

6. CHAPTER 6: PERFORMANCE MANAGEMENT FRAMEWORK

6.1 INTRODUCTION

The Constitution of the Republic of South Africa (1996) mandates local government to:

- (1) Provide democratic and accountable government of local communities.
- (2) To ensure the provision of services to communities in a sustainable manner.
- (3) To promote social and economic development.
- (4) To promote a safe and healthy environment and to encourage the involvement of communities and community organizations in the matters of local government.

Within the framework of the Constitution, the second section of White Paper on Local Government centers on developmental local government. It urges local government to focus on realizing developmental outcomes, such as the provision of household infrastructure and services; the creation of liveable, integrated towns and rural areas, the promotion of

local economic development, community empowerment, and redistribution.

There are three approaches, which will assist a municipality to become more developmental, namely:

- Integrated Development Planning and budgeting;
- Performance Management; and
- Public Participation.

Performance Management is a key towards the establishment of a developmental local government improved service delivery.

It is a critical tool to ensure that plans are being implemented, that they are having the desired development impact and that the resources are being used effectively. This is a process that involves the organization and employees within the organization, setting objectives and measuring whether these objectives have been met. It is based on the assumption that if employees and other stakeholders know what is expected of them and understands the implications of performing well or badly, they will be able to achieve the objectives of performance management systems and become better and productive at their jobs.

The development of a performance management system should meet the following requirements as set out in Chapter 3 of Section 2 of Government Gazette no 22605 which are:

- A. Compliance with the requirements as set out in the Municipal Systems Act.
- B. To demonstrate how performance management systems is to be operated and managed from the planning stage to the stages of performance review and reporting.
- C. To clarify the roles and responsibilities of each role player, including the local community in the functioning of the system.
- D. Clarify the process of implementing the system within the framework of integrated development plan process.
- E. To determine the frequency of reporting and the lines of accountability for performance.

6.2 OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM FOR MIDVAAL

- To manage accountability and achieve desired results.
- To learn about and improve our performance.
- To make an informed decision on the allocation of resources.
- To alert decision makers timeously to risks threatening the attainment and fulfilment of the Council's objectives in the Integrated Development Plan and Strategic Plan.

Except fulfilling the legislative requirements, Midvaal Municipality's Performance Management System is there to monitor, review, and improve on the implementation of the Municipal's Integrated Development Plan.

Midvaal's Performance Management System is further expected to fulfil the following functions:

6.2.1 FACILITATE INCREASED ACCOUNTABILITY

The Performance Management System should provide a mechanism for ensuring increased accountability between:

- Midvaal's citizens and Municipal Council.
- The administrative and political components of the municipality.
- Each department.

6.2.2 FACILITATE LEARNING AND IMPROVEMENT

Performance Management System should provide a mechanism for learning and improvement by allowing the municipality to know which approaches are having the desired impact, and enable the municipality to improve on the delivery. It should form the basis for monitoring, evaluating, and improving on the Integrated Development Plan.

6.2.3 PROVIDE EARLY WARNING SIGNALS

The Performance Management System should provide the steering committee, project team and all relevant stakeholders with early warning of risks to full implementation of the Integrated Development Plan. These early warning signals will enable decision makers to facilitate intervention timeously, if necessary.

6.2.4 FACILITATE DECISION-MAKING

The provision of appropriate management information by Performance Management System will allow effective, efficient and informed decision making particularly on the allocation of resources.

6.3 PRINCIPLES GOVERNING PERFORMANCE MANAGEMENT

The purpose of the principles is to guide and inform in the development and implementation of Midvaal Municipality Performance Management System. Such principles should conform to the following:

6.3.1 OWNERSHIP

The system must be owned by the Municipality and supported by other spheres of Government, viz Provincial and National spheres.

6.3.2 INTEGRATED DEVELOPMENT PLAN

The system should be completely linked to the Municipality's Integrated Development Plan.

6.3.3 SIMPLICITY

The system must be a simple user-friendly system that enables the Municipality to operate it within its existing resource capacity.

6.3.4 POLITICAL DRIVEN

The Steering Committee or Mayoral Committee will need to drive both the implementation and improvement of the system, and may delegate such responsibilities.

6.3.5 TRANSPARENCY AND ACCOUNTABILITY

Citizens should know how resources are spent, and who is in charge of particular services. All information on performance of departments should be made available to employees, the public and other relevant stakeholders.

6.3.6 INTEGRATION WITH OTHER PROCESSES

The Performance Management System and Integrated Development Plan processes should be seamlessly integrated. The Performance Management System should be seen as a central tool for ongoing management functions rather than an additional reporting burden.

6.3.7 OBJECTIVITY

The processes of managing performance and the information on which it relies need to be objective and credible or worthy of belief.

6.4 POLICY AND LEGISLATIVE FRAMEWORK

The Performance Management System is located within a legislative and policy framework and is influenced by the following:

- The White paper on Local Government (1998)
- The Municipal Systems Act (2000)
- The Municipal Planning and Performance Management Regulations (2001)

6.4.1 WHITE PAPER ON LOCAL GOVERNMENT 1998

The White Paper on Local Government (1998) nationally introduced Performance Management System to Local Government, as a tool to ensure developmental Local Government. The White Paper adds that:

“Involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritize the amount of time it takes a municipality to answer a query, others will prioritize the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in local government system enhanced.”

BATHO PELE (1998)

The word Batho Pele is a Sotho word, which means people first. The White Paper on transforming public service delivery puts forward eight (8) principles for good public service whose priority is Batho Pele. The following are such principles.

1. CONSULTATION

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

2. SERVICE STANDARDS

Citizens should know what standards of service to expect.

3. ACCESS

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

4. COURTESY

Citizens should be treated with courtesy and consideration.

5. INFORMATION

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

6. OPENNESS AND TRANSPARENCY

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

7. REDRESS

If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation, and a speedy and effective remedy, and when complaints are made, citizens should receive a sympathetic, positive response.

8. VALUE FOR MONEY

Public services should be provided economically and efficiently in order to give citizens the best possible value for money.

“Importantly, the Batho Pele White Paper notes that the development of a service orientated culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations.”

6.4.2 THE MUNICIPAL SYSTEMS ACT (2000)

This Act requires of all municipalities to:

- Develop a performance management system.
- Set targets, monitor and review performance based on indicators linked to their Integrated Development Plan
- Publish an annual report on performance for councillors, staff, the public and other spheres of government.

- Incorporate and report on set of general indicators prescribed nationally by the minister responsible for local government.
- Conduct an internal audit on performance before tabling the report.
- Involve the community in setting indicators and targets and reviewing municipal performance.
- Have their annual report on performance audited by the Auditor-General.

6.4.3 MUNICIPAL PLANNING AND PERFORMANCE MANAGEMENT REGULATIONS (2001)

The Municipal Planning and Performance (2001) is a set of regulations which clarifies the process how the Performance Management System and Integrated Development Plan should be conducted.

6.5 MIDVAAL'S PERFORMANCE MANAGEMENT SYSTEM PROCESS: HOW IT WILL HAPPEN

The Performance Management System must have a detailed process planning regarding the specific responsibilities delegated and time frames determined in conjunction with the legislation.

The Midvaal process for managing performance, will involve the following core basic components:

A. PLANNING

This will involve the drafting and adoption of the performance framework by the Council.

B. IMPLEMENTATION

This means putting the performance plan into action.

C. MEASURING

This is the evaluation of reports and progress achieved on specific projects.

D. MONITORING

This is about constant submission of reports and evaluation during and after every phase.

E. REPORTING

This involves giving the report about the outcomes of performance in trying to achieve the set objectives and targets as set out in the Municipality's Integrated Development Plan via the Ward Committees.

F. STAKEHOLDERS

These are responsible bodies or parties that will see to the driving of the Performance Management Process within Midvaal.

STAKEHOLDERS AND THE ROLE THEY WILL PLAY IN PMS

STAKEHOLDERS	PERFORMANCE PLANNING	MEASUREMENT & ANALYSES	PERFORMANCE REPORTING & REVIEWS
COUNCIL	<ol style="list-style-type: none"> 1. Facilitate the development of a long term vision 2. Develop strategies to achieve vision 3. Identify priorities 4. Adopt indicators and set targets 		Review municipal performance bi-annually
MAYORAL COMMITTEE PORTFOLIO HEADS	<ol style="list-style-type: none"> 1. Play the leading role in giving strategic direction and developing strategies and policies for the organization 2. Manage the development of an IDP 3. Approve & adopt indicators and set targets 4. Communicate the plan to other stake-holders 		Conduct the major reviews of municipal performance determining where goals had or had not been met, what the causal reasons were and to adopt response strategies
MUNICIPAL MANAGER & HOD'S	<p>Assist the Mayoral Committee in:</p> <ol style="list-style-type: none"> 1. Providing strategic direction and developing strategies and policies for the organization 2. Manage the development of the IDP 3. Ensure that the plan is integrated 	<ol style="list-style-type: none"> 1. Regularly monitor the implementation of the IDP, identifying risks early 2. Ensure that regular monitoring (measurement, analysis and reporting) is happening in the organization 3. Intervene in performance problems on a daily operational basis 	<ol style="list-style-type: none"> 1. Conduct regular reviews of performance 2. Ensure that performance reviews at the political level are organized 3. Ensure the availability of information 4. Purpose response strategies to the Mayoral Committee
PERFORMANCE & AUDIT COMMITTEE	Audit the result		
CITIZENS AND COMMUNITIES	<ol style="list-style-type: none"> 1. Be consulted on needs 2. Develop the long term vision for the area 3. Influence the identification of priorities 4. Influence the choice of indicators and setting of targets 		Be given the opportunity to re-view municipal performance and suggest new indicators and targets

6.6 KEY PERFORMANCE INDICATORS (KPI'S)

A municipality must set Key Performance Indicators including input, output and out-come indicators in respect of each of the development priorities and objectives as set out in the its IDP.

These KPI's serve as a yardstick for measuring performance, including outcomes and impact, with regard to the Municipality's development priorities and objectives set out in its integrated development plan. Such indicators must be made known internally and to the general public

Midvaal's KPI's must include any general key performance indicators prescribed in terms of Municipal Systems Act, 2000.

Indicators that are developed should conform to the following conditions / criteria:

It must be:

1. SIMPLE

Good indicators will be simple, easy to communicate, such that their relevance is apparent. The Municipality should be able to measure it within its existing financial, technical and resource capacity.

2. FOCUSED AND SPECIFIC

Indicators should be clearly focused and unambiguously stated.

3. MEASURABLE

An indicator should by definition be measurable.

4. RELIABLE

An indicator should be reliable; to can produce the same expected results from repeated measures

5. VALID AND RELEVANT

The indicator must be relevant to the objective being measured.

6. THE GENERAL KEY PERFORMANCE INDICATORS ARE POWERFUL INSTRUMENTS THAT CAN:

- 6.1 Ensure that Midvaal focuses and dedicate on broader strategic priorities of government in its programmes.
- 6.2 Create a basis for performance comparisons and benchmarking.
- 6.3 Assist to measure the performance of Midvaal in an objective and unbiased manner.
- 6.4 Create a framework within which Midvaal can set its own indicators.

6.5 The following are the National Key Performance Indicators:

6.5.1 The percentage of households with access to basic level of water, sanitation, electricity and waste removal.

6.5.2 The percentage of households earning less than R1 100 per month with access to free basic services

6.5.3 The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP.

6.5.4 The number of jobs created through municipality's local economic development: initiatives including capital projects.

6.5.5 The number of people from employment equity target groups employed in three highest levels of Management in compliance with a Municipality approved employment equity plan.

6.5.6 The percentage of a municipality's budget actually spent on implementing workplace skills plan.

6.5.7 Financial viability as expressed by the ratios in Gazette.

- Midvaal is going to incorporate these indicators as part of their own indicators set during the IDP process. Furthermore,

- Midvaal is going to report on these indicators when compiling its annual report as prescribed in the Municipal Systems Act.

6.7 AUDITING

Midvaal's auditing should comply within Section 14 of the Municipal Planning and Performance Management Regulations (2001) that states as follows:

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.*

(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.

(c) *A municipality's internal auditors must -*

- (i) On a continuous basis audit the performance measurements of the municipality; and
- (ii) Submit quarterly reports on their audits to the Municipal Manager and the Performance Audit Committee referred to in sub regulation (2).

(2) (a) *A municipality must annually appoint and budget for a performance audit committee/audit committee consisting of at least three members, the majority of which may not be involved in the municipality as a councilor or employee.*

(3) (a) *A performance audit committee must meet at least twice during the financial year period.*

(4) (a) *A performance audit committee must –*

- (i) Review the quarterly reports submitted to it.

(ii) Review the municipality's performance management system and make recommendation in this regard to the council of that municipality; and

(iii) At least twice during a financial year submit an audit report to the municipality concerned.

Such auditing must include assessments of the following:

1. The functionality of Midvaal's Performance Management Systems.
2. Whether the Midvaal's Performance Management System complies with the Act.
3. The extent to which the Midvaal's performance measurements are reliable in measuring performance on its indicators.

6.7.1 INTERNAL AUDIT

The capacity of the internal audit will need to be improved beyond (the auditing) of financial information.

Internal audit function will be to continuously audit the performance measurement of Midvaal and it will be expected to submit quarterly reports

on their audits to the Municipal Manager and the Performance & Audit Committee.

6.7.2 PERFORMANCE & AUDIT COMMITTEE

This committee must include at least one person who is knowledgeable with PMS.

In terms of the regulation, Midvaal must establish an audit committee. The chairman will come from external.

6.7.3 MIDVAAL'S PERFORMANCE & AUDIT COMMITTEE DUTIES

1. Assess reliability of information reported;
2. Review the quarterly reports submitted to it by the internal audit
3. Review the municipality's Performance Management System and makes recommendations to the Council.
4. Assess whether performance indicators are sufficient.
5. In reviewing the municipality's performance management system, the Audit Committee must focus on economy, efficiency, effectiveness and impact in so far as the key performance targets set by the Municipality are concerned.
6. Submit an audit report to the Council at least twice during the financial year.

6.8 PUBLIC PARTICIPATION

Community participation in terms of Performance Management System is a requirement by law.

Midvaal is going to use forums that will enhance community participation in monitoring, measurement and review of the Municipality's performance in relation to the key performance indicators and performance targets set by the Municipality. Such forums will include representatives from ward committees, and must be representative of the composition of the local community of Midvaal.

6.9 KEY PERFORMANCE AREAS (KPA'S)

The regulation provides for the development of priorities and objectives as formulated by the Municipality in its Integrated Development Plan Process. The regulation further provides for the clustering of these objectives into Key Performance Areas (KPA's).

For Midvaal the following Key Performance Areas have been identified, as stipulated in the Local Government: Municipal Performance Regulations for Municipal Managers & Managers directly accountable to Municipal Managers, 2006:

6.9.1 BASIC SERVICE DELIVERY

To render cost effective and sustainable services to the entire community with diligence and empathy

6.9.2 MUNICIPAL INSTITUTIONAL DEVELOPMENT & TRANSFORMATION

To have a representative and motivated municipal work force with high ethical standards empowered to render optimal services

6.9.3 LOCAL ECONOMIC DEVELOPMENT

To facilitate and implement local economic development initiatives and processes to promote sustainable economic growth for the municipal area

6.9.4 MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT

To manage the Municipality's finances to ensure a financially viable Municipality able to meet all financial obligations

6.9.5 GOOD GOVERNANCE & PUBLIC PARTICIPATION

To ensure service delivery in accordance with "Batho-Pele" principles and legislative requirements

To finalise the new IDP for submission to Council and to promote public participation.