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SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2011/2012

PURPOSE

To submit to Council the Service Delivery and Budget Implementation Plan (SDBIP) for the 2011/2012 financial year.

*** All annexures circulated under separate cover.**

IDP STRATEGY AND OBJECTIVES

DEVELOPMENT STRATEGY 5: SOUND FINANCIAL MANAGEMENT

Aim

- To ensure a healthy municipal revenue base that is aligned with the IDP, in order to ensure efficient, effective and sustainable service delivery and meeting the needs of the City's inhabitants

Goals

- Ensure that Financial Planning, Budgeting and Expenditure aligns with the IDP
- Increase the Municipal Revenue Base
- Maintain high levels of Debt Control
- Implement Revenue Enhancement measures

BACKGROUND

Section 69(3)(a) and (b) of the Municipal Finance Management Act, 2003 (MFMA) requires the Accounting Officer to submit a draft Service Delivery and Budget Implementation Plan (SDBIP) to the Mayor no later than 14 days after the approval of the budget and drafts of the performance agreement as required in terms of Section 57 (1) (b) of the Municipal Systems Act. The Mayor must subsequently approve the SDBIP no later than 28 days after the approval of the budget in accordance with Section 53(1)(c)(ii) of the MFMA.

Section 1 (1) of the MFMA defines the Service Delivery and Budget Implementation Plan (SDBIP) as:

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

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

and includes any revisions of such plan by the Mayor in terms of section 54 (1) (c)”.

DISCUSSION

The SDBIP provides the vital link between the Mayor, Council (Executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the Mayor, Councillors, Municipal Manager, Senior Managers and Community.

A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by Council.

It enables the Municipal Manager to monitor the performance of Senior Managers, the Mayor to monitor the performance of the Municipal Manager, and for the community to monitor the performance of the municipality.

The SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and Senior Managers determined at the start of every financial year and approved by the Mayor.

The SDBIP has five components. These are:

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

Set out below is a list of Components 1, 2, 3 and 5 in terms of the **SDBIP (DMS 718194)**.

- ❑ Component 1 - Annexure A
- ❑ Component 2 - Annexure B
- ❑ Component 3 - Annexure C1 - C7
 - Municipal Manager - Annexure C1
 - Deputy Municipal Manager – Annexure C2
 - Senior Manager: Infrastructure and Technical Services - Annexure C3
 - Senior Manager: Community Services - Annexure C4
 - Senior Manager: Corporate Services - Annexure C5
 - Senior Manager: City Development - Annexure C6
 - Chief Financial Officer - Annexure C7
- ❑ Component 5 - Annexure D

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications.

FINANCIAL IMPLICATIONS

There are no financial implications.

COMMENTS OF THE CHIEF FINANCIAL OFFICER

In terms of Section 53 of the MFMA the monthly projections of revenue to be collected for each source (Component 1) and the monthly projections of expenditure (operating and capital) and revenue for each vote (Component 2) as required by the SDBIP will be incorporated into the monthly budget statements that are submitted to Council by the Chief Financial Officer.

Furthermore, in terms of Section 52 (d) of the MFMA, the quarterly projections of service delivery targets and performance indicators for each vote (Component 3) and the detailed capital works plan broken down by ward over three years (component 5) will be incorporated into the quarterly financial reports that are submitted to Council by the Chief Financial Officer.

Component 4: Ward information for expenditure and service delivery is not presented in this report. This component requires that Component 3 be divided into Wards, which in reality is not practical and possible at present. Clarity has been requested from National Treasury on the practicality of producing this component. National Treasury has indicated that they are investigating a revised format of the SDBIP.

It is vitally important for Council to note that these components of the SDBIP are primary indicators of the Municipality's performance on the annual budget. In this regard Councillors are encouraged to scrutinise the various components and pose questions where it is deemed necessary. This form of in-year monitoring should be able to uncover major problems and is aimed at ensuring that the Mayor and Municipal Manager are taking corrective steps when any unanticipated problems arise. The SDBIP thus serves a critical role to focus both on the administration and Council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

It is important to note that Component 3 is in draft format and will be reviewed in July 2011 when the Section 57 Managers Performance plans are finalised.

RECOMMENDED THAT:

1. the Service Delivery and Budget Implementation Plan (SDBIP) (**DMS 718194**) as submitted be approved;
2. the Sectoral Service Delivery and Budget Implementation Plan (SSDBIP) be submitted to the relevant Portfolio Committees on a quarterly basis in order to ensure that they are adequately informed of the requirements of each department pertaining to service delivery; and
3. the projected service delivery targets and performance indicators be reported against actual achievements on a quarterly basis by the individual departments;