



Kouga Municipality

Service Delivery & Budget Implementation Plan

Year: 2008/2009

Our VISION

“Kouga, the jewel of the Eastern Cape, striving through impeccable people centered service delivery and sustainable development to ensure equity, harmony and prosperity for all its people”

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FOREWORD BY EXECUTIVE MAYOR

“While the organization is wrapped in legislations and procedures, the focus of the community is on service delivery as well as good governance. It is my duty to ensure that both objectives are achieved timeously and in harmony

The Service Delivery and Budget Implementation Plan (SDBIP) are likened to a complete ship with the ship or vessel being the administrator and the sails being indicative of the (SDBIP) objectives. In plain terms it will determine the direction in which we will travel. The map or course used to navigate these waters will be this document. The Captain being myself, as Mayor and my first mate being the Municipal Manager. The wind is the will of the people. The rudder is the IDP directing purposefully the services and projects to be delivered from consultation. The crew is the staff.

There is no doubt in my mind that the SDBIP could bring together the budget and the IDP as policy documents, subject to the availability of funds and commitment.

“We are committed to success and I wish my crew good luck as the sea is rough but the destination is clear.”

EXECUTIVE MAYOR
R Dennis

1. INTRODUCTION

OBJECTIVE

The primary objective is to develop a 12 month plan within which the Municipality has to achieve the following:

- Deliver the services represented by the expenditure in the budget
- The income to fund the service delivery.

Circular 13 from National Treasury attempts to commit all stakeholders to the agreement to work towards specific objectives. This is done within the framework of consultation as outline in Chapter 4 of the Systems Act.

The secondary objective is to reduce to writing the activities of the organization so that it may be subjected to assessment and benchmarking.

It serves as supplementary support document to the approved budget represented as a policy document. It further serves as a record of the Key Performance Areas (KPA) with their corresponding Key Performance Indicators (KPI) or Critical Success Factors (CSF).

DEFINITION

S	-----	SERVICE	-----	THAT TANGIBLE AND INTANGLE GOOD(S) AND/OR SERVICE(S) THAT IS A PRODUCT OF OUR EXISTENCE BY MANDATE
D	-----	DELIVERY	-----	THE "VEHICLE" USED TO ACHIEVE THE SERVICE AT THE RIGHT TIME, PLACE , QUANTITY AND QUALITY
B	-----	BUDGET	-----	A POLICY DOCUMENT, THAT RECORDS REALISTIC INCOME AND EXPENDITURE AS WELL AS THE INTENDED ACTIVITIES

I ----- IMPLEMENTATION --

THIS REFERS TO THE
CONSEQUENCE AND
REALIZATION OF
DELIVERY. THE ACTION
OR EFFORT

P ----- PLAN -----

THIS IS THE SDBIP
STRATEGY DOCUMENT
SO AGREED BY THE
STAKEHOLDERS.

Once the budget has been approved, at least one week before the commencement of the new financial year the SD&BIP must be presented to the Mayor by the Accounting Officer after consultations with Senior Manager and other Head of Departments.

Even though it is not a policy document like the IDP and the Budget it is a vital tool for planning and strategy development. The monitor capability of the PMS system is vitally important towards reporting and achieving service delivery. It is a vital tool for decision-making and contracting mandates from communities.

The layers of this document will see the objectives reported by the following listed components as well as the comparisons to the Organizational Performance and in turn linked to the individual Directors and their activities within their votes.

The major components of the SDBIP are:

1. Quarterly projections of budgeted income and actual income per vote and per activity
2. Quarterly projections of budgeted expenditure, both operating and capital, against actual per vote and per activity
3. Quarterly projections of the service (KPA) achieved against budget spending and comment.

These will be illustrated both tabular and graphically with comments

The procedure

The SDBIP was fundamentally divided in two sections namely:

- a. *The Service Delivery Component(SD)*

This is derived from the Performance Management System from which the KPA and its score are extracted. Here we analyzed the purpose for the existence of the budget into the KPA and the corresponding KPI together with its delivery mechanism.

b. *The Budget Implementation Plan (BIP)*

Hereto we made use of controlled stationers to provide the detail associated with every line on the budget. This was to determine the justification for the budget as well as ascertain it directive in support of a KPA

The Concept

It is that spending will be indicative of service delivery as a major consideration of whether the KPA was achieved. It is supplemented by an overview report by the Director and endorsed by the Municipal Manager.

LEGISLATION

The Municipal Finance Management Act 2004, Chapter 7, Section 53 (c) (ii), which states:

“Take reasonable steps to ensure the Municipalities SD&BIP is approved by the Mayor within 28 Days after the approval of the budget and made public no later than 14 days after that”

Circular 13, from National Treasury provides the departure point for the SDBIP.

Chapter 8 of the MFMA stipulates that the Accounting Officer must submit a draft of the SDBIP to the Mayor within 14 days of the budget being approved as well as a draft of the annual performance agreements required by the Municipal Systems Act

Section 72 (1), (a), (ii) states “the accounting officer of the municipality must by 25 January of each year-assess the performance of the municipality during the first half of financial year, taking into account-the municipality’s service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan”

These sections leads us to the budget monitoring requirements of section 71 and the rest of section 72 of the MFMA where it is stipulated that the Mayor must check whether the budget is being implemented in accordance with SDBIP.

It should be note that service delivery and its related expenditure is based on the ability to fund the budget. Should a shortage income realize an Adjustment Budgets, in terms of the MFMA, will be tabled?

The effect is that expenditure will be reduced in line with realistic income. This in turn means that service as contained in the SDBIP will then be reduces as well.

ROLEPLAYERS

They include and their respective roles are:

1. The Executive Mayor

As head of the Mayoral Committee Council and to provide political leadership and directive.

2. The Ward Councillor

As representative of a certain sector of the population and as promoter of Ward Committee structure.

3. The Municipal Manager

As Accounting Officer and administratively charged.

4. The Chief Financial Officer

As advisor to the AO and responsible for the administration of the budget. (Section 84, (1).

Senior accountants for reporting and assistance. Delegation- MFMA

5. Senior Managers

As appointed as head of department for the respective services. Section 78, (1).

6. Senior officials and Section Heads

Reporting to Senior Managers and acting under delegation of their superiors.

7. Unions

As recognized body for organized labour being SAMWU and IMATU.

8. External Parties

- National Treasury- MFMA
- Provincial Officers and Departments.-MFMA

9. Internal Documents

- Integrated Development Plan
- Spatial Development Plans
- Local Economic Development Plan

10. Other

ORGANOGRAM AND INSTITUTIONAL ARRANGEMENTS

The organogram that depicts the structure of employees that supports and delivered the objectives of the organization. The budget is divided into activities together with the employees associated with it.

2. INCOME - BUDGETS

2.1. Revenue By Source

REVENUE BY SOURCE	Budget R'000	Actual YTD	Quarter 1		Quarter 2		Quarter 3		Quarter 4		(% of budget)
			Prjctd	Actual	Prjctd	Actual	Prjctd	Actual	Prjctd	Actual	
Property rates	82,751										
Property rates - penalties imposed and collection charges	975										
Service charges - electricity revenue from tariff billings	79,669										
Service charges - water revenue from tariff billings	34,034										
Service charges - sanitation revenue from tariff billings	17,445										
Service charges - refuse removal from tariff billings	17,952										
Service charges - other	21,585										
Rental of facilities and equipment	547										
Interest earned - external investments	1,946										
Interest earned - outstanding debtors	1,890										
Fines	416										
Licenses and permits	671										
Income for agency services	3,650										
Government grants & subsidies	25,766										
Total Revenue By Source	289,297										

Comments:

Here we comment on cashflow performance of income earning service and charges.

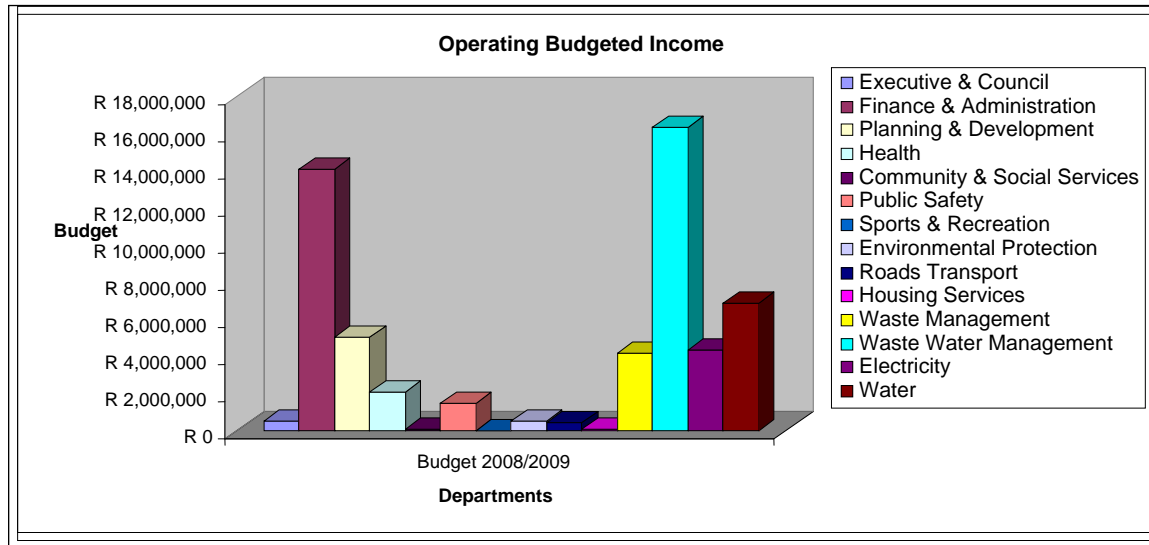
2.2. Revenue By Vote

REVENUE BY VOTE	Budget	Actual YTD	Quarter 1		Quarter 2		Quarter 3		Quarter 4		(% of budget)
	R'000		Prjctd	Actual	Prjctd	Actual	Prjctd	Actual	Prjctd	Actual	
Executive & Council											
Finance & Administration											
Planning & Development											
Health											
Community & Social Service											
Public Safety											
Sport & recreation											
Environmental Protection											
Roads transport											
Housing Services											
Waste Management											
Electricity											
Water Services											
Total Revenue By Source	289,297										

Comments:

Here we comment on cashflow performance by GFS vote

2.3. Budgeted Revenue Graph (illustration)



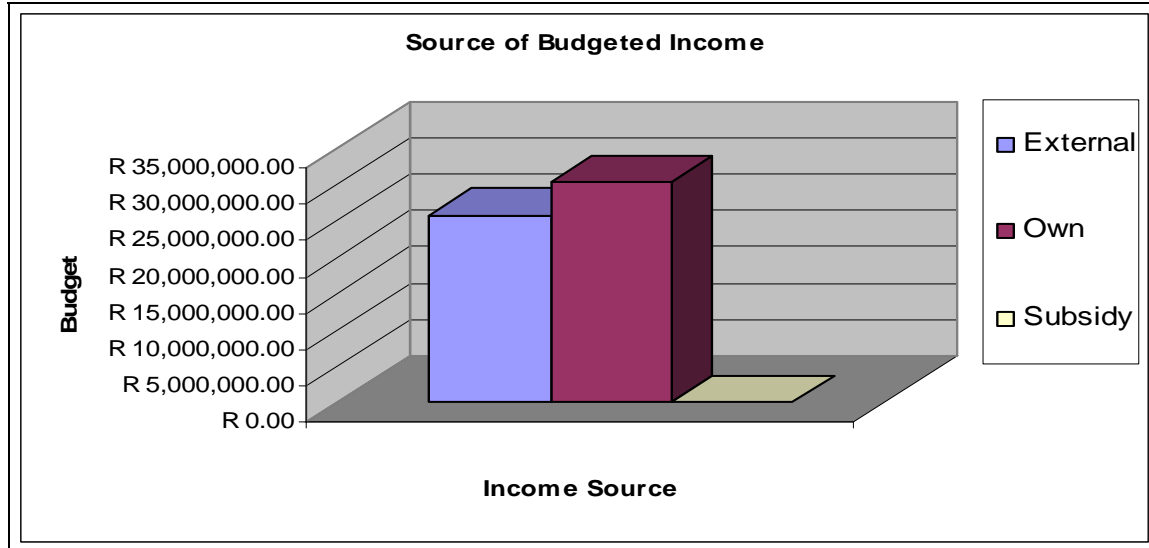
Comment:

Here we would report on the achievement of realistic anticipated income received and collected, as budgeted for. This includes all income

2.3. Source of Revenue Table/Graph

Source of Funds	Budget	Actual
External		
Own		
Subsidy		
Totals	R0.00	R0.00

2.4. Source of Budgeted Income Graph (illustration)



Comment:

Here we would report on the achievement of realistic anticipated income received and collected, as budgeted for.

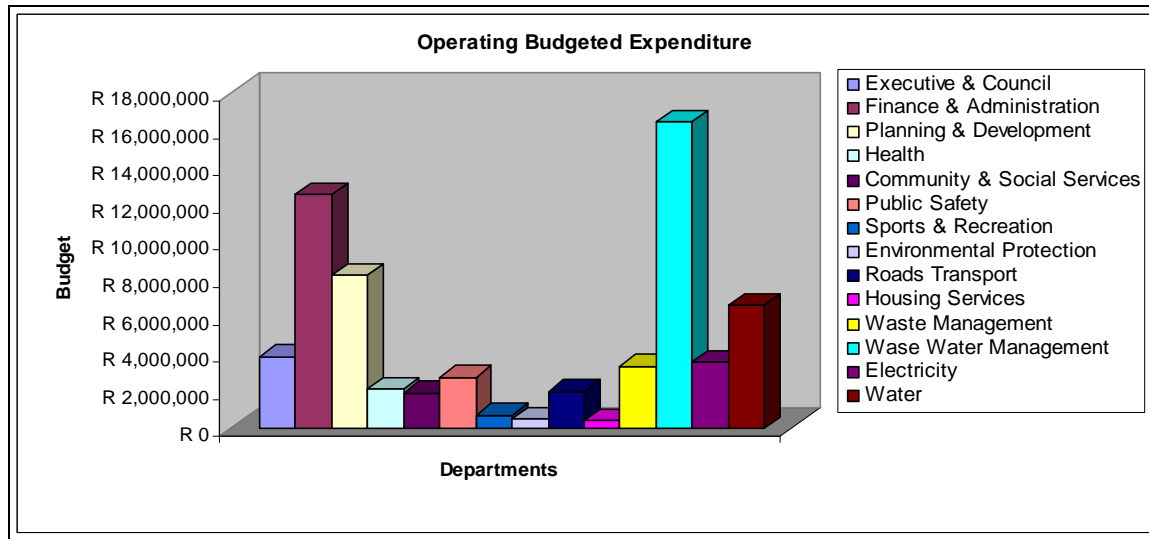
3.3 Budget Expenditure by Department/ Vote

Type	Budget	Actual	Quarter 1		Quarter 2		Quarter 3		Quarter 4		YTD %	QTR%
			Prjct	Actual	Prjct	Actual	Prjct	Actual	Prjct	Actual		
Office of the Mayor												
Office of the Municipal Manager												
Chief Financial Officer												
Directorate: Corporate Services												
Directorate: Technical Services												
Directorate: ESD, HR												
Directorate: Community Services												

Comments:

Here we comment on performance by departments, providing reason for under and over expenditure

3.4. Budgeted Expenditure Graph (illustrative)



Comment:

Here we would report on the spending per government classification called GFS, as budgeted for. This includes all types of expenditure

4. CAPITAL EXPENDITURE

4.1. Capital Expenditure per Project

Projects Stages Of Development									
Pre-Implementation			SCM			Implement		Complete	
Design	Investigation	Consultant	Advert	BEC	BAC	Handover	In progress	Sign - off	Retention
1	2	3	4	5	6	7	8	9	10

REF	DESCRIPTION	Ward	SERVICE	IDP PRIORITY	GFS DISCRPTION	SOURCE	YEAR 1 BUDGET R'000	Actual Spent	(%)	Stages of development	(%)
150	Civic Centre		BUILDINGS AND PROPERTIES	Institutional & good governance	Finance & Admin	CRR (AFR)	1,000				
151	Civic Centre		BUILDINGS AND PROPERTIES	Institutional & good governance	Finance & Admin	CRR (AFR)	1,000				
152	Civic Centre		BUILDINGS AND PROPERTIES	Institutional & good governance	Finance & Admin	CRR (AFR)	1,000				
153	Water Reservoir		WATER	Infrastructure & service delivery	Water	CRR (AFR)	1,200				
154	Ward Development		COUNCIL	Institutional & good governance	Executive & Council	CRR (AFR)	1,000				
155	Roads Upgrade , paving		PUBLIC WORKS	Infrastructure & service delivery	Road Transport	CRR (AFR)	4,000				
156	Sewerage pump station		SEWERAGE	Infrastructure & service delivery	Waste Water Management	CRR (AFR)	1,500				
157	Sewerage reticulation		SEWERAGE	Infrastructure & service delivery	Waste Water Management	CRR (AFR)	2,500				
158	High mast light		PUBLIC WORKS	Infrastructure & service delivery	Road Transport	CRR (AFR)	1,000				
159	Upgrade of sport field		SPORT AND RECREATION	Socio-Economic development	Sport & Recreation	CRR (AFR)	500				
160	Sewerage treatment works		SEWERAGE	Infrastructure & service delivery	Waste Water Management	CRR (AFR)	2,800				
161	Pegging		HOUSING	Infrastructure & service delivery	Housing	CRR (AFR)	1,600				
162	Extension j/bay		BUILDINGS AND PROPERTIES	Institutional & good governance	Finance & Admin	CRR (AFR)	2,000				

163	Electrification		ELECTRICITY	Infrastructure & service delivery	Electricity	CRR (AFR)	1,200				
164	Standby Generations		ELECTRICITY	Infrastructure & service delivery	Electricity	CRR (AFR)	1,200				
167	Upgrade of sport field		SPORT AND RECREATION	Socio-Economic development	Sport & Recreation	CRR (AFR)	200				
168	Storm water		PUBLIC WORKS	Infrastructure & service delivery	Road Transport	CRR (AFR)	1,000				
169	Renovation of Civic Centre		BUILDINGS AND PROPERTIES	Institutional & good governance	Finance & Admin	CRR (AFR)	200				
170	Patensie Sewerage Plant		SEWERAGE	Infrastructure & service delivery	Waste Water Management	CRR (AFR)	1,500				
171	ITC infrastructure		FINANCE : INFORMATION SYSTEMS	Financial management	Finance & Admin	CRR (AFR)	250				
172	Electrification- Upgrade 66KV line		ELECTRICITY	Infrastructure & service delivery	Electricity	CRR (AFR)	750				
173	Humansdorp industrial area roads and sewers		PUBLIC WORKS	Infrastructure & service delivery	Road Transport	CRR (AFR)	2,000				
174	Water Connections RDP Houses		WATER	Infrastructure & service delivery	Water	CRR (AFR)	350				
175	Regional Waste Facility		REFUSE	Infrastructure & service delivery	Waste Management	CRR (AFR)	980				
176	Cemeteries		CEMETERIES	Socio-Economic development	Community & Social Services	CRR (AFR)	1,350				
177	Fencing		CEMETERIES	Socio-Economic development	Community & Social Services	CRR (AFR)	700				
178	Extension of Head Office Building		BUILDINGS AND PROPERTIES	Institutional & good governance	Finance & Admin	CRR (AFR)	650				
179	Upgrade bulk outfall sewer gravity		SEWERAGE	Infrastructure & service delivery	Waste Water Management	Augmentation	750				
180	Humansdorp Central - upgrade internal sewer reticulation		SEWERAGE	Infrastructure & service delivery	Waste Water Management	Augmentation	750				
182	Standby generator J/Bay Water Treatment Plant		WATER	Infrastructure & service delivery	Water	Augmentation	400				
185	Adjustment for current year		WATER	Infrastructure & service delivery	Water	Grant MIG	3,861				
186	Thornhill Sewerage Treatment Plant		SEWERAGE	Infrastructure & service delivery	Waste Water Management	Grant MIG	501				
190	Upgrading of Clinic Kwanomzamo		HEALTH	Socio-Economic development	Health	Grant MIG	1,040				
191	Kwanomzamo Internal water		WATER	Infrastructure & service delivery	Water	Grant MIG	700				
192	Thornhill sewerage reticulation		SEWERAGE	Infrastructure & service delivery	Waste Water Management	Grant MIG	300				
193	Jill Marcus Village		PUBLIC WORKS	Infrastructure &	Road Transport	Grant MIG	700				

	Taxi Rank			service delivery						
194	Water Treatment Plant Hankey Aug.		WATER	Infrastructure & service delivery	Water	Grant MIG	2,925			
195	Jill Marcus Village Sewerage Reticulation		SEWERAGE	Infrastructure & service delivery	Waste Water Management	Grant MIG	3,150			
196	New Reservoir-Oyster bay		WATER	Infrastructure & service delivery	Water	Grant MIG	1,600			
197	Water Treatment Plant Oyster Bay Aug.		WATER	Infrastructure & service delivery	Water	Grant MIG	640			
198	Kruisfontein B.W.S		WATER	Infrastructure & service delivery	Water	Grant MIG	1,250			
199	Kruisfontein Sewerage Treatment Plant		SEWERAGE	Infrastructure & service delivery	Waste Water Management	Grant MIG	900			
200	Upper Gamtoos Clinic		HEALTH	Socio-Economic development	Health	Grant MIG	1,600			
201	Aug. Sewerage Treatment Plant J/Bay		SEWERAGE	Infrastructure & service delivery	Waste Water Management	Grant MIG	1,772			
211	Electrification Kwanomzamo/oyster bay Kruisfontein		ELECTRICITY	Infrastructure & service delivery	Electricity	Grant DME	2,000			
212	Bulk Upgrade J/Bay		ELECTRICITY	Infrastructure & service delivery	Electricity	Grant DME	4,000			
213	Adjust 2007/2008		ELECTRICITY	Infrastructure & service delivery	Electricity	Grant DME	-1,000			
214	Humansdorp (219)		HOUSING	Infrastructure & service delivery	Housing	Grant DLGH&TA	8,537			
215	Oceanview (490)		HOUSING	Infrastructure & service delivery	Housing	Grant DLGH&TA	19,102			
216	Kwanomzamo (175)		HOUSING	Infrastructure & service delivery	Housing	Grant DLGH&TA	6,822			
217	Refuse Transfer Station		REFUSE	Infrastructure & service delivery	Waste Management	CRR (AFR)	900			
218	Weigh Bridge		REFUSE	Infrastructure & service delivery	Waste Management	Augmentation	1,000			

4.2. Capital Expenditure per Project

The actual will be measured against the following:

Cash flow Schedule (20087/2009): Municipal Infrastructure Grant (MIG)																
Month	PMU	Projects (Rands)										Draw Down	Expenditure	%	Comment	
		1	2	3	4	5	6	7	8	9	10					
	5%															
April '08																
May '08																
June '08																
July '08																
August '08																
September '08																
October '08																
November '08																
December '08																
January '09																
February '09																
March '09																
Total																

Sector / Department	Project No.	Project Name
TECHNICAL SERVICES		
	1	Kwanomzamo Internal Water Reticulation
	2	Gill Marcus Village Taxi Route
	3	Augmentation of Hankey Water Treatment Plant
	4	Gill Marcus Village Water & sewerage Reticulation
	5	New Reservoir : Oysterbay
	6	Augmentation of Oysterbay Water Treatment Plant
	7	Kruisfontein Bulk Water Supply
	8	Kruisfontein Sewer Treatment Plant
	9	Augmentation of Jeffrey bay Sewer Treatment Plant
COMMUNITY SERVICES		
	10	Upgrading of Kwanomzamo Clinic
	11	New Clinic Upper Gamtoos

4.3. Capital Expenditure per Project

Cash flow Schedule (2008/2009): Department of Minerals & Energy							
Month	Budget	Actual	Pre-Implementation	Design	Implementation	Complete	Comment
April '08	0						
May '08	0						
June '08	0						
July '08	1 000 000						
August '08	1 500 000						
September '08	1 500 000						
October '08	1 000 000						
November '08	1 000 000						
December '08	0						
January '09	0						

February '09	0						
March '09	0						
Total	6 000 000						

Comments:

Here we comment on capital expenditure on grants

Infrastructure & service delivery	PUBLIC WORKS	14,714										
Infrastructure & service delivery	REFUSE	33,521										
Infrastructure & service delivery	SANITATION	2,904										
Infrastructure & service delivery	SEWERAGE	19,659										
Socio-Economic development	SOCIAL DEVELOPMENT	651										
Socio-Economic development	SPORT AND RECREATION	1,179										
Institutional & good governance	SKILLS DEVELOPMENT & EMPLOYMENT EQUITY	1,344										
Infrastructure & service delivery	WATER	33,779										
Infrastructure & service delivery	WATERWAYS	821										
TOTAL OPERATING EXPENDITURE		289,288										

5.2 Detailed Integrated Development Plan

See attached the detailed project listing attached as annexure “A”

3	Ensure that the council is optimally capacitated												
4	Ensure the employment of finance and human resources for the achievement of departmental objectives												
5	Ensure that all applicable legislative and governmental acts are applied effectively throughout the department												
Director: Community Services													
1	Provision of primary health, social services and environmental health services to the community and the management of related projects												
2	The provision of Cleansing and Parks services for the community and the council												
3	The provision of waste disposal services and cemeteries for the community and council												
4	The provision and maintenance of community facilities and sport and recreation facilities for the community												
5	The provision of protection services to the community and the Council.												
6	The implementation and facilitation of IDP projects as prescribed for the Community Services department as aligned with allocated budget.												
7	Ensuring the Community services department is adequately capacitated within the allocated budget												
8	The employment of resources to ensure the optimal functioning of the department												
9	Ensuring the prudent application of legislation, resolutions and by-laws to ensure good governance within the department												



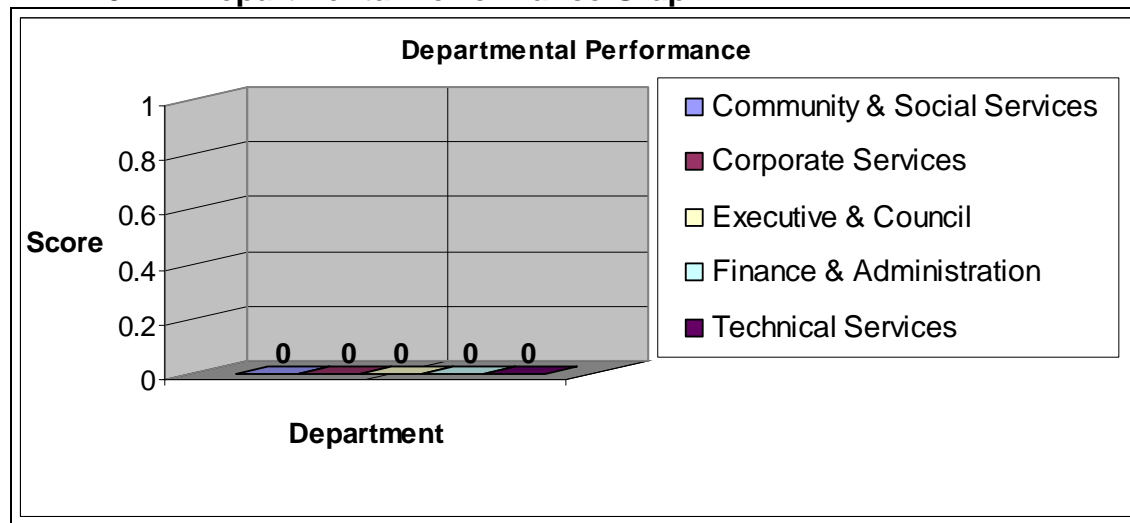
5.2 Departmental Performance

5.2.1. Departmental Performance Table

Department	Score
Community & Social Services	
Corporate Services	
Executive & Council	
ESD,HR	
Finance	
Technical Services	

This table summarizes the total or aggregate Departmental performance

5.2.2. Departmental Performance Graph



SUPPLEMENTARY INFORMATION

A. WARD INFORMATION

Ward		
1		
2		
3		
4		
5		
6		
7		

8		
9		
10		

B. SPENDING CLASSIFICATIONS

Spending protocol is vitally important if the budget, especially within a 12 month period is to be achieved. It has to conform to the internal and external policies and legislation. E.g. Supply Chain Management Policy.

Type of spending

1. Deliberate spending (priority 4)

Here expenditure is incurred as a result of a directive to be achieved e.g. purchasing of later model computers. This spending need necessarily not have taken place but may be as a result of a future plan for spreading expenses or a maintenances plan.

2. Compulsory spending (priority 1)

Here no choice is possible and if not incurred will result in a break down in service delivery E.g. salaries and wages, loan repayments.

3. Voluntary spending (priority 3)

This spending type refers to expenses that add to an existing service that part that could be done without or restrict but is seen as contributions to matters other than basic service delivery or indirectly we do not know its full extent e.g. Donation, provisions, telephone, stationery.

4. Involuntary spending (priority 2)

These expenses we have no control over and will include bank charges, delivery fees, P.A.Y.E, vat

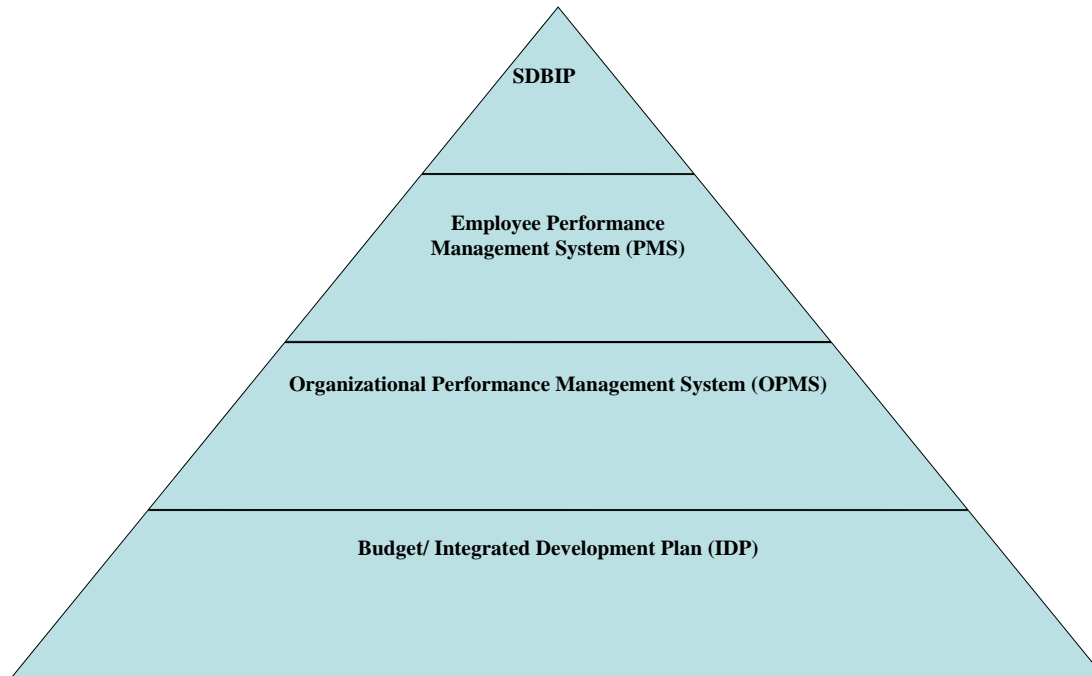
The priority of spending may necessarily not be directly related to the timing of when the expenses take place. What is intended is that when cash flow become a problem one should be able to prioritize spending so as not to halt service delivery. Every head of department should indicate next to the spending line the priority and so for e.g. a compulsory spending budget may be achieved. This will facilitate emergency reform action on a minutes' notice.

C. PERFORMANCE MANAGEMENT

The SDBIP forms and integral part of the Organizational Performance management system (to be developed) and cascade into the performance management contract of senior manager. This is subject to independent scrutiny by the Office of the Auditor-general and tabled at the Audit Committee.

The results thereof will be available on our website.

The pyramid illustrate the span between the SDBIP and the Policy Document



D. SDBIP REVISION

As budget administrator the CFO will forward to the Accounting Officer the reports in terms of section 71 and 72. The results of trading between realistic income and expenditure will prompt the need to revise the SDBIP.

- The areas of concern will be highlighted
 - The Adjustment Budget will be made available.
-

- The corresponding KPA will be identified
- The Director in charge will be requested to provide written comment as the need to adjust the SDBIP, considering the priority status.
- The choice of alternatives will be tabled in an effort to avert downwards adjustment.
- Consultation will be held with the Executive Mayor and management
- A report will be compiled and tabled at Council.
- Performance measurements will be adjusted.
- Roll over for capital projects will be note and the funds set aside at the year end should financial resources permit.

The circular diagram illustrates the flow of functions to revise the SDBIP

