



UGU SOUTH COAST TOURISM (PTY) LTD.

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1. INTRODUCTION

Ugu SCT recognises the significance of having a performance management system not only as a legal requirement in terms of the applicable laws, but as an important instrument of corporate governance which aims at ensuring that a process of goal setting for individual managers in the work place is followed by a systematic success measuring process. This policy and procedural responds to the need for formalising the process and strategy for managing individual performance. The goal of achieving excellent standards of performance will be realised through introduction of a systematic set of rules and standards for performance in the work place.

Inasmuch as the entity is far smaller in respect of numbers of individuals requiring accommodation in its IPMS than Ugu District Municipality and following the logic of the entity's OPMS being designed to streamline business practice relatively autonomously of the parent – Ugu SCT seeks to review this IPMS Policy in order to customize IPMS Tools and Templates to its unique mandate and structure. Four individuals' Annual Performance Plans thus comprise the core documentation of the entity's IPMS:

- CEO
- GM Finance and HR
- GM Marketing and
- GM Development.

2. DEFINITIONS AND ACRONOMYNS

All key words and conceptions contained herein are as defined in the relevant legislation and in these definitions unless the context indicates otherwise:

Municipality:	Ugu District Municipality established in terms of the Local Government: Municipal Structures Act.
CEO of Tourism:	The head of the administration and accounting officer of the Entity
General Manager:	A line function manager reporting directly to the CEO.
IDP:	A process through which a Municipality prepares a strategic development plan, for five year period. The Integrated Development Plan (IDP) is the product of this integrated development planning process. Ugu South Coast Tourism (Pty) Ltd develops their planning in conjunction with the parent municipality and falls under the municipal IPD
Entity's Strategic Plan:	Ugu SCT Board Approved 2013 – 2017 Strategic Plan and subsequent reviews
Individual Performance Plan:	Annexure to CEO's and each GM's Performance Agreement stipulating the KPIs each will have their performance measured against.
IPMS Capacity:	Staff with the responsibility to fulfill the IPMS coordination and support function.

- KPI :** Key Performance Indicator used as a unit of measurement to determine whether individuals' performance is according to standards / targets set.
- Annual & Quarterly Targets:** The values assigned to units of measurement stipulated in KPIs and designed to project the quality or quantity of performance expected.
- Audit Committee:** A committee of the municipality established in terms of the relevant provisions of the Municipal Finance Management Act, No 56 of 2003. Ugu South Coast Tourism (Pty) Ltd shares the services of the parent municipality audit committee.
- CoGTA:** Provincial Department of Cooperative Governance and Traditional Affairs
- S/O Weightings:** The link to municipal KPAs is cumbersome – just need to highlight KPA on LED. The entity's weighting system should be tailored to suit its specific realities.
- Performance Audit Committee:** The audit committee is appointed by the parent municipality to assess the annual performance of the entity and to report findings to the Board of Directors.

3. SCOPE AND APPLICATION

This framework applies to:

- 3.1 The CEO
- 3.2 General Managers.

4. POLICY OBJECTIVES

- 4.1 To comply with municipal legislation generally, but to harness provisions of those chapters in the MSA and MFMA pertaining directly to entities, that encourage streamlined business practice.
- 4.2 To set the platform for management and monitoring of individual managers' performance specifically.
- 4.3 To set rules, regulations and standards for effective and successful management of individual managers' performance in the work place.
- 4.4 To provide a framework for managing individual managers' performance with the purpose of paying performance bonuses where applicable.
- 4.5 To provide for handling individual managers' disputes arising from the performance management process.

- 4.6 To provide a mechanism for managing and dealing with individual managers' sub-standard work or poor performance in the workplace.

5. POLICY STATEMENTS

- 5.1 The Individual Performance Management System (IPMS) is designed to maximize outputs of individual managers in the work place.
- 5.2 IPMS is established and operated in order to unlock potential for both organisational growth but more specifically - individual managers' development. It is intended to generate organizational focus through individual managers' motivation in rendering services.
- 5.3 Individual managers' performance assessments shall be conducted with the maximum honesty and confidentiality. There shall be no favoritism and bias in assessing individual managers' performance.
- 5.4 Tracking and managing individual managers' performance is the most important principle. Identification of individual managers' performance gaps and provision of intervention measures are cornerstones of performance improvement.
- 5.5 Excellent performance shall be rewarded accordingly.
- 5.6 Intervention measures to address bad performance shall be effected without delay.
- 5.7 Disputes shall be resolved as soon as possible, in a transparent though confidential manner.

6. LEGISLATIVE FRAMEWORK

The entity is committed to IPMS. This commitment will also help in fulfilling the requirements of the following legislation:

- Chapter 6 of the Local Government: Municipal Systems Act (32 of 2000)
- Municipal Planning and Performance Management Regulations of 2001
- Performance Management Regulations of 2006
- The Local Government: Municipal Systems Act No 32 of 2000 – Chapter 8A
- The Local Government: Municipal Structures Act No 117 of 1998 as amended
- Local Government Municipal Finance Management Act, 2003 – Chapter 10.

7. PRINCIPLES OF IPMS

The entity's IPMS Framework shall be underpinned by the following principles:

- 7.1 Transparency:** Promoting openness, sincerity and honesty among all the role players and stakeholders in the IPMS process.
- 7.2 Flexibility:** The ability to make room for change for the benefit of the IPMS process.
- 7.3 Accountability:** The assumption by all the participant managers in the IPMS process of full responsibility for their individual actions and conduct as well as a willingness and commitment to implement, abide by and communicate as necessary all measures and decisions in the course of the process.
- 7.4 Integration:** IPMS processes are integrated into mainstream policies and services, such as the IDP process, service delivery planning and budgeting.
- 7.5 Linking OPMS and IPMS:** The organisational performance management system comprising Ugu SCT's Organisational Scorecard shall constitute a basis for development and management of individual performance standards from the CEO to the GMs. Individual Managers will be allocated the selected Strategic Objectives (and sub-objectives thereof) appearing in the Organisational Scorecard including the Targets set for each and these will be annexured to their individual Performance Agreements on an annual basis.
- 7.6 Community Participation:** The municipal entity shall set targets; which in turn are adopted within the parent municipality IDP. The community is involved in setting indicators and targets of the municipal IDP and therefore community involvement is managed at parent municipal level.
- 7.7 Overall Auditing:** The municipal entity shall on a continuous basis review individual managers' performance standards preferably on an annual basis as part and parcel of an overall audit and assessment of performance measures.
- 7.8 Specific Auditing:** The performance of individual managers shall be subjected to audit by the municipality's Audit Committee and the Auditor-General.
- 7.9 Ongoing Monitoring:** The continual collection, analyzing and reporting on inputs, activities, outputs and outcomes in a way that supports effective management: regular feedback on progress of actual performance against what was planned and expected: backed up by portfolio of evidence.

8. PROCEDURES AND CONSIDERATIONS FOR THE IPMS

- 8.1 The individual performance management system shall be largely informed by and based on the entity's Organizational Scorecard

- 8.2 Appointment of individual managers shall be based on performance agreements/contracts so as to enhance a culture of accountability and performance within the municipal entity.
- 8.3 The practice of appointing managers on performance agreements/contracts shall be cascaded down from the CEO To the entity's GMs
- 8.4 Annual Performance Contracts/Agreements shall be concluded and signed between the person responsible for managing the performance of a particular lower level manager and the individual managers concerned, annually prior to the commencement of the financial year.
- 8.5 Performance of the CEO and GMs shall be managed according to the 2006 Performance Management Regulations issued by the National Department of Provincial and Local Government.
- 8.6 Performance management shall be pursued in order to identify performance gaps, deficiencies, and good performance for the purpose of making interventions and awarding rewards where necessary: per individual manager.
- 8.7 Managers shall be informed both verbally and in writing of what is expected of them in their jobs and Annual Performance Plans, and will sign off on these as a form of agreement.
- 8.8 Managers shall be assessed according to the competency model which entails job knowledge, skills, attributes and set performance standards, objectives and targets. Core competencies appropriate to local government management functioning specifically, shall be enumerated up-front at the beginning of the financial year. The following competencies are considered critical – and cannot be delegated to other units that may have the coordination role overall:
- Managers' Performance Management of their subordinates
 - Managers' Resource Management of the budgets, vehicles and equipment directly under their control
 - Managers' Risk Management of processes within their authority and
 - Managers' Human Resource Management of the personnel reporting to them: including capacity building and training of their subordinates;
 - Manager's management of a culture of service delivery (batho pele).
- 8.9 Critical training needs for all levels of managers contemplated in this framework shall also be established through this process.
- 8.10 Managers shall be entitled to receive regular feedback on their performance from their seniors – not only in quarterly appraisals.
- 8.11 Managers shall have a duty and obligation to perform their duties in terms of the set performance standards, job description and details captured in Performance Agreements.
- 8.12 Individual performance assessments shall be done quarterly in respect of all managers in the system (from CEO down to General Managers).
- 8.13 Performance assessments shall be based on a set of performance standards, objectives and targets contained in these agreed plans.

- 8.14 The municipal entity shall establish Individual Performance Management System (IPMS) Capacity within the GM Finance and HR line function to drive the individual performance management processes of the entity.
- 8.15 This IPMS Capacity shall be responsible for co-ordination of individual performance management from probation stage of managers through the entire life cycle of their tenure within the institution.
- 8.16 This IPMS Capacity shall be responsible for recording the proceedings of performance assessment sessions of individual managers at all times.
- 8.17 This IPMS Capacity shall be the custodian and point of reference for all working and current records of individual performance management subject to compliance with the requirements of the municipality's records and information management policy.
- 8.18 This IPMS Capacity shall be responsible for managing and coordinating performance management in respect of provision of outstanding performance awards and payment of performance bonuses to respective individual managers.
- 8.19 This IPMS Capacity shall be responsible for institution of poor performance counseling proceedings as may be required in terms of feedback from various user departments from time to time.
- 8.20 The institution of disciplinary proceedings arising from poor work performance shall be the exclusive reserve of the Human Resources line function within the municipal entity.

9. PROBATION MANAGEMENT SYSTEM

- 9.1 The CEO or any GM, newly appointed for a period of more than 12 months, will be required to serve a three month probation period prior to confirmation of employment.
- 9.2 During probation, new managers shall be given an opportunity to demonstrate performance up to the standards expected of them and be provided with appropriate feedback, assistance and support to achieve these.
- 9.3 The new manager and his or her supervisor will discuss formally the required performance levels within the first month of employment in an effort to lay a sound foundation for tracking performance.
- 9.4 The CEO shall be responsible for approval and confirmation of satisfactory completion of probation by each new manager of the municipal entity.
- 9.5 Upon successful completion of probation the manager will be issued with a letter of confirmation of employment from the Human Resources Department.
- 9.6 A manager who demonstrates unsatisfactory performance at the end of his/her probationary term of three months may be put on an extended probation for one month or have his or her services terminated, should there be insufficient hope of performance improvement.

- 9.7 Upon successful completion of the probationary period the manager will be required to sign a Performance Agreement contract (CEO and Senior Managers) – within one month of commencement of post-probation employment.

10. PERFORMANCE MANAGEMENT CYCLE

- 10.1 Performance targets and expectations for all managers shall be set initially in a financial year prior to the commencement of the new financial year and may be reviewed during the half-year performance reporting process.
- 10.2 Performance of the all managers shall be assessed four times in a financial year, that is, quarterly.
- 10.3 Each manager shall prepare a performance report according to the performance indicators and targets set out in their Performance Agreement, within ten working days of the end of each three month-period.
- 10.4 Performance of managers shall be assessed on a quarterly basis by their individual supervisors according to these set performance standards and objectives.
- 10.5 Once a performance report has been forwarded to the manager or the supervisor a meeting shall be scheduled for the discussion of the report. Assessments shall be monitored by the Human Resources Management Department.
- 10.6 In the performance assessment meeting, agreements and disagreements around performance issues between the manager and senior will be recorded.
- 10.7 Disagreements and disputes pertaining to performance for Senior Managers will be dealt with in terms of the 2006 PMS Regulations
- 10.8 Any performance dispute/disagreement affecting lower level managers shall be referred to a Performance Assessment Appeal Panel (AAP) set up by the CEO for the purpose of resolving that particular dispute.
- 10.9 Performance reports or records of performance shall be subjected to ratification and acceptance with or without alterations by the respective performance evaluation panel (PEP).
- 10.10 The Performance Assessment Panel (PAP) for the entity CEO for the annual and mid-year performance appraisals shall be comprised of external stakeholders appointed by the Board Chairperson.
- 10.11 Entity GMs shall be assessed by the CEO with subsequent recommendations to the Board.
- 10.12 The manager immediately senior from the department the manager comes from shall chair the performance assessment session.

- 10.13 The quorum for each performance assessment panel to sit and conduct its business in terms of the 2001 regulations and this policy shall be 50% plus one, in any given situation.
- 10.14 If the dispute contemplated in clause 10.8 is not resolved, the normal grievance or disciplinary procedures of the entity shall be followed in resolving the matter.

11. INDIVIDUAL PERFORMANCE CONTRACT SIGNING AND REPORTING

- 11.1 The performance contract shall be concluded for each manager within 30 calendar days reckoned from the first day of the new financial year or 60 calendar days upon commencement of employment in respect of all managers appointed on performance contract during the financial year.
- 11.2 Ugu SCT's focus on LED (without disregarding financial viability as an internal priority) means its managers need not respond to the balance of national / general KPAs
- 11.3 The manager shall include ten core management competencies (CMC's) with a weighting of 20%.
- 11.4 Scoring will only be done on the entity's individual Performance Plan KPIs being 80%, and CMCs being 20%.
- 11.5 It is incumbent upon individual managers to ensure that a performance contract is adequately completed and signed on time without errors.
- 11.6 Managers shall report their performance in a prescribed template in all performance review intervals. These templates may be reviewed from time to time. The entity's template for IPMS (formerly artificially structured along all municipal KPAs) shall henceforth derive directly from the entity's Organisational Scorecard.
- 11.7 All individual quarterly performance reports shall be due for submission by GMs to the CEO within ten working days after the end of each quarter.
- 11.8 Mid-year and annual performance reports, per department, will be due for submission to the IPMS Capacity within two weeks after the end of first six month-period and financial year respectively.
- 11.9 Each manager will be responsible for keeping his or her personal copies of their' Performance Agreement / Annual Work Plan as well as individual performance reports and Portfolio of Evidence in a safe place for reference purposes.
- 11.10 Any manager who fails to sign a Performance Agreement by the due date, shall be regarded as not having complied with this policy and be subject to the institution of disciplinary proceedings.
- 11.11 The Human Resources Management Department shall be responsible for distributing performance contracts with: performance review, individual performance reporting and probation assessment templates to the respective managers timeously before the commencement of the performance assessment period.

- 11.12 Signed copies of the Performance Agreements will be presented to the Audit Committee, as evidence of compliance, as a matter of due diligence on the part of the municipality.

12. QUARTERLY, MID YEAR AND ANNUAL PERFORMANCE REVIEW

- 12.1 Individual managers shall undergo the mid-year performance review after the first six months of the financial year.
- 12.2 The mid-year performance review will deal with the assessment of achievement of all job objectives as well as performance targets as outlined in the Performance Agreement.
- 12.3 The mid-year performance review will be used to revise work objectives and performance targets in view of any prevailing circumstances warranting such revision. Targets may be amended downwards or to a lesser value only in instances where anticipated budget towards the completion of the original, specified target is not available or through Board Resolution.
- 12.4 Managers shall be at liberty to amend the performance agreement for the remaining six months of the financial year with no punitive consequences – subject to negotiated agreement with their immediate senior. In the case of CEO, alterations should be approved by the Board Chairperson.
- 12.5 Normal quarterly performance reviews shall not be affected by the provisions for revision accorded mid-year performance reviews.
- 12.6 There shall be no scoring on quarterly performance reviews, but there shall be scoring for mid-year performance reviews and annual performance reviews. Only annual performance reviews shall count for the payment of a performance bonus or the giving of an award.
- 12.7 The annual performance review shall be conducted at the end of the financial year, within legislated timeframes.
- 12.8 The annual performance review shall entail overall assessment of the employee for the entire 12 month-performance period.
- 12.9. This particular performance review shall not replace any of the regular performance appraisals in terms of this policy framework.
- 12.10 The main purpose of the annual evaluation will be to determine a final score which may lead to payment of performance bonus or reward to the deserving manager.

13. TOOLS OF INDIVIDUAL PERFORMANCE MANAGEMENT

- 13.1 The Pro Forma Performance Agreement (at Annexure A) together with the Individual's Performance Plan (at Annexure B) shall be used as the central tool for capturing critical performance information like performance objectives, indicators and targets for all managers (cascaded from CEO down to General Managers).
- 13.2 Reporting templates will be of a standard format but the contents thereof will be derived directly from the individual managers' KPIs contained in their Performance Agreements
- 13.3 Standard Core Competency documentation is attached at Annexure B. Individual managers shall negotiate agreements with their immediate seniors regarding those competencies required for their function.

14. ELEMENTS OF PERFORMANCE PLANNING AND ASSESSMENT

- 14.1 The elements of performance planning and assessment are as follows:
- Job objective
 - Tasks to be completed to achieve job objective
 - Target/Success criteria which measure effectiveness of job objective achievement
 - Evidence of performance to illustrate work achievement
 - Proficiency rating scale of 1 to 5 measuring effectiveness of target/success criteria achievement, and
 - Average rating for all scores assigned to targets/success criteria.
- 14.2 The performance planning and assessment system for the entity's CEO and GMs will apply according to the provisions of the August 6 2006 Local Government Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Manager.
- 14.3 Both senior and the subordinate managers shall be required to agree on the elements of the performance planning and assessment process up-front at the beginning of the financial year.

15. MID-YEAR & ANNUAL PERFORMANCE ASSESSMENT PROCEEDINGS

- 15.1 The Human Resources Management Department shall be responsible for issuing invites to the members of the performance review panel to attend the planned performance review sessions.

- 15.2 The IPMS Capacity shall be responsible for inviting managers to attend the planned performance review sessions.
- 15.3 A notice of 7 calendar days shall be given to any party to attend the performance review proceedings.
- 15.4 All parties attending the performance review proceedings shall be required to sign an attendance register.
- 15.5 The venue and time for the performance review sessions shall be identified and decided by the IPMS Capacity in consultation with other relevant stakeholders.
- 15.6 The IPMS Capacity shall be responsible for budgeting for the funding of the performance management processes.
- 15.7 The outcome of the annual and final performance review shall be submitted to the Audit Committee for review prior to submission of the same to the board of directors.
- 15.8 The Audit Committee shall have the power to moderate final annual performance assessment scores.

16. TARGET SUCCESS CRITERIA AND CALCULATION OF SCORES FOR AWARDING PERFORMANCE BONUS/REWARD

16.1 The target success criteria shall be assessed on a scale of 1 to 5 as follows:

- Score of 1: Unacceptable performance
- Score of 2: Not fully effective
- Score of 3: Fully effective
- Score of 4: Performance significantly above expectations, and
- Score of 5: Outstanding performance.

16.2 The following shall be used to determine payment of performance bonus to Section 57/56 managers:

Score of 150 % and above:	10% to 14% of the annual total remuneration package
Score of 130 to 149%:	5% to 9% of the annual total remuneration package
Score of 100% to 129%:	Nil
Score of 99% and below:	Performance counselling.

- 16.3 This rating and scoring mechanism shall apply to the CEO and General Managers.
- 16.4 The final rating and scoring payment the performance bonus/reward shall be based on the annual performance review and assessment.

- 16.5 Such final rating and scoring shall be verified and ratified by the respective performance review panel (subject to the AAP process) as set out in this policy
- 16.6 The legislated formula in the August 2006 Performance Management Regulations shall be used to calculate total scores for awarding the performance bonus. Use of the formula shall be tested by regular auditing procedures to determine the veracity of the total overall score awarded.

17. MANAGEMENT OF SUB-STANDARD / POOR PERFORMANCE

- 17.1 All endeavors shall be made to provide support in the form of coaching, guidance, mentoring, training and counseling to any manager displaying signs of sub-standard performance.
- 17.2 These managers shall be given an adequate period ranging from three to six months to improve performance.
- 17.3 Revised performance targets with a succinct corrective action plan shall be drawn up for such managers with clear results to be achieved.
- 17.4 The time needed for a manager to improve their performance shall be dictated by the nature and level of the job.
- 17.5 Any form of punitive action responding to the manager's poor performance shall be preceded by a comprehensive package of assistance within a reasonable time frame.

18. PERFORMANCE DISPUTE RESOLUTION

- 18.1 A performance dispute shall be declared in writing by an affected manager within 21 working days of the occurrence if the need to do so arises.
- 18.2 The Performance Assessment Appeal Panel (AAP contemplated in 10.8 hereunder) will be appointed within 10 working days by the CEO after receipt of such complaint.
- 18.3 The Performance AAP will be made up of not less than 3 members and not more than 5 members.
- 18.4 The members of the Performance AAP will be drawn from municipal officials serving in the managerial and supervisory positions, whose post levels are above that of the disputing manager, including: expertise from the line function, performance management and HR.
- 18.5 The Performance AAP shall have a chairperson appointed by the Board of Directors.
- 18.6 The chairperson, shall convene a meeting within 14 working days of the receipt of the dispute to hear the dispute.

- 18.7 The affected manager shall be afforded representation rights and other rights as accorded in the disciplinary procedure.
- 18.8 The proceedings of the AAP shall be recorded by means of a mechanical device.
- 18.9 The manager shall lead evidence in chief and the supervisor or senior manager shall reply in stating the municipal entity's side of the story.
- 18.10 The disputing manager and his/her representative shall be entitled to cross-examine the supervisor.
- 18.11 The AAP shall deliver its verdict within 10 working days after completion of the proceedings to the CEO. The CEO or his/her designated official given authority to decide for or against the disputing manager / staff member, shall have the final say.
- 18.12 The manager shall be advised about the decision of the Office of the CEO within five working days of receipt of the verdict of the AAP - by the CEO.
- 18.13 If the manager is still not satisfied with the outcome of the performance dispute resolution, the matter can then be treated in terms of the normal grievance procedure of the municipal entity.
- 18.14 If the matter is not resolved in terms of the grievance procedure, the matter may be escalated to the Municipal Bargaining Council.

19. DISMISSAL ON GROUNDS OF POOR PERFORMANCE

- 19.1 The person determining whether a dismissal for poor performance is unfair should consider the following:
 - 19.1.1 The performance standards set for the manager in terms of whatever accountability arrangement exists (Performance Agreement);
 - 19.1.2 Whether or not the manager failed to meet the performance standard set;
 - 19.1.3 Whether the manager was aware or could have reasonably been expected to have been aware of the required performance;
 - 19.1.4 Whether the manager was given a fair opportunity to meet the required performance standard;
 - 19.1.5 The manager was given adequate support in terms of all resources required to perform up to the required standard including training, guidance, coaching, mentoring and where necessary - counseling and
 - 19.1.6 Whether the dismissal is a fair sanction for not meeting the required performance standard.

20. COMMENCEMENT

20.1 This policy will come into effect from 1 July 2014.

21. IPMS TEMPLATES

The following Templates, attached in Annexures A1 through 3, are issued in a standard format: only the content will vary from individual manager to manager:

21.1 Performance Agreement Annexure A

21.2 Performance Plan and Reporting Pro Forma Template (KPA and CMC's) Annexure B;

21.3 Personal Development Plan Pro Forma Template Annexure C

22. INTERPRETATION OF THIS POLICY

22.1 All words contained in this policy shall have an ordinary meaning attached thereto, unless the definition or context indicates otherwise.

22.2 Any dispute on interpretation of this policy shall be declared in writing by any party concerned.

22.3 The CEO shall give a final interpretation of this policy in the case of a written dispute.

22.4 If the party concerned is not satisfied with the interpretation, a dispute may then be pursued with the South African Local Government Bargaining Council/ Arbitration.

23. PERMANENT/TEMPORARY WAIVER OR SUSPENSION OF THIS POLICY

23.1 This policy may be partly or wholly waived or suspended by the Board of Directors on a temporary or permanent basis, after consultation with Management and Trade Unions.

3.2 The CEO may under circumstances of emergency temporarily waive or suspend this policy subject to reporting of such waiver or suspension to Council and Trade Unions.

24. AMENDMENT AND/OR ABOLITION OF THIS POLICY

- 24.1 This policy may be partly amended or repealed by the Board of Directors after consultation and interaction with Management and Trade Unions.

25. COMPLIANCE AND ENFORCEMENT

- 25.1 Violation of or non-compliance with this policy will give a just cause for disciplinary steps to be taken.
- 25.2 It will be the responsibility of all Managers, Supervisors, and the Board of Directors to enforce compliance with this policy.

ANNEXURE A: PERFORMANCE AGREEMENT NARRATIVE

Performance Agreement
Made And Entered Into By And Between:

The Municipal entity Of _____ (NAME),

As Represent By The Reporting Officer

Name Of Reporting Officer

And

Name Of Manager
(EMPLOYEE)

**FOR THE
FINANCIAL YEAR: 1 JULY (YEAR) - 30 JUNE (YEAR)**

PERFORMANCE AGREEMENT

ENTERED INTO AND BETWEEN:

The Municipal Entity of _____ herein represent by _____(full name) in his capacity as _____ hereinafter referred to as the Employer or Reporting Officer)

and

_____ (full name) Employee of the Municipal Entity of _____ (hereinafter referred to as the Employee).

WHEREBY IT IS AGREED AS FOLLOWS:

1. Introduction

- 1.1 The Employer has entered into a contract of employment with the Employee in terms of either section 57(1) (a) of the Local Government: Municipal Systems Acts 32 of 2000 (“the System Act”) or by virtue of being employed as a Manager. The Employer and the Employee are hereinafter referred to as “the Parties”.
- 1.2 By virtue of having entering into a Contract of Employment between the parties, they are bound by the Individual and Organizational Performance Management System Framework of the Ugu District Municipality and its entity. The Individual Performance Management Framework requires that an annual performance Agreement/Workplan be entered into.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Employee to a set of outcomes that will secure local government policy goals.
- 1.4 The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.

2. Purpose Of This Agreement

The Purpose of this Agreement is to -

- 2.1 Comply with the provisions of Section 57(1)(b),4(A),(4B) and (5)of the Systems Acts, and IPMS Framework as well as the Contract of Employment entered into between the parties;
- 2.2 Specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance expectations and accountabilities;
- 2.3 Specify accountabilities as set out in the Performance Plan (Annexure A);
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the Performance Agreement and Performance Plan as the basis for assessing whether the Employee has met the performance expectations applicable to his/her job;
- 2.6 Appropriately reward the Employee in accordance with the Ugu District Municipality's and its entity Individual performance management policy framework in the event of outstanding performance; and
- 2.7 Give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

3. Commencement And Duration

- 3.1 This Agreement will commence on the _____(date) and will remain in force until _____(date) whereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between the parties for the next financial year or any portion thereof.
- 3.2 The parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement and Performance Plan that replaces this

Agreement at least once a year by not later than the beginning of each successive financial year.

- 3.3 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.
- 3.4 The content of this Agreement may be revised at anytime during the abovementioned period to determine the applicability of the matters agreed upon.
- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

4. Performance Objectives

- 4.1 The Performance Plan (Annexure A1) sets out-
 - 4.1.1 The performance objectives and targets that must be met by the Employee; and
 - 4.1.2 The time frames within which those performance objectives and targets must be met.
- 4.2 The performance objectives and targets reflected in Annexure A are set by the Employer in consultation with the Employee and based on the Integrated Development Plan, Budget and Service Delivery and Budget Implementation Plan of the Employer, and shall include key objectives; key performance indicators; target dates and weighting
- 4.3 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.
- 4.4 The Employee's performance will, in addition, be measured in Terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan.

5 Performance Management System

- 5.1 The Employee agrees to participate in the Performance Management System that the Employer adopts or introduces for the Employer, management, and municipal staff of the Employer.
- 5.2 The Employee accepts that the purpose of the Performance Management System will be to provide a comprehensive system with specific performance standards to assist the Employer, management, and municipal staff to perform to the standards required.
- 5.3 The Employer will consult the Employee about the specific performance standard that will be included in the Performance Management System as applicable to the Employee.

6 The Employee agrees to participate in the Performance Management and Development System that the Employer adopts.

- 6.1 The Employee undertakes to actively focus towards the promotion and implementation of KPA's (including special projects relevant to the employee's responsibilities) within the local government framework.
- 6.2 The criteria upon which the performance of the Employee shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.
 - 6.2.1 The Employee must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Core Managerial Competencies (CMC's) respectively.
 - 6.2.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
 - 6.2.3 KPA's covering the main areas of work will account for 80% and CMC's will account 20% of the final assessment.
- 6.3 The Employee's assessment will be based on his/her performance in terms of the outputs / outcomes (performance indicators) identified as per attached Performance Plan

(Annexure A1), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee.

KEY PERFORMANCE AREAS (KPA'S)	WEIGHTING
Basic Service Delivery	
Municipal Institute Development and Transformation	
Local Economic Development (LED)	
Municipal Financial Viability and Management	
Good Governance and Public Participation	
Community & Social Development Services	
Total	100%

6.4 The CMCs will make the other 20% of the Employee's assessment score. CMC's that are deemed to be most critical for the Employee's specific job should be selected from the list below as agreed to between the Employer and Employee:

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES		
CORE MANAGEMENT CRITERIA (CMC)	√	WEIGHT %
1. Strategic Capability & Leadership		
2. Programme & Project Management		
3. Financial Management (Compulsory)		
4. Change Management		
5. Knowledge Management		
6. Service Delivery Innovation		
7. Problem Solving & Analysis		
8. People Management & Empowerment (Compulsory)		
9. Client Orientation & Customer Focus (Compulsory)		
10. Communication		

11. Honesty & Integrity		
TOTAL		100%
CORE OCCUPATIONAL COMPETENCY (COC)	√	WEIGHT %
1. Competence in Self Management		
2. Interpretation of and implementation within the legislation and national policy framework		
3. Knowledge of developmental local government		
4. Knowledge of Performance Management & Reporting		
5. Knowledge of global & South African specific political, social and economic contexts		
6. Competency on policy conceptualisation, analysis and implementation		
7. Knowledge of more than one functional municipal fields/discipline		
8. Skills in mediation		
9. Skills in governance		
10. Competence as required by other national line sector departments		
11. Exceptional and dynamic creativity to improve the functioning of the municipality		
TOTAL		100%

7. Evaluating Performance

7.1 The Performance Plan (Annexure A1) to this Agreement sets out-

7.1.1 The standards and procedures for evaluating Employee's performance;
and

7.1.2 The intervals for the evaluation of the Employee's performance.

7.2 Despite the establishment of intervals for evaluation, the Employer may in addition review the Employee's performance at any stage while the contract of employment remains in force.

7.3 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 time frames.

7.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's IDP.

7.5 The annual performance appraisal will involve:

7.5.1 Assessment of the achievement of results as outlined in the performance plan:

- (a) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA.
- (b) An indicative rating on the five-point scale should be provided for each KPA.
- (c) The applicable assessment rating calculator (refer to Paragraph 6.5.3 below) must then be used to add the scores and calculate a final KPA score.

7.5.2 Assessment of the CMC's

- (a) Each CMC should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each CMC.
- (c) The applicable assessment rating calculator (refer to Paragraph 6.5.1) must then be used to add the scores and calculate a final CMC score.

7.5.3 Overall Rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcomes of the performance appraisal.

7.6 The assessment of the performance of the Employee will be based on the following rating scale for KPA's, CMC's and COC's:

LEVEL	TERMINOLOGY	DESCRIPTION	RATING
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicate that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the year.	
4	Performance significantly above expectations	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 indicators 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 that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement and Performance Plan.	
2	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 indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement and 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 of the performance criteria and indicators as specified in the Performance Agreement and 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.	

7.7 For purpose of evaluating the performance of the S 57 Employee, an evaluation panel will be appointed by the Board of Directors.

8. Schedule For Performance Reviews

- 8.1 The performance of each Employee in relation to his/her performance agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:
- First quarter : July – September (year)
Second quarter : October – December (year)
Third quarter : January – March (year)
Fourth quarter : April – June (year)
- 8.2 The Employer shall keep a record of the mid-year review and annual assessment meetings.
- 8.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance.
- 8.4 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure 'A1' from time to time for operational reasons. The Employee will be fully consulted before any such change is made.
- 8.5 The Employer may amend the provisions of Annexure A1 whenever the Performance Management System is adopted, implemented, and /or amended as the case may be. In that case the Employee will be fully consulted before any such change is made.

9. Developmental Requirements

The Personal Development Plan (PDP) for addressing development gaps is attached as Annexure C.

10. Obligations Of The Employer

10.1 The Employer shall:

- 10.1.1 Create an enabling environment to facilitate effective performance by the Employee;
- 10.1.2 Provide access to skills development and capacity building opportunities;
- 10.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;

10.1.4 On the request of the Employee delegates such powers reasonably required by the Employee to enable him/ her to meet the performance objectives and targets established in term of this Agreement; and

10.1.5 Make available to the Employee such resources as the Employee may reasonably require to assist him/her meet the performance objectives and targets established in terms of this Agreement.

11. Consultation

11.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others-

11.1.1 A direct effect on the performance of any of the Employee's functions;

11.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and

11.1.4 A substantial financial effect on the Employer.

11.2 The employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 11.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

12 Management Of Evaluation Outcomes

12.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

12.2 A performance bonus of 5% to 14% of inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance.

12.3 The Employee will be eligible for progression to the next higher remuneration package, within the relevant remuneration band, after completion of least twelve months (12) service at current remuneration package 30 June (end of financial year) subject to a fully effective assessment.

12.4 In the case of unacceptable performance, the Employer shall-

12.4.1 Provide systematic remedial of development support to assist the Employee to improve his or her performance; and

12.4.2 After appropriate performance and counselling and having provided the necessary guidance and/ or support as well as reasonable time for improvement in performance, the Employer may consider steps to terminate the contract of employment of the Employee on grounds of unfitness or incapacity to carry out his or her duties.

13. General

13.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A1 may be available to the public by the Employer.

13.2 Nothing in this agreement diminishes the obligations, duties, or accountabilities of the Employee in terms of his/ her contract of employment, or the effects of existing or new regulations, circulars, policies, directives, or other instruments.

Thus done and signed at on this the day of (Month) (Year)

AS WITNESSES:

1. _____
_____ **EMPLOYEE**

AS WITNESSES:

1. _____
_____ **EMPLOYER**

ANNESURE B: INDIVIDUAL'S PERFORMANCE PLAN AND REPORTING TEMPLATE

INSERT as applicable for: CEO and each GM

MANAGER'S SIGNATURE

DATE:

REPORTING OFFICER'S SIGNATURE

DATE:

Evaluation On The Core Management Criteria (CMC)

CMC's are based on the eleven core competencies - every Manager should be assessed against all those CMC's that are applicable to her/his job. Compulsory CMC's for Managers are highlighted below: *(NOTE: Weight should be taken from the signed performance agreement for the year under review)*

CORE MANAGEMENT CRITERIA (CMC)	WEIGHT %	MILESTONES / COMMENTS	OWN RATING BY MANAGER (1-5)	RATING BY ASSESSOR	AGREED RATING
1. Strategic Capability & Leadership					
2. Programme & Project Management					
3. Financial Management (Compulsory)					
4. Change Management					
5. Knowledge Management					
6. Service Delivery Innovation					
7. Problem Solving & Analysis					
8. People Management & Empowerment (Compulsory)					
9. Client Orientation & Customer Focus (Compulsory)					
10. Communication					
11. Honesty & Integrity					
TOTAL	100%				

