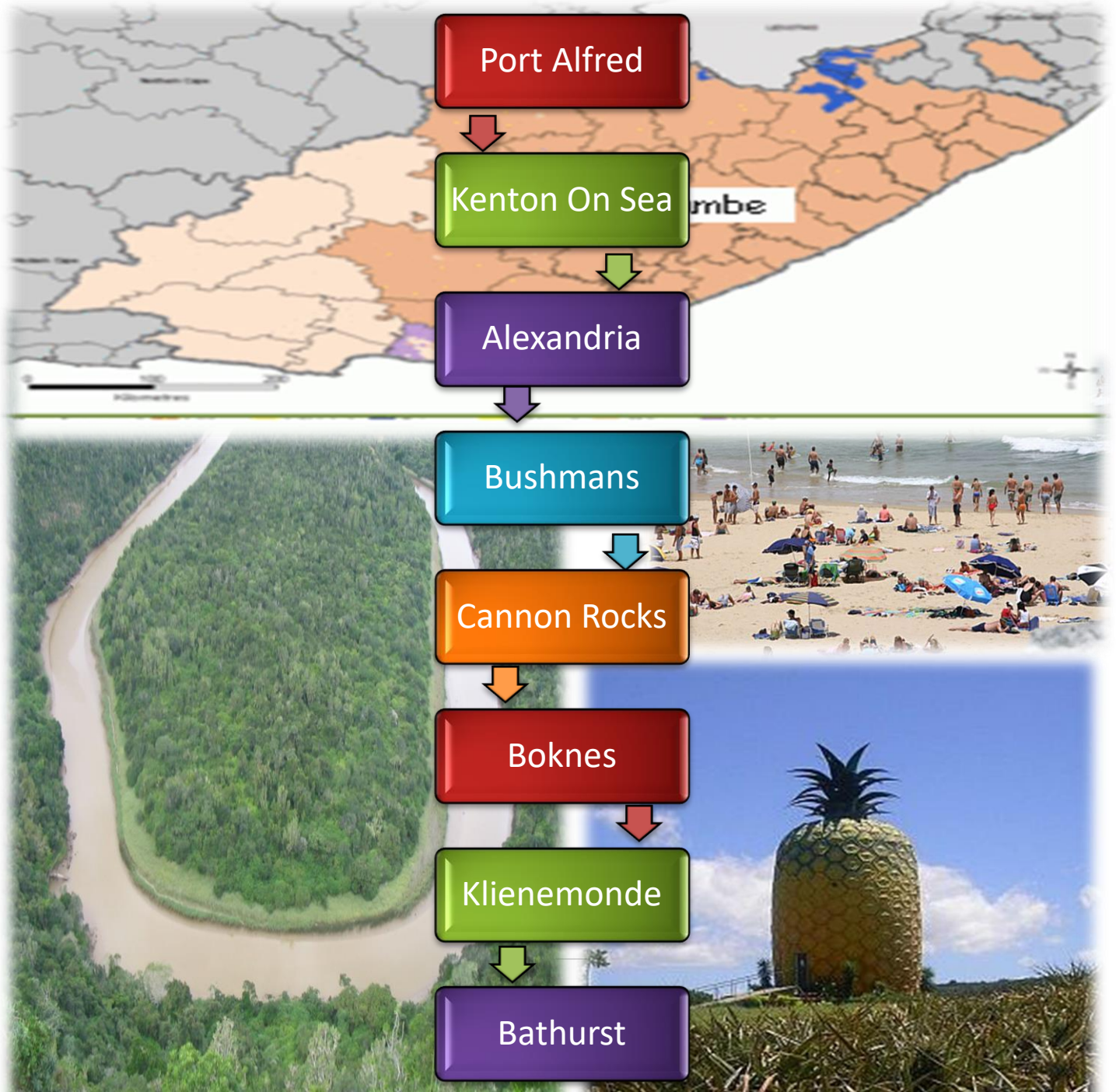


NDLAMBE MUNICIPALITY

ANNUAL BUDGET

2020/2021



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VISION:

Ndlambe Municipality strives to be a growing and investment friendly region that provides sustainable, efficient, cost-effective, adequate and affordable services to all citizens in a healthy and safe environment by 2025.

MISSION:

To achieve our vision by enabling optimal performance within each of the five key performance areas of local government within the context of available resources.

VALUES:

- ***Commitment***
- ***Transparency***
- ***Honesty***
- ***Trustworthiness***
- ***Care***



Ndlambe Municipality Annual Budget 2020/2021

Part 1 - Annual Budget

1) Mayor's Report

2) RESOLUTION OF THE NDLAMBE MUNICIPAL COUNCIL APPROVING THE ANNUAL CAPITAL AND OPERATING INCOME AND EXPENDITURE FOR THE 2020/2021 FINANCIAL YEAR

RECOMMENDED THAT:

3) EXECUTIVE SUMMARY OF THE MUNICIPAL MANAGER, ROLLY DUMEZWENI, ON THE 2020/2021 ANNUAL BUDGET OF THE NDLAMBE MUNICIPALITY

The South African economy and Inflation targets

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. These factors, alongside continued high unemployment and slow growth will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In this context, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

Ndlambe Municipality's budget was a difficult budget to compile given the current economic pressures that are impacting on us. It is critical that everything possible is done to collect outstanding debt due to the municipality but at the same time ensure that the costs of the services that we provide are affordable to the consumers.

The 2020/2021 budget continues to focus on ensuring financial sustainability but also taking into account delivering on the programmes outlined in the Integrated Development Plan. The budget tabled reaffirms the commitment of the Ndlambe Municipality towards the prudent management of the municipal finances.

In order to move back towards financial sustainability, Ndlambe Municipality has set parameters within which financial planning is to be done and that should result in an operating surplus to increase the level of internal capital spending.

The 2020/2021 budget is promised on the following principles:

- Changing the way we do things within limited resources;
- Increasing productivity by doing more with less and managing human resources effectively;
- Ensure that there is coordination of programmes between all offices and directorates;
- Customer focused; and
- Stabilising the revenue base.
- Approval of a funded budget

The main challenges experienced during the compilation of the 2020/2021 budget are similar to that of previous years and can be summarised as follows:

- The on-going difficulties in the local economy;
- The need to prioritize work, projects and expenditure within the expected revenue envelope;
- Salaries and allowance increases for municipal staff that continue to exceed consumer inflation;
- Increases of ESKOM and Amatola Water.
- Resourcing municipality to ensure compliance while remaining within the prescribed expenditure to salary ratio.
- Increase on maintenance budget due to deterioration of infrastructure assets and wear and tear on specialised vehicles for service delivery.

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- A massive increase on the depreciation budget compared to last financial year
- The major impact that is going to be created by the emergence of COVID-19

The challenge of balancing the need of the communities to the limited resources remains a serious concern and the municipality needs to look at short, medium and long term solution.

Short-term

The focus for the 2020/2021 budget year must be financial sustainability of which a key component is to collect all collectable debt due to the municipality and thus stabilize the revenue base. Vigorous implementation and enforcement of the debt collection policy is our number one priority. Adopt an aggressive approach towards cash flow improvement and debt reduction through implementation of prepaid metering devices for both water and electricity in our supply areas. Consider relief to rate payers/consumers of our services due to the financial constraints caused by the COVID-19.

With improvements in cash-flow we anticipate implementation of key IDP priorities and improve service delivery. Consider financial or in kind quick wins for economic recovery to local business during and post COVID-19.

Medium-term

Short-term gains realised will form basis for achievement of medium-term budget objectives. Sustainability of financial viability will continue to be our main focus. We believe that financial viability will enable us to implement the required IDP projects, improve service delivery and consequently the improve quality of life of our communities. We endeavour to invest in medium term service delivery capital projects to enhance infrastructure in our towns to attract property investors and create seasonal jobs in construction and related industries.

Long-term

In the long-term, our strong financial position will provide us with ability to raise funds to acquire service delivery assets, improve infrastructure and deal with a number of challenges impeding developments like building of houses.

The 2020/2021 financial year budget is made up of total operating revenue of R465 876 000 (R391 066 000 in 2019/2020) and operating expenditure of R429 146 000 (R380 701 000 in 2019/2020), respectively, an increase on the current year's operating expenditure due to an increase on the depreciation budget and impairment compared to previous year.

Revenue

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 percent target band. Taking into account the economy's tough fiscal choices and other factors Ndlambe Municipality has made a decision to impose the increase of 6.1% increase for services charges based on the actual billed for the current financial year and for the property rates at a charge of 0.0112 cents in a Rand. The municipality has further applied the GDP increase of 1.5% as the factor to determine the revenue growth rate for each service charge.

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Consequently it may not be possible to remain within the growth parameters recommended by National Treasury in their budget circular for all municipal services. The Budget Steering Committee has put more effort on re-prioritizing the IDP Objectives to ensure that the 2020/2021 budget is funded.

Revenue is raised from various sources to fund operating and internal capital budget. Property rates contribution is R132 266 000 at 6.1% increase based on the current billed property rates revenue at in a charge of 0.0112 cents in a Rand. Income from rates represents 31.12% of the total revenue operating budget. The new general valuation roll has been advertised and is currently open for inspection and objections.

Revenue from water in 2020/2021 is budgeted at R42 928 000, an increase of 8.6% from the current budgeted revenue of R39 513 000. Income from water represents 10.01% of the total revenue operating budget. To achieve the budgeted income, water charges have been increased by 6.1% for the 2020/2021 financial year. The indigents that are subsidized for water on 6kl and the basic charges have decreased in 2020/2021 (R14 631 000) by R1 214 000 as compared to 2019/2020 (R15 845 000)

Revenue from electricity in 2020/2021 is budgeted at R75 502 000 an increase of 7% from the current budgeted revenue of R70 499 000. Income from electricity represents 17.59% of the total revenue operating budget. To achieve the budgeted income, electricity charges have been increased by 6.1% in Municipality's discretion awaiting NERSA's guidelines for the 2020/2021 financial year. The indigents that are subsidized for 50 kWh and the basic charges have increased in 2020/2021 (R2 504 000) by R384 000 as compared to 2019/2020 (R2 120 000).

Revenue from sewerage and sanitation in 2020/2021 are budgeted at R12 908 000 a decrease of 0.2% from the current budgeted revenue of R12 935 000. Income from sewerage and sanitation represent 3.01% of the total revenue operating budget. To achieve the budgeted income, sewerage and sanitation charges have been increased by 6.1% on sewerage and 6.1% on sanitation for the 2020/2021 financial year. The indigents that are subsidized at 100% on sanitation pump outs and cost of availability charges on sewerage have increased in 2020/2021 (R13 243 000) by R1 681 000 as compared to 2019/2020 (R11 562 000).

Revenue from refuse in 2020/2021 is budgeted at R16 251 000 a decrease of 2.4% from the current budgeted revenue of R15 864 000. Income from refuse represents 3.78% of the total revenue operating budget. To achieve the budgeted income, refuse charges have been increased by 6.1% for the 2020/2021 financial year. The indigents that are subsidized at 100% on a weekly removal per month have increased in 2020/2021 (R10 423 000) by R1 148 000 as compared to 2019/2020 (R9 275 000).

Expenditure

The annual budget submitted to Council for approval and for public consultation provides for total operating expenditure of R429 146 000 and shows an increase of 12.72% on the current year's actual operating expenditure of R380 701 000. All vacant positions are budgeted in the 2020/2021 budget for capacitation and achievement of strategic objectives. Employee related costs include all employees of Ndlambe Municipality but excludes Councilors Allowances. In this budget the municipality has taken an initiative of phasing in the increase in depreciation (2020/2021 R36 144 000 compared to 2019/2020 R8 534 000), impairment (2020/2021

Ndlambe Municipality Annual Budget 2020/2021

R22 779 000 compared to 2019/2020 R17 679 000) and repairs and maintenance (2020/2021 25 139 000 compared to 2019/2020 R21 968 000) budget.

The capital budget is R44 318 000 for the 2020/2021 financial year and represents an increase of 43.42% on the 2019/2020 capital budget of R78 330 000. The capital budget funded by grants in the sum of R36 729 000, R7 589 000 from internal funds. Funding of capital expenditure from internal funds really needs to be addressed.

The top 10 capital projects for the 2020/2021 financial year are as follows:

Project Description	Funding	2020/2021 Budget	2022 Draft Budget	2023 Draft Budget
Refurbishment of Internal Water Reticulation in Alexandria Water Treatment Works	Municipal Infrastructure Grant	10 467 057.00	11 042 745.00	11 650 096.00
Upgrading of Bulk Water Reticulation in Marselle (500 Houses)	Municipal Infrastructure Grant	5 947 731.00	5 219 461.00	1 000 000.00
Upgrading of Internal Bulk Sewer Reticulation in Marselle (500 houses)	Municipal Infrastructure Grant	5 106 315.00	20 914 403.00	1 007 186.00
Upgrading of Kenton on Sea Sportfield Phase 2	Municipal Infrastructure Grant	4 719 500.00	-	-
Upgrading of Marsell Sportfield Phase 2	Municipal Infrastructure Grant	4 680 500.00	-	-
Upgrading of Alfred Road: Port Alfred	Municipal Infrastructure Grant	2 230 008.00	-	-
Upgrading of Kariega Road: Kenton on Sea	Human Settlement Re-development Programme	1 201 000.00	-	-
Upgrading of Klipfontein Sportfield	Municipal Infrastructure Grant	1 152 232.00	-	-
Upgrading of Bulk Sewer reticulation line in Thornhill (Phase 1)	Municipal Infrastructure Grant	740 900.00	-	10 669 453.00
Fencing of Municipal Buildings	Transfer from Operational Revenue	700 000.00	738 500.00	779 117.00

4) Annual Budget supporting tables

See Annexure 2

PART 2 – SUPPORTING DOCUMENTATION

1) OVERVIEW OF THE ANNUAL BUDGET PROCESS

The annual budget process plan is attached below. The budget process plan indicated all the key deadlines that needed to be met to ensure that a credible budget is produced for presentation to Council on 31 May 2020.

NDLAMBE MUNICIPALITY BUDGET TIMETABLE FOR THE 2020/2021 FINANCIAL YEAR

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
JULY 2019			
31 July 2019	Finalize Performance Agreements (2019/20) of Municipal Manager and Managers reporting to the Municipal Manager and submit to MEC and publicize.	Municipal Manager	Check legal requirement
11 July 2019	Call for civil society to register for representation on Rep Forum; Update database and reconstitute public participation structures (e.g. IDP Representatives Forum) .	Municipal Manager, CFO, IDP Official	Notices and newspaper advertisement
23 July 2019	IDP/Budget timetable, budget guidelines, budget instructions, IDP/budget schedule to be presented to the Budget Steering Committee.	IDP/Budget Office	Budget Steering committee minutes and attendance register
19 July 2019	Review Process Plan and develop IDP/PMS/Budget time schedule for 2020/21 (MFA S35(1).	(Legal requirement) Cacadu DM and Local Municipality.	Aligned Draft IDP and Budget time schedule / Process Plan with CDM Draft Framework.
31 July 2019	Submit reviewed IDP/Budget timetable, budget guidelines, budget instructions, and budget schedules for 2020/2021 to be presented to Council for adoption.	IDP/Budget Steering Committee	Council Resolution and IDP/Budget process plan.
31 July 2019	Chairperson of the IDP/Budget Steering Committee to establish the IDP/budget steering committee. The committee must be representative of each office and directorate	Chairperson IDP/Budget Steering Committee	IDP/Budget steering committee minutes.

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
AUGUST 2019			
01 August 2019	Upload the IDP/Budget time schedule, process plan on the municipal website, place on notice boards and advertise in a local newspaper	IDP/Budget Office	Newspaper advert and notice
08 August 2019	Submit adopted process plans and council resolution to EC-CoGTA, National and Provincial Treasury	IDP/Budget Office	E-mail, formal letter or Courier receipt
03 August 2019	Submit adopted schedule of key dates to external stakeholders (Sector Departments)	MM and IDP Manager	E-mail or formal letter
15 August 2019	IDP/Budget Steering Committee to meet and make suggestions on any structural changes to the budget. Report on project implementation progress, spending trends and challenges; present status quo on backlogs in preparation for the IDP Rep Forum Meetings	Chairperson IDP/Budget Steering Committee Mayor, Portfolio Cllr. Municipal Manager, CFO and Section 56 Managers	Reports, presentations, minutes and attendance register
15 August 2019	IDP/Budget Steering Committee to set parameters for the next 3 years based on marked trends and other information available. <ul style="list-style-type: none"> ➤ Tariff increases ➤ Salary increases ➤ General expenses ➤ Repairs and maintenance ➤ Key changes to be reflected considering all strategies and studies (including institutional study) ➤ Develop priority areas ➤ Reflect on all factors that could potentially impact on future budgets. 	Chairperson IDP/Budget Steering Committee	
15 August 2019	Confirm Councils existing and new policy priorities for next three years	Chairperson IDP/Budget Steering Committee	
15 August 2019	IDP/Budget Steering Committee to determine the funding / revenue covering potentially available funding for next three years.	Chairperson IDP/Budget Steering Committee	
To be communicated by the District	Attend District IDP Rep Forum Meetings	IDP Co-ordinators and Mayors	Attendance Register
End August (Proposed date)	Review of the Strategic Plan	Mayor, Councillors, Municipal Manager, Directors and management	Strategic Plan document

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
31 August 2019	Submit draft 2018/19 annual performance report	Municipal Manager, CFO, Sec 56 Managers	Letter of Acknowledgement by Office of the AG.
31 August 2019	IDP/Budget Steering Committee to determine the most likely financial outlook and identify need for changes to fiscal strategies.	Chairperson IDP/Budget Steering Committee	
	IDP/Budget Steering Committee to review tariff structures, if necessary.	Chairperson IDP/Budget Steering Committee.	
31 August 2019	Managers / directors to have held a staff meeting with staff in their directorate responsible for compiling the budgets where the budget timetable, policies, guidelines, instruction and minutes of the budget steering committee are to have been discussed.	All Managers / Directors	Minutes of the meeting
SEPTEMBER 2019			
03 September 2019	Chairperson of the IDP/Budget Steering Committee to have held a meeting with all ward councillors to discuss the budget timetable, policies, guidelines, instructions and minutes of the budget steering committee.	Chairperson IDP/Budget Steering Committee	
05 September 2019	Convene first IDP/Budget Representative Forum meeting. Present adopted process plan and project status. Sector departments to report on 2018/19 FY project implementation progress.	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register
15 September 2019	Ward councillors to have completed meetings with their ward committees to explain the budget process and documentation and to gather information and submit to the Chairperson of the IDP/Budget Steering Committee that is to be considered when offices and directorates do their capital / operational budgets and tariffs.	All Ward Councillors	
OCTOBER 2019			
October 2019	Conduct gap analysis to determine level of existing development consider changes in the current environment; IDP Assessment (2019/20) and Annual Performance Report and develop corrective action plans.	Municipal Manager, Directors and IDP Official	Corrective Action Plans
05 October 2019	Chairperson of the IDP/Budget Steering Committee to provide all offices and directorates with the input from Ward Councillors to consider when preparing their budgets and tariffs	Chairperson IDP/Budget Steering Committee	

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
10 October 2019	Q1 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance	MM and PMS Officer	Score sheet
October 2018	Q1 review by Internal Audit. Preparation of Annual Performance Report for MPAC	MM, PMS Manager and Internal Audit Unit	Reviewed Reports
15 October 2019	Municipalities receive inputs from National and Provincial Government and other bodies on factors influencing the budget – reference to legislation.	All Managers / Directors	
15 October 2019	Offices and Directorates to start to prepare draft capital and operational plans with cost and revenue estimates.	All Managers / Directors	
15 October 2019	Convene the second IDP/Budget Steering Committee meeting. Report on refined objectives and strategies, planned strategic interventions and proposed amendment to the organogram(if any) in response to overcome challenges. Present consolidated proposed directorate projects and budget needs.	Municipal Manager, CFO and IDP Manager	Reports, presentations, minutes and attendance register
26 October 2019	Managers and directors to assess the Human Resources component of their operating budget for the next year and for the two following years and make submissions to the finance department. Submissions would include full motivations for each post and assessments must take into consideration all known studies, establishment plan (organogram) and any other future developments over the next three years that would require a provision for costing.	All Managers / Directors	
26 October 2019	The submission on all offices and directorates human resources requirements to be considered by the Municipal Manager in consultation with each manager and director and to be facilitated by the chairperson of the IDP/Budget Steering Committee.	Chairperson IDP/Budget Steering Committee , Municipal Manager and Directors	

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
31 October 2019	The submission of the salary and allowance component of the budget to be provided to the Human Resources Department by all managers and directors. The Human Resources Department is responsible for determining the costs associated with the submissions. Once Human Resources Department has budgeted all salary and allowance budgets for all offices and directorates, this information is then to be submitted to the relevant office or directorate.	All Managers / Directors	Salary budget per directorate
31 October 2019	Human Resources Department to calculate required budget amount for the leave provision.	Dir. Corporate Services	Leave provision calculation
NOVEMBER 2019			
15 November 2019	Offices and directorates are to scientifically determine operating income and through sound budgeting techniques determine operating expenditure/costs linked to the budget for the next three years under the budget categories: <ul style="list-style-type: none"> ➤ Income ➤ Salaries and Allowances (As presented by the Human Resources Department) ➤ General expenses ➤ Repairs and maintenance ➤ Capital outlay ➤ Financing charges 	All Managers / Directors	
15 November 2019	The finance department will assist offices and directorates where required in determining budget figures for: <ul style="list-style-type: none"> ➤ Insurance ➤ Depreciation ➤ Provision for bad debts. 	All Managers / Directors	
16 November 2019 (Proposed date)	Convene the second IDP/Budget Representatives Forum meeting (community engagement). Report on community needs; Report on interventions and strategies to deal with developmental challenges. Sectors to report on project progress for 2019/2020 and submit sector projects and indicative budget allocations for 2020/21.	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register
17 November 2019	Offices and directorates are to complete the relevant capital request forms as provided by the finance directorate with all required information and to provide a summary of capital requirements for the next three financial years.	All Managers / Directors	

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
20 November 2019	Income, expenditure and capital budgets together with all forms and supporting documents are to be consolidated to be submitted to the finance department in the mScoa format for inclusion budget designed for three years.	All Managers / Directors	Income and expenditure budget
27 November 2019	Offices and directorates to finalise their SDBIP's for each cost / functional center on what is contained in the operating budget that indicate what the key objectives / measurable outputs are. The SDBIP format provided by the Office of the Municipal Manager is to have been used.	All Managers / Directors	
27 November 2019	Offices and directorates to review tariffs and charges and develop options for changes to be included in the budget to be tabled.	All Managers / Directors	
27 November 2019	Draft operational / capital budgets and tariffs to have been completed and submitted to the Budget Office together with detailed plans (SDBIP) on all expenditure / income to be incurred for the ensuing three years.	All Managers / Directors	Draft budget submission
DECEMBER 2019			
10 December 2019	Chairperson of the IDP/Budget Steering Committee to confirm in writing to the Mayor that all required documentation (SDBIP's, capital budget, operating budget, Tariffs) has been submitted to the finance directorate for consolidation.	Chairperson IDP/Budget Steering Committee	Letter or email
10 December 2019	Chairperson of the Budget Steering Committee to advise the Mayor and Municipal Manager, in writing, of any office or directorate that has not submitted all budget related documentation to the finance directorate by the stipulated date.	Chairperson IDP/Budget Steering Committee	Letter or email
JANUARY 2020			
10 January 2020	Q2 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance.	MM and PMS Officer	
22 January 2020	All the submissions from offices and directorates are to be consolidated by the finance department with all working papers that would have been submitted in support of the proposed operating and capital budget.	Budget office	
22 January 2020	The finance directorate is to keep a central file on all budget related documents.	Budget office	
22 January 2020	The finance directorate to review all budget related policies with internal stakeholders and request written submissions on any proposed amendments from internal stakeholders.	All Managers / Directors	

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
22 January 2020	Chairperson of the IDP/Budget Steering Committee to confirm in writing to the Mayor that all SDBIP's, capital budgets and operating budgets have been consolidated.	Chairperson IDP/Budget Steering Committee	
22 January 2020	Finance directorate to incorporate any changes from National and Provincial Governments on three-year allocations in the budget.	Budget office	
22 January 2020	Finance directorate to review tariffs and charges and ensure that all costs of trading and economic services are covered by the tariff submitted by offices and directorates.	Budget office	
22 January 2020	Finance directorate to document all material changes in budgets from the previous financial year budget and report such changes to the Chairperson of the Budget Steering Committee.	Budget office	
25 January 2020	IDP/Budget Steering Committee to have met to discuss capital / operational budget to be tabled to Council, tariffs, draft SDBIP's and any material changes to the budget based on the previous year's budget. Also to ensure that anticipated expenditure meets parameters set out by National / Provincial Government.	Chairperson IDP/Budget Steering Committee	
FEBRUARY 2020			
05 February 2020	IDP/Budget Steering Committee Chairperson to have met with the ward councillors to discuss any anticipated changes to the operational / capital budget, tariffs and draft SDBIP's that are to be tabled to Council.	Chairperson IDP/Budget Steering Committee All ward councillors	
By mid-February 2020	IGR Session to facilitate alignment	Municipal Manager and IGR secretariat	Attendance Register
26 February 2020	Finance directorate to finalise detailed budget to be tabled in the formats issued by National Treasury.	Budget office	
26 February 2020	Finance directorate consolidates all comments on budget related policies and inserts budget policies with internal comments into the budget pack to be tabled to Council.	Budget office	
MARCH 2020			
05 March 2020	Convene the third IDP/Budget Steering Committee. Finalize internal alignment and project register. Ensure budget alignment between the draft IDP and draft SDBIP with agreed upon targets and performance indicators per project.	Municipal Manager, Mayor and IDP Official	Reports, presentations, minutes and attendance register

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
6 March 2020	The capital/operating budget and draft SDBIP's and budget related policies presented to the IDP/Budget Steering Committee by the finance directorate and to include a high level summary and is supported by the budget forecasting model and reflects over a period of three years.	Budget office	
13 March 2020	Chairperson of IDP/Budget Steering Committee presents budget pack to Mayor with recommendations.	Chairperson IDP/Budget Steering Committee	
15 March 2020	Convene the third IDP/Budget Representatives Forum meeting. Present the final draft IDP and Draft SDBIP. Sector Dept. report on project implementation for 2019/20 and confirm project and budget allocations for 2020/21. (Finalize external project alignment)	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register
30 March 2020	Mayor to have tabled draft IDP, operating/capital budget, tariff list and budget related policies and draft SDBIP's to Council.	Executive Mayor / IDP/Budget Office	Tabled budget document and Council resolution
APRIL 2020			
10 April 2020	Forward copy of tabled budget to National and Provincial Governments and Cacadu District Municipality for review, both electronically and in printed format.	Budget office	Email and courier receipt
10 April 2020	IDP Unit to advertise the Draft IDP and tabled budget approved by Council, inviting comments from all stakeholders.	Budget office	Advert and notice
10 April 2020	In collaboration with Council develop and publicize the draft IDP and tabled budget 2020/21 Community Engagement Programme. Make citizens aware of outreaches, prior to the adoption of the final Draft IDP and Budget. Secure venues and arrange logistics for scheduled meetings.	All Ward Councillors	Public notices. Mayoral Imbizo programme
10 April 2020	Q3 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance	MM and PMS Officer	Score sheets and attendance registers
21 April 2020	Convene 4th IDP and Budget Steering Committee. Interrogate community comments and finalize SDBIP/IDP alignment and any necessary amendments to the IDP/ budget.	Municipal Manager and IDP Official and CFO	Reports, presentations, minutes and attendance register

Ndlambe Municipality Annual Budget 2020/2021

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
30 April 2020	Convene the 4th IDP Representatives Forum meeting to present final IDP for consideration Present the FINAL IDP . Report on public engagement and outcome of the 21-days public inspection and invite any last changes or additions to sector project register.	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register
30 April 2020	IDP/Budget Steering Committee to discuss and analyse additional inputs from community, ward committees, National/Provincial Governments and Cacadu District Municipality.	Chairperson Budget Steering Committee	
30 April 2020	Managers and directors to incorporate feedback from community, ward committees, National/Provincial Governments, and if required, revise the budget previously tabled to Council in consultation with the Chairperson of the IDP/Budget Steering Committee.	All Managers / Directors	
MAY 2020			
Mid May 2020	Submit 2020/21 IDP/Budget to the MPAC for oversight before adoption.	Municipal Manager, CFO and Mayor	Oversight report and recommendations by MPAC
31 May 2020	Mayor to have presented final budget to council for adoption and to have included operating / capital budget, resolutions, tariffs, capital implementation plans, operational objectives, changes to IDP/budget plans.	Executive Mayor / IDP/Budget Office	Adopted Final IDP/Budget and related budget policies and Council resolution.
JUNE 2020			
Within 10 days after adoption	Submit adopted Reviewed IDP to the MEC for local government	MM and IDP Manager	Letter of acknowledgement
10 June 2020	Capital / operating budget to have been presented to National Treasury and DPLG.	Executive Mayor/Budget Office	
10 June 2020	Upload the Council approved Reviewed IDP/Budget (2020/21) on the municipal website and places a notice in local newspapers for public inspection (21days).	Budget office and IDP Manager	Notice and local newspaper
29 June 2020	Complete all the budget annexures required by National Treasury and submit to the National Data Base and submit hard copies to National and Provincial Treasury	Budget office	
29 June 2020	Finance to provide the Mayor with the consolidated SDBIP for consideration	IDP Manager	
29 June 2020	Publish the rates tariff in the Provincial Government Gazette	Dep Dir Revenue	

Ndlambe Municipality Annual Budget 2020/2021

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
Date to be communicated by COGTA	Final IDP Provincial Assessment	DM, LM, KPA leaders, CoGTA, Sector Departments	Signed MEC comments and individual assessment reports

The following budget instructions were approved by Council and issued to all directorates and offices to assist them with the compilation of the 2020/2021 budget;

The budget plan for the 2020/2021 financial year has been developed to meet the requirements of Act No. 56 of 2003: Local Government Municipal Finance Management Act, 2003 and Standard Chart of Accounts for Local Government Regulations, 2014, that take effect on 1 July 2020.

It must be mentioned that the set time frames and activities from March – May 2020 could not go according to the budget plan due to the emergency of COVID-19. Staff was locked down and some activities were postponed. However the Council caught up as the month's progresses and levels of COVID-19 regulations were relaxed from 5-3

The main aims of the annual budget plan are:

- Assist co-ordination of various areas of responsibility in implementing and reviewing the IDP and other long term plans of the Ndlambe Municipality.
- Provide medium term financial plans for each directorate which are linked to plans and not one year incremental budgets.
- Ensure that progress against the budget plans can be monitored and corrective action taken if necessary.
- Ensure that plans are reviewed on a continual basis in concert with the budget in-year review.

The following documents are to be produced by each directorate:

- Directorates' medium term budget policy statement. This document must set out the allocations for the next three years of both the capital and operating budget taking into account the strategic direction which the directorate intends taking over the next three years based on the current revenue collected.
- The IDP must give rise to the detailed plans that will be used to formulate the directorate's policy objective. All individual components of the policy objectives should be costed. Sufficient information is to be provided to allow priority rating.
- Functional operational plans must be drawn up which are to set out the operational plans for each section in a directorate per project segment (SDBIP).

The above documents will influence budget allocations to each directorate so they are to be as detailed as possible.

High level strategic planning is to be undertaken while drawing up the budget. The planning is to be long term (minimum three years) and must set out targets in terms of outcomes, levels of service delivery and general tariff policies. Service level requirements, demographics, backlogs, etc. are to be considered. Council and community consultation by directorates has to be undertaken during the time that the directorates are drawing up their budgets.

Some IDP projects may be individual projects but many will have a widespread impact across the operational budget. In this case it must be fully budgeted for a minimum period of three years. The costing must include capital outlay, increase or decrease in operational expenditure, and revenue that could be generated. Directorates should at this point also consider provincial and

national government priorities.

Operation budgets are to be linked to plans (SDBIP). Each directorate must compile operational plans and capital plans. The plans must be for the current budget year and for at least two years into the future. The plans must detail service levels, initiatives, financial forecasts and non-financial indicators. While directorates prepare budget segments, summary level information will be incorporated in the budget. Directorates need to first complete their operational plans then use the plans as a base for completing budget segments. This is to ensure that directors consider high level strategy and outcomes and output objectives and do not let previous year budget drive the budget process.

Directors are to prepare budget segments as per their operation plans. Each item must be project driven. This detail will not be incorporated in the budget document but must be available in the budget process for councillors, community and other stakeholders to use in deliberations. The budget segments are to be kept by the relevant director and must agree to the published summary budget. The budget segments will be used throughout the year to gauge performance during the budget review stages.

The budget to be published will include information from the IDP, each directorate's operational plans and budget summary. Budget segments will only be given to directors for distribution to their relevant sections.

The actual budget document will be compiled by the Finance Directorate and will contain functional operational plans of each directorate which would have been submitted for at least the next three years. Directorates further need to maintain a rolling plan which is to incorporate operational objectives and initiatives, financial projections, financial and non-financial performance measures and commentary on the directorates' past performance. The Finance Directorate will interrogate the directorates' budget and financial plans to ensure consistency and accuracy. From all directorates' rolling plans, an executive summary will be made in a format which will allow councillors and the community to gauge performance during the budget process. The consultation part of the budget is very important as it is during this phase that the budget has to be fine-tuned to fit service delivery and outcome objectives of each directorate within the economic realities of Ndlambe Municipality. It involves consultation with the community and council and will require sensitive analysis of the budget and policy choices to fit in with the limited financial resources.

The draft IDP/ Budget have to be tabled by the end of March 2020, must be considered by the end of May 2020 and approved by the end of June 2020. This will give directors sufficient time to pass the operational plans onto their sections prior to the start of the budget year. Regular IDP/Budget reviews are to be held between ward councillors and directorates to review the plans and determine the progress against the IDP/Budget objectives.

3.2 BUDGET POLICY GUIDELINES

1. A three-year budget is to be prepared.
2. Council's IDP is to be consulted throughout the budget process.
3. Salary increases are to be budgeted for by the relevant directorate / office with **±7.5%** increase plus notch.
4. Noticeable changes and/or adjustments to income and expenditure are to be reported on.
5. Relevant documentation to be completed with regard to capital expenditure.
6. Expansion and/or restriction to any service to be reported on.
7. Request for posts to be filled during the next three budget periods to be handed to the human resources per the dates reflected on the budget time-table.
8. Average increase on the annual budget is to be limited as far as possible to the guidelines by the Department of Finance to 5.5% for 2020/2021, 5.5% for 2021/2022 and 5.5% for 2022/2023.

9. The NER is to be contacted for guidelines on the increase in electricity income.
10. Councillors and stakeholders are to be involved in the budget process at all times.

3.3 INSTRUCTIONS

1. Consult all relevant legislation including circulars when completing your budget.
2. All segments on the budget are to be budgeted for (including electricity/water, rates, insurance, etc.) - do not leave any gaps.
3. Tariff by-laws are to be consulted when calculating tariffs.
4. All amounts budgeted must be rounded off to the nearest R10, 00.
5. The Budget timetable is to be strictly adhered to.
6. SDBIP has to be completed for all income / expenditure as per the attached circular from National Treasury and ensure that the SDBIP corresponds with the OPEX AND CAPEX.
7. The IDP/Budget co-ordinators are Mr S Mjacu, Ms N Matthews and Mrs U Xako.
8. The capital request forms A,B and C are to be completed in respect of every capital item placed on the budgets for the three years. If capital request forms are not completed the capital item will be removed from the capital budget.

2) OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN

Directorates aligned all operating and capital expenditure to the goals and actions as set out in the Integrated Development Plan. On the capital budget, the operating budget and the service delivery budget implementation plan directors have provided IDP numbers where possible to highlight the linkages. The budget is linked to the following main strategic goals and objectives as per the Integrated Development Plan;

- Basic Services Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public participation
- Cost effective and sustainable service delivery

Through the process of drafting the budget the key responsibilities of the Ndlambe Municipality were taken into account;

- Provide democratic and accountable government for all local communities of Ndlambe
- Ensure the provision of services to all the Ndlambe community in a sustainable manner

Promote social and economic development

- Promote a safe and healthy environment
- Encourage the involvement of all communities and community-based organizations in the matters of local government
- Maximizing of infrastructural development through the utilization of all available resources
- Implementation of effective management systems, internal controls and procedures
- Ensure we have a skilled, committed and motivated workforce
- Comply with the Batho Pele principles

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3) MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

NDLAMBE LOCAL MUNICIPALITY					
DRAFT SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN (SDBIP)					
2020/2021 FINANCIAL YEAR					
KEY PERFORMANCE AREA (KPA) 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE					
Goal(s): (1) A premier place to work and do business (2) Destination of choice for living					
Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Community Protection Services	7. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	1_7_1_P001	1. Number of households with access to refuse removal and cleansing services as per schedule	P001 Solid Waste Removal: Refuse Disposal	Director: Community Protection services
Community Protection Services	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Percentage of households with basic refuse removal services or better		Director: Community Protection Services
Community Protection Services	5. Develop a vibrant, rapidly growing, employment generating oceans economy	1_5_2_P002	2. Number of beaches obtaining full blue flag status and pilot blue flag beach status	P002 Tourism Development: Blue Flag International Standard Maintenance For Tourists Attraction	Director: Community Protection services
Community Protection Services	Develop a vibrant, rapidly growing, employment generating oceans economy		Number of beaches obtaining full blue flag status and/or pilot blue flag beach status		Director: Community Protection Services

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Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Community Protection Services	8. Create a safe and secure living environment	1_8_3_P003	3. Percentage compliance with the required attendance time for firefighting incidents (in accordance with SANS 10090)	P003 Fire Fighting and Protection: Fire	Director: Community Protection services
Community Protection Services	Create a safe and secure living environment		Percentage compliance with the required attendance time for structural fire fighting incidents		Director: Community Protection Services
Community Protection Services	Create a safe and secure living environment		Number of full-time firefighters per 1000 population		Director: Community Protection Services
Community Protection Services	8. Create a safe and secure living environment	1_8_4_P004	4. Number of areas patrolled (estuaries, coastline and nature reserves)	P004 Pollution Control: Environmental Compliance	Director: Community Protection services
Community Protection Services	Create a safe and secure living environment		Percentage of biodiversity priority areas protected		Director: Community Protection Services
Community Protection Services	10. Preserve the natural beautiful environment	1_10_5_P005	5. Percentage implementation of maintenance plan for all Sports fields, parks & cemeteries	P005 Parks Programme: Parks	Director: Community Protection services
Community Protection Services	Preserve the natural beautiful environment		Square meters of municipally owned or maintained public outdoor recreation space per capita		Director: Community Protection Services
Corporate Services	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizen		Average number of library visits per library		Director: Corporate Services
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	1_2_6_P006	6. Percentage of bulk water infrastructure project completed	P006 Augmentation of the Alexandra Bulk Water Supply	Director: Infrastructural Development
Infrastructural Development	Develop state-of-the-art physical infrastructure		Percentage of bulk water infrastructure project completed		Director: Infrastructural Development

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Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	1_2_8_P008	Percentage of bulk water infrastructure project completed	P008 Construction of link services in Thorn Hill	Director: Infrastructural Development
NONE	NONE	NONE	NONE	NONE	Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure		Percentage of bulk water infrastructure project completed	Reservoirs: Construction of Reservoir's in Thornhill	Director: Infrastructural Development
Infrastructural Development	Develop state-of-the-art physical infrastructure		Percentage of bulk water infrastructure project completed		Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	1_2_9_P009	9. Percentage of households with access to basic sanitation	P009 Sanitation: Provision of Sanitation Services to the households	Director: Infrastructural Development
Infrastructural Development	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Percentage of households with access to basic sanitation		Director: Infrastructural Development
Infrastructural Development	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Number of new sewer connections meeting minimum standards		Director: Infrastructural Development
Infrastructural Development	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Percentage of complaints/callouts responded to within 24 hours (sanitation/wastewater)		Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	1_2_10_P010	10. Percentage of households with access to water supply	P010 Water: Provision of Water Services to the households	Director: Infrastructural Development
Infrastructural Development	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Percentage of households with access to basic water supply		Director: Infrastructural Development

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Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Infrastructural Development	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Number of new water connections meeting minimum standards		Director: Infrastructural Development
Infrastructural Development	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Percentage of complaints/callouts responded to within 24 hours (water)		Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	1_2_11_P011	11. Percentage of non-revenue water	P011 Management and Services: Non Revenue water	Director: Infrastructural Development
Infrastructural Development	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Percentage of non-revenue water		Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	1_2_12_P012	12. Percentage of households with access to electricity	P012 Electrification: Provision of Electricity services to the Households	Director: Infrastructural Development
Infrastructural Development	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Percentage of households with access to electricity		Director: Infrastructural Development
Infrastructural Development	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Number of dwellings provided with connections to the mains electricity supply by the municipality OR Number of dwellings provided with connections to the mains supply by Eskom within municipal jurisdiction		Director: Infrastructural Development

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Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Director: Infrastructural Development	2. Develop state-of-the-art physical infrastructure	1_2_13_P013	13. Percentage households with access to free basic electricity	P013 Indigent and Cultural Management and Services: Electricity Debt Impairment	Director: Infrastructural Development
Infrastructural Development	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		FBE provision levels as a percentage of total residential electricity provision (in terms of MWh)		Director: Infrastructural Development
Infrastructural Development	7. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	1_7_14_P014	14. Compliance to SANS241	P014 Drinking Water Quality: Water Services Authority	Director: Infrastructural Development
Infrastructural Development	Create a safe and secure living environment		Percentage of drinking water compliance to SANS241		Director: Infrastructural Development
Infrastructural Development	7. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	1_7_15_P015	15. Wastewater quality compliance according to the water use license	P015 Waste Water Treatment Works: Water Service Authority	Director: Infrastructural Development
Infrastructural Development	Create a safe and secure living environment		Wastewater quality compliance according to the water use license		Director: Infrastructural Development
Infrastructural Development	Create a safe and secure living environment		Percentage of wastewater safely treated		Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	1_2_16_P016:P022	16. Kilometres of road constructed	P016 Upgrading of West Mangcangaza Street (0.5km) P020 Upgrading of Alexandria Road 4th Avenue (0.5km) Upgrading of Alfred Road (1km)	Director: Infrastructural Development

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Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Infrastructural Development			Percentage of unsurfaced road graded		Director: Infrastructural Development
Infrastructural Development			Percentage of surfaced municipal road lanes which has been resurfaced and resealed		Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure		Percentage of RO Plant project completed	Water Treatment Works:2ML RO Plant - Water Treatment Packegeage Plant	Director: Infrastructural Development
NONE	NONE	NONE	NONE	NONE	Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure		Number of potential boreholes tested	Boreholes: Drilling and Equipping of a Borehole	Director: Infrastructural Development
NONE	NONE	NONE	NONE	NONE	Director: Infrastructural Development
Financial Services	7. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	1_7_17_P013;P023:P025	17. % Indigent households having access to free basic services	P013 Indigent and Cultural Management and Services: Electricity Debt Impairment P023 Indigent and Cultural Management and Services: Indigent support Water for all Wards P024 Indigent and Cultural Management and Services: Waste debt impairment P025 Indigent and Cultural Management and Services: Indigent support and management in all wards	Chief Financial Officer
Financial Services	Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens		Percentage of registered indigent households receiving free basic services		Chief Financial Officer

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KEY PERFORMANCE AREA (KPA) 2: LOCAL ECONOMIC DEVELOPMENT

**Goal(s): (1) A premier place to work and do business
(2) Destination of choice for living
(3) Tourist destination of choice for people who love natural and cultural heritage, and adventure water sports**

Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Office of the Municipal Manager	3. Develop a vibrant, rapidly growing, agri-based employment generating economy	2_3_18_P026:P027; P096; P108	18. The number of jobs created through municipality's local, economic development initiatives including capital projects	P026 Project Implementation: LED project implementation P027 EPWP (Community Services) P096 Job Creation (Infrastructure) P108 Job Creation (Finance)	Municipal Manager
Office of the Municipal Manager	Develop a vibrant, rapidly growing, agri-based employment generating economy		Number of work opportunities created through EPWP, CWP and other related infrastructure programmes		Municipal Manager
Office of the Municipal Manager	3. Develop a vibrant, rapidly growing, agri-based employment generating economy	2_3_19_P028	19. Number of emerging farmers supported in the production of chicory	P028 Project Implementation: LED Chicory Projects	Municipal Manager
Office of the Municipal Manager	Develop a vibrant, rapidly growing, agri-based employment generating economy		Number of emerging farmers supported in the production of chicory		LED Manager
Office of the Municipal Manager	3. Develop a vibrant, rapidly growing, agri-based employment generating economy	2_3_20_P029	20. Hectares of land provided to emerging farmers for commanges (municipal land for Chicory)	P029 Recapitalisation of commonages	Municipal Manager
Office of the Municipal Manager	Develop a vibrant, rapidly growing, agri-based employment generating economy		Number of functioning municipal farms		LED Manager
Office of the Municipal Manager	11. Develop and support adventure and extreme water sports.	2_11_21_P030	21. Number of adventure and water sports supported	P030 Project Implementation: Amanzi Sport Festival	Municipal Manager

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Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Office of the Municipal Manager	Develop and support adventure and extreme water sports		Number of adventure and water sports supported		
Office of the Municipal Manager	12. Develop cultural heritage economy	2_12_22_P031	22. Number of heritage and cultural events/initiatives supported	Department of Tourism Data Capturing project	Municipal Manager
Office of the Municipal Manager	Develop cultural heritage economy		The number of recognised cultural and creative attractions		Municipal Manager
Office of the Municipal Manager	4. Develop a vibrant, rapidly growing, tourism based, employment generating economy	2_4_23_P032	23. Number of SMME's and Cooperatives supported	P032 Entrepreneurial Support System: SMME Support	Municipal Manager
Office of the Municipal Manager	Develop a vibrant, rapidly growing, tourism based, employment generating economy		Number of SMME's and Cooperatives supported		LED Manager
Corporate Services	9. Position the municipality as a learning hub of excellence	2_9_24_P033	24. Number of learnerships awarded	P033 Learnerships	Director: Corporate Services
Corporate Services	Position the municipality as a learning hub of excellence		Number of learnerships awarded		Director: Corporate Services

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KEY PERFORMANCE AREA (KPA) 3: FINANCIAL VIABILITY AND MANAGEMENT

Goal(s): (2) Destination of choice for living

Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Financial Services	6. Improve financial viability of the municipality	3_6_25_P034	25. Number of Finance employees enrolled towards SETA certification	Training Minimum Competency: BTO Staff and Interns training on minimum competency levels	Chief Financial Officer
NONE	NONE	NONE	NONE	NONE	NONE
Financial Services	Improve financial viability of the municipality		Irregular, Fruitless and Wasteful and Unauthorised Expenditure/ Total Operating Expenditure		Chief Financial Officer
Financial Services	Improve financial viability of the municipality		Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure)		Chief Financial Officer
Financial Services	6. Improve financial viability of the municipality	3_6_26_P035:P039	26. Percentage of budget provision allocated for asset repairs and maintenance	P035 Transport Assets: Maintenance of motor vehicles P036 Buildings: Maintenance of Office Buildings P037 Buildings: Maintenance of Building and Facilities P038 Repairs and Maintenance: Pumps P039 Machinery and Equipment: Maintenance of plant and equipment	Chief Financial Officer
Financial Services	Improve financial viability of the municipality		Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property (Carrying Value)		Chief Financial Officer
Financial Services	6. Improve financial viability of the municipality	3_6_27_P040	27. Collection Rate	P040 Revenue Collection	Chief Financial Officer

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Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Financial Services	Improve financial viability of the municipality		Collection Rate		Chief Financial Officer
Financial Services	6. Improve financial viability of the municipality	3_6_28_P041	28. Net debtors days	P041 Debtors	Chief Financial Officer
Financial Services	Improve financial viability of the municipality		Net Debtors Days		Chief Financial Officer
Financial Services	6. Improve financial viability of the municipality	3_6_29_P042	29. Cost coverage rate	P042 Cost coverage	Chief Financial Officer
Financial Services	Improve financial viability of the municipality		Cash/ Cost Coverage Ratio (Excluding Unspent Conditional Grants)		Chief Financial Officer
Financial Services	6. Improve financial viability of the municipality	3_6_30_P043	30. Creditors Payment Period	P043 Creditors	Chief Financial Officer
Financial Services	Improve financial viability of the municipality		Creditors Payment Period		Chief Financial Officer
KEY PERFORMANCE AREA (KPA 4): GOOD GOVERNANCE AND PUBLIC PARTICIPATION					
Goal(s): (1) A premier place to work and do business (2) Destination of choice for living					
Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	4_1_31_P044	31. Percentage of ward committees with 6 or more ward committee members (excluding the ward councillor)	P044 Meetings: Compensation of ward committee members	Director: Corporate Services
Corporate Services	Improve the efficient running of and the governance of the Municipality.		Percentage of ward committees with 6 or more ward committee members (excluding the ward councillor)		Director: Corporate Services

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Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	4_1_32_P045	32. Number of Council meetings held	P045 Council Meetings	Director: Corporate Services
Corporate Services			Number of Council meetings held		Director: Corporate Services
Office of the Municipal Manager	1. Improve the efficient running of and the governance of the Municipality	4_1_33_P046	33. Number of repeat audit findings	P046 Audit Improvement	Municipal Manager
Office of the Municipal Manager	Improve the efficient running of and the governance of the Municipality		Audit Outcome		Municipal Manager
Office of the Municipal Manager	Improve the efficient running of and the governance of the Municipality		Number of repeat audit findings		Municipal Manager
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	4_1_34_P047	34. Number of active suspensions longer than three months	P047 Labour Relations	Director: Corporate Services
Corporate Services			Number of active suspensions longer than three months		Director: Corporate Services
Office of the Municipal Manager	1. Improve the efficient running of and the governance of the Municipality	4_1_35_P048	35. Number of public participation programmes held	P048 Public Participation Meeting: Stakeholders engagement	Municipal Manager
Office of the Municipal Manager	Improve the efficient running of and the governance of the Municipality		Number of public participation programmes held		Municipal Manager

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Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Office of the Municipal Manager	8. Create a safe and secure living environment	4_8_36_P049	36. Number of social/special programmes held	P049 Social Programmes	Municipal Manager
Office of the Municipal Manager	Create a safe and secure living environment		Number of social/special programmes held		Municipal Manager
KEY PERFORMANCE AREA (KPA 5): MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT					
Goal(s): (1) A premier place to work and do business					
Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	5_1_37_P050	37. The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan (Indians and Disabled)	P050 Human Resource Management: Employment Equity Plan	Director: Corporate Services
NONE	NONE	NONE	NONE	NONE	NONE
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	5_1_38_P051	38. The percentage of a municipality's budget actually spent on implementing its workplace skills plan	P051 Workshops Seminars and Subject Matter Training: Training of municipal staff on skills development	Director: Corporate Services
Corporate Services	Improve the efficient running of and the governance of the Municipality		Percentage of municipal skills development levy recovered		Director: Corporate Services
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	5_1_39_P052	39. Response time to resolve customer complaints	P052 Customer Care	Director: Corporate Services

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Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Custodian
Corporate Services	Improve the efficient running of and the governance of the Municipality		Response time to resolve customer complaints		Director: Corporate Services
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	5_1_40_P053	40. Number of days of sick leave taken by employees	P053 Employee Assistance Programme: Employee wellness programmes	Director: Corporate Services
Corporate Services	Improve the efficient running of and the governance of the Municipality		Number of days of sick leave taken by employees in the quarter		Director: Corporate Services
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	5_1_41_P054	41. Staff Vacancy Rate	P054 Organisational Development	Director: Corporate Services
Corporate Services	Improve the efficient running of and the governance of the Municipality		Staff Vacancy Rate		Director: Corporate Services
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	5_1_42_P055	42. Number of conditional bursaries awarded	P055 Education and Training: Provision of bursaries to students within Ndlambe area	Director: Corporate Services
NONE	NONE	NONE	NONE	NONE	NONE

4) BUDGET RELATED POLICIES

The Municipal Finance Management Act and Reporting Regulations require that all budget and budget related policies be reviewed, and where applicable, be updated on an annual basis.

The budget related policies are as follows:-

- ❖ Rates Policy
- ❖ Indigent Policy
- ❖ Budget Policy
- ❖ Creditors, Staff and Councilors Payment Policy
- ❖ Credit Control and Debt Collection Policy
- ❖ Funding and Reserve Policy
- ❖ Virement Policy
- ❖ Subsistence and Travel Policy
- ❖ Policy and Procedures for Irregular and Fruitless Expenditure
- ❖ Fixed Asset Policy
- ❖ Supply Chain Management Policy
- ❖ Write-off of Irrecoverable Debt Policy
- ❖ Loans Policy
- ❖ Tariff Policy
- ❖ Management of Accumulated Surplus and Bad Debt Policy

Stakeholders are requested to comment on the policies listed above before the budget is presented to Council for final adoption.

The following finance policies also have an impact on the budget;

- ❖ Banking and Investment Policy
- ❖ Imprest/Petty Cash Policy
- ❖ Entertainment Policy
- ❖ Unforeseen and Unavoidable Expenditure Policy

All of the above policies can be viewed on the Ndlambe Municipality website www.ndlambe.gov.za

5) OVERVIEW OF BUDGET ASSUMPTIONS

Numerous factors contributed to the 2020/2021 financial year's budget and again it has been one of the most difficult budgets to fund. The greatest difficulty was to ensure a funded budget, while providing relief to rate payers in the form of rates rebates, increasing maintenance budget provision, complying with GRAP standards in terms of providing for depreciation and other provisions (Debt Impairment etc) while keeping annual percentage increase at minimum.

The economic conditions in which we have had to operate over the past year have resulted in an increase in outstanding debtors and limited funds going to capital development and maintenance.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 percent target band.

Ndlambe Municipality has made a decision to impose the increase of 6.1% increase for services charges based on the actual billed for the current financial year and the CPI increase relating to February 2020, the property rates at a charge of 0.0118 cents in a Rand. The municipality has further applied the GDP increase of 1.5% as the factor to determine the revenue growth rate for each service charge.

New general valuation roll has been implemented 1 July 2019. The municipality has since conducted two sets of supplementary valuations. The supplementary valuation No 1 was mainly for correction of errors arose in the general valuation roll and it was subsequently implemented. The yearly supplementary valuation (No.2) is currently on inspection and objection phase.

The economic pressure have shown the predicaments that the government is facing and where in some instances government has cut from local government conditional grants. The decision to phase in the increase on depreciation budget has been taken seriously by Council and therefor depreciation has been increased back to the 2017/2018 audited figures.

The Council has during the deliberations whilst approving the budget process plan for 2020/2021 taken the decision of the wage increase of 6.5%, an estimated of 1% for notching is provided in the 2020/2021 draft budget.

The municipality has projected a collection rate of 89% from the current 87%. Therefor a 2% increase due to stricter debt collection processes implemented by the debt collector including legal process

Increase on the provision for impairment from 2019/2020 to 2020/2021 is 28% due to it be evident for the outcome of the audit that bad debts needs to be addressed.

6) OVERVIEW OF BUDGET FUNDING

The 2020/2021 budget is predominantly funded from rates, service and usage charges, grants and subsidies. The annual budget total revenue is R429 147 000.

Total revenue budget of R119 577 000 budgeted for from rates, service and usage charges, excludes the equitable share and DORA operating grants.

It must be noted that the unlimited wants from the Ndlambe Community cannot all be addressed in this budget due to limited resources as a result the draft budget tabled to Council is not a funded budget. This gives the clear indication that the municipality's Council and management should consider going back to basics and re-prioritize its objectives to be addressed in the 2020/2021 Medium Term Revenue and Expenditure Framework. The Budget Steering Committee has put more effort to ensuring that the annual budget that is tabled to council on the 26 May 2020 is the funded budget.

Table SA10 Funding Measurement

See Annexure 2 attached

The budget will remain a plan which can only be realized through on availability of cash, therefore actual expenditure can only be incurred when the cash flow permits and that will on happen by increasing our collection rate.

Capital Expenditure

See Annexure 3 attached

The capital expenditure table shows that Ndlambe Municipality internal reserves are totally depleted and that we are now reliant on government grants and external funding. It is now essential that all projects are carefully considered and that the impact of the funded projects on the operating budget is taken into account before they are approved. It will be detrimental to continue with funded projects if our operational budget will not be able to carry them. It is important for directorates to be aware of funded projects to be able to provide for such in the budgets. Awareness will provide an opportunity for re-allocation of the limited operational budget.

Ndlambe Municipality has reached its borrowing capacity, external loans to fund capital expenditure is not an option to fund capital expenditure in the 2020/2021 Medium Term Revenue and Expenditure Framework.

Ndlambe Municipality Annual Budget 2020/2021

7) NDLAMBE ALLOCATIONS OF GRANTS AND SUBSIDIES

Name of Grant	Current Year		Medium Term Revenue and Expenditure Framework		
	Original 2019/2020	Adjusted 2019/2020	2020/2021	2021/2022	2022/2023
Financial Management Grant (FMG)	2 435 000	2 435 000	2 800 000	2 800 000	2 800 000
Municipal Infrastructural Grant (MIG)	27 295 000	27 295 000	36 535 000	29 209 000	30 728 000
Expanded Public Works Program (EPWP)	1 002 000	1 002 000	1 201 000	0	0
Library Grant (DSRAC)	2 750 000	2 750 000	2 750 000	2 750 000	2 750 000
Environmental Health Subsidy	1 470 000	1 470 000	1 551 000	1 551 000	1 551 000
Equitable Share	96 716 000	96 716 000	103 801 000	111 768 000	119 194 000
Integrated National Electrification Programme	0	0	0	14 705 000	8 200 000
Office The Premier Grant	12 504 000	12 504 000	0	0	0
Disaster Grant	0	80 000 000	0	0	0
Drought Relief Grant	0	20 000 000	0	0	0
Total	144 172 000	244 172 000	148 638 000	162 783 000	165 223 000

8) ALLOCATIONS AND GRANTS MADE BY NDLAMBE MUNICIPALITY

Grants and Subsidies made	Current Year		Medium Term Revenue and Expenditure Framework		
	Original Budget 2019/2020	Adjustment Budget 2019/2020	Adjustment Budget 2020/2021	Adjustment Budget 2021/2022	Adjustment Budget 2020/2023
Tourism Development	753 500	753 500	828 850	874 437	922 531
SMME Development	884 029	284 029	600 000	633 000	667 815
Anti-Crime	381 600	381 600	350 000	369 250	389 559
Bursaries non-employees	221 000	221 000	230 000	242 650	255 996
Community Development Initiatives: Donations	215 000	65 000	200 000	211 000	222 605
Mayoral Assistant: Grants in aid	100 000	100 000	105 500	111 302	117 424
Soup Kitchen	200 000	200 000	200 000	211 000	222 605
Poverty Relief	180 000	180 000	180 000	189 900	200 344
Sport Development	100 000	100 000	200 000	211 000	222 605
Art China	12 000	12 000	0	0	0
Total					

The above are the only allocations and grants budgeted for by the municipality. During the financial year, Council may resolve to make further allocations or grants based on the merits of the applicant.

9) COUNCILOR ALLOWANCES AND EMPLOYEE BENEFITS

COUNCILORS ALLOWANCES 2020/2021

See annexure 2

SECTION 57 EMPLOYEES BUDGET 2020/2021

See annexure 2

10) MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

See annexure 2

The monthly targets for revenue expenditure and cash flow is to be found under annual budget tables, section 4 of part 1, tables SA22, SA23, SA24 and SA30 for the 2020/2021 financial year. Table SA 29 in the same section provides monthly projections for capital expenditure by vote.

From the information provided it is clear to note that expenditure can only be incurred if the revenue is in our bank account. Cash flow management is going to have to be a priority throughout the year and directors will only be permitted to incur expenditure if the revenue has been received.

11) ANNUAL BUDGETS AND SERVICES DELIVERY AND BUDGET IMPLEMENTATION PLANS PER DIRECTORATE

The service delivery budget implementation plan will be available after Council has adopted the 2020/2021 budget.

12) CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

The contracts that have a financial obligation the majority is currently on a month to month contract basis. The municipality is in the process of going on tender and there is a likelihood that the obligation will remain in the future financial years.

Service Provider/Organisation	Service Provided	Start Date	End Date	2019/2020 Actual to Date	2020/2021 Budget	2021/2022 Budget	2022/2023 Budget
Khangela Satelite (PTY) LTD	Vehicle Tracking System	Oct-18	Nov-19	258 000	500 000	527 500	556 512
Kowie Marina Properties	Offices Rental	Mar-17		1 020 000	1 641 000	1 732 000	1 827 000
CAB Holdings (PTY) LTD	Printing Consumer Accounts	Apr-19	Mar-22	815 000	1 417 000	1 495 000	1 577 000
Hi Tech Security	Security Services	Mnth to Mnth		8 793 000	8 100 000	10 022 500	10 574 000
Uber Tech Technologies	Support Information on Technology	Mnth to Mnth		332 850	612 000	645 660	681 000
Munsoft (PTY) LTD	Financial System	Jan-19		1 615 000	2 734 000	2 884 000	3 043 000
Manelec (PTY) LTD	Electricity Services	Oct-16	Mnth to Mnth	9 090 825	10 600 000	11 183 000	11 798 000

13) CAPITAL EXPENDITURE DETAILS

Capital expenditure for the 2020/2021 financial year will be funded mainly by grants as follows;

See annexure 3 attached for details

	2019/2020 Budget	2020/2021 Budget	2021/2022 Draft Budget	2022/2023 Draft Budget
Funded by:				
National Government	105 930 000	35 178 000	27 749 000	29 192 000
Provincial Government	33 349 000	350 000	42 000	42 000
District Municipality	723 000	0	0	0
Other transfers and grants	1 002 000	1 201 000	0	0
Transfers recognised - capital	141 004 000	36 729 000	27 791 000	29 234 000
Borrowing	0	0	0	0
Internally generated funds	5 898 000	7 589 000	7 352 000	7 756 000
Total Capital Funding	146 902 000	44 318 000	35 143 000	36 990 000

The following are the top ten valued projects that will be undertaken by Ndlambe Municipality during the 2020/2021 financial year.

See annexure 3 attached for details

Project Description	Funding	2020/2021 Budget	2022 Draft Budget	2023 Draft Budget
Refurbishment of Internal Water Reticulation in Alexandria Water Treatment Works	Municipal Infrastructure Grant	10 467 057.00	11 042 745.00	11 650 096.00
Upgrading of Bulk Water Reticulation in Marselle (500 Houses)	Municipal Infrastructure Grant	5 947 731.00	5 219 461.00	1 000 000.00
Upgrading of Internal Bulk Sewer Reticulation in Marselle (500 houses)	Municipal Infrastructure Grant	5 106 315.00	20 914 403.00	1 007 186.00
Upgrading of Kenton on Sea Sportsfield Phase 2	Municipal Infrastructure Grant	4 719 500.00	-	-
Upgrading of Marsell Sportsfield Phase 2	Municipal Infrastructure Grant	4 680 500.00	-	-
Upgrading of Alfred Road: Port Alfred	Municipal Infrastructure Grant	2 230 008.00	-	-
Upgrading of Kariega Road: Kenton on Sea	Human Settlement Re-development Programme	1 201 000.00	-	-
Upgrading of Klipfontein Sportsfield	Municipal Infrastructure Grant	1 152 232.00	-	-
Upgrading of Bulk Sewer reticulation line in Thornhill (Phase 1)	Municipal Infrastructure Grant	740 900.00	-	10 669 453.00
Fencing of Municipal Buildings	Transfer from Operational Revenue	700 000.00	738 500.00	779 117.00

14) LEGISLATION COMPLIANCE STATUS

The Ndlambe Municipal Councilors and staff are committed to comply fully with all legislation impacting on local government. Section 195(1) of the Constitution sets the basic values and principles that local government must adhere to. To comply fully with all legislation, the municipality must also adhere to circulars issued in line with the legislation and all regulations promulgated to give effect to certain legislation.

The main pieces of legislation that Ndlambe Municipality needs to comply with are;

- The Constitution of the Republic of South Africa
- Local Government: Municipal Structures Act, Act 117 of 1998 with all amendments to date
- Local Government: Municipal Systems Act, Act 32 of 2000 with all amendments to date
- Local Government: Municipal Finance Management Act, Act 56 of 2004 with all amendments to date
- Local Government: Property Rates Act, Act 6 of 2004 with all amendments to date
- Electricity Act of 1987
- Labour Relations Act of 1995
- Financial and Fiscal Commission Act of 1997
- Intergovernmental Fiscal Relations Act of 1997
- Water Services Act of 1997
- Municipal Demarcation Act of 1998
- National Environmental Management Act of 1998
- Remuneration of Political Office Bearers Act of 1998
- Skills Development Act
- Preferential Procurement Policy Framework Act of 2000
- Intergovernmental Relations Framework Act of 2005
- Division of Revenue Act
- Fuel Card User Policy

Circulars and regulations are published from time to time to give effect to the stipulations of the legislation and these also need to be complied with. Certain circulars are however only to be complied with if adopted by Council.

At present the Ndlambe Municipality does not comply with all the existing legislation and the aim is to ensure that by the end of the 2020/2021 financial year all legislation is complied with. This matter has been pointed out in the report of the Auditor-General for the past few years and is in the process of being addressed.

15) SERVICE DELIVERY STANDARDS

See annexure 5

The reporting on service delivery standards is a new initiative by the Ndlambe Municipality to make a commitment to the community and advise the community on the service delivery that they can expect from the municipality from the budget that is available. By documenting service delivery standards the community will have realistic expectations about the nature of the services being delivered. The community will know how often a service will be provided, how long it will take to receive a service, what level of service can be expected, how much the service will cost and be able to monitor performance against the set standards. It must be mentioned that the service delivery standards represent an ideal service to be provided, the aging infrastructure and fleet are key mechanisms to deliver the promised standards. In the event of being failed by these mechanisms, Ndlambe Municipality will communicate with the community while finding alternatives to minimize service interruption.

16) MUNICIPAL MANAGERS' QUALITY CERTIFICATION



QUALITY CERTIFICATE

I **Rolly Dumezweni**, Municipal Manager of **Ndlambe Municipality**, hereby certify that the budget and the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and the annual budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Rolly Dumezweni

Municipal Manager of Ndlambe Municipality (EC105)

R DUMEZWENI

DATE

Part 3 – Annexures

Annexure 1	Tariff Schedule 2020/2021
Annexure 2	Budget Schedules
Annexure 3	Capital Budget 2020/2021
Annexure 4	Budget Related Policies / Finance Policies
Annexure 5	Service Delivery Standards