

THE FUTURE IS HAPPENING



BUFFALO CITY  
MUNICIPALITY



# Section H

*Framework for the New Performance Management System*



## Section H

### Framework for the New Performance Management System

#### 1. Introduction

##### 1.1 Strategic Objectives of a Performance Management System

South Africa, more specifically Buffalo City, continues to endure the legacy of underdevelopment, poverty, infrastructure backlogs and inequitable access to basic services. In response to these, government is putting in place various mechanisms and measures to turn the situation around.

In the local government context, a comprehensive and elaborate system of monitoring performance of municipalities has been legislated. The system is intended to continuously monitor the performance of municipalities in fulfilling their developmental mandate. Central to the system is the development of key performance indicators as instruments to assess performance. The indicators help to translate complex socio-economic development challenges into quantifiable and measurable outputs. They are therefore crucial if a proper assessment is to be done of the impact of government in improving the quality of life of all.

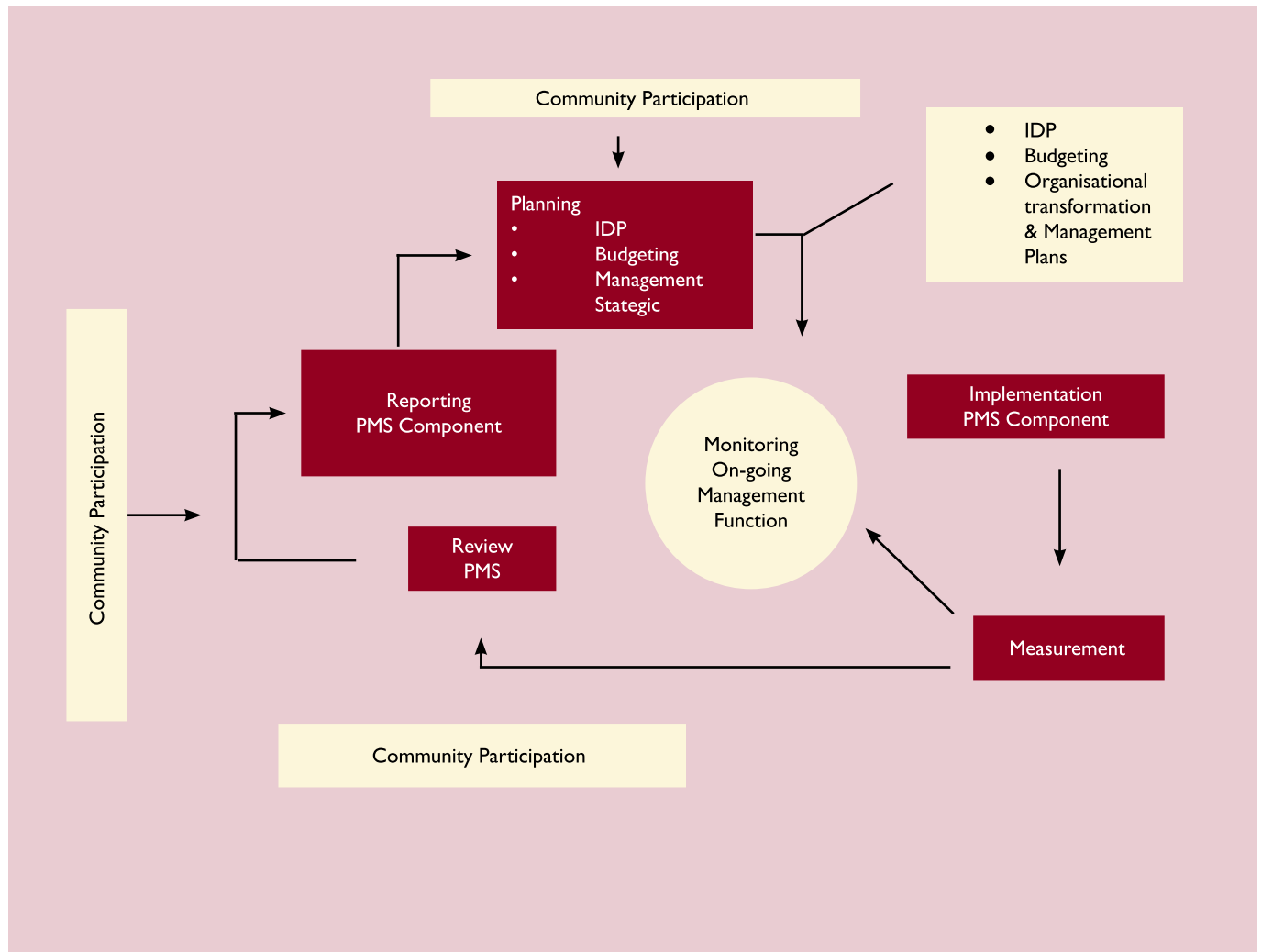
As noted above, Buffalo City Municipality's process of institutionalising performance management has been a key informant to the IDP Review 2004. During the 2003/2004 IDP and Budget cycle, the first Institutional Scorecard was rolled out. Through a process of self-evaluation and through an external evaluation by independent assessors, BCM was, for the first time and in a systematic manner, able to measure its Institutional Performance against the IDP.

##### 1.2 Performance management and the integration with other processes

The Performance Management System (PMS), as a component of municipal governance and management systems, aims at ensuring the municipality is developmental. This system must be understood as complementing planning and budgeting. It is an integral part of organisational management and informs staff performance appraisal as much as it is informed by it.



The following diagram is a simple representation of its relationship with other components of municipal governance.  
 Figure H. 1: Simplified Municipal Governance Cycle



The relationships in the municipal governance cycle are as follows:

- The Integrated development planning, budgeting processes and management strategic planning processes constitute performance planning.
- The implementation of plans is driven by the performance management system. It uses the IDP, Budget and organisational transformation and management plans produced through planning.
- Measurement, review and reporting are functions of performance management.
- Monitoring is an ongoing management function that serves two key functions:
- It monitors whether the different components of the cycle are implemented according to the plan.
- It also monitors whether the IDP and its related budget is being implemented accordingly.
- Community participation is part of the processes, with the exception of implementation, measurement and reporting, but will be limited to a largely supportive role, if at all.

## 2. South African Excellence Foundation Evaluation

As discussed in the Introduction, BCM, for the first time during 2004 evaluated its performance against the IDP by using both as a process of internal self-evaluation and that of external, independent assessors. The South African Excellence Foundation, during September 2004 provided an assessment of BCM. This assessment was benchmarked against the model as depicted in figure H.2 below. From this evaluation, the following key achievements and areas for improvement were highlighted:

Figure H.2: The South African Excellence Model

INPUTS		PROCESSES	OUTPUTS	OUTCOMES
1. Leadership (10%)	2. Policy and strategy (7%)	6. Processes (12%)	7. Impact on society (6%)	11. Business Results (15%)
	3. Customer and market focus (6%)		8. Customer satisfaction (17%)	
	4. People management (9%)		9. People satisfaction (9%)	
	5. Resources and Information Management (6%)		10. Supplier and partnership performance (3%)	
<b>ENABLERS (50%)</b>			<b>RESULTS (50%)</b>	

### 2.1 Leadership

Although employees are valued, more emphasis has to be placed on how the leadership recognizes the efforts of staff. It may be that the leadership is not always aware of the effort and the good work the staff of BCM are undertaking. The senior leadership needs to reflect examples of good role models and visibly start committing themselves to performance excellence in all aspects of the institution's functioning, and the performance appraisal system needs to be driven by all senior leadership.

The mission statement needs to be revised.

### 2.2 Policy and Strategy

It is acknowledged that BCM has put a lot of work through the IDP and other processes to develop its policy and strategy. However, BCM has failed to effectively communicate this through the organisation and greater staff involvement needs to be instituted when reviewing policy and strategy. Further, the performance management system needs to link strategy to individual performance.

### 2.3 Community and Customer Focus

BCM, although recognizing and acknowledging the importance of effective communication with its customers and stakeholders, needs to do much more to improve its relationship and communication with members of the community. It was also suggested that regular and in depth customer satisfaction surveys be done to see how the municipality can improve its customer care responsibility. Further, a Service Charter needs to be finalized and communicated with the City's stakeholders.

The customer service function needs to be better integrated into the day-to-day operations of the organisation and administrators need to be held accountable for the effective functioning of customer care. The marketing strategy and customer care functions of the City should also be integrated; while the scattered customer care functions need to be integrated, synthesized and streamlined.

### 2.4 People Management

It appears that more needs to be done on staff retention to ensure that BCM attracts and looks after its staff. More needs to be done in the area of understanding what constitutes staff satisfaction.

### 2.5 Resource and Information Management

BCM needs to improve the maintenance of accuracy of information in its databases and how it integrates the information available. The full potential of the Geographical Information System (GIS) is not being fully deployed, while better co-operative arrangements with suppliers needs to be entrenched. Further, more staff need access to the Information Technology (IT) and GIS to access and use available information.

## 2.6 Processes

Although processes are in place to improve efficiency, accountability of members should be detailed. The PMS needs to ensure that where systems have been put in place to ensure greater efficiency, that people use these systems and that they are held accountable. BCM must also ensure that the processes put in place, feedback on performance, which will ensure that improvements are incorporated into the day-to-day functioning of the municipality.

## 2.7 Social Responsibility

More needs to be done to survey the community to determine their perception of BCM, and then to use this information to improve our service. BCM needs to develop ongoing campaigns to evaluate customer satisfaction and to improve in those areas that need improvement.

## 2.8 Community and Customer Satisfaction

More quantifiable information is required to measure customer satisfaction over time and to plot customer satisfaction trends.

## 2.9 People Satisfaction

More work has to be done on HIV/Aids. The Accountable Resource Management System needs to be fully deployed.

## 2.10 Supplier and Partnership Performance

BCM needs to do more in this area to improve tracking and monitoring of the relationship and performance of our partners and suppliers.

## 2.11 Organisational Results

More needs to be done to measure and monitor the performance of the Municipality via various systems and processes.

It must be stated that excellence in Institutional Performance is a process and not an event. Continuous improvement is an ongoing process with gains made as the organisation moves up the ladder of success.

## 3. Performance Management: Way Forward

In conclusion, the greatest challenge facing BCM in terms of performance management is to embark extensively on a change management process while cascading and linking the institutional performance management to the individuals within the organisation.

The focus for 2005/2006 in terms of performance management will therefore be the implementation of performance management to all levels within the organisation.

