



**DR NKOSAZANA DLAMINI ZUMA LOCAL MUNICIPALITY**

**2023/2024 SDBIP QUARTER 2 & MID-YEAR PERFORMANCE ASSESSMENT REPORT**

# **QUARTER 02 AND/ MID-YEAR BUDGET & PERFORMANCE ASSESSMENT REPORT FOR 2023/2024 FINANCIAL YEAR IN ACCORDANCE WITH - SECTION 72 OF THE MFMA**

## **PURPOSE**

- To table the Quarter 2 and Mid-year Performance Assessment Report (half year report of 2023/2024) to Council for consideration and approval.
- To obtain approval for the submission of the mid-year assessment report to both the National and Provincial Treasuries as required by section 72 of the Municipal Finance Management Act No. 56 of 2003.

## **LEGAL/STATUTORY FRAMEWORK**

- This report has been prepared in terms of the Municipal Finance Management Act No. 56 of 2003.
- Sections 52d and 72 of the Municipal Finance Management Act No. 56 of 2003

## **EXECUTIVE SUMMARY**

This report sets out performance against the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for the Mid-Year period of 2023/24 financial year, i.e. 01 July to 31 December 2023. Performance is accounted for, based on the delivery of projects and/or services in the IDP and SDBIP for which the Dr Nkosazana Dlamini Zuma Local Council is responsible for implementing. The SDBIP for 2023/2024 has identified projects /programmes that will be implemented by the municipality in the 2023/2024 Financial Year. Furthermore, the municipality is reporting on the Circular 88 as legislated by the National Treasury.

The process of developing this performance report followed the MFMA as indicated in Section 72 (1)(a)(ii). The Municipality had a schedule that was approved by council and the departments needed to adhere to with the submission of their reports and Portfolio of Evidence (see the table below). This was to enable the office responsible for IDP and PMS to complete the report and submit to all council committees on time and subsequently be approved by council within 30 days.

## **DISCUSSION**

In terms of Section 72 of the MFMA, the Accounting Officer must by the 25<sup>th</sup> January of each year assess the performance of the Municipality during the first half of the financial year, taking into account the following:

Monthly statements referred to in Section 71 for the first half of the financial year;

The Municipality's Service delivery performance during the first half of the financial year and the Service delivery targets and performance Indicators set in the Service Delivery and Budget Implementation Plan (SDBIP).

The Accounting Officer is also expected to make recommendations as to whether an adjustment budget is necessary and recommend revised projections for revenue and expenditure to the extent that this may be necessary.

The performance assessment on Service Delivery targets and budget implementation on revenue and expenditure has been done through the monitoring of the Service delivery and Budget Implementation Plan on a quarterly basis.

The Municipal Manager is expected to conclude on how the Municipality has performed during the first half of the financial year 2023/2024. In doing so, municipal departments have compiled their reports and the Office of the Municipal Manager assessed the performance of the municipality for the first half, and further the Budget and Treasury Office dealt with the adjustment budget.

The municipal performance report as per the set targets in the Service Delivery and Budget Implementation Plan approved by the Mayor for 2023/2024 is based on the work done and reported as indicated in the mid-year performance report attached.

Any amendments proposed on the Mid-year report will find expression in the Revised SDBIP budget and that will be approved by the Mayor. The revised SDBIP will then supersede the SDBIP that was approved in June 2023 and all performance assessment reports for the remaining half of the financial year would then be based on the revised SDBIP (i.e. January – June 2024).

Upon approval of this Mid-year report, any necessary amendments to ensure alignment of Strategic Objectives and Indicators between the IDP and the SDBIP would then be effected. The revised SDBIP for the period: January to June 2024 would be signed by the Mayor.

## **Report Overview**

The Council's progress in delivering the projects and/or services identified in the Service Delivery and Budget Implementation Plan for 2023/24. The Council's achievement against targets that can be measured on a quarterly, mid-year or an annual basis at this point in time. Intervention mechanisms or correction actions for lower than expected and/or unsatisfactory/unacceptable performance have been identified and will be implemented by the Management Team in the next quarter (January – March 2024 & April-June 2024). At high level, the Municipal Manager continues to implement some critical interventions to drive improvement in financial performance, projects and service delivery.

## The Municipality Performance Overview

The Mid-Year report had 62 community service delivery related projects and services identified for implementation and the performance was as follows:

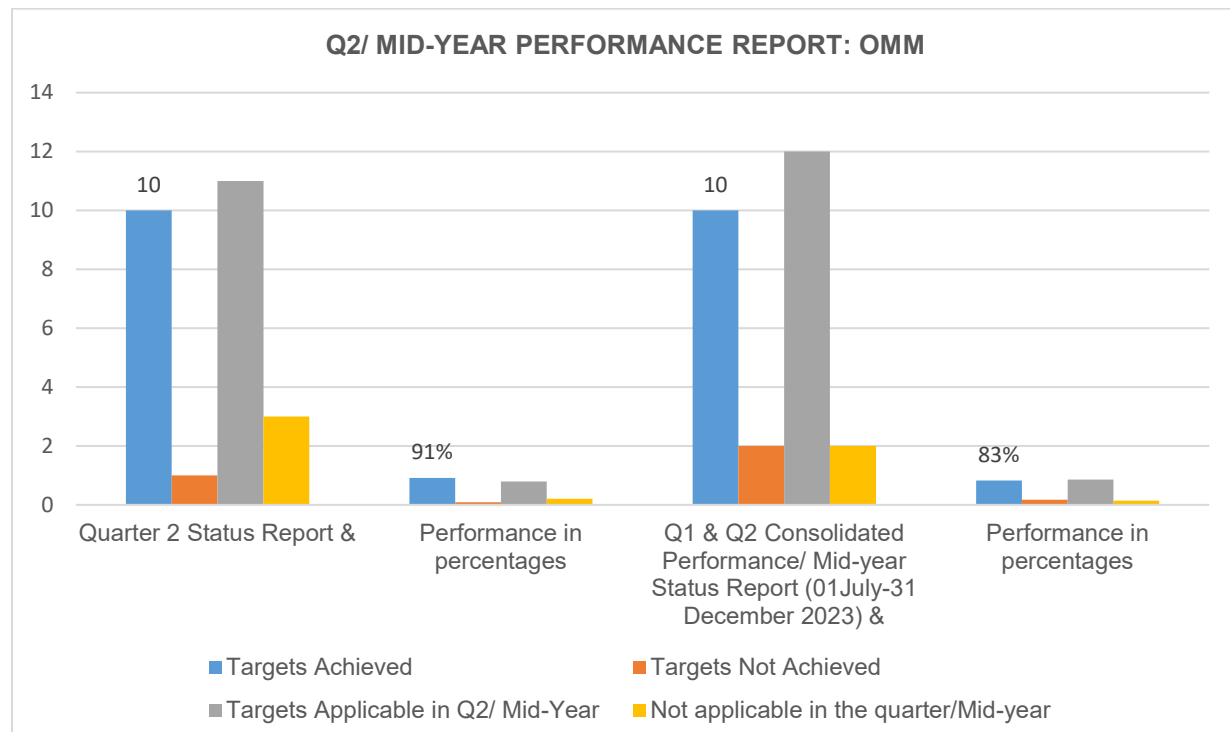
Summary of Projects/Services for the mid-year report (01 July – 31 December 2023)

### SUMMARY ANALYSIS OF THE PERFORMANCE REPORT

**Q2: 01 October- 31 December 2023 and 01 July – 31 December 2023 assessment**

#### 1. OFFICE OF THE MUNICIPAL MANAGER

Quarter/ Mid-Year Total Number of Targets: 14	Targets Achieved	Targets Not Achieved	Targets Applicable in Q2/ Mid-Year	Not applicable in the quarter/Mid- year
Quarter 2 Status Report & Performance in percentages	10 91%	1 9%	11 79%	3 21%
Q1 & Q2 Consolidated Performance/ Mid-year Status Report (01July-31 December 2023) & Performance in percentages	10 83%	2 17%	12 86%	2 14%



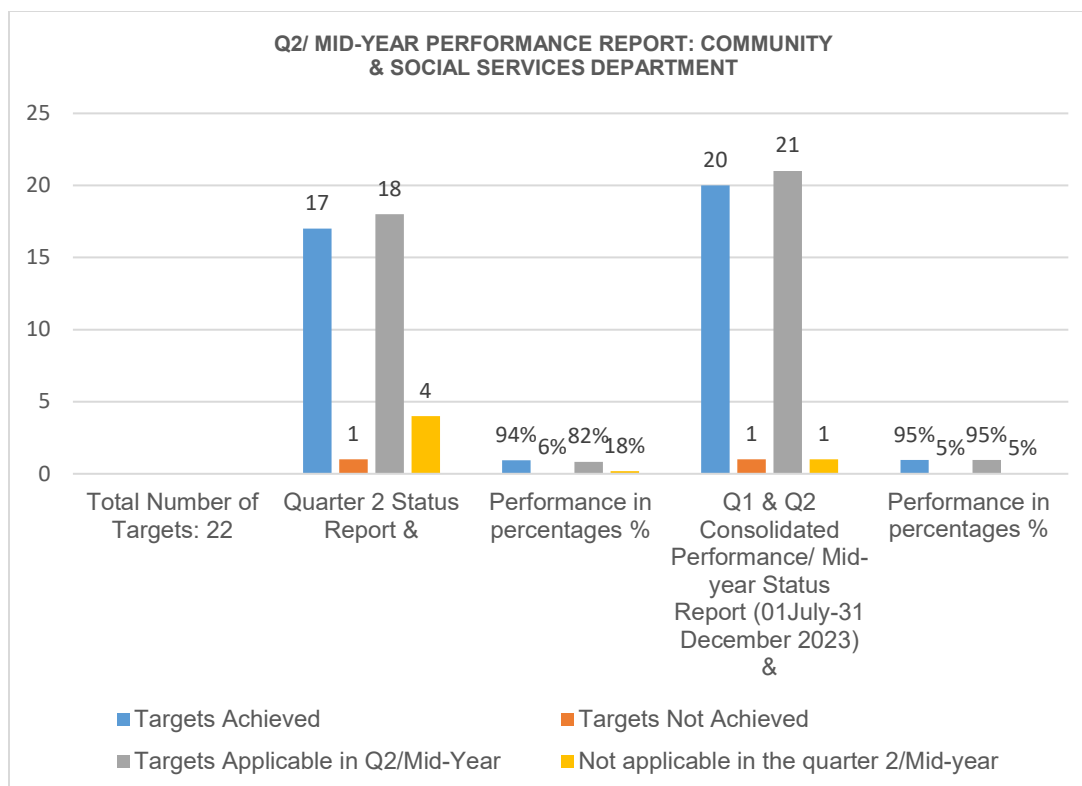
The department was able to produce a credible integrated development plan (IDP) developed internally, annual report as well as the organisational service delivery budget implementation plan that is aligned to the budget and the Spatial Development Plan. These critical documents were developed internally and were submitted to all oversight structures and offices within the regulated time-frames.

Only one target could not be achieved OMM: 7: Combined Ward Committee quarterly meetings could not be convened in Quarter 1 however a meeting was held on 20 October 2023. The department is commended for being able to conduct successful IDP and Budget Roadshows to all stakeholders, in November 2023. A training programme for Ward Committees is being organised by the Public Participation Unit. The department continues to play a significant role in monitoring and reporting on the organisational performance and reporting to other government entities on compliance matters. One newsletter was also produced during quarter 2 and it was disseminated to members of the public and was also supplied to local retail stores and municipal offices.

## 2. COMMUNITY AND SOCIAL SERVICES DEPARTMENT

### Q2: 01 October- 31 December 2023 and 01 July – 31 December 2023 Assessment

Quarter/ Mid-Year Total Number of Targets: 22	Targets Achieved	Targets Not Achieved	Targets Applicable in Q2/Mid-Year	Not applicable in the quarter 2/Mid- year
Quarter 2 Status Report &	17	1	18	4
Performance in percentages %	94%	6%	82%	18%
Q1 & Q2 Consolidated Performance/ Mid-year Status Report (01 July-31 December 2023) &	20	1	21	1
Performance in percentages %	95%	5%	95%	5%

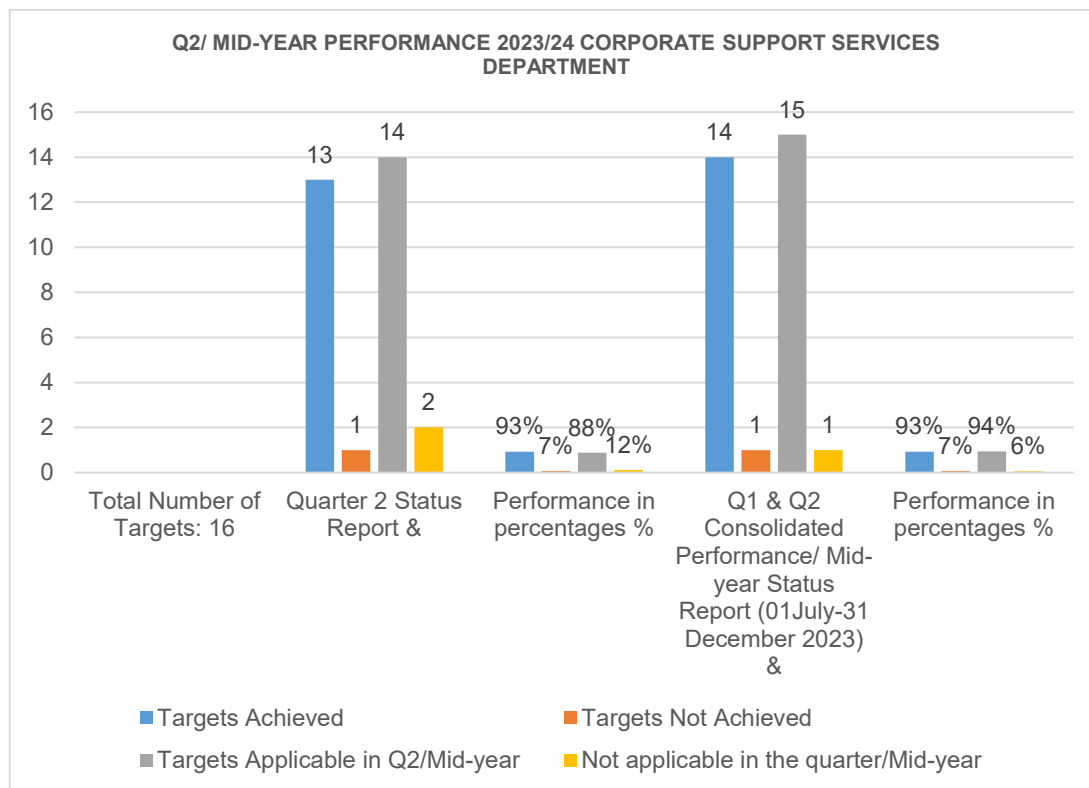


The department is commended for achieving a majority of its targets as only one target was not achieved, capital budget expenditure which is still at 32%, measures are in place to improve the department's expenditure before 31 March 2024. Stakeholders meetings, awareness campaigns, intergrated roadblocks were conducted during this quarter.

### 3. CORPORATE SUPPORT SERVICES DEPARTMENT

#### Q2: 01 October- 31 December 2023 and 01 July – 31 December 2023 assessment

Quarter/ Mid-Year	Targets Achieved	Targets Not Achieved	Targets Applicable in Q2/Mid-year	Not applicable in the quarter/Mid-year
<b>Total Number of Targets: 16</b>				
Quarter 2 Status Report &	13	1	14	2
Performance in percentages %	93%	7%	88%	12%
Q1 & Q2 Consolidated Performance/ Mid-year Status Report (01 July-31 December 2023) &	14	1	15	1
Performance in percentages %	93%	7%	94%	6%

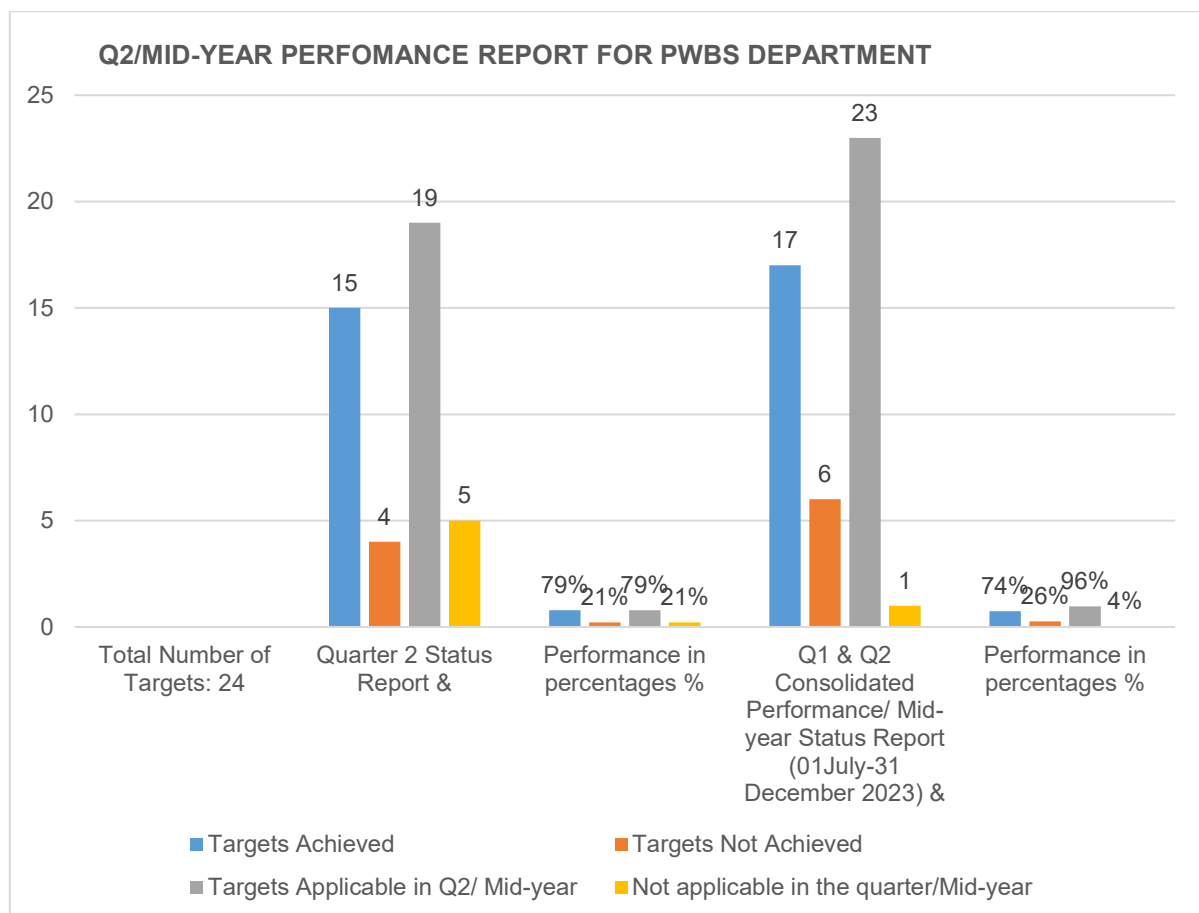


Six indicators/ targets: CORP: 1,4,7,12,13 & 15 were overachieved during the quarter and this represents 38% of the department's performance. The department is commended for providing relevant training to employees with the assistance of other government departments/ entities such as SALGA, Department of Labour, NSPCA and Cogta. These training programmes were funded by these entities and therefore there were no financial implications associated with these training workshops. Four instead of two Councillor Training Programmes were conducted during this period of the financial year. The department also continues to facilitate recruitment processes and it was during this period that the department ensured filling of the critical positions of the Deputy Chief Financial Officer, Senior Tourism Officer and other important positions within the approved organogram.

#### 4. PUBLIC WORKS AND BASIC SERVICES

**Q2: 01 October- 31 December 2023 and 01 July – 31 December 2023 assessment**

Quarter/ Mid-Year Total Number of Targets: 24	Targets Achieved	Targets Not Achieved	Targets Applicable in Q2/ Mid- year	Not applicable in the quarter/Mid- year
Quarter 2 Status Report & Performance in percentages %	15	4	19	5
	79%	21%	79%	21%
Q1 & Q2 Consolidated Performance/ Mid-year Status Report (01July-31 December 2023) & Performance in percentages %	17	6	23	1
	74%	26%	96%	4%



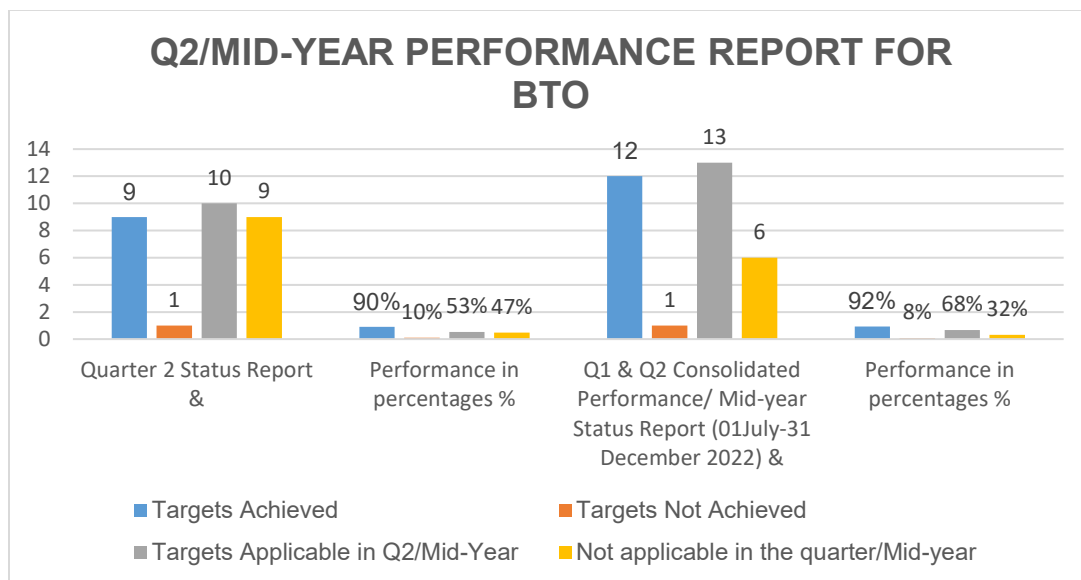


PWBS 4, 13 & 17 recorded 13% of overachievement by the department during the quarter. The department is commended for a good progress on grant expenditure which is above 50%. The issue of invalid bids continues to be a challenge for the department hence four targets could not be achieved during the quarter. Again severe weather conditions pose challenges in terms of the infrastructure developments as a number of gravel roads have to be re-gravelled due to heavy rains.

## 5. BUDGET AND TREASURY OFFICE

### Q2: 01 October- 31 December 2023 and 01 July – 31 December 2023 assessment

Quarter/ Mid-Year Total Number of Targets: 19	Targets Achieved	Targets Not Achieved	Targets Applicable in Q2/Mid-Year	Not applicable in the quarter/Mid-year
Quarter 2 Status Report &	9	1	10	9
Performance in percentages %	90%	10%	53%	47%
Q1 & Q2 Consolidated Performance/ Mid-year Status Report (01July-31 December 2022) &	12	1	13	6
Performance in percentages %	92%	8%	68%	32%

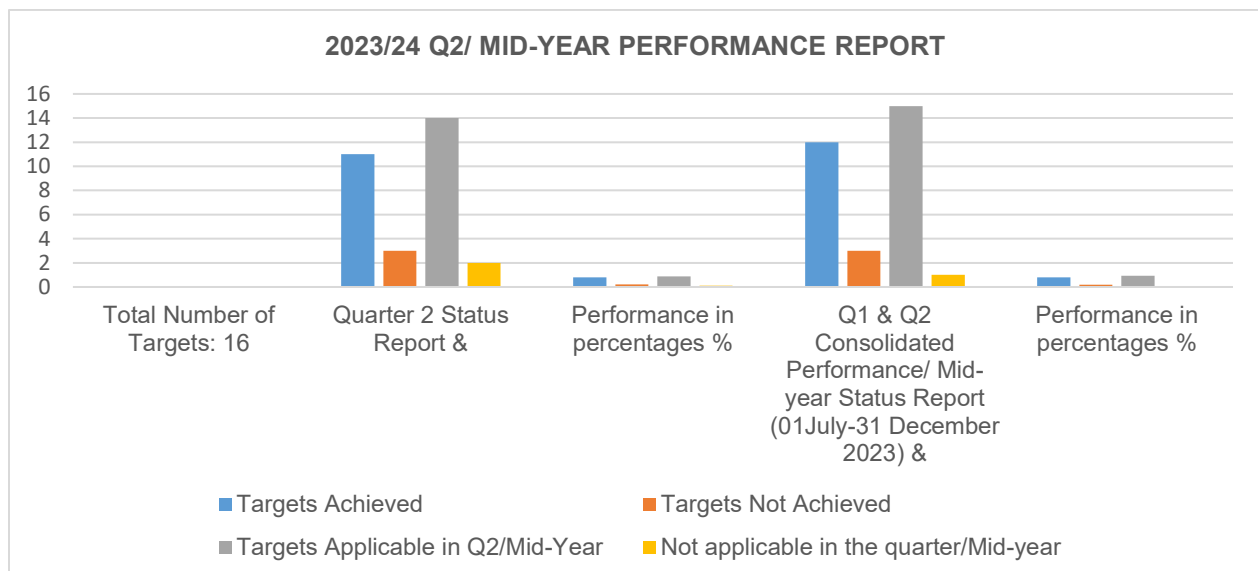


The department's performance for the second quarter of the reporting period reflects a robust effort, with a total of 10 targets set. Of these, 9 targets were successfully achieved, indicating a remarkable 90% success rate, while only 1 target fell short, accounting for a 10% non-achievement rate. The department must be commended for its increased debtors' collection rate of 81.42% and the healthy cash coverage ratio 10.95 which reflects the municipality's sound financial management and successful implementation of cost containment measures regulations.

## 6. DEVELOPMENT, TOWN PLANNING SERVICES, LED& TOURISM DEVELOPMENT

**Q2: 01 October- 31 December 2023 and 01 July – 31 December 20223  
assessment**

Quarter/ Mid-Year Total Number of Targets: 16	Targets Achieved	Targets Not Achieved	Targets Applicable in Q2/Mid-Year	Not applicable in the quarter/Mid- year
Quarter 2 Status Report & Performance in percentages %	11 79%	3 21%	14 88%	2 12%
Q1 & Q2 Consolidated Performance/ Mid-year Status Report (01July-31 December 2023) & Performance in percentages %	12 80%	3 20%	15 94%	1 6%



The Town Planning Services department of our municipality has made notable progress in its performance considering that it is a newly established department, with 14 set targets for the second quarter. Among these, 11 targets were successfully achieved, reflecting a commendable 79% success rate, while 3 targets encountered challenges, resulting in a 21% non-achievement rate in the second quarter. This quarter's efforts contribute to an overall positive trend observed in the consolidated performance for the first and second quarters of the financial year, covering the period from July 1 to December 31, 2023. The department achieved 12 out of the 15 targets set for this cumulative period, attaining an 80% success rate. Despite facing obstacles in achieving 3 targets, which resulted in a 20% non-achievement rate at Mid-Year, These results underline the commitment of the Town Planning Services department to advance key objectives, ensuring effective planning and development in our municipality.

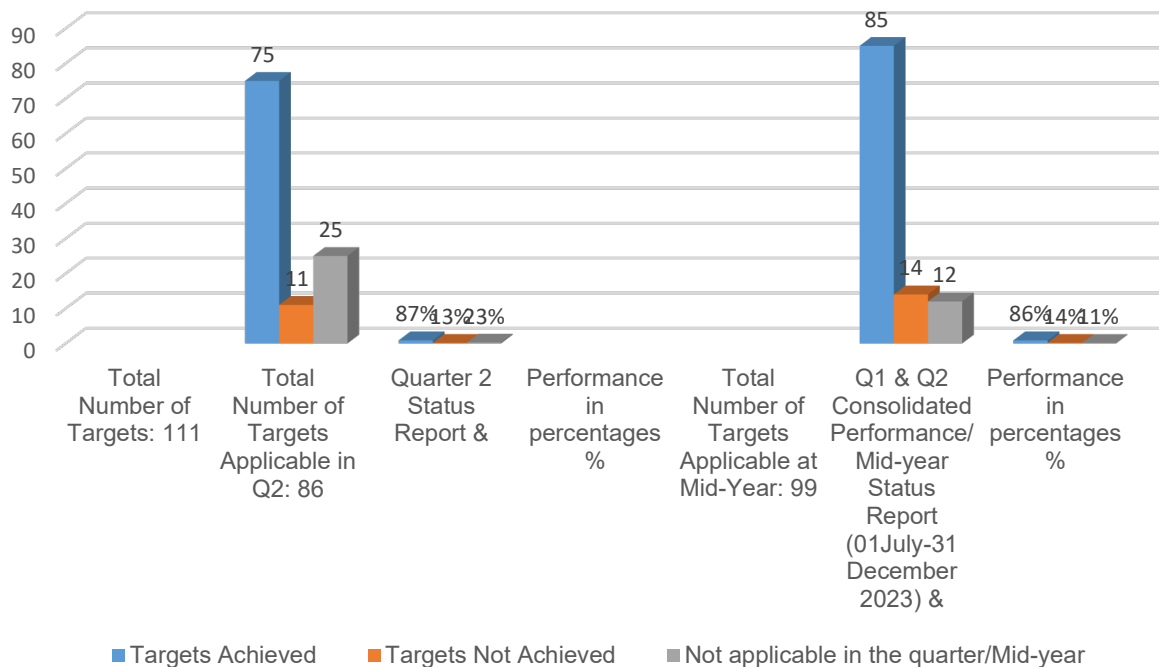
## Conclusion

### OVERALL PERCENTAGE ACHIEVEMENT

#### Q2: 01 OCTOBER -31 DECEMBER 2023 AND MID-YEAR 01 JULY-31 DECEMBER 2023 ASSESSMENT

Quarter/ Mid-Year	Targets Achieved	Targets Not Achieved	Not applicable in the quarter/Mid-year
<b>Total Number of Targets: 111</b>			
<b>Total Number of Targets Applicable in Q2: 86</b>	75	11	25
Quarter 2 Status Report & Performance in percentages %	87%	13%	23%
<b>Total Number of Targets Applicable at Mid-Year: 99</b>			
Q1 & Q2 Consolidated Performance/ Mid-year Status Report (01 July-31 December 2023) &	85	14	12
Performance in percentages %	86%	14%	11%

## ORGANISATIONAL/ OVERALL MID-YEAR PERFORMANCE FOR 2023/24 FY



The departments have significantly improved in terms of performance when compared to the previous year. Considering that all the departments showed a rapid improvement in performance. For instance, our service delivery department Public works and Basic services had a 50% performance for Q2 for the 2022/2023 financial year as compared to the 79% for Q2 for the 2023/2024 financial year. The Office of the Municipal Manager was sitting at 67% Q2 performance for the 2022/2023 financial year as compared to its current 91% for Q2 2023/2024 Financial Year.

This shows that the departments were committed in implementing strategies which significantly improved the overall performance of these departments. In addition, it must be noted that the municipality's overall performance at mid-year which is 86% has improved by 8% when compared to the previous years mid-year report which was 78%. Out of 99 applicable targets at mid-year 2023/2024 the municipality achieved 85 targets indicating an achievement rate of 86%. 14 out of the applicable 99 targets were not achieved which indicated a non-achievement rate of 14% which is a progression when compared to the 22% non-achievement rate of the previous financial year. The ultimate goal must always be to achieve (100%) all set targets as per the SDBIP signed as a contract between the municipality and the members of the public. All oversight structures must play a meaningful role in ensuring improved performance, sites visitations by

Portfolio Committees, monitoring of the SDBIP by Portfolio Heads and Portfolio Chairpersons remains imperative.

No.	Name Of The Department	% Performance For Q2 Of 2023/24	% Of Performance As At Mid-Year Of 2023/24
1.	Office Of The Municipal Manager	91%	83%
2.	Community & Social Services	94%	95%
3.	Corporate Support Services	93%	93%
4.	Public Works & Basic Services	79%	74%
5.	Budget & Treasury Office	90%	92%
6.	Development, Town Planning Services, LED& Tourism Management	79%	80%
	Organisational Overall Performance	87%	86%

## LABOUR IMPLICATIONS

In this period: half of the financial year 2023/24 the organisation has been hugely affected by the following factors:

- Load-shedding
- Adverse weather conditions
- Non-responsive Bidders on advertised tenders

The above factors had in a number of ways affected the performance of the municipality in delivering services to the community. A number of bids had to be re-advertised due to bidders not meeting the requirements which resulted in a low capital budget expenditure of 32%. The Senior Manager Community and Social Services,

## FINANCIAL IMPLICATIONS

There are no financial implications on the compilation of the report, However, it must be noted that currently the capital budget is at 32% which is not commendable as this means less service delivery to the public. Delays in the SCM processes caused by non-responsive bidders is the major contributing factor for a low capital budget expenditure.

## **PARTIES CONSULTED**

- Public Works and Basic Services Department
- Corporate Support Services Department
- Community and Social Services Department
- Development and Town Planning Department
- The Municipal Manager
- Internal Audit

## **RECOMMENDATIONS**

### **The Executive Committee hereby recommend to Council**

1. That the Mid-Year Budget & Performance Report (Section 72 report) on the assessment of the municipality's performance for the first half of 2023/2024 financial year be noted by Council.
2. That the Mid-Year Performance Report for 2023/2024 be approved and subsequently that any essential amendments be effected to the Strategic Objectives and Indicators Chapter of the IDP and the revised SDBIP for the period January – June 2024.
3. Notes the quarterly report on the implementation of the budget and performance management report in terms of s52 (d) of the MFMA
4. That the Council should note that upon approval of the Mid-Year Budget & Performance Report as per Section 72, the report will then be submitted by the Accounting Officer to both the National and Provincial Treasuries as required by the Municipal Finance Management Act No 56 of 2003.
5. That the Council should note that upon approval of the Mid-Year Budget & Performance Report for 2023/2024, the report will then be submitted to Internal Audit, Audit and Performance Audit Committee, Municipal Public Accounts Committee for further scrutiny.

## **FOR CONSIDERATION**

### **ANNEXURE**

1. Summary of the Mid-Year Performance Report for 2023/2024 (Section 72 Report)