

BUSINESS PLAN MID-YEAR DEVIATION REPORT FOR THE JOHANNESBURG DEVELOPMENT AGENCY SOC Ltd FOR THE 2020/21 FINANCIAL YEAR

1. STRATEGIC THRUST

Well Governed and Managed City.

2. OBJECTIVE

The purpose of this report is to request approval of the proposed mid-year deviations for the Johannesburg Development Agency Business Plan 2020/21.

3. BACKGROUND

The Municipal Financial Management Act, 56 of 2003 requires that municipal entities may submit the amendments to the service delivery targets during the mid-term budget adjustments for Council approval.

In terms of Circular 13 of the MFMA states that:

- The SDBIP and its targets cannot however be revised without notifying the council, and if there are changes in service delivery targets and performance indicators, these must be approved by the council, following approval of an adjustment budget (section 54(1) (c) of MFMA).
- This council approval is necessary to ensure that the mayor or municipal manager do not revise service delivery targets downwards in the event where there is poor performance.
- The revised KPIs and targets are subject to approval of the mid-term budget and such shall be aligned with the approved mid-term budget for reporting purposes.

During June 2020, the City of Johannesburg requested all entities to revise the KPI's in the 2020/21 Business Plan to reflect the impact that COVID 19 and the impacted budgets would have had on the organisation. The JDA had considered and recommended changes based on the realigned priorities. Post these amendments, there were changes to the priorities of certain client departments and additional budget cuts that resulted in the revision of some of the KPI's as indicated below.

4. PROPOSED DEVIATION AND MOTIVATIONS

The KPI's identified for amendment and endorsed for approval by the Council in the Johannesburg Development Agency 2020/21 Business Plan Key Performance Indicators (KPIs) and Scorecard are as follows:

- KPI 2: Number of projects at concept design phase
- KPI 3: Number of projects reaching contract award stage
- KPI 4: Number of projects reaching practical completion stage.

5. LEGISLATIVE REQUIREMENT

This report is in accordance with the City's Reporting Protocol for its Municipal Entities.

Based on the assessment of Accounting Officer, the Mayoral Committee will be advised on the process undertaken to reach to the conclusion of the SDBIP adjusted deviation and the outcome thereof. The Executive Mayor and his Mayoral Committee will then be in a position provide a political guidance and take an official decision on the outcomes of the deviation.

The leader of Executive Business Council will lead the process of deviation to the Council.

6. FINANCIAL IMPLICATIONS

None.

7. COMMUNICATION IMPLICATION

This report will be submitted to Group Strategy Policy Coordination and Relations (GSPCR) and Group Governance. It also needs to be considered by the JDA Board.

The Council is required in terms of section 44 of the Municipal Systems Act No 32 of 2000 (as amended) to publicise, both internally and to the general public, the key performance indicators and performance management system. JDA's Scorecard and KPIs will be communicated to all the stakeholders in a manner prescribed by the law.

8. RECOMMENDATIONS

It is recommended that the JDA 2020/21 Mid-Year Deviation Report be approved by Council.

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ANNEXURE A: JDA BUSINESS PLAN DEVIATION

Revised components of the JDA Scorecard for 2020/21. The below is the detailed breakdown of the Proposed Key Performance Indicators Deviation and the motivation for deviations.

GDS OUTCOME: Outcome 1: Improved quality of life and development-driven resilience for all; Outcome 2: Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy. STRATEGIC PRIORITY: Integrated Human Settlements and Sustainable service delivery STRATEGIC PROGRAMME: Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service															
Change	KPI No	Key Performance Indicator	2019/20 Baseline	2020/21 Target	Q1 Target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated Budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
											Capex	Opex			
Existing	2	Number of projects at concept design phase	14	20 (cumulative)	0	0	2	2	12	20	R1.3b	R0	Project Concept Design report as per JDA/CoJ Standards. JDA Exco approval. Exco minutes and / or Proof of client sign-off.	17 (cumulative) Decrease of 3	The initial target for this KPI was 20 (cumulative) number of projects at concept design stage. The following challenges were experienced: 1. A number of Project KPI's needed to be removed from the JDA scorecard as JDA was not provided either the mandate in the form of budget or a signed SLA by the respective Client departments post 1 July 2020. These projects has been put on hold by the Client Departments and will be moved into outer years. 2. A number of Project KPI's were moved to the Pre-Feasibility Study KPI
Amended KPI as per the proposed Deviation		Number of projects at concept design phase	14	17 (cumulative)	0	0	2	2	6	17	R1.1b	R0			

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STRATEGIC PRIORITY: Integrated Human Settlements and Sustainable service delivery

STRATEGIC PROGRAMME: Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service

Change	KPI No	Key Performance Indicator	2019/20 Baseline	2020/21 Target	Q1 Target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated Budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation	
											Capex	Opex				
																due to the lost lockdown days.
Existing	3	Number of projects reaching contract award stage	15	22 (cumulative)	2	1	10	6	17	22	R1.3b	R0	JDA BAC Approval (Letter) Letter of Intent and /	16 (cumulative)		The initial target for this KPI was 22 (cumulative) number of projects reaching contract award stage. The following challenges were experienced:
Amended KPI as per the proposed Deviation		Number of projects reaching contract award stage	15	16 (cumulative)	1	1	4	6	12	16	R1.1b	R0	or Acceptance Letter			1. A number of Project KPI's were impacted/delayed due to inability to finalise the procurement process of the main contractor due to the lost lockdown early days and these projects have been deferred to the 2021/22 financial year. The professional teams are currently busy with the preliminary designs. 2. Delays impacting spend have been experienced due to the discovery of ground water on site, and a delay in the application of the Water Use License Application (WULA).

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Change	KPI No	Key Performance Indicator	2019/20 Baseline	2020/21 Target	Q1 Target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated Budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
											Capex	Opex			
Existing	4	Number of projects reaching practical completion stage	22	22 (cumulative)	2	1	11	5	13	22	R1.3b	R0	Practical Completion certificates (3rd Party) Review of Practical Completion certificates (3rd Party) Physical inspection	28 (cumulative) Decrease of 3 Increase of 9	3. A number of Project KPI's were impacted/delayed due to budgetary constraints, consequently these projects have been put on hold. The initial target for this KPI was 22 (cumulative) number of projects reaching practical completion stage. The following challenges were experienced:
Amended KPI as per the proposed Deviation		Number of projects reaching practical completion stage	22	28 (cumulative)	1	1	7	5	12	28	R1.1b	R0	Completion certificates (3rd Party) Physical inspection		1. There were 3 Project KPI's that were impacted/delayed due to the COVID-19 National Lockdown restrictions. The revised practical completion date will be in 2021/22 financial year. 2. There was a global shortage of materials such as steel, offshore materials etc. the long lead time impacted negatively on the projects and resulted in project completion dates being pushed out. 3. The challenges in the construction sector have

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Change	KPI No	Key Performance Indicator	2019/20 Baseline	2020/21 Target	Q1 Target	Q 1 Actual	Q2 Target	Q2 Actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated Budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation	
											Capex	Opex				
																<p>impacted various contractors who have either gone into business rescue or impacted their performance. As a result project works have had to be delayed.</p> <p>3. There are 9 new additional Projects KPI's that are expected to reach the practical completion in 2020/21 financial year.</p>

ANNEXURE B: 2020/21 CORPORATE SCORECARD

1.1 KPI Definitions

Key Performance Indicator	Purpose / Importance	Evidence	Means of verification Source / Collection of Data	Method of Calculation	Data Limitation	Type of Indicator	Calculation Type	Reporting Cycle	Indicator Responsibility
1. Number of pre-feasibility studies conducted . ¹	Stage of the Project Delivery Cycle	Pre-feasibility plans or studies produced, reviewed or updated ²	JDA EXCO approval. EXCO minutes. and / or Proof of client sign-off / acceptance	Count	None	Process	Count	Quarterly cumulative annually	Development Implementation Development Facilitation Planning and Strategy
2. Number of projects at concept design phase.	Stage of the Project Delivery Cycle	Project Concept Design report per JDA/CoJ Standards	JDA EXCO approval. EXCO minutes and / or Proof of client sign-off.	Count	None	Process	Count	Quarterly cumulative annually	Development Implementation Development Facilitation Planning and Strategy
3. Number of projects reaching contract award stage.	Stage of the Project Delivery Cycle	JDA BAC Approval (Letter)	Letter of Intent and / or Acceptance Letter	Count	None	Process	Count	Quarterly cumulative annually	Development Implementation Development Facilitation Planning and Strategy
4. Number of projects reaching practical completion stage.	Stage of the Project Delivery Cycle	Practical Completion certificates (3rd Party)	Review of Practical Completion certificates (3rd Party) Physical inspection	Count	None	Process	Count	Quarterly cumulative annually	Development Implementation

¹ Detailed local area plans, detailed local area implementation plans or area-based studies produced, reviewed or updated

² To JDA and / or CoJ Policy Standards

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Key Performance Indicator	Purpose / Importance	Evidence	Means of verification Source / Collection of Data	Method of Calculation	Data Limitation	Type of Indicator	Calculation Type	Reporting Cycle	Indicator Responsibility
5. Number of precinct management implementation plans. ³	To ensure the sustainability capital investments have area or operational plans.	Precinct management plans or project operationalisation plans produced, reviewed or updated.	JDA EXCO approval. EXCO minutes. and / or Proof of client sign-off.	Count.	None.	Process.	Count.	Quarterly cumulative annually.	Development Facilitation. Planning and Strategy.
6. Number of JDA Communication and Media related Initiatives.	To communicate project outcomes or progress.	Initiatives include Press or Media Releases as reflected on the JDA Website and / or Social Media Platforms with project names and date presented.	Press or Media Releases or Social Media Articles Published (Quarterly).	Count.	None.	Process.	Count	Quarterly cumulative annually.	Marketing and Communication.
7. Number of impact performance assessments completed. ⁴	To access impact and/or evaluate process.	Area, community or project baseline, impact or case study performance assessments completed per JDA/CoJ Standards.	JDA Exco approval. Exco minutes.	Count.	None.	Process.	Count.	Quarterly cumulative annually.	Marketing and Communication. Planning and Strategy.
8. Percentage resolution of Auditor General ⁵ findings.	To assess good governance and financial accountability.	AG Management Letter.	AG Report	Percentage of findings from management letter addressed.	None.	Process.	Percentage.	Quarterly.	Internal Audit. AG.
9. Percentage resolution of Internal Audit findings.	To assess good governance and financial accountability.	Internal Audit, Annual Financial Statement and Performance reports.	Annual Financial Statement	Percentage of findings from Internal Audit addressed.	None.	Process.	Percentage.	Quarterly.	Risk and Compliance.

³ Includes precinct management plans that are operationalized (implemented) or produced, reviewed or updated

⁴ Impact assessments completed can either be area, community or project related

⁵ From the previous financial year

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Key Performance Indicator	Purpose / Importance	Evidence	Means of verification Source / Collection of Data	Method of Calculation	Data Limitation	Type of Indicator	Calculation Type	Reporting Cycle	Indicator Responsibility
10. Percentage of budget spent on city-wide infrastructure.	To assess effectiveness of delivery.	Invoices received, processed and paid.	Financial system and management report.	Percentage of total capital budget spent.	None.	Process.	Percentage.	Quarterly.	Finance.
11. Percentage of valid invoices paid within 30 days of invoice date.	To assess efficiency of payment and adherence to MFMA.	Invoices received, processed and paid.	Financial system and management report.	Percentage of valid invoices within 30 days of receipt.	None.	Process.	Percentage.	Quarterly.	Finance.
12. Percentage of BBBEE expenditure as a share of total expenditure.	To assess contribution to empowerment and adherence to National Policy.	All necessary BBBEE information certified by an accredited National certification authority ⁶	Procurement system report.	Percentage of expenditure per level of BBBEE	None.	Process.	Percentage.	Quarterly.	SCM.
13. Number of EPWP opportunities created.	To assess contribution to poverty alleviation and adherence to National Policy.	EPWP Database.	ID copies with valid contracts, pay slips, proof of UIF and/or COIDA.	Count.	None.	Process.	Count.	Quarterly cumulative but annually.	Development Implementation.
14. Percentage of SMME expenditure as a share of total expenditure.	To assess contribution to empowerment and adherence to National Policy.	SCM verified certificates. Contracts awarded.	Procurement system report. Database of SMMEs.	Percentage of expenditure on SMMEs.	None.	Process.	Count.	Quarterly.	To assess contribution to empowerment and adherence to National Policy.
15. Percentage spend on JDA operating budget	To assess effectiveness and efficiency of operations.	Based on invoices received, processed and paid.	Financial system report.	Percentage of OPEX spent against target.	None.	Process.	Percentage.	Quarterly.	Finance.

⁶ The JDA confirms the validity of BBBEE certificates by verification agencies by tracing the name of the agency to the South African National Accreditation System's list of accredited agencies.

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against approved operating budget.									
16. Percentage of the strategic risk management action plan implemented.	To assess effectiveness and efficiency of risk management.	Strategic Risks Tracking Report.	Verification of Strategic Risks Tracking Report.	Percentage of Strategic Risks status from red to green.	None.	Process.	Percentage.	Quarterly.	Risk and Compliance.
17. Percentage of predetermined objectives targets achieved.	To assess effectiveness and efficiency of organization.	Quarterly Reports.	Quarterly Reports EXCO minutes.	Percentage of KPI achieved against COJ Target.	None.	Process.	Percentage.	Quarterly.	Strategy.