

MTUBATUBA LOCAL MUNICIPALITY



Mid-Year Performance Assessment Report 01 July to 31 December 2016

19 JANUARY 2017

This report is compiled in terms of the Local Government: Municipal Finance Management Act (MFMA), Act. 56 of 2003 and is unaudited.

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1. INTRODUCTION

In terms of Section 72(1) (a) and 52(d) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003 the Accounting Officer must by 25 January of each year assess the performance of the municipality during the first half of the financial year. A report on such an assessment must, in terms of Section 72(1)(b) of the MFMA, be submitted to the Mayor, Provincial and National Treasury.

Once the Mayor has considered the report, it must be submitted to Council by 31 January in terms of Section 54 of the MFMA.

The Mid-year Performance Assessment Report and supporting tables of Mtubatuba Local Municipality is prepared in accordance with MFMA Circular 13 and the Municipal Budget and Reporting Regulations.

2. FINANCIAL PERFORMANCE

A report assessing the Municipality's financial performance for the period 01 July- 31 December 2016 will be submitted to Council as a separate item.

3. SERVICE DELIVERY PERFORMANCE ANALYSIS

3.1 CREATING A CULTURE OF PERFORMANCE

(I) PERFORMANCE FRAMEWORK

Performance Management is prescribed by Chapter 6 of the Municipal Systems Act (MSA), Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7(1) of the aforementioned regulation states that *"A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the responsibilities of the different role players."* This framework, *inter alia*, reflects the linkage between the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP) and individual and service provider performance.

Mtubatuba Local Municipality has an approved Performance Management Framework in place, and reviewed in 2015/2016 financial year.

(II) IMPLEMENTATION OF PERFORMANCE MANAGEMENT

The IDP 2016/2017 was compiled and approved by Council in June 2016. The performance is evaluated by means of a municipal scorecard (Top Layer) Service Delivery and Budget

Implementation Plan (SDBIP)) at organisational level and through the Departmental SDBIP at Departmental level.

The SDBIP is a plan that converts the IDP and Budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the Municipality is implemented. It also allocates responsibilities to Departments to deliver services in terms of the IDP and Budget.

The TL SDBIP was prepared and approved by the Council in June 2016.

(III) MONITORING PERFORMANCE

The SDBIP was uploaded on the website (after Council approval). The SDBIP templates (Excel Format) are used by all senior managers and other municipal employees responsible for updating their actual performance against Key Performance Indicator (KPI) Targets for previous quarterly performance. The actual results against quarterly targets set, are discussed in quarterly management meetings to determine early warning indicators and discuss corrective measures if needed. The first Quarterly Performance Assessment Report (01 July-30 September 2016) was submitted to the Internal Audit Unit for auditing.

The Municipality utilises the PMS templates (Scorecard and SDBIPs) that are updated on a quarterly with actual performance.

The submission of PMS-reports is the 15th of the following month after the end of each quarter for updates of the previous quarter's actual performance as a control measure to ensure that performance is updated and monitored on a quarterly basis. No access is available to a month's performance indicators after closure of the system. This is to ensure that the level of performance is consistent for a particular period in the various levels at which reporting take place.

The system requires the key performance indicator owners to update **performance comment for each actual captured**, which provides a clear indication of how the actual was calculated/ reached and serves as part of the portfolio of evidence for audit purposes.

In terms of Section 46(1)(a)(iii) of the Municipal Systems Act, the Municipality must reflect annually in the Annual Performance Report on measures taken to improve performance, in other words targets not achieved. The system utilised requires **corrective actions** to be captured for **targets not achieved**.

The overall assessment of actual performance against targets set for the key performance indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

Colour	Category	Explanation
	KPIs Not Applicable in this Quarter	KPIs with no Targets or actual results for the selected period
	Target Met/ Well Met/ Extremely Met	Actual vs Target 100% Achieved, more than 100% and less than 150% Achieved and Actual vs Target More than 150% Achieved
	Target Not Met	Actual vs Target less than 75%
	Targets Not Accounted For	KPIs with Targets not vs actual results not measured

3.2 Overall Performance of the Municipality

(i) Summary Performance Against the National KPAs

The Overall Municipal Performance is calculated from all the indicators and projects applicable to the municipality as measured through its performance management system. The indicators and projects are collected into scorecards for General Indicators, Indicators contained in the IDP for 16/17, Organisational Scorecard and Departmental SDBIPs. There are indicators that have zero weighting (0W), they are not scored due to the fact that it is not the reporting period. Overall Organisational Performance achieved a score of **157 targets** (for more information Quarter-2-Reports are provided).

The following table illustrates the overall performance of Mtubatuba Local Municipality measured in terms of the Top Layer (strategic) SDBIP. The performance is measured and reported per National KPA.

CATEGORY AND COLOUR CODING	Mtubatuba LM-Scorecard	NATIONAL KPAs						
		MTID	MFV&M	LED	GG&PP	BSDID	CC	Total
<i>KPIs Not Applicable in this Quarter</i>	%	3	4	1	5	0	1	14
<i>Target Met/ Well Met/ Extremely Met</i>	%	13	15	3	9	29	4	73
<i>Target Not Met</i>	%	5	3	3	21	29	6	67
<i>Targets Not</i>	%	0	3	0	0	0	0	157

Accounted For								
TOTAL	%	21	25	7	35	58	11	157

LEGEND:

MTID : Municipal Transformation and Institutional Development
 MFV&M: Municipal Financial Viability and Management
 LED: Local Economic Development
 GG&PP: Good Governance and Public Participation
 BSDID: Basic Service Delivery and Infrastructure Development
 CC: Cross Cutting

The following table illustrates the departmental performance of Mtubatuba Local Municipality as measured in terms of the Top Layer (strategic) SDBIP. The performance is measured and reported per National KPA.

Executive Department (Office of the MM)

During 2016/17 financial year, the Executive Department SDBIP-had 30-targets/Council approved projects. There were 4- targets achieved/met, 20-targets not achieved, 3-targets not applicable in Quarter-2 and 3-target not accounted for.

CATEGORY AND COLOUR CODING	NATIONAL KPAs						Total
	MTID	MFV&M	LED	GG&PP	BSDID	CC	
<i>KPIs Not Applicable in this Quarter</i>	0	0	0	3	0	0	3
<i>Target Met/ Well Met/ Extremely Met</i>	0	0	0	4	0	0	4
<i>Target Not Met</i>	0	0	0	20	0	0	20
<i>Targets Not Accounted For</i>	0	0	0	3	0	0	3
TOTAL	0	0	0	30	0	0	30

Corporate Services Department

During 2016/17 financial year, the Corporate Services Department SDBIP-had a 33 targets/Council approved projects. There were 19 targets achieved, 8-targets not achieved and 6-targets not applicable in Quarter-2.

CATEGORY AND COLOUR CODING	NATIONAL KPAs						Total
	MTID	MFV&M	LED	GG&PP	BSDID	CC	
<i>KPIs Not Applicable in this Quarter</i>	2	0	0	4	0	0	6
<i>Target Met/ Well Met/ Extremely Met</i>	13	0	0	6	0	0	19
<i>Target Not Met</i>	5	0	0	3	0	0	8
<i>Targets Not Accounted For</i>	0	0	0	0	0	0	0
TOTAL	20	0	0	13	0	0	33

Finance Department

During 2016/17 financial year, the Finance Department SDBIP-had a 33-targets/Council approved projects. There were 21 targets achieved, 5-targets not achieved and 7-targets not applicable in Quarter-2.

CATEGORY AND COLOUR CODING	NATIONAL KPAs						Total
	MTID	MFV&M	LED	GG&PP	BSDID	CC	
<i>KPIs Not Applicable in this Quarter</i>	0	4	0	3	0	0	7
<i>Target Met/ Well Met/ Extremely Met</i>	0	12	0	9	0	0	21
<i>Target Not Met</i>	0	3	0	2	0	0	5
<i>Targets Not Accounted For</i>	0	0	0	0	0	0	0
TOTAL	0	15		14	0	0	33

Technical Services Department, Planning, LED and Tourism

During 2016/17 financial year, the Department SDBIP-had a 48 targets/Council approved projects. There were 24 targets achieved/met, 22-targets not achieved and 2-targets not applicable in Quarter-2. There were 11 projects that were approved by the Council for implementation during 2016/2017 financial year (in the Technical Services Department) refer to the scorecard. However, the municipality has no longer have funds to implement these projects during 2016/2017 financial year. These projects will be kept in the Scorecard and SDBIPs but will be re-prioritized to 2017/2018 financial year.

CATEGORY AND COLOUR CODING	NATIONAL KPAs						Total
	MTID	MFV&M	LED	GG&PP	BSDID	CC	
<i>KPIs Not Applicable in this Quarter</i>	0	0	1	1	0	0	2
Target Met/ Well Met/ Extremely Met	0	0	2	4	16	2	24
Target Not Met	0	0	3	4	12	3	22
<i>Targets Not Accounted For</i>	0	0	0	0	0	0	0
TOTAL	0	0	5	9	33	5	48

Community Services Department

During 2016/17 financial year, the Community Services Department SDBIP-had 55-targets/Council approved projects. There were 31- targets achieved/met, 22-targets not achieved, 0-target not applicable in Quarter-2 and 1-target not accounted for. The targets that were not achieved will be revised accordingly (refer to scorecard and SDBIP) and reasons for not meeting the planned targets and corrective measures have been provided.

CATEGORY AND COLOUR CODING	NATIONAL KPAs						Total
	MTID	MFV&M	LED	GG&PP	BSDID	CC	
<i>KPIs Not Applicable in this Quarter</i>	0	0	0	1	0	0	1
Target Met/ Well Met/ Extremely Met	0	0	0	3	25	3	31
Target Not Met	0	0	0	2	18	2	22
<i>Targets Not Accounted For</i>	0	0	0	0	0	1	1
TOTAL	0	0	0	6	43	6	55

(ii) Performance Against the National Key Performance Indicators

The following tables indicate the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Areas.

a) Municipal Transformation and Institutional Development

KPA & Indicator	Annual Target	Quarter-2-Target	Municipal Achievement Quarter-2
	2016/2017	2016/2017	2016/2017
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	11 people from Designated group employed in three highest levels of management by 30 June 2017	2-people employed	Target Achieved. Appointed 03 people from Designated Group and promoted 01 to the post of Library Assistants
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017 (100%)	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017 (42%)	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017

b) Basic Service Delivery and Infrastructure Development

KPA & Indicator	Annual Target	Quarter-2-Target	Municipal Achievement Quarter-2
	2016/2017	2016/2017	2016/2017
The percentage of households earning less than R1 200 per month with access to free basic services (248 households as per Eskom FBE)	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017
The percentage of households with access to basic level of water	To be included in the Revised	To be included in the Revised	To be included in the Revised

	SDBIP to be submitted to Council on 28 Feb 2017	SDBIP to be submitted to Council on 28 Feb 2017	SDBIP to be submitted to Council on 28 Feb 2017
The percentage of households with access to basic level of sanitation	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017
The percentage of households with access to basic level of electricity	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017
The percentage of households with access to basic level of solid waste removal. (The municipality has 4550 households benefitting from solid waste removal from the billing system)	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017

c) Local Economic Development

KPA & Indicator	Annual Target	Quarter-2-Target	Municipal Achievement Quarter-2
	2016/2017	2016/2017	2016/2017
The number of jobs created through municipality's local economic development initiatives including capital projects	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017

d) Municipal Financial Viability Management

KPA & Indicator	Annual	Quarter-2-	Municipal
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	Target	Target	Achievement Quarter-
	2016/2017	2016/2017	2016/2017
Debt coverage (Total operating revenue-operating grants received)/debt service payments due within the year)	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017
Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017
Cost coverage (Available cash+ investments)/ Monthly fixed operating expenditure	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017

e) Good Governance and Public Participation

KPA & Indicator	Annual Target	Quarter-2-Target	Municipal Achievement Quarter-
	2016/2017	2016/2017	2016/2017
The percentage of a municipality’s capital budget actually spent on capital projects identified for a particular financial year (2016/2017) in terms of the municipality’s integrated development plan	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017	To be included in the Revised SDBIP to be submitted to Council on 28 Feb 2017

4. Adjustment Budget

Regulation 23 of the Municipal Budget and Reporting Regulations provides, *inter alia*, for the following:

“An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the Council, but not later than 28 February of each year. Furthermore, except under certain circumstances only one adjustment budget may be tabled in Council during a financial year.”

A revised Top Layer SDBIP and Departmental SDBIPs will be submitted with the Adjustments Budget to Council by 28 February 2017 with the necessary motivation

where key performance indicators require adjustment/ amendment/s as a result of the Adjustments Budget.

5. Outstanding Matters On The Past Year's Annual Report (2015/2016)

As prescribed in section 72(1)(a)(iii) of the MFMA the Accounting Officer must assess the performance of the municipality in the first 6 months taking into account the past year's Annual Report, and progress on resolving the issues identified in the Annual Report.

6. Summary and Challenges

Annexure A is the unaudited Top Layer SDBIP for the first half of the financial year 2016/2017 ending 31 December 2016, which measures Mtubatuba Local Municipality's overall performance per MKPA. The report, furthermore, includes the performance comments and corrective measures indicated for targets not achieved.

From the report it is evident that Mtubatuba Local Municipality is committed to service excellence. Some KPI's have not been achieved due to various reasons cited in this report. However, **73 planned targets were achieved** during the first six months of the 2016/2017 financial year. Out of **157 planned targets, 14 targets were not measured, 67 planned target were not met** during the first half of the 2016/2017 financial year. Henceforth, the reasons as to why the planned targets have not been achieved will be monitored and measured against the corrective measure recorded in this report. **Annexure A** also provides detail on the reasons where applicable.

Also, in an effort to build on the Municipality's past audit achievement relating to the "Unqualified Audit", Mtubatuba Local Municipality will again review its Top Layer SDBIP (Scorecard) and Departmental SDBIPs 2016/2017 and will submit it to Council for approval during February 2017.

6. Recommendations

The following potential risks were identified through the Performance Management System at the end of the 2nd Quarter. These could have a negative impact on the achievement of targets as set out for the 2016/2017 financial year. Action is to be taken to mitigate the above-mentioned risks identified

It is recommended that the municipality effect the following changes during the Mid Year Report 2016/2017:

6.1 To review the IDP Strategies and objectives as there are changes effected in the KZN-PGDS, therefore need to align with IDP.

6.2 Review of the Organisational Scorecard and Departmental SDBIPs,

6.3 To confirm funding available for the implementation of the revised projects included in the Departmental SDBIPs (Technical Services Department, Community Services Department and Executive Office)

6.4 To complete the Performance Agreements and work plans for the line managers before 31 December 2016.

7. Conclusion

10.1 Out of the 157 Key Performance Indicators (KPI's) listed in the Top layer SDBIP, 14 targets were not measured during the first quarter and 73 targets were measured during this period of which 67 targets were not met.

10.2 The number of KPI's not met (or updated) during the first quarter may prompt the Municipal Manager, having considered the challenges raised in point 6, to conduct a review process (IDP, Scorecard and Departmental SDBIPs) during February 2017 to present HODs with an opportunity to measure KPI's as part of the Mid-year Budget and Performance Assessment Report 2016/2017 due in January 2017.

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Mrs N.H.M Dladla

Acting Municipal Manager