# BUDGET/IDP PROCESS PLAN

# 2015/2016

The Mayor

Amahlathi Municipality

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Stutterheim

# SECTION ONE: BUDGET PROCESS PLAN

## 1. INTRODUCTION

The concept of a 3-year budget is now well-entrenched in the Council's budgeting process and has been improved upon over the last six years. Guidelines issued on budget processes by National Treasury from time to time have helped to refine and improve our systems.

The budget proposals for the 2016 MTEF should be informed by Council's Integrated Development Planning Process, particularly in terms of objectives, outputs and targets envisioned for the next 3 years. In this way, budget proposals and the Integrated Development Plan will be linked directly to each other.

Better budgeting enhances service delivery. This is the main message underlying the Municipal Finance Management and Budgeting Reform Programme and the MFMA. In particular, integrated planning, budgeting and monitoring of service delivery performance strengthens the link between the services that departments provide and the benefits and costs of these services. The performance management system gives effect to the emphasis on improved transparency and accountability for the management and use of public resources.

The *Budget Process Plan is* issued to the Council, Executive Committee, Municipal Manager and various departments for the preparation of their 2016 MTEF budget proposals. It sets out the tasks to be performed and timeframes for each process. It is imperative that the timeframes are strictly adhered to in order to finalise the budget on time.

## 2. BUDGET PROCESS

The Medium Term Expenditure Framework (MTEF) details 3-year rolling expenditure and revenue plans for Amahlathi Municipality. The MTEF budget process is designed to match the overall resource envelope, estimated through 'top-down' macroeconomic and fiscal policy processes, with the bottom-up estimation of the current and medium-term cost of existing departmental plans and expenditure programmes

The budget process allows Council to:

- Strengthen and evaluate the alignment between medium and long-term plans and funding proposals
- Revise its policy priorities, macroeconomic framework and resource envelope
- Evaluate departmental plans and allocate available resources in line with policy priorities
- Obtain the required authority from Council to spend [service delivery]
- Align parameter setting with budget outcomes and resource allocations.
- Link the Integrated Development Planning Process with the budget process

The purpose of the 2016 budget process will be the completion of a medium-term expenditure framework that apportions resources in line with Council's policy priorities for the next three years. How this will be achieved is described below.

### 2.1.1 Matching policy priorities and resources

Deciding and agreeing on the best allocation of scarce resources to fund Council's many social, economic and political goals is the main purpose of the budget process.

Drafting these three-year plans will guide the policy prioritisation and budgeting process for the 2016 MTEF.

Formulating an MTEF that has a three-year outlook will be put together by various role-players who interact at various stages of the budget process.

> Formulating an MTEF differs from annual budgeting. In annual budgeting, the amount allocated to spending programmes is adjusted incrementally, with hardly any alignment to policy priorities. An MTEF provides the "linking framework" that allows expenditures to be "driven by policy priorities and disciplined by budget realities".   – refer IDP.

### 2.1.2 Medium term policy review

The budget process starts early in the year with a review of the IDP and budget processes of the previous year, the budget parameters are set in September 2014 with the Budget Steering Committee and Budget Task Team.

Additional resources for funding new priorities arise from a review of the overall budget framework, including fiscal policy considerations, overall spending growth, inflation assumptions, and debt interest projections [if applicable at this stage].

> The resource envelope that funds the new priorities consists of the two outer forecast years of the 2015 MTEF. This is the starting point for the new budget and planning process and is used as a basis to determine the MTEF allocation for the period 2015/16 to 2017/18

The allocation of resources to the different sections and departments will be largely determined by Council's policies and priorities, which are reviewed during the process of developing the MTEF/budget and will take into account the various departments responsibilities for service delivery.

The timeline for critical budget decisions in the policy review stage of the process is outlined in table 1.

*Table 1: Process plan timeline*

| | |
|---|---|
| July – August | IDP and budget process plan review and table to council before **31 August** |
| September | Parameter setting and establishing the Budget Steering Committee |
| October | Consideration of the revision of the Council's establishment plan – meeting the HR capacity needs and the cost application of such capacity [functions to be considered |
| November to January | Aligning the budget to Council policy priorities |
| December | Mid-year review process, Costing of personnel requirements, Submission of Budget Proposals |
| January | Mid- year review approved by council not later **25th January**, Consolidate budget submissions |
| February | Revised Budget Approved by council not later than **25th February** |
| February | Consolidation of budget |
| March | Exco approval and tabling the Draft budget to Council not later than **31st March** |
| April – May | Public consultation on the IDP and Budget – Council Approval not later than **30th May** |
| June | Submission to National Treasury within **7days** |

## 3. COMPILING MTEF BUDGET PROPOSALS

### 3.1.1 Budget Principles

Budgeting within the Medium Term Expenditure Framework is based on a set of core principles that relate to:

- Fiscal policy and the budget framework
- Policy priorities and public expenditure
- Political oversight of the budget process
- Budgeting for service delivery

### 3.1.2 Fiscal policy and the budget framework

Medium-term spending plans of the various clusters for the period 2015/16 to 2017/18 will be prepared within the context of Council's macroeconomic and fiscal framework.

As part of a three-year rolling budget process, the budget framework is revised each year. Additional resources for new expenditure will form part of the macroeconomic forecast. Growth in external funding particularly for capital projects is

important if Council is to meet the objectives established in the IDP. Council is dependant on the Equitable Share to provide free basic services and support to the indigent in terms of council's Indigent support Policy.

The MTEF set out in the 2015 budget will define the budget baseline for the 2016 MTEF. The various role-players will have to examine the fiscal implications of new spending pressures and match them to available resources.

### 3.1.3 Policy priorities and public expenditure

Strengthening the link between Council policy priorities and expenditure is at the core of medium-term budgeting. Expenditure allocation translates policy priorities into the delivery of services to communities, and is therefore a key tool for accomplishing Council's goals.

### 3.1.4 Political Oversight of the Budget Process

The key to strengthening the link between priorities and spending plans lies in enhancing political oversight of the budget process. The Mayor has established a Budget Steering Committee to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA.

Political oversight of the budget process is essential to ensure that:

- The political executive is responsible for policy and prioritisation
- Policy priorities are linked to cluster spending plans and the delivery of quality services

The Budget process commences with parameter and policy assessment and formulation.

Budgeting is primarily about the choices and trade-offs that Council has to make in deciding how to meet the agreed set of policy objectives through better service delivery. Political oversight of the budget process allows Council to manage the tension between competing policy priorities and fiscal realities.

### 3.1.5 Budgeting for Service Delivery

Strengthening the link between Council's priorities and spending plans is not an end in itself. The goal is to improve delivery of services and ultimately the quality of life of people throughout Amahlathi.

Better budgeting, as mentioned in the introduction, leads to enhanced service delivery. In particular, integrated planning, budgeting and monitoring of service delivery performance strengthens the link between the services that departments provide and the benefits and costs of these services. It is important to emphasise the role of performance management which serves to monitor performance against measurable performance objectives that are informed by service delivery targets as captured in the IDP.

> *Measurable objectives* are defined as specific, quantifiable results or outcomes that can be achieved within a foreseeable time period. They serve as a roadmap for achieving the institutions goals and define the actual impact on the municipality rather than focussing on the level of effort that is expended. They are tools to assess the effectiveness of an institutions performance and the value added to the municipality.

The municipality must develop and approve measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's IDP. These measurable performance objectives must inform the Service Delivery and Budget Implementation Plan which must be approved by the Mayor within 28 days after the approval of the budget.

## 4. DETAILED BUDGET PROCESS PLAN

| MONTH | ACTIVITIES RELATING TO NEW BUDGET FOR THE NEXT YEAR |
|---|---|
| August | <ul><li>Establish the Budget Task Team.</li><li>The team would be representative of each department.</li><li>Departments will requested to confirm nominations to the team.</li><li>The BTO will be the coordinator and facilitator of the team.</li><li>Review the budget processes undertaken for the previous year budget preparation, and adapt the processes to address deficiencies and develop improvements.</li><li>Ensure that technical systems, procedures and standardised documentation are in place.</li><li>Review allocation of powers and functions for possible changes impacting on next budget.</li><li>Determine the financial position of the municipality and assess its financial capacity and potential</li><li>Impacts on future strategies and budgets.</li><li>Present the budget process plan to the Executive Committee for adoption.</li></ul> |
| September | <ul><li>Budget team to make suggestions on any structural changes to the budget.</li><li>The Executive Committee to establish the future directions and priority areas for the municipality to guide the budget allocations.</li><li>Set parameters for the next three years based on market trends and other information available:<ul><li>Tariff increases</li><li>Salary increases</li><li>General expenses</li><li>Repairs and Maintenance</li><li>Key changes to be reflected considering all strategies and studies</li><li>Develop priority areas</li><li>Reflect on all factors that could potentially impact on future budgets</li></ul></li><li>Confirm existing and set new policy priorities for next three years.</li><li>Determine the funding/revenue potentially available for next three years.</li><li>Investigate and make recommendations regarding any possible additional sources of funding/revenue.</li><li>Each Cluster Champion to submit to the finance department all funding available to the cluster for the next three years from National, Provincial (DORA) and District.<br>***This could for example include:***<ul><li>Infrastructure Grants</li><li>Recurrent Grants</li><li>Equitable Share</li><li>Other (e.g. Disaster Management/LED/HIV-aids, DOT)</li></ul></li></ul>***NB - funding identified is to be as per local government financial year and not National financial year.***<br><br><ul><li>Determine the most likely financial outlook and identify need for changes to fiscal strategies.</li><li>Refine funding policies including tariff structures, if necessary.</li></ul> |

| | |
|---|---|
| **October** | ▪ Review and update pricing strategies of National Regulators e.g. NERSA<br>▪ HOD,s to assess the Human Resource component of the operating budget for the next year and the two following years and make submissions to the BTO.<br>▪ Submissions would include full motivations for each post and assessments must take into consideration all known studies, establishment plan (organogram) and any other future developments over the next three years that would require a provision for costing.<br>▪ The submissions on HR would then be considered by the Municipal Manager in consultation with each HOD, to be facilitated by the finance department.<br>▪ The submissions on the HR component of the budget to be provided to the HR department.<br>▪ The HR Department would then be responsible for determining the costs associated with the submissions. This information is then captured by the finance department.<br>▪ The BTO will then consider whether the costs are within the parameters set for salary costs and refer back the HOD,s and Municipal Manager if necessary<br>▪ HR to calculate the required budget amount for the Leave Gratuity Fund. |
| **November** | ▪ Departments are to scientifically determine operating income/costs linked to the budget for the next three years under the budget categories:-<br><br>   o General Expenses<br>   o Repairs and maintenance<br><br>▪ The finance department will be instrumental in determining budget figures for:-<br>   o Insurance<br>   o Interest and redemption<br>   o Provision for bad debts<br>   o Interest earned<br>   o Contributions<br>   o Remissions<br>   o Administration charges<br>   o Depreciation<br><br>▪ These costs are to be submitted to the BTO for inclusion in a line item budget designed for three years.<br>▪ The templates will be provided by the BTO.<br>▪ Departments are to consider projections on past performance and adjusted for known factors, known commitments and asset maintenance requirements.<br>▪ Adjust plans to align with resources available and policy priorities.<br>▪ Departments are to submit text summaries for each cost/functional Centre on what is contained in the operating budget, what are the major changes, what are the major functions of the department are and, what the key objectives/measurable outputs are.<br>▪ BTO to confirm dates for Executive Committee and Council meetings for the next calendar year in order to ensure legislative compliance.<br>▪ Departments are to submit any changes to the current year budget for inclusion in the adjustment budget. |

| | |
|---|---|
| **December** | ▪ The submissions are to be consolidated by the finance department with all working papers that would have been submitted in support of the proposed budget.<br>▪ The BTO will keep a central file on all budget assumptions.<br>▪ The BTO will consolidate all submissions on the adjustments budget and prepare a Draft Adjustment Budget if necessary. |
| **January** | ▪ Continue finalisation of detailed plans and budgets.<br>▪ Review tariffs and charges and develop options for changes to be included in draft budget.<br>▪ Incorporate changes in preliminary budget to take account of consultations on tariffs.<br>▪ Refer to IDP process for project identification per cluster.<br>▪ Projects are to be linked to strategies.<br>▪ Submit Mid-year performance review to council by **25 January.**<br>▪ Submit Adjustments budget, if necessary, for current year to Executive Committee. |
| **February** | ▪ Submit Adjustments Budget for current year to Council by **25 February.**<br>▪ Submit Adjustment Budget to National and Provincial Treasury.<br>▪ Finalise detailed Draft Budget in uniform formats. |
| **March** | ▪ The draft budget is presented to the Executive Committee.<br>▪ Finalise budget for next three years in prescribed format.<br>▪ Executive Committee adopts Budget.<br>▪ Mayor tables the Draft Budget to Council by **31 March.** |
| **April** | ▪ Council debates budget and updated IDP.<br>▪ Advertise Budget and IDP, inviting comments and undertake community consultation on budget and updated IDP.<br>▪ Receive and analyse additional inputs from community and other stakeholders.<br>▪ Incorporate feedback from community and other stakeholders and if required revise the budget previously tabled to Council. |
| **May** | ▪ Municipal council approves budget, tariffs and IDP by **30 May.** (Budget for current year and notes budget projections for the two years thereafter) |
| **June** | ▪ Publish budget, tariffs and IDP for 2015/2016.<br>▪ Complete and submit the returns required by National Treasury.<br>▪ Forward an electronic and hard copy of Budget to Provincial and National Treasury and relevant provincial departments.<br>▪ Print the budget for public and internal distribution. |

# SECTION TWO: IDP PROCESS PLAN

## 1. INTRODUCTION

On the 30th May 2014, Amahlathi Municipality adopted its 2014/15 Integrated Development Plan (IDP) for the municipality. The IDP was developed in accordance with requirements set out in the Municipal Systems Act (32 of 2000) and Local Government Municipal Planning and Performance Management Regulations (2001). The municipality will be reviewing its IDP for 2015/16 financial year.

Section 28 (1) of the Municipal Systems Act no. 32 of 2000 states that each municipal council must, within a prescribed period after the start of council's elected term, adopt a process set out in writing to guide the planning, drafting, adoption and review of its IDP. The way in which the IDP process will be undertaken is outlined in Process Plans which all municipalities must prepare. These Process Plans need to comply with this Framework Plan to ensure alignment and co-ordination between district and local municipalities as stipulated in the Municipal Systems Act.

The Local Government: Municipal Planning and Performance Management Regulation, 2001 provides elaborately on the contents of the Integrated Development Plan and the processes the Municipality must subject the IDP process into when doing its development or review.

### 1.1 Legal context

According to Section 27(2) of the Municipal Systems Act, the framework plan binds both the district municipality and the local municipalities. The Act states that the framework plan must at least cover the following issues:

- Identify plans and planning requirements binding in terms of national and provincial legislation on the district municipality and the local municipalities or on any specific municipality;
- Identify matters to be included in the integrated development plans of the district municipality and the local municipalities that require alignment;
- Specify the principles to be applied and co-ordinate the approach to be adopted in respect of those matters; and
- Determine procedures:

    i)    For consultation between the district municipality and the local municipalities during the process of drafting their respective integrated development plans; and
    ii)   To effect essential amendments to the framework.

The Municipal Finance Management Act (MFMA) is very clear in respect to time-frames for the IDP and the budget. The MFMA requires the budget and IDP schedule (or the IDP Process Plan) to be adopted by Council by the end of August, the budget and IDP to be tabled before the council in March and Budget and IDP to be adopted by council in May (section 21 and 24).

### 1.2 Elements of IDP development

The IDP reviewal process is mainly geared towards picking up on early-warning sign for corrective action whenever it is required. The Performance Indicators are flowing from the IDP and constitute the heart of the Performance Management System. The above lay the basis for the review of the Integrated Development Plan.

Aside from the statutory imperative, it is necessary for Amahlathi Municipality to review its IDP in order to:

- Ensure the IDP's relevance as the municipality's strategic plan
- Inform other components of the municipal business processes, including institutional and financial planning and budgeting
- Inform the cyclical inter-governmental planning and budget processes

In the IDP review cycle changes to the IDP may be required from these main sources:

- Comments from the MEC, if any;
- Incorporation of the most recent descriptive data
- Review and refinement of the objectives and strategies
- Review and refinement of the projects
- Amendments in response to changing circumstances; and
- Improving the IDP process and content.

The significant development, which in all probabilities will have a huge impact on the IDP, is the Community Based Planning. The Community Based Planning is a planning instrument, which is geared towards the enhancement of the community participation component of the IDP. Of particular concern has been the inability of the IDP to translate community participation into an organic process.

## 1.3 IDP Process

This process describes a continuous cycle of planning, implementation and review as can be seen in the figure below. During the year new information becomes available and unexpected events may occur. Some of the information can make immediate changes to the planning and the implementation of the IDP. After the reviewed IDP has been adopted, implementation as well as situational changes will continue to occur, which is again monitored throughout the year and evaluated for consideration in the next IDP review (DPLG, IDP Guide Pack, Guide IV).
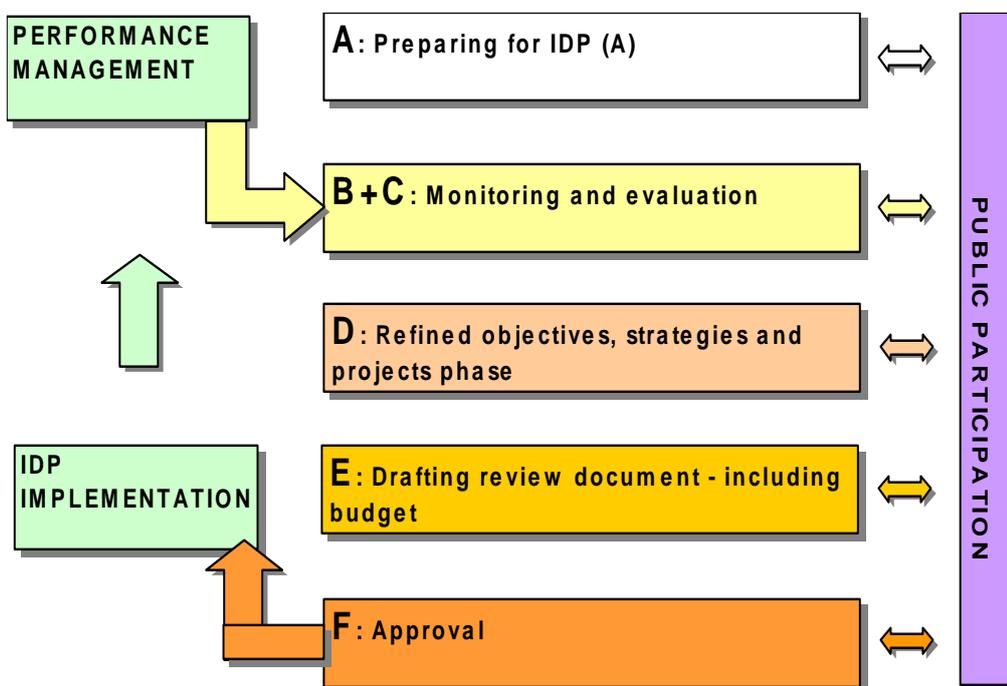


Each of these steps is reflected in the Action Plan which outlines the time frames and activities within which these steps should take. Because the roll out of the PMS is part of the review process, it is also included in the Action Plan.

## 2. ORGANISATIONAL ARRANGEMENTS

Four structures will guide the IDP Review Process within the Amahlathi Municipal Area

2.1    IDP & Budget Steering Committees

## *2.1    IDP & Budget Steering Committee*

An IDP & Budget Steering Committee that would function, as a technical working team shall be composed of the following members:

- Municipal Manager
- Strategic Planning Manager
- Chief Financial Officer
- Engineering Manager
- Corporate Services Manager
- Community Services Manager
- Assistant Manager Finance
- Assistant Manager Protection Services
- IDP & PMS Manager

The steering committee would provide a technical support to the IDP Driver to ensure a smooth planning process.  It is supposed to guide the process.  This means that amongst other things it will be responsible for:
- Establishment of the Representative Forum
- Define criteria to choose members of the Forum
- Inform public about the establishment of the forum, request submissions of applications from stakeholders and communities (indicate objectives, activities and number of members)
- Identify additional stakeholders from unorganized groups, e.g. potential academics, advocates, doctors and resource persons.
- Submit proposed groups/ members to the Council for consideration

## *2.2    Integrated Development Plan Representative Forum*

The most critical structure established for this process, especially for purposes of ensuring maximized participation of different interest groups and sectors, is the IDP Representative Forum. The rationale behind the establishment of this committee is to ensure that communication channels are kept smooth and efficiently.

The function of the IDP Representative Forum includes the following:

- The Representative Forum will have to ensure that every activity and decisions taken in the IDP development process are communicated to the communities.
- They are also to monitor and ensure that all decisions that are taken with regards to routes that the IDP must take from time to time are followed to the latter.
- They are expected at all times to reflect and safeguard the community inputs. This means that they are the mouthpiece of the communities.
- They represent the interests of their communities.
- Provide an organizational mechanism for discussion, negotiation and decision making between stakeholders including the municipal government.
- Participate in the process of setting and monitoring key performance indicators.

*Ward/PR Councillors, Traditional Leaders and Ward Committees:* Their responsibility is to ensure that at all times their mandates in the Integrated Development Forum comes from communities which they represent particularly on issues affecting them. The Ward/PR Councillors, Traditional Leaders and ward Committees are further expected to communicate deliberations of the IDP Representative Forum and always ensure that feedback is given to the communities on progress registered. The minutes on the forums convened are always reported to the Council for considerations.

*Ward Planning Forum:* Voices of the community responsible for social mobilization, stressing the need to engage with local government to secure services and resources. This forum will champion the planning review processes at a ward level.

*District Municipality and Service Providers:* The main role of the Amathole District Municipality and Service Providers is to provide technical inputs and assistance on the process. The support unit established at the level of the Amathole District Municipality referred to as IDP/PMS Support Unit serves a critical role in the process specifically on the management of service providers and deviations thereof.

The overall monitoring to detect early warning signs was done by the Amathole District Mayors' Forum, which was constituted by all the Municipalities in the Amatole District Area. Furthermore the District Framework Committee was supposed to ensure integration and co-ordination of the IDP activities.

## 2.3 Cluster Teams

Cluster Teams, usually formed as a combination of IDP Steering Committees, councilors and government departments, will be established in accordance with clusters identified in the projects and strategies phase, and will be functional and reporting directly to the IDP Representative Forum on progress registered.

The main brief of the Cluster Teams is to refine projects agreed upon and lift out the details to be capture in project templates that were supposed to be included in the IDP. The Cluster Teams must undertake a pre-scooping work on projects that are due for implementation in the forthcoming planning cycle. The Representative Forum will also form the cluster teams, they will give the key issues arising from the technical analysis in order to finalize a list as priorities and give technical input on the clusters.

| CLUSTER | KEY PERFORMANCE AREA |
|---|---|
| **Good Governance and Public Participation** | • Focuses on issues of governance<br>• Stakeholder participation and co-ordination<br>• Involvement of public in the affairs of the municipality<br>• Formation of internal monitoring structures. |
| **Municipal Transformation and Institutional Development** | • Focuses on institutional development.<br>• Leadership development<br>• Capacity development<br>• Development and review of plans and policies. |
| **Local Economic Development, Special Programmes and Environment** | • Focus on programs to promote economic growth.<br>• Job creation programme<br>• Poverty alleviation<br>• Co-ordination small towns regeneration<br>• Promotion of agricultural activities.<br>• Development of SMME's and Co-operatives. |
| **Basic Service Delivery and Infrastructure** | • Focuses on service delivery<br>• Implementation of Free Basic Services and infrastructure development. |
| **Finance Viability and Management** | • Capacity Building<br>• Policies and By-Laws<br>• Institution Reparation<br>• Financial Statements<br>• Financial Controls<br>• Revenue Collection<br>• Information Technology<br>• Fleet Management<br>• Communication<br>• Community Based Planning (CBP) |

## 2.4    Inter-Governmental Relations

Chapter 3 of the Constitution Act 108 of 1996 provides for the principles that underlie the relations between the spheres of government. IGR meetings will sit on a quarterly basis and are an information-sharing vehicle where government departments and the municipality give light of their experiences and challenges with regards to service delivery. IGR forum is regarded as a strategic planning body with emphasis and updates on current financial year programmes and projects. It therefore serves as a feeder to both the IDP & District Communicator's Forum (DCF).

Only heads of government departments sit on these meetings, failing which representatives sent by these heads, the Municipal Manager, Strategic Planning Manager, ADM Communication/ Public Participation representative.

## 2.5 Schedule of meetings

In addition to various meetings, the following meetings are required for the IDP Review Process:

| STRUCTURE | DATE | TIME |
|---|---|---|
| Budget and IDP Steering Committee Meeting | 5 August 2014. | 10H00 |
| | 17 September 2014 | 14H00 |
| | 15 October 2014 | 10H00 |
| | 11 November 2014 | 10H00 |
| | 01 December 2014 | 10H00 |
| | 14 January 2015 | 10H00 |
| | 09 February 2015 | 10H00 |
| | 09 March 2015 | 10H00 |
| | 11 May 2015 | 10H00 |
| IDP & Budget Representative Forum Meeting | 25th September 2014 | 10H00 |
| | 04th December 2014 | 10H00 |
| | 11th March 2015 | 10H00 |
| | 13th May 2015 | 10H00 |
| Intergovernmental Relations Forum (IGR) | 14 August 2014 | 10H00 |
| | 19th November 2015 | 10H00 |
| | 17th February 2015 | 10H00 |
| | 21st May 2015 | 10H00 |
| Annual Report public hearings | 03rd -  06th November 2014 | |
| IDP/Budget Public Hearings (Road shows) | 09th – 15th April 2015 | |

## 3. MECHANISMS AND PROCEDURES FOR PUBLIC PARTICIPATION

The following public participation mechanisms are proposed for each and every milestone.

**Preparation Phase**                         Adverts on Newspaper
                                              Announcements on Local Radio Station

| | |
|---|---|
| **Monitoring and Evaluation Phase** | Representative Forum Meetings |
| **Objectives, strategies and Projects Phase** | Representative Forum Meetings |
| **Reviewed IDP Phase** | Public Hearings<br>Representative Forum Meetings |
| **Approval Phase** | Adverts on Newspaper<br>Announcements on Local Radio Stations<br>Representative Forum Meetings<br>Public Hearings |

## *3.1 Public Participation Strategy*

Chapter 4 of the Municipal Systems Act will guide in the development and implementation of the public participation strategy for the IDP process. In order to ensure that all stakeholders have the opportunity to be represented on the Representative Forum, the following forms of media will be used are:

- Forte FM
- Tru FM
- Daily Dispatch
- Eastern Cape Today
- What's New
- Community Newspapers

To ensure that the needs of unorganized groups are represented as well, advocacy groups and or Non-Governmental Organizations (NGOs) will be used as well for communication. Meetings of the Representative Forum will be held in any appropriate Municipal buildings and the languages to be used are:
- English
- Xhosa

## 4. BINDING PLANS AND LEGISLATITION

National legislation can be distinguished between those that deal specifically with municipalities arising from the Local Government White Paper on the one hand and sector planning legislation on the other.

The Municipal Structures and Systems Acts are specific to municipalities. The Systems Act has a specific chapter dedicated to IDPs and is the driving piece of legislation for the development of IDPs. Arising from the Systems Act, the IDP Regulations need to be complied with.

National sector legislation contains various kinds of requirements for municipalities to undertake planning. Sector requirements vary in nature in the following way:

- Legal requirements for the formulation of a discrete sector plans (e.g. a water services development plan).
- A requirement that planning be undertaken as a component of, or part of, the IDP (like a housing strategy and targets).
- Links between the IDP and budget process as outlined in the Municipal Finance Management Bill.
- Legal compliance requirement (such as principles required in the Development Facilitation Act – DFA – and the National Environmental Management Act – NEMA).
- More a recommendation than a requirement, which is deemed to add value to the municipal planning process and product (in this case, Local Agenda 21).

These are highlighted in the table below:

| CATEGORY | SECTOR REQUIREMENT | NATIONAL DEPT | LEGISLATION/POLICY |
|---|---|---|---|
| Legal requirement for a district/local plan | Water Services Development Plan | Department of Water Affairs and Forestry | Water Services Act |
| | Integrated Transport Plan | Department of Transport | National Transport Act |
| | Waste Management Plan | Department of Environmental Affairs & Tourism | White Paper on Waste Management |
| | Spatial planning requirements | Department of Rural Development and Land Reform | Land Use Management Act |
| Requirement for sector planning to be incorporated into IDP | Housing strategy and targets | Department of Human Settlements | Housing Act (Chapter 4, Section 9) |
| | Coastal management issues | Department of Environmental Affairs & Tourism | |
| | LED | Department of Economic Development, Environmental Affairs and Tourism, Department of Local Government and Traditional Affairs | Municipal Systems Act |
| | Integrated Infrastructure Planning | Department of Local Government and Traditional Affairs | |
| | Spatial framework | Department of Rural Development and Land Reform, Department of Local Government and Traditional Affairs | Municipal Systems Act, Land Use Management Act Bill |
| | Integrated Energy Plan | Department of Minerals & Energy | White Paper on Energy Policy, December 1998 |
| Requirement that IDP complies with | National Environmental Management Act (NEMA) Principles | Department of Economic Development Environmental Affairs & Tourism | National Environment Management Act (107 of 1998) |
| | Development Facilitation Act (DFA) Principles | Department of Rural Development and Land Reform | Development Facilitation Act |
| | Environmental Implementation Plans (EIPs) | Department of Economic Development, Environmental Affairs & Tourism | National Environment Management Act (107 of 1998) |
| | Environmental Management Plans (EMPs) | Department of Economic Development Environmental Affairs & Tourism | National Environment Management Act (107 of 1998) |

| CATEGORY | SECTOR REQUIREMENT | NATIONAL DEPT | LEGISLATION/POLICY |
|---|---|---|---|
| | IDP/ budget link | National Treasury | Municipal Finance Management Act |
| Value adding contribution | Local Agenda 21 | | |

In terms of provincial legislation, there is the Draft Provincial Spatial Development Plan. However this is still in a draft form and does not have a legislative value and therefore should be seen more as a guiding policy document. The Provincial Growth and Development Plan should be also considered during the review phase.

Each local municipality and the district municipality needs to include those planning documents that have been approved by Council or other strategies that might be relevant to the IDP process in their process plans.

## 5. PROGRAMME OF ACTION

The action programme will be broken into five phases

- Preparation phase
- Monitoring and evaluation phase
- Objectives, Strategies, Projects phase and Scorecards
- Consolidate Reviewed IDP and Budget
- Approval phase

### *IDP Action Plan*

| ACTIVITY | DATES |
|---|---|
| 1. Preparation Phase | |
| 1.1 Performance Agreements signed by MM and Section 56 Manager Submit signed Performance Agreements to DLGTA and Treasury | 31st July 2014 |
| 1.2 IDP & Budget Steering Committee <br> • Preparation of process Plan | 05 August 2014 |
| 1.3 Council Meeting (Budget & IDP Process Plan, Annual Performance Report, Financial Statements and Draft Annual Report) | 28th August 2014 |
| 1.4 Submissions to AG, MEC and Treasury etc. (Annual Performance Report, Annual Financial Statements and Draft Annual Report) | 29th August 2014 |
| 1.5 Mayoral community visits | 30 September – 22nd October 2014 |
| 1.6 Advertise for Public Comments and resuscitation of stakeholders forum | 05th September 2014 |
| 1.7 IDP & Budget Steering meeting <br> • Review Implementation <br> • Prepare full IDP Process <br> • Review Performance Management System | 17th September 2014 |
| 1.8 IDP and Budget Rep Forum | 25th September 2014 |
| 1.9 Cluster team meetings | 26th -30th September 2014 |
| 1.10 IDP & Budget Steering Committee Meeting <br> • Process Plan and the role of the SC <br> • Review progress: IDP Implementation <br> • Systems for monitoring implementation <br> • Cluster task teams re-update "analysis" <br> • Develop agenda for Rep forum | 15th October 2014 |
| 1.11 Council Adopts Audited Annual Report | 30th October 2014 |
| 1.11 Annual Report Public hearings | 03rd – 06th November |

| | 2014 |
|---|---|
| 1.12 Presentation to the Executive Committee | 20 November 2014 |
| **2. Monitoring & Evaluation – Updated Analysis** | |
| 2.1 IDP & Budget Steering Committee Meeting<br>• Review Performance Management System<br>• Budget Assumptions & Strategies<br>• Presentation on Community Based Plan<br>• Briefing on cluster workshops<br>• Develop agenda for the Rep Forum | 11 November 2014 |
| 2.2 IDP Representative Forum Meeting | 04th December 2014 |
| 2.3 Council adopts Final Annual Report and Oversight report | 11th December 2014 |
| **3. Refined Objectives, Strategies, Projects and Scorecards** | |
| 3.1 IDP & Budget Steering Committee Meeting<br>• Prepare for the Strategic Planning Session | 14 January 2015 |
| 3.2 Presentation to Council (Mid- year Budget, Performance Assessment, Draft Annual Report) | 23rd January 2015 |
| 3.2 Strategic Planning Session (Executive Committee, Management & Intergovernmental Forum) | 09-11 February 2015 |
| 3.3 Cluster Team Meetings | 16th – 17th February 2015 |
| 3.4  IDP & Budget Steering Committee Meeting<br>• Strategic Session Report<br>• Cluster Team Reports<br>• Agenda for the Rep Forum | 09th March 2015 |
| 3.5 IDP Rep Forum<br>• Draft Revised Analysis<br>• Draft Revised Objectives and Strategies<br>• Draft Projects and Programmes linked to budget | 11th March 2015 |
| **4.  Consolidate Reviewed IDP and Budget** | |
| 4.1  Table Draft IDP/Budget and Oversight report to council | 26th March 2015 |
| 4.2  Submit draft 2015/16 budget, IDP & SDBIP to DLGTA, National and Provincial Treasury | 04th April 2015 |
| 4.3  Advertise for public comments | 02nd April 2015 |
| 4.4  Public hearings IDP and Budget documents. | 09th-15th April 2015 |
| **5.  Approval** | |
| 5.1  Review progress – Steering Committee<br>• Public participation programme & comments received<br>• Present final draft to be adopted by council | 11th May 2015 |
| 5.2  IDP & Budget Rep Forum Meeting<br>• Present IDP Review to EXCO | 13th May 2015 |
| 5.3 Council adopts final IDP & Budget Review 2014/15 | 28th May 2015 |
| 5.4 Submit  final IDP & Budget  to MEC (DHLG&TA), National & Provincial Treasury | 03rd June 2015 |
| 5.5 Submit final SDBIP to Mayor for Approval | 28th June 2015 |

## 6. MECHANISM AND PROCEDURE FOR ALIGNMENT

Processes at the District Municipality level inform the alignment process.  The framework plan is the guiding document. The municipality was part of the process of drawing up the framework plan together with other Municipalities that are under the Amatole District Municipality.

## 7. EXISTING DOCUMENTS

- Legally Binding Documents
  - Municipal Systems Act
- Other Documents
  - Spatial Development Framework
  - Water Sector Plan
  - Amahlathi LED Strategy
  - Tourism Strategy
  - Indigent Policy
  - Integrated Waste Management Plan
  - Environmental Management Plan
  - Agricultural Plan
  - Revenue Enhancement Plan
  - Recruitment Plan
  - Housing Sector Plan
  - Employment Equity Plan
  - Workplace Skills Plan
  - Employee Performance Management Policy Framework
  - Community Safety Strategy
  - Disaster, Risk Management and All Hazards Contingency Plan
  - Tariffs Policy
  - Rates
  - Credit Control and debt write-off Policy
  - Cash Management and Investment Policy
  - Asset Management Policy
  - Budget Policy
  - Customer Care Policy
  - Supply Chain Management Policy

## 8. SOURCES OF FUNDING

| FUND | SOURCE | AMOUNT |
|------|--------|--------|
| IDP PROCESS PLAN | ALM | R639 996.00 |
| STRATEGIC PLANNING | ALM | R300 000.00 |
| **TOTAL** | | **R 939 996.00** |