

# **LEPHALALE**

## **LOCAL MUNICIPALITY**

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## **INDIVIDUAL PERFORMANCE MANAGEMENT DEVELOPMENT SYSTEM POLICY**

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## **1. PREAMBLE**

Municipality places performance by all staff members at the forefront of service delivery, and has thus developed a policy to drive performance management across all levels and in synchronisation with other human resource management systems and processes.

## **2. PURPOSE**

The purpose of this policy is to provide a standard framework for planning and continuous assessment of and optimisation of performance of all staff members in the Municipality.

## **3. SCOPE OF APPLICATION**

This policy applies to all staff members of the Municipality, except a staff member who is:

3.1 appointed on a fixed term contract with a duration of less than 12 months;

3.2 serving notice –

3.2.1 of termination of his or her contract of employment; or

3.2.2 to retire on reaching the statutory retirement age; and

3.3 appointed on an internship programme or participating in the national public works programme or any similar scheme; and

3.4 appointed in terms of sections 54A and 56 of the Municipal Systems Act.

## **4. LEGISLATIVE AND POLICY FRAMEWORK**

4.1. Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996)

4.2. Municipal Systems Act, 2000 (Act No. 32 of 2000)

4.3. Municipal Structures Act, 1998 (Act No. 117 of 1998)

4.4. Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

4.5. Labour Relations Act, 1995 (Act No. 66 of 1995)

4.6. Employment Equity, 1998 (Act No. 55 of 1998)

4.7. Skills Development Act, (Act No. 97 of 1998)

4.8. Local Government: Regulations on appointment and conditions of employment of senior managers, 2014

4.9. Local Government: Municipal Staff Regulations, 2021

4.10. Local Government: Guidelines for the Implementation of the Municipal Staff Regulations, 2021

4.11. Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)

4.12. Municipal Planning and Performance Management Regulations, 2001

4.13. National Skills Development Strategy

4.14. National Qualifications Framework

## **5. DEFINITIONS**

All terminology used in this policy shall bear the same meaning as in the Regulations or applicable legislation.

## **6. PROBLEM STATEMENT**

The municipality has not cascaded performance management system to all staff members and to hold employees accountable and reward them for their hard work and improve the overall performance of the municipality.

## **7. POLICY PROVISIONS**

### **7.1 Performance management and development principles**

7.1.1 The performance management and development system shall be collaborative, transparent, and fair.

7.1.2 The municipality shall apply the performance management and development system in a consultative, supportive and non-discriminatory manner in order to enhance organisational efficiency, effectiveness and accountability.

7.1.3 The performance management and development system shall be underpinned by an open, constructive and on-going communication between the supervisor and the staff member.

**7.1.4 The performance management and development system shall, where reasonably practicable, link to –**

(a) the Municipality's strategic objectives and Integrated Development Plan, the SDBIP of the relevant Municipal department; and

(b) the senior manager's performance plan and the performance plans of the staff members falling under that senior manager's department.

**7.1.5 The performance management and development system shall be developmental, while allowing for –**

(a) an effective response and relevant measures to manage substandard performance; and

(b) recognition and reinforcement of fully effective performance, performance significantly above expectations and outstanding performance.

7.1.6 The performance management and development system shall be integrated with other human resource policies and practices, as well as any other organisational development initiatives of the Municipality.

7.1.7 The performance management and development system shall promote productivity and optimise skills development targets.

7.1.8 The performance management and development system shall ensure that realistic and achievable outputs are set for staff members.

### **7.2 Determination of performance management and development system**

The objective of the performance management and development system is to –

7.2.1 promote the objects and developmental duties of the Municipality as set out in Sections 152 and 153 of the Constitution;

7.2.2 promote a culture of service to the public, accountability, mutual co-operation and assistance amongst staff members;

7.2.3 institutionalise performance planning, monitoring and evaluation in the Municipality;

7.2.4 maximise the ability of the municipality as a whole to achieve its objectives and improve the quality of life of its residents by aligning municipal-wide, departmental and individual performance;

7.2.5 build a common understanding among staff members of the Municipality's objectives contained in the Integrated Development Plan (IDP) and annual performance plan;

7.2.6 set clear performance indicators and performance targets by communicating to staff members how their roles contribute to the success of the Municipality;

7.2.7 build individual capability, skills, competencies that are key to the Municipality achieving its mandate and objectives and encourage commitment among staff members;

7.2.8 create an enabling environment to plan, monitor and measure performance against set targets or outputs;

7.2.9 encourage desired behaviours as articulated in the Code of Conduct for Municipal Staff Members, as contained in Schedule 2 to the Municipal Systems Act;

7.2.10 identify and improve substandard performance of staff members;

7.2.11 recognise performance of staff that have achieved a rating of performance significantly above expectations and outstanding performance.

### **7.3 Performance management and development system**

#### **7.3.1 A staff member of the municipality is a public servant in a developmental local government system, and therefore shall –**

(a) be committed to serve the public and to a collective sense of responsibility for performance in terms of standards and targets; and

(b) participate in the overall performance management system of the municipality, as well as the staff members' individual performance evaluation and reward system in order to maximise the ability of the municipality as a whole, to achieve its objectives.

#### **7.3.2 The Municipality, as represented by the relevant supervisor, and staff member shall, during the planning phase, agree on –**

(a) the performance objectives and targets that the staff member is expected to achieve during a performance cycle;

(b) specific performance standards, weightings for targets and performance indicators for measuring achievement of performance against set targets; and

(c) job specific competencies to be assessed in the performance cycle.

7.3.3 The supervisor and staff member shall ensure that performance management is aligned to the staff member's job, and KPAs relevant to the post that the staff member holds.

7.3.4 The KPAs shall relate to the staff member's functional area and shall consist of not less than 5 and not more than 7 KPAs.

**7.3.5 The KPIs—**

(a) include the input, quality or impact of an output by which performance in respect of a KPA is measured; and

(b) shall be measurable and verifiable.

7.3.6 The performance standard for each KPI may be qualitative or quantitative but shall also satisfy the criteria set out in 7.3.5 above.

7.3.7 The KPA weighting demonstrates the relative weight of each KPA.

7.3.8 The job specific competencies, as derived from **Annexure A** of the Municipal Staff Regulations, shall include the name and definition of the specific competency, the expected level of capability, the relevant weightings, be specific and applicable to the job of the staff member.

7.3.9 The staff member's job specific competencies shall not exceed six competencies within a performance cycle.

7.3.10 The supervisor shall, during the performance cycle, monitor, coach and provide feedback to the staff member.

7.3.11 The supervisor and staff member shall undertake a formal mid-year performance review. The review shall be recorded as a formal engagement between the supervisor and staff member.

7.3.12 The supervisor and staff member shall undertake an annual performance assessment for each performance cycle based on the performance agreement.

7.3.13 The criteria upon which the performance of the staff member shall be assessed consist of two components: KPAs and job specific competencies. The staff member's performance shall be assessed against both components. KPAs covering the main areas of the work will account for 80% of the weight while the job specific competencies will constitute 20% of the overall assessment result as per the weightings agreed in terms of the performance agreement.

7.3.14 The supervisor and staff member shall conclude the annual performance assessment process as a formal engagement co-signed by the supervisor and staff member. The annual performance assessment shall be recorded and signed by the supervisor and staff member.

7.3.15 The supervisor shall ensure that any relevant personal development and career incidents are deliberated upon with the staff member during the performance appraisal or assessment.

**7.4 Performance agreement**

7.4.1 A supervisor and staff member shall enter into a performance agreement for each performance cycle of the municipality.

**7.4.2 The performance agreement of –**

(a) a serving staff member shall be concluded within 30 days of the commencement of the new financial year of the municipality; and

(b) a staff member shall be concluded within 60 days of—

(i) his or her appointment after probation as from 1 July of the new financial year;

(ii) his or her transfer or promotion to a new post; or

(iii) his or her return from prolonged leave that is more than three months.

7.4.3 If at any time during the period of the performance agreement, the responsibilities of the staff member change to the extent that the performance plan in the performance agreement is no longer appropriate, the parties shall revise the performance agreement.

7.4.4 The performance agreement shall not diminish the obligations and duties of a staff member in terms of the staff member's employment contract, or any applicable regulations or municipal policy.

7.4.5 The performance agreement shall include a performance plan that contains—

(a) the name, job title and the department of the staff member;

(b) the objectives or targets;

(c) the KPAs, their weightings and the target date for meeting the KPA;

(d) the KPIs and the performance standard for each KPI;

(e) the name and definition of the job specific competencies, their weightings and the expected level of capability for each competency;

(f) a personal development plan

(g) the process of monitoring and assessing performance, including the planned dates of assessment.

#### 7.5 Team-based performance

7.5.1 The Municipality shall establish a team-based performance management and development system for a category of staff below the level of a supervisor that will assist the municipality in managing probation, rewards, and skills development of staff members, which is consistent with the principles under clause 7.1.

7.5.2 Before implementing the team-based performance management and development system, the Municipality shall –

(a) pilot the system on a team of staff members in all affected occupational streams; and

(b) consult the system with recognised trade unions within the Local Labour Forum.

#### 7.6 Performance monitoring and review

7.6.1 The monitoring process shall involve a manager consistently measuring performance on the job and providing ongoing feedback to staff members and teams on progress towards reaching staff member and team goals.

7.6.2 The monitoring of performance shall include conducting progress assessment with staff member and teams through one-on-one or team engagement sessions during which their performance is compared against predetermined performance standards.

7.6.3 The supervisor shall offer coaching when required in order to reinforce effective performance or bring the performance of the staff member closer to the expected standards.

7.6.4 The performance of the staff member shall be reviewed at mid-year to assess the staff member or teams' progress towards meeting performance targets, to identify challenges and agree to solutions and to consider reviewing targets resulting from workplace changes beyond the staff member or team's control.

7.6.5 The municipality may review the performance of a staff member at any other time and on an ongoing basis to offer coaching and feedback.

## **7.7 Performance evaluation**

### **7.7.1 The annual performance evaluation shall involve –**

**(a) an assessment of the extent to which the staff member achieved the performance objectives and targets as outlined in the performance plan, which comprises:**

- (i) each KPA assessed to determine the extent to which the specified standards or KPI have been met, with due regard to ad hoc tasks that had to be performed under that KPA;
- (ii) an indicative rating on the prescribed five-point scale under 7.7.2 below provided for each KPA; and
- (iii) the rating assigned to each KPA multiplied by the weight given to that KPA to provide a weighted score for that KPA.

**(b) an assessment of the extent to which the staff member achieved the job specific competencies outlined in the performance plan, which comprises:**

- (i) each competency assessed to determine the extent to which the specified standards or KPIs have been met;
- (ii) an indicative rating on the prescribed five-point scale under 7.7.2 below provided for each job specific competency; and
- (iii) the rating assigned to each job specific competency is multiplied by the weight given to that competency to provide a score for that competency.

### **7.7.2 The prescribed five-point rating scale below shall apply to all staff members:**

**Level**

**Terminology**

**Description**

**5**

**Outstanding performance**

Performance far exceeds the standard expected of a staff member at this level. The appraisal indicates that the staff member 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 expectation**

Performance is significantly higher than the standard expected in the job. The appraisal indicates that the staff member 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 staff member has fully achieved effective results against all significant 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 staff member 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 staff member 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 staff member 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.

7.7.3 An overall rating shall be calculated by using the assessment rating calculator as provided in Annexure F to this policy. Such overall rating represents the outcome of the performance appraisal.

7.7.4 The annual performance evaluation shall determine a performance rating for the performance cycle.

7.7.5 The staff member assessed or the person designated in terms of 7.7.7 below shall provide the supervisor with a portfolio of evidence relating to his or her KPAs for the entire performance cycle.

7.7.6 The maintenance and provision of the portfolio of evidence to support the decision on the final score to each KPA and competency, shall be the responsibility of the staff member.

7.7.7 Despite 7.7.6 above, the municipal manager may exempt categories of staff from maintaining a portfolio of evidence in which case the municipality shall determine alternative mechanisms, or designate a staff member who will maintain the portfolio of evidence of those staff members.

7.7.8 The evaluation of the performance of the staff member shall be conducted by that staff member's supervisor or his or her delegate.

7.7.9 The staff member's supervisor shall keep a record of all assessment meetings.

7.7.10 Personal growth and career development needs identified during any performance review or assessment, together with the actions and timeframes agreed to, shall be recorded in the staff member's personal development plan.

7.7.11 Once the annual performance evaluation has been concluded, the performance assessment reports and outcomes shall be subjected to departmental moderation processes in terms of this policy.

## **7.8 Performance moderation**

7.8.1 The municipal manager shall establish departmental performance moderation committees, which shall be convened annually.

7.8.2 Performance moderation processes shall take place within a reasonable timeframe after the end of the performance cycle, but not later than six months after the end of the financial year.

### **7.8.3 The departmental performance moderation committees shall be constituted as follows:**

- (a) The relevant heads of departments, who shall act as chairpersons in the committees;
- (b) all managers directly accountable to the heads of departments, who shall be recused from the committee before their assessments are considered by the committee; and
- (c) a senior human resource functionary who will advise, guide and provide support, including arrangements for secretariat services.

### **7.8.4 The purpose of the departmental performance moderation committee is to—**

- (a) conduct moderation of annual staff member performance results in order to ensure that the norms and standards for performance management and development systems are applied in a fair, realistic and consistent manner across the department;
- (b) assess and compare the performance and contribution of each staff member with his or her peers towards the achievement of departmental goals;
- (c) ensure fairness, consistency and objectivity with regard to dispersal of performance recognition and ratings achieved for a common understanding amongst supervisors of the performance standards required at each level of the performance rating scale;
- (d) determine the cost implications for recognition of performance of all staff members within the department;
- (e) recommend the moderated performance scores for all staff members to the municipal moderating committee for approval;
- (f) ensure that performance rewards are based on affordability;
- (g) consider the impact of the performance assessments on financial rewards and options for various forms of recognition;
- (h) recommend performance rewards as well as remedial actions for performance considered to be below effective performance and ensure that the integrity of the performance management and development system is protected.

7.8.5 If the departmental moderation committee has reason to believe that any performance assessment by the supervisor does not conform to performance norms and standards or that there is lack of evidence or information to support the performance ratings, the departmental moderation committee shall not reassess, amend or adjust the performance ratings of a staff member, but shall refer the assessment back to the relevant supervisor for reassessment in consultation with the affected staff member.

7.8.6 Upon conclusion of the reassessment, the departmental moderation committee may reconvene to moderate the assessment of the staff member concerned.

7.8.7 If the supervisor fails to reassess the staff member within the stipulated timeframe despite the request to do so by the relevant authority, or the departmental moderation committee still has reason to believe that the performance ratings are not substantiated, the moderation committee may request the higher level supervisor to reassess the relevant staff member.

7.8.8 The affected staff member shall be consulted and be offered an opportunity to respond.

7.8.9 The municipal council shall establish a municipal moderation committee, which shall be convened annually.

**7.8.10 The municipal moderation committee shall be constituted as follows:**

- (a) The municipal manager, who shall act as the chairperson of the committee;
- (b) all heads of departments;
- (c) head of municipal planning and organisational performance;
- (d) head of the municipal internal audit;
- (e) a senior human resource functionary to guide, advise and provide support, including arrangements for secretariat services; and
- (f) a performance specialist, where applicable.

**7.8.11 The purpose of the municipal moderation committee is to—**

- (a) provide oversight over the staff member performance management and development system to ensure the performance management process is valid, fair and objective;
- (b) moderate the overall performance assessment score for staff members determined after the departmental moderation processes;
- (c) ensure that the final individual performance ratings are fair across each grade and department or directorate;
- (d) ensure that the final individual assessment outcome corresponds with the performance of the municipality and the relevant department aligned to the staff member's job description or directorate before any recognition of performance is considered;
- (e) determine the percentages for the merit based rewards subject to affordability and the annual approved municipal budget in terms of section 16 of the Municipal Finance Management Act;
- (f) recommend appropriate recognitions for different levels of performance;
- (g) recommend appropriate remedial actions for performance believed to be substandard;

- (h) advise the municipality on recognition of performance, including financial and non-financial rewards, where applicable;
- (i) identify potential challenges in the performance management system and recommend appropriate solutions to the municipal manager;
- (j) identify developmental needs for supervisors to improve the integrity of the performance management and development system; and
- (k) consider any other matter that may be considered relevant.

## **7.9 Performance rewards**

### **7.9.1 A performance related reward –**

- (a) is at the discretion of the municipality; and

#### **(b) may be awarded to a staff member—**

- (i) who has served the full assessment period of 12 months on 30 June of each financial year of a municipality;
- (ii) transferred or seconded horizontally during the performance cycle within the municipality;
- (iii) who is on uninterrupted approved leave for 3 months or longer;
- (iv) who is on approved maternity leave for more than 3 months; and
- (v) who received a performance rating of performance significantly above expectations or outstanding performance during a performance cycle after moderation of performance results.

#### **(c) may not be awarded to a staff member—**

- (i) appointed after 1 July of that performance cycle;
- (ii) who is serving probation as stipulated in this policy;
- (iii) whose performance period is less than 12 months;
- (iv) whose employment is for a fixed term duration of less than 12 months; or
- (v) whose post was upgraded without a change in performance agreement.

7.9.2 The municipality shall limit its spend on staff member performance rewards to 1.5% of the annual salary and wage bill.

## **7.10 Disputes about performance agreements and ratings**

7.10.1 Any dispute about performance objectives or targets shall be mediated by the relevant head of department or directorate of the staff member to whom this function is delegated. If the dispute is not resolved to the staff member's satisfaction, the staff member may lodge a grievance in terms of the applicable procedures.

7.10.2 A dispute relating to the conclusion of the performance agreement or an amendment to the performance agreement, shall be referred to the head of the relevant department or directorate not later than five days of lodging the grievance in terms of the applicable procedures.

**7.10.3 A dispute contemplated in clause 7.10.2 shall be resolved within one month of receipt of the dispute by the head of the department, after –**

- (a) considering the representation from the staff member and his or her supervisor; and
- (b) consulting the head of human resources.

7.10.4 A staff member who is not satisfied with the outcome of the procedure may lodge a dispute in terms of the dispute resolution mechanisms of the SALGBC.

### **7.11 Managing substandard performance**

7.11.1 A staff member who receives a performance rating below three in terms of the prescribed five-point rating scale shall –

- (a) be assisted in developing his or her competencies through training, and supervision; and
- (b) develop a revised personal development plan with his or her supervisor.

#### **7.11.2 The personal development plan shall contain at least –**

- (a) a description of the behaviour and skills that require improvement;
- (b) a description of the actions that will be undertaken to improve the identified behaviour and skills that require improvement;
- (c) the deadlines for improvement
- (d) a schedule of meetings to assess improvements and provide feedback; and
- (e) details of the potential consequences in the event that there is no improvement in performance.

7.11.3 The meetings to assess improvements and provide feedback shall be recorded in writing.

7.11.4 The personal development plan to manage performance improvement shall cover a maximum period of six months, at the end of which, a formal evaluation of performance shall take place.

#### **7.11.5 The following alternatives shall be considered in respect of a staff member whose performance has not improved to at least a performance that is fully effective:**

- (a) continuation of the actions referred to in the personal development plan
- (b) alternative actions to improve performance
- (c) offering the staff member an alternative job within the Municipality that is better suited to the staff member's behaviour and skills; or
- (d) dismissal owing to incapacity in terms of the provisions of the Labour Relations Act.

7.11.6 Poor work performance shall be dealt with in accordance with item 9 of Schedule 8 to the Labour Relations Act.

### **7.12 Performance management of staff members who are acting in posts**

If a staff member is required to act in a post for a period that exceed three months, the supervisor to whom the acting staff member is reporting, shall review the KPAs and KPIs in

consultation with the acting staff member, and include the KPAs and KPIs in the staff member's amended performance agreement.

### **7.13 Roles and responsibilities**

#### **7.13.1 The Municipality shall –**

- (a) create an enabling environment to facilitate effective performance by the staff member;
- (b) within the available resources, provide access to skills development and capacity building opportunities;
- (c) work with the staff member to solve problems and generate solutions to common problems that may impact on the performance of the staff member;
- (d) on the request of the staff member delegate such powers reasonably required by the staff member to enable him or her to meet the performance objectives and targets established in terms of the performance agreement;
- (e) within the available resources of the Municipality, make available to the staff member such resources as that staff member may reasonably require from time to time to assist the staff member to meet the performance objectives and targets established in terms of the performance agreement;
- (f) consult the staff member timeously where the exercising of the powers will have, amongst others—**
  - (i) a direct effect on the performance of any of the staff member's functions;
  - (ii) commit the staff member to implement or to give effect to a decision made by the Municipality; and
  - (iii) a substantial financial effect on the Municipality.

#### **7.13.2 A supervisor shall ensure that –**

- (a) the annual performance plan's KPIs with regard to the Municipality's development priorities and objectives are –
  - (i) linked to each department's objectives; and
  - (ii) the KPAs in the performance agreements of the staff member.
- (b) the KPAs of staff members in a department serve to achieve all the department's objectives;
- (c) performance standards are specific, measurable, attainable, relevant, linked to specific time periods and in line with the ability of the staff member;
- (d) a staff member signs a performance agreement as prescribed or as determined in accordance with the applicable procedure;
- (e) he or she monitors progress and measure performance of staff member;
- (f) he or she provides regular constructive feedback to the staff member; and
- (g) he or she are available to support the staff member through the performance period.

#### **7.13.3 The manager responsible for human resources or the staff member to whom this responsibility is delegated shall –**

- (a) provide support to the annual performance management process;
- (b) provide guidelines on how to set KPAs and KPIs and their related targets;
- (c) communicate to all staff members the performance calendar for the forthcoming financial year;
- (d) facilitate training on performance management for new and existing staff members;
- (e) provide guidance on setting development plans;
- (f) consolidate the results of the performance management process and ensure that the identified development needs are incorporated into the annual training and development plan;
- (g) prepare reports on performance ratings and salary budgets and expenditure for consideration by the Municipal Council or a duly appointed Committee of the Council; and
- (h) communicate the performance assessment outcomes, including the final performance rating, the salary notch according to the salary scales, and any performance related salary increase.

**7.13.4 A staff member shall –**

- (a) participate in setting his or her annual KPAs and KPIs;
- (b) enter into a performance agreement annually with the Municipality;
- (c) remain committed to the KPAs and KPIs throughout the performance period and be accountable for his or her performance;
- (d) take responsibility for his or her personal development and learning opportunities;
- (e) where applicable, maintain a portfolio of evidence if required;
- (f) actively seek out and be open to feedback; and
- (g) know what is expected of him or her.

**8. POLICY MONITORING AND EVALUATION**

8.1 This policy shall be implemented and effective once recommended by the Local Labour Forum and approved by Council.

8.2 Non-compliance to the stipulations contained in this policy shall be regarded as breach of Code of Conduct, which shall be dealt with in terms of the Code of Conduct.

8.3 Management shall carry out the monitoring and evaluation of the policy's implementation.

**9. POLICY APPROVAL**

This policy was formulated by HR Management in consultation with the Local Labour Forum.

Authorised by Municipal Manager: Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Recommended by Portfolio Committee

on Corporate Services: Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by Municipal Council: Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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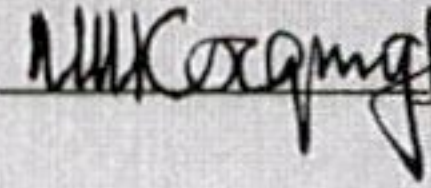
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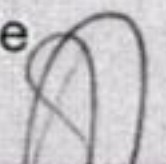
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