



**REVIEWED PERFORMANCE  
MANAGEMENT SYSTEM POLICY  
2017**

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## 1. GLOSSARY OF TERMS

Term	Definition
Assessment:	The measurement of data by means of a scoring process to assess if targets were reached. The term assessment is used within this policy as synonymous to review and appraisal.
Baseline:	Estimate current level or measure of a situation.
Core Competency Requirements (CCR):	Refer to behaviours and skills that are considered core to achieving the key performance areas and ultimately the strategic objectives and key performance areas of the Municipality. It is the culmination of a specific unique set of skills that provide a structured guide enabling the identification, evaluation and development of behaviours in individual employees. These include the values of the organisation.
Dispute:	A disagreement that an employee has elected to resolve in terms of applicable legislation and collective agreements (i.e. the 'formal' dispute resolution procedure).
Employee:	A person employed by a Municipality. This includes all managers defined in Section 57(1) (a) (b) of the Municipal Systems Act, No 32 of 2000, employees in the full-time employment and fixed term contract employees in the employment of the City of Polokwane.
Employee Performance Management:	The human resource management process concerned with ensuring the best performance of individuals in an organisation to ensure organisational performance. It involves an understanding of what needs to be achieved and then managing and developing people in a way that enables the achievement of Municipal objectives.
Individual Performance Scorecard:	A Performance Plan/ Scorecard reflects the performance expectations of an incumbent for a specific year and sets out the outcomes and outputs against which performance is expected together with the standard of delivery, reflected as targets.
Key Performance Area (KPA):	A broad area of performance for which the incumbent will be held responsible. It is one of the elements to be reflected in the Performance Scorecard.
Key Performance Indicator (KPI):	Can essentially be described as the performance dimension that is considered key in measuring performance. KPIs refer to programmes, projects or tasks to be undertaken by an employee within a specific time period. It should be defined in respect of each KPA and should

Term	Definition
	be seen as measurable outputs.
Logic Model	A logic model is a tool used to evaluate the effectiveness of a programme/ project. Logic models are usually a graphical depiction of the logical relationships between the resources, activities, outputs and outcomes of a programme/project.
Monitoring and Evaluation	Refers to processes of monitoring a program and evaluating the impact it has on the target population in order to assess the success and gaps in program implementation.
Organisational Performance Management:	Organisational performance management entails the development of priorities aligned to the Municipal strategy inclusive of the development of strategic goals (ultimate outcomes) strategic objectives (intermediate outcomes), strategies/interventions (direct outcomes), projects (outputs), activities/processes (ward plans), performance indicators, baselines and targets. It aims to define and direct performance at an organisational level towards achieving annual targets.
Performance Input:	Resource consumed in business activities and processes, such as money, labour, time, equipment, etc. - measures economy and efficiency.
Performance Management System:	According to S38 of Act 32 of 2000 a Performance Management System must be established by a Municipality to commensurate with its resources, best suited to its circumstances and is in line with the priorities, objectives (outcomes), indicators and targets contained in its Integrated Development Plan (IDP). Its design should direct the behaviour of Municipal employees towards achieving the organisation's mandate as stipulated in its IDP.
Performance Output:	A description of the level of activity or effort that will be provided over a period of time or by a specific date, including a description of the characteristics and attributes (e.g., timelines) established as standards in the course of conducting the activity or effort.
Target:	Is a standard to which a KPI must be achieved and should be reflected in terms of measures such as time, quality and quantity.
Panel and 180-Degree Assessment:	Refers to a top-down and bottom-up appraisal and feedback system where the performance of an incumbent is assessed by him/herself and his/her peer/s and/or manager/s.

Term	Definition
Performance Agreement:	Explains what the employee's responsibilities are in terms of the performance management system.
Personal Development Plan:	A plan that is developed to show what training and development activities are required for each employee.
Rating:	The classification or ranking of something based on a comparative assessment of the quality and standard of performance.
Results/Outcomes Based Management	Is a management approach by which an organization ensures that its processes, products and services contribute to the achievement of clearly stated articulated results/outcomes in its strategy.
Weighting:	An indicator of the relative importance of a metric with respect to the other metrics within the same objective.

## **2. PREAMBLE**

The implementation of an Organisational Performance Management System necessitates the inclusion of an Employee Performance Management System, so as to ensure that strategic goals (ultimate outcomes) and strategic objectives (intermediate outcomes) of the organisation are interpreted and delivered by employees.

The Organisational and Employee Performance Management Policy is applicable to all employees of the City of Polokwane. The legislative environment requires the filtering down of the Performance Management System to employee levels lower than the Municipal Manager and Managers directly accountable to the Municipal Manager. Legislation does not, however, prescribe performance management practices at lower levels. In terms of section 67 of the Municipal Systems Act no 32 of 2000, a municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including (d) the monitoring, measuring and evaluating of performance of staff.

Varied responsibilities and contractual arrangements with individual employees' present obstacles to promoting a unified performance management culture. For this reason the Policy aims to align all performance management practices. Where required, distinction is made between the application of the Policy for Top Management and other Municipal employees. The PMS Policy integrates various legislative and also unique Municipal Management requirements, inclusive of:

- ❖ Labour Relations Act, No 66 of 1995.
- ❖ The Constitution, Act No 108 of 1996.
- ❖ White Paper on New Employment Policy in the Public Sector, 1997.
- ❖ Local Government: Municipal Structures Act No 117 of 1998.
- ❖ Local Government: Municipal Systems Act 32 of 2000; Local Government: Municipal Systems Amendment Act 2003 and Local Government Municipal Systems Amendment Bill, 2010.
- ❖ Municipal Planning and Performance Management Regulations and Guidelines, Notice 7146 of 2001.
- ❖ Local Government: Municipal Finance Management Act No 53 of 2003 and MFMA Regulation 493 of 2007.

- ❖ Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006.
- ❖ Government Wide Monitoring and Evaluation Framework.
- ❖ 12 Outcomes of Government with specific emphasis on Outcome 8 and 9.
- ❖ Performance and Delivery Agreements.

### **3. PURPOSE**

The Municipal Systems Act, 32 of 2000 and the Performance Management Regulations of 2001 and 2006 stipulate that Municipalities should develop Performance Management Systems to confirm the intention, implementation, monitoring and review of its Integrated Development Plan's priorities. Alignment between organisational and employee performance management is imperative to ensure the above.

- The purpose of the City of Polokwane Organisational and Employee Performance Management Policy is to regulate the effective implementation of the performance management requirements for employees of the Municipality based on legislative requirements.
- It provides for a mechanism by which management shall give direction regarding the achievement of organisational goals (ultimate outcomes) and objectives (intermediate outcomes).
- It is derived from the Performance Management Framework (2011) of the City of Polokwane – aimed at incorporating organisational and employee performance management. The Policy thus outlines how Polokwane Municipality responds to the requirement of Chapter 6 of the Municipal Systems Act.

### **4. THE EXPECTED OUTCOME OF THE POLICY**

The expected outcome of the application of the Organisational and Employee Performance Management Policy is that:

- ✓ The Integrated Development Plan (IDP) will be interpreted in the Organisational, Departmental, Strategic Business Unit Scorecards;
- ✓ Employees of the Municipality will collectively execute their obligation towards the community as expressed in the Integrated Development Plan (IDP) and

Organisational, Departmental and Strategic Business Unit Scorecards resulting in the development of Individual Performance Plans/Scorecards annually as interpreted in the Service Delivery Budget Implementation Plan (SDBIP) and Lower Service Delivery Budget Implementation Plan (LSDBIP); and

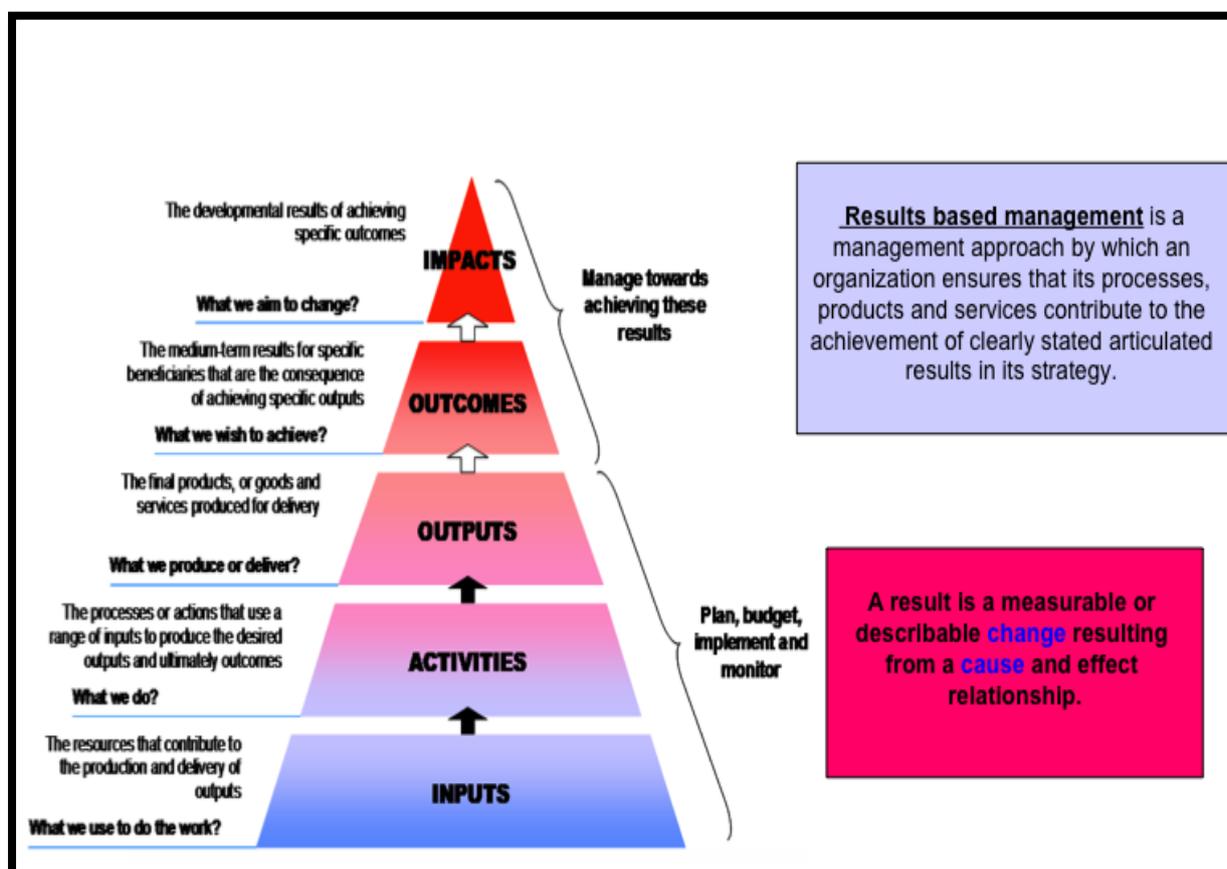
- ✓ Employees will gain an understanding of how they can contribute towards the attainment of the vision, mission, priorities, strategic goals (ultimate outcomes) and objectives (intermediate outcomes), key performance areas and key performance indicators of the Municipality.

With the above in mind the Policy focuses on describing in broad terms:

- ✓ How employee performance management activities should be planned
- ✓ How cascading to all levels will promote accountability and improved individual employee performance
- ✓ How to collect process and report on performance information.
- ✓ How employees must be actively involved in the management of their own performance in an accountable manner
- ✓ How incentives and rewards should be structured
- ✓ How to take practical steps to improve on performance on the basis of information obtained

City of Polokwane has adopted Results/Outcomes Based Management as their planning methodology aligned to Government Wide Monitoring and Evaluation Framework. The methodology utilises the logic model to articulate the results to be achieved. The model promotes cascading of performance at all levels. See Figure 1 below:

**Figure 1: The Logic Model**



## 5. SCOPE OF APPLICATION

This policy is applicable to all employees of Polokwane Municipality. More specifically, this policy shall be applicable to following categories of employees:

- ✓ Employees referred to in the Municipal Systems Act as Section 57 Employees i.e. the Municipal Manager and the managers reporting directly to the Municipal Manager;
- ✓ Employees who are permanent employees of the Municipality and fall within the ambit of the Local Government Collective Bargaining Council; and
- ✓ Employees who are employed by the Municipality on fixed term contracts and fall outside of the Local Government Collective Bargaining Council.

## **6. OBLIGATIONS OF THE EMPLOYER**

The employer shall:

- ✓ Create an enabling environment to facilitate effective performance by the employee.
- ✓ Provide access to skills development and capacity building opportunities.
- ✓ Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the employee.
- ✓ On the request of the employee delegate such powers reasonably required by the Employee to enable him/her to meet the performance objectives and targets established in terms of this agreement.

## **7. DEFINITION OF EMPLOYEE PERFORMANCE MANAGEMENT**

Employee Performance Management may be defined as the process of creating a work environment in which employees are enabled to perform to the best of their abilities, so as to ensure the achievement of organisational goals (ultimate outcomes) and objectives (intermediate outcomes). It is a continuous process of clarifying job responsibilities, priorities and performance expectations to ensure optimum performance. It is one of the key processes that, when effectively carried out, helps employees understand their contribution towards organisational performance achievements.

Employee performance management therefore culminates in a methodology of cascading and integration between organisational, departmental, business unit and employee performance. It includes clarifying expectations, setting outputs and targets, providing feedback and evaluating results. Employee performance management involves a planned process that provides the opportunity for both the manager/supervisor and employee to identify, focus on and review the intended contributions towards the achievement of the mission and strategic goals (ultimate outcomes) of the organisation. It establishes a shared understanding about what is to be achieved and how it is to be achieved. It is an approach to manage people to increase the probability of achieving success.

## **8. OBJECTIVES OF THE ORGANISATIONAL AND EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM**

The overall objective of implementing and sustaining effective employee performance management is to build human capital at strategic and operational levels throughout the Municipality. To achieve this objective an Organisational and Employee Performance Management System is implemented to provide administrative simplicity, maintain mutual respect between managers and employees, and add value to day-to-day communication about performance and development issues.

More specifically, the Organisational and Employee Performance Management System focuses on:

- ✓ Ensuring compliance with legislative requirements in terms of performance management.
- ✓ Translating Municipal strategies into individual performance priorities.

- ✓ Aid in the assessment of employee performance against objectives whilst considering the utilisation of resources.
- ✓ Allowing employees to become more actively involved in achieving organisational goals (ultimate outcomes) and be accountable for their own performance by instilling a performance-oriented culture.
- ✓ Drive organisational values, culture and desired leadership behaviour through rewarding these elements.
- ✓ Promote a clear work ethic, customer orientation and a culture of professionalism, accountability and delivery.
- ✓ Build human capital at strategic and operational levels throughout the City of Polokwane in line with the mission of the Municipality.

## **9. PRINCIPLES OF THE ORGANISATIONAL AND EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM**

The Performance Management System is founded on the following sound and proven principles:

- ✓ Simplicity
- ✓ Legislative Acceptance
- ✓ Implementability
- ✓ Transparency and accountability
- ✓ Efficiency and sustainability
- ✓ Community participation
- ✓ Integration
- ✓ Objectivity

## 10. KEY ROLE-PLAYERS

Various political and administrative structures impact on employee performance. A brief description of the roles of these structures is provided below.

**Table 1: Key Role-Players in the Employee Performance Management Process**

Role Player	Role
<b>Executive Mayor</b>	The Executive Mayor may assign the management of performance (organisational and employee) to the Municipal Manager. The Mayor is responsible for dispute resolution regarding performance management matters (nature of performance agreement and performance evaluation) of the Municipal Manager and Managers directly accountable to the Municipal Manager.
<b>Municipal Manager</b>	It is the responsibility of the Municipal Manager to ensure the effective and efficient design, development and implementation of an Organisational and Employee Performance Management System. The Municipal Manager will accept overall accountability for service delivery of the agreed performance indicators as stipulated in the IDP and SDBIP of the organisation, and will be accountable to the Executive Mayor at agreed intervals.  In addition, the Municipal Manager is responsible for ensuring proper monitoring, assessment and review of the Organisational and Employee Performance Management System. The Municipal Manager will delegate responsibility and accountability to Directors and Managers.
<b>Directors</b>	Directors are responsible for the effective coordination of employee performance by developing objectives and indicators with employees in such a way that continuous improvement is encouraged. They should enter into the Performance Plans with employees and the delegation process shall be cascaded down to all levels within each Department.  Directors are further responsible for using the performance management process to monitor and coach employees; including providing continuous feedback and assessment. Based on assessments, managers are responsible for managing poor performance and recognise and reward good performance.
<b>Individual</b>	Roles and responsibilities of individual employees within the performance

Role Player	Role
<b>Employees</b>	<p>management framework include:</p> <ul style="list-style-type: none"> <li>✓ Taking responsibility for the standard of his/her own performance by improving output quality</li> <li>✓ Developing and implementing action plans so that set objectives can be achieved</li> <li>✓ Asking their manager for information, help or advice to assist them in meeting set targets</li> <li>✓ Making suggestions on how they can improve their performance</li> <li>✓ Keeping their manager informed about any problems that will negatively affect the achievement of set targets</li> <li>✓ Keeping their manager informed about how well they are doing in relation to their objectives</li> </ul>
<b>Human Resources</b>	<p>The Human Resource Department is to provide guidelines, advice and instruments and will manage quality control of employee performance management efforts. They are also responsible for informing the Municipal Manager on required procedures and structures.</p>
<b>Strategic Planning, Monitoring &amp; Evaluation</b>	<p>The Strategic Planning, Monitoring &amp; Evaluation oversees and provides guidance on the development and implementation of the Municipal Organisational and Employee Performance Management System.</p> <p>Strategic Planning, Monitoring &amp; Evaluation is the custodian of Performance Management on behalf of Senior Management and has to work closely with the Human Resources Unit which must:</p> <ul style="list-style-type: none"> <li>✓ Conducting follow-up and evaluation studies within the Municipality including attitude surveys to assess the effectiveness of the Employee Performance Management System</li> <li>✓ Testing staff morale</li> <li>✓ Ensuring change management is instilled</li> <li>✓ Based on the findings, make recommendations to senior management to improve the overall Performance Management System</li> </ul> <p>Strategic Planning, Monitoring &amp; Evaluation will further ensure cohesion and alignment between its activities and that of other role-players involved in the</p>

Role Player	Role
	<p>employee performance management process and will work closely with the Human Resources Unit.</p>
<p><b>Assessment/ Evaluation Panel and Moderator</b></p>	<p>Assessment/Evaluation panels are involved in the assessment of employees' performance. Section 27(4)(d) of Regulation 805 provides details on the Assessment/Evaluation panels to conduct the assessment of the Municipal Manager and Managers directly accountable to the Municipal Manager.</p> <p>Assessment/Evaluation panels comprising of the manager of an employee, a peer and employees reporting to the employee, are to be created in cases where employees on other management levels are assessed.</p> <p>A 180° assessment process is to be followed for all other employees, implying the involvement of the employee and his/her direct manager in the assessment process.</p> <p>The Assessment/Evaluation Panel is chaired by the Moderator who is responsible for moderating the assessment process. The Moderator is also responsible for resolving any disagreements that may arise between managers and incumbents. Together with the rest of the Assessment/Evaluation Panel, moderators are responsible for recommending appropriate rewards and incentive schemes for excellent performance</p>
<p><b>Internal Audit</b></p>	<p>Internal Audit is responsible for conducting an independent evaluation of performance assessments. To this effect Internal Audit members may sit in during a number of employee assessments as an observing member to validate the information included in employee Portfolio of Evidence (PoE). Due to the scope of assessments to be conducted, the Internal Audit may not be able to attend all employee assessments, but should attend a dedicated number per level.</p> <p>The Internal Audit is responsible for reviewing performance evidence and quality assurance. They should also actively participate in the final review sessions and approval of incentives with the Performance Audit and Remuneration Committee.</p>
<p><b>Performance Audit and</b></p>	<p>The aim of the Performance Audit and Remuneration Committee is to evaluate and conduct an overall audit of all performance appraisals that were conducted</p>

Role Player	Role
<b>Remuneration Committee</b>	<p>within the Municipality.</p> <p>This includes reviewing the appraisals per manager, level and division to ensure cohesion and the application of similar standards throughout the performance appraisal process.</p> <p>The Performance Audit and Remuneration Committee is a critical body to ensure that confidence can be created in the effectiveness and equity of the Organisational and Employee Performance Management System. This committee is responsible to:</p> <ul style="list-style-type: none"> <li>✓ Ensure that all legislative and regulatory requirements regarding performance management are fulfilled</li> <li>✓ Review and ensure the application of organisational performance management policy and strategies aligned to employee strategies and policies</li> <li>✓ Review the performance of the organisation as a whole</li> <li>✓ Review the performance of the Municipal Manager and direct reports to provide validity to the review process</li> <li>✓ Review and ensure the application of organisational remuneration policies and strategies</li> <li>✓ Ensure the payment of fair, competitive and appropriately structured remuneration</li> <li>✓ Have oversight over the remuneration policies and practices of the organisation</li> <li>✓ Review the findings of the Internal Audit Committee based on documentation made available by this Committee</li> <li>✓ Approve recommendations of performance bonuses as stipulated by Assessment/Evaluation Panels for the Municipal Manager and Managers directly accountable to the Municipal Manager and to give those through to Council for approval</li> <li>✓ Review and recommend financial and formal non-financial performance incentives to other employees and provide a report on the matter to the Executive Management for review and approval</li> <li>✓ Review the performance reward scheme of the Municipality on an</li> </ul>

Role Player	Role
	annual basis
<b>Audit and Performance Audit Committee</b>	Provide Independent audit on legal compliance. Audit of municipal performance and communicate directly with the Council, Municipal Manager as well as internal and external auditors
<b>Municipal Public Accounts Committee (MPAC)</b>	The role is to provide oversight over the activities of Council as the Municipal Council is vested with both legislative and executive authority. Oversight and accountability helps to ensure that the executive implements programmes and plans in a way consistent with policy, legislation and the dictates of the Constitution.

## 11. ORGANISATIONAL VS EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM

Human Resources are necessary to ensure that effective services are provided within Municipalities. The organisation is therefore in need of effective human resource management practices that can ensure the appropriate deployment, support and accountability of Municipal employees.

Within the Municipal organisational structure the SDBIP and LSDBIP give effect to the annual implementation of the IDP and budget of the Municipality. In developing a credible SDBIP and LSDBIP the Municipality has adopted the Logical Model. During the IDP Strategies Phase, the Municipality develops Organisational, Departmental and Business Units Scorecards which are translated into the SDBIP and LSDBIP. These planning documents provide the bridge between community needs and what must be delivered by Council and Administration through individual performance that must support the vision, mission, goals and objectives of the organisation.

In the context of the above, effective employee performance management requires the alignment of employee activities to organisational strategies. The focus should be on results (inputs, activities, outputs) as the preferred approach to employee performance management, as it enables employee efforts to be linked to organisational goals and objectives.

Organisational performance management is divided into four phases, namely:

- ✓ planning/review,
- ✓ monitoring,
- ✓ reporting and
- ✓ evaluation.

For employee performance management to be aligned to organisational performance management and the process plan, the same phases apply. The application of these phases in line with organisational performance management phases is displayed in the below table.

A cyclical process is followed to ensure effective and efficient employee performance management. A summary of these phases is provided below.

**Table 2: Employee Performance Management Phases**

Phases	Explanation
<b>Planning/Review:</b>	<p>It encompasses the compilation of Performance Agreements inclusive of Performance and Personal Development Plans.</p> <p>Employee Performance Plans inclusive of the Performance Scorecard should relate back to Municipal goals (Ultimate Outcomes) and objectives Intermediate Outcomes). These planning documents should be used to design the Performance Plan (Performance Scorecard) of Municipal employees. For each individual employee their individual Performance Plans are informed by the priorities and targets set for their managers and their own tasks and accountabilities. This process allows for cascading strategies down to the level of each individual Employee Performance Plan.</p>
<b>Monitoring and Assessment:</b>	<p>This phase relates to the assessment of performance and periodic review of progress to achieve set targets. Employee performance monitoring encompasses a continuous review of the levels and standards of activities performed by an employee.</p> <p>The process of assessment is used to measure performance via data through scoring to determine if targets were met. Performance is therefore assessed against the achievement or non-achievement of targets. Assessment of performance requires employees and managers to look at inputs (resources, financial perspective), activities/processes (functions, service standards perspective), outputs (results, service delivery perspective) and outcomes (impact, customer satisfaction, growth, quality of life) to determine the impact that an employee made towards the achievement of Municipal service delivery.</p>

Phases	Explanation
	<p>During the assessment process an overall rating is calculated by using the applicable assessment-rating calculator. The rating is used to determine future actions, i.e. under-performance may result in additional coaching/training or disciplinary action, whilst exemplary performance may result in incentives as a reward for excellence.</p>
<p><b>Reporting and Coaching:</b></p>	<p>Reporting on findings of the assessment process occurs in this phase. Based on findings, a coaching and/or disciplinary action plan is to be put in place to ensure improvement of performance – where necessary.</p> <p>Coaching/mentoring can be used to change behaviour or actions so as to ensure that targets are achieved against set standards. Coaching may be conducted to help an employee to meet or exceed the standards of expected performance. Coaching is a crucial part of the continuous tracking and improving of performance, and provides guidance, feedback and reinforcement of the key results and competencies expected of an employee.</p>
<p><b>Evaluation and Reward:</b></p>	<p>Evaluation of the employee performance management process is essential to ensure the validity and reliability of the performance management process. In other words, the purpose of evaluation is to critically evaluate past actions, build on areas of value, eliminate non value adding processes, and use the information gained to make informed decisions to realign employee and organisational goals and objectives. Without continuous evaluation there can be no improvement and development.</p> <p>Annual performance evaluations also involve the provision of rewards in cases where performance exceeded expectations.</p>

Activities within the Employee Performance Management Programme have been divided to collate with the organisational performance management phases. Detail on how these

activities are to be executed to ensure effective and efficient employee performance management are provided in more detail throughout the rest of this Policy document.

## **12. PLANNING AND REVIEW**

The planning phase is the first in the performance management cycle and occurs in June of each year. This is a consultative process during which an employee and his/her manager jointly draft the performance agreement/plan based on the goals (ultimate outcomes) and objectives (intermediate outcomes) set out in the IDP and SDBIP of the Municipality.

The process of planning relates to the establishment of performance contracts, performance agreements and performance plans to be used to measure the performance of individual employees. These documents should be linked to the Organisational, Departmental and Business Units Scorecards, IDP, SDBIP and LSDBIP of the Municipality based on the employee level.

## **13. PERFORMANCE CONTRACTS**

Regulation 805 of 2006 states that the Performance Contract of the Municipal Manager and Managers directly accountable to the Municipal Manager is fixed for a specific term of employment not exceeding a period ending two years after the election of the next Council of the Municipality. The Contract must provide for a commencement date as well as a termination date. The Contract should make provision for the cancellation of the contract in case of non-performance compliance or due to medical incapacity.

All contracts are subject to the terms of conditions stipulated in Section 55 of the Municipal Systems Act (2000) as well as all related stipulations within the Municipal Finance Management Act (MFMA) (2003). In addition to the above, employment in terms of the Employment Contract is subject to:

- ✓ The signing of a separate Performance Agreement within ninety (90) calendar days after assumption of duty and annually within one month after the commencement of the new financial year.
- ✓ The submission of original or certified copies of academic and professional qualifications and proof of previous employment.
- ✓ The signing of the code of conduct as stipulated in Schedule 2 of the Municipal Systems Act.
- ✓ The disclosure of all financial interest on the date of assumption of duty and annually within one month after commencement of the financial year (June).

The signing of Performance Contracts is not applicable to other employees in the employment of the City of Polokwane.

#### **14. PERFORMANCE AGREEMENTS**

Applicable to the Municipal Manager and Managers directly accountable to the Municipal Manager, Chapter 3 of Regulation 805 provides specific detail on the Performance Agreements for Municipal Managers and Managers directly accountable to Municipal Managers. In addition the Municipal Systems Act (MSA), Section 57 (1)(b) and (2)(a) states that Performance Agreements of the applicable managers are concluded annually and within one month after the beginning of the new financial year.

According to Sections 23(2) and 25(1) (2) of Regulation 805, the Performance Agreement must include performance objectives and targets appropriate to their respective area of responsibility and aligned to the SDBIP. Performance Agreements are to be used as the basis for assessing whether the employee has met the performance expectations applicable to his/her job. The Performance Agreement should therefore include detail on monitoring and measurement requirements against set targeted outputs. Performance assessments should specify objectives and targets defined and agreed upon, and be used as the basis for assessing whether the Municipal Manager or Manager directly accountable to the Municipal Manager has met the performance expectation applicable to his/her job. Annexure to the Performance Agreement should include a Performance Plan as well as a Personal Development Plan.

The contents of the Performance Agreement of the Municipal Manager and Managers directly accountable to the Municipal Manager must be made available to the public in accordance with Section 75 of the MFMA and Section 57 of the MSA. The respective Employment Contract and the Performance Agreement must be submitted by the Municipal Manager to the MEC (Section 4(c) of Regulation 805) responsible for Local Government in the relevant Province as well as the National Minister responsible for Local Government within fourteen (14) days after concluding the Employment Contract and the Performance Agreement.

## **15. PERFORMANCE PLANS**

An effective and efficient Organisational and Employee Performance Management System requires the development and agreement of similar documents and actions as those of the Municipal Manager and Managers directly accountable to the Municipal Manager with the main difference relating to the signing of a Performance Contract and Performance Agreement as legislatively required. A Performance Plan must therefore be completed for each Municipal employee.

The aim of a Performance Plan is to set out specific accountabilities that the Municipal employee will be responsible for. In the case of the Municipal Manager and Managers directly accountable to the Municipal Manager the Performance Plan forms an annexure to the Performance Agreement. In the case of other employees within the Municipality a similar Performance Plan is to be compiled so as to ensure cascading of Municipal goals (ultimate outcomes) and objectives (intermediate outcomes) to individual employee levels. The Performance Plan must be conducted within a reasonable time after an employee has been appointed and thereafter within one month after the beginning of the financial year of the Municipality.

The Performance Plan of the Municipal Manager forms the basis of Performance Plans for the next reporting level. The Performance Plans of respective managers are to be used to compile Performance Plans of employees reporting to them. Objectives and targets must be identified, discussed and agreed with each individual employee.

The criteria upon which the performance of the Municipal Manager and Managers directly accountable to the Municipal Manager should be assessed consist of two components carrying a weighting of 80:20. Eighty percent (80%) is to be allocated to the Key Performance Areas (KPA) and twenty percent (20%) to the Core Competency Requirements (CCRs) including Municipal Values. Each area of assessment must be weighted and contribute a specific part to the total score.

Similar components are used to assess the performance of other employees. In the case of other employees the weighting should be adapted to 70:30 for employees up to level seven and 60:40 for levels eight and lower where the allocated weighting for KPAs is 70%/60% and CCRs 30%/40%. This criteria split is determined by the core focus of an employee's job in relation to the delivery on performance objectives.

## 16. PERFORMANCE SCORECARD AS PART OF THE PERFORMANCE PLAN

The development of a scorecard included in the Performance Plan is required to set specific accountabilities and standards upon which performance is to be executed and assessed. Information included in the scorecard of the Performance Plan should align to organisational goals (ultimate outcomes), objectives (intermediate outcomes), indicators and targets.

An example of such a scorecard is provided below.

**Table 3: Performance Plan / Scorecard Example**

Performance Scorecard								
Employee Name: Employee Number:								
Job Title: Directorate/Department:								
Manager: Date (Financial Year):								
Position Purpose:								
Achievement of KPA's – 80%/70%/60% of total Score								
KPA	Weight	KPI	Weight	Baseline	Target	Evidence	Rating	Notes
	100		100					
Achievement of CCRs – 20%/30%/40% of total Score								
Description					Weighting		Total	Notes
					100			
Employee Signature:					Manager Signature:			Date:
By signing this Performance Scorecard the manager and employee indicates their full understanding of, and agreement with the contents of this scorecard.								

The identification of KPAs and associated KPIs to be incorporated in the scorecard of the Performance Plan is a joint process between the employee and his/her manager. The dual identification of KPAs and KPIs are required to ensure alignment between organisational and employee performance management. Each employee's KPAs and KPIs must reflect critical organisational targets that fall within their manager's span of control and responsibility. Each employee must assume responsibility for those organisational KPAs and KPIs which fall within his/her span of control.

Once identified, it is the responsibility of each employee to draft his/her initial scorecard. This responsibility is assigned to each employee to ensure that they feel empowered by the Performance Management System as they are in control of their own performance plan and expectations. Employees will therefore buy into, agree with and understand the content of the Performance Plan. To be effective Performance Plans must be simple and manageable. KPAs of an employee should be categorised from most to least important, based on those that have the most strategic importance in each year's annual performance cycle. Those KPAs that are most critical from a strategic perspective must be singled out. Of all the KPAs on the scorecard only between two and four should be seen as strategically important and should be identified as such. Higher weightings should be assigned to these.

KPAs must thus be prioritised from most to least important with the highest weighting allocated to the most important KPAs. During the allocation of weighting the sum of all KPAs with associated KPIs on each individual Performance Scorecard must be 100 points. It is recommended that the minimum weighting per KPA be 10 and the maximum 50. The purpose of the weighting is to show employees what the key focus areas are in the work that they must complete.

To ensure that KPAs and KPIs result in a clear understanding of what is required of each employee, the scorecard included in the Performance plan must provide information related to the following:

- ✓ Specify how much work must be completed within a certain period of time
- ✓ Describe how well the work must be done, specifying the accuracy, precision, appearance or effectiveness of the work
- ✓ Determine by when or within what period the work is to be completed
- ✓ Address the outcome (direct, intermediate, ultimate) to be obtained
- ✓ Describe the requirements, policy, procedure or rule for accomplishing the work

To achieve the above it is recommended that KPIs be formulated according to the SMART Principles:

**Specific:** Must be stated clearly and unambiguously

**Measurable:** Must be quantifiable and measurable

Must specify a standard of output required

Must be valid and reliable and measure what is intended to be measured

**Achievable:** Should be challenging but realistic so as to motivate an employee  
Shall be simple and easy to communicate to the relevant employee

**Relevant:** Should be aligned to the overall goals and objectives of the Municipality and the Directorate/Department  
Should reflect the employee's position, the responsibility attached to the position and the extent of their experience

**Timeous:** Must be linked to time frames

Every employee should know what exactly constitutes a 100% (fully effective) performance, clearly specifying quantifiable measures. In order to measure performance it is important that baselines be allocated to KPAs and KPIs in the scorecard. Baselines are previous measurements of achievements against KPAs or KPIs and provide an opportunity to track whether employee performance has improved over time. Whereas the baseline could be the first measure that was taken of the KPA or KPI, the employee and manager could agree on a different measure if the initial measure was found to be less effective than intended.

Measurement of performance also requires the setting of targets that indicate the standard which each KPI must comply with. The target date stipulates the time frame in which the KPI must be achieved. Targets may be derived from baselines and should be informed by long-term and annual business plans. The various performance targets and standards agreed upon should be made clear.

During the year evidence must be collected as proof of employee performance. Such evidence should be collected and presented in the form of a Portfolio of Evidence (PoE). This PoE is required to ensure fair review of employee performance and eliminate allegations of management bias. Evidence to be submitted is agreed upon at the same time that the KPAs, KPIs and targets are set.

In the case of the Municipal Manager and Managers directly accountable to the Municipal Manager, evidence should be confirmed by an independent third party. In terms of other employees, a set of standards must be compiled, that submitted evidence should comply with.

Such standards may include that evidence:

- ✓ Unambiguously reflects the achievement/non-achievement of a KPI
- ✓ Clearly reflects the facts
- ✓ Be concise and to the point

In terms of the CCRs, it should make up 20% of the total score in the case of the Municipal Manager and Managers directly accountable to the Municipal Manager, or 30%/40% of other employee scores. CCRs that are deemed to be most critical for the employee's specific job should be selected and agreed upon between the employee and his/her manager. Selected CCRs must be chosen with due regard to the proficiency level of each employee including whether the employee is living the values of the Municipality.

Below is a table indicating the Core Competency Requirements for the Municipal Manager and Managers directly accountable to the Municipal Manager. The weightings allocated to each competency will be specified in the individual's Performance Agreement. The table below indicates the three competencies considered to be compulsory for the Municipal Manager.

**Table 4: Core Competency Requirements for the Municipal Manager and Managers directly accountable to the Municipal Manager**

<b>Core competency requirements for Municipal Manager and Managers Directly Accountable to the Municipal Manager</b>		
<b>Core Managerial and Occupational Competencies:</b>	<b>Indicate Choice</b>	<b>Weight</b>
Core Managerial Competencies:		
Strategic Capabilities 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		
Living the Values of the Municipality		
<b>Core Occupational Competencies:</b>		
Competence in Self -Management		
Interpretation of and implementation within the legislative and 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		
		100%

According to the SALGA Performance Management Policy and Procedure three competencies are of particular importance and should be included in the Performance Plan of every employee.

These are:

- ✓ Customer service
- ✓ Service delivery
- ✓ Teamwork competencies

Once the scorecard is completed, the manager and employee should sign off the Performance Plan, inclusive of the Performance Scorecard. This signing signifies an understanding of the performance expectations and an agreement of the work to be done towards the achievement of performance expectations. Only signed off performance agreements/plans may be assessed. In term of the finalisation of Performance Plans, the final alignment of the process for employees other than the Municipal Manager and Managers directly accountable to the Municipal Manager should be the end of July.

## **17. PERSONAL DEVELOPMENT PLANS**

Regulation 805 of 2006 clearly indicates that a Personal Development Plan must be developed for the Municipal Manager and Managers directly accountable to the Municipal Manager and must serve as an Annexure to the annual Performance Agreement. In line with this requirement and to ensure alignment within the Employee Performance Management

System, a Personal Development Plan must also be developed for each employee in the employment of the Municipality and be attached to the Performance Plan of each employee.

The Skills Development Act, No 97 of 1998 requires of each employer to submit an annual workplace skills plan (WSP). This necessitates the development of employee personal development plans to identify and address developmental gaps. The identification of outcome-based competencies that must be implemented to complement IDP implementation should guide the individuals to determine specific training or skills needed for effective project implementation. These skills should be catered for via formal and informal training, coaching and mentoring. Identified training and development areas must comply with skills identified in the skills audit conducted, and aligned to the areas of training and development required by each individual employee. Personal Development Plans are to be submitted for incorporation into the Skills Development Plan of the Municipality to be submitted to the Department of Labour.

Individual learning plans will systematise the Municipality's approach to training and development by ensuring that all employees' training is carefully planned. In addition to the above, Personal Development Plans should be used to:

- ✓ Provide a structure for assessing the skill needs of employees against organisational Priorities
- ✓ Assist managers and employees at all Municipal levels to identify competencies needed for current positions
- ✓ Help employees to plan and achieve their career goals
- ✓ Increase motivation of employees and their commitment to the organisation

An example of a Personal Development Plan is provided.

***Table 5: Personal Development Plan***

Personal Development Plan								
Employee Name:			Employee Number:					
Job Title:			Directorate/Department:					
Manager:			Date (Financial Year):					
Skills Gap	Skills Outcome Expected	Suggested Development/ Training Activities	Mode of Delivery	Suggested Time Frames	Opportunity for Application	Feedback on Outcomes achieved and Date	End of Period Sign off of Review and Assessment	Further Development activities required
Employee Signature:				Manager Signature:			Date:	
To Personal File:				To HR:				

Personal Development Plans must be completed at the commencement of the new financial year and submitted for sign off with the Performance Agreement/Performance Plans. All Development Plans will be formulated and finalised with the guidance and assistance of the Human Resource Department to ensure that all training and development activities are aligned and supportive of the Workplace Skills Plan.

## 18. MID-YEAR REVIEW

The adjustment process focuses specifically on the review of the Annual Budget and SDBIP. The adjustment takes place after the mid-year review and approval of adjustments by Council. Once adjusted, the Performance Plans of the Municipal Manager, Managers accountable to the Municipal Manager and all other employees should be reviewed and adapted according to the KPA and KPI changes made to the SDBIP and budget. This adjustment is required to ensure that employee Performance Plans remain aligned with the objectives and targets set for the Municipality.

Any amendments must be reflected on the amended Performance Plan. Employees will be assessed during the fourth quarter on the amended Plan. Records of the amended scorecards must be signed off and saved centrally.

## **19. PERFORMANCE MONITORING AND ASSESSMENT**

Monitoring is the key to any successful Performance Management System because it provides information that can be compared to initial targets so as to determine the current performance state. Monitoring on a regular basis helps to ensure that the goals and targets set in the planning phase are pursued. Monitoring takes place throughout the year and implies consistently measuring performance and providing on-going feedback to employees on their progress toward reaching their targets. This implies that data on performance outputs is to be gathered and assessed to determine current performance and areas of excellence/improvement required.

## **20. DATA MANAGEMENT AND POE DEVELOPMENT**

The purpose of data management within the monitoring phase is to manage and supply data to be used during the assessment process of an employee's performance. Relevant data must be stored in such a way that it is secure but also easily retrievable. When collecting data, the following should be taken into consideration:

- ✓ Determine the data to be collected for each performance element, the source of the data and whether to collect all the data or just a sample (already clearly defined in the Performance Plan of each employee);
- ✓ Determine when to collect the data (frequency); and
- ✓ Review existing data and create feedback tables/graphs where necessary or applicable.

Data stored for future retrieval and use should include financial data, project data, process data and human resource data. All data should ultimately be presented in an integrated form to provide proof of employee performance. A Portfolio of Evidence (PoE) per employee should be compiled, based on available data to indicate the performance of that employee against set indicators or measurable activities. PoE's should be validated to ensure its accuracy. The PoE's of the Municipal Manager and Managers directly accountable to the Municipal Manager and all other employees PoE's should be validated by Internal Audit.

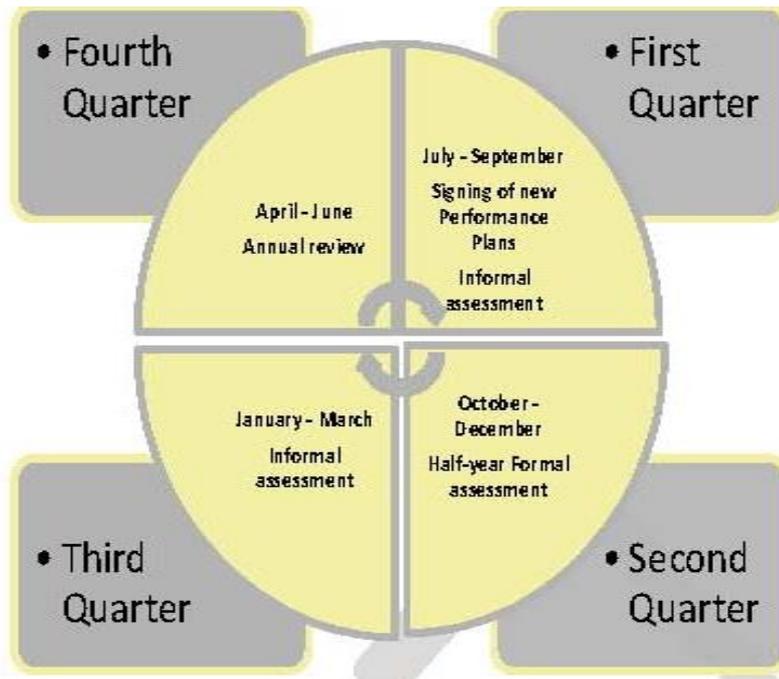
## **21. AUTOMATED PERFORMANCE MANAGEMENT AND REPORTING**

The size and operations of Polokwane Municipality has been increasing ever since the establishment of the democratic local government in the year 2000. This has a direct effect on the effectiveness of performance management system of the municipality. Over the years, Polokwane Municipality has been implementing manual performance management systems. Manual performance management meant that performance data was captured manual through the use of developed templates, performance data was analysed manually and reports generated manually. Manual performance management was time consuming which led to performance reports being delayed and renders the whole performance management system to be less effective. Polokwane Municipality has migrated from manual performance management to automated performance management in 2015. Performance data capturing, processing, analysis and reporting has been computerised.

## **22. SCHEDULE PERFORMANCE ASSESSMENTS**

According to Section 28 of Regulation 805 the performance of employees must be reviewed during specific periods, with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory. The performance assessments conducted during the second and fourth quarters should be formal. The following diagram provides a summary of performance schedules within the City of Polokwane:

***Figure 2: Performance Schedules***



The second quarter formal assessment will be conducted to assess the relevance of the objectives as well as the employee's performance against the objectives and KPAs. The second-quarter performance score shall be used accumulatively to determine the link to financial and non-financial rewards at the end of the financial year. A formal final review shall be conducted after the end of the financial year. The performance scores of both formal assessments will be used to determine the link to rewards.

Assessments in the first and third quarter may be verbal if the performance is satisfactory. Records must be kept of the mid-year and annual assessment meetings. Such records may be used:

- ✓ To refer to agreed action plans
- ✓ In the management of poor performance process
- ✓ For easy reference in respect to changes/amendments to Performance Plans

### **23. PERFORMANCE ASSESSMENTS**

Assessment is the measurement of data through a scoring process to determine if targets were met. Performance is assessed against the achievement or non-achievement of targets. Assessment involves assessing whether targets and standards have been met. Performance assessment must give a true reflection of the achievement of results as outlined in the Performance Plan.

Based on the contracted standards of performance and relative weightings, performance assessment entails:

- ✓ A description of the contracted standards and an agreement on actual results achieved
- ✓ Rating of performance and allocation of values, e.g. points
- ✓ Agreement on the weighted scores achieved
- ✓ Acceptance of assessment and signature
- ✓ Agreement on appropriate reward recognition or the remedial process required to achieve targets

Performance assessment is done against the KPAs and CCRs in terms of the extent to which the employee displays the desired results as indicated in his/her Performance Plan. At the assessment KPAs and CCRS are rated by means of 5-point rating scale, encompassing the following:

**Table 6: Rating Indications**

Rating	Description	% Score
1	Unacceptable performance where performance does not meet the standard expected for the job	0 – 66
2	Performance not fully effective and below standard as required for key areas of the job	67 – 99
3	Fully effective performance where performance meets the standards expected in all areas of the job	100 – 132
4	Performance significantly above expectation and higher than the standard expected in the job	133 – 166
5	Outstanding performance where performance far exceeds the standard expected of an employee at that specific level	167

For the purposes of assessing the performance of the Municipal Manager and Managers directly accountable to the Municipal Manager an assessment process is to be implemented. An Assessment/Evaluation Panel consisting of the following people should assess the performance of the Municipal Manager:

- ✓ Executive Mayor

- ✓ Chairperson of the Audit Committee
- ✓ Member of the Mayoral or Executive Committee
- ✓ Mayor and/or Municipal Manager from another Municipality
- ✓ Ward Committee Member

For the purposes of assessing the performance of the Managers directly accountable to the Municipal Manager, an Assessment/Evaluation Panel consisting of the following people must be established:

- ✓ Municipal Manager
- ✓ Chairperson of the Audit Committee
- ✓ Member of the Mayoral or Executive Committee
- ✓ Municipal Manager from another Municipality

In terms of Regulation 805 of 2006 these Assessment/Evaluation Panels will evaluate the annual performance of the Municipal Manager and Managers directly accountable to the Municipal Manager and determine the annual performance bonus or remedial action required. The performance bonus percentage will be calculated on a sliding scale described under the Reward and Incentives Section of this Policy.

For incumbents in any other managerial/supervisory level, the 360° assessment process should be applied. An assessment panel existing of the manager of the incumbent, peer and sub-ordinate should be established.

When setting up the assessment meeting, both manager and employee must agree on the date and time of the meeting. In preparation for the meeting the employee and manager must conduct the following:

- ✓ Collect evidence on progress to date against each KPI and associated targets
- ✓ Decide independently if KPIs were achieved and if performance is on target
- ✓ Use the five-point rating scale to assess outputs
- ✓ Obtain feedback on the extent to which the employee displayed CCR allocated in his/her Performance Plan

Detail on the steps to follow during the assessment meeting is provided in an annexure to this policy. During the assessment meeting the moderator/manager and employee should discuss the preliminary ratings assigned to each KPA, respective KPI and CCR. A consultative process should be followed during this discussion to provide the employee with

the opportunity to influence or understand given ratings. Any evidence to substantiate ratings should be provided. This evidence should form the basis of the agreed final rating. An assessment rating process and calculation of scores using the applicable assessment weighting/rating calculator should be used to arrive at the overall score for the performance of each employee. Final scores will be rounded off on normal principles, e.g. 95.5% will be rounded off to 96 and 95.4% to 95%. The same principle is to be followed in calculating the final audited score.

If, during the assessment meeting it was found that certain areas received an unacceptable or below acceptable score, those areas should be discussed in detail. Additional or alternative plans should be identified and put in place to correct such performance.

In instances where there is a disagreement between ratings, the rating of the manager is final. An employee can lodge a grievance with Human Resources in instances where agreement on ratings could not be reached.

In any performance management process deviations will occur. Such deviations may be as a result of an employee unable to achieve a particular KPA/KPI due to reasons outside his/her control. Such deviations must be submitted to the manager of the employee clearly stating the KPA/KPI affected and an explanation along with supported evidence for non-achievement. If the manager agrees with the deviation, the KPI will not be rated. The manager and employee must identify action plans to be implemented by the employee over the performance year in attempting to achieve the affected KPA/KPI.

A principle decision must be taken on the weightings of the two formal assessment scores. Two options are available:

- ✓ The first is that the first assessment score (after the second quarter) contributes 40% towards the final score and the final assessment score 60% (after the fourth quarter). This will provide an incumbent with an opportunity to improve performance and be credited for it.
- ✓ The second option is that the combined scores achieved during formal assessments are to be calculated separately and the average thereof will determine the annual performance score of an employee.

## **24. REPORTING AND COACHING**

Reports on findings are to be compiled and submitted to the Performance Audit and Remuneration Committee. Based on findings a process of coaching/training is to be implemented to improve performance in instances where ratings were below standard.

#### **24.1. REPORTING**

Once the assessment process is concluded a report on the findings for each employee is to be compiled. Reports should be compiled on the performance assessments, scores allocated and final ratings. This is required so as to ensure that the Municipality keeps record of all performance assessments. This information is to be used:

- ✓ To manage poor performance
- ✓ As an easy reference in terms of any suggested changes for follow-up performance assessments

After conducting the performance assessments for respective managers, the moderator prepares a summary report detailing the results of the reviews. The manager responsible for Human Resources of the Municipality must provide secretariat services to the Assessment/Evaluation panels. The report on performance of the Municipal Manager and Managers directly accountable to the Municipal Manager should be submitted to the Executive Mayor one month after assessment and thereafter to Council to provide feedback on top management performance in relation to Municipal organisational performance achievements.

With relation to other employees reports should be signed by both the manager and employee and a copy thereof submitted to the Human Resource Department to keep on file.

## **24.2. MODERATING THE ASSESSMENT PROCESS**

In terms of employees other than the Municipal Manager and Managers directly accountable to the Municipal Manager, the Head of Department assesses the results of all the performance reviews conducted in his/her Department and considers the following:

- ✓ Are the performance scores given by a certain manager all high or all low? Are the objectives too easy/difficult or are the performance indicators too vague, thus allowing for subjective measures?
- ✓ If a manager is scoring his/her employees high, then it should follow that he/she has achieved his/her objectives. It does not make sense for a manager not to achieve his/her objectives when his/her employees have all achieved theirs. This is an indication that something has gone wrong in the planning or monitoring phase of the performance management process.
- ✓ A comparison on achievements between the different departments can be drawn to ensure all are assessed in line with organisational achievements.

A final report is compiled on Departmental assessments and submitted to Human Resources. In events where discrepancies were identified, corrective measures should be proposed and implemented through consultation with respective parties.

## **24.3. COACHING AND TRAINING**

Regular interaction, guidance and possible coaching/mentoring in certain instances are imperative and form part of an employee support strategy. Based on the findings of the assessment process the manager of an employee should identify areas of improvement and set up coaching/mentoring and/or training sessions to improve unacceptable or below acceptable performance. Coaching/mentoring can be used to change behaviour or actions so as to ensure that targets are achieved against set standards. Coaching/mentoring may be conducted to help the employee to meet or exceed the standards of expected performance. Coaching/mentoring is a crucial part of the continuous tracking and improving of performance. Coaching/mentoring provides guidance and reinforcement of the key results and competencies expected of an employee. All discussions held within the coaching sessions should be documented and signed off by all parties involved.

In terms of training, the development of new knowledge and skills may be required to improve the performance of an employee. The Municipality is committed to ensuring that employees will grow and develop. Whereas line managers are ultimately accountable for

ensuring the implementation of training and development initiatives, employees must assume accountability for driving their own development together with their managers. Managers should ensure that training needs identified during the assessment are in line with areas identified in the Personal Development Plan of an employee.

In addition to formal training, employees should be encouraged to use other developmental activities to improve skills and knowledge in areas of under-performance. Such activities may include on-the-job training, mentoring, reading, self-study, secondments and involvements in specific projects.

How well a Municipality operates is based upon the performance of its employees; the better the performance of employees the more success the Municipality will obtain in achieving its strategic goals and objectives. Continuous development of employees will create an environment in which individuals, who are already performing well, will improve their performance and become more effective and efficient. The main purpose of improving good performance is to ensure growth of employees within the Municipal environment.

For this reason it is also necessary to provide coaching and development opportunities to employees who perform well, so as to keep employees constantly evolving to meet the ever increasing organisational needs. This includes teaching new skills and implementing new procedures to improve the work process. It also means assigning new responsibilities to employees who appear to have outgrown their current duties.

## **25. MANAGE POOR PERFORMANCE**

If it was found during the assessment that the performance was unacceptable and that targets agreed on in the performance agreement were not met, the employer should provide systematic remedial or developmental support to assist the employee to improve his/her performance. Managing poor performance should be a continuous process starting with the Performance Plan and following through to the performance reviews.

The fact that an employee's work does not comply with the performance standards attached to the identified work, does not necessarily mean that the employee refuses to comply with the performance standards. Poor work performance is not the same as misconduct — it does not mean that the employee concerned refuses to comply with the performance standard. Usually, poor work performance is related to the fact that, for whatever reason, an employee cannot perform his or her work to the expected standard.

The improvement of under-performance is the most important focus of the Performance Management Process. In order to do this, it is important that the causal and contributory reasons for poor performance are analysed. Poor performance may arise out of one or more of the following:

- ✓ Inappropriate organisational structure
- ✓ Lack of skills and capacity
- ✓ Absence of appropriate strategy

Poor performance must be dealt with through the following principles:

- ✓ Standards for achievement are known and communicated with the respective employee
- ✓ Assisting the individual in the form of training guidance; etc. required to render the satisfactory service, together with fair opportunity to improve
- ✓ Where poor performance persists, give notice to the employee to attend a meeting with management where the employee will be provided with the opportunity to satisfy management of the measures being taken to improve performance
- ✓ Where there is a dispute or difference as to the performance of an employee under the signed Performance Plan, parties will confer with a view to resolve the dispute or indifference

Cases of persistent poor performance identified during assessments must be managed in accordance with the requirements of the Labour Relations Act, No 66 of 1995.

With regard to the management of unacceptable performance of the Municipal Manager and Managers directly accountable to the Municipal Manager Regulation 805 states that the employer shall:

- ✓ Provide systematic remedial or developmental support to assist the individual to improve his or her performance
- ✓ If performance does not improve after appropriate performance counselling, the necessary guidance and support and reasonable time has been allowed for improvement, the Employer may consider steps to terminate the contract of employment of the individual on grounds of incapacity to carry out his/her duties.

## **26. EVALUATION AND REWARD**

During the evaluation phase questions should be asked whether processes followed were fair and objective. Within this phase the evaluation conducted is of a summative nature and relates to the analysis of performance data: to examine the ratings based on provided evidence and features. The evaluation process does not encompass the actual assessment as this has already taken place. It rather reviews and extracts learning from the completion of the assessment process, to determine the progress made or obstacles experienced in achieving employee performance management.

Final results will be audited and approved by the Performance Audit and Remuneration Committee.

### **26.1. REWARDS AND INCENTIVES**

However, before an evaluation can be conducted as to the validity and objectivity of the process, rewards and incentives for performance should be established. During the assessment process various Assessment/Evaluation panels and/or respective managers can make recommendations on rewards or incentives to be given to employees that perform above the required standard.

The Performance Audit and Remuneration Committee must evaluate such proposals and make recommendations to be approved. In the case of the Municipal Manager and

Managers directly accountable to the Municipal Manager, Council will provide the final approval.

## 26.2. FINANCIAL REWARDS

In terms of a performance bonus, Section 32 of Regulation 805 states that a performance bonus for the Municipal Manager and Managers directly accountable to the Municipal Manager rates from 5% to 14% of the all-inclusive remuneration package to be paid in recognition of outstanding performance.

The percentage of bonus to be paid out should be determined on the overall rating, calculated by using the assessment-rating calculator. The sliding scale to determine such performance bonuses is given below:

**Table 7: Assessment Bonus Sliding Scale**

% Rating Over Performance	% Bonus
130 - 133.8	5%
133.9 – 137.6	6%
137.7 – 141.4	7%
141.5 - 145.2	8%
145.3 – 149	9%
150 – 153.4	10%
153.5 – 156.8	11%
156.9 – 160.2	12%
160.2 – 163.6	13%
163.7 – 167	14%

In terms of other employees, all already receive a thirteenth cheque. Any bonus to be paid out for outstanding performance will be in addition to the current thirteenth cheque. The City of Polokwane may reward incentives to employees through:

- ✓ Any non-monetary reward
- ✓ A non-pensionable cash award

The objectives of an incentive scheme are to:

- ✓ Introduce an objective and fair Organisational and Employee Performance Management System that would be useful to ensure that the Municipality's services are results-oriented
- ✓ Instil and sustain a performance culture and to encourage employees to live the values of the Municipality
- ✓ Promote and establish a work contract between employee and manager
- ✓ Remedy poor performance and reward good performance

In order to encourage permanent employees to perform well, it is recommended that some form of financial reward system be introduced. It is important to note that a performance reward scheme does not currently form part of the conditions of employment for employees. If implemented it will be operative at the discretion of the Municipality, and the Municipality reserves the right to amend or withdraw the scheme at any stage.

A variety of options are available for consideration. For example

- ✓ **Option 1: Providing an Additional Percentage of the Employee's Package as Performance Bonus**

In this instance the employee will receive a performance bonus of the same as suggested for contractual employees of the cost-to-company package of the employee - based on its affordability to the Municipality.

- ✓ **Option 2: Provide a Bonus based on Performance Achieved**

The performance bonus percentages will be calculated on a sliding scale as follows, which is calculated on the equivalent to one month's salary of the person - based on its affordability to the Municipality:

**Table 8: Option 2: Bonus Award**

Final Score	Reward
167 – 150	80%
133 – 149	70%

### 26.3. NON-FINANCIAL REWARDS

In instances where finances are not available to award employees financially for outstanding performance, the Municipality may introduce a non-financial reward scheme. Non-financial rewards will:

- ✓ Be provided based on exceeding and outstanding employee performance
- ✓ Aim to recognise and motivate performance beyond the requirements of the employee's job
- ✓ Be awarded throughout the financial year at the discretion of managers as close to the instance of exceptional performance as possible

Non-financial rewards may be informal or formal. Informal non-financial rewards are spontaneous, not cost rewards aimed at recognising a piece of work. Formal non-financial rewards represent formal recognition of a specific achievement. Examples of such rewards are provided below:

**Table 9: Non-Financial Reward Opportunities**

Formal Non-Financial Rewards	Informal Non-Financial Rewards
<ul style="list-style-type: none"> <li>✓ Employee is granted between 1-3 days extra leave</li> <li>✓ Able to attend conferences relevant to the work that cost between 1-3 days leave for that employee</li> <li>✓ Providing the employee with a work tool that will enhance his/her performance on condition that the tool does not cost more than 1-3 days of leave for that employee</li> <li>✓ A branded gift such as a pen</li> <li>✓ Clothing Voucher</li> <li>✓ Ticket to an event</li> <li>✓ Sabbatical leave not exceeding 1-3 days of leave</li> </ul>	<ul style="list-style-type: none"> <li>✓ Physical gestures</li> <li>✓ Verbal praise</li> <li>✓ Letter of commendation</li> <li>✓ Offering mentoring or coaching</li> <li>✓ Allowing the employee to attend meetings not usually attended by the person</li> <li>✓ Increased responsibility</li> <li>✓ Choice of assignments</li> <li>✓ Opportunity for special training</li> <li>✓ Time off after working long hours</li> <li>✓ Trophy</li> <li>✓ Certificate</li> </ul>

All formal non-financial rewards must be signed off by a member of the Executive Management Team. The Performance Audit and Remuneration Committee will review all formal non-financial rewards awarded within the Municipality on a half-year basis and provide feedback to the Executive Management Team on the way in which the process is managed. The Executive Mayor's Excellence Awards are to be championed by the Executive Mayor with support by the Executive Management Team.

## **27. APPEALS AND DISPUTES**

Should Individuals not agree with the contents of their performance agreement after the Performance Planning discussion or with the final scores being allocated to them after the assessment sessions, they may elect to follow the approved Municipality's grievance procedure.

Any dispute about the outcome of the employee's performance assessment must be mediated by:

- ✓ In the case of the Municipal Manager, the MEC for Local Government in the Province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC.
- ✓ In the case of Managers directly accountable to the Municipal Manager, a member of the Municipal Council, provided that such member was not part of the Assessment/Evaluation panel provided for in sub-regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on both parties.
- ✓ In the case of the next management level, the employee may meet with the Municipal Manager, and if so chosen a representative of Human Resources and the Labour Union with a view to resolve the issue. The discussion and outcome thereof is to be recorded. The decision is to be made within thirty (30) days of the issue being raised, or as soon thereafter as possible, and will be final.
- ✓ In the case of other employees the next level of management together with a Human Resources and Labour Union representative, provided that such members were not part of the assessment, within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on all parties.

## **28. EXIT/TERMINATION/CANCELLATION CLAUSE**

Relating specifically to the Municipal Manager and Managers directly accountable to the Municipal Manager, there are many reasons which may give rise to termination/cancellation of employment contracts.

The employment contract may be terminated:

- ✓ Automatically on expiry of the term referred to in the contract, subject to any extension or renewal
- ✓ At the employee's initiative if the employee gives the employer two (2) months' notice of termination in writing
- ✓ At the employer's initiative if the employer terminates the employee's appointment for reasons relating to misconduct, serious persistent breach of provisions of his/her contract, incapacity, being absent from employment without approval for a period exceeding thirty (30) days, unacceptable performance of the operational requirements of the Municipality or for any other reason recognised by law as sufficient, one calendar months' notice of termination in writing.

The termination/cancellation of contracts of employment may be classified under two categories:

- ✓ Blameworthiness of the contracted employee – In this case the incumbent shall forfeit the balance of his/her term of office as a penalty
- ✓ Non-blameworthiness of the contracted employee – In this case the incumbent shall have his/her contracted term fully paid out as a separation package

In both instances the above clause must be incorporated into the original employee contract of an incumbent.

## **29. THE PERFORMANCE AUDIT AND REMUNERATION COMMITTEE EVALUATION**

The Performance Audit and Remuneration Committee fulfil an oversight role in terms of employee performance management within the Municipality. The establishment of such a body is required in terms of Section 45 of the MSA whereby the Municipality is required to implement mechanisms, systems and processes for auditing the results of performance measurements as part of the internal auditing process. In the City of Polokwane this function is fulfilled by the Audit Committee (See Performance Management Framework, Section B). It

is recommended that the Performance Audit and Remuneration Committee be established to consider the primary role on remuneration for PMS.

The results of the formal year-end review are to be audited to ensure that all evidence is authorised and relevant, and to make recommendations on the improvement of the system. The audit is conducted internally by the Performance Audit and Remuneration Committee. An external auditor may be appointed to verify results with the provision that skills transfer is done with a view to enhance internal capacity building in the case of members sitting on this Committee.

### **30. TIMING OF APPLICATION**

The policy document is applicable to all employees in the City of Polokwane. However, given the complexities and challenges associated with the implementation of this policy, specifically related to change management within the Municipality, it is recommended that the policy only be initially rolled out up to level 3 employees. It will be a management prerogative to cascade the Performance Management System for all other employees throughout the Municipality, based on affordability and after due consideration of other administrative constraints.

After successful implementation of employee performance management up to level 3, it is envisaged that the system will be rolled out in a staggered approach over a period of time to all other employees:

- ✓ Levels 4-7
- ✓ Levels 8-12
- ✓ Levels 13-20

The Municipality will thus have to introduce an electronic PMS system to manage this process successfully. This staggering is proposed so as to ensure sufficient time and resources are available to train and coach managers/supervisors to effectively implement the performance management process. It will also provide for sufficient time and resources to monitor, manage, evaluate and where applicable, adapt the system. More detail on this cascading is provided in the change management plan of the Municipality.

The successful implementation of the Employee Performance Management System is determined by the following:

- ✓ A strong link between organisational and employee performance
- ✓ Employee performance measures that correspond with organisational strategy
- ✓ Strong commitment, clear communication and management support on a continuous basis
- ✓ Sufficient funding to be allocated in the budget of the Municipality
- ✓ High involvement and participation of employees and all relevant stakeholders

### **31. ANNEXURE: PRINCIPLES OF GOOD ASSESSMENT**

The following principles should apply to ensure successful assessment:

- ✓ Create a supportive environment by stating clearly the purpose of the discussion
- ✓ Discuss key areas of responsibility and give examples of specific results – allow the employee first input, based on the self-appraisal
- ✓ Discuss what could have been done better; identify concerns and listen to the employee's explanations
- ✓ Ask the employee for help in resolving problems; focus on future performance and be sure the employee takes responsibility for improvement
- ✓ Make sure that the employee has an understanding of future expectations regarding performance
- ✓ Give positive recognition for performance that reinforces the strategic goals (ultimate outcomes) and objectives (intermediate outcomes) of the Municipality
- ✓ Discuss the employee's interests and potential new responsibilities and roles in achieving new objectives while maintaining on-going responsibilities
- ✓ Conclude on a positive note, emphasising the benefits of the dialogue