

<b>PART</b>	<b>KPA ACHIEVEMENT REPORT</b>
<b>2</b>	

**CHAPTER 1: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
<b>KPE1.1 : STRATEGIC PLANNING AND INTEGRATION</b>					
1.1.1	Development, implementation and review of the IDP, in line with the schedule	Reviewed IDP and Budget adopted	Implementation against plan	IDP and Budget implemented in line with the schedule	
1.1.2	Existence of properly functioning IDP review and consultation structures	Structures in place	Properly functioning IDP review and consultation structures in place	Properly functioning IDP review and consultation structures in place and used during the review of the current IDP	
1.1.3	Conducting a needs analysis through Ward-based planning and other consultation processes	Needs analysis done through ward-based planning	Needs analysis completed	Needs analysis completed per Ward and this was used for budgeting processes	
<b>KPE 1.2 : PERFORMANCE MANAGEMENT</b>					
1.2.1	Conclusion of compliant SDBIP	Compliant SDBIP concluded	Compliant SDBIP concluded	Compliant SDBIP concluded	SDBIP for 2009/10 was adopted and signed by Municipal Manager and Executive Mayor on 27 July 2009.
1.2.2	Conclusion and review of compliant Performance Agreements for Section 57 employees and the Municipal Manager	Compliant Performance Agreements in place	Compliant Performance Agreements in place	Compliant Performance Agreements in place	All Performance Agreements for Section 57 Employees for 2009/10 were signed and concluded on 28 July 2009.

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1.2.3	Number of performance reports (quarterly bi-annually and annually) submitted indicating performance improvement	Quarterly reports submitted	4th Quarter Report	4th Quarter Report	
1.2.4	Roll-out employees' Performance Management System up to Assistant Director level	Performance Agreements in place for Section 57 employees and performance plans for Directors	Performance management cascaded down to Assistant Directors' level	Performance management cascaded to Assistant Director level in 7 directorates, with 4 still outstanding	A key challenge in the roll-out of performance plans is Union resistance. This issue is currently at the Local Labour Forum.
1.2.5	Introduction of an Employee Excellence Award	N/A	Employee Excellence Award introduced	Employee Excellence Award introduced	The launch of the Bay Stars Awards took place on 29 April 2009. Nominations were received and the adjudication process is under way. The awards will be presented in the second quarter of the 2009/10 financial year.
<b>KPE 1.3 KNOWLEDGE MANAGEMENT</b>					
1.3.1	Development and implementation of a Knowledge Management Strategy	Draft Knowledge Management Strategy in place	Knowledge Management Strategy to be developed	Knowledge Management Action Plan developed	A Knowledge Management Action Plan is in place and an Inter-directorate Task Team exists. Furthermore, the institution networks with other key experts in knowledge management, which include the NMMU, Cities Network and the business sector.
1.3.2	Establishment of a Knowledge Management Centre	N/A	Knowledge Management Centre to be established	In planning stage	Consultation is taking place with all key stakeholders, including the NMMU, which will inform whether the Centre should be established within the Municipality or be a shared facility with the University and the business sector.

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<b>KPE 1.4 ORGANISATIONAL TRANSFORMATION</b>					
1.4.1	Operationalisation of all organisational review workstreams	Organisational review process undertaken and implemented	Organisational review to be operationalised	Organisational review operationalised	
1.4.2	Operationalisation of reviewed entities	Rationalisation of entities completed	Reviewed entities operational	Reviewed entities operational	The Feather Market Centre and Nangoza Jebe Hall have been successfully integrated in the NMBM structure. The MBDA is currently being developed into a fully-fledged entity.
1.4.3	Completion of the development of a revised Employment Equity Plan (2008-2013)	Consultant appointed to review the plan	Revised Employment Equity Plan to be developed	In progress	The EE Plan was submitted to the Council meeting dated 4 June 2009. The Council resolved that its consideration be deferred, pending the outcome of a workshop for all Councillors in the 2009/10 financial year.
1.4.4	Creation of Special Sector structures in the Office of the Executive Mayor (a functional Youth Unit)	Special Sector Desks (youth, women and disabled) exist	A functional Youth Unit to be established	An Office that looks at youth issues is operational and part of Constituency Services Sub-directorate	
1.4.5	Creation of Special Sector structures in the Office of the Executive Mayor (a Special Sectors Committee)	Councillors' Desks have been established for special sectors	Special Sectors Committee	Councillors' Desks have been established for all special sectors	

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<b>KPE 1.5 HUMAN RESOURCES DEVELOPMENT</b>					
1.5.1	Completion of a skills audit and development of a Workplace Skills Plan and submission to LGSETA	Workplace Skills Plan submitted	Skills audit to be done	Skills audit done and Workplace Skills Plan submitted to LGSETA on 30 June 2009	
1.5.2	% adherence to the Workplace Skills Plan	N/A	100%	60%	Due to exigencies of work and staff shortages, staff could not always avail themselves for training. A lack of corporate focus on skills development was evident in some areas. To improve on this, focus has been placed on the functionality of Skills Development Committees.
1.5.3	Existence of a competency profile for the NMBM integrated into human resources management systems	N/A	Link minimum competencies to Skills Development Plan	National Treasury published the Minimum Competency Regulations in June 2007 and engaged the Municipality in the first quarter of 2008. Nine officials have been undergoing training through Wits and LGSETA, which started in February 2009. Comprehensive competency assessments are under way from the Municipal Manager down to Assistant Directors' level and other key employees involved in procurement processes.	

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1.5.4	Existence of a functional assessment centre, focusing on the identification, recruitment and development of capacity	N/A	A functional assessment centre to be in place	In progress	A Project Steering Committee was established. A service provider was appointed in July 2009 to co-ordinate this process.
1.5.5	Development and implementation of a Management Development Programme	N/A	Management Development Programme to be developed	9 senior officials have been receiving training since February 2009, under the auspices of Wits and LGSETA. A service provider was also appointed to develop course content for a general managerial training programme.	
1.5.6	Development and implementation of a properly structured mentorship model	N/A	Structured mentorship programme to be developed and implemented	In progress	The consultation process with key stakeholders is still under way.
1.5.7	Development and implementation of a Remuneration Framework	N/A	Remuneration Framework to be developed and implemented	A Remuneration Framework was developed	A proposed pay scale is currently being considered by the Remuneration Negotiation Task Team, after which implementation will commence.
1.5.8	Development and implementation of uniform pay scales	Phase 1 in place	Uniform pay scales to be developed	In progress	A Remuneration Negotiation Task Team has been set up by the LLF, with the first meeting taking place on 18 June 2009. A facilitator has been appointed to facilitate the sessions, which are ongoing. Internal TASK processes are complete and awaiting auditing by SALGABC.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
1.5.9	Existence of functional Local Labour Forum and other key structures	N/A	Quarterly meetings	Quarterly meetings held	
1.5.10	Development of a Labour Relations Strategy	N/A	Labour Relations Strategy to be developed	A Labour Relations Strategy was developed	
1.5.11	Development and implementation of a Strike Management Plan	N/A	Strike Management Plan to be developed	A Plan is in place and operational	
1.5.12	Implementation of Scarce Skills Recruitment and Retention Strategy and Programme	Strategy adopted by Council	Implementation against Strategy	<p>(1) An interim scarce skills allowance has been implemented successfully.</p> <p>(2) Four retired engineers have been assigned as mentors on this project and their mentorship is ongoing. (3) Four positions have been filled on the Scarce Skills Programme and one appointment is pending, subject to a verification process.</p> <p>(4) One international recruitment appointment has been made for the position of Transportation Planning Officer and remuneration negotiations are under way for the appointment of a second international</p>	

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				recruitee for the position of Assistant Director: Management Systems & Planning. This process is being monitored on an ongoing basis.	
1.5.13	Turnaround time for recruitment of staff from submission of recruitment notification – number of months	N/A	3 months	3 months	
<b>KPE 1.6 POLICY AND ADMINISTRATIVE REVIEW</b>					
1.6.1	Development and implementation of Land Information System (LIS)	N/A	ILIS to be developed and implemented	In Progress	The need for an Integrated Land Information System (ILIS) was identified to ensure a fully integrated Geographic Information System (GIS) encompassing all municipal aspects and activities. The development of an ILIS was supported by a Management Team decision taken on 9 June 2009. A tender for the development of the ILIS was published in July 2009. It is expected that a service provider will be appointed by October 2009.

KEY PERFORMANCE INDICATOR (KPI)		BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
1.6.2	Revision of GIS Implementation Strategy	GIS implementation strategy in place	GIS implementation Strategy to be revised	GIS Strategy developed and approved by Management Team on 9 June 2009	
<b>KPE 1.7 ORGANISATIONAL EFFICIENCY</b>					
1.7.1	Ensure organisational efficiency	N/A	Reduction of wasteful expenditure	Organisational Efficiency Plan of Action developed and being implemented	



## **INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT: PERFORMANCE HIGHLIGHTS, CHALLENGES AND REMEDIAL ACTION**

During the period under review, the refined and enhanced processes around the Integrated Development Plan and Budget culminated in more accessible, reliable and people-centred planning documents. Strategic planning and integration were further enhanced through Ward-based planning and other consultation processes.

Operational integration is one of the key priorities of the institution. In pursuance of this goal, a cluster system was established, in terms of which all Mayoral Committee members and senior officials form part of one of the three clusters, namely the Governance and Administration Cluster; the Service Delivery Cluster; and the Socio-economic Cluster.

The Municipality's Performance Management System is complemented by Council's oversight processes. This has already culminated in the approval of three previous annual reports and three Council oversight reports. In addition to the Council-appointed Oversight Committee, the Municipality has a functional Budget Performance Monitoring Committee in place that meets on a quarterly basis. This has helped to achieve an increase to 99,6% in the capital expenditure rate.

The Municipal Manager and all Section 57 employees have performance agreements in place, which form the basis of their performance reviews. Solid progress has been made with the cascading down of performance management to lower level employees: seven of the eleven directorates already have performance plans in place on Assistant Directors' level.

To reward outstanding performance by staff and instill a culture of performance, the Municipality introduced an employee excellence award (the Bay Stars Awards). The Award was launched on 29 April 2009.

The value of knowledge management for the effective functioning of major institutions is increasingly recognised. The Municipality has therefore prioritised the development and implementation of a Knowledge Management Strategy. A Knowledge

Management Action Plan and an Inter-directorate Task Team have been established. The need for the establishment of a Knowledge Management Centre has also been identified. Consultation processes are under way, with all key stakeholders to determine whether the proposed Centre should be established within the institution itself or as a joint venture with other stakeholders.

The administration of the institution is stable and sound. The organisational review process has culminated in a more integrated, efficient and effective structure. In this regard, the strong and effective Management Team, which serves as a source of integration and co-ordination, plays a key role.

To ensure the sustained development of human resources, the Municipality completed a skills audit and submitted a workplace skills plan to LGSETA in June 2009. The financial year in question also saw the Municipality implementing minimum competency requirements in terms of the Municipal Regulations on Minimum Competency Requirements (Gazette No. 29967 of 15 June 2007). These Regulations prescribe minimum competency requirements for senior officials as well as officials dealing with financial matters, including procurement.

**The following areas have been identified as challenges to be addressed in terms of institutional transformation and organisational development:**

- Employment equity has not yet been achieved fully in the institution.
- A more focused approach is required towards special sectors.
- Recruitment of scarce skills as well as the need to improve on human development.
- Continuous improvement on integration and co-ordination.

In the year ahead (2009/10), the Draft Employment Equity Plan needs to be further refined, based on the inputs from all stakeholders internally. The Employment Equity structures must also be revitalised. A more focused approach towards special sectors will be ensured by reviewing and improving the existing structures, processes, programmes and resources allocated to them as part of the Council's social transformation agenda. The Council is committed to continuously enhance its approach to not only the recruitment of scarce skills, but also the retention of existing

skills. Instilling a performance-driven culture in any institution is a continuous change management process. All stakeholders, including unions, our employees and Councillors, will need to be actively engaged, trained, motivated and be made more aware of the value of their own performance in attaining quality and sustainable service delivery. Service delivery and integration will also be enhanced through people-driven IDP processes, both internally and across the different spheres of government, as well as through a functional Cluster System.

## **ADDITIONAL INFORMATION AND DATA ON INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

### **(a) Presentation of the organisational structure**

For the comprehensive organisational structure, please see Annexure "A".

The Municipality has a workforce of 6 473 permanent employees and 559 temporary employees.

### **(b) Staff development initiatives during the financial year**

A total number of 700 employees were trained in different learning areas during the 2008/09 financial year in terms of the Workplace Skills Plan submitted to LGSETA on 30 June 2008. This is part of the Municipality's Human Resources Development Plan.

Furthermore, during the 2008/09 financial year, 48 unemployed graduates and 12 experiential training students received training in various fields. Altogether 135 unemployed persons in Nelson Mandela Bay participated in the Municipality's Skills Development and Learnership Programme. In addition, 41 employees completed water purification, reticulation and waste water treatment learnerships, while 60 unemployed residents enrolled for a two-year emerging contractor (Vuk'uphile) Learnership, of which 49 have since completed the programme.

**(c) Trends in personnel expenditure**

As reflected in the table below, the Municipality has managed to contain personnel expenditure at an acceptable rate, so as to release more funds for service delivery.

<b>Financial Years</b>	<b>Total number of staff</b>	<b>Total approved operating Budget</b>	<b>Personnel expenditure (salary and salary related)</b>	<b>Percentage of expenditure</b>
2006-2007	6 252	3,154,010,310	1,036,653,107	32.86%
2007-2008	6 225	5,145,054,890	1,264,406,908	24.57%
2008-2009	6 473	4,401,649,240	1,280,870,717	29.10%

**(d) Employees' pension and medical aids**

Information with regard to employees' pension and medical aids is reflected below.

<b>Names of pension fund</b>	<b>Number of members</b>	<b>Names of Medical Aids</b>	<b>Number of members</b>
Cape Retirement Fund (incl. Pension Fund)	2 782	LA Health	600
SALA Pension Fund	3 287	Bonitas	2 486
SAMWU Provident Fund	103	KeyHealth	466
		Hosmed	373
		SAMWU Medical Aid	750

**(e) Senior officials' wages and benefits**

Information on senior officials' wages and benefits is reflected below:

**Remuneration of the Municipal Manager**

Annual remuneration	941,076
Performance bonus	0
Car allowance	96,000
UIF, Medical and Pension Funds	0
<b>Total</b>	<b><u>1,037,076</u></b>

**Remuneration of the Chief Financial Officer**

Annual remuneration	620,952
Performance bonus	0
Car allowance	159,600
UIF, Medical and Pension Funds	74,384
<b>Total</b>	<b>854,936</b>

**Remuneration of the Chief Operating Officer**

Annual remuneration	620,208
Performance bonus	0
Car allowance	144,000
UIF, Medical and Pension Funds	134,265
<b>Total</b>	<b>898,473</b>

**Remuneration of the Chief of Staff**

Annual remuneration	792,396
Performance bonus	0
Car allowance	0
UIF, Medical and Pension Funds	76,785
<b>Total</b>	<b>869,181</b>

**Remuneration of individual Executive Directors:****Corporate Services**

Annual remuneration	747,684
Performance bonus	0
Car allowance	120,000
UIF, Medical and Pension Funds	0
	<b>867,684</b>

**Economic Development and Recreational Services**

Annual remuneration	619,518
Performance bonus	0
Car allowance	112,626
UIF, Medical and Pension Funds	135,538
	<b>867,682</b>

**Public Health**

Annual remuneration	636,144
Performance bonus	0
Car allowance	96,000
UIF, Medical and Pension Funds	135,538
	<b>867,682</b>

**Housing and Land**

Annual remuneration	834,360
Performance bonus	0
Car allowance	120,000
UIF, Medical and Pension Funds	42,000
	<u><b>996,360</b></u>

**Electricity and Energy**

Annual remuneration	232,120
Performance bonus	0
Car allowance	51,360
UIF, Medical and Pension Funds	6,249
	<u><b>289,729</b></u>

**Infrastructure and Engineering**

Annual remuneration	744,684
Performance bonus	0
Car allowance	123,000
UIF, Medical and Pension Funds	0
	<u><b>867,684</b></u>

**Strategic Programmes Unit**

Annual remuneration	669,684
Performance bonus	0
Car allowance	120,000
UIF, Medical and Pension Funds	78,000
	<u><b>867,684</b></u>

**Safety and Security**

Annual remuneration	695,088
Performance bonus	0
Car allowance	144,000
UIF, Medical and Pension Funds	0
	<u><b>839,088</b></u>

**2010 FIFA World Cup South Africa**

Annual remuneration	720,240
Performance bonus	0
Car allowance	120,000
UIF, Medical and Pension Funds	81,600
	<u><b>921,840</b></u>