



ANNUAL PERFORMANCE REPORT

**2022 / 2023
Financial Year**

ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

Legislative requirements

The Municipal Systems Act, 2000 (Act no. 32 of 2000) places an obligation on municipalities to develop a Performance Management System that is commensurate with their resources and best suited to their activities.

Performance Management is central to organizational strategic management and equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques for regular planning, continuous monitoring, and periodic measurement and review of the performance of the Municipality in terms of key performance indicators stipulated in the Integrated Development Plan (IDP).

As outlined in Section 40 of the Municipal Systems Act of 2000 and the Municipal Planning and Performance Management Regulations (2001), the Municipality must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organizational, departmental and employee levels.

Section 46 (1) (a) of the Municipal Systems Act (Act 32 of 2000), inter alia stipulates that a municipality must prepare for each financial year an annual report consisting of a performance report reflecting the following, among other things;

- (i) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;
- (ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year;
- (iii) measures that were or are to be taken to improve performance; "

Introduction

The City of uMhlathuze is committed to promoting a high performance culture among political structures, political office bearers, councilors and its administration in the interest of ensuring accelerated service delivery to the people of uMhlathuze.

In the interest of ensuring performance management of the highest degree, the City of uMhlathuze developed a Performance Management Framework and Policy which offers a platform to implement, assess, monitor, measure, review, manage and reward performance throughout the Municipality, thus committing the Municipality to achieving its stated objectives and performance standards. It seeks to provide a comprehensive systematic planning; design and implementation that will help the municipality manage the process of performance planning and measurement effectively. It also serves to link the IDP, the Budget and a Performance Management System in a cycle of prioritized, affordable and accountable municipal planning and effective service delivery involving all staff and the local community.

The most recent Performance Management Framework and Policy review was on 22 June 2023 per Council Resolution 16411, including review of the Standard Operating Procedure to clarify the processes to collect, collate, verify and store of performance information.

The Reviewed Performance Management Framework and Policy incorporated the stipulations of the the Municipal Staff Regulations, Gazzette No. 45181 publised on 20 September 2021 by the Minister of Cooperative Governance and Traditional Affairs which cascades performance to staff below senior management.

On 1 July 2019 the Department of Cooperative Governance Traditional Affairs issued a revised draft set of indicators with technical indicator descriptions for secondary cities and district municipalities. The draft set of indicators were developed with respect to the provisions of Section 43 of the Municipal Systems Act (MSA) 32 of 2000 which provides for the Minister, after consultation with MEC's for local government and organised local government representing local government nationally, to prescribe and regulate key performance indicators to local government.

The draft indicators for secondary cities and district municipalities were developed through the course of engagements with provincial planning, monitoring & evaluation stakeholders (21 February 2019) and representatives of district municipalities and secondary cities whereby uMhlathuze participated (14 March 2019), convened by the Department of Cooperative Governance (DCOG). The submissions made via these forums have been considered as formative input to the indicators and are considered part of the process of intended reform of the Local Government: Municipal Planning and Performance Management Regulations of 2001.

The document begins by setting out a summary of the proposed indicators for secondary cities and districts differentiated for the respective categories of municipality respectively. The indicators have used MFMA Circular No. 88 as their point of departure and have been crafted so that they reflect the differential allocation of powers and functions between the two categories of municipalities. The indicators have been organised in terms of the Back-2-Basics Pillars (e.g. Putting People First, Service Delivery, Good Governance, Sound Financial Management and Building Capable Local Government Institutions) and are informed by reporting reforms initiated with metropolitan municipalities and formalised in MFMA Circular No. 88.

Technical indicator description for each of the proposed indicators were provided in draft format and municipalities requested to comment on it. It was imperative for uMhlathuze municipality to prepare for readiness of implementation of the performance indicators together with Technical Indicator Descriptions for secondary cities until such stage that the Regulations are formalised.

The OPMS scorecard (Top Layer service delivery targets of the SDBIP) was subsequently restructured from 2020/2021 financial year in line with the new format by the Department of Cooperative Governance and aligned to the Back-2-Basics Pillars.

Technical Indicator Descriptions were developed for the Top Layer service delivery targets on basic serve delivery in the Service Delivery Budget Implementation Plan and adopted by Council as phase one of the implementation process with the following objectives:

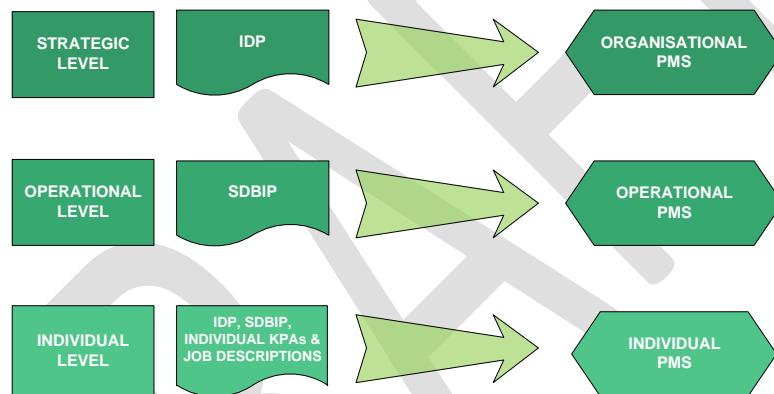
- to describe the purpose of each indicator, the collection, calculation and interpretation of data;
- to indicate systems used to generate performance information to report on performance indicators;
- to institute a common understanding on the procedures that must be followed to record, collect, collate, verify and report on the actual performance on predetermined objectives outlined in the Top Layer SDBIP;

- to indicate the responsibilities at all organisational levels from the level where the performance information originates, up to the point where it is recorded in the SDBIP quarterly performance reports and the finally in the annual report;
- to ensure an audit trail (supporting evidence); and
- to facilitate effective monitoring and evaluation

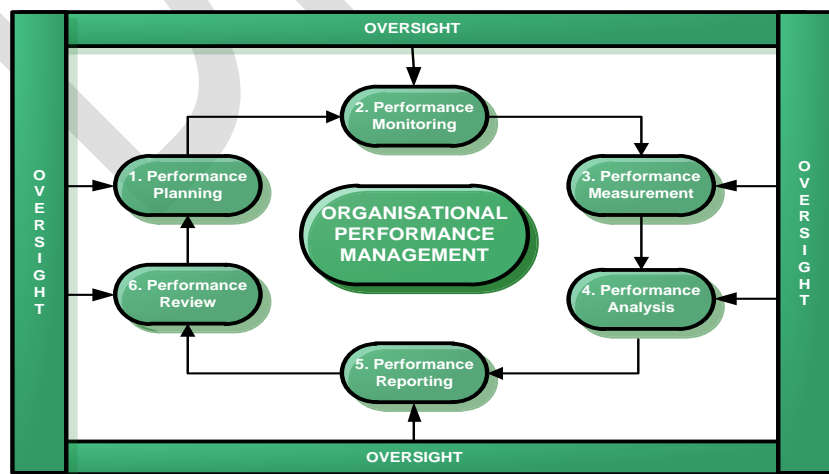
The Organisational Performance Management function of uMhlathuze Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager under the authority of the Chief Operations Officer. The Performance Management unit consists of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Specialist.

Organisational Performance Management Process

The legislative framework as set out above provides for performance management at various levels in a municipality including organisational (sometimes also referred to as municipal, corporate or strategic) level, operational (also referred to as services, departmental or section/team level) and lastly, at individual level as. These levels are however integrated and interdependent on each other.



The process of managing performance at organisational level in the uMhlathuze Municipality involves the stages as set out in the following diagram:

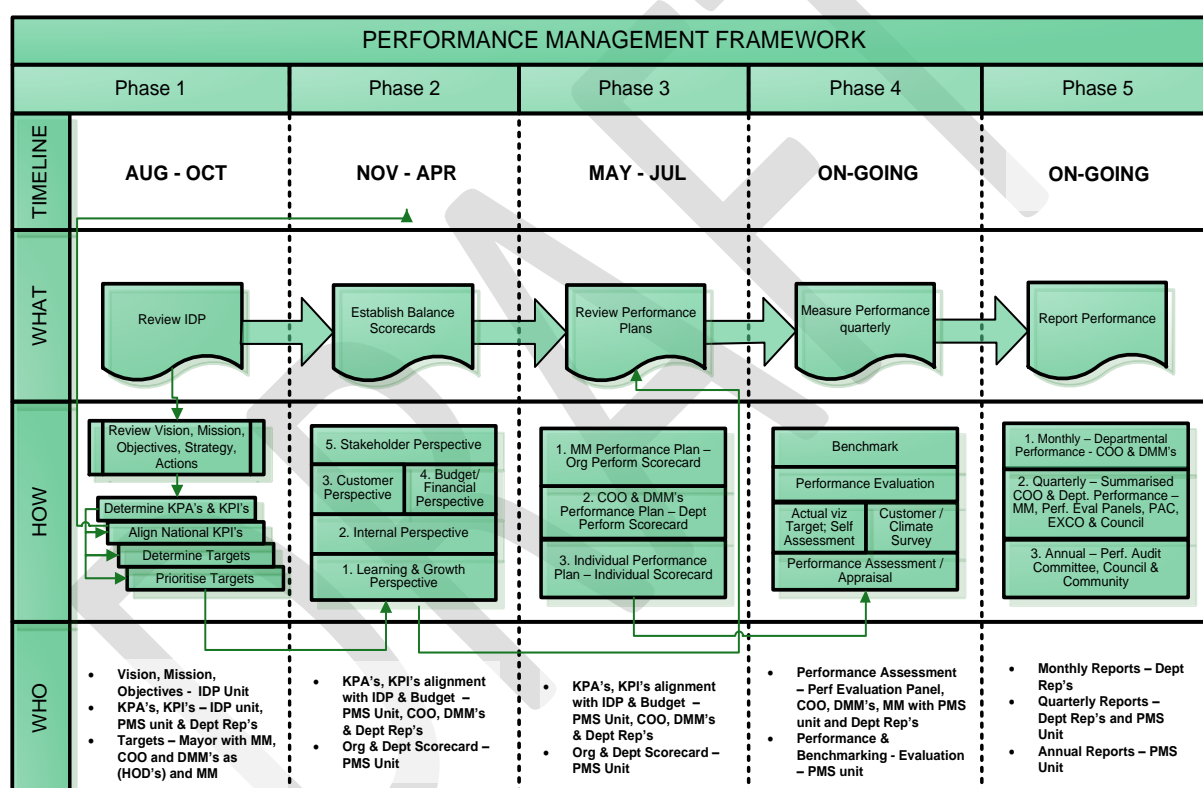


Key performance indicators have been refined in support of the municipality's development priorities and objectives as set out in the revised IDP framework (aligned with the organizational structure and Council's priorities) for the five year IDP period to ensure consistency in measuring and reporting on long terms strategies and projects. Measurable performance targets with regard to each of these

development priorities and objectives were established and are reflected in the 2022/2023 OPMS Scorecard/Top Layer of the Service Delivery Budget Implementation Plan. A process to ensure regular reporting is in place and gets reported quarterly to the Council via the Performance Audit Committee.

Individual performance agreements and performance plans were prepared in line with provisions prescribed in the Performance Regulations (Notice 805, published on 1 August 2006 in the official gazette) and signed by the Municipal Manager, the Chief Operations Officer and Deputy Municipal Managers (Heads of Department). These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan (SDBIP) as required in terms of the Municipal Finance Management Act (No 56 of 2003)

The following diagram illustrates a summary of the reviewed performance management framework for the City of uMhlathuze for performance measurement and reporting, adhering to the guidelines suggested by KwaZulu-Natal Province, Department for Cooperative Governance and Traditional Affairs:



uMhlathuze Performance Management Framework diagram

Performance Audit Committee

The Performance Audit Committee has been established since 2003 in terms of of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 and membership changed over time.

The membership of the PAC Council confirmed and approved by Council as per Council resolution 15423, minutes RPT 173205 is as follows:

Mr R M J Baloyi	Chairperson External Member
Ms. S. Khanyile	External member

Clr X Ngwezi	Alternate member of the Executive Committee (Mayor) (alternative)
Vacant	Executive Committee members (Deputy Mayor) in the event of non-availability by the Mayor)

The Performance Audit Committee is meeting on a quarterly basis during each financial year to ensure compliance with relevant legislation, procedures and to consider the quarterly performance achievements reported on the OPMS Scorecard/Top Layer SDBIP as well as the performance achievements reported in terms of the Departmental Service Delivery Budget Implementation Plans.

The Performance Audit Committee has met quarterly during the 2022/2023 financial year as follows:

Period	Date	Reference to Agenda
Quarter 1	26 August 2022	DMS 1551121
Quarter 2	09 December 2022	DMS 1572044
Quarter 3	16 March 2023	DMS 1587527
Quarter 4	21 June 2023	DMS 1605878

The Draft Annual Performance is submitted to the Performance Audit Committee on 30 August 2023 to note and consider the annual performance achievements reported in the OPMS scorecard/Top Layer SDBIP for the completed 2022/2023 financial year. The minutes of meetings are available on the GroupWise electronic document management system as reflected in the table above.

Performance Evaluation Panels

Performance Evaluation Panels have initially been established for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager per Council Resolution 4120 of 10 October 2006. The membership of Performance Evaluation Panels changed over time and re-affirmed on 21 January 2022 per Council resolution 15078, item RPT 172404.

Performance Assessment Panels for the assessment of Section 57 employees were established as follows:

- A) For purposes of evaluating the annual performance of the Municipal Manager (section 54A), an Evaluation Panel constituting of the following persons was established
- (i) Executive Mayor or Mayor;
 - (ii) Chairperson of the Performance Audit Committee;
 - (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council;
 - (iv) Mayor and/or Municipal Manager from another Municipality; and
 - (v) Member of a Ward Committee as nominated by the Executive Mayor or Mayor."

Clr X Ngwezi	Mayor/Chairperson
Vacant	Member of the Executive Committee
	Alternate member of the Executive Committee

Mr R M J Baloyi	Chairperson of the Performance Audit Committee
	Mayor from another Municipality
Mr E S Luthuli	Ward Committee member

B) For purposes of evaluating the annual performance of managers directly accountable to the Municipal Manager (Section 56 managers), an Evaluation Panel constituted of the following persons was established:

- (i) Municipal Manager;
- (ii) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee;
- (iii) Member of the Mayoral or Executive Committee or in respect of a plenary type Municipality, another member of Council; and
- (iv) Municipal Manager from another Municipality."

Mr N G Zulu	Chairperson
Mr R M J Baloyi	Chairperson of the Performance Audit Committee
Clr S H Zulu	Member of the Executive Committee
	Alternate member of the Executive Committee
Mr Jili	Municipal Manager from another Municipality (uMfolozi)

Performance Evaluation sessions are conducted quarterly. The first and the third quarter assessment are informal assessments. Formal assessments are conducted for the mid-year *quarter two) and Full year (quarter four). The final (fourth quarter) and formal performance evaluation sessions of the Municipal Manager and Managers Directly accountable to the Municipal Manager covering the 2022/2023 financial year will be performed once the Auditing of the Annual Financial Statements and the Predetermined Objective has been finalised by the Auditor General. The minutes of all meetings are available on the GroupWise electronic document management system. The final performance evaluation will commence once the Annual Report 2022/2023 has been adopted by the Council for consideration of possible performance bonuses in terms of the Regulations.

Auditing of Performance Information

The MFMA and the Municipal Planning and Performance Management Regulations require that the Municipal Council establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. No Councillor may be a member of an audit committee. Council shall also appoint a chairperson who is not an employee.

The Regulations give municipalities the option to establish a separate performance audit committee whereas the MFMA provides for a single audit committee as further being recommended by National Treasury in terms of their MFMA Circular no. 65 of November 2012. The uMhlathuze Council has however taken a decision to continue with a separate Performance Audit Committee and Audit Committee to allow for Councillors to serve on the Performance Audit Committee to enable Councillors to provide input towards Performance Management related matters.

The Audit Committee relies on the work done by the Performance Audit Committee in terms of the Audit Committee charter and receives and considers reports and minutes of meetings presented to it by the Performance Audit Committee at its scheduled meetings.

In carrying out its mandate, the Audit Committee and Performance Audit Committee must have a good understanding of the strategic goals of the Municipality, strategic focus areas as outlined in the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) and should perform the following functions:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and performance agreements.
- Review and comment on relevance of indicators to ensure they are measureable and relate to services performed by the Municipality.
- Review compliance with in-year reporting requirements.
- Review the quarterly performance reports submitted by internal audit.
- Review and comment on the Municipality's annual reports within the stipulated timeframes. Review and comment on the Municipality's performance management system and make recommendations for its improvement at least twice a year.
- At least twice during a financial year submit an audit report to the municipal council concerned.

In reviewing the municipality's performance management system the Performance Audit Committee focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.

The Internal Audit function within the municipality is co-ordinated and managed by an Internal Audit Executive within the office of the Municipal Manager. A Panel of service providers have been appointed to support delivering of the Internal Audit function.

As part of their scope, auditing of the Performance Management System and Predetermined Objectives are performed and reported on for each quarter in terms of the following internal audit plan:

Audit Project	Focus Area
Review of Performance Information - Quarter 1	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Performance score verification (Municipal Manager and Deputy Municipal Managers); • Compliance with relevant laws and regulations.
Review of Performance Information - Quarter 2	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations
Review of Performance Information - Quarter 3	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations

Audit Project	Focus Area
Review of Performance Information - Quarter 4 (Annual Performance Report)	<ul style="list-style-type: none"> • Consistency in reporting; • Measurability and reliability; • Performance reports reviews; • Compliance with relevant laws and regulations

The Auditor General will audit the information submitted in this report, together with all achievements reported in the Organisational Performance Management System Scorecard/Top layer of the Service Delivery Budget Implementation Plan and the findings in their management letter will be included in the Final 2022/2023 Annual Report. The information reported therefore will be validated for relevance, reliability, completeness, accuracy and correctness by the Internal Auditors as well as the Auditor General.

Customer Satisfaction

The most recent Customer Satisfaction Survey available was conducted in August 2017. The comprehensive analysis feedback report was reported to Council on 17 October 2017 and is available in the GroupWise document management system as well as on Council's official website. (www.umhlathuze.gov.za under the "Performance Management" link.

There is a service provider appointed to conduct survey and the survey is in progress, the outcome will be presented to Council in the 2023/2024 financial year once the survey is finalised.

Annual Organisational Performance Information

Performance Monitoring underpins the Municipality's Integrated Development Plan in terms of reviewing progress regularly in achieving the priorities and delivering value for money services. Early investigation into variances enables remedial action taken where appropriate.

The Organisational Performance Management System Scorecard/Top layer of the Service Delivery Budget Implementation Plan (Top Layer SDBIP) has been developed in complying with stipulations in terms of Section 41 of the Municipal Systems Act and has been included as an annexure to the uMhlathuze Municipal Integrated Development Plan review. The 2022/2023 Integrated Development Plan was finally reviewed at mid-year to reflect the adjusted Top Layer SDBIP performance targets for 2022/2023.

The Top Layer service delivery targets of the SDBIP included in the Draft Annual Performance report is therefore the monitoring and reporting mechanism on measurable performance targets detailing developmental priorities and objectives as set out in the uMhlathuze municipality's Integrated Development Plan. The Top Layer basic service delivery targets of SDBIP is reporting the achievements of the municipality on a strategic level which is in line with strategic key performance areas directly aligned to the five national key performance areas.

The Annual Performance Report highlights the key performance measures included in the Integrated Development Plan (IDP) review for the 2022/2023 financial year in the newly adopted format. These priority measures constitute the Organisational Performance Scorecard / Top Layer of the SDBIP on basic service delivery targets) for 2022/2023 financial year.

The annual performance reporting on the 2022/2023 financial year has been completed and presented in the Top Layer of Service Delivery Targets set in the Service Delivery Budget

Implementation Plan in a table format (aligned to the previously prescribed format by KwaZulu Natal Department of Corporate Governance and Traditional Affairs). The Top Layer Service Delivery Budget Implementation Plan (SDBIP) consolidated service delivery targets as contemplated in National Treasury Municipal Finance Management Act (MFMA) Circular 13 guide has been included following the review from the Auditor General since the 2017/2018 financial year auditing process.

Technical Indicator Descriptions were developed for the Top Layer service delivery targets of the SDBIP for the 2022/2023 financial year and enhanced at mid-year and approved by Council on as part of the continued implementation process.

The Annual Performance Report (Tables - Top Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan) should be read in conjunction with the uMhlathuze Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance on Predetermined Objectives Information for the 2022/2023 financial year.

Analysis of reported achievements

In relation to the 2022/2023 year end performance results, the final results are analysed as follows:

- **72%** of targets have been achieved within 95% or exceed against the 2022/2023 annual targets set, reflecting a decrease when compared to the 2021/2022 financial year where **70,83%** of targets were achieved within 95%
- **28%** of 2022/2023 annual targets were not achieved, reflecting a decline on performance when compared to the 2021/2022 financial year where **29%** of targets were not achieved.

The performance results for the organizational priorities can be summarized as follows:

Traffic Light Status	2022/23	2021/22	2020/21	2019/20	2018/19
Blue – Exceeded target	28%	38%	32%	32%	40%
Green – Met target	39%	29%	28%	18%	34%
Amber – Missed target by up to 5%	5%	4%	9%	10%	10%
Red – Missed Target by more than 5 %	28%	29%	32%	40%	16%

It is worth noting the impact of factors such as budget and staff retention whilst continuously increased demand for services putting pressure on achievement of challenging targets

The Performance Management System analysis has scored the achievement of individual key performance areas as follows:

ID	Key Performance Area	% of Targets achieved >95%
KPA 1	Good Governance and Public Participation	100%
KPA 2	Basic Service Delivery and Infrastructure Provision	60%

ID	Key Performance Area	% of Targets achieved >95%
KPA 3	Local Economic Development & Cross Cutting	100%
KPA 4	Municipal Transformation and Institutional Development	100%
KPA 5	Financial Viability and Financial Management	40%

1. Good Governance and Public Participation

34 Ward Committees have been established by the municipality. A vital link between Ward Councillors, the community, and the municipality is made possible by this structure. These Committees participate in the public consultation forums during the IDP and Budget meetings. Members of the community can influence ward-level municipal planning through committees. According to the DCOG indication, ward committees are required to have at least six members. In every Ward, the municipality was able to maintain a 99% membership rate. Ward Councillors are required to hold at least one meeting every three months as part of involving the community in governance. The average number of Councillors convened meetings was 90%, meeting the set target of 90%. The meetings give council members a chance to update the communities they represent on local projects and council decisions taken.

The Ward Committee Management, Stakeholder Liaison and Council meetings were successfully scheduled and convened in accordance with Council's Standing Rules of Order to ensure ongoing community involvement in municipal decision making.

As part of monitoring Integrated Development Plan implementation, municipalities are expected to review its IDP yearly and the municipality was able to adopt the reviewed IDP on 30 May 2023.

2. Basic Service Delivery and Infrastructure Provision

Access to Domestic Water supply

The target of 250 number of new water connections meeting minimum standard was achieved since 622 new domestic water meters were installed, contributing to an upgrade in water supply services. The achievement is based on applications received from members of the public and the connections by the appointed contractor.

Access to Domestic Sanitation services

The total of 89 444 (80.94%) of households with access to basic sanitation services remained the same as from the previous financial year. There were two sewer projects planned for 2022/2023, Mandlazini Agri-Village and Mzingazi to upgrade from VIP to waterborne sewage. The target of 280 new connections was based on the success of these two projects being implemented.

Mandlazini Agri-Village project is at 22% as at end of June 2023. There were delays experienced due to the number of deep excavations required and the collapsible soils on site. Also original sewer reticulation routes require changing on an ad hoc basis on site due to newly constructed infrastructure in the area. Mzingazi Sewer Upgrade – Phase 2 project is still at the Tender stage.

Water and wastewater services;

The quality of drinking water to comply with the South African national standards at latest SANS 241, >95% has been achieved with an average reported level of 95%.

The quality of wastewater compliance of $\geq 90\%$ of cumulative risk ratings based on Department of Water Affairs standard was not achieved, since 46% on average throughout the financial year was achieved. Process Audits were conducted in plants to determine the process anomalies. There has been evident witness of multiple mechanical/equipment fault backlogs at various wastewater treatment works which affect the treatment processes. Constant vandalism and theft of equipment at these treatment plants has also contributed in the delay of the resuscitation of wastewater treatment works progress. Plans have been put in place to ensure that the various wastewater treatment works return to their optimal and efficient working state so as to achieve compliance with the DWS regulations and General Authorization Standard specifications.

Access to Domestic Electricity supply

The municipality is delivering electricity supply to 35 794 dwellings and has connected 131 additional dwellings against the annual target of (80) to improve access to basic electricity services in the municipal electricity licensed area. This target was achieved, but remains reliant on consumers applying for this service. The municipality is in a position to deal with all applications received.

The annual target for electricity losses to be kept within eight percent 8% was achieved. On 30 June 2022, 7% electricity losses were recorded.

The annual target of 70% to restore general street-lighting faults within 72 hours (excluding cable faults or stolen equipment) was achieved since an average of 76% achievement was recorded.

Free Basic Electricity (FBE) – this is a government initiative implemented by Eskom and municipalities. This initiative is available to indigent households and aims to improve their quality of life. It is unfortunate that many qualifying households are not collecting their tokens/voucher.

FBE is the electricity allocated to support low-income households. It is the amount of electricity considered enough to run basic lighting, basic media access, basic ironing and boil water using an electrical kettle. As of 30 June 2023, 690 households were recorded as those who have collected tokens/vouchers.

Access to Domestic Solid Waste removal services

A total of 81 632 (73,9%) of households is receiving a weekly solid waste (refuse) removal service. A total of 22 additional households were added during the financial year. These additional households are from rural areas where the municipality is providing the service through skips. Recently, the municipality has been dealing with challenges relating to. This has led to the challenge of servicing these skips as regular as they should.

So, in order to deal with fleet breakdowns, City of uMhlathuze resolved to procure more refuse trucks, however there was a shortfall of R1,5 million in order to cover costs of buying three trucks. Subsequently, due to limited budget, the Department felt that it will be better to prioritize trucks, rather than skips and therefore budget for skips was transferred to Fleet Services under Electrical and Energy Services Department to top up the purchase of three refuse trucks.

Public transport infrastructure services

In provision of public transport facilities and infrastructure in the urban and rural areas, 506 km's of rural roads were Graded and Gravelled. The annual target of 360 kilometers for the maintenance of rural gravel roads was achieved.

In terms of establishing of new tarred roads 1 kilometer of road was upgraded to surfaced road (new tarred roads) against the mid-year adjusted target of 1 kilometer to align with the approved project plan.

In terms of the target for kilometers of paved municipal road which has been resurfaced and resealed, the annual target of 3,0 kilometers was not achieved since 0 kilometers were resurfaced or resealed.

The annual target of 80% of reported potholes fixed within standard Municipal response time was achieved, since 85% was achieved. A total number of 221 complaints relating to Potholes were received and 187 of the complaints were resolved.

Municipal Infrastructure;

In the IDP strategy to improve the Strive to improve reliability and service life of Municipal Infrastructure, facilities and assets, the annual performance target for the Construction of 5 Pedestrian Bridge was not achieved. This project has been delayed by the finalisation of Environmental studies that need to be finalised first. The contractor has been appointed, once the EIA is finalised the project will commence.

Public transport facilities infrastructure;

The mid-year amended annual target of 57 kilometres of storm water open drains to be maintained was achieved as 121 kilometres were achieved.

The annual target of 1 084 manholes to be maintained was achieved since 1 146 manholes were maintained. Over-achieved is due to number of manhole covers replaced which does not require excess planned maintenance resources.

Development of integrated human settlement;

The IDP strategy to improve community standard of living through accelerated development of integrated human settlement has been re-aligned from the Cross Cutting key performance area to Basic Service Delivery and Infrastructure Development.

The annual target for the construction of subsidised houses was adjusted to 20 mid-year. Infrserv (IA) had a meeting with the contractor and the Sub-contractor on 13 June 2023 to address the slow pace in terms of construction of slabs. It was agreed that the contractor will increase their teams.

Pre 1994 Old - Housing stock transfer was adjusted midyear to read as percentage transferred. This was based on the transfers that did not have any challenges. Unfortunately, there were no transfers done as there are delays from the Provincial Treasury approval. Continuous follow ups with emails were also sent and the latest response was that the MEC for Public Works Department intervention has been requested by the Departments officials for Provincial Treasury approval of the process.

Post 1994 Housing stock, 34 transfers were done. There are also challenges which the Implementing Agent together with the municipality are attending. Majority of outstanding cases are those that the municipality cannot find the beneficiaries, either because they have sold/renting out their houses as well as the deceased beneficiaries where the municipality is waiting surviving family members to submit the Letters of Authority. There is progress made in finding some of the beneficiaries although returning of documents from some of the beneficiaries is very slow.

3. Local Economic Development and Cross Cutting

In terms of Promoting economic growth by providing skills empowerment to the unemployed, the annual target that 80 Number of unemployed youth be re-skilled was over achieved since 232 unemployed youth benefitted in the 2022/2023 financial year.

The annual target for creating 720 jobs through EPWP incentives/projects was over achieved since 1 196 jobs were created, therefore exceeding the annual target by far.

4. Municipal Transformation and Institutional Development

Human resources was able to meet the annual targets set for the recruitment and retention of staff from designated employment equity groups and however still experiences a high level in staff turnover. The municipality continues with the implementation of the Employment Equity Plan during the 2022/2023 financial year.

In terms of the target set for appointment of female by the Municipality, 44 females were appointed against the annual target of twenty 38.

In terms of the target set for appointment of youth, 54 youth were appointed against the mid-year adjusted annual target of 54.

A total of 126 Workplace Skills training programmes was conducted during the 2022/2023 financial year against the annual target of 60, resulting in an over achievement.

The annual target of 95% of the annual budget spent on the Workplace Skills Plan was achieved since 95% was achieved for 2022/2023. A Human Resource panel of accredited training providers are appointed to provide services the municipality.

The annual target of 1% of the Operating Budget spent on implementing the Workplace Skills Plan was achieved at 30 June 2023 since 1% of the operating budget was achieved. The spending on implementing the Workplace Skills Plant was well achieved in all four quarters.

5. Financial Viability and Financial Management

The reported achievements on the Financial Viability and Financial Management performance indicator ratios as reflecting in the Organisational performance Scorecard/ Top Layer SDBIP is **based on the interim financial results** as at 30 June 2023 subject to validation of the Annual Financial Statements.

The following are aligned to Unaudited Annual Financial Statement:

The financial viability of the municipality is hereby reported based on the results of the year ended in 30 June 2023.

1. Debtors Collection rate: 91% (scorecard)
2. Collection rate in days: 70 days
3. Debt coverage ratio: 33% (scorecard)
4. Current ratio: 1.2:1
5. Cost coverage ratio: 1.5 (scorecard)
6. Employee related costs and Councilors remuneration % OPEX: 23% (scorecard)
7. Capital expenditure: 93%
8. Overall Grants Expenditure: 97% Capital
9. Overall Grants Expenditure: 100% Opex

Taking the above ratios into account it is clear that it requires a collective effort in ensuring that as a municipality we curtail un-necessary expenditure and strive to collect where possible.

Annual Organisational Performance Scorecard/ Top Layer Service Delivery Targets set in the Service Delivery Budget Implementation Plan

The following table reflects the organisational performance targets and achievements as reflected in the mid-year amended Integrated Development Plan 2022/2027, as well as the performance targets and achievements as reflected in the Top Layer Service Delivery Targets set in the Service Delivery Budget Implementation Plan consolidate performance indicators in relation to the achievements of the previous financial year and reflecting corrective measures in cases where targets were not achieved as well as new targets set for the 2023/2024 financial year.

Section 46(1)(a) of the Municipal Systems Act (No. 32 of 2000) require the Municipality to reflect the municipality's, and any service provider's, performance during the financial year reported on. The uMhlathuze municipality is fortunate not to be reliant on external service providers in provision of Basic Services, i.e. water, sanitation, solid waste removal services reliant on delivering by the district municipality like most other local municipalities do.

Water distribution to the community by uMhlathuze is delivered through water purification by WSSA and through purified water purchased from the Mhlathuze Water Board. Electricity is distributed to communities by uMhlathuze municipality in the municipal licensed area, through purchasing electricity from ESKOM. Other Basic Services delivered by uMhlathuze Municipality include, solid waste removal (refuse collection) and sanitation. The number of households served with basic services as reflected in the table below reflects the municipality's and any service provider's performance on delivering basic services during the financial year, also a comparison with performance in the previous financial year as contemplated in section 46(1)(a) of the Municipal Systems Act (No. 32 of 2000).

The information reflected below is subjected to validation during the Internal Auditing process (in line with the appointed panel of Internal Auditors and the Municipal Public Accounts Committee) and submitted to the Auditor General as part of the annual audit process after being reported to the Performance Audit Committee on 30 August 2023. Reports are available for inspection.

NOTE: The planned annual targets for 2023/2024 financial year, relating to the total number of households provided with basic services, reflecting in the far right-hand column in the organisational performance scorecard are based on the total of 110 503 households aligned to the Statistics South Africa 2016 Survey

2022/2023 TOP LAYER SERVICE DELIVERY TARGETS SET IN THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN
(Master table on DMS 1064996; 2022/2023 tab)

UMHLATHUZE TOP LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN 2022/2023															Annual target 2023/2024
Indicator Number	IDP Ref	Outcome 9	B2B Pillar	Objective	Strategies	Performance Indicator	Baseline		Backlog	Mid-year Amended Target 2022/2023	Annual Actual Output	% achievement against target	ANNUAL RESULTS		
							Amended (mid-year) Annual Target 2021/2022 Output	Actual 2021/2022					Corrective action for Annual target not met / remarks		
KPA1: Good Governance and Public Participation															
T1.1	1.1.4.3	Deepen democracy through a refined Ward Committee model	Putting People first	To promote a municipal governance system that enhances and embraces the system of participatory Governance	Facilitation of Stakeholder and Community participation in policy making	Number of IDP/PMS and Budget Public participation meetings	13	20		15	15	100%	N/A	6	
T1.2	1.1.4.1				Facilitate the Functionality of Ward Committees through continuous capacitation	Percentage of Ward Committees with 6 or more Ward Committee members (excluding Ward Councillor)	100%	100%		100%	99%	100%	N/A	100%	
T1.3	1.1.4.1					Percentage of wards that have held at least one councillor-convened community meeting	80%	21%		90%	90%	100%	N/A	136	
T1.4	1.1.4.2				Development of a Credible Integrated Development plan within prescribed legislative guidelines	Approval of IDP by 31 May	100%	100%		31-May	30-May	100%	N/A	31-May	
T1.5	1.1.4	Implement diff approach to Municipal financial planning	Good Governance	Improve Council functionality	Number of agenda items deferred to the next council meeting	0	0		0	0	100%	N/A	0		
KPA2: Basic Service Delivery and Infrastructure Development															
T2.1	2.1.1.1	Improving access to basic services	Service Delivery	To expand and maintain infrastructure in order to improve access to basic	Eradicate water services backlogs through provision of basic water services	Number of new water connections meeting minimum standard	500	96	3146	250	770	249%	N/A	603	
T2.2	2.1.1.1					Reduction of water losses (cumulative)	24%	27%	5%	22%	25%	88%	The majority of the Water Infrastructure has aged. Two service providers have been appointed to replace a portion of the reticulation pipes within Richards Bay water network, through WSIG grant funding.	22%	
T2.3	2.1.1.1					Quality of drinking water complying with the South African national standards at latest SANS 241 >95%	>95%	95,8%		>95%	95%	100%	N/A	≥95%	
T2.4	2.1.1.3	Improving access to basic services	Service Delivery	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Eradicate Sanitation services backlogs through provision of basic sanitation services	Number of new sewer connections meeting minimum standard	0	0	20579	0	0		N/A	1100	
T2.5	2.1.1					Wastewater Quality compliance of ≥90% as per Green Drop standard	≥90%	48,99%		≥90%	46%	42%	eSikhaleni RBM funding utilised to refurbish the plant. Rotor repairs in progress, four rotors now functional, four still in progress. The plant is experiencing Electrical supply difficulties however the matter is being attended to. Empangeni Clarifiers have been drained, repairs in progress. Ngwelezane Portable water pipe to be installed into the plant for maintenncase purposes, work in progress eNseleni Degritter system out for repairs. Clarifier repairs in progress.	≥90%	

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KPA2: Basic Service Delivery and Infrastructure Development														
T2.6	2.1.1.2	Improving access to basic services	Service Delivery	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Eradicate electricity supply backlogs through provision of basic electricity supply services	Number of new dwellings provided with connections to the mains Electricity supply by the Municipality	80	84		80	130	164%	N/A	80
T2.7	2.1.1					Electricity losses kept within 8%.	8%	9%	1%	8%	8%	114%	N/A	≤8%
T2.8	2.1.1					Percentage of general street lighting faults are restored within 72 hours (excluding cable faults or stolen equipment)	70%	83%		70%	76%	109%	N/A	70%
T2.9	2.1.1					Percentage of planned maintenance performed				100%	88%	89%	Electrical section fleet availability has been a challenge. However, a tender has been finalised to improve the sourcing strategy for ensuring that there is enough spares available to fix the vehicles on time.	100%
T2.10	2.1.1.4			To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Provide a weekly domestic solid waste removal service to the community	Number of new Households with access to waste removal	81506	81610	28893	22	22	100%	N/A	1000
T2.11	2.1.1.5				Provision of public transport infrastructure facilities	Kilometres of gravel roads maintained (Both regravelling and grading)	360	508,66		360	506	141%	N/A	360
T2.12	2.1.1.5					Kilometres of gravel roads upgraded to surfaced road (New tarred roads)	1,06	1,06		1,0	1,0	100%	Project are still at tender / construction phase. The road is part of the 2023/2024 financial target.	2,75
T2.13	2.1.1.5				Kilometres of paved municipal road which has been resurfaced and resealed	3,0	0,0		3,0	0	0%	Three-year tender 8/21/UMH931 -21/22 for road rehabilitation delayed at the evaluation stage with SCM. Tender closed 14/12/2022; Pre-evaluation 17.01.2023 evaluation is still not finalised still inprogress. However the report should serve at BEC and BAC in September 2023 and the target wil be carried over and finalised in the new financial year	4,5	
T2.14	2.1.1.5			To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Provision of public transport infrastructure facilities	Percentage of reported potholes fixed within standard Municipal response time	80%	84%		80%	88%	106%	N/A	85%
T2.15	2.1.1.7				Strive to improve reliability and service life of Municipal Infrastructure, facilities and assets	Construction of Pedestrian Bridges	8	0	8	5	0	0%	Project delayed due to Enviromental Studies not finalised on the planned time frame Contractor has been awarded In June 2022 and SLA has been signed in March 2023. Enviromental consultant is busy updating all enviromental studies and finalizing EIA's (through City Development) then after the project is planned for completion by end of June 2024.	8
T2.16	2.1.1.6				Provision and maintenance of storm water and costal engineering infrastructure	Kilometres of Stormwater open drains maintained	28,74	26,42		57	121	212%	N/A	64
T2.17	2.1.1.6					Number of manholes maintained (Incl kerb inlets)	1084	1303		1084	1146	106%	N/A	240
T2.18	2.1.1.5				Provision of public transport infrastructure facilities	Maintenance on municipal owned railway sidings resulting from monthly inspections	100%	100%		100%	100%	100%	Rail report still to be served at the Infrastructure Services committee and Council for the final decision.	-

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KPA2: Basic Service Delivery and Infrastructure Development														
T2.19	2.1.2.1	Improving access to basic services	Service Delivery	To promote the achievement of a non-racial, integrated society through the development of sustainable human settlement and quality housing	Improve community standard of living through accelerated development of integrated human settlement	Number of subsidised housing units completed	0	0		20	0	0%	A meeting with the Subcontractor and the Contractor was held on the 13 June 2023 where the Contractor agreed to increase his team. Progress has been seen as they have started moving with the slabs DMS 1608988 progress report.	173
T2.20	2.1.2.1					Percentage of Pre 1994 Old Housing stock transferred	71	34	38	100%	0%	0%	The Municipality and Provincial Department of Public Works are awaiting the Provincial Treasury Department approval on the disposal of Public Works properties. The Provincial Department of Public works has requested MEC intervention, communication from Public Works official on DMS 1607447.	38
T2.21	2.1.2.2					Number of Post 1994 Old Housing stock transferred	43	33	46	46	34	74%	The Municipality and the IA are still working on the cases with various challenges as outlined on DMS 1591484. The plan is to work with ward committee members and affected ward Councilor /s to trace the beneficiaries. In addition, there is consideration for an advert to put a call out to the public for beneficiaries that have been traced for several times without success. Draft advert is on DMS 1611920.	20
KPA 3: Local Economic Development														
T3.1	3.4.1.2	Actions supportive of the human settlement outcome		To promote social cohesion	Development of community facilities	Number of sport field upgraded/constructed	5	5		0	0		N/A	-
T3.2	3.1.5.3					Number of community facilities i.e. halls/museum/library upgraded	4	1	3	0	-		N/A	-
T3.3	3.1.5.3			To implement and co-ordinate Expanded Public Works Programme (EPWP) in a manner that enhances skills development and optimizes decent employment and entrepreneurship	Promoting economic growth by providing skills empowerment to the unemployed	Number of unemployed youth re-skilled	80	186		80	232	290%	N/A	80
T3.4	3.1.5.1				Promote economic growth by successful implementation of EPWP community based projects	Number of jobs created through EPWP and other related programmes (Infrastructure; Environment and Culture; Social and Non State Sectors)	718	1027		720	1196	166%	N/A	725
KPA 4: Municipal Transformation and Institutional Development														
T4.1	4.1.1.2	Implement differentiated approach to municipal financing, planning and support	Building Capable Local Government Institutions	To create an appropriate organisational climate that will attract and ensure retention of staff	Compliance with Employment Equity Act	Number of women employed by the municipality (Number of new appointments)	20	31		38	44	115%	N/A	20
T4.2	4.1.1.2					Number of Youth employed by the municipality (Number of new appointments)	40	44		54	54	100%	N/A	20
T4.3	4.1.1.2					Disability related programmes (workshops/awareness campaigns)	2	0	2	4	3	75%		4
T4.4	4.1.1					Top Management stability (% of days in a year that all S56 positions are filled by full-time, appointed staff not in an acting capacity).	95%	88%		99%	96%	99%	DCM: Corporate Services position became vacant after resignation of incumbent. Recruitment processes has commenced and the position will be filled within the first quarter of the new financial year	90%
T4.5	4.1.1.4			Improved municipal capital capability		Workplace Skills training programmes/courses enrolled for by staff and councillors	155	219		60	126	210%	N/A	10
T4.6	4.1.1.1					Percentage Budget Spent on Workplace Skills Plan (cumulative)	95%	96,4%		95%	95%	100%	N/A	95%
T4.7	4.1.1.1					Percentage Operating Budget spent on implementing Workplace Skills Plan	1%	1%		1%	1%	100%	N/A	1%

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KPA 5: Financial Viability and Financial Management															
T5.1	5.1.1.4	Implement differentiated approach to municipal financing, planning and support	Sound Financial Management	Compliance with financial legislation and policies	Compliance with all MFMA and related local government financial legislation	Debt coverage ratio (cumulative)	<45%	916 084 979 / 3 421 336 707 = 27%		<45%	33%	100%	N/A	<45%	
T5.2	5.1.1.4					Cost coverage ratio (cumulative) (Excluding Unspent Conditional Grants) <i>(DMS 1513248 for Formula: T5,2)</i>	2	665 071 621 / 277 319 825 = 2.4		2	1,5	75%	The actual output is slightly below the target as a result of sluggish economy in the country which has resulted in consumers not being able to pay for services. The municipality started to install prepaid water meters in order to try and resolve the issue of none-payment. It be noted that the accepted norm in terms of circular 71, the norm is between 1-3.	2	
T5.3	5.1,1,4					Collection Rate <i>(DMS 1513248 for Formula: T5,3)</i>	95%	95%		95%	91%	96%		95%	
T5.4	5.2.1.6			Sustainable Financial and supply chain Management	Percentage Capital Budget spent on Capital project i.t.o. IDP <i>(DMS 1513248 for Formula: T5,4)</i>	834 530 300 834 530 300 = 100%	81%	100%		93%	89%	The COO has been requested to champion project steering committee meetings to assist in monitoring project implementation and report on progress. Also on EMCO meetings, Projects update is the standing item.	100%		
T5.5	5.1,1,4			Compliance with financial legislation and policies	Compliance with all MFMA and related local government financial legislation	Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure) <i>(DMS 1513248 for Formula: T5,5)</i>	25% - 40%	1 009 016 836 / 3 666 926 481 = 28%		25% - 40%	23%	100%	N/A	25% - 40%	
REPORTING INDICATORS															
<i>*Note that these indicators are for reporting purpose, no targets set to them.</i>															
T1	2.1.1.1	Improving access to basic services	Service Delivery	To expand and maintain infrastructure in order to improve access to basic services and promote local economic development	Eradicate water services backlogs through provision of basic water services	Percentage Households with access to basic water	97,32%	96,93%			97,62%				
T2	2.1.1.1					Total number of Households with access to basic water	107544	107107			107877				
T3	2.1.1.1					Number of Households with access to free water service	10031	11422			27563				
T4	2.1.1.3				Eradicate Sanitation services backlogs through provision of basic sanitation services	Percentage Households with access to sanitation	80,94%	80,94%			80,94%				
T5	2.1.1.3					Number of Household with access to Sanitation	89444	89444			89444				
T6	2.1.1.3					Number of Households with access to free sanitation (VIP's) service & Indigent	60260	60948			61013				
T10	2.1.1.2				Eradicate electricity supply backlogs through provision of basic electricity supply services	Number of dwellings provided with connections to the mains Electricity supply by the Municipality	35 702	35 663			35 794				
T11	2.1.1					Number of dwellings with access to free Electricity (Municipal supply area)	581	584			690				
T7	2.1.1.4				Provide a weekly domestic solid waste removal service to the community	Percentage Households with access to waste disposal	73,8%	73,7%			73,9%				
T8	2.1.1.4					Number of Households with access to waste disposal	81 506	81610			81632				
T9	2.1.1.4					Number of Households with access to free waste disposal	35 108	37958			38238				
T12	2.1.1.1				Eradicate water services backlogs through provision of basic water services	Total volume of water delivered by water trucks	New indicator				45637000				

COLOUR CODING DESCRIPTION ACHIEVEMENT AGAINST TARGET

CATEGORY	COLOUR	EXPLANATION
KPI's Not Met		0% > Actual/Target < 95%
KPI's Met within 95%		Actual/Target = > 95% - 99,9%
KPI's Met (100%)		100% > Actual/Target < 101,9%
KPI's Over Achieved > 102%		Actual/Target > 102%
KPI's Target In Future		N/A - Not scored

LEGEND: KEY FOR PERFORMANCE INDICATORS:

Priority (National general KPI's)

KZN CoGTA Excellence awards criteria

Additional /Departmental criteria

Additional Top layer SDBIP consolidated service delivery operational targets

Comments:

Access to electricity (New connections): The quarterly targets and achievements for this KPI are dependent on the number on consumer applications received.

Free basic Service (Households with access to free electricity): The Quarterly targets and achievements for this KPI are dependent on the number on indigent applications received and dependant on the qualifying consumers to collect their free services tokens on a monthly basis.

Total number of households: The annual targets for basic services as reflected in the approved IDP have been aligned with Stats SA (2016 Survey), targets have been aligned since 2017 to the total number of 110 503 households to include the additional households of the four wards included from former Ntambanana municipality.

ACHIEVEMENTS: The annual achievements as reported in the Actual (June 2022) column was subjected to validation during the Internal Auditing process (in line with the appointed panel of Internal Auditors and the Municipal Public Accounts Committee) and will be submitted to the Auditor General (AG) together with the audited Annual Financial Statements and AG Report for inclusion in the uMhlathuze 2021/2022 Annual Report once validated