



SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

VERSION 2 (Mayor's Approval)

June 2013

PREPARED BY:

ILEMBE DISTRICT MUNICIPALITY

PMS UNIT

TABLE OF CONTENT

1. INTRODUCTION.....	3
2. LEGISLATIVE FRAMEWORK	3
3. COMPONENTS FO THE SDBIP	3
Monthly projections of each source of revenue to be collected.	3
Monthly projections of each vote’s expenditure (operating and capital) and revenue.....	3
Quarterly projections of each vote’s service delivery targets and performance indicators.	3
Detailed capital works plans allocated by the wards over three years.....	3
3.1 Monthly projections of each source of revenue to be collected.....	4
3.2 Monthly projections of each vote’s expenditure (operating and capital) and revenue.....	4
3.3 Quarterly projections of each vote’s service delivery targets and performance indicators.....	4
3.4 Detailed capital works plans allocated by the wards over three years.	4
4. THE SDBIP DEVELOPMENT CYCLE	4
4.1 Planning	4
4.2 Tabling	4
4.3 Adoption	5
4.4 Publishing.....	5
4.5 Implementation and Reporting	5
5. GENERAL.....	5
6. CONSOLIDATED BUDGET CHARTS	6
6.1 Overall Budget.....	6
6.2 Capital Budget per department	6
Draft Operating Budget	7
7. BUDGET SCHEDULES.....	9
8. SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS	11
9. DETAILED CAPITAL WORKS PLAN	12

1. INTRODUCTION

The purpose of this document is to outline the Service Delivery and Budget Implementation Plan (SDBIP) of the Ilembe District Municipality for the 2013/14 financial year.

The SDBIP ensures the alignment of the IDP and the Budget of the municipality. It defines the objectives of the district and the inputs, outputs and outcomes achievable in the said financial year. As required by the MFMA, it includes service delivery targets for each quarter and will facilitate oversight over the financial and non financial performance of the municipality.

The SDBIP will not only ensure appropriate monitoring in the execution of the district's budget to achieve key strategic priorities as set out in the IDP, but also serve as the kernel of annual performance contract for section 56 managers which in turn provide a foundation for the overall annual and quarterly organisational performance for the 2013/2014 financial year.

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

2. LEGISLATIVE FRAMEWORK

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

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

Being a management and implementation plan (not a policy proposal) the SDBIP is not required to be approved by the council. It is however tabled before council and made public for information and for purposes of monitoring. According to Section 53 of the MFMA, the Executive Mayor is expected to approve the SDBIP within 28 days after the approval of the budget. In addition, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are circulated or made public within 14 days after its approval.

3. COMPONENTS FO THE SDBIP

Monthly projections of each source of revenue to be collected.

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

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

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

3.1 Monthly projections of each source of revenue to be collected

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

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

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

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

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

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

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

4. THE SDBIP DEVELOPMENT CYCLE

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

4.1 Planning

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

4.2 Tabling

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

4.3 Adoption

The Mayor approves the SDBIP no later than 28 days after the adoption of the municipality's budget.

4.4 Publishing

The adopted SDBIP is made public through the council's website

4.5 Implementation and Reporting

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

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

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

5. GENERAL

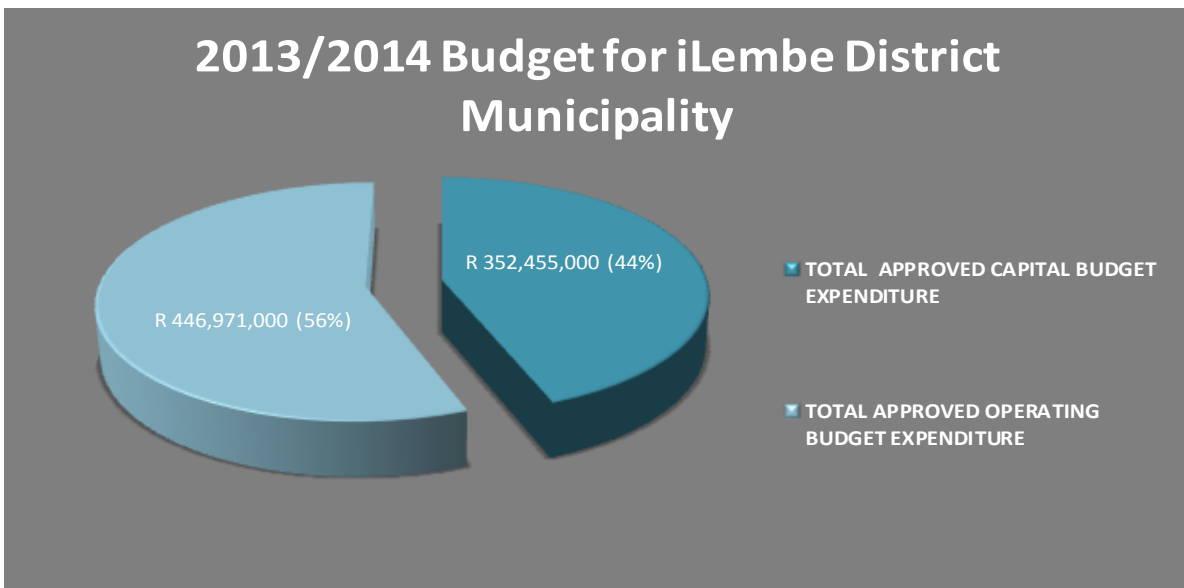
It must be noted that the SDBIP is a dynamic and evolving document and it will continue to be refined and improved on continuous basis. The District is currently anticipating enhancement of the system in its quest to have accurate and credible information reported, by having an electronic system in place. The electronic system will assist by sending email reminders to stakeholders, highlighting underperformance on projects, and monitoring the implementation of the corrective measures to improve underperformance, analysis trends on key indicators to monitor outcomes. The Internal controls on the performance information are in place and the internal auditors performs the auditing of the PMS system and the performance information on quarterly basis to ensure that the application and effectiveness of the controls.

6. CONSOLIDATED BUDGET CHARTS

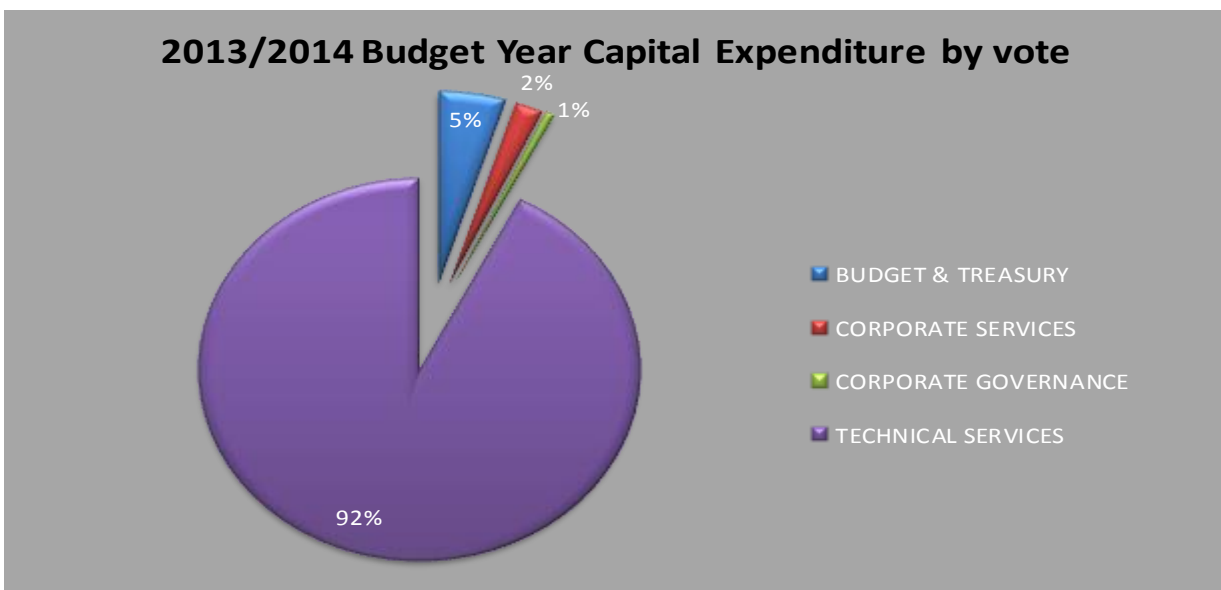
The Budget for 2013/14 financial year

The following graphs provide an overview of the Ilembe District Municipality’s draft budget for the 2013/2014 financial year.

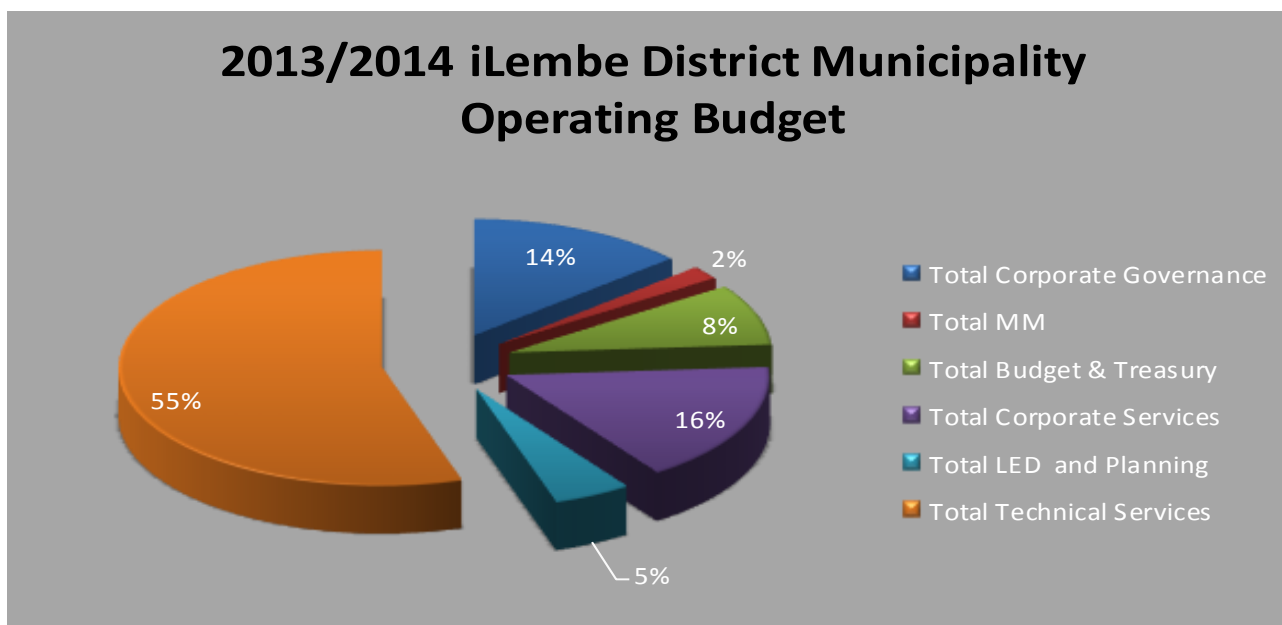
6.1 Overall Budget



6.2 Capital Budget per department



6.3 Operating Budget per Department



Operating Budget

Revenue sources (where the money comes from)

2014 BUDGET (R)

Service charges – water revenue	86,494,000
Service charges – sanitation revenue	17,298,000
Service charges – other	2,810,000
Rental of facilities and equipment	287,000
Interest earned – external investments	6,600,000
Interest earned – outstanding debtors	16,760,000
Agency Services	1,515,000
Transfers recognised – operational	278,320,000
Other revenue	61,797,000

Operating expenditure (where the money will be used)

Employee Related costs	122,882,000
Remuneration of Councillors	7,189,000
Debt impairment	19,346,000
Depreciation and asset impairment	31,600,000
Finance charges	12,100,000
Bulk Purchases	55,689,000
Other Materials	21,930,000
Contracted Services	59,973,000
Transfers and grants	26,040,000
Other expenditure	90,222,000

7. BUDGET SCHEDULES

MONTHLY PROJECTIONS BY REVENUE SOURCE (Millions)													
Revenue Source	July 2013	August 2013	Sept 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014	Total
Water Revenue	7,208	7,208	7,208	7,208	7,208	7,208	7,208	7,208	7,208	7,208	7,208	7,208	86,494
Sanitation Revenue	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	17,298
Other Service Charges	234	234	234	234	234	234	234	234	234	234	234	234	2,810
Investment Interest	550	550	550	550	550	550	550	550	550	550	550	550	6,600
Interest on Debtors	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	16,760
Grant Income-operational	109,646	1,974	1,974	1,974	83,057	1,974	1,974	1,974	67,854	1,974	1,974	1,974	278,320

ILEMBE DISTRICT MUNICIPALITY

MONTHLY PROJECTIONS OF REVENUE AND EXPENDITURE BY VOTE												
DEPARTMENT	Jul-13				Aug-13				Sep-13			
	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV
Office of MM	664		1078		664		1078		664		1078	
Corporate Services	6190	585	4984	585	6190	585	4984	585	6190	585	4984	585
Budget & Treasury	3172	1417	10491	1417	3172	1417	10491	1417	3172	1417	10491	1417
Technical Services	20682	27163	48626	27163	20682	27163	48626	27163	20682	27163	48626	27163
Corporate Governance	5060	200	2375	200	5060	200	2375	200	5060	200	2375	200
LED & Planning			699				699				699	

DEPARTMENT	Oct-13				Nov-13				Dec-13			
	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV
Office of MM	664		1078		664		1078		664		1078	
Corporate Services	6190	585	4984	585	6190	585	4984	585	6190	585	4984	585
Budget & Treasury	3172	1417	10491	1417	3172	1417	10491	1417	3172	1417	10491	1417
Technical Services	20682	27163	48626	27163	20682	27163	48626	27163	20682	27163	48626	27163
Corporate Governance	5060	200	2375	200	5060	200	2375	200	5060	200	2375	200
LED & Planning			699				699				699	

DEPARTMENT	Jan-14				Feb-14				Mar-14			
	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV
Office of MM	664		1078		664		1078		664		1078	
Corporate Services	6190	585	4984	585	6190	585	4984	585	6190	585	4984	585
Budget & Treasury	3172	1417	10491	1417	3172	1417	10491	1417	3172	1417	10491	1417
Technical Services	20682	27163	48626	27163	20682	27163	48626	27163	20682	27163	48626	27163
Corporate Governance	5060	200	2375	200	5060	200	2375	200	5060	200	2375	200
LED & Planning			699				699				699	

DEPARTMENT	Apr-14				May-14				Jun-14			
	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV	OPEX	CAPEX	OPS REV	CAPS REV
Office of MM	664		1078		664		1078		1014		1078	
Corporate Services	6190	585	4984	585	6190	585	4984	585	5393	665	4094	665
Budget & Treasury	3172	1417	10491	1417	3172	1417	10491	1417	3078	1417	10491	1417
Technical Services	20682	27163	48626	27163	20682	27163	48626	27163	17845	27163	17111	27163
Corporate Governance	5060	200	2375	200	5060	200	2375	200	4895	200	2375	200
LED & Planning			699				699		14662		695	

8. SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS

**SERVICE DELIVERY TARGETS AND
PERFORMANCE INDICATORS**

9. DETAILED CAPITAL WORKS PLAN

DETAILED CAPITAL WORKSPLAN