

CHIEF FINANCIAL OFFICER  
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**3954**

## **SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)**

**This report served before the Finance and Marketing Portfolio Committee meeting held on 11 July 2006. The recommendations are supported.**

### **PURPOSE**

To submit to Council the Service Delivery and Budget Implementation Plan for the 2006/2007 financial year.

### **BACKGROUND**

Section 69(3)(a) 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 the 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 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; and
- (b) service delivery targets and performance indicators for each quarter”.

### **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.

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**NOTES:**

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 been segmented into 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.

It is suggested that, due to time constraints, components 4 of the SDBIP be attended to and finalised during the 2007/2008 budget programme.

Set out below is a list of components 1, 2, 3 and 5 in terms of the SDBIP. **(Annexure A to M on pages 118 to 174 of the Addendum) (DMS 412841)**

- Component 1 – Annexure A
- Component 2 – Annexure B
- Component 3
  - Department of the Chief Executive Officer - Annexure C
  - Department of the City Treasurer – Annexure D
  - Department of the City Engineer - Annexure E
  - Department of the City Electrical Engineer - Annexure F
  - Department of the Director Community Facilitation and Marketing - Annexure G
  - Department of the Director Community Services and Health - Annexure H
  - Department of the Director Corporate Services - Annexure I
  - Department of the Director Integrated Development Plan - Annexure J
  - Department of the Director Management Services - Annexure K
  - Department of the Director Parks, Sports and Recreation – Annexure L
- Component 5 – Annexure M

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NOTES:

## **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 as required by the SDBIP will be incorporated into the monthly budget statements that are submitted to Council by the Chief Financial Officer.

## **RECOMMENDED THAT:**

1. the Service Delivery and Budget Implementation Plan (SDBIP) as submitted be provisionally approved in order to deal with the requirement that the Mayor consult with the members of the Executive Committee before final approval;
2. the projected service delivery targets and performance indicators be reported against actual achievements on a quarterly basis by the individual departments; and
3. further enhancements to improve the Service Delivery Budget Implementation Plan in terms of ward information be incorporated into the 2007/2008 budget programme.

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**NOTES:**