

JOZINI MUNICIPALITY

(KZ 272)



DRAFT
SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
(S D B I P)

2012/2013 BUDGET YEAR

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Introduction

Section 1 of the Municipal Finance Management Act (No.56 of 2003) defines the SDBIP as:

“A detailed plan approved by the mayor of a municipality in terms of section 53

(1)© (ii) For implementing the municipality’s delivery of services and the execution of its annual budget and which must include (as part of the top-layer) the following:

- (a) Projections for each monthly 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.

The municipal manager is responsible for the preparation of the SDBIP, which must be legally submitted to the mayor for approval once the budget has been approved by the council (around end-May or early-June).

However, the municipal manager should start the process to prepare the top-layer of the SDBIP no later than the tabling of the budget (around March or earlier) and preferably submit a draft SDBIP to the mayor by 1 May (for initial approval). Once the budget is approved by the Council, the municipal manager should merely revise the approved draft SDBIP, and submit for final approval within 14 days after the approval of the budget. The mayor should therefore approve the final SDBIP and performance agreement of the municipal manager public within 14 days, preferably before 1 July. Note that it is only the top layer (of high-level) detail of the SDBIP that is required to be made public.

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. The council should reserve its oversight role over performance at the end of the financial year, when the mayor tables the annual report of the municipality. The in-year monitoring is designed to pick up major problems

only, and aimed at ensuring that the mayor and municipal manager are taking corrective steps when any unanticipated problems arise. 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.

The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councilors, municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality. The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as municipal entities, public-private partnership, service contracts and the like.

The SDBIP concept

Municipal managers are encouraged to develop the SDBIP concept further so that it is meaningful and useful to managers. Many municipal managers will already have some form of management plan and the challenge is to develop such management plans as a SDBIP.

Whilst the budget sets yearly service delivery and budget targets (revenue and expenditure per vote), it is

imperative that in-year mechanisms are able to measure performance and progress on a continuous basis. Hence, the end-of-year targets must be based on quarterly and monthly targets, and the municipal manager must ensure that the budget is built around quarterly and monthly information. Being a start-of-year planning and target tool, the SDBIP gives meaning to both in-year reporting in terms of section 71 (monthly reporting), section 72 (mid-year report) and end-of-year annual reports.

The SDBIP is essentially the management and implementation tool which sets in-year information, such as quarterly service delivery and monthly budget targets, and links each service delivery output to the budget of the municipality, thus providing credible management information and a detailed plan for how the municipality will provide such services and the inputs and financial resources to be used. The SDBIP indicates the responsibilities and outputs for each of the senior managers in the top management team, the inputs to be used, and the time deadlines for each output. The SDBIP will therefore determine the performance agreements of the municipal manager and senior managers, including the outputs and deadlines for which they will be held responsible. The SDBIP should also provide all expenditure information ((for capital projects and services) per municipal ward, so that each output can be broken down per ward, where this is possible, to support ward councilors in service delivery information.

The SDBIP is also a vital monitoring tool for the mayor and council to monitor in-year performance of the municipal manager and for the municipal manager to monitor the performance of all managers in the municipality within the financial year. This enables the mayor and the municipal manager to be pro-active and take remedial steps in the event of poor performance. The SDBIP aims to ensure that managers are problem-solvers, who routinely look out for unanticipated problems and resolve them as soon as possible.

The SDBIP also enables the council to monitor the performance of the municipality against quarterly targets on service delivery.

Being a management and implementation plan (and 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 the purpose of monitoring. The SDBIP should be seen as a dynamic document that may (at lower layers of the plan) be continually revised by the municipal manager and other top managers, as actual performance after each month or quarter is taken into account. However, the top-layer of the SDBIP and its targets cannot be revised without notifying the council, and if there is to be changes in the service delivery targets and performance indicators, this must be with the approval of the council, following approval of an adjustment budget (section 54(1)(c) of MFMA). This council approval is necessary to ensure that the mayor of municipal manager do not revise service delivery targets downwards in the event where there is poor performance.

Timing and Methodology for Preparation of the SDBIP

Section 69 (3)(a) of the MFMA requires the accounting officer to submit a draft SDBIP to the mayor no later

than 14 days after the approval of the budget and drafts to the performance agreement as required in terms of the section 57 (1)(b) of the municipal Systems Act. The mayor in accordance with section 53(1) (c) (ii) of the MFMA.

These are legal requirements and deadlines limits to assist a municipality to comply with the law-however, best practice suggests that this be done earlier by municipalities, starting with senior managers to draw up their second layer departmental SDBIPs in the early stages of the planning and budget preparation process in line with the strategic direction set in the IDP. The mayor and municipal manager should lead this process.

The municipality should ideally publish its draft SDBIP with its draft budget, or soon after as supporting documentation to assist its budget hearings process normally held at the end of March or in April. As noted above, the SDBIP should be submitted to the mayor by 1 May at the latest. If the draft SDBIP is to be provided for the budget hearings, the municipality may want to bring this date forward, or provide departmental SDBIPs as supporting information to the relevant committee around the end of March. In this case, the mayor will need to approve such departmental of draft SDBIP by mid-March. It should be noted that it is up to the municipality to determine extra detail, ad whether they wish to bring forward their deadlines for submission and approval. A municipality could also opt to have a high level SDBIP complete with ward break-downs for tabling and publication, but may also in addition make available lower layer departmental SDBIPs and other information as requested by council.

With careful planning of the budget process it may be possible for the mayor to approve the SDBIP on less than 7 days after the council approves the budget. Legally, to take into account of possible revisions to the budget, the Act allows for this to occur not later than 28 days after budget approval.

The SDBIP is a key management, implementation and monitoring tool, which provides operational content to

the end-of-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal manager and all top managers, whose performance can then be monitored through section 71 monthly reports, and evaluated through the annual report process.

Rates Clearance Certificate	83	83	83	83	83	83	83	83	83	83	83	83
Pound Fines	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667
Sale of Ashbins	417	417	417	417	417	417	417	417	417	417	417	417
Stadiums & Halls Hire	6 667	6 667	6 667	6 667	6 667	6 667	6 667	6 667	6 667	6 667	6 667	6 667
Cemetery Fees	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667
Total Revenue By Source (Balanced to Cash Flow)	30 414 526	1 225 276	17 108 860	921 860	30 790 526	921 860	921 860	6 078 860	30 414 526	6 078 860	921 860	921 860

Monthly Projections of Revenue & Expenditure by Vote

	July			August			September			October			November			December		
	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000
Expenditure and Revenue by Vote																		
Department - Municipal Managers Office Vote: Executive & Council	1 664 974		6 659 898	1 664 974			1 664 974	100 000		1 664 974	80 000		1 664 974	20 000	6 659 898	1 664 974		
Department - Chief Financial Officer Vote: Finance & Administration (Finance) Vote: Treasury & Budget Office	907 748		3 630 993	907 748		384 250	907 748		2 624 250	907 748		384 250	907 748		1 818 917	907 748		384 250
Department - Corporate Services Vote: Finance & Administration (HR, IT, etc)	749 404		2 997 616	749 404			749 404			749 404			749 404		2 997 616	749 404		
Department - Planning & Development Vote: Planning & Development	399 035		1 596 141,667	399 035			399 035		644 000	399 035			399 035		1 596 142	399 035		
Department - Technical Services Vote: Technical Services	578 807		15 472 560	578 807	6 073 000	6 043 000	578 807	8 150 000	8 000 000	578 807	6 043 000	6 043 000	578 807		15 472 560	578 807	6 043 000	6 043 000
Department - Community Services Vote: Community & Social Services Vote: Public Safety Vote: Waste Management	1 819 316 365 563 613 012		7 277 263 1 995 585 2 695 383	1 819 316 365 563 613 012		450 000 200 000 91 583	1 819 316 41 667 613 012		103 500 20 000 230 000	1 819 316 365 563 91 583	20 000 41 667 613 012	2 500 365 563 91 583	1 819 316 365 563 613 012	300 000	5 306 833 1 995 585 2 695 383	1 819 316 365 563 613 012	800 000	450 000 41 667 91 583
Total By Vote	7 097 860	-	42 325 439	7 097 860	6 273 000	7 010 500	7 097 860	8 500 000	11 505 000	7 097 860	6 143 000	6 563 000	7 097 860	320 000	38 542 933	7 097 860	6 843 000	7 010 500

Monthly Projections of Revenue & Expenditure by Vote

	January			February			March			April			May			June		
	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000	Opex R'000	Capex R'000	Revenue R'000
Expenditure and Revenue by Vote																		
Department - Municipal Managers Office Vote: Executive & Council	1 664 974			1 664 974			1 664 974		6 659 898	1 664 974			1 664 974			1 664 974		
Department - Chief Financial Officer Vote: Finance & Administration (Finance)	907 748		384 250	907 748		384 250	907 748		1 818 917	907 748		384 250	907 748		384 250	907 748		384 250
Department - Corporate Services Vote: Finance & Administration (HR, IT, etc)	749 404			749 404			749 404		2 997 616	749 404			749 404			749 404		
Department - Planning & Development Vote: Planning & Development	399 035			399 035			399 035		1 596 142	399 035			399 035			399 035		
Department - Technical Services Vote: Technical Services Vote: Project Consolidate	578 807		15 472 560	578 807	6 043 000		578 807		15 472 560	578 807			578 807			578 807		
Department - Community Services Vote: Community & Social Services Vote: Public Safety Vote: Waste Management	1 819 316 365 563 613 012		25 000 41 667 91 583	1 819 316 365 563 613 012		2 500 41 667 91 583	1 819 316 41 667 613 012		5 306 833 4 619 835 2 695 383	1 819 316 365 563 613 012	2 500 41 667 91 583	1 819 316 365 563 613 012	2 500 41 667 91 583	5 306 833 1 995 585 2 695 383	1 819 316 365 563 613 012	2 500 41 667 91 583	450 000 41 667 91 583	
Total By Vote	7 097 860	-	16 015 060	7 097 860	6 043 000	520 000	7 097 860	-	41 167 183	7 097 860	-	520 000	7 097 860	-	520 000	7 097 860	-	520 000

Vote / Indicator	Unit of Measurement	Target	September		December		March		June		Explanation of Variance
			Proj	Actual	Proj	Actual	Proj	Actual	Proj	Actual	
<u>Department - Corporate Services</u>											
<u>1. Vote: Finance & Administration</u>											
<u>1.1 Administration</u>											
Compilation Agendas & Minutes	No. of Agendas and Minutes	236	59		59		59		59		
Enquiries and complaints	No. of replies	54	12		12		12		12		
Performance Management System	PMS Assessments	4	1		1		1		1		
Municipal Website	No. of upgrades	12	3		3		3		3		
Workplace Skills Development	Submit WSP Report by June 2012	1							1		
Job Evaluation	Completed by 29 April 2012	1							1		
Draft 2012/2013 budget	Submit in March 2012	1					1				
Draft 2012/2013 budget	Published in April 2012 & website	1							1		
Draft SDBIP	Submit in March 2012	1					1				
Approved 2012/2013 budget	Published in June 2012	1							1		
Performance agreements and SDBIP	Made Public in July 2012	1	1								
<u>Department - Community Services</u>											
<u>Manager - Corporate Services</u>											
<u>1. Vote: Finance & Administration</u>											
Compilation Agenda & Minutes	No. of Agendas and Minutes	144	36		36		36		36		
Enquiries and complaints	No. of replies	100	25		25		25		25		
Performance Management Assessments	PMS Assessments by June 2012	4	1		1		1		1		
Draft 2012/2013 budget	Submit in March 2012	1					1				
Draft S D B I P	Submit in March 2012	1					1				
<u>2. Vote: Public Safety</u>											
<u>2.1 Traffic</u>											
Road Blocks	No. of Road Blocks	20	6		6		6		6		2
Road Signs	No. of signs	50	12		12		13		13		13
Road Markings	No. of kilometers	10	0.5		0.5		6		6		4
Crime Consultative Meetings	No. of meetings	20			8		4		4		8

Vote / Indicator	Unit of Measurement	Target	September		December		March		June		Explanation of Variance
			Proj	Actual	Proj	Actual	Proj	Actual	Proj	Actual	
<u>2.2 Disaster Management</u>											
Disaster management plan	Finalise before June 2012	1	1								
<u>3. Vote: Community & Social Services</u>											
Sports Development	No. of events	3	2			1					
Cultural Development	No. of events	2	1			1					
H I V Relief	No. of assistance rendered	5	2			1		2			
Youth Development Programmes	No. of programmes	10	4			3		3			
Poverty Alleviation Projects	No. of Projects	17			9	8					
<u>5. Vote: Health</u>											
<u>5.1. Public Health</u>											
Legalising of dump sites	No. of dump sites legalised	5				5					

Vote / Indicator	Unit of Measurement	Target	September		December		March		June		Explanation of Variance
			Proj	Actual	Proj	Actual	Proj	Actual	Proj	Actual	
<u>Department - Technical Services</u>											
Manager - Technical Manager											
<u>1. Vote: Finance & Administration</u>											
Compilation Agenda & Minutes	No. of Agendas and Minutes	12	3		3		3		3		
Enquiries and complaints	No. of replies	200	50		50		50		50		
Performance Management System	PMS Implemented by June 2012	1							1		
Draft 2012/2013 budget	Submit in March 2012	1			1						
Draft S D B I P	Submit in March 2012	1					1				
<u>2. Vote: Planning & Development</u>											
Building Inspection conducted	No. of building inspections	20	6		6		6		2		
Property inspection conducted	No. of property inspections	50	12		12		13		13		
G I S Information capturing	No. of captures	60	15		15		15		15		

CASH FLOW (BUDGET): 2012/2013

	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTALS
Bank balance	6 000 000	9 637 526	4 669 386	11 187 246	6 219 105	14 856 632	9 888 491	13 920 351	10 952 211	24 589 737	18 621 597	22 653 456	6 000 000
SOURCES INFLOW													
Property Rates	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	7 500 000
Refuse Tariffs	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	600 000
Subsidies & Grants	24 605 667	7 330 500	12 486 000	7 330 500	24 605 667	7 330 500		7 330 500	24 605 667				115 625 000
Other	270 943	270 943	270 943	270 943	270 943	270 943	270 943	270 943	270 943	270 943	270 943	270 943	3 251 316
Investment withdrawn		1 000 000	-	1 000 000		1 000 000	10 000 000	3 000 000			10 000 000		
TOTAL INFLOW	25 551 610	9 276 443	13 431 943	9 276 443	25 551 610	9 276 443	10 945 943	11 276 443	25 551 610	945 943	10 945 943	945 943	126 976 316
CASH OUTFLOW													
Salaries, Wages & Allowances	2 350 110	2 350 110	2 350 110	2 350 110	2 350 110	2 350 110	2 350 110	2 350 110	2 350 110	2 350 110	2 350 110	2 350 110	28 201 320
Project Payments		7 330 500	-	7 330 500	-	7 330 500		7 330 500		-	-	-	29 322 000
Other	4 564	4 564	4 564	4 564	4 564	4 564	4 564	4 564	4 564	4 564	4 564	4 564	54 767
Payment of Creditors	4 559 409	4 559 409	4 559 409	4 559 409	4 559 409	4 559 409	4 559 409	4 559 409	4 559 409	4 559 409	4 559 409	4 559 409	54 712 913
Investment made	15 000 000	-			10 000 000				5 000 000				
TOTAL OUTFLOW	21 914 083	14 244 583	6 914 083	14 244 583	16 914 083	14 244 583	6 914 083	14 244 583	11 914 083	6 914 083	6 914 083	6 914 083	112 291 000
Bank balance	9 637 526	4 669 386	11 187 246	6 219 105	14 856 632	9 888 491	13 920 351	10 952 211	24 589 737	18 621 597	22 653 456	16 685 316	16 685 316

CAPITAL ESTIMATES - CASHFLOW

SUMMARY	ESTIMATES	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
EXECUTIVE & COUNCIL												
Furniture & Equipment	113 000			50 000		63 000						113 000
Computers												-
PUBLIC SAFETY												
Computers	-											-
Capital-Vehicle 4x4	52 800				52 800							52 800
Furniture & Equipment	50 000			50 000								50 000
Licence Testing Station	1 200 000		1 200 000									1 200 000
COMMUNITY SERVICES												
Furniture & Equipment	30 000				30 000							30 000
TECHNICAL SERVICES												
Furniture & Equipment	50 000		50 000									50 000
Landfill Sites & Cemeteries	150 000			150 000								150 000
Electrification Program	9 000 000			9 000 000								9 000 000
MIG Projects	29 322 000		7 330 500		7 330 500		7 330 500		7 330 500			29 322 000
Cemeteries	100 000				100 000							100 000
Stadium Lights	100 000			100 000								100 000
Tractor TLB	550 000				550 000							550 000
WASTE MANAGEMENT												
Recycling Centre	100 000			100 000								100 000
Trucks	400 000						400 000					400 000
Tractors	200 000						200 000					200 000
Installation of street bins/st	30 000			30 000								30 000
	41 447 800	-	8 580 500	9 480 000	8 063 300	63 000	7 930 500	-	7 330 500	-	-	41 447 800