

KGALAGADI DISTRICT MUNICIPALITY

PERFORMANCE MANAGEMENT POLICY

The purpose of the performance management policy and procedure document is to provide guidance in the creation of pressures for change, help in providing meaningful capacity building interventions which eventually result in a culture of shared learning among Employees and councillors of the Municipality, thereby result in a culture of best practice, which will guide the development of municipal capacity building programmes and initiatives. While this Performance Management Policy shall encourage and provide guidelines for rewarding good performance, the monitoring and correcting of poor performance will be far more imperative in the attainment of the developmental mandate of the Kgalagadi District Municipality. The performance Management system ensures implementation of the following core components.

- ❖ Setting of appropriate key performance indicators;
- ❖ Setting of measurable performance targets;
- ❖ Monitoring performance (Quarterly monitoring);
- ❖ Measuring and reviewing performance at least once a year;
- ❖ Taking steps to improve performance
- ❖ Establishing a process of regular reporting.

This policy is subjected to any other Provincial or National Legislation affecting performance management of Municipalities

INTRODUCTION

1. Section 152(1) of the Constitution of South Africa, Act 108 of 1996, refers to the objectives of local government, which 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 organisations in the matters of local government.
2. In terms of Section 155(1) (c) of the Constitution a district municipality (Category C municipality) is a municipality that has municipal executive and legislative authority in an area that includes more than one municipality.

3. Section 38 of the Municipal Systems Act, Act 33 of 2000, introduces the concept of performance management for municipalities. This section indicates that a municipality (which includes district municipalities), must-
 - (a) establish a performance management system that is-
 - (i) commensurate with its resources;
 - (ii) best suited to its circumstances;
 - (iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan;
 - (b) promote a culture of performance management among its political structures, political office bearers and councillors and in its administration; and
 - (c) administer its affairs in an economical, effective, efficient and accountable manner.

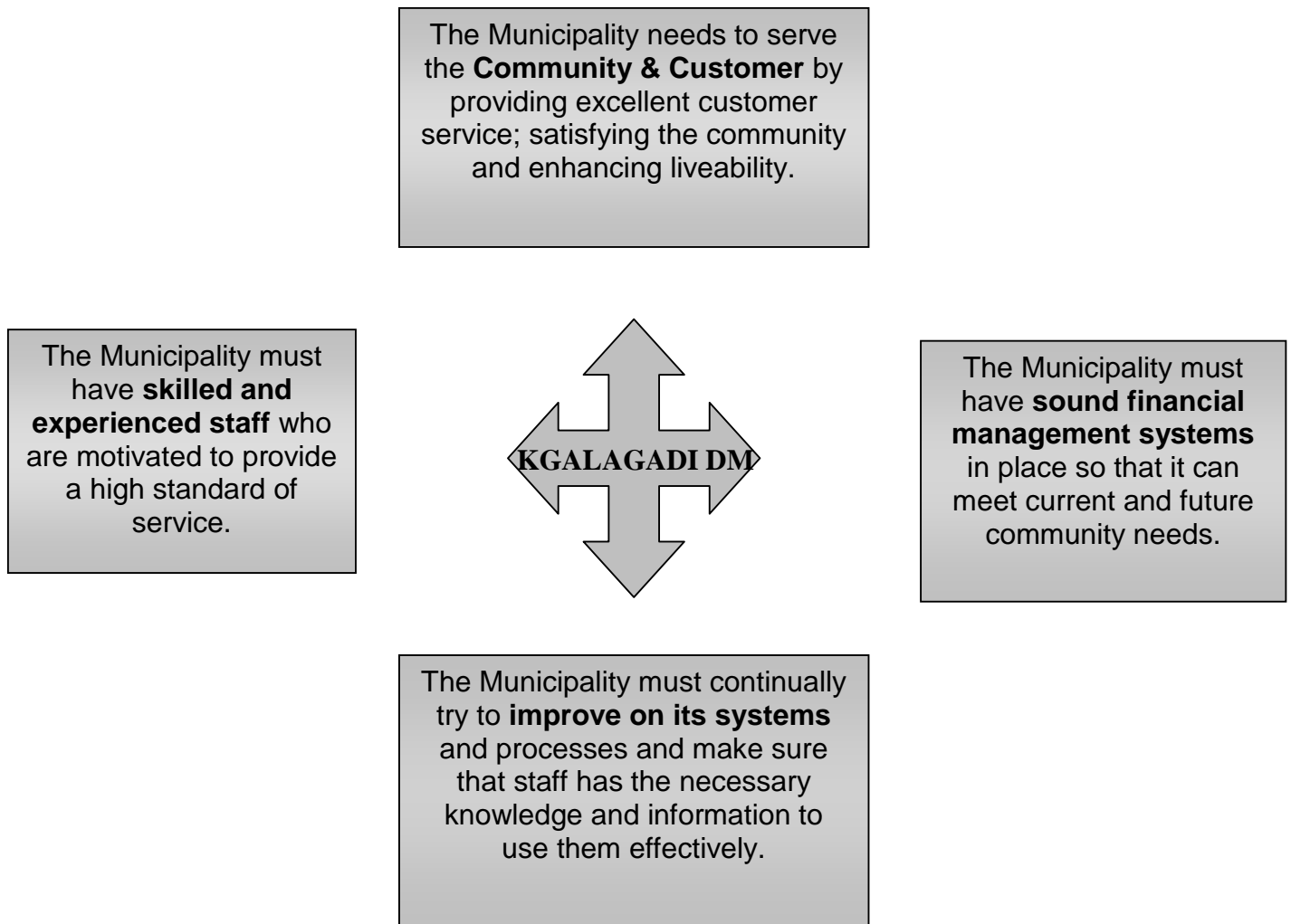
4. The requirement in Section 38 of the Municipal Systems Act provides a clear linkage between the integrated development plan (IDP) of a district municipality and the performance management system that it adopts. From the legislation it is evident that the performance management system is designed to measure the extent to which the objectives as set out in the integrated development plan are being achieved.

BACKGROUND

5. The Constitution of South Africa, Act 108 of 1996, introduced the concept of developmental local government to the third tier of government in the country. Section 153(a) of the Constitution indicates that a municipality (including a district municipality) must structure 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. The developmental local government system requires that plans are not only made by municipalities but that they are implemented and that the district municipality actually achieves what it planned for. Planning is merely an enabling process, the efficiency and effectiveness of which is measured by the performance management system.

6. The powers and functions of district municipalities are defined in section 84(1) of the Municipal Structures Act, Act 117 of 1998 as amended. The Municipal Structures Act, Act 33 of 2000, introduced the dichotomy between the adjustment of powers and functions. Four powers and functions identified in Section 84(1) as amended have been made the responsibility of the Minister of Provincial and Local Government – these are the “national functions” of potable water, bulk supply of electricity, domestic waste-water and sewage disposal systems, and municipal health services. The performance of the remaining functions listed in Section 84(1) as amended are authorised by the MEC for local government in each province.
7. With the exception of the district municipal functions listed as Section 84(1) (o) and Section 84(1) (p), all the functions listed in Section 84(1) of the Municipal Structures Act have corresponding functions listed in either Schedule 4 Part B or Schedule 5 Part B of the Constitution. The effect of this provision is that for each of the district municipal functions, there is a component that is the responsibility of the local municipality. The minister of Provincial and Local Government and the MEC of local government in each province can therefore authorise the district municipality to perform local municipal functions on behalf of all or some local municipalities and equally can authorise local municipalities to perform the district municipality function within its area of jurisdiction.
8. From a developmental perspective, the Kgalagadi District Municipality is required to work with local communities to find sustainable ways to meet the needs and improve the quality of their lives. The Municipality is encouraged to focus on realising developmental outcomes such as the provision of household infrastructure and services; the creation of liveable, integrated cities, towns and rural areas; and the promotion of local economic development and community empowerment and redistribution. The three approaches used by the Municipality in becoming more developmental are integrated development planning and budgeting; performance management; and working together with local citizens and partners.
9. Diagram 1 illustrates the key administrative requirements of Kgalagadi District Municipality:

Diagram 1: Key Administrative Requirements of Kgalagadi District Municipality



10. A Performance Management System will help Employees within the municipality to understand exactly what work they must do to contribute towards the Municipality achieving its strategic objectives. Performance Management should be regarded as a communication tool that helps managers provide a motivating climate to assist Employees in developing and achieving high standards of performance so that they can contribute towards improving the effectiveness of the Municipality.

DEFINITIONS

11. **Baseline Indicators** are indicators that measure conditions before a project or programme is implemented.

Benchmarking refers to a process whereby an organisation of a similar nature uses each other's performance as a collective standard against which to measure their own performance.

Input Indicator means an indicator that measures the results of the activities, processes and strategies of a programme of the municipality.

Integrated Development Plan (IDP) to clearly define a 5-year Strategic Plan of a Municipality. IDP should be reviewed annually or as required.

Key Performance Area (KPA) is used to define key areas of responsibility

Key Performance Indicators (KPI's) measure (qualitative or quantitative) that tell us whether we are making progress towards achieving our objectives the desired results or products/service.

Objective is a statement about what outcomes do we want to achieve.

Outcome Indicator means an indicator that measures the quality and/or impact of an output on achieving a particular objective.

Output Indicator means an indicator that measures whether a set of activities yields.

Performance Indicators are measures that reflect whether progress is being made in the achievement of goals. They describe the performance dimension that is considered key in measuring performance.

Performance Management is a strategic approach to management which equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organisation in terms of indicators and targets for efficiency, effectiveness and impact.

Performance Measurement involves determining the extent to which objectives are being achieved through developing indicators and linking them to targets and related

standards. Review of performance is undertaken on a regular basis. Performance measurement is usually, but not exclusively, quantitative in nature.

Performance Target is the planned level of performance or the milestones an organisation sets for itself for each indicator identified.

Service Delivery Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA) and is a management and implementation tool that sets in-year information, such as quarterly service delivery and monthly budget targets and link it to the budget of the municipality.

LEGISLATIVE FRAMEWORK

12. The relevant pieces of draft and enacted legislation that will be referred to in this performance management policy are:
 - Constitution of the Republic of South Africa, Act 108 of 1996.
 - White Paper on Local Government published in 1998
 - Municipal Structures Act, Act 117 of 1998, as amended
 - Municipal Systems Act, Act 32 of 2000
 - Municipal Performance Regulations for Section 57 Employees
 - Municipal Finance Management Act, Act 32 of 2000
 - Municipal Planning and Performance Regulations, August 2000
 - Auditor General Act.

13. The concept of performance management for the third tier of government was raised in the White Paper on Local Government. The concept document indicated that “there is a need for a national performance management system to assess the overall state of local government, monitor the effectiveness of development strategies adopted by different municipalities and ensure that scarce resources are utilised efficiently would provide an ‘early warning’ where municipalities are experiencing difficulties and enable other spheres of government to provide appropriate support before a crisis develops. It would also enable municipalities to compare their own performance with that of similar municipalities across the country, identify successful approaches or ‘best practice’ and learn from one another”.

OVERVIEW OF PERFORMANCE MANAGEMENT

14. The overall purpose of developing a performance management system is to measure the extent of the implementation of the Kgalagadi District Municipality's integrated development plan. This will indicate whether key focus areas such as basic service delivery extension, poverty alleviation and local government transformation are being addressed.

15. The policy contained in this document provides a guideline -
 - (a) for a uniform approach to performance management throughout Kgalagadi District Municipality; and
 - (b) to define the roles of the different participants in the performance management system.

16. The performance dimensions to which attention must be paid by the Kgalagadi District Municipality are:
 - (a) **Service delivery** – Kgalagadi District Municipality is focussed on the needs of the communities it serves and plans to extend the delivery of services to all communities within its area of jurisdiction
 - (b) **Resource Management** – Kgalagadi District Municipality will ensure financial sustainability of its operation and the implementation of effective financial management procedures and processes
 - (c) **Developmental Impact** – Kgalagadi District Municipality will engage in programmes to promote local economic development and poverty alleviation among its constituent communities
 - (d) **Governance** – Kgalagadi District Municipality will ensure the existence and implementation of mechanisms to regulate the relationship of political office bearers, municipal officials and the community, including mechanisms, processes and procedures for community participation in the affairs of the municipality.

The balanced scorecard model is based on addressing the performance dimensions indicated above and will be used by Kgalagadi District Municipality in its performance management system

17. The integrated development plan of Kgalagadi District Municipality is aligned to the performance management system –
- (a) **in planning** – how the integrated development plan and performance management system is set up
 - (b) **in content** – what ‘areas’ and ‘objectives’ each prioritises, plans for and measures
 - (c) **in the manner progress is measures** – the relationship between project indicators and key performance indicators
 - (d) **in how management is effected** – how the responsibilities for the performance management system and the integrated development plan are distributed through Kgalagadi District Municipality
 - (e) **in the manner in which community participation is facilitated.**
18. The performance management system is linked to the operational budget of Kgalagadi District Municipality through the determination of performance targets in the service delivery budget implementation plan (SDBIP). If the performance target implies expenditure, higher targets will have more costs while lower targets will have less cost. If performance targets have to do with revenue, higher targets will bring more benefit while lower targets will have lower returns. The budget and IDP process is linked to each other, reflected each year in the budget and planning framework. Budget priorities will be integrated with development plan priorities and the areas that the performance management system is developed to measure.
19. The Municipal Systems Act contains almost identical provisions for the participation of communities in the process of developing the integrated development plan and the performance management system (Section 29(1) (b) (ii) in the case of the integrated development plan an Section 42 for the performance management system). The mechanisms used to structure participation in these two instances must not be different as it could lead to confusion. The Municipal Planning and Performance Regulations suggest that a municipality wide forum be structured to facilitate participation on both the integrated development plan and the performance management system and Kgalagadi District Municipality conforms to this suggested approach. This forum will be the already established IDP, ISRDP and IGR forums of Kgalagadi District Municipality.

THE PERFORMANCE MANAGEMENT CYCLE

20. There are four key phases in the performance management cycle. These phases must be linked to the planning and reviewing phases of the organisation as a whole. Within the Municipality the annual cycle of planning and budgeting takes place in the form of the IDP. Out of that the broad outcomes and key performance areas for a municipality are developed or re-confirmed by the political leadership. Based on the broad indicators the various Departments should develop business plans or technical SDBIP's that translate the Municipality's key performance indicators (KPI's) into indicators for the Department. The targets set out in the SDBIP or operational plan for a Department become the key performance objectives or indicators for the head of a particular Department.

Thus the performance management cycle is linked to the local government financial year. As soon as the IDP is adopted in **June**, managers and staff sign their annual performance agreement or scorecard in **July**. Monitoring takes place throughout the year, and reviewing and rewarding are carried out the following **June** at the end of the financial year.

The four phases of the cycle are explained below.

Planning

This involves the development of a top-layer SDBIP and technical SDBIP that logically rolls down and translates indicators to functions, departments and ultimately individuals within the organization.

Monitoring

In order to monitor, it is necessary to put mechanisms and systems in place to monitor implementation of plans. This includes reporting frameworks, tracking systems and feedback mechanisms.

Measuring

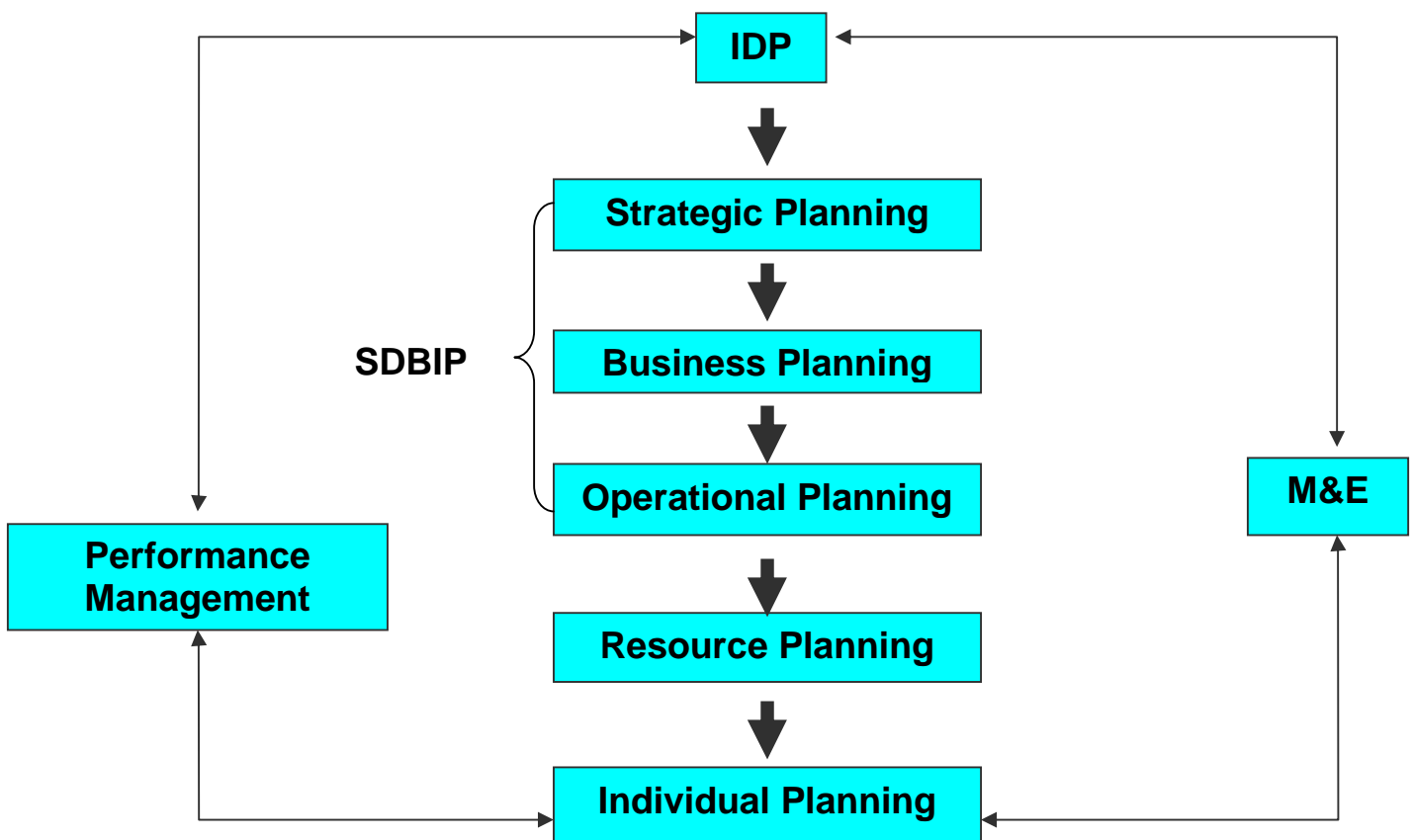
Measuring is about the measurement of targets that have been set. Measurement includes mechanisms such as benchmarking. Various departments will need to conduct exercises on benchmarking to assist in setting achievable, yet world-class targets.

Reviewing

This involves a systematic process of reviewing achievements against stated plans and understanding the reasons for the variance where there is variance. It also involves the consideration of new developments and how these need to be incorporated into existing or new plans.

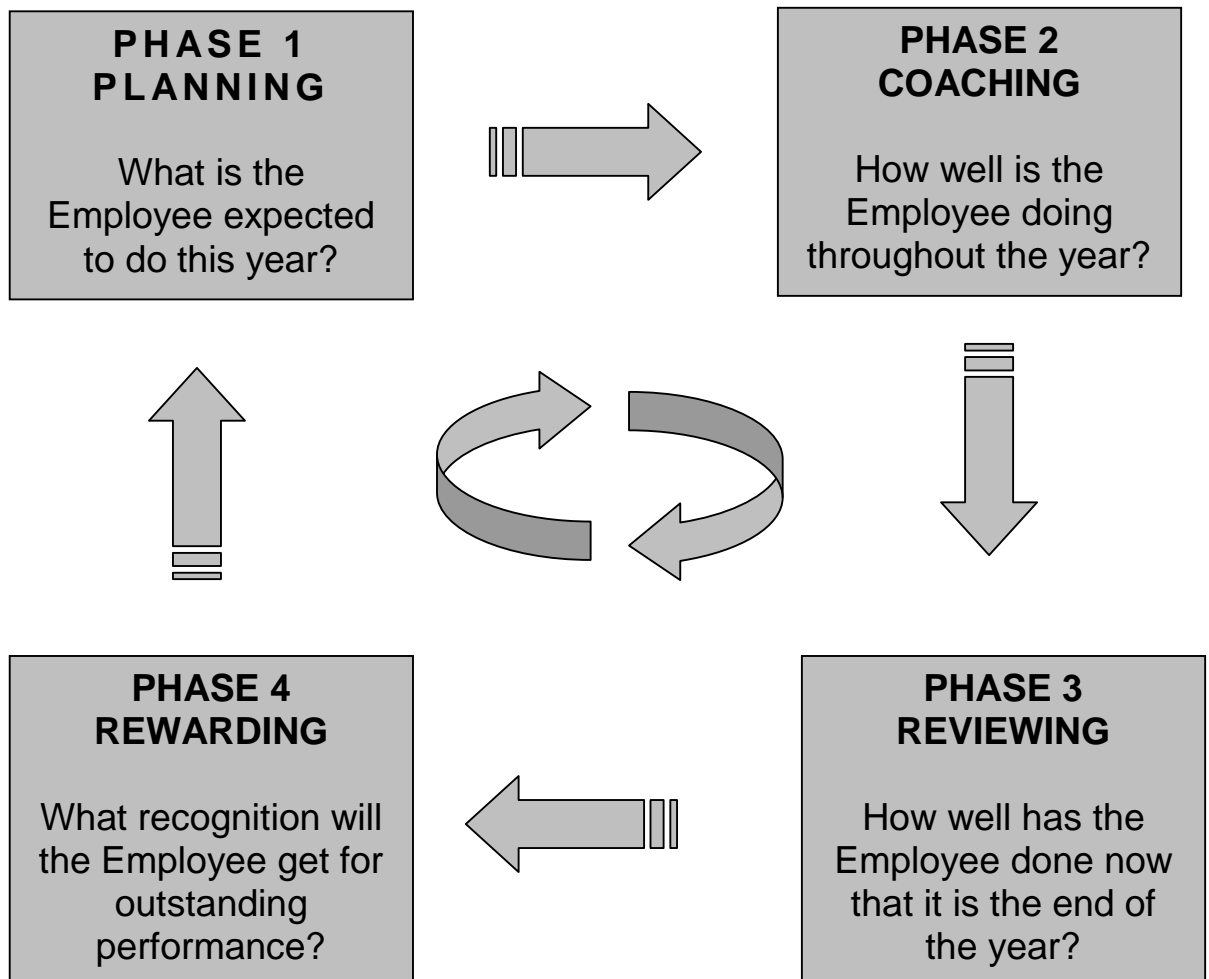
21. Diagram 2 shows the key elements used in developing a planning and monitoring & evaluation system, both critical components of a performance management system.

Diagram 2: Key Elements of PMS



22. This performance management system is designed to ensure that each phase is taken into consideration when managing the performance of an employee.

Diagram 3: The Four Phases of PMS



23. The following table details the timing and activities required for each of the four key phases in the performance management cycle:

Table 1: Timing and Activities of the Four Phases of PMS

PHASE	TIMING	ACTIVITIES
PLANNING	July each year i.e. beginning of financial year	<ol style="list-style-type: none"> 1. Manager/Supervisor to schedule meeting with Employee to agree on performance objectives* for the year. 2. Both the Manager/Supervisor and the Employee are required to prepare for this meeting.
COACHING	Ongoing throughout the year	<ol style="list-style-type: none"> 1. Manager/Supervisor to create both formal and informal opportunities to provide feedback to the Employee on his/her performance against the agreed objectives. 2. Employees to ask for feedback and assistance when required.

REVIEWING	<p>December of each year – mid year review</p> <p>June of each year - final review</p>	<ol style="list-style-type: none"> 3. Manager/Supervisor to set up formal mid-year review in December to assess the relevance of the objectives and the Employee's performance against the objectives. It is recommended that formal scoring of objectives achieved to date is done so that non-financial rewards can be administered twice a year – see reward section of this policy document for further details. 4. Manager/Supervisor to set up a formal final review in June. <p>The process for reviewing performance is as follows:</p> <ol style="list-style-type: none"> 1. Manager/Supervisor to request input from “customers” on the Employee's performance throughout the year. 2. Manager/Supervisor to prepare scores of Employee's performance against agreed objectives as a result of the evidence and “customer” input. 3. Manager/Supervisor to ask Employee to prepare for mid-year review or formal review by scoring him/herself against the agreed objectives. 4. Manager/Supervisor and Employee to meet to conduct formal performance review and agree final scores. It may be necessary to have two meetings i.e. give Employee scores and allow him/her time to consider them before final agreement. Where an Employee and Manager/Supervisor disagree on the score, the Manager's/Supervisor's decision is final. 5. Manager/Supervisor and Employee to prepare and agree learning plan – this only needs to be done at the final review in June and not at the mid-year review.
REWARDING	<p>Budget in February of each year</p> <p>Reward in January and July of each year</p>	<ol style="list-style-type: none"> 1. In February of each year the Manager/Supervisor is required to provide information to the Finance Department in relation to the budget and the possible maximum payout required in terms of the performance reward scheme. 2. Manager/Supervisor to review the results of his/her department's performance reviews and determine appropriate reward as per the reward section in this policy 3. Manager/Supervisor to set up meeting with the Employee to give feedback on the link to reward as a result of the review.

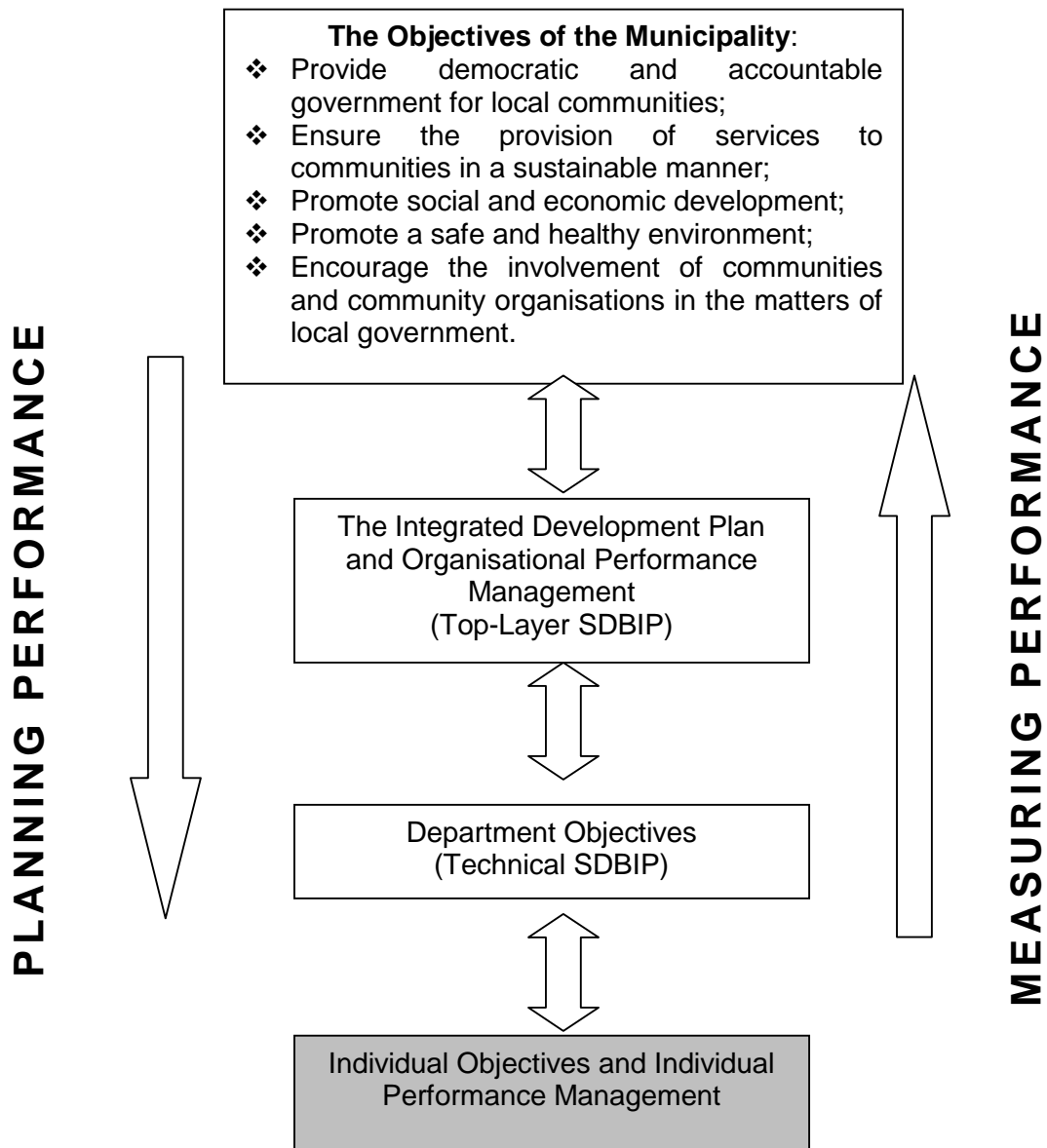
*In the case of lower ranking officials **job descriptions** can be used to set performance objectives. However it is important to always consider the IDP and each Department's respective SDBIP in setting performance objectives

ORGANISATIONAL PERFORMANCE MANAGEMENT AND THE LINK TO INDIVIDUAL PERFORMANCE MANAGEMENT

24. In order to ensure that the Municipality meets its organisational performance indicators and standards it is appropriate to introduce a performance management system for the individual Employees within the Municipality. Thus each individual is given performance objectives, targets and standards that are linked to the objectives of his/her team, his/her department and ultimately his/her Municipality.
25. Diagram 4 illustrates the link between organisational performance management and individual performance management. Once organisational objectives and targets have been set it is possible to cascade these down to the relevant departments and

individuals. In turn, the individuals and departments, by achieving their objectives and targets contribute towards the Municipality achieving the objectives and targets in its integrated development plan.

Diagram 4: Link between Organisational PM and Individual PM



26. If each Employee achieves his/her performance objectives, which are linked to the Department’s objectives, which are in turn linked to the IDP, then the Municipality will ultimately achieve its organisational performance objectives. The reporting requirements as stipulated in the Municipal Systems Act, the involvement of the community in setting performance indicators etc. needs to occur at an organisational performance management level. Individual performance management occurs at the level of the working relationship that exists between the Employee and his/her Manager/Supervisor.

THE MANAGERS/SUPERVISORS ROLE IN PERFORMANCE MANAGEMENT

27. The Manager's/Supervisor's role in the Performance Management Process includes:
- (a) Using the performance management process to coach Employees. This involves giving ongoing feedback to Employees and assessing their performance.
 - (b) Setting objectives with Employees in such a way that continuous improvement is encouraged;
 - (c) Monitoring Employees' performance against these objectives;
 - (d) Using reward and recognition to reinforce good performance;
 - (e) Managing poor performance appropriately;
 - (f) Training, coaching and developing Employees.
28. To be successful in managing performance the Manager/Supervisor needs to:
- (a) Communicate the Municipality's strategic objectives and the department goals to Employees, and show them how their work contributes to the success of the Municipality.
 - (b) Ensure that Employees know what is expected of them and why.
 - (c) Help Employees to set challenging but realistic objectives and work with Employees to help them achieve these objectives.
 - (d) Identify knowledge, skills and behaviours needed by the Employee to achieve the objectives and performance standards that have been set.
 - (e) Conduct a mid-year review with the Employee to ensure that the objectives are still relevant and to assess the Employee's progress to date against the objectives.
 - (f) Complete an individual learning plan together with the Employee that caters for the Employee's specific developmental needs in relation to the Municipality.
 - (g) Create a climate that encourages Employees' natural motivation. A Manager/Supervisor must be aware of how his/her management style impacts on the way it "feels" to work in his/her department.

THE EMPLOYEE'S ROLE IN PERFORMANCE MANAGEMENT

29. The Employee must take an active role in the performance management process.

The Employee's role includes:

- (a) Suggesting challenging but realistic objectives that will support the Municipality's strategies and department goals.
- (b) Taking responsibility for the standard of their performance by trying to improve and develop themselves;
- (c) Developing and implementing action plans so that they can achieve their objectives.
- (d) Asking their Manager/Supervisor for information, help or advice to assist them in meeting their objectives.
- (e) Asking for feedback from others, including their Manager/Supervisor so that they can monitor their own performance.
- (f) Making suggestions on how they can improve on their performance.
- (g) Keeping their Manager/Supervisor informed about how well they are doing in relation to their objectives.
- (h) Keeping their Manager/Supervisor informed of any problems or potential problems which may affect their ability to achieve some or all of their objectives and performance standards.

EMPLOYEES COVERED BY THE PERFORMANCE MANAGEMENT SYSTEM

30. Two broad approaches are used to manage the performance of Employees. The reason for this relates to the following considerations:
1. The Municipal Systems Act 32 of 2000 requires that the Municipal Manager sign a fixed term contract and a performance agreement and suggests that the Managers reporting to the Municipal Manager do the same.
 2. Section 57 Employees (The Municipal Manager and his/her direct reports), in terms of the SALGA policy, can therefore have their performance linked directly to reward.
31. The performance reward system applied to Section 57 Employees will therefore be different from the performance reward system applied to Employees who are not Section 57 Employees.
32. **Approach 1:** Performance Agreements for Section 57 Employees linked directly to reward as per the remuneration policy of the Municipality.
33. **Approach 2:** Performance Agreements for all other Employees. The link to reward will initially be non-financial.

OBJECTIVES OF PERFORMANCE MANAGEMENT POLICY

34. The objectives of implementing a Performance Management System into the Kgalagadi District Municipality are as follows:
- (a) Achieve sustainable improvements in service delivery to the community.
 - (b) Develop constructive and open relationships between Managers/Supervisors and Employees.
 - (c) Encourage and reward good performance
 - (d) Manage and improve on poor performance
 - (e) Link the Integrated Development Plan to team and individual performance

- (f) Enable individuals to develop their abilities, increase their job satisfaction and achieve their full potential so that both the Employee and the Municipality benefit
- (g) Fulfil the requirements of the Municipal Systems Act 32 of 2000.

PRINCIPLES OF PERFORMANCE MANAGEMENT

35. The performance management system of Kgalagadi District Municipality must -
- (a) promote efficiency and effectiveness in the operation of the municipality
 - (b) reflect the developmental priorities of the municipality
 - (c) promote the economic use of resources
 - (d) comply in all respect with the relevant legislation
 - (e) even handed and transparent in its impact on all role players in the municipality
 - (f) measure performance at the municipal, departmental, project team and individual level
 - (g) recognise and reward superior performance
 - (h) identify performance that is sub standard and have procedures and processes in place to address such performance
 - (i) be politically driven, but administratively managed.

PERFORMANCE AND PRACTICE OF PERFORMANCE MANAGEMENT

36. The Municipal Planning and Performance Regulations indicate 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.
37. Section 7(2) of the Regulations stipulates that in developing its performance management system, a municipality must ensure that the system –
- (a) complies with all the requirements set out in the Municipal Systems Act;
 - (b) demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;

- (c) clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;
- (d) clarifies the processes of implementing the system within the framework of the integrated development planning process;
- (e) determines the frequency of reporting and the lines of accountability for performance;
- (f) relates to the municipality's employee performance management processes;
- (g) provides for the procedure by which the system is linked to the municipality's integrated development planning and budgeting processes; and
- (h) propose mechanisms, systems and processes for monitoring, measurement and review of the key performance indicators.

38. The Council of Kgalagadi District Municipality has adopted a performance management framework that complies with the requirements prescribed by the Regulations for the implementation of performance management within its operation. If needed, the said framework has to be amended annually and adopted by Council.
39. Kgalagadi District Municipality will, after consultation with community organisations, set appropriate key performance indicators in respect of each objective incorporated in the integrated development plan and the requirement of Section 83(3) of the municipal Structures Act. The Municipality's key performance indicators will include the general indicators as published by the Minister of Provincial and Local Government. The key performance indicators will serve as a mechanism for measuring performance, including the outcomes and impact, of the Municipality's development priorities and objectives set out in its integrated development plan.
40. Kgalagadi District Municipality will continuously monitor its performance in all the key performance areas and in respect of all the performance dimensions for which key performance indicators and performance targets have been set.
41. Performance will be measured against the general and locally determined key performance indicators. This will include the measurement of costs, resources and time used to produce outputs in accordance with the input indicators, the extent to which the district municipality activities or processes produced outputs in accordance

with the output indicators and the total improvement brought about by outputs in accordance with the outcome indicators.

42. The integrated development plan sets out what Kgalagadi District Municipality intends to achieve every year during the terms of office of the Council. In essence it contains a promise to deliver by Kgalagadi District Municipality to the community it serves. The performance management system must determine whether this promise has been kept of, more accurately, the extent to which the promise has been kept. The performance management system must clearly identify any under performance and facilitate the determination of the reasons for under performance. Once the reasons for under performance have been established, steps to improve performance with regard to those development priorities and objectives where performance targets are not met must be taken.
43. The performance of Kgalagadi District Municipality will only improve if all its officials contribute effectively. Therefore, an important component of the performance management system is an employee performance appraisal system. Kgalagadi District Municipality will ensure that the employee performance appraisal system is developed in such a way that –
 - (a) Employees know exactly what is expected of them;
 - (b) Employees are involved in setting their own performance objectives;
 - (c) superior performance is consistently recognised and rewarded;
 - (d) where sub standard performance is determined, the employee performance appraisal system must assist in determining the reasons for such sub standard performance; and
 - (e) the district municipality will give reasonable opportunity to Employees rendering sub standard performance to improve such performance to an acceptable level.
44. Kgalagadi District Municipality recognises the need for the existence and development of core competencies for it to be able to successfully perform the powers and functions allocated to it and to meet the expectations contained in the integrated development plan. In order to ensure a measure of balance the District Municipality in its performance measurement process will allocate **80%** to the

achievement of the performance objectives and **20%** to the development of core competencies.

45. Kgalagadi District Municipality recognises that core competencies need to be developed and as part of the performance measurement process, competency gaps for individuals are to be identified and skills development plans compiled to close these gaps.

THE INSTITUTIONAL FRAMEWORK

46. The institutional framework for the performance management process is as follows:
- (f) The Council will receive a performance report from the Executive Mayor at least once per financial year.
 - (g) The Executive Mayor is responsible for ensuring that the senior management of Kgalagadi District Municipality gather relevant information throughout each reporting period and submit progress reports on a quarterly basis.
 - (h) The Municipal Manager and the senior management team must ensure that the key performance indicators and performance targets set are met. This requires proper work planning and scheduling, appropriate resourcing of activities and continuous supervision. The senior management must also identify sub standard performance and take corrective action where necessary to ensure that performance targets will be met.
 - (i) The internal auditing function must audit and assess –
 - the accuracy of performance reports;
 - the functionality of the performance management system;
 - whether the performance management system complies with the Municipal Systems Act;
 - the extent to which the municipality's performance measurements are reliable in measuring performance;
 - the performance measurements of the District Municipality; and
 - submit quarterly reports to the Municipal Manager and the Performance Audit Committee.
 - (e) The Performance Audit Committee must -
 - review the quarterly reports submitted to it;

- review the performance management system focussing on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by Kgalagadi District Municipality are concerned and make recommendations in this regard to the Council through the Executive Mayor; and
 - at least twice in a financial year submit an audit report to the Council through the Executive Mayor.
- (d) The Municipal Manager must compile an annual performance management report for submission to the Council through the Executive Mayor. Access to this report must be provided to community structures, the MEC for local government, the Auditor General and the Minister for Provincial and Local Government.

47. Kgalagadi District Municipality will appoint a Performance Audit Committee in terms of Section 14(2) of the Municipal Planning and Performance Management Regulations. The Performance Audit Committee will provide the external auditing function for Kgalagadi District Municipality and the local municipalities within its area of jurisdiction. A service level agreement will be entered into between the district municipality and each of the local municipalities to formalise this arrangement.

48. The internal audit function established by Kgalagadi District Municipality will carry out the performance audit function in all the local municipalities that comprise the service area of the district. In this regard a service level agreement will be entered into between Kgalagadi District Municipality and each of the local municipalities to formalise this arrangement.

49. Performance agreements in terms of Section 57 of the Municipal Systems Act will be concluded with the Municipal Manager and Section 56 Employees only in the first financial year of the implementation of the performance management system. Thereafter the concluding of annual performance agreements, one on one between manager and subordinate, will be cascaded down throughout Kgalagadi District Municipality to the lowest level. In this regard it is noted that the responsibility for achieving the key performance indicators and performance targets annually will also be cascaded down through the structure of Kgalagadi District Municipality.

50. It is the express policy of Kgalagadi District Municipality that –
- (a) superior performance is recognised and/or rewarded appropriately; and
 - (b) poor performance is corrected effectively.

THE DOCUMENTATION

51. A Service Delivery Budget Implementation Plan (SDBIP), in line with appropriate guidelines and legislation, must be developed annually.
52. Section 57 Employees are required to sign a Performance Agreement in line with published regulations and/or amendments
53. All other Employees will receive a Performance Management Pack and Agreement, as compiled by the Human Resource Section, which contains, amongst others, the following documentation:
- (a) The role of the Manager and the role of the Employee in Performance Management
 - (b) Planning Performance – preparation and documentation
 - (c) The Performance Agreement
 - (d) Tracking Coaching Sessions
 - (e) Preparation Guidelines for Conducting a Performance Review
 - (f) Review Documentation
 - (g) Individual Learning Plan
 - (h) Linking Performance to Reward
 - (i) Glossary of Terms

WEIGHTINGS AND SCORING PERFORMANCE

54. Weightings show the relative importance of one input or output against another input or output. Every input or output in the performance agreement must be assigned a weighting. The total of the weightings on the performance agreement must add up to 100 points. An important objective may, for example, be assigned a weighting of 30 out of the total of 100 whereas a less important objective may be assigned a weighting of 15 out of 100. The purpose of the weightings is to show Employees what the key focus areas are in their work. If an objective has a higher weighting than any

of the other objectives, then the Employee will know that this is a key objective in terms of being successful in his/her work.

55. In performance agreements for Section 57 Employees, 100 percent of the weightings are allocated to the outputs. The key focus in these positions is on delivery and achieving results. No weightings are allocated to inputs i.e. for knowledge, skills and behaviours. These are rated separately for developmental purposes only. Employees at this level in the organisation are expected to bring the necessary inputs (skills, knowledge and behaviours) to the job. Section 57 employees shall be assessed against 2 output components, that is Key Performance Areas (KPA's) and Core Managerial Competencies (CMC's) respectively. KPA's, covering the main area of work will account for 80% and CMC's will account for 20% of the final assessment. This is illustrated in table 2.

Table 2: Illustration of the allocated Weightings for Section 57 Employees

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	
Municipal Institutional Development and Transformation	
Local Economic Development (LED)	
Municipal Financial Viability and Management	
Good Governance and Public Participation	
TOTAL SCORE	100%

CORE COMPETENCY REQUIREMENT FOR EMPLOYEEES		
Core Managerial Competencies (CMC)	√	Weight
Strategic Capability		
Programme and Project Management		
Financial Management		
Change Management		
Knowledge Management		
Service Delivery information		
Problem Solving and Analytical Thinking		
People and Diversity Management		
Client Orientation and Customer Focus		
Communication		
Accountability and Ethical Conduct		
Policy conceptualisation and implementation		
Mediation skills		
Advanced negotiation skills		
Advanced influencing skills		
Partnership and stakeholder relations		
Supply chain management		
TOTAL		100%

56. In performance agreements for all other Employees the weightings are allocated as follows:

- (a) 70% of the total score is allocated to outputs whilst 30% of the total score is allocated to inputs. This illustrates that the core focus of the Employee's job is to deliver results, yet still places an emphasis on the Employee exhibiting the appropriate skills and behaviours to do the job successfully i.e. by allocating part of the weightings to customer service and team work, the Employee is made aware of the importance of displaying these behaviours when carrying out his/her job.
- (b) It is further suggested that 5 points out of the 70 for outputs are allocated to Managing Staff and 10 points out of the 70 for outputs are allocated to managing the budget (incl. savings and individual financial control of Departmental budgets). This is illustrated in table 3.

Table 3: Illustration of the allocated Weightings for None-Section 57 Employees

Objectives	Weighting
1. Managing Staff	5
2. Managing the Budget	10
3.	
4.	
5.	
6.	
7.	
Outputs Total	70
Inputs	
1. Customer Service	
2. Teamwork	
3. Service Delivery	
4.	
5.	
Inputs Total	30
TOTAL SCORE	100

CORE COMPETENCIES

57. Every Employee, no matter at what level or within what function, is required to demonstrate a number of behaviours and skills that are considered core to achieving the objectives of the Municipality. The competencies represent behaviours that, when

displayed by Employees, will contribute to outstanding performance within the Municipality.

58. Two competencies, namely customer service and teamwork are considered to be core and must appear in every Employee's performance agreement. The third competency, namely service delivery, is optional, and it is at the discretion of the Manager/Supervisor to decide whether or not to include it on the Employee's Performance Agreement. A more elaborate explanation is provided in table 4.

Table 4: Core Competencies

Competency	Definition
Customer Service CORE	Whether providing a service to an internal or external customer this means trying to find out what the needs of the customer are and then meeting these needs. At a minimum Employees are required to react to customer needs by following up on queries, keeping promises, being honest in all their dealings, adhering to the policies, procedures and delegations of Council, keeping the customer up to date, being friendly and helpful and solving problems quickly and without argument. Ideally all Employees, especially those at a management/supervisory level are required to be proactive by trying to understand the underlying needs of the customer and providing an appropriate service based on these underlying needs.
Teamwork CORE	In order to be successful and to meet our service delivery requirements it is essential that all Employees co-operate and communicate with each other. This is measured by the extent to which an Employee does his/her share of the work; helps out in times of crisis, supports decisions taken by the Municipality, makes an effort to communicate with team members so that he/she knows what is going on in other areas besides his/her own and provides information to others on what he/she is doing. At a Management/Supervisory level Employees are required to facilitate a friendly working environment where co-operation is encouraged, where conflicts are resolved quickly and amicably and where information is communicated so that there is a common knowledge and understanding of Municipality activities.
Service Delivery OPTIONAL	This is about wanting to work well to achieve a high standard by trying to improve on the way things are done and by working towards achieving the work objectives. It is also about putting plans into action, meeting deadlines, taking initiative and solving problems to make sure that things get done. Employees do not wait to be told to do something but rather are encouraged to use their initiative to make sure that things get done accurately and efficiently.

REVIEWING PERFORMANCE

59. Two review sessions are held as follows:
1. A recommended mid year review is conducted in December to assess the relevance of the objectives as well as the Employee's performance against the objectives. The mid-year performance score is used to determine the link to non-financial rewards.

2. A compulsory formal final review is conducted at the end of the financial year i.e. in June. The final performance score is used to determine the link to non-financial rewards. A learning plan for the Employee must be developed at the end of the final review.

THE LINK TO REWARD

60. In order to encourage high standards of performance it is recognised that outstanding performance should be rewarded. There are two ways of rewarding Employees within the Municipality. This depends upon the manner in which an employee is employed:

1. If an employee is on a performance based fixed term employment contract (Section 57), then the policy is that all pay is directly linked to performance. This means that such Employees only receive annual increases and bonuses if they score a particular score in the performance review at the end of the year.
These Employees receive cash rewards.
2. If an employee is a permanent employee of Council and is thus covered by the conditions of service of the municipality, performance is not directly linked to pay. Currently the employee receives an annually bargained increase determined by the South African Local Government Bargaining Council (SALGBC). These Employees must receive rewards for performance, but **these Employees receive non cash rewards**, until such time as a national remuneration policy dictates otherwise.

SECTION 57 EMPLOYEES

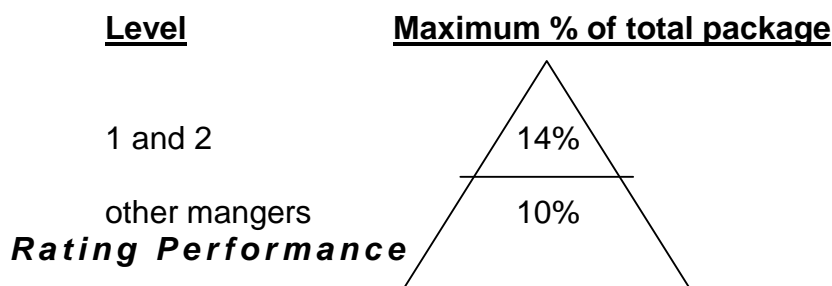
61. For Section 57 Employees, remuneration is directly linked to performance in the following two ways:

1. Through the award of an annual bonus
2. Through the payment of an annual merit increase

62. These awards are based on performance as measured against the performance management system.
63. The purpose of the Performance Reward Scheme (PRS) is to motivate Employees towards the successful implementation of business strategies, and to increase overall organisational motivation and efficiency. The PRS is designed to reward superior performance. The same scheme framework applies to all participants and requires meeting pre- set targets, as defined in the performance agreement.

The Bonus Scheme

64. The following Employees are eligible for participation in the PRS (i.e. both the bonus scheme and the merit increase scheme):
1. All Employees on fixed term performance based employment contracts
 2. Employees starting during the financial year will only be eligible on a pro-rata basis, from date of employment, for the bonus.
65. Participants are divided into categories based on their level and role within the organisation. Each participation category is assigned a target bonus award also referred to as a “ Bonus Scheme Base”. This is calculated as a percentage of annual total package. The base is reflected as follows:



66. Performance is measured against a performance plan i.e. previously Established and agreed performance targets. A performance score is calculated according to key performance indicators. Performance scores are added together to give an overall performance score. The amount of the bonus is determined by the total performance score, according to the bonus scheme base. Based on the Bonus

Scheme Base, the range of earning as a percentage of annual salary (Total Package) is shown in table 5:

Table 5: Range of Earning(Bonus) as a Percentage of Annual Salary

Staff Level	Final Score	Bonus Amount
1 and 2	90 – 100	14% of Annual Salary
	85 – 89	10% of Annual Salary
	80 – 84	5% of Annual Salary
	Below 80	0% Bonus
Other managers	90 – 100	10% of Annual Salary
	85 – 89	6% of Annual Salary
	80 – 84	3% of Annual Salary
	Below 80	0% Bonus

Performance scores below 80 are not eligible for a bonus.

Cost-of-Living Increase

67. The Employees inclusive annual remuneration package shall be adjusted annually linked to a cost-of-living increase, which is not performance based. The cost-of-living increase will be awarded annually at the beginning of the financial year, after performance appraisal. The annual published inflation rate will be used as a basis for determining the cost-of-living increase.

Rating Performance

68. The overall rating will be done in line with the Municipal Performance Regulations for Section 57 Employees and as reflected in the annual performance agreements.

Evaluating the Performance

69. For the purpose of evaluating the performance of the employee, an evaluation panel constituted of the following persons will be established:

1. The Executive Mayor
2. Chairperson of the audit committee
3. Ward committee member (on a rotational basis), where applicable
4. Member of the mayoral committee; and
5. Mayor or Municipal manager from another municipality

THE LINK TO REWARD – BARGAINING UNIT EMPLOYEES

70. Staff that have not signed fixed term contracts within the Municipality remain permanent Employees of the Municipality and are subject to the conditions of service of the bargaining council. This means they receive an annual agreed increase negotiated through the National Local Government Bargaining Council.

71. There are a number of advantages of non-cash rewards:

1. The “memory value” is high
2. The reward is reinforced by peer admiration
3. They can be tailored to organisation goals and individual preferences
4. The company can control the duration and impact of these type of awards
5. The reward can be instant and frequent

Guiding Principles of a non-cash reward scheme

72. The following principles are used to guide the use of non-cash recognition and reward systems:

PRINCIPLE

PRACTICAL INTERPRETATION

Maintain the Value System of the Municipality

Gain Commitment

Minimise Manual Work and use simple systems to operate

Ensure that our key values are followed and reflected in what and how we recognise people’s efforts i.e. being accountable to the community and open to scrutiny, producing work that meets the service delivery requirements of our city; ensuring equity and anti-discrimination as well as fair and consistent treatment of staff and customers; and finally encouraging individuals to accept responsibility for their work and contribution to the city
Employees should be consulted and participate in the design – where appropriate.

Have a simple, easy to administer formal recognition scheme.

Put responsibility with those that do the work	Line Managers in the municipality should be responsible for manager initiated recognition.
Match the Reward to the person	Know the person, and use ways and means that you understand will be aligned with their personal preferences. Reward what you value, with something they value. (Don't give a vegetarian a biltong hamper!!!)
"Reward in Public – discipline in private"	If not made public, recognition loses much of its impact and defeats the purpose for which it is provided – be open and unashamed.
Match the reward to the achievement	Customize to the significance of the achievement e.g. someone who successfully completes a two year project should be rewarded with more than someone who did you a favour.
Be timely and specific	To be effective, reward/recognition needs to be given as soon as possible after the desired behaviour or achievement. Make sure that people understand why they receive rewards – thus providing context for the achievement.
Recognise recognition	Recognise people who recognise others for doing what is best for the municipality. Good managers manage, but good leaders lead.

Types of Rewards

73. There are three types of non cash rewards within the performance management system:

1. **Formal Rewards Linked to personal scorecards** – this reward is allocated to an individual and is determined by the score on the employee's scorecard. It is given out at the end of the formal review in June.
2. **Achievement Awards** – these rewards measure the achievements of an individual or functions/department against other individuals or functions/departments. They do not therefore link directly to the performance management system of Employees, but are an additional effective way to encourage and recognise high performance.
3. **Informal rewards** – very low cost and linked to motivational team building.

Formal rewards linked to personal scorecards

74. Employees who perform well and receive an above average rating during their performance appraisal, but who do not qualify for financial rewards are eligible to receive some form of non-financial reward. These non-financial rewards are given separately from the pay and benefits package and recognise specific achievements identified during the performance appraisal. These are reflected in table 6.

Table 6: Formal Reward link to Personal Scorecard

Score Obtained on Performance Agreement	Non- financial reward (the Employee may be eligible for ONE of the options listed below)
90 – 100	Employee is granted four (4) “free” leave days. The Manager/Supervisor and Employee must agree on the dates for the long weekend. This leave must be taken within six (6) months of it being awarded otherwise it will be forfeited.
80 - 89	Employee is granted two (2) “free” leave days i.e. the Employee is entitled to a long weekend. The Manager/Supervisor and Employee must agree on the dates for the long weekend. This leave must be taken within six (6) months of it being awarded otherwise it will be forfeited.
< 80	No reward
< 60	Compulsory performance counselling

75. Performance scores should be quality assured by the Remuneration Committee or should it not exist, the Municipal Manager.

76. The awarding of rewards is not guaranteed to an Employee if he/she achieves a performance score of 80 or above. The awarding of an award is subject to the quality assurance of the Remuneration Department or in case of non-existence, the Municipal Manager and the financial status of the Municipality.

Achievement Awards

77. Each Director must elect to introduce a system of achievement awards into his/her Department. These awards do not link directly to the Performance Management System but may be used as additional ways to encourage and recognise high performance. The Director may elect some or all of the awards detailed below.

78. Below are five types of possible awards. Heads of Departments have to decide whether they wish to introduce one or all five awards into their department, and budget accordingly.

- (a) Team Member of the Month
- (b) Team Member of the Year
- (c) Manager/ Supervisor of the Year
- (d) Section / Department of the Year
- (e) Best improved employee of the Year

79. Broadly, such awards are for an Employee that has displayed special qualities during the period, who has received positive recognition externally, or has in some way contributed to the image of their team. It must be a person that through showing some initiative has added value to the team/Council. Ideally the award should go to someone who has positively enhanced the image of their team.

Informal Rewards

80. Informal Rewards are spontaneous rewards and forms of recognition that can be implemented with minimal planning and effort, by any level of manager or colleague of Employees. As part of the performance reward scheme, managers must plan to make use of some of the informal rewards. The following 'menu of options' are considered, (whilst by no means exhaustive):

NO COST

- Call an employee into your office just to thank them – don't discuss any other issue.
- Post a thank-you note on their desk or personal computer.
- Have a member from the senior management team call the employee to thank him/her for the job well done, or have him/her visit the employee at his/her place of work.
- Write them a personalised (handwritten) letter of thanks or a thank you card.
- Publish their achievements on the Notice Boards or Internal newsletters.

LOW COST

- Arrange a meal out for employee and spouse.
- Sponsor a visit to the Health Spa or Beauty Parlour.
- Cover the person's desk with balloons/flowers.
- Give a magazine subscription.
- Tickets to local events.
- A cap
- A key ring/case

- A tie
- A calculator
- A wallet
- An umbrella
- A pair of sunglasses
- An engraved pen & pencil set
- A sports shirt / ladies blouse
- A clock or watch

THE APPEALS PROCEDURE

81. Where an employee disagrees with the scoring determined during any quarterly performance review or annual appraisal, an appeal against the determination may be made. In the case of the Municipal Manager, such an appeal is made in the first instance to the Mayoral Committee; hereafter the dispute resolution mechanism contained in the performance agreement is followed. For all other Section 57 Employees, the appeal is directed to the Executive Mayor hereafter the dispute resolution mechanism contained in the performance agreement is followed. For all other Employees, appeals are directed to the Municipal Manager; if no resolution can be reached, the matter is referred to the Executive Mayor for final decision.

MANAGING POOR PERFORMANCE

82. Should an Employee not be achieving the objectives in his/her performance agreement the Manager/Supervisor should assist the Employee by managing his/her performance more closely. It is **not** appropriate that the first time an Employee hears about his/her non-performance is at the formal performance review. Employees **must** be coached and given feedback throughout the year.