

**INDIVIDUAL PMS POLICY
2025/2026 FY**



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A. PERFORMANCE MANAGEMENT POLICY

Compiled in terms of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Manager of 2006 and Municipal Staff regulations of 2021.

BACKGROUND

As legislated by chapter 6 of the Municipal Systems Act, which requires a municipality to establish a performance management system and establish mechanisms to monitor and review its performance management system. Moreover, chapter 4 of the Municipal staff regulations of September 2021 mandate a municipality to adopt a performance management and development system that is linked to the municipality's strategic objectives, integrated development plan and the SDBIP. Furthermore, the performance management system must be developmental and applicable to all employees of a municipality employed for a minimum of 12 months. The performance of a municipality is integrally linked to the performance of all staff at various levels across the organisation. It is therefore important to link organisational performance to individual performance and to manage both concurrently.

PURPOSE OF THE POLICY

This policy seeks to establish a system of individual performance management that is linked to the organisational performance.

This policy seeks to create a structured system for:

- The promotion of a culture of accountability and development.
- Monitoring and driving municipal performance towards the achievement of municipal objectives.
- Recognising and rewarding performance that exceeds expectations.

POLICY OBJECTIVES

To establish a framework for managing and improving the performance of Individual employees within the organisation.

POLICY SCOPE

This policy applies to all permanent and fixed term contract employees of Mphashe Local Municipality.

B. DEFINITIONS

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

Phrase	Definition
Competence	Having the necessary higher education qualification, work experience and knowledge to obtain at least a competent level of achievement,
Councillor	A member of a municipal council as elected in terms of Chapter 3 of the Municipal Structures Act (Act 117 of 1998)
Input Indicator	Typically cost related indicators. They measure what inputs have been made towards achieving the objective and they are most relevant to the day-to-day operations of a municipality. Examples include costs, equipment, human resources, time, etc.
Integrated Development Plan	A plan aimed at the integrated development and management of a municipal area as prescribed by Chapter 2 the MSA
Key Performance Indicator	Specific measurements that track progress towards the achievement of an objective
Mayor	The mayor of the municipality as elected in terms of Chapter 4 of the Municipal Structures Act (Act 117 of 1998)
Municipal Manager	A person appointed in terms of section 82 of the Municipal Structures Act Section 54 of the Municipal systems Act.
Outcome Indicator	These indicators measure the extent to which strategic goals or outcomes are being met. Outcomes are usually based on the results of different variables acting together, for example, increased economic activity as a result of improved water supply. They measure the effect that the goals and objectives are having on the community
Output Indicator	These indicators refer to "products" produced by processing inputs. For example, the number of houses built or the number of electricity connections made.

Performance Agreement	An annual agreement or contract entered into by two parties as contained in section 57 of the Municipal Structures Act and in chapter 4 of the Municipal Staff establishment guidelines.
Section 79 Committee	A committee appointed by the municipal council in terms of section 79 of the Municipal Structures Act (Act 117 of 1998)
Senior Manager	A municipal manager or acting municipal manager, appointed in terms of section 54A of the MSA or a manager directly accountable to a municipal manager appointed in terms of section 56 of the MSA. A senior in terms of
Phrase	Definition
	Circular No. 2 of 2014: Implementation of the Local Government: Regulations of Appointment and Conditions of Employment of Senior Managers: Government Notice No. 21 of 17 January 2014
Middle Manager	Management employees below senior managers
Employee	SECTION 213 of the Labour Relations Act (LRA) provides that an employee is anyone, other than an independent contractor, who works for another person or who assists in conducting the business of an employer for remuneration.
Employer	Any person (s) entrusted with duties of the supervisor/ head of department. A person (s) who represent the interests of the employer in the performance management process
Service Delivery Agreement	An agreement between a municipality and an institution or person mentioned in section 76 (b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality
Service Delivery and Budget Implementation Plan	The SDBIP gives effect to the IDP and budget of the municipality and shall be possible if the IDP and budget are fully aligned with each other, as required by the MFMA as contained in MFMA Circular No. 13
Strategic Objective	A translation of priority areas into a results statement which is SMART (Specific Measurable, Achievable, Realistic and Time-bound).
Target	A performance target (usually quantitative) is a planned level of performance or milestone set for each indicator
Audit Committee	A committee of the municipality established in terms of the relevant provision of the municipality finance Management Act, No 56 of 2003
Consumer	Member of the community of Elundini Local Municipality and the recipient of the municipality services

Work teams	A group of employees who are performing the same or similar functions on a continual basis
Levels/TASK Grades	<p>Level 1: Basic skill Grade: 1 - 3</p> <p>Level 2: Discretionary skills: Grade 4 - 8</p> <p>Level 3: Specialized skills: Grade 9 - 13</p> <p>Level 4: Tactical skills: Grade 14 - 18</p> <p>Level 5: Strategic skill : Grade 19 - 26</p>

LEGISLATIVE FRAMEWORK

POLICY AND LEGISLATIVE FRAMEWORK	<ul style="list-style-type: none"> • Constitution of the Republic of South Africa (1996) • Department of Cooperative Governance: Guidelines for the Development of a PMS Policy Framework in Municipalities (2010) • Government Gazette: Regulations Gazette No.7146 • Local Government: Municipal Systems Act (Act 32 of 2000) as amended • Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers (2014) • Municipal Financial Management Act (No.56 of 2003) • MFMA Circular 13: Service Delivery and Budget Implementation Plan • MFMA Circular 32: Oversight report • MFMA Circular 42: Funding of municipal budget MFMA • Circular 54: Municipal budget circular • MFMA Circular 11: Annual Reports • MFMA Guideline for Municipal Competency Levels: Finance Officials at Middle Management Level (2003) • Municipal Structures Act (Act 117 of 1998) • Municipal Planning and Performance Regulation 796 (2001) • Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (805 of 2006) • National Treasury: Framework for managing performance information (2007)
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- White Paper on Local Government (1998)
- Remuneration Policy
- Labour Relations Act 66 of 1995
- Job Evaluation Policy
- Condition of Employment Policy

PMS POLICY PRINCIPLES

The following elements support the successful alignment of individual and organisational performance:

- a) Good communication
- b) Ensuring that learning and recruiting processes do not contribute to poor
- c) performance by recruiting unsuitable persons.
- d) Creating an environment through reward and recognition and managing poor
- e) performance
- f) Identify core competencies and behaviours that staff need to exhibit to ensure the achievement of organisational goals; and
- g) The roles of each stakeholder in ensuring that the performance of individuals in the organisation is linked to and contributing to organisational performance should be identified and clearly defined.

POLICY PROCEDURE

KEY DOCUMENTS FOR INDIVIDUAL PERFORMANCE MANAGEMENT

SDBIP

Service Delivery Budget and Implementation Plan (SDBIP) is the basis for the development of performance agreements for all affected employees.

Job Description

Output plans for employees shall further be informed by performance areas outlined in the job descriptions of positions employed in.

Business Strategies

Departmental business strategies shall also be used to inform the development of individual performance plans.



Performance Agreements

Performance agreement shall include individual output plan; core competency; personal development plans.

Quarterly Performance Reports

Quarterly reports shall be submitted in the municipal performance reporting format. Reports must be signed and dated for credibility and authenticity. Reports must be accompanied by portfolio of evidence to substantiate reported performance.

ESTABLISHMENT OF PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM

- a) According to chapter four of the Amended Local Government Municipal Staff Regulations, A Municipality must adopt a performance management system that complies with the provisions made in chapter 4 of the staff regulations.
- b) The PMDS must be collaborative, transparent and fair.: in that it must be consultative, supportive and non-discriminatory manner in order to enhance organisational efficiency, effectiveness and accountability.
- c) The PMDS system must reasonably link to the municipalities strategic objectives, IDP and SDBIP of the relevant municipal department.
- d) The PMDS system must be developmental while allowing for an effective response and measures to measure substandard performance and recognition and reinforcement of fully effective performance, performance significantly above expectations and outstanding performance.

PARTICIPATION IN THE PERFORMANCE MANAGEMENT SYSTEM

An appointed employee, including employees on probation, appointed for a period of not less than 12 months, shall participate in the performance management system.

Employees employed in the last four (4) months of a financial year shall not be required to participate in the performance management, however, the employer and employee shall set performance targets for probationary purposes.

Performance of an employee who resigns within the first four (4) months of a financial year shall not be assessed in the performance assessment of that financial year, and no bonus shall be allocated.

An employee put on extended probation shall be assessed in line with the probation management as well as performance management policy

A performance related award is at the discretion of the municipality and may be awarded to a staff member who has served the full assessment period of 12 months on 30 June of each financial year of a municipality; transferred or seconded during the performance cycle within the municipality

Who is on uninterrupted leave for 3 months or longer

Who is on approved maternity leave for more than 3 months; and who received a performance rating of performance significantly above expectations or outstanding performance during a performance cycle after moderation of performance results.. It may not be awarded to a staff member appointed after 1 July of that performance cycle

Who is serving a probation as stipulated in regulation 23;

Who's performance period is less than 12 months

Who's employment is on a fixed term duration of less than 12 months; or whos post was upgraded without change in performance management.

PERFORMANCE BONUS CALCULATION

Performance bonus for employees below s56 managers

A performance bonus of permanent employee of the municipality shall be calculated at a specific percentage (%) of the employee's annual salary, and a performance cash bonus shall be rewarded as such. A municipality may not spend more than 1.5% of its annual salary and wage bill for staff performance rewards.

Performance bonus for municipal employees

Municipal employees shall be able to qualify for performance bonuses according to the following score:

- a) A score of 101% to 129 % is awarded a performance bonus of 4%, of the total annual salary.
- b) A score of 130% to 149% is awarded a performance bonus of 7% of the total annual salary.
- c) A score of 150 % and above is awarded a performance bonus of 10% of the total annual salary.

FINAL SCORE	BONUS/REWARD
150% and above	10% of the annual salary
130% to 149%	7% of the annual salary
100% to 129%	4% of the annual salary
99% and below	Recommended Performance Counselling

SCHEDULE OF PERFORMANCE EVALUATIONS (Reviews)

Individual performance reviews shall, similarly as the SDBIP evaluations be conducted quarterly, at the end of each quarter.

Quarter	Months	Completion date
Quarter One (1)	01 st July – 30 th September	27 September
Quarter Two (2)	01 st October – 31 st December	10 January
Quarter Three (3)	01 st January – 31 st March	28 March
Quarter Four (4)	01 st April – 30 th June	25 June

EVALUATION/REVIEW PANEL

Moderation Committees

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

Performance moderation processes must 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.

The departmental performance moderation committees shall be constituted as follows:

- a) The relevant heads of departments, who must act as chairpersons in the committees.
- b) All managers directly accountable to the heads of departments, who must 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.
- d) The purpose of the departmental performance moderation committee is to-
- e) conduct moderation of annual staff 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.
- f) Assess and compare the performance and contribution of each staff member with his or her peers towards the achievement of departmental goals.
- g) 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;
- h) Determine the cost implications for recognition of performance of all staff members within the department;
- i) Recommend the moderated performance scores for all staff members to the municipal moderating committee for approval;
- j) Ensure that performance rewards are based on affordability;
- k) Consider the impact of the performance assessments on financial rewards and options for various forms of recognition;
- l) Recommend performance rewards as well as remedial actions for performance considered to be below effective performance; and
- m) Ensure that the integrity of the performance management and development system is protected.
- n) 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 evidence or information to support the performance ratings, the departmental moderation committee may not reassess, amend or adjust the performance ratings of a staff member, but may refer the assessment back to the relevant supervisor for reassessment in consultation with



the affected staff member. **The reassessment must be conducted within 14 days, after being referred back**

- o) Upon conclusion of the reassessment, the departmental moderation committee may reconvene to moderate the assessment of the staff member concerned.
- p) 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.
- q) The affected staff member must be consulted and be offered an opportunity to respond.

The purpose of the municipal moderation committee is to-

- a) provide oversight over the staff 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 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.

Evaluation for Managers TASK Grade 14-19	Evaluations for permanent employees TASK Grade 13 and below
1. Director 2. Immediate superior (<i>if immediate superior is not the Director</i>) 3. Corporate Services Director 4. For Corporate Services employees – any other Director/ Senior Manager nominated by the Municipal Manager	1. Immediate Superior 2. Head of Department 3. Corporate Services Representative

PERSONAL DEVELOPMENT PLAN (PDP)

The development plan is a plan of what development interventions shall be undertaken to bridge the gap between the required level of competence and the employee’s actual level of competence and thus bring the employee to the desired competency level.

Areas of development/ intended action shall be identified during performance reviews, and these shall be documented for inclusion in the employee’s personal development plan.

Training interventions shall be identified by the employee and his supervisor. However, the employer may choose to include other training requirements as deemed necessary.

Personal Development plans shall be included as an annexure to the performance agreements of employees.

The identified and prioritised training interventions shall be included in the municipality's workplace skills plan and related processes.

Personal Development plan should be tabled as per the example below:

Developmental Areas Identified (Current Skills Gap)	Appropriate Skills Development Programme proposed	Academic Qualification	Expected Outcome
Public Administration	N/A	Bachelor's Degree in Public Administration	Competency in public administration
Microsoft Excel	Advanced Excel	N/A	Advanced knowledge of Excel

COMPETENCY PLAN

The competency plan is a plan of what competencies (soft skills, abilities, and attitude) the employee must acquire to be able to perform and deliver on the set objectives effectively. It entails the determination of the gap between the required level of competence and the employee's actual level of competence.

Identified competency required	Action plan to address competency needs	Participants achieving competencies	in Desired Outcome(s)
Incompatibility	Team collaborative work activities	All surrounding posts	Compatibility with the workforce and the municipality

CONSEQUENCE MANAGEMENT

Improving Performance

In order to improve performance, the municipality shall, over the performance management phases, analyse the contributory factors to poor performance through coaching sessions from top to lower levels of employees and implement strategies to improve performance within a performance cycle. These shall include, inter alia:



The immediate supervisor and Head of Department shall engage the employee to identify any underlying issues which affect employee performance.

The employee, the immediate supervisor and Head of Department shall adjust and set clear performance targets in line with the job description, without compromising the expected standard of performance.

The immediate superior shall make strides at guiding employee performance towards performance improvement.

The employee, the immediate supervisor and Head of Department shall agree on required training and support needed to improve performance.

Employee training needs shall be included in the employee's personal development plans.

On critical instances, the Head of Department shall formally request the Corporate Services Department to, within reasonable means, expedite training to improve employee performance.

Non-improvement of performance may result in the institution of disciplinary proceedings against the employee.

MANAGING SUB STANDARD PERFORMANCE

A staff member who receives a performance rating below 3 in terms of the Five-Point

Rating table in regulation 38(2) must-

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

The personal development plan must 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 meeting to assess improvements and provide feedback; and
- e) details of the potential consequences in the event that there is no improvement in performance.

The meetings to assess improvements and to provide a feed-back must be recorded in writing.

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

The following alternatives must 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.

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

DISPUTE MECHANISM

In the event of a dispute or grievance on performance reviews results the following shall be adhered to:

- a) Any dispute about performance objectives or targets must be mediated by the relevant head of department 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.

- b) Any dispute relating to the conclusion of the performance agreement or an amendment to the performance agreement, must be referred to the head of the relevant department not later than five days of lodging the grievance in terms of the applicable procedures.
- c) A dispute contemplated in sub-regulation (2) must be resolved within one month of receipt of the dispute by the head of the department, after-
- d) considering the representation from the staff member concerned and his or her supervisor; and (b) consultation with the head of human resources, failing which if the dispute is unresolved, the employee may refer it to the office of the Municipal Manager.
- e) The Municipal Manager will attempt to resolve within 10 working days from the date of receipt.
- f) A staff member who is not satisfied with the outcome of the procedure in sub-regulation (3), may lodge a dispute in terms of the dispute resolution mechanisms of the bargaining council.

REVIEW OF THE PERFORMANCE MANAGEMENT POLICY

The municipality shall review its performance management policy on an annual basis, or when necessary.

GENERAL

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

COMMENCEMENT

This policy shall come into effect after the date of adoption by Council.

COMPLIANCE AND ENFORCEMENT

Violation of or non-compliance with this policy shall give a just cause for disciplinary steps to be taken; It shall be the responsibility of all Employees,

Supervisors, Managers, Executive Committee and Council to enforce compliance with this policy.