

NEWCASTLE MUNICIPALITY

Annual Performance Report 2017/18

This Annual Performance Report is drafted in terms of Section 46 of the Municipal Systems Act, 32 of 2000. The Annual Performance Report 2017/18 is based reported and assessed performance information as per the approved Framework on Performance Management for the Newcastle Municipality. The report is subject to change during and after the internal audit process, finalisation of the Annual Financial Statements for 2017/18, as well as the audit from the Auditor-General (AG) of South Africa.

TABLE OF CONTENT

APPENDIX	2
INTRODUCTION	6
THE ASSESSMENT PROCESS AND THE METHODOLOGY FOLLOWED IN COMPILING THE REPORT	6
LEGISLATIVE OVERVIEW	7
VISION & MISSION – 4th GENERATION IDP	7
LESSONS LEARNT IN 2017/18	8
ORGANISATIONAL SCORE-CARD 2017/18 ANALYSIS	13
PERFORMANCE ACHIEVEMENTS	20
COMPARISON OF PERFORMANCE TO PREVIOUS FINANCIAL YEAR	28
REPORTING, MONITORING AND EVALUATION CHALLENGES	32
ASSESSMENT OF EXTERNAL SERVICE PROVIDERS 2017/18	34

APPENDIX

1. Organisational Performance Score-card: 2017/18
2. Uthukela Water (Pty) Ltd – Assessment of External Service Provider SDBIP and Annual Performance Report

MUNICIPAL MANAGER'S FOREWORD



BE Mswane

As the Accounting Officer of the Municipality, I confirm that this 2017`18 Annual Performance Report has been compiled in line with the Local Government: Municipal Systems Act 32 of 2000. The report records the performance and progress achieved by Newcastle Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP), Organizational Scorecard and Service Delivery Budget Implementation Plans (SDBIP) as approved by Council for the 2017`18 financial year. It also includes corrective action to be taken for targets not met.

2017`18 marks the first year that the 4rd Generation Integrated Development Plan (IDP) was implemented. The main focus of the 4rd Generation Integrated Development Plan (IDP) was on financial stability and maintaining service standards under very trying times.

The municipality operated with a high vacancy rate in top management, and like most municipalities across the county – continues its efforts towards financial discipline and stability.

Our financial situation is not looking good, and we have since established a number of committees which are aimed at intensifying service delivery. We are also working around the clock to review this unfortunate financial situation we find ourselves in. We have amended some of our budget related policies so as to ensure it yields positive results in as far as the revenue collection is concerned.

August 2018

The payment factor has unfortunately declined from 80% last year to 74% this year, and remain a concern that requires the attention of all stakeholders, especially the community of Newcastle. . The introduction of a radical approach is necessary to root out the culture of non-payment from our communities. Increasing consumer awareness to promote a culture of payment and to roll out the incentive schemes have commenced intensely in the 17/18 year. This was done firstly through the Constituency meetings facilitated through the Speakers Office, budget road shows etc. We will continue conducting outreach programs to create awareness in respect of: municipal bills, incentive schemes, with emphasis placed on paying the current bill every month on time and the old debt will be written off. Debt management continues to be key intervention area –I am confident that with continued efforts and commitment by management and Council, this too will progressively improve over the next few years.

Tightening the municipal wallet also resulted in a reduced capital development programme in the 17/18 year. Capital investment is now reliant on grant funding, and it is pleasing to note that expenditure at year end on the capital programme was 90%. This Report highlights the achievements and challenges in this regards further.

The Council have also in the year prioritized the filling of critical posts. This is evident with the appointment of myself as Accounting Officer in January 2018, and the much awaited appointment of a Chief Financial Officer was finalised in February 2018 after almost 4 years. The recruitment process of the other 4 top management posts were in progress at year end. The moratorium on the filling of posts was also lifted in the year for the filling of critical vacancies to ensure that service standards are not compromised and to minimize service interruption. My priority in respect of institutional development, is to instill a culture of accountability with my team – and that is to ensure the development of efficient and effective systems, procedures and controls immediately.

I am pleased to announce that Newcastle Municipality received an unqualified audit opinion from the Office of the Auditor-General for the 2016/17 financial year, resulting in 2 consecutive years positive audit outcomes. This was only possible through the perseverance of a committed and dedicated management team. I would be failing as Accounting Officer if I do not commit myself and that of my management to achieving a Clean Audit, as we are in the process of finalising our Clean Audit Strategy 2020. More emphasis is now also being placed on governance related issues holistically. A new Audit committee was appointed in April 2018 that will contribute to improved governance matters, whilst the MPAC remains active in ensuring its oversight role. The appointment of a new Chief Risk Officer is also in progress.

August 2018

I am proud to be a part of a winning team which has enabled Newcastle Municipality to achieve best Level 2 Accredited municipality in the County for human settlements, as we have retained the Govan Mbeki Award for the 2nd time within 5 years.

Other achievements are highlighted further in the report.

As Management we could not have achieved what we have without the collective “ Team Newcastle” commitment. A thank you also to the community and stakeholders for support, co-operation and participation during the past year. I am confident that in the New Year, we are bound for better and bigger things to come....

Through our Collective efforts and leadership, we commit ourselves to transform the municipality into a well-oiled machine of service delivery!!!

Bhekani Errol Mswane (Mr)
Municipal Manager

INTRODUCTION

BACKGROUND TO MUNICIPAL PERFORMANCE REPORTING

The Newcastle Municipality's Annual Performance Report 2017/18 is compiled in terms of the legislative requirements of Chapter 6 of the Municipal Systems Act, 32 of 2000 and Chapter 12 for the Municipal Finance Management Act, 56 of 2003. The Municipal Systems Act prescribes the role of each sphere of government in the municipal performance reporting process.

PURPOSE OF THE REPORT

The main purpose of this report is to account to MEC for Local Government, Provincial legislature, NCOP, Minister of Cooperative Governance and Traditional Affairs, National Treasury, Auditor-General and to the citizens of South Africa on progress being made by municipalities towards achieving the overall goal of "a better life for all". Furthermore, the report is a key performance report to the communities and other stakeholders in keeping with the principles of transparency and accountability of government to the citizens. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and responds to the principles of the Constitution, Batho Pele, White Paper on Local Government, MSA and the MFMA.

THE ASSESSMENT PROCESS AND THE METHODOLOGY FOLLOWED IN COMPILING THE REPORT

According to the provisions of the Municipal Systems Act, 32 of 2000, municipalities must monitor and measure the progress of their performance by preparing quarterly and mid-year performance reports, in terms of Chapter 6 of the MSA, on performance management systems. These quarterly and mid-year reports make up the municipalities' annual performance reports (Section 46 report), which are submitted to the Auditor-

General, together with the financial statements, for auditing. After adoption of the audited performance report by the municipal council (a component of the Annual Report), it must then be submitted to the MEC for Local Government.

LEGISLATIVE OVERVIEW

Section 46 of the Municipal Systems Act requires a municipality to prepare for each financial year a performance report reflecting–

- ❖ The performance of the municipality and of each external service provider during that financial year;
- ❖ A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- ❖ Measures taken to improve performance

An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

VISION & MISSION – 4th GENERATION IDP

The following vision and mission statement for Newcastle Municipality were formulated at a strategic planning session with active participation of both the political and administrative components of the municipality. The vision commits the municipality to sustainable, integrated, equitable and effective development through the 4th Generation IDP.

NEWCASTLE MUNICIPALITY DEVELOPMENT VISION

BY 2035, NEWCASTLE WILL BE A RESILIENT AND ECONOMICALLY VIBRANT CITY, PROMOTING SERVICE EXCELLENCE TO ITS CITIZENS

MISSION STATEMENT

NEWCASTLE MUNICIPALITY TOGETHER WITH ITS CITIZENRY, COMMITS TO REALISE ITS VISION THROUGH INNOVATIVE SERVICE EXCELLENCE, ACCELERATED SERVICE DELIVERY, SUSTAINABLE INFRASTRUCTURE DEVELOPMENT, PROMOTING SOCIO-ECONOMIC DEVELOPMENT AND SPATIAL INTEGRATION

The mission statement acknowledges the objects of local government as outlined in various local government legislation and given effect through the IDP and the associated sector plans. It also seeks to align the municipal strategic activities, structure and resource allocation with the powers and functions as prescribed in the Constitution.

LESSONS LEARNT IN 2017/18

August 2018

Reporting requires that the priorities of the organisation, its performance objectives, indicators, targets, measurements and analysis, are taken and presented in a simple and accessible format, relevant and useful to the specified target groups for review. While it is important that the reporting formats are relevant, useful and cater for the reader's need in reviewing performance, the existence of too many reporting formats can become both confusing and burdensome to the organisation. The ideal situation is the existence of one reporting format that contains the necessary information for all users, yet remains simple and accessible to all users. This was done using a basic Excel spreadsheet.

In the year under review, every attempt was made to align the planning and reporting template with KPI's from the National Treasury through the IDP process, and then subsequently at Mid-Year Review with the Back to Basics programme. This became rather confusing and frustrating for departments who were already accustomed to KPI's from previous years which were also aligned to the IDP, which may have been phrased differently.

It is also apparent that in order for an effective PMS, it is necessary for all stakeholders to be involved in the planning, monitoring and review process. Of specific note is the need for the streamlining of oversight activities by the Council and Community through processes specified in a framework to be aligned to other key strategic processes of the organisation. Furthermore, the need for a National and Provincial reporting system integrated with local government is re-iterated for the purposes of mainstreaming of national programmes and reporting requirements.

Perhaps one of the critical factors influencing performance in the organisation is the value chain and instilling a culture of performance. This would include amongst others - change management and team building techniques, awareness of and practicing of Batho Pele principles and a Code of Ethics. Leadership and management processes are key to ensuring an outcome driven entity with recognition and acknowledgment systems being implemented. In the year under review, budget cuts, and the high vacancy rate in top management negatively impacted on the quality of performance reporting. It is therefore deemed appropriate to ensure that together with skills development and change management processes, performance management is cascaded to all levels of employees once the re-engineering process is finalised. It is encouraging to note that this is supported by Council through the approval of an IPMS policy and systems and processes are in place to

implement this in the 2018/19 financial year. The process will await the appointment of top management and engagement and awareness of employees and relevant stakeholders.

For the performance Management process to be efficient, it is necessary for an automated system to be implemented to ensure accurate reporting that is aligned to financial reporting processes. This must be followed by effective risk management and internal audit processes to ensure that review mechanisms are implemented timeously. For the year under review, the need to align with other governance processes was emphasised through the PMS process. Unfortunately, institutional challenges amongst others, contributed to inadequate monitoring mechanism for governance related issues. It is therefore necessary to ensure that when the PMS is automated, that it interfaces with the governance systems, including amongst others a project management module, GIS and financial systems. The municipality awaits the roll out of MSCOA alignment to PMS and the standardization of KPI's for integration with national and provincial programmes aligned to the National Development Plan.

The institutional arrangements within the organization must be such that it supports the process. This would include sufficient capacity to lead the process and to ensure that compliance issues are administered. The need for each department to also identify performance champions administratively to co-ordinate performance information to support performance managers and leaders is critical for ensuring compliance with reporting requirements. This would include adequate administrative systems such as record keeping, consistency with administrative support officials. Furthermore, ongoing awareness and training is necessary to ensure that the entity is abreast of all performance related issues and how this integrates into other municipal processes. This was affirmed by the Audit Committee, resolving that no interns be used to co-ordinate PMS reporting in departments and that a coordinator in departments with administrative functions be nominated by each department. This continues to be a challenge in most departments resulting in lack of consistency in quality reporting.

Of critical importance is the need for top and senior management posts to be filled to ensure management and leadership in so far as performance management processes are concerned. This is necessary especially in terms of motivating a goal orientated environment, quality control in respect of reporting and monitoring, review and submission

of evidence and more importantly ensuring accountability at a senior management level. Actions plans in so far as the filling of critical posts must be implemented to meet the targets as specified in the SDBIP, including reducing the turnaround time for the filling of these posts. The vacancy rate in levels of senior management and operationally within the organisation also impacts negatively on performance. This is re-affirmed by Audit Committee recommendations that the use of interns for supporting the performance management process had to be reversed to ensure accountability at a management level, and to improve the quality of reporting. Of course these factors must be taken into account when aligning targets to resources available. The PMS unit have in the year under review introduced a “*Monitoring and Evaluation Checklist*” to support KPI and project owners review of performance information to meet the basic requirements of the PMS. It was designed also to support the monitoring and evaluation process. The pilot process of the checklist was not entirely successful as departments opted to use traditional methods of submission of performance information – thus contributing to poor quality reporting. The success of this new support approach is dependent on effective and functional senior management at a strategic and operational level. It is incumbent on both management and Council to ensure a resource orientated monitoring and evaluation environment.

The role of the PMS unit as defined in the PMS Framework was operationally reviewed in the year under review to that of supporting departments to ensure quality reporting. This is also dependent on the co-operation and buy-in of officials in departments working with performance information and proved challenging in an organisation with institutional and transformational challenges. Furthermore – skills capacity and competencies in the PMS unit is evolving more towards analytical and audit orientated – as opposed to primarily administrative as is contained in the job requirements for key positions within the unit. It is necessary for the relevant skills development programmes to also be extended to all relevant officials in departments to improve quality of performance processes.

The need for improved Intergovernmental relations to ensure streamlining of performance based reporting processes is also necessary. This would require that all spheres of government to integrate and co-ordinate these reporting requirements through the identification and rationalization of key performance indicators aligned to the National

Growth Path. Furthermore the alignment to the national government Medium Term Strategic Framework and national priorities is necessary to ensure that all spheres of government are striving to common goals and targets. It is also deemed appropriate for a common reporting, monitoring and assessment process be developed for all spheres of government in respect of specific key intervention /performance areas.

ORGANISATIONAL SCORE-CARD 2017/18 ANALYSIS

The above-mentioned strategic priorities as identified in the IDP, cascades into the performance management system of the municipality through the 5 year organisational score-card as approved in the 4th generation IDP(**Appendix 1**).

The methodology used for the assessment is based on the rating calculator for Municipal Manager's and managers directly accountable to the Municipal Manager, as well as the Dashboard illustrations used by the Auditor-General. The Score-cards are reviewed against actuals reported against submission of Portfolio of evidence which is also subject to an internal audit process. Where a target was not met, and evidenced Reason for the variance was required together with recommended corrective action to be taken to ensure that the target was to be pursued further. For the purpose of this report only the Dashboard results will be highlighted in terms of :

DASHBOARD ASSESSMENT KEY	
	TARGET MET
	TARGET IN PROGRESS
	TARGET NOT MET
	OVERACHIEVED

The technical assessment by the PMS unit must check on the completeness of reports, and the relevance and sufficiency of the portfolio of evidence submitted. Portfolios of evidence should be appropriately reference to the relevant score-cards to allow for ease of reading and for purpose of auditing. A PMS Checklist is used to ensure that performance information as reported is :-

- ✓ Sufficient
- ✓ Relevant
- ✓ Accurate

The checklist is applied against both the actual reported against the target, aswell as the Reason for Variance where a target is not achieved.

Any **TARGET NOT MET**, in any quarter must in all instances have the requisite "REASON FOR VARIANCE", and "RECOMMENDED CORRECTIVE ACTION, such "reason for variance" to be evidenced, failing which the target will be deemed to be "NOT MET"

August 2018

Actuals reported within a 10% variance of a target will be considered as acceptable performance and will be scored accordingly.

The following rating scale as applied for section 54 and 56/57 Managers apply to KPI's at all levels, including SDBIP and individual performance

LEVEL	TERMINOLOGY	DESCRIPTION	ASSESSMENT KEY AGAINST RATING DASHBOARD
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.	OVERACHIEVED
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others	OVERACHIEVED
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.	TARGET MET
2	Performance 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 indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.	IN PROGRESS
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee 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.	TARGET NOT MET

August 2018

Accordingly, for the 2017/18 financial year, a total of 81 key performance indicators (relevant and applicable) are evaluated against targets set as summarized below:-

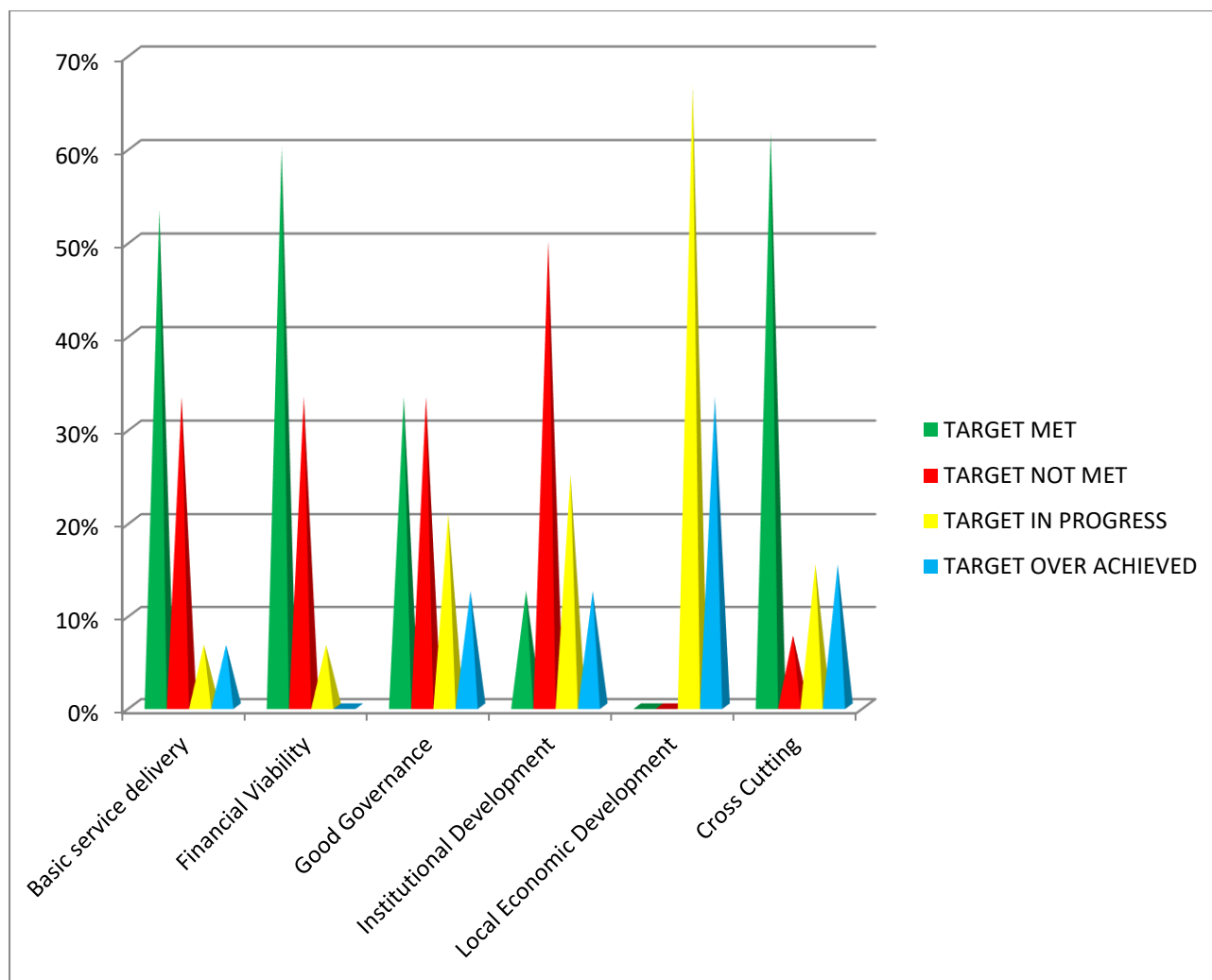
	TARGET MET	TARGET NOT MET	TARGET IN PROGRESS	TARGET OVER ACHIEVED	TOTAL APPLICABLE KPI'S
Basic service delivery	10	4	0	1	15
Cross Cutting	10	1	2	0	13
Financial Viability	11	2	2	0	15
Good Governance	11	8	5	0	24
Institutional Development	1	4	3	0	8
Local Economic Development	2	0	4	0	6
TOTAL	45	19	16	1	81
	56%	23%	20%	1%	

From the above table, 57% of targets were achieved, of which 1% was exceeded for all key performance indicators on the organisational score-card linked to the IDP.

23% of targets were not achieved at all, with 20% of targets being partially achieved or still in progress.

Where performance was not reported and/or reported but was not backed with relevant, sufficient or accurate evidence, the target was deemed to have not been achieved or still in progress.

2017/18 KPA PERFORMANCE



There is a need for more regular and effective monitoring within departments to ensure that quality reporting is submitted for assessment. It is also imperative for management at all levels to ensure that interventions are identified early in the process and the corrective interventions are implemented.

KPI' and project owners are being directed to utilise the **“Actual reported”, “corrective measures” and “Recommended Corrective Action”** column as it is the guiding instrument on how targets were achieved and what actions will be undertaken when targets are not achieved. Accordingly, this must be reported and aligned to how targets are specified.

As the Newcastle PMS is an evidence-based system, it is also equally imperative that departments implement processes to ensure quality record-keeping aligned to KPI's, and that this be referenced appropriately in the Portfolio of evidence file submitted for assessment and auditing.

The maintenance of a Project File for every project on the capital programme is also advocated to ensure that relevant financial and non-financial evidence is on hand at all times and is aligned to relevant KPI's on the Organisational Score-card.

KPI' and Project owners must ensure that all quantitative KPI's are supported by all relevant calculations against measurable formulae to avoid misstatements being raised through assurance processes. For this purpose the PMS Checklist (as compiled by the PMS unit), must be used for every KPI and project as a departmental control.

Capacity limitations for performance reporting, monitoring and support must be prioritised by management to reduce the risk of a negative audit outcome on predetermined objectives. Skills development programs for all officials in the M & E unit, and officials working directly with performance information must be implemented as per the Workplace Skills plan. Further interventions to address the audit findings from Q1 to Q3 must be immediately addressed in preparation for the Annual Performance report 2017/18 to be audited by AG.

The filling of vacant positions in top management to ensure reporting and quality control discipline and accountability cannot be over-emphasized to ensure an effective, efficient and reliable monitoring and evaluation process is followed.

Work flow processes on performance management, including KPI definitions and Standard operating procedures will go a long way in clarifying roles and responsibilities of all stakeholders, specifying timeframes and turnaround times, aswell as improving quality of performance information in general. This must be mainstreamed through effective

workstudy and organisational development processes aligned to the functions of the municipality. As this the municipality finds itself in an ever changing environment with evolved internal and external processes, it becomes incumbent on management to develop and /or review internal controls and systems to ensure stability, continuity and improved staff morale. This is contribute to an enhanced performance driven organisation.

PERFORMANCE ACHIEVEMENTS

DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS

1. TITLE RESTORATION PROGRAMME(EEDBS)

- The department has registered more than 350 beneficiaries of the Enhanced Expanded Discount Beneficiary Scheme

2. H39 HOUSING PROJECT (MADADENI)

- The contractor has completed 97% of the installation of internal services namely water and sanitation and there are 12 solid structures that still need to make way for the completion of these services.

3. CHARLESTOWN HOUSING PROJECT

- Project sewer reticulation was also completed during this period. The Implementing Agent (Dovecall) has also started with the construction of a show house.

4. SIYUHLALA-LA HOUSING PROJECT

- A total of 297 Houses were built during this financial year (2017/18) and all these houses have been approved.

HOUSING PROJECTS

1. Osizweni E	40
2. Khathide	15
3. Siyahlala-la	<u>297</u>
	352

TECHNICAL SERVICES

1. Panorama Storm water Phase 3

- The aims of the project were to improve the storm water control measures along Ferret Street, portions of Reservoir Street, Henrietta Street, Panorama Drive and The School of Industries. The project was completed within the contract and 16 local labourers were employed.

WATER SERVICES

1. MADADENI WASTEWATER TREATMENT WORKS EXTENSIONS (CONTRACT A093-2015/16)

- This is a multi-year project that resumed in February 2017 and is expected to be concluded in February 2020. The overall project progress is at 58%, the Civil Contract is at 94% and the mechanical contract is currently at 0%.
- 2. OSIZWENI E & F: CONVERSION OF VIP TOILETS INTO WATERBOURNE SEWER**
- The primary objective of the project is to provide the residents of Osizweni E&F with a reliable sewerage reticulation system.
 - The project also aims at reducing poverty to local unemployed community members by creating job opportunities through EPWP
- 3. LENNOXTON AC PIPE REPLACEMENT PHASE 1**
- The water scheme is to be implemented by the Newcastle Local Municipality and funded through MIG. The scope of appointment included for the detailed design, documentation, tender preparation and construction supervision.
- 4. CHARLESTOWN BULK SERVICES**
- The Newcastle Municipality appointed MNA Consulting for the designs and monitoring of this project and Pilcon Projects was appointed to carry out the construction.
- 5. SOUL CITY WATER MAINS EXTENSIONS**
- The Newcastle Municipality appointed Pawacons Consulting Engineers for the designs and monitoring of this project and Vuka Magagula Trading was appointed to carry out the construction.
 - Based on the challenges stated above the contractor was delayed to complete their scope of work on time. Contractor will be granted extension of time.
- 6. SOUL CITY WATER MAINS EXTENSIONS 2**
- The Newcastle Municipality appointed Pawacons Consulting Engineers for the designs and monitoring of this project and Bee and Tee Construction was appointed to carry out the construction.
- 7. DICKS HALT WATER RETICULATION PHASE 01**
- The primary objective of the construction of Dicks Halt water reticulation was to supply the community with basic water and eliminate illegal connections and formalization of supply within these areas.
- 8. INTERGRATION OF CHARLESTOWN BOREHOLES WATER SUPPLY SYSTEM**
- The primary objective of this project is integration of Charlestown Boreholes water system.

9. MNDZOZU WATER RETICULATION PHASE ONE

- The primary objective of the construction of Dicks Halt water reticulation was to supply the community with basic water and eliminate illegal connections and formalization of supply within these areas.

10. NGAGANE WATER PURIFICATION PLANT

- The primary objective of the installation of the automatic lime dosing equipment is to eliminate the existing manual lime dosing plant and to comply with all safety and health and water quality requirements.

11. NGAGANE WATER PURIFICATION PLANT

- The primary objective of the emergency refurbishment of two sand filters was to bring two non-operational sand filters back into production and thereby return the plant to full production complying with all safety and health and water quality requirements.

12. Osizweni WCDM: DOMESTIC METERING AND TOILETS REFURBISHMENTS WITH LEAKAGE AND STRUCTURAL PROBLEMS

- The completed work allows Newcastle Municipality to save about 60 litres of water per day / per stand from a previously dripping tap, and also about 270 litres of water being recovered from outside leakage toilet per day / per stand.

13. SIYAPHLALA-LA BULK SERVICES

- The primary objective of the project is construction of bulk services for Siyaphlala-la low cost housing.

14. CONVERSION OF 1500 VIP TOILETS INTO WATER BORNE TOILETS AT MADADENI SECTION 7

- The primary objective of the project is to convert VIP toilets into water borne toilets.

15. RESEALING OF ROADS

- 11,4556 KM of roads were resealed.

16. REGRAVELLING OF ROAD

- 2, 5 KM OF ROADS WERE REGRAVELLED.

CORPORATE SERVICES

- Recruitment and Selection Section provided adequate human capital through the filling of 171 EPWP positions during the 2017/2018 financial year.

- On three highest levels of management (EE target group) only 2 people were appointed during the 2017/2018 financial year. This was a huge achievement since council has been without a CFO as from March 2013.
- Recruitment and Selection Section during the 2017/2018 financial year was able to appoint 1 contract worker (political appointment), 5 temporary workers, 24 contract workers (cleaners), 12 contract workers (clerks in BTO), 19 permanent workers and 3 promotions.
- Human resources was able to develop Employment Equity Plan (2016-2021).
- Human resources was able to establish a vibrant Employment Equity forum.
- Human resources was able to develop a policy on Individual Performance Management and was approved by council.
- Human resources established Individual Performance Management System steering committee that is responsible for cascading IPMS.
- Human Resource Management developed an HR Plan (2018-2022).
- Human Resources Management was able to develop its vision and mission in line with Organizational vision
- Human resources was able to automate Leave Management by implementing Employee Self Service System.
- A total number of 57 employees were assisted by EAP.

COMMUNITY SERVICES

1. SABC2 VISIT FORT AMIEL MUSEUM DURING HERITAGE MONTH

- Fort Amiel Museum was the chosen venue from where Morning Live SABC 2 presented the Heritage Month program.
- We had live dance performances, a battlefield re-enactment, and demonstrating traditional food preparations made the program interesting and alive.

2. CHIEF ALBERT LUTHULI COMMEMORATION

- September 2017, the first Chief Albert Luthuli 100 year's Centenary Commemorative walk was presented by the museum in Blaauwbosch.
- Certificates were presented to everyone involved and the Luthuli Museum in Groutville.

3. MUSEUMS EDUCATIONAL TALKS

- The museum also hosting many tourism students from mainly the local Majuba YVET College for practical training. Without this training students would not be able to complete their diplomas.

4. ANNUAL ANGLO-BOER-ZULU WAR COMMEMORATION EVENT

- On 30 June Fort Amiel presented the annual Anglo-Boer-Zulu War Commemoration Event at the historic Hilldrop House which belonged to Sir Rider Haggard the Colonial official and international writer of amongst other "King Solomon's Mines".

5. LIBRARY PROGRAMMES 2017/2018

- A total number of 226 programmes were conducted by Newcastle Library Services during the 2017/2018 financial year.
- Programmes included gaming, holiday programmes, school programmes, as well as reading and chess clubs.
- Activities included the use of computers, books, storytelling, how to conduct research and find information from various resources, indoor and outdoor gaming, as well as creative activities.

6. MODULAR LIBRARY WARD 7

- The Office of the Mayor submitted a request for a Modular Library in Ward 7 to the MEC, Honorable B.N Sithole-Moloi. The request was approved and the Provincial Department: Arts and Culture indicated that the Department would be funding the establishment of such library.

7. MY MIRROR/ISIBUKO SAMI EXHIBITION

- In order to understand our past as well as our future and self- identities the mirror guides us to learn more on heritage & history and diverse cultures, religions etc. in order to respect one another. . The honorable Mayor gave the audience the role of the Municipality and how art is so important in shaping our lives therefore it need to be supported and funded.

8. MUSEUMS HERITAGE SEMINAR

- The event Heritage Seminar was held at the Newcastle Town Hall (14th September 2017: 10.00- 14.30) it was organized by the Carnegie Art Gallery (Phumzile Dlamini and Eric Kubheka) and Young Explorers of South Africa (George Ncalane) to give opportunities to learners to learn more about historical backgrounds and the significance of heritage of the country, since heritage is a catalyst in bridging the gap, uniting people of different race, religion, language, culture etc.

9. ART CRAFT FAIR

- The gallery have quarterly Craft Art Fair to market the artists and crafters to public.

10. OUTREACH PROGRAMMES TO COMMUNITIES AND LIBRARIES

- Workshops conducted in schools, art centers and libraries

11. COMMUNITY BASED AWARENESS CAMPAIGN – 16/06/2018: AMAJUBA SPORTS GROUND**12. FIRE OPERATIONS: DISASTER RISK REDUCTION THROUGH FIRE BREAKS WITH VARIOUS LAND OWNERS – MAY TO JUNE 2018****13. CLEAN UP CAMPAIGN AT WARD 17 SESIYABONGA HIGH SCHOOL ON THE 09 FEBRUARY 2018.**

- In attendance was the councilor, the ward committee, EPWP, Volunteers and assistance from learners.

14. JAZZ WORKSHOP

- On the 15 JUNE 2018, THE NU'Ora Vibes two local artists Sandile Simamane and Sandile Hadebe, volunteered to the gallery to influenced art with jazz while the artists do their still life hands on workshop

15. INTERNATIONAL MUSEUM DAY

- The International Museum Day established by International Council of Museums (ICOM) in 1977. To spread the message that museums are important means of cultural exchange, enrichment of cultures and development of mutual understanding, cooperation and peace among societies.

CORPORATE SERVICES**1. Organisational Development**

- Assisted the organization to transit from an old job evaluation system to the TASK Job Evaluation System.
- Developed a policy on Critical Skills
- Developed a policy on Transport Allowance

August 2018

- Conducted work study investigations aimed at improving productivity, effectiveness and economic use of resources such as :
- Overtime
- Acting
- Water Services
- Waste Management

2. Training and Development

This Division in line with its mandate of capacity building and in implementing the Workplace Skills Plan 2017/2018 was able to enrol 416 employees across departments on skills development programmes that are aimed at sharpening their skills, career development and multi-skilling with an objective to improve service delivery. The following are some of the highlights of HRD unit for 2017/2018 financial year:-

- Appointed 83 interns who are paid R5000 a month for the period of 2 years as part of the municipality's community outreach programme and attempts to mitigate unemployment amongst the youth
 - Trained 17 learner fire-fighters to graduate as fire-fighters to ensure that they are competent to deliver emergency rescue services effectively and efficiently
 - Assisted 8 municipal employees to be trade tested as electricians, plumbers and bricklayers
 - 7 Municipal employees graduated in May with Masters in Public Administration funded by the municipality
 - Another 12 are expected to graduate in October with their Masters in Public Administration
3. Recruitment and Selection Section provided adequate human capital through the filling of 171 EPWP positions during the 2017/2018 financial year.
 4. On three highest levels of management (EE target group) only 2 people were appointed during the 2017/2018 financial year. This was a huge achievement since council has been without a CFO as from March 2013.
 5. Recruitment and Selection Section during the 2017/2018 financial year was able to appoint 1 contract worker (political appointment), 5 temporary workers, 24 contract workers (cleaners), 12 contract workers (clerks in BTO), 19 permanent workers and 3 promotions.
 6. Human resources was able to develop Employment Equity Plan (2016-2021).
 7. Human resources was able to establish a vibrant Employment Equity forum.

8. Human resources was able to develop a policy on Individual Performance Management and was approved by council.
9. Human resources established Individual Performance Management System steering committee that is responsible for cascading IPMS.
10. Human Resource Management developed an HR Plan (2018-2022).
11. Human Resources Management was able to develop its vision and mission in line with Organizational vision
12. Human resources was able to automate Leave Management by implementing Employee Self Service System.
13. A total number of 57 employees were assisted by EAP.

14. Secretariat

- The section planned from 1 July 2017 to 30 June 2018, 11 ordinary Council meetings and 1 special meeting and achieved 10 ordinary and 5 special respectively. There was 11 planned ordinary Executive Committee meetings and 11 special meetings where 11 ordinary was achieved and 24 special meetings were achieved.
- The Council approved a budget of R1 000 000,00 for the procurement of the wireless conference delegate system, PA system and data projectors for council chamber needed for audio, public address as well as projection of presentations during council meeting.
- The following By-laws was approved by Council in December 2017

Cemetery Crematorium by-law – 7/06/18

Caravan Parks by-law - 7/06/2018

Fire Brigade by-law -7/06/18

Museum by-law - 5/04/18

Library by-law – 5/04/18

Disaster Management Plan – N/A

Prevention and Suppression

Of Health Nuisance – 7/06/18

Metered Parking by-law – 7/06/2018

Refuse by-law – 3/05/18

Pound by-law – 31/05/2018

Noise Control by-law- 7/06/18 Fare-bearing Passenger, Motor Vehicle by-law – 7/06/2018

SPLUMA by-law- 28/12/17

Information Trade by-law – 31/05/18

Water by-law – 7/06/2018
7/06/18

Standing rules and orders for Council meetings and its committees –

15. Records Management

- The provision of R3 900 000 has been made available for additional licenses to be procured for 2017/2018 financial year. The final award letter to this project was issued to the successful bidder during the fourth quarter of the financial year. The service provider has delivered 150 licenses as per the scope of work.

COMPARISON OF PERFORMANCE TO PREVIOUS FINANCIAL YEAR

The Table below reflects that whilst the IDP's evolved from 3rd generation (2016/17) to 4th generation (2017/18), 45 (56%) of key performance indicators were repeated over the 2016/17 YR and 2017/18 YR.

Against the same KPI's, more targets were not met in the 2016/17 YR as compared to the 2017/18 financial year. With more targets in progress reported at year end, the overall performance was just a 1% less compared to the previous year.

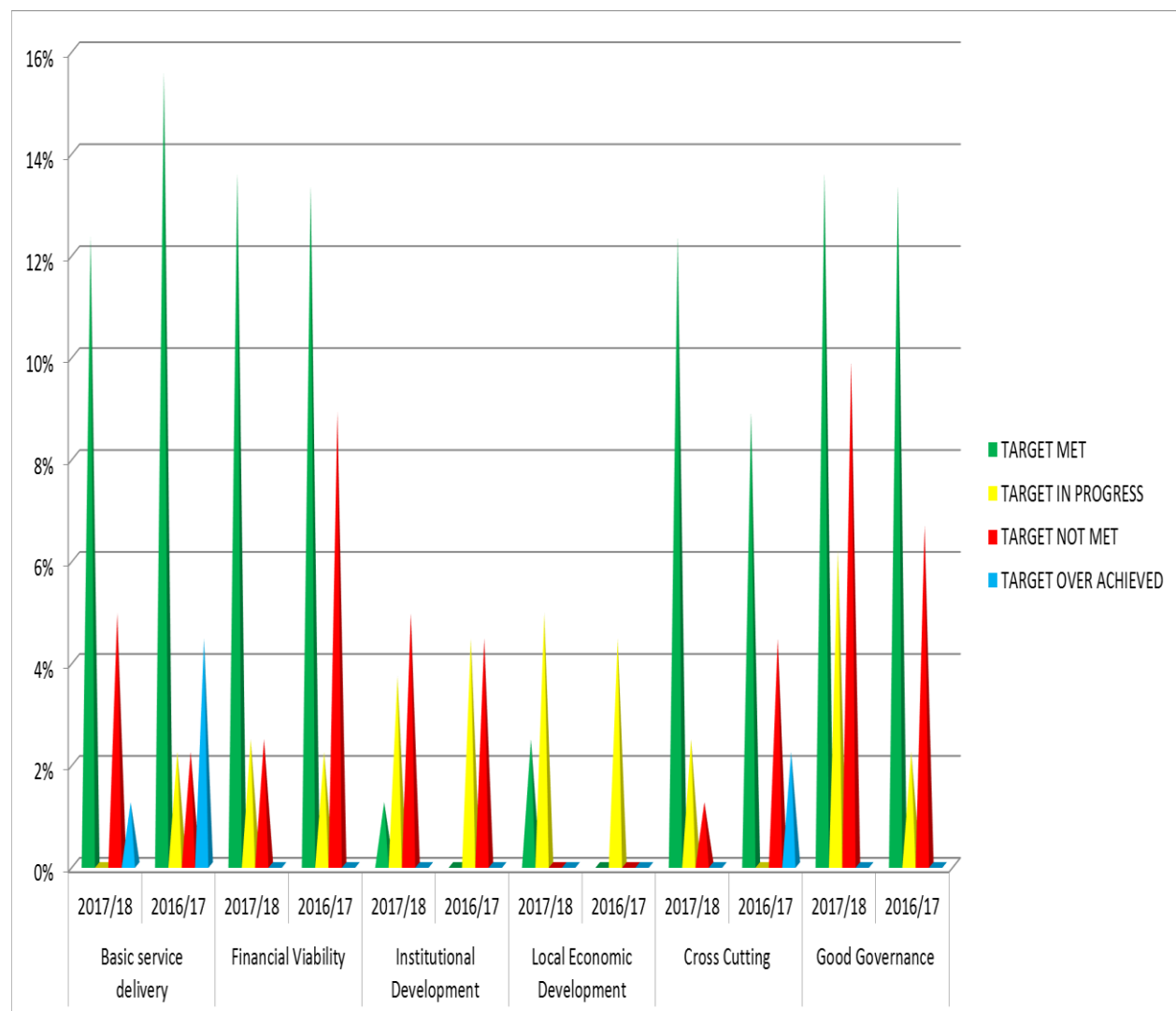
August 2018

KPA		TARGET MET	TARGET IN PROGRESS	TARGET NOT MET	TARGET OVER ACHIEVED	TOTAL KPIS
Basic service delivery	2017/18	10	0	4	1	15
	2016/17	7	1	1	2	11
Financial Viability	2017/18	11	2	2	0	15
	2016/17	6	1	4	0	11
Institutional Development	2017/18	1	3	4	0	8
	2016/17	0	2	2	0	4
Local Economic Development	2017/18	2	4	0	0	6
	2016/17	0	2	0	0	2
Cross Cutting	2017/18	10	2	1	0	13

KPA		TARGET MET	TARGET IN PROGRESS	TARGET NOT MET	TARGET OVER ACHIEVED	TOTAL KPIS
	2016/17	4	0	2	1	7
Good Governance	2017/18	11	5	8	0	24
	2016/17	6	1	3	0	10
TOTAL APPLICABLE KPI'S 2017/18		45	16	19	1	81
KPI'S OVER 2016/17 & 2017/18		23	7	12	3	45

58% of targets for the same KPI's in 2016/17 were met and exceeded compared to the 57% performance in the current year. This is a nominal decline of 1%- considering that the circumstances under which the organisation performed persisted over the 2 years.

It is pleasing to note however that targets not met decreased by 4%, with the increase in targets in progress by 4%.



REPORTING, MONITORING AND EVALUATION CHALLENGES

As highlighted in the Lessons learnt above, it is imperative to mention the following:-

1. The high vacancy rate in top management impact negatively on the performance of the municipality ;
2. The delays in the roll out of individual PMS inhibits accountability and responsibility ;
3. Inadequate internal controls, systems and standard operating procedures contribute to poor performance, poor quality reporting and lack of accountability
4. Manual performance management system increases the risk of error reporting. An automated PMS is therefore ideal ;
5. Inadequate competencies for an evolved performance management reporting requirement - based on evolved auditing standards by the Auditor-General. This will require elevated M & E and audit capacity in the organisation, specifically the M & E unit;
6. Lack of clarity on performance standards between Municipal Systems Act and the Municipal Finance management Act
7. Filling of critical vacancies in the M & E unit to improve quality reporting and support to departments
8. Resolving AG findings in so far as the verification of , and reconciliation to StatsSA information for basic services KPI's. Whilst a household count is included in the strategy to resolve the findings, it has been established that the methodology agreed to in the scope of the consultant may have to be revised- to align to that of STATS SA. Furthermore – delays in the project have resulted in the KPI's not being measurable in the current year again, and in line with recommendations from AG and CoGTA – these KPI's must be customized going forward. This will also create more challenges specifically alignment to Back to Basics reporting, alignment to IDP in so far as backlogs are concerned, alignment to statistics used by other sector department- specifically for the allocation of grant funding.

Engagements with AG and CoGTA will continue to discuss the recommendations to customize these KPI's, but also on processes to finalise KPI definitions and SOP's which is considered a new process to be finalised over the medium term.

August 2018

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS 2017/18

In terms of section 46 of the Municipal Systems Act,

(1) A municipality must prepare for each financial year a performance report reflecting- (a) the performance of the municipality and of each external service provider during that financial year.

External Service Provider is defined as :-

'external service provider' means an external mechanism referred to in section 76 (b) which provides a municipal service for a municipality"

Municipal Service is defined as :-

'municipal service' means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether-

(a) such a service is provided, or to be provided, by the municipality through an internal mechanism contemplated in section 76 or by engaging an external mechanism contemplated in section 76; and (b) fees, charges or tariffs are levied in respect of such a service or not;

Accordingly, the municipal Entity, Uthukela Water (Pty) Ltd is the only External Service Provider of the Newcastle Municipality, for which bulk water services is being rendered. The Entity is still under the Administration of the MEC Cogta since 2012.. As the multi-year Business plan and the Service Level agreement is still in the process of being finalised, an SDBIP with operation KPI's was approved by the Municipality.

The assessment is based on the SDBIP of Uthukela water for the 2017/18 financial year which was evidence based. It should be noted however, that the 2016/17 report was not evidence based, but a comparison of relevant KPI's are made on the score-card.

The following is a high- level dashboard assessment of the performance for the 2017/18 financial year :

	TARGET MET	TARGET NOT MET	TARGET IN PROGRESS	TARGET OVER ACHIEVED	TOTAL APPLICABLE KPI'S
Annual performance	6	3	0	2	11
	55%	27%	0%	18%	

Of the 11 targets 8 or 73% was met with 18% overachieved . 27% of targets were not achieved.

Of these are Uthukela water are required to ensure that evidence to support MFMA and other legislative compliance is being met. Furthermore – the Entity and the Municipality are required to follow up on recommendations to consider the feasibility study on the regional bulkwater master plan.

The self assessment by UThukela water on its Annual Performance Report is noted.

