

MID-YEAR PERFORMANCE REPORT



uThukela District Municipality

Mid-Year Performance Report 2024/2025

Prepared by:

*UThukela District Municipality
Performance Management
2024/2025*

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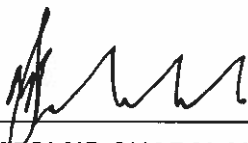
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Mayors Report

Our mandate as political principals of uThukela District Municipality is to ensure an evocative contribution in the eradication of the three social ills namely, which are poverty, unemployment and inequality in our municipal area. This can only be achieved through constructive oversight role over administration in the implementation of council approved service delivery budget and implementation plan.

As the Mayor of the Municipality, I present a mid- year performance report for the past two quarters of the 2024/2025 financial year. In terms of Local government: Municipal Performance Regulations 2001 and 2006, it is a legislative requirement that we report on the institutional performance in terms of Regulation 2001. Cooperation between the current political leadership and dedicated administration is of high standard and justified by success and improvement we made throughout the period under review. I am hopeful that as we approach the end of our financial year we will maintain this performance or even improve it for the better for the benefit of the current and future generations of UThukela.

Finally, I would like to take this opportunity to thank the members of the public who are continuously supportive and understanding in all aspects with one intention, to have a better future for all.



INKOSI NB SHABALALA

HONOURABLE MAYOR: UTHUKELA DISTRICT MUNICIPALITY

1. Legislative framework

Introduction and Background

Section 72 of the MFMA requires the accounting officer to prepare and submit a report on the performance of the municipality during the first half of the financial year. The report must be submitted to the Mayor, National Treasury as well as the relevant Provincial Treasury. As with all other reports this is a crucial report for the Council to consider Mid-Year Performance and what adjustments should be made, if necessary.

Section 72 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act. 56 of 2003) (hereinafter referred to as a MFMA), requires the accounting officer of a municipality on 25 January of each year to:-

- a) Assess the performance of the municipality during the first half of the financial year, and taking into account-
 - i) the monthly statements referred to in section 71 for the first half of the financial year;
 - ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in service delivery and budget implementation plan;
 - iii) the past year's annual report and progress on resolving problems identified in the annual report and
 - iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
- b) submit a report on such assessment to-
 - i) The mayor of the municipality;
 - ii) The National Treasury; and
 - iii) The relevant provincial treasury.

The statement referred to in section 71 (1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1) (b) of this section.

(3) the accounting officer must, as part of the review-

- a) make recommendations as to whether an adjustments budget is necessary; and**
- b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.**

On receipt of a report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must, in terms of Section 54. (1)-

- a) consider the statement or report;**
- b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;**
- c) consider and, if necessary make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustment budget;**
- d) issue any appropriate instructions to the accounting officer to ensure-**
 - (i) that the budget is implemented in accordance with the service delivery and budget implementation plan and;**
 - (ii) that spending of funds and revenue collection proceed in accordance with the budget;**
- e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and**
- f) in the case of a section 72 report, submit the report to the council by 31 January of each year .**

2. Service Delivery Performance Analysis

The Local Government: Municipal Performance Regulations 2006 requires that all Section 54/56 managers' performance must be monitored on regular bases. This monitoring process provides early warning signs on issues pertaining to performance for the purposes of establishing adequate and responsive corrective actions. This regulation has however been extended, through the council adopted performance management policy framework and procedure manual, to managers below section 56 and all other staff to ensure a cohesive and collaborative front in the achievement of the council set targets.

This report presents the performance of the Organisation and each municipal department as at 31 December 2024.

PERFORMANCE MANAGEMENT SYSTEM

Performance Management has been identified as an important tool to be used in ensuring total quality management and cost-benefit factor. In order to realize this, a Performance Management Framework and Procedure Manual has been drafted and tabled to Council for adoption to strengthen regulatory framework.

Chapter 4 of the Local Government: Municipal Staff Regulations and Guidelines came into effect 1 July 2023; The Performance Management and Development System now applies to **ALL STAFF members** of the municipality (with a few exceptions). The Municipality took a phase in approach, meaning that in 2023/2024 a target group was identified to cascade IPMDS to, and in the following financial year another group will be identified.

This report is formulated to give progress on the implementation of IPMDS. Middle Managers and the target group have entered into a Performance Agreement with the Municipality which includes their annual work plans. Progress in terms of their targets will be reviewed and monitored on an ongoing basis by their immediate supervisors.

The main objective of the IPMDS is to build a common understanding among staff members

by ensuring that the Municipality's objectives as contained in the IDP and the SDBIP are understood and we are all working towards a common goal, furthermore to also set clear performance targets by communicating to staff members how their role contributes to the success of the municipality and ensuring that all employees are working towards achieving service delivery.

The developed work-plans for employees are a strategic management tool that will enable UThukela District Municipality to assess the performance of employees in an objective and fair manner.

2.1 Community Services

This is the main unit that accelerates stimulation of uThukela Local Economy and Tourism services through development of responsive programmes and projects. A summary below provides some indication of the unit's achievements in regards to the 2024/2025 financial cycle mid-term:

2.2 Corporate Services Department

The municipality has improved tremendously in its strive to enhance the performance of the municipality. The focus has been ensuring that critical positions are filled and to implement capacity building initiatives aimed at improving management and general administration of the municipality.

The Department has plan to ensure that critical positions wich will eccelerate service delivery are filled.

The department has focused on strengthening council support and oversight by supporting council committees and timeous distribution of agenda. The improvement has been realized in the past six months, however there still needs to be improvement in implementing internal controls, review of policies, implement standard operating procedure and operational plans.

2.3 Water, Sanitation and Technical Department

The core function of UThukela District Municipality is the provision of water and sanitation services. The primary objective is to extend portable water and sanitation services throughout the district by eliminating the backlogs and to maintain and ensure sustainability of the existing water and sanitation infrastructure. The main objective of the municipality is to ensure the quality of drinking water in the region is improved.

UThukela District Municipality is currently receiving support from various sectors in a form of Human Resource (Technical support) and through finance (Grants). Municipal Infrastructure Support Agent (MISA) is providing technical support to UThukela District Water Sanitation & Technical Services Department. Department of Water and Sanitation is providing support on the water services municipal strategic self- assessment (MuSSA). The Department of Co-operative Governance and Traditional Affairs (COGTA) is providing support on Project Management Unit (PMU top slice). UThukela received the following grants from different funders

Municipal Infrastructure Grant (MIG- COGTA)

- Rural Road Asset Management Grant (RRAMS- DOT)
- Municipal Water Services Infrastructure Grant (WSIG- DWS)
- Regional Bulk Infrastructure Grant (RBIG-DWS)
- Expanded Public Works Programme (Public Works)

To respond to water and sanitation backlogs, the Municipality has developed a Project Plan which stipulates the Targets for each Project. As this Department is the Core function of the Municipality, Monthly reviews are conducted on Projects to accelerate Service Delivery.

2.5 Budget and Treasury Department

The main intention of the municipality is to improve its financial status even though it is acceptable that the municipality is a rural. Through innovation, it is possible to find creative ways to generate more revenue. The municipality has developed a revenue enhancement strategy. The strategy is going to be reviewed on an annual basis. It is the responsibility of the

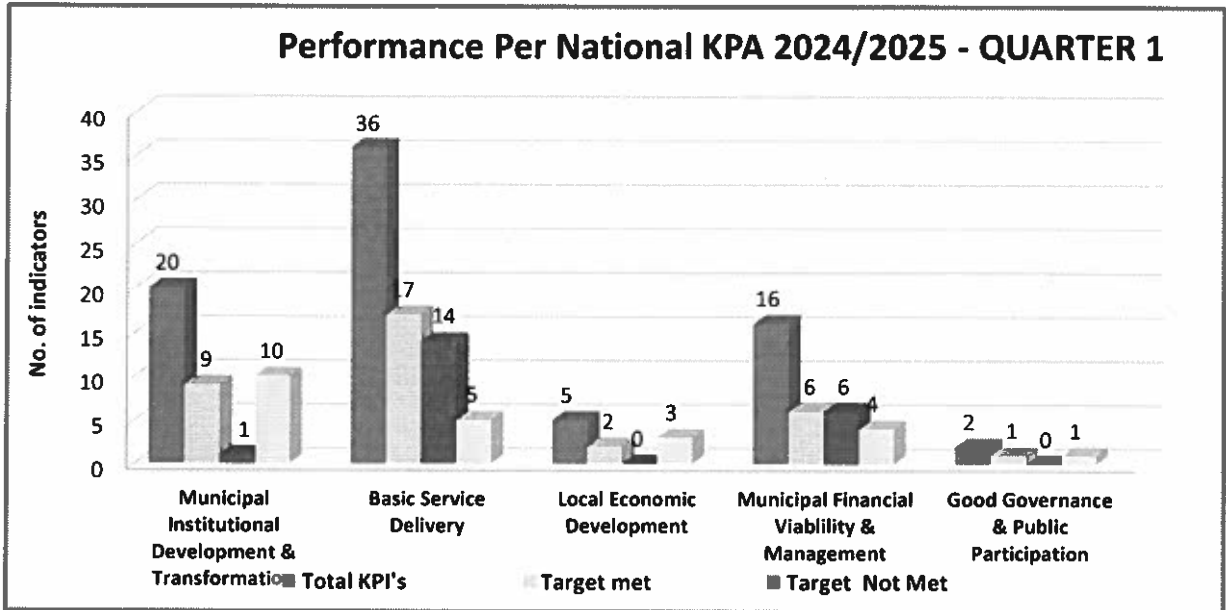
political bearers and administration to turn this situation around and make this municipality to be self-sustainable through exploiting existing and potential opportunities in this area.

The priority of Budget and Treasury Department is to ensure that funds are spent within the approved budget and SDBIP and to ensure value for money to all the goods and services acquired for the municipality.

Finally, the focus of Budget and Treasury Department is to ensure that it avoids fruitless and wasteful expenditure together with irregular expenditure by ensuring that the standard of operation are developed and implemented accordingly.

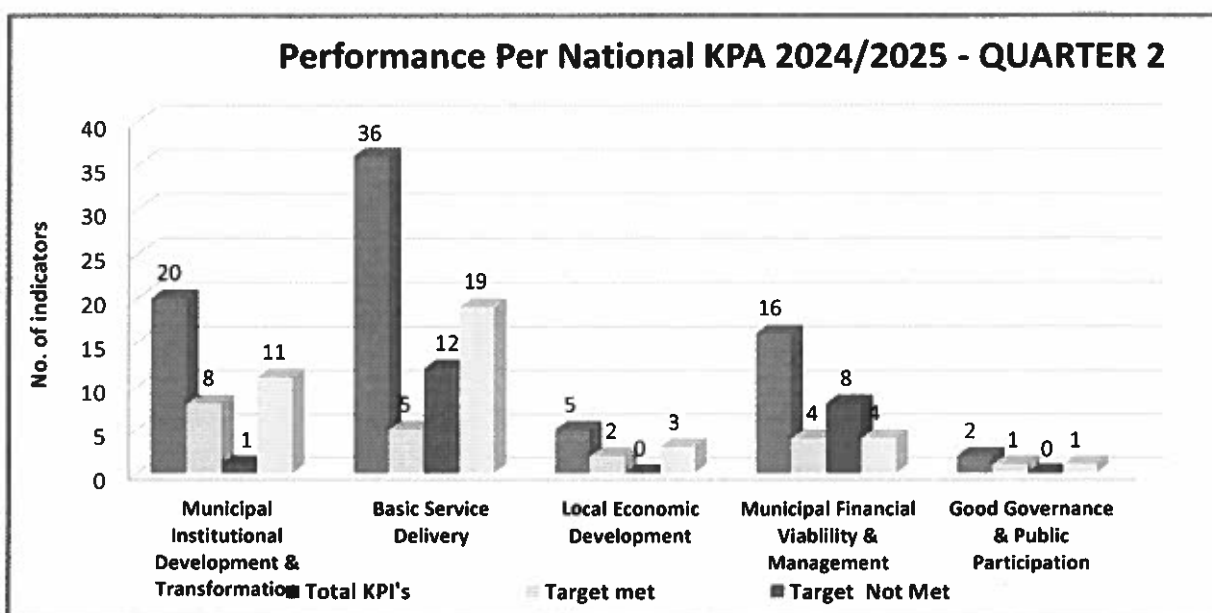
3. Status of Service Delivery Performance against Key Performance Indicators and Targets

3.1 . PERFORMANCE PER NATIONAL KPA



NATIONAL KPA's	TOTAL KPI's EXCLUDING N/A FOR Q1	TARGET MET	TOTAL TARGET MET % EXCLUDING N/A FOR Q1
Municipal Transformation & Institutional Development	10	09	01
Basic Service Delivery	31	17	14
Local Economic Development	02	02	00
Financial Viability & Management	12	06	06
Good Governance & Public Participation	01	01	00

3.1.1. PERFORMANCE PER NATIONAL KPA



NATIONAL KPA's	TOTAL KPI's EXCLUDING N/A FOR Q2	TARGET MET	TOTAL TARGET MET % EXCLUDING N/A FOR Q2
Municipal Transformation & Institutional Development	09	08	89%
Basic Service Delivery	17	05	29%
Local Economic Development	02	02	100%
Financial Viability & Management	12	04	33%
Good Governance & Public Participation	01	01	100%

3.2 Lower Level Organizational Scorecard

A two-level scorecard approach is implemented. The Strategic Organisational Scorecard reflecting the following:-

- IDP/SDBIP No.,
- National Key Performance Area'
- Strategic Objective,
- Indicators
- Unit of Measure Per Quarter
- Annual Target
- Demand, Baseline and Backlog

This scorecard follows along the lines of the Service Delivery Budget and Implementation Plan and does not have the monthly financial cash-flow projects. The preliminary assessment is done on reported Actual where applicable, with the portfolio of evidence being subjected to auditing and verification process. This report is also subjected to a formal evaluation process being conducted by the Municipal Manager pending an internal audit process.

The second-level scorecard is service or departmental scorecards that reflect objectives, indicators and targets at a departmental level. This scorecard informs the individual scorecards of the Section 54/56 managers.

This Mid-Year Performance report is still subject to an internal auditing process, advice from Audit Committee pending the internal audit process. This report is also subject to a formal evaluation process being conducted by the municipal manager.

The Scorecards were reviewed against Actuals reported against submission of portfolio of evidence.

3.2 Service Delivery Budget and Implementation Plan (SDBIP)

The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal manager and all HODs, whose performance is monitored through Section 71 monthly reports and evaluated through the annual report process. The SDBIP information on revenue is monitored and reported monthly by the Municipal Manager in terms of Section 71 (1) (a) and (e).

Budget and Treasury Department: The department has regressed in quarter 2 compared to quarter 1. Close monitoring is required and interventions related to financial indicators.

Quarter 1			Quarter 2		
No. of Targets applicable Q1	No. of Targets achieved	No. of Targets not achieved	No. of Targets applicable Q2	No. of Targets Achieved	No. of Targets Not achieved
15	09	06	15	07	08
Total %	60%	40%	Total %	47%	53%

Corporate Services: The targets that were not met were relating budget spent in the implementation of Workplace Skills Plan. Training interventions were carried out and payments are awaiting to be processed.

Quarter 1			Quarter 2		
No. of Targets applicable Q1	No. of Targets achieved	No. of Targets not achieved	No. of Targets applicable Q2	No. of Targets Achieved	No. of Targets Not achieved
08	07	01	9	08	01
Total %	88%	12%	Total %	89%	11%

- **Community Services :** The Department has regressed from Quarter 1.

Quarter 1			Quarter 2		
No. of Targets applicable Q1	No. of Targets achieved	No. of Targets not achieved	No. of Targets applicable Q2	No. of Targets Achieved	No. of Targets Not achieved
05	05	00	05	04	01
Total %	100%	0%	Total %	80%	20%

- **Water, Sanitation and Technical Services:** As a municipal core function, much is needed to ensure that targets set in department are achieved. Monitoring and Evaluation of all planned project will facilitated to monitor progress made:

Quarter 1			Quarter 2		
No. of Targets applicable Q1	No. of Targets achieved	No. of Targets not achieved	No. of Targets applicable Q2	No. of Targets Achieved	No. of Targets Not achieved
42	28	14	29	13	14
Total %	67%	33%	Total %	45%	55%

General Comment: There are major interventions required on targets not met by the Budget & Treasury and Water Sanitation and Technical Services.

4. Analysis of 2024/2025 Mid-Year of UTDM Development Agency

Section 93B(b) of the Municipal Systems Act requires the Parent Municipality to monitor the Thukela Economic Development Agency.

The 2024/2025 /2023 Mid- Year Performance of the Entity was received by the Office of the Municipal Manager on the 13 January 2025 for consideration.

The UTDM Economic Development Agency has reported on the activities and finances of the Agency to the Board of Directors of UThukela Economic Development Agency for the period from 1 July 2023 to 31 December 2023. The reports unpack KPI's on the scorecard for the financial year 2024/2025.

UThukela Economic Development Agency has embarked in a number of activities involving Tourism, Investment Promotion, Agriculture and Finance from the period of 1 July 2023 to 31 December 2023, and has expended financial resources to perform those activities. As required by section 88 of the Municipal Finance Management Act, the agency reports to the board the mid-year report.

Areas of concern

The Municipality has noted greater concern in the non-achievement of Local Economic Development indicators.

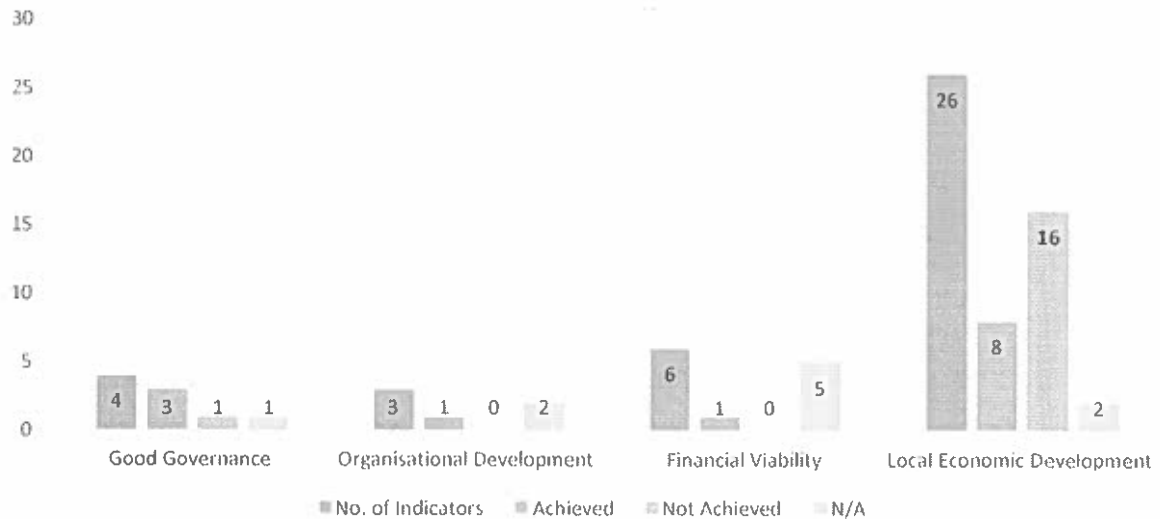
The Submitted information for the review of Quarter 2 was credible and the Entity's scorecard was populated correctly.

SUMMARY OF 2024/2025 MID YEAR UTDM ECONOMIC DEVELOPMENT AGENCY

PERFORMANCE

NATIONAL KPA's	TOTAL KPI's APPLICABLE FOR Q2	TARGET MET	TOTAL TARGET MET	TARGETS NOT APPLICABLE FOR Q2
Good Governance	04	03	00	01
Organisational Development	03	01	00	02
Financial Viability & Management	06	01	00	05
Local Economic Development	24	08	16	02
TOTAL	37	13	16	10

2024/2025 MID YEAR UTDM ECONOMIC DEVELOPMENT AGENCY



Out of Thirty Seven (37) Indicators projected for the 2024/2025 financial year, Twenty Seven (27) were applicable for Quarter 2 , Thirteen (13) were achieved and Sixteen (16) were not achieved.

COMPARISON OF THE ENTITY'S PERFORMANCE DURING 2024/2025 MID YEAR PERFORMANCE

No. of Targets applicable Q1	Quarter 1		No. of Targets applicable Q2	Quarter 2	
	No. of Targets achieved	No. of Targets not achieved		No. of Targets Achieved	No. of Targets Not achieved
26	12	14	27	13	16
Total %	46%	54%	Total %	48%	52%

5. Conclusion

A review will be undertaken on the performance reporting template (such as SDBIP) to ensure the development priorities and objectives in the IDP, SDBIP and Annual Performance Report are aligned. The IDP and PMS Managers will ensure that the development priorities listed in the IDP, SDBIP and APR are aligned.

The municipality's planned performance indicators and targets in the Service Delivery Budget Implementation Plan (SDBIP), and reported performance indicators and targets, in the Annual Performance Report (APR), are now consistent. Management will ensure that no changes are made to the planned and reported performance indicators and targets without approval from council. These changes can only be made during their adjustment budget process in January/February every year.

Furthermore, more regular reporting, monitoring and review process will need to be practiced by the senior managers to ensure that targets set are realistic and attainable.

Performance on the capital program is dependent on the availability of funds (revenue and external funding), effectiveness of internal SCM process, and the internal human resource capacity.

This report clearly demonstrates non-performance which is a challenge in delivering basic needs.

Investment in capital and social infrastructure remains a clear focus area when projects are identified in the IDP. This report demonstrates the ability of the uThukela District Municipality to adapt to the ever changing social needs of the local community. The non achievement on capital infrastructure clearly indicates that the municipality has challenges in management systems in place. Improving on those, will be the focus from now on.



LS JILI
MUNICIPAL MANAGER

ANNEXURE A: UTDM 2024/2025 ORGANISATIONAL POPULATED SCORECARD

ANNEXURE B: UTDM 2024/2025 DEPARTMENTAL POPULATED SCORECARDS

ANNEXURE C: UTDM MUNICIPAL ENTITY'S 2024/2025 MID - YEAR ASSESSMENT REPORT