

14740

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2021/22

This report is submitted simultaneously to the Financial Services Portfolio, Executive Committee and Council.

PURPOSE

To submit to Council the Service Delivery and Budget Implementation Plan (SDBIP) for the 2021/22 financial year.

IDP STRATEGY AND OBJECTIVES

NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
5.1 Sound Financial And Supply Chain Management	5.1.1 Compliance with financial legislation and policies	5.1.1.1 GRAP compliance
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all financial related policies
		5.1.1.4 Compliance with all MFMA and related local government financial legislation
	5.2.1 Sustainable Financial and supply chain Management	5.2.1.1 Provide continuous Internal Communication on Budget and Financial Management matters
		5.2.1.2 Asset Accounting Management
		5.2.1.3 Accurate and timeous billing and receipting of revenue
		5.2.1.4 Apply Adequate Internal controls
		5.2.1.5 Demand and acquisition management
		5.2.1.6 Contracts and Logistics management
		5.2.1.7 Apply adequate financial management methodologies

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 fourteen (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(l)(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;*
- (b) *Service delivery targets and performance indicators for each quarter; and*
- (c) *Any other matters that may be prescribed, and includes any revisions of such plan by the Mayor in terms of Section 54 (1) (c).”*

DISCUSSION

The Adopted 2021/22 Medium Term Revenue and Expenditure Framework (MTREF) was approved by Council Resolution 14657 on 26 May 2021 (RPT 170849). The Draft SDBIP (**DMS 1455849 - Annexures “F” - “K”**) was included in the MTREF.

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, Deputy Municipal Managers and the 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 the Deputy Municipal 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 Deputy Municipal 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 the list of Components 1, 2, 3, 4 and 5 in terms of the **SDBIP (DMS 1469380)**:

- ❑ Component 1 - **Annexure “A”**.
- ❑ Component 2 - **Annexure “B”**.
- ❑ Component 3 - **Annexure “C” - “J”**:
 - ❖ Municipal Manager - **Annexure “C”**.
 - ❖ Chief Operations Office - **Annexure “D”**.
 - ❖ Deputy Municipal Manager: City Development - **Annexure “E”**.
 - ❖ Deputy Municipal Manager: Community Services - **Annexure “F”**.
 - ❖ Deputy Municipal Manager: Corporate Services - **Annexure “G”**.
 - ❖ Deputy Municipal Manager: Financial Services - **Annexure “H”**.
 - ❖ Deputy Municipal Manager: Electrical and Energy Services - **Annexure “I”**.
 - ❖ Deputy Municipal Manager: Infrastructure Services - **Annexure “J”**.
 - ❖ Top Layer SDBIP – **Annexure “K”**
- ❑ Component 4 (Capital) - **Annexure “L”**.
- ❑ Component 4 (Operating) - **Annexure “M”**.
- ❑ Component 5 - **Annexure “N”**.

National Treasury issued Addendum 2 to MFMA Circular No. 88 on 17 December 2020 (**DMS 1471611**) with the aim to support the alignment of planning and reporting instruments for a prescribed set of municipal performance indicators.

Due to the pilot process in the 2021/22 financial year, secondary cities, district and local municipalities will not be required to incorporate the indicators in their existing performance indicator tables in the Integrated Development Plan (IDP) and Service Delivery Budget Implementation Plan (SDBIP). Instead, these indicators are expressed in a dedicated annexure to the SDBIP and IDP.

A list of indicators that will apply to all secondary cities municipalities for the purpose of reporting during the 2021/22 financial year has been issued by KZN CoGTA and is attached as **Annexure "O" (DMS 1471609)** for noting.

The Planning Template for Secondary Municipalities will still need to be populated and will only be report to Council as part of, and per the requirements as set out in the Addendum to MFMA Circular No. 88 and will not be audited and reported on to the public as part of the municipal SDBIP.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications.

FINANCIAL IMPLICATIONS

There are no financial implications.

LEGAL IMPLICATIONS

This is dealt throughout the report with references to various Acts and Regulations.

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.

Council is also required on a quarterly basis to report on Component 4 of the SDBIP namely, Ward information for expenditure and service delivery.

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.

RECOMMENDED THAT:

1. the Service Delivery and Budget Implementation Plan (SDBIP) for the 2021/22 financial year (**DMS 1469380**) 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;
3. the projected service delivery targets and performance indicators be reported against actual achievements on a quarterly basis by the individual departments; and
4. the Planning Template for Secondary Cities Municipalities **Annexure “O” (DMS 1471609)** be noted by Council as an Annexure to the Service Delivery and Budget Implementation Plan (SDBIP) 2021/22 as well as and annexure to the Integrated Development Plan review 2021/22 and that it still has to be populated and will only be reported on as part of, and per the requirements as set out in the Addendum to Municipal Finance Management Act (MFMA) Circular No. 88.