



**UTHUKELA**

**UMKHANDLU WESIFUNDA  
DISTRKSMUNISIPALITEIT  
DISTRICT MUNICIPALITY**

**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

### VISION

"A stable, sustainable and prosperous district with committed servants who serve with excellence in governance, service delivery and economic development"

### MISSION

We promote a people-centered environment with emphasis on consultation, integrity, accountability, economy, effectiveness and efficiency

### CORE VALUES

Solidarity  
Honesty  
Ownership

### CORE VALUES

Professionalism  
Self-reliance

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.

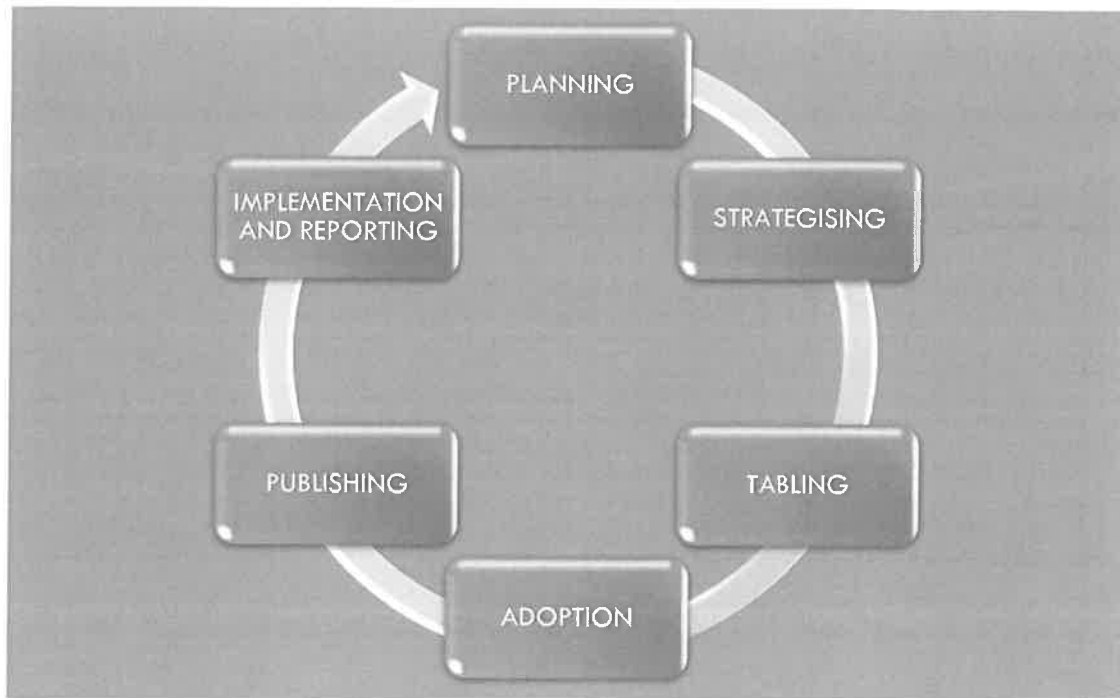
### PUBLISHING

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 |  |
| <b>Revenue By Source</b>   |                                      |  |                                      |  |                                      |  |
| 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   | -                                    |  | -                                    |  | -                                    |  |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>896 811</b>                       |  | <b>1 038 887</b>                     |  | <b>1 067 851</b>                     |  |

### 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 |             |
| <b>Revenue By Source</b>   |                                      |             |                                      |             |                                      |             |
| 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   | -                                    |             | -                                    |             | -                                    |             |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>896 811</b>                       | <b>100%</b> | <b>1 038 887</b>                     | <b>100%</b> | <b>1 067 851</b>                     | <b>100%</b> |

| 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 |
| <b>R thousands</b>   |                                      |                                      |                                      |
| <b>Revenue By Source</b>   |                                      |                                      |                                      |
| 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   | -                                    | -                                    | -                                    |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>896 811</b>                       | <b>1 038 887</b>                     | <b>1 067 851</b>                     |
| <b>Expenditure By Type</b>   |                                      |                                      |                                      |
| 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  | -                                    | -                                    | -                                    |
| <b>Total Expenditure</b>   | <b>901 340</b>                       | <b>891 180</b>                       | <b>929 137</b>                       |
| <b>Surplus/(Deficit)</b>   | <b>(4 529)</b>                       | <b>147 707</b>                       | <b>138 715</b>                       |
| Transfers and subsidies - capital (monetary allocations) (M)         | 246 009                              | 292 283                              | 312 171                              |
| Transfers and subsidies - capital (monetary allocations) (M)         | -                                    | -                                    | -                                    |
| Transfers and subsidies - capital (in-kind - all)                    | -                                    | -                                    | -                                    |
| <b>Surplus/(Deficit) after capital transfers and contributions</b>   | <b>241 480</b>                       | <b>439 990</b>                       | <b>450 886</b>                       |
| Taxation   | -                                    | -                                    | -                                    |
| <b>Surplus/(Deficit) after taxation</b>                              | <b>241 480</b>                       | <b>439 990</b>                       | <b>450 886</b>                       |
| Attributable to minorities   | -                                    | -                                    | -                                    |
| <b>Surplus/(Deficit) attributable to municipality</b>                | <b>241 480</b>                       | <b>439 990</b>                       | <b>450 886</b>                       |
| Share of surplus/ (deficit) of associate                             | -                                    | -                                    | -                                    |
| <b>Surplus/(Deficit) for the year</b>                                | <b>241 480</b>                       | <b>439 990</b>                       | <b>450 886</b>                       |

## CAPITAL EXPENDITURE FOR EACH VOTE

| Description                                    | 2021/2022 Financial Period              | 2022/2023 Financial Period                 | 2023/2024 Financial Period                 |
|--|---|--|--|
| R thousands                                    | Munsoft Adjusted Budget Data<br>2021/22 | Munsoft Adjusted<br>Budget Data<br>2022/23 | Munsoft Adjusted<br>Budget Data<br>2023/24 |
| <b>Capital Expenditure - Functional</b>        |   |  |  |
| <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>                                   | -                                       | -  | -  |
| <b>Total Capital Expenditure - Functional</b>  | <b>246 009</b>                          | <b>292 283</b>                             | <b>312 171</b>                             |
| <b>Funded by</b>                               |   |  |  |
| National Government                            | 246 009                                 | 292 283                                    | 312 171                                    |
| Provincial Government                          | -                                       | -  | -  |
| District Municipality                          | -                                       | -  | -  |
| Other transfers and grants                     | -                                       | -  | -  |
| <b>Transfers recognised - capital</b>          | <b>246 009</b>                          | <b>292 283</b>                             | <b>312 171</b>                             |
| <b>Public contributions and donations</b>      | -                                       | -  | -  |
| <b>Borrowing</b>                               | -                                       | -  | -  |
| <b>Internally generated funds</b>              | -                                       | -  | -  |
| <b>Total Capital Funding</b>                   | <b>246 009</b>                          | <b>292 283</b>                             | <b>312 171</b>                             |

## 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 |  |
| <b>R thousands</b>                                |                                      |                  |                                      |  |                                      |  |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |                                      |                  |                                      |  |                                      |  |
| <b>Receipts</b>                                   | 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   | -                                    | -                | -                                    |  |                                      |  |
| <b>Payments</b>                                   | (673 216)                            | (638 529)        | (664 667)                            |  |                                      |  |
| Suppliers and employees                           | (673 216)                            | (638 529)        | (664 667)                            |  |                                      |  |
| Finance charges                                   | -                                    | -                | -                                    |  |                                      |  |
| Transfers and Grants                              | -                                    | -                | -                                    |  |                                      |  |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  | <b>240 343</b>                       | <b>370 760</b>   | <b>378 989</b>                       |  |                                      |  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |                                      |                  |                                      |  |                                      |  |
| <b>Receipts</b>                                   | -                                    | -                | -                                    |  |                                      |  |
| Proceeds on disposal of PPE                       | -                                    | -                | -                                    |  |                                      |  |
| Decrease (increase) other non-current receivables | -                                    | -                | -                                    |  |                                      |  |
| Decrease (increase) in non-current investments    | -                                    | -                | -                                    |  |                                      |  |
| <b>Payments</b>                                   | (246 009)                            | (292 283)        | (312 171)                            |  |                                      |  |
| Capital assets                                    | (246 009)                            | (292 283)        | (312 171)                            |  |                                      |  |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  | <b>(246 009)</b>                     | <b>(292 283)</b> | <b>(312 171)</b>                     |  |                                      |  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |                                      |                  |                                      |  |                                      |  |
| <b>Receipts</b>                                   | 6 666                                | 1 958            | 2 046                                |  |                                      |  |
| Short term loans                                  | -                                    | -                | -                                    |  |                                      |  |
| Borrowing long term/refinancing                   | -                                    | -                | -                                    |  |                                      |  |
| Increase (decrease) in consumer deposits          | 5 666                                | 1 958            | 2 046                                |  |                                      |  |
| <b>Payments</b>                                   | -                                    | -                | -                                    |  |                                      |  |
| Repayment of borrowing                            | -                                    | -                | -                                    |  |                                      |  |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  | <b>5 666</b>                         | <b>1 958</b>     | <b>2 046</b>                         |  |                                      |  |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      | <b>-</b>                             | <b>80 434</b>    | <b>68 864</b>                        |  |                                      |  |
| Cash/cash equivalents at the year begin:          | 18 056                               | 18 056           | 98 490                               |  |                                      |  |
| Cash/cash equivalents at the year end:            | 18 056                               | 98 490           | 187 354                              |  |                                      |  |

**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.

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**M Sithole**

*Municipal Manager*





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## **2021/2022 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

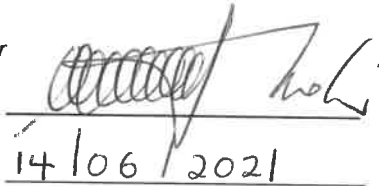
### **SUBMISSION TO THE EXECUTIVE MAYOR**

The top layer service delivery budget implementation plan, indicating how the budget and the strategic objectives of the Council will be implemented, is herewith submitted in terms of Section 53(1)(c)(ii) of the Municipal Finance Management Act (MFMA), MFMA Circular No. 13 and the Budget and Reporting Regulation for the necessary approval.

**S Sithole**

*Municipal Manager*

Signature:



Date:

14/06/2021

### **SECTION 53(1) (C) (II) – APPROVAL BY THE EXECUTIVE MAYOR**

The top layer service delivery budget implementation plan is herewith approved in terms of Section 53(1) (c) (ii) of the Municipal Finance Management Act (MFMA), MFMA.

**Clr AS Mazibuko**

*His Worship Mayor*

Signature:



Date:

14/06/2021