

City of Johannesburg

ANNEXURE 2

Group Performance Management Framework

August 2009

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1 INTRODUCTION

The City of Johannesburg has implemented an integrated performance management system since June 2001 in order to comply with the legislative requirements as laid down by relevant legislation at the time, such as the Municipal Systems Act, 32 of 2000 and the Municipal Structures Act, 117 of 1998 and the Municipal Structures Amendment Act, 2000.

Since the initial drafting and implementation of the performance management system and policy, the City has undertaken a number of reviews of the system driven by the desire to ensure that the system:

- conforms to key legislative and regulatory amendments i.e. The introduction of new legislation and regulations such as the Municipal Finance Management Act, 56 of 2003, the Municipal Systems Amendment Act, 44 of 2003, the Local Government: Municipal Performance Management and Planning Regulations, 22605 of 2001 and the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006;
- Conforms to best practice with regard to design and implementation; and
- To ensure that the system is an appropriate mechanism through which the performance of the City at all levels can be optimised, employees motivated, developed and rewarded, and the goals of the organisation achieved.

These periodic reviews have necessitated the adoption of specific changes which have resulted in improvements to governance, and individual as well as institutional performance management practices, *but*:

- Integrated planning and performance management remains a challenge – with oversight of the performance of the City and its entities still incomplete and open to risk. Despite dotted lines between the Managing Directors or Chief Executive Officers (MDs/ CEOs) and the City Manager, coordination has not been formalised;
- Challenges relating to establishing a collaborative citywide integrated service delivery approach to meeting the objectives espoused in the City's Growth and Development Strategy (GDS) and the sector plans contained in the Integrated Development Plan (IDP) have not been fully addressed;
- Challenges still exist in terms of the establishment of a shared philosophy to performance management across the City of Johannesburg "Group";
- The diverse performance management practices for the core municipal departments and the Municipal Entities has limited the City's role in monitoring and assessing the citywide performance and progress in the implementation of service delivery agreements. There is a clear need for alignment of the performance management practices for consistency and improved assessment of achievements and progress;

- The lack of uniformity and consistency in performance indicators for the implementation of the IDP by Municipal Entities and core municipal departments results in distorted reports on service delivery achievements;
- Different perspectives of the roles to be performed by various parties in respect of the performance management cycle have resulted in gaps, duplications and inefficiencies;
- Some of the recommendations formulated to enhance the City's approach to performance management are yet to be implemented. A drive to close existing gaps is now necessary;
- Oversight of municipal entity performance is a key responsibility of the City, as a parent municipality, however the mechanisms for ensuring that this is carried out may not necessarily have been developed; and
- There is a need for creating a balance between the need for "overarching uniformity and integration" and "decentralised municipal entity oversight".

It is against this backdrop that the City has proposed and developed a Group performance management framework.

2 LEGISLATIVE FRAMEWORK

The Acts and Regulations that constitute the legal framework for the Integrated Development Planning process, municipal performance management and the Service Delivery and Budget Implementation Plan (SDBIP) are set out in the tables below. Some of the more salient provisions are discussed briefly.

The Constitution, Act 108 of 1996

The Constitution provides that municipalities in South Africa must:

- Provide democratic and accountable government for local communities;
- Ensure the provision of services to communities in sustainable manner;
- Promote social and economic development;
- Promote a safe and healthy environment; and
- Encourage the involvement of communities and community organisations in the matters of local government.

The performance of municipalities must be monitored and managed to ensure the achievement of these constitutional provisions.

White Paper on Service Delivery (Batho Pele) 1998

The performance management system must be based on and should give effect to the eight Batho Pele principles of improved service delivery as outlined in and required by the White Paper on Service Delivery. The principles are as follows:

- Consultation;
- Service Standards;
- Access;
- Courtesy;
- Information;
- Openness/ Transparency;
- Redress; and
- Value for Money.

The Local Government: Municipal Structures Act, 117 of 1998

In section 19 (1) the Act specifies that a municipal council must strive within its capacity to achieve the objectives set out in section 152 of the Constitution and annually review its overall performance in achieving them.

Section 44 (3) states the executive committee, in performing its duties, must review the performance of the municipality in order to improve:

- (i) The economy, efficiency and effectiveness of the municipality.

The Local Government: Municipal Systems Act, 32 of 2000 (MSA)

The MSA sets out the legal framework for performance management as a means to measure, evaluate and report on the implementation of the Integrated Development Plan (IDP):

- Chapter 6 of the MSA provides for the establishment, monitoring and review of the performance management system as well as reporting on the organisational performance achievements against the IDP indicators and targets.
- Section 57 of the MSA requires the Municipal Manager and the managers directly accountable to the Municipal Manager (Section 57 employees) to sign annual performance agreements and plans, with a set of performance measures to assess individual achievement against the plans. The performance plans must be aligned to the SDBIP that are based on the IDP.
- According to section 67 of the MSA, a municipality must implement systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the monitoring, measuring and evaluating of staff performance.
- The MSA, in section 81(b), states that the municipality must monitor and assess the performance of a service provider (or municipal entity) in implementing the service delivery agreement (where applicable).
- Section 26 of the *Local Government: Municipal Systems Amendment Act, 44 Of 2003* provides that a parent municipality which has sole control of a municipal entity or effective control in the case of a municipal entity which is a private company:
 - (a) Must ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity's multi-year business plan in accordance with section 87(5)(d) of the Municipal Finance Management Act; and
 - (b) Must monitor and annually review as part of the municipal entity's annual budget process as set out in section 87 of the Municipal Finance Management Act, the performance of the municipal entity against the agreed performance objectives and indicators; and
 - (c) May liquidate and disestablish the municipal entity-
 - (I) Following an annual performance review, if the performance of the municipal entity is unsatisfactory..."

The Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA)

The MFMA contains various provisions relating to municipal performance management. It requires municipalities, in annual budget approval, to adopt an SDBIP with service delivery targets and performance indicators and compile an annual report, which must include a performance report compiled in terms of the MSA.

Pertinent provisions include:

- Section 16(2) requires that the municipality's annual budget to be accompanied by measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP.
- Section 53(1)(c) provides for the Mayor to ensure that performance agreements of Section 57 employees comply with the requirements of the MSA to promote sound financial management and are linked to the measurable performance objectives approved with the budget and included in the SDBIP.
- In terms of section 72 (1) (a) (iv), the accounting officer of a municipality must, by 25 January of each year, assess the performance of the municipality during the first half of the financial year, taking into account the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports from any such entities.
- The MFMA, section 165 (2) (b), requires each municipality and municipal entity to have an internal audit unit to advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to, inter alia, performance management.
- In turn, section 166 requires each municipality and municipal entity to have an audit committee to advise the municipal council, accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to inter alia, performance management and performance evaluation.

The Local Government: Municipal Performance Management Regulations, 2001

In 2001 the Minister responsible for local government published the Local Government: Municipal Planning and Performance Management Regulations, in terms of section 49 of the MSA. The Regulations provide for municipalities to ensure that the Performance Management System (PMS) complies with the requirements of the MSA, demonstrate the operation and management of the PMS, clarify roles and responsibilities, as well as ensure alignment with employee performance management and the IDP processes.

Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006

In 2006, the Department of Provincial and Local Government (**DPLG**) promulgated regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, setting out how their performance is to be planned, reviewed, improved and rewarded. The regulations provide for the conclusion of performance agreements and plans for these managers.

These pieces of legislation and regulations provide the basis for the formulation of the Group Performance Management framework.

3 GROUP PERFORMANCE MANAGEMENT FRAMEWORK OBJECTIVES

In developing a framework for group performance management, the City aims to achieve the following key objectives:

- **Improved regulatory and legislative compliance:** Through the adoption and implementation of key provisions that are contained in key legislation and regulations that govern performance management within local government;
- **Adoption of a shared philosophy** on how performance must be managed within the City Group through the establishment of such a philosophy;
- **Improvement of performance management governance mechanisms:** Through a detailed review of the various structures involved in the performance management process with a view to enhancing the capabilities and terms of reference for these structure;
- **Clarifying the roles** of the various structures involved in the performance management process; and
- **The tightening of integrated service delivery mechanisms** and how these must be applied during the performance management process.

Within this context, it is widely acknowledged that:

- To achieve the GDS and IDP objectives, there is a need for monitoring of performance at a City-wide level;
- To drive a common view of delivery, a common philosophy of City-wide performance management is necessary and that this needs to be established, without undermining the mandate of the City, its core departments, or the municipal entities and their Boards;
- A clear accountability framework in respect of City-wide performance management is necessary; and
- Greater integration and service delivery alignment is key.

4 GROUP PERFORMANCE MANAGEMENT PHILOSOPHY AND PRINCIPLES

The City is committed to developing a comprehensive system that allows for the management of the performance of the City as a Group and all employees within the City. This system must form the basis for managing the performance of Core Departments as well as Municipal Entities and the performance of Executive Directors and Managing Directors/ Chief Executive Officers respectively, and this is consistent with Section 26 of the *Local Government: Municipal Systems Amendment Act, 44 Of 2003* which provides that **a parent municipality which has sole control of a municipal entity or effective control in the case of a municipal entity which is a private company:**

- i.* Must ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity's multi-year business plan in accordance with section 87(5)(d) of the Municipal Finance Management Act; and
- ii.* Must monitor and annually review as part of the municipal entity's annual budget process as set out in section 87 of the Municipal Finance Management Act, the performance of the municipal entity against the agreed performance objectives and indicators; and
- iii.* May liquidate and disestablish the municipal entity- following an annual performance review, if the performance of the municipal entity is unsatisfactory.

Citywide performance management is therefore the process of strategic planning through which performance objectives for the City of Johannesburg Group are identified, based on the Growth and Development Strategy and the Integrated Development Plan, and then monitored and measured via the City Scorecard (the SDBIP). This is further translated into sector scorecards, departmental or municipal entity business plans, and performance scorecards for the various EDs and MDs/CEOs of the core departments and municipal entities respectively.

As such the performance of the City (Group) is integrally linked to that of its employees. If employees do not perform, the City will not be able to deliver on the strategies and objectives it has set out in the Integrated Development Plan. It is therefore important to manage both at the same time. The relationship between Group and employee performance therefore has to be managed throughout the performance management process.

At a Group level, the following key principles shall be applicable to performance management:

- Group performance requirements are contained in the City's IDP and City's scorecard (SDBIP) and subsequently translated into sector performance scorecards;
- Sector scorecards will serve to integrate and operationalise City service delivery priorities, as articulated in the IDP, and promote closer cooperation between the municipal entities and the core departments;
- The municipal entities and core departments of the City will collectively be held accountable for sector performance; and
- Accordingly sector priorities will be translated into business plans (Departmental and Municipal Entity) and individual scorecards for the Executive Directors and the Managing Directors/ Chief Executive Officers of the City's Core Departments and Municipal Entities respectively.

At an individual level, the following key principles shall be applicable to performance management:

- All employees of the City Group are responsible for achieving service delivery excellence through constantly improving on areas of individual performance and collective effort;
- Performance management is about actively communicating expectations, motivating success through constructive feedback, focusing on coaching and development, and ensuring delivery (The performance management system is not only a scoring mechanism!);
- Those who perform will be fairly recognised and rewarded;
- There will be consequences for those who do not perform; and
- Performance management is a process for which all are responsible.

5 THE CITY'S PERFORMANCE MANAGEMENT CYCLE

In line with legislative and regulatory requirements the City's performance management cycle begins on the 1st of July of each calendar year and shall end on the 30th of June of the subsequent calendar year. The performance management cycle reflects the key activities which take place during the performance management cycle. As such the performance management cycle of the City is made up of a number of distinctive but inter-related phases namely:

- **Performance Planning:** This is about jointly identifying institutional (group/ sector/ department/ municipal entity) as well as individual performance expectations and gaining employees' commitment to achieving these expectations.
- **Performance Execution (Including Monitoring and Coaching):** This happens throughout the performance management cycle. This is about jointly and individually implementing the performance plans (scorecards) that have been agreed to during the performance planning phase. Performance monitoring and coaching is aimed at documenting progress against planned performance and it allows for continuous tracking of performance, and performance improvement through feedback as well as reinforcement of key results and development of competencies where applicable.
- **Performance Reviews and Reporting:** Performance reviews take place through formal sessions at periodic intervals during the performance cycle. These are aimed at assessing the level of performance against scorecards and submission of reports in this regard.
- **Performance Auditing, Evaluation and Moderation:** This phase involves the auditing of the performance management system and outcomes of citywide and sector performance. Accordingly individual performance is evaluated and recommendations thereof moderated.
- **Managing the Outcomes of the Performance Management Process:** This phase involves the awarding of performance rewards in line with the reward framework for the City as well as the management of unsatisfactory or poor performance in line with legislative requirements and good practice.

This is illustrated in the diagram below:

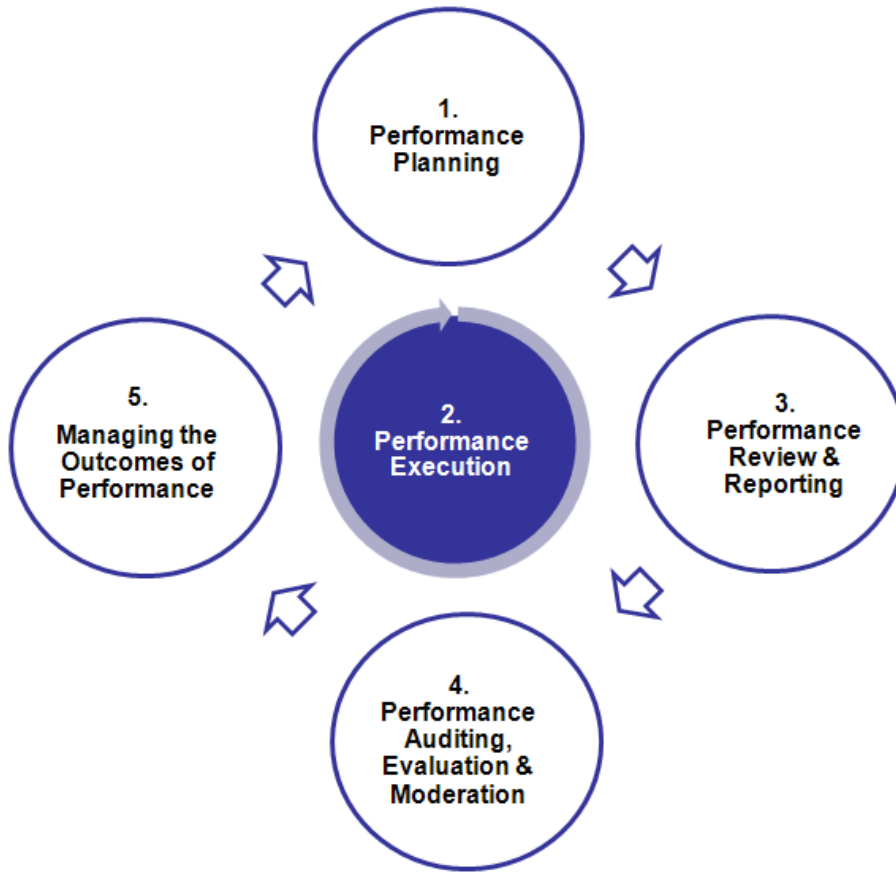


Figure 1: The Performance Management Cycle for the City

6 POLICY PROVISIONS

6.1 Group Performance Planning

Sector scorecards will be developed as part of the planning process, for input and noting by the Johannesburg Performance Audit Committee (JPAC) and for approval by the Mayoral Committee and Council. The aim of these sector scorecards is to promote performance planning and implementation cooperation between the core departments and the municipal entities. The City develops sector plans and indicators, as part of the five year IDP and conducts an annual review of performance culminating in an annual service delivery agenda. The adoption of sector scorecards aims to integrate service delivery and foster greater cooperation between core departments and municipal entities towards implementing the IDP sector priorities as articulated annually within the SDBIP.

The diagram below provides an illustration of this provision:

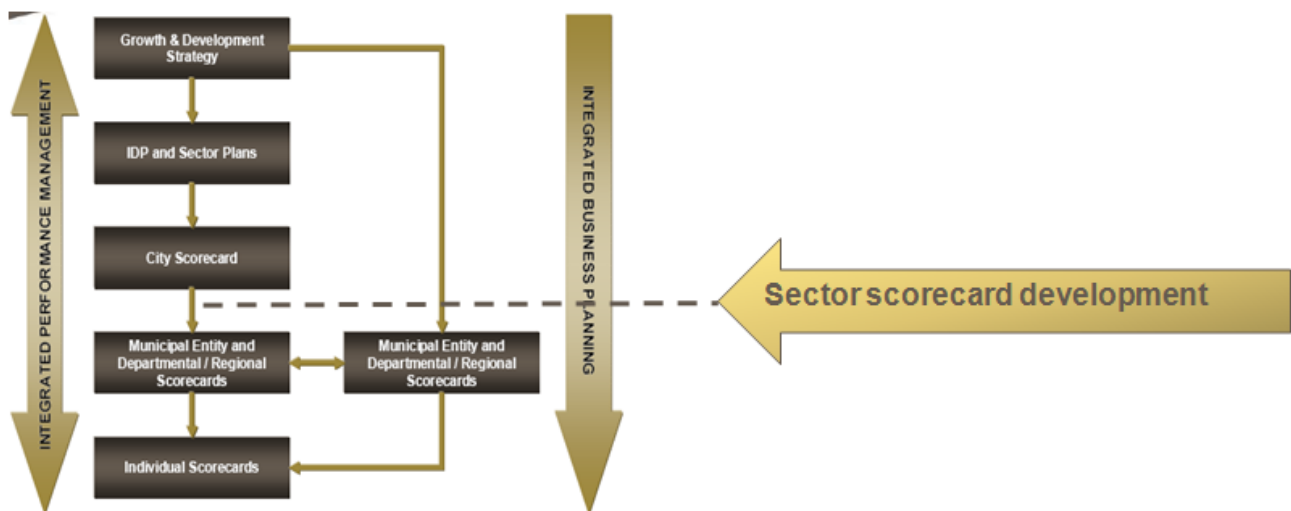


Figure 2: Sector Scorecards

6.1.1 The Rationale for Sector Scorecards

Through the sector scorecards the City will be able to:

- Create an environment within which organisational performance planning and review provide a basis for managing the performance of key individuals within the City thereby improving the level of alignment between Citywide goals and the performance of individual employees within the City;
- Integrate service delivery and foster greater cooperation between core departments and municipal entities. To this extent the sector scorecards will be developed jointly by all relevant sector players and that the performance reporting and reviewing process must include a review of performance against the sector scorecards; and
- Create a sense of shared ownership of sector specific strategic objectives without necessarily taking away the independence and autonomy of the various structures that operate within that particular sector. For each sector, a Sector Lead must be appointed and their role must be to oversee the sector planning process and delivery against the sector plans.

6.1.2 Sector Scorecards as Part of an Integrated Cooperative Governance Framework

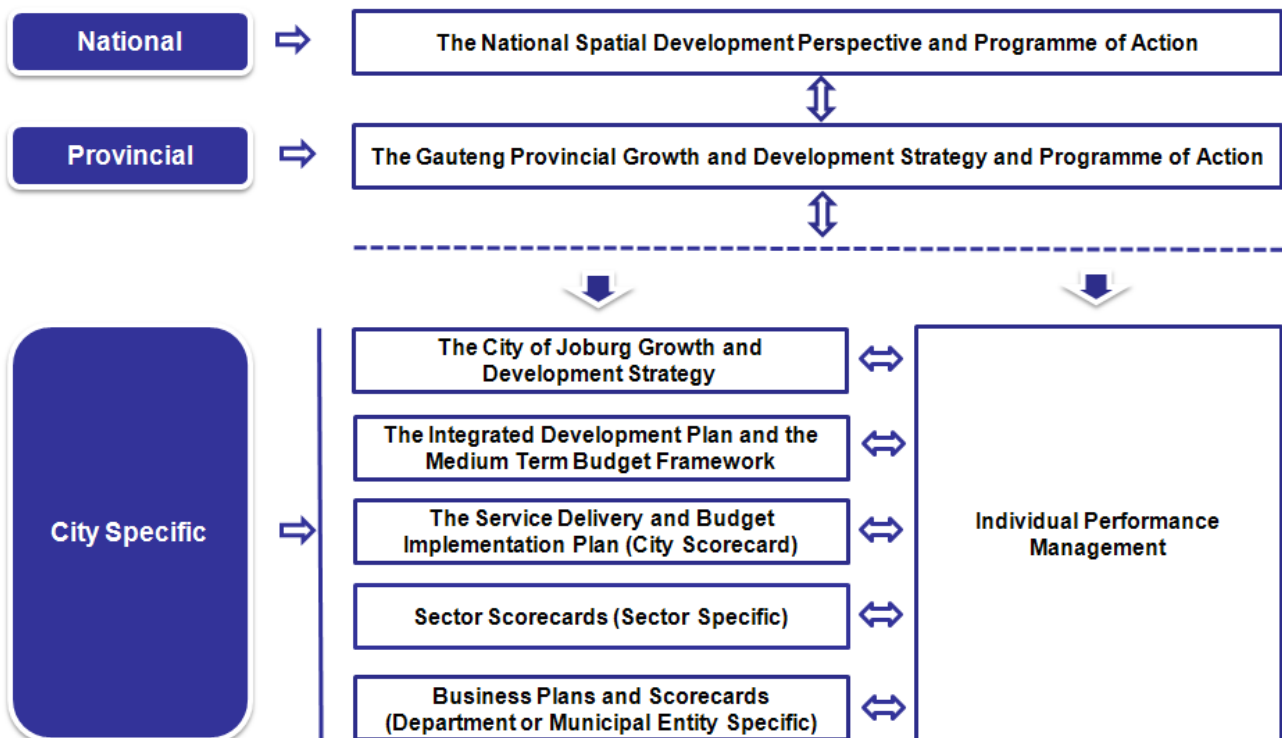


Figure 3: Integrated Cooperative Governance Framework

Performance management takes place within the context of a broader cooperative governance framework and as such is informed by national planning (at the level of national Government) and by regional planning (at the level of the Provincial Government).

There are 4 distinct but related levels at which performance planning shall take place through the City with clear accountabilities for specific individuals at each level of performance planning i.e. individual scorecards:

- At the **Group level** (Growth and Development Strategy, the Integrated Development Plan and the Service Delivery and Budget Implementation Plans) – The City Manager;
- At the **Sector level** – The Sector lead and sector members (who are Executive Directors or Managing Directors/ Chief Executive Officers of Departments and Municipal Entities respectively);
- At the **Departmental or Municipal Entity level** – The Executive Directors or Managing Directors/ Chief Executive Officers respectively; and
- At an **individual level** – All other City employees.

At a Group Level performance planning involves the development of a Citywide Scorecard (SDBIP) that is translated from the City's Growth and Development Strategy and Integrated Development Plan. Within the context of cooperative governance the Growth and Development Strategy is informed by the Gauteng Province's Growth and Development Strategy and Programme of Action and nationally by the National Spatial Development Perspective and National Programme of Action as determined by the President and the Cabinet.

At a Sector Level performance planning involves a translation of the Citywide Scorecard (SDBIP) into sector specific scorecards through a collaborative process with participation from all sector members who take up the responsibility for implementing and achieving the plan. Within the cooperative governance context the sector scorecard is informed by the five year IDP sector plans and the SDBIP (the city scorecard). In order to address the lack of a group wide performance management process, the City is proposing the adoption and development of sector scorecards as part of the Group performance management process.

At a Departmental/ Municipal Entity Level performance planning involves the development of comprehensive business plan outlining the strategic and functional objectives of the municipal entity or department, why it believes these are significant, how it plans to achieve and linking them to budgets. The business plan contains a departmental/municipal entity scorecard informed by the five year IDP sector plans, SDBIP (the city scorecard), the sector scorecard and other function specific internal and/or external environmental factors. In order to address the lack of a group wide performance management process, the City is proposing the adoption of sector specific strategic performance objectives into the business plan scorecards of departments and municipal entities part of the Group performance management process.

At an Individual Level performance planning involves the development of individual scorecards for the various employees of the City, including the municipal entities starting with the Executive Directors of Core Departments as well as the Managing Directors or Chief Executive Officers of the municipal entities. Essentially this will involve the translation of sector scorecards and business plans into Executive Director Scorecards and scorecards for the various Managing Directors and Chief Executive Officers of the municipal entities.

The corporate governance framework for the city integrates both political as well as administrative accountability for performance of the city.

6.1.3 Accountability for Sector Performance

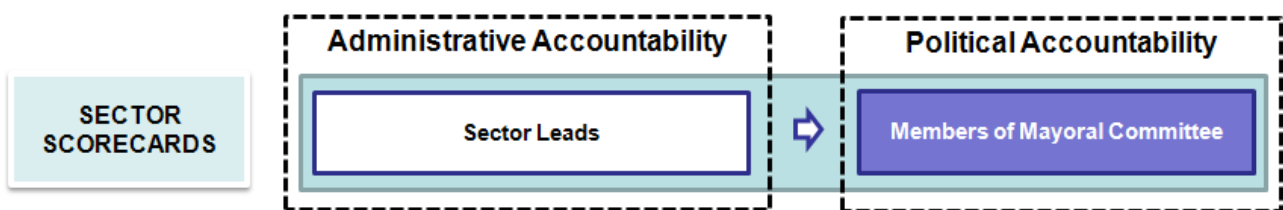


Figure 4: Accountability Framework for Sector Scorecards

Within the context of sector planning, the following shall be applicable:

- The Member of the Mayoral Committee (as political head of the sector) is held accountable for sector performance by the Council and thus is tasked with overseeing the implementation of sector scorecards. This proposal is in line with the recognition that
 - The Member of the Mayoral Committee (as political head of core department) is held accountable for overseeing the performance of the core department and the implementation of the business plan; and
 - The Member of the Mayoral Committee (as political head of Municipal Entity) is held accountable for overseeing the performance of the Municipal Entity against the business plan.
- Administratively, all sector members shall be jointly held accountable for the performance of the entire sector. However, the City shall appoint Sector Leads who shall be held accountable for the development and implementation of sector scorecards. These sector leads shall ideally be Heads of the relevant core departments within those sectors and as such will report directly to the City Manager.

6.1.4 Roles and Responsibilities of Sector Leads

The sector leads will carry out the following roles and responsibilities amongst others:

- Coordinates the formulation of sector plans, priorities and scorecards (translation of sector plans in the IDP);
- Ensures cascading of sector scorecard into departmental business plan and individual scorecards;
- Provides input and ensures integration across the various sectors to support cross sectoral interdependencies;
- Manages the implementation of sector scorecards (includes monitoring and reporting on sector performance and oversight on core Departments and Municipal Entities);
- Holds the Executive Directors and Managing Directors/ Chief Executive Officers of the core departments and municipal entities accountable for sector performance; and
- Communication of sector strategies and priorities.

6.1.5 Roles and Responsibilities of Sector Members

Accordingly the sector members will carry out the following roles and responsibilities amongst others:

- The joint development and implementation of sector scorecards and accordingly holds other sector members accountable for performance against the sector scorecards;
- Cascading of sector priorities into Departmental/ Municipal Entity business plans and relevant individual scorecards;
- Implementation of sector priorities during the performance cycle;
- Collection of key performance information and reporting on Departmental/ ME performance against the sector scorecards and priorities; and
- Managing Departmental/ Municipal Entity performance in line with the sector scorecards and priorities.

6.1.6 The Sector Scorecard Development Process – Steps and Role-Players

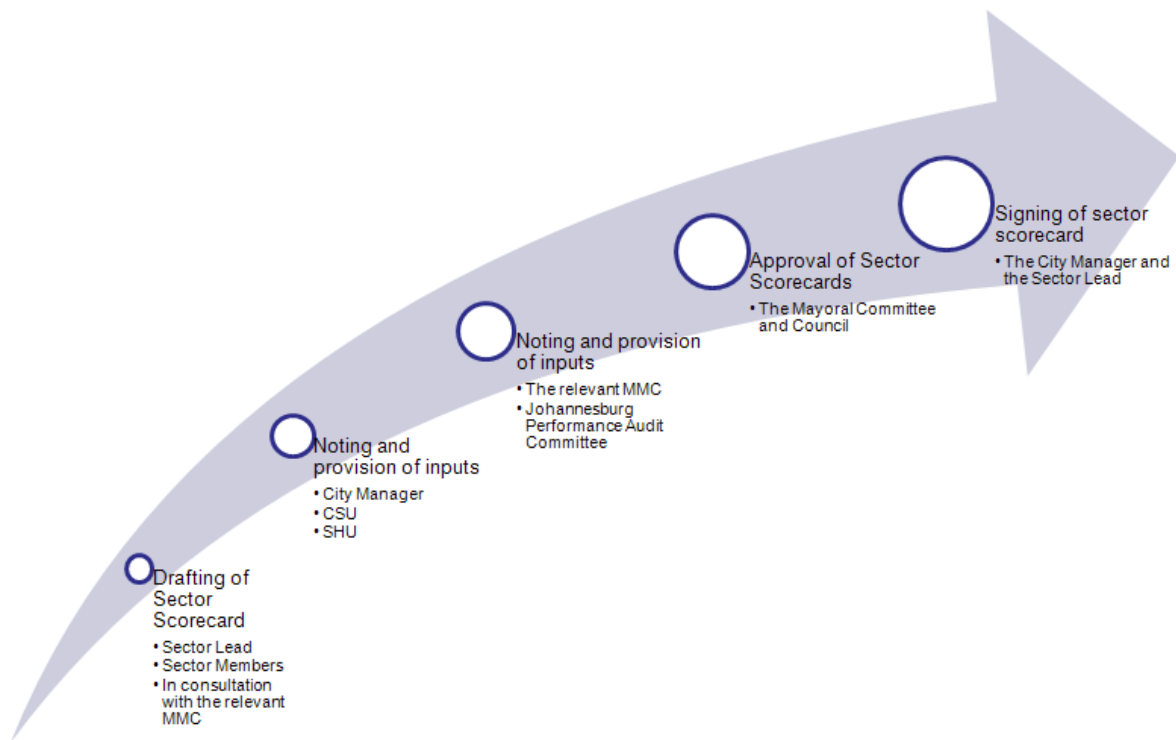
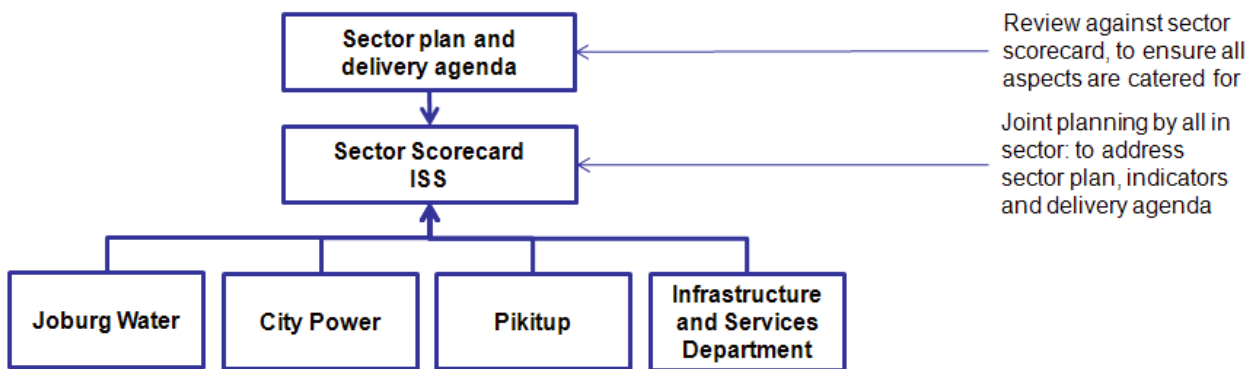


Figure 5: The Sector Scorecard Development Process

Sector scorecards will be developed as part of the City’s performance planning process, for input and noting by the Johannesburg Performance Audit Committee (JPAC) and for approval by the relevant MMC and as such entrenching the notion of a single philosophy and system for managing performance.

Sector scorecard development requires a collaborative process of all those parties who contribute to the sector scorecard working in a joint planning session, to derive a sector scorecard. For example, in the development of the Infrastructure and Services Sector (ISS) sector scorecard, all related municipal entities and departments would jointly plan to develop the scorecard, to ensure all aspects of the sector plan and delivery agenda are addressed.

Delivery responsibilities would be defined, to establish a common view of deliverables, responsibility, timeframes and evidence of delivery. These would then be considered in the context of other scorecards, to determine cross-sectoral issues that require attention. This process is outlined in the diagram below:



6.1.7 Cascading of Citywide Priorities

The cascading of city priorities from the GDS, IDP sector plans and the SDBIP into the sector scorecard is a crucial step in ensuring that there is alignment between group level performance (GDS, IDP, SDBIP, Sector scorecard and business planning levels) and individual performance (ED/CEO/MD individual performance scorecards). Sector priorities form the core of the sector scorecard and these are translated into sector performance objectives and measures of performance with each member held accountable for their contribution to the sector. These sector objectives are further cascaded from the sector scorecards to departmental scorecards (contained in the business plan) and individual performance scorecards of EDs/CEOs/MDs.

The cascading of citywide priorities is enhanced and completed via the sector scorecard development process. The sector scorecards will be used as a basis for driving uniformity and cooperation, while at the level of planning in municipal entities and the core departments, differentiation exists where appropriate.

To this extent:

- The sector scorecards must be derived from the IDP sector plans and the City scorecard;
- Specific sector priorities must be allocated to the various core departments and municipal entities;
- The sector priorities must be translated into the business plans for the departments and entities respectively;
- The business plans must therefore contain sector priorities as well as department/ entity specific priorities;
- The sector priorities must then be translated into Strategic Performance Objectives (SPOs) which will be captured in the individual scorecards of the Executive Directors and the Managing Directors or Chief Executive Officers of the core departments and municipal entities respectively; and
- The department/ entity specific priorities must be translated into Functional Performance Objectives (FPOs).

The following diagram provides an outline of how priorities are cascaded into sector scorecards and subsequently into business plans and individual scorecards:

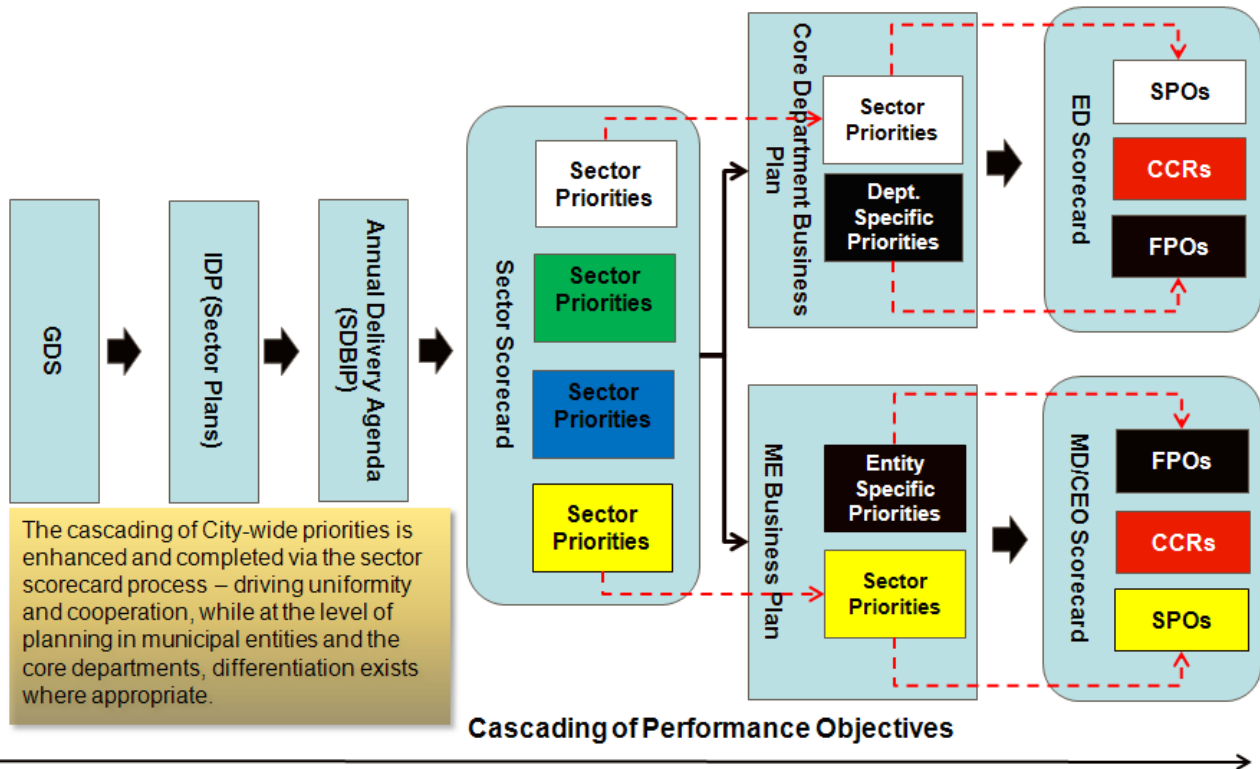


Figure 6: The Cascading of Performance Objectives

Where:

- **Strategic Performance Objectives (SPOs)** are those KPAs which are derived from key citywide and sector based objectives and strategies. They are translated from sector scorecards into strategic performance objectives and accountability allocated directly to the relevant and responsible sector members.
- **Functional Performance Objectives (FPOs)** relate to the employee’s functional areas, objectives and responsibilities. Functional Performance Objectives (FPOs) are an explicit statement of a performance objective and outcome results that relates to a major functional, operational, technical or financial area of the individual’s role and accountabilities. An FPO is derived from priority department or municipal entity objectives on the business plans and those strategic objectives linked to the successful performance of the employee in their role as the executive leader of the department.
- **Core Competency Requirements (CCRs)** are specific skills and dispositions possessed by individual employees are required for satisfactory accomplishment of duties. The Regulation provides a list of CCRs that need to be agreed upon between the employer and the employee and the City is currently in the process of developing a proposal on how these will be formally adopted as part of the individual performance management process.

6.1.8 The Nature of Sector Priorities

The following factors should be considered in identifying or developing sector priorities:

- Ordinarily sector priorities are overarching and strategic in nature;
- In addition, the sector priorities should address **sector wide challenges** with a clear understanding that different stakeholders within the sector may play different roles depending on the nature of the priority i.e. planning, implementation (end to end or specific activities/ tasks that are part of a process), coordination, programme management, project management or a combination;
- Sector priorities may also reflect Citywide priorities and how the sector would address them as opposed to how individual Departments or entities address them; and
- The successful achievement of sector priorities should reflect success at the City level.

6.1.9 Translation of Sector Priorities into Individuals Performance Scorecards

Individuals must be held accountable for the performance of the City at all levels i.e. Citywide, Sector and Department/ Municipal Entity Level. All Section 57 and MDs/ CEOs employees must be required to enter into an annual performance agreement with the employer, in line with the requirements of Section 57 of the Municipal Systems Act, 32 of 2000.

The purpose of the performance agreement is to specify objectives, targets and accountabilities agreed with the employee in alignment with the IDP, SDBIP sector scorecard, and specific departmental/ Municipal Entity business plans. The performance agreement must also be used as the basis to assess employee performance against planned and expected performance.

Accordingly sector leads and sector members shall enter into performance agreements annually and these shall reflect sector priorities. Sector priorities shall be translated from the sector scorecards into strategic performance objectives (SPOs) and accountability allocated directly to the relevant and responsible sector members.

The following factors shall be applicable in determining SPOs:

- SPO's should articulate the contributions of sector members to the objectives and strategies agreed upon in the sector scorecard;
- The SPOs shall also indicate performance relating to the priority programmes of the City, such as the Inner City Regeneration, Formalisation of informal settlements and the 2010 commitments, for which various Section 57 employees are responsible; and
- The relative weighting for SPOs shall not be less than 50%. The intention in this regard is to ensure that the SDBIP and sector scorecards provide the basis for managing the performance of key role players within the City and thus driving integrated service delivery.

6.1.10 Level of Results Contained in the Sector Scorecard

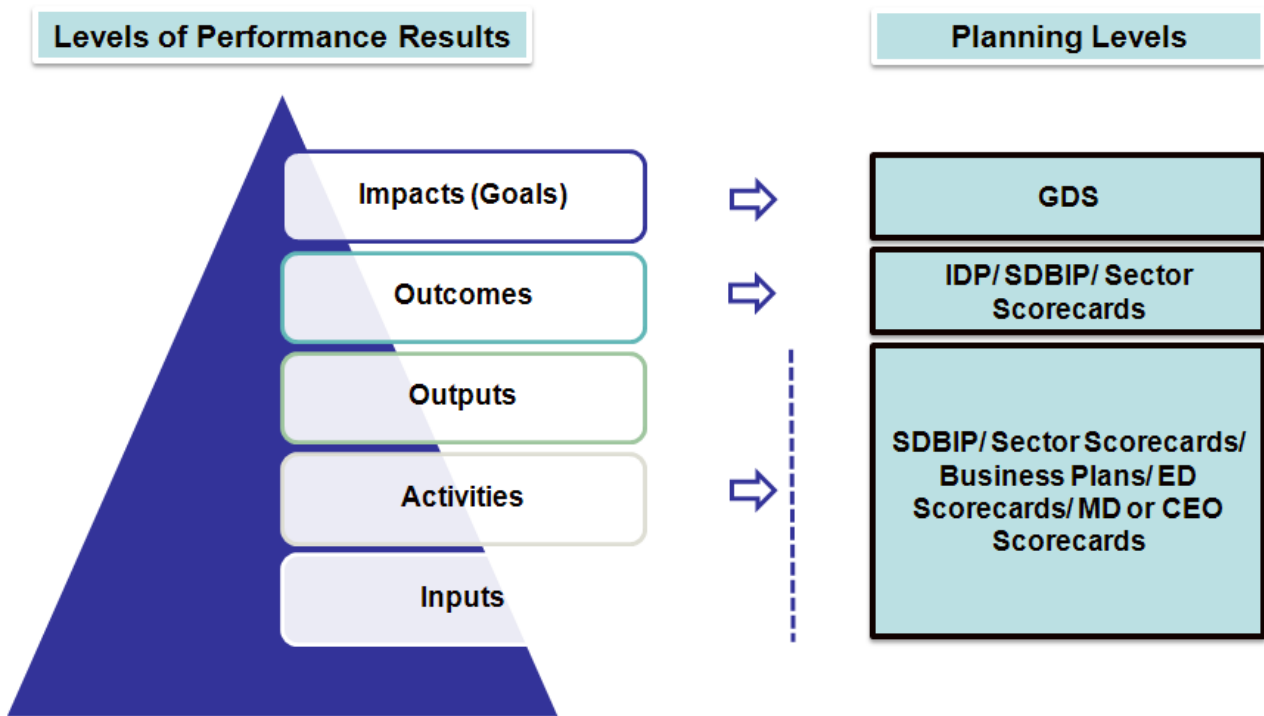


Figure 7: Level of Results Contained in Sector Scorecards

The development of a results map forms part of the process of developing sector scorecards. Within the context of performance planning key measures of performance are represented by key performance indicators. In order to understand the nature of indicators that inform the sector scorecard, the logic model provides a good starting point. Accordingly the sector scorecards will contain a combination of outcome level indicators, output level indicators, activity level indicators as well as input level indicators.

6.1.11 Performance Planning Time Frames

The following shall be applicable:

- At a **Group level** - all sector scorecards must be signed off by the end of the financial year and before the start of the new financial year i.e. before the end of June and
- At an **individual level** - All individual scorecards have to completed and signed off within 30 days after the beginning of the financial year i.e. within July of each year.

6.1.12 Summary of Roles and Responsibilities during the Planning Phase

The following table provides a summary of the roles and responsibilities of the various role players during the performance planning phase:

Table 1: Summary of Roles & Responsibilities during the Planning Phase

Stakeholder	Roles and Responsibilities
The Mayoral Committee and Council	<ul style="list-style-type: none"> • Approves all sector scorecards • Approves all sector lead and sector member scorecards
City Manager	<ul style="list-style-type: none"> • Provides inputs and comments during the drafting of the sector scorecard • Signs the sector scorecard on behalf of the City • Signs performance agreements with all sector leads and relevant sector members who are directly accountable to her/him
Member of Mayoral Committee	<ul style="list-style-type: none"> • Provides inputs during the drafting of relevant sector scorecard • Provides inputs into sector lead and sector member scorecards
S 79 Portfolio Committees	<ul style="list-style-type: none"> • Provide inputs and oversight into portfolio business plans, sector scorecards and scorecards
Johannesburg Performance Audit Committee	<ul style="list-style-type: none"> • Review and provide inputs into sector scorecards • Advise on sector priorities and translation into SPOs • Submits its recommendations to Mayoral Committee and Council
Sector Lead	<ul style="list-style-type: none"> • Coordinates the formulation of sector plans, priorities and scorecards. • Ensures cascading of sector scorecard into departmental business plan and individual scorecards • Provides input and ensures integration across the various sectors to support cross sectoral interdependencies
Sector Members (Executive Directors of core departments or MDs/CEOs of relevant MEs)	<ul style="list-style-type: none"> • Submits input into the IDP and sector scorecard • Develops the departmental/ Municipal Entity business plan in line with the sector scorecard • Ensures alignment between the sector scorecard, business plan and individual scorecard with the SDBIP
Boards (Board Chairperson)	<ul style="list-style-type: none"> • Provide input into the sector scorecards and Municipal Entity business plans
JRAS	<ul style="list-style-type: none"> • Develop a performance audit plan that incorporates the sector scorecards

Stakeholder	Roles and Responsibilities
Central Strategy Unit	<ul style="list-style-type: none">• Provide input into the sector scorecard development process• Oversees the scorecard development process• Monitors the sector scorecard development process, including quality assurance• Provides direct support to relevant structures during the performance planning process, including the development of sector scorecards

6.2 Performance Execution Arrangements

Execution involves the application of skills, expertise and behaviours in a way that supports the attainment of predetermined objectives. Essentially this is the implementation of the performance plans/ scorecards completed during the planning phase and it takes place throughout the performance cycle.

At a Group level, this is dependent on the extent to which performance objectives are cascaded throughout the City, the sector as well as the different Departments and Municipal Entities and subsequently individual employees. Therefore the extent to which individual employees are able to implement their individual scorecards is critical for execution of Group performance.



Figure 8: Performance Execution Framework

Accordingly:

- Scorecard implementation and performance monitoring take place throughout the Cycle and are linked to both Group as well as Individual performance; and
- Performance coaching shall also take place throughout the cycle but this is only related to individual performance. However the coaching process shall consider individual as well as group dynamics.

6.2.1 Scorecard Implementation

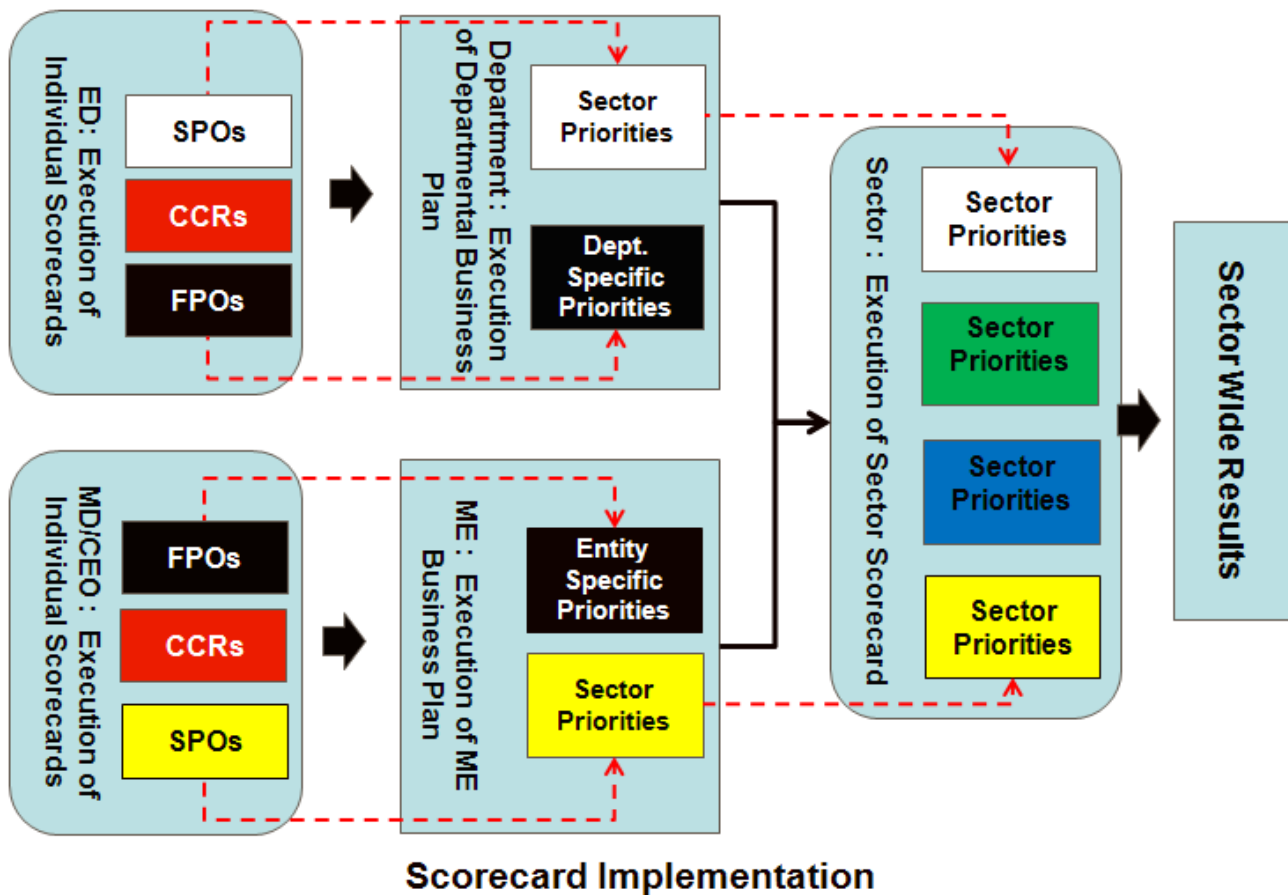


Figure 9: Scorecard Implementation

Scorecard implementation takes place at the various levels of performance planning:

At a Group level, this entails the collective implementation of the Citywide, Sector and Departmental/ Municipal Entity scorecards and at an individual level this entails the translation of annual scorecards into quarterly, monthly and weekly plans with detailed activities and tasks.

Implementation therefore must take place throughout the performance cycle and entails the completion of these activities and tasks in line with requirements as set out in the performance

scorecard. Therefore the extent to which individual employees are able to implement their individual scorecards is critical for execution of Group performance.

At a **sector level**:

- Successful implementation of sector scorecards is primarily dependent on relative success in translating sector priorities into Departmental/ ME business plans and individual scorecards of sector leads and sector members;
- Sector leads will have a critical role to play in coordinating the implementation of sector scorecards and overseeing the implementation of sector priorities by core departments and municipal entities;
- Core departments and Municipal Entities shall be responsible for implementing department or ME specific sector priorities; and
- Accordingly the EDs and MDs/CEOs shall be individually held responsible for the implementation of sector priorities.

At the Individual level, it entails the translation of annual scorecard objectives into quarterly, monthly and weekly plans with detailed activities and tasks and the completion of these activities and tasks in line with requirements as set out in the performance scorecard.

6.2.2 Performance Monitoring

The performance monitoring framework takes cognisance of the fact that performance planning and execution must take place at a Group as well as an individual level. Accordingly performance monitoring must be undertaken against the implementation of the IDP, the City scorecard, the sector scorecards, the departmental or municipal entity business plans as well as individual scorecards. This is aimed at documenting progress against planned performance and it allows for continuous tracking of performance, and performance improvement through feedback as well as reinforcement of key results and development of competencies where applicable.

Scorecard performance related data and information is collected to gain insight into the extent to which scorecard implementation has taken place, to identify challenges, successes, and improvement opportunities. Performance monitoring data and information may be derived from system generated reports and other predetermined data and information sources related to the completion of KPIs, SPOs and FPOs during the implementation process. An analysis of these sources must provide an assessment of progress, challenges and other significant issues related to the achievement of desired performance.

At the **sector level**, this shall culminate into formal performance review sessions at the end of each quarter and at an **individual level**, this shall culminate into formal and informal coaching and performance review sessions at the end of each quarter. The following section outlines the roles and responsibilities at the group and individual performance monitoring levels.

6.2.2.1 Group Performance Monitoring

Group performance monitoring must take place at the IDP, SDBIP, Sector and the Municipal/Departmental business plan implementation levels. The table below (table 8.1) presents the roles of the various individuals and committees at each level of group performance.

Table 2: Group Performance Monitoring Framework

Plan	Implementer	Monitoring Responsibility	Oversight Responsibility
IDP	City Manager	CSU on behalf of the Executive Mayor	MPAC
SDBIP	City Manager	CSU on behalf of the Executive Mayor	MPAC
Sector Scorecards	Sector Lead and Sector Members	CSU and SHU on behalf of the MMC (Through the MMC quarterlies)	Section 79 Committees
Departmental Business Plan	Executive Directors	CSU on behalf of the MMC	Section 79 Committees
Municipal Entity Business Plan	Managing Directors/ Chief Executive Officers	SHU on behalf of the MMC	Section 79 Committees

6.2.2.2 Monitoring Performance against Sector Scorecards

The following shall be applicable in monitoring performance against the Sector scorecard:

- The SHU shall collect and analyse data/information from the municipal entities and departments through the sector lead to monitor performance against sector performance;
- Sector leads, EDs and MDs shall collect, generate, analyse, prepare and share monitoring information in the form of data sets and/or reports outlining progress to date on an ad hoc and predetermined cycle within the sector;
- The sector lead shall be required to submit and present a report on progress against the sector scorecards to the Committee;
- The sector lead will be supported by the various sector members in this regard; and
- The sector members shall have collective responsibility for collecting information on implementation of the scorecard.

6.2.2.3 Individual Performance Monitoring

Individual performance monitoring is undertaken to review and provide feedback on performance progress, as well as to identify individual performance development needs and must take place all year round. Accordingly within the context of sector scorecards:

- The City Manager shall be responsible for monitoring the performance of the managers directly accountable to her/ him with the support of the CSU; and
- The Board Chairpersons and relevant MMC shall be responsible for monitoring the performance of the MDs/ CEOs with the support of the SHU.

Table 3: Individual Performance Monitoring Framework

Individual	Monitoring Responsibility	Oversight Responsibility	Coaching Responsibility
City Manager	CSU on behalf of the Executive Mayor	MPAC	Executive Mayor
Sector Leads	CSU on behalf of the City Manager	MMC	CM
Managers Reporting Directly to the CM	CSU on behalf of the City Manager	MMC	CM
MDs/ CEOs	<ul style="list-style-type: none"> • Board Chairperson • SHU 	MMC	Board Chairperson

The following activities shall be applicable in monitoring performance against Individual Scorecards:

- An analysis is undertaken to establish the levels of progress on performance and factors that have an impact on the quality of individual performance against their individual scorecards;
- The aim is to gain insight into the challenges, successes and opportunities arising from the implementation of individual scorecards, as well as to identify performance development needs;
- Development needs and corrective measures should be identified and tested;
- The respective EDs and MDs/ CEOs must collect, analyse and collate performance information to aid the monitoring process;
- It is undertaken to review and provide feedback on performance progress, as well as to identify performance development needs;
- Identified development needs must be included in the employee’s personal development plan, to enhance the provision of focused training and support within agreed time frames;
- Group performance must be a key consideration in reviewing individual performance i.e. the performance of the sector must be considered as part of the process of reviewing the performance of the relevant EDs and MDs/CEOs;

- The respective EDs and MDs/ CEOs must be responsible for the collection and collation of evidence to support the achievement of specific performance measures;
- In case of milestone or process related measures, evidence for all levels of performance should be collected and submitted; and
- Evidence of performance and a record of review results have to be submitted to the Performance Audit Committee and the Performance Evaluation Panel (PEP) respectively.

6.2.3 Performance Coaching Arrangements

Performance coaching is increasingly recognised as a significant responsibility of line managers. Coaching must happen **ALL THE TIME**, more specifically at the end of each quarter, so that the employee always knows how well he/she is doing. The formal coaching sessions will be held within the first month of completion of the 1st quarter (July – September) and the 3rd quarter (January –March) i.e. the formal coaching sessions should be held in October and April.

Accordingly:

- The City Manager shall be responsible for coaching the sector leads and sector members that are directly accountable to her/him; and
- The Board Chairpersons shall be responsible for coaching relevant sector members who are MDs/ CEOs of municipal entities.

Coaching shall take place at an individual level, albeit with due consideration for the implications of individual contributions to the achievement of group performance goals and objectives and as such this process must be critical in identifying sector specific coaching requirements in lieu of the sector scorecard – these may relate to individual role players within the sector or team specific requirements and challenges. During the coaching process the following must be undertaken, amongst others:

- A review of progress against the Key Performance Areas and associated Key Performance Indicators and core competency requirements (CCR) in the employee’s performance scorecard;
- Identification of possible or any challenges the employee may be facing;
- An agreement on plans of action to address these challenges;
- Identify potential training and development needs and formulation of plans to address these developmental needs; and
- Acknowledgement and discussion of good performance.

6.2.4 Summary of Roles and Responsibilities during the Execution Phase

The following table provides a summary of the roles and responsibilities of the various role players during the performance execution phase:

Table 4: Summary of Roles and Responsibilities during the Execution Phase

Stakeholder	Roles and Responsibilities
S 79 Portfolio Committees	<ul style="list-style-type: none"> Oversee implementation of sector scorecards, departmental as well as Municipal entity business plans
Member of Mayoral Committee	<ul style="list-style-type: none"> Oversees performance against sector scorecards and departmental/ municipal entity plans (with the support of the CSU) Oversees the performance of sector leads, sector members directly accountable to the City manager and MDs/ CEOs
City Manager	<ul style="list-style-type: none"> Monitors the performance of all sector leads and sector members who are directly accountable to her/ him Conducts coaching sessions held with sector leads and sector members who are directly accountable to her/ him
Sector Lead	<ul style="list-style-type: none"> Coordinate and lead the implementation of sector scorecards Consolidation of data/ information to support sector performance Implementation of own scorecard
Sector members (Executive Directors and MDs/ CEOs)	<ul style="list-style-type: none"> Implementation of their individual scorecards as well as the Departmental/ ME Business Plan As sector members, jointly responsible for implementing and collecting data/ information to support the implementation of sector scorecards Collection of data/ information to support performance at individual and Departmental level
CSU	<ul style="list-style-type: none"> Monitors the application of the performance management system Monitors performance against the sector scorecards in support of the MMC Monitor performance against the Departmental business plans in support of the MMC and City Manager and in line with the sector scorecard Supports the City Manager in monitoring the performance of the sector leads and sector members directly accountable to her/ him
Shareholder Unit	<ul style="list-style-type: none"> Supports the MMC and the relevant Boards in monitoring the performance of Municipal Entities against their business plans (Jointly with the CSU) Supports the MMC in monitoring sector performance

Stakeholder	Roles and Responsibilities
	<ul style="list-style-type: none"> Supports the relevant Board of Directors in monitoring the performance of MDs and CEOs
Board of Directors (Board Chairs)	<ul style="list-style-type: none"> Monitors the performance of Municipal Entities against their business plans and sector scorecards Monitors the performance of MDs and CEOs
The JPAC (Performance Audit Committee)	<ul style="list-style-type: none"> Reviews sector wide performance against sector scorecards
JRAS	<ul style="list-style-type: none"> Conduct quarterly audits of sector performance and submission of reports to Council and the JPAC

6.3 Performance Reviews and Reporting

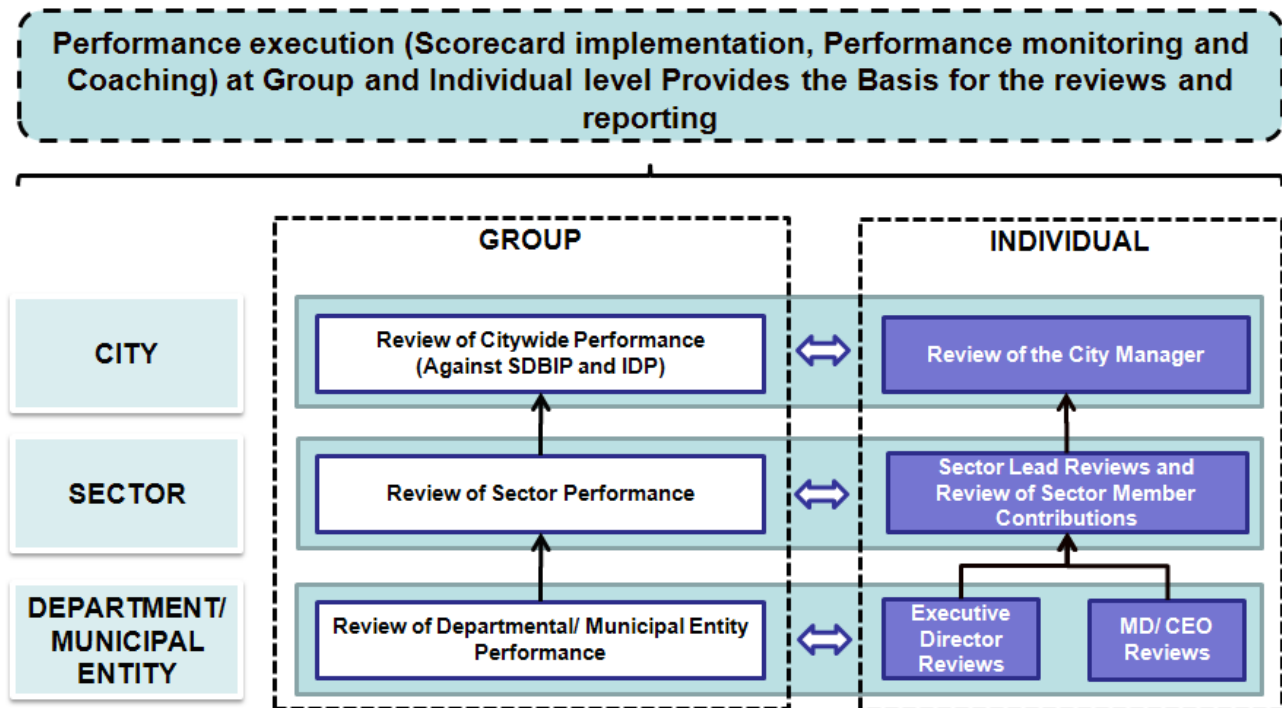


Figure 10: Performance Review and Reporting Framework

Performance reviews take place through formal sessions at periodic intervals during the performance cycle. They are aimed at assessing the level of performance against scorecards and submission of reports in this regard. Performance reviews and reporting will take place at the various levels of the city, namely at the levels of the IDP, City Scorecard, Sector, Business plans and individual performance management.

Currently:

- Performance reviews generally take place through the one on ones that take place at an individual level;
- Performance reviews take place more formally at the ME level through the MMC quarterlies;
- However the MMC quarterlies do not take place at a Departmental level;
- The CSU takes the responsibility for reviewing Group wide performance and the performance of the Core Departments.

The objective of conducting a review is to establish the extent to which the desired outcomes have been achieved. This is achieved through a process of appraising performance results and based on the evidence submitted to support claims of successful performance a rating is given to each SPO

and KPA. The performance management review and reporting framework focuses on both the individual processes as well as the group review processes and should be implemented to ensure that amongst other things it should take cognisance of the following principles:

- The performance review and reporting process culminates in the submission and consideration of reports to reviewing committees and/or individuals who check and analyse the performance results against relevant performance information.
- There are interdependencies between individual and group performance reviews and reporting and as such the review process needs to consider both of them.
- Evidence of performance should be submitted to the relevant review structure in line with the review and reporting framework.
- Records of performance review discussions should be maintained.
- The rating of performance shall be done in line with the appropriate rating scale

The following sections outlines how performance reviews should take place, especially in lieu of the adoption of sector scorecards:

6.3.1 Group Performance Review

Group performance review involves all the processes deployed in conducting reviews of performance reports and evidence to establish whether group priorities have been achieved in line with the IDP, SDBIP, Sector plans and municipal entity/Departmental business plans. Since group performance takes place at the overarching levels of the city, the sectors and the various departments and municipal entities the review process must be such that they cascade upwards to reflect overall municipal performance. This is briefly summarised in the table below:

Table 5: Group Performance Review Framework

Plan	Frequency of Reviews and Reporting	Reporting Responsibility	Review Responsibility
IDP	Bi-annual	CM	JPAC (Which includes the Executive Mayor and is supported by CSU)
SDBIP	Bi-annual	CM	JPAC (Which includes the Executive Mayor and is supported by CSU)
Sector Scorecards	Quarterly	Sector Leads supported by Sector Members	MMC, through the MMCs quarterlies
Departmental Business Plan	Quarterly	Executive Directors	City Manager with inputs from the relevant MMC (With CSU Support)
Municipal Entity Business Plan	Quarterly	Managing Directors/ Chief Executive Officers	The Board with inputs from the relevant MMC (With SHU Support)

6.3.2 Reviewing Performance against Sector Scorecards

The following proposals shall be applicable in reviewing performance against the Sector scorecard:

- Sector performance shall be reviewed on a quarterly basis by the JPAC;
- The committee must review the performance of the sector against the sector scorecard;
- In reviewing the performance of the sector the committee must also consider inputs from the CSU, the SHU and JRAS;
- In reviewing performance against the sector scorecard consideration must be given to Departmental as well as Municipal Entity performance reports;
- The CSU must prepare and submit its own report on the performance of the sector including critical challenges. This report must also include an assessment of how the performance management system has been implemented within the sector;
- The JRAS must be responsible for auditing sector performance on a quarterly basis and submitting this report to the Committee as well as the Performance Audit Committee (JPAC); and
- The SHU must be responsible for providing any inputs on the performance of the relevant entities that are part of that sector as may be required.
- Sector leads are responsible for consolidating, preparing and presenting the performance review report on behalf of the broader sector members.

6.3.3 Individual Performance Reviews

Individual performance reviews involve all the processes used in the conducting of final assessment of individual performance reports and evidence to establish whether individual scorecard priorities have been achieved in line with the Sector plans and municipal entity/Departmental business plans.

MDs/CEOs and EDs are tasked with implementing both the sector and respective business plans and as such they must in turn be performance management and reviewed against their individual scorecards to establish the extent to which they have been successful in implementing their strategic objectives and functional objectives. Individual performance review process must take place in the form of:

- 2 formal performance review sessions which must be conducted within one month of completing the 2nd quarter (October to December), this is referred to as the mid-year review and within one month of completing the 4th quarter (April to June), this is the Final review i.e. the mid-year review will take place in January and the final review will take place in July; and

- 2 informal reviews which shall take place within one month of completing the first quarter (July to September) and third quarter (January to March).

The review sessions shall accordingly coincide with the formal and informal coaching sessions as envisaged during the performance execution phase. The table below provides an outline thereof:

Table 6: Individual Performance Review Framework

Individual	Frequency of Reviews and Reporting	Reporting Responsibility	Review Responsibility
City Manager	Bi-annual	City Manager	Executive Mayor
Sector Leads	Quarterly	Sector Leads	CM
Managers Reporting Directly to the CM	Quarterly	Managers Reporting Directly to the CM	CM
MDs/ CEOs	Quarterly	MDs/ CEOs	Board Chair

The following shall be applicable in reviewing performance against individual scorecards:

- Performance reviews shall be undertaken to review and provide feedback on performance progress, as well as to identify performance development needs;
- Identified development needs must be included in the employee’s personal development plan, to enhance the provision of focused training and support within agreed time frames;
- Group performance must be a key consideration in reviewing individual performance i.e. the performance of the sector must be considered as part of the process of reviewing the performance of the relevant EDs and MDs/CEOs;
- The respective EDs and MDs/ CEOs must be responsible for the collection and collation of evidence to support the achievement of specific performance measures;
- In case of milestone or process related measures, evidence for all levels of performance should be collected and submitted; and
- Evidence of performance and a record of review results has to be submitted to the Performance Audit Committee and the Performance Evaluation Panel (PEP) respectively.

6.3.4 Summary of Roles and Responsibilities during the Review and Reporting Phase

The following table provides a summary of the roles and responsibilities of the various role players during the review and reporting phase:

Table 7: Summary of Roles and Responsibilities during the Review and Reporting Phase

Stakeholder	Roles and Responsibilities
Member of Mayoral Committee	<ul style="list-style-type: none"> • Through the MMC quarterly reviews the performance against sector scorecards • Provides inputs into the review and reporting of performance against departmental/ ME business plans and relevant ED & MD/CEO performance
City Manager	<ul style="list-style-type: none"> • Provides input into the review of sector performance • Reviews the performance of sector leads • Reviews the performance of managers directly accountable to her/him
CSU	<ul style="list-style-type: none"> • Provides support to the CM in reviewing sector performance and individual performance
SHU	<ul style="list-style-type: none"> • Provides support to the Board and Board Chair in reviewing departmental and MD/ CEO performance respectively
Board of Directors (Board Chairs)	<ul style="list-style-type: none"> • Reviews the performance of entities and the relevant MDs/ CEOs respectively • Provides input into the review of sector performance
Sector Lead	<ul style="list-style-type: none"> • Reports on sector performance with the support of sector members
Sector Members (Executive Directors and MDs/CEOs of the MEs)	<ul style="list-style-type: none"> • Reports on individual as well as the Departmental/ ME performance • As sector members, jointly responsible for reporting on the implementation of sector scorecards

6.4 Performance Auditing, Evaluation, and Moderation Arrangements

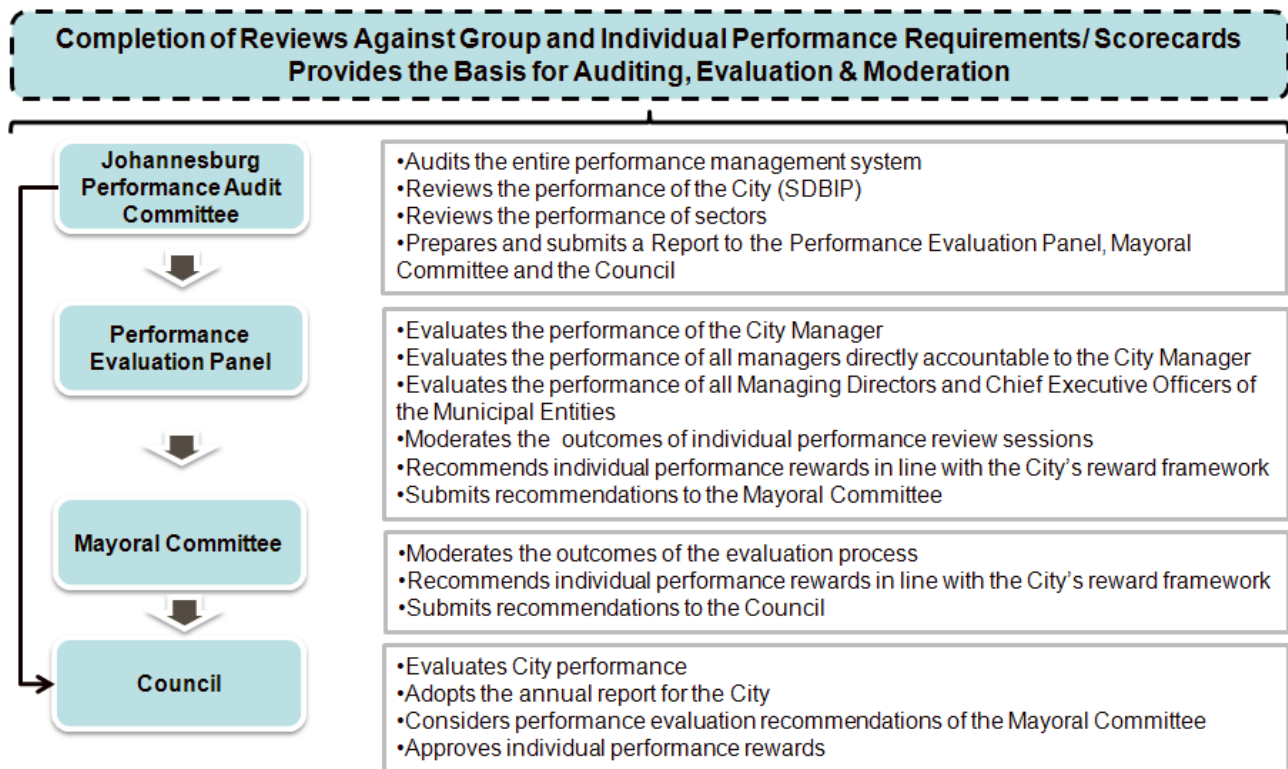


Figure 11: Performance Auditing, Evaluation and Moderation Framework

This phase involves the auditing, evaluation and moderation of performance management outcomes. Accordingly the framework for auditing, evaluating and moderating performance must be in line with the Group performance philosophy i.e. there are dependencies between the institutional and individual performance management frameworks.

6.4.1 Performance Auditing

The employee performance management system is the primary system for providing information on institutional performance. It is imperative that its quality and integrity is unquestionable. It is therefore critical that Council is confident that the system drives productivity and awards fairly. To do this it must be confident that targets set stretch productivity and when reported upon, that a target has been met.

Within this context, the regulations on local Government provide for the establishment of a Performance Audit Committee whose role is primarily to assess:

- The functionality of the municipality's performance management system;
- Whether the municipality's performance management system complies with the (Municipal Systems) Act; and
- The extent to which the municipality's Performance measurements are reliable in measuring performance of municipalities on indicators referred to in the regulations.

In carrying out its functions the JPAC must consider:

- Inputs and audit reports from the Johannesburg Risk Assurance Services (JRAS);
- Inputs and reports from the Central Strategy Unit;
- Inputs and reports from the HR Department; and
- Inputs and reports from the Shareholders' unit.

In addition the Committee may request any information, which it deems, will assist it in carrying out its functions. The JPAC ensures that the system remains objective and assists in maintaining the integrity of the system.

PERFORMANCE AUDIT COMMITTEE REQUIREMENTS AS PER THE REGULATIONS

The Local Government: Municipal Planning and Performance Management Regulations, 2001 require that:

- 14 (1)(a) A municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes.
- 14 (1)(b) Any auditing in terms of paragraph (a) must include assessments of the following:
 - i. The functionality of the municipality's performance management system;
 - ii. Whether the municipality's performance management system complies with the Act; and
 - iii. The extent to which the municipality's Performance measurements are reliable in measuring performance of municipalities on indicators referred to in regulation 9 and 10

14 (1)(c) A municipality's internal audit must

6.4.1.1 Performance Auditing Arrangements - City

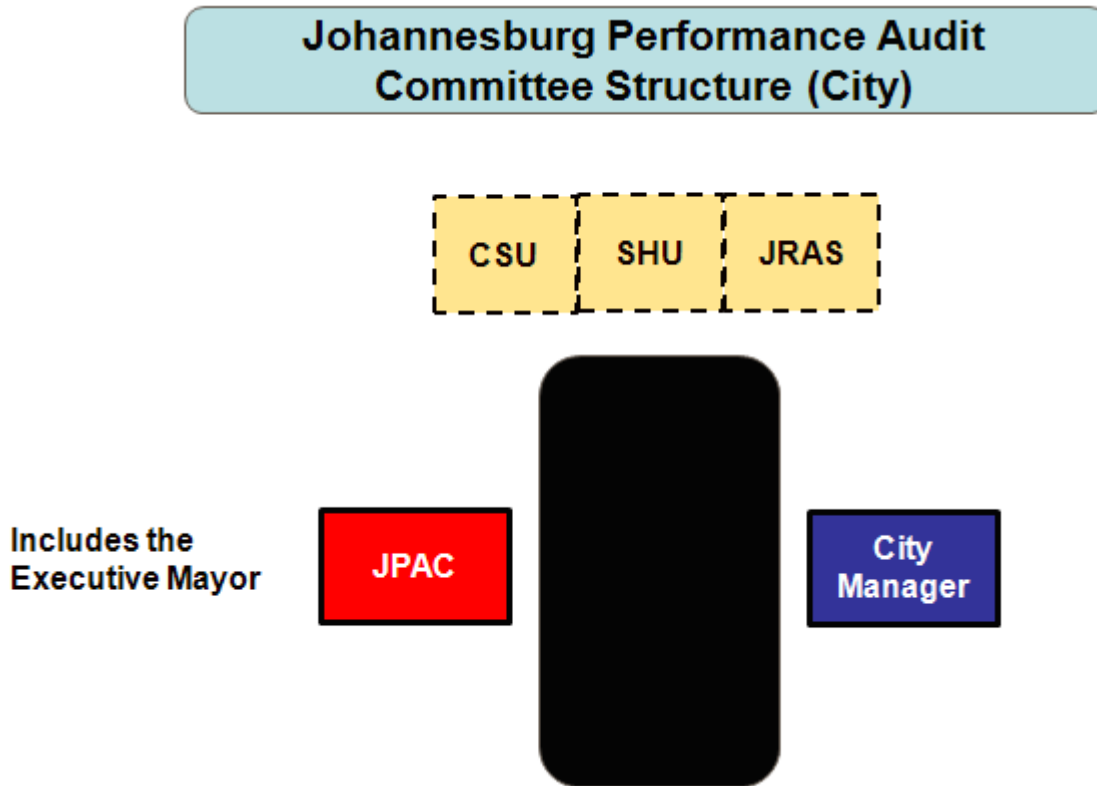


Figure 12: Performance Audit Committee Structure - City

In auditing citywide performance, the following shall be applicable

- The City Manager presents on Citywide performance;
- The JPAC shall consider audit reports prepared and submitted by JRAS in line with regulatory requirements;
- The JPAC shall also consider reports submitted by the CSU on the performance of the City;
- The JPAC shall also consider reports submitted by the SHU on the performance of the municipal entities;
- The CSU shall provide administrative and secretariat support to the JPAC; and
- The JPAC shall prepare and submit a consolidated report to the Council and the Performance Evaluation Panel (with the support of the CSU).

6.4.1.2 Performance Auditing Arrangements - Sector

Johannesburg Performance Audit Committee Structure (Sector)

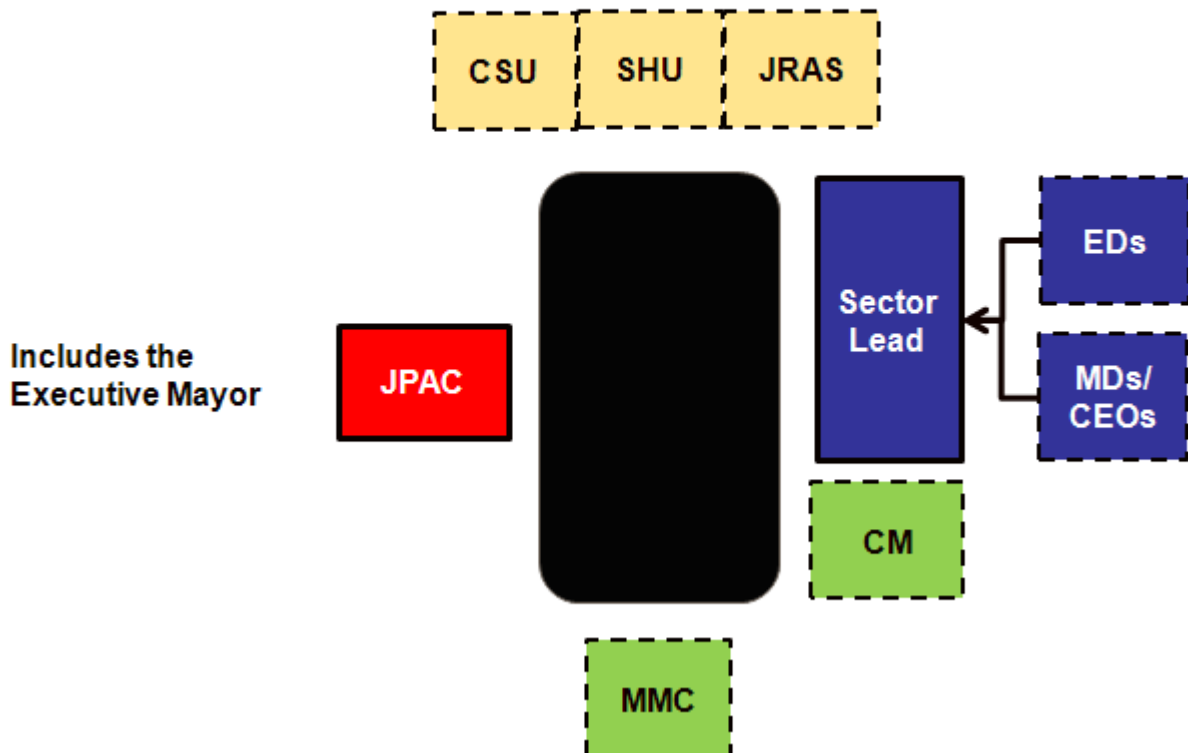


Figure 13: Performance Audit Committee Structure - Sector

In auditing sector performance, the following shall be applicable

- The Sector lead presents on sector performance;
- The JPAC shall consider audit reports prepared and submitted by JRAS in line with regulatory requirements;
- The JPAC shall also consider reports submitted by the CSU on the performance of the sector as well as Departments within that sector;
- The JPAC shall also consider reports submitted by the SHU on the performance of the municipal entities within that particular sector;
- The CSU shall provide administrative and secretariat support to the JPAC;
- The relevant MMC and City Manager may be required to provide inputs to the JPAC; and
- The JPAC shall prepare sector specific reports which shall be consolidated into the Citywide report which shall be submitted to the Council and the Performance Evaluation Panel

6.4.2 The Johannesburg Performance Audit Committee's (JPAC) Terms of Reference

It is also important to note that in addition to the performance audit functions, the JPAC will continue to play specific roles in relation to the performance management system and remuneration framework for the City. These are captured in the terms of reference for the Performance and Remuneration Panel of the City and this role includes, but is not limited to the following:

In terms of senior management remuneration, the JPAC shall –

- Align the performance-based remuneration/ incentive of Section 57 employees with the City's strategic drivers and objectives.
- Make recommendations to the Mayoral Committee on the level of the merit increases and the performance bonus payments of Section 57 employees, commensurate with their individual contribution to the success and achievement of organisational goals.

In respect of the Remuneration Policy, the JPAC shall –

- Review and ensure the ongoing appropriateness and relevance of the City's policy relating to reward, together with its link to performance, and make recommendations in relation thereto where appropriate.
- Advise on the revision of remuneration scales from time to time (with input from the Remuneration Committee or other sources, as identified as necessary by the Panel, if required).
- Provide quality assurance in respect of the Remuneration Policy and practice, with a primary emphasis on performance-based merit increases and bonuses of Section 57 employees.

In terms of assessing legislative compliance, the Panel shall –

- Review any City policy relating to performance management and remuneration where it is deemed necessary to do so, and make recommendations to the Mayoral Committee, with a view to ensuring the ongoing appropriateness and relevance of the City's policies.
- Assess the extent of the City's compliance with relevant legislation in relation to performance management and remuneration - at both an organisational and individual level.

Where applicable these terms of reference will be amended to ensure alignment with the principles contained in this framework and in addition, consideration shall be given to extending the applicability of the Committee the MDs/ CEOs of the Municipal Entities as well.

6.4.3 Performance Evaluation

Performance evaluations accordingly take place at the end of the performance cycle and are a culmination of the review processes. The evaluation of individual performance shall be dependent on the outcomes of the evaluation of performance against sector scorecards with the intention of ensuring that there is alignment between the 2. In evaluating sector performance, consideration shall also be given to the level of performance of relevant Departments and MEs within the sector.

6.4.3.1 Performance Evaluation Panels

Regulation 27(d) and (e) proposes the establishment of performance evaluation panels. The purpose of the evaluation panel is to evaluate the outcomes of the one on one review sessions. It will then recommend performance outcomes to the Mayoral Committee and Council for approval based on the results of its moderation and evaluation exercise.

The Regulations provide for 2 evaluation panels for purposes of evaluating the annual performance of the City Manager as well as the performance of managers who are directly accountable to the City Manager. The following diagram provides an outline of this including the members of these panels:

Role Player	Evaluation Panel Composition
<p>The City Manager</p>	<ol style="list-style-type: none"> 1. The Executive Mayor; 2. The Chairperson of the Performance Audit Committee; 3. Member of the Mayoral Committee; 4. Mayor and/or Municipal Manager from another municipality; and 5. Member of a Ward Committee as nominated by the Mayor.
<p>Managers directly accountable to the City Manager</p>	<ol style="list-style-type: none"> 1. The City Manager; 2. The Chairperson of the Performance Audit Committee; 3. Member of the Mayoral Committee; and 4. A Municipal Manager from another municipality.

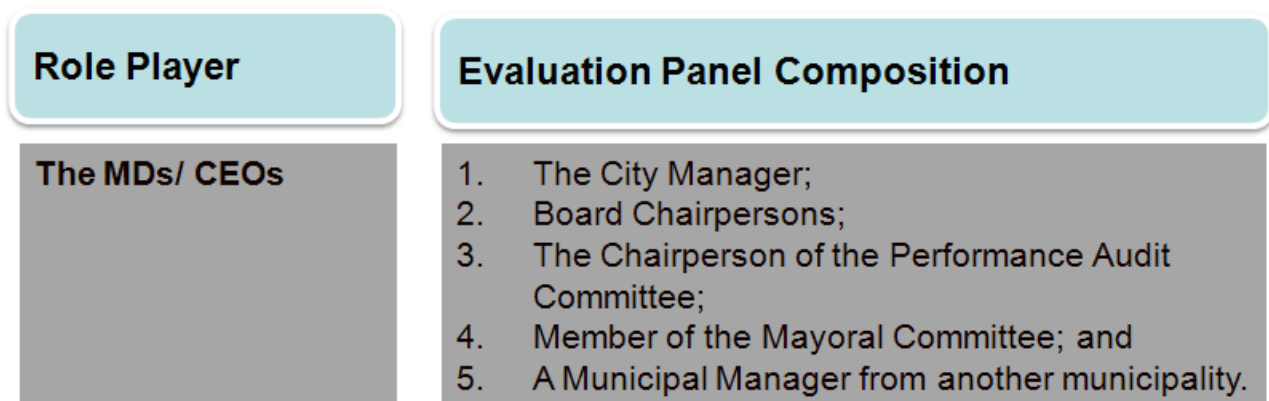
Figure 14: Structure of the Performance Evaluation Panels

After the final assessment by the Evaluation Panel, the recommended scores are then submitted to the Mayoral Committee and Council for approval.

6.4.3.2 Evaluating the Performance of MDs/ CEOs

Currently the performance of MDs and CEOs is not formally evaluated in line with the regulatory provisions – the Boards review the performance thereof with inputs from MMCs and City Manager. However in lieu of the adoption of sector scorecards and legislative changes (more specifically Section 93 of the amended Municipal Structures Act, which deals with municipal entity oversight and performance management requirements), the evaluation panels as proposed in the Regulations will be extended to apply to the MDs and CEOs of the municipal entities.

The following diagram provides an outline of this and the composition of the panel:



The Board Chair shall present the outcomes of the individual review sessions for the respective MDs/ CEOs

Figure 15: Proposed Framework for Evaluating MDs and CEOs

6.4.4 Differences between the JPAC and PEP

The following table provides a summary of the differences between the Performance Audit Committee and the Performance Evaluation Panels:

Table 8: Differences between the JPAC and PEP

JPAC	PEP
Is responsible for auditing the outcomes of the performance management process	Evaluates the outcomes of the individual performance review sessions
Meets at least twice a year	Only meets at the end of the financial cycle
Primarily focuses on institutional performance, but also considers individual performance	Primarily focuses on individual performance, but also considers institutional performance
Looks at system functionality, system compliance and reliability of performance measures	Looks at individual performance and the extent to which it's in line with scorecards signed and the performance of the City
Does not recommend individual rewards	Recommends individual rewards
Does not moderate performance	May moderate individual performance results
Does not consider recommendations of the PEP in its process	Considers the findings of the JPAC as part of its process
Submits audit reports to the Mayoral Committee, Council and the PEP	Submits its recommendations to the Mayoral Committee and Council
Neither a councillor nor an employee of the municipality may be chairperson of the committee	No specific provisions are made in this regard
The JPAC also plays a role in the development and implementation of specific aspects of the City's remuneration framework	The PEP only makes recommendations with regards to performance bonuses

6.4.5 Performance Moderation

The Department of Public Service and Administration (DPSA) defines performance moderation as *"a review process to ensure consistent and fair treatment across an organisation; it is a form of quality control, and it must ensure the correct application of standards consistently across all structures"*.

In moderating the outcomes, the moderation structures shall consider the following:

- The extent to which the individual results are a true reflection of the individuals performance and are in line with performance requirements as expressed in the individual's performance agreement;
- The extent to which the individual results are aligned to the performance of the City Group as expressed through the performance reports against Departmental Business Plans, sector scorecards and the SDBIP (City Scorecard);
- The extent to which the individual results are aligned to the level of performance of the City as expressed by Community members through the City's annual customer satisfaction surveys and/ or community feedback via ward structures; and
- The extent to which the process that was followed was in line with this policy and any such requirements as may be determined by the City from time to time.

The following are some of the key principles that underline the moderation of performance:

- Performance moderation is **purposeful** – The purpose of moderation is to ensure consistency, fairness and good quality are maintained in application;
- Performance moderation is **objective** – Moderation takes place against a set of predetermined and agreed criteria; and
- Performance moderation is **independent** – A certain element of independence has to be maintained in order to ensure that the results of any moderation process are in themselves objective and consistent.

The moderation process will generally involve the following:

- Reviewing the performance assessment process by obtaining an overall sense of whether norms and standards are being applied realistically and consistently;
- Reviewing overall assessment scores across sections/components/departments in the City and accordingly recommend percentage decrease in scores across the board as opposed to per individual;
- Determine the performance of the entire component and aligning that with summary results based on individual performance;

- Recommend reward levels and remedial action for performance and non-performance, respectively;
- Make recommendations regarding actions to be considered where managers and supervisors do not implement the system properly; and
- Providing oversight in terms of the application of the performance management system.

6.4.6 Summary of Roles and Responsibilities for the Performance Audit, Evaluation and Moderation Phase

The following table provides a summary of the roles and responsibilities of the various role players during this phase:

Table 9: Summary of Roles and Responsibilities for the Performance Audit, Evaluation and Moderation Phase

Stakeholder	Roles and Responsibilities
Council	<ul style="list-style-type: none"> • Evaluates City performance • Adopts the annual report for the City • Reviews and moderates the recommendations of the Mayoral Committee • Approves individual performance rewards
Executive Mayor	<ul style="list-style-type: none"> • Member of the performance audit committee
Mayoral Committee	<ul style="list-style-type: none"> • Moderates the outcomes of the evaluation process • Recommends individual performance rewards in line with the City’s reward framework • Submits recommendations to the Council
Johannesburg Performance Audit Committee	<ul style="list-style-type: none"> • Prepares and submits a Report to the Performance Evaluation Panel and the Council
City Manager	<ul style="list-style-type: none"> • Provides input to JPAC and the PEP
Performance Evaluation Panel	<ul style="list-style-type: none"> • Evaluates the performance of the City Manager • Evaluates the performance of all managers directly accountable to the City Manager • Evaluates the performance of all Managing Directors and Chief Executive Officers of the Municipal Entities • Recommends individual performance rewards in line with the City’s reward framework • Submits recommendations to the Mayoral Committee
Member of Mayoral Committee	<ul style="list-style-type: none"> • Provides input to JPAC and the PEP • Provides input into the sign off of the outcomes of the process

Stakeholder	Roles and Responsibilities
Shareholder Unit	<ul style="list-style-type: none"> • Provides input to JPAC and the PEP
Board Chairperson	<ul style="list-style-type: none"> • Provides input to JPAC and the PEP
Sector Lead and Sector Members	<ul style="list-style-type: none"> • Provides input on sector performance to JPAC and the PEP
CSU	<ul style="list-style-type: none"> • Provides secretariat support to the JPAC and PEP
JRAS	<ul style="list-style-type: none"> • Conduct audits and supports the JPAC in line with regulatory mandate • Submits quarterly and annual audit reports to the JPAC

6.5 Managing Performance Outcomes

The performance outcomes of the annual reviews, audit, evaluation and moderation process will be approved by the Council on the recommendations of the Mayoral Committee. These outcomes will include the following:

- Financial or non financial rewards;
- Performance development and support; and
- Incapacity procedures.

6.5.1 Performance Rewarding Arrangements

In order to encourage high standards of performance it is recognised that outstanding performance should be rewarded. The following considerations must however be applicable:

- A performance bonus, based on affordability, may be paid to all section 57 employees after–
 - The annual report for the financial year under review has been tabled and adopted by the city council;
 - An evaluation of performance in accordance with the provisions of this policy document; and
 - Approval of such evaluation by the Council.
- Performance-related rewards must also be dependent on the performance of the City Group.
- Performance bonuses for Section 57 employees will range from 5% to 14% of the all inclusive remuneration package And the ranges for MDs/CEOs performance bonuses will also range from 5% to 14% of the all inclusive remuneration package dependent on individual and group performance
- While steps to manage poor performance should be taken at anytime during the performance cycle, and during the coaching sessions and the quarterly reviews, it is at the final review that decisive action must be taken regarding continued poor performance.
- The employer (the City) is obliged to provide systematic remedial or developmental support, to assist in cases of poor employee performance, and to promote improvements.
- Failure of the individual employee to address poor performance after appropriate support has been provided may lead to termination of the employment contract, on the grounds of incapacity.
- The following section presents the proposals for consideration in terms of managing performance outcomes:

The table below outlines the framework within which performance bonuses shall be paid. The framework proposes a bonus where a % is dependent on the level of sector achievement of its objectives and a % is dependent on the level of individual performance.

Table 10: Performance Bonus Framework

Level of Performance	Average Performance Rating	Cash Bonus (Expressed as a % of the all inclusive remuneration package)
Sector performance	> 4.5	9%
	4 – 4.4	7%
	3.5 – 3.99	4.6%
	3 – 3.49	3 %
	<3	No bonus
Individual	> 4.5	5%
	4 – 4.4	3.7%
	3.5 – 3.99	2.7%
	3 – 3.49	2%
	<3	No bonus

6.5.2 Managing unsatisfactory or poor performance

Should a supervisor, as a result of the assessment/ review process, or at any time during the performance cycle, be of the opinion that an employee’s performance is markedly below what is required; the supervisor must complete a full and formal assessment. In this regard the City must be obliged to provide performance-counselling support.

Whilst steps should have been taken to manage poor performance during the coaching sessions and the quarterly reviews, it is at the final review that decisive action must be taken regarding continued poor performance.

In the case of unacceptable performance, the employer must:

- Provide systematic remedial or developmental support to assist the employee to improve his or her performance; and
- After appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, the employer may

consider steps to terminate the contract of employment of the employee on the grounds of unfitness or incapacity to carry out his or her duties.

6.5.3 Managing Deviations

Provision is made for the submission and consideration of deviations by appropriate stakeholders as part of the performance management process. Deviations must only be granted if evidence provided in this regard is accepted and provided the following conditions are met:

- If the employee has duly informed her/ his supervisor/ manager in a timely manner and in writing;
- If the relevant factors or circumstances are such that they are out of the control of either the supervisor/ manager or employee; and
- If the supervisor/ manager and employee demonstrate that the relevant factors or circumstances could not be overcome within the relevant performance cycle.

Evidence given to support a request for deviation must also be accepted if solutions to the challenges may result in the City being in conflict with its own policies and procedures or key legislation. In addition the employee may be required to sign an amended performance agreement if this deviation is requested and granted within the first 2 quarters of the performance cycle.

The City Manager must approve all requests for Deviations by the Executive Directors of the various Departments and the Board Chairpersons must approve all requests for deviations by the respective MDs/CEOs of the municipal entities within the City. These must be reviewed and validated by the Performance Audit Committee.

Evidence given in mitigation after the final review shall only be accepted if the following conditions are met:

- If a deviation was previously requested and granted;
- If the employee has duly informed her/ his supervisor/ manager in a timely manner and in writing;
- If the relevant factors or circumstances are such that they are out of the control of either the supervisor/ manager or employee; and
- If the supervisor/ manager and employee demonstrate that the relevant factors or circumstances could not be overcome within the relevant performance cycle.

6.5.4 Dispute Resolution

Any disputes about the nature of the performance agreement, in relation to key responsibilities, priorities, methods of assessment and salary increments must be mediated by:

- In the case of the Municipal Manager: the MEC for Local Government (or any other person designated by the MEC), within 30 days of receipt of a formal dispute from the employee.
- In the case of other Section 57 employees: the Executive Mayor, within 30 days of receipt of a formal dispute from the employee.
- **Managing the Outcomes of the Performance Management Process** In the case of MDs/ CEOs of Municipal Entities: The board, within 30 days of receipt of a formal dispute from the employee.

Any disputes about the outcome of the employee’s performance evaluation must be mediated by:

- In the case of the Municipal Manager: the MEC for Local Government (or any other person designated by the MEC), within 30 days of receipt of a formal dispute from the employee.
- In the case of other Section 57 employees: a member of the Municipal Council, provided that such member was not part of the Performance Evaluation Panel provided for in sub-regulation 27(4)(e), within 30 days of receipt of a formal dispute from the employee.

The decision of the mediators must be final and binding on both parties.

6.5.5 Summary of Roles and Responsibilities during the Outcomes Phase

The following table provides a summary of the roles and responsibilities of the various role players during this phase:

Table 11: Summary of Roles and Responsibilities the Managing Performance Outcomes Phase

Stakeholder	Roles and Responsibilities
Council	<ul style="list-style-type: none"> • Approves performance management outcomes after the tabling of the City’s annual report • Provides feedback on these decisions
City Manager	<ul style="list-style-type: none"> • Provides coaching and support to the EDs • Managing unsatisfactory and poor performance in line with legislative and regulatory requirements (Effecting and making

Stakeholder	Roles and Responsibilities
	<ul style="list-style-type: none"> recommendations) • Provide feedback on outcomes of the entire process
Member of Mayoral Committee	<ul style="list-style-type: none"> • Submit recommendations to management of poor or unsatisfactory performance
Shareholder Unit/ CSU	<ul style="list-style-type: none"> • Monitors implementation of performance management outcomes • Monitors performance improvements in lieu of measures introduced to address unsatisfactory or poor performance • Provides input to assist in dispute resolution
Board Chairperson	<ul style="list-style-type: none"> • Provides coaching and support to the MDs/ CEOs • Managing unsatisfactory and poor performance in line with legislative and regulatory requirements (Effecting and making recommendations) • Provide feedback on outcomes of the entire process
MD/CEO of the ME	<ul style="list-style-type: none"> • Implementation of performance improvement requirements
Sector Lead	<ul style="list-style-type: none"> • Implementation of performance improvement requirements
JRAS	<ul style="list-style-type: none"> • Provides input to assist in dispute resolution • Audit implementation of performance management outcomes
Performance Evaluation Panel	<ul style="list-style-type: none"> • Provides input to assist in dispute resolution • Make recommendations with regards to exceptional as well as poor performers • Consider the effectiveness of the system in managing the outcomes of the performance management process

7 CONCLUSION

This framework provides the basis on which the performance management system and processes of the City can be improved. There are a number of lessons that have been learnt through the implementation of the current performance management system; however the enhancement will ensure that the City has an effective and efficient Group wide performance management system, which is in line with key legislative and regulatory requirements.