

# **EMAKHAZENI LOCAL MUNICIPALITY**

## **REPORT OF THE MUNICIPAL MANAGER**

### **SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN AND PERFORMANCE AGREEMENT**

**2024/2025**

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## REPORT OF THE MUNICIPAL MANAGER

### 1. INTRODUCTION

A Service Delivery and Budget Implementation Plan(SDBIP) is defined in chapter 1 of the Municipal Finance Management Act (MFMA) as a detailed plan approved by the Executive Mayor for implementing the municipality's delivery of municipal services and its annual budget. In a nutshell an SDBIP is what is generally referred to as a business plan or an operational plan.

Essentially the SDBIP is an integral part of the financial planning process. Although its approval is required after the budget, its preparation has taken place simultaneously with the budget formulation process. The SDBIP is the connection between the budget and the management of performance agreements, and it includes detailed information on how the budget will be implemented – by means of forecast cash flows – and service delivery targets and performance indicators.

### 2. THE COMPONENTS OF A SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN

The SDBIP should contain five elements i.e.

1. Key Performance Area.
2. Projections of expenditure (operating and capital).
3. Quarterly projections of service delivery targets and performance indicators for each vote.
4. Objectives/Priority Issue/ Strategy/ Annual Targets.
5. Capital projects.

The SDBIP is the formal link between organizational performance and the budget. It also provides a means to measure cost effective service delivery by linking the inputs – the budget – to the service outputs and outcomes. Budgetary control and performance monitoring combine to measure the cost effectiveness of service delivery.

### 3. THE SDBIP CONCEPT

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 next twelve months. It is a management, implementation and monitoring tool that will assist the Executive Mayor, Councillors, Municipal Manager, Senior Managers and community. It is also a performance monitoring tool that enables the Municipal Manager to monitor performance of Senior Managers. The MFMA requires that the performance agreements of Senior Managers be linked to the measurable performance objectives in the SDBIP. As a vital monitoring tool, the SDBIP should help to enable the Executive Mayor and Municipal Manager 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, the budget and performance targets should be broken down into smaller

targets and cascaded to middle level and junior Managers. Directors should be producing their own SDBIP's which roll up into the municipality's SDBIP.

In developing the SDBIP, the Senior Management has sought to involve Middle Managers who in turn have solicited inputs from their sub ordinates.

#### **4. MFMA REQUIREMENT – APPROVAL OF THE SDBIP**

The SDBIP formulation process and the approval of the SDBIP are covered in line with Chapter 7 (the responsibilities of the Mayor) and Chapter 8 (the responsibilities of Municipal officials) of the MFMA.

Under chapter 8, the Accounting Officer must submit a draft of the SDBIP to the Executive Mayor within 14 days of the budget being approved as well as drafts of the Annual Performance Agreements required in the Municipal Systems Act.

Chapter 7 of the MFMA requires the Executive Mayor to "take all reasonable steps" to ensure that the SDBIP is approved by the Mayor within 28 days after the approval of the budget and that the SDBIP is made available to the public no later than 14 days after that.

#### **5. MFMA REQUIREMENT – IMPLEMENTATION AND MONITORING**

Section 54 sets out the responsibilities of the Executive Mayor with regard to budgetary control and the early identification of financial problems. When a budgetary monitoring report is received under section 71 or 72 of the MFMA, the Executive 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 adjustment budget. The Executive 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.

#### **6. RECOMMENDATION BY THE MUNICIPAL MANAGER**

Following the above mentioned process it is therefore recommended as follows;

- That the attached SDBIP for 2024/2025 financial year be approved.
- That the attached Draft Annual Performance Agreements for 2024/2025 financial year be approved.

7. APPROVAL BY THE EXECUTIVE MAYOR

- Therefore, the SDBIP for 2024/2025 financial year is **Approved** / Not Approved / Referred Back.
- Furthermore, the Annual Performance Agreement of the Municipal Manager for 2024/2025 financial year is **Approved** / Not Approved / Referred Back.

  
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CLLR. N.A. MASHELE  
EXECUTIVE MAYOR

18 JUNE 2024  
DATE