

GREAT KEI LOCAL MUNICIPALITY



PERFORMANCE MANAGEMENT POLICY

MARCH 2016

TABLE OF CONTENTS

| | |
|--|----|
| 1. PREAMBLE | 3 |
| 2. POLICY DEFINITION AND RATIONALE | 3 |
| 3. POLICY STATEMENTS AND GUIDELINES | 3 |
| 3.1 GREAT KEI MUNICIPALITY VIEWS PERFORMANCE MANAGEMENT AS A BUSINESS PROCESS | 3 |
| 3.2 GREAT KEI MUNICIPALITY WILL USE THE MANAGEMENT OF PERFORMANCE TO CREATE A SHARED UNDERSTANDING ABOUT WHAT IS TO BE ACHIEVED (OUTPUTS AND RESULTS) AND HOW IT IS ACHIEVED (STYLE AND COMPETENCIES). | 3 |
| 3.3 PERFORMANCE MANAGEMENT IS VIEWED BY GREAT KEI MUNICIPALITY AS AN APPROACH | 4 |
| 3.4 PERFORMANCE MANAGEMENT DETERMINES THE HEALTH AND LONG-TERM GROWTH OF THE MUNICIPALITY | 4 |
| 3.5 COMPETENCIES AND CONTINUOUS LEARNING DRIVE THE PROCESS OF ACHIEVING PERFORMANCE, RESULTS, AND DEVELOPMENT | 4 |
| 3.6 IN GREAT KEI MUNICIPALITY JUDGMENT OF ACHIEVEMENT OF PERFORMANCE TARGETS AND THE CRITICAL CROSS-FIELD OUTCOMES (SEE PMS FRAMEWORK) WILL BE THE MOST IMPORTANT FACTOR IN DETERMINING COMPETENCE AND PERFORMANCE RATINGS | 4 |
| 3.7 IN GREAT KEI MUNICIPALITY CLEAR, CONSISTENT, AND VISIBLE INVOLVEMENT BY EXECUTIVE MANAGEMENT AND MIDDLE MANAGEMENT IS MANDATORY FOR SUCCESSFUL PERFORMANCE MEASUREMENT AND MANAGEMENT | 4 |
| 3.8 EFFECTIVE AND OPEN COMMUNICATION BY ALL LEVELS OF MANAGEMENT AND EMPLOYEES IS MANDATORY | 4 |
| 3.9 ACCOUNTABILITY FOR RESULTS MUST BE CLEARLY ASSIGNED AND WELL UNDERSTOOD BY EVERYONE | 5 |
| 3.10 MEASURES MUST BE LINKED TO PERFORMANCE PLANNING AND ASSESSMENT FOR BOTH TEAMS AND INDIVIDUALS | 5 |
| 3.11 TARGETS SHOULD BE LINKED TO APPRAISAL AND ASSESSMENT DISCUSSIONS | 5 |
| 4. PERFORMANCE MANAGEMENT CYCLE FOR GREAT KEI MUNICIPALITY | 5 |
| 5. PERFORMANCE AUDITING | 6 |
| 6. DIAGRAMATIC PRESENTATION OF THE PROCESS OF PERFORMANCE MANAGEMENT IN THE GREAT KEI MUNICIPALITY | 6 |
| 7. PERFORMANCE REPORTING AND OVERSIGHT RESPONSIBILITY | 7 |
| 7.1 PERFORMANCE PLANNING AND REPORTING | 7 |
| 7.2 THE TABULATION BELOW OUTLINES PERFORMANCE REPORTING AND OVERSIGHT RESPONSIBILITY FOR EACH LEVEL OF REPORTING | 7 |
| 8. APPROVAL OF THE POLICY | 8 |
| 8.1 WHO IS CONSULTED | 10 |
| 8.2 FINANCIAL IMPLICATIONS | 10 |
| 8.3 ADOPTION | 10 |
| 9. POLICY AUDIT AND REVIEW | 10 |
| 9.1 STRATEGY AND POLICY ALIGNMENT | 11 |
| 9.2 ALIGNMENT OF PURPOSE, POLICY AND PROCEDURE | 11 |
| 9.3 RISK ASSESSMENT | 11 |
| 9.4 EVALUATION OF IMPACT | 11 |
| 9.5 AUDIT REPORT, RECOMMENDATIONS AND CORRECTIVE ACTION | 11 |

10. VIOLATION AND ENFORCEMENT

11

11. AUTHENTICATION

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1. PREAMBLE

- 1.1 Great Kei Local Municipality adopted a Performance Management System (PMS) Framework in 2006, which has subsequently been reviewed on an annual basis;
- 1.2 The PMS Framework has been a guiding document for the Municipality to deal with the performance of the municipality and to draw out policies for performance within the framework adopted by council;
- 1.3 The Municipal Council has as well adopted a policy on the recognition of individual and directorate performance, which is being implemented;
- 1.4 A gap has been identified that there has been no specific policy to deal with performance planning, performance monitoring, performance evaluation and auditing and this policy seeks to close this gap

2. POLICY DEFINITION AND RATIONALE

- 2.1 Performance management is a business process that links what individuals and teams do on a daily basis with the larger goals, values and cultural practices of Great Kei Municipality and the needs of its communities and customers;
- 2.2 It is a process for establishing a shared understanding about what is to be achieved and how it is to be achieved; it is an approach to managing people that when done well, contributes to an enduring and healthy institution.
- 2.3 This policy seeks to facilitate the shift to a strategic approach to the management of performance and empowers managers and employees to see the performance as an integrated and dynamic, real-time feature of work life. It is not a separate stand-alone process. It must be integrated with the Directorates' business, and the activity plans and budgets.

3. POLICY STATEMENTS AND GUIDELINES

3.1 *Great Kei Municipality views Performance Management as a business process*

Performance Management is an integrated part municipal process. It is about the everyday actions and behaviours of managers and employees working as a team to deliver the goals of the company to meet customer needs, improve performance, and themselves. Performance management is not about a set of forms, the annual appraisal ritual, or the merit or bonus scheme only.

3.2 *Great Kei Municipality will use the management of performance to create a shared understanding about what is to be achieved (outputs and results) and how it is achieved (style and competencies).*

Managers and employees are required to use a PM system to create a shared understanding about what is to be achieved and how it is achieved. Managers and supervisors must ensure that individuals and teams have a common understanding of how their jobs connect to the mission, vision and objectives of the Municipality. To improve performance they also need to know what superior performance looks like, and how to achieve it.

3.3 Performance Management is viewed by Great Kei Municipality as an approach

Performance Management is a system to manage people and performance. The focus of performance management is on connecting people to one another, and to the Municipality as a whole and its values. Managers and supervisors are mandated to support people to work together to achieve shared aims. Managers and supervisors will be accountable for working effectively (through coaching and motivating) with those for whom they are accountable.

3.4 Performance Management Determines the Health and Long-Term Growth of the Municipality

In Great Kei Municipality managers and employees will use the management of performance for the health, and long-term growth of the Municipality

3.5 Competencies and continuous learning drive the process of achieving performance, results, and development

Managers and employees are required to identify and define the competencies to steer the directorates, teams, and individuals to produce superior performance, and foster a learning climate conducive to continuous development.

3.6 In Great Kei Municipality judgment of achievement of performance targets and the critical cross-field outcomes (see PMS Framework) will be the most important factor in determining competence and performance ratings

Mathematical calculations cannot be a substitute for the use of good judgement and common sense when it comes to performance assessments. Great Kei Municipality allows and encourages reasonable discretion in performance assessment whilst moving away from formulas and numerical ratings. Managers and employees are directed to rely on a combination of subjective and objective interpretation of performance information to reach a rounded conclusion about performance and competence.

3.7 In Great Kei Municipality clear, consistent, and visible involvement by Executive Management and Middle Management is mandatory for successful performance measurement and management

Senior leadership is directed to personally articulate and/or spread the word about the mission, vision, and objectives to various levels within the Municipality, and are also involved in the dissemination of both performance expectations and results throughout the Municipality.

3.8 Effective and open communication by all levels of management and employees is mandatory

Managers and employees are required to proactively communicate with one another, stakeholders, community members and customers in order to share assessment results, and any new initiatives to improve performance. Internal communication is an inherent requirement for all employees and managers to ensure accomplishment of organisational goals. External communication is important to strengthen partnerships with customers and in eliciting favourable support from community members, and other stakeholders.

3.9 Accountability for results must be clearly assigned and well understood by everyone

Management and employees are required to proactively identify what it takes to determine success and make sure that all managers and employees understand what they are accountable for. Accountability is a key success factor.

3.10 Measures must be linked to performance planning and assessment for both teams and individuals

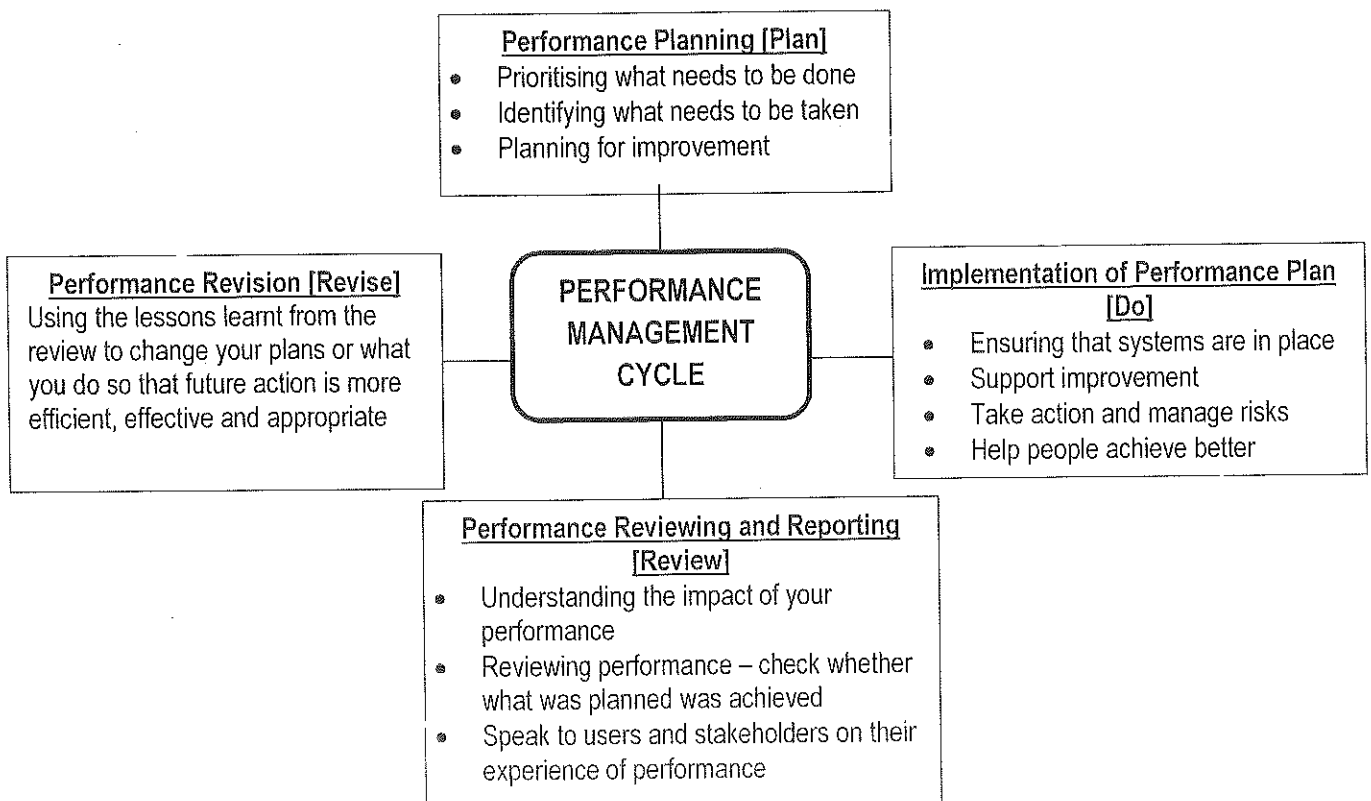
Managers, supervisors, and employees are required to identify the correct measures by which performance and competence will be assessed. The Municipality will have valid and reliable data for the selected measures.

3.11 Targets should be linked to appraisal and assessment discussions

Targets that are linked to appraisal and assessment discussions are designed to make managers, teams, and employees at all levels accountable for their contributions to the achievement of the overall strategy.

4. PERFORMANCE MANAGEMENT CYCLE FOR GREAT KEI MUNICIPALITY

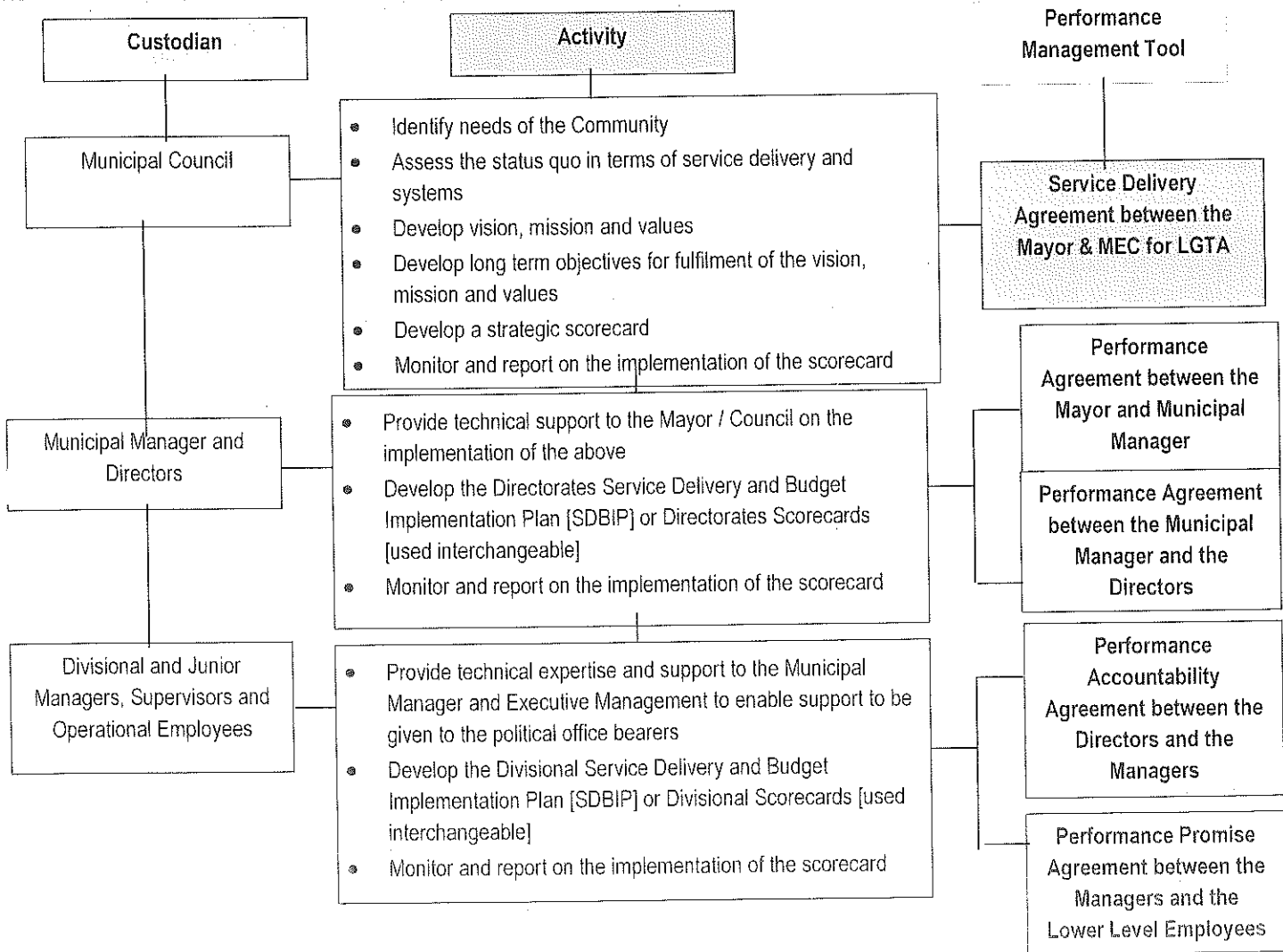
In following diagram outlines the performance management cycle of Great Kei Municipality:



5. PERFORMANCE AUDITING

- 5.1 Performance auditing shall be conducted by the Internal Audit Unit for quarterly, mid-term and yearly performance and reports shall be submitted to the Audit Committee after the management has commented on the audit report;
- 5.2 The Audit Committee may decide on the performance audit intervals other than the period mentioned in 5.1 above
- 5.3 The Audit Committee will assess whether the Municipality is achieving economy (keeping costs low), efficiency (making the most of available resources) and effectiveness (achieving the stipulated goals and objectives) in the employment of available resources

6. DIAGRAMATIC PRESENTATION OF THE PROCESS OF PERFORMANCE MANAGEMENT IN THE GREAT LOCAL MUNICIPALITY: INSTITUTIONAL AND CASCADING TO INDIVIDUAL LEVEL



7. PERFORMANCE REPORTING AND OVERSIGHT RESPONSIBILITY

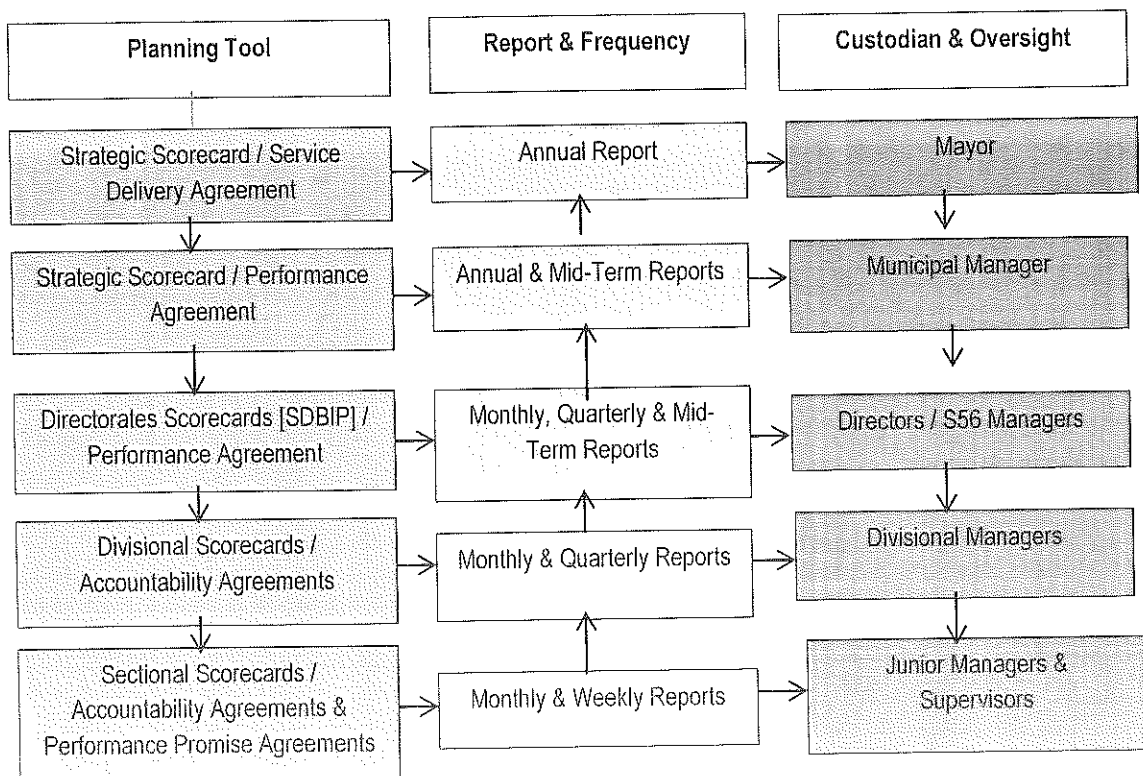
7.1 Performance Planning and Reporting

The Great Kei Municipality shall develop a strategic scorecard that will cover the five-year term of council, which shall be reviewed annually when the IDP of the municipality is reviewed. From the strategic scorecard an annual report shall be produced by the Mayor/Speaker with the assistance of the Municipal Manager at the end of the financial year. Such report shall be submitted by the Mayor/Speaker to the Council. Oversight over annual reporting is the responsibility of Council.

The Directorates shall develop Service Delivery and Budget Implementation Plans as a tool to implement the strategic scorecard. Quarterly and Mid Term Performance Reports shall be developed and submitted to the relevant structures and the Municipal Manager. Oversight responsibility over the directorates is the responsibility of the Municipal Manager

Divisions shall develop Divisional Scorecards out of which monthly and quarterly reports shall be produced and submitted to the Directors and relevant structures. Oversight responsibility over the Divisions is the responsibility of Directors

7.2 The tabulation below outlines performance reporting and oversight responsibility for each level of reporting



3. PERFORMANCE ASSESSMENT FOR S57 MANAGERS

Sub-regulation 26 of Local Government: Municipal performance management regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 states that-

- (1) The criteria upon which the performance of the employee must be assessed consist of two components, both of which must be contained in the performance agreement. The employee must be assessed against both components, with weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Core Competency Requirements (CCRs), respectively.
- (2) The employee's performance will be based on his or her performance in terms of the outputs/outcomes (performance indicators) identified as per the performance plan which are linked to the KPAs, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employee.

3.1 PANNEL MEMBERS FOR ASSESSMENT OF THE MUNICIPAL MANAGER

- (1) Speaker / Mayor
- (2) Chairperson of Performance Audit Committee
- (3) MPAC Chairperson
- (4) Mayor /MM from another municipality
- (5) Ward Committee Member
- (6) IDP/PMS Manager
- (7) PMS Coordinator

3.2 PANNEL MEMBERS FOR ASSESSMENT OF DIRECTORS

- (1) Municipal Manager
- (2) Relevant Portfolio Councillor
- (3) Chairperson of Performance Audit Committee
- (4) Municipal Manager from another municipality
- (5) IDP/PMS Manager
- (6) PMS Coordinator

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% |

Performance Management Policy – March 2016

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|---|
| 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% |

9. QUARTERLY PERFORMANCE REVIEWS FOR S57 MANAGERS

Approved Performance Management Framework for GKLK requires that the Performance Management Reviews for each year be conducted immediately after the approval of Quarterly SDBIP Report by Council.

9.1 PANNEL MEMBERS FOR PERFORMANCE REVIEWS OF THE MUNICIPAL MANAGER

- (1) Speaker / Mayor
- (2) MPAC Chairperson
- (3) Chairperson of Performance Audit Committee
- (4) IDP/PMS Manager
- (5) PMS Coordinator

9.2 PANNEL MEMBERS FOR PERFORMANCE REVIEWS OF DIRECTORS

- (1) Speaker / Mayor
- (2) Municipal Manager
- (3) MPAC Chairperson
- (4) Relevant Portfolio Head for the Director assessed
- (5) IDP/PMS Manager
- (6) PMS Coordinator

The final assessment must be conducted immediately after the release of AG's report and approval of annual report.

10. PMS CASCODING-PERFORMANCE APPRAISAL FOR LEVEL BELOW S57/5

The municipality may pay performance bonuses or give award with a voucher as recognition of good performance to non-section 57 employees. Employees who perform well should be rewarded or recognised. This may be done in the form of a bonus or award (but year bonus is preferable award).

Performance Management Policy – March 2016

Financial and Non-financial rewards

| Performance Category | Total Score (%) | Rating | Non- financial rewards |
|--|-----------------|--------|--|
| Outstanding performance | 160% | 5 | Certificate and R 5000 shopping Voucher |
| Performance significantly above expectations | 133%- 159% | 4 | Certificate and R 4000 shopping Voucher |
| Performance fully effective | 100% - 116% | 3 | Certificate and Silver Medal and R 3000 shopping Voucher |
| Performance effective | 67%- 99% | 2 | Certificate and Bronze Medal and R 1000 shopping Voucher |
| Unacceptable performance | 66% and below | 2 | Compulsory performance counseling |

10.1 PERFORMANCE APPRAISAL COMMITTEE FOR LEVELS BELOW SECTION 56 MANAGERS

- (1) Supervisor of the candidate assessed
- (2) General Manager
- (3) IDP/PMS Manager
- (4) IDP/PMS Coordinator
- (5) Internal Audit Manager

10.2 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.

11. APPROVAL OF THE POLICY

11.1 *Who is consulted*

Management and Staff, Organised Labour shall be consulted before the policy is submitted to Council for adoption

11.2 *Financial Implications*

Performance Management shall be budgeted for centrally in the Corporate Services Directorate; however, for performance bonuses of Section 54 and 56 managers each directorate shall make provision. For performance awards below section 56 employees, Corporate Services shall be the custodian of the budget.

11.3 *Adoption*

Council will adopt the policy on recommendation by the Mayor/Speaker

12. POLICY AUDIT AND REVIEW

Audit will be required to focus on:

12.1 Strategy and Policy Alignment

The audit shall be done to determine whether it is aligned with the municipal strategy – macro/over-arching strategy

12.2 Alignment of Purpose, Policy and Procedure

The provisions of this policy and procedure shall be audited to determine whether it is aligned with its purpose

12.3 Risk Assessment

The audit shall identify any risks that may be exposed as a result of this policy. This is to ensure that any of those risks are managed

12.4 Evaluation of Impact

The audit shall evaluate the impact of this policy in the management of performance within the municipality

12.5 Audit Report, Recommendations and Corrective Action

An audit report with recommendations and corrective action shall be produced once the audit of the policy has been done. This shall inform the review of the policy

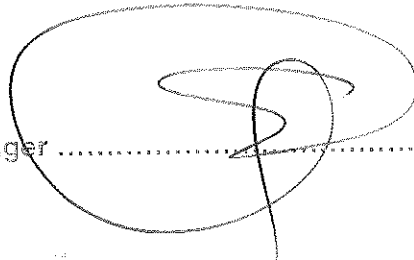
13. VIOLATION AND ENFORCEMENT

The violation of this policy may lead to disciplinary action being instituted against a person who is deemed to have violated the policy

14. POLICY REVIEW AND AMENDMENTS

- At the end of each financial year or where the Council deems it necessary, the policy shall be subjected to review and amendment as to ensure its continuing relevance and validity
- A process wherein the Municipal Manager or any delegated council official shall make an input to the relevant council structures detailing the proposed amendments and the rationale thereof.
- The amendments shall be placed on the council agenda and a vote shall be taken rectifying the policy
- A Council resolution shall be recorded accurately reflecting the council decision and its number

Signature of the Municipal Manager



Performance Management Policy - March 2016

Signature of the Mayor.....

Date of adoption.....

Last date of review.....