

## PERFORMANCE AGREEMENT

Performance Agreement

Made and entered into by and between:

The Municipal Entity of the Ugu South Coast Development Agency

As Represented by

**Dr Siphso J. Nzimande**  
(In his capacity as the Chairperson of the Board)

And

**Mr. Sandile C. Dlomo**  
(The Caretaker Chief Executive Officer)

For the period

**1 July 2021 - 30 June 2022**

SJN  S.S. 

## PERFORMANCE AGREEMENT

### Entered into and Between:

The Municipal Entity of the Ugu South Coast Development Agency herein represented by Dr S. J. Nzimande in his capacity as the Chairperson of Ugu South Coast Development Agency; (hereinafter referred to as The Agency)

And

Mr S.C. Dlomo, in his capacity as the Caretaker Chief Executive Officer of the Ugu South Coast Development Agency (hereinafter referred to as Caretaker Chief Executive Officer).

### Whereby it is agreed as follows:

#### 1. Introduction

- 1.1 The Agency has entered into a contract of employment with The Caretaker Chief Executive Officer in terms of either section 56 of the Local Government: Municipal Systems Acts 32 of 2000 ("the System Act") or by virtue of being employed as a Caretaker CEO. The Agency and The Caretaker Chief Executive Officer are hereinafter referred to as "the Parties".
- 1.2 By virtue of having entered into a Contract of Employment between the parties, they are bound by the Individual and Organizational Performance Management System Framework of the Ugu District Municipality and its entity. The Individual Performance Management Framework requires that an annual performance Agreement/Work plan be entered into.
- 1.3 The parties wish to ensure that they are clear about the goals to be achieved and secure the commitment of The Caretaker Chief Executive Officer to a set of outcomes that will secure local government policy goals.
- 1.4 The parties wish to ensure that there is compliance with Sections 57(4A), 57(4B) and 57(5) of the Systems Act.

#### 2. Purpose of This Agreement

The Purpose of this Agreement is to:

- 2.1 Comply with the provisions of Section 57(1)(b), 4(A), (4B) and (5) of the Systems Acts, and IPMS Framework as well as the Contract of Employment entered into between the parties;

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- 2.2 Specify objectives and targets established for The Caretaker Chief Executive Officer and to communicate to The Caretaker Chief Executive Officer. The Agency's expectations of The Caretaker Chief Executive Officer performance expectations and accountabilities;
  - 2.3 Specify accountabilities as set out in the Performance Plan (Annexure A);
  - 2.4 Monitor and measure performance against set targeted outputs;
  - 2.5 Use the Performance Agreement and Performance Plan as the basis for assessing whether The Caretaker Chief Executive Officer has met the performance expectations applicable to his job;
  - 2.6 Appropriately reward The Caretaker Chief Executive Officer in accordance with the Ugu District Municipality's and its entity Individual performance management policy framework in the event of outstanding performance; and
  - 2.7 Give effect to The Agency's commitment to a performance-orientated relationship with The Caretaker Chief Executive Officer in attaining equitable and improved service delivery.
- 3. Commencement and Duration**
- 3.1 This Agreement will commence on the 1 July 2021 and will remain in force until 30 June 2022, thereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between the parties for the next financial year or any portion thereof.
  - 3.2 The parties will review the provisions of this Agreement during June each year. The parties will conclude a new Performance Agreement and Performance Plan that replaces this Agreement at least once a year by not later than the beginning of each successive financial year.
  - 3.3 This Agreement will terminate on the termination of The Caretaker Chief Executive Officer contract of employment for any reason.
  - 3.4 The content of this Agreement may be revised at any time during the abovementioned period to determine the applicability of the matters agreed upon.
  - 3.5 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or Board decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

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#### 4. Performance Objectives

- 4.1 The Performance Plan (Annexure A) sets out:
  - 4.1.1 The performance objectives and targets that must be met by The Caretaker Chief Executive Officer, and
  - 4.1.2 The time frames within which those performance objectives and targets must be met.
- 4.2 The performance objectives and targets reflected in Annexure A are set by The Agency in consultation with The Caretaker Chief Executive Officer and based on the Annual Performance Plan, of The Agency, and shall include key objectives; key performance indicators; target dates and weighting.
- 4.3 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.
- 4.4 The Caretaker Chief Executive Officer performance will, in addition, be measured in terms of contributions to the goals and strategies set out in The Agency's Annual Performance Plan.

#### 5. Performance Management System

- 5.1 The Caretaker Chief Executive Officer agrees to participate in the Performance Management System that The Agency adopts or introduces for The Agency, management, and the staff of The Agency.
- 5.2 The Caretaker Chief Executive Officer accepts that the purpose of the Performance Management System will be to provide a comprehensive system with specific performance standards to assist The Agency, management, and entity staff to perform to the standards required.
- 5.3 The Agency will consult The Caretaker Chief Executive Officer about the specific performance standard that will be included in the Performance Management System as applicable to The Caretaker Chief Executive Officer.

#### 6. The Caretaker Chief Executive Officer agrees to participate in the Performance Management and Development System that The Agency adopts

- 6.1 The Caretaker Chief Executive Officer undertakes to actively focus towards the promotion and implementation of KPA's (including special projects relevant to The Caretaker Chief Executive Officer responsibilities) within the local government framework.

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- 6.2 The criteria upon which the performance of The Caretaker Chief Executive Officer shall be assessed shall consist of two components, both of which shall be contained in the Performance Agreement.
- 6.2.1 The Caretaker Chief Executive Officer must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPA's) and the Core Managerial Competencies (CMC's) respectively.
  - 6.2.2 Each area of assessment will be weighted and will contribute a specific part to the total score.
  - 6.2.3 KPA's covering the main areas of work will account for 80% and CMC's will account 20% of the final assessment.
- 6.3 The Chief Executive Officer 's assessment will be based on his performance in terms of the outputs / outcomes (performance indicators) identified as per attached Annual Performance Plan (Annexure A), which are linked to the KPA's, and will constitute 80% of the overall assessment result as per the weightings agreed to between The Agency and Employee. *(It is noted that Annexure A will be appended once 2021/22 Annual Performance Plan is approved by Board).*
- 6.4 The CMCs will make the other 20% of The Chief Executive Officer's assessment score. CMC's that are deemed to be most critical for The Chief Executive Officer's specific job should be selected from the list below as agreed to between The Agency and Employee:

CORE COMPETENCY REQUIREMENT FOR THE EMPLOYEE		
CORE MANAGEMENT CRITERIA (CMC)	✓	WEIGHT
1. Strategic Capability & Leadership	x	15%
2. Programme & Project Management	x	25%
3. Financial Management (Compulsory)	x	10%
4. Change Management	x	%
5. Knowledge Management	x	%
6. Service Delivery Innovation	x	%
7. Problem Solving & Analysis	x	%
8. People Management & Empowerment (Compulsory)	x	25%
9. Client Orientation & Customer Focus (Compulsory)	x	25%
10. Communication	x	%
11. Honesty & Integrity	x	%
<b>TOTAL</b>		

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## 7. Evaluating Performance

- 7.1 The Performance Plan (Annexure A) to this Agreement sets out:
- 7.1.1 The standards and procedures for evaluating Employee's performance; and
  - 7.1.2 The intervals for the evaluation of The Caretaker Chief Executive Officer's performance.
- 7.2 Despite the establishment of intervals for evaluation, The Agency may in addition review The Caretaker Chief Executive Officer's performance at any stage while the contract of employment remains in force.
- 7.3 Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan as well as the actions agreed to and implementation must take place within set time frames.
- 7.4 The Caretaker Chief Executive Officer's performance will be measured in terms of contributions to the goals and strategies set out in The Agency's annual performance plan.
- 7.5 The annual performance appraisal will involve:
- 7.5.1 *Assessment of the achievement of results as outlined in the performance plan:*
- (a) Each KPA should be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to ad hoc tasks that had to be performed under the KPA.
  - (b) An indicative rating on the five-point scale should be provided for each KPA.
  - (c) The applicable assessment rating calculator (refer to Paragraph 7.5.3 below) must then be used to add the scores and calculate a final KPA score.
- 7.5.2 *Assessment of the CMC's*
- (a) Each CMC should be assessed according to the extent to which the specified standards have been met.
  - (b) An indicative rating on the five-point scale should be provided for each CMC.
  - (c) The applicable assessment rating calculator (refer to Paragraph 7.5.1) must then be used to add the scores and calculate a final CMC score.
- 7.5.3 *Overall Rating*
- An overall rating is calculated by using the applicable assessment-rating calculator. Such overall rating represents the outcomes of the performance appraisal.

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7.6 The assessment of the performance of The Chief Executive Officer will be based on the following rating scale for KPA's and CMC's

LEVEL	TERMINOLOGY	DESCRIPTORS	RATING
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicate that The Development Manager has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the year.	>150%
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that The Development Manager has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.	130 – 149%
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that The Development Manager has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement and Performance Plan.	100 -129%
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicate that The Development Manager has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement and Performance Plan.	80 – 99%
1	Unacceptable Performance	Performance does not meet the standard expected for the job. The review / assessment indicates that The Development Manager has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan. The Development Manager has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.	>79%

7.7 For purpose of evaluating the performance of the Caretaker Chief Executive Officer Employee, an evaluation panel will be appointed by the Board of Directors.

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## 8. Schedule for Performance Reviews

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

First quarter	July	-	September (year)
Second quarter	October	-	December (year)
Third quarter	January	-	March (year)
Fourth quarter	April	-	June (year)

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

8.3 Performance feedback shall be based on The Agency's assessment of The Caretaker Chief Executive Officer's performance.

8.4 The Agency will be entitled to review and make reasonable changes to the provisions of Annexure 'A' from time to time for operational reasons. The Caretaker Chief Executive Officer will be fully consulted before any such change is made.

8.5 The Agency may amend the provisions of Annexure 'A' whenever the Performance Management System is adopted, implemented, and /or amended as the case may be. In that case, The Caretaker Chief Executive Officer will be fully consulted before any such change is made.

## 9. Developmental Requirements

The Personal Development Plan (PDP) for addressing development gaps is attached as Annexure B.

## 10. Obligations of the Agency

The Agency shall:

- 10.1 Create an enabling environment to facilitate effective performance by The Caretaker Chief Executive Officer;
- 10.2 Provide access to skills development and capacity building opportunities;
- 10.3 Work collaboratively with The Caretaker Chief Executive Officer and Executive Board Members to solve problems and generate solutions to common problems that may impact on the performance of The Caretaker Chief Executive Officer;

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- 10.4 On the request of The Caretaker Chief Executive Officer delegates such powers reasonably required by The Caretaker Chief Executive Officer to enable him/ her to meet the performance objectives and targets established in term of this Agreement; and
- 10.5 Make available to The Chief Executive Officer such resources as The Caretaker Chief Executive Officer may reasonably require to assist him meet the performance objectives and targets established in terms of this Agreement.

## 11. Consultation

- 11.1 The Agency agrees to consult The Caretaker Chief Executive Officer timeously where the exercising of the powers will have amongst others:
- 11.1.1 A direct effect on the performance of any of the Caretaker Chief Executive Officer's functions;
  - 11.1.2 Commit the Caretaker Chief Executive Officer to implement or to give effect to a decision made by The Agency; and
  - 11.1.4 A substantial financial effect on The Agency.
- 11.2 The Agency agrees to inform The Caretaker Chief Executive Officer of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 11.1 as soon as is practicable to enable The Caretaker Chief Executive Officer to take any necessary action without delay.

## 12. Management of Evaluation Outcomes

- 12.1 The evaluation of The Caretaker Chief Executive Officer's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.
- 12.2 A performance bonus of 5% to 14% of inclusive annual remuneration package may be paid to The Caretaker Chief Executive Officer in recognition of outstanding performance.
- 12.3 In the case of unacceptable performance, The Agency shall:
- 12.3.1 Provide systematic remedial of development support to assist The Caretaker Chief Executive Officer to improve his performance; and
  - 12.3.2 After appropriate performance and counselling and having provided the necessary guidance and/ or support as well as reasonable time for improvement in performance, The Agency may consider steps to terminate the contract of employment of The Caretaker Chief Executive Officer on grounds of unfitness or incapacity to carry out his or her duties.

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**13. General**

13.1 The contents of this agreement and the outcome of any review conducted in terms of Annexure A may be available to the public by The Agency.

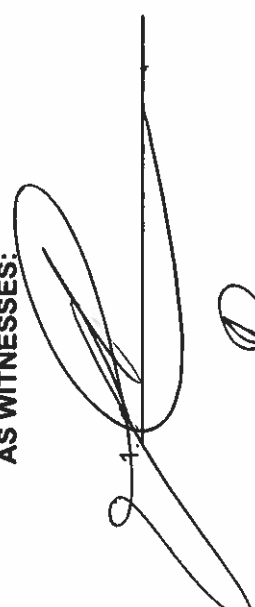
13.2 Nothing in this agreement diminishes the obligations, duties, or accountabilities of The Caretaker Chief Executive Officer in terms of his contract of employment, or the effects of existing or new regulations, circulars, policies, directives, or other instruments.

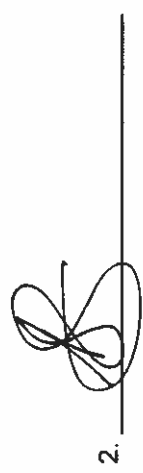
Thus, done and signed at Port Saeftstone on this the 22nd day of November 2021.

1. Mr. SANDIE S. DIOMO

2. Dr. Sidno J. Binande

AS WITNESSES:

1. 

2. 

EMPLOYEE

EMPLOYER

EUPHEMIA JOY CLUTCHER  
NAME OF WITNESS

BUKUE AKEMI  
NAME OF WITNESS

**EVALUATION ON THE CORE MANAGEMENT CRITERIA (CMG)**

CMC's are based on the eleven core competencies - every Manager should be assessed against all those CMC's that are applicable to his job. Compulsory CMC's for Managers are highlighted below: (NOTE: Weight should be taken from the signed performance agreement for the year under review)

CORE MANAGEMENT CRITERIA (CMC)	WEIGHT	MILESTONES / COMMENTS	OWN RATING BY MANAGER (1-5)	RATING BY ASSESSOR	AGREED RATING
1. Strategic Capability & Leadership	10				
2. Programme & Project Management	10				
3. Financial Management (Compulsory)	10				
4. Change Management	5				
5. Knowledge Management	10				
6. Service Delivery Innovation	5				
7. Problem Solving & Analysis	10				
8. People Management & Empowerment (Compulsory)	15				
9. Client Orientation & Customer Focus (Compulsory)	15				
10. Communication	5				
11. Honesty & Integrity	5				
<b>TOTAL</b>	<b>100%</b>				

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**ANNEXURE B: PERSONAL DEVELOPMENT PLAN**

AREA TO BE DEVELOPED	TYPE OF INTERVENTION	TARGET DATE	PERFORMANCE REVIEW FOR PDP		
			PROGRESS	BARRIERS	ACTIONS TO OVERCOME BARRIERS
Leadership skills					

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