



MKHAMBATHINI LOCAL MUNICIPALITY

INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM POLICY

TABLE OF CONTENTS		PAGE
	Acronyms	4
	Glossary of terms	4
1.0	INTRODUCTION	6
2.0	SCOPE AND APPLICATION	8
3.0	SOURCES OF AUTHORITY	8
4.0	AIMS OF PERFORMANCE MANAGEMENT	8
4.1	Goal	8
4.2	Objectives	8
5.0	THE PERFORMANCE CYCLE	9
6.0	PERFORMANCE PLANNING AND AGREEMENT	9
6.1	The performance agreement	9
6.2	The performance plan	10
6.3	The personal development plan	11
6.4	Prolonged absence and staff movement	11
6.5	Amendments to the performance agreement	13
7.0	PERFORMANCE MONITORING, REVIEW AND ASSESSMENT	13
7.1	Performance monitoring	13
7.2	Categories of performance	13
7.3	Five-point rating scale	14
7.4	Performance review and assessment	14
7.5	Annual performance assessment	15
8.0	PERFORMANCE MODERATION	17
8.1	Normal distribution curve of performance categories	18
8.2	The intermediate review committee	19

TABLE OF CONTENTS		PAGE
8.3	Municipal Moderating Committee	19
8.4	Disagreements over rating and assessments	21
9.0	OUTCOMES OF PERFORMANCE ASSESSMENT	21
9.1	Probation	21
9.2	Managing performance that is not fully effective	22
9.3	Municipal performance incentive scheme	23
9.4	Budget for incentives	25
9.5	Non-financial incentives	25
10.0	SYSTEM EVALUATION AND REVIEW	25
11.0	INSTITUTIONAL FRAMEWORK	26
ANNEXURES.		
Annexure A	Template for the performance agreement	
Annexure B	Template for the performance plan	
Annexure C	Illustrative format for Personal Development Plan	
Annexure E	Half-yearly review form	
Annexure F	Performance assessment instrument	
Annexure G	Probation assessment form	

ACRONYMS

CAR	Confirmed Assessment Rating (By MMC)
IDP	Integrated Development Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
JSC	Job Specific Competencies
HOD/Director	Head of Department
HRD	Human Resource Development
MM	Municipal Manager
MMC	Municipal Moderating Committee
MFMA	Municipal Finance Management Act, 2003
PAR	Provisional Assessment Rating
PDP	Personal Development Plan
SDBIP	Service Delivery Budget Implementation Plan
VAR	Validated Assessment Rating

GLOSSARY OF TERMS

Accounting Officer: the Municipal Manager or acting Municipal Manager

Annual performance rating: The annual performance rating as part of an employee's assessment that takes place at the end of the performance cycle. The result of this rating is the overall annual performance score for the employee during the entire performance cycle.

Assessment instrument: An assessment tool used to assess the performance of an individual employee in relation to the achievement of key result areas and core management criteria or generic assessment factors as contained in the performance plan of the performance agreement.

Attribute: An attribute (as part of a competency) is generally defined to consist of motives, traits and self-concept.

Competence: Relates to an employee's capacity to meet the job requirements (job competence).

Competency: A competency is a particular mix of knowledge, skills and attributes required to effectively perform a job/task/role.

Confirmed assessment rating: The assessment score for an employee that has been confirmed by the Municipal Moderating Committee (see also validated and provisional assessment rating).

Customers: People internal or external to the department with whom employees interact to provide a service.

Employment Contract: a contract as contemplated in section 57 of the Municipal Systems Act

Development: Training and development activities to enhance the employee's competencies and to improve performance.

Feedback: Objective and timely information by the Director/supervisor on the employee's performance against set expectations and standards, understood by the staff member, and aimed at improving performance.

Grievance rules: The rules for dealing with the grievances of employees in the Municipality as per the disciplinary collective agreement.

Input Indicator: an indicator that measures the costs, resources and time used to produce an output.

Job Specific Competencies: An element used to describe and assess aspects of performance, taking into consideration knowledge, skills and attributes as outlined in the competency framework

Key Result Area (KRA): An area of a job in which performance is critical for making an effective contribution to the achievement of departmental strategies, goals and objectives.

Moderation: The review of employee assessment scores by a committee to ensure consistency and fairness across the municipality through a common understanding of performance standards required at each level of the rating scale.

Outcome: A broad statement about a specific objective, aim or intent, the achievement of which will require one or more specific outputs to be achieved.

Output: A concrete result or achievement (i.e. a product, action or service) that contributes to the achievement of a key result area.

Performance: Human performance involves (1) employee actions, and (2) the outcomes or effects of those actions. Performance is a process in which resources are used in an effective, efficient and productive way to produce results that satisfy requirements of time, quality and quantity, and which are the effect or outcome of the actions or behaviour of a performer in the work process.

Performance agreement: A document agreed upon and signed by an employee and her or his supervisor, which includes a description of the job, selected KRAs and GAFs, a performance plan and the employee's personal development plan.

Performance appraisal/assessment: The measurement, assessment, rating or appraisal of employee performance. The formal annual process is usually referred to as performance appraisal or assessment, while more informal processes are referred to as performance review.

Performance cycle: A 12-month period for which performance is planned, managed and assessed. It must be aligned to the same period as the Municipal's SDBIP i.e. 1st July to 30th June of the following year.

Performance incentives: A set of (a) financial rewards linked to the results of performance appraisal such as pay progression, (b) a variety of non-financial rewards that may be contained in the municipal performance incentive scheme.

Performance incentive scheme: A municipal performance related incentive scheme aligned with its performance management system.

Performance indicator: A measure used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).

Performance management: A purposeful, continuous process aimed at managing and developing employee behaviour for the achievement of the organisation's strategic goals; the determination of the correct activities as well as the evaluation and recognition of the execution of tasks/duties with the aim of enhancing their efficiency and effectiveness; and a means of improving results from the Municipality, teams and individuals by managing performance within an agreed framework of planned goals, objectives, standards and incentives.

Performance management system: An authoritative framework for managing employee performance, which includes the policy framework as well as the framework relating to all aspects and elements in the performance cycle, including performance planning and agreement; performance monitoring, review and control; performance appraisal and moderating; and managing the outcomes of appraisal.

Performance standard: Mutually agreed criteria to describe work in terms of time-lines, cost and quantity and/or quality to clarify the outputs and related activities of a job by describing what the required result should be. In this framework, performance standards are divided into indicators and the time factor.

Performance review: A structured and formal, at least half-yearly, discussion between supervisor and employee to monitor progress, resolve problems and adjust work plans during the performance cycle, thereby providing an opportunity for improvement before the annual review takes place. If the employee's performance is not fully effective or unsatisfactory, the half-yearly review must be in writing.

Personal development plan (PDP): A requirement of the performance agreement whereby the important competency and other developmental needs of the employee are documented, together with the means by which these needs are to be satisfied and which includes timelines and accountabilities.

Portfolio of Evidence (POE): a compilation of documentation and any other form of evidence assembled for the purpose of determining, evaluating quality, progress and achievements of the set performance standards.

Provisional assessment rating (PAR): An employee's total assessment rating score that has been agreed upon between the employee and her/his supervisor.

Rating: The allocation of a score to a KRA, a JSC and/or to overall performance in accordance with the five-point rating scale of the PMDS.

S56: Managers appointed in terms of Section 56 of the Municipal Systems Act, 2000

Service Delivery and Budget Implementation Plan: A one-year plan derived from and giving life to the strategic plan by translating the strategic objectives identified in the strategic plan into

key result areas and activities with measurable standards, for a particular year for the Departments.

Strategic plan: The end product of strategic planning, setting out the mission and vision statements and the medium and long-term strategic objectives of the Municipality.

Strategic planning: The process by which top management determines the overall strategic direction and priorities, as well as the organisational purpose and objectives and how they are to be achieved.

Supervisor: An official responsible for the allocation of work, monitoring of activities, discussing performance and development, and the half-yearly performance review and annual performance rating of an employee.

Validated assessment rating (VAR): The performance rating for an employee that has been validated by an assessment higher than the employee's supervisor for submission to the Municipal Moderating Committee.

Weight: With reference to the inclusion and assessment of KRAs and JSC in the performance agreement/performance plan, each KRA and JSC is allocated a weight or percentage, which indicates the relative importance or impact of the specific KRA or JSC in comparison to the others selected in the performance agreement, and the combined weights must add up to 100% i.e. KPA =80% and JSC=20%

Performance plan: A document which is part of the performance agreement and which contains key result areas, associated outputs/activities and their performance standards and resource requirements.

INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM

1. INTRODUCTION

The Individual Performance Management System (IPMS) has been designed as a system to assist with performance management on task grade 1 to 15. This system becomes effective on 1 July 2023.

The IPMS provides a standardised framework for employee performance on task grade 1 to 15 in the municipality. Three main levels are involved in performance management: At the organisational level the Council and the Municipal Manager determine the strategic priorities and overall key result areas of the municipality, while objectives are identified for the priorities and assigned to components within the municipality. At the department level, departments undertake the execution of projects and activities that lead to the achievement of the integrated development plan. At the employee level each employee develops a performance agreement jointly with her or his supervisor.

Key requirements for the successful implementation of the IPMS are the following:

The institutional framework determines responsibilities for specific aspects of the IPMS. With the Strategic Plan as basis, the municipality is able to identify high-level priorities and specific objectives to be achieved by business units. However, all the work done in a municipality is not captured in a strategic plan, which means that performance agreements for employees whose key responsibility areas and activities are not covered in the strategic must reflect their own KRAs and priorities. Performance Agreements enable the department to assign specific performance objectives and targets to employees. This also enables employees in the municipality to participate meaningfully in the management of their own performance.

Another key requirement for the successful implementation of the IPMS is training on the system. Managers, supervisors and employees must be trained in the mechanics of the system and areas such as communication, problem-solving and conflict resolution in order to manage the system more effectively. The training of supervisors in particular is of the utmost importance, and this should result in supervisors knowing how to implement the system, ensuring that employees receive adequate training and possess sufficient information to be able to fully participate in the processes. This must be done with the support and co-operation of the Human Resource in the Municipality.

2 SCOPE AND APPLICATION

The IPMS is a framework for performance management that applies to all employees in the Municipality on task grade 1 to 15 who are permanent or on fixed term contract excluding the Municipal Manager and S56 Managers, casual workers, employees hired

for less than 3 months and those employees on EPWP and such other programmes as might be introduced by the government.

3 SOURCES OF AUTHORITY

Specific sources of authority for various elements of performance management are:

- The Constitution of the Republic of South Africa, 1996
- The Skills Development Act (Act 97 of 1998)
- The Labour Relations Act (Act 66 of 1995)
- Promotion of Equality and Prevention of Unfair Discrimination Act, (Act 4 of 2000)
- Promotion of Access to Information Act (Act 2 of 2000)
- Employment Equity Act (Act 55 of 1998)
- Promotion of Administrative Justice Act, 2000
- Municipal Staff Regulations
- Relevant collective agreements

4 AIMS OF PERFORMANCE MANAGEMENT

4.1 Goal

For the purpose of this IPMS, performance management is aimed at planning, managing and improving employee performance. The aim of performance management is to optimise every employee's output in terms of quality and quantity, thereby improving the Municipal overall performance and service delivery.

4.2 Objectives

In order to achieve individual excellence and achievement, the objectives for performance management are to -

- establish a performance and learning culture in the Municipality;
- improve service delivery;
- ensure that all jobholders know and understand what is expected of them;
- promote interaction on performance between jobholders and their supervisors;
- identify, manage and promote jobholders' development needs;
- evaluate performance fairly and objectively;
- recognise categories of performance that are fully effective and better; and
- manage categories of performance that are not fully effective and lower.

5. THE PERFORMANCE CYCLE

Performance management at the employee level is an on-going interactive process between an employee and her/his supervisor about the employee's performance. Face to-face on-going communication is an essential requirement of the process and covers the full performance cycle. For effectiveness of operation the cycle is divided into integrated phases or elements of –

- Performance planning and agreement;

- Performance monitoring, developing and control;
- Performance assessment or appraisal; and
- Managing the outcomes of assessment

The performance cycle is a 12-month period for which performance is planned, executed and assessed. It must be aligned to the same period as the Municipal SDBIP i.e. 1st July to 30th June of the following year. The 12-month cycle is also linked to the financial year for the purpose of planning and other performance related incentives such as performance awards or cash bonuses. The probation cycle, however, is linked to the appointment date of a jobholder.

6 PERFORMANCE PLANNING AND AGREEMENT

6.1 The performance agreement (PA)

The performance agreement is the cornerstone of performance management at the individual level. All employees must enter into and sign performance agreements before the end of the first quarter of the new cycle. Municipal and component performance measures should inform the development of the individual employee's PA. The PA format applies to all levels in the municipality and the contents must reflect the municipal's strategic and SDBIP and the employee's job description, job role and actual activities and responsibilities.

The content of a PA must include the following (refer to **Annexure A**) –

- **Employee data** such as the Employee number, job title and level, as well as a description of the employee's **job role**
- **Objectives or targets**
- **KPAs**, their weightings and target date for meeting the KPAs
- **KPIs** and performance standard for each KPI
- Name and definition of **Job Specific Competencies, their weightings and the expected level of capability for each competency**
- **A personal development plan (PDP)** that is in line with regulation 51.
- The process of **monitoring and assessing performance**, including **planned dates of assessments**

If an employee changes jobs during the performance cycle, but remains at the same level, a new PA must be entered into for the new role and the performance assessment should take both periods into consideration. Only supervisors are authorised to enter into a performance agreement with another employee on behalf of the municipality. The PA, especially the performance plan, should be revised if the employee has not been in the job role for more than three months for any reason, as for example, maternity, ill health, study, secondment, or travel. A PA without a completed and attached performance plan should be regarded as invalid and of little use in the performance management process.

Individual Scorecards

Individual will enter into performance agreements with their immediate supervisor. The data obtained from the Municipal scorecards (detailed SDBIP), will provide the user with the respective individual performance contracts for S56 Managers.

Team-based performance management and development system

A municipality may establish a team-based performance management and development system for a category of staff below the level of supervisor that will assist the municipality in managing probation, rewards, and skills development of staff members.

The municipality must first pilot the system on staff members in all affected streams and consult the unions within LLF.

6.2 The performance plan

While the performance agreement is the cornerstone of performance management at the individual level, the performance plan contains the essence of the performance agreement (see the Guide to the Performance plan and template in **Annexure B**).

The criteria upon which the performance of an employee is assessed, consist of **Key Performanne Areas (KPA)**s and the **Job Specific Competencies (JSC)**s which are contained in the PA. Each employee must be assessed against both areas. KPAs covering the main areas of work will account for 80% of the final assessment, while the JSCs make up the other 20% of the assessment score. The KPAs must be between 5 and 7.

Job Specific Competencies are elements and standards used to describe and assess performance, taking into consideration knowledge, skills and attributes. The following JSCs are used to calculate 20% of the employee's assessment score. The employees job specific competencies should not exceed six within a performance cycle.

Employees should be assessed against the selected JSCs applicable to their jobs. A professional may for example have no employees under his/her control or may have no financial responsibilities. To adapt the JSCs to specific jobs and job contexts, the employee and supervisor will need to –

- Decide which of the JSCs apply to the employee's job.
- Weigh each relevant JSC to show the extent to which it relates to the specific job. One way of jointly arriving at decisions on how important any specific JSC is to a specific job is to use the factors of impact and frequency. The greater the impact and frequency, the greater the importance that criterion is likely to have on the achievement of effective performance results. The weighting of all the JSCs should add up to 20%.

6.3 Personal Development Plan (PDP)

The PA must include a Personal Development Plan (refer to **Annexure D** for an example). The purpose of the development plan is to identify any performance output shortfall in the work of the employee, either historical or anticipated, to relate this to a supporting JSC shortfall and then to plan and implement a specific set of actions to reduce the gap. The competence gap may relate to any of the JSCs included in this IPMS or any other area of the employee's knowledge, skill and attribute requirement. The PDP should include interventions relating to the technical or occupational "hard skills" of the job, through e.g. appropriate training interventions, on-the-job training, expanded job exposure, and job rotation. The employee and the supervisor are required to take joint responsibility for the achievement of the PDP with allocated accountabilities clearly recorded on the PDP agreement document.

6.4 Prolonged absence and staff movement

Absence during the cycle

Normal periods of leave for example vacation leave and/or short periods of sick leave do not usually interfere unduly with the employee's performance management cycle. In the case of other forms of absence for a continuous prolonged period of time, supervisors and employees should have a discussion to reach mutual agreement on the ability to execute a meaningful rating for that period or for an annual assessment. If it is not possible to make a meaningful review or annual rating, it must be indicated in writing. New work plans may also need to be developed on return from a prolonged absence. While an employee is not penalised for any form of formally approved leave, it is also true that an employee who has been absent for a prolonged period, has not rendered the same extent of service as an employee who did not have such prolonged leave.

In this regard the principle is that "doing all the work" translates to a 3-rating ("effective performance") for which an employee receives a full salary, a 13th cheque and pay progression. Supervisors must carefully consider the rating and assessment of an employee who had been on prolonged leave of absence, to balance the rights of those who were absent with the contribution of those who had to do more work because others were absent.

Acting in higher positions

When an employee is appointed to act in a higher position for shorter than six weeks, the performance plan should be based on the post that the employee is permanently appointed to. Depending on the employee's performance during the periods of acting, recognition for performance of the duties of the higher position should be given during the performance assessment, on the performance plan of the permanent post.

When acting in a higher position for longer than six weeks, where an acting allowance is being paid, a performance plan must be compiled for the higher position that the employee would be expected to perform against. The performance of the employee, acting in the higher position, will be assessed in terms of the amended performance plan, against the standards applicable to the grade of the employee's permanent

position. Performance incentives must be calculated at the task grade of the post to which the employee is permanently appointed, based on the employee's salary notch on 30th June of the cycle.

Staff movement

Where staff members change jobs within the municipality during the IPMS cycle, performance reviews related to the employee vacating the post have to be completed prior to moving to the new position. 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. In the case of supervisors, regardless of the reason for their departure, they will be required to assess their staff prior to departure.

Misconduct and suspension

Decisions pertaining to performance rating should be based on an employee's actual performance. In the event of alleged misconduct, some questions need to be posed.

- What was the nature of the misconduct (e.g. financial, management)?
- Was the person found guilty or not?
- If found guilty, what was the nature of the sanction (e.g. discharge, suspension)?
- Did the misconduct and/or the sanction impact on performance?
- Was the employee suspended for a prolonged period?

It is difficult to lay down a general rule and each case must be judged on its own merit. If a misconduct charge, and/or the hearing, and/or any sanctions have a serious negative impact on an employee's performance, it would be difficult to motivate for awarding a 3rating or higher.

6.5 Amendments to the performance agreement

Performance in the Local Government sphere takes place in a dynamic environment. A performance agreement can therefore never be cast in stone. Even though the initial PA is signed at the start of the performance cycle, significant changes and additions must on an on-going basis be reflected in the PA and Performance plan.

The PA and Performance plan against which an employee is assessed at the end of the cycle must accurately reflect the employee's actual activities and outputs during the entire performance cycle. Amendments must be made to the PA and Performance plan and these must be signed and dated by both the employee and her/his supervisor.

7 PERFORMANCE MONITORING, REVIEW AND ASSESSMENT

7.1 Performance monitoring

Performance at the individual level must be continuously monitored to enable the identification of performance barriers and changes and to address development and improvement needs as they arise, as well as to –

- determine progress and/or identify obstacles in achieving objectives and 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.

7.2 Categories of performance and rating scale

The following five **categories of performance** are used for the purpose of performance rating, review and the annual assessment of employees:

RATING	CATEGORY	DESCRIPTION
1	UNACCEPTABLE PERFORMANCE	Performance does not meet the standard expected for the job. The review/assessment indicates that the jobholder has achieved <u>below fully effective results against almost all of the</u> performance criteria and indicators as specified in the Performance Agreement and Performance plan.
2	PERFORMANCE NOT FULLY EFFECTIVE	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the jobholder has achieved <u>below fully effective results against more than half</u> of the performance criteria and indicators as specified in the Performance Agreement and Performance plan.
3	PERFORMANCE FULLY EFFECTIVE	Performance fully meets the standard expected in all areas of the job. The appraisal indicates that the jobholder has fully achieved <u>effective results against all significant performance criteria and indicators</u> as specified in the Performance Agreement and Performance plan.
4	PERFORMANCE SIGNIFICANTLY ABOVE EXPECTATIONS	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the jobholder has achieved <u>above fully effective results against more than half of the performance criteria and indicators</u> as specified in the Performance Agreement and Performance plan and fully achieved all others throughout the performance cycle.
5	OUTSTANDING PERFORMANCE	Performance far exceeds the standard expected of a jobholder at this level. The appraisal indicates that the jobholder has achieved <u>above fully effective results against all of the performance criteria and indicators</u> as specified in the Performance Agreement and Performance plan and maintained this in all areas of responsibility throughout the performance cycle.

7.3 The five-point rating scale

As illustrated above, the IPMS utilises a five-point rating scale. A “3” on the scale – “Fully Effective” – means that the employee’s performance fully meets the standard required, and has achieved effective results against all performance criteria. In terms of the new approach to performance rating, an employee who is rated as “fully effective” has fully complied with the requirements of the job. On the rating scale this translates to a score of 100%.

7.4 Performance review and assessment

(Half-yearly review form at **Annexure E**; refer to 8.1 for probationers)

Performance review meetings are an integral part of the monitoring process. These reviews must take place as often as is practical and/or required by circumstances. The

reviews are necessary to motivate and to reveal to the employee areas that need improvement and if required, to modify the PA. The supervisor should use all opportunities to discuss the employee's performance, including component meetings, report backs, and informal discussions. An employee's supervisor shall monitor the employee's performance on a continuous basis and give him/her feedback on his/her performance: at least four times a year - orally, if the employee's performance is satisfactory (fully effective and above); and in writing if unsatisfactory (not fully effective and below); at least twice (in writing or orally) during the six months preceding the employee's annual formal performance assessment; and in writing, for the annual formal performance assessment covering the whole cycle.

Should the supervisor, as a result of this review, or at any time during the performance cycle, be of the opinion that the employee's performance is markedly below what is required, the supervisor must complete a full and formal assessment, assign ratings to KRAs and JSCs, complete all documentation and have the document signed by the employee. This ensures that the employee is left in no doubt that what she or he has been producing as work outputs is not acceptable and that continuation in this poor standard of performance will affect service delivery and is sure to result in a low performance assessment at the end of the cycle, with its resultant consequences.

The supervisor should be prepare by –

- reviewing the previous period and objectives and 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.

The jobholder should be 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.

The review is a one-on-one discussion between the supervisor and the employee. The content and outcomes of the half-yearly feedback session and the end of year assessment should be signed by both parties. The December review is the mid-term review for the July to December period. At all levels the periodic reviews must also include a discussion on the employee's development plan requirements. The final assessment and discussion must take place at the end of the performance cycle and coincides with the end of the financial year, i.e. June of each year. The result of the assessment discussion and evaluation is an assessment score for the employee's performance that is the total of the individual KRA and /JSC assessment scores.

The assessment discussion should enable –

- An opportunity for the employee to assess his/her own performance and its contribution to organisational goals and to identify areas of improvement;
- An opportunity for the supervisor to provide formal feedback on performance over the year and to identify ways of improving what was achieved;
- An opportunity for the employee to contribute to, and respond to comments regarding his/her performance and identify issues beyond his/her control that limit the achievement of results;
- An open discussion between the employee and his/her supervisor in which achievements can be fully recognised and ideas for problem solving agreed;
- Agreement on an overall assessment score reflecting judgement on the level of achievement attained in terms of the performance agreement; and
- An opportunity for the supervisor and the employee to agree on areas of personal development.

The reviews shall take place quarterly as follows:

October (for the period July to end of September) Informal

January (for the period October to end of December) Formal (mid- term)

April (for the period January to end March) Informal

July (for the period April to end June) Formal (annual)

7.5 Annual performance assessment

- **Performance assessment instrument**

The assessment instrument for **employees (task grade 1 to 15)** is contained in **Annexure F**.

The same assessment instrument¹ is used to conduct the performance reviews, as well as the overall annual performance of the employee. It is this overall annual performance assessment score that is to be used as the basis of deciding career incidents for the employee. The same assessment instrument must also be used for deciding on probation, rewards and skills development. Apart from the review discussion and the supervisor's knowledge of the employee's actual performance, managers must bear in mind that assessment should be based "only on the information contained in the designated performance assessment instrument."

- **Steps in the assessment process**

The IPMS relies on agreement between the direct supervisor and employee on, first, the expected performance during the cycle (the performance agreement), and second, on the required results achieved during the cycle.

The supervisor will have the most complete knowledge of the employee's performance and plays a critical role in the assessment process. The annual assessment takes place after the end of the performance cycle on 30th June of each year. The annual assessment provides the final rating score on which decisions pertaining to career incidents such as pay progression and the possible granting of non-financial performance awards are based. The process commences with a self-assessment by

the employee. The supervisor then assesses the employee and reviews the self-assessment.

- **Self-assessment**

The role of the employee whose performance is being assessed is the following:

- assess his/her own progress according to his/her performance agreement and performance plan, during the period under review and allocate performance ratings;
- bring to his/her manager's attention, significant other outputs that were delivered during this period which are not contained in the performance plan and/or performance which he/she regards as being meritorious;
- provide inputs on areas of performance, which the manager has identified as not being fully effective;
- review his/her performance agreement for validity; and
- discuss and initiate possible amendments to the performance agreement.

- **Supervisory assessment**

The role of the employee's supervisor in the assessment is the following -

- facilitate the assessment session;
- assess the employee's performance according to his/her performance agreement and performance plan during the period under review and allocate performance ratings;
- give recognition to the employee for good performance during the review period;
- recognise other significant outputs that were delivered during this period which are not contained in the performance plan and/or performance which he/she regards as being meritorious;
- identify performance areas which have been identified as being not fully effective;
- allow the employee opportunity to give his/her input during the session;
- identify remedial steps which will be taken to eliminate factors which have hampered the employee's performance;
- review the employee's performance agreement and performance plan, for validity;
- discuss and initiate possible amendments to the employee's performance plan;
- record his/her comment about the performance of the employee.

- **Assessment of the JSCs**

- Each JSC must be assessed according to the extent to which the specified standards have been met.

- **Provisional assessment rating (PAR)**

An overall score, in accordance with the assessment rating is provided as a summary of the outcome of the annual performance review for KPAs and JSCs. The assessment rating calculator may be used to provide a score based on adding the scores achieved for the KPAs and the JSCs. During this face-to-face session the supervisor and employee must endeavour to reach consensus on the employee's rating (self-assessment and supervisor assessment).

If there is consensus between the supervisor and employee on the rating, this becomes the **provisional assessment rating (PAR)**.

8. PERFORMANCE MODERATION

Reasons for the moderation of employee ratings include the following –

- (a) The purpose of performance assessment review by higher levels of management above the supervisor (moderation) is to ensure, as far as possible, that the performance of all employees is evaluated fairly and consistently across the Municipality.
- (b) Only 1.5% of the municipal wage bill can be allocated for the purpose of payment rewards.

The importance of a realistic self-rating coupled with a realistic rating agreed upon between the supervisor and employee is nowhere illustrated as clearly as when the process of moderation commences.

There should be a common understanding of the standards required at each level of the rating scale as well as the unit of measurement and standards that should be linked to posts where similar outputs are required. Moderating of performance takes place at different levels in the organisation to contribute to consistent and fair performance management and assessment processes. The problem with moderation arises when individual ratings agreed upon between the employee and her/his supervisor may have to be amended, especially if the implication of moderation is that a rating score has to be lowered.

As noted above, the employee's provisional assessment rating (PAR) is that which is agreed upon between the employee and her/his supervisor. At this point the employee is aware of the rating. Any change, especially if the intention is that the rating score should be lowered, must be dealt with in a consultative, just and transparent manner.

The employee's supervisor then submits this provisional rating to the **Departmental Performance Moderating Committee** which must be constituted as follows:

- The Relevant Heads of Departments who chairs the Committees.
- Another Head of Department
- All middle managers
- Manager: Human Resources to guide, support and provide secretariat

The Committee must validate the scores and if there is any disagreement, the committee may not reassess, amend or adjust the performance rating of the employee but may refer back to the relevant supervisor for reassessment in consultation with the affected staff member.

If no action from supervisor, the committee may request the higher level supervisor to reassess but the employee must be consulted and offered an opportunity to respond.

Municipal Performance Moderation Committee must be constituted by Council and may include:

- Municipal Manager or his/her delegate to act as Chairperson.
- All Heads of Departments
- Manager responsible for IPMS
- Manager responsible for organisational development
- A representative from Finance
- A representative from governance
- A representative from audit

8.1 Normal distribution curve of performance categories

Performance that is fully effective (average, satisfactory) is generally rewarded by means of the annual salary, a thirteenth cheque, the annual salary adjustment. Only performance that is significantly above expectations and outstanding should qualify for performance awards. The following guideline, based on the statistical normal distribution curve principles, may assist the Performance Moderating Committee to evaluate the summarised analysis of the outcome of performance ratings. In terms of this normal distribution, about 25 percent of staff may generally qualify for one of the two categories of performance bonus. This guideline may be taken into account in identifying trends and making recommendations for other awards –

Performance Category	Total Score	The following % of staff should normally fall in this category
Unacceptable performance	69% and lower	3%
Performance not fully effective	70% - 99%	7%
Performance fully effective (and slightly above expectations)	100% - 129%	65%
Performance significantly above expectations	130% - 149%	22%
Outstanding Performance	150% - 167%	3%

8.4 Disagreements over performance agreements and assessment

Agreement between an employee and her/his supervisor, and/or with review and moderation actions on an issue such as rating, is not always guaranteed. If the requirements of the system are met for regular consultation and discussion between the supervisor and the employee, there should normally be little cause for continued disagreement.

Any disputes to be mediated by the Head of Department, if the matter is not resolved, the employees may lodge a grievance in terms of applicable procedures.

If an employee is not satisfied with the outcome, he or she may lodge a dispute in terms of the dispute resolution mechanism of the bargaining council.

9 OUTCOMES OF PERFORMANCE ASSESSMENT

9.1 Probation

The performance of employees on probation is managed in terms of the IPMS process as well as the municipal policy on probation. The process is as follows:

- The IPMS will serve as the system that is used to assess an employee during the period of her or his probation.
- The performance assessment of employees on probation must be conducted monthly and must link with the IPMS.
- The performance assessment form must be submitted to HR immediately following the assessment.
- At expiry of the probationary period the supervisor of the probationer must make a recommendation on whether or not appointment should be confirmed. If the probationer is not deemed suitable for the relevant post, other options such as the extension of probation, formal registration on the incapacity programme or as a last resort, dismissal, should be considered. (Refer to **Annexure G** for probation assessment form.)

An employee's probationary period will not necessarily coincide with the 1 July to 30 June cycle, however the IPMS assessment tool must be used for assessment, and the results captured in the monthly probation assessment form.

9.2 Managing performance that is not fully effective

Supervisors are required to first identify and then, in line with a developmental approach, deal with unacceptable performance of employees under their supervision. The IPMS provides for the early identification and resolution of unacceptable performance. The employee's performance rating as "not fully effective" or lower during the annual performance assessment should not be the first indication of the employee's shortcomings. Performance monitoring, including the performance reviews, provide opportunities to ensure this does not happen. Interventions by the supervisor 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
- Formal training/re-training
- Restating the performance plan performance requirements
- Work environment audits to establish other factors affecting performance.

Should the employee not respond to reasonable and continuous attempts to improve performance and an overall performance assessment score of less than 90% is consistently the result of the assessment process, the employee must be formally registered on an “Incapacity Programme” and advised of this in writing.

9.4 Performance rewards

The Municipal Manager may reward the employee through –

- (i) financial rewards
- (ii) non-financial rewards;

A performance related award **may be awarded** to an employee-

- (a) who has served the full assessment period of 12 months on 30 June of each financial year
- (b) transferred or seconded horizontally during the performance cycle within the municipality
- (c) who is on uninterrupted approved leave for 3 months or longer
- (d) who is on approved maternity leave for more than 3 months
- (e) who received a 4 or 5 rating after moderation

A performance related award **may not be awarded** to an employee-

- (a) who was appointed after 1 July of that performance cycle
- (b) who is serving probation
- (c) whose performance period is less than 12 months
- (d) whose employment is for a fixed term period of less than 12 months or
- (e) whose post was upgraded without a change in performance agreement

To understand the relationship between scoring an individual KPA or JSC on the 5 point rating scale, on the one hand, and total scores on the other hand, it must be kept in mind that a total score can be a variable mix of the five categories (1,2,3,4 and 5).

A total score must therefore not be read mechanically into the description of a specific performance category, because a total score might contain a mix of KRA and JSC ratings ranging from 1 to 5, depending on the weighting of the elements. For purposes of illustration the following three broad groups of total performance scores can be distinguished, with the corresponding categories, percentages and outcomes:

Performance groups	Percentages	Performance categories	Percentages	Outcomes
Below satisfactory performance	99% and below	Unacceptable performance (1)	69% and below	No bonus awarded, intervention required
		Performance not fully effective (2)	70% - 99%	No bonus awarded, intervention required
Satisfactory performance	100% - 129%	Performance fully effective (3)	100% - 129%	No bonus awarded
Above satisfactory performance	130%-149%	Performance significantly above expectations (4)	130% - 149%	Bonus awarded
	150%-167%	Outstanding performance (5)	150% - 167%	Bonus awarded

The following tables summarise the various measures for employees on probation

Task Grade 1 to 15

PERFORMANCE CATEGORY	TOTAL SCORE	PROBATION	DEVELOPMENT	PAY* PROGRESSION
Unacceptable performance	69% and lower	Extend probation or terminate in terms of Incapacity Code	Agree on development programme	-
Performance not fully effective	70% - 99%	Extend probation	Agree on development programme	-
Performance fully effective	100% - 129%	Confirm appointment	Agree on development opportunities	Pay progression
Performance significantly above expectations	130% - 149%	Confirm appointment	Agree on development opportunities	Pay progression
Outstanding performance	150% - 167%	Confirm appointment	Agree on development opportunities	Pay progression

The municipality may not exceed 1.5% of its remuneration budget for performance rewards. The percentage decided upon by the MMC should be applicable to all employees in the specific categories. If it is not possible to stay within the 1.5% limit, even after lowering the percentage ranges, the MMC may in exceptional circumstances make a motivated recommendation to the Council to approve that this limit may be exceeded.

9.6 Budget for incentives

The performance cycle is a one-year period running from 1 July to 30 June of the following calendar year. In order to comply with the Incentive Policy Framework, the Municipality must budget –

- 1.5% of the remuneration budget for the allocation of performance rewards including bonuses for task grad 1 to 15.

As the formal annual assessment covers the period up to 30 June, it means that the assessment process will start and end after 1 July with the result that the funds required for pay progression and performance rewards for, e.g. the 2023/2024 performance cycle, should be available during the 2024/2025 budgetary cycle, and the municipality must ensure that all payments are effected before the end of this cycle.

Payments for financial rewards shall be subject to affordability.

9.7 Non-financial incentives

Financial rewards on their own are not always sufficient to motivate staff towards performance excellence. Other more creative ways for recognising performance should be explored, i.e. where the award does not directly lead to "money in the pocket".

The department may, from time-to-time, at the discretion of the Municipal Manager introduce mechanisms for non-financial recognition to stimulate performance across the municipality. However, managers may also propose forms of non-financial recognition, provided these remain non-financial, fit into the budget and do not change any basic condition of employment. The following are examples of recognition that can be considered —

- Acknowledgement and recognition of performance excellence i.e. in municipal publications; specially created awards and certificates; citations at conferences/meetings; attendance at conferences etc.
- Increased autonomy to organise own work and/or increased resources with which to perform work.
- Public awards of various kinds made by management in recognition of a specific achievement or innovation or for consistent achievement over a specific period.
- Specific access to specialised training and development opportunities.
- Participation on a prioritised rotation basis in study tours or overseas trips and other visits by the Council, Municipal Manager and/or senior management.

9.8 The Municipality must keep accurate records of all performance assessments and the outcomes related thereto, including all performance rewards.

10. SYSTEM EVALUATION AND REVIEW

Evaluation of the IPMS should help determine whether the system is functioning effectively. An evaluation schedule should be established in the early stages of the performance cycle. This will assist supervisors in targeting what the generally desired outcomes of the IPMS as a system are. It is important to determine initially the types of data required throughout the performance management process. The municipality will obtain baseline data with which to compare future data. The data desired and the available timeframes for collecting the data will determine the types of data collection techniques and analyses used.

The evaluation strategy will be determined as the performance management programme is being rolled out and should change if it does not provide appropriate data on which to base future decisions. Some of the questions that should be asked and answered in an evaluation include —

- Is the programme addressing the municipal needs?
- Does the programme fit the municipal's values and culture?
- Do managers have the necessary skills to use the programme?
- Does it provide useful data for making personnel decisions?

The Manager: HR should conduct an audit of the implementation of IPMS at the end of the performance cycle. The methodology applied shall be a survey questionnaire to a representative sample within the municipality. Following the development of performance agreements and performance plans and during the course of the year, management should ascertain the following in respect of the system –

- Whether the system meets the specifications.
- Whether the users understand it and are able to use it.
- Whether the municipality is achieving its initial objectives.

The system review process is based on the legal guidelines, best practice guidelines and monitoring and evaluation guidelines. The Moderating Committee, with technical support from HR will determine if the legal requirements are being met –

- All employees are being assessed at least on an annual basis.
- Employees know which supervisor will be responsible for their assessment.
- The details of the performance management system are communicated to employees before the process starts.
- Employees are given the right to refuse to sign a performance assessment form.
- Identifying the disagreement and resolution route; and
- Permitting employee representatives to represent an employee in grievance processes.

The amendments to this policy were adopted by Council at its meeting on 27 June 2024 through resolution number: LC 9.5/27.06.2024