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PERFORMANCE MANAGEMENT UTHUKELA ECONOMIC DEVELOPMENT AGENCY 2024/2025 FINANCIAL YEAR

POLICY TITLE	PERFORMANCE MANAGEMENT
IMPLEMENTATION DATE	08 JULY 2024
REVIEW DATE	08 JULY 2024
DATE OF APPROVAL	08 JULY 2024

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1. SCOPE OF POLICY

- 1.1. The Agency accepts that its employees are its greatest asset and are the key to its ability to fulfil its mission and vision and achieve its strategic objectives.
- 1.2. Performance Management is a system that will help manage both the business of The Agency and the people within the business. It will help each person to understand their role in achieving the Agency's strategic goals and translating these into day-to-day practices.
- 1.3. With this system, we want to develop a goal-oriented culture. We want to raise performance levels and so increase the service levels to our customers and the Municipality which we serve. Through Performance Management, role clarity will be created. Each individual will be involved in setting and obtaining objectives that tie into the Agency's overall strategic goals.
- 1.4. Performance Management is not only about achieving the Agency's strategic goals. It promotes personal growth and job satisfaction by emphasising individual development. Each individual becomes empowered to take ownership of their jobs and feel like they are making a worthy contribution to the Agency's success.

2. DEFINITION OF TERMS

Performance Assessment: The Municipal Systems Act, 2000 (Act No. 32 of 2000) regular process where an employee's performance for the year is formally assessed and rated according to a rating scale.

Objectives: Objectives/goals describe what needs to be accomplished by individuals or teams over a period of time. They relate to the overall purpose of the job and are clearly defined and agreed at the start of the performance management cycle. They can be expressed as targets to be met and tasks to be completed by specified dates.

Performance Agreement: An agreement between a manager and an employee about the employee's responsibilities and behaviour during an assessment period. Seen as a key management tool enabling UEDA to determine and monitor performance expectations, manage development and align employees with the values, institutional goals and strategies of UEDA.

Personal Development Plan: A Personal Development plan is developed by each employee as part of a structured and supported process undertaken by the employee to reflect upon his/her own learning, performance and/or achievement and to plan for their personal, educational and career development.

Performance Target: A performance target is a statement of a desired result or set expectation. The term is broadly synonymous with the terms 'goal' and 'objective'.

Performance Standard: A benchmark, norm, or yardstick to judge one's performance as an individual or unit. Standards are usually adopted as measurable targets to ensure optimal organisational performance.

3 PURPOSE OF PERFORMANCE APPRAISALS

- 3.1 Improve organisational and individual performance
- 3.2 Clarify individual and team performance requirements, standards and expectations
- 3.3 Align individual and team objectives with those of UEDA

- 3.4 Identify and review employee development and training needs and to provide opportunities for employee development and advancement
- 3.5 Identify organisational and operational changes needed to enhance employee performance and hence enable UEDA to improve efficiency and effectiveness
- 3.6 Capacitate, mentor and develop employees through constructive feedback and dialogue
- 3.7 Ensure the retention of employees, especially those with scarce and critical skills
- 3.8 Promote job satisfaction in a motivating and enabling environment
- 3.9 Measure and evaluate individual and institutional performance
- 3.10 Improve communication between Managers and Employees through regular dialogue
- 3.11 Formalise succession plans for top achievers
- 3.12 Provide appropriate and legally sound mechanisms for addressing poor performance
- 3.13 Provide a fair and equitable way to recognise and reward good performance

4. LEGISLATIVE AND POLICY FRAMEWORK

The PMS is informed by the following legislation and policies:

- 4.1. The Constitution of the Republic of South Africa, Act No. 108 of 1996 and as amended;
- 4.2. Local Government: Municipal Systems Act, Act No. 32 of 2000 as amended;
- 4.3. Local Government: Municipal Structures Act, Act No. 117 of 1998;
- 4.4. Local Government: Municipal Finance Management Act (MFMA), Act No. 56 of 2003;

- 4.5. Local Government: Municipal Planning and Performance Management Regulations, 2001 (R796 of August 2001);
- 4.6. National Treasury: Framework for Managing Programme Performance Information, 2007;
- 4.7. National Treasury: MFMA Circular 13 (Services Delivery and Budget Implementation Plan);
- 4.8. National Treasury: MFMA Circular 63 (Annual Report: Guidelines - update);
- 4.9. National Treasury: MFMA Circular 65 (Internal Audit and Audit Committee);
- 4.10. National Treasury: MFMA Circular 32 (The Oversight Report);

Other legislation that impacts on and relates to performance management includes:

AN ENTITY MUST:

- 4.11. Set key performance indicators (KPIs) including input, output and outcome indicators in consultation with communities;
- 4.12. Annually review its KPIs;
- 4.13. Set performance targets for each financial year;
- 4.14. Measure and report on the relevant nationally prescribed key performance outcome;
- 4.15. Measure and report on the six national local government KPAs;
- 4.16. Report on performance to the Board at least twice a year;
- 4.17. As part of its internal audit process audit the results of performance measurement;
- 4.18. Appoint a performance audit committee; and
- 4.19. Provide secretarial support to the said audit committee.

5. PRINCIPLES

- 5.1. The Performance Management System will include all permanent monthly paid staff and will encourage vertical mobility.

- 5.2. Assessment of performance will be evidence based and measured where possible against agreed pre-determined benchmarks and outcomes.
- 5.3. The system will be designed to enable individuals to be responsible for managing their own performance, development and career advancement.
- 5.4. The system is designed on the principles of fairness, internal equity and transparency.
- 5.5. The system will support an environment of service excellence, continually improving internal/external customer satisfaction levels.
- 5.6. Recognition that performance management is part of quality management resulting in enhanced performance.
- 5.7. The system will preserve confidentiality and disseminate performance information appropriately

6. LINKS TO OTHER HUMAN RESOURCE PROCEDURES

6.1. Induction

The induction process will involve developing the employees initial Performance Agreement and Personal Development Plan on the Performance Management system. This will ensure that performance standards and expectations are clearly spelt out at the outset of employment. Areas of development will also be identified at this stage. This process is closely aligned to the probationary process.

6.2. Probation

Probation will complement the induction and performance management processes. The purpose of the probationary period is to ascertain whether the conduct and work performance of the employee meet the standards expected by the Line Manager before the permanent appointment is confirmed. This process will be driven by the Performance Management System.

6.3. Mentoring and Coaching

Coaching and mentoring will be key tools used to continuously improve job-related tasks and behaviours and to unlock the potential of employees to exhibit the behaviours and achieve the results expected by the Agency.

6.4. Learning, Training and Development

Training and Development will be explicitly linked to Performance Management and is one of the key outputs of the system. In terms of the Performance Management system each employee will be required to complete a Personal Development plan which will indicate areas of development in relation to the required job output and performance expectations for that position.

6.5. Leadership Development / Succession Planning

Leadership development processes will be introduced as part of the Performance Management System which will enable UEDA to identify and fast track development opportunities and to formalise succession plans for the top talent identified. This process will also be used as a means of dealing with the issue of scarce skills faced by UEDA.

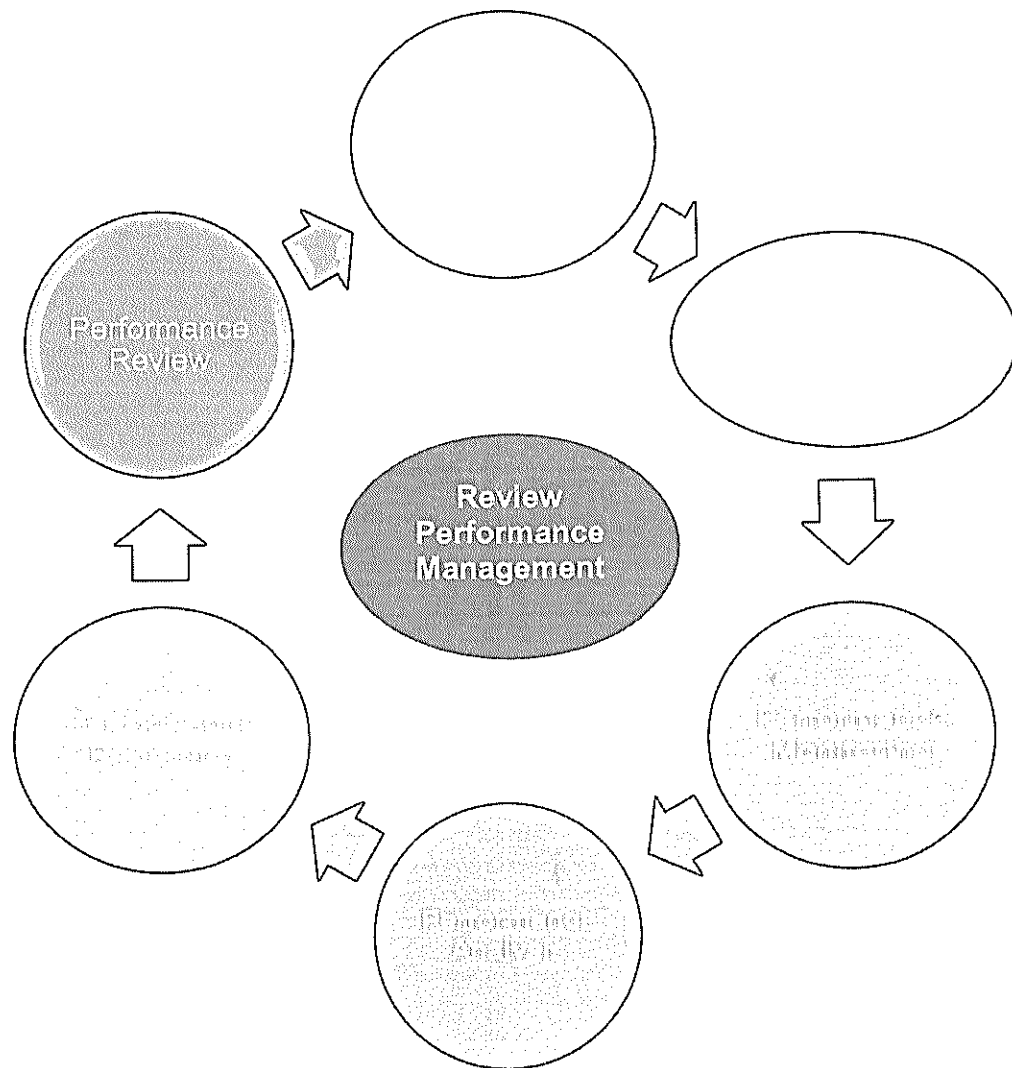
6.6. Counselling

One of the outputs of the Performance Management System will be the identification of poor performance. The counselling procedure will be key in giving guidance and support to poor performing employees in order to bring their performance up to the expected standard. The counselling procedure may lead to disciplinary action if development and support options have been exhausted and performance has not reached satisfactory levels.

7. LINK TO REWARDS

- 7.1. All employees already receive a salary commensurate with expected standards of performance. Additional remunerative rewards may on occasion be offered to individuals or teams in return for specific performance on a specific project.
- 7.2. It is recognised that all rewards, whether financial or non-financial in nature, still have resource implications and as such, the level of rewards will be based on the principle of affordability.
- 7.3. The nature, type and size of rewards offered by UEDA will be reviewed from time to time based on this criterion.

8. PERFORMANCE APPRAISAL PROCEDURE



8.1. Performance Planning

8.1.1. The performance of the Entity is to be managed in terms of its IDP and the process of compiling an IDP and the SDBIP, and the annual review of the IDP thereof constitutes the process of planning for performance.

8.1.2. It should be noted that the last component of the process is that of performance review and the outcome of such a review process must

inform the next cycle of IDP compilation/review by focusing the planning processes on those areas in which the Municipality has underperformed.

8.2. Performance Measurement

8.2.1. Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator.

8.2.2. The setting of measures/indicators and targets happens during the IDP process and is linked to the strategic objectives of the Municipality. To ensure the integrity of the indicators and targets set, baseline information based on historic and current performance should be used as the basis for setting sound measures/indicators and targets. Performance measurement allows the Municipality to compare their actual performance in relation to historic and current (baseline) performance.

8.2.3. Design of Key Performance Indicators and Targets

Key performance indicators are measurements that indicate what needs to be done to measure progress in implementing the strategic objectives of the municipality. Indicators are important as they:

- a) Provide a common framework for collecting data for measurements and reporting.
- b) Translate complex concepts into simple operational measurable variables.
- c) Enable the review of goals and objectives.
- d) Help provide feedback to the municipality and staff.
- e) Identify the gaps between IDP strategies and the operational plans of the various departments.

8.2.4. General KPIs are prescribed in terms of Section 43 of the MSA and Outcome 9. The Entity takes cognisance of these indicators and will report on them as is required by the Act.

8.3. Performance Monitoring

Performance monitoring is an ongoing process by which a manager accountable for a specific indicator and target as set out in the SDBIP continuously monitors current performance against pre-determined objectives (PDOs). The aim of the monitoring process is to take appropriate and immediate interim (or preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting and review is due.

8.4. Performance Analysis

Performance analysis involves the process of making sense of measurements/indicators. It requires interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not. Where targets have not been met performance, analysis requires that the reasons therefore should be examined and corrective action recommended. Where targets have been met or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organisational learning. The Strategic management team should also ensure that quality performance reports are submitted to the Mayoral Committee and that adequate response strategies are proposed in cases of poor performance.

8.5. Performance Reviews/auditing

8.5.1. The performance of the employee in relation to his/her performance agreement must be reviewed in accordance with the following schedule. Quarterly performance appraisals should be conducted for all contracted employees no later than one month following the quarter for which the appraisal is being done.

8.5.2. Performance auditing is a key element of the monitoring and evaluation process. This involves verifying that the measurement mechanisms are accurate and that proper procedures are followed to evaluate and

improve performance. According to section 45, of the MSA, results of the performance measurement must be audited as part of the municipality's internal auditing process and annually by the Auditor-General.

8.5.3. The Agency have therefore established frameworks and structures to evaluate the effectiveness of the municipality's internal performance measurement control systems. Areas of weak performance identified at year-end must be addressed during the following year's planning phase.

No.1	Quarters	Time Frames	Departmental Quarterly Evaluation	Divisional Quarterly Evaluation
1	First Quarter	July to September		
2	Second Quarter	October to December		
3	Third Quarter	January to March		
4	Fourth Quarter	April to June		

8.5.4. The quarterly appraisal shall be performed between the employee and his/her immediate superior. The appraisal shall be based on actual achievement of the indicators agreed for each deliverable or target.

8.5.5. The employer must keep a record of the mid-year review and the annual assessment meetings.

8.5.6. Performance feedback must be based on the employer's assessment of the employee's performance and supporting Portfolio of Evidence (POE).

8.5.7. The employer will be entitled to review and make reasonable changes to the provisions of the performance plan from time to time for operational reasons on agreement between both parties

8.5.8. Review of KPIs and Targets

- a) The Municipality will review its KPIs and targets annually as part of the performance review in accordance with Section 54(1) of the MFMA following approval of an adjustments budget or whenever it amends its IDP in terms of Section 34 of the MSA.

8.6. Performance Reporting

Performance must be reported in terms of the MSA, MFMA and the circulars and regulations issued in terms of the aforementioned legislation. These reports include:

8.6.1. Monthly reports

Monthly reports on the performance of the directorates/departments should be generated from the performance management system and submitted to the portfolio committees and the senior management team.

9.6.2. Quarterly reports

Reports to report on the performance in terms of the TL SDBIP should be generated from the system and submitted to Council. This report should also be published on the municipal website.

8.6.3. Mid-year assessment

The performance of the first 6 months of the financial year should be assessed and reported on in terms of section 72 of the MFMA. This assessment must include the measurement of performance, the identification of corrective actions and recommendations for the adjustments of KPI's, if necessary. The format of the report must comply with the section 72 requirements. This report must be submitted to Council for approval before 25 January of each year and published on the municipal website afterwards.

8.6.4. Annual Performance Report

The annual performance report must be completed by the end of August and submitted with the financial statements. This report must be based on the performance reported in the SDBIP. Reports should be generated from the system and reviewed and updated in the performance comments field for reporting purposes.

8.6.5. Annual Report

The annual report should be prepared and submitted as per MFMA Circular 11.

8.6.6. Reporting intervals table:

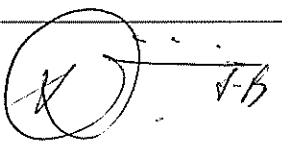
Report	Applicable Legislation	Frequency	To whom	Content
Internal Audit Report on performance	MSA Regulation 14(1)(c)	Quarterly	Board and Performance Audit Committee	Audit outcomes from auditing actual results captured/ indicated/ reported on
Quarterly performance Assessment Report	MFMA Sec 52 report	Quarterly (within 30 days after end of quarter)	Management and Board (Copy to PT and NT)	Actual results achieved against Top Layer SDBIP KPIs
Mid-year Report	MFMA Sec 72 report	25 January	Chief Executive Officer (Submit to next board meeting after 25 January and copy to PT and NT)	Consists of 2 parts PM: Actual results achieved against Top Layer SDBIP KPI' Finance: As prescribed by NT
Annual Performance Report	MSA Sec 46 report	31 August	Board, AG, Council	Consist of chapters 3 & 4 of the AR

Annual report	MFMA Sections 121, 129 and 132.	Draft: 31 October to AG Draft: 31 January to Council Final: 31 March to Council with oversight report	Board, AG, Council, Performance Audit Committee, Oversight Committee (Copy to PT and NT, DLG, Provincial Legislature)	As prescribed
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9. POLICY REVIEW

This policy will be reviewed as and when the need arises.

10. APPROVED BY:

NAME	SIGNATURE	DESIGNATION	DATE
MR SB SIBISI		ACTING CHIEF EXECUTIVE OFFICER	30/06/2024

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