

**PRINCE ALBERT MUNICIPALITY
2019/20 AMENDED SERVICE DELIVERY AND
BUDGET IMPLEMENTATION PLAN**



MAY 2020

1. INTRODUCTION

The SDBIP provides the vital link between the executive mayor, council and the administration and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that ensures 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.

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 managers in the top management team, the inputs to be used, and the time deadlines for each output. The SDBIP therefore determines the performance agreements of the municipal manager and directors, including the outputs and deadlines for which they will be held responsible. The SDBIP further provides 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 councillors in service delivery information. The SDBIP is also a vital monitoring tool for the executive mayor and council to monitor the in-year performance of the municipal manager and for the municipal manager to monitor the performance of directors and division heads in the municipality within the financial year. This enables the executive mayor and municipal manager to be pro-active and take remedial steps in the event of poor performance.

2. LEGAL REFERENCE

Section 1 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA) defines service delivery and budget implementation plan (SDBIP) as a detailed plan for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate -

- (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.

The purpose of the SDBIP is to support the Municipality's management to achieve service delivery targets as well as the spending of the capital budget within given timeframes.

Section 53 of the Municipal Finance Management Act (Act 56 of 2003) MFMA determines that the municipality's SDBIP plan must be approved by the Executive Mayor within 28 days after the approval of the annual budget. Section 53 determines further that the annual performance agreements of the Municipal Manager and directors as required in section 57 of the Municipal Systems Act (Act 32 of 2000) must be linked to the SDBIP. Section 69 of the MFMA determines that the draft SDBIP and performance agreements must be submitted to the Executive Mayor within 14 days after the approval of an annual budget. Top layer SDBIP is attached as annexure A.

Annexure 1

Monthly projection of revenue to be collected for each source

Description	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands															
Revenue By Source															
Property rates	1 287	245	245	245	245	245	245	245	245	244	200	247	3 936	4 242	4 532
Service charges - electricity revenue	1 281	1 282	1 348	1 185	1 199	1 250	1 335	1 264	1 264	1 147	936	1 477	14 968	18 289	20 055
Service charges - water revenue	398	274	297	268	387	459	483	391	391	328	103	286	4 065	4 285	4 324
Service charges - sanitation revenue	289	285	277	279	273	281	287	295	295	268	269	271	3 367	3 490	3 751
Service charges - refuse	149	145	143	144	136	138	140	136	136	133	135	136	1 671	1 897	2 132
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Rental of facilities and equipment	80	28	32	29	33	30	32	34	34	33	32	1	397	417	437
Interest earned - external investments	289	338	303	295	279	289	307	45	45	356	788	279	3 612	2 560	2 560
Interest earned - outstanding debtors	173	173	179	40	40	50	52	52	52	61	62	67	1 000	1 040	1 080
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	0	225	212	409	503	0	842	182	182	124	151	258	3 089	3 569	3 089
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	200	200	200	200
Transfers and subsidies	8 421	1 675	1 737	2 457	1 240	1 103	334	4 355	4 355	1 177	3 187	4 578	34 619	31 487	56 943
Other revenue	19	273	328	193	91	103	39	590	590	70	23	165	2 485	1 602	1 624
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	12 385	4 942	5 099	5 543	4 426	3 950	4 097	7 588	7 588	3 940	5 886	7 964	73 409	73 078	100 727
Expenditure By Type															
Employee related costs	1 882	1 857	1 881	2 460	3 462	1 895	1 791	1 949	1 949	1 956	1 987	2 097	25 165	25 193	27 104
Remuneration of councillors	265	255	265	265	265	265	265	265	265	265	284	270	3 197	3 370	3 553

Debt impairment	91	387	370	630	754	183	1 110	331	331	255	297	521	5 260	5 550	5 710
Depreciation & asset impairment	104	104	104	104	104	104	155	155	155	155	155	1 943	3 340	3 341	3 342
Finance charges	–	0	1	–	–	–	–	–	–	–	–	1 409	1 410	1 055	1 055
Bulk purchases	1 560	1 588	257	648	939	904	975	940	940	892	811	1 671	12 124	13 355	14 700
Other materials	39	107	33	125	55	187	150	171	171	122	173	393	1 727	753	792
Contracted services	216	588	184	686	301	1 028	824	938	938	671	948	2 158	9 479	8 676	32 329
Grants and subsidies	57	57	57	57	57	227	57	57	57	57	57	341	1 136	580	580
Other expenditure	327	649	535	526	502	418	1 641	1 148	1 148	1 765	979	1 018	10 656	11 177	11 473
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	4 541	5 592	3 687	5 501	6 438	5 211	6 969	5 955	5 955	6 138	5 691	11 820	73 495	73 049	100 639
Surplus/(Deficit)	7 845	(650)	1 413	42	(2 011)	(1 261)	(2 872)	1 633	1 633	(2 198)	195	(3 856)	(86)	28	88
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	2 436	29 227	9 330	9 541
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	10 280	1 785	3 848	2 478	424	1 175	(436)	4 069	4 069	238	2 631	(1 420)	29 141	9 358	9 629

Annexure 2

**Monthly projection for expenditure (operating and capital) and
revenue for each vote**

WC052 Prince Albert - Supporting Table SB12 Adjustments Budget - monthly revenue and expenditure (municipal vote) - 11/05/2020

Description	Ref	Budget Year 2019/20											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands																
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		3 120	1 599	1 740	1 456	1 287	1 264	1 101	2 086	2 086	1 132	4 583	2 847	24 300	23 448	25 326
Vote 2 - DIRECTOR FINANCE		1 835	941	1 024	857	757	744	648	1 227	1 227	666	2 696	1 675	14 295	12 322	12 622
Vote 3 - DIRECTOR CORPORATE		243	124	135	113	100	98	86	162	162	88	357	221	1 891	526	543
Vote 4 - DIRECTOR COMMUNITY		1 027	526	573	479	424	416	363	687	687	373	1 509	937	8 001	7 822	30 945
Vote 5 - DIRECTOR TECHNICAL SERVICES		6 952	3 563	3 878	3 245	2 867	2 817	2 454	4 647	4 647	2 523	10 212	6 344	54 149	38 290	40 832
Total Revenue by Vote		13 177	6 753	7 351	6 150	5 435	5 340	4 651	8 809	8 809	4 781	19 357	12 025	102 636	82 408	110 268
Expenditure by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		535	654	435	638	758	593	817	690	690	722	658	1 315	8 506	8 155	8 573
Vote 2 - DIRECTOR FINANCE		784	957	636	934	1 109	868	1 196	1 011	1 011	1 056	963	1 925	12 449	13 140	13 605
Vote 3 - DIRECTOR CORPORATE		565	690	459	674	801	626	863	729	729	762	695	1 389	8 984	7 317	7 788
Vote 4 - DIRECTOR COMMUNITY		575	702	467	686	814	637	878	741	741	775	706	1 412	9 133	9 840	33 718
Vote 5 - DIRECTOR TECHNICAL SERVICES		2 167	2 646	1 758	2 584	3 067	2 400	3 308	2 794	2 794	2 920	2 662	5 324	34 423	34 598	36 954
Total Expenditure by Vote		4 626	5 649	3 754	5 517	6 549	5 123	7 062	5 966	5 966	6 234	5 683	11 366	73 495	73 049	100 639
Surplus/ (Deficit)		8 552	1 104	3 596	633	(1 114)	216	(2 412)	2 843	2 843	(1 453)	13 673	658	29 141	9 358	9 629

Annexure 3

Monthly capital expenditure per municipal vote

WC052 Prince Albert - Supporting Table SB16 Adjustments Budget - monthly capital expenditure (municipal vote) - 11/05/2020

Description - Municipal Vote	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands																
Multi-year expenditure appropriation	1															
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - DIRECTOR FINANCE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - DIRECTOR CORPORATE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - DIRECTOR COMMUNITY		-	-	-	-	-	-	-	-	-	11 500	-	(1 500)	10 000	2 947	5 918
Vote 5 - DIRECTOR TECHNICAL SERVICES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 682	1 623
Capital Multi-year expenditure sub- total	3	-	-	-	-	-	-	-	-	-	11 500	-	(1 500)	10 000	4 629	7 541
Single-year expenditure appropriation																
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-	-	8	8	-	-
Vote 2 - DIRECTOR FINANCE		-	-	-	-	-	-	360	-	-	-	-	(84)	276	-	-
Vote 3 - DIRECTOR CORPORATE		-	-	-	-	-	-	-	-	-	-	-	1 350	1 350	-	-
Vote 4 - DIRECTOR COMMUNITY		-	-	-	-	-	-	-	-	-	-	-	3 967	3 967	-	-
Vote 5 - DIRECTOR		-	-	-	-	-	-	1 052	1 052	1 052	1 052	1 052	11 861	17 119	4 701	2 000

TECHNICAL SERVICES																
Capital single-year expenditure sub-total	3	-	-	-	-	-	-	1 412	1 052	1 052	1 052	1 052	17 101	22 720	4 701	2 000
Total Capital Expenditure	2	-	-	-	-	-	-	1 412	1 052	1 052	12 552	1 052	15 601	32 720	9 330	9 541

Annexure 4

Performance indicators and benchmarks (operating budget)

WC052 Prince Albert - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks - 11/05/2020

Description of financial indicator	Basis of calculation	2016/17	2017/18	2018/19	Budget Year 2019/20			Budget Year +1 2020/21	Budget Year +2 2021/22
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<u>Borrowing Management</u>									
Credit Rating	Short term/long term rating								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure				1,5%	0,0%	1,9%	1,4%	1,0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue				0,0%	0,0%	0,0%	0,0%	0,0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants				0,0%	0,0%	0,0%	0,0%	0,0%
<u>Safety of Capital</u>									
Gearing	Long Term Borrowing/ Funds & Reserves				0,0%	0,0%	0,0%	0,0%	0,0%
<u>Liquidity</u>									
Current Ratio	Current assets/current liabilities				591,4%	0,0%	339,5%	1134,7%	1209,8%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities				591,4%	0,0%	0,0%	0,0%	0,0%
Liquidity Ratio	Monetary Assets/Current Liabilities				3,9	0,0	1,4	4,0	4,1
<u>Revenue Management</u>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing								
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)									
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue				16,2%	0,0%	15,6%	65,7%	56,7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				0,0%	0,0%	0,0%	0,0%	0,0%
<u>Creditors Management</u>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))								
Creditors to Cash and Investments					11,9%	0,0%	21,6%	18,7%	16,4%

<u>Other Indicators</u>									
Electricity Distribution Losses (2)	Total Volume Losses (kW)								
	Total Cost of Losses (Rand '000)								
	% Volume (units purchased and generated less units sold)/units purchased and generated								
Water Distribution Losses (2)	Total Volume Losses (kℓ)								
	Total Cost of Losses (Rand '000)								
	% Volume (units purchased and generated less units sold)/units purchased and generated								
Employee costs	Employee costs/(Total Revenue - capital revenue)				34,8%	0,0%	34,3%	34,5%	26,9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)								
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)				20,2%	0,0%	18,9%	19,2%	14,8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)				6,2%	0,0%	6,5%	6,0%	4,4%
<u>IDP regulation financial viability indicators</u>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)				3724,4%	0,0%	3676,8%	3942,2%	4150,1%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services				4,4%	0,0%	4,3%	52,7%	46,5%