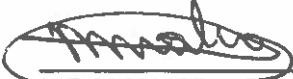



PMS FRAMENWORK



APPROVED BY:


MR M NAKO
MUNICIPAL MANAGER
DATE: 19/06/2025

APPROVED BY:


CLLR JANDA
EXECUTIVE MAYOR
DATE: 19/06/2025

Contact Details

<i>Contact</i>	The Municipal Manager, Mkhululi Nako
<i>Postal address</i>	<i>P.O. Box 25 Dutywa 5000</i>
<i>Physical address</i>	<i>Same as above</i>
<i>Telephone</i>	<i>047 489 5800</i>
<i>Facsimile</i>	<i>047 489 1137</i>
<i>Website</i>	<i>www.mhashemun.gov.za</i>

Version Control

Date Version

Comment

Version 1 2025/26 FY

CHAPTER 1

1.1 Introduction

1.2 Legal Authority, Context and Statutory Requirements²

1.2.1 The National Constitution (1996) (RSA Constitution)..... 2
1.2.2 The White Paper on Local Government (1998) 3
1.2.3 Batho Pele Principles (1998) 3
1.2.4 The Municipal Systems Act (2000)..... 4
1.2.5 Municipal Planning and Performance Management Regulations (2001) . 4
1.2.6 Municipal Finance Management Act (2003)4
1.2.7 Municipal Performance Management Regulations (2006)4

1.3 Objectives and Benefits of a Performance Management System

1.3.1 Facilitate increased accountability and oversight..... 5
1.3.2 Facilitate learning and development 5
1.3.3 Provide early warning signals..... 5
1.3.4 Facilitate decision - making..... 5

1.4 Benefits of an Individual Performance Management.....6

1.5 Principles Governing Performance Management 6

1.5.1 Simplicity 6
1.5.2 Politically driven..... 6
1.5.3 Incremental implementation 6
1.5.4 Transparency and accountability 6
1.5.5 Integration..... 7
1.5.6 Objectivity..... 7

1.6 Alignment to the Integrated Development Planning (IDP) methodology

1.6.1 5 key performance areas for Local Government.....8

1.7 Service Delivery and Budget Implementation Plan9

CHAPTER 2

2.1 Monitor, Evaluate and Review

2.2 Monitoring (What is happening?)

2.3 Evaluation (Making sense of what is happening)

2.4 Review (Deciding on and making the relevant change)

2.5 The Cycles of Organisational Performance Management

2.5.1 Co-ordination

2.5.2 Performance Planning

2.5.3 Measurement and Analysis

2.5.4 Performance Reporting & Reviews

2.5.5 Departmental Reviews

2.5.6 Municipal Manager's Review Panel

2.5.7 Executive Mayor's Review Panel

2.5.8 Performance Audit Committee Reviews

2.5.9 Council Reviews

2.5.10 Public Reviews

2.6 Critical dates and timelines

CHAPTER 3

3.1 Auditing and Quality Control

3.1.1 Quality Control and Co-ordination

3.1.2 Performance Investigations

3.1.3 Internal Audit

3.1.4 Performance Audit Committee

3.1.5 Performance Evaluation Panel

3.1.6 Review Process

CHAPTER 4

4.1 Process & Scoring

CHAPTER 5

5.1 Roles and Responsibilities

5.2 Evaluation and Improvement of the PM System

5.2.1 Electronic Performance Management System

5.2.2 Framework review

CHAPTER 6

6.1 Performance Management of External Contractors/ Service Providers

Conclusion

CHAPTER 1

1.1 INTRODUCTION

This document is a framework that defines the overview of Mbhashe Local Municipality's Performance Management System (PMS). This Framework aims to act as a tool to strengthen the performance-driven culture of this authority. It depicts the performance environment and outlines the key systematic procedures (processes) and approach (cycle) on how the system will operate and be managed or organised from planning, monitoring, measurement, review, reporting and improved whilst also defining or clarifying roles and responsibilities for the key role players.

It arises out of a number of revisions of previous Performance Management Frameworks (PMF) compiled, reviewed and adopted by Mbhashe Local Municipality from December 2009. The basis of reviews and revisions are done in order to respond to the experiences of implementation, legislative requirements and alignment with the District Performance Management Framework in order to facilitate support. It replaces the PMF approved and adopted by the Council in May 2016.

The framework constitutes council policy with regards to:

- The requirements that a PMS will need to fulfil,
- The principles that will inform its development and application,
- A model that describes what areas of performance will be managed,
- What processes will be followed in managing performance,
- What institutional arrangements are necessary for this,
- Who will take responsibility for parts of the system, and
- How this links to personnel or individual performance management, especially Section 54 (A) 56 (s56) Municipal Systems Act (MSA) managers and below.

In other words, the framework is a documented record of the municipality's performance management system as it will be implemented. Performance Management is a term that we frequently use but it is one that is not always understood. Performance Management is not solely concerned with the monitoring of performance indicators (PIs) but is a tool to drive improvement on performance across the authority.

What is performance management?

Performance Management is a process which measures the implementation of the organisation's strategy. At Local Government level this has become an imperative, with economic development, transformation, governance, and finance and service delivery being the critical elements in terms of Local Government Strategy. Performance Management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met. National Government has also found it necessary to institutionalize and provide legislation on the Performance Management Process for Local Government.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players."

Performance Management, therefore, is not only relevant to the organisation as a whole, but also to the Individuals employed in the organization as well as the External Service Providers.

Mbhashe Local Municipality Organisational Performance Management Framework

Given this background, it is important that a framework for Performance Management be established, implemented and monitored.

Aims of the framework

This framework aims to:

- Clarify definitions and standards for performance information in support of regular audits of such information where appropriate.
- Improve integrated structures, systems and processes required to manage performance information.
- Promote accountability and transparency by providing parliament, provincial legislatures, municipal councils and the public with timely, accessible and accurate performance information.

1.2 LEGAL AUTHORITY, CONTEXT AND STATUTORY REQUIREMENTS

The Constitution of RSA (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of Performance management, with reference to the principles of interalia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,
- to be responsive to the needs of the community, and
- to facilitate a culture of public service and accountability amongst staff.

The PMF is then developed in line with mandates and legislation that govern Performance Management (PM) in local government. The compliance of this framework is then linked to the following applicable policy prerogatives :

- The Constitution of the Republic of South Africa Act No 108 of 1996
- The White Paper on Local Government (1998)
- Batho Pele Principles (1998)
- Municipal Systems Act No. 32 of 2000
- Municipal Planning and Performance Management Regulations 2001
- Municipal Finance Management Act No. 56 of 2003
- Municipal Planning and Performance Management Regulations 2006

1.2.1 The RSA Constitution (1996)

The Constitution is the founding legal document framing local government. Chapter 7 of The Constitution establishes the sphere of local government and forms the premise for subsequent policy and legislative documents on local government.

Chapter 7, states the "Objects of local government", Section 152 (1), as the following –

- (a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;

Mbhashe Local Municipality Organisational Performance Management Framework

- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of communities and community organizations in the matters of local government.

152 (2) mentions that a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

Section 153, Developmental duties of municipalities, states that a municipality must -

- (a) secure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- (b) Participate in national and provincial development programmes.

The Constitution does not make explicit mention of the development and implementation of a performance management system, but the importance of the effective provision of services, accountability, development and management are mentioned. The subsequent White Paper on Local Government (1998) brings forth the idea of a performance management system for municipalities.

1.2.2 The White Paper on Local Government (1998)

The White Paper on Local Government (1998) stated that local government should introduce the idea of *performance management system*.

The white paper acknowledges that, "involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system enhanced" (The White Paper on Local Government, 1998).

1.2.3 Batho Pele Principles (1998)

The White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service. Our municipality is duty bound to uphold these principles:

Consultation:

Communities should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services which are provided.

Service standards:

Communities should know what standard of service to expect.

Access:

All communities should have equal access to the services to which they are entitled.

Courtesy:

Communities should be treated with courtesy and consideration.

Information:

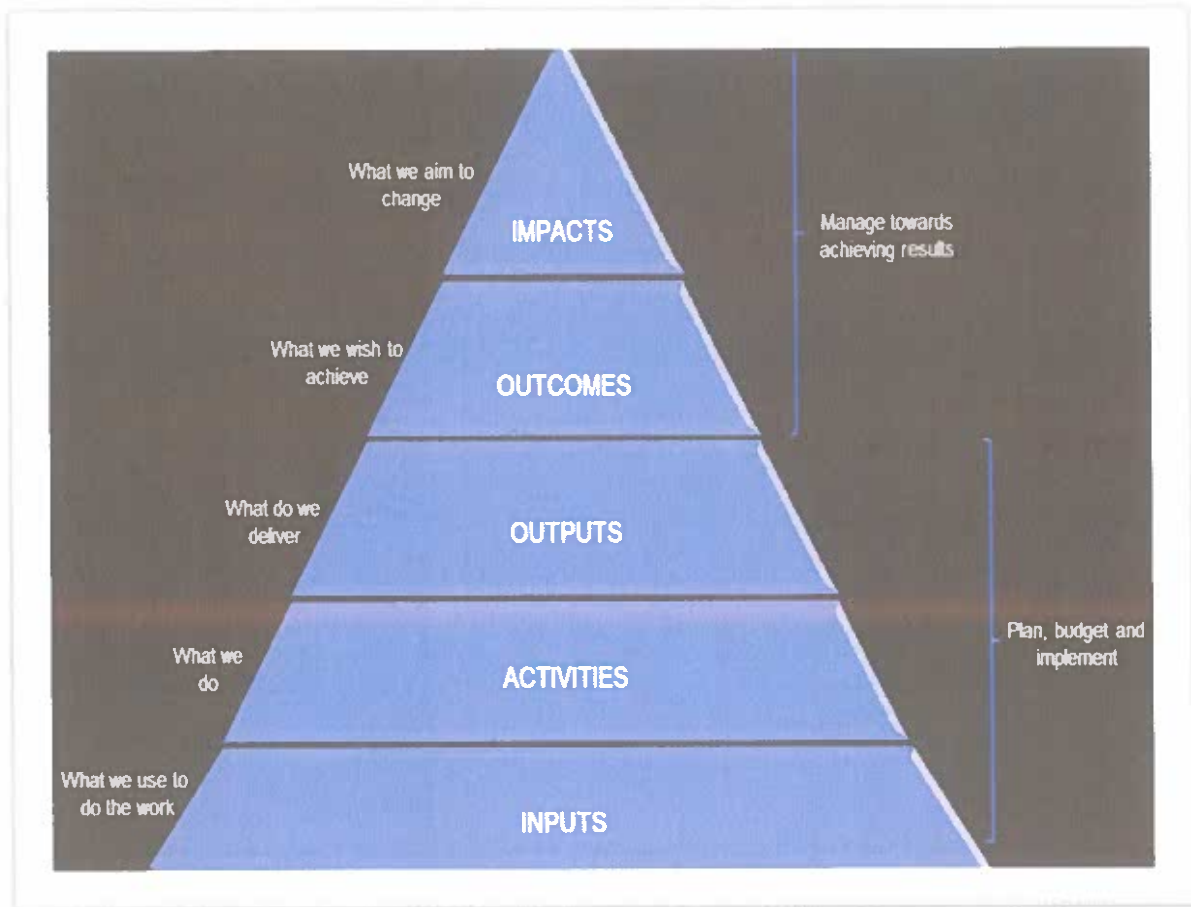
Communities should be given full and accurate information about the public services they are entitled to receive.

Openness and transparency:

Communities should know how departments are run, how resources are spent, and who is in charge of particular services.

1.7.1 Criteria for setting good indicators

In setting indicators it is important that one understand the core performance information concepts illustrated below.



And also the municipality will ensure that they adhere to the following principles:

1.7.1.1 Focused and Specific

Indicators should be clearly focused and stated unambiguously.

1.7.1.2 Measurable

An indicator should by definition contain a unit of measurement.

1.7.1.3 Valid and Relevant

Validity is the degree to which an indicator measures what is intended to be measured. This correlates strongly with the relevance of the indicator to the objective being measured. It is also important that the whole set of indicators chosen should be contextually relevant to the MLM and South African contexts.

1.7.2 Reliable

Reliability is the degree to which repeated measures, under exactly the same set of conditions will produce the same results. This is particularly relevant to those indicators that use ratios (formulas) and figures.

1.7.2.1 Simple

Good indicators will be simple, easy to communicate such that their relevance is apparent.

1.7.2.2 Minimise perverse consequences

Poorly chosen indicators, while nobly intended, can have perverse consequences in the behaviours it incentivizes. Chosen indicators should ensure that the performance behaviours likely to emerge from its pursuance are those that are intended to contribute to the objectives.

1.7.2.3 Data Availability

Good indicators will also rely on data that is, or intended to be, available on a regular basis.

1.7.3 Core Local Government Indicators

1.7.2.1. National Indicators

The municipality's performance management indicators will incorporate the following indicators prescribed by the Minister of Provincial and Local Government as per the Municipal Planning and Performance Management Regulations of 2001:

1. The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;
2. The percentage of households earning less than R1100 per month with access to free basic services;
3. The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan;
4. The number of jobs created through municipality's local economic development initiatives including capital projects;
5. The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;
6. The percentage of a municipality's budget actually spent on implementing its workplace skills plan; and
7. Financial viability as expressed by the following ratios:

(i)
$$A = \frac{B - C}{D}$$

Where -

"A" represents debt coverage

"B" represents total operating revenue received

"C" represents operating grants

"D" represents debt service payments (i.e. interest + redemption) due within the financial year;

(ii)
$$A = \frac{B}{C}$$

Where -

"A" represents outstanding service debtors to revenue

"B" represents total outstanding service debtors

"C" represents annual revenue actually received for services;

(iii)
$$A = \frac{B + C}{D}$$

Where -

"A" represents cost coverage

"B" represents all available cash at a particular time

"C" represents investments "D" represents monthly fixed operating expenditure.

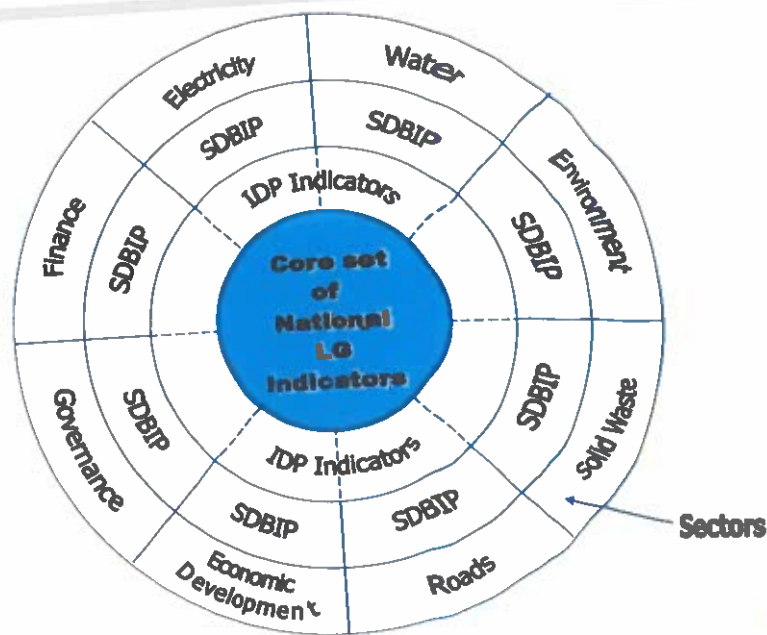
While there is no legal requirement to incorporate any other local government performance monitoring indicators used by other spheres of government other than those prescribed by the

Minister, MLM will, in addition to indicators prescribed by the Minister, as practically feasible as possible incorporate the core set of local government indicators used by other spheres of government into its performance management system. Among these will be the indicators for other awards for Municipal Performance Excellence for the following reasons:

- It will ensure that the municipality is tracking its performance in line with national priorities, at least the indicators that are valued nationally.
- It will ensure that the municipality has the performance information on hand to enter the Awards

It will allow benchmarking and comparison with other municipalities who are also using the same set of indicators.

A core set of Local Government indicators



pdg

12

Figure 1: Local Government Indicators

The schematic above suggests an approach to incorporating a core set of LG indicators such as those used in other Awards into a municipal set of indicators. It notes that they need to be complemented for local use with IDP indicators and SDBIP indicators. Other sets of indicators deemed to be important, in each sector, such as the Waste Management sector benchmarking indicators can be included.

There is also a national initiative aimed at establishing a Local Government Management Improvement Model (LGMIM), which intends to include a core set of local government indicators. If these differ from the indicators, and are available in time, they may be included as part of the municipality's scorecard.

CHAPTER 2

2.1 MONITOR, EVALUATE AND REVIEW

International experience in both the private and public sectors has shown that traditional approaches to measuring performance, which have been heavily reliant on only financial measures, are severely lacking. The performance management system measures organisation performance with regards to meeting its strategic goals (service delivery targets) together with

Mbhashe Local Municipality Organisational Performance Management Framework

Audit Committee	Oversight review	<ul style="list-style-type: none">• Must meet at least twice during the financial year• Review quarterly reports• Review the municipality's performance management system and make recommendations to Council• Submit an audit report to Council at least twice during the financial year
-----------------	------------------	--

5.2 Evaluation and Improvement of the Performance Management System

The Municipal Systems Act requires the municipality to annually evaluate its performance management system. It is proposed that after the full cycle of the annual review is complete, the performance management team will initiate an evaluation report annually, taking into account the input provided by departments. This report will then be discussed by the Management Team and finally submitted to the Executive Committee for discussion and approval. The evaluation should assess:

- The adherence of the performance management system to the Municipal Systems Act.
- The attainment of the benefits for a performance management system captured in Section 1 of this document.
- The adherence of the performance management system to the objectives and principles captured in Section 1 of this document.
- Opportunities for improvement and a proposed action plan.

It must once again be emphasised that there are no definitive solutions to managing municipal performance. The process of implementing a performance management system must be seen as a learning process, where there is a conscious buy-in to incremental improvement of the way the system works in order to fulfil the objectives of the system and address the emerging challenges from a constantly changing environment.

5.3 FRAMEWORK REVIEW

This Framework will be reviewed or amended annually and the amendments must be approved by Council.

CHAPTER 6

6.1 PERFORMANCE MANAGEMENT OF EXTERNAL CONTRACTORS/SERVICE PROVIDERS

A municipal service can be provided by the Municipality by entering into a Service Delivery Agreement in terms of Section 76(b) of the Municipal System Act with an external service provider. The Municipality is responsible for monitoring and assessing the implementation of the agreement, including the performance of the service provider in accordance with section 41 of the Municipal Systems Act.

The service level agreement must serve as a reference tool in respect of obligations attached to the contractual relationship between the Municipality and the external service provider/contractor. The service level agreement must be attached to a fixed time-line and must indicate the starting date, end date and performance milestones, set in line with the Municipality's framework for the development of key performance indicators and targets.

The project manager must evaluate the performance of the service provider/contractor in line with performance intervals and upload such information on the Contractor Management Information System, in line with reporting time lines on institutional performance. Non-performance/ Non delivery of contractual obligations must result in the payment of services being withheld by the Municipality, the contract terminated and the service provider/contractor blacklisted.

CONCLUSION

This framework provides a guide for the measurement of organisational performance. It is subject to change due to new legislative requirements which occur from time to time. Performance is a consultative process and it needs to be clearly understood by all levels of staff and management, so that each individual in the municipality can play a role in meeting the vision of the organisation. Clearly in order to achieve this, the municipality and its employees need to establish a culture of performance driven management.

POLICY GOVERNANCE

PMS Framework

Policy Governance

Policy Title	PMS Framework	
Policy Version	2025/26	
<u>Role & Process</u>	<u>Responsible Individual Name and/or Date</u>	<u>Responsibility Accepted Signature</u>
<i>Senior Manager Operations</i>		
Policy Custodian		
Policy Author		
Council Approval Date		
Council Approval Reference		

Mbhashe Local Municipality Organisational Performance Management Framework

(UNIT) eg. PMS Officer & Strategic Manager		
Policy Approved		
Policy Inception Date		
Review Start Date		
Review Completion Date		
Legislative References		
Policy Review "Triggers"		
Comments		