

## THE RELATIONSHIP BETWEEN LOCAL REVENUE PLANNING AND SERVICE DELIVERY IN MITYANA MUNICIPAL COUNCIL, CENTRAL UGANDA. A DESCRIPTIVE, CORRELATIONAL, AND CROSS-SECTIONAL STUDY.

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### ABSTRACT.

#### Background:

This study aims to document the relationship between local revenue planning and service delivery in Mityana Municipal Council, Central Uganda. Local government revenue planning entails projecting local revenue and determining how it is received and allocated to deliver services to citizens efficiently. With efficiency in planning and assessment of resources within local government, planned resources would significantly contribute to local council service delivery in developing countries such as Uganda. Mityana, the municipality has a wide range of local revenue management systems including e-logrev and E-las systems.

#### Methodology:

The study used a descriptive, correlational, and cross-sectional research design. Further, it adopted both quantitative and qualitative research approaches hence a mixed research.

#### Results:

The study documents the relationship between planning and service delivery in local government in Mityana Municipal Council, Central Uganda at 71.2% which is above average. 71.2% was obtained from the respondents agreed with the statement that there is a relationship between local revenue planning and service delivery in local government.

#### Conclusion:

The rate at which planning and service delivery in local government in Mityana Municipal Council relates is high above the average.

#### Recommendation:

Information about the cost of local revenue collection should not be confidential.

The responsible people working in the municipal offices should not fear disclosing any information regarding service delivery to the people within the municipality.

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*Keywords: Revenue Planning, Local, Service Delivery, Mityana Municipal Council, Central Uganda.*

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### BACKGROUND OF THE STUDY.

Revenue refers to a yearly income from which public expenditures are met. *Service delivery* is a term that means the execution of service designs to achieve the intended outcomes. According to Mgonja & Poncian (2019), Service delivery can be defined as any contact with the public administration during which customers, citizens, residents, or enterprises seek services from public offices. Also, Onga & Abbey (2019) identified the general rendering of services

to the community; procedures to appoint new staff members; irregularities and deficiencies in procurement procedures; leakages and the overflowing of sewerage systems; a general lack of consultation; and a lack of cooperation between municipalities as the major limitation to service delivery in Bangladesh.

As Wallis (2006) points out, in the last two centuries the United States has passed through three distinct systems of government finance. In the first financial system, lasting from 1790 until about 1842, state governments played an

important role in planning to raise government revenue, mainly by generating 'asset income' through activities such as the sale of land that would be pooled together by controlling the expenses incurred in correction. In the second financial system, starting around 1840, local governments became more important, contributing an increasing share of government revenue from property taxes. In the third system, starting with the Great Depression, the federal government became more important, generating increasingly larger revenues through the collection of income taxes that were mobilized among the citizens and limiting the expenses of collecting such taxes. All the above three systems show decentralization of power for the collection and management of local revenues by lower governments (Ojumbo, 2012).

In East Africa taxation was introduced by the early British colonial administrators through the system of compulsory public works such as road construction, building of administrative headquarters and schools, as well as forest clearance and other similar works (Frankema & Booth, 2020). The hut tax was the first formal tax introduced in 1900 for both Uganda and Kenya. Ugandans started paying customs duty as an indirect tax, which involved the imposition of an ad valorem import duty at a rate of 5% on all goods entering East Africa, through the port of Mombasa and destined for Uganda (Ongayi et al., 2021). Raude (2022) adds that the Protectorate government heavily relied on customs duties to fund its programs however it was insufficient to finance all the activities triggering a flat rate poll tax for all male adults. In 1953, graduated personal tax was introduced to finance local governments hence the introduction of local revenue in East Africa. Also, Arends (2020) noted that Decentralization refers to both a system and a process. (Ongayi et al., 2021)

Through fiscal decentralization, Local revenue management is the planning of expenditure on local revenue. Local revenue refers to the total income generated by local administrative units in a decentralized system of government within a fiscal year (Mgonja & Poncian, 2019).

Therefore, this study seeks to document the establishment of the relationship between local revenue planning and service delivery in Mityana Municipal Council, Central Uganda.

## **METHODOLOGY.**

### **Research design.**

The study was a descriptive, correlational, and cross-sectional research design. Further, it adopted both quantitative and qualitative research approaches hence a mixed research. This was because the researcher qualitatively used words, texts, and graphs to describe the study the findings, and the research was quantitative because the researcher used figures to examine some of the study variables of the study findings hence a mixed research design.

Further, the study is cross-sectional since the researcher intends to collect data at once and the study had no follow-up. The study was also correlational in determining the relationship between the study variables

### **Study setting.**

The research was carried out Mityana Municipal Council. Mityana Municipal Council was established by the Act of Parliament on 1st July 2015 and gazetted on 9th September 2015 under statutory instrument No. 47, 2015.

The former Mityana Town Council and Busimbi Sub County formed the administrative boundaries of Mityana Municipal Council. It is one of the 2nd largest Urban Centres in Uganda.

It has 3 divisions; Central, Busimbi, and Ttamu Division. It is located about 45 km from Kampala and 85 km from Mubende district headquarters. It has a population of 95,611 people of which 45,399 males and 50,212 females (NPHC, 2014).

Mityana Municipal Council headquarters is currently at Kanamba DFI zone, West ward in Central Division however the new administration block will be established on Muwemba Road in Busimbi Division (Mityana Municipal Council, 2022).

The study covered a period of four years (2018-2021). This is because it was the period where service delivery was below average (40%). Therefore, it provides suitable information relating to this study.

### **Study Population.**

To achieve the objectives of the study, several stakeholders were used including politicians, technical staff, and the business community of the Mityana Municipal Council. According to the Town clerk's office, the municipality has 40 technical staff, 36 councilors (Politicians) 105 members of the business community, the mayor, and 3 divisions of town clerks. Therefore, the study population was 185 respondents.

**Table 1: Showing population size, sample size, and sampling methods**

Respondents	Population (N)	Sample size(n)	Sampling method
Technical staff	40	36	Simple random sampling
Politicians	36	30	Simple random sampling
Business community	105	64	Simple random sampling
Mayor	1	1	Purposive sampling
Division Town clerks	3	3	Purposive sampling
Total	185	134	

*Source: Primary*

### Sample Size and Sampling Method.

The sample size of the study was 134 respondents. The sample size was selected using simple random sampling and purposive sampling.

Simple random sampling was used to ensure that each individual had a chance of being selected for the study hence eliminating bias. Purposive sampling was also used to select more detailed information from the town clerk and the mayor since they have more knowledge about revenue collection and service delivery in the study area.

### Selection Criteria

By simple random sampling, 134 respondents capable of answering the research objectives were selected. Also, purposive sampling was used to obtain more detailed information from the town clerk and the mayor.

### Sources of data

#### Primary data

Primary data was obtained using Self-Administered Questionnaires (SAQ) that were issued to the selected individuals in Mityana Municipal Council. The self-administered questionnaires were open-ended to allow respondents to add any relevant information for the study.

#### Secondary data.

The researcher used the documentary method to obtain additional information for the study from the website, magazines, journals, newspapers, annual performance assessment reports, and budgets of the Municipality.

### Validity of instruments.

The validity of an instrument refers to the appropriateness of the instrument to measure what it intends to measure. Validity refers to the truthfulness of findings or the extent to which the instrument is relevant in measuring what it is supposed to measure.

To ensure greater chances of data validity, the questionnaires were reviewed with the researcher's supervisor for expert input. A content validity index (CVI)

was determined by dividing the relevant questions by the total questions ( $CVI = n/N$ ). The researcher continued with the questionnaire since the CVI was greater than 0.7. This was because 0.7 and above is considered a good measure of validity.

### Reliability

A test-retest method was used to test the reliability of the questionnaire. The researcher pretested the interview questions on a few respondents before administering them to the entire sample size. The obtained answers were compared to the responses of the second test (retest) to ensure accuracy and ensure reliability.

### Potential Bias.

Sampling Bias; sample selection may not accurately reflect the diversity of localities in terms of size, demographics, or economic conditions.

Response Bias is where the participants may provide responses that they believe are socially desirable or that align with their expectations of the study's goals.

### Ethical Consideration.

- The researcher was able to seek permission from the school of research and graduate studies and obtained an introductory letter to go within the field after the approval of the research supervisor.
- The researcher sought the consent of the respondents to participate in the study and feel free to provide relevant information for the study. Further, the researcher informed the respondents about the purpose of the research project and the expected outcome of the study.
- The researcher assured the respondents that the information provided was to be treated with maximum confidentiality, and secrecy and was only to be used for academic purposes.
- Further, the researcher credited and extended his gratitude to all previous researchers whose literature has contributed to this study and was not going to use their work as hers.

- The researcher will also ensure validity by ensuring that the answers provided answer the questions at hand.
- The researcher used a simple random sampling technique to avoid bias in the research findings.

Univariate analysis was carried out on individual variables such as the characteristics of respondents and sources of local revenue. Bivariate analysis was carried out to examine the relationship using Pearson correlation. Regression analysis was carried out using multiple regressions to establish the relationship between local revenue management and service delivery.

Page | 4 **Data Analysis.**

Before data was analyzed, it was carefully classified, edited, and coded based on clarity, completeness, accuracy, and consistency to ensure reliability. This was done using Microsoft Excel and later data was exported to SPSS version 23 for analysis.

**RESULTS.**

**Demographic characteristics of the respondents.**

**The gender of the respondents.**

**Table 2: Gender.**

Gender	Technical staff	Politicians/ Councilors	Mayor	Division town clerks	Business community	Total	Percent
Male	16	14	01	03	30	64	51.2
Female	20	13	00	00	28	61	48.8
Total	36	27	01	03	58	125	

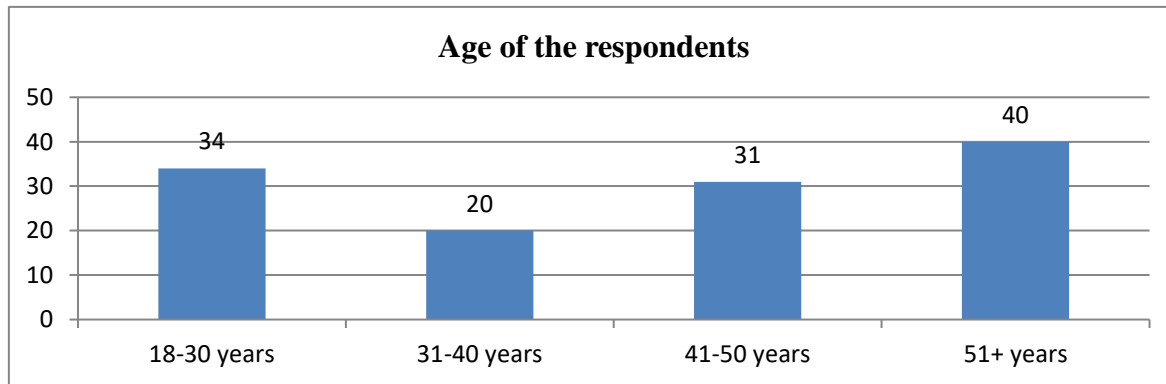
Source: Primary data (2023)

According to findings in Table 2, of the 64 males that participated in the study, 16 were technical staff, 14 were councilors, 1 was a mayor, 3 were town clerks, and 30 were Business community members. Of the 61 females that participated in the study, 20 were technical staff, 13 were councilors, and 28 were Business community members within the Mityana town council. Therefore, 51.2% of the

respondents were males and 48.8% of the respondents for the study were females hence males were slightly more than females.

**Age of the respondents.**

**Figure 1: Age groups.**



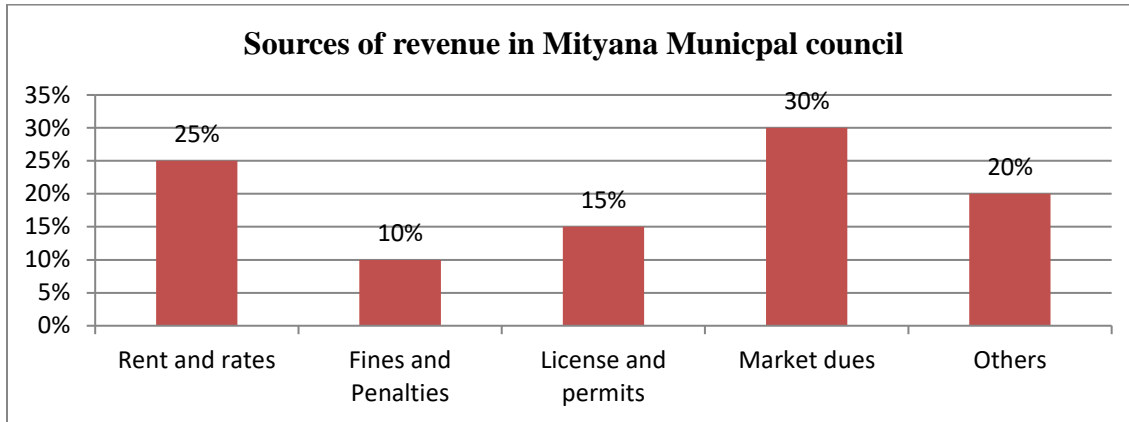
Source: Primary data (2023)

According to Figure 1, 40 of the respondents were 51 years and above, 34 respondents were aged 18-30 years, 31 respondents were aged 41-50 years and 20 respondents were aged 20 years. Therefore, all the respondents of the study were mature enough to think and critically give reasonable responses for this study.

**Local revenue planning and service delivery in Mityana Municipal Council.**

**Sources of local revenue in Mityana Municipal Council.**

**Figure 2: Sources of local revenue in Mityana Municipal Council.**



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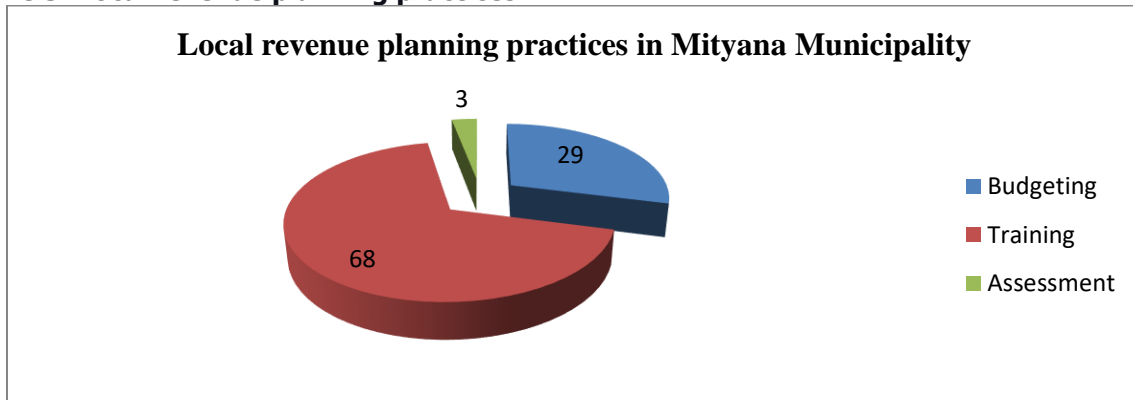
*Source: Primary data*

According to the graph in Figure 2, the most common sources of local revenue in Mityana Municipal Council were market dues contributing 30%, rent and rate (property tax) contributing 25%, license contributing 15%, and fines and penalties contributing 10%. Therefore, most of the services

provided by the local government are financed from market dues in Mityana Municipality.

**Local Revenue Planning Practices in Mityana Municipal Council.**

**Figure 3: Local revenue planning practices.**



According to findings in Figure 3, respondents selected for the study identified three local revenue planning activities that included; budgeting, training, and assessment. Further, the findings showed that the majority (68%) of the business community and political heads have been trained on the advantages of paying taxes. 29% of the respondents were involved in budgeting and were mostly technocrats and

politicians. Only 3% of the respondents were involved in local revenue assessment.

**Methods of local revenue collection in Mityana Municipal Council.**

**Table 3: Methods of local revenue collection in Mityana Municipal Council**

Methods of Revenue collection	Percentage (%)
Cash	22.5%
Bank	72.5%
Third parties(contractors)	5%
<b>Total</b>	<b>100</b>

Page | 6 *Source: Primary data (2023)*

The finding in Table 3 showed that three methods were being used to collect local revenue in Mityana Municipal Council and these included; cash method, bank method, and use of third parties to collect local revenue in Mityana Municipal Council. Additionally, the findings revealed that most of the local revenue is collected through the bank representing 72.5%, followed by 22.5% of the local revenue collected through cash, and 5% of the revenue is collected through contracted agents. This means that 22.5% of the local revenue is lost as the decentralization policy does not allow the receiving of liquid cash for taxes and thus such significant local revenue is lost hence hindering service delivery.

**Descriptive findings on Local revenue planning and service delivery in Mityana Municipal Council.**

The Researcher used a Likert scale format and descriptive statistics to capture the opinions and briefs of the respondents in line with the study variables. For this particular section, 1 = Strongly Agree, 2= Agree, 3 = Neutral, 4 = Disagree and 5 = Strongly Disagree.

**Table 4: Descriptive findings on Local revenue planning and service delivery in Mityana Municipal Council.**

Statement	SA	AG	NS	D	SD	Mean	Std
Budgeting helps to identify new sources of revenue and minimize the cost of collection which provides substantial revenue for service delivery	43	56	20	6		1.9	1.7
	34.4	44.8	16	4.8			
Effective assessment of local businesses significantly contributes to the amount of revenue collected from the municipality.			23	49	53	4.24	0.5
			18.4	39.2	42.4		
Effective budgeting leads to the timely delivery of services to local citizens.	15	97	13			1.9	0.23
	12	77.6	10.4				
Training of both staff and taxpayers improves revenue compliance, revenue collected, and available resources for service delivery	7	84	24	10		2.3	0.48
	5.6	67.2	19.2	8			
There is a relationship between planning and service delivery in local government.		89	36			2.3	0.2
		71.2	28.8				

According to findings in Table 4 on the statement "Budgeting helps to identify new sources of revenue and minimizing the cost of collection which provides substantial revenue for service delivery ", 43(34.4%) of the respondents strongly agree with the statement, 56 (44.8%) of the respondents agreed with the statement, 20(16%) of the respondents were neutral on the statement and 6(4.8%) of the respondents disagreed with the statement. Therefore, 79% of the respondents agreed with the statement that budgeting helps to identify new sources of revenue and minimize the cost of collection which provides substantial revenue for service delivery.

According to findings in Table 4 on the statement "Effective assessment of local businesses significantly contributes to the amount of revenue collected for service delivery in the municipality.", 23(18.4%) of the respondents were neutral on the statement, 49 (39.2%) of the respondents disagreed with the statement, 20(16%) of the respondents were neutral on the statement, and 53(42.4%) of the respondents strongly disagreed with the statement. Therefore, 81.6% of the respondents disagreed with the statement that effective assessment of local business significantly contributes to the amount of revenue collected from the municipality.

According to findings in Table 4 on the statement "Effective budgeting leads to timely delivery of services to the local citizens", 15(12%) of the respondents strongly agreed with the statement, 97 (77.6%) of the respondents agreed with the statement and 13(10.4%) of the respondents were neutral on the statement. Therefore, 89.6% of the respondents agreed with the statement that effective budgeting leads to the timely delivery of services to local citizens.

According to findings in Table 4 on the statement "Training of both staff and taxpayers improves revenue compliance, revenue collected hence improves available resources for service delivery", 7(5.6%) of the respondents strongly agreed with the statement, 84 (67.2%) of the respondents agreed with the statement, 24(19.2%) of the respondents were neutral and 10(8%) of the respondents disagreed with the statement. Therefore, 72.8% of the respondents agreed with the statement that training of both staff and taxpayers improves revenue compliance, revenue collected, and available resources for service delivery.

According to findings in Table 4 on the statement "There is a relationship between planning and service delivery in local government" 89(71.2%) of the respondents agreed with the statement and 36(28.8%) of the respondents were not sure about the statement. Therefore, 71.2% of the respondents agreed with the statement that there is a relationship between planning and service delivery in local government.

## DISCUSSION.

The study documents the relationship between planning and service delivery in local government at 71.2%. This means that the rate at which planning and service delivery in local government in Mityana Municipal Council relates is high above the average. The findings of this study agree with the findings of (Namara, 2023) who documented a positively significant relationship between local revenue planning and service delivery in Nansana Municipality in Wakiso district, Central Uganda.

However, according to this study, regarding the relationship between planning and service delivery in local government," 89(71.2%) of the respondents agreed with the statement and 36(28.8%) of the respondents were not sure about the statement. Therefore, 71.2% of the respondents agreed with the statement that there is a relationship between planning and service delivery in local government hence this study documented a very big relationship between local revenue planning and service delivery in Mityana Municipal Council, Central Uganda.

Also, this study documented that 79% of the respondents agreed with the statement that budgeting helps to identify new sources of revenue and minimize the cost of collection which provides substantial revenue for service delivery,

89.6% of the respondents agreed with the statement that effective budgeting leads to timely delivery of services to the local citizens and 72.8% of the respondents agreed with the statement that training of both staff and taxpayers improves revenue compliance, revenue collected and available resources for service delivery. All these results obtained are high and above the average percentage. These results are similar to the research conducted by (Namara, 2023; Robert & Geopellini, n.d.) who documented a significant relationship between budgeting and revenue identification, budgeting leads to timely service delivery, and training of both staff and tax players improves revenue compliance, revenue collected, and available resources for service delivery. However, 81.6% of the respondents disagreed with the statement that effective assessment of local business significantly contributes to the amount of revenue collected from the municipality.

Generally, the study therefore documented a very significant relationship between local revenue planning and service delivery in Mityana Municipal Council, Central Uganda.

## CONCLUSION.

According to this study, there is a high relationship between local revenue planning and service delivery in Mityana Municipal Council, Central Uganda.

## LIMITATIONS TO THE STUDY.

- The study was limited by information provided which might not be accurate and biased. For example, some information about the cost of local revenue collection is confidential hence the exact values were not provided.
- The researcher is also constrained by the financial resources that are required to meet the rising cost of transport due, to internet, photocopy, and other related cost. However, the researcher is overcoming this with assistance from friends.
- The researcher is also worried about the time provided to write a proposal and defend it in two weeks yet he is also working. The researcher has overcome this by taking a leave of one week to concentrate on the research proposal.
- The researcher faced the challenges that arose from fear of disclosing information by some municipal offices especially relating to service delivery.

## RECOMMENDATION.

- Information about the cost of local revenue collection should not be confidential.

- The responsible people working in the municipal offices should not fear disclosing any information regarding service delivery to the people within the municipality.

## ACKNOWLEDGEMENT.

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Above all, the Almighty God receives the highest appreciation and acknowledgement for sparing my life and providing me with sufficient energy, time, wisdom, and knowledge to write up this dissertation.

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## LIST OF ABBREVIATIONS.

CVI: Content Validity Index  
MFPED: Ministry of Finance Planning and Economic Development  
MOLG: Ministry of Local Government  
SAQ: Self-Administered Questionnaire

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This study was not funded.

## CONFLICT OF INTEREST.

The author declares no conflict of interest.

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