

GREATER TZANEEN MUNICIPALITY



Performance Management Policy

2020 Revision

Office of the Municipal Manager
Division: Strategic Support
Unit: Performance Management
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List of Abbreviations:

CFO	Chief Financial Officer
CORP	Corporate Services Department
GTM	Greater Tzaneen Municipality
IDP	Integrated Development Plan
IPMS	Performance Management System
LLF	Local Labour Forum
KPA	Key Performance Area
KPI	Key Performance Indicator
MEC	Member of Executive Council
MSA	Municipal Systems Act
MFMA	Municipal Finance Management Act
PDP	Personal Development Plan
PM	Performance Management
PMS	Performance Management System
PRC	Performance Review Committee
SDBIP	Service Delivery and Budget Implementation Plan

Definitions

In this Policy unless inconsistent with the text:

"audit committee" means a committee appointed in terms of Section 166 of the MFMA;

"balanced scorecard" The balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate it into a clear measurement framework. It provides feedback regarding both the internal business processes and external outcomes in order to continuously improve strategic performance and results;

"director" means a person appointed in terms of section 56 of the MSA;

"employee" means an employee of Greater Tzaneen Municipality;

"employment contract" means a contract as contemplated in Section 57 of the MSA;

"municipal manager" means a person appointed in terms of section 82 of the Municipal Structures Act;

"performance agreement" means an agreement as contemplated in Section 57 of the MSA;

"performance/reward cycle" means a period not exceeding 12 months, for which performance is planned, executed and assessed. It must be aligned to the same period as the Municipality's annual business plan/ service delivery plan cycle i.e. 1st July to 30th June of the following year;

"section 56 manager" means a person appointed in terms of section 56 of the MSA;

"subordinate" means a person directly reporting to another individual;

"supervisor" means a manager responsible for the review and assessment of an employee. This includes the allocation of work, monitoring activities, discussing performance and development progress.

1. Policy intentions

1.1 Purpose of the Policy

The aim of this Policy is to provide the Municipality with a set of rules governing the implementation of Individual and Organizational Performance Management based on:

- The legislative and any other statutory determinants / requirements
- Good management practices and procedures
- The realities and constraints of the local environment

The Policy will address Individual Performance Management in relation to:

- Organizational Performance Management
- Municipal Performance Regulations
- The cascading of the Performance Management System to all levels of employees
- The methodology involved in measuring and rewarding people for exceptional performance
- The methodology involved in addressing poor performance

This Policy is divided in two parts that will deal with the implementation of the Individual Performance Management System (IPMS).

- *Section 7* – this section will deal with the implementation of the IPMS with regard to employees employed in terms of Section 57 of the Municipal Systems Act.
- *Section 8* - this section will deal with all permanently employed employees of GTM

1.2 Objectives of the Policy

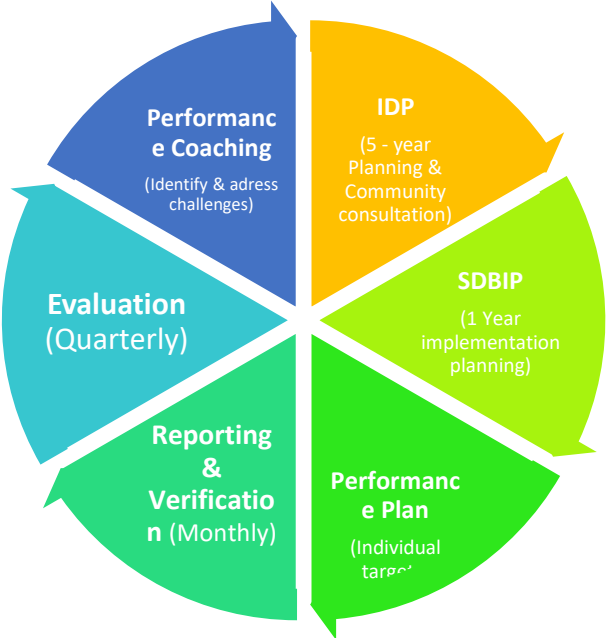
The overall objective of implementing and sustaining an effective Individual Performance Management System is:

- To build human capital at strategic and operational levels throughout the Municipality
- To build organisational capital in line with the vision and mission of the Municipality
- To establish and sustain an above satisfactory level of service delivery

The objective is further to ensure that Individual Performance Management and Organisational Performance Management is an integrated process in which all employees participate. The Service Delivery and Budget Implementation Plan (SDBIP), which forms the basis of Organisational Performance Management, is the annual plan for implementing the 5-year strategic plan (IDP) of the Municipality.

The performance agreements of the Municipal Manager and the Section 56 managers have to be integrated with the Service Delivery and Budget Implementation Plan (SDBIP), with the SDBIP forming the bridge between the community needs and what should be delivered according to the individual performance agreements.

Figure 1: Annual Performance Management Cycle



The link between the organizational and individual performance management will be maintained in the cascading of the IPMS to lower levels of staff. This will ensure that the strategic objectives of Council are supported by the individual objectives and targets. The core components of the PMS and the linkage between individual and organisational performance monitoring and evaluation is illustrated in **Figure 1**. The detailed Integrated Performance Monitoring and Evaluation Framework, as approved by Council, provides the backdrop for this policy and the process outlined as outlined in the figure above.

1.3 Scope and application

The Performance Management Policy applies to all employees in the municipality. The policy will comply with the relevant legislation as detailed in the Integrated Monitoring and Evaluation Framework of Greater Tzaneen Municipality and in *Section 2* of this policy.

2. Legislative framework

2.1 The Constitution (Act 108 of 1996)

Section 195 (1) of *The Constitution of South Africa (1996)* contains the basic values and principles governing public administration:

- a) Good human resource management and career development practices, to maximize human potential, must be cultivated;
- b) Efficient and effective use of resources must be promoted, and
- c) Public administration must be accountable.

2.2 Municipal Structures Act (Act 117 of 1998)

The *Municipal Structures Act (Act 117 of 1998)* further, in Section 19 (1), indicates that a municipal council must strive, within its capacity, to achieve the objectives set out in Section 152 of the Constitution; and in Section 19 (2) places an obligation on the municipal Council to annually review its overall performance in achieving the these objectives.

2.3 Municipal Systems Act (Act 32 of 2000)

Chapter six of the Municipal Systems Act (MSA) stipulates how the performance Management System must be developed and implemented, as detailed by the following sections:

- *Section 38* clearly indicates the following:
 - A Municipality must—
 - A. establish a performance management system that is:
 - (i) commensurate with its resources;
 - (ii) best suited to its circumstances; and
 - (iii) in line with the priorities, objectives, indicators and targets contained in its Integrated Development Plan;
 - B. Promote a culture of performance management among its political structures, political office bearers and councilors and in its administration; and

C. Administer its affairs in an economical, effective, efficient and accountable manner.

- *Section 39* stipulates that the Executive Committee must manage the PMS and assign responsibilities in this regard to the Municipal Manager. The proposed system must further be submitted to Council for adoption.
- *Section 40* – Requires the Municipality to monitor and review the Performance Management System
- *Section 41* – Highlights the core components of a PMS
- *Section 42* – Stipulates that the community and stakeholders must be involved in the development and review of the PMS
- *Section 43* - Specify key performance indicators
- *Section 45 and 46* – Stipulates that performance must be audited and regularly reported on
- *Section 49* – Requires adherence to published regulations and guidelines

2.4 Performance Management Regulations (2001)

The *Performance Management Guidelines for Municipalities (2001)* provides detailed regulations for the PMS in relation to:

- The nature of the PMS
- The adoption of the PMS
- The setting of KPIs
- Prescribed KPIs
- The review of the KPIs
- The setting of performance targets
- Monitoring, measurement and review of performance
- Internal auditing of Performance measures

2.5 Performance Management Regulation 805 of August 2006 (and any amendments thereof)

The *Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager (Regulation 805 of August 2006)* set the

parameters for the development and implementation of the Performance Management System in relation to the Municipal Manager and managers directly accountable to the Municipal Manager, with specific reference to the following:

- i. Performance Agreements
- ii. Evaluation of performance
- iii. Management of evaluation outcomes

2.6 Framework for Managing Programme Performance Information (FMPPI)

This policy is also aligned to the framework as issued by National Treasury which aims to:

- i. Clarify definitions and standards for performance information in support of regular audits of such information where appropriate;
- ii. Improve integrated structures, systems and processes required to manage performance information;
- iii. Define roles and responsibilities for managing performance information;
- iv. Promote accountability and transparency by providing Parliament, provincial legislatures, municipal councils and the public with timely, accessible and accurate performance information.

3. Performance Management Principles

The overall aim of the Performance Management System is to establish and sustain an above satisfactory level of service delivery throughout the Municipality. The Performance Management System is founded on the following sound and proven principles without being complicated, or too mechanistic:

- i. Providing information on the contribution of human resources to the strategic objectives of the municipality;
- ii. Forming a framework of techniques to secure maximum achievement of objectives for given inputs; and

- iii. Providing a means of inspecting the functioning of process links which deliver performance against objectives.
- iv. Target – setting must be realistic and take into account resources and other possible constraints, timely identified by Council resolution.
- v. There should be an agreement between the individual and his/her Manager/supervisor on the targets set out in the Performance Management System.
- vi. Performance management processes shall be developmental, and shall allow for recognising performance beyond expectation, and for an effective response to performance that is not satisfactory or is poor;
- vii. Performance management procedures must minimise the administrative burden on supervisors, while maintaining transparency and administrative justice and to this end, the Municipality shall introduce such measures that allow for this to be achieved; and
- viii. The Performance Management System must reward people equitably for exceptional performance and not merely for compliance. Employees are therefore not entitled to performance rewards or recognition.
- ix. Rewards shall only be given for significant outstanding and consistent performance that advances the Municipality's goals, and shall be tied to a specific accomplishment(s) - i.e. there should be a correlation between the candidate's performance assessment and motivation for recognition or any reward.
- x. The Performance Management System introduced in this policy will not focus on monetary reward, but on employee development and growth in support of organizational performance.
- xi. In the event of Council experiencing serious financial constraints, Council may, decide not to allow any financial rewards to be given, during a specific performance cycle. The financial position of Council must therefore be reviewed by the CFO prior to any recommendation being sent to Council for adoption. In the event that such decision is taken, it must be applied uniformly and to all employees, whether on contract or permanently appointed.

4. **Scope and application of the PMS**

Section 7 of the Performance Management Policy will be applicable to the following positions:

- i. ***Municipal Manager***. The final Government Notice issued on 1 August 2006 (Regulation 805) regulates the extent to which the performance of the Municipal Manager will be directed, monitored and improved. These regulations address the employment contract of the Municipal Manager as well as the performance agreement that is entered into between the Municipality and the Municipal Manager.
- ii. ***Section 56 Managers (Directors)***, managers directly accountable to the Municipal Manager, will be subject to compliance with the provisions of Regulation 805 in terms of their obligations towards their own performance and those of the individuals they are responsible for.
- iii. Staff members acting in any of the above mentioned positions (Municipal Manager and Directors), will only be eligible to participate in the Performance Management System (on this level) if they act in such a position for a total of 6 months (or longer) of a specific financial year.

Section 8 of the Performance Management Policy will be applicable to the following positions:

- iv. All permanent employees of Council, employed at any level, which has been included in the cascading of the Performance Management System. Their participation in the PMS will be guided by the stipulations contained in this Policy.

5. Performance Management Cycle

5.1 Alignment with the IDP

The performance plans for individuals will be drafted in accordance with the Integrated Monitoring and Evaluation Framework of the Greater Tzaneen Municipality, wherein alignment with the IDP and SDBIP are required. Therefor:

- i. KPIs contained in the IDP will be included in high level SDBIP and the Performance Plans for MM and/or Directors.
- ii. The performance plans for the MM and Directors may include KPIs which are not in the SDBIP.
- iii. Performance plans for other staff will include KPIs linked to those of the MM and Directors.
- iv. A KPI monitoring the efficiency, effectiveness and/or economy of each administrative unit must be included in a performance plan of the MM and/or a Director.

5.2 Key Milestones

The annual cycle of performance management is regulated by legislation and therefore the adherence to the following timeframes must be ensured:

- i. Performance Plans for the MM and Directors must be concluded (signed by both parties) by no later than (90) calendar days after assumption of duty and annually within one month after the commencement of the new financial year.
- ii. The draft Performance Plans for the MM and Directors must be submitted to the Mayor for consideration along with the Draft Service Delivery and Budget Implementation Plan.
- iii. Performance Plans for Directors must be made public no later than 14 days after approval of the Service Delivery and Budget Implementation Plan.
- iv. Performance Agreements for the MM and Directors must be submitted to the MEC of Local Government upon finalization.

- v. Performance Plans for other staff members must be concluded no later than 30 calendar days after assumption of duty and annually within two months of the commencement of the new financial year.
- vi. Monthly reporting must be concluded within 10 working days of the close of the month.
- vii. The auditing of portfolio of evidence must be concluded within 15 calendar days of the close of reporting.
- viii. Mid-year, formal assessments must take place by no later than 31 March annually.
- ix. Annual formal assessments must take place by no later than 30 September annually.

6. Roles and Responsibilities

The implementation of this policy will be monitored in the Office of the Municipal Manager, while the daily management of the cascading process will be managed through the Corporate Services Department. The detailed responsibilities are as follows:

6.1 Office of the Municipal Manager

The Office of the Municipal Manager will be responsible for:

- i. Putting policies and frameworks in place to manage organizational and individual performance
- ii. The annual drafting of the SDBIP, Performance Agreements and Performance Plans for Section 56 Managers (MM & Directors) in alignment with the IDP.
- iii. Assist the Corporate Services Department to do quality assurance on all performance contracts.
- iv. Providing secretarial services during the assessment of the Municipal Manager and Section 56 Managers and draft a report to Council in this regard, upon completion of the assessment process.

- v. Ensuring that the PMS process is audited to ensure compliance to legislation and to ensure that information provided is a true reflection of reality.

6.2 Corporate Services (through the Human Resource Management)

The Corporate Services Department, through the Human Resource Division, must:

- i. Develop a procedural manual for the cascading of the PMS to all levels.
- ii. Assist the Directors, Managers and Supervisors to draft Performance plans for each employee covered through the systematic cascading of the PMS (levels 3 and below).
- iii. Train all relevant employees in the drafting of performance plans, managing performance reporting and individual assessments.
- iv. Draft an Incentive Policy to inform the rewarding of exceptional performance, once the PMS has been fully cascaded and functional.
- v. Calculate all rewards once the final overall performance ratings have been prepared by the relevant line manager and discussed with the relevant employee.
- vi. Establish the Performance Review Committee (PRC).
- vii. Assist Directors / Managers or supervisors to draft performance improvement plans, where required, for poor performance.
- viii. Upon finalisation of the evaluation process submit a report to Council on the outcome of the assessment process, containing recommendations on the interventions to be made.

6.3 Other Departments

6.3.1 The MM & Section 56 Managers (Directors) must:

- i. Monitor the drafting of performance plans for all employees in the department that are covered by the cascading of the PMS.
- ii. Ensure that the drafting of performance plans takes place in line with the guidelines developed by the Corporate Services Department.

- iii. Ensure that all managers and supervisors draft performance plans for their subordinates, all of which must be signed within 2 months of the start of each financial year.
- iv. Ensure that formal assessments of performance takes place at mid-year and at year-end and that the outcome be documented.

6.3.2 Each Manager and / or supervisor is responsible for:

- i. Drafting the performance plan for his/her subordinate with the assistance of the Corporate Services Department.
- ii. Conduct formal assessments of the performance of their subordinates by the stipulated time.
- iii. Supervisors / Managers are expected to submit quarterly reports to the relevant Director or Municipal Manager, on performance development and improvement interventions that have been implemented to deal with unsatisfactory or poor performance, wherever these are applicable.

6.4 Councillors

6.4.1 Assessment of the Municipal Manager and Directors

- i. The Mayor and a Councilor (Members of the Executive Committee only) must form part of the evaluation of the Municipal Manager
- ii. Members of the Executive committee must form part of the evaluation panel for Directors.

6.4.2 Assessment of the other levels of staff

- i. Councillors may not be involved in the assessment of permanent employees

6.5 Corporate Services

In terms of the assessment of employees that are in the permanent employ of Council, the Human Resource Division shall compile a report on the outcomes of the evaluation process. The Employee Performance Evaluation Report shall contain the following:

- i. Summary of performance achieved by each employee or team;
- ii. Key areas of underperformance, per employee or team;
- iii. Key areas of significant over achievement, per employee or team;
- iv. Recommendations on rewards to be allocated for employees that consistently and markedly overachieved during the entire period under review;
- v. Recommendations on interventions to be implemented for employees or teams that are not performing on the desired level.

6.6 Performance Review Committee (PRC)

The Corporate Services Department will appoint and facilitate meetings of a Performance Review Committee, which will perform the following functions:

- i. Audit the reward calculation process to ensure fairness and integrity.
- ii. Recommend amendments to the proposed rewards & interventions.
- iii. Resolve disputes should they arise in a prompt (no later than 2 weeks after the dispute was raised), efficient and fair manner.
- iv. Evaluate the effectiveness of the Performance Incentive Programme at the end of each performance cycle.
- v. Make recommendations for the improvement of the programme.
- vi. Make recommendations to Council with regard to the rewarding of employees.
- vii. Compose of a representative from the following stakeholders and must be chaired by the Director: Corporate Services.
 - A. Human Resources
 - B. Office of the Chief Financial Officer
 - C. Office of the Municipal Manager (PMS)
 - D. Internal Audit
 - E. Recognised Trade Unions
- viii. A quorum of no less than 50% of the members must be present for the committee to proceed.

- ix. Representatives may not delegate the responsibility of attending the committee sittings.
- x. A new PRC will be established every year, but members may serve for more than one reward cycle.
- xi. All members of the PRC must be employees of the Municipality or part of the management thereof.

7. Municipal Manager & Section 56 Managers

This section applies to any individual appointed by Council to serve as Municipal Manager or Director at Greater Tzaneen Municipality.

7.1 Content of Performance Agreements

The Performance Agreement will also include, as Annexures, a Performance Plan, a Personal Development Plan and Financial Disclosure form. These documents shall contain the following:

7.1.1 Performance Agreement

- I. Must comply with the provisions of Section 57(1)(b),(4A),(4B) and (5) of the Act as well as the employment contract entered into between the parties.
- II. Specify the performance objectives and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP), the Departmental Business Plan and the Budget of the Municipality.
- III. Specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement.
- IV. Specify the duration of the agreement.
- V. Specify the Core Competencies to be evaluated.
- VI. Specify the Ratings scales and timeframes for assessments.

VII. Determine steps towards dispute resolution.

7.1.2 Performance Plan:

- i.* Clearly specified objectives and quarterly targets to be attained by the individual employee relating to programmes and projects, constituting 80% of the total score. The Key Performance Indicators should be aimed at measuring performance with regard to project input, output and outcome.
- ii.* Core Competency Requirements as a set of core managerial and occupational competencies (as contained in Gazette 29967 on 15 June 2007) required for the employee to perform optimally, constituting 20% of the total score.

7.1.3 Personal Development Plan:

- I.* Projects identified through the IDP process and contained in the performance plan should guide employees in the development of a PDP.
- II.* The specific training or skills needed for effective project implementation should be identified and, together with the skills gaps and competencies identified during the assessment process, specific training development strategies must be discussed, agreed upon and captured in the PDP.
- III.* All Personal Development Plans will be formulated and finalised with the guidance and assistance of the Manager Human Resources to ensure that all training and development activities are aligned to the Workplace Skills Plan.
- IV.* The Personal Development Plan will be discussed during the performance assessment process and must be concluded together with the performance agreement.

7.1.4 Financial Disclosure

All Section 56 employees must disclose their financial interest on an annual basis with reference to the following:

- i.* Shares and other financial interest
- ii.* Directorships and Partnerships
- iii.* Remunerated work outside of the Municipality

- iv. Consultancies and retainerships
- v. Sponsorships
- vi. Gifts and hospitality from a source other than a family member
- vii. Land and property

7.2 Performance Monitoring and Assessment

Continues monitoring and regular reporting on performance of an individual and the institution is critical to ensure that poor performance is identified timeously. To this end:

- i. Informal assessments must take place at the end of the 1st and 3rd Quarter with formal assessments at the end of the 2nd (mid-year) and 4th Quarters (annual).
- ii. Informal assessments will constitute an informal session between, in the case of the Municipal Manager, the Mayor and the Municipal Manager, while for the Section 56 Managers an informal session between the Director and the Municipal Manager must take place.
- iii. Performance coaching must take place during the informal assessments.
- iv. Formal assessments will take place through a panel (members of the panel is prescribed in Section 7.3),
- v. The members of the panel will score independently as per the prescribed scoring system (see Section 7.4).

7.3 Performance Assessment Panels

The mid-year and annual performance assessment will be formal with the panel consisting of the following members (as prescribed by Regulation 805 of 2006) and using the 360° degree assessment method recommended in this Policy:

7.1.1 Panel for assessing the Municipal Manager

The panel appointed to conduct formal assessments must consist of the following representatives of which 5 need to be in attendance for the session to continue:

- i.* The Mayor (Chairperson)
- ii.* Chairperson of the Audit Committee (or a delegate)

- iii. A member of the Executive Committee
- iv. A Mayor or Municipal Manager from another Municipality
- v. A member of a Ward Committee, as nominated by the Mayor.
- vi. A subordinate (Any Director)

7.1.2 Panel for assessing the Directors

The panel appointed to conduct formal assessments must consist of the following representatives, of which 4 need to be in attendance for the session to continue:

- i. Municipal Manager (*Chairperson*)
- ii. Chairperson of the Audit Committee
- iii. A member of the Executive Committee
- iv. A Municipal Manager from another municipality
- v. Another Director (as a peer)

7.4 Formal assessment procedures & rating scale

The Formal Performance Assessment will be a structured discussion that shall:

- i. Consider the performance reported by the employee only if accompanied by an audited portfolio of evidence.
- ii. The panel may decide on suitable disciplinary measures should performance reporting for the period be incomplete and/or not verifiable.
- iii. The panel will be provided with a self-assessment score provided by the employee, however only the scores of the panel members will be utilized to calculate an average score per KPI.
- iv. Allow scoring to take place confidentially by each individual panel member; based on the scale provided below:

Table 1: Performance Assessment Rating scale			
Rating	Terminology	Description	% Score
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level.	167
4	Performance significantly above expectations	Performance is significantly higher than the standard expected.	133 - 166
3	Fully effective	Performance fully meets the standards expected.	100 - 132
2	Performance not fully effective	Performance is below the standard required.	67 - 99
1	Unacceptable performance	Performance does not meet the standard expected. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected despite management efforts to encourage improvement.	0 – 66

- v. Discuss corrective action required to achieve targets, where major deviations are found.
- vi. All sessions must be attended by the PMS office as the secretariat.
- vii. Sessions shall not continue if the Municipal Manager (or a Council appointed delegate) is not present.
- viii. Employees who exit the employ of the municipality shall be invited to attend the annual performance evaluation only if they occupied the position for a period exceeding 9 months of the specific financial year.

7.5 Performance Incentives

The results of the formal performance assessments will be submitted to Council, in a formal report, recommending performance interventions within the parameters below:

- I. No incentive will be awarded if the AG audit outcome, for the financial year, is not Clean or Unqualified.

- II. No incentive will be awarded if the Portfolio of Evidence audited by Internal audit was found to be inaccurate/insufficient.
- III. No incentive will be awarded to an employee that signed a performance agreement after six (6) months of the relevant financial year already passed.
- IV. If an employee exit the employ of the municipality before the end of a financial year the performance bonus due will be paid out proportional to the number of months worked in that specific financial year.
- V. The performance bonus for the Municipal Manager as well as Directors will be calculated on a sliding scale (as contained in Regulation 805 of 2006) according to the overall score achieved by the employee and as indicated in the table below:

Table 2: Performance Bonus as per percentage score	
% Score	% Bonus
130 - 133.8	5%
133.9 – 137.6	6%
137.7 – 141.4	7%
141.5 - 145.2	8%
145.3 – 149.9	9%
150 – 153.4	10%
153.5 – 156.8	11%
156.9 – 160.2	12%
160.2 – 163.6	13%
163.7 – 167	14%

7.6 Performance Interventions for poor performance

Performance interventions shall be considered in instances where the average score achieved by an employee is less than 2.5. Performance interventions may constitute the following:

- i. *Coaching*: an employee may be required to attend a series of conversations with a suitable mentor, as identified by the Human Resource Division, that are designed and conducted to enhance their performance in relation to (but not limited to) their management skills;
- ii. *Training*: an employee may be required to attend a training intervention, as recommended by the Human Resource Division,
- iii. *Follow-up evaluations*: An employee shall be subjected to a follow-up formal evaluation process within a 3 to 6-month period following the training and/or coaching intervention to determine if there has been a marked improvement in performance;
- iv. *Suspension*: in instances of continued poor performance and where all other avenues of capacitating an individual has failed, Council may decide to suspend such employee in line with the provisions of the Labour Relations Act (Act 66 of 1995).

7.7 Dispute resolution procedure

Any form of dispute arising from any element of the Performance Management System must be remedied strictly in terms of Section 33 of Regulation 805 of 2006. Therefore, any dispute about the outcome of the employee's performance evaluation, must be mediated by –

- (a) *In the case of the Municipal Manager*, the MEC for Local Government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and
- (b) *In the case of managers directly accountable to the Municipal Manager*, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee;

whose decision shall be final and binding on both parties.

8. All permanent employees

This section is applicable to all employees appointed as permanent employees of Council.

8.1 Cascading the PMS

- I. The cascading of the Performance Management system to lower level employees will take place systematically (in phases) with the focus on establishing systems and processes.
- II. The signing of work plans are compulsory for all employees, if the appointee joins the municipality within the first six months of the financial year.
- III. The roll-out to lower levels of the organisation will be dependent on the availability of human and financial resources.
- IV. Cascading will be done up to a level where it is practically implementable and may include the signing of performance plans on a team basis.

8.2 Development of Work Plans

The development of work plans for permanent employees will:

- I. Take place either on individual or team-based level and must be finalised by the 31 August annually.
- II. Directors, with the assistance of the Human Resource Division, will assess which route to follow with each unit & employee (individual or team based plans).
- III. Utilise the template provided as **Annexure A** to this policy, but allow for flexibility in the setting of behavioral requirements as these may be job specific.

8.3 Performance monitoring

Directors and Managers are required to monitor the performance of individuals and/or teams in terms of the approved performance plans. The monitoring of individual/ team performance will take place as follows:

- i. Each employee with a signed work plan must submit a monthly progress report to their immediate supervisor, who will submit the reports to the Manager.

- ii. Employees who are not willing to sign a work plan may be subjected to Disciplinary procedures, because they will be contravening with the MSA, Code of conduct for officials and MFMA
- iii. Managers must notify the Director, in writing, if any employee / team is not performing at the required level. This notification should include the reasons for poor performance as well as the required interventions.
- iv. The Director may determine whether an adhoc formal evaluation must be scheduled to formally assess the performance of the individual / team if performance is continually poor.

8.4 Performance Assessment Process

The performance assessments for individuals will take place on a quarterly basis as follows:

- i. All employees who signed a work plan for a financial year will be required participate in the quarterly assessments.
- ii. Informal assessments by the end of the 1st and 3rd Quarters.
- iii. Formal (documented) assessments for Mid-year and year-end performance.
- iv. Assessments will be informed by the monthly reports submitted by the employee and the accompanying portfolio of evidence.
- v. Employees will be informed of the assessment session at least 10 working days before the date of the assessment.
- vi. The employee being assessed must submit the required portfolio of evidence on a monthly basis.
- vii. An employee must be assessed in person by a direct supervisor or acting supervisor as appointed by Council.
- viii. The 5 point rating scale (as reflected in **Table 1**) will be applied.
- ix. The formal assessment panel for employees will consist of the following stakeholders:
 - a. The Director (for levels 4-6 only) as chairperson

- b. The Manager (for levels 7 and below) as chairperson
 - c. The Immediate supervisor of the employee
 - d. A peer of the assessee from the same Department (same level on the organogram), if none a peer from another Department may be invited.
 - e. An employee from any Department, at the same level as the assessor (supervisor), identified by the Manager of the Division (level 5 and below).
 - f. A representative from the Division: Human Resource Management (PMS unit)
- x. For an assessment to continue the Director (level 4-6) or Manager (level 7 and lower) must be in attendance along with 2 other panel members.

8.5 Performance Incentives

The development of an Incentive Policy must precede the awarding of any incentives and must adhere to the following pre-requisites:

- I. If an employee exit the employ of the municipality before the end of a financial year, any performance bonus due, will be paid out proportional to the number of months worked in that specific financial year.
- II. No incentive will be awarded to an employee if the required portfolio of evidence was not provided by the date of the assessment.
- III. Performance bonuses will only be paid if:
 - it has been budgeted for upon affordability by the municipality;
 - after Council approves the final performance report

8.6 Performance interventions for poor performance

Performance interventions shall be considered (as stipulated in Section 7.6) in instances where the average score achieved by an employee is less than 2.5. In order to manage unsatisfactory performance the following must take place:

- i. Should a supervisor, as a result of the assessment/ review process, or at any time during the performance cycle, be of the opinion that an employee's

performance is markedly below what is required, the supervisor must complete a full and formal assessment. In this regard the Municipality shall be obliged to provide performance counselling support.

- ii. Performance Development and Improvement plans shall be developed after every quarterly performance assessment or when it is determined that the employee's performance is markedly below what is required.
- iii. Evidence given in mitigation of poor or unsatisfactory performance shall only be accepted if the following criteria are met:
 - a. If the employee has duly informed her / his supervisor / manager / director in a timely manner and in writing;
 - b. If the relevant factors or circumstances are such that they are out of the control of either the supervisor / manager / director or employee; and
 - c. If the supervisor / manager / director and employee demonstrate that the relevant factors or circumstances could not be overcome within the relevant performance cycle.
- iv. Evidence given in mitigation of poor or unsatisfactory performance shall also be accepted if proposed solutions to the challenges may result in the Municipality being in conflict with its own policies and procedures or key legislation.

8.7 Dispute resolution procedure

In the event that an employee is dissatisfied with any decision or action of the director / manager / supervisor within the Department, or where a dispute or difference arises as to the extent to which the employee has achieved the performance objectives and targets established in terms of his/her Work plan such employee must:

- I. First attempt to resolve the dispute with his/her direct Supervisor, Manager or Director. If attempts to resolve the dispute fail, the matter must then be referred to the PRC.
- II. If the employee remains unsatisfied with the outcome of the PRC decision such an employee may refer the dispute in writing, setting out the grounds of his

dispute , to the Office of the Municipal Manager (or his / her delegate) within thirty (30) days of the date on which the employee became aware of the PRC decision.

- III. The Municipal Manager (or delegate) will appoint, at the cost of the Municipal Council, an arbitrator from the panel of arbitrators of the SALGBC Limpopo Division to arbitrate the dispute.
- IV. The arbitrator may make any appropriate arbitration award in terms of the Labour Relations Act, including, but not limited to, an award –
 - a) That gives effect to any collective agreement;
 - b) That gives effect to the provisions and primary objects of the Labour Relations Act;
 - c) That includes, or is in the form of, a declaratory order.

9. Performance Auditing (Quality assurance)

The Office of the Municipal Manager through the Internal Audit Division will conduct quality assurance on the processes and outputs of the performance management system. This will include:

- I. Establishing the functionality and compliance of the PMS to all legislative requirements.
- II. Assessing the level of adherence to Council policies.
- III. Auditing of portfolios of evidence submitted by the Municipal Manager, Section 56 managers for the mid-year and annual formal assessments, prior to the assessments taking place.
- IV. Auditing of the performance results prior to submission to Council.
- V. Ensuring that the Audit Committee participates in the assessment of the Municipal Manager and Directors and also consider the quarterly performance reports prior to submission to Council.

10. Monitoring and Review

- I. The Municipal Manager, through the Performance Management Office and Corporate Services department through HR Unit, will monitor the implementation and adherence to the policy.
- II. The Performance Management office will review this policy annually to ensure alignment with legislative prescripts.

Human Resource Capacity

In order for this policy to be fully implemented human resources needs to be made available as follows:

- i. *Office of the Municipal Manager:* Sufficient capacity to develop policies and manage the institutional performance as well as the individual performance of the MM and Directors.
- ii. *Corporate Services Department:* Sufficient capacity to develop procedure manuals and manage the roll-out of individual PMS to all levels of staff, this may be done in a phased in manner.

11. Penalties for non-compliance

Any instance of non-compliance by an individual in terms of the provisions of this policy will be handled in line with the disciplinary procedures as outlined in Schedule 8 of the Labour Relations Act (Act. 66 of 1995).

