



**SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN  
2021/2022  
FINANCIAL YEAR**

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## **INTRODUCTION**

The Service Delivery and Budget Implementation Plan (SDBIP) of the uMgungundlovu District Municipality seeks to commit the Municipality to meeting specific service delivery and budget spending targets.

The targets contained in this document outlines how the municipality will implement the objectives set out in the Integrated Development Plan (IDP), looking at quarterly service delivery performance as a guide for monitoring expenditure and progress towards service delivery. The Municipality has adopted its reviewed Municipal IDP for the period 2021/2022, which is regarded as the agreed plan between the community and the municipality.

This segregation of responsibilities between the spheres of government is very important to understand, because, as the district municipality we are mainly responsible for certain services namely water and sanitation whilst housing, electricity distribution, backlogs in schools, hospitals and police services are the responsibilities of the local municipalities and others provincial governments.

The financial year 2021/2022, the municipality continues to demonstrate council's desire to further the development of infrastructure, to provide basic services to its entire people. It further lays a firm foundation for the future development and transformation of the district going forward. While we strive to provide services to our communities, the municipality needs to collect revenue from those who can afford to pay for such services rendered.

A lot of emphasis is placed on revenue raising capabilities as well as the whole revenue management value chain as the district needs to move away from being grant dependent and begin to raise our own revenue in order to finance its operations.

## **Legislative Mandate**

Section 53(c)(ii) of the Municipal Finance Management Act, the Mayor of the Municipality must approve the Service Delivery and Budget Implementation Plan within 28 days after approval of the budget and in addition, 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 Budget Implementation Plan are made public within 14 days after their approval.

Municipal Finance Management Act Circular No 13, National Treasury outlines the 5 minimum basic components to be included on the Service Delivery and Budget Implementation plan;

### **These are outlined below:**

1. Monthly projections of revenue to be collected by source;
2. Monthly projections of expenditure (operating and capital) and revenue for each vote;

3. Quarterly projections of service delivery targets and performance indicators for each vote;
4. Ward information for expenditure and service delivery; and
5. Detailed capital works plan broken down by ward over a 3-year period.

### **Service Delivery and Budget Implementation Plan (SDBIP) process**

“Section 69 (3) (a) of the MFMA requires the accounting officer (Municipal Manager) to submit draft SDBIP and annual performance agreements for the municipal manager and all senior managers, as required in terms of section 57 (1) (b) of the Municipal Systems Act. These should be submitted to the mayor not later than 14 days after the approval of the annual budget. The Mayor in accordance with section 53 (3) (a) & (b) of the MFMA must not later than 14 days after the approval of the SDBIP ensure that the revenue and expenditure projections for each month and service delivery targets and performance indicators for each quarter, as set out in the SDBIP are made public. In the light of this statement must also ensure that the performance agreements of the municipal manager, senior managers and any other categories of officials as may be prescribed, are also made public. Copies of such performance agreements must be submitted to the Council and MEC for local government in the province”.

These are the legal requirements and deadline limits to assist a municipality to comply with the law-however, best practice suggests that this be done earlier by municipalities, starting with senior managers to draw up their second layer departmental SDBIPs in the early stages of the planning and budget preparation process in line with the strategic direction set in the IDP. The mayor and municipal manager should lead this process.

The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal manager and all top managers, whose performance can then be monitored through Section 71 and 72 reports and evaluated through the annual report process.

*The SDBIP process comprises the following stages, which forms part of a cycle:*

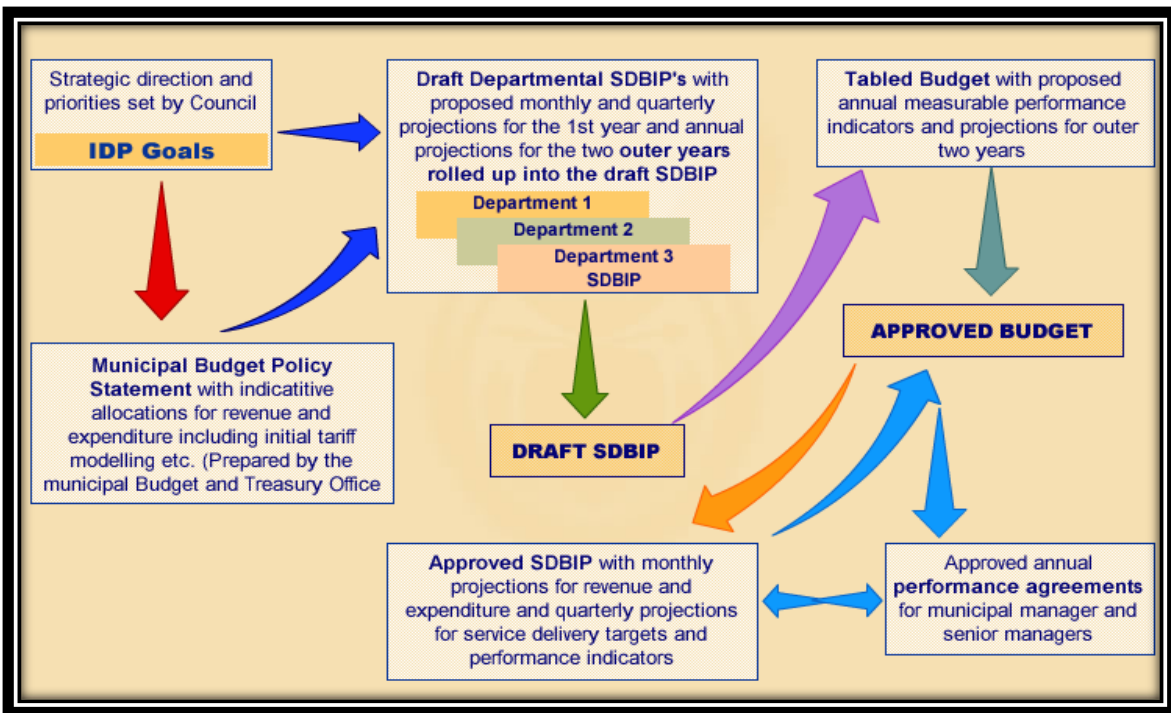
**Planning stage** - During this phase the SDBIP process Plan is developed, to be tabled with the IDP Process Plan. This phase also includes the reviewing of the IDP and subsequent SDBIP programmes and projects for the next 5 years based on local, provincial and national issues, previous year’s performance and current economic and demographic trends etc.

**Tabling** - Consultation with the community and stakeholders of the IDP on the SDBIP is done through budget hearings and formal local, provincial and national inputs or responses are also considered in developing the final document.

**Adoption stage** – This process involves the approval of the SDBIP by the Mayor of the Municipality within 28 days after the adoption of the IDP and approval of the budget.

**Publishing stage** - The approved SDBIP is made public and is published in terms of the MFMA requirements.

The figure below summaries process for preparing and approving the SDBIP, as depicted in the MFMA Circular No.13,



**HIGH LEVEL STRATEGIC MAPPING**

The table below seeks to illustrates alignment of the Municipal IDP / Budget/ SDBIP Strategic priorities with those of the National Government.

<b>National KPA</b>	<b>National Outcome 9</b>	<b>Back to Basic Pillar</b>	<b>UMDM IDP/SDBIP Strategic Areas</b>
Good Governance	Deepening Democracy Through Refined Ward Committee System	Good Governance and Public Participation	<ul style="list-style-type: none"> <li>• Public Participation</li> <li>• Integrated development planning</li> <li>• Risk Management</li> <li>• Internal audit/ and control</li> <li>• Performance Management</li> </ul>
Basic Service Delivery	Improved Access to Basic Services	Basic Service Delivery	<ul style="list-style-type: none"> <li>• Water and Sanitation Provision</li> <li>• Water quality monitoring</li> <li>• Planning of rural roads maintenance</li> <li>• Disaster and fire Services</li> </ul>
Local Economic Development	Community Programme Implemented and Cooperatives Supported	Local Economic Development	<ul style="list-style-type: none"> <li>• Tourism</li> <li>• Implementation of Local economic development projects through development agency</li> </ul>
Municipal Financial Viability and Management	Improved Municipal Financial and Administrative Capability	Sound Financial Management	<ul style="list-style-type: none"> <li>• Revenue enhancement program</li> <li>• Expenditure Management</li> <li>• Financial management</li> <li>• Budgeting and Reporting</li> </ul>
Municipal Institutional Development and Transformation	Differentiated Approach to Municipal Financing, Planning and Support	Municipal Institutional Development and Transformation	<ul style="list-style-type: none"> <li>• Policy development</li> <li>• Human Resource management</li> <li>• Administration</li> <li>• Skills development</li> </ul>
Community Services and Social Development	Community Programme Implemented and Cooperatives Supported	Putting peoples first	<ul style="list-style-type: none"> <li>• Environmental Health</li> <li>• Water quality monitoring</li> </ul>

### **THREE YEAR CAPITAL WORKS PLAN**

The table below indicates how the Municipality's capital budget will be implemented over the next three (03) years.

#### **Water Provision**

<b>Project</b>	<b>Funding Source</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Nkanyezini Water	MIG	R21 000 000	R46 548 485.34	R27 949 762.33
Mpolweni, Thokozani, Claridge	MIG	R51 314 785.70	R43 410 806.60	R 94 274 237.67
Trust feeds Phase 1	MIG	R10 770 603.08	R16 134 259.52	-
Maqonqo Water	MIG	R172 140.43	-	-
Enguga Entshayabantu & Macksam phase 5	MIG	R636 168.77	R277 462.49	-
Mbava & Mpethu Swayimane Water Supply Phase 2	MIG	R6 699 302.02	R2 545 000	-
Mpofana Bulk -Mpofana Village	MIG	R5 000 000	-	-
KwaMthwanya Water Reticulation	MIG	R3 000 000	-	-
Cedara Water – Bulk main link	MIG	R5 300 000	-	-
Greater Efaye	WSIG	R85 000 000	R 70 560 000	R75 650 000

#### **Sanitation Provision**

<b>Project</b>	<b>Funding Source</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
uMshwathi VIP toilets	MIG	R666 667	-	-

<b>Project</b>	<b>Funding Source</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Impendle VIP toilets	MIG	R666 667	-	-
Mkhambathini VIP toilets	MIG	R666 667	-	-
Umngeni VIP toilets	MIG	R666 667	-	-
Richmond VIP toilets	MIG	R666 667	-	-
Mpofana VIP toilets	MIG	R666 667	-	-

### **Rural Roads Asset Management**

<b>Project</b>	<b>Funding Source</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Planning of Rural Roads Maintenance	RRAMS	R2 586 000	R2 714 000	R2 717 000



## MONTHLY PROJECTIONS OF REVENUE BY SOURCE

DC22 uMgungundlovu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2021/22												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>Cash Receipts By Source</b>																
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	10 873	10 873	10 873	10 873	10 873	10 873	10 873	10 873	10 873	10 873	10 873	10 873	10 873	130 475	135 832	141 808
Service charges - sanitation revenue	960	960	960	960	960	960	960	960	960	960	960	960	960	11 524	12 009	12 537
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	50 988	50 988	50 988	50 988	50 988	50 988	50 988	50 988	50 988	50 988	50 988	50 988	50 988	611 851	632 334	654 315
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash Receipts by Source</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>62 821</b>	<b>753 850</b>	<b>780 174</b>	<b>808 660</b>
<b>Other Cash Flows by Source</b>																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	195 479	190 141	200 591
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(271)	(299)	(326)
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>79 088</b>	<b>949 058</b>	<b>970 016</b>	<b>1 008 925</b>
<b>Cash Payments by Type</b>																
Employee related costs	24 350	24 350	24 350	24 350	24 350	24 350	24 350	24 350	24 350	24 350	24 350	24 350	24 350	292 201	309 294	323 078
Remuneration of councillors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance charges	1 677	1 677	1 677	1 677	1 677	1 677	1 677	1 677	1 677	1 677	1 677	1 677	1 677	20 120	18 771	13 678
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions - water & other inventory	23 216	23 216	23 216	23 216	23 216	23 216	23 216	23 216	23 216	23 216	23 216	23 216	23 216	278 588	303 605	330 874
Contracted services	11 227	11 227	11 227	11 227	11 227	11 227	11 227	11 227	11 227	11 227	11 227	11 227	11 227	134 725	132 680	132 161
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	663	663	663	663	663	663	663	663	663	663	663	663	663	7 958	10 380	10 380
Other expenditure	2 140	2 140	2 140	2 140	2 140	2 140	2 140	2 140	2 140	2 140	2 140	2 140	2 140	25 675	24 996	24 696
<b>Cash Payments by Type</b>	<b>63 272</b>	<b>63 272</b>	<b>63 272</b>	<b>63 272</b>	<b>63 272</b>	<b>63 272</b>	<b>63 272</b>	<b>63 272</b>	<b>63 272</b>	<b>63 272</b>	<b>63 272</b>	<b>63 272</b>	<b>63 272</b>	<b>759 267</b>	<b>799 726</b>	<b>834 865</b>
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	16 290	195 479	190 141	200 591
Repayment of borrowing	914	914	914	914	914	914	914	914	914	914	914	914	914	10 962	12 310	13 678
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>80 476</b>	<b>80 476</b>	<b>80 476</b>	<b>80 476</b>	<b>80 476</b>	<b>80 476</b>	<b>80 476</b>	<b>80 476</b>	<b>80 476</b>	<b>80 476</b>	<b>80 476</b>	<b>80 476</b>	<b>80 476</b>	<b>965 708</b>	<b>1 002 177</b>	<b>1 049 134</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(1 388)</b>	<b>(16 650)</b>	<b>(32 161)</b>	<b>(40 209)</b>
Cash/cash equivalents at the month/year begin:	146 323	144 935	143 548	142 160	140 773	139 385	137 998	136 610	135 223	133 835	132 448	131 060	129 673	146 323	129 673	97 512
Cash/cash equivalents at the month/year end:	144 935	143 548	142 160	140 773	139 385	137 998	136 610	135 223	133 835	132 448	131 060	129 673	129 673	129 673	97 512	57 303

## PROJECTION OF EXPENDITURE BY EACH TYPE

DC22 uMgungundlovu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18	2018/19	2019/20	Current Year 2020/21				2021/22 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
<b>R thousand</b>	1										
<b>Expenditure By Type</b>											
Employee related costs	2	208 837	241 960	256 531	249 673	269 980	269 980	242 494	275 256	291 637	304 644
Remuneration of councillors		10 958	11 628	11 606	13 599	13 782	13 782	10 793	12 957	13 501	14 095
Debt impairment	3	139 702	221 071	169 656	83 747	63 747	63 747	-	45 000	46 890	48 953
Depreciation & asset impairment	2	40 947	46 642	58 011	43 774	43 774	43 774	43 590	44 590	45 405	51 194
Finance charges		53	450	7 566	27 550	27 550	27 550	7 095	20 120	18 771	13 678
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	-	-	-	30 994	267	267	21 432	278 588	303 605	333 585
Contracted services		198 975	209 728	192 245	156 178	142 331	142 331	182 991	130 852	127 300	126 627
Transfers and subsidies		-	13	2 736	9 929	9 588	9 588	7 659	7 958	10 380	10 380
Other expenditure	4,5	52 437	45 813	51 391	42 191	34 778	34 778	33 053	34 675	33 322	33 305
Losses		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>651 909</b>	<b>777 305</b>	<b>749 744</b>	<b>657 634</b>	<b>605 796</b>	<b>605 796</b>	<b>549 108</b>	<b>849 995</b>	<b>890 812</b>	<b>936 461</b>

## QUARTERLY SERVICE DELIVERY PERFORMANCE TARGETS

*(Annexure A)*

