

# Service delivery and budget implementation plan

Over the past few years, municipalities have become acquainted with the three key instruments for strategic management. First, the integrated development plan (IDP) sets out the municipality's key priorities and objectives for the medium and long term. Second, the IDP is implemented through the municipal budget, which allocates resources to the priorities of the IDP for the financial year and two years thereafter. Third, the municipality monitors its performance on the priorities and objectives of the IDP through its performance management system. So where does the service delivery and budget implementation plan (SDBIP) fit in? The introduction of another instrument accompanied by procedures and legal requirements can easily make local government practitioners sceptical or obsessed with legal compliance.

This article makes a case for viewing the SDBIP from a common-sense perspective rather than a legal-compliance perspective only. It should not be seen as an instrument that operates outside of the municipality's IDP, budget and performance management system. Rather, the SDBIP is an integral part of these three instruments. This is so for two reasons. First, the content of the SDBIP flows from the content of the IDP and the budget. Second, the SDBIP is a key instrument for managing the performance of the municipality.

## Content

The SDBIP is an annually adopted document that contains projections for each month of:

- revenue to be collected, broken down by source; and
- operational and capital expenditure to be incurred, broken down by vote.

Furthermore, it includes for each quarter:

- service delivery targets; and
- performance indicators.

Essentially, the SDBIP is thus the annual action plan for the integrated development plan and the budget.

## Making and adopting a SDBIP

This is the time of the year to draft and adopt SDBIPs. The municipal manager drafts an SDBIP and submits it to the mayor within 14 days after the approval of the budget. The SDBIP is approved by the municipality's mayor. This should be done within 28 days after the approval of the municipal budget. If there is any delay in the approval of the plan, the mayor must inform the council and the MEC for finance. The SDBIP must be communicated to the public no later than 14 days after approval. (See Vol 7 No 4, September 2005, page 10.)

The mayor can revise the SDBIP during the course of the year. However, any changes to the service delivery targets and performance indicators must be approved by the municipal council.

## SDBIP as an opportunity, not a threat

### *More than finances*

The instruction for municipalities to work with SDBIPs is in the Municipal Finance Management Act. However, this should not lead to a financial bias when it comes to drafting, adopting and implementing the SDBIP. The SDBIP is not a financial instrument that is confined to the chief financial officer's department. It must be an action plan that is drafted with input from all municipal departments and championed by the mayor and the municipal manager.

## SDBIP and performance management

The MFMA provides that the SDBIP must be linked to the annual performance agreements concluded with the municipal manager and managers reporting to him/her. In particular, the mayor must ensure that the performance agreements are linked to the performance objectives approved with the budget and the service delivery and budget implementation plan.

All performance agreements for appointed section 57 managers must be concluded before the end of the first month of the financial year. In other words, before the end of July, all section 57 managers should be operating in terms of a performance agreement. Like the SDBIP, performance agreements must be communicated to the public.

The link between SDBIPs and performance agreements is important. It improves the municipality's capacity to monitor implementation of the IDP and to act on any problems in implementation. It also simplifies the difficult

# key points

- The mayor must approve the SDBIP within 28 days after approval of the budget.
- Having an SDBIP is a matter of common sense, rather than merely adhering to the rules.
- The SDBIP is not merely a financial instrument.
- The content flows from the IDP and the budget.
- It assists the municipality in managing its performance.
- National and provincial governments can use them to ensure that their alignment and support activities are on target.

task of concluding objective, rational performance agreements that link the performance of top managers directly with the municipality's IDP. Once a credible SDBIP has been adopted, the content of much of the performance agreements with senior management flows logically from it.

## Intergovernmental potential

SDBIPs also hold great promise for provincial (and national) departments that monitor municipalities. The monthly income and expenditure projections and quarterly targets and indicators make the SDBIP a practical, 'hands on' document that provides immediate insight into the workings of the municipality. There is no legal obligation on municipalities to submit their SDBIPs to the provincial government. However, they are public documents, and provincial treasuries and provincial departments of local government would be well advised to obtain the SDBIPs. They can use the SDBIP of a municipality to ensure that its alignment and support activities are on target.

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