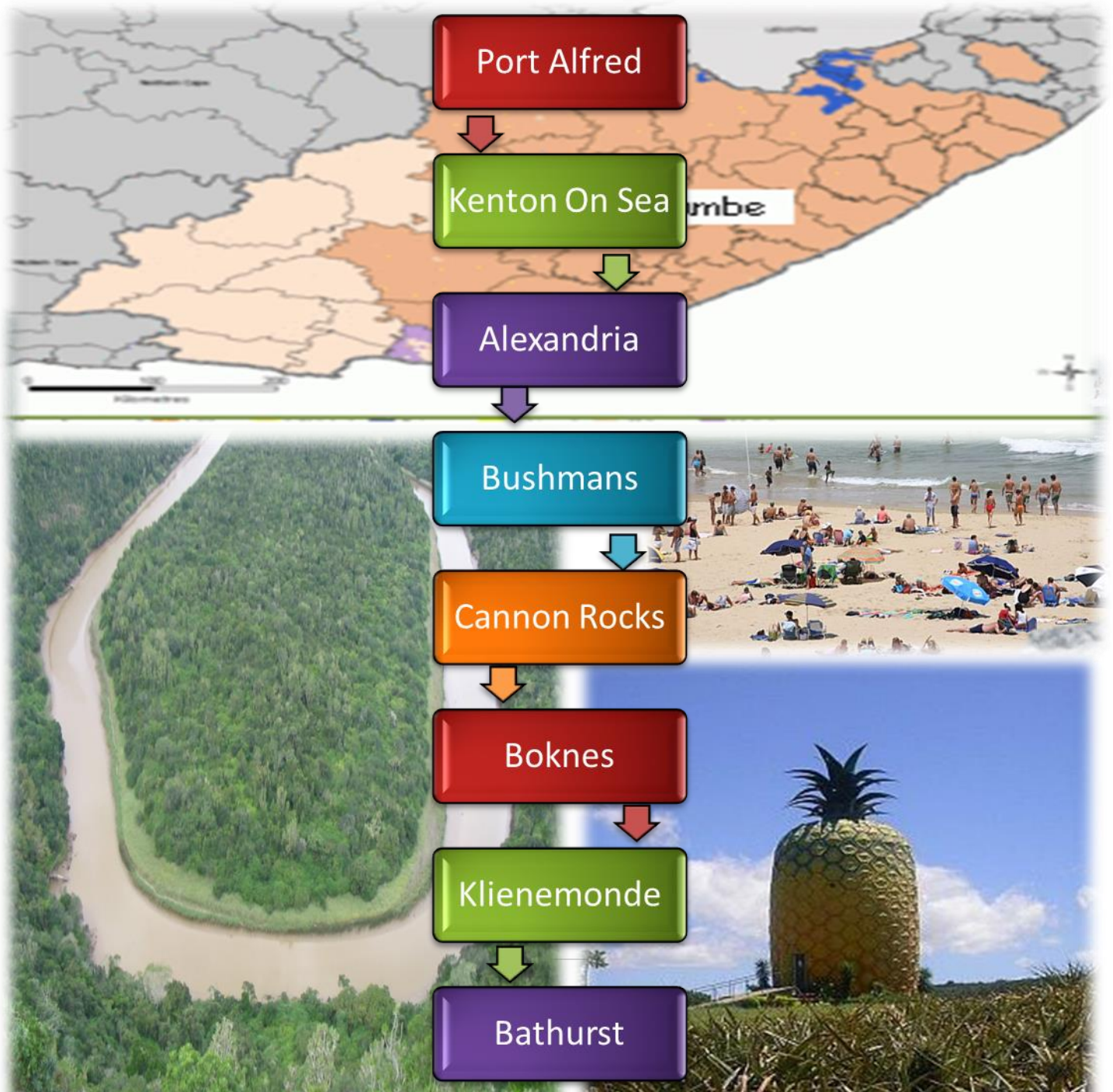


NDLAMBE MUNICIPALITY TABLED BUDGET

2021/2022



CONTENTS:

Part 1 – Annual Budget

- 1) Mayors Report
- 2) Resolutions
- 3) Executive Summary
- 4) Annual Budget Tables

Part 2 – Supporting Documentation

- 1) Overview of Annual Budget process
- 2) Overview of alignment of annual Budget with Integrated Development Plan
- 3) Measurable performance objectives and indicators
- 4) Overview of budget-related policies
- 5) Overview of budget assumptions
- 6) Overview of budget funding
- 7) Ndlambe Allocations, grants and subsidies
- 8) Allocations and grants made by the municipality
- 9) Councilor and board member allowances and employee benefits
- 10) Monthly targets for revenue, expenditure and cash flow
- 11) Draft Annual Budgets and service delivery and budgets implementation plans – Internal Departments
- 12) Contracts having future budgetary implications
- 13) Capital expenditure details
- 14) Legislation compliance status
- 15) Service Standards
- 16) Municipal manager's quality certification

Part 3 - Annexure

- 1) Annexure 1. Tariff Schedule 2021/2022
- 2) Annexure 2. Operating budget 2021/2022
- 3) Annexure 3. Capital Budget 2021/2022
- 4) Annexure 4. Budget Related / Finance Policies
- 5) Annexure 5. Service Standards

VISION:

Ndlambe Municipality strives to be a growing and investment friendly region that provides sustainable, efficient, cost-effective, adequate and affordable services to all citizens in a healthy and safe environment by 2025.

MISSION:

To achieve our vision by enabling optimal performance within each of the five key performance areas of local government within the context of available resources.

VALUES:

- ***Commitment***
- ***Transparency***
- ***Honesty***
- ***Trustworthiness***
- ***Care***



Ndlambe Municipality Tabled Budget 2021/2022

Part 1 - Tabled Budget

1) Mayor's Report

**2) RESOLUTION OF THE NDLAMBE MUNICIPAL COUNCIL APPROVING THE
TABLED CAPITAL AND OPERATING INCOME AND EXPENDITURE FOR THE
2021/2022 FINANCIAL YEAR**

RECOMMENDED THAT:

3) EXECUTIVE SUMMARY OF THE MUNICIPAL MANAGER, ROLLY DUMEZWENI, ON THE 2021/2022 TABLED BUDGET OF THE NDLAMBE MUNICIPALITY

The South African economy and Inflation targets

The National Treasury projects real economic growth of 3.3 per cent in 2021, following an expected contraction of 7.8 per cent in 2020. Real GDP growth is expected to moderate to 1.7 per cent in 2022 and 1.5 per cent in 2023, averaging 2.1 per cent over the medium term.

South Africa experienced its largest recorded decline in economic output in the second quarter of 2020 due to the strict COVID-19 lockdown. Real GDP fell by 17.1 per cent relative to the previous quarter (or 51 per cent on a seasonally adjusted and annualised basis), with all major sectors except agriculture declining. The second-quarter results were weaker than expected in the June 2020 special adjustments budget, which projected a contraction of 7.2 per cent in 2020.

High-frequency data for the third quarter – such as the volume of electricity distributed, mining and manufacturing output, business confidence and the Absa Purchasing Managers' Index (PMI) – shows evidence of a limited economic rebound. Although growth rates are likely to improve quickly as restrictions are removed, based on current projections, output is only expected to return to pre-pandemic levels in 2024.

The main risks to the economic outlook are weaker-than-expected growth, continued deterioration in the public finances and a failure to implement structural reforms. A second wave of COVID-19 infections, accompanied by new restrictions on economic activity, would have significant implications for the outlook. Government's fiscal position is a risk to growth: higher long-term borrowing costs and risk premiums have started to affect the broader economy.

Headline inflation is at the lower end of the 3 to 6 per cent target range. Goods and services inflation has broadly declined due to weak demand and falling oil prices. Inflation is forecast to fluctuate around the 4.5 per cent midpoint over the medium term in line with moderating inflation expectations.

In summary, the country's tax collection targets have not been met and this means that the fiscus has less funds available to allocate across the various spheres of government. There are measures in place to reduce expenditure to narrow the deficits.

Ndlambe Municipality's budget was a difficult budget to compile given the current economic pressures that are impacting on us. It is critical that everything possible is done to collect outstanding debt due to the municipality but at the same time ensure that the costs of the services that we provide are affordable to the consumers.

The 2021/2022 budget continues to focus on ensuring financial sustainability but also considering delivering on the programmes outlined in the Integrated Development Plan. The budget tabled reaffirms the commitment of the Ndlambe Municipality towards the prudent management of the municipal finances.¹

In order to move back towards financial sustainability, Ndlambe Municipality has set parameters within which financial planning is to be done and that should result in an operating surplus to increase the level of internal capital spending.

The 2021/2022 Budget is premised on the following principles:

- Changing the way we do things within limited resources;
- Increasing productivity by doing more with less and managing human resources effectively;
- Ensure that there is coordination of programmes between all offices and directorates;
- Customer focused; and
- Stabilising the revenue base.
- Approval of a funded budget

The main challenges experienced during the compilation of the 2021/2022 budget can be summarised as follows:

- The on-going difficulties in the local economy.
- The need to prioritize work, projects, and expenditure within the expected revenue envelope.
- Salaries and allowance increase for municipal staff that continue to exceed consumer inflation in the previous year's however given the economy distress the % increase is projected to be 4% increase that is within the projected CPI.
- Increases of ESKOM and Amatola Water.
- Resourcing municipality to ensure compliance while remaining within the prescribed expenditure to salary ratio.
- Increase on maintenance budget due to deterioration of infrastructure assets and wear and tear on specialised vehicles for service delivery.
- The major impact on measures put in place to address the COVID-19 both for the institution and the Ndlambe Municipality community.
- The maintenance and the operating costs of the RO Plant that has put in pressure in finances.

The challenge of balancing the need of the communities to the limited resources remains a serious concern and the municipality needs to look at short-, medium- and long-term solution.

Short-term

The focus for the 2021/2022 budget year must be financial sustainability of which a key component is to collect all collectable debt due to the municipality and thus stabilize the revenue base. Vigorous implementation and enforcement of the debt collection policy is our number one priority. Adopt an aggressive approach towards cash flow improvement and debt reduction through implementation of prepaid metering devices for both water and electricity in our supply areas.

With improvements in cash-flow we anticipate implementation of key IDP priorities and improve service delivery.

Medium-term

Short-term gains realised will form basis for achievement of medium-term budget objectives. Sustainability of financial viability will continue to be our main focus. We believe that financial viability will enable us to implement the required IDP projects, improve service delivery and consequently the improve quality of life of our communities. We endeavour to invest in medium term service delivery capital projects to enhance infrastructure in our towns to attract property investors and create seasonal jobs in construction and related industries.

Long-term

In the long-term, our strong financial position will provide us with ability to raise funds to acquire service delivery assets, improve infrastructure and deal with a number of challenges impeding developments like building of houses.

The tabled 2021/2022 financial year budget is made up of total operating revenue of R526 990 000 000 (R648 139 000) in 2020/2021 and operating expenditure of R452 164 000 (R451 664 000) in 2020/2021 respectively, an increase on the current year's operating expenditure due to an increase on the depreciation budget and impairment compared to previous year.

Revenue

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of 3.2% to 4.1% percent target band. Considering the economy's tough fiscal choices and other factors Ndlambe Municipality has planned to impose the increase of 5.5% increase for services charges based on the actual billed for the current financial year and for the property rates at a charge of 0.0125 cents in a Rand.

Consequently, it may not be possible to remain within the growth parameters recommended by National Treasury in their budget circular for all municipal services. The municipality with the above increases has realized a surplus of R2 110 000 that has resulted to funded budget. The Budget Steering Committee has put an effort on re-prioritizing the IDP Objectives to ensure that the 2021/2022 budget is funded.

Revenue will be raised from various sources to fund operating and internal capital budget. Property rates contribution is R138 921 000 at 5.5% increase based on the current billed property rates revenue at a charge of 0.0125 cents in a Rand. Income from rates represents 29.97% of the total revenue operating budget. The revenue for trading services is projected at R175 729 000 at 5.5% increase in tariffs.

Expenditure

The tabled budget submitted to Council for approval and for public consultation provides for total operating expenditure of R452 164 000 that includes the non-cash items depreciation at R 38 423 000 and debt impairment of R25 000 000. Vacant positions were prioritized for capacitation and achievement of strategic objectives and other vacant posts were moved to be budgeted in 2023 financial year. Employee related costs include all employees of Ndlambe Municipality but excludes Councilors allowances.

Ndlambe Municipality Tabled Budget 2021/2022

The capital budget is R82 218 000 for the 2021/2022 financial year. The capital budget funded by grants in the sum of R63 519 000, R18 699 000 from internal funds.

The top 10 capital projects for the 2021/2022 financial year are as follows:

Project	Funding	Total Budget	2023 Draft Budget	2024 Draft Budget
Waste Water Treatment Works: Upgrading of internal bulk sewer and reticulation in Station Hill and Port Alfred	Water Services Infrastructure Grant	15 000 000.00	-	-
MV Substations: Power Station Substation	Integrated National Electrification Programme Grant	15 000 000.00	-	-
Reticulation: Upgrading of Internal Bulk Sewer Reticulation in Marselle (500 houses)	Municipal Infrastructure Grant	12 861 595.00	-	-
Acquisition of Office buildings	Transfer from Operational Revenue	8 000 000.00	-	-
Upgrading of Bulk Water Reticulation in Marselle (500 Houses)	Municipal Infrastructure Grant	7 404 226.00	-	-
Upgrading of Bulk Sewer reticulation line in Thornhill (Phase 1)	Municipal Infrastructure Grant	5 964 029.00	29 190 650.00	15 505 474.00
Thornhill Link Sanitation Service Portion 1	Water Services Infrastructure Grant	5 000 000.00	-	-
Upgrading of Runeli Drive	Transfer from Operational Revenue	2 279 898.00	2 279 898.00	-
Transport Assets: Vehicle Acquisition	Transfer from Operational Revenue	3 250 000.00	2 532 000.00	2 671 260.00
Upgrading of Kariega Road: Kenton on Sea	Human Settlement Re-development Programme	1 144 000.00	-	-

4) Tabled Budget supporting tables

See Annexure 2

PART 2 – SUPPORTING DOCUMENTATION

1) OVERVIEW OF THE ANNUAL BUDGET PROCESS

The annual budget process plan is attached below. The budget process plan indicated all the key deadlines that needed to be met to ensure that a credible budget is produced for presentation to Council on 31 August 2021.

NDLAMBE MUNICIPALITY

BUDGET TIMETABLE FOR THE 2021/2022 FINANCIAL YEAR

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
JULY 2020			
30 July 2020	Review Process Plan and develop IDP/PMS/Budget time schedule for 2021/2022 (MFMA S35(1)).	(Legal requirement) Cacadu DM and Local Municipality.	Aligned Draft IDP and Budget time schedule / Process Plan with CDM Draft Framework.
31 July 2020	Develop Performance Agreements (2020/21) of Municipal Manager and Managers reporting to the Municipal Manager and submit to MEC and publicize.	Municipal Manager	Check legal requirement
AUGUST 2020			
24 August 2020	IDP/Budget timetable, budget guidelines, budget instructions, IDP/budget schedule to be presented to the Budget Steering Committee.	IDP/Budget Office	Budget Steering committee minutes and attendance register
31 August 2020	Submit reviewed IDP/Budget timetable, budget guidelines, budget instructions, and budget schedules for 2020/2021 to be presented to Council for adoption.	IDP/Budget Steering Committee	Council Resolution and IDP/Budget process plan
31 August 2020	Upload the IDP/Budget time schedule, process plan on the municipal website, place on notice boards and advertise in a local newspaper	IDP/Budget Office	Newspaper advert and notice
31 August 2020	Submit adopted process plans and council resolution to EC-CoGTA, National and Provincial Treasury	IDP/Budget Office	E-mail, formal letter or Courier receipt

Ndlambe Municipality Tabled Budget 2021/2022

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
31 August 2020	Submit adopted schedule of key dates to external stakeholders (Sector Departments)	MM and IDP Manager	E-mail or formal letter
SEPTEMBER 2020			
15 September 2020	<p>IDP/Budget Steering Committee to set parameters for the next 3 years based on marked trends and other information available.</p> <ul style="list-style-type: none"> ➤ Tariff increases ➤ Salary increases. ➤ General expenses ➤ Repairs and maintenance ➤ Key changes to be reflected considering all strategies and studies (including institutional study) ➤ Develop priority areas. <p>Reflect on all factors that could potentially impact on future budgets.</p>	Chairperson IDP/Budget Steering Committee	
10 September 2020	Attend District IDP Rep Forum Meetings	IDP Co-ordinators and Mayors	Attendance Register
15 September 2020	Confirm Councils existing and new policy priorities for next three years	Chairperson IDP/Budget Steering Committee	
30 September 2020	IDP/Budget Steering Committee to determine the funding / revenue covering potentially available funding for next three years.	Chairperson IDP/Budget Steering Committee	
30 September 2020	Submit draft 2019/20 annual performance report	Municipal Manager, CFO, Sec 56 Managers	Letter of Acknowledgement by Office of the AG.
30 September 2020	IDP/Budget Steering Committee to determine the most likely financial outlook and identify need for changes to fiscal strategies.	Chairperson IDP/Budget Steering Committee	
30 September 2020	Managers / directors to have held a staff meeting with staff in their directorate responsible for compiling the budgets where the budget timetable, policies, guidelines, instruction and minutes of the budget steering committee are to have been discussed.	All Managers / Directors	Minutes of the meeting

Ndlambe Municipality Tabled Budget 2021/2022

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
OCTOBER 2020			
01 October 2020	Chairperson of the IDP/Budget Steering Committee to have held a meeting with all ward councillors to discuss the budget timetable, policies, guidelines, instructions and minutes of the budget steering committee.	Chairperson IDP/Budget Steering Committee	
05 October 2020	Convene first IDP/Budget Representative Forum meeting. Present adopted process plan and project status. Sector departments to report on 2019/20 FY project implementation progress.	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register
05 October 2020	Ward councillors to have completed meetings with their ward committees to explain the budget process and documentation and to gather information and submit to the Chairperson of the IDP/Budget Steering Committee that is to be considered when offices and directorates do their capital / operational budgets and tariffs.	All Ward Councillors	
For the month of October 2020	Conduct gap analysis to determine level of existing development consider changes in the current environment; IDP Assessment (2020/21) and Annual Performance Report and develop corrective action plans.	Municipal Manager, Directors and IDP Official	Corrective Action Plans
10 October 2020	Q1 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance	MM and PMS Officer	Score sheet
15 October 2020	Chairperson of the IDP/Budget Steering Committee to provide all offices and directorates with the input from Ward Councillors to consider when preparing their budgets and tariffs.	Chairperson IDP/Budget Steering Committee	
October 2020	Q1 review by Internal Audit. Preparation of Annual Performance Report for MPAC	MM, PMS Manager and Internal Audit Unit	Reviewed Reports
15 October 2020	Municipalities receive inputs from National and Provincial Government and other bodies on factors influencing the budget – reference to legislation.	All Managers / Directors	
15 October 2020	Offices and Directorates to start to prepare draft capital and operational plans with cost and revenue estimates.	All Managers / Directors	

Ndlambe Municipality Tabled Budget 2021/2022

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
30 October 2020	Convene IDP/Budget Steering Committee meeting. Report on refined objectives and strategies, planned strategic interventions and proposed amendment to the organogram (if any) in response to overcome challenges. Present consolidated proposed directorate projects and budget needs.	Municipal Manager, CFO and IDP Manager	Reports, presentations, minutes and attendance register
03 November 2020	Managers and directors to assess the Human Resources component of their operating budget for the next year and for the two following years and make submissions to the finance department. Submissions would include full motivations for each post and assessments must take into consideration all known studies, establishment plan (organogram) and any other future developments over the next three years that would require a provision for costing.	All Managers / Directors	
15 November 2020	The submission on all offices and directorates human resources requirements to be considered by the Municipal Manager in consultation with each manager and director and to be facilitated by the chairperson of the IDP/Budget Steering Committee.	Chairperson IDP/Budget Steering Committee, Municipal Manager and Directors	
30 November 2020	The submission of the salary and allowance component of the budget to be provided to the Human Resources Department by all managers and directors. The Human Resources Department is responsible for determining the costs associated with the submissions. Once Human Resources Department has budgeted all salary and allowance budgets for all offices and directorates, this information is then to be submitted to the relevant office or directorate.	All Managers / Directors	Salary budget per directorate
30 November 2020	Human Resources Department to calculate required budget amount for the leave provision.	Dir. Corporate Services	Leave provision calculation
30 November 2020	The finance department will assist offices and directorates where required in determining budget figures for: <ul style="list-style-type: none"> ➤ Insurance ➤ Depreciation ➤ Provision for bad debts 	All Managers / Directors	

Ndlambe Municipality Tabled Budget 2021/2022

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
30 November 2020	Offices and directorates are to complete the relevant capital request forms as provided by the finance directorate with all required information and to provide a summary of capital requirements for the next three financial years.	All Managers / Directors	
30 November 2020	Income, expenditure, and capital budgets together with all forms and supporting documents are to be consolidated to be submitted to the finance department in the mScoa format for inclusion budget designed for three years.	All Managers / Directors	Income and expenditure budget
30 November 2020	Offices and directorates to finalise their SDBIP's for each cost / functional centre on what is contained in the operating budget that indicate what the key objectives / measurable outputs are. The SDBIP format provided by the Office of the Municipal Manager is to have been used.	All Managers / Directors	
DECEMBER 2020			
10 December 2020	Chairperson of the IDP/Budget Steering Committee to confirm in writing to the Mayor that all required documentation (SDBIP's, capital budget, operating budget, Tariffs) has been submitted to the finance directorate for consolidation.	Chairperson IDP/Budget Steering Committee	Letter or email
10 December 2020	Chairperson of the Budget Steering Committee to advise the Mayor and Municipal Manager, in writing, of any office or directorate that has not submitted all budget related documentation to the finance directorate by the stipulated date.	Chairperson IDP/Budget Steering Committee	Letter or email
JANUARY 2021			
10 January 2021	Q2 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance	MM and PMS Officer	
22 January 2021	All the submissions from offices and directorates are to be consolidated by the finance department with all working papers that would have been submitted in support of the proposed operating and capital budget.	Budget office	
22 January 2021	The finance directorate is to keep a central file on all budget related documents.	Budget office	
22 January 2021	The finance directorate to review all budget related policies with internal stakeholders and request written submissions on any proposed amendments from internal stakeholders.	All Managers / Directors	

Ndlambe Municipality Tabled Budget 2021/2022

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
22 January 2021	Chairperson of the IDP/Budget Steering Committee to confirm in writing to the Mayor that all SDBIP's, capital budgets and operating budgets have been consolidated.	Chairperson IDP/Budget Steering Committee	
22 January 2021	Finance directorate to incorporate any changes from National and Provincial Governments on three-year allocations in the budget.	Budget office	
22 January 2021	Finance directorate to review tariffs and charges and ensure that all costs of trading and economic services are covered by the tariff submitted by offices and directorates.	Budget office	
22 January 2021	Finance directorate to document all material changes in budgets from the previous financial year budget and report such changes to the Chairperson of the Budget Steering Committee.	Budget office	
25 January 2021	IDP/Budget Steering Committee to have met to discuss capital / operational budget to be tabled to Council, tariffs, draft SDBIP's and any material changes to the budget based on the previous year's budget. Also, to ensure that anticipated expenditure meets parameters set out by National / Provincial Government.	Chairperson IDP/Budget Steering Committee	
FEBRUARY 2021			
05 February 2021	IDP/Budget Steering Committee Chairperson to have met with the ward councillors to discuss any anticipated changes to the operational / capital budget, tariffs and draft SDBIP's that are to be tabled to Council.	Chairperson IDP/Budget Steering Committee All ward councillors	
11 February 2021	Mid-year Budget Performance engagements	MM, CFO, All Directors, Internal Audit, IDP/PMS, BTO Managers	Assessment Report
By mid-February 2021	IGR Session to facilitate alignment	Municipal Manager and IGR secretariat	Attendance Register
26 February 2021	Finance directorate to finalise detailed budget to be tabled in the formats issued by National Treasury.	Budget office	

Ndlambe Municipality Tabled Budget 2021/2022

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
26 February 2021	Finance directorate consolidates all comments on budget related policies and inserts budget policies with internal comments into the budget pack to be tabled to Council.	Budget office	
MARCH 2021			
05 March 2021	Convene IDP/Budget Steering Committee. Finalize internal alignment and project register. Ensure budget alignment between the draft IDP and draft SDBIP with agreed upon targets and performance indicators per project.	Municipal Manager, Mayor and IDP Official	Reports, presentations, minutes and attendance register
6 March 2021	The capital/operating budget and draft SDBIP's and budget related policies presented to the IDP/Budget Steering Committee by the finance directorate and to include a high-level summary and is supported by the budget forecasting model and reflects over a period of three years.	Budget office	
13 March 2021	Chairperson of IDP/Budget Steering Committee presents budget pack to Mayor with recommendations.	Chairperson IDP/Budget Steering Committee	
15 March 2021	Convene the third IDP/Budget Representatives Forum meeting. Present the final draft IDP and Draft SDBIP. Sector Dept. report on project implementation for 2020/21 and confirm project and budget allocations for 2021/22. (Finalize external project alignment)	Municipal Manager, Mayor and IDP Official	Presentations, minutes, and attendance register
30 March 2021	Mayor to have tabled draft IDP, operating/capital budget, tariff list and budget related policies and draft SDBIP's to Council.	Executive Mayor / IDP/Budget Office	Tabled budget document and Council resolution
APRIL 2021			
10 April 2021	Forward copy of tabled budget to National and Provincial Governments and Cacadu District Municipality for review, both electronically and in printed format.	Budget office	Email and courier receipt
10 April 2021	IDP Unit to advertise the Draft IDP and tabled budget approved by Council, inviting comments from all stakeholders.	Budget office	Advert and notice
10 April 2021	In collaboration with Council develop and publicize the draft IDP and tabled budget 2021/22 Community Engagement Programme. Make citizens aware of outreaches, prior to the adoption of the final Draft IDP and Budget. Secure venues and arrange logistics for scheduled meetings.	All Ward Councillors	Public notices. Mayoral Imbizo programme

Ndlambe Municipality Tabled Budget 2021/2022

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
10 April 2021	Q3 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance	MM and PMS Officer	Score sheets and attendance registers
15 April	Draft Budget/Benchmark Engagement	MM, CFO, All Directors, Internal Audit, IDP/PMS, BTO Managers	Budget Engagement Report
21 April 2021	Convene 4th IDP and Budget Steering Committee. Interrogate community comments and finalize SDBIP/IDP alignment and any necessary amendments to the IDP/ budget.	Municipal Manager and IDP Official and CFO	Reports, presentations, minutes and attendance register
30 April 2021	Convene IDP Representatives Forum meeting to present final IDP for consideration. Present the REVISED DRAFT IDP . Report on public engagement and outcome of the 21-days public inspection and invite any last changes or additions to sector project register.	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register
30 April 2021	IDP/Budget Steering Committee to discuss and analyse additional inputs from community, ward committees, National/Provincial Governments and Cacadu District Municipality.	Chairperson Budget Steering Committee	
30 April 2021	Managers and directors to incorporate feedback from community, ward committees, National/Provincial Governments, and if required, revise the budget previously tabled to Council in consultation with the Chairperson of the IDP/Budget Steering Committee.	All Managers / Directors	
MAY 2021			
Mid May 2021	Submit 2021/22 IDP/Budget to the MPAC for oversight before adoption.	Municipal Manager, CFO and Mayor	Oversight report and recommendations by MPAC
31 May 2021	Mayor to have presented final budget to council for adoption and to have included operating / capital budget, resolutions, tariffs, capital implementation plans, operational objectives, changes to IDP/budget plans.	Executive Mayor / IDP/Budget Office	Adopted Final IDP/Budget and related budget policies and Council resolution.
Within 10 days after adoption	Submit adopted Reviewed IDP to the MEC for local government	MM and IDP Manager	Letter of acknowledgement

Ndlambe Municipality Tabled Budget 2021/2022

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
JUNE 2021			
10 June 2021	Capital / operating budget to have been presented to National Treasury and DPLG (Budget Engagements)	Executive Mayor/ CFO /Budget Office	
10 June 2021	Upload the Council approved Reviewed IDP/Budget (2021/22) on the municipal website and place a notice in local newspapers for public inspection (21days).	Budget office and IDP Manager	Notice and local newspaper
29 June 2021	Complete all the budget annexures required by National Treasury and submit to the National Data Base and submit hard copies to National and Provincial Treasury	Budget office	
29 June 2021	Finance to provide the Mayor with the consolidated SDBIP for consideration	Budget office	
29 June 2021	Publish the rates tariff in the Provincial Government Gazette	Dep Dir Revenue	
Date to be communicated by COGTA	Final IDP Provincial Assessment	DM, LM, KPA leaders, CoGTA, Sector Departments	Signed MEC comments and individual assessment reports

The following budget instructions were approved by Council and issued to all directorates and offices to assist them with the compilation of the 2021/2022 budget;

The budget plan for the 2021/2022 financial year has been developed to meet the requirements of Act No. 56 of 2003: Local Government Municipal Finance Management Act, 2003 and Standard Chart of Accounts for Local Government Regulations, 2014, that take effect on 1 July 2021.

The main aims of the annual budget plan are:

- Assist co-ordination of various areas of responsibility in implementing and reviewing the IDP and other long-term plans of the Ndlambe Municipality.
- Provide medium term financial plans for each directorate which are linked to plans and not one-year incremental budgets.
- Ensure that progress against the budget plans can be monitored and corrective action taken if necessary.
- Ensure that plans are reviewed on a continual basis in concert with the budget in-year review.

The following documents are to be produced by each directorate:

- Directorates' medium term budget policy statement. This document must set out the allocations for the next three years of both the capital and operating budget taking into account the strategic direction which the directorate intends taking over the next three years based on the current revenue collected.
- The IDP must give rise to the detailed plans that will be used to formulate the

directorates' policy objective. All individual components of the policy objectives should be costed. Sufficient information is to be provided to allow priority rating.

- Functional operational plans must be drawn up which are to set out the operational plans for each section in a directorate per project segment (SDBIP).

The above documents will influence budget allocations to each directorate, so they are to be as detailed as possible.

High level strategic planning is to be undertaken while drawing up the budget. The planning is to be long term (minimum three years) and must set out targets in terms of outcomes, levels of service delivery and general tariff policies. Service level requirements, demographics, backlogs, etc. are to be considered. Council and community consultation by directorates must be undertaken during the time that the directorates are drawing up their budgets.

Some IDP projects may be individual projects but many will have a widespread impact across the operational budget. In this case it must be fully budgeted for a minimum period of three years. The costing must include capital outlay, increase or decrease in operational expenditure, and revenue that could be generated. Directorates should at this point also consider provincial and national government priorities.

Operation budgets are to be linked to plans (SDBIP). Each directorate must compile operational plans and capital plans. The plans must be for the current budget year and for at least two years into the future. The plans must detail service levels, initiatives, financial forecasts and non-financial indicators. While directorates prepare budget segments, summary level information will be incorporated in the budget. Directorates need to first complete their operational plans then use the plans as a base for completing budget segments. This is to ensure that directors consider high level strategy and outcomes and output objectives and do not let previous year budget drive the budget process.

Directors are to prepare budget segments as per their operation plans. Each item must be project driven. This detail will not be incorporated in the budget document but must be available in the budget process for councillors, community, and other stakeholders to use in deliberations. The budget segments are to be kept by the relevant director and must agree to the published summary budget. The budget segments will be used throughout the year to gauge performance during the budget review stages.

The budget to be published will include information from the IDP, each directorate's operational plans and budget summary. Budget segments will only be given to directors for distribution to their relevant sections.

The actual budget document will be compiled by the Finance Directorate and will contain functional operational plans of each directorate which would have been submitted for at least the next three years. Directorates further need to maintain a rolling plan which is to incorporate operational objectives and initiatives, financial projections, financial and non-financial performance measures, and commentary on the directorates' past performance. The Finance Directorate will interrogate the directorates' budget and financial plans to ensure consistency and accuracy. From all directorates' rolling plans, an executive summary will be made in a format which will allow councillors and the community to gauge

performance during the budget process.

The consultation part of the budget is very important as it is during this phase that the budget must be fine-tuned to fit service delivery and outcome objectives of each directorate within the economic realities of Ndlambe Municipality. It involves consultation with the community and council and will require sensitive analysis of the budget and policy choices to fit in with the limited financial resources.

The draft IDP/ Budget must be tabled by the end of March 2021, must be considered by the end of May 2021 and approved by the end of June 2021. This will give directors sufficient time to pass the operational plans onto their sections prior to the start of the budget year. Regular IDP/Budget reviews are to be held between ward councillors and directorates to review the plans and determine the progress against the IDP/Budget objectives.

BUDGET POLICY GUIDELINES

1. A three-year budget is to be prepared.
2. Council's IDP is to be consulted throughout the budget process.
3. Salary increases are to be budgeted for by the relevant directorate / office with $\pm 7.5\%$ increase plus notch.
4. Noticeable changes and/or adjustments to income and expenditure are to be reported on.
5. Relevant documentation to be completed with regard to capital expenditure.
6. Expansion and/or restriction to any service to be reported on.
7. Request for posts to be filled during the next three budget periods to be handed to the human resources per the dates reflected on the budget time-table.
9. The NER is to be contacted for guidelines on the increase in electricity income.
10. Councillors and stakeholders are to be involved in the budget process at all times.

INSTRUCTIONS

1. Consult all relevant legislation including circulars when completing your budget.
2. All segments on the budget are to be budgeted for (including electricity/water, rates, insurance, etc.) - do not leave any gaps.
3. Tariff by-laws are to be consulted when calculating tariffs.
4. All amounts budgeted must be rounded off to the nearest R10,00.
5. The Budget timetable is to be strictly adhered to.
6. SDBIP must be completed for all income / expenditure as per the attached circular from National Treasury and ensure that the SDBIP corresponds with the OPEX AND CAPEX.
7. The IDP/Budget co-ordinators are Mr S Mjacu, Ms N Matthews and Mrs U Xako.

2) OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN

Directorates aligned all operating and capital expenditure to the goals and actions as set out in the Integrated Development Plan. On the capital budget, the operating budget and the service delivery budget implementation plan directors have provided IDP numbers where possible to highlight the linkages. The budget is linked to the following main strategic goals and objectives as per the Integrated Development Plan.

- Basic Services Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public participation
- Cost effective and sustainable service delivery.

Through the process of drafting the budget the key responsibilities of the Ndlambe Municipality were considered.

- Provide democratic and accountable government for all local communities of Ndlambe
- Ensure the provision of services to all the Ndlambe community in a sustainable manner!

Promote social and economic development.

- Promote a safe and healthy environment.
- Encourage the involvement of all communities and community-based organizations in the matters of local government.
- Maximizing of infrastructural development through the utilization of all available resources
- Implementation of effective management systems, internal controls, and procedures
- Ensure we have a skilled, committed, and motivated workforce.
Comply with the Batho Pele principles

3) MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

NDLAMBE LOCAL MUNICIPALITY						
ADJUSTED SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN (SDBIP)						
2020/2021 FINANCIAL YEAR						
KEY PERFORMANCE AREA (KPA) 1: SPATIAL PLANNING						
Goal(s): (1) A premier place to work and do business						
Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Means of Verification	Custodian
Infrastructural Development	2.2. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	1_1_2.2_1	1. Number of applications for the building of at least 500 RDP houses submitted to the Department of Human Settlements	Research and Development: surveying and development	Proof of submissions to the Department of Human Settlements Completed application	Director: Infrastructural Development
Infrastructural Development	2.2. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	1_1_2.2_2	2. Percentage of completed Land Use Applications finalised within 16 months	Plan Development: Town Planning - Management	Register Return Approval/Rejection letter to applicant	Director: Infrastructural Development

KEY PERFORMANCE AREA (KPA) 2: BASIC SERVICE DELIVERY

**Goal(s): (1) A premier place to work and do business
(2) Destination of choice for living**

Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Means of Verification	Custodian
Community Protection Services	2.2. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	2_1_2_2.2_3	3. Number of formal households with access to refuse removal as per schedule	Clean-up Actions: Refuse removal collection from consumers in all wards	Billing confirmation from the Finance Department Schedule Billing confirmation from the Finance Department and from the Housing Department re RDP houses being built throughout Ndlambe	Director: Community Protection Services
Community Protection Services	2.2. Provide sustainable, efficient, cost effective, adequate, and affordable services to all our citizens	2_1_2_2.2_4	4. Number of informal areas provided with access to refuse removal as per schedule (skip bins collection)	Clean-up Actions: Refuse removal collection from consumers in all wards	Registers Schedule	Director: Community Protection Services
Community Protection Services	1.5. Develop a vibrant, rapidly growing, employment generating oceans economy	2_1_2_1.5_5	5. Number of beaches with full blue flag status	Tourism Development: Blue Flag International Standard Maintenance for Tourists Attraction	Blue Flag Certificates and application forms to International Jury	Director: Community Protection Services

Ndlambe Municipality Tabled Budget 2021/2022

Community Protection Services	3.2. Preserve the natural beautiful environment	2_1_2_3.2_6	6. Number of estuaries (Kowie, Bushmans, Kariega) patrolled	Biodiversity and Climate Change:Beaches and Estuaries	Quarterly Management Reports signed by the Director Patrol sheets Schedule	Director: Community Protection Services
Community Protection Services	3.2. Preserve the natural beautiful environment	2_1_2_3.2_7	7. Number of biodiversity priority areas patrolled (nature reserves) - Kap and Fish River-, Round Hill-, Joan Muirhead Local Authority Nature Reserves	Biodiversity and Climate Change: Nature Reserves	Quarterly report on each nature relating to protection Patrol sheets Schedule	Director: Community Protection Services
Community Protection Services	2.3. Create a safe and secure living environment	2_1_2_2.3_8	8. Percentage compliance with the required attendance time for firefighting incidents (in accordance with SANS 10090)	Public Protection and Safety: Ndlambe Fire Protection Services	Incident Reports	Director: Community Protection Services
Community Protection Services	2.3. Create a safe and secure living environment	2_1_2_2.3_9	9. Number of roadblocks carried out to enhance vehicle safety on roads throughout Ndlambe	Roadblocks by law enforcement personnel	Photographic evidence, Roadblock verification check sheets and monthly report	Director: Community Protection Services
Infrastructural Development	1.2 Develop state-of-the-art physical infrastructure	2_1_2_1.2_10	10. Number of water and sanitation infrastructure projects completed	Thornhill Link Services Water Infrastructure Refurbishment of Kenton On Sea WWTW Augmentation of the Alexandria Water Supply	Completion Certificates Project Reports	Director: Infrastructural Development

Ndlambe Municipality Tabled Budget 2021/2022

Infrastructural Development	1.2 Develop state-of-the-art physical infrastructure	2_1_2_1.2_11	11. Number of Reverse Osmosis Plants installed	Water Treatment Works:2ML+3ML RO Plant -Water Treatment Package Plant	Appointment letter, signed quarterly reports and completion certificate	Deputy Director: Infrastructural Development
Infrastructural Development	2.2. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	2_1_2_2.2_12	12. Percentage of households with access to basic sanitation	Pipe Work:Chrishan pump station Pipe Work:Ekuphumleni Pump Station Pipe Work:Gwala str pump station Pipe Work:Harmony park pump station Pipe Work:Kwanonkqubela pump station Pipe Work:Marsell pump station Pipe Work:Medolino pump station Pipe Work:Sport road pump station Reticulation:Upgrading of Bulk Sewer reticulation line in Thornhill (Phase 1) Reticulation:Upgrading of Internal Bulk Sewer Reticulation in Marselle (500 houses) Service Connections on Site:Sewerage Ponds	Billing Report from Finance Sanitation Pump Out Register Automated sewer connection billing report and manual sanitation report General Valuation roll	Director: Infrastructural Development

Ndlambe Municipality Tabled Budget 2021/2022

Infrastructural Development	2.2. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	2_1_2_2.2_13	13. Percentage of households with access to water supply	Pump Station:Upgrading of Bulk Water Reticulation in Marselle (500 Houses) Pump Station:Upgrading of Internal Bulk Water reticulation in Thornhill (Phase 1) Civil Structure:Purification works maintenance	Billing Report from Finance	Director: Infrastructural Development
Infrastructural Development	2.2. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	2_1_2_2.2_14	14. Percentage of non-revenue water	Water Saving Initiatives:Water Conservation and Demand Management	Non - Revenue Water Report	Director: Infrastructural Development
Infrastructural Development	2.2. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	2_1_2_2.2_15	15. Percentage of households with access to electricity	Electrification:Provision of Electricity services to the Households Machinery and Equipment:Maintenance of Transformers Machinery and Equipment:Mechanical failure- Electricity	Quarterly Reports submitted to COGTA	Director: Infrastructural Development
Financial Services	2.2. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	2_1_2_2.2_16	16. % registered Indigent households having access to free basic services	Indigent and Cultural Management and Services	Indigent Register versus Transaction Report	Chief Financial Officer

Ndlambe Municipality Tabled Budget 2021/2022

Infrastructural Development	2.2. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	2_1_2_2.2_17	17. Compliance to SANS241	Drinking Water Quality:Water Services Authority	Monthly lab results and IRIS	Director: Infrastructural Development
Infrastructural Development	1.2 Develop state-of-the-art physical infrastructure	2_1_2_1.2_18	18. Metres of road improved (paving, grading)	Upgrading of Alfred Road: Port Alfred Upgrading of Kariega Road: Kenton on Sea Prospect Lane Strand Street Tulwane Avenues (A, B and C) Mswela Street Mtati Street Sagwityi Street Three Stone Ndlovini Street	Completion Certificates Project Reports Photographs	Director: Infrastructural Development
Infrastructural Development	1.2 Develop state-of-the-art physical infrastructure	2_1_2_1.2_45	45. Number of boreholes	Boreholes: Emergency Drilling of Boreholes at West Bank Reservoirs	Completion certificates	Director: Infrastructural Development
KEY PERFORMANCE AREA (KPA) 3: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT						

Ndlambe Municipality Tabled Budget 2021/2022

Goal(s): (1) A premier place to work and do business						
I,';mm	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Means of Verification	Custodian
Corporate Services	1.1 Improve the efficient running of and the governance of the Municipality	3_1_1.1_19	19. Response time to respond to customer complaints	Plan Development: BATHO PELE FRAMEWORK Operational: Municipal Running Cost Customer Care Module	Complaints Register, reflecting feedback	Director: Corporate Services
Corporate Services	1.1 Improve the efficient running of and the governance of the Municipality	3_1_1.1_20	20. Staff Vacancy Rate	Municipal Minimum Competency Level: Municipality Competency levels for qualifying staff as per NT	Positions advertised; appointment letters issued	Director: Corporate Services
Corporate Services	1.1 Improve the efficient running of and the governance of the Municipality	3_1_1.1_21	21. The number of people from employment equity target groups employed in the entire organisation in compliance with a municipality's approved employment equity plan (Indians and Disabled)(Proxy Indicator)	Human Resource Management: Employment equity plan	Employment Equity Report Employment Contract Appointment Letter Disability Certificate (if applicable)	Director: Corporate Services

Ndlambe Municipality Tabled Budget 2021/2022

Corporate Services	2.4. Position the municipality as a learning hub of excellence	3_1_2.4_22	22. The percentage of a municipality's budget (OPEX) actually spent on implementing its workplace skills plan	Capacity Building Councillors: Training of municipal councillors Education and Training: Reading materials and resources Training Minimum Competency: BTO Staff and Interns training on minimum competency levels Workshops Seminars and Subject Matter Training: Training of municipal staff on skills development	Municipal Budget Training Report	Director: Corporate Services
--------------------	--	------------	---	---	----------------------------------	------------------------------

KEY PERFORMANCE AREA (KPA) 4: LOCAL ECONOMIC DEVELOPMENT

Goal(s): (1) A premier place to work and do business

(2) Destination of choice for living

(3) Tourist destination of choice for people who love natural and cultural heritage, and adventure water sports

Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Means of Verification	Custodian
Office of the Municipal Manager	1.4. Develop a vibrant, rapidly growing, employment generating tourism economy, including the heritage economy	4_1_2_3_1.4_23	23. Number of jobs created	Cross-cutting through all Departments	Employment contracts / Letters of appointment	Municipal Manager

Ndlambe Municipality Tabled Budget 2021/2022

Office of the Municipal Manager	3.3. Develop and support adventure and extreme water sports	4_1_2_3_3.3_24	24. Number of tourism initiatives supported	Project Implementation: LED Tourism Development Tourism Development: Tourism Development Amanzi Festival	Requisitions, proof of payments, Attendance registers	Manager: Local Economic Development
Office of the Municipal Manager	3.4. Develop cultural heritage economy	4_1_2_3_3.4_25	25. Number of heritage and cultural events/initiatives supported	Community Development Initiatives: Development of Gospel Music Community Development Initiatives: Development of Local Artist Donations	Requisitions, proof of payments, Attendance registers	Municipal Manager
Office of the Municipal Manager	1.3 Develop a vibrant, rapidly growing, agri-based employment generating economy	4_1_2_3_1.3_26	26. Number of agricultural initiatives supported	Assistance and Support: Agricultural assistance and support Project Implementation: LED Chicory Projects Project Implementation: LED Commonages Project Implementation: LED Piggery Project	Requisitions, proof of payments, Attendance registers, Proof of submissions of business proposals	Manager: Local Economic Development
Office of the Municipal Manager	1.3 Develop a vibrant, rapidly growing, agri-based employment generating economy	4_1_2_3_1.3_27	27. Number of SMME's and Cooperatives supported	Entrepreneurial Support System: SMME Support	Requisitions, proof of payments, Attendance registers	Manager: Local Economic Development
KEY PERFORMANCE AREA (KPA) 5: FINANCIAL VIABILITY AND MANAGEMENT						

Ndlambe Municipality Tabled Budget 2021/2022

Goal(s): (2) Destination of choice for living						
Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Means of Verification	Custodian
Financial Services	2.1. Improve financial viability of the municipality	5_2_2.1_28	28. Collection Rate	Operational: Municipal Running Cost	Revenue Collection Report	Chief Financial Officer
Financial Services	2.1. Improve financial viability of the municipality	5_2_2.1_29	29. Cash/ Cost Coverage Ratio (Excluding Unspent Conditional Grants)	Operational:Municipal Running Cost	Financial Viability Report Cashflow statement Investment Report	Chief Financial Officer
Financial Services	2.1. Improve financial viability of the municipality	5_3_2.1_30	30. Percentage reduction of Irregular, Fruitless and Wasteful and Unauthorised Expenditure	Financial Recovery Plans:Support the implementation of the financial misconduct regulation	Auditor-General Report	Chief Financial Officer

Ndlambe Municipality Tabled Budget 2021/2022

Financial Services	2.1. Improve financial viability of the municipality	5_3_2.1_31	31. Contracted Services % of Total Operating Expenditure	Operational:Municipal Running Cost	Monthly budget actuals	Municipal Manager
Financial Services	2.1. Improve financial viability of the municipality	5_3_2.1_32	32. Percentage of budget provision allocated for asset repairs and maintenance	Operational:Municipal Running Cost	Monthly budget actuals	Chief Financial Officer
Financial Services	2.1. Improve financial viability of the municipality	5_3_2.1_33	33. Debt coverage	Operational:Municipal Running Cost	Received Revenue Report Report on Total Payments	Chief Financial Officer
Financial Services	2.1. Improve financial viability of the municipality	5_3_2.1_34	34. Outstanding service debtors to revenue	Operational:Municipal Running Cost	Age analysis for the quarter and Monthly Actual Billings	Chief Financial Officer
Financial Services	2.1. Improve financial viability of the municipality	5_3_2.1_35	35. Current Ratio	Operational:Municipal Running Cost	Monthly actuals	Chief Financial Officer
Financial Services	2.1. Improve financial viability of the municipality	5_3_2.1_36	36. Percentage capital budget spent	Operational:Municipal Running Cost	Monthly budget actuals	Municipal Manager

KEY PERFORMANCE AREA (KPA) 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

**Goal(s): (1) A premier place to work and do business
(2) Destination of choice for living**

Department	Strategic Objective	Indicator Code	Key Performance Indicator (KPI)	Project	Means of Verification	Custodian
------------	---------------------	----------------	---------------------------------	---------	-----------------------	-----------

Ndlambe Municipality Tabled Budget 2021/2022

Office of the Municipal Manager	1.1 Improve the efficient running of and the governance of the Municipality	6_1_1.1_37	37. Audit Opinion	Operational Cost: External Audit Fees	Auditor-General Report	Municipal Manager
Corporate Services	1.1 Improve the efficient running of and the governance of the Municipality	6_1_1.1_38	38. Percentage of ward committees with 6 or more ward committee members (excluding the ward councillor)	Awareness Campaign:10 Ward Rooms@R10000 each Ward Initiatives:Councillors Initiatives to combat Wards challenges	List of wards List of ward committee members per ward	Director: Corporate Services
Corporate Services	1.1 Improve the efficient running of and the governance of the Municipality	6_1_1.1_39	39. Percentage of ward committees that are functional (meet four times a year, are quorate, and have an action plan)	Awareness Campaign:10 Ward Rooms@R10000 each Ward Initiatives:Councillors Initiatives to combat Wards challenges	Attendance Registers Minutes of meetings Agendas	Director: Corporate Services
Office of the Municipal Manager	1.1 Improve the efficient running of and the governance of the Municipality	6_1_1.1_40	40. Number of alleged fraud and corruption cases reported	Human Resource Management:Legal	Internal Audit Reports Auditor-General Reports Legal Reports	Municipal Manager
Office of the Municipal Manager	1.1 Improve the efficient running of and the governance of the Municipality	6_1_1.1_41	41. Number of active suspensions longer than three months	Human Resource Management:Legal	Suspension Letters Disciplinary Outcome	Municipal Manager

Ndlambe Municipality Tabled Budget 2021/2022

Office of the Municipal Manager	1.1 Improve the efficient running of and the governance of the Municipality	6_1_1.1_42	42. Number of Public Participation meetings and formal engagements held with the Local Communities	Awareness Campaign:CDWS Awareness Campaign:Education and Awareness Awareness Campaign:Petitions Awareness Campaign:Moral Regeneration Movement	Attendance Registers Programmes	Municipal Manager
Office of the Municipal Manager	1.1 Improve the efficient running of and the governance of the Municipality	6_1_1.1_43	43. Number of special programmes held	Gender Development:Woman's Month Elderly:Elderly Month Disability:Disability Forum Meeting Disability:Disability Month Gender Development:Womens' Forum Meeting Youth Development:Youth Council Meeting Youth Development:Youth Empowerment	Attendance Registers	Municipal Manager
Corporate Services	1.1 Improve the efficient running of and the governance of the Municipality	6_1_1.1_44	44. Number of Council meetings held	Council Meetings	Agenda Minutes of Meetings Attendance Registers	Director: Corporate Services

4) BUDGET RELATED POLICIES

The Municipal Finance Management Act and Reporting Regulations require that all budget and budget related policies be reviewed, and where applicable, be updated on an annual basis.

The draft budget related policies are as follows: -

- ❖ Rates Policy
- ❖ Indigent Policy
- ❖ Budget Policy
- ❖ Creditors, Staff and Councilors Payment Policy
- ❖ Credit Control and Debt Collection Policy
- ❖ Funding and Reserve Policy
- ❖ Virement Policy
- ❖ Subsistence and Travel Policy
- ❖ Policy and Procedures for Irregular and Fruitless Expenditure
- ❖ Fixed Asset Policy
- ❖ Supply Chain Management Policy
- ❖ Write-off of Irrecoverable Debt Policy
- ❖ Loans Policy
- ❖ Tariff Policy
- ❖ Management of Accumulated Surplus and Bad Debt Policy
- ❖ Loss Control Policy
- ❖ Fuel Card Policy

Stakeholders are requested to comment on the policies listed above before the budget is presented to Council for final adoption.

The following finance policies also have an impact on the budget.

- ❖ Banking and Investment Policy
- ❖ Imprest/Petty Cash Policy
- ❖ Entertainment Policy
- ❖ Unforeseen and Unavoidable Expenditure Policy

All the above policies can be viewed on the Ndlambe Municipality website
www.ndlambe.gov.za

5) OVERVIEW OF BUDGET ASSUMPTIONS

Numerous factors contributed to the 2021/2022 financial year's budget and again it has been one of the most difficult budgets to fund. The greatest difficulty was to ensure a funded budget, while providing relief to rate payers in the form of rates rebates, increasing maintenance budget provision, complying with GRAP standards in terms of providing for depreciation and other provisions (Debt Impairment etc) while keeping annual percentage increase at minimum.

The economic conditions in which we have had to operate over the past year have resulted in an increase in outstanding debtors and limited funds going to capital development and maintenance.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3.2% to 4.1% percent target band.

Ndlambe Municipality has decided to impose the increase of 5.5% increase for services charges based on the actual billed for the current financial year. The property rates at a charge of 0.0125 cents in a Rand.

The economic pressure has shown the predicaments that the government is facing and where in some instances government has cut from local government conditional grants. The decision to phase in the increase on depreciation budget was then taken seriously by Council and therefore depreciation was increased back to the 2017/2018 audited figures and has not yet been fully provided as per the asset register.

Eskom increase of 5.2% on bulk purchases compared to municipal tariff proposed of 5.5% has been used in the municipality's discretion. It must be stressed that NERSA has not yet announced the increases and that would be done after the equitable share allocations are tabled in the Division of Revenue Bill. There is a high probability that the bulk percentage (%) increase will change depending on NERSA's approved increase for ESKOM.

The Council has during the deliberations whilst approving the budget process plan for 2021/2022 and considered the distress in the economy has taken the decision the wage increase of 4% increase, an estimated of 2.5% for notching to be provided in the 2021/2022 draft budget.

The municipality has projected a collection rate of 87%

6) OVERVIEW OF BUDGET FUNDING

The 2021/2022 budget is predominantly funded from rates, service and usage charges, grants, and subsidies. The tabled budget total revenue is R526 990 000.

Total revenue budget of R347 530 000 budgeted for from rates, service, and usage charges, excludes the equitable share and DORA operating grants.

It must be noted that the unlimited wants from the Ndlambe Community cannot all be addressed in this tabled budget due to limited resources. This gives the clear indication that the municipality's Council and management should consider going back to basics and re-prioritize its objectives to be addressed in the 2021/2022 Medium Term Revenue and Expenditure Framework

Funding Measurement

The budget will remain a plan which can only be realized through on availability of cash, therefore actual expenditure can only be incurred when the cash flow permits and that will on happen by increasing our collection rate.

Capital Expenditure

It is now essential that all projects are carefully considered and that the impact of the funded projects on the operating budget is considered before they are approved. It will be detrimental to continue with funded projects if our operational budget will not be able to carry them. It is important for Directorates to be aware of funded projects to be able to provide for such in the budgets. Awareness will provide an opportunity for re-allocation of the limited operational budget.

Ndlambe Municipality Tabled Budget 2021/2022

7. NDLAMBE ALLOCATIONS OF GRANTS AND SUBSIDIES

Description	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
RECEIPTS:									
Operating Transfers and Grants									
National Government:	-	-	-	107 958	125 888	-	111 665	117 804	117 040
Local Government Equitable Share	-	-	-	103 801	120 231	-	107 582	113 618	112 792
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Financial Managemnt Grant and MIG PMU	-	-	-	4 157	5 657	-	4 083	4 186	4 248
Provincial Government:	-	-	-	2 400	2 400	-	2 640	2 538	2 538
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Libraries and Archives	-	-	-	2 400	2 400	-	2 640	2 538	2 538
District Municipality:	-	-	-	1 551	2 034	-	1 636	1 726	1 821
<i>[insert description]</i>									
Environmental Health Subsidy	-	-	-	1 551	2 034	-	1 636	1 726	1 821
Other grant providers:	-	-	-	-	-	-	-	-	-
<i>[insert description]</i>									
	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	-	-	-	111 909	130 322	-	115 942	122 068	121 399
Capital Transfers and Grants									
National Government:	-	-	-	35 178	222 178	-	62 230	49 391	55 362
Municipal Infrastructure Grant (MIG)	-	-	-	35 178	128 678	-	62 230	49 391	55 362
Regional Bulk Infrastructure	-	-	-	-	80 000	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Water Service Infrastructure Grant (WSIG)	-	-	-	-	13 500	-	-	-	-
Provincial Government:	-	-	-	350	58 680	-	145	213	213
Libraries and Archives	-	-	-	350	58 680	-	145	213	213
District Municipality:	-	-	-	-	-	-	-	-	-
<i>[insert description]</i>									
	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	1 201	1 201	-	1 144	-	-
<i>[insert description]</i>									
Expanded Public Works (EPWP)	-	-	-	1 201	1 201	-	1 144	-	-
Total Capital Transfers and Grants	-	-	-	36 729	282 060	-	63 519	49 603	55 575
TOTAL RECEIPTS OF TRANSFERS & GRANTS	-	-	-	148 638	412 381	-	179 460	171 671	176 973

8) ALLOCATIONS AND GRANTS MADE BY NDLAMBE MUNICIPALITY

	Current Year		Medium Term Revenue and Expenditure Framework		
Grant and Subsidies Made	Original Budget 2020/2021	Adjusted Budget 2020/2021	Draft Budget 2021/2022	Draft Budget 2022/2023	Draft Budget 2022/2024
Sustainable economic opportunity SMME	50 000	290 000	100 000	105 500	111 303
Social Assistant Poverty relief	100 000	100 000	100 000	105 500	111 303
Bursaries (non-employees)	230 000	230 000	300 000	316 500	333 908
SMME Support Development	600 000	600 000	600 000	633 000	667 815
Soup Kitchen Cash Donations	200 000	200 000	100 000	111 000	122 605
Community Development Initiatives	200 000	200 000	200 000	211 000	122 605
Sport Donations	200 000	200 000	100 000	111 000	122 605
Social Assistance Grants in Aid	105 500	105 500	105 000	110 775	116 868
Social assistance Poverty Relief	80 000	80 000	80 000	84 400	89 042
Grants and Transfers Tourism	828 850	828 850	900 000	949 500	001 723 ¹
Anti-Crime	350 000	350 000	350 000	369 250	389 559

The above are the only allocations and grants budgeted for by the municipality. During the financial year, Council may resolve to make further allocations or grants based on the merits of the applicant.

9) COUNCILOR ALLOWANCES AND EMPLOYEE BENEFITS

**COUNCILORS ALLOWANCES, SECTION 57 EMPLOYEES AND MUNICIPAL STAFF
EMPLOYEE COST BUDGET 2021/2022**

EC105 Ndlambe - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2017/18	2018/19	2019/20	Current Year 2020/21			2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Councillors (Political Office Bearers plus Other)	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages		-	-	-	4 722	4 722	-	4 934	4 934	4 934
Pension and UIF Contributions		-	-	-	341	341	-	370	370	394
Medical Aid Contributions		-	-	-	55	55	-	54	57	60
Motor Vehicle Allowance		-	-	-	1 382	1 382	-	1 382	1 382	1 382
Cellphone Allowance		-	-	-	775	775	-	816	816	816
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		-	-	-	7 274	7 274	-	7 555	7 558	7 585
% increase	4		-	-	-	-	(100.0%)	-	0.0%	0.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		-	-	-	5 121	5 021	-	5 497	5 848	6 221
Pension and UIF Contributions		-	-	-	953	953	-	1 003	1 068	1 138
Medical Aid Contributions		-	-	-	226	226	-	231	242	254
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	392	392	-	444	473	504
Motor Vehicle Allowance	3	-	-	-	920	920	-	977	977	977
Cellphone Allowance	3	-	-	-	76	76	-	80	80	80
Housing Allowances	3	-	-	-	127	127	-	136	145	154
Other benefits and allowances	3	-	-	-	1	1	-	1	1	1
Payments in lieu of leave		-	-	-	325	295	-	403	403	403
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		-	-	-	8 140	8 010	-	8 773	9 238	9 733
% increase	4		-	-	-	(1.6%)	(100.0%)	-	5.3%	5.4%
Other Municipal Staff										
Basic Salaries and Wages		-	-	-	100 827	97 557	-	101 971	113 877	120 855
Pension and UIF Contributions		-	-	-	18 467	17 520	-	18 778	20 942	22 214
Medical Aid Contributions		-	-	-	13 573	12 673	-	14 107	15 643	16 355
Overtime		-	-	-	-	152	-	274	291	310
Performance Bonus		-	-	-	7 483	8 397	-	8 499	9 452	10 050
Motor Vehicle Allowance	3	-	-	-	3 879	4 257	-	4 539	4 551	4 551
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	979	893	-	651	685	704
Other benefits and allowances	3	-	-	-	6 544	7 772	-	9 677	10 264	10 817
Payments in lieu of leave		-	-	-	-	305	-	84	84	84
Long service awards		-	-	-	33	260	-	304	321	339
Post-retirement benefit obligations	6	-	-	-	-	349	-	1 900	2 005	2 115
Sub Total - Other Municipal Staff		-	-	-	151 786	150 135	-	160 783	178 113	188 392

10) MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

The monthly targets for revenue expenditure and cash flow are to be found under annual budget tables, section 4 of part 1, tables SA22, SA23, SA24 and SA30 for the 2021/2022 financial year. Table SA 29 in the same section provides monthly projections for capital expenditure by vote.

From the information provided it is clear to note that expenditure can only be incurred if the revenue is in our bank account. Cash flow management is going to have to be a priority throughout the year and directors will only be permitted to incur expenditure if the revenue has been received.

**11) DRAFT ANNUAL BUDGETS AND SERVICES DELIVERY AND BUDGET
IMPLIMENTATION PLANS PER DIRECTORATE**

The draft service delivery budget implementation plan will be available after Council has adopted the 2021/2022 draft budget.

Ndlambe Municipality Tabled Budget 2021/2022

12) CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

The contracts that have a financial obligation the majority is currently on a month-to-month contract basis. The municipality is in the process of going on tender and there is a likelihood that the obligation will remain in the future financial years.

Service Provider	Type Of Service	Award Amount	Start Date	End Date	2020/2021 Actual To Date	2020/2021 Budget
Quality Filtration Systems	Port Alfred Emergency RO Plant: design, build and operate 2ml/d seawater RO plant and 3ml/d reclamation RO plant	R128 593 404.85	2020/11/23	2023/11/30	R41 442 899.63	R74 353 581.00
Rudcor Engineering	Marselle bulk water & sanitation	R28 500 000.00	2020/10/12	2021/10/11	R5 531 993.08	R5 106 315.00
Utilities World	Prepaid Vending System	R3 373 410.00	2020/09/01	2023/08/31	R815 810	R2 067 800
Umhlaba Consulting Group	Spatially enabled property information and management system	R3 687 283.34	2020/10/19	2024/06/30	R1 305 633.00	R400 000.00
Hlomelang Marketing Pty Ltd	Supply and delivery of gel fuel to indigent beneficiaries	R2 898 000.00	2020/09/30	N/A	R2 898 000.00	R3 542 455.00
Delacom Solutions	Refurbishment of Kenton On Sea WWTW	R2 444 516.54	2020/10/13	2021/03/12	R1 526 463.48	R3 508 205.00
Real Towers Group	Refurbishment and upgrading of pumps in Ndlambe Municipality	R2 240 062.00	2020/12/08	N/A	R638 940.00	R4 747 424.00
Mamlambo Construction (Pty) Ltd	Construction of 2.6 ml elevated tower for Thornhill Integrated Housing Development	R33 760 046.50	2019/07/19	2020/02/22	R11 450 910.58	R38 837 305.00
Nqola Emasondosondo Consulting	Supply and delivery of new 21 cube refuse compactor	R2 238 733.18	2020/09/16	N/A	R2 238 733.18	R2 240 000.00
CDR Electrical	Operation management and maintenance and construction services in respect of the electricity undertaking of Ndlambe Municipality	R99 121 401.34	2019/12/02	2030/05/30	R11 147 007.94	R10 600 000.00

13) CAPITAL EXPENDITURE DETAILS

Vote Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	-	-	-	-	-	-	-	-
Capital Expenditure - Functional Governance and administration		-	-	-	4 189	4 481	-	839	1 844	1 946	2 053
Executive and council		-	-	-	1 280	1 611	-	241	301	317	334
Finance and administration		-	-	-	2 884	2 846	-	599	1 544	1 629	1 718
Internal audit		-	-	-	25	25	-	-	-	-	-
Community and public safety		-	-	-	12 342	12 853	-	6 608	10 836	5 765	6 082
Community and social services		-	-	-	700	360	-	129	8 451	689	726
Sport and recreation		-	-	-	10 582	11 683	-	6 245	2 350	3 589	3 786
Public safety		-	-	-	800	800	-	224	-	1 488	1 569
Housing		-	-	-	250	-	-	-	-	-	-
Health		-	-	-	10	10	-	10	35	-	-
Economic and environmental services		-	-	-	4 235	4 850	-	2 673	5 158	5 458	3 353
Planning and development		-	-	-	612	162	-	105	84	90	94
Road transport		-	-	-	3 481	4 619	-	2 554	5 074	4 287	2 117
Environmental protection		-	-	-	142	69	-	14	-	1 081	1 141
Trading services		-	-	-	23 502	184 390	-	55 506	64 380	45 243	31 678
Energy sources		-	-	-	600	-	-	-	15 000	10 200	10 000
Water management		-	-	-	16 949	168 805	-	48 231	8 454	2 888	3 045
Waste water management		-	-	-	5 847	13 341	-	7 275	38 826	30 140	16 507
Waste management		-	-	-	106	2 244	-	-	2 100	2 015	2 126
Other		-	-	-	50	-	-	-	-	77	82
Total Capital Expenditure - Functional	3	-	-	-	44 318	206 574	-	65 626	82 218	58 489	43 247
Funded by:											
National Government		-	-	-	35 178	128 678	-	50 596	62 230	39 391	25 505
Provincial Government		-	-	-	350	58 680	-	12 532	145	329	347
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	1 201	1 201	-	1 060	1 144	-	-

Ndlambe Municipality Tabled Budget 2021/2022

Transfers recognised - capital	4	-	-	-	36 729	188 560	-	64 187	63 519	39 720	25 852
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	7 589	18 015	-	1 439	18 699	18 769	17 395
Total Capital Funding	7	-	-	-	44 318	206 574	-	65 626	82 218	58 489	43 247

Capital expenditure for the 2021/2022 financial year will be funded mainly by grants as follows.

See annexure 3 attached for details.

The following are the top ten valued projects that will be undertaken by Ndlambe Municipality during the 2021/2022 financial year.

See annexure 3 attached for details.

Project	Funding	2021/2022 Draft Budget	2022/2023 Draft Budget	2023/2024 Draft Budget
Waste Water Treatment Works: Upgrading of internal bulk sewer and reticulation in Station Hill and Port Alfred	Water Services Infrastructure Grant	15 000 000.00	-	-
MV Substations: Power Station Substation	Integrated National Electrification Programme Grant	15 000 000.00	-	-
Reticulation: Upgrading of Internal Bulk Sewer Reticulation in Marselle (500 houses)	Municipal Infrastructure Grant	12 861 595.00	-	-
Acquisition of Office buildings	Transfer from Operational Revenue	8 000 000.00	-	-
Upgrading of Bulk Water Reticulation in Marselle (500 Houses)	Municipal Infrastructure Grant	7 404 226.00	-	-
Upgrading of Bulk Sewer reticulation line in Thornhill (Phase1)	Municipal Infrastructure Grant	5 964 029.00	29 190 650.00	15 505 474.00
Thornhill Link Sanitation Service Portion 1	Water Services Infrastructure Grant	5 000 000.00	-	-
Upgrading of Runeli Drive	Transfer from Operational Revenue	2 279 898.00	2 279 898.00	-
Transport Assets: Vehicle Acquisition	Transfer from Operational Revenue	3 250 000.00	2 532 000.00	2 671 260.00
Upgrading of Kariega Road: Kenton on Sea	Human Settlement Re-development Programme	1 144 000.00	-	-

14) LEGISLATION COMPLIANCE STATUS

The Ndlambe Municipal Councilors and staff are committed to comply fully with all legislation impacting on local government. Section 195(1) of the Constitution sets the basic values and principles that local government must adhere to. To comply fully with all legislation, the municipality must also adhere to circulars issued in line with the legislation and all regulations promulgated to give effect to certain legislation.

The main pieces of legislation that Ndlambe Municipality needs to comply with are;

- The Constitution of the Republic of South Africa
- Local Government: Municipal Structures Act, Act 117 of 1998 with all amendments to date
- Local Government: Municipal Systems Act, Act 32 of 2000 with all amendments to date
- Local Government: Municipal Finance Management Act, Act 56 of 2004 with all amendments to date
- Local Government: Property Rates Act, Act 6 of 2004 with all amendments to date
- Electricity Act of 1987
- Labour Relations Act of 1995
- Financial and Fiscal Commission Act of 1997
- Intergovernmental Fiscal Relations Act of 1997
- Water Services Act of 1997
- Municipal Demarcation Act of 1998
- National Environmental Management Act of 1998
- Remuneration of Political Office Bearers Act of 1998
- Skills Development Act
- Preferential Procurement Policy Framework Act of 2000
- Intergovernmental Relations Framework Act of 2005
- Division of Revenue Act
- Fuel Card User Policy

Circulars and regulations are published from time to time to give effect to the stipulations of the legislation and these also need to be complied with. Certain circulars are however only to be complied with if adopted by Council.

At present the Ndlambe Municipality does not comply with all the existing legislation and the aim is to ensure that by the end of the 2020/2021 financial year all legislation is complied with. This matter has been pointed out in the report of the Auditor-General for the past few years and is in the process of been addressed.

15) SERVICE DELIVERY STANDARDS

See annexure 5

The reporting on service delivery standards is a new initiative by the Ndlambe Municipality to make a commitment to the community and advise the community on the service delivery that they can expect from the municipality from the budget that is available. By documenting service delivery standards, the community will have realistic expectations about the nature of the services being delivered. The community will know how often a service will be provided, how long it will take to receive a service, what level of service can be expected, how much the service will cost and be able to monitor performance against the set standards. It must be mentioned that the service delivery standards represent an ideal service to be provided, the aging infrastructure and fleet are key mechanisms to deliver the promised standards. In the event of being failed by these mechanisms, Ndlambe municipality will communicate with the community while finding alternatives to minimize service interruption.

16) MUNICIPAL MANAGERS' QUALITY CERTIFICATION



QUALITY CERTIFICATE

I **Rolly Dumezweni**, Municipal Manager of **Ndlambe Municipality**, hereby certify that the budget and the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and the annual budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Rolly Dumezweni

Municipal Manager of Ndlambe Municipality (EC105)

R DUMEZWENI

DATE

Part 3 – Annexures

Annexure 1	Tariff Schedule 2021/2022
Annexure 2	Budget Schedules 2021/2022
Annexure 3	Capital Budget 2021/2022
Annexure 4	Budget Related Policies / Finance Policies
Annexure 5	Service Delivery Standards