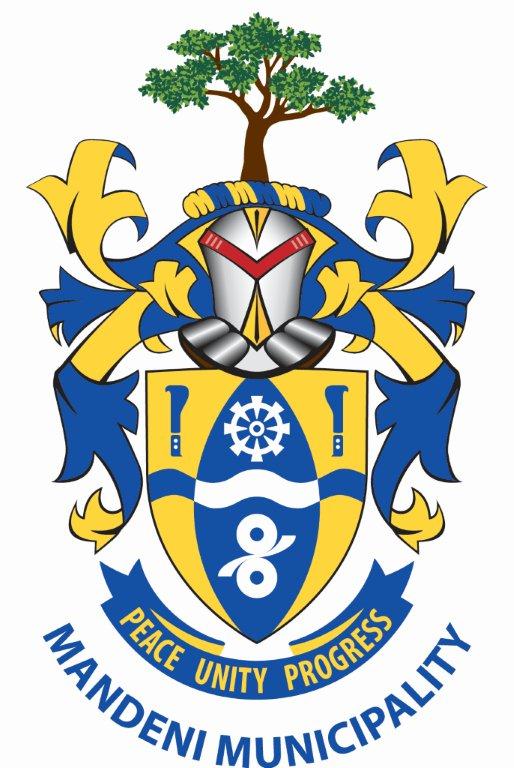
**MANDENI LOCAL MUNICIPALITY**

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| **ADJUSTED 2021/22 TOP LAYER SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN/ SDBIP ORGANISATIONAL SCORECARD** |

**SUBMISSION OF 2021/22 TOP LAYER SDBIP**

The Top Layer Service Delivery Budget Implementation Plan (SDBIP), 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.

The 2020/21 SDBIP and the financial information is derived from the Final 2020/21 MTREF budget schedules from National Treasury (Schedule A)**.**

**PRINT NAME: MR. S.G. KHUZWAYO**

**MUNICIPAL MANAGER OF MANDENI MUNICIPALITY**

Signature:

Date:

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**MAYORS FOREWORD**



As the Mayor of Mandeni Municipality in accordance with Section 53 (1) of the Municipal Finance Management Act 56 of 2003, I am pleased to approve and publish the Service Delivery Budget and Implementation Plan for 2021/22 Financial year.

Section 1 of the Municipal Finance Management Act (56 of 2003) defines the SDBIP as:

“A detailed plan approved by the Mayor of a Municipality’s delivery of services and execution of its annual budget and which must include (as part of the top layer) 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”.

In developing a good performance management tool for the municipality, the IDP, Budget and Service Delivery Budget and Implementation Plan are developed in order to put into effect the budget. The SDBIP is a monitoring and implementation tool that is vital link between the Mayor, Council and Administration as it facilitates the process for holding management accountable for its performance. The SDBIP quantifies the strategic objectives as highlighted in the budget to measurable outcomes. It is then that as monitoring tool the Mayor and Council are able to monitor the performance of Senior Managers and the community is able to monitor the municipality.

Our submission of the SDBIP is not mere legislative compliance. It serves as an instrument of enhancing accountability since it provides specific details for all oversight, institutions, the Council itself and community to track the relevance of what we do against our mandate. We will double on efforts in accelerating up service delivery to make the lives of our citizens better.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_                                                                **Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**CLLR T.P MDLALOSE**

**THE MAYOR**

**STATEMENT BY THE MUNICIPAL MANAGER**



As the Municipal Manager I duly submit to the Mayor the Final Service Delivery and Budget Implementation Plan. Section 69(1) of the local government: Municipal Finance Management Act No. 56 of 2003 states that the accounting officer of the respective municipality is responsible for the implementing the municipality’s approved budget, including all reasonable steps to ensure:

* That spending of funds is in accordance with municipal budget and is reduced as necessary when revenue is anticipated to be less than the projected in the budget or in the service delivery budget and implementation plan

* That revenue and expenditure are properly monitored

Whilst the budget sets yearly service delivery and budget targets (revenue and expenditure per votes), it is imperative that in-year mechanism are able to measure performance and progress on a continuous basis. Hence, the end of year targets must be based on quarterly and monthly targets and the municipal manager must ensure that budget is built around quarterly and monthly information. Being a start of year planning and target tool, the SDBIP gives meaning to both in year reporting in terms of Section 71 (monthly) reporting; Section 72 being mid-year reporting and end of year reports all guided in terms of the Municipal Finance management Act 56 of 2003.

The SDBIP aims to ensure that managers are problem-solvers, who routinely look for unanticipated problems and resolve them as soon as possible and enables the Council to monitor the performance of the municipality against quarterly targets on service delivery.

We pride ourselves with achieving key deadlines and compliance issues when it comes to planning our service delivery programs and performance monitoring systems. This SDBIP for 2021/22 is based on the Final Municipal Integrated Development Plan (IDP) and influences the Municipal Budget which was tabled in Council on the 27th Day of May 2021. This Organisation Service Delivery and Budget Implementation Plan (SDBIP) combines and sets out the 2021/22 MTREF various components in the format required by National Treasury.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_                                                       Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**MUNICIPAL MANAGER**

**MR. S. G KHUZWAYO**

**CHAPTER 1: EXECUTIVE SUMMARY**

**1.1 INTRODUCTION**

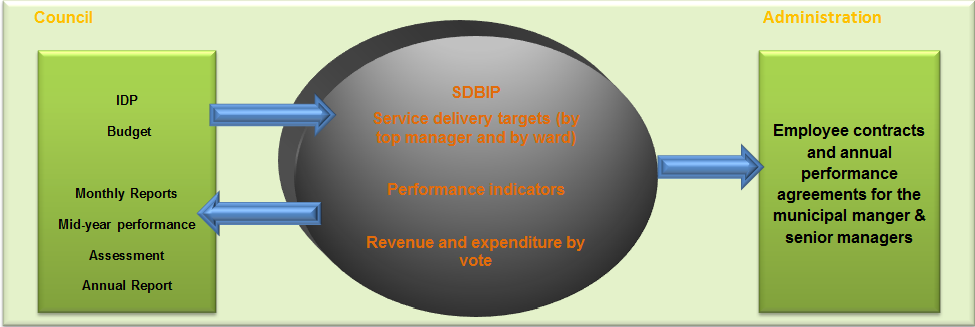
The development, implementation and monitoring of a Service Delivery and Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA). In terms of Circular 13 of National Treasury, “the SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA.”

As the budget gives effect to the strategic priorities of the municipality it is important to supplement the budget and the IDP with a management and implementation plan. The SDBIP serves as the commitment by the Municipality, which includes the administration, council and community, whereby the intended objectives and projected achievements are expressed in order to ensure that desired outcomes over the long term are achieved and these are implemented by the administration over the next twelve months.

The SDBIP provides the basis for measuring performance in service delivery against quarterly targets and implementing the budget based on monthly projections. Circular 13 further suggests that “the SDBIP provides the vital link between the Mayor, Council (Executive) and the Administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the Mayor, Councilors, Municipal Manager, Senior Managers and the Community to measure progress in terms of implementation of the prioritized and budgeted projects under the2019/20 Financial Year and will further gives indication on areas for interventions and most importantly for Council to play its oversight role appropriately.”

The purpose of the SDBIP is to monitor the execution of the budget, performance of senior management and achievement of the strategic objectives set by Council. It enables the Municipal Manager to monitor the performance of Senior Managers, the Mayor to monitor the performance of the municipal manager, and for the community to monitor the overall performance of the municipality. In the interests of good governance and better accountability, the SDBIP should therefore determine and be aligned with the performance agreements of the Municipal Manager and Senior Managers.

The development, implementation and monitoring of a Service Delivery and Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA). In terms of Circular 13 of National Treasury, “the SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA.



*Figure 1: SDBIP “contract “diagram as depicted in the Circular No. 13 by National Treasury, MFMA*

**1.2 LEGISLATION**

According to the Municipal Finance Act (MFMA) the definition of a SDBIP is: 'service delivery and budget implementation plan' means a detailed plan approved by the Mayor of a municipality in terms of section 53 (1) (c) (ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-

* Projections for each month of-
  + Revenue to be collected, by source; and
  + Operational and capital expenditure, by vote;
* Service delivery targets and performance indicators for each quarter

Section 53 of the MFMA stipulates that the Mayor should approve the SDBIP within 28 days after the approval of the budget. The Mayor must also ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after their approval.

The following National Treasury prescriptions as minimum requirements that must form part of the SDBIP are applicable to the Mandeni Local Municipality:

* Monthly projections of revenue to be collected by source
* Monthly projections of expenditure (operating and capital) and revenue for each vote \*
* Quarterly projections of service delivery targets and performance indicators for each vote

Section 1 of the MFMA defines a “vote” as:

* One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different
* departments or functional areas of the municipality; and
* Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

**Table 1: Legislative Performance Reporting Framework**

|  |  |  |
| --- | --- | --- |
| 1.2.1 LEGISLATIVE PERFORMANCE REPORTING FRAMEWORK | | |
| FREQUENCY AND NATURE OF REPORT | **MANDATE** | **RECIPIENTS** |
| Monthly reporting on actual revenue targets and spending against budget no later than 10 working days after the end of each month | Section 71 of the MFMA | National Treasury |
| Quarterly progress report | Section 41 (1) (e) of the Systems Act,  Section 166 (2) (a)  (v) and (vii) of the Municipal Management Finance Act  (MFMA) and Regulation 7 of Municipal Planning and  Performance Management Regulations. | 1. Municipal Manager  2. Mayor  3. EXCO  4. Audit Committee  5. National Treasury |
| Mid‐year performance assessment | Section 72 of the MFMA.  Section 13 (2) (a) of Municipal Planning and Performance Management Regulations 2001. | 1. Municipal Manager  2. Mayor  3. EXCO  4. Council  5. Audit Committee  6. National Treasury  7.Provincial Government |
| Annual report (to be tabled before Council by 31 January (draft and approved / published by 31 March each year) | Sections 121 and 127 of the MFMA, as read with Section 46 of the Systems Act and Section 6 of the Systems Amendment Act. | 1. Mayor  2. EXCO  3. Council  4. MPAC  5. Audit Committee  6. Auditor‐General  7. National Treasury  8. Provincial Government  9. Local Community |

**1.3 METHODOLOGY AND CONTENT**

National Treasury directives are clear on the contents and methodology to derive at the SDBIP. As a first step, the IDP objectives need to be quantified and related into key performance indicators. The budget is aligned to the objectives, projects and milestones to enable the SDBIP to serve as monitoring tool for service delivery. What gets measured gets done, therefore it should be noted, that in order to improve on certain processes and co-operation within the municipality, process indicators have been developed for measurement purposes during 2019/20 Financial year.

The Mandeni Local Municipality has incorporated the following relevant components into their SDBIP, but has used the initiative to devise it as follows:

* *Monthly projections of Revenue by Source.*
* *Monthly projections Expenditure by (Department) Vote.*
* *Overview of alignment IDP.*
* *Quarterly projections of service delivery targets and performance indicators for each (Department) Vote.*
* *Capital Works Plan over three years.*

In the development of Mandeni Local Municipality's SDBIP cognisance was taken of the IDP Priorities, Objectives and Strategies ensuring progress towards the achievement thereof. The SDBIP of the Mandeni Local Municipality is aligned to the Key Performance Areas (KPAs) as prescribed by Regulations 805 of 2006 and the IDP Guidelines by COGTA for purposes of alignment to the Performance Agreements of the Municipal Manager and Managers directly accountable to the Municipal Manager.

The Institutional Indicators will form part of the Performance Agreements and Plans of the Municipal Manager and Managers directly accountable to the Municipal Manager. Indicators are assigned quarterly targets and responsibilities to monitor performance. The SDBIP serves as a management, implementation and monitoring tool that will assist the Mayor, Councillors, Municipal Manager and Senior Managers in delivering services to the community. The SDBIP is described as a layered plan. The top layer deals with consolidated service delivery targets and time frames as indicated on this plan.

Top Management is held accountable for the implementation of the consolidated projects and Key Performance Indicators. In the Lower level SDBIP, Divisional Heads will be held accountable for the implementation of the projects for that department, although all Top Managers are on average held accountable for implementing their departments’ projects within time and budget. From the consolidated information, Senior Management is expected to develop the next level of detail by breaking up outputs into smaller outputs and then linking and assigning responsibility to middle-level and junior managers and will be contained in the Lower SDBIP, which is not required to be approved by Council neither to be published. For 2019/20 financial year, the lower SDBIP will contain the responsibilities of the Divisional Managers. This lower SDBIP is a management tool for Top Management and need not be made public and is a separate document for each internal department.

**1.3.1 PREPARATION OF THE SDBIP**

“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 municipality should ideally publish its draft SDBIP with its draft budget, or soon after as supporting documentation to assist its budget hearings process normally held at the end of March or in April. As noted above, the SDBIP should be submitted to the Mayor by 1 May at the latest. If the draft SDBIP is to be provided for the budget hearings, the municipality may want to bring this date forward, or provide departmental SDBIPs as supporting information to the relevant committee around the end of March. In this case, the Mayor will need to approve such departmental or draft SDBIP by mid-March.

It should be noted that it is up to the municipality to determine extra detail, and whether they wish to bring forward their deadlines for submission and approval. A municipality could also opt to have a high level SDBIP complete with ward break-downs for tabling and publication, but may also in addition make available lower layer departmental SDBIPs and other information as requested by Council.

With careful planning of the budget process it may be possible for the Mayor to approve the SDBIP in less than 7 days after the council approves the budget. Legally, to take account of possible revisions to the budget, the Act allows for this to occur not later than 28 days after budget approval.

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.

**1.3.2 SDBIP PROCESS**

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

***Planning:***

During this phase the SDBIP process Plan is developed, to be tabled with the IDP Process Plan. SDBIP related processes e.g. 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 programme 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.

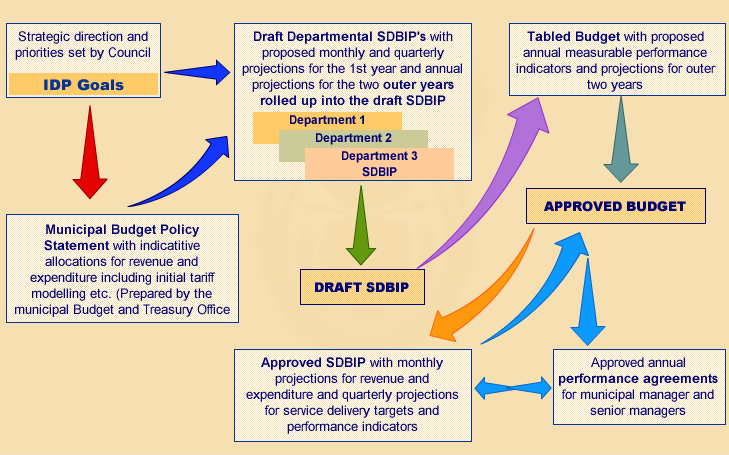
***Adoption:***

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 on the Council’s website.

*Figure 2: The process for preparing and approving the SDBIP, as depicted in the MFMA Circular No.13, is diagrammatically summarised as follows:*



**1.3.3 REPORTING ON THE SDBIP**

This section covers reporting on the SDBIP as a way of linking the SDBIP with the oversight and monitoring operations of the Municipal Administration. Various reporting requirements are outlined in the MFMA and both the Mayor and the Accounting officer have clear roles to play in preparing and presenting these reports. The SDBIP provides an excellent basis for generating the reports for which the MFMA requires. These reports then allow the Council to monitor the implementation of Service Delivery Programs and Initiatives across the Municipality boundaries.

***1.3.3 .1 Monthly Reporting***

Section 71 of the MFMA stipulates that reporting on actual revenue targets and spending against the budget should occur on a monthly basis. This reporting must be conducted by the Accounting Officer of a municipality no later than 10 working days, after the end of each month.

***Reporting must include the following:***

* actual revenue, per source;
* actual borrowings;
* actual expenditure, per vote;
* actual capital expenditure, per vote;
* the amount of any allocations received

***If necessary, explanation of the following must be included in the monthly reports:***

* Any material variances from the municipality’s projected revenue by source, and from the municipality’s expenditure projections per vote
* Any material variances from the service delivery and budget implementation plan and;
* Any remedial or corrective steps taken or to be taken to ensure that the projected revenue and expenditure remain within the municipalities approved budget.

***1.3.3.2 Quarterly Reporting***

Section 52 (d) of the MFMA compels the Mayor to submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality within 30 days of the end of each quarter. The quarterly performance projections captured in the SDBIP form the basis for the mayor’s quarterly report.

***1.3.3.3 Mid‐year Reporting***

Section 72 (1) (a) of the MFMA outlines the requirements for mid‐year reporting.

***The Accounting Officer is required by the 25th January of each year to assess the performance of the municipality during the first half of the year considering:***

* The monthly statements referred to in section 71 of the first half of the year;
* The municipalities service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the Service Delivery and Budget Implementation Plan;
* The past year’s annual report, and progress on resolving problems identified in the annual report; and,
* The performance of every municipal entity under the sole or shared control of the municipality, considering reports in terms of section 88 from any such entities.
* Based on the outcomes of the mid‐year budget and performance assessment report, an adjustments budget may be tabled if actual revenue or expenditure amounts are materially different from the projections contained in the budget or the SDBIP.
* The SDBIP is also a living document and may be modified based on the mid‐year performance review. Thus, the SDBIP remains a kind of contract that holds The Mandeni Municipality accountable to the community.

***1.3.3.4 Annual Reporting***

The Annual Performance Report is compiled in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 and 63 on annual reporting. This report covers the performance information of a Financial Year and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality’s Integrated Development and Plan (IDP).

The Mayor will be required to report to the full Council on the overall municipal performance. It is proposed that this reporting take place using the municipal scorecard in an Annual Performance Report format as per the Municipal Systems Act (MSA). The said Annual Performance Report will form part of the municipality’s Annual Report as per section 121 of the Municipal Finance Management Act.

**1.3.4. PRINCIPLES UNDER-PINNING OUR SDBIP**

***The Municipality commits to the following key principles in its implementation of the SDBIP. That the process:***

* Must be used as a management tool and incorporated into existing ways of managing performance in the municipality.
* Measurement must be based on clearly defined targets and agreed timeframes.
* Must align strategic organizational development goals and budget prioritization linked to community needs and resource constraints.
* Must provide for measurement of progress against IDP commitments;
* Only focus on budgeted projects
* Must ensure measurement of performance against National KPIs
* Must promote use as an early warning system
* Must focus on outcomes (development impact achievements)
* Must provide clarity to all employees on their role in the achievement of municipal and departmental targets.

**TER 2: OVERVIEW OF ALIGNMENT TO THE IDP**

**2.1 VISION**

*“TO BE A RELIABLE PEOPLE CENTERED AND SUSTAINABLE ECONOMIC HUB BY 2030”*

**2.2 MISSION**

We will achieve our mission by:

* *Continuously striving for better*
* *Excelling in all key processes of service delivery*
* *Continuously listening and responding to our communities and all stake holders*
* *Remaining financially astute*

**2.3 CORE VALUES**

In keeping with the principles of Batho Pele our conduct will be guided by the following*:*

* *Honestly*
* *Transparency*
* *Integrity*
* *Inclusiveness*
* *Commitment*
* *Professionalism*

**2.4 MUNICIPAL BACKGROUND**

Mandeni Local Municipality is one of the four local municipalities under the jurisdiction of ILembe District Municipality in Kwa-Zulu Natal Province. It is divided into 18 wards and has 180 ward committee members. The municipality is led by a council of 35 elected councillors. The Mayor is the chairperson of the Executive Committee which is comprised of senior councillors and some of these Councillors serve as chairpersons of the municipality’s Portfolio Committees. Mandeni Municipality (KZN 291) is a Category B Municipality. As determined by the Demarcation Board in terms of Section 4 of the Municipal Structures Act 1998, the powers and functions listed below have been assigned to Mandeni Municipality.

**Table 2: Powers and Functions of the Municipality as per the Constitution**

|  |  |
| --- | --- |
| CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA | CORE/PRIMARY POWERS AND FUNCTIONS |
| SCHEDULE 4  PART B | The municipality has the authority to approve building plans in accordance with the National Building Regulations. |
| Electricity and Gas Reticulation is partly done by the municipality together with Eskom, providing electricity in the licensed areas, with the remainder done by Eskom. |
| Fire Fighting Services are outsourced. |
| Municipal Planning: Development Planning receives applications, process them and recommends them to the portfolio committee for approval. |
| Storm water management systems are found in built-up areas; this is done according to the Municipal storm water master plan which guides municipal storm water management. |
| SCHEDULE 5  PART B | Cemeteries – The municipality is currently undertaking a study to establish a regional cemetery. |
| Cleaning – Municipal Halls, use food for waste, Zibambele and Community Works Programs for cleaning streets and other amenities. |
| Municipal Roads – road maintenance and road construction. |
| Refuse Removal, refuse dumps and solid waste disposal |
| Street lighting- Municipality and Eskom. |
| Traffic and parking – performed by the municipality. |

**2.5 MUNICIPAL HIGH-LEVEL STRATEGIC MAPPING**

**Table 3: Municipal High-level Strategic Mapping**

|  |  |  |  |
| --- | --- | --- | --- |
| NATIONAL KPA’s | OUTCOMES 9 | BACK TO BASIC PILLARS | IDP STRATEGIC ISSUES |
| Basic Infrastructure and Service Delivery | Improved Access to Basic Services | Service Delivery: Creating Conditions for Decent Living) | * Electricity * Access to roads and storm water * Telecommunications * Community and public facilities * Solid waste disposal * Housing * Land use management systems |
| Local Economic Development | Community Work Programme Implemented and Cooperatives Supported | Service Delivery | * Local Economic Development * Tourism Planning * Agricultural Development * Cooperatives and SMME’s * Public Private Partnerships * Business Support and Development |
| Community Services and Social Development | Community Work Programme Implemented and Cooperatives Supported | Good Governance and Public Participation | * Education * Health * Social Security * Community Safety * Disaster Management * Gender, youth and people with disabilities * Sports and Recreation * HIV and Aids * Community and Public Facilities * Land Reform * Environmental Sustainability * Arts and Culture * Cemeteries and Crematoria |
| Municipal Financial Viability and Management | Improved Municipal Financial and Administrative Capability | Sound Financial Management | * Budgeting and Reporting * Revenue Enhancement * Expenditure Control * Financial Management |
| Municipal Institutional Development and Transformation | Differentiated Approach to Municipal Financing, Planning and Support | Building Capable Local Government Institution | * Batho Pele * Performance Management * Human Resources * Information Technology * Administration |
| Good Governance and Public Participation | Deepening Democracy Through Refined Ward Committee System | Good Governance and Public Participation | * Integrated Development Planning * Policy Development * Public Participation * Internal Audit * Anti-Corruption Strategy |

CHAPTER 3

**3. SERVICE DELIVERY OBJECTIVES**

The section that follows contains the municipal service delivery objectives, key Performance Indicators and targets for the 2020/21 financial year.

The first part contains council’s high-level objectives, which indicate what the municipality hope to deliver at the end of the financial year and how the organisation will look like to both the external and internal customers.

Mandeni Local Municipality utilises the Balanced Score Card as the model to plan, implement, monitor and evaluate performance. With an emphasis on "balanced", the Scorecard uses four perspectives to answer critical service delivery questions. This provides the balance that successful organizations seek in measuring performance: The perspectives of the balanced Score Card are depicted in the table below:

**Table 4: Balanced Score Card: Municipal Strategic Objectives Aligned to Goals**

|  |  |  |  |
| --- | --- | --- | --- |
| MANDENI STRATEGIC OBJECTIVES ALIGNED TO GOALS | | | |
| 1. | **Goal 1** | **Universal access to basic services and infrastructure development by 2030** | |
| 1.1 | **Strategic Objective 1** | | **Improve access to all infrastructure and services** |
| 2. | **Goal 2** | **To develop a sustainable and efficient municipality based on sound financial management.** | |
| 2.1 | **Strategic Objective 1** | | **Ensure a financially viable municipality** |
| 3. | **Goal 3** | **To foster a culture of community involvement and good governance in the affairs of the municipality** | |
| 3.1 | **Strategic Objective 1** | | **Ensure participative, transparent and accountable governance in the municipality.** |
| 4. | **Goal 4** | **Promoting and facilitating human development** | |
| 4.1 | **Strategic Objective 1** | | **Achieve a holistic human development and capacitation for the realization of skilled and employable workforce** |
| 5. | **Goal 5** | **Facilitate the creation of job opportunities** | |
| 5.1 | **Strategic Objective 1** | | **Facilitate the creation of employment opportunities for skilled and employable people** |
| 6. | **Goal 6** | **Providing and facilitating access to social services and facilities** | |
| 6.1 | **Strategic Objective 1** | | **Ensure that our people have access to community facilities and services.** |
| 6.2 | **Strategic Objective 2** | | **Aspire to a healthy, safe and crime free area.** |
| 7. | **Goal 7** | **Promoting and facilitating environmental protection and sustainable spatial planning** | |
| 7.1 | **Strategic Objective 1** | | **Realize a completely protected environment** |
| 7.2 | **Strategic Objective 2** | | **Facilitate the creation of a disaster ready community** |
| 7.3 | **Strategic Objective 3** | | **Ensure an integrated and aligned development planning** |
| 8. | **Goal 8** | **Provision of effective, efficient, transparent and accountable leadership** | |
| 8.1 | **Strategic Objective 1** | | **Creating a conducive working environment** |

|  |  |  |
| --- | --- | --- |
| PERSPECTIVE | DEFINITION | LEADING QUESTION |
|  |  |  |
| CUSTOMER | The municipality must focus on how to meet services required by community. | Is the organization delivering the services Communities or its customers want? |
| FINANCIAL | The municipality must focus on how to meet service needs in an efficient manner. | Is the service delivered at a good price? |
| INTERNAL BUSINESS | The municipality needs to focus on those critical operations that enable them to satisfy citizens. | Can the organisation improve upon a service by changing the way a service is delivered? |
| INNOVATION, LEARNING AND GROWTH | The organization’s ability to improve and meet citizen demands ties directly to the employees’ ability to meet those demands. | Is the organisation maintaining technology and employee training for continuous improvement? |

**CHAPTER 4 SEPARATE EXCEL SPREADSHEET**

**CHAPTER 5: FINANCIAL REPORTING**

**5.1 FINANCIAL SUMMARY BACKGROUND**



**The budget has been adjusted as follows:**

**Property Rates:** Based on performance reported at mid-year, the budget allocated will remain the same budget of R46.6 million during an adjustment budget.

**Service Charges Electricity Revenue:** Based on performance reported at mid-year, the budget allocated of R39.3 million will remain the same during an adjustment budget as the planned target will be met.

**Services Charges\_ Refuse Revenue:** Based on performance reported at mid-year, the budget allocated of R9.5 million will remain the same during an adjustment budget as the planned target will be met.

**Rental of facilities and Equipment**: have been increased by R40 thousand to an adjusted budget of R170 thousand. Adjustment has considered performance for the 1st half of the year further to that since COVID regulations have been loosened and gathering of more people is allowed. We have then seen improvement for this item.

**Interest on external investment:** have been increased by R550 thousand to R5.5 million, adjustment has considered interest which will be generated by the month of June when investments from Nedbank and Standard bank will be maturing. Therefore, we have adjusted this line item so as to ensure realistic estimated for interest that will be generated from grants and cash backed reserved from previous years.

**Interest on outstanding debtors:** have been reduced by R3 million to an adjusted budget of R3.7 million, adjustment has been based on mid-year performance since we have noted after Council took a decision in June 2021 to write off old debt of Ingonyama Trust an amount of R71.3 million this has contributed in the debtors outstanding. Interest on outstanding debtors has been determined based on debtors’ book and an approved interest rate of 2 per cent.

**Fines, penalties and forfeits:** Based on performance for mid-year, budget allocated will remain the same. However, we do acknowledge that the municipalities still need to improve in recognizing fines issued and not only those collected on a monthly basis.

**Licenses and permits** **(rental of market stalls):** have been reduced by R35 thousand to an adjusted budget of R660 thousand which has been based on mid-year performance, further to that the municipality has considered the Ministerial Gazette which granted that market stall to be exempted from rental due to Impact of COVID 19.

**Transfers and subsidies operational:** have been increased by R19.9 million to an adjusted budget of R220.3 million. Adjustment has considered the rollovers approved by national and provincial government and reallocation of Library Grant as per their support plan.

Grant rollovers which were approved by National and Provincial Treasury as follows:

* Equitable Share Disaster (Covid 19) of R20 million;
* Single Land Use Scheme (Cogta) of R43 thousand;

Further to that Library Grant have been reclassified R100 thousand from Transfers recognized Operational to Capital so as to ensure that there is sufficient budget to cover their projects.

**Transfers and subsidies capital:** have been increased by R1.8 million to R38.4 million, adjustment has considered approved rollovers by National & Provincial Government and reallocation of Library Grant as per their support plan as follows:

* MIG of R1.7 million;
* Sports and recreation grant of R57 thousand;
* Library Grant of R100 thousand;

**Other Revenue:** Other revenue has been increased by R1.3 million based on mid-year performance. Adjustment is due to Insurance refund of R1.2 million, LG SETA Funding of R78 thousand which have been received by municipality during 1st half of the financial year which were not budgeted for. Further to that the municipality have also adjusted Tender Fees and Sale of goods for rendering Photocopies due to performance noted during first half of the year as these items budget appear to be understated.



**Expenditure**

Expenditure by vote have been adjusted from R 323,5 million to R 341.2 million with an adjusted budget of R 17.8 million with a percentage increase of 5.0 per cent.

Factors informing the need for expenditure adjustment

* **Employee Related Cost:** have been increased by R1.3 million to R109 million, adjustment is due to mid-year performance noted towards contractual employees EPWP and Zibamabele this is due to an increase in their stipend approved by Public Works and hours that they work which has determined this adjustment.
* **Remuneration of Councilors:** have been reduced by R450 thousand to R14.2 million, adjustment is due to increase that was allocated towards Councilors upper limits since COGTA has confirmed that there will be no increase therefore funds have been adjusted to other items. Further to that it should be noted that employee related costs ratio is still within the norm at 36 per cent of the Total Expenditure.
* **Debt Impairment** has been increased by R4 million to total adjusted budget of R34.6 million. Adjustment has been based on debtors outstanding as at December 2021 further to that the municipality has also considered Audited AFS for 2020/21 this is to ensure that this item is not understated and also avoid unauthorized expenditure.

Further to that it should be noted the Municipal Council has agreed to revive the 60/40 incentive scheme which is part of Credit Control and Debt Management mechanism.

The assumption used is to exclude all debtors with credit balances when calculating the provision. Provision for Bad debt is therefore calculated using the collection rate of 65% for debt within 90 days and 20% for any debt older than 90 days for all categories except Electricity. With Electricity the assumption is that 90% of the debt older than 90 days is still collectable.

* **Depreciation & asset impairment:** based on performance reported at mid-year the municipality will remain with the same budget of R32.7 million during adjustment. Budget allocated will be met during year end as we anticipate that all planned acquisition of capital assets and projects which are still under WIP will be completed.
* **Finance Charges:** have been adjusted by R2.6 million to an adjusted budget of R3 million, adjusted budget has considered interest cots towards retirement benefit obligation in accordance with GRAP 25. However, it should be noted that budget estimate allocated has been based on previous year audited AFS this is due to the fact that Actuarial Report is obtained from external services with expertise in Actuarial Reporting and this service comes with cost implications.
* **Bulk purchases**: have been increased by R1.4 million to adjusted budget of R36.6 million. Adjustment is based on mid-year performance as it was noted that there was a slight over expenditure. This is to avoid unauthorized expenditure for this item.
* **Inventory Consumed:** These are inventory items that are procured by municipality and are kept at stores for repairs & maintenance. Budget have been reduced by R167 thousand, adjustment has reprioritized projects as per repairs and maintenance plan, further to that there has been reallocation of funds from Other material to Contracted services as it has been noted that there are some arears R&M which cannot be done internally therefore they have to be outsourced.
* **Contracted Services:** have been increased by R256 thousand to R56.9 million, Adjustment is due to reprioritization of projects that are being outsourced by the municipality such and repairs & maintenance also we have considered commitments on existing contracts further to that the municipality has planned to undertake community consultation on IDP & Budget since this is the new development of 5-year strategic plan i.e IDP. The municipality will be consulting community per each ward since Covid regulation have been loosened.
* **Transfers and subsidies:** budget allocated for this item is for Free Basic Electricity that is paid to Eskom for qualifying beneficiaries as per the approved indigent register. However, this item has been reclassified and now forms part of Other expenditure budget of R1.9 million.
* **Other expenditure** has been increased by R7.3 million to adjusted budget allocation of R50.4 million, adjustment has prioritized projects such as Fuel Consumption and other operational projects which will be implemented during the second half of the financial year and also prioritized projects as per approved rollovers. However, it should be noted that the municipality has still considered cost containment for this item of expenditure.
* **Losses**: have been adjusted by R1.5 million this budget has been based on prior year Audited AFS, this adjustment has considered any loses which are due to inventory as we undertake stock count at year end. This will further ensure that we avoid an unauthorized expenditure

**Table 6 below indicates a Consolidated Overview of the 2021/22 & MTREF**



**5.2 PROJECTIONS OF REVENUE TO BE COLLECTED BY SOURCE**

**Table 7: Summary of revenue classified by main revenue source**



**5.2 PROJECTIONS OF EXPENDITURE BY TYPE**

**Table 8: Summary of expenditure classified by expenditure by type**



**5.3 MONTHLY OPERATING EXPENDITURE**

**Table 8: MBRR SA25 - Budgeted monthly revenue and expenditure**



**Table 9: MBRR SB13 - Budgeted monthly revenue and expenditure (municipal vote)**



**Table 10: MBRR SB12 - Budgeted monthly revenue and expenditure (Functional classification)**



**5.4 MONTHLY CAPITAL EXPENDITURE**

**Table 11: Sources of capital revenue over the MTREF**



**Table 12: MBRR A5 - Budgeted monthly capital expenditure (****Functional)**



**Table 13: MBRR SA29 - Budgeted monthly capital expenditure (Functional classification)**



