

OKHAHLAMBA LOCAL MUNICIPALITY



2015-2016

**SERVICE DELIVERY BUDGET
IMPLEMENTATION PLAN (SDBIP)**

INTRODUCTION

1. LEGISLATIVE FRAMEWORK IN TERMS OF THE MFMA

The Municipal Finance Management Act, 56 of 2003 requires Local Municipalities to develop and adopt the Service Delivery and Budget Implementation Plan to (SDBIP) give credence to the Budget. The Service Delivery Implementation Plan is a Strategic Management and Implementation tool, which sets in-year targets, such as quarterly service delivery monthly budgets targets.

Section 1 of the MFMA refers to the SDBIP as a “Service delivery and Budget Implementation Plan” means a detailed plan approved by the mayor of a municipal services and its annual budget, and which must indicate-

- a) Projections for each month of-
- b) Revenue to be collected by source
- c) Operational and Capital Expenditure, by vote
- d) Service Delivery Targets and Performance Indicators for each quarter
- e) Any other matter that may be prescribed

It is important to note that the SDBIP directly influences the development of the Municipal Organizational Performance Scorecard.

2. LEGAL FRAMEWORK

In terms of the provisions of the MFMA the processes for the submission, approval, implementation and revision of the Service Delivery and Budget Implementation Plan (SDBIP) are as follows:

Section 69 (3) (a)	Municipal Manager submit draft SDBIP to the Mayor within 14 days after the approval of the Budget
Section 53 (1) (c) (ii)	Mayor to take all reasonable steps to ensure that the Mayor approves the SDBIP within 28 days after the approval of the budget
Section 53 (1) (c) (iii)	Mayor to take all reasonable steps to ensure that the annual performance agreements of the Municipal Manger and all Senior Managers are linked to the SDBIP and Performance Objectives of approved budget.
Section 53 (3) (a)	Mayor must ensure that the SDBIP be made public within 14 days after the approval of the SDBIP
Section 53 (3) (b)	Mayor must ensure that the Performance Agreements of the Municipal Manager and Senior Managers are made public within 14 days after the approval of the SDBIP and copies submitted to council and MEC for Local Government in the Province
Section 69 (1) (a)	Municipal Manager to implement the Budget and to adjust expenditure if revenue is not in accordance with the Budget of the SDBIP
Section 71 (1) (g) (ii)	The Municipal Manager to report within 10 working days of the end of each month to the Mayor an explanation of any material variance from the SDBIP
Section 72	The Municipal Manager, by 25 January, to assess the performance of the municipality for the first half of the year taking into account the service delivery targets and performance indicators set in the SDBIP and submit a report on it to the mayor, the National Treasury and the

	Provincial Treasury. The report must include recommendations as to whether an adjustment budget is necessary, and is necessary, recommendations of revised projections of income and expenditure.
Section 54	The Mayor must, upon receiving the reports listed in section 71 and 72, check whether the budget is implemented in accordance with the SDBIP and make revisions with council's approval for an adjustment budget and changes to the performance indicators in the budget and SDBIP, issue instructions to the Municipal Manager to ensure the Budget is implemented according to the SDBIP, submit the section 72 report to Council by 31 January of each year and make any revision to the SDBIP public promptly.

3. OVERVIEW

The main objective of the Okhahlamba Local Municipality SDBIP for 2015/2016 is to provide a critical link between the Mayor, Councillors and Administration, and facilitates the process for holding management accountable for its performance.

The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councillors, municipal manager, senior managers and community. It shall be circulated internally and externally for purposes of monitoring the execution of the budget performance of senior management and achievement of strategic objectives of council.

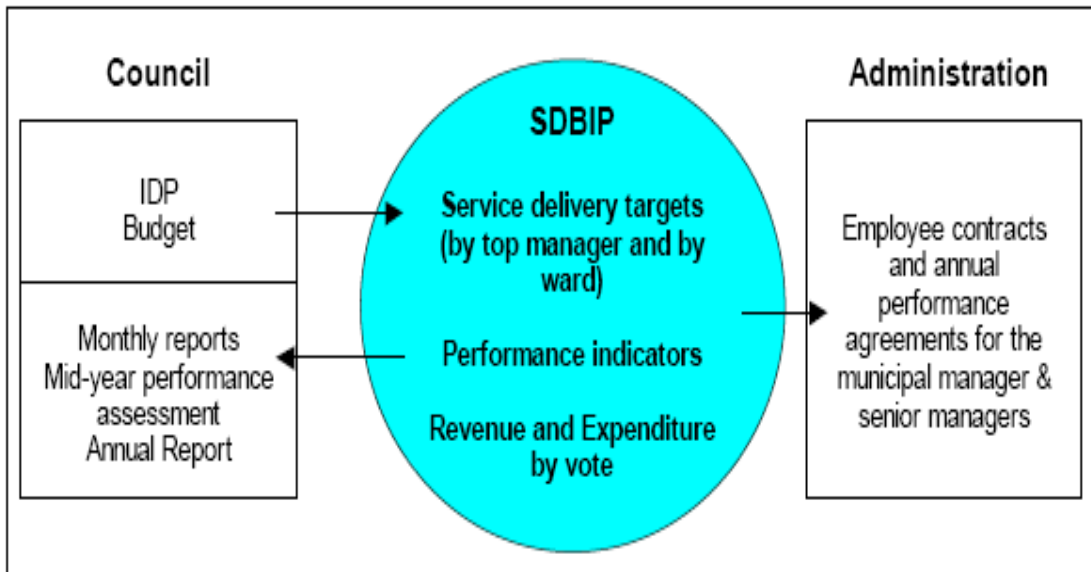
It enables the Municipal Manager to monitor the performance of senior managers and the Mayor to monitor the performance of the Municipal Manager, and for the council and community to monitor the performance of the Municipality.

The SDBIP will not ensure the appropriate monitoring of the Municipal Budget alone; rather it will serve as kernel of the development and adoption of the annual performance contracts for senior managers and the due phasing-in of performance systems in the lower level of management. It further provides a foundation for the overall annual and quarterly organization performance for the 2013/2014 financial Year.

The SDBIP is a layered plan. The top layer deals with consolidated service delivery targets and in-year deadlines, and links these targets to each top manager. Each senior manager is expected to develop the lower layer of details of the SDBIP. The responsible manager must provide more details on each output for which is responsible, break up these output into smaller outputs and then link these to each middle-level and junior manager. Much of this lower-layer detail will not be made public not tabled in council.

Only the highest layer of information of the SDBIP will be made public or tabled in the council. This information should also include per ward information, particularly for key expenditure items on capital programmes and projects and service delivery. This will enable each ward councillor and ward committee to oversee service delivery in their wards.

**Diagram 1
SDBIP “contract”**



4. THE KEY COMPONENT OF THE SDBIP

4.1. Monthly projection of revenue to be collected for each source

One of the most and basic priorities for the Municipality is to collect all its revenue as budgeted for. The failure to collect the Municipal expected revenue will severely impact negatively on the Municipal ability to provide services to the community.

Credit Control meetings are responsible of the monitoring of the collection of revenue per week. Credit Control monitors achievements of targets and take measures to remedy such deviations from achieving set targets. **Executive Committee** shall receive monthly budget statements, which are firstly discussed at the Public Accounts Portfolio Committee, subsequently to EXCO.

Whilst it is important to understand cash flow projections, it is also critical to understand the relationship between revenue billed and the amount actually collected in the context of tariff, credit control and indigent policies. Comprehensive, coherent revenue policies that take into account appropriate service delivery levels and standards, people's ability to pay, and collection efforts will ensure realistic revenue projections and ultimately balanced budget.

4.2. Monthly Projections of expenditure (operating and capital) revenue for each vote

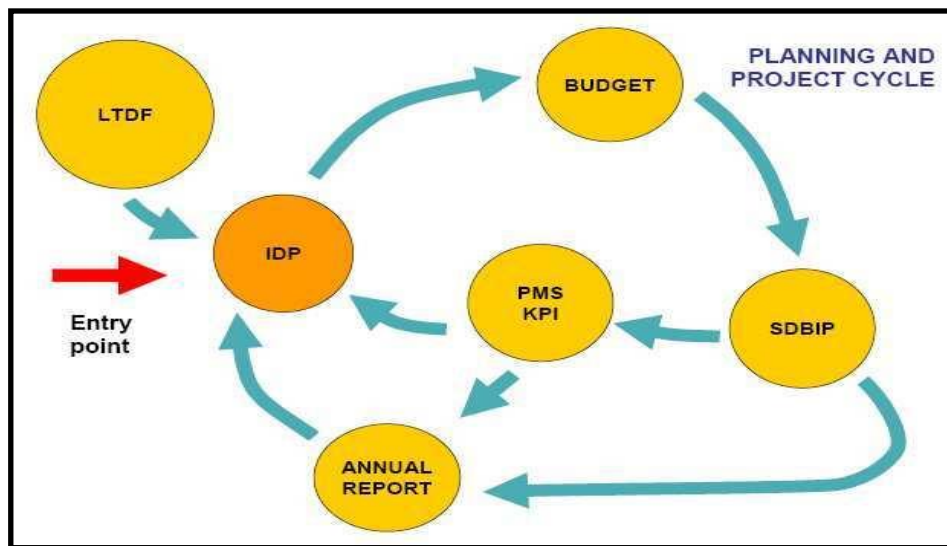
These projections relate to cash paid and should reconcile to the cash-flow statement adopted with the budget document. The focus is monthly projections per vote in addition to projections by source. When reviewing the budget projections against actual, it is useful to consider revenue and expenditure per vote in order to gain a more complete picture of budget projections against the actual.

4.3. Quarterly Projections of Service Delivery Targets and Performance Indicators for each vote (Annexure A)

Service delivery targets relate to the level and standard of service being provided to the community and include targets for reducing backlogs of basic services. This component of the SDBIP requires non-financial measurable performance objectives in the form of service delivery targets and other indicators of performance.

5. STRATEGIC DIRECTION AND PLANNING CYCLE

A seamless process between the Long Term Development Framework (African Sky Accord), IDP, SDBIP, Performance Management System (PMS) and Annual report would create an enabling environment for the Municipality to achieve its deliverables.



The MFMA clearly outlines the elements of the SDBIP to provide an order of logical sequence to ensure that the principal aim of the SDBIP of aligning the IDP to the Budget is achieved.

It is a requirement of the Municipal Systems Act that Municipalities should implement a Performance Management System linked to the SDBIP that is in line with its strategic priorities, objectives, indicators and targets as contained in its Integrated Development Plan. The core components of the performance management framework which inform the SDBIP are:

- Setting of key performance areas, objectives, key performance indicators, standards and targets
- Setting of measurable performance targets

Performance monitoring

Reviewing and measuring performance at least twice a year

Steps to improve performance

Implement a process of regular reporting

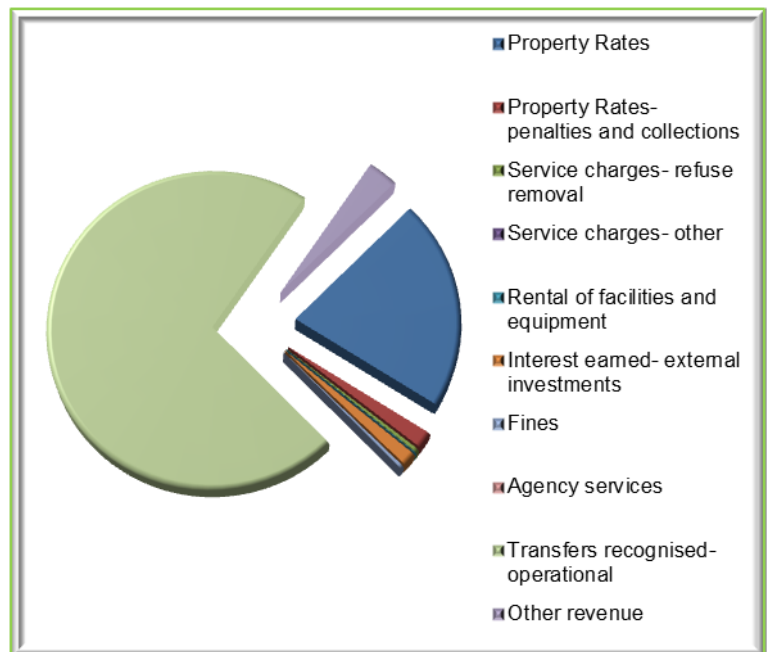
6. THE BUDGET PROCESS

Background to the Budget Preparation Process budget is the mechanism that translates plans into actions. Council plays a critical role in ensuring policy priorities are reflected in the budget. The MFMA requires that council submit a detailed plan of the budget process for the ensuing financial year for approval.

7. Summary Analysis of Financial Performance Indicators:

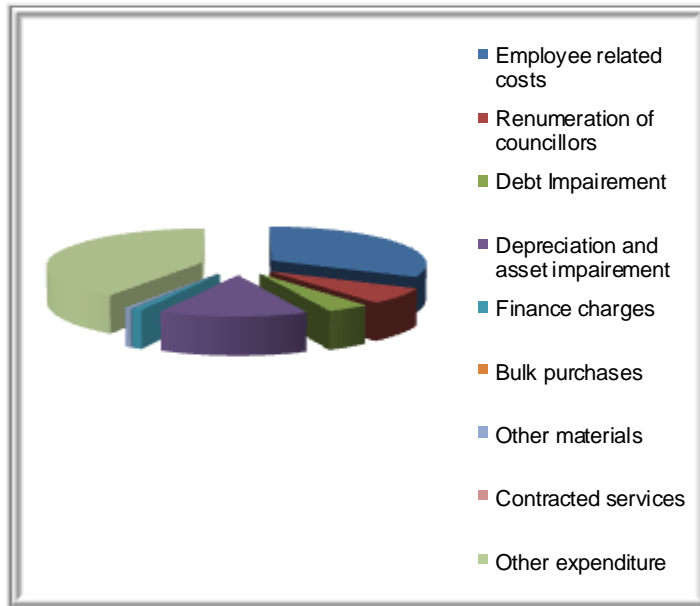
7.1 Summary of Operating Revenue for the Year

REVENUE BY SOURCE	
Property rates	28 762
Property rates - penalties & collection charges	1 823
Service charges - refuse revenue	387
Service charges - other	-
Rental of facilities and equipment	105
Interest earned - external investments	2 268
Fines	375
Agency services	482
Transfers recognised - operational	104 103
Other revenue	1 476



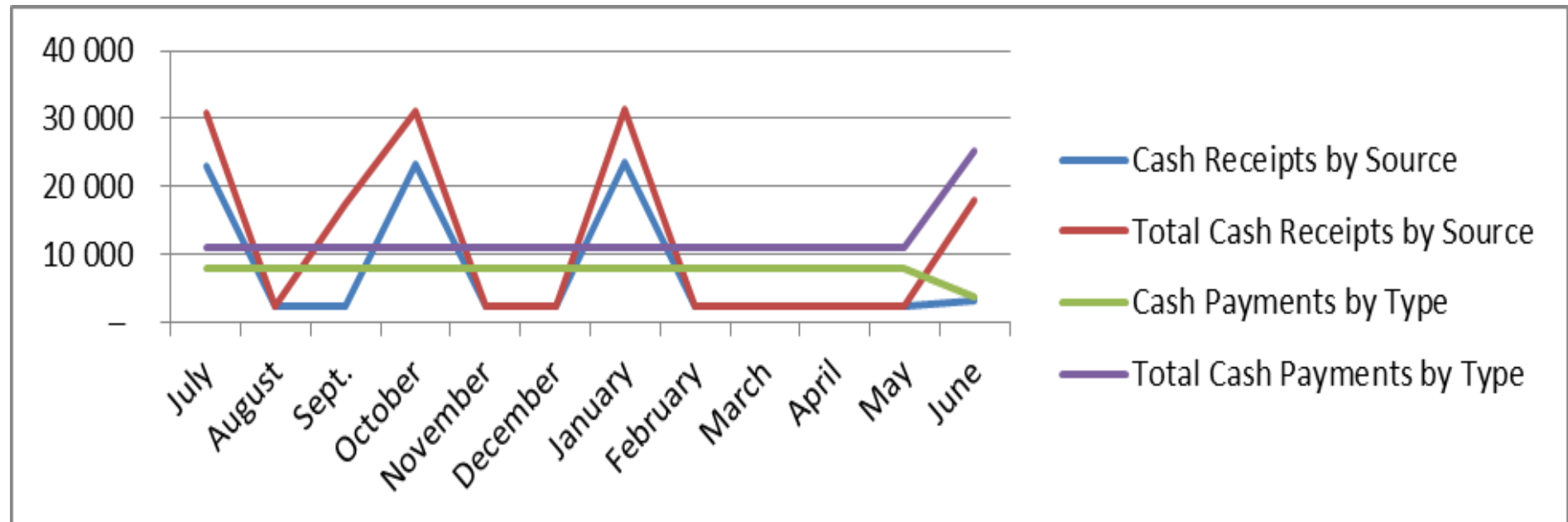
7.2 Summary of Expenditure for the Year

EXPENDITURE BY TYPE	
Employee related costs	43 361
Remuneration of councillors	7 765
Debt impairment	2 582
Depreciation & asset impairment	12 963
Finance charges	487
Bulk purchases	-
Other materials	1 539
Contracted services	3 152
Transfers and grants	7 671
Other expenditure	53 848



7.3 Monthly Cash-flow Projection

R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June
Cash Receipts by Source	37 762	4 704	2 116	2 623	36 580	2 631	2 127	2 657	35 102	2 431	2 047	2 023
Total Cash Receipts by Source	50 914	7 704	5 116	2 623	38 080	12 783	2 627	3 407	44 854	2 681	2 247	2 223
Cash Payments by Type	9 098	9 132	9 178	9 138	9 363	9 321	9 338	9 323	9 573	9 323	9 323	9 504
Total Cash Payments by Type	14 166	12 132	13 758	15 138	15 863	19 820	12 137	16 823	13 573	14 323	12 823	13 686



R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June
Revenue By Source	-												
Property rates		2 397	2 397	2 397	2 397	2 397	2 397	2 397	2 397	2 397	2 397	2 397	2 397
Property rates - penalties & collection charges		152	152	152	152	152	152	152	152	152	152	152	152
Service charges - electricity revenue													-
Service charges - water revenue													-
Service charges - sanitation revenue													-
Service charges - refuse revenue		32	32	32	32	32	32	32	32	32	32	32	32
Service charges - other													-
Rental of facilities and equipment		4	8	10	9	9	9	9	9	9	9	9	9
Interest earned - external investments		135	135	190	225	229	190	255	203	176	169	182	181
Interest earned - outstanding debtors													-
Dividends received													-
Fines		23	34	44	29	30	23	18	25	11	53	53	32
Licences and permits		11	21	23	46	29	59	39	39	23	23	23	64
Agency services		53	69	39	25	43	30	21	43	43	43	43	32
Transfers recognised - operational		34 000				32 500				37 119			484
Other revenue		40	123	90	121	90	108	149	159	116	126	163	194
Gains on disposal of PPE													-
Total Revenue (excluding capital transfers and contributions)		36 847	2 970	2 975	3 036	35 510	3 000	3 071	3 058	40 078	3 004	3 053	3 576
Expenditure By Type	-												
Employee related costs		3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613
Remuneration of councillors		647	647	647	647	647	647	647	647	647	647	647	647
Debt impairment													2 582
Depreciation & asset impairment													12 963
Finance charges		41	41	41	41	41	41	41	41	41	41	41	40
Bulk purchases													-
Other materials		33	56	126	190	254	49	39	90	186	236	89	194
Contracted services		205	205	205	205	205	205	205	205	205	205	205	894
Transfers and grants		639	639	639	639	639	639	639	639	639	639	639	640
Other expenditure		4 160	6 959	3 595	6 855	3 796	5 765	4 257	3 260	3 987	3 589	3 800	3 826
Loss on disposal of PPE													-
Total Expenditure		9 338	12 160	8 866	12 190	9 195	10 960	9 441	8 495	9 318	8 971	9 034	25 401
Surplus/(Deficit)		27 509	(9 190)	(5 891)	(9 154)	26 314	(7 960)	(6 370)	(5 437)	30 760	(5 967)	(5 982)	(21 825)

Transfers recognised - capital		17 300					12 000			8 156			-
Contributions recognised - capital													-
Contributed assets													-
Surplus/(Deficit) after capital transfers & contributions		44 809	(9 190)	(5 891)	(9 154)	26 314	4 040	(6 370)	(5 437)	38 916	(5 967)	(5 982)	(21 825)
Taxation													-
Attributable to minorities													-
Share of surplus/ (deficit) of associate													-
Surplus/(Deficit)	1	44 809	(9 190)	(5 891)	(9 154)	26 314	4 040	(6 370)	(5 437)	38 916	(5 967)	(5 982)	(21 825)

R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16
Revenue by Vote													
Vote 1 - Council	32 670	5	5	5	30 530	5	5	5	34 810	5	5	489	98 536
Vote 2 - Finance	4 356	6 070	3 382	2 419	2 427	2 432	2 426	2 497	2 807	2 392	2 356	3 488	37 048
Vote 3 - Corporate		4	4	4	4	4	4	4	4	4	4	4	42
Vote 4 - Library	4	911	4	4	4	4	4	4	4	4	4	4	958
Vote 5 - Museum		166										-	166
Vote 6 - Traffic	68	47	58	77	48	88	103	68	68	68	68	59	821
Vote 7 - Technical	19 856	2 803	160	183	8 256	146	756	136	6 525	226	100	391	39 537
Vote 8 - Tourism	6	7	9	11	6	15	14	9	14	11	9	26	137
Vote 9 - Refuse Removal	32	32	32	32	32	32	32	32	32	32	32	32	387
Vote 10 - Municipal Manager												-	-
Vote 11 - Social Services												-	-
Vote 12 - [NAME OF VOTE 12]												-	-
Vote 13 - [NAME OF VOTE 13]												-	-
Vote 14 - [NAME OF VOTE 14]												-	-
Vote 15 - [NAME OF VOTE 15]												-	-
Total Revenue by Vote	56 992	10 044	3 654	2 733	41 307	2 725	3 343	2 755	44 264	2 742	2 579	4 494	177 633
Expenditure by Vote to be appropriated													
Vote 1 - Council	1 721	1 500	1 026	2 025	2 260	1 500	1 500	1 986	1 786	1 986	1 986	1 215	20 490
Vote 2 - Finance	1 895	2 033	986	1 669	1 459	2 124	3 026	1 257	1 893	2 257	4 322	2 342	25 262
Vote 3 - Corporate	1 859	1 726	2 025	1 658	1 426	955	1 896	1 896	1 896	1 896	1 896	2 398	21 525
Vote 4 - Library	97	97	97	97	97	97	97	97	97	97	97	96	1 161
Vote 5 - Museum	40	40	40	40	40	40	40	40	40	40	40	40	479
Vote 6 - Traffic	180	215	294	209	269	359	390	289	249	329	370	377	3 528
Vote 7 - Technical	2 257	1 990	4 062	3 326	1 990	3 597	4 570	3 626	2 246	2 366	2 686	2 469	35 184
Vote 8 - Tourism	454	529	490	501	454	556	484	454	454	454	480	591	5 898
Vote 9 - Refuse Removal												-	-
Vote 10 - Municipal Manager	386	336	459	559	397	459	459	459	459	459	459	978	5 872
Vote 11 - Social Services	429	654	1 030	1 453	1 029	957	1 453	1 453	1 453	1 453	1 453	1 156	13 971
Vote 12 - [NAME OF VOTE 12]												-	-
Vote 13 - [NAME OF VOTE 13]												-	-
Vote 14 - [NAME OF VOTE 14]												-	-
Vote 15 - [NAME OF VOTE 15]												-	-
Total Expenditure by Vote	9 318	9 119	10 508	11 537	9 419	10 644	13 913	11 555	10 571	11 335	13 787	11 664	133 370

Surplus/(Deficit) before assoc.		47 675	925	(6 854)	(8 804)	31 887	(7 919)	(10 570)	(8 800)	33 693	(8 593)	(11 208)	(7 170)	44 263
Taxation													-	-
Attributable to minorities													-	-
Share of surplus/ (deficit) of associate													-	-
Surplus/(Deficit)	1	47 675	925	(6 854)	(8 804)	31 887	(7 919)	(10 570)	(8 800)	33 693	(8 593)	(11 208)	(7 170)	44 263

Finance charges												487	487
Bulk purchases - Electricity												-	
Bulk purchases - Water & Sewer												-	
Other materials	35	69	115	75	275	75	90	75	325	75	75	256	1 539
Contracted services	280	280	280	280	280	280	280	280	280	280	280	(620)	2 463
Transfers and grants - other municipalities												-	
Transfers and grants - other	188	188	188	188	188	188	188	188	188	188	188	188	2 251
Other expenditure												53 747	53 747
Cash Payments by Type	4 763	4 797	4 843	4 803	5 003	4 803	4 818	4 803	5 053	4 803	4 803	58 318	111 615
Other Cash Flows/Payments by Type													
Capital assets	2 500	3 000	4 580	6 000	6 500	10 500	2 800	7 500	4 000	5 000	3 500	4 182	60 062
Repayment of borrowing	2 568											-	2 568
Other Cash Flows/Payments												-	
Total Cash Payments by Type	9 831	7 797	9 423	10 803	11 503	15 303	7 618	12 303	9 053	9 803	8 303	62 500	174 245
NET INCREASE/(DECREASE) IN CASH HELD	41 083	(93)	(4 307)	(8 180)	26 577	(2 521)	(4 991)	(8 897)	35 800	(7 123)	(6 057)	(60 277)	1 014
Cash/cash equivalents at the month/year begin:	6 825	47 907	47 814	43 507	35 327	61 903	59 383	54 392	45 495	81 296	74 173	68 116	6 825
Cash/cash equivalents at the month/year end:	47 907	47 814	43 507	35 327	61 903	59 383	54 392	45 495	81 296	74 173	68 116	7 839	7 839

KPA	GOAL	OBECTIVE	IDP REF NO	STRATEGY	INDICATOR	2015-2016 SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN							
						PROJECT NAME	DEMAND	BASELINE	BACKLOG	ANNUAL TARGET	Q1 TARGET	Q2 TARGET	
Municipal Transformation and Institutional Development	To transform and develop institutional capacity to create an efficient organisation	To improve institutional and organizational capacity	MTOD01	Implementation of Skill Workplace Plan WSP	Rand spent on WSP	WSP Implementation	R1 551 944.00	None	None	R1 551 944.00	R387 986.00	R387 986.00	
					% spent on WSP								
					No of employees trained as per the WSP								
			MTOD02	Adoption & implementation of IDP focusing on the delivery of 10 critical municipal services	Date of adoption of the IDP	2016/2017 IDP Adoption	30 Jun-16	30 Jun-16	None	30 Jun-16			
					Yes/No 10 critical services identified in & included in the IDP (MTAS)					Yes			
			Advance access to basic services	Improve access to Electricity	SDID05	Improve access to Electricity	% of households with access to Electricity						
		Amount spent on Free Basic Electricity					Amount spent on Free Basic Electricity	R2 251 440.00	None	None	R2 251 440.00	R360 000.00	R360 000.00
		Rand amount spent on electrification projects					Amount spent on Sbhofeni Electrification project	R2000 000.00	None	None	R2000 000.00	R0.00	R666 666.67
							Amount spent on Othukelana electrification projects	R1000 000.00	None	None	R1000 000.00	R0.00	R333 333.33
							Amount spent on Bethany / Action Homes	R1 500 000.00	None	None	R1 500 000.00	R0.00	R500 000.00
							Amount spent on Khethani Extension /Isbonelo	R2 500 000.00	None	None	R2 500 000.00	R0.00	R833 333.33
							Amount spent on Nhlanhleni Low cost housing	R3000 000.00	None	None	R3000 000.00	R0.00	R1000 000.00
							Amount spent on Bergville Taxi rank lights long distance	R200 000	None	None	R200 000.00	R0.00	R66 666.67
			Amount spent on Mnceleni Gravel Road	Amount spent on Mnceleni Gravel Road	R2 500 000.00	None	None	R2 500 000.00	R0.00	R833 333.33			

			SDID09		Amount on spent Construction of Bergville Sports Complex	Amount on spent Construction of Bergville Sports Complex	R3 000 000	None	None	R3 000 000	R0.00	R1000 000
			SDID10		Amount spent on Fresh Produce Market	Amount spent on Fresh Produce Market	R2000 000	None	None	R2000 000	R0.00	R666 666
			SDID11		Amount spent on Cemetery Fencing	Amount spent on Cemetery Fencing	R500 000	None	None	R500 000	R0.00	R1 666 666
			SDID12		Ogade Pedestrian Bridge	Amount spent on Ogade Pedestrian Bridge	R2 100 000.00	None	None	R2 100 000.00	R0.00	R700 000
			SDID13		Amount spent on Okhombe Vehicle Bridge	Amount spent on Okhombe Vehicle Bridge	R2 100 000.00	None	None	R2 100 000.00	R0.00	R700 000
			SDID14		Construction of foot bridges	Amount spent on Construction of foot bridges	R2000 000	None	None	R2000 000	R0.00	R666 666
			SDID15		Amount spent on Ward Base Projects	Amount spent on Ward Base Projects	R20 000 000	None	None	R20 000 000	R5000 000.00	R5000 000
			SDID16	Provision and Maintenance of community and Public facilities	Ngunjini Community Hall	Amount spent on Ngunjini Community Hall	R2 732 948.00	None	None	R2 732 948	R0.00	R910 980
			SDID17		Amount spent on Bergville tarred road	Amount spent on Bergville tarred road	R6 125 000.00	None	None	R6 125 000.00	R1 531 250	R1 531 250
			SDID18	To achieve 100% CAPEX		The amount of Municipal capital budget actual spent on capital projects identified for the particular financial year in terms of municipality IDP	None	None	None			
						The percentage of Municipal capital budget actual spent on capital projects identified for the particular financial year in terms of municipality IDP	None	None	None	100%		
						Amount spent on						

Participation	procedures towards accountable local governance.		GGPP										
Financial Viability and Financial Management	To effectively manage municipal financial resources in a sustainable and accountable manner.		FVFM01		Optimize the expenditure of capital budget	Percentage Capital expenditure budget implementation (actual capital expenditure/budget capital expenditure x 100)	None	None	None	100%	25%	25%	
			FVFM02		Optimize revenue collection	% of cash collected from customers against billing	None	None	None	90%	22.5%	22.5%	
			FVFM03		Optimize revenue of operational budget	Percentage spent of Operational Budget (OPEX) on repairs and maintenance of infrastructure	None	None	None	76%	19%	19%	
							Debt coverage Ratio: Total operational revenue less operational grants/ debt service payment due within the financial year	None	None	None	18:1		18:1
					Financial viability expressed in ratios	Outstanding service debtors to revenue ratio: Total outstanding service debtors divide by annual revenue from services	None	None	None	10:1		10:1	
						Costs coverage ratio: available cash plus investments divide by monthly fixed operating expenditure	None	None	None	5	1	1	
			FVFM04										
						Updated asset							