



2020/2021

**ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE
MANAGEMENT POLICY FRAMEWORK**

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PART ONE: APPROACH TO PERFORMANCE MANAGEMENT

1.1 DEFINITIONS

Annual Report	In relation to a Municipality means an annual report contemplated in section 121 of the Municipal Finance Management Act.
Current Year	Means the financial year which has already commenced, but not yet ended.
Section 54 / 56 Employee	Means a person employed by a Municipality as a Municipal Manager (Section 54) or as a Manager directly accountable to a Municipal Manager (Section 56) and for which there is a Performance Agreement.
Evaluation	Evaluation is a time-bound and periodic exercise that seeks to provide credible and useful information to answer specific questions to guide decision-making by staff/ managers and policy-makers. Evaluation may assess relevance, effectiveness, efficiency, impact and sustainability of the institution and officials.
Indicators	Indicators are pieces of objective evidence that tell us whether progress is, or is not being made in achieving goals.
Input indicator	Means an indicator that measures the costs, resources and time used to produce an output.
Inputs	The resources, physical, financial or otherwise that contribute to the delivery of outputs. In other words, "what we use to do the work."
Key Performance Area (KPA)	This is the area in which the Municipality plays a role towards delivering services. These may include Infrastructure and Engineering, Community Planning and Safety, Strategic and Corporate Services, Social and Economic Development, Institutional Transformation, Governance and Financial Management, amongst others.
Key Performance Indicators (KPI)	Key Performance Indicators will be determined in respect of each development priority and objective. These indicators are subject to public participation and will be used by each Department as well as each municipal entity where applicable. These are quantifiable measures which show where performance currently is in relation to the baseline and the target. This describes the measure in a clear, simple and precise manner.

Local Community or Community	In relation to a Municipality, means that body or persons comprising – the residents of the Municipality a) the ratepayers of the Municipality b) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality.
MEC for Local Government	Means the MEC responsible for Local Government in a province.
Monitoring	Monitoring involves collecting, analysing and reporting on inputs, activities, outputs and outcomes in a way that supports effective management. Monitoring, aims to provide managers, decision-makers and other stakeholders with regular feedback on progress in implementation, results and early indicators of problems that need to be corrected. It usually reports on actual performance against what was planned or expected.
Municipality	When referred to as – a) an entity, means a Municipality as described in section 2; and b) a geographical area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998).
Municipal Council or Council	Means a municipal Council referred to in section 157(1) of the Constitution.
Municipal Finance Management Act	Means the Local Government: Municipal Finance Management Act, 2003, and any regulations made under that Act.
Municipal Structures Act	Means the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998).
Municipal Systems Act	Means the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000).
Objective	An objective is a projected goal that a person, system, or organisation plans or intends to achieve
Outcomes	Refer to the ultimate effects of government activities on society in the medium to long term. These are the results of specific outputs for strategic goals identified in the IDP.
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 the results of activities, processes and strategies of a program of a Municipality.
Outputs	Goods and services produced by the Municipality which are identified by the Performance measures. Outputs may be defined as “what we produce or deliver”.
Performance Audit Committee	An independent committee appointed to assess the annual performance of the Municipality and report on the findings.
Performance Agreement	Means an agreement as contemplated in Section 57 of the Municipal Systems Act.

Performance Plan	Means a part of the performance agreement which details with the Measurable objectives (Outputs), Performance Measures (KPI's), targets and activities that are aligned to the Scorecards.
Political office bearer	Means the Speaker, Executive Mayor, Mayor, Deputy Mayor or Member of the Executive Committee as referred to in the Municipal Structures Act.
Quarters	Means any of the following periods in a financial year: (1) 1 July to 30 September; (2) 1 October to 31 December; (3) 1 January to 31 March; or (4) 1 April to 30 June.
Scorecard	Is an evaluation device, that specifies the criteria that stakeholders will use to rate performance in satisfying their requirements. Municipal Scorecard: Five (5) Year Scorecard. Organisational Scorecard: Annual (Year under review) Scorecard with Quarterly Targets. Departmental Scorecard: Annual (Year under review) Scorecard with Quarterly Targets for Municipal Manager and Managers reporting to the Municipal Managers', Departments/Votes.
Service Delivery and Budget Implementation Plan	Means a detailed plan approved by the Mayor of a Municipality in terms of section 53(1) (c) (ii) of the Municipal Finance Management Act for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate – a) projections for each month of – 1) revenue to be collected, by source; and 2) operational and capital expenditure, by vote; b) service delivery targets and performance indicators for each quarter; and c) any other matters that may be prescribed, and includes any revisions of such plan by the Mayor in terms of section 54(1)(c) of the Municipal Finance Management Act.
Target	Target to be achieved for that indicator over the specified timeframe.

1.2 INTRODUCTION

A Municipality's Performance Management System (PMS) is the primary mechanism to monitor, review, and improve the implementation of its Integrated Development Plan (IDP) and to gauge the progress made in achieving the objectives set out in the IDP. In addition, a Municipality's PMS must also facilitate increased accountability, learning, improvement, provide early warning signals and facilitate decision-making.

The performance management system monitors actual performance against set targets and contractual obligations. Effective service delivery relies upon the implementation of the IDP, efficient utilisation of all resources and the performance management system being closely integrated across all functions at an organisational and an individual level.

This documents sets out:

- The legislative mandates that the PMS needs to comply with
- The definition of a PMS, its objectives and the principles that will inform its use and continuous improvement
- The process proposed for planning, implementing, monitoring and evaluating organizational performance management
- The process proposed for reviewing and rolling out individual performance management

Organizational and individual performance management are linked. The organizational objectives and targets that have been set for the municipality, municipal departments and business units are cascaded into the individual performance agreements of Section 54 and 56 Managers. When Managers achieve their targets then the respective business unit and departmental objectives and targets are also achieved that contribute towards the Municipality achieving the objectives of the IDP.

1.3 LEGISLATIVE MANDATES

1.3.1 Municipal Systems Act (Act No 32 of 2000)

Chapter 6 of the Municipal Systems Act, and specifically Sections 38 to 49, deal with organizational performance management. These legislative mandates require of all municipalities to:

- Develop a performance management system;
- Monitor and review the performance management system;
- Set key performance indicators and performance targets;
- Publish an annual report on performance for the benefit of the communities served by the municipality;
- Incorporate and report on a set of general key performance indicators prescribed nationally by the Minister responsible for local government; and
- Audit performance measurement both internally and externally.

Chapter 7 of the Municipal Systems Act deals with local public administration and human resources. In particular, sections 54 and 56 of this Chapter requires that the Municipal Manager and those officials

reporting directly to the Municipal Manager (i.e. Section 56 employees) sign annual performance agreements. An individual performance plan must be attached to the performance agreement and it must include a set of performance measures that will enable actual performance of individuals to be assessed against planned performance.

1.3.2 Municipal Finance Management Act (Act No. 56 of 2003)

Section 53 (1) (c) (ii) states that the Mayor of a municipality must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the Mayor within 28 days after the approval of the budget.

Section 53 (1) (c) (iii) (bb) states that the annual performance agreements are linked to the measurable performance objectives approved with the budget and to the services delivery and budget implementation plan.

Section 54 (1) (b) and (c) states that the Mayor must ensure that the budget is spent in accordance with the services delivery and budget implementation plan and amendments can be made to the services delivery and budget implementation plan with the approval of Full Council after approval of the adjustment budget.

1.3.3 Local Government: Municipal Systems Amendment Act (Act No. 7 of 2011)

This Amendment Act amends certain definitions; provides for a competency framework that contains criteria for the appointment of Senior Managers; and it makes further provision for the evaluation of Municipal Managers and Managers directly accountable to the Municipal Manager.

1.3.4 Local Government: Municipal Planning and Performance Management Regulations, 2001

These Regulations were passed by the Minister responsible for local government in terms of Section 49 of the Municipal Systems Act. These Regulations spell out the performance management responsibilities of municipalities in more detail. They deal with:

- The nature of the PMS
- The adoption of the PMS
- The setting of key performance indicators
- The general key performance indicators published by the Minister, which reflect the object of developmental local government
- The review of key performance indicators
- Setting of performance targets
- Monitoring, measurement and review of performance

- Internal auditing of performance management
- Community participation

The regulations further instruct a municipality to ensure that its performance management system:

- Complies with the requirements of the Act
- Demonstrates how the system will operate and be managed from the planning stage up to the stages of performance monitoring and reporting
- Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system
- Determines the frequency of reporting and the lines of accountability for performance
- Relates to the municipality's employee performance management processes
- Provides for the procedure by which the system is linked to the municipality's Integrated Development Planning processes
- Is adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan

1.3.5 Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006

These Regulations set out the:

- Format of the employment contract for Section 54 and 56 employees
- Format and procedure to be followed in appraising the individual performance of Section 54 and 56 Managers

1.3.6 Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers

Of particular relevance to this Performance Management Policy Framework is Annexure A of the abovementioned Regulations that deals with the competency framework for Senior Managers. The competency framework, including leading and core competencies as set out in the Regulations have been included in this Policy Framework.

1.3.7 National Treasury Guidelines for Minimum Competency Levels, 2007

These Guidelines explain, *inter alia*, how to implement the regulations discussed under 1.3.6 above. The implementation of the performance management framework should allow the municipality to collect, process, organize, analyse, audit, reflect and report on performance information. It should also allow the municipality to take practical steps to improve its performance.

1.4 DEFINITION AND OBJECTIVES OF PERFORMANCE MANAGEMENT (PMS)

1.4.1 DEFINITION OF PMS

Performance management is defined as: "a strategic approach to management, which equips leaders, managers, employees 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 of efficiency, effectiveness and impact."

1.4.2 OBJECTIVE OF PERFORMANCE MANAGEMENT

The objectives of performance management are, *inter alia*, to:

a) Facilitate increased accountability

The PMS should provide a mechanism for ensuring increased accountability between:

- The citizens of the Local Municipality and the Municipal Council
- The political and administrative components of the Municipality
- The Office of the Municipal Manager and each municipal department

b) Facilitate learning and improvement

The PMS must also provide a platform for learning and improvement. It should enable the Municipality to assess which approaches and methods are having the desired impact and in this way enable the Municipality to make the necessary improvements that will lead to more effective service delivery. It should form the basis for monitoring implementation, evaluating and improving the IDP.

c) Provide early warning signals

The PMS should provide managers and programme coordinators at all levels, the Municipal Manager, Portfolio Committees and the Council with early warning of performance targets that are not going to be reached and thus adversely affecting the implementation of the IDP. It is important that the system informs decision makers of areas of delivery that are lagging behind so that they can intervene and take corrective action as required.

d) Facilitate decision making

The PMS should provide suitable management information that will allow for efficient, effective and informed decision making, particularly on the allocation of resources.

The objectives listed above are not exhaustive, but briefly summarize the intended benefits of the PMS

that is to be reviewed and implemented. These intended objectives, together with other criteria, should be used to evaluate the PMS at the end of each financial year.

1.5 PRINCIPLES OF PERFORMANCE MANAGEMENT

The following principles are proposed to inform and guide the review and implementation of the PMS:

1.5.1 Simplicity

The system must be a simple user-friendly system that enables the Municipality to operate it with its existing resources with the involvement of external stakeholders.

1.5.2 Politically driven

The legislation requires the PMS to promote a culture of performance management in the political structures. It further states that Council must manage the development of the PMS and assign responsibility in this regard to the Municipal Manager. Once developed, Council must adopt the PMS. This means that Council is the owner of the system and must therefore oversee the implementation and improvement of the system and in the process, inculcate a culture of performance improvement as is required by the Municipal Systems Act.

1.5.3 Incremental implementation

One of the most important lessons learnt by municipalities that have developed and implemented successful performance management systems is that it is an incremental process. They point out that the most important thing to do is to start measuring and reporting performance and not to carry on developing the "best" system – start with a basic system, implement it and then improve it incrementally. It is not possible to transform overnight from close to non-compliance to international best practice. In practice, it is only possible to move gradually towards a high performance organisation.

1.5.4 1.5.4 Transparency and accountability

The process of managing performance should be inclusive, open and transparent. Citizens should know how departments within the municipality 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 interest groups.

1.5.5 Integration

The PMS should be integrated into other 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 for managing the affairs of the Municipality.

1.5.6 Objectivity

Performance management must be founded on objectivity and credibility. Both the process of managing performance and the information on which it relies need to be objective and credible.

PART TWO: ORGANISATIONAL PERFORMANCE MANAGEMENT

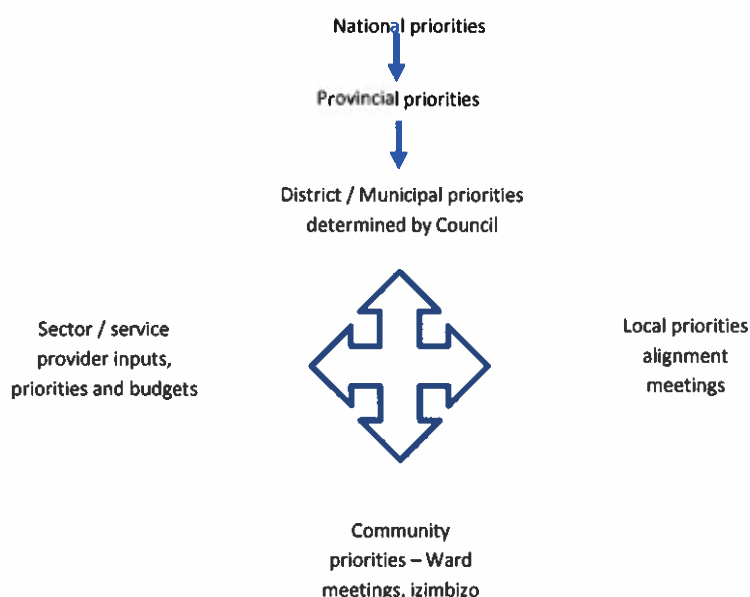
2.1 INTRODUCTION

At this level the performance of the municipality is measured and managed against the progress made in achieving the strategic objectives as set out in the Integrated Development Plan (IDP). This is done on the basis of the Key Performance Indicators and performance targets set for each of the IDP objectives. Collectively these performance indicators, targets and objectives are referred to as measurable objectives. The IDP has a five-year time span and the measurable objectives set at this level must be captured in an organisational scorecard, referred to in this document as the Municipal Five-Year Scorecard. Annual targets are then set by cascading the measurable objectives from the Municipal Five-Year Scorecard into the annual Municipal Service Delivery and Budget Implementation Plan (SDBIP) and Departmental SDBIPs.

2.2 PLANNING

Performance planning commences with the development of the Integrated Development Plan (IDP) at the beginning of the term of Council. The development of the measurable objectives in the IDP also constitutes the performance planning phase of the PMS and it is therefore important to integrate the work done during the development, or annual review, of the IDP into the PMS. In this way, the PMS becomes an extension of the IDP – it is the tool that is used for monitoring the implementation of the IDP.

The IDP planning process can be schematically depicted as follows:



The above process, that involves continuous community participation, informs the integrated IDP – Budget – OPMS planning. This process leads to a *status quo* analysis with the identification of strategic issues that can be arranged as follows under the national key performance areas (KPA's):

National Key Performance Area	Strategic Issues
1. Basic Service Delivery	2.1 Access to water 2.2 Access to sanitation 2.3 Electricity 2.4 Roads and Storm Water 2.5 Community and Public Facilities 2.6 Solid waste disposal 2.7 Housing
2. Local Economic Development and Cross-Cutting Interventions	2.1 Local economic development 2.2 Tourism promotion 2.3 Rural development 2.4 Cooperatives and SMMEs 2.5 Business support and development 2.6 Development planning 2.7 Geographic Information Systems
3. Community and Social Development Services	3.1 Fire and Emergency Services 3.2 Disaster Management 3.3 HIV and Aids 3.4 Sport and Recreation 3.5 Arts and Culture 3.6 Environmental Health 3.7 Gender, senior citizens, children and people with disabilities
4. Good Governance and Public Participation	4.1 Integrated Development Planning

National Key Performance Area	Strategic Issues
	4.2 Public participation 4.3 Internal Audit 4.4 Water Services Authority 4.5 Intergovernmental relations 4.6 Performance Management 4.7 Information and Communications Technology 4.8 Communications
5. Financial Viability and Management	5.1 Budgeting and Reporting 5.2 Income Control 5.3 Expenditure Control 5.4 Supply Chain Management
6. Municipal Transformation and Institutional Development	6.1 Human resource management 6.2 Administration and council support

Having identified the strategic issues, they now need to be converted into desired outcomes or impact indicators that Councillors can use to gauge progress towards meeting the development needs of Communities over their five-year term of office. This is normally done at a strategic planning session where a Municipal Five-Year Scorecard is developed for incorporation into the IDP. The steps to be followed in order to arrive at a credible Municipal Five-Year Scorecard are the following:

1. Develop a Vision, Mission and set of Corporate Values for the Municipality
2. Prioritise the strategic issues taking into account the most urgent development needs of the Communities in relation to available resources
3. Develop desired outcomes for the prioritized strategic issues that will measure progress in eradicating development backlogs over a five-year period. The achievement of the desired outcomes will also lead to the realization of the Vision.
4. Convert the outcomes (impact indicators) into strategic objectives that form part of the Municipal Five-Year Scorecard. The Municipal Five-Year Scorecard should incorporate the following:
 - a) Key performance area
 - b) IDP reference number
 - c) Strategic objective
 - d) Key performance indicators
 - e) Baseline for previous year
 - f) Annual target
 - g) Budget
 - h) Annual targets for years 2, 3, 4 and 5

How to develop a Vision, Mission and Corporate Values

Definitions	Examples
A Vision Statement is the end result / future state of what the municipality should achieve in the next five-year term	The Molemole Municipality will evolve into a dynamic metropolitan area, spreading its vibrant economic benefits to all its citizens and places and will, through concerted integrated development and services delivery, realise improvements in the overall quality of life
A Mission Statement is clear and concise and states who you are, what you do and for whom you do it	The Molemole Municipality will through sound governance and community participation ensure the provision of equitable and sustainable services and economic growth to all its inhabitants
Core Values are the operating principles that guide a municipality's internal conduct as well as its relationship with its customers, partners and stakeholders	Driven by the aspirations of the people we strive to achieve our Vision and Mission through: <ul style="list-style-type: none"> • Providing services according to the principles of <i>Batho Pele</i> (People First) • Practicing Ubuntu • Accepted codes of practice and standards of professionalism • Teamwork and commitment • A high standard of work ethic • Constant engagement with stakeholders

How to formulate desired outcomes or impact indicators

Key Performance Areas	Strategic Issues	Outcomes
Basic service delivery	Access to water	Potable water enjoyed by all within the Municipality
	Access to sanitation	Basic and higher levels of sanitation enjoyed by all within the Municipality
Local Economic Development and Cross-Cutting Interventions	Economic development	A conducive environment for rural and local economic development created
Community and social development services	Fire and Emergency Services	Humanitarian aid rendered and property and lives saved from fire and other threatening hazards

How to convert the outcomes into strategic objectives that form part of the Municipal Five-Year Scorecard

Department of Technical Services: Key Performance Area: Service delivery

IDP ref No	Strategic objective	KPI	Baseline 2016/17	Annual target 2017/18	Budget	Annual targets				Ward
						Y 2	Y 3	Y 4	Y 5	
Tech 1	To provide access to potable water	No. of planned projects completed	5	4		4	3	3	2	4, 7
Tech 2	To provide access to basic and higher levels of sanitation	No. of planned projects completed	3	5		5	2	2	3	4, 6

The following general key performance indicators are prescribed in terms of regulation 10 and Section 43 of the Municipal Systems Act, 2000 and must therefore be included in the Municipal Scorecard:

1. The percentage of households with access to basic levels of water, sanitation, electricity, and solid waste removal
2. The percentage of households earning less than R1 100 per month with access to free basic services
3. The percentage of the municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the IDP
4. The number of jobs created through the municipality's local economic development initiatives, including capital projects
5. The number of people from employment equity groups employed in the three highest levels of management in compliance with an approved Employment Equity Plan
6. The percentage of a municipality's budget actually spent on implementing the Workplace Skills Plan
7. The financial viability of the municipality:
 - a) Debt coverage = $\frac{\text{Total operating revenue minus operating grants}}{\text{debt service payments}}$
 - b) Outstanding service debtors to revenue = $\frac{\text{Total outstanding service debtors}}{\text{Annual revenue received for services}}$
 - c) Cost coverage = $\frac{\text{Available cash on hand plus investments}}{\text{Monthly fixed operating expenditure}}$

The Performance Planning process described above forms part of the IDP development / review process. Once the IDP has been completed, after extensive community consultation, it must be adopted by Council during June of each year. Thereafter, as from the commencement of the new financial year on 1 July, it must be implemented by means of the PMS.

2.3 IMPLEMENTATION

The Service Delivery and Budget Implementation Plan (SDBIP) is essentially the management and implementation tool that sets in-year information such as quarterly service delivery targets and links each service delivery output to the budget of the municipality, thus providing credible management information and a detailed plan for how the municipality will provide services and the inputs and financial resources to be used.

The SDBIP provides the basis for measuring performance in service delivery against end of the year targets and implementing the budget. It is a layered plan, with the top layer dealing with consolidated service delivery targets and linking these targets to top management. The next layer details outputs that are linked to the next layer of management. Much of this detail will be included in the departmental SDBIPs.

The complete SDBIP as prescribed by National Treasury must consist of the following components:

1. Quarterly projections of service delivery targets and performance indicators for each Vote
2. Monthly projections of revenue to be collected by source
3. Monthly projections of operating and capital expenditure and revenue for each Vote
4. Detailed capital works plan broken down by Ward over three years
5. Ward information

From a performance management point of view, it is only the first point, namely "Quarterly projections of service delivery targets and performance indicators" that is focused on. Officials from Finance and Technical Services provided the information for the other four components of the SDBIP that will be approved by Council.

For the sake of completeness, a template for developing a complete SDBIP with all five components is attached as Annexure A.

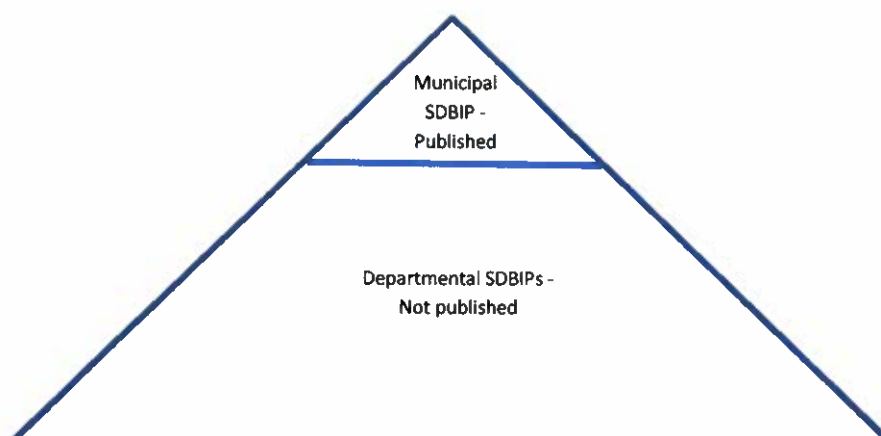
Meeting the SDBIP requirements for "Quarterly projections of service delivery targets and performance indicators" involves the following four tasks:

1. Develop a Municipal Service Delivery and Budget Implementation Plan (also known as an Organisational Scorecard)
2. Develop Departmental Service Delivery and Budget Implementation Plans (SDBIPs)
3. Develop Annual Performance Agreements for the Municipal Manager and Heads of Department – Section 54 and 56 employees

The process to be followed in carrying out the above four tasks is discussed below.

2.3.1 Develop a Municipal SDBIP

National Treasury stipulates in its Circular No. 13 (MFMA Circular No. 13) that the SDBIP must be a layered plan, with the top layer of the plan dealing with the consolidated service delivery targets and in-year deadlines and linking such targets to top management. The following diagram shows how only the tip of the pyramid forms the published part of the SDBIP.



In compliance with National Treasury requirements the Municipal SDBIP should therefore consist of a high-level set of measurable objectives that measure the performance of the Municipality at a corporate level. This is achieved by converting the Municipal Five-Year Scorecard into an annual Municipal SDBIP. This will also ensure alignment to the IDP. For this purpose, the same template is used for the Municipal SDBIP as was used for the Municipal Five-Year Scorecard, the annual targets will just be amended to quarterly targets and the result will be as follows:

Department of Technical Services
Key Performance Area: Service delivery

IDP ref No	Strategic objective	KPI	Baseli ne 2016/1 7	Annual target 2017/18	Budg et	Quarterly targets				War d
						Q 2	Q 3	Q 4	Q 5	
Tech 1	To provide access to potable water	No. of planned projects completed	5	4		1	1	1	1	4
Tach 2	To provide access to basic and higher levels of sanitation	No. of planned projects completed	3	5		1	2	1	1	6
	Etc.									

An example of a completed Municipal SDBIP is attached as Annexure B.

2.3.2 Develop Departmental SDBIPs

In order to ensure alignment with the IDP and the Municipal SDBIP all of the information contained in the Municipal SDBIP is copied into the Departmental SDBIP and then fleshed out to provide more detailed information. Additional, lower level, indicators are also added. The resultant Departmental SDBIP will thus include the following information:

- Department
- Key Performance Area
- Business Unit (normally aligned to strategic issues)
- IDP reference number
- Strategic objective
- Measurable output
- Key performance indicator
- Budget
- Annual target
- Quarterly targets (Q1, Q2, Q3 and Q4)
- Responsible official

An example of a complete Departmental SDBIP is attached as Annexure C.

2.3.3 Develop Annual Performance Agreements

In terms of Section 57 (1) (b) of the Municipal Systems Act, 2000 the Municipal Manager and Heads of Department (Section 54 and 56 employees) must sign annual Performance Agreements at the beginning of each financial year. An example of such an Agreement is attached as Annexure D.

An Individual Performance Plan must be developed and attached as an annexure to the Performance Agreement – an example also forms part of Annexure D and it is in the following format:

ID P r e f N o	Strategi c objectiv e	KPI	Quarterly targets								Comme nts	Own rating (1 – 5)	Panel's rating (1 – 5)
			Quarter 1		Quarter 2		Quarter 3		Quarter 4				
			Tar get	Act ual	Tar get	Act ual	Tar get	Act ual	Tar get	Act ual			

In order to populate this template for the Municipal Manager and Heads of Department (Section 54 and 56 employees) the necessary information needs to be copied and pasted from the Municipal SDBIP. For the lower tier of management, the information would be obtained from the Departmental SDBIP. At the time of assessment, the actual performance would be obtained from the relevant Quarterly Performance Reports.

Note that the IDP reference number remains constant in the Municipal Five-Year Scorecard, the Municipal SDBIP, the Departmental SDBIP and the Individual Performance Plan. This ensures direct alignment with the IDP and facilitates the auditing process.

2.4 MONITORING

The old adage of “what gets measured gets done” is applicable in this section. Having completed the planning and developed the necessary implementation tools it is now necessary to measure, monitor and report progress. While measuring and analyzing actual performance against set targets the following questions can, *inter alia*, be asked:

- How were the activities implemented?
- Were planned outputs achieved?
- Were they achieved within the planned timeframe?
- Was the quality up to standard?
- Were financial, human and material resources managed responsibly and efficiently?
- Was the project executed in a cost-effective manner?

Measured performance must be reported and the OPMS reporting structure requires the following reports:

1. Quarterly Departmental Performance Reports
2. Quarterly consolidated Municipal Performance Report
3. Half-Yearly Municipal Performance Report
4. Annual Municipal Performance Report

All Performance reports must reflect a portfolio of evidence to substantiate reported achievements.

These Reports will now be discussed in more detail below.

2.4.1 Quarterly Departmental Performance Report

This is an important report as it forms the foundation for all the other reports. The Departmental Performance Report should contain all the planning information contained in the Departmental SDBIP and to this must now be added the actual information so as to measure performance against targets. The actual information includes the following:

- Actual performance against targets
- Expenditure against budget (expenditure as at the end of the quarter)
- Reason for variance if any
- Remedial action where necessary
- Portfolio of evidence

An example of a completed Departmental Performance Report is attached as Annexure E.

The following steps should be taken in developing the Departmental Performance Report:

1. Record your actual performance against the quarterly target
2. In the "Portfolio of Evidence" column list the documents that will substantiate your achievement
3. If you did not achieve your quarterly performance target:
 - 3.1 Provide reasons in the "Reason for variance" column
 - 3.2 Indicate what you are going to do to remedy the situation by completing the "Remedial Action" column
4. If you achieved your performance target, or partially achieved it, attach your Portfolio of Evidence. The documents must correspond with those listed as your "Portfolio of Evidence"
5. Cross reference your Portfolio of Evidence by entering the "IDP Ref No" in the top right hand corner. This will facilitate the audit purposes

As already stated, the Departmental Performance Report is an important document as it provides the information that will be transferred into the consolidated Municipal Performance Report, the Half-Yearly Performance Report and the Annual Performance Report. It is therefore necessary to constantly strive towards improving the credibility of Quarterly Departmental Performance Reports. To this end, the Internal Audit results pertaining to the Quarterly Departmental Performance Report for the previous quarter should be forwarded to all Managers and Programme Coordinators, who make inputs into the Report, with the view to eliminating the same errors in future reports. By repeating this after each quarter the credibility of the reports will improve over time.

2.4.2 Quarterly consolidated Municipal Performance Report

The template for the Quarterly Municipal Performance Report is attached as Annexure F. It contains the following information:

- a) Department
- b) Key Performance Area
- c) IDP reference number
- d) Strategic objective
- e) Key Performance Indicator
- f) Quarterly target and actual for previous year
- g) Quarterly target and actual for current year
- h) Status (Well above, Above, On target, Below and Well below)
- i) Budget
- j) Expenditure
- k) Reason for variance
- l) Remedial action

It will be noted that the information in a) to f) can be copied from the Municipal SDBIP while the information for g) to l) is available on the Quarterly Departmental Performance Reports.

2.4.3 Half-Yearly Municipal Performance Report

The template for the Half-Yearly Municipal Performance Report is attached as Annexure G. It contains the following information:

- a) Department
- b) Key Performance Area
- c) IDP reference number
- d) Strategic objective
- e) Key Performance Indicator
- f) Targets and actuals for previous year Q1 and Q2
- g) Targets and actuals for current year Q1 and Q2
- h) Status (Well above, Above, On target, Below and Well below)
- i) Reason for variance
- j) Remedial action

All of the required information can be obtained from the Quarterly Municipal Performance Reports.

2.4.4 Annual Municipal Performance Report

The template for the Annual Municipal Performance Report is attached as Annexure H. It contains the following information:

- a) Department
- b) Key Performance Area
- c) IDP reference number
- d) Strategic objective
- e) Key Performance Indicator
- f) Annual target
- g) Targets and actuals for Q1, Q2, Q3 and Q4
- h) Actual annual performance achieved
- i) Budget
- j) Expenditure
- k) Reason for variance
- l) Remedial action
- m) Previous year and future year targets

All of the required information can be obtained from the Quarterly Municipal Performance Reports. The Q4 Municipal Performance Report contains most of the required information for the Annual Municipal Performance Report, but in practice the reasons for variance and remedial actions often need to be obtained from the Q1, Q2 or Q3 Reports.

2.5 EVALUATION

Evaluation and review includes assessment of the system itself, the framework, performance targets of departments and performance measurement of employees. It identifies the strengths, weaknesses, opportunities and threats of the municipality in meeting key performance indicators, performance targets and general key performance indicators. It also measures the economy, efficiency, effectiveness in the utilization of resources and impact in so far as performance indicators and targets set by the municipality are concerned. Performance improvement and adjustment is based on this review.

Some pertinent questions that can be asked during the evaluation process include:

- Did our work ultimately change the status of the target population or situation?
- What types of interventions are successful under what conditions?
- How can outputs and outcomes best be measured?
- What lessons were learned?
- What kind of implementation challenges have emerged and how are they being addressed?
- What is the progress towards achieving the desired outcomes?
- Are the selected indicators pertinent and specific enough to measure the outputs?
- Why are some officials not implementing activities as well as others?
- How is the external environment affecting internal operations of the municipality?

2.6 PERFORMANCE AUDITING

The Municipal Planning and Performance Management Regulations, 2001, requires municipalities to develop and implement mechanisms, systems and processes for auditing the results of the performance measurements as part of its internal auditing processes. This is meant to ensure that performance information collected by the municipality is verifiable, reliable and correct.

2.6.1 Internal Auditing

The Regulations provides that the internal audit activity must include assessments of the following:

- The functionality of the municipality's performance management system
- Whether the performance management system complies with the relevant provisions of the Municipal Systems Act, 2000
- The extent to which the municipality's performance measurements are reliable in measuring performance
- On a continuous basis, audit the performance measurements of the municipality
- Submit quarterly reports on their audits to the Municipal Manager and the Performance Audit Committee

2.6.2 External Auditing

The results of performance measurements must be audited annually by Auditor-General.

2.6.3 Performance Audit Committee

The Regulations further provides for the creation of a Performance Audit Committee:

- The municipality must annually appoint and budget for a Performance Audit Committee of at least three members, the majority of which cannot be a Councillor or an official of the municipality
- Any external member of the committee may be remunerated in line with tariffs determined by the South African Institute of Chartered Accountants

- A municipality must provide secretariat services for its audit committee
- The Performance Audit Committee must meet at least twice during the financial year, but a special meeting may be called by any member of the committee

The roles and responsibilities of the Performance Audit Committee are the following :

- Review the quarterly reports submitted to it by the Internal Audit Activity
- Review the municipality's performance management system and make recommendations in this regard to the council of that municipality
- In its review of the system, focus on economy, efficiency, effectiveness and impact of the KPIs and targets set
- Submit an audit report to the municipal council twice during a financial year

In order to fulfill their functions, a Performance Audit Committee may:

- Communicate directly with the Council, Municipal Manager or the Internal Auditors of the municipality
- 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 needed by the committee
- Investigate any matters it deems necessary for the performance of its duties and the exercise of its powers

The composition of the Performance Audit Committee should ensure that the following competencies are sufficiently catered for within the group:

- Expertise in performance management
- Expertise in finance
- An understanding of development planning
- Credibility within all communities and organs of civil society within the municipality

PART THREE: INDIVIDUAL PERFORMANCE MANAGEMENT

3.1 INTRODUCTION

At this level, the performance of individuals is measured against personal performance targets set out in the Individual Performance Plans that are aligned to the IDP and Municipal SDBIP. This ensures that the Organisational Performance Management System (OPMS) and Individual Performance Management System (IPMS) are linked and integrated.

3.2 SECTION 54 AND 56 EMPLOYEES

3.1.1 In terms of Section 54 / 56 of the Municipal Systems Act these employees are required to sign a performance agreement within a reasonable time after assuming duty and then within one month after commencement of the new financial year.

3.1.2 The performance agreement should be informed by the IDP and the Municipal SDBIP and the content of the performance agreement should include the following:

- The legal agreement to be signed by the employer and the employee, a template of which is attached at Annexure H.
- A performance plan, attached to the legal agreement, containing:
 - KPAs
 - IDP reference number
 - Strategic objective
 - Measurable outputs
 - KPI
 - Quarterly targets and actuals
 - Comments
 - Own rating (1 – 5)
 - Panel's rating (1 – 5)
- A personal development plan that identifies the competencies and other development needs of the employee, as well as interventions to improve these. A template is also attached to the legal agreement.

3.1.3 The criteria upon which the performance of the employee must be assessed consists of two components, both of which must be contained in the performance agreement. The employee must be assessed against both components, with a weighting of 80: 20 allocated to the Key Performance Areas (KPAs) and the Competency Framework (CF)), respectively. Each area of assessment will be weighted and will contribute a specific part to the total score. KPAs covering the main areas of work will account for 80 % and the CF will account for 20 % of the final assessment.

3.1.4 The employee's assessment will be based on his or her performance in terms of achieving the targets as set out in the performance plan (80% weighting) and the extent to which the various competencies as contained in the competency framework (20% weighting) are met.

3.3 EMPLOYEES BELOW SECTION 56 MANAGERS (DIVISIONAL MANAGERS AND EMPLOYEES BELOW)

- 3.3.1 The performance agreements of the Municipal Manager and those Managers reporting directly to the Municipal Manager, are the cornerstones of individual performance management.
- 3.3.2 Each individual employee should agree with their respective supervisors on the performance plan which contains performance on a quarterly basis.
- 3.3.3 The performance plan should be signed by both the individual employee and their Supervisors by the 15 of August in each financial year
- 3.3.4 The individual performance plans should be informed and be aligned to the departmental SBIP.
- 3.3.5 The performance agreement as referred to above can only be reviewed after the overall Mid-Year Performance review.
- 3.3.6 Each performance plan must contain a personal development plan that identifies the competencies and other development needs of the employee, as well as interventions to improve these.
- 3.3.7 The employee's assessment will be based on his or her performance in terms of achieving the targets as set out in the performance plan.

3.4 ELIGIBILITY IN TERMS OF PAYMENT OF PERFORMANCE BONUSES OF DIVISIONAL MANAGERS AND EMPLOYEES BELOW

- 3.4.1 The employee must be permanently employed in the Municipality.
- 3.4.2 An employee must have worked an uninterrupted period of at least six months in the Municipality.
- 3.4.3 For an employee to be recognized for performance compliance and reward purposes, a minimum of two formal reviews / evaluation must have taken place during the course of the year under consideration.
- 3.4.4 The minimum annual percentage an employee should achieve to be eligible for a performance reward is 100%.
- 3.4.5 Annual performance achievement scores are used to determine eligibility for a performance reward.
- 3.4.6 Quarterly performance achievement scores will apply in cases where an employee worked for a period of six months or more but less than a year. Such an employee is eligible for a pro rata performance bonus calculated on the number of months worked.
- 3.4.7 Employees who cannot complete all four performance reviews due to any kind of leave will have their annual scores calculated on the average of quarters they were at work. Leave reports must be submitted for the period of their absence. Such employees will be paid a pro rata bonus equals to the number of months worked, in case they qualify in terms of performance achievement.
- 3.4.8 An employee who is absent from work for the whole financial year due to any kind of leave, will not be eligible for a performance bonus.
- 3.4.9 Employees in acting positions will only undergo performance evaluation for their permanent position and not the acting position.

3.5 Exemption from performance rewards

3.5.1 The following categories of employees are excluded from any form of performance rewards.

- Interns
- Casual workers
- Employees who are on a short term contract (one year or less)
- Volunteers
- Experiential Learners

3.6 KPA AND COMPETENCY FRAMEWORK STRUCTURE

3.6.1 The performance of Section 54 & 56 Managers and Managers/Supervisors reporting directly to the Section 56 Managers will be based on the national key performance areas which are as follows:

KEY PERFORMANCE AREAS (KPA'S)	WEIGHTING
Basic Service Delivery	
Municipal Transformation and Institutional Development	
Local Economic Development and Cross-Cutting Initiatives	
Municipal Financial Viability and Management	
Good Governance and Public Participation	
Community and Social Development Services	
TOTAL	100%

3.6.2 Each Senior Manager will be required to put a weighting for each of the KPA depending on their area of work and the value attached to each KPA. There should be a Key performance indicator of each KPA which has been weighted.

3.6.3 The key performance areas for the employees below Managers/Supervisors will depend on their specific area of work. The key performance areas contributes 80% to the overall score.

3.6.4 The competency framework for the section 54 & 5 Managers and Managers/Supervisors reporting directly to the section 56 Managers will be based on regulation 805 and will contribute 20% of the total scores

3.6.5 The generic Competency framework for employees Divisional Managers and/or Supervisors are as follows:

COMPETENCIES	WEIGHTING
Moral competencies	

COMPETENCIES	WEIGHTING
Planning and organizing	
Analysis and innovation	
Knowledge and Information Management	
Communication	
Results and Quality Focus	
Team Work	
TOTAL	1 00%

3.7 PERFORMANCE REVIEWS

- 3.7.1 The performance of the employee in relation to his or her performance agreement must be reviewed quarterly, with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory.
- 3.7.2 The employer must keep a record of the mid-year review and annual assessment meetings.
- 3.7.3 Performance feedback must be based on the employer's assessment of the employee's performance.
- 3.7.4 The employer will be entitled to review and make reasonable changes to the provisions of the performance plan from time to time for operational reasons on agreement between both parties.
- 3.7.5 The employer may amend the provisions of the performance plan whenever the performance management system is adopted, implemented and/or amended as the case may be on agreement between both parties.

3.8 MANAGEMENT OF EVALUATION OUTCOMES: SECTION 54 and 56 MANAGERS

- 3.8.1 Evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 3.8.2 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to a Section 54 /56 employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that:
- a score of 130% to 149% is awarded a performance bonus ranging from 5 % to 9%
 - a score of 150% and above is awarded a performance bonus ranging from 10% to 14%
- 3.8.3 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 counseling 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

3.9 MANAGEMENT OF EVALUATION OUTCOMES: DIVISIONAL MANAGERS AND EMPLOYEES BELOW

3.9.1 Good performance shall be recognized and rewarded to employees. The employee shall receive a maximum of six (6) percent of the annual basic salary which represents a 100% of the bonus.

3.9.2 The scale is depicted as follows:

ACHIEVEMENT PERCENTAGE	MAXIMUM PERCENTAGE OF BONUS
150% and above	+ 1 % of the bonus (6% of annual basic salary)
100 – 149%	Up to 5% of annual basic salary.
<100%	No performance bonus. Clause 3.7.3 below will be applicable

3.9.3 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 counseling 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.

3.9.4 The employee performance bonus will be based on the following rating scales per Key Performance Indicator:

LEVEL	TERMINOLOGY	DESCRIPTION	% OF BASIC SALARY FOR BONUS
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicate that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the year.	5% of the Basic Annual Salary
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	3.5% of the Basic Annual Salary

LEVEL	TERMINOLOGY	DESCRIPTION	% OF BASIC SALARY FOR BONUS
		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 Performance Agreement and Performance Plan.	2.5% Of the Basic Annual Salary
2	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 indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement and Performance Plan.	No performance bonus
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 Performance Agreement 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.	No Performance bonus

PART FOUR: REVIEW AND IMPROVEMENT OF THE PMS

4.1 COMPLIANCE CHECK

A logical point of departure in reviewing and evaluating the effectiveness of the PMS is to establish to what extent the system is compliant with legal mandates and to what extent it is moving beyond compliance towards best practice.

4.2 EVALUATION OF EFFECTIVENESS

Furthermore, the review of the PMS will need to be done with the participation of the users of the system. During this evaluation, it will be necessary to examine the effectiveness of the system in all its phases and to identify areas of improvement by taking into account:

- The experiences in the application of the system
- Best practices in other municipalities
- International trends in public sector performance management

4.3 REPORTING LINES AND FREQUENCY OF REPORTING

It is important to clarify roles and responsibilities of employees and stakeholders in the performance management cycle. The roles and responsibilities of the main role players in the different phases of the performance management cycle are set out in the table below:

Role Players	Performance Planning	Performance Implementation	Performance Monitoring and Evaluation	Performance Audit
Municipal Council	<ul style="list-style-type: none"> Adopt priorities and objectives of the IDP Adopt the PMS framework Adopt the Municipal SDBIP (Strategic Scorecard) that includes key performance indicators and performance targets Assigns the responsibility for the management of the PMS to the Mayor 	<ul style="list-style-type: none"> Approves the annual review programme of the IDP, including the review of KPIs and performance targets Approves the annual improvement measures of the municipality as part of the new Municipal SDBIP (Strategic Scorecard) Approves changes to the priorities, objectives, key performance indicators and performance targets of the municipality 	<ul style="list-style-type: none"> Report the municipality's performance to the community Approve recommendations for the improvement of the performance management system Annually receive the appraisal of the municipal manager and other section 56 employees Receive and consider all quarterly, half-yearly and annual performance reports Submit the municipal annual report to the Auditor-General and the MEC 	<ul style="list-style-type: none"> Approve the municipal annual audit plan and any substantial changes to it Receive performance reports from the Performance Audit Committee Approve the implementation of the recommendations of the Performance Audit Committee Receive the performance audit report from the Auditor-General

Role Player	Planning	Implementation	Monitoring	Evaluation	Performance Audit
Municipal Manager	<ul style="list-style-type: none"> Coordinate the process of needs identification and prioritisation among all stakeholders, including the community Coordinate the formulation and revision of the PMS framework Coordinate the formulation and revision of the Municipal SDBIP (Strategic Scorecard) that includes KPIs and performance targets Leads the process of the formulation and revision of Departmental SDBIP (Departmental Scorecards) and departments annual programmes Enters into performance agreement with section 56 managers on behalf of Council. 	<ul style="list-style-type: none"> Manage the overall implementation of the IDP Ensure that all role players implement the provisions of the PMS framework Ensure that the Departmental SDBIPs (Departmental Scorecards) and departmental annual programmes serve the Municipal SDBIP of the municipality Ensure that annual programmes are implemented according to the targets and timeframes agreed to Implement performance improvement measures approved by Council Ensure that performance objectives in the section 56 managers performance agreements are achieved 	<ul style="list-style-type: none"> Receive quarterly performance reports from the Internal Audit Activity Receive performance reports twice a year from the Performance Audit Committee Receive quarterly departmental performance reports Report quarterly to Council on municipal performance Report on the implementation of improvement measures adopted by Council Submit the municipal half-year and the municipal annual report to Council Annually report on the performance of section 56 managers 	<ul style="list-style-type: none"> Formulate the annual review programme of the IDP, including the review of KPIs and performance targets for consideration by Council Formulate the annual performance improvement measures of the municipality as part of the new Municipal SDBIP (Strategic scorecard) Quarterly review the performance of departments to improve the economy, efficiency and effectiveness of the municipality Quarterly and annually evaluate the performance of section 56 managers 	<ul style="list-style-type: none"> Formulate responses to the recommendation of the Internal Audit Activity and Performance Audit Committee Formulate responses to the performance audit report of the Auditor-General and recommend to Council

Role Player	Planning	Implementation	Monitoring	Evaluation	Performance Audit
Heads of Departments	<ul style="list-style-type: none"> Participate in the formulation and revision of the Municipal SDBIP (Strategic Scorecard) that includes KPIs and performance targets in consultation with the relevant officials / stakeholders Develop Departmental SDBIP (Departmental Scorecards) Develop annual plans for business units within the department Manage performance of subordinate staff Enter into a performance agreement with the Municipal Manager 	<ul style="list-style-type: none"> Manage the implementation of Departmental SDBIP (Departmental Scorecard) Ensure that annual programmes are implemented according to the targets and timeframes agreed to Implement measures approved by Council Manage the implementation of subordinate's performance Ensure that performance objectives in the performance agreements are achieved 	<ul style="list-style-type: none"> Submit monthly departmental performance reports Report on the implementation of improvement measures adopted by Council Submit half-year and annual performance reports on the performance of the department. 	<ul style="list-style-type: none"> Participate in the formulation of the annual review programme of the IDP, including the review of KPIs and performance targets for consideration by Council Quarterly review the performance of the department to improve the economy, efficiency and effectiveness of the municipality Quarterly and annually evaluate the performance of the department 	<ul style="list-style-type: none"> Participate in the formulation of the response to the recommendation of Internal Audit Activity and the Performance Audit Committee Participate in the formulation of the response to performance audit report of the Auditor-General and recommend to Council

Role Player	Planning	Implementation	Monitoring	Evaluation
Municipal Officials	<ul style="list-style-type: none"> Participate in the development of Departmental SDBIPs (Departmental Scorecards) Participate in the development of their own business unit performance plans 	<ul style="list-style-type: none"> Execute business unit performance plans Execute individual work plans 	<ul style="list-style-type: none"> Submit performance reports to Managers 	<ul style="list-style-type: none"> Participate in the review of departmental plans Participates in the review of own performance
Internal Audit Activity	<ul style="list-style-type: none"> Participate in the formulation of the annual audit plan 	<ul style="list-style-type: none"> Execute the audit plan 	<ul style="list-style-type: none"> Submit quarterly reports to the Municipal Manager Submit quarterly reports to the Performance Audit Committee 	<ul style="list-style-type: none"> Measure the performance of departments according to KPIs and performance targets set in the SDBIPs Assess the functionality of the PMS Ensure that the system complies with the legislation framework Audit the performance measures in the SDBIPs
Performance Audit Committee	<ul style="list-style-type: none"> Make inputs and recommendations on the annual audit plan 	<ul style="list-style-type: none"> Hold at least two performance audit meetings 	<ul style="list-style-type: none"> Report at least twice to Council 	<ul style="list-style-type: none"> Review quarterly reports from the Internal Audit Activity

4.4 PERFORMANCE MANAGEMENT TIMELINES

The following table indicates the various activities and milestones that must be executed during the implementation of the annual performance management cycle. To ensure alignment, the Performance Management Unit would need to execute some of these activities in close cooperation with the IDP and the Budgeting Units. It is desirable to develop a joint IDP/Budget/PMS Process Plan during July of each year and submit it to Council for adoption.

Alignment Process	Milestones and Activities	Target Dates	Responsibility	Output
IDP/Budget/PMS	Hold strategic planning session to review Municipal Five-Year Scorecard and develop a Draft Municipal SDBIP	March	MM, HoDs, IDP, Budgets and PMS	<ul style="list-style-type: none"> Reviewed Municipal Five-Year Scorecard Municipal SDBIP
IDP/Budget/PMS	Develop Draft Departmental SDBIPs	March	HoDs, IDP, Budgets and PMS	Departmental SDBIPs
IDP/Budget/PMS	Submit Draft Municipal SDBIP to National and Provincial Treasury	March	Budgets and PMS	Draft Municipal SDBIP submitted
PMS	Develop Performance Agreements in line with Municipal SDBIP S53 MFMA and S57 MSA	April	M: PM	Reviewed Performance Agreements
PMS	Review Performance Management Policy Framework	May	M:PM	Reviewed PM Policy Framework
PMS	Submit Draft Municipal SDBIP to Mayor for approval	May	Mayor, MM, M:PM	Approved Municipal SDBIP
PMS	Submit new Performance Agreements for adoption by Council	June	M:PM	Signed Performance Agreements and placed on website within 14 days
PMS	Submit approved Municipal SDBIP to Provincial and National Treasury	June	M:PM	Approved Municipal SDBIP placed on website within 14 days
PMS	Develop and submit Q4 Municipal Performance Report	July	M:PM	Adopted Q4 Municipal Performance Report
IDP/Budget/PMS	Prepare annual IDP/Budget/PMS Process Plan	July	IDP, Budget and PMS Units	Draft IDP/Budget/PMS Process Plan


Alignment Process	Milestones and Activities	Target Dates	Responsibility	Output
PMS	Draft Annual Performance Report S46 MSA	July / August	M:PM	Annual Municipal Performance Report
IDP/Budget/PMS	Submit Draft IDP/Budget/PMS Process Plan to Council	August	IDP, Budget and PMS Units	Adopted IDP/Budget/PMS Process Plan
PMS	Complete Provincial Section 47 MSA datasheet and submit to Province	August	MM, HoDs, M:PM	Completed Section 47 datasheet
PMS	Prepare Performance Working Paper file for Auditor-General	August	M:PM	Completed Performance Working Paper file for A-G
PMS/Internal Audit	Internal Audit reports submitted to MM and Performance Audit Committee	Quarterly	MM, IA and PAC	Internal audit reports on performance
PMS	Develop new performance reporting templates to be used in the reporting process	September	M:PM	New Performance Reporting Templates
PMS	Develop and submit Q1 Municipal Performance Report	October	M:PM	Adopted Q1 Municipal Performance Report
PMS	Develop and submit Q2 Municipal Performance Report	January	M:PM	Adopted Q2 Municipal Performance Report
PMS	Develop and submit Half-Yearly Performance Report	January	M:PM	Adopted Half-Yearly Performance Report
PMS	Review and amend the Municipal SDBIP after adoption of the Adjustment Budget	January / February	M:PM	Amended Municipal SDBIP adopted
PMS	Facilitate Midyear appraisals for Section 54 and 56 Managers	January / February	Mayor, MM, HoDs, M:PM	Completed Midyear appraisals
PMS	Develop and submit Q3 Municipal Performance Report	January	M:PM	Adopted Q3 Municipal Performance Report
PMS	Facilitate Annual appraisals for Section 54 and 56 Managers for previous financial year after adoption of the Annual Report and receipt of the Auditor-General Report	April	Panel members, MM, HoDs, M:PM	Completed annual appraisals for previous year

4.5 CONCLUSION

The proposed performance management framework is aimed at guiding Council in the development of a performance management system which will contribute to improving the municipal performance and enhance service delivery. The framework is drafted to provide details which 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.

4.6 APPROVAL

The policy shall be reviewed annually and as when it becomes necessary to do so.

Signature	
Initials and Surname	ME PATA
Designation	MAYOR
Council Resolution Number	OC/5.1.5/26/06/2020
Council Date	26 June

STRUCTURE AND LAYOUT OF SECTION 54 & 56 PERFORMANCE AGREEMENT

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN:

THE (NAME OF) MUNICIPALITY AS REPRESENTED BY THE EMPLOYER

NAME OF THE EMPLOYER

AND

**NAME OF THE MANAGER
(THE EMPLOYEE)**

**FOR THE
FINANCIAL YEAR: 1 JULY (YEAR) - 30 JUNE (YEAR)**

PERFORMANCE AGREEMENT

ENTERED INTO AND BETWEEN:

The (Name) Municipality herein represent by _____ (full name) in his / her capacity as
_____ hereinafter referred to as the Employer)
and
_____ (full name) Employee of the Municipality of _____
(hereinafter referred to as the Employee).

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 The Employer has entered into a contract of employment with the Employee in terms of section 57(1) (a) of the Local Government: Municipal Systems Acts 32 of 2000 ("the Systems Act"). The Employer and the Employee are hereinafter referred to as "the Parties".
- 1.2 Section 57(1) (b) of the Systems Act, read with the Contract of Employment concluded between the parties to conclude an annual performance Agreement.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Employee to a set of outcomes that will secure local government policy goals.
- 1.4 The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.

2. PURPOSE OF THIS AGREEMENT

The Purpose of this Agreement is to -

- 2.1 Comply with the provisions of Section 57(1)(b), 4(A), (4B) and (5) of the Systems Acts as well as the Contract of Employment entered into between the parties;
- 2.2 Specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance expectations and accountabilities;
- 2.3 Specify accountabilities as set out in the Performance Plan (Annexure A);
- 2.4 Monitor and measure performance against set targeted outputs;

- 2.5 Use the Performance Agreement and Performance Plan as the basis for assessing the suitability of the Employee for permanent employment and /or to assess whether the Employee has met the performance expectations applicable to his/her job;
- 2.6 Appropriately reward the Employee in accordance with the Employer's performance management policy in the event of outstanding performance; and
- 2.7 Give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on the _____(date) and will remain in force until _____(date) where after a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between the parties for the next financial year or any portion thereof.
- 3.2 The parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by not later than the beginning of each successive financial year.
- 3.3 This Agreement will terminate on the termination of the Employee's Contract of Employment should no new Agreement be concluded for whatever reason, notwithstanding 3.1, the provisions of the Agreement shall continue in force until termination of the Employment Contract.
- 3.4 The content of this Agreement may be revised at any time during the abovementioned period to determine the applicability of the matters agreed upon.
- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

4. PERFORMANCE OBJECTIVES

4.1 The Performance Plan (Annexure A) sets out-

4.1.1 The performance objectives and targets that must be met the Employee; and

4.1.2 The time frames within which those performance objectives and targets must be met.

4.2 The performance objectives and targets reflected in Annexure A are set by the Employer in consultation with the Employee and based on the Integrated Development Plan and the Budget of the Employer, and shall include key objectives; key performance indicators; target dates and weighting

4.3 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.

4.4 The Employee's performance will, in addition, be measured in Terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan.

5. PERFORMANCE MANAGEMENT SYSTEM

5.1 The Employee agrees to participate in the Performance Management System that the Employer adopts or introduces for the Employer, management, and municipal staff of the Employer.

5.2 The Employee accepts that the purpose of the Performance Management System will be to provide a comprehensive system with specific performance standards to assist the Employer, management, and municipal staff to perform to the standards required.

5.3 The Employer will consult the Employee about the specific performance standard that will be included in the Performance Management System as applicable to the Employee.

6. The Employee agrees to participate in the Performance Management and Development System that the Employer adopts

- 6.1 The Employee undertakes to actively focus towards the promotion and implementation of KPA's (including special projects relevant to the employee's responsibilities) within the local government framework.
- 6.2 The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.
- 6.2.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Competency framework (CF) respectively.
- 6.2.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
- 6.2.3 KPA's covering the main areas of work will account for 80% and CF will account 20% of the final assessment.
- 6.3 The Employee's assessment will be based on his/her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan (Annexure A), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee.

KEY PERFORMANCE AREAS (KPA'S)	WEIGHTING
Basic Service Delivery	
Municipal Transformation and Institutional Development	
Local Economic Development and Cross-Cutting Initiatives	
Municipal Financial Viability and Management	
Good Governance and Public Participation	
Community and Social Development Services	
Total	100%

6.3 The Competency Framework (CF) will make the other 20% of the Employee's assessment score.

The CF as contained in the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers must be used for this purpose. The said Regulations state that there is no hierarchical connotation to the structure and all competencies are essential to the role of a Senior Manager to influence high performance. All competencies must therefore be considered as measurable and critical in assessing the level of a Senior Manager's performance.

6.5 Competency framework structure

The competencies that appear in the competency framework are detailed below.

LEADING COMPETENCIES	
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organizational Awareness
People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management
Program and Project Management	<ul style="list-style-type: none"> • Program and Project Planning and Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation
Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring
Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation
Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance
CORE COMPETENCIES	
Moral	
Planning and organizing	
Analysis and innovation	
Knowledge and Information Management	
Communication	
Results and Quality Focus	

6.6 Competency Descriptions

Cluster	Leading Competencies		
Competency Name	Strategic Direction and Leadership		
Competency Definition	Provide and direct a vision for the institution, and inspire and deploy others to deliver on the strategic institutional mandate		
ACHIEVEMENT LEVELS			
BASIC	COMPETENT	ADVANCED	SUPERIOR

<ul style="list-style-type: none"> • Understand institutional and departmental strategic objectives, but lacks the ability to inspire others to achieve set mandate • Describe how specific tasks link to institutional strategies but has limited influence in directing strategy • Has a basic understanding of institutional performance management, But lacks the ability to integrate systems into a collective whole • Demonstrate a basic understanding of key decision-makers 	<ul style="list-style-type: none"> • Give direction to a team in realising the institution's strategic mandate and set objectives • Has a positive impact and influence on the morale, engagement and participation of team members • Develop actions plans to execute and guide strategy implementation • Assist in defining performance measures to monitor the progress and effectiveness of the institution • Displays an awareness of institutional structures and political factors • Effectively communicate barriers to execution to relevant parties • Provide guidance to all stakeholders in the achievement of the strategic mandate • Understand the aim and objectives of the institution and relate it to own work 	<ul style="list-style-type: none"> • Evaluate all activities to determine value and alignment to strategic intent • Display in-depth knowledge and understanding of strategic planning • Align strategy and goals across all functional areas • Actively define performance measures to monitor the progress and effectiveness of the institution • Consistently challenge strategic plans to ensure relevance • Understand institutional structures and political factors, and the consequences of actions • Empower others to follow strategy and deal with complex situations • Guide the institution through complex and ambiguous concern • Use understanding of power relationships and dynamic tensions among key players to frame communications and develop strategies, positions and alliances 	<ul style="list-style-type: none"> • Structure and position the institution to local government priorities • Actively use in-depth knowledge and understanding to develop and implement a comprehensive institutional framework • Hold self-accountable for strategy execution and results • Provide impact and influence through Building and maintaining strategic relationships • Create an environment that facilitates byalty and innovation Display a superior level of self-discipline and integrity in actions • Integrate various Systems into a collective whole to optimize institutional performance management • Uses understanding of competing interests to maneuver Successfully to a win/win outcome
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Cluster	Leading Competencies		
Competency Name	People Management		
Competency Definition	Effectively manage, inspire and encourage people, respect diversity, optimize talent and build and nurture relationships in order to achieve institutional objectives		
ACHIEVEMENT LEVELS			
BASIC	COMPETENT	ADVANCED	SUPERIOR
<ul style="list-style-type: none">• Participate in team goal-Setting and problem solving• Interact and collaborate with people of diverse backgrounds• Aware of guidelines for employee development, but requires support in implementing development initiatives	<ul style="list-style-type: none">• Seek opportunities to increase team contribution and responsibility• Respect and support the diverse nature of others and be aware of the benefits of a diverse approach• Effectively delegate tasks and empower others to increase contribution and execute functions optimally• Apply relevant employee legislation fairly and consistently• Facilitate team goal-setting and problem-solving• Effectively identify capacity requirements to fulfill the strategic mandate	<ul style="list-style-type: none">• Identify ineffective team and work processes and recommend remedial interventions• Recognise and reward effective and desired behaviour• Provide mentoring and guidance to others in order to increase personal effectiveness• Identify development and learning needs within the team• Build a work environment conducive to sharing, innovation, ethical behaviour and professionalism• Inspire a culture of performance excellence by giving positive and constructive feedback to the team• Achieve agreement or consensus in adversarial environments• Lead and unite diverse teams across divisions to achieve institutional objectives	<ul style="list-style-type: none">• Develop and incorporate best practice people management processes, approaches and tools across the institution• Foster a culture of discipline, responsibility and accountability• Understand the impact of diversity in performance and actively incorporate a diversity strategy in the institution• Develop comprehensive integrated strategies and approaches to human capital development and management• Actively identify trends and predict capacity requirements to facilitate unified transition and performance management

Cluster	Leading Competencies			
Competency Name	Program and Project Management			
Competency Definition	Able to understand program and project management methodology; plan, manage, monitor and evaluate specific activities in order to deliver on set objectives			
ACHIEVEMENT LEVELS				
BASIC	COMPETENT	ADVANCED	SUPERIOR	
<ul style="list-style-type: none">• Initiate projects after approval from higher authorities• Understand procedures of Program and project management methodology, implications and stakeholder involvement• Understand the rational of projects in relation to the institution's strategic objectives• Document and communicate factors and risk associated with own work• Use results and approaches of successful project implementation as guide	<ul style="list-style-type: none">• Establish broad stakeholder involvement and communicate the project status and key milestones• Define the roles and responsibilities of the project team and create clarity around expectations• Find a balance between project deadline and the quality of deliverables• Identify appropriate project resources to facilitate the effective completion of the deliverables• Comply with statutory requirements and apply policies in a consistent manner• Monitor progress and use of resources and make needed adjustments to timelines, steps, and resource allocation	<ul style="list-style-type: none">• Manage multiple programs and balance priorities and conflicts according to institutional goals• Apply effective risk management strategies through impact assessment and resource requirements• Modify project scope and budget when required without compromising the quality and objectives of the project• Involve top-level authorities and relevant stakeholders in seeking project buy- in• Identify and apply contemporary project management methodology• Influence and motivate project team to deliver exceptional results• Monitor policy implementation and apply procedures to manage risks	<ul style="list-style-type: none">• Understand and conceptualise the long-term implications of desired project outcomes• Direct a comprehensive strategic macro and micro analysis and scope projects accordingly to realise institutional objectives• Consider and initiate projects that focus on achievement of long term objectives• Influence people in positions of authority to implement outcomes of projects• Lead and direct translation of Policy into workable actions plans• Ensures that Programs are Monitored to track progress and optimal resource utilisation, and that adjustments are made as needed	

Cluster	Leading Competencies			
Competency Name	Financial Management			
Competency Definition	Able to compile, plan and manage budgets, control cash flow, institute financial risk management and administer procurement processes in accordance with recognised financial practices. Further to ensure that all financial transactions are managed in an ethical manner			
ACHIEVEMENT LEVELS				
BASIC	COMPETENT	ADVANCED	SUPERIOR	
<ul style="list-style-type: none">• Understand basic financial concepts and methods as they relate to institutional processes and activities• Display awareness into the various sources of financial data, reporting mechanisms, financial governance, processes and systems• Understand the importance of financial accountability• Understand the importance of asset control	<ul style="list-style-type: none">• Exhibit knowledge of general financial concepts, planning, budgeting, and forecasting and how they interrelate• Assess, identify and manage financial risks• Assume a cost-saving approach to financial management• Prepare financial reports based on specified formats• Consider and understand the financial implications of decisions and suggestions• Ensure that delegation and instructions as required by National Treasury guidelines are reviewed and updated• Identify and implement proper monitoring and evaluation practices to ensure appropriate spending against budget	<ul style="list-style-type: none">• Take active ownership of planning, budgeting, and forecast processes and provides credible answers to queries within own responsibility• Prepare budgets that are aligned to the strategic objectives of the institution• Address complex budgeting and financial management concerns• Put systems and processes in place to enhance the quality and integrity of financial management practices• Advise on policies and procedures regarding asset control• Promote National Treasury's regulatory framework for Financial Management	<ul style="list-style-type: none">• Develop planning tools to assist in evaluating and monitoring future expenditure trends• Set budget frameworks for the institution• Set strategic direction for the institution on expenditure and other financial processes• Build and nurture partnerships to improve financial management and achieve financial savings• Actively identify and implement new methods to improve asset control• Display professionalism in dealing with financial data and processes	

Cluster	Leading Competencies			
Competency Name	Change Leadership			
Competency Definition	Able to direct and initiate institutional transformation on all levels in order to successfully drive and implement new initiatives and deliver professional and quality services to the community			
ACHIEVEMENT LEVELS				
BASIC	COMPETENT	ADVANCED	SUPERIOR	
<ul style="list-style-type: none">• Display an awareness of interventions, and the benefits of transformation initiatives• Able to identify basic needs for change• Identify gaps between the current and desired state• Identify potential risks and challenges to transformation, including resistance to change factors• Participate in change programmes and piloting change interventions• Understands the impact of change interventions on the institution within the broader scope of Local Government	<ul style="list-style-type: none">• Perform an analysis of the change impact on social, political and economic environment• Maintain calm and focus during change• Able to assist team members during change and keep them focused on the deliverables• Volunteer to lead change efforts outside of own work team• Able to gain buy-in and approval for change from relevant stakeholders• Identify change readiness levels and assist in resolving resistance to change factors• Design change interventions that are aligned with the institutions strategic objectives and goals	<ul style="list-style-type: none">• Actively monitor change impact and results and convey progress to relevant stakeholders• Secure buy-in and sponsorship for change initiatives• Continuously evaluate change strategy and design and introduce new approaches to enhance the institutions effectiveness• Build and nurture relationships with various stakeholders to establish strategic alliance in facilitating change• Take the lead in impactful change programmes• Benchmark change interventions against best change practices• Understand the impact and psychology of change and put remedial interventions in place to facilitate effective transformation• Take calculated risk and seek new ideas from best practice	<ul style="list-style-type: none">• Sponsor change agents and create a network of change leaders who support the interventions• Actively adapt current structures and processes to incorporate the change interventions• Mentor and guide team members on the effects of change, resistance factors and how to integrate change• Motivate and inspire others around change initiatives	

Cluster	Leading Competencies			
Competency Name	Governance Leadership			
Competency Definition	Able to promote, direct and apply professionalism in managing risk and compliance requirements and apply a thorough understanding of governance practices and obligations. Further, able to direct the conceptualization of relevant policies and enhance cooperative governance relationships			
ACHIEVEMENT LEVELS				
BASIC	COMPETENT	ADVANCED	SUPERIOR	
<ul style="list-style-type: none">• Display a basic awareness of risk, compliance and governance factors but require guidance and development in implementing such requirements• Understand the structure of cooperative government but requires guidance on fostering workable relationships between stakeholders• Provide input into policy formulation	<ul style="list-style-type: none">• Display a thorough understanding of governance and risk and compliance factors and implement plans to address these• Demonstrate understanding of the techniques and processes for optimising risk taking decisions within the institution• Actively drive policy formulation within the institution to ensure the achievement of objectives	<ul style="list-style-type: none">• Able to link risk initiatives into key institutional objectives and drivers• Identify, analyse and measure risk, create valid risk forecasts, and map risk profiles• Apply risk control methodology and approaches to prevent and reduce risk that impede on the achievement of institutional objectives• Demonstrate a thorough understanding of risk retention plans• Identify and implement comprehensive risk management systems and processes• Implement and monitor the formulation of policies, identify and analyse constraints and challenges with implementation and provide recommendations for improvement	<ul style="list-style-type: none">• Demonstrate a high level of commitment in complying with governance requirements• Implement governance and compliance strategy to ensure achievement of institutional objectives within the legislative framework• Able to advise Local Government on risk management strategies, best practice interventions and compliance management• Able to forge positive relationships on cooperative governance level to enhance the effectiveness of local government• Able to shape, direct and drive the formulation of policies on a macro level	

Cluster	Core Competencies		
Competency Name	Moral Competence		
Competency Definition	Able to identify moral triggers, apply reasoning that promotes honesty and integrity and consistently display behaviour that reflects moral competence		
ACHIEVEMENT LEVELS			
BASIC	COMPETENT	ADVANCED	SUPERIOR
<ul style="list-style-type: none">• Realise the impact of acting with integrity, but requires guidance and development in implementing principles• Follow the basic rules and regulations of the institution• Able to identify basic moral situations, but requires guidance and development in understanding and reasoning with moral intent local	<ul style="list-style-type: none">• Conduct self in alignment with the values of Local Government and the institution• Able to openly admit own mistakes and weaknesses and seek assistance from others when unable to deliver• Actively report fraudulent activity and corruption within local government• Understand and honour the confidential nature of matters without seeking personal gain• Able to deal with situations of conflict of interest promptly and in the best interest of local government	<ul style="list-style-type: none">• Identify, develop, and apply measures of self-correction• Able to gain trust and respect through aligning actions with commitments• Make proposals and recommendations that are transparent and gain the approval of relevant stakeholders• Present values, beliefs and ideas that are congruent with the institution's rules and regulations• Takes an active stance against corruption and dishonesty when noted• Actively promote the value of the institution to internal and external stakeholders• Able to work in unity with a team and not seek personal gain• Apply universal moral principles consistently to achieve moral decisions	<ul style="list-style-type: none">• Create an environment conducive of moral practices• Actively develop and implement measures to combat fraud and corruption• Set integrity standards and shared accountability measures across the institution to support the objectives of local government• Take responsibility for own actions and decisions, even if the consequences are unfavourable

Cluster	Core Competencies			
Competency Name	Planning and Organizing			
Competency Definition	Able to plan, prioritize and organize information and resources effectively to ensure the quality of service delivery and build efficient contingency plans to manage risk			
ACHIEVEMENT LEVELS				
BASIC	COMPETENT	ADVANCED	SUPERIOR	
<ul style="list-style-type: none">• Able to follow basic plans and organise tasks around set objectives• Understand the process of planning and organising but requires guidance and development in providing detailed and comprehensive plans• Able to follow existing plans and ensure that objectives are met• Focus on short-term objectives in developing plans and actions• Arrange information and resources required for a task, but require further structure and organisation	<ul style="list-style-type: none">• Actively and appropriately organise information and resources required for a task• Recognise the urgency and importance of tasks• Balance short and long-term plans and goals and incorporate into the team's performance objectives• Schedule tasks to ensure they are performed within budget and with efficient use of time and resources• Measures progress and monitor performance results	<ul style="list-style-type: none">• Able to define institutional objectives, develop comprehensive plans, integrate and coordinate activities, and assign appropriate resources for successful implementation• Identify in advance required stages and actions to complete tasks and projects• Schedule realistic timelines, objectives and milestones for tasks and projects• Produce clear, detailed and comprehensive plans to achieve institutional objectives• Identify possible risk factors and design and implement appropriate contingency plans• Adapt plans in light of changing circumstances• Prioritise tasks and projects according to their relevant urgency and importance	<ul style="list-style-type: none">• Focus on broad strategies and initiatives when developing plans and actions• Able to project and forecast short, medium and long term requirements of the institution and local government• Translate policy into relevant projects to facilitate the achievement of institutional objectives	

Cluster	Core Competencies			
Competency Name	Analysis and Innovation			
Competency Definition	Able to critically analyse information, challenges and trends to establish and implement fact-based solutions that are innovative to improve institutional processes in order to achieve key strategic objectives			
ACHIEVEMENT LEVELS				
BASIC	COMPETENT	ADVANCED	SUPERIOR	
<ul style="list-style-type: none">Understand the basic operation of analysis, but lack detail and thoroughnessAble to balance independent analysis with requesting assistance from othersRecommend new ways to perform tasks within own functionPropose simple remedial interventions that marginally challenges the status quoListen to the ideas and perspectives of others and explore opportunities to enhance such innovative thinking	<ul style="list-style-type: none">Demonstrate logical problem solving techniques and approaches and provide rationale for recommendationsDemonstrate objectivity, insight, and thoroughness when analysing problemsAble to break down complex problems into manageable parts and identify solutionsConsult internal and external stakeholders on opportunities to improve processes and service deliveryClearly communicate the benefits of new opportunities and innovative solutions to stakeholdersContinuously identify opportunities to enhance internal processesIdentify and analyse opportunities conducive to innovative approaches and propose remedial intervention	<ul style="list-style-type: none">Coaches team members on analytical and innovative approaches and techniquesEngage with appropriate individuals in analysing and resolving complex problemsIdentify solutions on various areas in the institutionFormulate and implement new ideas throughout the institutionAble to gain approval and buy- in for proposed interventions from relevant stakeholdersIdentify trends and best practices in process and service delivery and propose institutional applicationContinuously engage in research to identify client needs	<ul style="list-style-type: none">Demonstrate complex analytical and problem solving approaches and techniquesCreate an environment conducive to analytical and fact-based problem-solvingAnalyse, recommend solutions and monitor trends in key challenges to prevent and manage occurrenceCreate an environment that fosters innovative thinking and follows a learning organisation approachBe a thought leader on innovative customer service delivery, and process optimizationPlay an active role in sharing best practice solutions and engage in national and international local government seminars and conferences	

Cluster	Core Competencies			
Competency Name	Knowledge and Information Management			
Competency Definition	Able to promote the generation and sharing of knowledge and information through various processes and media, in order to enhance the collective knowledge base of local government			
ACHIEVEMENT LEVELS				
BASIC	COMPETENT	ADVANCED	SUPERIOR	
<ul style="list-style-type: none">• Collect, categorise and track relevant information required for specific tasks and projects• Analyse and interpret information to draw conclusions• Seek new sources of information to increase the knowledge base• Regularly share information and knowledge with internal stakeholders and team members	<ul style="list-style-type: none">• Use appropriate information systems and technology to manage institutional knowledge and information sharing• Evaluate data from various sources and use information effectively to influence decisions and provide solutions• Actively create mechanisms and structures for sharing of information• Use external and internal resources to research and provide relevant and cutting-edge knowledge to enhance institutional effectiveness and efficiency	<ul style="list-style-type: none">• Effectively predict future information and knowledge management requirements and systems• Develop standards and processes to meet future knowledge management needs• Share and promote best-practice knowledge management across various institutions• Establish accurate measures and monitoring systems for knowledge and information management• Create a culture conducive of learning and knowledge sharing• Hold regular knowledge and information sharing sessions to elicit new ideas and share best practice approaches	<ul style="list-style-type: none">• Create and support a vision and culture where team members are empowered to seek, gain and share knowledge and information• Establish partnerships across local government to facilitate knowledge management• Demonstrate a mature approach to knowledge and information sharing with an abundance and assistance approach• Recognise and exploit knowledge points in interactions with internal and external stakeholders	

Cluster 'Core Competencies			
Competency Name	Communication		
Competency Definition	Able to share information, knowledge and ideas in a clear, focused and concise manner appropriate for the audience in order to effectively convey, persuade and influence stakeholders to achieve the desired outcome		
ACHIEVEMENT LEVELS			
BASIC	COMPETENT	ADVANCED	SUPERIOR
<ul style="list-style-type: none">• Demonstrate an understanding for communication levers and tools appropriate for the audience, but requires guidance in utilising such tools• Express ideas in a clear and focused manner, but does not always take the needs of the audience into consideration• Disseminate and convey information and knowledge adequately	<ul style="list-style-type: none">• Express ideas to individuals and groups in formal and informal settings in a manner that is interesting and motivating• Able to understand, tolerate and appreciate diverse perspectives, attitudes and beliefs• Adapt communication content and style to suit the audience and facilitate optimal information transfer• Deliver content in a manner that gains support, commitment and agreement from relevant stakeholders• Compile clear, focused, concise and well-structured written documents	<ul style="list-style-type: none">• Effectively communicate high-risk and sensitive matters to relevant stakeholders• Develop a well-defined communication strategy• Balance political perspectives with institutional needs when communicating viewpoints on complex issues• Able to effectively direct negotiations around complex matters and arrive at a win-win situation that promotes Bathe Pele principles• Market and promote the institution to external stakeholders and seek to enhance a positive image of the institution• Able to communicate with the media with high levels of moral competence and discipline	<ul style="list-style-type: none">• Regarded as a specialist in negotiations and representing the institution• Able to inspire and motivate others through positive communication that is impactful and relevant• Creates an environment conducive to transparent and productive communication and critical and appreciative conversations• Able to coordinate negotiations at different levels within local government and externally

Cluster	Core Competencies			
Competency Name	Results and Quality Focus			
Competency Definition	Able to maintain high quality standards, focus on achieving results and objectives while consistently striving to exceed expectations and encourage others to meet quality standards. Further, to actively monitor and measure results and quality against identified objectives			
ACHIEVEMENT LEVELS				
BASIC	COMPETENT	ADVANCED	SUPERIOR	
<ul style="list-style-type: none">• Understand quality of work but requires guidance in attending to important matters• Show a basic commitment to achieving the correct results• Produce the minimum level of results required in the role• Produce outcomes that is of a good standard• Focus on the quantity of output but requires development in incorporating the quality of work• Produce quality work in general circumstances, but fails to meet expectation when under pressure	<ul style="list-style-type: none">• Focus on high-priority actions and does not become distracted by lower-priority activities• Display firm commitment and pride in achieving the correct results• Set quality standards and design processes and tasks around achieving set standards• Produce output of high quality• Able to balance the quantity and quality of results in order to achieve objectives• Monitors progress, quality of work, and use of resources; provide status updates, and make adjustments as needed	<ul style="list-style-type: none">• Consistently verify own standards and outcomes to ensure quality output• Focus on the end result and avoids being distracted• Demonstrate a determined and committed approach to achieving results and quality standards• Follow task and projects through to completion• Set challenging goals and objectives to self and team and display commitment to achieving expectations• Maintain a focus on quality outputs when placed under pressure• Establishing institutional systems for managing and assigning work, defining responsibilities, tracking and monitoring and measuring success	<ul style="list-style-type: none">• Coach and guide others to exceed quality standards and results• Develop challenging, client-focused goals and sets high standards for personal performance• Commit to exceed the results and quality standards, monitor own performance and implement remedial interventions when required• Work with team to set ambitious and challenging team goals, communicating long- and short-term expectations• Take appropriate risks to accomplish goals• Overcome setbacks and adjust action plans to realise goals• Focus people on critical activities that yield a high impact	

7. EVALUATING PERFORMANCE

7.1 The Performance Plan (Annexure A) to this Agreement sets out-

7.1.1 The standards and procedures for evaluating Employee's performance; and

7.1.2 The intervals for the evaluation of the Employee's performance.

7.2 Despite the establishment of intervals for evaluation, the Employer may in addition review the Employee's performance at any stage while the contract of employment remains in force.

7.3 Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan as well as the actions agreed to and implementation must take place within set time frames.

7.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's IDP.

7.5 The annual performance appraisal will involve:

7.5.1 Assessment of the achievement of results as outlined in the performance plan:

- (a) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to *ad hoc* tasks that had to be performed under the KPA.
- (b) An indicative rating on the five-point scale should be provided for each KPA.
- (c) The applicable assessment rating calculator must then be used to add the scores and calculate a final KPA score.

7.5.2 Assessment of competency levels

- (a) Each leading and core competency contained in the Competency Framework must be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each competency.
- (c) The applicable assessment rating calculator must then be used to add the scores and calculate a final CF score.

7.5.3 Overall Rating

An overall rating is calculated by using the applicable assessment-rating calculator.

Such overall rating represents the outcomes of the performance appraisal.

7.6 The assessment of the performance of the Employee will be based on the following rating scale for KPA's:

LEVEL	TERMINOLOGY	DESCRIPTION	RATING
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicate that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement 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 Performance Agreement and Performance Plan.	
2	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 indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement 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	

LEVEL	TERMINOLOGY	DESCRIPTION	RATING
		below fully effective results against almost all of the performance criteria and indicators as specified in the Performance Agreement 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 achievement levels indicated in the table below serve as a benchmark for assessing leading and core competencies:

Achievement Levels	Description
Poor (rating = 1)	Does not apply the basic concepts and methods to prove a basic understanding of local government operations and requires extensive supervision and development interventions
Basic (rating = 2)	Applies basic concepts, methods, and understanding of local government operations, but requires supervision and development intervention
Competent (rating = 3)	Develops and applies more progressive concepts, methods and understanding. Plans and guides the work of others and executes progressive analyses
Advanced (rating = 4)	Develops and applies complex concepts, methods and understanding. Effectively directs and leads a group and executes in-depth analyses
Superior (rating = 5)	Has a comprehensive understanding of local government operations, critical in shaping strategic direction and change, develops and applies comprehensive concepts and methods

7.7 For purpose of evaluating the performance of the Municipal Manager (Section 54 employee), an evaluation panel constituted by the following persons will be established-

- 7.7.1 Mayor;
- 7.7.2 Chairperson of the Audit Committee;
- 7.7.3 Member of the Executive Committee; and
- 7.7.4 Mayor from another Municipality.

7.8 For purpose of evaluating the performance of the Executive Managers (Heads of Department – Section 56 employees), an evaluation panel constituted by the following persons will be established-

- 7.8.1 Municipal Manager;
- 7.8.2 Member of the Audit Committee;

- 7.8.3 Member of the Executive Committee; and
 - 7.8.4 Municipal Manager from another Municipality.
- 7.9 For purpose of evaluating the performance of employees below section 56 Managers the following steps shall apply:
- 7.9.1 The Superior will give an employee a performance assessment scoresheet for self-scoring;
 - 7.9.2 After self-scoring an employee will submit the scoresheet to the Superior;
 - 7.9.3 The Superior will organize a session with the affected employee to agree on a final score;
 - 7.9.4 Once final score is finalized both the Superior and Subordinate will then signed the scoresheet and submit to Internal Audit unit for review and confirmation of the scores;
 - 7.9.5 The PMS Manager will provide timelines for each of the activities outlined above.
 - 7.9.6 In a case where an employee is not happy with the process of evaluation then the dispute resolution mechanisms outlined in section 12 of this policy framework will apply.

8. PERFORMANCE MANAGEMENT COMMITTEE

- 1.1 For consideration of dispute relating to performance agreements, responsibilities, assessments scores or any matter relating to performance of employees below section 56 Managers a PMS committee will be constituted by the Accounting Officer consisting of the following persons:
- 1.1.1 Section 56 Manager for the department or any person delegated by the Accounting Officer
 - 1.1.2 Employee and his/her representative (union or a fellow employee)
 - 1.1.3 The PMS Manager or any delegated official from the unit
 - 1.1.4 Representative from Human Resource Management unit
 - 1.1.5 Representative from Internal Audit unit
 - 1.1.6 Any other official/Manager as delegated by the Accounting Officer

2. SCHEDULE FOR PERFORMANCE REVIEWS

9.1 The performance of each Employee in relation to his/her performance agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

First quarter	: July – September (year)
Second quarter	: October – December (year)
Third quarter	: January – March (year)
Fourth quarter	: April – June (year)

9.2 The Employer shall keep a record of the mid-year review and annual assessment meetings.

9.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance.

9.4 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure 'A' from time to time for operational reasons. The Employee will be fully consulted before any such change is made.

9.5 The Employer may amend the provisions of Annexure A whenever the Performance Management System is adopted, implemented, and /or amended as the case may be. In that case the Employee will be fully consulted before any such change is made.

10. DEVELOPMENTAL REQUIREMENTS

10.1 The Personal Development Plan (PDP) for addressing development gaps is attached as Annexure A.

11. OBLIGATIONS OF THE EMPLOYER

11.1 The Employer shall:

11.1.1 Create an enabling environment to facilitate effective performance by the Employee;

11.1.2 Provide access to skills development and capacity building opportunities;

11.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;

11.1.4 On the request of the Employee delegates such powers reasonably required by the Employee to enable him/ her to meet the performance objectives and targets established in term of this Agreement; and

11.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time to assist him/her to meet the performance objectives and targets established in terms of this Agreement.

12. CONSULTATION

12.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others-

12.1.1 A direct effect on the performance of any of the Employee's functions;

12.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and

12.1.3 A substantial financial effect on the Employer.

12.1.4 The employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 11.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

13. DISPUTE RESOLUTION

13.1 Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or any other matter provided for, shall be mediated by –

13.1.1 The MEC for Local Government and the Province within thirty (30) days of receipt of a formal dispute from the Employee; or

13.1.2 Any other person appointed by the MEC.

13.1.3 In the event that the mediation process contemplated above fails, clause 15 of the Contract of Employment shall apply.

N.B. The above dispute resolution procedure relates to Section 54 & 56 Managers.

13.2 Any dispute relating to the Employees below Section 56 Managers relating to employee's performance agreement, key responsibilities, assessments outcomes or any other matter related to Employee Performance Management shall be mediated as follows:

- 13.2.1 The departmental Snr Manager and should be considered and resolved within ~~fourteen~~ 14 days of receiving the dispute from the Employee. In case of Manager reporting directly to the departmental Manager clause 12.2.2 will be automatically applicable.
- 13.2.2 The PMs Committee constituted by the Municipal Manager and should be considered and resolved within fourteen (14) days after the dispute has been lodged;
- 13.2.3 If all else fails the dispute will be referred to the Municipal Manager and should be considered and resolved within twenty one (21) days of receipt from the aggrieved employee.

Note: The employee will be allowed to bring a representative in each of the remedies above;

14. GENERAL

- 14.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the Employer.
- 14.2 Nothing in this agreement diminishes the obligations, duties, or accountabilities of the Employee in terms of his/ her contract of employment, or the effects of existing or new regulations, circulars, policies, directives, or other instruments.

Thus done and signed at on this the day of (Month) (Year)

AS WITNESSES:

1. _____

EMPLOYEE

2. _____

AS WITNESSES:

1. _____

EMPLOYER

2. _____

ANNUAL PERFORMANCE PLAN, PERSONAL DEVELOPMENT PLAN & REVIEW FOR SECTION 54 & 56 MANAGERS

The following annual management review on all *Key Performance Areas (KPA) Competencies as set out in the Competency Framework* agreed to in each Manager's performance agreement has to be completed.

The annual performance appraisal involves the assessment of the achievement of results of the KRA's and Competencies in accordance with the five-point scale of (1-5).

DETAILS OF THE MANAGER

Period Under Review	
Surname	
Name	
Municipality	
Department	
Race	
Gender	
Employee Number	
Date Of Appointment	
Salary Package	

1. MANAGERS PERFORMANCE PLAN FOR THE YEAR UNDER REVIEW

a. Layout of the Performance scorecard

IDP REF NO.	STRATEGIC OBJECTIVES	MEASURABLE OUTPUT	KP	Year under Review								COMMENT S	OWN RATING G (1-5)	RATING BY PANEL MEMBER R (1-5)
				Q1		Q2		Q3		Q4				
				Target	Actual	Target	Actual	Target	Actual	Target	Actual			
				Copy from Municipal SDBIP and Performance Reports								Challenges, Successes, Planned Measures for Improvement		

COMMENTS TO THE EVALUATION PANEL

The Municipal Manager must alert the evaluation panel to specific areas of the Section 54 / 56 Manager's performance in terms of the performance agreement, which in the Municipal Manager's opinion illustrate **performance not fully satisfactory or performance significantly above expectations and outstanding.**

A brief explanation must be provided by the Municipal Manager for his/her assessment of each identified area.

EMPLOYEE'S SIGNATURE

DATE:

EMPLOYER'S SIGNATURE

DATE:

b. Evaluation on the Competencies set out in the Competency Framework

The Regulations state that there is no hierarchical connotation to the structure and all competencies are essential to the role of a Senior Manager to influence high performance. All competencies must therefore be considered as measurable and critical in assessing the level of a Senior Manager's performance.

CORE MANAGEMENT CRITERIA (CMC)	WEIGHT %	MILESTONES/COMMENTS	OWN RATING (BY MANAGER) (1-5)	RATING BY PANEL MEMBER (1-5)
Leading Competencies				
1. Strategic Direction and Leadership				
2. People Management				
3. Programme and Project Management				
4. Financial Management				
5. Change Leadership				
6. Governance Leadership				
Core Competencies				
1. Moral Competencies				
2. Planning and Organizing				
3. Analysis and Innovation				
4. Knowledge and Information Management				
5. Communication				
6. Results and Quality Focus				
TOTAL	100%			

c. Personal Development Plan

AREA TO BE DEVELOPED	TYPE OF INTERVENTION	TARGET DATE	PERFORMANCE REVIEW FOR PDP		
			PROGRESS	BARRIERS	ACTIONS TO OVERCOME BARRIERS

d. Performance Assessment Rating

The assessment rating calculator will be used to add the scores and calculate a final KPA score (80%) and a final score for the competencies as contained in the Competency Framework (20%).

MIDYEAR / ANNUAL APPRAISAL USING THE RATING CALCULATOR

KPA	Weight	Rating	Score	CF	Weight	Rating	Score
1	100%	0	0	1	50%	0	0
2			0	2	25%	0	0
3			0	3	25%	0	0
4			0	4			0
5			0	5			0
	100%		0		100%		0
KPA weight			80%	CF weight			20%
KPA SCORE			0%	CF SCORE			0%
FINAL SCORE							0%

SIGNATURES OF MEMBERS OF THE EVALUATION PANEL

Chairperson

Member

Member

Member

Member

Signed in

_____ on _____ of _____ 20____