



2011/2012

SDBIP

***Service Delivery and
Budget
Implementation Plan***



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Introduction

The development of the Service Delivery and Budget Implementation Plans (SDBIPs) is a requirement under the Municipal Finance Management Act (MFMA) and gives effect to the **municipality's Integrated** Development Plan (IDP) and annual budget.

The SDBIP is an expression of the objectives of the Municipality, in quantifiable outcomes that will be implemented by the administration for the financial period from 1 July 2011 to 30 June 2012. The SDBIP includes the service delivery targets and performance indicators for each quarter that should be linked to the performance agreements of senior management.

These are integral to the implementation and entrenchment of our performance management system. The SDBIP facilitates accountability and transparency of the municipal administration and managers to the Council and Councillors to the community. It also fosters the management, implementation and monitoring of the budget, the performance of top management and the achievement of the strategic objectives as laid out in the IDP.

The SDBIP 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 as each activity contains outputs, outcomes and timeframes. The SDBIP is compiled on an annual basis and includes a 3 year capital budget programme. The SDBIP is yet another step forward to increasing the principle of democratic and accountable government at local level.

Development objectives are measured through key performance indicators at every level, and continuously monitored throughout the year.

The SDBIP is in essence the management and implementation tool which sets in-year information such as quarterly service delivery and monthly budget targets and links each service delivery output to the budget of the municipality.

It further indicates the responsibilities and outputs for each of the senior managers and the top management team, the resources to be used and the deadlines set for the relevant activities.



MFMA legislative requirement

In terms of Section 53 (1) (c) (ii) of the MFMA, the SDBIP is defined as a detailed plan approved by the **mayor of a municipality for implementing the municipality's delivery of municipal services** and its annual budget, and which must indicate the following:

- (a) Projections for each month of –
 - (i) Revenue to be collected, by source & vote;
 - (ii) Operational and capital expenditure, by vote
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Other matters prescribed;

Being a management and implementation plan (not a policy proposal) the SDBIP is not required to be approved by the council. According to Section 53 of the MFMA, the Mayor is expected to approve the SDBIP within 28 days after the approval of the budget. This section requires that the Mayor take all reasonable steps to ensure that the SDBIP is approved within 28 days. In addition, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are circulated or made public within 14 days after its approval.

High Level SDBIP Targets and Indicators

The SDBIPs are required to include targets for the activities that will be undertaken, for physical and measurable progress as well as financially.

The top level of the SDBIP includes measurable performance objectives in the form of service delivery targets and performance indicators that are provided to the community, that is, what impacts it seeks to achieve.

These are drawn from the IDP programmes, services and activities that are relevant to each specific directorate as well as the statutory plans that the Directorate are responsible for.

The SDBIPs therefore are the key mechanisms for monitoring the different responsibilities and targets that each Directorate must fulfil in meeting service delivery needs provided to the community.

The SDBIP is conceptualized as a layered plan, with consolidated service targets and quarterly to annual deadlines and linking those targets to senior management. The Municipal **Manager's** scorecard represents the **consolidation of all the Municipality's detailed performance indicators and**



service delivery targets as contained in each Directorate's SDBIP. The community and stakeholders can review these targets and performance in achieving them during the IDP process.

Linking the Integrated Development Plan (IDP), Turn Around Strategy (TAS) and the Budget

Integrated Development Planning requires many different planning processes to be brought together and co-ordinated. In terms of linking service plans or service delivery and budget implementation plans of the individual directorate in the Municipality with the other planning processes in the IDP, the directorates routinely produce operational plans, capital plans, annual budgets, institutional and staffing plans, etc. to take the IDP forward. Clearly it is not feasible to include all of this detail within the IDP document.

The Msunduzi Local Municipality identified 4 (four) strategic focus areas (SFAs) arising from the engagement with all its stakeholders.

The SFAs are embedded within the Turnaround strategy (TAS) which is a roadmap entailing developmental priorities and corresponding targets to be achieved by municipalities during the term.

These are:

Infrastructure Development, Service Delivery Provision and Maintenance Strategy
Financial Strategy
Sustainable Community Service Delivery Provision Strategy
Good Governance and Management Control Strategy

The MTREF budget is allocated against these strategic focus areas at a municipal level. Corporate objectives with measurable key performance indicators (KPIs) and targets are identified. The business planning processes undertaken at Directorate and Sub-directorate levels yields objectives with indicators, targets and resource allocation (includes the budgets) at these various levels. The implementation of the SDBIP is categorized in terms of votes as prescribed by the MFMA. The votes indicate a budget allocation for Core Administration.



Reporting on SDBIP

This section covers reporting on the SDBIP as a way of linking the SDBIP with the oversight and monitoring operations of the Municipal administration. Various reporting requirements are outlined in the MFMA, both the mayor and the accounting officer have clear roles to play in preparing and presenting these reports.

The SDBIP provides an excellent basis for generating the reports for which the MFMA requires.

The reports then allow the Council to monitor the implementation of service delivery programs and initiatives across the Municipality boundaries.

Monthly Reporting

Section 71 of the MFMA stipulates that reporting on actual revenue targets and spending against the budget should occur on a monthly basis. This reporting must be conducted by the accounting officer of a municipality no later than 10 working days, after the end of each month.

Reporting must include the following:

- (i) actual revenue, per source;
- (ii) actual borrowings;
- (iii) actual expenditure, per vote;
- (iv) actual capital expenditure, per vote;
- (iv) the amount of any allocations received

If necessary, explanation of the following must be included in the monthly reports:

- (a) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote
- (b) any material variances from the service delivery and budget implementation plan and;
- (c) any remedial or corrective steps taken or to be taken to ensure that the projected revenue and expenditure remain within the municipalities approved budget

Quarterly Reporting

Section 52 (d) of the MFMA compels the mayor to submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality within 30 days of the end of each quarter. The quarterly performance projections captured in the SDBIP form the basis for the mayor's quarterly report.



Mid-year Reporting

Section 72 (1) (a) of the MFMA outlines the requirements for mid-year reporting. The accounting officer is required by the 25th January of each year to assess the performance of the municipality during the first half of the year taking into account:

- (i) the monthly statements referred to in section 71 of the first half of the year
- (ii) the municipalities service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
- (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and,
- (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities.

Based on the outcomes of the mid-year budget and performance assessment report, an adjustments budget may be tabled if actual revenue or expenditure amounts are materially different from the projections contained in the budget or the SDBIP.

The SDBIP is also a living document and may be modified based on the mid-year performance review. Thus the SDBIP remains a kind of contract that holds the Msunduzi Local Municipality accountable to the community.

Conclusion

The SDBIP is a key management, implementation and monitoring tool, which provides operational Content to the end-of-year service delivery targets set in the budget and IDP. It determines the Performance agreements for the municipal manager and all top managers, whose performance can Then be monitored through section 71 monthly reports, and evaluated through the annual report process.

The biggest challenge is to develop meaningful nonfinancial service delivery targets and indicators, in addition to the budget indicators however this will remain work in progress for the Municipality.



Annexure

- Annexure 'A': Monthly Projections of Revenue by Source
- Annexure 'B': Monthly Projections of Revenue by Each Vote
- Annexure 'C': Monthly Projections of Operational Expenditure by Vote
- Annexure 'D': Monthly Projections of Capital Expenditure by Vote
- Annexure 'E': Corporate Governance and Management Control – Service Delivery Targets & Performance Indicators
- Annexure 'F': Financial Viability & Management – Service Delivery Targets & Performance Indicators
- Annexure 'G': Community Service Provision & Management Delivery - Service Delivery Targets & Performance Indicators
- Annexure 'H': Infrastructure Development Service Delivery and Maintenance - Service Delivery Targets & Performance Indicators
- Annexure 'I': IDP Capital Plan 2011 - 2016

