

“ The City of Heritage ”



**ORGANISATIONAL
AND
INDIVIDUAL
PERFORMANCE MANAGEMENT
POLICY
2025/2026**

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LIST OF ACRONYMS

AG : Auditor General

CF : Competency Framework

IDP : Integrated Development Plan

IPMS : Individual Performance Management System

KPA : Key Performance Areas

KPI : Key Performance Indicators

LED : Local Economic Development

MEC : Member of the Executive Council

MFMA : Municipal Financial Management Act

MSA : Municipal Systems Act

MTEF : Medium Term Economic Framework

PDP : Personal Development Plan

PMS : Performance Management System

POE : Portfolio of Evidence

OPMS : Organizational Performance Management System

SALGA : South African Local Government Association

SDBIP : Service Delivery and Budget Implementation Plan

SFA : Strategic Focus Area

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

TL SDBIP : Top Layer Service Delivery Budget Implementation Plan

WSP : Workplace Skills Plan

DEFINITIONS

"Accounting Officer" (a) in relation to a municipality, means the municipal official referred to in section 60 of the Local Government: Municipal Finance Management Act

"Baseline" The accurate and quantitative data at a stated point in time that marks the beginning of a trend.

"Councillor" A member of a municipal Council.

"Section 554a and S56 Manager " A person employed by a Municipality as a Municipal Manager or as a manager directly accountable to a Municipal Manager;

"Employer" The Municipality employing a person as a Municipal Manager or as manager directly accountable to a Municipal Manager and as represented by the mayor, Executive Mayor or Municipal Manager as the case may be;

"Employment Contract" A contract as contemplated in Section 57 of the Municipal Systems Act;

"Input Indicator" An indicator that measures the costs, resources and time used to produce an output.

"Integrated Development Plan" A plan envisaged in section 25 of the Municipal Systems Act

"Local Community" or **"Community"**

In relation to a Municipality, means that body or persons comprising —

- (a) the residents of the Municipality
- (b) the ratepayers of the Municipality
- (c) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality.

"Mayor" In relation to —

- (a) a Municipality with an Executive Mayor, means the councillor elected as the Executive Mayor of the Municipality in terms of section 55 of the Municipal Structures Act; or
- (b) a Municipality with an executive committee, means the councillor elected as the mayor of the Municipality in terms of section 48 of that Act

"Municipality" When referred to as —

- (a) an entity, means a Municipality as described in section 2; and
- (b) a geographical area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act. 1998 (Act No. 27 of 1998)

"Municipal Council" or **"Council"** A Municipal Council referred to in section 157(1) of the Constitution.

"Municipal Finance Management Act" The Local Government: Municipal Finance Management Act, 2003, and any regulations made under that Act.

"Municipal Service" Has the meaning assigned to it in section 1 of the Municipal Systems Act

"Municipal Structures Act" The Local Government: Municipal Structures Act No. 117 of 1998

"Municipal Systems Act" The Local Government: Municipal Systems Act No.32 of 2000

"Outcome Indicator" An indicator that measures the quality and or impact of an output on achieving a particular objective.

"Output Indicator" An indicator that measures the results of activities, processes and strategies of a program of a Municipality.

"Performance Agreement" An agreement as contemplated in Section 54a, S 56 and all municipal employees of the Municipal Systems Act and the Municipal Staff Regulations

"Performance Plan" A part of the performance agreement which details the performance objectives and targets that must be met and time frame within which these must be met.

"Service Delivery and Budget Implementation Plan" Means a detailed plan approved by the Mayor of a Municipality in terms of section 53 (1) (c) (ii) of the Municipal Finance Management Act for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate —

- (a) projections for each month of —
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote.
- (b) service delivery targets and performance indicators for each quarter; and
- (c) any other matters that may be prescribed, and includes any revisions of such plan by the mayor in terms of section 54(1)(c) of the Municipal Finance Management Act

"Staff" In relation to a Municipality, means the employees of the Municipality, including the Municipal Manager.

"Ward committee" Means a ward committee established in terms of Section 73 of The Local Government: Municipal Structures Act.

1. BACKGROUND AND INTRODUCTION

Performance Management is a strategic approach to management. It is a process which measures the implementation of the organisation's development and growth strategy. It equips leaders, managers, workers, and stakeholders at different levels with a set of tools and techniques for regularly planning, continuously monitoring, and periodically measuring and reviewing the performance of the Municipality in terms of indicators and targets for efficiency, effectiveness, and economy.

Performance Management is aimed at ensuring that Municipality's monitor their Integrated Development Plan's and continuously improve their operations and in terms of Section 19 of the Local Government: Municipal Structures Act No. 117 of 1998 that they annually review their overall performance in achieving their constitutional objectives. It also forms the basis for aligning the Integrated Development Plan (IDP) with the operational business plans, performance areas and performance indicators of the various departments of Ulundi Municipality. Performance Management provides the vital link to determine whether the Municipality is delivering on its objective and to alert managers to areas where corrective action is required. The Performance Management Policy describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measuring, reviewing, reporting and improvement will be conducted, organised, and managed.

2. AIM / OBJECTIVE OF PERFORMANCE MANAGEMENT POLICY

The aim of the Performance Management Policy is:

- a) to provide a clear overview and description of the Performance Management system.
- b) to clarify the role of the Performance Management System within the Municipality.
- c) to guide the implementation and functioning of both the Organisational and Individual Performance Management system.
- d) to assign responsibility to individuals with regards to Performance Management.
- e) to give effect to the legislative obligations of the Municipality in a transparent and focused manner.
- f) to incorporate the performance management processes applicable to Directors and how these relate to and link with the system in a holistic, institution wide, policy.
- g) to provide a firm foundation from which to steer the process of performance management through all phases of implementation and devolvement; and
- h) to link the IDP, the Budget and a Performance Management System in a cycle of prioritised, affordable, and accountable municipal planning and effective service delivery involving all staff and the local community.

3. OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM

As a trendsetting Municipality, Ulundi Municipality seeks to create an efficient and effective Performance Management System to:

- a) translate its vision, mission and IDP into clearly measurable outcomes, indicators and performance levels that define success, and that are shared throughout the Municipality and with its customers and stakeholders.

- b) provide a tool for assessing, managing, and improving the overall health and success of business processes and systems.
- c) continue to shift from prescriptive and simply audited oversight to ongoing, forward-looking and compliance-based strategic partnerships involving communities, citizens, and other stakeholders.
- d) promote accountability.
- e) include measures of quality, cost, speed, customer service, and employee alignment, motivation, and skills to provide an in-depth, performance management system.
- f) provide services in an efficient, effective, and economic manner.
- g) understand the role, duties, and responsibilities of employees.
- h) implement focused management linked to an early warning system; and
- i) adequate provision for community consultation and the opportunity to have a clearer insight in the performance of the Municipality.

4. LEGISLATIVE FRAMEWORK

This Performance Management Policy has been developed in accordance with the prescriptions of recently promulgated local government legislation, regulations, and other guidelines. Specifically, the following are relevant to the development of this Performance Management Policy –

- a) Constitution of the Republic of South Africa (1996)
- b) White Paper on Local Government (1998) and Batho Pele (1998)
- c) The Local Government: Municipal Structures Act No. 117 of 1998 and its amendments
- d) The Local Government: Municipal Systems Act, No. 32 and its amendments (MSA)
- e) The Municipal Systems Amendment Act 4 of 2003
- f) The Local Government: Financial Management Act, No. 56 of 2003 and its amendments (MFMA)
- g) The Local Government: Municipal Planning and Performance Regulations, 2001
- h) The Local Government: Municipal Performance Regulation for Municipal Managers and Managers directly accountable to Municipal Managers, 2006
- i) Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014
- j) Public Administration Management Act 2014 / Gazette No.38374. Government Notice No.1054
- k) Notice 464: Directive: Performance information public audit act (2007)
- l) MFMA Circulars: (11: Annual Report / 13: SDBIP / 32: Oversight Report)
- m) MFMA Circulars: (42: Funding budget / 54: Municipal budget / 63: Annual Report Update)
- n) National Treasury: 2007 Framework for managing performance information.
- o) The Municipal Systems Amendment Act 7 of 2011
- p) Labour Relations Act, No. 66 of 1995
- q) Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- r) Employment Equity Act, 1998 (Act No. 55 of 1998)
- s) The Skills Development Amendment Act (Act 31 of 2003)
- t) Local Government: Disciplinary Regulations for Senior Managers, 2010 (Reg 344 of 21 April 2011)
- u) MSA Regulations for Appointment and Conditions of employment for senior managers (2014)
- v) Local Government: Municipal Staff Regulation 2021

4.1 The Constitution of the Republic of South Africa, Act 108 of 1996

The Constitution provided for the establishment of the local sphere of government and established a complete new

operational framework for Municipalities. It puts an increased pressure on the fiscal resources of Municipalities with new goals such as the promotion of social and economic development and equity; the promotion of a safe and healthy environment and the encouragement of local community participation in the formulation of policies, programmes and budgets.

Section 152(1) of the Constitution sets out the goals and objectives of local government:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to local communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organizations' in the matters of local government.

4.2 The Batho-Pele White Paper, 1998

The Batho-Pele White Paper (1998) provides an approach to building a culture and practice of customer service that is responsive to the needs of citizens and business as consumers and end-users of municipal services. For this to happen, even within the context of limited resources at the disposal of municipalities, everyone in the public service, needs to do so with a high degree of commitment and a sense of duty, through living the Batho-Pele principles and the new belief set of "We belong, We care, We serve"

Batho-Pele principles serve as the acceptable policy and legislative framework of service delivery in the public service. These principles are aligned with the Constitutional ideals of:

- Promoting and maintaining high standards of professional ethics;
- Providing service impartially, fairly, equitably and without bias;
- Utilizing resources efficiently and effectively;
- Responding to people's needs (citizens are encouraged to participate in policy-making); and
- Rendering an accountable, transparent, and development-oriented public administration.

4.3 The White Paper on Local Government, 1998

The White Paper on Local Government provides for the development of a coherent planning framework for Integrated Development Planning that informs the effective design and implementation of the Performance Management system on both organizational- and individual level, which will:

- Enable planning around the needs prioritized in consultation with community groups;
- Facilitate vertical integration with the national and provincial policies and programmes, and;
- Gear municipal resources and capacity to meet the objectives identified in the IDPs.

In order to support the integrated development planning the White Paper advocated the development of a performance management system with the aim to:

- Enable realistic planning;
- Allow municipalities to assess the impact of their administrative re-organisation processes and development strategies, and;
- Enhance local government accountability.

4.4 The Municipal Systems Act 32 of 2000

The Systems Act determines specifically that individual Municipalities should develop their own performance
Ulundi Organizational and Individual Performance Management Policy

management systems in the interest of efficient and effective management. This is achieved through planning targets and the achievement and maintenance of quality and accountability in the delivery of projects and services to the communities within the Municipality. The following is required of municipalities in terms of the Act:

Section 38

- Establish a PMS that is commensurate with its resources, best suited to its circumstances and in line with the priorities, objectives and targets in the IDP.
- Promote a culture of performance management among its political structures, political office bearers and councillors and in its administration.

Section 41

- Set appropriate key performance measures (indicators) as a yardstick for measuring performance with regard to the development priorities and objectives in the IDP.
- Set measurable performance targets for each of those development priorities and objectives.
- Monitor performance.
- Measure and evaluate performance at least once per year.
- Take steps to improve performance.
- Establish a process of regular reporting to Council, other political structures, political office bearers and staff of the Municipality; and of the public and appropriate organs of state.

Section 42

Involve the local community in the development, implementation and review of the Municipality's PMS, and, in particular, allow the community to participate in the setting of appropriate measures and targets

Section 44

Make known, both internal and to the general public, the performance measures and targets set by it for the purposes of its PMS.

Section 45

Audit the results of the performance measurement as part of internal auditing processes and annually by the Auditor General.

Section 46

Publish an annual performance report reflecting the performance of the Municipality and of each external service provider; a comparison of the performances with targets; and measures taken to improve performance.

4.5 Performance Management Guidelines for Municipalities, 2001

The Department of Provincial and Local Government prepared the Performance Management Guidelines for Municipalities (2001) to assist municipalities to develop a framework that details how performance management processes should be undertaken. This framework is informed by the aforementioned guidelines.

4.6 MSA Regulation Municipal Planning and Performance Management Regulations, 2001

The Municipal Planning and Performance Management Regulations deal in more detail with the following aspects of

the PMS in regulations 7 to 15: The performance framework that describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measurement, evaluation, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players.

Among other aspects, the Municipal Planning and Performance Regulations (2001) deals with following:

- The setting of performance measures (indicators) and the involvement of communities in this.
 - The general key performance indicators.
 - The annual review of measures as part of the performance review process.
 - The setting of performance targets for each of the measures.
 - The monitoring, measurement and evaluation of performance.
 - Internal auditing of performance measurements.
 - Community participation in respect of performance management.
- The Regulations also contain the general indicators prescribed by the Minister responsible for local government (MEC).

4.7 The Municipal Systems Amendment Act 4 of 2003

The amendment of the Local Government Municipal Systems Act, 2000 made a new provision regarding the assignment of functions or powers to municipalities; submission of annual performance reports by municipalities; establishment of municipal entities; and to provide for matters connected therewith.

4.8 Municipal Finance Management Act, 2003

The MFMA requires municipalities to annually adopt a Service Delivery and Budget Implementation Plan (SDBIP) with service delivery targets and performance indicators – provision is also made for this at departmental level in a circular issued by National Treasury. Whilst considering and approving the annual budget the Municipality must also set measurable performance targets for each revenue source and vote. Finally, the Municipality must compile an annual report, which must include a performance report compiled in terms of the Systems Act.

The Municipal Finance Management Act links financial management, performance management and the IDP in no uncertain terms, e.g. –

Section 17

An annual budget, when it is tabled in Council for approval, must be accompanied by measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the Municipality's IDP.

Section 24

An annual budget must be approved together with the adoption of resolutions approving abovementioned performance objectives.

Section 53

The Municipality's SDBIP must include service delivery targets and performance measures for each quarter. The annual performance agreements must be linked to the measurable performance objectives approved with the budget and to the SDBIP.

Section 72

There must be a mid-year budget (adjustments) and performance assessment in January of each year.

4.9 Performance Management Regulation for Municipal Managers and Section 56 Managers, 2006

In 2006, the Minister published Regulations dealing with Performance Management for Municipal Managers and Managers Directly Accountable to Municipal Managers.

The Municipal Performance Management Regulation for Municipal Managers and Section 56 Managers, seek to provide a uniform framework that is applicable to local, district and metropolitan municipalities whilst recognizing their unique conditions.

- These regulations seek to provide for practical mechanisms and enablers in implementation, monitoring and evaluation of service delivery and development.
- In view of the need to on the one hand, attract and retain skilled managers in municipalities and on the other hand the need to provide clarity on remuneration and conditions of employment, the regulations set specific principles in this regard.
- The determination of remuneration should be competency-based, market related and appropriate to local conditions.
- The recognition of outstanding performance remains an important part of performance management. However, it is proposed that bonuses be awarded on a sliding scale ranging from 5% to a maximum of 14%.

4.10 The Municipal Systems Amendment Act 7 of 2011

This amended version of the Local Government: Municipal Systems Act, 2000:

- Made provision for the appointment of municipal managers and managers directly accountable to municipal managers; procedures and competency criteria for such appointments, and for the consequences of appointments made otherwise than in accordance with such procedures and criteria;
- Determined the timeframes within which performance agreements of municipal managers and managers directly accountable to municipal managers must be concluded;
- Made provision for the evaluation of the performance of municipal managers and managers directly accountable to municipal managers;
- Require employment contracts and performance agreements of municipal managers and managers directly accountable to municipal managers to be consistent with the Act and any regulations made by the Minister;
- Require all staff systems and procedures of a municipality to be consistent with uniform standards determined by the Minister by regulation;
- Bar municipal managers and managers directly accountable to municipal managers from holding political office in political parties;
- Regulate the employment of municipal employees who have been dismissed;
- Provide for the Minister to make regulations relating to the duties, remuneration, benefits and other terms and conditions of employment of municipal managers and managers directly accountable to municipal managers;
- Provide for the approval of staff establishments of municipalities by the respective municipal councils;
- Prohibit the employment of a person in a municipality if the post to which he or she is appointed is not provided for in the staff establishment of that municipality;
- Enable the Minister to prescribe frameworks to regulate human resource management systems for local government and mandates for organised local government;

- Extend the Minister's powers to make regulations relating to municipal staff matters;
- Make a consequential amendment to the Local Government: Municipal Structures Act, 1998, by deleting the provision dealing with the appointment of municipal managers; and to provide for matters connected therewith.

4.11 Labour Relations Act, No. 66 of 1995

In addition, The Labour Relations Act (LRA), of 1995, through the *Code of Good Practice: Dismissal* provides guidelines on the management of poor performance. These provisions in the *LRA* are of significance in that they preceded the other pieces of legislation on Local Government and provide a legal basis for the implementation of performance management.

4.12 Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)

This Act links to performance management in that the purpose of this Act is, among other things, 'to give effect to and regulate the right to fair labour practices conferred by section 23 (1) of the Constitution – as stipulated in Section 2 (a). It also provides for the enforcement of basic conditions of employment for employees on contracts. The Act further makes provisions regarding incapacity and rights of employees.

4.13 Employment Equity Act, 1998 (Act No. 55 of 1998)

It is required by Chapter Two, Section 5 that the employer must take steps to promote opportunity in the workplace by eliminating unfair discrimination in any employment policy or practice'. In defining 'employment policy or practice' the Act indicates in Chapter One (1) (h) that this includes any 'performance evaluation system'.

4.14 The Skills Development Amendment Act (Act 31 of 2003)

This Act refers to the need to budget for at least one per cent of the payroll for the training and education of employees, with effect from 1 April 2000. This training and development links to the requirement of performance management for individual development plans.

4.15 Promotion of Access to Information Act (Act 2 of 2000)

This Act seeks to foster a culture of transparency and accountability in public and private bodies by giving effect to the right of access to information, including access to performance information.

4.16 Local Government: Disciplinary Regulations for Senior Managers, 2010 (Reg 344 of 21 April 2011)

These disciplinary code and procedure regulations for senior managers intends to:

- provide an internal mechanism for management of misconduct;
- establish standard procedures for the management of misconduct;
- support constructive labour relations;
- ensure a common understanding of misconduct and discipline;
- promote mutual respect between senior managers and council;
- promote acceptable conduct;
- avert and correct unacceptable conduct; and
- prevent arbitrary or discriminatory actions.

The principles of the disciplinary code is fundamentally a corrective measure and not punitive; and must be applied in a prompt, fair, consistent and progressive manner. This Disciplinary Code is necessary for the efficient delivery of services, and ensures that senior managers have a fair hearing in a formal or informal setting in cases of allegations of misconduct.

4.17 Local Government: Regulations on appointment and conditions of employment of Senior Managers (Reg 21 of 17 January 2014)

These regulations seeks to regulate the recruitment, selection and appointment process to be followed as well as the conditions of employment, including the minimum competency requirements for Senior Managers in the employment of municipalities and municipal entities in the Republic of South Africa.

These regulations must be read in conjunction with any regulations or guidelines issued in terms of section 120 of the Act concerning matters listed in section 54A, 56, 57A and 72; and the Local Government: Municipal Regulations on Minimum Competency Levels, 2007, issued in terms of the Municipal Finance Management Act, as published under Government Notice No. 493 in Government Gazette No. 29967 of 15 June 2007.

4.18 National Treasury Communications Directive: Framework for Managing Programme Performance Information (FMPPI – May 2007)

This Directive aims to:

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

The Framework for Managing Programme Performance Information outlines the following:

- The importance of performance information as a management tool
- The link between this Framework and the Government-wide Monitoring and Evaluation System
- The role of performance information in planning, budgeting and reporting
- Key concepts, including the criteria for good performance indicators
- An approach to developing performance indicators
- The capacity required to manage and use performance information
- The roles of key government institutions in performance information management
- The publication of performance information.

4.19 MSA Regulation of Appointment and Conditions of employment for senior managers (2014)

- Competency Framework for senior managers replacing CCR's in 2006 Regs
- Achievement Levels – Basic, Competent, Advanced and Superior

4.20 Municipal Staff Regulations 2014

- Performance Management Development System.
- Competency Framework.

4.21 Circulars and Amendments to legislations

- Keep abreast of and consider when updating the OPMS and IPMS Policy

5. PERFORMANCE MANAGEMENT ACCOUNTABILITY / RESPONSIBILITY

5.1 Local Community

The Municipal Systems Act (Sections 45 & 46) and the Municipal Planning and Performance Management Regulations (No. R796 of 2001, Section 14) make explicit provision for the involvement of the local community in the performance management process. Section 42 of the MSA states that the Municipality:

- a) “Ulundi must involve the local community in the development, implementation, and review of the Municipality’s performance management system, and in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the Municipality’.
- b) because the intention of the performance management system is to ensure the practical implementation of the IDP, it is suggested that it would be appropriate that the Local IDP Structures/ Representative Forums and Ward Committee Structures be utilised to facilitate the involvement of the local community in the performance planning and performance review processes; and
- c) the community and stakeholders of the Municipality will be engaged in several ways as defined in the Municipality’s Communication Policy:

5.2 Municipal Council

The Municipal Council adopts and approves the following:

- a) a process to guide the planning, drafting, adoption and review of the IDP.
- b) the IDP including organisational indicators and targets.
- c) changes to the IDP, organisational indicators and target.
- d) the organisational Performance Management System (PMS).
- e) performance monitoring, review and oversight mechanisms and structures.
- f) adopts performance management policy and system.
- g) approval of performance bonuses of section 54a and S56 Managers.

5.3 Mayor

The functions performed by the Mayor includes however not limited to the following:

- a) identifies, reviews, and evaluates the municipalities needs in order of priority.
- b) recommend to the Council strategies, projects, and services to address priorities through the IDP.
- c) responsible for the management of the performance management system and submits to the Municipal Council for adoption.
- d) draft performance agreement, including measurable key performance indicators and targets for the Municipal Manager.
- e) formal quarterly performance evaluation of the Municipal Manager
- f) ensures the performance agreements of section 54a and S 56 employees are made public.
- g) approves the organisational SDBIP and the municipality projects as per the IDP; and
- h) presents the Annual Report to the Municipal Council.

5.4 Municipal Manager (MM) / S 54a

The functions performed by the Municipal Manager includes however not limited to the following:

- a) providing strategic direction and developing strategies and policies for the organisation.
- b) manage the development and implementation of the IDP.
- c) development of the performance management system; Identify indicators and set targets.
- d) submission of the draft SDBIP to the Executive Mayor.
- e) manage the implementation of the IDP and Performance Management System.
- f) draft performance agreements and plans, including measurable key performance indicators and targets for Section 54a, S 56 Manager and Managers directly accountable to the MM.
- g) monitor the implementation of IDP and Performance Management System, identifying risks early.
- h) formal quarterly performance evaluation of the Section 54a and S 56 Managers (Directors
- i) ensure that regular monitoring measurement, analysis performance information and ensure performance reporting is done in terms of legislation.
- j) propose response strategies to the Mayor and/or the Municipal Council; and
- k) co-ordinate the compilation of the Annual Report.

5.5 Section 56 Managers / Directors

- a) Assisting in providing strategic direction and developing strategies and policies for the organisation.
- b) Assist the Municipal Manager with the development and implementation of the IDP.
- c) Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements.
- d) Ensure that performance information complies with the SMART principles and audit standards of the Auditor General.
- e) Ensure that accurate, reliable, and evidenced performance results are provided for performance measures on a quarterly basis.
- f) Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes.
- g) Draft performance agreements and plans, including measurable key performance indicators and targets for immediate subordinates (Sectional Heads / Managers) and performance development plans for lower-level staff where applicable.
- h) Formal bi-annual performance evaluation of immediate subordinates (Sectional Heads/ Managers) lower-level staff where applicable.

5.6 Department Heads / Deputy Directors / Divisional Heads (Snr Managers/ Managers)

- a) Ensure that performance agreements are inclusive and that mandatory KPI's are included as per legislative requirements.
- b) Ensure that performance information complies with the SMART principles and audit standards of the Auditor General.
- c) Ensure that accurate, reliable, and evidence-based performance results are provided to the relevant director for performance measurement on a quarterly basis.
- d) Ensures that evidence to support the performance achievements is collected, stored and submitted for internal and external audit purposes.
- e) Draft performance agreements and plans, including measurable key performance indicators and targets for immediate subordinates and performance development plans for lower-level staff where applicable.
- f) Formal bi-annual performance evaluation of all employees within the department / section.

5.7 Performance Management Unit / Performance Management Manager

- a) The delegated PMS Officer/Manager are required to co-ordinate and ensure good quality of performance reporting and reviews on an ongoing basis, organizationally and departmentally.
- b) It is this Manager/Officer's role to ensure conformity to reporting formats and verify the reliability of reported information, where possible; (Pre-Audit of performance information).
- c) The Municipal Manager must review overall performance quarterly while the PMS Manager/Officer should support him/her in verifying the performance data and prepare the quarterly organisational performance reports for submission to the performance audit committee.
- d) Render municipal wide support with updating and correcting of performance information on web-based PMS system, once a web based system is in place.

5.8 Corporate Services – Manager HRM

- a) Render municipal wide IPMS support and assistance with the drafting of individual performance agreements and performance development plans including the development of measurable individual key performance indicators and targets (**Deputy Directors, Senior Managers, Managers, Senior Supervisors, Supervisors, Forman, Team leaders and all at ground level**).
- b) Implementation of legislation associated with IPMS
- c) Coordinates Activities associated with IPMS Process Plan
- d) Coordinates the sitting of Moderation Committees (Municipal and Departmental)
- e) Regularly reports on IPMS at MANCO meetings and other stakeholders and platforms

5.9 Internal audit

- (a) Must on a quarterly basis audit the performance measurement of the Municipality; and
- (b) Must submit quarterly reports on their audits to the Municipal Manager and the Audit Committee

5.10 The Audit Committee

The Municipal Systems Act (Sections 45 & 46), Municipal Planning and Performance Management Regulations (No. R 796 of 2001, Section 14) and MFMA Circular 65 provide clear guidelines on the formal monitoring, audit, and reporting of performance of the Municipality. In terms of Regulation 14 (4) (a) the Audit Committee must:

- a) Review the quarterly reports compiled by the internal auditor.
- b) Review the PMS of the Municipality and report to the Council in this regard; and
- c) Submit an audit report to Council at least twice a year.
- d) Review and comment on compliance with statutory requirements and performance management best practices and standards;
- e) Review and comment on the alignment of the Integrated Development Plan, the Budget,
- f) Service Delivery and Budget Implementation Plan and performance agreements;
- g) Review and comment on relevance of indicators to ensure they are measurable and
- h) relate to services performed by the municipality and its entities;
- i) Reviews compliance with in-year reporting requirements;
- j) Reviews and comments on municipality's and entities annual performance report and timely submission

- to the Auditor-General by 31 August, each year;
- k) Review and comment on the municipality's and entities annual reports within the stipulated timeframes; and
 - l) Review and comment on the municipality's performance management system and make recommendations for its improvement.

6. AUTOMATED WEB-BASED PERFORMANCE MANAGEMENT SYSTEM

The Municipal System Act requires the Municipality to develop and implement a Performance Management System suitable for their own circumstances. Ulundi Municipality has a manual performance management system which we envisage that an electronic performance management system will be implemented when the financial position of the Municipality improves.

7. ORGANISATIONAL PERFORMANCE MANAGEMENT

7.1 Identification and Setting of Key Performance Indicators

The following aspects will be considered when identifying indicators:

- a) Development priorities and objectives set in the IDP.
- b) Available financial resources. The Municipality will set key performance indicators, including input indicators, output indicators and outcome indicators, in respect of each of the development priorities and objects as contained in its IDP. In setting these key performance indicators, the Municipality will ensure that communities are involved through the ward committee structures. The Municipality will ensure that key performance indicators inform the indicators set for all its administrative units and employees as well as every service provider with whom the Municipality has entered into a service delivery agreement.

7.2 Municipal Scorecard /Service Delivery Budget Implementation Plan (Top Layer SDBIP)

The IDP process and the performance management process must be seamlessly integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

The organisational performance will be evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate and departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality will be implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned
- The budget must address the strategic priorities
- The SDBIP should indicate what the municipality is going to do during next 12 months
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP needs to be prepared as described in the paragraphs below and submitted to the Executive Mayor within 14 days after the budget has been approved. The Mayor needs to approve the SDBIP within 28 days after the budget has been approved.

For each indicator the scorecard will require that a responsible official, usually the respective line manager, be designated. While this official will not necessarily be accountable for performance on this indicator, they will be responsible for conducting measurements of that indicator, analysing and reporting first to their respective superior who in turn will report to the Municipal Manager and then the Executive Mayor on these for reviews.

The municipal performance must be measured monthly and analysed at least quarterly. Municipal performance will be measured during the mid-year review where after the performance scorecard can be adjusted and actions plans developed to address poor performance. The information of the annual review will be included in the Annual Report of the municipality.

7.3 Components of the top-layer SDBIP includes:

- a) One-year detailed plan, but should include a three-year capital plan
- b) The five necessary components include:
 - Monthly projections of revenue to be collected for each source.
 - Expected revenue to be collected NOT billed.
 - Monthly projections of expenditure (operating and capital) and revenue for each vote
 - Section 71 format (Monthly budget statements)
 - Quarterly projections of service delivery targets and performance indicators for each vote
 - Non-financial measurable performance objectives in the form of targets and indicators
 - Output NOT input / internal management objectives.
 - Level and standard of service being provided to the community.
 - Ward information for expenditure and service delivery
 - Detailed capital project plan broken down by ward over three years.

8. MONITORING AND MEASUREMENT OF ORGANISATIONAL PERFORMANCE MANAGEMENT

8.1 Quarterly Performance Reporting and Performance Reviews

- a) The Municipal Manager collates the information and drafts the organisational performance report, which is submitted to Internal Audit.
- b) The Internal Auditors (IA) must submit quarterly audited reports to the Municipal Manager.
- c) The Municipal Manager submits the report to the Oversight Committee which makes a recommendation to the Municipal Council.
- d) The Municipal Manager tables the quarterly performance report to the Performance Audit Committee for perusal and comment. On a quarterly basis, the Mayor and Council should engage in an intensive review of municipal performance against both the directorate's scorecards and the municipal scorecard, as reported by the Municipal Manager.

These reviews will take place as follows:

- a) 10 October 2024 (for the period July to end of September)
- b) 13 January 2025 (for the period October to the end of December)
- c) 10 April 2025 (for the period January to the end of March)
- d) 10 July 2025 (for the period April to the end of June)

8.2 Bi-Annual Performance Reporting and Performance Reviews

Section 72 of the MFMA requires the accounting officer to prepare and submit a report on the performance of the Municipality during the first half of the financial year. As with all other reports this is a crucial report for the Council to consider mid-year performance and what adjustments should be made, if necessary.

- a) The Accounting officer must by **25 January of each year** assess the performance of the Municipality and submit a report to the Executive Mayor, National Treasury and the relevant Provincial Treasury.
- b) The Audit Committee must review the PMS and make recommendations to the Municipal Council.
- c) The Audit Committee must submit a report at least twice during the year a report to the Municipal Council; The Mayor will need to ensure that targets committed to in the municipal scorecard are being met, where they are not, that satisfactory and sufficient reasons are provided and that the corrective action being proposed is sufficient to address the poor performance. The review should also focus on reviewing the systematic compliance to the performance management system, by directorates, departments, Portfolio Councillors, and the Municipal Manager.

The review will also include:

- a) An evaluation of the validity and suitability of the Key Performance Indicators and recommending any changes, with understanding that reviews may only be effected following Midy Year and during adjustment budget.
- b) An evaluation of the annual and 5-year targets to determine whether the targets are overstated or understated. These changes need to be considered.
- c) Changes to KPI_s and 5-year targets for submission to Council for approval. (The reason for this is that the original KPI_s and 5-year targets would have been published with the IDP, which would have been approved and adopted by Council at the beginning of the financial year.)
- d) An analysis to determine whether the Municipality is performing adequately or under-performing.

8.3 Annual Performance Reporting and Performance Reviews

Section 46 of the Municipal Systems Act states that a municipality must prepare for each financial year, a performance report that reflects the following:

- a) The performance of the Municipality and of each external service provided during that financial year.
- b) A comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and
- c) Measures to be taken to improve on the performance

At least annually, the Executive Mayor will be required to report to the full council on the overall Municipal Performance. It is proposed that this reporting take place using the municipal scorecard in an annual performance report format as per the Municipal Systems Act. The said annual performance report will form part of the Municipality's Annual Report as per section 121 of the Municipal Finance Management Act.

9. INDIVIDUAL PERFORMANCE MANAGEMENT

The performance of a Municipality is integrally linked to that of staff. It is therefore important to link organisational performance to individual performance and to manage both at the same time, but separately. The MSA, MSA Regulations for MM and Managers directly accountable to the MM, MSA Regulations for Appointment and Conditions of employment for senior managers guides the IPMS process for S 54a and 56 Managers. The municipal Staff regulations guides the IPMS process for employees below S56 Manager, which requires the municipality must adopt a performance management and development system that complies with the provisions of this chapter 4 of the legislation.

9.1 Process Plan

The process plan demonstrates how the individual performance management process will be managed from the planning stage to the stages evaluation stage. It provides details of an effective and efficient annual implementation process and reflect the fit of the Individual Performance into the other critical processes of the Municipality.

Individual Performance Management System													
YEAR PLAN													
Financial Year	QUARTER 1			QUARTER 2			QUARTER 3			QUARTER 4			PHASES
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
Incoming FY									Draft IDP, Org Scorecard & Dept SDBIP	Refresher Training	Organogram Job Descriptions	Final IDP, Org Scorecard, Dept SDBIP & Policy	Planning
Current FY	Sign PA, Plans, PDP & Code of conduct			Q 1 Review Informal			Q2 / MidYear Assessment Formal			Q 3 Review Informal			Planning Implementation Monitoring
Previous FY	Q4 Review & Annual Assessments		Departmental Moderation Committee Convenes		Municipal Mod Comm	Rewards below S56						Rewards below S54a & 56	Evaluation

9.2 Application

- a. PMDS applies to all staff members of a municipality excluding a staff member—
 - appointed on a fixed term contract with a duration of less than 12 months;
 - serving notice—
of termination of his or her contract of employment; or
to retire on reaching the statutory retirement age;
- b. appointed on an internship programme or participating in the national public works programme or any similar scheme.
- c. PMDS must, where reasonably practicable, link to—
- d. the municipality's strategic objectives, integrated development plan and the SDBIP of the relevant municipal department; and
 - the senior manager's performance plan and the performance plans of the staff members within that senior manager's department.
- e. The system must be developmental, while allowing for—
 - an effective response and relevant measures to manage substandard performance; and
 - recognition and reinforcement of fully effective performance, performance significantly above expectations and outstanding performance.

9.3 Determination of performance management and development system

- a. The objectives of the PMDS system is to —
 - promote the objectives and developmental duties of local government, as set out in sections 152 and 153 of the Constitution;
 - promote a culture of service to the public, accountability, mutual co-operation and assistance amongst staff members;
 - institutionalize performance planning, monitoring and evaluation in municipalities;
 - maximize the ability of the municipality as a whole to achieve its objectives and improve the quality of individual performance;
 - set clear performance indicators and performance targets by communicating to staff members how their roles contribute to the success of the municipality;
 - build individual capability, skills and competencies that are key to the municipality achieving its mandate and objectives and encourage commitment among staff;
 - identify and improve substandard performance of staff; and
 - recognize performance of staff that have achieved a rating of performance significantly above expectations and outstanding performance.
- b. A staff member of a municipality is a public servant in a developmental local government system, and therefore must –
 - be committed to serve the public and to a collective sense of responsibility for performance in terms of standards and targets; and;
 - participate in the overall PMDS of the municipality, as well as the staff members' individual performance evaluation and reward system in order to maximize the ability of the municipality, to achieve its objectives.
- c. The municipality, as represented by the relevant supervisor, and staff member must, during the planning phase, agree on—
 - performance objectives and targets that the staff member is expected to achieve during a performance cycle;
 - specific performance standards, weightings for targets and performance indicators for measuring achievement of performance against set targets; and
 - job specific competencies to be assessed in the performance cycle.

- d. The supervisor and staff member must ensure that performance management is aligned to the staff member' job, and KPAs relevant to the post that the staff member holds.
- e. The KPAs must relate to the staff member's functional area, extracted from the job descriptions and must consist of not less than 5 and not more than 7 KPAs for employees below S56
- f. The KPAs must relate to the staff member's functional area and must consist of the National Key Performance Areas for S54a and S56 Managers:
 - o Basic Service Delivery.
 - o Local Economic Development.
 - o Municipal Institutional Development and Transformation.
 - o Good Governance and Public Participation.
 - o Municipal Financial Viability and Management.
 - o Spatial and Environmental.

9.4 Competency Framework

Competency Framework for S 54a and S56 Managers

This competency framework in the MSA Regulations for Appointment and Conditions of employment for senior managers replaces regulation 26(8) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers

LEADING COMPETENCIES	
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance Management • Strategic Planning and Management • Organisational 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 Competence	
Planning and Organising	
Analysis and Innovation	
Knowledge and Information Management	
Communication	
Results and Quality Focus	

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.

A table containing details and achievement levels for the competencies is unpacked in the legislation.

Competency Framework for employees below S56 Managers

The competency framework is an enabling mechanism that provides an integration of key human resource processes. It is the backbone of Talent management processes such as recruitment and selection, performance management succession planning, career path development, training and development and reward and remuneration.

Competency Framework provides an indication of skills, knowledge and experience that is required for one to be successful in a particular job.

- a. The Regulations incorporate a Local Government: Competency Framework for Occupational Streams.
- b. Consist of the following 6 competency sets that contribute to an individual's performance in a particular job:
 - **Knowledge, experience and qualifications;**
Breadth and depth of knowledge
Knowledge acquire in a form of studies, seminars and professional affiliations
Tacit knowledge gained through work and life
 - **Professional Competencies (Technical);**
Managing work
Problem solving
Planning and organizing
Quality orientation
 - **Personal Competencies;**
Action orientation
Resilience
Change readiness
Cognitive ability
Learning orientation
 - **Public Service Orientation;**
Interpersonal relationships
Communication
Service delivery orientation
Client orientation
 - **Management / leadership orientation**
Impact and influence
Team orientation
Direction setting
Coaching and mentoring
 - **Administrative Competencies.**
Report writing
Analytical
Presentations
- c. Objectives of the competency framework: job design, recruitment & selection, PMDS, succession planning, career pathing & training and development.

- d. A municipality must utilize the workplace skills plan to identify and address the staff member's competency gaps and development needs.
- e. KPAs covering the main areas of the work will account for 80% of the weight while the job specific competencies will constitute 20% of the overall assessment result as per the weightings agreed in terms of the performance agreement.

9.5 Performance Agreements for S54a and S56 Managers

The Local Government Municipal Systems Act 2000 and Regulation 805 of August 2006 (***Performance of the Municipal Manager and the Managers reporting directly to the Municipal Manager***) require the Municipal Manager and the Managers reporting directly to the Municipal Manager to enter into annual Performance Agreements. The Performance Agreements of the Municipal Manager and other Section 56/57 Managers should be directly linked to their employment contract. These Performance Agreements consist of three distinct parts:

- a. Performance **Agreement**: This is an agreement between the Section 54a and S56 Manager and the Municipality, which regulates the performance required for a particular position and the consequences of the performance. The Agreement deals with only one aspect of the employment relationship, namely performance. This agreement must be reviewed and renewed annually, subject to the individual's annual performance.
- b. Work Performance Plan: The Performance Plan is an Annexure to the Performance Agreement and stipulates in detail the performance requirements for a single financial year. The SDBIP transcends into the Performance Plan/s of the respective Section 54a and S56 Managers according to their areas of responsibility.
- c. Personal Development Plan: The plan is an Annexure to the Performance Agreement and
- d. addresses the developmental needs/requirements of the Manager indicating actions and time frames. Performance will be reviewed quarterly of which the mid-year and year-end performance will be formal evaluations.
- e. **Code of Conduct**
- f. **Declaration of interest**

9.6 Performance agreement for employees below S 56 Managers

- a. A supervisor and staff member must enter into a performance agreement for each performance cycle of the municipality.
- b. The performance agreement of a—
 - o serving staff member must be concluded within 30 days of the commencement of the new financial year of the municipality; and
 - o staff member must be concluded within 60 days of
 - o his or her appointment after probation as from 1 July of the new financial year;
 - o his or her transfer or promotion to a new post; or
 - o his or her return from prolonged leave that is more than three months.
- c. If at any time during the performance cycle, the responsibilities of the staff member change to the extent that the performance plan in the performance agreement is no longer appropriate, the parties must revise the performance agreement.
- d. The performance agreement must include a performance plan that contains—
 - o the name, job title and the department of the staff member;
 - o the objectives or targets;
 - o KPAs, their weightings and the target date for meeting the KPA;
 - o the KPIs and the performance standard for each KPI;
 - o the name and definition of the job specific competencies, their weightings and the expected level of capability for each competency;

- a personal development plan prepared in compliance with regulation 51; and
- the process of monitoring and assessing performance, including the planned dates of assessment.

9.7 Performance monitoring and review

- a. The monitoring process involves a manager consistently measuring performance on the job and providing ongoing feedback to staff and teams on progress towards reaching staff member and team goals.
- b. The monitoring of performance includes conducting progress assessment with staff member and teams through one-on-one or team engagement sessions during which their performance is compared against predetermined performance standards.
- c. The supervisor must offer coaching when required, to reinforce effective performance or bring the performance of the staff member closer to the expected standards.
- d. The performance of the staff member must be reviewed at mid-year to assess the staff member or teams' progress towards meeting performance targets, to identify challenges and agree to solutions and to consider reviewing targets resulting from workplace changes beyond the staff member or team's control.

9.8 Performance evaluation

- a. The annual performance evaluation must involve—
 - an assessment of the extent to which the staff member achieved the performance objectives and targets as outlined in the performance plan, which comprises —
 - each KPA assessed to determine the extent to which the specified standards or KPIs have been met, with due regard to ad hoc tasks that had to be performed under that KPA; and
 - each competency assessed to determine the extent to which the specified standards or KPIs have been met.
- b. The five-point rating scale should be utilized for purposes of implementation of this chapter, apply to all staff members.

Level	Terminology	Description
5	Outstanding Performance / Superior	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectations / Advanced	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 / Competent	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 PA and Performance Plan.
2	Not Fully Effective / Basic	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 indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan
1	Unacceptable performance /	Performance does not meet the standards expected for the job. The review/assessment indicates that the employee has achieved below

	Basic	fully effective results against almost all the performance criteria and indicators as specified in the PA 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.
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- c. An overall rating is calculated by using the assessment rating calculator as provided in Annexure. Such overall rating represents the outcome of the performance appraisal.
- d. The annual performance evaluation must determine a performance rating for the performance cycle.
- e. The staff member assessed, or the person designated in terms of sub-regulation (7) must provide the supervisor with a portfolio of evidence relating to his or her KPAs for the entire performance cycle.
- f. The maintenance and provision of the portfolio of evidence to support the decision on the final score to each KPA and competency, is the responsibility of the staff member.
- g. Despite sub-regulation (6), the municipal manager may exempt categories of staff from maintaining a portfolio of evidence in which case the municipality must determine alternative mechanisms or designate a staff member who will maintain the portfolio of evidence of those staff members.
- h. The evaluation of the performance of the staff member must be conducted by that member's supervisor or his or her delegate.
- i. The staff member's supervisor must keep a record of all assessment meetings.
- j. Personal growth and career development needs identified during any performance review or assessment, together with the actions and timeframes agreed to, must be recorded in the staff member's personal development plan.
- k. Once the annual performance evaluation has been concluded, the performance assessment reports and outcomes must be subjected to departmental moderation processes contemplated in regulation 39.

9.9 Process flow for performance assessments

- a. The first step in the assessment allows for self-evaluation by the employee. Employees that do not have access to computers at the workplace must be provided with a hardcopy of their performance development plans to facilitate the process of manual assessment. The signed self-assessment must be submitted to the respective supervisor.
- b. The second step in the assessment is the official rating of performance by the relevant Supervisor / Manager or Director. The outcome of the assessment should be discussed between the Supervisor / Manager or Director to clarify gaps between the self-assessment and the rating scored.
- c. The third step in the assessment constitutes the moderation of performance outcomes to ensure objectivity and fairness in the application of scores throughout the organisation.

9.10 Performance moderation for employees below Section 56

- a. The municipal manager must establish departmental performance moderation committees, which must be convened annually.
- b. Performance moderation processes must take place within a reasonable timeframe after the end of the performance cycle, but not later than six months after the end of the financial year.
- c. The departmental performance moderation committees shall be constituted as follows:
 - o The relevant heads of departments, who must act as chairpersons in the committees;
 - o all managers directly accountable to the heads of departments, who must be recused from the committee before their assessments are considered by the committee; and
 - o a senior human resource functionary who will advise, guide and provide support, including arrangements for secretariat services.

- d. The purpose of the departmental performance moderation committee is to—
 - conduct moderation of annual staff performance results in order to ensure that the norms and standards for PMDS are applied in a fair, realistic and consistent manner across the department;
 - assess and compare the performance and contribution of each staff member with his or her peers towards the achievement of departmental goals;
 - determine the cost implications for recognition of performance of all staff members within the department;
 - recommend the moderated performance scores for all staff members to the municipal moderating committee for approval;
 - ensure that performance rewards are based on affordability;
 - consider the impact of the performance assessments on financial rewards and options for various forms of recognition;
 - recommend performance rewards as well as remedial actions for performance considered to be below effective performance; and
 - ensure that the integrity of the performance management and development system is protected.
 - recommend the moderated performance scores for all staff members to the municipal moderating committee for approval;
- e. ensure that the integrity of the performance management and development system is protected.
- f. If the departmental moderation committee has reason to believe that any performance assessment by the supervisor does not conform to performance norms and standards or that there is lack of evidence or information to support the performance ratings, the departmental moderation committee may not reassess, amend or adjust the performance ratings of a staff member, but may refer the assessment back to the relevant supervisor for reassessment in consultation with the affected staff member.
- g. Upon conclusion of the reassessment, the departmental moderation committee may reconvene to moderate the assessment of the staff member concerned.
- h. The municipal council must establish a municipal moderation committee, which must be convened annually.
- i. The municipal moderation committee shall be constituted as follows:
 - The municipal manager, who must act as the chairperson of the committee;
 - all heads of departments;
 - head of municipal planning and organizational performance;
 - head of the municipal internal audit;
 - a senior HR functionary to guide, advise and provide support, and secretariat services; and
 - a performance specialist, where applicable.
- j. **This process should be finalised by 31 October each year.** On completion of the moderation at this level, the performance assessment outcome of the relevant directorate will be endorsed by the relevant director for submission to the municipal manager for final moderation.
- k. The purpose of the municipal moderation committee is to —
 - provide oversight over the staff performance to ensure the performance management process is valid, fair and objective;
 - moderate the overall performance assessment score for staff determined after the departmental moderation processes;
 - ensure that the final individual performance ratings are fair across each grade and department or directorate;

- ensure that the final individual assessment outcome corresponds with the performance of the municipality and the relevant department aligned to the staff member's job description or directorate before any recognition of performance is considered;
- determine the percentages for the merit-based rewards subject to affordability and the annual approved municipal budget in terms of section 16 of the Municipal Finance Management Act;
- recommend appropriate recognitions for different levels of performance;
- recommend appropriate remedial actions for performance believed to be substandard;
- identify potential challenges in the performance management system and recommend appropriate solutions to the municipal manager;
- identify developmental needs for supervisors to improve the integrity of the performance management and development system; and
- consider any other matter that may be considered relevant.
- **This process should be finalised by 30 November each year.** On completion of the moderation at this level, the performance assessment outcome of the entire workforce will be endorsed by the Municipal Manager. Changes to individual performance assessment outcomes proposed at this level will be regarded as final

9.11 Performance Evaluation Panels for S54a and S56 Managers

- a. Performance Assessment Panels for the assessment of Section 57 employees will be established as follows:
- b. For purposes of evaluating the annual performance of the municipal manager (section 54a), an evaluation panel constituting of the following persons shall be established as follows:
 - (i) Mayor;
 - (ii) Chairperson of the Audit / Performance Audit Committee;
 - (iii) Member of the Executive Committee or in respect of a plenary type Municipality, another member of Council;
 - (iv) Mayor and/or Municipal Manager from another Municipality; and
 - (v) Member of a Ward Committee as nominated by the Executive Mayor or Mayor.
- c. For purposes of evaluating the annual performance of managers directly accountable to the Municipal Manager, an Evaluation Panel constituting of the following persons shall be established as follows:
 - (i) Municipal Manager;
 - (ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
 - (iii) Member of the Executive Committee or in respect of a plenary type Municipality, another member of Council; and
 - (iv) Municipal Manager from another Municipality.
- d. **Performance Evaluation sessions are conducted after the end of each quarter.**
- e. **The first and the third quarter assessments are informal assessments.**
- f. Formal assessments are conducted on the Second and Fourth quarter.
- g. The final (fourth) and formal performance evaluation sessions of the Municipal Manager and Managers Directly accountable to the Municipal Manager covering the financial year are performed in February, once the annual report has been adopted by Council.

9.12 Performance Rewards for S54a and S 56 Managers

Bonus awarded as per MSA Regs – MM and Managers directly reporting to MM

130% to 149% - 5% to 9% all inclusive

150% and above – 10% to 14% all inclusive

Score	Awarded %
130-133	5%
134-137	6%
138-141	7%
142-145	8%
146-149	9%

Score	Awarded %
150-153	10%
154-157	11%
158-161	12%
162-165	13%
166- above	14%

9.13 Performance rewards for employees below S56

- a. A performance related reward —
 - o is at the discretion of the municipality; and
 - o may be awarded to a staff member—
 - who has served the full assessment period of 12 months on 30 June of each financial year of a municipality;
 - transferred or seconded horizontally during the performance cycle within the municipality;
 - who is on uninterrupted approved leave for 3 months or longer;
 - who is on approved maternity leave for more than 3 months; and
 - who received a performance rating of performance significantly above expectations or outstanding performance during a performance cycle after moderation of performance results.
- b. A municipality may not spend more than 1.5% of its annual salary and wage bill for staff performance rewards.
- c. If an employee is a permanent employee of Ulundi Local Municipality and is thus covered by the Conditions of Service of the municipality, performance is not directly linked to pay. Currently permanent employees receive an annually bargained increase determined by the South African Local Government Bargaining Council (SALGBC). Permanent employees who perform outstandingly will receive non-cash rewards, until such time Council dictates otherwise.
- d. The non-cash rewards that will be awarded to permanent employees appear in the table below

Performance significantly above expectations / Outstanding Performance >100%	<ul style="list-style-type: none"> o Employee is granted “free” Performance Bonus equivalent to 5 days. (The Manager/Supervisor and employee must agree on the dates, leave must be taken within three months of it being awarded). o Thank You cards; or o Letter of appreciation; or o Certificates
Average Performance 100%	<ul style="list-style-type: none"> o No reward—person considered as doing his/her job well but not been fully effective.

**Below Average Performance
<100%**

- Compulsory performance counselling and monthly coaching sessions by manager/supervisor

9.14 Communication of final outcomes of performance assessments

- a. Corporate Services will provide Directors with a final report on outcome of performance assessments immediately after the moderation process has been concluded.
- b. The outcome of performance assessments should be communicated downwards to each municipal employees by Directors / Sub-Directorate Heads and Supervisors by **30 December each year**.
- c. This feedback is important to gain employee confidence and to ensure transparency. It will also give employees an opportunity to lodge an appeal in order to request a review of his/her performance assessment.
- d. Corporate Services unit will only be responsible to officially communicate the performance assessment outcomes to those employees who are eligible to receive a performance reward in terms of the reward and recognition policy.
- e. Performance Management Unit will only be responsible to officially communicate the performance assessment outcomes to S54a and S56 Managers who are eligible to receive a performance reward in terms of the reward and recognition policy.

9.15 Dispute about performance agreements and assessments for S54a and S56 Managers

Disputes on performance agreements and assessments must be dealt as per procedure outlined in the MSA Regulation for MM and Manager directly accountable to the MM

9.16 Dispute about performance agreements and assessments for employees below S56 Managers

- a. Any dispute about performance objectives or targets must be mediated by the relevant head of department or directorate of the staff member to whom this function is delegated. If the dispute is not resolved to the staff member's satisfaction, the staff member may lodge a grievance in terms of the applicable procedures.
- b. Any dispute relating to the conclusion of the performance agreement or an amendment to the performance agreement or assessment, must be referred to the head of the relevant department or directorate not later than five days of lodging the grievance in terms of the applicable procedures.
- c. A dispute contemplated in sub-regulation (2) must be resolved within one month of receipt of the dispute by the head of the department, after—
- d. considering the representation from the staff member concerned and his or her supervisor.

9.17 Managing substandard performance

- a. A staff member who receives a performance rating below 3 in terms of the Five-Point Rating table in regulation 38(2) must—
 - be assisted in developing his or her competencies through training; and
 - develop a revised personal development plan with his or her supervisor.
- b. The personal development plan must contain at least—
 - a description of the behavior and skills that require improvement;
 - the deadlines for improvement;
 - a schedule of meeting to assess improvements and provide feedback; and
 - details of the potential consequences if there is no improvement in performance.
- c. A staff member who receives a performance rating below 3 in terms of the Five-Point Rating table in regulation 38(2) must—

- be assisted in developing his or her competencies through training; and
- develop a revised personal development plan with his or her supervisor.
- d. The personal development plan must contain at least—
 - a description of the behavior and skills that require improvement;
 - the deadlines for improvement;
 - a schedule of meeting to assess improvements and provide feedback; and
 - details of the potential consequences if there is no improvement in performance.

9.18 Performance management of staff members who are acting in posts below S56 Managers

If a staff member is required to act in a post for a period that exceeds three months, the supervisor to whom the acting staff member is reporting, must review the KPAs and KPIs in consultation with the acting staff member, and include the KPAs and KPIs in the staff member's amended performance agreement.

10. RECORD KEEPING

- a. The Municipal Manager/Directors/ Heads/ Managers/ Supervisors have the responsibility to keep record of signed Performance Development Plans and Performance Agreements.
- b. The Municipal Manager/Directors/ Heads/ Managers/ Supervisors also have the duty to keep record of signed Individual Evaluations of their Directorates/Sub- directorates at a central location for their POE purposes.
- c. The responsibility of the Head/ Manager/ Supervisor of a Sub-Directorate is to maintain a list of Performance Agreements and Performance Development Plans and to notify the Performance Management Unit that an employee has been transferred or when the need arises to review Key Performance Indicators (KPI's).
- d. It is also the responsibility of the Sub-Directorate Head to inform the Performance Management unit when a new staff member joins the Sub-Directorate and when new Key Performance Indicators (KPI's) needs to be developed.

11. PERIOD OF OPERATION

11.1 This policy shall come into operation on a date to be determined by Council.

12. INTERPRETATION OF THIS POLICY

12.1 All words contained in this policy shall have the ordinary meaning attached thereto unless the definition or context indicates otherwise.

12.2 Any dispute on interpretation of this policy shall be declared in writing by any party concerned.

12.3 The Municipal Manager shall give a final interpretation of this policy in case of written dispute.

12.4 If the party concerned is not satisfied with the interpretation, a dispute may then be pursued with the South African Local Government Bargaining Council.

13. PERMANENT/TEMPORARY WAIVER OR SUSPENSION OF THIS POLICY

13.1 This policy may be partly or wholly waived or suspended by the Municipal Council on temporary or permanent basis.

13.2 Notwithstanding clause No. 11.1 the Municipal Manager may under circumstances of emergency temporarily waive this policy subject to reporting of such waiver or suspension to Council.

14. COMPLIANCE AND ENFORCEMENT

14.1 Violation of or non-compliance with this policy will give a just cause for disciplinary steps to be taken.

14.2 It will be the responsibility of Council to enforce compliance with this policy.

14.3 All benefits accruing from the use of various service providers contemplated in this policy to the Users shall not be prohibited by the Municipality.

15. AMENDMENT AND/OR ABOLITION OF THIS POLICY

This policy may be amended or repealed by the Council after consultation with Management and Trade Unions.

16. ADOPTION AND APPROVAL OF POLICY BY COUNCIL

This policy is adopted and approved by the full Council of Ulundi Municipality for implementation.

Approved by Resolution Number _____ on the _____ day of _____ 2025

Signed on the _____ day of _____ 2025

MUNICIPAL MANAGER

CHAIRPERSON OF COUNCIL