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(DEVELOPMENT PLANNING)

**CITY OF JOHANNESBURG:
BUILT ENVIRONMENT PERFORMANCE PLAN FOR 2018/19**

1 STRATEGIC THRUSTS

Sustainable Human Settlements, Resource Resilience, Financial Sustainability and Resilience.

2 OBJECTIVE

To obtain approval of the City of Johannesburg Built Environment Performance Plan (BEPP) for the 2018/19 financial year, for submission to the National Treasury.

3 SUMMARY

3.1. BEPP Context

Built Environment Performance Plans (BEPPs) were first introduced in the 2011/12 financial year as an eligibility requirement in respect of the Urban Settlements Development Grant (USDG). Likewise the BEPPs will become one of the eligibility requirements for the Integrated City Development Grant (ICDG) in the 2018/19 financial year. The 2018/19 BEPP covers all infrastructure grants which are:-

1. **ICDG** - Integrated City Development Grant, Schedule 5B (specific purpose allocations to municipalities);
2. **USDG** – Urban Settlements Development Grant, Schedule 4B (supplements municipal budgets);
3. **HSDG** – Human Settlements Development Grant, Schedule 5A (specific purpose allocations to provinces);
4. **PTIG** – Public Transport Infrastructure Grant, Schedule 5B (specific purpose allocations to municipalities);
5. **NDPG** – Neighbourhood Development Partnership Grant
 - a. Schedule 5B (specific purpose allocations to municipalities) *Capital Grant*;
 - b. Schedule 6B (allocation-in-kind to municipalities for designated special programmes) *Technical Assistance*;
6. **INEP** – Integrated National Electrification Grant, Schedule 5B (specific purpose allocations to municipalities); and
7. Additional grant documents, if relevant, may be appended.

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The BEPP is a brief, strategic overview of the built environment that will be used to enhance inter-governmental relations aimed at improving the performance of metropolitan built environments. It will complement existing municipal plans and not replace them. It is a city-level plan formulated and approved by the metropolitan municipality, and it complements existing statutory plans and compliance with legal requirements – it does not replace such plans. The range of statutory plans that relate to a credible and costed BEPP include:

1. The Integrated Development Plan (IDP) and sector plans for human settlements, transport, economic development, and environment;
2. The IDP and related range of plans such as a Long Term Development Framework, Metropolitan Spatial Development Frameworks (MSDF) and specifically the Capital Investment Framework within the MSDF as defined by SPLUMA, and at the other end local area plans and precinct plans;
3. The medium term revenue and expenditure framework (MTREF);
4. Performance management plans, specifically Service Delivery and Budget Implementation Plans (SDBIPs);
5. Supply chain management regulations and procurement plans; and
6. Reporting requirements (as per the provisions of the Municipal Finance Management Act 56 of 2003 in relation to grants).

The implementation of the National Infrastructure Plan (2012) and the related and relevant Strategic Integrated Projects (SIPs) are the key national planning, implementation determinants and contributors of economic development that have a spatial impact in metropolitan municipalities, as does the national focus on the upgrading of informal settlements.

3.2. BEPP Purpose

The BEPP is a brief, strategic document that enhances planning for the built environments. The BEPP will provide:

- (i) a strategic overview of the built environment;
- (ii) programmes and targets with an outcomes focus; and
- (iii) basis for infrastructure grant submissions and grant alignment.

The BEPP is a long-term, outcomes based strategic plan aimed at the integration of South African cities towards accelerated and inclusive economic growth. It provides a strategic public management framework across sectors and spheres for the alignment of public resources into strategic urban locations.

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The built environment reflects infrastructure investment that either enables or constrains people's daily lives and the movement of goods and services, i.e. the balance between social and economic infrastructure in a spatial dimension. The BEPP process and approach is based on

spatial targeting; the integration of key sectors (economic, transport and housing); co-ordination, and fiscal alignment and governance that should result in triggering long-term spatial transformation and facilitating economic growth. The purpose of the BEPP is to provide a single overview of a municipality's built environment as informed by the medium term capital investment strategy, plans, programmes and projects in relation to the associated longer term (to 2030) plans, outputs and outcomes.

The BEPP indicates how a metropolitan municipality will apply its capital financing, including grant resources and all other sources of finance, fiscal and regulatory instruments and incentives. Furthermore, the BEPP indicates what it intends to achieve with these resources and instruments in respect of the local, provincial and national priorities of improving the performance of our built environments and transforming the spatial urban form. Ultimately the improvement of the BEPPs over a 3-5 year period should indicate how the metropolitan municipality programmatically deals, in the longer term over a 20-30 year time frame, with the integration of transport, economic development and housing for more productive and inclusive cities. The BEPPs will need to address how functional integration improves overall sustainable development; what development trade-offs are made and why; the planning methodology and practice and institutional issues that are required to sustain this.

The performance of the built environment enables the relevant national and provincial government departments to monitor grant expenditures from a spatial development perspective rather than just from a sectoral perspective. The BEPP is thus an important instrument of cooperative governance, as it enables more effective, strategic coordination and planning between spheres, entities and departments of government.

The 2014/15 BEPP, as the baseline, started modestly and is expected to strategically evolve over a 3-5 period, beginning with addressing the alignment of infrastructure grants through spatial targeting; and a focus on economic development, informal settlements, and land development as the focus over the MTREF to 2018/19. The BEPPs will progressively and incrementally deal with all other structural impediments to spatial transformation.

The 2016/17 BEPP was a refinement, enhancement and consolidation of the content of the baseline BEPP established in 2014/15 (built environment spatial integration plan and corresponding capital budget) against which longer term performance will be measured. The longer term performance period being 15 years with milestones set for 2020, 2025 and ending in 2030.

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The focus for the Built Environment Performance Plans (BEPPs) for the 2017/18 MTREF was to strengthen the overall application of the Built Environment Value Chain (BEVC) through:-

- a. Clarifying development objectives, strategies and targets relative to agreed productivity,
- b. inclusion and sustainability outcomes
- c. Consolidating spatial planning, project preparation and prioritisation via transit-oriented development plans and programmes in prioritised integration zones
- d. Establishing an actionable intergovernmental project pipeline of catalytic projects via a portfolio management and project preparation tools
- e. Clarifying long term financing policies and strategies for sustainable capital financing of the intergovernmental project pipeline

The prioritisation of infrastructure grants that are spatially targeted is the financial input that will, with other inputs, begin to shape the transformation of the built environment into a more compact city that is liveable, integrated, inclusive, productive, and sustainable. The performance of the built environment will be assessed in terms of predetermined built environment outcome and impact indicators, still to be finalised in collaboration with National Treasury CSP Unit.

3.3. BEPP Grant Alignment

Metropolitan built environments rely on a number of inputs such as sector policies and related conditional grants, private sector investments, integrated planning, etc. Grants have started playing a more prominent role in recent years relative to other sources of funding for infrastructure development. Grants are generally sector driven reflecting national priorities, however, the implementation of grants has a spatial impact that is evident in the urban form. The BEPP will focus on aligning the various built environment grants within the municipal space as reflected in the diagram below. The alignment will be driven in different ways:-

1. Spatial targeting via the Urban Networks Strategy;
2. Amendment of conditions and output indicators used to measure the performance of the grants that highlight critical inter-dependencies viz. number of housing opportunities provided within 500m of a public transport access point rather than just counting housing opportunities;
3. Inclusion of provisions of the Division Of Revenue Act (DORA) relating to the alignment of infrastructure grants to fund a pipeline of prioritised projects;
4. Institutionalising co-ordination and planning between the relevant spheres and sector departments through the BEPP process;

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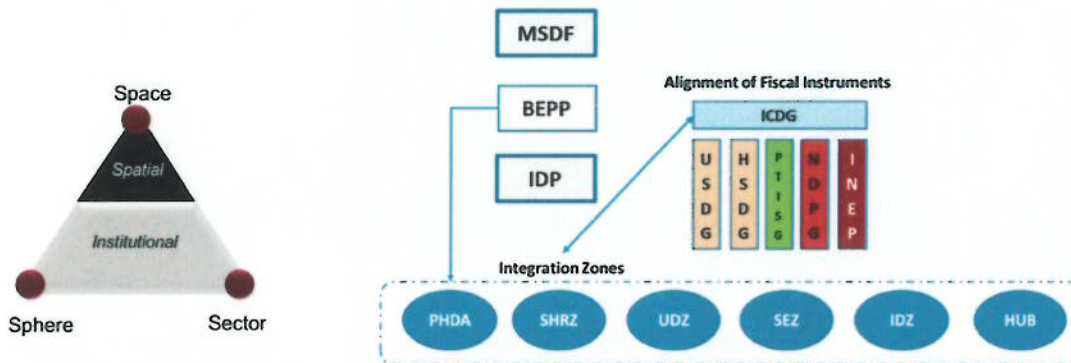
5. Influencing planning practice at the metropolitan sphere to drive improved co-ordination between local government functions and departments;
6. Introduction of fiscal and regulatory instruments to catalyse private sector investment;
and
7. Improving the management of strategic precincts and public transport operations within the urban network.

The performance of the built environment is a local outcome that is significantly impacted by national and provincial grants as well as private sector and household investment. However, the mix of investment in the built environment changes, the outcome is always primarily a local outcome, notwithstanding the policies, funding and spatial perspectives of the different spheres and associated state-owned entities. The manner and pace in which metropolitan municipalities lead the development of the built environment will positively or negatively impact on facilitating the investment of the other spheres of government and the private and household sectors, and ultimately determine the extent of spatial restructuring and impact on urban form.

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DIAGRAM 1: ALIGNMENT OF BUILT ENVIRONMENT GRANTS



Infrastructure Grants	ICDG - Integrated City Development Grant USDG – Urban Settlements Development Grant HSDG – Human Settlements Development Grant PTISG – Public Transport Infrastructure Grant NDPG – Neighbourhood Development Partnership Grant (CG) INEP – Integrated National Electrification Grant
Spatial Targeting Instruments	PHDA –Provincial Housing Development Area SHRZ – Social Housing Restructuring Zone UDZ – Urban Development Zone SEZ – Special Economic Zone IDZ – Industrial Development Zone
Plans	BEPP - Built Environment Performance Plan MSDF - Metropolitan Spatial Development Framework IDP – Integrated Development Plan UNI – Urban Network Identification ¹

3.4. BEPP Measurement and Reporting

Besides the ICDG reporting requirements as outlined in the DORA, the City will also have to ensure that planning, funding and implementation of human settlement and built environment development are consistent and aligned with national and provincial strategic and annual performance plans.

Measuring the performance of metropolitan built environments is based on predetermined built environment indicators that metros have been developing in collaboration with National treasury since 2013. Although the indicators are still in refinement, the 2018/19 municipal BEPPs have incorporated 10 of these indicators.

Each eligible metro will be subjected to an **annual performance review** based on the built environment indicators in the second quarter of each local government financial year (between September and December, preferably by the **end of September**, mindful of the Auditor-General

¹ The UNS has been approved by the Mayoral Committee.

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time frames² and the verification of the annual budget that occurs between mid-July to end October. This review will take on the form of dialogue and/or peer learning. Metropolitan municipality reporting against indicators will be verified by the Auditor-General.

3.5 BEPP Process and Timeframes

Participating municipalities will be required to update their BEPPs on an annual basis, with the first draft BEPP to be submitted to National Treasury by no later than **31 March of each year**.

Metropolitan municipalities will use their draft BEPPs to engage with stakeholders on how best to invest in the built environment. For the government stakeholders, clear terms of reference will be based on each sphere and entity of government fulfilling its constitutional mandate in respect of service provision that manifests itself in local outcomes. For the non-government and civic stakeholders, clear terms of reference will be based on partnerships and the values of an active citizenry.

The alignment of fiscal instruments (DORA related changes) in itself will not be sufficient to trigger spatial transformation, and it will therefore be complemented with structured and institutionalised inter-governmental engagements. The National Treasury will support metros by establishing a **Technical Work Group** under the City Budget Forum (CBF) to begin institutionalising the planning and co-ordination of investment in the built environment to complement the alignment of fiscal grants. This **Technical Work Group** will draw on the inputs of the relevant national departments and their entities; provincial departments and their entities; and state-owned entities, as well as non-government stakeholders as and when and if required.

The structured and institutionalised engagement via the **Technical Work Group** will put the metro in the key position to effectively use its planning function to guide and determine investment in the built environment. The metro will be in a better position after engagements at the **Technical Work Group** to revise its BEPP to reflect agreements and commitments from government departments and entities, which can then be monitored by National Treasury and other stakeholders in terms of the flow of funding and expenditure patterns. Furthermore, where required, metropolitan municipalities will be able to discuss and negotiate any adjustments to policy and regulatory instruments that may be required from the national level.

The **Technical Work Group** will meet during **mid- February and the end of March** parallel to Mid- Year Budget Reviews but ensuring there are no clashes in terms of dates between these processes. The metro will then be able to meet the timeframes to submit a revised and approved BEPP as part of the bundle of documents that include the approved Budget, IDP and SDF no later than **31 May** every year. Specific sections and sub-sections of the BEPP will relate directly to particular schedules of the Budget to ensure that planning, measurement and reporting are aligned.

² Metro submits AFS to AG by 31 August, and AG completes audit by end of November

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4. POLICY IMPLICATIONS

The Built Environment Performance Plan is informed by the City's Spatial Development Framework and aligned to the other plans such as the Joburg Growth and Development Strategy 2040, medium term IDP and medium term budget.

5 FINANCIAL IMPLICATIONS

The Built Environment Performance Plan will be submitted to the National Treasury to fulfil the requirements of the various state grants (i.e ICDG, NDPG). As per the Division of Revenue Bill 2018 published in the Government Gazette of 9 February 2018, the ICDG amounting to R63 536 000.00, the NDPG amounting to R40 120 000.00 and the USDG amounting to R1 852 262 000.00 are allocated to the CoJ for the financial year 2018/19

6 CONSTITUTIONAL AND LEGAL IMPLICATIONS

The grants, allocations and the use thereof must comply with the Division of Revenue Act (which came into effect on 1 April 2018) as gazetted on 9 February 2018.

7 COMMUNICATION IMPLICATIONS

The 2018/19 BEPP will continue to be reviewed annually and further engagements are required with the all National and Provincial Departments and parastatals that are role players in respect of the implementation of the CoJ 2018/19 BEPP.

8 ECONOMIC IMPLICATIONS

The integrated spatial development of the City has a direct impact on economic growth as land/property is developed and/or improved in line with the City's spatial transformation vision.

The BEPP is an essential tool to complement the City's IDP and SDF in guiding and directing investment in strategic locations to aid economic growth through spatial fiscal targeting initiatives that serve the Joburg GDS 2040 paradigm and related outcomes.

9 OTHER DEPARTMENTS/BODIES CONSULTED

Sustainable Services Cluster
Economic Growth Cluster
Good Governance
Human and Social Development
Budget Office
National Treasury (NDP and CSP Units)
City Budget Forum (convened by National Treasury)

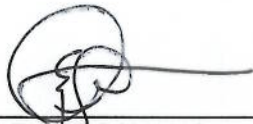
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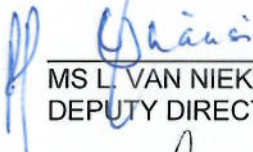
IT IS RECOMMENDED:

1. That the 2018/19 Built Environment Performance Plan be approved.

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