



Molemole Municipality

ALL CORRESPONDENCE TO BE ADDRESSED TO THE MUNICIPAL MANAGER

MOLEMOLE LOCAL MUNICIPALITY

**ORGANISATIONAL AND EMPLOYEE
PERFORMANCE
MANAGEMENT SYSTEM
POLICY**

2018/19

Vision: A developmental people driven organization that serves its people

Mission: To provide essential and sustainable services in an efficient and effective manner

PERFORMANCE MANAGEMENT POLICY AND PROCEDURE

1. DEFINITIONS

Annual report” In relation to a municipality means an annual reported contemplated in section 121 of the Municipal Finance Management Act.

Auditor General “means the person appoints as Auditor- General in terms of section 193 of the constitution”

Baseline “The accurate and quantitative data at a stated point in time that marks the beginning of a trend”

Core Competency requirements “means behaviours and skills that are considered core to achieving the key performance areas of the post and ultimately the strategic objectives and key performance areas.

Employment contract (means a contract as contemplated in section 57 of the Municipal Systems Act”

Financial year “means the financial year of municipalities that end on 30 June of each year.

Integrated Development Plan (IDP)” means a plan as envisaged in section 25 of the Municipal Systems Act.

Key Performance Areas “represents all the components of the Integrated Development Plan (IDP) which translates into a set of clear and tangible focus in terms of performance.

Key Performance Indicator “means measures that are used to provide the evidence or proof of whether or not a key performance areas has been met.

MEC “means the Member of provincial Executive Council”

MEC for Local Government “Means the MEC responsible for local government in a province.

Minister “Means the national minister responsible for local government.

Municipal Manager “means a person appointed in terms of section 82 of the Municipal Structures act.

Performance Agreement (PA)“ Explains what the employees responsibilities are in terms of the performance management system.

Personal Development Plan “identifies performance gaps and set up a planned intervention.

Performance Plan “means a part of the performance agreement which details the performance objectives and targets that must be met and time frame within which these must be met”.

Performance Standard “is used when it is impossible to identify a measurable performance indicator for a particular key performance area. In this case it is necessary to write a performance standard, for example, the fact that a policy is approved will imply that it has met the standards required by Council”

Rating “means the application of a five point scale and a set of criteria to each key performance indicator”

Scoring “means the mathematical calculation taking into account the rating and the weight of each indicator”

Total performance scoring “means a summary of the scores of all key performance indicators”

Section 56 employee “means a person employed by a municipality as a municipal manager or as manager directly accountable to the municipal manager.

Service Delivery and Budget Implementation Plan (SDBIP) “means a detailed plan approved by the mayor of a municipality in terms of the section 53 (1) © of the Municipal Finance Management Act for implementing the municipality’s delivery of municipal services and its annual budget.

Strategic Objectives “means the issues that a municipality pronounces to focus on to address the needs of the community.

Weightings “are allocated to every key performance indicator in the performance plan to show the relative importance of one key performance indicator against another key performance indicator.

Quarterly review “is done at the end of each quarter of the financial year when each key performance indicator is rated to a five point scale and a set of criteria.

Year End Review “is done at the end of the last quarter of the financial year when each Key performance indicator is rated according to a five point scale and a set of criteria.

2. ACRONYMS AND ABBREVIATIONS

MLM – Molemole Local Municipality

IDP –Integrated Development Plan

SDBIP-Service Delivery and Budget Implementation Plan

KPA – Key Performance Area

KPI – Key Performance Indicator

PA – Performance Agreement

PDP –Personal Development Plan

PP –Performance Plan

PS –Performance Standard

3. PREAMBLE

In terms of Section 19 of the Municipal Structures Act, Section 39, 40 and 41 of the Municipal Systems Act and section 7 (2) of the Municipal Planning and Performance Management Regulations, a Local Government Structure shall develop a Performance Management System (PMS). This system is to contain the following core elements.

- (a) Performance Measurement
- (b) Performance monitoring, reviewing and evaluation
- (c) Performance Auditing
- (d) Performance reporting, and
- (e) Intervention

The Municipal Manager in conjunction with the Executive Committee has the discretion to decide on the establishment of a performance financial incentive scheme, subject to the availability of adequate funds in the municipal budget. It is thus within the Council's discretionary powers to allow, or disallow the payment of any performance incentives for a particular financial year.

4. OBJECTIVE OF THE POLICY

To provide a standard and practical guide in the implementation of performance management at Molemole Local Municipality

To ensure that the performance processes (organisational as well as individual) is effectively and efficiently managed. It is required to promote a culture of performance management within the organisation. It assists in specifying performance accountabilities as set out in the performance plans. It also assists in specifying a plan for competency gaps as set out in a personal development plan (PDP).

The Municipal Systems Act clearly sets out and requires that each municipality establishes a performance management system that is commensurate with its resources, best suited to its circumstances and in line with its strategic objectives, KPAs, KPIs and targets contained in the IDP.

It also provides the principles, prescripts and the processes applicable to the performance assessments of employees as well as the allocation of performance incentives to eligible employees.

5. SCOPE OF APPLICATION

This policy and procedure applies to all employees of Molemole Local Municipality.

6. LEGAL MANDATE

Performance management is legislatively regulated and therefore Molemole Local Municipality must comply to certain processes in order to avoid any audit queries. The municipality is obliged to regular performance reporting and to effect the latter, strict processes and cut-off dates (time lines) must be adhered to.

The following pieces of legislations inform the development, implementation and management of performance management system in Local Government:

(a) The Constitution of 1996

- (b) The Batho Pele paper of 1998
 - (c) The Municipal Systems Act Of 2000
 - (d) The Municipal structures Act of 1998
 - (e) The Municipal Finance Management Act of 2003
 - (f) The Municipal Planning and Performance Management Regulations of 2001
 - (g) The Local Government Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006.
- (R805)

7. GUIDING PRINCIPLES

The key issues underpinning the success of performance management are:

- (a) Top management and Council have to drive the system
- (b) Communication must occur at all levels
- (c) The value of having the PMS must be understood
- (d) The process provides learning opportunities through the PMS review process
- (e) Performance management is an on-going process

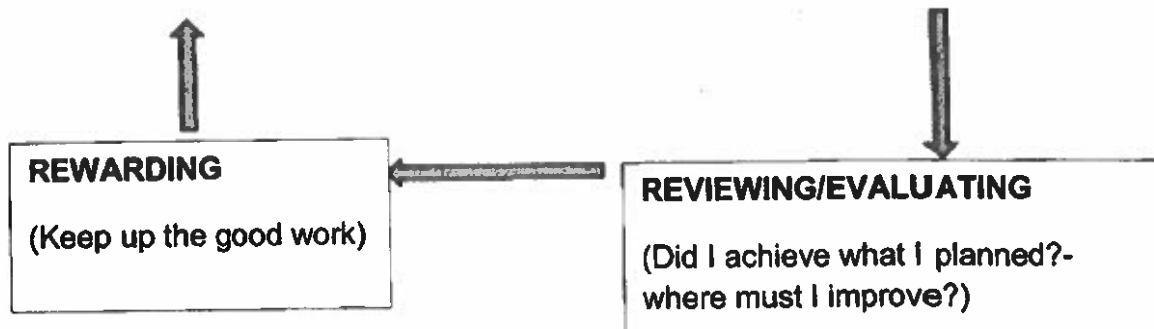
8. POLICY GUIDANCE AND PROVISIONS

In order to ensure that the municipality meets and delivers on its KPAs and KPIs at a high standard, it is appropriate to define the "how" of the employee performance management system.

The performance management phases:

The performance management process within the municipality shall involve four key phases. The key phases in the performance management cycle are designed to ensure that each phase is taken into consideration when managing the performance of each employee.





8.1 Performance management / assessment cycle

The performance management/assessment cycle is linked to a financial year and will run over 12 months each year, commencing on 1 July of every year in the following manner:

Employees shall conclude performance plans/contracts by 31st July of each year. The attached annexure 2 form will be used for the purpose of concluding performance plans.

Employees who join the Municipality on or after 31st July shall conclude performance plans/ contracts by the end of their first month at work.

The attached form (annexure 1) shall be used to complete the performance plan of the employee.

8.1.1 Performance reviews

Review is part of monitoring and evaluation. In this case, the performance of the entire municipality, department or its divisions as well as each employee shall be reviewed in relation to its SDBIP (for organisational units and entire municipality) and his/her performance plan. The reviews shall happen formally every quarter and ratings / scores shall be awarded on the dates pre-set for such purposes. Employees are assessed by their immediate supervisors. Municipal Manager and Managers directly accountable to Municipal Manager are assessed by a panel as per the Local Government Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006.

The rating scale is attached as annexure 1 at the back of the policy). It is understood that other less formal reviews must be done regularly (monthly) also based on tracking progress

towards achieving set targets. This is done in order to optimise support opportunities for employees in achieving organisational as well as individual performance targets. An employee should work a minimum of two months in quarter in order to qualify for a quarterly review.

Performance reviews shall be concluded as follows:

- First quarter July – September: Submission 30 October each year
- Second quarter Oct - December: Submission 31 January of each year
- Third quarter January - March : Submission 30 April each year
- Fourth quarter April - June submission 31 July of each year
- Annual performance reviews by 31 July Each year

Mid Term and Annual Assessments Review

- Twice in a year the manager relevant for each department shall conduct a mid-term and annual departmental performance review within 60 days after the end of each term. The managers and supervisors are affected by these performances review sessions at their respective levels.
- The Schedule for the above performance review are as follows:
1st Semester (Mid-term) July-December (by February)
2nd Semester (Annual) January – June (by August)

Failure to submit the quarterly performance reviews on the due date as stipulated above will result in 0% achievement score allocated to the employee.

8.2 Procedure to manage poor performance.

If performance is below the required standards, Managers must move to the formal procedure outlined in this section and in line with the collective agreement.

8.2.1 Roles and Responsibilities

- Decisions in each meeting should be taken by someone at least one grade higher than the individual who is performing poorly. This will normally be the individual's line manager.

- Where possible, appeals should be heard by someone who is both independent of the decision being appealed, and at least one grade higher than the person who made the decision. Managers may need to consult with the Human Resources team to appoint an appropriate Appeal Manager.
- Departments should have a record of performance assessments results on quarterly basis.

8.2.2 Meetings

Before the meeting Managers must:

- Invite the employees to the meeting in writing to discuss their performance. The letter should contain sufficient information about the alleged poor performance and its possible consequences, including any previous performance discussion notes, to enable the employee to prepare for the meeting.
- Notify the employee of their statutory right to be accompanied by a trade union representative or work colleague.
- Decide who will take notes.
- Give the employee at least 5 working days notice of the meeting. If the employee, or their colleague/trade union representative cannot attend, the meeting may be postponed once up to a further 5 days.

In the meeting managers should:

- Set out clearly the specific areas that are falling below the required performance standard, and the consequences of not improving performance.
- Give the employee the opportunity to reply or raise any new issues or factors that may have impacted on their performance, for instance personal issues.
- Discuss any possible solutions, including what support is available to the employee.
- Discuss the timescale during which an improvement is expected.

After the meeting managers should:

- Write to the employee within 5 working days about the resolutions of the meeting, including:
 - The improvement required from the employee.
 - The help and support available to the employee.
 - The time frame to improve performance.
 - The date of the next meeting.

Any identified poor performance following above meetings will be dealt with the Code of good practice in managing poor performance as outlined in the Labour Relations Act no 66 of 1995.

8.3 Appeals

8.3.1 There is one right of appeal following the above meetings. Appeals can only be made against procedural errors and/or the decision to the office of the departmental Manager and to the office of the Municipal Manager should there be a need for further escalation.

8.4. Employees on leave for a period of 3 months or more

Employees who cannot complete all four 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.**

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.

8.5. Eligibility in terms of payment of performance bonuses

The employee must be permanently employed in the Municipality

An employee must have worked an uninterrupted period of at least six months in the Municipality

For an employee to be recognised 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.

The minimum percentage an employee should achieve to be eligible for a performance reward is 100%, calculated at the average of all quarters.

8.6. Exemption from performance rewards

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

8.7. Assessment instrument for performance reviews

The attached form (**Annexure 3**) shall be used to assess the performance of the employee and to assist in deciding on rewards and skills development.

The applicable assessment rating procedure (**Annexure 4**) will be used to calculate the final score for all Key Performance indicators.

8.9. Rewarding performance

Employees will be rewarded for good performance. The employee should receive a maximum of Twelve percent (12%) of the annual basic salary.

An employee will receive 1% or 2% for Individual efficiency exceeding 100%, not both.

Depending on the individual efficiency rating, an employee could receive a maximum of Twelve (12%) of the annual basic salary.

The scale is depicted as follows

Achievement percentage	Percentage of bonus
------------------------	---------------------

111 - 120%	(12% of annual basic salary multiply by departmental score)
101 – 110%	(11% of annual basic salary) multiply by departmental achievement score)
100%	(10% of annual basic salary multiply by departmental score)
<100	No performance bonus

The Senior Manager's annual achievement score will be used as a departmental score

The annual organisational achievement score will be used as a departmental score for Section 54 and 56 Managers.

8.10. Moderation of performance results

A moderating committee, consisting of a Member of Mayoral Committee responsible for Corporate Services, two Executive Managers, two middle managers and Coordinator: Employee performance Management System should be constituted to moderate the annual performance appraisal results of both departments and individual employees.

8.11. Using performance evaluations to allocate rewards

Performance rewards and awards should never be treated as an employee's entitlements but always understood as a mechanism to motivate and retain good performance behaviours of the last cycle. Whichever way, they need to be applied fairly.

Final decisions on the awarding of such rewards shall be taken by the Municipal council.

9. PENALTIES

Deviations with respect of this policy and procedure may result in non-payment of performance bonuses and / or disciplinary action taken against the employees responsible.

10. DISPUTE RESOLUTIONS

Any dispute that may arise out of the interpretation and/ or application of a policy will be resolved through available channels within the municipality on grievances and/or dispute resolutions.

11. IMPLEMENTATION AND MONITORING

The implementation of this policy and procedure should be monitored and evaluated and that may lead to its review.

12. POLICY REVIEW


The Municipal Manager and Corporate Services department will be responsible for coordinating the review process of this policy and procedure.

13. ENQUIRIES

Enquiries with regard to any matter relating to this policy will be directed to the Municipal Manager and Senior Manager Corporate Services

14. APPROVAL

Approval of this policy in its form or future revised forms will always remain the preserve of council informed by the PMS review process referred to. Until the policy and or its revisions have been approved by council, the de jure' operative policy remains the one last approved by council, even if some aspect or the entire revised policy may already be under implementation as good practice.

SIGNATURE	
INITIALS AND SURNAME	M.E. PAYA
DESIGNATION	Mayor
COUNCIL RESOLUTION NUMBER	OC/7.13/28/05/18
COUNCIL DATE	28/05/2018

ANNEXURES

Annexure1. Rating Scales and Decision-making Outcomes a

Rating Scales	Performance Categories	Performance In Percentages	Performance Outcomes
1.	Unacceptable Performance	69% and below	<ul style="list-style-type: none"> • Register with Incapacity Program • No cash Bonus
2.	Performance not fully effective	70 – 99%	<ul style="list-style-type: none"> • No cash Bonus
3.	Satisfactory; Fully Effective	100 %	<ul style="list-style-type: none"> • Cash bonus (10% of the annual basic salary)
4.	Performance significantly above expectation	101 – 110%	<ul style="list-style-type: none"> • Cash bonus (10% of the annual basic salary plus 1%)
5.	Outstanding Performance	111 - 120%	<ul style="list-style-type: none"> • Cash Bonus (10% of the annual basic salary plus 2%)

Annexure 2

PERFORMANCE PLAN

(Name and Position)

MOLEMOLE LOCAL MUNICIPALITY

This plan defines the Council's expectations of the employee in accordance with the departmental business plan. This document provides the performance objectives and targets that must be based on the key performance indicators set out from time to time in the Municipality's Integrated Development Plan and the Service Delivery Budget Implementation Plan.

There are 2 parts to this plan:

1. Score card detailing the projects and their related performance indicators, weightings and target dates
2. Individual learning plan

The period of this plan is from 1 July to June

Signed and accepted by the employee

Signed by the Manager/Supervisor :

SCORE CARD

PROJECT	KPI	BASELINE	WEIGHTING	ANNUAL TARGET	QUARTER 1 TARGET	QUARTER 2 TARGET	QUARTER 3 TARGET	QUARTER 4 TARGET	ANNUAL BUDGET	MEANS OF VERIFICATION
Total			100%							
Employee:	Manager/Supervisor:									
Date:	Date:									
Signature:	Signature:									

INDIVIDUAL LEARNING PLAN (ILP)

Employee's Name: _____ Employee Number: _____

Job Title: _____ Department: _____

Department Manager's Name: _____ Date: _____

Skills / Performance Gap	Outcomes Expected	Suggested training and / or development activity	Suggested mode of delivery	Suggested Time Frames	Work opportunity created to practise skill / development area	Support Person
Employee:			Manager/Supervisor:			
Date:			Date:			
Signature:			Signature:			

Annexure 3

PERFORMANCE REVIEW

(Name & Position)

MOLEMOLE LOCAL MUNICIPALITY

This review defines the progress achieved by the employee against the set targets.

There are 2 parts to this review:

1. Score card detailing the projects and their related performance indicators, weightings, target dates and performance status on date of review.
2. Individual learning plan

The period of this review is from July to September

Signed and accepted by the employee

Signed by the Manager/Supervisor :

PROJECT	KPI	BASELINE	WEIGHTING	QUARTERLY TARGET	PERFORMANCE STATUS ON DATE OF REVIEW	REASONS FOR DEVIATION	EMPLOYEE SCORE	AGREED SCORE	MEANS OF VERIFICATION
			100%						
Total									
Employee:					Manager/Immediate Supervisor:				
Date:					Date:				
Signature:					Signature:				

INDIVIDUAL LEARNING PLAN (ILP)

Employee's Name: _____

Job Title: _____

Department Manager's Name: _____

Skills / Performance Gap	Outcomes Expected	Suggested training and / or development activity	Suggested mode of delivery	Suggested Time Frames	Work opportunity created to practise skill / development area	Support Person
Employee:			Manager/Immediate Supervisor:			
Date:			Date:			
Signature:			Signature:			

Annexure 4**CDM PMS CONVERSION SCORE/ MOLEMOLE PMS CONVERSION SCORE**

PERCENTAGE	DECIMAL CONVERSION
9	0.249
17	0.498
26	0.75
35	0.995
44	1.242
46	1.304
48	1.366
52	1.49
55	1.55
57	1.615
61	1.74
63	1.805
64	1.837
65	1.87
67	1.93
69	1.99
70	2
72	2.25
73	2.375
74	2.499
75	2.5
76	2.573
77	2.645
78	2.71
79	2.79
80	2.80
85	2.85
90	2.90
95	2.95
99	2.99
100	3
101-105	4
106+	5

In a case where the decimal achieved does not appear on the decimal conversion sheet, the figure should be rounded off to the nearest figure.