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A BETTER PLACE FOR ALL

INDIVIDUAL PERFORMANCE MANAGEMENT POLICY OF DR NKOSAZANA DLAMINI-ZUMA MUNICIPALITY

Date Approved:	29 May 2025
Effective Date:	2025/2026

1. INTRODUCTION

The Local Government: Municipal Staff Regulations, published on the 20th of September 2021, further provide regulations of which Chapter 4 of this Act specifically deals with details of how performance management should be applied in local authorities.

The purpose of this policy is to manage the performance management of junior staff members (starting from Officers downwards) and to govern the incentive and reward arrangements that shall be applicable to members after assessments.

Whereas Dr Nkosazana Dlamini-Zuma Municipality accepts that its employees are its asset and key to its ability to fulfil its mission and vision and achieve its strategic objectives. Therefore, the Municipality endeavors to provide the organization with a framework and tools necessary to ensure that a culture of performance management is developed and managed in a formal and accountable manner.

NOW THEREFORE BE IT ENACTED that the Municipality adopts the Individual Performance Management System Policy.

2. DEFINITIONS

- 2.1. Annual Performance Assessment:** means the final performance or review of an employee that takes place at the end of the performance cycle.
- 2.2. Core Management Criteria /CMC:** means an element of knowledge, skill, or attribute that is directly related to effective performance in a job.
- 2.3. Feedback:** means objective and timely information by the manager/supervisor on the employee's performance against set expectations and standards, understood by the staff member, and aimed at improving performance.
- 2.4. Key Performance Area:** means an area of a job in which performance is critical for making an effective contribution to the achievement of Municipal Strategies, goals, and objectives.
- 2.5. Output:** means a concrete result of achievement (i.e., product action or service) that contributes to the achievement of a Key Performance Area.

- 2.6. Performance Agreement:** means a document agreed upon and signed by an employee and his or her supervisor, which includes a description of the job, selected KPA and CMC, a work plan, and the employee's Personal Development Plan.
- 2.7. Performance/Work Plan:** means a document which is part of the performance agreement, and which contains Key Performance Areas, associated output/activities, and their performance standards and resource requirements.
- 2.8. Performance Review:** means a structured and formal, at least half-yearly, discussion between supervisor and employee to monitor progress, resolve problems, and adjust work plans during the performance cycle, thereby providing an opportunity for improvement before the annual review takes place.
- 2.9. Performance Cycle:** means a 12 (twelve) month period for which performance is planned, managed, and assessed. It must be aligned to the same period as the Municipal Integrated Development Plan (i.e., July to 30 June of the following year).
- 2.10. Performance Standard:** means mutually agreed-upon criteria to describe the work in terms of timeline, cost, and quality to clarify the output and related activities of a job by describing what the required result should be. In this framework, performance standards are divided into indicators and the time factor.
- 2.11. Performance Indicator:** means a measure used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
- 2.12. Performance Incentive/Awards:** means a set of non-financial rewards that may be contained in the municipal performance scheme.
- 2.13. Rating:** means the allocation of a score to a KPA and/or overall performance under the five-point rating scale.

3. LEGAL FRAMEWORK

- 3.1. Labour Relations Act 66 of 1995
- 3.2. Skills development Act 97 of 1998
- 3.3. Basic Conditions of Employment Act 75 of 1997
- 3.4. Local Government: Municipal Systems Act 32 of 2000
- 3.5. South African Local Government Bargaining Council Main Collective Agreement

4. OBJECTIVES OF THE POLICY

- 4.1. The objective of this policy is to establish a set of appropriate key performance indicators for measuring performance, including outcomes and impact with regard to the municipality's development priorities and objectives set out in its IDP. This policy aims to achieve the following outcomes:
- To capacitate employees to manage their performance by setting objectives and goals for all parties, and attainment is easily measured and verified.
 - To develop employees to ensure that performance targets are met and recognized, and/or reward instances where performance exceeds the output criteria;
 - To provide standards and procedures according to which an employee's performance shall be managed.

5. SCOPE OF THE POLICY

- 5.1. This policy shall apply to all employees of the Dr Nkosazana Dlamini-Zuma Municipality;
- 5.2. This policy shall not apply to councilors or any other member of the council.
- 5.3. This policy shall remain applicable as long as in force and/or until such a period that it is reviewed and/or set aside by the Municipality or any other institution with the authority to do so.

6. GUIDING PRINCIPLES

- 6.1. Performance Management processes shall be developmental, and allow for recognition of above average performance and for effective response for performance that is below average;
- 6.2. Performance management serves as an ongoing process that involves planning, assessment, reviewing, and rewarding.
- 6.3. Manage performance in a consultative, supportive and non-discriminatory, fair, and consistent manner.

7. PERFORMANCE CYCLE

- 7.1. The performance cycle is twelve (12) months and shall commence 1st of July to the 30th of June in the following calendar year.
- 7.2. The targets of each employee for every performance cycle will be linked to the achievement of IDP and SDBIP objectives, which represent the targets of the Municipality as a whole.

8. INDIVIDUAL PERFORMANCE AGREEMENT/PLAN

- 8.1. All employees shall be required to enter into and sign a performance agreement with the Supervisor/Line managers, one month before the commencement of the performance cycle, or within one month after the date of assumption of duty of newly appointed employees.
- 8.2. Employees shall be provided with their Job Descriptions and a written contract of employment (employment letter) which includes the terms and conditions of her/his service.
- 8.3. The format of the performance Agreement shall be based on the IDP, Service Delivery and Implementation Plan (SDBIP), the employee's job description, and or the Strategic risk of the organization.
- 8.4. A Performance/Workplan containing the job Key Performance Areas (KPAs) and Key Performance Indicators (KPIs) as well as target dates shall be completed by the employee and his/her Supervisor/Line Manager.

9. PERSONAL DEVELOPMENT AND IMPROVEMENT PLAN

- 9.1. Development planning is one of the key outcomes of the Performance Management System, helping employees to improve their performance. Development Planning shall be conducted after every mid-year performance progress review in Quarter 3 (three), between the supervisor and employee, and shall include:
 - 9.1.1. Identification of training needs (i.e., skills gap) arising from the appraisal of performance and development against the Work Plan, i.e., training needs for the current.
 - 9.1.2. In the instance where an employee failed to meet the expected performance standard as agreed in the Performance plan, the supervisor and employee will have

to sit down and identify relevant training to assist in overcoming the identified shortcomings.

10. INDIVIDUAL PERFORMANCE MONITORING, REVIEW, AND ASSESSMENT

- 10.1. The departments shall conduct performance reviews as an integral part of the performance management and development system and as part of the monitoring process. The reviews must take place as often as practical and/or required by areas that need improvement, and if required, review of the performance Agreement/Plan.
- 10.2. Senior managers should ensure that performance assessments are conducted and reported Mid-year and annually. Annual appraisal shall be conducted at the end of the financial year, which shall be in August of each year. Performance Evaluations and or assessment of all employees shall be conducted on a bi-annual basis as set out in the table below;

ASSESSMENT QUARTER	ASSESSMENT PERIOD	REPORTS SUBMISSION DATE
First Quarter (One-on-One session)	July-September	30 th November
Second Quarter Formal	October- December	29 th February
Third Quarter (One-on-One session)	January - March	30 th May
Fourth Quarter (first quarter of the next financial year financial year) Formal	April-June	30 th August

- .3. The following five categories of performance shall be used for performance rating, review, and the annual assessment of employees;

LEVEL	TERMINOLOGY	Generic Rating Descriptions	RATING				
			1	2	3	4	5
1	Unacceptable Performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee 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 employee 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.					
2	Performance not Fully Effective	Performance is not fully effective and 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 employee has achieved below fully effective results against more than half of the key performance criteria and indicators as specified in the Performance Agreement and Performance Plan.					
3	Fully Effective Performance	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement and Performance Plan.					
4	Performance Significantly	Performance is significantly higher than the standard expected in the job. The					

LEVEL	TERMINOLOGY	Generic Rating Descriptions	RATING				
			1	2	3	4	5
	above Expectations	appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators, and fully achieved all others throughout the year.					
5	Outstanding Performance Achievement	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee 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. Excellent performance					

- 10.4. Performance reward shall be granted to an employee who has been 12 months in the position and has performed outstanding and above average. Performance reward enhances performance if well managed.

11. STEPS IN PERFORMANCE ASSESSMENTS

11.1. Self-Assessment- the employee whose performance is being assessed shall:

- Assess his/her progress according to his/her performance agreement and performance/work plan during the period under review and allocated performance rating;
- Bring to his/her supervisor's attention significant outputs that were delivered during the period, which are not contained in the performance plan and/or performance that he/she regards as meritorious.
- Provide inputs on areas of performance, which the manager identified and are not being fully effective.
- Review his/her performance agreement for validity.
- Discuss and initiate possible amendments to the performance agreement.

11.2. Supervisory Assessment- The supervisor shall, when assessing his/her subordinate;

- Assess employee's performance according to the performance agreement and the performance/work plan during the period under review and allocate a performance rating.
- Give recognition to the employee for good performance, and recognize the outputs that were delivered during the period under review.
- Recognize other significant outputs that were delivered during this period, which are not contained in the work plan that he/she regards as being meritorious.
- Identify performance areas which have been regarded as not fully effective and allow the employee opportunity to give his/her input during the session.
- If the supervisor and the employee agree on the overall score during the assessment, the supervisor then submits the provisional assessment to the next level of supervision for consideration and review. The provisional assessment ratings are then submitted to the assessment committee.

12. TARGET SUCCESS CRITERIA AND CALCULATIONS FOR AWARDING PERFORMANCE BONUS / REWARD

12.1. The assessment of the performance of an employee will be based on the following rating scale for KPAs / KPIs, or overall target success criteria will be assessed on a scale of 1 to 5 as follows:

- | | | |
|---|---|--|
| 1 | = | Unacceptable performance (69 and below) |
| 2 | = | Not fully effective (70% - 99%) |
| 3 | = | Fully Effective (100% - 129%) |
| 4 | = | Performance significantly above expectations (130% – 149%) |
| 5 | = | Outstanding Performance (150% and above) |

12.2. The following scoring methodologies shall be used by the individual, the Supervisor, and/or the panel members (whichever is applicable)

12.3. Individual scoring; shall score their key performance responsible areas on actual targets.

The panel scoring shall consider the following criteria when conducting the final assessment:

- Number of tasks completed vs the number of tasks planned.
- Number of tasks completed on time.

12.4. The following table will be used to determine payment or performance rewards to performance contract employees:

FINAL SCORE	REWARD
150 and above	2 days vacation leave at the Hotel/B&B around KZN for the incumbent departmental budget
130% to 149%	1 day vacation leave at the Hotel/B&B around KZN for the incumbent departmental budget
100% to 129%	Fully Effective – No performance reward
99% and below	Compulsory Performance Counselling and no performance reward

12.5. The rating and scoring mechanisms shall apply to all performance contract employees.

12.6. The final rating and scoring payments of performance rewards will be based on the annual performance review and assessment.

12.7. Such final rating and scoring will be verified and ratified by the respective performance review Panel as set out in this policy.

12.8. The following formula shall be used to calculate total scores for awarding performance to the performance rewards:

- Weight x Final score per KPA = V x 80% (for KPA) = score for each KPA
- Add up all KPA scores to get a total sum = W
- Weight x Final scores per CMC = Y x 20% (for KPA) scores for each CCR
- Add up all CCR scores to get a total sum = Z
- W + Z = Total score (percentage).

12.9. Notwithstanding 3.5 above, this score shall be out of 200 points, and the final rewards calculation shall be scored as follows: calculations of scores:

$$\text{KPA} = \text{total points} \times 80 / 100 = \text{answer}$$

13. ASSESSMENT COMMITTEE

- 13.1. The assessment committee shall receive the provisional assessment rating of all employees reporting to it, review and compare to validate the rating. The assessment committee shall then confirm and approve the final assessment rating score.
- 13.2. The Assessment Committee shall be chaired by the Senior Manager: Corporate Services with members comprising of the Senior Managers of the relevant Unit, Senior Manager from other respective department, PMS Official and Human Resources official serving as a scribe.
- 13.3. The assessment Committee shall monitor the performance management process by obtaining overall senses of whether norms and standards are being applied consistently to employees on the same level in the Municipality.
- 13.4. The assessment committee has the power to recommend downscaling of performance awards and the Municipal Manager has final decision.

14. PERFORMANCE FEEDBACK

This entire process of agreeing, monitoring and assessing the performance of the employee should be conducted in a participative and transparent manner. In particular the performance Agreement and the final assessment scores are required to be signed by both the supervisor and employee.

15. POOR PERFORMANCE

- 15.1. Supervisors are responsible for firstly identify and the deal with poor/or unacceptable performance of all employees under their supervision within the performance cycle.
- 15.2. The rating of the employee's performance as "unsatisfactory" at the annual performance appraisal discussion should not be the first indication of the employee's shortcomings.
- 15.3. The performance control, monitoring, and development stage, including the performance reviews, provides the opportunity to ensure this does not happen.


- 15.4. Intervention by the supervisor to overcome performance shortfall on the part of the employee can include any or all of the following;
- Personal counselling.
 - On-the-job coaching.
 - Formal training/retraining.
 - Work environment audits to establish if there are other factors affecting performance.
- 15.5. Should the employee not respond to reasonable attempts to improve performance and an overall performance assessment score of less than 40% in the result of the appraisal process, the employee must be formally referred to counselling and advised on this in writing.
- 15.6. In the event of failure of all necessary corrective measures as prescribed in 15.4, disciplinary processes will be unfolded, which may amount to dismissal.

16. POLICY REVIEW AND REPORT

The policy document shall be reviewed annually to give effect to the Council resolutions, changes in collective agreements or legislation, and submitted as part of the budget approval process.

COUNCIL APPROVAL AND EFFECTIVE DATE

Approval of Policy by Council and Effective date: -----


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MUNICIPAL MANAGER

09 MAY 2025
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DATE