



NXUBA IDP & BUDGET PROCESS PLAN FOR 2012 - 2013

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1. INTRODUCTION

The Process plan is an organized activity plan that outlines the process of development of the IDP and Budget.

This process plan outlines the manner in which the 2012/2013 IDP development and Budget process will be undertaken. It has been prepared in line with the District Framework Plan.

The IDP of a municipality is developed for a five year period and is reviewed annually. Section 25 of the Municipal Systems Act, No 32 of 2000 states that:

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

In the light of this development process, the IDP will reflect the impact of successes as well as corrective measures to address challenges. The IDP process will address internal and external circumstances that impact on the priority issues, objectives, strategies, projects and programs of integrated planning.

The IDP, as a municipality’s strategic plan, informs Municipal decision-making as well as all the business processes of the Municipality. The IDP must inform the Municipality’s financial and institutional planning and most importantly, the drafting of the annual budget.

Section 153 of the Constitution of the Republic of South Africa provides that a municipality must “structure and manage its administration and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community”. This constitutional provision illustrates the need for integrating the planning, budgeting, implementation and reporting processes of all public institutions.

The 2012/13 budget will develop from the Nxuba Local Priorities, emanating from the analysis phase of the Integrated Development Plan. Strategies will be developed and existing ones reviewed in the context of the identified policy priorities. Out of these strategies will emerge MTREF Operational Plans that will contain departmental performance indicators over the years 2009/10, 2010/11 and 2011/12 with targets and resource allocation estimates.

The IDP and the budget processes are two distinct but integrally linked processes which must be coordinated to ensure that the IDP and budget related policies and the tabled budget are mutually consistent and credible. (Municipal Finance Management Act, 2003; Local Government: Municipal Planning and Performance Management Regulations, 2001 and 2006).

1.1 Legal context

The preparation and adoption of a Process Plan is provided for under Section 28 of the Municipal Systems Act, No 32 of 2000, which states:

Each municipal council must, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan”.

The Municipal Finance Management Act, No 56 of 2003 (MFMA) is very clear with respect to time-frames for the IDP and the budget.

Section (21) and (24) of the MFMA requires the budget and IDP schedule (or Process Plan) to be adopted by Council by the end of August, the draft budget and IDP to be tabled before the council in March and final budget and IDP to be adopted by council in May each year.

1.2 What elements does the development of this IDP comprise (content)?

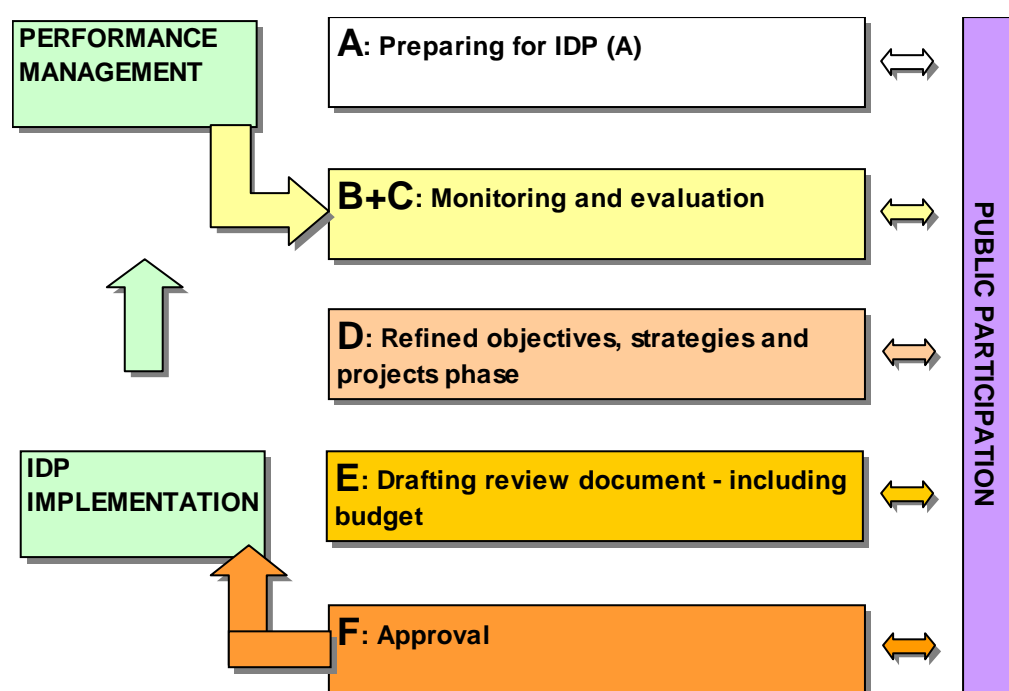
The main output is a 5 year strategic document. This strategic document is likely to comprise a number of components, including:

- The development of a spatial development framework
- Development of sector plans
- Development of new projects
- 5 year capital and investment plan
- Performance Management framework
- Service delivery and budget implementation plan

Improvements to the IDP process and content may be considered from the previous year's Provincial Assessment report. These can be regarded as inputs into the IDP development process. An outcome of the development of the IDP is the annual budget, which is prepared for a three year period, reviewed annually.

1.3 How is the IDP process undertaken (process)?

The process reflected in the diagram below represents a continuous cycle of planning, implementation and review. Implementation commences after the Municipal Council adopts the IDP and Budget.



Each of these steps is discussed in detail in the Action Plan which is attached as Annexure B.

2. ORGANISATIONAL ARRANGEMENTS

Five structures will guide the IDP and Budget Review Process within the ADM area:

- IDP/PMS/Budget Representative Forum
- IDP Steering Committee
- IDP Cluster Teams
- Technical Intergovernmental Forum (IGR)
- Budget Steering Committee

2.1 IDP/PMS/Budget Representative Forum

The IDP/PMS/Budget Representative Forum, formed as part of the IDP process, should continue to function throughout the IDP development. Should circumstances warrant, their terms of reference or representation may be extended to suit changed circumstances or shortcomings identified during the IDP process.

The Representative Forum is comprised of Nxuba Municipal Councillors and staff, representatives from sector departments, parastatal bodies, NGOs, business fraternity and other interested organized bodies.

2.2 IDP Steering Committees

The IDP Steering Committee, formed as part of the IDP process, should continue to function throughout the IDP development. Should circumstances warrant, their terms of reference or representation may be extended to suit changed circumstances or shortcomings identified during the IDP process.

This committee will monitor progress. Of critical importance is that it will be the structure that “puts it all together”. This is important because there are a number of sub-activities that form part of the IDP development, each of which will require a specific focus. The danger is that these activities can become un-coordinated which will result in unnecessary duplication.

2.3 IDP Cluster Teams

IDP clusters, usually formed as a combination of the IDP steering committee and IDP/Budget/PMS representative forum need to continue to function.

During the 2010/2011 IDP review process, Nxuba Local Municipality adopted new operational clusters which are aligned to the municipality’s performance management system and reflect the new key performance areas of local government. These new clusters will assist in aligning the Municipal IDP and Budgeting processes as well as the Service Delivery and Budget Implementation Plan. The clusters are as follows:

- Municipal Transformation and Institutional Development;
- Basic Service Delivery and Infrastructure Investment;
- Local Economic Development;
- Municipal Financial Viability and Management; and
- Good Governance and Public Participation.

2.4 Technical Intergovernmental Forum

Chapter 3 of the Constitution Act 108 of 1996 provides for the principles that underline the relations between the spheres of government. The technical IGR forum was established in terms of section 27 of the IGR Framework Act No. 13 of 2005 and is chaired by the municipal manager of the municipality. It comprises of district managers of sector departments within Amathole jurisdiction. Amongst its roles, the technical IGR has a responsibility of ensuring:

- Coherent planning and development in the district;
- Co-ordination and alignment of the strategic and performance plans and priorities; objectives and strategies of the municipalities in the district and
- Any matter of strategic importance which affects the interests of the municipalities in the district.

2.5. BUDGET STEERING COMMITTEE

The Budget steering committee has a responsibility of recommending the budget document as well as any other budget related issues such as changes in internally funded projects, before the approval by council. This committee is chaired by the Mayor or her delegated representative, with chairpersons of the standing committees and all section 57 employees serving as members.

3. MECHANISMS FOR PUBLIC PARTICIPATION

One of the main features of the integrated development planning process is the involvement of community and stakeholder organizations in the process. Participation of affected and interested parties is obligatory in the IDP development process and is set down in Chapter 4 of the Municipal Systems Act. This is to ensure that the IDP addresses the real issues that are experienced by the citizens of a municipality.

The Municipality will place a blanket notice on the local newspapers inviting interested parties to participate in the IDP/PMS/Budget Representative forum.

The IDP/PMS/Budget Representative Forum will meet throughout the IDP process. The frequency of meetings is highlighted in the table above.

Schedule of meetings

In addition to the various scheduled cluster meetings, the following meetings are required for the IDP development process.

Structure	Date	Time
IDP Steering Committee	23/08/11	10H00 to 14H00
	06/09/11	10H00 to 14H00
	04/10/11	10H00 to 14H00
	02/11/11	10H00 to 14H00
	10/01/12	10H00 to 14H00
	07/02/12	10H00 to 14H00
	06/03/12	10H00 to 14H00
	09/05/12	10H00 to 14H00

Structure	Date	Time
IDP/PMS/Budget Representative Forum	15/09/11	09H00 to 13H00
	17/11/11	09H00 to 13H00
	15/03/12	09H00 to 13H00
	17/05/12	09H00 to 13H00

4. MECHANISMS AND PROCEDURES FOR ALIGNMENT

Mechanisms and procedures for alignment have been discussed under Section 2 (IGR & DIMAFO). However, it is important to note that ADM will co-ordinate various processes and projects relevant to the IDP Process with local municipalities through the Municipal Support Unit.

Of most importance in this regard are sector plans which have been undertaken at the district level.

4.1 Sector plans

ADM identified a number of projects as part of its IDP development and review, that relates to studies, strategies and plans. These sector plans are coordinated by the Spatial Coordination Committee. New sector plans may be developed and/or existing ones reviewed during the IDP process.

The existing sector plans comprise the following:

- Housing Development Plan
- Municipal Spatial Development Framework
- Integrated Waste Management Plan
- Employment Equity Plan
- Performance Management Framework

All these sector plans, together with a number of policies, are accessible at Nxuba Local Municipality, and can be made available on request.

5. ACTION PLAN AND BUDGET

5.1 Action plan

Each phase of the IDP process will be initiated by a Steering Committee meeting, followed by a Representative meeting. This will allow both Nxuba Local Municipality internally, as well as Local Stakeholders to give clear direction to activities required in the phase. Details of the steps within each phase are included in Annexure D.

Representative Forum meetings will be held quarterly and these will be scheduled to facilitate community participation and relevant input to the IDP development process.

Each phase of the budget process will entail submission and approval by the Budget Steering committee before submission and approval by Council. When the operational plans over the MTREF are complete, as well as the reviews and development of budget related policies, the financial plans should be compiled.

These financial plans are costs of implementing the IDP. Included in the financial plan should be three-year projections of capital and recurrent expenditure. The medium term financial planning approach will ensure that all strategies developed as part of the IDP are integrated into the funding basket.

Reference has to be made to past performance in order to project future requirements. Details on the performance in 2011/12 as well as during the first semester of 2012/13 will provide adequate analysis of the spending capacity and constraints of the municipality.

There will be a need to consider the MTREF projections currently in existence and recognize them as the baseline against which the future projections are based. There will be a need to recognize the impacts of capacity to deliver, delayed delivery, inflationary pressures and changed priorities on the baseline. The outcomes from the baseline analyses will produce realistic baseline from which future projections could be based.

Infrastructure budgets (chiefly financed by MIG) should indicate the following segments:

- New Infrastructure
- Refurbishment and Rehabilitation
- Upgrading and Additions and
- Maintenance and Repairs (Current) if applicable

As part of the process of developing the budgets, an appropriate budget structure should be identified, with requests for any amendments to be made to the budget office. The budget structure should promote accountability, responsibility, allocation of centre of achievement, reference to the chart of accounts as well as the source of funding at least. The budget documents from the different departments will be developed according to the relevant templates distributed for this purpose.

In establishing the Budget Submissions, each HOD should, amongst other things, test the alignment of the Nxuba Local Municipality projects, programmes and recurrent expenditure with those of provincial and national government departments. This will eliminate any possible duplication of effort.

The draft budget will contain the following minimum information as per section 17 of the Public Finance Management Act:

- Anticipated revenue from each revenue source
- Appropriation of expenditure for the budget year under the different departments/votes
- Indicative revenue per revenue source and projected expenditure by department/vote for the two financial years following the budget year
- Estimated revenue and expenditure by department/vote for the current year
- Actual revenue and expenditure by department/vote for the financial year preceding the current year
- Any statement for the relevant information appropriate as per section 215(3) of the Constitution
- Division of budget into capital and operating items as may be prescribed
- Draft Resolutions approving the budget and any other revenue tariffs
- Measurable performance objectives for revenue from each source and for each department, taking into account the IDP

- Cash Flow Projections by revenue source, broken down per month
- Proposed amendments to the IDP and budget related policies
- Particulars of investments
- Budget information on municipal entities as per relevant prescripts, if any
- Proposed municipal entities to be established or in which the municipality intends to participate
- Proposed service delivery agreements
- Proposed allocations to other municipalities, entities, organs of state and/or other bodies and organizations
- Proposed costs to the municipality towards each political office bearer, councillors, municipal manager and section 57 managers

After the stakeholder consultations and public participation processes, relevant amendments will be effected to the draft budget, thus making it to become the final budget proposal for submission to Council for approval.

5.2 Budget

The Department of Local Government and Traditional Affairs has not allocated any funding for Nxuba's IDP. However, ADM has set aside an allocation of R800,000 from its internal funds in the 2012/13 budget for the IDP, and no specific funding for budget development.

6. MONITORING AND AMENDING

It is very critical that the monitoring and review mechanisms be catered for in the planning process. The following with regards to monitoring and amendment of the IDP and Budget Process Plan is recommended:

- The Officer: IDP/PMS/SDBIP co-ordinate and monitor the IDP development process;
- Progress to be reported to the Mayor, and any deviations from the Process Plan must be highlighted;
- The Mayor may be mandated to make amendments to the Process Plan should these be required. An example of this would be revisiting time frames in the event of unforeseen delays.

7. BINDING PLANS AND LEGISLATION

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

The Municipal Structures Act, No 117 of 1998, Municipal Systems Acts, No 32 of 2000, and Municipal Finance Management Act, No 56 of 2003 are specific to local government. The Municipal Systems Act has a specific chapter dedicated to IDPs and is the driving piece of legislation for the development of IDPs. Arising from the Municipal Systems Act, the IDP and PMS Regulations need to be complied with.

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

- Legal requirements for the formulation of a discrete sector plans (e.g. a water services development plan).
- A requirement that planning be undertaken as a component of, or part of, the IDP (like a housing strategy and targets).
- Links between the IDP and budget process as outlined in the Municipal Finance Management Act, 2003.
- Legal compliance requirement (such as principles required in the Development Facilitation Act – DFA – and the National Environmental Management Act – NEMA).
- More a recommendation than a requirement, which is deemed to add value to the municipal planning process and product (in this case, Local Agenda 21).

These are highlighted in the table below:

Category of requirement	Sector requirement	National department	Legislation/policy
Legal requirement for a district/local plan	Water Services Development Plan	Department of Water	Water Services Act, No 30 of 2004
	Integrated Transport Plan	Department of Transport	National Land Transport Act, No 5 of 2009
	Waste Management Plan	Department of Environmental Affairs	White Paper on Waste Management in South Africa, 2000
	Spatial planning requirements	Department of Rural Development and Land Reform	Development Facilitation Act, No 67 of 1995
Requirement for sector planning to be incorporated into IDP	Housing strategy and targets	Department of Human Settlements	Housing Act, No 107 of 1997
	Coastal management issues	Department of Environmental Affairs	National Environmental Laws Amendment Act, No 14 of 2009
	LED	Department of Cooperative Governance and Traditional Affairs	Municipal Systems Act, No 32 of 2000
	Integrated Infrastructure Planning	Department of Cooperative Governance and Traditional Affairs	Integrated Planning Act of 1997
	Spatial framework	Department of Cooperative Governance and Traditional Affairs	Municipal Systems Act, No 32 of 2000
	Integrated Energy Plan	Department of Energy	White Paper on Energy Policy, December 1998

Category of requirement	Sector requirement	National department	Legislation/policy
Requirement that IDP complies with	National Environmental Management Act (NEMA) Principles	Department of Environmental Affairs	National Environment Management Act, No 107 of 1998
	Development Facilitation Act (DFA) Principles	Department of Rural Development and Land Reform	Development Facilitation Act, No 67 of 1995
	Environmental Implementation Plans (EIPs)	Department of Environmental Affairs	National Environment Management Act, No 107 of 1998
	Environmental Management Plans (EMPs)	Department of Environmental Affairs	National Environment Management Act, No 107 of 1998
	IDB/Budget link	Department of Finance	Municipal Finance Management Act, No 56 of 2003
	Developmental local government	Department of Provincial and Local Government	White Paper on Local Government, 1998
Value adding contribution	Sustainable Development and Environmental Awareness	Department of Environmental Affairs	Local Agenda 21
	Global Partnership responding to worlds main development challenges	Department of Social Development	Millenium Development Goals

The Provincial Spatial Development Plan and the Provincial Growth and Development Strategy will be used as guiding policy documents during the review phase.

Nxuba Local Municipality will include all the planning documents that have been approved by Council and other strategies that might be relevant to the **IDP** process, as accompanying documents to the IDP.