

MSUKALUGWA LOCAL MUNICIPALITY

INDIVIDUAL PERFORMANCE MANAGEMENT & DEVELOPMENT POLICY

2023-2024



Approved Date: 03/07/2023
Review Date: as when necessary

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1. PREAMBLE

The Municipal Council of Msukaligwa Local Municipality (the Municipality) has identified the need to develop a uniform Performance Management and Development Policy that is able to accommodate peculiar circumstances in various Municipal Departments, in monitoring the utilization of human resources to enable the Municipality as a whole meet its Service Delivery targets effectively.

1.1 Communication

All correspondence with regards to this Policy shall be addressed to the Director: Corporate Services.

1.2 Responsibility

The Municipal Manager shall be the custodian of this Policy, and shall be responsible for its implementation, monitoring and evaluation.

1.3 Availability

A copy of this Policy will be made available on the Municipality's website and Human Resource Division.

1.4 Review

This policy document shall be reviewed when necessitated by a change in collective agreements or legislation, and submitted as part of the budget approval process.

2. Definitions

Municipal Manager: Means a person appointed by the Municipality in terms of section 82 of the Municipal Structures Act and who are the Head of Administration and the Accounting Officer for the Municipality.

Head of Department: Means a person appointed as the Director of the department by the Municipality and who is the Head of a Department within the Msukaligwa Local Municipality.

Municipality: Means the Msukaligwa Local Municipality and Includes any Committee of the Council established in terms of Section 79 or Section 80 of the Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998) as amended.

Assessment instrument: An assessment tool used to assess the performance of an individual employee in relation to the achievement of key result areas and core management criteria or generic assessment factors as contained in the Performance Plan of the performance agreement.

Confirmed assessment rating: The assessment score for an employee that has been confirmed by the Sectional/Unit Moderating Committee

Designation: Refers to the job title, post or position occupied by the employer or employee.

Development: Training and development activities to enhance the employee's competencies and to improve performance.

Employee: A person(s) who holds a post on the fixed establishment or is employed temporarily or under a special contract in a department, whether in a full-time or part-time capacity, additional to the fixed establishment or in vacant posts on the fixed establishment.

Generic Assessment Factor: An element used to describe and assess aspects of performance, taking into consideration knowledge, skills, and attributes.

Goals: General statements describing the desired outcome to which effort is directed. Goals describe the purpose of any activity. Goals articulate the reason why we do what we do.

Key Performance Area: A disaggregated area of a job which is essential for achieving business goals and objectives. Key performance areas are mainly the distinct areas with unique outputs and outcomes but linked to a particular business process and its value chain.

Key Performance Indicator: Key performance indicators provide evidence that the performance has been achieved. They identify particular aspects of performance that reflect success. Key performance indicators are often accompanied by a target. A target sets a specific numerical goal in relation to a particular KPI.

Key Performance Area (KPA): An area of a job in which performance is critical for making an effective contribution to the achievement of departmental strategies, goals and objectives

Level: Salary range or grade.

Medium-Term Expenditure Framework: The medium-term expenditure framework published by the Ministry of Finance.

Moderation: The review of employee assessment scores by a committee to ensure consistency and fairness across the department through a common understanding of performance standards required at each level of the rating scale and to assist in complying with the requirement that expenditure on bonuses should not exceed 1.5% of the remuneration budget

Objectives: Statements that concretely and specifically describe a result to be achieved. They serve as a basis for clarifying intentions, for planning, for guiding activity towards the desired result, and for assessing achievement. Objectives are measurable in terms of output, result, and time frame.

Operational plan(s) (or business plan): A one-year plan derived from and giving life to the strategic plan by translating the strategic objectives identified in the strategic plan into key result areas and activities with measurable standards, for a particular year for the Department, Branches, Chief Directorates and Directorates.

Performance cycle: A 12-month period, for which performance is planned, managed and assessed. It must be aligned to the same period as the Department's annual business plan i.e. 1st April to 31st March of the following year.

Performance Evaluation: Performance evaluation refers specifically to the annual formal process of evaluating performance taking into account all formal performance reviews and it leads to management decisions regarding recognition and reward, individual development and corrective action.

Performance Management Cycle: It refers to various phases that the system moves through, from start to end, over the course of one financial year. It comprises three main phases, which are, planning, contracting, performance monitoring/review, and annual performance evaluation i.e. 1st July to 30th June of the following year.

Performance: It is the execution of tasks, activities and processes that are aimed at achieving a stated individual and/or team and/or organisational goals and objectives. Performance includes complying with formal procedures, norms and standards and innovating ways to improve business processes, outputs and outcomes.

Performance incentives: A set of (a) financial rewards linked to the results of performance appraisal, including pay progression, performance bonus, and (b) a variety of non-financial rewards that may be contained in the departmental performance incentive scheme.

Performance Planning: The outcome of a process of linking individual performance plans to organisational goals and of the analysis of what will be required to achieve effective performance. It often includes managers and employees agreeing on objectives and standards of performance to guide performance and performance assessments

Performance Review: The formal process of reviewing performance, quarterly in the course of the performance period, in which progress is assessed, problems identified and performance plans amended where deemed necessary. It is also a continuous process of formal feedback aimed at risk management, problem solving and tactical reflection. Performance review does not replace ongoing informal day-to-day peer and managerial performance feedback.

Performance Standards: Mutually agreed criteria used to describe how well work must be done. They may be used to clarify the key performance areas of a job by describing what doing them well means. They may attempt to define levels of expected performance precisely, or they may be used to inspire and challenge and as a basis for dialogue and learning.

Personal development plan (PDP): A requirement of the performance agreement whereby the important competency and other developmental needs of the employee are documented, together with the means by which these needs are to be satisfied and which includes time lines and accountabilities.

Provisional assessment rating (PAR): An employee's total assessment rating score that has been agreed upon between the employee and her/his supervisor.

Rating: The allocation of a score to a KPA, a GAF and/or to overall performance in accordance with the five-point rating scale of the PMDS.

Salary Scale: A range of salaries from a minimum to a maximum for the public service, an occupation or a sector within the public service, with specific amounts denoted as the beginning and end of salary ranges or notches within salary ranges.

Senior Management: Municipal Manager and Senior Managers directly accountable to the Municipal Manager in terms of Section 56 of the Municipal Systems Act.

Strategic Plan: The end product of strategic planning, setting out the mission and vision statements and the medium and long-term strategic objectives of the Municipality.

Supervisor: An official responsible for the allocation of work, monitoring of activities, discussing performance and development, and the regular performance review and annual performance rating of an employee.

Performance Plan: A document which is part of the performance agreement and which contains key performance areas, associated outputs/activities and their performance standards and resource required

First (1st) time participant: Means a new appointee to the Municipality in a production or supervisory/post – therefore excludes employees appointed in training or community service posts (e.g. Candidate technician and Engineer and Pupil Artisan (Apprentice)). Those employees appointed in training or community service posts, and who complete the requirements for appointment in a production or supervisory/managerial post, are for

purposes of pay progression regarded as First (1st) time participants in the production or supervisory/managerial post.

Pay progression cycle: Means a continuous period of 24 months, running from 1 July to 30 June of the year following the next year, for 1st time participants and 12 months, running from 1 July to 30 June of the next year, for employees other than 1st time participants.

3. LEGAL AND POLICY FRAMEWORK

The legal and policy framework for the remuneration of municipal employees is:

1. Municipal Staff Regulations and Guidelines.
2. Basic Conditions of Employment Act, No. 75 of 1997.
3. Employment Equity Act, No. 55 of 1998
4. Labour Relations Act, No. 66 of 1995, as amended
5. Local Government Bargaining Council Agreements
6. Local Government: Municipal Systems Act, Act 32 of 2000 and the Regulations emanating therefrom.
7. SALGA Circulars
8. The SALGA Conferences on Human Resources Development
9. Guidelines on Remuneration of Managers in Local Government, as published in GN 881 in GG 22675 of 14 September 2001.
10. CoGTA: Regulations on the appointment of Senior Managers and Conditions of Service for Senior Managers
11. White Paper on Transformation of the Public Service, 1995
12. White Paper on Human Resource Management, 1997
13. White Paper on Transforming Public Service Delivery (Batho Pele), 1997
14. White Paper on Public Service Training and Education, 1998
15. The Municipality's Performance Management Framework
16. Skills Development Act and Staff Retention Policy

4. PURPOSE OF POLICY

The purpose of this policy is to provide guidelines, in terms of the PMS's framework approved by the Council, on how to plan and manage individual performance with the aim of optimizing employee's output in terms of quality and quantity thereby improving the Municipality's overall performance and service delivery.

5. OBJECTIVE

The objectives of the performance management and development system is to-

- a. Promote objectives and developmental duties of local government, as set out in section 152 and 153 of the Constitution;
- b. Promote a culture of service to the public, accountability, mutual co-operation and assistance amongst staff members;
- c. Institutionalise performance planning, monitoring and evaluation in the municipality;
- d. Maximise the ability of the municipality as a whole to achieve the objectives and improve the quality of life of the Msukaligwa residents by aligning municipal-wide, departmental and individual performance;
- e. Build a common understanding among staff members of the municipality's objectives as contained in the IDP and annual performance plan'
- f. Set clear performance indicators and performance targets by communicating to staff members how their roles contribute to the success of the municipality;

- g. Build individual capability, skills and competencies that are key to the municipality achieving the mandate and objectives and encourage commitment among staff;
- h. Create an enabling environment to plan, monitor and measure performance against set targets or outputs;
- i. Encourage desired behaviours as articulated in the Code of Conduct for Municipal Staff Members, as contained in Schedule 2 of the Municipal Systems Act;
- j. Identify and improve substandard performance of staff; and
- k. Recognise performance of staff that have achieved a rating of performance significantly above expectations and outstanding performance.
- l. Promote interaction on performance between an employee and the supervisor;
- m. Ensure that the employee and the supervisor know and understand what is expected of them;
- n. identify individual and team accountability for accomplishing organizational goals;
- o. identify and respond to developmental needs for individuals and where applicable, teams;
- p. assess and improve individual, team, and organizational performance; and
- q. Use performance as the basis for recognizing and rewarding accomplishments, and as a basis for effective response to consistent inadequate performance.

6. APPLICATION OF POLICY

The policy applies to all staff members of MSUKALIGWA MUNICIPAL EMPLOYEES excluding staff member-

- a. Appointed on a fixed term contract with a duration of less than 12 months;
- b. Serving a notice-
 - i. Of termination of his or her contract of employment; or
 - ii. To retire on reaching the statutory age;
- c. Appointed on an internship programme or participating in the national public works programme or any similar scheme; and
- d. Appointed in terms of sections 54A and 56 of the Municipal Systems Act.

7. GOALS

The goals of this policy are to ensure a system, that:

- a. Recognises individual contributions towards the achievement of the Municipality's objectives and motivate high levels of performance;
- b. Communicates and supports organisational values, strategies and creates focus on key organisational objectives, through the Performance Management System Framework.
- c. Achieve fair labour practice and equity.

8. PRINCIPLES

This policy is underpinned by the following principles: -

- 8.1 Municipal Departments shall manage performance in an objective, consultative, supportive, and non-discriminatory manner in order to enhance organizational efficiency, effectiveness and accountability for the use of resources and the achievement of results;
- 8.2 Performance management and development processes shall link to a departments' as well as the Municipal strategic human resource plans;
- 8.3 Performance management shall aim in cultivating good human resource management and career development practices, and recognizing outstanding performance while allowing for effective response to consistent inadequate performance;
- 8.4 Performance management processes shall be transparent and promote administrative justice;
- 8.5 Performance management shall not be used as a tool by which to favour or prejudice any staff member; and
- 8.6 There shall be regular, honest, and timely feedback, both positive and negative

9. ROLES AND RESPONSIBILITIES

9.1 Responsibilities of the Performance Management Unit

The Performance Management Unit is responsible for the overall coordination, support and monitoring of the implementation of performance management by line managers. The specific responsibilities of the PMS Unit are, inter alia:

- 8.6.1 Coordination of performance management process in the organization;
- 8.6.2 Ensuring that the system is applied fairly;
- 8.6.3 Monitoring the implementation in line functions to enhance compliance with and adherence to policy and procedures;
- 8.6.4 Providing strategic, logistical and capacity support to line managers in the implementation of the system;
- 8.6.5 Management of the links between the PMDS and the other appropriate HR policies; and
- 8.6.6 Facilitating the implementation of performance management decisions in the Municipality.

9.2 Responsibilities of Municipality

The municipality, as represented by relevant supervisor, and staff member must, during the planning phase, agree on-

- 9.2.1 Performance objectives and targets that the staff member is expected to achieve during a performance cycle;

- 9.2.2 Specific performance standards, weightings for targets and performance indicators for measuring achievement of performance against set targets; and
- 9.2.3 Job specific competencies to be assessed in the performance cycle.

9.3 Responsibilities of Line Managers

Every line manager is responsible for the performance management and development implementation and practices in his/her Departmental components. The line manager shall:

- 9.3.1 The supervisor and staff member must ensure that performance management is aligned to the staff members' job, and KPAs relevant to the post that the staff member holds.
 - 9.3.2 The KPAs MUST relate to the staff members functional area and must consist of not less than 5 and not more than 7 KPAs.
 - 9.3.3 The KPIs-
 - a. Include the input, quality or impact of an output by which performance in respect of a KPA is measured; and
 - b. Must be measurable and verifiable.
 - 9.3.4 The performance standard for each KPI may be qualitative or quantitative, but MUST also satisfy the criteria set out in sub-regulation 5.
 - 9.3.5 The KPA weighting demonstrates the relevant weight of each KPA.
 - 9.3.6 The job specific competencies, as derived from Annexure A, must include the name and definition of the specific competency, the expected level of capability, the relevant weightings, be specific and applicable to the job of the staff member.
 - 9.3.7 The staff member's job specific competencies should not exceed six competencies within a performance cycle.
 - 9.3.8 The supervisor must, during the performance cycle, monitor, coach and provide feedback to the staff member.
 - 9.3.9 The supervisor and staff member must undertake a formal mid-year performance review. The review must be recorded as a formal engagement as a formal engagement between the supervisor and staff member.
 - 9.3.10 The supervisor and staff member must undertake an annual performance assessment for each performance cycle based on the performance agreement.
 - 9.3.11 The criteria upon which the performance of the staff member must be assessed consist of two components: KPAs and job specific competencies. The staff member's performance must be assessed against components. KPAs covering the main areas of the work will account for 80% of the weight while job specific competencies will constitute 20% of the overall assessment result as per the weightings agreed in terms of the performance agreement.
 - 9.3.12 The supervisor and staff member must conclude the annual performance assessment process as a formal engagement co-signed by the supervisor and staff member. The annual performance assessment must be recorded and signed by the supervisor and staff member.
 - 9.3.13 The supervisor must ensure that any relevant personal development and career incidents are deliberated upon with the staff member during the performance appraisal or assessment.
- 9.2.4 that is linked to the Municipal SDBIP;
 - 9.2.5 Make sure that each sub-division in his/her division has a plan aligned to the divisional plan;
 - 9.2.6 Agree on clear measurable divisional performance objectives with each employee for all quantitative and qualitative performance standards and indicators, which will assist in the determination of performance ratings during the quarterly assessments;

- 9.2.7 Convene and lead ongoing periodic reviews of divisional and sub-divisional plans and approve necessary adjustments to objectives and performance measures.
- 9.2.8 Manage the implementation of the process through the creation of clear communication channels throughout the organization in order to build widespread understanding of the key purpose and implications of the system from the start;
- 9.2.9 Define the desired outcomes with employees so as to ensure that employees know and understand how they fit into the broader picture of the strategy and how the performance management and development system works;
- 9.2.10 Prepare clear performance measures that will ensure fair and objective assessment of employees;
- 9.2.11 Provide guidance by encouraging employees to focus on clear, specific and attainable career goals;
- 9.2.12 Embody the spirit of open communication and constructive feedback. Giving and receiving feedback on the process; and
- 9.2.13 Act on the actions generated from the performance review/evaluation session. Managerial staff will support career development by informing employees about options for and possible barriers to career movement.

9.3 Responsibilities of Employees

Every employee shall be responsible for his/her own performance. The employee shall, before commencement of his/her performance review period ensure that:

A staff member of Msukaligwa Local Municipality is a public servant in a developmental local government system, and therefore must-

- 9.3.1 Be committed to serve the public and to a collective sense of responsibility for performance in terms in terms of standards and targets; and
- 9.3.2 Participate in the overall performance management system of the municipality, as well as the staff members' individual performance evaluation and reward system in order to maximise the ability of the municipality as a whole, to achieve its objectives.
- 9.3.3 he/she understands the performance plan and enter into a performance undertaking;
- 9.3.4 he/she understands and agrees with the criteria used to evaluate his/her performance;
- 9.3.5 he/she understands the contents of this performance plan;
- 9.3.6 he/she will deliver the outputs according to the standards contained in the performance plan; and
- 9.3.7 He/she will deliver his/her duties in compliance with the performance plan and strive to continuously improve his/her performance.

10. IMPLEMENTATION

Performance management and development policy as a guiding tool to an ongoing systematic process of planning work and setting expectations, continually monitoring performance, developing the capacity to perform, periodically reviewing performance and rewarding good performance shall be implemented using the following phases:

10.1 Phase 1: Performance Planning and Contracting

Planning is the process of setting performance expectations and objectives for groups and individuals to channel their efforts towards achieving organizational objectives. Every employee shall be involved during the planning process so that they can understand the

objectives of the Municipality and their departments and/or units, what needs to be done, why it needs to be done, and how well it should be done.

Performance plans will be developed during the planning and contracting phase to align individual performance to organizational performance. During this phase individual employees will enter into a performance undertaking.

10.2 Phase 2: Performance Monitoring and Evaluation

Monitoring and evaluation of performance will be done by conducting quarterly reviews with employees wherein their performance is compared against the agreed performance standards, objectives and the under mentioned generic assessment factors as agreed in the performance plan:

- Job knowledge
- Technical skills
- Acceptance of responsibility
- Quality of work
- Reliability
- Initiative
- Communication
- Interpersonal relations
- Flexibility
- Team work
- Leadership
- Delegation and empowerment
- Management of financial resources

Taking cognizance of the diversity of mandates of departments, the evaluation process shall be done by using the applicable system, which inter-alia includes the following:

10.2.1 Self-Evaluation

The role of the employee being evaluated shall be to:

- (a) evaluate his/her own progress according to his/her performance plan, during the period under evaluation and allocate performance ratings accordingly;
- (b) bring to his/her manager's attention, significant other outputs that were delivered during this period which are not contained in the performance plan and/or performance which he/she regards as being meritorious;
- (c) give inputs on areas of performance, which the manager has identified as being poor;
- (d) review his/her performance plan for validity; and
- (e) discuss and initiate the amendment of his/her performance plan, if necessary.

10.2.2 Performance monitoring and review

- (a) The monitoring process involves a manager consistently measuring performance on the job and providing ongoing feedback to staff and teams on progress towards reaching staff member and team goals;
- (b) The monitoring of performance includes conducting progress assessment with staff member and teams through one-on-one or team engagement sessions during which their performance is compared against predetermined performance standards.

- (c) The supervisor must offer coaching when required in order to reinforce effective performance or bring the performance of the staff member closer to the expected standards.
- (d) The performance of the staff member must be reviewed at mid-year to assess the staff member or teams' progress towards meeting performance targets, to identify challenges and agree to solutions and to consider reviewing targets resulting from workplace changes beyond the staff member or team's control.
- (e) The municipality may review the performance of a staff member at any other time and on an ongoing basis to offer coaching and feedback

10.2.2 Managerial Review or Evaluation

The manager of the employee under review or evaluation shall:

- (a) facilitate the review or evaluation session;
- (b) review or evaluate the employee's progress according to his/her performance plan during the period under review or evaluation and allocate performance ratings accordingly;
- (c) give recognition to the employee for good performance rendered during the review or evaluation period;
- (d) identify performance areas which have been identified as being poor;
- (e) allow the employee opportunity to give his/her input during the review or evaluation session;
- (f) identify remedial steps which will be taken to eliminate factors which have hampered the employee's performance;
- (g) review or evaluate the employee's performance plan, for validity;
- (h) discuss and initiate the amendment of the employee's performance plan, if necessary;
- (i) record his/her comment about the performance of the employee under review or evaluation; and
- (j) confirm to the employee that a copy of his/her amended performance plan will be submitted to him/her within five (5) working days of the review session or determine a date for the development of the employee's performance plan for the next performance period.

10.2.3 Instrument and Criteria for Performance Monitoring and Evaluation

The following evaluation criteria and process shall apply during the performance monitoring/review and evaluation sessions:

- (a) The five (5) points rating scale as stipulated in the Performance Management Framework will be used to review and evaluate the performance of the employee under evaluation;
- (b) Points will be allocated to an employee based on the key performance areas/indicators agreed upon in the performance plan; and
- (c) The granting of pay (notch) progression or an incentive reward in recognition of good or exceptional performance shall be affected accordingly.

10.2.4 Team or Group Evaluation

- (a) All members of a team or group can be assessed as a team or group where the following situations apply:
- (b) Jobs are interdependent;
- (c) Cooperation is needed to complete the task or project; and
- (d) The individual employee's performance is dependent on active participation and commitment of the team or group in contributing towards the attainment of the goal.

Note: *The Performance assessment forms are attached as annexures A to C to the PMS framework.*

10.3 Phase 3: Performance Development Planning

- (a) During the processes of performance planning and monitoring, deficiencies identified in performance should be addressed.
- (b) Managers shall identify training and development needs to help employees who experience problems to improve their performance and for successful employees to improve even further.
- (c) Personal development plans shall be developed to address the developmental needs of the relevant employee.

10.4 Phase 4: Performance Rewards

- (a) A performance related reward is at the discretion of the municipality; and
- (b) Maybe rewarded to a staff member-
 - i. who has served the full assessment period of 12 months on the 30 June of each financial year of a municipality;
 - ii. transferred or seconded horizontally during the performance cycle within the municipality;
 - iii. who is on uninterrupted approved leave for more than 3 months; and
 - iv. who received a performance rating of performance significantly above expectations or outstanding performance during a performance cycle after moderation of performance results;
- (c) May not be awarded to a staff member-
 - i. Appointed after 1 July of that performance cycle;
 - ii. Who is serving probation as stipulated in regulation 23;
 - iii. Whose performance period is less than 12 months;
 - iv. Whose employment is for a fixed term duration of less than 12 months; or
 - v. Whose post was upgraded without a change in performance agreement.

The municipality will not spend more than 1.5 of its annual salary and wage bill for staff performance reward.

- (d) All employees eligible for recognition and reward shall be nominated by the immediate supervisor.
- (e) Based on the outcomes of the evaluation, employees may be rewarded as individuals and/or as members of a group.

10.5 Phase 5: Management of Poor Performance

- (a) Supervisors are required to first identify and then, in line with a developmental approach, deal with unacceptable performance of employees under their supervision.

- (b) The supervisor shall therefore comply with the procedural requirements of legislative, bargaining council and policies, to deal with identified poor performance.
- (c) Intervention by the supervisor to overcome performance shortfalls may include any of the following:
 - Personal counselling
 - On the job mentoring and coaching
 - Formal training/ re-training
 - Restating the work plan performance requirements
 - Work environment audits to establish other factors that may affect the performance

10.6 Performance Cycle

The PMDS will operate on an annual cycle (financial year), which runs from the 01st July to 30st June and is aligned with the strategic planning cycle.

10.7 Recognition of performance

- i. An employee must complete a continuous period of at least 12 months on his or her salary notch on 30 June of a year in order to be considered for pay progression and/or incentive reward for good or exceptional performance.
- ii. The annual assessments must cover a full assessment of 12 months of the annual cycle and performance rewards may only be granted to an employee who has completed an assessment period of 12 months over a period commencing 01 July of a particular year and ending on 30 June of the following year.
- iii. With effect from 1 July of each new financial year, the qualifying period for pay progression for New Employees is twenty-four (24) months. In practice the qualifying period for first time participants will commence with effect from 1 July 2018 for the Senior Managers and for the other employees it will be phases.
- iv. The pay progression cycle for employees other than New Employees is twelve (12) months. In practice the qualifying period for these employees will commence on 1 July 2018 and run until 30 June 2019 with the awarding of the pay progression for qualifying employees on 1 July 2019.
- v. The performance incentive categories for the assessment cycle are set at the following levels:
 - 1. Category A: An amount from a minimum of 11% to a maximum of 18% of the actual salary of the employee held at the end of the applicable assessment period. In case of employees on salary level 0 to 3, an amount not exceeding 14%.
 - 2. Category B: An amount from a minimum of 3% to a maximum of 10% of the actual salary of the employee on salary levels 4 to 17, held at the end of the applicable assessment period.
- vi. Normal periods of leave (e.g. vacation leave) and/or short period of sick leave shall not interfere unduly with the employee's performance.
- vii. In case an employee fails to perform as a result of lack of resources that will have a major impact on assigned key performance areas, he/she shall be deemed to have performed satisfactorily.

10.7.1 Continuous prolonged leave of absence (90 days and above)

- (a) An employee who has taken continuous prolonged leave of absence shall qualify for pay progression based on the assessment outcome for a full 12 month cycle, however, the employee shall not be nominated for an incentive bonus having not completed the four cycles.

- (b) If an employee is suspended as a precautionary measure, and the employee is found not guilty on the alleged misconduct, the employee's performance shall be regarded to have been satisfactorily for the period of suspension.
- (c) If an employee is sanctioned through suspension, that period of suspension shall be regarded as a period of non-performance.
- (d) Forms of continuous prolonged leave (3 months and above), inter-alia includes the following:
 - Maternity leave;
 - Long study leave;
 - Disability leave or extended sick leave;
 - Temporary leave longer than 30 days;
 - Unpaid leave; and
 - Absence through suspension.
 - Paternity Leave
- (e) An employee who has taken leave in terms of categories stated in (d) above shall qualify for pay progression on the basis of an assessment based on a full 12 month cycle, however, the employee shall not be nominated for an incentive bonus having not completed the four cycles.
- (f) In case an employee fails to perform as a result of lack of resources that will have a major impact on assigned key performance areas, he/she shall be deemed to have performed satisfactorily, provided that such lack of resources must immediately be made known by the employee to the supervisor.

10.8 Management of Probation

- (g) The performance of employees on probation is managed in terms of the Performance Management and Development System as well as the Municipal policy on probation.
- (h) The performance assessment of employees on probation must be conducted quarterly and must link with the PMDS.
- (i) The performance assessment form must be submitted to the HR Unit immediately after the assessment.
- (j) At the expiry of the probation period the supervisor of the probationer must make a recommendation based on the quarterly performance assessment whether or not appointment should be confirmed.
- (k) The probation period may not necessarily coincide with the 1 July to 30 June cycle; however the PMDS assessment tool must be used for assessment and the result captured in the quarterly probation assessment form.

10.9 Acting in higher position

10.9.1 Acting shorter than six weeks

- (a) When an employee is appointed to act in a higher position for shorter than six weeks, the work plan should be based on the post that the employee is permanently appointed to.
- (b) Depending on the employee's performance during the periods of acting, recognition for performance of the duties of the higher position should be given during the performance assessment, on the work plan of the permanent post.

10.9.2 Acting longer than six weeks

- (a) When acting in a higher position for longer than six weeks, where an acting allowance is being paid, a Performance Plan must be compiled for the higher position that the employee would be expected to perform against.
- (b) The performance of the employee, acting in the higher position, will be assessed in terms of the amended Performance Plan, against the competencies applicable to the level of the employee's permanent position.
- (c) Performance incentives must be calculated at the salary level of the post, to which the employee is permanently appointed, based on the employee's salary notch on 30 June of the cycle.

10.10 Moderation

- (a) The moderation shall be composed of appointed members with the competencies to moderate. This committee shall comprise of not less than four members, and not more than five members. The rationale for having the above members appointed by the Accounting Officer, are explained with reference to the expectations and accountability required in moderation, are given below:
- (b) The CFO or a representative from his/her office to advice on budgetary matters to ensure compliance to the budget limit as stipulated and value for money moderation;
- (c) PMDS coordinator from the HR component shall be the scribe and controller of submitted documents. His/Her role shall be to assist in the calculation of final score and capture the agreed scores and comments;
- (d) Additional Members with knowledge and insight into the Policy and guiding Policy Frameworks and their implementation; and
- (e) Labour organizations representatives with observer status.
- (f) All results of assessment nominated for incentive rewards in recognition of good or exceptional performance shall be subjected to a two level moderation process, structured as follows:

10.10.1 Sectional/ Unit Moderation

Sections shall establish a moderating committee which shall ensure the validity of the nominations prior to submission to the central departmental performance management and development moderating committee (PMDMC)

10.10.2 Performance Management and Development Moderating Committee (PMDMC)

- (a) The Performance Management and Development moderating Committee shall be established in a department to:
 - i. Provide oversight of the application of the EPMDS, ensuring that the performance management process, including the setting of performance standards is valid, fair and objective;
 - ii. Advise the department on financial and non-financial rewards, including the specific percentage for performance bonuses, mindful of the maximum stipulated in this policy.
 - iii. Detect potential problems in the system and advise the Municipal Manager accordingly;
 - iv. Review overall assessment scores across sections in the Municipality;
 - v. Recommend reward levels and remedial action for performance and non-performance, respectively; and

- vi. Make recommendations regarding actions to be considered where managers and supervisors do not properly and fairly execute their responsibilities with regard to assessment and rating in terms of the PMDS.
- (b) On completion of the performance moderation at a sectional/unit level, all the results/nominations for the performance incentives must be submitted to the PMDMC of the Municipality.
- (c) The aim of moderation at this level is to ensure objectivity and uniformity in the identification and recommendation process as well as to develop monitoring mechanisms to ensure that departments do not spend more than the 1,5% of their remuneration bill on financial incentive schemes.
- (d) A written motivation must be provided by the supervisor to the PMDMC, and substantiating evidence may be requested by the committee if a need arises.
- (e) The PMDMC must consider how the recommendations and/or comments provided, relate to, or support the scores on the Performance Assessment Form, i.e. there must be substantiating reasons for the recommendation.
- (f) As the discretion lies with the designated senior manager/immediate managers at the lowest executable level to decide on the nominations for performance incentives within his/her section, moderating bodies at this level cannot change any scores or withdraw a nomination of any individual without providing written reasons per individual case.

10.11 Non-Compliance

10.11.1 Signing of Performance Agreements

- (a) Performance Agreement shall be due for submission by the end of the cycle (June).
- (b) Failure to submit a signed performance agreement within the stipulated period, the employee shall forfeit performance rewards (pay progression and incentive bonus).
- (c) Disciplinary measures shall be taken against the employee who is at fault. In case where the employee is not at fault and it is proven that it is that of the supervisor, disciplinary measures shall be taken.
- (d) In case it is proven that the employee is not at fault, his/her performance agreement or assessment shall be accepted.

10.11.2 Quarterly reviews and annual assessments

- (a) Quarterly reviews and annual assessments shall be submitted within 30 days after the end of that particular quarter.
- (b) Late submission cannot be considered for any performance rewards.
- (c) Late submission for employees on probation shall result in the delay of the confirmation of permanent employment.

10.12 Grievance Procedure

Grievance Procedure as provided for by the Main Collective Agreement.

11. MONITORING

The HOD's, Sectional Heads and the HR Managers shall monitor the adherence and compliance to the policy provisions. Any deviations shall be reported to the Municipal Manager.

12. ANNEXURE: Remuneration Framework

12.1 GUIDING PRINCIPLES OF REWARD AND REMUNERATION

- a) The Municipality supports a culture of accountability and individual performance excellence through displaying the required competencies, technical skills and experience;
- b) The Municipality's remuneration approach therefore has its focus to:
 - c) Attract and retain key staff;
 - d) Motivate and reward performance excellence.
- e) The Municipality remunerates employees in accordance with the "value for their work" as defined by the organisation in terms of capabilities i.e., competencies, technical skills and experience (input) and performance (output), at the various organisational levels;
- f) Remuneration practices support internal equity, taking cognisance of individual employee contribution;
- g) The principle of market related remuneration is respected.
- h) Financial affordability serves as a key consideration when making remuneration decisions;
- i) The guaranteed remuneration paid to an employee is defined as the total pay package i.e. salary and benefits and must be reflective of the employee's contribution towards achievement of the organization's objectives;
- j) If agreed targets are achieved the organization is willing to reward performance excellence and therefore supports the activation of an incentive remuneration scheme as a form of variable pay, based on approved principles.

12.2 REWARD MIX

1. The reward mix is made up of guaranteed and variable pay.
2. Guaranteed pay includes all guaranteed items such as basic salary, car allowance, medical aid, retirement fund, guaranteed allowances (legislated and non-legislated), and this will be pitched at the median of the chosen market.
3. Variable pay takes the form of either a bonus or an incentive and is over and above guaranteed remuneration. It is non- guaranteed, and forms part of a short term incentive.
4. The Municipality seeks to accomplish the following with each of the components of the reward mix:-
 - i) **GUARANTEED PAY** (in the form of Base Pay and Benefits) - Attraction and Retention of talented high performance people;
 - ii) **VARIABLE PAY** (Short-term Incentive Schemes) – Attraction, retention and alignment with strategy i.e. towards achievement of annual strategic goals.

12.3 GUARANTEED PAY FRAMEWORK

The following rules and guidelines apply to guaranteed pay, as represented by base pay and benefits, and within the context of agreed levels:

12.3.1 Base Pay–Guiding Principles

These are determined by a number of factors, as indicated below:-

1. The level of guaranteed pay for an individual will be based on their level of responsibility in the organisation and the size of their job, as depicted by the appropriate level.
2. Where appropriate, guaranteed remuneration should recognise competency, technical skills and experience as applied to the job.
3. Skill scarcity premiums – derived from market analysis are agreed “upfront” at the beginning of the year, based on scarcity of skill.
4. Where skill scarcity premiums are applied, guaranteed pay may be increased to the 90th percentile of the relevant grade’s pay range and beyond.
5. Where market annual surveys indicate that a particular job or job family is significantly out of line with market competitors, a market premium percentage may be allocated to adjust the “cap” / maximum applicable to that band as well as the nature of the employment contract.

12.3.2 Benefits – Guiding Principles

The municipality will implement benefits solutions that meet the aggregated needs of employees, while at the same time being sufficiently flexible to cope with a rapidly changing environment. These benefits will be in line with the SALGBC agreements and circulars.

12.3.3 Variable Pay Framework (Applicable To Non-Bargaining Employees Only).

Variable pay is defined as a non-guaranteed performance related payment, made in respect of individual, team or organisation performance. It is included in the remuneration mix in support of the Municipality’s guiding principles of reward for performance excellence towards agreed Municipality’s targets.

12.4 COMMUNICATION CONSIDERATIONS

The Municipality is committed to open communication with all employees about the design of remuneration programmes, and of on-going changes to them, with clear statements of what remuneration programmes is designed to achieve. However, the Municipality encourages discretion and confidentiality regarding specific and individual details of remuneration.

12.5 REMUNERATION COMMITTEE

The Municipality shall, by resolution of the Municipal Council establish a Remuneration Committee.

12.5.1 Establishment of a Remuneration Committee

A Remuneration Committee (“the Committee”) shall, be established with the powers and functions set out below.

This Committee shall report to and derives its delegated powers from the Council and conduct all its proceedings subject to the authority of the Council.

12.5.1.1 Membership of Committee

- (a) The Chairperson of the Committee shall, be the Executive Mayor.
- (b) The members of the Committee shall, be appointed by the Council and will continue to act until they resign or are removed from office.
- (c) All the members of the Committee should be external from the Municipality, and should be experts in the field of remuneration, human resources, and finance. The Committee can then appoint a consultant as and when required to carry out specific research.

12.5.1.2 Instructions to the Committee

- (a) The Committee shall, observe the following guidelines and procedures, subject to exercising its discretion, in the conduct of its activities. The Committee can either be delegated on behalf of the Council to make remuneration decisions and report them to the Mayor and/or the Executive Committee, or to recommend remuneration decisions for approval by the Mayor and/or the Executive Committee. In the early stages of a Remuneration Committee it is preferable for the Remuneration Committee to make recommendations, which must be approved by the Mayor and/or the Executive Committee.
- (b) The frequency of meetings shall be determined by the number of issues that need to be dealt with by the Committee.
- (c) The kind of issues that will be discussed by the Remuneration Committee, relates to remuneration policy issues and/or issues that have a strategic impact on the organisation e.g. :-
 - i. Approving the policy for voluntary severance packages in line with SALGBC agreements;
 - ii. Setting the mandate for collective bargaining;
 - iii. Approving amendments to the Remuneration Policy. These amendments will be made by the Department Corporate Services – Human Resources Division and submitted to the Remuneration Committee for approval.
- (d) Approving remuneration related issues for officials in reporting levels 1- 3 should be delegated to the Municipal Manager, and for levels 4 and below to the Senior Managers/Heads of Department.

12.5.2 Powers and Functions of the Committee

- (a) The individual members of the Committee shall, have full access on request to all financial information of the Municipality, including all personnel records relating to any employee in respect of whom the Committee will be making its recommendations.
- (b) The Committee shall, be empowered to appoint external Remuneration Consultants as and when required, provided that funds are available.

12.5.2.1 Proceedings

- (a) The Chairperson of the Remuneration Committee will be responsible for convening meetings, maintaining minutes and copies of all reports and data which has been utilised by the Committee in reaching its decisions as well as communication of decisions to the Executive Committee where applicable.
- (b) The Committee shall, meet at least bi-annually prior to the tabling of the Annual Budget and the Adjustment Budget.

13. GRADING SYSTEM

13.1 Non-Bargaining Unit Employees

The Hay Job Evaluation System or a system that produces equivalent results is used for all non-bargaining unit employees. This is supported by CoGTA regulations and Circulars.

13.2 Bargaining Unit Employees

The T.A.S.K. job evaluation system should be dealt in terms of SALGA circulars that might be issued from time to time as well as SALGBC collective agreements.

13.3 Total Cost of Employment

13.3.1 Bargaining Unit Employees

It is the intention of the Municipality, in line with the SALGA Policy, that the Total Cost of Employer approach be adopted for permanent employees at post levels 2 and 4, phased in over a five year period. This will be done through educating employees about the concept, making the conversion whilst ensuring no detrimental effect on their take home pay, and utilising the cafeteria approach by protecting cover to medical aid and pension arrangements in particular.

13.3.1.1 Total Cost of Employment (TCOE)

1. The Total Cost of Employment (TCOE) is defined as follows:

- (a) Current basic annual salary or retirement funding income (RFI) PLUS employer's contributions to retirement fund;
- (b) Plus employer's contribution to medical aid;
- (c) Plus housing subsidy;
- (d) Plus car allowance [present perk / executive and essential users car schemes];
- (e) Plus annual bonus;
- (f) Plus long service emoluments;
- (g) Plus all allowances not defined as operational allowances;

This equals to Current Total Cost of Employment.

2. The following are currently deemed to be operational allowances and are therefore excluded from TCOE:

- (a) Overtime
- (b) Standby allowances;
- (c) Shift allowances;
- (d) Fire Services allowances;
- (e) Uniform allowances;

- (f) Night work allowances;
 - (g) Acting allowances.
3. One hundred percent (100%) of TCOE is deemed to be retirement funding income provided that annual salary and allocation to benefits be determined as follows:
- (a) PL1 to PL9 : annual salary 60% of TCOE and 40% benefit allocation;
 - (b) PL10 to PL17: annual salary 65% of TCOE and 35% benefit allocation.
 - (c) Provided that where the above range cannot accommodate existing employee's current annual salary and benefit allocation ratio, such employees be allowed to retain their current basic salary and benefit allocation ratio.

Annually be paid in 12 monthly instalments.

4. The portion of fringe benefits not used for fringe benefits will be paid in cash as a fringe benefit allowance.
5. Employer and employee contributions towards the recognised benefit schemes, the employee is eligible for or compelled to join in terms of the employee's conditions of service will be the contribution rates as contained in the rules of the relevant scheme or as agreed to in terms of a relevant collective agreement, as amended from time to time.
6. Where contributions to a medical aid or pension scheme are based on annual salary, the annual salary be regarded as 60% of TCOE, [e.g. employee pension fund contributions to Joint Municipal Pension Fund (JMPF) will be equal to 9% of 60% of TCOE and employer contributions will be 18% of TCOE].
7. Current total cost of employment will include the value of those contributions, allowances and subsidies which they currently actually receive. The value of benefit entitlements available, but not utilised, will not be included in the sum of any employee's total cost of employment.
8. Any allowance not mentioned is regarded as excluded from TCOE except if the Municipal Manager on recommendations from the Director Corporate Services, taking into account the principles and provisions of this policy, approves the inclusion such other allowance not mentioned.
9. TCOE does not include the value of leave.

13.3.1.1.1 **Total Cost of Employment Structure**

1. Structuring Options:

Employees are allowed to structure their remuneration packages subject to the provisions of the Income Tax Act;

Employees may re-negotiate their package structure monthly provided that such restructuring be confirmed in writing;

(1) TCOE can be structured according to the following elements:

- (a) Annual salary as per above

(b) Annual bonus:

(2) An employee may structure TCOE to provide for a once-off annual bonus or payment of the equivalent value as part of monthly remuneration, provided that in case of selecting an annual bonus, the following apply:

- (a) The employee determines the amount of bonus;
- (b) The bonus is paid end of November each year;
- (c) Pro-rata bonus is paid on termination of service;
- (d) If an employee who elected to receive a bonus is employed for less than 12 months, a pro-rata bonus is paid.

2. *Benefit Schemes:*

- (a) Membership of one of the approved pension and medical aid schemes is governed by the applicable and relevant conditions of service policies. Membership of the recognised pension and medical aid schemes as contained in the Municipality's new Conditions of Service, is currently compulsory for all employees except the Municipal Manager, Managers directly reporting to the Municipal Manager, all levels 2 and 3 Directors/Managers and special contract appointments.
- (b) Motor vehicle schemes: As per the relevant motor vehicle scheme.

14. ANNUAL SALARY REVIEW

14.1 Bargaining Unit Employees

Increases are determined through the collective bargaining process. It is the intention of SALGA to phase out the guaranteed across the board increases and introduce performance related increases over a five year period; (HR need to confirm progress on this)

14.2 Non-Bargaining Unit Employees

Increases are not guaranteed and are determined by the performance of the employees as outlined in the performance management system policy.

15. PAY STRUCTURE AND PAY RANGES

1. The Municipality will endeavour to establish a pay structure which complies with the following principles:
 - (a) is linked to jobs [organisational structure] established by means of job profiling and application of an approved job evaluation system.
 - (b) Is divided into two distinct tiers where the first tier will represent the remuneration link to the post according to the evaluated level [grade, size] of the post and where the second tier will represent remuneration for performance in accordance with the performance management system and/or performance contracts entered into with employees;
 - (c) Comprises of a minimum, midpoint and maximum pay range for each level [grade] of posts as determined in the organisational structure and where:
 - (aa) the minimum to the midpoint [first tier] represents regular remuneration according to the evaluated level of the post.

- (bb) Regular pay represents what is paid for the skills and competencies to perform the jobs required.
 - (cc) The midpoint to the maximum [second tier] represents remuneration for performance payable in accordance with the performance management system.
 - (d) does not make provision for notch or automatic increases within the determined pay range;
 - (e) has a pay line:
 - (aa) where the midpoint of a pay range in the pay structure reflects the approved market value for the grade;
 - (bb) with pay ranges of about 20% above and below midpoint;
 - (cc) with more than 10 to 25% progression in the pay line between consecutive grades;
 - (dd) Multiple pay lines for different types of work.
2. In addition to the Remuneration Committee established and approved by the Council, a Technical Remuneration Committee will be established by the Municipal Manager to ensure consistent roll out of the implementation to all other levels within the organisation.
3. The terms of reference of the Technical Committee, to be as follows:
- a. To give guidance, technical support and make recommendations to the Remuneration Committee and Line Management pertaining to remuneration issues;
 - b. To provide a link for communication of remuneration to employees;
 - c. To ensure that support tools and documentation be developed and implemented.

15.1 Review of the Pay Structure and Pay Ranges

The Head Corporate Services is responsible to annually submit a report for review of the pay structure, pay ranges and TCOE's to the Remuneration Committee.

Such report to be based on:

- a) Appropriate market surveys as determined by the Remuneration Committee from time to time;
- b) Affordability of an adjustment to the pay structure;
- c) Local and national collective agreements on adjustment of remuneration;
- d) The report for adjustment of the pay structure be submitted in time for inclusion in the budget process
- e) The Chief Financial Officer to ensure that provision for annual adjustments to the pay structure are made in the budget. Provision for rewarding performance to be included in the provision in the budget for each Department;

- f) Adjustment to the pay structure will be considered and approved by the competent delegated authority upon receipt of a recommendation from the Remuneration Committee.

15.2 Performance Pay – Bonuses

Bargaining Unit Employees

There is currently no link between performance and pay increases and annual bonuses are determined through the collective bargaining process. The payment of performance bonus is addressed in the Council's approved Performance Awards Policy supported by the approved Performance Management Framework.

Non-Bargaining Unit Employees

- a) Performance will be rewarded in terms of an approved performance management and reward system, subject to the provision in the budget and provided that the incumbent has occupied the post for at least three months.
- b) The monetary value of a performance bonus may not exceed the agreed percentage for that grade. The performance bonus for an eligible employee will hence be calculated on the midpoint of the pay range for the post irrespective whether the employee's TCOE fall above the midpoint and/or above the maximum of the pay range for the post.
- c) Performance pay will be paid annually as a once-off performance bonus, subject to the provisions of the performance management system and/or performance contracts. Performance bonus is not part of TCOE and is not guaranteed.
- d) Annual assessment of performance is based on the result of the preceding financial year ending 30 June each year. All assessments are to be completed by 31 August. Payment of the performance bonus will be not later than 30 September of that year.
- e) In order to qualify for assessment, an employee must be in service on 30 June of that year. Employees with at least 6 months service on 30 June, who have been assessed and who qualifies for a once-off performance bonus, will receive a performance bonus according to the number of months completed service.
- f) The Municipal Manager may approve such additional policies, processes and procedures as may be required to manage the performance pay.
- g) Performance for the Municipal Manager, Managers reporting directly to the Municipal Manager, together with levels 2 and 3 Directors and Managers respectively, is governed in terms of performance agreements entered into between the employer and each of these managers. Performance bonuses for the Municipal Manager and Managers, reporting directly to the Municipal Manager to be approved by the Mayor and the Municipal Council.

15.3 Employees in a Development Phase

- (a) This section outlines the process and procedure for determining the progress between minimum and midpoint (adjustment of regular pay portion) based on compliance of competency requirements for a post for employees in a development phase.
- (b) The relevant line manager, in conjunction with a Human Resource Practitioner, to compile a development plan and development contract for an employee appointed

between the minimum and midpoint as a result of the competency assessment done during the selection process.

(c) The development contract to reflect at least, the following:

- i. The key performance/result areas for the post;
- ii. The competencies and skills required to competently perform in the post as determined by job profiling and used for assessment of candidates during the selection process;
- iii. The competencies and skills to be developed, achieved and/or demonstrated by the employee [i.e. what is expected from the employee] over a specified period of time.
- iv. The criteria and measures to be used to assess achievements or compliance with the required competencies and skills [i.e. what will be used to determine whether the employee has met or complies with the requirements and/or outcomes];
- v. The intervals of assessment [not less than 6 monthly];
- vi. The adjustment in regular pay [between minimum and midpoint] to be allocated on compliance with or achievement of expected competencies and skills;
- vii. Training and other assistance, if any, to be rendered.

(d) The relevant line manager to collect data / information, keep record of performance and/or achievements of the employee and to conduct assessments on the agreed intervals.

(e) Assessments to be done in conjunction with a line manager performance support practitioner. The results to be conveyed to and discussed with the employee involved. A report on the assessment with a recommendation for adjustment or not, according to the development agreement, to be forwarded to human resources for implementation.

(f) Human resources to implement the adjustment and inform the employee accordingly.

15.4 Conclusion

(a) The determination of salaries for municipal staff members, both those at managerial level and other levels, is a dynamic process and changes continually, depending on new grading systems applied as well as a job evaluations system to be implemented.

(b) It is essential that Human Resources practitioners familiarise themselves with the latest decisions at the Bargaining Council level as well as with any changes in legislation. Payment of the correct salaries to employees is an extremely sensitive issue and one which must be undertaken properly to prevent any staff dissatisfaction or labour unrest.

Authority



MR. M KUNENE
MUNICIPAL MANAGER

03 July 23
DATE