

uMGUNGUNDLOVU DISTRICT MUNICIPALITY



PERFORMANCE MANAGEMENT FRAMEWORK /POLICY
2016/2017 and 2017/2018
Financial Year

APPROVAL OF THE PERFORMANCE MANAGEMENT FRAMEWORK/ POLICY

Information contained in this Performance Management Policy Framework has been approved by Council

COUNCIL REPRESENTATIVE:
(Print name)

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List of Acronyms

AG: Auditor General

IDP: Integrated Development Plan

KPA: Key Performance Area

KPI: Key Performance Indicator

LED: Local Economic Development

MEC: Member of the Executive Council

MFMA: Municipal Finance Management Act

MSA: Municipal Systems Act

MTEF: Medium Term Economic Framework

OPMS: Organisational Performance Management System

PAC: Performance Audit Committee

PMS: Performance Management System

SDBIP: Service Delivery and Budget Implementation Plan

SMART: Specific, Measurable, Achievable, Realistic, Time-bound

1. Introduction

The Municipal Systems Act (MSA) of 2000 mandates municipalities to establish performance management systems, and the Planning and Performance Management Regulations of 2001 describes the municipality's performance management system as consisting of a framework that articulates and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed and to determine the roles of different stakeholders.

Furthermore, the MSA and the Municipal Finance Management Act of 2003 (MFMA) requires that the 5-year strategy of a municipality, the Integrated Development Plan (IDP), must be aligned to the municipal budget and must be monitored for the implementation of the IDP against the budget via the annual Service Delivery and Budget Implementation Plan (SDBIP).

Thus the IDP, the budget and the municipality's performance are linked. In relation to these provisions, the performance management of Section 56 Managers must align with the implementation of the Integrated Development Plans, and this is now regulated in terms of the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.

Performance management is a process which measures the implementation of an organization's strategy. At the local government level, this has become an imperative, with economic development, transformation, governance, financial viability and service delivery being the key performance areas in terms of the Local Government Developmental Agenda. Performance management provides the mechanism to measure whether targets to meet its strategic objectives that are set by municipalities and its employees, are met. National government has also found it necessary to institutionalize and provide legislation on the performance management process for local government.

The purpose of this document is to have a performance management policy framework that encompasses a Performance Management System (PMS) that must be adopted by the municipal council. The Policy Framework will reflect the linkages between the Integrated Development Plan (IDP), the Budget, the Service Delivery and Budget Implementation Plan (SDBIP) and the Performance Management System (PMS) of the municipality.

This document will therefore incorporate recently promulgated legislation and policies and outline the roles and responsibilities of different stakeholders. As required by the Municipal Systems Act, 2000 and the Planning and Performance Management Regulations, 2001, this Policy Framework sets out:

- The objectives of a performance management system;
- The principles that will inform the development and implementation of the system;
- A preferred performance model that describes what areas of performance will be measured by the municipality;
- The process by which the system will be managed;
- Auditing of the municipality's performance;
- Compliance to critical dates and timelines;
- The roles and responsibilities of different stakeholders; and
- The process of managing individual performance

2. Policy and Legal Context for Performance Management

Legislative enactments, which govern performance management in municipalities are found in the Batho Pele Principles; the White Paper on Local Government; Municipal Systems Act, 2000; Municipal Planning and Performance Management Regulations 2001; Municipal Finance Management Act 2003; Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006; the Framework on Managing Performance Information and lastly the Directive: Performance Information Public Audit Act, 2004 published under Notice 646 of 2007.

Although it is not considered necessary to go into detail in respect of all the legislation it is important to give a brief overview of the most important legislative provisions set out in:

- a) The Municipal Systems Act , 32 of 2000
- b) The Municipal Planning and Performance Management Regulations, 2001
- c) The Municipal Finance Management Act, No. 56 of 2003; and
- d) The Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.

a) The Local Government: Municipal Systems Act , 32 of 2000

Chapter 6 of the Municipal Systems Act (2000) provides briefly that a municipality must:

- Develop a performance management system;
- Promote a performance culture;
- Administer its affairs in an economical, effective, efficient and accountable manner;
- Set appropriate Key Performance Indicators (KPI's) as a yardstick for measuring performance;
- Set targets and monitor and review the performance of the municipality based on indicators linked to their IDP;
- Monitor, measure and review performance at least once per year;
- Take steps to improve performance;
- Report on performance to relevant stakeholders;
- Publish an annual performance report on performance of the municipality forming part of its annual report as per the Local Government: Municipal Finance Management Act, 2003;
- Incorporate and report on a set of general (sometimes also referred to as national) indicators prescribed by the Minister responsible for local government;
- Conduct on a continuous basis an internal audit of all performance measures;
- Have their annual performance report audited by the Auditor-General; and
- Involve the community in setting indicators and targets and reviewing municipal performance.

Section 55 to 58 of the Act outlines the provisions on the employment and functions of the Municipal Manager and Managers directly accountable to the Municipal Manager.

b) **The Municipal Planning and Performance Management Regulations of 2001**

In summary the Regulations provide that a municipality's PMS must:

- Entail a framework that describes and represents how the municipality's cycle and process of performance management, including measurement, review, reporting and improvement, will be conducted;
- Comply with the requirements of the Systems Act;
- Relate to the municipality's employee performance management processes and be linked to the municipality's IDP ; and that:
- A municipality must:
- Set key performance indicators (KPI's) including input, output and outcome indicators in consultation with communities;
- Annually review its KPI's;
- For each financial year set performance targets;
- Measure and report on the nine nationally prescribed KPI's;
- Report on performance to Council at least twice a year;
- As part of its internal audit process audit the results of performance measurement;
- Annually appoint a performance audit committee; and
- Provide secretarial support to the said audit committee.

c) **The Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA)**

The Municipal Finance Management Act, 2003 also contains various important provisions relating to performance management. Section 53 (1) states the following:

- (c) The mayor of a municipality must take all reasonable steps to ensure that-
- (ii) the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget;
 - (iii) the annual performance agreements as required in terms of Section 57 (1) (b) of the Municipal Systems Act of the municipal manager and all senior managers
- (3) The Mayor must ensure- (a) that the revenue and expenditure projections for each month and a service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan.
- Empower the Mayor or Executive Committee to approve the Service Delivery and Budget Implementation Plan and the Performance Agreements of the Municipal Managers and the Managers directly accountable to the Municipal Manager; and
 - Compile an annual report, which must, amongst others, include the municipality's performance report compiled in terms Section 46 of the Systems Act.

The Municipal Systems Act and the Municipal Finance Management Act require that the PMS be reviewed annually in order to align it with the reviewed Integrated Development Plan (IDP). As a direct consequence of the reviewed organisational performance management system it then becomes necessary to also amend the scorecards of the Municipal Manager and Section 56 managers in line with the cascading effect of performance management from the organisational to the departmental and eventually to the employee level.

d) **The Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006**

This legislation regulates the management of the Section 56 employees of a municipality by providing an outline of employment contracts, performance agreements, performance plans, employee development and empowerment measures and performance evaluation processes. These regulations further provide criteria for performance assessment and the 5-point rating upon which performance of an individual need to be scored during the assessment and evaluation.

3. Objectives and Benefits of Performance Management

The objectives of institutionalizing performance management are beyond the legislative compliance requirements. The general objectives of managing performance are to:

- facilitate increased accountability
- facilitate learning and improvement
- provide early warning signals; and
- facilitate informed decision-making.

The objectives are also for the performance management system to serve as a primary mechanism to monitor, review and improve the implementation of the UMgungundlovu District Municipality's IDP. Performance management is viewed as a tool that will improve the overall performance of the municipality.

Adopting a performance management system is beneficial in that it identifies major or systematic blockages, timeously, ensures accountability between residents, the political leadership and the administration of the municipality, and the system provides early warning signals so that corrective action can be taken on a regular basis.

4. Preparing for Performance Management

Delegation of Responsibilities

The Municipal Systems Act (2000) places the responsibility of adopting a Performance Management System (PMS) on the Council, while holding the Executive Committee responsible for the development and management of the system.

The Executive Committee of the UMgungundlovu District Municipality delegates the responsibility for the development and management of the PMS to the Municipal Manager. The development of the system is a once-off activity and the Municipal Manager submits the system to the Mayor and his executive Committee, who in turn forwards it to the full council for approval. The responsibility of implementation and management of the system remains with the Municipal Manager as part of his core functions as provided in Section 55(1) of the Municipal Systems Act of 2000.

5. Development of the Performance Management System

The Relationship between Integrated Development Planning (IDP), the Service Delivery and Budget Implementation Plan (SDBIP) and Performance Management

Integrated development planning, as defined by the Municipal Systems Act, is a process by which municipalities prepare a 5 year strategic plan that is reviewed annually in consultation with communities and stakeholders. This strategic plan adopts an implementation approach and seeks to promote integration. By balancing the economic, ecological and social pillars of sustainability without compromising the institutional capacity required in the implementation and by coordinating actions across sectors and spheres of government, the IDP delivers a number of products that translate to the formulation of the municipal budget, the development of an annual Service Delivery and Budget Implementation Plan and an organizational performance scorecard for the municipality.

In a nutshell, the IDP process should deliver the following products in relation to performance management:

- An assessment of development in the municipal area, identifying development challenges, marginalised and vulnerable citizens and communities;
- A long term development vision for the municipal area that overcomes its development challenges;
- Key Performance Areas and objectives, based on identified needs, achievable in the current term of office, that would contribute significantly to the achievement of the development vision for the area;
- A set of internal transformation strategies, priorities and objectives, whose achievement would enable the delivery and the realisation of the development vision;
- Programmes and projects identified which contribute to the achievement of the above objectives;
- High level Key Performance Indicators and Performance targets that will be used to measure progress on implementation of projects and progress towards attainment of the objectives and the vision; and
- A financial plan and medium term income and expenditure framework that is aligned with the priorities of the municipality;

The municipality have established structures for consultation, oversight and management of integrated development planning. These include the:

- The IDP Representative Forum; and
- IDP Izimbizo per annum

The municipality has clustered its delivery priorities in the IDP under the following 5 Key Performance Areas (KPA's):

- Municipal Transformation and Institutional Development
- Good Governance
- Municipal Financial Viability
- Service Delivery and Infrastructure Development; and
- Local Economic Development

The IDP planning process has resulted in the formation of the above key performance areas, and these have been translated into objectives, and Key Performance Indicators and performance targets have been set for each key performance area. Every year the above elements are reviewed within the period of July and March which occurs simultaneously with the implementation of the IDP, Developing and adoption of the Service Delivery and Budget Implementation Plan (“the SDBIP”).

The above results of the 5 year IDP and the annual reviews result in the development of the Service Delivery and Budget Implementation Plans (SDBIP) on an annual basis. The SDBIP gives effect to the Integrated Development Plan (IDP) and the budget of the municipality and is effective if the IDP and budget are fully aligned with each other, as required by the Municipal Finance Management Act. The budget gives effect to the strategic priorities of the municipality and is not a management or implementation plan. The SDBIP therefore serves as a “contract” between the administration, council and the community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration over the next twelve months. This provides the basis for measuring performance in service delivery against end of year targets and implementing the budget.

The Municipal Manager is responsible for the preparation of the SDBIP, which must be submitted to the Mayor for approval once the budget has been approved by the council. However, the Municipal Manager should start the process to prepare the first draft of the SDBIP no later than the tabling of the first draft budget to Exco. As per Section 53 (C) ii the municipality’s service delivery and budget implementation plan is approved by the Mayor within 28 days after the approval of the budget.

The Municipal Systems Act, Section 57 (2) (a) (ii) states that the performance agreement must be concluded annually within one month after the beginning of each financial year of the municipality.

The SDBIP requires a detail of five necessary components and these are:

- i. Monthly projections of revenue to be collected for each source;
- ii. Monthly projections of expenditure (operating and capital) and revenue for each vote;
- iii. Quarterly projections of service delivery targets and performance indicators for each vote;
- iv. Ward/Local Municipality information for expenditure and service delivery; and
- v. Detailed capital works plan broken down by ward/Local Municipality over three years.

From the above detail, it is clear that the IDP informs the municipality's scorecard concepts by delivering the KPA's, strategic objectives, high-level indicators and targets. These concepts are the ones that make up the organizational scorecard and the SDBIP.

Adoption of a Performance Management System

According to Regulation 8 of the Municipal Performance Regulations of 2001, the performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan. Efforts will be made to comply with this regulation on an annual basis whereby the indicators and targets will be reviewed and this will coincide with the review and adoption of a reviewed system

6. Principles Governing Performance Management

In developing its Performance Management System, the UMgungundlovu District Municipality will be guided by the following principles:

- a) Simplicity, integration, objectivity, transparency and accountability, that it must be politically-driven and that its implementation must be incremental;
- b) Both development and implementation of the system must be driven by top management and council;
- c) The system must be owned by all relevant stakeholders within the municipality and supported by other spheres of government;
- d) Communication must occur at all levels;
- e) The value of having the PMS must be understood by all role players and stakeholders;
- f) The system must place the community at the centre of the local government processes
- g) The system should not be punitive, but be developmental;
- h) The system must be developed and implemented within the available capacity and resources of the municipality;
- i) The system should align to other municipal initiatives, systems and processes;
- j) The system must provide learning and growth opportunities through the coaching and review processes.

The performance management system will be implemented in such a way that it:

- a) Is developmental and not punitive in nature as employees will be allowed space to be creative and innovative in improving their performance;
- b) Provides a clear and detailed framework for:
- c) Agreement on performance contracts;
- d) Clear key performance indicators, targets and standards, and these must be agreed upon;
- e) A balance between organizational needs and employee needs.
- f) Allows for joint responsibility and accountability based on mutual trust and respect;
- g) Is cost-effective and practical and enhances improvement on quality;
- h) Is applied consistently and documents formal and informal feedback;
- i) Is applied equitably and fairly;
- j) Allows for honesty and transparency in application;
- k) Provides clear linkages between performance and recognition and reward;
- l) Provides clear guide on dealing with poor or non -performance; and

7. Why and How to Monitor and Review Performance

What is a Performance Measurement Model?

Performance management is defined as a strategic process to management (or system of 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.

Performance measurement involves determining the extent to which objectives are being achieved through developing indicators and linking them to targets and related standards. Review of performance against set targets is undertaken on a regular basis. A performance measurement framework is a practical plan for the municipality to collect, process, organise, analyse, audit, reflect on and report performance information.

A performance measurement model is a system that is used to monitor, measure and review performance indicators within the above performance measurement framework. It is a choice about what aspects or dimensions of performance will be measured.

It is the grouping together of indicators into logical categories or groups, called **perspectives**, as a means to enhance the ability of an organization to manage and analyse its performance.

The Value of a Performance Measurement Model

The value of performance measurement models can be summarized as follows:

- Models simplify otherwise long lists of indicators by organizing them into perspectives which will sufficiently represent effective performance;
- Different models differ enormously on what is viewed as key aspects of performance (Key Performance Areas) and can help organizations make their own decisions on a model that fits their context;
- Models help in aligning the relationship between areas of performance when planning, evaluating and reporting;
- Models help align strategic planning and performance management by directly linking Key Performance Areas to priority areas in the strategic plan.
- Building an own model allows municipalities to agree on what areas of performance should be integrated, managed and measured and what values should inform indicators and standards of achievement.

Criteria of a Good Performance Model

The following characteristics should guide the choice of a performance model:

- a. It must be simple to develop and its implementation must be able to be cascaded to the lower level with ease.
- b. The model must ensure that there is a balance in the set of indicators being compiled.
- c. The balance created by the model must encompass all relevant and priority areas of performance.
- d. The perspectives must be aligned to the IDP objectives.
- e. The model must be able to diagnose blockages in the system timeously.
- f. It must be easy to replicate to all other levels.
- g. It must be easy to integrate with other municipal systems and processes.

Why UMgungundlovu District Municipality will adopt the Key Performance Area Scorecard Model?

With recent developments through the adoption, by national cabinet, of the 5-Year Local Government Strategic Agenda that aligns local government with the national programme of action, it became imperative ensure that the municipal scorecard is aligned with the 5 Key Performance Areas (KPA's) for local government.

The UMgungundlovu District Municipality will align this framework to the Key Performance Area Scorecard Model and its performance will be grouped under the following 5 Key Performance Areas:-

a) ***Socio-Economic Development***

In this perspective the municipality will assess whether the desired development indicators around the performance area of social and economic development is achieved.

b) ***Basic Services Delivery***

This perspective will assess the municipality's performance in the overall delivery of basic and infrastructural services and products.

c) ***Financial Viability and Management***

This perspective will measure the municipality's performance with respect to the management of its finances.

d) ***Municipal Transformation and Institutional Development***

This area relates to input indicators that measure the functioning of the municipality under areas such as human resources, strategic planning and implementation, performance management, etc.

e) *Good Governance*

This area will measure the municipality's performance in relation to its engagement with its stakeholders in the process of governance, established and functioning governance structures, etc.

8. Developing the Organizational Scorecard and Outlining the Scorecard Concepts

During the IDP process a corporate vision and mission was formulated for the UMgungundlovu District Municipality, together with broad key performance areas (KPA's), development objectives and key performance indicators (KPI's) which feed into the vision and mission. It is now necessary to take this process further into the performance management system, by developing an organizational or strategic scorecard that will encompass all the relevant areas or concepts that will allow measurement of the performance of the organization using this scorecard. This will be done by using relevant concepts to populate the organizational and service scorecards of the UMgungundlovu District Municipality.

This process of developing the organizational and service/departmental scorecards will be followed every year after adoption of the IDP and the budget and after evaluation of the previous year scorecard or municipal performance.

An illustration of some of the components of an organizational or strategic scorecard is reflected in the table below.

Organisational Scorecard Concepts Steps	Outline the National Key Performance Areas
Step 1	Set out National Key Performance Areas
Step 2	Formulate appropriate development objectives (IDP Objectives)
Step 3	Develop suitable Key Performance Indicators (KPI's)
Step 4	Provide baseline information
Step 5	Set targets for each KPI, per quarter
Step 6	Allocate responsibility to departments for execution of actions

In the following paragraphs are explanatory notes expanding on each of the component concepts set out in the above illustrative scorecard.

9. *Step 1: Setting out National Key Performance Areas (KPA's)*

Outlining Key Performance Areas is the first step in the performance management process. According to the 5-Year Local Government Strategic Agenda, all municipalities are required to cluster their priority issues identified during the IDP development and review processes around the following KPA's:

- Service delivery;
- Local economic development;
- Institutional transformation;
- Good governance; and
- Sound financial viability.

Step 2: Formulating Appropriate Development Objectives

The next step involves the setting of high level objectives per KPA. An objective is a measurable statement of intent, measurable either quantitatively or qualitatively. It's a series of elements of the vision or mission broken down into manageable quantities.

There is no hard-and-fast rule about how many objectives to set, but it is important to make it manageable and realistic and it is therefore advisable to limit the number of objectives that are developed for each KPA.

Example of a developmental objective that is aligned with the KPA:

KPA = Service Delivery:

Objective = "To provide access to sustainable quality drinking water and sanitation services to households"

Step 3: Developing Suitable Key Performance Indicators (KPIs)

The fourth step involves determining necessary Key Performance Indicators for each Strategic Focus area, which define what needs to be measured in order to gauge progress towards achieving the development objectives discussed in the previous step.

KPI's must be measurable, relevant, simple and precise. They simply define how performance will be measured along a scale or dimension (e.g. number of households with access to sanitation services).

KPI's are used to:

- Communicate the achievements and results of the municipality.
- Determine whether a municipality is delivering on its developmental mandate.
- Indicate whether the organisational structure of a municipality is aligned to deliver on its development objectives.
- Promote accountability by the council to the public.

Whenever a municipality amends or reviews its IDP in terms of section 34 of the Municipal Systems Act, the municipality must, within one month of its IDP having been amended, review those KPI's that will be affected by such amendment.

The Performance Regulations of 2001 prescribes two core local government indicators. Municipal indicators which are set by following this step, and national general indicators have been set by the National Minister.

The municipality's scorecard must incorporate both indicators. The National General indicators are prescribed in terms of Section 43 of the Municipal Systems Act and provided for in Regulation 10 of the 2001 Performance Regulations and are as follows:

- a) the percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;
- b) the percentage of households earning less than R1100 per month with access to free basic services;
- c) the percentage of the municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan;
- d) the number of jobs created through the municipality's local, economic development initiatives including capital projects;
- e) the number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan;
- f) the percentage of the municipality's budget actually spent on implementing its workplace skills plan; and
- g) the municipality's financial viability as expressed by the ratios for debt coverage, outstanding service debtors to revenue and cost coverage.

Step 4: Determining Baseline Indicators

Once the indicators are set in the scorecard, the next step is to determine the baseline indicator. A baseline indicator is the value (or status quo) of the indicator prior to the period over which performance is to be monitored and reviewed. However since baselines can only be determined in the last quarter every year, the quarter 3 actuals will be used as baselines when preparing the new year indicators, since the preparation commences before the monitoring year ends in instances where baselines cannot be established.

When quarter 3 actual is not applicable (N/A) or not reported, bi-annual actual will be used as a baseline. The baseline reported at the end of the monitoring period will then be updated/ corrected during the mid-term amendment process of the SDBIP.

Step 5: Setting Performance Targets

The next step is to set performance targets for each identified KPI. Performance targets should comply with the "SMART" criteria:

- **Specific:** the nature and the required level of performance can be clearly identified
- **Measurable:** the required performance can be measured
- **Achievable:** the target is realistic given existing capacity
- **Relevant:** the required performance is linked to the achievement of a goal
- **Time-bound:** the time period or deadline for delivery is specified

Target dates for the completion of actions should be set in conjunction with those Departments responsible for their achievement. It is important to be realistic in the setting of target dates. If realistic dates are not set the departments concerned create false expectations and also set themselves up for failure.

Step 6: Allocating Responsibility

It is also necessary to decide who takes responsibility for what actions. In the case of the organisational scorecard responsibility would be allocated to a Department. In regard to departmental and other lower echelon scorecards a name must be placed against indicator. This is also a way of cascading the responsibility from the strategic level down to the operational level and from the organisational objectives right down to individual performance monitoring. In this way individual employees can exactly know what their roles are in achieving the strategic objectives.

10. The Process of Managing Organizational Performance

Co-ordination

Co-ordination involves the overall responsibility of and carrying out the function of, and being the custodian of UMgungundlovu District Municipality's performance management system and managing the system on behalf of the Municipal Manager. This is a strategic function which resides in the Office of the Municipal Manager. The co-ordination of the implementation phases of the PMS will be the function of the PMS Unit which will be responsible for the following core activities:

- Responsible for the co-ordination of the development and implementation activities of the organisational PMS, through interaction with all relevant stakeholders;
- Ensuring and overseeing the implementation of this Performance Policy Framework and compliance to all performance legislative requirements in respect of the implementation of the PMS through the development of a Performance Process Plan;
- Facilitating inputs for the review and further development and refinement of the PMS;
- Providing regular support and capacity to the different departments in developing departmental scorecards;
- Continuously providing technical support to the Municipal Manager and the executive management team with implementation, assessment, review, monitoring and information management;
- Providing capacity for analysing organizational performance information submitted by Executive Managers on a quarterly, mid-term and annual basis in preparation for reporting;
- Responsible for co-ordination and compiling the annual Section 46 performance report;
- Ensuring that all quarterly, mid-term and annual organizational performance reports are submitted to all stakeholders timeously, for example, quarterly reports to Mayor ; mid-term report to council and annual performance reports to Auditor General, MEC and the public;
- Work closely with the IDP and Audit Offices to co-ordinate performance activities; and
- Co-ordinate capacity building activities on municipal performance management for all stakeholders.

11. Implementing the Performance Management System

Having identified the preferred performance model to be the Key Performance Area, and having agreed to measure its performance against the five areas, UMgungundlovu District Municipality will adopt a process plan for implementing its performance management system. The PMS implementation and management process will be carried out within the following phases:

Phase 1: Planning for Performance

Phase 2: Performance Monitoring and Managing Performance Information

Phase 3: Performance Measurement and Analysis

Phase 4: Performance Review and Improvement

Phase 5: Performance Reporting

Each phase is outlined in detail and this includes the actual step-by-step guide on what each phase entails and how each one will evolve. Templates that will be used in each phase are illustrated figuratively in the document.

Phase 1: Planning

Planning for performance simply means developing and reviewing the IDP annually in preparation for continuous implementation. Municipal performance planning is part of the IDP strategic planning processes. The IDP process and the performance management process are seamlessly integrated. Integrated development planning fulfils the planning phase of performance management. Performance management fulfils the implementation management, monitoring and evaluation of the IDP process.

Step 1: Integrated Development Planning, Priority Setting, Identifying Key Performance Areas, Setting Objectives and Developing Key Performance Indicators and Performance Targets

During the planning phase, the municipality will cluster its development priorities in the IDP under the following 5 Key Performance Areas (KPA's):

- Service delivery;
- Local economic development;
- Institutional transformation;
- Good governance; and
- Sound Financial viability

The IDP planning process will result in the formation of the above key performance areas (KPA's) and Strategic Focus Areas will be identified within each KPA. Objectives will be developed for each KPA and Strategic Focus Areas, together with Key Performance Indicators and performance targets.

These elements will then inform the development of the organizational scorecard, the SDBIP, which will in turn inform the development of departmental scorecards. Every year the above elements will be reviewed.

The organizational scorecard will inform departmental scorecards. These in turn will inform the individual scorecards for the Section 56 Managers. Drafting of these scorecards should happen simultaneously with the other documents, and submitted to the Mayor for approval and submission to full council.

Step 2: Attending to Governance and Compliance Issues. Upon approval of all the strategic documents, the Mayor and the Municipal Manager must sign the Municipal Manager's Performance Agreement before 31 July of every year. The Municipal Manager must do the same and sign Performance Agreements with all the Managers directly accountable to him before 31 July of every year. These agreements will be discussed in detail below under individual performance management.

The Mayor will also publicize the SDBIP, the organizational scorecard and the Municipal Manager's Performance Agreement as per the provisions of Section 53(3) of the Municipal Finance Management Act.

The UMgungundlovu District Municipality will use the following publicity platforms to publicise the above documents:

- The municipal website
- Local Newspaper

The Mayor will also submit copies of the SDBIP, the Organizational Scorecard and the performance agreements of all the Section 56 Managers to the MEC for Local Government in the KwaZulu Natal province.

The whole planning process for performance management will be done once per year in preparation for implementation in the following year, starting in July. By the beginning of a new financial year, all planning will be complete, compliance issues attended to and resources allocated accordingly.

Phase 2: Monitoring

Monitoring of performance will be an ongoing process throughout the year and will run parallel to the implementation of the IDP. Monitoring will be conducted within each department. The UMgungundlovu District Municipality will use both paper-based and electronic report-based monitoring mechanism. Different role players are allocated tasks to monitor and gather information that would assist the municipality to detect early indications of under-performance and take corrective measures on time. Information management plays a central role during this phase.

The UMgungundlovu District Municipality's monitoring system places responsibility on each Department, Division/Section and Individual employee to collect relevant data and information to support the monitoring process. Evidence of performance will be gathered, stored by each department and presented to substantiate claims of meeting (or not meeting) performance standards. This evidence is stored on files (both manual filing and digital filing, where possible).

The Heads of the Departments will allocate responsibility in their offices for information management, as these performance information files must be separate from normal registry filing. These files will be regarded as portfolio of evidence kept for purposes of performance measurement, performance review and audit in the other phases.

The roles and responsibilities for monitoring are allocated as follows:

- **The Management Team** – The management team discuss departmental performance progress on a monthly basis and need to reflect on whether targets are being met, reflect on the reasons being provided by departments for targets not being met and suggest corrective action. The purpose for a performance-driven management team is to instil a culture of collective management and eliminate the silo mentality.
- **EXCO** – The Municipal Manager will submit quarterly/annual reports on all the indicators in the organisational scorecard to the EXCO in order for him to monitor if targets are being achieved and where they are not, that proper corrective strategies are put in place to keep to the timelines set for achieving each indicator and targets.
- **Municipal Council** – Performance reports will be submitted to the council at the end of every quarter after Internal Audit have reviewed the report.

Phase 3: Measurement and Analysis

Performance Measurement is essentially the process of analysing the data provided by the above Performance Monitoring System in order to assess performance. At organisational level, Performance Measurement is formally executed on a monthly and quarterly basis, whilst Performance Measurement at individual level is done quarterly.

Phase 4: Performance Reviews

Performance review is a process where the municipality, after measuring its own performance as detailed in the previous phase, assesses whether it is giving effect to the IDP. It is a phase where it will assess whether it is doing the right thing, doing it right and better, or not. Performance reviews will be conducted through the municipality's scorecard model by assessing performance against the 5 Key Performance Areas (KPA's), indicators, and targets.

SCHEDULE FOR PERFORMANCE REVIEWS

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

First quarter (July – September): between October & December

Second quarter (October – December): between January & March

Third quarter (January – March): between April & June

Fourth quarter (April – June): between July & September

The Employer shall keep a record of the mid-year review and annual assessment meetings. Performance feedback shall be based on the Employer's assessment of the Employee's performance.

Who has the Responsibility of Conducting Reviews in UMgungundlovu District Municipality?

As in the monitoring and measurement stages, reviews will be conducted according to the lines of accountability within the municipality's organizational structure. Reviews at all levels on organizational indicators and targets will be conducted quarterly, preceded by coaching sessions by the Municipal Manager to his direct reports. On considering the quarterly reports from each department and the results of the measurement revealing the level of performance in each department, the Municipal Manager must conduct one-on-one coaching sessions with Managers directly accountable to him, to ascertain the level of comfort and confidence in achieving set targets, and to understand the challenges that the Manager might be facing in achieving results. The coaching session must be recorded and the coaching notes be kept in the department's evidence file for individual performance evaluation purposes.

Executive Management Team

The Municipal Manager and his management team will review performance prior to, and more often than, the Mayor/EXCO, as follows:

- Firstly, they will need to review performance more often, such that they can intervene promptly on operational matters where poor performance or the risks thereof occur.
- Secondly they will need to review performance before reporting to politicians so that they can prepare; control the quality of performance reports submitted to the councillors and the public; and ensure that adequate response strategies are proposed in cases of poor performance.
- It is strongly recommended that the executive management team review performance monthly, prior to reviews being conducted by Executive Committee. At these reviews relevant functional managers will be required to report on respective priority areas.

Mayor

The Performance Management System of UMgungundlovu District Municipality is designed in such a way that it allows the Mayor with his executive committee to strategically drive and manage performance in the organisation. Reviews at this level will remain strategic so that the Mayor is not restrained by operational discussions. In order for this review to be strategic it is recommended that the Mayor with his EXCO review performance quarterly, with the second quarter report taking the form of a mid-term review, as provided for by Section 72 of the MFMA and the final quarterly review taking the form of an annual review. The content of the review should be confined to the adopted 5 key performance areas (KPA's) and objectives. The Municipal Manager will remain accountable for reporting on performance at this level.

Council

All performance reports submitted and approved by executive Committee (EXCO) on a quarterly basis, will also be forwarded to the municipal council to allow for oversight responsibility.

The Public

The public will be involved in reviewing municipal performance at least annually, in the form of the annual report.

While good and excellent performance must also be constantly improved to meet the needs of citizens and improve their quality of life, it is poor performance that needs to be improved as a priority.

Improving Performance

In order to improve performance, the Municipality, throughout the performance management phases, will analyse the causal and contributory reasons for poor performance, through coaching sessions from top to lower levels of the administration and appropriate response strategies will be developed.

These will include, inter alia:

- Process and systems improvement strategies to remedy poor systems and processes;
- Training and sourcing additional capacity where skills and capacity shortages are identified;
- Change management and diversity management education programmes to address organisational culture;
- Review of the IDP where councillors will address shortcomings in the strategy;
- Development of appropriate departmental business plans and operational plans to guide performance in each department; and
- Where results show no chance of improvement through internal measures, alternative service delivery mechanisms shall be considered.

Phase 5: Reporting on Performance

Reporting requires that the municipality take its key performance areas, its performance objectives, indicators, targets, measurements and analysis, and present this information in a simple and accessible format, relevant and useful to the different stakeholders for review.

The main feature of the reporting phase is the production of the annual report. This is a consolidated report that reflects results on performance on each of the 5 perspectives as per the adopted model. The main report will be informed by the information gathered through the scorecards throughout the year and one performance report will be compiled as per the requirements of Section 46 of the Municipal Systems Act. Since UMGungundlovu District Municipality adopted the Key Performance Area Model, its annual report will reflect its performance results clustered in the following 5 Areas:

- Under the Socio – Economic Development the municipality will reflect results achieved on indicators around the performance area of social and economic development. This area measures the outputs on socio-economic development in the municipality.
- Under the Basic Service Delivery the municipality will reflect its annual performance achievements in the overall delivery of basic and infrastructural services outputs.
- Under the Financial Viability and Management the annual report will reflect the municipality's performance with respect to the management of its finances. It has to reflect the results of the process and input indicators, as well as outcome indicators in relation to the impact its financial management systems have achieved on overall financial viability of the municipality.
- The Municipal transformation and Institutional Development will report on input indicators that measure the functioning of the municipality under areas such as human resources,
- Under the Good Governance the municipality's annual report must indicate results achieved in relation to its processes of engagement with its stakeholders in the process of governance, established and functioning governance structures, good corporate governance and implementation of the IGR Act, etc.

Who Reports to Whom?

The reporting process will follow the lines of accountability as detailed in the performance monitoring, measurement and review phases above. Reports will be submitted to all different stakeholders using following internal processes as outlined above and through the different political and community stakeholders as required by the Municipal Systems Act, the Municipal Finance Management Act and the Performance Regulations.

- District Municipality reporting to Communities, through IDP review / and oversight processes.
- Mayor and his Executive Committee reporting to Council;
- Municipal Manager reporting to the Mayor and his Executive Committee;

Tracking and Managing the Reporting Process

To ensure that the reporting processes run smoothly and effectively, the PMS Unit in the Office of the Municipal Manager will co-ordinate all activities related to efficient reporting. The functions of the Unit in this instance include the following:

- Developing a process plan or timetable for all reporting processes for the year;
- Prepare logistics for reporting;
- Improve the reporting format, should there be a necessity to do so;
- Track and monitor reporting processes;
- Control the quality of reports going to reviews at political levels in terms of alignment with the adopted reporting format;
- Analyse departmental performance reports;
- Compile quarterly organisational performance reports and the annual report; and
- Review the reporting process and suggest improvements.

Publication of Performance Reports

The annual performance report is required by legislation to be availed to the public. The UMgungundlovu District Municipality will, however, within its resources and capacity, keep the communities more frequently informed of performance information through:

- Publication of reports in the municipal website
- Available for public viewing at municipal offices for comments/input

The municipality will also submit performance reports to the MEC and the Auditor General as provided for by the Municipal Systems Act and the Municipal Finance Management Act.

Auditing Performance

In order for the performance management system to enjoy credibility and legitimacy from the public and other stakeholders, performance reports, must be audited. Audits should ensure that reported performance information is accurate, valid and reliable.

In terms of the provisions of the Municipal Systems Act and the Performance Regulations of 2001, the annual performance report must be audited internally, and before being tabled and made public, the annual performance report will also be audited by the Auditor-General. It is therefore important to allow sufficient time between completion of annual reports and the tabling of the annual report for auditing.

After being reviewed by the council, the annual report must then be submitted to the Auditor-General before 31 August of every year, for auditing and be submitted to the MEC for local government in the province for the MEC to complete an annual report of performance of all municipalities in the province, identifying poor performing municipalities and proposing remedial action and submit the provincial report to the national minister. The national minister will then present a consolidated report to parliament.

Internal Auditing of Performance Measurements

In terms of Regulation 14 of the Planning and Performance Regulations of 2001, every municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes.

The functions of the internal audit unit include the assessment of the following:

- i. The functionality of the municipality's performance management system;

- ii. whether the municipality's performance management system complies with the provisions of the Municipal Systems Act; and (iii) The extent to which the municipality's performance measurements are reliable in measuring performance of municipalities on its own indicators and the national indicators

The Regulations further provides that the municipality's internal auditors must:

- (i) On a continuous basis, audit the performance measurements of the municipality; and
- (ii) Submit quarterly reports on their audits to the Municipal Manager and the performance audit committee.

The Municipality has complied with the Regulations by establishing an Internal Audit Unit. The Internal Audit Unit will be responsible for the assessment of the functionality of the system, whether the municipality's complies with the provisions of the acts, and to validate whether the municipality's measurement (Indicators) both the municipalities and National governments are reliable.

The Municipal Manager and the Mayor will place reliance on the performance audit risk assessments and audit reports to make informed decisions and motivate for any reviews and improvements to the municipal council and communities.

The Performance Audit Committee

Regulation 14 of the Planning and Performance Regulations stipulates the provisions that guide the establishment of the Performance Audit Committee and outline the functions and powers entrusted to the committee as the following:

- review the quarterly reports submitted to it by the Internal Auditors;
- review the municipality's performance management system and in doing so, focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the UMgungundlovu District Municipality in its organizational scorecard are concerned;
- make recommendations in this regard to the municipal council and the Board of the entity; and
- at least twice during a financial year submit report to the municipal council
- communicate directly with the council, Municipal Manager, CEO or the internal and external auditors of the municipality;
- access any municipal records containing information that is needed to perform its duties or exercise its powers;
- request any relevant person to attend any of its meetings, and if necessary to provide information requested by the committee; and
- investigate any matter it deems necessary in the performance of its duties and the exercise of its powers.

The UMgungundlovu District Municipality has appointed the Audit Committee which deals with both financial and performance information. The municipality provides an annual budget for the running of this committee and also provides the relevant secretarial capacity for the committee.

12. Roles and Responsibilities of Different Stakeholders

As can be noted from the above analysis of each phase in performance management and from the plethora of legislative prescripts governing municipal performance, it is clear that, for the performance management system of UMgungundlovu District Municipality to be functional, a number of stakeholders have to be involved.

These stakeholders have different roles and responsibilities within each of the performance management phases. The tables below will outline roles and responsibilities of each of the stakeholders in each phase.

13. Responding to Organizational Performance

Good or Exceptional Performance

In South Africa, good and outstanding organizational performance by municipalities is rewarded. The criteria used good performed exceptionally is through the assessment of achievements within the 5 Key Performance Areas (KPA's). It is therefore, a wise move by the district to adopt the Key Performance Area Model as it places its performance measurement along the 5 KPA's.

Poor Performance

Poor performance in municipalities is often characterised by disclaimers and adverse opinions from the Auditor General and community actions for inadequate service delivery. The worst measure that is taken for worst performing municipalities is the Section 139 intervention by the MEC for Local Government in the province.

The effective implementation of this framework and the different roles and responsibilities that will be played by different stakeholders will serve as an early warning mechanism for the UMgungundlovu District Municipality to keep ahead in performance and to effect corrective measures timeously in any of the weak functional areas identified by the performance management system.

14. Employee Performance Management

Legal Framework that Governs Employee Performance

The local government legislation has provided guidance on managing and rewarding performance of Section 56 Managers, i.e. the Municipal Manager and all Managers directly accountable to him. The 2006 Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager make special provisions for employment and managing performance of these employees.

UMgungundlovu has made their own provisions over and above the requirements of the regulations in terms of the conditions of employment for these employees. The following are the provisions outlined as follows:

- Section 56 managers must enter into employment contract with the municipality on assumption of duties and the regulations gives a detailed guide on the elements of an employment contract;
- **Performance Agreement** must be signed on each financial year or part thereof;
- A new **performance agreement** must be concluded within **one month** after the commencement of the new financial year, i.e. by 31 July of every year;

- A **personal development plan** must be documented at the end of the performance review and form part of the performance agreement;
- The employee's performance must be assessed against three components: **Key Performance Areas at (80%) and Leading and Core Competency Requirements (20%);**
- Assessment of the achievement of results as outlined in the performance plan:
 - (a) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to *ad hoc* tasks that had to be performed under the KPA.
 - (b) An indicative rating on the five-point scale should be provided for each KPA.
 - (c) The applicable assessment rating calculator must then be used to add the scores and calculate a final KPA score.
- Assessment of competency levels
 - (a) Each leading and core competency contained in the Competency Framework must be assessed according to the extent to which the specified standards have been met.
 - (b) An indicative rating on the five-point scale should be provided for each competency.
 - (c) The applicable assessment rating calculator must then be used to add the scores and calculate a final CF score.
- Overall Rating - An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcomes of the performance appraisal.
- A **5 - point rating scale** should be provided for each Key Performance Indicator in the employees scorecard;
- The municipality must establish Evaluation Committees who must meet annually to evaluate the performance of the Municipal Manager and the managers directly accountable to the Municipal Manager;
- The Municipal Manager's annual performance must be evaluated by the Mayor , Chairperson of the Performance Audit Committee, Member of the Executive Committee, Mayor and/or Municipal Manager from another municipality and Member of a Ward Committee nominated by the Mayor ;
- Managers directly accountable to the Municipal Manager must be rated by the Municipal Manager, Chairperson of the Performance Audit Committee, Member of the Executive Committee and a Municipal Manager from another municipality.
- A performance bonus ranging from a minimum of 5% - 14%maximum of the all-inclusive remuneration package must be paid as follows:
 - i. A score of 130 - 149% is awarded a bonus from 5% - 9%
 - ii. A score of 150% and above is awarded a bonus from 10% - 14%;

Evaluation Results	Performance Bonus Range	Recommended Payment
130%		5.00%
131%		5.21%
132%		5.43%
133%	Range of 5 – 9%	5.64%
134%		5.85%
135%		6.06%
136%		6.27%
137%		6.48%
138%		6.69%
139%		6.90%
140%		7.11%
141%		7.32%
142%		7.53%
143%		7.74%
144%		7.95%
145%		8.16%
146%		8.37%
147%		8.58%
148%		8.79%
149%		9.00%
150%		10.00%
152%	Range of 10 – 14%	11.00%
153%		12.00%
154%		13.00%
155%		14.00%

Rewarding of Performance for Section 56 employees is done after the tabling of the annual report and the financial audited statements in February annually.

15. Weighting and Rating

Weighting Approach that will apply to Section 56 Managers, Deputy Director

The weighting of indicators in the scorecards of the Section 56 Managers will follow the line of the provisions of the 2006 Performance Regulations. The weighting of 80% will be allocated to KPA-related indicators the Competency Framework (CF) will make the other 20% of the Employee's assessment score.

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

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

Competency Descriptions

Cluster	Leading Competencies		
Competency Name	Strategic Direction and Leadership		
Competency Definition	Provide and direct a vision for the institution, and inspire and deploy others to deliver on the strategic institutional mandate		
ACHIEVEMENT LEVELS			
BASIC	COMPETENT	ADVANCED	SUPERIOR
<ul style="list-style-type: none"> • Understand institutional and departmental strategic objectives, but lacks the ability to inspire others to achieve set mandate • Describe how specific tasks link to institutional strategies but has limited influence in directing strategy • Has a basic understanding of institutional performance management, But lacks the ability to integrate systems into a collective whole • Demonstrate a basic understanding of key decision-makers 	<ul style="list-style-type: none"> • Give direction to a team in realising the institution's strategic mandate and set objectives • Has a positive impact and influence on the morale, engagement and participation of team members • Develop actions plans to execute and guide strategy implementation • Assist in defining performance measures to monitor the progress and effectiveness of the institution • Displays an awareness of institutional structures and political factors • Effectively communicate barriers to execution to relevant parties • Provide guidance to all stakeholders in the achievement of the strategic mandate • Understand the aim and objectives of the institution and relate it to own work 	<ul style="list-style-type: none"> • Evaluate all activities to determine value and alignment to strategic intent • Display in-depth knowledge and understanding of strategic planning • Align strategy and goals across all functional areas • Actively define performance measures to monitor the progress and effectiveness of the institution • Consistently challenge strategic plans to ensure relevance • Understand institutional structures and political factors, and he consequences of actions • Empower others to follow strategic direction and deal with complex situations • Guide the institution through complex and ambiguous concern • Use understanding of power relationships and dynamic tensions among key players to frame communications and develop strategies, positions and alliances 	<ul style="list-style-type: none"> • Structure and position the institution to local government priorities • Actively use in-depth knowledge and understanding to develop and implement a comprehensive institutional framework • Hold self-accountable for strategy execution and results • Provide impact and influence through Building and maintaining strategic relationships • Create an environment that facilitates byalty and innovation Display a superior level of self-discipline and integrity in actions • Integrate various Systems into a collective whole to optimize institutional performance management • Uses understanding of competing interests to manoeuvre Successfully to a win/win outcome

Cluster	Leading Competencies		
Competency Name	People Management		
Competency Definition	Effectively manage, inspire and encourage people, respect diversity, optimise talent and build and nurture relationships in order to achieve institutional objectives		
ACHIEVEMENT LEVELS			
BASIC	COMP	ADVANCED	SUPERIOR
<ul style="list-style-type: none"> • Participate in team goal-Setting and problem solving • Interact and collaborate with people of diverse backgrounds • Aware of guidelines for employee development, but requires support in implementing development initiatives 	<ul style="list-style-type: none"> • Seek opportunities to increase team contribution and responsibility • Respect and support the diverse nature of others and be aware of the benefits of a diverse approach • Effectively delegate tasks and empower others to increase contribution and execute functions optimally • Apply relevant employee legislation fairly and consistently • Facilitate team goal- setting and problem-solving • Effectively identify capacity requirements to fulfill the strategic mandate 	<ul style="list-style-type: none"> • Identify ineffective team and work processes and recommend remedial interventions • Recognise and reward effective and desired behaviour • Provide mentoring and guidance to others in order to increase personal effectiveness • Identify development and learning needs within the team • Build a work environment conducive to sharing, innovation, ethical behaviour and professionalism • Inspire a culture of performance excellence by giving positive and constructive feedback to the team • Achieve agreement or consensus in adversarial environments • Lead and unite diverse teams across divisions to achieve institutional objectives 	<ul style="list-style-type: none"> • Develop and incorporate best practice people management processes, approaches and tools across the institution • Foster a culture of discipline, responsibility and accountability • Understand the impact of diversity in performance and actively incorporate a diversity strategy in the institution • Develop comprehensive integrated strategies and approaches to human capital development and management • Actively identify trends and predict capacity requirements to facilitate unified transition and performance management

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

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

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

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

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

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

Cluster	Core Competencies		
Competency	Analysis and Innovation		
Competency Definition	Able to critically analyse information, challenges and trends to establish and implement fact-based solutions that are innovative to improve institutional processes in order to achieve key strategic		
ACHIEVEMENT LEVELS			
BASIC	COMPETENT	ADVANCED	SUPERIOR
<ul style="list-style-type: none"> • Understand the basic operation of analysis, but lack detail and thoroughness • Able to balance independent analysis with requesting assistance from others • Recommend new ways to perform tasks within own function • Propose simple remedial interventions that marginally challenges the status quo • Listen to the ideas and perspectives of others and explore opportunities to enhance such innovative thinking 	<ul style="list-style-type: none"> • Demonstrate logical problem solving techniques and approaches and provide rationale for recommendations • Demonstrate objectivity, insight, and thoroughness when analysing problems • Able to break down complex problems into manageable parts and identify solutions • Consult internal and external stakeholders on opportunities to improve processes and service delivery • Clearly communicate the benefits of new opportunities and innovative solutions to stakeholders • Continuously identify opportunities to enhance internal processes • Identify and analyse opportunities conducive to innovative approaches and propose remedial intervention 	<ul style="list-style-type: none"> • Coaches team members on analytical and innovative approaches and techniques • Engage with appropriate individuals in analysing and resolving complex problems • Identify solutions on various areas in the institution • Formulate and implement new ideas throughout the institution • Able to gain approval and buy-in for proposed interventions from relevant stakeholders • Identify trends and best practices in process and service delivery and propose institutional application • Continuously engage in research to identify client needs 	<ul style="list-style-type: none"> • Demonstrate complex analytical and problem solving approaches and techniques • Create an environment conducive to analytical and fact-based problem-solving • Analyse, recommend solutions and monitor trends in key challenges to prevent and manage occurrence • Create an environment that fosters innovative thinking and follows a learning organisation approach • Be a thought leader on innovative customer service delivery, and process optimisation • Play an active role in sharing best practice solutions and engage in national and international local government seminars and conferences

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

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

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

The five-point rating will apply in evaluating the performance within the uMgungundlovu District Municipality. The 2006 Performance Regulations sets out the rating as follows:

LEVEL	TERMINOLOGY	DESCRIPTION	RATING
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicate that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the year.	
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.	
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement and Performance Plan.	
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement and Performance Plan.	
1	Unacceptable Performance	Performance does not meet the standard expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan .The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.	

The achievement levels indicated in the table below serve as a benchmark for assessing leading and core competencies:

Achievement Levels	Description
Basic (rating = 1 – 2)	Applies basic concepts, methods, and understanding of local government operations, but requires supervision and development Intervention
Competent (rating = 3)	Develops and applies more progressive concepts, methods and understanding. Plans and guides the work of others and executes progressive analyses
Advanced (rating = 4)	Develops and applies complex concepts, methods and understanding. Effectively directs and leads a group and executes in-depth analyses
Superior (rating = 5)	Has a comprehensive understanding of local government operations, critical in shaping strategic direction and change, develops and applies comprehensive concepts and methods

The outcome of the planning phase in the employee performance management will result in all employees having signed performance scorecards by 31 July of every year.

In the case of unacceptable performance, the employer shall:-

- provide systematic remedial or developmental support to assist the employee to improve his or her performance; and
- after appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, and performance does not improve, the employer may consider steps to terminate the contract of employment of the employee on grounds of unfitness or incapacity to carry out his or her duties.

16. 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.

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

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

17. CONCLUSION

The proposed performance management framework is aimed at guiding Council in the development of a performance management system which will contribute to improving the municipal performance and enhance service delivery. The framework is drafted to provide details which describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.

18. CRITICAL DATES AND TIMEFRAMES

Phase	Organisational activities	Individual Activities	Timeframe	Responsibility
Planning	Adopt Reviewed PMS Framework Development and approval of the organizational scorecard and SDBIP		March – June	Management/ Council
		Signing performance Contracts/Plans with MM and Section 56 managers,	31 July	Mayor, Municipal Manager; and HOD's
Monitoring , Measure and Review	Quarterly Monitoring	Quarterly Monitoring	Quarterly	Municipal Manager, HOD's
	Quarterly Review/s	Quarterly Reviews	December March June	Municipal Manager, HOD's
	Annual Performance Appraisals	Annual Performance Appraisal	March	Mayor Municipal Manager HOD's, External Evaluation Panel
	Annual Performance Appraisals	Reward and Recognition	April	Municipal Manager, HOD's
Reporting	Quarterly and Mid-Term Reports	Quarterly Reports / Mid-year Performance reports	Quarterly/ January	Municipal Manager HOD's,
	Annual reports	Annual Performance Reports	31 August	Mayor Municipal Manager/ PMS Manager
		Table Annual report to council	31 January	Mayor Municipal Manager/ PMS Manager
	Oversight reports	Council adopt oversight report	31 March	Mayor Municipal Manager/ PMS Manager
Improvement	Performance Improvement		Ongoing	Municipal Manager & HOD's