

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO

BY AND BETWEEN THE

GREATER KOKSTAD MUNICIPALITY

AS REPRESENTED BY

His Worship the Mayor

CLLR BHEKI MICHAEL MTOLO

(Herein and after referred to as Employer)

AND

The Municipal Manager

MR LULAMILE HOUGHTON MAPHOLOBA

(Herein and after referred to as Employee)

FOR THE FINANCIAL YEAR 01 JULY 2019-30 JUNE 2020

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PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN

THE GREATER KOKSTAD MUNICIPALITY

Herein represented by **Councillor Bheki Michael Mtolo** in his capacity as the *Mayor* (hereinafter referred to as the Employer)

and

Mr Lulamile Houghton Mapholoba (hereinafter referred to as the Employee) employed as the *Municipal Manager* for the Greater Kokstad Municipality.

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

- 1.1 The Employer, **Greater Kokstad Municipality**, has entered into contract of Employment with the Employee, **Mr Lulamile Houghton Mapholoba**, in terms of section 57(1) (a) of the Local Government Municipal Systems Act 32 of 2000("the System Act"). The Employer and the Employee are hereinafter referred to as the "the Parties".
- 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.
- 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.
- 1.4 The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Municipal Systems Act.
- 1.5 In the Agreement the following terms will have the meaning ascribed thereto:
 - 1.5.1 "this Agreement" means the Performance Agreement between the Employer and the Employee and the Annexures thereto:
 - 1.5.2 "the Municipal Manager" means the Municipal Manager of the Municipality appointed in terms of Section 54A of the Local Government: Municipal Systems Act;

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1.5.3. "the Employee" means the Manager appointed in terms of Section 57 of the Act;

1.5.4 "the Employer "means Greater Kokstad Municipality; and

1.5.5 "the Parties" means the Employer and Employee.

2. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to –

- 2.1 Comply with the provisions of Sections 57(1)(b), 4(A), 4(B) and (5) of the Systems Act as well as the Contract of Employment entered into between the parties;
- 2.2 Specify objectives and targets established for the Employee and to communicate to the Employee the Employer's expectations of the Employee's performance expectations and accountabilities.
- 2.3 Specify accountabilities as set out in the Performance Plan (Annexure A);
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the Performance Agreement and Performance Plan as the basis for assessing the suitability of the Employee for permanent employment and/ or to assess whether the Employee has met the performance expectations applicable to his/her job;
- 2.6 Appropriately reward the Employee in accordance with the Employer's Performance Management Policy in the event of outstanding performance; and
- 2.7 Give effect to the Employers commitment to a performance-orientated relationship with the Employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

- 3.1 This Agreement will commence on **01 July 2019** and will remain in force until **30 June 2020**; thereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between the parties for the next financial year or any portion thereof.
- 3.2 The Parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by not later than the beginning of each successive financial year.
- 3.3 This Agreement will terminate on the termination of the Employee's contract of employment or any reason.

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- 3.4 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.
- 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

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; and
- 4.1.2 The time frames within which those performance objectives and targets must be met.
- 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 and the Budget of the Employer, and shall include key objectives; key performance indicators; target dates and weighting.
- 4.3 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.
- 4.4 The Employee's performance will, in addition, be measured in terms of contribution 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 adopts or introduces for the Employer, Management and Municipal staff employees.
- 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 Employer, Management and municipal staff to perform to the standards required.
- 5.3 The Employer will consult the Employee about the specific performance standard that will be included in the Performance Management System as applicable to the Employee.

6. INDIVIDUAL PERFORMANCE CONTRACT SIGNING AND REPORTING

- 6.1 The performance contract shall be concluded between each employee within 30 calendar days reckoned from the first day of the new financial year or 60 calendar days upon

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commencement of employment in respect of all municipal officials appointed and entered into a performance management system. This is in line with section 57(2) of the Municipal Systems Act of 2000. Failure to comply with this deadline means an employee is not eligible for a performance bonus or pay progression for the performance cycle in question, unless proof of compliance can be provided to the Accounting Officer, and may result in the employee and her or his Supervisor being subjected to disciplinary action.

- 6.2.1 The employee who incurred Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure, will not receive performance bonuses for the year under review.
- 6.2.2 The Mayor shall ensure inclusion of the attainment of Unqualified Audit Opinion as a minimum in the Performance Agreement of Municipal Manager.
- 6.3 The employee shall choose three (3) to Six (6) National KPAs, with a total weight of 100%.
- 6.4 The employee either than Section 54A/56 Managers, will choose a maximum of ten (10) core competency requirements (CCRs) including compulsory core managerial requirements (CMRs) with a total weight of 100%, whilst Section 54A/56 Managers are required to choose all CCRs.
- 6.5 Employees who are on performance contract shall report their performance in a prescribed tool in all performance review intervals which may be reviewed from time to time (Annexure A)
- 6.6 All individual quarterly performance reports shall be due for submission to the immediate superiors on or before the 15th or should the 15th fall on the weekend, they will be due on a monday following the 15th after the end of each quarter. Failure to comply with this deadline means an employee is not eligible for a performance bonus or pay progression for the performance cycle in question, unless proof of compliance can be provided to the Accounting Officer, and may result in the employee and her or his Supervisor being subjected to disciplinary action.
- 6.7 Quarterly , Mid-year and annual performance reports will be due for submission to the IPMS unit on or before the 20th after the end of each quarter , first six month-period and financial year respectively. And thereafter submitted by IPMS to Internal Audit on or before the 30th after the end of each quarter. Failure to comply with this deadline means an employee is not eligible for a performance bonus or pay progression for the performance cycle in question, unless proof of compliance can be provided to the Accounting Officer, and may result in the employee and her or his Supervisor being subjected to disciplinary action.
- 6.8 Each employee will be responsible for keeping his or her personal copies of the performance contract and individual performance reports in a safe place for reference purposes.
- 6.9 An employee who fails to sign a performance contract within 60 calendar days, shall be considered as not eligible for a performance bonus or pay progression for the performance

cycle in question, unless proof of compliance can be provided to the Accounting Officer, and may result in the employee and her or his Supervisor being subjected to disciplinary action.

6.10 Signed copies of the Performance Contracts of Section 54A and 56 Managers will be presented to the Audit Committee as evidence of compliance as a matter of due diligence on the part of the Municipality.

7. THE EMPLOYEE AGREES TO PARTICIPATE IN THE PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM THAT THE EMPLOYER ADOPTS

7.1 The Employee undertakes to actively focus towards the promotion and implementation of KPA's (including special projects relevant to the employee's responsibilities) within the Local Government Framework.

7.2 The criteria upon which the performance of the Employee shall be assessed, shall consist of two components, both of which shall be contained in the Performance Agreement.

7.2.1 The Employee must be assessed against both components and each area of assessment will be weighted and will contribute a specific part to the total score.

7.2.2 A weighting for the KPA's that cover the main areas of work will account for 80% of the final assessment and CF will account for 20% of the final assessment.

7.3 The Employee's assessment will be based on his performance in terms of the outputs/ outcomes (performance indicators) identified as per attached 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.

Number	Key Performance Areas (80% of Total)	Weighting
1	Municipal Institutional Development and Transformation	20%
2	Basic Service Delivery	20%
3	Local Economic Development	10%
4	Municipal Financial Viability and Management	20%
5	Good Governance and Public Participation	20%
6	Cross Cutting Interventions	10%
	Total	100%

7.4 The Competency Framework CF will make the other 20% of the Employee's assessment score. The Competency Framework (CF) as contained in the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers must be used for this purpose. The said Regulations state that there is no hierarchical connotation to the structure and all competencies must therefore be considered as measurable and critical in assessing the level of a Senior Manager's performance.

7.5 Competency framework structure
The competencies that appear in the competency framework are detailed below:

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LEADING COMPETENCIES	
Strategic Direction and Leadership	<ul style="list-style-type: none"> • Impact and influence • Institutional Performance Management • Strategic Planning and Management • Organisational Awareness
People Management	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management
Program and Project Management	<ul style="list-style-type: none"> • Program and Project Planning and Implementation • Service Delivery Management • Program and Project Monitoring and Evaluation
Financial Management	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring
Change Leadership	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation
Governance Leadership	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance
CORE COMPETENCIES	
Moral Competencies	
Planning and Organising	
Analysis and Innovation	
Knowledge and Information Management	
Communication	
Result and Quality Focus	

COMPETENCY FRAMEWORK STRUCTURE			
Number	CRITICAL LEADING COMPETENCIES	√	WEIGHT
1	Strategic Direction and Leadership		10%
2	People Management		10%
3	Program and Project Management		5%
4	Financial Management		10%
5	Change Leadership		5%
6	Governance Leadership		10%

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Number	CORE COMPETENCIES		
1	Moral Competence		10%
2	Planning and Organising		10%
3	Analysis and Innovation		5%
4	Knowledge and Information Management		10%
5	Communication		10%
6	Results and Quality Focus		5%
	Total percentage		100%

Managers must subscribe to the following Batho Pele principles.

- Consultation
- Setting service standards
- Increasing access
- Ensuring courtesy
- Providing information
- Openness and transparency
- Redress
- Value for money
- Encouraging Innovation and Rewarding excellence
- Customer Impact
- Leadership and Strategic Direction

8. EVALUATING PERFORMANCE

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

- 7.1.1 The Standards and procedures for evaluating the Employee's performance; and
- 7.1.2 The intervals for the evaluation of the Employee's performance.

8.2 Despite the establishment of intervals for evaluation, the Employer may in addition review the Employee's performance at any stage while the contract of employment remains in force.

8.3 Personal growth and development needs identified during any performance review discussion, must be documented in a Personal Development Plan, (Annexure C) as well as the actions agreed to and implementation must take place within set time frames.

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

8.5 The annual performance appraisal will involve:

- 8.5.1 *Assessment of the achievement of results as outlined in the performance plan;*
 - (a) Each Key Performance Area should be assessed according to the extent to

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which the specified standards or performance indicators have been met and with due regard to adhoc tasks that had to be performed under the KPA.

- (b) An indicative rating on the five-point scale should be provided for each KPA.
- (c) The applicable assessment rating calculator (refer to Paragraph 7.5.3 below) must then be used to add the scores and calculate a final KPA score.

8.5.2 Assessment of the CMC's

- (a) Each leading and core competency contained in the Competency Framework must 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) The applicable assessment rating calculator (refer to Paragraph 7.5.1) must then be used to add the scores and calculating a final CF score.

8.5.3 Overall Rating

An Overall rating is calculated using the applicable assessment –rating calculator. Such overall rating represents the outcomes of the performance appraisal.

9.6 The assessment of the performance of the Employee will be based on the following Rating scale for KPA's.

Level	Terminology	Description Rating	Rating
5	Superior	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 PA and Annual Work Plan and maintained this in all areas of responsibility throughout the year.	

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4	Advanced	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	Competent	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 PA and Annual Work Plan.	

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2	Basic	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 PA and Annual Work Plan.
1	Basic	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 PA and Annual Work 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.

The achievement levels indicated in the table below serve as a benchmark leading and core competencies.

ACHIEVEMENT LEVEL	DESCRIPTION
Basic (rating =1-2)	Applies basic concepts, methods and understanding of local government operations, but requires supervision and development intervention.
Competent (rating= 3)	Develops and applies more progressive concepts, method and understanding, plans and guides the work of others and executes progressive analyses.

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Advanced (rating =4)	Develops and applies complex concepts, methods and understanding. Effectively directs and leads group and executes in-depth analyses.
Superior (rating =5)	Has a comprehensive understanding of local government operations, critical in shaping strategic direction and change, develops and applies comprehensive concepts and methods.

9.7 For the purpose of evaluating the performance of the Employee for the **Mid-Year** and **Year-End reviews**, an evaluation panel constituted by the following persons will be established-

- 9.7.1 The Mayor
- 9.7.2 Member of the Executive Committee
- 9.7.3 Ward committee member
- 9.7.4 Chairperson of the Audit /Performance Audit Committee;
- 9.7.5 Municipal Manager from another Municipality
- 9.7.6 Human Resource Manager: Secretariat

10. SCHEDULE FOR PERFORMANCE REVIEWS

10.1 The performance of each Employee in relation to his/her performance agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

QUARTER	REVIEW PERIOD	REVIEWS TO BE COMPLETED BY
First	July to September 2019	31 October 2019
Mid-term	July to December 2019	28 February 2020
Third Quarter	January to March 2020	30 April 2020
Fourth Quarter	April to June 2020	30 September 2020
Annual	July 2019 to June 2020	30 March 2021

- 10.2 The Employer shall keep a record of the mid-year review and annual assessment meetings.
- 10.3 Performance feedback shall be based on the Employer's assessment of the Employee's Performance.
- 10.4 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.
- 10.5 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.

11. DEVELOPMENTAL REQUIREMENTS

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

12. OBLIGATIONS OF THE EMPLOYER

12.1 The Employer shall:

- 12.1.1 Create an enabling environment to facilitate effective performance by the Employee;
- 12.1.2 Provide access to skills development and capacity building opportunities;
- 12.1.3 Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee;
- 12.1.4 On the request of the Employee delegate such powers reasonably required by the Employee to enable him or her to meet the performance objectives and targets established in terms of this Agreement; and
- 12.1.5 Make available to the Employee such resources as the Employee may reasonably require from time to time assisting him or her to meet the performance objectives and targets established in terms of this Agreement.

13. CONSULTATION

13.1 The Employer agrees to consult the Employee timeously where the exercising of the powers will have amongst others–

- 13.1.1 A direct effect on the performance of any of the Employee's functions;
- 13.1.2 Commit the Employee to implement or to give effect to a decision made by the Employer; and
- 13.1.3 A substantial financial effect on the Employer.

13.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 11.1 as soon as is practicable to enable the Employee to take any necessary action without delay.

14. PERFORMANCE BONUS

In accordance with regulation 32, a performance bonus, based on affordability may be paid to the Employee after -

- 14.1 The Annual Report for the financial year under review has been tabled and adopted by the Municipal Council.
- 14.2 An evaluation of performance in accordance with the provisions of regulation.
- 14.3 Approval of such evaluation by the Municipal Council as a reward for outstanding performance.

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14.4 The employee who incurred Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure, will not receive performance bonuses for the year under review.

14.5 AWARDING PERFORMANCE BONUS

The following table will be used to determine the payment of performance bonus to a Performance contract employee:

FINAL SCORE	BONUS/REWARD
150% and above	10% to 14% of the annual total remuneration package
130% to 149%	5% to 9% of the annual total remuneration package
99% and below	Compulsory performance counselling

15. MANAGEMENT OF EVALUATION OUTCOMES

- 15.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 15.2 A performance bonus of 5% to 14% of inclusive annual remuneration package may be paid to the Employee in recognition of outstanding performance.
- 15.3 **The employee who incurred Unauthorised, Irregular, Fruitless and Wasteful (UIFW expenditure, will not receive performance bonuses for the year under review.**
- 15.4 The Employee will be eligible for progression to the next higher remuneration package, within the relevant remuneration band, after completion of at least twelve months (12) service at current remuneration package 30 June(end of financial year) subject to a fully effective assessment.
- 15.5 In the case of unacceptable performance, the Employer shall-
 - 15.5.1 Provide systematic remedial of development support to assist the Employee to improve his/her performance, and
 - 15.5.2 After appropriate performance and counselling and having provided the necessary guidance and /or support as well as reasonable time for improvement in performance, the Employer may consider steps to terminate the contract of employment of the Employee on grounds of unfitness or incapacity to carry out his or her duties.
- 15.6 The following formula shall be used to calculate total scores for awarding performance bonus: -
 - 15.6.1 (a) $\text{Weight} \times \text{Final score per KPA} = V \times 80\%$ (for KPA) = score for each KPA
 - (b) Add up all KPA scores to get a total sum = W
 - 15.6.2(a) $\text{Weight} \times \text{Final score per CMC} = Y \times 20\%$ (for CMC) = score for each CCR
 - (b) Add up all CCR scores to get a total sum = Z
 - 15.6.3 $W + Z = \text{Total score (percentage)}$

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16. DISPUTE RESOLUTION

16.1 Any disputes about the nature or content 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 -

16.1.1. In the case of Managers directly accountable to the Municipal Manager, the Mayor within thirty (30) days of receipt of a formal dispute from the Employee whose decision shall be final and binding on both parties.

16.1.2 Any dispute about the outcome of the Employee's performance evaluation must be mediated by-

16.1.3 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), within thirty (30) days of receipt of formal dispute from the Employee, whose decision shall be final and binding on both parties.

16.1.4 In the event that the mediation process contemplated above fails, clause 19.3 of the contract of employment shall apply.



17. GENERAL

17.1 The contents of this Agreement and the outcome of any review conducted in terms of Annexure A may be available to the public by the Employer.

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

Thus done and signed at KOKSTAD..... on this the 28..... day of JUNE..... 2019



AS WITNESSES:


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- 2. 



**Mr Lulamile Houghton Mapholoba
EMPLOYEE**

AS WITNESSES:

- 1. 
- 2. 



Cllr Bhekri Michael Mtolo

EMPLOYER