

SECTION HR 08

AM AHLATHI
MUNICIPALITY

PERFORMANCE
MANAGEMENT
SYSTEM

FOR

STAFF
MEMBERS

SECTION HR 08

**PERFORMANCE MANAGEMENT SYSTEM FOR STAFF
MEMBERS**

<u>INDEX</u>	<u>PAGE</u>
1. Introduction	3
2. Performance Management Systems for Municipal Staff Members	3
2.1 Definition of Staff Performance Management System	3
2.2 General Principles in setting duties for Senior Staff	4
2.3 Performance Agreements with Municipal Managers and Managers directly accountable to them	4
3. How a Staff Performance Management System Works	5
4. Steps to be taken when an Employee Fails to Meet the Required Standard	8
5. Conclusion	9
 <u>ANNEXURE</u>	
Annexure A : Performance Appraisal Form	10
Annexure B : Plan to Improve Performance	18

SECTION HR 08

PERFORMANCE MANAGEMENT SYSTEM FOR STAFF MEMBERS

1. Introduction

The Municipal Systems Act 2000 provides for two types of Performance Management Systems, namely:

- a) Those applicable to a Municipality as a body. Chapter 6 of the Local Government Municipal Systems Act 2000 gives a detailed explanation on the establishment and monitoring of these systems.
- b) Those applicable to individual staff members, including Municipal Managers and Managers directly accountable to Municipal Managers. Details on the performance agreements for these employees are set out in terms of Section 57 of the Systems Act.

The Act provides that a Performance Management System (PMS) must be:

- * commensurate with the resources of the Municipality
- * best suited to its circumstances; and
- * in line with the priorities, objectives, indicators and targets contained in its Integrated Development Plan.

Section 120 of the Municipal Systems Act provides that the Minister may issue guidelines and set minimum standards which will have to be followed by Municipalities in establishing their Performance Management System. These regulations were promulgated under Government Notice No. R796 dated 24 August 2001 (Government Gazette 22605).

Although the majority of the provisions on Performance Management in both the Act and the Guidelines regulate the Performance Management System for Municipalities as individual bodies, some sections of the Act do provide for a PMS for staff members.

In this Section we will deal with Performance Management Systems applicable to individual staff members.

2. Performance Management Systems for Municipal Staff Members

2.1 Definition of a Staff Performance Management System

A Performance Management System for staff members attempts to measure how well an individual staff member has performed in relation to the duties and functions as set out in the employee's job description, as well as in accordance with the goals set by the Municipality's IDP.

It is extremely important to ensure that the job descriptions are properly prepared in order that the PMS can be effectively implemented.

2.2 General Principles in setting duties for Senior Staff

In terms of Section 51 (d) of the Systems Act, a Municipality must organize its administration in a manner that would enable the Municipality to ensure that its political structures, political office bearers and managers and other staff members align their roles and responsibilities with the objectives set out in the Municipality's IDP.

When drafting job descriptions (or performance contracts) with Managers and staff it is, therefore, essential to take into account the overall goals and KPI's of the Municipality and to align the duties of the staff with these overall objectives.

The responsibilities of Municipal Managers are set out in Section 55 of the Systems Act and these responsibilities must be taken into account in drafting performance contracts or job descriptions for Municipal Managers.

2.3 Performance Agreements with Municipal Managers directly accountable to them

Section 57 of the Systems Act states that these employees may be appointed to their positions only in terms of a written employment contract with the Municipality complying with the provisions of the Act and subject to a separate Performance Agreement concluded annually. Concerning the Performance Agreement, section 57 (2), (3), (4) and (5) reads as follows:

- 2) The Performance Agreement referred to in subsection (1)(b) must:
 - a) Be concluded within a reasonable time after a person has been appointed as the Municipal Manager or as a Manager directly accountable to the Municipal Manager, and thereafter, within one month after the beginning of the Financial Year of the Municipality;
 - b) In the case of the Municipal Manager, be entered into with the Municipality as represented by the Mayor or Executive Mayor, as the case may be; and
 - c) In the case of a Manager directly accountable to the Municipal Manager, be entered into with the Municipal Manager.
- 3) The Employment contract referred to in subsection (1)(a) must include subject to applicable labour legislation, details

of duties, remuneration, benefits and other terms and conditions of employment.

- 4) The Performance Agreement referred to in subsection (1)(b) must include:
 - a) Performance objectives and targets that must be met, and the time frames within which those performance objectives and targets must be met;
 - b) Standards and procedures for evaluating performance and intervals for evaluation; and
 - c) The consequences of substandard performance.
- 5) The performance of objectives and targets referred to in subsection (4)(a) must be practical, measurable and based on the key performance indicators set out from time to time in the Municipality's Integrated Development Plan.

It is important to note that these are statutory requirements in terms of the Systems Act for preparing Performance Agreements. The South African Local Government Bargaining Council (SALGBC) has determined that all posts in the municipal service, including those of Municipal Managers and Managers reporting to them, will be evaluated in terms of the Task Job Evaluation System. This means that job descriptions will also have to be drafted for each of these employees and these job descriptions should be drafted in alignment with the performance contracts for the employees concerned.

3. How a Staff Performance Management System Works

There are many different Performance Management Systems in use. It is suggested that the simplest systems which are easiest to apply should be chosen by Municipalities when setting Performance Agreements and Performance Management Systems for Municipal Managers, Managers reporting to Municipal Managers and all other staff members.

Set out hereunder is an extremely simple Performance Management System which can be used to appraise the performance of Municipal Staff Members at all levels, including Municipal Managers and Heads of Department. Municipalities do not have to follow this system and may adopt their own but they are legally required to apply some system. The advantage of this particular system is its simplicity and the fact that there is no cost involved in applying it. The step by step process is as follows:

Step 1

It is essential that a properly completed job description is drafted taking into account the employee's duties and responsibilities as obtained from the Municipality's IDP. The job description must be drafted in accordance with the requirements of the Task Job Evaluation System.

The duties and responsibilities of a Municipal Manager are set out in Section 55 of the Municipal Systems Act and this should be used in drafting the job description.

Step 2

A Performance Appraisal Form must now be drafted setting out each task (or duty) which the employee is required to undertake. An example of a Performance Appraisal Form for a Municipal Manager is attached as Annexure A. Only two examples of key objectives and standards have been given on this form as Municipalities have their own objectives set in their IDP's and will have to negotiate their own standards with their Municipal Managers.

The following points must be borne in mind when drafting the Performance Appraisal Form:

- * only the main duties need to be included on the Appraisal Form. It is not necessary to set out every sub-duty and for even the Municipal Manager's post, there should be no more than 10 – 15 duties listed.
- * when compiling the list of duties bear in mind that they must be prepared in such a way that if the Municipal Manager completes these duties satisfactorily, he will be doing his job. Do not pad these duties and include unnecessary minor tasks.
- * the duties listed should be in accordance with the content of the IDP for the Municipality, as well as the content of his/her job description, which should correspond with Section 55 of the Act.

Step 3

The performance standards must now be set. These standards or KPI's / targets can either be written immediately under the duty or alternatively placed in a separate column on the Performance Appraisal Form as set out in Annexure A. The following points must be borne in mind when preparing the performance standards:

- * the employee concerned must be part of the process of setting standards. He must be allowed to have a Union Representative present if he/she so wishes and he/she should sign the Appraisal Form confirming that he agrees to attempt to meet the standards set. This must be done when the Performance Appraisal Form has been drafted and the process of establishing standard is taking place.
- * the standards must be objective and measurable. This means that it must be objectively clear whether the employee has met the standard or not and it must not be based on anyone's opinion, e.g. allocating a mark out of ten on whether he has met the standard or

not as this is totally subjective. Implementing a subjective system results in accusations of victimisation.

- * the three main forms of measurement in setting standard are:
 - **Time**: the work must be completed within a specific time which must be set in drafting the standards e.g. by 1 June 2003.
 - **Cost**: the work must be done within the budgeted cost which must be specified e.g. R2000 000 to complete a task.
 - **Degree of Error**: the degree of error or deviation from the acceptable norm must be specified in the standard e.g. only one error may be permitted per task.

(It can be seen from above, that these forms of measurement are objective and no employee can argue that he/she is being victimized if he/she has been part of the process of drafting the standards and accepted the standards which are clearly measurable.)

Step 4

The Council must agree on how often the employee must be appraised e.g. once a month or once every three months, etc. Once this has been determined the Performance Appraisal step can then begin.

Usually the Executive Mayor or Mayor would appraise the performance of the Municipal Manager, with the Municipal Manager appraising the performance of his/her Heads of Department. They, in turn, would appraise the performance of their own branch heads and this should cascade down to all levels, assuming that this system is used for all municipal staff.

The process involves sitting down with the employee and going through the Performance appraisal Form and ascertaining whether the employee has met the standards by completing the work within the time frame, within the budget and with the acceptable number of errors or deviations from what is acceptable. This process should take no longer than 5 to 10 minutes per appraisal.

If the employee has completed the task earlier than the date set and at a lower cost than budget with no errors, then he/she has exceeded the standard set and he/she is allocated an E rating (exceeds standard) in the last column of Annexure A.

Likewise, if he/she completes the task on the date set, exactly meeting budget and with only the acceptable number of errors made, he/she is allocated an M rating (meets standard) in the last column of Annexure A.

However, if he/she has not completed the task or completes the task later than the time frame set, or he/she has overspent his/her budget or more than an acceptable number of errors have been made, he/she is allocated an I rating (improvement needed) in the last column.

Step 5

If the employee has failed to meet standard there will be I ratings in some or all of his/her columns on the Performance Appraisal Form. It will then be necessary to follow certain procedures in order to correct these measures on non-performance. This will not be dealt with under paragraph 4.

4. Step to be taken when an Employee Fails to Meet the Required Standard

If the employee has not performed to the required standard, there will be I ratings in the last column of his/her Performance Appraisal Form. It will then be necessary for the form marked Annexure B to be completed. This must be undertaken in conjunction with the employee concerned and must be done in the following manner, in order to comply with the provisions of the Code of Good Practice contained in the Labour Relations Act:

- a) The employee concerned must be given any further instruction, training, guidance or counseling that he/she requires in order to assist him/her in rendering the satisfactory level of service. The training, development and employee assistance plans which are agreed upon must be filled in under the first column of Annexure B.
- b) The second and third columns on Annexure B will indicate the periods during which the training and assistance plan will need to be implemented and any comments from either the employer or employee concerned must be placed in the last column. The employee must then sign in the appropriate place undertaking to undergo the training and assistance and attempt to meet the standards.
- c) The employee must be given a reasonable time within which to complete the required standards. A reasonable time is usually a period of a few months. He/She must be given every opportunity and assistance to improve his/her performance. He/She should also be guided and instructed in the workplace to assist him/her in completing all the requirements of the job to the required standard.
- d) From the first month that the employee does not meet the required standards and each month thereafter, he/she must be informed in writing of the following:
 - the areas where he/she has satisfactorily met the performance standards
 - the areas where he/she has not met the performance standards
 - a request to find out whether there is any further assistance, training, guidance, counseling or instruction which he/she would like to assist him/her to meet the required standards
 - a clear statement that should he/she be unable to meet the standard (i.e. do his job competently) after continued

assistance, counseling, guidance and instruction, he will then be dismissed, should there be no other suitable position available for him. It is important that he understands that dismissal will follow and that there is no ambiguity.

- e) After the agreed time period within which the employee was given to improve his/her work performance has expired and his/her performance has improved, there is no problem. However, if after all the evaluation, instruction, training, guidance and counseling, the employee is still unable to do his/her work satisfactorily, an investigation (not a disciplinary hearing) should be held where the employee, assisted by his/her trade union representative or a fellow employee, has the right to be heard and give his/her input. Every effort, short of dismissal, should be made to find a suitable alternative position for the employee even if it is a demotion. If no position can be found, then the Chairperson of the investigation could consider dismissing the employee.
- f) The Chairperson of the investigation must, however, first consider whether the following have been met:
- whether the employee failed to meet the performance standards
 - if not, whether the employee was aware, or could reasonably be expected to be aware of the required standard
 - whether the employee was given fair opportunity to meet the performance standards
 - whether dismissal is appropriate, if no suitable position can be found or if the employee refuses to accept an alternative position.

If the answer is Yes to these points, then dismissal is the appropriate decision.

5. Conclusion

It is important to understand that the purpose of a Performance Management System is not to attempt to dismiss employees but rather to deliver good service to the public and to train and assist the municipal employee in providing such good service.

However, the labour courts have recently ruled that the degree to which an employer is obliged to train a senior management employee is less than that which they would need to train a junior employee. The reason for this is that senior managers should not require as much training as junior employees.

SECTION HR 08

**PERFORMANCE MANAGEMENT SYSTEM FOR STAFF
MEMBERS**

ANNEXURE A

PERFORMANCE APPRAISAL FORM

Name of Employee being Appraised: _____

Position / Title: _____

Department: _____

Section: _____

Name of Manager / Mayor: _____

Title: _____

Appraisal Sheet overleaf.

SECTION HR 08

PERFORMANCE MANAGEMENT SYSTEM FOR STAFF MEMBERS

ANNEXURE B

PLAN TO IMPROVE PERFORMANCE

Name: _____

Training, Development and Assistance Plans	From	To	Comments

I agree with the above plans and objectives and undertake to satisfy them.

Date: _____

Comments
