2.0 STRATEGY AND PERFORMANCE MANAGEMENT

2.1 INTRODUCTION

The strategy as set out below summarises the results of the IDP process that the BVM has been involved with since the inception of the original IDP five years ago. It furthermore also incorporates the new organisational performance management system and the organisational structure that emanated through the process.

With regards to the minimum requirements of a credible IDP as set out in the IDP Guidelines, this chapter covers the following:

- The Planning Process.
- The Situation.
- Development Strategies at the corporate level.

The work that was done through this process now enables the municipality to:

- Develop SDBIP's for each Directorate for execution.
- Cascade the performance management system down to divisional and team level.
- Develop an individual performance management system that is aligned to the organisational performance management system.

Quote by Mayor

2.1.1 THE PROCESS

The strategic management/IDP process that Council and Officials followed was structured to take them through a logical strategic thought process. It covered both the external and internal environments and looked at the past present and future. It addressed all stakeholders and focused on meeting the needs of the BVM's various stakeholders by integrating the results of the pervious IDP process and their current needs. The output is a document that does not only cover high-level strategic objectives, but also identifies the strategies and actions that need to be performed at the strategic, managerial and the operational levels. It gives senior and lower level managers a clear indication of what has to be accomplished to successfully achieve the organisations vision and mission – the ideal input for the various SDBIP's.
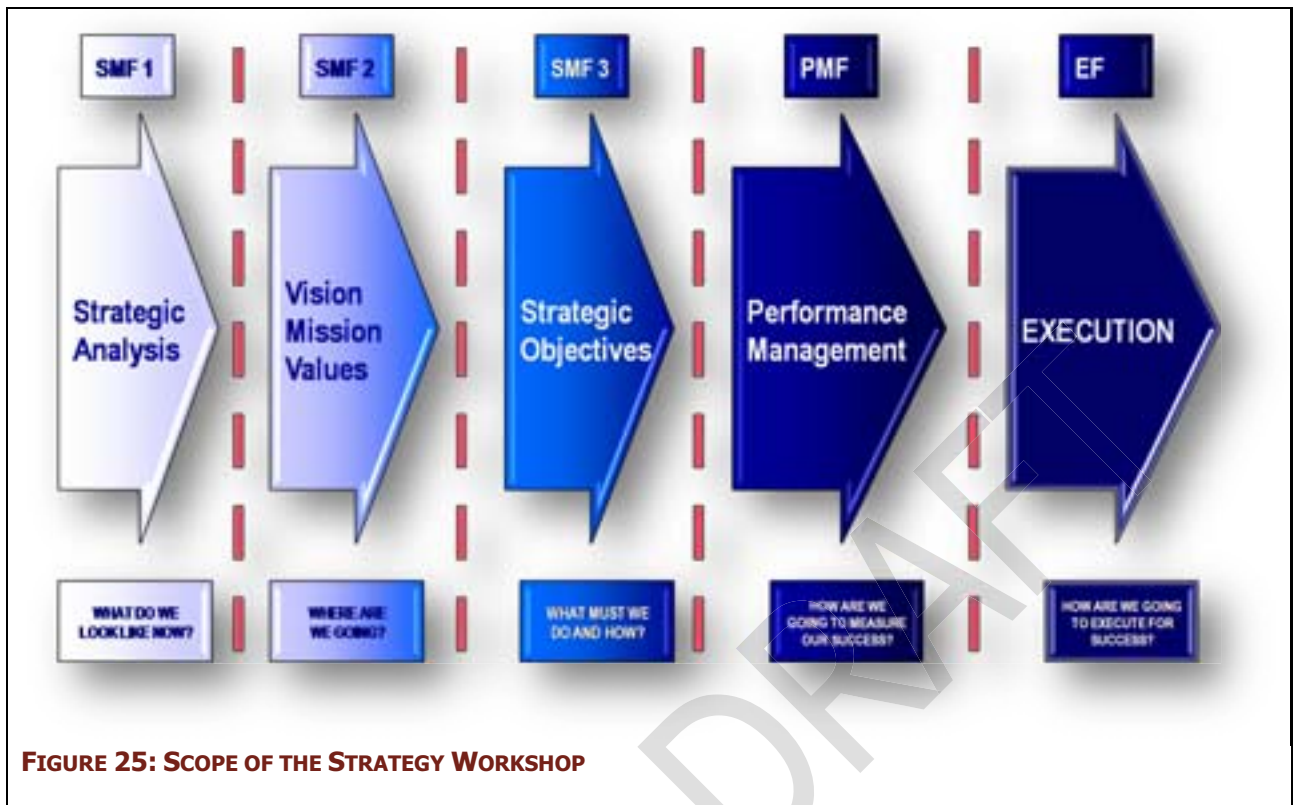
**FIGURE 25: SCOPE OF THE STRATEGY WORKSHOP**

To ensure that the execution will take place in a well structured format, a comprehensive project plan that includes strategies, actions, priorities and responsibilities is a formal output of this process. Furthermore, so as to ensure a balanced approach, focussing on the needs of all stakeholders, the process is based on the Balanced Scorecard methodology. A Balanced Scorecard, Strategic Themes and Strategy Map are therefore also outputs of the process.	==Quote by speaker==
A final very important aspect of the process is that it covers all the levels within the organisation as depicted in Figure 26. It follows a collaborative and integrated holistic approach focussing on results - "*From Strategy to Performance*".	
Following is a summary of the strategy and performance management system of BVM. The comprehensive strategic plan can be accessed on the accompanying CD.	
The process is depicted in Figure 25. The first three phases cover the Strategic Management Framework (SMF) and the fourth phase is the start of the Performance Management Framework (PMF). The fifth phase covers the execution phase. Phase 1 defines the **current reality**, it answers the question: *What do we look like now*?" Phase 2 focuses on the crafting of a vision, mission and establishing a value system for the municipality thereby defining the **desired future**. The goals and core strategy finalised during Phase 3, are based on the outcome of the analysis, and the future path indicated by the vision, mission, and values. They are organisation specific and indicate **how** the future is going to be realised. Phase 4 will establish how well the strategy is being performed and Phase 5 covers the execution of the strategy – the actual work.	
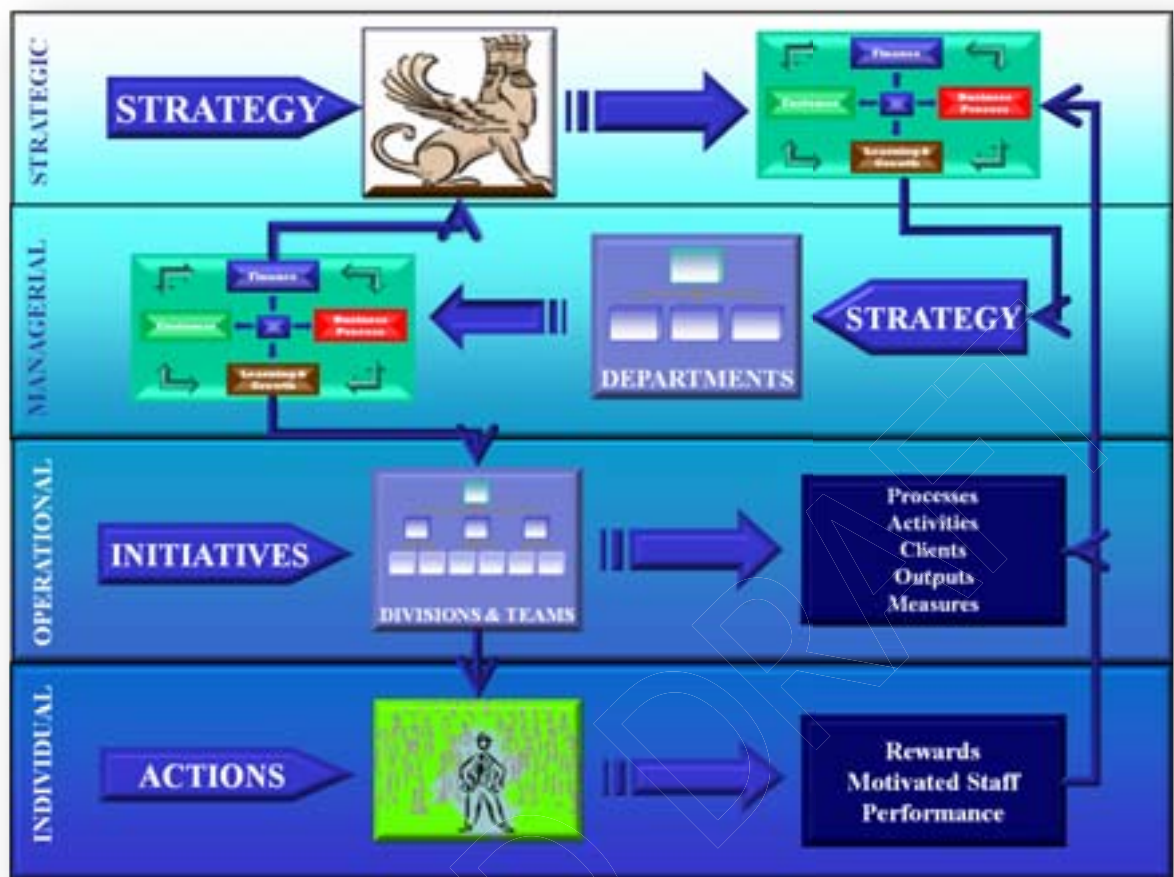
FIGURE 26: INSTITUTIONALISING THE STRATEGY

2.2 THE CURRENT REALITY

2.2.1 EXTERNAL ENVIRONMENT

The strategic process was initiated with a strategic analysis exercise covering both the external and internal environments. An evaluation of the *economic*, *social*, *regulatory*, *citizenship* and *technological* factors that may have an influence on the municipality started off the process. The purpose of this exercise was to identify the *opportunities* and *threats* in the external environment and the internal strengths and weaknesses of the BVM. The following opportunities listed in order of priority, were identified. Their associated strategies are incorporated into the execution plan.

- Economic development and tourism is seen as a primary opportunity so as to ensure the eradication of unemployment and poverty.
- Infrastructure development, referring to residential, commercial and industrial infrastructure as well as technology.
- Improving the skills base within communities and having proactive development programmes in place.
- Establishment of a proactive BBEE strategy.
- Community participation and education.
- Sport development and promotion.

On the negative side, in order of priority, the following threats were identified.

- Although the eradication of unemployment and poverty is not the core function of the Municipality it was felt that it could play a strong facilitation role and initiate projects to assist with this threat through its economic development strategy.
- The lack of available land for development and also serviced land result in backlogs in housing and industrial developments which adversely affects the revenue generation ability of the municipality and ultimately leads to dissatisfied communities and an impoverished society.
- In general the majority of the infrastructure currently in operation needs urgent maintenance so as to ensure further deterioration. This will place a major strain on the financial resources of the municipality.
- HIV/Aids, TB and other Infectious Diseases.
- Poor internal and external communication.
- Crime, Safety/Security.
- Urbanisation is creating a challenge for the municipality as it has to provide serviced land to these communities.
- To manage the expectation of stakeholders is a major challenge as these expectations are diverse and in some cases quite unrealistic.

"We must play a more proactive role with regards to local economic development as it is the only way to reduce unemployment and poverty."

Delegate Strategy 2007-2012

2.2.2   MUNICIPAL ENVIRONMENT

2.2.2.1 CHALLENGES

An analysis of the local government environment identified various challenges to municipalities and in particular BVM. Most of the challenges identified were internal and these were used as input to the internal analysis where actions were identified that will improve the situation and resulting in improved service delivery. The 10 challenges that have the greatest influence on the BVM, in order of priority, are:

- 😊 Lack of capacity to deliver.
- 😊 Lack of work ethics.
- 😊 Low productivity.
- 😊 Small revenue base.
- 😊 No one speaks out of one voice – councillors and management.
- 😊 Lack of a performance management culture.
- 😊 No accountability and responsibility.
- 😊 Lack of benchmarking information.
- 😊 Inefficient utilisation of available skills.
- 😊 Bureaucracy.

Referring to the above ten factors, it was mentioned that if the first four are addressed properly, the rest will also be solved. Reasons and actions were identified for each of the four subjects and are contained in the main strategy report.

Breede Valley Top 10 Attractions:

Brandy Museum

2.2.2.2 DRIVING FORCES

Driving forces in the municipal environment that have or may have an influence on the operations of the municipality were identified and discussed. It was found that there are some further opportunities that can be exploited to the benefit of BVM. The following driving forces, identified as opportunities, were identified:

- 😊 *Marketing innovation.* The question was asked: '*Why would anyone come to the Breede Valley, what makes it unique, what is its selling proposition*?" It was immediately obvious that no one had the same opinion and it was identified that a brand strategy is seriously required for the Breede Valley.

- 😊 *Product & service innovation.* This opportunity is directly aimed at the communities within the Breede Valley. It was felt that if this is addressed proactively, it would change the image of the municipality and would enhance service delivery and customer satisfaction.

- 😊 *Changes in cost and efficiency.* An improvement in cost and efficiency will ensure an automatic broadening of the revenue base. It will also improve the affordability of services as well as the quality of service delivery.

- 😊 *Technological change.* Technology should be used as an enabler to ensure an improvement in service delivery, communication and cost and efficiencies.

- 😊 *Changing societal concerns, attitudes and lifestyles.* Understanding the changing trends in society will enable the municipality to more effectively meet the needs of all its stakeholders.

2.2.3   VALUE PROPOSITION

A brainstorming exercise was held to identify the needs or value proposition of the municipality's stakeholders. As the input was not based on formal market research, these needs need to be verified through a survey.

Following in dashboard format is a summary of the value proposition elements and how well BVM is doing with regards to service delivery to the various stakeholder groupings.

FIGURE 27: VALUE PROPOSITION DASHBOARD[10]

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[10] Satisfaction ratings: Green >80%; Orange = 60% - 79%; Red <60%

2.2.4   INTERNAL ANALYSIS

Where the identification of opportunities and threats was the focus of the external analysis, the main focus during the internal analysis was on the strengths and weaknesses of the municipality. Prior to the workshop, questionnaires were distributed to all employees to establish the current climate within the organisation. The results of the questionnaires were used as an input for the internal analysis. Discussions were also conducted during the workshop that addressed the IDP and those factors that are important for successful execution of the strategy.

2.2.4.1 STAKEHOLDER VALUE PROPOSITION

The outcome of the stakeholder value proposition was used for the foundation of this exercise. Delegates had to use the results of the value proposition exercise and identify the strengths, weaknesses, opportunities, threats and strategies/actions pertaining to each stakeholder grouping. Following is a summary by Stakeholder Grouping:

2.2.4.1.1 Housing – Informal Settlements[11]

It was identified that there is sufficient land available for development. However, developing the land was a challenge mainly due to a lack of funding. The current infrastructure is old and more pressure is being placed on it due to current developments and services required for backyard dwellers. There is also a lack of general public participation, and a lack of information, especially with regards to backyard dwellers. Property owners are also exploiting backyard dwellers by charging them exorbitant rental fees. An opportunity which may be worthwhile exploring is the establishment of a development fund aimed at housing. The current situation is however very threatening as it is open to exploitation, illegal occupation and public unrest. There is also the possibility of waterborne diseases and the constant threat of fire.

2.2.4.1.2 Housing – Other

With regards to the other housing category, basic services are well established. Although sufficient land is available for development, funding to do so is lacking. The infrastructure is also old which is causing maintenance problems and adding to costs. The cost of land and services is also becoming unaffordable which in itself is causing problems to BVM. It should be investigated if it is worthwhile selling municipal land to developers. With regards to threats, the future provisioning of bulk services may become a problem as well as the maintenance of current infrastructure. Vandalism and theft are also increasing and this in itself is causing problems to the municipality.

2.2.4.1.3 Government

BVM is complying with Government requirements/legislation. However adhering to deadlines required by government is not a strength of the municipality. There are also unfunded mandates and the differing financial

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[11] Text colour legend: Blue – Strength; Red – Weakness; Green – opportunity; Maroon - Threat

years of Government and Province are leading to LA fiscal dumping. It was reiterated that communication and the liaison with government organisations must improve.

2.2.4.1.4 Commercial

Worcester is strategically well located to form the core of a regional hub. Due to a sound infrastructure with regards to roads and services; the diversity of people; it's beautiful environment; and abundance of tourism products, it can become a commercial centre of excellence. However on the down side there are issues that need to be addressed of which the primary one is a lack of marketing of the Breede Valley highlighting all the benefits and attractions associated with the Valley. There are also many infrastructure and management issues that need to be addressed which are highlighted in the main report.

2.2.4.1.5 Industrial

From an industrial perspective, the main strength is the availability of services to industry. However these services need to be made more affordable. Focus also needs to be placed on the improvement of infrastructure such as roads and the sub-standard quality of effluent.

2.2.4.1.6 Sport and Recreation

The Breede Valley has an ideal climate to present sporting and recreational events. From an infrastructure point of view it has a tartan athletic track and an Olympic size swimming pool and diving board. It is also one of the best places in South Africa for gliding. It is also close to Cape Town which makes it ideally suitable to host a soccer team for 2010. These fantastic facilities are however under-utilised which is mainly due to poor sport administration and management. The facilities also require some maintenance before they can be marketed as "world class".

2.2.4.1.7 Institutional

No strengths were identified with regards to institutions, but it was mentioned on many occasions that the fact that the schools for visually and hearing impaired individuals were a major strength and selling point for the Breede Valley. The weaknesses that were identified all allude to the fact that the municipality must strengthen the relationship with the institutions under its jurisdiction. It must also ensure that a safe and accessible environment is created for the handicapped and aged. The question was asked "Why can Worcester not become the "Harvard" for the deaf and blind in South Africa".

2.2.4.1.8 Internal

As is shown in the Value Proposition Dashboard in Figure 27 there were no real internal strengths identified. This was confirmed through the internal climate survey that was done and through feedback from councillors as to the perceptions of the communities with regards to service delivery.

2.2.4.2 Integrated Development Plan (IDP)

A workgroup was formed to address the IDP in its totality with the brief to establish the success of execution and then to do a SWOT analysis on the subject and to come up with actions to address the weaknesses, opportunities and threats. The BVM 2006/2007 IDP Review document was used as an input for analysis and discussion. The following subjects extracted from the document were used to assess the current situation with regards to the execution of the IDP:

- The State President's Challenge to Local Authorities.
- The IDP 2006/2007 Assessment Result.
- Chapter 7 of the constitution, act 108 of 1996 Section 152. (1) Objects of Local Government.
- BVM IDP Primary Priority Areas.
- BVM Additional Priority Areas.

The results of these exercises will be summarised graphically.

2.2.4.2.1 The State President's Challenge to Local Authorities

The seven challenges posed by the State President to Local Authorities are depicted in Figure 28. During this discussion it became apparent that the perceptions of Council and those of Officials were vastly different, mainly due to the way in which they experience the needs of the communities. It was also clear that there was a misperception with some councillors as to the availability of resources within the municipality to execute.
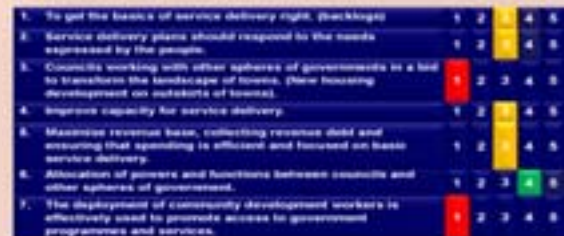

FIGURE 28: THE STATE PRESIDENT'S CHALLENGE TO LOCAL AUTHORITIES

2.2.4.2.2 The IDP 2006/2007 Assessment Result

The IDP was assessed using the generic IDP assessment criteria issued by the provincial Department of Local Government and Housing. The criteria and summarised assessment results are reflected in Figure 29.

Ratings varied from 0% for a lack of performance indicators to the highest rating of 75% for shared IDP priorities between the district and local IDPs. All of these criteria were discussed in detail and actions were identified to address the deficiencies. These can be found in the main strategy report.

FIGURE 29: IDP REVIEW 2006/2007 ASSESSMENT RESULTS

2.2.4.2.3 Chapter 7 of the Constitution, Act 108 of 1996 Section 152. (1) Objects of Local Government

The following issue that was discussed is how well Breede Valley Municipality is doing with regards to the successful execution of the objectives of local government is defined in Chapter 7 of the Constitution. The results are reflected in Figure 30.

FIGURE 30: CHAPTER 7 OF THE CONSTITUTION, ACT 108 OF 1996 SECTION 152. (1) OBJECTS OF LOCAL GOVERNMENT

2.2.4.2.4 BVM IDP Priority Areas

Based on interventions and discussions with communities to determine their needs and the guidelines as specified by Government, BVM identified primary and secondary priority areas. These priority areas are reflected in Figure 31 and Figure 32.

FIGURE 31: BVM IDP PRIMARY PRIORITY AREAS

FIGURE 32: BVM ADDITIONAL PRIORITY AREAS

2.2.4.3 IDP SWOT RESULTS

During the SWOT discussion it was decided that the original five assessment criteria as shown in the IDP can be adapted to be reflected as follows:

1. Good Governance
2. Provision of sustainable basic services
3. Social development
4. Economic development
5. Maintenance and development of infrastructure

The SWOT analysis was based on an evaluation of the current situation within the organisation and what needs to be done to ensure that these five subjects are efficiently and effectively addressed.

MM statement on good governance

2.2.4.4 CLIMATE SURVEY

Breede Valley Municipality conducted an employee survey prior to the strategic workshops in order to address several key questions related to the work environment. The survey consisted of 179 questions, divided in to the 10 categories as shown in the dashboard in Figure 33.

Category	% Favourable Responses
Diversity management	74%
Employee involvement	66%
Teamwork	59%
Personal growth	57%
Quality of work life	56%
Leadership	55%
Recruitment and retention	53%
Customer	50%
Compensation and recognition	47%
Communication	46%

FIGURE 33: CLIMATE SURVEY: OVERALL RATING PER CATEGORY

2.2.4.5 GENERAL SWOT

A general Swot analysis was conducted which just reiterated the strengths and weaknesses that have already been mentioned. Many of these have a direct impact on the services that are supplied to customers. Internal service providers such as HR, Finance and IT have to focus on what is important to the operating departments as if they are directly dealing with the external clients of the municipality. The operating departments have to understand the needs of their external customers and have a responsibility to communicate these needs to the rest of the organisation so as to ensure that they do get the right support.
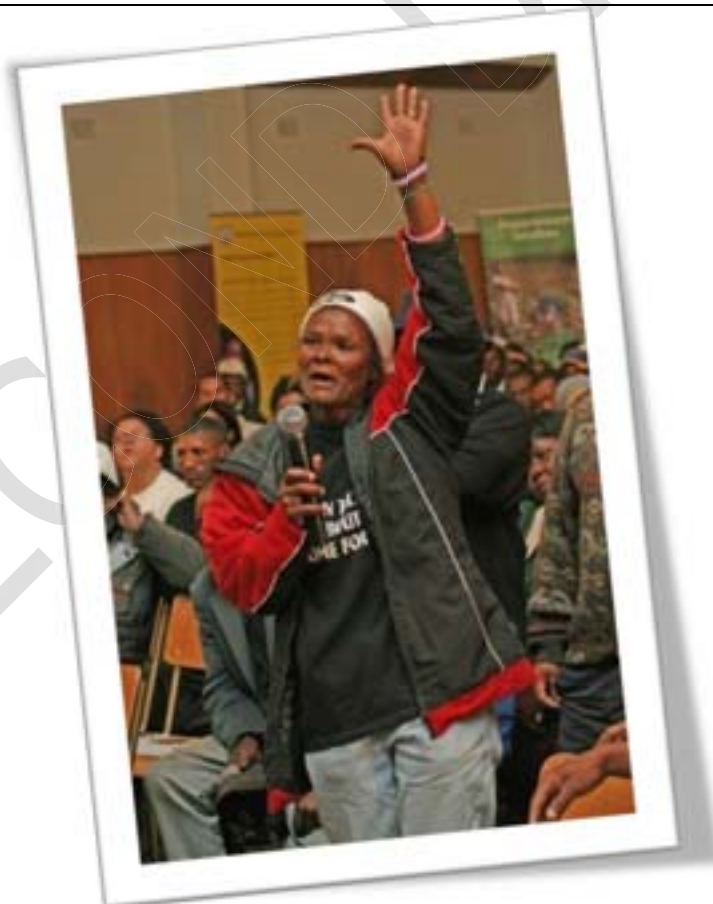
2.3   OUR DESIRED FUTURE

2.3.1   VISION

Figure 34 depicts the shared vision statement that was crafted by councillors and managers. It communicates a strong message to all who will read this vision statement. The word "*unique*" immediately stimulates the question in one's mind of what is unique? This will give the individual who the question is posed to the opportunity to sell the benefits of the Breede Valley of which there are many. The word "*caring*" relates to its communities and visitors to the Breede Valley and communicates a message of empathy. "*Service excellence*" says that the Breede Valley Municipality is a customer centric organisation and is performance driven. "*Opportunity*" speaks to investors or any one who is searching for opportunities. Growth is mentioned in the developmental context, which includes communal, spiritual, financial and personal growth.
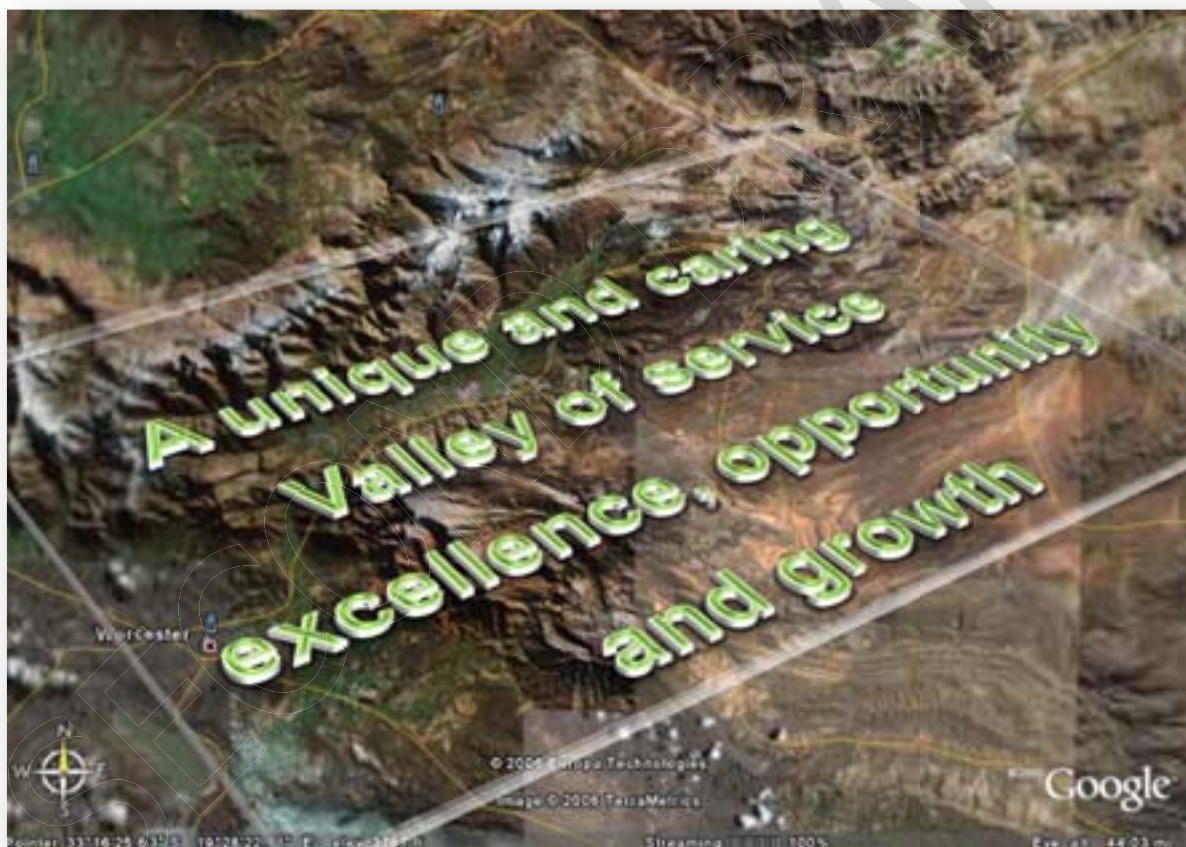
FIGURE 34: VISION OF THE BREEDE VALLEY MUNICIPALITY

2.3.2   MISSION

The previous mission statement was changed by councillors and officials to read as shown in Figure 35. It can be seen that it addresses the *customers, the environment*, the *service*, and *employees*. It also clearly states how the *affordable, efficient,* and *effective* services are going to be provided. It is also short and too the point.

FIGURE 35: BREEDE VALLEY MUNICIPALITY MISSION STATEMENT

2.3.3   VALUES

The organisation did not have a value statement at the time of the strategy formulation. Councillors and managers defined the first-order values to be refined during the Directorate sessions. The result of these was linked to the Batho Pele slogan which will be used as an acronym to communicate the values. This is shown in Figure 36.
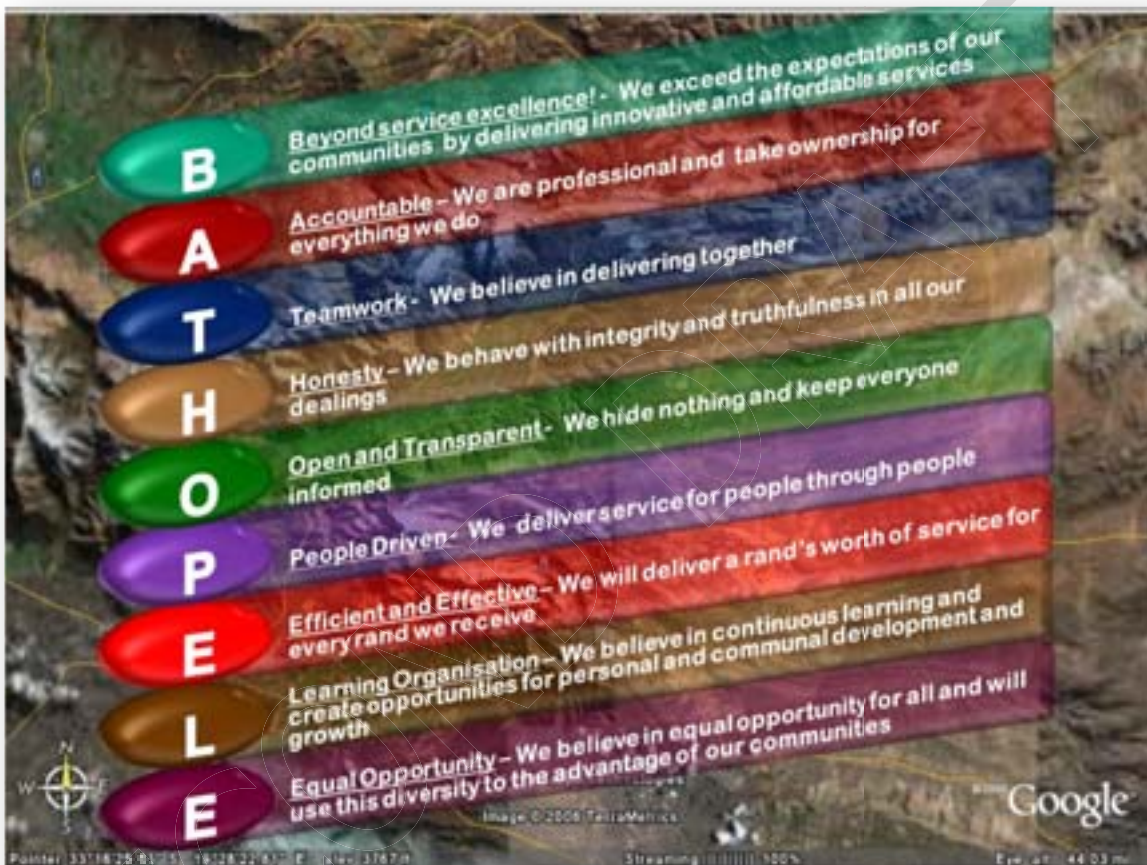

FIGURE 36: VALUES OF THE BREEDE VALLEY MUNICIPALITY

2.4 REALISING THE FUTURE

To realise the future, you have to manage the present and to do this effectively and efficiently, measurement is needed. It is now an acknowledged fact that organisations cannot manage what they do not measure. Performance Management is a regulatory requirement that all local authorities have to abide by. The performance management system of BVM is based on the Balanced Scorecard methodology.

Based on the results of the external and internal analysis, and the future path as defined by the organisation's vision, strategic objectives were identified and integrated into the Balanced Scorecard as shown in Figure 37.

FIGURE 37: BREEDE VALLEY MUNICIPALITY BALANCED SCORECARD

2.4.1 STRATEGY MAP - CAUSE AND EFFECT RELATIONSHIP

Figure 38 shows a strategy map of BVM based on the identified strategic objectives. The strategic objectives are superimposed on the four perspectives of the BSC creating a cause-and-effect relationship. The strategy map shows the links between the various objectives and it is now possible to attach performance measures to each of the objectives. To assist with the logic of the structure or flow of the map, the **Customer** or in this case **Stakeholder** perspective is all about *delivery* which is defined by the value-proposition (yellow ovals) to stakeholders. The **Internal Business Process** perspective is all about efficient and effective *execution* which will result in delivery according to customer requirements. The **Learning and Growth** perspective looks at the *development* environment – ensuring the right culture with the right human resources and the ability to measure for effective management. The **Resources** perspective shows the *enablement* environment in terms of people, finances, and technology.
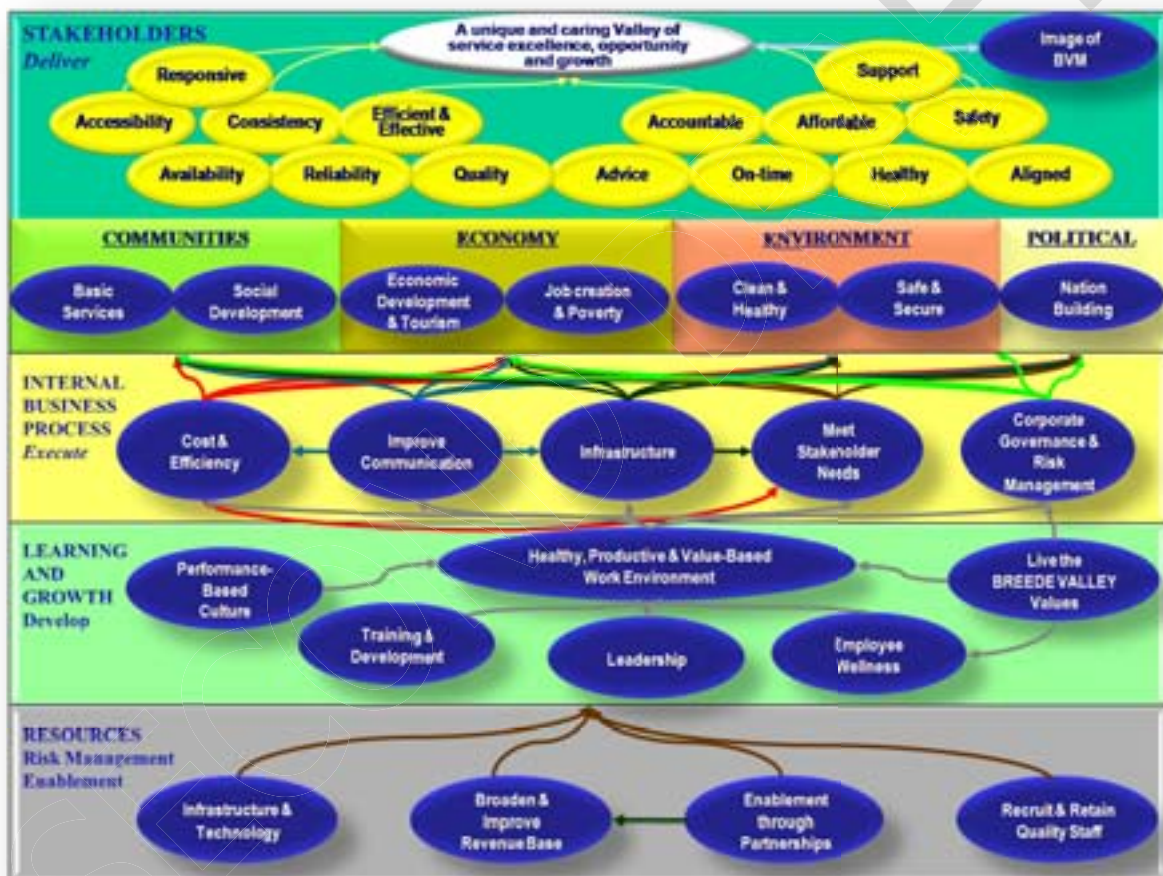

FIGURE 38: BREEDE VALLEY MUNICIPALITY STRATEGY MAP

2.4.2   STRATEGIC THEMES

To ensure alignment to the National objectives of local government as reflected in Chapter 7 of the Constitution, act 108 of 1996 Section 152. (1), seven strategic themes were defined that will help BVM to focus on delivery. These themes will assist management to prioritise projects according to the needs of all stakeholders and to align its budget accordingly. The added benefit of executing strategy using these themes is that it breaks down functional silos within the organisation. People, finances and all other resources can be aligned and it is possible to set up multifunctional "Strategic Theme Teams" that will be responsible to meet the objectives defined for each theme. BVM is aligning its organisational and implementation structure accordingly.

The strategy execution plan that was defined during the strategy exercise contains all the themes linked to strategic objectives, actions and Key Performance Indicators (KPI's). This detail can be found in the accompanying CD.

Following is a short description of each theme showing the link to the National objectives; associated primary strategic objectives and their support strategic objectives. The summary should be read referring to the Strategy Map as depicted in Figure 39.

FIGURE 39: BVM STRATEGIC THEMES

⬧ **Theme 1:** *To create a unique and caring Valley of service excellence, opportunity and growth (Image).* The vision of BVM was chosen as the leading theme. Referring to the Strategy Map in Figure 38, this theme covers the whole stakeholder or delivery dimension with the primary strategic objective being "Establish and promote the image of Breede Valley". Delivering on the value proposition (yellow ovals) will lead to the attainment of the strategic objective and ultimately the vision of the municipality. With regards to the national objectives as stipulated in the Constitution, this theme embraces all five the national objectives. The associates support strategic objectives are:[12]

- Ensure a clean and healthy environment.

- Establish and meet stakeholder needs.

- Infrastructure development and maintenance.

- Improve internal and external communication.

- Live the Breede Valley values.

- Establish a performance-based culture.

- Broaden and improve the revenue base.

- Enablement through partnerships.

⬧ **Theme 2:** *To provide, maintain and assure basic services and social upliftment for the Breede Valley community.* Theme 2 focuses on the basic requirements of the communities of the Breede Valley. This theme directly addresses two primary strategic objectives namely: "the provision of basic services"; and "the enhancement of social development". It supports the following National objectives:

- Ensure the provision of services to communities in a sustainable manner.

- Promote social and economic development.

The associated support strategic objectives are:

- Infrastructure development and maintenance.

- Improve costs and efficiencies.

- Training and development of staff.

- Broaden and improve the revenue base.

- Enablement through partnerships.

⬧ **Theme 3:** *To create an enabling environment for employment and poverty eradication through proactive economic development and tourism.* The third theme is supported by two primary strategic objectives: "Local Economic Development and Tourism" which if executed successfully will lead to "job creation and alleviation of poverty". It supports the following National objectives:

- Promote social and economic development.

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[12] It may seem that some support strategic objectives may be missing, but those will be linked to this theme through the objectives listed here.

✽ Encourage the involvement of communities and community organisations in the matters of local government.

The associated support strategic objectives are:

✽ Infrastructure development and maintenance.

✽ Improve internal and external communication.

✽ Broaden and improve the revenue base.

✽ Enablement through partnerships.

✦ **Theme 4:** *To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's people.* The promotion of a safe and healthy environment is the fourth National objective. To ensure a safe and healthy environment BVM has identified two primary strategic objectives namely:

✽ Ensure a clean and healthy environment.

✽ Ensure a safe and secure environment.

The associated support strategic objectives are:

✽ Enhance social development.

✽ Job creation and alleviation of poverty.

✽ Establish and meet stakeholder needs.

✽ Infrastructure development and maintenance.

✽ Improve costs and efficiencies.

✽ Improve internal and external communication.

✽ Corporate Governance and Risk Management.

✽ Establish appropriate internal infrastructure and technology.

✽ Enablement through partnerships.

✽ Recruit and retain competent staff.

✽ Broaden and improve the revenue base.

✦ **Theme 5:** *To actively participate in determining the future of our country.* With the municipality being the direct interface with society, Council and Management identified this theme which directly correlates with the first and fifth National objectives which read as follows:

✽ Provide democratic and accountable government for local communities.

✽ Encourage the involvement of communities and community organizations in the matters of local government.

The associated support strategic objectives are:

✽ Improve internal and external communication.

✽ Infrastructure development and maintenance.

✽ Live the Breede Valley values.

✽ Recruit and retain competent staff.

Theme 6: *To ensure a healthy and productive workforce and an effective and efficient work environment.* Theme 6 supports the National objective to ensure the provision of services to communities in a sustainable manner. Referring to the Strategy Map, it addresses the learning and growth perspective of the Balanced Scorecard directly which will lead to the efficient and effective execution of the objectives shown in the internal business process perspective. This in turn will lead to the realisation of the vision of BVM as shown in the stakeholder perspective. The primary strategic objective in this case is to ensure a healthy, productive and value-based work environment. This will be obtained by the successful execution of the following support objectives:

- Establish a strong leadership culture.
- Live the Breede Valley values.
- Training and development of staff.
- Establish appropriate internal infrastructure and technology.
- Improve internal and external communication.
- Recruit and retain competent staff.
- Embark on a proactive Wellness Strategy.
- Establish a performance-based culture.

Theme 7: *Assure a sustainable future through: sound financial management; continuous revenue growth; corporate governance and risk management practices; quality resources; and, value-adding partnerships.* It is imperative that people are enabled to execute the strategy effectively and efficiently. For this reason the fourth and final BSC perspective is reflected in the Strategy Map. This theme also supports the second National objective to ensure the provision of services to communities in a sustainable manner. There are five primary strategic objectives associated with this theme, they are:

- Broaden and improve the revenue base.
- Establish appropriate internal infrastructure and technology.
- Corporate Governance and Risk Management.
- Recruit and retain competent staff.
- Enablement through partnerships.
- The support objectives identified are:
- Provision of basic services.
- Improve costs and efficiencies.
- Enablement through partnerships.
- Establish appropriate internal infrastructure and technology.
- Establish and meet stakeholder needs.

2.5 ORGANISATIONAL STRUCTURE

To ensure that the strategy is executed efficiently and effectively, the structure of the municipality was revisited and aligned. The changes that were suggested were primarily aimed at improving overall service delivery to the stakeholders of the municipality. However due to financial constraints it was not possible to meet all the structural requirements needed to ensure effective and efficient service delivery.

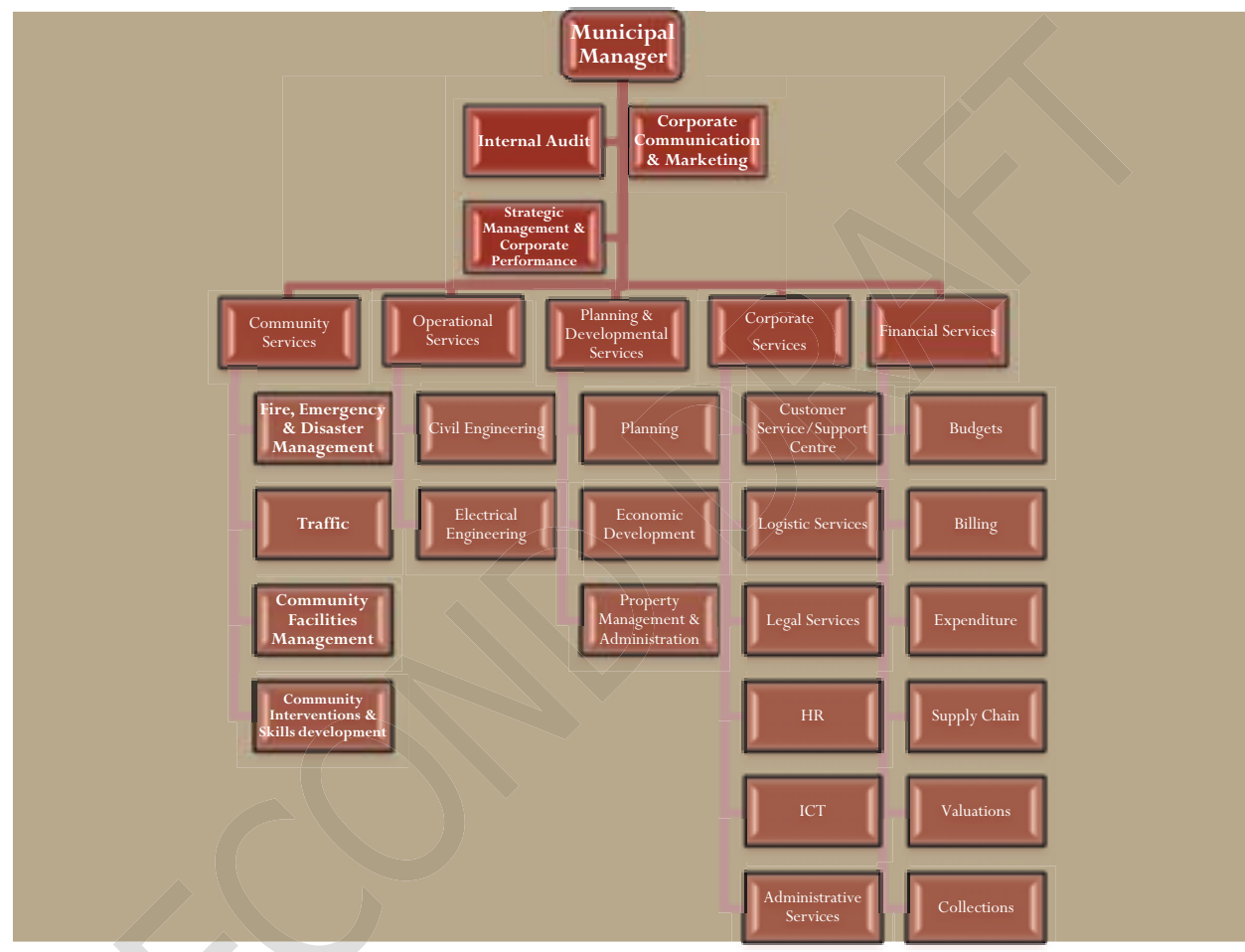The structure is depicted in Figure 40.

FIGURE 40: BVM STRUCTURE

2.6 ORGANISATIONAL PERFORMANCE MANAGEMENT

2.6.1 KEY PERFORMANCE INDICATORS

Following are the KPI's that are mandatory and as specified by National Government as well as those defined for each Department.

2.6.1.1 NATIONAL KEY PERFORMANCE INDICATORS

Strategic Theme	BSC	Strategic Objective	Service	Measure
To provide, maintain and assure basic services and social upliftment for the Breede Valley community	Stakeholders	Provision of basic services	Basic services general	% of households earning less than R1100 per month with access to free basic services
			• Potable water	% of households earning less than R1100 per month with access to basic levels of water
			• Sanitation	% of households earning less than R1100 per month with access to basic levels of sanitation
			• Solid waste	% of households earning less than R1100 per month with access to basic levels of solid waste removal
			• Electricity	% of households earning less than R1100 per month with access to basic levels of electricity
			• Sanitation	% households with access to basics levels of sanitation
			• Electricity	% households with access to basics levels of electricity
			• Solid waste	% households with access to basics levels of solid waste removal
To create an enabling environment for employment and poverty eradication through proactive economic development and tourism	Stakeholders	Job creation and alleviation of poverty	Economic Development	# direct sustainable jobs created through municipality's LED initiatives including capital projects
To ensure a healthy and productive workforce and an effective and efficient work environment	Process	Improve costs and efficiencies	All Departments	Percentage of municipality's capital budget spent
	Learning and Growth	Training and development of staff	HR	% of municipality's budget spent on implementing its Work Place Skills Plan
Assure a sustainable future through sound financial management, revenue growth, quality resources and value-adding partnerships	Resources	Broaden and improve the revenue base	Financial	Ratio of cost coverage maintained
				Ratio of outstanding service debtors to revenue actually received for services
				Debt coverage by own billed revenue
		Recruit and retain competent staff	HR	% compliance with EE approved plan with regards to the three highest levels of management

2.6.1.2 FINANCIAL KPI'S

Strategic Theme	BSC	Strategic Objective	Service	KPI
Assure a sustainable future through sound financial management, revenue growth, quality resources and value-adding partnerships	Resources	Broaden and improve the revenue base	All Departments	Sources of total revenue (operating and capital)
				Total operating revenue per capita
	Process	Corporate Governance & Risk Management	Financial	Ratio of cost coverage maintained (NKPI)
				Debt coverage (NKPI)
				Debtors to revenue ratio (NKPI)
				Revenue collected as a % of billed amount
				Borrowings virtlus own revenue ratio
				Long term debt (borrowings) to net assets ratio
				Interest coverage ratio
				Acid Test Ratio
				Current Ratio
				Capital expenditure ratio
	Process	Establish and meet stakeholder needs	Financial	Average rate per assessment
				Percentage movement in rates and annual charges revenue from previous year
				Percentage movement in user charges and fees revenue from previous year
	Process	Improve cost and efficiency	All Departments	Compensation of employees (excluding councillor remuneration) as a % of total current expenditure
			Financial	Outstanding rates, charges and fees
			All Departments	Dissection of total operating expenses
	Process	Infrastructure development & maintenance	All Departments	Percentage of municipality's capital budget spent on projects identified in terms of the IDP's (NKPI)

All other department to be included.

2.6.2 DOES THE BVM STRATEGY ADDRESS THE KPA'S APPLICABLE TO A CREDIBLE IDP?

The strategy as described in this chapter was developed using a holistic approach so as to ensure that the needs of all stakeholders are being addressed. As this is the fist comprehensive strategy developed by Council and its management team, there is a lot of work to be done before the vision of BVM can be realised. The approach that was followed, being stakeholder-driven, directly addresses the Key Performance Areas that are applicable for a credible IDP. These will now briefly be discussed within the context of the strategy.

2.6.2.1 SPATIAL DEVELOPMENT FRAMEWORK

The preparation of the Breede Valley Municipality SDF is guided by the input of the relevant role-players within the municipal area, including councillors, IDP-committees, organs of civil society, the business community, various state/provincial departments, land owners, etc. The SDF, is an integral part of the IDP process and is considered and discussed actively by all stakeholder groupings in order to ensure alignment with the IDP.

Referring to the Strategy Map, the SDF actively addresses the stakeholder environment with execution through the process perspective, especially the *infrastructure development and maintenance objective*. It defines the current and future needs of all stakeholders with specific emphasis on the sustainability of the environment taking all developmental short, medium and long-term needs into consideration. It is therefore a primary input required for the successful execution of Theme 1: *To create a unique and caring Valley of service excellence, opportunity and growth.*

2.6.2.2 SERVICE DELIVERY

The value proposition as defined in the strategic plan defines service delivery from the perspective of the stakeholder. The value-proposition dashboard, Figure 27, shows the current reality with regards to each stakeholder grouping, and the associated actions defined in the strategic plan address how service delivery will be improved so as to meet the needs (value-proposition) of BVM. Referring to the Strategy Map shown in Figure 38, service delivery is defined by the value proposition elements (yellow ovals) in the Stakeholder perspective. It is therefore also part of Theme 1. Service delivery is also defined from a community perspective through Theme 2: *To provide, maintain and assure basic services and social upliftment for the Breede Valley*; from an environmental perspective through Theme 4: *To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley's people*.

How it is going to be achieved will be through the strategic objectives shown in the other three perspectives.

2.6.2.3 SUSTAINABLE ECONOMIC GROWTH AND DEVELOPMENT AND LED

This third KPA is well-addressed in the strategic plan for the next five years as well as the organisation structure. How it will be achieved will be defined in more specific terms in an Economic and Development strategy to

be developed for the BVM. It is acknowledged that this is the only viable and sustainable means to create jobs, alleviate poverty and to broaden the revenue base of the municipality. This KPA is addressed by Theme 3: *To create an enabling environment for employment and poverty eradication through proactive economic development and tourism*. In the Strategy Map it is reflected in the Stakeholder perspective under "Economy".

2.6.2.4 FINANCIAL VIABILITY

During the previous four years the primary focus was on changing the dire financial situation of the municipality. Now, with a BBB rating, the situation is much approved but the financial resources are totally besieged by the demands of society. Responsible resource planning is therefore essential. Theme 7: *Assure a sustainable future through: sound financial management; continuous revenue growth; corporate governance and risk management practices; quality resources; and, value-adding partnerships;* actively addresses this KPA. Referring to the Strategy Map, the Resources and Process perspectives actively address this requirement.

2.6.2.5 INSTITUTIONAL ARRANGEMENTS

This KPA focuses on the work environment as transformation can only be achieved through people who are adequately resourced. Theme 6: *To ensure a healthy and productive workforce and an effective and efficient work environment* supported by *Theme 7* address this KPI in its totality. With reference to the Strategy Map, the strategic objectives reflected especially in the Learning and Growth perspective and supported by the Resources perspective address this KPA.

2.6.2.6 PERFORMANCE MANAGEMENT SYSTEM

The strategic approach followed by BVM is based on the Balanced Scorecard. This approach ensures execution through an internationally acknowledged strategic and performance management approach. Official implementation of actual measurement will start in the new financial year. The initial phase addresses organizational and individual performance measures (KPI's) up to supervisory level and it will then be cascaded further to the individual employee during 2007/2008.

2.6.2.7 GOVERNANCE

Theme 7 with specific emphasis on the strategic objective *Corporate Governance and Risk Management*, actively addresses this KPA. Actions have been identified to address the deficiencies.