

NKONKOBE LOCAL MUNICIPALITY



*Service Delivery and Budget Implementation Plan
(SDBIP) FY 08/09 Final Draft
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ADDRESS

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Introduction

The Integrated Development Planning requires many different planning processes to be brought together and coordinated. This section of the IDP outlines the plans of the individual cluster. Together these clusters represent a substantial portion of the development resources within the municipal area. It is therefore important that their efforts are aligned with the broader IDP objectives, and with the efforts of other actors.

Clusters routinely produce operational plans, capital plans, annual budgets, staffing plans, etc. Clearly it is not feasible to include all of these details in the IDP document. National Treasury, in MFMA circular 13, outlined the concept of the SDBIP. It is seen as a contract between the administration, council and community expressing the goals and objectives set by the council as quantifiable outcomes that can be implemented by the administration over the 12 months.

It is a management, implementation and monitoring tool that will assist the Mayor, councillors, Municipal Manager, senior managers, staff and community. It is also a performance-monitoring tool that enables the Municipal Manager to monitor the performance of senior managers and for senior managers to track performance of each employee. The MFMA requires that the performance agreements of senior managers be linked to the measurable performance objectives in the SDBIP.

It is therefore equally important for senior managers to cascade performance management down to other staff members. As a vital monitoring tool, the SDBIP should help enable the Mayor, Municipal Manager and Senior Managers to be pro-active and take remedial steps in the event of poor performance.

The SDBIP is considered as a layered plan whilst only the top layer is made public at council, the budget and performance targets should be broken down into smaller targets and cascaded to middle-level and junior managers.

Directorates should be producing their own SDBIP's, which roll up into the municipality's SDBIP.

What is a service delivery and Implementation plan (SDBIP)

The municipal administration is divided into different clusters and sections within the clusters which deliver services. Some clusters focus on serving the citizens of Nkonkobe such as Engineering, whilst others are more concerned with internal affairs, such as Corporate Services. Broadly speaking, clusters can be divided into two types-those that are funded by Municipal Infrastructure Grant and those that are funded by income from tariffs.

The Nkonkobe Local Municipality is presently organized into 5 clusters headed by Senior Managers:

- Office of the Municipal Manager
- Institution and Finance
- Infrastructure
- Strategic Planning and Local Economic Development
- Social Needs

Service delivery and budget implementation plans (SDBIP's) are required by the Municipal Finance Management Act (MFMA) and are integral to the establishment on Nkonkobe Local Municipality's performance management system. These SDBIPs' are required to include targets for the activities that will be undertaken, broken down on a quarterly basis, for physical progress as well as financially. The community can review these targets and performance in achieving them. Service plans are therefore living documents that must be reviewed on an annual basis.

Legal Requirement

Approval of the SDBIP

In the MFMA the process for approval of the SDBIP is covered under Chapter 7 - Responsibilities of Mayors and Chapter 8 - Responsibilities of municipal officials.

Chapter 8 of the MFMA states that the Accounting Officer must submit a draft of the SDBIP to the Mayor within 14 days after the budget has been approved as well as drafts of the annual performance agreements as required in the Municipal Systems Act. Chapter 7 of the MFMA requires the Mayor to “take all reasonable steps” to ensure that the SDBIP is approved within 28 days after the approval of the budget and that the SDBIP is made public no later than 14 days after that. The following are the responsibilities of the mayor as contained in section 53 of the MFMA:

The mayor bears ultimate responsibility for budget allocations, political leadership and service delivery in Nkonkobe Municipality. This section highlights key roles of the mayor with regards to the SDBIP as indicated in the above-mentioned Act being:

- Provide general political guidance over the budget process and the priorities that guide the budget process (section 53 (1));
- Ensure council approves the annual budget before the start of the financial year;
- Oversee Accounting Officer and the CFO;
- Ensure adherence to the time schedule for budget;
- Ensure that the SDBIP is approved (by the mayor) within 28 days after the approval of the budget;
- Ensures that annual performance agreements are linked with measurable performance objectives in the IDP and the SDBIP; and
- Make the SDBIP public no later than 14 days after approval.

In terms of section 68 and 69 of the MFMA, the accounting officer bears the following responsibilities:

- Assist the mayor to perform budgetary functions and provide the mayor with administration support, information and resources;
- Implement the budget;
- Spending in accordance with budget and ensure that it is reduced as necessary when revenue is anticipated to be less than projected in the budget or in the SDBIP;
- Ensure that revenue and expenditure is properly monitored;
- Prepare adjustments budget when necessary; and
- Submit draft SDBIP and drafts annual performance agreements for the municipal manager and all senior managers.

Implementation & monitoring

Section 54 sets out the responsibilities of the Mayor with regard to budgetary control and the early identification of financial problems. When a budget monitoring report is received under section 71 or 72 of the MFMA, the Mayor must check whether the budget is being implemented in accordance with the SDBIP. If it is decided to amend the SDBIP, any revisions to the service delivery targets and performance indicators must be made with the approval of council following an adjustments budget.

The Mayor must issue instructions to the accounting officer to ensure that the budget is implemented in terms of the SDBIP. The revised SDBIP must be promptly made available to the public. It is however the responsibility of the Senior Managers to ensure that planned activities are accomplished and corrective measures are taken for poor performance.

Service Delivery Targets and Performance Indicators

The targets and indicators attempt to measure a range of activities in the municipality. It will be the responsibility of senior manager to provide information and monitor performance on progress towards achieving these targets on a

quarterly basis. Any revision to the SDBIP resulting from a change in Performance Indicators will be reported to Council for approval in terms of Section 54 (c) of the MFMA.

SDBIP ensures the achievement of PMS objectives

Service Delivery and Budget Implementation Plan will ensure that the following objectives as outlined in the Nkonkobe PMS are achieved:

- **Facilitate increased accountability**
- **Facilitate learning and development**
- **Provide early warning signals**
- **Facilitate decision – making**

Definition of a Vote

The MFMA requires that operational and capital expenditure by vote is shown in the SDBIP. The MFMA defines a vote as one of the main sections of the budget. A circular from National Treasury clarifies this further by providing details of the Government Finance Statistics classifications, which aims to provide a consistent basis for defining a vote so that information can be gathered for comparative purposes.

The following are the votes adopted by council:

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|----------------|---------------------------------------------------|
| Vote 1: | Mayoral Executive |
| Vote 2: | Municipal Council |
| Vote 3: | Accounting Officer |
| Vote 4: | Budget and Treasury |
| Vote 5: | Engineering Services |
| Vote 6: | Community Services |
| Vote 7: | Corporate Services |
| Vote 8: | Strategic Planning and Local Economic Development |

Monitoring and the adjustments budget process

The section 71 and 72 budget monitoring reports required under the MFMA should provide a consolidated analysis of the Municipality's financial position including year-end projections. As detailed earlier, the Mayor must consider these reports under s54 of the MFMA and then make a decision as to whether the SDBIP should be amended. The Adjustments Budget concept is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the municipality's finances. In simple terms, funds can be transferred within a vote but any movements between votes can only be agreed by an adjustments budget.

Revision of SDBIP

The Mayor must decide on receipt of a section 71 or 72 budget monitoring report whether to amend the SDBIP in the light of the information received. This protocol sets out the various steps that should be followed to allow the Mayor's obligations under section 54 of the MFMA to be fulfilled.

Protocol

Budget and Treasury Office will provide the Municipal Manager with information as required under section 71 and 72 of the MFMA and this information will be submitted to the Mayor by the 10th working day of each month. The information will show a comparison of actual performance against the planned income and expenditure included in the SDBIP.

For capital projects, each variance from the budget amount must be highlighted. The Mayor will then ask the Senior Manager responsible for that project for a written report covering;

- The reason for the variance
- If necessary, what corrective measures have been put in place.
- Whether the start and finish dates of the capital project need amending.
- Whether the project specification will need to be amended.
- Revised monthly estimates of expenditure for the project.

The Head of Department must supply this information within one week of the request from the Municipal Manager.

.Following the receipt of these reports the Mayor will make one of the following decisions;

- Note the report of the Director.
- Note the report of the Director and keep the project under review.
- Request the HOD to attend a Performance Review meeting with the Mayor, Municipal Manager and Chief Financial Officer to examine the reasons for the variation, the potential for bringing the project back on track and the likely impact on service delivery. Following this meeting, the Mayor will then decide whether the SDBIP should be amended.

If it is decided to amend the capital programme and SDBIP, so as to maintain overall service delivery, HOD will be requested to put forward schemes currently scheduled for year 2 or 3 of the capital programme that can be implemented sooner. The Municipal Manager Chief Financial Officer will assess the financial implications of these suggestions and a recommendation made to the Mayor as to which ones would be possible to proceed with and an adjustments budget prepared.

For operating expenditure and revenue, the Mayor will review the variances in the monthly budget monitoring report and, notwithstanding the requirements for an adjustments budget, request from HOD's an explanation of all variances of the monthly budget forecast. HOD's will be asked to explain whether the service delivery targets included in the SDBIP can still be achieved. The Mayor will then decide whether the SDBIP should be amended in the light of these explanations. At the end of each quarter, HOD's must supply the Municipal Manager with the actual performance against each of the performance indicator targets. This information must be submitted to the Mayor by the 10th working day after each quarter along with the budget monitoring information for that quarter as provided by BTO.

If the actual performance on any indicator varies from the planned performance the Mayor can ask the responsible HOD for a written report asking for an explanation of the variance and, if the performance is worse than projected, what measures have been put in place to ensure that the projected level of performance can be met in future. The Mayor will then review these reports and decide whether the SDBIP should be amended.

The top level of the Service Delivery and Implementation Plan includes the objectives for each cluster; i.e. what impact it seeks to achieve. Strategies and targets that each cluster seeks to implement are also included which provide detail on what should be implemented during the year.

In terms of section 69(3)(a) and (b) of the MFMA the accounting officer of the municipality must submit to the mayor within 14 days after the approval of an annual budget, a draft SDBIP for the budget year and drafts of the annual performance agreements as required by section 57(1)(b) of the Municipal Systems Act for the municipal manager and all other senior managers. Furthermore according to section 53(1)(c)(ii) and (iii) of the MFMA, the council is expected to approve the SDBIP within 28 after the approval of the municipal budget. The 08/09 IDP and Budget was adopted by council on May 26 2008. This FY08/09 Service Delivery and Implementation Plan is therefore a key mechanisms for monitoring the different responsibilities that each cluster must fulfill and that the IDP is operationalized.

Appendices

Nkonkobe FY08/09 SDBIP Scorecard

Nkonkobe FY08/09 Strategic Scorecard