



**Policy for Managing the Performance of
Section 56 Employees of the Mangaung
Metropolitan Municipality**

September 2012

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1 SECTION 1 - Introduction

SECTION 56 EMPLOYEES' PERFORMANCE MANAGEMENT POLICY

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1.1 The Purpose of this Policy

The primary purpose of this policy is to give effect to the provisions contained in the Municipal Systems Act (Act 32 of 2000 as amended) and Local Government Municipal Performance Regulations for Municipal Managers and Managers Accountable to the Municipal Manager, 2006. The aim is to define the framework within which the performance of all its Section 57 employees can be monitored, measured, improved and/ or maintained in order to enhance efficiency, effectiveness and improve service delivery.

To this effect, this policy:

- (a) Provides for an integrated system for the management of the performance of the Section 56 employees, in order to achieve its vision, mission and strategic priorities. The objective is the establishment of a system that compliments and supports other institution wide systems and processes e.g. integrated development planning, strategic planning, human resource management and financial management processes;
- (b) Provides for standards and procedures according to which the performance of employees who are appointed in terms of Section 56 of the Municipal Systems Act (Act 32 of 2000 as amended) shall be managed; and
- (c) Confirms the structures and key stakeholders that shall be involved in the process of managing the performance of the Section 56 employees, including an outline of their key roles and responsibilities thereof.

1.2 The Scope of this Policy

This policy shall, therefore, only be applicable to the management of the performance of employees who are appointed in terms of Section 54A and section 56 of the Municipal Systems Act (32 of 2000 and as amended) i.e. the City Manager and all managers directly accountable to the City Manager.

1.3 Structure of the Policy

The policy document is divided into the following sections:

Section 1 is the Introduction and it provides an overview of the policy including the purposes, scope as well as key definitions that will be applicable to terms that have been used in this policy.

Section 2 outlines an overview of Performance Management within the City. This outlines the legislative framework within which the performance management policy has been developed, the city's performance management philosophy and objectives as well as an outline of the process and cycle that will be applied in managing performance within the City. This section also outlines the various structures that the

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City will establish to facilitate and ensure effective and efficient performance management.

Section 3 outlines the core provisions that will be applicable during the performance planning phase. The provisions cover performance planning at an institutional as well as an individual level and key considerations for signing off these plans. This essentially provides some detail with regards to what needs to be considered during the performance planning phase.

Section 4 outlines specific provisions that will be applicable during performance execution i.e. scorecard implementation, performance monitoring and performance coaching process.

Section 5 outlines specific provisions that shall be applicable during the performance review phase. This includes a detailed outline of the roles and responsibilities of the relevant stakeholders involved in the review process.

Section 6 outlines specific provisions that shall be applicable during the performance audit, performance evaluation and performance moderation processes.

Section 7 outlines specific provisions that shall be applicable in managing the outcomes of the performance management process. Essentially the section deals with arrangements for rewards, arrangements for managing unsatisfactory or poor performance as well as dispute resolution mechanisms.

Section 8 outlines specific key provisions that relate to the development of mechanisms for monitoring and evaluating the performance management system itself as well as options for dealing with non compliance with this policy. This also outlines circumstances under which this policy may be reviewed.

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1.4 Applicable Definitions of Terms

The following definitions of terms shall be applicable in this policy and its application:

- (a) The Act:** The Municipal Systems Act (Act 32 of 2000).
- (b) The City:** The Mangaung Metropolitan Municipality.
- (c) The Executive Mayor:** The Executive Mayor of the City of Mangaung.
- (d) The City Manager:** The City Manager of the City of Mangaung.
- (e) Performance cycle:** A period not exceeding 12 months, for which performance is planned, executed and assessed. It must be aligned to the same period as the City's annual business plan/ service delivery plan cycle i.e. 1st July to 30th June of the following year.
- (f) Section 56 Employee/ Employee:** Refers to those employees who are appointed in terms of Section 56 of the Municipal Systems Act.
- (g) Performance agreement:** A document agreed upon and signed by the employee and the City Manager, which reflects the outputs in the work plan expected of the employee, the performance standards that will apply and measures to assess performance. The performance agreement also includes the employee's Personal Development Plan.
- (h) Performance plan/ Scorecard:** A document, which contains Key Performance Areas (KPA's), associated indicators and targets as well as applicable Core Competency Requirements (CCRs).
- (i) Key Performance Area (KPA):** An area of a job that is critical in terms of making an effective contribution to the achievement of the City's strategies and goals.
- (j) Core Competency Requirements (CCRs):** The CCRs are specific skills and dispositions required for satisfactory accomplishment of duties.
- (k) Personal Development Plan:** A requirement of the performance agreement whereby the important competency development needs of the employee are documented, together with the means by which these needs are to be satisfied – and which includes time lines and accountabilities.
- (l) Performance Execution:** This happens throughout the performance management cycle and involves the implementation of scorecards, monitoring of performance against the scorecards and the provision of coaching. This is aimed at documenting progress against planned performance and it allows for continuous tracking of performance, and performance improvement through feedback as well as reinforcement of key results and development of competencies where applicable.

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- (m) Performance Monitoring:** Essentially this is the collection of data and information in relation to the implementation of individual scorecards that will be consolidated into performance reports.
- (n) Performance Reviews and Reporting:** Performance reviews take place through formal sessions at periodic intervals during the performance cycle. These are aimed at assessing the level of performance against scorecards and submission of reports in this regard.
- (o) Performance Moderation:** The review of employee assessment scores to ensure consistency and fairness across the City through a common understanding of performance standards required at each level of the rating scale. This is essentially a review process to ensure consistent and fair treatment across the City; it is a form of quality control, and it must ensure the correct application of standards consistently across all structures.
- (p) Scorecard amendments/ deviations:** These are changes that are made to individual performance scorecards after the performance agreement has been signed. These changes may be additions, subtractions or may constitute changes to the contents of the scorecard.
- (q) (Performance) Rating:** The allocation of a score to individual KPAs in accordance with the prescribed rating scale.

2 SECTION 2 - An Overview of Performance Management in the City

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2.1 Legislative Context of Performance Management in Local Government

2.1.1 The Acts and Regulations that constitute the legal framework for the Integrated Development Planning process, municipal and individual performance management and the Service Delivery and Budget Implementation Plan (SDBIP) are set out in the tables below. Some of the more salient provisions are discussed briefly.

The Constitution, Act 108 of 1996
<p>The Constitution provides that municipalities in South Africa must:</p> <ul style="list-style-type: none"> • Provide democratic and accountable government for local communities. • Ensure the provision of services to communities in sustainable manner. • Promote social and economic development. • Promote a safe and healthy environment. • Encourage the involvement of communities and community organisations in the matters of local government. <p>The performance of municipalities must be monitored and managed to ensure the achievement of these constitutional provisions.</p>

White Paper on Service Delivery (Batho Pele) 1998
<p>The performance management system must be based on and should give effect to the eight Batho Pele principles of improved service delivery as outlined in and required by the White Paper on Service Delivery. The principles are as follows:</p> <ul style="list-style-type: none"> • Consultation; • Service Standards; • Access; • Courtesy; • Information; • Openness/ Transparency; • Redress; and • Value for Money.

The Local Government: Municipal Structures Act, 117 of 1998
<p>In section 19 (1) the Act specifies that a municipal council must strive within its capacity to achieve the objectives set out in section 152 of the Constitution and annually review its overall performance in achieving them.</p> <p>Section 44 (3) states the executive committee, in performing its duties, must review the performance of the municipality in order to improve:</p> <p style="padding-left: 40px;">(i) the economy, efficiency and effectiveness of the municipality.</p>

The Local Government: Municipal Systems Act, 32 of 2000 (MSA)

The MSA sets out the legal framework for performance management as a means to measure, evaluate and report on the implementation of the Integrated Development Plan (IDP):

- Chapter 6 of the MSA provides for the establishment, monitoring and review of the performance management system as well as reporting on the organisational performance achievements against the IDP indicators and targets.
- Section 57 of the MSA requires the Municipal Manager and the managers directly accountable to the Municipal Manager (Section 56v employees) to sign annual performance agreements and plans, with a set of performance measures to assess individual achievement against the plans. The performance plans must be aligned to the SDBIP that are based on the IDP.
- According to section 67 of the MSA, a municipality must implement systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the monitoring, measuring and evaluating of staff performance.
- The MSA, in section 81(b), states that the municipality must monitor and assess the performance of a service provider (or municipal entity) in implementing the service delivery agreement (where applicable).
- Section 26 of the *Local Government: Municipal Systems Amendment Act, 44 Of 2003* provides that a parent municipality which has sole control of a municipal entity or effective control in the case of a municipal entity which is a private company:
 - (a) must ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity's multi-year business plan in accordance with section 87(5)(d) of the Municipal Finance Management Act; and
 - (b) must monitor and annually review as part of the municipal entity's annual budget process as set out in section 87 of the Municipal Finance Management Act, the performance of the municipal entity against the agreed performance objectives and indicators.
- Local Government: Municipal Systems Amendment Act, 7 of 2011 also provides for the appointment of municipal managers and managers directly accountable to the municipal manager;
- It provides for procedures and competency criteria for such appointments and for the evaluation of the performance of municipal managers and managers directly accountable to municipal managers, *etc*

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The Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA)

The MFMA contains various provisions relating to municipal performance management. It requires municipalities, in annual budget approval, to adopt an SDBIP with service delivery targets and performance indicators and compile an annual report, which must include a performance report compiled in terms of the MSA.

Pertinent provisions include:

- Section 16(2) requires that the municipality's annual budget to be accompanied by measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP.
- Section 53(1)(c) provides for the Mayor to ensure that performance agreements of Section 56 employees comply with the requirements of the MSA to promote sound financial management and are linked to the measurable performance objectives approved with the budget and included in the SDBIP.
- In terms of section 72 (1) (a) (iv), the accounting officer of a municipality must, by 25 January of each year, assess the performance of the municipality during the first half of the financial year, taking into account the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports from any such entities.
- The MFMA, section 165 (2) (b), requires each municipality and municipal entity to have an internal audit unit to advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to, inter alia, performance management.
- In turn, section 166 requires each municipality and municipal entity to have an audit committee to advise the municipal council, accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to inter alia, performance management and performance evaluation.

The Local Government: Municipal Performance Management Regulations, 2001

In 2001 the Minister responsible for local government published the Local Government: Municipal Planning and Performance Management Regulations, in terms of section 49 of the MSA. The Regulations provide for municipalities to ensure that the PMS complies with the requirements of the MSA, demonstrate the operation and management of the PMS, clarify roles and responsibilities, as well as ensure alignment with employee performance management and the IDP processes.

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Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006

In 2006, the Department of Provincial and Local Government (**DPLG**) promulgated regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, setting out how their performance is to be planned, reviewed, improved and rewarded. The regulations provide for the conclusion of performance agreements and plans for these managers.

2.1.2 These core pieces of legislation provide the basic elements of the framework that shall govern the establishment and implementation of the PMS in the City.

2.2 Philosophy and Principles of Performance Management in the City

2.2.1 The City is committed to developing a comprehensive system that allows for the management of the performance of the City as a Group and all employees within the City. Accordingly this system shall form the basis for managing the performance of all Section 56 employees.

2.2.2 Citywide performance management is therefore the process of strategic planning through which performance objectives for the City of Mangaung are identified, based on the Growth and Development Strategy and the Integrated Development Plan, and then monitored and measured via the City Scorecard (the SDBIP). This is further translated into departmental SDBIPs, and Section 56 employee scorecards.

2.2.3 As such the performance of the City is integrally linked to that of its employees. If employees do not perform, the City will not be able to deliver on the strategies and objectives it has set out in the Integrated Development Plan. It is therefore important to manage both at the same time. The relationship between City and employee performance therefore has to be managed throughout the performance management process.

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2.2.4 At a City level, the following key principles shall be applicable to performance management:

- (a) Citywide performance requirements are contained in the City's IDP and City's scorecard (SDBIP) and subsequently translated into sector wide performance scorecards; and
- (b) Accordingly Citywide priorities will be translated into departmental SDBIPs and individual scorecards for the Heads of the City's Core Departments.

2.2.5 At an individual level, the following key principles shall be applicable to performance management:

- (a) All employees of the City are responsible for achieving service delivery excellence through constantly improving on areas of individual performance and collective effort;
- (b) Performance management is about actively communicating expectations, motivating success through constructive feedback, focusing on coaching and development, and ensuring delivery (The performance management system is not only a scoring mechanism!);
- (c) Those who perform will be fairly recognised and rewarded;
- (d) There will be consequences for those who do not perform; and
- (e) Performance management is a process for which all are responsible.

2.2.6 In addition the City is entitled to **fully effective work performance** from all its employees and it is the responsibility of every employee to ensure that performance management takes place accordingly and it is the City's responsibility to ensure that employees have the basic resources to carry out their work.

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2.3 The City's Performance Management Objectives

2.3.1 Performance management is required to promote a culture of performance among the City's political structures, political office bearers, councillors and administration. It is regarded as a critical management tool that helps managers provide a motivating climate to assist employees in developing and achieving high standards of performance.

2.3.2 The objectives of the City's performance management system therefore are to:

- (a) Ensure that the SDBIP (City Scorecard) is aligned to the IDP, and therefore, to political priorities;
- (b) Develop a business planning process that reflects tangible programmes, activities and targets to achieve the priorities;
- (c) Ensure effective linkage between planning and budgeting;
- (d) Ensure that the SDBIP form the basis of an effective organisational and employee performance management system;
- (e) Develop a monitoring and evaluation system that guarantees performance management and reporting against performance; and
- (f) Instil a performance-oriented culture across the City.

2.4 The City's Performance Management Process and Cycle

2.4.1 The performance cycle for the City shall commence on the 1st July of the calendar year and shall end on 30th June of the calendar year.

2.4.2 The performance management cycle of the City is made up of a number of distinctive but inter-related phases namely:

- (a) **Performance Planning:** This is about jointly identifying institutional (group/ sector/ department/ municipal entity) as well as individual performance expectations and gaining employees' commitment to achieving these expectations.
- (b) **Performance Execution:** This happens throughout the performance management cycle and involves the implementation of scorecards, monitoring of performance against the scorecards and the provision of coaching. This is aimed at documenting progress against planned performance and it allows for continuous tracking of performance, and performance improvement through feedback as well as reinforcement of key results and development of competencies where applicable.

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- (c) **.Performance Reviews:** Performance reviews take place through formal sessions at periodic intervals during the performance cycle. These are aimed at assessing the level of performance against scorecards.
- (d) **Annual Assessments:** The annual assessment takes place at the end of the performance cycle and is a consolidation of the outcomes of the performance review processes.
- (e) **Managing the Outcomes of the Performance Management Process:** This phase involves the implementation of approved performance rewards as well as the management of unsatisfactory or poor performance in line with legislative requirements and good practice.
- (f) **System governance and maintenance:** This happens throughout the performance cycle and is aimed at ensuring that the performance management process is implemented in line with good governance principles and that there is due consideration for ensuring that the system itself is effective, efficient and allows the City to achieve its core delivery requirements. This typically includes performance auditing as well as system support.

The performance management cycle is diagrammatically represented below:

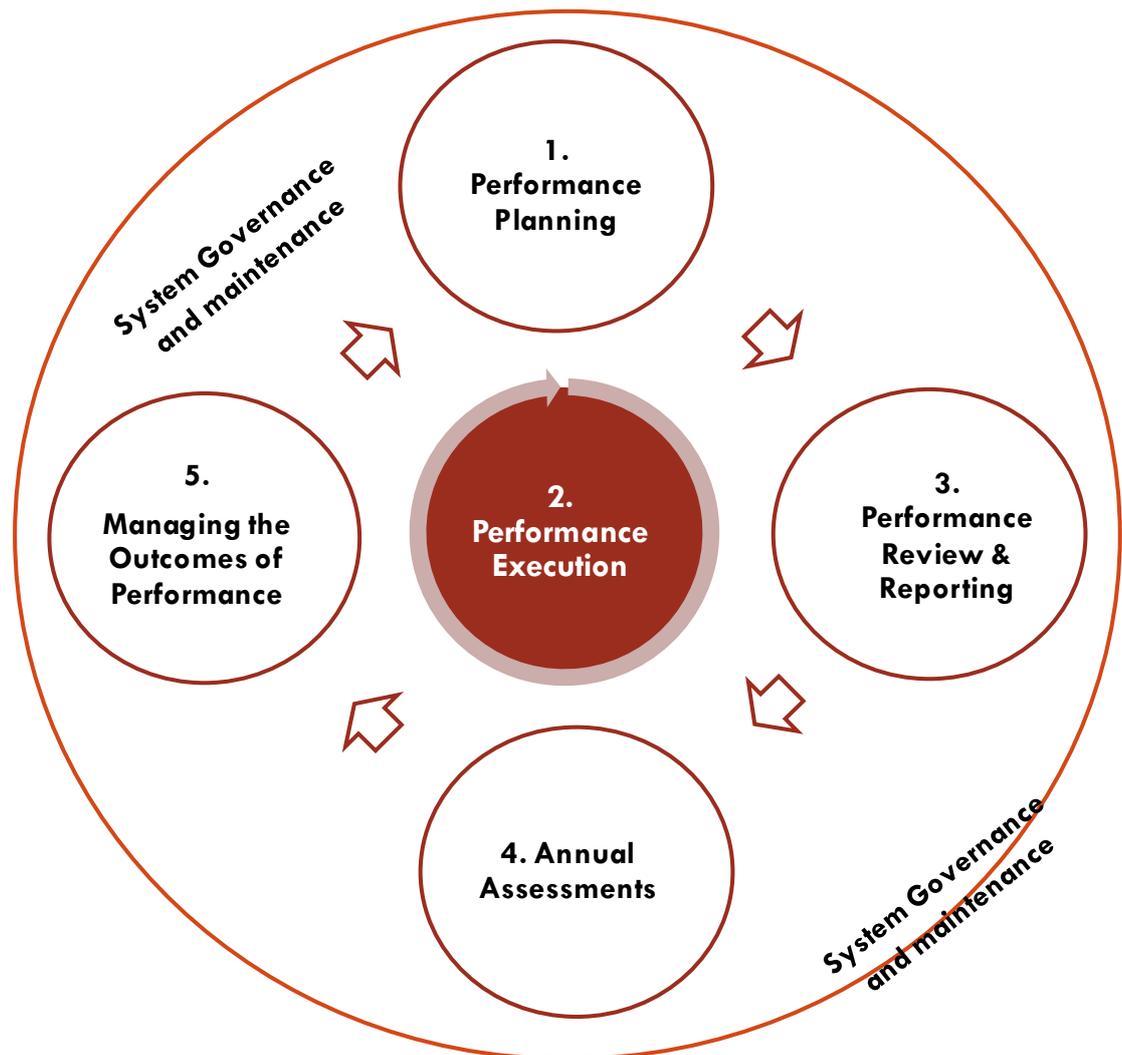


Figure 1: The Performance Management Cycle

2.5 The Performance Audit Committee

2.5.1 In line with the Regulations, the City shall establish a Performance Audit Committee whose role shall be to assess:

- (a) The functionality of the municipality's performance management system;
- (b) Whether the municipality's performance management system complies with the (Municipal Systems) Act; and
- (c) The extent to which the municipality's Performance measurements are reliable in measuring performance of municipalities on indicators referred to in the regulations.

2.5.2 The role of the Performance Audit Committee is therefore to:

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- (a) Review the quarterly audit reports submitted to it in terms of sub regulation (l)(c)(ii);
- (b) Review the municipality's performance management system and make recommendations in this regard to the council of that municipality;
- (c) Review the performance assessment process by obtaining an overall sense of whether norms and standards are being applied realistically and consistently;
- (d) Review overall assessment scores across sections/components/departments in the City to determine levels of consistency;
- (e) Submit an audit report at least twice during a financial year to Council;

2.5.3 In carrying out its functions the Performance Audit Committee shall consider:

- (a) Inputs and audit reports from the Internal Audit Services
- (b) Inputs and reports from the Organisational Planning and Performance Management Unit in the Office of the City Manager; and
- (c) Inputs and reports from the HR Department (as appropriate).

2.6 The Performance Management Panel

2.6.1 The City shall establish a Performance Management Panel *in lieu* of the stipulated Performance Audit Committee to assist the Executive Mayor in carrying his responsibility in monitoring the implementation of the city's performance and the remuneration of senior managers

2.6.2 The purpose of the panel is to ensure:

- (a) Good governance;
- (b) Empowerment and insight; and
- (c) Objectivity, transparency and fairness

2.6.3 The purpose of the panel is not to police nor is it to manage the City indirectly.

2.6.4 The Panel will be responsible for amongst others:

- (a) Providing advice to the Executive Mayor in relation to development trajectories outlined in the municipal Integrated Development Plan and Growth and Development Strategy
- (b) The validation of the performance agreements of the City Manager and all Section 56 employees;
- (c) Provide support to the Executive Mayor in coaching the City Manager;
- (d) Validating the outcomes of the mid-year performance review of the City Manager and all section 56 employees;
- (e) Validate the amendments to the performance agreements of the City Manager and all Section 56 employees;

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- (f) Validating the outcomes of the annual performance assessments of the City Manager and all Section 56 employees;
- (g) Validation of evidence given in mitigation of poor performance;
- (h) Making any recommendations with regards to how the performance management process and system can be improved; and
- (i) Submit a performance review report at least twice during the financial year to the Executive Mayor

2.6.5 In addition, the panel will play a specific role in relation to the performance management system and remuneration framework for the Municipality. These include:

- (a) Aligning the performance-based remuneration/ incentive of Section 56 employees with the Municipality's strategic drivers and objectives.
- (b) Making recommendations to the Executive Mayor on the level of the merit increases and the performance bonus payments of Section 56 employees, commensurate with their individual contribution to the success and achievement of organisational goals.
- (c) Reviewing and ensuring the ongoing appropriateness and relevance of the Municipality's policy relating to reward, together with its link to performance, and make recommendations in relation thereto where appropriate.
- (d) Advise on the revision of remuneration scales from time to time (with input from the Remuneration Committee or other sources, as identified as necessary by the Panel, if required).
- (e) Provide quality assurance in respect of the Remuneration Policy and practice, with a primary emphasis on performance-based merit increases and bonuses of Section 56 employees.

2.6.6 The Composition of the Panel

- (a) The Performance Management Panel will be composed of Five members who shall be chosen by the Executive Mayor.
- (b) The Panel shall be made up of:
 - i. A (current or retired) public sector senior manager (including local government);
 - ii. A representative of civic society;
 - iii. A business sector representative;
 - iv. A financial management expert; and
 - v. An expert in business management with experience in long term planning and project management.

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- 2.6.7 It is anticipated that the Panel would meet at least 4 times during the performance cycle i.e. during the performance planning phase, during the mid-year review, at the end of the third quarter and during the annual assessment.
- 2.6.8 The Panel would submit its recommendations and its reports to the Executive Mayor and will be supported administratively by the Office of the City Manager.
- 2.6.9 To this extent, the City has developed terms of reference that will govern the activities of the panel.

3 SECTION 3 - Policy Provisions: Performance Planning

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3.1 Development of Performance Plans

3.1.1 All Section 56 employees shall be required to enter into performance agreements within 30 days of the inception of the financial year i.e. July of each year. These performance agreements shall contain individual performance scorecards as well as a personal development plans (PDP).

3.1.2 The individual performance scorecards shall be made up of Key Performance Areas (KPA) and Core Competency Requirements (CCRs) which shall have a relative weighting of 80% to 20% respectively.

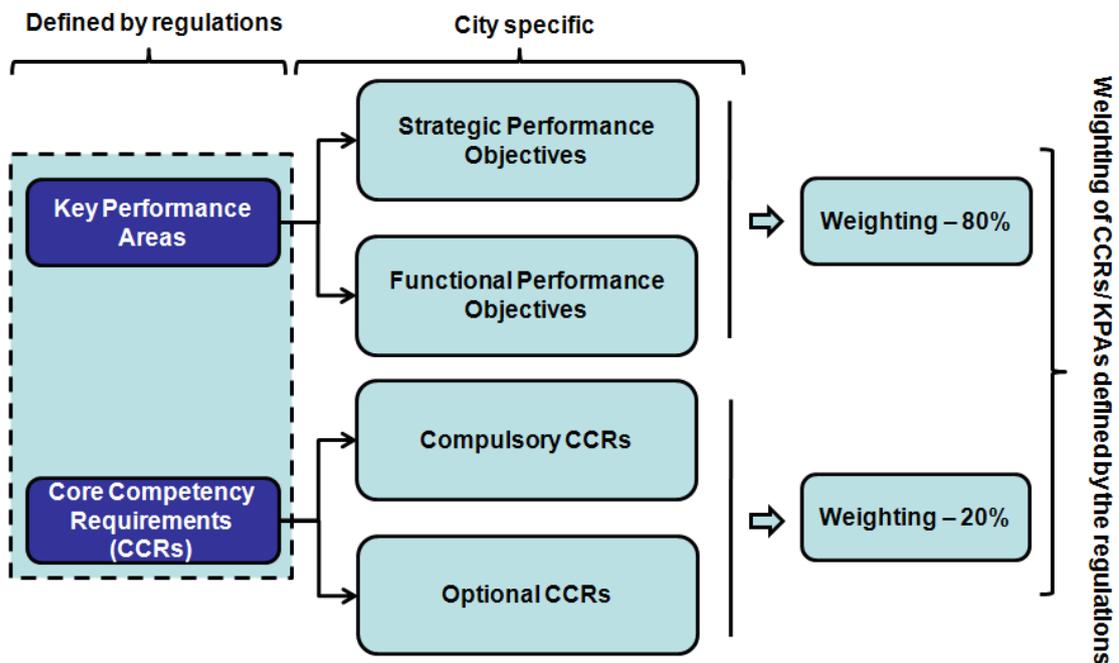


Figure 2: Structure of Scorecards

3.1.3 Further more the KPAs must be categorised into [1] Strategic Performance Objectives (SPOs) and [2] Functional Performance Objectives (FPOs):

(a) **Strategic Performance Objectives (SPOs)** are those KPAs which are derived from key citywide objectives and strategies. Of the total 80% KPA weighting, the relative weighting for SPOs **should not be less than 50%**. The SPOs are developed to reflect the City's strategic priorities within the individual employee scorecard.

(b) **Functional Performance Objectives (FPOs)** relate to the employee's functional areas, objectives and responsibilities. Of the total 80% KPA weighting, the relative weighting for FPOs **should not exceed 30%**.

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3.1.4 Furthermore the scorecard shall include **Core Competency Requirements** (CCRs). The Regulations propose a range of CCRs, which are categorised into managerial and occupational competencies. 3 of the managerial competencies, [1] financial management, [2] people management & empowerment and [3] client orientation & customer focus, are compulsory, and the occupational competencies are optional. 2 of the occupational competencies must be selected from a range of competence such as Self Management, Interpretation of and implementation within the legislative and national policy frameworks, Knowledge of local government, Knowledge of Performance Management and Reporting and Knowledge of global and South African specific political, social and economic contexts.

3.1.5 Target setting:

In setting targets against the different key performance indicators a scale of 1 to 5 shall be used whereby:

- (a) **5** represents **outstanding** performance i.e. performance that far exceeds the standard expected of an employee at this level;
- (b) **4** represents performance that is **significantly above expectations** i.e. Performance is significantly higher than the standard expected in the job;
- (c) **3** represents performance that is **fully effective** i.e. Performance fully meets the standards expected in all areas of the job;
- (d) **2** represents performance that is **not fully effective** i.e. Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job; and
- (e) **1** represents **unacceptable performance** i.e. Performance does not meet the standard expected for the job. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

3.2 Conclusion of performance agreements:

3.2.1 The City Manager shall enter and conclude his/her performance agreement with the Executive Mayor after consideration and inputs from the Performance Management Panel.

3.2.2 All other Section 56 employees shall conclude and sign their performance agreements with the City Manager after consideration and inputs from the relevant Member of the Mayoral Committee (MMC), as well as the Performance Management Panel.

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3.2.3 All Section 56 employees' performance agreements shall be approved by Council subsequent to the validation of those agreements by the Performance Management Panel.

3.2.4 All section 56 employees' performance agreements shall be signed no later than one month after the commencement of the new financial year (31 July)

3.3 Amendments to the Performance Agreement and Plan

3.3.1 A new or amended performance agreement/ performance plan may be signed under the following circumstances:

- (a) If the role of the employee changes during the performance cycle;
- (b) If the employee has been acting in a higher position for a period of more than 3 months;
- (c) If the work environment of the City alters (whether as a result of Government or Management decisions or otherwise e.g. restructuring, devolution of functions), to the extent that the contents of the agreement are no longer appropriate;
- (d) If the employee has not been in the role for three months or more for any reason, as for example, maternity, ill health, study, secondment, or travel; unless this absence was built into the original agreement;
- (a) If the baselines and targets were not finalised at the start of the new performance cycle (these should be finalised and signed off at the mid-year review);
- (b) If it is deemed that the achievement of the particular Key Performance Indicator will be out of the employee's/team's span of control (e.g. the budget has been pulled from the project);
- (c) If it is deemed that the achievement of the particular Key Performance Indicator is no longer out of the employee's/team's span of control (e.g. the budget which been pulled from the project);
- (e) If the City has changed its scorecard, and the achievement of the Key Performance Indicator is no longer strategically important or additional strategic areas have been identified;
- (f) If this is a recommended plan of action to manage unsatisfactory performance; and
- (g) If this is a recommendation of the Performance Management Panel.

3.3.2 All amendments to a signed performance agreement/ performance plan should be supported by a written motivation, which must be signed and dated by the relevant employee and the City Manager.

3.3.3 The Performance Management Panel shall consider all these amendments during its mid -year sitting.

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3.3.4 However, no amendments shall be permitted after the mid year performance reviews have been completed.

4 SECTION 4 - Policy Provisions: Performance Execution

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4.1 Scorecard Implementation

- 4.1.1 All employees shall be held accountable for implementing their individual scorecards for the duration of the performance cycle.
- 4.1.2 In addition employees shall be held accountable for the City's Performance i.e. the City Manager shall be held accountable for the performance of the City and relevant Section 56 employees (Heads of Departments) shall be held accountable for departmental performance.
- 4.1.3 To this extent all Section 56 employees shall ensure that the City scorecard, and the relevant departmental SDBIPs are cascaded to all other employees within their specific Departments.
- 4.1.4 The respective employees shall be responsible for the collection and collation of evidence to support the successful implementation of their individual scorecards.
- 4.1.5 It is the responsibility of the employee to timeously alert her/ his supervisor/ manager of any emerging factors that could preclude the achievement of any performance undertakings, including the contingency measures that she/ he proposes to take to ensure the impact of such deviation from the original agreement is minimised.

4.2 Performance Monitoring

4.2.1 Monitoring Performance against Individual Scorecards:

The following arrangements shall be applicable in monitoring and reviewing performance against the individual scorecards:

- (a) Individual performance monitoring must take place all year round;
- (b) The City Manager shall be responsible for monitoring the performance of all managers that are directly accountable to her/ him;
- (c) The Executive Mayor, with the support of the Performance Management Panel, shall monitor the performance of the City Manager;
- (d) All employees shall be collectively responsible for collecting information on implementation of the scorecard and consolidation of this into progress and annual performance report; and
- (e) All employees shall be required to collect evidence to support the achievement of performance objectives and in line with the contents of their scorecard.

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4.2.2 Monitoring Performance against the Integrated Development Plan (IDP):

The following provisions shall be applicable to Section 56 employees in monitoring performance against the IDP:

- (a) All Section 56 employees shall be required to provide input into the process for monitoring performance against the IDP.
- (b) The City Manager shall submit progress reports with regards to the implementation of the IDP to the relevant structures within stipulated time frames.

4.2.3 Monitoring Performance against the Service Delivery and Business Improvement Plan (SDBIP or City Scorecard):

The following provisions shall be applicable to Section 56 employees in monitoring performance against the City scorecard:

- (a) All Section 56 employees shall be required to provide input into the process for monitoring performance against the SDBIP; and
- (b) The City Manager shall be responsible for preparation and submission of the progress report against the City scorecard.

4.2.4 Monitoring Performance against the Departmental SDBIPs:

The following provisions shall be applicable to Section 56 employees in monitoring performance against Departmental SDBIPs:

- (a) The relevant Heads of Departments shall be required to collect information on implementation of the relevant Departmental Business Plan; and
- (b) The City Manager shall be responsible for monitoring the implementation of all Departmental SDBIPs.

4.3 Performance Coaching

The following arrangements shall be applicable to coaching:

- (a) Coaching shall take place at an individual level with due consideration for group dynamics;
- (b) Coaching should take place throughout the performance cycle and more specifically within one month of completion of each quarter;
- (c) Accordingly:
 - i. The Executive Mayor with the support of the Performance Management Panel, shall be responsible for conducting one on one(coaching) meetings with the City Manager; and
 - ii. The City Manager shall be responsible for coaching all the managers who are directly accountable to her/ him.
- (d) All discussions held within the coaching session should be recorded and documented and should be managed in line with the City's confidentiality requirements.

5 SECTION 5 - Policy Provisions: Performance Review and Reporting

SECTION 56 EMPLOYEES' PERFORMANCE MANAGEMENT POLICY

5.1 Nature of Performance Reviews

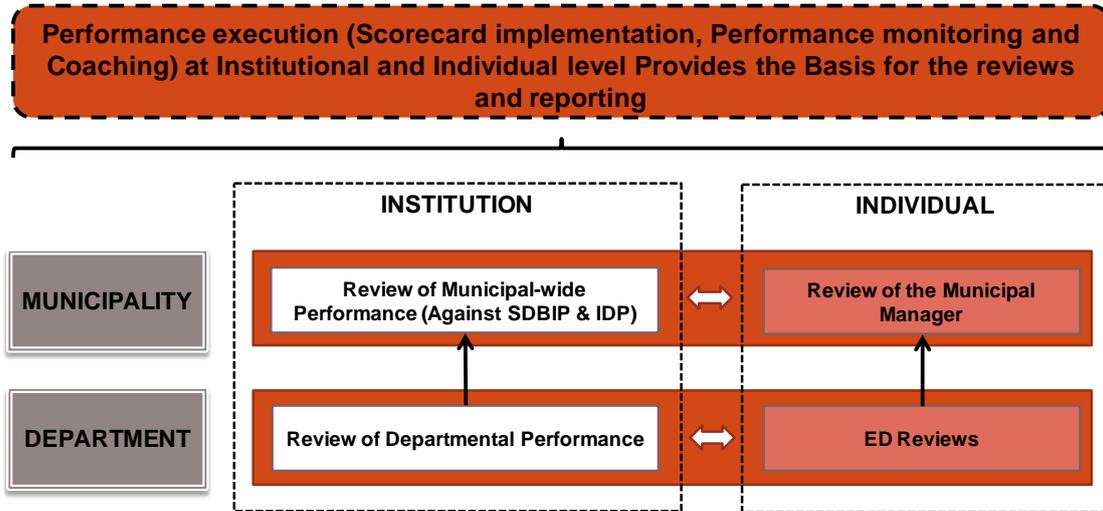


Figure 3: Performance Reviews

- 5.1.1 All section 56 employees shall undergo formal performance review sessions. It is envisaged that these reviews shall take place within one month of the end of the first, second, third and fourth quarters of the performance cycle.
- 5.1.2 The performance review processes shall be informed by the scorecard implementation, performance monitoring and the coaching process.
- 5.1.3 Furthermore, Citywide performance shall be a key consideration in reviewing individual performance i.e. the performance of the City shall be considered as part of the process of reviewing the performance of the relevant section 56 employees.
- 5.1.4 All employees must complete their self assessments prior to undergoing formal reviews.
- 5.1.5 It is envisaged that during these review sessions, indicative performance ratings shall be made against the scorecard and appropriate reports submitted for noting and auditing purposes.
- 5.1.6 Employees may be required to submit evidence to support the achievement of specific aspects of the performance scorecard.

6 SECTION 6 – Annual Assessments

SECTION 56 EMPLOYEES' PERFORMANCE MANAGEMENT POLICY

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6.1 The Nature of the Annual Performance Assessment Process

6.1.1 The annual performance assessment shall take place within one month of the completion of the performance cycle.

6.2 Performance Rating/ Scoring

6.2.1 The rating of performance shall occur at the end of the performance cycle or at any time during the performance cycle if the supervisor is of the opinion that an employee's performance is markedly below what is required.

6.2.2 The final performance scores and rating shall be derived and calculated from three performance components using the 5 point rating scale.

- (a) The strategic performance objectives (weighted 50% on the individual performance scorecard);
- (b) Functional/departmental performance objectives (weighted 30% on the individual performance scorecard); and
- (c) Core competency requirements (weighted 20% on the individual performance scorecard).

6.2.3 The following arrangements shall be applicable in rating performance:

- (a) The rating of performance shall be done in accordance with the prescribed rating scale (As described in section 3.1.5 of this policy);
- (b) Each employee shall be required to rate their own performance prior to being rated by their City Manager; and
- (c) During the final review session the two shall agree on a mutual rating, in cases where this cannot be achieved this shall be referred for mediation/ dispute resolution.

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6.2.4 The following table shall be used as a basis for determining the various categories of performance based on the outcomes of the assessment process:

Table 1: Performance Rating and Scoring

Performance Category	Total Score
Unacceptable performance	69% and lower
Performance not fully effective	70% to 99%
Performance fully effective (and above)	100% to 129%
Performance significantly above expectations	130% to 149%
Outstanding performance	150% to 167%

7 SECTION 7 - Policy Provisions: Managing the Outcomes of Performance

SECTION 56 EMPLOYEES' PERFORMANCE MANAGEMENT POLICY

7.1 Recognising exceptional and outstanding performance

7.1.1 A performance bonus, may be paid to all section 56 employees after –

- (a) The annual report for the financial year under review has been tabled and adopted by the Council;
- (b) An evaluation of performance in accordance with the provisions of this policy document; and
- (c) Approval of such evaluation by the Council.

7.1.2 Performance-related rewards shall also be dependent on the performance of the City.

7.1.3 Performance bonuses will range from 5% to 14% of the all inclusive remuneration package.

7.1.4 The score awarded to each individual shall determine the bonus to be paid and this is illustrated in the table below:

Table 2: Performance Reward Framework

Performance Category	Total Score	Performance Bonus
Performance significantly above expectations	130% to 149%	5% to 9%
Outstanding performance	150% to 167%	10% to 14%

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7.2 Managing unsatisfactory or poor performance

- 7.2.1 Should a supervisor, as a result of the assessment/ review process, or at any time during the performance cycle, be of the opinion that an employee's performance is markedly below what is required, the supervisor must complete a full and formal assessment. In this regard the City shall be obliged to provide performance counselling support.
- 7.2.2 Whilst steps should have been taken to manage poor performance during the coaching sessions and the quarterly reviews, it is at the final review that decisive action must be taken regarding continued poor performance.
- 7.2.3 In the case of unacceptable performance, the employer shall:
- (a) provide systematic remedial or developmental support to assist the employee to improve his or her performance; and
 - (b) after appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, the employer may consider steps to terminate the contract of employment of the employee on the grounds of unfitness or incapacity to carry out his or her duties.

7.3 Mitigation for Unsatisfactory or Poor Performance

- 7.3.1 Evidence given in mitigation of poor or unsatisfactory performance shall only be accepted if the following criteria are met:
- (a) If the employee has duly informed the City Manager in a timely manner and in writing;
 - (b) If the relevant factors or circumstances are such that they are out of the control of either the City Manager or employee; and
 - (c) If the City Manager and employee demonstrate that the relevant factors or circumstances could not be overcome within the relevant performance cycle.
- 7.3.2 Evidence given in mitigation shall also be accepted if proposed solutions to the challenges may result in the City being in conflict with its own policies and procedures or key legislation.
- 7.3.3 The City Manager shall approve all these requests and these shall be reviewed and validated by the Performance Management Panel.

7.4 Dispute Resolution

- 7.4.1 Any disputes about the nature of the performance agreement, in relation to key responsibilities, priorities, methods of assessment and salary increments must be mediated by:

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- (a) In the case of the Municipal Manager: the MEC for Local Government (or any other person designated by the MEC), within 30 days of receipt of a formal dispute from the employee.
- (b) In the case of other Section 56 employees: the Executive Mayor, within 30 days of receipt of a formal dispute from the employee.

7.4.2 Any disputes about the outcome of the employee's performance evaluation must be mediated by:

- (a) In the case of the Municipal Manager: the MEC for Local Government (or any other person designated by the MEC), within 30 days of receipt of a formal dispute from the employee.
- (b) In the case of other Section 57 employees: a member of the Municipal Council, provided that such member was not part of the Performance Evaluation Panel provided for in sub-regulation 27(4)(e), within 30 days of receipt of a formal dispute from the employee.

7.4.3 The decision of the mediators shall be final and binding on both parties.

8 SECTION 8 - Policy Provisions: Special Circumstances

SECTION 56 EMPLOYEES' PERFORMANCE MANAGEMENT POLICY

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8.1 Newly Appointed Employees

- 8.1.1 All newly appointed Section 56 employees shall be required to enter into performance agreements within 60 days of the date of assumption of duty. These performance agreements shall be in line with the performance planning provisions as contained in this policy.
- 8.1.2 Accordingly all newly appointed employees may qualify for a pro-rated performance reward as long as they are appointed no later than after the completion of the mid year reviews. .

8.2 Transferred Employees

- 8.2.1 All employees who have changed jobs within the City during the performance cycle shall be required to sign a new performance agreement in line with the performance planning provisions contained in this policy.
- 8.2.2 Furthermore these employees shall undergo formal performance reviews related to the post they are vacating prior to the employee's movement to the new position.
- 8.2.3 If the employee changing jobs, is a supervisor or manager, performance reviews for each employee under her/his control should be completed prior to her/his movement.
- 8.2.4 Accordingly the performance outcomes shall be determined on the basis of a consolidated performance rating based on performance against all the agreements entered into.

8.3 Employees on Prolonged Leave

- 8.3.1 For employees who were on prolonged leave (three months or longer):
- (a) An amended performance agreement should be signed unless the prolonged absence was catered for during the performance planning phase;
 - (b) All performance reviews should take place accordingly; and
 - (c) The relevant employees may only qualify for a performance reward if their period of absence does not exceed 3 months unless their absence was catered for in which case the relevant provisions with regards to performance rewards shall be applicable.

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8.4 Employees in Acting Positions

8.4.1 For employees who are acting in a higher position for more than 3 months:

- (a) An amended performance agreement should be signed and may include provisions for acting allowance.
- (b) All performance reviews should take place accordingly; and
- (c) Performance incentives shall be calculated at the salary level of the post to which the employee is contracted and may be pro-rated based of the acting allowance (where such provision has been agreed upon) for the duration of the acting period.

8.5 Resignations

8.5.1 All employees who have resigned during the performance cycle shall be required to undergo formal performance reviews as part of the exit management process.

8.5.2 If the employee resigning is a supervisor or manager, performance reviews for each employee under her/his control should be completed as part of the exit management process.

8.5.3 Accordingly employees who have resigned may only qualify for performance rewards if they have successfully completed a period of no less than 9 months of the applicable performance cycle and if all other requirements for in terms of this policy have been met.

9 SECTION 9 - Policy Provisions: General

SECTION 56 EMPLOYEES' PERFORMANCE MANAGEMENT POLICY

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9.1 Implementation of this Policy

9.1.1 It is the responsibility of every Section 56 employee to ensure that this policy is implemented within their areas of responsibility.

9.2 Compliance to legislation

9.2.1 This policy is in compliance to the provisions of the local government municipal performance regulations for municipal managers and manager accountable to the municipal manager, 2006

9.2.2 The Regulations set out how the performance of municipal managers and managers accountable to the municipal manager will be ***uniformly directed, monitored and improved***. The regulations address both the Employment Contract of a municipal manager and managers directly accountable to municipal manager, as well as the Performance Agreement that is entered into between respective municipalities, municipal managers and managers directly accountable to municipal managers.

9.2.3 This policy document, in combination with the regulations provides a framework and guide to the City of what can and should be expected from the municipal manager and managers accountable to the municipal manager. This is done to ensure a basis for continuous performance improvement in the city and in Local government.

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9.3 Non compliance to this policy:

- 9.3.1 Non-compliance to this policy, and provisions contained herein, shall be dealt with through the prescribed disciplinary processes of the City.
- 9.3.2 In addition, employees may forfeit their performance rewards if they do not comply with the provisions contained in this policy.

9.4 Amendments to this policy:

- 9.4.1 This policy shall only be amended after no less than 3 years or as may be necessitated by any amendments to the applicable legislative or regulatory framework.
- 9.4.2 All amendments to this policy shall be approved by the relevant delegated authority.

9.5 System Monitoring and Evaluation

- 9.5.1 The Mangaung Internal Audit Services shall be responsible for the management of the performance management system and shall undertake periodic audits to determine the effectiveness of the system and ensure compliance with legislation.
- 9.5.2 The Office of the City Manager shall also be responsible for ensuring that the performance agreements/ performance plans and performance assessment reports meet the necessary quality requirements, otherwise these shall be referred back to the relevant Section 56 employees for rectification