



*The transparent, innovative and developmental municipality
that improves the life of its people*

PERFORMANCE AGREEMENT

MUNICIPAL MANAGER

**MADE AND ENTERED INTO BY
AND BETWEEN:**

**CHIEF ALBERT LUTHULI
MUNICIPALITY**

**AS REPRESENTED BY
THE EXECUTIVE MAYOR**

DANIEL PITOLI NKOSI

AND

**MANDLA STANLEY DLAMINI
(ID: 770720 5312 08 9)**

THE EMPLOYEE OF THE MUNICIPALITY

FOR THE

**FINANCIAL YEAR:
1 JULY 2017 - 30 JUNE 2018**

MS
D.P
PA

WHEREBY IT IS AGREED AS FOLLOWS:

<p>1. Introduction</p>	<p>1.1 The Employer, DANIEL PITOLI NKOSI has entered into a contract of employment with the Employee, MANDLA STANLEY DLAMINI in terms of section 57(1)(a) of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) ("the Systems Act"). The Employer and the Employee are hereinafter referred to as "the Parties".</p> <p>1.2 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.</p> <p>1.3 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 secure local government policy goals.</p> <p>1.4 The Parties wish to ensure that there is compliance with Sections 57(4A), (4B), and (5) of the Systems Act.</p>
<p>2. Purpose of this Agreement</p>	<p>The purpose of this Agreement is to:</p> <p>2.1 Comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Act as well as the employment contract entered into between the parties;</p> <p>2.2 Specify objectives in terms of the key performance indicators and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;</p> <p>2.3 Specify accountabilities as set out in a Performance Plan, which forms an Annexure to the Performance Agreement;</p> <p>2.4 Monitor and measure performance against set targeted outputs;</p> <p>2.5 Use the Performance Agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;</p> <p>2.6 In the event of outstanding performance, to appropriately reward the employee;</p> <p>2.7 Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.</p>
<p>3. Commencement and duration</p>	<p>3.1 This Agreement will commence on 1 July 2017 and will remain in force until 30 June 2018 thereafter a new Performance Agreement and Performance Plan shall be concluded between the parties for the next financial year or any portion thereof.</p> <p>3.2 The parties will review the provisions of the key performance areas (KPA's) and key performance indicators (KPIs) of this Agreement at any time during its term.</p> <p>3.3 The parties will on an annual basis, in terms of the provisions of section 57(2)(a) of the Systems Act conclude a new Performance Agreement and Performance Plan that replaces this Agreement by not later than one month after the beginning of each successive financial year.</p> <p>3.4 If at any time during the term of this agreement the work environment alters (whether as a result of Government or Council or otherwise) to the extent that the contents of this agreement are no longer appropriate, the contents will immediately be revised.</p>
<p>4. Performance Objectives</p>	<p>4.1 The Performance Plan (Annexure A) sets out:</p> <p>4.1.1 Key Performance Areas that the employee should focus on;</p> <p>4.1.2 Core competencies required from employees;</p>

PH

D.P

M.S

4.1.3 The strategic objectives, key performance indicators and targets that must be met by the Employee;

4.1.4 The time frames within which those performance objectives and targets must be met.

4.2 The performance objectives, key performance indicators 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 strategic objectives; key performance indicators; targets and weightings. A description of these elements follows:

4.2.1 The strategic objectives describe the strategic intent of the organisation that needs to be achieved;

4.2.2 The key performance indicators provide the measurements on how a strategic objective needs to be achieved;

4.2.3 The target dates describe the timeframe in which the work must be achieved;

4.2.4 The weightings show the relative importance of the key performance areas, key objectives and key performance indicators to each other.

5. Performance Management System

5.1 The Employee agrees to participate in the performance management system that the employer adopts or introduces for the employee, management and municipal staff.

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 management and municipal staff to perform to the standards required.

5.3 The Employer will consult the employee about the specific performance standards that will be included in the performance management system as applicable to the employee.

5.4 The Employee undertakes to actively focus towards the promotion and implementation of the KPA's, (including special projects relevant to the employees responsibilities) within the local government framework.

5.5 The criteria upon which the performance of the Employee shall be assessed consist of two components, Key Performance Areas and Core Competency Requirements, both of which shall be contained in the Performance Agreement:

5.5.1 The Employee will be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Competency requirements respectively.

5.5.2 Each area of assessment will be weighted and will contribute a specific part to the total score.

5.6 The Employee's assessment will be based on his/her performance in terms of the key performance indicators and projects deliverables identified as per the Performance Plan (Annexure A), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between the Employer and Employee.
Refer example below.

Key Performance Areas (KPA's)	Weighting
Basic Service Delivery and Infrastructure Development	17%
Municipal Transformation and Institutional Development	17%
Local Economic Development (LED)	17%
Municipal Financial Viability and Management	17%
Good Governance and Public Participation	17%
Spatial Rationale and Municipal Planning Alignment	17%
Total	100%

PA D.P

5.7 A managers' responsibilities are also directed in terms of the abovementioned key performance areas. In the case of managers directly accountable to the municipal manager, other key performance areas related to the functional area of the relevant manager can be added subject to negotiation between the municipal manager and the relevant manager.

5.8 The Leading Managerial Competencies (LMCs) will make up the other 20% of the Employee's assessment score. Core Competencies (CCs) that are deemed to be most critical for the Employee's specific job should be selected (✓) from the list below as agreed to between the Employer and Employee.

LEADING COMPETENCIES			
Leading Managerial Competencies (LMCs)		Indicate choice	Weight
1.	Strategic Leadership ♦ Impact and Influence ♦ Institutional Performance Management ♦ Strategic Planning and Management ♦ Organisational Awareness		8.33%
2.	People Management ♦ Human Capital Planning and Development ♦ Diversity Management ♦ Employee Relations Management ♦ Negotiation and Dispute Management	Compulsory	8.33%
3.	Program and Project Management ♦ Program and Project Management and Implementation ♦ Service Delivery Management ♦ Program and Project Monitoring and Evaluation		8.33%
4.	Financial Management ♦ Budget Planning and Execution ♦ Financial Strategy and Delivery ♦ Financial Reporting and Monitoring	Compulsory	8.33%
4.	Change Leadership ♦ Change Vision and Strategy ♦ Process Design and Improvement ♦ Change Impact Monitoring and Evaluation		8.33%
6.	Governance Leadership ♦ Policy Formulation ♦ Risk And Compliance Management ♦ Cooperative Governance		8.33%
Core Competencies (CCs)			
7.	Moral Competence		8.33%
8.	Planning and Organisation		8.33%
9.	Analysis and Innovation		8.33%
10.	Knowledge and Information Management		8.33%
11.	Communication		8.33%
12.	Results and Quality Focus		8.33%
Total percentage		-	100%

6. Evaluating Performance

- 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;
- 6.1.2 The intervals for the evaluation of the Employee's performance.
- 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 timeframes.

PA

D.P

6.4 The Employee's performance will be measured in terms of contributions to the strategic objectives and strategies set out in the Employer's IDP.

6.5 The Annual Performance Appraisal will involve:

6.5.1 Assessment of the achievement of results as outlined in the Performance Plan

- (a) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA.
- (b) Actuals are supplied for KPIs and Activities under each KPA as part of the Institutional Assessment. Based on the Target for an activity or KPI, over or under performance are calculated and converted to the 1-5 point scale. These scores are carried over to the applicable employee's performance plan. During assessment, the employee has a chance to submit evidence of performance.
- (c) The applicable assessment rating calculator are used to calculate a final KPA score.

6.5.2 Assessment of the competencies

- (a) Each competency should be assessed according to the extent to which the specified standards have been met.
- (b) An indicative rating on the five-point scale should be provided for each competency.
- (c) This rating should be multiplied by the weighting given to each competency during the contracting process, to provide a score.
- (d) The applicable assessment rating calculator is then used to calculate a final competency score.

6.5.3 Overall rating

An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcomes of the various weighted ratings contained in the Performance Plan which represents the outcome of the performance appraisal.

6.6 The assessment of the performance of the Employee will be based on the following rating scale for KPAs and Competency requirements:

Rating	Terminology	Description
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	Performance fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement and Performance Plan.

Rating	Terminology	Description
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement and Performance Plan.
1	Unacceptable Performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

6.7 For the purpose of evaluating the performance of the section 56 manager reporting to the municipal manager, an evaluation panel constituted of the following persons must be established-

- 6.7.1 Municipal Manager (Chairperson);
- 6.7.2 Chairperson of the Performance Audit Committee;
- 6.7.3 Member of the Mayoral Executive Committee; and
- 6.7.4 Municipal Manager from another municipality.

6.8 The manager responsible for human resources of the municipality must provide secretariat services to the evaluation panels referred to in Section 6.7.

7. Schedule for Performance Reviews

7.1 The performance of each Employee in relation to his/her Performance Agreement shall be reviewed within the month following the quarters as indicated with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

First quarter	:	July - September	(October)
Second quarter	:	October - December	(January)
Third quarter	:	January - March	(April)
Fourth quarter	:	April - June	(July)

7.2 The Employer shall keep a record of the mid-year review and annual 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.

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

8.1 The Personal Development Plan (PDP) for addressing developmental gaps will be documented as identified during any performance review discussions.

9. Obligations of the Employer

9.1 The Employer shall:

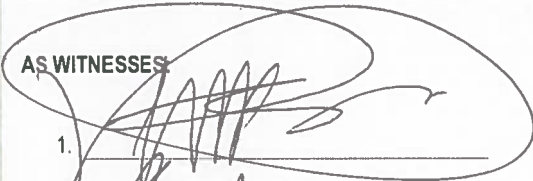
- 9.1.1 Create an enabling environment to facilitate effective performance by the employee;
- 9.1.2 Provide access to skills development and capacity building opportunities;

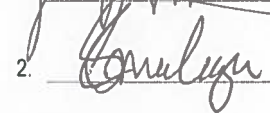
	<p>9.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;</p> <p>9.1.4 On the request of the Employee delegate such powers reasonably required by the Employee to enable him/her to meet the performance objectives and targets established in terms of this Agreement;</p> <p>9.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time to assist him/her to meet the performance objectives and targets established in terms of this Agreement.</p>						
10. Consultation	<p>10.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others:</p> <p>10.1.1 A direct effect on the performance of any of the Employee's functions;</p> <p>10.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer;</p> <p>10.1.3 A substantial financial effect on the Employer.</p> <p>10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable to enable the Employee to take any necessary action without delay.</p>						
11. Management of Evaluation Outcomes	<p>11.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.</p> <p>11.2 A performance bonus of between 5% to 14% of the all-inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance to be constituted as follows:</p> <p>11.2.1 A score of 130% to 167% is awarded a performance bonus ranging from 5% to 14% in increments as follows:</p> <table border="1"> <thead> <tr> <th>% Rating over Performance</th><th>% Bonus</th></tr> </thead> <tbody> <tr> <td>130% - 149%</td><td>5% - 9%</td></tr> <tr> <td>150% and above</td><td>10% - 14%</td></tr> </tbody> </table> <p>11.3 In the case of unacceptable performance, the Employer shall:</p> <p>11.3.1 Provide systematic remedial or developmental support to assist the Employee to improve his or her performance;</p> <p>11.3.2 After appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Employer may consider instituting disciplinary action which may ultimately result in the termination of the contract of employment.</p>	% Rating over Performance	% Bonus	130% - 149%	5% - 9%	150% and above	10% - 14%
% Rating over Performance	% Bonus						
130% - 149%	5% - 9%						
150% and above	10% - 14%						
12. Dispute Resolution	<p>12.1 Any disputes about the nature of the Employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or any other matter provided for, shall be mediated by:</p> <p>12.1.1 In the case of managers directly accountable to the municipal manager, the executive mayor or mayor within thirty (30) days of receipt of a formal dispute from the employee</p> <p>12.2 Any disputes about the outcome of the employee's performance evaluation, must be mediated by:</p>						

	12.2.1 In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e) of the Municipal Performance Regulations, 2006, within thirty (30) days of receipt of a formal dispute from the employee whose decision shall be final and binding on both parties.
13. Amendment to Agreement	13.1 Amendments to the agreement will be in writing and can only be effected after discussion and agreement.
14. General	<p>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.</p> <p>14.2 Nothing in this agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/ her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.</p> <p>14.3 Performance assessment results of the municipal manager must be submitted to the MEC responsible for local government in the relevant province as well as the national minister responsible for local government, within fourteen (14) days after the conclusion of the assessment.</p>

Thus done and signed at **CAROLINA** on this the **25th** day of **July 2017**

AS WITNESSES


1. 


2. 

AS WITNESSES:

1. _____

2. _____


EMPLOYEE: M S DLAMINI
MUNICIPAL MANAGER


EMPLOYER: D P NKOSI
EXECUTIVE MAYOR