

# **PART 6: HOW DO WE EVALUATE OURSELVES?**

## **TOWARDS A PERFORMANCE MANAGEMENT SYSTEM FOR EDEN**

### **6.1 Introduction**

Modern citizens are also modern consumers, with far greater access to information and to sophisticated services. Consumers want to know how effective the public services are operating and the quality of services they are getting in return for their taxes. All over the world reporting on the performance of public services has been growing apace. Not every country employs performance measurements and some have adopted very different approaches than others. However, a clear international trend is being established: performance reporting in one form or another is here to stay.

In South Africa with our legacy of neglected communities, performance management can make a substantial contribution in shifting the emphasis to improved service delivery to poorer areas. Municipalities are responsible to attend to developmental local government based on the empowerment and development of all our communities. **Performance management is the monitoring and evaluation of an organisation (or individuals working for the organisation) against agreed criteria in order to reach goals and objectives. Measurement takes place in line with the organisation's vision, mission and strategic goals.**

Performance management ensures that organisations are doing their best to meet their developmental goals. Whether it is data about strategic, long-term, outcome based goals or short-term efficiency savings, knowing how we are doing is a critical ingredient in knowing how to do it better. Integrated Development Planning (IDP) was introduced as the strategic management tool to realise the developmental role of local government. Performance management is another management tool introduced to facilitate the implementation of the IDP and as such forms an integral part of the IDP.

The EDEN District acknowledge the fact that the needs of the communities that the municipality serves are growing proportionally larger than the available resources to fulfil those needs. It is thus necessary to make strategic decisions for the optimal use of those scarce and limited resources to ensure the maximum impact in addressing those needs. The current IDP Review was specifically structured to provide a framework for such strategic decision making; it lays the platform for putting in place an EDEN performance management system that ensures that the desired results are achieved during implementation.

### **6.2 Policy Overview and Legislative Requirements**

The Performance Management System is informed by the following policy and legislation:

- The Constitution of the Republic of South Africa (Act 108 of 1996).
- The White Paper on Transforming Public Service Delivery (Batho Pele, 1998).
- The White Paper on Local Government (1998).
- The Municipal Systems Act (Act 32 of 2000).

- Municipal Planning and Performance Management Regulations (24 August 2001).

The **Constitution**, in particular Chapter 7 (Local Government), provides for the establishment of the local sphere of government. The Constitution established a complete new operational framework for municipalities. There is increased pressure on the fiscal resources of municipalities with new goals such as the promotion of social and economic development and equity; the promotion of a safe and healthy environment and the encouragement of local community participation in the formulation of policies, programmes and budgets.

Section 152(1) of the Constitution sets out the goals and objectives of local government:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to local communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organisations in the matters of local government.

The **Batho Pele White Paper** puts forward eight principles for good public service. This document acknowledges and ascribes to these principles. The **White Paper on Local Government** introduced the practise of performance management to local government as a tool to ensure developmental local government. Such practise further serves to increase the accountability of the municipality and the trust of the community towards such municipality. The **Municipal Systems Act** provides specifically for individual municipalities to develop their own performance management systems in the interest of efficient and effective management toward planning targets and the achievement and maintenance of quality and accountability in the delivery of projects and services to the communities within the municipality.

The Act requires all municipalities to:

- establish a performance management system;
- set key performance indicators (KPI's);
- set measurable performance targets;
- involve the local community in the development, implementation and review of the performance management system and in the setting of key performance indicators and performance targets;
- monitor and review performance based on indicators linked to the IDP;
- monitor the impact and effectiveness of any services, policies, programs or plans;
- take steps to improve performance;
- promote a culture of performance management among its political structures, political office bearers and councilors and in its administration;
- publish an annual report on performance for the councilors, staff, the public and other spheres of government; and
- audit the results of the performance measurement as part of internal auditing processes and annually by the Auditor General.

The **Municipal Planning and Performance Management Regulations** deal with provisions for the following aspects of the Performance Management System (PMS):

- the framework that describes and represents the municipality's cycle and processes for the PMS and other criteria and stipulations and the adoption of the PMS;
- the setting and review of Key Performance Indicators (KPI's);
- the general KPI's;
- the setting of performance targets;
- the monitoring, measurement and review of performance;
- internal auditing of performance measurements; and
- community participation in respect of performance management.

### **6.3 Elements of the Eden Performance Management System**

The performance management system will be specifically structured to integrate all those processes and systems required to operationalise the EDEN IDP. In this regard, the EDEN District Municipality commits itself to put a Performance Management System in place within the first quarter of the financial year 2005/06.

Some of the critical aspects to be included are to:

- Clarify performance expectations by setting standards and targets to be achieved for each of the indicators to be used in the assessment of performance.
- Monitor, measure, assess and evaluate performance.
- Link all jobs to the strategic priorities and objectives in the IDP and enable staff to understand how their jobs contribute to these.
- Ensure resources are directed and used in efficient, effective and strategic ways by each employee, department and hence the whole municipality.
- Include communities and other stakeholders in decision-making, monitoring and evaluation of what was achieved and whether it was adequate.
- Learn from experience and use it to continuously improve on delivery.
- Maintain transparency and accountability and promote good governance.

### **6.4 Levels of Performance Measurement**

Organisations are made up of individuals. Organisational performance thus cannot exist without concerted and aligned individual performance. Individual output measures must be closely linked to organisational outcomes.

Performance measurement for the municipality will be done on three separate, but interrelated levels of performance which is linked throughout this system:

- (a) Firstly performance measurement will measure success on the overall strategic and organisational level. The purpose is to measure the organisational success in achieving the strategic and organisational goals through the implementation of the EDEN IDP.
- (b) Secondly performance measurement will be done on the level of the municipal manager and directors. It will determine whether top management is doing the right things in the right manner to ensure the correct outputs and deliverables desired by the strategic and overall organisational performance.
- (c) Thirdly performance measurement will be done on the individual level of all the other employees.

## 6.5 The Development Challenge

The EDEN District Municipality is committed to develop a system that integrates the Integrated Development Planning process and the Performance Management process in terms of the requirements and provisions of Chapters 5 and 6 of the Municipal Systems Act, 2000 (Act 32 of 2000). Our IDP Review process was specifically structured to lay the basis for and act as planning stage for performance management. In this way the EDEN performance management will fulfil the implementation management, monitoring and evaluation of the EDEN IDP process". This also complies with the prescriptions in the Performance Management Guide for Municipalities, DPLG, 2001 (p16) that states that: *"The IDP process and Performance Management process should appear to be seamlessly integrate"*

### 6.5.1 What are we looking for in a performance management system for EDEN?

- Seamlessly integrated with the EDEN IDP and all its components;
- Developed around the specific circumstances of the municipality;
- Simple and easy to understand;
- Focused and balanced and measuring what it is suppose to measure;
- Realistic and progressive;
- Practical and easy to maintain; and
- Result orientated, i.e. measuring outputs and outcomes.

### 6.5.2 So how will we do it?

The aim is to develop a performance management system for EDEN that are strategically and theoretically sound; a system that will help to serve and deliver according to the needs of citizens. This forms part of the collective strategic management approach which integrates the IDP, financial management, programme- and project management and performance management into one system. In the current EDEN IDP Review process, the vibrant public and social partner interaction has challenged us to move away from a situation where the IDP-, budget- and performance management processes are separate actions run by different departments. The intention is to follow one integrated route marked by visible leadership from the Municipal Manager and the Directors, competently supported by the Strategic Management Unit. The current IDP Review has also indicated that strategic management is far too extensive to manage without a smart computerised database system. The development of a database that provides real practical solutions to municipal management is therefore a pronounced need.

A good performance management system should integrate easily with the goals and strategies of a Municipality. It must furthermore allow the Municipality to put its goals and strategies into action in order to provide quality service to its customers, as well as its employees. There should be measurable results. Following an assessment of the underlying principles of systems currently in practice worldwide, it became clear that a performance management system based on the principles of an approach called the *Balanced Scorecard* is the only one that will really work for EDEN Municipality –to *transform ideals and goals into tangible results*.

***The Balanced Scorecard is a worldwide-accepted strategic management tool that translates an organisation's strategy into terms that can be understood, communicated and acted upon. It provides the understanding, focus and***

***alignment that unlocks and focuses the strategic skills and knowledge of the organisation towards a shared vision. The Balanced Scorecard focuses primarily on strategic issues and will –***

- translate Eden's organisational strategy into tangible objectives and measures;
- use four perspectives to ensure a balanced approach, i.e.: Customer (Community) perspective, Financial perspective, Internal Processes, and Learning and Growth;
- provide a visual representation of the organisational game plan; and
- allow us to measure financial and customer (community) results, operations and organisational capacity.

### **6.5.3 Our Principles**

In line with the inputs made by the public and social partners during the IDP participation process, the performance management system must closely relate to the vision, mission and strategy of the Municipality. For this to happen, we base our system on some of the important principles, suggested by the social partners during the IDP Review process, including:

- The end purpose of the performance management system must be to improve municipal as well as individual performance.
- The system must be simple and easy to understand.
- Objectives, expectations and responsibilities must be clearly spelled out in order to achieve success.
- The performance management system must produce a reliable picture of municipal performance.
- Indicators must be easily measurable and provide early warning signs in case of underperformance.
- Performance results must be easy to communicate both internally within the organisation and externally to the community.
- The system must be flexible enough to accommodate new and changing priorities and challenges.
- The system must measure organisational as well as individual performance and must lead to guide-lines for better service delivery, career planning and personal development of employees.
- The system must adhere to the Municipal Systems Act No 32 of 2000.

## **6.6 Benefits to EDEN**

The *Balanced Scorecard* approach will benefit the municipality in several ways. It will:

- clarify the organisation's vision and mission;
- align this vision and mission with customer requirements and day-to-day work;
- help the organisation to become more strategic by narrowing its focus;
- provide strategic information to Council — information they can easily understand and use;
- integrate strategic planning and resource allocation;
- build organisational capacity;
- improve management effectiveness by providing appropriate information for directing change; and
- communicate progress to all the customers (communities) and employees.

The *Balanced Scorecard* approach will also:

- balance both internal and external stakeholder concerns, giving a much more comprehensive and balanced picture of how we are doing;
- consider all the important operational measures at the same time, letting us see whether improvement in one area is achieved at the expense of another;
- develop consensus and teamwork throughout the organisation;
- effectively communicate strategic intent, and track performance against established objectives; and
- translates strategy into a clear set of objectives, which are then further translated into a system of performance measurements that effectively communicates a powerful, forward-looking, strategic

## **PART 7: CLOSURE**

*“We are not being arrogant or complacent when we assert that our district, as a united region, has never in its entire history enjoyed such a confluence of encouraging possibilities. .... And sparing neither effort nor strength, we can and shall build an Eden that truly belongs to all who live in it, united in our diversity!” (President Mbeki: State of the Nation address 2005)*