

REPORT TO COUNCIL: 31 MAY 2024

REVISED 2024/2025 INTEGRATED DEVELOPMENT PLAN, 2024/2025 MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) AND 2024/2025 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 Revised 2024/2025 Integrated Development Plan (IDP), 2024/2025 Medium-Term Revenue and Expenditure Framework (MTREF) and 2024/2025 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, 2024
- 3.8. MFMA Circular 126 and 128

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 2024/2025 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 third year and amendments thereto are submitted to Council for adoption. Kindly refer to table 1 below for the structure of the IDP. The Revised 2024/2025 Buffalo City Metropolitan Municipality Integrated Development Plan is attached hereto as **Annexure A.**

Table 1: Structure of Revised 2024/2025 Integrated Development Plan

SECTION A	<p>INTRODUCTION</p> <p>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.</p>
SECTION B	<p>BCMM PROFILE AND ANALYSIS</p> <p>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.</p>
SECTION C	<p>SPATIAL DEVELOPMENT FRAMEWORK</p> <p>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.</p>
SECTION D	<p>ONE PLAN: THREE SPHERES SERVICE DELIVERY BUDGET, PROGRAMMES AND PROJECTS</p> <p>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.</p>
SECTION E	<p>DEVELOPMENT OBJECTIVES, STRATEGIES, KEY PERFORMANCE INDICATORS AND TARGETS</p> <p>Contains the development objectives, strategies, indicators and targets for the entire term of Council as revised for the year under review.</p>
SECTION F	<p>FINANCIAL PLAN</p> <p>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.</p>
SECTION G	<p>BCMM OPERATIONAL PLAN</p> <p>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.</p>

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 2024/2025 financial year:

Table 2: IDP/Budget Review Process followed

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
JUL – AUG:		
Preparing for the IDP, Budget and Performance Management Process		
1.	Top Management, Strategic Development Portfolio Committee and Budget Steering Committee <ul style="list-style-type: none"> 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) 	10, 15 and 17 August 2023
2.	Top Management: <ul style="list-style-type: none"> Consider 2023/2024 First Adjustment Budget & the 2022/2023 Fourth Adjustment budget and recommend these being approved by Council 	22 August 2023
3.	Budget Steering Committee: <ul style="list-style-type: none"> Consider 2023/2024 First adjustment Budget & the 2022/2023 Fourth Adjustment budget and recommend these being approved by Council 	14 August 2023

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
4.	<p>Council:</p> <ul style="list-style-type: none"> • <u>Approve</u> IDP/Budget/PMS Process Plan and Time Schedule (at least 10 months before the start of the budget year), the 2023/2024 First adjustment budget (to be tabled before 25 August 2023) and the 2022/2023 Fourth Adjustment budget. <p>AND</p> <ul style="list-style-type: none"> • <u>Note</u> SDBIP approved by Executive Mayor and performance agreements signed by Municipal Manager and Managers directly accountable to the Municipal Manager to D for notification 	25 August 2023
5.	Submit 4 th Quarter Performance Report to Council within 30 days of the end of the quarter	26 July 2023
<p style="text-align: center;">SEPT – OCT: PHASE 1: Research Information Collection and Analysis</p>		
6.	Prepare a draft Situational Analysis Report to assess and identify information from adopted Sector Plans against the backdrop of the SITUATIONAL ANALYSIS, including the LSDFs for integration into the IDP Review document if possible	September – October 2023
7.	Consult Top Management to consider Ward Priorities and Mayoral Imbizo Progress Report as updated by Senior Management	October 2023
8.	Consult Councillors in order for them to verify content for the Ward Priorities and Mayoral Imbizo Progress Report as reviewed by Top Management	October – November 2023
9.	Ward-based Community Meetings to interact with ward communities, listen to needs and concerns and provide feedback on approved programmes and projects for 2024/2025	November – December 2023
10.	<p>Three Spheres Joint Planning Session:</p> <ul style="list-style-type: none"> • All three spheres reflect on information available at all levels, joint metro spatial analysis, progress on previous commitments, confirm/change strategic direction of development in line with Provincial Growth and Development Strategy and National Spatial Development Plan <p>REF: DISTRICT DEVELOPMENT MODEL- (DDM) / ONE PLAN</p>	Yes, 9 – 10 November 2023

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
11.	Budget Preparation Sessions with all directorates	27 November to 01 December 2023
JAN – FEB: PHASE 3: Development of Programmes and Projects		
12.	Council: <ul style="list-style-type: none"> To table and adopt the Statement of Financial Performance and the Implementation of the 2023/2024 budget for the second quarter & Mid-year budget and Performance assessment report ended 31 December 2023 To consider Municipal entity's proposed budget, priorities and objectives for 2024/2025 and proposed budget adjustments for 2023/2024 To table the Draft Annual Report within 7 months after the end of the financial year to which the report relates 	26 January 2024
13.	IDP Technical Work Sessions (per directorate): <ul style="list-style-type: none"> Review 2023/2024 service delivery key performance indicators and targets after adjustments budget Set Key Performance Indicators and Targets for the draft Revised 2024/2025 IDP and SDBIP Align IDP, Budget, Risk and performance indicators 	26 February – 4 March 2024
FEB: PHASE 4: Integration and Consolidation		
14.	Top Management: <ul style="list-style-type: none"> Consider 2023/2024 Mid-year Adjustment Budget 	20 February 2024
15.	Budget Steering Committee: <ul style="list-style-type: none"> Consider 2023/2024 Mid-year Adjustment Budget for recommendation to Council 	23 February 2024
16.	Councillors and Traditional Leaders' Workshop: <ul style="list-style-type: none"> Deliberate on the proposed 2023/2024 Mid-year Adjustment Budget 	26 February 2024
17.	Council: <ul style="list-style-type: none"> Consider and adopt 2023/2024 Mid-year Adjustment Budget 	28 February 2024
18.	National Treasury Mid-year Budget and Performance Assessment Review	15 & 16 February 2024

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
<p style="text-align: center;">MAR: PHASE 5: Approval, Adoption and Publication Approval of draft IDP</p>		
19.	Top Management Technical Strategic Turnaround Session	19, 20 & 21 February 2024
20.	Top Management: <ul style="list-style-type: none"> Consider and recommend the draft IDP, MTREF Budget and SDBIP 	12 March 2024
21.	Budget Steering Committee: <ul style="list-style-type: none"> Consider and recommend the draft IDP, MTREF Budget and SDBIP 	14 & 15 March 2024
22.	Councillors and Traditional Leaders' Workshop: <ul style="list-style-type: none"> Consult draft IDP, MTREF Budget and budget-related policies with leadership 	19 March 2024
23.	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) To consider the proposed budget of the entity and assess the entity's (BCMDA) priorities and objectives and make recommendations. Board of Directors to consider the recommendations and, if necessary, submit a revised budget. 	27 March 2024
24.	Publicise draft IDP, MTREF Budget and draft policies for public comment	6 April 2024
25.	Mayoral Lekgotla: <ul style="list-style-type: none"> Review strategic objectives for service delivery and development Reflect on progress made with implementation of strategic priorities during preceding financial years Review SITUATIONAL ANALYSIS of the metro that inform priority choices, including community needs expressed Confirm Council Strategic Priorities 	
26.	Municipal Budget and Benchmark Engagement by National Treasury: <ul style="list-style-type: none"> Assess BCMM draft MTREF Budget 	7 May 2024
27.	Council:	31 May 2024

NO	ACTIVITY DESCRIPTION	DATES ACHIEVED
	<ul style="list-style-type: none"> Considered all comments on the draft Revised IDP, amended Performance Management Measures and Targets, MTREF Budget and the revised Budget-related Policies as received from the public. Submitted Final IDP to Council to adopt IDP, Performance Management Measures and Targets, MTREF Budget, and the revised Policies (at least 30 days before the start of the budget year) 	

5.1.2 KEY INFORMANTS

The 2024/2025 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.

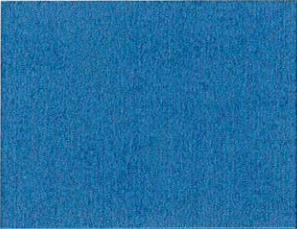
- b) Review of the Strategic Elements of the IDP in terms of priorities of Council and the objectives of Management
 - i. Review of the Strategic elements of the IDP and Metro Growth and Development Strategy (MGDS) if required; and integrating the strategic intent throughout the budget process, including 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, the increasing demand for reliable municipal services and the financial outlook of the metro.
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	No significant amendments were made in respect of Section A – the vision, mission, values, strategic outcomes, strategic objectives and key focus areas are retained.
SECTION B	<p>The BCMM Profile is updated in this section, with more recent statistical data and analysis, taking cognizance of the most recent Census 2022 results:</p> <ul style="list-style-type: none"> • Population Trends and Profile • Social Development Profile • 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 will be updated on conclusion of the SDBIP within 28 days after adoption of the Budget as per Performance Management Regulations.
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. No amendments were made.
ANNEXURES	<p>Most significant updates on annexures are:</p> <ul style="list-style-type: none"> • Annexure B - IDP/Budget/PMS Process Plan followed; and

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- Annexure C - Community and Stakeholder Issues / Priorities Raised (recommended revisions/corrections were received from three Ward Councillors: Wards 18, 29 and 31)

5.1.2.1 Council Priorities (2021-2026) Revised for 2024/2026

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.	Focus Area 1: People Development & Demographics	Goal 4: Improved human development	NDP Chapter 9 – improving education, training and innovation	Priority 3: Education, Skills and Health	Policy lever 7: Empowered active communities
	Council Priority 2: Community Development.			NDP Chapter 11 - social protection	Priority 6: Social Cohesion and Safe Communities	
				NDP Chapter 12 – building safer communities		
				NDP Chapter 15 – nation building and social cohesion		
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 10 – health care for all		Policy lever 6: Inclusive economic development
				NDP Chapter 3 – economy and employment	Priority 2: Economic Transformation and Job Creation	
				NDP Chapter 4 – economic infrastructure	Priority 7: A Better Africa and World	
				NDP Chapter 6 – inclusive rural economy		
				NDP Chapter 7 - South Africa in the region and the world		

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	Priority 5: Spatial Integration, Human Settlements and Local Government	Policy lever 1: Integrated urban planning and management	
	Council Priority 6: Transform the spatial form of the city			NDP Chapter 8 - transforming human settlements		Policy lever 3: Integrated and sustainable human settlements	
Strategic Outcome 3: A connected city	Council Priority 5: Infrastructure and Service Delivery	Focus Area 4: Infrastructure Engineering	Goal 2: An enabling infrastructure network	NDP Chapter 4 – economic infrastructure	Priority 4: Consolidating the Social Wage Through Reliable and Quality Basic Services	Policy lever 4: Integrated urban infrastructure	
		Focus Area 5: Integrated Services Provisioning				Policy lever 2: Integrated transport and mobility	
Strategic Outcome 5: A well-governed city	Council Priority 7: Improve Administrative governance	Focus Area 6: Governance & Financial Management	Goal 6: Capable democratic institutions.	NDP Chapter 13 - building a capable and developmental state	Priority 1: A Capable, Ethical and Developmental State	Policy lever 8: Effective urban governance	
	Council Priority 8: Financial Resilience:			NDP Chapter 14 – fighting corruption		Policy lever 9: Sustainable finances	

5.1.3 BCMM KEY ELEMENTS OF THE 2024/2025 REVIEW OF THE 2021/2026 IDP

It is important to highlight four significant interactions which provided the platform for engagement and joint planning during this IDP review:

- Firstly, during October to December 2023 State of the Ward Addresses, led by Ward Councillors, were held during which Ward Committee and Public Meetings in the wards were used as a platform for discussing the review of the Integrated Development Plan and Ward Priorities.
- Secondly, a Three Spheres Joint Planning Session was held in November 2023 to reflect on progress made with previous commitments confirmed in the Buffalo City One Plan in accordance with the District Development Model and integrate the plans of BCMM, provincial departments and national government entities. What follows is a synopsis of the key internal and external challenges informing the review, strategic directive provided through the Mayoral Lekgotla and the key levers with priority actions to address the challenges during the next financial year and beyond.
- Thirdly, our City Manager arranged a Technical Strategic Turnaround Session in February 2024, which resulted in the identification of key levers to be implemented by the Administration that will enable the metro to accomplish our Strategic Priorities set by Council.
- Fourthly, in May 2024, a Mayoral Lekgotla, led by the Executive Mayor, confirmed the Strategic Priorities for the Term of Office and decided on a course of Actions which will ensure that we fast attain our vision of a Buffalo City which is “well-governed, connected, green and innovative”.
- All these engagements explored the metro's internal and external challenges with possible solutions to address them. The process culminated in the confirmation of the eight (8) Strategic Priorities set

by Council following the 2022 Local Government Elections held and endorsement of the Management Key Levers and Action Plans to realise the attainment of the Strategic Priorities in the Medium-to-long-term.

- What follows is a synopsis of the key internal and external challenges informing the review, strategic directive provided through the Mayoral Lekgotla and the key levers with priority actions to address the challenges during the next financial year and beyond.

1

Mgmt. Key Levers to action Council Priorities

CHALLENGES	COUNCIL PRIORITY	MANAGEMENT KEY LEVERS	MAYORAL LEKGOTLA RESOLVED ACTION
<ul style="list-style-type: none"> • Disintegrated data collection and analysis, e.g. EPWP • The rapid access to verified and credible data remains a challenge • Economic decline and tourism • Unfinished projects 	<ul style="list-style-type: none"> • COUNCIL PRIORITY 1: Build a transformed and resilient economy 	<ul style="list-style-type: none"> • MANAGEMENT KEY LEVER 5: Platform Business Model <ul style="list-style-type: none"> ✓Seamless interface ✓Customer confidence ✓Improved service delivery ✓Improved accountability 	<ul style="list-style-type: none"> • Harness Economic development through supporting SMMEs • Improve Partnerships with other best practice municipalities • Focus on Economic Recovery, developing an enabling environment for job creation and improvement of export capacity • Plan for Long-term Business Retention and Growing the City.

2

Mgmt. Key Levers to action Council Priorities

CHALLENGES	COUNCIL PRIORITY	MANAGEMENT KEY LEVERS	MAYORAL LEKGOTLA RESOLVED ACTION
<ul style="list-style-type: none"> • Disaster Management not fully mainstreamed • Decrease in traffic services visibility • Crime: Increasing levels of crime, demands by construction mafia, cyber-attacks, vandalism and theft of municipal infrastructure & assets • Security of Officials and Politicians • Decentralized approach to providing security services such as CCTV • Non-compliance of the Disaster Management Centre with the National Disaster Management Policy Framework, minimum infrastructural requirements 	<ul style="list-style-type: none"> • COUNCIL PRIORITY 2: Safety, Security & Emergency Services 	<ul style="list-style-type: none"> • KEY LEVER 1: Create a safer city <ul style="list-style-type: none"> ✓Use of technology to create a reliable, stable and secure environment for investment / our existing infrastructure 	<ul style="list-style-type: none"> • Strengthen Communication for more visibility and information sharing • Improve Safety and security in the city, law enforcement and enhance visibility • Implement proactive and robust law enforcement strategies that deter crime and enhance public safety

3

Mgmt. Key Levers to action Council Priorities

CHALLENGES	COUNCIL PRIORITY	MANAGEMENT KEY LEVERS	MAYORAL LEKGOTLA RESOLVED ACTION
<ul style="list-style-type: none"> • Increase in unemployment and indigents 	<ul style="list-style-type: none"> • COUNCIL PRIORITY 3: Community Development. 	<ul style="list-style-type: none"> • KEY LEVER 1: Create a safer city <ul style="list-style-type: none"> ✓ Use of technology to create a reliable, stable and secure environment for investment / our existing infrastructure 	<ul style="list-style-type: none"> • Reflect accurate progress in the Wards in the IDP Ward Priorities Report • Improve quality of service BCMM is rendering • Invest in sports & recreational facilities • Provide more support toward community driven projects, e.g. livestock rearing, crop cultivation, craft production and other income generating activities

4

Mgmt. Key Levers to action Council Priorities

CHALLENGES	COUNCIL PRIORITY	MANAGEMENT KEY LEVERS	MAYORAL LEKGOTLA RESOLVED ACTION
<ul style="list-style-type: none"> • Climate change and natural disasters 	<ul style="list-style-type: none"> • COUNCIL PRIORITY 4: Solid Waste and Environmental Management (Climate Change). 	<ul style="list-style-type: none"> • KEY LEVER 5: Platform Business Model <ul style="list-style-type: none"> ✓ Seamless interface ✓ Customer confidence ✓ Improved service delivery ✓ Improved accountability 	<ul style="list-style-type: none"> • Execute proper planning, management and maintenance of ponds along the flood lines to mitigate flood risks and preserve our natural environment

5

Mgmt. Key Levers to action Council Priorities

CHALLENGES	COUNCIL PRIORITY	MANAGEMENT KEY LEVERS	MAYORAL LEKGOTLA RESOLVED ACTION
<ul style="list-style-type: none"> • Illegal connections i.e. water and electricity – added/ unbudgeted security measures, systems being destroyed • Inadequate bulk infrastructure • Ageing infrastructure and maintenance • Grant dependency • Load shedding and the energy crisis • Sewerage spillage 	<ul style="list-style-type: none"> • COUNCIL PRIORITY 5: Infrastructure and Service Delivery 	<ul style="list-style-type: none"> • KEY LEVER 4: Maximise the use of GIS <ul style="list-style-type: none"> ✓ To identify existing land parcels and maximise the use of same as per the SDF • KEY LEVER 5: Platform Business Model <ul style="list-style-type: none"> ✓ Seamless interface ✓ Customer confidence ✓ Improved service delivery ✓ Improved accountability 	<ul style="list-style-type: none"> • Continue with Operation Valazonke as it is proving to be successful (potholes) • Tackling the ageing infrastructure and break down of infrastructure resulting in environmental consequences and losses ie water and sanitation • Cleanliness of the city • Discussions with SANRAL on social responsibility

6

Mgmt. Key Levers to action Council Priorities

CHALLENGES	COUNCIL PRIORITY	MANAGEMENT KEY LEVERS	MAYORAL LEKGOTLA RESOLVED ACTION
<ul style="list-style-type: none"> • Slow and Complex land identification and development process • Land: Illegal land invasions as legislation combats land evictions, Illegal land use • Housing demand • Increasing tension in area of Duncan Village in particular Fynbos, Reeston and Mtshotsho. • Delays in building plan approvals and the need for inner-city rejuvenation demand our urgent attention 	<ul style="list-style-type: none"> • COUNCIL PRIORITY 6: Transform the spatial form of the city. 	<ul style="list-style-type: none"> • KEY LEVER 3: Integration of all city strategies <ul style="list-style-type: none"> ✓ Integration of all City Strategies to have seamless operations & maintenance systems • KEY LEVER 4: Maximise the use of GIS <ul style="list-style-type: none"> ✓ To identify existing land parcels and maximise the use of same as per the SDF • KEY LEVER 5: Platform Business Model <ul style="list-style-type: none"> ✓ Seamless interface ✓ Customer confidence ✓ Improved service delivery ✓ Improved accountability 	<ul style="list-style-type: none"> • Address the Human Settlements Backlog • Support Expansion of Port of EL • Conduct long-term planning • Identify and unlock parcels of land for development in line with MGDS to • A more responsive and agile system for assessing development applications. • SPD, ED&A, Public Safety, and BCMDA to consult with property owners to maintain their properties and attract new investment • Accelerate the Acquisition of land for development of Human Settlements • Develop concrete proposals on how the city should address huge housing backlogs and upgrading of informal settlement and provision of bulk infrastructure. • Assess progress made with Duncan Village tension and develop a concrete action plan with clear timeframes to resolve the matter.

Mgmt. Key Levers to action Council Priorities

CHALLENGES	COUNCIL PRIORITY	MANAGEMENT KEY LEVERS	MAYORAL LEKGOTLA RESOLVED ACTION
<ul style="list-style-type: none"> • Lack of critical scarce skills • Bloated organisational structure • High level of absenteeism and Low levels of productivity (Poor performance culture) • Poor staff discipline: Attendance, Abuse of Overtime and Sick leave • Poor departmental integration (silo mentality) • No current SOPs in coordinating, collating, analysing, recording and reporting performance information within various Directorates 	<ul style="list-style-type: none"> • COUNCIL PRIORITY 7: Improve Administrative governance. 	<ul style="list-style-type: none"> • KEY LEVER 2: Data Cleansing <ul style="list-style-type: none"> ✓To enable effective billing which will encourage consumers to pay and further enhance the city's image for greater investment opportunities KEY LEVER 5: Platform Business Model <ul style="list-style-type: none"> ✓Seamless interface ✓Customer confidence ✓Improved service delivery ✓Improved accountability 	<ul style="list-style-type: none"> • Improvement of Political and Administrative Interface –Need of Organisational Cultural Change • Macrostructure process finalization • Tackle escalating Overtime • Enable Discussions with MPAC on irregular expenditure • Turnaround strategy for Fleet Management • Consequence management is a critical requirement

Mgmt. Key Levers to action Council Priorities

CHALLENGES	COUNCIL PRIORITY	MANAGEMENT KEY LEVERS	MAYORAL LEKGOTLA RESOLVED ACTION
<ul style="list-style-type: none"> • Lack of conducive and adequate office accommodation (E.g., not all regional offices are established) • Moratorium on filling of Vacant Posts • Poor implementation of policies and controls • Mismanagement of fleet • Reputational and image risk • Planned litigation and claims vs metro • Lack / limited public ownership • Monitoring of Council Priorities implementation 	<ul style="list-style-type: none"> • COUNCIL PRIORITY 7: Improve Administrative governance. 	<ul style="list-style-type: none"> • KEY LEVER 6: Develop a Functional Organizational Structure <ul style="list-style-type: none"> ✓Enhanced Organizational Performance ✓Improved Bulk Infrastructure and Service Provision ✓Economic Spinoffs and Revenue Enhancement ✓Financial Stability and Happy Communities 	<ul style="list-style-type: none"> • Ensure availability of fleet for refuse removal and additional budget allocation. • HoD: ESS to convene a multi-sectoral M&E Team to: <ul style="list-style-type: none"> ✓Develop M&E Operational Plan ✓Develop appropriate ICT support tools to capture and manage M&E of Council Priorities ✓Report quarterly to Council on progress made with Council Priorities

Mgmt. Key Levers to action Council Priorities

CHALLENGES	COUNCIL PRIORITY	MANAGEMENT KEY LEVERS	MAYORAL LEKGOTLA RESOLVED ACTION
<ul style="list-style-type: none"> Financial reserves exhausted/depleted Low collection rate – irregular billing value chain High Irregular, Fruitless, Wasteful and Unauthorized Expenditure (R10 billion) Regressed audit outcomes Inability to pay creditors within 30 days Delayed procurement of goods & services Financial Sustainability: Shrinking fiscus, Erosion of the revenue base, Payments boycotts, High Debt 	<ul style="list-style-type: none"> COUNCIL PRIORITY 8: Financial Resilience 	<ul style="list-style-type: none"> KEY LEVER 5: Platform Business Model <ul style="list-style-type: none"> ✓ Seamless interface ✓ Customer confidence ✓ Improved service delivery ✓ Improved accountability KEY LEVER 6: Develop a Functional Organizational Structure <ul style="list-style-type: none"> ✓ Enhanced Organizational Performance ✓ Improved Bulk Infrastructure and Service Provision ✓ Economic Spinoffs and Revenue Enhancement ✓ Financial Stability and Happy Communities 	<ul style="list-style-type: none"> Address the Billing issues Improve Revenue collection with immediate effect Discussion on Business Trading Services (ie Utilities for Electricity, Waste etc) Adherence to the Financial recovery plan Electricity tariffs- BCMM with high tariffs – clarifications Maximize grant spending Explore Electronic Indigent Register

5.1.3.1 Proposed High-Level Changes

All processes undertaken above contributed to the IDP/Budget review process towards the 2024/2025 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 third review of the fifth generation Integrated Development Plan.

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
		KFA 19: Solid Waste Management
STRATEGIC OUTCOME 3		KFA 20: Roads and Storm water Infrastructure
		KFA 21: ICT

Strategic Outcomes	Strategic Objectives	Key Focus Areas
(SO3): A connected city	To maintain a world class logistics network.	KFA 22: Transport Planning and Operations
		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
STRATEGIC OUTCOME 5 (SO5): A well-governed city	Promote sound financial and administrative capabilities.	KFA 30: Cemeteries and Crematoria
		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 2024/2025 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 Representative Forum meeting.
- b. IDP/Budget/PMS Workstreams where external stakeholders also participate in the deliberations;

- c. State of the Ward Addresses, led by Ward Councillors, during which Ward Committee and Public Meetings in the wards were used as a platform for discussing the review of the Integrated Development Plan and Ward Priorities during October to December 2023.
- d. Inviting public comment on the draft IDP, BEPP: Catalytic Land Development Programmes, MTREF Budget, and budget-related Policies.

Before the approval of the IDP, the municipality must give an opportunity to the public to comment on the draft. The municipality is required to publish the draft IDP for public comments for at least 21 days. Following the publication of the Draft IDP and Budget, members of the public were awarded an opportunity to peruse the documentation at the municipal libraries and key offices of the Metro. Stakeholders submitted their inputs to the City Manager. Further to this an e-mail address was created through which the metro invited submissions on the draft Revised IDP and Budget until the set deadline. Public inputs have been considered in the compilation of the final 2024/2025 Revised IDP, BEPP: BCMM Catalytic Land Development Programmes and MTREF Budget documents. Refer to **Annexure AC** for the detail of comments received from public.

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 2024/2025 budget preparation sessions were held with all directorates from 27 November 2023 – 01 December 2023. 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 2024/2025 MTREF, a Top Management session was held on 12 March 2024 for consideration of the proposed draft 2024/2025 MTREF, this session was followed by a Budget Steering Committee (BSC) meeting on 15 March 2024. The BSC was chaired by the Executive Mayor, assisted by Member of the Mayoral Committee (MMC) for Finance, acting Chief Financial Officer, Budget & Treasury Management officials and IDP officials. The primary aim of the Budget Steering Committee was to ensure:

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

On 19 March 2024 a Councillors and Traditional Leaders Budget Workshop on the proposed draft 2024/2025 MTREF was also held.

Following the publication of the Draft MTREF Budget on 6 April 2024, members of the public were awarded an opportunity to peruse the documentation at the municipal libraries and key offices of the Metro. Stakeholders submitted their inputs to the City Manager. Further to this an e-mail address was created through which the metro invited submissions on the draft Revised IDP and Budget until the set deadline. Public inputs have been considered all in the compilation of this final MTREF Budget document. The comments on the 2024/2025 Draft (Revised) Integrated Development Plan and MTREF Budget made by members of the public during the public consultation period are attached as **Annexure AC**.

5.2.2 NATIONAL TREASURY MFMA CIRCULARS

National Treasury issued MFMA Circular No. 126 on 07 December 2023 and MFMA Circular No. 128 on 08 March 2024 to guide the preparation of the 2024/2025 MTREF. Some of the key issues highlighted by the circulars are as follows:

- a) The current economic challenges will place pressure on households' ability to pay municipal accounts and Eskom power cuts affect sustainability of small and large businesses. Both these factors have placed pressure on municipal own revenues.
- b) The weak economic growth continues to impact municipal finances, and this has strained consumers' ability to pay for services.
- c) Municipalities are advised to maximise their revenue generating potential and collect what is due to them and concurrently, eliminate wasteful and non-core spending.
- d) 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.
- e) Municipalities must ensure that expenditure is limited to the maximum revenue collected and not spend on money that they do not have.
- f) National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality.
- g) During the budgeting process, provision must be made for revenue to be generated by the tariffs levied for services to address the maintenance of infrastructure.
- h) Over the 2024/2025 MTREF, the local government equitable share and conditional grants will be reduced.
- i) The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation, which is anticipated to consider the current fiscal constraints faced by government. Therefore, in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), municipalities are advised to consider their financial sustainability when considering salary increases.
- j) When it comes to Remuneration of Councillors, any overpayment to councillors contrary to the upper limits as published by the Minister

of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councillor(s) concerned.

- k) National Treasury urges municipalities to ensure that public funds are not used for burial of councillors.
- l) The Consumer Price Index (CPI) inflation is estimated at 4.9% in 2024/2025, 4.6% in both 2025/2026 and 2026/2027 financial years.
- m) The tariff increases by Eskom and Water Boards are higher than inflation.

5.2.3 BUDGET GUIDELINES AND PRINCIPLES

The following budget principles and guidelines informed and provided the bases for the compilation of the 2024/2025 MTREF budget:

- a) The 2023/2024 mid-year adjustment budget and actual figures were used as the baseline for the 2024/2025 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 (2024/2025 – 2026/2027)

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 MTREF budget, these are narrated beneath the table:

Table 6: Budget Assumption

DESCRIPTION	2023/2024	2024/2025	2025/2026	2026/2027
National Treasury Headline Inflation Forecasts	5,30%	4,90%	4,60%	4,60%
Salaries	5,40%	4,90%	4,60%	4,60%
Electricity Purchases	18,49%	12,74%	15,74%	15,74%
Water Purchases	9,86%	6,54%	6,54%	6,54%
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	R874,79	R932,38	R991,64	R1 055,94
Equitable Share Allocation	R1 138 058 000	R1 218 324 000	R1 298 635 000	R1 381 886 000
Bad Debt Provision	19,50%	23,00%	20,00%	19,00%
Property Rates	0,00%	3,90%	4,60%	4,60%
Refuse Tariff	5,30%	5,20%	4,60%	4,60%
Sanitation Tariff	5,30%	5,20%	4,60%	4,60%

DESCRIPTION	2023/2024	2024/2025	2025/2026	2026/2027
Electricity Tariff	15,10%	15,31%	15,70%	15,70%
Water Tariff	9,86%	7,79%	6,54%	6,54%
Fire Levy	5,30%	4,90%	4,60%	4,60%
Sundry Income	5,30%	4,90%	4,60%	4,60%

- i. Property Rates tariffs are projected to increase by 3.9% in the 2024/2025 financial year and tariff increases of 4.6% in both 2025/2026 and 2026/2027 financial years have been planned.
- ii. Refuse Removal and Sanitation Charges have been projected to increase by 5.2% in 2024/2025 financial year, the increase decreases to 4.6% in both 2025/2026 and 2026/2027 financial years.
- iii. Amatola Water Board has approved an increase in bulk water tariffs of 6.54% from 01 July 2024. Therefore, in pursuit for full cost of recovery for the Metro as well as to reduce water losses, the water service tariff increase is projected at 7.79% in 2024/2025, this increase decreases to 6.54% in the two outer years.
- iv. On Electricity, the tariff will increase by 15.31% in 2024/2025 financial year and slightly decreases to 15.7% in the two outer years. The Electricity tariff applied in 2024/2025 is slightly above the National Electricity Regulator of South Africa (NERSA) proposed increase of 12.74% due to the Metro prioritising reduction of electricity losses.
- v. The Revenue Collection Rate of 77% has been projected in 2024/2025 financial year.
- vi. The Repairs and Maintenance budget is currently 5.4% 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 29% 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. 128 has been followed in projecting employee costs increases. The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation. A projected increase of CPI has been factored in the employee costs over the 2024/2025 MTREF; i.e. increase of 4.9% in 2024/2025 financial year and an increase of 4.6% in both 2025/2026 and 2026/2027 financial years.

6. CHALLENGES

6.1 INTEGRATED DEVELOPMENT PLAN

Challenges

N/A.

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 2024/2025 MTREF. The following are the associated risks with achieving the 2024/2025 MTREF projections:

- i. Higher levels of unemployment are likely to increase levels of indebtedness and defaulting on payments.
- ii. Additional budget requests would affect the sustainability of the Metro's finances and could require budget cuts elsewhere.
- iii. Increase in input costs to the provision of basic services could lead to trading services operating at a deficit.
- iv. Aging infrastructure is a risk that could disrupt the provision of services and cause unhappy consumer that might decide not to honour the municipal accounts.
- v. Electricity and water losses that are above the norm.

7. STAFF IMPLICATIONS

None.

8. FINANCIAL IMPLICATIONS

The consolidated budget for the 2024/2025 MTREF period is R11.36 billion (2024/2025), R12.24 billion (2025/2026) and R13.11 billion (2026/2027) with the table below summarising the consolidated overview of the 2024/2025 MTREF Budget. A detailed budget report is attached as **Annexure B**:

Table 7: Consolidated Overview of the 2024/2025 MTREF Budget

DESCRIPTION	2023/2024 ADJUSTMENT BUDGET	2024/2025 FINAL BUDGET	INCREASE OR (DECREASE) %	2025/2026 FINAL BUDGET	2026/2027 FINAL BUDGET
Total Operating Revenue	9 396 269 972	10 134 811 291	7,86	10 977 642 052	11 821 177 918
Total Operating Expenditure	9 396 033 559	10 129 615 381	7,81	10 958 386 953	11 771 018 335
Surplus/(Deficit) for the year	236 413	5 195 910		19 255 099	50 159 583
Total Capital Expenditure	1 324 092 761	1 231 114 811	(7,02)	1 278 342 976	1 344 193 663
Total Opex and Capex Budget	10 720 126 320	11 360 730 192		12 236 729 929	13 115 211 998

9. **OTHER PARTIES CONSULTED**

9.1 Buffalo City Metropolitan Council

9.2 Budget Steering Committee

9.3 BCMM Top Management

9.4 BCMM Directorates

9.5 External Stakeholders

10. **RECOMMENDATIONS**

10.1. The Council of Buffalo City Metropolitan Municipality, acting in terms of the Local Government: Municipal Planning and Performance Management Regulations of 2001 and Section 4(1) of the Municipal Property Rates Act of 2004 **considers** and **notes** the public comments received on the Draft (Revised) IDP, MTREF Budget and budget-related policies attached as Annexure AC.

- 10.2. 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 2024/2025 Integrated Development Plan (IDP) inclusive of the Spatial Development Framework (SDF) as required by S32 of the Municipal Systems Act.
- 10.3. The Council of Buffalo City Metropolitan Municipality **notes** 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 2024/2025 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.
- 10.4. The Council of Buffalo City Metropolitan Municipality, acting in terms of Division of Revenue Act (DoRA), **approves** and **adopts** the 2024/2025 Built Environment Performance Plan (BEPP): BCMM Catalytic Land Development Programmes.
- 10.5. 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 Annual Budget of the municipality for the 2024/2025 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 Annual Budget of the parent municipality for the 2024/2025 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 Annual Budget of the municipal entity (BCMDA) for the 2024/2025 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

10.6. 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 2024:

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

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

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

10.7.2 That an indigent consumer be given an average social subsidy package on his/her account as contained in table 15 of **Annexure B**.

10.7.3 That free basic electricity be granted for a registered indigent consumer of 50KWh per month.

10.7.4 That free basic water be granted to a registered indigent of 6KI per month.

10.8. The Buffalo City Metropolitan Municipality Council, **approves** and **adopts** the revised budget related policy:

10.8.1 Indigent Support Policy – as set out in Annexure O.

10.9. 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 .

10.10. The Buffalo City Metropolitan Municipality Council, **approves** and **adopts** the new Receipting Policy attached as Annexure V.

10.11. 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**.

10.12. That in terms of Section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 2003, the Revised Integrated Development Plan be **approved**.

10.13. Council **notes** that the Consolidated 2024/2025 MTREF Budget tabled for adoption is structured in terms of the Buffalo City Metropolitan Municipality votes and functions.

10.14. MFMA Circular 126 and 128 for the 2024/2025 MTREF attached as Annexure X be **noted** by Council.


P. FAKU

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

DATE

ANNEXURES:

- A: Revised 2024/2025 Buffalo City Metropolitan Municipality Integrated Development Plan
- B: 2024/2025 - 2026/2027 Buffalo City Metropolitan Municipality Medium-Term Revenue and Expenditure Framework Budget
- C.1 2024/2025 MTREF Capital Projects - Per Programme/Project
- C.2. 2024/2025 MTREF Capital Projects – Detailed Schedule
- D.1. 2024/2025 MTREF Operating Projects-Per Programme/Project
- D.2. 2024/2025 MTREF Operating Projects – Detailed Schedule
- E: BCMM mSCOA Systems Implementation Status Report
- F: 2024/2025 Tariff Book
- G: 2024/2025 Tariff Policy
- H: 2024/2025 Property Rates Policy & Property Rates By-Law
- I: 2024/2025 Supply Chain Management Policy
- J: 2024/2025 Immovable Asset Policy
- K: 2024/2025 Movable Asset Policy
- L: 2024/2025 Budget Virement Policy
- M: 2024/2025 Funding and Reserves Policy
- N: 2024/2025 Credit Control Policy
- O: 2024/2025 Indigent Support Policy
- P: 2024/2025 Long-Term Borrowing Policy
- Q: 2024/2025 Capital Infrastructure Investment Policy
- R: 2024/2025 Long-Term Financial Planning Policy
- S: 2024/2025 Budget Management and Oversight Policy
- T: 2024/2025 Investment & Cash Management Policy
- U: 2024/2025 Cost Containment Policy
- V: 2024/2025 Receipting Policy
- W: 2024/2025 Service Level Standards
- X: MFMA Circular 126 and 128
- Y: Consolidated 2024/2025 MTREF A-Schedules
- Z: 2024/2025 MTREF A-Schedules (Parent)
- AA: 2024/2025 MTREF D-Schedules (Municipal Entity: BCMDA)
- AB: 2024/2025 Built Environmental Performance Plan: BCMM Catalytic Land Development Programmes
- AC: Public Participation Written Comments Received on Draft Revised 2023/2024 Integrated Development Plan (IDP) and 2023/2024 Medium Term Revenue and Expenditure Framework
- AD: 2024/2025 MTREF Budget Presentation