LGSETA

CREATING GREATER IMPACT

STRATEGIC PLAN
2017/18-2019/20

FOREWORD

On behalf of the Board of the LGSETA, it gives me pleasure to submit this strategic review to the Minister of Higher Education and Training.   The purpose of this submission is not just about compliance it is also about our future vision of what needs to be done in the sector in building the necessary skills for South African municipalities.   It is a document in which the LGSETA aligns the research and skills needed to make local government effective in the twenty first century. This document is also designed to be the bridge between the national imperatives and local requirements.

It is both exciting and challenging to be part of the local government Sector.   It is exciting because the local government elections were concluded recently and various coalitions have been formed showing that democracy in this level of government is also becoming a reality. It is challenging to be part of the local government Sector as the country manoeuvres around a new leadership in various municipalities who would need to be supported to perform their tasks. Some of the political leaders are new to local government and will need specific skills support and interventions.

It is now a year since the LGSETA was moved out of administration. The new Board took office in September 2015.   We have made notable progress in meeting the four core strategic areas that we targeted last year. If I can recap: we have managed to refine our planning processes, we are now well-advanced in implementing a performance-driven philosophy, our operational performance was marginally better last year than in previous years and lastly, our programme to build a capable institution is well underway.   I am pleased to say that with the operational system within the LGSETA turning the corner, we can now view the sector in a new way and provide a new direction to Management.

This strategy document is being submitted after the LGSETA underwent a thorough review of its past strategy document.   This time around, in the preparation of the Sector Skills Plan (SSP), the organisation has tried to consult stakeholders as widely as possible. This consultation led to a strategic session which the Board held to understand the outcome of the research in redirecting the work of the LGSETA into the future.   The Board also reviewed the national priorities, looked at the provincial growth and development strategies and also reviewed the inputs by other organisations and institutions who work with local government. Furthermore, we also reviewed the LGSETA as an institution.   While we may not be able to address all the skills challenges in the local government sector, we are confident that we have covered much ground through the review process and the chosen areas of focus will in the next few years yield the results that we want to see in the sector.

We have decided that we must set the new course for the LGSETA around the following six strategic focus areas:

The first strategic area is that the LGSETA must pay particular attention to the training of Councillors across the country. This programme commenced in October 2016 with the Councillor Induction Programme which included Traditional Leaders who are part of the Municipal Council. From the Induction Programme, a skills audit will be undertaken, the results of which will assist the LGSETA to formulate a programme that will be specific to the skills set needed by the Councillors to perform their political leadership with excellence. This Councillor Development Programme will become one of the key programmes during the remaining licence period of the LGSETA.

The second strategic area is the training of Traditional Leaders across the country. The LGSETA will ensure that this programme aligns with the requirements of the Traditional Leaders and it is accessible. Preparatory work for this programme was initiated in the past financial year, and it is expected that a fully-fledged programme will be rolled out in the 2017/18 financial year.

The third strategic area relates to the need for the LGSETA to contribute to the strengthening of the governance and management within the administration of municipalities in South Africa. The focal point of this programme for now will be the office of the Municipal Manager, the Finance Division as well as the Technical Services Division.   The rationale for this is that both the political and administrative leadership must be aligned for effective service delivery in the sector.

The fourth strategic area relates to the ability of the LGSETA to build the cadre of union leadership in municipalities that is necessary for progress and proper functioning of the local government sector. To this end, the LGSETA is putting aside considerable resources to support the development of union leaders and members through the various learning programme interventions.

The fifth strategic area focuses on strategic initiatives. Here, the LGSETA will use its discretionary funding to support pilot innovative learning programmes, as well as implement learning programmes that may be peculiar to certain municipalities. A small portion of the total discretionary grant will be allocated for these interventions. Special projects will fall under this strategic initiative. It is also intended that the LGSETA will partner with various stakeholders in the public and private sector to drive this special projects.

The last strategic area is the only one which focuses on the LGSETA itself. It is the view of the Board that the LGSETA needs to have a well-co-ordinated process to consolidate the data of its own skills development funded programmes as well as others in the sector. This data consolidation project is a lifetime project. However, the Board is of the view that this will allow the LGSETA to be able to track the impact of its own interventions, and where possible, also do a proper analysis of what other stakeholders are doing in the Sector to build local government capacity.

In submitting this revised strategic plan, the Board wants to make it clear to all the stakeholders that we will do our best to deliver on our mandate with the available resources. We look forward to receiving the support of the stakeholders in redirecting the work of the LGSETA.

Dr. Michael Sutcliffe
Chairperson of the Board

15 November 2016

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the Local Government SETA under the guidance of the Chief Executive Officer, Gugu Dlamini

- Takes into account all the relevant policies, legislation and other mandates for which the Local Government SETA is responsible.

- Accurately reflects the strategic outcome-oriented goals and objectives which the Local Government SETA will endeavour to achieve over the period 2017 to 2020, as revised for the period 2017 - 2018.

- Presents to the best of our ability the estimated budgets for the LGSETA programmes. It should also be noted that the presence of the LGSETA in all provinces is critical for proper oversight and to this end, there is an increase in the budget for the purpose of opening offices in Northern Cape, Limpopo, North West and Mpumalanga.

- Makes specific reference to the updated Sector Skills Plan as updated for 2016/2017.

Dr. Michael Sutcliffe

Chairman of the Board

15 November 2016

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ABBREVIATIONS AND ACRONYMS

AET	Adult Education and Training
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
APR	Annual Performance Report
ATR	Annual Training Report
CEO	Chief Executive Officer
CPD	Continuing Professional Development
DHET	Department of Higher Education and Training
DG	Discretionary Grants
ETQA	Education and Training Quality Assurance
FET	Further Education and Training
HET	Higher Education and Training
HIV	Human Immunodeficiency virus
HoTL	House of Traditional Leaders
HR	Human Resources
HRD	Human Resource Development
HRDC	Human Resource Development Council
HRDS	Human Resource Development Strategy
ICT	Information and Communication Technology
IPAP	Industrial Policy Action Plan
IPP	Individual Performance Plan
LGSETA	Local Government Sector Education and Training Authority
LPE	Levy Paying Employer
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
NCV	National Certificate (Vocational)
NEET	Not in Education Employment or Training
NLPE	Non-levy Paying Employer
NQF	National Qualifications Framework
NSA	National Skills Authority
NSDS	National Skills Development Strategy
PSET	Post Schooling Education and Training
QCTO	Quality Council for Trade and Occupations
RPL	Recognition of Prior Learning
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SIPS	Strategic Integrated Projects
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SP	Strategic Plan
SPM	SETA Performance Management of the DHET
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training (Formerly FET Colleges)
WSP	Workplace Skills Plan
WIL	Work Integrated Learning
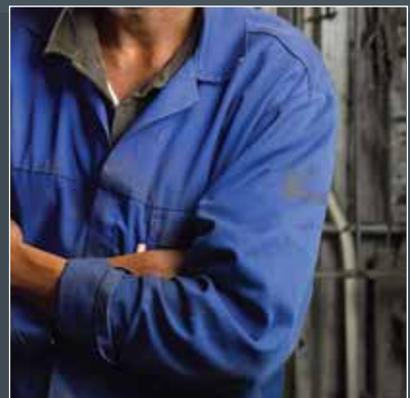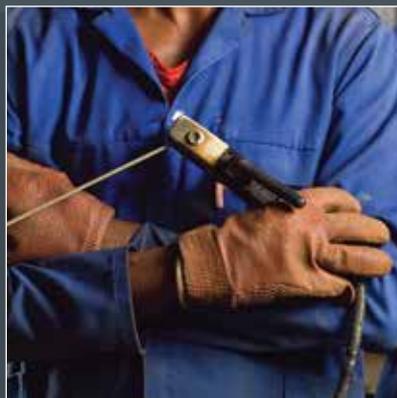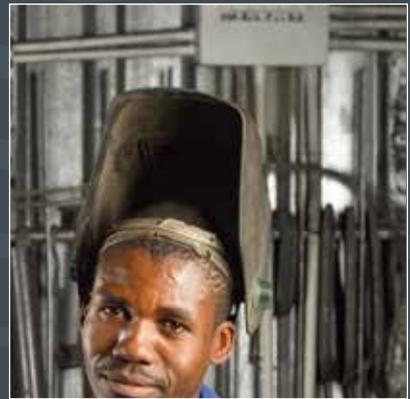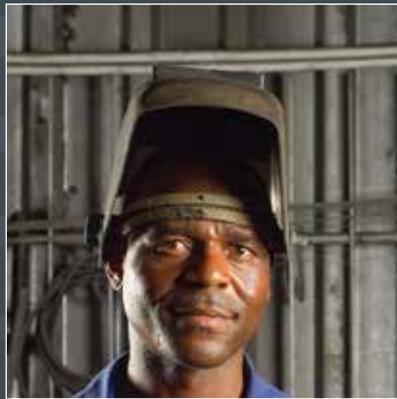
1. INTRODUCTION AND BACKGROUND

The Local Government, Water and Related Services SETA was established in terms of the Skills Development Act, No. 97 of 1998. In terms of the provisions of the Act, the SETA was first established in 2000 and was recertified by the Minister of Labour in March 2005, with a reduced scope of coverage that excluded the Water Sector. It was at this stage renamed the Local Government Sector Education & Training Authority (LGSETA). All SETAs were moved from the Department of Labour to the newly established Department of Higher Education and Training. The Minister recertified the LGSETA for the National Skills Development Strategy lll period (2011-2016).

The LGSETA has aligned its contributions to the implementation of National Skills Development Strategy lll (NSDS lll), primarily to support the achievement of OUTCOME 9 of the Cabinet Programme of Action, which aims to improve the effectiveness and efficiency of skills development systems within the local government sector. The strategic outcome of the SETA is therefore to produce a skilled and capable local government workforce.

2. VISION

To be a SETA of excellence, facilitating skills development at local government level across South Africa.

The LGSETA would have achieved its vision when the following happens:

- The LGSETA delivers learners beyond the expectations of the shareholder (DHET) year-on-year;
- Learners are certificated within the prescribed time frames;
- The local government sector recognises LGSETA qualifications;
- Stakeholders collaborate with the LGSETA in the development of local government sector skills and new and relevant qualifications;
- Learners either gain meaningful employment or build businesses;
- LGSETA employees are motivated to work for the organisation;
- LGSETA Operations are responsive and systems-led;
- The LGSETA has developed a cadre of staff serving the nation and delivering on its promises to the stakeholders; and
- There is alignment between the Sector Skills Plan, LGSETA Strategic Plan and Annual Performance Plan.

3. MISSION

Our mission is to build local governments' ability to meet its development needs by engaging innovative training methods, effective capacity building frameworks and building strategic partnerships.

4. VALUES

Coming out of the administration period in 2015, the LGSETA prepared a cross-over plan designed to start a properly managed change management process in the organisation. The purpose of the change management process was made up of an internal review process, as well as a review of LGSETA's relationship with its stakeholders. The resultant action was the production of a number of initiatives that had to be driven in order to bring the organisation to normalcy. A large portion of the change management process was correcting historical salary imbalances in the organisation, the other part entailed building solid relationships with the stakeholders on the ground. The organisation does not

claim to have completed the full change management process, but the journey has started and the investment in time and training is beginning to yield some fruit. The important change process centres around the value system of the organisation. Below are the refined values of the LGSETA:-

Table 1: "S P I C E E"

VALUE	DESCRIPTION	ASSOCIATED BEHAVIOUR
Service Excellence	It is our commitment to consistently deliver services and programmes that address skills gaps in our sector.	• Responding to stakeholders within 48 hours
Passion	We have a compelling dream of a local government sector that has a skilled base which enables it to provide services and empower our people across the nation.	• Going beyond the call of duty • Being energised and propelled in doing your work.
Integrity	We strive to be honest and our work is underpinned by strong moral principles.	• Doing the right thing even when you are not being watched • Fulfilling our promise • Keeping our word as our honour
Collaboration	We work with others by partnering with expert stakeholders thereby increasing organisational knowledge and confidence in LGSETA programmes and services.	• Looking for mutually beneficial opportunities
Engagement	We are on a mission to play an active role removing barriers that hinder or frustrate organisational performance internally and externally.	• Finding win-win solutions
Empowerment	We will do all we can to provide well-researched information to facilitate proper decision-making in and outside the organisation.	• Sharing information to achieve desired actions and outcomes

5. LGSETA MANDATE

5.1 CONSTITUTIONAL MANDATES

Section 29(1)(a) and (b) of the South African Constitution[1] provides for the state to take reasonable measures to make adult and further education accessible to citizens as a human right. In terms of local government, sections 152 and 153 of the Constitution outline the role of local government in promoting social and economic development, while maintaining and improving service delivery to all community members.

Section 152(1) of the Constitution 1996[2] states the objects of local government as:

a. to provide democratic and accountable government for local communities;

b. to ensure the provision of services to communities in a sustainable manner;

c. to promote social and economic development;

d. to promote a safe and healthy environment; and

e. to encourage the involvement of communities and community organisations in the matters of local government.

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1 Act 108 of 1996

2 Act 97 of 1996

Furthermore, section 156 speaks of local government as the foundation for participatory democracy and service delivery.[3] Another important section of the Constitution that is applicable to local government is Section 195. Section 195(1) (a)-(f) of the Constitution[4] further articulates the values and principles governing public administration as follows:

a. A high standard of professional ethics must be promoted and maintained.

b. Efficient, economic and effective use of resources must be promoted.

c. Public administration must be development-oriented.

d. Services must be provided impartially, fairly, equitably and without bias.

e. People's needs must be responded to, and the public must be encouraged to participate in policy-making.

f. Public administration must be accountable.

g. Transparency must be fostered by providing the public with timely, accessible and accurate information.

h. Good human resource management and career-development practices, to maximise human potential, must be cultivated.

i. Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

5.2 LEGISLATIVE MANDATE

In 2011, the Minister of Higher Education and Training launched the NDSD III with a vision of building a skilled and capable workforce which was derived from Government's key outcome on education.

Outcome 5 required SETAs to build a skilled and capable workforce to support an inclusive growth path

In response to this priority, the NSDS III, duly informed and guided by the Human Resources Development Strategy (HRDSA) II, the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP) II, the National Development Plan 2030, the Rural Development Strategy as well as the outcomes of the Medium-term Strategic Framework outline the eight goals to which the SETAs must respond, namely:

• Establish a credible institutional mechanism for skills planning

• Increase access to occupationally-directed programmes

• Promote the growth of a TVET college system, which is responsive to the sector and national skills needs and priorities

• Address the low-level of youth and adult language and numeracy skills development

• Encourage better use of workplace-based skills development

• Encourage and support co-operatives, small enterprises, worker-initiated NGOs and community training initiatives

• Increase public sector capacity for improved service delivery and supporting the building of a development state

• Build career and vocational guidance

The LGSETA draws its mandate from the following legislation (as amended where applicable):

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3 Section 156

4 Act 97 of 1996

5.2.1 Skills Development Act, No. 97 of 1998

The LGSETA derives its existence and mandate from the Skills Development Act5 and its funding mechanisms and grant regulatory framework from the Skills Development Levies Act 6. The Sector Education and Training Authorities' (SETAs) Grant Regulations regarding skills development levies received by a SETA and related matters published in the Government Gazette, No. 27807 of 18 July 2005 and in the Government Gazette, No. 29584 of 2 February 2007 were repealed. The new grant regulations came into effect on 1 April 2013 as published in the Government Gazette, No. 35940 of 3 December 2012.

5.2.2 Skills Development Levies Act, No. 9 of 1999

The Skills Development Levies Act 7 makes provision for levy employers to pay 1% of their payroll to the South African Revenue Service (SARS).

5.2.3 National Qualifications Framework Act, No. 67 of 2008

This Act provides for the National Qualification Framework (NQF) with the classification, registration and publication of articulated and quality–assured national qualifications and part qualifications. The LGSETA employs the provisions of Chapter 5 of this act to design training programmes, to carry out quality assurance, assess learner achievement and accredit training providers.

The objectives of the National Qualifications Framework are to:

a. Create an integrated national framework for learning achievements;
b. Facilitate access to, and mobility and progression with education, training and career paths;
c. Enhance the quality of education and training;
d. Accelerate the redress of past unfair discrimination in education, training and employment opportunities; and thereby
e. Contribute to the full personal development of the nation at large.

5.2.4 Public Finance Management Act, No. 1 of 1999

The LGSETA is a public entity that falls under Schedule 3A of the Public Finance Management Act, No 1 of 1999.

5.2.5 Municipal Systems Act, No. 2 of 2000

Section 68 (1) of the *Municipal Systems Act* [8] requires that municipalities comply with the *Skills Development Ac*t,[9] and the *Skills Development Levies Act*,[10] to develop their human resource capacity, to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. The *Municipal Systems Act* asserts that should

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5   Act 67 of 2008
6   Act 97 of 1999
7   Act 97 of 1999
8   Act 32 of 2000
9   Act 81 of 1998
10 Act 9 of 1999

a municipality not have the financial means to provide funds for training programmes, in addition to the levy payable in terms of the *Skills Development Levies Act*,[11] it may also apply to the Local Government Sector Education and Training Authority for funding.

5.2.6 Public Administration Management Act, No. 11 of 2014

The Act was established to promote the basic values and principles governing the public administration referred to in section 195(1) of the Constitution; to provide for the transfer and secondment of employees in the public administration; to regulate conducting business with the State; to provide for capacity development and training; to provide for the establishment of the National School of Government; to provide for the use of information and communication technologies in the public administration; to establish the Public Administration Ethics, Integrity and Disciplinary Technical Assistance Unit; to provide for the Minister to set minimum norms and standards for public administration; to establish the Office of Standards and Compliance to ensure compliance with minimum norms and standards; to empower the Minister to make regulations; and to provide for related matters.

5.2.7 Other legislative changes

The LGSETA is affected by the Ministerial Delegations on QCTO 2014/15, wherein certain functions that were delegated to the SETAs will now be performed by the QCTO. The impact of the delegations is related to the processes of the SETA. The LGSETA will work closely with other stakeholders such as the Department of Cooperative Governance and Traditional Affairs as well as the Department of Public Service Administration, who are either exploring or in the process of establishing centres of learning/skills development.

5.3 POLICY FRAMEWORK

The following section presents the various several policy frameworks and strategies that the LGSETA needs to respond to in its process of developing the strategic plan.

5.3.1 The 1998 White Paper on Local Government

The 1998 White Paper on Local Government is a significant policy document in that it articulates the shift towards a developmental local government that is people-orientated. The Paper describes developmental local government as "local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives" (White Paper on Local Government 1998).[12]

The White Paper on Local Government explains four interrelated characteristics of developmental local government that include:

• To maximise social development and economic growth;

• To integrate and co-ordinate the development activities of a variety of actors;

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11 Act 9 of 1999

12 The White Paper on Local Government, 1998

- To democratise development by empowering communities to participate meaningfully in development; and
- To provide leadership, promote the building of social capital and create opportunities for learning and information sharing.[13]

It is thus important that municipalities become competent development facilitators, building partnerships and networks with local communities and the private and non-governmental sector. This is in addition to assisting both national and provincial spheres of government to achieve their developmental goals and to "democratise" the development processes. This is in part facilitated through the municipality's integrated development planning processes. Further to performing municipal functions as specified in the Constitution, municipalities are compelled to prepare an Integrated Development Plan (IDP) for a five-year cycle, which is subject to annual review and assessment. The IDP sets out the municipality's goals and development plans as well as its Local Economic Development (LED) strategy.

In terms of LGSETA's role, the SETA needs to ensure that the skills development programmes that it funds, enable municipalities to deliver on their IDPs as well as longer-term strategic documents. It is anticipated that the SSP should be informed by the IDP that in turn should play a significant role for skills development funding decisions by the Local Government SETA and the sector.

5.3.2 Back to Basics Strategy (B2B)

In 2014, the Minister of COGTA announced the Back to Basics Strategy[14] in the hope of turning around the ailing municipalities by improving the basic functions of local government. The focus is to ensure that local governments do the basic things right, including:

- Basic Services: Creating decent living conditions
- Good Governance
- Public Participation
- Financial Management
- Institutional Capacity

Furthermore, the strategy speaks to harmonising relations between Traditional Leaders and Municipalities to advance Development and Service Delivery.

The LGSETA is central to this strategy as skilled personnel are critical to the improvement of service delivery and sound financial management. Similarly, the LGSETA has a role to play in building institutional capacity.

5.3.3 National Skills Development Strategy III (NSDS III)

The NSDS III is the key strategic guide to inform skills development interventions and sector skills planning in all SETAs to respond to skills development challenges in the country for the period 2011 - 2016. Furthermore, the NSDS III identifies seven key developmental and transformative imperatives of race, class, gender, geography, age, disability, and the HIV and AIDS pandemic that will inform the nature and scope of skills development interventions by SETAs.

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14 The presidential local government summit, Back to Basics,2014

The strategic intent of the NSDS III and in particular, the challenges outlined, require that the LGSETA continuously assesses the extent to which it is responsive to the skills development needs of the local government sector, given that local government should become more developmental in its approach.

To this end, the LGSETA strategic-oriented outcomes are closely linked to the goals of the NSDS III that include[15]:

Goal 1:   Establishing a credible institutional mechanism for skills planning

Goal 2:   Increasing access to occupationally directed programmes

Goal 3:   Promoting the growth of the public Further Education and Training (FET) College system that is responsive to sector, local, regional and national skills needs and priorities

Goal 4:   Addressing the low level of youth and adult language and numeracy skills to enable additional training

Goal 5:   Encouraging better use of workplace-based skills development

Goal 6:   Encouraging and supporting cooperatives, small enterprises, worker-initiated, non-governmental organisation (NGO) and community training initiatives

Goal 7:   Increasing public sector capacity for improved service delivery and supporting the building of a developmental state

Goal 8:   Building career and vocational guidance

5.3.4 National Skills Accord (NSA)

The National Skills Accord is a multi-constituency agreement between business, organised labour, community constituents at the National Economic and Development Labour Council (NEDLAC), and government. It was signed to support the New Growth Path target of creating five million jobs by 2020. The Accord identifies eight commitments in relation to training and skills development that need to be implemented by the constituencies to achieve the New Growth Path.

The commitments are:

- **Commitment One:** To expand the level of training using existing facilities more fully

- **Commitment Two:** To make internship and placement opportunities available within workplaces

- **Commitment Three:** To set guidelines of ratios of trainees: artisans as well as across the technical vocations, to improve the level of training

- **Commitment Four:** To improve the funding of training and the use of funds available for training and incentives on companies to train

- **Commitment Five:** To set annual targets for training in state-owned enterprises

- **Commitment Six:** To improve SETA governance and financial management as well as stakeholder involvement

- **Commitment Seven:** To align training to the New Growth Path and improve Sector Skills Plans

- **Commitment Eight:** To improve the role and performance of FET Colleges

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15 Department of Higher Education & Training, 2011. National Skills Development Strategy III

The LGSETA will need to ensure that the programmes it funds contribute to the achievement of these eight commitments. In particular, the LGSETA will need to continue and intensify its funding support for Commitment One, Two, Four, Six, Seven and Eight.

5.3.5 National HRD Strategy of South Africa (HRDSA)

The National HRD Strategy has the following commitments designed to address the priorities of South African Government:

- Overcoming the shortages in the supply of people, with priority skills required for the successful implementation of current strategies to achieve accelerated economic growth.
- Increasing the number of appropriately skilled people to meet the demands of current and emerging economic and social development priorities.
- Ensuring improved universal access to quality basic education and schooling (up to Grade 12).
- Implementing skills development programmes that are purposefully aimed at equipping recipients/citizens with requisite skills to overcome related scourges of poverty and unemployment.
- Ensuring that young people have access to education and training that enhances opportunities and increases their chances of success in further vocational training and sustainable employment.
- Improving the technological and innovation capability and outcomes within the public and private sectors, to enhance South Africa's competitiveness in the global economy and to enable the country to meet its human development priorities.
- Ensuring that the public sector has the capability to meet the strategic priorities of the South African Developmental State.

The LGSETA's programmes have progressively contributed to the HRD Strategy for the local government sector since the establishment of the SETA. The LGSETA has facilitated access to skills development programmes and interventions in the areas that are of strategic importance for local government. Examples of such programmes include facilitating access to municipal finance programmes, community/participatory governance-related programmes, and Adult Training and Education (AET) programmes amongst others.

5.3.6 National Development Plan 2030

Chapter 13 of the National Development Plan 2030 – 'Building a capable state', provides the interventions that have been identified "to build a professional public service and a state capable of playing a transformative and development role in realising the NDP 2030 vision."[18]

Eight areas have been identified as central to developing a capable and developmental state and these include the need to:[19]

1. Stabilise the political-administration interface to build a professional public service that serves government;
2. Make the public service and local government administration careers of choices;

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18 National Planning Commission, 2012. National Development Plan 2030: Our Future – Make it Work

19 Adapted from National Planning Commission, 2012. National Development Plan 2030: Our Future – Make it Work p. 410

3. Develop technical and specialist professional skills for the state to fulfil its core functions;

4. Strengthen delegation, accountability, and oversight and make it easier for citizens to hold public servants and politicians accountable for the quality of service delivery;

5. Improve interdepartmental coordination;

6. Take proactive approach to improve relations between national, provincial and local government;

7. Strengthen local government and take a long-term approach to developing skills together with a professional ethos and commitment to public service; and

8. Clarify the governance of state owned entities.

Areas 1, 2, 3, 4, and 7 are of particular importance for the LGSETA as it is in these areas that the LGSETA can have a direct impact and contribute towards by funding innovative skills development interventions.

The adoption of the New Growth Path has a broader impact on the how the LGSETA responds in its facilitation of skills development in the local government sector. Furthermore, the government's adoption of 18 Strategic Integrated Projects (SIPs) where infrastructure development has been seen a catalyst to creating five million jobs by 2020, will also impact Local Government SETA's skills development strategy over the next few years.

5.3.7 Youth Employment Accord

The Youth Empowerment Accord has six commitments that include education and training; access to work exposure; increase the number of young people employed in the public service; youth target set-asides; youth entrepreneurship and youth co-operatives; and to develop private sector youth absorption programmes. The LGSETA has and continues to support government's drive to empower the youth by facilitating access to its skills development opportunities and programmes that include learnerships, internships, workplace learning, and bursaries. The LGSETA has also facilitated access for the unemployed youth to such skills development opportunities.

5.3.8 White Paper on Post-Schooling Education and Training (P-SET)

The White Paper on Post-School Education and Training aims to establish a vision for the type of post-school education and training system that the Department of Higher Education and Training (DHET) desires by 2030[20]. The White Paper prescribes strategies to raise the capacity of the post-school education and training system to fit South Africa's needs. It provides a policy framework to direct the skills development interventions of the DHET, and other institutions in support of building a developmental state. The policy objectives of the White Paper are:

- a post-school system that can assist in building a fair, equitable, non-racial, non-sexist and democratic South Africa;
- a single, coordinated post-school education and training system;
- expanded access, improved quality and increased diversity of provision;
- a stronger and more cooperative relationship between education and training institutions and the workplace;
- a post-school education and training system that is responsive to the needs of individual citizens, employers in both public and private sectors, as well as broader societal and developmental objectives.[21]

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20 Department of Higher Education and Training. 2013. White Paper for Post-School Education and Training: Building an expanded, effective and integrated post-school system.

21 ibid

The LGSETA will be expected to continue to play a significant role to facilitate access to skills development and training to develop a skilled and capable local government workforce, as well as to develop potential new entrants through its various interventions that talk to the objectives outlined above.

5.3.9 Integrated Urban Development Framework

In a discussion document titled "Towards an Integrated Urban Development Framework[22]," an estimated 63% of South African's currently dwell in urban areas, and 40% of this segment can be found in metropolitan municipalities[23]. Insomuch as the cities are concerned, the National Development Plan (NDP) envisions them driving economic growth and realising the goals of spatial efficiency and social inclusion. Population estimates, contained within the NDP, project that by 2030 cities will be populated by a further 7.8 million people and this volume is predicted to swell by six million by the year 2050[24]. It is against this future that the Integrated Urban Development Framework (IUDF) takes a critical role in furthering development that is sensitive to South Africa's rural-urban situation. At the core of initiatives going forward is planning for liveable, economically viable and sustainable towns, cities and rural areas.

The IUDF focuses on consensus building across government and society on the futures agenda, implementation as proposed by the NDP 2030:

- Identify policy priorities and interventions to ensure that all levels of government and all components of the state contribute to the progressive integration of urban development investments in order to realise the urban dividend
- Propose interventions to overcome entrenched apartheid spatial patterns and more efficient and integrated use of urban areas.
- Provide a national framework for municipalities to manage continuing urbanisation more efficiently and equitable. This will include spatial targeting and proposals for differentiated assignment arrangements between provincial and local government for their functional areas.
- Propose methods to strengthen urban and rural planning, and more targeted infrastructure provision to improve spatial integration in line with the national spatial development framework envisioned in the NDP.
- Identify sector-specific policies and possible revised regulatory arrangements to facilitate more resilient and inclusive patterns of urban development.
- Propose methods to improve the performance of existing financial instruments for accelerating infrastructure and more integrated service delivery.
- Mobilise new sources of private sector investment and international funds for urban development.
- Contribute to simplifying and harmonising existing legal and institutional frameworks to achieve more integrated urban development.
- Contribute to public dialogue and the unlocking of citizen energies for developing their communities and local environments.[25]

The IUDF further outlines the key deliverables for integrated urban development, envisaged to bolster the system of local government that include to:

- Define the core challenges for urban areas in South Africa.

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22 Department of Cooperative governance and Traditional Affairs, 2013. Towards ad Integrated Urban development Framework.
23 Ibid.
24 Ibid.
25 Department of Cooperative governance and Traditional Affairs, 2013. Towards ad Integrated Urban development Framework.

- Give an overview of the journey travelled so far (where we come from), the current (ongoing) initiatives (national/provincial/local) and thus allow to build on and learn from past efforts.

- Give a definition of urban areas which is sufficient for the scope of the framework (building on the work of the NPC and other initiatives such as the Statistics South Africa project).

- Provide an outcomes-based vision for more functional, productive, resilient and inclusive urban areas.

- Define short-, medium- and long-term interventions for improved developmental outcomes for urban areas.

- Reflect on the institutional arrangements required and intergovernmental fiscal relations support needed to implement interventions.

- Propose strategic levers and tools for implementation, including ways of catalysing civil society and business involvement.

- Clarify functional and institutional roles and responsibilities across each sphere of government.

- Provide an implementation and financing framework.

- Strengthen the research and evidence base on the conditions and performance of urban governance.

- Build knowledge base of good international and domestic policy and practices in urban development.[26]

The LGSETA will ensure that appropriate priority is placed on supporting the development of the required skills to support the spatial transformation as outlined above.

5.4 RELEVANT COURT RULINGS

There are no specific court rulings that have a significant ongoing effect on the operations of the LGSETA and delivery on its mandate. However, the Department of Higher Education and Training is being challenged in relation to current regulations on the mandatory grant allocation by Business Unity South Africa (BUSA). Once the outcome of this ruling is completed, the organisation will revise its grant policy accordingly.

5.5 PLANNED POLICY INITIATIVES

The LGSETA strategic direction is informed by government policy papers and initiatives. Alignment with government priorities and policy initiatives becomes imperative and mandated. On 10 November 2015 the Minister of Higher Education and Training gazetted the "Proposal for the New National Skills Development Strategy (NSDS) and Sector Education and Training Authorities (SETAs) Landscape" within the context of an integrated and differentiated Post-School Education and Training System (NSLP-2015) for stakeholder review and public comment. The proposal was in line with the review of the future of SETAs post 31 March 2018, and the development of the National Skills Development V.

In response to the Ministerial request, the LGSETA embarked on a stakeholder engagement process to solicit inputs from the local government sector towards the SETA landscape proposal. A well-researched and stakeholder input report from the local government sector was submitted to the Department of Higher Education and Training as an input to the SETA Landscape and NSDS111 proposal. The LGSETA has not yet received an outcome on the SETA landscape proposal and NSDS V from the Minister of Higher Education and Training that will determine the future of SETAs.

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26 Department of Cooperative governance and Traditional Affairs, 2013. Towards ad Integrated Urban development Framework.

6. UPDATED SITUATIONAL ANALYSIS

The LGSETA operates within the local government sphere which focuses on performance of municipalities in a component of skills development. Section 152 (2) of the South African Constitution states local government must strive, within its financial and administrative capacity, to achieve the objects set out, which are mentioned in Chapter 1.4.1. Schedule 4B, on the other hand, sets out the function of local government in more detail: *Air pollution; Building regulations; Child care facilities; Electricity and gas reticulation; Firefighting services; Local tourism; Municipal airports; Municipal planning; Municipal health services; Municipal public transport; Municipal public works*, regarding the needs of municipalities in the discharge of their responsibilities to administer functions, specifically assigned to them under this Constitutional or any other law.

This wide range of responsibilities places a high burden on municipalities in terms of skills and competencies. If the service delivery impact, as described in section 1.4 is to be realised, the sector will need assistance from its key partners. Therefore, these functions, as enshrined in the Constitution, must be held as a validation of skills plans to ensure suitable coverage is maintained.

6.1 UNEMPLOYMENT

The unemployment rate in South Africa has increased to 26.7% in the three months to March of 2016, from 24.5% in the previous quarter and above market expectations of 25.3% (STATSSA 2016a). It was the highest reading since September 2005. This would indicate that municipalities are not doing enough for Local Economic Development (LED) to increase job opportunities in their areas, which would feed into the national employment figures.

6.2 BASIC SERVICES & INFRASTRUCTURE

According to Statistics SA, in their Non-financial census of municipalities (STATSSA 2016b), the provision of basic water increased by 2.5% between 2014 and 2015 nationally. The highest provincial increases for the provision of water were recorded in Western Cape (5.0%) and Mpumalanga (3.1%), while the lowest increase was recorded in Gauteng (1.3%). The highest provincial increases for the provision of electricity were recorded in Mpumalanga (10.7%) and Gauteng (5.3%), while Limpopo recorded the lowest increase (1.6%). The highest provincial increases for the provision of sewerage and sanitation were recorded in Mpumalanga (13.9%), Eastern Cape (5.7%), whereas the lowest increase was shown in KwaZulu-Natal (2.1%) and Gauteng (2.1%). For solid waste management (refuse removal), the highest provincial increase was recorded in Mpumalanga (15.4%); Limpopo recorded the second highest increase at (9.0%), while Eastern Cape recorded the lowest increase at 1.3%.

There were 3.6 million indigent households in 2015, as identified by municipalities (STATSSA 2016b). Out of this, 2.4 million (67.8%) households benefited from the indigent support system for water, while 2.2 million (62.8%) benefited from free basic electricity provided by municipalities. The report also revealed that 2.1 million (58.7%) indigent households benefited from the support system for sewerage and sanitation, while 2.1 million (57.6%) households benefited from the indigent support system for solid waste management.

6.3 MUNICIPAL PERFORMANCE REPORTS

Performance reports released by the Auditor-General South Africa are a critical indicator to measure changes in performance. In terms of the theory of change, the AGSA reports represent an interim outcome between changes in the levels of skills and the desired changes in the above service delivery areas. According to the latest Auditor-General

Report (2016) for the 2014/15 financial year, the quality of annual performance reports has improved, with the number of municipalities with *"no material findings in this regard"* having increased from 20% to 38% since 2010-11. The usefulness of the information in the report has improved (from 71% with findings to 47%), but more than half are still struggling to report reliable information on service delivery (AGSA 2016).

6.4 KEY SECTOR DRIVERS OF CHANGE

Change Drivers are factors affecting the sector and causing it to develop in a certain way. Developing a tighter focus on drivers of change is a key step in strengthening skills development within the sector and should reflect in the governance strategies for Local Government. Local Government is an ever changing environment, and with these changes comes new competency demands for skills development.

6.5 MINIMUM COMPETENCE FOR MUNICIPAL OFFICIALS

One of the major factors impacting on the skills demand and supply in the sector is the minimum competency for municipal officials as stipulated in the Municipal Finance Management Act (MFMA). The background of the MFMA and its enforcement was based on municipalities spending just over R250 billion annually. Municipalities can increase their contribution to economic growth by improving the reliability, quality, and efficiency of their services. This involves getting the overall mix between spending on employees and other inputs right. It also means the spending on employees must be on the appropriate level of skills to maximise service delivery outcomes. This has resulted in a reform programme that was gradually and incrementally introduced.

The challenge with the MFMA is that candidates have the core technical qualification (e.g. finance diploma, degree, etc.), but would not necessarily have acquired the MFMP, as this is not a prerequisite for other sectors in the labour market. National Treasury supported this competency requirement from municipal officials within the sector, but did not necessarily focus on the new entrants. The labour pool of potential candidates for new appointments has been limited and thus may have created scarcity.

6.6 LOCAL GOVERNMENT ELECTIONS AND ITS IMPLICATION ON SKILLS DEMAND AND SUPPLY

Another major factor affecting skills demand and supply is the Municipal Elections in 2016. Municipal elections are held every five years to elect Councilors, who will govern a municipality for the next cycle. The first skills implication of the municipal elections is that new counsellors may or may not have the required competencies to fulfil their function. Second, newly elected Councilors (especially if they belong to a different political party) may have a new mandate to deliver. This change may require new skills throughout the occupational levels. In this context, the use of tools, such as GAPSKILL, become critical as municipalities must assess the levels of skills and the ability of staff to deliver on the stated mandate.

6.7 POPULATION AND MIGRATION TRENDS

Statistics South Africa (2016) tracks the changes in municipal population over time, as shown in Figure 6. The capacity for municipalities effectively and sustainably to deliver basic services is affected by changes in the demographic profile within respective municipal boundaries. As the population changes, there is a scaling (up or down) of services
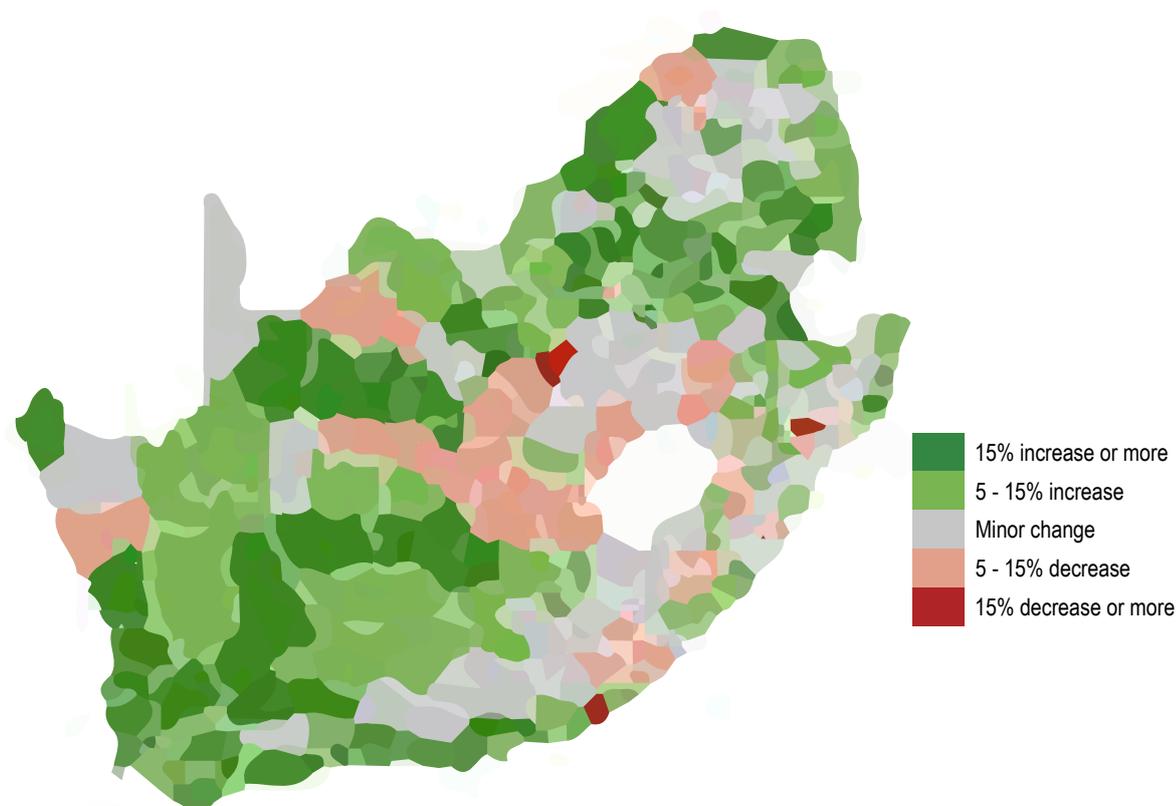
Figure 1: Population change per municipality

accordingly, which does not have significant impact on the skills requirements. However, if a municipality grows into a new category, then more significant, structural skills needs are raised.

The skills implications of these changes are:

- Changes in the local labour market from which the municipality draws its staff,
- Spatial distribution of infrastructure delivery and the associated skills (predominantly technical skills in the built environment) most affected.

6.8 URBAN VERSUS RURAL MUNICIPALITIES

The urban vs. rural municipality discussion is less of a change driver in the sense of the economy, but is a key driver of scarcity in local government. According to the Local Government budget and Expenditure Review (DPLG 2011), rural areas have distinctly different labour markets. Of particular importance are: In rural areas, 83% of households live in tribal settlements, while only 7% live on farms and in small towns respectively;

The economically active population makes up 40% of residents in rural areas versus 60% in urban areas. Residents of rural areas are less likely to have schooling. Only 7% of rural population aged 20 and above have a matric versus 22% in urban areas.

The implication of these factors is the local labour market, from which municipalities draw their human resources, is limited to a greater degree in rural areas than in urban areas. There are skills needs unique to small rural municipalities, due to an uneven distribution of skills in the country. Attracting skills of the required quality is an ongoing challenge. Any shortage in skills being experienced in the country will be exacerbated in the rural areas. Thus, rural municipalities are the most vulnerable to shortages, and yet have the fewest resources to attract skills. It is proposed that alternative funding arrangements be investigated to support the ability of rural municipalities to attract skills.

6.9 LOCAL ECONOMIC DEVELOPMENT (LED)

"LED is a unique field of government policy that directly connects the programmes and resources of central government, both national and provincial, with the combined initiative and coordinated efforts of local institutions and communities working together to address their agreed priority needs and opportunities." (MEC for DEDEA, 2008).

Emphasis is placed on the role of municipalities in Local Economic Development. Sections 152(1) (c) and 153 of the Constitution, for example, state the strategic objective of LED is to promote economic growth and development of local economies in partnership with key stakeholders and by aligning LED initiatives with government programmes. These objectives are further articulated in the Municipal Systems Act (2000 cited in DPLG 2011). However, less is said about how the municipalities are to attract / develop the competencies required to implement these policies. Therefore, the first step in generating more effective LED interventions is to build the required competencies to identify and stimulate local economic opportunities inside municipalities.

6.10 TECHNOLOGY AS A DRIVER

We live in an information age, and technology will continue to transform the way we work and live. One of the most important skills implications of the ever increasing role of technology is that the minimum skills requirements in many occupations are increasing. The use of technology in a function increases the minimum skills required to participate in that occupation. This poses an ongoing risk for the number of poorly educated unemployed, whose number of entry level occupations are decreasing.

Furthermore, ICT systems are becoming more powerful as an enabler and enhancer of service delivery. However, this requires an increasing level of specialised IT skills to develop and maintain the systems. As a skill required across all economic sectors, competition for these skills is likely to generate shortages if municipalities cannot be competitive in recruitment.

6.11 TRANSITIONING TO A GREEN ECONOMY

The commitment by the South African Government to move towards a green economy and response to the issues of climate change over the next few decades, should not be taken lightly as it has significant impact on all sectors. The NSDS III requires SETAs to identify potential green skills in their sector. To answer the question of why green skills are required, various agencies and organisations have studies and projects underway to provide this skills intelligence (Green Matters n.d.). Unfortunately, there is no dedicated body to drive coordination in green skills research.

One area that relates to local government is the ocean economy. South Africa manages an ocean space greater than the land territory. In the Marine Protection Services document, "Unlocking the Economic Potential of South Africa's Oceans" (2014), there were limited skills in ocean governance and limited job opportunities, and an accelerated

capacity-building programme to ramp up the skills required staffing the Secretariat, and empowering more officers in the governance space was needed. Good governance and protection services will benefit everyone and will become the foundation of a sustainable ocean economy.

Local government has opportunities for creating green jobs through targeted skills programmes. The UNDP (2013) identified a project in the local government of Keiskammahoek, named the Working for Water programme. The goal was to combat the devastating effects of alien species in waters on biological diversity and water security. The programme places special emphasis on creating jobs and training for unemployed women and youth. Stakeholders in the engagement workshops agreed there are employment opportunities in the transition to a green economy, with recycling being cited as an example.

The second noteworthy policy was the Renewable Energy White Paper of 2003. The Renewable Energy White Paper states that it derives its mandate from the Constitution. As part of South Africa's reintegration into the global economy, it was recognised that a definitive policy on renewable energy had to be fully developed and articulated. This has long-term skills implications, because they are emerging as a field; thus, the distribution to municipalities nationally will be uneven and scarcity will occur.

6.12 SCARCE SKILLS

The SSP presents occupations that are considered to be scarce under one or more of the contexts that determine scarcity. Furthermore, the list has been developed based on the skills that have been identified by other stakeholders as scarce given the lower new entrants or potential skills supply. In addition, the Auditor-General and National Treasury have indicated some of these occupations as key for service delivery as well as for ensuring proper financial and administrative governance. The scarce skills list has also taken into account future skills needed for local government such as green local government and smart city concept among others. The table below presents scarce skills identified for the sector based on number of shortage.

The LGSETA will respond to the skills development needs arising from this SSP Update for 2016/2017 through its strategic focus areas and has already aligned the discretionary grant applications with these strategic focus areas. The Annual Performance Plan will also be aligned with this from the 2016/2017 financial year.

OCCUPATION CODE	OCCUPATION
311201	Civil Engineering Technician
121101	Finance Manager
121104	Internal Audit Manager
132301	Constructuion Project Manager
121103	Credit Manager
251101	ICT Specialist
263101	Economics or Development Economics
351302	Geographic Information Systems Specialist/ Technician
242207	Compliance Officer (Risk Officer)
311203	Town and Regional Planner
226301	Environmental Health Officer
399999	Disaster Management Coordinator/Planner
214405	Marine Engineer

6.13 CONCLUSION FROM ANALYSIS

Despite all the challenges that the country is currently faced with, the LGSETA, being in the sphere of government closest to the people, can significantly transform the economy and the employment statistics of the country through skills development and training within the local government sector. The LGSETA can achieve this goal by directly influencing the sector and playing a leading role through deliberate skills development initiatives that will ensure a significant improvement in ordinary citizens' lives.

6.13.1 Key Role Players in delivering LGSETA Mandate

There are several key role players, who operate within the realm of local government. An effective stakeholder analysis is fundamental to a comprehensive understanding of the context in which the LGSETA is operating. An overly narrow definition of stakeholders may cause cooperative opportunities to be missed that could have resulted in the more effective operation of the LGSETA and the sector as a whole.

Therefore, to ensure all stakeholders are accounted for, several broad categories were identified, into which specific role players were allocated. This creates a framework that will advise the creation of future partnerships. Where a focus area is identified and an intervention is planned, consultation with the stakeholder framework would identify potential mutually beneficial partnerships. The broad categories identified are:

1. Organisations directly involved in Local Government (in terms of the delivery of service);
2. Organisations with a shared mandate (vision/purpose) with the LGSETA;
3. Implementation partners (organisations required for the LGSETA mandate to be carried out); and
4. Beneficiaries of the services of Local Government, which include local communities, businesses, and civil society.

Individual organisations can be in more than one of the above-mentioned categories. The typology is articulated to provide a framework to organise stakeholders, rather than being a strict classification. Figure 1 illustrates the variety of organisations that engage in and with the local government sector. As can be seen, there are many overlaps in mandate, vision, function, and area of operation. Since there is an overarching common goal to improve the quality of service to constituencies, the most optimal plans will be developed with cooperation in mind. It is also important to consider the stakeholders in terms of the LGSETA strategic areas of focus to maintain strategic focus.
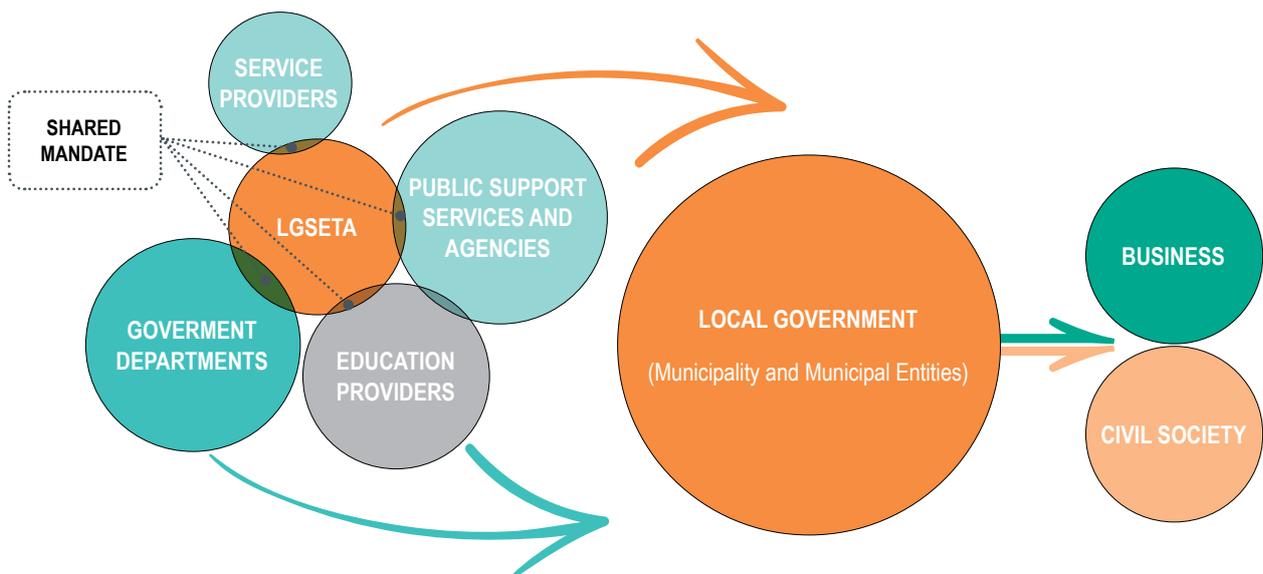

Figure 1: Stakeholder Model

The Local Government sphere includes municipalities and municipal entities and their workers, elected officials, traditional Leaders, and their respective representative bodies. It has been noted in many sources (Alexander 2015, NDP 2012) that the success or failure of a municipality depends on the quality of its political leadership, sound governance of its finances, the strength of its institutions, and the calibre of staff working for the municipality. A Key priority for the MTSF, for example, is to ensure an efficient, effective, and development-oriented public service (DPME 2014). These representatives are key to LGSETA's mandate of supporting the development of a skilled and capable workforce at local government level.

The LGSETA is not the only organisation working to support local government. There are several organisations that have a shared mandate with the SETA, where objectives and interventions are likely to align. This includes government departments, agencies, and NGOs, such as Cooperative Governance and Traditional Affairs (CoGTA), Department of Water Affairs (DWA), South African Local Government Association (SALGA), and organised labour (SAMWU, IMATU).

The LGSETA is not able to (or expected to) carry out implementing its vision on its own. Frequently, implementation partners will be required. Important amongst these partners are education and training providers. These include all schools, higher education facilities, training providers, plus other bodies committed to education (SAQA, QCTO, NSA etcetera). Service Providers to the SETA and to other stakeholders often hold key intellectual capital of value to the sector. Partnerships with these role players should not be overlooked.

Finally, the beneficiaries of local government services are important stakeholders to consider. For the current exercise, they are classified in terms of 1) civil society and 2) local businesses. Civil Society includes the local citizens, NGO's / NPO's, and CBO's. Section 152(1) of the Constitution 1996 states one of the objectives of local government is to encourage the involvement of communities and community organisations in the matters of local government. Local Businesses are key to developing the local economy and sustaining the citizens in an area. The NDP notes as a priority: "Raising employment through faster economic growth" (National Planning Committee 2013). Therefore, municipalities should become competent development facilitators, building partnerships and networks with local communities and the private and non-governmental sector. A stakeholder analysis document is included in the POE.

7. PERFORMANCE ENVIRONMENT

The scope of coverage of the LGSETA is defined by the primary focus of organisations demarcated, according to the Standard Industrial Classification (SIC). The LGSETA has a very clear scope of operation with a focus on municipal entities.

Table 1 summarises this scope, based on the SIC code and a description of the primary activities thereof.

Table 1: Scope of Coverage for LGSETA

SIC CODE	SIC DESCRIPTION
50493	Any utility or agency, wholly or partially owned by a municipality, providing local government services under contractors or a municipality.
91201	Category A municipalities: Defined in the Constitution as a "municipality that has exclusive municipal executive and legislative authority in its area." 1
91202	Category B municipalities: Defined in the Constitution as a "municipality that shares municipal executive and legislative authority in its area with a Category (C) municipality within whose area it falls.
91203	Category C municipalities: Defined in the Constitution as a "municipality that has municipal executive and legislative authority in an area that includes more than one municipality."
91204	Organised local government: A statutory or regulatory body assigned the function to deal with matters at an executive level within local government, as per the constitution of the RSA.

SIC CODE	SIC DESCRIPTION
50493	Local authority activities
91201	Municipal planning
91300	Billboards and the display of advertisements in public places
91304	Land use planning
91306	Social work in local governments
91207	Refuse and sanitation
93304	Health and community services
94001	Other community work in local governments
94002	Recreational, cultural and sporting activities by local governments
94005	Parks and gardens
96001	Local sports facilities
96331	Any utility or agency, wholly or partially owned by a municipality, providing local government services under contractors or a municipality
96414	Category A municipalities: Defined in the Constitution as a "municipality that has exclusive municipal executive and legislative authority in its area."1

7.1 ECONOMIC PERFORMANCE & SERVICE DELIVERY

Municipal Revenue and Expenditure Analysis

The Financial Census of Municipalities (Stats SA 2015) showed that municipalities across South Africa received an income of R309 billion, which represents an increase of 8% over the previous year. Expenditure in the same year was R289.3 billion. The internally collected revenue accounted for 69% of total income made up of electricity sales, property rates, other revenue (fines, licenses and permits, public contributions and donations, etcetera.), water sales, and sewerage and sanitation charges, and refuse removal charges. The remaining 31% comprises 'grants and subsidies received' from National Treasury.

Due to the significant funding received and dispersed by Local Government, the effective use of this funding is critical to the development of and wellbeing of local communities. The latest Auditor General Report for the 2014/15 financial year (AGSA 2016) noted improved findings within Local Government, with the number of "clean audits" increasing from 13 to 54 (out of 278 municipalities), with 18 additional municipal entities achieving clean audit status (out of 52). A positive sign is that 53% of Municipalities improved on their previous year's status. Although this shows a positive trend, there is still a lot of work to be done as 78% of local Government Institutions have not achieved a clean audit. Financial management and accountability related skills in Section 57 Employees remain an ongoing point of focus.

Defining Service Delivery for Local Government

Other sectors in the economy that are predominantly in the private sector, have a direct link to the economy in that their contribution to GDP and international competitiveness can be quantified. This quantification also presents a useful metric to measure the long-term impact of education and training interventions implemented by SETAs and their partners. Based on the logic that education and training initiatives result in a more effectively performing sector, which yields improved economic performance, the effectiveness of the SETA programmes will be seen. Within Local Government, service delivery is a key indicator of its performance.

The South African Cities Network (2013) stated the lack of technical, management, and leadership skills is one of the core challenges affecting the ability of local government to fulfil their service delivery mandate. This is a sentiment that

is repeated in several government policies and plans, including the National Capacity Building Framework (revised 2014) and the Medium Term Strategic Framework (2014). Therefore, an improvement in the competence of workers in the local government sector should result in increased / enhanced service delivery.

As mentioned in the Methodology section, this report forms part of a planning process. The areas highlighted in this plan will inform the Strategic and Annual Performance Plans and the accompanying monitoring and evaluation frameworks. For the plan to be optimally effective, it is important to establish, at the outset, a link between the skills development priorities and the intended impact on the sector, in this case, service delivery. Therefore, as part of the process to convert the SSP into the implementation plans, a suitable conceptual framework with monitoring indicators quantifying this link will be established. For the current exercise, the concept of service delivery as the desired outcome is clarified.

The scope of what constitutes service delivery for local government is articulated in several documents. Of particular importance is section 152 of the constitution, which states the objects of local government are and must strive to achieve:

1. To provide democratic and accountable government for local communities;
2. To ensure the provision of services to communities in a sustainable manner;
3. To promote social and economic development;
4. To promote a safe and healthy environment; and
5. To encourage the involvement of communities and community organisations in the matters of local government.
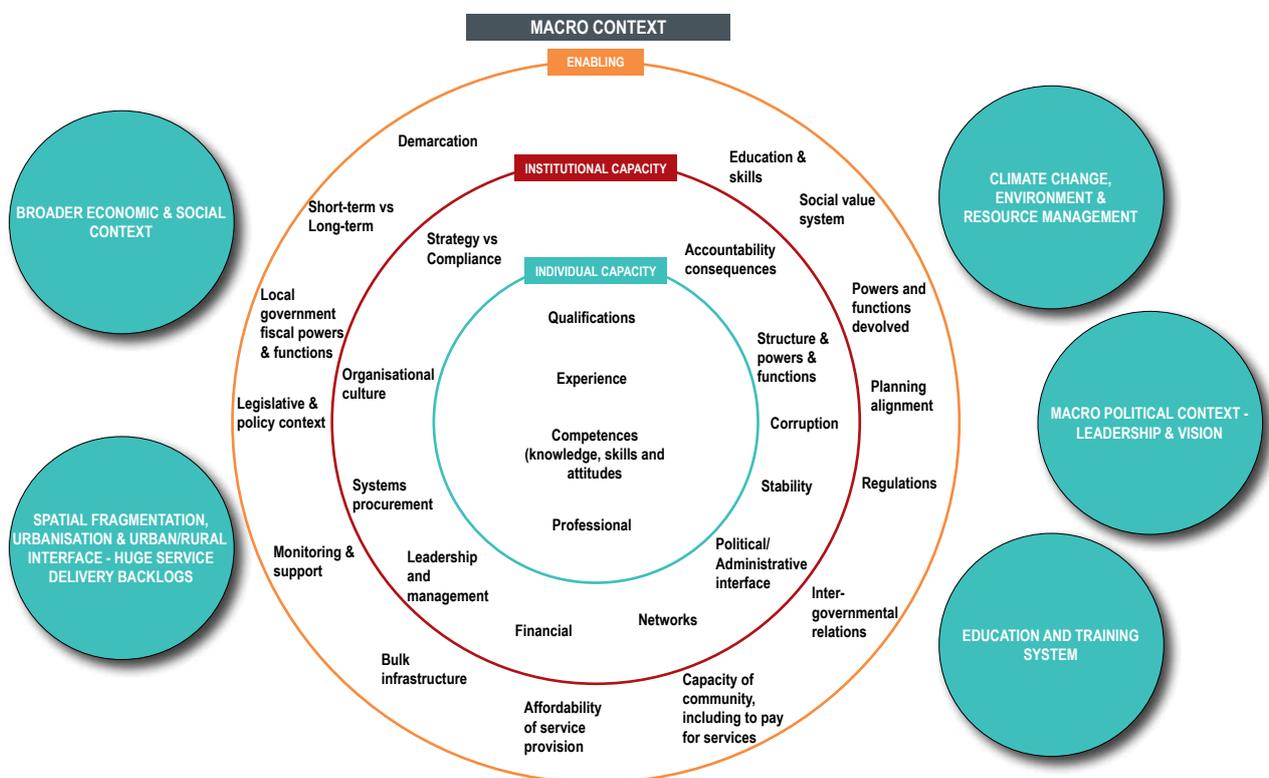
Source: CoGTA (2014)

Figure 2: Multi-dimensional Concept of Capacity

Capacity in Local Government

The United Nations Development Partnership (UNDP) defines capacity as a multi-dimensional construct with three distinct components, namely: individual capacity, institutional capacity, and environmental capacity. This is shown in Figure 2 (CoGTA 2014) as concentric circles within a macro context. It is proposed that changes made at the centre of the circles (individual capacity) radiate outwards, creating changes in the institutional capacity, creating an enabling environment, and ultimately, changing the macro contextual factors, such as "service delivery backlogs."

Therefore, while the LGSETA might not directly affect institutional capacity or the environment in which municipalities operate, changes to staff represent a key lever for social change and should remain the focal point of strategies, while monitoring continues.

7.2 EMPLOYERS IN THE SECTOR

As from 3 August 2016 a total of 267 municipalities were established of which eight (8) are metropolitan municipalities, 226 are local municipalities and 44 are district municipalities (see Table 2). The majority of employers in the sector are Category B i.e. local municipalities. However, Category A i.e. metropolitan municipalities are significantly the largest employers and contributors to skills development levies. As of 1 April 2012, there were 60 municipal owned entities established by municipalities to deliver services etc. in terms of the Municipal Finance Management Act (2004).

Table 2: Municipal redeterminations for 2016

PROVINCE	METROPOLITAN MUNICIPALITY		LOCAL MUNICIPALITY		DISTRICT MUNICIPALITY		TOTAL	
	2011	2016	2011	2016	2011	2016	2011	2016
Eastern Cape	2	2	37	37	6	6	45	39
Free State	1	1	19	19	4	4	24	23
Gauteng	3	4	7	3	2	1	12	11
KwaZulu-Natal	1	1	50	43	10	10	61	54
Limpopo	0	0	25	25	5	5	30	27
Mpumalanga	0	0	18	18	3	3	21	20
North West	0	0	19	19	4	4	23	22
Northern Cape	0	0	27	27	5	5	32	31
Western Cape	1	1	24	24	5	5	30	30
Total	8	9	226	215	44	43	278	257

Source: Demarcation Board[28]

According to the Auditor-General, in the 2014-2015 financial year, there were 278 municipalities in South Africa, of which eight were metropolitan municipalities, 226 were local municipalities, and 44 were district municipalities. The greatest proportion of employers in the sector is local municipalities. While there are a few Metropolitan Municipalities, they are the largest employers and contribute the most in terms of skills development. KwaZulu-Natal has the highest number of municipalities with 61, followed by the Eastern Cape with 45 municipalities. While Gauteng has the lowest number of municipalities overall, three of the eight metropolitans fall within the province, making the province a key employer.

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28 Source: http://www.demarcation.org.za/uploads/Final%20redetermination%20media%20release_new.pdf

In terms of WSP / ATR submissions, LGSETA has achieved an unprecedented proportion of submissions. Of the 278 municipalities, LGSETA received WSP ATRs from all 278, representing a 100% response rate. Table B shows the response rate over the last 5 years.

Table B: WSP / ATR submissions 2011/12 - 2015/16 by municipal type

MUNICIPAL TYPE	2011/12		2012/13		2013/14		2014/15		2015/16	
	TOTAL	SUBMITTED	TOTAL	SUBMITTED	TOTAL	SUBMITTED	TOTAL	SUBMITTED	TOTAL	SUBMITTED
Metro	8	8	8	8	8	8	8	8	8	8
Local	226	216	226	216	226	226	226	216	226	226
District	44	42	44	43	44	44	44	44	44	44
Total	278	266	278	267	278	278	278	268		278
Submissions		**95.7%**		**96%**		**100%**		**96%**		**100%**

Source: Demarcation Board[2]

Municipal entities and other employers in the sector

Some municipalities establish municipal entities to support service delivery, and such entities are accountable to the municipality that established them in terms of governance, financial accountability, and performance. Table 3 presents the number of municipal entities for 2011/12 to 2014/15 (AGSA 2013 – 2016) and the WSP submission in the current period under review. Unfortunately, the response rate from municipalities does not translate to the municipal entities, with only 20% of organisations submitting WSP/ATRs in 2015/16.

Table 3: Number of municipal entities 2011/12 to 2014/15 and WSP submissions 2015/16

PROVINCE	NUMBER OF ORGANISATIONS				WSP SUBMISSIONS
	2011/12	2012/13	2013/14	2014/15	2015/16
Eastern Cape	10	10	11	9	1
Free State	6	3	3	3	1
Gauteng	26	25	21	21	5
KwaZulu-Natal	10	11	11	7	1
Limpopo	2	2	3	3	-
Mpumalanga	0	0	2	2	-
North West	4	4	3	3	2
Northern Cape	0	0	0	0	-
Western Cape	2	2	3	2	-
Total	**60**	**57**	**57**	**50**	**10**

Source: Auditor General (2013 – 2016) & WSP / ATR data 2015/16

The concentration of large metros in Gauteng is evidenced by the highest number of municipal-owned entities over the years, followed by the Eastern Cape. Table 3 shows there has been a consolidation in the number of municipal entities, with the total number of organisations falling from 60 in 2011/12 to 50 in 2014/15.

Table 4: Average size of municipalities by province and type

PROVINCE	DISTRICT	LOCAL	METROPOLITAN	UTILITY
Eastern Cape	933	345	5 462	33
Free State	141	659	4 235	325
Gauteng	517	1 262	18 286	1 347
Kwazulu-Natal	567	398	28 348	168
Limpopo	925	420		
Mpumalanga	219	747		
North West	371	647		297
Northern Cape	116	296		
Western Cape	401	663	24 495	

Source: LGSETA WSP Submissions 2016

On average, districts and local municipalities are the same size. While Gauteng has the most employees in Metropolitans as a total, because they are split between three, they are smaller than eThekwini and Cape Town. Interestingly, the Gauteng local municipalities are large, with the average sizes being over 1200 employees. Northern Cape has the smallest municipalities, with Eastern Cape and Limpopo having the largest.

Statistics South Africa conducted a census of municipalities in 2015 (STATSSA 2016). Given the 100% completion rate, it represents a reliable figure of total employment in the South African Local Government sector. The figures in Table 5 refer to employment in the 278 municipalities, not municipal owned entities.

The 257 682 is very similar to the figure reported in the 2014/15 WSP of 253 073 (LGSETA 2015). If one was to include the municipal entities (as additional constituents of LGSETA), total employment came to 260 438. Of particular interest is the high number of vacancies reported by STATSSA (2016). The vacancies analysed indicate that those municipalities identified as being affected by scarcity, which would account for the difference in the number of vacancies reported and analysed.

Table 5: Total employment in the local government sector by province

PROVINCE	FULL TIME	PART-TIME	VACANT POSTS	TOTAL
Western Cape	41 825	1 593	4 969	48 387
Eastern Cape	26 478	654	5 796	32 928
Northern Cape	7 337	461	1 472	9 270
Free State	15 470	565	5 518	21 553
KwaZulu-Natal	43 627	5 084	4 961	53 672
North West	12 279	1 118	3 222	16 619

PROVINCE	FULL TIME	PART-TIME	VACANT POSTS	TOTAL
Gauteng	82 394	1 180	10 154	93 728
Mpumalanga	14 389	476	2 097	16 962
Limpopo	13 883	343	3 214	17 440
South Africa	**257 682**	**11 474**	**41 403**	**310 559**

The redeterminations have taken effective in 2016, implying that the LGSETA will need to ensure that its data management systems has the capacity to accommodate the changes.

Some municipalities establish municipal entities to deliver services. Such entities are accountable to the municipality that established them, and in terms of the MFMA, municipalities are responsible for the governance, financial accountability and performance of the entities established by that municipality. Some of the municipal entities have been transferred to other SETAs and as such only three entities submitted a WSP/ATR to the LGSETA in 2014.

Table 6: WSP / ATR submission 2016-2017

PROVINCE	DISTRICT	LOCAL	METROPOLITAN	TOTAL MUNICIPALITIES	OTHER	TOTAL 2015/16
Eastern Cape	5 600	12 757	10 924	29 281	33	29 314
Free State	563	12 513	4 235	17 311	325	17 636
Gauteng	1 034	8 835	54 858	64 727	6 737	71 464
Kwazulu-Natal	5 669	19 500	28 348	53 517	168	53 685
Limpopo	4 626	10 511		15 137		15 137
Mpumalanga	656	13 448		14 104		14 104
North West	1 485	12 302		13 787	594	14 381
Northern Cape	582	7 995		8 577		8 577
Western Cape	2 006	15 920	24 495	42 421		42 421
Grand Total	**22 221**	**113 781**	**122 860**	**258 862**	**7 857**	**266 719**

Table 6 above indicates that the WSP / ATR submissions for the current year show a slight increase in employment to 258 862 in municipalities and an additional 7 857 in participating municipal owned entities. There was an increase of 10 responses in 2016 versus 2015, which is likely to account for much of the increase. The eight metropolitan councils employ more people than the 226 local municipalities combined. Even though Gauteng has the lowest number of municipalities, it has the greatest number of employees nationally, because it has 3 of the 8 metros in the country. Submissions show Gauteng employs a total 71 464, up from 70 003 in the previous year. KwaZulu-Natal and Western Cape are the next biggest employers, with the Northern Cape employing the fewest people with a combined total of 8 577

7.3 ORGANISATIONAL ENVIRONMENT

Changes in any of the factors briefly explained in 6.1 and 6.2 might present specific challenges and/or opportunities that the LGSETA must have the capacity and capability to respond to. This is particularly important given identified uncertainties such as policy/legislative changes as well as stakeholder/beneficiary skills development needs and expectations in an increasing resource constrained environment.

7.3.1 Local Government SETA Governance

In May 2015, the Administrator brought in a new CEO to run the LGSETA. She was the last appointment to be made at the Executive Level.   The appointment of the Executive Management Team effectively assisted in bringing some stability, and a degree of certainty in the organisation. This new Executive Team also began to craft a new path for the organisation and cast a new vision for an entity that needs to reposition in the sector.

In the past year, the Executive Team has worked hard together with the rest of the organisation in aligning the mandate of the LGSETA with the needs of the stakeholders. The road ahead is still going to be a challenge but with the number of interactions that the Executive Management has implemented both internally (with staff) and externally (with the stakeholders), there is movement in driving change over time.

The Governance of the LGSETA was bolstered further in September 2015 when the Minister of DHET appointed a new Board armed with years of experience in local government, the stakeholder Board is geared to drive the changes that are necessary to make the LGSETA more effective. Already in September 2015, the Board had made its authority and high expectation known to the Executive Management at its induction programme. Soon after this session which took place in September, the Board then moved swiftly to drive the LGSETA strategy document, the annual performance report as well as the SSP. Even though the Board came in at the end of the process, it chose to engage the Executive in a robust debate in concluding these documents for submission to the DHET.

In addition to making its expectations known to the Executive Management, the Board has worked tirelessly in setting up its subcommittees and ensuring that it is managing the risks of the organisation optimally.   While a few gaps exist, the governance of the LGSETA is much more transparent now especially after the delegation of authority document was adopted by the Board and a refined discretionary grant policy was approved.   The Board and the Executive Management of the LGSETA are well aware that they are at the foundation phase of rebuilding the organisation. However, performance in the past year has shown improvement.

7.3.2 Institutional capacity

Like all organisations that need to go through a process of change, the issue of capacity is important. It is not enough to have a skills audit, a skills plan and a performance management system, but the person who is being led also needs to transform from within. The LGSETA therefore has implemented quarterly staff sessions to align the staff to the new direction that the organisation is taking so that they can be well prepared to assist the organisation into the future.   While the LGSETA has not paid too much attention on staff development during the administration period, this process is now starting. This includes the need to build more in- depth management.

In addition to staff development, the LGSETA is resolute to have more presence in provinces – close to the stakeholders. To this end, the organisation will be opening three additional provincial offices so that the stakeholders can be better serviced.   This will mean that the LGSETA now has a physical presence to service its stakeholders across the land.

The LGSETA has also taken a position to in source capacity in the portfolios which were previously run by consultants. In the 2016 financial year, the internal audit function will be resourced with capable individuals as well as the financial division. The work that was done by consultants in the operations division has been reduced markedly as well although some level of capacity enhancement is still required from time to time in that division.

The organisation has also taken the view of working closely with other SETAs in building its capacity. This is being facilitated by allowing similar functions in different SETAs to meet and discuss best practise. This process has allowed for mentorship and coaching to happen but also it has started to build a relationship between colleagues in different functions between SETAs. It is hoped that this initiative driven from the office of the CEO will result in improved systems, processes and delivery to the LGSETA stakeholders.

Lastly and yet more importantly, the LGSETA has allocated a sizable amount of its administrative funding towards building the capacity of its stakeholders both in the learning programmes as well as through the stakeholder engagement sessions that the LGSETA conducts in provinces on a quarterly basis. This investment has yielded many benefits for the LGSETA as in April 2016, the organisation received hundred percent (100%) submissions of WSPs from the municipalities. The discretionary grant process also has improved significantly as a result of these engagements with the stakeholders. The stakeholder management plan produced in 2015 is beginning to bear fruit.

7.3.3 SWOT

A SWOT analysis was conducted to highlight the internal and external forces impacting on the operational environment of the Local Government SETA.

STRENGTHS	WEAKNESSES
• Supportive principal (DHET) • An experienced Board of Directors in Local Government • An experienced Executive Management Team in Local Government • Majority of staff willing to learn and grow in the organisation • An Executive Team that is driving change while being sensitive to weaknesses in the organisation • WSP submissions are very good in the Sector at 100% 2016; • Ability to response to the NSDS III, and associated frameworks; and • Ability to response to the National Government priorities. • Responded to 'fees must fall campaign' with additional support to young people	• Pace of change in the organisation is slow after an administration period • High expectations of the Board and Executive Management not always met at lower levels of the organisation • Middle Management – limited experience • Union interaction with Management a challenge • Performance management system still needs improvement • Turnaround times of 48 hours not met across the organisation on a constant basis • Units still working in silos although there is a marked improvement • Project management component of LGSETA weak

OPPORTUNITIES	THREATS
• Collaboration with other institutions in the areas of projects implementation, research, sharing of ICT systems, curricula development; • Outreach programmes to raise Local Government SETA awareness; • Improved procurement processes; • Review and clarify grant processes; • Setting and monitoring targets; • Use of standardised M&E tools and other templates; • User friendly products; • Response to the strategic focus areas; • Goodwill of municipalities in spite of the challenges they face; • Committed SDFs; • Captive market with clear identifiable skills gaps; • New Board with passion, enthusiasm and the need to create new legacy. • New and proactive management • Improving communication with stakeholders • WSPs submitted on time by 100% of the stakeholders • New Leadership in local government post the elections	• Restructuring of the SETA landscape; • LGSETA complacency and inefficiency; • Losing credibility in the sector; • Lack of impact of the work that LGSETA does as there is no tracer system in place; • Inability of municipalities through their service providers to deliver programmes within the agreed timeframes; • Turnover of municipal human resources at both governance and administrative levels; • Limited capacity of public institutions to deliver on training requirements of the sector; and "Take over" of certain functions by QCTO. • Mis-alignment between the LGSETA and its constituency • Indecision at stakeholder level when learning programmes has to be revised to align with the SSP and APP and SLA documents of DHET • Chasing numbers instead of impact. • BUSA case if this is against the DHET as this will require a major restructure again of LGSETA processes and funding agreements in the future.

7.3.4 Local Government SETA Stakeholders

The stakeholders of the LGSETA can influence or be influenced by the outcomes that the LGSETA sets to achieve by 2017, and these are outlined on Table 7 below.

Table 7: Local Government SETA stakeholders

CATEGORY	STAKEHOLDER
BOARD	SALGA, COGTA, IMATU, SAMWU, Independent Members
STAFF	Local Government SETA Staff, Union
DIRECT	Municipalities and Municipal Entities DHET, Professional Bodies, SALGA, Unemployed Youth, Learners, SAQA, Other SETAs, DHET, Relevant Government Departments, ETD Providers, ETD Practitioners, SA Cities Network, SDFs, Municipal Training Centres, QCTO, National and Provincial Houses of Traditional Leaders, National Treasury, DRMC, MISA, SDF, DBSA, Ward Committees, Traditional Councils, Private Sectors, NGOs
SERVICE PROVIDERS	Training providers, TVETs, Higher Education Institutes, Mentors, Municipal Training Centres, Researchers, Assessors, Moderators, Verifiers, Evaluator, Coaches, Provincial Academies
OTHER	Private Sector, ETD Providers, Government Departments and Agencies, DBSA, IMFO, SAICA, Universities, ESCA, Portfolio Committees (Local Government, Higher Education and Training), Public Service Academy, NSA, Provincial Skills Development Forums (PSDFs), SALGBC (Bargaining Council), NEHAWU, Research Institutions, South African Council for Property Evaluation Program, HRDC, PSSC.

Despite some challenges that continue to face impact the organisation, the stage is set for the LGSETA to reclaim its position as an important facilitator of skills development in the local government sector. The LGSETA has, as a key strategic outcome, the development of a skilled and capable workforce supporting a responsive, accountable, efficient and effective local government system.

7.4 DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

The strategic planning process followed in updating the LGSETA Strategic Plan is depicted in the figure below. The process was designed to ensure that the mandate, strategic goals and objectives of the LGSETA are ultimately implemented through the Strategic Plan and APP. Various stakeholders participated in the process so as to ensure that both the Strategic Plan and APP are responsive to the needs of the local government sector as well as to the staff of the entity tasked with responsibility of implementation and service delivery.
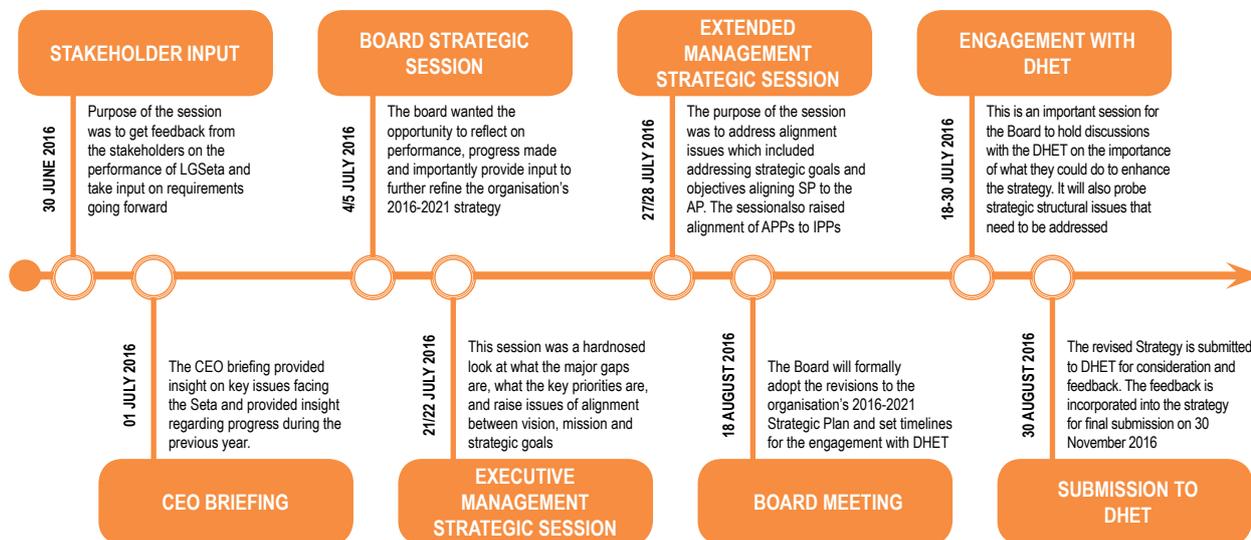
Figure 2: Strategic Plan Update process

7.4.1 Review Participants

During the course of the review process no less than 25. Stakeholders and shareholders provided feedback and input into the strategic review process. The list included:

SECTOR	
Board • Chair • Members • SALGA • National House of Traditional Leaders • IMATU • SAMWU **National & Provincial Departments and Statutory Bodies** • DHET • COGTA • Stats SA • National Skills Authority • AGSA • Environmental affairs • KZN Treasury • Municipal Infrastructure Support Agent (MISA)	**LGSETA Administration** • CEO • LGSETA Executive Management • Line Managers **Training Providers** • Vaal University • Tshwane College **Professional Bodies** • SACPLAN • South Africa Institute of Civil Engineers **Other** • PSETA • EWSETA • Productivity SA • NGO perspective

7.4.2 Key Considerations

The issues raised by the Board and others align with numerous policy focus areas discussed under the Policy Mandate. However, a deeper understanding of the issues and difficulties were discussed. This has led to the organisation understanding what to prioritise during the 2017/2018 financial year. The priorities range from internal consideration to critical discussions that need to be held with DHET, local government and other key players. The list below represents the categorisation of the issues discussed throughout the review process.

RELATIONSHIP BETWEEN SKILLS DEVELOPMENT AND THE ECONOMY

In order for the economy to grow and develop a skilled workforce is required. Furthermore, skills need to be developed for the new emerging economies, e.g. Green economy.

UNDERSTANDING THE TRAINING LANDSCAPE

Stakeholders reflected that the training landscape was vast and LGSETA and others in the training environment need to understand all aspects of it to ensure better service can be rendered

- Accreditation Training approaches
- Research and Analysis
- Capacity Building as a System
- Service providers
- What training is being done?
- Collaboration around training
- Training areas to be included

SKILLS AND OPPORTUNITY

Discussions need to be held with municipalities and other parties to come up with strategies to ensure that learners do get a chance at placement, and get the 'on the job training' or employment they require.

ADMINISTRATION

Although some positive strides have been made in creating a well functioning organisation there is still significant work to be in the following areas:

- Compliance and Performance
- Operations
- Staffing
- Policies
- Human Relations
- ICT and Business Systems

ROLE OF THE BOARD

The Board needs to focus on its fiduciary responsibilities as well as engage with National Departments around critical issues that affect the operations and impact of the LGSETA. Furthermore the Board also needs professional capacity enhancement programmes ensure that it can be effective and prevent the reoccurrence of falling into administration.

MONITORING AND EVALUATION FUNCTION

This has been a neglected function, which needs to develop into a fully functional and effective department able to provide necessary feedback on the effectiveness of LGSETA's efforts.

STRATEGIC PARTNERSHIPS AND SHARING

The development of partnerships is a national objective which serves to broaden and deepen the impact of government and its programmes. All stakeholders recognised that flor LGSETA to be effective they should exploit partnerships with relevant organisations to ensure they meet and go beyond their objectives

DEVELOPMENTAL LOCAL GOVERNMENT TRAINING

LGSETA was urged to ensure that their interventions are directed towards creating developmental local governments. This means going beyond only providing skills development to individuals. it also requires interventions at an committee or departmental level – designing programmes that are directed at oversight or standing committees and audit or finance departments.

STRUCTURAL, PLANNING AND PROGRAMME ALIGNMENT

LGSETA must work hard to integrate the work of the organisation to ensure alignment of its programmes with the organisation as well as to the objectives of National Government.

7.4.3 LGSETA Board Strategic Focus Areas

The LGSETA board proposed a framework on how it will influence and impact positively the LGSETA work through implementing medium and long term strategic initiatives aimed at contributing in professionalising the local government sector through skills development. In addition, this proposed framework covers the short-term period – (2016/17 financial year), the medium period (2017/18 financial year) as well as the long term period which is the 2018/2019 financial year. Given the seta landscape process, these focus areas have taken a conservative view and limited the focus areas to the two- year period (up to March 2018). In essence, this priority areas becomes the LGSETA strategy focus areas for the period of two years in facilitation skills development in the local government sector. The LGSETA strategic areas are:

a) *Councillor Development Programme*

The country has embarked in a local government election in the year 2016/17. Thus, the local government sector had newly elected Municipal Councilors that had assumed their duties and responsibilities in the latter part of August 2016. It is for this reasons that the LGSETA has set aside funding in the past year to fund the Councillor Induction Programme (CIP) which is inclusive of the Traditional Leaders. This programme was implemented by SALGA on behalf of the sector. This year, most of the work that will be done is to conduct a skills audit so that the appropriate training interventions can then be designed for each municipalities across the land. It is therefore anticipated that most of the pivotal programmes will only take place once the Skills audits have been completed at the Councillor/Traditional level.   Councillor Training will

become a multi- year programme of the LGSETA. It is the view of the LGSETA that a five year programme for Municipal Councillors needs to be put in place, this will allow them to at least complete some sort of formal qualifications.

b) Traditional Leadership Programme

In relation to the Traditional Leadership Programme, the LGSETA will provide capacity building programmes and initiatves to the Traditional Leadership. The Department of Traditional Affairs together with the LGSETA will implement this programme to all nine provinces. In addition, the implementation of the Traditional leadership programme will include the induction of the Executive of Traditional Leaders which focuses on the CIP initiative; assistance and support in the reconstitution of traditional leader election process; capacity building for the Traditional Leaders post the election process in terms of their leadership role in the 21st century.

c) Management Capacity Programme

The National Development Plan 2030 and the Medium Term Strategic Framework on skills development and local government outline that the local government sector should be professionalised through vigorous skills development approaches which includes both long term training and medium term professional occupations. In response to the National Development Plan 2030 requirements, the LGSETA has prioritized in building skills and professionalising the managerial echelon in local government sphere through the provision of long term training to enhance service delivery and optimise performance in local level. The LGSETA will roll out this initiative focusing on the following:

*   A systematic approach on the alignment between the Skills Audit/Gap Skill system and Workplace Skills Plans system
*   Funding initiatives to support the implementation of the Integrated Urban Development Framework (IUDF)
*   Assessment of Management Capability and Competency Programme – with specific focus on Municipal Finance division, Infrastructure/ Technical division in a Municipality and Municipal/City Manager divisions for municipalities.

d) Union Leadership Programme

In relation to the organized labour leadership programme, the LGSETA will provide capacity building programmes and initiatives to the union within the local government sector which are SAMWU and IMATU. The approach for the delivery of this strategic focus area includes the following:

*   Training of union leadership and shop stewards for both IMATU and SAMWU – Training of leadership of organised labour at is aimed at strengthening their participation and involvement in skills development process at municipal level
*   Training of members of the unions in local government sector through Recognition of Prior Learning (RPL) – the aim of this programme is to ensure that the gap between formal education and experience is reduced in local government sector and to enable members of the union to have access to higher positions within the municipalities.

e) Information and Data System

One of the challenges that the LGSETA experiences is the inability to track and trace leaners who participated in learning interventions in the sector as well as in the LGSETA funded programmes to enable the LGSETA to extract the labour market data for skills demand and supply for the sector. Based on these challenges, the LGSETA finds it critical to establish an electronic data base system that will manage data and provide research repository. This system will enhance LGSETA operational processes. This project will be implemented in consultation with the sector.

f) Unique Strategic Initiatives (Special Projects)

The unique Strategic initiatives (otherwise known as special projects) will be developed based on different and critical areas where the LGSETA might respond to the demands and needs of the sector. In identifying the initiatives and intervention for this focus area, the LGSETA has reviewed research outputs and the Sector Skills Plan (SSP) priorities that indicates challenges faced by the sector in relation to skills development. An analysis on provincial economic sectors and Provincial Growth Development Strategy was reviewed for all nine provinces to identify the interventions for specific municipalities and regions. As a consequence of the various interventions with stakeholders and service providers, a number of possible areas have been highlighted as an opportunity to focus attention on. These include:

• Developing a clear focus in the work of the LGSETA on the rural and township economy.
• Strategic partnerships to be forged to develop new qualifications to be in line with the changes in the Sector. Up to now LGSETA has been lagging in this area.
• Need to contextualize NGO's/CBO's and SMME's in the local government system.
• A specific programme to deal with mentorship, coaching in certain technical programmes. This will cut across all municipal functions. A specific placement programme with assisting young people to fulfil their workplace exposure to complete their qualifications.
• A special capacity programme for municipalities in transition as a result of new boundaries or as a result of an economic downturn resulting in major job losses.

8. STRATEGIC RISK MANAGEMENT

The LGSETA has identified, defined and discussed strategic risks that might affects the delivery of strategic objectives of the SETA. At this level, the strategic plan has only identified strategic risk at a strategic level and outlined mitigating strategies to eliminate the possible risk through developing and implementing control measures. Strategic and operational risk will be monitored and reported on quarterly basis through operational risk register.

STRATEGIC OBJECTIVE	RISK DESCRIPTION	MITIGATING STRATEGY
To implement efficient, effective and transparent administration and governance in the LGSETA	Non-compliance with relevant legislation, regulations, policies and procedures	o Update and develop policies and procedures and ensure alignment of existing policies and procedures to relevant legislation and regulations o Update and maintain compliance register. o Effective communication and training on relevant legislation, regulations, policies and procedures. o Regular internal audit on compliance with relevant legislation, regulations, policies and procedures
	Poor financial management, internal controls and Risk Management.	o Implement finance policies and procedures o Review and communicate combined assurance framework and plan o Implement risk management framework, strategy and policy
	Fraud and corruption	o Implement fraud risk management, policy and procedure o Pre-vetting of employees prior to appointment o Implement online verification system, linked to the relevant institutions, to validity data integrity
	Business Continuity Concern	Full implementation of integrated Business Continuity Strategy and Plan (Knowledge Management System; off-site storage; succession & retention policy and plan; HR Policies; etc.)

STRATEGIC OBJECTIVE	RISK DESCRIPTION	MITIGATING STRATEGY
	Inadequate stakeholder engagement and relationship management.	Continuous implementation of communication of the Stakeholder Engagement and Communication Strategy
To conduct a responsive and credible research on skills development in order to inform policy development, development of qualifications and learning intervention for the local government sector	Poor quality research on skill development needs of the sector	Up skill internal personnel and appointment of additional skilled personnel to ensure high quality of research services
To establish a credible institutional mechanism for skills planning and encourage better use of workplace based skills development for local government sector	Poor quality of workplace skills plan that inform skills planning in the sector	Provide continuous trainings to SDF's, Training Committees and relevant stakeholders in municipalities and entities to ensure credible WSP-ATR and sector skills planning Provide a hands-on support to struggling municipalities;
To improve the performance monitoring of projects, programmes, and quality to improve the delivery of skills development in the local government sector	Inadequate monitoring and evaluation framework and systems to monitor LGSETA learning programmes, projects and interventions	o Design and develop monitoring and evaluation framework and system o Implementation of monitoring and evaluation framework and system to adequately monitor LGSETA programmes, projects and interventions
To increase access to occupationally directed learning intervention programmes in the local government sector	Failure to increase access and delivery on the targeted learning intervention programmes.	Establish and maintain a panel of skills development providers to deliver training on learning programmes and ensure timeous delivery of learning programmes and intervention
To strengthen Municipal Councils' oversight capacity for effective monitoring and decision making at local government sector	Inability of Municipal Councils to perform their oversight responsibility in an effective and efficiency manner	o Conduct the skills audit for Municipal Councils to determine skills gap and provide learning intervention o Provide medium to long term training programmes for Municipal Councils in order for them to perform adequately in their roles and responsibilities
To develop occupational qualifications, build quality skills development capacity and ensure certification of learners for the LGSETA	Poor policies and lack of consistency in policy implementation of ETQA policies Inability to issue and certify learners timeously. Lack of control on learner information capturing.	o Ensure that policies are updated and must be in line with current legislation o To increase monitoring and verification capacity. To improve provider capacity on information capturing

9. STRATEGIC GOALS OF THE LOCAL GOVERNMENT SETA

The LGSETA has five strategic outcome orientated goals aligned with National policy imperatives and legislation. These are presented below.

STRATEGIC OUTCOME-ORIENTED GOAL 1	CREATE A SKILLED AND CAPACITATED LOCAL GOVERNMENT SECTOR THAT PERFORMS
Goal statement	Provide customized and quality training in priority skills for all categories of the Local Government workforce. The skilled and capacitated local government sector is aimed to be achieved by 2019/20 aligned with National Development plan horizon. This goal is aligned with Programme 3 and 4 which includes Learning Programmes and Quality Assurance of the LGSETA.
Linkage	NSDS III: 4.3 – Increasing access to occupationally-directed programmes

STRATEGIC OUTCOME-ORIENTED GOAL 2	STRENGTHEN THE GOVERNANCE SYSTEMS WITHIN THE LOCAL GOVERNMENT SECTOR FOR EFFECTIVE SERVICE DELIVERY
Goal statement	Implement efficient, effective and transparent governance systems across the Local Government SETA to ensure compliance with statutory requirements and reporting. This goal is aimed to be achieved by 2019/20 period. This goal is aligned with Programme 1 – Administration of the LGSETA.
Linkage	NSDS III: 4.7 – Increasing public sector capacity for improved service delivery and supporting the building of a developmental state

STRATEGIC OUTCOME-ORIENTED GOAL 3	STRENGTHEN THE CAPABILITY OF LOCAL GOVERNMENT SETA TO PROVIDE EFFECTIVE LEADERSHIP AND DELIVER ON ITS MANDATE
Goal statement	Establish and apply functional management systems to meet operational and regulatory imperatives at all times. The LGSETA will ensure it has strong capability to deliver the mandate of the SETA and this goal is aimed to be achieved by 2019/20 period. This goal is aligned with Programme 3 which Learning Programmes of the LGSETA.
Linkage	NSDS III: 4.7 – Increasing public sector capacity for improved service delivery and supporting the building of a developmental state

STRATEGIC OUTCOME-ORIENTED GOAL 4	BUILD AN INTEGRATED SKILLS DEVELOPMENT PLANNING SYSTEM THAT IS RESPONSIVE TO CURRENT AND FUTURE LG NEEDS
Goal statement	Local government sector skills development information is researched, documented and communicated for effective planning, monitoring and evaluation of the strategic projects which are responsive to scarce skills and government priorities in order to improve the quality provision of programmes by 2019/20. This programme is aligned with Programme 2 – Skills Planning of the LGSETA.
Linkage	NSDS III: 4.1 - Establishing a credible institutional mechanism for skills planning

STRATEGIC OUTCOME-ORIENTED GOAL 5	FACILITATE STRONG STAKEHOLDER RELATIONS TO DRIVE THE LOCAL GOVERNMENT SKILLS REVOLUTION
Goal statement	Continuously improve stakeholder relations and satisfaction with the LGSETA. The local government aimed at establishing strong stakeholder relations to drive local government skills revolution by 2019/20. This goal is aligned with Programme 1 – Administration of the LGSETA.
Linkage	NSDS III: 4.7 – Increasing public sector capacity for improved service delivery and supporting the building of a developmental state

9. (A) ALIGNMENT BETWEEN STRATEGIC GOALS, STRATEGIC OBJECTIVES AND LGSETA PROGRAMMES

The LGSETA strategic goals were developed in line with the mandate of the SETA, National Skills Development Strategy III, National Development Plan 2030 and relevant legislations that govern the work of the LGSETA. The Strategic objectives are aligned with the strategic goals as well as the LGSETA programmes. The table below illustrate the linkage of the Strategic Goals with the Strategic Objectives of the LGSETA.

STRATEGIC GOALS	STRATEGIC OBJECTIVES	LGSETA PROGRAMMES
Goal 1: Create a skilled and capacitated local government sector that performs	• To increase access of occupational directed learning intervention programmes in the local government sector • To strengthen Municipal Councils oversight capacity for effective monitoring and decision making in the local government sector • To develop occupational qualifications, build quality skills development and ensure certification of learners for the local government SETA	Programme 3: Learning Programmes Programme 4: Quality Assurance
Goal 2: Strengthen the governance systems within the local government sector for effective service delivery	To strengthen Municipal Councils oversight capacity for effective monitoring and decision making in the local government sector	Programme 3: Learning Programmes
Goal 3: Strengthen the capability of local government SETA to provide effective leadership and deliver on its mandate	To implement efficient, effective ad transparent administration and governance in the LGSETA	Programme 1: Administration
Goal 4: Build an integrated skills development planning system that is responsive to current and future local government needs	• To conduct responsive and credible research on skills development in order to inform policy development and development of qualifications for the local government sector • To establish credible institutional mechanism for skills planning and encourage better use of work place based skills development in the local government sector • To improve performance monitoring of projects, programmes and quality to improve the delivery of skills development in the local government sector	Programme 3: Skills Planning
Goal 5: Facilitate strong stakeholder relations to drive the local government skills revolution	To implement efficient, effective ad transparent administration and governance in the LGSETA	Programme 1: Administration

BUDGET PROGRAMMES AND STRATEGIC OBJECTIVES

9.1 PROGRAMME 1: ADMINISTRATION

9.1.1 STRATEGIC OBJECTIVE: TO IMPLEMENT EFFICIENT, EFFECTIVE AND TRANSPARENT ADMINISTRATION AND GOVERNANCE IN THE LGSETA

To enhance internal capacity and capability of the LGSETA staff in order to implement effective, efficient and transparent administration and governance of the LGSETA. Continuous improvement on compliance with financial reporting, legislative requirements, DHET and National Treasury for compliance calendar requirements. Furthermore, to ensure the Board is constituted in terms of SETA constitution and Board committees properly constituted in terms of good corporate governance. Both the Board and the committees meet at least three times per year and minutes and resolutions recorded. Mechanism need to be put in place to assess the effectiveness of the Board annually.

Links to National Objectives

- PFMA, National Treasury Regulations, Discretionary Grant Policy and other applicable legislation
- Code of Good Corporate Governance and risk management ethos
- NSDS III
- Public Service Act and Regulations

PROGRAMME	BASELINE	STRATEGIC PARTNERS	RESEARCH	TECHNOLOGY
Create an accountable, effective and efficient administration that is responsive to the training needs of LGSETA	Remuneration Policy developed	SETA's and public entities DPSA	Benchmark with other SETAs and public entities	Share point / shared drive to store the approved Policies for ease of access by all LGSETA staff.
	Performance Management Policy developed and approved	DPSA	None	Sage VIP Software
	LGSETA WSP for 2016/7 was developed and submitted for approval to ETDPSETA	• ETDPSETA • School of Governance • Training providers and Institutions of Higher Learning.	None	None
	Business cycle developed and implemented 4 Internal Newsletters developed and circulated	• Municipalities • SALGA • COGTA • SAMWU & IMATU	None	Electronic Newsletters Intranet
Create an accountable, effective and efficient administration that is responsive to the training needs of LGSETA	30 career guidance events held 22 000 career guides distributed	• DHET • Other SETAS • Schools/TVET Colleges	None	None

PROGRAMME	BASELINE	STRATEGIC PARTNERS	RESEARCH	TECHNOLOGY
	LGSETA Annual General Meeting held SSP and WSP Stakeholder Engagement sessions held SETA Landscape Stakeholder engagement session held	• SALGA • COGTA • SAMWU & IMATU • Municipalities • Other SETAs • Academic Institutions and TVET Colleges	None	Internet Electronic newsletter
	All ICT governance structures and policies are in place	DPSA	Benchmark with DPSA ICT Governance	Internet
	All ICT governance structures and policies are in place	• SITA • SETAs ICT Forum	• Assessment of good systems • Impact of POPI Act	None
Build sound and sustainable financial management system, in line with the provisions of the PFMA.	Unqualified Audit Opinion received in 2015/16	• AGSA • Municipalities • Services and Training Providers	None	None
Improve LGSETA Board functioning and strategic outreach to key stakeholders at all three spheres of government in order to enhance the capacity of LGSETA	LGSETA Board with its board committees established and functional	• National Departments • Municipalities • SALGA &COGTA • SAMWU & IMATU	None	None
	1 board strategic engagement held with key stakeholders	• Academic Institutions • SALGA • COGTA	None	None

9.2 PROGRAMME 2: SKILLS PLANNING

9.2.1 STRATEGIC OBJECTIVE: TO CONDUCT A RESPONSIVE AND CREDIBLE RESEARCH ON SKILLS DEVELOPMENT IN ORDER TO INFORM POLICY DEVELOPMENT, DEVELOPMENT OF QUALIFICATIONS AND LEARNING INTERVENTION FOR THE LOCAL GOVERNMENT SECTOR.

Research improves the quality of the LGSETA's skills planning and identification of interventions that are needed to facilitate access to appropriate skills development interventions for the sector

Links to National Objectives

• NSDS III
• White Paper on Post School Education and Training
• NDP 2030
• Outcome 9 and Outcome 5 of Government Priorities

PROGRAMME	BASELINE	STRATEGIC PARTNERS	RESEARCH	TECHNOLOGY
To conduct responsive and credible research that informs skills planning, qualification development and learning intervention development for the local government sector	Twelve research studies conducted in green economy, water and waste water management, management and leadership, Traditional leadership and Recognition of prior learning.	• Academic Institutions • Research Institutions • SALGA & COGTA	National Research Committee	Electronic surveys
	One research round-table with the national research committee held Research committee established	• Academic Institutions • Research Institutions • SALGA • COGTA • Municipalities	National Research Committee research reports and papers	None
	Four Research seminars conducted 12 research papers presented	• Academic Institutions • Research Institutions • SALGA & COGTA • Municipalities	None	Electronic
To establish a research repository for data management and storage and communicate labour market information to inform skills planning within the local government sector	This is a new performance area none of the research reports were published and no research repository currently exist.	• DHET • Academic Institutions • Research Intistutions • SALGA & COGTA	None	Electronic Publications

9.2.2 STRATEGIC OBJECTIVE: TO ESTABLISH A CREDIBLE INSTITUTIONAL MECHANISM FOR SKILLS PLANNING AND ENCOURAGE BETTER USE OF WORKPLACE BASED SKILLS DEVELOPMENT FOR LOCAL GOVERNMENT SECTOR

To improve the capacity to plan for skills intervention and skills planning, it is imperative that the quality of information provided in WSPs and ATRs submitted is credible, complete and useful for the LGSETA and the sector. Equally, training provision in this sector needs to be supported to ensure that the bests quality training is be meted out.

Links to National Objectives

• Skill Development Act
• NSDS III
• QCTO regulations; SAQA regulations; NSDS III; White Paper on Post-School Education and Training
• To improve learner employability and opportunities for economic participation
• QCTO regulations; SAQA regulations

PROGRAMME	BASELINE	STRATEGIC PARTNERS	RESEARCH	TECHNOLOGY
To strengthen skills planning through the development and implementation of Work Place Skills Plan and Annual Training Report in the local government sector	A responsive 2016/17 Sector Skills Plan developed and approved by the LGSETA Board and the Minister of Higher Education and Training	Universities Research Institutions Municipalities SALGA & COGTA LGSETA National Research Committee	Research reports on skills development Statistics South Africa Reports	MIS
	108% (288) WSP-ATR from Municipalities and Municipal/Traditional Entities submitted and complied in 2016/17	• Professional bodies • Municipalities & research institutions • Universities • SSA	Research reports on skills development	MIS
	278 SDF's trained in various learning intervention in 2016/17	• Academic Institutions • Municipalities • SALGA & COGTA	Municipal Skills Audit GAPSKILL	Electronic
	36 SDF's forums held in all nine provinces	• Municipalities • SALGA • COGTA • Provincial & National Department • Office of the Premier	• Municipalities • COGTA • SALGA Provincial Departments and Office of the Premier	None
To establish a standardised local government hand book for occupations to support skills planning in the sector	This is a new key performance area, therefore no standardised local government hand book for occupations in the sector	• Academic Institutions • Municipalities • SALGA & COGTA • SALGBC	Research on all local government occupations and structural arrangement of municipalities/entities	Electronic Handbook

9.2.3 STRATEGIC OBJECTIVE: TO IMPROVE THE PERFORMANCE MONITORING OF PROJECTS, PROGRAMMES, AND QUALITY TO IMPROVE THE DELIVERY OF SKILLS DEVELOPMENT IN THE LOCAL GOVERNMENT SECTOR

Monitoring and evaluation improves performance and ensure the achievement of results with an aim of improving current and future management of outputs, outcomes and impact through projects and programme performance of the LGSETA.

Links to National Objectives

• NSDS III
• QCTO regulations; SAQA regulations; White Paper on Post-School Education and Training
• NDP 2030

PROGRAMME	BASELINE	STRATEGIC PARTNERS	RESEARCH	TECHNOLOGY
To establish Monitoring and Evaluation framework and systems for programmes and projects of the LGSETA and conduct policy evaluations to assess the impact made by LGSETA programmes in order to ensure delivery of the learning interventions	This is a new key performance area, theefore no approved Monitoring and Evaluation framework and system	• Municipalities • Municipal Entities • Training Providers	• Benchmarking with other SETAs/Public Entities on best M&E approaches	Online Monitoring and Evaluation System
	• 501 projects monitoring visits conducted for 2016/17 • 4 Quarterly Monitoring Report and 4 Quarterly Performance Report developed and submitted to the Executive Authority	• Municipalities • Municipal Entities • Training Providers	• Benchmarking with other SETAs/Public Entities on best M&E approaches	Online Monitoring and Evaluation System

9.3 PROGRAMME 3: LEARNING PROGRAMMES

9.3.1 STRATEGIC OBJECTIVE: TO INCREASE ACCESS TO OCCUPATIONALLY DIRECTED LEARNING INTERVENTION PROGRAMMES IN THE LOCAL GOVERNMENT SECTOR

To continuously support skills development of employees to enable better service delivery in the sector either through training programmes or through the recognition of prior learning. Once employees are recognized they also become eligible for further training and developing within their respective disciplines. All programmes directed under this objective will improve their employability and opportunities for economic participation

Links to National Objectives

- Skills Development Act;
- NSDS III;
- NDP 2030;
- Outcome 5;
- White Paper on Post-School Education and Training

PROGRAMME	BASELINE	STRATEGIC PARTNERS	RESEARCH	TECHNOLOGY
Increase the number of employed learners entered for skills development programmes per annum	• 6069 employees registered for skills programmes • 1789 employees registered for learnership	• Municipalities and Entities • Private and Public Training Providers • Professional Bodies • National and Provincial departments	• Scarce and Critical skills list; • Identification of skills priority areas • Matching methodologies for explore best way of delivery;	Central repository for Research completed; MIS for capturing of learning information and tracking of learners;

PROGRAMME	BASELINE	STRATEGIC PARTNERS	RESEARCH	TECHNOLOGY
	• National and Provincial departments • Traditional Leaders • Non- paying levy entities • 168 employees enrolled for AET level 4 • 176 employees awarded bursaries	• Traditional Leaders • Non- paying levy entities • Organised Labour • Organised employer body • Other SETAs	• Skills Audit for Traditional Leaders and Councillors; • Impact on Skills Development for Traditional Leaders and Councillors; • Impact Study on training funded for Organised Labour; • Tracer study on beneficiaries funded by LGSETA	
Increase the number of employed learners completing skills development programmes per annum	• 167 employees completed the skills programmes • 586 employees completed the learnership • 298 employed individuals completed AET level 1 • 43 employees completed AET level 3 • 30 employed individuals completed AET level 4	• Professional bodies • Municipalities	Tracer study on beneficiaries funded by the LGSETA	MIS
Increase the number of unemployed learners entered for skills development programmes per annum	• 1339 unemployed individuals completed the skills programmes • 2977 unemployed individuals registered for learnership • 282 individuals registered for candidacy programmes • 386 unemployed learners enrolled AET level 1 • 79 Unemployed individuals enrolled for AET level 2 • 60 unemployed individuals enrolled in AET level 3 • 191 unemployed individuals enrolled in AET level 4 • 769 unemployed individuals registred for learner artisan	• Professional bodies • Municipalities	Scarce and critical skills list Identification of skills priority area	MIS

PROGRAMME	BASELINE	STRATEGIC PARTNERS	RESEARCH	TECHNOLOGY
Increase the number of unemployed learners completing skills development programmes per annum	• 585 unemployed individuals completed learnerships • 139 unemployed individuals completed AET level 1 • 32 unemployed individuals completed AET level 2 • 16 unemployed individuals completed AET level 3 • 337 unemployed employees awarded bursaries • 447 unemployed graduates placed for internship • 1654 TVET graduates placed for work integrated learning	• Professional bodies • Municipalities	Tracer study on beneficiaries funded by the LGSETA	MIS
Ensure access to opportunities for recognition of prior learning (RPL), support provided to NGO's, CBOs , SMME's and Traditional Leadership through skills programmes	• 10 NGO's supported on skills programmes • 13 SMME's supported on skills development • 21 NLPE's supported on skills development initiatives • 193 Traditional Leaders supported on skills development programmes • 1217 Councilors completed skills programmes	• Professional bodies • Unions • Municipalities	Identification of skills priority areas	MIS

9.3.2 STRATEGIC OBJECTIVE: TO STRENGTHEN MUNICIPAL COUNCILS' OVERSIGHT CAPACITY FOR EFFECTIVE MONITORING AND DECISION MAKING AT LOCAL GOVERNMENT SECTOR

The purpose of the objective is to strengthen the role of Municipal Councils in executing its duties and responsibilities of accountability and good governance in order to enhance service delivery at local government level. This will be implemented through establishing assessment of skills and rolling out capacity building initiatives to Municipal Councils in all municipalities in the country

Links to National Objectives

• Code of Good Corporate Governance and risk management ethos
• MFMA, National Treasury Regulations, Discretionary Grant Policy and other applicable legislation

PROGRAMME	BASELINE	STRATEGIC PARTNERS	RESEARCH	TECHNOLOGY
To strengthen capacity of Municipal Oversight and standing committees through capacity building programmes and initiatives to ensure effectiveness in municipal governance and decision making structures at local level	This is a new Initiative, therefore no Municipal oversight committees were trained	• COGTA • SALGA • National Treasury • Academic Institutions	None	e-learning delivery method
	This is a new Initiative, therefore no Municipal standing committees were trained	• COGTA • SALGA • National Treasury • Academic Institutions	None	e-learning delivery method

9.4 PROGRAMME 4: QUALITY ASSURANCE

9.4.1 STRATEGIC OBJECTIVE 5: TO DEVELOP OCCUPATIONAL QUALIFICATIONS, BUILD QUALITY SKILLS DEVELOPMENT CAPACITY AND ENSURE CERTIFICATION OF LEARNERS FOR THE LGSETA

The development of occupational qualifications and quality assurance becomes a cornerstone in achieving and responding to the local government scarce and critical skills needs. The focus of the local government is to develop quality occupations and ensure that skills development training is accredited.

Links to National Objectives

• NSDS III
• QCTO regulations; SAQA regulations; NSDS III; White Paper on Post-School Education and Training
• NDP 2030

PROGRAMME	BASELINE	STRATEGIC PARTNERS	RESEARCH	TECHNOLOGY
To develop local government occupational qualifications, issue accreditation of providers, and registration of quality assurance to enhance adequate certification of learners for the LGSETA	5 occupational qualifications developed and submitted to QCTO	• QCTO, SAQA, Professional Bodies, Universities, Govt. Departments, Public & Private Skills Development Providers, CEPs	SSP, research undertaken by Govt. Departments' Process Evaluation Studies	MIS
	82 skills development providers issued new accreditation (primary and secondary)	• Private & Public Skills Development Providers, Universities & TVETCs, NGOs CBOs, Municipalities Training Centres (MTC), RemoteNet, QCTO & SAQA	Impact study, Tracer studies	MIS

PROGRAMME	BASELINE	STRATEGIC PARTNERS	RESEARCH	TECHNOLOGY
	190 skills development providers issued re accreditation (primary and secondary)	• Private & Public Skills Development Providers, Universities & TVETCs, NGOs CBOs, Municipalities Training Centres (MTC), RemoteNet, QCTO & SAQA	Impact study, Tracer studies	MIS
	248 assessors were registered and reregistered	• Private & Public Skills Development Providers, Free-lance Assessor, Municipalities, RemoteNet, QCTO & SAQA	Impact Study	MIS
	98 Moderators were registered and reregistered	• Private & Public Skills Development Providers, Free-lance Assessor, Municipalities, RemoteNet, SAQA & QCTO	Impact Study	MIS
	8771 learners endorsed against unit standards	• RemoteNet, Private & Public SDP, Municipalities, LPD, PMU, Govt. departments, learners	Process evaluation studies	MIS
	3309 learners certificated against full qualifications	• Learners, Private & Public SDPs, Municipalities, LPD, PMU, Govt. Departments & State Entities	Tracer & Tracking studies, satisfaction surveys	MIS
Foster partnership with other SETA's through signing of service level agreement for the purpose of inter-seta quality assurance	15 SLAs signed with SETAs and MTCs	• SETAs & MTCs, LPD, LGSETA M&E unit, Provincial Offices, govt. Departments	None	MIS
Monitor skills development providers and perform audits to ensure compliance against LGSETA QCTO certification criteria and requirements	154 monitoring visits conducted	• Private & Public SDPs, Provincial Offices, other SETAs, M&E unit, CEPs, Learners	Evaluation studies	MIS
	230 verification Audits conducted	• Private & Public SDPs, Provincial Offices, other SETAs, M&E unit, CEPs, Learners		MIS

ANNEXURES

MATERIALITY AND SIGNIFICANCE FRAMEWORK

1. BACKROUND

Treasury Regulation Section 28.3.1 – "For purposes of material [sections 55(2) of the Public Finance Management Act (PFMA)] and significant [section 54(2) of the PFMA], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.

The purpose of this document is to record the level and reasoning for the suggested levels of materiality and significance for consideration by the governance structures of the SETA and for submission to and approval by the executive authority.

SAAS 320.03 defines materiality as follows: "Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful."

Accordingly, we will be dealing with this framework under two main categories, being quantitative and qualitative aspects.

As a guideline, National Treasury's Practice Note on Application Under Section 54 of the PFMA, suggests that all transactions be deemed "significant" where the rand value exceeds any of the following:

• 1% - 2% of the value of total assets;
• 0.5% - 1% of total revenue; or
• 2% - 5% of profit after tax.

LGSETA will use the lower threshold limit to determine materiality due the following factors that were considered:

NATURE OF THE SETA'S BUSINESS.

Funding in a SETA is received from levies collected by the Department of Higher Education and Training's collection agent, being SARS, and interest earned on investments in call deposit accounts. A potential 90% of these levies received are then channeled back to the sectors via various grants types. The SETA can therefore be seen as a conduit for the redistribution of funds received for learning needs back into the sector.

STATUTORY REQUIREMENTS LAID DOWN ON THE SETA.

The SETA is a statutory body that has been formed to give effect to the Skills Development and Skills Development Levies Act, and has been listed as a Public Finance Management Act (PFMA) Schedule 3A public entity. We accordingly decided to give preference to a lower level of materiality (i.e. closer to the lower level of the acceptable percentage range) due to it being so closely governed by various Acts and the public accountability it has to stakeholders.

THE CONTROL AND INHERENT RISKS ASSOCIATED WITH THE SETA.

In assessing the control risk of the SETA, and concluding that a materiality level higher than 0.25% can be used due to a good control environment being present cognizance was given to amongst others:

- Proper and appropriate governance structures have been established;
- An audit and risk committee that closely monitors the control environment of the SETA was established;
- The function of internal audit was outsourced to a firm with SETA specific experience;
- A three-year internal audit plan, based on annual risk assessments being performed, is annually reviewed and agreed by the audit committee;
- The function of financial management and administration is outsourced to a firm with SETA specific experience;
- The results of recent internal audit reports highlighted that there are no material risks that are not being addressed.

2. QUANTITATIVE ASPECTS

MATERIALITY LEVEL FOR CONSIDERATION

The level of materiality for 2017/2018 has been set as follows:

FINANCIAL STATEMENT BASE	BASE AMOUNT	MATERIALITY %	MATERIALITY VALUE FOR 17/18
Total assets	R 619 877 147	1%	R6 198 771
Total revenue	R 582 838 000	0.5%	R2 914 190
Total Surplus	Not relevant as there LGSETA is not budgeting for a surplus.		

Therefore, final materiality is set at R2 900 000 for the 2017/18 financial year.

The total revenue amount is based on the budgeted levy income for the 2017/18 financial year while total assets value is based on the audited financial statements for the 2015/16 financial year.

3. QUALITATIVE ASPECTS

Materiality is not merely related to the size of the entity and the elements of its financial statements. Obviously, misstatements that are large either individually or in the aggregate may affect a "reasonable" user's judgement. However, misstatements may also be material on qualitative grounds. These qualitative grounds include amongst others:

- New contracts that the SETA has entered into.
- Unusual transactions entered into that are not of a repetitive nature and are disclosable purely due to the nature thereof due to knowledge thereof affecting the decision making of the user of the financial statements.
- Transactions entered into that could result in reputational risk to the SETA.
- Any fraudulent or dishonest behaviour of an officer or staff of the SETA.
- Any infringement of LGSETA's agreed performance levels.
- Procedures/processes required by legislation or regulation (e.g. PFMA and the Treasury Regulations)

4. STATUTORY APPLICATION

Section 50 (1)	(1) The Accounting Authority for a Public entity must:	
	(a) Exercise the duty of utmost care to ensure reasonable protection of the Assets and records on the Public entity;	Appropriate systems of control and risk management are maintained as well as enterprise risk policy which is reviewed annually for effectiveness and a high level of compliance
	(b) Act with fidelity, honesty, integrity and in the best interest of the Public entity;	LGSETA sets and maintains high standards for good governance and ethical behaviour.
	(c) On request, disclose to the Executive Authority responsible for that Public entity or the Legislature to which the Public entity is accountable, all material facts, including those reasonably discoverable, which in any was influencing the decision or actions of the Executive Authority; and	LGSETA is committed to an open and transparent culture and in revealing any relevant information to its stakeholders. Materiality can only be determined if the nature of the information which will affect the decision of the stakeholder is known.
	(d) Seek, within the sphere of influence of that Accounting Authority, to prevent any prejudice to the financial interest of the State	LGSETA has a risk policy and a risk register (risk management plan) and is reviewed quarterly by the internal risk committee which reports to the Audit and Risk Committee of the Board.
Section 55 (2)	The annual report and financial statements must include particulars of:	
	(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;	Both quantitative and qualitative aspects as referred to in sections 2.1 and 3 define materiality for purposes of losses through criminal conduct. All losses relating to irregular and fruitless and wasteful expenditure are regarded as material due to the application of the nature of these losses (qualitative aspects).
Section 54 (2)	Information to be submitted by accounting authorities	
	(1) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction	Specific level of significance defined per subsection:
	(a) establishment or participation in the establishment of a company;	Any transaction to establish a company
	(b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement	Where participation exceeds 20% of voting rights
	(c) acquisition or disposal of a significant shareholding in a company	Any transaction to acquire or dispose of shareholding in a company
	(d) acquisition or disposal of a significant asset	The cost of the asset acquired or disposed exceeds 15% of the total cost of assets
	(e) commencement or cessation of a significant business activity; and	Any transaction where the income from or the investment in the business activity exceeds the amount determined in section 2.1 and section 3.
	(f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	Where the change in the interest results in a change in the accounting treatment of the arrangement.

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