

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY
MAYORAL COMMITTEE MEETING**

2022.06.22

ITEM B-CORP (08-2022)

CITY OF EKURHULENI'S 2022/2023 CITY-WIDE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN AND 2022/2023 DEPARTMENTAL BUSINESS PLANS

1. PURPOSE

To table the City of Ekurhuleni's 2022/2023 Service Delivery and Budget Implementation Plan (SDBIP) and Departmental Business Plans for approval by the Executive Mayor in terms of section 53(1)(ii) of the Municipal Finance Management Act, 56 of 2003.

2. STRATEGIC OBJECTIVE

To build a clean, capable and modernized local state.

3. WARDS AFFECTED

All Wards

4. EXECUTIVE SUMMARY

In terms of section 53(1)(c)(ii) of the Municipal Finance Management Act (herein after referred to as the MFMA) the mayor of a municipality must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget.

Section 1 of the MFMA further requires that the SDBIP (City-wide) must include the following:

- (a) projections for each month of revenue to be collected, by source; and operational and capital expenditure, by vote; and
- (b) service delivery targets and performance indicators for each quarter.

The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councillors, municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality.

The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor.

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It must also be consistent with outsourced service delivery agreements such as municipal entities, public-private partnerships, service contracts and the like.

5. DISCUSSION

5.1. CONTEXT FOR THE LAYERED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

Circular 13 of the MFMA requires that the City's SDBIP be a layered plan, with the top layer (City-wide SDBIP) of the plan dealing with consolidated service delivery targets and in-year deadlines, and linking such targets to top management. Once the top-layer targets are set, the top management is then expected to develop the next (lower) layer of detail of the SDBIP, by providing more detail on each output for which they are responsible for, and breaking up such outputs into smaller outputs and linking these to each middle-level and junior manager. Whilst the city manager has access to such lower layer detail of the SDBIP, it will largely only be the senior manager in charge who will be using such detail to hold middle-level and junior-level managers responsible for various components of the service delivery plan and targets of the municipality.

Only the highest layer (City-Wide) of information of the SDBIP will be made public or tabled in the council. Such high-level information should also include ward information, particularly for key expenditure items on capital projects and service delivery this will enable each ward councillor and ward committee to oversee service delivery in their ward. Being a management and implementation plan (and not a policy proposal), the SDBIP is not required to be approved by the Council, it is however tabled before council and made public for information and for purposes of monitoring.

5.2. STRATEGIC CONTEXT FOR THE DEVELOPMENT OF THE SDBIP

The policy posture for the current term of council is 'Back to Basics for service delivery and inclusive growth'. The priorities under this theme can be summarised in nine points:

- Giving residents back their power by helping to reduce their vulnerability to Eskom load shedding; enhance access to reliable, affordable, and sustainable electricity.
- Ensuring that every community has access to reliable, clean, running water, that is safe to drink and to prepare food; that we modernise water management and prevent untreated wastewater contaminating the environment.
- Investing in safe, reliable, affordable public transport; well-maintained roads; and infrastructure renewal with measures to safeguard infrastructure from vandalism and theft.
- Ensuring there is a hygienic environment to live and play, delivered through effective waste collection and waste disposal, working landfill sites, the implementation of recycling programmes through reclaiming of untidy public parks and cemeteries.

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- Promoting housing options, ensuring more people own their homes by receiving their valid title deeds.
- Being tough on crime and tougher on the causes of crime by investing in localised law enforcement.
- Minimising the risks which lead to poor health, respond effectively to health emergencies, and promote the resilience of communities through effective disaster risk management.
- Regaining the financial stability of the city by ensuring good governance.
- Using Back to Basics service delivery as a foundation to bringing in investment and jobs to the local economy by making it easier to do business within the municipality.

For this policy directive to be realised, the city embarked on a process to operationalise and translate the directive into an implementable programme of action for the current term of office. The City administration, both city departments and entities prepared their respective operational business plans and demonstrated a logical framework demonstrating their respective commitments as guided by the following:

- An overview and analysis of the department/entity performance during the previous term, highlighting notable service delivery achievements against backlogs and commitments as well as challenges encountered;
- An identification of the relevant directives for the term and a recommendation of high impact service delivery strategies, programmes, projects and services options guided by the current level of development in the city, also taking into account the organisational resources (human and financial);
- A review of previous service delivery commitments and align with current objectives for the term;
- Development of relevant key performance indicators as well as their 5 year measurable targets (2022/23 – 2026/27 broken into annual financial years) for in-year and annual monitoring of the implementation of directives and commitments; and
- An assessment and consideration of ward based priorities when recommending strategies, programmes and service options for consideration.

5.3. CONTENTS OF THE CITY-WIDE SDBIP

The City-Wide SDBIP is divided into 8 sections and each section can be summarised as follows:

Section 1: This section contains the introduction, which highlights the alignment of the SDBIP to the approved IDP and MTREF Budget.

Section 2: This section contains the legislative framework that guided the development of this SDBIP, which includes legislation and government circulars.

Section 3: The section outlines the policy direction for the term as approved in the 2022/23 – 2026/27 Integrated Development Plan.

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Section 4: This section outlines the alignment of the policy commitments with the IDP strategic objectives.

Section 5: This section contains the budget implementation plan, which is in essence the approved operational and capital budget, the budgeted monthly revenue and expenditure schedules per vote as required by the MFMA and the budgeted monthly cash flow.

Section 6-7: This section provides detail on the City's service delivery performance indicators and targets.

Section 8: This section provides detailed capital projects per ward.

5.4. PROCESS FOLLOWED FOR THE DEVELOPMENT OF THE CITY-WIDE SDBIP AND DEPARTMENTAL BUSINESS PLANS

The process for the development of the SDBIP and departmental business plans unfolded as early as January 2022. Internal departments were directed to review their respective departmental business plans taking into account performance against 2021/2022 targets and the planned 2022/2023 performance measures as set out in the IDP and MTREF budget. As such, the following process was followed to finalise the development and approval of the SDBIP.

Table 1: Adjusted Schedule of deadlines for the development of the 2022/2023 SDBIP and Departmental Business Plans

Phases	Areas Focus	Due date
1st draft departmental business plans	Alignment with the principles of these guidelines.	22 February 2022
2nd draft departmental business plans	All sections of the departmental business plans.	01 March 2022
Tabling of the IDP and Budget in Council for public participation		30 March 2022
3rd draft departmental business plans	All sections of the departmental business plans based on the draft budget. Uploading and updating of scorecards on the PMS System once verified and accepted.	30 April 2022
Tabling of the IDP and Budget in Council for Approval		30 May 2022
Departmental one on one consultations	Discuss departmental Business plans with all departments to provide input prior to signoff by HOD and relevant MMC's.	18 -27 May 2022
Final departmental business plans	Final departmental business plans based on the approved budget – signed off by the MMC and HOD.	4 June 2022
Approval of Departmental and Metro wide SDBIPs by the Executive Mayor		22 June 2022

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5.5. 2022/2023 INSITUTIONAL SERVICE DELIVERY PERFORMANCE INDICATORS AND TARGETS

The SDBIP contains output indicators, which contribute to the achievement of outcomes in the approved IDP. The detailed City Wide SDBIP and Departmental SDBIP are attached as **Annexures 1 & 2** and **Annexures A - Y**.

5.6. FINANCIAL IMPLICATIONS

The SDBIP is an implementation plan based on the approved budget and IDP and because of this relationship, performance or non-performance in relation to the set performance measures will have a direct impact on the performance of the budget and IDP. It is therefore crucial that the performance against the service delivery targets as contained in the SDBIP is monitored and regularly reviewed.

6. STRATEGIC RISK OVERVIEW

6.1 BACKGROUND

The City, like many entities, is faced with uncertainty of whether the objectives set out in the IDP and SDBIP will be achieved, and done so within the planned timeframes. The path to the achievement of objectives is lined with potential impediments and obstacles that can affect the successful achievements of the commitments that the City has made.

One of the means of providing reasonable assurance that goals and objectives will be achieved is by anticipating such impediments and obstacles and proactively putting measures in place to mitigate them. This process is otherwise known as risk management.

The MFMA prescribes that the City Manager establishes and maintains a system of, among others, managing risks.

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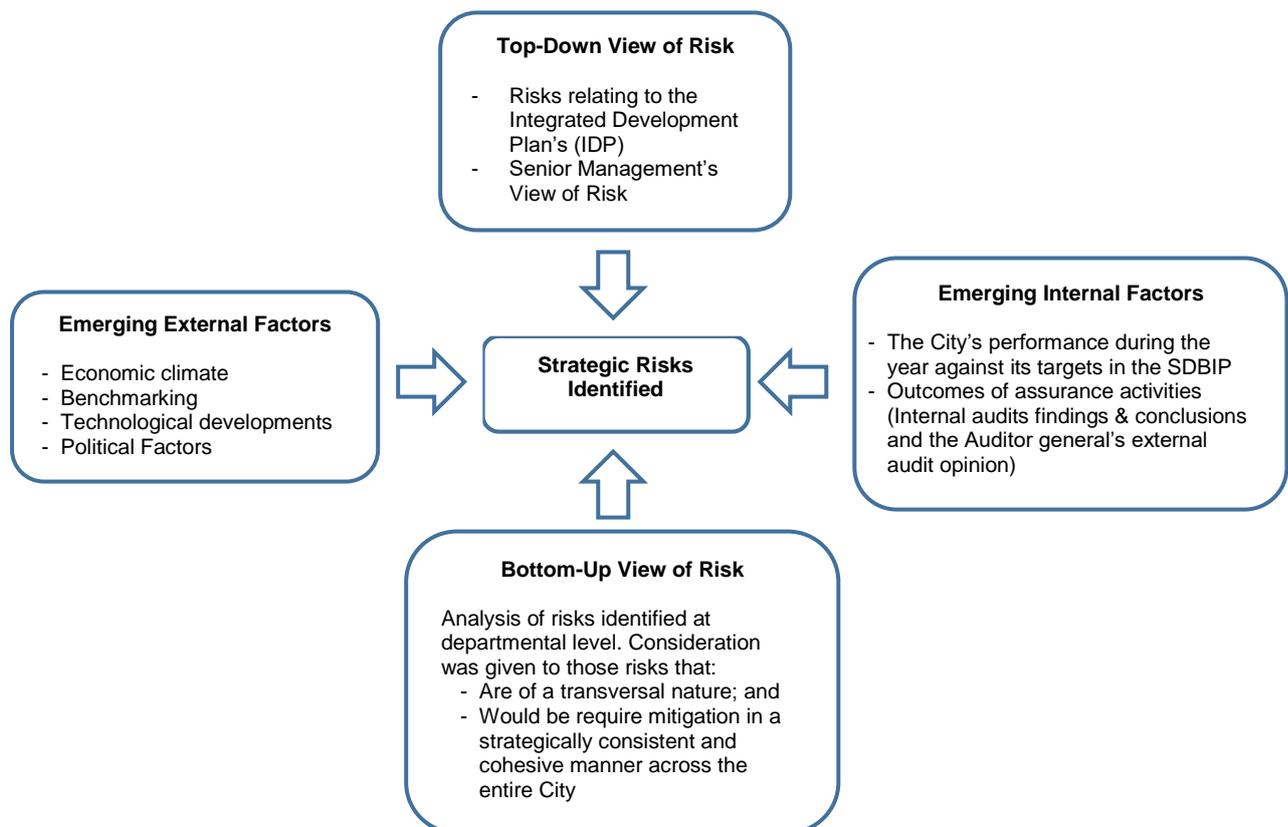
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The strategic risks identified for the 2021/22 year consisted of risks covering the following areas:

- People
- Technology
- Projects
- Service Delivery
- Revenue Generation
- Liquidity
- Governance
- Environment
- Economic
- Political
- Infrastructure

Risks that are expected to have an impact on the strategic objectives contained in the IDP for the 5-year 2022-26 term and the SDBIP have been identified and profiled. These risks were identified from a process that considered:



6.2 ANALYSIS OF OBJECTIVES

The 63 strategic objectives as per the IDP Scorecard were analysed for relation and alignment to the current strategic risks. The proportion of objectives that are aligned to the current risks compared to those that do not is depicted on the graph below.

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The total of 32 (51%) of the strategic objectives that could not be directly aligned to any of the current strategic risks were further analysed to establish the risk context.

Upon analysis, the objectives were grouped into the following categories:

	Category	Description
i.	New KRI in Strategic Risks	The performance indicator to the strategic objective is best aligned to a new key risk indicator to an already existing strategic risk.
ii.	Departmental Level Risk	The risks to the objectives have been identified, profiled and responded to in the risk profiles of the relevant department. The risks are retained at the departmental level because: <ul style="list-style-type: none"> ▪ The context, scope and magnitude of the risk does warrant escalation to the strategic level ▪ The risks can be attributed to objectives at the department level.
iii.	Fraud & Ethics Risk Profile	The objectives related to risks that are profiled in the City's fraud and ethics, which is separate from the strategic risk profile.
iv.	New Strategic Risk	The objectives (and the associated performance indicators) are aligned to a new strategic risk. The details of the new risk are details under section 6.3 below.

The proportion of the objectives according to the above categories is depicted graphically below.

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6.3 KEY REVISIONS TO STRATEGIC RISK PROFILE

The salient revision points to the strategic risk profile are the following:

Service Delivery Risk

The current context to the service delivery risk was limited in its nature. The scope of the risk has now been expanded to address the uncertainties around the adequacy of delivery of services with focus on the core service delivery mandates, namely the provision of:

- Electricity
- Potable water
- Sanitation
- Refuse removal

Each one of the above mandates has associated key risk indicators, aligned to the strategic performance indicators.

The levels of risk for the revised risk remain at the medium levels of priority. This is based on:

- The satisfactory status of the previous key risk indicator for the risk
- The satisfactory levels of performance against the service delivery related key performance targets over the past few years.

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Social Risk

A new strategic risk, relating to the social environment of the City has been identified. The risk relates to the focus areas around the strategic objective of promoting safer, healthy and socially empowered communities. The broader uncertainty that the City faces is that of the potential erosion of social cohesion as a result the following factors:

- Increase in crime levels
- Inaccessibility of healthcare services
- Unfulfilled and/or increase in the demand for social infrastructure and services sports, recreation
- Degradation of heritage assets
- High backlog for housing

The baseline levels of risk under this new risk have been assessed at medium levels of priority. This is based on:

- The analysis of historical performance against relevant performance targets
- Information from the Gauteng City Region Observatory's (GCRO) Quality of Life index.
- High backlog for housing

The baseline levels of risk under this new risk have been assessed at medium levels of priority. This is based on:

- The analysis of historical performance against relevant performance targets
- Information from the Gauteng City Region Observatory's (GCRO) Quality of Life index.

6.4 REVISED STRATEGIC RISK PROFILE

The revised strategic risk profile, based on the City's key focus areas for the 2022-2027 performance scorecard is as follows:

	Risk Category	Risk Description	Residual Risk Priority
1.	Liquidity	The City may not collect adequate levels of revenue in order to be able to have sufficient cash available to maintain daily operations	High
2.	Social	Erosion of community social cohesion as a result of the following factors: <ul style="list-style-type: none"> ▪ Increase in crime levels ▪ Inaccessibility of healthcare services ▪ Unfulfilled and/or increase in the demand for social infrastructure and services sports, recreation ▪ Degradation of heritage assets ▪ High backlog for housing 	High
3.	Projects	Uncertainty that all projects committed to may not be delivered within the expected timeframes and/or at the expected levels of quality.	High

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	Risk Category	Risk Description	Residual Risk Priority
4.	Infrastructure	Municipal infrastructure may deteriorate at an accelerated rate	High
5.	Economic	The local economy may regress or not grow at the anticipated rate due to internal and external factors	High
6.	Technology	ICT infrastructure and critical applications may not be available and functional to enable business processes	Medium
7.	People	Risks associated with the governance, systems and processes surrounding the human capital of the City. In particular with respect to: <ul style="list-style-type: none"> ▪ Performance of human capital ▪ Availability of human capital 	Medium
8.	Service Delivery	Basic municipal services may not be delivered at the expected levels.	Medium
9.	Revenue Generation	Uncertainty around the generation of adequate revenue for the City	Medium
10.	Environment	The local natural environment may be eroded and/or destroyed due to direct human and industrial activity	Medium
11.	COVID-19	Uncertainty around the impact that COVID-19 will have on the health of employees and municipal operations	Medium
12.	Political	Uncertainty around the stability of the City's political leadership that may have an impact on the decision-making and operational sustainability.	Medium
13.	Governance	The uncertainty that the systems of governance of the City may be such that they do not lead to financial & operational sustainability and the achievement of performance targets.	Low

The full risk register is included under **Annexure Z**.

The state of the strategic risk profile of the City will be monitored and reported on continuously throughout the course of the year. This will include:

- The progress of implementation of risk mitigation measures
- Instances where there is an increase in the levels of risk; and
- Any breaches of the City's risk appetite

The process will be overseen by the Risk Management Committee. The Audit Committee will provide assurance on the state of risk management in its regular reports to Council.

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7. CONCLUSION

The municipal Systems Act (MSA), 32 of 2000 and the MFMA ensure that the IDP and budget processes are coordinated, linked and executed in a closely integrated and sequential manner and the 2022/2023 SDBIP emerged from these two interrelated processes. The 2022 /2023, SDBIP is a firm commitment by the City to improve the lives of the people of the City of Ekurhuleni. The commitments made in the SDBIP should further inform the performance contracts of senior managers to ensure proper alignment.

8. ANNEXURES

- Annexure 1:** 2022/2023 City-wide SDBIP
- Annexure 2:** 2022/2023 Departmental Scorecard
- Annexure A:** City Planning Business Plan
- Annexure B:** Communications & Brand Management Business Plan
- Annexure C:** Corporate Legal Services Business Plan
- Annexure D:** Disaster & Emergency Management Services Business Plan
- Annexure E:** Ekurhuleni Metropolitan Police Department Business Plan
- Annexure F:** Ekurhuleni Housing Company Business Plan
- Annexure G:** Environmental Resource & Waste Management Business Plan
- Annexure H:** Economic Development Business Plan
- Annexure I:** Energy Business Plan
- Annexure J:** EPMO Business Plan
- Annexure K:** ERWAT Business Plan
- Annexure L:** Finance Business Plan
- Annexure M:** Health & Social Development Business Plan
- Annexure N:** Human Settlements Business Plan
- Annexure O:** Human Resources Business Plan
- Annexure P:** ICT Business Plan
- Annexure Q:** Internal Audit Business Plan
- Annexure R:** Service Delivery Coordination Business Plan
- Annexure S:** Real Estate Business Plan
- Annexure T:** Risk Management Business Plan
- Annexure U:** Roads & Storm-water Business Plan
- Annexure V:** Strategy & Corporate Planning Business Plan
- Annexure W:** SRAC Business Plan
- Annexure X:** Transport & Fleet Management Business Plan
- Annexure Y:** Water & Sanitation Business Plan
- Annexure Z:** Strategic Risk Register

RECOMMENDATION

1. **That** the 2022/2023 Service Delivery and Budget Implementation Plan, attached as **Annexure 1, BE APPROVED.**
2. **That** the 2022/2023 Departmental Business Plans, attached as **Annexures A – Y, BE APPROVED.**

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- 3. That** the 2022/23 Strategic Risk Profile, attached as **Annexure Z, BE APPROVED.**
- 4. That** the commitments made in the SDBIP inform the performance contracts of senior managers to ensure proper alignment.
- 5. That** the 2022/2023 SDBIP **BE TABLED** before Council for noting and further **BE PUBLISHED** on the City's website and **BE MADE AVAILABLE** in the municipal libraries and offices.