

*Municipal*  
*Service Delivery & Budget Implementation Plan*



2010/11

*Draft*

# Chapter 1

## 1.1 Introduction

### **Legislative framework:**

*The Municipal Systems Act, 2000*

*The Municipal Finance*

*Management Act, 2003*

A comprehensive management framework for the strategic positioning of municipalities in relation to the communities that they must serve are prescribed in the **Municipal Systems Act, 2000** (Act 32 of 2000) (*Systems Act*), with specific reference to Chapters 5.

The Planning and Performance Management Regulations issued in terms of the Systems Act and the **Municipal Finance Management Act, 2003** (Act No. 56 of 2003) (*MFMA*) with specific reference to the prescriptions of this Act as it relate to the link between the budget processes and the institutional IDP.

### **An integrated performance management system**

The Systems Act, 2000 prescribes a process (Chapter 5) in terms

of which a strategic framework for the management of the municipality and the prioritisation of service delivery initiatives must be created through the formulation of an IDP, which exposes the service delivery objectives and priorities of a municipality. Chapter 6 then requires the establishment of a performance management system that would enable a municipality to manage and measure actual performance in terms of the service delivery priorities and objectives exposed in the IDP. By engaging in the IDP process, a municipality is *planning and exposing* its intended performance and by establishing a performance management system linked to the priorities of the IDP, a municipality is creating the framework for *managing* its service delivery and institutional systems and processes to achieve these intended performance targets.

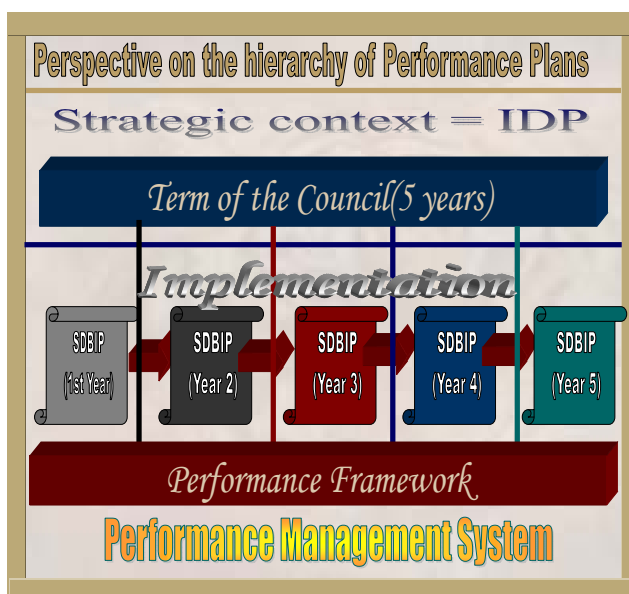
The IDP is a high-level planning document that must be *operationalised* and *resourced*. Where the IDP is essentially an integrated planning document, the institutional *budget* is the mechanism for enabling its implementation by providing the means to *resource* it. It is, however, of the utmost importance to continuously maintain the link between the IDP and the budget. If they do not continuously “speak” to each other, a municipality runs the risk to start losing focus, and it does not necessarily spend its available resources on the key deliverables exposed in the IDP. The *service delivery and budget implementation plan (SDBIP)* is a tool created by the MFMA to enable and ensure this link. It operationalises the IDP for one budget year and links it to the institutional IDP for that year.

The MFMA prescribes an integrated planning and budgeting system in terms of which a municipality must deliver a *service delivery and budget implementation plan (SDBIP)*, which must be approved by the mayor within 28 days after the approval of the budget. (Refer to section 53 (c) (ii) of the said act). The plan exposes the measurable performance objectives of the municipality and therefore fulfills an important role as a management plan in the municipality, because it serves as a point of reference for compiling of performance agreements within senior officials. (Refer to section 53 (c) (iii) of the MFMA).

**MFMA Circular No. 13** MFMA Circular No. 13 operationalises and provides insight into purpose of the SDBIP by stating that it (the SDBIP) “... gives practical effect to the *Integrated Development Plan [IDP] and budget of the municipality and will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA ... The SDBIP therefore serves 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 next twelve months. This provides the basis for measuring performance in service delivery against end-of-year targets and implementing the budget*”.

It is clear from the above-mentioned quotes from MFMA Circular No. 13 that the SDBIP essentially entails a plan in which the *operational service delivery priorities and objectives* of the municipality (as expressed in its IDP) are integrated with its *budget* in one document; linking municipality’s key deliverables with its institutional capacity in an integrated manner. The SDBIP must therefore contain particulars of (1) the municipal budget and (2) its operational service delivery objectives.

**Figure 1: Perspective on the hierarchy of planning documents**



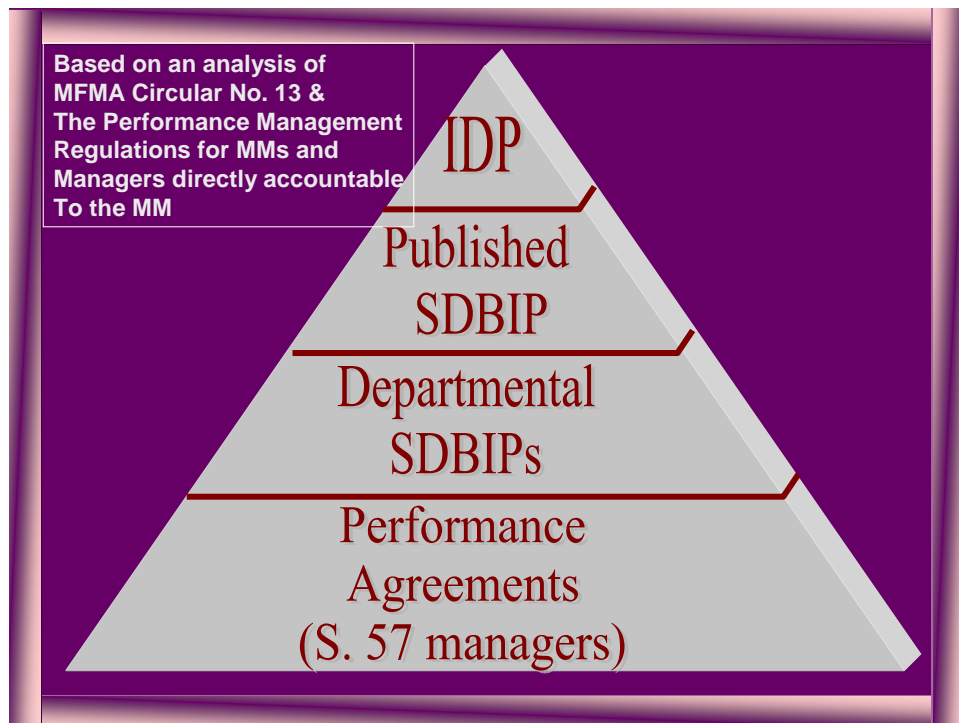
A SDBIP must be compiled for each cycle in the five year cycle of the IDP; which runs concurrent with the terms of the Council. Each of these five year SDBIPs informs the regulators and community about what the municipality will do in that specific year to implement the IDP over a five year cycle. Two things are included in this plans: (1) Service delivery targets and (2) the resources allocated to enable the municipality to achieve those targets.

## 1.2 Operationalisation of the SDBIP

MFMA Circular No. 13 requires of municipalities to develop a framework for the structured implementation of the SDBIP once it has been approved by the mayor. This process entails cascading down the service delivery priorities and objectives expressed in the plan to an organisational level where it could be effectively and efficiently implemented.

**Figure 1**

*Framework for the operationalisation of the SDBIP*



The IDP, the SDBIP and the annual budget are published documents that must be submitted to the council, the community and regulating bodies (such as national and provincial treasuries) for approval and/or insight. However, the service delivery objectives and priorities expressed in these documents are high-level deliverables, and must be operationalised to the level where activities are actually taking place, and where performance control could be exercised.

The process that has been started in Lejweleputswa District Municipality to operationalise its strategic performance framework could be summarized as follows:

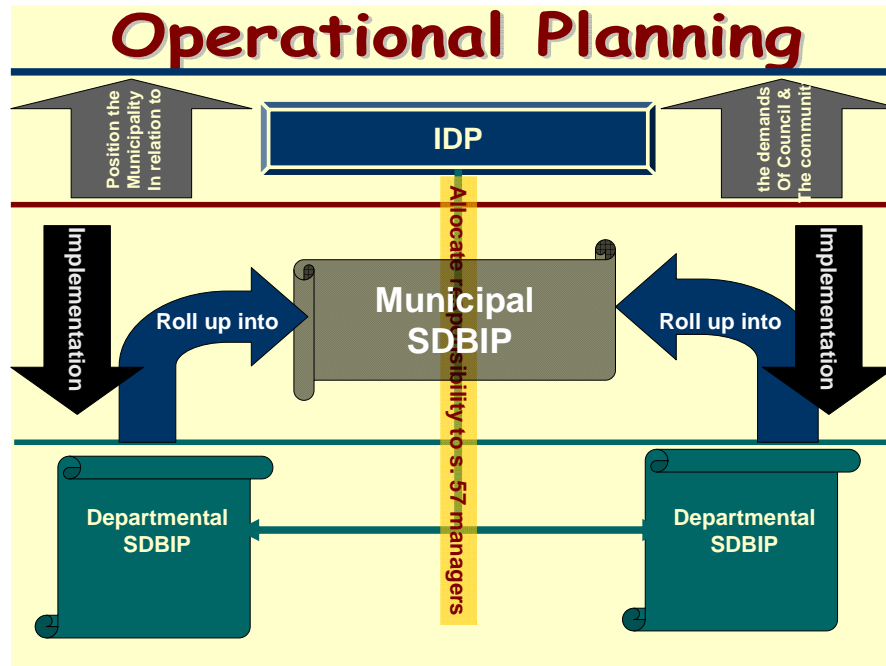
MFMA Circular No. 13 requires of municipalities to prepare departmental service delivery and budget implementation plans (DSDBIP) for each of the directorates in the municipality. The deliverables exposed in these plans should relate to the outcomes contained in the performance contracts of the respective executive directors in the municipality. However, the fully operationalisation of these plans, and comprehensively linking it to the performance management system of the municipality, requires the dragging of the process down to an operational level, where the work is actually being done. This would be done by formulating single year business plans for the individual operational components of the municipality.

Once the set of plans explained above are in place, the municipality would possess the structural apparatus to develop a performance management system that is in line with the requirements of Chapter 6 of the Municipal Systems Act, 2000 (Act 32 of 2000) and Chapter 3 of the Planning & Performance Management Regulations, 2001. It will also enable the municipality to comply with the requirements of MFMA Circular No. 13, which requires municipalities to cascade the SDBIP down by developing a set of appropriate SDBIP supporting documentation.

### **1.3 Approach to the compiling of the SDBIP and issues related to the format thereof**

The approach that has been taken with the compilation of the SDBIP was as follows:

**Figure : Perspective on the relationship between the IDP, SDBIP and Departmental SDBIPs**



- The IDP is the strategic plan of the municipality that contains the goals that drive all systems and processes in the municipality, and, more specifically, the allocation of resources through the budgeting processes.
- The Departmental SDBIPs are used as a mechanism to allocate the responsibility for the implementation and achievement of IDP goals to the various S. 57 managers in the municipality, and express their obligations in this regard in measurable terms by utilizing the tools prescribed in the Planning and Performance Management Regulations, 2001 (which are performance indicators and targets).
- The key objectives identified for each section 57 manager are then “rolled up” into the municipal (published) SDBIP. This SDBIP must then “speak” to the IDP and the organisational scorecard.

Three types of indicators could be distinguished, namely:

- **Outcome indicators**, which are the measurable indicators of the main deliverables of the municipality and each section 57 manager (goals and objectives); expressed on a certain level by linking it to targets.
- **Output indicators**, which are measurable indicators of the main activities that the municipality performs to achieve its goals and objectives. These must also be linked to targets to indicate a certain level of performance.

Figure



- If the set of strategic and implementation plans have been finalized, with the contents linked to performance indicators and targets, the municipality has set up a system that allows for the management, measuring and control of both individual, as well as institutional performance.

If the regulatory and policy requirements for the proper construction and formulation of the SDBIP are carefully considered, it is clear that it is meant as a single term (in-year) management plan with multi-year elements, especially as far as it relates to *capital projects and programmes*. It operationalises the multi-year strategic plans (included the IDP) within a single year context and link the planned performance (outcomes and outputs) of the municipality to a single year's operational budget and a three year capital budget cycle that realistically reflects the MTREF cycle.

MFMA Circular No. 13 stipulates that the targets and indicators included in the SDBIP must –

- Be approved in the budget as annual indicators with projects for at least two outer years based on the strategic objectives;
- Be split into quarterly projections for the forthcoming budget in the SDBIP;
- Be contained in annual performance agreements of the municipal manager and senior managers; and
- Be reported on for in-year reporting (quarterly and mid-year) and the annual report.

MFMA Circular 13 places high emphasis on the requirements to compile the SDBIP in a manner that is formatically reflective of the GFS classification system, and draw a direct link between the performance indicators and targets identified in the plan and the actual, measurable and quantifiable needs in the municipality and the community it serves.

These requirements, read in conjunction with the requirements in respect of targets and indicators exposed in the previous paragraph posed a number of challenges in respect of the format and contents of the operational plan of the plan. These could be summarized as follows:

- The operational plan must relate directly to the budget and the two (the operational plan and the annual budget inputs) must be integrated. This integrated Plan must reflect the service delivery priorities and objectives of the IDP.
- The operational plan must, in terms of its format, reflect a quarterly performance projection that is presented in terms of the GFS classification system.
- The outcomes exposed in the SDBIP (that is, the operational component of the plan) must form the basis for the performance contracts with senior managers; with the budget component of the Plan exposing the *resources* made available to the senior managers to achieve their targets. (The implication is that the indicators and targets must reflect the limitations inherently imposed as a result of limited capacity).
- The operational part of the plan must be used as a point of reference for compiling quarterly and mid-year performance assessment reports, which implies that the format and contents of the plan must reflect the requirements for municipal reporting as exposed in the MFMA and a number of policy circulars issued by the National Treasury.

The requirement to relate the contents of the SDBIP to the overall strategic management framework of the municipality (of which the IDP is the central reference point, which informs the organisation-wide performance management system) implies that the operational part of the Plan must reflect (both in format and contents) the legislative and regulatory framework which governs and prescribes the requirements for the compiling and establishment of both the IDP and the institutional performance management system. In this regard the following is especially worth mentioning:

- Operational strategies must reflect integration with national, provincial and cross-municipal sectoral priorities.
- Service delivery priorities and objectives must reflect performance inputs, outputs and impacts (outcomes).
- Performance indicators must be qualified and quantified by relating it to measurable performance targets.
- The indicators and targets determined by means of the integrated strategic – and performance management systems must reflect in the institution's performance plans



(including the SDBIP) and would thereafter become the focus-point for managing, measuring and reporting on performance on all levels of the municipality.

MFMA Circular No. 13 further requires that the following information must be included in the SDBIP:

- Monthly projections of revenue to be collected for each source.
- Monthly projections of expenditure (operating and capital) and revenue for each vote.
- Ward information for expenditure and service delivery.
- Detailed capital works plan broken down by ward over three years.

## 1.4 Link with the Lejweleputswa Strategic Management Framework

Vision  
Statement

*"A Perfect Partner in service excellence by 2014".*

The mission statement of the municipality reads as follows:

Mission  
Statement

*Lejweleputswa District Municipality embraces a service delivery perspective through sound financial management, harnessing of a customer-centered culture, internal processes structured towards professionalism and the creation of a learning, growth and development environment.*

**Chapter 2:**  
***Projected Service Delivery Targets &  
Performance Indicators***

## 2.1 Medium-term perspective on the implementation of the IDP and the budget

### KPA: Good Governance and Community Participation

IDP Objective	Strategy	KPI	Budget	Responsible Manager	2010/11 Deliverables/ targets						
					Q 1	Q 2	Q 3	Q 4	Annual Target	Yr 2	Yr 3
To improve performance accountability and governance in the District Municipality on an annual basis	Audit monthly reports of all senior managers.	Internal Audit Reports	0	MM	3	3	3	3	12	12	12
	Implement PROPAC and other statutory bodies' resolutions	PROPAC Reports	0	MM	3	3	3	3	12	12	12
	Ensure participation of critical stakeholders in decision making processes of the municipality.	Number of meetings held for ward committees.	R250,000	Speaker	1	1	1	1	4	12	12
		Number of training sessions for ward councilors	R100,000	Speaker	0	1	0	2	2	2	2
		Number of meetings for IDP and budget processes	R100,000	Speaker	1	1	2	1	5	5	5
	Review of municipal policies.	Monthly balanced register	R300,000	MM	0	1	0	1	2	-	-
	Update asset register.	Monthly balanced register	-	Finance							

	Facilitate holding of at least 4 Mayoral Forum meetings per annum.	Number of meetings arranged and held	<b>R3,000</b>	<b>EX Mayor</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>4</b>
	Facilitate holding of at least 4 Speakers' Forum meeting per annum.	Number of meetings arranged and held	<b>R1,400</b>	<b>Speaker</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>4</b>
	Facilitate holding of at least 4 Municipal Managers' Forum meeting per annum.	Number of meetings arranged and held	<b>R4,200</b>	<b>MM</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>4</b>
	Facilitate holding of at least 4 CFO's Forum in the district per annum.	Number of meetings arranged and held	<b>R4,200</b>	<b>CFO</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>4</b>
	To coordinate Inter Governmental Relations amongst Municipalities and Government departments in the district.	Number of meetings held	<b>R20,000</b>	<b>Municipal Support</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>8</b>	<b>8</b>	<b>8</b>
	Implement Batho Pele Principles	Number of forum meetings held	-	<b>Corporate</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>12</b>	<b>12</b>	<b>12</b>
	Convene 4 District Aids Council sessions during the 2010/11 financial year.	Number of Council sessions arranged and held.	<b>R69,366</b>	<b>Ex. Mayor</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>4</b>

	Conduct awareness campaigns on HIV/AIDS	Number of awareness campaigns held	<b>R210,200</b>	<b>Ex. Mayor</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>4</b>
	To implement employee wellness programmes	Organised programmes	<b>R30,000</b>	<b>Corporate</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>
	To conduct gender based awareness campaigns throughout the district.	Number of awareness campaigns held	<b>R100,000</b>	<b>Ex. Mayor</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>
	To conduct disability awareness programmes	Number of awareness campaigns held	-	<b>Ex. Mayor</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>
	To conduct anti-crime awareness campaigns	Number of awareness campaigns held.	<b>R76,000</b>	<b>Social Services</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>

### KPA: Municipal Financial viability and Management

IDP Objective	Strategy	KPI	Budget	Responsible Manager	2010/11 Deliverables/ targets						
					Q 1	Q 2	Q 3	Q 4	Annual Target	Yr 2	Yr 3
To ensure sound financial management	To implement sound financial management and implementation of GRAP	AFS GRAP Compliant	R1,250,000	CFO							
		Improved financial accountability	0	CFO							
	Revenue enhancement in local municipalities	Municipal compliance	0	CFO	3	3	3	3	12	12	12
To enhance compliance on MFMA with local municipalities.	To conduct regular visits	Physical Assistance	0	Municipal Support	1	1	1	1	4	4	4

### KPA: Local Economic Development

IDP Objective	Strategy	KPI	Budget	Responsible Manager	2010/11 Deliverables/ targets						
					Q 1	Q 2	Q 3	Q 4	Annual Target	Yr 2	Yr 3
To promote tourism support in the district.	Review tourism plan	Reviewed Plan	R120,000	Executive Manager: LED and Planning	1	0	0	0	1	1	1
	Market the district through tourism activities	Successful sports events	R200,000	Executive Manager: LED and Planning	1	2	1	1	5	5	5
		Successful music events	-	Executive Manager: LED and Planning	0	0	1	0	1	1	1
		5000 marketing materials	-	Executive Manager: LED and Planning	0	2500	2500	0	5000	-	-
		Successful events hosted	-	Executive Manager: LED and Planning	1	0	0	0	1	1	1
		Graded B&Bs	-	Executive Manager: LED and Planning	0	0	0	10	10	10	10
		Restore Winnie Mandela museum		Executive Manager: LED and Planning	1	1	1	1	4	-	-
<b>Review of Growth and Development Strategy for the District.</b>	Convene a district wide economic summit.	Successful summit	-	Executive Manager: LED and Planning	0	0	1	0	1	1	1
<b>To alleviate all forms of discrimination against women, youth and differently-abled people.</b>	To initiate new, improve existing youth projects and provide needed support to the identified ones.	Successful event	R200,000	Executive Manager: LED and Planning							

	To organize sports day event for the elderly in conjunction with DSC.	Successful event	R80,000	Executive Manager: LED and Planning	0	1	0	0	1	1	1
	To arrange and host a national youth day celebration in conjunction with selected local municipalities.	Successful event	R165,000	Executive Manager: LED and Planning	0	0	0	1	1	1	1
	Target indigent families in the district by providing temporary job opportunities	Number of jobs created	R700,000	Executive Manager: LED and Planning	3	3	3	3	12	-	-
<b>Address critical skills shortage in the water, civil construction and allied trades.</b>	Develop a constructor resource, advice and information centre in the Lejweleputswa District.	Established entity	-	Executive Manager: LED and Planning	1	1	1	1	4	-	-
<b>Establish cooperatives that include youth, women and differently-abled in the district</b>	Facilitate and support the establishment of cooperatives	Functional cooperatives	R2m	Executive Manager: LED and Planning	2	2	2	2	4	-	-
<b>Facilitate land acquisition for economic development projects</b>	Partner with relevant stakeholders to acquire land for economic development projects	Ownership of Land	-	Executive Manager: LED and Planning	1	1	1	1	4	-	-
<b>Support the revival of the Development Agency</b>	Source internal and external funding.	Functional entity	R2m	Executive Manager: LED and Planning	1	-	-	-	1	-	-



## KPA: Municipal Transformation and Institutional Development

IDP Objective	Strategy	KPI	Budget	Responsible Manager	2010/11 Deliverables/ targets						
					Q 1	Q 2	Q 3	Q 4	Annual Target	Yr 2	Yr 3
<b>To target and improve needed skills of identified stakeholders in the district for improved service delivery within the municipal jurisdiction.</b>	To identify and allocate bursaries to indigent and deserving pupils to study at tertiary institutions.	List of recommended bursars	R400,000	Ex. Mayor	0	0	10	0	10	-	-
	To provide opportunity to graduate to receive experiential training	Contracts	R24,000	Corporate Services	2	0	0	0	2	-	-
	To encourage wards for improved service delivery.	Advert	R300,000	Speaker	1	0	0	0	1	-	-
<b>To develop and sustain a conducive working environment for all staff members in the municipality</b>	To implement employment equity targets of the municipality.	Council resolution	-	Corporate Services	1	-	-	-	1	-	-

	To provide financial assistance to internal staff for further training purposes.	Proof of registration	R100,000	Corporate Services	0	0	0	18	18	-	-
	To provide an opportunity to all staff members to upgrade their skills by registering for courses	Number of staff registered for courses	-	Corporate Services	0	0	0	10	10	-	-
	To expand the office building to accommodate the archive section of the municipality	Functional archive	R2,5m	Corporate Services	0	0	0	1	1	-	-
	Revamp the roof old municipal building	Project completed	R1,5m	Corporate Services	1	1	1	1	4	-	-
	To establish a community radio station in the district.	Broadcast service	R300,000	Ex. Mayor	1	1	1	1	4	-	-
<b>Improve financial competency of non-financial officials</b>	Conduct training for non-financial officials	Developed action Plan	-	Finance	1	0	0	0	1	-	-

### KPA: Basic Service Delivery and Infrastructure Investment

IDP Objective	Strategy	KPI	Budget	Responsible Manager	2010/11 Deliverables/ targets						
					Q 1	Q 2	Q 3	Q 4	Annual Target	Yr 2	Yr 3
<b>To provide technical and related support to local municipalities for improved service delivery.</b>	To assist Tokologo Local Municipality in the provision of potable water for its community.	Potable water supply	-	Municipal Support	2	2	2	0	6	-	-
	To construct Phase 2 of Phumlani cemetery road in Thabong	Improved road	R1m	Municipal Support	0	0	0	1	1	-	-
	To construct access road to Kutlwanong cemetery in Odendaalsrus	Improved road	R2m	Municipal Support	0	0	1	0	1	-	-
	Grading and upgrading of rural roads in the district	Improved road	-	Municipal Support	1	1	1	1	4	-	-
<b>To foster integration in the delivery of primary health care in the district.</b>	To provide continuous support to LMs in the eradication of buckets by the end of 2010.	Improved sanitation	-	Municipal Support	1	1	1	1	4	-	-

<b>To conduct awareness campaigns on ravages of fire in the district.</b>	To conduct workshop on fire awareness campaigns in the district.	Successful fire awareness campaign	-	Social Services	1	1	1	1	4	-	-
<b>To monitor incidences of non-compliance with environmental health policies and Regulations</b>	To take samples and issue certification in all identified food selling outlets	Improved service delivery	R260,000	Social Services	3	3	3	3	12	-	-
	To take random samples of potable water sources in the district.	Improved service delivery	R300,000	Social Services	3	3	3	3	12	-	-
	To conduct awareness campaigns on environmental health issues.	Successful campaigns	R60,000	Social Services	1	1	1	1	4	-	-
<b>To ensure maintenance of a clean environment throughout the district.</b>	Identify and develop all parks in the district	Clean parks	R700,000	Social Services	3	3	3	3	12	-	-
<b>To provide emergency relief for distressed and indigent families during disaster.</b>	Avail funding for: <ul style="list-style-type: none"> <li>• Food relief.</li> <li>• Blankets and clothing</li> <li>• Repairs of structural damage.</li> </ul>	Prompt response	R400,000	Social Services	-	-	-	-	-	-	-
	To develop and maintain a comprehensive public awareness and community participation programme	Successful awareness	R85,000	Social Services	1	0	1	0	2	-	-
		Successful awareness campaigns	R55,300	Social Services	1	0	1	0	2	-	-

<b>Promote participation of youth in different sporting activities in the district.</b>	Coordinate successful implementation of the OR Tambo Games.	Successful event	R500,000	Ex. Mayor	0	1	0	0	1	-	-
	Organize sports seminars to identify talent within the district.	Talent identified	-	Ex. Mayor	1	1	1	1	4	-	-
	To extend new office block by the end of the financial year.	Extended office block	-	MM							
<b>To establish a District Arts Council</b>	Convene monthly contact sessions with all stakeholders	Functional Arts Council	R200,000	Social Services	1	1	1	1	4	-	-
<b>To establish a District Sports council</b>	Convene monthly contact sessions with all stakeholders	Functional Sports council	-	Social Services	1	1	1	1	4	-	-
<b>To conduct Community Development campaigns</b>	Conduct quarterly sport clinics throughout the district.	Number of meetings actually held- Attendance register	-	Social Services	1	1	1	1	4	-	-
<b>Integrate ex-offenders in the district</b>	Facilitate identification of skills	Skills Development Report	R48,600	Social Services	1	1	0	0	2	-	-
	Facilitate the provision of relevant training			Social Services	0	0	0	1	1	-	-