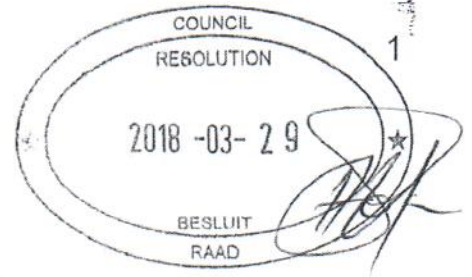


Reference No 44271/1
Nosipho Hlatshwayo (4749)
COUNCIL: 29 March 2018



1. CITY STRATEGY AND ORGANISATIONAL PERFORMANCE DEPARTMENT
TABLING OF THE CITY OF TSHWANE'S 2018/19 DRAFT REVIEW OF THE
2017/21 INTEGRATED DEVELOPMENT PLAN AND DRAFT 2018/19 SERVICE
DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) SCORECARD
(From the Mayoral Committee: 20 March 2018)

1. PURPOSE

To table the City of Tshwane reviewed 2018/22 Integrated Development Plan and Service Delivery and Budget Implementation Plan (SDBIP) scorecard and the draft 2018/19 Build Environment Performance Plan (BEPP) to Council as part of the suite of documents that supports the 2018/19 – 2020/21 MTREF in terms of section 16(2) of the MFMA, Section 34 of the MSA and Section 3(4)(b) of the Municipal Planning and Performance Management Regulations, 2001 for comment. The two municipal entities (TEDA and HCT) draft Business plans for 2018/19 is also tabled as annexures to this report for noting and publication for comment.

2. STRATEGIC PILLARS

- 2.1 A City that is open, honest and responsive

3. BACKGROUND

The Integrated Development Plan (IDP) is intended to provide strategic direction and operational planning for the City for the term of office. In line with the provisions of the legislation as discussed below and to address emerging developments, the draft reviewed 2018/22 Integrated Development Plan (IDP) is tabled to Mayoral Committee to allow the commencement of the legislated public commenting process.

The *Constitution* commits government to take reasonable measures, within its available resources, to ensure that all South Africans have access to adequate housing, health care, education, food, water and social security.

In order to realise the above, the Chapter 5 of the *MSA* states that a municipality must undertake developmentally oriented planning, in the form of integrated development planning, to ensure that it achieves the objects of local government as set out in the *Constitution*. It must further give effect to its developmental duties as required by Section 153 of the *Constitution*.

Section 25(1) of the Municipal Systems Act, Act 32 of 2000, prescribe the following:

"25 Adoption of integrated development plans

1. *Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which-*

2. *Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;*
3. *Aligns its resources and capacity of the municipality with the implementation of the plan;*
4. *Forms the policy framework and general basis on which annual budgets must be based;"*

Section 34 of the MSA makes provision for the amendment/revision of the approved municipal IDP.

"34 Annual review and amendment of integrated development plans

A municipal council-

5. *must review its integrated development plan-*
6. *annually in accordance with an assessment of its performance measurements in terms of section 41; and*
7. *to the extent that changing circumstances so demand; and*
8. *may amend its integrated development plan in accordance with a prescribed process"*

The tabling of the 2018/22 IDP review is in line with this provision.

Furthermore, Chapter 4 of the Municipal Systems Act describes the process to be followed directly after tabling the reviewed IDP, annual budget, and supporting documents. It requires municipalities to make the documents public; invite the local community to submit representations; and requires the submission of the documents to the National Treasury and the relevant provincial treasury, to other organs of state and to other municipalities.

The process of integrated development planning strives to systematically and transparently find acceptable solutions within given time frames regarding allocating resources to service delivery. Municipalities use integrated development planning as a tool to plan future development in their areas in a sustainable manner. In terms of Section 152 of the Constitution the objectives of local government are:

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.

4. DISCUSSION

To be able to comply to the above mentioned legislative requirements, the following process was followed towards the tabling of the Draft reviewed 2018/22 IDP for comment.

Section 16(2) of the MFMA requires the Executive Mayor to table the IDP and Budget at a Council meeting at least 90 days before the start of the budget year. The intention of tabling these documents in advance is to allow for comment by stakeholders and local communities.

In line with the above legal requirement the draft reviewed 2018/22 IDP is tabled to MayCo as a draft to be allowed to serve before Council prior the public consultation process.

The table below outlines the progress against some key actions which guided the development of the IDP as contained in the process plan approved by Council in September 2017.

ACTION	DETAILS OF THE ACTION
Approval of the IDP and Budget process plan	The IDP and budget process plan was tabled and approved by Council in September 2017
Mayoral Strategic Planning	<p>The Mayoral Committee convened a Strategic Planning Session (SPS) in November 2017 where the agenda for the 2018/19 financial year was set. The focus of this session was to set the context for the review of the IDP and preparation of the budget, thus setting a strategic path towards reviewing of the IDP and preparation of the budget. This was followed up with a second Strategic Planning Session held in March 2018 where the focus was the following:</p> <ul style="list-style-type: none"> • To assess progress made in achieving the Vision and Political Priorities for the City in the 2017/21 IDP; • To present the strategic framers for the 2018/19 Budget which strengthened the focus on the following three areas: Stabilisation, Revitalisation and Deliver; • The evaluation of the current financial situation of the City and what steps need to be taken to resolve and stabilise the situation; • Departmental focus in relation to the new Vision and Political Priorities and how they are responding thereto through their IDP scorecard and MTREF proposals;
Intergovernmental alignment	<p>During January and February 2018, the City engaged with National Treasury and the Gauteng Planning commission in the Office of the Premier, as per the IDP July-to-July Road Map of provincial COGTA and the approved IDP process plan. The objectives of the discussions were to:</p> <ul style="list-style-type: none"> • Provide and share information of the planning process and to allow a platform engagement on priorities for the 2018/19 financial year; and

	<ul style="list-style-type: none"> • Address issues of dependency and ensure alignment with provincial and national counterparts;
Mid-year performance review and adjustments process	The mid-year performance report together with the 2017/18 SDBIP adjustments were tabled to Council in February 2018. This information was used to establish the baseline during the 2018/22 planning cycle.
Budget Steering Committee Hearings (BSC) Budget Steering Committee Hearings (BSC)	<p>The City Manager held a Technical Budget Steering committee from 26-28 February 2018 which focussed on the following principles:</p> <ul style="list-style-type: none"> • The Executive Mayor's Political direction • Tshwane Development Strategy • Nation Treasury Strategic Development Review • Reworking of departmental budgets to "budget neutral" • Address the priorities as contained in the City Strategy • Clear strategies on how the city is responding to value for money and show saving • Strategy on generating revenue and ROI • Capital investment plan (where the priorities areas) • Detailed breakdown of contract for the next 3 years • Commitments for the 2018 /19, 2019/20 and 2020/21 <p>The key focus was on the fast tracking of projects which are at implementation stage and which will be able to deliver services to communities</p>
Finalisation and updating of draft documents	The draft IDP is tabled to MayCo with this report together with the proposed budget and tariffs

The following diagram indicate the process in finalising and tabling the draft reviewed IDP



Contents of the Draft Reviewed 2018/22 IDP

Section 26 of the *Municipal Systems Act* contains information on the core components of an integrated development plan. It determines *inter alia* that an IDP must reflect:

- (a) the municipal council's vision for the long term development of the municipality;
- (b) an assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to adequate basic services;
- (c) the Council's development priorities and objectives for its elected term;
- (d) any development initiatives in the municipality, including infrastructure, physical, social, economic and institutional development;
- (e) the Council's development strategies;
- (f) a spatial development framework for the municipality;
- (g) the Council's operational strategies;
- (h) a disaster management plan;
- (i) a financial plan; and
- (j) the key performance indicators and performance targets in terms of the Performance Management System.

In the light of the above, the Draft Reviewed 2018/22 IDP document consists of the following Chapters:

Preamble, Context and Overview: This chapter set the scene in which the IDP has been reviewed. The chapter emphasises the vision for the city and sets the agenda for the remainder of the term of office, which will focus on the following three strategic framers: stabilisation, revitalisation and delivery. The process toward the review of the IDP is also captured in this chapter together with the focus of the IDP through the 5 strategic pillars, key priorities and deliverables. The chapter concludes by giving a summary of the contents of each of the chapters in the reviewed IDP.

Situational Analysis: The aim with this chapter is to provide a high level picture of Tshwane in the context of South Africa and provide some key socio economic information.

Strategic Intent: This chapter highlights the five strategic pillars that guide the development of plans for the term. The chapter was drafted by taking into consideration the changing development trends as well as some of the commitments that have been made which affect the City.

This chapter also seeks to align the planned proposals of the City of Tshwane to the Performance Management Framework of the City by highlighting the governance values, strategic pillars and priority areas for the term of office.

The strategic development pillars are as follows:

- A City that facilitates economic growth and job creation
- A City that cares for residents and promotes inclusivity
- A City that delivers excellent services and protects the environment
- A City that keeps residents safe
- A City that is open, honest and responsive

Governance and Institutional Arrangements: The chapter articulates the broad governance and institutional framework of the City after its review and links this to the governance model of the City. Further, it outlines some of the key administrative transformation areas that have made it possible to implement the model within the legislative context. The chapter has been updated with the final populated administrative structure following the recruitment process of senior management.

Inter-Governmental Alignment: Intergovernmental relations (IGR) refer to the complex and interdependent relations amongst the national, provincial and local spheres of government as well as the coordination of the public policies of these three spheres. In essence, this means that the governance, administrative and fiscal arrangements operating at the interface between national, provincial and local governments must be managed to promote the effective delivery of services. This chapter outlines the key projects and engagements in this regard.

Community Participation: In this chapter, the City's participatory planning processes toward the review of this IDP and beyond are provided. It provides a high-level summary of the information gathered through the first phase of the community participation process.

Spatial Development Framework: The chapter outlines high-level interventions of the Metropolitan Spatial Development Framework and Capital Investment Programmes into the City's settlement restructuring agenda. The chapter sets out the spatial restructuring elements of Tshwane in line with national and provincial plans.

Capital Investment Framework: This chapter focuses on the priority spatial development proposals which also inform the allocation of resources. It contains a detailed capital project list for the MTREF.

Our deliverables for 2018–2022: This chapter highlights some of the key performance measures towards the delivery of key services to the residents of Tshwane.

Performance Management: The chapter highlights performance management structures of the City that will ensure delivery against the planned deliverables for the term of office. The chapter seeks to communicate some of the key monitoring and evaluation structures and systems relative to the work that is done by the City.

Review of the City of Tshwane Disaster Management Plan: Section 53(2) (a) of the Act specifies that the disaster management plan for a municipality must form an integral part of the municipality's integrated development plan (IDP); and section 26(g) of the Local Government: Municipal Systems Act, 2000 reinforces this requirement by listing "applicable disaster management plans" as a core component

of an IDP. This chapter deals with the review of the Disaster Management Plan of the City.

Financial Plan: This chapter outlines the Medium-term Revenue and Expenditure Framework (MTREF) in terms of the allocation of resources to implement the new IDP. It also presents the tariffs proposed for 2018/19.

Presentation of Draft IDP and MTREF to REPCO

The draft reviewed IDP and MTREF was presented at the REPCO meeting on 12 March 2018. The following comments were provided:

- Projects must result in specific deliverables. There must be logic in the project to address basic services and improve the living conditions of the communities
- The previous process of dealing with service delivery in a piecemeal approach is not acceptable and there must be a focus and concerted effort to make a difference in specific geographic areas
- The focus must be on poor communities to benefit from the budget
- Investment in the city need to be encompass all the efforts and development processes
- Employee related cost must be within the prescribed guidelines
- Initiatives on recycling of waste need to be investigated to enable it to be sustainable and it should be able to lead to an incentive for communities to recycle
- Budget allocation and planning for repairs and maintenance must be improved over the MTREF to ensure that the City deals effectively with its infrastructure

Municipal Entities

Municipal Entities are required by law to table their 2018/19 business plans (including proposed budgets) before Council in compliance with Sections 16(2) and 87(2) & (3) of the Municipal Finance Management Act, 56 of 2003 (MFMA) for consideration and comment prior to the final approval of the business plans and budgets (during May 2018) as is required by the MFMA and the Municipal Budget and Reporting Regulations to the MFMA.

HIGH LEVEL ASSESSMENT OF THE ENTITIES BUSINESS PLANS BY SHARE HOLDER UNIT

HOUSING COMPANY TSHWANE

Budget Analysis

Operational budget as per Business Plan

Revenue	R '000
Grants / Subsidies	R 36 275
Own Revenue	R 8 770 137
Other Revenue	R 66 266
Total	R 45 274

Expenditure	R '000
Employee Costs	R 17 597
Remuneration of Directors	R 1 203
Contracted Services	R 17 219
Other Expenditure	R 8 017
Total	R 44 036

The entity has budgeted for a surplus of R1, 2 million

Alignment to Indicative Budget

The totals of the operational budget is not aligned to the indicative budget figures provided by the Budget Office. There are however a number of variances on some of the line items. These were as follows:

Budget Items	As per Business Plan	As per Budget Office Indicative	Variance
	R	R	R
Subsidy/Grants	36 275 090	36 161 395	113 695
Own Revenue	8,770,137	8 842 669	90 331
Other Revenue	66 266	117 601	(51 335)

Employee Related Costs	17 597 427	13 519 237	4 078 190
Remuneration of Board Members	1 203 335	0	1 203 335
Contracted Services	17 218 884	14 519 771	2 699 113
Other Expenditure	6 505 960	7 067 826	(561 866)

SDBIP and KPA Analysis

HCT's strategic objectives are linked to the SDBIP and the key performance areas at entity level are aligned to the strategic objectives of the City and the Cluster.

The entity is proposing the following projects as part of the business plan for 2018/19.

Focus Area	Identified Programme
Spatial Transformation Area	(Townlands) 500 Units
	(Chantelle X 39) 100% installation of bulk services
	(Timberlands) 100% installation of bulk services
	(Sunnyside) 100% Upgrading bulk infrastructure services
	(Capital Park) 69 units
	(Oosmoot) 60 Units

The KPAs and KPIs were included in the IDP Sub-Programme Annual Implementation Plan, in the Business Plan as per the balanced scorecard. Most of the KPIs and KPAs complied with the requirements of being SMART (Specific, Measurable, Achievable and Time based).

Risk Analysis

The entity has two high risks as detailed below and are as follows:

- Inadequate levies and rental revenue, due to Poor levies collection by HCT because of low levies payment rate by Clarina residents.
- Lack of IT governance, due to non-compliance to King III Chapter 5.

These risks should be monitored and the developed mitigation actions should be implemented to ensure that they are brought into acceptable risk level.

Budget Analysis

Operational budget as per Business Plan

Revenue	R '000
Revenue	
Grants / Subsidies	54 150
Own Revenue	395 382
Other Revenue	6 980 004
Total	61 525 386

Expenditure	R '000
Employee Costs	34 321 998
Remuneration of Directors	1 506 566
Contracted Services	10 779 145
Other Expenditure	15 395 953
Total	61 206 657

Entity has budgeted R318 729 surplus.

Alignment to Indicative Budget

The totals of the operational budget is not aligned to the indicative budget figures provided by the Budget Office. There are however a number of variances on some of the line items. These were as follows:

Budget Items	As per Business Plan	As per Budget Office Indicative	Variance
	R '000	R '000	R '000
Subsidy/Grants	150 000	150 000	0
Employee Costs	34 321 998	37 463 559	(3 14 561)
Contracted Services	12 855 163	9 080 599	3 774 564

SDBIP and KPA Analysis

TEDA's strategic objectives are linked to the SDBIP and the key performance areas at entity level are aligned to the strategic objectives of the City and the Cluster.

The entity is proposing the following projects as part of the business plan for 2018/19

Strategic Focus	Identified Programme
Economic transformation	<ul style="list-style-type: none"> • Launch and construction of the Tshwane Agroprocessing Hub • Feasibility studies completed for the Clothing & Textile Hub; • Feasibility studies completed for the Bio-Energy Facility • Detailed feasibility study completed • Investment attraction finalized • 3 capacity building workshops held for Tshwane companies • 4 foreign trade missions facilitated by TEDA • Attracting R1.5 billion worth of Investment into City of Tshwane • Facilitating 350 job opportunities via investment attraction and development projects • Facilitation of one Area Based Development (ABD) through solicitation and mobilization of proposals and private capital respectively.

The KPAs and KPIs were included in the IDP Sub-Programme Annual Implementation Plan, in the Business Plan as per the balanced scorecard. Most of the KPIs and KPAs complied with the requirements of being SMART (Specific, Measurable, Achievable and Time based).

Risk Analysis

The entity has three high risks and one critical risk as detailed below and are as follows:

- Inability to implement the financial sustainability model, due to non-fulfilment of SDA undertakings as well as Failure to generate alternative/ own revenue streams;
- Delays in issuing of long-term lease over farm portion 337 Elandshoek 137Jr, due to lack of progress by Group Property Management within the CoT
- Failure to implement MSCOA, Delays in procuring an MSCOA Integrated Financial System due to lack of an implementation plan for MSCOA
- Lack of funds to implement MSCOA; and
- Disestablishment of the entity, due to Review of the Entity as well as Non-approval of Business Plan and Budget for 2017/2018

These risks should be monitored and the developed mitigation actions should be implemented to ensure that they are brought into acceptable risk level.

The two municipal entities, Tshwane Economic Development Agency (TEDA) and Housing Company Tshwane (HCT) draft business plans which include their respective multi-year budgets is also tabled with the report as part of the suite of documents for public comments and the submission to the relevant National and Provincial departments. They are attached as Annexure I and J to the report.

5. COMMENTS OF THE STAKEHOLDER DEPARTMENTS

5.1 COMMENTS OF THE CHIEF FINANCIAL OFFICER

Cognisance is taken of the contents of the report.

The purpose of this report is to table the City of Tshwane reviewed 2018/19 Integrated Development Plan and Service Delivery and Budget Implementation Plan (SDBIP) scorecard to Council as part of the suite of documents that supports the 2018/19 – 2020/21 MTREF in terms of section 16(2) of the MFMA, Section 34 of the MSA and Section 3(4)(b) of the Municipal Planning and Performance Management Regulations, 2001 for comment.

It is indicated in the report that commitments, targets and projects contained in the draft reviewed 2018/22 IDP are based on available funding as per the draft 2018/19 – 2020/21 MTREF tabled together with the IDP and should the MTREF be amended, the performance targets and projects will also have to be amended accordingly.

The approval of an Integrated Development Plan, as required by the Municipal Systems Act, Act 32 of 2000, is a critical milestone that needs to be achieved to ensure sustainable planning within any municipality.

All financial implications which will emanate as a result of this report must be managed with the approved Medium-Term Revenue and Expenditure Framework.

5.2 COMMENTS OF THE GROUP HEAD: GROUP LEGAL AND SECRETARIAT SERVICES

This report seeks the tabling of the City of Tshwane reviewed 2018/19 Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) before Council to allow for public comment, and to allow for the communication of the same to the relevant Provincial and National Departments as required by legislation.

The Executive Mayor is required by the provisions of section 21 read with 16 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) to, inter alia, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revision of the integrated development plan and budget-

related policies are mutually consistent and credible, and at least 10 months before the start of the budget year, to table in the municipal council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget; the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), and the budget-related policies.

In accordance with the provisions of section 22 of Act No. 56 of 2003. Immediately after an annual budget is tabled in a municipal council, the Municipal Manager must in accordance with Chapter 4 of the Municipal Systems Act, make public the annual budget and the documents referred to in section 17(3); and invite the local community to submit representations in connection with the budget; and submit the annual budget to the National Treasury, and the relevant provincial treasury, and to other municipalities affected by the budget. The provisions of Section 3(4)(b) of the Municipal Planning and Performance Management Regulations, 2001 also requires that (4) No amendment to a municipality's integrated development plan may be adopted by the municipal council unless, *inter alia*, the proposed amendment has been published for public comment for a period of at least 21 days in a manner that allows the public an opportunity to make representations with regard to the proposed amendment.

The purpose of the publication for comment is to enable the council to consider budget submissions, and to give the Executive Mayor an opportunity to respond to the submissions; and if necessary, to revise the budget and table amendments for consideration by Council, in compliance with section 22 Act No. 56 of 2003 read with Section 16 of the Municipal Systems Act, 2000 .

The recommendations as indicated on the report consist of the tabling of the draft Reviewed 2018/22 IDP document before Council to allow publication for public comment, and to allow for the communication to the relevant Provincial and National Departments as required, in compliance with the aforesaid legislative provisions, and approval thereof is supported by this Group Legal and Secretariat Services Department.

6. IMPLICATIONS

6.1 HUMAN RESOURCES

Departments made submissions of projects based on available resources. As per legislation, it is required that once the IDP is approved, performance agreements will be concluded by the City Manager and direct reports to the City Manager, to ensure the implementation of the IDP.

6.2 FINANCES

The commitments, targets and projects contained in the draft Reviewed 2018/22 IDP are based on available funding as per the draft 2018/19 – 2020/21 MTREF tabled together with the IDP. Should the MTREF be amended, the performance targets and projects will also have to be amended accordingly.

6.3 CONSTITUTIONAL AND LEGAL FACTORS

This report addresses a legislative requirement for Council to consider for public comment its IDP 90 days before the beginning of the financial year.

6.4 COMMUNICATION

The decision of Council regarding the draft 2018/22 Reviewed IDP will be made public via the Tshwane website and newspaper notices. The same document will be submitted to National Treasury, Provincial Treasury, and the MEC for Local Government and Housing comment. Following community participation process of April 2018, the reviewed IDP will be revised here required and submitted to Council for approval.

6.5 PREVIOUS COUNCIL OR MAYORAL COMMITTEE RESOLUTIONS

None.

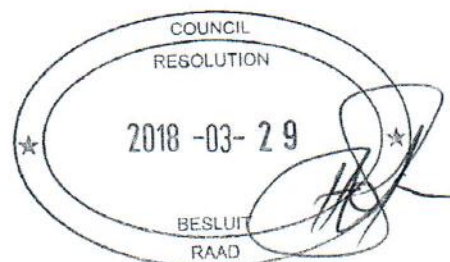
7. CONCLUSION

This report tables the draft Reviewed 2018/22 IDP for public comment and should therefore be read together with the draft MTREF.

During consideration of this item by Council on 29 March 2018, and after Councillors NP Tyobeka-Makeke and MO Mabogwana addressed Council on this matter, it was resolved as set out below:

ANNEXURES:

- A. Consolidated Draft 2018-19 IDP V3
- B. BEPP - Introduction
- C. BEPP - Spatial Planning and Targeting
- D. BEPP - Catalytic Urban Development Programme & Preparation
- E. BEPP - Catalytic Urban Development Programme Resourcing
- F. BEPP - Implementation
- G. BEPP - Urban Management
- H. BEPP - Reporting & Evaluation
- I. Draft HCT 2018-19 Business Plan
- J. Draft TEDA 2018-19 Business Plan



RESOLVED:

1. That the draft Reviewed 2018/22 Integrated Development Plan (IDP) document be tabled to Council to allow for public comment.
2. That Council allows for the communication of the attached document to relevant provincial and national departments as per legislative requirements.
3. That the Draft 2018/19 Build Environment Performance Plan (BEPP) attached as Annexure B be submitted to National Treasury.

4. That the 2018/19 Business Plan (including the annual budget) for Housing Company Tshwane (HCT) and Tshwane Economic Agency (TEDA), annexed as Annexure I and J, be tabled in terms of section 87(2) and (3) of the Municipal Finance Management Act.
5. That the 2018/19 Business Plans (including the annual budgets) of Housing Company Tshwane (HCT) and Tshwane Economic Agency (TEDA) be made available to the public and that the local community be invited to submit representations in connection with the budgets in accordance with Section 22(a) of the Municipal Finance Management Act.
6. That the 2018/19 Municipal Entities Business Plans (including the annual budget) of the municipal entities be submitted to the Gauteng Provincial Treasury and the National Treasury in accordance with Section 22(b) of the Municipal Finance Management Act.



