



**LEPELLE - NKUMPI LOCAL
MUNICIPALITY**

P ERFORMANCE MANAGEMENT SYSTEM

POLICY

1. PREAMBLE

The performance of employees is critical to the success of any organisation to achieve its goals. Hence it is imperative to have a performance management system in place to provide guidelines on how employee performance can be monitored, evaluated, recognised and to take corrective action whenever performance deficiencies are noticed. Improved employee performance culminates in improved organisational performance. Thus the performance management system provides measures for the department to determine the extent to which individual employees achieve their set objectives and the overall performance of the Municipality in terms of its mandates.

2. OBJECTIVES

The performance Management policy strives to achieve the following:

- ❖ To provide a framework to manage performance in a consultative, transparent and non-discriminatory manner in order to enhance efficiency and effectiveness;
- ❖ To allow for the development of a common language and the use of standard terminology;
- ❖ To create a culture of best value approach to service delivery;
- ❖ To ensure a linkage between the Integrated Development Plan and the performance of individuals; Teams and organisation as a whole.
- ❖ To develop Service Delivery Implementation plans for departments and Performance Measurement/standards for individuals;
- ❖ To provide guidelines on the assessment and rewarding of individual performance;
- ❖ To provide guidelines for dealing with under-performance;
- ❖ To develop the skills that assist individuals in performing their functions;
- ❖ To develop a framework for, Performance Agreement and Performance assessment;
- ❖ To provide guidelines on career pathing and corrective placement

3. MANDATES

The Municipality Performance Management System has been developed based on:

- ❖ Republic of South Africa, constitution-Act 108, of 1996.
- ❖ Municipal System Act, 32 of 2000.
- ❖ The Skills Development Act (Act 97 of 1998)
- ❖ Labour Relations Act (Act 66 of 1995)

4. PERFORMANCE MANAGEMENT PROCESS

The Performance Management is an integrated process that cascades from the IDP in the Municipality. This process shall make it easy to identify gaps, blockages and inconsistencies that may jeopardize the achievement of set objectives.

4.1 INTERGRATED DEVELOPMENT PLAN(IDP)

The Municipality IDP document sets Key focus Areas that are linked to the strategic objectives and measures of success in the form of key Performance Indicators to be achieved over a period of five years.

The IDP represents a performance agreement between the Mayor representing, Municipal Council and the Municipal Manager and it has to cascade to all the department within the Municipality.

4.2 INDIVIDUAL PERFORMANCE AGREEMENT

Based on the Integrated Development Plan, the Mayor shall identify and prioritise the key focus areas linked to the IDP and high leverage activities that are practically achievable within a period of one year.

The identified priorities (key focus areas / strategic objectives / high leverage activities) shall be developed into a one-year Performance Agreement to be entered into by the Mayor and the Municipal Manager. The Performance Agreement is therefore, a written commitment to achieve the Key Performance Areas and deliver the strategic objectives/high leverage activities within the specified timeframes.

The Municipal Manager shall categorise the one year Key Focus Areas/ Strategic objectives/high leverage activities into Departmental responsibilities and cascade them to all the Managers and CFO to develop their own performance agreements and enter into performance agreements with them.

Managers and CFO shall also categorise their Key Focus Areas/strategic objectives/high leverage activities into Departmental responsibilities and cascade them to all Deputy Managers within their department to develop their own performance agreements. This process shall be replicated between Deputy Managers and Assistant Managers and officers within departments.

The cascading process of the Key Focus Areas/Strategic objectives/high leverage activities shall proceed to the Officers and lower, and this is to ensure that individual performance throughout the Municipality contributes towards the achievement of the IDP of the Municipality.

5. FRAMEWORK FOR PERFORMNCE

All employees in the Municipality shall be expected to enter into Performance Agreements with their Mayor, Managers/Supervisors. The framework for performance agreements of all section 57 members shall be developed based on the following elements: or any other, as may be determined by SALGA or a competent Authority

- ❖ Key Focus Areas
- ❖ Strategic Objectives
- ❖ Outputs
- ❖ Performance Measures / Indicators
- ❖ Timeframes
- ❖ Core Departmental Competencies

The framework for Performance and Workplan agreements of all Deputy Managers and lower shall be developed based on the following elements:

- ❖ Strategic Objectives
- ❖ Activities
- ❖ Performance Measures/Indicators
- ❖ Timeframes
- ❖ Personal Development
- ❖ Competency profile

6. FRAMEWORK FOR PERFORMANCE ASSESSMENT / REVIEW

The framework for performance assessment shall be developed based on the following elements:

- ❖ Period of Assessments/Review
- ❖ Key Focus Area
- ❖ Strategic Objectives
- ❖ Outputs/Activities
- ❖ Performance Measures /Indicators
- ❖ Progress / Achievements
- ❖ Remedial Action
- ❖ Ad-hoc Projects

7. ASSESSMENT OF INDIVIDUAL PERFORMANCE

The assessment of individual performance shall be conducted between three levels, as follows:

- ❖ Assessee = incumbent of the performance agreement
- ❖ Assessor = immediate Supervisor
- ❖ Moderator = next high level Supervisor

The incumbent and the supervisor shall have discussions on performance on a quarterly basis and submit record of the discussions on a prescribed assessment form to the moderator for onward submission to the Corporate Service, HR division.

The incumbent of the performance agreement shall do a self-assessment on a prescribed assessment form annually. The immediate supervisor shall also assess the incumbent on a similar assessment form. The supervisor and incumbent shall agree on the date, time and venue to discuss the performance assessment and to motivate the allocated scores. Both parties have to sign the assessment report upon reaching agreement.

The signed assessment report shall be forwarded to the Municipal Manager for moderation. This process does not require any formal meeting, however, in an instance where the moderator does not agree with the allocated score, the assessment form shall be returned to the immediate supervisor with proposals/amendments/comments or a meeting can be arranged.

8. PERFORMANCE ASSESSMENT/REVIEW DATES

Quarterly assessment/reviews and performance discussions shall be held as follows:

- ❖ 1st Quarter = July to September
- ❖ 2nd Quarter = October to December
- ❖ 3rd Quarter = January to March
- ❖ 4th Quarter = April to June

9. PERFORMANCE REVIEW COMMITTEES

The Performance Review Committees shall be appointed by the Municipal Manager and shall convene twice a year, to perform the following functions:

- ❖ ensure consistency in the implementation of the policy;
- ❖ assess the overall performance of the units;
- ❖ recommend the payment or allocation of other kinds of rewards for high performance;
- ❖ nullify the outcome of the assessment in the event of deviations or inconsistency;
- ❖ recommend the review of the policy where necessary;

- ❖ determine performance trends.

9.1 COMPOSITION OF PERFORMANCE REVIEW COMMITTEES

The Performance of Review Committees shall be composed as follows:

- ❖ Performance Review Committee for Municipal Manager Section 57 and CFO Posts Level 0-1
The mayor and all Exco members
- ❖ Performance Review Committee for Deputy Managers Post Level 2
Municipal and Departmental Managers
- ❖ Performance Review Committee for Assistant Manager Post Level 3
Departmental Manager and Three Deputy Managers
- ❖ Performance Review Committee for Admin officer Post and lower Post Level 4-12 ranks
Departmental Manager and three Deputy Managers

N.B The Human Resource Division shall provide secretariat services to the committees.

Members of the committee shall be drawn from all departments and Labour may observe the review process except on post Level 0-1

10.PERFORMANCE ASSESMENT SCALE

The performance assessment of individuals shall be based on a scale of 1-5 as follows:

- 1. = Poor performance
- 2. = Below Average Performance
- 3. = Average (meeting expectations) Performance
- 4. = Above Average Performance
- 5. = Excellent Performance

The allocation of each of these assessment rates should clearly be understood relating to the work context by both the supervisor and the incumbent.

11. MANAGING PERFORMANCE

11.1 REWARDING HIGH PERFORMERS FOR SECTION 57 MANAGER'S POSTS

11.1.1 PERFORMANCE REWARDS (CASH BONUSES FOR SECTION 57 CATEGORY)

Performance rewards shall be granted to section 57 members who have completed the assessment period of 12 months. Cash bonus shall be awarded as explained hereunder and the Municipality shall not spend more than 1,5% of the total annual section 57 remuneration budget on performance rewards for the section 57 members. On approval by Exco and Council the maximum of 1,5% may be exceeded.

- ❖ A section 57 employee who achieved a total score of **80% -84%**, shall be awarded a cash bonus calculated up to **5%** - but not less than **3%** - of his /her total remuneration package;
- ❖ A section 57 who achieved a total score of **85% and above**, shall be awarded a cash bonus calculated up to a maximum of **8%** - but not less than **6%** - of his/her total remuneration package.

CASH BONUSES		
PERFORMANCE CATEGORIES	TOTAL SCORE	CASH BONUS
1. Above Average Performance	80-84%	Between 3-5%
2. Excellent Performance	85% and above	Between 6-8%

11.1.2 PRO-RATA CASH BONUSES FOR SMS MEMBERS

Pro-rata cash bonuses will be considered for members who have not yet completed 12 consecutive months in their posts only under exceptional circumstances. The following conditions will apply when considering pro-rata once-off performance bonuses:

- A member must have completed a minimum of at least six (6) months or more, in the post.
- A member must have received an overall percentage of 80% or more
- A cash bonus will be calculated at the rate of a member's salary package X 12, divided by the number of months completed in that post.

11.1.3 PAY PROGRESSIONS SYSTEM FOR DEPUTY MANAGERS AND BELOW CATEGORY

The pay progression is an upward progression in remuneration from a lower remuneration package. This shall be effected by way of progression within the same remuneration band from the lowest to the highest package based on a time schedule of 24 months to Section 57 Manager who achieves a total score of 80% and above, within the salary bands may qualify for salary progression as approved by SALGA for the applicable Municipality category.

The pay progression system shall apply to all Managers employed in a full time capacity including those who are assessed and received a fully effective assessment in terms of the new PMS system. The first salary progression shall be based on assessments for the period **01 July to 31 June**, and are at least in the service for the period of **12 Months** on their current remuneration packages on the 01 July 2006. Future salary progression cycles shall run over 24 Months, commencing on July of that particular year.

An annual **Performance Incentive Bonus** shall be awarded to Section 57 members who achieve a consistent overall performance of 80% and higher after approval by the delegated authority. It shall be based on the bonus incentives as determined by the Municipal Council and, and on the availability of funds. The breakdown of Performance Incentive bonus for Section 57 members shall be based on the recommendations of Exco to be approved by the Council.

11.1.4 PERFORMANCE INCENTIVE BONUS FOR DEPUTY MANAGERS AND LOWER POSITIONS (LEVELS (2-12))

An annual Performance Incentive Bonus shall be awarded to Managers and lower who achieve a consistent overall performance of 70% and higher after approval by the delegated authority.

Managers and lower shall be awarded Performance bonuses after Approval by the delegated authority based on the following performance assessment percentages:

- ❖ 60 % = 5 % bonus of maximum salary
- ❖ 70 % = 8 % bonus of maximum salary
- ❖ 80 % = 10 % bonus of maximum salary plus notch of salary band
- ❖ 90 % = 18 % bonus of maximum salary plus two notches in salary

The bonus incentives shall be allocated based on the availability of funds. The above performance assessment percentages shall be calculated based on the annual salaries of individual employees members.

11.1.5 PRO-RATA CASH BONUSES FOR LEVELS 1-12

Members in levels 2-12 shall be considered for a Pro-rata cash bonus based on above average performance under the following conditions:

- ❖ If they have completed six (6) consecutive months or more in their present post
- ❖ If their overall performance score is **70 %** and above

11.2. UNDER-PERFORMANCE OF INDIVIDUALS

The under-performance of individuals shall be dealt within the following manner, through:

- ❖ Counselling;
- ❖ Coaching, training and re-training;
- ❖ Written reprimand;
- ❖ Extension of probation period by a maximum of 6 months, where applicable
- ❖ Corrective measures and penalties such as **WARNING, FINAL**

WARNING AND DISMISSAL shall only be considered as prescribed in the Municipality Disciplinary and Grievance procedure Dispute and Appeal Procedures.

11.3. EMPLOYEES ON PROBATION

All employees on probation shall enter into a performance agreement with their Managers/Supervisors, within one month.

13. AUDITING

The Corporate Service: Human Resource Management and the Planning Department together with PMS. Committee shall conduct audits to ensure that the Performance Management Systems meets the Policy requirements and determine its effectiveness.

14. CAREER PATHING AND SUCCESSION PLANNING

Employees who achieve above average or excellent performance levels shall be considered for career phathing, succession planning and advancement to higher positions in accordance with the Affirmative Action and Recruitment and Selection policies of the Department, based on the availability of vacant post.

15. GRIEVANCE, DISPUTE AND APPEAL PROCEDURES

If the employees is still not satisfied and does not agree with the outcome of his/her assessment, the Municipality Grievance Procedure shall be followed.

16. IMPLEMENTATION

The Performance Management System shall be implemented with effect from 1 July 2006.

17. REVIEW

The Performance Management System shall be reviewed 12 months after the date of implementation to include:

- ❖ The 360 degrees assessment method;
- ❖ The South African Model of Excellence
- ❖ Rewarding of team performance;
- ❖ Lessons learned from the first period of implementation;
- ❖ Alignment with other best practices in the Local Government Sector and the market in General
- ❖ Alignment of the performance of Section 57 members tot the performance of their department.

The terms of this policy shall take effect on the date of approval by the Municipal Council, retrospective from 01 July 2005.

The incentive and reward system shall be applicable with effect from 1 July 2006.

Developed by: S.M Molepo
Deputy Manager: HR

Mayor

Date: _____

Municipal Manager

Date: _____

KPA	OBJECTIVE	KPI'S	BASELINE	TARGET	DATE	BUDGET	RESPOSIBILITY		
							DEPT	DIV	INDI
ELECTRICITY	To ensure availability of street light in all areas	-Increase street electrification. <u>Outcome indicator</u> -Percentage of light repaired and number of light installed. <u>Output Indicator</u> _Budget manpower equipments Vehicle <u>Input Indicator</u>	25%	-Q1 5% -Q2 5% -Q3 5% -Q4 5%	End of every quarter		DEPT	DIV	INDI
							Electrical Service	Street Light	Manager Artisan Finance Foreman
Disaster	Appropriate DM Strategy	<u>Input</u> -Manpower Finance Equipment <u>Output</u> -Effective Management Strategy as -Approved by Council.	No strategy	Well developed 100% Output indicator Managem	20/06/06	3000,00	Community Service	Disaster Unit	Manager

		<u>Outcome</u> -Effective disaster management strategy. <u>Indicator Input</u> -Project team -Budget 250,00		ent Plan Performan ce report Policy Managem ent.						
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