

NEWCASTLE MUNICIPALITY



ANNUAL PERFORMANCE REPORT



EXECUTIVE SUMMARY

The 2020/2021 Annual Performance Report represents the year-end performance results for the financial year under review. The Annual Performance Report is compiled by the Monitoring and Evaluation Unit after reviewing all Key Performance Indicators on the Top-Layer Service Delivery Budget Implementation Plan (TLSDBIP). The TLSDBIP comprises of the six National Key Performance Area's (NKPA's), these are: Basic Services, Cross Cutting, Good Governance, Financial Viability, Local Economic Development and Institutional Development. All NKPA's contain Key Performance Indicators (KPI's) and each KPI has a target that is measurable, specific, attainable, reliable and time-bound. All Capital Projects have been linked to a KPI on the TLSDBIP. The TLSDBIP has been attached per each KPA as Annexures A - F. The Annual Performance Report is a summary of the performance achieved and not achieved for the municipality and provides a comparative of the performance information to prior years.

The Graph below represents a summary of the overall performance for 2020/2021 on the Top-Layer Service Delivery Budget Implementation Plan:

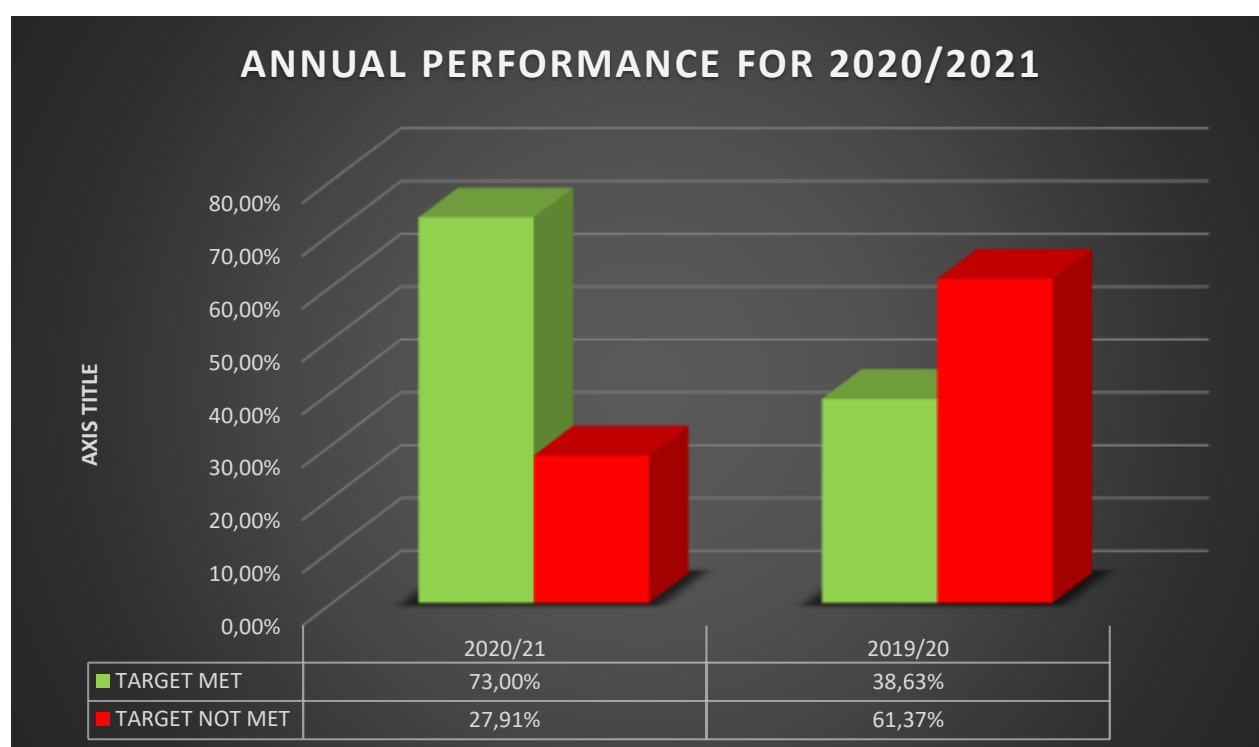


Figure 3 OVERAL ORGANISATION PERFORMANCE OF THE TLSDBIP FOR 2020/2021

The chart above demonstrates the overall organisational performance for the 2020/2021 financial year, based on the information above only 73 % of targets were achieved and 27 % of targets that

were set were not achieved. The Municipality has improved the overall performance of the municipality by 34%.

PERFORMANCE MANAGEMENT PROCESS

The M & E Unit from the 1st working day till the 10th working day of every quarter conducts a 100% review of the performance information as submitted from departments in terms of relevance, sufficiency, accuracy and reliability. The TLSDBIP is reviewed against the approved targets and KPI's. The capital projects are monitored and evaluated every month from the 1st working day of the month to the 5th working day of the month by evaluating the actual financial and non-financial performance based on the approved cash-flow projections per month and the Project Implementation Plans (PIP's). The M & E Unit uses a Performance Management Checklist (Annexure C) to review the performance information submitted by departments. The Performance Management (PMS) Checklist is based on Relevance, Sufficiency and Accuracy of the portfolio of evidence submitted to the M & E unit by departments. If a target as specified in the Top-layer SDBIP has not been achieved, a reason for variance with supporting evidence must be submitted together with a recommended corrective action that must be implemented in the next quarter. The PMS Checklist has prompting questions based on relevance, sufficiency and accuracy, with a drop-down list with specific answers to ensure that each M & E official reviews the performance information systematically. The purpose of the PMS Checklist is to ensure that actuals are fully supported by the evidence submitted.

The following table provides a description on the criteria that is used to assess performance information

Table 1 CRITERIOR TO ASSESS PERFORMANCE INFORMATION

Relevance	Closely connected or appropriate to what is being measured/assessed
Sufficiency	Enough or adequate evidence to support the actual
Reliable	Evidence that is good in quality, credible and trustworthy.

The performance dashboard is used to score departments based on the actuals reported and the portfolio of evidence submitted to the M & E unit. Departments are required to submit sufficient

evidence to support the actual performance reported and if a reason for variance is reported, supporting evidence must be submitted.

The following table, based on the legislative framework for performance management and the PMS Framework provides a summary of the various performance reporting deadlines which apply to the Municipality:

Table 2 PERFORMANCE REPORTING

Report Frequency Submitted for consideration and/or review to Remarks	Report Frequency Submitted for consideration and/or review to Remarks	Report Frequency Submitted for consideration and/or review to Remarks	Report Frequency Submitted for consideration and/or review to Remarks
1. SDBIP's	Quarterly	Executive Committee	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with The Executive Committee)	See sections 71 and 54 of the MFMA
3. Implementation of the budget and financial state of affairs of the Municipality	Quarterly	Council	See section 52 of the MFMA
4. SDBIP mid-year budget and performance assessment	Annually during January of each year	Mayor (in consultation with The Executive Committee)	See sections 72 and 54 of the MFMA
5. Performance report	Annually	Council	See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report

The M & E Unit submits quarterly reports to the Chief Audit Executive of the Internal Audit Unit every quarter on the 15th working day of month after the quarter under review is completed. The

quarterly report that is submitted to the Internal Audit is a 100% reviewed report of the TLSDBIP and the capital status report by the M & E Unit. The reports submitted to Internal Audit include a signed off hard copy of all the Excel reports for the TLSDBIP and the departmental capital status reports. The signed off hardcopy will be signed off by the relevant M & E Unit Officers, M & E Manager and the SED: DPHS. After the Internal Audit reviews the PMS Report the draft Internal Audit report is circulated to the PMS unit to respond and address findings that are only relevant to the PMS unit. The PMS unit will take 2 days to respond to the findings raised and adjust the PMS reports were applicable based on the findings raised by the Internal Audit unit

PERFORMANCE AND SUPPORTING INFORMATION

Section 46 of The Local Government Municipal Systems Act 32 of 2000 requires municipalities to publish an annual performance report reflecting the performance of the Municipality and of each external service provider; a comparison of the performances with targets; and measures taken to improve performance.

BACKGROUND TO THE TOP-LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

The Top Layer Service Delivery Plan (SDBIP) has been adapted by Newcastle Municipality as the preferred performance management tool for measuring performance on key developmental areas that are relevant to municipal service delivery and the public sector. There are five KPA's that municipalities are required to align their strategic planning on and these cut across every functional area of a municipality. The municipal Top-layer SDBIP measures a municipality's performance through these five perspective as listed below. :

- The Municipal Economic Development Perspective
- The Service Delivery Perspective
- The Institutional Development Perspective
- The Financial Management Perspective, and
- Governance Process Perspective

With recent developments through the adoption by the national cabinet of the 5-Year Local Government Strategic Agenda, that aligns local government with the national program of action, it

became imperative to review the above municipal Top-layer SDBIP model and to align it with the 5 Key Performance Areas (KPA's) for local government.

The Newcastle Municipality, having adopted the Top Layer SDBIP as the Performance management tool, will align this framework to the Top Layer SDBIP and its performance will be grouped accordingly. Furthermore, legislation required that the PMS also align to the IDP. The Newcastle Municipality IDP adopted 1 additional KPA's/ perspectives as follows:

- Cross-cutting (Special Programs, Municipal Planning, Community services etc.)

The perspectives that inform Newcastle Municipality's Top-Layer SDBIP are:

- The Local Economic Development Perspective
- The Basic Service Delivery Perspective
- The Municipal Transformation and Institutional Development Perspective
- The Financial Viability Perspective,
- Good Governance Perspective and
- Cross Cutting Perspective
- ***The Cross Cutting*** In this perspective the municipality will assess whether the desired development indicators around the performance area of municipal planning, disaster management and social development is achieved.
- ***The Basic Service Delivery Perspective*** This perspective will assess the municipality's performance in the overall delivery of basic and infrastructural services and products.
- ***The Financial Management Perspective*** This perspective will measure the municipality's performance with respect to the management of its finances.
- ***The Institutional Development Perspective*** This perspective relates to input indicators that measure the functioning of the municipality under areas such as human resources and all other indicators that seek to develop and manage the municipal institution.
- ***The Governance Process Perspective*** This perspective will measure the municipality's performance in relation to its engagement with its stakeholders in the process of governance, established and functioning governance structures, and good municipal governance processes, strategic planning and implementation and performance management.

- **Local Economic Development** This perspective will measure Newcastle Municipality's performance in developing the local economy, by ensuring that there is job creation, foreign investment opportunities within Newcastle, business retention, development of SMME's, marketing and tourism development in Newcastle.

Newcastle Municipality has linked each KPI on the TLSDBIP to the IDP Objectives and Strategies and each Capital Project is linked to a specific KPI on the TLSDBIP.

PERFORMANCE ANALYSIS

A performance dashboard is used to score departments based on the actuals reported and the portfolio of evidence submitted to the PMS unit. Departments are required to submit sufficient evidence to support the actual performance reported and if a reason for variance is reported, supporting evidence must be submitted. The diagram below is an illustration of how the M & E unit scores departments:

Table 3 PERFORMANCE DASHBOARD

LEVEL	TERMINOLOGY	DESCRIPTION	RATING DASHBOARD
4	Target Over Achieved	A KPI is scored as a Target Over Achieved, if the actual reported exceeds target and the evidence submitted to support the actual is relevant, sufficient and reliable. The actual reported must be: <ul style="list-style-type: none"> • Plausible • Factual • Results driven 	4
3	Target met	A KPI is scored as target met, if the target has been achieved and the evidence submitted supports the actual report and the evidence is relevant, sufficient and reliable.	3
1	Target not met and not supported	A KPI is scored as a target not met and not supported when the specified target has not been achieved or the department has not submitted sufficient, reliable or relevant evidence to support the actual or the	1

LEVEL	TERMINOLOGY	DESCRIPTION	RATING DASHBOARD
		<p>reason for variance for why the target was not achieved. A KPI is also scored as a target not met and not supported if there is non-submission of:</p> <ul style="list-style-type: none"> • a reason for variance for a target not achieved, or • if there is non-submission of an actual or • non-submission of evidence or • non-submission of a reason for variance or • non-submission of a recommended corrective action 	

PERFORMANCE ANALYSIS OF THE TLSDBIP FOR 2020/2021 PER KPA

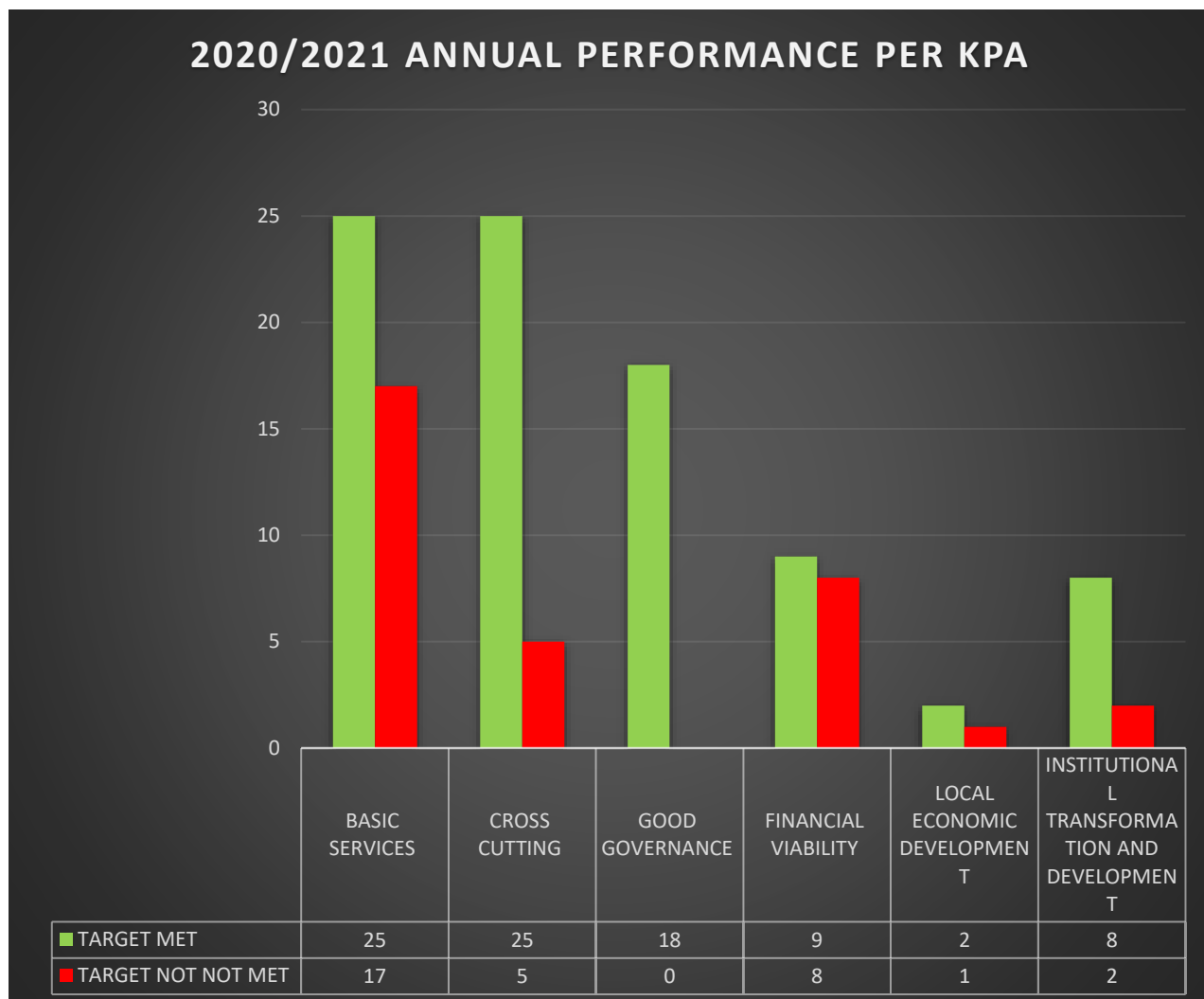


Figure 4 ANALYSIS OF THE TLSDBIP 2020/2021

PERFORMANCE PER KEY PERFORMANCE AREA

Table 4 PERFORMANCE OF THE TLSDBIP FOR 2020/2021

KEY PERFORMANCE AREA	TARGET MET	TARGET NOT MET	TOTAL NUMBER OF APPLICABLE KPI'S	PERCENTAGE
Basic Services	25	17	42	60%
Cross Cutting	25	5	30	85%
Financial Viability	9	8	17	53%
Good Governance	18	0	18	100%
Institutional Transformation & Development	8	2	10	80%
Local Economic Development	2	1	3	67%
Total	87	33	120	73%

Figure 4 and table indicates that the Basic Service National Performance Area has achieved 60% of all the planned targets. The total number of new households built for the 2020/2021 financial year was 214. 958 VIP toilets were installed in various parts of Newcastle East. Newcastle Municipality has resealed a total of 3,6km's.

Figure 4 and table 4 illustrates that only 85% of planned the targets for the Cross Cutting NKPA were achieved. The Municipality has finalised and submitted the Environmental Impact Assessment (EIA) for establishment of the Cemetery site.

Based on figure 4 and Table 4, 100% of the KPI's related to Good Governance were achieved. The municipality has an approved Delegations Policy, established an ICT Committee, addressed all SCM objections within 60 days, and ensured that all governance reports for Risk Management and Performance Management were approved within the statutory reporting time frames.

The performance of the Financial Viability KPA is not yet where the municipality intends however there has been a significant improvement in performance. The Budget and Treasury Office has a financial recovery plan that is implemented. The municipality has also appointed a debt collector which will improve the payment factor in the 2021/2022 financial year.

Local Economic Development achieved 66,6% of the planned targets. There has been a decrease in the achievement of planned targets for the 2020/2021 financial year in comparison to the 2019/2020 financial year.

There has been considerable improvement in performance for the Institutional Transformation and Development Key Performance Area. 80% of the planned targets were achieved during the 2020/2021 financial year.

DEPARTMENTAL PERFORMANCE ON THE TLSDBIP FOR 2020/2021

Table 5 DEPARTMENTAL ANNUAL PERFORMANCE ON THE TLSDBIP 2020/2021

DEPARTMENT	TARGET MET	TARGET NOT MET	TOTAL NUMBER OF APPLICABLE KPIS
OFFICE OF THE MUNICIPAL MANAGER	15	0	15
BUDGET AND TREASURY OFFICE	9	8	17
COMMUNITY SERVICES	24	6	30
CORPORATE SERVICES	8	2	18
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS	15	3	1

TECHNICAL SERVICES	16	13	29
TOTAL	87	33	120

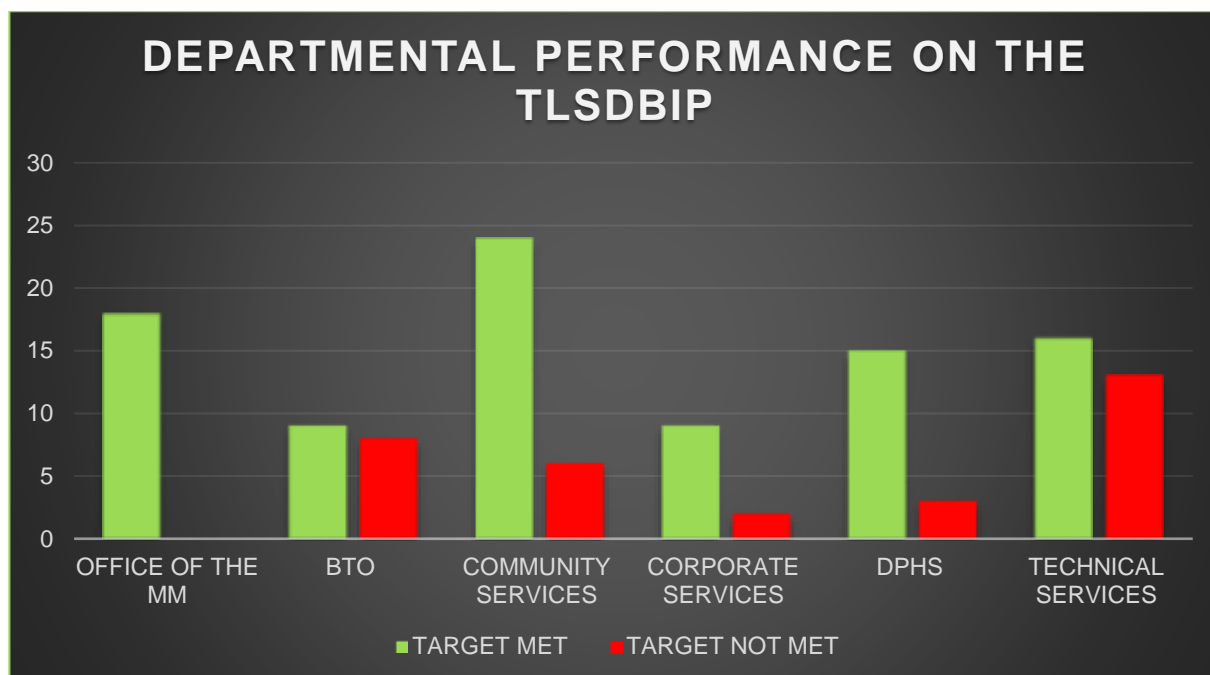


Figure 5 ANNUAL DEPARTMENTAL PERFORMANCE

PERFORMANCE ACHIEVEMENTS FOR 2020/2021

- The municipality has constructed 214 new households with access to water, sanitation and refuse removal.
- As a caring municipality we've given 8287 indigent households free basic water, electricity, sanitation and refuse removal. This is yet another clear indication that this municipality understands the daily struggles faced by many of our residents, in particular the unemployed and previously disadvantaged.
- 26 residential sites have been advertised for sale.
- 702 EPWP jobs were created to tackle the high number of unemployment within this municipality.
- The municipality has done training for 60 SMMEs.
- 111 title deeds have been transferred through the EEDBS program. A majority of these beneficiaries are first time home owners.
- 3,42 km's of roads have been resealed within the jurisdiction of Newcastle Municipality.
- 1 km of road was light graded / gravelled at Mndozo Clinic

- 100% implementation of the water and electricity maintenance plan was implemented with the intention of maintaining the existing infrastructure.
- The municipality purchased 10 recycle bins
- Constructed 70 speedhumps
- Upgrade of 0,78km of road upgraded from gravel to blacktop for MF55
- Upgrade of 0,801km of road upgraded from gravel to blacktop for MD35
- Completed 0,75 Km's of the sub-base layer for MF18 & MF19
- Completed 0,714 Km's of the sub-base layer for MF69, 7,10
- Completed 0,375 Km's of the sub-base layer for MC13
- Completed 0,52 Km's of the sub-base layer for OA27
- Purchased 16,3885 Hectors of land for development
- Constructed 2,6km of water pipeline for Soul
- Installed 6 standpipes in ward 12 and P46 completed.
- Processed 100% of all plans received by the municipality within the statutory timeframes

CHALLENGES

- The construction of new top-structures has been delayed due to social unrest at the H39 Housing Project and theft of building materials at the Charlestown Housing Project
- The rural electrification project has been delayed due to the number of defects identified on site, the contractor is currently rectifying the defects.
- The lease agreement and upgrades for Unisa was not finalised, due to Unisa changing the scope of work
- Water loss remains high due to ageing infrastructure and insufficient funding
- Vacant positions not yet filled
- Low payment factor
- The EPWP budget was reduced for the 2020/2021 financial year.

MEASURES TO IMPROVE PERFORMANCE IN 2020/21

- Implementation of Consequence Management
- Monitoring of recommended corrective actions as specified in Annexures A1-F1
- An Annual Recovery Action Plan be developed and monitored during the 2021/2022 financial year
- Filling of all critical vacant positions

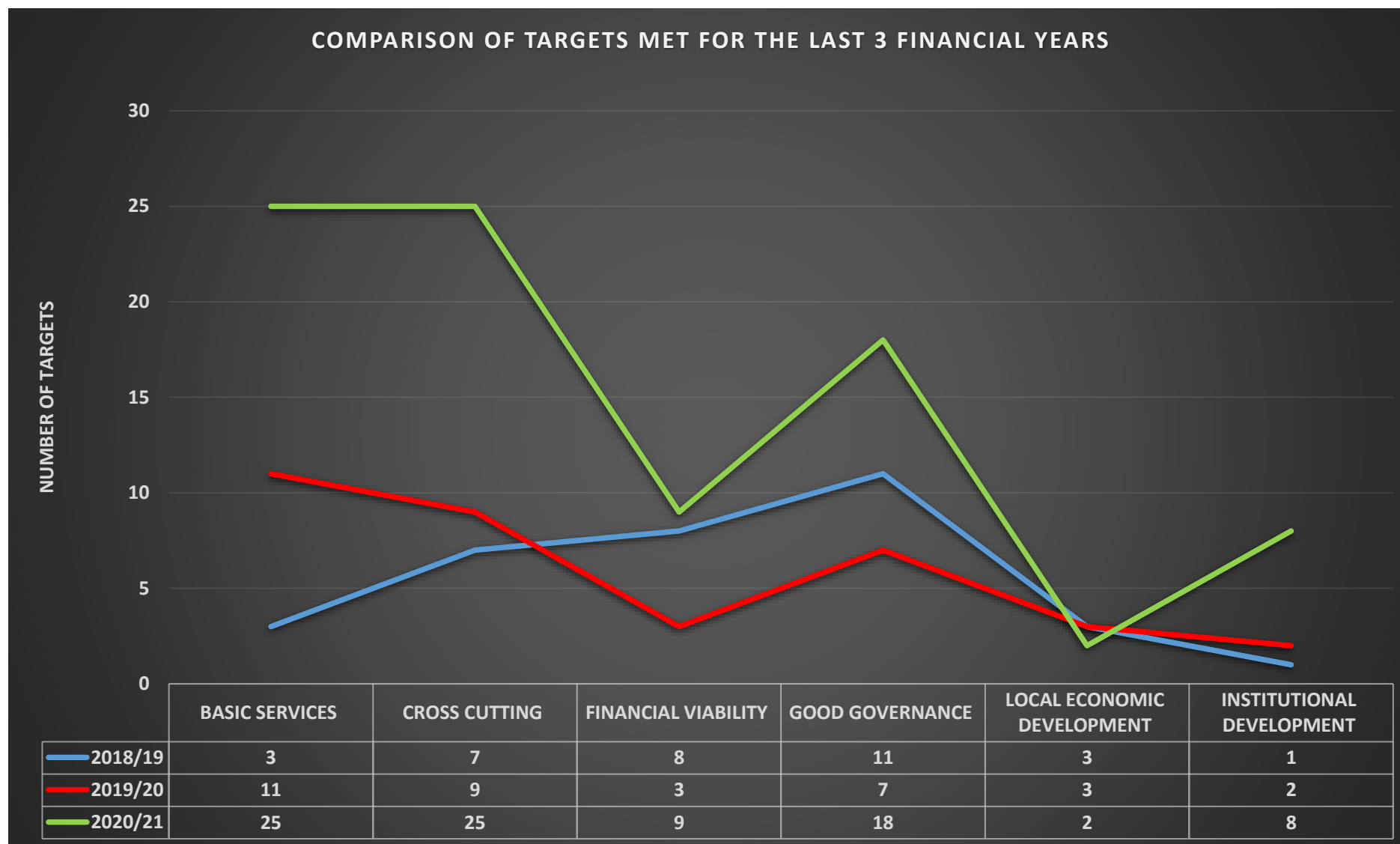


Figure 6 COMPARISON OF PERFORMANCE FOR THE LAST 3 FINANCIAL YEARS

The graph above illustrates that performance in Basic Services has improved since the 2018/19 and 2019/2020 financial years. The municipality has prioritised service delivery and access to basic services. In the last two financial years the municipality failed to implement 50% of planned targets however as at the end of June 2021 the municipality achieved 60% of all planned targets. Unfortunately, the municipality did not complete the energizing phase of the rural electrification program for the 2020/2021 financial year due to there being specific defects on site. The 2020/2021 rural electrification program has been prioritised for completion by September 2021.

The Municipality has declined in performance for Cross Cutting Issues that were executed by the Community Services Department. The department of Community Services failed to submit proper specifications and implement project implementation plans for the procurement of goods that would have improved service delivery for Newcastle. However, it must be noted that the municipality managed to achieve all targets related to development planning.

Financial Viability's performance deteriorated even further than the performance achieved in 2018/19, the payment factor has been reduced due to the National Disaster of the Covid Pandemic, the municipality has spent less of the capital budget than 2018/19, also as a result of the National Disaster of the Covid Pandemic, the Department of Budget and Treasury has also failed to report on the Revenue Enhancement Strategy and implementation of the Procurement Plan due non-commitment from other departments.

Good Governance Reporting has also regressed, the Legal Unit has had many resignations and no posts have been advertised, the turnaround time for the legal section has been compromised due to staff shortages. The ICT Steering Committee did not sit to address any issues however only the ICT Working Committee had convened meetings. The Risk reports were not presented to MANCO in quarter 1 and Quarter 2-3 the Risk Reports were submitted to Audit Committee and discussed in committee and referred back to the Risk Unit.

Local Economic Development has remained stable since 2018/19 to 2020/2021, EPWP has created 1070 temporary jobs, trained 50 more SMME's, established a Business Licensing and Business Permits unit to ensure that businesses within the jurisdiction of Newcastle comply with Legal requirements of the Business Licensing Act.

There has been a minimal improvement in Institutional Transformation, many targets under this NKA were not met due to the non-sitting of LLF meetings, the municipality attempted to establish Safety Committees and has this far been unsuccessful, therefore the department for the 2020/2021 financial year reported on all Injury on Duty Incidents. The Work Skills Plan budget was not fully spent due to the National Disaster of the Corona Virus.

Table 7 COMPARISON OF THE PAST YEAR PERFORMANCE TO 2020/2021 PERFORMANCE

	TARGET MET			TARGET NOT MET			TOTAL NUMBER OF APPLICABLE KPI'S		
	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
BASIC SERVICES	3	11	25	11	10	17	14	21	42
CROSS CUTTING	7	9	25	4	20	5	11	29	30
FINANCIAL VIABILITY	8	2	9	7	13	8	15	15	17
GOOD GOVERNANCE	11	7	18	12	7	0	23	14	18
INSTITUTIONAL TRANSFORMATION	1	2	8	10	4	2	11	6	10
LED	1	3	2	3	0	1	4	3	3
TOTAL	31	34	87	47	54	33	78	88	120

DETAILED COMPARISON BETWEEN THE PERFORMANCE ACHIEVED FOR THE LAST 3 FINANCIAL YEARS (2018/19 – 2020/21)

Table 8 COMPARISON BETWEEN 2018/19 TO 2020/2021 SERVICE DELIVERY

Performance Achievement	2020/2021	2019'2020	2018'1920
Number of houses built	214	376	133
Number of new households with access to water	214	376	133
Number of houses transferred through the enhanced Extended Discount Benefit	111	189	243
Number of households with Indigent Support	8287	8952	7484
Number of Properties release for sale to the public.	26	28	22
Number of households electrified	0	0	835
KM's of road re gravelled	1km	8,644km's	8,8km's
KM's of road resealed	3,42km	6,908km	14 306km's
Number of new households connected to sanitation	1172	1496	973
Number of new households connected to a minimum level of water.	214	376	120
Number of SMME's	60	74	86
The Number of jobs created through municipality's local economic development initiatives including capital projects	702	1 070	1 509

ASSESSMENT OF EXTERNAL SERVICE PROVIDER

In terms of Section 46 of The Local Government Municipal Systems Act 32 of 2000, 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.

Currently UThukela Water (Pty) Ltd is the only External Service Provider of the Newcastle Municipality, for which bulk water services is being rendered. UThukela Water (Pty) Ltd is an Entity of Newcastle Municipality. Unfortunately UThukela Water did not meet any of planned targets set in the 2020/2021 SDBIP. The main reason for not achieving the targets is that the information submitted from UThukela Water that some KPI's were linked to addressing the resolutions from meetings such as board meetings, maintenance etc. Uthukela Water also did not implement maintenance resolutions as per the meetings convened. The following chart represents the Draft Assessment of UThukela Water's SDBIP for 2020/2021:

