



SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

VERSION 1

MAYOR APPROVAL

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PREPARED BY:

ILEMBE DISTRICT MUNICIPALITY

PMS UNIT

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1. INTRODUCTION

The purpose of this document is to outline the Service Delivery and Budget Implementation Plan (SDBIP) of the iLembe District Municipality for the 2016/2017 financial year. The SDBIP ensures the alignment of the IDP and the Budget of the municipality. It defines the objectives of the district and the inputs, outputs and outcomes achievable in the said financial year. As required by the MFMA, it includes service delivery targets for each quarter and will facilitate oversight over the financial and non-financial performance of the municipality.

The SDBIP will not only ensure appropriate monitoring in the execution of the district's budget to achieve key strategic priorities as set out in the IDP, but also serve as the kernel of annual performance contract for section 56 managers which in turn provide a foundation for the overall annual and quarterly organisational performance for the 2016/2017 financial year.

The SDBIPs intention is to also empower all councillors specifically facilitation engagement at a ward level and allow them to undertake the appropriate oversight and monitoring of programs. It is the output and goals made public in the SDBIP that will be used to measure performance on a quarterly basis during the financial year. Note that such in-year monitoring is meant to be a light form of monitoring. It is designed to pick up major problems only, and aimed at ensuring that the Mayor, Municipal Manager and Senior Managers are taking corrective steps when any unanticipated problems arise.

2. LEGISLATIVE FRAMEWORK

In terms of Section 53 (1) (c) (ii) of the MFMA, the SDBIP is defined as a detailed plan approved by the Mayor of a municipality for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate the following:

- (a) projections for each month of –
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote
 - (b) service delivery targets and performance indicators for each quarter, and
 - (c) other matters prescribed

Being a management and implementation plan (not a policy proposal) the SDBIP is not required to be approved by the council. It is however tabled before council for adoption and made public for information and for purposes of monitoring. According to Section 69 (3) (a) "The accounting officer must no later than 14 days after the approval of an annual budget submit to the Mayor – a draft service delivery and budget implementation plan for the budget year and Section 53(c) take all reasonable steps to ensure - (ii) "That the municipality's service delivery and budget implementation plan is approved by the Mayor within 28 days after the approval budget."

Section 53 (3) further states that "the Mayor must ensure (a) that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the SDBIP, are made public no later than 14 days after its approval of the service delivery and budget implementation plan."

3. COMPONENTS OF THE SDBIP

Monthly projections of each source of revenue to be collected.

Monthly projections of each vote's expenditure (operating and capital) and revenue.

Quarterly projections of each vote's service delivery targets and performance indicators.

Detailed capital works plans allocated by the wards over three years.

3.1 Monthly projections of each source of revenue to be collected

The failure to collect revenue will impact on the district ability to provide services to the community. The iLembe therefore has to institute measures to achieve its monthly revenue targets for each source. These will enable the district to assess its cash flow on a monthly basis with a view to undertaking contingency plans should there be a cash flow shortage or even an investment should there be a surplus. Furthermore, this will enable the CFO to monitor the effectiveness of the credit control policies and procedures which can be monitored with appropriate action taken if the need arises.

3.2 Monthly projections of each vote's expenditure (operating and capital) and revenue.

The monthly projections of revenue and expenditure per vote relate to the cash paid and reconciles with the cash flow statement adopted with the budget. The focus under this component is a monthly projection per vote in addition to projections by source. When reviewing the budget projections against the actual, it is useful to consider revenue and expenditure per vote in order to Information on expenditure and service delivery in each ward.

3.3 Quarterly projections of each vote's service delivery targets and performance indicators

This component of the SDBIP requires measurable performance objectives in the form of service delivery targets and other indicators of performance. The focus in on input, outputs and outcome indicators. Service delivery targets relate to the level and standards of service being provided to the community and include the addressing and backlogs in basic services. The approach encouraged by the National Treasury Circular 13 is the utilization of the SDBIP to monitor the service delivery

3.4 Detailed capital works plans allocated by the wards over three years.

Information detailing infrastructural projects per ward containing project description and anticipated cost over the three year period. The Supply Chain Management process is a crucial component to ensure effective and timely infrastructure/capital service delivery

4. THE SDBIP DEVELOPMENT CYCLE

The SDBIP process comprises of the following stages which form part of the cycle: -

4.1 Planning

The Process Plan also comprised of the SDBIP development process, which include consultations on SDBIP projects to be implemented linked to both the IDP Predetermined objectives and the budget votes.

4.2 Tabling

Consultation with the community and stakeholders of the IDP on the SDBIP is done through budget hearings and inputs if any are considered in developing the final document. The SDBIP is then tabled to council for adoption.

4.3 Adoption

The Mayor approves the draft SDBIP no later than 14 days (as per S69 of the MFMA) and approves the final within 28 days after the adoption of the municipality's budget.

4.4 Publishing

The adopted SDBIP is made public through the council's website and placed at the Municipal offices for viewing and comments.

4.5 Implementation and Reporting

The SDBIP is implemented and monitored on a monthly basis. The formal reports are done on quarterly basis. Half-year reporting is also done to assess the performance on the SDBIP, and should the document require amendments as a result of the assessment of budget and quarterly performance reviews, the SDBIP gets amended and council must approve the amended document.

Progress against the targets will be reported on a quarterly, midyear and annual basis as set out in the MFMA as follows:

- Quarterly reports (Section 52)
- Half-Year budget and performance assessment (Section 72)
- Annual Report (section 121)

5. GENERAL

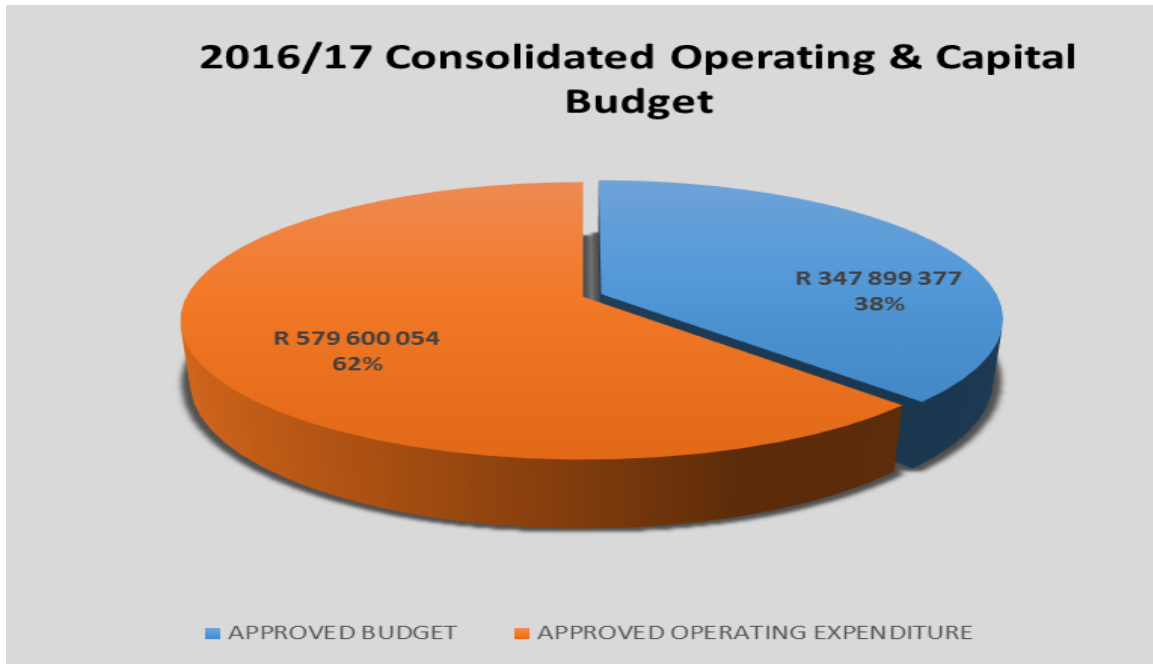
It must be noted that the SDBIP is a dynamic and evolving document and it will continue to be refined and improved on continuous basis. The Internal controls on the performance information are in place and the internal auditors performs the auditing of the PMS system and the performance information on quarterly basis to ensure that the application and effectiveness of the controls.

6. CONSOLIDATED BUDGET CHARTS

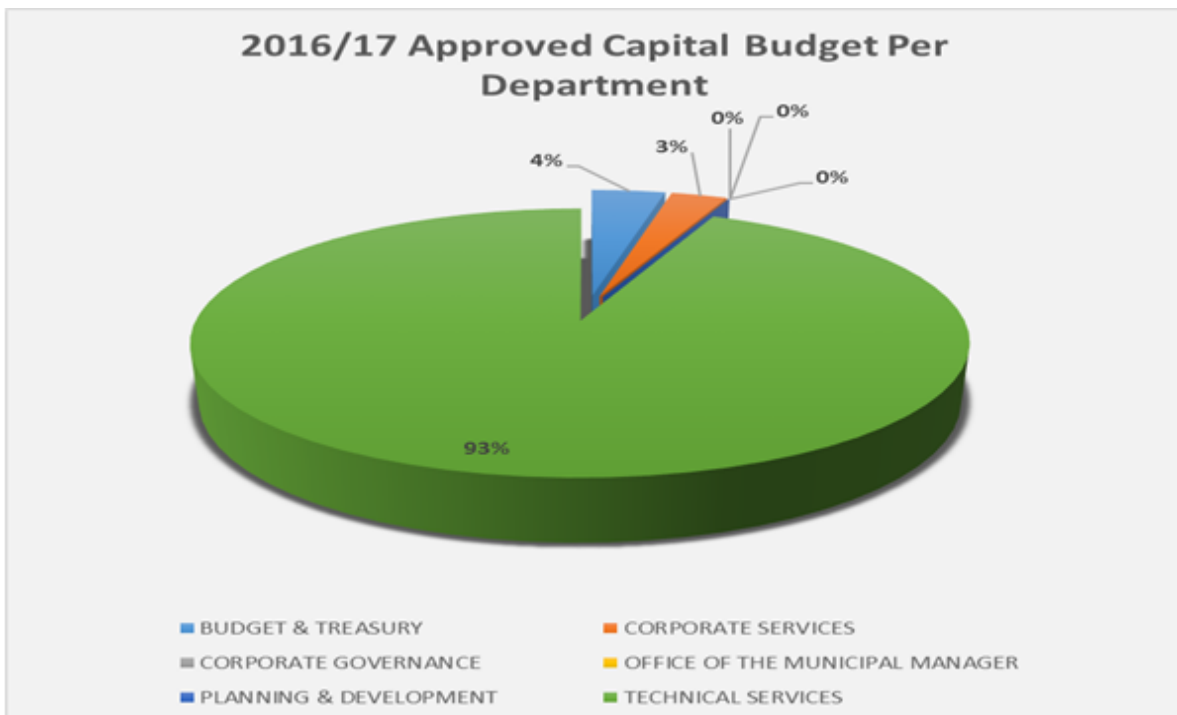
The Budget for 2016/2017 financial year

The following graphs provide an overview of the iLembe District Municipality’s draft budget for the 2016/2017 financial year.

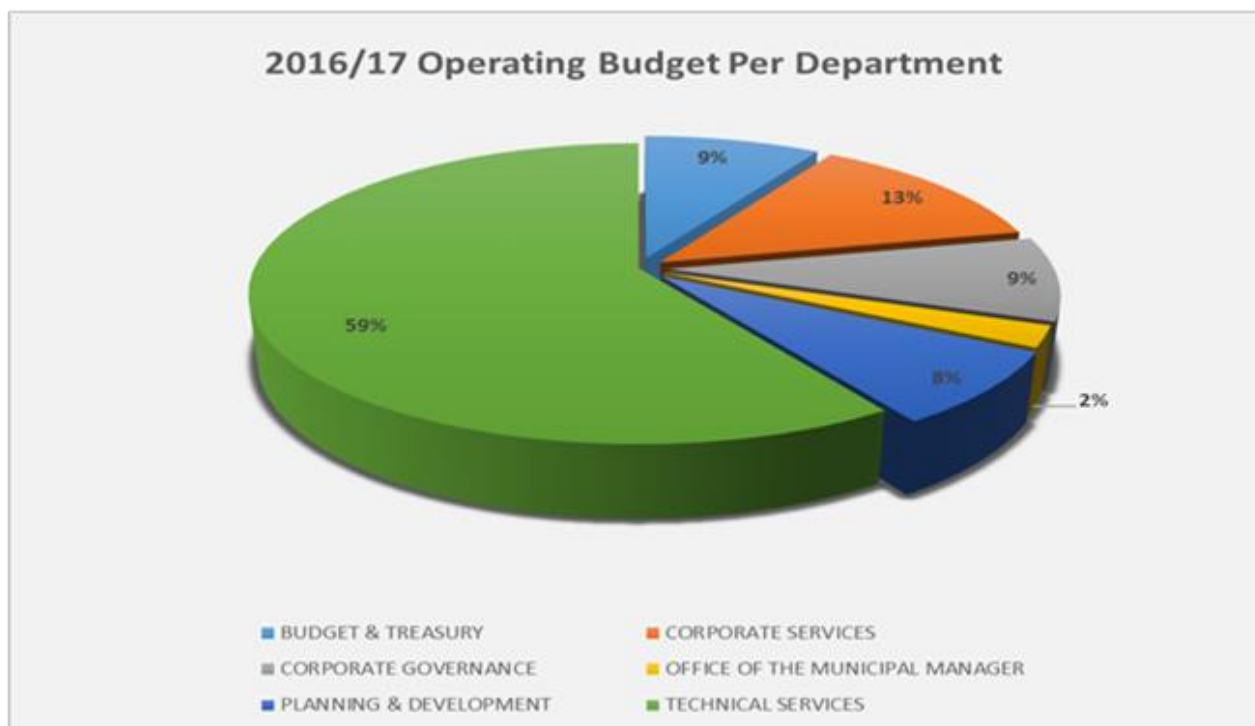
6.1 Overall Budget



6.2 Capital Budget per department



6.3 Operating Budget per Department



Operating Budget

Revenue sources (where the money comes from)	2017 BUDGET (R)
Service charges – water revenue	99 699
Service charges – sanitation revenue	36 441
Service charges – other	2 635
Rental of facilities and equipment	14
Interest earned – external investments	3 614
Interest earned – outstanding debtors	20 549
Agency Services	1 473
Transfers recognised – operational	396 961
Other revenue	28 395

Operating expenditure (where the money will be used)

Employee Related costs	178 075
Remuneration of Councillors	11 043
Debt impairment	55 763
Depreciation and asset impairment	65 868
Finance charges	8 125
Bulk Purchases	74 318
Other Materials	41 228
Contracted Services	36 634
Transfers and grants	15 000
Other expenditure	93 547

7. BUDGET SCHEDULES

MONTHLY PROJECTIONS BY REVENUE SOURCE (Millions)													
Revenue Source	July 2016	August 2016	Sept 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Total
Water Revenue	8 308	8 308	8 308	8 308	8 308	8 308	8 308	8 308	8 308	8 308	8 308	8 308	99 699
Sanitation Revenue	3 037	3 037	3 037	3 037	3 037	3 037	3 037	3 037	3 037	3 037	3 037	3 037	36 441
Other Service Charges	220	220	220	220	220	220	220	220	220	220	220	220	2 635
Investment Interest	301	301	301	301	301	301	301	301	301	301	301	301	3 614
Interest on Debtors	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	20 549
Grant Income-operational	33 080	33 080	33 080	33 080	33 080	33 080	33 080	33 080	33 080	33 080	33 080	33 080	396 961

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MONTHLY PROJECTIONS OF REVENUE AND EXPENDITURE BY VOTE												
DEPARTMENT	Jul-16				Aug-16				Sep-16			
	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV
Office of MM	1 099		695		1 099		695		1 099		695	
Corporate Services	6 201	1 176	4 113	1 176	6 201	1 176	4 113	1 176	6 201	1 176	4 113	1 176
Budget & Treasury	4 194	2 175	7 123	2 175	4 194	2 175	7 123	2 175	4 194	2 175	7 123	2 175
Technical Services	28 622	26 756	62 180	26 756	28 622	26 756	62 180	26 756	28 622	26 756	62 180	26 756
Corporate Governance	4 339		3 056		4 339		3 056		4 339		3 056	
LED & Planning	3 845		2 177		3 845		2 177		3 845		2 177	

DEPARTMENT	Oct-16				Nov-16				Dec-16			
	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV
Office of MM	1 099		695		1 099		695		1 099		695	
Corporate Services	6 201	1 176	4 113	1 176	6 201	1 176	4 113	1 176	6 201	1 176	4 113	1 176
Budget & Treasury	4 194	2 175	7 123	2 175	4 194	2 175	7 123	2 175	4 194	2 175	7 123	2 175
Technical Services	28 622	26 756	62 180	26 756	28 622	26 756	62 180	26 756	28 622	26 756	62 180	26 756
Corporate Governance	4 339		3 056		4 339		3 056		4 339		3 056	
LED & Planning	3 845		2 177		3 845		2 177		3 845		2 177	

DEPARTMENT	Jan-17				Feb-17				Mar-17			
	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV
Office of MM	1 099		695		1 099		695		1 099		695	
Corporate Services	6 201	1 176	4 113	1 176	6 201	1 176	4 113	1 176	6 201	1 176	4 113	1 176
Budget & Treasury	4 194	2 175	7 123	2 175	4 194	2 175	7 123	2 175	4 194	2 175	7 123	2 175
Technical Services	28 622	26 756	62 180	26 756	28 622	26 756	62 180	26 756	28 622	26 756	62 180	26 756
Corporate Governance	4 339		3 056		4 339		3 056		4 339		3 056	
LED & Planning	3 845		2 177		3 845		2 177		3 845		2 177	

DEPARTMENT	Apr-17				May-17				Jun-17			
	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV
Office of MM	1 099		695		1 099		695		1 099		695	
Corporate Services	6 201	1 176	4 113	1 176	6 201	1 176	4 113	1 176	6 201	1 176	4 113	1 176
Budget & Treasury	4 194	2 175	7 123	2 175	4 194	2 175	7 123	2 175	4 194	2 175	7 123	2 175
Technical Services	28 622	26 756	62 180	26 756	28 622	26 756	62 180	26 756	28 622	26 756	62 180	26 756
Corporate Governance	4 339		3 056		4 339		3 056		4 339		3 056	
LED & Planning	3 845		2 177		3 845		2 177		3 845		2 177	

8. SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS

**SERVICE DELIVERY TARGETS AND
PERFORMANCE INDICATORS**

9. DETAILED CAPITAL WORKS PLAN

DETAILED CAPITAL WORKS PLAN