INTRODUCTION

The Constitution of the Republic of South Africa, 1996 establishes local government as a sphere of government for the purposes of promoting social and economic development at municipal-based jurisdictions. It provides specifically for developmental duties to be assumed by municipalities towards which end, as organs of the state, they must structure and manage their administrations, budgeting and planning processes to give priority to the basic needs of the communities, promote social and economic development of the communities and participate in national and provincial development programmes.
The local government sphere plays a significant developmental role in the provision of public goods and services to the communities of South Africa. However, against the backdrop of a sustained legacy of separate development, which has resulted in the current state of unequal socio-economic development in the country, the institution of local government is paramount to addressing the development question. However, the effectiveness of municipalities to deliver on their mandate is largely dependent on their ability to plan and allocate public resources in a developmental and sustainable manner.

The purpose of this paper is therefore, to explore the relationship between two critical public administration processes of planning and budgeting within the context of local government administration and management in South Africa. The two processes are discussed as public policy matters, with planning referring to integrated development planning whereas budgeting is discussed as a policy enabling the process of integrated development planning. The paper is also delimited to the interpretive analysis of the planning and budgeting reforms that have been introduced in the last decade of the process of local government transformation in South Africa.

THE MANDATE OF LOCAL GOVERNMENT

The mandate of local government is to be found in the Constitution of the Republic of South Africa, 1996 (the Constitution). Section 152 of the Constitution sets out the objects of local government which include, providing democratic and accountable government for local communities, ensuring the provision of services to communities in a sustainable manner, promoting social and economic development and encouraging the involvement of communities and community organisations in the matters of local government. In addition, each municipality has a specific developmental role which includes structuring and managing its administration, and budgeting and planning processes to, inter alia, promote social and economic development of the community.

The mandate for local government is further articulated in the preamble to the Local Government: Municipal Structures Act, 1998 (Act117 of 1998) which provides that:-

...there is fundamental agreement in our country on a vision of democratic and developmental local government in which municipalities fulfil their constitutional obligations to ensure sustainable effective and efficient municipal services, promote social and economic development, encourage a safe and healthy environment by working with communities in creating environments and human settlements in which all our people can lead uplifted and dignified lives.

A set of fundamental public administration values and principles underpin the activities of local government administration and management. These values and principles are contained in section 195 (1) of the Constitution to ensure the following:

- promoting and maintaining a high standard of professional ethics;
- promoting efficient, economic and effective use of resources;
- development orientation;
• providing services in an impartial, fair, equitable manner and without bias;
• responding to people’s needs and encouraging the public to participate in policy-making;
• ensuring public accountability;
• fostering transparency through the provision of timely, accessible and accurate information;
• cultivating good human-resource management and career-development practices to maximise human potential; and
• ensuring the broad representativity of the South African people, with employment and personnel practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past.

National, and (to a lesser extent) provincial government spheres set the overall strategic agenda (public policy) for local government administration and management in the country. However, the fact that the national government sets the overall mandate for municipalities does not imply that all councils will share a common vision. The circumstances pertaining in each of the 283 municipalities in the country will undoubtedly differ, and variations will therefore exist.

The following priority focus areas have been adopted by the national government as service delivery target areas (SALGA, 2004:29).

• eradication of the bucket system;
• provision of basic water;
• provision of basic sanitation;
• provision of housing;
• provision of basic electrification; and
• provision of roads and infrastructure

The successful attainment of the foregoing service delivery priorities is highly dependent on the ability of each individual municipality to strategically plan, budget and co-operate with other municipalities, district councils, provinces and national government departments, institutions and organs of the state, whose activities have a bearing on the municipality. Therefore, the principles of co-operative government as well as intergovernmental relations are critical determinants for measuring the ability of a municipality to discharge its mandate.

INTEGRATED DEVELOPMENT PLANNING

Integrated Development Planning is a process through which municipalities prepare a strategic development plan for a prescribed five year period. The Integrated Development Plan (IDP) is a product of the integrated development planning process. The IDP is therefore, a principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making in a municipality (DPLG, 1998/1999:6).
The IDP strives to set the overall strategic direction for a municipality. Legislation prescribes that every new council that comes into office after the local government elections has to prepare its own IDP which will guide them for the five years that they are in office. The IDP is therefore linked to the term of office of councillors. The new council has the option either to adopt the IDP of its predecessor, should it feel it appropriate to do so or develop a new IDP taking into consideration already existing planning documents (DPLG, 1998/1999:6).

In terms of section 25 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), a municipal council, must after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality, aligns the resources and capacity of the municipality with the implementation of the plan and forms the framework on which annual budgets must be based. Therefore, the vision of a Council is established through the IDP process, and the IDP is the document which depicts how, when and within what ever limits may prevail, the vision will be enacted.

The IDP adopted by a council is the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality and binds the municipality in the exercise of its executive authority (Section 35 of the MSA). Furthermore in terms of section 36 of the MSA, a municipality is required to give effect to its IDP and conduct its affairs in a manner which is consistent with its IDP. Therefore, the IDP is a legal requirement that must be undertaken and adopted within the strict confines of the legal provisions, and it is a reportable matter in terms of accountability and compliance.

Composition of IDP

The IDP articulates a council’s a vision for the long term developmental duties of the municipality. The significance of this is clear, as it serves to bind the council to a determined (and agreed) course of developmental action during its elected term of office. Furthermore, not only does this create the consensus required in the party political arena, but also enables the community to hold the council accountable for the attainment of the goals and targets set in the IDP. After all, the content of the IDP must represent consensus reached with the community through various community participation processes.

The following rudiments can be distinguished from an IDP.

- It sets the priorities and objectives for the Council’s elected term, including local economic development;

  The process requires that the Council determine a set of objectives to be accomplished during the elected term of the Council. As indicated above priority areas require to be agreed upon. This therefore has a direct impact on the provision of appropriate resources through the budget process.
• It contains an assessment of the existing level of development in the municipal area including identification of communities which do not have access to basic municipal services.

One of the key areas for a Council remains the provision of services. This entails the consideration and identification of the community’s access to basic municipal services. Basic levels are set out in government policy. The assessment, however, is necessary to develop a local flavour as not all municipalities have the same problems and circumstances differ from area to area. As illustration municipalities with large rural components (or entrenched levels of poverty or underdevelopment) have problems which differ markedly from municipalities with no rural components. As such the priority areas will inform but not dictate the objectives to be achieved.

• It contains a spatial development framework including basic guidelines for land use management.

The design of land management strategies is an important part of planning for the structured and orderly development of the municipal area. Without this structured geographical arrangement, social and economic development may be an illusion.

• It is a single, inclusive and strategic plan for the development of the municipality. There can be only one IDP for the term of office of a Council, but revisions or reviews occasioned by developments within the municipality must be taken into account on an annual basis. These revisions should largely be informed by the performance reviews conducted. This implies that over the term of office of a Council there must be broad agreement over the content (objectives and strategies) to include in the IDP. Over and above this, the IDP must be inclusive i.e. all sectors must be covered. This does not imply that all will receive equal attention (or funding), but merely that the strategic plan must take into account the impacts which particular strategies may have on other sectors. As an example, the building of houses must take into account the impact these estates will have on the electricity, wastewater and water networks as well as public transportation, not to mention those activities which do not form part of the municipal competencies such as medical and educational facilities. In additional, the plan must not focus solely on social activities, but must have a socio-economic bias in terms of establishing the required environment to promote economic development and employment opportunities within the municipal area. While the IDP may propose a micro focus on the locality of a municipality, it has to be aligned to the macro development perspectives of the district municipality, provincial and national governments.

• It must link and integrate with all proposals for the development of the municipality. As set out above the IDP must focus on socio-economic principles to foster and promote business and employment opportunities within the local as well as adjoining municipal areas. The municipality must establish its
unique comparative advantage within the broader regional, national and even global scope. The socio-economic sustainability of a municipality is also determined in this regard.

- It must be realistic and aligned with the resources and capacity of the municipality. As the Council is bound to implement its IDP, it will be obvious that the formulation of an unrealistic IDP would be counter productive as the Council will then be seen to have attained little during its elected term of office (with fairly obvious consequences). This is perhaps the element which links most closely with the budget, as for the IDP to be realistic; it must be within the financial and operational performance capabilities of the municipality. The budget is in effect the tool through which the IDP is given form.

Without the allocation of resources appropriate to the strategy, the strategy cannot be achieved. For this reason, section 9 (1) (a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 requires key performance indicators, including input, output and outcome indicators in respect of each of the development objectives set by a municipality. If the strategy is not attained, the objectives of the IDP and as a result the vision of the council cannot be attained. The converse is also true, namely that the expected outcomes in the IDP (and by reference the Council’s vision) must be driven by the resources which can realistically be made available.

- It establishes a framework (or plan) on which the longer term and annual budgets must be based.

The IDP sets overall parameters for the construction of budgets (both short and medium term). The rationale for this is to ensure that the budget (operating and capital) supports the achievement of the objectives (strategies) set in the IDP. This assists in ensuring the attainment of the overall vision of the council. It serves to ensure that projects are linked to the attainment of the objectives set in the IDP.

It must be noted here that the IDP sets the framework for the budgets and not vice versa. It contains operational strategies and a financial plan, which includes budget projections for at least the following three years (also referred to as the Medium Term Revenue and Expenditure Framework). The IDP therefore sets the overall parameters for the construction of medium term budgets. The rationale for this is to ensure that the IDP is affordable and consistent with budgetary constraints. It serves to ensure that projects are linked to the attainment of the objectives set in the IDP. This assists in ensuring the attainment of the overall vision of the Council. Of crucial importance are the operational strategies, which by definition, must support the attainment of the objectives set in the IDP.

- It sets key performance indicators and performance targets.

It is important that tools or mechanisms exist to enable the Council (and the community) to determine to what extent the objectives set in the IDP have
been achieved. The rationale behind the setting of performance indicators and targets is not to control the process as much as it is to evaluate the success (or failures) of the adopted strategy and so assist with the revision or review of the IDP.

There is a need to define measurement sources and targets. This requires careful thought as measurements must be comparable year on year. If the source of measurement is not clearly defined, then data sets can be manipulated to give almost any desired output. It is submitted that this is a pivotal point, as a mistake could result in the policy objectives and strategies being incorrectly stated. An illustration of the importance of this step may be likened to the sight on a rifle which, if just a fraction of a millimetre out of alignment, will result in a bullet missing a target at six hundred meters by more than ten meters.

The IDP sets out principles which require to be analysed into processes capable of implementation (strategies, plans and projects) for the purpose of achieving the objectives set in the IDP. A clear understanding of the requirements for the successful implementation of the IDP – legal, financial, human, economic, as well as technical is required. The resources to obtain this understanding can, by and large, be resourced internally from amongst the officials or it can be outsourced from professional service providers. Stakeholder participation including specialised government institutes, academic, non-governmental organisations, and expert service provider input are vital to garner information which is not apparent to officials or politicians. This enriches the process.

Craythorne (1993: 62 – 64) is of the view that the them issues should replace the word needs. This view is supported as the multitude of conflicting interests evident in society cannot all be met, nor should they be met. The essence is to discern by analysis the true issues which if resolved through policy initiatives will have the most meaningful impact on society as a whole.

Over ambitious policy objectives and strategies should for this reason generally be avoided. Resources are finite and this is one of the reasons why input from pressure groups requires to be carefully dealt with. It is also an area where the realities of budget constraints must be considered.

Implementation of policy is the ultimate goal. It is therefore respectfully submitted that over ambitious policy or one which is not capable of proper implementation is counter productive. The provision of adequate budget to achieve the objectives set in the IDP is therefore vital.

**Sustainability of an IDP**

Sustainability of an IDP within the municipal context entails ensuring that the costs, resources, and impact of policy can be borne within the local government environment. The impact of policy on the community, infrastructure and the natural environment are often underestimated. All too often the possible long term consequences of a policy are overlooked. For example it may be possible, in the short term, to provide electrical services to a community by operating equipment at close to failure rating. In the short
tem this may not have an immediately observable impact, but soon the equipment will operate at critical level with the possibility of a catastrophic failure.

The following example from the Buffalo City Municipality IDP (2007/2008: 58-60) illustrates the potential pitfalls should this principle not be applied -

…sewage systems in the City are well beyond their intended lifespan. They are in poor condition and operating at capacity. The effect of this situation is that expansion of the City and the housing programme is severely constrained, and the environment is under threat from sewage spills and leakages. Significant funding is required to refurbish and upgrade this bulk infrastructure within the next five years.

It further states that:

…in June 2004 consultants were appointed to conduct a Status Quo assessment of Buffalo City’s electricity service delivery, in terms of Section 78 of the Municipal Systems Act. The outcome of the assessment is that the current electricity service delivery mechanism is not sustainable and should be restructured. The electricity network in Buffalo City is currently in a poor condition. This is as a result of budget constraints, which force the Electricity Department to cut down on the maintenance, upgrading and replacement of equipment. Consequently there are frequent power outages and a poor quality of supply to electricity consumers. In addition, the electricity department is at high risk of not complying [with] the license issued by the National Electricity Regulator of South Africa (NERSA) and occupational health and safety regulations.

Community participation in the IDP

In general terms, perception exists that consultation is well performed in the municipal context. After all, there are public participation programmes such as IDP Representative Forum Meetings, Community IDP Hearings, Izimbizos, Ward Committees and various other community-based fora. However, general observations indicate that the consultation process is often followed more for the sake of compliance than for its intended purpose. As an illustration, legislation requires that the community be involved in the setting of indicators and targets to measure the implementation of a Municipality’s Integrated Development Plan. While an IDP Representative Forum meeting may be convened for this purpose, the indicators and targets would have already been formulated at management (official) level. As if this was not enough, the forum may only see the indicators and targets at the meeting and would not have time to consult with their constituencies (as required by legislation).

In a report on an internal audit of the Buffalo City Municipality Institutional Performance Management System – October 2006, it was stated that:

Council has created the IDP, Budget Integration and Performance Management Representative Forum as a consultation tool (as required by legislation) but this forum has
not been involved with the development of the Framework …. the system itself … or the Key Performance Areas and targets …. While the Institutional Scorecard was presented at this Forum, participation in the setting of targets, etc. was not apparent.

From the foregoing discussions on the elements it can be seen that the processes to compile an IDP are not always as thorough as may be wished for, resulting in a distortion of the budget process.

THE IDP AND BUDGETING

Every municipal council must, for each financial year ending 30 June, appropriate money with its budget (Cloete & Thornhill, 2005:145). A municipal budget contains two components namely capital and operational budgets. According to Fourie & Opperman (2007:96), an operating budget will consist of an estimate of operating revenues which will accrue to the municipality and of operating expenses which will be incurred by the municipality over the financial year to which the budget relates. A capital budget is an estimate of the capital expenses which will be incurred over the relevant financial year, and the sources of finance from which these expenses will be funded.

The allocation of resources to implement the IDP (and by reference the vision of a municipality) occurs through the budgeting process. Almost all resources have a financial dimension. This is one of the reasons why sustainability is important if policy is to succeed. It must be borne in mind that the budget should not be set in isolation. The budget must be informed by the strategies contained in the IDP (and not vice versa); but the IDP must in turn be informed by the availability of resources.

A municipality is required to review its IDP annually. Reviews allow the municipality to expand upon or refine plans and strategies, to include additional issues and to ensure that these plans and strategies inform institutional and financial planning. The review and amendment of the IDP thus, further develops the IDP and ensures that it remains the principal management tool and strategic instrument for the Municipality. In terms of scheduling, the review of the IDP normally starts in August of each year and ends with the adoption of the reviewed IDP at the end of May of each year as provided for in the legislative guidelines. The Budgeting process also runs parallel with the process of reviewing the IDP, and when the two products are (IDP and Budget) are normally adopted at the same time (before or end of May).

According to Fourie & Opperman (2007: 95) the budget is the most important mechanism in giving effect to a municipality’s service strategies. It is considered that although the IDP is the strategic blueprint, it is the annual budget that provides the tool for implementing the IDP. Of note here is that the budget is the tool for implementation and not measurement of performance against the IDP. The indicators and targets set in the IDP form the basis for this measurement.

From the above, it will be clear that operating and capital budgets must be aligned with the objectives and strategies contained within the IDP. It is submitted that this is a process which requires further attention as the view is that the operating budgets in particular are set more on historical perspectives than on future requirements as required
by the strategies contained in the IDP. The opportunities for interest groups and other stakeholders as well as the consequences are quite apparent. However, in general terms, the IDP is given effect through the capital budget as this is where projects associated with improving service delivery are funded. (Fourie & Opperman 2007: 114).

**Monitoring Implementation**

As indicated, the budget is the tool for implementing the strategies in the IDP (this being largely achieved through the Service Delivery and Budget Implementation Plan (the SDBIP). The SDBIP covers the following components (MFMA Circular 13, 2006:5).

- quarterly projections of service delivery targets and performance indicators by vote;
- monthly projections of revenue by source;
- monthly projections of capital and operating expenditure and revenue by vote; and
- a detailed capital works plan including ward information for expenditure and service delivery

Implementation monitoring is vital to ensure the achievement of the short term targets set in the budget. If indicators are poorly selected then the effect of the budget will be difficult to measure. In the final analysis the objectives may not be achieved but the policy makers may be blissfully unaware of this due to the skewed nature of the measurements. The targets must be monitored by responsible parties to ensure that the policy is having the desired effect. If this is not done then there can be no purpose for the policy.

**Assessing Performance**

The use of indicators and targets is of no value if actual measurements are not conducted. A failure to carry out accurate measurements against these indicators and targets means that the expected outcomes cannot be assessed. If assessments are not performed the progress, or lack thereof, in implementing the policy cannot be reported and the executive authority will not be in a position to amend the objectives if required.

All too often the measurement source is the actual spend or how much of the budget has been spent. At a macro level in the financial arena this is a fair indicator. However, this view propels and supports a weak indicator. Assessments are constituent parts of policy implementation. In the interest of public accountability, the physical measurement of targets and objectives is critical and requires to be reported on. In fact, it represents evidence based performance assessments. The Auditor-General in terms of Notice 646 of 2007 has embarked on a performance auditing process that will in the future, provide an expression of opinions based on performance information prepared on evidence basis. It is important that the council (and the community) be in a position to determine to what extent the objectives set in the IDP have been achieved. As indicated, the rationale behind the creation of performance indicators and targets is not to control the process as much as it is to evaluate the successes or failures of the adopted strategy and so assist the revision of the IDP.
Adjusting (or reviewing) policy

Based on the results of the performance assessments, policy makers re-assess the IDP, Budget and SDBIP to determine if the objectives need to be amended or if it would suffice to amend the implementation strategy. During the course of a financial year, the impact of any changes are normally reflected during the Mid-Term Performance Review (end of January) and when budget adjustments are considered.

Relationship between vision, IDP and budget

The analysis set out above indicates that the relationships between the vision, the IDP and the budget are linear and iterative. A linear relationship implies a relationship between input and output in which the output varies in direct proportion to the input ($\propto$). Iterative implies a policy process that repeats itself until some condition is satisfied (Cloete et al., 2008:144).

In terms of application, the vision sets the overall long term strategy of the council with a horizon of some 25 years or more. From this the IDP is framed with horizons of some five years, that is, the IDP’s form chapters in the long term vision of the Council. In turn, the vision is reviewed based on the performance against the IDP. But the IDP does not exist in a vacuum and is in turn impacted by the realities of the resources which can be allocated. These resources are largely allocated through the budget process.

CONCLUSION

This paper indicated the linkages which exist between the mandate of a municipality, its integrated development plan and its budget processes. The two processes of integrated development planning and budgeting were discussed in the context of public policy as they are critical policy processes in the contemporary local government administration and management in South Africa.

The paper indicated that policy formulation is not a static event; there is a need to measure not only implementation but also the achievement of the policy objectives with a view to assessing if the policy is attaining its intended goal. In addition, the relationship between the political imperatives and the community should not be underestimated. In actual fact, the process to ensure community participation is a core principle of legislation.

The relationships which exist between the vision, the IDP and the budget can best be considered as linear as the vision is given substance in the form of an integrated development plan which is given life through the budget and the application of those resources. The process is in turn iterative in that the IDP and the budget exhibit their own repetitive characteristics. The IDP is informed by the resources which can be afforded and allocated through the budget process. The budget must, in turn be aligned with the IDP and its objectives and strategies. The processes are therefore not separate and distinct; they are integrally linked and are symbiotic.
Bibliography


