Department of Provincial and Local Government

Performance Management Guide for Municipalities

2001

"What gets measured get done

If you don't measure results,
you can't tell success from failure

If you can't see success,
you can't reward it

If you can't reward success,
you are probably rewarding failure

If you can't see success,
you can't learn from it

If you can't recognise failure,
you can't correct it

If you can demonstrate results,
you can win public support"

(Osborne L. Gaebler, 1992)

Foreword by the Minister

The White Paper on local government sets out a broad vision of developmental local government. This is essentially a vision that calls on municipalities to find means of confronting the legacy of underdevelopment and poverty in their local areas. The White Paper further recognised integrated development planning, performance management and community participation as crucial mechanisms to achieve this.

These mechanisms reinforce each other to bring about change, transformation and improved service delivery at a local level. In essence, the White Paper visualises a process where communities will be involved in governance matters, including planning, implementation and performance monitoring and review. In this particular way, communities would be empowered to identify their needs, set performance indicators and targets and thereby hold municipalities accountable for their performance in service delivery. With communities engaging municipalities from an informed position, this can only result in municipalities planning better and strategically while improving the way they work for accelerated service delivery.

This, therefore, defines the place of performance management as a tool for change in our conceptualisation of the local government transformation. It is another indication of how seriously government takes good governance and service delivery. The performance management philosophy also rests on an understanding that other spheres of government need to play their part in supporting local government to perform their functions better and thereby improve the quality of lives of our people.

We need to support municipalities to ensure the successful implementation of their programmes. As part of the broader support framework, the Department has developed this guide to enable local government practitioners in the sector to implement the system.

The strides that we can make in this regard will put us among the few leading nations in the area of performance monitoring. We, certainly, are one of the few, if not the only, among developing countries, to have taken this bold step towards improving the ability of local government to deliver.

I, therefore, wish all local government practitioners well in your endeavours to make local government work, and hope that the guide will add further impetus to the momentum of change.

FHOLISANI SYDNEY MUFAMADI

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1.   Introduction

1.1 Purpose of this Guide

Performance management is a new requirement for local government in South Africa. Moreover it is a specialised field with concepts usually interpreted and applied differently. This guide, therefore, seeks to assist councilors, managers, officials and local government stakeholders in developing and implementing a performance management system in terms of the requirements of the legislation. The Guide also strives to establish common language and thereby ensure some level of consistency and uniformity in the application of concepts.

The guide is not meant to prescribe what municipalities must do, but only to provide guidelines. It is also not meant to go into detail about the integrated development planning processes and employee performance management, but only to draw the necessary linkages to the overall organisational performance management.

1.2 Policy Background

1.2.1 The Batho Pele White Paper

The Batho Pele White Paper notes that the development of a service-orientated culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations. Local partners can be mobilised to assist in building a service culture. For example, local businesses or non-governmental organisations may assist with funding a help line, providing information about specific services, identifying service gaps or conducting a customer survey.

1.2.2 The White Paper on Local Government

The White Paper on Local Government (1998) proposed the introduction of performance management systems to local government, as a tool to ensure Developmental Local Government. It concludes that:

"Integrated development planning, budgeting and performance management are powerful tools which can assist municipalities to develop an integrated perspective on development in their area. It will enable them to focus on priorities within an increasingly complex and diverse set of demands. It will enable them to direct resource allocations and institutional systems to a new set of development objectives."

The White Paper adds that:

"Involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query; others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance

indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system enhanced".

1.3 Legislative Requirements

1.3.1 The Municipal Systems Act

Following the processes of developing a policy framework on performance management, the Municipal Systems Act, containing the framework was passed.

The Municipal Systems Act, enacted in November 2000, requires all municipalities to:

- Develop a performance management system
- Set targets, monitor and review performance based on indicators linked to their integrated development plan (IDP)
- Publish an annual report on performance for the councillors, staff, the public and other spheres of government
- Incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government
- Conduct an internal audit on performance before tabling the report
- Have their annual performance report audited by the Auditor-General
- Involve the community in setting indicators and targets and reviewing municipal performance

2. About the Guide

This guide has been prepared by the Department of Provincial and Local Government. It is intended to serve as a set of simple, user-friendly non-prescriptive guidelines that will assist municipalities in developing and implementing their legislatively required performance management system. It is designed to enable them to develop and implement such a system within their resource constraints, suited to their circumstances and in line with the priorities, objectives, indicators and targets contained in their integrated development plan.

The guide is aimed at local government councillors, managers, officials, community-based organisations and members of the public. The guide presents guidelines on the development and implementation of an organisational performance management system while highlighting some of the linkages to an employee or personnel performance management system. The latter is however not the focus of the guide.

3. Phase 1: Starting the Performance Management Process

This phase involves clarifying and delegating roles and responsibilities, setting up internal institutional arrangements and setting up a framework for managing the change process.

3.1 Step 1: Delegation of Responsibilities

The Municipal Systems Act places responsibility on council to adopt the performance management system, while holding the executive committee or executive mayor responsible for the development of the system. The executive committee or executive mayor may assign responsibilities to the municipal manager in this regard, but remains accountable for the development of the performance management system. The municipal manager may further delegate the responsibility to another senior manager.

Therefore it is important that the Council, within its policy framework on delegation, assigns responsibilities accordingly. This may be done in writing. In the assignment letter, the Council should stipulate quite clearly what needs to be done, by whom and when.

3.2 Step 2: Setting up Internal Institutional Arrangements

A municipality may establish a project team led by a senior manager delegated by the municipal manager. It would be preferable that the senior manager and the project team be the same people involved or responsible for the integrated development process. The team will report to the municipal manager who will in turn account to the executive mayor or the executive committee and finally, Council.

Figure 1: Internal Instutional Arrangements
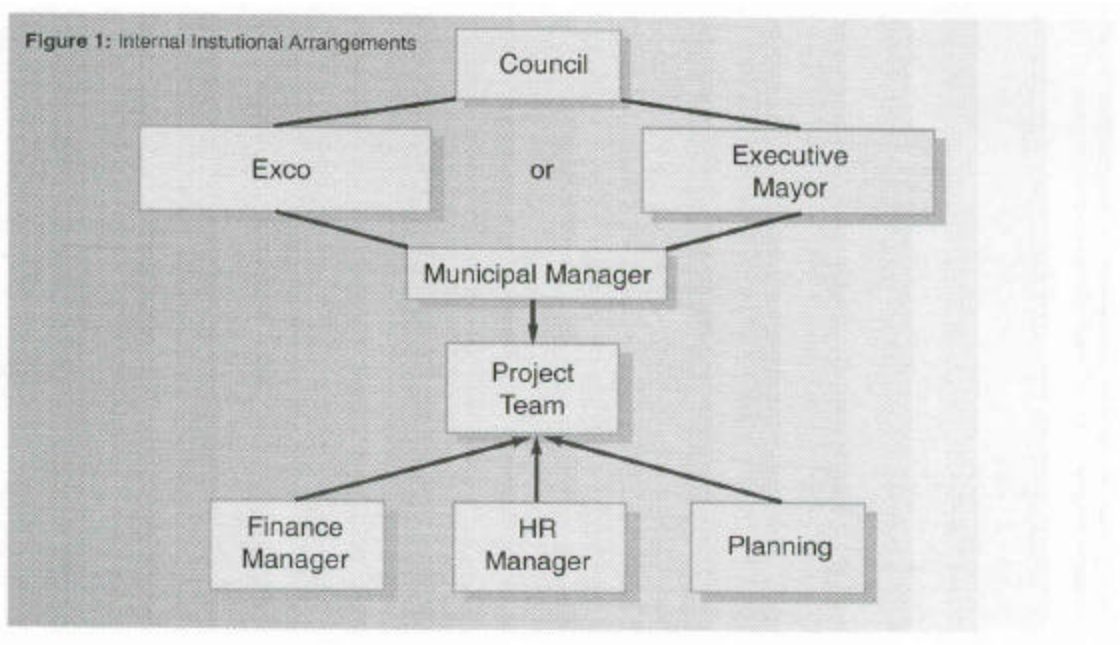
The project team could be responsible for:

- Preparing the organisation
- Facilitating the development of the system
- Supporting the organisation in implementation

3.3 Step 3: Managing the Change Process

When introducing a performance management system, it is important to prepare your organisation for change. Reaching a common understanding of performance management is crucial. The most serious stumbling block to making performance management work effectively arises out of different understandings of why we need it and what it will do. Stakeholders will thus need to come to a common understanding of performance management. This is an important preparatory component of the change process, requiring that officials are aware, understand and accept why performance management is needed and what principles will govern its development and use.

It is important that each municipality workshops these issues internally. It may be important that the leadership informs the organisation that performance management will ensure the accountability of:

- The municipality to citizens and communities
- The administration to Council
- Line functions to executive management
- Employees to the organisation

Informing the organisation will also:

- Make change happen by mobilising the organisation for change
- Clarify strategy and make it accessible
- Ensure strategic alignment of all operations, thus transforming strategy into operations and vision into action
- Clarify and manage roles, responsibilities and expectations between the public and the municipality, between politicians and officials and amongst officials
- Communicate these roles, responsibilities and expectations within the organisation and to the public
- Deepen democracy by encouraging public participation through the communication of performance information and the creation of appropriate mechanisms to hold the council accountable in the periods between elections
- Create a mechanism for efficient decision-making on the allocation of resources
- Introduce a diagnostic tool that not only tells us whether we are *doing things right* but also whether we are *doing the right things*
- Redefine the incentive structure by rewarding successes and alternatively identifying opportunities for growth, learning and development
- Ensure that the process of developing the system will be:

    - Inclusive
    - Participatory, and
    - Transparent

    and that the system will be:

    - Simple
    - Realistic

- Fair and objective
- Developmental
- Non-punitive

These issues could be discussed in focus workshops organised by the municipality. A municipality should however be careful not to prolong the process. In fact, this needs to happen in parallel with other processes for developing the system.

So far we have looked at some of the preparatory steps in ensuring the smooth introduction of a performance management system that could help reduce problems in implementation. These preparatory measures are not exhaustive and are informed by experience locally and internationally.

4. Phase 2: Developing a Performance Management System

Developing a performance management system is the crucial phase. It involves the development of a framework within which performance management processes will happen. It also involves answering the following questions:

- When does performance management start?
- What are the components of a performance management system?
- Who will manage whose performance?
- When will performance be monitored, measured and reviewed?
- What aspects of performance will be managed?
- How do we respond to good and poor performance?
- What institutional arrangements have to be established to make this work?

In answering these questions fully, a municipality will need to develop a framework for performance management. This guide attempts to assist you through this process.

4.1 Processes for Developing the System

At this point, the project team needs to plan how the process for developing the system is to be managed within the framework of the legislation. This should include the identification of stakeholders and establishment of structures to facilitate the development of the system.

4.2 Step 1: Current Reality

The project team needs to:

- Do an assessment of how planning, implementation and monitoring happens within the municipality
- Identify gaps in terms of new integrated planning and performance management requirements

4.3 Step 2: Identification of Stakeholders

It is important for each municipality to complete the exercise of identifying who the stakeholders are for its performance management system. While there are common stakeholder categories for all municipalities, it is important that municipalities disaggregate these categories until it is useful for their municipality. The following list of categories for stakeholders does not intend to be exhaustive, but to be a starting point from which to work:

Citizens and Communities, including:

- Civics
- Community Based Organisations
- Ward Committees
- Non-Governmental Organisations
- Businesses and Organised Business

Councillors, including:

- Mayor
- Executive Committee
- Standing / Portfolio Committees
- Council

Officials, including:

- Municipal Manager
- Management Team
- Line Management
- Employees
- Organised Labour

Partners, including:

- Public Partners
- Private Partners
- Service Providers

Each of these categories of stakeholders will play a different role in developing, implementing and using the performance management system. While some stakeholders will play minor roles when compared to others, their role must be acknowledged and planned for. The roles that each of these stakeholders will play will be discussed in (Section 5). Table 1 provides an indication of some of the roles that different stakeholders can play.

Table 1: Stakeholder Roles

Stakeholders	Planning	Implementing	Monitoring	Reviewing
Citizens and Communities	Be consulted on needs Develop the long term vision for the area Influence the identification of priorities Influence the choice of indicators and setting of targets		Be able to monitor and "audit" performance against commitments	Be given the opportunity to review municipal performance and suggest new indicators and targets
Councillors	Facilitate the development of a long-term vision Develop strategies to achieve vision Identify priorities Adopt indicators and set targets		As far as possible, monitor municipal performance from different areas	Review municipal performance for major reviews such as the annual review Review the performance of the executive committee
Executive Committee	Play the leading role in giving strategic direction and developing strategies and policies for the organisation Manage the development of an IDP Identify indicators and set targets Communicate the plan to other stakeholders		As far as possible, monitor municipal performance from different areas Commission audits of performance where necessary	Conduct the major reviews of municipal performance, determining where goals have or have not been met, what the causal reasons are and to adopt response strategies
Executive Management	Assist the executive committee in providing strategic direction and developing strategies and policies for the organisation Manage the development of an IDP Ensure that the plan is integrated Identify indicators and set targets Communicate the plan to other stakeholders	Manage the implementation of the IDP	Regularly monitor the implementation of the IDP, identifying risks early Ensure that regular monitoring (measurement, analysis and reporting) is happening in the organisation Intervene in performance problems on a daily operational basis	Conduct regular reviews of performance e.g. monthly Organise the performance reviews at the political level Ensure the availability of information Propose response strategies to the executive committee or council
Sectoral Managers	Develop sectoral plans for integration with other sectors within the strategy of the organisation	Implement the integrated development plan - make it a reality	Measure performance according to agreed indicators, analyse and report regularly, e.g. monthly	Conduct reviews of sectoral and team performance against plan before executive reviews
Employees	Contribute ideas to the integrated development plan Adopt IDP by aligning personal goals and plan with the organisational plan	Implement the IDP and fulfil the personal plan	Monitor own performance continuously Monitor and audit the performance of the organisation and respective team	Participate in review of own performance Participate in the review of organisational performance where necessary
Organised Labour	Play a contributory role in giving strategic direction and developing long-term vision for the organisation and municipal area Contribute to the development of an IDP Ensure support of members for the IDP		Monitor and audit the performance of the organisation, especially from a labour perspective	Participate in the public review of municipal performance

4.4 Step 3: Creating Structures for Stakeholder Participation

It is important to establish structures that will facilitate the meaningful participation of stakeholders in the development of the system, consistent with the legislation. The municipality, in terms of their own circumstances, should determine the nature of the structure. It is recommended that municipalities consider the IDP Representative Forum proposed in the IDP Guide pack. As far as possible, the Performance Management System (PMS) structures must be the same as those of IDPs or at least be linked to them.

4.5 Step 4: Developing the System

The Municipal Systems Act requires municipalities to develop a performance management system suitable for their own circumstances. Therefore, working with the stakeholders, the project team needs to develop and propose a performance management system. A performance management system means a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review and reporting will happen and be organised and managed, while determining the roles of different role-players. In terms of the regulations, the system must be of such a nature that it:

- Complies with all the requirements sets out in the Act;
- Demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;
- Defines the roles and responsibilities of each role-player, including the local community, in the functioning of the system;
- Clarifies the processes of implementing the system within the framework of the IDP process;
- Determines the frequency of reporting and the lines of accountability for performance;
- Links organisational performance to employee performance;
- Provides for the procedure by which the system is linked with the municipality's IDP processes; and
- Shows how any general key performance indicators (KPIs) envisaged in section 43 of the Act will be incorporated into the municipality's planning and monitoring processes.

Below are some of the models developed and adopted by different international municipalities. Municipalities can examine these examples to see if some of the components can be useful for their own systems. This can assist the municipality in its judgement. An initial assessment is provided for each of the models. It is however up to each municipality to make its own assessments and decisions as to the model best suited to its needs.

4.5.1 Planning, Performance Measurement and Feedback: A framework by the Accounts Commission of Scotland

Framework 1:
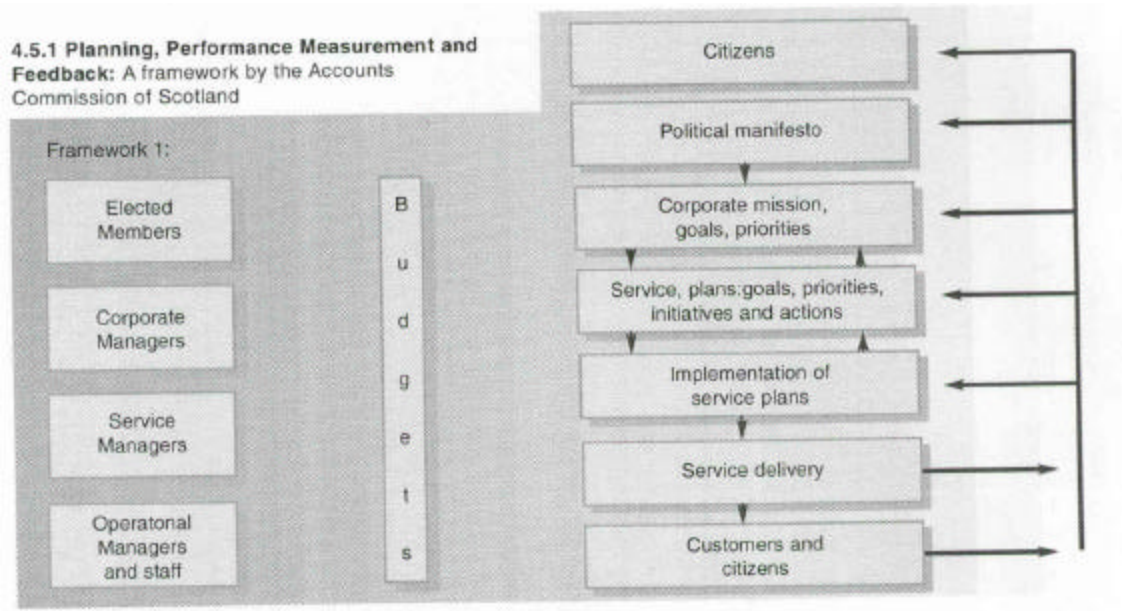
Assessment:

- It shows how the system is managed from planning to reviews
- It shows roles and responsibilities of each role-player including the community or citizens
- It links performance to planning process
- It shows reporting lines but not the frequency
- It links the system to employee performance
- Does not explicitly refer to setting indicators, targets or clearly show the monitoring p rocess

4.5.2 Planning and Performance Management Framework: Industry Canada

Framework 2:

Steps	1. Establish Profile ("Vision")	2. Set operational Goals/Targets	3. Select Key Measures/ Indicators	4. Prepare Data Collection	5. Report Performance
Tasks	Agree on mission and objectives.	Activities/Outputs Planned Quantities Planned costs Specifications Timeframe(s)	Activity and output measures	Data Sources Means of collection Frequency	Users(s) Content: Resources Reach Results Frequency
	Define reach: Clients/users Intermediaries	Reach: Planned quantities Planned costs Timeframe(s)	Reach measures	Responsibilities Systems: Available Needed	Responsibilities
	Define impacts: Direct Medium term Long term	Impacts: Planned quantities Planned costs Specifications Timeframe(s)	Impact measures		
	Other stakeholders				
	Define activities and outputs				
End Products	Profile Document	Operational Plan	Listing of Key Indicators	Plan of Data Collection	Performance Reports

Assessment:

The system/framework:

- Shows how it is managed from planning to reporting although it does not show who manages
- Shows involvement of stakeholders although it does not show involvement of internal role-players
- Refers to targets and indicators (of different kinds)
- Refers to measurements, monitoring (data collection) and reporting
- Does not show how the cycle operates in its entirety

4.5.3 Business Planning System: Brain Tree Council
Framework 3:
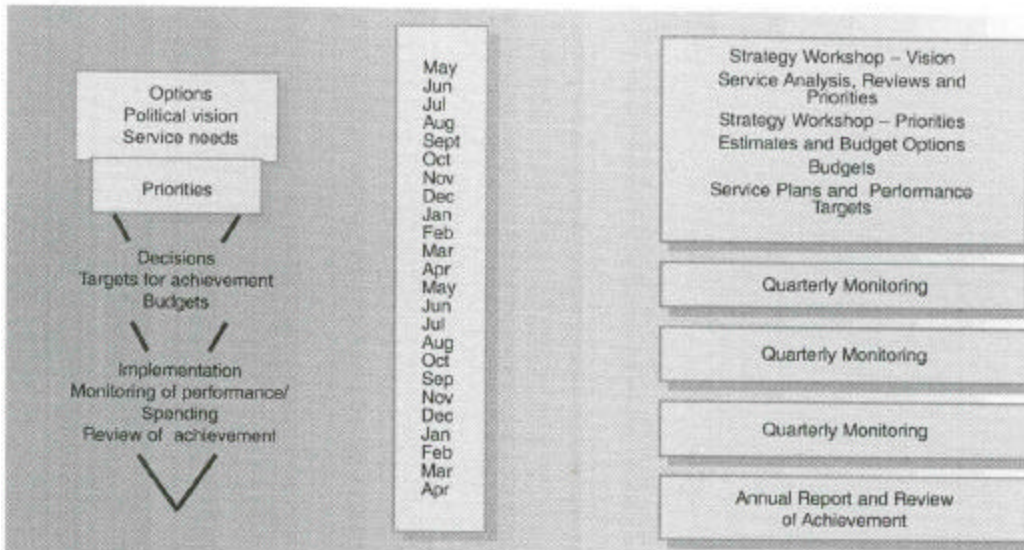
Assessment:

- Shows how the system links to planning
- Shows how it is managed from planning to reporting
- Refers to monitoring, review, measurement and reporting
- Refers to targets but not indicators specifically
- Shows frequency of reporting
- It does not show lines of accountability and role of stakeholders
- Does not link the system to employee performance

4.5.4 Business Planning Process: Grande Pairine City Council Canada
Framework 4: Business planning framework: Flowchart and key questions
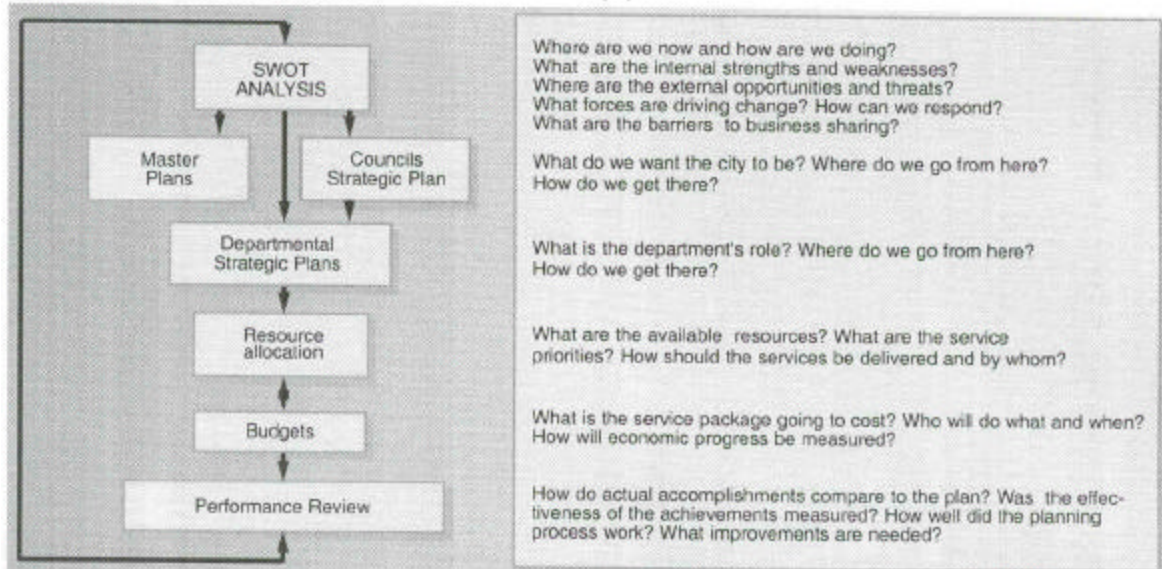
Assessment:

The framework/system:

- Shows how the system links with planning
- Shows how plans link with administrative structures
- Refers to performance reviews and effectiveness measurements
- Refers to improvement measures
- Does not show the management of the system
- Does not show roles of different role-players
- Does not show all components of the system

4.6 Step 5: Publication of the System

Following an assessment of all the available Performance Management System models and frameworks, municipalities need to develop their own or adopt a system that suits their circumstances.

The municipality may publish the system in the local media for public comment. The publication needs to be for a short period.

4.7 Step 6: Adoption of the System

Following incorporation of the public comments into the draft system, the project team should prepare the final draft for submission to Council. The Council should adopt the system when it is satisfied that the process was handled in accordance with the legislation and the proposed system complies with the requirements of the law, especially the regulations governing the nature of the system.

5.   Phase 3: Implementing Performance Management

Having adopted the system, the municipality can mandate the project team to facilitate the implementation thereof. The team, which may be the same as the IDP team, should develop an implementation strategy. The strategy should be linked to the IDP implementation framework and should entail planning, implementation, monitoring and review.

5.1 Planning for Performance

5.1.1   Step 1: Planning

The Integrated Development Planning process and the Performance Management Process should appear to be seamlessly integrated. Integrated development planning fulfils the planning stage of performance management. Performance management fulfils the implementation management, monitoring and evaluation of the IDP process.

5.1.2   Step 2: Priority Setting

Consistent with the event-centred approach in the IDP guide, the IDP should deliver the following products:

- An assessment of development in the municipal area, identifying development challenges, marginalised and vulnerable citizens and communities
- A long term development vision for the municipal area that overcomes its development challenges
- A set of delivery priorities and objectives, based on identified needs, achievable in the current term of office, that would contribute significantly to the achievement of the development vision for the area
- A set of internal transformation strategies, priorities and objectives, whose achievement would enable the delivery and the realisation of the development vision
- Additional projects identified which contribute to the achievement of the above objectives
- A financial plan and medium term income and expenditure framework that is aligned with the priorities of the municipality
- A spatial development framework
- Disaster management plans
- Operational strategies

The priorities are essentially the issues that a municipality pronounces to focus on in order of importance to address the needs. These will vary from one are to the other. They may include water delivery, electrification, sanitation and so forth. Although not suggested as part of the IDP methodology, a municipality may cluster the priorities into the following key performance areas:

- Infrastructure and services;
- Social and economic development;
- Institutional transformation;
- Democracy and governance, and
- Financial management

This is optional, but it may be a useful way to start organising the process towards aligning development priorities and objectives to the key performance indicators. It is not easy though, as some of the priorities may not neatly fit into each key performance area. Municipalities also need to be careful not to prioritise only those areas that neatly fit key performance areas. The mentioned key performance areas, however, represent the broad development mandate of local government.

5.1.3 Step 3: Setting Objectives

All components of the integrated development plan, whether they are strategies or priority areas, need to be translated into a set of clear and tangible objectives. This is a crucial stage in ensuring that there is clarity on the integrated development plan and that suitable indicators are found.

A construction of clear and concise statement of objectives is needed. The statement requires a tangible, measurable and unambiguous commitment to be made. It is often useful to have a clear timeframe attached to this commitment in your objective statement. While some statements make very good slogans and can capture a sentiment, they make very poor objective statements.

In setting objectives, a municipality needs to:

- Carefully consider the results desired
- Review the precise wording and intention of the objective.
- Avoid overly broad result statements
- Be clear about the scope and nature of change desired
- Ensure that objectives are outcome and impact focused

Examples of good statements of objectives:

- To ensure the reduction of unemployment of economically active adults to 30% by July 2005
- To ensure that all citizens are sheltered in a formal structure by 2015
- To ensure no growth in informal settlements from 2005 onward
- To provide every dwelling in the municipal area with a weekly door-to-door refuse collection service from July 2001
- To provide all dwellings in the city with a legal, pre-paid, 220V electricity connection by January 2003
- To ensure that there is a health clinic, equipped to dispense chronic medication and providing reproductive health services, open for 12 hours a day, within 10 kilometres of every dwelling in the municipal area
- To ensure that at least 50% of our citizens are satisfied with our frontline, face-to-face, telephonic and over-the-counter services, as measured by a citizen satisfaction survey
- To ensure the achievement of our employment equity plan against committed timeframes
- To ensure that on average R 1000 and 24 hours is spent on training opportunities for each member of staff per year

Good objectives will narrow down the possible choices of indicators. Excellent objectives will make the choice indicator quite obvious.

5.2   Setting Key Performance Indicators (KPIs)

5.2.1 What are Indicators?

They are measurements that tell us whether progress is being made in achieving our goals. They essentially describe the performance dimension that is considered key in measuring performance. The ethos of performance management as implemented in local governments internationally and as captured in the White Paper on Local Government and the Municipal Systems Bill, rely centrally on the use of KPIs.

5.2.2 Value of Indicators

Indicators are important as they:

- Provide a common framework for gathering data for measurements and reporting
- Translate complex concepts into simple operational measurable va riables
- Enable the review of goals and objectives
- Assist in policy review processes
- Help focus the organisation on strategic areas
- Help provide feedback to the organisation and staff

5.2.3 Types of Indicators

With all the talk of indicators in local government recently, it is possible that you have heard many names describing different types of indicators. This section will try to explain some of the useful types of indicators.

A. Input Indicators

These are indicators that measure economy and efficiency. That is, they measure what it cost the municipality to purchase the essentials for producing desired outputs (economy), and whether the organisation achieves more with less, in resource terms (efficiency) without compromising quality. The economy indicators are usually expressed in unit cost terms. For example, the unit cost for delivering water to a single household. On the other hand, efficiency indicators may be the amount of time, money or number of people it took the municipality to deliver water to a single household.

B. Output Indicators

These are the indicators that measure whether a set of activities or processes yields the desired products. They are essentially effectiveness indicators. They are usually expressed in quantitative terms (i.e. number of or % of). An example would be the number of households connected to electricity as a result of the municipality's electrification programme. The output indicators relate to programme activities or processes.

C. Outcome Indicators

These are the indicators that measure the quality as well as the impact of the products in terms of the achievement of the overall objectives. In terms of quality, they measure whether the products meet the set standards in terms of the perceptions of the beneficiaries of the service rendered. Examples of quality indicators include an assessment of whether the service provided to households complies with the applicable standards or percentage of complaints by the community. In terms of impact, they measure the net effect of the products/services on the overall objective. An example would be percentage reduction in the number of houses burnt due to other sources of energy, as a result of the electrification programme. Outcome indicators relate to programme objectives.

D. Cost, Input, Process, Output & Outcome Indicators

These sets of different indicators relate to the ingredients, products and effects of organisational processes.

Figure 2: A Systems Model
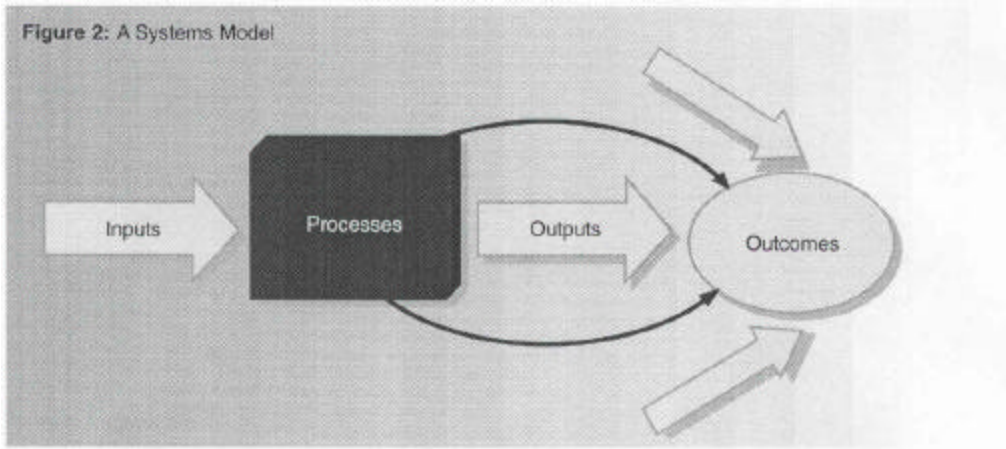
- Inputs are what go into a process
- Costs are what the inputs cost us
- Processes are the set of activities involved in producing something
- Output is the product or service generated
- Outcome is the impact or effect of the output being produced and the process undertaken

The measurement of costs, inputs, process, outputs and outcomes are valuable in developmental local government. Let us look at an example of addressing housing needs:

The Housing Process can be seen as follows:

Costs:
- Costs of the inputs below

Inputs:
- Land identified to be suitable for housing
- Subsidies obtained
- Labour
- Raw materials

Processes:
- Land surveying
- Community consultation
- Plans approval
- Provision of services
- Construction of top structures

Outputs:
- Houses

Outcomes:
- House owners satisfied with houses
- Decrease in homelessness and informal dwellings
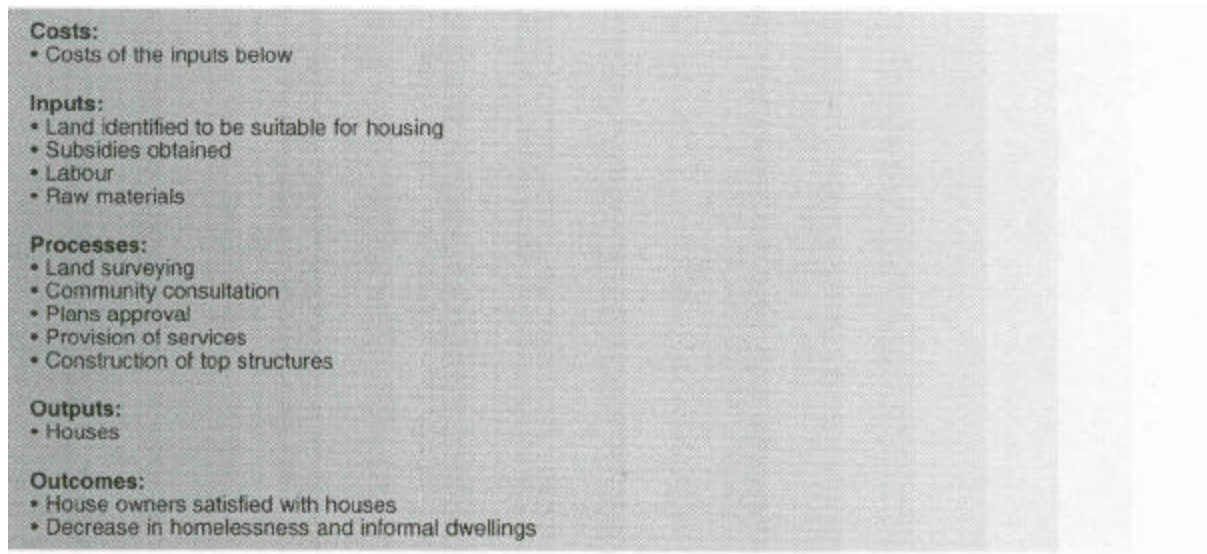
The outcome indicators here are particularly useful in telling us about the quality of houses and the housing process and whether we are producing the right outputs in the right location. For example:

A municipality decides that it wishes to reduce the percentage of population not living in formal serviced structures by 5% a year. To effect this, it decides to build 3000 houses per year. Two years later, in measuring its performance, it finds it has built 3000 houses per year, but discovers that the percentage of population not living in formal houses has only decreased by 1% a year.

There are many possible reasons for this, but the most significant is that either the output or the process is inappropriate:

- The number of houses planned for could be too low
- The location of the houses could be highly inaccessible to work and other resources
- The community may not have been consulted on the type of houses or their location
- The houses may be too small or of poor quality
- The houses may not be affordable

Outcome indicators allow us to check whether our development strategies and policies are working. They help us to identify gaps and improve strategies and policies.

The Municipal Systems Act requires local government to measure its performance on outputs and outcomes. The measurement of inputs and processes are also useful, at a local level.

E. Composite Indicators

Outcome indicators can be developed for each local government function. Each function can have a variety of outcomes that need to be measured. The danger of this is that the municipality can end up with a very long list of indicators that becomes difficult to manage and communicate. One possible response to this problem is to use composite indicators for each sector (transport, water, sanitation, electricity, public participation, housing, etc.) or across sectors. Composite indices combine a set of different indicators into one index by developing a mathematical relationship between them.

An example of a popular composite index is the Human Development Index. It measures three basic elements of human development: life expectancy, educational attainment (adult literacy combined with primary, secondary and tertiary enrolment) and real gross domestic product (GDP) per capita.

Composite indices are useful in simplifying a long list of indicators and the complex relationships between them into one index. However, they do have their disadvantages. It is very difficult to ensure citizen and community involvement in developing, understanding and monitoring composite indices, as they appear to be

unrelated to everyday life. Additionally, certain specific problem areas can become hidden and are often overlooked when aggregated into a single composite index.

Knowing their usefulness and their disadvantages, it is up to your council to decide whether or not composite indicators are appropriate. It is however advisable to start your PM system at the very basic level, which may mean identifying a handful of priorities and setting as few as possible indicators for those priority areas. Composite indicators can be introduced in later years when the list of indicators gets longer and the capacity of citizens to participate is developed.

F. Baseline Indicators

These are indicators that show the status quo or the current situation. They may indicate the level of poverty, service, infrastructure and so forth. They are usually utilised in the planning phase to indicate the challenges the organisation is faced with. They are important, since organisations use them to assess whether programmes are indeed changing the situation.

5.2.4 How to Identify Indicators

In identifying indicators, it is important that a municipality:

- Looks at the priorities and objectives set in the IDPs
- Clusters the development objectives into key performance areas including service delivery, development, institutional transformation, governance and financial issues
- Looks at the activities and processes identified in the IDP to achieve the objectives
- Looks at the resources earmarked to achieve the objectives
- Identifies the indicators for inputs, outputs and outcomes

Input indicators are used to measure resources, output indicators are used to measure the activities or processes while the outcome indicators are used to measure impact.

A municipality must identify indicators for each of the areas outlined above, brainstorm them and rigorously check whether they are:

1) Measurable
- KPIs should be easy to calculate from data that can be generated speedily, easily and at reasonable cost, given the municipality's financial and administrative capacity

2) Simple
- Can measure one dimension of performance (quantity, quality, efficiency, effectiveness and impact) at one given time
- Separate different performance dimensions and set indicators for each separately
- Avoid combining too much in one indicator

3) Precise
- They measure only those dimensions that the municipality intends to measure

4) Relevant
- They measure only those dimensions that enable the municipality to measure progress on its objectives
- They measure performance on areas falling within the powers and functions of the municipality
- They measure performance of the year in question

5) Adequate
- They measure quality, quantity, efficiency, effectiveness and impact
- Separate indicators are set for each of these for each priority and objective

6) Objective
- They state clearly what is to be measured without ambiguity

The process of setting indicators may be a sensitive one. It is therefore important that the political leadership and communities be involved centrally. There has to be a political champion for this process. Communities can be involved through various means including participation in structures established by Council, consultations and public hearings.

It is however important to note that there will never be a stage where there is complete consensus on indicators among everybody and therefore Council will have to take decisions at some point.

It is also important to start on a small scale and use output/quantity indicators in the beginning. However, municipalities need to avoid the temptation to set indicators for areas that easily lend themselves to measurements. This is important and is the reason that government decided to develop national indicators. These indicators have to be incorporated into the local indicators.

Another important factor in choosing an indicator is whether data is available for its measurement in your municipal area. A municipality needs to be clear about what data it currently collects and what data it will have the capacity to collect in the near future.

It will also be useful for your municipality to know what data is being collected by other institutions, such as universities, technikons, schools and hospitals in your municipal area. It is advisable to co-operate with these institutions in sharing information that is useful.

Statistics South Africa collects a significant amount of data, primarily through the National Census. Other data sources include the October Household Survey and the Development Bank of Southern Africa.

International experience has shown that "home-grown" indicators can be very useful in ensuring public participation in the performance management process. "Home-

grown" indicators are indicators suggested by citizens and communities that are directly relevant to the development plans and challenges of the area. The inclusion of some "home-grown" indicators will ensure greater credibility, legitimacy and participation from citizens and communities.

5.2.5 Incorporating General Key Performance Indicators

General key performance indicators will vary. Some will be output indicators; others will be outc ome indicators. If these indicators fall within the areas identified by the municipality, the indicator would simply be identified by the municipality and slotted into an appropriate category. If it is an indicator that falls outside the priority areas, the municipality will need to identify an additional category activity and process for the indicator.

5.3 Setting Targets

At this stage a municipality should have clear objectives for its IDP and should have identified appropriate indicators. Indicators without targets are like playing soccer without goalposts. Targets are simply the goals or milestones that we intend an indicator to measure at various timeframes.

5.3.1 What are Performance Targets?

Performance targets are the planned level of performance or the milestones an organisation sets for itself for each indicator identified. Targets are usually expressed in terms of quantity or time. For example, if a municipality identifies the number of households connected to electricity as an indicator fo r an electrification programme, 20 households per week may be the target.

5.3.2 How to Set Targets

A municipality must identify baseline measurements. A baseline measurement is the measurement of the chosen indicator at the start of the period. If performance is seen as a race, the baseline is the starting position and the target is the finish line. In setting targets it is important to know how we are performing at the current moment. This step also tests whether the chosen indicator is in fact measurable and whether there are any problems associated with it. It is important to know the date when your baseline measurement was relevant. For example, if you cannot measure your baseline at the current moment, and have to rely on data from the last census, you should clearly note that your baseline measurement is relevant to the date of the last census.

A municipality may then look at all the indicators set, and identify targets for each. The targets need to be realistic, measurable and be commensurate with available resources and capacity.

- The public needs to be consulted on their needs and expectations in setting a target

- Politicians need to give clear direction as to the importance of the target and how it will address the public need. Targets should be informed by the development needs of communities and the development priorities of the municipality
- Line managers need to advise as to what a realistic and achievable commitment for a target is, given the available resources and capacity. Whilst targets should be realistic, they should pose a challenge to the municipality to do things significantly better. Managers will need to advise on seasonal changes and other externalities that should be considered in the process of target setting.

Decision-makers must then make a contractual commitment to achieving these targets within agreed upon time frames and notify all stakeholders of the targets and the time frames.

The above stage relates to the identification of priorities, setting of objectives, indicators and targets as part of the IDP process. At the end of the process, a municipality may emerge with the following picture.

Key Performance Area: Infrastructure and services

Priority	Objectives	Activities/ Process	Input Indicator/ Targets	Output Indicators/ Targets	Outcome Indicators/ Targets
Delivery of water	To improve access of water to households, in the informal settlement	Connect households to water	Until costs for purchasing water or priority pipes to connect to single household. Time or the number of people it took to connect a single household	Number of households connected in one year	Number of households with access to water conforming to national standards

Please note that output indicators relate to activities, while outcome indicators relate to outcomes.

5.4 Developing a Monitoring Framework

Performance monitoring is an ongoing process that runs parallel to the implementation of the agreed IDP. A municipality must develop a monitoring framework that:

- Identifies the roles of the different role-players in monitoring and measuring the municipality's performance
- Allocates specific tasks to the gathering of data and submission of reports

Determines:

- The data that must be collected in order to assess performance
- How that data is to be collected, stored, verified and analysed
- How reports on that data are to be compiled
- Provides for reporting to the municipal council at least twice a year
- Is designed in a manner that enables the municipality to detect early indications of under-performance
- Provides for corrective measures where under-performance has been identified
- Compares current performance with performance during the previous financial year and baseline indicators

Figure 3: Designing a monitoring framework
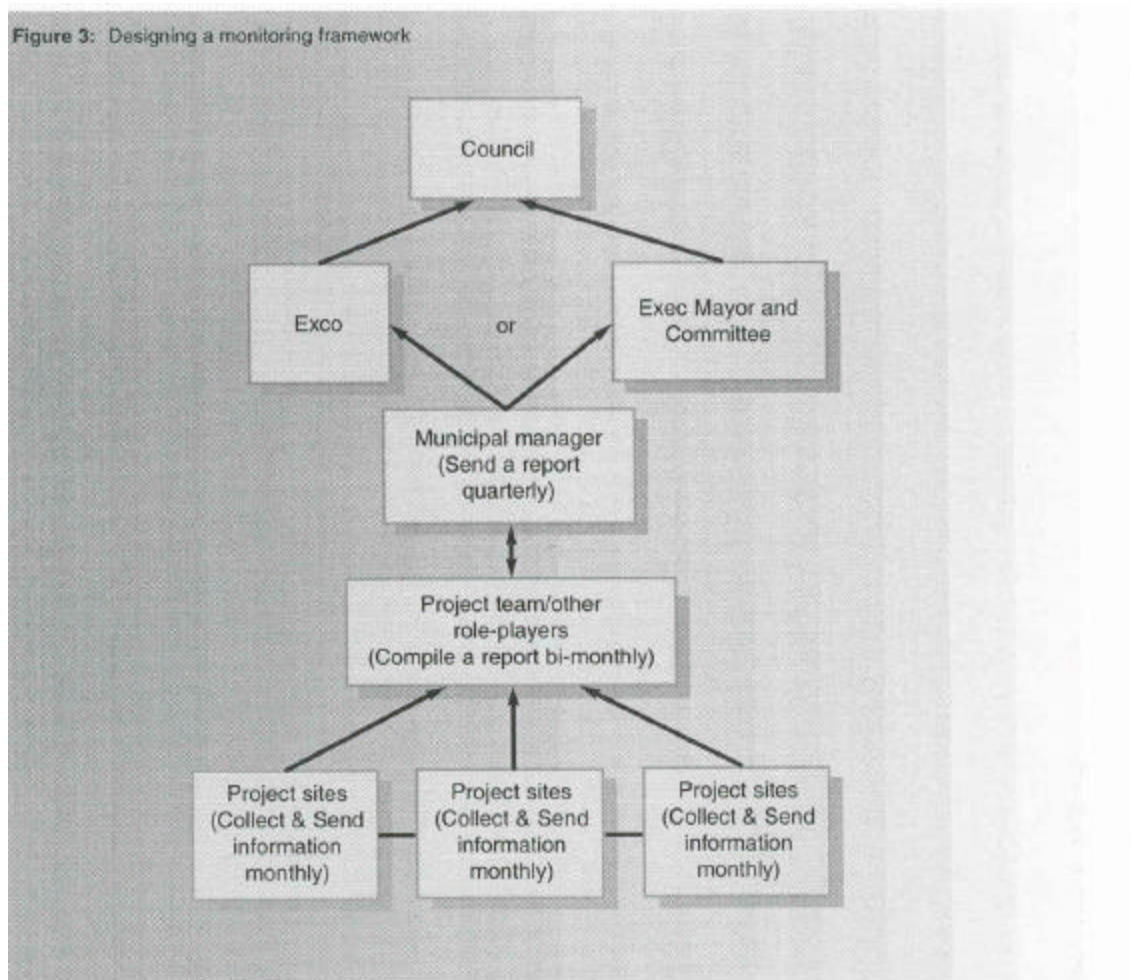
5.5 Designing a Performance Measurement Framework

5.5.1 How to do Measurements

A municipality is expected to develop a framework for undertaking performance measurements. Performance measurement is essentially the process of analysing the data provided by the monitoring system in order to assess performance. This

requires that municipalities determine what they are going to look at and what they are going to use to measure performance. The following are some of the models used for undertaking performance measurements. These are models usually used in the private sector but can be adapted to the public sector. A municipality has the choice of adapting any of these or developing its own performance measurement model.

Figure 4: The South African Excellence Model

Leadership (10%)	Policy and Strategy (7%)	Processes (12%)	Impact on Society (6%)	Business Results (15%)
	Customer and Market Focus (6%)		Customer Satisfaction (17%)	
	People management (9%)		People Satisfaction (9%)	
	Resources and Information Management (6%)		Supplier and Partnership Performance (3%)	
Enablers (50%)			Results (50%)	
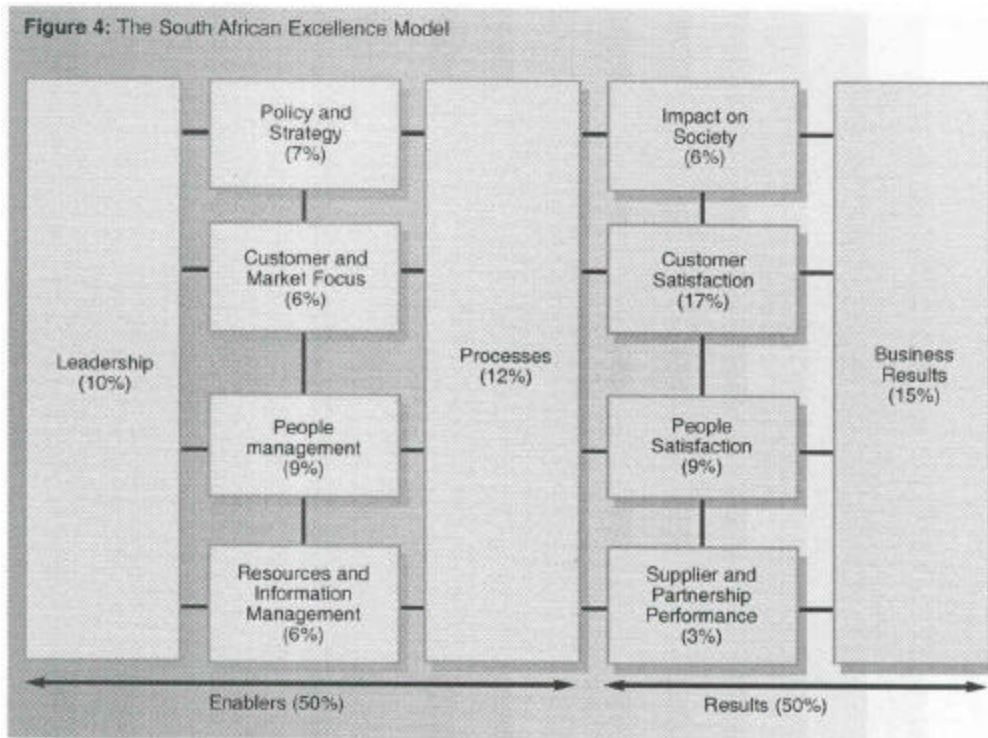
The model looks at different aspects of organisational performance and allocates scores. It focuses on assessing whether:

- The policy and strategy are correct
- Resources are spent appropriately
- Processes yield results, and
- The impact of the results on society

The model relies on customer surveys as a tool to measure performance.

Figure 5: Kaplan and Norton's Balanced Scorecard
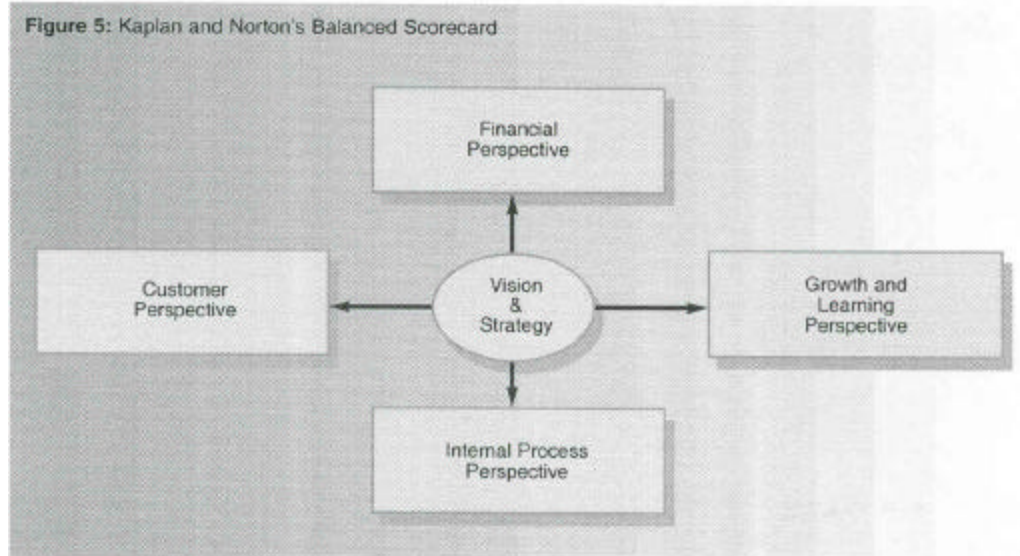
This model also focuses on whether:

- The strategy and policy are correct
- Resources are spent appropriately
- Internal processes yield results, and
- The impact on the society

It also relies on customer surveys as tools for measurements.

Figure 6: Kaplan and Norton's revised Balanced Scorecard for the Public Sector
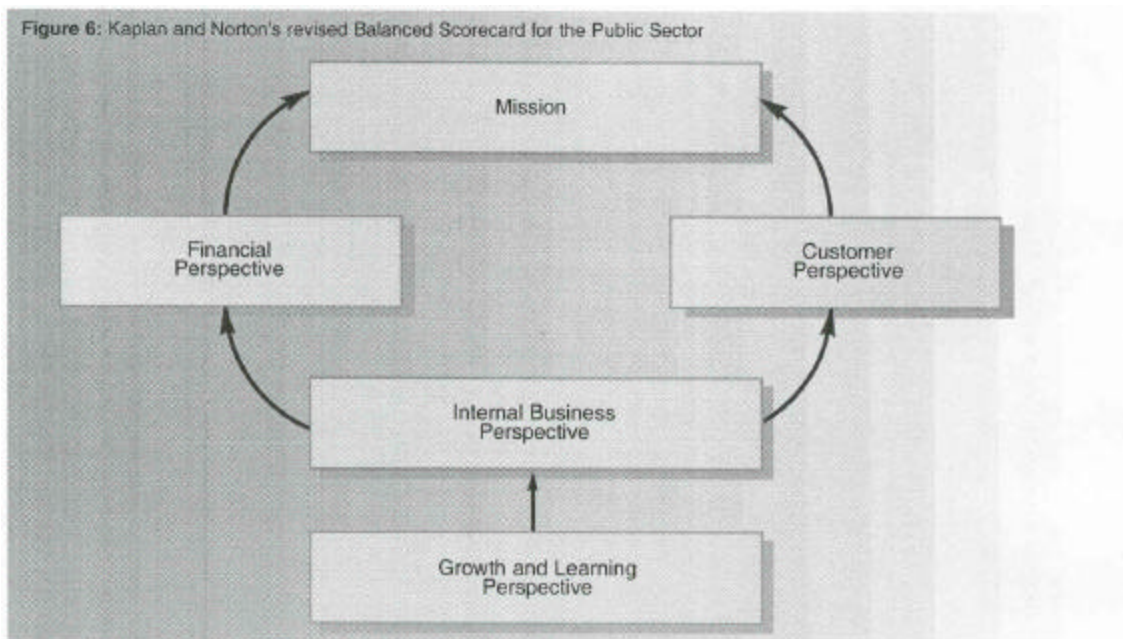
This is an adapted and improved version for the public sector.

Figure 7: City of Cape Town's PM Model
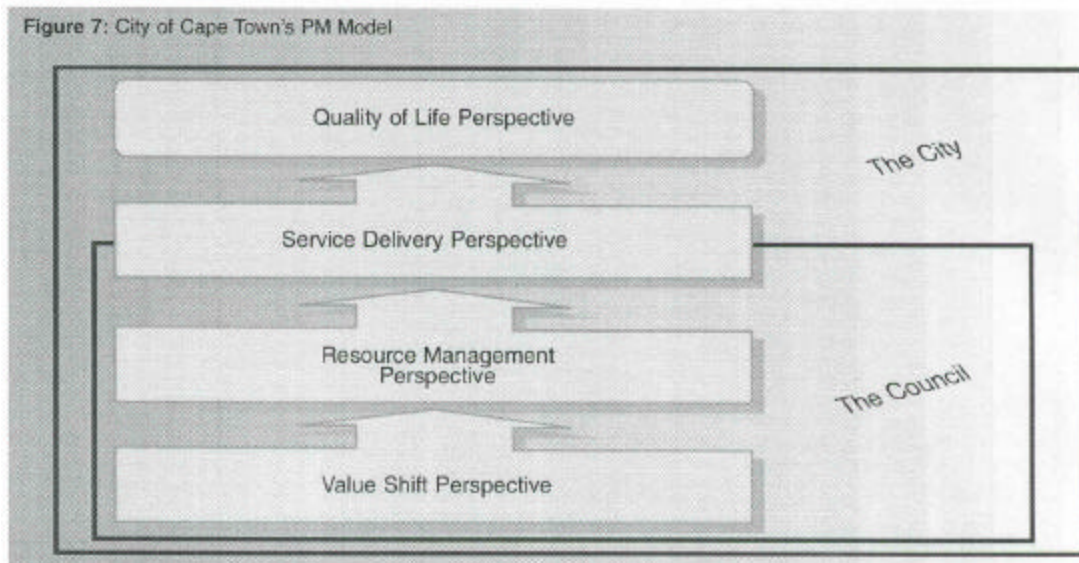
This is an adapted Balanced Scorecard model for the (then) city of Cape Town Municipality.

Assessment of the models:

These models are very useful organising tools for performance measurements. They become even more useful in the absence of a framework that sets indicators and targets up front. (Where an organisation has set its own indicators and targets in the absence of a framework, the information it gains is only useful to assess progress in those areas for which indicators were set). These models are consistent with the performance measurement framework outlined in the Act. The framework says that in measuring performance, municipalities need to look at:

- Inputs (resources, financial perspective)
- Outputs (results, service delivery perspective)
- Outcomes (impact, customer satisfaction, growth, quality of life)

Figure 8, below may be useful as an integrated model for measuring performance.

Figure 8: A suggested model for local government in South Africa
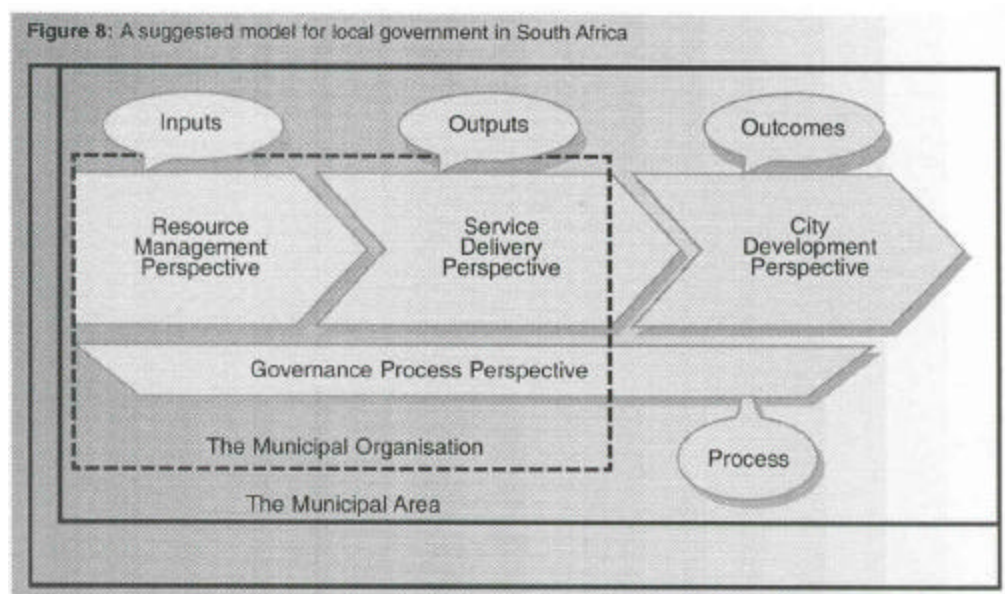
The framework does not however, look specifically at the process factors. It would therefore be crucial for municipalities to address these. Already in the framework for setting indicators and targets, process is highlighted. However as pointed out earlier, the output indicators would reflect whether the organisational processes are effective or not.

It should also be mentioned that customer surveys are not the only instruments available in performance reviews. This will be dealt in detail in the next section.

Good measurement is

- **Time -specific.** It is made clear when the data was obtained.
- **Source -specific.** It is explicit where the data was obtained from, e.g. Complaints register, household survey, billing system, Census 96 results.
- **Valid.** Validity is the degree to which that which is intended to be measured is being measured, e.g. If it is intended that we measure the percentage of households with a legal electricity connection and the measurement gives us the number of households with an electricity connection, then the measurement is invalid.
- **Reliable.** Reliability is the degree to which, if the measurement is repeated under exactly the same conditions, it yields the same result, e.g. If the cleansing department measures three times, immediately after each other, the percentage of dwellings that have not received a refuse collection service in the previous month, and arrives at three very different percentages, then the measurement is unreliable.
- **Clear and Accurate.** The measurement is unambiguous and the degree of error is low.

These guidelines strongly suggest that line managers should be responsible for most measurements. Only measurements that are of a central nature, such as citizen surveys and census calculations, need be undertaken centrally. It is very important that line managers see measurement and reporting as central to their management

duties. While the old adage "only what gets measured, gets done" is still relevant, its converse "it hasn't been done until it is measured" should also apply.

5.5.2 Analysis

Analysis is making sense of the measurements. It requires interpretation of the measurements to determine whether targets have been met and exceeded and projections on whether future targets will be met. Where targets are not being met, analysis requires that the reasons should be examined and corrective action recommended. Where targets are being met or exceeded, key factors that resulted in the success should be shared to ensure organisational learning.

5.5.2.1 Who does the Analysis?

Once again, it is crucial that line managers are continuously analysing the measurements that they are generating. They are best placed, having an in-depth understanding of their sector, to analyse whether targets are being met now and will be met in the future, what the contributing factors are to the level of performance and what remedial action needs to be taken. This will constitute a preliminary analysis and should be done by respective line managers for objectives and indicators that lie within their area of accountability.

Secondly, it is useful to have a corporate analysis of performance. This analysis should examine performance across the organisation in terms of all its priorities. This analysis would need to reflect on:

- Whether performance targets are being met in the organisation
- Trends and patterns with respect to the meeting of targets
- The reasons for targets not being met.

This level of analysis should be able to reveal whether broader factors are limiting performance e.g. labour relations problems, community conflict in particular areas or poor maintenance of vehicles across the organisation.

To be successful, capacity for this level of analysis should be set up centrally, perhaps in the office of the Municipal Manager or preferably in the office of the Executive Mayor or Executive Committee.

5.6   Conducting Performance Reviews

Performance review is a process where the organisation, after measuring its own performance, assesses whether it is doing the right thing, doing it right and better, or not. There are number of ways to conduct performance reviews. The first is to look at whether the current level of performance is better than that of the previous year, using baseline indicators. This assessment is important because you can only know if your performance is improving by comparing with past performances.

The second method is to look at the municipality's performance by comparison with other similar ones, other public sector agencies and/or private sector organisations.

This is also important because you can only know that you are doing well relative to others similar to you. This may be done by way of a benchmarking exercise.

The third method is to look at what the people the municipality services think or what their perceptions are about the performance of the municipality across a range of services. Again this is crucial because you are only as good as the people you serve think you are. This may be done by way of customer surveys or other community feedback mechanisms.

This review approach is consistent with the 'best value' review framework of challenge, compare, consult and compete. The framework calls for the municipality to challenge the current level of performance, compare it to others, consult with customers or communities and find ways of competing with others to provide best value in service delivery.

Figure 9: Best Value Review

Challenges
- Why is the service provided?
- How is it provided?
- Is there an improvement from the baseline?
- How can the service be improved

Consult
- What do users and residents think of the services?
- What are their expectations?
- How would they want the services improved?

Compare
- Are there other similar municipalities or organisations delivering the same services?
- Are they doing it any better in terms of economy, efficiency, effectiveness and impact?

Compete
- Should we deliver the service differently?
- Are there other ways to do it better?
- Can we do it better than others?
- Should we get in others to do it?

Performance Review: Lines of Accountability

Supervisors	Review performance of employees reporting directly to them
Line / Functional / Sectoral Managers	Review performance of their respective areas regularly, at least monthly
Standing / Portfolio Committees	Manage and review performance (on organisational priorities) of sectors and functions respective to their portfolio
Executive Management (Municipal manager and his / her management team	Review performance of the organisation constantly (monthly)
Executive or Mayoral	Review the performance of the Administration
Council	Review the performance of the municipal council, its committee and the administration
The Public	Review the performance of municipality and public representative (councillors)

5.6.1 Who Conducts Reviews?

In order to fulfil the objective of ensuring accountability, reviews are conducted according to the lines of accountability discussed earlier.

5.6.1.1 Supervisors

Supervisors will review the performance of employees reporting directly to them. This manual does not offer guidelines on how to conduct these reviews, as this will depend on the type of employee performance management system your municipality chooses to adopt.

5.6.1.2 Line/functional/sectoral managers

These managers should review performance of their respective areas on a regular basis. It is suggested that this be done at least monthly. The review should at least cover all the organisational priorities respective to these sectors and functions.

5.6.1.3 Standing or Portfolio Committe es

These committees will need to manage the performance of sectors and functions respective to their portfolios. While it is important that they at least review performance of organisational priorities that lie within their portfolio, it is advisable that they review additional sectoral priorities determined by them. In order to build the role played by standing or portfolio committees, while ensuring that their role remains

strategic and not operational, it is recommended that they review performance as often as monthly.

5.6.1.4 Executive Management

It is important that the municipal manager and her or his management team review performance prior to, and more often than, the executive or mayoral committee, as follows:

- Firstly, they will need to review performance more often, such that they can intervene promptly on operational matters where poor performance or the risks thereof occur.
- Secondly they will need to review performance before reporting to politicians so that they can prepare; control the quality of performance reports submitted to the councillors and the public; and ensure that adequate response strategies are proposed in cases of poor performance.
- It is strongly recommended that the executive management team review performance monthly, prior to reviews being conducted by standing, portfolio or executive committees. At these reviews relevant sectoral or functional managers should be required to report on respective priority areas.

5.6.1.5 Executive or Mayoral Committee

This committee should play the most significant role in reviewing the performance of the administration, as the system should be designed to allow this committee to strategically drive and manage performance in the organisation. Reviews at this level should remain strategic so that councillors are not restrained by operational discussions. In order for this review to be strategic it is recommended that the committee review performance quarterly, with the final quarterly review taking the form of an annual review. The content of the review should be confined to agreed / confirmed priority areas and objectives. The municipal manager should remain accountable for reporting on performance at this level, even if she or he delegates this responsibility to other officials.

5.6.1.6 Council

Council should review the performance of the municipal council, its committees and the administration. This review will need to take place at a particularly strategic and high level, to be practical. It is suggested that council should review performance annually, in the form of a tabled annual report at the end of the financial year.

5.6.1.7 The Public

Citizens and communities should be afforded the opportunity to review the performance of the municipality and their public representatives, in the period between elections. It is required legislatively that the public be involved in reviewing municipal performance at least annually. As this is a new component to local government and performance management, some ideas for a campaign to allow the public to review municipal performance are discussed under paragraph 5.6.5 'Publication of Performance Reports'.

5.7 Improving Performance

While good and excellent performance must also be constantly improved to meet the needs of citizens and improve their quality of life, it is poor performance in particularly that needs to be improved as a priority.

In order to do this, it is important that the causal and contributory reasons for poor performance are analysed. Poor performance may arise out of one or more of the following:

- Poor systems and processes
- Inappropriate structure
- Lack of skills and capacity
- Inappropriate organisational culture
- Absence of appropriate strategy

To improve performance the appropriate response strategy should be chosen:

- Restructu ring is a possible solution for an inappropriate structure
- Process and system improvement will only remedy poor systems and processes
- Training and sourcing additional capacity can be useful where skills and capacity shortages are identified
- Change management and education programmes can address organisational culture
- The revision of strategy by key decision makers can address shortcomings in strategy
- Consideration of alternative service delivery strategies in Chapter 8 of the Municipal Systems Act should be explored

5.8 Reporting on Performance

Reporting requires that we take the priorities of the organisation, its performance objectives, indicators, targets, measurements and analysis, and present this information in a simple and accessible format, relevant and useful to the specified target group, for review.

5.8.1 Who Reports to Whom?

Performance management in local government is a tool to ensure accountability of the:

- Municipality to Citizens and Communities
- Executive Committee to Council
- Administration to the Executive Committee or Executive Mayor
- Line/Functional/Sectoral Management to Executive Management and Portfolio and Standing Committees
- Employees to the organisation

It is thus necessary that the reporting process follow the lines of accountability above.
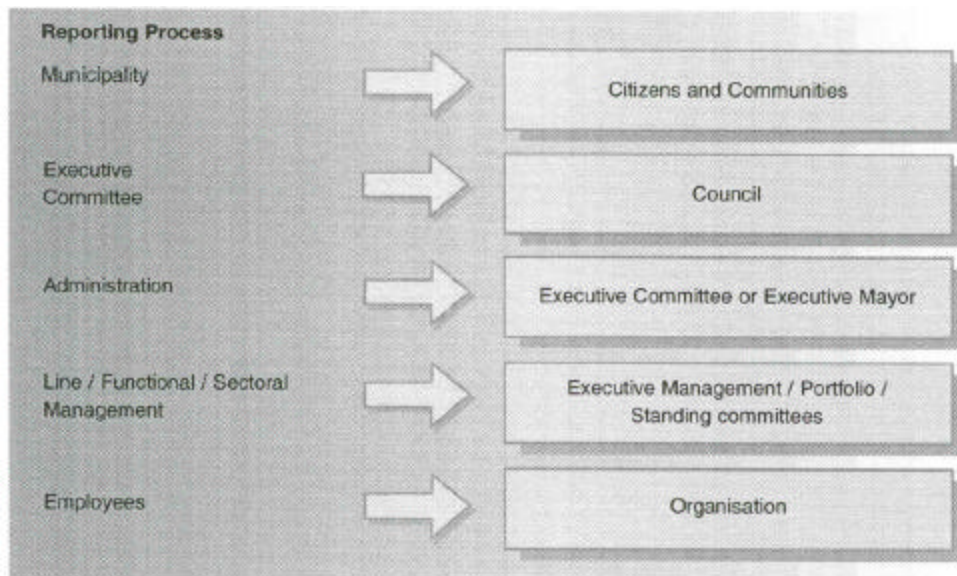
5.8.2 Checklist for Good Reports

Does the report:

- State the period for which it is reporting
- State the relevant priority for which it is reporting
- Capture all the agreed objectives
- Capture all the agreed indicators
- State agreed targets relevant to the period which the report covers
- Measure current performance over the period for which it is reporting
- Specify when the measurement was done
- Specify the source of the measurement
- Reflect on whether agreed targets have been met
- Analyse the reasons for the level of performance
- Suggest corrective action if necessary
- Remain simple, accessible and useful to the intended reader
- Contain only necessary information

5.8.3 Reporting Formats

While it is important that reporting formats are relevant, useful and cater for the reader's need in reviewing performance, the existence of too many reporting formats can become both confusing and burdensome to the organisation. The ideal situation is the existence of one reporting format that contains the necessary information for all users, yet remains simple and accessible to all users.

5.8.4 Tracking and Managing the Reporting Process

To ensure that the reporting processes runs smoothly and effectively, it can be very useful to set up the capacity centrally to:

- Timetable all reporting processes for the year
- Prepare logistics for reporting
- Develop and improve reporting formats
- Track and monitor reporting processes
- Control the quality of reports going to reviews at political levels in terms of the criteria for good reports
- Analyse performance reports corporately
- Compile complete organisational reports and the annual report
- Ensure that measurement of a central nature is happening
- Review the reporting process and suggest improvements

5.8.5   Publication of Performance Reports

We have earlier suggested that there be a technical and popular performance report. The annual report, which could take the forms of technical and popular reports, is legislatively required to be available to the public. It is advisable however, that if possible, within the resource and capacity constraints of your municipality, you keep the public more frequently informed of performance information through:

- Press releases
- Press Briefings
- Publication of pamphlets, newsletters
- Radio programmes
- Billboards
- Community meetings and presentations

5.8.6   Public Feedback Mechanisms

Public feedback on reported performance can be obtained, if the public are aware of dedicated mechanisms for submitting feedback such as:

- Telephone numbers, preferably toll-free lines
- Fax lines
- Email addresses
- Postal addresses
- Feedback boxes at municipal service offices and transport interchanges

5.8.7   Public Hearings on Municipal Performance

A series of public hearings can be held to report to communities on municipal performance and engage communities in a review of past performance and the identification of future priorities. These public hearings can be held as often as the municipality can afford, within resource and capacity constraints. The ideal would however be to have a hearing in each ward.

It is very important to note that in public participation processes the voice of the wealthy, well resourced and serviced is often much stronger than the voice of the poor and disadvantaged. Often the poor are marginalised and excluded by a variety

of circumstances from participating in the affairs of local government and making their views heard. It is important in any public participation process to acknowledge and accommodate this. This capacity is addressed in Chapter 6 'Building Capacity and Establishing the Institutional Arrangements'.

5.8.8   Using Performance Audit Mechanisms

In order for the performance management system to enjoy credibility and legitimacy from the public and other stakeholders, performance reports, particularly the annual performance report, must be audited. Audits should ensure that reported performance information is accurate, valid and reliable.

5.8.8.1 Legal Requirement

The requirement according to the Municipal Systems Act is that the annual performance report must be audited internally, before being tabled and made public. The annual performance report will also be audited by the Auditor-General. In your annual reporting process, it is important to remember to allow sufficient time between completion of annual reports and the tabling of the annual report for auditing.

After being reviewed by the council, the annual report must then be audited by the Auditor-General and be submitted to the MEC for local government in the province. The MEC is then required to complete an annual report of performance of all municipalities in the province, identifying poor performing municipalities and proposing remedial action and submit to the national minister. The national minister will then present a consolidated report to parliament.

5.8.8.2 Internal Audits

It is suggested that, over and above the legal requirement, at least quarterly performance reports or any performance report tabled to the executive committee undergo some form of internal audit, if the capacity of your municipality allows. Internal audit functions, where they do exist in municipalities, have traditionally only audited financial matters. Capacity has to be built so that this unit will be competent in auditing a variety of social, economic and service delivery indicators. Alternatively, these skills will have to be contracted in. If your municipality has an external auditor, it may be useful to use this service provider to audit your annual performance report.

5.8.8.3 Specialist Service Providers

Where the internal audit capacity needs to be complemented with new skills, it advisable to contract in specialists in particular sectors. Often, audits require more than verification of information, but in-depth expert analysis of why poor perfomance is occurring. External expertise can be advantageous in fulfilling this function. It is recommended that academic institutions and to some extent specialist NGOs are more fit to play this role than consultancies as they are:

- More often prepared to play a critical role
- Are seen as sufficiently independent
- Are less likely to have a vested interest in the sector

- Can draw on a wide range of expertise

5.8.8.4 Involving Stakeholders in Audits

It is a good strategy to involve stakeholders such as citizens, community organisations, NGOs, employees and trade unions in the audit process, where possible. This will increase the credibility and legitimacy of the performance reports and the audit process.

For particular indicators, specific stakeholder groups are in a good position to help audit from their own experience. A sample of citizens and community organisations can audit the receipt of municipal services such as refuse collection in their own areas from their own experience. NGOs involved in housing issues can help audit the housing programme. Employees and trade unions can help audit employment equity and training and development.

5.9 Organisational Performance and Employee Performance

The performance of an organisation is integrally linked to that of staff. If employees do not perform an organisation will fail. It is therefore important to manage both at the same time. The relationship between organisational performance and employee performance starts from planning, implementation, monitoring and review.

5.9.1 Planning

The IDP yields a set of indicators and targets. These become an undertaking of the municipality to the community. These should however be incorporated into the municipal managers performance agreement as he is responsible for the implementation of the IDP. The municipal manager may take relevant indicators to section or Departments concerned. These indicators would then become the indicators and targets of the Head of the Department to be incorporated in the performance agreement. The Head may cascade the indicators and targets to lower levels in line with the scope of responsibilities at that level.

5.9.2 Implementation and Monitoring

When projects and programmes are implemented, the municipal manager needs to set up a framework to track performance of all managers who would in turn do the same for lower level staff. The framework, in terms of employee performance management, should clarify:

- Targets for all levels in the organisation
- Methods for tracking performance
- Intervals for reporting
- Lines of accountability
- Institutional arrangements

5.9.3 Review

The municipal manager must, within the parameters an employee performance management system set up a framework for performance reviews of staff. The framework should clarify:

- Areas of performance to be reviewed flowing from IDP
- Review methods to be used
- Review intervals
- Linkages with broader strategic review of the organisation

Figure 10 is a diagram designed to capture the above:

Figure 10: Review
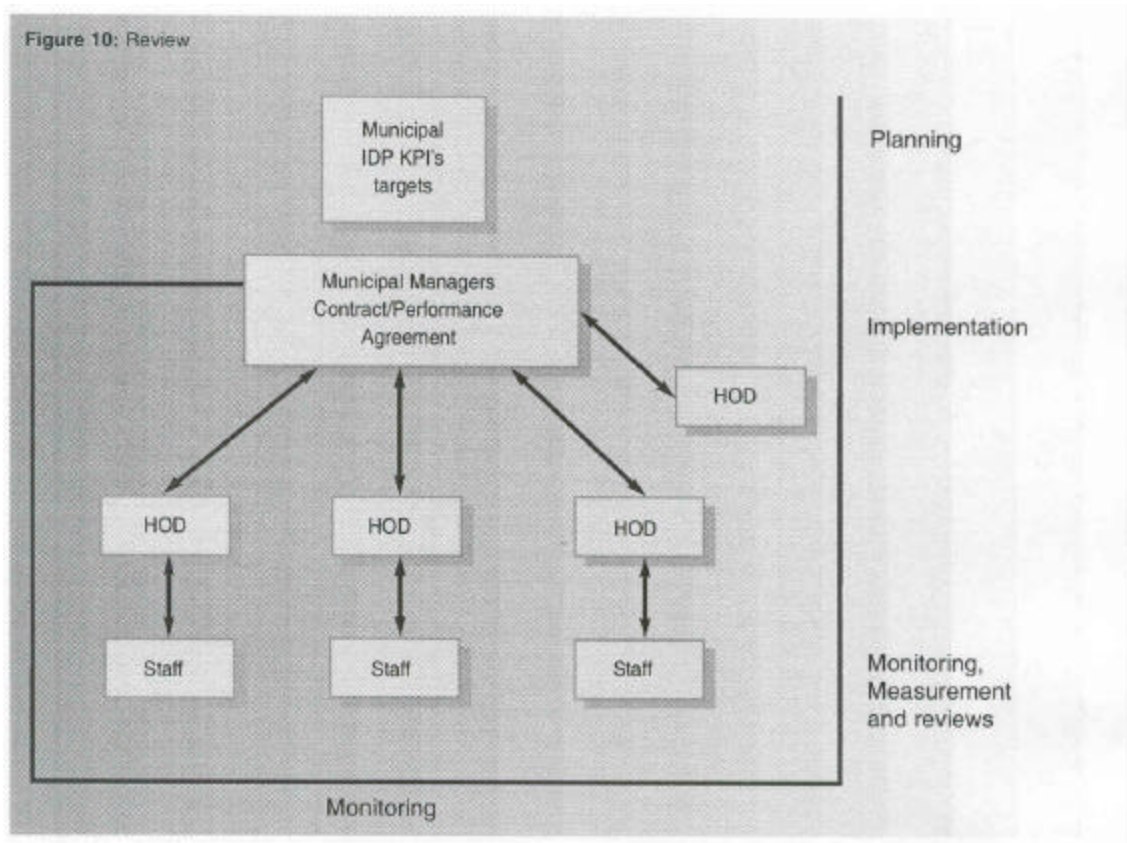
6. Building Capacity and Establishing the Institutional Arrangements

The success of the implementation of your municipal performance management system rests on the capacity of line managers, executive management, councillors, citizens and communities to fulfil their role, highlighted in earlier sections. They will need to be trained in the skills they will require and be supported during implementation.

6.1 Training and Support for Role Players

All stakeholders groups will need some level of training and support to fulfil their commitments in planning, monitoring, reviewing and improving performance. Training and support should be customised for each group:

6.1.1 Managers

Training and ongoing support will need to be provided for managers in order that they fulfil their roles in planning, monitoring, reviewing and improving performance. This can be integrated into other forms of management training that your municipality provides, such as a management development programme.

6.1.2 Councillors

A special training and support programme for councillors could be integrated into a holistic councillor-training programme.

6.1.3 Public

Some form of ongoing public education campaign on their role in managing municipal performance would be practical and useful. Depending on the resources your municipality may have, a training programme for the leadership of civic and community organisations can be strategic.

6.2 Summary of Additional Capacity

Additional capacity will also be required for:

- Collating, documenting and managing a database of performance management plans, reports and outcomes of reviews
- Measuring all central and long term indicators
- Analysing all performance measures at a corporate level
- Timetabling all reporting and review processes for the year
- Tracking and managing the performance reporting and review process
- Conducting internal audits of performance
- Preparing logistics for reporting and reviews
- Developing and improving reporting formats
- Controlling the quality of reports going to reviews at political levels in terms of the criteria for good reports
- Compiling complete organisational reports and the annual report
- Arranging logistics for reviews
- Preparation and dissemination of documentation for reviews
- Documenting and archiving the outcome of reviews
- Reviewing the PM process and suggesting improvements

From the above we can see that the following capacity is required:

- Training and Support for all role-players
- Administration of reporting and reviews
- Analysis of Reports and measurement of high level, long-term measures

- Audits of performance reports
- Managing public participation in PM
- Managing and improving the performance management process

6.3   Resourcing

Your municipality will have to make some important decisions as to how it finds the capacity for the above. The following questions may be helpful, if answered by your municipality, in making decisions about whether these capacities need to be sourced internally or externally:

- Do we have the capacity to fulfil the function?
- Can we build the capacity in the required timeframes?
- Does the effectiveness of the function depend on whether it is provided internally or externally?
- Do we have the resources to buy this service in?

It is recommended, however, that it is preferable to provide all these functions within your municipality, if capacity allows it. It is suggested that you only contract in external service providers if your capacity is constrained or where specialists are needed.

Below are some suggestions as to who could perform the following key tasks

6.3.1   System Design, Developme nt and Project Management

Your municipal performance management system will have to be designed, developed and project managed. It is suggested that a project team representative of your organisation be formed, with a project leader who will ensure the implementation of a workable and effective performance management system. This team will be responsible for managing and improving the performance management system. It is suggested that the project leader be located in either the offices of the Municipal Manager or Mayor.

It is preferable that the majority of the project team as well as the project leader be municipal employees. Municipal employees, rather than external contractors are in a better position to understand your municipality, its needs, the dynamics between stakeholders and consultative processes. If there is a need for specialist skills or advice on the project team from time to time, these skills can be contracted in. It is crucial that municipalities do not contract out the development of their entire performance management system to consultants. Consultants can provide valuable advice, input and products when providing it to an in-house project team who are most likely to make the system fit and work in a useful way.

6.3.2 Training and Support

As far as possible the training and support for managers, councillors and the public should be provided internally. The project team, in implementing the project, should provide ongoing support to councillors and managers. Training for managers and councillors should preferably be provided by available in-house training capacity or

contracted in under clear and strong specifications as to how the PM system will work. Development facilitators and a public relations office, if available, are best suited to conduct a public education and support campaign. Advocacy NGOs can also be contracted in to support the public.

6.3.3 Administration of Reporting and Reviews

A suggestion is that if your municipality has a committee secretariat function, they be tasked to fulfil this role.

6.3.4 Measurement and Analysis

A monitoring and evaluation unit can be set up in either the offices of the Municipal Manager or the Mayor. This unit could be attached to the project leader for performance management, and would measure all high-level and long-term KPIs and analyse all performance reports corporately.

6.3.5 Audit

An internal audit department, supplemented where necessary by the monitoring and evaluation unit, specialist service providers or external auditors, can perform this function.

6.3.6 Public Participation

Development facilitators in conjunction with a public relations office and the PM project team can manage the public participation processes in performance management.

6.4 Evaluating and Improving your PM System

In order to ensure that your PMS is useful and effective, it is important to regularly evaluate your performance management system in terms of all its users.

At least once a year, preferably after the annual review process it may be useful, together with a sample group that is representative of all stakeholders, and key decision-makers in your municipality, to evaluate the PMS. If within the resources of your organisation, it may be useful to commission an independent organisation to evaluate your performance management system, possibly after the first year and every three years thereafter. These evaluations should result in an improvement plan for the PM system that should be implemented immediately afterwards.

6.5 Networking and Knowledge -sharing

Networking and sharing knowledge with other municipalities locally and internationally will enhance the usefulness and effectiveness of your municipal performance management system.

A useful idea is the setting up of learning networks, where municipalities of similar capacity in nearby areas can come together, and share problems and successes in implementing a PM system so that each can learn from the others' experiences.

Such learning does not have to be constrained to municipalities near each other as modern communications allow us to share information, virtually without geographical constraints. The Internet and e-mail will allow you to easily share lessons with other municipalities nationally and internationally.

The national Department of Provincial and Local Government is there to support municipalities in implementing their performance management system. Make contact with them.

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