

CHAPTER NINE: PERFORMANCE MANAGEMENT SYSTEM

1. MONITORING & EVALUATION SYSTEM & UNIT

The M&E unit consists of the Manager Governance and Compliance with a risk management Officer and an intern. The Unit is responsible for the development of the Institutional SDBIP, departmental SDBIP, S56 Managers scorecards and that of the line managers' scorecards. In order for administrative efficiency the PMS scorecard is combined with the SDBIP so that only one report is received. The SDBIP, PMS and IDP objectives, strategies, indicators and targets are aligned on an annual basis.

Particular care has been paid to this in 2012/13 and 13/14 in order to avoid the AG's comments on 11/12 that the SDBIP targets were poorly worded thus making it difficult to determine whether the target had been met. The AG also claimed that the IDP objectives did not match those of the SDBIP and PMS. This was due to a change of wording which has been addressed and now the wording is the same in all documents.

The evaluations for the 2011/12 financial year are still being completed in line with the PMS policy which states that Directors will only be formally assessed once the final annual report is approved. It is therefore impossible to accurately state what percentage of the SDBIP targets was met.

In order to verify that targets are met, the responsible individuals submit quarterly reports with their portfolio of evidence to the Head of Department who checks it and submits it to the Manager Governance & Compliance. It is checked and a quarterly assessment is carried out. Formal assessment is only done in the second and fourth quarter.

2. MPAC

The MPAC has been trained again just to ensure that members are fully conversant with their roles and responsibilities. The Committee meets and discusses the departmental quarterly reports submitted by Directors and develops an annual S 46 report on performance assisted by the Manager Compliance and governance. As MPAC has improved its capacity so has its ability to interrogate the evidence

provided by directors to support that targets have been met. As a result in the 2013/14 financial year the compliance with reporting and submitting of evidence has been much improved.

3. PMS IMPLEMENTATION AND ROLL OUT

The Municipality has implemented an organisational PMS as per the policy adopted in 2009. However roll out to Managers below S56 has been delayed due to the limited functioning of the local labour forum which fails to sit regularly. In addition the lack of job descriptions for all posts and implementation of the organogram hindered the process as well. As a result the developed roll out plan has not been implanted. It is however planned that the PMS will be implemented to line managers in 2013/14.

4. ABRIDGED PERFORMANCE MANAGEMENT POLICY

The policy was adopted by Council on the 3rd July 2009.

- Applicability

This policy will be applicable to the following employees:

- All s56 Managers duly defined as per s56 of the Municipal Systems Act No 32 of 2000.
- All other Managers and staff who have negotiated fixed-term contracts;
- All other employees within Senqu Municipality for whom this policy is currently applicable in terms of the approved roll-out plan.

- Governance Issues

This policy and framework will be guided by the following governance and supporting structures:

- Council (required to adopt this policy);
- The Municipal Manager who facilitates the review and amendment of this policy;
- The Municipal Manager who assumes responsibility for the management and administration of performance management application; and
- The Performance Management Audit Committee and in their absence the Audit Committee.

PHASES WITHIN THE PERFORMANCE MANAGEMENT CYCLE

The Performance Management Cycle is an annual cycle, which extends from 1 July to 30 June, during which time performance is measured against performance targets. Through the process of planning, steps are taken to “plan” and set performance targets for the period under review. These targets will be ultimately linked to the achievement of the IDP objectives, which represent the targets of the Municipality as a whole.

These targets in turn, are reflected within the Municipal Scorecard (as high-level strategic objectives) which is further translated into departmental objectives (as reflected also within the SDBIP's or Service Delivery Budget and Implementation Plans. These, in turn, are translated into plans, which become increasingly operational, as they cascade from the senior Managers down to the lower levels. Each “subordinates” scorecard (depicting performance objectives and performance indicators) are drawn from the Manager's scorecard immediately above.

Linking employee Performance Management System to Human Resources Development

Every employee is required to have Action / Personal Development Plan (PDP) that is prepared at the end of the formal performance review. These plans should form a key part of the skills development planning process. Individual learning plans provide the opportunity for managers/supervisor and employees to jointly identify training and development needs in order to improve job performance and to support individual development.

The individual learning plan, which must be completed annually, records the actions agreed to improve performance and to develop skills and competencies. It must be developed to improve the ability of the employee in their current job but also to enable employees to take on wider responsibilities and extend their capacity to undertake a broader role where appropriate. Where applicable it should also contribute to enhancing the potential of individuals to carry out higher level jobs. This plan contributes to the achievement of continuous development of employees within the Municipality. Action/ Personal Development Plan should be used by the head of department to develop a comprehensive departmental skills plan. Managers are encouraged to use development activities other than training courses when preparing the learning plan. Such development activities may include:

MEASURING EMPLOYEE PERFORMANCE

The criteria to measure an employees performance will be reflected on the scorecard as outputs (or agreed upon objectives, i.e. targets). This describes exactly what was required to be achieved during the year.

Performance Indicators for each output will be provided and will detail the evidence that will be required to assess whether or not the employee has achieved the required objective.

The Inputs are reflected as the knowledge, skills and behaviour required in order achieving these objectives i.e. the inputs or behaviour required.

Actual performance will be evaluated on evidence provision and a Portfolio of Evidence will be required to be presented for each individual in order to substantiate the achievement or non-achievement of required performance in all areas highlighted within the scorecard. A column entitled "Reason for Deviation" will be completed to indicate reasons for over or under achievement, so that ratings may be made within context.

WEIGHTINGS AND INDICATORS (Technical, CMC's and CCR's)

Indicators or inputs will be weighted according to the impact within each Key Performance area on the scorecard. As a standard rule of thumb and to ensure a balanced scorecard-type approach to performance management, 80% of the final score will be made up of the Technical Key Performance Areas for the position in question. CCR's (cross-cutting results) or Core Management Competencies (CMC's) will account for 20% of the final score. KPA's are scored out of 160 points for the technical aspect of the position and 40 points are allocated to the CMC's or CCR's. As in the case of all indicators, these inputs will detail the required targets and the evidence required in order to measure actual performance achieved against the desired objectives.

THE FINAL ASSESSMENT (June/July)

The final assessment for the Performance Cycle occurs during July (after the July – June annual term), however no ratification and payment of bonuses may be concluded until the Annual Report for the same period under review has been submitted to and ratified by Council.

The Performance Review Panel (Final Review)

The constitution of the Performance Management System Evaluation Committee will be as follows:

- Municipal Manager
- Mayor
- Portfolio Councillor for Corporate Services
- Portfolio Councillor for Budget & Treasury

Note: Should the Mayor not be able to attend, two (2) different Portfolio Councillors may be appointed to take his/her place.

- All s56 Managers
- Performance Management System Facilitator

It must be noted that all the s56 Managers will form part of this Evaluation Committee and will be part of the panel that reviews each Manager, including the Municipal Manager, in this way ensuring that a Peer Review takes place.

The Performance Management System Facilitator is appointed externally and it will be required of this person to remain responsible for monitoring and facilitating the process of review.

This person will consolidate the final results that will be presented to the Chairman for ratification and for final presentation to the appointed Audit Committee for approval and verification.

Note: The constitution of this panel will be required to change for lower levels and this reflects the level for s56's; Departments shall submit to the Top Management Meeting how their panels shall be

constituted. Should there be a deviation to the panel constitution for any reason council must ratify such deviation

Portfolio of Evidence

Managers and staff will be required to provide evidence to support any formal evaluation of performance and will prepare for assessment meetings accordingly. It is critical to ensure that documentary evidence to support performance achieved, is obtained and filed in a folder termed a *Portfolio of Evidence*. This document is made available to both the Evaluation and Audit Committee, so that assessment results are able to be justified. SDBIP's may be used as supplementary evidence.

Recognition and Qualifying for Bonuses

s56 Employees

The Municipal performance regulations for s56 Managers promulgated in August 2006 in respect of the management of performance evaluation outcomes indicate that a performance bonus ranging between 5% and 14% of all-inclusive remuneration package may be paid in order to recognize **outstanding** performance.

Special Cases (s56)

S56's that entered into contracts prior to implementation of the Regulations Performance management system are treated as special cases in terms of section 39(2) of the regulations. One aspect of the contracts deal with payment of performance bonuses up to 20% ,in terms of contract arrangement this remains applicable. In determining the performance bonus, it must be noted that the relevant percentages will be required to be based on the overall rating calculated by using the applicable assessment rating calculator. Accordingly:

Special Cases

RATING	ASSESSMENT SCORE	PERFORMANCE REWARD
5	81 - 100	Total Package x 20% (full bonus)
4	66 - 80	Total Package x 20% x percentage (%) obtained in formal evaluation
3	51 - 65	Total Package x 20% x percentage (%) obtained in formal evaluation
2	36 - 50	Total Package x 20% x percentage (%) obtained in formal evaluation
1	Less than 35	No Reward

Other s56 Managers (In terms of Municipal performance regulations promulgated in August 2006)

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

On the “new” performance management system the Managers need to have their bonus worked out on the sliding scale framework. This score is now out of 200 points. Their bonus should be scored as follows :

Score / 200	% Bonus
130 (65%)	5
134 (67%)	6
138 (69%)	7
142 (71%)	8
146 (73%)	9
150 (75%)	10
154 (77%)	11
158 (79%)	12
162 (81% - 82 %)	13
166+ (83% +)	14

The KPA's must constitute 80% of the final score and the CCR's must constitute 20% of the final score. This means that the KPA's must be scored out of 160 and the CCR's must be scored out of 40 points.

Scoring

If the KPA's received an individual score based on the 5-point rating scale, then you would determine the weighted scores as follows :

Example :

If there were 6 individual indicators under a aspecific KPA, you use the 5-point rating scale for each individual indicator. If you scored 19 points out of a possible 30 (6 individual indicators multiplied by 5) and the weighted score was out of 15, the following is the method to calculate the final weighted score for the indicator : 19 divided by 30 multiplied by 15 = 9.5.

Merit Increases (s56)

Merit increases for Section 56 (special cases included) employees are determined by performance against targets. Once performance criteria have been established, performance targets are reviewed regularly. At the end of the financial year, actual performance is compared against the agreed

performance targets to determine the magnitude of the merit increase. The merit increase is calculated as a percentage of the total annual package of the employee, as indicated in the table hereunder.

Score / 200	Merit increase
130 to 141 (65%-70%)	1% of total package
142 to 149 (71% - 74%)	2% of total package
150 to 161 (75% - 80%)	3% of total package
162 to 165 (81 – 82%)	4% of total package
166+ (83% +)	5% of total package

Budgetary provision must be made on an annual basis for the payment of performance bonuses and merit increases as indicated above.

All other employees

Bonuses will be awarded between 2% and 5% of the total package.

- 80% achievement i.e. scores of 160 and above will be entitled to a performance bonus of 5%.
- 75% - 80% i.e. scores of 150 to 159 will receive a bonus of 4%.
- 73% - 75% ie. scores 146 to 149 will receive a bonus of 3%; and
- 70% - 72% ie. scores of 140 to 145 will receive a bonus of 2%.

Scores of below 70% will not receive a bonus.

Merit Increase (Employees below s56)

Merit increases for employees below s56 will be phased in once the neccassary Budgetary provisions have been made and only employees achieving 80% and above will receive 1% of total package as a "once off" payment in lieu of a merit increase.

MANAGEMENT OF POOR PERFORMANCE

Poor performance will be required to be managed through ongoing coaching, however, formal coaching is required to be conducted during the September and March reviews.

Failing the required improvement in performance, the employees will be managed as per the terms of their performance contracts and agreements (as per s56 and fixed-term contract

positions) whilst other employees will have performance managed as per the Disciplinary and Grievance Procedure and Code.