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# LOCAL AUTHORITY NOTICE

## LOCAL AUTHORITY NOTICE 192

### TLOKWE CITY COUNCIL

Notice is hereby given in terms of Section 13 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) that Council adopted the following Performance Management Framework By-Laws with effect from publication hereof.

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1. INTRODUCTION

The Municipal Planning and Performance Management Regulations stipulate that a municipality's Performance Management System (PMS) must entail a framework that describes and represents how the Tlokwe City Council's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players. The individuals in the municipal administration will obviously play a central and management role in the performance management of the City Council. As required by legislation, this document sets out -

- (a) the requirements that a PMS will need to fulfill;
- (b) principles that will inform the development and use of that system;
- (c) a preferred model that describes which areas of performance will be measured and hence managed in the City Council; and
- (d) the process by which the system will work and the delegation of responsibilities for different roles in the process.

In line with the said legal requirement this framework is a policy document that will set out the requirements that the City Council's PMS will need to fulfill, the principles that informed its development and subsequent implementation, preferred performance model of the City Council, process by which the system will work, delegation of responsibilities for different roles in the process and a plan for the implementation of the system.

This framework document is to serve as policy for the Tlokwe City Council as anticipated and required by the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (MSA) and its respective regulatory requirements.

The policy document, forming part of the PMS (Framework) of the City Council will be reviewed annually as part of the performance review requirements of the applicable legislation (particularly the MSA).

## 2. **PURPOSE OF PERFORMANCE MANAGEMENT SYSTEM (PMS)**

The new imperatives placed upon local government and the public sector generally have resulted in increasing emphasis on efficiency, effectiveness, service delivery and professionalism. The foundation for efficiency, effectiveness and improved service delivery is laid down by the Constitution of South Africa 1996 and White Paper on Local Government (WPLG) 1998.

The purpose of the Tlokwe City Council PMS should not only be to meet legislative requirements, but rather to add value to the services that the City Council renders, especially through increased productivity, efficiency and effectiveness. Creating a culture of performance management within the institution is a prerequisite for the optimum performance of the institution.

The PMS will greatly assist the City Council in its strategic processes, in that it gives feedback and direction on the realisation of the strategic objectives of the City Council.

The results or the findings of the performance results of the City Council will inform the IDP (strategic planning) process and thus help with determining the strategic direction of the City Council.

The monitoring and evaluation of performance of the City Council will assist in continuous assessment of the reaching of targets that the City Council has set for itself as part of the strategic planning processes. Performance assessments, based on evaluations, auditing and reporting will be utilised to assess whether the City Council has indeed achieved its strategic objectives. These three main elements of the PMS should then be able to answer the following three questions:

- (a) Where does the City Council want to go in terms of its strategic objectives?
- (b) How will the City Council measure its progress during implementation of objectives?
- (c) How will the City Council determine if it has achieved its objectives?

The Municipal Manager together with the Executive Mayor of the City Council must champion performance management at all levels in the City Council to ensure that it reaches its objectives.

### 3. PERFORMANCE MANAGEMENT LEGISLATIVE FRAMEWORK

The legislative and policy framework for PMS includes the Constitution, Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (MSA), Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA), Municipal Planning and Performance Management Regulations, White Paper on Local Government and Batho Pele Principles. The main regulatory mechanism for PMS is Chapter 6 of the MSA and the related Municipal Planning and Performance Management Regulations. Most recently, the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager.

The major PMS policy instrument is the 1998 White Paper on Local Government supported by the Batho Pele Principles, which policies was given legal stature through the adoption of the MSA. The said Act requires all municipalities to -

- (a) develop a PMS;
- (b) set targets and monitor and review the performance of the City Council based on indicators linked to their Integrated Development Plan (IDP);
- (c) table and publish an annual performance report on performance of the City Council forming part of its annual report as per the MFMA;
- (d) incorporate and report on a set of general (sometimes also referred to as national) indicators prescribed by the Minister responsible for local government;
- (e) conduct on a continuous basis an internal audit of all performance measures;
- (f) have their annual performance report audited by the Auditor-General; and
- (g) involve the community in setting indicators and targets and reviewing municipal performance.

These are some of the main elements and requirements of the legislative framework for the development and implementation of a PMS for municipalities. For the ease of reference and for the benefit of a comprehensive Tlokwe City Council Performance Management System Framework, more detailed legislative and policy guidelines and requirements are included in the framework.

#### 3.1 The 1996 Constitution of South Africa

Section 152 of the Constitution of South Africa (1996) mandates local government to –

- (a) provide democratic and accountable government for local communities;
- (b) ensure the provision of services to communities in a sustainable manner;
- (c) promote social and economic development;
- (d) promote a safe and a healthy environment; and
- (e) encourage the involvement of communities and community organisations in matters of local government.

#### 3.2 The White Paper on Local Government (1998)

Capturing the spirit of the Constitution, the White Paper on Local Government (WPLG) sets the agenda for a performance management in local government through the notion of a developmental local government. It defines a developmental local government as –

*“... a government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve their quality of lives”.*

The White Paper on Local Government (1998) suggested that local government should introduce the idea of PMSs. The White Paper noted that -

*"Involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query; others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system enhanced" (The White Paper on Local Government, 1998).*

### 3.3 Batho Pele (1998)

Similarly, the White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service:

**Consultation:** Citizens should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services which are provided.

**Service standards:** Citizens should know what standard of service to expect.

**Access:** All citizens should have equal access to the services to which they are entitled.

**Courtesy:** Citizens should be treated with courtesy and consideration.

**Information:** Citizens should be given full and accurate information about the public services they are entitled to receive.

**Openness and transparency:** Citizens should know how departments are run, how resources are spent and who is in charge of particular services.

**Redress:** If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made citizens should receive a sympathetic, positive response.

**Value-for-money:** Public services should be provided economically and efficiently in order to give citizens the best possible value-for-money.

*"Importantly, the Batho Pele White Paper notes that the development of a service-oriented culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations. Local partners can be mobilised to assist in building a service culture. For example, local businesses or non-governmental organisations may assist with funding a helpline, providing information about specific services, identifying service gaps or conducting a customer survey" - The White Paper on Local Government (1998).*

### 3.4 Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

In terms of Chapter 6 of the MSA, municipalities must –

- (a) establish a PMS that is –
  - (i) commensurate with its resources;
  - (ii) best suited to its circumstances; and
  - (iii) in line with the priorities, objectives, indicators and targets contained in its IDP;
- (b) promote a culture of performance management amongst its structures, political office-bearers and councillors and its administration; and
- (c) administer its affairs in an economical, effective, efficient and accountable manner.

The principle requirements of the MSA have already been highlighted. To provide further indication and insight into the requirements of the Act, Chapter 6 of the Act is attached as Annexure A.

### 3.5 **Municipal Planning and Performance Management Regulations (2001)**

The Minister responsible for local government published the Municipal Planning and Performance Management Regulations (2001) in terms of Section 49 of the MSA setting out in detail the requirements for a municipal PMS. The following sections of these regulations have a particular bearing on the Individual Performance Management Policy:

In strengthening performance management, the Municipal Planning and Performance Regulations, 2001 provides –

- (i) detailed guidance on integrated development planning; and
- (ii) requires municipalities to appoint performance audit committees consisting of at least three members, the majority of which may not be involved in the municipality as a councillor or an employee.

The Municipal Planning and Performance Management Regulations (2001) are attached as Annexure B.

### 3.6 **Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006)**

Following its publication in August 2006, the regulations have set the pace for standardisation of individual performance appraisals and assessments for senior management in the local government environment in South Africa. These regulations should also form the foundation for performance appraisals of staff members other than the Municipal Managers and MSA Section 57 Managers.

These regulations are attached as Annexure C.

### 3.7 **Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)**

It is also important to note that the MFMA contains various important provisions related to municipal performance management. It requires municipalities to annually adopt a Service Delivery and Budget Implementation Plan (SDBIP) with service delivery targets and performance indicators. Whilst considering and approving the annual budget the City Council must also set measurable performance targets for each revenue source and vote. The City Council must lastly compile an annual report which must include a performance report compiled in terms of the MSA. In terms of a circular issued by National Treasury provision is also made for the compilation on an annual basis of departmental SDBIPs.

Coupled with the MSA, the Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999) (PFMA), provides for the establishment of the Accounting Standards Board which will set standards of generally recognised accounting practice for municipalities.

The policy background and the legislative framework referred to above forms the basis for the development of a municipality's specific PMS.

## 4. **PERFORMANCE MANAGEMENT AND MEASURES AT VARIOUS LEVELS**

Performance management can be applied to various levels within any organisation. The legislative framework as set out above provides for performance management at various levels in the City Council including strategic (sometimes also referred to as municipal, organisational or corporate) level, operational (also referred to as services, departmental or section/team) level and lastly, individual level.

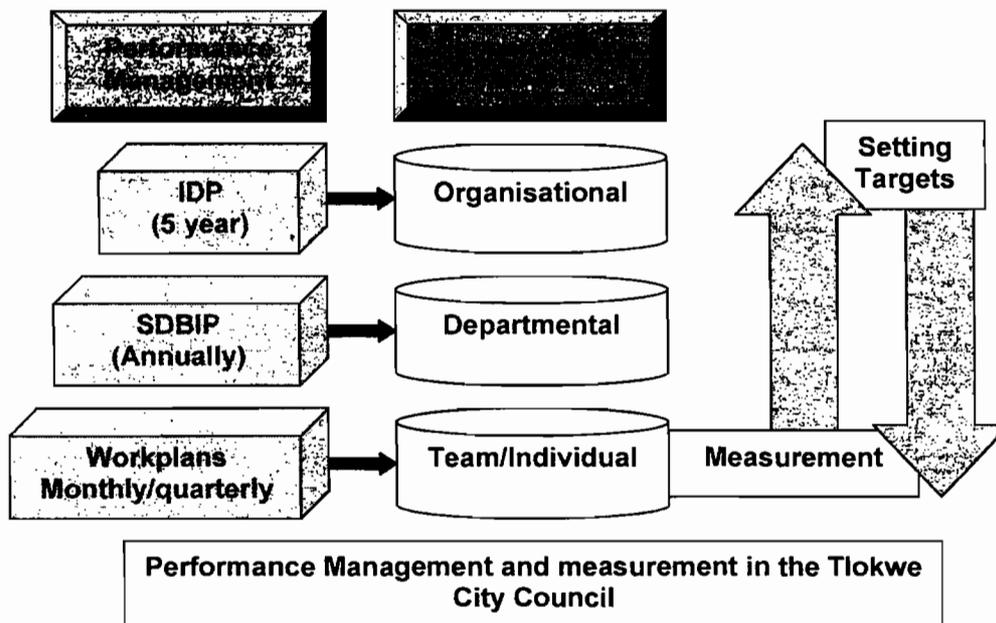
At strategic level the five-year IDP of the City Council forms the basis for performance management, whilst at operational level the annual SDBIP forms the basis.

The IDP is a long term plan and by its nature the performance measures associated with it will have a long term focus, measuring whether a municipality is achieving its IDP objectives. A SDBIP (both for the City Council as a whole and that of a department) is more short-term in nature and the measures set in terms of the SDBIP, reviewing the progress made with implementing the current budget and achieving annual service delivery targets.

The measures set for the Tlokwe City Council at strategic level are captured in a strategic Council (municipal/organisational/corporate) scorecard structured in terms of the preferred performance management model of the City Council). The measures at operational level are to be captured in the SDBIP of the City Council and the SDBIPs of the various Departments in the City Council, further translated into departmental strategic performance scorecards. These SDBIPs provide the basis for the annual work plans for individuals and functional teams in the organisation and will serve as the principle individual monitoring and evaluation tool for all individual staff members.

By cascading performance measures from strategic to operational level, both the IDP and the SDBIP form the link to individual performance management. This ensures that performance management at the various levels relate to one another which is a requirement of the Municipal Planning and Performance Regulations. The MFMA specifically requires that the annual performance agreements of Managers must be linked to the SDBIP of a municipality and the measurable performance objectives approved with the budget.

The following diagram indicates the performance management at various levels:



## 5. OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM

As indicated in the previous chapter the City Council's PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to gauge the progress made in achieving the objectives as set out in the IDP. The objectives for any municipal PMS is guided and regulated by the relevant legislation and policy guidelines. The Planning and Performance Management Regulations inform the objectives to a great extent. The PMS for the Tlokwe City Council include the following objectives that the system should fulfill:

### 5.1 Meeting IDP objectives

To ensure that the priorities as contained within the IDP are achieved, by measuring the success of meeting these.

**5.2 Facilitate increased accountability**

The PMS should provide a mechanism for ensuring increased accountability between the local community, politicians, the Council and the municipal management team as well as all other officials.

**5.3 Facilitate learning and improvement**

The PMS should facilitate learning in order to enable the City Council to improve delivery.

**5.4 Provide early warning signals**

It is important that the system ensure decision-makers are timeously informed of performance related risks so that they can facilitate intervention, if necessary.

**5.5 Facilitate decision-making**

The PMS should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

**5.6 Best practice and shared learning**

The City Council's PMS should contribute towards creating a culture of best practice and encouraging shared learning among municipalities.

**5.7 Improved service delivery**

The improvement and development of the PMS should improve service delivery in the City Council.

It is also anticipated that the Tlokwe City Council PMS must be practiced in such a way that it –

- (a) is developmental and not punitive in nature as employees will be provided with career opportunities and allowed to be creative and innovative in improving their performance;
- (b) provides a clear and detailed framework for –
  - (i) agreement on performance contracts;
  - (ii) clear measures of agreed upon standards; and
  - (iii) a balance between organisational needs and employee rights;
- (c) allows for joint responsibility and accountability based on mutual trust and respect;
- (d) is cost-effective and practical as it enhances improvement in quality;
- (e) is applied consistently and documents formal and informal feedback;
- (f) is applied equitable and fairly;
- (g) allows honesty and transparency in application;
- (h) provides clear linkages between performance and recognition system; and
- (i) focuses on critical work activities.

The functions listed above are not exhaustive but summarise the intended benefits of the system. These intended functions should be used to evaluate and review the PMS on a regular basis.

## 6. PRINCIPLES GOVERNING THE TLOKWE CITY COUNCIL PERFORMANCE MANAGEMENT SYSTEM (PMS)

The principles that should govern the Tlokwe City Council PMS are developed to ensure that the PMS is relevant, especially in attaining its objectives and legislative requirements. The said principles are the following:

- (a) **Effective utilisation** of financial and human resources.
- (b) **Simplicity** so as to facilitate implementation given any current capacity constraints.
- (c) **Politically acceptable** to all political role players.
- (d) **Administratively managed** in terms of its day-to-day implementation.
- (e) **Implementable** within any current resource constraints.
- (f) **Transparency and accountability** both in terms of developing and implementing the system.
- (g) **Efficient and sustainable** in terms of the ongoing implementation and use of the system.
- (h) **Objectivity** based on credible information.
- (i) **Reliability** of the information provided on the progress in achieving the objectives as set out in its IDP.
- (j) **Alignment** with other municipal initiatives, such as the IDP and Budget, but also with national and provincial policy and guidelines.

## 7. TLOKWE CITY COUNCIL PERFORMANCE MANAGEMENT MODEL

A performance management model can be defined as the grouping together of performance indicators, sometimes based on the type of indicator, into logical categories or groups (often called perspectives), as a way to enhance the ability of an organisation to manage and analyse its performance since such a model provides a common framework for what aspects of performance is going to be measured and managed. It further ensures that a balanced set of measures are employed that are not relying on only one facet of performance and therefore not presenting a holistic assessment of the performance of an organisation.

A performance management model is a choice about what aspects or dimensions of performance will be measured. The Tlokwe City Council has chosen an adaptation of the spreadsheet model as proposed by the North West Provincial Department of Developmental Local Government and Housing's Municipal Organisational Performance Management Guide. This adapted model will be described later in this section.

### 7.1 What is the value of a Performance Measurement Model?

The following reasons postulate the importance of models in performance management:

- (a) It simplifies otherwise long lists of indicators by organising them into a set of categories chosen to sufficiently represent effective performance.
- (b) Different models differ enormously on what is seen as the key aspects of performance and can assist in making decisions that are right for the context of the City Council.
- (c) Models can assist in seeing the relationship between areas of performance when planning, evaluating and reporting.
- (d) Models help align strategic planning and the City Council by directly linking key performance areas to priority areas of the strategic plan, in particular the IDP and Budget.

- (e) Building an own model will allow the City Council to agree on what areas of performance should be integrated, managed and measured and what values should inform its indicators and standards of achievement.

## 7.2 Why do we need a model?

A model in performance management assists with the following:

- (a) Balance.
- (b) Simplicity.
- (c) Mapping of interrelationships.
- (d) Alignment to strategic planning methodology (IDP).

## 7.3 Criteria of a good performance model

The following characteristics should guide the choice of a model:

- (a) Simplicity.
- (b) Relevance.
- (c) Holism and integration.
- (d) Alignment to the IDP.
- (e) Objectivity and reliability.
- (f) Diagnostic.
- (g) Replicability.

## 7.4 The Tlokwe City Council Performance Model

As already indicated, the Tlokwe City Council has chosen to utilise an adaptation of the Spreadsheet Model. This Model utilises a simple spreadsheet as the basis for performance management. The adaptations that are part of the City Council's version of this model takes it a step further by grouping the various performance measures (Key Performance Indicators – KPIs) into perspectives that are directly linked to the IDP priority issues at the highest or organisational level. These perspectives are the following:

- (a) Economic development.
- (b) Integrated service delivery.
- (c) Social facilitation and development.
- (d) Institutional and governance.
- (e) Municipal Planning.
- (f) Spatial Development Framework (Environmental management and sustainable human settlement).

These perspectives also link in very closely with the five National Key Performance Areas (KPA's) (with a sixth one added recently), which are the following:

- (i) Spatial Analysis and Rationale.
- (ii) Basic Service Delivery.
- (iii) Integrated local Economic Development.
- (iv) Municipal Transformation and Organisational Development.
- (v) Municipal Financial Viability and Management.
- (vi) Good Governance and Public Participation.

The Model attempts to address all the required reporting requirements by role players, including the criteria determined by the following institutions/role players:

- (a) Tlokwe City Council.
- (b) Cooperative Governance and Traditional Affairs (COGTA) criteria including -
  - (i) Vuna Criteria; and
  - (ii) Project Consolidate Criteria.

The IDP of the Tlokwe City Council highlights the following link between the National KPAs and the priority issues of the City Council:

**Table 1:**

Key Performance Areas (KPAs)	IDP
Basic service delivery	Integrated service delivery Economic development Social facilitation Institutional and governance
Municipal institutional development and transformation	Institutional and governance Economic development
Integrated local economic development	Economic development Integrated service delivery
Municipal financial viability and management	Institutional and governance
Good governance and public participation	Institutional and governance social facilitation Environmental management Municipal planning
Spatial development framework	Environmental management and sustainable human settlement.

The following priorities per municipal perspectives and national KPAs are identified in the IDP (pages 59 to 68) with specific objectives and strategies for addressing these:

**Table 2:**

National KPAs	Priority issue - IDP	IDP Perspective
Basic Service Delivery	<b>Water and sanitation</b>	Integrated service delivery
Basic Service Delivery	<b>Roads and storm water</b>	Integrated service delivery
Municipal Institutional Development and Transformation	<b>Housing development</b>	Spatial development framework
Integrated local economic development	<b>Integrated local economic development</b>	Integrated local economic development
Basic service delivery	<b>Electricity</b>	Integrated service delivery
Municipal institutional development and transformation	<b>Institutional development</b>	Institutional and governance
Good governance and public participation	<b>Community participation and communication</b>	Social facilitation and development
Integrated local economic Development (As per IDP)	<b>Health care facilities</b>	Integrated service delivery
Integrated local economic development (As per IDP)	<b>Community safety and security</b>	Integrated service delivery

Basic service delivery	<b>Education</b>	Integrated service delivery
Integrated local economic development	<b>Multipurpose/sports and recreation</b>	Integrated local economic development
Integrated local economic development	<b>Disaster management</b>	Integrated local economic development

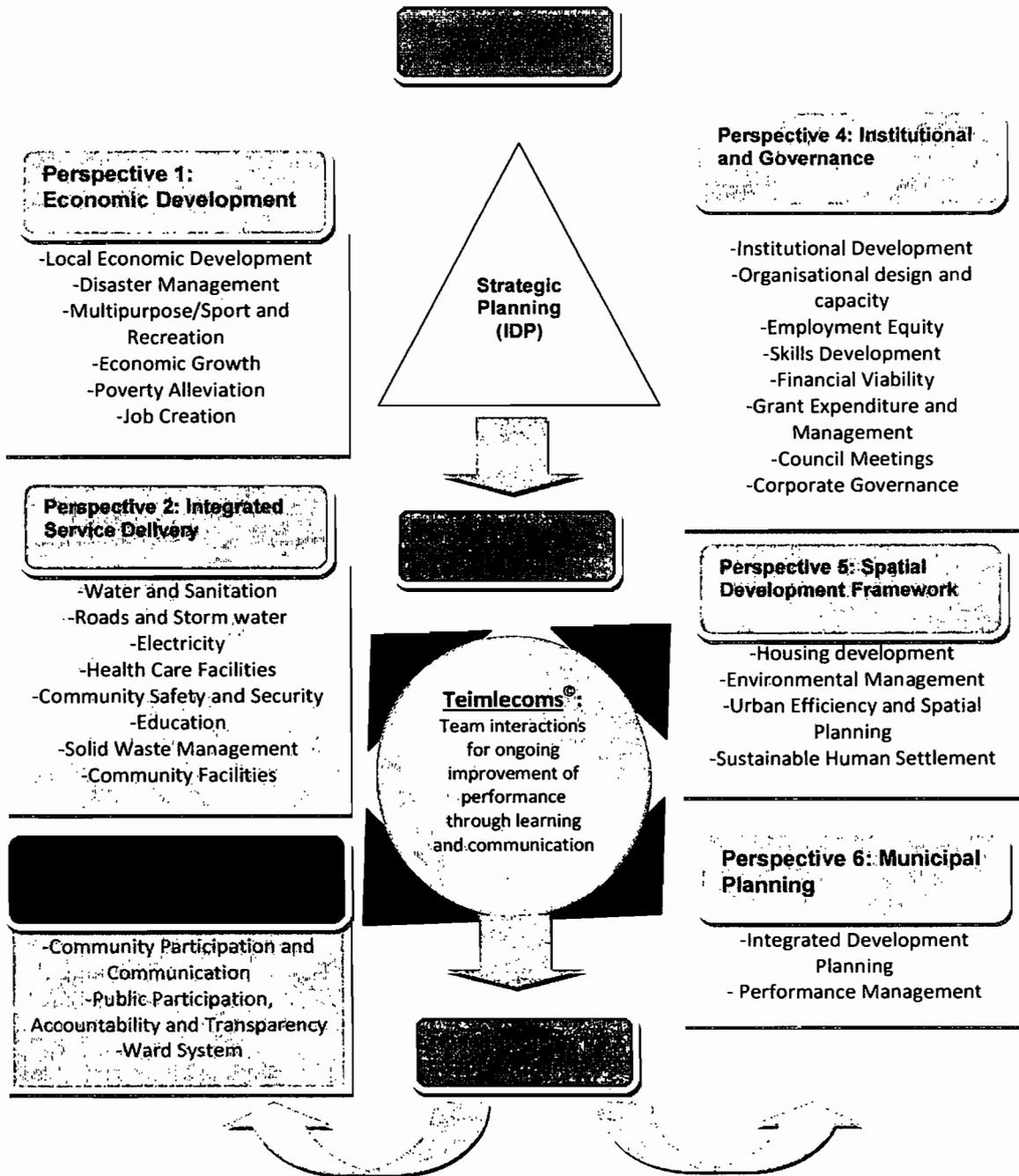
It is also important for the Tlokwe City Council Performance Management System Model to be able to relate to the Vuna Criteria, as this will be required when producing an annual performance report to the MEC and to be tabled at a public meeting by the end of February of each previous financial year. The Vuna Criteria/perspectives are linked to the five National KPAs and are as follows:

Basic Service Delivery	Water services Electricity Solid waste Management Environmental management Roads Housing Urban efficiency and spatial planning Community facilities
Municipal institutional development and transformation	Organisational design and capacity Employment equity Skills development Integrated development planning Performance management
Integrated local economic development	Economic growth Poverty alleviation Job creation
Municipal financial viability and management	Financial viability Grant expenditure and management
Good governance and public participation	Public participation, accountability and transparency Ward system Council meetings Corporate governance
Spatial development framework	Not yet included in the latest Vuna Criteria

The Tlokwe City Council Performance Management Model has six perspectives that determine the balance of performance within the City Council. These perspectives are determined through the IDP process of the City Council and form the core of the **Organisational Performance Management**. The premise is that these perspectives are in no particular order of importance, but that the City Council needs to balance performance between them, in order to ensure a holistic approach to developmental local government.

Also introduced in the Model is the linkage between **the Organisational and Individual Performance** through the Teimlecoms©. This concept will be elaborated on further, under the section dealing with Individual Performance Management.

Considering all of the above hierarchies and criteria for performance reporting that has a bearing on the Tlokwe City Council, the Tlokwe City Council Performance Management Model can be illustrated as follows:



The principle reporting mechanisms that would be utilised for reporting on the performance of the organisation is the Organisational Scorecard which forms part of the PMS Toolkit.

#### 7.5 Individual Performance Management

The Model also introduces the *Individual Performance Management* in the City Council through a combination of Section 57 requirements, including Annual Performance Contracts and related Annual Work Plans, and the Teimlecoms<sup>®</sup> for the management of individual performance of all other municipal employees. The next section deals with the process and provisions for managing individual performance in detail.

### 8. THE PROCESS OF MANAGING INDIVIDUAL PERFORMANCE

#### 8.1 Performance Management for Municipal Managers and Top Managers reporting to the Municipal Manager (Section 57 Managers)

The efficacy of a PMS is dependent on committing staff to the attainment of targets. This is done ensuring that staff signs performance instruments or agreements. Performance agreements are designed in partnership with management and those actually performing the work to a process for measuring performance and therein establish accountability. The agreements would state expectations for each party signing the agreement. They help improve communication with employees and stakeholders and make transparent the conduct of the municipality and individuals.

The highest level of individual performance management is dictated by the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006), attached as Annexure C.

The management of performance on this level is documented to include a number of requirements.

These will be briefly indicated here and include the following:

##### (a) Employment contracts

The employment contracts for Municipal Managers and Managers directly accountable to Municipal Managers all need to sign performance contracts in terms of the MSA Section 57. The 2006 regulations has a standardised performance contract linked to it and this is included in the PMS Toolkit. (These should be standardised or Council can reserve the right to negotiate these with the individual managers).

##### (b) Employment agreements

The performance agreements between the Council and Municipal Manager and Managers directly accountable to the Municipal Manager need to be attached to the performance contracts. The **purpose** of such an agreement includes -

- (i) compliance with Section 57(1)(b), (4A) and (4B) and (5) of the MSA;
- (ii) expectancy of employer of performance and accountability of employee in alignment with the IDP, SDBIP and Budget;
- (iii) specify accountabilities and objectives and targets for individuals as contained in the performance plan, being an annexure to the performance agreement;
- (iv) award employee for outstanding performance; and
- (v) focus on performance orientated relationship between employer and employee.

##### (c) Performance objectives

- (i) These are detailed in the performance plan with targets and the related time frames.

- (ii) These are set by the employer in consultation with employee in terms of the IDP, SDBIP and Budget.
- (iii) It needs to include key objectives, KPIs, target dates and weightings.
- (iv) Key objectives describe the main tasks that need to be done.
- (v) Key Performance indicators provide details of the evidence to show that the objective has been achieved.
- (vi) Target refers to the time frame (quantity subdivision).
- (vii) Weighting shows relative importance of key objectives to one another.

Section 25 (4) of the Regulations state the following:

*"The employee's performance will, in addition, be measured in terms of contribution to the goals and strategies set out in the employer's Integrated Development Plan".* The standard format of **Performance Agreements** is included in the **PMS Toolkit**.

The performance agreements of individual Section 57 Managers need to be signed annually before the end of July of the financial year on which it will be applicable. Linked to these performance agreements will be each manager's **Annual Work Plan**, which is designed to link in directly with the **SDBIP** format as well as the City Council's **Organisational Scorecard**.

(d) **Evaluating performance**

The performance agreements with senior management should include mechanisms for evaluating performance of these Managers. These evaluation mechanisms need to address the following:

- (i) The employee must agree to participate in the PMS of the City Council.
- (ii) Performance standards must be part of the system and assist the employer, management and staff.
- (iii) Employees should focus on projects that are part of the Key Performance Areas (KPA's) within the local government framework.
- (iv) Employees will be assessed on an 80:20 principle, 80% weighting allocated to KPA's and 20% to Core Competency Requirements (CCRs).
- (v) KPA's and its respective weightings are to be negotiated for Managers directly accountable to the Municipal Manager.

National KPA's on which Managers will be evaluated are the following:

<b>Key Performance Areas (KPA's) for Municipal Managers</b>	<b>Weighting</b>
Basic Service Delivery	
Municipal Institutional Development	
Integrated local Economic Development	
Municipal Financial Viability	
Good Governance and Public Participation	
<b>Total</b>	<b>100%</b>

The CCRs must be selected from the following (those that are deemed most critical and as agreed to in terms of the needed proficiency level):

<b>Core Competency Requirements for Employees (CCRs)</b>		
<b>Core Managerial and Occupational Competencies</b>	<b>Indicate Choice</b>	<b>Weight</b>
<b>Core Managerial Competencies</b>		
Strategic Capability and Leadership		
Programme and Project Management		
Financial Management	Compulsory	
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving Analysis		
People Management and Empowerment	Compulsory	
Client Orientation and Customer Focus	Compulsory	
Communication		
Honesty and Integrity		
<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 economical context		
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		
<b>Total percentage</b>		<b>20%</b>

The performance plan must set out the standards and procedures for evaluation of employee's performance and intervals for these evaluations. A Personal Development Plan (PDP) which must form part of this, must document any growth and development needs of employees.

The annual performance appraisal, which outcomes will be indicated in more detail later in this section, must involve the following:

- (i) Assessment of achievement of results outlined in performance plan (5 point scale scoring system for all KPAs).
- (ii) Assessment of CCRs (5 point scale scoring system also applicable).

**(e) Annual performance appraisals**

An applicable assessment-rating calculator is used to determine outcome of performance appraisals.

The following scale for assessment will be used:

- 5 = Outstanding performance
- 4 = Performance significantly above expectations
- 3 = Fully effective
- 2 = Performance not fully effective
- 1 = Unacceptable performance

Percentage scores are calculated by applicable assessment-rating calculator

- 1 = 33%
- 2 = 66%
- 3 = 100%
- 4 = 133%
- 5 = 166%

Unacceptable performance, employer must provide systematic remedial development and support.

Termination of contract may be considered if no improvement takes place, after appropriate counseling and guidance and reasonable time for improvement.

The annual performance evaluation panel for Municipal Managers must include the following:

- (i) Executive Mayor or Mayor.
- (ii) Chairperson of the Performance Audit Committee or Audit Committee in the absence of PMS Audit Committee.
- (iii) Mayoral Committee or Executive Committee member.
- (iv) Mayor and/or Municipal Manager from another municipality.
- (v) Ward Committee member as nominated by the Executive Mayor or Mayor.

The annual performance evaluation panel for managers directly accountable to the Municipal Manager.

- (i) Municipal Manager
- (ii) Chairperson of the Performance Audit Committee or Audit Committee in the absence of PMS Audit committee
- (iii) Mayoral Committee or Executive Committee member
- (iv) Municipal manager from another municipality

The City Council must ensure that secretariat services are provided by the Human Resources Manager of the City Council.

## 8.2 Performance management for all other employees

The approach of working in functional teams has been adopted by the Tlokwe City Council. The City Council needs very strong team spirits within the organisation. If one even a single person is not functioning correctly, the whole system will collapse. Goal setting is done for teams, not for individuals. Recognition is also carried out in teams. This will make people to think in teams.

The principle of team interactions for ongoing improvement of performance through mutual learning and communication (Teimlecoms) is based on the advantages of team work in an organisation, and these include the following:

- (a) A combination of strengths - especially if the team has been chosen carefully, you can get a good range of abilities, fields of expertise and personality types, so for every situation there should be at least one person who can deal with it.
- (b) A range of opinions - if "two heads are better than one," six can be better still - a group meeting is often very useful for ironing out flaws in a plan, testing it out, spotting pitfalls, etc. (though if your team is too big, it can be difficult to reach decisions).

- (c) Divided responsibility - while ultimate responsibility rests with the team leader, not much can be achieved without an effective team. The team structure allows those who have strengths in a particular area to take more responsibility for that area.
- (d) Team spirit - a good team, well led, creates loyalty in its members. Not wanting to let your teammates down can be a powerful motivating force, as can the sense of pride in being part of a successful group. A little rivalry between the team members is also quite healthy as long as it doesn't get out of hand.
- (e) Team members have the opportunity to learn from each other.
- (f) Potential exists for greater work force flexibility with cross-training.
- (g) Opportunity provided for synergistic combinations of ideas and abilities.
- (h) New approaches to tasks may be discovered.
- (i) Team membership can provide social facilitation and support for difficult tasks and situations.
- (j) Communication and information exchange may be facilitated and increased.
- (k) Teams can foster greater co-operation among team members.
- (l) Interdependent work flow can be enhanced.
- (m) Potential exists for greater acceptance and understanding of team-made decisions.
- (n) Greater autonomy, variety, identity, significance and feedback for workers can occur.
- (o) Team commitment may stimulate performance and attendance.
- (p) When working in teams, managers must be aware of the possible disadvantages of working in teams, and must, through their respective CCRs be able to mitigate some of these disadvantages. These include the following:
  - (i) Some individuals are not compatible with team work.
  - (ii) Workers must be selected to fit the team as well as requisite job skills.
  - (iii) Some members may experience less motivating jobs as part of a team.
  - (iv) Organisation may resist change.
  - (v) Conflict may develop between team members or other teams.
  - (vi) Teams may be time-consuming due to need for coordination and consensus.
  - (vii) Teams can stymie creativity and inhibit good decision-making if "group think" becomes prevalent.
  - (viii) Evaluation and rewards may be perceived as less powerful.
  - (ix) "Free-riding" within the team may occur.
  - (x) Less flexibility may be experienced in personnel replacement or transfer.

A standard format for managing the Teimlocoms is included in the PMS Toolkit.

Job descriptions need to be in place for all individuals to serve as guidelines for the individual responsibilities of the functional team members.

Incentives for excellent performance of individuals need to be proposed per team by Council/management.

## 9. THE PERFORMANCE MANAGEMENT PROCESS

The main steps in managing performance at all levels will differ slightly, and the focus under this section will be on the performance management process at the organisational and departmental levels. The process at lower levels will be explained under the section dealing with individual PMS linked with the organisational PMS.

The process will be managed by the Performance Management Steering Committee, which is chaired by the Performance Management Co-ordinator. The process is guided by an Implementation Plan, a standard outline which is part of the PMS Toolkit.

The roles and responsibilities of various role players in the process of managing performance are indicated in Table 1.

The following main steps will form part of the PMS Implementation:

### 9.1 Performance planning

This involves the development or refinement of the municipal strategic and operational plans and cascading of this plan to all structural levels in the City Council. The basis for performance planning is the IDP process, linked and followed by detailed planning on other levels than organisational level.

This planning process should include the setting of key performance indicators and targets in accordance with its Integrated Development Plan as required by legislation.

It is crucial that for all the priorities in the Integrated Development Plan, objectives, indicators and targets are developed. The planning process takes place once a year and should be driven from the Office of the Municipal Manager.

It should be noted that the last component of the cycle is that of performance review and the outcome of such a review process must inform the next cycle of IDP compilation/review by focusing the planning processes on those areas in which the City Council has under-performed.

Formats for the Organisational Scorecard and Service Scorecards (also known as Annual Work Plans) are being developed annually and should be flexible to accommodate the changing needs and evolution of the Tlokwe City Council. It should not be so significant that it will warrant an annual change of the framework during the performance review process.

### 9.2 Performance monitoring

Monitoring of performance is a continuous process and will be the responsibility of each line manager. The line manager will be responsible for each indicator on the scorecard (both Annual Work Plans and SDBIPs). While this official will not necessarily be accountable for performance on this indicator, he/she will be responsible for conducting measurements of that indicator, analysing and reporting these for reviews.

Performance monitoring is an ongoing process by which a manager accountable for a specific indicator as set out in the Organisational Scorecard (or a service delivery target contained in an annual SDBIP) continuously monitors current performance against targets set. The aim of the monitoring process is to take appropriate and immediate interim (or preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting and review is due.

**9.3 Performance measurement**

Measurement of performance requires that line managers compare current performance with targets, past performance and possibly the performance of other municipalities, where data is available, to determine whether or not performance is poor. They should also analyse the reasons for performance levels and suggest corrective action where necessary.

It is suggested that measurement of performance progress be undertaken quarterly at both the municipal and individual employee levels.

**9.4 Performance reporting**

**(a) Regular reporting**

The Municipal Manager will report to Council on a quarterly basis on the progress made towards the achievement of the strategic municipal KPIs and deliverables in the balanced scorecard. This will also be submitted to the internal auditing function on a quarterly basis and bi-annually to the performance auditing function.

Managers are required to report on their progress, using their Annual Work Plans and SDBIPs, on a quarterly basis. These progress reports on the Annual Work Plans format should be submitted by the various Managers to the Municipal Manager and would be discussed during the management team meetings.

Both these reporting formats will form the basis of a comprehensive annual review of performance as required by the MSA and MFMA.

Individuals in the City Council will need to reflect on whether targets are being met and what the reasons for targets not being achieved are, and suggest corrective action. The purpose of management teams is to strengthen the culture of integrated management and eliminated silos. This will be done in terms of the interactions at the Teimlecoms.

**(b) Annual reporting**

On an annual basis a comprehensive report on the performance of the City Council also needs to be compiled. The requirements for the compilation, consideration and review of such an annual report are set out in Chapter 12 of the MFMA. In summary it requires that -

- (i) all municipalities for each financial year compile an annual report;
- (ii) the annual report be tabled within seven months after the end of the financial year;
- (iii) the annual report immediately after it has been tabled be made public and that the local community be invited to submit representations thereon;
- (iv) the Council consider the annual report within nine months after the end of the financial year and adopt an oversight report containing the Council's comments on the annual report;
- (v) the oversight report as adopted be made public;
- (vi) the annual report as tabled and the Council's oversight report be forwarded to the Auditor-General, Provincial Treasury and Department of Cooperative Governance and Traditional Affairs (COGTA); and
- (vii) the annual report as tabled and the Council's oversight report be submitted to the Provincial Legislature.

The oversight report to be adopted provides the opportunity for the full Council to review the performance of the City Council. The requirement that the annual report once tabled and the oversight report be made public similarly provides the mechanism for the general public to review the performance of the City Council. It is however proposed that in an effort to assist the public in the process and subject to the availability of funding, a user-friendly citizens' report be produced in addition to the annual report for public consumption. The citizens' report should be a simple, easily readable and attractive document that translates the annual report for public consumption.

It is also proposed that annually a public campaign be embarked upon to involve the citizens of the municipality in the review of municipal performance over and above the legal requirements of the MSA and MFMA. Such a campaign could involve all or any combination of the following methodologies:

- (i) Various forms of media including radio, newspapers and billboards should be used to convey the annual report.
- (ii) The public should be invited to submit comments on the annual report via telephone, fax and email.
- (iii) Public hearings could be held in a variety of locations to obtain input of the annual report.
- (iv) Making use of existing structures such as ward and/or development committees to disseminate the annual report and invite comments.
- (v) Hosting a number of public meetings and road shows at which the annual report could be discussed and input invited.
- (vi) Producing a special issue of the municipal newsletter in which the annual report is highlighted and the public invited to comment.
- (vii) Posting the annual report on the City Council's website and inviting input.

The public review process should be concluded by a formal review of the annual report by the IDP Representative Forum of the City Council.

Lastly, it should be mentioned that the performance report of a municipality is only one element of the annual report and to ensure that the outcome thereof timeously inform the next cycle of performance planning in terms of an IDP compilation/review process, it is recommended that the annual performance report be compiled and completed as soon as possible after the end of a financial year but ideally not later than two months after financial year end.

The process of annual reporting needs to be concluded by the end of February of the next financial year, through the report being tabled at a public meeting. The reporting requirements of the municipality at various levels are indicated in Annexure D.

The MSA requires the Municipal Manager to give written notice of meetings, in which the City Council's annual report is tabled or discussed by the Council, to the Auditor-General and MEC for Local Government. The Municipal Manager must also submit copies of minutes of these meetings to the Auditor-General and MEC for Local Government in the Province. Representatives of the Auditor-General and MEC for Local Government in the Province are entitled to attend and speak in these meetings. A copy of the report must be submitted to the Auditor-General and MEC for Local Government in the Province.

Report	Frequency	Submitted for consideration and/or review to	Remarks
1. Departmental SDBIPs	Continuous	Manager of Department	See MFMA Circular 13 of National Treasury for further information.
2. Monthly budget statements	Monthly	Executive Mayor (in consultation with Mayoral Committee)	See Sections 71 and 54 of the MFMA.
2.1 Quarterly performance plan based appraisals	Quarterly	Manager of Department	Based on requirements in "new" regulations.
3. Departmental scorecards	Monthly	Mayoral Committee	Only if developed separately from Departmental SDBIPs.
4. Strategic (municipal/organisational/corporate) Scorecard	Quarterly	Mayoral Committee	This PMS framework (see Section 7.5.1 above).
5. SDBIP mid-year budget and performance assessment	Annually during January of each year	Executive Mayor (in consultation with Mayoral Committee)	See Sections 72 and 54 of the MFMA.
6. Performance report	Annually	Council	See Section 46 of the MSA as amended. Said report to form part of the annual report (see 7 below)
7. Annual report	Annually	Council	See Chapter 12 of the MFMA.

### 9.5 Performance auditing

The MFMA requires that the City Council must establish an internal audit section which service could be outsourced depending on its resources and specific requirements. Section 45 of the MSA stipulates that the results of the City Council's performance measures must be audited by the said internal audit section as part of the internal auditing process and annually by the Auditor-General.

The Municipal Planning and Performance Management Regulations (MPPR), 2001 requires that municipalities must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes. This will ensure that performance information collected by the City Council is verifiable, reliable and correct.

The Regulations (2001) state that the internal audit function of the City Council must continuously audit performance measurements and submit quarterly reports to the Municipal Manager and performance audit committee. The capacity of the internal audit unit will need to be improved beyond the auditing of financial information.

The Regulations further state that –

- (a) the municipality must annually appoint and budget for a performance audit committee of at least three members, the majority of which cannot be a councillor or official;
- (b) any external member of the committee may be remunerated in line with tariffs determined by the South African Institute of Chartered Accountants;
- (c) a municipality must provide secretariat services for its audit committee; and
- (d) the performance audit committee is given powers to communicate directly with the Municipal Manager, Councillors and staff, access any municipal records and investigate matters where integrity of the system or measure is in doubt.

According to the regulations, the performance audit committee must -

- (i) review the quarterly reports submitted to it by the internal audit unit;
- (ii) review the municipality's PMS and make recommendations in this regard to the Council of that municipality;
- (iii) assess whether the performance indicators are sufficient; and
- (iv) at least twice during a financial year submit an audit report to the Council.

The Regulations stipulate that internal audit section must on a continuous basis audit all performance and the auditing must include an assessment of the following:

- (a) The functionality of the City Council's PMS.
- (b) Whether the City Council's PMS complies with the Act.
- (c) The extent to which the City Council's performance measurements are reliable in measuring the performance of the City Council by making use of indicators.

It is further proposed that the audit committee be tasked with assessing the reliability of information reported. In order to fulfill their function a performance audit committee may, according to the regulations –

- (i) communicate directly with the Council, Municipal Manager or the internal and external auditors of the City Council;
- (ii) access any municipal records containing information that is needed to perform its duties or exercise its powers;
- (iii) request any relevant person to attend any of its meetings, and if necessary to provide information requested by the committee; and
- (iv) investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

It is further proposed that each cluster be required to review the performance of their respective departments against their Annual Work Plans and SDBIPs. The cluster should appraise the performance of the department against committed targets. Where targets are not being met, clusters should ensure that the reasons for poor performance are satisfactory and sufficient, and the corrective strategies proposed are sufficient to address reasons for poor performance.

It is required that Council appoint a special performance audit committee or share one such committee either with the district or some of its neighbouring local municipalities.

The audit committee should be comprised of seven members, two of whom should be Councillors who are not members of the Mayoral Committee and one from organised labour. The other four members of the audit committee should be external to the municipal organisation.

The composition of the audit committee should ensure that the following competencies are sufficiently catered for within the group:

- (i) An understanding of performance management.
- (ii) An understanding of finances.
- (iii) An understanding of development, including rural development.
- (iv) Credibility within all communities and organs of civil society within the City Council.

Determining the overall municipal achievement of municipal scorecard (strategic objectives, goals and outcomes) should be conducted through at least two annual well representative citizens' surveys. It is recommended that the office responsible for IDP and PMS be tasked with managing the conducting of citizens' surveys.

In order to obtain a reliable picture of how the City Council is performing in relation to the municipal and service scorecards, two additional surveys are suggested:

- (i) An annual partners, including business satisfaction survey.
- (ii) Two employee satisfaction surveys per year.

The employee satisfaction surveys will assist with the management of the overall climate of the organisation and poses to contribute to the spirit of teamwork in the City Council. A performance review, which a comprehensive evaluation of the municipal performance will be conducted at the end of the financial year after all performance information has been audited. In this process the City Council carefully analyses its performance, trying to understand why it has performed well or badly under the circumstances. Such an analysis could pick up trends in performance over time and over all departments. The City Council can use a number of tools such as the SWOT analysis in diagnosing its performance trends.

The management team, Mayoral Committee and Council are responsible for the conducting the annual municipal review or evaluation.

**S TYATYA**  
**MUNICIPAL MANAGER**