

3. PART THREE: INDIVIDUAL PERFORMANCE MANAGEMENT

3.1 INTRODUCTION

In order to ensure that the Municipality achieves its organisational performance goals it needs to align its individual PMS with its organisational PMS. Such a system will measure the performance of individual officials whose performance targets are aligned with those of the divisions in which they work, with the relevant department and with the Municipality. Thus, each official is given performance objectives, targets and standards that are aligned to the organisational PMS. This arrangement is illustrated diagrammatically in the framework contained in the introduction of this document.

The individual performance management system is discussed below under the following headings:

- Performance planning;
- Performance evaluation and staff development; and
- Management of evaluation outcomes.

3.2 PERFORMANCE PLANNING

At the beginning of each financial year, just after the completion of departmental SDBIPs, managers and supervisors need to meet with their individual team members to set objectives for the year for each of them. The objectives need to be challenging, but realistic and in line with the departmental and divisional SDBIPs. On completion both the employer and employee need to sign the performance plan that must contain:

- Key performance areas that will account for 80% of the assessment score;
- Core competency requirements that will account for 20% of the assessment score;
- Key objectives;
- Key performance indicators;
- Performance targets (outputs); and
- A weighting for each key objective.

The weightings show the relative importance of the key objectives. An important objective may, for example, be assigned a weighting of 40 out of a total of 100 whereas a less important objective may be assigned a weighting of 10 out of 100. The purpose of the weightings is to show the employee where the key focus areas are in the work being assigned to him or her.

3.2.1 Performance agreements, plans and personal development plans

The performance agreement for the Municipal Manager and those reporting directly to the Municipal Manager (Section 57 employees) is the cornerstone of individual performance management for these employees. In terms of Section 57 of the Municipal Systems Act these employees are required to sign a performance agreement within ninety (90) days after assumption of duty and within one month after the commencement of the new financial year.

The performance agreement should be informed by the respective departmental SDBIP and the content of the performance agreement should include the following:

- The legal agreement compiled in line with the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 and is to be signed by the employer and the employee, a template of which is attached at Annexure D, Appendix 1.
- A performance plan containing key performance areas, core competency requirements, key objectives, key performance indicators, performance targets (outputs) and the weighting of each key objective. See template at Annexure D, Appendix 2.
- A personal development plan that identifies the competencies and other development needs of the employee, as well as interventions to improve these. See template at Annexure D, Appendix 3.

In line with the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, a total weighting of 80 % is allocated to key performance areas (outputs) in which the employee needs to deliver and 20 % to the core competency requirements (inputs) that employees need to possess or develop. This illustrates that the core focus of the employee's job is to deliver results, but it is also important for employees to exhibit the appropriate skills and behaviours to do the job successfully. These core competency requirements include:

- Financial management;
- People management and empowerment; and
- Client orientation and customer focus.

These core competency requirements can be defined as follows:

- Financial management
 - Economical - managers and supervisors conduct a cost-benefit analysis quarterly on the most costly or highest weighted outputs;
 - Efficient - all staff to introduce Initiatives to increase productivity and / or combat fruitless expenditure;

- Effective - all staff to work towards 100 % achievement of SDBIP objectives; and
 - Managers and supervisors to exercise effective budget control.
- People management and empowerment
 - Managers and supervisors facilitate a friendly working environment where cooperation is encouraged, conflicts resolved and information is communicated;
 - All employees cooperate and communicate with each other in an effort to inform others of what is going on in their areas of responsibility;
 - Employees do their share of the work;
 - Employees help out in times of crises;
 - Employees support decisions taken by the Municipality;
 - Managers and supervisors delegate using staff potential and coach and trust staff;
 - Managers and supervisors encourage staff to continuously develop; and
 - Managers and supervisors create an environment for innovation.
- Client orientation and customer focus (*Batho Pele*)
 - Customers are *consulted* on their service needs and their satisfaction levels;
 - *Service standards* are set for services provided and sub-standard services are addressed;
 - Steps are taken to improve *access* to services that customers are entitled to;
 - *Courtesy* – a Code of Conduct on Customer Care is implemented and monitored;
 - *Information* – A Service Commitment Charter is disseminated and information is conveyed in the most appropriate manner;
 - *Openness and transparency* – a Report is provided to customers reflecting planned and actual performance and what is to be done to improve;
 - Customers are advised on how to obtain *best value* services; and

- A comprehensive *complaints system* is implemented and monitored.

Performance planning for Section 57 employees needs to be completed as early as possible during June of each year. The employer needs to schedule a meeting with the employee in order to agree to performance objectives for the year. This will entail the compilation of a Performance Plan and in doing so the required information will be obtained from the municipal and departmental SDBIPs. In the case of the Municipal Manager the Mayor is the employer and the Municipal Manager the employee. In the case of those reporting directly to the Municipal Manager, the latter is the employer and the former the employees. Care should also be taken that all employee's performance plans are aligned with that of their employer.

3.2.2 Performance Plans for employees under the level of Manager

In the case of employees under the level of Manager it is not a statutory requirement to sign a performance agreement. It is, however, good management practice to have all employees sign an annual Performance Plan and complete a Personal Development Plan in the same way as described above for Section 57 employees.

3.3 PERFORMANCE EVALUATION AND STAFF DEVELOPMENT

As the work is executed there needs to be continuous communication between the supervisor, as the employer, and the jobholder, as the employee, about the progress being made with the work. In the process performance needs to be continuously monitored to enable the identification of performance barriers and to address development and improvement needs as they arise, and also to:

- Determine progress in achieving objectives and performance targets;
- Enable supervisors and jobholders to deal with performance-related problems;
- Identify and provide the support needed;
- Modify objectives and targets; and
- Ensure continuous learning and development.

3.3.1 Evaluating performance

The performance evaluation must involve:

- a) An assessment of the achievement against each of the KPAs and CCRs contained in the employee's Performance Plan. The KPAs and CCRs should be assessed according to the extent to which the specified standards or performance targets have been met and with due regard to *ad hoc* tasks that had to be performed.
- b) An indicative rating on the following five point scale must be allocated for each key objective that resorts under the applicable KPAs and CCRs:

Rating	Level of achievement	Description of standard
5	Outstanding performance	Performance far exceeds the standard expected of the Employee at this level. The appraisal indicates the Employee has achieved above fully effective results against all performance criteria and targets as specified in the Performance Plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectation	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and targets and fully achieved all others throughout the year.
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates the Employee has fully achieved effective results against all significant performance criteria and targets as specified in the Performance Plan.
2	Performance not fully effective	Performance is below the standard required in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the Employee has achieved below fully effective results against more than half the key criteria and targets as specified in the Performance Plan.
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review / assessment indicates that the Employee has achieved below fully effective results against almost all the performance criteria and targets as specified in the Performance Plan. 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.

- c) After allocating a rating for each key objective under the applicable KPAs and CCRs the rating will be multiplied with the relevant weighting to provide a score for each key objective.
- d) The scores for each key objective will then be added-up and a percentage score will be calculated out of the total score achieved compared to the total maximum score that could be achieved. This percentage will represent the outcome of the performance evaluation. The formula for calculation is as follows:

$$\text{Outcome of the performance appraisal} = \frac{\text{Total score achieved}}{*500} \times \frac{100}{1} = \%$$

*Note: The maximum possible score will always be 500 i.e. maximum rating of 5 multiplied by a total weighting of 100.

- e) In preparation for the appraisal session the employer (supervisor) should prepare by:
- Reviewing the previous period and objectives and performance targets for the next period;
 - Reviewing support needed and drafting training and development needs;
 - Seeking appropriate feedback from relevant role-players to support the process;
 - Reviewing and updating all relevant documentation; and
 - Identifying internal/external factors affecting the jobholder's performance.
- f) The employee (jobholder) should prepare by:
- Reviewing previous objectives and identifying possible new objectives;
 - Collecting supporting facts on performance delivered;
 - Identifying factors that affected his/her performance;
 - Identifying support that will be needed as well as possible training and development needs; and
 - Reflecting on the feedback to be given to the supervisor.

g) The assessment discussion should provide an opportunity for:

- Employees to assess their performance and its contribution to organisational goals and to identify areas of improvement;
- Supervisors to provide formal feedback on performance over the period and to identify ways of improving what was achieved;
- Employees to contribute to, and respond to comments regarding the employee's performance and identify issues beyond their control that limit the achievement of results;
- An open discussion between employees and employers in which achievements can be fully recognised and ideas for problem solving agreed to;
- Agreement on overall assessment scores reflecting judgement on the level of achievement attained in terms of performance plans; and
- An opportunity for the employer and employee to agree on areas of personal development and to incorporate them in a personal development plans.

h) Evaluations need to be done once a quarter on predetermined dates that need to be agreed to by the employer and employee. The quarters are as follows:

First quarter	:	July – September
Second quarter	:	October – December
Third quarter	:	January – March
Fourth quarter	:	April – June

Despite the establishment of agreed intervals for evaluation, the employer may in addition, review the employee's performance at any stage while the Employment Contract for Section 57 employees and performance plans for all employees are in force.

h) The evaluations for non-Section 57 employees should be one-on-one sessions between employer and employee – supervisor and jobholder. For Section 57 employees the first, second and third evaluations can also be one-on-one sessions between employer and employee, but the fourth evaluation, the annual assessment, for Section 57 employees must be conducted by the following evaluation committees prescribed by the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006:

- Evaluation Committee for Municipal Managers:
 - Mayor
 - Chairperson of the Performance Audit Committee
 - Member of the Executive Committee
 - Municipal Manager from another municipality
 - Member of a Ward Committee nominated by the Mayor

- Evaluation Committee for Managers accountable to the Municipal Manager:
 - Municipal Manager
 - Chairperson of the Performance Audit Committee
 - Member of the Executive Committee
 - Municipal Manager from another municipality

- i) The performance reviews for the first and third quarters for all staff may be verbal if performance is satisfactory, but the employer must keep record of the mid-year review and the annual (fourth quarter) evaluation. For the end of the year evaluation for Section 57 employees the Human Resources Manager must provide a secretariat service to the Evaluation Committees.

- j) The employer will be entitled to review and make reasonable changes to the provisions of the Performance Plan from time to time for operational reasons on agreement between both parties. The employer may also amend the provisions of the Performance Plan whenever the performance management system is adopted, implemented and/or amended as the case may be on agreement between both parties.

3.3.2 Development requirements

Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan as well as the actions agreed to and implementation must take place within set timeframes.

3.4 MANAGEMENT OF EVALUATION OUTCOMES

The evaluation of the employee's performance in the manner described above forms the basis for rewarding outstanding performance or correcting unacceptable performance. The procedures for rewarding and recognizing outstanding performance for Section 57 employees and staff under the level of those reporting directly to the Municipal Manager (non-Section 57 employees) differs and are therefore discussed separately below.

3.4.1 Section 57 employees – recognising outstanding performance

A performance bonus of 5% to 14% of the inclusive annual remuneration package may be paid to the Section 57 employees in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the outcome of the performance evaluation process described above, provided that:

- a) A score of 70% to 80% is awarded a performance bonus ranging from 5% to 9%: and
- b) A score of 81% and above is awarded a performance bonus ranging from 10% to 14%.

In the case of unacceptable performance the employer should:

- a) Provide systematic remedial or developmental support to assist the employees in improving their performance; and
- b) After appropriate performance counseling and having provided the necessary guidance and support and reasonable time for improvement in performance, and performance does not improve, the employer may consider steps to terminate the Contract of Employment of the employees on grounds of unfitness or incapacity to carry out their duties.

3.4.2 Non-Section 57 employees – recognising outstanding performance

The performance evaluation process described under heading 3.3 above provides for a one-on-one evaluation process and it is therefore necessary to moderate the results of assessments to ensure equity and consistency in the application of evaluation norms and standards. It is suggested that a municipal moderating body be established that should moderate the assessments of all non-Section 57 employees, irrespective of what department they work in.

Furthermore, each department should establish a moderating committee to check for consistency in the appraisal process for employees under the management echelon. Human resource practitioners need to be included in all of these moderating committees to give guidance, check for consistency between departments and to provide the secretarial services.

The role of the Moderating Committee is to ensure that supervisors are agreeing to performance plans and appraising performance in a realistic, consistent and fair manner. The committee must also ensure that scores given across the Municipality and in

municipal departments are realistic and that a uniform standard is applied. This process operates at the following two levels:

- Firstly, within the normal chain of command in divisions, i.e. the supervisors are required to oversee the performance management actions and assessment outcomes of their subordinates; and
- Secondly, through the more formalised moderating committee(s). The Moderating Committee is required to oversee performance plans and subsequent performance ratings. The Committee must also review overall assessment statistics of components to ensure equity and fair distribution across the Municipality.

If the committee will be required to meet at least twice per performance cycle: once to moderate and approve the results of the assessment process at the end of the performance cycle and again at the start of the new cycle to moderate and approve the results of performance planning and agreement activities.

The moderating committee identifies deviations or discrepancies, these should be referred back to the supervisor who had agreed the rating with his or her subordinate(s), together with reasons for the decision. This should be accompanied by a request for reconsideration of the rating. Unless it is an overall assessment score adjustment that alters the assessment scores of all employees (as a group) by the same quantum, a moderating committee may not change an individual employee's assessment score, without first referring the issue back to the supervisor who made the initial assessment, or any moderating sub-committee that might have been involved in the process. A moderation committee must keep detailed minutes of decisions, in particular if it recommends lowering a score already agreed between a supervisor and employee.

The following guideline serves to assist the Moderating Committee to evaluate the summarised analysis of the outcome of performance awards per division, department and the Municipality as a whole. This breakdown is based on the statistical normal distribution curve and should be taken into consideration in identifying trends and making appropriate recommendations to the relevant approval authority:

Performance Category	Total Score	Percentage of staff that should normally fall within this category
Unacceptable performance	39% and lower	2%
Performance not fully effective	40% - 59%	10%
Performance fully effective	60% - 69%	72%
Performance significantly above expectations	70% - 79%	10%
Outstanding Performance	80% - 89%	5%
	90% and above	1%

3.4.3 Non-agreement and grievances

Agreement between an employer, employee and the Moderating Committee, on employee performance issues such as rating, is not always guaranteed. If there is regular communication between the employer and the employee there should not be disagreement. However, non-agreement may occur; (a) between the employee and her/his supervisor; (b) between an employee and her/his supervisor on the one hand, and the relevant Moderating Committee on the other hand; (c) between the departmental Moderating Committee and the municipal Moderating Committee; and even between the Moderating Committee and the Municipal Manager or EXCO.

A policy framework such as this cannot provide for each possible scenario. Disagreements at lower levels may be minimised if the assessment of senior officials is done before the assessment of their subordinates. This normally assists in reducing contradictions in the performance under cascading KPAs found on the different levels. This approach sets certain parameters of performance that serve as benchmarks when assessing individuals below the management level.

In an effort to resolve such disputes, Annexure E contains two broad scenarios with suggested interventions and decisions, by the supervisor, the Moderating Committee, the Municipal Manager or EXCO. The two scenarios are based on the assumption that self-assessment by the employee is followed by an assessment by the supervisor, followed by an attempt to reach agreement between them on a score. The two scenarios are:

- Initial agreement on an assessment score between the employee and supervisor; and
- Initial disagreement on an assessment score between the employee and supervisor.

The steps contained in the two scenarios, relating to the moderation or review of performance and/or possible amendments by higher levels of management of lower level assessments, should in most cases result in a conclusive outcome.

If, after pursuing these dispute resolution mechanisms, the employee is still dissatisfied with his or her performance appraisal they are entitled to lodge a grievance in terms of the official grievance procedure and take steps in terms of the relevant legislation.

3.4.4 Managing performance that is not fully effective

Employers are required to first identify and then, in line with a developmental approach, deal with unacceptable performance of employees under their supervision. The PMS process set out above provides for the early identification and resolution of unacceptable performance. The employee's performance rating as "not fully effective" should not be the first indication of the employee's shortcomings. Performance monitoring, including the quarterly performance reviews, provide opportunities to ensure this does not happen. Interventions by the employer to overcome performance shortfalls on the part of the employee can include any or all of the following:

- Personal counselling;
- On-the-job mentoring and coaching;