



UTHUKELA

**UMKHANDLU WESIFUNDA
DISTRIKSMUNISIPALITEIT
DISTRICT MUNICIPALITY**

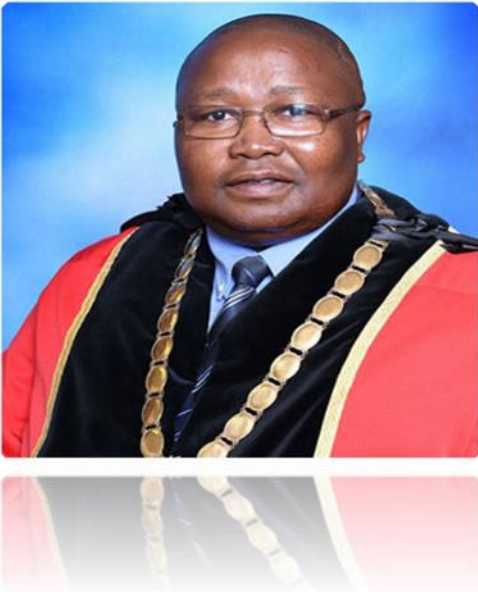
**DRAFT SERVICE DELIVERY AND
BUDGET IMPLEMENTATION
PLAN**

2021/2022

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FOREWORD BY HIS WORSHIP THE MAYOR



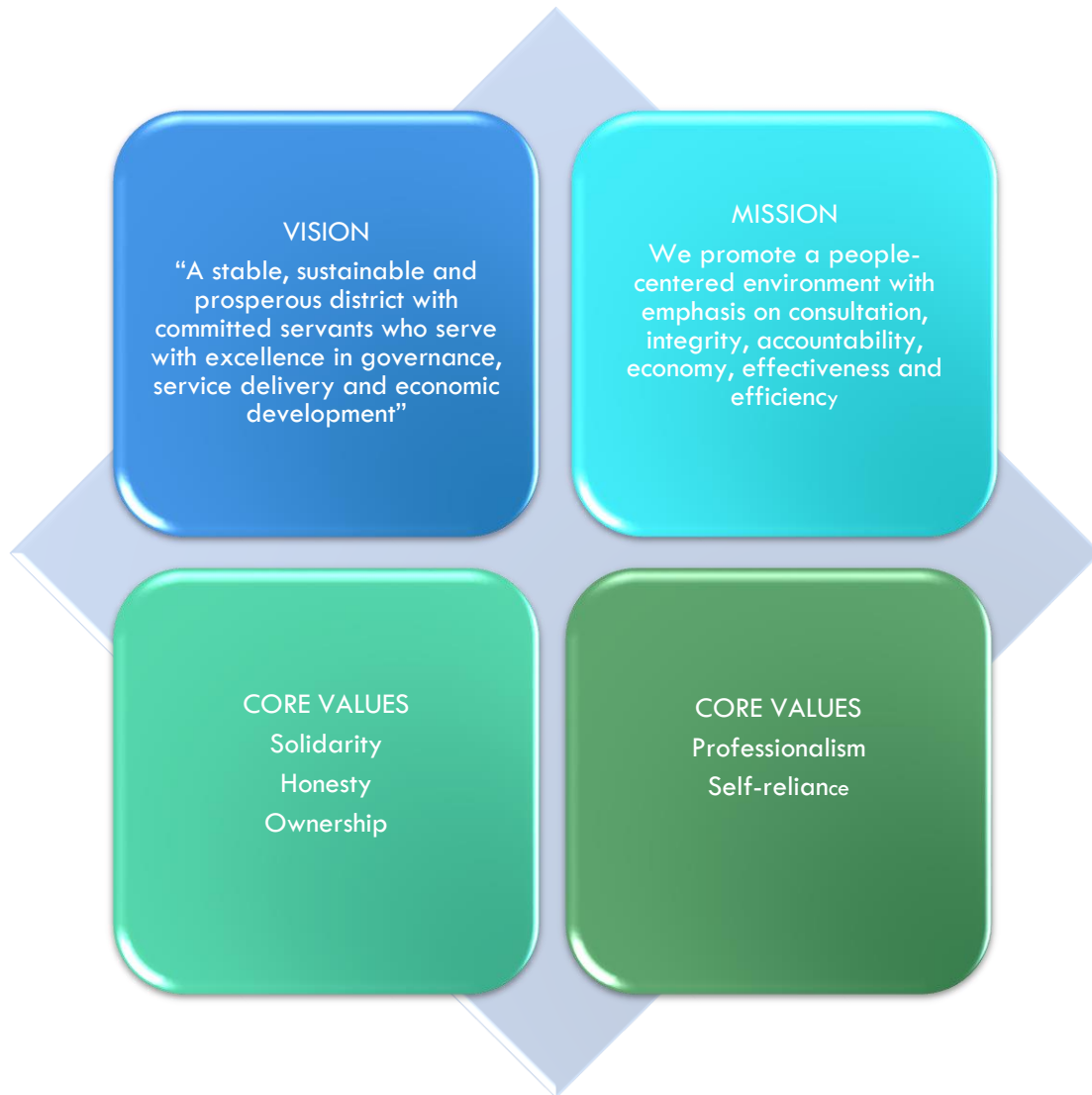
Cllr AS Mazibuko

His Worship the Mayor

The purpose of this document is to present UThukela District Municipality Service Delivery and Budget Implementation Plan (SDBIP) for 2021/2022 financial year. The Municipal Finance Management Act (Act 56 of 2003) requires a municipality to develop, implement and monitor the SDBIP. The SDBIP is a management plan for implanting the IDP through the approved budget, it's a detailed one year plan of a municipality that gives effect to the IDP and the budget of the municipality. It is a commitment document for Uthukela District Municipality to meet specific service delivery and budget spending targets. The targets contained in this document will specify how UThukela District Municipality will implement the objectives set out in the IDP.

In a nutshell the SDBIP will assist the executive, council and the community in their respective oversight responsibility since it serves as an implementation and monitoring tool.

VISION, MISSION & CORE VALUES



LEGISLATIVE FRAMEWORK

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, Act No 53 of 2003, the Service Delivery Budget and Implementation Plan is defined as a detailed plan approved by the Mayor of a Municipality for implementing the Municipality's delivery of municipal services and its annual budget, and must indicate the following:

- (a) Projections for each month of –
 - (i) Revenue to be collected, by source; and
 - (ii) Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Any other matters prescribed.

According to Section 53(c) (ii) of the Municipal Finance Management Act, the Mayor is expected to approve the Service Delivery Budget Implementation Plan within 28 days after the approval of the budget. 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.

In terms of the provisions of the MFMA the processes for the submission, approval, implementation and revision of the Service Delivery and Budget Implementation Plan (SDBIP) are as follows:

ACTION	LEGISLATION
<i>Municipal Manager submit draft SDBIP to the Mayor within 14 days after the approval of the Budget Section</i>	Section 69 (3) (a)
<i>Mayor to take all reasonable steps to ensure that the Mayor approves the SDBIP within 28 days after the approval of the budget</i>	53 (1) (c) (ii)
<i>Mayor to take all reasonable steps to ensure that the annual performance agreements of the Municipal Manger and all Senior Managers are linked to the SDBIP and Performance Objectives of approved budget.</i>	Section 53 (1) (c) (iii)
<i>Mayor must ensure that the SDBIP be made public within 14 days after the approval of the SDBIP</i>	Section 53 (3) (a)
<i>Mayor must ensure that the Performance Agreements of the Municipal Manager and Senior Managers are made public within 14 days after the approval of the SDBIP and copies submitted to council and MEC for Local Government in the Province</i>	Section 53 (3) (b)
<i>Municipal Manager to implement the Budget and to adjust expenditure if revenue is not in accordance with the Budget of the SDBIP</i>	Section 69 (1) (a)
<i>The Municipal Manager to report within 10 working days of the end of each month to the</i>	Section 71 (1) (g) (ii)

Mayor an explanation of any material variance from the SDBIP

The Municipal Manager, by 25 January, to assess the performance of the municipality for the first half of the year taking into account the service delivery targets and performance indicators set in the SDBIP and submit a report on it to the mayor, the National Treasury and the Provincial Treasury. The report must include recommendations as to whether an adjustment budget is necessary, and is necessary, recommendations of revised projections of income and expenditure.

The Mayor must, upon receiving the reports listed in section 71 and 72, check whether the budget is implemented in accordance with the SDBIP and make revisions with council's approval for an adjustment budget and changes to the performance indicators in the budget and SDBIP, issue instructions to the Municipal Manager to ensure the Budget is implemented according to the SDBIP, submit the section 72 report to Council by 31 January of each year and make any revision to the SDBIP public promptly.

Section 72

Section 54

SDBIP CYCLE

PLANNING

During this phase the SDBIP process plan is developed, to be tabled with the IDP process plan. SDBIP related processes eg. Workshop schedules, distribution of circulars and training workshops are also reviewed during this phase.

STRATEGIZING

During this phase the IDP is reviewed and subsequent SDBIP programs and projects for the next five years based on Local, Provincial and National issues. Previous year's performance and current economic and demographic trends etc.

TABLING

SDBIP is tabled with the draft IDP and budget before Council. 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

The Mayor approves the SDBIP no later than 28 days after the adoption of the Municipality's budget.

PUBLISHING

The adopted SDBIP is made public and is published in the Municipal website

IMPLEMENTATION, MONITORING AND REPORTING

SDBIP projects are implemented and quarterly reporting takes place. Mid-year reporting is done to assess performance on the SDBIP, the document is amended, where applicable and adopted by Council.



COMPONENTS OF THE SDBIP

- ✚ Monthly Projections of Revenue to be collected for each Source
- ✚ Monthly Projections of Expenditure and Revenue for each Vote
- ✚ Quarterly projections of Service Delivery Targets and Performance Indicators for each Vote

Monthly Projections of Revenue to be collected for each Source

The failure to collect revenue as budgeted will severely impact on UThukela District Municipality's ability to provide services to the community. The Municipality therefore has to institute measures to achieve its monthly revenue targets for each source. These measures will enable the Municipality to assess its cash flow on a monthly basis with a view to undertaking

contingency plans should there be a cash flow shortage or alternatively invest surplus cash. Furthermore, the effectiveness of credit control policies and procedures can be monitored with appropriate action taken if considered necessary.

Monthly Projections of Expenditure and Revenue for each Vote

The monthly projection of revenue and expenditure per vote relate to the cash paid and reconciles with the cash flow statement adopted with the budget. The focus under this component is a monthly projection per vote in addition to projections by source. When reviewing budget projections against actual, it is useful to consider revenue and expenditure per vote in order to gain a more complete picture of budget projections against actuals.

Quarterly Projections of Service Delivery Targets and Performance Indicators for each Vote

This component of the SDBIP requires non-financial measurable performance objectives in the form of service delivery targets and other indicators of performance. The focus is on outputs rather than inputs. Service delivery targets relate to the level and standard of service being provided to the community and include the addressing of backlogs in basic services. The approach encouraged by National Treasury's MFMA Circular No. 13 is the utilization of scorecards to monitor service delivery.

REVENUE AND EXPENDITURE

Description	2021/2022 Financial Period	2022/2023 Financial Period	2023/2024 Financial Period
	Munsoft Adjusted Budget Data 2021/22	Munsoft Adjusted Budget Data 2022/23	Munsoft Adjusted Budget Data 2023/24
R thousands			
Revenue By Source			
Service charges - water revenue	259 388	364 181	380 569
Service charges - sanitation revenue	21 154	29 701	31 037
Service charges - refuse revenue	-	-	-
Rental of facilities and equipment	-	-	-
Interest earned - external investments	6 463	9 074	9 483
Interest earned - outstanding debtors	74 975	105 265	110 001
Dividends received	-	-	-
Fines, penalties and forfeits	10	-	-
Licences and permits	-	-	-
Agency services	-	-	-
Transfers and subsidies	531 696	526 280	532 177
Other revenue	3 124	4 387	4 584
Gains on disposal of PPE	-	-	-
Total Revenue (excluding capital transfers and contributions)	896 811	1 038 887	1 067 851

Province: Municipality A - Table A4 Budgeted Financial Performance						
Description	2021/2022 Financial Period		2022/2023 Financial Period		2023/2024 Financial Period	
	Munsoft Adjusted Budget Data 2021/22		Munsoft Adjusted Budget Data 2022/23		Munsoft Adjusted Budget Data 2023/24	
R thousands						
Revenue By Source						
Service charges - water revenue	259 388	29%	364 181	35%	380 569	36%
Service charges - sanitation revenue	21 154	2%	29 701	3%	31 037	3%
Service charges - refuse revenue	-		-		-	
Rental of facilities and equipment	-		-		-	
Interest earned - external investments	6 463	1%	9 074	1%	9 483	1%
Interest earned - outstanding debtors	74 975	8%	105 265	10%	110 001	10%
Dividends received	-		-		-	
Fines, penalties and forfeits	10	0%	-	0%	-	0%
Licences and permits	-		-		-	
Agency services	-		-		-	
Transfers and subsidies	531 696	59%	526 280	51%	532 177	50%
Other revenue	3 124	0%	4 387	0%	4 584	0%
Gains on disposal of PPE	-		-		-	
Total Revenue (excluding capital transfers and contributions)	896 811	100%	1 038 887	100%	1 067 851	100%

Description	2021/2022 Financial Period	2022/2023 Financial Period	2023/2024 Financial Period
	Munsoft Adjusted Budget Data 2021/22	Munsoft Adjusted Budget Data 2022/23	Munsoft Adjusted Budget Data 2023/24
R thousands			
Revenue By Source			
Service charges - water revenue	259 388	364 181	380 569
Service charges - sanitation revenue	21 154	29 701	31 037
Service charges - refuse revenue	-	-	-
Rental of facilities and equipment	-	-	-
Interest earned - external investments	6 463	9 074	9 483
Interest earned - outstanding debtors	74 975	105 265	110 001
Dividends received	-	-	-
Fines, penalties and forfeits	10	-	-
Licences and permits	-	-	-
Agency services	-	-	-
Transfers and subsidies	531 696	526 280	532 177
Other revenue	3 124	4 387	4 584
Gains on disposal of PPE	-	-	-
Total Revenue (excluding capital transfers and contributions)	896 811	1 038 887	1 067 851
Expenditure By Type			
Employee related costs	355 213	369 564	384 531
Remuneration of councillors	6 372	6 652	6 951
Debt impairment	186 252	183 441	191 695
Depreciation and asset impairment	65 872	68 770	71 865
Finance charges	-	-	-
Bulk purchases	10 000	10 440	10 910
Other materials	42 061	43 912	45 888
Contracted services	126 206	102 577	106 710
Transfers and subsidies	-	-	-
Other expenditure	109 365	105 825	110 587
Loss on disposal of PPE	-	-	-
Total Expenditure	901 340	891 180	929 137
Surplus/(Deficit)	(4 529)	147 707	138 715
Transfers and subsidies - capital (monetary allocations) (M)	246 009	292 283	312 171
Transfers and subsidies - capital (monetary allocations) (N)	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-
Surplus/(Deficit) after capital transfers and contributions	241 480	439 990	450 886
Taxation	-	-	-
Surplus/(Deficit) after taxation	241 480	439 990	450 886
Attributable to minorities	-	-	-
Surplus/(Deficit) attributable to municipality	241 480	439 990	450 886
Share of surplus/ (deficit) of associate	-	-	-
Surplus/(Deficit) for the year	241 480	439 990	450 886

CAPITAL EXPENDITURE FOR EACH VOTE

Description	2021/2022 Financial Period	2022/2023 Financial Period	2023/2024 Financial Period
	Munsoft Adjusted Budget Data 2021/22	Munsoft Adjusted Budget Data 2022/23	Munsoft Adjusted Budget Data 2023/24
R thousands			
<u>Capital Expenditure - Functional</u>			
<i>Municipal governance and administration</i>	-	-	-
<i>Trading services</i>	246 009	292 283	312 171
Energy sources	-	-	-
Water management	246 009	292 283	312 171
Waste water management	-	-	-
Waste management	-	-	-
<i>Other</i>	-	-	-
Total Capital Expenditure - Functional	246 009	292 283	312 171
<u>Funded by</u>			
National Government	246 009	292 283	312 171
Provincial Government	-	-	-
District Municipality	-	-	-
Other transfers and grants	-	-	-
Transfers recognised - capital	246 009	292 283	312 171
Public contributions and donations	-	-	-
Borrowing	-	-	-
Internally generated funds	-	-	-
Total Capital Funding	246 009	292 283	312 171

CASH FLOWS

Description	2021/2022 Financial Period	2022/2023 Financial Period	2023/2024 Financial Period
	Munsoft Adjusted Budget Data 2021/22	Munsoft Adjusted Budget Data 2022/23	Munsoft Adjusted Budget Data 2023/24
R thousands			
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts	913 560	1 009 289	1 043 656
Property rates	-	-	-
Service charges	126 244	177 247	185 223
Other revenue	3 134	4 387	4 584
Government - operating	531 709	526 298	532 196
Government - capital	246 009	292 283	312 171
Interest	6 463	9 074	9 483
Dividends	-	-	-
Payments	(673 216)	(638 529)	(664 667)
Suppliers and employees	(673 216)	(638 529)	(664 667)
Finance charges	-	-	-
Transfers and Grants	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	240 343	370 760	378 989
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts	-	-	-
Proceeds on disposal of PPE	-	-	-
Decrease (increase) other non-current receivables	-	-	-
Decrease (increase) in non-current investments	-	-	-
Payments	(246 009)	(292 283)	(312 171)
Capital assets	(246 009)	(292 283)	(312 171)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(246 009)	(292 283)	(312 171)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts	5 666	1 958	2 046
Short term loans	-	-	-
Borrowing long term/refinancing	-	-	-
Increase (decrease) in consumer deposits	5 666	1 958	2 046
Payments	-	-	-
Repayment of borrowing	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	5 666	1 958	2 046
NET INCREASE/ (DECREASE) IN CASH HELD	-	80 434	68 864
Cash/cash equivalents at the year begin:	18 056	18 056	98 490
Cash/cash equivalents at the year end:	18 056	98 490	167 354

ANNEXURE A – TOP LEVEL SDBIP

CONCLUSION

As part of igniting excellence and taking service delivery to a higher level, the departmental performance monitoring will be done through the quarterly departmental SDBIPs which will also be cascaded down to the senior manager's performance agreements. The implementation of sound financial planning and budgeting will ensure sustainable service delivery that would result in growth for the municipality. These budgets and strategies have been developed to ensure that backlogs are addressed and that future financial problems are avoided and timeously corrected. It is also to ensure that projects are adequately funded and that future projects can be realistically planned and budgeted. UThukela District Municipality invites all the Stakeholders, to make this Service Delivery and Budget Implementation Plan (SDBIP) a reality.

M Sithole

Municipal Manager

