure (operating and capital) and revenue for each vote
- Quarterly projections of service delivery targets and performance indicators for each vote

- Ward information for expenditure for service delivery
- Detailed capital works plan broken down by ward over three years.

In this form, the SDBIP drawn from the IDP is regarded a top level SDBIP and it depicts the organisational performance, of which the Municipal Manager is measured against. So, the SDBIP's will rollup to give rise to the Municipal Manager's SDBIP. Thus meaning, there is no scorecard per se for the Municipal Manager but performance assessment is based on the rollup of the SDBIP's. The custodians of the indicators depict the department which the scorecard belongs to and in turn then has the unit managers captured to depict which unit has targets. This is a way to cascade to the unit level for Deputy Directors and Assistant Director (Senior Managers and Managers).

Performance in the form of a SDBIP Scorecard will be reported to the Working Group, Executive Management, Technical & Full Clusters and Mayoral Committee on a quarterly and monthly basis respectively where applicable.

The HoDs and the Municipal Manager will be primarily responsible for performance on the SDBIP Scorecard. As such, the SDBIP Scorecard is the component of how the HoD's and Municipal Manager's performance will be appraised. This is dealt with in more detail in Chapter 8 on Responding to Employee performance.

SDBIP Scorecards and performance reports must be formulated at departmental meetings constituted at least by the HoD and Unit Manager/Section Heads where applicable. Sectional planning must be informed by the SDBIP Scorecard and performance reporting must feed into the SDBIP Scorecard report. Therefore each section must have its own implementation plan that contributes to the overall implementation of the SDBIP Scorecard.

The SDBIP Scorecards should be presented in a consistent format so that they are easy to use and understand. Several concepts that are commonly used in the scorecard concept are defined below:

KPA: A Key Performance Area is defined as a broad focus area, or group of objectives within the Integrated Development Plan, for example; the provision of transport, amenities and roads can be grouped under a Key Performance Area of "infrastructural development".

Great Kei Local Municipality has adopted the **5 KPA's** as contained in the 5 year Local Government Strategic Agenda as the core KPA's in its organisational performance scorecard.

The Key Performance Areas as transferred directly from the IDP to the SDBIP, which then forms the basis for a PMS. Refer to section 5 for details regarding the 5 key performance areas for local government. The KPAs are weighted in percentages and in terms of priority. The underlying principle in this regard is that KPAs pertaining to the core business of a department, e.g. Service Delivery and Infrastructure for Engineering department are allocated a higher percentage weighting than the other KPAs. The KPA weighting therefore represents the significance assigned to by the particular department as its contribution to the strategy of the Great Kei Local Municipality and service delivery. The KPAs will be weighted up to 100%.

Objectives: are statements drawn from the IDP about what a service wants to achieve that are specific, outcome and impact focused. These should not be general statements.

Indicators: are variables (qualitative or quantitative) that tell us whether we are making progress towards achieving our objectives. The following **SMART** criteria must be used for the setting of indicators and targets:

- Specific

Is the target specific or vague? By being specific, the municipality commits itself to a standard of delivery. E.g. The Municipality stating that sports fields will be constructed" the municipality is committing to a specific target opposed to a statement

Further, the municipality needs to be absolutely sure what element of objective it wants to measure e.g. the quality and number of sport fields being constructed. Therefore, the KPI"s which needs to be measured should be identified and prioritized and specific targets set.

Care should be taken not to mix the different targets in one KPI measurement, as it will make measurement of it difficult.

- **Measurable**

In deciding what specific part of the KPI a municipality wants to measure it must decide:

- If the municipality can measure the targets set (example, does it have the staff, funding, information/data to do this)
- If the municipality can provide proof (information / data) that the target set was actually achieved
- If a municipality cannot measure a target for any reason, it should amend or remove it.
- If the municipality wants to measure any target, it must decide on the most appropriate manner for obtaining such proof, and whether it is justified to employ additional staff or incur additional expenditure on providing the proof that a specific target was achieved?
- Also, there should be a purpose or reason for measuring a target, e.g. there is no reason to measure the reduction in the incidences of cholera if the Municipality has no clear strategy and objective in place to address this aspect and is not doing anything to reduce the impact.
- Measure against backlogs or and baseline.

- **Achievable/Attainable**

Can the municipality meet the target set? Does it have the human, financial, infrastructure and other resources to deliver on the target set?

In determining if a target is attainable, the municipality must determine if it has a total executive control over the objective, KPI and Target set. E.g., provision of education is a national and provincial Government function. Thus, developing a KPI of "constructing schools" and setting a target of "building 5 schools" would not be attainable as it falls outside the control of the municipality (Operationally)

Further, the municipality need to determine/ identify whether there are real risks (Political, financial, human, natural etc.) involved, in firstly setting the target, and secondly meeting it. (This relates to the realistic element of the target as well)

- **Realistic**

By setting a realistic target the municipality must take its capacity into consideration. There is no point in setting a target of "5000 stand pipes in one year "if the municipality only has the capacity (human, infrastructural and financial) to deliver "1000 stand pipes in one year."

Similarly in a non core-function, if a municipality does not have the capacity and the responsibility to build a school, the targets set should reflect the aim of that

municipality to liaise and lobby with the Department of Education and Culture. By setting the unrealistic targets, the municipality will only set itself up for failure.

Risk identification: it is important for the municipality to identify all possible (high level) risks that can impact on the delivery of target/s.

- **Time-bound**

Quarterly and annual targets are set, it must relate to a timeframe. These timeframes should in themselves be specific, attainable and realistic. Time frames are not necessarily related to a financial year, but could span over several years. Applicable target dates for each KPI must be determined.

However, a municipality should annually monitor its achievements towards the target and review/adapt if required. If a target cannot be met in one year, extend the time frame or reduce the target so that it can be met in the time frame specified. Consequently, a "SMART" target could be to build 1000 stand within the financial year (time related).

Note that for IDP purposes a five year target needs to be determined using the same criteria. The quarterly and annual target then feeds into the five year, which reduces each year.

The timeframes and the responsible person are critical areas which need to be considered when setting the targets.

A baseline measure: is the value (or status quo) of the indicator before the start of the programme or prior to the period over which performance is to be monitored and reviewed. For the purpose of standardising the setting of baselines and for the sake of clarity, the following descriptions will be used:

- If the indicator is measurable on an annual basis, the baseline will be its measure in the last financial year.
- The baseline for annual targets that are incrementally measurable per quarter or per month will be the measure at the end of the last financial year but the targets can be set incrementally.
- The baseline for quarterly targets that are not incrementally contributing to an annual target will be the indicator's measure in the last quarter it was measured unless by its nature it is seasonally variable in which case it will be an average of the last four quarterly measures.
- The baseline for monthly targets that are not incrementally contributing to a quarterly or annual target will be its measure in the last month it was measured unless by its nature it varies monthly in which case it will be an average of the last three monthly measurements.

A target: is the value (or desired state of progress) of the indicator that is intended to be achieved by a specified time period. These are the annual targets that are split into quarterly targets both delivery and financial (based on cashflows) This then achieves the compliance in terms of SDBIP legal requirement. There are two types viz, planned and actual.

All targets should follow the following principles:

- **SPECIFIC**
- **MEASURABLE**
- **ACHIEVABLE**
- **REALISTIC**
- **TIMELY**

The measurement source and frequency: should indicate where the data for measuring the quarterly targets or annual indicator will emanate from, and how frequently the indicator/target will be measured and reported. This information is crucial for the auditing process as it is required that an audit evidence file be compiled. This is seldom referred to portfolio of evidence. Management is urged to prepare evidence files as part of the planning phase as quarterly targets are already known at this stage. The evidence files can be prepared at the beginning of each quarter using the quarterly targets. Refer to annexure B.

Variance / Correction Measures: refers to the comments and explanation of why a target is not met and also by how far. It further requires corrective measures to be captured to list activities to bring target inline and recovered so it not lost and forgotten as it has an overall impact on the objective. An activity/ action plan is a by product of this.

Indicator custodian: refers to the person that takes responsibility for the monitoring of change in the indicator and reports on it.

The performance management plan for Great Kei Local Municipality will have various indicators for the goals that are set in the IDP. These indicators, including those that will be further developed for SDBIP Scorecards as quarterly breakdown of the annual target and should be assessed against the following criteria.

1.7.1 Criteria for setting good indicators

In developing indicators, the municipality will ensure that they adhere to the following principles:

1.7.1.1 Focused and Specific

Indicators should be clearly focused and stated unambiguously.

1.7.1.2 Measurable

An indicator should by definition contain a unit of measurement.

1.7.1.3 Valid and Relevant

Validity is the degree to which an indicator measures what is intended to be measured. This correlates strongly with the relevance of the indicator to the objective being measured. It is also important that the whole set of indicators chosen should be contextually relevant to the Great Kei Local municipality and South African contexts.

1.7.1.4 Reliable

Reliability is the degree to which repeated measures, under exactly the same set of conditions will produce the same result. This is particularly relevant to those indicators that use ratios (formulas) and figures.

1.7.1.5 Simple

Good indicators will be simple, easy to communicate such that their relevance is apparent.

1.7.1.6 Minimise perverse consequences

Poorly chosen indicators, while nobly intended, can have perverse consequences in the behaviours it incentivizes. Chosen indicators should ensure that the performance behaviours likely to emerge from its pursuance are those that are intended to contribute to the objectives.

1.7.1.7 Data Availability

Good indicators will also rely on data that is, or intended to be, available on a regular basis.

1.7.2 Core Local Government Indicators

1.7.2.1. National Indicators

The municipality's performance management indicators will incorporate the following indicators prescribed by the Minister of Provincial and Local Government as per the Municipal Planning and Performance Management Regulations of 2001:

1. The percentage of households with access to basic level of electricity and solid waste removal;
2. The percentage of households earning less than R1100 per month with access to free basic services;
3. The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan;
4. The number of jobs created through municipality's local economic development initiatives including capital projects;
5. The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;
6. The percentage of a municipality's budget actually spent on implementing its workplace skills plan; and
7. Financial viability as expressed by the following ratios:

$$(i) \quad A = \frac{B - C}{D}$$

Where -

"A" represents debt coverage

"B" represents total operating revenue received

"C" represents operating grants

"D" represents debt service payments (i.e. interest + redemption) due within the financial year;

$$(ii) \quad A = \frac{B}{C}$$

Where -

"A" represents outstanding service debtors to revenue

"B" represents total outstanding service debtors

"C" represents annual revenue actually received for services;

$$(iii) \quad A = \frac{B + C}{D}$$

Where -

"A" represents cost coverage

"B" represents all available cash at a particular time

"C" represents investments "D" represents monthly fixed operating expenditure.

While there is no legal requirement to incorporate any other local government performance monitoring indicators used by other spheres of government other than those prescribed by the Minister, Great Kei Local Municipality will, in addition to indicators prescribed by the Minister, as practically feasible as possible incorporate the core set of local government indicators used by other spheres of government into its performance management system. Among these will be the indicators for the Vuna Awards for Municipal Performance Excellence for the following reasons:

- It will ensure that the municipality is tracking its performance in line with national priorities, at least the indicators that are valued nationally
- It will ensure that the municipality has the performance information on hand to enter the Vuna Awards

It will allow benchmarking and comparison with other municipalities who are also using the same set of indicators.

A core set of Local Government indicators

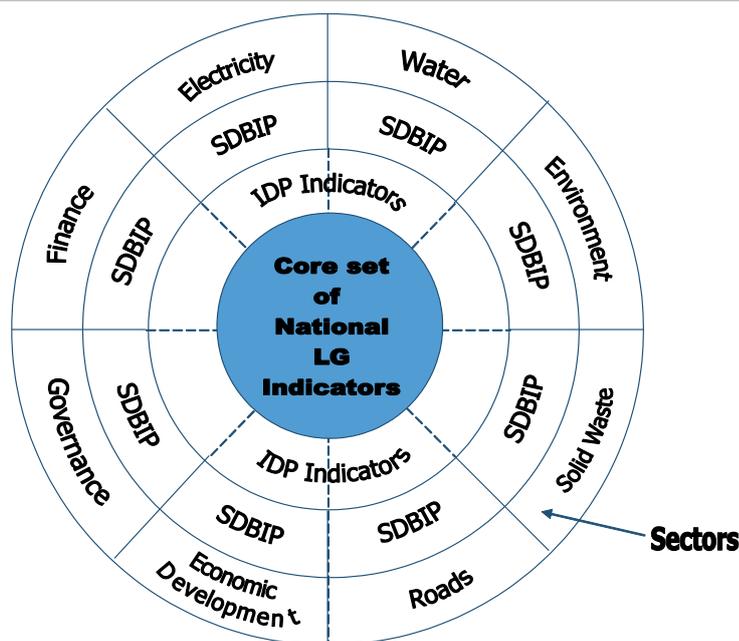


Figure 1: Local Government Indicators

The schematic above suggests an approach to incorporating a core set of LG indicators such as those used in the Vuna Awards into a municipal set of indicators. It notes that they need to be complemented for local use with IDP indicators and SDBIP indicators. Other sets of indicators deemed to be important, in each sector, such as the water sector benchmarking indicators can be included.

There is also a national initiative aimed at establishing a local government M&E system, which intends to include a core set of local government indicators. If these differ from the Vuna indicators, and are available in time, they may be included as part of the municipality's scorecard.

CHAPTER 2

2.1 Monitor, Evaluate and Review

International experience in both the private and public sectors has shown that traditional approaches to measuring performance, which have been heavily reliant on only financial measures, are severely lacking. The performance management system measures organisation performance with regards to meeting its strategic goals (service delivery targets) together with financial targets and participation of communities in local governance. This then gives rise to a multi-perspective view that is balanced for organisational performance assessment as seen by different stakeholders. This is done in line with acceptable standards, norms and methodologies for performance management. To ensure that this balanced multi-perspective view for the assessment of Great Kei Local Municipality's performance, **a municipal scorecard model was developed and adopted in 2002**. This was done in order to guide performance management in the entire municipal organisation. This reviewed framework uses an improved version of the municipal scorecard model.

2.2 Monitoring (What is happening?)

Monitoring is process of watching to see how well the municipality is doing throughout the year or whether it is on track to meet its targets and to check whether the broader development objectives are being achieved. Monitoring should give the municipality early warning signs – it is like a mini-performance review that shows whether the municipality is doing well or not at any point. Monitoring is intended to ensure that the right information is obtained, and that this information is not manipulated to produce misleading results. At this stage, reports are submitted giving an account on performance per indicator, highlighting shortcoming / problems and also indicating improvement measures.

2.3 Evaluation (Making sense of what is happening)

The information gathered through the process of monitoring described above, is assessed to understand its relevance and implications to the priority issues, objectives, indicators and targets. Irrelevant and incorrect information should be discarded. The relevant information is analyzed and synthesized for its relevance to the IDP. Performance evaluation is a deeper, more detailed process of analysis. The evaluation process does not just look at whether a municipality is performing adequately - it also analyses why there is under-performance or what were the factors that allowed good performance in a particular area.

2.4 Review (Deciding on and making the relevant change)

Performance review, in which a comprehensive evaluation of the municipal performance will be conducted, takes place during the mid-year Budget and Performance Assessment in January and at the end of each financial year when the annual performance report is prepared. In this process the municipality carefully analyses its performance in order to understand why it has performed well or badly during the review period. The analysis is intended to draw conclusions from trends in performance over time and in all political and administrative structures of the municipality. A municipality is required to review its key performance indicators annually as part of their performance review process. Additionally, whenever the municipality amends its IDP, it must also review its KPIs and targets that will be affected by such an amendment. The annual review is informed by reports which are audited by the Audit Committees and measures that were taken during the year to improve performance. The results of the review process will be used to develop corrective measures to improve performance and it also informs the annual report that must be submitted to the Office of the Auditor General and informs the planning stage of the following financial year.

2.5 The Cycles of Organisational Performance Management

The process of performance management is central to modern notions of management i.e. it is inseparable from the things that a manager must do. It is important that performance management is mainstreamed in municipality as an approach to daily management.

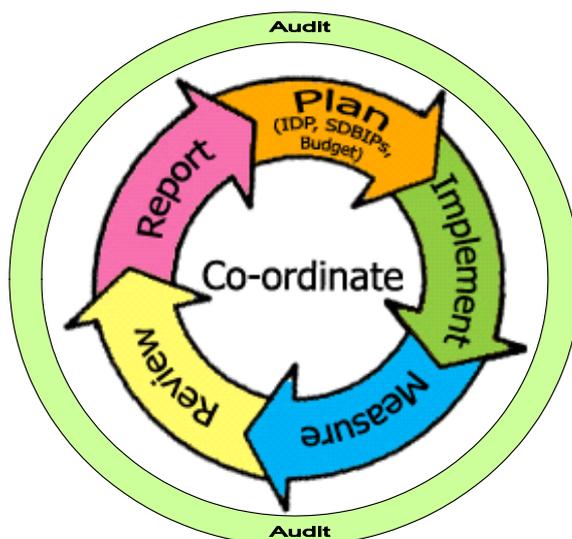


Figure 2: Performance Management as an Approach to Management

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

- Co-ordination
- Performance Planning
- Performance Measurement, Analysis
- Performance Reviews & Reporting
- Performance Auditing

For each of these components, this chapter sets out the role stakeholders in the performance management system will play and how these components are to happen.

2.5.1 Co-ordination

The executive authority with regards to the implementation of this policy framework will be the responsibility of the Speaker/Mayor. The Speaker/ Mayor will be accountable to the Council in this regard.

The Municipal Manager will be responsible for the management and administrative responsibilities related to implementation of the performance management system and will be accountable to the Speaker/ Mayor in this regard. The Strategic Director in the Office of the

Municipal Manager, as a form of support to the Municipal Manager, will be responsible for co-ordinating the implementation of the planning, measurement, reporting and review processes of the PMS. In a case where a Performance Management Systems Manager exists, can be delegated.

The office of the Municipal Manager will develop planning and reporting templates and will coordinate their completion, submission and analysis. It will also ensure that the Clusters, HOD/Working Group, Mayoral Committee, Council, Audit Committees and Evaluation Panels have the necessary technical support to meet their responsibilities in terms of the performance management system.

2.5.2 Performance Planning

The IDP, budget and the Municipal Service Delivery and Budget Implementation Plans constitute the planning components of municipal performance management. Through the IDP review processes, the strategic objectives, strategies and SDBIP Scorecards will be developed.

This is the stage where Key Performance Area's and Key Performance Indicators are aligned to the IDP and national requirements, and targets are set.

Once the top level SDBIP Scorecard (from the IDP) is approved as part of the IDP, the next step will be to develop SDBIP Scorecards (with quarterly targets) that should support the realisation of the objectives and targets set in the top level SDBIP Scorecard. These are referred to as Service Delivery and Budget Implementation Plan Scorecards (SDBIP Scorecards).

The SDBIP scorecard, which provides a comprehensive picture of the performance of each department and unit, will be diffused through each department, into the departmental sections, and will be monitored within each department.

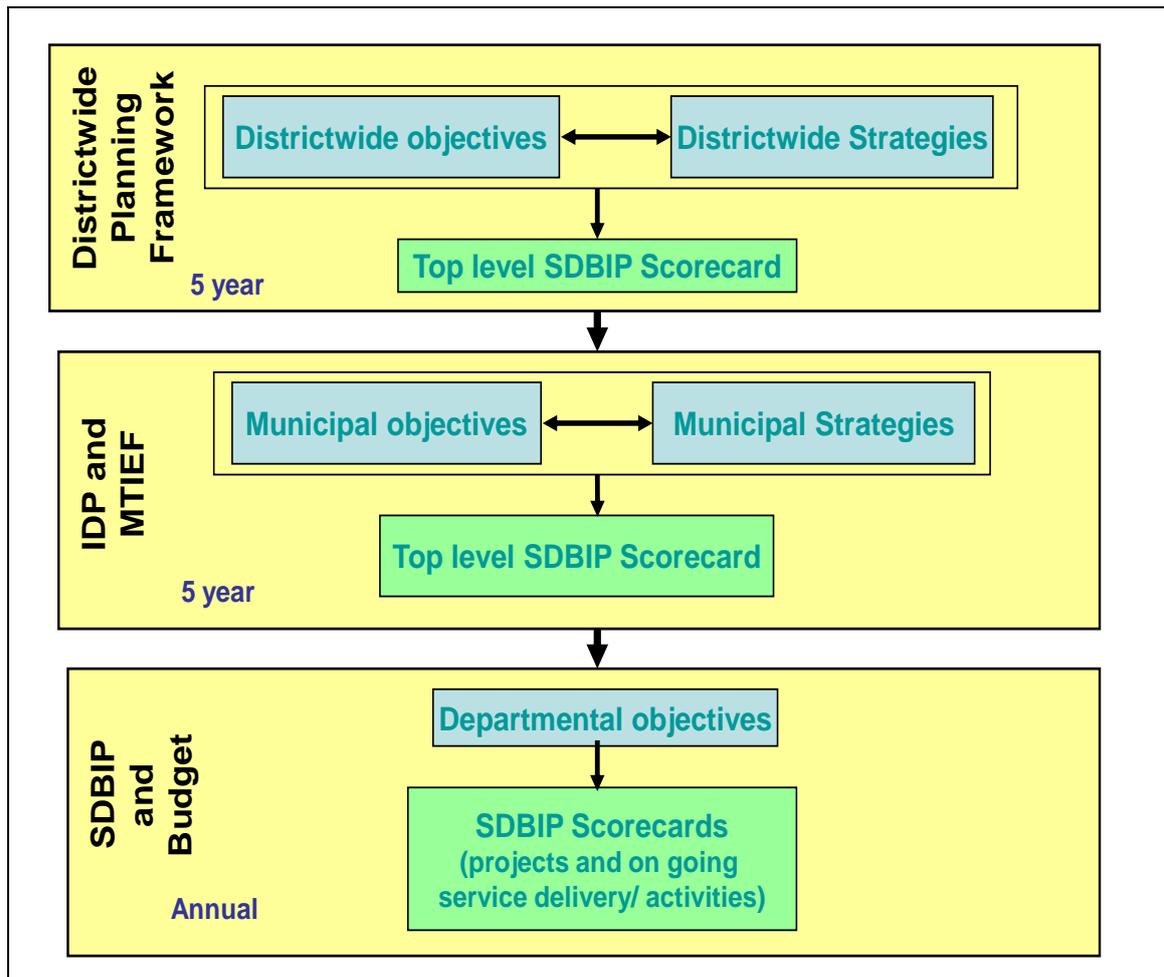
Each department is made up of units/sections and the head of each section or unit manager is responsible for reporting to the HOD. Sectional/Unit reporting must be fed into the SDBIP scorecard report, which implies that each section/unit must have its own implementation plans that contribute to the overall implementation of the SDBIP Scorecards.

Note: Leadership is responsible for planning in any institution. In this spirit, it is responsible leadership to endorse, all SDBIPs, at an executive meeting attended by all HODs (of which minutes are to be kept) before submitting the SDBIPs to the executive Mayor for approval. The endorsement is commitment to planning and discipline during subsequent phases performance management being implementation, measurement and analysis, evaluation and reporting.

Furthermore upon approval by the executive Mayor, the SDBIPs ought to be locked for editing. This can be achieved in various ways e.g. capturing all SDBIPs on a computerised performance management system such as DIMS (District Information Management System). In the absence of a computerised performance management system, management can seek advice from the IT department. If, for any reason, a KPI or target needs to be altered, this must be done with prior approval of the Speaker/ Mayor following the Municipal Manager's recommendation.

With these in place, the Municipality is now on track to implement and monitor the implementation of the IDP.

The following diagram shows the links among the plans referred to above.

Figure 3: Municipal planning

2.5.3 Performance Measurement and Analysis

Measurement is the act of collecting data on identified performance indicators while analysis is the act of interpreting the meaning of such data in terms of performance.

It 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.

For each Municipal Scorecard indicator (indicators in the SDBIP Scorecards), a relevant custodian has to be designated. The custodian will be accountable for performance and will be responsible for conducting measurements of the applicable indicators, analysing and reporting these for reviews.

Analysis requires that current performance be compared with targets and past performance, where data is available, to determine whether or not performance is poor. It should provide reasons for performance levels and suggest corrective action where necessary.

There may be indicators that would require data gathering on municipal-wide outcome indicators and satisfaction surveys. This may need to be co-ordinated centrally instead of each department doing its own. The Office of the Municipal Manager will be responsible for this.

The Office of the Municipal Manager may also undertake the following annual surveys to provide data for indicators organisationally:

- An annual citizen satisfaction survey conducted for households and business in the Great Kei area.
- An employee satisfaction survey that is conducted internally.

Reviews will be undertaken by the Municipal Manager, Evaluation Panels, Performance Audit Committee, and report to Council. Prior to reviews taking place, performance reporting will need to be tracked and co-ordinated. The Municipal Manager's Office will be responsible for this process.

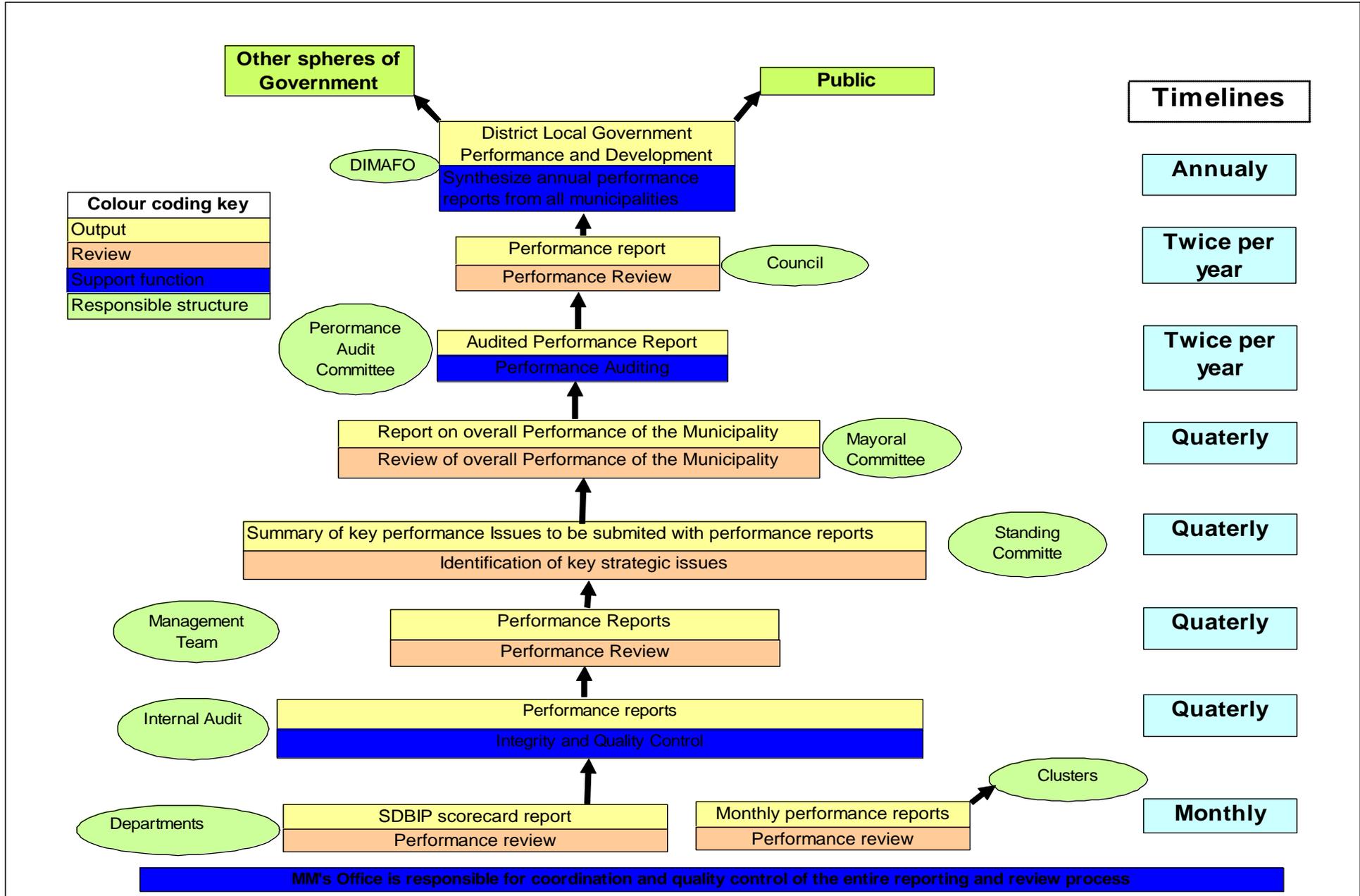
The Municipal Manager's Office will provide an overall analysis of municipal performance, for quarterly, bi-annual and annual reviews. Such an analysis will aim to pick up trends in performance over time and over all departments.

2.5.4 Performance Reporting & Reviews

Entails reporting twice a year to management, the performance audit committee, council and the public. In addition, a quarterly report is also prepared and sent to Internal Audit to be audited, prior it being sent to council and the performance audit committee.

Reviews/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 will therefore have to establish frameworks and structures to evaluate the effectiveness of the municipality's internal performance measurement control systems

The diagram below provides a picture of the annual process of reporting and reviews.



Once the system is embedded, a web-based reporting system (DIMS) will be considered in order to enhance the reporting process and simplify it. It must however be noted that a computer based automating system will only enhance the reporting processes within the municipality and potentially improve review processes. Most aspects of performance management still need human beings.

2.5.5 Departmental Reviews

It is intended that departments review their performance monthly, using their SDBIP Scorecards. Decision-makers should be immediately warned of any emerging failures to service delivery such that they may intervene if necessary.

Departments should 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 office of the Municipal Manager. Changes in indicators and targets may be proposed at this meeting but can only be recommended for approval by the Municipal Manager to the Speaker/ Mayor.

On a monthly basis the HoD (Head of the Department) will submit a report on the department's performance using the SDBIP Scorecards to the Cluster Champ who will table the report to the Cluster and submit a report to the Executive Management Committee (EMC).

HODs will formulate their SDBIP Scorecard reports by taking into account the performance of the various units/sections within each department. The SDBIP Scorecard requires inputs from each unit/section such that a comprehensive report is collated on the performance of each department. The Unit Manager/Sectional Head is responsible for the provision of unit/sectional reports to the HOD.

2.5.6 Municipal Manager's Review Panel

Twice annually, the review panel setup by the Municipal Manager (in terms of the Section 27(4)(e) of the Local Government: Municipal Performance Regulations) will review the departmental performance (HoD or manager reporting directly to the municipal manager) using the SDBIP Scorecards for departments. It will then submit reports from this review to the Municipal Manager for Executive Management Committee, Performance Audit Committee then to the Speaker/ Mayor to submit to council.

The Municipal Manager's Review Panel 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 Municipal Manager can endorse these, for recommendation to the Speaker/Mayor for approval.

In preparation for and prior these reviews, the office of the Municipal Manager must develop an analysis of performance.

2.5.7 Speaker/Mayor's Review Panel

Twice annually, the review panel setup by the Speaker/ Mayor (in terms of the Section 27(4)(d) of the Local Government: Municipal Performance Regulations) will review the top organisational performance (municipal manager) using the Top level SDBIP Scorecard. It will then submit reports from this review to the Speaker/ Mayor to submit to and Council.

The Speaker/ Mayor's Review Panel 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, a recommendation will be submitted to the Speaker/ Mayor for approval.

In preparation for and prior these reviews, the office of the Municipal Manager must develop an analysis of performance.

2.5.8 Performance Audit Committee Reviews

On a quarterly basis, the Performance Audit Committee will review the departmental and municipal performance (municipal manager) using the SDBIP Scorecard. Other function that is linked to the Performance Audit Committee is the auditing and assurance guarantee on the

assessment and processes of the framework and the system. This is further detailed in section dealing with Auditing and Quality Control.

The quarterly report will be submitted to the Executive Mayor and quarterly and bi-annually to council.

The Performance Audit Committee 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. Furthermore, they will verify and give assurance to the process of reviews undertaken by the panels and recommendation.

Where targets need to be changed, a recommendation will be submitted to the Speaker/Mayor for approval.

2.5.9 Council Reviews

At least twice annually, the council will be required to review municipal performance based on the performance report submitted by the Speaker/Mayor. The council will use the report submitted by the Speaker/ Mayor from the Performance Audit Committee.

The first review will be in January in preparation for the budget adjustments. The second review will be an annual performance review. This will form part of the annual report as required by the Municipal Systems Act.

A report annually will be submitted to the provincial government in the form of an annual report.

A report annually will be submitted to the Audit Committee Forums established by Great Kei Local Municipality in the form of a citizen's report on performance of the municipality.

2.5.10 Public Reviews

The Municipal Systems Act requires the public to be given the opportunity to review municipal performance and they will be part of the panels established by the Great Kei Local municipality. Furthermore, a citizen's report will be produced for public consumption and submitted to the IGR structures established by Great Kei Local Municipality. A citizen's report should be a simple, easily readable and attractive document that summarises the performance of the municipality public consumption.

Annually an annual report will be developed and be open for public comments on the assessment of the municipality's performance.

It is also proposed that a public campaign be annually embarked on to involve communities in the review of municipal performance. Such a campaign could involve the following methodologies:

- Various forms of media such as newspapers and billboards can be used to convey the communities' report. The public should be invited to submit comment via telephone, fax, email and public hearings to be held in a variety of locations.
- The public reviews should be concluded by a review by the IDP Representative Forum.

Summary of Reviews

Reporting Structure	Reviewing structure	Report	When
Units/Sections (Unit Managers/Sectional Heads)	Department (Director/HoD)	SDBIP Scorecard	Monthly
Departments (Director/HoD)	Municipal Manager's Review Panel	SDBIP Scorecard	Twice-yearly
Organisation (Municipal Manager)	Speaker/Mayor's Review Panel	Organisational Scorecard	Twice-yearly
Organisation (Municipal Manager)	Performance Audit Committee	Organisational Scorecard	Quarterly
Organisation (Municipal Manager)	Council	Organisational Scorecard	Twice-yearly

Summary of Reports

Reporting Structure	Report to structure	Report	When
Unit	Department	SDBIP Scorecard	Monthly
Department	Cluster	SDBIP Scorecard	Monthly
Department	Municipal Manager	SDBIP Scorecard	Monthly
HOD Forum	Municipal Manager's Review Panel	SDBIP Scorecard	Twice-yearly
HOD Forum	Speaker/Mayor's Review Panel	Organisational Scorecard	Twice-yearly
Municipal Manager's Review Panel	Speaker/Mayor	Organisational Scorecard	Twice-yearly
Speaker/ Review Panel	Speaker/Mayor	Organisational Scorecard	Twice-yearly
Speaker/ Mayor	Council	Organisational Scorecard	Twice-yearly
Council	IGR Forums	Citizen's Report	Annually
Council	Province	Annual Report	Annually
Council	Public	Citizen's Report	Annually

2.6 Critical dates and timelines

The Great Kei Local Municipality will facilitate the implementation of a coordinated annual cycle of municipal performance management within the local area. This cycle will have agreed critical dates and timelines for the following activities:

1. Development of Organisational Scorecard (as part District IDP Process)
2. Development of SDBIP Scorecards by all departments at Great Kei Local Municipality (as part of the IDP processes)
3. Conclusion of Performance Contracts, Performance Agreements, Accountability Agreements and Performance Promises
4. Completion of the first quarter reviews and audits
5. Completion of the midyear/ second quarter reviews and audits
6. Completion of the third quarter reviews and audits
7. Completion of the annual reviews and audits
8. Submission of inputs to the Annual Report

CHAPTER 3

3.1 Auditing and Quality Control

All auditing will comply with Section 14 of the Municipal Planning and Performance Management Regulations (2001). Auditing of performance reports will be conducted by the internal audit unit prior to submission to the municipality's Performance Audit Committee and Auditor General.

3.1.1 Quality Control and Co-ordination

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

3.1.2 Performance Investigations

The Speaker/Mayor or Performance Audit Committee will 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 preferable that external service providers, preferably academic institutions, who are experts in the area to be audited, should be used. Clear terms of reference will need to be adopted for this purpose.

3.1.3 Internal Audit

The municipality's internal audit function will be continuously involved in auditing the performance reports, evidence file and SDBIP scorecards. 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, Speaker/ Mayor and Performance Audit Committee.

Auditing is necessary to prevent:

- Inconsistencies in performance management definition or methodology of data collection;
- Incorrect processing and poor documentation of performance management;
- Biased information collection and reporting by those whose image is at stake in the performance management process;

The Regulations specify that any auditing must include assessment of:

- The functionality of the municipality's performance management system;
- The compliance of the system with the legislation; and
- The extent to which performance measurements are reliable in measuring performance of the municipality.

3.1.4 Performance Audit Committee

The Municipal Council will ensure that there is a Performance Audit Committee. To this end, the Council will ensure that the

- majority of members of the Performance Audit Committee are not councillors or employees of the municipality;
- chairperson of the Performance Audit Committee is neither a councillor nor an employee of the municipality;
- members of the Performance Audit Committee have credibility within all Great Kei's communities and organs of civil society; and the
- composition of the Performance Audit Committee sufficiently caters for the following competencies:
 - an understanding of performance management
 - an understanding of municipal finances
 - an understanding of development, including rural development
 - an insight into the municipality's IDP objectives

The operation of the Performance Audit Committee will be governed by section 14 (2-3) of the regulations.

As per the regulations, the performance audit committee will:

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

The Performance Audit Committee will also be tasked with assessing the reliability of information reported.

In order to fulfil its function a performance audit committee may, according to the regulations, communicate directly with the Council, Municipal Manager or the internal; and external auditors of the municipality concerned;

access any municipal records containing information that is needed to perform its duties or exercise its powers;

request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and

investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

3.1.5 Performance Evaluation Committee for S57/56 Managers

The Evaluation Panel Committee evaluates Section 56 employees' (including the Municipal Manager's) performance through approval of their final performance ratings, based on the Performance Evaluation Committee's recommendations. The 2006 Municipal Performance Regulations prescribe the composition of the Evaluation Panel and also stipulates in detail how the evaluation process should be undertaken.

For purposes of evaluating the annual performance of the Municipal Manager (Organisation), The Speaker/ Mayor must establish an evaluation panel, herein referred to Speaker/ Mayor's Review Panel, constituted of the following persons:

- Speaker/Mayor;
- Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;

- Member of the Mayoral Committee
- Speaker/Mayor and/or municipal manager from another municipality; and
- Member of a ward committee as nominated by the Speaker/ Mayor.

For purposes of evaluating the annual performance of managers directly accountable to the municipal manager (HoD/Department), the Municipal Manager must establish an evaluation panel, herein referred to Municipal Manager's Review Panel, constituted of the following persons:

- Municipal Manager;
- Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- Member of the Mayoral Committee
- Municipal Manager from another municipality.

The Evaluation Panel committee will then prepare a report with the recommendations to the Speaker/ Mayor for the payment of Bonuses to the Municipal Manager and S56 Managers.

Criteria for payment of Bonuses

A performance bonus, based on affordability may be paid to the employees, after:

1. the annual report for the financial year under review has been tabled and adopted by the municipal council
2. an evaluation of performance in accordance with the provisions of the Regulation
3. approval of such evaluation by the municipal council as a reward for a level of performance deserving of a performance bonus in terms of the bonus criteria

3.1.6 Review Process

Performance appraisal of each employee in relation to his or her performance will be reviewed on quarterly basis. Great Kei took a decision that all its 4 assessments be formal.

Review Periods

Performance review must be conducted as follows:

First Quarter	:	July to September	:	Formal Assessment
Second Quarter:		October to December	:	Formal Assessment
Third Quarter	:	January to March	:	Formal Assessment
Fourth Quarter :		April to June	:	Formal Assessment

Informal reviews are then done by the Municipal Manager on a monthly basis with S56. This is aimed at preventing a scenario where poor performance is only recognised during the mid – year or annual assessment.

CHAPTER 4

4.1 Responding to Employee and Organisational Performance

4.1.2 Employee Performance

This section focuses on the performance management arrangements for employees of the municipality. The legal framework that underpins it requires that it be enforced for all Section 57 Managers. The municipality will incrementally roll-out this system for all employees. In other words, the framework is applicable to all employees, with the only exception residing in cases where the nature of the employment contract places limitations on its applicability.

The legislation upon which this is based includes:

- *The Local Government Municipal Systems Act, No. 32 of 2000.*
- *The Local Government Municipal Systems Amendment Act, No. 44 of 2003.*
- *Local Government Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006. Regulation Gazette No. 29089.*
- *Draft competency guidelines for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.*

4.1.3 Responsibilities for implementing system

The Municipal Manager, as head of the administration (see section 55 Municipal Systems Act or MSA) or as accounting officer (see section 60 Municipal Finance Management Act or MFMA) is responsible and accountable for the formation and development of an accountable administration operating in accordance with the municipality's performance management system. She or he is also responsible for the management of the administration in accordance with legislation.

The final responsibility for ensuring that employment contracts for all staff are in place rests with the Municipal Manager. The final responsibility for ensuring that performance agreements with the relevant managers, including his or her own, are in place rests with the Municipal Manager.

Employment Contract

The Systems Act (see section 57) provides that there must be a written employment contract between the municipality, the Municipal Manager and managers directly accountable to Municipal Managers (hence the reference, to managers employed in terms of these contracts, as Section 57 Managers). Furthermore, an employment contract must also be entered into with Acting Managers reporting directly to the Municipal Manager for the period appointed for.

Applicable legislation

The regulations (see sub-regulation 4(1)) provide that the employment contract must be subject to the terms and conditions of the Systems Act, the MFMA, and other applicable legislation. In the event that the employment contract does not refer to the applicability of other legislation, that omission will not affect the legal validity of the employment contract. The employment contract will, in any event, be subordinate to any legislation even in the case where the parties themselves are unaware of such legislation.

Validity of employment contract

The regulations (see sub-regulation 4(4)(a)) further provide that employment in terms of an employment contract must be subject to the signing of a separate performance agreement within 90 calendar days after assumption of duty and annually within one month after the commencement of the financial year. The question arises whether the validity of the

employment contract will be affected in the absence of a performance agreement as per the dictates of the regulation. It is important to bear in mind that both the employment contract and the performance agreement are entered into separately by the parties. In the event that the performance agreement has not been entered into after the expiration of the time limit, it amounts to a breach of the employment conditions and the party responsible for such breach must be put on terms. It is important to emphasise that the failure to enter into a performance agreement does not automatically render the employment contract invalid. The party responsible for this breach must be given an opportunity to remedy the breach. Failure by the party responsible for the breach to remedy the breach may result in the other party initiating a contract termination process if it so feels.

Performance Agreement

The performance agreement (see sub regulation 8(2) read with sub-regulation 23) provides the basis upon which the municipality may act in response to a level of employee's performance. Performance Agreements form the basis upon which the performance of Section 56 staff are measured and monitored against targets. The performance agreement is put in place to comply with the provisions of Section 57 (1)(b), (4A),(4B0 and (5) of the Municipal Systems Act as well as the employment contract entered into between the parties. This agreement must be entered into for each financial year and be reviewed annually in June. Furthermore, as part of this contract, the agreement must be co-signed with the unit managers or sectional heads reporting to the Head of Department (managers reporting to the municipal manager)

A performance agreement must also be entered into with Acting Managers reporting directly to the Municipal Manager for the period appointed for.

According to the Performance Regulations for Municipal Managers and managers directly accountable to Municipal Managers (2001 & 2006), the performance agreements fulfil the following key purposes:

- 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;
- specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;
- monitor and measure performance against set targeted outputs;
- use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- and in the event of outstanding performance, to appropriately reward the employee; and
- give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

Retrospectivity

The question arises whether it would be possible to enter into a performance agreement retrospectively, even after the end of the financial year. The language of the MSA (see section 57(2)) is peremptory in this regard. It provides that a "performance agreement **must** be concluded with a reasonable time after a person has been appointed" (own emphasis). The regulation provides that the performance agreement must be signed within 90 calendar days after assumption of duty. The Municipal Council does not have the authority to change these prescripts. The absence of a performance agreement at the end of a financial year will fatally affect the ability of the municipality to pay a performance bonus to the affected employee.

Legal validity after 90 days

A further issue which may arise is the legal validity of a performance agreement that is concluded after the period of 90 days has lapsed. In this regard, it is instructive to consider that the regulation provides that **employment** is subject to the compliance with sub-regulation 4(4)(a). The municipality and the employee will still be able to enter into a valid performance agreement after the 90 day period provided that there is consensus between the parties that the employment contract is still in force. Thus, where the performance agreement is entered into after the expiry of the 90 day limit, the agreement can still be entered into for part of that financial year (see sub-regulation 24(1)).

It is understood that a performance agreement comprises a performance plan and a personal development plan.

Performance Plan

The performance plan establishes:

- a detailed set of objectives and targets to be met by the Section 57 employee as well as;
- the time frames within which these should be met.

The specifics of the performance plan will be determined by the Speaker/Mayor, in consultation with the employee, and will be based on the IDP, SDBIP and the Budget. It shall include the following elements:

- Key Objectives
- Key Performance Indicators
- Targets
- Weightings

In addition, the employee will be measured in terms of their contribution to the goals and strategic planning as set out in the municipality's IDP.

Section 57 staff will be assessed against **two components**, weighted as follows:

Key Performance Area (KPA) which is weighted at 80%

The employees assessment will in part be based on his/her performance in terms of outcomes/outputs (performance indicators) identified in the performance plan which are linked to the KPAs. This contributes to 80% of the overall assessment result. The weightings per KPA will be agreed upon between the Speaker/ Mayor and the employee. For managers directly responsible to the Municipal Manager, the KPAs are those related to their key functional areas.

For the municipal manager this will be the organizational scorecard representing the IDP. For managers reporting to the municipal manager, this component will be their department's SDBIP Scorecards.

For all other staff that this system will be rolled out to, this component will need to be drawn up for them and align with their job description.

Core Competency Requirement (CCR) which is weighted at 20%

The CCRs which are deemed most critical to the employee's specific function will be selected from a list and agreed upon with the employer, with consideration for proficiency levels as agreed between the two parties. Weights will further be assigned to the CCRs selected.

This refers to a separate component dealing with competency and expected behavior.

Table 1: Core Competency Requirements from Regulations (2006)

CORE COMPETENCY REQUIREMENTS FOR 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		
Total percentage	-	100%

Personal Development Plan

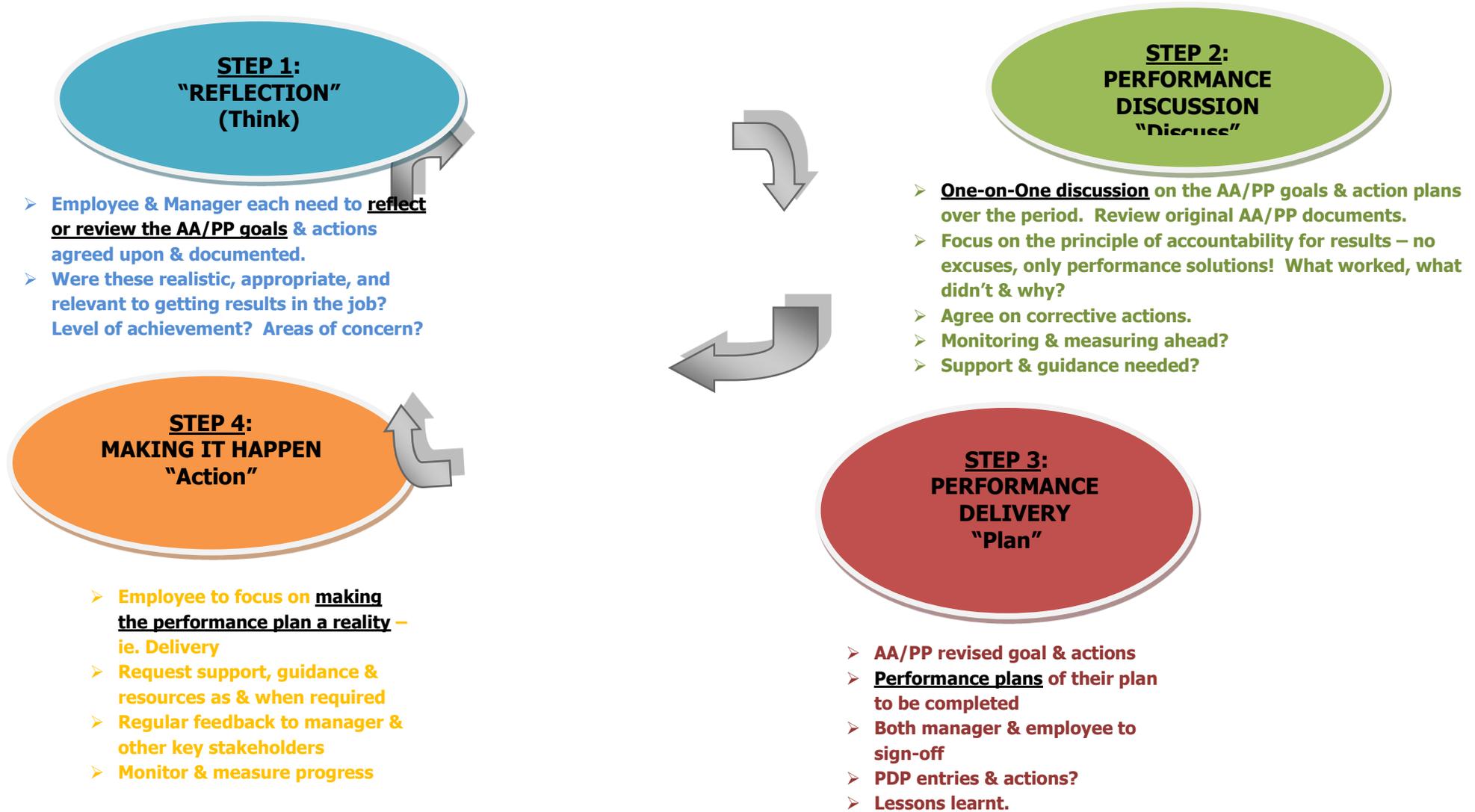
As part of the performance agreement, a personal development plan will be included. This section should state the activities, including training, that the employee wishes to undertake to improve themselves or is required to take to better fulfill the needs of the job.

Performance Agreements and Plans, Accountability Agreements and Performance Promises

Once organisational objectives and targets have been set, these will be cascaded down to the relevant departments and subsequently to individuals.

- Section 56 (Directors) shall develop and sign performance agreements and plans that will contribute towards the achievement of the municipality's set objectives and targets.
- All General Managers and Senior Managers (Task Grade 18 – 17) shall be signatories to their respective Directors' performance agreements and develop performance plans based on their relevant SDBIP key performance indicators.
- Employees from Task Grade 16 – 11 shall sign Accountability Agreements (AA), Performance Plans and Performance Development Plans (PDP).
- Employees from Task Grade 10 to the lowest level shall sign Performance Promises (PP), Action Plans and Performance Development Plans (PDP).

The process of planning, monitoring and coaching, review and final assessment of employees' performance shall be discussed in detail on Great Kei Local Municipality's Employee Performance Management Policy and Procedure. However, there are 4 logical, simple steps to the process to be taken by both the manager & the employee:



4.1.4 Evaluating performance

4.1.4.1 Evaluators

Review Process for Managers below S56 Managers

The immediate supervisor shall conduct his/her employee's performance review. Each employee's deliverables shall be defined in a performance plan where evidence required for each KPI is documented. The employer (supervisor) shall keep records of all his/her employee's performance reviews. For the purpose of final evaluation or assessment of the performance of employees, departmental performance evaluation Panels shall be established and the evaluations be conducted once a year.

Evaluation panels for final assessment for Managers below Section 57 Managers should include the following:

Deputy Managers Reporting directly to Managers:

- Manager responsible for the department
- Manager from another department
- One peer
- Chief Human Resource Officer (Secretariat)
- Labour representatives (Observers)

Assistant Managers reporting to Deputy Managers

- Manager responsible for the department
- Manager from another department
- Deputy Manager responsible for the Section.
- Chief Human Resource Officer (Secretariat)
- Labour Representatives (Observers)

4.1.4.2 Process & Scoring

Performance will be reviewed on a quarterly basis within two weeks after completion of the evaluation of a unit (department or section) to which the employee belongs or is responsible for managing. The employer will keep a record of all the review meetings which take place during the financial year. The performance plan will include a Personal Development Plan, in order to address any weaknesses or skills gaps which may have been identified.

In summary, the annual performance appraisal will involve an assessment of results as outlined in the performance plan, discussed below:

KPI and KPA assessment

1. Each KPA will be assessed according to whether performance indicators have been met on all the KPIs in that specific KPA.
2. An indicative rating on a 5-point scale will be provided for each KPI and that will be added to determine the total summarized rating for the KPA
3. The applicable assessment rating calculator will be used to add to the scores and calculate the final KPA score based on a weighted average score.

CCR assessment

1. Each CCR will be assessed according to performance indicators have been met
2. An indicative rating on a 5-point scale will be provided for each CCR
3. The rating is multiplied by the weighting given to each CCR, to provide a score
4. The applicable assessment rating calculator will be used to add to the scores and calculate the final CCR score, based on a weighted average score.

Table 2: Scoring suggested by the Regulations (2006)

Level	Terminology	Description
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the 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.
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the 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.

The combined KPA and CCR assessment scores, weighted 80% and 20% respectively, will make up the overall assessment of the individual manager's score. Where the KPA portion is the departmental performance score from the SDBIP scorecards, and CCR is the result of an assessment on it's own. The following table depicts the split as follows:

Table 3 HOD's performance measurement

Component	Weighting	Source
Score for departmental performance	80%	SDBIP scorecard score
CCR score of a manager	20%	CCR appraisal result

The combined KPA and CCR assessment scores, weighted 80% and 20% respectively, will make up the overall assessment of the individual manager's score. Where the KPA portion is the organisational performance score from the Organisational scorecard, and CCR is the result of an assessment on it's own. The following table depicts the split as follows:

Table 4 Municipal Manager's performance measurement

Component	Weighting	Source
Score for organisational performance	80%	Overall municipal performance based on the Organisational Scorecard score
CCR score of a manager	20%	CCR appraisal result

The regulations do not deal with the detail of how to convert the points from the 5-point rating scale into percentage of performance even though the bonus calculation, as per regulations, will be based on the percentage level of performance achieved.

In Amathole DM the scoring will be allocated as follows based on the performance achieved per key performance Indicator to align with the Electronic system Great Kei Local Municipality is using limited to 80% weighting and the other 20% will be for Core Competency Requirements:

LEVEL OF PERFORMANCE	LEVEL OF ATTAINMENT	PERCENTAGE SCORE ACHIEVED
Unacceptable	1	48
Not Fully Effective	2	57
Fully Effective	3	74
Above Expectation	4	83
Outstanding	5	90

4.1.4.3 Dispute resolution

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 Speaker/ Mayor within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on both parties.

Any disputes about the outcome of the employee's performance evaluation, must be mediated by –

- (c) 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
- (d) 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.

4.1.5 Performance Bonuses

The regulations provide that a performance bonus between 5% and 14% of the inclusive annual remuneration package may be paid to the employee after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the Municipal Council, as a reward for a level of performance deserving of a bonus in terms of the bonus criteria. In determining the bonus payment, the regulations specify that the relevant percentage depends on the overall rating, calculated by using the applicable assessment rating calculator:

1. A score of 150% and above is awarded a performance bonus ranging 10% - 15%.
2. A score of 130% - 149% is awarded a performance bonus ranging between 5%-9%.
3. In addition to what is suggested in the regulations in Great Kei a score of 100%-129% should result in a bonus of 0% to 5%.

In cases where a Municipal Manager and/or Head of Department does not complete a full cycle (1 year), a bonus will be calculated Pro Rata.

Bonus Criteria

- i. Performance bonuses shall be awarded to individual employees who have a total score of 4 and above. This means that the employee's performance must be significantly higher than the standard expected in the job or the performance must be outstanding.
- ii. Performance rewards can only be made after independent verification of evidence and performance plan by the Internal Audit.
- iii. Performance bonus must be paid once a year provided the Municipality has budget for bonuses.

Below is a scale that will be used in calculating the performance bonuses of the Municipal Manager and Section 56 employees (Directors):

If (Bonus Score > = 100 - 117) bonus = 1%
If (Bonus Score > = 118 - 121) bonus = 2%
If (Bonus Score > = 122 - 125) bonus = 3%
If (Bonus Score > = 126 -129) bonus = 4%
If (Bonus Score > = 130 - 133) bonus = 5%
If (Bonus Score > = 134 -137) bonus = 6%
If (Bonus Score > = 138 -141) bonus = 7%
If (Bonus Score > = 142 - 145) bonus = 8%

If (Bonus Score > = 146 - 149) bonus = 9%
If (Bonus Score > = 150 - 153) bonus = 10%
If (Bonus Score > = 154 - 157) bonus = 11%
If (Bonus Score > = 158 - 161) bonus = 12%
If (Bonus Score > = 162 - 165) bonus = 13%
If (Bonus Score > = 166 - plus) bonus = 14%

A performance bonus, based on affordability may be paid to the employees, after:

1. the annual report for the financial year under review has been tabled and adopted by the municipal council
2. an evaluation of performance in accordance with the provisions of the Regulation
3. approval of such evaluation by the municipal council as a reward for a level of performance deserving of a performance bonus in terms of the bonus criteria

In addition to the annual cost-of-living increase, the employee shall be eligible to be considered for a performance related increase (pay progression) on an annual basis.

In terms of Section 32(1) and (2) of Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.

- i. The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable or poor performance.
- ii. Employees (S57 Managers) will be assessed on two components, which are Key Performance Areas (KPA) and Core Competency Requirements (CCR) both contained in the performance agreements.
- iii. The KPA's contribute 80% and the CCR' will contribute 20% of the total score and added together account to 100% of the final score.
- iv. A performance bonus ranging from 5% to 14% of the entire inclusive remuneration package may be paid to an employee (S57 Managers) in recognition of outstanding performance.
- v. Performance outcome of permanent employees below Section 57 will determine each employee's notch progression.
- vi. Employees who have reached their top notch should be paid a performance bonus of 5% of their salary.

Salary Adjustment

The respective employee's salary can be adjusted if it is understood that the high levels of performance can be sustained and are not once-off. This salary adjustment is over and above any inflationary adjustment.

4.1.6 Performance Rewards for employees below Section 56/57

Employees who perform excellent shall be rewarded or recognised. This shall be done at the end of the performance cycle. Performance related non financial rewards shall be granted to employees based on the table below:

<i>Performance Category</i>	<i>Total Score (%)</i>	<i>Rating</i>	<i>Non-financial rewards</i>
------------------------------------	-------------------------------	----------------------	-------------------------------------

Outstanding performance	160%	5	Platinum Medal and 5 special leave days
Performance significantly above expectations	133% - 159%	4	Gold Medal and 4 special leave days
Performance Fully effective	117% - 132%	3	Silver Medal and 3 special leave days
Performance Fully effective	100% - 116%	3	Bronze Medal and 2 special leave days
Performance not fully effective	67% - 99%	2	Compulsory performance counselling
Unacceptable performance	66% and below	1	Compulsory performance counselling

Special Opportunities

Special opportunities will be created such as special study opportunities and exchange programmes that could benefit high performing employees.

Promotion

Employees who consistently perform well will be given more responsibility and promoted where opportunities arise.

4.1.6.1 Addressing Poor Employee Performance

Employees on fixed term performance related contracts

The municipality will base its actions against a poorly performing Section 56 Manager on the midyear and annual performance review processes. Having set performance targets in the form of a performance agreement at the beginning of the year and reviewed progress in September as per the Regulations, during the midyear review if a manager achieves a score of less than 60%, an appropriately designated person within the municipality will, together with the manager concerned, develop a Remedial and Developmental Support Plan within 30 days of the midyear performance review to assist the employee to improve his/her performance. The design of the plan will be such that there should be performance improvement within 6 months of its implementation. The plan will clearly specify the responsibilities of the employer as well as the responsibilities of the employee with regard to its implementation. If after 6 months, during the end-year performance review, the manager concerned still achieves a score of less than 60% and the municipality has evidence or proof that it met its responsibilities in terms of implementing the remedial and developmental support plan, the municipality will consider steps to terminate the contract of the employee on the grounds of poor performance or operational incapacity.

Steps to Improve Performance where targets are not met:

- a) In a case where targets are not met by the department in the Performance Agreement and the Service Delivery Budget Implementation Plan
 - o The Quarterly Service Delivery Budget Improvement Plan Provides for corrective measures where targets are not met.

- The Report is sent to the Management Committee, to the portfolio committee, the executive committee and council
- The department needs to ensure that adequate resources are provided for and the target remains until are met.

(b) In the case of unacceptable performance, the employer shall –

- Provide systematic remedial or developmental support to assist the employee to improve his or her performance;
- 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.

Employees below Section 56/57 Managers

An employee's performance may either exceed expectations or fall below expected performance standards or planned targets. A performance which is considered as below expected standards is outlined on the table below:

<i>Performance Category</i>	<i>Total Score (%)</i>	<i>Rating</i>	<i>Non-financial rewards</i>
Performance not fully effective	67% - 99%	2	Compulsory performance counselling
Unacceptable performance	66% and below	1	Compulsory performance counselling

If the employee's performance falls below expected standards or planned targets, both the supervisor and employee must consider the following steps:

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Awareness	First poor work performance meeting	Remedial Actions	Monitor	Final poor work performance meeting	Disciplinary hearing

These steps shall be dealt with in detail in Part C of the Great Kei Local Municipality's Employee Performance Management Policy and Procedure.

Organisational Performance

This section outlines how the municipality may reward good organisational performance and address poor organisational performance.

Good or Exceptional Organisational Performance

There will be a Mayoral Award for excellent performance that can take the form of rotating trophies or plaques for the best three departments / units annually. These can be designated:

- Platinum
- Gold
- Silver

An annual entertainment fund will be used to provide funds for at least the Platinum winners to entertain themselves as determined by the Mayoral Committee on an annual basis.

Poor Performance

Poorly performing departments will be asked to provide an explanation and analysis of poor performance. If this is insufficient, an investigation will be conducted to deepen the understanding of the underlying problems, whether they are policy-related, systemic, structural or attributed to the poor performance of individuals.

This section does not deal with rewarding good employee performance and addressing poor employee performance. These are dealt with at the end of the next section.

CHAPTER 5

5.1 ROLES AND RESPONSIBILITIES

<i>DESIGNATION</i>	<i>ROLE</i>	<i>RESPONSIBILITIES</i>
Municipal Council	Approval and Oversight	<ul style="list-style-type: none"> • Adopts Framework • Adopts Priorities and Objectives of the IDP • Adopts Municipality's corporate strategy that includes KPI and Performance targets • Adopts SDBIP • Approves the review of KPI's and targets • Reports Municipal performance to the community twice a year
Council	Oversight	<ul style="list-style-type: none"> • Oversees the development of the municipality's performance management system • Assigns the responsibility of development to the Municipal Manager • Submits the PMS Framework to Council • Submits the priorities and objectives of the IDP to Council • Approves the SDBIP • Assigns the responsibility for management of the PMS to the Municipal Manager • Quarterly evaluates the performance of the municipality • Approves implementation of Internal Audit recommendations in performance and PMS • Receives performance audit report from the AG and makes recommendations to Council
Communities/Ward Committees	Participatory	<ul style="list-style-type: none"> • Advise the Mayor on priorities and objectives of the IDP • Participates in the drafting and implementation of the IDP • Participates in the monitoring, measurement and review of the municipality's PM System • Monitors the municipality's performance

		<ul style="list-style-type: none"> • Participates in the development of the KPI's • Participate in the formulation of proposals for performance improvements • Reports to the Mayor recommendations for the improvement of the PM System • Participate in the annual review of performance
Municipal Manager	Monitoring	<ul style="list-style-type: none"> • Manages the development of the performance management function/framework • Ensures that a high level scorecard, linked to the IDP and budget is developed • Ensures that all role players implement the provision of the PMS framework • Receives the quarterly and annual audited performance reports from Internal Audit • Submits all necessary reports on performance to EXCO and Council
Performance Management	Establish, monitor and control	<ul style="list-style-type: none"> • Ensure compliance with the Systems Act • Establish a performance management system for the municipality • Promote a culture of performance management among its political structures, political office bearers and councillors and its administration • Administer the PMS in an economical, effective and efficient and accountable manner • Establish a framework which demonstrates the operation and management of performance management • Ensure PMS links to the Integrated Development Planning processes • Ensure that key performance indicators in respect of development priorities and objectives are set • Ensure community participation in the various performance management processes • Obtain quarterly information on progress on targets set in the organizational scorecard • Review KPI's annually • Ensure that performance targets are set

		<ul style="list-style-type: none"> • Develop and implement mechanisms, systems, and processes for monitoring, measurement and review of performance • Establish a process of regular reporting to the Council, political office bearers and staff, the public and appropriate organs of state • Prepare quarterly and annual reports on organizational performance • Ensure that an early warning system is in place to detect indications of under-performance • Ensure corrective measures for under-performance have been identified • Ensure that a performance audit committee is appointed • Ensure that a budget exists for the audit committee • Ensure performance audit committee complies with the Systems Act regulations • Ensure that at secretariat service is provided for the performance audit committee
Internal Audit	Monitor and review	<ul style="list-style-type: none"> • Assess the functionality of the PMS • Ensure the system complies with the Act • Determine whether the performance measurements are reliable in measuring performance • Continuously audit the performance measurements of the municipality • Annually audit the results of performance measurement • Submit quarterly reports on the audits to the municipal manager and the performance audit committee
Audit Committee	Oversight review	<ul style="list-style-type: none"> • Must meet at least twice during the financial year • Review quarterly reports • Review the municipality's performance management system and make recommendations to Council • Submit an audit report to Council at least twice during the financial year

5.2 Evaluation and Improvement of the Performance Management System

The Municipal 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 performance management team will initiate an evaluation report annually, taking into account the input provided by departments. This report will then be discussed by the Management Team and finally submitted to the Executive Committee for discussion and approval. The evaluation should assess:

- The adherence of the performance management system to the Municipal Systems Act.
- The attainment of the benefits for a performance management system captured in Section 1 of this document.
- The adherence of the performance management system to the objectives and principles captured in Section 1 of this document.
- Opportunities for improvement and a proposed action plan.

It must once again be emphasised that there are no definitive solutions to managing municipal performance. The process of implementing a performance management system must be seen as a learning process, where there is a conscious buy-in to incremental improvement of the way the system works in order to fulfil the objectives of the system and address the emerging challenges from a constantly changing environment.

5.2.1 Electronic Performance Management System

Great Kei Local Municipality has improved its performance management system through the use of an Electronic system called E-performance. The intention is to apply the system in order to assist in performance measurements and reporting.

The system will be adopted by the Council as a tool that will assist **the municipality**

What is E-perform

e-Perform acts as a supporting tool for GKLMs Performance Management; it has capabilities to assist users in capturing diagnostic information. e-Perform provides a comprehensive integrated system for measuring and reporting on the achievements of planned performance.

The system seeks to implement the key objectives and benefits that are at the core of the Performance Management Framework, these include:

Efficiency

e-Perform enables GKLM to conduct Performance Management in a more efficient way. As a web based program, e-perform is able to hold a large amount of data and keep it secure. This can by-pass issues associated with manual recording of performance information which can often lead to lack of integrity and security of performance e information.

Broad –Based

e-Perform can be applied at various levels of an organisation. Currently e-Perform is being successfully applied at an institutional and top tier management levels. There are plans in place to cascade the system to lower levels which the system provides for. E-Perform thus can act as catalyst for the inculcation of performance management across the organisation.

Monitoring and Reporting Performance Information

e-Perform not only stores data but also provides records for municipal and individual performance. The system tracks performance over time therefore allowing management to easily identify areas for improvement and areas worthy of reward. This will therefore assist in

decision making as choices made with regards to performance and institutional development will take place from an informed position.

Learning

e-Perform provides an opportunity for learning and development. Constant utilisation of the program allows users to not only gain technical knowledge of how to use the system but also a chance to gain an insight into how performance information works on a practical level. The capturing of performance information and evaluations of departments and HOD's will also give GKLM staff an opportunity to understand the processes and procedures associated with performance management.

The system also ensures the following:

- Seamless alignment of Strategy, Budget, APP, and Individual PM agreements, plans
- Unique performance calculator

In summary e-Perform provides a practical and efficient tool for the actual implementation of the Municipality's Performance Management Framework.

5.2.2 UTILISATION OF THE SYSTEM

The E-performance system is using weights to calculate performance of HOD's for all the Priority Areas under each Key Performance Area, and the weights needs to be agreed upon by the Municipal Manager and Managers who are directly reporting to him/her during the signing of performance Agreements.

It is then advisable that each department must allocate a higher weight on Priority areas which are the core business of the department as this will contribute during the calculations of the HOD score and this must be mutually agreed upon.

Also the system takes into consideration Environmental factors when calculating a scoring in which the department performance under which will then have an effect in achieving set targets.

Below are examples of Environmental factors that are considered during quarterly and annual evaluation of an HOD performance.

STATE OF ENVIRONMENTAL FACTORS	RATE
Normal	1
Favourable	0.8
Challenging	1.2

5.2.3 FRAMEWORK REVIEW

This Framework will be reviewed or amended annually and the amendments must be approved by Council.

CHAPTER 6

6.1 PERFORMANCE MANAGEMENT OF MUNICIPAL ENTITIES

6.1.1 Performance of municipal entities as required by Section 87 of the Municipal Systems Act will be managed as follows:

- Municipal Entities to submit three year annual and one year quarterly performance targets to the GKLM as part of the annual budgeting process.
- These targets must be included in both the business plans and SDBIP's of the municipal entities.
- These targets will annually be approved by the GKLM as part of the budget process.
- These targets will constitute the performance level agreement between the EMM and the entities for the year.
- Quarterly reports providing actual performance against the targets must be submitted to the EMM Council.
- Actual performance for the year will be included in the consolidated EMM annual report.

6.1.2 A Service Level agreement shall be entered into municipal entities in line with good governance principles.

6.1.3 Municipal Entities have been established to further the service delivery aims of the Great Kei Local Municipality. The relationship between GKLM and the entities should therefore positively contribute towards the joint service delivery aim.

6.2 PERFORMANCE MANAGEMENT OF EXTERNAL CONTRACTORS/SERVICE PROVIDERS

The service level agreement must serve as a reference tool in respect of obligations attached to the contractual relationship between the Municipality and the external service provider/contractor. The service level agreement must be attached to a fixed time-line and must indicate the starting date, end date and performance milestones, set in line with the Municipality's framework for the development of key performance indicators and targets.

The project manager must evaluate the performance of the service provider/contractor in line with performance intervals and upload such information on the Contractor Management Information System, in line with reporting time lines on institutional performance. Non performance/ Non delivery of contractual obligations must result in the payment of services being withheld by the Municipality, the contract terminated and the service provider/contractor blacklisted.

CONCLUSION

This framework provides a guide for the measurement of organisational performance. It is subject to change due to new legislative requirements which occur from time to time. Performance is a consultative process and it needs to be clearly understood by all levels of staff and management, so that each individual in the municipality can play a role in meeting the vision of the organisation. Clearly in order to achieve this, the municipality and its employees need to establish a culture of performance driven management.

What gets measured gets done

If you do not measure result, you cannot tell success from failure

If you cannot see success, you cannot reward it

If you cannot reward success, you are probably rewarding failure,

If you cannot see success, you cannot learn from it

If you cannot recognize failure, you cannot correct it

If you can demonstrate results, you can win public support

(Orborne L. Gaebler, 1992)