

POLICY

CITY OF CAPE TOWN

PERFORMANCE MANAGEMENT
FRAMEWORK (COMPLIANCE)

APPROVED BY COUNCIL : 11 MAY 2011
C 57/05/11

CITY OF CAPE TOWN



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Performance Management Policy Framework (Compliance)

(Draft Version 6)

30 May 2011

City of Cape Town Performance Management Policy (Compliance)

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Version	Date	Authors	Revision Notes
Version 1(V1)	2003	Performance Management	Balance Scorecard Methodology
Version 2 (Review of V1)	2010	IDP&OPM	Performance Management Policy (Compliance)

Note: Implementation guidelines will be developed on the approval of the policy. These will be made available on the city's website.

Approval of Policy

Approved this Date : _____

Approved By : _____

Signature : _____

City of Cape Town	Performance Management Policy (Compliance)	Effective Date 2011/2012 performance cycle
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Table of Contents

Introduction	5
1. Purpose	5
2. Scope	5
3. Applicable Legislation	5
4. Principles	6
5. Policy Provision	6
6. Performance Management System Components	7
7. Roles and Responsibilities	9

City of Cape Town	Performance Management Policy (Compliance)	Effective Date 2011/2012 performance cycle
-------------------	---	--

Definitions: In this policy, unless the context indicates otherwise-

“City” means the City of Cape Town;

“Council” means the Municipal Council of the City referred to in Section 18 of the Structures Act;

“Department Business Plan” is the plan at departmental level linking the department’s activities to the IDP and budget;

“Director” means a position created on the approved managerial structure with the designation Director;

“Directorate Executive Summary” is a summary plan linking the directorate’s activities to the IDP and budget;

“Executive Director” means a position approved by Council as a section 57 position;

“Executive Mayor” means the Executive Mayor of the City as defined in the Structures Act, any successor-in-title, or any duly appointed nominee;

“Inputs” refers to all the resources that contribute to the production and delivery of outputs. They include finances, personnel, equipment and buildings;

“Integrated Development Plan” means a plan envisaged in section 25 of the Municipal Systems Act;

“Mayoral Committee member” is appointment from among the councillors to assist the Executive Mayor;

“MFMA” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“Municipal Entity” means a private company referred to in 86B (1) (a) of the Systems Act, or a service utility or a multi –jurisdictional service utility;

“Outcomes” are the medium term results from the achievement of outputs for specific beneficiaries;

“Outputs” are the final products, or goods and services produced or delivered;

“Performance Indicator Measurement Sheets” is a documented description of indicators, the system supporting them and an acceptance of accountability by the Executive Director of auditability;

“Portfolio Committees” are established in terms of section 79 of the Structures Act;

“Standing Committee of Public Accounts (SCOPA)” is a committee established in terms of section 79 of the Structures Act;

“Scorecard” means the performance card used to manage the performance of the city;

“Section 57 employee (S57)” means a position approved by Council as a section 57 position;

“Service Delivery and Budget Implementation Plan (SDBIP)” is a detailed annual plan to implement the IDP and the budget. It is presented as the SDBIP book for the city; the Directorate Executive Summary; the Departmental Business Plan;

City of Cape Town	Performance Management Policy (Compliance)	Effective Date 2011/2012 performance cycle
-------------------	--	--

“Strategic Focus Area” is a medium term goal aligned to the long term strategy;

“Strategic Objective” is a measurable statement of intent, describing a desired outcome that can be measured and therefore targeted;

“Structures Act” means the Local Government: Municipal Structures Act No. 117 of 1998;

“Systems Act” - means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);

City of Cape Town	Performance Management Policy (Compliance)	Effective Date 2011/2012 performance cycle
-------------------	--	--

Introduction

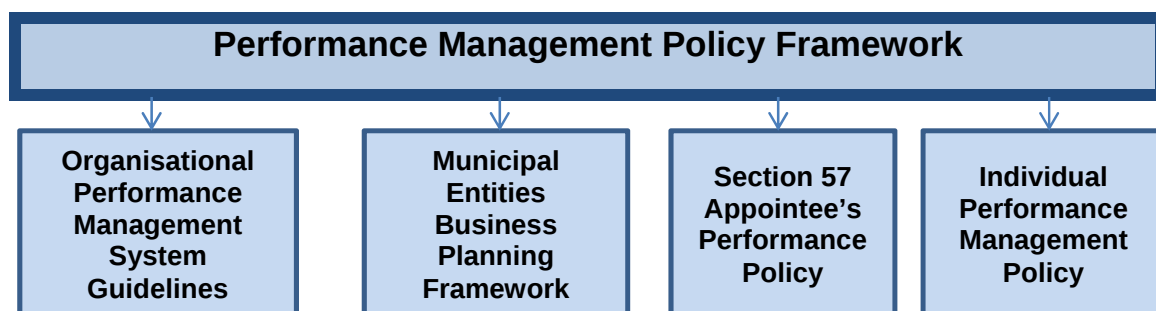
Performance management equips leaders, managers, workers and stakeholders with a set of tools and techniques for regularly planning, continuously monitoring, and periodically measuring and reviewing the performance of the City in terms of indicators and targets for efficiency and effectiveness. It is against these measures that the community can monitor the municipality and its members. It provides a mechanism for managing expectations.

1. Purpose

The purpose of the Performance Management Policy Framework (policy framework) is to give effect to the performance management system as prescribed by legislation. It provides an overarching framework for the management of performance in the City of Cape Town.

2. Scope

This policy framework will provide the structure for the overall management of performance within the City at both organisational and individual levels.



The following separate policies and guidelines have been developed to implement the policy framework:

- Organisational Performance Management System Guidelines
- City of Cape Town 'Municipal Entities' Business Planning Framework
- Section 57 Appointee's Performance Policy
- Individual Performance Management Policy

The policy framework represents Organisational Performance Management System as prescribed by legislation. The Organisational Performance Management System Guidelines sets out the procedures for performance management at corporate, directorate and departmental levels. The authorisation of these has been delegated to the City Manager.

3. Applicable Legislation

The policy has been aligned with and reflects the provision in the following legislation and prescripts:

City of Cape Town	Performance Management Policy (Compliance)	Effective Date 2011/2012 performance cycle
-------------------	---	--

- 3.1 Constitution of the Republic of South Africa Act, 1996 (Act 108 of 1996) (Chapter 7, Section 152);
- 3.2 Local Government : Municipal Systems Act, 2000 (Act 32 of 2000);
- 3.3 Local Government : Municipal Planning and Performance Management Regulations, 2001;
- 3.4 The Municipal Finance Management Act, 2003 (MFMA);
- 3.5 Local Government: Municipal Finance Management Act 2003 – Municipal budget and reporting regulations.
- 3.6 Local Government: Municipal Performance Management Regulation for Municipal Managers and Managers directly accountable to Municipal managers, 2006;
- 3.7 Labour Relations Act, 1995 (Act 66 of 1995);
- 3.8 Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) (Chapter 3, Section 19).

4. Principles

The Organisational Performance Management (OPM) system is underpinned by the following principles, it will:

- 4.1 Promote a culture of performance excellence;
- 4.2 Be transparent;
- 4.3 Provide an effective performance planning review system;
- 4.4 Provide early warning signs in the case of underperformance;
- 4.5 Easily communicate performance results;
- 4.6 Ensure appropriate community involvement;
- 4.7 Clarify roles and responsibilities.

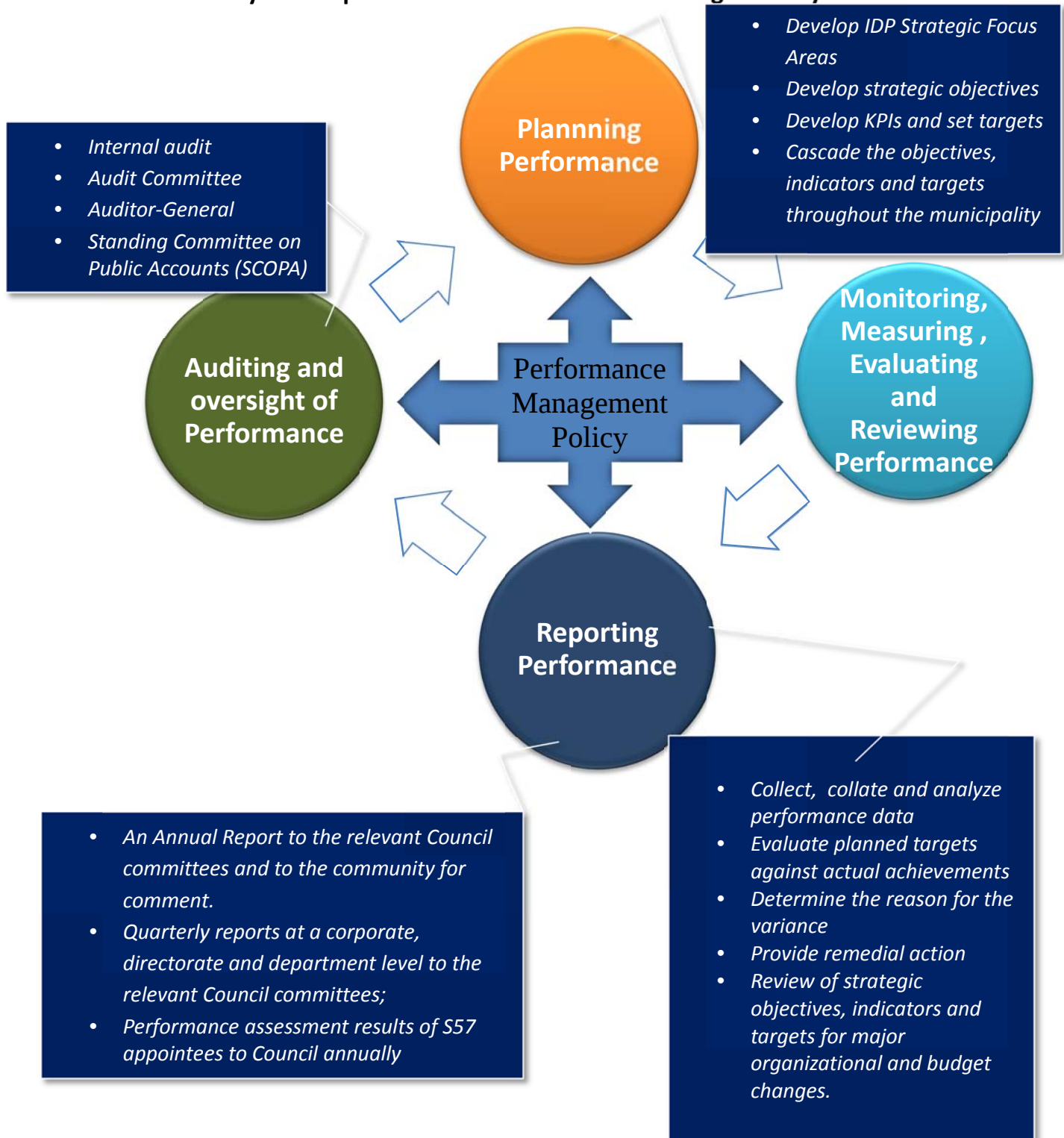
5. Policy Provision

- 5.1 The policy will form part of the executive authority (executive mayor and council) and the administrative authority (municipal manager and Section 57 managers) procedures. It will be responsibility of management at all levels to ensure the successful implementation of the policy.
- 5.2 The system of performance management must be:
 - 5.2.1 commensurate with the resources of the municipality;
 - 5.2.2 Best suited to its circumstances;
 - 5.2.3 In line with the priorities, objectives, indicators and targets contained in the IDP.

6. Performance Management System Components

6.1 The performance management system (PMS) components are planning, monitoring, measuring, evaluating, reviewing, reporting and auditing. The PMS will be amended as and when required.

The Cycle and process of the Performance Management system



City of Cape Town	Performance Management Policy (Compliance)	Effective Date 2011/2012 performance cycle
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6.2 Planning Performance

- 6.2.1 The City must involve the community in deciding what priorities and needs it wants to achieve. Community involvement will be in line with relevant legislation and approved policy.
- 6.2.2 The planning cycle delivers a five year and annually reviewed IDP (including a Corporate Scorecard with definitions), an annual Corporate SDBIP, Directorate Executive Summaries (including SDBIPs), Departmental Business Plans and SDBIPs, Performance Indicator Measurement Sheets, S57 Performance Plans and Individual Performance Assessments.
- 6.2.3 Planning ensures that clear strategic direction is set and prioritised. Planning is informed by feedback on performance. This is the stage where Strategic Focus Areas (SFAs), objectives, performance indicators and measurable targets are determined. Indicators measure the extent to which objectives are being achieved, indicating performance in relation to outcomes, outputs, activities, process and inputs. Targets set the level of performance to be achieved within a defined period of time.
- 6.2.4 Indicators must be measurable, relevant, objective and precise. They must include outcomes, output and input indicators. National general indicators must be included. Proxy indicators will be used until auditable and cost effective systems and processes are in place to measure the National general indicators.
- 6.2.4 The IDP will be set for the five year term of office of the elected council and reviewed annually. It will include the Strategic Focus Areas (SFAs), corporate objectives (strategic objectives), corporate indicators and targets. There will be a direct relationship between the SFA, corporate objective, corporate indicator and target. The actual achievements of targets set for the objectives will be reported on quarterly bases where appropriate. They will form the platform for the quarterly and annual reports on performance.
- 6.2.5 The components will be interlinked to ensure implementation. All the corporate objectives and indicators will cascade into a Directorate and/or a Departmental SDBIP and/or the City Manager's and/or a section 57 appointees scorecards.

6.3 Monitoring, Measuring, Evaluating and Reviewing performance

6.3.1 Monitoring and measuring

These are the processes and procedures to collect, collate and analyse organisational performance data on an on-going basis to determine whether planned performance targets have been met, exceeded or not met. It will take place on a quarterly and an annual basis.

Monitoring and measuring of individual performance shall take place quarterly for S57 appointees and for all other individuals bi-annually in terms of the applicable policies.

6.3.2 Evaluating

6.3.2.1 The performance evaluation results are determined by regular management meetings to establish:

- Year- to- date performance progress and reasons for variances. Reasons for variance shall also be supplied in the event of under or over performance;
- Remedial actions (effective methods of correction or improvement), if any, need to be taken to achieve the agreed performance targets.

City of Cape Town	Performance Management Policy (Compliance)	Effective Date 2011/2012 performance cycle
-------------------	---	--

6.3.2.2 The evaluation of Individual performance of S57 and other employees shall take place annually in accordance with legislation and applicable policies.

6.3.3 **Reviewing**

A review of objectives, indicators and targets can take place to the extent that changing circumstances so demand and in accordance with a prescribed process. These are limited to major organisational changes and when the budget is adjusted.

6.3.4 **Reporting performance**

Reporting includes:

- An Annual Report to the relevant Council committees and to the community for comment.
- Quarterly reports at a corporate, directorate and department level to the relevant Council committees;
- Performance assessment results of S57 appointees shall be reported to Council annually.

6.4 **Auditing and Oversight**

6.4.1 Internal Audit and Audit Committee (includes the Performance Management committee) review the OPM system for functionality, performance information and compliance;

6.4.2 The Auditor General and Standing Committee on Public Accounts (SCOPA) reviews the Annual Report.

7. **Roles and Responsibilities**

The roles and responsibilities of the various role players are contained in the legislation, System of delegations and the Indicator Measurement Sheets that support the PMS system. A synopsis of the roles and responsibilities is provided in the table below.

City of Cape Town	Performance Management Policy (Compliance)	Effective Date 2011/2012 performance cycle
-------------------	--	--

Designation	Role
Community	Participate in the drafting and review of the integrated development plan, including the setting of indicators and targets; Makes representation on the Annual report.
Sub-councils and wards	Provides the main mechanism for consulting with the communities
Council	Adopts and approves: • a process to guide the planning, drafting, adoption and review of the IDP; • the PMS; • the IDP including corporate indicators and targets; • changes to the IDP, corporate indicators and targets; • Annual Report.
Executive Mayor	Identifies, reviews and evaluates the municipalities needs in order of priority; Recommends to council strategies, programmes and services to address priority needs through the IDP; Responsible for the development and management of the PMS and submits to council for adoption; Ensures that the performance agreements of S57 employees are made public; Assign responsibility of developing the PMS to the City Manager; Approves the Corporate SDBIP; Delegated his power to evaluate performance to all Mayoral Committee members, within the functional area of their relevant portfolios only; Presents the annual report to Council for approval.
Mayoral Committee member	Signs off in consultation with the Executive Director, the Directorate Executive Summaries (including SDBIPs) and Departmental Business Plans and SDBIPs within the functional areas of their relevant portfolios only.
Portfolio Committees	Monitor and report to the Executive Mayor the implementation of Council's IDP, budget, business plans, strategic objectives, policies and programmes; Make recommendations to the Executive Mayor in regard to the IDP and budget; Develop draft business plans and recommend these to the Executive Mayor; Assess the performance of service delivery generally within the functional area.

City of Cape Town	Performance Management Policy (Compliance)	Effective Date 2011/2012 performance cycle
-------------------	--	--

City Manager	Responsible for the: • development of the PMS; • approval of the Organisational Performance Management System Guidelines; • implementation and management of the system; • Submission of the draft SDBIP to the Executive Mayor; • Co-ordinate the compilation of the Annual report.
Internal Audit	Provide assurance on performance management
Audit Committee	Reviews the: • reports by IA and the Auditor General; • performance management systems focusing on economy, efficiency and effectiveness and impact; Assesses the accomplishment of the City's goals and objectives as set out in the IDP; Submit at least two reports per year to Council reflecting on the Committee's assessment of the performance management system.
SCOPA	Reviews the City's Annual Report, including the Auditor General's report on the financial statements and responses thereto. The reviews are undertaken with a view to ensuring satisfactory responses with corrective action, where necessary.
Executive Directors	Approves the Performance Indicator Measurement Sheets; Approves auditable indicators and targets; Ensure that plans are in place to meet set targets; Implements performance improvement measures approved by the Mayor and Council; Ensure that accurate, reliable and evidenced performance results are provided for performance measures on a quarterly basis; Ensures that evidence to support the performance achievements is collected, stored and submitted.
Directors	Develops the Performance Indicator Measurement Sheets that are relevant to them; Develop and implement auditable indicators and targets as approved by council;

City of Cape Town	Performance Management Policy (Compliance)	Effective Date 2011/2012 performance cycle
-------------------	--	--

	Develops plans to meet set targets; Provides accurate, reliable and evidenced performance results for performance measures on a quarterly basis; Collects, stores and submits evidence to support the performance achievements.
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