

**14.  
SIGNED PERFORMANCE AGREEMENTS OF THE SECTION 54A AND 56  
APPOINTEES FOR 2016/17**

2/12/1

R Louw

13 July 2016

(028) 313 8071

Corporate Head Office

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**1. Executive Summary**

The purpose of this report is for Council to note the signed performance agreements of the Section 54A (Municipal Manager) and 56 (Directors) appointees for the 2016/17 financial year.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

*Management Services  
Strategic Services*

**3. Compliance with Strategic Priority**

Provision of democratic, accountable and ethical governance

**4. Delegated Authority**

None

**5. Legal Requirements**

Section 53(3)(b) of the Local Government: Municipal Finance Management Act, 2003 (56 of 2003) [MFMA]

**6. Background/Introduction/Discussion**

Section 53 (3)(b) of the Local Government: Municipal Finance Management Act, 2003 states " *The Mayor must ensure-  
(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.*"

The said performance agreements are attached as Annexure A for Council notification.

**7. Financial Implications**

The documents were compiled in-house by our own staff.

**8. Staff Implications**

Internal Staff

**9. Comments from other Departments, Divisions and Administrations**

The respective Section 54A and 56 appointees were involved in the drafting and subsequent signing of their performance agreements.

**10. Annexures**

Annexure A: Signed performance agreements of the Section 54A and 56 appointees for 2016/17

**RECOMMENDATION TO THE COUNCIL:**

that the signed performance agreements of the Section 54A and 56 appointees for 2016/17 be noted

**RESPONSIBLE OFFICIAL :**

**R LOUW**

**TARGET DATE FOR IMPLEMENTATION :**

**28 JULY 2016**

**7. Financial Implications**

The documents were compiled in-house by our own staff.

**8. Staff Implications**

Internal Staff

**9. Comments from other Departments, Divisions and Administrations**

The respective Section 54A and 56 appointees were involved in the drafting and subsequent signing of their performance contracts.

**10. Annexures**

Annexure A: Signed performance contracts of the Section 54A and 56 appointees for 2016/17

**RECOMMENDATION TO THE COUNCIL:**

that the signed performance contracts of the Section 54A and 56 appointees for 2016/17 **be noted**.

**RESPONSIBLE OFFICIAL :**

**R LOUW**

**TARGET DATE FOR IMPLEMENTATION :**

**28 JULY 2016**

**OVERSTRAND MUNICIPALITY**

**Performance Agreement  
for the period  
1 July 2016 – 31 December 2016**

**MUNICIPAL MANAGER**

A handwritten signature in black ink, appearing to be 'A. M. G.', located in the bottom right corner of the page.

Performance agreement made and entered into by and between

The Overstrand Municipality and represented by Cllr Nicolette Botha-Guthrie, the Executive Mayor (*herein and after referred as Employer*)

and

Coenie Groenewald, the Municipal Manager (*herein and after referred as Employee*) for the period 1 July 2016 to 31 December 2016



Where as

- a. The Employer has entered into a contract of employment with the Employee in terms of section 57(1)(a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). The Employer and the Employee are hereinafter referred as "the Parties";
- b. Section 57(1)(b) of the Systems Act, read with the Contract of Employment concluded between the parties, requires the Parties to conclude an annual performance agreement;
- c. The Parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the Employee to a set of outcomes that will promote local government goals; and
- d. The Parties wish to ensure that there is compliance with Sections 57(4B) and 57(5) of the Systems Act.

## 1. INTERPRETATION

- 1.1 In this Agreement the followings terms will have the meaning ascribed thereto:
  - 1.1.1 "this Agreement" – means the performance agreement between the Employer and the employee and the Annexures thereto;
  - 1.1.2 "the Executive Authority" – means the Mayoral Committee of the Municipality constituted in terms of Section 55 of the Local Government: Municipal Structures Act 117 of 1998 ("the Structures Act") as represented by its chairperson, the Executive Mayor;
  - 1.1.3 "the Employee" means the Municipal Manager appointed in terms of Section 82 of the Structures Act;
  - 1.1.4 "the Employer" means Overstrand Municipality; and
  - 1.1.5 "the Parties" means the Employer and Employee.

## 2. PURPOSE OF THIS AGREEMENT

2  
Executive Mayor:  MM: 

- 2.1 To comply with the provisions of Section 57(1)(b),(4B) and (5) of the Systems Act as well as the Contract of Employment entered into between the Parties;
- 2.2 To specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance targets and accountabilities;
- 2.3 To specify accountabilities as set out in the Performance Plan (Annexure A);
- 2.4 To monitor and measure performance against set targeted outputs and outcomes;
- 2.5 To establish a transparent and accountable working relationship;
- 2.6 To appropriately reward the employee in accordance with section 11 of this agreement; and
- 2.7 To give effect to the Employer's commitment to a performance-orientated relationship with the Employee in attaining improved service delivery.

### 3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on 01 July 2016 and will remain in force until 31 December 2016;
- 3.2 This Agreement will terminate on the termination of the Employee's contract of employment for any reason;
- 3.3 If at any time during the validity of the agreement the work environment alters to the extent that the contents of the agreement are no longer appropriate, the contents must by mutual agreement between the parties, immediately be revised; and
- 3.4 Any significant amendments or deviations must take cognizance of the requirements of sections 34 and 42 of the Municipal Systems Act and Regulation 4(5) of the Regulations.

### 4. PERFORMANCE OBJECTIVES

- 4.1 The Performance Plan (Annexure A) sets out –
  - 4.1.1 The performance objectives and targets that must be met by the Employee;
  - 4.1.2 The timeframes within which those performance objectives and targets must be met; and
  - 4.1.3 The competencies (Annexure B – definitions in terms of Regulation 21 of 17 January 2014) required to operate

3

Executive Mayor: \_\_\_\_\_



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effectively as senior managers in the local government environment.

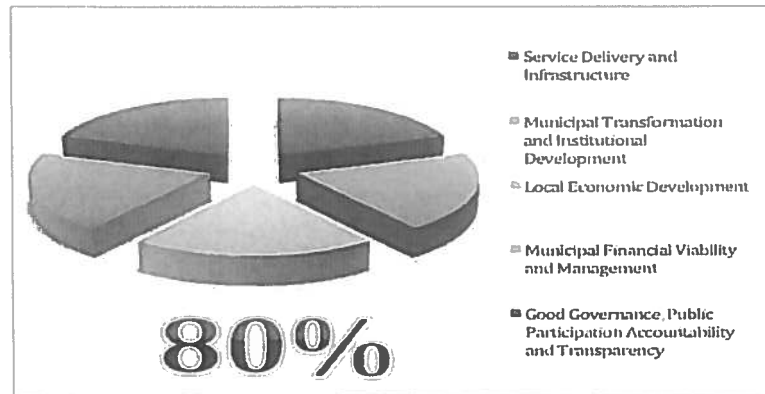
- 4.2 The performance objectives and targets reflected in Annexure A are set by the Employer in consultation with the Employee and based on the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the Employer, and shall include:
- 4.2.1 Key objectives that describe the main tasks that need to be done;
  - 4.2.2 Key performance indicators that provide the details of the evidence that must be provided to show that a key objective has been achieved;
  - 4.2.3 Target dates that describe the timeframe in which the targets must be achieved; and
  - 4.2.4 Weightings showing the relative importance of the key objectives to each other.
- 4.3 The Personal Development Plan (Annexure C) sets out the Employee's personal development requirements in line with the objectives and targets of the Employer; and
- 4.4 The Employee's performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan.

## 5. PERFORMANCE MANAGEMENT SYSTEM

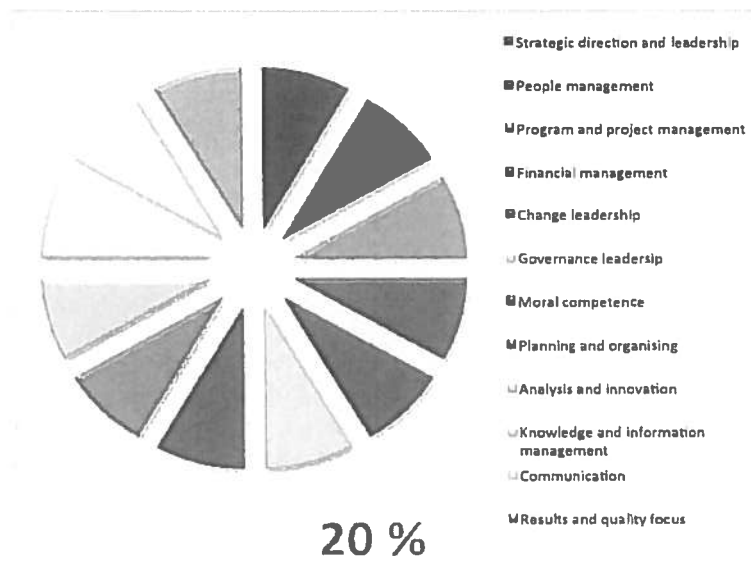
- 5.1 The Employee agrees to participate in the performance management system that the Employer adopted for the employees of the Employer;
- 5.2 The Employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the employees and service providers to perform to the standards required;
- 5.3 The Employer must consult the Employee about the specific performance standards and targets that will be included in the performance management system applicable to the Employee;
- 5.4 The Employee undertakes to actively focus on the promotion and implementation of the key performance indicators (including special projects relevant to the employee's responsibilities) within the local government framework;
- 5.5 The criteria upon which the performance of the Employee shall be assessed shall consist of two components, Operational Performance and Competencies both of which shall be contained in the Performance Agreement;

4  
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- 5.6 The Employee's assessment will be based on his performance in terms of the outputs/outcomes (performance indicators) identified as per attached Performance Plan, which are linked to the KPAs, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee:



- 5.7 The Competencies will make up the other 20% of the Employee's assessment score. The Competencies are split into two groups, leading competencies (indicated in blue on the graph below) that drive strategic intent and direction and core competencies (indicated in green on the graph below), which drive the execution of the leading competencies.



## 6. PERFORMANCE ASSESSMENT

- 6.1 The Performance Plan (Annexure A) to this Agreement sets out –

- 6.1.1 The standards and procedures for evaluating the Employee's performance; and  
 6.1.2 The intervals for the evaluation of the Employee's performance.

5

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- 6.2 Despite the establishment of agreed intervals for evaluation, the Employer may in addition review the Employee's performance at any stage while the contract of employment remains in force;
- 6.3 Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan as well as the actions agreed to and implementation must take place within set time frames;
- 6.4 The Employee's performance will be measured in terms of contributions to the goals and strategies set out in the Employer's Integrated Development Plan (IDP) as described in 6.6 – 6.13 below;
- 6.5 The Employee will submit quarterly performance reports (SDBIP) and a comprehensive annual performance report at least one week prior to the performance assessment meetings to the Evaluation Panel Chairperson for distribution to the panel members for preparation purposes;
- 6.6 Assessment of the achievement of results as outlined in the performance plan:
- 6.6.1 Each KPI or group of KPIs shall be assessed according to the extent to which the specified standards or performance targets have been met and with due regard to ad-hoc tasks that had to be performed under the KPI;
- 6.6.2 A rating on the five-point scale described in 6.9 below shall be provided for each KPI or group of KPIs which will then be multiplied by the weighting to calculate the final score;
- 6.6.3 The Employee will submit his self-evaluation to the Employer prior to the formal assessment;
- 6.6.4 In the instance where the employee could not perform due to reasons outside the control of the employer and employee, the KPI will not be considered during the evaluation. The employee should provide sufficient evidence in such instances; and
- 6.6.5 An overall score will be calculated based on the total of the individual scores calculated above.
- 6.7 Assessment of the Competencies:
- 6.7.1 Each Competency will be assessed in terms of the descriptions provided (Annexure B) on a 360 degree basis during the mid-year and year-end reviews and will inform the final score awarded by the evaluation committee. 360 degree means that the employee's peers and managers reporting to him will assess his/her Competencies;
- 6.7.2 A rating on the five-point scale described in 6.10 below shall be provided for each Competency which will then be multiplied by the weighting to calculate the final score; and





6.11.4 The Member of the Mayoral Committee; and

6.11.5 A member of the community.

6.12 The Executive Mayor will evaluate the performance of the Employee as at the end of the 1<sup>st</sup> and 2<sup>nd</sup> quarters; and

6.13 The Executive Mayor will give performance feedback to the Employee within five (5) working days after each quarterly and annual assessment meetings.

## 7. SCHEDULE FOR PERFORMANCE REVIEWS

7.1 The performance of the Employee in relation to his performance agreement shall be reviewed on the following dates:

Quarter	Review Period	Review to be completed by
1	July - September	October 2016 (informal)
2	October – December	February 2017 (formal)

7.2 The Employer shall keep a record of the 1<sup>st</sup> and 2<sup>nd</sup> quarter assessment meetings;

7.3 Performance feedback shall be based on the Employer's assessment of the Employee's performance;

7.4 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure A from time to time for operational reasons. The Employee will be fully consulted before any such change is made; and

7.5 The Employer may amend the provisions of Annexure A whenever the performance management system is adopted, implemented and/or amended as the case may be. In that case, the Employee will be fully consulted before any such change is made.

## 8. DEVELOPMENTAL REQUIREMENTS

The Personal Development Plan (PDP) for addressing developmental gaps is attached as Annexure C. Such Plan may be implemented and/or amended as the case may be after the each assessment. In that case, the Employee will be fully consulted before any such change or plan is made.

## 9. OBLIGATIONS OF THE EMPLOYER

9.1 The Employer shall-

9.1.1 Create an enabling environment to facilitate effective performance by the employee;

9  
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- 9.1.2 Provide access to skills development and capacity building opportunities;
- 9.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
- 9.1.4 On the request of the Employee delegate such powers reasonably required by the Employee to enable him to meet the performance objectives and targets established in terms of this Agreement; and
- 9.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time assisting him to meet the performance objectives and targets established in terms of this Agreement.



## 10. CONSULTATION

- 10.1 The Employer agrees to consult the Employee timeously where the exercising of its powers will have amongst others-
  - 10.1.1 A direct effect on the performance of any of the Employee's functions;
  - 10.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
  - 10.1.3 A substantial financial effect on the Employer.
- 10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in clause 12.1 as soon as is practicable to enable the Employee to take any necessary action with delay.

## 11. REWARD

- 11.1 The evaluation of the Employee's performance will form the basis for acknowledging outstanding performance or correcting unacceptable performance;
- 11.2 It is recorded that by mutual agreement the Parties have decided that no performance bonus will be paid to the Employee as the Employee's total cost of employment package is deemed to be adequate; and
- 11.3 The Employer will submit the results of the annual assessment and the scoring report of the Employee, to full Council for information purposes.

## 12. MANAGEMENT OF EVALUATION OUTCOMES

10  
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14. GENERAL

14.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be made available to the public by the Employer; and

14.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

Thus done and signed at Asamans on the 8<sup>th</sup> day June of 2016.

AS WITNESSES:

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_

  
 MUNICIPAL MANAGER

12  
 Executive Mayor:  MM: 


Performance Agreement 2016/17

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Thus done and signed at Hermon on the 8th day June of 2016.

**AS WITNESSES:**

- 1. \_\_\_\_\_  
\_\_\_\_\_
- 2. \_\_\_\_\_

  
**EXECUTIVE MAYOR**

13  
 Executive Mayor:  MM: 



**Performance Plan**

**Municipal Manager**



**The Performance Plan sets out:**

- a) Key Performance Areas that the employee should focus on, performance objectives, key performance indicators and targets that must be met within a specific timeframe; and
- b) The Competencies required from employees prescribed in the Regulations on the appointment and conditions of employment of senior managers, R21 of 2014.



**KEY PERFORMANCE INDICATORS**

The key performance areas, the performance objectives, key performance indicators and targets that must be met within the agreed timeframe are described below. The assessment of these performance indicators will account for **eighty percent** of the total employee assessment score.

Ref No	National KPA	Key Performance Indicator (KPI)	Unit of Measurement	Baseline	Portfolio of evidence	Targets				Weight
						Q1	Q2	Q3	Q4	
SDBIP Graphs	Good Governance & Public Participation	Effective Management and supervision of the SDBIP on the KPIs of Sub-Directorate: internal Audit	90% of the KPI's of the sub directorate have been met as per Ignite Dashboard report	N/A	Updated SDBIP and report	90%	90%	0	0	3
SDBIP Graphs	Basic Service Delivery	Effective Management and supervision of the Infrastructure and Planning Directorate	80% of the KPI's of the Directorate have been met	N/A	Updated SDBIP and report	80%	80%	0	0	4
SDBIP Graphs	Municipal Transformation and Institutional Development	Effective Management and supervision of the Management Services Directorate	80% of the KPI's of the Directorate have been met	N/A	Updated SDBIP and report	80%	80%	0	0	4
SDBIP Graphs	Local Economic Development	Effective Management and supervision of the Economic Development Directorate	80% of the KPI's of the Directorate have been met	N/A	Updated SDBIP and report	80%	80%	0	0	4
SDBIP Graphs	Municipal Financial Management and Viability	Effective Management and supervision of the Finance Directorate	80% of the KPI's of the Directorate have been met	N/A	Updated SDBIP and report	80%	80%	0	0	4
SDBIP Graphs	Basic Service Delivery	Effective Management and supervision of the Protection Services Directorate	80% of the KPI's of the Directorate have been met	N/A	Updated SDBIP and report	80%	80%	0	0	4
SDBIP Graphs	Basic Service Delivery	Effective Management and supervision of the Community Services Directorate	80% of the KPI's of the Directorate have been met	N/A	Updated SDBIP and report	80%	80%	0	0	4

Ref No	National KPA	Key Performance Indicator (KPI)	Unit of Measurement	Baseline	Portfolio of evidence	Targets				Weight
						Q1	Q2	Q3	Q4	
TL7	Good Governance and Public Participation	Submit two progress reports on the revision of the top 10 risks as a corrective action to the Executive Management Team by end December 2016	Number of progress reports submitted	4	EMT minutes where item served	1	1	0	0	7
TL41	Basic Service Delivery	Percentage of a municipality's capital budget actually spent on capital projects identified for 2016/17 in terms of the municipality's IDP by end December 2016 {(Actual amount spent on projects as identified for the year in the IDP/Total amount budgeted on capital projects)X100}	% of the capital budget spent	93.77	Expenditure from SAMRAS	5%	25%	0	0	5
D1	Municipal Transformation and Institutional Development	Sign section 56 performance agreements with all directors by the end of July	Number of agreements signed	6	Cover page and signature section of the performance agreements	6	0	0	0	5
D2	Good Governance and Public Participation	Approve the departmental SDBIP with the Directors to approve the KPI's and targets within 28 days after the approval of the main budget by Council to ensure the implementation of the municipal budget	Departmental SDBIP approved	1	Signature section of the approved departmental SDBIP	0	0	0	1	5

Ref No	National KPA	Key Performance Indicator (KPI)	Unit of Measurement	Baseline	Portfolio of evidence	Targets				Weight
						Q1	Q2	Q3	Q4	
D3	Municipal Transformation and Institutional Development	Monitor the implementation of the action plan developed to address all the issues raised in the management letter of the Auditor General and submit quarterly progress reports to Executive Mayor	Number of progress reports monitored and submitted to Executive Mayor	2	EMT minutes where item served	1	1	0	0	9
D4	Municipal Transformation and Institutional Development	Annual formal performance appraisals of the section 56 appointees for the previous financial period April to June 2016 to be completed by Sept 2016	Number of appraisals	12	Notice of formal appraisals to Panel and Top Management Team	6	0	0	0	7
D8	Good Governance and Public Participation	Annual workshop with top management to promote sound municipal administration	Number of workshops	New kpi	Notice of workshop to TMT	0	1	0	0	3
D9	Good Governance and Public Participation	Annual workshop with top management to promote sound municipal administration	Number of workshops	2	Notice of workshop to TMT and SMT	0	1	0	0	5
D10	Municipal Transformation and Institutional Development	Annual informal performance appraisals of Section 56 appointees to be completed by October 2016 (1 <sup>st</sup> informal review: July to September 2016)	Number of appraisals	12	Notice of informal evaluations to top management team	0	6	0	0	7
80										

**COMPETENCIES**

The competencies required from employees prescribed in the Regulations on the appointment and conditions of employment of senior managers, R21 of 2014. The assessment of these competencies will account for twenty percent of the total employee assessment score.

Annexure B describes the different achievement levels for each Competency and should therefore form part of this section of the Performance Plan.

Competency	Definition	Weight
<b>LEADING COPETENCIES</b>		
Strategic direction and leadership	<p>Provide and direct a vision for the institution, and inspire and deploy others to deliver on the strategic institutional mandate. It includes:</p> <ul style="list-style-type: none"> <li>• Impact and influence</li> <li>• Institutional performance management</li> <li>• Strategic planning and management</li> <li>• Organisational awareness</li> </ul>	1.67
People management	<p>Effectively manage, inspire and encourage people, respect diversity, optimise talent and build and nurture relationships in order to achieve institutional objectives. It includes:</p> <ul style="list-style-type: none"> <li>• Human capital planning and development</li> <li>• Diversity management</li> <li>• Employee relations management</li> <li>• Negotiation and dispute management</li> </ul>	1.67
Programme and project management	<p>Able to understand program and project management methodology; plan, manage, monitor and evaluate specific activities in order to deliver on set objectives. It includes:</p> <ul style="list-style-type: none"> <li>• Program and project planning and implementation</li> <li>• Service delivery management</li> <li>• Program and project monitoring and evaluation</li> </ul>	1.67
Financial management	<p>Able to compile, plan and manage budgets, control cash flow, institute financial risk management and administer procurement processes in accordance with recognised financial practices. Further to ensure that all financial transactions are managed in an ethical manner. It includes:</p> <ul style="list-style-type: none"> <li>• Budget planning and execution</li> <li>• Financial strategy and delivery</li> <li>• Financial reporting and delivery</li> </ul>	1.67

Competency	Definition	Weight
Change leadership	<p>Able to direct and initiate transformation on all levels in order to successfully drive and implement new initiatives and deliver professional and quality services to the community. It includes:</p> <ul style="list-style-type: none"> <li>• Change vision and strategy</li> <li>• Process design and improvement</li> <li>• Change impact monitoring and evaluation</li> </ul>	1.67
Governance leadership	<p>Able to promote, direct and apply professionalism in managing risk and compliance requirements and apply a thorough understanding of governance practices and obligations. Further, able to direct the conceptualisation of relevant policies and enhance cooperative governance relationships. It includes:</p> <ul style="list-style-type: none"> <li>• Policy formulation</li> <li>• Risk and compliance management</li> <li>• Cooperative governance</li> </ul>	1.67
<b>CORE COMPETENCIES</b>		
Moral competence	Able to identify moral triggers, apply reasoning that promotes honesty and integrity and display behaviour that reflects moral competence.	1.67
Planning and organising	Able to plan, prioritise and organise information and resources effectively to ensure the quality of service delivery and build efficient contingency plans to manage risk.	1.67
Analysis and innovation	Able to critically analyse information, challenges and trends to establish and implement fact-based solutions that are innovative to improve institutional processes in order to achieve key strategic objectives.	1.67
Knowledge and information management	Able to promote the generation and sharing of knowledge and information through various processes and media, in order to enhance the collective knowledge base of local government	1.67
Communication	Able to share information, knowledge and ideas in a clear, focused and concise manner appropriate for the audience in order to effectively convey, persuade and influence stakeholders to achieve the desired outcome.	1.67
Results and quality focus	Able to maintain high quality standards, focus on achieving results and objectives while consistency striving to exceed expectations and encourage others to meet quality standards. Further, to actively monitor and measure results and quality against identified objectives.	1.67
TOTAL		20