

The Service Delivery and Budget Implementation Plan

Each municipality classified as high capacity in terms of the Municipal Finance Management Act 56 of 2003 (MFMA) is required to compile a service delivery and budget implementation plan (SDBIP). The SDBIP is a management, implementation and monitoring tool that will assist the mayor, municipal manager, councillors, senior managers and the community with realising the municipality's strategic objectives as outlined in the Integrated Development Plan (IDP).

The SDBIP seeks to ensure effective monitoring of the execution of the budget, the performance of senior management and the achievement of service delivery objectives set by Council.

It therefore serves as a 'contract' between the administration, council and community, expressing the goals and objectives set by council as quantifiable outcomes that can be implemented by the administration over a one-year period.

Legal framework

The MFMA defines a 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 include –

- (a) projections for each month of –
 - (i) revenue to be collected by source; and
 - (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).

key points

- **The SDBIP serves as a 'contract' between the administration, council and community expressing the goals and objectives set by council as quantifiable outcomes.**
- **Councillors must disseminate this information to their constituencies to ensure that the municipality is held accountable for effective implementation of the municipality's budget and performance management.**
- **Council, the mayor and municipal manager can and must use the SDBIP to ensure effective and efficient service delivery, as well as enhanced accountability and performance management.**

The SDBIP therefore seeks to focus the municipality on both financial and non-financial outcomes in order to ensure effective and efficient service delivery.

In terms of (c) above, National Treasury has

prescribed, in terms of MFMA Circular No. 13, that ward information for expenditure and service delivery and a detailed capital works plan also be included as part of a municipality's SDBIP.

Submission, approval and publishing of SDBIP

The MFMA provides that the accounting officer in a municipality must, no later than 14 days after the approval of the annual budget, submit to the mayor a draft SDBIP for the budget year. The mayor must then ensure that the SDBIP is approved within 28 days of the Budget's approval.

Furthermore, the mayor must ensure that the revenue and expenditure projections for each month, as well as the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days of the approval of the SDBIP.

It is advisable, however, due to political and practical imperatives and arrangements, that the SDBIP be considered and approved simultaneously with the Budget.

The approved SDBIP must be supported by detailed departmental operational plans or departmental SDBIPs that provide further information on how each directorate will realise the service delivery targets published in the top-layer SDBIP.

Components of the SDBIP

The SDBIP must comprise the following key components:

- monthly projections of revenue by source;
- monthly projections of capital and operating expenditure and revenue by vote;
- quarterly projections of service delivery targets and performance and performance indicators by vote (directorate);

- ward information for expenditure and service delivery; and
- a detailed capital works plan.

The revenue projections are influenced by seasonal consumption patterns for water and electricity as well as the quarterly disbursements of grants (equitable share) from national government to the municipality.

The monthly projections of how each directorate will spend their respective capital and operating budgets per vote as well as how they intend collecting or generating revenue must be included in the SDBIP. However,

revenue projections and operating expenditure related to bulk purchases of water and electricity are influenced by seasonal patterns and weather conditions.

Quarterly projections of service delivery targets and performance

indicators for each vote

This information is critical for councillors to disseminate to their respective constituencies and for the mayor and the municipal manager to ensure effective implementation of the budget and performance management of the municipality's administration.

The service delivery targets contained in the SDBIP must therefore be included in the annual performance agreements of the municipal manager and other senior managers (Directors) in terms of the MFMA.

Ward information for expenditure and service delivery

This section of the SDBIP provides service delivery information per area and ward where applicable and available, and clearly indicates which projects will be undertaken in the different areas and wards of the municipality.

The SDBIP must be approved within 28 days of the approval of the Budget.



