

REPORT TO COUNCIL: 25 AUGUST 2009
REPORT OF THE EXECUTIVE MAYOR

14 BUFFALO CITY MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2009/10

1. INTRODUCTION

A Service Delivery and Budget Implementation Plan (SDBIP) is, in terms of section 1 of the Municipal Finance Management Act (NO. 56 of 2003), a "...detailed plan approved by the mayor of a municipality...for implementing the municipality's delivery of municipal services and its annual budget..."

The SDBIP must indicate the projections of each month of the revenue to be collected by source, and the operational and capital expenditure by vote. It must also indicate the service delivery targets and performance indicators for each quarter and any other matters as may be prescribed.

2. LEGISLATIVE PROCESS

In terms of Section 69 (3) (a) of the Municipal Finance Management Act (MFMA), "...the Accounting Officer must no later than 14 days after the approval of the annual budget submit to the Mayor a draft SDBIP for the budget year".

Section 53 (1) (c) (ii) of the MFMA further states that-

- (1) the mayor of a municipality
 - (c) must take all reasonable steps to ensure-
 - (ii) that the municipality's SDBIP is approved by the may within 28 days after the approval of the budget; and
 - (iii) that the annual performance agreements as required in terms of section 57(1)(b) of the Municipal Systems Act for the municipal manager and all senior mangers –
 - (aa) comply with this Act in order to promote sound financial management;
 - (bb) are linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan; and
 - (cc) are concluded in accordance with section 57(2) of the Municipal Systems Act

Section 53 (3) also requires the Executive Mayor to ensure that the Service Delivery and Budget Implementation Plan is made public after its approval, together with the Performance Agreements of the Municipal Manager and Senior Managers.

Copies of concluded Performance Agreements for the Municipal Manager and Senior Managers are also required to be submitted to Council and the MEC

for local government in terms of section 53 of the Municipal Finance Management Act.

The Performance Agreement of the Municipal Manager is required to be entered into between the Municipal Manager and the Executive Mayor, while those of other senior managers are entered into between the respective managers and the Municipal Manager in accordance with the provisions of the Municipal Systems Act and the applicable regulations.

3. **APPROVAL OF THE BUFFALO CITY MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2009/10**

The SDBIP 2009/10 was submitted and approved by the Executive Mayor on the 3rd of July 2009 in accordance with the provisions of section 53 (1) (c) (ii) of the Municipal Finance Management Act (2003).

4. **PERFORMANCE AGREEMENTS OF THE MUNICIPAL MANAGER AND SENIOR MANAGERS**

The Draft Performance Agreements for the Municipal Manager and the Senior Managers were prepared in terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (2006), and submitted to the Executive Mayor concurrently with the SDBIP, for approval or consideration, as the case may be.

The Performance Agreements are attached as Annexures to this report. In so far as there may still exist aspects of the Performance Agreements (scorecards) that require improvement, the legislation permits that such amendments may be done, by mutual agreement, during the course of the financial year when the budget adjustment process is being undertaken.

5. **RECOMMENDATIONS**

It is accordingly recommended as follows:

1. That the approval of the Buffalo City Municipality Service Delivery and Budget Implementation Plan (SDBIP) for 2009/2010 be **NOTED**;
2. That the approval of the Performance Agreements of the Municipal Manager and consideration of Senior Managers be **NOTED**; and
3. That the SDBIP and the Performance Agreements be made public in terms of the provisions of the Municipal Finance Management Act; and
4. That the copies of the Performance Agreements be submitted to the MEC for Local Government and Traditional Affairs in the Province.


Z.C. FAKU
EXECUTIVE MAYOR

ANNEXURE

REPORT TO THE EXECUTIVE MAYOR: 03/07/2009 REPORT OF THE ACTING MUNICIPAL MANAGER

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2009/2010

1. INTRODUCTION

In terms of Section 69 (3) (a) of the Municipal Finance Management Act (MFMA) "the Accounting Officer must no later than 14 days after the approval of the annual budget submit to the Mayor a draft SDBIP for the budget year".

Section 53 (1) (c) (ii) of the MFMA further states that "the Mayor must take all reasonable steps to ensure that the municipality's SDBIP is approved within 28 days after the approval of the budget".

In addition Section 53 (3) (a) states that "the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the service delivery and budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan".

2. SUBMISSION OF THE SDBIP

The **SDBIP 2009/2010** report was submitted to the Executive Mayor in terms of the Municipal Finance Management Act and it covers the following components:

- Quarterly projections of service delivery targets and performance indicators by vote;
- Monthly projections of revenue by source;
- Monthly projections of capital and operating expenditure and revenue by vote; and
- A detailed capital works plan including Ward information for expenditure and service delivery.

Each of the components of the SDBIP is discussed in further detail below.

2.1 **Monthly Projections of Revenue by Source**

Monthly projections of revenue by source relate to the actual cash expected to be collected from the various main sources as well as actual grant funding to be received over the next twelve months of the 2009/10 budget year. The revenue projections are influenced by seasonal consumption patterns for water and electricity and the quarterly disbursements of grants (equitable share) from National Government to the municipality. A monthly breakdown of revenue per source is contained in the SDBIP attached as Annexure A.

2.2 **Monthly Projections of Capital and Operating Expenditure and Revenue by Vote**

The monthly projections of how each directorate will spend their respective capital and operating budgets per vote, how they intend collecting or generating revenue as well as how disbursements of grant funding are going to be received. A monthly breakdown of capital and operating expenditure and revenue is contained in the SDBIP attached as Annexure A.

Operating expenditure and revenue for the majority of the directorates are projected evenly for the 2009/10 financial year. However, for the Engineering Services revenue projections and

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

2.3 Quarterly Projections of Service Delivery Targets and Performance Indicators for Each Vote

The SDBIP is a management, implementation and monitoring tool, which assists the Executive Mayor, Councillors, Municipal Manager, Senior Managers and the community with the realization of the municipality's strategic objectives as contained in the Integrated Development Plan (IDP). It seeks to ensure the effective monitoring of the execution of the budget, performance and the achievement of the service delivery objectives set by Council. The SDBIP should therefore contain information in regard to performance indicators, service delivery targets as well as measurement source. The SDBIP for the 2009/10-budget year per vote is informed by the institutional key objectives and strategies as contained in the IDP.

2.4 Ward Information for Expenditure and Service Delivery and Detailed Capital Works Plan
This section of the SDBIP provides service delivery information per area and ward and clearly indicates which projects will be undertaken in the different areas and wards of the Buffalo City Municipality. The details are contained on Annexure A of the SDBIP.

3. MONITORING, REPORTING ON THE SDBIP

Monthly reports will be submitted by the Municipal Manager to the Executive Mayor in terms of Section 71 (g) (ii) of the MFMA and Quarterly reports will be submitted by the Executive Mayor to Council in terms of Section 52 (d) of the MFMA indicating progress being made with the implementation of the SDBIP.

4. REVISION OF THE SDBIP

In terms of Section 54 (1) (c) of the MFMA, any revisions to the SDBIP service delivery targets and performance indicators may only be made with the approval of the Council following approval of an adjustment budget.

5. RECOMMENDATION

It is recommended that:

1. Executive Mayor approves the SDBIP in terms of Section 53 (3) (a) of the Municipal Finance Management Act, 2003
2. The SDBIP as approved by the Executive Mayor be made public in terms of the Municipal Finance Management Act, 2003


A.P. MAGWENTSHU
MUNICIPAL MANAGER

I, in my capacity as the Executive Mayor of Buffalo City Municipality hereby approve/not approve the Service Delivery and Budget Implementation Plan (SDBIP) for 2009/10, in terms of Section 53 of the Municipal Finance Management Act (MFMA)


Z. C. FAKU
EXECUTIVE MAYOR

DATE: 3 July 2009

Enclosed

2009/10 Service Delivery and Budget Implementation Plan