



Circular No. 88 Frequently Asked Questions

Since the introduction of Circular No. 88, metropolitan municipalities have raised questions of clarity and asked for more practical guidance in some instances. Many of the questions raised apply across municipalities and they have therefore been documented and collated in the following list of frequently asked questions (FAQs). The following presents a list of FAQs grouped around common themes or lines of questioning received to date. This list will be added to as the project roll-out proceeds.

Clarity and timeframes

The following questions relate to questions of clarity and timeframes for Circular No. 88.

Question	National Treasury response
<i>How should metros reflect "national" and "shared" indicators where they don't have responsibility for the data?</i>	All indicators that are listed as Tier 1 and Tier 2 should find expression in the IDP and/or SDBIP, even those with the "national" and "shared" reporting responsibilities. This information will be shared centrally via a process communicated by National Treasury.
<i>Which of the indicators should be included in the IDP? Which in the SDBIP?</i>	Outcome indicators should be expressed in the IDP. Output indicators should be expressed in the SDBIP. Outcome indicators should not be expressed in the SDBIP as these indicators should not have yearly or annual targets set for them. Only output indicators will have yearly and/or quarterly targets. Some metros may opt to present their outcome indicators in the IDP and the output indicators in the SDBIP together to demonstrate a line of sight between them, but this is at their own discretion and is not expected.
<i>What is the difference between including indicators in the IDP and the SDBIP?</i>	Indicators in the IDP should be the Outcome indicators providing a measure of results over the medium term (3-5 years). These indicators should be monitored for annual trends, but performance should NOT be judged against a target on an annual basis. SDBIP indicators measure the products or services delivered by the municipality. These indicators are within the control of the municipality and will have annual, and in some cases, quarterly targets, set for them.
<i>How should metros set targets for outcome indicators in the IDP? Are these targets rolling?</i>	Targets for outcome indicators should be set on a three-year rolling basis, with a target for the outer year of the electoral term of office informed by the metro baseline for that indicator. So, for the 2018/19 IDP, a target should be set for an outcome indicator for the end of the 2020/21 financial year. Since this year happens to coincide with the last year of the municipal electoral term of office,

Question	National Treasury response
	the target need only be set for 2020/21 for outcome indicators only. However, during the 2019/2020 planning cycle, the implication would be that a target for 2020/21 (set in 2018/19) would appear along with a newly set target for 2021/22 as the outer year of the three-year rolling target.
<i>Is it acceptable to set "zero" targets for some indicators?</i>	Targets are set at the discretion of the municipality based on the products and services it intends to deliver and the outcomes it seeks to achieve within the metro. A "zero" target (or zero change from the baseline) may therefore be appropriate in certain extreme cases (e.g. where the municipality has indicated it does not intend to further expand the delivery of a given service in a financial year). Management needs to document all considerations to substantiate such an extreme decision, but this decision remains the prerogative of the municipality.
<i>When will "national" and "shared" data elements outside the responsibility of the metro be made available?</i>	Data will be issued centrally to all metropolitan municipalities. For 2018/19 plans, this will be initially circulated via an MSExcel document before the end of April 2017. In the future, it is envisioned that the shared platform will be the centralised means of disseminating this information to metros.
<i>What are the timeframes for quarterly and annual reporting?</i>	The existing timeframes for quarterly and annual reporting are retained and do not change as a result of these indicators. Refer to MFMA Section 71, Municipal Budgeting and Reporting Regulations and mSCOA reporting deadlines for more information.
<i>When will any edits/revisions to tier 3+4 indicators be finalised?</i>	Any edits/revisions to tier 3 + 4 indicators will occur before November 2018 and may occur in a staggered fashion across different sectors (not a once-off release of all "graduated" indicators). Notice will be given and all metros will have an opportunity to comment on draft TIDs before the indicator is escalated to Tier 1 or 2 for the 2019/2020 planning and reporting cycle.
<i>How will the data from other entities (outside of local government) be shared with municipalities?</i>	All data elements sourced outside of the municipality for "national" and "shared" indicators will be shared centrally via National Treasury. For the 2018/19 planning period, this will include data from StatsSA and it will be shared in one file. In the future, it is envisaged that a shared online platform (currently being tested) will be the medium through which this information is disseminated and made accessible.
<i>Who will provide the baselines for "national" and "shared" indicators?</i>	Municipalities are responsible for calculating the baselines for all indicators based on the formula provided in the TIDs. Where some data elements have not been supplied in the case of "national" and "shared" indicators, please refer to the FAQ which addresses the issue of missing data elements in the <i>Readiness</i> section.
<i>Can we add our own indicators?</i>	Yes, municipalities are encouraged to add to and enhance the set of indicators they report on. Additional indicators may result in data confrontation as seemingly similar indicators provide different measurements. However, this is intended to enrich understandings of performance and is considered welcome. *Note- Own metro indicators cannot REPLACE prescribed indicators. Additional indicators MAY NOT be added to the prescribed indicators template.

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<i>Can our indicators replace the Circular No. 88 if we believe they are better?</i>	No, they cannot. They can only be added to Circular No. 88 indicators.
<i>The circular doesn't provide enough detailed guidance on the processes that must be followed around these indicators. Can National Treasury provide more guidance on Circular No. 88?</i>	Yes, this document will be followed by a series of guidance/instruction notes to give more detail and support user uptake. If there is a specific area your metro requires guidance on not already covered in these FAQs, please send an email to Circular88@treasury.gov.za
<i>Do we have to use the SDBIP template?</i>	Yes, you must use the SDBIP template issued for all the Tier 1 and Tier 2 indicators issued in relation to Circular No. 88. Whether you choose to present any other indicators a metro may choose to add in the format of the SDBIP template is at the discretion of the municipality, but you will need to populate the SDBIP template as issued. This is so National Treasury can also collate and check the application of these indicators as per a standard template.
<i>Where do the provincial indicators on the template come from?</i>	In some provinces the provincial departments of local government may have an agreement that all municipalities will report on specific indicators. Where there is such an agreement in place, metros may also have provincial indicators they are expected to report against. The template merely makes provision should this be the case.
<i>The SDBIP template suggests we need to show resources against each indicator. For indicators at output level delivered on the basis of capital expenditure this can be done, but for indicators that rely on operational expenditure this is not possible. How should we account for this?</i>	In principle, each metro needs to provide an allocation of resources against each indicator. At the moment, how the mSCOA reforms speak to output level indicators that rely on operational expenditure has not been agreed to within National Treasury. For the time being, it is sufficient to indicate the "OpEx" without specifying an amount. It is envisioned that a guidance/instruction note will provide clarity on this in the future.
<i>What are the implications of reporting this performance information in the Annual Report of the metro?</i>	All of the outcome and output indicators should find expression in the Annual Report of the municipality. MFMA Circular No. 63 specifies that the Performance Report should be split over two parts in Chapter 3. Service Delivery (Performance Report Part 1) and Chapter 4. Organisational Performance (Performance Report Part 2) in the Annual Report. All output level indicators should find expression in the Performance Report (Part 1 and 2) in terms of MSA Section 46. Outcome level indicators should be reported against in the Annual Report but not necessarily as per the requirements of the Performance Report (Part 1 and 2) components. There will only be annual data available for the outcome indicators and this data will not be judged against an annual target. It is envisioned that a guidance/instruction note will provide clarity on this in the future.

Readiness

The following questions relate to the varying states of readiness of municipalities in some sectors.

Question	National Treasury response
<i>What if we do not have the systems in place yet to provide all the data for each of the indicators?</i>	Where municipalities are in the process of building the systems to provide data for a set of indicators (e.g. EE 3.1, 3.2, 3.3 and 3.4) and baselines are not yet available, the indicator title should still be included in either the IDP or SDBIP (depending on the results-level of the indicator) and the baseline measures should indicate "Baseline to be established". Municipalities will be expected to supply evidence of progress toward the establishment of these systems and should be able to report all Tier 1 and Tier 2 indicators by the end of the 2018/19.
<i>What should the municipality do if it has some of the data required for an indicator but some data elements are not yet available?</i>	Where the municipality cannot provide all of the data elements for a given indicator for some reason, it should report on those data elements under the indicator in parentheses "()". For example, HS1.21 Average number of days taken to register the title deed- Baseline to be established (121 stands registered in deeds register)
<i>The timeframes have been too tight to incorporate all of the indicators given our processes. Is it OK if we leave some out?</i>	No, you should not leave out any indicators from your IDP or SDBIP. Even if you do not have a baseline yet for the indicator, please make sure all Tier 1 and Tier 2 indicators find expression in either your IDP (outcome indicators) or SDBIP (output indicators).
<i>How should we treat the Tier 3 and Tier 4 indicators? When will they be introduced?</i>	Tier 3 and Tier 4 indicators are still in the process of being defined for planning and reporting. The systems and methodologies for sourcing, collating and reporting on these indicators may vary considerably still from municipality to municipality, if these indicators can be reported at all. It is anticipated that some Tier 3 and 4 indicators will be graduated to Tier 2 for the 2019/20 planning cycle and that municipalities should begin establishing systems now in anticipation of these indicators and contribute to standardised definitions for the indicators. If you are able to report on a Tier 3 or 4 indicator now, it is encouraged, but ultimately at the discretion of the metro.

Auditability and the Audit of Pre-Determined Objectives (AoPO)

The following address questions about auditability and the AoPO from metros.

Question	National Treasury response
<i>How will "National" and "Shared" indicators be audited?</i>	Data elements sourced and supplied from outside of the municipality for "National" and "Shared" indicators will be audited once centrally. The responsibility of the municipality for these indicators should therefore only be to demonstrate that they have utilised the information centrally supplied (applicable to the metro) as per the calculations included in the TID. The process of obtaining the information on the various data elements from the identified sources and the actual collation/ calculation of the actual achievement (if not already provided by the external data source)

Question	National Treasury response
	should be addressed in the SOP to clarify the responsibilities and documentation used in reporting the achievement.
<i>Now that there is a TID for the indicators, do we still need Standard Operating Procedures (SOPs) for each indicator?</i>	Yes, the TID provides a generic definition which should inform the SOPs (or equivalent) within your municipality. The exact title of the system(s) from which the indicator data is sourced, the individuals responsible and processes of extracting that information still need to be documented in a way that will ensure consistent measurement by all parties responsible. For example, WS 3.11 Percentage of complaints responded to within 24 hours. The SOP need to address for example how and where complaints are logged, allocation to response unit, job cards and inspection of the work performed and the actual calculation of the response time when the complaint is resolved. This process will differ for each metro depending on the process in place but need to specify the responsibilities, source documentation and different steps in the process to ensure accurate, valid and complete measurement of the actual achievement throughout the year.
<i>Does the Auditor-General audit outcome indicators?</i>	The Auditor-General audits all indicators included within the IDP, SDBIP and Annual Report, regardless of the results-chain level. The Auditor-General will consider the application of Circular No. 88 during municipal audits based on the formal guidance provided by National Treasury in this regard.
<i>When will the Auditor-General issue opinions on performance information in the audit reports?</i>	<p>1. Since 2010 the Auditor-General issued audit opinions on the reported performance information in the management reports with material findings in the audit reports.</p> <p>2. The Auditor-General has not yet set a date for when the opinion on performance information will be escalated to the audit report, but it has undertaken to provide at least one year's notice in advance of this.</p> <p>3. Therefore the audit report will NOT publicly provide an opinion on the reported performance information for the 2017/18 financial year. Until further notice the audit opinions will remain in the management report and material findings will be reported in the audit report.</p>

Using Statistics South Africa (StatsSA) data

There were a series of questions related to the use of StatsSA data. The following provides the common responses to these questions.

Question	National Treasury response
<p><i>Why does the StatsSA household count used for these indicators differ with our own count?</i></p>	<p>There are various reasons for this that will differ from case to case, depending on the definitions, methods and frequency of collecting the data involved. Most likely, the municipality is measuring the “dwelling” or “consumer unit” rather than the “household” which is a social construct as opposed to a physical unit or space. StatsSA figures are based on a specific set of methods informed by historic demographic patterns measuring “households”. It is not disputed that metros may have other agreed means of accounting for something akin to a household, and in some instances, these counts may be more appropriate for their specific purposes. However, for the time being the StatsSA figures and definitions need to be included.</p>
<p><i>Why is National Treasury insistent on using the StatsSA household count figure? If we have an alternative count, can we use that instead?</i></p>	<p>Alternative indicators can only be used <i>in addition to</i> StatsSA derived indicators, not instead of them. The household count issue will not be easily resolved. This is because there are both methodological and definitional issues that arise from municipalities tracking “dwellings”, “consumer units”, “housing units”, “households” etc. Despite these challenges, it has been agreed that the latest StatsSA General Household Survey data will be uniformly applied to all metros because it applies the same definition, methods for sourcing data and is comparable between metros on an annual basis. However, because of the statistical methods employed by StatsSA there will be different household counts for each of the respective indicators (owing to the issue of missing values among respondents). So, the household count used as a denominator in the calculation for WS 1.1 will differ from the household count used in the denominator from WS 2.1 which will differ from ENV 3.1, etc. All of this information will be supplied centrally, from StatsSA. Each municipality is welcome to retain and include additional indicators that employ different figures based on different definitions from their own systems, at their own discretion (eg. based on an aerial survey of “dwellings” for a related indicator). These additional indicators need to be supported with separate TIDs and processes which specify different definitions used in the measurement process.</p>

Question	National Treasury response
<i>StatsSA data tends to be released with a delay and at times that are not ideal for metro planning and reporting. How will making this data available work in practice?</i>	All StatsSA data will be released centrally on an annual basis so all metros will get all of the same StatsSA data at the same time. This will occur annually in June of each year for the preceding financial year. The implication is that 2016/17 data will only be available at the end of the 2017/18 financial year (in June of 2018). That means that planning for the 2018/19 financial year (occurring during the 2017/18 financial year) will have to utilise 2015/16 baseline data and the 2018/19 Annual Report will rely on 2017/18 data released in June of 2019. Therefore there will always be a lag of two years at the time of planning and one year in reporting for a given financial year.
<i>Do StatsSA surveys include informal settlements adequately?</i>	Given the dynamic nature of informal settlements it is difficult to always measure them accurately on a national level. However, the methods are informed by international good practice in this regard but can be enriched by further engagement and discussion with cities.

Corrections and explanations

In a few instances there are areas of minor correction arising from Circular No. 88. The following sets out the areas of correction/explanation:

Question	National Treasury response
<i>The circular refers to 51 outcome indicators and 37 output indicators but this is inconsistent with the consolidated list. Why?</i>	There are two reasons for this: 1) The circular did not originally include the City Transformation outcome indicators in this count and so the 16 related indicators are excluded from these references; 2) Even accounting for these 16 indicators, there were two outcome indicators that were shifted down to output level at a late stage in the drafting of the circular. As a result, the circular should refer to 49 outcome indicators and 39 output indicators (excluding the 16 City Transformation indicators).
<i>Pg 12 of the circular (item 5.1.1) refers to the outcomes being tracked annually. However, EE3.1 to EE3.4 and EE4.1 are reported quarterly per the TID. Please advise if this is correct or clarify why outcomes are being reported quarterly.</i>	Indicators EE3.1, EE3.2, EE3.3, EE3.4 and EE4.1 are outcomes that should be tracked annually. There was an understanding that with the appropriate systems in place this information could be made easily available on a quarterly basis. This informed the setting of the frequency of reporting as quarterly. However, as an outcome indicator the circular has confirmed the principle that it should only be reported upon annually and that is the case for these indicators. So only plan to provide a baseline and report on them annually, the TID will need to be corrected.

Question	National Treasury response
<p><i>Indicator GG6.12 dealing with the work opportunities also looks at opportunities from other related infrastructure programmes. This will include capital projects. Expenditure on capital projects is currently being measured as part of the jobs KPI from the MSA regulations. Therefore, there will be double reporting of the jobs in terms of infrastructure programmes for these indicators until such time as the MSA indicators are replaced with the Circular 88 indicators.</i></p>	<p>This is noted and an unfortunate duplication. However, until such time as the MSA indicators are replaced please make sure to include GG6.12 as defined.</p>
<p><i>Are “shared” indicators required to be shown on our SDBIP (e.g. HS1.21)? If so, how do we provide baselines for these indicators that are outside of our control?</i></p>	<p>Yes, shared indicators at output level are required to be shown in the SDBIP, with the data element you are responsible for in brackets. Example: HS1.21 Average number of days taken to register the title deed (Number of metro-delivered subsidised stands and housings units registered in the deeds register=136). You should then provide a baseline and target for the data element for the preceding year and the targeted number for a given year. The same principle applies for FE1.12</p>