

TSOLWANA FINAL SDBIP 2014-15 FINANCIAL YEAR



Together we can do more



TSOLWANA LOCAL MUNICIPALITY P.O BOX 12, TARKASTAD,

VISION

“A municipality that provides access to basic services with emphasis on economic growth, rural development and agricultural sustainability”

MISSION

To effectively deliver the municipal mandate within the context of our existing capacity and constraints while ensuring financial and administrative stability in the municipal operations and governance.

VALUES

In addition to the Batho Pele principles, our municipality commits itself to upholding the following set of values:

- Good governance
- Transparency
- Public participation
- Integrity and honesty
- Responsiveness to work ethic

TABLE OF CONTENTS

ITEM	COMPONENTS	PAGE NO.
1.	Introduction	3
2.	SDBIP Concept	3
3.	Budget for 2014-15 financial year	4
4.	Legislative Framework	4
5.	Components of SDBIP	5
6.	Overview of SDBIP	6
7.	Service Delivery Targets	11

1. INTRODUCTION

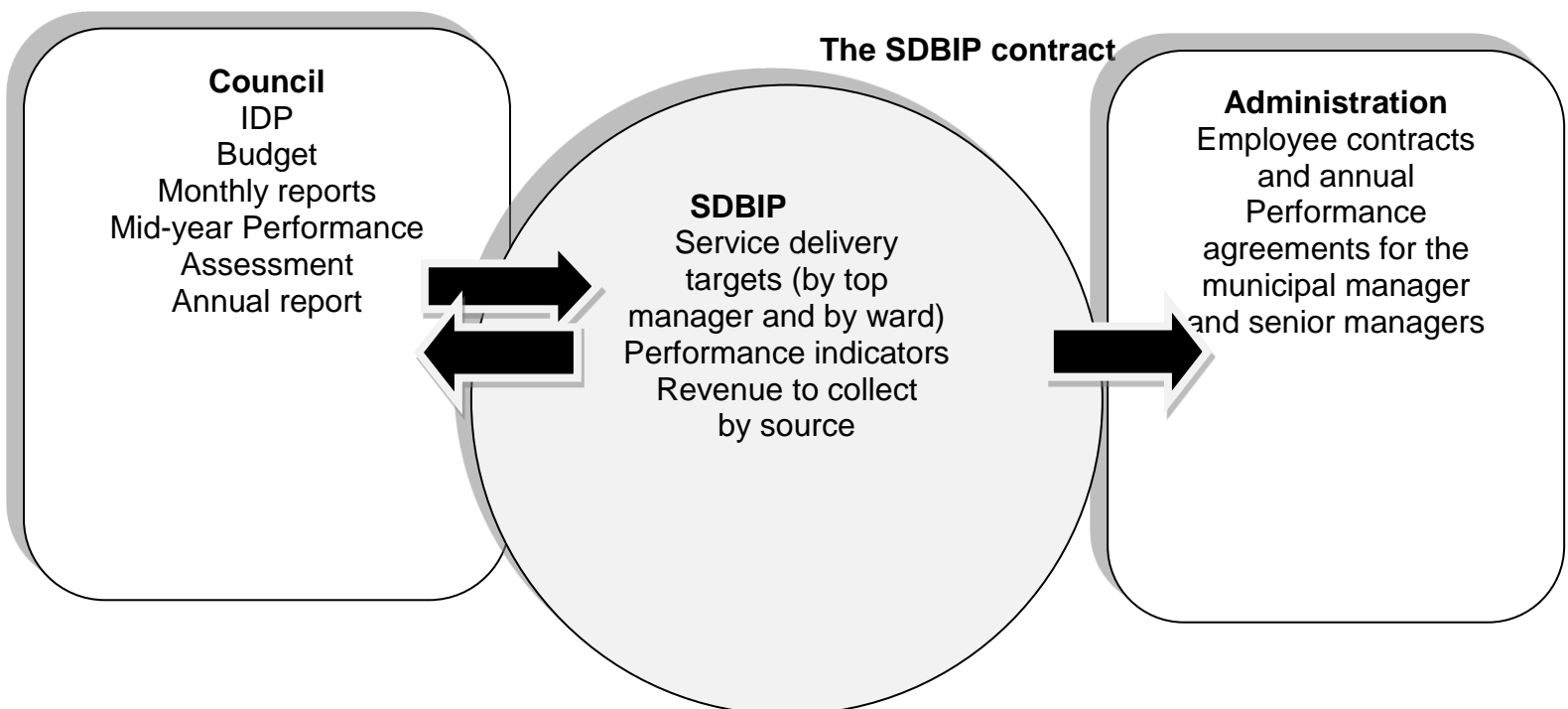
This document seeks to present the SDBIP 2014-15 financial year for Tsohwana Local Municipality. Municipal Finance Management Act (MFMA). No 56 of 2003 requires the municipality to develop implement and monitor the SDBIP. This is a one year plan that gives effect to the Integrated Development Plan and the budget of the municipality. The plan is a tool to implement the IDP in line with the available and approved budget. The municipality states objectives that are assessable and achievable for implementation in a financial year. Targets that are realistic and attainable are set in quarters. Oversight is conducted both on financial and nonfinancial targets.

Tsohwana SDBIP 2014-15 will serve as a significant tool for the implementation of service delivery main concerns as clearly expressed in the Municipality's IDP with budget pockets allocated to each priority. Proper alignment of budget and projects linked to IDP is crucial in this scenario. The development of performance plans for the Accounting Officer and all senior managers are developed from the SDBIP. This provides the municipality with a solid foundation for the consolidation of the Municipality's annual performance for 2014-15 as guided by the (MFMA).

2. SDBIP CONCEPT

According to the Municipal Finance Management Act of 2003, a Service Delivery Budget Implementation Plan (SDBIP) is "a detailed plan approved by the Mayor of the municipality in terms of section 53(i) (c) (ii) for implementing the municipality's delivery of services and execution of its Annual Budget."

The SDBIP is therefore defined as a contract between the administration, council and community where the goals and objectives as set out by the Council are quantified and can be implemented by the administration of the Municipality. In developing a good performance management tool for the Municipality, the IDP and budget is drafted and adopted by Council in order to develop service delivery and budget implementation putting into effect the budget.



The SDBIP is a monitoring and implementation tool that is the vital link between the Mayor, Council and Administration. The SDBIP facilitates the process for holding management accountable for its performance. The SDBIP quantifies the strategic objectives as highlighted in the budget to measurable outcomes.

The SDBIP measures the effectiveness of each initiative as well as its costs to the municipality in terms of time, human resource and finance. The Key Performance Indicators (KPIs) are presented per department.

It will be updated quarterly using the approved departmental scorecards in terms of the Tsolwana Revised Performance Management Framework adopted in a Special Council Meeting on the 30 May 2014. The quarterly reports will be consolidated, presented to Standing Committee and form part of the S46 (annual) and section 72(mid-year) reports to be tabled to council by February 2015 and July 2015, and then forwarded to Provincial Treasury as the MFMA stipulates.

The SDBIP serves a critical role to focus both the administration and council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

4. BUDGET FOR 2014/15 FINANCIAL YEAR

The Municipality adopted its budget for 2014/2015 on the 30 May 2014 in a Special Council Meeting. The budget gives effect to the strategic priorities of the Municipality and is not a management or implementation plan. The SDBIP therefore serves as a “*contract*” between the administration, council and community expressing the goals and objectives set by council as quantifiable outcomes that can be implemented by the administration over the next 12 months. It provides the basis for measuring performance in service delivery against end-of-year targets and implementing the budget.

The SDBIP is the link between the IDP, budget and performance agreements of management and it includes detailed information on how the budget will be implemented by means of forecast cash flows, service delivery targets and performance indicators. The SDBIP is a dynamic document that may be continually revised by the Municipal Manager and Managers reporting directly to the Municipal Manager, as actual performance after each month or quarter is considered.

5. LEGISLATIVE FRAMEWORK ON SDBIP

2.1 Municipal Finance Management Act No. 56 of 2003

Chapter 1 - Definitions

SDBIP means a detailed plan approved by the mayor of a municipality in terms of section 53 (1) (c) (ii) for implementing the municipality’s delivery of municipal services and its annual budget, and which must indicate-

(a) Projections for each month of-

Revenue to be collected, by source; and

Operational and capital expenditure by vote

(b) Service delivery targets and performance indicators for each quarter and

(c) any other matters that may be prescribed. and includes any revisions of such plan by the mayor in terms of section 54 (1) (c)

Chapter 7 – Responsibilities of Mayors

Section 53 – Budget Processes and related matters

Section 53 (1) (c) The mayor of a municipality must take all reasonable steps to ensure-

(ii) That the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget; and

(iii) That the annual performance agreements as required in terms of section 57 (1) (b) of the Municipal Systems Act for the Municipal Manager and all senior managers-

(bb) are linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan.

Section 53 (3)

(a) The mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan.

Section 54 Budgetary control and early identification of financial problems

On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72 the mayor must-

(1) (b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;

(c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that all revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of council following the approval of an adjustments budget

(d) issue any appropriate instructions to the accounting officer to ensure-

(i) that the budget is implemented in accordance with the service delivery and budget implementation plan

(3) The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.

Chapter 8 – Responsibilities of Municipal Officials

Section 69 Budget Implementation

Section 69 (3) The Accounting Officer must no later than 14 days after the approval of the budget submit to the mayor

(a) A draft service delivery and budget implementation plan for the budget year; and

(b) Drafts of the annual performance agreements as required in terms of section 57 (1) (b) of the Municipal Systems Act for the municipal manager and all Senior Managers

2.2 Local Government Municipal Systems Act

CHAPTER 6. Establishment of performance management system.

Section 38, Municipality must –

(a) establish a performance management system that is

(i) Commensurate with its resources,

(ii) Best suited to its circumstances, and

(iii) inline with the priorities, objectives, indicators and targets contained in its integrated development plan.

6. COMPONENTS OF THE SDBIP

MFMA Circular No. 13

Municipal Finance Management Act No. 56 of 2003, The top-layer of the SDBIP that must be made public, and focuses on five components. Municipal managers and Mayors are free to add on to these components and also to develop the lower layers of the SDBIP to the extent they believe will be useful.

The five necessary components are:

1. Monthly projections of revenue to be collected for each source
2. Monthly projections of expenditure (operating and capital) and revenue for each vote
3. Quarterly projections of service delivery targets and performance indicators for each vote
4. Ward information for expenditure and service delivery
5. Detailed capital works plan broken down by ward over three years

7. OVERVIEW OF SDIBIP COMPONENTS

3.1 Capital Projections of expenditure by Vote

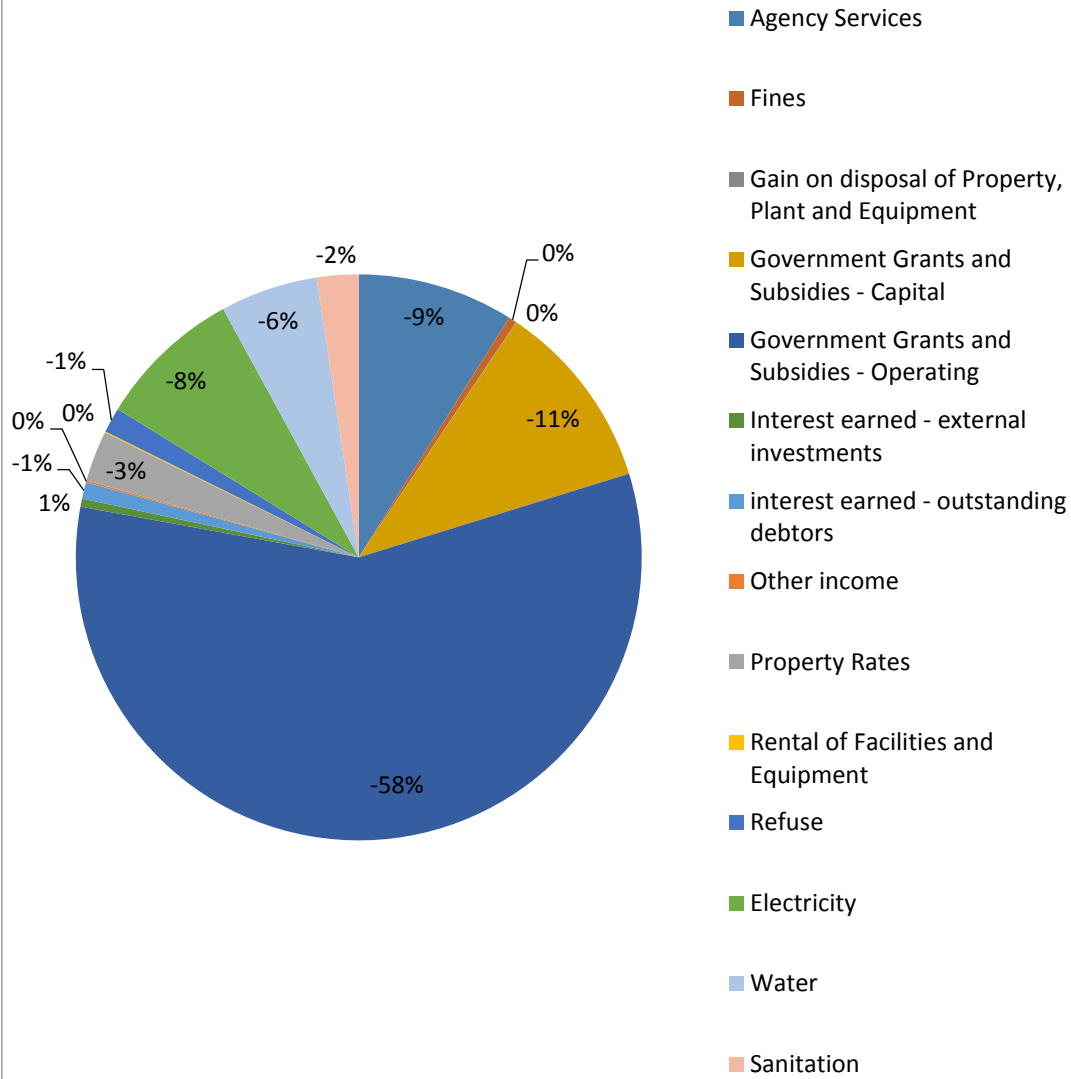
MIG Projects	11 741 050.00	12 134 350.00	12 490 600.00
1.1 - Municipal Manager	40 000.00	40 000.00	40 000.00
2.1 - Budget and Treasury	1 000 000.00	1 550 000.00	1 350 000.00
3.1 - Human Resources and Administration	143 500.00	210 000.00	10 000.00
4.1 - Community Services	35 000.00	160 000.00	-
4.5 - Public Safety	265 000.00	360 000.00	115 000.00
4.6 - Refuse	300 000.00	-	-
5.1 - Roads and Stormwater	250 000.00	300 000.00	250 000.00
5.2 - Electricity	175 000.00	175 000.00	180 000.00
TOTAL	13 949 550.00	14 929 350.00	14 435 600.00

Operational budget:

Operational income:

The main income source of the municipality is Grants. The following chart indicates the percentages:

Revenue 2014/15



	Sum of 2014/2015		Sum of 2015-2016		Sum of 2016/2017	
Total Revenue	-108 565 326.85		-114 935 093.14		-118 519 764.29	
Agency Services	-9 686 574.00	9%	-10 490 815.00	9%	-9 734 615.44	8%
Fines	-500 000.00	0%	-550 000.00	0%	-600 000.00	1%
Gain on disposal of Property, Plant and Equipment	-30 000.00	0%	-30 000.00	0%	-30 000.00	0%
Government Grants and Subsidies - Capital	-11 741 050.00	11%	-11 463 450.00	10%	-12 490 600.00	11%
Government Grants and Subsidies - Operating	-62 579 547.13	58%	-66 436 250.00	58%	-67 803 301.01	57%
Interest earned - external investments	-502 000.00	0%	-532 120.00	0%	-564 047.20	0%
interest earned - outstanding debtors	-1 028 000.00	1%	-1 122 150.00	1%	-1 206 683.00	1%
Other income	-114 220.00	0%	-121 980.00	0%	-129 413.60	0%
Property Rates	-3 137 575.72	3%	-3 295 830.26	3%	-3 463 580.08	3%
Rental of Facilities and Equipment	-75 260.00	0%	-119 916.00	0%	-126 460.96	0%
Refuse	-1 550 000.00	1%	-1 777 500.00	2%	-1 876 350.00	2%
Electricity	-8 981 100.00	8%	-9 663 881.88	8%	-10 417 017.00	9%
Water	-6 048 000.00	6%	-6 531 840.00	6%	-7 054 387.20	6%
Sanitation	-2 592 000.00	2%	-2 799 360.00	2%	-3 023 308.80	3%

The tables below are setting out the detail per department as far as total expenditure and Revenue are concerned. It should be noted that the budget is positive, however the surplus should have been at least equal to the capital grant funding. The surplus is less which means that the operating result is a deficit. The deficit on operating however is less than the non-cash items, debt impairment and depreciation. This council aims to have a surplus on operating income and expenditure in future.

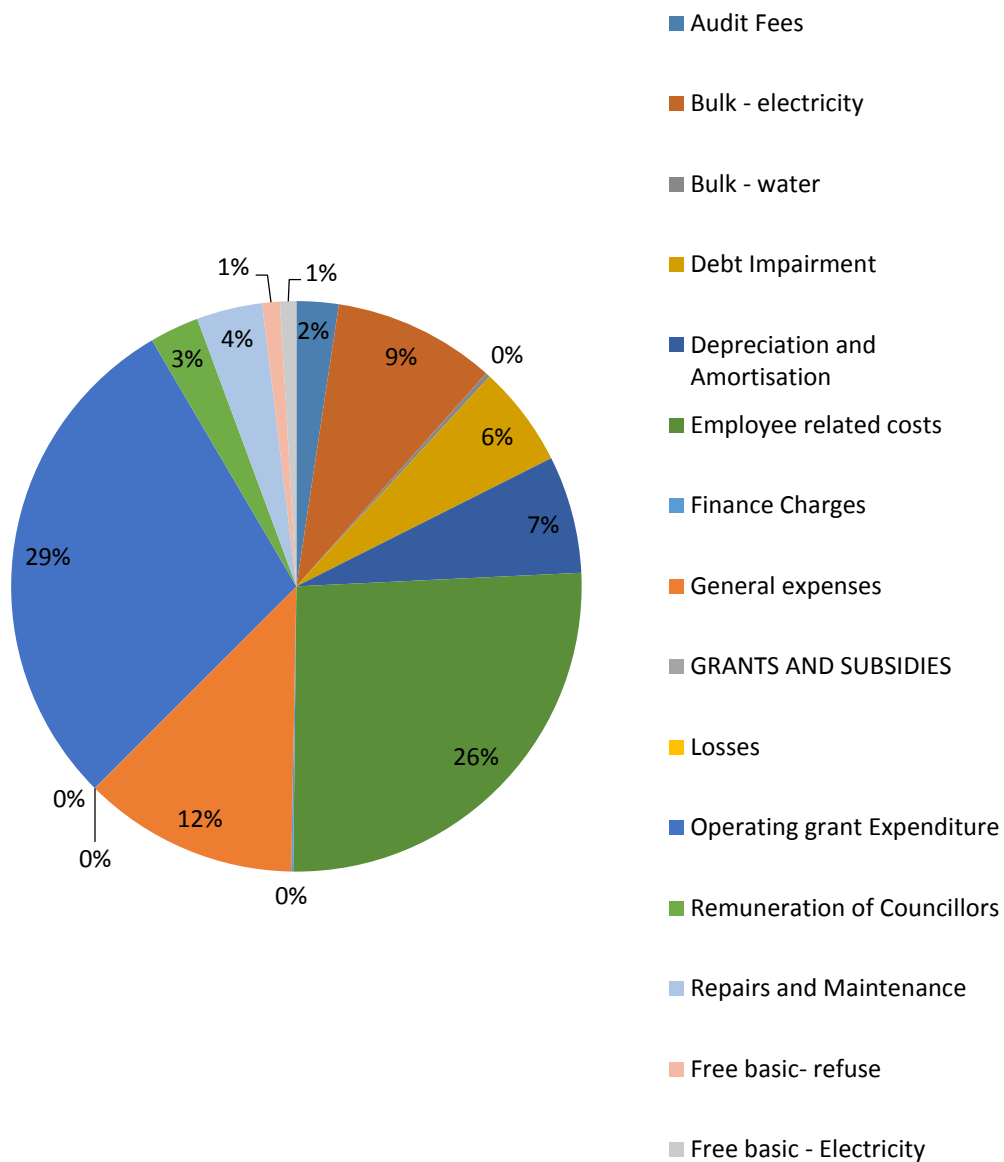
Row Labels	Sum of 2014/2015	Sum of 2015-2016	Sum of 2016/2017
Expenditure	103 357 970.17	107 036 754.21	111 826 703.95
1.1 - Municipal Manager	5 498 367.43	5 803 298.78	6 249 625.79
1.2 - Council	3 273 146.13	3 681 370.85	3 871 155.34
2.1 - Budget and Treasury	12 477 633.53	12 318 955.35	13 200 567.34
3.1 - Human Resources and Administration	4 663 901.88	5 217 272.47	5 622 165.47
4.1 - Community Services	5 714 520.35	4 799 687.57	5 224 604.11
4.2 - Libraries	726 062.13	818 573.93	847 430.62
4.3 - Cemeteries	105 000.00	130 226.00	132 442.00
4.4 - Sports and Recreation	316 353.52	384 876.88	401 052.56
4.5 - Public Safety	1 097 798.03	1 181 859.12	1 275 333.70
4.6 - Refuse	5 822 232.72	6 332 084.65	6 446 601.51
5.1 - Roads and Stormwater	31 426 671.67	32 064 099.64	32 223 207.52
5.2 - Electricity	15 718 737.75	16 308 309.48	17 613 781.68
5.3 - Water	11 475 325.00	12 491 706.22	12 687 030.98
5.4 - Sanitation	5 042 220.00	5 504 433.28	6 031 705.33
Revenue	-108 565 326.85	-114 935 093.14	-118 519 764.29
1.1 - Municipal Manager	-8 818 081.43	-5 792 135.20	-18 364 073.58
1.2 - Council	-3 250 193.13	-3 662 755.23	-3 781 625.28
2.1 - Budget and Treasury	-12 989 105.19	-14 619 378.20	-15 144 289.61
3.1 - Human Resources and Administration	-3 702 122.06	-4 489 914.64	-4 529 299.87
4.1 - Community Services	-5 727 660.35	-7 686 675.62	-5 198 489.36
4.2 - Libraries	-720 597.13	-812 600.00	-840 901.00
4.3 - Cemeteries	-105 000.00	-130 226.34	-132 442.40
4.4 - Sports and Recreation	-316 353.52	-3 395 230.00	-401 354.17
4.5 - Public Safety	-1 259 599.17	-1 428 624.45	-1 509 619.06
4.6 - Refuse	-5 072 884.72	-6 165 314.31	-6 339 385.53
5.1 - Roads and Stormwater	-33 955 294.90	-32 205 077.69	-25 752 611.18
5.2 - Electricity	-16 182 261.25	-16 607 170.46	-17 868 307.25
5.3 - Water	-11 448 000.00	-12 461 840.00	-12 654 387.20
5.4 - Sanitation	-5 018 174.00	-5 478 151.00	-6 002 978.80
(blank)	-	-	-
(blank)			
(blank)			
Grand Total	-5 207 356.68	-7 898 338.93	-6 693 060.34

Row Labels	Sum of 2014/2015	Sum of 2015-2016	Sum of 2016/2017
Expenditure	103 357 970.17	107 036 754.21	111 826 703.95
Budget and Treasury	12 477 633.53	12 318 955.35	13 200 567.34
Community and Social Services	13 781 966.77	13 647 308.14	14 327 464.50
Corporate Services	4 663 901.88	5 217 272.47	5 622 165.47
Executive and Council	8 771 513.56	9 484 669.63	10 120 781.12
Technical Services	63 662 954.42	66 368 548.62	68 555 725.51
Revenue	-108 565 326.85	-114 935 093.14	-118 519 764.29
Budget and Treasury	-12 989 105.19	-14 619 378.20	-15 144 289.61
Community and Social Services	-13 202 094.89	-19 618 670.72	-14 422 191.52
Corporate Services	-3 702 122.06	-4 489 914.64	-4 529 299.87
Executive and Council	-12 068 274.56	-9 454 890.43	-22 145 698.86
Technical Services	-66 603 730.15	-66 752 239.15	-62 278 284.43
(blank)	-	-	-
(blank)			
(blank)			
Grand Total	-5 207 356.68	-7 898 338.93	-6 693 060.34

Row Labels	Sum of 2014/2015	Sum of 2015-2016	Sum of 2016/2017
Expenditure	103 357 970.17	107 036 754.21	111 826 703.95
Audit Fees	2 461 741.99	2 627 916.19	2 800 707.81
Bulk purchases			
5.2 - Electricity	9 507 940.06	10 274 280.02	11 102 386.99
5.3 - Water	270 150.00	291 924.09	315 453.17
Debt Impairment	5 935 021.85	6 706 536.31	6 342 463.78
Depreciation and Amortisation	6 881 472.27	7 617 507.49	8 369 346.24
Employee related costs	26 806 687.88	29 192 483.10	31 790 614.09
Finance Charges	120 000.00	128 400.00	137 388.00
General expenses	12 593 018.50	12 245 784.78	12 671 694.29
GRANTS AND SUBSIDIES	5 000.00	7 500.00	10 000.00
Losses	10 000.00	11 100.00	12 310.00
Operating grant Expenditure	30 033 944.50	28 449 099.01	28 688 469.77
Property Rates	-	-	-
Remuneration of Councillors	2 890 293.13	3 147 529.22	3 427 659.32
Repairs and Maintenance	3 854 800.00	4 291 794.00	4 052 890.48
SERVICE CHARGES			
4.6 - Refuse	1 037 900.00	1 037 900.00	1 037 900.00
5.2 - Electricity	950 000.00	1 007 000.00	1 067 420.00
5.3 - Water	-	-	-
5.4 - Sanitation	-	-	-
Revenue	-108 565 326.85	-114 935 093.14	-118 519 764.29
Agency Services	-9 686 574.00	-10 490 815.00	-9 734 615.44
Fines	-500 000.00	-550 000.00	-600 000.00
Gain on disposal of Property, Plant and Equip	-30 000.00	-30 000.00	-30 000.00
Government Grants and Subsidies - Capital	-11 741 050.00	-11 463 450.00	-12 490 600.00
Government Grants and Subsidies - Operati	-62 579 547.13	-66 436 250.00	-67 803 301.01
Interest earned - external investments	-502 000.00	-532 120.00	-564 047.20
interest earned - outstanding debtors	-1 028 000.00	-1 122 150.00	-1 206 683.00
Other income	-114 220.00	-121 980.00	-129 413.60
Property Rates	-3 137 575.72	-3 295 830.26	-3 463 580.08
Public Contributions and Donations	-	-	-
Rental of Facilities and Equipment	-75 260.00	-119 916.00	-126 460.96
SERVICE CHARGES			
4.6 - Refuse	-1 550 000.00	-1 777 500.00	-1 876 350.00
5.2 - Electricity	-8 981 100.00	-9 663 881.88	-10 417 017.00
5.3 - Water	-6 048 000.00	-6 531 840.00	-7 054 387.20
5.4 - Sanitation	-2 592 000.00	-2 799 360.00	-3 023 308.80
Water Service Authority Contribution	-	-	-
(blank)			
(blank)			
Grand Total	-5 207 356.68	-7 898 338.93	-6 693 060.34

The following chart is an indication of the spread of the operating expenditure:

Operating Expenditure 2014/15



It is evident from the chart below and the detail below that Salaries and Wages are the biggest contributor to our expenditure, excluding the expenditure on operating expenditure that are funded by direct operating grants. It should be noted that the expenditure relating to the Roads, funded from Department of Roads, R25million, is included under the operating grant expenditure.

	<u>Sum of 2014/2015</u>		<u>Sum of 2015-2016</u>		<u>Sum of 2016/2017</u>	
Total operating expenditure	103 357 970.17		107 036 754.21		111 826 703.95	
Audit Fees	2 461 741.99	2%	2 627 916.19	2%	2 800 707.81	0.03
Bulk - electricity	9 507 940.06	9%	10 274 280.02	10%	11 102 386.99	10%
Bulk - water	270 150.00	0%	291 924.09	0%	315 453.17	0%
Debt Impairment	5 935 021.85	6%	6 706 536.31	6%	6 342 463.78	6%
Depreciation and Amortisation	6 881 472.27	7%	7 617 507.49	7%	8 369 346.24	7%
Employee related costs	26 806 687.88	26%	29 192 483.10	27%	31 790 614.09	28%
Finance Charges	120 000.00	0%	128 400.00	0%	137 388.00	0%
General expenses	12 593 018.50	12%	12 245 784.78	11%	12 671 694.29	11%
GRANTS AND SUBSIDIES	5 000.00	0%	7 500.00	0%	10 000.00	0%
Losses	10 000.00	0%	11 100.00	0%	12 310.00	0%
Operating grant Expenditure	30 033 944.50	29%	28 449 099.01	27%	28 688 469.77	26%
Remuneration of Councillors	2 890 293.13	3%	3 147 529.22	3%	3 427 659.32	3%
Repairs and Maintenance	3 854 800.00	4%	4 291 794.00	4%	4 052 890.48	4%
Free basic- refuse	1 037 900.00	1%	1 037 900.00	1%	1 037 900.00	1%
Free basic - Electricity	950 000.00	1%	1 007 000.00	1%	1 067 420.00	1%

The final operating budget then approved is R103 400 000, including R25 000 000 for roads, funded by Department of Roads and including total operating expenditure to the amount of R16 500 000 for water and sanitation.

Operating budget excluding the Roads project and Water and Sanitation is R61 500 000.

7. SERVICE DELIVERY TARGETS

The 5 National Key Performance Areas are spread across five departments in the municipality:

- Office of the Municipal Manager
- Technical Services
- Corporate Services
- Community Services
- Budget and Treasury Office

The services are delivered to different communities in their respective wards as indicated in the table below

Ward No	Areas Covered
1	Thornhill, Zola,
2	Mitford, Rocklands, Phakamisa, Barcelona.
3	Bacclesfarm, Khayaletu, Tendergate, Springroove, Thembaletu and Khwezi
4	Tarkastad, Zola Township, Ivanlew, Matyhantya
5	Hofmeyr, Luxolweni Township

Ward location

TSOLWANA SDBIP (2014-15) SUBMISSION AND APPROVAL

SUBMISSION TO THE MAYOR

ORGANISATIONAL SCORECARD AND SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN FOR 2014-15

I Similo Dayi in my capacity as the Municipal Manager of Tsolwana Local Municipality hereby submit for the required approval, the Organizational Scorecard and Service Delivery Budget and Implementation Plan for 2014-15 financial year as guided by the Section 53 (1) (c) (ii) of the Municipal Finance Management Act, 56 (MFMA) of 2003 and MFMA Circular No. 13.

Signature..... Date.....

Similo Dayi

Municipal Manager: Tsolwana Local Municipality

Signature..... Date.....

Khaya Nqiqhi

APPROVAL BY THE MAYOR

ORGANISATIONAL SCORECARD AND SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN FOR 2014-15

I Councillor Khaya Nqiqhi in my capacity as the Mayor of Tsolwana approves the Organizational Scorecard and Service Delivery Budget and Implementation Plan for 2014-15 financial year as required by Section 53 (1) (c) (ii) of the Municipal Finance Management Act, 56 (MFMA) of 2003.

..... Date.....

Councillor Khaya Nqiqhi

Mayor: Tsolwana Local Municipality

