Performance Management Framework

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PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK

1.   TERMS OF REFERENCE

1.1   PURPOSE

The purpose of this document is to provide a policy framework for the development, implementation and roll-out of an institutional and employee performance management system for the Mopani District Municipality in a well-structured manner. The report needs to be noted by Council for the process to commence and stakeholder groupings to be accredited for the development and implementation of the performance management system.

This framework will require many systems and processes to be developed whilst the process of annual implementation continues. The performance management framework is based on *The Performance Management: A guide for Municipalities* by the Department of Provincial and Local Government which gives clear direction and includes steps to be followed in the development and implementation of the system. An Annexure A is included as a summary with the purpose to outline the framework, processes and time frames in a power point slides format.

Working through the Guidelines' suggested processes and steps, many activities get repeated merely because of the outline of the document. This document attempts to give clear direction to the implementation processes bearing in mind this is a suggested direction which is dynamic and can change depending on circumstances, capacity and activities.

Three functions lie at the heart of modern management. These are:

◆   Strategic planning;
◆   Budgeting and financial management; and
◆   Performance management

These three functions are not separate and cannot, in reality, be isolated from one another. In fact, they represent the three major stages of the full management cycle that results in effective and productive service delivery.

Conceptually, the inter-relations between these three management functions may be represented as:

Strategic Planning

Integrated
Management
Approach

Performance
Management

Financial/budget
management
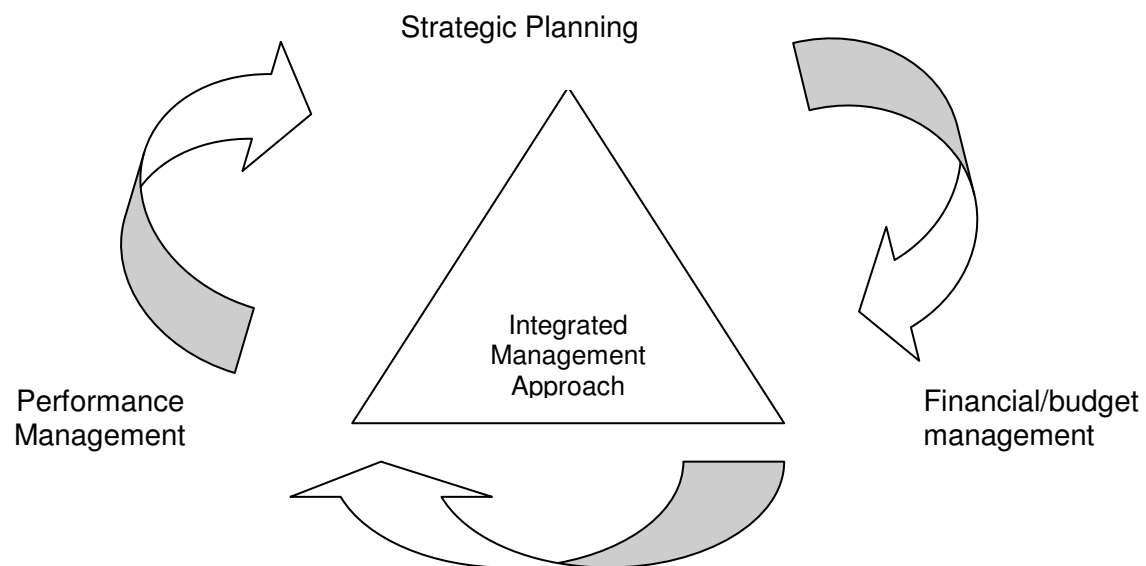
Performance management is the logical extension and completion of the Integrated Development Planning and performance budgeting/financial management processes.

It is a system for monitoring and evaluating the progress made in the implementation of a municipality's development objectives within the required timeframe and budget. As a formal process, performance management happens on two levels, namely:

◆ The corporate level, i.e. how the municipality as a whole is achieving its development objectives. This is basically at the level of Council, Municipal Manager, and the directors/managers reporting directly to the Municipal Manager and are on performance contracts themselves; and

◆ Individual level, i.e. how each individual employee is achieving the targets specified in their own work plan, and thus how they are contributing to the overall performance of the municipality. This focuses primarily on the permanent posts from heads of divisions/deputy directors downwards.

The Municipal Manager and his or her senior management team (i.e. the directors/managers who are on performance contracts) are together responsible to Council for the overall performance of the municipality.

The Municipal Manager depends heavily on his or her senior management team in order to ensure that the service delivery of the municipality is up to standard. The directors/managers, in turn, rely on their head of department and other staff in order for the performance of their directorates/departments to be satisfactory. Thus, a performance management system is used by Council to manage the performance of the senior management team. The senior managers, in turn, also use the performance management system to manage the performance of their permanent sub-ordinates. *(Belgravia training manual module 3)*

This framework integrates the annual implementation cycle of the performance management system, the Integrated Development Planning processes, the budgetary process, business planning processes as well as the performance management model to be used by the Mopani District Municipality.

1.2   LEGISLATIVE REQUIREMENTS

Various pieces of legislation have direct bearing on the development and implementation of the performance management system. The model and system proposed for the Mopani District Municipality must take cognisance of the requirements.

The White Paper on Local Government (1998) – (White Paper), introduced performance management systems nationally to local government, as a tool to ensure developmental local governance. It concludes that:

"Integrated developmental planning, budgeting and performance management are powerful tools which can assist municipalities to develop an integrated perspective on development in their area. It will enable them to focus on priorities within an increasingly complex and diverse set of demands. It will enable them to direct resource allocations and institutional systems to a new set of developmental objectives."
The White Paper adds that:

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

Similarly, the *White Paper on Transforming Public Service Delivery* (Batho Pele) puts forward eight principles for good public service:

"**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.

Service Standards - Citizens should know what standard of service to expect.

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

Courtesy - Citizens should be treated with courtesy and consideration.

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

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

Redress - If the promised standard of services 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.

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

The Batho Pele White Paper notes that the development of a service orientated culture requires the active participation of the wider community. The Mopani District Municipality adopted the Batho Pele principles as the drivers and value system for the performance management system to be implemented. The Mopani District Municipality has also embraced the fundamental concept of developmental local government, which will be incorporated into the development of the performance management system and Integrated Development Planning processes.

Chapters 5 and 6 of *The Local Government Municipal Systems Act, 2000* (Act No. 32 of 2000), requires local government to develop a framework which should *inter alia* include the following:

- Develop a performance management system (PMS);
- Set targets, monitor and review performance, based on indicators linked to the Integrated Development Plan (IDP);
- Publish an annual report on performance for the Councillors, staff, the public and other spheres of government;
- Incorporate and report on a set of general indicators prescribed nationally by the Minister responsible for local government;
- Conduct an internal audit on performance before tabling the report;
- Have the annual performance report audited by the Auditor-General; and
- Involve the community in setting indicators and targets and reviewing municipal performance.

The Mopani District Municipality framework recognises the above mentioned requirements to be incorporated into the development and implementation of the performance management system.

The Municipal Planning and Performance Management Regulations, 2001 (Regulations) Chapter 3 sets out the format for municipal performance management systems framework:

Par 7. (1) "A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role-players."

The criteria laid down in the regulations can be summarised as follows:

Par 7 (2) "In developing its performance management system, a municipality must ensure that the system:

a)   Complies with all the requirements set out in the Act;

b)   Demonstrates how it is to operate and be managed from the planning stage up to stages of performance review and reporting;

c)   Clarifies the roles and responsibilities of each role-player, including the local community, in the functioning of the system

d)   Determines the frequency of reporting and the lines of accountability for performance

e)   Relates to the municipality's employee performance management processes;

f)   Provides for the procedure by which the system is linked to the municipality's Integrated Development Planning processes"

These Regulations however do not sufficiently outline how the planning, monitoring, measurement; review and reporting phases should constitute and how the system should be working. *The Performance Management: A guide for Municipalities,* issued by the Department of Provincial and Local Government gives clearer direction and includes steps for the development and implementation of the performance management system. This will then be the departure point and will constitute the framework. The phases used are founded on the Municipal Systems Act as well as the Regulations.

Municipal Finance Management Act 56 of 2003 which secures sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements.

S17(3) requires that: when an annual budget is tabled in terms of section 16 (2), it must be accompanied by the following documents:
(b)   measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;

(d)   any proposed amendments to the municipality's *integrated development plan* following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;

S53 (1) provides that the mayor of a municipality must:
(c) take all reasonable steps to ensure- (iii) that the annual performance agreements as required in terms of section 57 (1) (b) of the Municipal Systems Act for the Municipal Manager and all senior managers

S57 (3)(b) provides that: The mayor must ensure that the performance agreements of the Municipal Manager, senior managers and any other categories of officials as may be prescribed, are made public no later than 14 days after the approval of the municipality's service delivery and budget implementation plan. Copies of such performance agreements must be submitted to the Council and the MEC for local government in the province.

The above legislative requirements determined the methodology to be used in the development and implementation of the performance management system and model.

1.3   METHODOLOGY

The following references, as was mentioned, guide the development of the Mopani District Municipality's performance management system framework:

✓ *Constitution*
✓ Chapters 5 and 6 of *The Local Government Municipal Systems Act, 2000* (Act No. 32 of 2000)
✓ *The Municipal Planning and Performance Management Regulations, 2001,* Chapter 3, Department of Provincial and Local Government (Regulations)
✓ *Performance Management: A guide for Municipalities*, 2001, Department of Provincial and Local Government (Guidelines*)*;
✓ *Guide on Performance Agreements Workshop*, 2001, South African Local Government Association (SALGA Guidelines)
✓ *Performance Management for Local Government – Participants Handbook, 2001,* Department of Provincial and Local Government (Handbook)
✓ *Training Manual, DPLG / Simeka Management Consulting / JUPMET 2002* (Training Manual*)*
✓ *Local Government Performance Management training manual, Belgravia Institute of Management*
✓ *DPLG IDP Guide 6*

Specifically, the Guidelines were followed step-by-step to ensure standardisation with other municipalities and to assist Mopani District Municipality with a detailed framework for implementation especially on reporting and benchmarking.

The departure point for the development of the framework was taken from the Guidelines par 4.4, step 3 where it states: "A performance management system means a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review and reporting will happen and be organised and managed, while determining the roles of different role-players."

The following phases as suggested in the Guidelines will thus be analysed step-by-step for the development of the system and for implementation purposes:

- ✓ Phase 1: Starting the Performance Management System
- ✓ Phase 2: Developing a Performance Management System
- ✓ Phase 3: Implementation of a Performance Management
- ✓ Building Capacity and Establishing the Institutional Arrangements

Phase 1 and 2 constitute the development of the system over the short-term, whilst Phase 3 and the building of the capacity and the establishment of the institutional arrangements focus on the longer-term implementation of the system. Nonetheless, each step under each phase will provide the Mopani District Municipality insight into the development and implementation of the performance management system.

This Framework ensures integration with other processes. One of the suggested principles informing the development and use of a PMS is that it should be mainstreamed into other key local government processes. It is important that performance management processes do not duplicate what other processes deliver and thus waste resources. The PMS must ensure that it assists officials to optimise the utilisation of resources and work functioning. The PMS should thus be well integrated with the other processes within the organisation, i.e. the public participation processes, the Integrated Development Planning process as well as the budgetary process. This Framework builds all processes into the annual municipal cycle. It is, however, not intended to go into detail of the processes, but only to draw the necessary linkages to the overall organisational systems and processes.

The ultimate critical success factors for the PMS include whether it is:

- ◆ **Measurable** - Aspects must be easily calculable from the data that can be generated speedily, easily and at reasonable cost given our financial and administrative capacity.
- ◆ **Simple** - Separates different performance dimensions and set indicators, furthermore the system should be easily communicated, understood and implemented.
- ◆ **Precise and adequate** - The performance management system must measure quality, quantity, efficiency, effectiveness as well as cost effectiveness and the impact the system intends to measure.

- **Objective** - The performance management system must state clearly what is to be measured without ambiguity.

- **Politically driven** - The Municipal Systems Act places the responsibility in managing the performance management system in the hands of the Executive Committee.
- **Transparent -** The performance management system needs to be open and transparent in ensuring accountability and credibility at all levels including the public.
- **Holistic and Integral** - To be effective and credible, the performance management system should emphasise holism and integration.
- **Developmental Approach** - The performance management system should encourage growth and learning as opposed to punitive measures.

This framework, furthermore, links the development of the performance management model to the development of scorecards. The scorecards model is based on the Balanced Scorecard. The Balanced Scorecard is a practical management philosophy and methodology co-authored by Harvard Business School Professor Dr. Robert Kaplan and David Norton in 1992 with the specific objective to improve an organisation's performance. Since then the Balanced Scorecard had been adopted as policies by at least 60 per cent of the world's leading organisations (private and public). The key feature of the Balanced Scorecard is that it measures financial and non-financial performance, as well as internally and externally focused performance. The Balanced Scorecard's model focuses on managing and measuring the strategy of the organisation. The principles then concentrate on how to translate the strategy into operational terms; how to align the organisation to the strategy; how to make the strategy everyone's job; how to make the strategy a continual process and how to mobilise change through executive leadership. The strategy will conform to the planning phase of both the Integrated Development Planning, PMS and budgetary processes.

The Balanced Scorecard model also needs to be adapted to include the hybrid model principles of measuring input, output and outcome results. The Mopani District Municipality performance management model will meet legislative requirements and will ensure that Mopani District is a successful performance driven developmental municipality.

1.4   FORMAT OF THE REPORT

Phase 1 of the Guidelines focuses on the initiation of the performance management system and certain actions the Municipality needs to do. Phase 2 focuses on the development of the system whilst Phase 3 and the Capacity Building process focus on the annual performance management cycle to be implemented in line with the IDP and budgetary processes.

Each phase is done in a table format where the what, how, who, when and output is clearly linked to the development of the system and where actions are linked through a process project plan as per Annexure A. As was stated before, the methodology and format used, is largely taken from the Guidelines.

2.   Phase 1: Starting the Performance Management Process

This phase involves clarifying and delegating roles and responsibilities, setting up internal institutional arrangements and setting up a framework for managing the change process.

It is proposed to commence in October 2005. It is suggested that two internal committees be established namely a Project Team as well as a Performance Management System / Integrated Development Planning Steering Committee. The Project Team will be responsible for organising, managing the development and overseeing the implementation of the performance management system whilst the Steering Committee will guide, advise and provide input on how the system should be developed, rolled-out and aligned with the Integrated Development Plan of the municipality (see Figure 1). The suggestion is also made later (par. 4.11) that a permanent project office be established in the office of the Municipal Manager to render capacity and knowledge to the introduction and implementation of the system. This will ensure continuity, support and infrastructure to the successful implementation of the System.

Managing the change process should not stop by the end of June 2006 but should continue as part of the annual planning, monitoring and review of the System. The continued attention on managing the process is an integral part of building capacity and reviewing measuring the morale within the organisation.   The departure point is taken from the guidelines which states the following: (Guidelines par. 3.3) "When introducing a PMS, it is important to prepare your organisation for change. Reaching a common understanding of performance management is crucial. The most serious stumbling block to making performance management work effectively arises out of different understandings of why we need it and what it will do. Stakeholders will thus need to come to a common understanding of performance

management. This is an important preparatory component of the change process, requiring that officials are aware, understand and accept why performance management is needed and what principles will govern its development and use."

The "what", "how", "who" and "when" for the introduction of the system now gets introduced under the delegation of responsibilities; setting up of internal institutional arrangements; and the management of the change management system.

2.1   DELEGATION OF RESPONSIBILITIES

The Guidelines (par. 3.1) mentions: "The Municipal Systems Act places the responsibility on the Mopani District Municipality to adopt a performance management system, while holding the Mayoral Committee or the Executive Mayor responsible for the development of the system. The Mayoral Committee or the Executive Mayor may assign responsibilities to the Municipal Manager in this regard, but remains accountable for the development of the PMS. The Municipal Manager may further delegate the responsibility to another senior manager."

The Mopani District Municipality, within its policy framework on delegation, assigns responsibilities and stipulate clearly what needs to be done by whom, how it should be done and when it is to be completed.

What needs to be done:

What	How	Who	When	Output	Comment
Delegation of responsibiliti	• Refer to legislation for consistency • Analyse Status quo • Report to Council	Municipal Manager to take report to Executive Committee and Council to adopt delegations of responsibility	October 2005	Draft Frame-work	Whilst adopting the framework all decisions contained in this report get noted and explains how the system will be developed and implemented

Council adopts the Performance Management System delegations of responsibility	Council	October 2005	Council Resolution	
The Executive Committee assigns responsibility to the Municipal Manager whilst remaining accountable for the development of the performance management system	Exco	October 2005	Delegation of responsibility	The Executive Committee remains accountable for the development and implementation of the Performance Management System
This document will specify the further delegation of roles and responsibilities accordingly	Info			

2.2 SETTING UP INTERNAL INSTITUTIONAL ARRANGEMENTS

The Guidelines (par. 3.2) gives direction to the setting up of institutional arrangements: "A municipality may establish a project team led by a senior manager delegated by the Municipal Manager. It would be preferable that the project team consists of the same people involved with or responsible for the integrated development process. The team will report to the Municipal Manager, who will in turn account to the Executive Mayor or the Mayoral Committee, and finally, Council."
What needs to be done:

What	How	Who	When	Output	Comment
Setting up Internal Institutional Arrangements	The Mopani District Municipality will set up a Project Team led by the Municipal Manager, Directors, Manager (Human Resources) and Snr. HR Officer (Training), Snr. Communication Officer, Snr. Internal Auditor, Performance Management and Integrated Development Planning Manager	Council adopts internal institutional arrangements	Meet monthly	Project Team will meet monthly	Project Team function includes: "Preparing the organisation, facilitate the development of the system, support the organisation in implementation, issue regular reports on the progress on the implementation of the performance management system"

The Municipal Manager will report to the Executive Committee on progress made	Municipal Manager	Ongoing	Report Monthly to the Executive Committee	The Guidelines is clear that capacity should be obtained for the system to be successfully implemented
Consultants will be drawn in as and when required	Consultants will report to the Project Team	Ongoing	Effective System	
A performance management system / Integrated Development Planning Steering Committee will be re-composed	Members include the Mayor and other Exco members, Project Team,Union representatives	Meet quarterly	Quality Assurance	The Steering Committee's function will include: "Support the Project Team where, when and if necessary, direct and advises on the implementation and progress, ensure co-ordination with the IDP process, provide stakeholder (internal) feedback on the implementation processes through developed communication processes"

Figure 1: Internal Institutional Arrangements
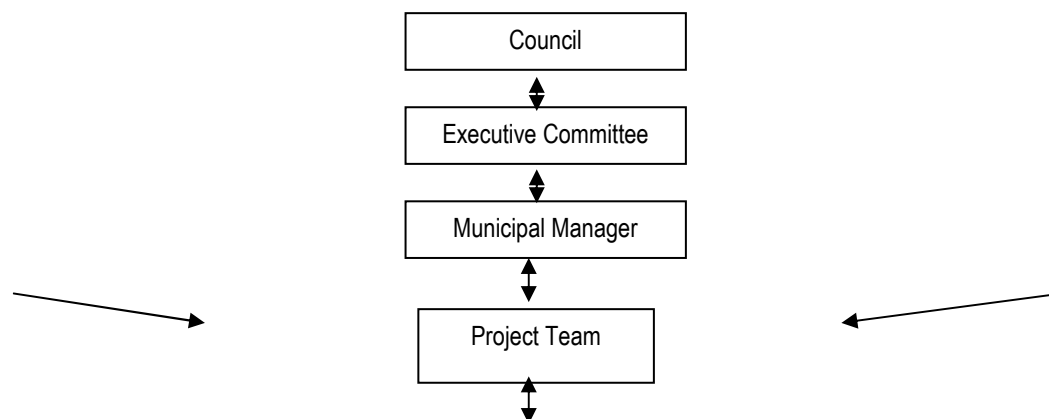
Mopani District Municipality
"Performance Management Framework"
empowering tomorrow's leaders

| Municipal Manager | Directors | IDP AND PMS Managers | Snr. Comm. Officer | Snr. Internal Auditor | Secretariat |

Performance Management/Integrated Development Planning Steering Committee
Exco, Project Team
Union Representatives, Internal Auditors, Managers, Secretariat

Supervisors
Employees
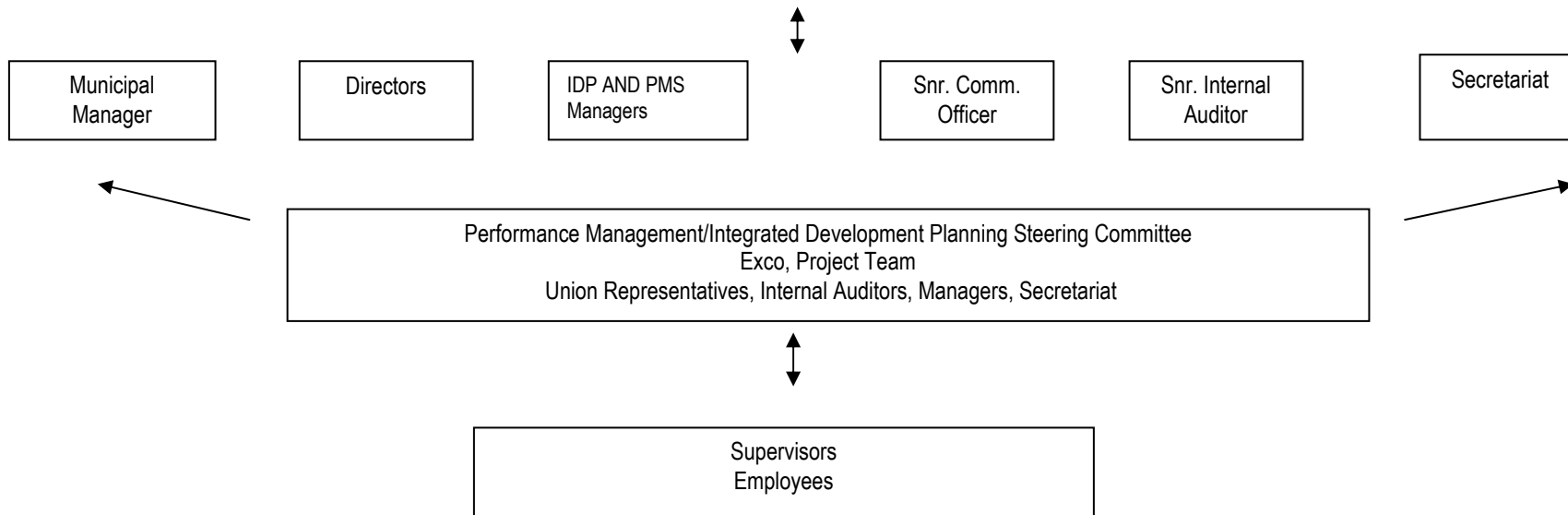
2.3   MANAGING THE CHANGE PROCESS

Managing the change process should not only take place during Phase 1, but should happen continuously. The Guidelines (par. 3.3) mentions the following on the change management process: "When introducing a performance management system, it is crucial that the stakeholders will need to come to a common understanding of performance management. This is an important component of the change process, and will require that officials are aware, understand and accept why performance management is needed and what principles will govern its development and use."

The outcome of the change management process would be to ensure that performance management must establish the accountability: of the municipality to the citizens and communities; of the administration to the Council; of line functions to executive management; and of employees to the organisation. The initial phase of the change management process should introduce what a performance management system is, what is expected from a performance management system, and what the roles and responsibilities of each role-player are within the accomplishment of the system.

It is proposed that:

What	How	Who	When	Output	Comment
Managing the change process	Briefing session with the Steering Committee	The Project Team will organise the Change Management Process The Leadership (Full-time Councillors, Municipal Manager, Managers and HOS' must take responsibility for the successful change management process during the implementation of the performance management system process	October 2005	Employees and Councillor awareness, common understanding and acceptance of a performance management system Develop common principles by which the performance management system development process will be governed (see Guidelines par. 3.3)	During this session information on implementation of the performance management system including change management processes will be provided During this session clear guidelines on roles and responsibilities for the implementation of the performance management system will be given

What	How	Who	When	Output	Comment
	A workshop will be held with all Councillors to take them through the implementation of the performance management system process and to emphasise the roles and responsibilities of the community and external stakeholders involvement in the development and implementation of the performance management system	Project Team will organise, Mayor and Speaker will play an instrumental role	February 06	Informed Councillors	During this workshop Councillors need to be briefed on the role and responsibilities and leadership within such processes
	Meetings will be held with all employees to inform them of the formulation and implementation processes and participation of the employees in the development of the system	Directors and Managers	November 05	Informed Employees	

What	How	Who	When	Output	Comment
	A workshop meetings will then be held with all employees to provide opportunity for discussion	Project Team to organise, Municipal Manager to address the employees	End November 05	Consultative Process	It is important that the leadership informs the organisation that performance management will ensure the accountability of: The municipality to citizens and communities The administration to Council Line functions to executive management Employees to the organization
	A questionnaire / survey will be developed to provide specific input in the development of the processes and system from internal managers	Project Team Steering Committee	November 05	Consultative Process	
	An open day as a launch of the Implementation process will be arranged at Council for internal and external stakeholders	Project Team assisted by Steering Committee	May 2006	Stakeholder awareness	Do not have a launch if introductory package is not in place. There is nothing worse than to create expectations that cannot be fulfilled. A lot of preparatory work is needed before the launch of the implementation of the performance management system can take place

At the introductory sessions the following criteria may be used to ensure successful transformation is taking place (Guidelines par: 3.3):

- Make change happen by mobilising the organisation for change

- Clarify strategy and make it accessible

- Ensure strategic alignment of all operations, thus transforming strategy into operations and vision into action

- Clarify and manage roles, responsibilities and expectations between the public and the municipality, between politicians and officials and amongst officials

- Communicate these roles, responsibilities and expectations within the organisation and to the public

- Deepen democracy by encouraging public participation through the communication of performance information and the creation of appropriate mechanisms to hold the Council accountable in the periods between elections

- Create a mechanism for efficient decision-making on the allocation of resources

- Introduce a diagnostic tool that not only tells us whether we are *doing things right* but also whether we are *doing the right things*

- Redefine the incentive structure by rewarding successes and alternatively identifying opportunities for growth, learning and development

- Ensure that the process of developing the system will be: inclusive; participatory and transparent in order for the system to be: simple; realistic; fair and objective; developmental and non-punitive.

Before we can implement the system in Phase 3 we need to develop the performance management system for implementation in Phase 2.

3. PHASE 2: DEVELOPING THE PERFORMANCE MANAGEMENT SYSTEM (PMS)

The development of the PMS, which includes the model to be used by the Mopani District Municipality, will be developed during the course of Phase 2. The development of the PMS will start in September 2005 and the first phase should be completed during June 2006

The development of the system must answer the following questions as per the Guidelines (par. 4):

- When does performance management start?
- What are the components of a performance management system?
- Who will manage whose performance?
- When will performance be monitored, measured and reviewed?
- What aspects of performance will be managed?
- How do we respond to good and poor performance?
- What institutional arrangements have to be established to make this work?"

The focus in the development of this phase is to concentrate on processes and how these processes are going to be managed; the identification and accreditation of external stakeholder groupings; as well as the development of a structure (forum) to facilitate the development and implementation of the system. The community must participate in the setting of Key Performance Indicators and the monitoring of the system.

The steps for this Phase will include:

- Assess the reality
- Identify the stakeholders
- Create structures for stakeholder participation
- Develop the system
- Publish the system
- Adopt the system

3.1   ASSESS THE REALITY

The municipality according to the Guidelines (par. 4.2) needs to:

- Assess how planning, implementation and monitoring will take place within the Mopani District Municipality; and
- Identify the gaps between new integrated planning and performance management requirements.

Various aspects need to be taken into consideration such as an evaluation on the information gathered during the IDP process, the stakeholder involvement and the viability of the implementation of the key performance indicators.

What needs to be done:

What	How	Who	When	Output	Comment
Current Reality	• Assessment needs to be done on how the existing performance management system and IDP is operating (planning, implementation and monitoring) • As soon as assessment is done it needs to be incorporated in the development of the new system	Project Team / Consultants	October / November 2005	Assessment Report	The assessment needs to be done in view of the legislation, Regulations and Guidelines

3.2 IDENTIFICATION OF STAKEHOLDERS

After assessment is done external stakeholder groupings need to be invited to be part of the performance management system as they have been part of the Integrated Development Planning processes. The Guidelines (par. 4.3) says the following: The clear identification of stakeholders is crucial, including groups within citizens and communities, Councillors, officials and partners. Each of these categories of stakeholders will play a different role in using the performance management system - each role must be acknowledged and planned for (see Table 1).

In light of the above, identification needs to be done on who and how stakeholder groupings are going to participate.

What needs to be done:

What	How	Who	When	Output	Comment
Identification of Stakeholders	After the Performance Management System is adopted by the Executive Committee a notice will be published in the local press and other communication methods for notification that the process is to commence	Project Team	End November 2005	Performance Management System noted and adopted by Executive Committee and later by Council Advertisement in local media Advertisement displayed at strategic points and other communication methods	All stakeholders to play a part in the monitoring of the implementation of the PMS needs to be identified and encouraged to participate The following list of categories for stakeholders does not intend to be exhaustive, but to be a starting point from which to work (per Guidelines Table 1: "Citizens and Communities, including: - Civics - Community Based Organisations - Ward Committees - Non-Governmental Organisations - Businesses and Organised Business Councillors, including: - Mayor - Executive Committee - Standing / Portfolio Committees - Council Officials, including: - Municipal Manager
	All stakeholders interested to participate in the process will be invited to register with the Council as stakeholder / community groupings interested to participate	Project Team	May 2006	Registered stakeholder groupings to participate in the process	
	Criteria will be developed on qualification for stakeholder / community groupings accreditation (bearing in mind the established ward committee system as well to make the process as inclusive as possible to address IDP participation process shortcomings)	Project Team Steering Committee	April 2006	Stakeholder accreditation process	

What	How	Who	When	Output	Comment
	Groupings will be accredited and a letter will be forwarded to explain what is expected and whether they accept such role and responsibility	Project Team Steering Committee	End May 2006	Accredited stakeholder / community groupings	- Management Team - Line Management - Employees - Organised Labour Partners, including:
	Registered Stakeholder Groupings will participate in the process and a "code of conduct" for participation will be developed or in the case where one is in existance, will be amended if necessary	Project Team Steering Committee	Middle May 2006	Code of Conducts	- Public Partners - Private Partners - Service Providers Each of these categories of stakeholders will play a different role in developing, implementing and using the PMS. While some stakeholders will play minor roles when compared to others, their role must be acknowledged and planned for."

Table 1: The following stakeholder roles could be considered and approved by Council

TABLE 1: STAKEHOLDER ROLES

Stakeholders	Planning	Implementing	Monitoring	Reviewing
Citizens and Communities	Be consulted on needs. Develop the long-term vision for the area. Influence the identification of priorities. Influence the choice of indicators and setting of targets.		Be able to monitor and "audit" performance against commitments.	Be given the opportunity to review municipal performance and suggest new indicators and targets.
Councillors	Facilitate the development of a long-term vision. Develop strategies to achieve vision. Identify priorities. Adopt indicators and set targets.		As far as possible, monitor municipal performance from different areas.	Review municipal performance for major reviews such as the annual review. Review the performance of the executive committee.
Executive Committee	Play the leading role in giving strategic direction and developing strategies and policies for the organisation. Manage the development of the IDP. Identify indicators and set targets. Communicate the plan to other stakeholders.		As far as possible monitor municipal performance from different areas. Commission audits of performance where necessary.	Conduct the major reviews of municipal performance, determining where goals have or have not been met, what the causal reasons are and to adopt response strategies.
Full time Councillors and Municipal Manager	Assist the executive committee in providing strategic direction and developing strategies and policies for the organisation. Manage the development of an IDP. Ensure that the plan is integrated. Identify indicators and set targets. Communicate the plan to other stakeholders.	Manage the implementation of the IDP.	Regularly monitor the implementation of the IDP identifying risks early. Ensure that regular monitoring, measurement, analysis and reporting is happening in the organisation. Intervene in performance problems on a daily operational basis.	Conduct regular reviews of performance. Ensure the availability of information. Propose response strategies to the executive committee or Council
Sectoral Managers	Develop sectoral plans for integration with other sectors within the strategy of the organisation.	Implement the IDP.	Measure performance according to agreed indicators, analyse and report regularly.	Conduct reviews of sectoral and team performance against plan before executive reviews.
Employees	Contribute ideas to the integrated development plan. Adopt IDP by aligning personal goals and plan with the organisational plan.	Implement the IDP and the personal plan.	Monitor own performance continuously. Monitor and audit the performance of the organisation and respective team.	Participate in review of own performance. Participate in the review of organisational performance where necessary.

Stakeholders	Planning	Implementing	Monitoring	Reviewing
Organised Labour	Play a contributory role in giving strategic direction and developing long-term vision for the organisation and municipal area. Contribute to the development of an IDP. Ensure support of members for the IDP.		Monitor and audit the performance of the organisation, especially from a labour perspective.	Participate in the public review of municipal performance.

3.3 CREATING STRUCTURES FOR STAKEHOLDER PARTICIPATION

Structures that have been established during the development of the IDP needs to be evaluated to determine whether they have been successful in facilitating the participation of the wider community into the development of the IDP. The Guidelines (Par. 4.4) states as follows: "It is important to establish structures that will facilitate the meaningful participation of all stakeholders in the development of the system, consistent with the legislation. The municipality, in terms of their own circumstances, should determine the nature of the structure. It is recommended that municipalities consider the IDP Representative Forum … As far as possible the PMS structures must be the same as those of IDPs or at least be linked to them."

The following proposal does take this suggestion into consideration.

What	How	Who	When	Output	Comment
Creating structures for stakeholders participation	The IDP Forum will be expanded to allow for other groupings' participation – IDP/PMS Forum	Project Team Steering Committee	By end November 05	Representative stakeholder participation Forum Informed community	As far as possible the IDP Representative Forum Structure will be followed The Project Team and Steering Committee and Councillors will attend forum meetings dependent on need and purpose

Figure 2: Internal and External Participation

```
                              ┌──────────────────┐
                              │     Council      │
                              └──────────────────┘
                              ┌──────────────────┐
                              │ Executive Committee │
                              └──────────────────┘
                              ┌──────────────────┐
                              │ Municipal Manager │
                              └──────────────────┘
                              ┌──────────────────┐
                              │   Project Team   │
                              └──────────────────┘
```

| Municipal Manager | Directors | Manager Human Resources. HR Officer | Snr. Comm. Officer | Snr. Internal Auditor | Secretariat |

Performance Management/Integrated Development Planning Steering Committee
Full time Councillors, Project Team
Union Representatives, Internal and Auditors, Managers, Secretariat

Performance Management / Integrated Development Planning Representative Forum

Ward Committees

Different External Stakeholder Groupings

| Civic Organisations | Community Based Organisations | Non-Governmental Organisations | Business | Other |

Community

3.4   DEVELOP THE SYSTEM

The Municipal Systems Act requires municipalities to develop a performance management system suitable for their own circumstances. Therefore, working with the stakeholders, the project team needs to develop and propose a performance management system (Guidelines par 4). A model best suited for the Mopani District Municipality will be developed during the course of September 2005 and June 2006 as first phase thereafter until 2010 a fully fledged system of accountability should be established.

What needs to be done:

What	How	Who	When	Output	Comment
Developing the System	The Municipality has resolved that the Balanced Scorecard Model combined with the Hybrid Model be used in the methodology of the Performance Management System	MM and Executive Managers Mopani District Municipality (Consultants)	April 05	Best Practiced Model	The system needs to be flexible enough that definite linkages with the IDP can be developed The proposed draft model is reflected in Figure 3
	Each step of the proposed model will be developed with internally identified participants	Project Team	September 2005 – June 2006	Municipal Scorecard Departmental Scorecards Individual Scorecards Incentive and Reward Policy KPI Scorecards Programme / Project Scorecards	
	The draft Performance management model will be presented to the Steering Committee	Project Team Steering Committee	November 2005	Ensure political input	
	The draft model and system will be presented to all managers through communication	Project Team	November 2005	Change Management	
	A copy will be filed with the library where employees can make input into a suggestion box or make direct contact with the Project Leader for this programme	Project Team	January 2006	Internal Stakeholder Participation	

What	How	Who	When	Output	Comment
	The draft system model will be presented to the Forum for input	Project Team	January / February 2006	External Stakeholder Input	
	The comments will be incorporated into the model and system	Project Team	February 2006	Final Draft	
	The report will be submitted to Executive Committee	Municipal Manager to Executive Committee to Council	March 2006	Executive Committee provides input	
	Progress on the performance management framework and model will be adopted by Council	Council	April 2006	Council Resolution	
	The PMS framework and model will be launched through an Open Day	Project Team	May 2006	Commitment and Awareness	

The following is a illustration on the development of the performance management system methodology and model to be used.

Scorecard – integrated approach
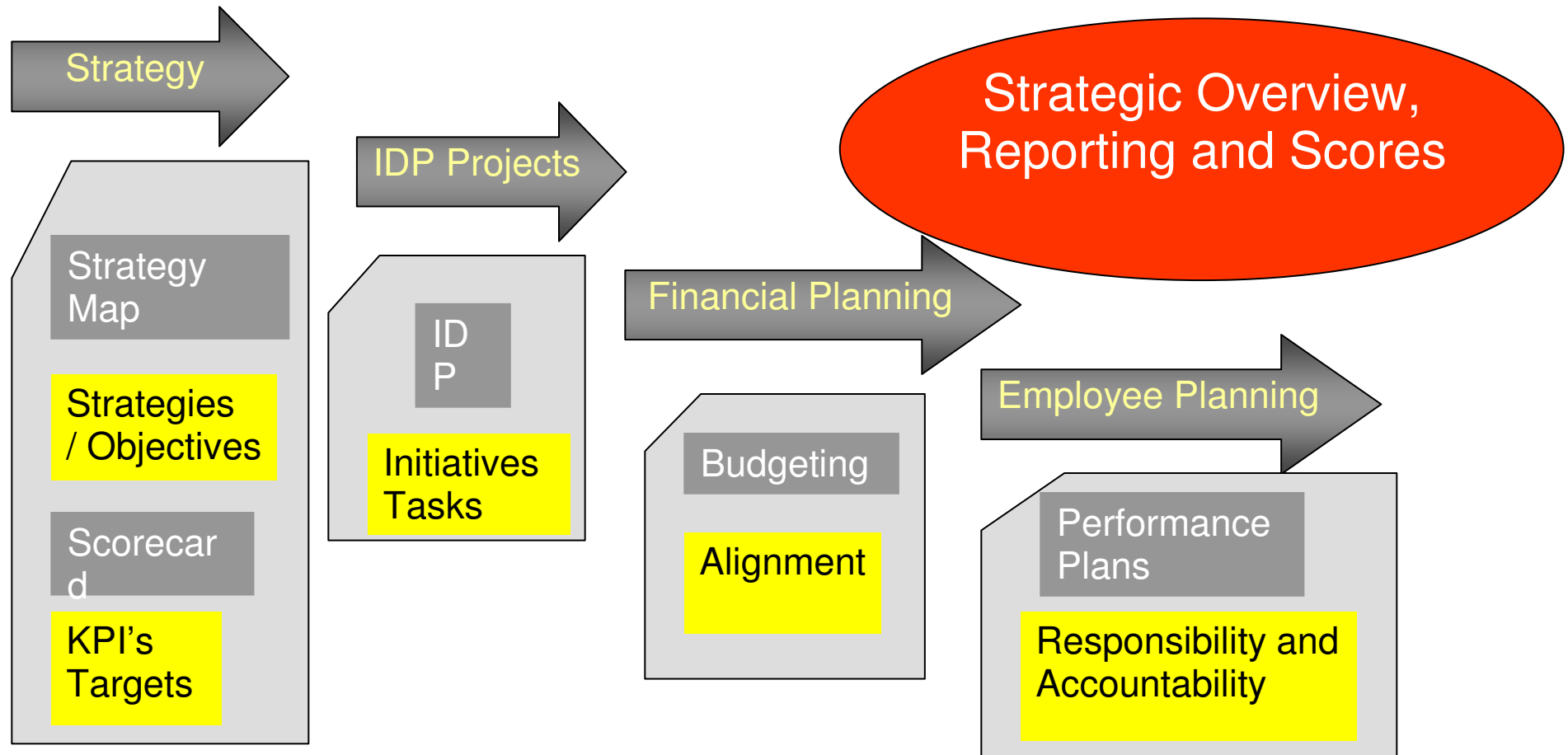
Strategy

IDP Projects

Strategic Overview, Reporting and Scores

Financial Planning

Employee Planning

Strategy Map

Strategies / Objectives

Scorecard

KPI's Targets

IDP

Initiatives Tasks

Budgeting

Alignment

Performance Plans

Responsibility and Accountability

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This framework outlines the inter-connectivity between the different phases and the development and implementation of the system.

3.5   PUBLICATION OF THE SYSTEM

The model still needs to be developed in detail. A high-level presentation will be provided for input. The Guidelines (par 4.6) put as follows: "Following an assessment of all the available Performance Management System models and frameworks, municipalities need to develop their own or adopt a system that suits their circumstances ... The municipality may publish the system in the local media for public comment. The publication needs to be for a short period."

What needs to be done:

What	How	Who	When	Output	Comment
Publication	A notice on the framework will be published in the local media and other methods applicable will be used for awareness	Project Team	November 2005	Informed wider community	Put copy in library and make it accessible for public Ensure Mayor's office is equipped to handle queries
	The comments will be incorporated into the development of the system	Project Team Council	November 2005		

3.6   ADOPTION OF THE SYSTEM:

Public comments will be taken into consideration when adopting and developing the system. The Guidelines (Par. 4.7) advises the following: "Following incorporation of the public comments into the draft system, the project team should prepare the final draft for submission to Council. The Council should adopt the system when it is satisfied that the process was handled in accordance with the legislation and the proposed system complies with the requirements of the law, especially the regulations governing the nature of the system."

The Regulations (Chapter 3, Regulation 8) also stipulates the following: "A performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan."

This framework proposes that the system noted by Council will be in time for the forum to participate in the setting of the key performance indicators as is required by legislation.

What needs to be done:

What	How	Who	When	Output	Comment
Adoption of the performance management system	The final performance management system (framework and model) needs to be submitted to the Executive Committee	Project Team Municipal Manager Executive Committee Council	November 05 (Exco)

Council to note January 2006 (or at a special Council meeting if needed) | Approved PMS (framework and model) | The adoption of the system will correlate with the beginning of the planning phase of the IDP process and PM system to commence in October 2005 |
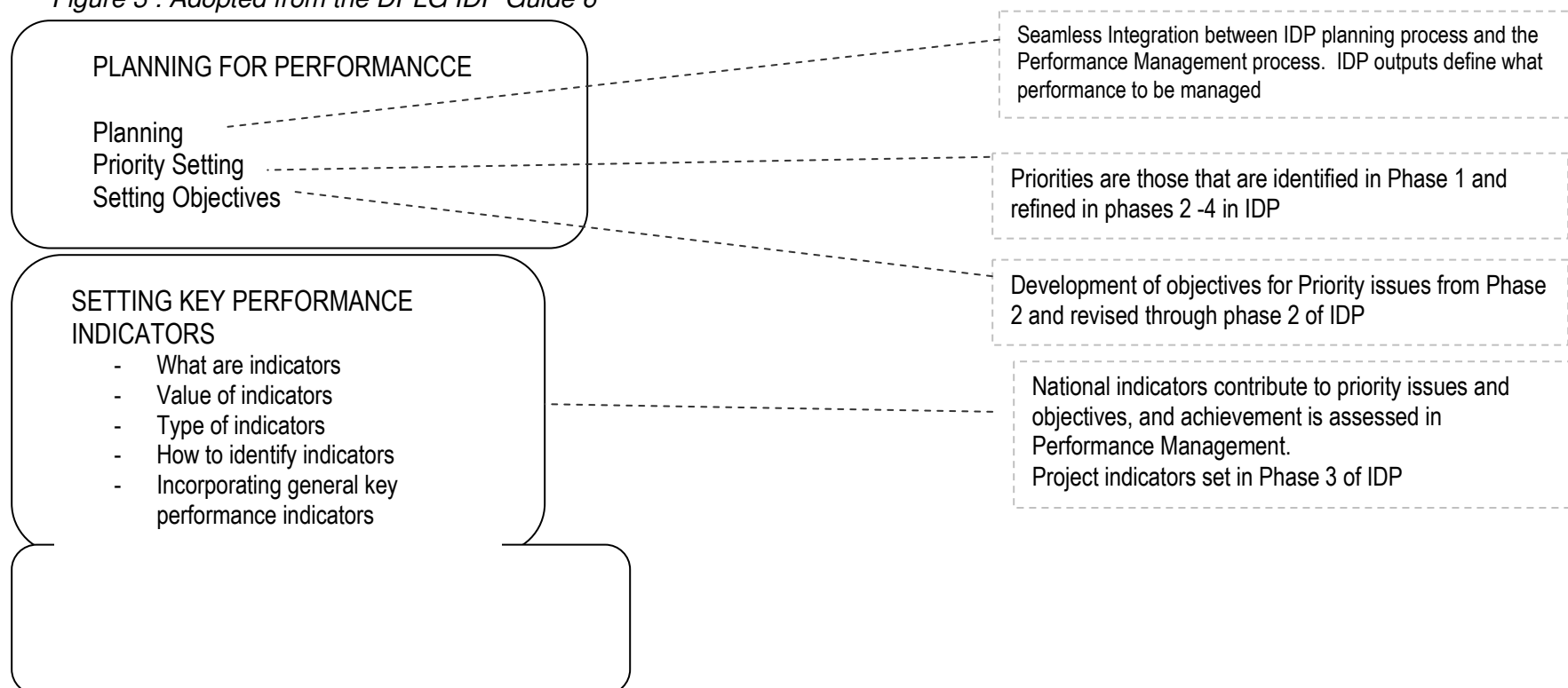
4.   PHASE 3: IMPLEMENTATION OF PERFORMANCE MANAGEMENT

This phase reflects the annual implementation cycle through planning monitoring, measuring, review and reporting.

This framework is guided by the following (Guidelines (par. 5): "Having adopted the system, the municipality can mandate the project team to facilitate the implementation thereof. The team, which may be the same as the IDP team, should develop an implementation strategy. The strategy should be linked to the IDP implementation framework and should entail planning, implementation, monitoring and review."

Although the Guidelines change the naming of the phases, the Regulations state them as being monitoring, measurement, review and reporting. The planning phase of the IDP needs to commence with the planning phase of the performance management system. The annual cycle of performance management includes thus:

Figure 3 : Adopted from the DPLG IDP Guide 6

PLANNING FOR PERFORMANCCE

Planning
Priority Setting
Setting Objectives

SETTING KEY PERFORMANCE
INDICATORS
- What are indicators
- Value of indicators
- Type of indicators
- How to identify indicators
- Incorporating general key performance indicators

Seamless Integration between IDP planning process and the Performance Management process. IDP outputs define what performance to be managed

Priorities are those that are identified in Phase 1 and refined in phases 2 -4 in IDP

Development of objectives for Priority issues from Phase 2 and revised through phase 2 of IDP

National indicators contribute to priority issues and objectives, and achievement is assessed in Performance Management.
Project indicators set in Phase 3 of IDP

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Mopani District Municipality
"Performance Management Framework"
empowering tomorrow's leaders

SETTING TARGETS
- What are performance targets
- How to set targets

Setting of project targets in Phase 3 of IDP

DEVELOPING A MONITORING FRAMEWORK

Runs parallel with the implementation of the IDP.

DESIGNING PERFORMANCE
MEASUREMENT FRAMEWORK
- How to do measurements
- Analysis

Not covered in the IDP
Examples can be obtained from a number of organisations

CONDUCTING PERFORMANCE REVIEWS
Who conducts reviews?

Annual Review of IDP is significant organisational implementational review. Draws on range of different other reviews and general monitoring and evaluation

IMPROVING PERFORMANCE

The central purpose of Performance Management. Provi des range of institutional options. Feedback into Institutional Plan of both IDP and annual IDP Reviews

REPORTING ON PERFORMANCE
- Who reports to whom?
- Check lists for good reports
- Tracking and managing the reporting process
- Publication of performance reports
- Public feedback mechanisms
- Public hearings on Municipal Performance
- Using performance audit mechanisms

IDP process is the planning although not for employee performance

ORGANISATIONAL AND EMPLOYEE PERFORMANCE
- Planning
- Implementing and monitoring
- Review

Review of employee performance important component of the performance management of IDP implementation

Framework and system for tracking performing in implementing IDP

The abovementioned steps within Phase 3 must correlate with the annual IDP and budgetary processes. This framework attempts to clearly define what is meant under each step and to reduce duplication of activities under the different activities accordingly.

It is important to note that under the Scorecard Model approach the emphasis of the performance management system model is on how one manages your strategy as opposed to how you manage measurement systems *per se*. The wrong impression is developed in local government documentation that performance management is a measurement system as opposed to a strategic process. The role of leadership in the implementation of the performance management system cannot be over emphasised and is important throughout the process.

Normally, the annual cycle for implementation will start at the beginning of the financial year and will conclude at the end of the financial year. Because this is a new system and will be implemented during the course of this year the planning phase under the IDP process will commence in October / November.

4.1   PLANNING FOR PERFORMANCE

The integration between the PMS and Integrated Development Planning process is highlighted in the Guidelines (par 5.1): "The Integrated Development Planning process and the Performance Management Process should appear to be seamlessly integrated. Integrated Development Planning fulfils the planning stage of performance management. Performance management fulfils the implementation management, monitoring and evaluation of the IDP process."

The above explanation makes it clear that a strategic approach to the implementation of a performance management system is very important. This strategic approach should correlate with the IDP planning process. Strategic setting and direction from a performance driven point of view is important to drive the organisation in a performance oriented way.

The following aspects will be dealt with under the planning phase i.e.: the current reality; priority setting; and the setting of objectives. The planning will start in July and will be completed in October annually.

What needs to be done:

What	How	Who	When	Output	Comment
Planning for the implementation of the performance management system, IDP, budgetary process and other	Annual delegation of responsibility for the implementation of the performance management system	Municipal Manager takes report to Executive Committee and Council	July	Annual implementation plan, delegation of responsibility, clarifying roles and responsibilities	The planning phase of the IDP will be integrated with the planning phase of the implementation of the PMS Delegation of responsibility will be the same as was discussed under Phase 1 step 1. See Phase 1, step 1 and 2
	Internal and external stakeholder participation will be reviewed and new systems and processes will be recommended accordingly	Same as above	July	Council Resolution	
	Advertise for stakeholder accreditation	Project Team	August	Publication on the start of the annual process and advertisement for stakeholder participation	The process hereafter is the same as was referred to under Phase 1, step 2

4.2   PRIORITY SETTING

Setting the vision and strategic direction of the Council is as much part of the IDP process as part of the performance planning process. In fact the municipal scorecard will start to encapsulate the strategic intent of the organisation in a focused manner. See the Guidelines (par. 5.1.2) "Consistent with the event-centred approach in the IDP guide, the IDP should deliver the following products:

▪ An assessment of development in the municipal area, identifying development challenges, marginalised and vulnerable citizens and communities

- A long-term development vision for the municipal area that overcomes its development challenges
- A set of delivery priorities and objectives, based on identified needs, achievable in the current term of office, that would contribute significantly to the achievement of the development vision for the area
- A set of internal transformation strategies, priorities and objectives, whose achievement would enable the delivery and the realisation of the development vision
- Additional projects identified which contribute to the achievement of the above objectives
- A financial plan and medium term income and expenditure framework that is aligned with the priorities of the municipality
- A spatial development framework
- Disaster management plans
- Operational strategies

The priorities are essentially the issues that a municipality intends to focus on in order of importance to address the needs. These will vary from one area to the other. They may include water delivery, electrification, sanitation and so forth. Although not suggested as part of the IDP methodology, a municipality may cluster the priorities in the following key performance areas:

- Infrastructure and services;
- Social and economic development;
- Institutional transformation;
- Democracy and governance, and
- Financial management

This is optional, but it may be a useful way to start organising the process towards aligning development priorities and objectives to the key performance indicators. It is not easy though, as some of the priorities may not neatly fit into each key performance area. Municipalities also need to be careful not to prioritise only those areas that neatly fit key performance areas. The mentioned key performance areas, however, represent the broad development mandate of local government.

The model used, as discussed earlier, refers to the Balanced Scorecard model, where a municipal scorecard will be developed aligning the vision of Mopani District Municipality with the National Key Performance Indicators and to develop strategic thrusts as economic value drivers with the aim of adding value to the stakeholder internally and externally.

What needs to be done:

What	How	Who	When	Output	Comment
Priority Setting	Initiate community survey / analysis	Project Team	June/July	Community Priority needs and service requirements	Internal research needs to be done before external participation can start
	Review baseline info	Project Team Steering Committee	July/Aug	GGP information	Most international cities and towns will conduct a city / town survey to determine needs, perceptions – then can priorities only be determined
	A SWOT shall be done on IDP implementation achievement during the previous financial year	Project Team (External consultants appointed ,Steering Committee	September	Comprehensive Assessment	
	Delivery priorities and objectives based on community needs will be re-evaluated against the vision	Same as above	September	KPI scorecards	
	Internal transformation strategies, priorities and objectives will be re-evaluated against the vision and national and local key performance indicator achievement	Same as above	September	KPI scorecard	
	Financial plan implementation will be reviewed	Same as above	September	KPI scorecards	
	Spatial development framework will be reviewed	Same as above	September	KPI scorecards	
	Disaster management plans will be reviewed	Same as above	September		
	Operational strategies will be reviewed	Same as above	September		
	Vision and strategic intent will be determined and reconfirmed	Project Team Steering Committee Forum	October	Strategic Intent Baseline information will be validated	
	Priorities will then be amended, set and decided upon accordingly	Same as above	October	Priorities determined Municipal Scorecard	

4.3   SETTING OBJECTIVES

On the setting of objectives the (Guidelines par. 5.1.3) stipulates the following: "All components of the integrated development plan, whether they are strategies or priority areas, need to be translated into a set of clear and tangible objectives. This is a crucial stage in ensuring that there is clarity on the integrated development plan and that suitable indicators are found.

A construction of clear and concise statement of objectives is needed. The statement requires a tangible, measurable and unambiguous commitment to be made. It is often useful to have a clear timeframe attached to this commitment in your objective statement. While some statements make very good slogans and can capture a sentiment, they make very poor objective statements."

It goes further on by saying "in setting objectives, a municipality needs to:

- Carefully consider the results desired
- Review the precise wording and intention of the objective
- Avoid overly broad result statements
- Be clear about the scope and nature of change desired
- Ensure that objectives are outcome and impact focused

Good objectives will narrow down the possible choices of indicators. Excellent objectives will make the choice indicator quite obvious."

The purpose of the municipal scorecard is to derive at clear concise strategic objectives under the financial, community, institutional processes and learning and growth perspectives. In ordering the objectives under these perspectives one ensures the elements needed for a successful organisation.

What needs to be done:

What	How	Who	When	Output	Comment
Setting Objectives	Develop clear municipal objectives that can be linked to the IDP strategies and objectives	Project Team Steering Committee	October / November	Municipal Scorecard	Objectives should be guided through baseline information and input from the community, legislation and governmental stakeholder groupings
	Re-arrange IDP programme and project (operational) objectives accordingly	Project Team Steering Committee	October / November	IDP programme and project objectives	
	Incorporate municipal and IDP objectives into departmental scorecards	Managers	January / February	Departmental Scorecards	

4.4   SETTING KEY PERFORMANCE INDICATORS (KPIs)

Setting Key Performance Indicators is the most important step in the planning phase for implementing the PMS.

Chapter 6 of The Systems Act S41 states as follows:
(1) A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed-

(a)   set appropriate key performance indicators 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;

(b)   set measurable performance targets with regard to each of those development priorities and objectives;

(c)   with regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b)-

(i)   monitor performance; and

(ii)   measure and review performance at least once per year;

(d)   take steps to improve performance with regard to those development priorities and objectives where performance targets are not met;

The Guidelines as well as Regulations give clear direction on how it should be done (Guidelines par. 5.2.1, 5.2.2 5.2.3, 5.2.4): "What are Indicators? They are measurements that tell us whether progress is being made in achieving our goals. They essentially describe the performance dimension that is considered key in measuring performance. The ethos of performance management as implemented in local governments internationally and as captured in the White Paper on Local Government and the Municipal Systems Bill, relies centrally on the use of KPIs.

Indicators are important as they:

- Provide a common framework for gathering data for measurements and reporting
- Translate complex concepts into simple operational measurable variables
- Enable the review of goals and objectives
- Assist in policy review processes
- Help focus the organisation on strategic areas
- Help provide feedback to the organisation and staff

Input Indicators

These are indicators that measure economy and efficiency. That is, they measure what it cost the municipality to purchase the essentials for producing desired outputs (economy), and whether the organisation achieves more with less, in resource terms (efficiency) without compromising quality. The economic indicators are usually expressed in unit cost terms. For example, the unit cost for delivering water to a single household. On the other hand, efficiency indicators may be the amount of time, money or number of people it took the municipality to deliver water to a single household.

Output Indicators

These are the indicators that measure whether a set of activities or processes yield the desired products. They are essentially effectiveness indicators. They are usually expressed in quantitative terms (i.e. number of or % of). An example would be the number of households connected to electricity as a result of the municipality's electrification programme. The output indicators relate to programme activities or processes.

Outcome Indicators

These are the indicators that measure the quality as well as the impact of the products in terms of the achievement of the overall objectives. In terms of quality, they measure whether the products meet the set standards in terms of the perceptions of the beneficiaries of the service rendered. Examples of quality indicators include an assessment of whether the service provided to households complies with the applicable standards or percentage of complaints by the community. In terms of impact, they measure the net effect of the products/services on the overall objective. An example would be percentage reduction in the number of houses destroyed by fire due to the switch from other sources of energy, as a result of the electrification programme. Outcome indicators relate to programme objectives.

The measurement of costs, inputs, process, outputs and outcomes are valuable in developmental local government.

These sets of different indicators relate to the ingredients, products and effects of organisational processes.

- Inputs are what goes into a process
- Costs are what the inputs cost us
- Processes are the set of activities involved in producing something
- Output is the product or service generated
- Outcome is the impact or effect of the output being produced and the process undertaken

The Municipal Systems Act requires local government to measure its performance on outputs and outcomes. The Regulations on Performance management system (9.(1)(a) requires to measure the input, output and outcome Indicators, in respect of the development priorities and objectives. The measurement of inputs and processes are also useful, at a local level.

Composite Indicators

Outcome indicators can be developed for each local government function. Each function can have a variety of outcomes that need to be measured. The danger of this is that the municipality can end up with a very long list of indicators that becomes difficult to manage and communicate. One possible response to this problem is to use composite indicators for each sector (transport, water, sanitation, electricity,

public participation, housing, etc.) or across sectors. Composite indices combine a set of different indicators into one index by developing a mathematical relationship between them.

Baseline Indicators

These are indicators that show the status quo or the current situation. They may indicate the level of poverty, service, infrastructure and so forth. They are usually utilised in the planning phase to indicate the challenges the organisation is faced with. They are important, since organisations use them to assess whether programmes are indeed changing the situation.

How to set indicators?

A municipality must identify indicators for each of the areas outlined above, brainstorm them and rigorously check whether they are:
- Measurable
- Simple
- Precise
- Relevant
- Adequate
- Objective

The Regulations (Chapter 3) gives clear direction on the setting of Key Performance Indicators (Regulation 9):

9.   (1)   (a)   A municipality must set key performance indicators, including input indicators, output indicators and outcome indicators, in respect of each of the development priorities and objectives referred to in section 26(c) of the Act.
        (b)   A key performance indicator must be measurable, relevant, objective and precise.

        (2)   In setting key performance indicators, a municipality must ensure that-
            (a)   Communities are involved; and
            (b)   The key performance indicators inform the indicators set for-
                (i)   all its administrative units and employees; and
                (ii)   every municipal entity and service provider with whom the municipality has entered into a service delivery agreement.

Regulation 10: General key performance indicators

10.   The following general key performance indicators are prescribed in terms of section 43 of the Act:

(a)   The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;

(b)   The percentage of households earning less than R1100 per month with access to free basic services;

(c)   The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan;

(d)   The number of jobs created through municipality's local economic development initiatives including capital projects;

(e)   The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;

(f)   The percentage of a municipality's budget actually spent on implementing its workplace skills plan; and

(g)   Financial viability as expressed by the following ratios:

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

Where -
"A"   represents debt coverage
"B"   represents total operating revenue received
"C"   represents operating grants
"D"   represents debt service payments (i.e. interest + redemption) due within the financial year;

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

Where -

"A"   represents outstanding service debtors to revenue
"B"   represents total outstanding service debtors
"C"   represents annual revenue actually received for services;

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

D
Where -
"A" represents cost coverage
"B" represents all available cash at a particular time
"C" represents investments
"D" represents monthly fixed operating expenditure."

Performance Management Regulations (Chapter 3, Regulation 11) mentions how the review should be done:

"11.   (1)   A municipality must review its key performance indicators annually as part of the performance review process referred to in regulation 13.

   (2)   Whenever a municipality amends its integrated development plan in terms of section 34 of the Act, the municipality must, as part of the process referred to in regulation 3, review those key performance indicators that will be affected by such amendment."

From the above explanations it is obvious that the setting of Key Performance Indicators is a very important step in the implementation of the performance management system. In the case of Mopani District Municipality, the IDP/PMS Representative Forum will be involved in determining the Key Performance Indicators.

What needs to be done:

What	How	Who	When	Output	Comment
Setting Key Performance Indicators (KPI), Budgetary Process and Business Plans	Determine and integrate KPI's for the Municipal, Departmental and Individual Scorecards	Project Team Steering Committee Forum	November	Appropriate KPI's for developmental local government in line with the national KPI's	Minimise KPI's to enable you to measure the essentials Ensure all participants understand the development of KPI's
	Provide projected costing on the implementation of KPI's	Municipal Manager and Managers	January	Projected cost of implementing the performance management system with measures	Ensure compliance with national and other Standards for the setting of KPI's
	Attach budgetary allocation to the strategic intent (municipal scorecard) and IDP programmes and objectives	Municipal Manager and Managers	February / March	Draft budget	Subscribe to the National KPI's – it will assist with the reporting phase Political leadership needs to play an instrumental role in the development of the KPI's

What	How	Who	When	Output	Comment
	Finalise the draft budget	Project Team Steering Committee Forum	April	Draft budget	
	Public hearings on Budget and IDP	Financial team Steering Committee	March / April	Community participation in budget an IDP processes	To combine public hearings on Budget and sensitization of IDP promotes public participation
	Develop Process Scorecards – departmental business planning processes	Municipal Manager and Managers	April	Process Scorecards	The KPI's need to be measurable, simple, precise, relevant, adequate and objective
	Submit Reviewd IDP to Representative Forum for approval	Steering Committee	End April	Draft Reviewed IDP approved by IDP Rep Forum	
	Table budget to Council	Mayor	May	Approved budget	Bear in mind that if you amend your strategic objective your KPI's need to be amended accordingly
Ensure effective participative processes with the external stakeholders
Do not use an indicator that you are not able to measure or to obtain the baseline line information on
Advocate provincial benchmarking"
	Submit Reviewed IDP to Council for adoption	Mayor	May	Adopted Reviewed IDP	The adoption of the Reviewed IDP and tabling of the budget should be simultaneous

4.5   SETTING TARGETS

After the objectives and key performance indicators are determined targets need to be established for each key performance indicator (Guidelines par.5.3): "At this stage a municipality should have clear objectives for its IDP [and municipal and departmental scorecards] and should have identified appropriate indicators. Targets are simply the goals or milestones that we intend an indicator to measure at various time frames."

Performance Targets is defined as (Guideline par. 5.3.1): "the planned level of performance or the milestones an organisation sets for itself for each indicator identified. Targets are usually expressed in terms of quantity or time. " On how to set targets the Guidelines (par. 5.3.2) describes as follows: "A municipality must identify baseline measurements. A baseline measurement is the measurement of the chosen indicator at the start of the period. In setting targets it is important to know how we are performing at the current moment. This step also tests whether the chosen indicator is in fact measurable and whether there are any problems associated with it. It is important to know the

date when your baseline measurement was relevant. For example, if you cannot measure your baseline at the current moment, and have to rely on data from the last census, you should clearly note that your baseline measurement is relevant to the date of the last census.

- The public needs to be consulted on their needs and expectations in setting a target
- Politicians need to give clear direction as to the importance of the target and how it will address the public need. Targets should be informed by the development needs of communities and the development priorities of the municipality
- Line managers need to advise as to what a realistic and achievable commitment for a target is, given the available resources and capacity. Whilst targets should be realistic, they should pose a challenge to the municipality to do things significantly better. Managers will need to advise on seasonal changes and other externalities that should be considered in the process of target setting.
- Decision-,makers must then make a contractual commitment to achieving these targets within agreed upon time frames and notify all stakeholders of the targets and the time frames"

Target setting is also one of the most important elements in the performance management system. Target setting will determine who is going to take responsibility for what. It will ultimately lead to individual and institutional accountabilities. The Regulations adds:

Regulations (Chapter 3, Regulation 12):
"12.   (1)   A municipality must, for each financial year, set performance targets for each of the key performance indicators set by it.
        (2)   A performance target set in terms of sub regulation (1) must -

        (a)   be practical and realistic;
        (b)   Measure the efficiency, effectiveness, quality and impact of the performance of the municipality, administrative component, structure, body or person for whom a target has been set;
        (c)   Be commensurate with available resources;
        (d)   Be commensurate with the municipality's capacity; and
                 be consistent with the municipality's development priorities and objectives set out in its integrated development plan."

S53 of the Municipal Finance Management Act provides:
(1) The mayor of a municipality must-
        (c)   take all reasonable steps to ensure-
                 (ii)   that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after
                 the   approval of the budget; and

(iii)   that the annual performance agreements as required in terms of section 57 (1) (b) of the Municipal Systems Act for the   Municipal Manager and all senior managers-

    (aa)   comply with this Act in order to promote sound financial management;

    (bb)   are linked to the measurable performance objectives approved with the budget and to the service delivery and   budget implementation plan; and

    (cc)   are concluded in accordance with section 57 (2) of the Municipal Systems Act.

(3) of the Municipal Finance Management Act provides:

The mayor must ensure-

    (a)   that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan; and

    (b)   that the performance agreements of the Municipal Manager, senior managers and any other categories of officials as may be prescribed, are made public no later than 14 days after the approval of the municipality's service delivery and budget implementation plan. Copies of such performance agreements must be submitted to the Council and the MEC for local government in the province.

S57 of the Systems Act provides:

(1)   Employment contracts for Municipal Managers and managers directly accountable to Municipal Managers may be appointed to that position only-

    (a)   i.t.o a written employment contract and

    (b)   subject to a separate performance agreement concluded,

(2)   which must be concluded within a reasonable time after a person has been appointed and thereafter, within one month after   the beginning of the financial year of the municipality;

(4)   The performance agreement referred to in subsection (1) (b) must include-

    (a)   performance objectives and targets that must be met, and the time frames within which those performance objectives and targets must be met;

    (b)   standards and procedures for evaluating performance and intervals for evaluation; and

    (c)   the consequences of substandard performance.

What needs to be done:

What	How	Who	When	Output	Comment
Setting targets	Identify baseline measurements (information) for each KPI	Project Team Steering Committee	November - January	KPI Scorecards Municipal Scorecard IDP Dept. Scorecards Process Scorecards Budget	Setting the target will determine whether the KPI is measurable or not Attach a date to your baseline measurement
	Set the targets with external stakeholders	Project Team Steering Committee Forum	November Year 2	Informed and participating community	Targets need to be realistic, measurable and commensurate with available resources and capacity
	Correlate the setting of the targets against the budget and other resources	Project Team Steering Committee	February / March / April	Achieved output	
	Complete all deliverables	Project Team Steering Committee	May	Municipal Scorecard, KPI Scorecards, Departmental Scorecards, IDP programmes and projects, Process Scorecards, Budget, SDBIP	Working session needs to be arranged to facilitate discussions between external and internal stakeholder groupings

What	How	Who	When	Output	Comment
	Development of revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter in the development of the service delivery and budget implementation plan	Project Team	June	Service Delivery and Budget Implementation Plan (SDBIP)	
	Finalisation and adoption of the SDBIP	Project team Mayor	End June	(SDBIP)	SDBIP to be approved by the mayor within 28 days after the approval of the budget
	Decision-makers make a contractual commitment in achieving the targets (signing of Performance Agreements)	Managers / Directors reporting to the Municipal Manager Municipal Manager Council	End June	Commitment to the process	Politicians take the responsibility of taking decisions and attach budgetary allocations according to the achievement of the targets
	Publication of Performance Targets and Performance Agreements	Project team	Mid July	Informed community	i.t.o. MFMA Performance Agreements must be made public within 14 days from approval of SDBIP
	Copies of performance agreements must be submitted to the Council and the MEC for local government in the province.	Project team	End July	Performance Agreements	

The planning steps should be completed by the end of the financial year to enable monitoring, measurement, review, planning and reporting to commence.

Detailed information on the implementation of monitoring and measurement is lacking in the Guidelines and detailed processes will have to be developed during 2006 for implementation from 2006 annually.

4.6   DEVELOPING A MONITORING FRAMEWORK

Municipalities are guided by the Regulations (Chapter 3, 13) as to what a monitoring framework entails):

"13. (1) A municipality must, after consultation with the local community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and performance targets set by it.
      (2) The mechanisms, systems and processes for monitoring in terms of sub regulation (1) must-
(a) Provide for reporting to the municipal Council at least twice a year;
(b) Be designed in a manner that enables the municipality to detect early indications of under-performance; and
(c) provide for corrective measures where under-performance has been identified."

A municipality must develop a monitoring framework that (Guidelines par.5.4):

▪   Identifies the roles of the different role-players in monitoring and measuring the municipality's performance
▪   Allocates specific tasks to the gathering of data and submission of reports

Determines:
▪   The data that must be collected in order to assess performance
▪   How that data is to be collected, stored, verified and analysed
▪   How reports on that data are to be compiled
▪   Provides for reporting to the municipal Council at least twice a year
▪   Is designed in a manner that enables the municipality to detect early indications of under-performance
▪   Provides for corrective measures where under-performance has been identified
▪   Compares current performance with performance during the previous financial year and baseline indicators"

Performance monitoring is thus an ongoing process that runs parallel to the implementation of the agreed IDP. A municipality must develop a monitoring framework that shall guide the measurement phase.

Figure 4: The DPLG IDP Guide 6 explains further what Performance Management, monitoring and evaluation and the annual IDP Review means

Monitoring and Evaluation	The System for monitoring the implementation programme with the specific intention of evaluating the delivery is to ensure that the planned delivery happens and that the Municipality can make relevant adjustments to its planning and resource use in implementation. Monitoring and evaluation are also used as 2 separate but interrelated concepts in performance management and it its useful to understand their meaning in such usage: **Monitoring:** (*Collecting the relevant information*) The gathering of the information used to track the progress of delivery against the key objectives, indicators and targets of the implementation plan. **Evaluation:** (*Making sense of what is happening*) Analysing and evaluating the meaning of the information and applying the understanding to improve delivery and its impact on the people in the Municipality.
Performance Management	The Performance Management is a process whereby Municipalities continuously seek to improve their functioning and accountability. It is also a management approach that provides strategic direction for managers and politicians to manage performance within the organisation.
Employee Performance Management	Refers to the management of the performance of individuals in the organisation in terms of their individual performance contracts/key result documents and the contribution they are expected to make towards the collective achievement of organisational objectives. The employee performance management system is an important **element** of the performance management system
Annual IDP Review	A specific process legally required of Municipalities is to review the achievements of the implementation of the IDP and to make any necessary changes to the IDP plan and feed into the budget for the following financial year.

Figure 4 continued

<table>
<tr><td colspan="2" align="center">**Mopani District Municipality**
"Performance Management Framework"
empowering tomorrow's leaders</td></tr>
</table>

Implementation / Project Management	This is the management approach of the Municipality's internal resources and external linkages to ensure that the appropriate delivery happens in the most efficient way. In managing the daily implementation it provides crucial management information for organisational performance management. In turn it is given improved form from the feedback from the organisational management process of the Municipality.
Information Management Systems	The organisation information from various sources that is used in immediate management and in longer term assessment planning and changes to the management of implementation.

What needs to be done:

What	How	Who	When	Output	Comment
Develop the Monitoring Framework	Identify the roles and responsibilities of the different role players in monitoring the municipality's performance	Municipal Manager report to Executive Committee	April	Monitoring system – roles and responsibilities	The data that must be collected must be able to assess performance
	Allocate specific tasks to the gathering of data and submission of reports	Council	May	Guideline	Focus data around the municipal scorecard and national KPI's Decide how reports on data are to be compiled
	Evaluate the system on how the data is collected, stored, verified and analysed – decide on computerised or manual systems	Project Team	May	Guideline	The collection of the right data must enable the municipality to detect early indications of under-performance
	Review report template and revise the format if needed	Project Team	June	Report Template	Provides for corrective measures where under-performance has been identified
	To feed data once per month	Supervisors to Managers in their respective departments	Jul – Jun annually	Information	Benchmarking (compares current performance with previous years and other municipalities
	To compile report quarterly – to detect indications of under-performance and to provide for corrective measures where under-performance has been identified	Managers	Sept., Dec., March and June	Audited Report	Reports should include KPI Scorecards

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What	How	Who	When	Output	Comment
	To collate information into one report	Project Team	Sept., Dec., March and June	Intelligence (Report)	
	To validate and verify information	Internal Audit	Quarterly	Validate Report	
	To submit quarterly reports to the Forum	Internal Audit Project Team	Quarterly		
	To submit report to Performance Audit Committee	Internal Audit	Quarterly		
	To submit report to Municipal Manager	Internal Audit	Quarterly	Recommendations	Validation should include quarterly presentation and meeting with the Steering Committee
	To submit report to Executive Committee	Internal Audit / Municipal Manager to Executive Committee, Council	Quarterly		
	To submit Performance Audit Committee bi-annual report to Executive Committee and Council	Internal Audit / Municipal Manager to Executive Committee, Council	Bi-annually November and May		
	Provides for corrective measures where under-performance has been identified	Performance Audit Committee and Council	Quarterly		

4.7   PERFORMANCE MEASUREMENT FRAMEWORK

The Municipality will focus on the Regulations, Guidelines and Systems Act on how to conduct measurement implementation as is required. The Guidelines (par.5.5) defines measurement as: "Performance measurement is essentially the process of analysing the data provided by the monitoring system in order to assess performance. This requires that municipalities determine what they are going to look at and what they are going to use to measure performance."

In measuring performance, municipalities need to look at:

▪   Inputs (resources, financial perspective)
▪   Outputs (results, service delivery perspective)
▪   Outcomes (impact, customer satisfaction, growth, quality of life)

The Guidelines, do not however, look at the process factors. It would therefore be crucial for municipalities to address these. In this framework for setting indicators and targets, process is already highlighted and a municipality will have to determine what systems it is going to use to accurately measure performance. The Systems Act and Regulations emphasises that the auditors will audit the setting of indicators and targets. In auditing these they need to look at the functionality of the municipality's performance management system, whether it complies with the Systems Act and the extent to which the measurements are reliable in measuring the performance of municipalities.

The setting of indicators and targets and the measuring on the attainment of these constitutes the measuring phase. The level of analysis should also include whether broader factors are limiting performance such as labour relations' problems, community conflict in particular areas or poor maintenance of any systems within the municipality.

It is obvious that the explanation provided by the Regulations requires municipalities to develop a system (manually or electronically) to measure performance and to report on it Regulations (Chapter 3, 13):

"13.   (1)   A municipality must, after consultation with the local community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and performance targets set by it.

               (3)   Performance measurement in terms of sub regulation (1) must include the measurement of -

(a) Costs, resources and time used to produce outputs in accordance with the input indicators referred to in regulation 9;

(b) The extent to which the municipality's activities or processes produced outputs in accordance with the output indicators referred to in regulation 9; and

(c) The total improvement brought by outputs in accordance with the outcome indicators referred to in regulation 9."

The Guidelines strongly suggest that line managers should be responsible for implementing measurement processes. Only measurements that are of a central nature need to be undertaken centrally. It is important that supervisors see measurement and reporting as central to their management duties and that they must communicate the results thereof in the reports as is indicated in the previous section.

What needs to be done:

What	How	Who	When	Output	Comment
Assess data on measurements	Assess the data provided through the monitoring system	Managers, HoD's, Internal and Performance Audit Committee	Quarterly assessment	Gap assessment	This refers to the internal business planning processes that need to be optimised and correctly used
	Evaluate whether the data provided is time-specific, source specific, valid, reliable, clear and accurate	Managers, Project Team, Steering Committee Internal Auditors and Performance Audit Committee	Quarterly assessment		The Mopani District Municipality decided to use the Balanced Scorecard model for developing and implementing the performance management system
	Analyse the data to determine whether targets have been met and whether future targets will be met as well as the reasons why the targets are not met, if any.	Project Team Steering Committee Executive Committee Internal Auditors Performance Audit Committee	Quarterly Bi-annual reports to Council	KPI Scorecards	The Mopani District Municipality decides to use the Hybrid Model to assist performance measurement in focusing on the business planning processes of input, output and outcome indicators and target setting and whether the processes, systems and people assist the overall measurement of the performance management system.

What	How	Who	When	Output	Comment
	Decide which processes need to be validated, verified and optimised	Municipal Manager Internal Audit Executive Committee	Quarterly Bi-annual reports to Council	Process scorecards	The legislative framework on measurement for local government in South Africa focuses on setting the KPI's. The measurement system must be able to assess whether the strategy and policies are correct Whether resources are spent according to planning Whether processes yield results Whether the outcome in society was achieved Key factors that resulted in success should be shared to enhance municipal learning
Budget for Auditing	A municipality must annually budget for a Performance Audit Committee	Council	March	Budgeted amount	See Regulation 14 (1), (2) and (3)
	Appoint annually a three member committee	Executive Committee Council	June	Quality Assurance	
Appoint Performance Audit Committee	Appoint a Secretariat to assist the Performance Audit Committee	Executive Committee	June	Quality Assurance	
	The Performance Audit Committee must meet at least twice per annum	Secretariat	Nov / Dec / May / June	Review quarterly reports Review the municipal PMS and make recommendations to Council Submit bi-annually an audit report to the municipality	The performance audit committee must focus on economy, efficiency, effectiveness and impact. See Regulations 14 (4) (c)

4.8   PERFORMANCE REVIEWS

The information obtained and assessed will now be reviewed with the aim of getting better results. According to the Guidelines (par 5.6): "Performance review is a process where the organisation, after measuring its own performance, assesses whether it is doing the right thing, doing it right and better, or not. There are number of ways to conduct performance reviews. The first is to look at whether the current level of performance is better than that of the previous year, using baseline indicators. This assessment is important because you can only know if your performance is improving by comparing with past performances.

The second method is to look at the municipality's performance by comparison with other similar ones, other public sector agencies and/or private sector organisations. This is also important because you can only know that you are doing well relative to others similar to you. This may be done by way of a benchmarking exercise.

The third method is to look at what the people of the municipality services think or what their perceptions are about the performance of the municipality across a range of services. Again this is crucial because you are only as good as the people you serve think you are. This may be done by way of customer surveys or other community feedback mechanisms.

This review approach is consistent with the 'best value' review framework of challenge, compare, consult and compete. The framework calls for the municipality to challenge the current level of performance, compare it to others, consult with customers or communities and find ways of competing with others to provide best value in service delivery."

The following figure is adopted from the Guidelines that clearly describe the way that review should be done.

Figure 5: Adopted from the Guidelines fig.9

Best Value Review
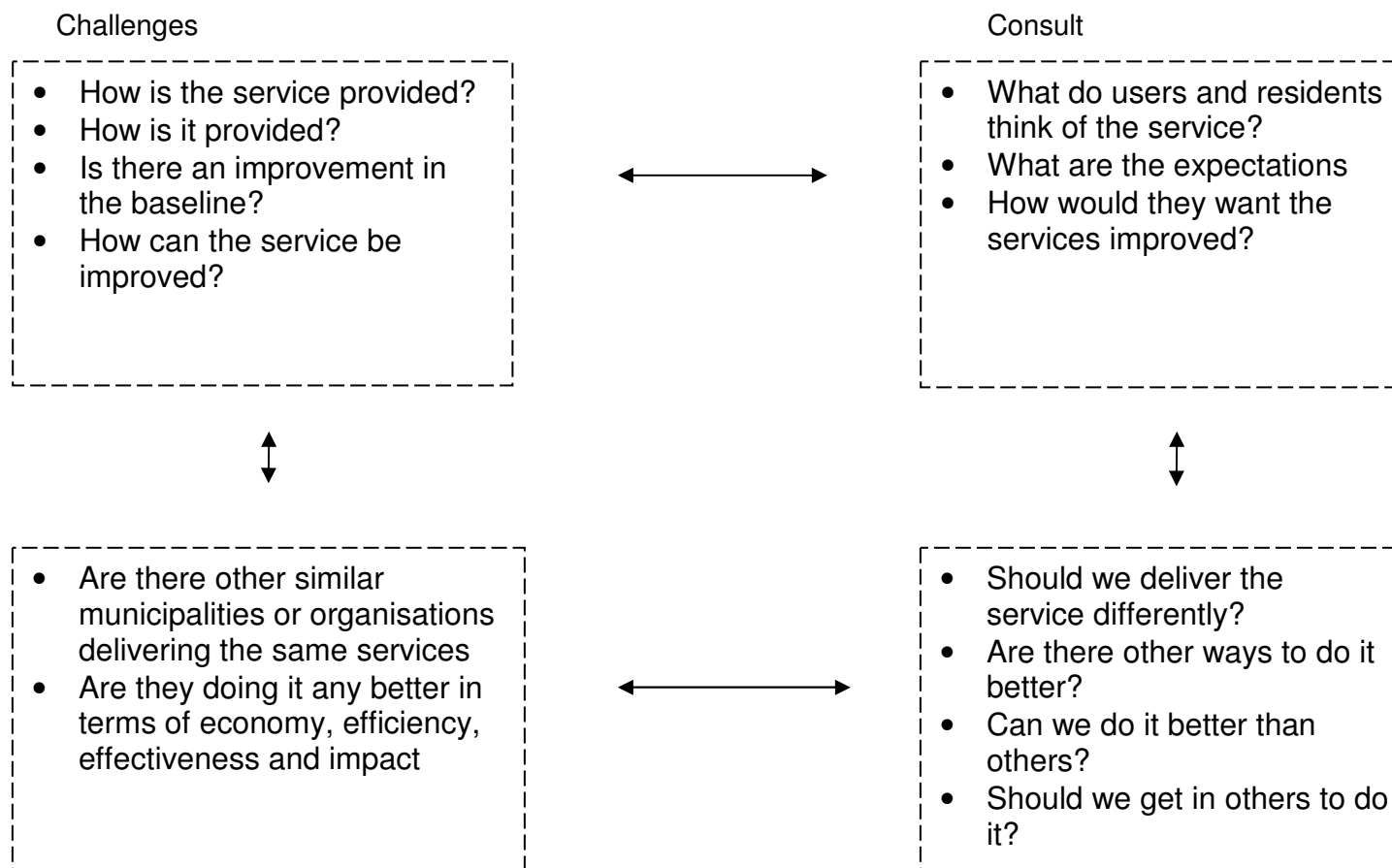
Challenges

- How is the service provided?
- How is it provided?
- Is there an improvement in the baseline?
- How can the service be improved?

Consult

- What do users and residents think of the service?
- What are the expectations
- How would they want the services improved?

- Are there other similar municipalities or organisations delivering the same services
- Are they doing it any better in terms of economy, efficiency, effectiveness and impact

- Should we deliver the service differently?
- Are there other ways to do it better?
- Can we do it better than others?
- Should we get in others to do it?

The lines of accountability are outlined in the following figure and have been adopted by the Mopani District Municipality. Beyond looking at comparing oneself with other institutions one also needs to review the lines of accountability. These lines of accountabilities are provided by the Guidelines per Figure 9.

Performance Review: Lines of Accountability (Guidelines fig.9)

Supervisors		Review performance of individual or groups of employees reporting directly to them, depending on the type of employee performance management system that has been adopted
Line/ Functional Managers		Review performance of their respective areas regularly (monthly). The reviews should at least cover all the organisational priorities respective to these functions
Standing/ Portfolio Committees / Thrust Teams / Project Teams		Manage performance of functions respective to their portfolios. They should at least review performance of organisational priorities that lie within their portfolio monthly, while maintaining a strategic role
Executive Management (Municipal Manager + his / her Management Team)		Review performance of the organisation monthly, prior to and more often than the Mayoral Committee: • Review performance more often, such that they can intervene promptly on operational matters where poor performance or the risks thereof occur. • Review performance before reporting to politicians so that they can prepare, control the quality of performance reports submitted and ensure that adequate response strategies are proposed in cases of poor performance. • Review performance prior to review being conducted by standing, portfolio or executive Committees.
Executive Committee		Review performance of the administration – only at strategic level. It is proposed that review take place on a quarterly basis with the final quarterly review taking the form of an annual review. The content of the review should be confined to agreed/confirmed priority areas and objectives. The Municipal Manager should remain accountable for reporting on performance at this level.
Council		Review performance of the Municipal Council, its Committees and the administration on an annual basis, in the form of a tabled annual report at the end of the financial year
The Public		Review performance of the Municipality and public representatives (Councillors) in the period between elections. It is required legislatively that the public is involved in reviewing municipal performance at least annually.

In a further explanation on "Review" the Regulations (Chapter 3, 13) states:

"13. (1) A municipality must, after consultation with the local community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and performance targets set by it.

(4) The mechanisms, systems and processes for review in terms of sub regulation (1) must at least -

(a) Identify the strengths, weaknesses, opportunities and threats of the municipality in meeting the key performance indicators and performance targets set by it, as well as the general key performance indicators prescribed by regulation 10;

(b) Review the key performance indicators set by the municipality in terms of regulation 9; and

(c) Allow the local community to participate in the review process."

What needs to be done:

What	How	Who	When	Output	Comment
Review accountability	360 Degree assessment system	Supervisors Employee Colleague and Subordinates	Quarterly (informally) Bi-annually (formally)	Individual Scorecard assessment	Overall review refers to the review of the overall system and whether the municipality is doing better
Review performance of employees reporting directly to supervisors	To include review as part of the monthly report (data) according to IDP initiatives	Line / Functional / Sectoral Managers/ Directors	Monthly (Quarterly)	Departmental Scorecards Assessment	This phase may definitely correlate with the planning phase of the IDP to be cost effective
Review respective areas performance	To develop criteria by which performance is going to be reviewed	Trust teams Project Team	Part of Quarterly reports	Outputs and Outcomes	Portfolio Committees' structures should change to the strategic thrust areas as decided in the planning phase

What	How	Who	When	Output	Comment
Manage and review Thrust performance	To do evaluation as part of the quarterly reports – use municipal scorecard and departmental scorecards	Municipal Manager and Managers	Part of Quarterly Reports	Municipal Scorecard evaluation KPI Metrics Departmental scorecards	Evaluate what is contributing to poor performance and decide on alternative strategies
	Against the set KPI's and targets – Council meeting	Executive Committee	Part of Quarterly reports	Process Scorecards	

What	How	Who	When	Output	Comment
Review the performance of the administration	Evaluate effectiveness according to decision-making index / criteria	Council Project Team Steering Committee	Quarterly Reports Annual Report June	KPI scorecards and annual performance management system report	
Review the performance of the Council and Committees Review the performance of municipality and public representation	Customer Satisfaction Index Forum Meetings	Forum and Community Survey	July / August (once per annum) Quarterly Forum meetings Publication material on the PMS	Customer Index and Survey	
Review organisational structure	Test performance against the municipal structure	Project Team	Quarterly	Structure should enhance a performance driven municipality	

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At the same time when Review is done, an appropriate response strategy should be chosen on how performance is going to be improved:

- Restructuring is a possible solution for an inappropriate structure
- Process and system improvement will only remedy poor systems and processes
- Training and sourcing additional capacity can be useful where skills and capacity shortages are identified
- Change management and education programmes can address organisational culture
- The revision of strategy by key decision makers can address shortcomings in strategy
- Consideration of alternative service delivery strategies in Chapter 8 of the Municipal Systems Act should be explored

4.9   REPORTING ON PERFORMANCE

Reporting collates information into intelligence and represents consolidation from the previous steps into reports. This section does not repeat the specific reporting mentioned in the monitoring and measuring steps.

The Guidelines (par.5.8) advises under reporting: "Reporting requires that we take the priorities of the organisation, its performance objectives, indicators, targets, measurements and analysis, and present this information in a simple and accessible format, relevant and useful to the specified target group, for review ... Performance management in local government is a tool to ensure accountability of the:
- Municipality to Citizens and Communities
- Executive Committee to Council
- Administration to the Executive Committee or Executive Mayor
- Line/Functional/Sectoral Management to Executive Management and Portfolio and Standing Committees
- Employees to the organisation"

It is thus necessary that the reporting process follows the lines of accountability as is mentioned above.

Municipality	→	Citizens and community
Mayoral Committee	→	Council
Administration	→	Executive Mayor
Line/functional management	→	Executive management/ Portfolio/standing Committees
Employees	→	Organisation

Internal Audit reporting and the Performance Audit Committee reporting is also dealt with under monitoring and measuring and this section will only deal with the requirements of reporting as well as the process to be followed in submitting the last audited annual report. The different steps of monitoring, measurement, review and reporting is combined into a quarterly report to be submitted as previously indicated.

What needs to be done:

What	How	Who	When	Output	Comment
Lines of accountability	Adopt the lines of accountability for reporting as is listed under performance monitoring, measuring and review	Municipal Manager report to Executive Committee and Council	May / June	Clear lines of accountability	Checklist on reporting: State the period for which it is reporting
Adopt the format for reporting	Develop a checklist for standard and good reporting – use the municipal scorecard format	Project Team Internal Audit Performance Audit Committee	May / June	Report format and criteria	State the relevant priority for which it is reporting Capture all the agreed objectives

What	How	Who	When	Output	Comment
Track and manage the reporting process	Time table all reporting processes for the year	Project Team Internal Audit	May/June	Report tracking system	Capture all the agreed indicators
	Prepare logistics for reporting	Project Team	May/June	Annual report (Can be done at the same time as when the Chair Executive	State agreed targets relevant to the period, which the report covers
	Develop and improve reporting formats	Project Team Internal Audit	May/June	Committee delivers budget speech)	Measure current performance over the period for which it is reporting
	Track and monitor reporting processes	Project Team - Office	Quarterly		Specify when the measurement was done
	Control the quality of reports going to reviews at political levels in terms of the criteria for good reports	Project Team	Quarterly		Specify the source of the measurement
	Analyse performance reports corporately	Project Team	Quarterly		Reflect on whether agreed targets have been met
	Compile complete organisational reports and the annual report	Project Team Internal Audit	June		Analyse the reasons for the level of performance
	Ensure that measurement of a central nature is happening	Project Team Internal Audit	Ongoing		Suggest corrective action if necessary
	Review the reporting process and suggest improvements	Project Team	Ongoing		Remain simple, accessible and useful to the intended reader
Publication of Performance Reports	The annual report needs to be published through a press release, press conference and announcement in rates account and other methods deemed necessary	Project Team and Executive Committee	July	Informed community	Time frames will have to fit in with national requirements on reporting
Public Feedback Mechanisms	File a copy of the annual report at the administrative offices throughout the municipality and allow the public and stakeholders to place comments into a box. Publicize report on web-site	Project Team	July	Public Participation	Adhere to Municipal Systems Act Requirements
Public Hearings	To arrange for public meetings in each ward to ensure broader community is involved	Project Team Ward Councilors	July	Credible, validated report	

What	How	Who	When	Output	Comment
	To arrange quarterly forum meetings to give input into the report	Project Team and Executive Committee	May August November February	Public Participation	
Audited Report	Ensure report is according to auditing principles After publication the report needs to be audited by the Auditor-General	Internal Audit to Performance Audit Comm.	June / July	Audited Report	See Municipal Systems Act 46 (1-4)
	Submit Audited report to Council for notification and to build requirements into the implementation of the performance management system	Internal Audit	June / July	Number audit findings	
	Publish notice and inform community when Council meeting will take place to discuss report	Municipal Manager, Executive Committee to Council	End July	Adhering to sound governance principles	
	Notice to Auditor General and MEC on date when meeting is to take place	Municipal Manager	Within time frame	Compliance to Legal requirements	
Audited Report	Submit Council report with recommendations to MEC for local government in the Province, the Auditor General, make copies of the report available to the public	Municipal Manager	14-days within meeting that took place	No. Auditor findings Recommendations	The Guidelines stipulate the reason why external expertise is needed: More often prepared to play a critical role Are seen as sufficiently dependent Are less likely to have a vested interest in the sector Can draw on a wide range of expertise

What	How	Who	When	Output	Comment
Specialist service providers	Build capacity for auditing financial, social, economic and service delivery indicators	Executive Committee	Ongoing	Independent review and reporting	
	Contract new skills through experts to analyse the functioning and implementation of the performance management system	Executive Committee	Ongoing		
Involve stakeholders in Audits	Stakeholders will be involved through the Forum and will involve themselves in the monitoring of the quality of the services that are delivered	Executive Committee Forum	Quarterly Forum meetings	Involved community	

4.10 ORGANISATIONAL AND EMPLOYEE PERFORMANCE

A good PMS links the organisation's performance with the employee's performance and *vice versa*. The Guidelines (par.5.9) makes it clear: "The performance of an organisation is integrally linked to that of staff. If employees do not perform an organisation will fail. It is therefore important to manage both at the same time. The relationship between Organisational performance and employee performance starts from planning, implementation, monitoring and review."

What needs to be done:

What	How	Who	When	Output	Comment
Employee Performance during the Planning Phase of the IDP and PMS	The IDP will be abstracted into a Municipal Scorecard to be part of the PMS that will become the Performance Agreement of the Municipal Manager	Project Team External Consultants	March / April	Municipal Manager Performance Agreement	Assure alignment and integration between institutional and employee performance "you can not perform if you can not measure"

What	How	Who	When	Output	Comment
	The Municipal Scorecard will be developed into Departmental Scorecards that will become the Performance Agreements of the Executive Managers	Project Team External Consultants	March / April	HOD's Performance Agreements	
	The IDP's initiatives will be included as part of the Executive Manager's responsibility to which the HOD is going to cascade it to the individuals within the Department – Individual Scorecards	Project Team Facilitators HOD's	March / April	Individual Scorecards	
	The performance agreements of the Executive managers will be cascaded to the individuals / teams within the department – Individual Scorecards	Managers / Directors and facilitator from that Department	Year 2 - 5	Manager's Performance Agreements	Targets for all levels in the organisation Methods for tracking performance
	Facilitators will be trained from each Department to assist with the roll- out of the programme	Project Team Facilitators	Year 2 -5	Trained facilitators	Intervals for reporting Lines of accountability Jnstitutional arrangements
	Arrange briefing sessions to explain the implementation of the system	Project Team	Before it gets rolled out to an individual level	Change Management	Make use of this opportunity to implement change management and transformation strategies Implementation of the employee PMS will run in parallel with the institutional PMS
	Develop Performance Agreements and Individual Scorecards	Executive Managers and facilitator from that Department	March / April	All employees/teams or groups with scorecards	
	Arrange workshop session to explain the inter-relationship between the institutional and employee performance management system	Project Team	May / June	Transformation and informed employees	The reward and incentive model will give detail to the appraisement and rating system
	Update guidelines on the implementation of an assessment and reward system. Develop a reward and incentive strategy. Develop an assessment model	Project Team Municipal Manager	Year 2	Clear understanding	The appraisal scorecards must link to institutional performance

What	How	Who	When	Output	Comment
	Employees will be reviewed / appraised on their performance agreements and individual scorecards which are linked to the institutional framework	Supervisors and 360 degree principle	Semesterly Review (January and August)	Appraisal Scorecards	
	Employees will also be measured on their behavioural attributes in terms of their competencies dependent on incentive and reward policy	Council will appraise the Municipal Manager's and Executive Managers performance	August		

4.11   BUILDING CAPACITY AND ESTABLISHING THE INSTITUTIONAL ARRANGEMENTS

Building capacity is part of an annual programme and shall be linked to phase 1 in the summary (Annexure A) of this framework. The Guidelines emphasise the importance of capacity building (par.6) and says: "The success of the implementation of your municipal performance management system rests on the capacity of line managers, executive management, Councillors, citizens and communities to fulfill their role."

Your municipal performance management system will have to be designed, developed and project managed. It is suggested that a performance management officer with at least two other employees be appointed within the Mopani District Municipality who will ensure the implementation of a workable and effective performance management system. This (office) team will be responsible for managing and improving the performance management system. It is suggested that the positions be provided for where ever the responsibilities get delegated to. The Guidelines suggests that these employees either be located in the offices of the Municipal Manager or Mayor.

What needs to be done:

What	How	Who	When	Output	Comment
Training and support for role-players	Individual skills development plan must be developed at the same time when the performance agreements and individual scorecards get developed	Project Team Consultants Facilitators Supervisors Lines of accountability as stated earlier	March / April	Clear development and training needs	Skills Development and training needs are now aligned with institutional performance
	Skills development and training needs must be incorporated as part of the municipal scorecard and IDP process	Project Team Consultants Facilitators Supervisors Lines of accountability as stated earlier	Ongoing	Human Capital	Skills development and training needs will differ from managers to Councillors to employees
	Manager training must be provided before the implementation of the performance management system and planning phase of the IDP starts	Project Team	June	Knowledge Management	Human Capital is the most important aspect in the implementation of a performance driven organisation

Capacity is needed for: (as per the Guidelines)
Measuring all central and long term indicators

Analysing all performance measures at a corporate level |
| | A detailed plan for public awareness on the performance management system needs to be developed | Project Team Full-time Councillors | June | Communication strategy | |
| | A training workshop for all Councillors on the implementation of the performance management system must be provided | Project Team Full-time Councillors | July | Solid and focused decisions and decision-making processes | Timetabling all reporting and review processes for the year

Tracking and managing the performance reporting and review process |
| | A training workshop must be developed for accredited external stake-holders participating in the Forum | Project Team Full-time Councillors | September | Efficient and effective participation | Conducting internal audits of performance
Preparing logistics for reporting and reviews

Developing and improving reporting formats |
| | "Communicare" a news communication brief on the implementation of the performance management system must be developed for all employees | Project Team | Monthly | Transformed institution | Controlling the quality of reports going to reviews at political levels in terms of the criteria for good reports |

What	How	Who	When	Output	Comment
	Working sessions must be held with all employees	Managers and Facilitators	Bi-annually	Informed employees	Compiling complete organisational reports and the annual report Arranging logistics for reviews
	Open Day for all stakeholders "Mopani District Performance Driven Municipality"	Project Team Advisory Committee	September Annually	Awareness	Preparation and dissemination of documentation for reviews
	Ongoing skills development training will be included in the Municipal Scorecard where the KPI's will be monitored and evaluated as any other strategic objectives	Project Team	Ongoing	Employer of choice	Documenting and archiving the outcome of reviews Reviewing the PM process and suggesting improvements
Additional Capacity and Resources for the municipality	Report needs to be submitted to Council on where the collating, documenting and managing of a database and implementing of the performance management system is going to take place	Municipal Manager, Executive Committee, Mayor, Council	June	Council Resolution	Such office is strongly recommended and to be part of the development of the system from the beginning
	Staff the office with competent people, right skills and capacity include: Management Organising Financial Auditing Administrative Researching Analysing Client relations Training Networking	Municipal Manager Portfolio Committee Project Team	September	Effective and efficient system	
	This office will become secretariat to the Project Team	Municipal Manager	Immediate effect		
	Evaluation for this office will be done in the same way as was discussed under monitoring measuring and review	Municipal Manager, Mayor and Project Team	Same time frames will apply	Improving the system	

What	How	Who	When	Output	Comment
Evaluating and improving the system	This office should start a web-site immediately to effect transformation and change management	Performance Management Office	December	Informed stakeholders and role players	
Networking and knowledge-sharing Review the organisational structure to compliment the PMS	A "think tank" group with nearby municipalities should be established to discuss and share lessons learned	Performance Management Office	March and ongoing	Belonging	
	Develop good relationship with an international city that has developed a well run municipality on the Balanced Scorecard model	Performance Management Office	May and ongoing	Benchmarking and effective development of the system	
	After review is done ensure that the organisational structure advanced the system	HR Manager Executive Committee	After reviewing the successful implementation of the system	Structure to follow strategy	

CONCLUSION

The policy framework of performance management supplies the necessary guidelines and direction for the development, implementation and management of performance management for the Mopani District Municipality. The ultimate objective of the performance management system is to introduce a new way of doing things and to become accountable on the use of resources and increasing customer value for ultimately creating better quality of life for its citizens.

The application of this framework is to integrate processes and will furthermore offer both employee and institutional solutions in its application. It is thus designed to advance the total performance of the municipality. Local Government is challenged through legislation to implement a performance management system that will improve and enhance quality, effectiveness and to provide efficient service delivery. This framework addresses these requirements and through the implementation of the system will set out to achieve what is required and should be able to address client needs and expectations.

The real challenge of "delivering more with less" can only be achieved through the introduction of a total change in behaviour and commitment. Mopani District Municipality is passionate and committed to change its operations to developmental local government.

"What gets measured get done
If you don't measure results,
you can't tell success from failure
If you can't see success,
you can't reward it
If you can't reward success,
you are probably rewarding failure
If you can't see success,
you can't learn from it
If you can't recognise failure,
you can't correct it
If you can demonstrate results,
you can win public support"
(Osborne L. Gaebler, 1992)

Resources

1. *Constitution*
2. Chapters 5 and 6 of *The Local Government Municipal Systems Act, 2000* (Act No. 32 of 2000)
3. *The Municipal Planning and Performance Management Regulations, 2001,* Chapter 3, Department of Provincial and Local Government (Regulations)
4. *Performance Management: A guide for Municipalities*, 2001, Department of Provincial and Local Government (Guidelines*)*;
5. *Guide on Performance Agreements Workshop*, 2001, South African Local government Association (SALGA Guidelines)
6. *Performance Management for Local Government – Participants Handbook, 2001,* Department of Provincial and Local Government (Handbook)
7. *Training Manual, DPLG / Simeka Management Consulting / JUPMET 2002* (Training Manual)
8. Kaplan, R.S., Norton D.P. The Strategy Focused Organisation, How Balanced Scorecard companies thrive in the new business environment, Harvard Business School Press, 2001.
9. *Local Government Performance Management training manual, Belgravia Institute of Management*
10. *DPLG IDP Guide 6*

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