

FRAMEWORK FOR STRATEGIC PLANS AND ANNUAL PERFORMANCE PLANS



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What you should know...

After reviewing this Framework for Strategic Plans and Annual Performance Plans you should understand the:

- Location of this Framework within the Government-wide Monitoring and Evaluation System with specific focus on monitoring outcomes
- Role of strategic and performance plans with regard to legislation, policies, programmes and budgets
- Role of strategic and annual performance planning in the budget process and in relation to government's broader policy, planning and prioritisation processes
- Linkages between outcomes oriented service delivery agreements signed by the President and results based programme planning
- Location of Strategic Plans and Annual Performance Plans within the context of other broader plans, policies, projects and programmes, including long term infrastructure and development proposals
- Distinction between different planning, budgeting and monitoring and evaluation documents, and how these are related to each other
- Core elements of Strategic Plans and Annual Performance Plans
- Planning timeframes and proposed processes
- Proposed generic format of Strategic Plans and Annual Performance Plans.

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List of Acronyms

IDP	Integrated development plan
MTEF	Medium-term expenditure framework
MTSF	Medium-term strategic framework
NSS	National Statistics System
PFMA	Public Finance Management Act
SASQAF	South African Statistics Quality Framework
SMART	Specific, measurable, achievable, relevant and time-bound

Foreword

This document sets out a framework to align strategic and annual performance planning with emphasis on the outcomes oriented monitoring and evaluation approach led by the Presidency. It is therefore important that institutions focus on the achievement of outcomes oriented planning and report the results in a simple and clear manner.

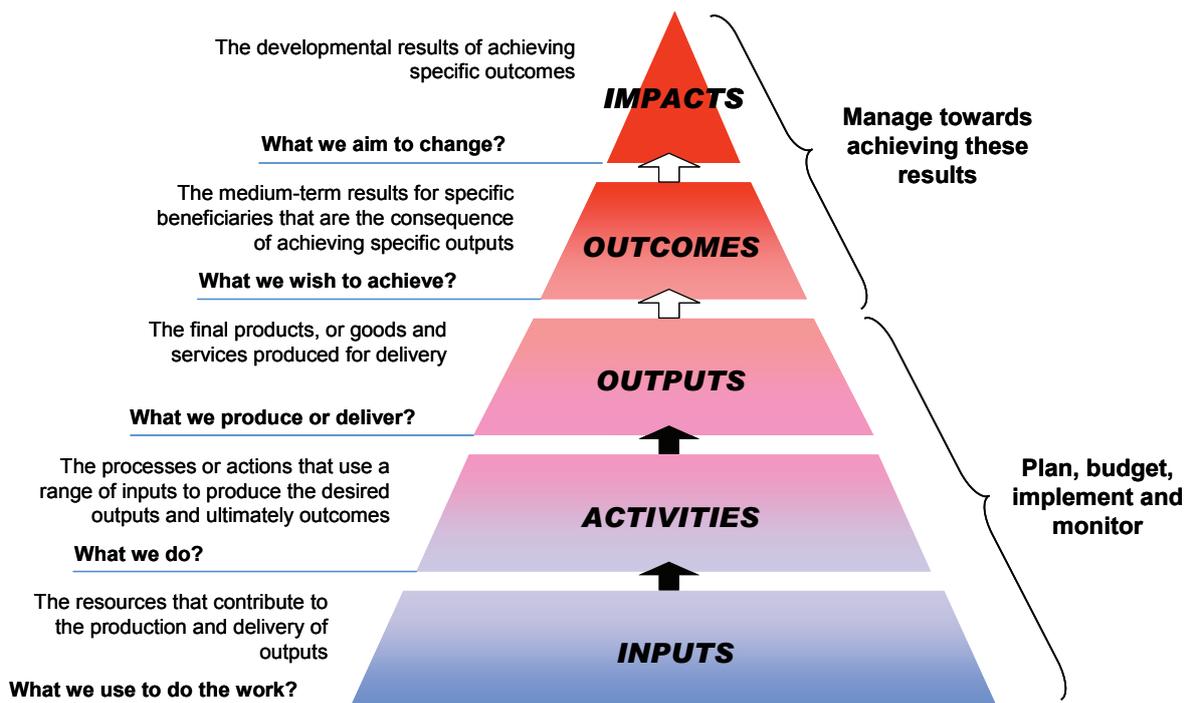
Outcomes oriented planning uses identified development needs and desired results as the foundation for designing programmes by focussing on key questions such as:

- How has the programme made a difference?
- Are the lives of the programme participants better off as a result of the programme?

As part of the policy development process to achieve better service delivery for the South African people, government identifies broad strategic outcomes which require high quality planning to accomplish.

Government has the responsibility to ensure *responsible spending*, given the limited nature of public funds. Thus the costs of initiatives must be linked with results to ensure value for money. Figure 1 illustrates key performance information concepts aligned to the outcomes oriented approach.

Figure 1: Key performance information concepts



This Framework for Strategic Plans and Annual Performance Plans outlines key concepts that should guide institutions when developing Strategic Plans and Annual Performance Plans. It recognises that government institutions vary greatly in terms of their roles and responsibilities, and therefore develop their plans, policies and programmes in varied ways and over differing timelines. Some plans are about activities that are programmed and sequenced for implementation; others are about possible responses to uncertain future developments. Some plans relate to short-term social or economic challenges, others have a time horizon spanning five years or more, and perhaps extending to thirty years and beyond. This is particularly the case for infrastructure projects or other capital programmes, but is also relevant in respect of social services and the regulation of economic development. This Framework does not

prescribe how institutions should conduct their policy and planning processes, but provides guidance on good practice and budget-related information requirements.

The Framework demonstrates that medium term Strategic Plans and Annual Performance Plans can play a constructive role in clarifying the relationship between broader policies and programmes, and departmental or institutional budgets.

It is envisaged that an institution's Strategic Plan should indicate the components of other medium to long term policies and plans that are to be implemented over a five-year planning period. Strategic Plans are tools to assist entities to prioritise and plan the progressive implementation of their legislative mandates, policies and programmes.

The Framework provides timeframes for submission, tabling and reporting on these documents; clarifies the relationship between institutions' plans, policy developments and budgets; details and definitions of key concepts and information to be reported on in specific sections of the Strategic Plans and Annual Performance Plans. The emphasis is on performance information; and templates that should be used and customised in drafting the Strategic Plans and Annual Performance Plans.

The Framework is applicable to national and provincial departments and public entities including constitutional institutions.

1. Introduction

Performance information is important for effective management, including planning, budgeting, implementation, reporting, monitoring and evaluation. This is emphasised in the *Framework for Managing Programme Performance Information* which complements this document.

This Framework outlines the links between the various accountability documents that institutions are required to produce at each stage of the planning, budgeting, implementation, reporting, monitoring and evaluation cycle. It focuses on the generic content of Strategic Plans and Annual Performance Plans and the timeframes for their production (outlined in Annexure A). It also aims to help accounting officers and managers of institutions to produce quality accountability documents that use performance information appropriately. Annexures B and C set out generic guides that outline the information to be covered in these plans.

Strategic Plans do not replace project plans or programme and policy plans appropriate to the activities or responsibilities of a institutions. A Strategic Plan should draw on these and other plans or project proposals, and should indicate the likely sequencing of implementation in the period ahead.

Strategic Plans identify strategically important outcomes orientated goals and objectives against which public institutions' medium-term results can be measured and evaluated by Parliament, provincial legislatures and the public.

Annual Performance Plans identify the performance indicators and targets that the institution will seek to achieve in the upcoming budget year. It is important that these performance indicators and targets are aligned across an institution's annual plans, budgets, in-year and annual reports. In addition, the process for the production of the Annual Performance Plan should be aligned to the budget process.

In alignment with the shift of government to outcomes orientated monitoring and evaluation approach the focus will be centred on the results based management. Results based management is a life-cycle approach to management that integrates strategy, people, resources, processes and measurements to improve decision-making, transparency and accountability. The focus is on achieving outcomes, implementing performance measurement, learning from experiences and adapting, and reporting on performance. Results based planning involves the articulation of strategic choices in light of past performance and includes information on how an organisation intends to deliver on its priorities and achieve associated results.

Results based management also involves monitoring and reporting on results through the development and provision of integrated financial and non-financial information. This information is used for both internal management purposes and for external accountability to Parliament, provincial legislatures and the public. Monitoring and reporting on this information provides managers and stakeholders the opportunity to reflect on what has worked and what has not.

1.1 Applicability of the Framework

This Framework is applicable to all national and provincial departments, constitutional institutions and public entities. Public entities include all those listed in Parts A and C of Schedule 3 of the Public Finance Management Act (1999) (PFMA).

1.2 Statutory mandate

Each department's activities must be founded in the legislative mandates that the department is directly responsible for implementing, managing or overseeing. It is important to note that Strategic Plans give effect to departmental or agencies' statutory responsibilities. Strategic Plans should also reflect broad strategic outcomes of government.

1.3 Important points to note in the Framework

The *Framework for Managing Programme Performance Information* and this Framework are issued by National Treasury in terms of the mandates set out in section 215 and 216 of the Constitution.

The planning processes outlined in this Framework are an integral part of normal budgetary processes, while the Framework itself, including the generic formats for Strategic Plans and Annual Performance Plans set out in Annexures A, B and C, fall within the broad ambit of uniform treasury norms and standards, and compliance is therefore critical. Consequently, while institutions are encouraged to adapt

these formats to their own requirements, such adaptations should not deviate materially from what is set out in the Framework.

The National Treasury has revised Treasury Regulations 5 and 30 issued in terms of the PFMA to provide the necessary legal basis for the implementation of this Framework and to support the implementation of the *Framework for Managing Programme Performance Information*.

The regulations require institutions to:

- Produce and table a Strategic Plan with a five-year planning horizon, outlining the planned sequencing of projects and programme implementation and associated resource implications and other prescribed information
- Produce and table an Annual Performance Plan including forward projections for a further two years, consistent with the medium-term expenditure framework (MTEF) period, with annual and quarterly performance targets, where appropriate, for the current financial year and the MTEF
- Identify a core set of indicators needed to monitor institutional performance
- Adopt a quarterly reporting system, including submission of agreed information to executive authorities, the Presidency or Premier's Offices, the relevant treasury and Parliamentary portfolio committees. Public entities are encouraged to submit the reports to their executive authorities and responsible departments.
- Ensure that there is alignment of reporting between the Strategic Plans, Annual Performance Plans, budget documents and annual and quarterly reports.

1.4 Location within the Government-wide Monitoring and Evaluation System

In 2004, the Cabinet initiated plans for a monitoring and evaluation system for government. The Presidency subsequently developed the *Policy Framework for the Government-wide Monitoring and Evaluation System*, which notes that government draws information from three data terrains for monitoring and evaluation purposes. The establishment of the *National Planning Commission* in the Presidency marks another step aimed at ensuring effective planning and coordination of government policies.

Programme performance information

Programme performance information focuses on information that is collected by government institutions in the course of fulfilling their mandates and implementing government policies. This information is vital in enhancing transparency, accountability and oversight.

National and provincial treasuries make use of programme performance information for assessing the value-for-money of government activities. Their responsibilities include ensuring that institutions have programme performance-information plans for gathering performance data that can inform management decisions. Institutions are advised to establish a central point for recording institutional performance against core indicators for easy access by all role-players and encouraging the standardisation of performance information within sectors. The *Framework for Managing Programme Performance Information* provides further guidance.

Evaluations

Programme evaluations are systematic assessments of programmes or policies, their design, implementation and results, with the aim of determining their relevance, efficiency, effectiveness, impact and sustainability with regard to overall government-spending priorities and the use of public resources. The Presidency, through the Monitoring and Evaluation Ministry, plays a leading role in defining the standards, processes, and techniques of planning and conducting evaluations and communicating the results of evaluations of government programmes and policies. Strategic Plans and Annual Performance Plans are intended to provide a basis for evaluating the organisational performance of public institutions.

Social, economic and demographic statistics

Various kinds of social, economic and demographic statistics are collected by Statistics South Africa as well as by other government institutions, and provide essential contextual and developmental information in support of both programme and service delivery monitoring and programme evaluation. Statistics South Africa through its National Statistics System (NSS) and the *South African Statistics Quality Framework* (SASQAF), is in the process of defining and improving the quality of official government data.

1.5 Overarching development indicators and core sets of indicators

It is expected that most of the development indicators that have been compiled by the Presidency to provide “evidence-based pointers to the evolution of our society” will be included in the core programme performance indicators for each sector in future.

2. Relationship between plans and budgets

2.1 Why should plans and budgets be linked?

Plans and budget should be interrelated to improve operational effectiveness. It is important for budget plans to link to strategic plans to ensure that key objectives and priorities are budgeted for and achieved. However, there is an inherent tension between strategic planning and budgeting, which often makes it difficult to achieve the desired level of integration.

While budgets tend to focus on the short term perspective (the next financial year, and the MTEF), planning generally takes a longer view (five to twenty years). Given South Africa’s development challenges, a strategic, long term approach needs to inform the allocation of resources so that historical inequities can be progressively addressed. However, operational plans have to be developed within the context of limited resources, informed by longer term plans and priorities.

2.2 Budget programme structures – the relationship between plans and budgets

Budget programme structures provide the key link between an institution’s objectives and its detailed operational budgets. To provide this link the budget programme structure (programmes and sub-programmes) should reflect the main areas of responsibility or service delivery within an institution’s mandate.

An institution’s budget programme structure should provide a stable framework linking successive plans and strategic priorities to budget allocations and performance indicators that track delivery over the medium to long term.

When budget programme structures are determined, it should be noted that much of what an institution do, does not change from one year to the next; or even from one five-year planning cycle to the next. So while the activities funded by a particular programme may not be high on the institution’s strategic priority list in a particular planning cycle, they are still necessary. Consequently, institutions should not change their budget structures to reflect a set of goals and objectives that are of high priority only in a particular period.

When government adopts a new policy the budget programme structure may need to be modified, but this should generally be done in response to a specific change in the department’s or entity’s mandate, not just because the implementation of a particular policy is now a priority. In many instances, new policy initiatives relate to existing activities that already are reflected or can be accommodated in the existing budget-programme structure.

The purposes statements linked to an institution’s budget programmes and sub-programmes are intended to demarcate in the appropriation law for what purposes funds authorised by the legislature are to be used.

2.3 Activity-based costing: the link between budgets and performance targets

Various initiatives have sought to focus greater attention on the relationship between budgets and performance. The greater challenge is for institutions to improve the methodology they use to compile budgets using more sophisticated forms of activity-based costing, thereby strengthening the link between budgets and performance targets. If, for example, a target level of performance increases by X, then by how much must the budget increase, or what changes in productivity/efficiency are required within a given budget?

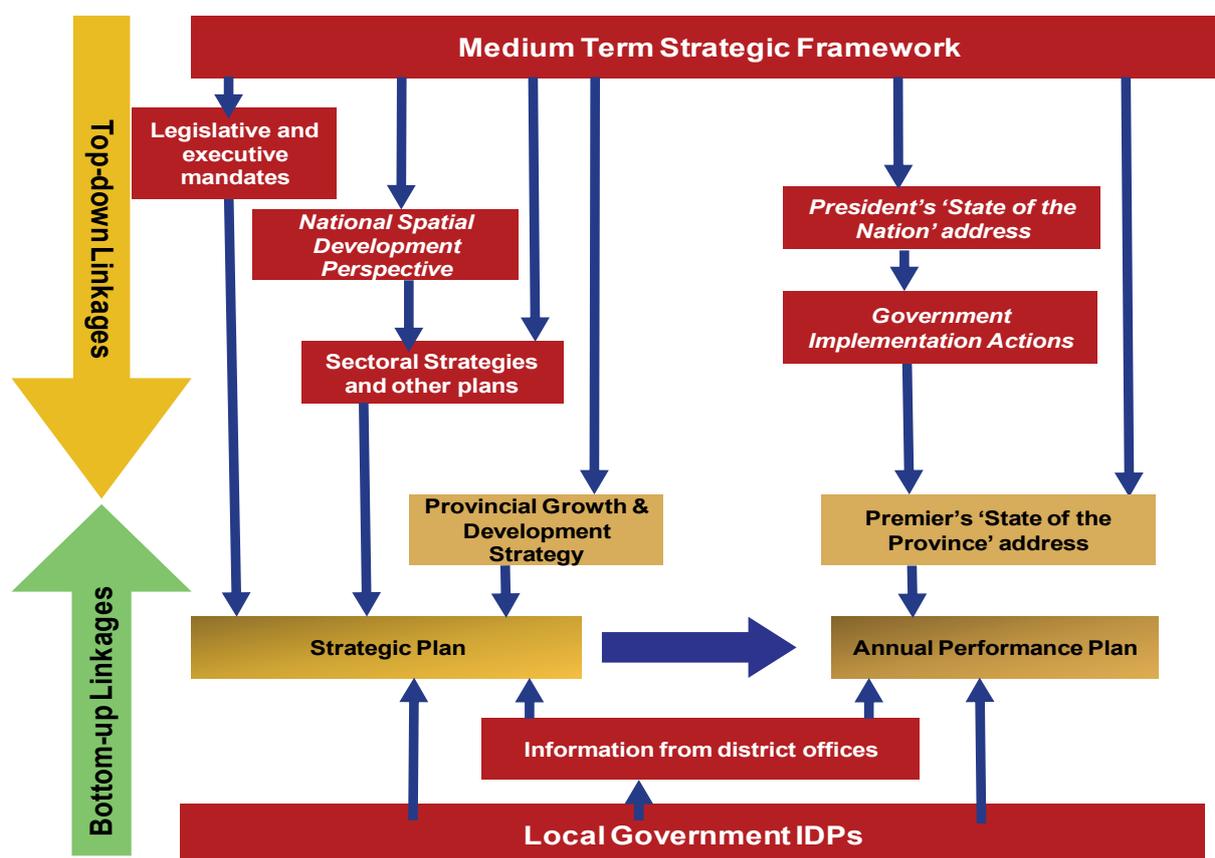
Institutions need to define performance enhancing processes, cost those processes and establish the (unit) costs of delivery. This information should inform the calculation of budgets and the choice of performance targets.

3. Relationship between legislation, plans and budgets

When developing Strategic Plans and Annual Performance Plans it is useful to conduct situational analyses on the sectors or spheres of responsibility that fall within the institution’s mandate, the present delivery environment and the state of the institution itself, taking into account relevant government policies and long term plans. Strategic Plans and Annual Performance Plans should include a description of how institutions give effect to their statutory obligations, powers and responsibilities. In this regard the hierarchy of the different legal instruments should be noted. The Constitution of South Africa, 1996 is the highest law of our country, and applies to all institutions. The Constitution prevails over any other legislation, regulations and directives. Following the Constitution, departments are then required to comply with other legislation, Money Bills, regulations; as well as directives and agreements issued in terms of the legislation. Further, if there are any specific court rulings that have a significant ongoing impact on operations or service delivery obligations, the Executive is under obligation to give effect to these.

In addition, some departments’ activities may be subject to a regulatory body. A regulatory body is a public authority or government agency responsible for exercising autonomous authority over and monitoring some area of government activity in a regulatory or supervisory capacity.

Figure 2: Links to planning frameworks and other plans



3.1 National, provincial and local government planning frameworks

National outcomes oriented planning approach

Since 2004, government’s programmes and policies have been set out at the beginning of each term of office in a medium-term strategic framework (MTSF) approved by Cabinet and published by the Presidency.

The President has repeatedly noted the need to ensure that more is achieved with the limited resources available. It is thus important to ensure that programme implementation will result in improving the lives of South Africans. This means that government's approach to planning should change, with a particular focus on the achievement of results. The outcomes oriented approach is designed to ensure that government is focused on achieving the expected real improvements in the lives of South Africans.

In line with changes in government's approach to planning, monitoring and evaluation, the MTSF will in future be supplemented or replaced by other short, medium and long term planning initiatives, aimed at translating the governing party's election mandate into reality. Reform of government's approach to planning and programming of activities is likely to impact on the budget process in various ways, although close links between budgeting and planning will remain central to the coordination of the public finances and coherence of government policies and programmes. The Medium Term Budget Policy Statement and annual budget documents compiled by the National Treasury will continue to provide an overview of medium term fiscal and budget plans, spending priorities and key service delivery considerations.

Provincial planning frameworks

Similarly, provincial Premiers and the Executive Committees develop provincial development strategies aimed at translating the election manifesto into a programme of action for the provincial government. There are also other province-wide plans that provincial departments need to consider in their own planning processes.

Sectoral strategies

National ministers of concurrent function departments in consultation with provincial MECs can be expected to develop a set of strategic outcome oriented goals and objectives for performance in their sectors. The Medium Term Strategic Framework has been translated into a set of strategic outcomes, with associated key outputs, activities, targets and metrics. These are in the process of being developed into Service Delivery Agreements, through which individual departments, both national and provincial, which contribute to an outcome will commit to specific activities and targets related to the outputs.

Local government integrated development plans

When institutions are planning the roll-out of new infrastructure and the location of new services, they must ensure that their plans are aligned to or informed by local governments' integrated development plans (IDPs).

3.2 Policy development and other plans

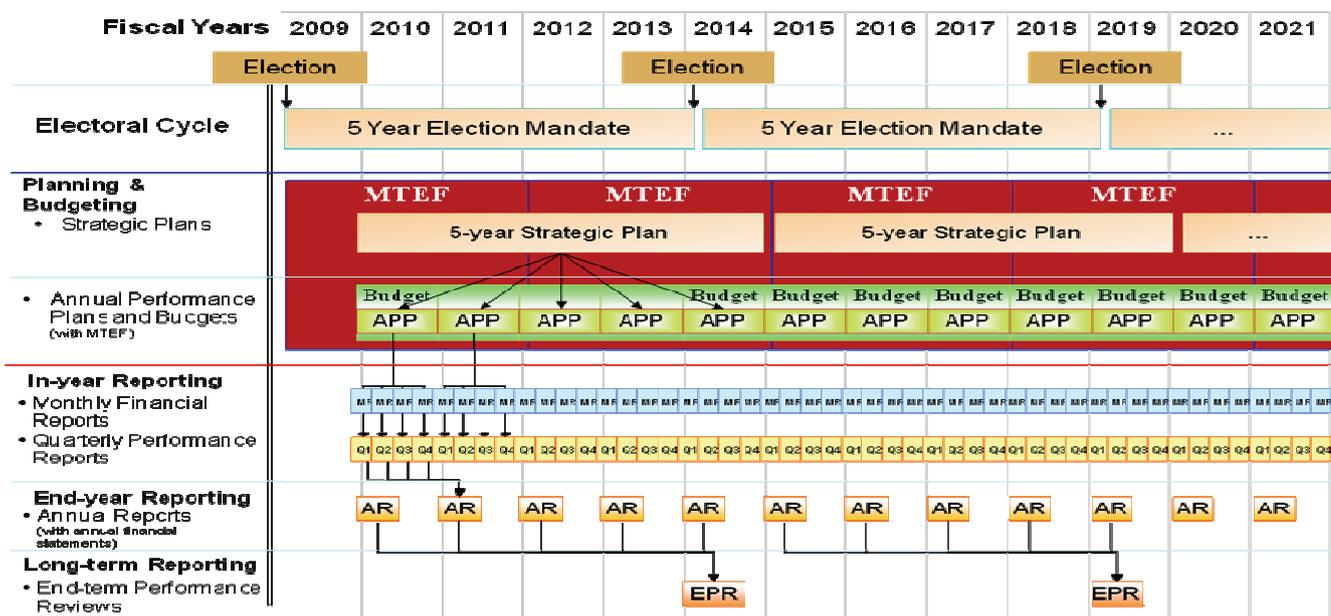
In many areas of government it is imperative to develop policies and plans that have a time horizon stretching forward to the next ten, twenty or even a thirty years. This is particularly true for the roll-out of major infrastructure or other capital programmes, but is also relevant to the social services and the regulation of key economic activities. Institutions produce a range of other plans related to specific areas of their mandate, specific projects or areas of the organisation (for example, human resources or information technology).

This Framework does not provide guidance on how institutions should conduct their policy and long term planning processes, or compile their other plans. However, it is envisaged that each institution should have a Strategic Plan that provides an overview of these plans and programmes and indicates which components of such policies and plans are to be implemented by the institution over the upcoming five-year period. The Strategic Plans do not replace the need for long-term planning or other more specific plans. Rather they are a tool intended to assist departments to prioritise and plan the progressive implementation of policies, programmes and longer term project plans.

4. Documents of the planning, budgeting and reporting cycle

This section presents a brief overview of each of the accountability documents that institutions should produce in relation to each stage of the planning, budgeting, implementation, reporting and monitoring and evaluation cycle. All planning and reporting documents are expected to be published on departmental or institutional websites, in addition to formal tabling in the relevant legislature. The following figure provides an overview of the timing of the proposed planning and reporting documents, and illustrates the relationship between them.

Figure 3: The relationship and timing of the different accountability documents



4.1 Strategic Plans

Purpose

A Strategic Plan sets out an institution's policy priorities, programmes and project plans for a five-year period, as approved by its executive authority, within the scope of available resources.

Focus

The Strategic Plan focuses on strategic outcomes oriented goals for the institution as a whole, and objectives for each of its main service-delivery areas aligned to its budget programmes and, where relevant, also its budget sub-programmes.

Timeframe

A Strategic Plan should cover a period of at least five years, ideally from the first planning cycle following an election, linked to the identified outcomes of the Presidency. Although plans may have a longer timeframe, they should be revised at least every five years, and a draft new or revised strategic plan should generally be prepared for consideration early in the final year of the prior planning period. Departments are expected to table strategic plans within a month after the tabling of the budget relating to the first year covered by the plan. Public entities are encouraged to submit the plan to their executive authorities and responsible departments by the end of January prior to the start of the first financial year covered in the plan.

Updating

A Strategic Plan may be changed during the five-year period that it covers. However, such changes should be limited to revisions related to significant policy shifts or changes in the service-delivery environment. The relevant institution does this by issuing an amendment to the existing plan, which may be published as an annexure to the Annual Performance Plan, or by issuing a revised Strategic Plan.

Linked to

A Strategic Plan should take into consideration the MTSF, the provincial growth and development strategies, IDPs of municipalities, Performance Agreements between the President and Ministers and Service Delivery Agreements entered into in terms of the broad strategic outcomes and any other relevant long term government plans. The institutions' current resources and capabilities should be considered. The document lays the foundation for the development of Annual Performance Plans.

Legal requirements and guidelines

Currently Chapter 5 and 30 of the Treasury Regulations and Part 3B of the Public Service Regulations set out the legal requirements for Strategic Plans. This Framework provides guidance on the processes relating to production of these plans, and Annexure B sets out a generic guide that institutions should adapt to their requirements. It is also envisaged that each sector involving provincial or municipal functions; will customise this generic guide under the leadership of the relevant national department.

4.2 Annual Performance Plans

Purpose

An Annual Performance Plan sets out what the institutions intends doing in the upcoming financial year and during the MTEF to implement its Strategic Plan.

Focus

The document sets out performance indicators and targets for budget programmes, and sub-programmes where relevant, to facilitate the institutions realising its goals and objectives set out in the Strategic Plan. Where appropriate, the plan should include a quarterly breakdown of performance targets for the upcoming financial year.

Timeframe

The Annual Performance Plan covers the upcoming financial year and the MTEF period. It should be noted that in years four and five of the Strategic Plan the Annual Performance Plan's outer years will fall outside the period covered by the Strategic Plan. Forward projections should nonetheless be provided. Departments should aim to table their Annual Performance Plan within a month after the tabling of the budget in respect of the year to which it relates. Public entities must submit the plan to their executive authorities and responsible departments by the end of January prior to the start of the first financial year covered in the plan.

Updating

To simplify performance tracking, in-year changes to the plan should not be made. Where an institution's performance exceeds or misses targets due to in-year budget changes or for another reason, this should be noted in its annual report.

Linked to

An Annual Performance Plan should be linked to the Strategic Plan, the budget and the MTEF, and should be informed by any updates to government's long term plans, the MTSF, Government Implementation Action, provincial growth and development strategies and local government IDPs, Performance Agreements between the President and Ministers, Service Delivery Agreements and any other relevant long term government plans. In-year monitoring of the Annual Performance Plan is conducted through the quarterly performance reports; end-year reporting is made in the programme performance section of the institution's annual report.

Legal requirements and guidelines

Chapters 5 and 30 of the Treasury Regulations set out the legal requirements. This Framework provides guidance on the production of these documents, and Annexure C provides a generic guide that should be adapted by each institution to suit its requirements. It is also envisaged that each sector will customise this generic guide under the leadership of the relevant national department.

4.3 Annual budget and MTEF

Purpose

The annual budget sets out what funds an institution is allocated to deliver services. The Annual Performance Plan shows funded service-delivery targets or projections.

Focus

The annual budget indicates the resource envelope for the year ahead, and sets indicative future budgets over the MTEF.

Timeframe

The budget covers the current financial year and the following two years.

Updating

National and provincial budgets can only be revised by an adjustments budget. The accounting authority of a public entity may revise the budget whenever necessary, but transfers to public entities from government may only be changed by an adjustments budget.

Linked to

The annual budget is developed within the framework of the Strategic Plan, and must inform and be informed by its Annual Performance Plan. In-year implementation and monitoring of the budget is conducted through the monthly financial reports, while end-year reporting is made through annual financial statements, which are included in the annual report.

Legal requirements and guidelines

Chapter 4 of the PFMA and Chapter 6 of the Treasury Regulations set out the legal requirements for annual budgets. Section 53 of the PFMA deals with the legal requirements for annual budgets and the MTEF budgets of public entities.

4.4 Quarterly performance reports

Purpose

Quarterly performance reports provide progress updates on the implementation of an institutions' Annual Performance Plan in the previous quarter, with particular reference to monitoring delivery against quarterly performance targets.

Focus

A quarterly performance report provides the executive authority, the National Treasury and provincial treasuries with information on performance against plans. It also provides the accounting officer with an opportunity to indicate measures that will be taken to ensure that implementation of the Annual Performance Plan remains on track.

Timeframe

Quarterly reports must be prepared within 30 days after the end of each quarter.

Updating

Changes to planned targets should not be made in quarterly performance reports. Ideally, actual performance numbers reported for a particular quarter should not be revised. However, given the inherent difficulties in management information systems, it may be necessary to provide for validation and revision of reported numbers in subsequent reports, subject to appropriate quality controls and disclosures.

Linked to

The quarterly performance reports are ultimately consolidated into the performance section of the annual report. In addition, the quarterly performance reports for the second and third quarters provide information on the present year's performance to be taken into consideration in the development of the Annual Performance Plan and annual budget for the following year.

Legal requirements and guidelines

Chapters 5 and 30 of the Treasury Regulations set out the legal requirements. This Framework provides guidance on the processes relating to the production of such reports.

4.5 Annual reports

Purpose

The Annual Report provides information on the performance of the institutions in the preceding financial year for the purposes of oversight.

Focus

The Annual Report looks at the institution's performance relative to the targets set in the Annual Performance Plan and provides the audited annual financial statements. It reveals how the budget was implemented and the state of the institution's financial management systems, and should include relevant background statistics and administrative data series.

Timeframe

The timeframes are set out in the PFMA and the Treasury Regulations.

Linked to

The Annual Report should be linked to the implementation of the Annual Performance Plan and budget. All in-year reports assist in the drawing up of the Annual Report, which should be subjected to an annual review and oversight process. Recommendations emerging from the review would feed into the planning and budgeting process for the following year.

Legal requirements and guidelines

Section 40 of the PFMA and Chapter 18 of the Treasury Regulations set out the legal requirements for departments' annual reports. Section 55 of the PFMA and Chapter 28 of the Treasury Regulations set out the legal requirements for public entities' annual reports.

4.6 Performance agreements

Purpose

A performance agreement summarises the official duties and responsibilities that are attached to an appointment or position, and may include a performance-related incentive and reward system for managing an official's job performance.

Focus

A performance agreement specifies individual performance targets for the accounting officer and other officials.

Timeframe

Performance agreements must be signed by the end of April in line with the Department of Public Service and Administration's requirements.

Linked to

Performance agreements should be linked to the achievement of the Strategic Plan, the implementation of the Annual Performance Plan, and the annual budget. At the end of the financial year each official's performance must be reviewed in relation to the agreement.

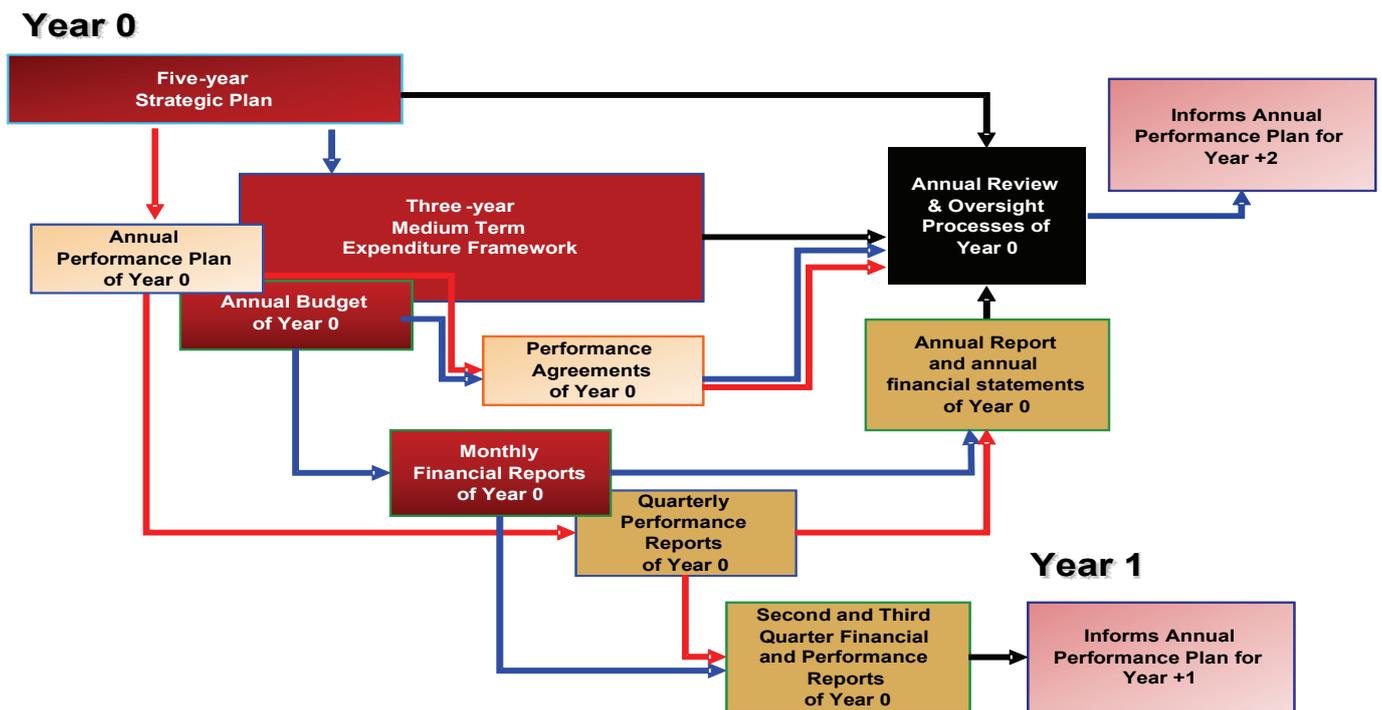
4.7 End-term reviews

An institution should produce an end-term review towards the end of the period covered by its Strategic Plan. The review should broadly follow the format of the plan. The institution should report on the extent to which it has succeeded in achieving each of the strategic outcome oriented goals and objectives set at the beginning of the five-year period, as well as on any other evaluations conducted during the period.

4.8 Information flow and relationship between plans and budgets

Figure 4 shows the link between the various accountability documents, performance agreements and oversight processes, as well as the link to future planning.

Figure 4: Links between planning, budgeting and reporting documents



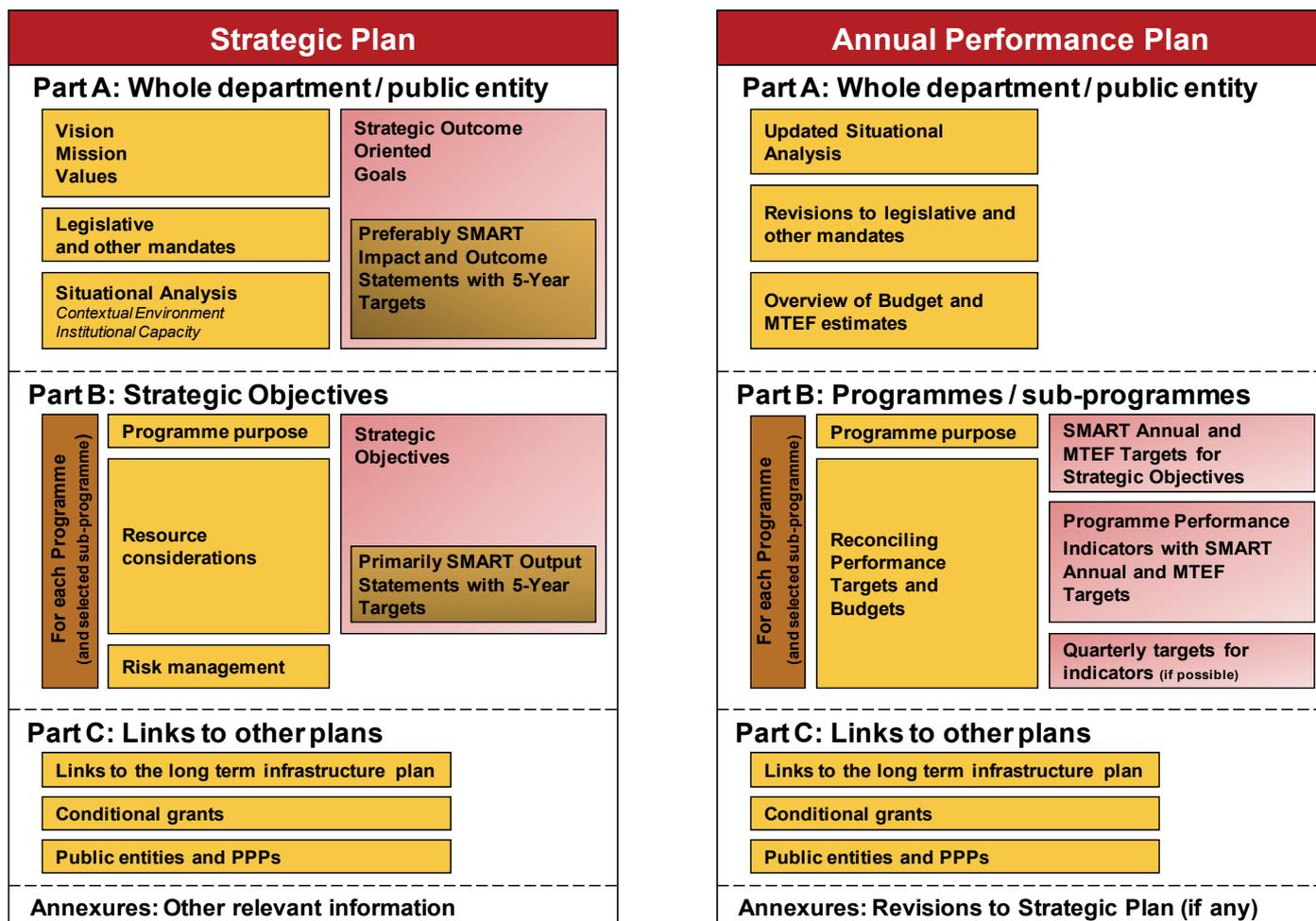
At the end of the financial year, the accounting officer has to compile annual financial statements reporting on the implementation of the budget, and an annual report on the implementation of the Annual Performance Plan. All information contained in the annual report, and information on the evaluation of managers' individual performances, should feed into an annual review and oversight process involving the executive authority, the Public Accounts Committee and the relevant parliamentary portfolio committee or provincial legislature. Recommendations should be made about future performance targets which would feed into the planning and budgeting process for the following year.

Neither the annual report, nor the annual review and oversight process for the first year, can provide the starting point for the annual planning and budgeting cycle for the following year. The annual report is only available after the end of a financial year. By the time the Annual Report for Year 0 becomes available, all plans and budgets for the following Year +1 have to be in place. For this reason, the second and third quarter financial and performance reports are important inputs into the following year's planning and budgeting process.

5. Core elements of planning documents

Figure 5 provides an overview of the structure and content of *Strategic Plans* and *Annual Performance Plans*.

Figure 5: Structure and content of Strategic Plans and Annual Performance Plans



National departments working within a common sector should co-operate with each other in developing customised formats for their *Strategic Plans* and *Annual Performance Plans* that show the linkages between the different departments' mandates and their performance. This cooperation is also applicable to concurrent function departments.

5.1 Strategic Plans

The focus of Strategic Plans must be on issues that are strategically important, linked to and flowing from various plans developed within institutions to fulfil their mandates, especially Performance Agreements between the President and Ministers and Service Delivery Agreements entered into in terms of the broad strategic outcomes. Operational issues such as an institution's finances, supply chain management, information systems or human resources can be considered strategic priorities if they have to be addressed to facilitate improved performance. Similarly, if an institution delivers services inefficiently, improving productivity would be a legitimate strategic priority. Nevertheless the primary focus should be on the outputs the institution produces, and the outcomes and impacts it seeks to achieve. The generic guide for the Strategic Plan (see Annexure B) provides a template that moves from the general to the specific.

Part A of the Strategic Plan focuses on a strategic overview of the sector and department or public entity, and specifies the institution's vision, mission, values and the strategic outcome oriented goals it aims to achieve over a five-year period.

Part B looks at specifies strategic objectives and their resource implications and the risks that need to be managed to achieve them. Strategic objectives should be discussed in the context of approved programme budget structures

Part C considers links to other plans such as the institution's long-term infrastructure plan, its conditional grants, plans to review its public entities and the management of its public-private partnerships.

5.2 Annual Performance Plans

The Annual Performance Plan details the specific performance targets that the institutions will aim to achieve in the budget year and the next two years of the MTEF in pursuit of strategic outcomes oriented goals and objectives set out in its Strategic Plan. It presents the institution's programme performance indicators together with targets. The generic guide (see Annexure C) provides a template.

Part A of the Annual Performance Plan reviews recent developments in the operational environment and links the annual budget to the achievement of strategic outcomes oriented goals and objectives.

Part B details planning information on the individual programmes and sub-programmes, specifying annual and MTEF performance targets for both strategic objectives and the programme performance indicators.

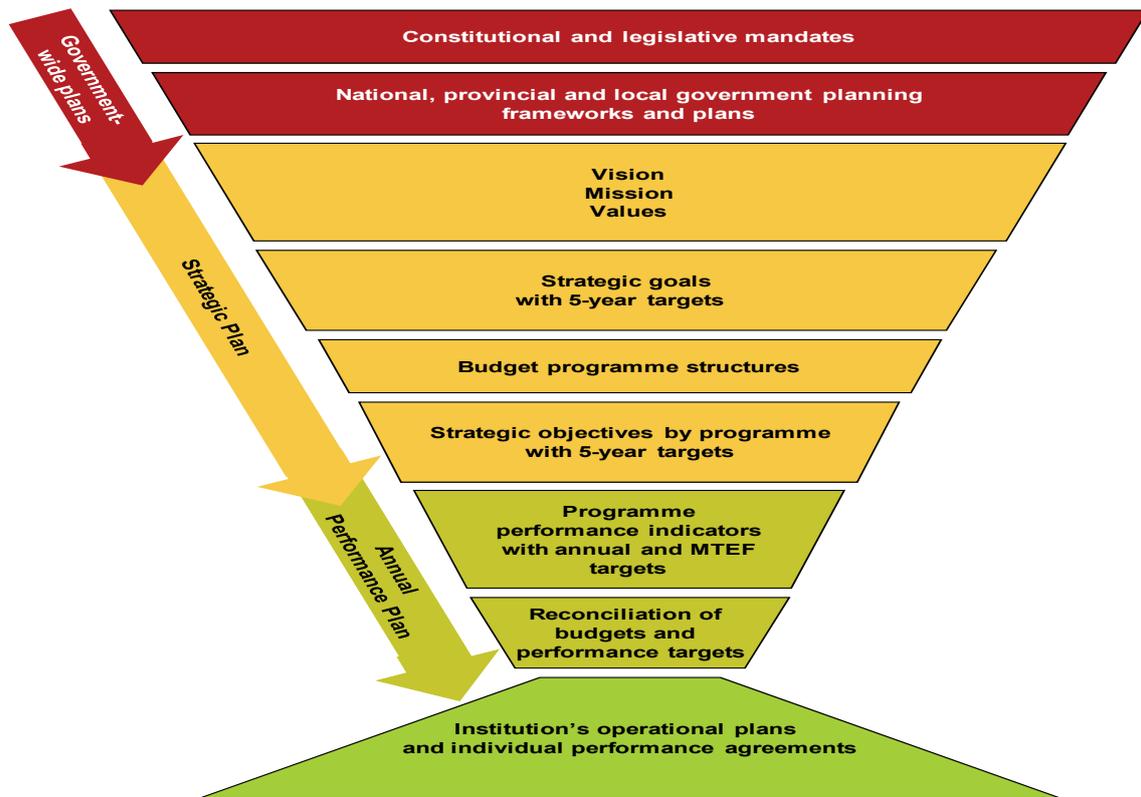
Part C considers details of budgets for infrastructure and other capital projects, and any planned changes to conditional grants, public entities and public-private partnerships.

The template's annexures also cover any changes to the Strategic Plans where the institution has chosen not to issue a completely new plan, and provides technical indicator descriptions.

5.3 Definitions of key planning concepts

This section should be read in conjunction with the *Framework for Managing Programme Performance Information*. Examples of the planning concepts outlined here and formats for expressing them are contained in Annexure D. Examples of the technical indicator descriptions used to measure performance in relation to the key concepts are found in Annexure E.

Figure 6: The hierarchy of the relationship between planning concepts



5.3.1 Vision

A vision is an inspiring picture of a preferred future. It is not time-bound and serves as a foundation for all policy development and planning, including strategic planning. It should be specific to the institution but linked to the overall vision of a particular sector or cluster.

5.3.2 Mission

A mission statement sets out the reason for an institution's existence based on its legislative mandates, functions and responsibilities. The mission should succinctly identify what the institution does, why and for whom. In the budget documentation, the stated mission of the department should be the same as the Vote aim.

5.3.3 Values

Values identify the principles for the conduct of the institution in carrying out its mission. Institutional values are derived in conjunction with the institution's mission. These values should define a citizen-oriented approach for producing and delivering government services in line with the *Batho Pele* principles.

5.3.4 Strategic outcomes oriented goals

Strategic outcomes oriented goals identify areas of institutional performance that are critical to the achievement of the mission. They should stretch and challenge the institution, but must be realistic and achievable. **Strategic outcomes oriented goals should focus on impacts and outcomes**, but in exceptional circumstances may deal with other aspects of performance. A strategic outcomes oriented goal should ideally be written as a statement of intent that is specific, measurable, achievable, relevant and time-bound (SMART).

Institutions should give priority to planning the delivery of services. However, institutions may also specify strategic outcomes oriented goals in other areas where they relate directly to its mandate.

Departments in a particular sector or cluster do not need to have a common set of strategic outcomes oriented goals. Nevertheless, their goals should relate to the national priorities for the sector or cluster.

Strategic outcomes oriented goals normally span at least five years. Should an institution decide to change its strategic outcomes oriented goals during the course of the five-year plan, it should either issue an annexure to its present Annual Performance Plan or, where the mandate or budget structure is changing significantly, draft a new Strategic Plan.

Institutions need to exercise discipline in choosing strategic outcome oriented goals to avoid the trap of prioritising everything. While goals should certainly have a general character, the aim is to encourage focused strategies and actions to achieve specific outcomes and impacts.

If a strategic outcomes oriented goal has been stated in a SMART way, progress in achieving that goal can be tracked directly. If a strategic outcomes oriented goal statement is not SMART, then the institution should identify suitable proxy performance indicators to track progress in achieving the goal. The statements for the proxy indicators should be SMART.

5.3.5 Budget programmes and purposes

Every institution must in consultation with the National Treasury develop a budget programme and sub-programme structure that is aligned to the main areas of service-delivery responsibility within the institution's mandate.

A budget programme is a main division within a department's budget that funds a clearly defined set of objectives based on the services or functions within the department's legislative and other mandates. It also constitutes a management unit established within a department responsible for the delivery of that defined set of services and functions. The term "programme" relates to the functional divisions created within the context of the budget and designated as a "programme" in the budget estimates, that is, main division in terms of Section 27(3)(b) of the PFMA.

A subprogramme is a constituent part of a programme, that defines the services or activities which contribute to the achievement of the objective(s) of the programme of which it forms a part. Some of the defined services or activities could include key projects identified by a department.

A programme purpose, as captured in the annual budget, is a statement that sets out in broad terms the main areas of delivery for which funds are allocated. Such purposes are not strictly linked to strategic outcomes oriented goals or strategic objectives, but rather focus on the legal mandate behind the expenditures reflected in the programme or sub-programme.

Once an institution has an appropriate budget programme structure in place, it should only change in response to a specific expansion or contraction in the institution's mandate, and preferably not in response to changes in priorities or organisational structure.

It is not necessary or, in most cases, useful for the budget structure of a department or public entity to be linked to its organisational structure. This is particularly so for institutions that deliver services through institutions, such as police stations, courts, prisons, schools, hospitals, museums or regional offices. Typically these institutions will receive funding from different programmes or sub-programmes in the institution's budget.

5.3.6 Strategic objectives

Strategic objectives should state clearly what the institution intends doing (or producing) to achieve its strategic outcomes oriented goals. The objectives should generally be stated in the form of an output statement, although in exceptional circumstances institutions might specify them in relation to inputs and activities or outcomes.

Each objective should be written as a performance statement that is SMART and must set a performance target the institution can achieve by the end of the period of the Strategic Plan. The baseline and targets must be expressed in terms of numbers. If a percentage is used, then the absolute numbers must be presented as well.

Institutions can link programmes and selected sub-programmes to strategic objectives. The institution must have the management processes and information technology systems in place to track performance against each of its strategic objectives.

Strategic objectives set in the Strategic Plan must span five years, while the performance targets set in relation to those strategic objectives in the Annual Performance Plan must cover the present budget year and the MTEF. In most sectors, strategic objectives are likely to remain stable over time.

Each strategic objective must describe things that the institution is directly responsible for doing or delivering under its respective programmes and sub-programmes. Institutions are advised to set fewer rather than more strategic objectives. The aim is to make strategic choices. However, departments can have more strategic objectives within their internal databases.

5.3.7 Programme performance indicators

An institution is expected to identify a set of programme performance indicators and targets in its Annual Performance Plan to track its on-going performance. These indicators should also reflect equity concerns and value for money in the use of resources. The *Framework for Managing Programme Performance Information* sets out the range of indicator types. Specific attention should be given to developing indicators related to outputs, economy, efficiency and equity (note that effectiveness is assessed in relation to the achievement of the institution's strategic outcomes oriented goals).

Institutions should consult with key stakeholders to identify and include indicators that they have a direct interest in tracking.

Programme performance indicators that are reliable, well defined, verifiable, cost effective, appropriate and relevant should be sought, with baseline information and targets expressed in terms of actual numbers. Performance targets should be SMART. The institution must have the management processes in place to collect the information required to track performance against each indicator.

Programme performance indicators are likely to be applicable to measuring performance over longer periods, although targets set in the Annual Performance Plan and spanning the present budget year and the MTEF, might be shorter term.

The key performance indicators should be aligned to the national outcomes indicators that will be monitored and this may involve negotiations with the line department and the Presidency. These indicators will be linked to existing budget baselines of departments. National departments should take into account the Development Indicators currently utilized by the Presidency. The Presidency and National Treasury will work collaboratively with departments to identify the performance indicators that will be used in the budget process and budget documents, to enhance transparency in respect of departmental budgets and monitoring and oversight by Parliament. A similar process should be followed in identifying departments' core indicators, to be included in the institution's Annual Performance Plan.

The National Treasury, provincial treasuries and the relevant national departments need to work with provincial departments in each sector to define core indicators. Provincial departments are free to include additional indicators. Public entities need to develop their programme performance indicators in consultation with their respective parent departments.

5.4 Baselines and targets

Institutions are expected to state the present baseline in respect of each strategic objective and programme performance indicator. In most instances, the baseline is the level of performance recorded in the year prior to the planning period.

Institutions are required to set targets relating to the budget year and the MTEF in respect of the strategic objectives and programme performance indicators contained in their Annual Performance Plans. The annual targets for the budget year should be broken into quarterly targets, except if this is not appropriate. Proposed table formats are provided in Annexure C.

6. Planning processes and timeframes

6.1 Timeframes and processes for production and revision of plans

The process of producing and revising plans has to take into account electoral, budgetary and annual reporting and planning deadlines to facilitate timely, integrated oversight. The proposed timeframes for the production of Strategic Plans and Annual Performance Plans by national and provincial departments and by public entities are listed in Annexure A.

Annexure A

Planning timeframes

This annexure sets out the timeframes that national and provincial institutions need to take into account when developing their Strategic Plans, Annual Performance Plans, quarterly performance reports and annual reports. It also sets out the timeframes that provincial departments need to follow when revising budget programme structures and core programme performance indicators.

National departments

Figure A: Planning, budgeting and reporting timeframes for national departments

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Planning	Strategic Plans (every 5yrs)				1st Draft SP			2nd Draft SP			Tabled in Parliament		
	Annual Performance Plans				1st Draft APP			2nd Draft APP		Performance indicators and targets for APPs	Tabled in Parliament		
Budgeting	Annual Budget and MTEF		NT issues MTEF instructions		Depts submit 1st draft budget and new expenditure estimates			NT issues instructions for ENE		NT issues allocation letters	Depts submit final ENE chapter	Tabled in Parliament	
Monitoring and Reporting	Monthly Financial Reports	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end
	Quarterly Performance Reports	4th quarter QPR (previous financial year)			1st quarter QPR			2nd Quarter QPR			3rd quarter QPR		
	Annual Reports		Performance Info sent to Auditors			Tabled Annual Reports							
Co-ordination	Change Requests to BPS			Depts propose changes to BPS		NT approves changes to BPS							
	Change request to core Performance Indicators			Depts propose Performance Indicators		Depts and NT agree on core Performance Indicators							

Timeframes and processes for production and revision of Strategic Plans

A national department can produce a new Strategic Plan or revise its existing Strategic Plan at any time. But to facilitate integrated oversight of planning and budgeting, it should table any new Strategic Plan or revision to an existing Strategic Plan within the timelines provided in the Treasury Regulations. Each national department must submit a first draft of its new Strategic Plan to the National Treasury and the Presidency for assessment at the end of August.

Institutions will ideally align their strategic planning processes with the electoral cycle. This implies that new Strategic Plans should be prepared during the course of the first budget cycle following a national general election.

Timeframes and processes for production and revision of Annual Performance Plans

The processes and timeframes for the production of Annual Performance Plans are closely aligned to the budget process to ensure that plans and budgets are properly linked. The following timeframes inform the process:

- Each national department must submit a first draft of its Annual Performance Plan for the upcoming financial year to the National Treasury and the Presidency for assessment at the end of August; this will inform the budget process and the estimation of departmental budget baselines. This draft should consist of the outer two years reflected in the present Annual Performance Plan with the new outer year estimates added. It should also reflect any new approved budget structure proposals and any new approved core programme performance indicators.

- National departments must finalise their performance targets during January to ensure they are consistent with the budget allocations communicated to departments in November.
- National departments must table their Annual Performance Plans in Parliament within the timelines provided in the Treasury Regulations.

Timeframes and processes for production of quarterly performance reports

National departments must submit a copy of their quarterly performance reports to the Presidency and National Treasury within 30 days of the end of each quarter.

The quarterly performance report for the fourth quarter should look at the department’s performance against all the performance indicators – both those for which quarterly targets were set, and those for which annual targets were set.

Timeframes and processes for production of annual reports

The Auditor General will be auditing performance information in the annual reports. To accommodate this requirement:

- A report on the institution’s performance against each of the targets it set in relation to its strategic objectives and programme performance indicators should be submitted to the Auditor-General along with annual financial statements before the end of May each year.
- The auditors will have two months to audit the information. From 2010/11 they may be issuing an audit opinion on the information by the end of July.
- The department will incorporate the audited performance information into its annual report to be tabled in Parliament by the end of August.
- A copy of the annual report must be submitted to the National Treasury by 15 September each year.

Provincial departments

Figure B: Planning, budgeting and reporting timeframes for provincial departments

		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Planning	Strategic Plans (every 5yrs)				1st Draft SP			2nd Draft SP				Tabled in Parliament	
	Annual Performance Plans				1st Draft APP			2nd Draft APP			Performance indicators and targets for APP's	Tabled in Parliament	
Budgeting	Annual Budget and MTEF		NT issues MTEF instructions		Depts submit 1st draft budget and new expenditure estimates			NT issues instructions for ENE	NT and PT issue allocation letters		Depts submit final ENE chapter	Tabled in Parliament	
Monitoring and Reporting	Monthly Financial Reports	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end	15 days after month end
	Quarterly Performance Reports	4th quarter QPR (previous financial year)			1st quarter QPR			2nd Quarter QPR			3rd quarter QPR		
	Annual Reports		Performance info sent to Auditors			Tabled Annual Reports							
Sector Co-ordination	Change Requests to BPS			Depts propose changes to BPS	NT approves changes to BPS								
	Change request to Performance Indicators			Depts propose Performance Indicators	Depts and NT agree on core Performance Indicators								

Timeframes and related factors for revising budget-programme structures

The timeframes that must inform the process of revising budget-programme structures at provincial level are:

- Initiatives to review the budget programme structure of a provincial sector can be undertaken at any time in consultation with the National Treasury and provincial treasuries. However, implementation thereof can only be effected at the beginning of any particular financial year.
- National departments responsible for the sector need to coordinate discussions with the relevant provincial departments in the sector during May with a view to reaching an agreement on whether the proposed changes should be made by the end of May. The National Treasury will play a supportive role and attend discussion meetings.
- The proposed changes to the sector's uniform budget programme structure must be presented to each provincial executive committee during June for approval.
- Proposals to revise the existing budget programme and subprogramme structure of a provincial sector must be submitted to the National Treasury at least nine months before the start of the financial year in which the proposed changes are to take effect – by the end of June each year for changes to be implemented in the following year's budget.
- The National Treasury will issue its updated Guideline on Provincial Budget Programme Structures at the end of July every year.
- All draft MTEF budgets prepared by provincial departments for the following financial year should reflect the latest budget programme structure contained in the guideline.

Timeframes and related factors for revising core programme-performance indicators

The timeframes and factors that inform the process of revising programme-performance indicators at provincial level are:

- Initiatives to review the core programme performance indicators of a provincial sector can be undertaken at any time.
- Provincial treasuries and departments need to involve relevant provincial stakeholders such as the Office of the Premier to determine province-specific measures.
- To revise the nationally agreed core set of performance indicators for a sector, the relevant national department needs to coordinate discussions with the relevant provincial departments and other stakeholders during April, with a view to reaching an agreement on whether the proposed changes should be made. National Treasury will play a supportive role and attend discussions whenever possible.
- All departments in the sector should agree on any revisions to the core set of indicators 10 months before the start of the financial year – in other words, by the end of May. The proposed changes to the sector's core programme performance indicators need to be presented for approval to each provincial executive committee during June.
- Proposals to revise the existing core indicators of a provincial sector should be submitted to the National Treasury nine months before the start of the financial year in which the proposed changes are to take effect – in other words, by the end of June each year for changes to be implemented in the following year's budget.
- The National Treasury will issue its Schedule of Core Performance Indicators for Provincial Departments at the end of July every year.
- All drafts of the Annual Performance Plans prepared by provincial departments for the following financial year must reflect the latest set of core programme performance indicators set out in the latest schedule.

Timeframes and processes for production and revision of Strategic Plans

Provincial departments must table a new Strategic Plan within the timelines provided in the Treasury Regulations. **Any revisions to an existing Strategic Plan must be tabled within the same timeframes for the first year covered in the revision.**

Timeframes and processes for production and revision of Annual Performance Plans

The following timeframes should inform the process:

- Each provincial department should submit a first draft of its Annual Performance Plan to the provincial treasury and National Treasury for the upcoming financial year at the end of July. This draft should consist of the outer two years reflected in the present Annual Performance Plan with the new outer year estimates added. It should also reflect any new approved budget structure proposals and any new approved core programme performance indicators.
- Provincial departments should submit a second draft of their Annual Performance Plan to the provincial treasury and National Treasury at the end of October. This version should reflect the budget allocations underpinning the medium-term budget policy statement.
- Provincial departments must table their Annual Performance Plans in the relevant provincial legislature within the timelines provided in the Treasury Regulations.

Timeframes and processes for production of quarterly performance reports

Provincial departments must submit a copy of their quarterly performance reports to the Presidency and National Treasury within 30 days after the end of each quarter.

The quarterly performance report for the fourth quarter should report on the department's performance against all the programme performance indicators – both those for which quarterly targets were set, and those for which annual targets were set.

Owing to weaknesses in many departments' management systems, institutions may in the interim revise their reported numbers for a given quarter in the following quarterly performance report.

Timeframes and processes for production of annual reports

The Auditor General will be auditing performance information in the annual reports. To accommodate this requirement:

- A report on the institution's performance against each of the targets that it set in relation to its strategic objectives and programme performance indicators should be submitted to the Auditor General along with the annual financial statements by the end of May each year.
- The auditors will have two months to audit the information. They are required to issue an audit opinion on the information by the end of July.
- The department will incorporate the audited performance information into its annual report to be tabled in Parliament by the end of August.
- A copy of the annual report must be submitted to the National Treasury by 15 September each year.

Public entities

Departments responsible for public entities are required to exercise oversight of planning, budgeting and reporting processes in these institutions. Oversight departments need to work with the entities, with the assistance of the Presidency and National Treasury, to ensure that entities' plans and budgets feed into the departments' plans and budgets. Departments remain accountable for the outputs of the entities for which they are responsible, and the key outputs of such entities need to be contained in the department's Strategic Plans and Annual Performance Plans. This may require departments and the public entities for which they are responsible to agree on earlier dates for the preparation of entities' Strategic Plans and Annual Performance Plans than those specified below.

Figure C: Strategic Plans and Annual Performance Plan timeframes for public entities

		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
National public entities												
Planning	Strategic Plans (every 5yrs)					1st Draft SP			2nd Draft SP		Submission to EA	
	Annual Performance Plans					1st Draft APP			2nd Draft APP		Submission to EA	
Provincial public entities												
Planning	Strategic Plans (every 5yrs)			1st Draft SP			2nd Draft SP				Submission to EA	
	Annual Performance Plans			1st Draft APP			2nd Draft APP				Submission to EA	

All public entities should submit their Strategic Plans (in the years when they are required) and their Annual Performance Plans to their executive authorities by the end of January.

Responsible departments also need to monitor the implementation of their public entities’ plans and budgets during the course of the financial year.

Annexure B

Generic guide for strategic plans

This annexure sets out the key elements that departments and public entities should include in their Strategic Plans. It is expected that departments and public entities will customise this template according to their needs.

Name of department/entity

Strategic Plan

**for the
fiscal years
20XX – 20YY**
[5 years beginning with XX]

Name of province (where relevant)

Date of tabling

Contents

A table of contents should be provided that identifies the individual strategic planning elements, appendices and any other additional material. For example:

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Part A: Strategic overview

1. Vision

State the institution's vision.

2. Mission

State the institution's mission.

3. Values

List the institution's values.

4. Legislative and other mandates

Set out the specific constitutional and other legislative, functional and policy mandates of the institution. Focus on the legislative and other mandates that the department is directly responsible for implementing, managing or overseeing – not the entire list of legislation that the institution is subject to in the course of its operations.

4.1 Constitutional mandates

State the relevant section(s) of the Constitution and how the department or public entity is directly responsible for ensuring compliance with this section(s).

4.2 Legislative mandates

State the name of the relevant act and outline the key responsibilities this legislation places on the institution.

4.3 Policy mandates

State the name of the policy and outline the key responsibilities it places on the institution.

4.4 Relevant court rulings

Complete this section if there are any specific court rulings that have a significant, ongoing impact on operations or service delivery obligations.

Name of court case: [outline the impact the court ruling has on the institution's operations or service delivery obligations]

4.5 Planned policy initiatives

Indicate in point form the most important policy initiatives the department plans to continue or initiate in the period covered by the plan. This section applies to departments only.

5. Situational analysis

Present broad information on the performance and broader institutional environment based on the detailed information gathered in the strategic planning process. Institutions' various medium and long term policies and plans should also be considered. Budget planning should be informed by identified key policies and plans of institutions.

National and provincial departments in each concurrent function sector should work together to standardise the kinds of information presented here. For example, it would be useful if all departments in a particular sector could present information on different aspects of their services and structure using the same sets of institutional and explanatory indicators.

5.1 Performance environment

Summarise key issues in the delivery environment, providing important background information on demand for services and other factors that have informed the development of the Strategic Plan. Present a range of explanatory indicators that reflect the demand for services and the nature of the challenges to be addressed.

5.2 Organisational environment

Summarise the structure of the institution and highlight any important issues. The objective is to provide information on the capacity of the institution and other internal factors that have informed the development of the Strategic Plan.

5.3 Description of the strategic planning process

Describe the activities and processes followed to develop the Strategic Plan, including timetables and stakeholders consulted.

6. Strategic outcome oriented goals of the institution

State the institution’s strategic outcome oriented goals.

Departmental outcomes identified by the Presidency must be reflected here as goal statements.

Strategic Outcome Oriented Goal 1	Provide a short title for the outcomes stated goal
Goal statement	Write the outcomes stated goal out in full – ideally this statement should be SMART

Provide similar information for each strategic outcome oriented goal set by the institution. For each strategic outcome oriented goal complete a technical indicator description (see Annexure E for examples), which should be posted on the institution’s website along with the Strategic Plan.

Part B: Strategic objectives

This section covers the strategic objectives identified to achieve the set goals. The strategic objectives that have been identified should be related to and discussed within the context of the approved budget programme structure.

7. Programme X (insert name of programme)

State the programme purpose as stated in the budget documentation. Provide a brief description of the programme: how it is structured, what institutions are responsible for the performance delivery and whether there are any key categories of personnel where the trends need to be monitored. Wherever possible use succinct tables, graphs and maps to present the information. The description should not exceed three pages.

7.1 Strategic objectives

State the institution’s strategic objectives for the programme.

Strategic Objective 1.1	Provide a short title for the strategic objective
Objective statement	Write the objective out in full – this statement should be SMART
Baseline	What is the present baseline level of performance in relation to this strategic objective?

And so on, for as many strategic objectives as there are for the programme.

For each indicator the institution must complete a technical indicator description (see Annexure E), which should be posted on the institution’s website along with the Strategic Plan.

7.2 Resource considerations

Discuss the resourcing issues considered when developing the strategic objectives. The discussion should deal with the following issues, as appropriate:

Expenditure trends in the programme’s budget and how these can be expected to evolve over the five-year period (this analysis should also focus on trends in expenditure by economic classification)

Trends in the numbers of key staff
Trends in the supply of key inputs.

Discuss issues under these headings if they are important to the realisation of the strategic objectives relevant to this programme. Additional headings may be added to this section to address other important resource-related issues. Present the information in succinct tables where possible.

7.3 Risk management

It is important to list and discuss the five key risks that may affect realisation of the strategic objectives stated for this programme. For each item, include a paragraph describing the risk and a paragraph indicating how the department intends to mitigate its effects.

And so on, for each programme.

Part C: Links to other plans

It is important to outline links to other plans such as the institution's long-term infrastructure and other capital plans, its conditional grants, plans to review its public entities and the management of its public-private partnerships.

8. Links to the long-term infrastructure and other capital plans

Each department and public entity should have long-term infrastructure and other capital plans that should outline its infrastructure investment needs for the next 10, 20 or even 30 years. Here indicate which of the projects outlined in its long-term capital investment plan the institutions intends implementing or initiating during the period of the Strategic Plan.

Table X: Links to long-term infrastructure plan

No.	Project name	Programme	Municipality	Project description/ type of structure	Outputs	Estimated project cost	Expenditure to date (if any)	Project duration	
								Start	Finish
1. New and replacement assets (R thousand)									
1									
...									
n									
Total new and replacement assets									
2. Maintenance and repairs (R thousand)									
1									
...									
n									
Total maintenance and repairs									
3. Upgrades and additions (R thousand)									
1									
...									
n									
Total upgrades and additions									
4. Rehabilitation, renovations and refurbishments (R thousand)									
1									
...									
n									
Total rehabilitation, renovations and refurbishments									

9. Conditional grants

The section applies to departments only. It is important to list and briefly describe each of the relevant conditional grants, also indicating whether the grant will be continued or ended during the period of the plan.

Name of grant	Provide name of conditional grant
Purpose	State purpose of conditional grant
Performance indicator	Give at least one performance indicator that measures performance in relation to the above purpose – this indicator statement must be SMART
Continuation	State whether the grant programme is to continue or be discontinued during the period covered by the Strategic Plan
Motivation	State the motivation for continuing or discontinuing the grant programme

10. Public entities

The section applies to departments only. It is important to list and briefly describe each of the public entities that are the responsibility of the department, also providing a list of the public entities to be evaluated during the upcoming five-year period.

Name of public entity	Mandate	Outputs	Current annual budget (R thousand)	Date of next evaluation

11. Public-private partnerships

It is important to list and briefly describe each of the public-private partnerships managed by the department, and indicate which partnerships will be ending during the five-year period. Also outline the steps that are being put in place to ensure a smooth transfer of responsibilities in the case of agreements that will expire during the five years covered by the plan.

Name of PPP	Purpose	Outputs	Current value of agreement (R thousand)	Date when agreement expires

Annexure

Institutions may add annexures to present other information deemed relevant to their Strategic Plan, as well as the technical indicator descriptions.

Annexure C

Generic guide for annual performance plans

This annexure sets out the key elements that an institution should include in their Annual Performance Plans. It is expected that an institution will customise this template according to their particular needs.

Name of department/entity

Annual Performance Plan

**for
20XX**

[XX = budget year – i.e. next financial year]

Name of province (where relevant)

Date of tabling

Contents

A table of contents should be provided that identifies the individual strategic planning elements, appendices and any other additional material. For example

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Part A: Strategic overview

1. Updated situational analysis

Present updated information on the performance delivery and institutional environment, based on the information gathered during the annual performance-planning process.

The information presented should broadly correlate with what was presented in the Strategic Plan, but it should not be as detailed. The focus should be on noting any changes in the external and/or internal environments that might affect performance.

1.1 Performance delivery environment

Update the explanatory indicators presented in the Strategic Plan to reflect present demand for services and challenges that need to be addressed. Indicate clearly which information has been updated, relative to that presented in its Strategic Plan, and which remains the same. Where information has been updated, analyse the emerging trends to show how these affect performance objectives.

1.2 Organisational environment

Update this information if there have been any significant changes relative to the information presented in the Strategic Plan.

2. Revisions to legislative and other mandates

Notes in point form should be made of any significant revisions to the legislative and other mandates since the Strategic Plan was compiled. Any pending court cases that could have significant implications should be noted.

If there have not been any significant revisions to the legislative or other mandates, simply state: “There have been no significant changes to the [an institution’s] legislative and other mandates.”

3. Overview of 20XX budget and MTEF estimates

3.1 Expenditure estimates

Table Y.1 [Name of department or public entity]

Programme	Audited outcomes			Adjusted appropriation	Medium-term expenditure estimate		
	20XX	20XX	20XX	20XX	20XX	20XX	20XX
R thousand							
1. Administration							
2.							
3.							
Subtotal	-	-	-	-	-	-	-
Direct charges against the National Revenue Fund	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Change to 20XX-1 budget estimate				-	-	-	-

Programme	Audited outcomes			Adjusted appropriation	Medium-term expenditure estimate		
	20XX	20XX	20XX	20XX	20XX	20XX	20XX
R thousand							
Economic classification							
Current payments	-	-	-	-	-	-	-
Compensation of employees							
Goods and services							
of which:							
Communication							
Computer services							
Consultants, contractors and special services							
Inventory							
Maintenance repair and running cost							
Operating leases							
Travel and subsistence							
Specify							
Specify							
Other							
Interest and rent on land							
Financial transactions in assets and liabilities							
Transfers and subsidies to:	-	-	-	-	-	-	-
Provinces and municipalities							
Departmental agencies and accounts							
Universities and technikons							
Public corporations and private enterprises							
Foreign governments and international organisations							
Non-profit institutions							
Households							
Payments for capital assets	-	-	-	-	-	-	-
Buildings and other fixed structures							
Machinery and equipment							
Cultivated assets							
Software and other intangible assets							
Land and subsoil assets							
of which: Capitalised compensation	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

3.2 Relating expenditure trends to strategic outcome oriented goals

In point form, indicate how the above budget and MTEF allocations contribute to the realisation of the institution's strategic outcome oriented goals. Focus on any change in funding levels.

Part B: Programme and subprogramme plans

This section of the Annual Performance Plan is used to set performance targets for the upcoming budget year and over the MTEF for each strategic objective identified in Part B of the Strategic Plan. This is also where institutions should set out performance indicators that will facilitate the assessment of the overall performance of each programme, including issues of equity and value for money in relation to the use of resources.

In the case of departments, the specification of these programme performance indicators needs to be developed in consultation with the National Treasury prior to them being included in an institution's Annual Performance Plan. In the case of public entities, they need to be developed in consultation with the oversight department.

4. Programme X (insert name of programme)

Provide the programme purpose as stated in the budget documentation. Describe briefly any updates to the information presented in the Strategic Plan. The new information should be presented in largely the same format. If the budget programme structure has not changed, state that there are no changes.

4.1 Strategic objective annual targets for 20XX

It is important to list targets for the budget year and over the MTEF period for each strategic objective specified for this programme in the Strategic Plan. Refer to Annexure D for examples.

Strategic objective		Audited/Actual performance			Estimated performance 20XX-1	Medium-term targets		
		20XX-4	20XX-3	20XX-2		20XX	20YY	20ZZ
1.1	Short name							
1.2	Short name							

4.2 Programme performance indicators and annual targets for 20XX

It is important to list the core programme performance indicators and any other chosen indicators. Refer to Annexure D for examples.

Programme performance indicator		Audited/Actual performance			Estimated performance 20XX-1	Medium-term targets		
		20XX-4	20XX-3	20XX-2		20XX	20YY	20ZZ
1.1	Short name							
1.2	Short name							

For each indicator, complete a technical indicator definition (see Annexure E for examples), which should be posted on the institution's website along with the Annual Performance Plan.

Indicate in point form how the allocations in the Budget and MTEF have affected performance targets, and what measures are being put in place to realise the strategic objectives set in the Strategic Plan.

4.3 Quarterly targets for 20XX

Set out quarterly targets for the programme performance indicators identified above.

The following table can be used for programme and subprogramme performance indicators

Performance indicator		Reporting period	Annual target 20XX	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Short name	Quarterly					
1.2	Short name	Biannual					
1.3	Short name	Annual					

4.4 Reconciling performance targets with the Budget and MTEF

Expenditure estimates

Table Y.4: Programme name

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	20XX	20XX	20XX	20XX	20XX	20XX	20XX
R thousand							
Minister ¹							
Deputy minister ²							
Management							
Corporate services							
Property management							
Total	-	-	-	-	-	-	-
Change to 2005 budget estimate				-	-	-	-

¹ Payable as from 1 April 2005. Salary: R Car allowance: R

² Payable as from 1 April 2005. Salary: R Car allowance: R

Economic classification

Current payments	-	-	-	-	-	-	-
Compensation of employees							
Goods and services							
of which:							
Communication							
Computer services							
Consultants, contractors and special services							
Inventory							
Maintenance repair and running cost							
Operating leases							
Travel and subsistence							
Specify							
Other							
Interest and rent on land							
Financial transactions in assets and liabilities							
Transfers and subsidies to:	-	-	-	-	-	-	-
Provinces and municipalities							
Departmental agencies and accounts							
Universities and technikons							
Public corporations and private enterprises							
Foreign governments and international organisations							
Non-profit institutions							
Households							
Payments for capital assets	-	-	-	-	-	-	-
Buildings and other fixed structures							
Machinery and equipment							
Cultivated assets							
Software and other intangible assets							
Land and subsoil assets							
of which: Capitalised compensation	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Performance and expenditure trends

Indicate in point form how budget allocations impacted on performance targets and measures that will be put in place to ensure that the strategic objectives continue to be realised.

And so on, for each additional programme.

Part C: Links to other plans

5. Links to the long-term infrastructure and other capital plans

This section should reconcile the budget and MTEF with the infrastructure and other capital projects set out in the Strategic Plan. Discuss in point form any relevant factors influencing the institution's ability to deliver on its infrastructure/capital plan.

Table X: Links to long-term infrastructure plan

No.	Project name	Programme	Municipality	Outputs	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
					2005/06	2006/07	2007/08				2008/09	2009/10	2010/11	2011/12
1. New and replacement assets (R thousand)														
1														
...														
n														
Total new and replacement assets														
2. Maintenance and repairs (R thousand)														
1														
...														
n														
Total maintenance and repairs														
3. Upgrades and additions (R thousand)														
1														
...														
n														
Total upgrades and additions														
4. Rehabilitation, renovations and refurbishments (R thousand)														
1														
...														
n														
Total rehabilitation, renovations and refurbishments														

6. Conditional grants

The section applies to departments only. Provide specific information on any significant changes to the status quo relating to the relevant conditional grants. Pay specific attention to plans to introduce or end a particular grant and the plans in place to manage the process. Also outline outputs to be achieved through a conditional grant.

7. Public entities

The section applies to departments only. Provide specific information on any significant changes to the status quo relating to public entities overseen by the department. Pay specific attention to plans to evaluate public entities.

8. Public-private partnerships

The section applies to departments only. Indicate which public-private partnerships will be ending during the five-year period, and briefly outline the steps being put in place to ensure a smooth transfer of responsibilities in the case of agreements that will expire. Also outline outputs to be achieved through public private partnership projects.

Annexure

Add any sections to deal with issues of a strategic nature that should be tackled in their Annual Performance Plan. Changes to the Strategic Plan may be included here.

Annexure D

Examples of planning concepts

Below are some examples of key planning concepts for a hypothetical department with a single health programme.

Vision

Included in Strategic Plan:

The Department of Health strives to deliver equal access to health care to all SA citizens

Mission

Included in Strategic Plan:

The Department of Health aims to promote and protect the health of our people, especially those most vulnerable to illness and injury.

By: strengthening all four pillars of service delivery:

Promotion

Prevention

Care

Rehabilitation.

Values

Included in Strategic Plan:

CORE VALUES / PRINCIPLES – DEPARTMENT OF HEALTH	
Stakeholder Orientation	We seek to meet the stakeholders expectations in everything we do
Batho Pele	Putting people first
Accountability	We are committed to Health Service Delivery pledges
Integrity	We do the right things even when we are not watched
People	We are committed to our employees
Performance	Achieve our desired results all the time
Service Excellence	Meet and exceed client expectations in all health service delivery

Strategic outcome oriented goals

Included in Strategic Plan:

Strategic outcome oriented goal 1	Improve the quality of primary health care and district hospital services
Goal statement	Render a full package of community based and facility based services at relevant community health centres and district hospitals within provinces

Provide similar information for each strategic outcome oriented goal set by the department or entity. For each strategic outcome oriented goal complete a technical indicator description (see Annexure E for examples), which should be posted on the institution's website along with the Strategic Plan.

Budget programmes

Included in Strategic Plan:

Name: Programme X – District health services – HIV and Aids

Purpose: : Reduce the number of new infections and reduce the impact of HIV and AIDS on individuals, families and society by expanding access to an appropriate package of treatment, care and support to people diagnosed with HIV.

Strategic objectives

Included in Strategic Plan (can be at programme and subprogramme level):

Strategic objective 1.1	Increase access to HIV and AIDS programmes for individuals, families and society
Objective statement	To expand access to an appropriate package of treatment, to 100% (45 000) of all people diagnosed with HIV and Aids in the province
Baseline	Number of infected people currently supported in province: 20 000
Justification	This objective will contribute to decreasing the number of new infections, reduce morbidity and mortality amongst HIV affected persons and implementing care and support programmes for people living with HIV and AIDS.
Links	This objective will contribute to improvement of the health status of the citizens of the country by ensuring access to HIV and Aids programmes

Included in Annual Performance Plan – annual targets:

Strategic objective		Strategic Plan target	Audited/Actual performance			Estimated performance 20XX	Medium-term targets		
			20XX	20XX	20XX		20XX	20XX	20XX
1.1	Number of people receiving HIV/AIDS programmes	45 000	12 000	15 000	16 000	20 000	25 000	30 000	35 000

Programme performance indicators

Included in the Annual Performance Plan – annual targets:

Performance indicator		Audited/Actual performance			Estimated performance 20XX	Medium-term targets		
		20XX	20XX	20XX		20XX	20XX	20XX
1.1	Number of patients receiving ARVs	3 000	5 000	6 000	10 000	12 000	15 000	20 000
1.2	Number of new clients tested for HIV/AIDS	4 000	6 000	8 000	10 000	13 000	15 000	15 000

Quarterly targets for 20XX

Set out quarterly targets for the programme performance indicators identified above.

Quarterly targets for programme performance indicators

Programme performance indicators		Reporting period	Annual target 20XX	Quarterly targets			
				1 st	2 nd	3 rd	4 th
1.1	Total number of patients receiving ARVs	Quarterly	12 000	8 000	9 000	10 500	12 000
1.2	Number of new clients tested for HIV/AIDS	Quarterly	13 000	3250	3250	3250	3250
1.2	Short name	Biannual					
1.3	Short name	Annual					

Annexure E

Technical indicator descriptions and examples

Indicator title	Identifies the title of the strategic outcome oriented goal, objective or programme performance indicator
Short definition	Provides a brief explanation of what the indicator is, with enough detail to give a general understanding of the indicator
Purpose/importance	Explains what the indicator is intended to show and why it is important
Source/collection of data	Describes where the information comes from and how it is collected
Method of calculation	Describes clearly and specifically how the indicator is calculated
Data limitations	Identifies any limitation with the indicator data, including factors that might be beyond the department's control
Type of indicator	Identifies whether the indicator is measuring inputs, activities, outputs, outcomes or impact, or some other dimension of performance such as efficiency, economy or equity
Calculation type	Identifies whether the reported performance is cumulative, or non-cumulative
Reporting cycle	Identifies if an indicator is reported quarterly, annually or at longer time intervals
New indicator	Identifies whether the indicator is new, has significantly changed, or continues without change from the previous year
Desired performance	Identifies whether actual performance that is higher or lower than targeted performance is desirable
Indicator responsibility	Identifies who is responsible for managing and reporting the indicator

Example 1: Technical indicator description – health

Indicator title	Primary healthcare (PHC) total headcount
Short definition	Number of PHC patients seen during the reporting period
Purpose/importance	Tracks the uptake of primary health care services at each PHC site for the purposes of allocating staff and other resources
Source/collection of data	PHC patient records, reported to the district offices and then consolidated by province
Method of calculation	Each patient is counted once for each day they appear at the facility, regardless of the number of services provided on the day(s) they were seen
Data limitations	The accuracy of the headcount depends on the reliability of the PHC patient records kept at clinics and community health centres
Type of indicator	Output
Calculation type	Cumulative – for the year
Reporting cycle	Quarterly
New indicator	No
Desired performance	The indicator is for monitoring the use of PHC facilities – higher levels of uptake may be indicative of an increased disease burden in the community, or greater reliance on the public health system
Indicator responsibility	Programme manager

Example 2: Technical indicator description – education

Indicator title	Percentage of the population aged 6 to 15 attending schools
Short definition	This is the percentage of the children of compulsory school-going age in the province attending a school
Purpose/importance	This performance measure indicates how effectively the educational rights of children, as expressed in the Constitution, are being fulfilled, and the degree to which the provisions of the South African Schools Act referring to compulsory schooling are being followed.
Source/collection of data	<ul style="list-style-type: none"> Education Information Management Information System: Annual School Survey StatsSA mid-year population estimates
Method of calculation	<p>The following formula should be used to compute this benchmark:</p> $ASER_{6-15} = \frac{E_{6-15}}{P_{6-15}} * 100$ <p>Where $ASER_{6-15}$ is the percentage of 6-15 year-old children in the province attending school. E_{6-15} is population aged 6 to 15 enrolled in any school (all public and independent schools, including special schools). P_{6-15} is population aged 6 to 15.</p>
Data limitations	No specific limitations
Type of indicator	Outcome – with specific focus on access
Calculation type	Non-cumulative
Reporting cycle	Annual
New indicator	No
Desired performance	The aim is to ensure 100 per cent of 6-15 year-old children in the province attend school.
Indicator responsibility	Provincial education departments

Example 3: Technical indicator description – social development

Indicator title	Non-profit organisations (NPOs) funded by government to deliver substance-abuse services
Short definition	The number of NPOs that are delivering services for substance abuse, prevention and rehabilitation funded by government within the reporting period (i.e. the count excludes those that are not funded by government)
Purpose/importance	Benchmark enables the department to track how widely its funding of substance-abuse programmes is distributed within the NPO sector
Source/collection of data	Manual funding registers
Method of calculation	Simple count
Data limitations	Dependent on the accuracy of the registers
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Annual
New indicator	No
Desired performance	Increase in the number of NPOs funded
Indicator responsibility	Programme officer