

2009/10



PERFORMANCE MANAGEMENT FRAMEWORK

POLICY FRAMEWORK FOR THE REVIEW AND IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM

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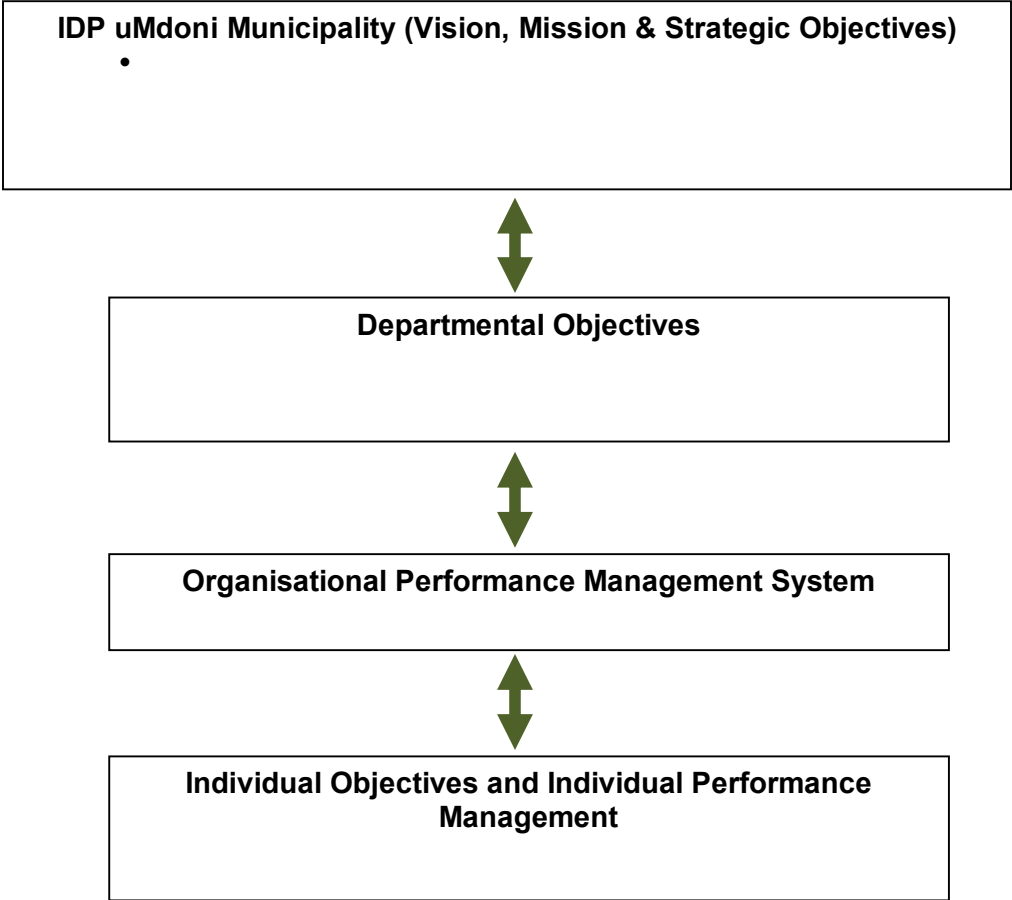
1 PART ONE: APPROACH TO PERFORMANCE MANAGEMENT

1.1 INTRODUCTION

Regulation 7 (1) of the Local Government Municipal Planning and Performance Management Regulations require municipalities to adopt a performance management framework. In compliance with this legal requirement this framework document sets out the policy and procedures to be followed in reviewing and fully implementing the PMS. The document sets out:

- The legislative mandates that the PMS needs to comply with;
- The definition of a PMS, its objective and principles that will inform its use and continuous improvement;
- The process proposed for reviewing and rolling out individual performance management.

Although organizational and individual performance management are linked, as the latter cannot be meaningfully developed without the former, it is important to manage these two fields of performance management as two separate systems. Once organizational objectives (Integrated Development Plan) and targets have been set for the Municipality, municipal departments and business units, it is possible to cascade them down to individuals within the business units. In turn, the achievement of individual, business unit and municipal department objective, contribute towards achieving the overall objectives of the Integrated Development Plan. This relationship is illustrated in the following diagram



The overall objective of this policy framework is to improve the effectiveness of the above value chain and thereby enhance service delivery at uMdoni Municipality

1.2 LEGISLATIVE MANDATES

The most salient features of the legislative mandates and policies in relation to performance management are outlined below.

1.2.1 Municipal Systems Act (Act No 32 of 2000)

Chapter six (6) of the MSA, and specifically Sections 38 to 49, deal with organizational performance management. The legislative mandates require of all municipalities to:

- a) Develop a PMS;
- b) Set performance targets, monitor and review performance based on the indicators linked to the IDP;
- c) Publish an annual report on performance for the benefit of the communities served by the municipality;
- d) Incorporate and report on a set of general indicators prescribed nationally by the Minister responsible for Local Government;
- e) Conduct an internal audit on performance before tabling the annual report;
- f) Have their annual performance report audited by the Auditor-General; and
- g) Involve the community in the development of key performance indicators; and reviewing municipal performance.

Section 57 of chapter 7 (MSA) of this chapter requires the Municipal Manager and those officials reporting directly to the Municipal Manager (section 57 employees) to 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 the planned performance.

1.2.2 Local Government: Municipal Planning and Performance Management Regulations

The above regulations were passed by the Minister responsible for local government in terms of Section 49 of the MSA. These regulations spell out the performance management responsibilities of the municipalities in more detail.

The regulations deal with:

- a) the nature of the PMS;
- b) the adoption of the PMS;
- c) the setting of the key performance indicators;
- d) the general key performance indicators published by the Minister, which reflect the objective of developmental local government;
- e) the review of key performance indicators;
- f) setting of performance targets;
- g) monitoring, measurement and review of performance;
- h) internal auditing of performance measurements; and
- i) community participation.

Regulation 7 (1) which describes the nature of PMS states that:

“A municipality’s PMS entails a framework that describes and represents how the municipality’s cycle and process of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players”.

This document is aimed, inter-alia, at complying with Regulation 7 (1) quoted above.

1.2.3 White Paper on Local Government (1998)

The white on Local Government has largely been superseded by the MSA and associated Regulations discussed above. The White Paper, however, marked an important milestone and

introducing the philosophy of performance management and involvement of communities when it stated, inter-alia, that:

“Involving communities in developing some key performance indicators increases the accountability of the Municipality. Some Municipalities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased and public trust in the local government system enhanced”.

1.2.4 **Batho Pele (1998)**

The White Paper on Transforming Public Service Delivery (*Batho Pele*) includes the following eight principles for improving the level of service delivery however in addition to the eight KZN has included three principles which makes it eleven principles:

a) Consultation:

Citizens should be consulted on the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered.

b) Service Standards and Targets

Citizens should be told what level and quality of public services they will receive so that they know what to expect.

c) Access

All citizens should have equal access to the services they are entitled.
Citizens should be treated with courtesy and consideration.

d) Information

Citizens should be given full, accurate information about the public services they are entitled to receive.

e) Openness and Transparency

Citizens should be told how government institutions, such as municipalities, are run, how much they cost and who is in charge.

f) Best Value

Public services should be provided economically and efficiently in order to give citizens the best possible value for money.

g) Dealing with Complaints

If the promised standards of service are not delivered, citizens should be offered an apology, a full explanation, and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.

1.2.5 KZN Best Practice Guidelines (July 2007)

The best practice guidelines provide that, a systematic process should be followed in developing a performance management system of a municipality. The systematic process suggested by the guidelines comprises of the following steps:

- a. **Introduction of PMS to the municipality:** this guide states that the PMS (as a framework) needs to be introduced to a municipality as a legislative requirement and tool that is aimed at measuring the implementation of the IDP. The PMS is also a tool for managing individual performance in a developmental approach not a punitive measure.

b. Gearing up the institutional structure for implementing the PMS in a municipality: this guideline suggests that prior to implementing a PMS, an approved organisational structure that is aligned to the IDP be put in place. This structure should indicate roles, responsibilities, powers and functions for implementation of the IDP.

c. Developing Measures for monitoring the implementation of the IDP: this entails the development of measures and aligning them to the IDP. The aim here is to ensure that the implementation of the IDP is monitored throughout the financial year.

The guide further states some types of **KPIs** that need to be taken into account when developing measures namely, **input, output, outcome** and **process** measures/KPIs. In setting the KPIs, the guide emphasises that the “SMART” principle needs to be complied with. The “SMART” is discussed in detail below.

d. Community Participation: the guide requires that consultation of the public should occur in developing the PMS. It further states that public consultation increases the accountability of the municipality in terms of developing, implementing and review of the OPMS. The guide states that there is a “Community Participation Framework” developed for municipalities which should be used for this purpose.

e. Reporting Procedures: The guide requires that once the KPIs and targets have been developed in consultation with the community, a system of reporting needs to be developed. The reporting may occur at three levels namely, **operational, strategic and political levels**. A reporting model is discussed **2.3** below.

f. Performance Auditing Structures: this entails the setting of performance auditing structures within the municipalities. The structures may include the appointment of a **Performance Audit Committee (PAC)** comprising (in majority) of independent persons from the operations of the municipality. At least one person must have experience in performance management. The auditing of the PMS occurs at two levels. **Firstly, 1.** The auditing of the adequacy and appropriateness of measures and targets in terms of the “SMART” principle, **2.** Checking that reporting structures are

in place, **3.** Systems for storing relevant information and data are in place to provide evidence of performance. Secondly, the auditing of PMS wants to verify whether **1.** The targets are met in relation to the vision, mission and strategic objectives of the municipality, **2.** Resources are effectively and efficiently applied to meet the targets set.

1.3 DEFINITION AND OBJECTIVES OF A PMS

The Provincial Department of Traditional and Local Government (DTLG) defines a Performance Management System (PMS) 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 organization in terms of indicators and targets for efficiency, effectiveness and impact.”

In other words this system will force all individuals in a municipality, to be held accountable for their actions, which should bring about improved service delivery and value for money.

Apart from complying with the legislative requirements, the municipality requires a PMS that will provide a tool for monitoring, reviewing and improving the implementation of the municipality’s IDP. In doing so it should fulfill the following objectives;

1.3.1 Facilitate increased accountability

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

- Citizens of the municipality and the Municipal council;
- The political and administrative components of the Municipality; and
- The office of the Municipal Manager and each Municipal department

1.3.2 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 service delivery. It should form the basis for monitoring implementation, evaluating and improving the IDP.

1.3.3 Provide early warning signals

The PMS should provide managers and supervisors at all levels, the Municipal Manager, Portfolio Committees and the Executive Committee 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 the areas of delivery that are lagging behind so that they can intervene and take corrective action required.

1.3.4 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.

1.4 PRINCIPLES OF PERFORMANCE MANAGEMENT

The following principles are proposed to inform and guide the review and implementation of the uMdoni Municipality's PMS.

1.4.1 Simplicity

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

1.4.2 Politically Driven

The legislation requires the PMS to promote a culture of performance management in the political structures. It further states that EXCO must manage the development of a PMS and assign responsibility in this regard to the Municipal Manager. Once developed, EXCO must submit the PMS to council for adoption. 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 MSA.

1.4.3 Incremental implementation

One of the important lessons learnt by municipalities that have developed and implemented successful PMSs are that, PMS development and implementation is an incremental process. **This simply means that, the most important thing to do is to start measuring and reporting performance and not carry on developing the “best” system – start with a basic system, implement it and then improve incrementally.** It is not possible to transform overnight from “close to non-compliance to international best practices”. In practice, it is possible to move gradually towards a high performance organization.

1.4.4 Transparency and accountability

The process of managing performance should be inclusive, open and transparent. Citizens should know how departments are run, how resources are spent, and the person in charge of a particular service. Similarly, all information on the performance of departments should be available for other managers, employees, the public and interested groups.

1.4.5 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. This

simply means that the PMS ought to be linked to the SDBIP which is a daily operations management tool.

The municipality shall therefore develop the SDBIP and PMS as a combined document to ensure alignment integration.

1.4.6 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. This simply means effective management of performance requires maintenance of actual information that will provide proof of reported good performance, e.g. keeping minutes of council meetings where certain documents were adopted, keeping a file for departmental expenditure reports, a record of the number of houses completed at a particular point of time.

2 PART TWO: ORGANISATIONAL PERFORMANCE MANAGEMENT

2.1 INTRODUCTION

In reviewing and implementing organizational performance management, it is necessary to pay attention to the following three aspects, which are discussed in detail below;

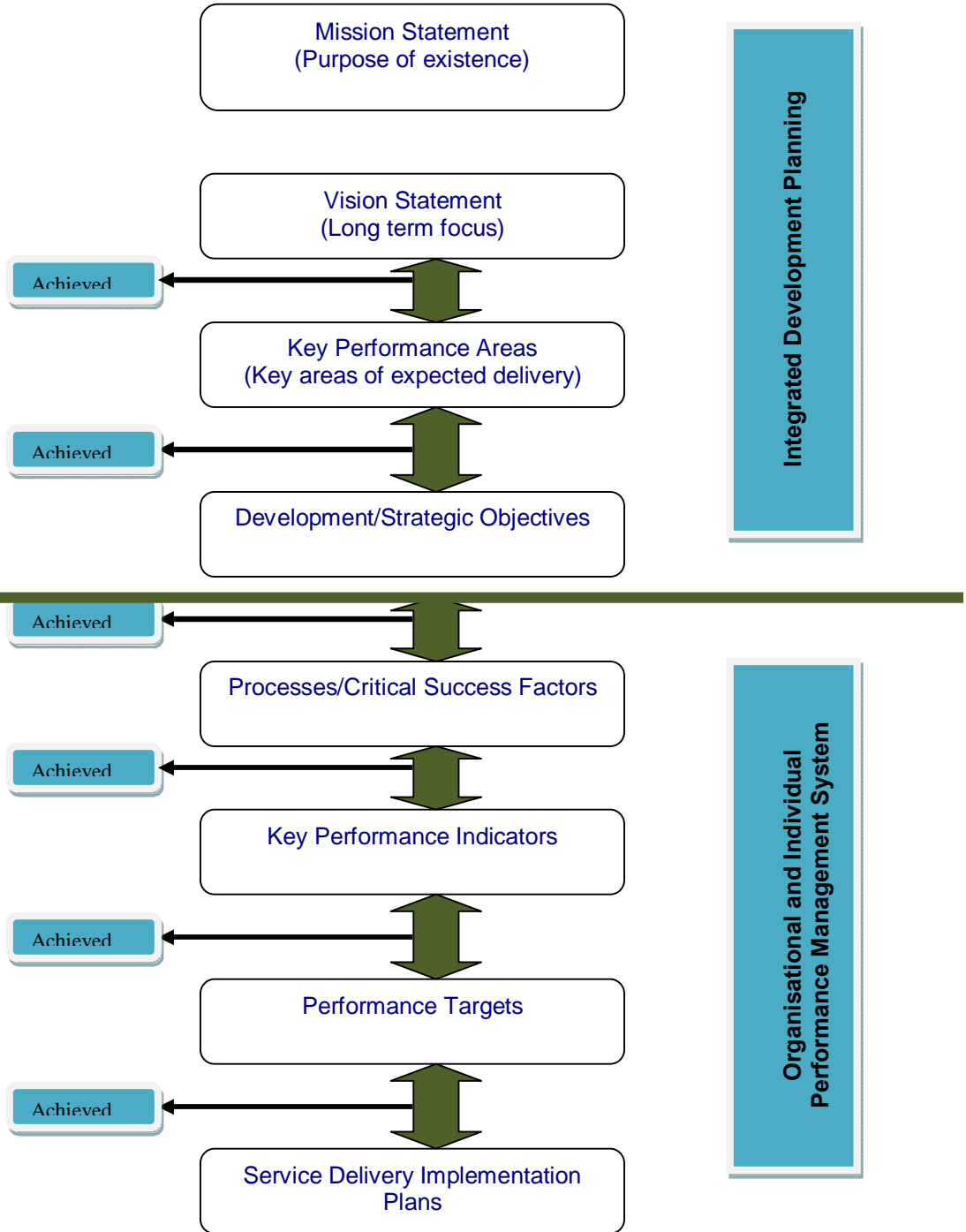
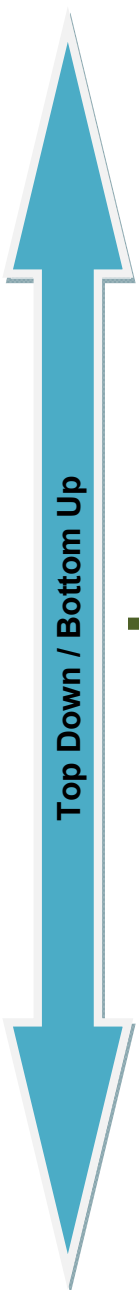
- Performance planning;
- Performance measurement and analysis; and
- Performance reporting and reviews.

2.2 PERFORMANCE PLANNING

“Goals. There’s no telling what you can do when you get inspired by them. There’s no telling what you can do when you believe in them. There’s no telling what will happen when you focus on them”.

Jim Rohn 1993

Performance planning is an extremely important phase in performance management. It commences with the review of the IDP. The IDP in fact constitutes an important part of the PMS and it is important to integrate the work done during the review of the IDP into the PMS and to ensure that the PMS is an extension of the IDP – it (PMS) is the tool that is used to monitor the implementation of the IDP and as well report back on the extent of its implementation. This is depicted in the following diagram.



Performance planning is discussed below under the following headings:

- Assessing the status quo;
- Communicating and defining roles;
- Diagnostic analysis
- Developing Scorecards; and
- Publishing a service commitment charter.

2.2.1 Assessing the status quo

As a first step it is necessary to ascertain what has been done with regard to performance management. In so doing it will be necessary to establish the extent to which the legislative mandates have been complied with, what the level of understanding of performance management concepts and terminology is, the extent to which performance management practices have been implemented and whether performance management has been internalized as a management tool, rather than a burden of reporting or punitive measure.

The most objective method of establishing the status quo situation is to conduct a legal compliance and best practice audit. This audit may be conducted by the Manager responsible for the PMS on annual basis prior to the annual review of the PMS. This will immediately and automatically set the baseline at the beginning of the performance management cycle and it will establish where the municipality has achieved in the field of performance management and where it needs to pay more attention to improve. The audit will therefore focus attention on areas that require more urgent attention and thereby make it possible to review and implement the PMS in a systematic manner. A further advantage of conducting the audit is that it can be repeated annually to ascertain progress in this field.

A checklist that can be used for conducting such an audit has been developed and is attached at **Annexure A**. It is proposed that a survey be conducted using this checklist. The survey could be conducted electronically or in hard copy and should cover, at least, all management, staff and key role players. The results will then be collated, analysed and interpreted. In the process interviews will also be conducted with key informants.

2.2.2 Communicating and defining roles

Communication with staff about performance management is extremely important. Staff is often apprehensive about performance management due to a variety of misconceptions and possibly past experience. It is important to allay these fears and to communicate the through purpose of performance management. The staff needs to understand that it is a management tool that is aimed at improving delivery to the communities – the people that we serve. The staff also needs to understand that UMdoni Municipality’s approach is to implement a performance management and development system that will be used, amongst other things, to develop individual employees and help them to succeed and be successful.

It is not just necessary to dispel fears, but also to clarify the role of employees and stake holders in the performance management cycle and to convey the planned programme to be rolled out with time frames. The roles of the main role players in the different phases of the performance management cycle are set out in the following table.

Role Player	Performance Planning	Performance Measurement and Reporting	Performance Reviews and Recognition
Citizens and Communities	<ul style="list-style-type: none"> • Be consulted on needs • Develop the long-term vision for the area • Assist in identifying priorities • Participate in the identification of indicators and setting of targets 	<ul style="list-style-type: none"> • Be informed of the municipality’s performance 	<ul style="list-style-type: none"> • Be given the opportunity to review municipal performance and suggest new indicators and targets.
Council	<ul style="list-style-type: none"> • Facilitate the development of a long-term vision • Develop strategies to achieve the vision • Identify priorities • Adopt and set targets. 		<ul style="list-style-type: none"> • Review municipal performance bi-annually.

Executive Committee	<ul style="list-style-type: none"> • Give strategic direction and develop strategies and policies for uMdoni Municipality • Manage the development of the IDP • Approve and adopt indicators and targets. • Communicate the plan to other role players 		<ul style="list-style-type: none"> • Conduct the major reviews of municipal performance, determining where goals had or had not been met, what the reasons were and to adopt response strategies
Municipal Manager	<p>Assist EXCO in:</p> <ul style="list-style-type: none"> • Giving strategic direction and developing strategies and policies • Management the development of the IDP • Ensure that the plan is integrated • Identify and propose indicators and targets • Communicate the plan to other role players 	<ul style="list-style-type: none"> • Regularly monitor the implementation of the IDP and identify risk areas • Ensure that regular monitoring (measurement, analysis and reporting) is taking place • Take corrective action as and when required 	<ul style="list-style-type: none"> • Conduct regular reviews of performance • Ensure that performance reviews at the political level are organized • Ensure the availability of information • Propose response strategies to EXCO.
Departmental Managers	<ul style="list-style-type: none"> • Develop service plans for integration with other sectors within the strategy of the Municipality 	<ul style="list-style-type: none"> • Measure performance according to agreed indicators, analyse and report regularly • Manage implementation and intervene where necessary • Inform decision makers of risks to service delivery 	<ul style="list-style-type: none"> • Conduct reviews of service performance against plans before other reviews.

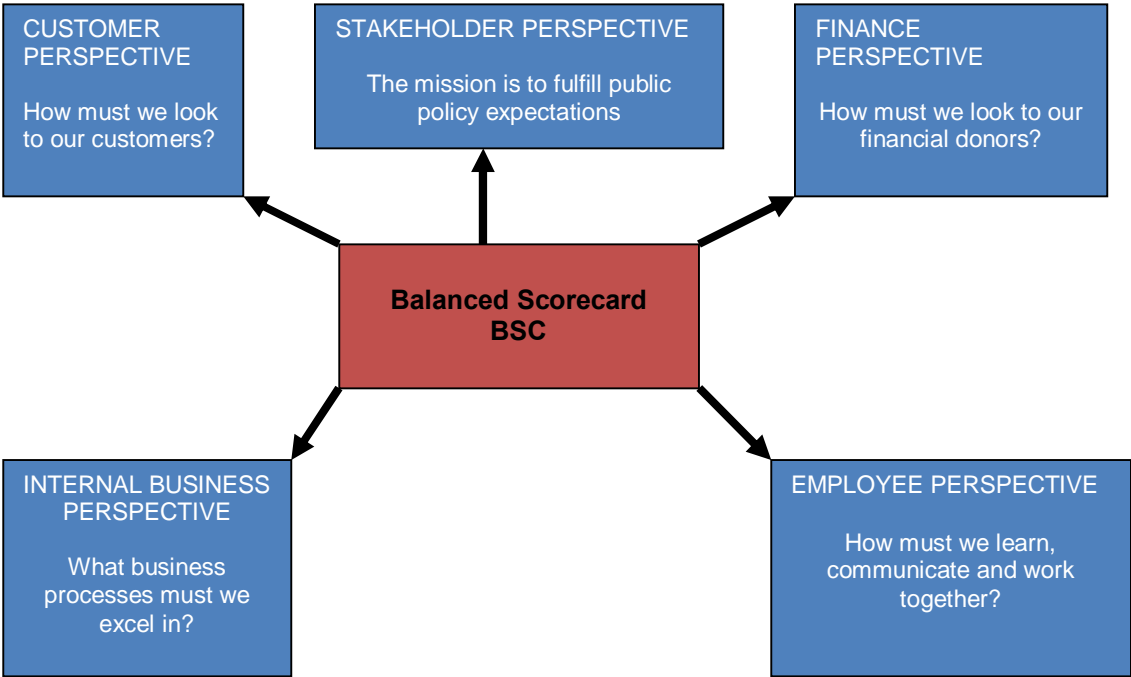
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In view of the above it is proposed that a communication strategy be developed in consultation with the above mentioned and described role players and staff. Thereafter the communication will need to take place as described above.

2.2.3 Developing scorecards

At the SALGA Human Resource Development Conference in March 2003, it was resolved that the balanced scorecard approach should be used by municipalities in developing a PMS. The balanced scorecard consists of an agreed set of measures that provide managers with a comprehensive view of organizational performance. The overall purpose is to enable managers to develop a robust set of performance measures that provide a comprehensive view of performance, but is also linked to the key strategies and priorities of the organization.

The balanced scorecard that is most frequently used in the public sector consists of five perspectives as reflected in the following diagram.



The advantage of applying the balanced scorecard approach is that, as its name suggests, a balanced set of performance measures is put in place.

The MSA requires municipalities to include, where necessary, input, process, output and outcome indicators in their scorecards. The definitions of these indicators are as follows:

- **Input Indicator:** they measure what inputs need to be made towards achieving an objective and they are most relevant to the day-to-day operations of a municipality, e.g. negotiate with current land owners. They are more relevant for SDBIP purposes
- **Process indicators:** they describe how well municipalities use their resources in producing services, e.g. completed tender procedures for appointment of a service provider.
- **Output indicators:** they refer to “products” produced at the end of an activity, e.g. number of electricity connections made.
- **Outcome indicators:** they measure the extent to which the strategic objectives are being met. They are long-term, not always easy to measure and are reliant on deferent variables.

The balanced scorecard approach automatically results in a good mix of all the above indicators with mainly outcome indicators under the stakeholder perspective, mainly output indicators under the customer perspective, process indicators under the internal business process and finance perspectives and input under the learning and growth perspective.

1. Baseline Indicators

In addition to the above mentioned indicators it is also important for a municipality to establish the current status of strategic issues such as access to water, electricity, sanitation and solid waste removal. This requires of municipalities to establish how many households have access to these services. Many municipalities rely in the census data for this purpose while others appoint service providers to conduct socio economic surveys to obtain more recent and accurate data.

This baseline data makes it possible to address the backlog over a given period and track progress towards achieving the national targets. This data needs to be captured in the municipalities IDP and is used for setting realistic targets in the PMS.

2. Strategic municipal scorecard

The strategic municipal scorecard needs to be derived directly from the municipality's vision, mission and strategic priorities. The following example in respect of uMdoni Municipality is included to illustrate this point:

UMDONI VISION

"By 2011 Umdoni Municipality will be synonymous with service delivery excellence, good corporate governance, financial viability and a vibrant local economy delivering services to all its communities in an efficient, effective and economical manner."

UMDONI MISSION

"Striving to utilise all our resources in a fair and **just** manner to create a safe, healthy, economically vibrant and participative community enjoying quality services."

In view of the fact that Council "own" the IDP and the PMS and that it is a legislative requirement to create a culture of performance management within the political structures, it is important for council to, not only adopt the vision and mission statements, but also measure responsibility for driving them.

The 2008/09 IDP incorporates the following outcome indicators associated with the vision and mission:

3. Departmental and business unit scorecards

Departmental scorecards must cascade out of the strategic municipal scorecard. All the strategic indicators will be championed by one or more of the member of executive management, i.e. the Municipal Manager and Departmental Managers. This facilitates the cascading process as the

champions automatically show which manager takes responsibility for which outcome indicators.

The departmental scorecards will be developed using the EXCEL based starter-pack tool.

The targets must comply with the “SMART” principle, i.e. specific, measurable, attainable, realistic and time-bound.

Examples of “SMART” performance targets

- **725 low cost houses completed to specification by 30 June 2007.**
- **Increase in the number of public transport vehicles from 10 to 18 by 30 June 2008**
- **Reduction of 10% in disputes in property valuations by 30 June 2007.**

The following information required on the template will convert the document into a detailed action plan, thereby fulfilling the balanced scorecard requirement of linking long-term strategies to short-term strategies actions. The last three columns need to be populated with:

- A list of projects and actions (input and process indicators) per project required to achieve the performance targets (output);
- The official responsible for the action is identified, which automatically leads to a further cascading effect with officials lower down the hierarchy taking responsibility for different aspects of delivery – inputs that lead to the achievement of the output or performance targets; and
- The official responsible for the action will need to be involved in determining the target date for starting and ending the actions as they would need to take ownership of these actions.
- The budget required to achieve the performance targets. This can be broken down to a budget per project. The listed actions per project, with target dates, will make it possible to project expenditure for each quarter of the financial year as required for the Service Delivery Budget Implementation/Improvement Plan.

The same template should be used in departments and/or business units.

2.2.4 **Service Delivery Budget Implementation/Improvement Plan**

The template for the SDBIP is attached as **Annexure I**. This template is in line with directives from the National Treasury. Once the steps discussed above concerning performance planning have been completed, it will be relatively easy and straight forward to populate the SDBIP template. Critically the SDBIP becomes an operational plan for municipalities, in the sense that it translates the IDP and PMS into daily business activities. The SDBIP is linked to the PMS through and they have been developed as a combined document for the purpose of this municipality. The SDIP for section 78 employees is attached as **Annexure J (this has not been implemented as yet; however the municipality must strive towards achieving it)**

2.2.5 **Publishing the Service Commitment Charter**

Section 44 of the MSA requires that municipalities publish and make know their KPI's and performance targets contained in their PMS. Furthermore, the *Batho Pele* White Paper states under the Principle of Information that "Citizens should be given full accurate information about the public services they are entitled to receive". The most practical way of achieving this is by drafting and publishing a Service Commitment Charter, however the municipality has already established a Service Delivery Committee in 08/09 FY.

Once the departmental scorecards have been completed all the information required to produce a Service Commitment Charter is available and as this is at the beginning of the financial year, it is ideal time to publish the charter. A template for compiling the Service Commitment Charter is attached at **Annexure K**.

Some useful tips when drafting your Charter include:

- Use plain language – avoid using technical terms and jargon:

- Give relevant and specific information – avoid idealistic propaganda, think about what customers would need to know in order to make the best use of services provided;
- Provide charters in customer’s mother tongue e.g. IsiZulu or IsiXhosa, and in a variety of media, according to their special needs. Try to reach all types of customers; and
- State standards in specific, measurable terms which will be meaningful to the customers, e.g. *“we will reply to your letter within 10 days”* instead of, *“We will reply to your letter promptly”*

2.3 PERFORMANCE MEASUREMENT AND REPORTING

“Only what gets measured gets done”

“If you don’t measure results, you can’t tell success from failure”

Harold Emerson

Once the performance planning has been completed and the departmental scorecards are in place they need to be implemented by executing the work in accordance with the plans. As the work is executed, it needs to be continuously monitored and periodically measured and reported on. This is discussed in the following headings:

- Measurement and reporting on team performance; and
- Reporting to the communities.

2.3.1 Measurement and reporting on team performance

The PMS needs to be integrated and internalized into the management cycle of the municipality. In so doing, it becomes the monitoring tool for the implementation and monitoring of the IDP. Regulation 13 that deals with monitoring, measurement and review of performance requires that the mechanisms and processes for monitoring must:

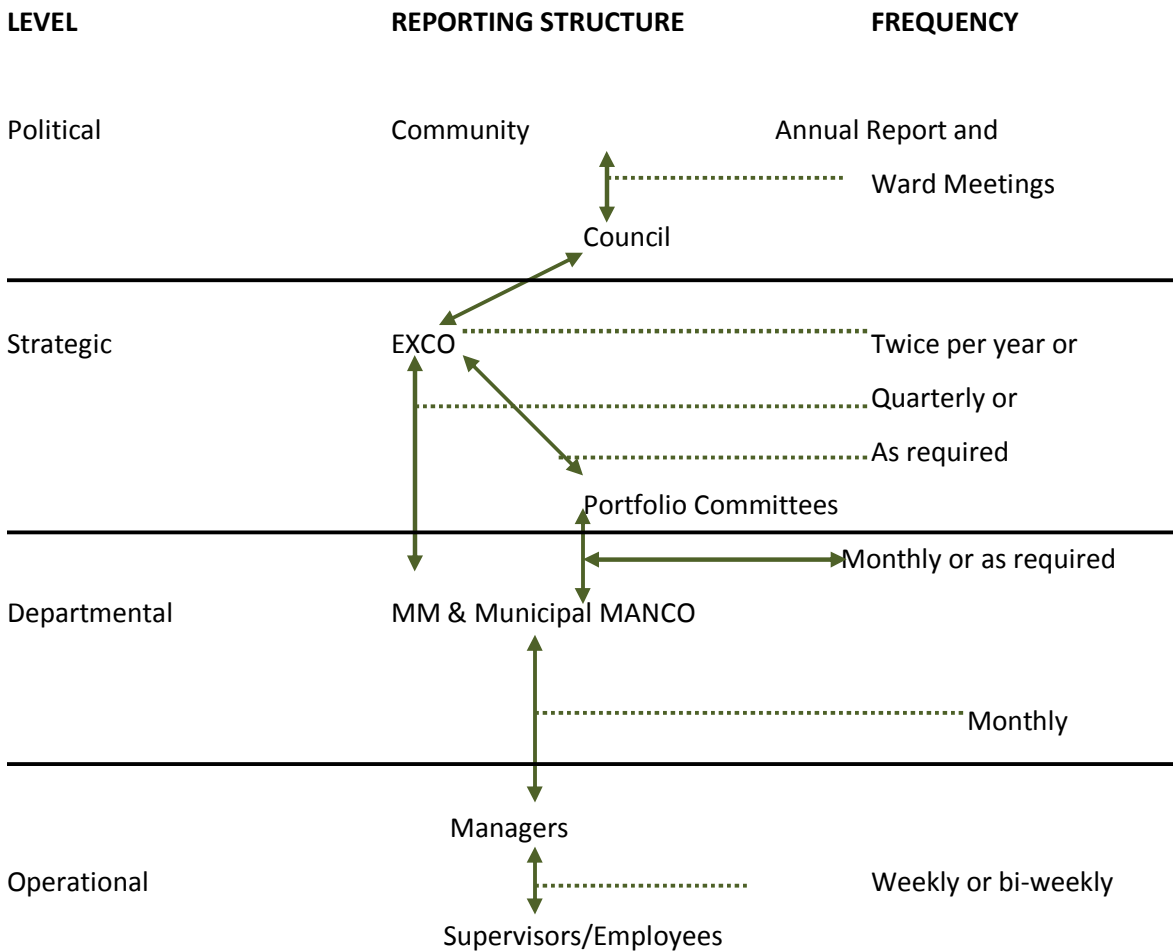
- Provide for reporting to Council at least once a year;
- Enable early detection of underperformance; and
- Provide for corrective measures where under performance has been identified.

In order to comply with these mandates, all team leaders and members of their teams will have to assume responsibility for their particular set of tasks and indicators. For example, on the template for the Monthly Departmental Performance Report it will be noticed that the team leader assumes responsibility for the performance target (output indicator) while the team members are responsible for actions (input and process indicators) that will contribute to the achievement of the performance target. These actions show progress towards achieving the desired output and must be monitored, measure and reported on monthly.

The reports received will need to be consolidated into an agreed upon format and submitted on an agreed upon date to the next higher level of authority. The suggested format for this purpose is entitled “Monthly Departmental Performance Report” and is attached at **Annexure G**. This template includes the planning and reporting on the same form. The advantage of this is that, planned and actual performance can be compared and this enables one to easily establish what still needs to be done and whether progress is satisfactorily. This monitoring process will automatically guide managers and supervisors on all levels to take appropriate corrective action as and when required. This monitoring and measurement system will at the same time constitute an early warning system.

As already stated, the measurement and reporting needs to take place on all levels, which include operational level, strategic level and political level. The suggested intervals on the different levels are depicted below.

Read this diagram from the bottom upwards.



It is important that the reporting structure be used by all role players as a two way reporting channel. As progress against targets is reported to the next level, the supervisors and managers need to compare current performance with targets, past performance and possibly even other municipalities, where this information is available, to determine whether performance is up to standard. If it is below par they need to analyse the reasons and take steps to improve it.

2.3.2 Reporting to Communities

The reporting system described above provides for quarterly municipal performance reports to be submitted to EXCO and the Regulations also require that Council be provided with a report at least twice a year. These reports will reflect progress against the annual targets, which is the

information that Councilors will need for giving meaningful feedback to their constituents, ward committees and other political structures.

As part of the performance planning at the beginning of the financial year, a Service Commitment Charter needs to be developed and published setting out the municipality's service delivery objectives for the year. At the end of the financial year, in terms of Section 46 of the Municipal Systems Act and the *Batho Pele White Paper*, a municipality must prepare a performance report to the citizens that reflect;

- The municipality's actual performance compared to planned performance for the year, together with a comparison with the performance of the previous year
- The development and service delivery priorities and performance targets for the next year; and
- Measures that are going to be taken to improve services.

A proposed template for an annual report to the communities is attached at [Annexure H](#). After the first cycle, the service commitment charter and this report to the communities should be combined.

2.4 PERFORMANCE REVIEWS AND RECOGNITION

2.4.1 Evaluation and review

Section 47 of the MSA requires the MEC responsible for Local Government to submit an annual report of the performance of municipalities in the province to the legislature, the Minister responsible for local government and the National Council of Provinces. In order to comply with this requirement all municipalities are required to submit annual performance reports to the MEC.

In compiling the Municipal Performance Report, the departmental management and municipal MANCO team should evaluate the effectiveness of the current programmes and strategies for delivery in order to determine whether they are on track for delivering the desired outcomes. Should this not be the case they must decide on what corrective action to take and implement

such decisions. These decisions and actions will automatically impact on the next cycle's scorecards.

2.4.1.1 Quarterly Reviews

The municipality shall review its PMS/SDBIP on a quarterly basis, whereby HOD's will submit their quarterly review reports to their respective portfolio committees every first month after the end of that particular quarter indicated below as follows:

Review	Month
1st quarter	October
2nd quarter	January
3rd quarter	April
4th quarter	July

2.4.2 Recognition of team performance

In 2003 the Department of Traditional and Local Government introduced the Vuna Awards, which is aimed at encouraging service excellence in municipalities by means of prestigious award schemes. The objectives of the Vuna Awards are to:

- Enhance performance and productivity;
- Stimulate innovation and creativity;
- Promote learning and best practice;
- Improve the profile of municipalities;
- Promote a culture of service delivery; and
- Meet stakeholder expectations.

In preparation for the Vuna Awards, uMdoni municipality should conduct an independent assessment of its performance and thereafter review feedback and address any identified areas of improvement before the judging process of Vuna Awards commences.

This process will set in motion a cycle of continuous improvement as each local municipality will be addressing its shortcomings in a systematic manner. It can then set a target for the year and at the end of the cycle can be repeated. The tool that can be used for assessment could be the diagnostic tool discussed earlier in paragraphs above.

The same principle can be adopted by uMdoni Municipality for recognizing its performance within the municipality. Such a scheme would have to be a non-monitory team based awards scheme aimed at publicly recognizing efforts, generating pride and saying:

- “Well done”
- Well done for improving services to your customers;
- Well done for listening to them;
- Well done for doing the best you can with what you have.”

This initiative will be aimed at encouraging and motivating service delivery teams in the uMdoni Municipality to constantly improve on their levels of service delivery. The team based awards scheme should have the effect of gradually improving services as the assessment process will highlight the gaps between best practices and the current levels of service delivery, thereby encouraging continuous improvement. The ultimate goal is to reach a level that is on a par with the best in the world.

3 PART THREE: INDIVIDUAL PERFORMANCE MANAGEMENT

3.1 INTRODUCTION

This document has thus far dealt essentially with organizational performance management i.e. the development of indicators, performance targets and monitoring the performance of departments and the Municipality as a whole. In order to ensure that the Municipality achieves these organizational performance goals, however, it needs to align its individual PMS with its organizational PMS. Such a system will measure the performance of individual officials whose performance targets are aligned with those of the departments, in which they work and with the Municipality.

Thus, each official is given performance objectives, targets and standards that are linked to the organizational PMS.

The individual performance management system is discussed below under the following headings:

- Performance planning;
- Performance monitoring and staff development; and
- Performance appraisal and recognition.

3.2 PERFORMANCE PLANNING

At the beginning of each financial year, just after the completion of departmental and business unit scorecards, managers and supervisors need to meet with their individual team members to set objectives for the year for each of them. The objectives need to be challenging, but realistic and in line with the departmental and business unit scorecards. On completion both the employer and employee need to sign the performance plan that must contain:

- Key objectives;
- Key performance areas;
- Key performance indicators;

- Performance targets (outputs); and
- A weighting for each performance target.

The weightings show the relative importance of the outputs. An important output may, for example, be assigned a weighting of 50 out of a total of 100 whereas a less important output may be assigned a weighting of 15 out of 100. The purpose of the weightings is to show the employee where the key focus areas are in the work.

As the performance planning for Section 57 employees is slightly different from the rest of the employees the respective processes for the two categories of staff are discussed under separate heading below.

3.2.1 Section 57 employees

The performance agreement for the Municipal Manager and those reporting directly to the Municipal Manager (Section 57 employees) is the cornerstone of individual performance management on this level. In terms of Section 57 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.

The performance agreement should be informed by the departmental and municipal scorecards and the content of the performance agreement should include the following:

- The legal agreement to be signed by the employer and the employee.
- A performance plan containing key objectives, key performance indicators, performance targets (outputs) and the weighting of each output. Refer to the suggested template at **Annexure B**.
- A personal development plan that identifies the competencies and other development needs of the employee, as well as interventions to improve these. Refer to the suggested template at **Annexure E**.

In the case of Section 57 employees 100 percent of the weightings are allocated to outputs. The key focus in these positions is on delivery and achieving results. No weightings are allocated to the core competencies of customer service, teamwork and service delivery. These are rated separately for developmental purposes only.

Employees at this level in the organization are expected to bring the necessary competencies to the job.

Performance planning for Section 57 employees needs to be completed as early as possible during June of each year. The employer needs to schedule a meeting with the employee in order to agree to performance objectives for the year. This will entail the compilation of a Performance Plan. In doing so the required information will be obtained from the municipal and the departmental scorecards.

In the case of the Municipal Manager the Mayor is the employer and the Municipal Manager the employee. In the case of those reporting directly to the Municipal Manager, the latter is the employer and the former the employees.

3.2.2 Employees under the level of Departmental Managers

Performance planning for sections 78 employees should start off by ensuring that all staff have **signed job profiles/descriptions**. The job description ought to inter-alia, include the objectives of the job, the key performance areas (KPAs) and weightings for each KPA. The signing of job descriptions ensures understanding of the job expectations, job perimeters by employees as well as accountability.

In the case of section 78 employees under the level of Departmental Managers it is not a statutory requirement to sign a performance agreement. It is, however, good management practice to have all employees sign an annual performance plan. In the case of employees on levels 3-12, in accordance with SALGA guidelines, a total weighting of 70% is allocated to key result areas (outputs) and 30% to inputs, the competencies that employees need to possess or develop. This illustrates that the core focus of the employee's job is to deliver results, but it is

also important for employees to exhibit the appropriate skills and behaviours to do the job successfully. These skills and behaviours include customer service, teamwork and service delivery.

The competencies referred to above, that have a weighting of 30 out of 100, represent behaviours that, when displayed by employees, will contribute to outstanding performance within the Municipality. These competencies are defined below.

- Customer service
 - Proactively try to understand the needs of customers;
 - Provide an appropriate service based on identified needs;
 - Follow up on queries;
 - Keep promises;
 - Be honest in all dealings;
 - Adhere to policies, procedures and delegations of authority;
 - Keep the customer up to date and
 - Be friendly and helpful and solve problems without argument.
- Teamwork
 - Managers and supervisors facilitate a friendly working environment where cooperation is encouraged, conflicts resolved and information is communicated;
 - All employees cooperate and communicate with each other in an effort to inform others of what is going on in their areas of responsibility;
 - Employees do their share of the work;
 - Employees help put in times of crises; and
 - Employees support decisions taken by the Municipality.
- Service delivery
 - Employees want to work well to achieve a high standard and try to improve on the way things are done;
 - They work towards achieving the work objectives;

- To make sure things get done they put plans into action, meet deadlines, take initiative and solve problems;
- Employees do not wait to be told to do something; and
- They encourage and use their initiative to make sure things are done accurately and efficiently.

Competencies are more difficult to appraise than key result areas as they are not quantifiable and they do not have “SMART” performance targets. To facilitate the appraisal process some suggested performance standards for each of the above competencies are included in the performance plans. The performance standard in each case represents excellent performance for that particular competency and the assessors will need to appraise the jobholder’s performance against that standard.

Extremely important aspects of the work for managers are managing people and the budget. For this reason the performance plans for managers on levels 3 and 4 should include key result areas of managing staff with a weighting of 10 out of 70 and also managing the budget, also with a weighting of 10 out of 70. For the sake of convenience some possible KPIs and related performance targets have been included for consideration in the templates of the performance plans for Executive Managers and Managers.

Performance planning for employees on levels 3 to 12 needs for commence as soon as the departmental scorecards have been completed. Care should also be taken that all employee’s performance plans are aligned with their respective supervisor’s performance plans. This will automatically be the case if departmental scorecards are compiled as suggested above. The supervisor, or employer, needs to schedule a meeting with the employee in order to agree to performance objectives for the year. This will entail the compilation of a performance plan. In doing so the required information will be obtained from the respective departmental scorecard. These performance plans need to be completed before the end of July of each year. Templates for performance plans for managers and for staff on levels 5 to 12 are attached at **Annexure B**.

3.2.3 Performance Monitoring and Employee Development (Sec 57 & 78)

As the work is executed there needs to be continuous communication between the supervisor, as the employer, and the jobholder, as the employee, about the progress being made with the work. In the process performance needs to be continuously monitored to enable the identification of performance barriers and to address development and improvement needs as they arise, and also to:

- Determine progress in achieving objectives and performance targets;
- Enable supervisors and jobholders to deal with performance-related problems;
- Identify and provide the support needed;
- Modify objectives and targets; and
- Ensure continuous learning and development.

There needs to be a formal mid-year appraisal and feedback session between employer and employee – supervisor and jobholder. The supervisor should prepare by:

- Reviewing the previous period and objectives and performance targets for the next period;
- Reviewing support needed and drafting training and development needs;
- Seeking appropriate feedback from relevant role-players to support the process;
- Reviewing and updating all relevant documentation; and
- Identifying internal/external factors affecting the jobholder's performance.

The jobholder should prepare by:

- Reviewing previous objectives and identifying possible new objectives;
- Collecting supporting facts on performance delivered;
- Identifying factors that affected his/her performance;
- Identifying support that will be needed as well as possible training and development needs; and
- Reflecting on the feedback to be given to the supervisor.

The assessment discussion should enable:

- An opportunity for the employee to assess his/her own performance and its contribution to organizational goals and to identify areas of improvement;
- An opportunity for the supervisor to provide formal feedback on performance over the period and to identify ways of improving what was achieved;
- An opportunity for the employee to contribute to, and respond to comments regarding his/her performance and identify issues beyond his/her control that limit the achievement of results;
- An open discussion between the employee and his/her supervisor in which achievements can be fully recognized and ideas for problem solving agreed;
- Agreement on an overall assessment score reflecting judgement on the level of achievement attained in terms of the performance agreement; and
- An opportunity for the supervisor and the employee to agree on areas of personal development and to incorporate these in a personal development plan as contained at Annexure D, Appendix 5.

3.3 PERFORMANCE APPRAISALS AND RECOGNITION

3.3.1 End of year appraisals

The end of the year appraisal sessions need to be conducted in the same manner as the mid-year review discussed above. The final assessment discussion must take place at the end of the performance cycle and coincides with the end of the financial year.

The result of the appraisal is the total score for the employee's performance for outputs and for inputs (competencies). **The end of year appraisals should be an overall rating of all the mid-year appraisals, this simply means that, the mid-year appraisals are added and averaged by the four quarters of the financial year to give an overall annual performance score. The end of year appraisal is thus not a separate assessment process.**

In the case of the Section 57 employees, they only have outputs against which they will be appraised. The supervisor and the jobholder need to sign the completed score sheet.

The score resulting from the assessment will fall into one of the following categories of performance.

RATING	CATEGORY	DESCRIPTION
1	Unacceptable performance: 39% and lower	Performance does not meet the standard expected for the job. The review/assessment indicates that the jobholder has achieved <u>less than fully effective results against almost all</u> of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan.
2	Performance not fully effective: 40-59%	Performance meets some of the standards expected for the job. The review or assessment indicates that the jobholder has achieved <u>less than fully effective results against more than half</u> of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan.
3	Performance fully effective: 60-69%	Performance fully meets the standard expected in all areas of the job. The review/assessment indicates that the jobholder has achieved as a

		minimum <u>effective results against all</u> of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan.
4	Performance significantly above expectations: 70-79%	Performance is significantly higher than the standard expected in the job. The review/assessment indicates that the jobholder has achieved <u>better than fully effective results against more than half</u> of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan and fully achieved all others throughout the performance cycle.
5	Outstanding performance: 80-90% and above	Performance far exceeds the standard expected of a jobholder at this level. The review/assessment indicates that the jobholder has achieved <u>better than fully effective results against all</u> of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the performance cycle.

3.3.2 Moderating assessment results (Sec 78 employees)

The purpose of moderating the results of assessments is to ensure equity and consistency in the application of the PMS. It is suggested that a municipal moderating body be established that should moderate the assessments of all officials on **levels 3 and 4**, irrespective of what department they work in. Furthermore, each department should establish a moderating committee to check for consistency in the appraisal process for departmental employees under the management echelon. Human resource practitioners need to be included in all of these moderating committees to give guidance, check for consistency between departments and to provide secretarial services.

The role of the Moderating Committee is to ensure that supervisors are agreeing to performance plans and appraising performance in a realistic, consistent and fair manner. The committee must also ensure that scores given across the Municipality and in municipal departments are realistic and that a uniform standard is applied. This process operates at the following two levels:

- Firstly, within the normal chain of command in business units, i.e. the supervisors are required to oversee the performance management actions and assessment outcomes of their subordinates; and
- Secondly, through the more formalised moderating committee(s). The Moderating Committee is required to overview performance agreements and subsequent performance ratings. The Committee must also review overall assessment statistics of components to ensure equity and fair distribution across the Municipality.

The committee will be required to meet at least twice per performance cycle: once to moderate and approve the results of the assessment process at the end of the performance cycle and again at the start of the new cycle to moderate and approve the results of performance planning and agreement activities.

The moderating committee identifies deviations or discrepancies these should be referred back to the supervisor who had agreed the rating with his or her subordinate(s), together with reasons for the decision. This should be accompanied by a request for reconsideration of the rating. Unless it is an overall assessment score adjustment that alters the assessment scores of all employees (as a group) by the same quantum, a moderating committee may not change an individual employee's assessment score, without first referring the issue back to the supervisor who made the initial assessment, or any moderating sub-committee that might have been involved in the process. A moderation committee must keep detailed minutes of decisions, in particular if it recommends lowering a score already agreed between a supervisor and employee.

3.3.3 Non-agreement and grievances

Agreement between an employer, employee and the Moderating Committee, on employee performance issues such as rating, is not always guaranteed. If there is regular communication between the employer and the employee there should be no disagreement.

However, non-agreement may occur, (a) between the employee and her/his supervisor, (b) between the supervisor the Moderating Committee on the other hand, (c) between the departmental Moderating Committee and the Performance Audit Committee (PAC), and even between the PAC and the Municipal Manager or EXCO.

In an effort to resolve any such disputes or disagreements, the dispute resolution and grievance procedures need to be followed.

3.3.4 Managing performance that is not fully effective

Employers are required to first identify and then, in line with a developmental approach, deal with unacceptable performance of employees under their supervision. The PMS process set out above provides for the early identification and resolution of unacceptable performance. The employee's performance rating as "not fully effective" should not be the first indication of the employee's shortcomings, but performance monitoring, including the performance reviews, provide opportunities to ensure this does not happen. Interventions by the employer to overcome performance shortfalls on the part of the employee can include any or all of the following:

- Personal counseling;
- On-the-job mentoring and coaching;
- Formal training;
- Restating the performance plan requirements; and
- Work environment audits to establish other factors affecting performance.

3.3.5 Performance incentives

In order to encourage high standards of performance it is recognized that outstanding performance should be rewarded. Section 57 employees who have signed fixed term contracts and annual performance agreements and who obtain high scores in their performance

assessments are eligible to receive some form of financial reward that is in line with the remuneration policy of the Municipality and the performance regulations.

Declaration 3 dealing with performance management emanating from the SALGA Human Resource Development Conference in March 2003 states that:

“For permanent employees within the bargaining unit, the performance system is to be rolled out with non-cash rewards.”

In view of this policy ruling it is necessary to look at ways of providing meaningful performance incentives to deserving individual employees on levels 3 to 12 that are non-cash rewards. Some considerations for such rewards include:

- Employee is granted three free leave days
- Special consideration for a particularly exciting opportunity such as training and development opportunities and relevant seminars
- Public awards of various kinds made by top management. These can vary from awards for public achievement and innovate ideas to employee of the month awards
- Participation in employee exchange programmes
- The employee may select a work tool that will enhance performance and output
- Recognition in publications and media
- Certificate
- Lunch
- Positive feedback

The awards could be made as a gala awards ceremony discussed in paragraph 2.4.2. This will be a way of giving recognition to those dedicated officials who show outstanding commitment and constantly go the extra mile in the interests of those we serve.

4 PART FOUR: REVIEW AND IMPROVEMENT OF THE PMS

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. To measure this, an assessment tool has been developed and is attached as **Annexure A**. This tool will make it possible to set a baseline at the beginning of the period and then track progress over a period of time.

Furthermore, the review of the IDP should culminate in a review of the PMS as the PMS is a tool that measures the implementation of the IDP.

5 CONCLUSION

From the foregoing it is clear that performance management consists of organizational and individual performance management. Although they are closely linked they should preferably be managed as two separate systems. As is demonstrated above, individual performance management can only be meaningful if it cascades out of the organizational PMS.

The organizational PMS is developed in three phases starting with performance planning, followed by performance measurement and reporting and finally performance reviews and recognition of team performance. During the performance planning phase it is advisable to conduct a diagnostic analysis of the Municipality that will gauge the level of organizational health and identify areas of improvement that will increase the Municipality's ability to deliver on its objectives. The Balanced Scorecard approach should be used to link the IDP objectives to operational plans and ensuring that there is a balance of outcome, output and input indicators in the departmental and business unit scorecards. The areas of improvement that were identified during the diagnostic analysis need to be built into the scorecards so that progress towards addressing them can be measured and monitored.

The organizational PMS must result in regular reports for all business units and municipal departments being submitted on a regular basis. These reports need to be consolidated into a municipal performance report that should be submitted to EXCO on a quarterly basis and to Council at least twice a year. At the end of the financial year the quarterly reports should be consolidated into an annual municipal performance report that should be distributed in the communities.

In developing the individual PMS it is important to follow a developmental approach. Each employee needs to have an individual performance plan that will be in line with the organizational scorecards.

As the work gets executed in line with these performance plans there should be constant communication between the manager / supervisor and the employee. When a problem is identified, such as a lack of capacity, the supervisor and the employee should agree on the

required interventions that will develop and increase the employee's capacity. In this way the PMS becomes a performance management *and development* scheme.

The individual PMS should be used to give each employee direction by means of individual performance plans that are compiled and agreed to between the supervisor and jobholder. The individual PMS is then also used for assessing individual performance against these plans. These assessments take place in the form of a mid-year review and an end of the year appraisal. The reviews and appraisals should be one-on-one sessions between the supervisor and the jobholder. All appraisals are then moderated by a moderation committee that will check for consistency and whether they are realistic and fair. Once this has been completed it is possible to reward the high performers and to take remedial action in respect of performance that is not up to standard.

The other important factor is that in cascading the PMS down to section 78, each individual needs to have an SDIP that is directly drawn from the supervisors or managers SDIP. This ensures effective monitoring of operations by supervisors and managers as their tasks (KPA's) are delegated without losing accountability to subordinates.

This is the first review of this framework conducted after its adoption in 08/09 and as the municipality gets to grips and understands PMS more the document will be reviewed yearly so that it can allow changing circumstances to be incorporated on a year basis.

ANNEXURE

ANNEXURE A PERFORMANCE MANAGEMENT: LEGAL AND GOOD PRACTICE COMPLIANCE CHECKLIST

September 2007

PERFORMANCE MANAGEMENT: LEGAL AND GOOD PRACTICE COMPLIANCE CHECKLIST

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2. ASSESSMENT CRITERIA
3. PART ONE: ORGANISATIONAL PERFORMANCE MANAGEMENT
4. TEMPLATES FOR SECTION 57 AND 78 PERFORMANCE PLANS

1. INTRODUCTION

The intension of this assessment questionnaire is to establish a baseline of compliance with legal and good practice requirements in the field of Performance Management. This baseline survey will highlight areas where the Municipality has achieved in the field of Performance Management as well as areas that require improvement. This will in turn enable us to address the whole question of Performance Management in a systematic and methodical manner.

The questionnaire is divided into two sections, the first deals with organizational performance management and the second deals with individual performance management. Although these two aspects of performance management are linked, it is important to manage them as separate systems. Under each section the questionnaire starts with the legal requirements and then moves on to an assessment of good practices in the field. You are requested to rate the level of compliance against each requirement or criteria by using the rating scale provided below. Space is also provided for comments or suggestions on any of the issues, should you wish to provide them.

2. ASSESSMENT CRITERIA

Numerical scale	Descriptive scale	Interpretation
3	Exceeds compliance	Exceeds required level of compliance / is an acknowledged leader in the field compared to other municipalities
2	Compliant	Evidence of consistency and constantly complying with the requirement / meets all criteria
1	Partially compliant	Something has been done, but the required level of compliance has not yet been achieved, or only achieved periodically / below standard / not compliant

0	Nothing done	This issue has not yet been addressed / 0% compliant
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3. PART ONE: ORGANISATIONAL PERFORMANCE MANAGEMENT

3.1 Legal Requirements

3.1.1 Municipal Systems Act

Section of Act	Requirement	Rate of Compliance (0 – 3)	Comments or suggestions
S38 – Establishment of a PMS	A municipality must establish a PMS that is: <ul style="list-style-type: none"> • Commensurate with resources 		
	<ul style="list-style-type: none"> • Best suited for the circumstances 		
	<ul style="list-style-type: none"> • In line with the development priorities of the IDP 		
	Must promote a culture of performance Management in the political structures		
	It must promote the administration of its affairs in an economical, effective, efficient and accountable manner		
S39 – Development of a PMS	EXCO must: <ul style="list-style-type: none"> • Manage the development of the PMS 		
	<ul style="list-style-type: none"> • Assign responsibilities in this regard to the MM 		
	<ul style="list-style-type: none"> • Submit the PMS to Council for adoption 		
S40 – Monitoring and Review of PMS	The municipality must establish mechanisms To monitor and review its PMS		
S41 – Core Components of the PMS	Core components of the PMS must consist of: <ul style="list-style-type: none"> • A set of KPIs for measuring performance against development objectives contained in the IDP 		
	<ul style="list-style-type: none"> • A set of performance targets 		

	<ul style="list-style-type: none"> • Being able to monitor performance 		
	<ul style="list-style-type: none"> • Being able to measure and review Performance at least once a year 		
	<ul style="list-style-type: none"> • Being able to take steps to improve Performance in areas where it is lagging 		
	<ul style="list-style-type: none"> • Establishing a process of regular reporting to: <ul style="list-style-type: none"> ○ Council 		
	<ul style="list-style-type: none"> ○ Other political structures and office Bearers 		
	<ul style="list-style-type: none"> ○ Staff 		
	<ul style="list-style-type: none"> ○ The public 		
	<ul style="list-style-type: none"> ○ Appropriate organs of State 		
	<ul style="list-style-type: none"> • It must provide an early warning system 		
S42 – Community Involvement	Must ensure community participation in developing the system, in particular in the development of KPIs and performance targets		
S43 – General KPIs	The general (national) KPIs must be included in Scorecards to the extent that they are applicable to a municipality.		
S44 – Notification of KPIs and performance targets	The municipality must publish and make known the KPIs and performance targets contained in its PMS		
S45 – Audit of performance measurements	The results of performance measurements must be audited:		
	<ul style="list-style-type: none"> • As part of the internal audit process 		
	<ul style="list-style-type: none"> • Annually by the Auditor-General 		
S46 – Audit reports	The municipality is to prepare an annual report reflecting:		
	<ul style="list-style-type: none"> • It's performance for the year in comparison to the previous year 		
	<ul style="list-style-type: none"> • The service delivery priorities and targets for the following year 		
	<ul style="list-style-type: none"> • Measures that are to be taken to improve Performance 		

	The municipality is to prepare an audit report on the financial statements and the report by the A-G on the auditing of performance measurement		
	The municipality is to comply with the reporting Requirements of any other legislation such as the MFMA		
	The municipality is to table its annual report within one month of receiving the audit report		
	The MM must: <ul style="list-style-type: none"> inform the local community of a meeting at which the municipality's annual report will be tabled and discussed 		
	<ul style="list-style-type: none"> Give written notice of such meetings to the A-G and the responsible MEC 		
	<ul style="list-style-type: none"> Submit the minutes of such meetings to the A-G and the responsible MEC 		
	<ul style="list-style-type: none"> Be available to respond to questions about the annual report 		
	The municipality must adopt its annual report and Within 14 days: <ul style="list-style-type: none"> Make copies of the report accessible to the public 		
	<ul style="list-style-type: none"> Submit copies of the report to: <ul style="list-style-type: none"> the MEC for Local Government the A-G 		

3.1.2 Local Government: Municipal Planning and Performance Management Regulations

Regulation	Requirement	Rate of Compliance (0 – 3)	Comments or suggestions
Reg 7 – Nature of the PMS	A performance management framework exists that sets out how the cycle and processes of performance		

	planning, monitoring, measurement, conducted, organized and managed with the roles of different role players defined		
	In developing the PMS it must be ensured that the system: <ul style="list-style-type: none"> • Complies with all the requirements of the Act 		
	<ul style="list-style-type: none"> • Demonstrates how it is to operate and be Managed in all its stages 		
	<ul style="list-style-type: none"> • Clarifies roles and responsibilities 		
	<ul style="list-style-type: none"> • Determines the frequency of reporting and the lines of accountability 		
	<ul style="list-style-type: none"> • Relates to the municipality's employee Performance management processes 		
	<ul style="list-style-type: none"> • Is linked to the IDP 		
Reg 8 – Adoption of the PMS	The adoption of the PMS must be coordinated with the IDP and budgetary process		
Reg 9 – Setting of KPIs	The municipality must set KPIs that provide for the input, output and outcome indicators		
	KPIs must be measurable, relevant objective and precise		
	In setting KPIs a municipality must ensure that: <ul style="list-style-type: none"> • Communities are involved 		
	<ul style="list-style-type: none"> • The KPIs inform the indicators set for: <ul style="list-style-type: none"> - All admin units and employees 		
	<ul style="list-style-type: none"> - All entities and service providers with whom the municipality has entered in a service level agreement 		
Reg 10 General KPI	Have the following general KPIs been included in the scorecards <ul style="list-style-type: none"> • % households with access to basic levels of water, sanitation, electricity and solid waste 		
	<ul style="list-style-type: none"> • % households earning less than R1100 per month with access to free basic services 		
	<ul style="list-style-type: none"> • % of the municipality's capital budget actually spent on capital projects in financial year 		
	<ul style="list-style-type: none"> • Number of jobs created through LED initiatives 		
	<ul style="list-style-type: none"> • Number of people from EE target groups employed in the 3 highest levels in accordance with the approved EE plan. 		

	<ul style="list-style-type: none"> • % of the budget spent on implementing the Workplace Skills Plan 		
	<ul style="list-style-type: none"> • Financial viability in terms of the debt coverage 		
	<ul style="list-style-type: none"> • Financial viability in terms of the outstanding service debtors to revenue 		
	<ul style="list-style-type: none"> • Financial viability in term of cost coverage 		
Reg 11 – Review of KPIs	Has the annual review of KPIs been done?		
	Were any amendments to the IDP in terms of section 34 of the Act accompanied by amendments to the related KPIs?		
Reg 12 – Setting of Performance Targets	Each year performance targets must be set for all KPIs		
	Performance targets must:		
	<ul style="list-style-type: none"> • Be realistic 		
	<ul style="list-style-type: none"> • Measure the efficiency, effectiveness, quality and impact of the performance of the: <ul style="list-style-type: none"> - municipality - Administrative components - Affiliated entities - Persons for whom they were set 		
	<ul style="list-style-type: none"> • Be consistent with the municipality’s development priorities and objectives set out in the IDP 		
Reg 13 – Monitoring, measurement and review of	In consultation with the local community the municipality must develop and implement mechanisms, systems and processes for monitoring, measurement and review of actual against planned performance.		
	The mechanisms, systems and processes for the monitoring must:		
	<ul style="list-style-type: none"> • Provide for reporting to Council at least twice a year 		
	<ul style="list-style-type: none"> • Enable early detection of under performance 		
	<ul style="list-style-type: none"> • Provide for corrective measures where under performance has been identified 		
	Performance measurement must include the measurement of:		
	<ul style="list-style-type: none"> • Cost, resources and time used to produce the output 		
	<ul style="list-style-type: none"> • The extent to which the municipality’s activities and processes were able to deliver the required outputs 		
	<ul style="list-style-type: none"> • The effect of the outputs expressed in terms of the planned outcomes i.e. the effects on the communities. 		
	The mechanisms, systems and processes for review must:		
	<ul style="list-style-type: none"> • Identify strengths, weaknesses, opportunities and threats in meeting the performance 		

	targets.		
	<ul style="list-style-type: none"> Review the KPIs 		
	<ul style="list-style-type: none"> Allow the local community to participate in the review process 		
Reg 14 – Internal auditing of performance measurements	Develop and implement mechanism, systems and processes for auditing the results of the performance measurements as part of the internal auditing process		
	Any auditing must include assessments of: <ul style="list-style-type: none"> The extent to which performance measurement are reliable 		
	The internal auditors must: <ul style="list-style-type: none"> Audit performance measurements on a continuous basis 		
	<ul style="list-style-type: none"> Submit quarterly reports on their audits to the MM and Performance Audit Committee 		
	A municipality must annually appoint and budget for a Performance Audit Committee		
	The PAC must be properly constituted i.e. at least 3 members, the majority of which may not be involved in the municipality as a councilor or employee. It must include at least one person with experience in performance management.		
	A municipality must provide a secretariat service for its PAC		
	A PAC must: <ul style="list-style-type: none"> Review the quarterly reports submitted to it 		
	<ul style="list-style-type: none"> Review the municipality's PMS and make appropriate recommendations to Council 		
	<ul style="list-style-type: none"> Submit an audit report to council at least twice a year 		
	In reviewing the municipality's PMS, the committee must focus on economy, effectiveness and impact of the performance targets.		
Reg 15 – Community Participation	The community must establish the forum (this is the IDP Forum) that will enhance community participation in monitoring, measurement and review of the municipality's performance in relation to the set KPIs and performance targets		
	The Forum must be representative of the composition of the local community		
	Regular meetings of the forum must be convened to discuss: <ul style="list-style-type: none"> The process, content and implementation of the IDP 		
	<ul style="list-style-type: none"> Development, implementation and review of the PMS 		
	<ul style="list-style-type: none"> The monitoring of performance against targets 		
	Allow members of the forum at least 14 days before any meeting to consult their respective constituencies		

ANNEXURE: B PERFORMANCE PLAN FOR SECTION 57 EMPLOYEES

Name of Employee				Objectives of my Department are:			
Job Title							
Department							
Period for this Plan		1 July 2007 – 30 June 2008					
Signed and accepted by the employee (job title):				The purpose of my job is:			
Date							
Signed by the employer (job title):							
Date							
Key Objectives (from the departmental scorecard)	KPIs (output)	Performance Targets	Weight	Performance Status on date of review	Reason for non-performance	Score	
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
		Total weighting out		100	Total Score out of 100		

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Signature of Employer at end of assessment

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Signature of Employee at end of assessment

ANNEXURE: C PERFORMANCE PLAN FOR SECTION 78 STAFF

Name of Employee		Objectives of my Department are:	
Job Title			
Department			
Period for this Plan	1 July 2007 – 30 June 2008		
Signed and accepted by the employee (job title):		The objective of my component is:	
Date			
Signed by the employer (job title):		The purpose of my job is:	
Date			

Key Objectives	KPIs (output) (to be linked to SDBIP)	Performance Targets	Weight	Performance Status on date of review	Reason for non-performance	Score
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
Total weighting for outputs			70	Total Score out of 100		

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Signature of Employer at end of assessment

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Signature of Employee at end of assessment

ANNEXURE D SERVICE DELIVERY COMPETENCIES (sec 78)

Inputs (Competencies)	Definition	Performance Standard	Weight	Score
1. Customer Focus	<ul style="list-style-type: none"> • Proactively try to understand the needs of customers • Provide an appropriate service based on identified needs • Follow up on queries • Keep promises • Be honest in all dealings • Adhere to policies, procedures and delegations of authority • Keep the customer up to date • Be friendly and helpful and solve problems without argument 	<p>Can demonstrate how <i>Batho Pele</i> is being applied in the work place:</p> <ul style="list-style-type: none"> • How customers are consulted on service priorities and standards, • how the best use of services is made due to customers being well informed and • how services are improved by making use of customer's inputs 		
2. Teamwork	<ul style="list-style-type: none"> • Managers and supervisors facilitate a friendly working environment where cooperation is encouraged, conflicts resolved and information is communicated. • All employees cooperate and communicate with each other in an effort to inform others of what is going on in their areas of responsibility. • Employees do their share of the work • Employees help out in times of crisis • Employees support decisions taken by the municipality 	<ul style="list-style-type: none"> • Demonstrate exceptional abilities working as a member of a team. • High level of communication skills and ability to influence and motivate others to achieve targets. • Coaches other team members to better results. 		
3. Service Delivery	<ul style="list-style-type: none"> • Employees want to work well to achieve a high standard and try to improve on the way things are 	<ul style="list-style-type: none"> • Constantly produces exceptional work • Accomplishing all key tasks with high 		

	<p>done.</p> <ul style="list-style-type: none"> • They work towards achieving the work objectives • To make sure things get done they put plans of action, meet deadlines, take initiative and solve problems. • Employees do not wait to be told what to do • They encourage and use their initiative to make sure things are done accurately and efficiently. 	<p>level of accuracy and shows a high level of creativity.</p> <ul style="list-style-type: none"> • Always volunteers for additional responsibilities. 		
		Totals inputs – weighting and score	30	
		Total score for input and outputs out of 100		

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Signature of Employer at end of assessment

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Signature of Employee at end of assessment

ANNEXURE E PERSONAL DEVELOPMENT PLAN

Department :.....

Job Title :.....

Incumbent :.....

Purpose : To enable the manager and the employee to identify skills development requirements and as a result agree on the steps to be taken to address those developmental gaps.

AREA IDENTIFIED FOR DEVELOPMENT	OBJECTIVE FOR DEVELOPMENT	TYPES OF INTERVENTION (Short course or bursary)	QUARTER TARGETED
e.g. Computer skills (Word and Excel)	To be able to write reports using a computer	Short course on Microsoft Excel and Word	Quarter 2

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Signature of Employer at end of assessment

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Signature of Employee at end of assessment

ANNEXURE F TRAINING IMPACT ASSESSMENT

IMPACT OF TRAINING ON WORK (AFTER SIX MONTHS)	
EMPLOYEE	SUPERVISOR
<p>E.g. I have managed to prepare reports for my supervisor in the past four months on computer using word and Excel. I am now more efficient than before as I take less time to prepare reports than I used to when I prepared them manually.</p>	<p>The subordinate has improved in preparing reports. The reports are now more meaningful and are prepared and submitted to myself (Mr. B Mthembu: Supervisor) on agreed time.</p>

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Signature of Employer at end of assessment

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Signature of Employee at end of assessment

ANNEXURE: H TEMPLATE FOR THE ANNUAL PERFORMANCE REPORT

ANNUAL PERFORMANCE REPORT TO COMMUNITIES

1. Who are we?
 - a. Vision:
 - b. Mission:
 - c. Service delivery principles or values:

2. Where can we be found:

3. Our services and benefits to you:

4. How to use our services:

5. How can you help us?

6. Our performance against targets

Departmental performance targets	Achievements in 07/08	Achievements in 06/07	Performance targets for 08/09	Comments/Remarks

7. Plans for improving services

No.	Plan of Action	KPI	Target Date	Responsibility

ANNEXURE: I TEMPLATE FOR THE SERVICE DELIVERY IMPLEMENTATION PLAN

NATIONAL KEY PERFORMANCE AREA: INSTITUTIONAL GOVERNANCE

DEVELOPMENT PRIORITY: Organisational Alignment					TOTAL BUDGET ALLOCATED:			
PROGRAMME: STRATEGIC & OPERATIONAL PLANNING and IMPLEMENTATION					PROGRAMME OBJECTIVE: to ensure effective implementation of the IDP			
PROGRAMME KPI OUTPUT: adopted IDP & SDBIP, AND QUARTERLY/ANNUAL PMS REPORTS					PROGRAMME KPI OUTCOME: improved institutional functioning and alignment AND municipal achievement of objectives.			
PROJECTS	RESPONS.	TOTAL PROJECT BUDGET:	UNIT OF MEASURE	TARGET	Q1: MILESTONE	Q2: MILESTONE	Q3: MILESTONE	Q4: MILESTONE
		SOURCE			PROJECTED BUDGET: capital	PROJECTED BUDGET: capital	PROJECTED BUDGET: capital	PROJECTED BUDGET: capital
IDP	EB Jaca		% adoption of the IDP	100%	Adoption of the IDP process plan		Draft IDP noted by Council	IDP review adopted by Council
			Assessment	75%		Situational Analysis Completed & Public Participation Completed		
PMS	EB Jaca		% adoption of PMS	100%		Reviewed PMS Framework	Develop ed key performance indicators	PMS Adopted by Council
			No. of quarterly reviews undertaken	4	Dates Set for Quarterly Reviews	Quarter 01 Review	Quarter 02 Review	Quarter 03 Review
			No. of performance reports prepared	4	Quarter 4 2008/09 Report submitted to Council	Quarter 01 Report submitted to Council	Quarter 02 Report submitted to Council	Quarter 03 Report submitted to Council

SDBIP	EB Jaca		% adoption of SDBIP	100%	n/a	n/a	Departmental KPI's developed	Draft SDBIP submitted 14 days after budget draft. Adopt the final Adoption of SDBIP 14 days after noting of draft.
Strategic Planning Workshops	EB Jaca		No. of strategic planning workshops undertaken	2	n/a	Dates set for strategic planning	2 sessions conducted.	Document submitted to Council.

ANNEXURE J TEMPLATE FOR SECTION 78 SERVICE DELIVERY IMPLEMENTATION PLAN

KEY PERFORMANCE AREA & INDICATOR (FROM ACTIVITY COLUMN FROM SEC 57 SDBIP)	ACTIVITY	UNIT OF MEASUREMENT	ANNUAL TARGET	QUARTER ENDING 30 SEPT '06		QUARTER ENDING 31 DEC '06		QUARTER ENDING 31 MAR '07		QUARTER ENDING JUN '07		30
				<u>Projec- ted</u>	<u>Actual</u>	<u>Projec- ted</u>	<u>Actual</u>	<u>Projec- ted</u>	<u>Actual</u>	<u>Project ed</u>	<u>Actual</u>	
1.FINANCIAL MANAGEMENT 1.1COMPILATION OF BUDGET & ADJUSTMENTS BUDGET	Prepare budget plan for 2007/2008	Document tabled to Council	1	1								
	Revenue projections for next 3 years and determine allocations to local municipalities	Document available	1	1								

ANNEXURE K TEMPLATE FOR SECTION 78 SERVICE DELIVERY IMPLEMENTATION PLAN

Who we are

We are uMdoni Municipality.....

Where we can be found

We can be found in the following offices and centers

The Services that we provide

We provide the following services to our valued customers	You can make best use of these services by:
•	•
•	•

Our approach to providing services will be based on the *Batho Pele* principles and we undertake to:

- Transparent
- Consultative
- Access

Our Service Standards

We have set the following minimum standards for the quality and level of services we provide:

Service	Service Standard
•	•
•	•

We will deal with your queries as follows:

When you write to us:

- We will acknowledge you better within () working days of receiving it
- We will send full reply within () working days

When you phone us:

- We will answer calls within () rings
- We will give our names when we answer
- If we are not able to assist you immediately, we will give you the name of the person to whom your query will be passed to and who will gladly assist you
- You can phone us between 00h00 and 00h00 on Mondays to Fridays

If you have a complaint:

- Tell us, and try to put things right immediately
- If you are not satisfied with this we will investigate what went wrong and reply to you within () working days
- If you are not happy with our response you can write to:

The Municipal Manager
PO BOX 12
Corner of Airth & Williamson Street
SCOTTBURGH
4180

Please tell us what you think of our service delivery and whether we are meeting our service standards. We would also welcome your suggestions on how to improve our services. Our contact numbers are 039 9761202 or (E-mail) or (Website).