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**SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)
2007/2008**

This report is submitted directly to the Executive Committee with the concurrence of the Deputy Chairman of the Finance and Marketing Portfolio Committee, Clr A Z Mnqayi.

PURPOSE

To submit to Council the Service Delivery and Budget Implementation Plan for the 2007/2008 financial year.

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 & 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) 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;*

NOTES:

- (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.

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 and lack of capacity, component 4 of the SDBIP cannot be completed at this stage.

Set out below is a list of components 1, 2, 3 and 5 in terms of the SDBIP. **(Attached Annexures A to M - DMS 457110)**

- Component 1 – Annexure A
- Component 2 – Annexure B
- Component 3 – Annexure C1 – C10
 - Department of the Chief Executive Officer - Annexure C1
 - Department of the City Treasurer – Annexure C4

NOTES:

- Department of the City Engineer - Annexure C2
- Department of the City Electrical Engineer - Annexure C3
- Department of the Director Community Facilitation and Marketing - Annexure C6
- Department of the Director Community Services and Health - Annexure C7
- Department of the Director Corporate Services - Annexure C5
- Department of the Director Planning and Sustainable Development – Annexure C8
- Department of the Director Management Services - Annexure C9
- Department of the Director Parks, Sports and Recreation – Annexure C10
- Component 5 – Annexure M

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.

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 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 further recommended that the departmental component 5 of the SDBIP be submitted to each Portfolio Committee both on an annual basis as well as quarterly, for information purposes.

NOTES:

RECOMMENDED THAT:

1. the Service Delivery and Budget Implementation Plan (SDBIP) as submitted be approved;
2. the Service Delivery and Budget Implementation Plan (SDBIP) be noted in the subsequent Finance and Marketing Portfolio Committee meeting;
3. the Sectorial Service Delivery and Budget Implementation Plan (SSDBIP) to be placed before the relevant Portfolio Committees in order to ensure that they are adequately informed on the requirements of each department with regards to service delivery; and
4. the projected service delivery targets and performance indicators be reported against actual achievements on a quarterly basis by the individual departments.

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