

# " The City of Heritage "



## ULUNDI MUNICIPALITY PERFORMANCE AGREEMENT

2016/2017

ENTERED INTO AND BETWEEN


### THE ULUNDI LOCAL MUNICIPALITY

Herein represented by Councillor Wilson Ntshangase in his capacity as Mayor of the Municipality (hereinafter referred to as the EMPLOYER)

AND

**N.G. ZULU**

Municipal Manager of the Municipality (hereinafter referred to as the EMPLOYEE)

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## 1. INTRODUCTION

- 1.1 The Ulundi Local Municipality (the Employer) has entered into a contract of employment with **N.G. Zulu** (the Employee) in terms of Section 57(1)(a) of the Municipal Systems Act, Act 32 of 2000, as amended (hereinafter referred to as the Systems Act).
- 1.2 Section 57(1)(b) of the Systems Act, read with the contract of employment between the two 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 **Municipal Manager** (the Employee), reporting to the Executive Committee of the Municipality (the Employer), to a set of actions that will secure local government policy goals.
- 1.4 This performance agreement is concluded between the Employee, **N.G. Zulu**, and the Executive Committee of the Employer, represented by the councillor elected as Mayor.

## 2. PURPOSE OF THIS AGREEMENT

The purpose of this agreement is to:

- 2.1 Comply with the provisions of Section 57 of the Systems Act and the Municipal Performance Regulations published in the *Government Gazette* dated 1 August 2006;
- 2.2 Specify objectives 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, the Service Delivery and Budget Implementation Plan and the Budget of the Municipality;
- 2.3 Specify accountabilities as set out in the Municipal Performance Plan for the 2016 / 2017 financial year, which forms an annexure to the performance agreement;
- 2.4 Monitor and measure performance against set targeted outputs;
- 2.5 Use the performance agreement as the basis for assessing whether the Employee has met the performance expectations applicable to her job;
- 2.6 In the event of outstanding performance, to appropriately reward the Employee; and

  
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- 2.7 Give effect to the Employer's commitment to a performance orientated relationship with its Employee in attaining equitable and improved service delivery.

### **3. PERFORMANCE MANAGEMENT SYSTEM**

- 3.1 The Employee agrees to participate in the performance management system that the Employer adopts or introduces for the Municipality.
- 3.2 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.
- 3.3 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.
- 3.4 The Employee undertakes to actively focus towards the promotion and implementation of the Key Performance Areas reflected in the Municipal Performance Plan for the 2016 / 2017 financial year within the local government framework.

### **4. EMPLOYER OBLIGATIONS**

- 4.1 The Employer shall endeavour to create a working environment that is conducive to the Employee being able to attain the standards of performance expected of her.
- 4.2 The Employer shall provide the Employee with such physical, financial and human resources as are reasonably required for her to perform her functions.
- 4.3 The Employer shall provide access to skills development and capacity building opportunities.
- 4.4 The Employer shall empower the Employee by way of a set of appropriate delegations to act and make relevant decisions in the course of her employment.
- 4.5 The Employer shall work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the employee.

  
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4.6 The Employer shall conduct the performance review in a fair and transparent manner.

## **5. EMPLOYEE OBLIGATIONS**

5.1 The Employee is obliged to perform her functions to the best of her abilities and shall as far as practically possible endeavour to meet the standards of performance as set out in the attached Municipal Performance Plan for the 2016 / 2017 financial year.

5.2 The Employee shall under all circumstances act in the best interests of the Ulundi Local Municipality (the Employer).

5.3 The Employee shall co-operate with the Employer in conducting performance reviews.

## **6. CONSULTATION**

6.1 The Employer agrees to consult the Employee timeously where the exercising of its powers will have amongst others:

6.1.1 A direct effect on the performance of any of the Employee's functions;

6.1.2 A commitment by the Employee to implement or to give effect to a decision made by the Employer: and

6.1.3 A substantial financial effect on the Employee.

6.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in sub-item 6.1 as soon as is practicable to enable the Employee to take the necessary action without delay.


## **7. COMMENCEMENT AND DURATION**

7.1 Irrespective of the date of the signature of the agreement, this performance agreement and its annexure (the Organisational Scorecard for the 2016 / 2017 financial year) will commence on 1 October 2016 and will remain in force until 30 September 2017. Thereafter a new annexure to this agreement will be concluded between the two parties for the following financial year.

- 7.2 The parties will review the provisions of this agreement during June each year. The parties will then conclude a new performance agreement that replaces the previous agreement by no later than 31 October of that year.
- 7.3 The agreement will terminate on the termination of the Employee's contract of employment for any reason.
- 7.4 Nothing contained in this performance agreement in any way limits the right of the Employer to terminate the Employee's contract of employment with or without notice for any other breach by the Employee of her obligations to the Employer or for any other valid reason in law.
- 7.5 The content of the agreement may be revised at any time during the abovementioned period to determine the appropriateness of the matters agreed upon.
- 7.6 If at any time during the validity of the performance agreement the work environment alters (whether as a result of government or Council decisions or otherwise) to the extent that the contents of the agreement are no longer appropriate, the content shall immediately be revised and then mutually agreed upon by the two parties.

## 8. PERFORMANCE OBJECTIVES


- 8.1 The **Municipal Performance Plan** for the 2016 / 2017 financial year sets out:
- 8.1.1 The key performance areas for which the Employee is responsible.
- 8.1.2 The performance objectives and targets that must be met by the Employee.
- 8.1.3 The timeframes within which those performance objectives and targets must be met.
- 8.1.4 The performance objectives and targets reflected in the Performance Plan are set by the Employer in consultation with the Employee in compliance with legislative requirements and based on the Integrated Development Plan and the Budget of the Municipality and include key performance areas, objectives, targets, key performance indicators and weightings.
- 8.1.5 The key performance areas describe the main tasks to be done. The key performance indicators consist of the details of the evidence that must be provided to show that an objective has been achieved. The targets describe the timeframe in which the work must be achieved.

  
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The weightings reflect the relative importance of the objectives to each other.

8.2 The **Core Managerial Competencies** required by the Municipal Performance Regulations dated 1 August 2006 are outlined hereunder:

<b>Managerial Competency</b>	<b>Wtg</b>	<b>Strategic Alignment</b>
Client Orientation and Customer Focus		Whether providing a service to an internal or external customer this means trying to find out what the needs of the customer are and reacting to meet those needs. Ideally all employees, especially those at a managerial level are required to be proactive by trying to understand the underlying needs of the customer and providing an appropriate service based on these underlying needs.
People Management and Empowerment		This is about how a manager leads a group of people so that they work well together as a team. This means holding regular meetings (that have set agendas and objectives) with the team so that information can be shared and so that the team is aware of decisions that may affect them. It involves sharing out the workload so that team members' skills are used appropriately and so that the work load is evenly spread among team members. It involves making sure that the team has the necessary tools and resources in order to do their work.
Financial Management		What is of importance in this regard is the ability of a manager to control the financial implications of the processes within her area of responsibility. This involves strategic planning, resource allocation and applying limits stipulated in budgets.
Service Delivery Innovation		All managers are required to set goals and to achieve these goals so that the overall objectives of the Municipality can be met. They are also required to look for new and better ways of doing things in order to improve speed, efficiency, quality, service and / or cost effectiveness.
Programme and Project Management		Managerial skills are required to plan and organise an activity so that a specific goal is achieved. This involves setting goals, preparing plans to achieve these goals, implementing the plans and monitoring progress against these plans. It involves being aware of the interrelationships among activities and then planning tasks and resource allocation accordingly. It requires being able to work effectively under tight deadlines.
Communication		In order to be successful and meet our service delivery requirements it is essential that all employees cooperate and communicate with each other. At a management level employees are required to facilitate a friendly working environment where cooperation is encouraged, where conflicts are resolved quickly and amicably and where information is communicated so that there is a common knowledge and understanding of municipal activities.
Honesty and Integrity		This is about being open, transparent and honest in all dealings. It is about keeping promises that one makes and working within the policies, procedures and authorised delegations of Council.

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8.3 The **Core Management Responsibilities** of the Employee are outlined hereunder:

<b>Performance Objective</b>	<b>Wtg</b>	<b>Performance Measures</b>
Manage the interface with the Executive Committee so that the administration is aligned with the priorities of the Municipality		<ul style="list-style-type: none"> <li>➤ Ensure that the staff in general and the management in particular are aware of and understand Council policies and priorities</li> <li>➤ Monitor reports and other information provided by staff to Council to ensure accuracy and cross-functional integration</li> <li>➤ Ensure that the Executive Committee and other committees of Council are timeously provided with the information necessary to carry out their functions</li> <li>➤ Feedback from the Executive Committee and no valid complaints from Council with regard to advice given on policy matters</li> <li>➤ Feedback from Executive Committee on levels of support and advice given by the Employee</li> <li>➤ Feedback from Executive Committee on the Employee providing an interface between the senior management and the Council</li> </ul>
Ensure good governance within the Municipality		<ul style="list-style-type: none"> <li>➤ Maintenance of a complaints register with a record of response</li> <li>➤ Audit reports as evidence of compliance to legislation</li> <li>➤ Feedback provided by Executive Committee, Mayor and Council on extent of good governance in the Municipality</li> </ul>
Develop and maintain relationships at a local, provincial and national level to promote the needs and requirements of the Municipality		<ul style="list-style-type: none"> <li>➤ Evidence provided to reflect contact with / attendance at district, provincial and national forums</li> <li>➤ Evidence reflecting reaction (including submission of business plans) to access available funding at district / provincial / national level</li> </ul>
Strategically manage the use of the Municipality's resources so that an economic, effective and efficient service is delivered		<ul style="list-style-type: none"> <li>➤ Submit an annual service delivery strategy to Council</li> <li>➤ Submit annual business plans and the attendant budget to Council for approval</li> <li>➤ Ensure that a Council and staff training strategy, within budgetary constraints, is in place and implemented</li> <li>➤ Ensure that the Municipality is in compliance with all aspects of the health and safety legislation</li> <li>➤ Ensure that all Council policies and procedures, developed in compliance with relevant legislation, are approved by Council and implemented by staff at all levels.</li> </ul>
Lead, direct and manage senior staff so that they are able to meet their strategic objectives		<ul style="list-style-type: none"> <li>➤ Every Head of Department to sign an employment contract in accordance with the provisions of the Systems Act</li> <li>➤ Every Head of Department to sign a performance agreement for the 2016 / 2017 financial year</li> <li>➤ Formal performance feedback sessions held with Heads of Department every three months – documentation available for inspection</li> <li>➤ Senior management team meeting held on a monthly basis; minutes available for inspection</li> </ul>
Oversee the strategic planning for the Municipality that will ensure poverty alleviation and the facilitation of sustainable economic growth and		<ul style="list-style-type: none"> <li>➤ Establish systems and structures in the administration to ensure integrated development planning and management of municipal resources</li> <li>➤ Submit the annual review of the IDP (after consultation) to the Council for approval prior to the finalisation of the budget</li> <li>➤ Progress made against IDP objectives available for inspection</li> </ul>

development		
Facilitate mechanisms of public participation so that needs of the community are understood		<ul style="list-style-type: none"> <li>➤ Public participation plan developed and approved by Council</li> <li>➤ Evidence to be provided in the form of minutes of meetings and publicity documentation to show that these mechanisms are in place and operative</li> </ul>
Ensure all planning and reporting of performance at the Municipality in terms of the Systems Act		<ul style="list-style-type: none"> <li>➤ Internal audit performance reports</li> <li>➤ Performance audit committee reports</li> <li>➤ Annual performance report</li> <li>➤ Auditor General audit report on performance</li> <li>➤ Community participation review</li> </ul>

## 9. ASSESSMENT OF PERFORMANCE

### 9.1 Performance Reviews

The performance of the Employee in relation to her performance agreement shall be reviewed on the following basis:

First Quarter	July to September
Second Quarter	October to December
Third Quarter	January to March
Fourth Quarter	April to June

9.1.1 The quarterly reviews for the first and third quarter may be undertaken verbally between the Employer representative and the Employee if performance is satisfactory.

9.1.2 The fourth quarter (annual) review will be undertaken by an evaluation panel. The evaluation panel will consist of three of the following persons:

- Mayor of the Ulundi Municipality (Chairperson)
- Chairperson of the Audit Committee
- Member of the Executive Committee of the Ulundi Municipality
- Mayor/Municipal Manager from another Municipality
- Member of a Ward Committee as nominated by the Mayor
- Performance Management Specialist

9.1.3 The Employer shall keep a record of the mid-year review and the annual assessment meetings.

9.1.4 Performance feedback will be based on both the Employer's and the Employee's assessment of the Employee's performance. Part of the



review process is the development of an agreed assessment of the Employee's performance.

## 9.2 Performance Rating Scale

Level	Terminology	Description	Rating
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 the Performance Plan and maintained this in all areas of responsibility throughout the year	130% - 150%+
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. This 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.	100% - 129%
3	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.	90% - 100%
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 the Performance Plan	60% - 89%
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 the 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	Below 60%

## 9.3 Evaluation of Performance

The evaluation of performance consists of the following:

9.3.1 An assessment of the achievement of results as outlined in the Organisational Scorecard (60%); an assessment of the Core

Management Criteria (20%); and an assessment of the Core Management Responsibilities (20%).

9.3.2 Each objective in the Municipal Performance Plan will be assessed according to the extent to which the specified standards or performance indicators have been met.

9.3.3 Each of the elements of the Core Management Criteria and the Core Management Responsibilities, which have been weighted equally, will be assessed according to the extent to which the alignment and performance measure standards have been met.

9.3.4 An indicative rating on the five point rating scale will be provided for each performance objective and / or managerial competency.

9.3.5 For each objective / competency an assessment score will be obtained by multiplying the weighting attached to the objective / competency by the rating on the five point rating scale.

## **10. MANAGEMENT OF EVALUATION OUTCOMES**

10.1 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

10.2 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package will be paid to the Employee in recognition of outstanding performance to be constituted as follows:

10.2.1 A score of 130% to 149% is awarded a performance bonus ranging from 5% to 9% and a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

10.3 Where the Employer is not satisfied with the Employee's performance with respect to any matter dealt with in this agreement, the Employer will give notice to the Employee to attend a meeting to discuss the matter. The Employee will have the opportunity at the meeting to satisfy the Employer of the measures being taken to ensure that the Employee's performance becomes satisfactory. The Employee will provide the Employer with a programme, including any dates, for implementing these measures.

Should the Employer not be satisfied with the explanations and measures as provided by the Employee, the matter will be referred to the full Council of the

Employer for further action which can result, subject to compliance with applicable labour legislation, in termination of the Employee's employment in accordance with the notice period set out in the contract of employment.

## 11. DISPUTE RESOLUTION

- 11.1 In the event that the Employee is dissatisfied with any decision or action of the Employer in terms of this agreement, or where a dispute or difference arises as to the extent to which the Employee has achieved the objectives and performance targets established in terms of this agreement, the Employee may meet with the Employer with a view to resolving the issue. At the Employee's request the Employer will record the outcome of the meeting in writing.
- 11.2 In the event that the Employee remains dissatisfied with the outcome of that meeting, she may refer a formal dispute for mediation to the MEC for local government in the Province, or any other person designated by the MEC whose decision, rendered within 30 (thirty) days of receipt of the formal dispute, shall be final and binding on both parties.

## 12. GENERAL



- 12.1 The contents of this performance agreement must be made available to the public by the Employer in accordance with the Municipal Finance Management Act, Act 56 of 2003, and Section 46 of the Systems Act
- 12.2 This performance agreement is written in English; hence English shall be the language of all communication between the two parties. All correspondence between the parties to this agreement and all reports and other documentation shall be submitted in English.
- 12.3 The parties to this agreement record that this agreement constitutes the whole of the agreement and arrangements for the performance of the Employee for the 2016 / 2017 financial year.
- 12.4 No agreement varying, adding or deleting from or cancelling this agreement shall have any effect unless reduced to writing and signed by both parties.
- 12.5 Nothing in this agreement diminishes the obligations, duties or accountability of the Employee in terms of her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

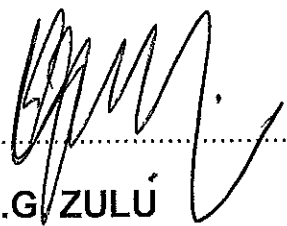
12.6 The annual performance evaluation result of the Employee must be submitted to the MEC responsible for Co-operative Governance & Traditional Affairs in KwaZulu-Natal as well as the Minister for Co-operative Governance & Traditional Affairs within 14 (fourteen) days after the conclusion of the assessment.

### 13. SIGNATURE OF THE PARTIES

Signed at Ulundi on this 01 day of OCTOBER 2016

AS WITNESSES


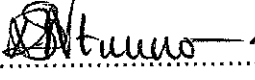
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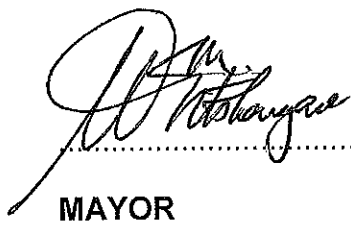
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N.G. ZULU

Signed at Ulundi on this 01 day of OCTOBER 2016

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MAYOR

## EVALUATION OF PERFORMANCE

### PART A: MUNICIPAL PERFORMANCE PLAN

Weighting	Maximum Score	Agreed Evaluation	Actual Score	Percentage of Maximum Score
<b>TOTAL</b>				

Contribution to Overall Performance Score (60%) \_\_\_\_\_

### PART B: CORE MANAGERIAL COMPETENCIES

Competency	Agreed Evaluation	Percentage Score
Client Orientation and Customer Focus		
People Management and Empowerment		
Financial Management		
Service Delivery Innovation		
Programme and Project Management		
Communication		
Honesty and Integrity		
<b>TOTAL</b>		

Contribution to Overall Performance Score (20%) \_\_\_\_\_

**PART C: CORE MANAGEMENT RESPONSIBILITIES**

<b>Performance Objective</b>	<b>Agreed Evaluation</b>	<b>Percentage Score</b>
Manage the interface with the Executive Committee		
Ensure good governance within the Municipality		
Develop and maintain relationships at a local, provincial and national level		
Strategically manage the use of the Municipality's resources		
Lead, direct and manage senior staff		
Oversee the strategic planning for the Municipality		
Facilitate mechanisms of public participation		
Ensure all planning and reporting of performance at the Municipality		
<b>TOTAL</b>		

Contribution to Overall Performance Score (20%) \_\_\_\_\_

**SUMMARY**

<b>Performance Area</b>	<b>Performance Score</b>
Part A: Organisational Scorecard	
Part B: Core Managerial Competencies	
Part C: Core Management Responsibilities	
<b>TOTAL EVALUATION OF PERFORMANCE</b>	

Signed: 

N.G. Zulu

Date: 01/10/2016

Signed: 

Mayor

Date: 01/10/2016