

Lejweleputswa District Municipality



PERFORMANCE MANAGEMENT POLICY

INDEX

Introduction	3
Background	4
Definitions	7
Legislative Framework	8
Overview of Performance Management	9
The Performance Management Cycle	11
Organisational performance management and the link to Individual Performance Management	16
The managers/ supervisors role in performance management	17
The employee's role in performance management	18
Assessment Panels	19
Internal Quality Assurance Committee	19
Municipal Quality Assurance Committee	20
Employees covered by the performance management system	20
Objectives of performance management policy	21
Principles of Performance Management	21
Performance and practice of Performance Management	22
The institutional framework	24
Documentation	26
Weightings of key performance areas as well as core competency requirements or code of conduct	27
Core competencies	30
Code of conduct	30
Reviewing performance	31
Performance evaluation	32
Rating	32
The link to reward	36
Normal distribution curve	39
Performance categories	36
The link to reward- bargaining unit employees	40
Non Cash Rewards	40
The appeals procedure	44
Managing poor performance	44

The purpose of the performance management policy is to provide guidance in the creation of pressures for change, help in providing meaningful capacity building interventions which eventually result in a culture of shared learning among Employees and councillors of the Municipality, thereby result in a culture of best practice, which will guide the development of municipal capacity building programmes and initiatives. While this Performance Management Policy shall encourage and provide guidelines for rewarding good performance, the monitoring and correcting of poor performance will be far more imperative in the attainment of the developmental mandate of the Lejweleputswa District Municipality. The performance Management system ensures implementation of the following core components.

- ❖ Setting of appropriate key performance indicators;
- ❖ Setting of measurable performance targets;
- ❖ Monitoring performance (Quarterly monitoring);
- ❖ Measuring and reviewing performance at least two times a year;
- ❖ Taking steps to improve performance
- ❖ Establishing a process of regular reporting.

This policy is subjected to any other Provincial or National Legislation affecting performance management of Municipalities

INTRODUCTION

1. Section 152(1) of the Constitution of South Africa, Act 108 of 1996, refers to the objectives of local government, which are:
 - (a) to provide democratic and accountable government for local communities;
 - (b) to ensure the provision of services to communities in a sustainable manner;
 - (c) to promote social and economic development;
 - (d) to promote a safe and healthy environment; and
 - (e) to encourage the involvement of communities and community organisations in the matters of local government.

2. Section 38 of the Municipal Systems Act, Act 33 of 2000, introduces the concept of performance management for municipalities. This section indicates that a municipality, must-
 - (a) establish a performance management system that is-
 - (i) commensurate with its resources;
 - (ii) best suited to its circumstances;
 - (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 councillors and in its administration; and
 - (c) administer its affairs in an economical, effective, efficient and accountable manner.
4. The requirement in Section 38 of the Municipal Systems Act provides a clear linkage between the integrated development plan (IDP) of a local municipality and the performance management system that it adopts. From the legislation it is evident that the performance management system is designed to measure the extent to which the objectives as set out in the integrated development plan are being achieved.

BACKGROUND

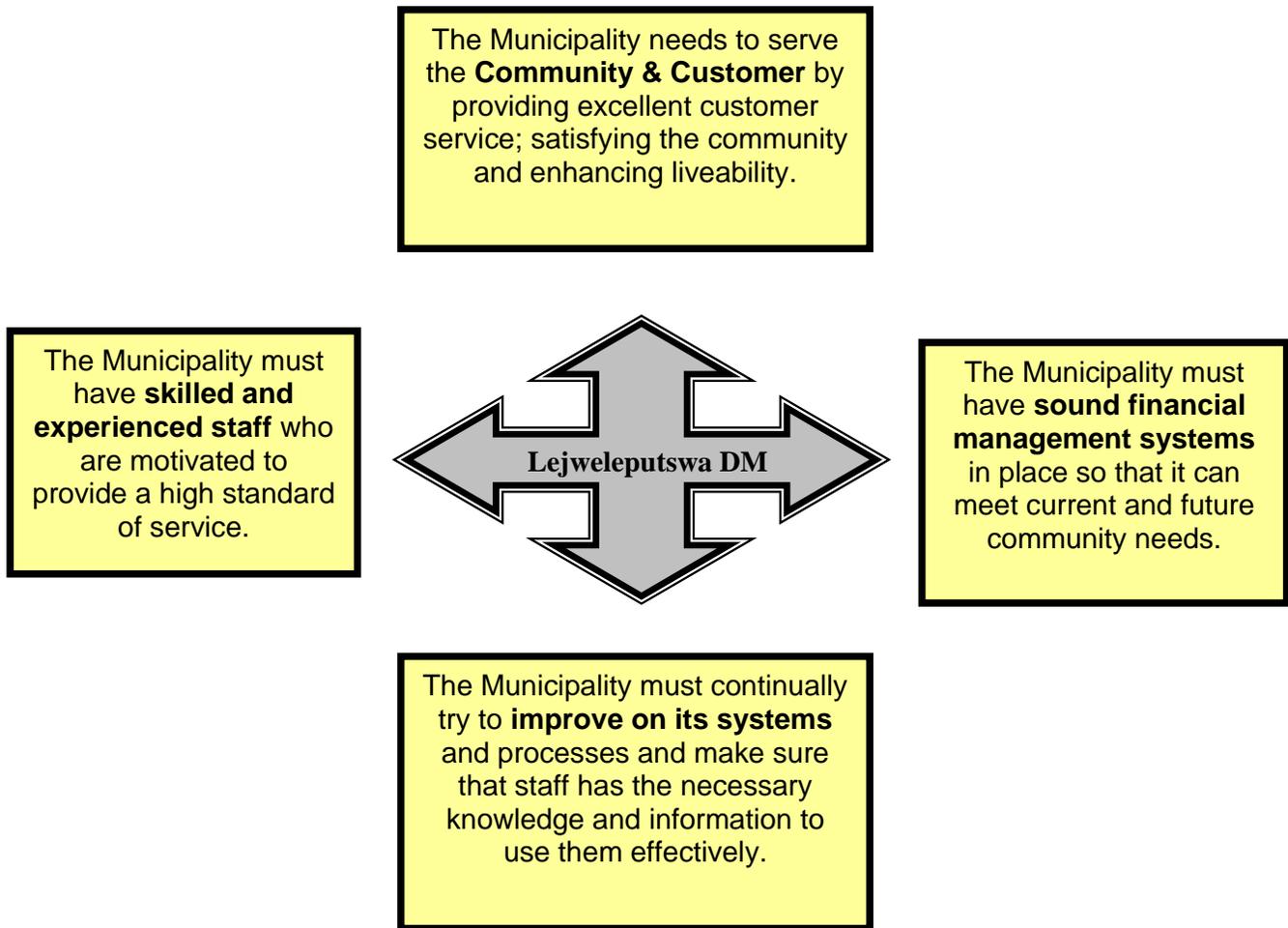
5. The Constitution of South Africa, Act 108 of 1996, introduced the concept of developmental local government to the third tier of government in the country. Section 153(a) of the Constitution indicates that a municipality (including a local municipality) must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community. The developmental local government system requires that plans are not only made by municipalities but that they are implemented and that the local municipality actually achieves what it planned for. Planning is merely an enabling process, the efficiency and effectiveness of which is measured by the performance management system.
6. The powers and functions of district municipalities are defined in section 84(1) of the Municipal Structures Act, Act 117 of 1998 as amended. The Municipal Structures Act, Act 33 of 2000, introduced the dichotomy between the adjustment of powers and functions. Four powers and functions identified in Section 84(1) as amended have been made the responsibility of the Minister of Provincial and Local Government – these are the “national functions” of potable water, bulk supply of electricity, domestic waste-water and sewage disposal systems, and municipal health services. The performance of the remaining functions listed in Section 84(1) as amended are authorised by the MEC for local government in each province.

7. With the exception of the district municipal functions listed as Section 84(1) (o) and Section 84(1) (p), all the functions listed in Section 84(1) of the Municipal Structures Act have corresponding functions listed in either Schedule 4 Part B or Schedule 5 Part B of the Constitution. The effect of this provision is that for each of the district municipal functions, there is a component that is the responsibility of the local municipality. The minister of Provincial and Local Government and the MEC of local government in each province can therefore authorise the district municipality to perform local municipal functions on behalf of all or some local municipalities and equally can authorise local municipalities to perform the local municipality function within its area of jurisdiction.

8. From a developmental perspective, the Lejweleputswa District Municipality is required to work with local communities to find sustainable ways to meet the needs and improve the quality of their lives. The Municipality is encouraged to focus on realising developmental outcomes such as the provision of household infrastructure and services; the creation of liveable, integrated cities, towns and rural areas; and the promotion of local economic development and community empowerment and redistribution. The three approaches used by the Municipality in becoming more developmental are integrated development planning and budgeting; performance management; and working together with local citizens and partners.

9. Diagram 1 illustrates the key administrative requirements of Lejweleputswa District Municipality:

Diagram 1: Key Administrative Requirements of Lejweleputswa District Municipality



10. A Performance Management System will help Employees within the municipality to understand exactly what work they must do to contribute towards the Municipality achieving its strategic objectives. Performance Management should be regarded as a communication tool that helps managers provide a motivating climate to assist Employees in developing and achieving high standards of performance so that they can contribute towards improving the effectiveness of the Municipality.

DEFINITIONS

11. **Baseline Indicators** are indicators that measure conditions before a project or programme is implemented.

Benchmarking refers to a process whereby an organisation of a similar nature uses each other's performance as a collective standard against which to measure their own performance.

Input Indicator means an indicator that measures the results of the activities, processes and strategies of a programme of the municipality.

Integrated Development Plan (IDP) to clearly define a 5-year Strategic Plan of a Municipality. IDP should be reviewed annually or as required.

Key Performance Area (KPA) is used to define key areas of responsibility

Key Performance Indicators (KPI's) measure (qualitative or quantitative) that tell us whether we are making progress towards achieving our objectives the desired results or products/service.

Objective is a statement about what outcomes do we want to achieve.

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

Output Indicator means an indicator that measures whether a set of activities yields.

Performance Indicators are measures that reflect whether progress is being made in the achievement of goals. They describe the performance dimension that is considered key in measuring performance.

Performance Management is a strategic approach to management which equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and

review performance of the organisation in terms of indicators and targets for efficiency, effectiveness and impact.

Performance Measurement involves determining the extent to which objectives are being achieved through developing indicators and linking them to targets and related standards. Review of performance is undertaken on a regular basis. Performance measurement is usually, but not exclusively, quantitative in nature.

Performance Target is the planned level of performance or the milestones an organisation sets for itself for each indicator identified.

Service Delivery Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA) and is a management and implementation tool that sets in-year information, such as quarterly service delivery and monthly budget targets and link it to the budget of the municipality.

LEGISLATIVE FRAMEWORK

12. The relevant pieces of draft and enacted legislation that will be referred to in this performance management policy are:
 - Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006
 - Constitution of the Republic of South Africa, Act 108 of 1996.
 - White Paper on Local Government published in 1998
 - Municipal Structures Act, Act 117 of 1998, as amended
 - Municipal Systems Act, Act 32 of 2000
 - Municipal Performance Regulations for Section 57 Employees
 - Municipal Finance Management Act, Act 32 of 2000
 - Municipal Planning and Performance Regulations, August 2000
 - Public Audit Act

13. The concept of performance management for the third tier of government was raised in the White Paper on Local Government. The concept document indicated that “there is a need for a national performance management system to assess the

overall state of local government, monitor the effectiveness of development strategies adopted by different municipalities and ensure that scarce resources are utilised efficiently would provide an 'early warning' where municipalities are experiencing difficulties and enable other spheres of government to provide appropriate support before a crisis develops. It would also enable municipalities to compare their own performance with that of similar municipalities across the country, identify successful approaches or 'best practice' and learn from one another".

OVERVIEW OF PERFORMANCE MANAGEMENT

14. The overall purpose of developing a performance management system is to measure the extent of the implementation of the Lejweleputswa District Municipality's integrated development plan. This will indicate whether key focus areas such as basic service delivery extension, poverty alleviation and local government transformation are being addressed.
15. The policy contained in this document provides a guideline -
 - (a) for a uniform approach to performance management throughout Lejweleputswa District Municipality; and
 - (b) to define the roles of the different participants in the performance management system.
16. The performance dimensions to which attention must be given to by the Lejweleputswa District Municipality are:
 - (a) **Service delivery** – Lejweleputswa District Municipality is focussed on the needs of the communities it serves and plans to extend the delivery of services to all communities within its area of jurisdiction
 - (b) **Resource Management** – Lejweleputswa District Municipality will ensure financial sustainability of its operation and the implementation of effective financial management procedures and processes
 - (c) **Developmental Impact** – Lejweleputswa District Municipality will engage in programmes to promote local economic development and poverty alleviation among its constituent communities

- (d) **Governance** – Lejweleputswa District Municipality will ensure the existence and implementation of mechanisms to regulate the relationship of political office bearers, municipal officials and the community, including mechanisms, processes and procedures for community participation in the affairs of the municipality.

The balanced scorecard model is based on addressing the performance dimensions indicated above and will be used by Lejweleputswa District Municipality in its performance management system

- 17. The integrated development plan of Lejweleputswa District Municipality is aligned to the performance management system –

- (a) **in planning** – how the integrated development plan and performance management system is set up
- (b) **in content** – what ‘areas’ and ‘objectives’ each prioritises, plans for and measures
- (c) **in the manner progress is measures** – the relationship between project indicators and key performance indicators
- (d) **in how management is effected** – how the responsibilities for the performance management system and the integrated development plan are distributed through Lejweleputswa District Municipality
- (e) **in the manner in which community participation is facilitated.**

- 18. The performance management system is linked to the operational budget of Lejweleputswa District Municipality through the determination of performance targets in the service delivery budget implementation plan (SDBIP). If the performance target implies expenditure, higher targets will have more costs while lower targets will have less cost. If performance targets have to do with revenue, higher targets will bring more benefit while lower targets will have lower returns. The budget and IDP process is linked to each other, reflected each year in the budget and planning framework. Budget priorities will be integrated with development plan priorities and the areas that the performance management system is developed to measure.

- 19. The Municipal Systems Act contains almost identical provisions for the participation of communities in the process of developing the integrated development plan and the

performance management system (Section 29(1) (b) (ii) in the case of the integrated development plan and Section 42 for the performance management system). The mechanisms used to structure participation in these two instances must not be different as it could lead to confusion. The Municipal Planning and Performance Regulations suggest that a municipality wide forum be structured to facilitate participation on both the integrated development plan and the performance management system and Lejweleputswa District Municipality conforms to this suggested approach. This forum will be the already established IDP, ISRDP and IGR forums of Lejweleputswa District Municipality.

THE PERFORMANCE MANAGEMENT CYCLE

20. There are four key phases in the performance management cycle. These phases must be linked to the planning and reviewing phases of the organisation as a whole. Within the Municipality the annual cycle of planning and budgeting takes place in the form of the IDP. Out of that the broad outcomes and key performance areas for a municipality are developed or re-confirmed by the political leadership. Based on the broad indicators the various Departments should develop business plans or technical SDBIP's that translate the Municipality's key performance indicators (KPI's) into indicators for the Department. The targets set out in the SDBIP or operational plan for a Department become the key performance objectives or indicators for the head of a particular Department.

Thus the performance management cycle is linked to the local government financial year. As soon as the IDP is adopted in **June**, managers and staff sign their annual performance agreement or scorecard in **July**. Monitoring takes place throughout the year, and reviewing and rewarding are carried out the following **July** after the specific financial year.

The four phases of the cycle are explained below.

Planning

This involves the development of a top-layer SDBIP and technical SDBIP that logically rolls down and translates indicators to functions, departments and ultimately individuals within the organization.

Monitoring

In order to monitor, it is necessary to put mechanisms and systems in place to monitor implementation of plans. This includes reporting frameworks, tracking systems and feedback mechanisms.

Measuring

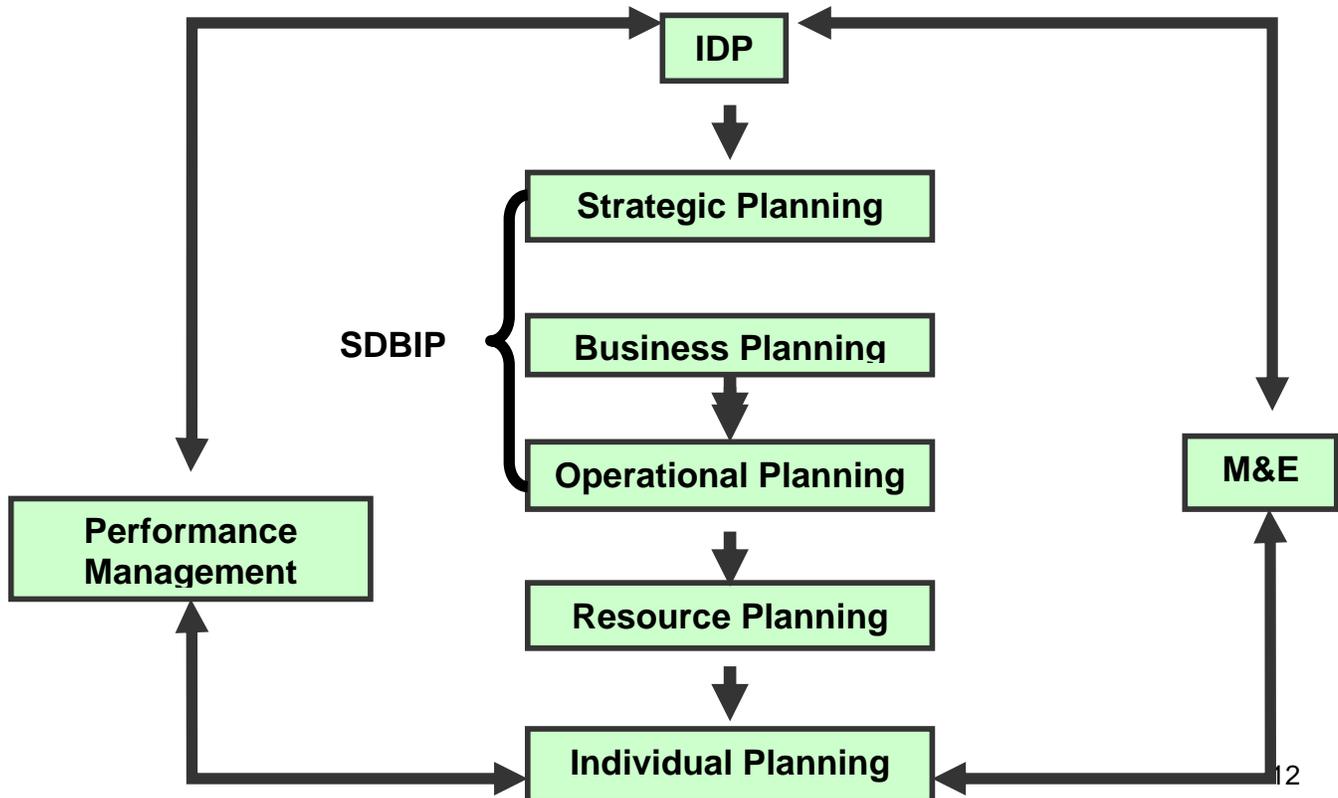
Measuring is about the measurement of targets that have been set. Measurement includes mechanisms such as benchmarking. Various departments will need to conduct exercises on benchmarking to assist in setting achievable, yet world-class targets.

Reviewing

This involves a systematic process of reviewing achievements against stated plans and understanding the reasons for the variance where there is variance. It also involves the consideration of new developments and how these need to be incorporated into existing or new plans.

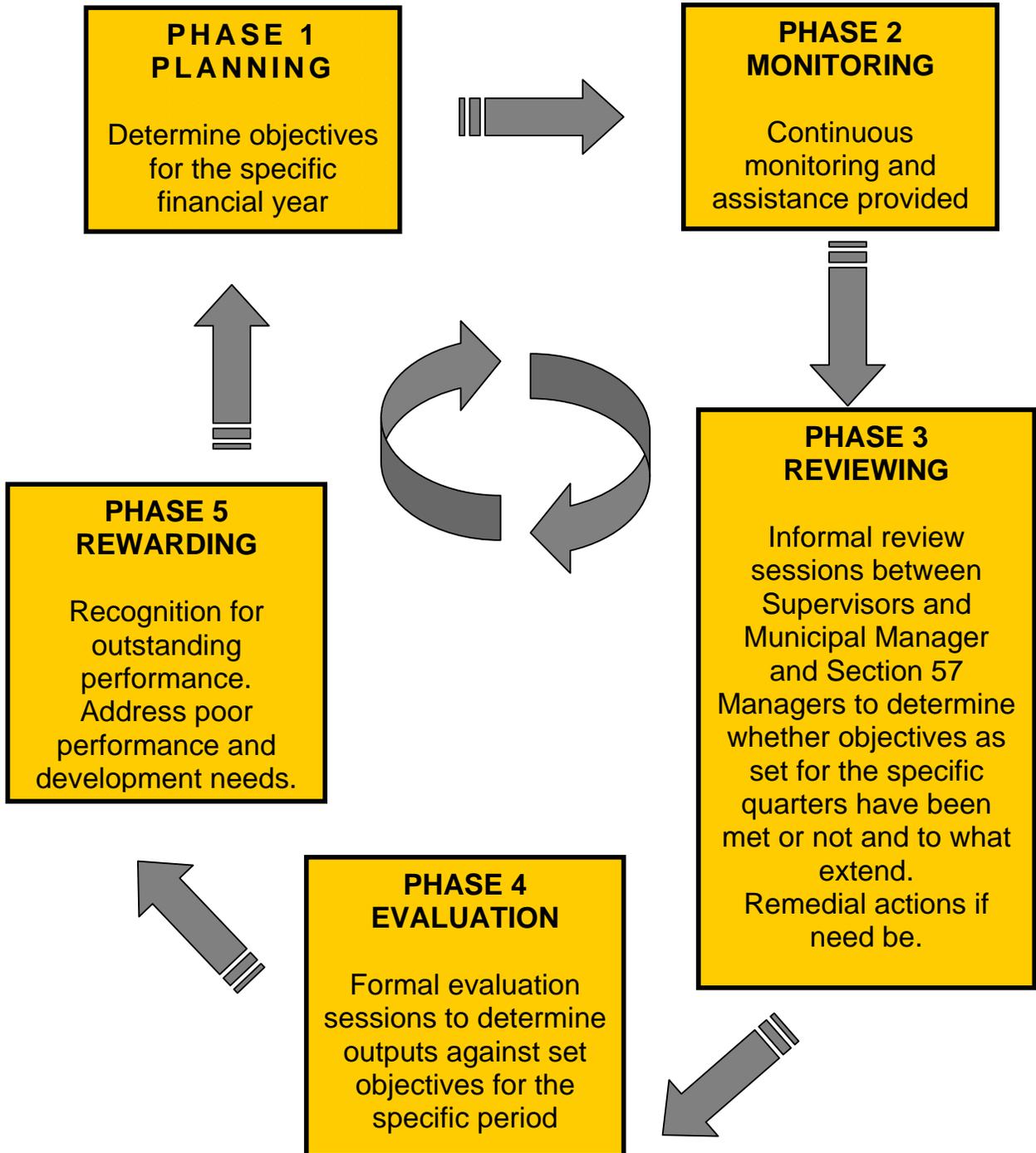
21. Diagram 2 shows the key elements used in developing a planning and monitoring & evaluation system, both critical components of a performance management system.

Diagram 2: Key Elements of PMS



22. This performance management system is designed to ensure that each phase is taken into consideration when managing the performance of an employee.

Diagram 3: The Five Phases of PMS



23. The following table details the timing and activities required for each of the four key phases in the performance management cycle:

Table 1: Timing and Activities of the Five Phases of PMS

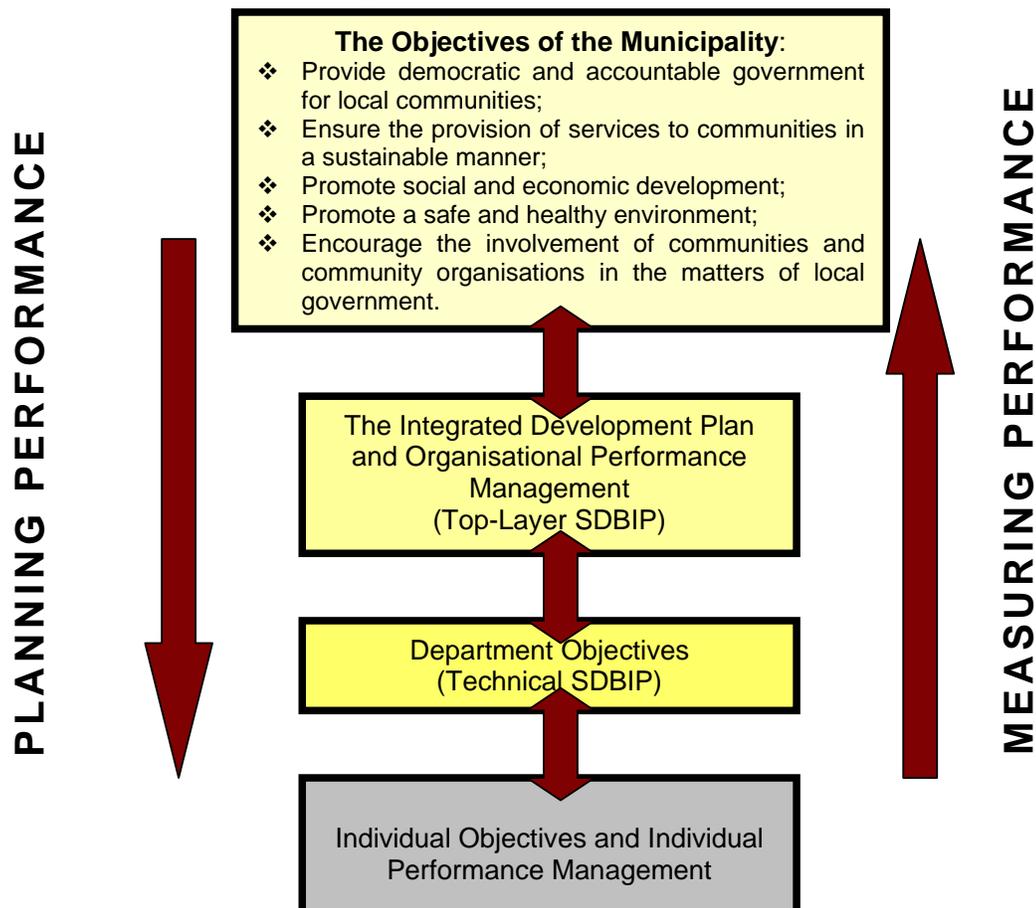
PHASE	TIMING	ACTIVITIES
PLANNING	July each year i.e. beginning of financial year	<ol style="list-style-type: none"> 1. Manager/Supervisor to schedule meeting with Employee to agree on performance objectives* for the year. (*In respect of the Municipal Manager or Section 57 Managers to be directly linked to the SDBIP of the respective directorate to be reflected in the Performance Agreement and Performance Plan. *In the case of Non Section 57 Employees (lower ranking officials) job descriptions can be used to set performance objectives. However it is important to always consider the IDP and each Department's respective SDBIP in setting performance objectives. To be reflected in the Performance Management Tool and Performance Plan) 2. Both the Manager/Supervisor and the Employee are required to prepare for this meeting. 3. Ensure that the following documentation in respect of the Municipal Manager as well as Section 57 Managers are compiled for the financial year or updated when necessary: <ul style="list-style-type: none"> • Employment Contract • Job Description • Performance Agreement with Key Performance Areas and Core Competency Criteria • Performance Plan • Personal Development Plan • Code of Conduct • Financial Disclosure form 4. Ensure that the following documentation in respect of Non Section 57 Employees are compiled for the financial year or updated when necessary: <ul style="list-style-type: none"> • Job Description • Performance Plan • Personal Development Plan • Performance Management Tool with Objectives and weights in terms of relevant Codes of Conduct to the specific posts
MONITORING	Ongoing throughout the year	<ol style="list-style-type: none"> 1. Manager/Supervisor to provide ongoing feedback and assistance to the Employee on his/her performance against the agreed objectives. 2. Employees to request for feedback and assistance when required.
REVIEWING	First 2 weeks of October for Quarter 1 First 2 weeks of April for Quarter 3	MUNICIPAL MANAGER AND SECTION 57 MANAGERS <ol style="list-style-type: none"> 1. Informal review sessions to be held between the Section 57 manager and the Municipal Manager in the first 2 weeks of October as well as well as the first 2 weeks of April to determine whether objectives as set for the specific quarters has been met or not and to what extend. 2. Remedial actions if need be.
EVALUATION	In January for Mid-Year evaluations In July for end of the year evaluation	MUNICIPAL MANAGERS AND SECTION 57 MANAGERS <ol style="list-style-type: none"> 1. Formal review sessions to be held twice a year as set in the Regulations to be done by the panels.

	<p>January of each year – mid year review Reviews by managers/supervisors to be done within the January. Internal quality assurance committee meetings to be held in February (If need be) Quality assurance committee meetings to be held in March</p> <p>July of each year - final review Reviews by managers/supervisors to be done within July. Internal quality assurance committee meetings to be held in the first 2 weeks of August (when required) Quality assurance committee meetings to be held in the last week of August</p>	<p>NON SECTION 57 EMPLOYEES Reviewing Performance</p> <ol style="list-style-type: none"> 2. Manager/Supervisor to set up formal mid-year review in the first 2 weeks of January to assess the Employee's performance against the objectives. 3. Manager/Supervisor to set up a formal final review in the first 2 weeks of July. <p>The process for reviewing performance is as follows:</p> <ol style="list-style-type: none"> 1. Manager/Supervisor to request inputs in terms of service delivery in respect of services rendered by the relevant employee- by means of reports, letters, "incidents" where the official went the extra mile, etc. 2. Manager/Supervisor to prepare scores of Employee's performance against agreed objectives as a result of the evidence and "customer" input. 3. Manager/Supervisor to ask Employee to prepare for formal review sessions. 4. Formal review session between Manager/Supervisor and Employee to review performance against the set objectives for the specific quarter also taking into consideration aspects discussed during the informal evaluation. It may be necessary to have two meetings in cases where there are insufficient evidence to motivate scores. Where an Employee and Manager/Supervisor disagree on the score, the Manager's/Supervisor's decision will be taken into consideration- the appeals procedures can be followed should the employee disagree in terms of scores allocated. 5. Review form to be signed by both Manager/Supervisor and employee. 6. Manager/Supervisor and Employee to prepare and agree on development plan for the employee in line with the competencies necessary to achieve objectives as set in the Performance Plan in line with the Job Description. 7. Informal Quality assurance committee meetings to be held as scheduled (when required). 8. Municipal Quality assurance committee meetings to be held as scheduled to ensure that the evaluation was fair and just. Performance Review Documentation to be approved by the Municipal Manager/head of the Quality Assurance Committee.
<p>REWARDING</p>	<p>Budget in February of each year</p> <p>Rewards to be paid in September after the respective evaluation cycle each year</p> <p>Pro-rata rewards to be paid upon termination of contract should the employee qualify</p>	<p>MUNICIPAL MANAGER AND SECTION 57 MANAGERS</p> <ol style="list-style-type: none"> 1. Employees to be rewarded according to the policy 2. Ensure that Development needs are addressed. <p>NON SECTION 57 EMPLOYEES</p> <ol style="list-style-type: none"> 1. The Quality Assurance Committee and the Chief Financial Officer to determine affordability in terms of rewards. 2. Allocation of rewards 3. Ensure that development needs are addressed.

ORGANISATIONAL PERFORMANCE MANAGEMENT AND THE LINK TO INDIVIDUAL PERFORMANCE MANAGEMENT

24. In order to ensure that the Municipality meets its organisational performance indicators and standards it is appropriate to introduce a performance management system for the individual Employees within the Municipality. Thus each individual is given performance objectives, targets and standards that are linked to the objectives of his/her team, his/her department and ultimately his/her Municipality.
25. Diagram 4 illustrates the link between organisational performance management and individual performance management. Once organisational objectives and targets have been set it is possible to cascade these down to the relevant departments and individuals. In turn, the individuals and departments, by achieving their objectives and targets contribute towards the Municipality achieving the objectives and targets in its integrated development plan.

Diagram 4: Link between Organisational PM and Individual PM



26. If each Employee achieves his/her performance objectives, which are linked to the Department's objectives, which are in turn linked to the IDP, then the Municipality will ultimately achieve its organisational performance objectives. The reporting requirements as stipulated in the Municipal Systems Act, the involvement of the community in setting performance indicators etc. needs to occur at an organisational performance management level. Individual performance management occurs at the level of the working relationship that exists between the Employee and his/her Manager/Supervisor.

THE MANAGERS/SUPERVISORS ROLE IN PERFORMANCE MANAGEMENT

27. The Manager's/Supervisor's role in the Performance Management Process includes:
- (a) Using the performance management process to coach Employees. This involves giving ongoing feedback to Employees and assessing their performance.
 - (b) Setting objectives with Employees in such a way that continuous improvement is encouraged;
 - (c) Monitoring Employees' performance against these objectives;
 - (d) Using reward and recognition to reinforce good performance;
 - (e) Managing poor performance appropriately;
 - (f) Training, coaching and developing Employees.
28. To be successful in managing performance the Manager/Supervisor needs to:
- (a) Communicate the Municipality's strategic objectives and the department goals to Employees, and show them how their work contributes to the success of the Municipality.
 - (b) Ensure that Employees know what is expected of them and why.
 - (c) Help Employees to set challenging but realistic objectives and work with Employees to help them achieve these objectives.
 - (d) Identify knowledge, skills and behaviours needed by the Employee to achieve the objectives and performance standards that have been set.

- (e) Conduct a mid-year review with the Employee to ensure that the objectives are still relevant and to assess the Employee's progress to date against the objectives.
- (f) Complete an individual learning plan together with the Employee that caters for the Employee's specific developmental needs in relation to the Municipality.
- (g) Create a climate that encourages Employees' natural motivation. A Manager/Supervisor must be aware of how his/her management style impacts on the way it "feels" to work in his/her department.

THE EMPLOYEE'S ROLE IN PERFORMANCE MANAGEMENT

29. The Employee must take an active role in the performance management process. The Employee's role includes:

- (a) Suggesting challenging but realistic objectives that will support the Municipality's strategies and department goals.
- (b) Taking responsibility for the standard of their performance by trying to improve and develop themselves;
- (c) Developing and implementing action plans so that they can achieve their objectives.
- (d) Asking their Manager/Supervisor for information, help or advice to assist them in meeting their objectives.
- (e) Asking for feedback from others, including their Manager/Supervisor so that they can monitor their own performance.
- (f) Making suggestions on how they can improve on their performance.
- (g) Keeping their Manager/Supervisor informed about how well they are doing in relation to their objectives.
- (h) Keeping their Manager/Supervisor informed of any problems or potential problems which may affect their ability to achieve some or all of their objectives and performance standards.

ASSESSMENT PANELS

30. (a) For the purpose of evaluating the annual performance of the municipal manager, an evaluation panel constituted of the following persons must be established-

- Executive Mayor or Mayor;
- Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;
- Mayor and/ or municipal manager from another municipality; and
- Member of a ward committee as nominated by the Executive Mayor or Mayor
- The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panel

(b) For purposes of evaluating the annual performance of managers directly accountable to the municipal managers, an evaluation panel constituted of the following persons must be established-

- a. Municipal manager;
- b. Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- c. Member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council; and
- d. Municipal manager from another municipality
- e. The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panel

INTERNAL QUALITY ASSURANCE COMMITTEE

31. An Internal Quality Assurance Committee to be held in cases where there are more than one supervisor in a Directorate.

32. A panel consisting of the manager of the relevant directorate as well as supervisors to quality check evaluation documents.

33. To ensure that the evaluations in the specific directorate are fair and just and in line with the prescribed curve. The panel to consist of the Director/ Manager as well as Supervisors within the Directorate.

MUNICIPAL QUALITY ASSURANCE COMMITTEE

34. Municipal Quality Assurance Committee consisting of the Municipal Manager as Head as well as all Section 57 managers/managers of directorates.
35. Quality checks documentation and make a recommendation in terms of rewarding outstanding performance and addressing poor performance.

EMPLOYEES COVERED BY THE PERFORMANCE MANAGEMENT SYSTEM

36. Two broad approaches are used to manage the performance of Employees. The reason for this relates to the following considerations:
 1. The Municipal Systems Act 32 of 2000 requires that the Municipal Manager sign a fixed term contract and a performance agreement and suggests that the Managers reporting to the Municipal Manager do the same.
 2. Section 57 Employees (The Municipal Manager and his/her direct reports), in terms of the SALGA policy, can therefore have their performance linked directly to reward.
37. The performance reward system applied to Section 57 Employees will therefore be different from the performance reward system applied to Employees who are not Section 57 Employees.
38. **Approach 1:** Performance Agreements for Section 57 Employees linked directly to reward as per the remuneration policy of the Municipality.
39. **Approach 2:** Performance Agreements for all other Employees/ Non Section 57 employees. The link to reward will initially be non-financial.

OBJECTIVES OF PERFORMANCE MANAGEMENT POLICY

40. The objectives of implementing a Performance Management System into the Lejweleputswa District Municipality are as follows:
- (a) Achieve sustainable improvements in service delivery to the community.
 - (b) Develop constructive and open relationships between Managers/Supervisors and Employees.
 - (c) Encourage and reward good performance
 - (d) Manage and improve on poor performance
 - (e) Link the Integrated Development Plan to team and individual performance
 - (f) Enable individuals to develop their abilities, increase their job satisfaction and achieve their full potential so that both the Employee and the Municipality benefit
 - (g) Fulfil the requirements of the Municipal Systems Act 32 of 2000.

PRINCIPLES OF PERFORMANCE MANAGEMENT

41. The performance management system of Lejweleputswa District Municipality must -
- (a) promote efficiency and effectiveness in the operation of the municipality
 - (b) reflect the developmental priorities of the municipality
 - (c) promote the economic use of resources
 - (d) comply in all respect with the relevant legislation
 - (e) even handed and transparent in its impact on all role players in the municipality
 - (f) measure performance at the municipal, departmental, project team and individual level
 - (g) recognise and reward superior performance
 - (h) identify performance that is sub standard and have procedures and processes in place to address such performance
 - (i) be politically driven, but administratively managed.

PERFORMANCE AND PRACTICE OF PERFORMANCE MANAGEMENT

42. The Municipal Planning and Performance Regulations indicate that a municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.
43. Section 7(2) of the Regulations stipulates that in developing its performance management system, a municipality must ensure that the system –
- (a) complies with all the requirements set out in the Municipal Systems Act;
 - (b) demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;
 - (c) clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;
 - (d) clarifies the processes of implementing the system within the framework of the integrated development planning process;
 - (e) determines the frequency of reporting and the lines of accountability for performance;
 - (f) relates to the municipality's employee performance management processes;
 - (g) provides for the procedure by which the system is linked to the municipality's integrated development planning and budgeting processes; and
 - (h) propose mechanisms, systems and processes for monitoring, measurement and review of the key performance indicators.
44. The Council of Lejweleputswa District Municipality has adopted a performance management framework that complies with the requirements prescribed by the Regulations for the implementation of performance management within its operation. If needed, the said framework has to be amended annually and adopted by Council.
45. Lejweleputswa District Municipality will, after consultation with community organisations, set appropriate key performance indicators in respect of each objective incorporated in the integrated development plan and the requirement of Section 83(3) of the municipal Structures Act. The Municipality's key performance indicators will include the general indicators as published by the Minister of Provincial

and Local Government. The key performance indicators will serve as a mechanism for measuring performance, including the outcomes and impact, of the Municipality's development priorities and objectives set out in its integrated development plan.

46. Lejweleputswa District Municipality will continuously monitor its performance in all the key performance areas and in respect of all the performance dimensions for which key performance indicators and performance targets have been set.
47. Performance will be measured against the general and locally determined key performance indicators. This will include the measurement of costs, resources and time used to produce outputs in accordance with the input indicators, the extent to which the local municipality activities or processes produced outputs in accordance with the output indicators and the total improvement brought about by outputs in accordance with the outcome indicators.
48. The integrated development plan sets out what Lejweleputswa District Municipality intends to achieve every year during the terms of office of the Council. In essence it contains a promise to deliver by Lejweleputswa District Municipality to the community it serves. The performance management system must determine whether this promise has been kept of, more accurately, the extent to which the promise has been kept. The performance management system must clearly identify any under performance and facilitate the determination of the reasons for under performance. Once the reasons for under performance have been established, steps to improve performance with regard to those development priorities and objectives where performance targets are not met must be taken.
49. The performance of Lejweleputswa District Municipality will only improve if all its officials contribute effectively. Therefore, an important component of the performance management system is an employee performance appraisal system. Lejweleputswa District Municipality will ensure that the employee performance appraisal system is developed in such a way that –
 - (a) Employees know exactly what is expected of them;
 - (b) Employees are involved in setting their own performance objectives;
 - (c) superior performance is consistently recognised and rewarded;

- (d) where sub standard performance is determined, the employee performance appraisal system must assist in determining the reasons for such sub standard performance; and
- (e) the district municipality will give reasonable opportunity to Employees rendering sub standard performance to improve such performance to an acceptable level.

50. Lejweleputswa District Municipality recognises the need for the existence and development of core competencies for it to be able to successfully perform the powers and functions allocated to it and to meet the expectations contained in the integrated development plan. In order to ensure a measure of balance the District Municipality in its performance measurement process will allocate **80%** to the achievement of the performance objectives and **20%** to the development of core competencies in the case of the Municipal Manager as well as Section 57 Managers. In the case of non-section 57 employees, objectives will be in line with the job description as well as the objectives as set in the SDBIP which will count **80%** of the total score and the prescribed codes of conduct which will count **20%** of the total score.

51. Lejweleputswa District Municipality recognises that core competencies need to be developed and as part of the performance measurement process, competency gaps for individuals are to be identified and skills development plans compiled to close these gaps.

52. Personal Development Plans to be developed for all employees to ensure that they obtain the necessary competencies or skills to achieve the objectives as set for the specific employee.

THE INSTITUTIONAL FRAMEWORK

53. The institutional framework for the performance management process is as follows:

- (f) The Council will receive a performance report from the Executive Mayor on a mid-year basis (half-yearly).

- (g) The Executive Mayor is responsible for ensuring that the senior management of Lejweleputswa District Municipality gather relevant information throughout each reporting period and submit progress reports on a quarterly basis.
- (h) The Municipal Manager and the senior management team must ensure that the key performance indicators and performance targets set are met. This requires proper work planning and scheduling, appropriate resourcing of activities and continuous supervision. The senior management must also identify sub standard performance and take corrective action where necessary to ensure that performance targets will be met.
- (i) The internal auditing function must audit and assess –
 - the accuracy of performance reports;
 - the functionality of the performance management system;
 - whether the performance management system complies with the Municipal Systems Act;
 - the extent to which the municipality's performance measurements are reliable in measuring performance;
 - the performance measurements of the Local Municipality; and
 - Submit quarterly reports to the Municipal Manager and the Performance Audit Committee.
- (e) The Performance Audit Committee must -
 - review the quarterly reports submitted to it;
 - review the performance management system focussing on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by Lejweleputswa District Municipality are concerned and make recommendations in this regard to the Council through the Mayor; and
 - at least twice in a financial year submit an audit report to the Council through the Mayor.
- (d) The Municipal Manager must compile an annual performance management report for submission to the Council through the Mayor. Access to this report must be provided to community structures, the MEC for local government, the Auditor General and the Minister for Provincial and Local Government.

54. Lejweleputswa District Municipality will comply with the requirements of the Planning and Performance Management Regulations.

55. The internal audit function established by Lejweleputswa District Municipality will carry out the performance audit function in Lejweleputswa District Municipality.
56. Performance agreements in terms of Section 57 of the Municipal Systems Act will be concluded with the Municipal Manager and Section 57 Employees only in the first financial year of the implementation of the performance management system. Thereafter the concluding of annual performance agreements, one on one between manager and subordinate, will be cascaded down throughout Lejweleputswa District Municipality to the lowest level. In this regard it is noted that the responsibility for achieving the key performance indicators and performance targets annually will also be cascaded down through the structure of Lejweleputswa District Municipality.
57. It is the express policy of Lejweleputswa District Municipality that –
- (a) superior performance is recognised and/or rewarded appropriately; and
 - (b) poor performance is corrected effectively.

DOCUMENTATION

58. A Service Delivery Budget Implementation Plan (SDBIP), and Departmental Service Delivery and Budget Implementation Plans for each of the departments of the municipality, in line with appropriate guidelines and legislation, must be developed annually.
59. Section 57 Employees are required to sign a Performance Agreement, as prescribed in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager, in line with published regulations and/or amendments
60. All other Employees will receive a Performance Management Pack and Agreement, as compiled by the Human Resource Section, which contains, amongst others, the following documentation:
- (a) The Performance Management Policy
 - (b) Job Description

- (c) Performance Development Plan
- (d) Code of Conduct
- (e) Personal Development Plan
- (f) Performance Management Tool with Objectives and prescribed codes of conduct on which the employee will be evaluated.

WEIGHTING OF KEY PERFORMANCE AREAS AS WELL AS CORE COMPETENCY REQUIREMENTS OR CODE OF CONDUCT

61. Weightings show the relative importance of one input or output against another input or output. Every input or output in the performance agreement must be assigned a weighting. The total of the weightings on the performance agreement must add up to 100 points. An important objective may, for example, be assigned a weighting of 30 out of the total of 100 whereas a less important objective may be assigned a weighting of 15 out of 100. The purpose of the weightings is to show Employees what the key focus areas are in their work. If an objective has a higher weighting than any of the other objectives, then the Employee will know that this is a key objective in terms of being successful in his/her work.
62. In performance agreements for Section 57 Employees, 100 percent of the weightings are allocated to the outputs. The key focus in these positions is on delivery and achieving results. No weightings are allocated to inputs i.e. for knowledge, skills and behaviours. These are rated separately for developmental purposes only. Employees at this level in the organisation are expected to bring the necessary inputs (skills, knowledge and behaviours) to the job. Section 57 employees shall be assessed against 2 output components, that is Key Performance Areas (KPA's) and Core Core Competency Criteria (CCR's) respectively. KPA's, covering the main area of work will account for 80% and CCR's will account for 20% of the final assessment. This is illustrated in table 2.

Table 2: Illustration of the allocated Weightings for Section 57 Employees

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery	
Municipal Institutional Development and Transformation	
Local Economic Development (LED)	
Municipal Financial Viability and Management	
Good Governance and Public Participation	
TOTAL SCORE	100%

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES (CCR)		
Core Managerial and Occupational Competencies	✓ (Indicate Choice)	Weight
Core Managerial Competencies:		
Strategic Capability and Leadership		
Programme and Project Management		
Financial Management	compulsory	
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and Analysis		
People Management and Empowerment	compulsory	
Client Orientation and Customer Focus	compulsory	
Communication		
Honesty and Integrity		
CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES (CCR)		
Core Managerial and Occupational Competencies	✓ (Indicate Choice)	Weight
Core Occupational Competencies:		
Competence in Self Management		
Interpretation of and implementation within the legislative an national policy frameworks		
Knowledge of developmental local government		
Knowledge of Performance Management and Reporting		
Knowledge of global and South African specific political, social and economic contexts		
Competence in policy conceptualisation, analysis and implementation		
Knowledge of more than one functional municipal field / discipline		
Skills in Mediation		
Skills in Governance		
Competence as required by other national line sector departments		
Exceptional and dynamic creativity to improve the functioning of the municipality		
Total percentage		100%

63. In performance agreements for all Non Section 57 Employees the weightings are allocated as follows:

- (a) 80% of the total score is allocated to outputs whilst 20% of the total score is allocated to Prescribed Codes of Conduct. This illustrates that the core focus of the Employee's job is to deliver results, yet still places an emphasis on the Employee exhibiting the appropriate skills and behaviours to do the job successfully i.e. by allocating part of the weightings to customer service and team work, the Employee is made aware of the importance of displaying these behaviours when carrying out his/her job.
- (b) Objectives must be in line with the key responsibilities as set in the Job Description and must also be in line with the Objectives set in the SDBIP applicable to the specific post for the specific financial year

Table 3: Illustration of the allocated Weightings for Non Section 57 Employees

Objectives	Weighting
1.	
2.	
3.	
4.	
5.	
6.	
7.	
Outputs Total	100% (To count 80% of total score)
Code of Conduct	Weighting
1. Relationship with the Public/ Customers	
2. Relationship with Employees	
3. Service Delivery	
Inputs Total	100% (To count 20% of total score)
TOTAL SCORE	

CORE COMPETENCIES

64. Every Employee, no matter the post level or within which section he or she is working, is required to demonstrate a number of behaviours and skills that are considered core to achieving the objectives of the Municipality. The competencies represent behaviours that, when displayed by Employees, will contribute to performance within the Municipality.
65. The municipal manager and Section 57 Managers will be evaluated in terms of how they apply this competencies and skills in the execution of their tasks
66. Competency requirements will form a very important part of Job Descriptions and will be used as guides for compiling shortlists for the appointment of staff.

CODE OF CONDUCT

67. "A staff member of a municipality must at all times-
- a. loyally execute the lawful policies of the municipal council;
 - b. perform the functions of office in good faith, diligently, honestly and in a transparent manner;
 - c. act in such a way that the spirit, purport and objects for section 50 are promoted;
 - d. act in the best interest of the municipality and in such a way that the credibility and integrity of the municipality are not compromised; and
 - e. act impartially and treat all people, including other staff members, equally without favour or prejudice" Code of Conduct for Municipal Staff Members (Amended by s. 29 of Act No44 of 2003"
68. The Code of Conduct as prescribed must be adhered to by all employees. Although the Municipal Manager and Section 57 Managers are not going to be evaluated in terms of the Code of Conduct, it forms an integral part of the Performance Management Package.
69. The way in which employees conduct themselves in the execution of tasks plays an important role in terms of the image of the organisation.

70. Non Section 57 Employees will be evaluated in terms of the following prescribed codes of conduct. The weight will be determined according to the relevance in terms of the specific post.

Table 4: Code of Conduct

Conduct Criteria	Definition
Relationship with the Public/ Customers	Whether providing a service to an internal or external customer this means trying to find out what the needs of the customer are and then meeting these needs. At a minimum Employees are required to react to customer needs by following up on queries, keeping promises, being honest in all their dealings, adhering to the policies, procedures and delegations of Council, keeping the customer up to date, being friendly and helpful and solving problems quickly and without argument. Ideally all Employees, especially those at a management/supervisory level are required to be proactive by trying to understand the underlying needs of the customer and providing an appropriate service based on these underlying needs.
Relationship with Employees	In order to be successful and to meet our service delivery requirements it is essential that all Employees co-operate and communicate with each other. This is measured by the extent to which an Employee does his/her share of the work; helps out in times of crisis, supports decisions taken by the Municipality, makes an effort to communicate with team members so that he/she knows what is going on in other areas besides his/her own and provides information to others on what he/she is doing. At a Management/Supervisory level Employees are required to facilitate a friendly working environment where co-operation is encouraged, where conflicts are resolved quickly and amicably and where information is communicated so that there is a common knowledge and understanding of Municipality activities.
Service Delivery	Batho Pele. Creative in the execution of tasks Utilisation of resources: Time, municipal funds, personnel, etc. Improvement of service delivery to achieve a high standard by trying to improve on the way things are done and by working towards achieving the work objectives. It is also about putting plans into action, meeting deadlines, taking initiative and solving problems to make sure that things get done. Employees do not wait to be told to do something but rather are encouraged to use their initiative to make sure that things get done accurately and efficiently. No personal gain because of position in the municipality. Disclosure of benefits

REVIEWING PERFORMANCE

71. Municipal Manager and Section 57 Manager

- a. Informal review session to be held between the Section 57 Manager and the Municipal Manager in the first 2 weeks of October for the evaluation in terms of outputs in the 1st quarter as well as the first weeks of April to determine

whether objectives as set for the 3rd quarter has been met or not and to which extent.

- b. Remedial actions if need be.

PERFORMANCE EVALUATION

72. Municipal manager and Section 57 Managers

- a. Formal review sessions to be held twice a year as set in the Regulations.
- b. To be conducted by the prescribed panels.

73. Non Section 57 Employees:

- a) Manager/ Supervisor to set up formal mid-year review in the first 2 weeks of January to assess the Employee's performance against the objectives.
- b) Manager/ Supervisor to set up a formal final review in the first 2 weeks of July.
- c) Internal Quality Assurance Committee Meetings to be held as prescribed.
- d) Quality Assurance Committee Meetings to be held as prescribed.

RATING

74. Evaluations to be done in terms of the following ratings

75. The following table to be used as guideline to determine the rating/score to be allocated (Rating Scale).

76. Both the employee to be evaluated, and the supervisor or panel in respect of formal evaluation sessions needs to prepare for the review sessions.

77. Whenever a rating of more or less than a three (3) is allocated, the score needs to be motivated by means of evidence, for example letters, reports, minutes, etc.

FIGURE: RATING SCALE

Rating	Terminology	Description	Guide
5	Outstanding Performance	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.	In the case where the output in terms of objectives set was double what was expected or 200%
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.	In the case where the output in terms of objectives set was more than 100% up to 150%
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.	In the case where 100% of the target has been met
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment 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.	In the case when 50% to 99% of the target has been met
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the 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.	In the case where less than 50% of the target has been met

ASSESSMENT RATING CALCULATOR

78. SECTION 57 MANAGERS

ASSESSMENT RATING CALCULATOR

NAME: _____ PERSONNEL NUMBER: _____

YEAR: _____ QUARTER: _____

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H
Key Performance Areas	Weight	Rating	Score	Core competency Requirements	Weight	Rating	Score
(List the Key Result Areas against which the official must be assessed)	Indicate the weight of the specific KPA. Total must add up to 100%	Assessment result on the 5-1 rating scale	Column B (x) multiply by Column C	(List the Core Competencies against which the official must be assessed)	Indicate the weight of the specific CC. Total must add up to 100%	Assessment result on the 5-1 rating scale	Column F (x) multiply by Column G
1.				1.			
2.				2.			
3.				3.			
4.				4.			
5.				5.			
6.				6.			
7.				7.			
Total:				Total:			

1. Total: KPAs =	(Column D) x (Multiply by 80%) =	(Weighted total KPAs)
2. Total: CCRs =	(Column H) x (Multiply by 20%) =	(Weighted total for CCs)
3. Total: KPAs + (plus) CCs (Result of 1. above + 2. above) =		TOTAL ASSESSMENT RESULT (Out of 5)

(Total out of ----/ 3 x 100%) _____ / 3 x 100 = _____ %

ASSESSMENT RATING CALCULATOR

NAME: _____

PERSONNEL NUMBER: _____

YEAR: _____

QUARTER: _____

Column A	Column B	Column C	Column D		Column E	Column F	Column G	Column H
Key Performance Areas	Weight	Rating	Score		Code of Conduct	Weight	Rating	Score
(List the Key Result Areas against which the official must be assessed)	Indicate the weight of the specific KPA. Total must add up to 100%	Assessment result on the 5-1 rating scale	Column B (x) multiply by Column C		(List the Conduct Criteria against which the official must be assessed)	Indicate the weight of the specific CC. Total must add up to 100%	Assessment result on the 5-1 rating scale	Column F (x) multiply by Column G
1.					1.			
2.					2.			
3.					3.			
4.					4.			
5.					5.			
6.					6.			
7.					7.			
Total:					Total:			

1. Total: KPAs =		(Column D) x (Multiply by 80%) =		(Weighted total KPAs)
2. Total: CCs =		(Column H) x (Multiply by 20%) =		(Weighted total for CCs)
3. Total: KPAs + (plus) CCs (Result of 1. above + 2. above) =				TOTAL ASSESSMENT RESULT (Out of 5)

(Total out of ----/ 3 x 100%) _____ / 3 x 100 = _____ %

PERFORMANCE CATEGORIES

80. In terms of the score, an employee's performance will be rated according to a specific category.

Performance Category	Total Score
Unacceptable performance	49% and lower
Performance not fully effective	50% to 99%
Fully effective	100% to 129%
Performance significantly above expectations	130% to 149%
Outstanding performance Category B	150 +

THE LINK TO REWARD

81. Rewarding in terms of the recognition of outstanding performance will be determined in terms of the level of appointment.

82. These awards are based on performance as measured in terms of the performance management system.

83. Rewards to be paid after the financial year or pro-rata rewards upon termination of an employee's contract, should the employee qualify for a reward/ bonus.

84. Reward to be determined by the average score between Chapter 2 and Chapter 4.

FIGURE: LINKING PERFORMANCE TO REWARD

Performance Category	Total Score	Municipal Manager & Section 57 Manager	Non Section 57 Employees
Unacceptable performance	49% and lower	No reward	Compulsory performance counselling
Performance not fully effective	50% to 99%	No reward	No reward
Fully effective	100% to 129%	No reward	No reward
Performance significantly above expectations	130% to 149%	Bonus between 5% to 9%	Employee is granted two (2) free leave days, i.e. the employee is entitled to a long weekend. The manager/supervisor and employee must agree on the dates for the special leave. This leave to be taken within 6 months from when it was awarded, otherwise it will be forfeited. A leave form to be completed with proof of awarding attached.
Outstanding performance Category B	150 +	Bonus between 10% to 14%	Employee is granted four (4) free leave days, i.e. the employee is entitled to a long weekend. The manager/supervisor and employee must agree on the dates for the special leave. This leave to be taken within 6 months from when it was awarded, otherwise it will be forfeited. A leave form to be completed with proof of awarding attached.

85. Municipal Manager and Section 57 Managers:

- a. A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%
- b. A score of 150% and above is awarded a performance bonus ranging from 10% to 14%

86. Performance is measured against a performance plan i.e. previously established agreed performance standards as well as Core Competency Criteria. A Score is calculated according to prescribed key performance areas and Core Competency Criteria. The amount of the bonus is determined by the total performance score as calculated with the performance rating calculator.

Table 5: Range of Earning (Bonus) as a Percentage of Annual Salary

Points score on a 5-point scale	Translation into percentage	% Performance bonus on the all-inclusive remuneration package
3.90	130.00%	5.00%
4.00	133.33%	5.50%
4.10	136.67%	6.00%
4.20	140.00%	7.00%
4.30	143.33%	8.00%
4.40	146.67%	9.00%
4.50	150.00%	10.00%
4.60	153.33%	11.00%
4.70	156.67%	12.00%
4.80	160.00%	13.00%
4.90	163.33%	13.50%
5.00	166.67%	14.00%

Performance scores below 130% are not eligible for a bonus.

87. Non Section 57 Employees

- a. If an employee is a permanent employee of Council and is thus covered by the conditions of service of the municipality, performance is not directly linked to pay. Currently the employee receives an annually bargained increase determined by the South African Local Government Bargaining Council (SALGBC). These Employees must receive rewards for

performance, but **these Employees receive non cash rewards**, until such time as a national remuneration policy dictates otherwise.

- b. Non Section 57 Employees to be granted free special leave days as indicated in the figure above.
 - i. A score of 130% to 149% is awarded a 2 free days
 - ii. A score of 150% and above is awarded 4 free days

88. Performance is measured against a performance plan i.e. previously established agreed performance standards as well as the Code of Conduct. A Score is calculated according to prescribed key performance areas and Code of Conduct. The reward in the form of leave will be determined by the total score.

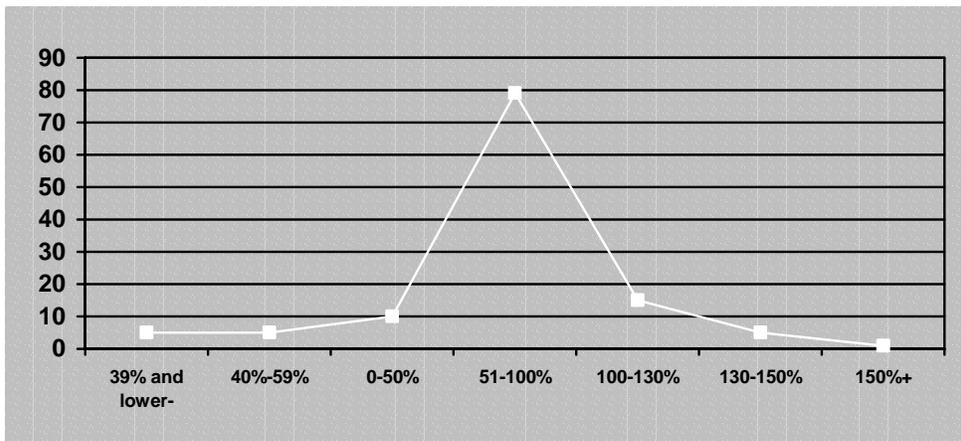
NORMAL DISTRIBUTION CURVE

89. It is however important to ensure that the best performers get the necessary recognition for their outstanding performance taking into consideration the budget and prescriptions according to legislation.

90. All employees will not qualify for rewards.

91. Only a few employees will be extremely bad performers (Between 0-40%), most of the employees will Score 100%, which means they are correctly placed and performing as expected of them and only a small percentage of employees to be allocated a score of 130+ who will then be regarded as outstanding performers and will qualify for recognition.

FIGURE: NORMAL DISTRIBUTION CURVE



THE LINK TO REWARD – BARGAINING UNIT EMPLOYEES

92. Staff that have not signed fixed term contracts within the Municipality remain permanent Employees of the Municipality and are subject to the conditions of service of the bargaining council. This means they receive an annual agreed increase negotiated through the National Local Government Bargaining Council.

NON-CASH REWARDS

93. There are a number of advantages of non-cash rewards:

- a) The “memory value” is high
- b) The reward is reinforced by peer admiration
- c) They can be tailored to organisation goals and individual preferences
- d) The company can control the duration and impact of these type of awards
- e) The reward can be instant and frequent

Guiding Principles of a non-cash reward scheme

94. The following principles are used to guide the use of non-cash recognition and reward systems:

PRINCIPLE	PRACTICAL INTERPRETATION
Maintain the Value System of the Municipality	Ensure that our key values are followed and reflected in what and how we recognise people’s efforts i.e. being accountable to the community and open to scrutiny, producing work that meets the service delivery requirements of our city; ensuring equity and anti-discrimination as well as fair and consistent treatment of staff and customers; and finally encouraging individuals to accept responsibility for their work and contribution to the city
Gain Commitment	Employees should be consulted and participate in the design – where appropriate.
Minimise Manual Work and use simple systems to operate	Have a simple, easy to administer formal recognition scheme.
Put responsibility with those that do the work	Line Managers in the municipality should be responsible for manager initiated recognition.
Match the Reward to the person	Know the person, and use ways and means that you understand will be aligned with their personal preferences. Reward what you value, with something they value. (Don’t give a vegetarian a biltong hamper!!!)
“Reward in Public – discipline in private”	If not made public, recognition loses much of its impact and defeats the purpose for which it is provided – be open and unashamed.

Match the reward to the achievement	Customize to the significance of the achievement e.g. someone who successfully completes a two year project should be rewarded with more than someone who did you a favour.
Be timely and specific	To be effective, reward/recognition needs to be given as soon as possible after the desired behaviour or achievement. Make sure that people understand why they receive rewards – thus providing context for the achievement.
Recognise recognition	Recognise people who recognise others for doing what is best for the municipality. Good managers manage, but good leaders lead.

TYPES OF NON CASH REWARDS

95. There are three types of non cash rewards within the performance management system:

- a) **Formal Rewards Linked to personal scorecards/ performance evaluation** – this reward is allocated to an individual and is determined by the score on the employee's scorecard. It is given out at the end of the formal review in July.
- b) **Achievement Awards** – these rewards measure the achievements of an individual or functions/department against other individuals or functions/departments. They do not therefore link directly to the performance management system of Employees, but are an additional effective way to encourage and recognise high performance.
- c) **Informal rewards** – very low cost and linked to motivational team building.

Formal rewards linked to performance evaluation for Non Section 57 Employees

96. Employees who perform well and receive an above average rating during their performance appraisal, but who do not qualify for financial rewards are eligible to receive some form of non-financial reward. These non-financial rewards are given separately from the pay and benefits package and recognise specific achievements identified during the performance appraisal. These are reflected in table 6.

Table 6: Formal Reward link to Personal Scorecard

Score Obtained on Performance Agreement	Non- financial reward (the Employee may be eligible for ONE of the options listed below)
150% +	Employee is granted four (4) “free” leave days. The Manager/Supervisor and Employee must agree on the dates for the long weekend. This leave must be taken within six (6) months of it being awarded otherwise it will be forfeited.
130-149%	Employee is granted two (2) “free” leave days i.e. the Employee is entitled to a long weekend. The Manager/Supervisor and Employee must agree on the dates for the long weekend. This leave must be taken within six (6) months of it being awarded otherwise it will be forfeited.
100 - 129%	No reward
50 - 99%	No reward
49% and lower	Compulsory performance counselling

97. Rewarding of awards subject to approval by the Municipal Manager as Head of the Quality Assurance Committee.

Achievement rewards

98. The management to decide on a specific achievement reward system to be applicable for a specific financial year.

99. Broadly, such awards are for an Employee that has displayed special qualities during the period, who has received positive recognition externally, or has in some way contributed to the image of their team. It must be a person that through showing some initiative has added value to the team/Council. Ideally the award should go to someone who has positively enhanced the image of their team.

100. Below are five types of possible awards.

- (a) Team Member of the Month
- (b) Team Member of the Year
- (c) Manager/ Supervisor of the Year
- (d) Section / Department of the Year
- (e) Best improved employee of the Year

101. Heads of Departments to introduce the reward system as chosen by the management of the Municipality in line with the availability of funds.

Informal Rewards

102. The management of the municipality to decide on Informal Rewards to be initiated during a specific financial year.

103. Informal Rewards are spontaneous rewards and forms of recognition that can be implemented with minimal planning and effort, by any level of manager or colleague of Employees. As part of the performance reward scheme, managers must plan to make use of some of the informal rewards. The following 'menu of options' are considered, (whilst by no means exhaustive):

NO COST

- Call an employee into your office just to thank them – don't discuss any other issue.
- Post a thank-you note on their desk or personal computer.
- Have a member from the senior management team call the employee to thank him/her for the job well done, or have him/her visit the employee at his/her place of work.
- Write them a personalised (handwritten) letter of thanks or a thank you card.
- Publish their achievements on the Notice Boards or Internal newsletters.

LOW COST

- Arrange a meal out for employee and spouse.
- Sponsor a visit to the Health Spa or Beauty Parlour.
- Cover the person's desk with balloons/flowers.
- Give a magazine subscription.
- Tickets to local events.
- A cap

- A key ring/case
- A tie
- A calculator
- A wallet
- An umbrella
- A pair of sunglasses
- An engraved pen & pencil set
- A sports shirt / ladies blouse
- A clock or watch

THE APPEALS PROCEDURE

104. Where an employee disagrees with the scoring determined during any quarterly performance review or annual appraisal, an appeal against the determination may be made. In the case of the Municipal Manager, such an appeal is made in the first instance to the Mayoral Committee; hereafter the dispute resolution mechanism contained in the performance agreement is followed. For all other Section 57 Employees, the appeal is directed to the Mayor hereafter the dispute resolution mechanism contained in the performance agreement is followed.

105. For all other Employees, appeals are directed to the Municipal Manager; if no resolution can be reached, the matter is referred to the Mayor for final decision.

MANAGING POOR PERFORMANCE

106. Should an Employee not be achieving the objectives in his/her performance agreement the Manager/Supervisor should assist the Employee by managing his/her performance more closely. It is **not** appropriate that the first time an Employee hears about his/her non-performance is at the formal performance review. Employees **must** be coached and given feedback throughout the year.

107. Whenever a score of 2 or 1 is allocated the poor performance needs to be addressed.

108. A Personal Development plan with development needs to be completed after the formal review sessions.

109. Training and development needs to be addressed to ensure the optimal development of employees and effective and efficient service delivery.