

17130

## SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2024/2025

*This report is submitted directly to the Special Executive Committee.*

### PURPOSE

To submit to Council for approval the Service Delivery and Budget Implementation Plan (SDBIP) for the 2024/2025 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 compliant
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all related financial policies
		5.1.1.4 Compliance with all MFMA and relevant local government financial legislation
	5.2.1 Sustainable Financial management (Expenditure and Revenue)	5.2.1.1 Provide continuous Internal Communication and support 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 Accurate and timeous payments of creditors
		5.2.1.6 Apply adequate financial management methodologies
	5.3.1 Supply Chain Management	5.3.1.1 Demand and acquisition management
		5.3.1.2 Accurate contracts and logistics management
		5.3.1.3 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 2024/2025 Medium Term Revenue and Expenditure Framework (MTREF) was approved in terms of Council Resolution 17095 on 23 May 2024 (RPT 178201). The Draft SDBIP (**DMS 1659776 - Annexures “F” - “K”**) was included in the MTREF.

The SDBIP provides the vital link between the Mayor, Council (Executive) and the Administration, facilitating the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the Mayor, Councillors, City Manager, Deputy City 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 City Manager to monitor the performance of the Deputy City Managers, the Mayor to monitor the performance of the City 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 City Manager, and the Municipal Manager and Deputy City 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 1674394)**:

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

The Municipal Finance Management Act (MFMA) Circular No. 88 of 30 November 2017 (**DMS 1244437**) provided guidance to metropolitan municipalities on a common set of performance indicators applied from the 2018/19 planning and reporting cycle onwards.

The First Addendum to MFMA Circular No. 88 of 4 December 2019 (**DMS 1385520**) provided further guidance and clarity to metropolitan municipalities on the preparation of statutory planning and reporting documents required for the 2020/21 Medium Term Revenue and Expenditure Framework (MTREF).

The Second Addendum to MFMA Circular No. 88 of 17 December 2020 (**DMS 1439408**) expanded the reform in four respects:

- 1) It more closely integrated and guided planning, budgeting and reporting reforms;
- 2) It significantly expanded and revised the set of MFMA Circular No. 88 indicators applicable to metropolitan municipalities;
- 3) It expanded the application of these reforms and the indicators to all municipalities differentially applied per category of municipality in a piloting phase; and
- 4) It introduced evaluations in the context of these reforms.

The Third Addendum to MFMA Circular No. 88 of 20 December 2021 (**DMS 1515640**) includes additional guidance, indicator revisions and expansions, as well as further clarification.

The Fourth Addendum to MFMA Circular No. 88 of 19 December 2022 (**DMS 1604533**) provides further guidance on planning, budgeting and reporting and clarification on the preparation of documents, as well as updates on some indicator definitions.

It is reflective of the work to date on the planning, budgeting and reporting reforms that should be incorporated into municipal planning, budgeting and reporting for the 2024/2025 Medium-Term Revenue and Expenditure Framework (MTREF).

The reforms will continue being incrementally implemented in the 2024/2025 – 2028/2029 MTREF and will apply on a differentiated basis per municipal category.

A list of indicators that will apply to all secondary cities municipalities for the purpose of reporting during the 2024/2025 financial year has been issued by National Treasury **Annexure “O” (DMS 1675485)** for noting.

## **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 challenges and is aimed at ensuring that the Mayor and City 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 2024/2025 financial year (**DMS 1674394**) 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 1675485)** be noted by Council as an Annexure to the Service Delivery and Budget Implementation Plan (SDBIP) 2024/2025 as well as an Annexure to the Integrated Development Plan Review 2024/2025 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.