



COMPARATIVE SIX-MONTH PERFORMANCE CYCLE

&

B A S E L I N E ANNUAL PERFORMANCE REPORT

for the

2012/2013 FINANCIAL YEAR

1. INTRODUCTION

The previous Performance Management System (PDLAM) was terminated during January 2013 under **Council Resolution Nr 60/01/2013** and a new user friendly performance management system was introduced for implementation.

This particular report will serve as the comparative six-month performance cycle report as well as the Baseline Annual Performance Report for the 2012/2013 financial year.

It must be noted that the Staff Component (*operational performance*) have only participated on the measurement of the municipal performance between January & June 2013 whilst the Political Pillar have not participated in the measurement of the municipal performance over the whole of the 2012/2013 financial year.

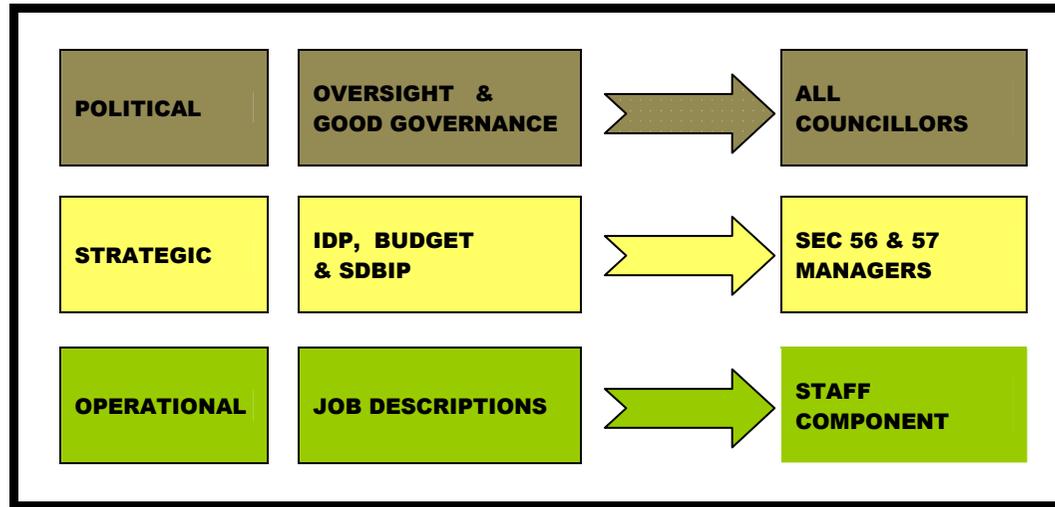
1.1 ADHERENCE TO LEGISLATIVE REQUIREMENT

Chapter 6 (*Section 38 to 49*) of the Municipal Systems Act (*Act 32 of 2000*) requires that a performance management system be established to promote a culture of performance management amongst its political structures as well as the administration of the council and to ensure that the Council administers its affairs in an economical, effective, efficient and accountable manner.

For the purpose of measurement appropriate key performance indicators were set, as a yardstick for the measurement of performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its IDP.

Given that an IDP has a five-year time span, the measures set at this level will focus on the long-term with an outcome and impact, whilst the SDBIP Performance Scorecard will focus on the short term that is performance over one financial year.

The adopted Performance Management System makes provision for the measurement of performance at various levels in the municipality i.e. **Political Performance** (*also referred to as Oversight & Good Governance*) **Strategic performance** (*also referred to as performance against pre-determined targets and objectives of the SDBIP*), as well as the **Operational Performance** that (*i.e. referred to as permanent employees up to supervisory level*)



Herewith a short description on the different levels.

1.1.1 POLITICAL PERFORMANCE

The performance of the Political Pillar is linked to Good Governance, the approval of Policies, Community involvement as well as the oversight role in terms of service delivery towards the community in general. For that purpose a Political SDBIP with clear KPI's and Objectives has been developed for the 2013/2014 financial year.

1.1.2 STRATEGIC PERFORMANCE

The Strategic Level of performance is linked to the pre-determined targets and objectives of the IDP, Budget & SDBIP. At this level the performance against the progress made with the achievement of strategic objectives as set out in the integrated development plan (*IDP*) of the municipality.

This is done on the basis of key performance indicators (*KPI's*) and targets as applicable to each objective in the IDP of the municipality and that will be transferred to the SDBIP in phases of 12 month periods. The Section 54 & 56 Managers were assessed on a quarterly basis to determine the results.

1.1.3 OPERATIONAL PERFORMANCE

The operational level of performance is linked to the job descriptions of permanent employees (*SALGBC*).

Any organisation will fail when there is a lack of performance and/or when human resources are not managed effectively. The personnel are the most important asset of the council and also very expensive. Therefore the council cannot allow that the management of soft issues be ignored as it will require the much needed ownership and commitment of staff members in order to maintain proper discipline in the workplace. All stakeholders will be assessed on the following Rating Scale between a 0 – 5 Star Rating.

RATING	%	CLASSIFICATION	COLOUR
0	0% – 35%	Emergency	Almost Zero Performance
1	36% – 48%	Unacceptable Performance	Performance does not meet the standard expected. The Performance Review & Assessments indicates that the department has achieved below fully effective results against almost all the performance criteria
2	49% – 61%	Performance not fully effective	Performance is below the standard required in key areas. Performance meets some of the standards expected. The Performance Reviews & Assessments indicates that the department has achieved below fully effective results against more than half the performance criteria
3	62% – 74%	Fully Effective	Performance fully meets the standards expected in all areas. The Performance Reviews & Assessments indicates that the department has fully achieved effective results against all significant performance criteria.
4	75% – 87%	Performance significantly above expectations	Performance is significantly higher than the standard expected. The Performance Reviews & Assessments indicates that the department has achieved above fully effective results against more than half of the performance criteria.
5	88% – 100%	Outstanding Performance	Performance far exceeds the standard expected of a department. The Performance Reviews & Assessments indicates that the department is fully effective in the performance against all performance criteria.

At least one Individual Performance Review Assessments took place over the period between the first performance cycle of the financial year i.e. **July – December 2012** that allowed the municipality to obtain a Mid Term Performance Outcome and one individual performance assessment was held between the period of **January – June 2013**, to obtain the Annual Performance Outcome of the municipality as a whole.

This particular comparative six-month & Baseline annual performance report will contain contain the Strategic Performance outcome as well as the Operational Performance Outcome over the period over one financial year..

2. STRATEGIC PERFORMANCE

For Auditing Purposes, it must be mentioned that the Mid-Term Performance Report that served before Council in January unfortunately contained the "Self Score" information due to the fact that the Sec 56 Employees were not assessed on the 2nd Quarter ending December 2012 by the time Mid-Term Performance Report was due. However in the following table, it has been corrected.

- 2.1** The role of the municipality is to ensure that effective service delivery, institutional transformation, local economic development, sound financial management, good governance, labour relations and public participation are adhered to and for that purpose SDBIP Monitoring Dashboard contained measurable objectives for implementation.
- 2.2** The Municipal Performance Scorecard (SDBIP) were managed by the Strategic Managers and they were quarterly assessed on their performance.

TRUE REFLECTION ON PRE-DETERMINED TARGETS & OBJECTIVES OF THE SDBIP				
OUTCOME AFTER THE ASSESSMENTS OF THE SECTION 54 & 56 MANAGERS	JULY – DECEMBER IN %		JANUARY TO JUNE IN %	
	RESPONSIBILITIES 80 %	MANAGEMENT & LEADERSHIP 20 %	RESPONSIBILITIES 80 %	MANAGEMENT & LEADERSHIP 20 %
	60.67	60.13	60.30	60.65
	60.40 %		60.47 %	
ANNUAL AVERAGE	60.43 %			

- 2.3** Attached as **ANNEXURE "A"** is the Municipal Performance Scorecard, that outlines pre-determined objectives derived from the Service Delivery Budget Implementation Plan (SDBIP).

3. OPERATIONAL PERFORMANCE

The PDLAM System was terminated during the first six months of the 2012/2013 Financial Year and therefore no Performance outcome will reflect for the 1st Six Months of the 2012/2013 Financial Year.

- 3.1** Individual one-on-one performance assessments were held between employees and line managers. These discussions were minuted and signed by both parties. Challenges that were identified during these discussions, were analysed by the Head of the Department who provided a performance feedback report on the challenges together with solutions in that regard.

Each Department reconciled the information to produce a departmental performance scorecard and the information of the departmental performance scorecard were used to produce an Operational Municipal Performance outcome that is outlined in the following table:-

PERFORMANCE AGAINST JOB DESCRIPTIONS OF EMPLOYEES UP TO SUPERVISORY LEVEL				
DEPARTMENTAL PERFORMANCE	1 st Six Months		2 nd Six Months	
	RESPONSIBILITIES 80 %	MANAGEMENT & LEADERSHIP 20 %	RESPONSIBILITIES 80 %	MANAGEMENT & LEADERSHIP 20 %
SERVICE DELIVERY	<i>Termination of the PDLAM System No Performance Measurement on Job Descriptions and/or the Impact on the Environment Were measured during this performance cycle</i>		86	89
DEVELOPMENT & PLANNING			91	92
FINANCIAL SERVICES			72	81
COMMUNITY SERVICES			75	75
CORPORATE SERVICES			78	85
OUTCOME IN %			80.4 %	84.4 %
AVERAGE PERFORMANCE	N.A.		82.40%	

4. MUNICIPAL PERFORMANCE

The Municipal Performance over the 2012/2013 Financial year will contain the information of Strategic and Operational Performance.

MUNICIPAL PERFORMANCE ON RESPONSIBILITIES <i>(Hard Issues)</i>		
KEY PERFORMANCE AREA	1 st Six Months	2 nd Six Months
STRATEGIC PERFORMANCE	60.40 %	60.47 %
OPERATIONAL PERFORMANCE	0	82.40%
MUNICIPAL PERFORMANCE OUTCOME IN %	60.40%	71.43 %
	65.91%	

5. PERFORMANCE FEEDBACK

The performance feedback reports in terms of the challenges that was identified during the performance review and assessment process are herewith outlined :-

5.1 DEPARTMENT SERVICE DELIVERY

The Department of Service Delivery are mostly responsible for the maintenance of the electrical network, infrastructure, roads & storm water services, water & sewer services. This department is also responsible for the maintenance of council vehicles and fleet management system as well as the management of waste removal and all new infrastructure projects.

- 1 *Vehicles are needed due to aging of vehicles in the Service Delivery Section (Fleet policy not adhere by all HOD's).*
- 2 *Teambuilding – Demotivated workforce.*
- 3 *The Vision and Mission of the Organization must be disseminated to all levels within the organization to address issues of uncertainty (translation to different languages).*
- 4 *Insufficient funding for Operational and Capital develop a revenue enhancement strategy by finance section, cutting of people stealing electricity.*
- 5 *Software upgrading, windows 2003 must be upgraded to 2011.*
- 6 *Availability of funds to buy spares and maintaining of vehicles.*
- 7 *Frequently utilised items must be readily available at stores (Plumbing fittings, Electrical material and asphalt) .*

5.2 DEPARTMENT COMMUNITY SERVICES

The Department of Community Services are mostly responsible for the management of all municipal health services i.e. social services, clinics, HIV & AIDS projects, clinics as well as the delivery of Sport, Recreation, Arts, Culture & Library services to the community. That includes the Traffic & Fire Services. This department is also responsible for the maintenance of park areas and open spaces that involves the cutting of grass and cleaning of roads and town entrances.

Service Delivery: The Department **managed to improve** from a maintenance level to a delivery level of services and all projects linked to the IDP is on track. Funding has been secured from Lotto funds to upgrade and provide new sporting facilities in the rural areas Impumelelo, Vischkuil and Jameson Park. Construction of sporting facilities has already commenced..

Communication: Communication between Senior Management , Middle Management and staff **is improving** through staff meetings and adhoc meeting when a need arises

Financial Management: Budget is used in line with SDBIP. All capital projects for 2012/13 were not implemented due to financial constraints of council

Personnel: A few people in key positions resigned and most of those vacancies are still not filled and this poses a challenge and has a direct impact on the quality of the services rendered.

Performance of Sections within this Department: The performance of all sections within the Community Services Department has improved.

Staff Morale and commitment: The morale and commitment of some staff members is still not satisfactory and this however is addressed on a continuous basis by affected supervisors and management.

Complaints received during reporting period: Less complaints were received during the reporting period. This can be used as an indicator that the quality of work rendered, is improving. All complaints were attended to and 95% of complaints were resolved.

Executive Summary: Even though there is still room for improvement, the quality and standard of work has improved, .The Community Services Department is on track SDBIP, and the performance agreement is in place with Council.

5.3 DEPARTMENT DEVELOPMENT & PLANNING

The Department of Development & Planning are mostly responsible for the management of the Town Planning Scheme, the inspection of buildings and filing of building plans. This department is also responsible for the management of Informal Traders and Local Economic Development (LED) Projects. New investment opportunities in conjunction with the Municipal Manager resort under this department as well as the building of houses and selling of land. The rental of municipal flats and the preparation of the Integrated Development Plan (IDP) of the municipality, also forms part of this department.

Building Inspectorate

- GIS – Still not running
- ARCHIVE – System in place already started
- Training on front desk – Already started with process

- *Illegal Building Work – System in place but illegal buildings getting more.*

Housing

- *Title Deeds – Management need to take this issue up with Province*
- *Incorrect and de-registrations – Request Province to assist*
- *Burnt Title Deeds Ratanda – Finance Department took initiative to address the matter*
- *All these issues are long overdue. Receiving complaint from the community that Council fail them.*

Town Planning

- *Enforce TP Legislation – Lack of staff and lack of team work*
- *Dissemination of information – Lack of GIS training and need to appoint GIS co-ordinator*

LED

- *Funding for Rural Development*
- *omprehensive Study for Local Economic Development*
- *Staff compliment*

5.4 DEPARTMENT CORPORATE & LEGAL SERVICES

The Department of Corporate Services mostly act as an **INTERNAL** support service to all units / departments of the Lesedi municipality. This includes the support to the political pillar. The **management** of incoming post, the responsibility for the preparation and distribution of agendas & minutes of the council and other established committees also resorts under this department. The **delivery** of human resource services as well as IT support to the Lesedi municipality forms part of the responsibility of this department as well as to support council with legal documentation of external service providers to the best interest of the Lesedi Community.

Legal Office

Legal matters for and against Council were 11; 2 Legal opinions were provided; 5 contracts from deeds of sale, leases, service level agreements, donations & memoranda of agreement. A few contracts were submitted for vetting for legal appropriateness. Regulation 38 certificates and removal of restrictive conditions certificates were 16 and letters of demand were 2 done for Council.

Admin Section

Different Committees of the Council were supported with compilation of Agenda and minutes are as follows: Mayoral settings 15 incl. specials sittings; Council were 11 incl. extra-ordinary sittings; Section 80 Committees 9; Petitions 1; Audit Performance committee 2; Oversight 2; SMT Meeting were 12 deliberating on Agenda items to Mayoral; Bid committees 9 and Participation in Premier's Hotline fortnightly meetings.

Records Management and Archives

Printed and distributed all agendas of Council to Councillors and Officials. Electronic Documents Management System is up and running

Human Resource

LLF managed 5 sittings. 3 disciplinary and 1 culminated to referral for condonation;

Information Communication & Technology

Maintenance of the systems was undertaken as key focus area and the DRP has been tested only awaiting certification.

5.5 DEPARTMENT FINANCIAL SERVICES

The Financial Department is responsible for the preparation and management of all financial matters that includes the Approved Budget, and to ensure that council owed monies are received and managed in a responsible and accountable manner and to the best interest of the community. This financial department is also responsible for the management of the supply chain management process of all approved projects including that of external service providers.

Budget: Currently **we do not receive** information from other departments timeously that has a negative effect on meeting our deadlines. Earlier deadlines for the budget section will be set to ensure that the Council & Treasury deadlines are met. Daily follow ups will be done to prevent late submission.

SCM: The SCM Committee **does not meet** on a regular basis. We will schedule meetings timeously to inform members in advance regarding meetings and agendas of SCM.

Expenditure: It was discovered that **employees are not informed**. Regular staff meetings will be arranged to keep employees informed on important matters.
Cash flow: Limitations on own expenses within each department will be limited. Robust debt collection will be implemented to achieve set targets.

Revenue: We **need to verify, check & balance bulk electricity and water purchases** including distribution losses and we will implement punitive actions in cases of illegal connections.

Collection of outstanding debt: There is a **need to manage accounts older than 30 days**. These will be managed internally before they are handed over to the external Debt Collector for collection.

Metering & Billing: In terms of the **stealing of Electricity**. Continuous meter inspection will be performed in order to identify defective meters, this include underground meters, meters tampered with & illegal connections.

Data Cleansing: To improve on Data Cleansing. SMS-facilities will be used with the issuing statements to speed up the process and/or to encourage consumers to send email addresses for the submission of account statements via email.

Support from Councillors: To provide assistance to the administration, all Councillors can keep the community informed on the understanding of the Financial Policies of the Council. An informed community, is a happy community.

It was noted that the some of the departmental performance feedback was not providing solutions to the challenges that was identified with the performance reviews held and it will receive the necessary attention during the next performance review discussion period.

6. PERFORMANCE ON THE TOP FIVE(5) RISKS AS PER THE APPROVED MUNICIPAL RISK REGISTER

TOP 5 RISKS ACCORDING TO THE APPROVED MUNICIPAL RISK REGISTER						
NR	IDENTIFIED TOP RISK	ROOT CAUSE	INHERENT RISK	RESIDUAL RISK	ALLOCATED DEPT	% COMPLETION AS @ 30 JULY 2013
1	ELECTRICITY DISTRIBUTION LOSSES	Illegal Electricity Connections	25	25	CFO	36.6%
2	ILLEGAL DUMPING	Lack of licensed Landfill Site in Devon	25	25	SD	70%
3	VANDALISATION OF MUNICIPAL BUILDINGS	Service Delivery Protests	25	25	CS	80%
4	SERVICE DELIVERY PROTESTS	Poor communication between council & Community	25	25	DP / CS	100%
5	INABILITY TO ENFORCE APPROVED MUNICIPAL POLICIES	Lack of By-Laws	25	20	CORSER	100%

PERFORMANCE ON TOP FIVE RISKS AS AT 31 JULY 2013								
PERFORMANCE ON THE TOP 5 RISKS OF THE MUNICIPALITY	M M	CORSER		CFO	SD	CS		DP
		1	1	1	1	1	1	1
		100%		36.6%	70%	90%	100%	100%

STATUS QUO OF ACTION PLAN IMPLEMENTATION [FORMULA : $2 \text{ (Nr Achieved)} \div 5 \text{ (Nr Objectives)} \times 100 = 40 \%]$	ACHIEVED	IN PROGRESS	NOT ACHIEVED
		100%	1-99%

7. PERFORMANCE ON OVERALL RISK MANAGEMENT : 2012/2013 FY

The following risks were monitored on a weekly basis:-

- 1) **Approved Risk Register:** All risks identified during the 2011/2012 FY
- 2) **Auditor General Management Report :** Matters of emphasis in terms of the AG Management Report of the 2011/2012 FY
- 3) **Internal Audit :** All Internal Audit Queries identified during the 2011/2012 FY

PERFORMANCE ON ALL RISK OBJECTIVES AS AT 31 JULY 2013						
CRITERIA FOR MEASUREMENT	M M	CORSER	CFO	SD	CS	DP
ATTENDANCE RATE PER DEPARTMENT	79.25%	66.80%	60%	39.60%	80.75%	66.33%
NR OF OBJECTIVES ALLOCATED	6	19	30	5	5	6
100% ACHIEVED OBJECTIVES	6	12	15	3	2	2
PERFORMANCE RESULTS	100%	63.16%	50%	60%	40%	33.33%

ATTENDANCE RATE	Low Risk	Medium Risk	High Risk
[FORMULA: $12 \div 12 \times 100 = 100\%$]	100 – 80	79 – 50	49 – 0

OVERALL RISK IMPLEMENTATION	TOTAL IDENTIFIED RISKS ON THE WEEKLY MONITORED DASHBOARD = 71
	TOTAL RISKS THAT WAS 100% ACHIEVED = 40
	PERCENTAGE OF RISK IMPLEMENTATION = 56.34%

8. EXTERNAL ASSESSMENT

In order for the municipality to ensure a complete 360⁰ measurement of the municipal performance, the Lesedi Local Municipality allow feedback and/or inputs from the local communities, business men and service providers on the municipal performance in terms of service delivery and the implementation of batho pele principles.

For that purpose two different questionnaires (*External Appraisals*) were developed for both the **Political Pillar** (*with the main focus on the performance of councilors & in particular the different wards*) and the **Administrative Pillar** (*with the main focus on the Administration & Employee*) of the council.

These questionnaires (*External Appraisal Forms*) consists of information by which the community can provide feedback to council on how they observe and experience the services of the council within the category of **basic services, communication, leadership, infrastructure, customer care** and the **cleanliness of the ward- & town areas**, the implementation of **batho pele principles** and many more. With these questions a rating between 1–5 can be given for the way in which the community perceive the services rendered by the municipality.

The External Appraisal Survey Forms (*questionnaires*) were made available on the internet, at all pay points of the municipal offices, as well as all the libraries and clinics throughout the Lesedi municipal area for the performance cycle period between January & June 2013.

The Comprehensive External Appraisal Survey has been developed and will serve before Council during August 2013.

The “threats” and “weak” as identified during the survey, will reflect under point 9 of this report.

9. CONCLUSION & OVERALL PRFORMANCE OUTCOME

9.1 PERFORMANCE : STRATEGIC & OPERATIONAL

9.1.1 That the Strategic Performance outcome of **60.43%**, that is a **Three Star Rating**, be noted.

9.1.2 That the Operational Performance outcome of **82.40%**, that is a **Four Star Rating**, be noted.

9.1.3 That the OVERALL MUNICIPAL PERFORMANCE outcome of **65.91%** for the the **2012/2013 Financial year**, be noted.

9.2 PERFORMANCE : PROGRESS ON PREVIOUS PERFORMANCE OUTCOMES

That the analysed performance feedback in terms of the challenges as identified during the performance cycle, be noted.

9.3 PERFORMANCE : RISK MANAGEMENT

That the overall risk management performance of **56.34%** over the 2012/2013 financial year, be noted

9.4 PERFORMANCE : EXTERNAL ASSESSMENT

9.4.1 **That** the following **“threats”** identified by the community over the period January – June 2013, be noted.

Political Pillar

The availability of the following community services:-

Sports Grounds, Sport Facilities and Parks & Open Spaces.

Administrative Pillar

*Complaints & Feedback in terms of **Financial Services***

*The cleanliness of our towns with specific reference to **Park Areas***

9.4.2 **That** the following **“weak points”** identified by the community over the period January – June 2013, be noted.

Political Pillar

*The customer care, complaints and feedback by the **office of the Speaker***

*The communication of information towards the community by the **office of the Speaker***

*The standard of **sewer infrastructure***

Administrative Pillar

*The standard and access to **water & sewer services***

*Infrastructure in terms of **Road Signs***

9.4.3 That most of the issues listed in the Comprehensive External Assessment Feedback Report can be addressed through the complaint register system and the operational budget of the council.

9.4.4 That the issues around the condition of roads, road signs, sewer and sport facilities can be addressed with the Planning Process of the IDP & Capital Budget for the 2014/2015 Financial Year.

10. WAY FORWARD

Communication plays an integral part of a municipal environment. We all are aware that Management and Labour cannot function without one another, therefore management should ensure that strategic objectives are clearly communicated throughout the municipality. Informed employees, are happy employees. If all stakeholders are familiar with what is expected of them and how important the chain of responsibility within a municipal environment is, we will be able to move forward.

That Ward & PR Councillors assist council by communicating the importance of the payment for services during Ward Committee meetings and in general discussions, that in turn will assist council with the cashflow and budget constraints.

With ownership, commitment and buy-in of the approved Performance Management System and available measurement tools, the Lesedi Local Municipality can take the municipal performance to the next level.

As the Municipal Manager, I would like to see that management take ownership of the performance management system and that the rest of our staff members be encouraged to do the same.

I would like to thank all stakeholders for their support in order to compile this report.

Let us make a team effort to take this municipality to the next level.

Mr Ayanda Makhanya
MUNICIPAL MANAGER

Date : **15 August 2013**