

SEDIBENG DISTRICT MUNICIPALITY



ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEMS THE DRAFT FRAMEWORK

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INTRODUCTION

Performance management is a system that is used to make sure that all parts of the municipality work together to achieve the objectives and targets that are set. The municipality must have clear goals and specific targets of what has to be done to make sure the objectives are achieved. Every department and staff member should be clear what they have to do and how their performance will contribute to achieving overall objectives and targets.

Performance management is very important to ensure that plans [SDBIP/IDP (Service Delivery & Budget Implementation Plan/Integrated Development Plan)] are being implemented; that they are having the desired development impact; and that resources are being used efficiently. Municipalities should publish their objectives and targets so that the public can actively monitor implementation and hold them to account.

OFFICE OF THE MUNICIPAL MANAGER

Performance Management System:

- The Office of the Municipal Manager is responsible for the collation, verification and submission of all monthly, quarterly, half yearly and annual reports to the Executive Mayor and Council.
- All reports are accumulative of all IDPs' implemented programmes and projects from the first term to the end of the fourth, which is July to June.
- It is against these activities that the whole organisation can measure its successes towards service delivery objectives, note areas of under-performance, and recommend progressive intervention mechanisms.

- Reports serve the purpose as required by Section 72 of the MFMA and also basis for the budget planning and adjustment processes as may be required.

<i>Implement Organisational Performance Management System</i>	Establish adequate mechanism for monitoring and review of performance management system.
	Operationalisation of the IDPs and Budget.
	Effective quarterly reporting and monitoring mechanisms.
	Ensure that complete, accurate and valid progress reports are submitted and sent to the relevant reporting authorities.
	Coordinate the development and final submission of the Annual Report.

ROLES AND RESPONSIBILITIES

Accounting Officer

The municipality will implement mechanisms, systems and processes for auditing the results of performance measurements as part of the internal auditing processes [(Municipal Systems Act, 2000; Performance Management Regulations, (Chapter 3, Regulation 14)].

Internal Audit

The internal audit on Performance Management includes the following:

- Ensure the functionality of the municipality's performance management and development system;
- Whether the municipality's performance management and development system complies with the Act/s;
- The extent to which the municipality's performance measurements are reliable in measuring performance of municipalities against key performance indicators set by the municipality referred to in **Section 26(c) of the Municipal Systems Act, (Act no. 32 of 2000)** as well as General Key

Performance Indicators referred to in **Section 43 of the Municipal Systems Act (Act no 32 of 2000)**;

- On a continuous basis (quarterly and annually) audit the performance measurements of the municipality; and
- Submit quarterly reports on their audits to the Municipal Manager and the Performance Steering Committee.

Performance Steering Committee

The Performance Steering Committee shall be responsible for the overall strategic working of the performance management and development system in the municipality. It should perform the following specific functions:

- i. Operate as a moderating body to ensure consistency and integrity is maintained in the annual performance review process of individuals and departments/clusters.
- ii. Preside and recommend appropriate action on matters relating to appeals lodged by staff where no agreement is reached between an evaluator and evaluate.

The following members are recommended to form part of the Committee:

- Executive Director (Corporate Services);
- Human Resources Director;
- Performance Management Manager/Practitioner;
- Integrated Development Plan Manager;
- Internal Audit Manager;
- Two other managers appointed by the Municipal Manager;
- Labour representative;
- One Councillor ; and
- Legal Advisor.

LEGISLATIVE REQUIREMENTS

The development and implementation of a Performance Management System

for SDM strategically aligns to various legislations:

- **Constitutional Mandate, Chapter 7 Section 156 (5)** – A municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions.
- **Constitutional Mandate, Chapter 10 Section 195 (1)** – Basic values and principles governing public administration:
- **Batho Pele Handbook (8 Batho Pele Principles)**
- **White Paper on Local Government, 1998** states that *a performance management and development system would provide early warnings where municipalities are experiencing difficulties, and enable other spheres of government to provide appropriate support before a crisis develops. Furthermore it would enable municipalities to compare their own performance.....“best practice and learn from one another”.*
- **Municipal Systems Act 2000, Chapter 6 (38)** – Establishment of a performance management system. A municipality must:
 - establish a performance management system that is:
 - a. commensurate with its resources;
 - b. best suited to its circumstances; and
 - c. in line with the priorities, objectives, indicators and targets contained in its Integrated Development Plan (IDP).
 - promote a culture of performance management among its political structures, political office bearers, councillors and in its administration; and
 - administer its affairs in an economical, effective, efficient and accountable manner.

- **Municipal Performance Management Regulations, 2001**, PMDS system must:
 - I. Comply with all the requirements set out in the Municipal Systems Act 2000;
 - II. Demonstrate how it will be operated and managed from the planning stage up to performance monitoring, reviewing and reporting stages;
 - III. Define the role and responsibilities of each role player, including the local community, in the functioning of the system;
 - IV. Clarify the processes of implementing the system within the framework of the integrated development planning process;
 - V. Determine the frequency of reporting and the lines of accountability for performance;
 - VI. Link organisational performance to Employee performance;
 - VII. Provide for procedure by which the system is linked with the municipality's integrated development planning processes; and
 - VIII. Show how general key performance indicators will be incorporated in the municipality's planning and monitoring process.

- **Municipal Financial Management Act no 56 of 2003, Chapter 8 (72):**
 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 municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the Service Delivery and Budget Implementation Plan (SDBIP)
 - submit a report on such assessment to –
 - the mayor of the municipality;
 - the National Treasury; and
 - the relevant Provincial Treasury.

Other Legislations relevant in Performance Management:

- Public Service Act 1994;
- Public Service Regulations 2001;
- Resolutions of the Public Service Co-ordinating Bargaining Council;
- Treasury Regulations 2001;
- Public Finance Management Act, 1999;
- Skills Development Act, 1999;
- Basic Conditions of Employment Act, 1997;
- Labour Relations Act, 1995; and
- Other Acts and Policies which are supportive of Employer/Employee relations.

MUNICIPAL MANDATE TOWARDS PMS

- Establish a performance management and development system;
- Development of a performance management and development system;
- Monitoring and reviewing of performance management and development system;
- Community involvement;
- General key performance indicators;
- Audit of performance measurement; and
- Annual performance reports.

STRATEGIC DOCUMENTS RELEVANT IN PMS

- Growth and Development Strategy (GDS);
- Integrated Development Plan (IDP);
- Service Delivery and Budget Implementation Plan (SDBIP);
- Performance Agreements;
- Performance Plans;
- National, Provincial and Local Government strategic priorities; and
- Acts and Regulations

ORGANISATIONAL OBJECTIVES

KEY PRIORITY AREAS (KPAs)

Through an intense participation of all stakeholders and employees, Sedibeng District Municipality developed seven Key Priority Areas and Integrated Development Plan (IDP) Strategies against each KPA. Finally, specific IDP deliverables or projects were identified under each strategy and then collated into SDBIP. It is against this plan that projects are implemented, monitored and reported on quarterly basis.

1. Reinventing Our Economy

- Strategy: support the consolidation and expansion of the metal, energy and construction sectors
- Strategy: promote and develop tourism and leisure sectors
- Strategy: promote and develop the agriculture sector
- Strategy: promote opportunities for increased inclusivity in the economy
- Strategy: ensure integrated economic development and investment through the Vaal 21 initiative
- Strategy: consolidate, review and monitor the Sedibeng Growth and Development Strategy (SGDS)

2. Renewing Our Communities

- Strategy: ensure integrated spatial development planning and promote good land use management
- Strategy: promote residential development and urban renewal
- Strategy: plan for effective, efficient and sustainable infrastructure for water and sanitation services, and provision of electricity

3. Reviving A Sustainable Environment

- Strategy: ensure the minimisation of waste and the maximize recycling of waste
- Strategy: create a healthy environment through effective environmental health management

- Strategy: build partnerships to ensure integrated environmental awareness, planning and management
- Strategy: promote conservation of environmental resources and biodiversity

4. Reintegrating Our Region

- Strategy: plan, and provide for effective, efficient and sustainable road infrastructure
- Strategy: plan and develop accessible, safe and affordable public transport systems and facilities
- Strategy: promote efficient movement of freight
- Strategy: render an efficient and corruption free vehicle registration and licensing service
- Strategy: improve ICT connectivity in Sedibeng

5. Releasing Human Potential

- Strategy: nurture the development of people's potential through sport, recreation, arts and culture
- Strategy: promote and develop the heritage of our region
- Strategy: promote a safe and secure environment
- Strategy: perform disaster management efficiently
- Strategy: promote HIV and aids understanding, treatment, care and support
- Strategy: promote efficient delivery of primary health care and emergency medical services strategy: promote social development of our communities
- Strategy: promote skills development and training

6. Good And Financial Sustainable Governance

- Strategy: ensure financial sustainable local government including revenue collection, management and Financial mobilisation
- Strategy: governance of municipal finance
- Strategy: building capacity to manage municipal finance
- Strategy: financial reporting
- Strategy: budgeting and planning municipal finances
- Strategy: supply chain management

- Strategy: effective management of council business
- Strategy: render effective it services
- Strategy: ensure effective, competent and motivated staff
- Strategy: develop and maintain high quality municipal facilities
- Strategy: facilitate access to relevant information and promote knowledge
- Strategy: ensure measurable performance and transparent monitoring of the municipality

7. Vibrant Democracy

- Strategy: build high level of stakeholder relations and effective communication and branding strategy: promote high level of intergovernmental co-operation and co-ordination
- Strategy: ensure high level of corporate governance
- Strategy: ensure public participation
- Strategy: strengthening oversight and accountability
- Strategy: mainstreaming of issues relating to designated groups Below is progress report against each of the above Key Priority

The goals of the Performance Management System in SDM:

- To link the Sedibeng Growth and Development Strategy (GDS) and the IDP to departmental teams and individual performance;
- To fulfil all applicable national, provincial and local government legislative requirements on performance management;
- To improve the organisational performance by improving team and individual performance; and
- To instil a performance-oriented culture throughout the organisation.

PERFORMANCE MANAGEMENT APPROACH

The approach to Performance Management in SDM is a four phased process:

- Planning;
- Monitoring;
- Reviewing; and
- Rewarding/Corrective Action.

Planning Phase – What is expected of the organisation and employees on annual basis?

- This involves allocating the IDP (and other related documents) objectives to clusters and/or departments for responsibility purposes. This process also aligns these objectives to the municipal budget as well as the SDBIP. All the objectives are then allocated a quantifiable KPI, target, timeframe and responsibility as defined in the department's business plan. This process occurs annually in March to June of each year.
- **NB:** Section 57 Employees must sign employment contracts as required by legislation prior to signing performance agreements. Performance agreements are signed annually in July/August.

Monitoring Phase – How well is the organisation and employees doing throughout the year?

- In this phase departments compile monthly and quarterly reports to report to the Municipal Manager their actual performance against planned performance. The reports will report directly on the objectives in the business plan.

Reviewing Phase – How well has the organisation and employee performed up to this point in the year?

- Quarterly performance reviews will be held where the:

- Mayor and the panel assesses the performance of the municipality (Municipal Manager-MM);
- Municipal Manager assesses the performance of the departments/clusters (Executive Directors)

Final Assessment Phase – What reward will the employee get for outstanding performance?

- This phase provides for a mechanism for recognising good performance using incentives as well as establishing improvement plans in the case of poor performing departments/clusters.
- Assessment of the performance of the organisation takes place through the following:
 1. Mid-year report to Council in January (combination of the first two quarterly reports);
 2. Annual report to Council and the public

PERFORMANCE MANAGEMENT CYCLE

Performance Management Process		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
1	IDP, budget and SDBIP is approved by Council.											a	a
2	Finalise Performance Agreements on basis of approved IDP and budget	a											
3	Monitor Performance Agreements	a	a	a	a	a	a	a	a	a	a	a	a
4	Quarterly Review Performance	a			a			a			a		
5	Recognise and Reward Performance								a				
6	Formal Feedback to Council			a									

PERFORMANCE MONITORING AND REPORTING

- Monthly performance report per department and/or cluster;
- Quarterly performance report per department and/or cluster;
- Half-yearly performance report for the whole of municipality which is tabled before Council;
- Annual report for whole of municipality to be tabled to Council and the public.

Monthly, Directorates shall:

- Monitor and record its budget movements against identified project/s;
- Record achievements , challenges and recommendations/interventions;
- Submit progress reports to their respective Executive Directors (ED's);
- EDs verify each report, follow up, keep record and report update to MM's office.

Quarterly, Directorates shall:

- Collate all their monthly reports and submit a comprehensive report to EDs' offices;
- ED's offices to collate all received reports, develop Cluster report and forward to MM's office;
- MM's office to analyse, assess and develop a final performance report for respective authorities.

PERFORMANCE BONUSSES (REWARD)

- Performance bonuses should be calculated as a percentage of the employee's basic annual salary.
- For non – section 57 Employees, the following rating scale will be used to determine the payment of performance: (SALGA HRD handbook)

Non – Section 57 Employees			
Scale	Score	Definition	Bonus
1	0 – 24.9%	Unacceptable performance	No bonus
2	25 – 49.9%	Not fully effective	No bonus
3	50 – 74.9%	Fully effective	No bonus
4	75 – 89.9%	Exceed expectations	7.5%
5	90% and above	Outstanding performance	14%

- In the case of Section 57 employees, performance bonuses will be paid as per the municipal performance regulations for section 57 Employees.
- A performance bonus of between 5% to 14% of the all-inclusive annual remuneration package may be paid to the Section 57 Employee in recognition of outstanding performance.
- Performance bonus will be paid depending on the availability of the budget.

PERFORMANCE RECOGNITION

- **3 types of non – cash rewards include:**
 - **Informal awards** – these are spontaneous and can be implemented with minimal planning and effort e.g. calling an Employee into the office and thanking him/her for the job well done.
 - **Achievement award** – these are tailored to reward specific achievements or behaviours desired most in the municipality e.g. long service award.
 - **Formal award** – the municipality has a formal recognition programme used to formally acknowledge in public significant contributions by individuals and teams e.g. annual Mayoral awards for excellence.