MUNICIPAL PLANNING AND BUDGETING DURING COVID-19:

WHAT HAPPENED IN PRACTICE?

by

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Introduction

This report presents an analysis of major issues relating to the 2020-2021 municipal budget consultation process. It is based on proceedings of a webinar titled "Responsive municipal budgeting during Covid-19" hosted by the Dullah Omar Institute (DOI) in partnership with the International Budget Partnership South Africa (IBP-SA) and the South African Local Government Association (SALGA). The webinar, which took place on 4 June 2020, was the first in a series of webinars on local government and Covid-19 to be organised in 2020. The panel of speakers comprised Ms Malebogo Motswaledi (CFO: Magareng Local Municipality), Councillor Kelvin Johnson (Budget and Treasury Office; JB Marks Local Municipality) and Mr Nathan Fischer (Professional Officer: City of Cape Town). Prof Jaap de Visser from DOI moderated the session.

The series of webinars provide a platform for stakeholder groups such as local government practitioners, civil society and researchers to discuss the practice of local government during Covid-19 and to share best practices relevant for both disaster and non-disaster situations. According to Albert van Zyl, Director of IBP-SA, the webinars are "… not about civil society catching the government doing something wrong, but about catching it doing something right". The first webinar discussed two main questions: How did public participation and consultation in the 2020-2021 budget process take place in this new world where physical contact is limited and in some cases prohibited? What are the implications for transparency and participation in local government?

Public consultation in the 2020-2021 budget and IDP review process

The 2020-2021 local government budgeting and planning processes were affected by the declaration of the national state of disaster on 15 March 2020, and the implementation of the national lockdown from 26 March 2020. When the pandemic hit South Africa's shores, municipalities were in the final phases of their 2020-2021 budget and integrated development planning (IDP) review process, with April and May being important months for public consultation. The lockdown prohibited municipalities from convening physical council or committee meetings, as well as physical public consultation processes. Instead, municipalities were instructed to conduct all their council and committee meetings on virtual platforms.

Many of the usual mechanisms for community participation could therefore not be used for consultation on the 2020-2021 budget. This caught some municipalities off guard as they were unable to comply with legal prescripts on public consultation. For example, the Municipal Systems Act requires at least a 21-day period for public comments during the IDP review process. In some cases, municipalities did not manage to comply with this. This posed a risk to the legality of some of the 2020-2021 municipal budgets.

However, the pandemic also prompted innovation. Various municipalities made a concerted effort to reach out to communities with their budgets and IDPs under difficult circumstances. Community radio stations, newspapers and social media were increasingly used to alert community members to the budgets. Some municipalities also used dedicated email or messaging services (WhatsApp) to solicit inputs, or even developed dedicated apps to receive inputs. YouTube videos were used to explain key aspects of the budgets and to educate communities on how to provide input. Some municipalities, such as the City of Cape Town, devised an online system that enabled members of the public to give inputs and make comments (support, like, etc.) on inputs provided by others. In other municipalities, mayors went on radio to engage on the budget and encourage people to provide input. Ward councillors were also active in facilitating public consultation but the extent of their involvement in this process varied from municipality to municipality.

Despite much effort going into designing alternative methods of consultation, it became clear that many communities had not been reached. Webinar participants indicated that response rates were low, often with little feedback from marginalised and excluded communities.

Social media was underutilised during the public consultations despite its potential to have a wider reach, especially among youths.

Perhaps the biggest challenge was how municipalities engaged with the information provided by citizens during these consultations and how the inputs have been used in policy-making. An often-heard complaint is that every year municipalities ask communities for their input on IDPs and budgets but often fail to provide feedback to those same communities.

This view was also expressed by the webinar participants. The specific circumstances of the 2020-2021 budget may have intensified this problem. As one of the participants put it, there was likely going to be a "disjuncture between the projects that [went] … out on public participation and the final budgets that [were] considered for council approval, due to budget constraints heightened by Covid-19". It was argued that [t]here is a risk that communities may feel misled by what [went] out for public participation and what [was] finally … approved". When this happens, it harms citizens' trust in the process and discourages further participation.

There were also reports of municipalities lacking adequate technical capability to engage with communities in a world where physical community meetings or gatherings were suddenly prohibited. This was the case in many of the low-capacity municipalities, particularly rural ones. In these areas, internet connectivity remains a challenge for both the municipality and its citizens.

Issues emerging from the 2020-2021 budget consultation process

The importance of a citizens' budget

Our analysis of the 2020-2021 budget consultation process suggests that many municipalities struggled to take their IDPs and budgets to communities in ways that enabled all community members to provide meaningful input. It is still common for municipalities to publish technical and voluminous budget documents and then request input on those from communities. Municipal budget documents are not easy to comprehend. It is therefore critical that municipalities make a concerted effort to increase the accessibility of budget information in order to extend participation beyond well-resourced experts. In this project, we encountered a number of municipalities that simplified their technical budget documents into people-

friendly versions. For example, JB Marks Local Municipality circulated two versions of the budget: a full budget and simplified version.

The link between the IDP, budget and Covid-19

Covid-19 played into the stubborn debate about the link between the IDP and the budget: how to ensure that the municipal budget is informed by the municipality's strategy. Legislation requires that the budget must be informed by the IDP. However, some civil society organisations, who participated in the webinar, indicated that many communities had never seen a copy of the IDP. This was a problem, particularly in rural areas. If communities do not have access to the municipality's strategy, how can they be expected to meaningfully participate in the municipality's budget formulation process?

Covid-19, and the impact of the lockdown on people's livelihoods, added a further dimension to this. As stated earlier, when the lockdown started, most municipalities had completed the process of drafting their budgets and were ready to start consulting communities. In the subsequent consultations, many people raised issues relating to Covid-19 such as housing, access to water and proper sanitation, relief programmes and a moratorium on rates increases. Many of the issues raised did not find their way into municipal budgets. This was partly due to the fact that, realistically, not every part of the municipal budget can easily be changed as a result of public input. Some parts of the budget are predetermined. Civil society actors indicated that information on what can be influenced, and what cannot be influenced, is not shared during public consultations. As a result, communities often make submissions on issues that are difficult to accommodate in the budget.

In addition, IDP budget consultation sessions often turn into platforms for raising general complaints. Community participation platforms are then used to raise issues that are not directly within the competency of municipalities – such as education, jobs and housing.

The financial impact of Covid-19 on municipal budgets

To deal with the impact of Covid-19, municipalities have intensified the delivery of some of their existing responsibilities. For instance, the provision of water in water-stressed areas such as informal settlements has been elevated. Municipalities are no longer only cleansing public spaces such as taxi ranks but are also sanitising them. In addition, they are providing food relief programmes to the vulnerable, running quarantine centres, providing

accommodation for the homeless, and enforcing lockdown regulations. Thus, municipal mandates have been expanded, often without additional funding. These 'unfunded mandates', which were a major discussion point in the webinar, continue to characterise debates on local government and Covid-19 in South Africa and beyond.

This has been coupled with concerns regarding declining revenue collection: municipalities reported dramatic drops in revenue collection rates due to Covid-19 and the lockdown. Legislation requires municipal budgets to be properly funded, i.e. based on realistic estimates of expenditure and revenue. Indications are that this anticipated drop in revenue was not sufficiently factored into municipal budgets. As a result, some municipalities may have a huge funding gap in their budgets which will affect service delivery in the short to long term. In the context of the need for transparent budgeting, the key question is: What is the value of community engagement with budgets that are unrealistic?

Special adjustment budgets to cover Covid-19 expenditure in the 2019-2020 financial year

During Covid-19, the National Treasury gave municipalities an additional opportunity to pass a special adjustment budget to their 2019-2020 budgets. These adjustment budgets, which were supposed to have been tabled by 15 June 2020, enabled municipalities to legalise expenditure related to Covid-19 that had not been catered for in their 2019-2020 budgets. The adjustments should only cover funding for Covid-19 related responses. The law does not compel municipalities to undertake public consultation before special adjustment budgets are adopted by the council. It makes practical sense to not subject minor changes to the budget to public consultation as the costs of such consultation may outweigh the intended benefits.

However, what about special adjustment budgets that make significant changes to the original budget? It is useful to look at national practice. Like municipalities, the national government passed a special adjustment budget in response to Covid-19. This was published for comment, with opportunities provided for public input before it was passed. Should municipalities not do the same when they reprioritise expenditure in the form of special adjustment budgets during a financial year?

The new world of virtual meetings and sittings

With physical contact sessions limited to contain the spread of Covid-19, municipalities were thrust into a new era of virtual council meetings and sittings with little time to adjust. They had to amend their rules and orders governing council and committee meetings to make provision for these virtual meetings and sittings. SALGA assisted by developing generic rules for online meetings and sittings. It invited its members to consider, customise and adopt these rules.[1] These draft rules cover issues such as notice of meetings, decision making and voting, and the facilitation of public involvement.

What does this new way of conducting council meetings mean for transparency and public participation in local government? The legislation is clear: municipalities must be transparent about their meetings and allow public admission into their meetings. In short, these are the rules:

- The Municipal Systems Act requires all meetings of municipal councils to be open to the public. Municipalities may provide for limited circumstances when it is reasonable to close the meeting to the public.[2] In any event, meetings on the IDP and the budget must always be open to the public.[3] The same rules apply to the councils' committee meetings (including executive committees and mayoral committees).

- The Municipal Systems Act directs municipalities to provide space for the public in council chambers and in any other places where the council and its committees meet.[4]

- Municipalities are required to build the capacity of their respective communities, councillors and staff to foster effective community participation. Every municipality must set aside funds for this.[5]

Opportunities and challenges associated with virtual sittings

Virtual council meetings were a sudden, and necessary, innovation to counter the challenges presented by Covid-19. They present both opportunities and challenges for transparency and

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[1] SALGA 'General Rules for Virtual Meetings or Sittings', Circular 18/2020, 11 May 2020.
[2] Section 20(1) Municipal Systems Act.
[3] Section 20(2) Municipal Systems Act.
[4] Section 20(4)(a) Municipal Systems Act.
[5] Section 16(1)(b) Municipal Systems Act.

public participation. Virtual meetings can undermine transparency and public involvement when they are not broadcast and the public is excluded. On the other hand, if they are broadcast, they open up local democracy. This could be a positive development resulting from the experience with Covid-19. When physical presence is not required, members of the public no longer need to navigate distance and competing diaries to be part of council meetings. Instead, it is possible to observe council meetings from wherever they have an internet connection. Thus, the long-term benefits associated with virtual council meetings include savings on travel costs, time-efficiency, convenience and increased transparency. However, the concept of virtual council meetings also presents new barriers to broad-based community participation. If members of the community do not have data and/or devices to attend the virtual meetings, these meetings may promote information inequalities by turning access into something for the privileged few. This points to the limits of technology to reach all segments of the society, particularly those citizens who do not have the devices and data to observe virtual meetings.

The practice of virtual sittings and meetings

Municipal councils have been forced to conduct virtual council meetings to avoid the risk of coronavirus infection. The experience with this during the period May to July 2020 was mixed. Some municipalities reported that the virtual meetings went very well and that they were excited about the prospects of continuing this practice. However, others faced challenges. For example, not all councillors and officials were comfortable with using virtual platforms when the first virtual meetings were held. Some municipalities reported not having the requisite membership of or subscription to online meeting platforms in place, resulting in technical difficulties. Others lacked (and continue to lack) the financial muscle to secure adequate data or connectivity. Connectivity problems, attributed in part to network coverage, presented another challenge. The introduction of virtual meetings has also resulted in an increase in the ICT budgets of municipalities. All these challenges adversely impact transparency and community participation.

Making the most of virtual meetings

Virtual meetings, or a combination of virtual and physical meetings, are likely to remain a feature of local government in future. Municipalities should therefore put in place measures to optimise the short and long-term benefits of virtual meetings. Some municipalities have

already begun to invest in this space, for instance by acquiring suitable devices for councillors. Others have had discussions or arrangements with network providers to improve connectivity. Training of officials (both political and administrative) has already taken place in many municipalities or is on the agenda of others. Significant investment is required to develop reliable platforms that complement the various manual ways of conducting council business – such as tracking attendance, presenting reports, making decisions (voting), and recording proceedings. Lastly, municipalities must ensure that their ICT units provide adequate and relevant support to both their administrative and political arms.

Rethinking community participation in a new world

There is also a need to deal with the downside of technology which may present challenges for transparency and community participation. In this context, the abovementioned instruction for municipalities to build capacity for community participation takes on a new form. It is no longer only about making space available for members of the public to observe council and committee meetings. In the world of virtual meetings, capacity building for communities to participate in local government affairs should take on several dimensions. For instance, municipalities could investigate whether their websites can be zero-rated so that members of the public can access information with limited or no data. Thus, a new way of thinking is needed in terms of community participation and transparency during Covid-19 and beyond.

Conclusion

Covid-19 is radically changing almost every aspect of life; this includes municipal governance. The Covid-19 pandemic, and the measures to contain it, continues to test the ability of municipalities to comply with the rules and principles for transparency, participation and oversight applicable to municipal governance processes such as planning and budgeting. Municipalities must 'think on their feet' and respond to a rapidly changing governance environment. At the same time, the crisis is not an excuse to compromise on transparency, citizen participation and accountability. The public is entitled to information about municipal finances, to make inputs into municipal budgets, and to observe council and council committee meetings. Covid-19 has presented challenges but also opened up new opportunities. The crisis has jolted municipalities out of their 'tried and tested' practices into a new era of responsive municipal governance. The new normal calls for municipalities to

innovate and invest. At a minimum, they ought to invest in IT infrastructure for the smooth running of virtual platforms. Initially, municipalities innovated in response to Covid-19. Maybe it is time to preserve some of that innovation and use it to increase the involvement of marginalised and excluded communities.

Recommendations

- Municipalities should diversify their community participation channels by, among others, optimising their social media use;

- Municipalities should simplify key documents, such as budgets and plans, to enhance informed citizen participation;

- Municipalities should inform the public about the components of the budget they are (un)able to influence;

- Municipalities should give communities feedback on the outcome of public consultation processes;

- Measures of ensuring that municipal budgets are realistic should be considered;

- Public input should be allowed before the adoption of special adjustment budgets, which significantly reprioritise expenditure;

- Municipalities should invest in IT infrastructure to enable the smooth running of virtual meetings and sittings;

- Municipal officials and councillors should be trained in how to conduct virtual meetings; and

- Municipalities should innovate to meet the demands of community participation in this new world.