

REPORT TO COUNCIL: 31 MARCH 2023

DRAFT REVISED 2023/2024 INTEGRATED DEVELOPMENT PLAN, DRAFT 2023/2024 MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) AND DRAFT BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP): BCMM CATALYTIC LAND DEVELOPMENT PROGRAMMES

[File No: 4/3/2/1]

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1. PURPOSE

The purpose of this report is for Council to adopt the Draft Revised 2023/2024 Integrated Development Plan (IDP), Draft 2023/2024 Medium-Term Revenue and Expenditure Framework (MTREF) and Draft Built Environment Performance Plan (BEPP): BCMM Catalytic Land Development Programmes.

2. AUTHORITY

Buffalo City Metropolitan Council.

3. LEGAL / STATUTORY REQUIREMENTS

- 3.1. The Constitution of the Republic of South Africa, Act 108 of 1996
- 3.2. The Municipal Systems Act no. 32 of 2000, as amended and Regulations
- 3.3. The Municipal Structures Act no. 117 of 1998
- 3.4. The Municipal Finance Management Act no. 56 of 2003; and its Regulations
- 3.5. The Municipal Property Rates Act no. 6 of 2004
- 3.6. Municipal Budget and Reporting Regulations, 2009
- 3.7. Division of Revenue Bill, 2023
- 3.8. MFMA Circular 122 and 123
- 3.9. The Disaster Management Act no. 57 of 2002 and Regulations

4. BACKGROUND

4.1 Integrated Development Plan (IDP)

Council adopted an IDP/Budget/Performance Management System (PMS) Process Plan, in compliance with section 28 of the Municipal Systems Act no. 32 of 2000 as amended. In the time schedule required in accordance with s21(1)(b) of the MFMA, the Budget, IDP and Performance Management processes have been integrated with the IDP Process to ensure alignment, efficiency, effectiveness and cost savings. The plan outlines the process to be followed in reviewing Buffalo City Municipality Metro's Integrated Development Plan (IDP) and Budget Preparation.

In terms of section 30(c) of the Municipal Systems Act, the Executive Mayor of a municipality must submit the Integrated Development Plan to the municipal council for adoption.

In compliance with the above, Buffalo City Metropolitan Municipality has embarked on a process to review its IDP and Budget towards the 2023/2024 financial year and beyond in accordance with the requirements set out in the Municipal Systems Act 32 of 2000 as amended, the Local Government: Municipal Planning and Performance Management Regulations 2001 & 2006 and the Municipal Finance Management Act 56 of 2003.

In adherence to legislative prescripts, the Buffalo City Metropolitan Municipality's 2021/2026 IDP has been reviewed for the second year and amendments thereto are submitted to Council for adoption. Kindly refer to table 1 below for the structure of the IDP. The Revised 2023/2024 Buffalo City Metropolitan Municipality Integrated Development Plan is attached hereto as **Annexure A.**

Table 1: Structure of Revised 2022/2023 Integrated Development Plan

SECTION A	INTRODUCTION Provides an outline of the legislative imperatives which guide the review of the integrated development plan. An overview of national and provincial plans which were taken into consideration during the development of the plan and an outline of the process that was followed during the review of the IDP form part of this Section.
SECTION B	BCMM PROFILE AND ANALYSIS This section provides an overview of the municipality focusing on the current situation, key challenges and opportunities in terms of each key performance area. Service delivery backlogs and level of access to municipal services is also outlined.
SECTION C	SPATIAL DEVELOPMENT FRAMEWORK The SDF provides a spatial analysis of the Municipality, details the spatial development principles / guidelines with accompanying maps indicating the spatial objectives and strategies of the Municipality.
SECTION D	ONE PLAN: THREE SPHERES SERVICE DELIVERY BUDGET, PROGRAMMES AND PROJECTS The catalytic programmes and projects from all three spheres of government operating in the BCMM space as converged with the global, national and provincial strategic directives are clustered in accordance with the Six Key Transformational Areas of the District Development Model/One Plan.
SECTION E	DEVELOPMENT OBJECTIVES, STRATEGIES, KEY PERFORMANCE INDICATORS AND TARGETS Contains the development objectives, strategies, indicators and targets for the entire term of Council as revised for the year under review.
SECTION F	FINANCIAL PLAN A strategic framework for financial management, key financial policies and strategies are outlined in this section. Budget Priorities in the form of projects and programmes as aligned with the Five MGDS/IDP Strategic Outcomes provide clarity on how the metro plans to converge strategic priorities with the allocation of appropriate resources to enable effective implementation of the IDP.
SECTION G	BCMM OPERATIONAL PLAN This section outlines the structure of the municipality providing a breakdown for each directorate, the status of the macro-structure and the policy environment informing the governance agenda of the metro.

Section 25(3) (a) of the Municipal Systems Act prescribes that a newly elected Council, may adopt the IDP of the previous Council. Section 26 (2) of the Municipal Systems Act states that an Integrated Development Plan adopted by a municipal Council may be amended in terms of section 34 of the Municipal Systems Act.

One of the key recommendations that will be tabled to Council is the proposed amendments emanating from the IDP revisions for the 2023/2024 financial year.

4.2 Medium Term Revenue and Expenditure Framework (MTREF) Budget

Section 16(1) of the Municipal Finance Management Act (MFMA) stipulates that the Council of the municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. Section 16(2) stipulates that in order to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting 90 days before the start of the budget year.

Section 22 of the MFMA states that immediately after an annual budget is tabled in a municipal council, the accounting officer must make public the annual budget and documents in terms of Section 17; 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 in printed and electronic formats.

In terms of section 23(2) of the MFMA, after considering all the budget submissions, the Council must give the Executive Mayor an opportunity:

- (a) To respond to the submissions; and
- (b) If necessary, to revise the budget and table amendments for consideration by the Council.

In terms of section 24 of the MFMA:

- 1) "The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- 2) An annual budget—
 - (a) must be approved before the start of the budget year;
 - (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
 - (c) must be approved together with the adoption of resolutions as may be necessary—
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;

- (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
- (iv) approving any changes to the municipality's integrated development plan; and
- (v) approving any changes to the municipality's budget-related policies.

3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.”

5. EXPOSITION OF FACTS

5.1 INTEGRATED DEVELOPMENT PLAN (IDP)

5.1.1 PROCESS UNDERTAKEN

Section 28 (1) of the Municipal Systems Act requires each municipality to adopt a process in writing to guide the planning, drafting, adoption and review of its Integrated Development Plan. In compliance with this requirement Buffalo City Metropolitan Municipality undertook the following activities (table 2 below) in line with the IDP process towards the 2023/2024 financial year:

Table 2: IDP Process Undertaken

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
JUL – AUG: Preparing for the IDP, Budget and Performance Management Process		
1.	Top Management: <ul style="list-style-type: none"> ▪ To consider and recommend that IDP / Budget / PMS Process Plan and Time Schedule be approved by Council (at least 10 months before the start of the budget year) 	28/07/2022
2.	Strategic Development Portfolio Committee: <ul style="list-style-type: none"> ▪ To consider and recommend that IDP / Budget / PMS Process Plan and Time Schedule be approved by Council (at least 10 months before the start of the budget year) 	03/08/2022
3.	Budget Steering Committee: <ul style="list-style-type: none"> ▪ To consider and recommend that IDP / Budget / PMS Process Plan and Time Schedule be approved by Council (at least 10 months before the start of the budget year) 	05/08/2022

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
4.	Top Management: <ul style="list-style-type: none"> ▪ To consider 2022/2023 First Adjustment Budget & the 2021/2022 Fourth Adjustment budget and recommend these being approved by Council 	05/08/2022
5.	Councillors and Traditional Leaders' Workshop: <ul style="list-style-type: none"> ▪ To consider the IDP / Budget / PMS Process Plan and Time Schedule before formal submission to Council for approval (at least 10 months before the start of the budget year) ▪ To consider 2022/2023 First Adjustment Budget & the 2021/2022 Fourth Adjustment budget before tabling in Council for approval 	12/08/2022
6.	External IDP/Budget/PMS Representative Forum: <ul style="list-style-type: none"> ▪ To consult External Stakeholders on the Draft IDP / Budget / PMS Process Plan and Time Schedule and the Buffalo City Metropolitan One Plan 	16/09/2022
7.	Council: <ul style="list-style-type: none"> ▪ To approve IDP / Budget / PMS Process Plan and Time Schedule (at least 10 months before the start of the budget year), the 2022/2023 First adjustment budget (to be tabled before 25 August 2022) and the 2021/2022 Fourth Adjustment budget. ▪ Note SDBIP approved by Executive Mayor and performance agreements signed by Municipal Manager and Managers directly accountable to the Municipal Manager to D for notification 	24/08/2022
SEPT – OCT: PHASE 1- Research Information Collection and Analysis		
8.	Technical Transversal Planning Sessions led by Management: <ul style="list-style-type: none"> ▪ To compile and report on consolidated narrative and data on the planned investment footprint of other spheres in the metro space for reporting to BCMM Political and Technical IGR Fora. REF: ONE PLAN	Sept – Oct 2022
9.	Technical IGR Forum: <ul style="list-style-type: none"> ■ To present Update on the BCMM Integrated Development Plan; and ■ To prepare for Three-Spheres Technical Planning Session 	19/08/2022
10.	Top Management <ul style="list-style-type: none"> ▪ To consider Ward Priorities and Mayoral Imbizo Report as updated by Senior Management 	22/09/2022
11.	Ward Public Meetings <ul style="list-style-type: none"> ▪ To collect ward community needs from the broader public and stakeholders in the wards and identify Ward Priorities through Ward Public Meetings 	September – December 2022
12.	Ward Priorities Sessions with Ward Committees: <ul style="list-style-type: none"> ▪ Ward Councillors, together with Ward Committees compile/review ward profiles and ward priorities. 	September – December 2022
13.	Pre-Mayoral Imbizo Sessions: To consult Councillors to verify content for the Executive Mayoral Imbizos, including the status report on 2016/2021 Ward Priorities	Inland – 28/09/2022 Midland – 28/09/2022 Coastal – 29/09/2022
14.	Executive Mayoral Imbizo: <ul style="list-style-type: none"> ▪ To interact with ward communities, listen to needs and concerns and provide feedback on approved programmes and projects for 2023/2024 	Coastal – 13/10/ 2022 Inland – 14/10/2022 Midland – 15/10/2022

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
OCT – DEC: PHASE 2 - Vision, Objectives and Strategies		
15.	Three Spheres Joint Planning Session <ul style="list-style-type: none"> ▪ Intergovernmental Planning between metro and provincial and national government departments and State-owned Enterprises REF: ONE PLAN	09/09/2022
16.	IDP/Budget/PMS Technical Workstreams: <ul style="list-style-type: none"> ▪ Prepare for Mayoral and Council Lekgotla, including refinement of Ward Priorities Report (2016/2021) before presenting to Mayoral and Council Lekgotla 	08/11/2022
17.	Mayoral Lekgotla Session <ul style="list-style-type: none"> ▪ To review strategic objectives for service delivery and development 	05 to 06/12/2022
18.	Council Lekgotla <ul style="list-style-type: none"> ▪ To reflect on desired key outcomes over the remainder of Council's 5-year term based on its deep understanding of current and emerging City trends and realities as consolidated during Mayoral Lekgotla 	07/12/2022
19.	Budget Workshops with all directorates to address the following: <ul style="list-style-type: none"> ▪ Financial Institutional Performance ▪ Cost Containment Measures ▪ 2023/2024 Tariff Process ▪ Verification of Fleet & Staff Keys ▪ Consideration of all ward priorities when identifying projects and programmes for the 2023/2026 MTREF Budget ▪ IDP Strategic Priorities for 2021/2026 & MTREF Capital Prioritization ▪ 2022/2023 Mid-Year Adjustment Budget Reallocation (Capital & Operating Budget) 	22/11/2022 to 21/12/2022
JAN – FEB: PHASE 3: Development of Programmes and Projects		
20.	IDP Technical Planning Session (Also known as Top Management Technical Planning Session): <ul style="list-style-type: none"> • To reflect on progress made with implementation of strategic priorities during preceding financial years; and • To review SITUATIONAL ANALYSIS of the metro that inform priority choices 	23 to 24/01/2022
21.	Council: <ul style="list-style-type: none"> ■ To table and adopt the Statement of Financial Performance and the Implementation of the 2022/2023 budget for the second quarter & Mid-year budget and Performance assessment report ended 31 December 2022 ■ To consider Municipal entity's proposed budget, priorities and objectives for 2023/2024 and proposed budget adjustments for 2022/2023 ■ To table the Draft AR within 7 months after the end of the financial year to which the report relates 	31/01/2023

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
22.	Political IGR Forum Workshop: <ul style="list-style-type: none"> ■ To review BCMM IGR Framework and Terms of Reference ■ To align municipal priorities with the plans of national and provincial sector departments and state entities REF: ONE PLAN	03/02/2023
23.	IDP Technical Work Sessions (per directorate): <ul style="list-style-type: none"> ■ To review IDP vision, mission, strategic outcomes and key focus areas ■ To develop action plans for Ward Priorities ■ To review 2022/2023 service delivery key performance indicators and targets after adjustments budget ■ Set Key Performance Indicators and Targets for the draft Revised 2023/2024 IDP and SDBIP ■ To align IDP, Budget, Risk and performance indicators 	13/02/2023 to 03/03/2023
FEB: PHASE 4 - Integration and Consolidation		
24.	Top Management Technical Strategic Session: <ul style="list-style-type: none"> ■ To consider 2022/2023 Mid-year Adjustment Budget 	02/02/2023
25.	Budget Steering Committee: <ul style="list-style-type: none"> ■ To consider 2022/2023 Mid-year Adjustment Budget 	07/02/2023
26.	Council: <ul style="list-style-type: none"> ■ To consider and adopt 2022/2023 Mid-year Adjustment Budget 	28/02/2023
27.	National Treasury Mid-year Budget and Performance Assessment Review: <ul style="list-style-type: none"> ■ To assess metro's Mid-year Financial and Performance Reports 	06 to 07/03/2023
MAR: PHASE 5: Approval, Adoption and Publication		
28.	IDP Technical Planning Session (Also known as Top Management Technical Planning Session): <ul style="list-style-type: none"> ■ To consider and recommend the draft IDP, MTREF Budget and SDBIP ■ Consult on proposed consultations with councillors on IDP/Budget Roadshows and other engagements with stakeholders 	13 to 14/03/2023
29.	Budget Steering Committee: <ul style="list-style-type: none"> ■ To consider and recommend the draft IDP, MTREF Budget and SDBIP ■ Consult on proposed consultations with councillors on IDP/Budget Roadshows and other engagements with stakeholders 	15/03/2023
30.	Councillors and Traditional Leaders' Workshop: <ul style="list-style-type: none"> ■ Consult draft IDP, draft MTREF and budget related policies with leadership on draft IDP, MTREF Budget and SDBIP 	17/03/2023
31.	Council: <ul style="list-style-type: none"> ■ To approve the draft IDP, MTREF Budget and draft policies (at least 90 days before the start of the budget year) 	31/03/2023

5.1.2 KEY INFORMANTS

The 2023/2024 Review of the 2021/2026 IDP was undertaken within the framework of national and provincial legislation and policy directives, which include most notably the National Development Plan, Medium Term Strategic Framework (2019-2024), District/Metro Development Model, the South African Economic Reconstruction and Recovery Plan, the Provincial Development Plan (2030), Provincial Spatial Development Strategy, and Provincial Economic Development Strategy.

Other factors that were taken into consideration include:

a) Assessment Issues

- i. The comments on the last adopted IDP provided by the MEC for Local Government in accordance with Sections 31 and 32 of the Municipal Systems Act;
- ii. Findings contained in the National Treasury Benchmarking Report;
- iii. One Plan National Quality Assurance Panel - an overview of the results of the quantitative assessment conducted by the One Plan National Quality Assurance Panel (NQAP) of the Metro's One Plan;
- iv. Findings contained in the Auditor General's Report of the previous financial year/s; and
- v. Shortcomings and weaknesses identified through self-assessment.

b) Review of the Strategic Elements of the IDP in terms of priorities of Council and the objectives of Management

- i. Review of the Strategic elements of the IDP and Metro Growth and Development Strategy (MGDS) if required; and integrating the strategic intent throughout the budget process, including mSCOA alignment, and finalizing of the Service Delivery and Budget Implementation Plan (SDBIP);
- ii. Update of Master Plans and Sector Plans; and

- iii. The update of the Financial Plan.
- c) Inclusion of new information where necessary
- i. Consideration of the impact of Covid-19 Global Pandemic;
 - ii. Updates - The following updates were done in the IDP document:

Table 3: Updates done in the IDP document

Foreword by the Executive Mayor	The Executive Mayor provides a contextualised update of the foreword to reflect a summarised setting of the tone for the newly elected Council and key priorities to be focused on for the next term, giving due consideration of the changing socio-economic environment that the city, our country and the world at large are confronting in our development planning endeavours.
Overview by the City Manager	Following the tone set by the Executive Mayor, the City Manager expands on situating the IDP Review within the confines of the Metro Growth and Development Strategy and also reflects on the required need for adjusting to, in particular, the challenges brought to the surface during the Global Pandemic of Covid-19.
Executive Summary	<p>Key updates include:</p> <ul style="list-style-type: none"> • The IDP Process Followed for this review period; • The key informants to the IDP review; and • The latest available assessment of the IDP and key assessment findings from Provincial Government with recommendations on gaps and improvement measures
SECTION A	The most prominent amendments in this Section are the adjusted Council Strategic Priorities following the tone set by National and Provincial Government through the State of the Nation Address, Budget Speech by the Minister of Finance; and State of the Province Address and Budget Speech by the MEC for Finance in the Eastern Cape Province. These priorities were carved during key engagements, including IDP/Budget/PMS Workstreams, Top Management Planning Sessions, Mayoral Lekgotla and Council Lekgotla.
SECTION B	<p>The BCMM Profile is updated in this section, with more recent statistical data and analysis, taking cognizance of the amended Council Strategic Priorities and most recent audited outcomes for the city, including the following:</p> <ul style="list-style-type: none"> • Population Trends and Profile • Social Development Profile

	<ul style="list-style-type: none"> • Governance and Finance Development Profile • Infrastructure Development Profile • A summary of the Key Development Trends in the Metro • Spatial Development Profile • Situational Analysis Per BCMM Strategic Outcome and Key Focus Area
SECTION C	No amendments or updates have been made to this Section.
SECTION D	The section is updated with more recent engagements held as part of the IDP and One Plan review and implementation commitments are also updated as received from Buffalo City Metropolitan Municipality's Built Environment Performance Plan: Catalytic Land Development Programmes, Provincial and National Government Spheres.
SECTION E	The key performance indicators and targets were updated and aligned with the Council Strategic Priorities and respond to the most recent audited findings from both Internal Audit and the Auditor General.
SECTION F	The financial plan for the metro is updated as aligned with the MTREF Budget tabled in Council and includes the operational and capital projects for the MTREF period.
SECTION G	The Operational Plan has been updated.
ANNEXURES	<p>Most significant updates on annexures are:</p> <ul style="list-style-type: none"> • Annexure B - IDP/Budget/PMS Process Plan followed; and • Annexure C - Community and Stakeholder Issues / Priorities Raised

5.1.2.1 Council Priorities (2021-2026) Revised for 2023/2026

The Mayoral Lekgotla, followed by the Council Lekgotla held annually are critical instruments of the IDP Process and aids the Executive Mayor in his/her responsibility for the preparation and implementation of the IDP, Budget & Performance Management. In his/her executive capacity the Executive Mayor has to:

- be responsible for the overall oversight, development and monitoring of the process or delegate IDP & PMS responsibilities to the City Manager;
- ensure that the budget, IDP & budget related policies are mutually consistent & credible;
- approve nominated persons that will be responsible for different roles and activities within the IDP/Budget process; and

- submit the IDP & the Annual Budget to the municipal Council for adoption.

These Council Priorities, arranged in accordance with the BCMM Metro Growth and Development Strategy (MGDS) and Integrated Development Plan, are converged with the National and Provincial Imperatives as follows:

Table 4: Alignment of Council Priorities with National and Provincial Policy Directives

BUFFALO CITY METRO IMPERATIVES		JOINT IGR IMPERATIVES		PROVINCIAL IMPERATIVES		NATIONAL IMPERATIVES	
BCMM IDP Strategic Outcomes	BCMM Council Priorities 2023/26	One Plan Focus Areas	Provincial Development Plan (EC Vision 2030)	National Development Plan (NDP: 2030)	Medium Term Strategic Framework (MTSF: 2019/24)	Integrated Urban Development Framework (IUDF)	
Strategic Outcome 1: An Innovative and Productive city	Council Priority 1: Safety, Security & Emergency Services. Council Priority 2: Community Development.	Focus Area 1: People Development & Demographics	Goal 4: Improved human development	NDP Chapter 9 – improving education, training and innovation NDP Chapter 11 - social protection NDP Chapter 12 – building safer communities NDP Chapter 15 – nation building and social cohesion NDP Chapter 10 – health care for all	Priority 3: Education, Skills and Health Priority 6: Social Cohesion and Safe Communities	Policy lever 7: Empowered active communities	
Strategic Outcome 1: An Innovative and Productive city	Council Priority 1: Build a transformed and resilient economy.	Focus Area 2: Economic Positioning	Goal 3: Rural development and an innovative and high-value agriculture sector	NDP Chapter 3 – economy and employment NDP Chapter 4 – economic infrastructure NDP Chapter 6 – inclusive rural economy NDP Chapter 7 - South Africa in the region and the world	Priority 2: Economic Transformation and Job Creation Priority 7: A Better Africa and World	Policy lever 6: Inclusive economic development	

BUFFALO CITY METRO IMPERATIVES		JOINT IGR IMPERATIVES		PROVINCIAL IMPERATIVES		NATIONAL IMPERATIVES	
BCMM IDP Strategic Outcomes	BCMM Council Priorities 2023/26	One Plan Focus Areas	Provincial Development Plan (EC Vision 2030)	National Development Plan (NDP: 2030)	Medium Term Strategic Framework (MTSF: 2019/24)	Integrated Urban Development Framework (IUDF)	
Strategic Outcome 2: A green city	Council Priority 4: Solid Waste and Environmental Management (Climate Change).	Focus Area 3: Spatial Restructuring and Environmental Sustainability	Goal 5: Environmental sustainability	NDP Chapter 5 - environmental sustainability and resilience NDP Chapter 8 - transforming human settlements	Priority 5: Spatial Integration, Human Settlements and Local Government	Policy level 1: Integrated urban planning and management Policy level 3: Integrated and sustainable human settlements Policy level 5: Efficient land governance and management	
Strategic Outcome 4: A spatially transformed city	Council Priority 6: Transform the spatial form of the city						
Strategic Outcome 3: A connected city	Council Priority 5: Infrastructure and Service Delivery	Focus Area 4: Infrastructure Engineering Focus Area 5: Integrated Services Provisioning	Goal 2: An enabling infrastructure network	NDP Chapter 4 – economic infrastructure	Priority 4: Consolidating the Social Wage Through Reliable and Quality Basic Services	Policy level 4: Integrated urban infrastructure Policy level 2: Integrated transport and mobility	
Strategic Outcome 5: A well-governed city	Council Priority 7: Improve Administrative governance Council Priority 8: Financial Resilience:	Focus Area 6: Governance & Financial Management	Goal 6: Capable democratic institutions.	NDP Chapter 13 - building a capable and developmental state NDP Chapter 14 – fighting corruption	Priority 1: A Capable, Ethical and Developmental State	Policy level 8: Effective urban governance Policy level 9: Sustainable finances	

5.1.3 BCMM KEY ELEMENTS OF THE 2022/2023 REVIEW OF THE 2021/2026 IDP

5.1.3.1 Proposed High-Level Changes

All processes undertaken above contributed to the IDP/Budget review process towards the 2023/2024 financial year. During the planning process BCMM's vision, mission and key strategic focus areas were revisited. Consequently, the vision, mission, values, strategic outcomes, strategic objectives encapsulated in the IDP and MGDS remain unchanged for this second review of the fifth generation Integrated Development Plan.

The following amendments to the Key Focus Areas (KFAs) are recommended:

- a. that KFA 12: Traffic Management be amended to KFA 12: Safety and Security, which will include traffic management and law enforcement; and
- b. That KFA 15: Beaches, Parks and Open Spaces be divided into two KFAs, respectively KFA 15: Beaches and KFA 16: Parks and Open Spaces.
- c. The numbering of Key Focus Areas be adjusted to accommodate the amendment to KFA 15: Beaches, Parks and Open Spaces.

The Strategic Framework expressed in this IDP is the primary informant of the BCMM Five-Year Performance Scorecard, Multi-Year Budget, Annual Service Delivery and Budget Implementation Plan and Performance Agreements of Senior Managers. The setting of key performance indicators and targets against which the performance of the municipality and its senior management and leadership are measured derive its mandate from this IDP.

The introduction of Key Focus Areas (KFAs) formed part of the 2019/2020 IDP Review and is informed by the need to create more

functional synchrony between the strategic imperatives captured in the IDP and the core competencies of the municipality. One of the benefits of the inclusion of KFAs in the IDP is that it improves accountability, since KFAs can be assigned to specific officials and be accentuated in their performance agreements to champion.

Table 5: BCMM Strategic Framework

Strategic Outcomes	Strategic Objectives	Key Focus Areas
STRATEGIC OUTCOME 1 (SO1): An innovative and Productive City	To enhance the Quality of Life of the BCMM community with rapid and inclusive economic growth and falling unemployment	KFA 1: Enterprise Development
		KFA 2: Trade and Investment Promotion
		KFA 3: Innovation and Knowledge Management
		KFA 4: Tourism & Marketing
		KFA 5: Job Readiness & Training (External)
		KFA 6: Rural Development & Agrarian Reform
		KFA 7: Arts, Culture and Heritage Resource Management
		KFA 8: Sport Development (Programmes)
		KFA 9: Sport and Recreation Facilities
		KFA 10: Libraries and Halls
		KFA 11: Emergency and Disaster Management
		KFA 12: Safety and Security
STRATEGIC OUTCOME 2 (SO2): A green city	To promote an environmentally sustainable city with optimal benefits from our natural assets.	KFA 13: Environmental Management and Climate Change
		KFA 14: Air quality
		KFA 15: Beaches
		KFA 16: Parks and Open Spaces
		KFA 17: Vegetation Control and Biodiversity
		KFA 18: Municipal and Environmental Health
STRATEGIC OUTCOME 3	To maintain a world class logistics network.	KFA 20: Roads and Storm water Infrastructure
		KFA 21. ICT
		KFA 22: Transport Planning and Operations

Strategic Outcomes	Strategic Objectives	Key Focus Areas
(SO3): A connected city		KFA 23: Energy Supply Efficiency
STRATEGIC OUTCOME 4 (SO4): A Spatially Transformed city	To develop and maintain world class infrastructure and utilities.	KFA 24: Water and waste water KFA 25: Spatial and Urban Planning KFA 26: Sustainable Human Settlements KFA 27: Built Environment Management KFA 28: Urban, Rural and Township Regeneration KFA 29: Property Management and Land Use KFA 30: Cemeteries and Crematoria
STRATEGIC OUTCOME 5 (SO5): A well-governed city	Promote sound financial and administrative capabilities.	KFA 31: Risk Management KFA 32: Stakeholder Participation & Customer Relations KFA 33: Intergovernmental Relations (IGR) and International Relations (IR) KFA 34: Communications (Internal and External) KFA 35: Corporate Marketing (Branding) KFA 36: Revenue Management KFA 37: Expenditure and Supply Chain Management KFA 38: Budget and Treasury KFA 39: Corporate Asset Management KFA 40: Internal Human Capital and Skills Development KFA 41: Gender, Elderly, Youth and Disabled (Vulnerable Groups) KFA 42: Performance Management and Monitoring and Evaluation KFA 43: Fleet Management KFA 44: Employee Performance Management KFA 45: Human Resources Management KFA 46: Internal Audit

5.1.3.2 IDP Recommendations

The Integrated Development Plan (IDP) is the overall strategic development plan for a municipality, prepared in terms of the Municipal System Act, Act 32 of 2000, that guide decision-making, budgeting and development in the municipality. The Spatial Development Framework presents the long-term vision of the desired spatial form of the municipality. The SDF is thus a critical component to the IDP to direct municipal and private sector spending and investment by providing spatial proposals and strategies (thus the location and nature of development) which will support economic growth and integrated human settlements. The amended Spatial Development Framework was adopted by Council in December 2020.

5.1.3.3 Community Consultation Process on the 2021/2026 IDP and MTREF Budget for the 2022/2023 period

In developing its Integrated Development Plan, Buffalo City Metropolitan Municipality takes its tune from residents and the broader public of the Metro who participate in a number of public consultation processes and programmes such as the annual Mayoral Imbizo and IDP/Budget Roadshow. It is through these engagements that residents are able to define and shape their needs and priorities which must be taken into consideration during planning and budgeting. BCMM aims to address identified needs and priorities through the 2021/2026 Integrated Development Plan and Budget as revised annually.

The IDP process is an outcome of an intensive and detailed series of engagements with our communities through the following key participatory democracy instruments:

- a. IDP/Budget/PMS Workstreams where external stakeholders also participate in the deliberations;

- b. External IDP/Budget/PMS Representative Forum with external stakeholders to consult the Draft IDP, MTREF Budget and BEPP: Catalytic Land Development Programmes; and
- c. IDP Ward Priorities Sessions held with Ward Councillors from each of the three functional regions as part of the IDP Review Process.

Following the publication of the Draft IDP and Budget, members of the public will be awarded an opportunity to peruse the documentation at the municipal libraries and key offices of the Metro. Stakeholders will be invited to submit their inputs via a WhatsApp line created for this purpose, on live radio and social media comments options. Further to this an e-mail address was created through which the metro will invite submissions on the draft Revised IDP and Budget until the set deadline. Council will then consider all public inputs in the compilation of the final 2023/2024 Revised IDP, BEPP: BCMM Catalytic Land Development Programmes and MTREF Budget document.

5.2 MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) BUDGET

5.2.1 BUDGET PROCESS

The budget process is embedded in the IDP/Budget Process Plan that has been tabulated in table 2 above. The 2023/2024 budget preparation sessions were held with all directorates from 22 November 2022 – 21 December 2022. Mayoral Lekgotla session was held over two days, on 05 and 06 December 2022, the purpose of the session was to review strategic objectives for service delivery and development. A Council Lekgotla was held on 07 December 2022, the purpose of the session was to reflect on desired key outcomes over the remainder of Council's 5-year term based on its deep understanding of current and emerging City trends and realities as consolidated during Mayoral Lekgotla. Thereafter, the directorates and

the municipal entity (BCMDA) were requested to prepare and submit budget requests for consideration.

After finalisation of costing of prioritised projects and programmes for 2023/2024 MTREF, a Top Management session was held on 13 and 14 March 2023 for consideration of the proposed draft 2023/2024 MTREF. This session was followed by a Councillors' and Traditional Leaders' Workshop; the primary aim of the Councillors' Budget Workshop was to ensure:

- a) that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget;
- b) that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available.

5.2.2 NATIONAL TREASURY MFMA CIRCULARS

National Treasury issued MFMA Circular No. 122 on 09 December 2022 and MFMA Circular No. 123 on 03 March 2023 to guide the compilation of the 2023/2024 MTREF. Some of the key issues highlighted by the circulars are as follows:

- a) In terms of the Salary and Wage Collective Agreement dated 15 September 2021, all employees shall receive an increase based on the projected average CPI percentages with effect from 01 July 2023 and 01 July 2024.
- b) Municipalities are under pressure to generate and collect revenue for service delivered. The ability of customers to pay for services is declining and this means that less revenue will be collected. Therefore, municipalities must consider the following when compiling their 2023/2024 MTREF budgets:
 - i. Improving the effectiveness of revenue management processes and procedures;
 - ii. Cost containment measures to, amongst other things, control unnecessary spending on nice-to-have items and non-essential activities as highlighted in the Municipal Cost Containment Regulations read with MFMA Circular No. 82;

- iii. Ensuring value for money through the procurement process;
 - iv. The affordability of providing free basic services to all households;
 - v. Not taking on unfunded mandates;
 - vi. Strictly control the use of costly water tankers and fix the water infrastructure to enable the sustainable provision of water;
 - vii. Automate business services where possible to increase efficiencies and lower customer costs;
 - viii. Prioritise the filling of critical vacant posts, especially linked to the delivery of basic services; and
 - ix. Curbing the consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.
- c) The Consumer Price Index (CPI) inflation is estimated at 5.3% in 2023/2024, 4.9% in 2024/2025 and 4.7% in 2025/2026 financial years.
 - d) The tariff increases by Eskom and Water Boards are much higher than inflation.
 - e) Every municipality must consider the affordability to the municipality when allocating free basic services above the national norm and to consumers other than indigent consumers.
 - f) Municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this is a fundamental reason for municipalities not attaining their desired collection rates.
 - g) It is essential that municipalities reconcile their most recent consolidated valuation roll data to that of the current billing system data to ensure that revenue anticipated from property rates is realistic.
 - h) Municipalities should also avoid paying out leave in cash while having major financial challenges.

5.2.3 BUDGET GUIDELINES AND PRINCIPLES

The following budget principles and guidelines informed and provided the bases for the compilation of the draft 2023/2024 MTREF budget:

- a) The 2022/2023 mid-year adjustment budget and actual figures were used as the baseline for the 2023/2024 MTREF budget. Further, reassessment of activities was undertaken to determine if there have been any changes of circumstance that have impact on the compilation of the budget.
- b) The service charge tariffs have been calculated taking into consideration the following:
 - i. the input costs of generating the services
 - ii. the affordability to consumers
 - iii. perception versus the level of affordability when compared across the eight (8) Metros
- c) Cash flow position, level of cash reserves
- d) Cost containment measures
- e) Ability to maintain and renew existing assets whilst also addressing the backlogs was part of the consideration.
- f) The following is applicable to projects and/ or programmes:
 - i. projects with existing contracts must be prioritised
 - ii. projects must be within affordability limits; should additional budget/ funding be available, other projects will be funded in terms of priority and benefit to the Metro
 - iii. no budget allocation to projects that are not in the IDP
- g) The budget must be funded as per MFMA Circular 42.

5.2.4 MTREF BUDGET (2023/2024 – 2025/2026)

Section 17(1) of the MFMA requires that the annual budget of the municipality be in the prescribed format:

- Setting out realistically anticipated revenue for the budget year from each revenue source.
- Appropriating expenditure for the budget year under the different votes of the municipality.
- Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year.

- Setting out the estimated revenue and expenditure by vote for the current year and actual revenue and expenditure by vote for the financial year preceding current year.

The following tabulated budget assumptions were used in the preparation of the draft MTREF budget, these are narrated beneath the table:

Table 6: Budget Assumption

DESCRIPTION	2022/2023	2023/2024	2024/2025	2025/2026
National Treasury Headline Inflation Forecasts	4,80%	5,30%	4,90%	4,70%
Salaries	4,80%	5,40%	4,90%	4,70%
Electricity Purchases	7,47%	18,65%	12,74%	12,74%
Water Purchases	5,78%	9,86%	9,86%	9,86%
Free Basic Electricity	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.	50 kwh p.m.
Free Basic Water	6 kl p.m.	6 kl p.m.	6 kl p.m.	6 kl p.m.
Basic Welfare Package	R824,30	R878,07	R936,18	R997,53
Equitable Share Allocation	R1 045 448 000	R1 138 058 000	R1 226 701 000	R1 313 633 000
Bad Debt Provision	19,50%	19,50%	17,50%	15,00%
Property Rates	4,80%	0,00%	4,90%	4,70%
Refuse Tariff	4,80%	5,30%	4,90%	4,70%
Sanitation Tariff	4,80%	5,30%	4,90%	4,70%
Electricity Tariff	7,47%	18,65%	12,74%	12,74%
Water Tariff	6,78%	9,86%	9,86%	9,86%
Fire Levy	4,80%	5,30%	4,90%	4,70%
Sundry Income	4,80%	5,30%	4,90%	4,70%

- Property Rates tariff will not be increased in the 2023/2024 financial year due to implementation of the new general valuation roll, an increase of 4.9% is proposed for 2024/2025 financial year and it is then reduced to 4.7% in the 2025/2026 financial year.
- Refuse Removal and Sanitation Charges have been projected to increase by 5.3% in 2023/2024, 4.9% in 2023/2024 and 4.7% in 2025/2026 financial year.

- iii. Water Service tariff increase is projected at 9.86% throughout the 2023/2024 MTREF.
- iv. On Electricity, the tariff will increase by 18.65% in 2023/2024 financial year. The Electricity tariff applied is linked to the increase approved by National Electricity Regulator of South Africa (NERSA) to Eskom. For the two outer years, electricity tariffs are projected to increase by 12.74%.
- v. The Revenue Collection Rate of 80.5% has been projected in 2023/2024.
- vi. The Repairs and Maintenance budget is currently 5.3% of the total Operating Expenditure Budget. The City is striving towards a 10% repairs and maintenance of its total operating budget owing to the aging of the City's infrastructure. The City's infrastructure repairs and maintenance programme is complemented by the renewal and upgrading of existing infrastructure programme as the City is using revaluation method to value its infrastructural assets.
- vii. Employee costs as a percentage of total operating costs is 30.5% over the MTREF. Though this rate is still within the norm of 25% to 40% as per MFMA Circular 71, it requires close monitoring to avoid an increasing trend. The guidance provided on MFMA Circular No. 123 as well as the existing Salary and Wage Collective Agreement has been followed in projecting employee costs increases of 5.4% in 2023/2024, 4.9% in 2024/2025 and 4.7% in 2025/2026.

6. CHALLENGES

6.1 INTEGRATED DEVELOPMENT PLAN

Challenges

Given the short period available and the staff capacity constraints of the IDP/Budget Integration Unit, the improbability of successfully executing fifty (50) ward-based IDP/Roadshow engagements to consult the public on the Draft 2023/2024 IDP, BEPP: Catalytic Land Development Programmes and tabled MTREF Budget, is very high. Council has been apprised of the risks associated with this approach and has retained the position that no clustering of wards be allowed during this period.

Proposed Responses

It is recommended that Top Management fully cooperates in deploying officials for various tasks during the planning and execution of the roadshows and that Ward Councillors mobilize Ward Committee members to assist with order during the engagements. Details pertaining to these proposed expectations will be advised in due course.

6.2 MTREF BUDGET

Finding a balance between endless service delivery needs and setting affordable tariffs is always a challenge when compiling a budget and this challenge was also experienced in the compilation of the draft 2023/2024 MTREF.

7. STAFF IMPLICATIONS

None.

8. FINANCIAL IMPLICATIONS

The consolidated budget for the draft 2023/2024 MTREF period is R10.64 billion (2023/2024), R11.28 billion (2024/2025) and R12.13 billion (2025/2026) with the table below summarising the consolidated overview of the draft 2023/2024 MTREF Budget. A detailed budget report is attached as **Annexure B**:

Table 7: Consolidated Overview of the Draft 2023/2024 MTREF Budget

DESCRIPTION	2022/2023 ADJUSTMENT BUDGET	2023/2024 DRAFT BUDGET	INCREASE OR (DECREASE) %	2024/2025 DRAFT BUDGET	2025/2026 DRAFT BUDGET
Total Operating Revenue	8 865 515 490	9 507 869 105	7,25	10 214 027 540	11 020 071 805
Total Operating Expenditure	8 705 464 659	9 425 817 087	8,27	10 125 625 720	10 958 342 346
Surplus/(Deficit) for the year	160 050 831	82 052 018		88 401 820	61 729 459
Total Capital Expenditure	1 396 664 897	1 215 879 819	(12,94)	1 159 893 801	1 168 339 665
Total Opex and Capex Budget	10 102 129 556	10 641 696 906		11 285 519 521	12 126 682 011

9. OTHER PARTIES CONSULTED

- 9.1 Buffalo City Metropolitan Council
- 9.2 Budget Steering Committee
- 9.3 IDP/PMS Portfolio Head
- 9.4 BCMM Top Management
- 9.5 BCMM Directorates
- 9.6 External Stakeholders

10. RECOMMENDATIONS

- 10.1. The Council of Buffalo City Metropolitan Municipality, acting in terms of Section 26 (2) of the Municipal Systems Act, 32 of 2000 which states that an integrated development plan adopted by a municipal council may be amended in terms of section 34 of the Municipal Systems Act, 32 of 2000 **approves** and **adopts** the Revised 2023/2024 Integrated Development Plan (IDP) inclusive of the Spatial Development Framework (SDF) as required by S32 of the Municipal Systems Act.
- 10.2. The Council of Buffalo City Metropolitan Municipality **note** that, in embracing the intention of the District/Metro Development Model, which is for all three spheres of government to work off a common strategic alignment platform, Section D of the Revised 2023/2024 IDP is a reflection of the Updated Summary of the Buffalo City Metropolitan One Plan, that is currently being reviewed together with other spheres of government.
- 10.3. The Council of Buffalo City Metropolitan Municipality, acting in terms of Division of Revenue Act (DoRA), **approves** and **adopts** the Draft 2023/2024 Built Environment Performance Plan (BEPP): BCMM Catalytic Land Development Programmes.

10.4. The Council of Buffalo City Metropolitan Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) **approves** and **adopts**:

10.5.1 The Consolidated Draft Annual Budget of the municipality for the 2023/2024 MTREF and the multi-year and single-year capital appropriations as set out in the following tables:

- i. Budgeted Financial Performance (revenue and expenditure by functional classification);
- ii. Budgeted Financial Performance (revenue and expenditure by municipal vote);
- iii. Budgeted Financial Performance (revenue by source and expenditure by type); and
- iv. Multi-year and single-year capital appropriations by municipal vote, functional classification and funding by source.
- v. Budgeted Financial Position;
- vi. Budgeted Cash Flows;
- vii. Reserves and accumulated surplus reconciliation;
- viii. Asset management; and
- ix. Basic service delivery measurement.

10.5.2 The Draft Annual Budget of the parent municipality for the 2023/2024 MTREF and the multi-year and single-year capital appropriations as set out in the following tables:

- i. Budgeted Financial Performance (revenue and expenditure by functional classification);
- ii. Budgeted Financial Performance (revenue and expenditure by municipal vote);
- iii. Budgeted Financial Performance (revenue by source and expenditure by type); and

- iv. Multi-year and single-year capital appropriations by municipal vote, functional classification and funding by source.
- v. Budgeted Financial Position;
- vi. Budgeted Cash Flows;
- vii. Reserves and accumulated surplus reconciliation;
- viii. Asset management; and
- ix. Basic service delivery measurement.

10.5.3 The Draft Annual Budget of the municipal entity (BCMDA) for the 2023/2024 MTREF and the multi-year and single-year capital appropriations as set out in the following tables:

- i. Budgeted Financial Performance (revenue by source and expenditure by type); and
- ii. Budgeted Financial Position;
- iii. Budgeted Cash Flows;
- iv. Budgeted Capital by Asset Class and Funding

10.5. The Council of Buffalo City Metropolitan Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) **approves** and **adopts** tariffs effective from 1 July 2022:

10.6.1 Property rates – as set out in Annexure F

10.6.2 Electricity – as set out in Annexure F

10.6.3 Water – as set out in Annexure F

10.6.4 Sanitation services – as set out in Annexure F

10.6.5 Solid waste services – as set out in Annexure F

10.6.6 Other services as set out in Annexure F

11. To give proper effect to the Consolidated Draft Annual Budget, the Council of Buffalo City Metropolitan Municipality **approves**:

11.1 That an indigent subsidy be granted to registered indigents in terms of Council's Indigent Policy.

- 11.2 That an indigent consumer be given an average social subsidy package on his/her account as contained in table 15 of **Annexure B**.
- 11.3 That free basic electricity be granted for a registered indigent consumer of 50KWh per month.
- 11.4 That free basic water be granted to a registered indigent of 6Kl per month.
12. The Buffalo City Metropolitan Municipality Council, **approves** and **adopts** the revised budget related policies:
- 12.1 Property Rates Policy – as set out in Annexure H
 - 12.2 Supply Chain Management Policy – as set out in Annexure I
 - 12.3 Immovable Asset Policy – as set out in Annexure J
 - 12.4 Credit Control Policy – as set out in Annexure N
 - 12.5 Indigent Support Policy – as set out in Annexure O
 - 12.6 Long-Term Borrowing Policy – as set out in Annexure P
 - 12.7 Budget Management and Oversight Policy – as set out in Annexure S
 - 12.8 Investment & Cash Management Policy – as set out in Annexure T
13. That Council **notes** the budget-related policies adopted in the previous financial years and where no amendments have been made after review, as listed in Section 2.4.1 of **Annexure B** and are available on BCMM's website at www.buffalocity.gov.za .
14. That in terms of Section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium-term revenue and expenditure framework as set out in Supporting Table SA7 be **approved**.
15. That in terms of Section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 2003, the Draft Revised Integrated Development Plan be **approved**.
16. Council **notes** that the Consolidated Draft 2023/2024 MTREF Budget tabled for adoption is structured in terms of the Buffalo City Metropolitan Municipality votes and functions.

17.MFMA Circular 122 and 123 for the Draft 2023/2024 MTREF attached as Annexure W be **noted** by Council.



X. PAKATI
EXECUTIVE MAYOR
BUFFALO CITY METROPOLITAN MUNICIPALITY

20/03/2023

DATE

ANNEXURES:

- A: Draft Revised 2023/2024 Buffalo City Metropolitan Municipality Integrated Development Plan
- B: Draft 2023/2024 - 2025/2026 Buffalo City Metropolitan Municipality Medium-Term Revenue and Expenditure Framework Budget
- C.1 Draft 2023/2024 MTREF Capital Projects - Per Programme/Project
- C.2. Draft 2023/2024 MTREF Capital Projects – Detailed Schedule
- D.1. Draft 2023/2024 MTREF Operating Projects-Per Programme/Project
- D.2. Draft 2023/2024 MTREF Operating Projects – Detailed Schedule
- E: BCMM mSCOA Systems Implementation Status Report
- F: 2023/2024 Tariff Book
- G: 2023/2024 Tariff Policy
- H: 2023/2024 Property Rates Policy & Property Rates By-Law
- I: 2023/2024 Supply Chain Management Policy
- J: 2023/2024 Immovable Asset Policy
- K: 2023/2024 Movable Asset Policy
- L: 2023/2024 Budget Virement Policy
- M: 2023/2024 Funding and Reserves Policy
- N: 2023/2024 Credit Control Policy
- O: 2023/2024 Indigent Support Policy
- P: 2023/2024 Long-Term Borrowing Policy
- Q: 2023/2024 Capital Infrastructure Investment Policy
- R: 2023/2024 Long-Term Financial Planning Policy
- S: 2023/2024 Budget Management and Oversight Policy
- T: 2023/2024 Investment & Cash Management Policy
- U: 2023/2024 Cost Containment Policy
- V: 2023/2024 Service Level Standards
- W: MFMA Circular 122 and 123
- X: Consolidated Draft 2023/2024 MTREF A-Schedules
- Y: Draft 2023/2024 MTREF A-Schedules (Parent)
- Z: Draft 2023/2024 MTREF D-Schedules (Municipal Entity: BCMDA)
- AA: Draft 2023/2024 Built Environmental Performance Plan: BCMM Catalytic Land Development Programmes