



**1.2.3 CITY STRATEGY AND ORGANISATIONAL PERFORMANCE
DEPARTMENT
PROPOSED ADJUSTMENT OF THE 2019/20 SERVICE DELIVERY AND BUDGET
IMPLEMENTATION PLAN (SDBIP)
(From the Special Executive Committee: 17 February 2020 and the Special
Mayoral Committee: 18 February 2020)**

1. PURPOSE

To table the proposed adjustments to the approved 2019/20 Service Delivery And Budget Implementation Plan (SDBIP) targets and indicators for the 2019/20 financial year and to include new indicators that are required for reporting in terms of MFMA Circular No. 88 of the Municipal Finance Management Act, 2003.

2. STRATEGIC PILLARS

- Strategic Pillar 5: A City that is open, honest and responsive.

3. BACKGROUND

The SDBIP adjustment process is guided by the Municipal Finance Management Act, 2003 (Act 56 of 2003). Section 72(1) of the MFMA states the following:

The accounting officer of the municipality must, by 25 January of each year –

Assess the performance of the municipality during the first half of the financial year, taking into account in terms of section 54(1) (c) of the MFMA –

- the monthly statements referred to in section 71 for the first half of the financial year;
- the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
- the past year's annual report, and progress on resolving problems identified in the annual report; and
- the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from such activities.

On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must–

“(c) consider and, if necessary, make any revision to the service delivery and budget implementation plan, provided that the revision to the service delivery targets and performance indicators in the plan may only be made with the approval of council following the approval of an adjustment budget.”

The SDBIP therefore may be revised after the consideration of, amongst others –

- financial performance (monthly statements);
- service delivery performance (mid-year performance assessment);
- annual performance assessment of the previous financial year; and
- performance of municipal entities.

MFMA Circular No.88 of the Municipal Finance Management Act, 2003, has introduced new performance that needs to be reported on. Tier 1 and Tier 2 indicators were introduced in the 2018/19 planning. In this adjustment, these are institutionalised for reporting through this report.

4. DISCUSSION

4.1 The process followed in the development of the 2019/20 SDBIP adjustment

The process towards the development of the adjustment of the 2019/20 SDBIP took into consideration the legislative requirement as per the MFMA. Furthermore, to ensure the credibility of the information, the following was undertaken:

- No amendments to targets unless the budget adjustment require it;
- Engagements with departments where changes were due to administrative errors;
- Sign-off by the departmental heads of all the proposed adjustments to the indicators;
- Alignment of the KPIs to the approved micro structure;
- Presentation of the proposed SDBIP changes to the City Manager to provide input in his capacity as the accounting officer; and
- New requirements in terms of Circular 88 of the MFMA which has introduced more indicators to be reported on as from Mid 2019/20 financial year.

4.2 Matters for consideration towards approval.

The following matters need to be considered in the process of adjusting the IDP and the SDBIP as proposed in this report:

- Whilst the calculation on the targets contained in this report are based on quarter 2 performance as tabled to Council in January 2020, this mid-year performance has not been audited by Internal Audit. Therefore any discrepancy between the numbers contained in this report and the audited performance results which may come later on is as a result of the timing of the report which did not allow for the audited results to be taken into consideration;
- The capital works programme contained in Annexure “B” of this report reflects only adjusted quarterly milestones. If there is a need to improve on these subsequent to the finalisation of the monthly milestones, the City Manager will drive the process and ensure that the milestones are used for reporting from the time of correction, moving forward; and
- Consideration should be given to aligning all institutional structures to the new approved micro structure to ensure that accountability rests with the Mayoral Committee and the correct oversight committee portfolios.

4.3 Proposed adjustment to improve performance reporting

The following principles guide the recommendations for the adjustment:

- Under-performance of capital projects which directly contribute to the SDBIP targets;
- Correction of ownership of KPI's as a result of the micro structure alignment and administrative errors;
- The findings and recommendations of Internal Audit and the Auditor-General, as well as the Performance Audit Committee on the approved 2018/19 SDBIP being taken into consideration; and
- Only quarter 3 and 4 targets are proposed for adjustment in instances where annual targets are proposed for adjustment.

4.4 Proposed adjustment to the SDBIP scorecard

This section provides details regarding the proposed adjustment on the main 2019/20 SDBIP scorecard per department where requested.

The main adjustment in the SDBIP has been the inclusion of the indicators prescribed by MFMA Circular 88. These indicators must be included in the main SDBIP Scorecard and a rigorous process were followed to engage all respective departments in finalising it. It should be noted that a fair number of indicators were already part of the main SDBIP scorecard. The adjusted SDBIP include descriptions of which indicators were added and is represented in the document as "New Indicator". A large number of these indicators are annual or quarterly reporting indicators and no targets can be set for the outer 2 quarters. There has been a number of indicators on which the targets have been reduced mainly due to slow project implementation and which are affected by the adjustment to the Budget. These relate to the services departments. Annexure "A" attached to the report contains all the details and reasons for the proposed adjustment. The adjustment to the Capital Works Plan which provide details of the adjusted projects are discussed in paragraph 4.6 below.

4.5 Implications of the SDBIP adjustment on the IDP

The proposed changes to the SDBIP will enhance the reporting on the indicators.

Although performance on the SDBIP at mid-year was not satisfactory, the City has begun implementing some interventions to improve performance. Some of these interventions or initiatives include the implementation of governance processes aimed at providing support to the implementation of capital projects and to remove the bottlenecks in the supply chain process. It is envisaged that improvement on the targeted governance processes will impact positively on service delivery targets set in the SDBIP for the 2019/20 financial year. The planned interventions will also assist the City to improve and fast track the implementation of capital projects as part of delivering on the 5year IDP targets.

4.6 Adjustment of capital projects contained in the SDBIP

The capital project list have been adjusted in line with the adjustment of the Capital Budget. The following provide a summary of the adjustment:

4.6.1.1 Summary of adjustment

A sum total of 20 projects to the value of R 206,039,779 were removed. The table below shows projects that are not performing and have been removed.

Table 4. 3: Summary of removed projects

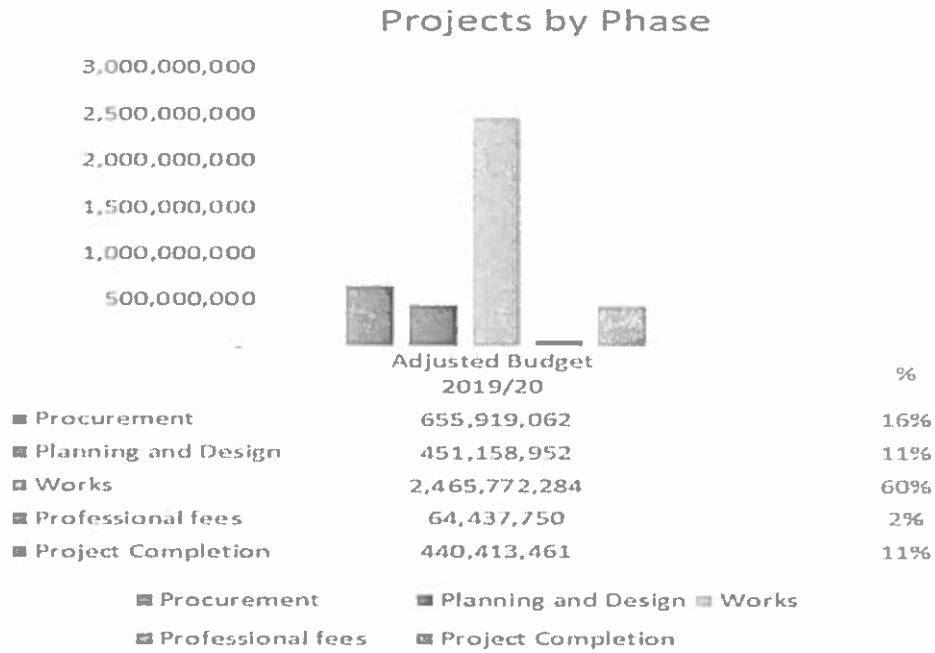
Department	Name	WBS Level 3	2019/20 Original Budget
Emergency Services	Construction of a new Emergency Services Station in Klip Kruisfontein	9.713081.1.015.K	R2,000,000
Group Human Capital Management	Machinery and Equipment	9.712953.1.020.M	R3,000,000
Health Services	Upgrading Of Clinic Dispensaries	9.712278.1.015.B	R9,500,000
Housing and Human Settlement	Olievenhoutbosch x36 - Bulk water line	9.710863.2.022.O	R20,000,000
Integrated Rapid Public Transport Network (IRPTN)	Pretoria Station	9.712591.1.002.8	R2,000,000
Integrated Rapid Public Transport Network (IRPTN)	Atteridgeville Taxi Interchange	9.712591.1.002.A	R10,000,000
Integrated Rapid Public Transport Network (IRPTN)	(712591) BRT Line 2C-Lynnwood Rd (btw January Masilela & Simon Vermooten)	9.712591.1.002.L	R2,000,000
Integrated Rapid Public Transport Network (IRPTN)	(712591) BRT Line 2C-January Masilela (btw Atterbury & Lynnwood Rd)	9.712591.1.002.Y	R2,000,000
Tshwane Bus Services	Automated Fare Collection (AFC - TBS)	9.713006.1.002.A	R15,000,000
ICT, Applications & Infrastructure	Solution Manager and Single Sign-on	9.710213.1.015.N	R7,000,000
ICT, Applications & Infrastructure	Mobile Application Development	9.710213.1.015.M	R5,000,000
Corporate & Shared Services	Purchase of a new Emergency Services Incident Reporting System	9.713082.1.015.E	R5,500,000
ICT, Applications & Infrastructure	Automation of waste revenue collection	9.712554.1.015.A	R8,000,000
Utility Services: Electricity	Electricity for All - Region 3	9.710178.2.016.C	R4,496,100
Utility Services: Electricity	Electricity for All - Region 6	9.710178.2.016.F	R23,543,679
Utility Services: Electricity	Electricity for All	9.710178.2.006	R38,000,000
Utility Services: Electricity	Electricity for All - Region 3	9.710178.2.006.C	R38,000,000
Utility Services: Electricity	Power Station Refurbishment: Turbine Rotors	9.712862.1.015.T	R1,000,000
Utility Services: Electricity	Ifafi 88/11kV Substation	9.712279.1.005.F	R5,000,000
Utility Services: Water and Sanitation	Ramotse-Marokolong waterborne sanitation	9.710878.2.005.R	R5,000,000
Total removals			R206,039,779
Number of projects			20

4.6.1.2 Project phases – Current state of affairs

An evaluation was done on the various stages at which the adjusted project list are. This provides an overview of the phase the projects are in.

The graph below provide a representation of these different phases.

Figure 4.1: Project Phases



The graph indicates that:

- 2% of the budget will be allocated for professional fees;
- 11 % of the projects is for design phase (confirmation of existing designs mainly);
- 16% of the projects will finalise their procurement phase by the end of the FY;
- 60% of the projects will continue at construction phase; and
- 11% will continue their completion phase

4.6.1.3 Number of projects included during the adjustment period

In light of projects that were removed above as well as the financial reduction of some projects, the City assessed the repository of MTREF projects and it is proposed that the 2019/20 adjustment period includes projects included in Table 4.4. Below.

Table 4.4: Summary of new projects included during the adjustment process

Department/Entity	Project Name	Project Number	Adjusted Budget 2019/20
Office of the City Manager	Capital Movables	712930	R81,326
Social Development	Social Development centre in Hammanskraal	712948	R4,700,453
Social Development	Social Development center in Winterveldt	712954	R3,014,590
Social Development	Social Development centre in Mabopane	712955	R9,260,759
Community and Social Development	Upgrading of Pilditch Stadium	712878	R4,400,000
Economic Development and Spatial Planning	Business Process Outsourcing (BPO) Park - IT	712977	R5,000,000
Housing Company Tshwane	Furniture and Office Equipment	Entity	R2,750,000

Department/Entity	Project Name	Project Number	Adjusted Budget 2019/20
Housing Company Tshwane	Townlands Project - Construction of 1,200 social housing units	Entity	R151,126,500
Housing Company Tshwane	Chantelle detail design and bulk infrastructure upgrade	Entity	R11,555,474
Housing Company Tshwane	Sunnyside detail design, bulk infrastructure and internal reticulation	Entity	R2,138,320
Housing Company Tshwane	Timberlands Construction Of 607 Social Housing Units	Entity	R55,420,855
Tshwane Economic Development Agency	Furniture and Office Equipment	Entity	R2,620,907
Health Services	Refurbishment of Rayton Clinic	712684	R1,300,000
Housing and Human Settlement	Water provision - Fortwest X4&5	710863	R7,500,000
Housing and Human Settlement	Water provision - Rama City	710863	R11,000,000
Housing and Human Settlement	Refilwe Manor 10ml reservoir	710863	R5,000,00
Housing and Human Settlement	Water provision - Garankuwa X10 - Water Connections	710863	R2,500,000
Housing and Human Settlement	Hammanskraal water reticulation	710863	R20,000,000
Housing and Human Settlement	Sewer provision - Fortwest X4&5	710864	R7,500,000
Housing and Human Settlement	Sewer provision - Rama City	710864	R10,000,000
Housing and Human Settlement	Sewer provision - Zithobeni Heights : Bulk Sewer	710864	R77,000,000
Housing and Human Settlement	Sewer connections - Ga-Rankuwa X10	710864	R2,500,000
Housing and Human Settlement	Zithobeni 8 pump station	710864	R20,100,000
Housing and Human Settlement	Mabopane EW (Ext 2) - roads and storm water	710865	R12,000,000
Housing and Human Settlement	Construction of roads & stormwater - Refilwe Manor X9	710865	R5,000,000
Housing and Human Settlement	Construction of roads & stormwater - Fortwest X4&5	710865	R10,000,000
Housing and Human Settlement	Booyens ext 4 - Expropriation	710868	R42,000,000
Roads and Stormwater	Mabopane Block U	712221	R10,000,000
Roads and Stormwater	Wintervelt	712221	R5,000,000
Roads and Stormwater	Upgrading of Mabopane Ux 1	712221	R5,000,000
Roads and Stormwater	Mamelodi Extension 4: Area 1	712223	R14,000,000
ICT, Applications & Infrastructure	Automated advanced metering system	712554	R30,000,000
Electricity	Hatherley 132/11KV substation	712279	R5,000,000
Water and Sanitation	Mamelodi Ext 11 Bulk and Water network link	712970	R75,000,000
Total additions			R629,469,184
Number of projects added			34

The inclusion of projects during adjustment should be considered very carefully as the final approval of the adjustment budget only takes place in February and the project need to be completed within only four months. Departments will have to ensure that all processes for the completion thereof is prioritised and finalised.

4.6.1.4 Fund Transfers

All fund transfers were included in the adjustment analysis.

Department	Adjustments & Fund Transfers	Adjusted Budget 2019/20
City Manager	R81,326	R81,326
Community and Social Development Services	R19,813,117	R85,670,117
Community Safety	R-26,650,000	R76,717,879
Economic Development and Spatial Planning	R67,200,000	R135,564,500
Entities	R225,612,056	R225,612,056
Environment and Agricultural Management	R0	R63,000,000
Group Audit and Risk	R0	R25,150,000
Group Communication, Marketing & Events	R190,000	R4,390,000
Group Financial Services	R-45,000,000	R69,262,350
Group Human Capital Management	R10,000,000	R17,200,000
Group Legal Services	R0	R300,000
Group Property Management	R0	R19,700,000
Health Services	R11,688,918	R42,849,918
Housing and Human Settlement	R-92,916,461	R816,283,539
Regional Operations & Coordination (ROC)	R2,463,746	R53,663,746
Roads and Transport	R49,407,000	R996,720,729
Shared Services	R55,500,000	R313,500,000
Utility Services	R4,570,668	R1,132,035,349
Grand Total	R281,960,370	R4,077,701,509

5. COMMENTS OF THE STAKEHOLDER DEPARTMENTS

5.1 COMMENTS OF THE CHIEF FINANCIAL OFFICER

The purpose of the report is to table to the Mayoral Committee the proposed adjustments to the approved 2019/20 service delivery and budget implementation plan (SDBIP) targets and indicators for the 2019/20 financial year and to include new indicators that are required for reporting in terms of MFMA Circular No. 88 of the Municipal Finance Management Act, 2003.

It is imperative that Strategic Units / Departments align their non-financial SDBIP targets with the City's long term strategic intent.

There are no additional financial implications emanating as a result of this report on the City's budget.

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

The purpose of the report is to table to the Mayoral Committee the proposed adjustments to the approved 2019/20 service delivery and budget implementation plan (SDBIP) targets and indicators for the 2019/20 financial year and to include new indicators that are required for reporting in terms of MFMA Circular No. 88 of the Municipal Finance Management Act, 2003.

A service delivery and budget implementation plan means a detailed plan approved by the mayor of a municipality in terms of section 53 (1) (c) (ii) of the Local Government: Municipal Finance Management Act, Act, 56 of 2003, (MFMA) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-

- (a) Projections for each month of-
 - (i) Revenue to be collected, by source; and
 - (ii) Operational and capital expenditure, by vote;
- (b) Service delivery targets and performance indicators for each quarter; and
- (c) Any other matters that may be prescribed,

and includes any revisions of such plan by the mayor in terms of section 54 (1)(c) of the MFMA.

6. IMPLICATIONS

6.1 HUMAN RESOURCES

There is no impact on human resources as this is an administrative process and is dealt with through the normal annual planning processes.

6.2 FINANCES

The report seeks to approve the adjustment to the SDBIP in line with any budget adjustment.

6.3 CONSTITUTIONAL AND LEGAL FACTORS

The report complies with the provisions of the Municipal Finance Management Act, 2003 (Act 56 of 2003), MFMA Circular No. 13, 63 and 88.

6.4 COMMUNICATION

After approval, this document will be circulated to the relevant stakeholders and placed on the Tshwane public website and published in the local newspapers for information and implementation.

6.5 PREVIOUS COUNCIL OR MAYORAL COMMITTEE RESOLUTIONS

This report tables an adjustment of the 2019/20 SDBIP that was approved by the Mayoral Committee and Council on the 30th May 2019.

7. CONCLUSION

The proposed adjustments to the 2019/20 SDBIP scorecard were developed taking into consideration the performance as at mid-year, as well as planning within the existing capital program approved by the City. They were further informed by the Auditor-General's audit of performance objectives.

ANNEXURES:

- A. Proposed adjusted 2019 SDBIP SC 13.02.2020
- B. Adjustment 2019-20 v3 Capital Works Plan LV

IT WAS RECOMMENDED (TO THE SPECIAL MAYORAL COMMITTEE: 18 FEBRUARY 2020):

That it be recommended to Council:

1. That the adjustment to the 2019/20 Service Delivery and Budget Implementation Plan (SDBIP) targets, indicators and projects as contained in Annexure "A" and "B" to this item be recommended to Council for approval;
2. That where applicable, the scorecards of senior managers be adjusted to reflect the approved adjustments in the SDBIP; and
3. That the approved adjusted documents be sent to the relevant stakeholders as per the legislative requirements.

During the consideration of the report, it was agreed:

That the following additional recommendations be added:

1. That the 2019/20 Service Delivery and Budget Implementation Plan (SDBIP) be in line with the 2019/209 Budget Adjustment, and
2. That the amendments made by the Mayoral Committee be effected in the report prior submission to Council.

In view of the above, it was:

IT WAS RESOLVED (BY THE SPECIAL MAYORAL COMMITTEE: 18 FEBRUARY 2020):

1. That the adjustment to the 2019/20 Service Delivery and Budget Implementation Plan (SDBIP) targets, indicators and projects as contained in Annexure "A" and "B" to this item be recommended to Council for approval;
2. That where applicable, the scorecards of senior managers be adjusted to reflect the approved adjustments in the SDBIP;
3. That the approved adjusted documents be sent to the relevant stakeholders as per the legislative requirements;
4. That the 2019/20 Service Delivery and Budget Implementation Plan (SDBIP) be in line with the 2019/2020 Budget Adjustment, and
5. That the amendments made by the Mayoral Committee be effected in the report prior submission to Council.

RESOLVED:

1. That the adjustment to the 2019/20 Service Delivery and Budget Implementation Plan (SDBIP) targets, indicators and projects as contained in Annexure "A" and "B" to this item be approved;
2. That where applicable, the scorecards of senior managers be adjusted to reflect the approved adjustments in the SDBIP; and
3. That the approved adjusted documents be sent to the relevant stakeholders as per the legislative requirements.

