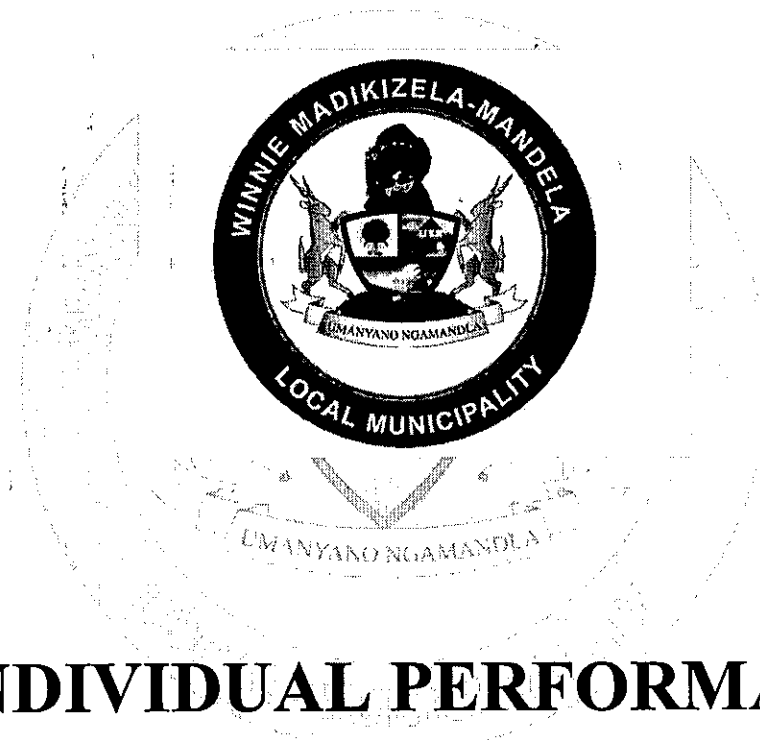


WINNIE MADIKIZELA MANDELA LOCAL MUNICIPALITY



INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM POLICY

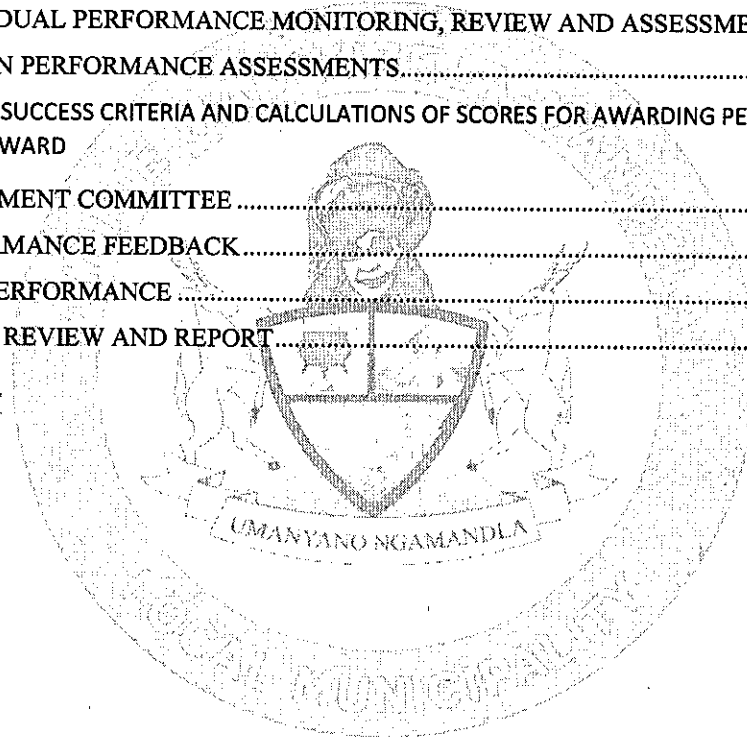
Approved by the COUNCIL on:

13 May 2022

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1. PREAMBLE

WHEREAS the Municipality accepts that its employees are its greatest asset and are key to its ability to fulfil its Mission and Vision and achieve its strategic objectives;

WHEREAS the Municipality remains committed in developing the skills and abilities of its staffing compliment;

WHEREAS the Municipality wishes to maximise performance of its core business and other administrative duties championed by its staff;

WHEREAS the Municipality endeavours to provide the organisation with a framework and tools necessary to ensure that a culture of performance management is developed and managed in a formal and accountable manner;

WHEREAS the Municipality has the intention of building a working environment where each staff member is made to be accountable for performance in his/her work station;

NOW THEREFORE BE IT ENACTED that the Municipality adopts the Individual Performance Management System Policy.

2. DEFINITIONS

- 2.1. **Annual Performance Assessment:** means the final performance assessment or review of an employee that takes place at the end of the performance cycle.
- 2.2. **Assessment Instrument:** means asingle performance assessment tool that is used to assess the performance of an individual employee in relation to the achievement of key Performance areas and core management criteria or generic assessment factor as contained in the work plan of the performance agreement.
- 2.3. **Core Management Criteria /CMC:** means an element of knowledge, skill or attribute that is directly related to effective performance in a job.
- 2.4. **Feedback:** means objective and timely information by the manager/supervisor on the employee's performance against set expectations and standards, understood by the staff member, and aimed at improving performance.
- 2.5. **Generic Assessment Factor:** means an element used to describe and assess performance, taking into consideration knowledge, skill and attributes.

- 2.6. **Key Performance Area /KPA:** means an area of a job in which performance is critical for making an effective contribution to the achievement of Municipal Strategies, goals and objectives.
- 2.7. **Output:** means a concrete result or achievement (i.e. product, action or service) that contributes to the achievement of a Key Performance Area.
- 2.8. **Performance Agreement:** means a document agreed upon and signed by an employee and her or his supervisor, which includes a description of the job, selected KPA's and CMC's/GAF's, a work plan and the employee's personal development plan.
- 2.9. **Performance Cycle:** means a 12 (twelve) month period for which performance is planned, managed and assessed. It must be aligned to the same period as the Municipal Integrated Development Plan(i.e. July to 30 June of the following year).
- 2.10. **Performance Incentives/Awards:** means a set of non-financial rewards that may be contained in the Municipal Performance Scheme.
- 2.11. **Performance Indicator:** means a measure used to gauge extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
- 2.12. **Performance Standard:** means mutually agreed criteria to describe work in terms of time-lines, cost and quality and/or quality to clarify the output and related activities of a job by describing what the required result should be. In this framework, performance standards are divided into indicators and the time factor.
- 2.13. **Performance Review:** means a structured and formal, at least half yearly, discussion between supervisor and employee to monitor progress, resolve problems and adjust work plans during the performance cycle, thereby providing an opportunity for improvement before the annual review take place.
- 2.14. **Rating:** means the allocation of a score to a KPA, a CMC/GAF and /or overall performance in accordance with the five point rating scale.
- 2.15. **Work Plan:** means a document which is part of the performance agreement and which contains key performance areas, associated output/activities and their performance standards and resource requirements.

3. LEGAL FRAMEWORK

- 3.1. Labour Relations Act 66 of 1995
- 3.2. Skills Development Act 97 of 1998
- 10 3.3. Basic Conditions of Employment Act 75 of 1997

- 3.4. Local Government: Municipal Systems Act 32 of 2000
- 3.5. South African Local Government Bargaining Council Main Collective Agreement

4. OBJECTIVES OF THE POLICY

- 4.1. To capacitate employees to manage their performance by setting objectives and goals to all parties and attainment is easily measured and verified;
- 4.2. To develop employees in order to ensure that performance targets are met and recognised and/or reward instances where performance exceeds the output criteria;
- 4.3. To assist employees in instances where performance falls short of the required standards and to ensure a culture of performance optimisation that must be institutionalised throughout the Municipality.
- 4.4. To provide standards and procedures according to which employees' performance shall be managed.

5. SCOPE OF THE POLICY

- 5.1. This policy shall apply to all employees of the Municipality;
- 5.2. This policy shall not apply to councillors or any other members of council;
- 5.3. This policy shall remain applicable for as long as it is in force and / or up until such a period that it is reviewed and/or set aside by the Municipality or any other institution with the authority to do so.

6. GUIDING PRINCIPLES

- 6.1. Manage performance in a consultative, supportive and non-discriminatory, fair and consistent manner.
- 6.2. Performance management processes shall be developmental, and allow for recognition of above average performance, and for effective response to performance that is below average.
- 6.3. Performance management serves as an ongoing process that involves planning, assessment, reviewing and rewarding.

7. PERFORMANCE CYCLE

- 7.1. The performance cycle is a 12 months and shall commence 1st July to 30 June the following calendar year.
- 7.2. The targets of each employee for every performance cycle will be linked to the achievement of IDP objectives, which represent the targets of the Municipality as the whole.

8. INDIVIDUAL PERFORMANCE AGREEMENT / PLAN

- 8.1. Employees shall be provided with a written contract of employment (appointment letter) which includes the terms and conditions of her/his service.
- 8.2. Agreements on performance are further more negotiated through the performance management and development system.
- 8.3. All employees shall be required to enter into and sign performance agreement with the Supervisor/line Managers, two months prior to the commencement of the performance cycle, or within two months after date of assumption of duty for newly appointed employees.
- 8.4. Performance of the Municipal Manager, Senior Managers and Managers shall be done annually, and Senior Officers, Coordinators, Officers shall be assessed bi-annual.
- 8.5. Performance Agreements shall also provide for the identification and inclusion of the Core Management Criteria (CMC) as well as the generic assessment factors (GAFs). Generic Assessment Factors are applicable to salary TASK Grades 3 to 12, while Core Management Criteria are applicable to salary TASK Grade 13 - 15 (Middle Managers).
- 8.6. The format of Performance Agreement is applicable to salary TASK Grade 3-15 and shall be based on the departments Service Delivery and Budget Implementation Plan (SDBIP) and employee's job description.
- 8.7. A Work Plan containing the job Key Results Areas and Key Performance Indicators as well as target dates shall be completed by the employee and his/her Supervisor/Line Manager.

9. PERSONAL DEVELOPMENT AND IMPROVEMENT PLAN

- 9.1.** Development planning is one of the key outcomes of the Performance Management System, helping employees to improve their performance. Development planning shall be conducted after every quarterly performance progress review between supervisor and employee and shall include:
- 9.1.1.** Identification of any training needs (i.e. skills gap) arising from the appraisal of performance - and development against Work Plan, i.e. training needs for the current; and
 - 9.1.2.** Discuss of career plans and further development needs for employees to broaden their skills or prepare them to higher level positions, i.e. training needs for future jobs.
- 9.2.** In the development of performance Agreements a development plan shall be drawn up to ensure that the employee identity training needs and capabilities required to achieve agreed KRA as indicated in the Work Plan.
- 9.3.** During the development of a Work Plan the supervisor and employee shall have a thorough discussion and prioritise the required capabilities in terms of training needs at the beginning of each quarterly assessment period. Shortcomings in capabilities indicate training needs.
- 9.4.** In the instances where an employee failed to meet the expected performance standard as agreed in the Work Plan, the supervisor and employee will implement a Performance Improvement Plan to assist in overcoming the identified shortcomings.

10. INDIVIDUAL PERFORMANCE MONITORING, REVIEW AND ASSESSMENT

- 10.1.** The departments shall conduct performance review as integral part of the Performance Management and Development System and as part of monitoring process. These reviews must take place as often as is practical and/or required by areas that need improvement and if required reviewal of the Performance Agreement / Plan.
- 10.2.** Senior Managers should ensure that formal performance assessment are conducted and reported quarterly. Annual appraisal shall be conducted at the end of the financial year, which shall be in July of each year. Performance Evaluation and or assessment of all employees shall be conducted on a bi-annual basis as set out in the table below:-

ASSESSMENT QUARTER	ASSESSMENT PERIOD	REPORTS SUBMISSION DATE
Third Quarter	January – March	
First Quarter (of the following financial year for annual assessments of the previous financial year)	July - September	

10.3. The following five categories of performance shall be used for the purpose of performance rating, review and the annual assessment of employees:

RATING	CATEGORY	PERCENTAGE %	DESCRIPTION
1	Unacceptable Performance	69% and below	The performance of employee does not meet the standard expected for the job. It indicates that the employee has achieved less than fully effective results as specified in the Performance Agreement and work plan.
2	Performance not fully effective	70% - 99%	The employee meets some of the standards expected for the job. He/she has achieved less than fully effective results against more than half of the performance criteria as specified in the Performance Agreement and work plan.

3.	Fully effective (and slightly above expectations)	100% - 114%	Performance fully meets the standards expected for the job. The job holder has achieved as a minimum effective results against all of performance criteria as specified in the Performance Agreement and work plan.
4.	Performance significantly above expectations	130% - 149%	Performance is significantly higher than the standard expected in the job. The jobholder has achieved better than fully effective results against more than half of the performance criteria as specified in the Performance Agreement and work plan.
5	Outstanding Performance	150% and above	The employee achieved excellent/exceptional results the performance far exceeds the standard expected for jobholder at this level. The jobholder has achieved better than fully effective results against all of the performance criteria as specified in the Performance Agreement and work plan

10.4. Performance Award shall be granted to an employee who has been 12 months in the position and has performed outstanding and above average. Performance bonus enhances performance if well managed.

11. STEPS IN PERFORMANCE ASSESSMENTS

11.1. Self Assessment- the employee whose performance is being assessed shall:

- 11.1.1. Assess his/her own progress according to his/her performance agreement and work plan during the period under review and allocated performance ratings;

- 11.1.2. Bring to his/her supervisor's attention significant other outputs that were delivered during the period which are not contained in the performance plan and/or performance which he/she regards as meritorious;
 - 11.1.3. Provide inputs on areas of performance, which the Manager has identified and not being fully effective;
 - 11.1.4. Review his/her performance agreement for validity; and
 - 11.1.5. Discuss and initiate possible amendments to the performance agreement.
- 11.2. Supervisory Assessment-**The Supervisor shall when assessing his/her subordinate:
- 11.2.1. Assess employee's performance according to the performance agreement and the work plan during the period under review and allocate performance rating;
 - 11.2.2. Give recognition to the employee for good performance, recognise the outputs that were delivered during the period under review;
 - 11.2.3. Recognise other significant outputs that were delivered during this period which are not contained in the work plan which he/she regards as being meritorious;
 - 11.2.4. Identify performance areas which have been regarded as being not fully effective and allow the employee opportunity to give his/her input during the session.
- 11.3.** If the Supervisor and the employee agree on the overall score during the assessment, the supervisor then submits the provisional assessment to the next level of supervision for consideration and review. The provisional assessment ratings are then submitted to the Assessment Committee.

12. TARGET SUCCESS CRITERIA AND CALCULATIONS OF SCORES FOR AWARDING PERFORMANCE BONUS / REWARD

12.1. The assessment of the performance of employee will be based on the following rating scale for KPAs / KRAs and CCRs / GAFs or overall target success criteria will be assessed on a scale of 1 to 5 as follows:

- 1 = Unacceptable performance (69% and below)
- 2 = Not fully effective (70% - 99%)
- 3 = Fully effective (100 – 129%)
- 4 = Performance significantly above expectations (130 -149)
- 5 = Outstanding Performance (150% and above)

12.2. The following scoring methodologies shall be used by the individual, Supervisor and / or the panel member / s (whichever is applicable)

12.1.1. Individual scoring

- Individual shall score their key performance responsible areas on actual targets which shall be categorised under the following arithmetic and logic values:
- Yes / No
- Percentage
- Numeric
- Currency

12.1.2. The Panel Scoring

- The panel scoring shall be based on the rating set out in section 12.1 of this policy.
- The panel shall utilise a generally accepted tool to adjudicate their scoring.
- The panel score shall be influenced by quality, target and cost.
- The panel shall consider the following criteria when conducting the final assessment:
 - Number of tasks complete vs. the number of tasks planned.
 - Number of tasks completed on-time

12.1.3. Notwithstanding clause 12.2.2 above, where assessment by the supervisor has to be done / conducted, the same principle shall be used.

12.2. The following table will be used to determine payment of performance bonus to performance contract employee:

FINAL SCORE	BONUS / REWARD
150 and above	10% to 14% of the annual total remuneration package
130% to 149%	5% to 9% of the annual total remuneration package
100% to 129%	Fully Effective – No performance bonus.
99% and below	Compulsory Performance Counselling and no performance bonus

12.2.1. The above table shall be normalised as follows:

RANGE	SCORE	% BONUS
150 AND ABOVE	166 and above	14
	165	13.9
	164	13.8
	163	13.705
	162	13
	161	12.9
	160	12.85
	159	12.565
	158	12
	157	11.995
	156	11.71
	155	11.425
	154	11
	153	10.855
	152	10.57
	151	10.285
150	10	
RANGE	SCORE	% BONUS
130 AND 149	149	9
	148	9
	147	9
	146	6
	145	8.6
	144	8.5
	143	8.4
	142	8

141	7.5
140	7.4
139	7.2
138	7
137	6.8
136	6.5
135	6.4
134	6
133	5.6
132	5.4
131	5.2
130	5

12.2.2. This rating and scoring mechanism shall apply to all performance contract employees.

12.2.3. The final rating and scoring payment of performance bonus / reward will be based on the annual performance review and assessment.

12.2.4. Such final rating and scoring will be verified and ratified by the respective performance review panel as set out in this policy.

12.2.5. The following formula shall be used to calculate total scores for awarding performance to the performance bonus:

- a) Weight x Final score per KPA = V x 80% (for KPA) = score for each KPA
- b) Add up all KPA scores to get a total sum = W
- c) Weight x Final score per CMC = Y x 20% (for CMC) = score for each CCR
- d) Add up all CCR scores to get a total sum = Z
- e) W + Z = Total score (percentage).

12.2.6. Notwithstanding 3.5 above, this score shall be out of 200 points, and the final bonus calculation shall be scored as follows: calculation of score:

$$\text{KPA's} = \text{total points} \times 80 / 100 = \text{answer} +$$

CCRs = total points x 20 / 100 = answer (which is your total score)

13. ASSESSMENT COMMITTEE

13.1 The Assessment Committee shall receive the provisional assessment ratings of all employees reporting to it, review and compare to validate the ratings. The Assessment Committee shall then confirm and approved the final assessment rating score.

13.1. The Assessment Committee shall be chaired by the Senior Manager: Corporate Service, Senior Managers from other respective and Human Resource Manager serving as a scribe.

13.2. The Assessment Committee shall monitor the performance management process by obtaining overall senses of whether norms and standards are being applied consistently to employees on the same level in the Municipality.

The Assessment Committee has the power to recommend downscaling of performance awards and the Municipal Manager has the final decision.

14. PERFORMANCE FEEDBACK

This entire process of agreeing, monitoring and assessing the performance of the employee should be conducted in a participative and transparent manner. In particular the Performance Agreement and the final assessment scores are required to be signed by both supervisor and employee.

15. POOR PERFORMANCE

15.1. Supervisors are required to firstly identify and then deal with poor and/or unacceptable performance of all employees under their supervision within the performance cycle.

15.2. The rating of the employee's performance as "unsatisfactory" at the annual performance appraisal discussion should not be the first indication of the employee's shortcomings. The performance control, monitoring and development stage, including the performance reviews, provide the opportunity to ensure this does not happen.

15.3. Intervention by the supervisor to overcome performance shortfall on the part of the employee can include any or all of the following:

15.3.1. Personal Counselling;

- 15.3.2. On-the-job coaching;
 - 15.3.3. Formal training/re-training;
 - 15.3.4. Restarting the work plan performance requirements;
 - 15.3.5. Work environment audits to establish if there are other factors affecting performance.
- 15.4. Should the employee not respond to reasonable attempts to improve performance and an overall performance assessment score of less than 40% is the result of the appraisal process, the employee must be formally registered on the “Incapacity Programme “and advised of this in writing.

16. POLICY REVIEW AND REPORT

- 16.1. The policy document shall be reviewed annually and/or when deemed necessary especially if there is a change in Collective agreement or legislation and submitted as part of the budget approval process.

Signed on the 22 day of 06 2021



Municipal Manager

