

**PERFORMANCE AGREEMENT**

**MADE AND ENTERED INTO BY AND BETWEEN:**

**THE uMGUNGUNDLOVU DISTRICT MUNICIPALITY AS REPRESENTED BY THE  
ACTING MUNICIPAL MANAGER**

**DR EX MUTHWA  
(THE EMPLOYER)**

**AND**

**HEAD OF DEPARTMENT: CORPORATE SERVICES**

**MRS NOSIPHO DAWN MKHIZE  
(THE EMPLOYEE)**

**FOR THE**

**FINANCIAL YEAR: 01 JULY 2023 – 30 JUNE 2024**

## PERFORMANCE AGREEMENT

### ENTERED INTO AND BETWEEN:

The uMgungundlovu District Municipality herein represented by Dr EX Muthwa in her capacity as the Acting Municipal Manager (hereinafter referred to as the Employer)

And,

Ms. Nosipho Mkhize in her capacity as HEAD OF DEPARTMENT: CORPORATE SERVICES of the uMgungundlovu District Municipality (hereinafter referred to as the Employee).

### WHEREBY IT IS AGREED AS FOLLOWS:

#### 1. INTRODUCTION

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

#### 2. PURPOSE OF THIS AGREEMENT

The Purpose of this Agreement is to -

- 2.1 Comply with the provisions of Section 57(1)(b),4(A),(4B) and (5)of the Systems Acts as well as the Contract of Employment entered into between the parties;

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- 2.2 Specify objectives and targets established for the employee and to communicate to the employee the employer's expectations of the employee's performance expectations and accountabilities;
- 2.3 Specify accountabilities as set out in the Performance Plan
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the Performance Agreement and Performance Plan as the basis for assessing the suitability of the Employee for permanent employment and /or to assess whether the employee has met the performance expectations applicable to his/her job;
- 2.6 Appropriately reward the Employee in accordance with the Employer's performance management policy in the event of outstanding performance; and
- 2.7 Give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

### 3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on 01 July 2023 and will remain in force until 30 June 2024 where after a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between the parties for the next financial year or any portion thereof.
- 3.2 The parties will review the provisions of this Agreement. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by not later than the beginning of each successive financial year.
- 3.3 This Agreement will terminate on the termination of the Employee's Contract of Employment should no new agreement be concluded for whatever reason, notwithstanding 3.1, the provisions of the Agreement shall continue in force until termination of the Employment Contract.
- 3.4 The content of this Agreement may be revised at any time during the abovementioned period to determine the applicability of the matters agreed upon.
- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

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#### 4. PERFORMANCE OBJECTIVES

4.1 The Employee Performance Plan sets out-

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

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

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

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

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

#### 5. PERFORMANCE MANAGEMENT SYSTEM

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

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

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

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

6.1 The Employee undertakes to actively focus towards the promotion and implementation of KPA's (including special projects relevant to the Employee's responsibilities) within the local government framework.

6.2 The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.

6.2.1 The Employee must be assessed against both components and each area of assessment will be weighted and will contribute a specific part to the total score.

6.2.2 A weighting for the KPA's that cover the main areas of work will account for 80% of the final assessment and CF will account for 20% of the final assessment.

6.3 The Employee's assessment will be based on her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan which are linked to some or all of the following KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee.

KEY PERFORMANCE AREAS (KPA'S)	WEIGHTING
Basic Service Delivery	2.5%
Local Economic development and Social Development	10%
Institutional Transformation and Development	60%
Municipal Financial Viability and Management	5%
Good Governance and Public Participation	20%
Cross Cutting Interventions	2.5%
Total	100%

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6.4 The Competency Framework (CF) will make the other 20% of the Employee's assessment score. The CF as contained in the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers must be used for this purpose. The said Regulations state that there is no hierarchical connotation to the structure and all competencies are essential to the role of a Senior Manager to influence high performance. All competencies must therefore be considered as measurable and critical in assessing the level of a Senior Manager's performance.

### 6.5 Competency framework structure

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

Leading Competencies	Description	Weighting
Strategic direction and Leadership	<ul style="list-style-type: none"> <li>Impact and Influence</li> <li>Institutional Performance Management</li> <li>Strategic Planning and Management</li> <li>Organizational Awareness</li> </ul>	10%
People Management	<ul style="list-style-type: none"> <li>Human Capital Planning and Development</li> <li>Diversity Management</li> <li>Employee Relations Management</li> <li>Negotiation and Dispute Management</li> </ul>	10%
Program and Project Management	<ul style="list-style-type: none"> <li>Program and Project Planning and Implementation</li> <li>Service Delivery Management</li> </ul>	10%
Financial Management	<ul style="list-style-type: none"> <li>Budget Planning and Execution</li> <li>Financial Strategy and Delivery</li> <li>Financial Reporting and Monitoring</li> </ul>	5%
Change Leadership	<ul style="list-style-type: none"> <li>Change Vision and Strategy</li> <li>Process Design and Improvement</li> <li>Change Impact Monitoring and Evaluation</li> </ul>	5%
Governance Leadership	<ul style="list-style-type: none"> <li>Policy Formulation</li> <li>Risk and Compliance Management</li> <li>Cooperative Governance</li> </ul>	10%
CORE COMPETENCIES		WEIGHTING
Moral competencies		10%
Planning and organizing		10%
Analysis and innovation		5%
Knowledge and Information Management		10%
Communication		10%

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Results and Quality Focus	5%
<b>TOTAL</b>	<b>100%</b>

## 7. EVALUATING PERFORMANCE

7.1 The Performance Plan to this Agreement sets out-

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

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

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

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

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

7.5 The annual performance appraisal will involve:

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

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

7.5.2 Assessment of competency levels

- (a) Each leading and core competency contained in the Competency Framework must be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each competency.

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- (c) The applicable assessment rating calculator must then be used to add the scores and calculate a final CF score.

### 7.5.3 Overall Rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcomes of the performance appraisal.

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

LEVEL	TERMINOLOGY	DESCRIPTION	RATING
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicate that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the year.	
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.	
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement and Performance Plan.	
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicate that the employee has achieved below fully effective results	

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LEVEL	TERMINOLOGY	DESCRIPTION	RATING
		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

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

7.7.1 Mayor;

7.7.2 Chairperson of the Audit Committee;

7.7.3 Member of the Executive Committee; and

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- 7.7.4 Mayor from another Municipality.
- 7.8 For purpose of evaluating the performance of the Executive Managers (Heads of Department – *Section 56 employees*), an evaluation panel constituted by the following persons will be established-
- 7.8.1 Municipal Manager;
- 7.8.2 Member of the Audit Committee;
- 7.8.3 Member of the Executive Committee; and
- 7.8.4 Municipal Manager from another Municipality.

## 8. SCHEDULE FOR PERFORMANCE REVIEWS

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

**1<sup>st</sup> Quarter assessments (Jul –Sept) - (Verbal)**

**2<sup>nd</sup> Quarter assessments (Oct – Dec) – (Recorded)**

**3<sup>rd</sup> Quarter assessments (Jan –Mar) – (Verbal)**

**4<sup>th</sup> Quarter assessments (Apr – Jun) – (Recorded)**

- 8.2 The Employer shall keep a record of the mid-year review and annual assessment meetings.
- 8.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance.
- 8.4 The Employer will be entitled to review and make reasonable changes to the provisions of the employee's performance plan from time to time for operational reasons. The Employee will be fully consulted before any such change is made.

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8.5 The Employer may amend the provisions of the employee's performance plan whenever the Performance Management System is adopted, implemented, and /or amended as the case may be. In that case the Employee will be fully consulted before any such change is made.

## 9. DEVELOPMENTAL REQUIREMENTS

The Personal Development Plan (PDP) for addressing development gaps is attached to the Performance Agreement.

## 10. OBLIGATIONS OF THE EMPLOYER

10.1 The Employer shall:

- 10.1.1 Create an enabling environment to facilitate effective performance by the Employee;
- 10.1.2 Provide access to skills development and capacity building opportunities;
- 10.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
- 10.1.4 On the request of the Employee delegates such powers reasonably required by the Employee to enable him/ her to meet the performance objectives and targets established in term of this Agreement; and
- 10.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time assisting him/her to meet the performance objectives and targets established in terms of this Agreement.

## 11. CONSULTATION

- 11.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others-
  - 1.1.1 A direct effect on the performance of any of the Employee's functions;

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

11.1.4 A substantial financial effect on the Employer.

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

## 12. MANAGEMENT OF EVALUATION OUTCOMES

12.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

12.2 A performance bonus of 5% to 14% of inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance.

12.3 The Employee will be eligible for progression to the next higher remuneration package, within the relevant remuneration band, after completion of at least twelve (12) months service on the current remuneration package by 30 June (end of financial year) subject to a fully effective assessment.


12.4 In the case of unacceptable performance, the Employer shall-

12.4.1 Provide systematic remedial or development support to assist the Employee to improve his or her performance; and

12.4.2 After appropriate performance and counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, 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.

## 13. Recognition for Performance of Additional Task

Over and above KPA's where performance will be measured against performance plan entries in Annexure A, recognition may be given for the performance of additional tasks, and reward will in addition be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan.

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**14. Performance Reporting Deadlines**

Departmental performance reports are due on the 5<sup>th</sup> day after the end of the quarter. The employee must ensure the completeness of the performance report and ensure that portfolio of evidence in support of the performance information reported is submitted.

**15. DISPUTE RESOLUTION**

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

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

15.1.2 Any other person appointed by the MEC.

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

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**16. GENERAL**

16.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the Employer.

16.2 Nothing in this agreement diminishes the obligations, duties, or accountabilities of the Employee in terms of his/ her contract of employment, or the effects of existing or new regulations, circulars, policies, directives, or other instruments.

Thus, done and signed at Pietermaritzburg on \_\_\_\_31<sup>st</sup>\_\_\_\_ of July 2023

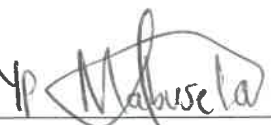
**AS WITNESSES:**

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**EMPLOYEE**

2.  \_\_\_\_\_

**AS WITNESSES:**

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**EMPLOYER**

2.  \_\_\_\_\_

**EMPLOYER**